

LEADERSHIP | PARTNERSHIP | STEWARDSHIP



2020

Fiscal Year Adopted Budget

Building Partnerships

HIGHLAND, CALIFORNIA



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LEADERSHIP
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letter

TRANSMITTAL

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FISCAL YEAR IN REVIEW

DISTRICT MANAGEMENT

RESOLUTION 2020.17

The annual budget development provides an opportunity for cooperation and collaboration with the understanding that an efficient operation requires high degrees of teamwork and focus.

Honorable Chairman,



GOVERNING BOARD AND DISTRICT RATEPAYERS

I am pleased to present East Valley Water District's (District, EVWD) Fiscal Year 2020-21 Operating and Capital Budgets. The annual budget serves as the operational guide and tool for staff, stakeholders, and the community to clearly understand the District operations, expectations, and priorities.

This document is created through a collaborative effort across all programs of the District and invites the community to actively contribute to ensure that policy decisions are consistent with the District's strategic plan. It also provides a comprehensive financial plan that includes a forecast of operating and non-operating revenues and expenditures; financing of long-term capital improvement plans to support infrastructure needs; and funding for the repayment of long-term debt.

I welcome and encourage our community members to participate in the discussions and decisions that affect the District's fiscal priorities.

BUDGET PROCESS

The budget process begins each January with the Governing Board developing and ultimately adopting annual District-wide Goals while staff assesses current needs based on the current fiscal year and forecasts looking forward. This dual effort allows for a seamless process that understands priorities while considering ongoing operational needs.

STRATEGIC PLANNING EFFORTS

The District's Strategic Plan is used to set priorities, focus energy and resources, strengthen operations, ensure that employees are working towards common goals, and assess and adjust the District's direction in response to the changing environment. This plan defines the priorities and influences the development of the budgetary commitments needed in the upcoming fiscal year. This budget message highlights some of the significant goals and priorities accomplished in the current budget year, as well as highlight priorities for the coming year.

The District maintains a multi-layered Strategic Plan that represents the policy direction as established by the Governing Board. In 2018, this process included the addition of a Five-Year Work Plan, which identified large projects or efforts anticipated in the near to mid-term future. This comprehensive process included the Governing Board, executive management, all staff, and members of the public. The addition of this plan sets the stage for the assignment of limited resources to priorities that will maximize the benefits to the community that we serve. Each element of the Strategic Plan has been designed to support and enhance the other, while providing varying degrees of detailed expectations or empowerment to support the District's Vision. For a complete overview of the Strategic Plan see page 27.

Strategic Plan Priorities

1 Implement Effective Solutions Through Visionary Leadership

2 Maintain a Commitment to Sustainability, Transparency and Accountability

3 Deliver Public Service With Purpose While Embracing Continuous Growth

4 Promote Planning, Maintenance and Preservation of District Resources

DISTRICT-WIDE GOALS AND OBJECTIVES

Each year during the General Manager/ CEO's annual evaluation the Governing Board establishes District-wide goals. Priorities for Fiscal Year (FY) 2020-21 are consistent with recent efforts that emphasize program evaluation and planning. This is the second year that the Five-Year Work Plan has been utilized in the development of goals and objectives.

PROGRAMMATIC GOALS AND OBJECTIVES

All program goals have been designed to support the priority outlined in the Five-Year Plan and the District-wide Goals and Objectives.

REVENUE PROJECTIONS

Anticipated revenue projections are presented to understand the financial resources available for the fiscal year.

EXPENDITURE PROJECTIONS

Expenditure projections are developed consistent with program goals and objectives along with revenue projections. This information is presented from the District-wide perspective, for each enterprise fund, and for individual programs. During the budget process, if expenditures were projected above available revenues, the organization could use the strategic nature of the budget to re-evaluate goals to ensure maintenance of consistent expectations with available financial resources.

BUDGET ADOPTION

To provide an opportunity for discussion and participation, the budget is presented to the Governing Board in phases at a series of three public meetings. In addition, the information is presented during a public meeting of the Community Advisory Commission for review and feedback. The Community Advisory Commission is a group of five residents appointed by the Governing Board to provide input to support our efforts of transparency and accountability.

PROGRAM MONITORING AND BUDGET ADJUSTMENTS

Given that the budget is developed based on projections, each program monitors monthly expenses. Each quarter the budget is reviewed to allow for an opportunity to take formal budget adjustments to the Governing Board for consideration. Consistent budget review eases the transition of programs from year-to-year.

Each year staff presents a comprehensive update to the Governing Board midway through the fiscal year. This item is discussed at an open public meeting and provides a summary of budget activity that has actually taken place along with updated forecasts for the remainder of the year.

BUDGET SUMMARY

The budget for FY 2020-21 is balanced and reflects EVWD's commitment to maximizing resources to meet or exceed the expectations of District stakeholders. Operating expenses incurred by the District's programs are allocated to the water and wastewater funds based on the assumed benefit of services to each fund.

Both the water and wastewater funds are self-supporting based on rates received for services provided. Total projected revenues for FY 2020-21 are \$39,865,000.

District-Wide Goals and Objectives

1 Optimize Infrastructure

- Continue analysis for the potential construction of an additional surface water treatment plant.
- Proceed with efforts to complete the consolidation of mutual water companies in progress.

2 Financial Stability with Full Understanding of Operational Complexities

- Evaluate the benefits of restructuring current bonds to take advantage of the financial market.
- Initiate the cost of service analysis for wastewater collection and treatment in preparation for the operations of the Sterling Natural Resource Center.

3 Protect Organizational Investments

- Update the District's Succession Plan to better understand potential organization changes and growth.
- Develop internal efforts to communicate the District's brand and the importance of protecting the high expectations that it includes.

4 Maximize the District's Position

- Complete the installation of smart meters throughout the District.
- Begin developing operational plans and identifying contract services necessary for the Sterling Natural Resource Center.

5 Have Others See the District as a Premier Agency

- Initiate efforts to establish contractual relationships regarding high stream food-waste to prepare for energy generation at the SNRC.
- Increase District engagement with regional and industry activities to share the success experienced through the District's Vision.

The budget represents guidelines established to address the District's short-term and long-term goals and objectives.

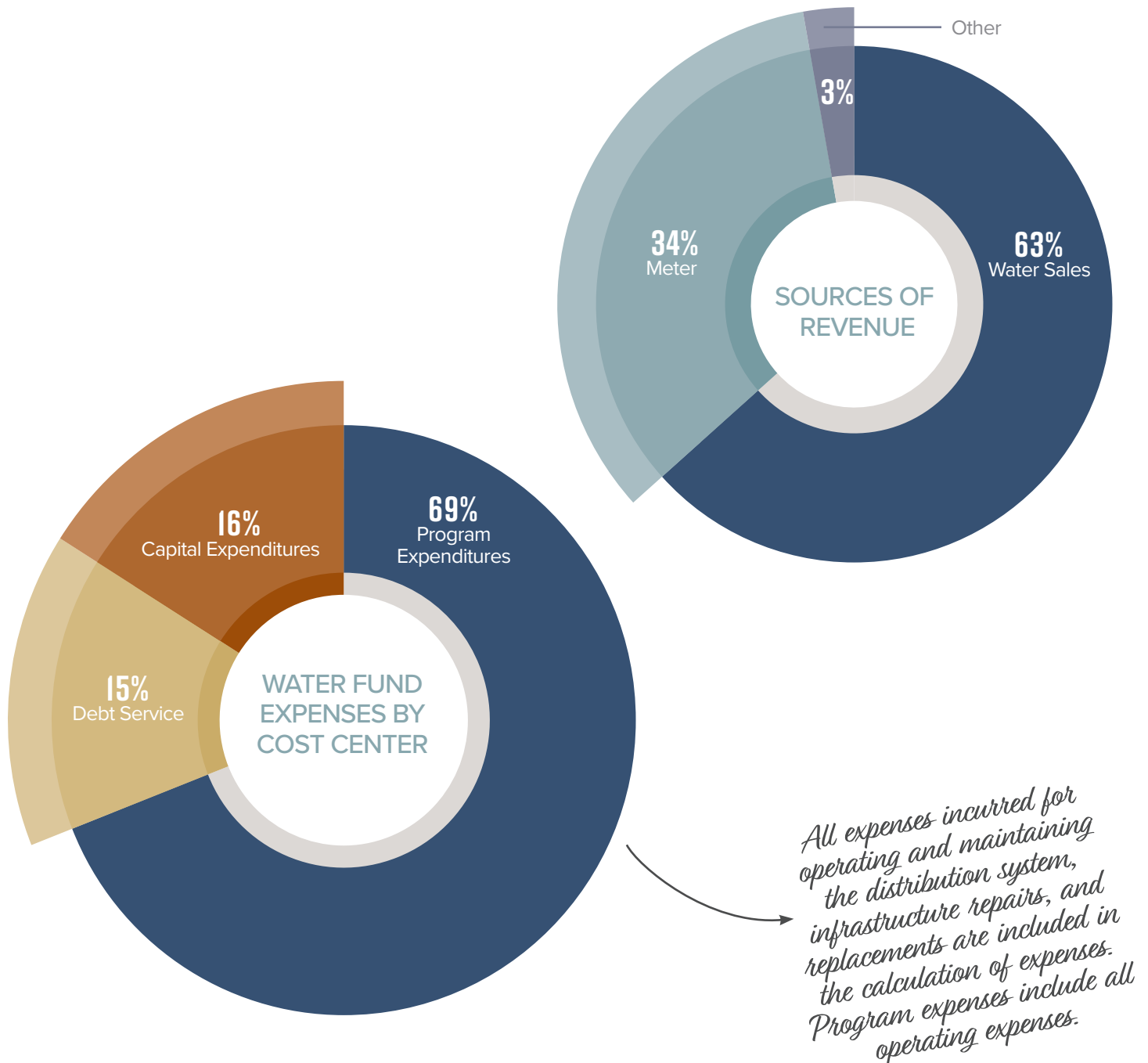
Budget Summary

	FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	% Change
REVENUE					
Operating Revenue	\$ 38,585,381	\$ 38,306,000	\$ 38,178,528	\$ 39,188,000	1%
Non-Operating Revenue	1,802,953	894,000	972,221	677,000	1%
TOTAL REVENUE	\$ 40,388,334	\$ 39,200,000	\$ 39,150,749	\$ 39,865,000	1%
EXPENDITURES					
Operating & Maintenance	\$ 28,456,804	\$ 29,969,000	\$ 27,512,665	\$ 30,391,000	1%
Debt Service	4,474,253	4,358,000	4,358,000	4,379,000	1%
Capital Expenditures	3,714,551	4,939,000	4,939,000	5,095,000	1%
Reserve Transfer To/(From)	3,742,726	(66,000)	2,341,084	-	0%
TOTAL EXPENDITURES	\$ 40,388,334	\$ 39,200,000	\$ 39,150,749	\$ 39,865,000	1%

WATER FUND

The Water Fund has identified \$26,398,000 in both revenue and expenses. Key considerations when developing the budget for this fund included the allocation of water consumption within the Budget Based Rate Structure, security, water quality solutions, and preventative maintenance programs.

Revenue projections are developed with source assumptions being 63% water sales, 34% meter charges, and 3% other charges. The District reviews rates on a three to five year cycle and adjusts accordingly to continue providing reliable services to the community. Projected expenditures have been developed through a comprehensive organizational budget process to achieve District-wide goals, maintain operations, and remain within revenue projections. Expenses for the Water Fund consist of 69% program, 16% capital, and 15% debt service. A complete rate analysis is anticipated for FY 2020-21.

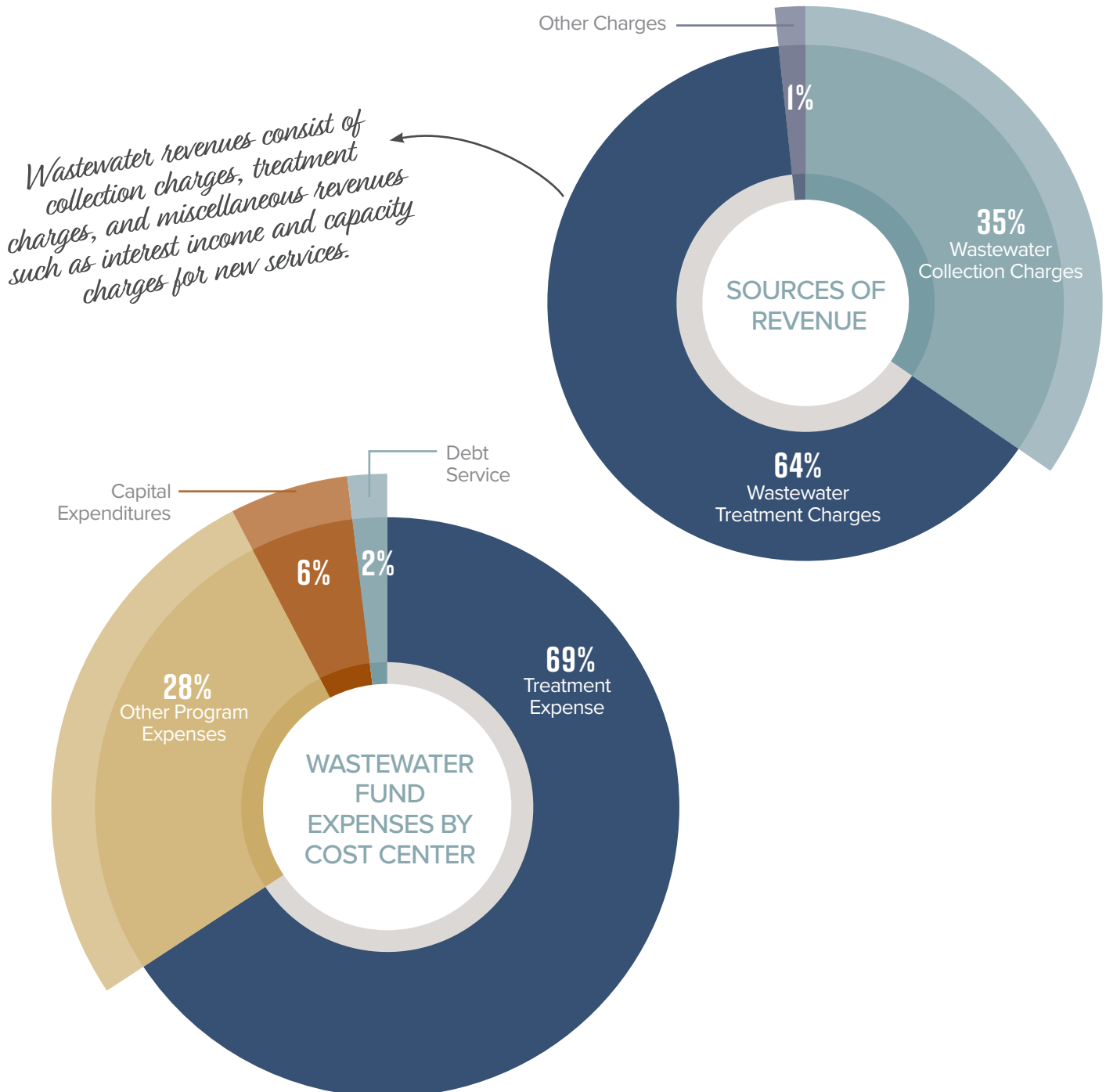


WASTEWATER FUND

The Wastewater Fund has identified \$13,467,000 in both revenues and expenses. When developing the budget for this fund, key considerations included the repair of the collection system, equipment investments for system maintenance, and the construction of the Sterling Natural Resource Center.

Wastewater Fund revenue projections have been developed based on historical revenues with source projections including 64% treatment, 35% collection, and 1% other. The District reviews rates on a three to five year cycle and adjusts accordingly to continue providing reliable services to the community. A complete rate analysis is anticipated for FY 2020-21.

Projected expenses have been developed through the budget process to support the Five-Year Work Plan and achieve District-wide goals, maintain operations, and remain within projected revenues. Expenditures for the Wastewater Fund consist of 69% Treatment, 28% Program Expenditures, 6% Capital Expenditures, and 2% Debt Service.



PROGRAM HIGHLIGHTS

As a results-oriented organization, East Valley Water District has identified 17 programs essential to operations. Program-based budgeting allows for costs to be clearly identified while easily measuring benefits as outlined in the Key Performance Indicators (KPI) and completion of Goals and Objectives.

- **The Governing Board** is the District's legislative body responsible for serving as the organizational policy makers.
- **General Administration** is responsible for overseeing the day-to-day District operations.
- **Human Resources** is responsible for personnel-related programs.
- **Public Affairs** oversees internal and external communications programs.
- **Conservation** encourages sustainable water use.
- **Finance and Accounting** provides transparent and responsible oversight of District funds.
- **Information Technology** is responsible for District technology and software programs.
- **Customer Service** provides the community with world class customer relations.
- **Meter Services** is responsible for reading all District meters monthly for billing, on-site customer meter-related requests and customer service assistance.
- **Engineering** implements infrastructure projects needed to provide safe and reliable services.
- **Water Production** is responsible for monitoring and operating the entire water system.
- **Water Treatment** is responsible for treating the three sources of supply.
- **Water Quality** complies with all required drinking water regulations.
- **Water Maintenance** maintains the District's water transmission and distribution system.
- **Wastewater Maintenance** repairs and safeguards the conveyance system.
- **Facilities Maintenance** repairs and maintains all District sites.
- **Fleet Maintenance** cares for vehicles and equipment.

The budget reflects the commitment to allocating resources to meet the needs of District stakeholders.



STAFFING

The District continues to evaluate the workforce needs to facilitate world class service. The FY 2020-21 Budget has identified 63 authorized full-time positions, along with three part-time positions. With movement of employees, East Valley Water District carefully considers staffing needs and makes adjustments accordingly considering both the daily operational needs and the long-term priorities of the District.

EXTERNAL CONSIDERATIONS

In addition to daily operational needs, there are factors that the District must anticipate or consider when developing the budget document.

- At the time of developing the FY 2020-21 budget, the world is grappling with the novel coronavirus (COVID-19), a global pandemic. The financial implications of this public health emergency are significant, with regional, national and global impacts on economies in response to shelter in place orders required by the State of California and the County of San Bernardino. As a result of the Stay at Home Order issued by the State of California, the District postponed the public hearing for water rates scheduled for April 2020, suspended water shut-offs, and provided extended payment plans to customers.
- Maintaining compliance with regulations is an essential component to District operations. The District actively engages in legislative activities to participate in proposed legislation and understand the impacts of new regulations.
- On February 1, 2020, the District began implementing Senate Bill (SB) 998 which requires changes to the process of discontinuing water service for delinquent customers. The new policy, procedural, and fee changes are currently in effect. Additional regulations regarding affordable rates, accessory dwelling units, water conservation, and capital project funding continue to be topics of discussion that would have potential operational impacts.
- The current economic climate is also a consideration in the development of this document, both from an investment revenue perspective and operational costs such as construction, labor and materials. When calculating the Capital Budget, these factors were incorporated in the consideration of project costs.

The District is required to comply with Department of Industrial Relations regulations which establish minimum labor compliance requirements for public works. These impact the costs of the District's Capital Budget compared to private sector projects.

CAPITAL IMPROVEMENT PROGRAM

The District's Capital Improvement Program (CIP) is a five-year planning schedule with each year approved in the correlating fiscal year's budget based on findings of the Water and Wastewater Master Plans. Scheduled projects in FY 2020-21 total \$3,970,000 for water and \$81,395,000 for wastewater. The projects scheduled to be completed in FY 2020-21 include:

- Water
 - AMI Meter Retrofit Program
 - Foothill Zone Storage Reservoir
 - Plant 134 Process Improvements (THMs & Sludge Management)
 - Plant 134 Membrane Replacement
 - Tank/Reservoir Rehabilitation
 - Facility Relocations
 - Facility Rehabilitations
 - Well & Booster Improvements/Rehabilitations
- Wastewater
 - Wastewater Main Rehabilitation Lillian Lane and 11th Street
 - Sterling Natural Resource Center

DEBT

EVWD utilizes debt funding to finance large capital projects. For FY 2020-21, the District has outstanding debt which has been utilized for water treatment facilities, energy efficiency improvements, mutual water company consolidations, and infrastructure projects. Debt is not used to fund operating expenses.

Debt service for FY 2020-21 on all outstanding debt is \$4,379,000.

FY 2019-20 ACCOMPLISHMENTS

East Valley Water District saw many great accomplishments within FY 2019-20 in support of the organizational vision. We continued to develop and foster partnerships with outside stakeholders while carrying out operational activities that resulted in reliable service delivery to our customers.

Awards

1. California Special Districts Association (CSDA) Transparency Award
2. Government Finance Officers Association (GFOA) Award for FY 2019-20 Budget
3. GFOA Award for FY 2018-19 CAFR
4. GFOA Award for FY 2018-19 PAFR
5. California Society of Municipal Finance Officers (CSMFO) Excellence Award for FY 2019-20 Budget
6. Top Workplace 2nd place Award by the Inland News Group in Small Company Category



Accomplishments

Goal 1: Optimize Infrastructure Systems

Finish the consolidation of the North Fork Water Company.

The District now owns approximately 96% of the North Fork Water Company. This ownership level is well over the amount required to initiate the company consolidation. Despite this authority, the District remains diligent in efforts to reach agreements with the remaining shareholders for amicable agreements on the purchase of shares and in some cases continued water deliveries. Given the regulatory protections of the Santa Ana River Water rights it is essential that this process be carried out properly with the utmost of diligence, and as a result is requiring more time for processing the transfers than originally projected.

Begin negotiations with the Tres Lagos Mutual Water Company.

The consolidation of the Tres Lagos Mutual Water Company was considered as part of the process required for the development of the Harmony project. Given the withdrawal of the Environmental Impact Report by the City of Highland, the justification for consolidation has been postponed, since that area is within our Sphere of Influence but located a significant distance from our existing infrastructure system.

Goal 2: Financial Stability with Full Understanding of Operational Complexities**Develop a long-term staffing and maintenance plan.**

The District maintains a Succession Plan that identifies employees eligible for retirement while also understanding the long-term career aspirations of our employees. This knowledge has allowed for projected career mapping in the future, with a tentative look at future vacancies and whether there is the ability for in-house promotions or the need for open recruitments.

A major organizational change anticipated in the next two years is the completion of the Sterling Natural Resource Center. This facility will not only expand operations to include wastewater treatment, but it will enhance educational, outreach, and energy generation programs.

With these elements in mind, a draft staffing plan has been developed to look at the next three years of recruitments and reorganizations.

Conduct a water and wastewater rate study.

The District is committed to long-term planning in a practical and applicable manner.

Staff worked with IB Consulting to review both water and wastewater conveyance rates to ensure they cover the District's costs in a manner that is consistent with regulations.

The results of the analysis recommend modest rate increases for both water and wastewater. While rates can be approved for a maximum of five years, given the organizational changes occurring with the SNRC and the COVID-19 pandemic, a recommendation to the Governing Board on this item has been postponed until FY 2020-21.

Begin developing a resource list for execution of the Five-Year Plan.

Adoption of the Five-Year Plan provided long-term policy direction and assists in maintaining the agility necessary for the organization to thrive. To ensure the on-going commitment and resource prioritization, the Five-Year Plan has been incorporated in the annual budget development process. This addition fosters the discussion relating to goals and objectives achievable within the next year while maintaining perspective of projects on the horizon.

Awards and recognition reflect the District's commitment to serve the community with world class public service.



Goal 3: Protect Organizational Investments

Begin updating the District's Succession Plan.

The District continues to dedicate staffing resources to update the Succession Plan. This has included evaluating and developing a plan for upcoming retirements in the next five years, updating staff career mapping and focusing on professional development opportunities for staff.

This plan is a valuable exercise to understand not only understand potential changes to the organization, but also to foster continuous growth of remaining employees. It provides opportunities to host professional development activities and develop outside partnerships. All levels of the organization are included in this process, which only further enhances staff's investment in the on-going success of the District.

Facilitate communications training.

The District invested time and energy into communications trainings with staff. As the District's brand becomes more defined, it is critical that everyone understands their role in supporting it and to provide them opportunities to provide input and ask questions. Staff and the Board received training regarding the value of branding and how it enhances our ability to serve the community.

Additionally, through multiple internal committees, staff continues to be updated on the importance of communication, not only with the public but with each other. This is an effort that requires on-going dialogue and attention.

Cultivate external partnerships.

Providing world class public service depends on developing and fostering relationships with external partnerships.

Over the last year, a number of new levels of networking have been developed with organizations like the San Bernardino City Unified School District, San Bernardino County Sheriff's Department, the Highland Senior Center, Inland Empire Economic Partnership, and the San Bernardino International Airport Authority. All of these partnerships are opportunities for us to share information and ideas with those around us.

The District has successfully assisted with the development of the Water Resource Management Pathway Program at Indian Springs High School beginning February 2020. This effort included coordinating with officials of the San Bernardino Unified School District and San Bernardino Valley Community College.

Partnership opportunities help support our community and maximize resources.



Goal 4: Maximize the District's Position**Cultivate relationships with development through business-friendly culture.**

The District continues to work with developers on a one-on-one basis using the Developers Handbook as a guide with consideration given to the unique characteristics of each project. This commitment to customer service includes the continued development of the Engineering Department staffing through a strategic combination of permanent staff and contract professionals.

Conduct a feasibility study for a water treatment plant on the east end of the service area.

Staff has conducted a preliminary evaluation of the feasibility for a surface water treatment plant on the east end of the service area. Based on the results of that study, the District has identified water supply redundancy benefits for both current and future customers. Design and construction of this facility would serve as a resource maximization asset for North Fork Water Company while having a redundant connection to the State Water Project.

Evaluate the potential of constructing digesters as a phase of the Sterling Natural Resource Center (SNRC).

The SNRC has set out to make every source a resource, and the potential to incorporate digesters with the original construction provided critical time-sensitive benefits.

State regulations now require that organic material be diverted from landfills effective 2020. This has created an opportunity to accept high-grade food waste, assist in this statewide initiative to divert waste from landfills, and create revenue streams to offset operational costs.

The Governing Board authorized a change order with Balfour Beatty and initiated a contract with Anaergia to incorporate co-digestion technology in September 2019.

Incorporation of co-generation will offset the energy costs for the SNRC with the potential to sell excess energy to Southern California Edison (SCE). Additionally, the project is eligible for a sales tax exclusion program through California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), which provides a savings on equipment purchases of approximately \$3.5-4 million. Additionally, SCE offers significant construction incentives for energy generation projects like the SNRC.

Goal 5: Have Others See the District as a Premier Agency**Complete the preliminary design of the CHEF building, establish a fundraising budget and commence effort.**

Community Heritage and Education Foundation (CHEF) has received 501(c)(3) status from the Internal Revenue Service and adopted the organizational bylaws and mission. This allowed for the development of a preliminary design and construction estimate.

The plans were presented at the organizational board meeting in January 2020 where action items moving forward will include refining the scope of the project and fundraising goal development. As a sign of the high degree of community support for this project, CHEF has already received a donation in the amount of \$100,000 toward facility construction.

Support and encourage the Governing Board involvement in regional activities and workshops.

East Valley Water District continues to increase engagement in regional activities, with the Governing Board serving in a critical capacity. Board Members are encouraged to interact with community members and organizations in a manner that supports the approved vision. Board members regularly attend meetings with outside organizations, both sharing information on behalf of the District and bringing valuable insight back to the organization. This broad range of community engagement provides a connection to the diverse needs of our community members.

SUMMARY

As the District grows, we must remain focused on our strategic plan to streamline the District's operations and maximize resources. We must continue to think more broadly and creatively about how to maintain high levels of service, which means looking beyond simply waste reduction. Continuous process improvement strategies, reinventing service delivery, and tough, prioritized decision-making will be essential to ensure that our services continue to meet the responsiveness and high-quality expectations of our customers.

The budget process is a collaborative effort that requires the involvement of both internal and external stakeholders. On behalf of the District, I would like to recognize, the hardworking staff that developed this document over the past six months. Through the participation of the Governing Board, every District staff member, and representatives of the community, this document presents our operational plan for FY 2020-21.



Respectfully Submitted,



John Mura
General Manager/CEO

DISTRICT MANAGEMENT

Brian Tompkins
Chief Financial Officer

Justine Hendricksen
District Clerk

Kelly Malloy
Director of Strategic Services

Jeff Noelte
*Director of
Engineering & Operations*

Kerrie Bryan
*Human Resources/
Risk & Safety Manager*

Patrick Milroy
Operations Manager



David E. Smith
*Chairman of the
Board*



Phillip R. Goodrich
*Vice
Chairman*



Chris Carrillo
*Governing Board
Member*



Ronald L. Coats
*Governing Board
Member*



James Morales, Jr.
*Governing Board
Member*

Resolution 2020.17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST VALLEY WATER DISTRICT APPROVING THE OPERATING AND CAPITAL BUDGETS FOR FISCAL YEAR 2020-21

WHEREAS, East Valley Water District (“District”) is a county water district organized and operating pursuant to California Water Code Section 30000 et seq.; and

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for fiscal year 2020-21, hereinafter referred to as the “Budget;” and

WHEREAS, the Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for the forthcoming fiscal year; and

WHEREAS, the Budget establishes the basis for incurring liability and making expenditures on behalf of the District; and

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

Section 1. The Budget, and each and every part thereof, is hereby approved and adopted for the fiscal year 2020-21; and

Section 2. The provisions of this Resolution shall take effect on July 1, 2020.

ADOPTED this 24th day of June 2020.

Ayes: Directors: Carrillo, Coats, Goodrich, Smith, Morales
Noes: None
Abstain: None
Absent: None



David E. Smith
Board President

ATTEST:



John Mura
Secretary, Board of Directors

June 24, 2020

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2020.17 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held June 24, 2020.



John Mura
Secretary, Board of Directors



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LEADERSHIP | PARTNERSHIP | STEWARDSHIP

introduction

INTRODUCTION

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BUDGET GUIDE

STATISTICAL/SUPPLEMENTAL INFORMATION

ORGANIZATIONAL STRUCTURE

DISTRICT VISION

The financial plan serves as a policy document, operations guide for programs, and as a means of transparent communication.

Budget Guide

THE BUDGET DOCUMENT IS THE DISTRICT'S ANNUAL FINANCIAL PLAN PREPARED BY DISTRICT STAFF AND APPROVED BY THE GOVERNING BOARD.

The financial plan serves as a policy document, operations guide for programs, and as a means of transparent communication. The intended audiences of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.



BUDGET DOCUMENT SECTIONS

The budget document consists of 7 sections including:

Transmittal Letter

This section includes the District Officials, General Manager/CEO's Budget Transmittal Letter, Strategic Plan, District-Wide Goals, and Priorities and Issues.

Introduction

This section includes the Budget Guide, Statistical/Supplemental Information, Organizational Structure, and District Vision.

Financial Summary

This section presents an in-depth District-Wide overview of the FY 2020-21 Budget.

Consolidated Financial Schedules

This section is a comprehensive summary of the District's Operating Budget presented for the District as a whole and for each of the District Funds.

Program Summaries

This section provides comprehensive information for each functional program within the District including their operational budget. The FY 2020-21 Budget is organized into the following summary programs:

- Governing Board
- General Administration
- Human Resources
- Public Affairs
- Conservation
- Finance and Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Maintenance
- Facilities Maintenance
- Fleet Maintenance

Each program section includes:

- **Program Personnel:** This section is the authorized personnel allocated to each program with a program organization chart.
- **Program Structure:** This chart displays the chain of command for program personnel.
- **Function:** This section includes a basic description of the responsibilities of each program.
- **Goals & Objectives:** This section identifies specific goals and objectives for FY 2020-21.
- **Accomplishments:** This section includes highlights from FY 2019-20.
- **Significant Changes:** This section identifies causes of significant changes to program funding.
- **Levels of Service:** This section links key performance indicators to the Agency's Goals and Objectives.

- **Key Performance Indicators:** These tables present measures that help the District define and evaluate a program's performance.
- **Program Budget Detail:** This section is a breakdown of the program expenditures by category or line item.

Capital Budget

This section presents the Capital Outlay expenditures and Capital Improvement Projects for the FY 2020-21 Budget.

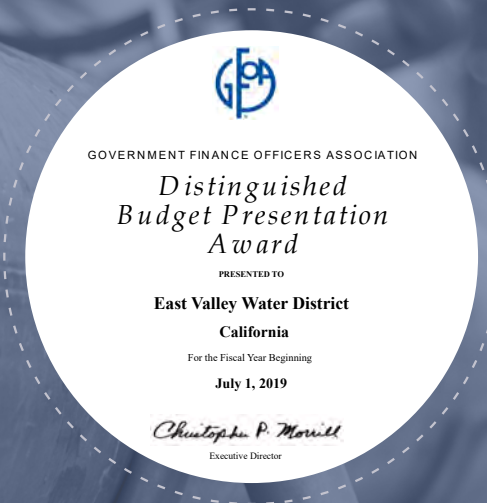
Glossary

This section provides definitions for general terms and the Chart of Accounts used throughout the budget document.

Budget Awards

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers (CSMFO) presented the Excellence Award to the District for its annual budget for the fiscal year beginning July 1, 2019. In order to receive these awards, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

These awards are valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA and CSMFO to determine its eligibility for another award.



BUDGET FINANCIAL INFORMATION

East Valley Water District operates on a fiscal year, or budget time period, that begins on July 1 and ends June 30. The columns typically presented are:

FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
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FY 2018-19 Actuals

Actual financial information for FY 2018-19 as reported in the Comprehensive Annual Financial Report. The actual financial information is reported in the budget document on a budgetary basis.

FY 2019-20 Budget

The FY 2019-20 Budget was adopted by the Governing Board on June 26, 2019 and may also include any adjustments approved by the Governing Board at the Mid-Year Budget Review.

FY 2019-20 Projected

The FY 2019-20 Projected column reflects the adopted budget in addition to any amendments approved by the Governing Board during the fiscal year. The FY 2019-20 Projected column is also adjusted to reflect management's estimate of what revenues and expenditures will be at the end of the fiscal year.

FY 2020-21 Proposed

This column initially reflects the FY 2020-21 Proposed Budget submitted by the General Manager/CEO. After the Governing Board reviews and approves the FY 2020-21 Budget, the information in the FY 2020-21 column changes, if necessary, to reflect the Board's actions.

Amount Changed and % Change

These columns provide the amount changed/percent change from the previous year's budget to the newly proposed budget.

Three years of financial information are presented to facilitate user analysis.

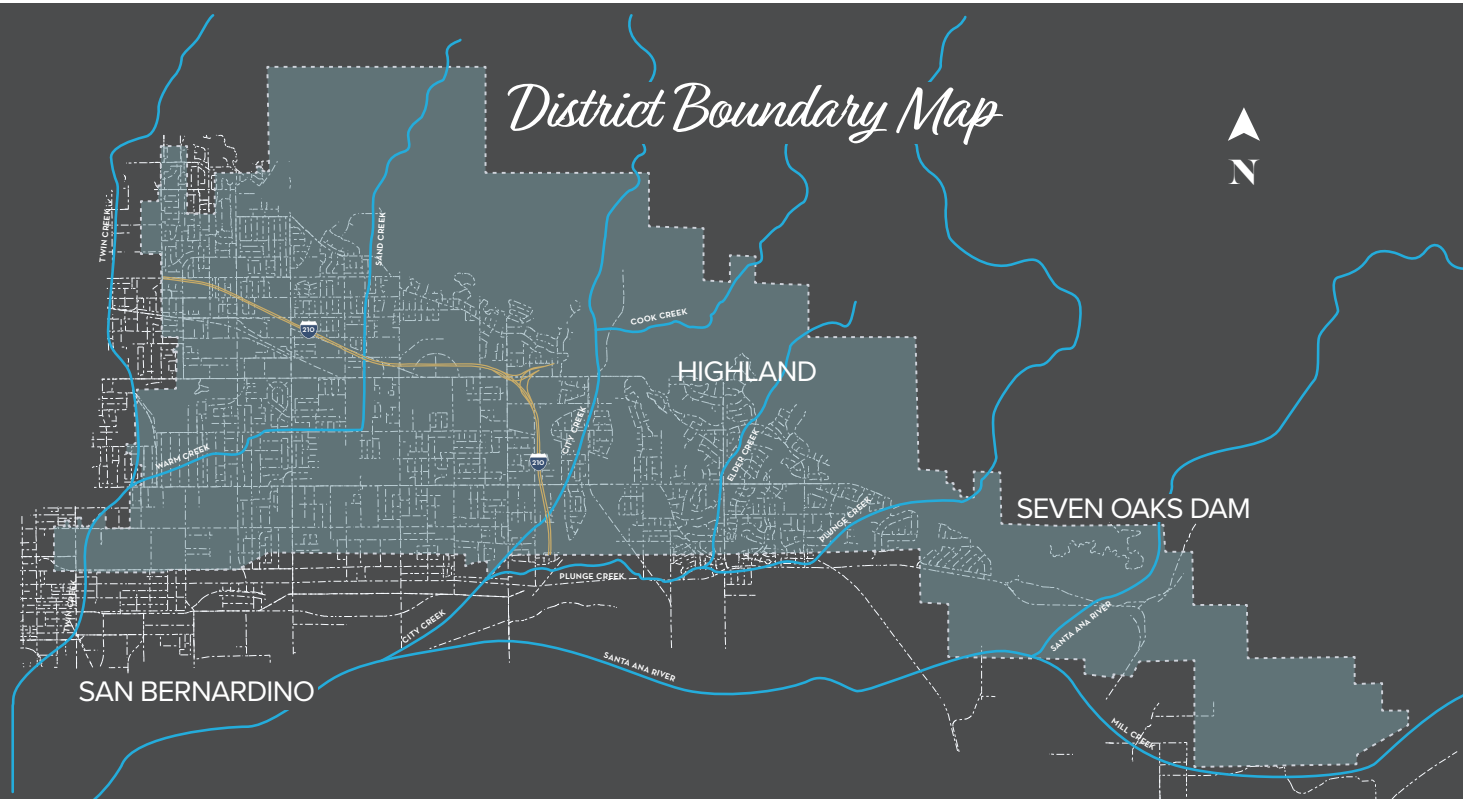


Statistical/Supplemental Information

EVWD PROVIDES WATER AND WASTEWATER SERVICES TO RESIDENTS WITHIN ITS 30.1 SQUARE MILE AREA.

This includes over 103,000 people within the cities of Highland and San Bernardino, portions of the unincorporated County of San Bernardino, the San Manuel Band of Mission Indians, and Patton State Hospital.

The District was formed through a local election of mostly citrus grove operators, to have water service provided by a public agency. EVWD is located in the foothills of the San Bernardino Mountains, 65 miles east of Los Angeles in the County of San Bernardino.

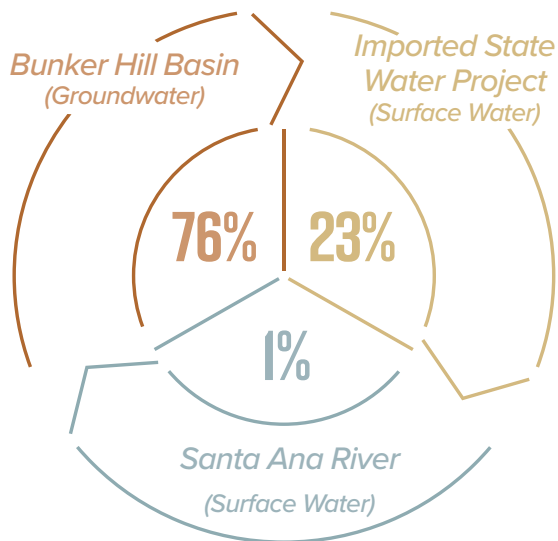


WATER SOURCES

With a service area just over 30 square-miles, the District has three sources for water, the Santa Ana River (SAR), the Bunker Hill Groundwater Basin, and the State Water Project. The SAR starts with natural springs and snow melt high in the San Bernardino Mountains. Groundwater is drawn from the Bunker Hill Basin, a natural underground storage area made up of soil, sand, and gravel. A portion of the District's water is imported from Northern California through the

State Water Project. EVWD has access to this water through San Bernardino Valley Municipal Water District (SBVMWD). The District anticipates using the allocated North Fork shares for groundwater replenishment rather than treated and used in the water distribution system directly. Not only will this help to contribute to a healthy basin level, it will offset the District's cost obligation toward the Groundwater Council.

Sources of Water



WASTEWATER COLLECTION & TREATMENT

The District is responsible for the collection and conveyance of wastewater within the service area. Currently, all wastewater is sent to the San Bernardino Municipal Water Department facilities, where it is treated in accordance with a Joint Powers Agreement.

In 2018, East Valley Water District successfully received authorization for reorganization to include wastewater treatment authority by the Local Agency Formation Commission (LAFCO). This allows for the District to construct and ultimately operate facilities to treat wastewater collected from within its service area.

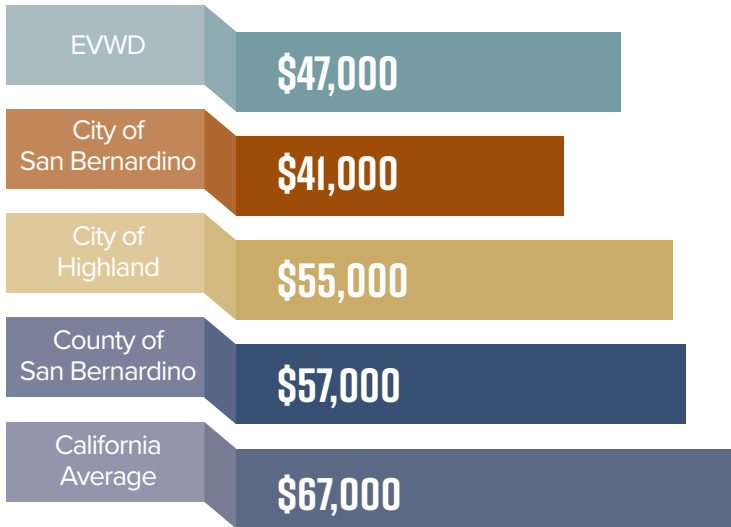
EVWD is constructing the Sterling Natural Resource Center (SNRC) in the city of Highland that will treat up to 8 million gallons of wastewater daily for recharge into the Bunker Hill Groundwater Basin. This project will create a drought-proof recycled water supply which will result in hundreds of millions of gallons of water stored for use in dry years for beneficial reuse higher in the Santa Ana River watershed. This project broke ground in late 2018 with construction completion anticipated in November 2021. Once construction on the SNRC is completed, East Valley Water District will be responsible for treating the wastewater generated within its service area.

POPULATION GROWTH

Population growth projections vary within EVWD's service area due to a number of proposed developments with unspecified timing for completion. There are a number of future developments planned within the EVWD service area including:

- **The development of diverse housing from large estate lots to multi-family units.** Additional planned services of the area may include 14 to 21 acres of commercial services, a new fire station equipped with a police substation, and a new art school. The new development consists of approximately 1,650 acres and may add approximately 11,800 to 12,400 new residents in the District upon buildout anticipated in 2035.
- **Unit development project offering a variety of housing opportunities.** The development density allows for a minimum of 250 housing units and a maximum of 800 house units. The development will be located along Greenspot Road and the 210 Freeway.
- **Residential planned community of 316 housing units.** The permitted land use types of this area focus towards low to medium density residential units with additional inclusion of open space, agriculture, parks and recreation.

Average Household Income



**Income information retrieved from census.gov.*

CLIMATE

The climate in the cities of Highland and San Bernardino varies throughout the year, but overall is considered arid. On average, there are 283 days of sunshine per year. Temperatures average a daily high of 94 degrees in the summer and a daily low of 42 degrees during the winter. This area typically averages 13 inches of precipitation annually, mostly during the months of January through March.

GOVERNMENT

East Valley Water District is a California Special District established in 1954. The District has a five-member Governing Board elected by voters at-large to staggered four-year terms. The Governing Board represents the public's interest as policy makers with regards to rate for service, policies, ordinances, and budget adoption. Appointed by the Governing Board, the General Manager/CEO is responsible for overseeing daily operations and managing staff resources.

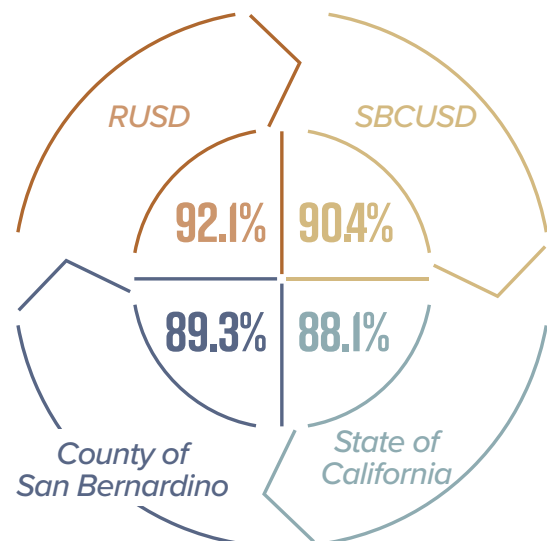
The District is a rate-based organization that receives no tax-related revenue and operates in accordance with Division 12 of the California Water Code.

East Valley Water District's service area includes the city of Highland, San Manuel Band of Mission Indians, Patton State Hospital, and portions of both the city and county of San Bernardino. Additionally, the District is within the Sphere of Influence of the Inland Valley Development Authority which oversees the reuse of the former Norton Air Force Base.

EDUCATION

Residents within East Valley Water District's service area have access to award winning K-12 schools through the Redlands Unified School District (RUSD) and San Bernardino City Unified School District (SBCUSD). Higher education institutions located near East Valley Water District's service area include: California State University, San Bernardino; California Baptist University; Loma Linda University; University of California at Riverside; and University of Redlands. Community colleges within the region include: Crafton Hills College; Riverside City College; and San Bernardino Valley College.

2018-19 Graduation Rates



Graduation information retrieved from cde.ca.gov.

HOSPITAL & MEDICAL FACILITIES

Hospital and medical facilities located in or near the East Valley Water District service area include Arrowhead Regional Medical Center, Loma Linda University Medical Center, Kaiser Foundation Hospital, Redlands Community Hospital, Community Hospital of San Bernardino, J. Pettis Veteran’s Administration Hospital, and St. Bernardine Medical Center. Additionally, there are a number of urgent care and outpatient facilities located throughout the region.

TRANSPORTATION

Public transportation is available within the East Valley Water District service area through OmniTrans. With a variety of routes, OmniTrans provides busing services throughout the San Bernardino Valley, including cities of Highland and San Bernardino.

Community members have access to the Metrolink commuter rail service, which provides long distance transportation to commuters from the San Bernardino area to major centers of employment including Los Angeles and Orange County.

Interstate 210 and both State Route 18 and 330 traverse through the District’s boundaries. These roadways provide access to major transportation corridors including Interstates 215, 15, and 10; and State Routes 18, 38, 60, and 91.

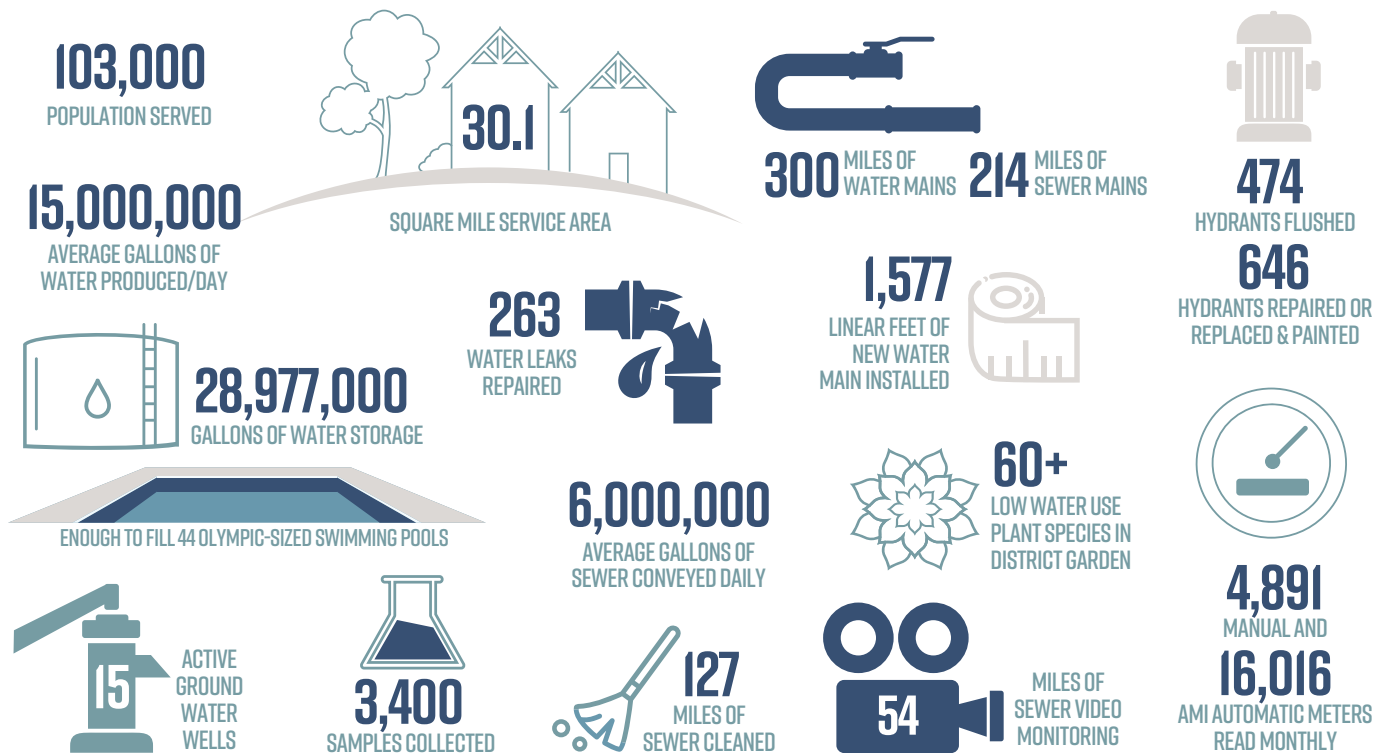
PUBLIC SAFETY

East Valley Water District serves members of the community within the cities of Highland and San Bernardino, unincorporated County of San Bernardino and San Manuel Band of Mission Indians. Within these communities law enforcement is provided by the San Bernardino County Sheriff’s Department, City of San Bernardino Police Department, and San Manuel Department of Public Safety. Fire protection services are provided by the California Department of Forestry and Fire Protection (CalFire), San Bernardino County Fire Department, and the San Manuel Fire Department.

MAJOR EMPLOYERS

Major employment industries within the cities of Highland and San Bernardino include education, mental health services, public administration, rail, health care, public safety, casinos, transportation, and construction.

District Spotlight



DISTRICT VISION

East Valley Water District has set out to be a world class organization, with a focus not only on providing safe and reliable drinking water but enhancing and preserving the quality of life for our community. Through a series of planning measures, the Governing Board, staff, and the community have developed a District Vision that empowers the organization to take actions to be innovative, efficient, and effective.

Following meetings with the community, Governing Board, and staff at all levels of the organization, a Five-Year Work Plan has been prepared with an emphasis on the elements needed to clearly look to the future. This effort is designed to consider general policy direction and highlight priority projects that allows for the consideration of specific tasks necessary for implementation.

The District now has a series of measurable guiding elements that have established varying degrees of direction for operational and planning decisions. The Strategic Plan includes: the District Vision, Core Values, Agency Goals and Objectives, Five-Year Work Plan, Annual District-Wide Goals, Program Goals, and Individual Goals.

By setting clear expectations, all staff members are encouraged to be active participants in operations while looking for opportunities to make a positive impact on the community.

Enhance and Preserve the Quality of Life

FOR OUR COMMUNITY THROUGH INNOVATIVE LEADERSHIP & World Class Public Service

Core Values

LEADERSHIP

Motivating a group of people to act towards achieving a common goal or destination.

PARTNERSHIP

Developing relationships between a wide range of groups and individuals through collaboration and shared responsibility.

STEWARDSHIP

Embracing the responsibility of enhancing and protecting resources considered worth caring for and preserving.

STRATEGIC PLAN

Agency Goals & Objectives

I. Implement Effective Solutions Through Visionary Leadership

- A. Identify Opportunities to Optimize Natural Resources
- B. Maximize Internal Capabilities through Ongoing Professional Development
- C. Strengthen Regional, State and National Partnership
- D. Encourage Performance Based Results through Staff Empowerment

II. Maintain A Commitment to Sustainability, Transparency, and Accountability

- A. Practice Transparent and Accountable Fiscal Management
- B. Utilize Effective Communication Methods
- C. Pursue Alternative Funding Sources
- D. Provide Quality Information to Encourage Community Engagement

III. Deliver Public Service With Purpose While Embracing Continuous Growth

- A. Advance Emergency Preparedness Efforts
- B. Strive to Provide World Class Customer Relations
- C. Promote a Positive Organizational Culture
- D. Embrace an Environment of Active Learning and Knowledge Sharing

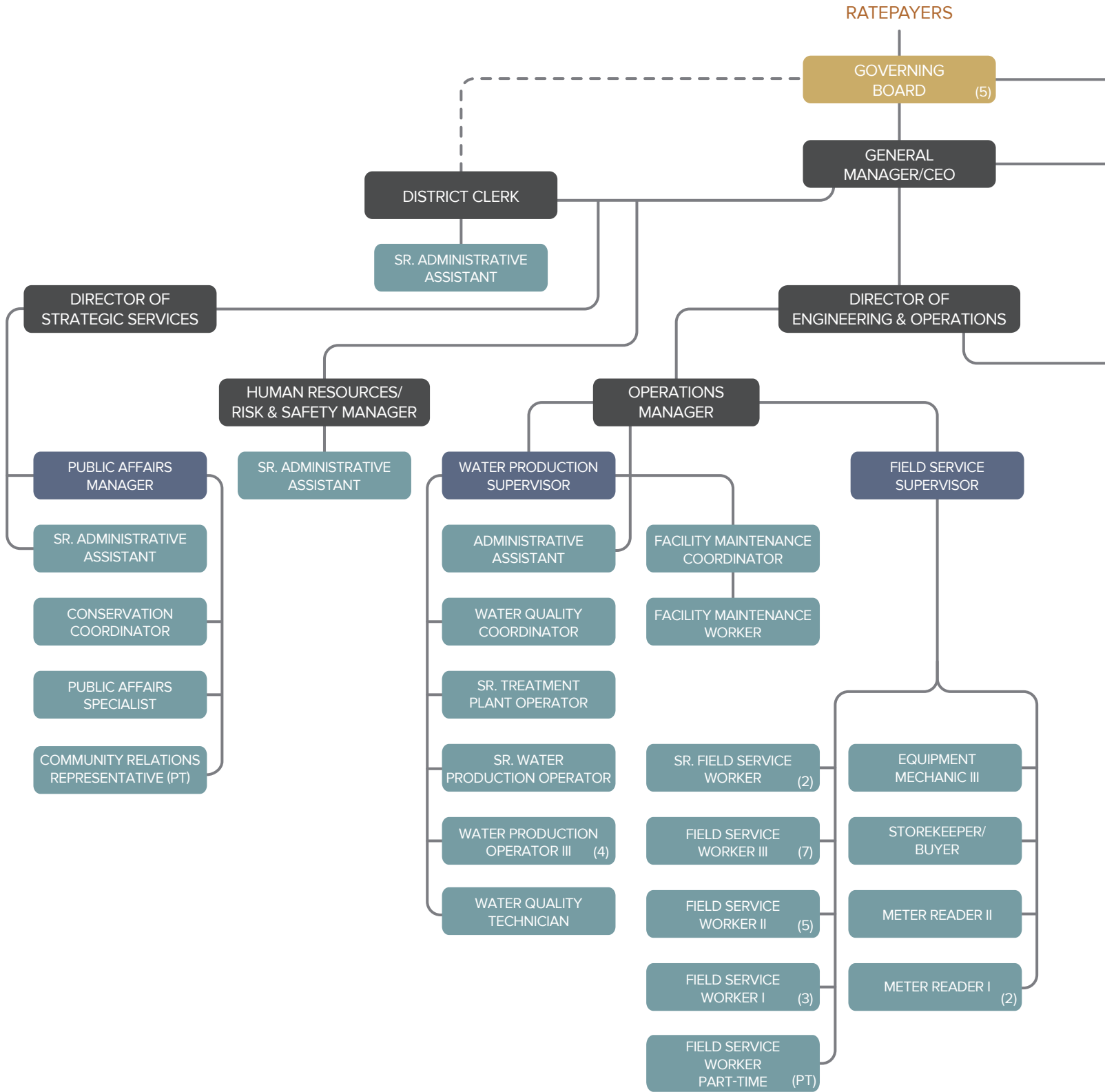
IV. Promote Planning, Maintenance and Preservation of District Resources

- A. Develop Projects and Programs to Ensure Safe and Reliable Services
- B. Enhance Planning Efforts that Respond to Future Demands
- C. Dedicate Efforts Toward System Maintenance and Modernization
- D. Enable Fact-Based Decision Making Through State-of-the-Art Data Management

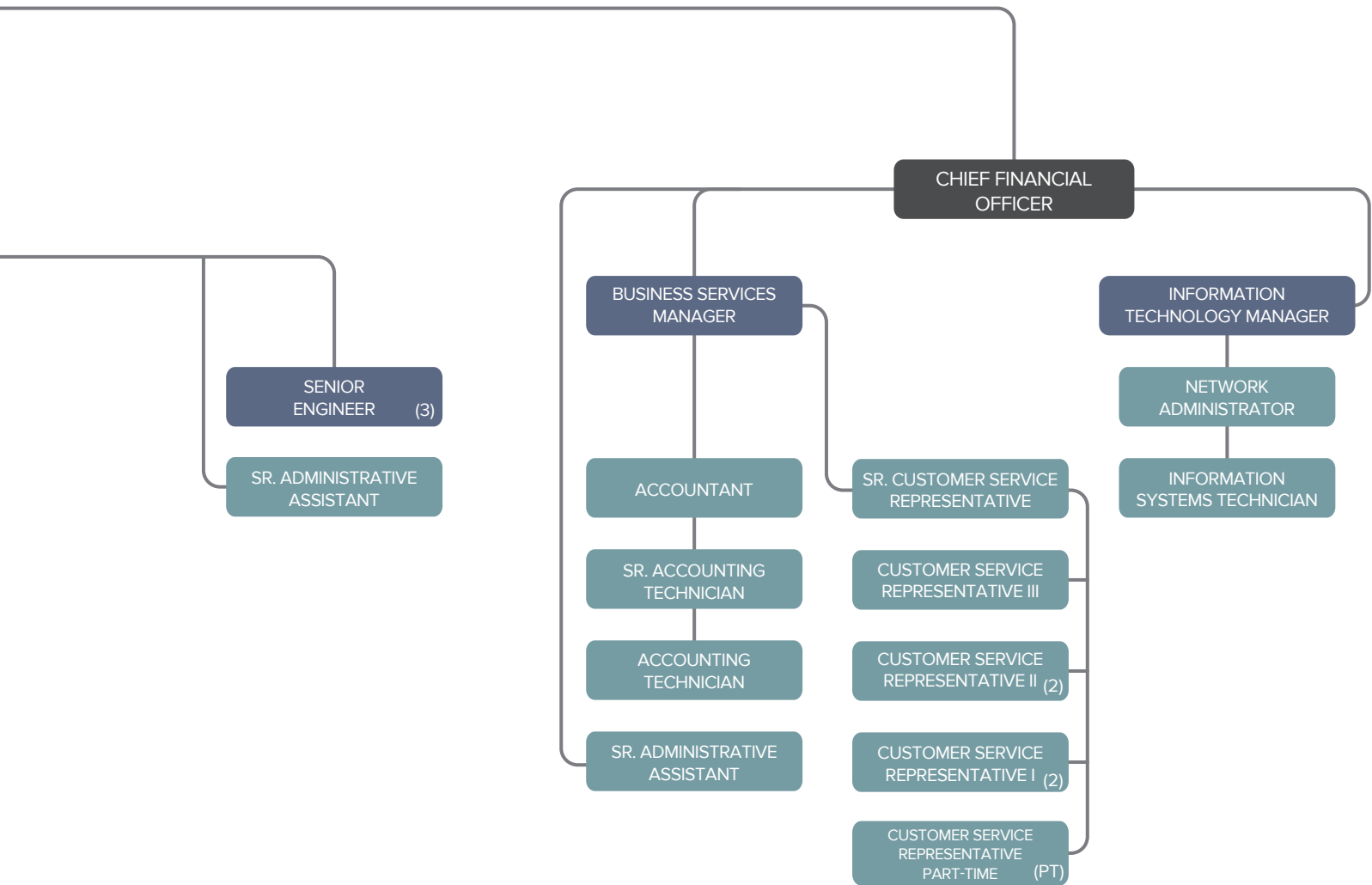
To maintain momentum and encourage continued growth, the District adopted these foundational principles.

Adopted January 10, 2018

Organizational Chart



LEGAL COUNSEL



LEGEND

- Elected Officials
- Management
- Executive Management
- General Staff

** All positions are full-time unless noted otherwise.*

PROGRAM STRUCTURE

East Valley Water District has built a world class team of individuals committed to the Agency Vision and Core Values. The Organizational Chart reflects the current 66 authorized positions in relation to the chain of command structure. It is important to note that the District fosters a collaborative work environment which encourages communication and cooperation between different programs. A more detailed look at staffing can be viewed within each individual Program.

The District currently has 17 programs, which are overseen by various members of the Executive Management Team. This table, reflects the organizational structure based on Program oversight.

RATEPAYERS					
GOVERNING BOARD					
GENERAL MANAGER/CEO					

District Clerk	Director of Strategic Services	Director of Engineering & Operations	Chief Financial Officer	Human Resources/Risk & Safety Manager	Operations Manager
Administration	Public Affairs	Engineering	Finance	Human Resources	Meter Services
	Conservation	*Operations	Customer Service		Water Production
			*Information Technology		Water Treatment
					Water Quality
					Water Maintenance
					Wastewater Maintenance
					Facilities Maintenance
					Fleet Maintenance

** This program is overseen by a Director position but managed by a member of the Executive Team.*

LEADERSHIP | PARTNERSHIP | STEWARDSHIP




Summary

FINANCIAL

FINANCIAL SUMMARY

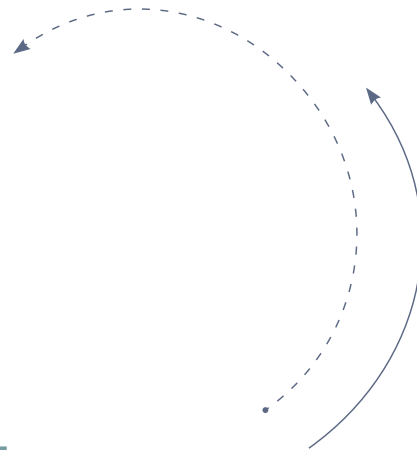
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The annual budget is an opportunity to establish priorities for the fiscal year, identify means to evaluate results, and ensure that the planned operations and capital projects responsibly use District resources.



FINANCIAL POLICIES	●
BUDGET PROCESS	●
CURRENT & PROPOSED BUDGET CYCLE CALENDAR	●
BASIS OF BUDGETING	●
FUND STRUCTURE	●
FUND/PROGRAM RELATIONSHIP	●
BUDGET SUMMARY	●
REVENUE SUMMARY	●
EXPENDITURE SUMMARY	●
DEBT OVERVIEW	●
NET POSITION/FUND EQUITY	●
LONG RANGE FINANCIAL PLAN	●

Financial Policies



EAST VALLEY WATER DISTRICT FINANCIAL MANAGEMENT POLICIES PROVIDE A BASIC FRAMEWORK FOR THE OVERALL FISCAL MANAGEMENT OF THE DISTRICT.

The policies represent a foundation for addressing changing circumstances and conditions, and to assist in the decision-making process. Financial policies represent guidelines for evaluating both current activities and proposals for future programs. They also reflect long-standing principles and practices, which have enabled the District to maintain its financial stability. Policies are reviewed annually to ensure the guidelines represent a realistic, current framework for policy decisions.

OPERATING AND CAPITAL BUDGET POLICY

Purpose and Scope

The purpose of this policy is to provide guidelines to assist in the formulation and consideration of a comprehensive annual budget, one of the most important financial activities the District undertakes each year. Those guidelines include the Strategic Plan and Capital Improvement Plan which assist in completing financial planning cycles that deliver efficient and effective public services. This policy applies to all funds under the budgetary and fiscal control of the Governing Board.

Balanced Budget

The District will adopt a balanced budget for each fund this policy covers, where the sum of estimated revenues and use of reserves is equal to or greater than current expenditures. Expenditures will include operating expenses, debt service, and the operating budget's contribution to the Capital Improvement Program (CIP).

Short-term operating deficits will be mitigated by either raising rates and fees or cutting costs. The use of one-time revenues and development fees for the funding of operating costs is not permitted, and reserves may only be used for the purpose for which they were intended in accordance with the District's designated funds policy.

The budget development process is outlined in the following pages.

INVESTMENT POLICY

Purpose and Scope

The purpose of this policy is to establish guidelines for the prudent investment of District funds in conformance with California Government Code (CGC) requirements. The Policy applies to all funds under direct authority of the District, which does not include funds held in trust for the District's retirement plans and post-employment health benefits.

Objectives

CGC §53600.5 states that, when investing and managing public funds, the primary objectives, in priority order, of the District's investment activities shall be:

- **Safety:** Safety of principal is foremost, therefore, investments shall be undertaken in a manner that seeks to preserve capital while mitigating risks such as interest rate risk and credit risk.
- **Liquidity:** The investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements that can reasonably be anticipated.
- **Return on Investment:** The investment portfolio shall be designed for attaining the best yield while keeping in mind that return is secondary to the objectives of safety and liquidity.

Delegation of Authority

The authority of the District's Governing Board to invest District funds is derived from CGC §53601. The §53607 of the CGC allows the Governing Board to delegate that authority to the District's Chief Financial Officer/Treasurer. This delegation expires and may be renewed annually, by Board resolution, in conjunction with the annual review of the investment policy.

Authorized Investments

The District is empowered by CGC §53600 et. seq. to invest in certain types of investments. The District policy is more restrictive than the CGC regarding allowable investments due to the size of the District's investment portfolio and limited staff resources available to manage invested funds.

Safekeeping and Internal Control

To protect against potential losses caused by the collapse of a security dealer, all book-entry securities are kept in safekeeping by a third party bank trust department, acting as agent for the District under the terms of a custody agreement.

Internal controls have been established to help ensure assets are protected from loss, theft or misuse. Controls include separation of transaction authority from record-accounting, and confirmation of telephone transactions for investments and wire transfers.

Reporting

In accordance with CGC §53646, the CFO/Treasurer will prepare, and render to the Governing Board, a quarterly investment report within 30 days of the end of each quarter. The report shall list types of investments, maturity, par and market values of each investment, transaction occurring during the quarter, and identification of funds managed by a third party.

RESERVE POLICY

Purpose

The District recognizes that fiscal responsibility requires anticipating, and preparing for, unforeseen events, in addition to ensuring sufficient funding is available for current operating, capital, and debt service needs. To that end, the District has adopted a Designated Funds (Reserve) Policy as part of prudent financial planning and to ensure sufficient funding for current and future needs.

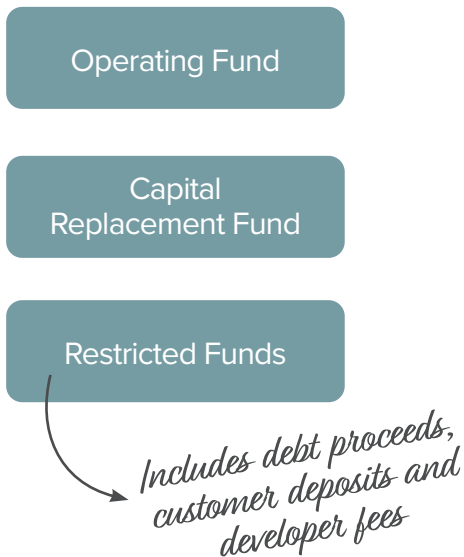
General Provisions

The following provisions and principles are established for building and utilizing reserve funds:

- **Interest** – Interest income will be credited to reserve funds until maximum target levels have been reached. Once a fund reaches its established maximum, interest will be allocated to other funds.
- **Funding Priority** – Fund balances are reviewed annually to determine whether maximum target levels have been reached. Liquidity reserves will be funded first. When Liquidity reserves are at their target levels, Capital reserves will be funded. The Governing Board will determine how excess monies will be allocated after reserves are at their maximum levels.
- **Pay Go versus Debt** – For funding of capital acquisitions and improvements, the District will analyze the use of reserves and/or issuing debt to determine the optimal funding strategy. Current and future liquidity positions will also be considered.

Types of Reserves

The District has established and will strive to maintain the following funds:



Operating Fund

The Operating Fund is used for unanticipated operating expenses. This fund is designated by the Board to maintain working capital for current operations and to meet routine cash flow needs.

1. **Target Level** – Funding shall be targeted at a minimum amount equal to 90 days of the District's budgeted total operating expenses, and the maximum amount shall not exceed 120 days of the budgeted total operating expenses.
2. **Events or Conditions Prompting the Use of the Fund** – Upon Board authorization, this fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases in revenues and unexpected increases in expenses.
3. **Periodic Review Dates for Balances** – Fund balances and target level will be reviewed by staff and the Board during the preparation and approval of the annual budget.

Capital Replacement Fund

Both the water and wastewater divisions will maintain a replacement fund for the replacement of capitalized assets when they reach the end of their useful lives. The source of replacement funds will be user fee revenue from the respective enterprises.

1. **Target Level** – The minimum target level should be equal to one year's depreciation as determined by depreciation recorded for the previous fiscal year. The maximum balance shall not exceed the projected needs for five years, according to the District's Capital Improvement Plan.
2. **Events or Conditions Prompting the Use of the Fund** – Staff will recommend assets to be replaced during the Capital Improvement Plan/Capital Budget presentation. As projects are approved, funds will be appropriated from undesignated funds or available revenues.
3. **Periodic Review Dates for Balances** – Fund balances and projected improvement projects will be reviewed by staff and the Board during the preparation and approval of the annual budget.

Restricted Funds

1. **Bond Proceeds** – Typically consist of construction fund monies, and a debt service reserve.
 - a. **Target Level** – The debt service reserve requirement, if applicable, is established at the time of issue.
 - b. **Events or Conditions Prompting the Use of the Fund** – Construction fund monies must be spent on applicable projects, while the debt service reserve can only be used in the event of a shortfall of pledged revenues.
2. **Development Fees** – Consists of capacity fees paid by developers to buy in to the utility infrastructure system paid for by the investment of existing customers.
 - a. **Target Level** – Capacity fees are collected to pay for facility additions or improvements to support demands on the system by new development.
 - b. **Events or Conditions Prompting the Use of the Fund** – Capacity fees may be used for Capital Improvement Projects necessitated wholly, or in part, by new development.

DEBT POLICY

The purpose of this policy is to establish guidelines for the issuance and management of District Debt, and to provide guidance for decision makers with respect to options available for financing infrastructure, and other capital projects, so that the most prudent, equitable, and cost effective financing can be chosen.

Standards for Use of Debt Financing

When appropriate, the District will use long-term financing to:

- Achieve an equitable allocation of capital costs/ charges between current and future system users;
- Provide more manageable rates in the near and medium term; and
- Minimum rate volatility.

The District will not construct or acquire a facility that is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life. In addition, capital projects financed through debt will not be financed for a term longer than the expected useful life of the project.

Methods of Financing

The Finance Department will investigate all possible project financing alternatives including, but not limited to: annual operating revenue, reserves, bonds, loans, and grants. When applicable, development fees will be used to pay for increase capital costs resulting from new development. The District may legally issue short and long-term financing using the following debt instruments:

- **Inter-Fund Borrowing** – May be used for short-term cash flow imbalances due to grant terms, and interim financing pending issuance of long-term debt.
- **Lines of Credit** – May be considered as a short-term borrowing option. The Chief Financial Officer (CFO) shall determine when it is prudent to recommend that the District enter into an agreement with a commercial bank or other financial institution, for the purpose of acquiring a line of letter of credit.
- **Capital Lease Debt** – May be used for equipment purchases where cost exceeds \$50,000 and financing terms are cost effective.
- **State Revolving Fund (SRF) Loans** – Based on availability, loans are low or zero interest for water and wastewater infrastructure projects with a term of 20 to 30 years.
- **Certificates of Participation (COP)** – May be issued to provide financing through a lease, installment sale agreement, or contract of indebtedness and typically do not require voter approval. Board action is legally sufficient to authorize a COP issue, and District revenues are pledged for repayment of COPs under terms specified in the indenture.
- **JPA Revenue Bonds** – Financing may be obtained through the issuance of debt under a joint exercise of powers agreement (East Valley Water District Financing Authority) with such debt payable from amounts paid by the District under a lease, installment sale agreement, or contract of indebtedness.
- **Refunding Revenue Bonds** – The District may issue refunding revenue bonds to refund District indebtedness pursuant to the State of California local agency refunding revenue bond law (Title 5 of the California Government Code).

Compliance

The use of bond proceeds must be monitored to ensure compliance with all Internal Revenue Code arbitrage rebate requirements. The District is also responsible for verifying compliance with all undertakings, covenants, and agreements of each debt issued, typically including:

- Annual appropriations of revenue to meet debt service payments;
- Timely transfer of debt service payments to the Trustee;

- Compliance with insurance requirement; and
- Compliance with rate covenants.

Board Discretion

This policy is intended to serve as a guide and in no way restricts the ability of the District's Governing Board to review proposed rate actions, debt issuances, or other actions of substance to the District.

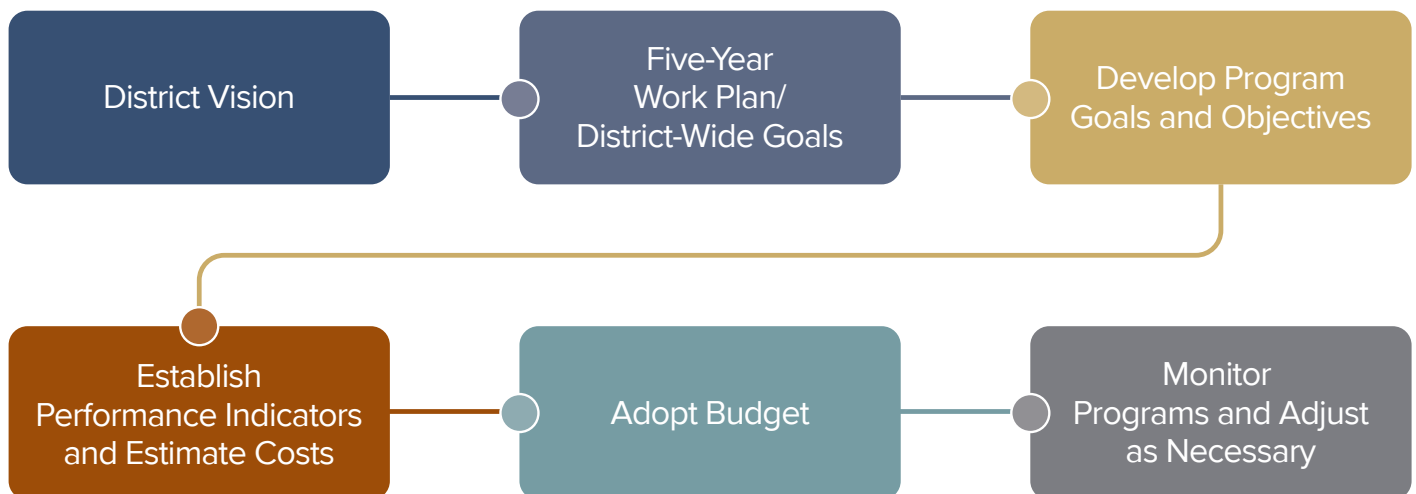
Budget Process

THE BUDGET REFLECTS DIRECTION FROM THE GOVERNING BOARD AS ESTABLISHED BY THE DISTRICT VISION AND COMMUNICATED TO DISTRICT STAFF THROUGH VARIOUS MEETINGS AND WORKSHOPS.

The purpose of this budget document is to communicate the District's financial priorities with citizens, local businesses, creditors, rating agencies, other local agencies and stakeholders, and District staff. The FY 2020-21 Budget represents guidelines established to address the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to use financial resources for completing critical capital projects for current and future customers as well as the District's commitment to meet its financial obligations. Staff is confident that the financial framework outlined in the FY 2020-21 Budget will allow the District to deliver reliable, high-quality water and wastewater services to its customers in a prudent and sustainable manner.

Each year, administrative and operational Program Managers establish Goals and Objectives in support of the District's Strategic Initiatives and Five-Year Work Plan which, upon adoption by the Governing Board, provide clear direction to staff regarding District-wide priorities. Progress is measured throughout the fiscal year and reported to the Governing Board on a quarterly basis.

Moreover, in developing the budget, staff utilized the District Vision for prioritizing District resources for operational and capital activities.



STAKEHOLDER INPUT

The District has established a Community Advisory Commission (CAC) which meets regularly at publicly noticed meetings, to discuss significant affairs of the District, including development of the annual budget. Members of the CAC are civic-minded community leaders who donate their time to provide input to staff on agenda items. The District Board also conducts a series of public workshops to discuss important milestones in the development of the annual budget.

Public comment is welcomed and encouraged at public meetings.

DISTRICT VISION

To help ensure consistent purpose, East Valley Water District has adopted a comprehensive statement that serves as a guide for the decision-making process throughout the organization.

FIVE-YEAR PLAN AND DISTRICT-WIDE GOALS AND OBJECTIVES

The District has adopted a Five-Year Plan establishing a series of long-term objectives that link management and staffwork efforts to the District's Strategic Plan. Objectives in the Five-Year plan have estimated completion dates ranging from 3 to 20 years and present the core of work efforts to which District financial and human resources will be dedicated. The Five-Year Plan will be revised as objectives are completed, or as emerging issues dictate that a significant, previously unidentified objective should replace an existing objective.

District-wide Goals established with the annual budget are taken directly from the Five-Year Plan, and usually define incremental steps from the long-term objectives that will be completed during the upcoming fiscal year. All District-wide goals, also referred to as GM goals as they are part of the General Manager / CEO's annual performance evaluation, are adopted as program goals in one or more of the District's Programs.

DEVELOP PROGRAM GOALS AND OBJECTIVES

Each program manager is tasked with developing achievable and measurable goals and objectives to be implemented in a single fiscal year. This endeavor clearly identifies the planned efforts of the program for the given period, links the program's efforts to the District-wide goals when possible, and allows program employees to propose / establish individual goals that support the District's long-term goals and vision. Program goals and objectives are presented by Program Managers to the Governing Board and public at a public workshop in April.

ESTABLISH KEY PERFORMANCE INDICATORS & ESTIMATE COSTS

To assess the organization's productivity and effectiveness, unique key performance indicators are utilized as a quantitative measure. Cost estimates reflect the anticipated expenses for accomplishing each program's day-to-day operational tasks, special projects and overall program goals.

ADOPT BUDGET

The final budget document is assembled, including projected revenues, expenditures, and funding of all Goals and Objectives proposed by Program Managers if possible. The document is presented to the East Valley Water District Governing Board at the first regular meeting in June for discussion. Barring any revisions or corrections, the budget is agendized at the second Board meeting in June for adoption. A hard copy version of the final budget document is available to the public on request, or can be viewed in its entirety on the District website.

PROGRAM MONITORING & BUDGET ADJUSTMENTS

In January of each year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by program managers to Executive Management for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at a Mid-Year Budget Review in February.

When possible, adjustments have no net effect on the original budget balance unless additional revenue is available. However, if revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board at a Mid-Year Budget Review.

CURRENT & PROPOSED BUDGET CYCLE CALENDAR

Date	Activity
June 24, 2020	FY 2020-21 Budget Adoption
November 18, 2020	First Quarter Budget Review at Public Board Meeting
January 28, 2021	Budget Meeting to Distribute Worksheets to Management Staff
February 10, 2021	FY 2020-21 Mid-Year Budget Review at Public Board Meeting
March 11, 2021	FY 2021-22 Capital Outlay and Capital Improvement Program Planning Meeting
March 25, 2021	FY 2021-22 New Position Requests, Program Goals and Objectives Due to Finance
March 25, 2021	FY 2021-22 Capital Outlay and Capital Improvement Project Requests Due to Finance
March 29, 2021	FY 2021-22 Program Budget Requests Due to Finance
April 21, 2021	FY 2021-22 Proposed Goals and Objectives Workshop at Public Board Meeting
April 22, 2021	FY 2021-22 Capital Outlay and Capital Improvement Program Budget Review with Managers and General Manager/CEO
May 11, 2021	Meet with CAC to Present and Discuss Proposed Program Goals and Objectives and Revenue Projections for FY 2021-22
May 12, 2021	FY 2021-22 Revenue Projection Workshop at Public Board Meeting
May 21, 2021	FY 2021-22 Budget Complete with all Revisions
June 9, 2021	FY 2021-22 Budget Presentation at Public Board Meeting
June 15, 2021	Meet with CAC to Present Draft Budget for FY 2021-22
June 23, 2021	FY 2021-22 Budget Adoption at Public Board Meeting

Basis of Budgeting

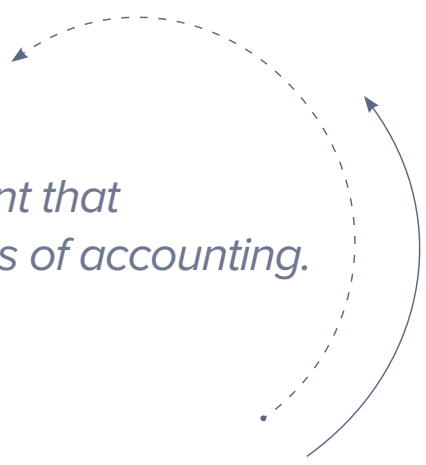
THE DISTRICT'S FINANCIAL RECORDS ARE KEPT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) FOR GOVERNMENTAL ENTERPRISE FUNDS.

However, there are exceptions where the accrual basis is not conducive to effective presentation of the District's budget because it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost.

Exceptions to GAAP used for the District's budget presentation are as follows:

- **Compensated absence** expense reflects the change in related accrued liabilities during the accounting period on the GAAP basis, but for budget purposes expense includes anticipated leave time to be used and/or cashed by employees during the fiscal year.
- **Principal payments** on Long-Term Debt are applied to reduce the outstanding liability on a GAAP basis; shown as a current expenditure on a Budget basis.
- **Capital Outlay and Construction costs** are capitalized and expenses over the useful life of the asset on a GAAP basis; shown as a current expenditure on a Budget basis.
- **Depreciation** is recorded annually to expense the cost of a capital asset over its useful life on a GAAP basis but is not contemplated on the Budget basis.
- **Interest payments** related to financing for the cost of a capital asset during construction are capitalized on the GAAP basis but are reported as a current expense on a Budget basis.
- **Pension expense** is budgeted based on employer contribution rates assigned by CalPERS. For financial statement reporting, pension expense is recorded based on the change to the net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

The District follows the GAAP requirement that enterprise funds use the full accrual basis of accounting.



Fund Structure

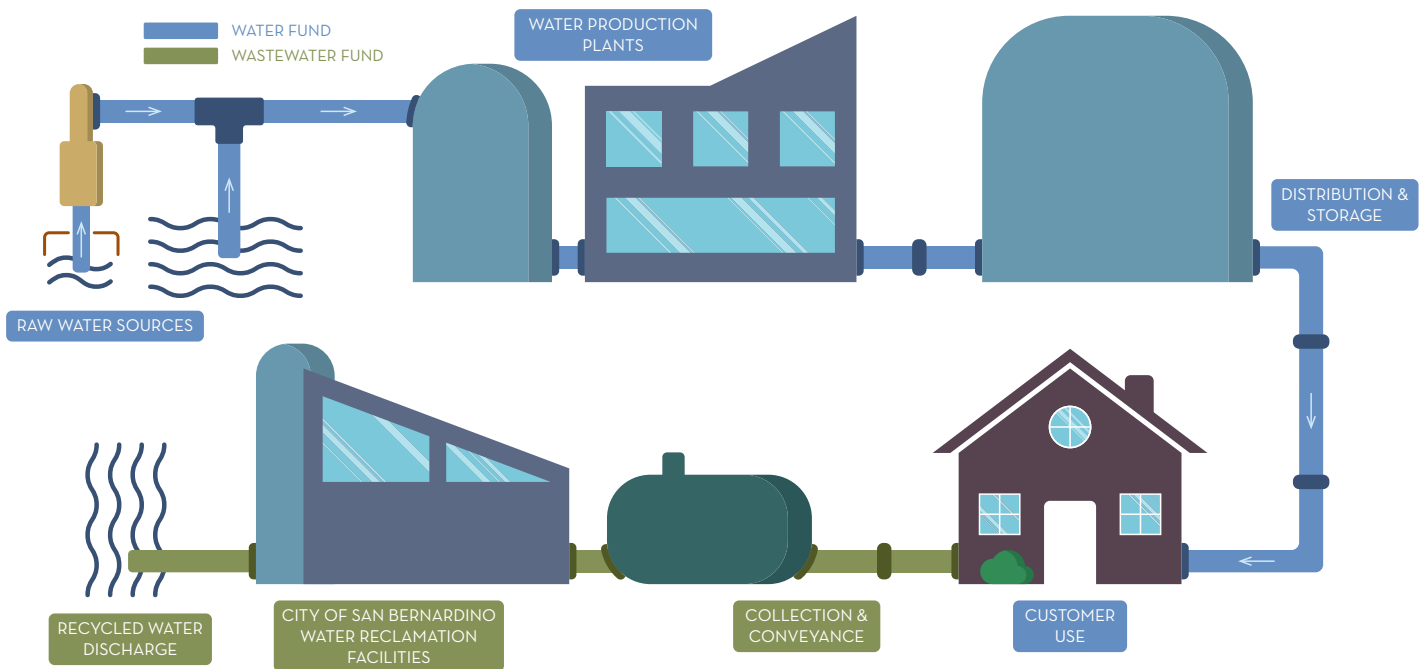
GAAP REQUIRE THAT EAST VALLEY WATER DISTRICT, A CALIFORNIA SPECIAL DISTRICT, ACCOUNT FOR ITS ACTIVITIES AS A SINGLE, GOVERNMENTAL ENTERPRISE FUND.

The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operations and capital needs.

Though it is a single Enterprise Fund, East Valley Water District engages in two separate and distinct business-type activities including the distributions of potable water, and the collection of wastewater. Accordingly, the District’s budget is organized based on these activities, or sub-funds, hereafter referred to as the Water and the Wastewater Funds.

The Water Fund accounts for the costs of acquiring raw water, treating the water, and then pumping and distributing the treated water to District customers. The Wastewater Fund accounts for the cost of maintaining a system of pipelines responsible for collecting wastewater from residential and commercial customers and delivering the wastewater to the City of San Bernardino Municipal Water Department Treatment Plant. Both Funds are supported by centralized customer service, engineering, and general administrative functions, the cost for which is allocated between the water and wastewater funds.

District Operations

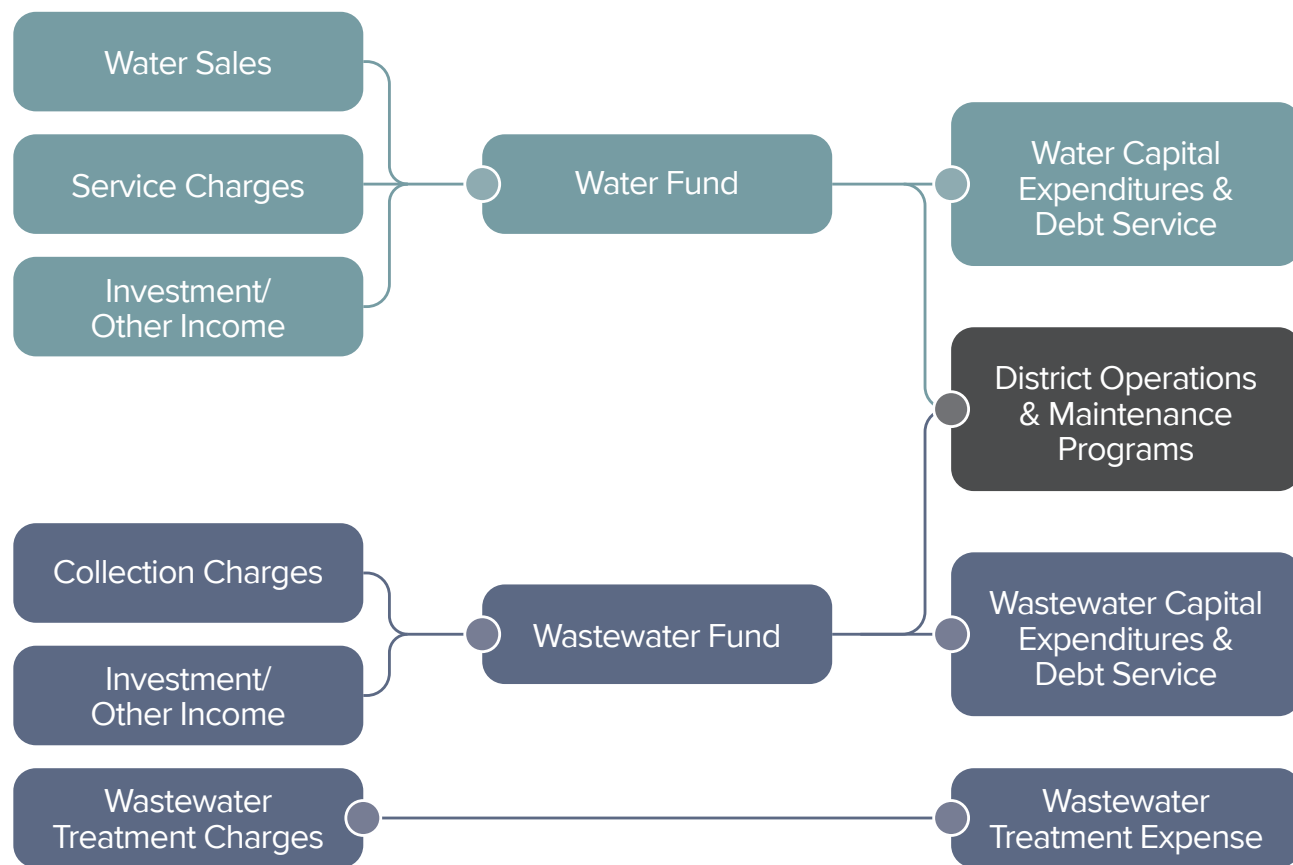


Each of the funds rely on a significant amount of planning and infrastructure. Accordingly, each fund contributes to the maintenance, replacement and improvement of that infrastructure. When the issuance of debt is appropriate to fund major capital projects, each fund has the authority to issue debt.

To support these costs each fund adopts its own user rates, fees and charges, and has its own self-balancing set of accounts. Budgets for each fund are adopted to support the associated capital, and debt service costs, to make reasonable contributions to reserves, and to pay for an allocated portion of operating and maintenance program expenses.

Wastewater Treatment revenue and expenses are a simple pass-through to the City of San Bernardino Municipal Water Department. Treatment fees are billed to District customers along with other District fees and charges and are based on rates adopted by the San Bernardino City Council. All treatment fees collected are remitted to the City on a monthly basis and do not contribute to the District's operations and maintenance expenses. However, for budget purposes, wastewater treatment expense is shown as a separate line item in the Wastewater Maintenance program.

Fund Structure Illustration



Additional detail about the activities and budgets of each fund are included at the Water Fund and Wastewater Fund tabs in this document.

Fund/Program Relationship

DISTRICT OPERATING (INCLUDING MAINTENANCE) EXPENSES ARE ALL BUDGETED AND ACCOUNTED FOR BY PROGRAM.

Expenses incurred by Programs are then allocated to the water and wastewater funds based on the assessed benefit of Program services to each fund. The benefit assessment entails the evaluation of each program and the services provided through activity based costing. Programs with activities fully aligned with the purpose of one fund or the other, are charged fully to the appropriate fund, while programs with general and administrative type functions are generally allocated using a 70%-30% split.

The percentage allocation is often adjusted for unique circumstances. For example, with the implementation of budget based rates, allocated costs for Customer Service were shifted from the Wastewater Fund to the Water Fund due to the increased cost of administering the new rates. Below is a table illustrating the Fund/Program relationship for the current fiscal year:

Program	Water Fund	Wastewater Fund	Total
1000 Governing Board	\$ 179,900	\$ 77,100	\$ 257,000
2000 General Administration	912,600	389,400	1,302,000
2100 Human Resources/Risk Management	1,079,500	245,500	1,325,000
2200 Public Affairs	1,162,400	426,600	1,589,000
2300 Conservation	624,000	-	624,000
3000 Finance	890,700	381,300	1,272,000
3200 Information Technology	711,100	261,900	973,000
3300 Customer Service	1,107,900	399,100	1,507,000
3400 Meter Services	290,000	-	290,000
4000 Engineering	1,080,800	463,200	1,544,000
5000 Water Production Administration	600,000	-	600,000
5000-51 Source of Supply	2,834,000	-	2,834,000
5000-52 Pumps & Boosters	611,000	-	611,000
5000-54 Transmission & Distribution	448,000	-	448,000
5100 Water Treatment	905,000	-	905,000
5200 Water Quality	480,000	-	480,000
6000 Maintenance Administration	390,600	43,400	434,000
6100 Water Maintenance	2,485,000	-	2,485,000
6200 Wastewater Maintenance	-	803,000	803,000
6300 Wastewater Treatment	-	8,586,000	8,586,000
7000 Facilities Maintenance	824,500	197,500	1,022,000
7100 Fleet Maintenance	450,000	50,000	500,000
TOTAL OPERATING EXPENSES	\$ 18,067,000	\$ 12,324,000	\$ 30,391,000

Budget Summary

THE BUDGET FOR FY 2020-21 IS BALANCED AND REFLECTS THE DISTRICT'S COMMITMENT TO ALLOCATING ANTICIPATED RESOURCES TO MEETING THE EXPECTATIONS OF DISTRICT RATEPAYERS, CREDITORS, AND OTHER STAKEHOLDERS.

The District projects that it will receive \$39,865,000 in revenue during FY 2020-21 and has developed a budget plan to allocate \$30,391,000 toward funding of program operations, \$4,379,000 toward the amortization of outstanding debt, and \$5,095,000 toward capital asset improvement and replacement.

The table below presents a summary of revenue by type, and expenditures by cost category, and is followed by a discussion of revenue and expenditures.

	Water Fund	Wastewater Fund	FY 2020-21 Total
REVENUE / SOURCES			
Water Sales / Wastewater Collection Charges	\$ 16,868,000	\$ 4,656,000	\$ 21,524,000
Wastewater Treatment Charges	-	8,586,000	8,586,000
Water System (Meter) Charges	9,020,000	-	9,020,000
Other Charges and Income	510,000	225,000	735,000
TOTAL REVENUE / SOURCES	\$ 26,398,000	\$ 13,467,000	\$ 39,865,000
OPERATING EXPENSES			
Employment Expenses	\$ 8,617,900	\$ 2,323,100	10,941,000
Water Costs	826,000	-	826,000
Contracted Wastewater Treatment	-	8,586,000	8,586,000
Power Costs	1,800,000	-	1,800,000
Materials & Supplies	1,156,700	128,300	1,285,000
Contract Services	5,352,950	1,175,050	6,528,000
Other Operating Expenses	313,450	111,550	425,000
TOTAL OPERATING EXPENSES	\$ 18,067,000	\$ 12,324,000	\$ 30,391,000
OTHER USES			
Debt Service	\$ 4,066,000	\$ 313,000	\$ 4,379,000
Capital Outlay	1,195,000	435,000	1,630,000
Capital Improvement Program Contribution	3,070,000	395,000	3,465,000
TOTAL OTHER USES	8,331,000	1,143,000	9,474,000
TOTAL OPERATING EXPENSES/OTHER USES	26,398,000	13,467,000	39,865,000
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -

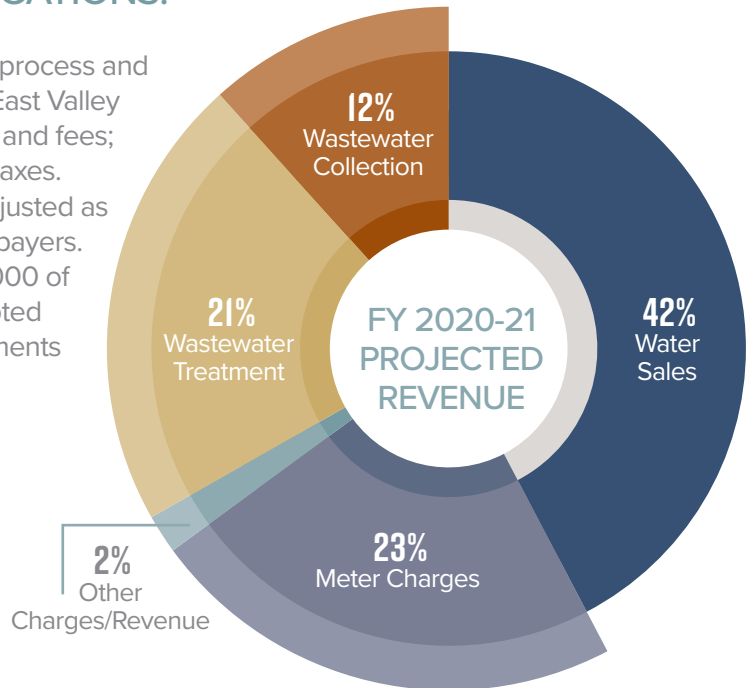
Revenue Summary

REVENUE PROJECTIONS ARE KEY TO DETERMINING THE AMOUNT OF FINANCIAL RESOURCES AVAILABLE TO SUPPORT DISTRICT PROGRAMS AND OTHER OBLIGATIONS.

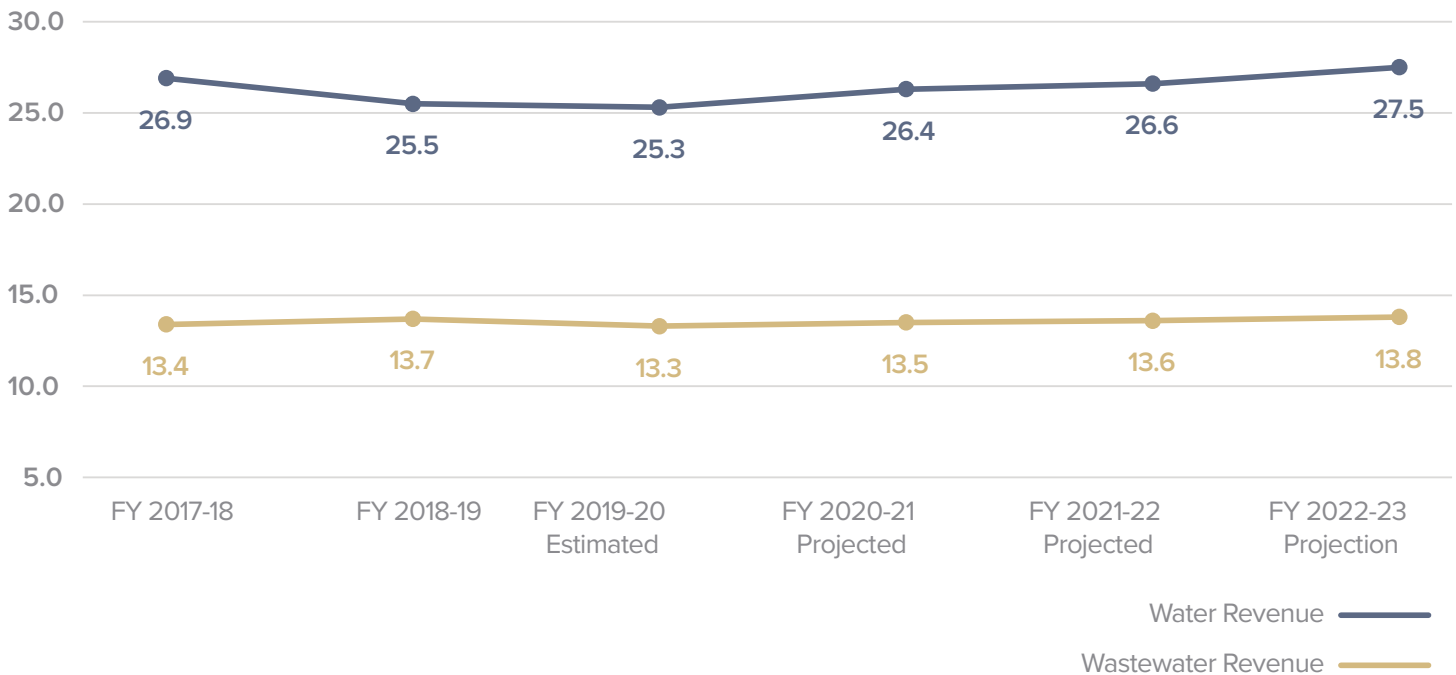
Therefore, projections are developed early in the budget process and then presented to the District’s Governing Board in May. East Valley Water District receives 97% of its revenue from user rates and fees; the District receives no increment from property or sales taxes. Rates and fees are reviewed on 3 to 5 year cycles and adjusted as necessary to cover the costs of providing services to ratepayers. The District derives its authority for setting rates from §31000 of the California Water Code, and rate adjustments are adopted at public hearings conducted in accordance with requirements established by California Propositions 26 and/or 218.

The District has five revenue categories based on rates:

- Water Sales
- Meter Charges
- Wastewater Collection
- Wastewater Treatment
- Other Charges



Revenue History and Forecast (In Millions)



Water and wastewater rate revenues are highly reliant on new development and rate increases for sustained growth. Water sales are also reliant on consumer demand, which increases or decreases based on weather, water rates, and occasionally drought conditions. The recent drought in California forced the District, and like agencies, to promote conservation and reduce water usage by a statewide average of 25%, threatening to cause a sharp decline in water sales revenue. East Valley Water District mitigated this decline in revenue by revising its rate structure.

Construction within the District has been slow for the past several years as large residential developments have been challenged by community members for various

reasons. However, in FY 2019-20 the District worked with a landowner to establish Community Facilities District 2020-1 for the purpose of funding water and sewer infrastructure to serve a 586 unit development. The completion and sale of homes will likely not occur until FY 2023-24.

A more detailed description of the East Valley Water District’s major revenue sources, and related trends, is included in the following sections. In addition, the Water Fund and Wastewater Fund sections of this document include a detailed discussion of the rates used to calculate FY 2020-21 revenue projections.

WATER SALES

The District produces potable water for sale to four customer classes: single family residential, multi-family residential, commercial and irrigation. All customers are billed on a monthly cycle based on the amount of water usage, which is metered and measured in hundred cubic feet (HCF) where 1 HCF is equal to 748 gallons.

The District bills for water consumption in three ascending ‘Water Budget’ rate tiers. Therefore, as customer water usage exceeds established tier widths or thresholds, water becomes more expensive. Water budget tiers are unique in that tier width, or the number of units (Hundred Cubic Feet or HCF) billed at each tier, is determined based on the individual customer’s characteristics.

For single and multi-family customers, the Tier 1 width is determined based on the number of occupants in a dwelling and is intended to supply the customer with

sufficient water for indoor health and safety needs. Tier 2 width is based on a customer’s landscaped square footage, and the measured evapotranspiration, or the rate at which plants and soil lost moisture during the month being billed. The Tier 2 budget is intended to supply sufficient water for efficient irrigation of the landscaped square footage. Tier 3 is billed for water use in excess of the Tier 1 and 2 budgets and is deemed to be inefficient use.

Irrigation customers receive only a Tier 2 budget as described above, with usage in excess of the budget billed at the Tier 3 rate. Finally, commercial customers, having neither occupants nor landscaped area associated with their domestic meter, receive Tier 1 and 2 budgets based on the business’ historical water usage, with excess usage billed at the Tier 3 rate.

The table below summarizes water sales volume (HCF) by billing tier for the last three years, and also includes conservative projections for FY 2020-21.

Customer Consumption In Hundred Cubic Feet

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Estimated	FY 2020-21 Projected
Tier 1	3,734,469	3,633,298	3,649,000	3,634,000
Tier 2	2,552,470	2,346,603	2,239,000	2,311,000
Tier 3	1,270,186	1,111,457	1,053,000	1,150,000
TOTAL	7,557,125	7,091,358	6,941,000	7,095,000

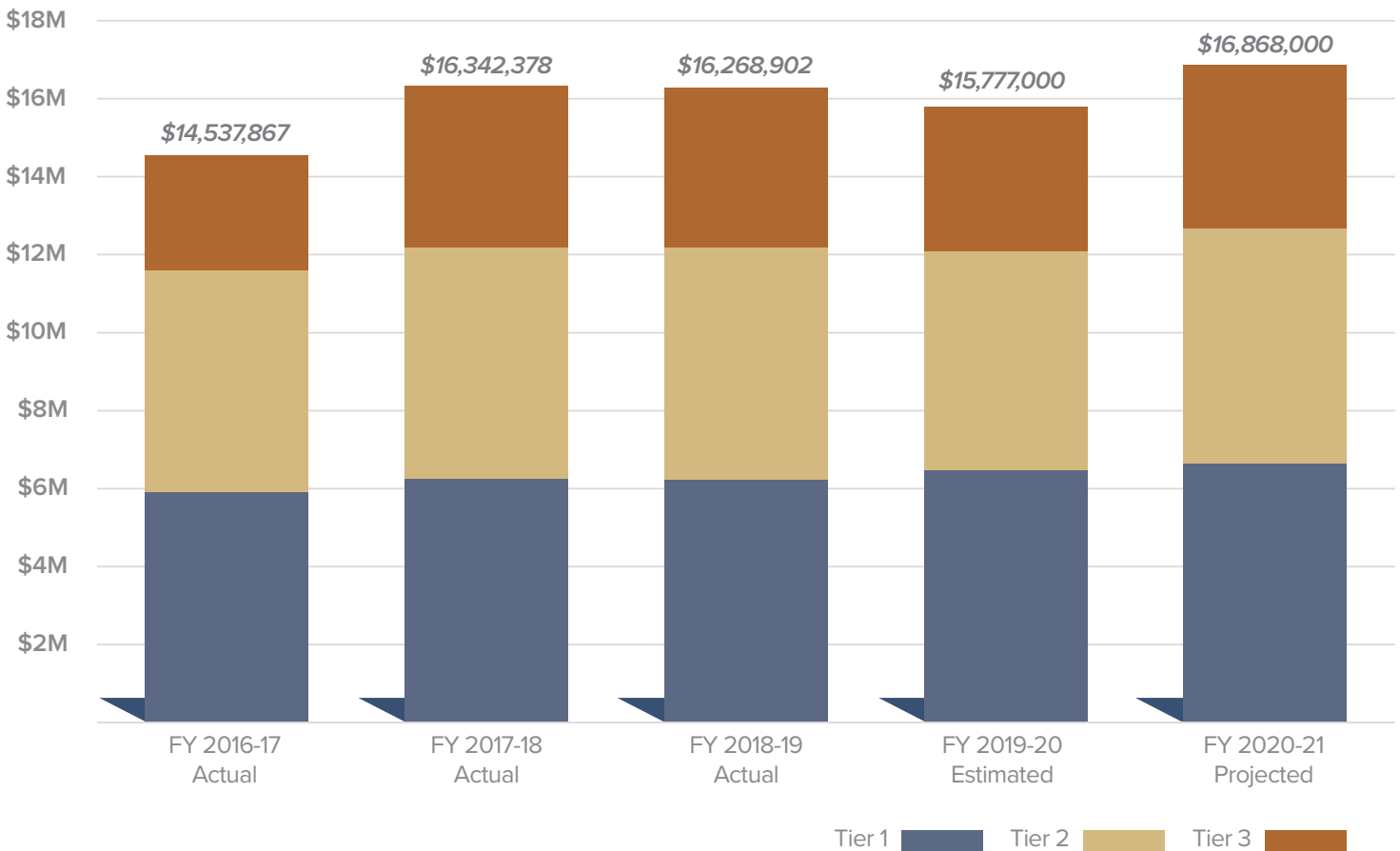
The District adopted budget based rates, along with rate adjustments phased over three years in March 2015. Phases 1 and 2 of the rate adjustments were implemented as scheduled in July 2015 and 2016, however, phase 3 adjustments were only partially (one-half) implemented in July 2017 because revenue projections for FY 2017-18 showed that the entire phase 3 adjustment was not needed at that time.

No rate adjustment was needed again for FY 2018-19; however, the District did implement the final increment of phase 3 rate adjustments in January 2020.

The rate adjustments to each tier price was approximately 6% and are projected to increase sales revenue for FY 2020-21 by \$900,000.

Based on the projection of water sales in volume, and the tier rates that will be effective throughout the year, the District has projected water sales of \$16.9 million for FY 2020-21. The graph below shows water sales trends for four years and the current year projection. Additional information about water rates is available in the Water Fund section of this document.

Water Sales Trends



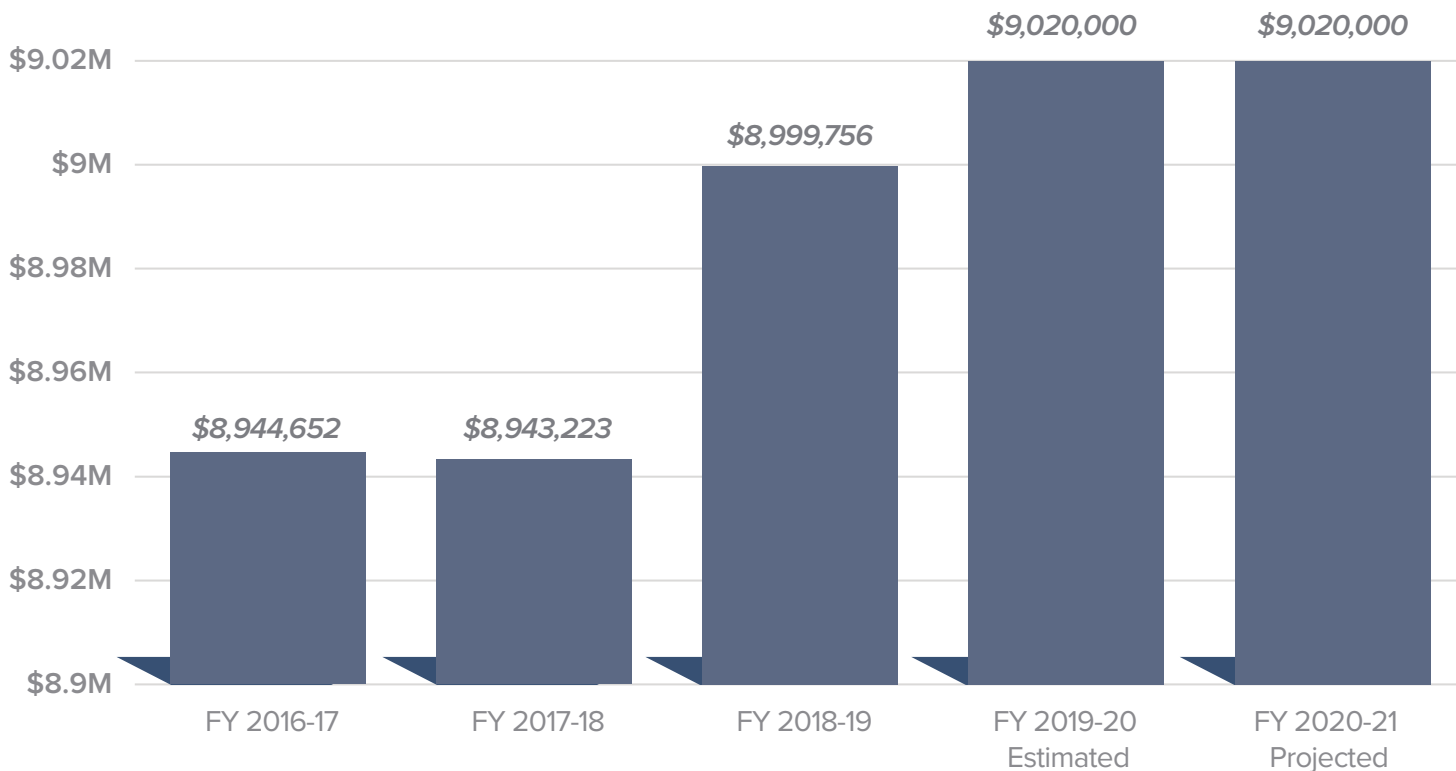
WATER SYSTEM CHARGES

Also referred to as Meter Charges, water system charge revenue consists of a fixed monthly charge assessed to customers based on the size of the meter serving their property. East Valley Water District sets its meter charge rates to generate between 35% and 40% of annual water operating revenue. In doing so, the District is able to shift some of the burden for revenue stability from unpredictable water sales, such as during times of severe drought and water restrictions, to a more reliable fixed charge.

Meter charge revenue is projected to remain the same for FY 2020-21. The underlying rates have not been adjusted since July 2017 and there will not be a significant number of new customer connections due to development.

The District did, however, complete a cost-of-service analysis in January 2020 which recommended that the meter charge and other rates be increased. Accordingly, a public hearing to consider rate increases was noticed and scheduled for April 2020, but the hearing was cancelled when the state forced business closures due to the COVID-19 pandemic and many Californians, including District ratepayers, were experiencing financial hardship because they were not able to work. The District will reschedule the public hearing to consider rate adjustments in January 2021.

Meter Charges



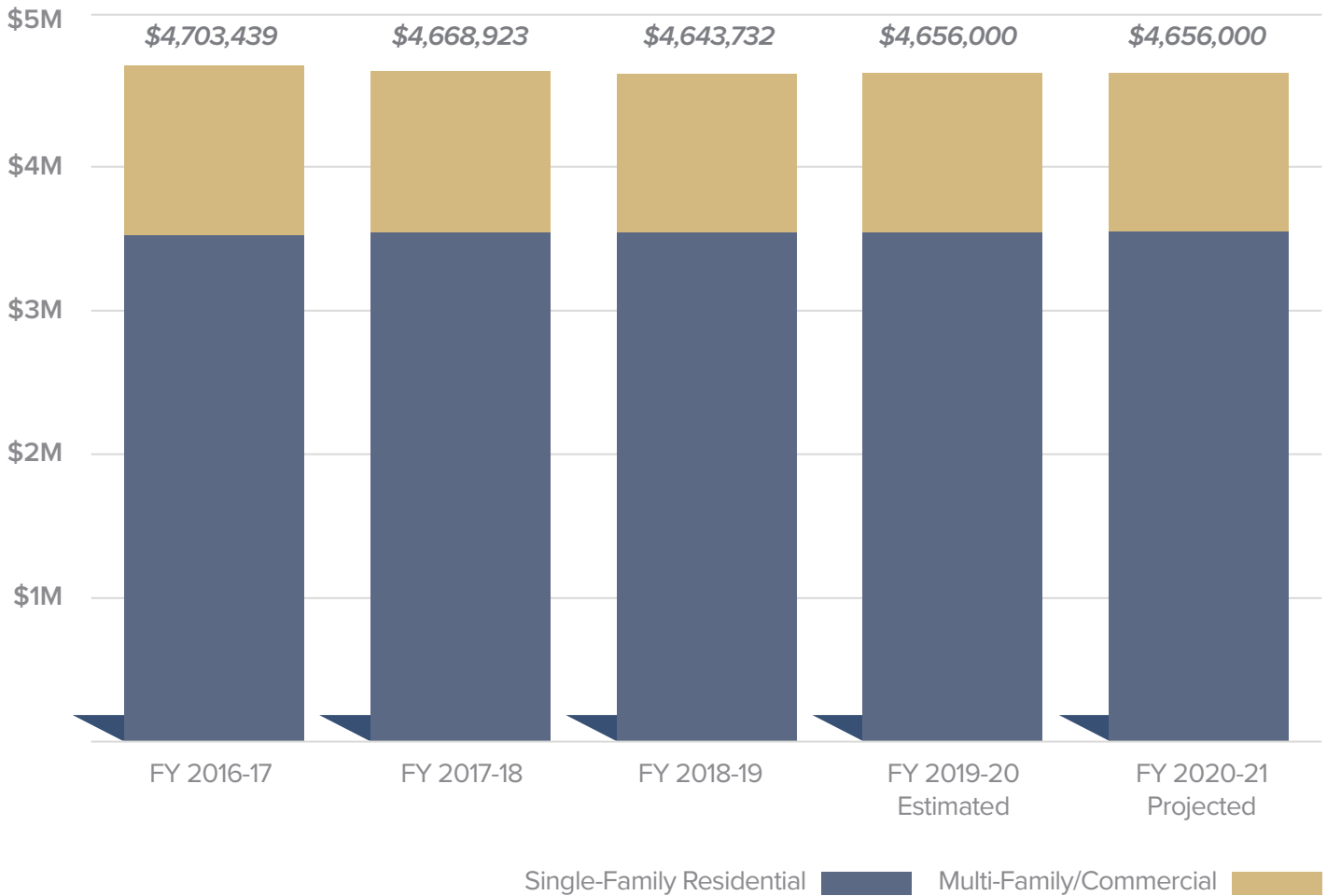
WASTEWATER COLLECTION CHARGES

This charge is assessed to District customers to fund the maintenance and replacement of wastewater collection pipelines, make wastewater debt service payments, and fund program services associated with the Wastewater Fund. The rate structure includes a fixed monthly charge of \$15.36 for single family residences, and a combination of fixed and volumetric charges for commercial and multi-family customers – currently \$3.90, and \$0.55 per HCF of water usage, respectively.

Wastewater collection rates were last adjusted in October 2012, so wastewater collection revenue has remained relatively flat over the past five years, fluctuating slightly with small infill development projects and with changes in water usage by commercial customers.

Like the District’s water charges, a cost-of-service analysis was also completed for wastewater collection rates in January 2020, but consideration of adopting recommended adjustments to rates at a public hearing was postponed until January 2021. Revenue projections do not include any recommended rate adjustments.

Wastewater Collection Charges



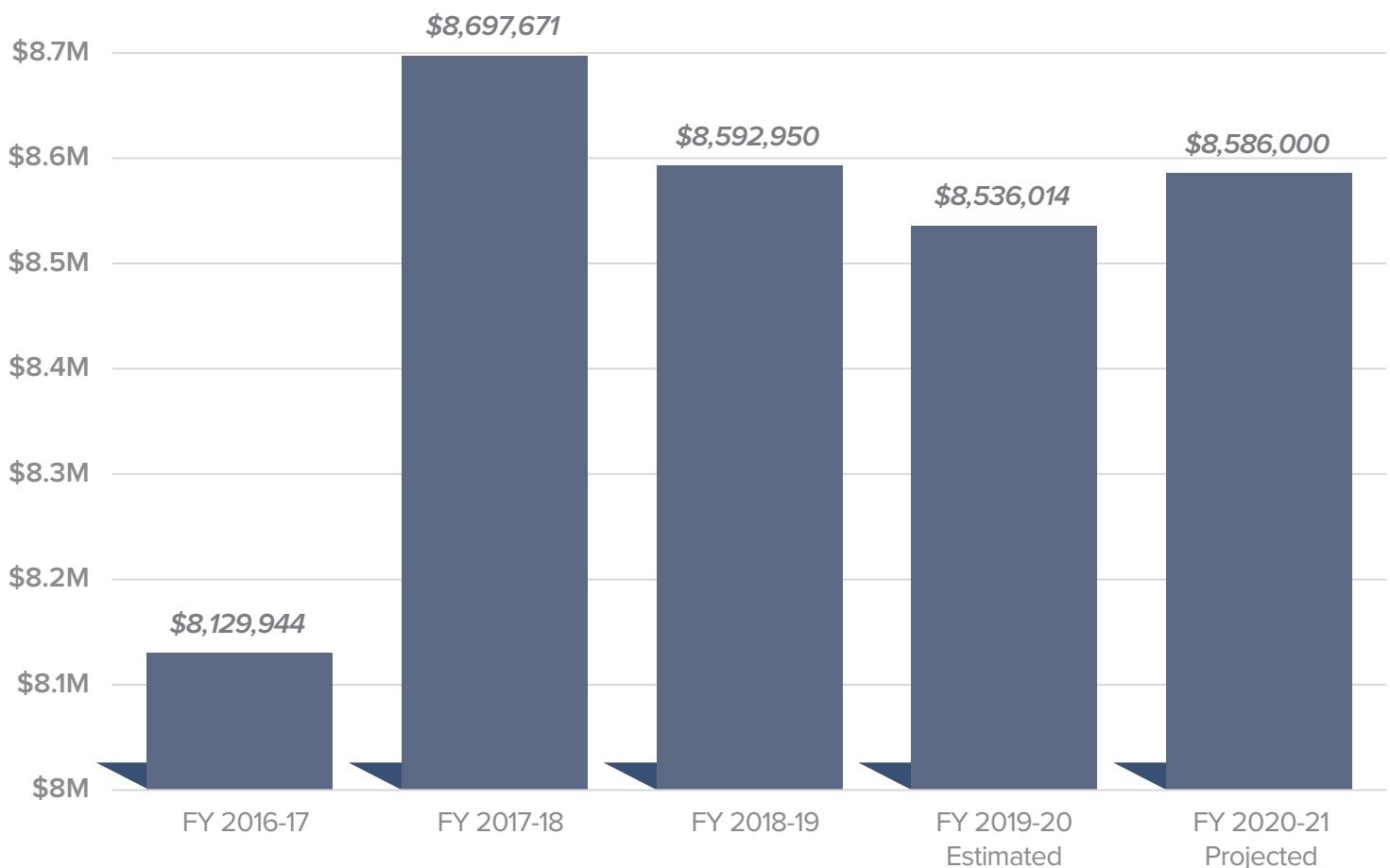
WASTEWATER TREATMENT CHARGES

Rates for these charges are established by the City of San Bernardino Municipal Water Department (City), which is currently contracted to treat all wastewater generated by District customers. The District bills customers within its service area at the City established rates, receives customer payments, and then remits collected treatment revenues to the City at the end of each month. Wastewater treatment rates established by the City have increased an average of 3.5% over the last six years, with the most recent increase of 3.4% becoming effective July 1, 2017.

Wastewater treatment rates for FY 2020-21 include a fixed monthly charge of \$21.55 for single family residential customers, and a combination of fixed and volumetric charges for commercial and multi-family customers. Multi-family accounts are billed a small fixed monthly charge of \$1.97, plus a volumetric charge of \$1.53 per HCF of water used. Commercial accounts are billed a small fixed monthly charge of \$3.52 plus a volumetric charge ranging from \$1.29/HCF to \$3.18/HCF depending on the type of business run by the commercial customer. Total wastewater treatment charges projected for FY 2020-21 are \$8,586,000.

The District is building a water recycling facility called the Sterling Natural Resource Center (SNRC) that, upon completion, will allow the District to treat its own wastewater and no longer contract with the City of San Bernardino Municipal Water Department for wastewater treatment. The SNRC is scheduled for completion in November 2021, accordingly, the District will conduct a cost-of-service analysis during FY 2020-21 in order to have rates established for commencement of operations at the plant.

Wastewater Treatment Charges



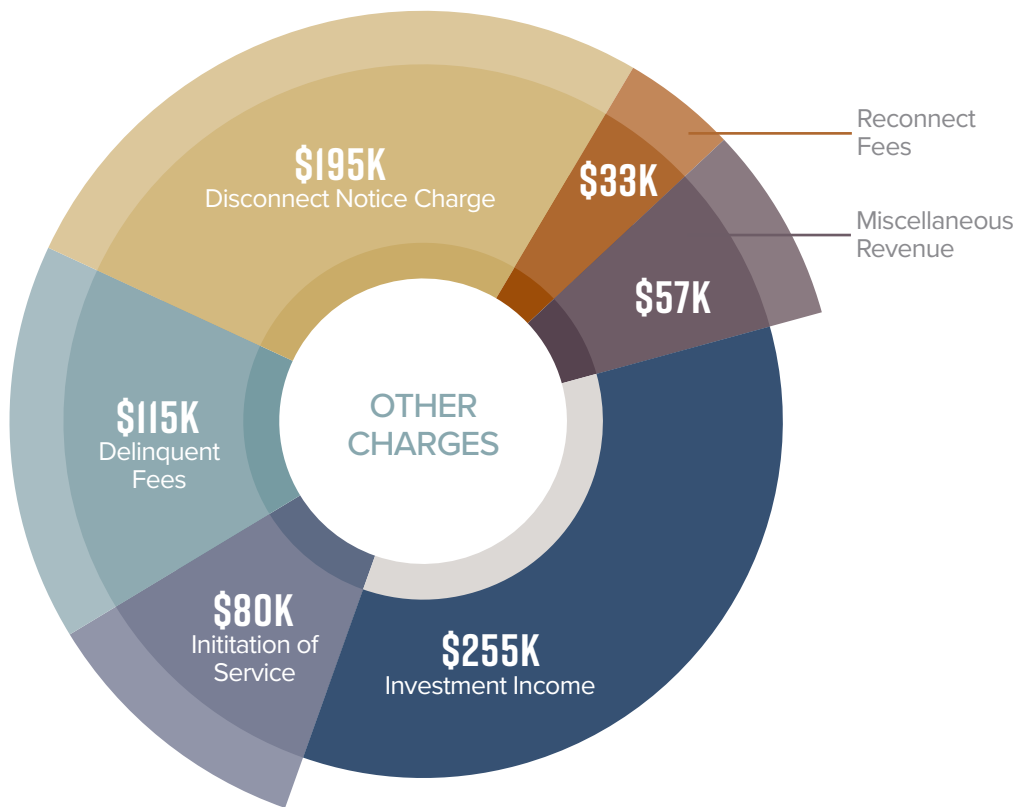
OTHER CHARGES AND INCOME

Other charges are assessed according to an adopted fee schedule, but are only charged to users who request, or require, use of District resources beyond the scope of delivering water and wastewater services. Charges include initiation of service fees, and charges related to collection of customer payment, including delinquent fees, final notice fees, and disconnect/reconnect fees.

In prior years, revenue from charges related to collection of delinquent customer payments have been significant, so the District has been successfully implementing procedures to reduce the number of service disconnections for non-payment. However, a new California law, effective February 1, 2020, mandating that residential customers not be disconnected until payment is at least 60 days overdue, and a COVID-19 related Executive Order from California’s Governor effective March 17, 2020, which mandated that utilities not disconnect customers during the COVID-19 state of emergency, will further reduce delinquency fees. For FY 2020-21 projections, service disconnection related charges have been reduced by half.

Other Income included in FY 2020-21 projections are facility rentals, interest, and miscellaneous revenue. Projections for interest revenue have decreased as yields are expected to decline, and the amount of investible funds held by the District will be depressed as the District processes the construction invoices for the Sterling Natural Resource Center and then must wait 30 to 60 days for reimbursement from the State Water Resources Control Board State Revolving Fund Program.

In total, the FY 2020-21 projection for Other Charges and Income is \$735,000, which is calculated using adopted fees and an estimate of the number of occurrences for each type of fee based on historical trends.



Expenditure Summary

THE DISTRICT PREPARES ITS ANNUAL BUDGET AND FINANCIAL PLAN BASED ON OPERATING EXPENSES PROPOSED BY PROGRAM MANAGERS, SCHEDULED DEBT SERVICE PAYMENTS, AND CAPITAL EXPENDITURES PRIORITIZED IN THE DISTRICT'S CAPITAL IMPROVEMENT PROGRAM.

Resources required for these expenditures are then appropriated from the District's Water and Wastewater enterprise funds.

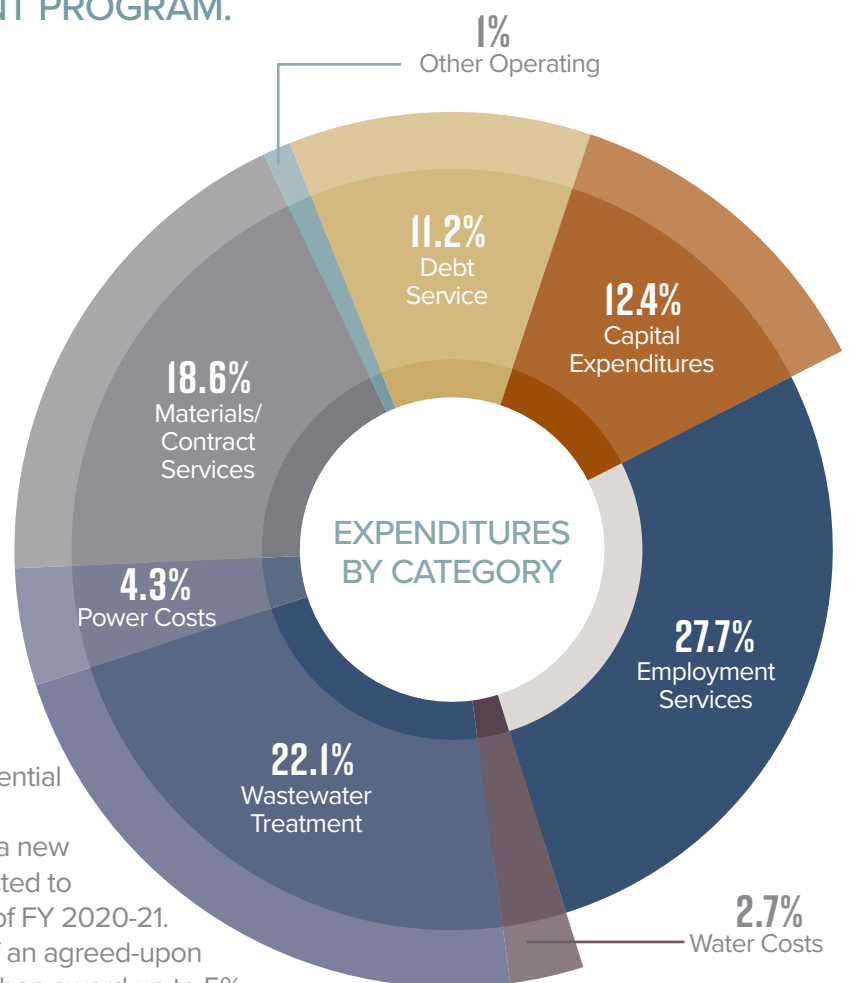
EMPLOYMENT EXPENSES

Employment expenses include salaries and benefits paid for 66 full-time employees and 3 temporary employees, and District contributions toward retiree health insurance. Employees are represented by two in-house bargaining units, or employee partnerships, which have negotiated a three-year Memorandum of Understanding (MOU) regarding wage and benefit adjustments through FY 2019-20. Negotiations for an updated MOU were postponed until January 2021 by vote of the District employees due to the COVID-19 related economic downturn.

Salaries include regular wages, overtime and on-call pay, paid leave time, incentives, and differential payments which are awarded upon attainment of designated certifications. When negotiations on a new MOU with employees resume, salaries are projected to increase by approximately 5% for the remainder of FY 2020-21. This projected increase reflects the elimination of an agreed-upon policy to pay staff 5% below market median and then award up to 5% incentives at year end (10% for management) based on performance measures. Pay scale step increases of 2.5% are also available for 32 employees who have not reached the top step in their pay range, subject to annual performance evaluations. Projected salary expenses for FY 2020-21 is \$7,295,000.

Benefit programs include a retirement plan with the California Public Employee Retirement System (CalPERS), a cafeteria health insurance plan, a deferred compensation plan with employer matching, and worker's comp and Medicare insurance. Overall, benefits are expected to increase by 2.7% to \$3,964,000 for FY 2020-21.

The most significant of employee benefits is the CalPERS retirement plan. Funding requirements for the plan are determined through actuarial valuations conducted by CalPERS and include contributions from both the District and the employees. The District has also implemented an aggressive 15-year level-pay plan to amortize unfunded pension

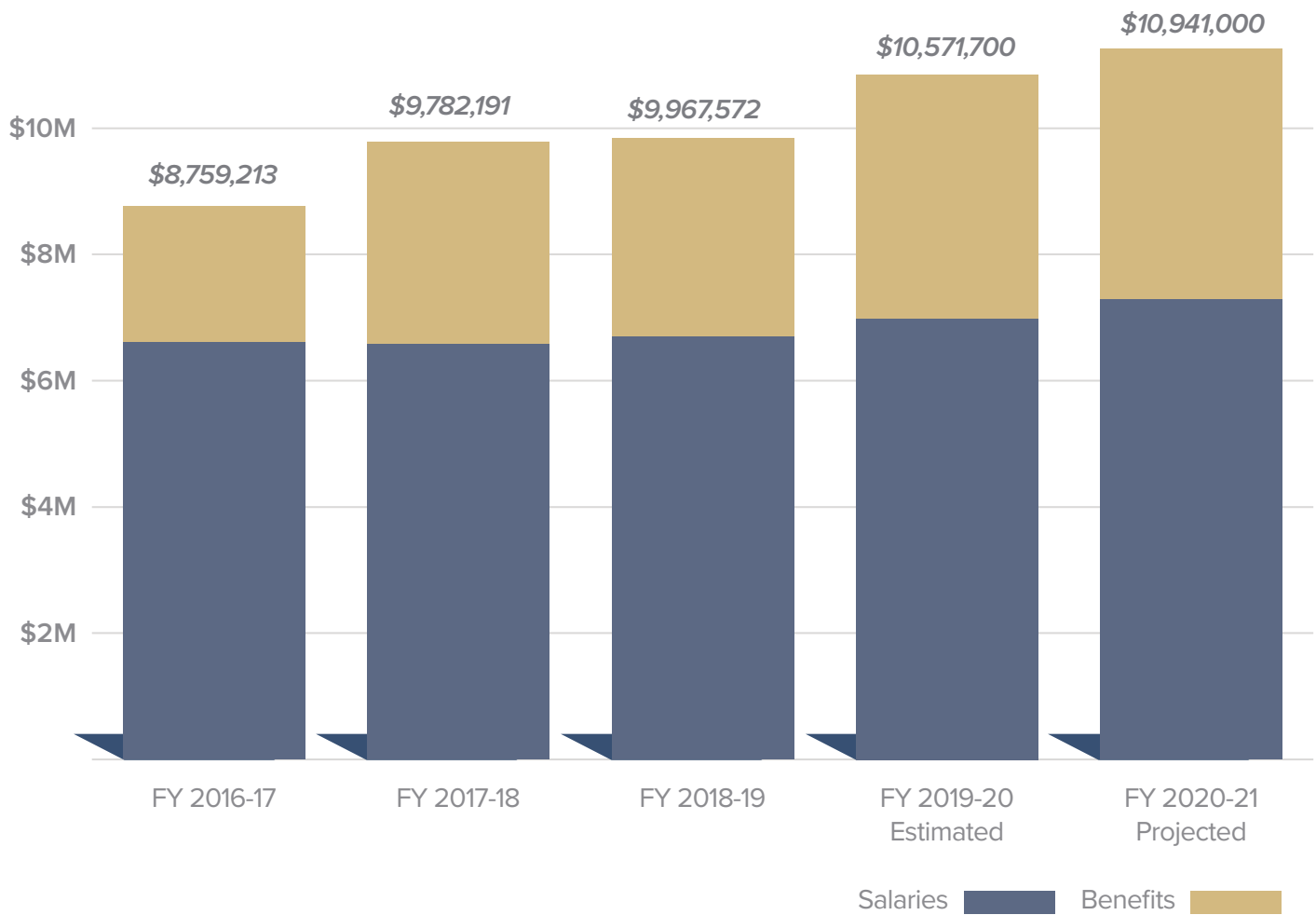


liabilities; this plan was adopted to replace a 25-year amortization schedule created by CalPERS. While the 15-year plan requires higher initial annual contributions, the shorter amortization period is projected to save the District \$3.5 million in interest payments. District-paid costs related to the retirement plan are projected to increase 3%.

Healthcare costs are also split between the District and employees as the District pays 90% to 95% of premiums of a designated 'benchmark' insurance plan, with employees paying the balance. Premiums for the benchmark plan increased 21.4% for 2020. The District also contributes toward retiree health insurance premiums until the age of 65, provided they meet all eligibility requirements for this benefit. Workers compensation and life insurance premiums, cell phone allowances, and auto allowances for managers make up the remaining benefits.

Total District-paid benefits are expected to increase 2.7% to \$3,646,000 for FY 2020-21.

Salaries and Benefits



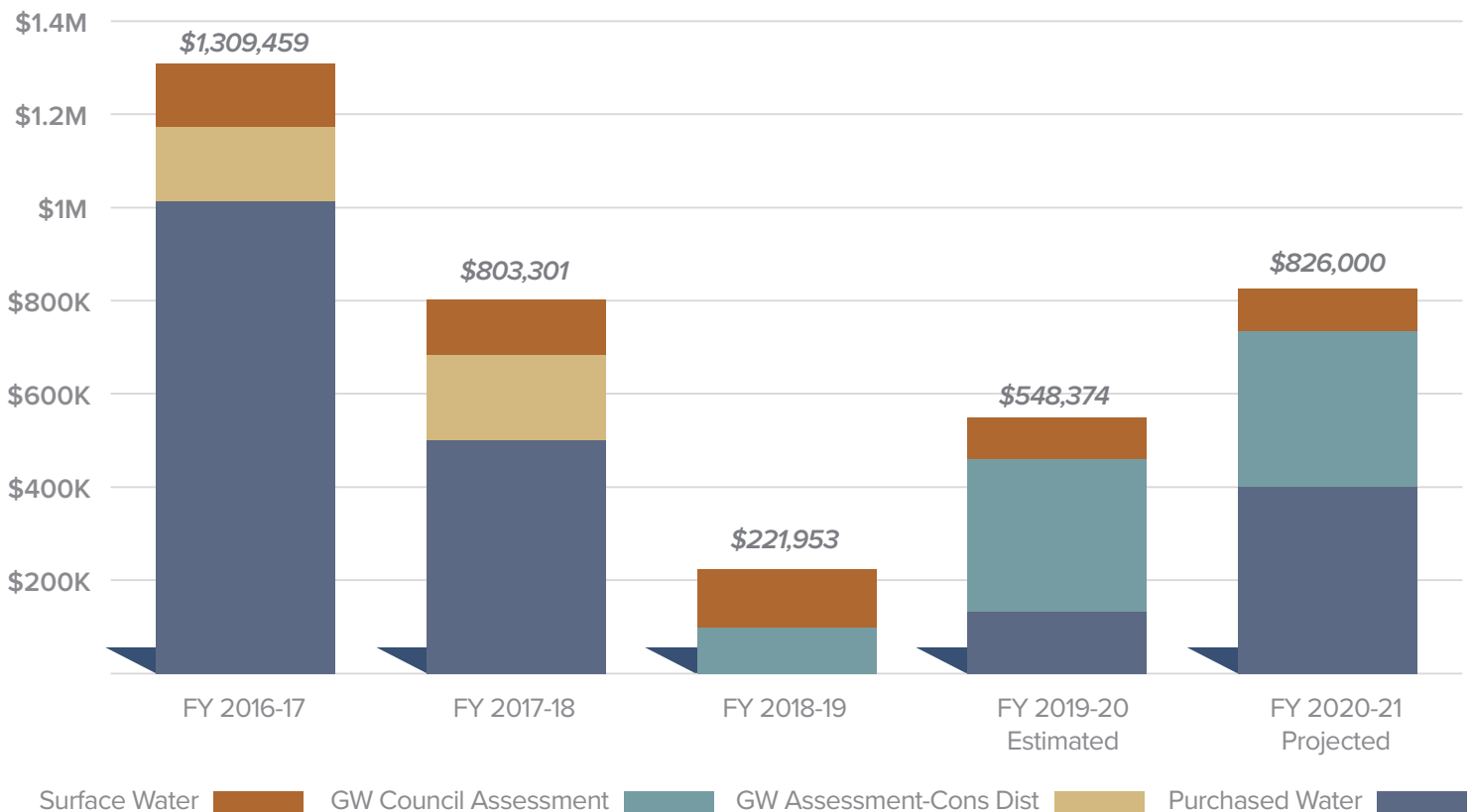
WATER COSTS

The District anticipates customer demand for approximately 15,935 acre-feet, or 5.19 billion gallons, of water during FY 2020-21. To meet this demand, the District will procure water from three different raw water sources – groundwater, surface water, and the purchase of imported water. Each of these sources have associated rates, fees or assessments charged by other agencies/companies as explained on the following page.

- **Groundwater** – assessment to be paid to the San Bernardino Basin Groundwater Council (GC), a collaborative effort formed in January 2018 for the purpose of purchasing imported water to restore and maintain sustainable groundwater levels. This assessment replaces a pump charge imposed by the San Bernardino Valley Water Conservation District. Groundwater Council assessments are based on historical pumping levels by each of the signers to the GC Framework Agreement, and the District’s assessment for FY 2020-21 is projected to be \$445,000. However, the District receives credit against the assessment for Santa Ana River surface water that it allows to flow past the District’s intake into groundwater recharge basins. Net of the expected credit, the final assessment the District will pay to the Groundwater Council is projected to be \$336,000.
- **Surface Water** – stockholder assessments paid to the North Fork Water Company (NFWC) on Company shares owned by the District. Annual assessments are set to cover the costs of operating NFWC and includes delivery of Santa Ana River surface water, also based on the number of shares owned. The District owns 7,033 shares and projects that the assessment will be \$13 per share and has budgeted \$90,000 accordingly.
- **Purchased Water** – paid to the San Bernardino Valley Municipal Water District to buy State Water Project at \$126 per acre foot (AF) when available. Due to moderate snow and rainfall in Northern California during the last two winters water is available from the State Water Project, therefore, the District has budgeted \$400,000 to purchase up to 3,175 acre-feet of imported water in FY 2020-21.

Total water costs associated with these three sources are projected to be \$826,000 for FY 2020-21.

Water Costs



CONTRACTED WASTEWATER TREATMENT

As outlined in the discussion about wastewater treatment charges, the District has budgeted \$8,586,000 for the cost of contracted wastewater treatment in FY 2020-21. All charges billed and collected for these services are paid to the City of San Bernardino Municipal Water Department at the end of each month.

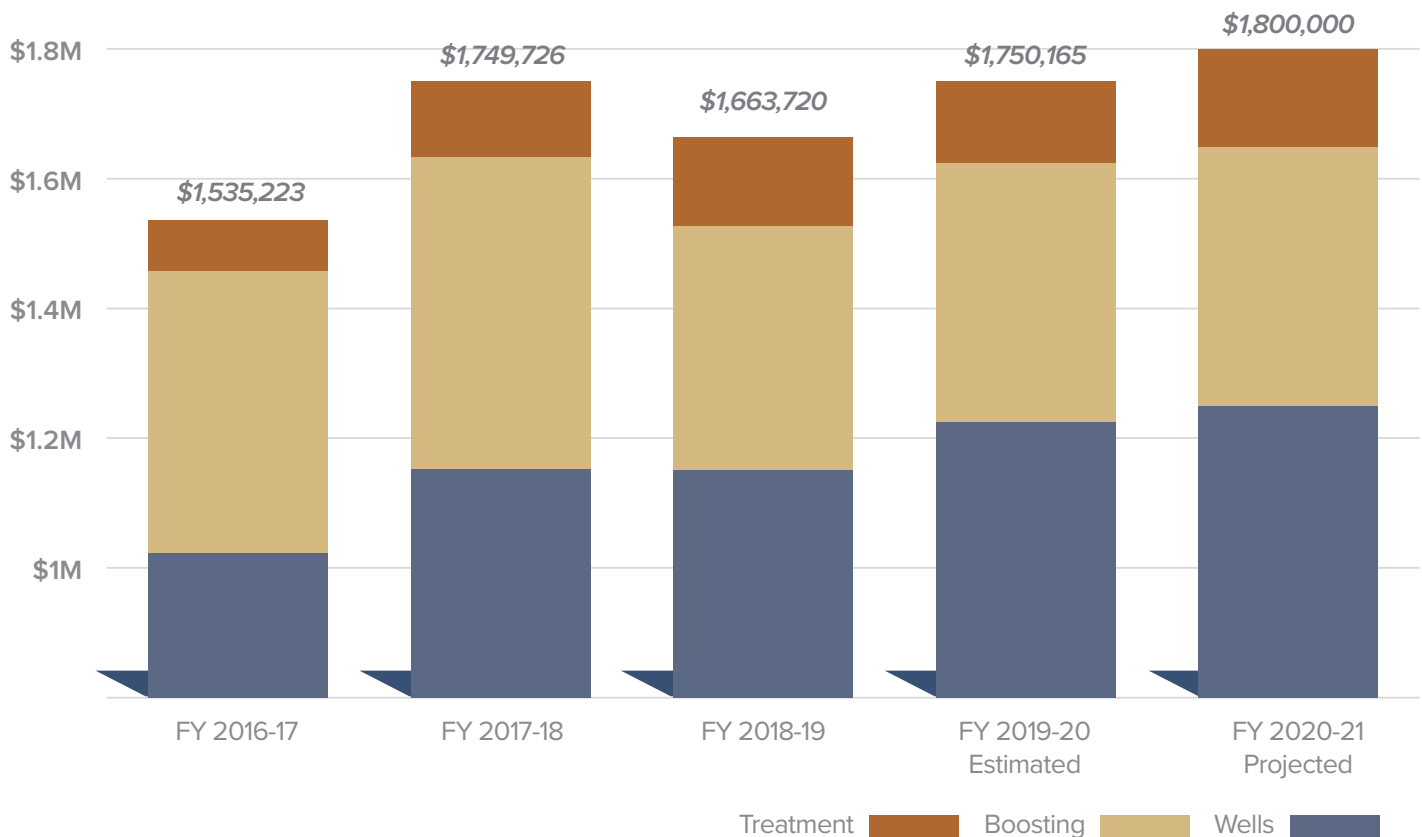
POWER COSTS

Power costs include the electrical power to extract groundwater through wells, to treat imported water, surface water, and groundwater when necessary, and to distribute water throughout nine pressure zones within the District using booster pumps.

Although rates for electrical power have been increasing, energy conservation measures implemented by the District in 2014, including replacement of inefficient pumps, and the installation of a hydroelectric generation facility at the District’s surface water treatment plant (Plant 134), in 2018, have helped the District mitigate the effect of rising power costs. Even with these cost-saving measures, some rates applicable to District plants have increased as much as 15% annually. Accordingly, District operations staff works closely with representatives from Southern California Edison (SCE) to try to ensure that water production facilities are assigned Time-of-Use (TOU) rates wherever possible, and with significant effort placed in operating facilities to take advantage of the off-peak rates.

Total District power costs were \$1.75 million in FY 2019-20. Based on the discussion above, power costs are expected to increase approximately 3% for FY 2020-21 to \$1.8 million.

Power Costs



MATERIALS AND SUPPLIES

Materials' costs include chemicals for treatment, small tools and parts for distribution system repairs, small office tools, and general office supplies. Materials' costs are budgeted to increase 15% in FY 2020-21.

Program	Services Description	FY 2019-20 Projected	FY 2020-21 Proposed
Governing Board	General Office Supplies	\$ 1,684	\$ 1,000
Administration	General Office Supplies	6,154	5,000
Human Resources	Desk, Office Supplies, Software	2,116	10,000
Public Affairs	Promo Items, Events and Emergency Supplies	48,021	116,000
Conservation	Educational Materials, Books, Workshop Items	6,844	22,000
Finance	General Office Supplies	8,972	11,000
Information Technology	Computer Supplies	35,363	43,000
Customer Service	Lobby Materials, Office Supplies	6,108	9,000
Meter Services	Hydration Supplies, Repellents	2,642	5,000
Engineering	Small Tools, Plotter Supplies	11,978	23,000
Production	Hand Tools, Lubricants, Electrical Supplies, Chemicals	256,707	300,000
Water Treatment	Tools, Lab Supplies, Chemicals	194,082	165,000
Water Quality	Test & Repair Kits, Chemicals	17,812	18,000
Water Maintenance	Inventory Items, Fill Materials	385,542	304,000
Wastewater Maintenance	Tools, Degreaser, Insecticides, Manhole Covers	14,931	36,000
Facilities Maintenance	Paint Supplies, Hardware, Tools, Signs	85,810	56,000
Fleet Maintenance	Tools, Oil, Inventory Items	213,811	161,000
TOTAL		\$ 1,298,577	\$ 1,285,000

Materials, supplies and contract expenses are necessary elements for managing each program's budget.



CONTRACT SERVICES

Contract services are proposed by Program Managers to fund ongoing needs for outside services, and periodic needs for technical expertise to help meet program goals and objectives established for the current year.

Contract Services includes the following:

Program	Services Description	FY 2019-20 Projected	FY 2020-21 Proposed
Governing Board	CEO Evaluation, Balloting	\$ 18,044	\$ 31,000
Administration	Legislative, Legal Consultants	225,974	311,000
Human Resources	Safety Consultants, Insurance	368,312	870,000
Public Affairs	Printing, Emergency Training, Graphic Design	342,874	616,000
Conservation	Community Events, Direct Installation of Water Efficient Irrigation Controllers	249,167	442,000
Finance	Auditing, Banking, Software	83,318	114,000
Information Technology	GIS, Data Mgt, Cybersecurity	400,954	456,000
Customer Service	Billing, Pmt Cards, Software Support	661,446	800,000
Meter Services	Uniforms	6,898	10,000
Engineering	Surveying, Engineering, Software, Regional Studies	198,418	485,000
Production	SCADA Updates, Inspections, Valve Maintenance	733,108	495,000
Water Treatment	Filtration Media Replacement, Software Maintenance	116,030	149,000
Water Quality	Lab Fees, Software Maintenance	149,814	169,000
Water Maintenance	Leak Detection, Asphalt Repair	657,301	479,000
Wastewater Maintenance	Manhole Insect Treatment, Collection Pipeline Spot Repairs	265,015	247,000
Facilities Maintenance	Security, Janitorial, Landscaping, Equipment Repairs,	591,326	673,000
Fleet Maintenance	Mobile Fleet Management Large Equip Repairs	190,569	181,000
TOTAL		\$ 5,258,568	\$ 6,528,000

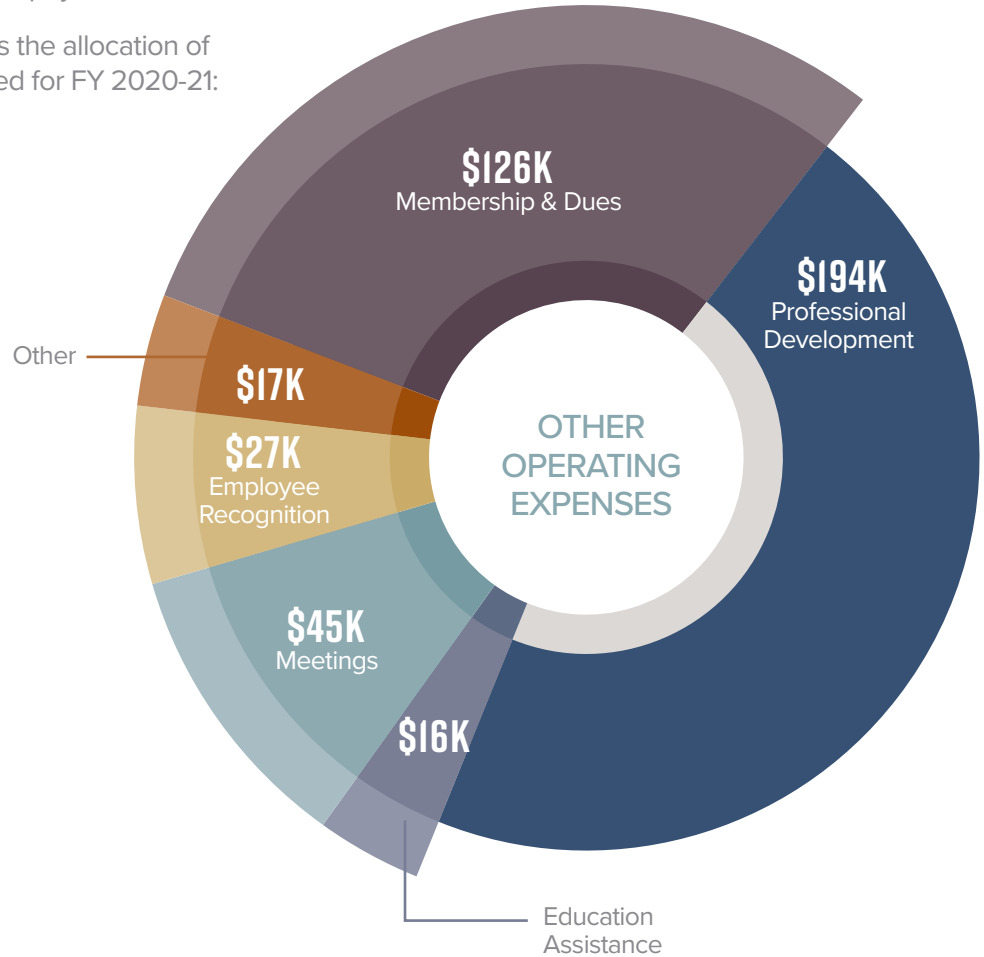
Significant variances between prior year contract services costs and projections for FY 2020-21 include:

- HR/Risk Management will have a significant increase in property/liability insurance costs as insurers have incurred significant losses due to fires in California;
- Public Affairs costs have increased to support enhanced emergency preparedness training and the use of a graphic design consultant in lieu of a full time position;
- Conservation will have increased consultants' costs to capture rebate program data and display on GIS maps; and
- Engineering will have increased consultant costs to assist with planning for service continuity while plants are taken off-line for rehabilitation.

OTHER OPERATING EXPENSES

Other Operating Expenses budgeted for FY 2020-21 total \$425,000 and include professional development, memberships and dues, licensing, meeting expenses, employee recognition, and education assistance. East Valley Water District emphasizes professional growth and leadership and encourages employees to utilize resources made available by the District to continue learning through formal education, certifications and collaboration with other agencies responsible for delivering similar service to its ratepayers.

The chart shown to the right depicts the allocation of Other Operating Expenses budgeted for FY 2020-21:



Other operating expenses represent the investment East Valley Water District makes into its employee programs.

Debt Overview

THE DISTRICT'S DEBT SERVICE PAYMENTS IN FY 2020-21 WILL BE \$4,379,000 ON TOTAL OUTSTANDING DEBT OF \$44,218,000 AS OF JUNE 30, 2020.

The District issues debt for the purpose of building and improving capital assets, and to refund/refinance previously issued debt when interest rates and other circumstances make it financially prudent. The District's Debt Management Policy states that debt may only be issued to finance capital projects that have been incorporated into the District's Capital Improvement Program, and that debt will only be used to finance projects if it is the most cost-effective means of doing so and the District's credit rating will not be negatively impacted.

District policy prohibits the issuance of long-term debt to fund operating activities.

TYPES OF DEBT

Revenue Bonds

Revenue bonds are issued to finance the construction or upgrade of water and wastewater facilities. Debt service is payable out of water and wastewater system net revenue.

- **2010 Refunding Revenue Bonds:** issued to refund all outstanding long-term debt and to provide \$16 million for future capital improvements. Bonds outstanding total \$21,635,000, bear interest of 3.9% to 5%.
- **2013 Revenue Bonds:** issued to finance the construction of a new administration and operations headquarters. Bonds outstanding total \$12,085,000, bear interest of 4.25% to 5%. Current payments are interest only, with principal amortization scheduled to begin in FY 2021-22.

State Water Resources Control Board (SWRCB) Loans

SWRCB loans are utilized to finance the construction or upgrade to clean drinking water or recycled water projects. Debt service is payable out of water and wastewater system net revenue.

- **Treatment Plant 134:** borrowed to finance upgrades to treatment technology at the District's Plant 134. The total loan outstanding is \$5,834,973 bearing interest at 0%.
- **Sterling Natural Resource Center:** borrowed as primary funding for the water recycling plant known as the Sterling Natural Resource Center. Total loan requested is \$148.3 million with \$56 million drawn down to date. Interest on the loan is 1.8% and annual debt service on the full loan will be approximately \$6.82 million annually. The debt service on this loan is not included in the following tables.

State Water Resources Control Board Loans

Assessment Districts loan agreements signed in support of the State's consolidation of mutual water companies with failing water infrastructure within the District's service area. The District is responsible for ensuring payment on the state loans which is payable from assessments on property formerly served by the water companies.

- **Arroyo Verde & Eastwood Farms:** borrowed to fund installation of new water distribution system connected to the District's water supply facilities. Loans outstanding total \$363,864 and bear interest at 0%.

Other Loans – Subordinate

Financing agreements signed with equipment vendors, installers, or construction project managers for the purchase or installation of equipment with useful lives of 20 years or less. Repayment periods are ten years and debt service payments are paid out of energy cost savings.

- **U.S. Bank Loan:** borrowed to finance construction and implementation of several energy conservation measures. The total loan outstanding is \$1,719,000 at an interest rate of 2.3%.
- **SBVMWD Loan:** borrowed from the San Bernardino Valley Municipal Water District (Valley District), the region's State Water Project (SWP) contractor, for the construction of an SWP turnout and hydro-electric generation facility leading to the District's treatment plant - Plant 134. Loan principal outstanding of \$2,580,000 bears interest at the Local Agency Investment Fund (LAIF) apportionment rate, currently 2.03%. Debt service is payable over ten years out of water net revenue and energy cost savings.

IMPACT OF CURRENT DEBT LEVELS

A schedule of FY 2020-21 debt service payments, by issue, is shown in the following schedule:

Debt Issue	WATER FUND		WASTEWATER FUND		Total
	Principal	Interest	Principal	Interest	
2010 Refunding Revenue Bonds	\$ 1,540,000	\$ 925,000	\$ 110,000	\$ 3,000	\$ 2,578,000
2013 Revenue Bonds	-	385,000	-	200,000	585,000
SWRCB Loan - Treatment Plant	234,000	-	-	-	234,000
SWRCB Loans - Assessment Districts	19,000	-	-	-	19,000
US Bank Loan	416,000	38,000	-	-	454,000
SBVMWD Loan	430,000	79,000	-	-	509,000
TOTAL	\$ 2,639,000	\$ 1,427,000	\$ 110,000	\$ 203,000	\$ 4,379,000

As shown above, debt service for FY 2020-21 on all outstanding debt is \$4,379,000, which represents 11.2% of the District's total budget. FY 2020-21 is the final of a five-year period during which annual debt service payments will exceed \$4.2 million. This level of debt service does not affect utility services provided to District ratepayers but does directly impact the number of Capital Projects that can be funded by operating revenues. The following table presents District debt level ratios compared to 2015 Southwest Regional medians reported by Fitch ratings.

Ratio	Fitch Median	EVWD
Outstanding debt per customer (21,576 accts)	\$ 1,634	\$ 2,049
All-in debt service as % of gross revenue ⁽¹⁾	26%	14%

(1) Gross revenue does not include wastewater treatment charges, which are a pass-through to the City of San Bernardino Municipal Water Department.

Debt Coverage Ratio

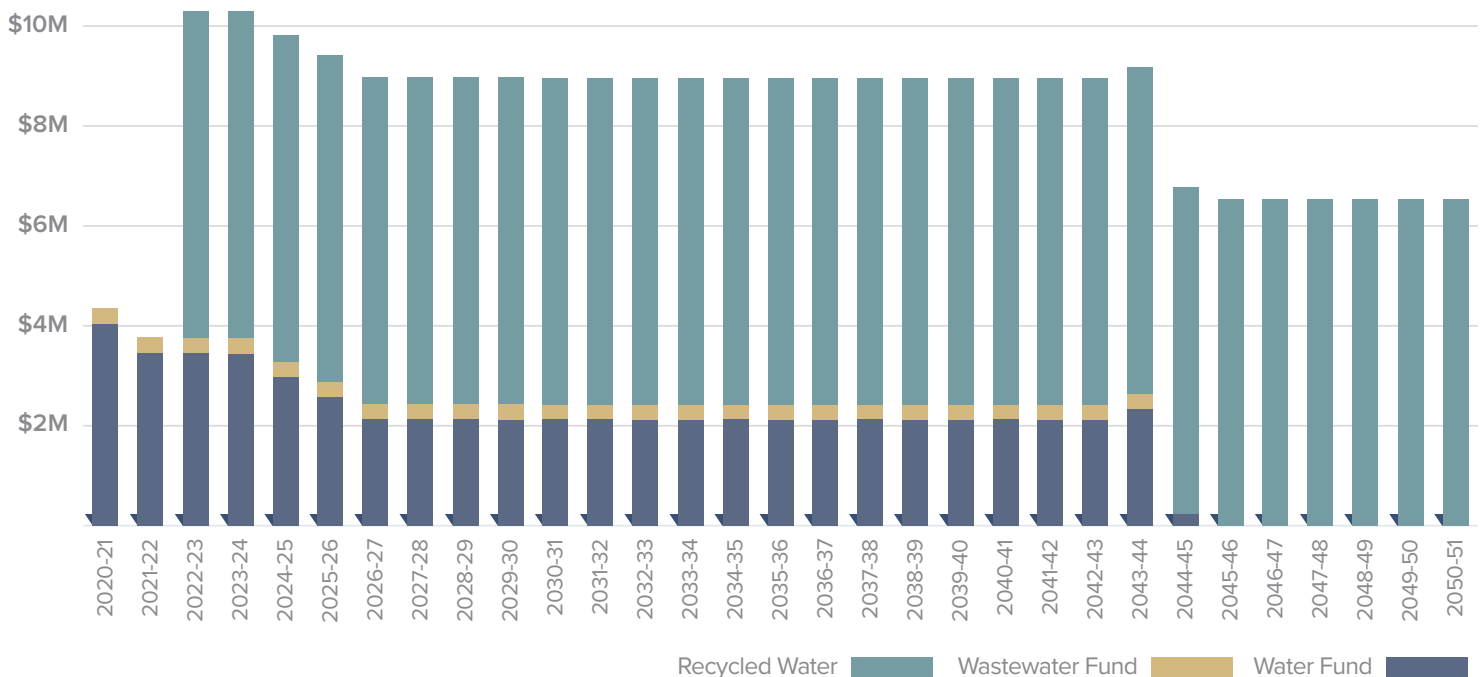
Fiscal Year	WATER FUND		WASTEWATER FUND		Total
	Principal	Interest	Principal	Interest	
2020-21	\$ 2,639,000	\$ 1,427,000	\$ 110,000	\$ 203,000	\$ 4,379,000
2021-22	2,138,000	1,325,000	105,000	198,000	3,766,000
2022-23	2,193,000	1,265,000	110,000	192,000	3,760,000
2023-24	2,248,000	1,203,000	115,000	187,000	3,753,000
2024-25	1,838,000	1,140,000	120,000	181,000	3,279,000
2026-30	6,045,000	5,064,000	700,000	805,000	12,614,000
2031-35	6,582,000	4,052,000	870,000	629,000	12,133,000
2036-40	8,001,000	2,627,000	1,100,000	410,000	12,138,000
2041-45	8,214,000	740,000	1,090,000	113,000	10,157,000
TOTAL	\$ 39,898,000	\$ 18,843,000	\$ 4,320,000	\$ 2,918,000	\$ 65,979,000

FUTURE DEBT LEVELS

The addition of the California Department of Water Resources (DWR) Loan for the Sterling Natural Resource Center will substantially increase the District’s annual debt service requirement. Contractual payments on this loan will begin one year after completion of construction, which is scheduled for January 2022. As noted in other discussions about the fiscal impact of the SNRC in this document, wastewater treatment services are currently provided by the City of San Bernardino Municipal Water Department and payments under that contract shown as Wastewater Treatment operating expense. When the SNRC is operational, wastewater treatment payments to the City will be replaced with labor, materials, and other direct treatment costs, and debt service incurred by the District.

The graph below presents total debt service on existing debt, and future SNRC loan payments, through maturity.

Debt Service



BOND RATINGS

Credit risk is the risk that District creditors will suffer financial loss if the District fails to fulfill its obligation to make timely payments to holders of District debt. This risk is measured by the assignment of a rating to the District's bonds by a nationally recognized credit rating organization. Strong credit ratings provide benefits to District ratepayers in the form of reduced debt service costs. Prudent financial management policies have resulted in a bond rating of AA- from both Standard & Poor's, and Fitch ratings. Fitch affirmed its rating in April of 2017. The AA- rating is considered a high quality, investment grade rating.

DEBT CAPACITY AND DEBT SERVICE COVERAGE

The District has no policy limitation, and there is no statutory limitation, on the amount of debt that may be issued by the District, however, bond covenants for the District's 2010 and 2013 Revenue Bonds require an additional bonds test prior to issuing additional obligations payable from Net Operating Revenue. The test determines the amount of additional debt that may be issued by calculating the amount of net revenue available for additional debt service payments.

The Revenue Bond documents, as well as loan agreements with the Department of Water Resources and US Bank, require that the District maintain a debt coverage ratio equal to 1.2 or 120% of annual debt service.

The FY 2020-21 proposed operating budget provides the net revenue to debt ratios shown in the table below.

Debt Service Coverage

	Water Fund	Wastewater Fund	Total
REVENUE			
Sales and Services	\$ 25,888,000	\$ 13,242,000	\$ 39,130,000
Other Charges	285,000	195,000	480,000
Interest & Miscellaneous Revenue	225,000	30,000	255,000
TOTAL REVENUES	\$ 26,398,000	\$ 13,467,000	\$ 39,865,000
OPERATING EXPENSES			
Programs	\$ 18,067,000	\$ 12,324,000	\$ 30,391,000
TOTAL OPERATING EXPENSES	\$ 18,067,000	\$ 12,324,000	\$ 30,391,000
NET REVENUE	\$ 8,331,000	\$ 1,143,000	\$ 9,474,000
ANNUAL DEBT SERVICE	\$ 4,066,000	\$ 313,000	\$ 4,379,000
DEBT COVERAGE RATIO	2.05	3.65	2.16

Net Revenue in excess of annual debt service (excess coverage) provides funding for the District's CIP and contributions to Replacement Reserves.

Net Position/ Fund Equity

AS DISCUSSED IN A PREVIOUS SECTION, EVWD OPERATES WATER AND WASTEWATER ENTERPRISE ACTIVITIES; THE DISTRICT DOES NOT HAVE GOVERNMENTAL OR NON-MAJOR ENTERPRISE ACTIVITIES AS PART OF ITS OPERATIONAL STRUCTURE.

For financial reporting purposes, each of the District’s activities report Equity, the excess of assets over liabilities, as Net Position. Also for financial reporting purposes, Net Position is reported in three distinct classifications:

- Net Position Invested in Capital Assets,
- Restricted Net Position, and
- Unrestricted Net Position.

Net Position Invested in Capital Assets maintains a running balance of resources spent on the acquisition and construction of capital assets, less outstanding long-term debt and net of depreciation of those capital assets over time. This classification of Net Position does not include spendable funds that are available for appropriation and is therefore not considered as part of the budget process.

Restricted Net Position includes unspent proceeds from issuance of long-term debt and developer paid capacity fees. These funds are available for appropriation for capital projects, but only as defined by contractual agreement with bondholders and other creditors, or by studies adopted by EVWD that state the purpose and amount of capacity fees to be collected from developers. Debt proceeds are used only for projects specifically stated in debt agreements, and capacity fees are used only for construction of projects that expand the capacity of the District’s infrastructure or to pay debt on expansion projects that have already been built. Accordingly, appropriations from Restricted funds will appear in the District’s capital budget.

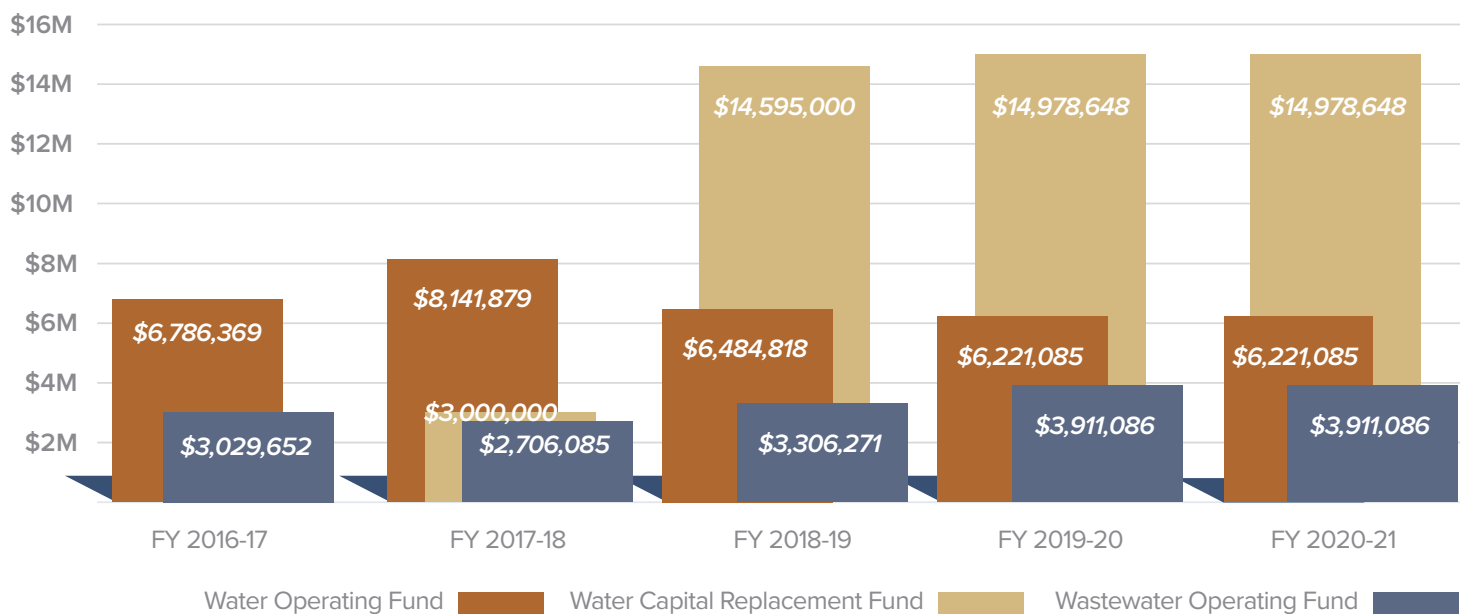
Unrestricted Net Position is the residual after the balances in the other two classifications of Net Position have been determined. The District has the most flexibility in determining how Unrestricted Net Position may be appropriated, and the Governing Board has done so by establishing a Reserve Policy, which is summarized on pages 32-33. The policy establishes three designations for Unrestricted Net Position, and has defined their purpose, order of priority for funding, target levels, and uses. There are also designations established for restricted net position when applicable. Designations currently being applied are:

WATER ENTERPRISE	WASTEWATER ENTERPRISE
Operating Fund	Operating Fund
Capital Replacement Fund	Capital Replacement Fund
Rate Stabilization Fund	Rate Stabilization Fund
Capacity Fees	Capacity Fees
■ Unrestricted Funds	■ Restricted Funds

The Operating Fund has the highest priority and is funded first out of any excess of revenue over expenditures at the end of each fiscal year. When the Operating Fund has reached its target level of 120 days operating expenses, excess funds are applied to the Capital Replacement Funds up to \$10 million. Any remainder is transferred to the Rate Stabilization Fund. If all funds have been fully funded, the remainder reverts to the Operating Fund. The District's Governing Board may take action to transfer balances between the Unrestricted Fund designations.

The graph below, illustrates the changes in the designated funds that make up Unrestricted Fund Equity for the past five years and forecasted balances for FY 2020-21.

Unrestricted Fund Equity



WATER DESIGNATED FUNDS

Funding for designated fund balances (reserves) is built into rates when the District conducts a cost-of-service analysis; this occurs approximately every five years. In March 2015, the District adopted a new tiered rate structure to provide revenue stability during California's severe drought in which strict conservation mandates were imposed by the state. Revenue stability was achieved by the new rate structure, as is evidenced by the growth of designated fund balances for FY 2016-17 through FY 2020-21 in the graph above.

In addition, designated fund balances realized significant growth in FY 2018-19 due to the sale of surplus land.

The table on the following page presents beginning balances, annual activity, and ending balances for the unrestricted water designated funds for a period of five years, including projections for the FY 2020-21 budget year, and also presents target levels established for each designated fund in accordance with the District's Reserve Policy.

The table also includes balances and activity for restricted water capacity fees. Although capacity fees are not budgeted, they are available for appropriation for certain capital improvement projects.

Unrestricted and Restricted - Water Designated Funds

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Budgeted
WATER OPERATING FUND					
<i>Maximum Target Level 120 Days Operations</i>	\$ 5,216,000	\$ 5,175,000	\$ 5,505,000	\$ 5,849,667	\$ 6,022,333
Beginning Fund Balance	5,789,742	6,786,369	8,141,879	6,484,818	6,221,085
Revenue	24,954,835	27,296,029	26,754,320	25,831,669	26,398,000
Operating/Non-Operating Expenditures	(16,291,186)	(17,714,108)	(18,098,700)	(16,493,402)	(19,568,000)
Capital Expenditures	(3,097,378)	(2,645,333)	(2,938,973)	(4,106,000)	(4,265,000)
Debt Principal Payments	(1,926,956)	(2,581,078)	(2,924,244)	(2,496,000)	(2,565,000)
Interfund Sale of Land / Land Sale	(2,642,688)	-	7,550,536	-	-
Transfer to Capital Replacement Fund	-	(3,000,000)	(12,000,000)	(3,000,000)	-
ENDING WATER OPERATING FUND	\$ 6,786,369	\$ 8,141,879	\$ 6,484,818	\$ 6,221,085	\$ 6,221,085
WATER CAPITAL REPLACEMENT FUND					
<i>Minimum Target Level</i>	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Beginning Fund Balance	-	-	3,000,000	14,595,000	14,978,648
Transfer from Operating Fund	-	3,000,000	12,000,000	3,000,000	-
Capital Expenditures	-	-	(405,000)	(2,616,352)	-
ENDING WATER CAPITAL REPLACEMENT FUND	\$ -	\$ 3,000,000	\$ 14,595,000	\$ 14,978,648	\$ 14,978,648
RESTRICTED WATER CAPACITY FEES					
<i>No Target Level</i>	-	-	-	-	-
Beginning Fund Balance	\$ 1,627,295	\$ 1,962,255	\$ 2,171,212	\$ 1,996,379	\$ 2,114,692
Fees Collected	334,960	208,957	310,946	118,313	-
Debt Issued	-	-	-	-	-
Capital Expenditures	-	-	(485,779)	-	-
ENDING WATER CAPACITY FEES	\$ 1,962,255	\$ 2,171,212	\$ 1,996,379	\$ 2,114,692	\$ 2,114,692
ENDING BALANCE ALL WATER FUNDS	\$ 8,748,624	\$ 13,313,091	\$ 23,076,197	\$ 24,195,777	\$ 23,845,777

WASTEWATER DESIGNATED FUNDS

The District last adjusted Wastewater Rates in October 2012. This fact, combined with the funding of preliminary studies and design, and ensuing litigation, related to the water recycling plant, have limited the District's ability to accumulate and grow balances in Wastewater designated funds. The District completed a cost of service analysis and rate study for wastewater rates in January 2020 and will consider adoption of rate adjustments during FY 2020-21. However, the effective date for implementation of adjusted rates is not known, therefore, FY 2020-21 wastewater enterprise budget projections do not show any increase to designated fund balances.

The following table presents the beginning balance, annual activity, and ending balance for the wastewater operating fund for a period of five years, including projections for the FY 2020-21 budget year. As the Operating Fund target level has not been met, no funding is available for the Wastewater Capital Replacement Fund.

The table also includes balances and activity for restricted wastewater capacity fees. Although capacity fees are not budgeted, they are available for appropriation for certain capital improvement projects.

Unrestricted and Restricted - Wastewater Designated Funds

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Budgeted
WASTEWATER OPERATING FUND					
<i>Maximum Target Level 120 Days Operations</i>	\$ 3,680,000	\$ 3,824,000	\$ 4,056,000	\$ 4,140,000	\$ 4,108,000
Beginning Fund Balance	1,761,323	3,029,652	2,706,085	3,306,271	3,911,086
Revenue	12,432,000	13,475,015	14,129,144	13,319,081	13,467,000
Operating/Non Operating Expenditures	(11,816,048)	(13,171,144)	(12,804,125)	(11,781,266)	(12,537,000)
Capital Expenditures	(1,895,311)	(532,438)	(624,833)	(833,000)	(830,000)
Debt Principal Payments	(95,000)	(95,000)	(100,000)	(100,000)	(100,000)
Interfund Sale of Land / Land Sale	2,642,688	-	-	-	-
ENDING WASTEWATER OPERATING FUND	\$ 3,029,652	\$ 2,706,085	\$ 3,306,271	\$ 3,911,086	\$ 3,911,086
RESTRICTED WASTEWATER CAPACITY FEES					
<i>No Target Level</i>	-	-	-	-	-
Beginning Fund Balance	\$ 528,599	\$ 698,889	\$ 982,851	\$ 1,283,578	\$ 3,618,172
Fees Collected	170,290	283,962	300,727	2,334,594	-
Debt Issued	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
ENDING RESTRICTED WASTEWATER CAPACITY FEES	\$ 698,889	\$ 982,851	\$ 1,283,578	\$ 3,618,172	\$ 3,618,172
ENDING BALANCE ALL WASTEWATER FUNDS	\$ 3,728,541	\$ 3,688,936	\$ 4,589,849	\$ 7,529,258	\$ 7,529,258

Long Range Financial Plan

THE LONG-RANGE FINANCIAL PLAN PROVIDES A FORWARD-LOOKING VIEW OF THE DISTRICT'S OPERATING FUNDS, ALLOWING DISTRICT MANAGEMENT AND OTHERS TO EVALUATE THE LONG-TERM SUSTAINABILITY OF THE DISTRICT'S OPERATING BUDGET.

It helps determine whether financial resources will be available to achieve the District's long-term goals and objectives, and to contribute to capital programs and reserve levels. It also provides a starting point for future decision making regarding the District's spending and projected revenues.

As a water and wastewater utility, the District's long-term planning efforts have always included consideration of the age, condition, and efficiency of infrastructure used to deliver services to District customers, along with compliance with water quality regulations. But in recent years, the drought in California has raised the preservation and sustainability of water supplies, and water quality, as prominent issues in planning for future operations. Based on these identified priorities, the District has developed goals that will have a significant

impact on the District's operating budget over the next few years, including:

- Cost recovery through user rates versus development fees;
- Construction of a water recycling plant (Sterling Natural Resource Center);
- Find alternative water supply and promote conservation;
- Meet all water quality standards; and
- Replacement of aging pipelines and increased water storage capacity.

The achievement of these goals is subject to certain assumptions but will remain a priority as they support the District Vision and Strategic Plan.

LONG-TERM PRIORITIES

Assumption

[Link to District Goals & Objectives](#)

Goal: User Rates Support Reasonable Costs Related to Existing Customers; Development Fees Pay for New Infrastructure

- Water Usage Per Capita Will Not Increase Due to Conservation Efforts
- Development will add 50 Customers Annually to District Service Area
- Practice Transparent and Accountable Fiscal Management
- Pursue Alternative Funding Sources

Goal: Construct Sterling Natural Resource Center for Recycled Water Supply

- Digesters will Provide New Revenue Streams (Energy Sales, Tipping Fees) that Will Help Ensure Fiscal Sustainability
- Identify Opportunities to Optimize Natural Resources
- Enhance Planning Efforts that Respond to Future Demand
- Pursue Alternative Funding Sources

Find / Utilize Additional Water Supply

- State Water Project Will Be Available to Purchase for Basin Recharge
- Enhance Planning Efforts that Respond to Future Demand
- Strengthen Regional, State and National Partnerships

Replace Aging Pipelines

- New Rate Structure Will Provide Revenue Stability and Adequate Funding for Pipeline Replacement Program
- Develop Projects and Programs to Ensure Safe and Reliable Services
- Dedicate Effort Toward System Maintenance and Modernization

Meet Water Quality Standards

- SRF Funding Will Be Available to Upgrade Treatment Processes for Imported Water High in Organics
- Develop Projects and Programs to Ensure Safe and Reliable Services

RATES AND CHARGES

As discussed in the previous section, water and wastewater rate revenue is expected to increase over the next five years due to modest building development and rate adjustments. A cost of service analysis was completed in January 2020 for both water and wastewater, but a scheduled public hearing to consider rate adjustments proposed by the analysis was postponed due to the COVID-19 pandemic and related mass unemployment. A rescheduled public hearing will likely occur in late 2020 with rate adjustments of about 3% for three years will be considered in accordance with requirements under California Proposition 218.

Water Revenue projections do not include proposed rate adjustments, but instead use a modest growth rate of 1% annually. Small infill development was considered as part of these projections, but anticipated large developments of 250 and 580 units are not expected to complete construction on initial phases until after 2025. Sales per capita is expected to remain flat as water budget based tiered rates implemented by the District incentivized consumers to use water efficiently.

When the District completes construction of the Sterling Natural Resource Center (SNRC) in November 2021, it will mark the beginning of wastewater treatment and water recycling operations for the District, and the collection of the related revenue. Beginning in 2022 the District will adopt and collect its own wastewater treatment rates in support of SNRC operations and debt service.

Other revenue sources will also become available with the commencement of operations at the SNRC. Recycled water produced by the SNRC will be sold to the San Bernardino Valley Municipal Water District under a Local Resource Investment Program (LRP) established to recharge the Bunker Hill Groundwater Basin. Also, anaerobic digesters at the SNRC will accept food waste from haulers, generating tipping fees, and convert the waste, along with sludge from SNRC treatment processes, into energy. The energy will be sufficient to power operations at the SNRC, and also delivery excess energy to the Southern California Edison power grid.

OPERATING COST FORECAST

Operating costs for the District include salaries and benefits, maintenance and operation of the water distribution and wastewater collection systems, contract services and materials and supplies. Costs also include monthly payments to the City of San Bernardino Municipal Water Department for wastewater treatment services through December 2021. In January 2022 the SNRC will begin operations and contract payments to the City will be replaced by staff and direct operating costs related to this new water recycling enterprise.

EMPLOYMENT EXPENSES

Salaries are one of the largest costs for the District and are adjusted in accordance with a memorandum of understanding (MOU) with employees – the current MOU, which became effective in July 2017, included the following agreed-upon changes:

- 3% cost of living adjustments for each of the three years.
- 2.5% annual step increases, if qualified, until employees reach the top of their salary range.
- Performance based incentive payments of up to 5% of base salary. An average of 4% was used for purposes of forecasting.

Negotiations for an updated MOU were deferred until January 2021 due to the COVID-19 pandemic and the related economic downturn. However, for purposes of forecasting labor expenses for the next four years, a 4% annual increase has been used. Retirement plan contributions make up two-thirds of total benefit costs and are expected to increase 1% per year, and other benefit costs including medical are projected to increase 5% per year.

Staffing levels are expected to remain constant through FY 2020-21. However, as construction of the SNRC progresses, an estimated 10 full-time employees will be added to operate the facility at an estimated cost of \$1.8 million. Accordingly, recruiting and hiring for these positions will need to begin approximately six months prior to completion so staff can be trained on treatment processes.

WASTEWATER TREATMENT – CONTRACTED TO OWNER OPERATOR

Contracted treatment is expected to increase less than 1% per year through December 2021. Thereafter, monthly payments to the City of San Bernardino Municipal Water Department averaging more than \$550,000 per month, or \$8.6 million annually, will cease as the District commences operation of its own wastewater treatment/water recycling facility, the SNRC. However, one stipulation of the agreement will terminate contracted treatment services with the City was that the District will continue to pay the City \$700,000 annually to assuage the effects of the loss of revenue from District customers. Settlement payments will continue for 10 years.

POWER COSTS

The District has tried to insulate itself and ratepayers from significant increases in the cost of electricity by implementing energy conservation measures, installing

a hydro-electric generation facility, and at the future Sterling Natural Resource Center, constructing digesters to convert methane gases, resulting from treatment processes, into energy. The District plans to build the digesters with enough capacity to power the entire SNRC plant and produce excess energy for sale back to Edison. The available capacity in the planned digesters will allow the SNRC to accept food waste from refuse haulers, while charging a tipping fee that will contribute to the financial success of the plant.

MATERIALS AND SUPPLIES

In general, materials and supplies are expected to increase 2% per year with inflation and will be approximately \$1.4 million annually until completion of the SNRC when the cost of chemicals and other consumables will increase by approximately \$1 million for SNRC operations.

OTHER CONTRACTED SERVICES

Other Contracted Services such as maintenance on existing facilities, consulting, customer bill generation and printing are currently at \$6 million annually and are expected to increase 2% annually until the opening of the SNRC. When that facility opens and is operational, maintenance costs are expected to increase \$550 thousand due to the extensive equipment involved in treatment operations, and removal and hauling of waste residuals will add \$1 million per year to contract services.

DEBT SERVICE FORECAST

Debt service costs include principal and interest on Revenue Bonds and Loans issued to finance system improvements. Future debt service cost projections include an additional loan from the State Revolving Fund issued to finance the construction of the SNRC. The final loan amount will not be determined until the project is completed, however, the additional debt related to this project is expected to increase annual debt service from \$3.8 million in FY 2020-21, to \$10.6 million in FY 2021-22. A schedule of future debt service, including the State Revolving Fund loan from the State of California Waterboards, is shown on page 59 of this document.

REVENUE FUNDED CAPITAL EXPENDITURES FORECAST

Revenue funded capital project spending is projected to average \$4 million over the next five years. Projects included in the forecast are discussed in the Five-Year Capital Improvement Program section of this budget.

FIVE YEAR FORECAST – FY 2020-21 THROUGH FY 2024-25

The financial forecast on the following page is presented to provide a general understanding of how long-term goals will affect operating revenue and expenditures over the next five years.

The District's Debt Management Policy stipulates that debt may only be issued to finance capital projects.



	FORECAST				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
REVENUE					
Water Sales / Wastewater Collect	\$ 21,524,000	\$ 21,832,000	\$ 22,403,000	\$ 22,428,000	\$22,453,000
Wastewater Treatment	8,586,000	8,693,000	8,708,000	8,752,000	8,795,000
LRP Revenue	-	519,000	1,038,000	1,044,000	1,050,000
Meter Fees	9,020,000	9,110,000	9,688,000	9,688,000	9,688,000
Power Offset, Energy Sales, Tipping Fees	-	1,457,000	6,298,000	6,325,000	6,274,000
Other Operating Charges	446,000	1,160,000	1,156,000	1,153,000	1,149,000
Investment Income	255,000	336,000	602,000	649,000	735,000
Capacity Fees	-	-	-	-	-
Other Income	34,000	50,000	50,000	50,000	50,000
TOTAL REVENUE / SOURCES	\$ 39,865,000	\$ 43,157,000	\$49,943,000	\$50,089,000	\$ 50,194,000
EXPENDITURES					
Labor & Benefits	\$ 10,941,000	\$ 12,623,000	\$ 13,699,000	\$ 13,887,000	\$ 13,394,000
Water Costs	826,000	826,000	826,000	826,000	826,000
Contracted Wastewater Treatment	8,586,000	4,625,000	-	-	-
Power Costs	1,800,000	1,850,000	4,709,000	4,710,000	4,711,000
Contract Services	6,528,000	7,570,000	8,582,000	8,659,700	8,739,000
Materials	1,285,000	1,777,000	2,208,000	2,223,000	2,240,000
Other Operating Expenses	425,000	708,000	988,000	1,006,000	1,024,000
Debt Service	4,379,000	3,787,000	3,793,000	10,604,000	10,593,000
Capital Outlay	1,630,000	1,050,000	1,100,000	1,650,000	1,650,000
Capital Improvement Program	3,465,000	3,685,000	3,859,000	4,158,000	4,145,000
TOTAL EXPENDITURES	\$ 39,865,000	\$ 38,501,000	\$ 39,764,000	\$ 47,723,700	\$ 47,322,000
CHANGE IN EQUITY	\$ -	\$ 4,656,000	\$ 10,179,000	\$ 2,365,300	\$ 2,872,000
BEGINNING UNRESTRICTED EQUITY	\$ 25,110,819	\$ 25,110,819	\$ 29,766,819	\$39,945,819	\$ 42,311,119
ENDING UNRESTRICTED EQUITY	\$ 25,110,819	\$ 29,766,819	\$39,945,819	\$ 42,311,119	\$ 45,183,119



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Consolidated Financial Schedules

CONSOLIDATED FINANCIAL

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CONSOLIDATED FINANCIAL SUMMARY

WATER FUND

WASTEWATER FUND

The District conducts an extensive process gathering input from internal staff and the community throughout the budget development and review process.

Consolidated Financial Summary

OVERVIEW OF REVENUES AND OTHER FINANCING SOURCES AND EXPENDITURES.

DISTRICT-WIDE SUMMARY

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
REVENUES							
4100	Water Sales	\$ 15,746,654	\$ 15,900,000	\$ 15,777,000	\$ 16,868,000	\$ 968,000	6%
4200	Meter Charges	9,009,881	8,980,000	9,009,881	9,020,000	40,000	0%
4301	Late Fee Payment	607,040	560,000	410,507	388,000	(172,000)	-31%
4400	WW Collection Charges	4,643,732	4,648,000	4,747,462	4,656,000	8,000	0%
4500	WW Treatment Charges	8,592,950	8,665,000	8,501,530	8,586,000	(79,000)	-1%
4605	Other Operating Charges	592,164	113,000	142,655	58,000	(55,000)	-49%
4701	Interest Income	571,535	300,000	310,013	255,000	(45,000)	-15%
4703	Energy Incentives/ Rebates	-	-	-	-	-	0%
4704	Miscellaneous Revenue	624,378	34,000	251,701	34,000	-	0%
TOTAL REVENUES		\$40,388,334	\$39,200,000	\$39,150,749	\$39,865,000	\$ 665,000	2%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
EXPENSES – OPERATING BY PROGRAM							
1000	Governing Board	\$ 189,580	\$ 257,000	\$ 199,323	\$ 257,000	\$ -	0%
2000	General Administration	1,103,421	1,304,000	1,139,171	1,302,000	(2,000)	0%
2100	HR/Risk Management	899,194	1,024,000	1,114,510	1,325,000	301,000	29%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
2200	Public Affairs	\$ 1,146,804	\$ 1,440,000	\$ 1,074,970	\$ 1,589,000	\$ 149,000	10%
2300	Conservation	1,032,155	589,000	447,360	624,000	35,000	6%
3000	Finance	1,273,669	1,249,000	1,171,964	1,272,000	23,000	2%
3200	Information Technology	998,358	932,000	795,030	973,000	41,000	4%
3300	Customer Service	1,594,902	1,615,000	1,232,417	1,507,000	(108,000)	-7%
3400	Meter Services	328,314	295,000	311,473	290,000	(5,000)	-2%
4000	Engineering	1,661,570	1,551,000	1,248,827	1,544,000	(7,000)	0%
5000	Water Production Admin	426,547	579,000	479,440	600,000	21,000	4%
5000-51	Source of Supply	2,226,616	2,994,000	2,641,752	2,834,000	(160,000)	-5%
5000-52	Pumps & Boosters	538,913	652,000	422,076	611,000	(41,000)	-6%
5000-54	Trans & Distribution	398,325	442,000	416,569	448,000	6,000	1%
5100	Water Treatment	775,031	870,000	877,811	905,000	35,000	4%
5200	Water Quality	417,411	461,000	452,914	480,000	19,000	4%
6000	Maintenance Admin	366,723	435,000	370,029	434,000	(1,000)	0%
6100	Water Maintenance	2,211,467	2,317,000	2,851,565	2,485,000	168,000	7%
6200	Wastewater Maintenance	700,507	814,000	786,206	803,000	(11,000)	-1%
6300	Wastewater Treatment (Pass-through)	8,592,950	8,665,000	7,932,758	8,586,000	(79,000)	-1%
7000	Facilities Maintenance	942,177	998,000	1,013,202	1,022,000	24,000	2%
7100	Fleet Maintenance	632,170	486,000	533,298	500,000	14,000	3%
SUBTOTAL OPERATING EXPENSES		\$28,456,804	\$29,969,000	\$27,512,665	\$30,391,000	\$ 422,000	1%
EXPENSES – OTHER							
	Debt Service	\$ 4,474,253	\$4,358,000	\$4,358,000	\$ 4,379,000	\$ 21,000	0%
	Capital Outlay	452,005	1,564,000	1,564,000	1,630,000	66,000	4%
	Capital Improvement	3,262,546	3,375,000	3,375,000	3,465,000	90,000	3%
	Transfer to Reserves	3,742,726	-	2,341,084	-	-	0%
	Transfer from Reserves	-	(66,000)	-	-	66,000	-100%
SUBTOTAL OTHER EXPENSES		\$ 11,931,530	\$ 9,231,000	\$11,638,084	\$ 9,474,000	\$ 243,000	3%
TOTAL EXPENSES		\$40,388,334	\$39,200,000	\$39,150,749	\$39,865,000	\$ 665,000	2%
NET		\$ -	\$ -	\$ -	\$ -	\$ -	-

ITEMIZED OPERATING EXPENSE SUMMARY

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$6,536,095	\$ 6,590,600	\$ 6,617,598	\$ 6,877,000	\$ 286,400	4%
5102	Temporary Labor	42,242	-	24,691	-	-	0%
5103	Overtime	366,134	352,000	379,588	388,000	36,000	10%
5104	Standby	37,993	35,000	39,050	35,000	-	0%
5200	Benefits	2,779,970	3,574,000	3,328,152	3,641,000	67,000	2%
PERSONNEL TOTAL		\$ 9,762,434	\$10,551,600	\$10,389,079	\$10,941,000	\$ 389,400	4%
WATER SUPPLY							
6101	Purchased Water	\$ 306,513	\$ 500,000	\$ 440,716	\$ 400,000	\$ (100,000)	-20%
6102	Replenishment	98,406	445,000	111,625	304,000	(141,000)	-32%
6103	Water Assessment	123,547	122,000	50,716	122,000	-	0%
WATER SUPPLY TOTAL		\$ 528,466	\$ 1,067,000	\$ 603,057	\$ 826,000	\$ (241,000)	-23%
OTHER OPERATING EXPENSES							
6201	Materials & Supplies	\$ 773,310	\$ 765,000	\$ 831,750	\$ 715,000	\$ (50,000)	-7%
6202	Tools	36,683	53,000	63,614	54,000	1,000	2%
6203	Office Supplies	26,294	42,000	30,359	41,000	(1,000)	-2%
6204	Chemicals	227,518	350,000	270,207	350,000	-	0%
6205	Conservation Rebates	711,436	195,000	156,412	145,000	(50,000)	-26%
6301	Contract Services	3,198,981	2,676,000	2,443,566	3,017,000	341,000	13%
6302	Banking Services	270,123	326,000	246,730	259,000	(67,000)	-21%
6303	Printing & Publishing	195,737	327,000	181,102	358,000	31,000	9%
6304	Legal Services	199,204	256,000	123,100	186,000	(70,000)	-27%
6305	Treatment Services	8,592,950	8,665,000	7,932,758	8,586,000	(79,000)	-1%
6306	Rents & Leases	32,246	15,000	28,022	15,000	-	0%
6307	Uniforms	42,136	91,000	66,219	90,000	(1,000)	-1%
6308	Billing Services	41,060	52,000	42,229	52,000	-	0%
6309	Shut Off Notice Services	344,565	359,000	139,406	195,000	(164,000)	-46%
6310	Street Services	323,336	325,000	506,433	325,000	-	0%
6311	Landscape Services	159,932	145,000	154,724	145,000	-	0%
6312	Janitorial Services	106,928	134,000	133,152	134,000	-	0%
6314	Litigation Services	-	50,000	20,330	40,000	(10,000)	-20%
6401	Utilities	27,183	24,000	31,497	24,000	-	0%
6402	Telephone	67,149	152,000	72,472	157,000	5,000	3%
6403	Electricity	1,686,016	1,820,000	1,760,302	1,920,000	100,000	5%
6404	Fuel	125,357	125,000	134,936	125,000	-	0%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
6405	Permits	\$ 131,996	\$ 293,000	\$ 158,526	\$ 293,000	\$ -	0%
6406	Postage	151,438	198,000	127,727	245,000	47,000	24%
6501	Memberships	87,727	118,000	94,953	126,000	8,000	7%
6502	Professional Development	82,150	200,000	89,815	194,000	(6,000)	-3%
6503	Education Assistance	5,090	11,000	2,842	16,000	5,000	45%
6504	Meetings	29,392	47,400	32,886	45,000	(2,400)	-5%
6505	Employee Recognition	18,537	25,000	27,183	27,000	2,000	8%
6701	General Insurance	242,930	210,000	294,128	399,000	189,000	90%
6702	Insurance Claims	300	10,000	10,756	10,000	-	0%
6703	Cash Over/Short	262	-	512	1,000	1,000	0%
6704	Bad Debt	3,447	1,000	3,791	16,000	-	0%
6705	OPEB Retirees	224,491	290,000	308,090	319,000	29,000	10%
OTHER OPERATING EXPENSES TOTAL		\$18,165,904	\$18,350,400	\$16,520,529	\$18,624,000	\$ 273,600	1%
TOTAL OPERATING EXPENSES		\$28,456,804	\$29,969,000	\$27,512,665	\$ 30,391,000	\$ 422,000	1%

Operating expenses are identified and accounted for at the Program level.





WATER fund

The District maintains 300 miles of water main lines in a 30.1 square mile service area.

Budget based rates promote water efficiency and are based on the cost of service while remaining equitable and fair.

Water Fund

EAST VALLEY WATER DISTRICT UNDERSTANDS THE IMPORTANCE OF PRESERVING CALIFORNIA’S WATER SUPPLIES.

REVENUE: WATER SALES

East Valley Water District has taken many steps to encourage water use efficiency. Budget based rates promote water efficiency and are based on the cost of service; they are equitable, fair, and supports sustainable behavior change. The SWRCB approves of the budget based rate structure for its ability to produce superior water savings, and the alternative approach is compliant with the California Drought Conservation Regulations. Additionally, budget based rates encourage efficient water use and provide security for the District's long-term financial position.

In FY 2019-20, the Board approved the implementation of the final phase three volumetric rate and refrained from increasing meter charges. Also, during FY 2019-20, a comprehensive cost of service analysis and rate study were completed and presented to the Board at a public meeting held on January 22, 2020. The studies identified rate increases over the next three years to cover additions to operating and capital costs. Due to the restriction imposed on public meetings due to the pandemic, the District postponed the April 8, 2020 rate hearing until a date when it would be easier for members of the public to attend the hearing. Therefore, the rates used for FY 2020-21 projections are the rates which became effective January 2020.

RATES

Commodity Charges

Rates	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21*
Tier 1	\$ 1.45	\$ 1.73	\$ 1.73	\$ 1.83
Tier 2	2.07	2.46	2.46	2.61
Tier 3	2.89	3.44	3.44	3.64

*Rates became effective January 2020

Projected Tier Revenue by Customer Class

Customer Class	Tier 1	Tier 2	Tier 3	Total
Residential	\$ 3,936,000	\$ 3,744,000	\$ 1,707,000	\$ 9,387,000
Multi-Family	1,788,000	1,020,000	916,000	3,724,000
Commercial	926,000	89,000	398,000	1,413,000
Irrigation / Construction	-	1,178,000	1,166,000	2,344,000
TOTAL	\$ 6,650,000	\$ 6,031,000	\$ 4,187,000	\$ 16,868,000

Water Sales (Acre Feet)

CLASS	NO. OF ACCOUNTS	TIER 1	TIER 2	TIER 3	TOTAL	TOTAL SALES
Residential	19,526	4,937	3,293	1,077	9,307	\$ 9,387,000
Multi-Family	463	2,243	897	578	3,718	3,724,000
Commercial	988	1,162	78	251	1,491	1,413,000
Irrigation	275	-	1,036	735	1,771	2,344,000
TOTALS	21,252	8,342	5,304	2,641	16,287	\$ 16,868,000

The table below projects the amount of water to be produced for FY 2020-21. The amount of water produced is more than the amount of water sold to account for unanticipated water demand, state-mandated water reserves, and regular system water loss.

Water Production (Acre Feet)

SOURCE OF SUPPLY	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Budgeted
Ground Water	13,315	12,649	12,649	12,549	12,800
Surface Water	3,700	3,675	3,515	3,666	3,739
Purchased Water	800	800	800	800	800
TOTAL	17,815	17,124	16,964	17,015	17,339

ASSUMPTIONS AND TRENDS

The development of the revenue projections for FY 2020-21 requires the District to estimate customer consumption for the next year. The District will provide water services through approximately 21,252 domestic and irrigation connections in FY 2020-21. In addition, 252 commercial fire services and 21 temporary hydrant meters are connected to the District's system. Water demand is estimated at 7,094,000 hundred cubic feet of water (HCF = 748 gallons) for FY 2020-21. The estimate is based on actual consumption from FY 2018-19. The consumption data from this year was selected because of the consumption model's three-year averages. Staff is confident that the above projection will allow significant funding for program goals and objectives without considerable risk of overstatement.

EVWD considers multiple factors in calculating each customer's monthly water budget:

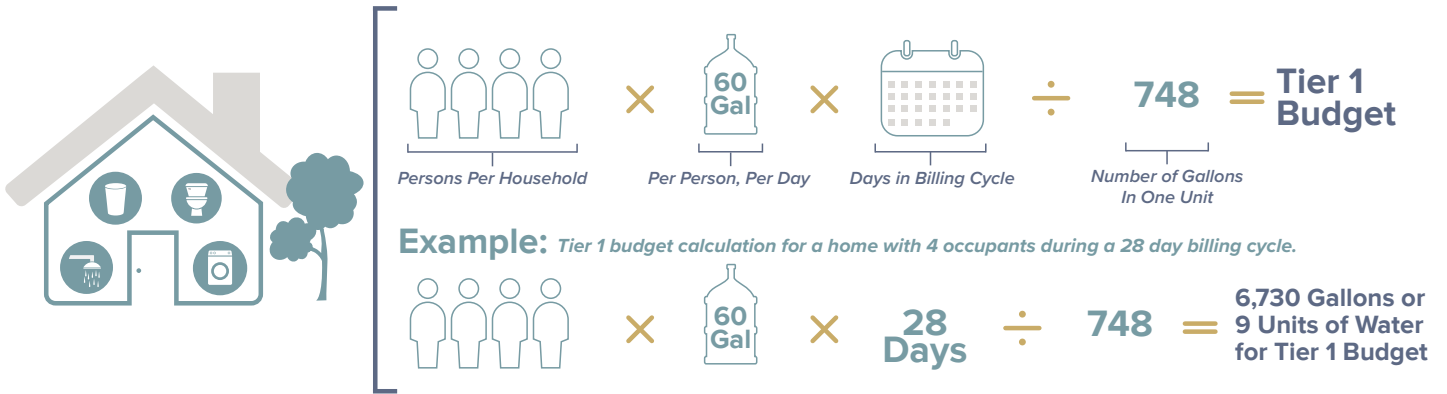
- Number of Occupants
- Number of Dwelling Units
- Medical Needs
- Horses/Livestock
- Business Needs
- Agricultural Needs
- Irrigable Landscape
- Weather
- Meter Size

Since the adoption of budget based rates, the District has experienced success in reducing water consumption and stabilizing revenues to ensure adequate funding of operating and capital needs of the District.

HOW WATER BILLS ARE CALCULATED – RESIDENTIAL

Indoor Water Budgets are unique to each customer and is based on the number of occupants residing in the house. Each occupant is budgeted 60 gallons of water per day (gpd) for efficient indoor use, which is then multiplied by the number of days in the billing cycle.

Tier 1 Indoor Budget Example



Outdoor Water Budgets are unique to customer property, and it is based on the irrigable landscape. Irrigable landscape represents the square footage of the property’s landscape requiring irrigation (e.g., grass, parkways, trees, bushes, and various plants).

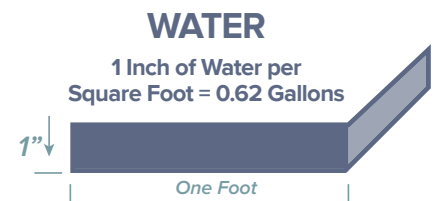
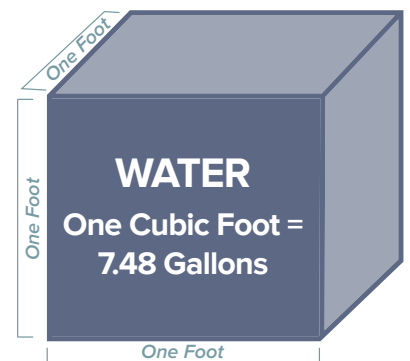
Tier 2 Factors:

In determining the customer’s outdoor budget, the following factors and conversions are made during each billing cycle.

- **Irrigable landscape square footage** – is the area of the property requiring irrigation used for the outdoor water budget calculation. When the District restructured its uniform rates to budget based rates in FY 2014-15, a consultant flew an airplane with an advanced camera over the District’s service area which measured the square footage of the irrigable landscape for each parcel. The data provided was reviewed and analyzed for accuracy and appropriate adjustments were made for, but not limited to, pools, livestock, trees, and other plant based surfaces.
- **Monthly plant factor (Crop Coefficient Kc)** – are the properties of plants used in predicting evapotranspiration (ETo) and the resulting level of water needed for irrigation to replenish healthy turfgrass. The table below lists the values used in each month. East Valley Water District has elected to use the Cool-Season turfgrass coefficient for the monthly plant factor.

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Plant Factor	0.61	0.64	0.75	1.04	0.95	0.88	0.94	0.86	0.74	0.75	0.69	0.60
Annual Average 0.80												

- **Evapotranspiration (ETo)** – the process by which water is transferred from the land to the atmosphere by evaporation from the soil and other surfaces and by transpiration from plants. ETo is measured in inches, which is captured and recorded by a state-certified weather station. The District receives ETo data from the California Irrigation Management Information System (CIMIS) Station ID 251, located at Beattie Middle School 7800 Orange Street, Highland, California 92346. The sum of the daily ETo measurement during the billing cycle is used in the calculation for efficient outdoor water usage.
- **Square feet to gallons conversion** – Evapotranspiration (ETo) is measured in inches of water, but irrigable landscape is measured in square feet requiring a gallon conversion to determine the outdoor budget. One-cubic foot of water equals 7.48 gallons, therefore 1 inch of water per square foot equals 0.62 gallons (7.48 gallons divided by 12 inches equals 0.62 gallons).

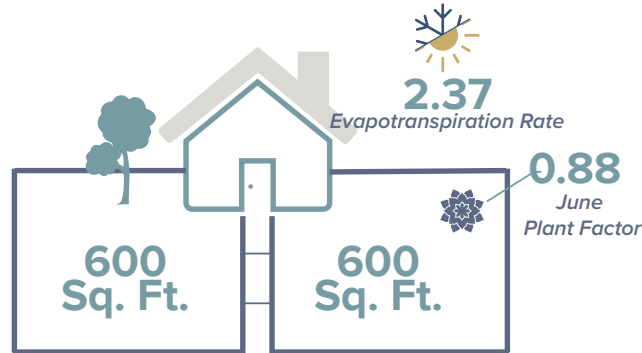


Tier 2 Outdoor Budget Example

$$\begin{array}{ccccccccc}
 \text{Irrigated Sq. Ft.} & \times & \text{Monthly Evapotranspiration Rate} & \times & 0.88 & \times & 0.62 & \div & 748 & = & \text{Tier 2 Usage} \\
 \text{Note: This rate varies per day and month} & & \text{Note: Plant factor changes each month} & & & & \text{Sq. Ft. to Gallons Conversion Factor for Irrigation} & & \text{Number of Gallons In One Unit} & & \\
 \end{array}$$

Example:

Tier 2 budget calculation for a home with 1,200 sq. ft. of irrigable area.



$$\begin{array}{ccccccccc}
 1,200 & \times & 2.37 & \times & 0.88 & \times & 0.62 & \div & 748 & = & 1,076 \text{ Gallons or } 2 \text{ Units of Water for Tier 2 Usage} \\
 \text{Irrigated Sq. Ft.} & & \text{Evapotranspiration Rate} & & \text{Plant Factor} & & \text{Sq. Ft. to Gallons Conversion Factor for Irrigation} & & \text{Number of Gallons In One Unit} & & \\
 \end{array}$$

Sq. Ft. = Square Feet

HCF = Hundred Cubic Feet or 1 Billing Unit

Tier 3 Inefficient Use:

When a customer exceeds their Tier 1 and Tier 2 budgets, the excess units of water used are billed at the Tier 3 rate. The District has developed its rates in accordance with Prop 218, allowing the District and agencies alike, to charge customers additional charges for the additional cost incurred by the District, including but not limited to, imported water cost, electricity expenses for pumping and boosting water throughout the distribution system, and chemicals needed during the treatment process.

HOW WATER BILLS ARE CALCULATED – NON RESIDENTIAL

Non-Residential customers water budgets are calculated differently from residential customers to ensure water budgets equitably fund the cost of supplying water to these establishments. The water budgets for this customer class are determined below:

Tier 1 and Tier 2 Water Budgets:

The indoor (Tier 1) and outdoor water (Tier 2): budgets are calculated by taking the average of the last two years actual HCF consumption for each Tier, then it's multiplied by 90%. Calculating non-residential customers in this manner encourages conservation and shares the cost of operating the District.

Tier 3 Inefficient Use:

When a customer exceeds their Tier 1 and Tier 2 budgets, the excess units of water are billed at the Tier 3 rate.

REVENUE: MONTHLY METER CHARGE

The District’s Operating Revenue includes fixed charges, which are based on the size of the meter serving the customer’s property. The rates meet the compliance requirements of Proposition 218. Meter charges have been established on a comprehensive third-party cost of service analysis, and the rates provide funding for operating and capital needs.

Monthly Meter Charges

Meter Size	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
5/8 in.	\$ 23.06	\$ 23.06	\$ 23.06	\$ 23.06
3/4 in.	29.27	29.27	29.27	29.27
1 in.	41.71	41.71	41.71	41.71
1 1/2 in.	72.81	72.81	72.81	72.81
2 in.	110.13	110.13	110.13	110.13
3 in.	228.30	228.30	228.30	228.30
4 in.	402.44	402.44	402.44	402.44
6 in.	819.14	819.14	819.14	819.14
8 in.	1,503.25	1,503.25	1,503.25	1,503.25

Monthly Fire Line Service Charges

Meter Size	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1 in.	\$ 8.78	\$ 8.78	\$ 8.78	\$ 8.78
1 1/2 in.	13.18	13.18	13.18	13.18
2 in.	17.57	17.57	17.57	17.57
3 in.	26.35	26.35	26.35	26.35
4 in.	35.14	35.14	35.14	35.14
6 in.	52.70	52.70	52.70	52.70
8 in.	70.27	70.27	70.27	70.27
10 in.	87.84	87.84	87.84	87.84

Since the adoption of budget based rates, the District has experienced success in reducing water consumption and stabilizing revenues.

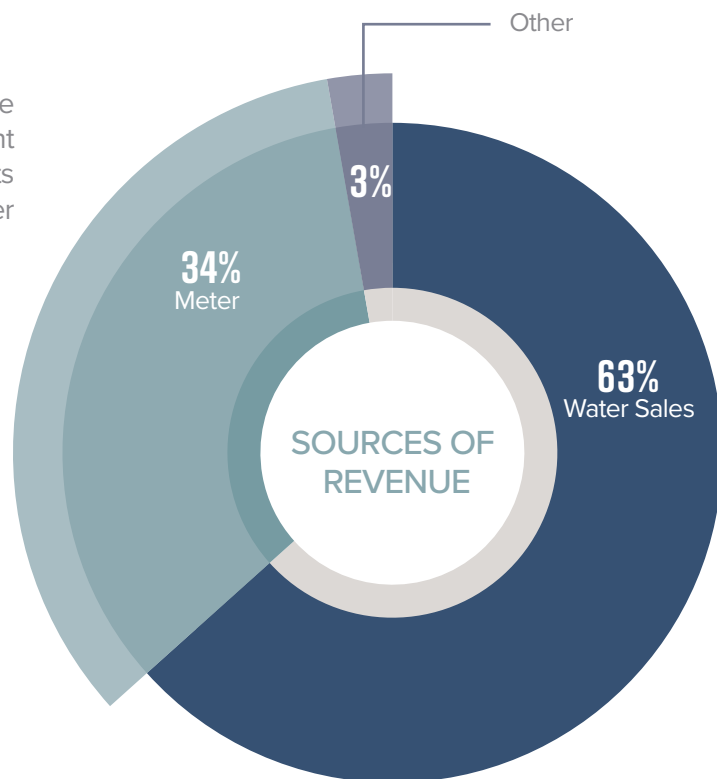


Monthly Meter Charge Revenue by Meter Size

METER SIZE	NO. OF SERVICES	RATE	TOTAL
5/8 in.	4,202	\$ 23.06	\$ 1,163,000
3/4 in.	12,537	29.27	4,368,000
1 in.	3,876	41.71	1,940,000
1 1/2 in.	267	72.81	233,000
2 in.	294	110.13	389,000
3 in.	89	228.30	244,000
4 in.	26	402.44	126,000
6 in.	18	819.44	177,000
8 in.	12	1,503.28	216,000
Fire Service 1 1/2 in.	10	13.18	2,000
Fire Service 4 in.	50	35.14	21,000
Fire Service 6 in.	125	52.70	79,000
Fire Service 8 in.	55	70.27	46,000
Fire Service 10 in.	15	87.84	16,000
TOTALS	21,576	\$	\$ 9,020,000

OTHER SOURCES OF REVENUE

Other charges and other revenue include fees related to the collection of delinquent accounts, investment revenue, reimbursements from other agencies, facility rentals, and other miscellaneous revenue.



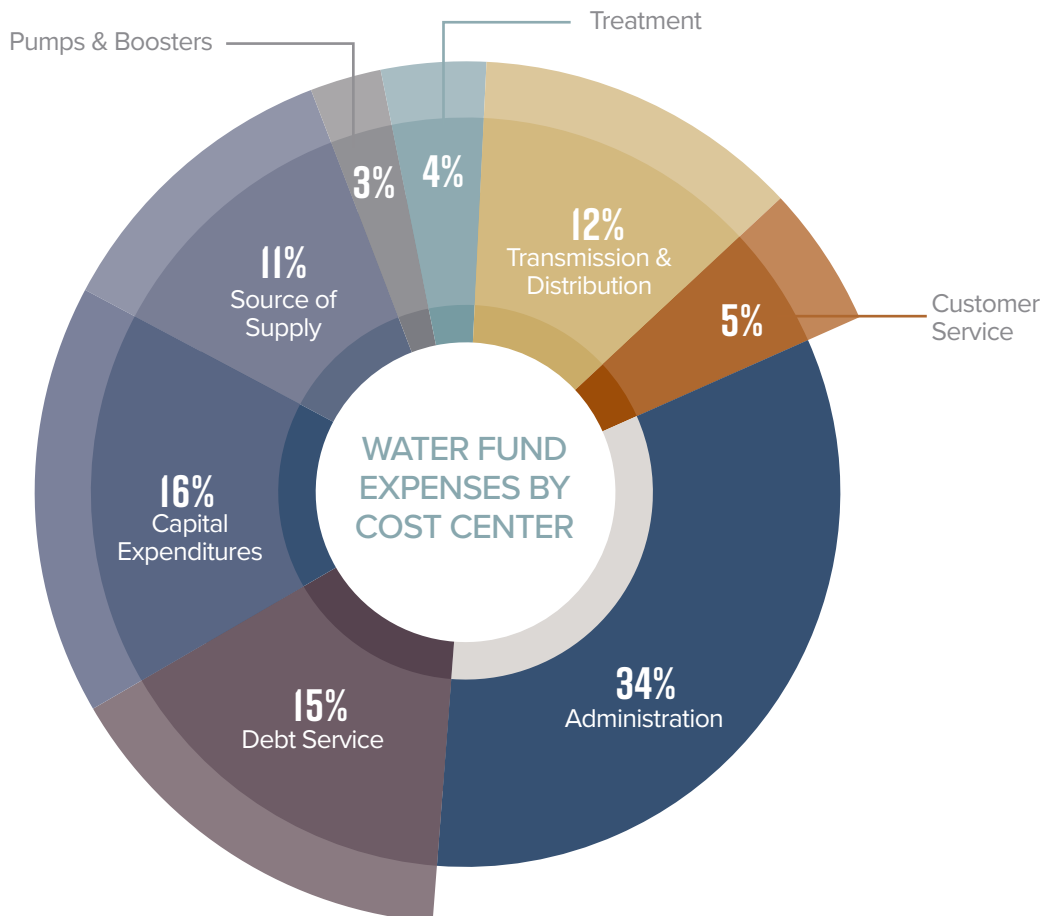
Assumptions and Considerations for Operating Revenue:

This income source is made up of the following assumptions and considerations when developing budget figures for this document:

- Initiation of service, delinquent, and non-sufficient funds fees have decreased. The decision to decrease this source is due to the following contributing factors:
 - The Discontinuation of Residential Water Service Policy required by SB 998 effective February 1, 2020.
 - The impact the COVID-19 pandemic has on Disconnection/Reconnection charges, which are normally collected during the delinquency process.
- The two factors above are revenue-neutral because these fees are related to and charged to delinquent customers; the charge is collected for sending the notice and field service worker to turn on/off water services.
- Investment Income decreased due to delay between the time of withdrawals to pay SNRC construction invoices and the time it takes to re-deposit reimbursement checks from SRF loan proceeds and grant funds.
- Facility Rental Fees and Other Miscellaneous Revenue decreased due to the uncertainty the COVID-19 pandemic may have on public use of District facilities.

EXPENSES

The Water Fund is one of two enterprise funds the District operates. All expenses incurred for operating and maintaining the distribution system, infrastructure repairs, and replacements are included in the calculation of expenses for these funds. The District has debt service payments due semi-annually. These debts East Valley Water District has incurred provided full or partial funding for multiple capital improvement projects.



Assumptions and Consideration for Operating Expenses:

This income source is made up of the following assumptions and considerations when developing budget figures for this document:

- Electricity expense will be incurred for operating wells, pumps and boosters, treatment plants and other facilities.
- Chemical expense purchased for the treatment of source water before it enters the distribution system for consumption. The cost trends for chemicals are stable, with no foreseeable significant increases.
- Contract services are expenses incurred for services provided by third parties. Many divisions of the District utilize consultants or vendors who offer quality and economical services. Since these services are unique to the program, it is excessive to list them all. Program Managers are responsible for researching or pre-bidding services in developing their program's budget.
- Material and supplies are needed to support field operations and general administration related to operating the District.
- The District is continuing to focus effort towards the Conservation Program, which is committed to assisting customers with conservation efforts through the continuance of the rebate programs and instructor-led seminars and demonstrations.

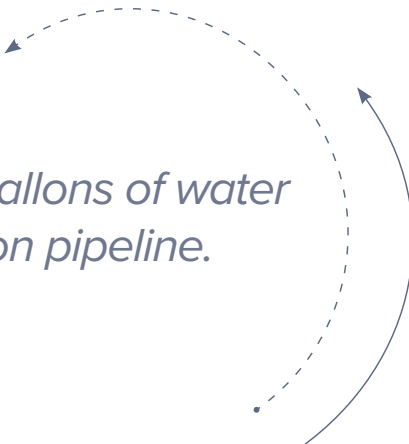
Debt Service & Capital Expenses

The District has issued debt to pay for capital expenditures for replacing, improving, and/or adding infrastructure. In addition to debt, which is also known as a liability, East Valley Water District budgets and cash finances capital projects funded by Operating Revenue.

CONCLUSION

The Water Fund is balanced, however, constant analysis is required to ensure that rates and charges are sufficient to provide services to customers and meet obligations to creditors. The District continues to meet debt service obligations as set forth in debt covenants. District staff will continue to monitor the revenues and expenses and present the progress to the Governing Board on a periodic basis.

The District delivers more than 15 million gallons of water daily through 300 miles of water distribution pipeline.



FY 2020-21 PROPOSED WATER FUND BUDGET

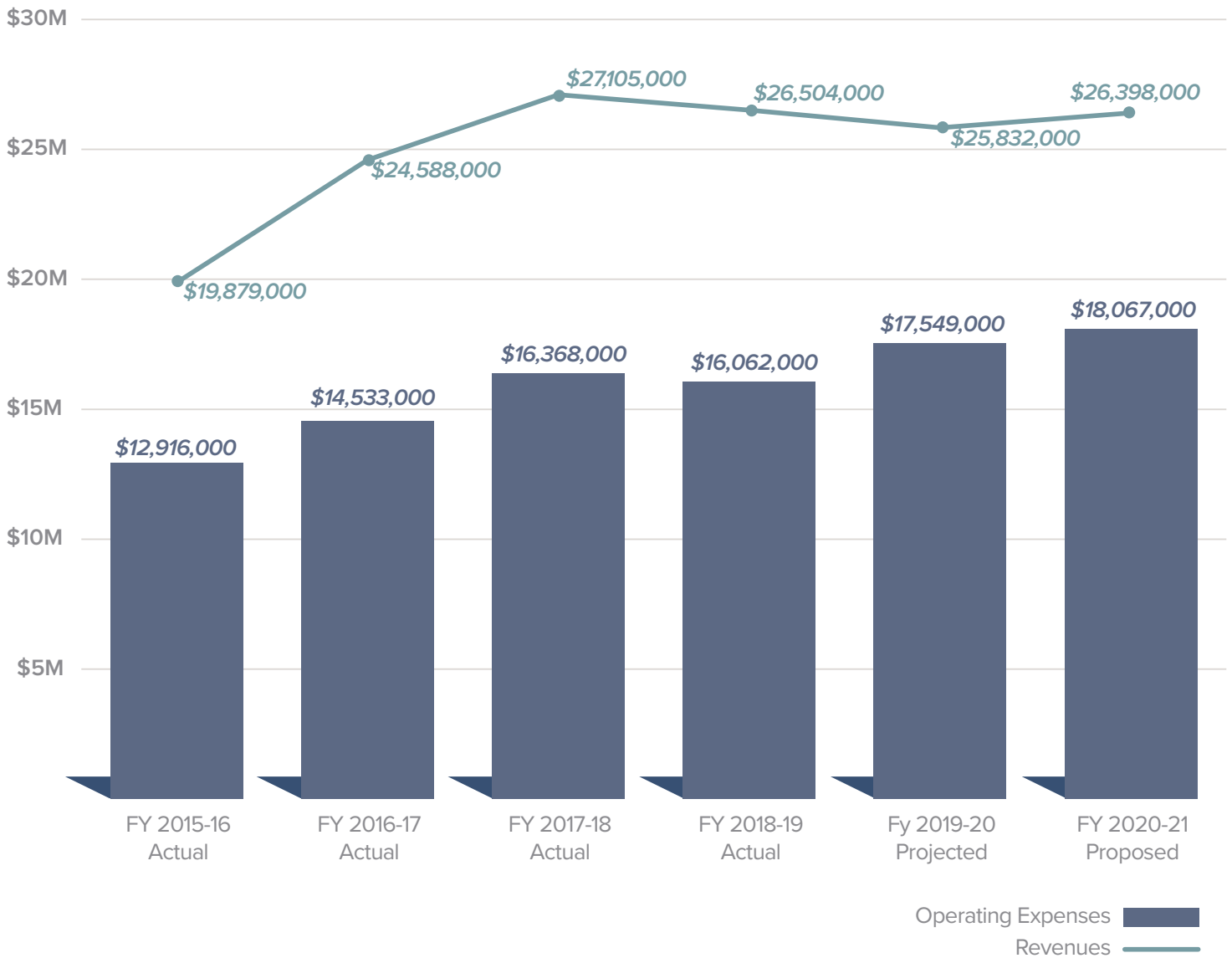
	FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
REVENUES						
4100 Water Sales	\$ 15,746,654	\$15,900,000	\$ 15,777,000	\$16,868,000	\$ 968,000	6%
4200 Meter Charges	9,009,881	8,980,000	9,009,881	9,020,000	40,000	0%
4301 Late Fee Payment	89,493	-	78,267	40,000	40,000	0%
4303 Disconnect Notice Charge	475,772	360,000	295,138	155,000	(205,000)	-57%
4605 Other Operating Charges	111,279	111,000	136,392	56,000	(55,000)	-50%
4701 Interest Income	446,720	250,000	283,289	225,000	(25,000)	-10%
4703 Energy Incentives/Rebates	-	-	-	-	-	0%
4704 Miscellaneous Revenue	624,378	34,000	251,702	34,000	-	0%
TOTAL REVENUES	\$26,504,177	\$25,635,000	\$25,831,669	\$26,398,000	\$763,000	3%
OPERATING EXPENSES						
SOURCE OF SUPPLY/WELLS						
5101 Regular Labor	\$ 407,631	\$ 284,000	\$ 461,018	\$ 295,000	\$ 11,000	4%
5103 Overtime	10,656	32,000	15,873	13,000	(19,000)	-59%
5200 Benefits	112,559	152,000	157,060	148,000	(4,000)	-3%
6101 Purchased Water	306,513	500,000	440,716	400,000	(100,000)	-20%
6102 Groundwater Replenishment	98,406	445,000	111,625	304,000	(141,000)	-32%
6103 Water Assessment	123,547	122,000	50,716	122,000	-	0%
6201 Materials & Supplies	39,992	61,000	51,997	61,000	-	0%
6204 Chemicals	72,400	150,000	96,676	150,000	-	0%
6301 Contract Services	76,613	276,000	329,104	276,000	-	0%
6311 Landscape Services	70,851	40,000	71,430	40,000	-	0%
6402 Telephone	109	-	-	-	-	0%
6403 Electricity	1,125,950	1,150,000	1,138,829	1,250,000	100,000	9%
6405 Permits	63,210	100,000	70,405	100,000	-	0%
6504 Meetings	264	1,000	526	1,000	-	0%
SOURCE OF SUPPLY TOTAL	\$ 2,508,701	\$ 3,313,000	\$ 2,995,975	\$ 3,160,000	\$ (153,000)	-5%
PUMPS & BOOSTERS						
5101 Regular Labor	\$ 91,428	\$ 95,000	\$ 34,503	\$ 74,000	\$ (21,000)	-22%
5103 Overtime	3,491	10,000	4,697	4,000	(6,000)	-60%
5200 Benefits	32,515	52,000	34,116	38,000	(14,000)	-27%
6201 Materials & Supplies	4,750	23,000	18,019	23,000	-	0%
6301 Contract Services	64,956	81,000	(5,083)	81,000	-	0%
6311 Landscape Services	-	35,000	19,419	35,000	-	0%
6403 Electricity	352,486	400,000	343,310	400,000	-	0%
PUMPS & BOOSTERS TOTAL	\$ 549,626	\$ 696,000	\$ 448,981	\$ 655,000	\$ (41,000)	-6%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
TREATMENT							
5101	Regular Labor	\$ 289,958	\$ 242,000	\$ 288,472	\$ 252,000	\$ 10,000	4%
5103	Overtime	38,117	25,000	46,420	39,000	14,000	56%
5200	Benefits	99,017	139,000	145,338	150,000	11,000	8%
6201	Materials & Supplies	54,543	23,000	65,536	23,000	-	0%
6204	Chemicals	101,467	150,000	138,305	150,000	-	0%
6301	Contract Services	73,531	249,000	106,751	249,000	-	0%
6301	Uniforms	-	2,000	1,854	2,000	-	0%
6311	Landscape Services	24,097	14,000	20,347	14,000	-	0%
6401	Utilities	1,265	10,000	2,517	10,000	-	0%
6402	Telephone	3,112	-	1,836	-	-	0%
6403	Electricity	117,177	150,000	108,462	150,000	-	0%
6405	Permits	-	-	-	-	-	0%
TREATMENT TOTAL		\$ 802,284	\$ 1,004,000	\$ 925,838	\$ 1,039,000	\$ 35,000	3%
TRANSMISSION & DISTRIBUTION							
5101	Regular Labor	\$ 1,239,703	\$ 1,229,000	\$ 1,326,467	\$ 1,302,000	\$ 73,000	6%
5103	Overtime	228,311	163,000	248,392	236,000	73,000	45%
5200	Benefits	506,917	681,000	654,715	681,000	-	0%
6201	Materials & Supplies	245,771	305,000	407,582	305,000	-	0%
6202	Tools	17,312	26,000	44,866	26,000	-	0%
6204	Chemicals	53,651	50,000	35,226	50,000	-	0%
6301	Contract Services	172,592	125,000	186,733	165,000	40,000	32%
6307	Uniforms	15,838	40,000	27,909	40,000	-	0%
6310	Street Services	323,336	325,000	506,433	325,000	-	0%
6405	Permits	13,500	-	18,132	-	-	0%
6406	Postage	2,062	2,000	486	2,000	-	0%
6502	Professional Development	85	2,000	175	2,000	-	0%
6503	Education Assistance	90	3,000	-	3,000	-	0%
6504	Meetings	-	-	-	-	-	0%
TRANSMISSION & DIST. TOTAL		\$ 2,819,168	\$ 2,951,000	\$ 3,457,116	\$ 3,137,000	\$ 186,000	6%
CUSTOMER SERVICE							
5101	Regular Labor	\$ 510,638	\$ 427,800	\$ 449,093	\$ 433,500	\$ 5,700	1%
5102	Temporary Labor	18,102	-	17,284	-	-	0%
5103	Overtime	9,452	13,500	7,983	10,900	(2,600)	-19%
5200	Benefits	236,634	230,000	218,931	266,300	36,300	16%
6201	Materials & Supplies	962	5,500	1,932	5,500	-	0%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
6202	Tools	\$ 2,924	\$ 3,000	\$ 2,353	\$ 3,000	\$ -	0%
6203	Office Supplies	961	2,800	2,054	2,800	-	0%
6301	Contract Services	111,111	98,800	45,987	98,800	-	0%
6302	Banking Services	182,921	214,200	167,012	187,300	(26,900)	-13%
6303	Printing & Publishing	6,570	7,000	5,139	7,000	-	0%
6304	Legal Services	-	3,500	-	3,500	-	0%
6306	Rents & Leases	-	-	-	-	-	0%
6307	Uniforms	4,549	5,800	4,427	5,800	-	0%
6308	Billing Services	28,742	36,400	29,560	36,400	-	0%
6309	Shut Off Notice Services	344,565	359,000	139,406	195,000	(164,000)	-46%
6402	Telephone	4,904	6,200	5,168	10,000	3,800	61%
6406	Postage	89,457	107,100	73,212	107,100	-	0%
6502	Membership & Dues	-	1,400	-	700	(700)	-50%
6502	Professional Development	1,803	9,800	1,249	10,500	700	7%
6503	Education Assistance	-	-	-	-	-	0%
6504	Meetings	452	1,400	936	2,000	600	43%
6703	Cash Over/Short	183	-	358	700	700	0%
6704	Bad Debt Expense	2,413	-	2,083	11,100	11,100	0%
CUSTOMER SERVICE TOTAL		\$ 1,557,343	\$ 1,533,200	\$ 1,174,165	\$ 1,397,900	\$ (135,300)	-9%
ADMINISTRATION							
5101	Regular Labor	\$ 2,690,604	\$ 2,769,100	\$ 2,786,487	\$ 2,977,900	\$ 208,800	8%
5102	Temporary Labor	11,467	-	-	-	-	0%
5103	Overtime	48,134	47,800	34,130	56,300	8,500	18%
5104	Standby	31,198	33,000	32,027	33,000	-	0%
5200	Benefits	1,182,256	1,510,300	1,393,633	1,608,000	97,700	6%
6201	Materials & Supplies	287,323	201,400	196,328	199,500	(1,900)	-1%
6202	Tools	10,890	15,800	9,851	16,900	1,100	7%
6203	Office Supplies	19,586	28,900	20,974	28,500	(400)	-1%
6205	Conservation Rebates	711,436	195,000	156,412	145,000	(50,000)	-26%
6301	Contract Services	1,623,521	1,149,800	1,002,932	1,475,950	326,150	28%
6302	Banking Services	6,165	14,000	5,699	14,000	-	0%
6303	Printing & Publishing	156,362	215,300	141,196	303,400	88,100	41%
6304	Legal Services	141,589	175,000	87,718	127,000	(48,000)	-27%
6306	Rents & Leases	22,572	10,500	19,615	11,250	750	7%
6307	Uniforms	15,118	30,700	24,564	31,150	450	1%
6311	Landscape Services	45,489	39,200	30,470	42,000	2,800	7%
6312	Janitorial Services	74,850	93,400	93,206	100,400	7,000	7%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
6314	Litigation Services	\$ -	\$ 35,000	\$ 14,231	\$ 28,000	\$ (7,000)	-25%
6401	Utilities	18,143	9,800	20,286	10,500	700	7%
6402	Telephone	42,749	113,400	47,236	119,600	6,200	5%
6403	Electricity	63,282	84,000	59,382	90,000	6,000	7%
6404	Fuel	84,390	112,500	94,455	112,500	-	0%
6405	Permits	38,700	135,100	48,992	135,100	-	0%
6406	Postage	15,541	32,100	17,015	74,100	42,000	131%
6501	Memberships & Dues	62,503	83,900	67,342	92,400	8,500	10%
6502	Professional Development	57,152	132,500	64,266	130,650	(1,850)	-1%
6503	Education Assistance	3,500	4,000	1,989	9,100	5,100	128%
6504	Meetings	20,201	29,900	22,205	30,400	500	2%
6505	Employee Recognition	12,976	17,500	19,028	18,900	1,400	8%
6701	General Insurance	170,051	147,000	205,890	379,300	232,300	158%
6702	Insurance Claims	210	7,000	7,529	7,000	-	0%
6704	Bad Debt Expense	-	1,000	571	1,000	-	0%
6705	OPEB Retirees	157,144	203,000	215,663	269,300	66,300	33%
ADMINISTRATION TOTAL		\$7,825,102	\$7,676,900	\$ 6,941,324	\$ 8,678,100	\$1,001,200	13%
TOTAL OPERATING EXPENSES		\$16,062,224	\$17,174,100	\$15,943,399	\$18,067,000	\$892,900	5%
OTHER USES							
7101	Debt Principal	\$ 2,496,000	\$ 2,565,000	\$ 2,565,000	\$ 2,639,000	\$ 74,000	3%
7102	Debt Interest	1,684,986	1,481,000	1,481,000	1,427,000	(54,000)	-3%
7500	Reserve Contribution	3,331,981	308,900	1,736,269		(308,900)	-100%
8101	Capital Outlay	333,059	931,000	931,000	1,195,000	264,000	28%
8999	Capital Improvement Program	2,595,927	3,175,000	3,175,000	3,070,000	(105,000)	-3%
OTHER USES TOTAL		\$10,441,953	\$8,460,900	\$ 9,888,269	\$ 8,331,000	\$ (129,900)	-2%
SUMMARY							
Total Revenue		\$ 26,504,177	\$25,635,000	\$25,831,669	\$26,398,000	\$ 763,000	3%
Total Operating Expenses		16,062,224	17,174,100	15,943,399	18,067,000	892,900	5%
Total Other Expenses		10,441,953	8,460,900	9,888,269	8,331,000	(129,900)	-2%
TOTAL		\$ 26,504,177	\$25,635,000	\$25,831,668	\$26,398,000	\$763,000	3%
NET		\$ -	\$ -	\$ -	\$ -	\$ -	-

Water Fund Revenues vs. Expenses



A careful analysis of the District's water accounts and usage are considered as the foundation for projecting water sales.



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fund

WASTEWATER

The District is responsible for maintaining wastewater pipelines throughout a 30.1 square mile service area.

The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while funding operating expenses from current revenues.

Wastewater Fund

THE WASTEWATER FUND PAYS FOR ALL ACTIVITIES RELATED TO THE OPERATION AND MAINTENANCE OF THE WASTEWATER COLLECTION INFRASTRUCTURE AS WELL AS THE TREATMENT OF WASTEWATER.

All treatment charges collected from customers are remitted to the City of San Bernardino Municipal Water Department.

wastewater generated within the District's service area until the SNRC becomes operational.

RATES

There are two sets of rates that make up the wastewater charge:

1. East Valley Water District Collection System Charge that includes conveyance and maintenance of the wastewater mains; and
2. City of San Bernardino Municipal Water Department Wastewater Treatment Charge that includes the treatment and disposal of

Each set of rates has two components:

1. System Charge based on customer type, Residential or Commercial.
2. Service Charge based on the amount and concentration of the wastewater discharged into the wastewater system. Amount and concentration have a direct impact to the entire wastewater system and treatment facility.

The adopted rates by customer class are listed in the rate tables below.

Wastewater System Charges

Customer Type	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
EVWD - MONTHLY FIXED COLLECTION CHARGES				
Residential	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36
Commercial	3.90	3.90	3.90	3.90
EVWD - VOLUMETRIC RATES				
Multi-Family	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55
Commercial/Retail/Dry	0.55	0.55	0.55	0.55
Restaurants/Hotels	0.55	0.55	0.55	0.55
Laundromats/Government/Offices	0.55	0.55	0.55	0.55
Building/Motels	0.55	0.55	0.55	0.55
Schools/Churches	0.55	0.55	0.55	0.55
Convalescent Homes	0.55	0.55	0.55	0.55
Office Buildings/Motels	0.55	0.55	0.55	0.55
Auto Repair/Service/Carwashes	0.55	0.55	0.55	0.55

Wastewater Treatment Charges

Customer Type	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
CITY OF SAN BERNARDINO - MONTHLY FIXED TREATMENT CHARGES				
Residential	\$ 21.55	\$ 21.55	\$ 21.55	\$ 21.55
Multi-Family (4+ Units), Mobile HP	1.97	1.97	1.97	1.97
Non-Residential Customer Class	3.52	3.52	3.52	3.52
CITY OF SAN BERNARDINO - VOLUMETRIC RATES				
Multi-Family	\$ 1.53	\$ 1.53	\$ 1.53	\$ 1.53
Commercial/Retail/Dry	2.55	2.55	2.55	2.55
Restaurants/Hotels	3.28	3.28	3.28	3.28
Laundromats/Government/Office	1.83	1.83	1.83	1.83
Building/Motels	1.83	1.83	1.83	1.83
Schools/Churches	1.33	1.33	1.33	1.33
Convalescent Homes	1.63	1.63	1.63	1.63
Office Buildings/Motels	1.83	1.83	1.83	1.83
Auto Repair/Service/Carwash	1.58	1.58	1.58	1.58

Revenue - Wastewater System

Customer Type	Service Connections	Estimated Usage	Monthly Fixed or Unit Charge	Total Revenue
RESIDENTIAL				
Fixed	19,125	N/A	\$ 15.36	\$ 3,525,000
RESIDENTIAL TOTAL				\$ 3,525,000
COMMERCIAL / MULTI-FAMILY				
Fixed	1,080		\$ 3.90	\$ 50,500
Volumetric		1,950,000	0.55	1,072,500
COMMERCIAL / MULTI-FAMILY TOTAL				\$ 1,123,000
WASTEWATER SYSTEM CHARGES TOTAL				\$ 4,648,000

Revenue - Wastewater Treatment

Customer Type	Service Connections	Estimated Usage	Monthly Fixed or Unit Charge	Total Revenue
RESIDENTIAL				
Residential	19,125	N/A	\$ 21.55	\$ 4,945,000
RESIDENTIAL TOTAL				\$ 4,945,000
COMMERCIAL / MULTI-FAMILY				
Multi-Family - Fixed	468		\$ 1.97	\$ 11,000
Multi-Family - Volumetric		1,320,000	1.53	2,019,000
Commercial - Fixed	612		3.52	26,000
Commercial - Volumetric		630,000	Various	1,664,000
COMMERCIAL/MULTI-FAMILY TOTAL				\$ 3,720,000
WASTEWATER TREATMENT CHARGES TOTAL				\$ 8,665,000

RESIDENTIAL

East Valley Water District bills residential customers a monthly wastewater charge based on the number of dwelling units, up to four units, per property. Properties with four or more units are classified as multi-family. The table above identifies the number of services and the wastewater charges per month.

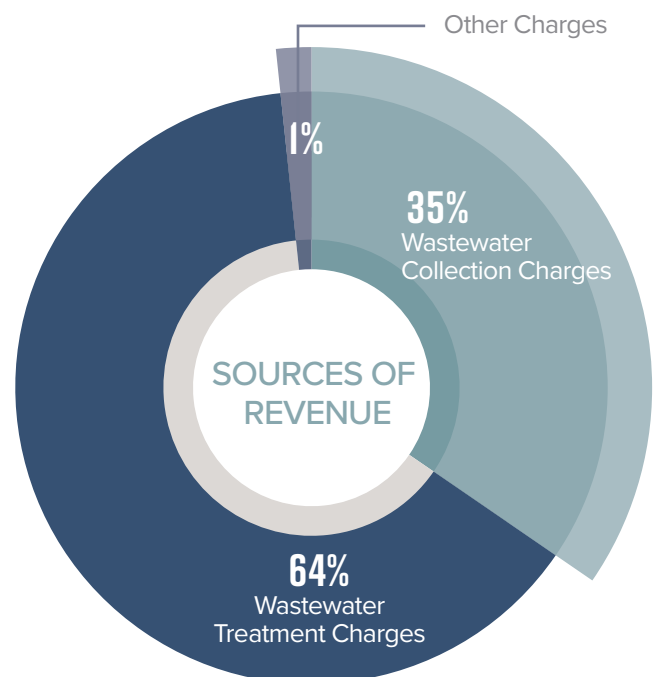
COMMERCIAL

The District bills commercial customers on a monthly basis for wastewater. The charge consists of four components—two flat rates and two consumption based rates. The two flat rates consist of EVWD’s system charge and the City of San Bernardino Municipal Water Department’s treatment charge. The two consumption based rates include EVWD’s collection charge per hundred cubic feet (HCF) and the City’s treatment charge per HCF.

Additionally, the consumption based rates are calculated using the following formula $[(\$0.55/\text{HCF EVWD collection charge} + \text{City of San Bernardino Municipal Water Department treatment charge}) \times \text{HCF used}]$. Shown above is a schedule of commercial wastewater rates for FY 2020-21.

REVENUES

Wastewater revenues consist of collection charges, treatment charges, and miscellaneous revenues such as interest income and capacity charges for new services. The District anticipates a small increase in revenue related to the assessment of wastewater collection charges to vacant homes. In addition, the City of San Bernardino Municipal Water Department is not expected to increase treatment rates during FY 2020-21.



EXPENSES

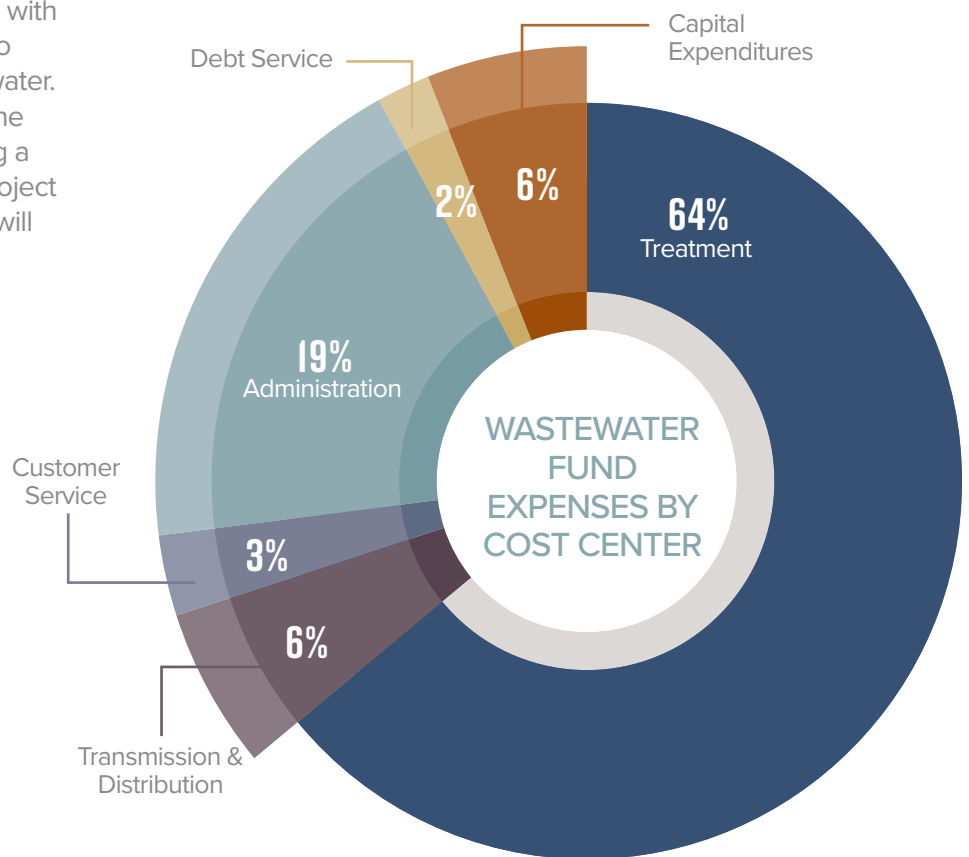
Operating expenses have remained the same overall in the Wastewater Fund. The District continues to conduct preventative maintenance programs on the wastewater mains such as video inspections and cleaning the lines on a regular schedule. Additionally, staff has invested more time and effort to spot repairs of the mains when sags and cracks are found during the inspections of the wastewater system.

With the implementation of budget based rates, costs associated with Customer Service and Information Technology were shifted to the Water Fund because of increased efforts to administer the new tiered rates.

The District continues to move forward with the SNRC, a facility that will create up to 10 million gallons per day of recycled water. Completion of the SNRC will mitigate the impacts of future droughts by providing a long-term reliable water supply. The project began construction in FY 2018-19 and will continue through FY 2021-22.

CONCLUSION

The Wastewater Fund is balanced, however, a rate study must be conducted to ensure proper rates are charged to fund future capital improvement projects and that the District continues to meet debt service obligations as set forth in the bond covenants. District staff will continue to monitor the revenues and expenses and present the progress to the Board of Directors on a quarterly basis.



The budget document demonstrates accountability and responsibility in our fiscal management practices.

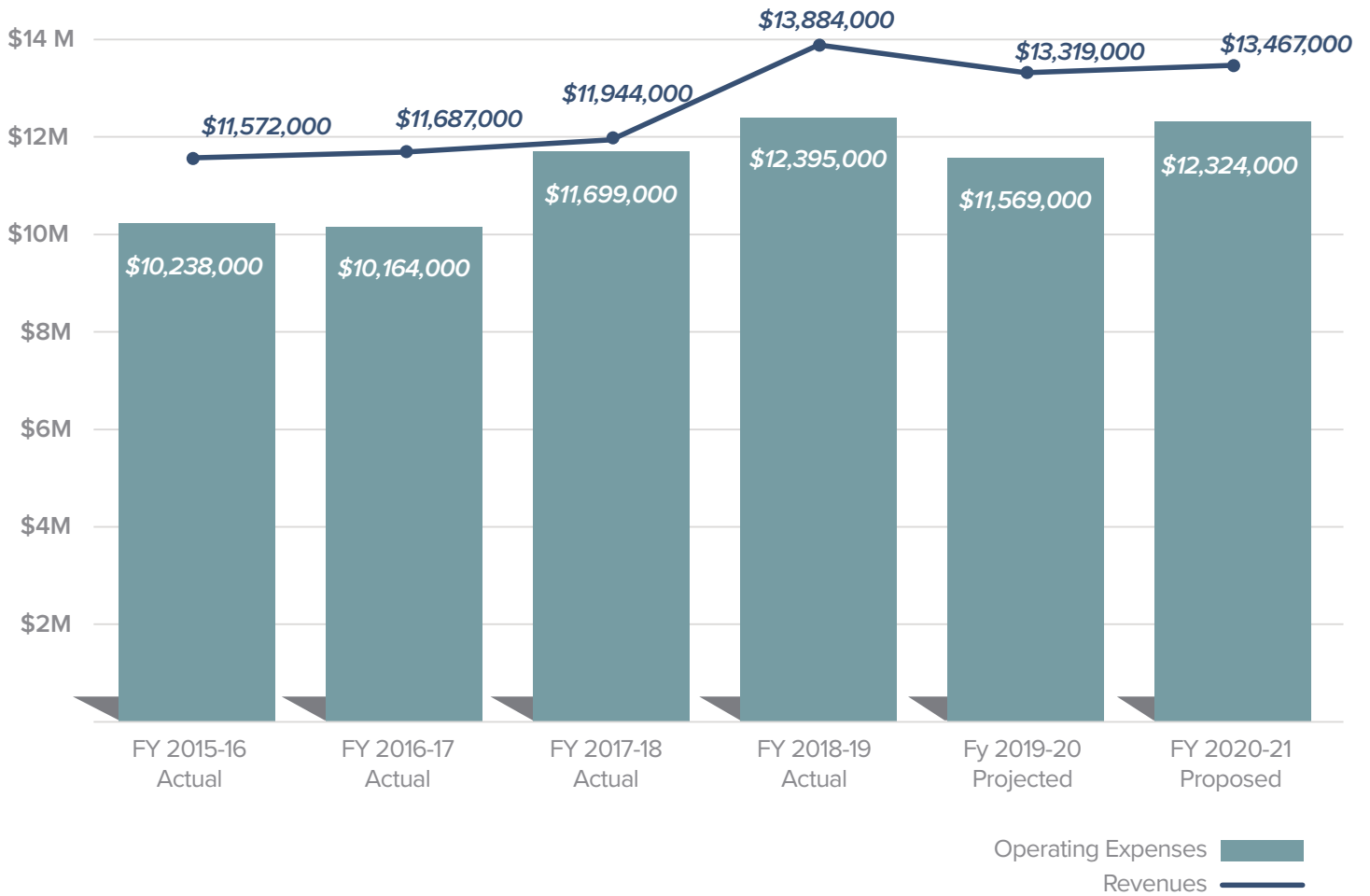
FY 2020-21 PROPOSED WASTEWATER FUND BUDGET

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
REVENUES							
4301	Late Payment Fee	\$ 41,775	\$ 200,000	\$ 37,102	\$ 193,000	\$ (7,000)	-4%
4400	Wastewater Collection Charges	4,643,732	4,648,000	4,747,462	4,656,000	8,000	0%
4500	Wastewater Treatment Charges	8,592,950	8,665,000	8,501,530	8,665,000	(79,000)	-1%
4605	Other Operating Charge	480,885	2,000	6,263	2,000	-	0%
4701	Interest Income	124,815	50,000	26,724	30,000	(20,000)	-40%
TOTAL REVENUES		\$13,884,157	\$13,565,000	\$13,319,081	\$ 13,467,000	\$ (98,000)	-1%
OPERATING EXPENSES							
TREATMENT							
6305	Treatment Services	\$ 8,592,950	\$ 8,665,000	\$ 7,932,758	\$ 8,586,000	\$ (79,000)	-1%
TREATMENT TOTAL		\$ 8,592,950	\$ 8,665,000	\$ 7,932,758	\$ 8,586,000	\$ (79,000)	-1%
TRANSMISSION & DISTRIBUTION							
5101	Regular Labor	\$ 201,992	\$ 313,000	\$ 262,205	\$ 335,000	\$ 22,000	7%
5103	Overtime	8,168	45,000	6,974	9,000	(36,000)	-80%
5200	Benefits	101,066	173,000	148,188	176,000	3,000	2%
6201	Materials & Supplies	29,432	31,000	12,006	31,000	-	0%
6202	Tools	2,496	5,000	2,925	5,000	-	0%
6301	Contract Services	355,833	243,000	351,830	243,000	-	0%
6307	Uniforms	1,520	4,000	2,078	4,000	-	0%
TRANSMISSION & DIST. TOTAL		\$ 700,507	\$ 814,000	\$ 786,206	\$ 803,000	\$ (11,000)	-1%
CUSTOMER SERVICE							
5101	Regular Labor	\$ 116,079	\$ 103,200	\$ 95,106	\$ 178,500	\$ 75,300	73%
5102	Temporary Labor	7,758	-	7,407	-	-	0%
5103	Overtime	1,901	1,500	2,165	2,100	600	40%
5200	Benefits	69,857	63,000	63,045	47,700	(15,300)	-24%
6201	Materials & Supplies	287	1,500	704	1,500	-	0%
6202	Tools	-	-	-	-	-	0%
6203	Office Supplies	412	1,200	880	1,200	-	0%
6301	Contract Services	46,511	40,200	18,446	40,200	-	0%
6302	Banking Services	78,395	91,800	71,576	51,700	(40,100)	-44%
6303	Printing & Publishing	2,816	3,000	2,202	3,000	-	0%
6304	Legal Services	-	1,500	-	1,500	-	0%
6306	Rents & Leases	-	-	-	-	-	0%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
6307	Uniforms	\$ 714	\$ 1,200	\$ 722	\$ 1,200	\$ -	0%
6308	Billing Services	12,318	15,600	12,669	15,600	-	0%
6402	Telephone	1,589	1,800	1,697	-	(1,800)	-100%
6406	Postage	38,339	45,900	31,376	45,900	-	0%
6501	Membership & Dues	-	600	-	300	(300)	-50%
6502	Professional Development	773	4,200	535	4,500	300	7%
6503	Education Assistance	-	-	-	-	-	0%
6703	Cash Over/Short	79	-	154	300	300	0%
6704	Bad Debt Expense	1,034	-	893	3,900	3,900	0%
CUSTOMER SERVICE TOTAL		\$ 378,862	\$ 376,200	\$ 309,579	\$ 399,100	\$ 22,900	6%
ADMINISTRATION							
5101	Regular Labor	\$ 992,862	\$ 1,127,500	\$ 999,116	\$ 1,029,100	\$ (98,400)	-9%
5102	Temporary Labor	4,915	-	-	-	-	0%
5103	Overtime	17,904	14,200	12,954	17,700	3,500	25%
5104	Standby	6,795	2,000	7,023	2,000	-	0%
5200	Benefits	439,149	573,700	513,126	526,000	(47,700)	-8%
6201	Materials & Supplies	110,250	113,600	77,647	65,500	(48,100)	-42%
6202	Tools	3,061	3,200	3,619	3,100	(100)	-3%
6203	Office Supplies	5,335	9,100	6,451	8,500	(600)	-7%
6301	Contract Services	674,313	413,200	406,866	388,050	(25,150)	-6%
6302	Banking Services	2,642	6,000	2,443	6,000	-	0%
6303	Printing & Publishing	29,989	101,700	32,565	44,600	(57,100)	-56%
6304	Legal Services	57,615	76,000	35,382	54,000	(22,000)	-29%
6306	Rents & Leases	9,674	4,500	8,407	3,750	(750)	-17%
6307	Uniforms	4,397	7,300	4,665	5,850	(1,450)	-20%
6311	Landscape Services	19,495	16,800	13,058	14,000	(2,800)	-17%
6312	Janitorial Services	32,078	40,600	39,946	33,600	(7,000)	-17%
6314	Litigation Services	-	15,000	6,099	12,000	(3,000)	-20%
6401	Utilities	7,775	4,200	8,694	3,500	(700)	-17%
6402	Telephone	14,686	30,600	16,535	27,400	(3,200)	-10%
6403	Electricity	27,121	36,000	25,449	30,000	(6,000)	-17%
6404	Fuel	36,167	12,500	40,481	12,500	-	0%
6405	Permits	16,586	57,900	20,997	57,900	-	0%
6406	Postage	6,039	10,900	5,638	15,900	5,000	46%

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
6501	Memberships & Dues	\$ 25,224	\$ 32,100	\$ 27,611	\$ 32,600	\$ 500	2%
6502	Professional Development	22,337	51,500	23,590	46,350	(5,150)	-10%
6503	Education Assistance	1,500	4,000	853	3,900	(100)	-3%
6504	Meetings	8,475	15,100	9,219	11,600	(3,500)	-23%
6505	Employee Recognition	5,561	7,500	8,155	8,100	600	8%
6701	General Insurance	72,879	63,000	88,238	19,700	(43,300)	-69%
6702	Insurance Claims	90	3,000	3,227	3,000	-	0%
6702	Bad Debt Expense	-	-	245	-	-	0%
6705	OPEB Retirees	67,347	87,000	92,427	49,700	(37,300)	-43%
ADMINISTRATION TOTAL		\$ 2,722,261	\$ 2,939,700	\$ 2,540,723	\$ 2,535,900	\$(403,800)	-14%
TOTAL OPERATING EXPENSES		\$12,394,580	\$ 12,794,900	\$ 11,569,266	\$12,324,000	\$ (470,900)	-4%
OTHER USES							
7101	Debt Principal	\$ 100,000	\$ 100,000	\$ 100,000	\$ 110,000	\$ -	0%
7102	Debt Interest	193,267	212,000	212,000	203,000	1,000	0%
7500	Reserve Contribution	410,745	(374,900)	604,815		374,900	-100%
8101	Capital Outlay	118,946	633,000	633,000	435,000	(198,000)	-31%
8999	Capital Improvement Program	666,619	200,000	200,000	395,000	195,000	98%
OTHER USES TOTAL		\$ 1,489,577	\$ 770,100	\$ 1,749,815	\$ 1,143,000	\$ 372,900	48%
SUMMARY							
Total Revenue		\$ 13,884,157	\$13,565,000	\$ 13,319,081	\$ 13,467,000	\$ (98,000)	-1%
Total Operating Expenses		12,394,580	12,794,900	11,569,266	12,324,000	(470,900)	-4%
Total Other Expenses		1,489,577	770,100	1,749,815	1,143,000	372,900	48%
Transfer from Reserves		-	-	-	-	-	0%
TOTAL		\$13,884,157	\$13,565,000	\$ 13,319,081	\$13,467,000	\$ (98,000)	-1%
NET		\$ -	\$ -	\$ -	\$ -	\$ -	-

Wastewater Fund Revenues vs. Expenses



The Sterling Natural Resource Center will have the capability to treat all wastewater flows currently generated by District customers.

LEADERSHIP | PARTNERSHIP | STEWARDSHIP

PROGRAM

summaries

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PROGRAM DESCRIPTIONS

POSITION SUMMARY SCHEDULE

PROGRAM SUMMARIES

Program-based budgeting allows for costs to be clearly identified while easily measuring benefits as outlined in the Key Performance Indicators and completion of Goals and Objectives.

Program Descriptions



COMPREHENSIVE INFORMATION FOR EACH FUNCTIONAL PROGRAM WITHIN THE DISTRICT PROVIDES A HIGHER DEGREE OF OPERATIONAL DETAIL

The District utilizes program-based budgeting. Requested funds are associated with the expected results and performance is measured by indicators and reviewed on a quarterly basis with the Governing Board. This results-oriented strategy provides the ability to monitor expenses related to a particular program or activity and track measurable benefits. Program-based budgeting results can be used in cost-benefit analysis, just as it would be in a business environment to determine the value of decisions and enhance transparency.

Program Goals and Objectives have been designed to correlate directly with the District's adopted vision and Five-Year Work Plan, and with District-wide (agency) Goals for the upcoming fiscal year. Key Performance Indicators (KPI) monitor progress towards meeting program objectives. Each KPI has a target that provides users of the budget the ability to assess the Program's performance over time. Program-based budgeting also increases accountability and transparency as the ratepayers and Governing Board can more easily see where dollars are invested and monitor program effectiveness.

Some KPIs are included to notate industry benchmarks to help staff understand the District's performance in comparison to the water and wastewater industry. American Water Works Association (AWWA) standards help improve both operational efficiency and managerial effectiveness.

The FY 2020-21 Budget is organized into the following summary programs:

- Governing Board
- General Administration
- Human Resources
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Maintenance
- Facilities Maintenance
- Fleet Maintenance

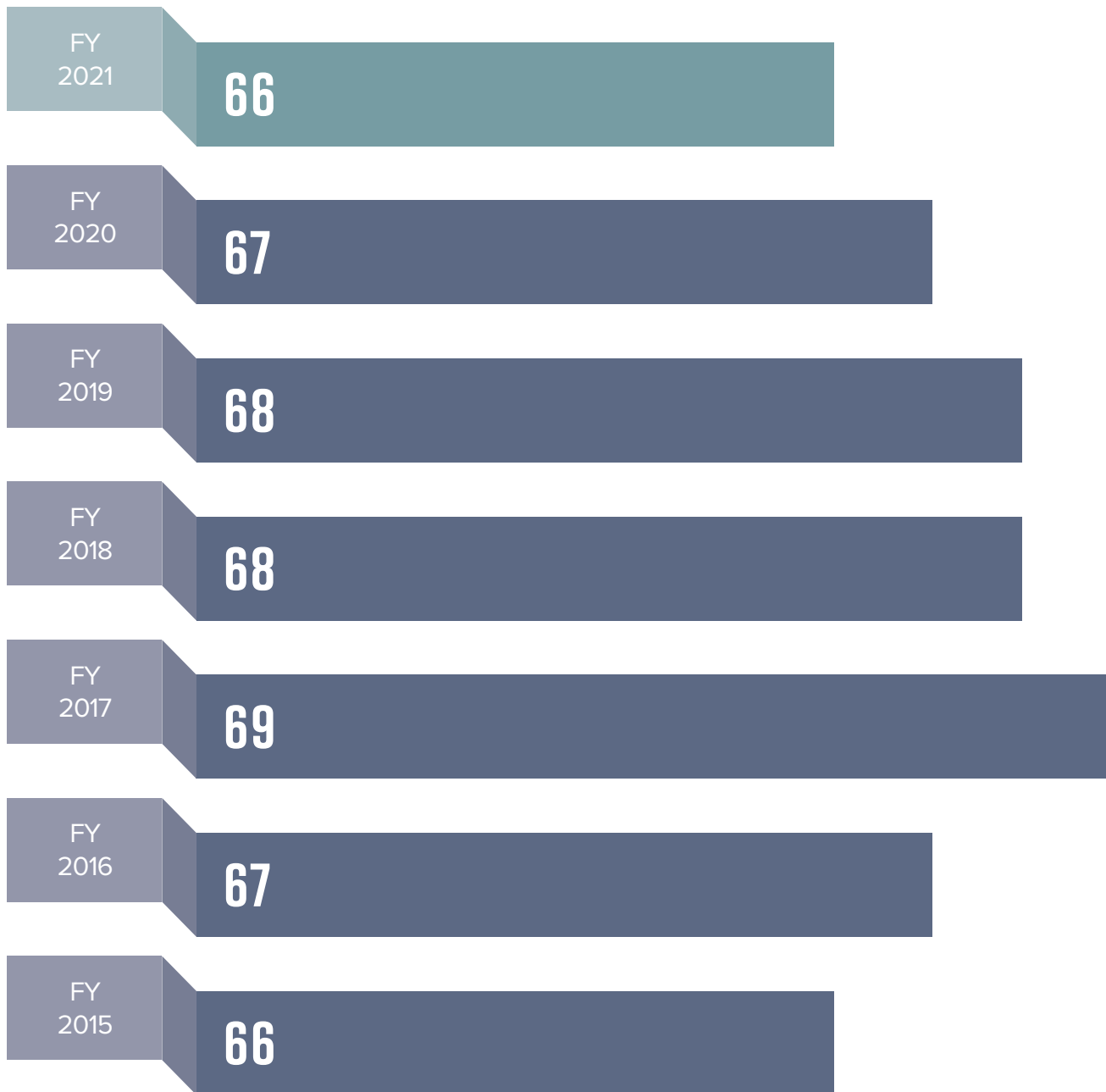
POSITION SUMMARY SCHEDULE

East Valley Water District continues to evaluate staffing needs to ensure all services are addressed by a high-quality workforce. This process is supported by the strategic direction and succession planning efforts previously approved by the Governing Board. The position changes for FY 2020-21 include the addition of one Customer Service Representative to the Customer Service Program and the removal of the Creative Services Representative from the Public Affairs Program. The table below summarizes the number of full-time personnel by Program. All authorized positions are funded in the proposed budget for FY 2020-21. Part-time positions are included in the program descriptions and not shown below.

Full-Time Staffing Summary by Department

Department		FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Proposed
2000	General Administration	3	3	3
2100	Human Resources	2	2	2
2200	Public Affairs	4	5	4
2300	Conservation	1	1	1
3000	Finance & Accounting	6	6	6
3200	Information Technology	3	3	3
3300	Customer Service	7	5	6
3400	Meter Services	4	3	3
4000	Engineering	6	6	5
5000	Water Production	7	7	7
5100	Water Treatment	2	2	2
5200	Water Quality	2	2	2
6100	Water Maintenance	14	15	15
6200	Wastewater Maintenance	4	4	4
7000	Facilities Maintenance	2	2	2
7100	Fleet Maintenance	1	1	1
TOTAL		68	67	66

Total Authorized Positions



East Valley Water District continues to evaluate staffing needs to ensure all services are addressed by a high-quality workforce.



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GOVERNING board

Board meetings follow a fair, efficient, democratic, and orderly process.

The Governing Board is the District's Legislative Body Responsible for Serving as the Organizational Policy Makers.



PROGRAM STRUCTURE

- RATEPAYERS
- Governing Board Chairman
- Governing Board Vice Chairman
- Governing Board Members

GOVERNING BOARD

GENERAL ADMINISTRATION

HUMAN RESOURCES

PUBLIC AFFAIRS

CONSERVATION

FINANCE & ACCOUNTING

INFORMATION TECHNOLOGY

CUSTOMER SERVICE

METER SERVICES

ENGINEERING

WATER PRODUCTION

WATER TREATMENT

WATER QUALITY

WATER MAINTENANCE

WASTEWATER MAINTENANCE

FACILITIES MAINTENANCE

FLEET MAINTENANCE

GOVERNING Board

FUNCTION

The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office. Board Members are responsible for providing leadership, direction and serving as the organizational policy makers. The Governing Board appoints the General Manager/CEO to carry out the day-to-day District operations and implementation of adopted policies.

Goals and Objectives

GOAL 01 Provide Organizational Direction and Set Expectations through Policy Decisions Consistent with the Five-Year Work Plan

OBJECTIVES

1. Review and address items that may impact the District related to the COVID-19 pandemic.
2. Conduct General Manager/CEO annual evaluation, including establishment of FY 2021-22 Goals.
3. Consider actions related to the North Fork Water Company.

GOAL 02 Address Policy Related Decisions Related to the Sterling Natural Resource Center (SNRC)

OBJECTIVES

1. Consider agenda items related to ongoing construction of the SNRC.
2. Evaluate staffing plan and program proposals related to the operation of the SNRC.
3. Participate in activities that encourage community engagement for the SNRC.

GOAL 03 Make Financial Decisions that Result in Stability and Understanding Operational Complexities

OBJECTIVES

1. Evaluate and consider agenda items related to water/wastewater rate studies.
2. Consider agenda items related to bond refinancing and Community Facilities Districts.
3. Assess and consider agenda items relating to COVID-19 which may have a financial impact on the adopted budget.

GOAL 04 Conduct all Activities Required for the Governing Board Election

OBJECTIVES

1. Coordinate with the San Bernardino County Registrar of Voters to hold the 2020 elections.
2. Update and post electoral information on the District's website.
3. Review and update Candidate Orientation Program.

*Directly
Supports a
District-Wide
Goal*



FY 2019-20 Accomplishments

GOAL ONE

Provide Organizational Direction and Set Expectations through Policy Decisions

- Conducted General Manager/CEO Annual Evaluation and established FY 2020-21 goals.
- Conducted Board member evaluations and established Board leadership positions.

GOAL TWO

Address Policy Related Decisions Related to SNRC

- Participated in activities that encouraged community engagement for the SNRC.

GOAL THREE

Make Financial Decisions that Result in Stability and Understanding Operational Complexities

- The employees unanimously agreed to defer the implementation of a new MOU until January 2021.
- Evaluated and considered agenda items related to water/wastewater rate studies.

SIGNIFICANT CHANGES

Contract Services has been increased due to costs associated with the District's participation in the 2020 General Elections.

LEVELS OF SERVICE

The Governing Board has four KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Maximize Internal Capabilities through Ongoing Professional Development (I-B)
- Provide Quality Information to Encourage Community Engagement (II-D)
- Strengthen Regional, State and National Partnerships (I-C)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
I-A	Act on project related agenda items presented by staff	100%	100%	100%	100%
I-B	Average number of professional development hours per Board Member	6	8	12	11
II-D	Submit all documentation by deadlines pursuant to transparency policies	100%	100%	100%	100%
I-C	Attend regional and state meetings as representatives of EVWD	160	179	217	165

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 77,373	\$ 105,000	\$ 74,930	\$ 105,000	\$ -	0%
5200	Benefits	68,753	85,000	82,979	80,000	(5,000)	-6%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 450	\$ 1,000	\$ 1,684	\$ 1,000	\$ -	0%
6301	Contract Services	18,933	10,000	17,500	30,000	20,000	200%
6307	Uniforms	544	1,000	544	1,000	-	0%
6502	Professional Development	23,527	55,000	21,686	40,000	(15,000)	-27%
GOVERNING BOARD TOTAL		\$ 189,580	\$ 257,000	\$ 199,323	\$ 257,000	\$ -	0%





GENERAL administration

General Administration is a partnership of essential business operations.

General Administration is Responsible for Overseeing the Day-to-Day Operations.

PROGRAM PERSONNEL

General Manager/CEO	1
District Clerk	1
Sr. Administrative Assistant	1
Total Full-Time	3

GENERAL ADMINISTRATION

- GOVERNING BOARD
- HUMAN RESOURCES
- PUBLIC AFFAIRS
- CONSERVATION
- FINANCE & ACCOUNTING
- INFORMATION TECHNOLOGY
- CUSTOMER SERVICE
- METER SERVICES
- ENGINEERING
- WATER PRODUCTION
- WATER TREATMENT
- WATER QUALITY
- WATER MAINTENANCE
- WASTEWATER MAINTENANCE
- FACILITIES MAINTENANCE
- FLEET MAINTENANCE

PROGRAM STRUCTURE

- GOVERNING BOARD
- General Manager/CEO
- District Clerk
- Sr. Administrative Assistant

GENERAL Administration

FUNCTION

The General Manager/CEO is responsible for carrying out day-to-day District operations, implementation of adopted policies, general oversight to interagency relations, legislative activities, and strategic planning. Additionally, Administration is responsible for implementing the District's Vision, maintaining official records, promoting public trust, and ensuring transparency compliance.

Goals and Objectives

GOAL 01 Complete Reaccreditation Process for SDLF District Transparency Certificate of Excellence and District of Distinction Accreditation

OBJECTIVES

1. Update and post required information to District website.
2. Complete and submit application and required documents for approval.

GOAL 02 Complete Consolidation/Dissolution of North Fork Water Company

OBJECTIVES

1. Continue acquiring remaining shares of North Fork Water Company.
2. Coordinate with legal counsel to determine how North Fork Water Company will operate in the future.

Directly Supports a District-Wide Goal

GOAL 03 Develop Agenda Policy and Procedures to Standardize Business Processes

OBJECTIVES

1. Evaluate and identify industry best practices to be included in the new policy.
2. Prepare draft policy to include comments and suggestions received from staff.
3. Finalize and implement approved policy.

GOAL 04 Finalize Preliminary Design of the Community Heritage and Education Foundation Building

OBJECTIVES

1. Resolve administrative challenges related to the CHEF building site.
2. Continue efforts to develop a fundraising plan and financial goals.

FY 2019-20 Accomplishments

GOAL ONE

Complete Consolidation of the North Fork Water Company

- Increased the District's stock ownership of the North Fork Water Company to 97%.

GOAL TWO

Continue Leading Efforts to Ensure Viability of the Community Heritage and Educational Foundation (CHEF)

- Completed preliminary design of the CHEF Building.

GOAL THREE

Utilize the Intranet for Communication with Governing Board

- Created Board member portal/intranet web page.
- Populated web page with forms, Board calendar, and other informational items.

OTHER ACCOMPLISHMENTS

- Increased efforts to support Adopt-a-School partnership with SBUSD.

SIGNIFICANT CHANGES

Legal Services and Litigation Expenses have been reduced due to the completion of multiple projects that required significant legal guidance.

LEVELS OF SERVICE

The General Administration Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Practice Transparent and Accountable Fiscal Management (II-A)
- Provide Quality Information to Encourage Community Engagement (II-D)
- Dedicated Efforts Toward System Maintenance and modernization (IV-C)
- Maximize Internal Capabilities through Ongoing Professional Development (I-B)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
II-A	Make administrative documents available on-line	50	20	61	55
II-D	Publish Open Meeting/Public Notices on or before statutory requirement	100%	100%	100%	100%
IV-C	Reduce number of boxes held in off-site storage	2,000	3,291	3,083	2,770
I-B	Participate in Professional Development Opportunities	6	N/A	9	8

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 468,624	\$ 517,000	\$ 516,418	\$ 525,000	\$ 8,000	2%
5103	Overtime	2,745	3,000	3,062	3,000	-	0%
5200	Benefits	257,718	324,000	293,356	332,000	8,000	2%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 1,030	\$ 2,000	\$ 3,579	\$ 2,000	\$ -	0%
6203	Office Supplies	2,170	4,000	1,943	3,000	(1,000)	-25%
6301	Contract Services	187,283	162,000	123,052	166,000	4,000	2%
6303	Printing & Publishing	85	1,000	1,126	1,000	-	0%
6304	Legal Services	80,725	125,000	78,550	100,000	(25,000)	-20%
6307	Uniforms	655	1,000	397	1,000	-	0%
6314	Litigation Services	-	50,000	20,330	40,000	(10,000)	-20%
6402	Telephone	3,068	3,000	2,499	3,000	-	0%
6406	Postage	367	-	20	-	-	0%
6501	Memberships & Dues	74,642	77,000	76,904	91,000	14,000	18%
6502	Professional Development	12,041	20,000	7,699	20,000	-	0%
6503	Education Assistance	-	-	-	-	-	0%
6504	Meetings	12,268	15,000	10,236	15,000	-	0%
GENERAL ADMIN TOTAL		\$ 1,103,421	\$1,304,000	\$ 1,139,171	\$1,302,000	\$ (2,000)	0%





HUMAN resources

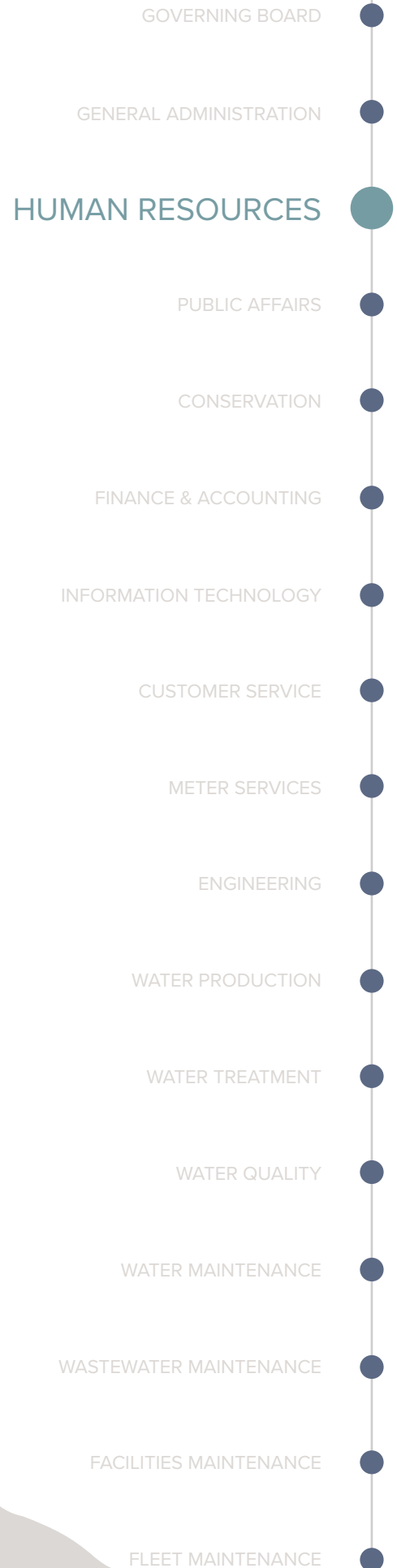
The District empowers staff at all levels to feel confident in long-term and real-time decision making in our efforts to provide world class public service.

Human Resources is Responsible for Personnel-Related Programs.

PROGRAM PERSONNEL

Human Resources/ Risk & Safety Manager	1
Sr. Administrative Assistant	1
Total Full-Time	2

PROGRAM STRUCTURE



HUMAN Resources

FUNCTION

Human Resources is responsible for facilitating programs to attract the best and brightest candidates while fostering a work environment that promotes high morale and employee retention. Recognizing the importance of individual well-being, Human Resources leads the efforts to encourage health and wellness. Additionally, they manage the risk and safety programs to ensure a safe workplace at the District.

Goals and Objectives

GOAL 01 Initiate Programs in Support of the SNRC Workforce Needs

OBJECTIVES

1. Amend District organizational chart to include new job classifications and generate job descriptions and pay scales for the identified classifications.
2. Develop an action plan for a Wastewater Operator-in-Training program to prepare internal candidates for future employment opportunities at the SNRC.
3. Develop a marketing strategy to attract quality candidates to apply for SNRC employment opportunities.

GOAL 02 Promote a Positive Organizational Culture that Maintains a Supportive and Encouraging Work Environment

OBJECTIVES

1. Update the District's Succession Plan to identify organizational growth and provide development opportunities for staff.
2. Develop pre-retirement transition plans to assist retirees in preparing for retirement and offer the District the opportunity to capture institutional knowledge.
3. Conduct a comprehensive compensation analysis and update the District's compensation policy.

Directly Supports a District-Wide Goal

GOAL 03 Promote Regional Involvement and Provide Workforce Experience and Educational Opportunities

OBJECTIVES

1. Work with San Bernardino City Unified School District on elevating the Water and Resource Management Pathway Program.
2. Partner with Generation Go, the Workforce Development Department's work-based learning program, to provide internship opportunities to high school students.
3. Update the District's Volunteer Program to include SNRC related volunteer opportunities.



FY 2019-20 Accomplishments

GOAL ONE

Initiate Programs in Support of the SNRC Workforce and Community Needs

- Conducted a staffing analysis to address current staffing needs and identify future growth and SNRC staffing needs with a 3-year schedule.
- Helped implement a water industry pathway program at Indian Springs High School.

GOAL TWO

Promote a Positive Organizational Culture that Maintains a Supportive and Encouraging Work Environment

- Evaluated and discussed potential plan for upcoming retirements in the next five years.
- Initiated updates to staff career mapping and identified professional development opportunities for staff.
- Enhanced partnerships with the San Bernardino Sheriff's Department to increase the safety and security of District staff, sites and resources.

GOAL THREE

Negotiate a 3-Year MOU that considers both Long-term Financial Commitments and Employee Morale

- Successful coordination with EVWDEP to extend the current MOU to allow for evaluation of potential financial impacts of COVID-19.

SIGNIFICANT CHANGES

Contract Services has increased due to budgeting for a comprehensive compensation survey during this fiscal year.

LEVELS OF SERVICE

The Human Resources Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Encourage Performance Based Results through Staff Empowerment (I-D)
- Provide Quality Information to Encourage Community Engagement (II-D)
- Promote a Positive Organizational Culture (III-C)
- Embrace an Environment of Active Learning and Knowledge Sharing (III-D)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
I-D	Percentage of annual non-retirement employee turnover	<7%	3%	3%	3%
I-D	Annual performance appraisals completed in a timely manner	95%	100%	100%	100%
II-D	Enrollment in District volunteer program	5	0	7	3
III-C	Maintain high level of employee participation in annual employee engagement survey	90%	94%	96%	95%
III-D	Utilization rate of District's Employee Assistance Program	>10%	7%	20%	24%

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 226,623	\$ 228,000	\$ 231,927	\$ 243,000	\$ 15,000	7%
5102	Temporary Labor	-	-	-	-	-	0%
5103	Overtime	2,716	3,000	1,970	3,000	-	0%
5200	Benefits	102,904	139,000	157,069	151,000	12,000	9%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 3,598	\$ 8,000	\$ 1,371	\$ 8,000	\$ -	0%
6203	Office Supplies	1,169	2,000	910	2,000	-	0%
6301	Contract Services	47,575	67,000	55,321	125,000	58,000	87%
6303	Printing & Publishing	532	1,000	713	1,000	-	0%
6304	Legal Services	18,155	20,000	4,166	15,000	(5,000)	-25%
6406	Postage	111	1,000	22	1,000	-	0%
6501	Memberships & Dues	728	5,000	4,123	5,000	-	0%
6502	Professional Development	6,265	10,000	11,681	11,000	1,000	10%
6504	Meetings	2,559	5,000	5,080	5,000	-	0%
6505	Employee Recognition	18,537	25,000	27,183	27,000	2,000	8%
6701	General Insurance	242,930	210,000	294,128	399,000	189,000	90%
6702	Insurance Claims	300	10,000	10,756	10,000	-	0%
6705	Retiree Benefits	224,492	290,000	308,090	319,000	29,000	10%
HUMAN RESOURCES TOTAL		\$ 899,194	\$1,024,000	\$ 1,114,510	\$1,325,000	\$ 301,000	29%



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A photograph of a silver microphone on a podium, with a teal overlay. The word "affairs" is written in a large, white, serif font across the middle. The word "PUBLIC" is written in a smaller, white, sans-serif font to the left of "affairs".

PUBLIC
affairs

Public Affairs builds relationships with an engaging communication program.

Public Affairs Oversees Internal and External Communication Programs.



PROGRAM PERSONNEL

Full-Time

Director of Strategic Services	1
Public Affairs Manager	1
Public Affairs Specialist	1
Sr. Administrative Assistant	1

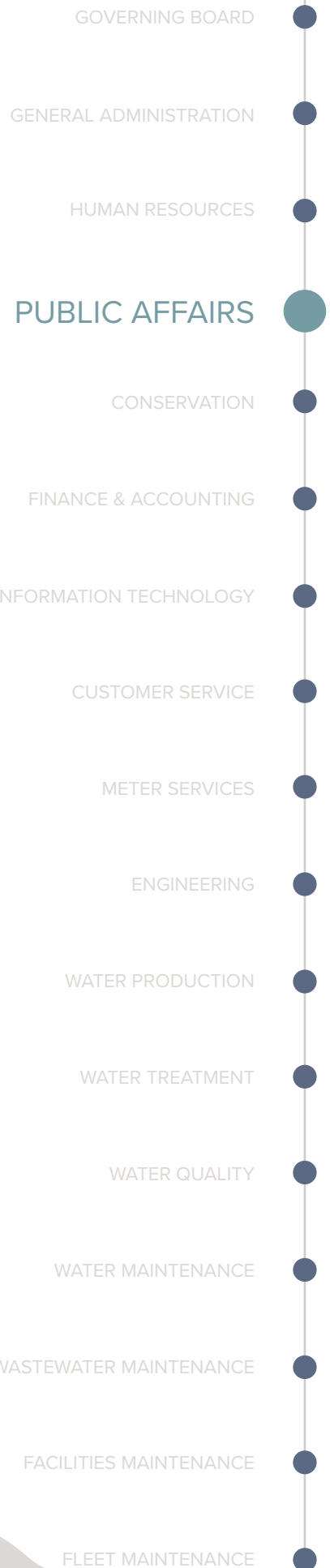
Total Full-Time **4**

Part-Time

Community Relations Representative	0.5
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Total Part-Time **0.5**

PROGRAM STRUCTURE



PUBLIC Affairs

FUNCTION

Public Affairs oversees internal and external communication programs consistent with the District's vision. Through media, community and governmental relations, the District is able to provide effective communications to various stakeholders.

Goals and Objectives

GOAL 01 Advance Construction of the SNRC and Prepare for Facility Operations

Directly Supports a District-Wide Goal

OBJECTIVES

1. Begin developing operational plans and identifying contract services necessary for the Administration Center for SNRC.
2. Coordinate with outside Government agencies for necessary approvals and review of relevant subject matter relating to the SNRC.
3. Oversee construction of the Administration Center within allocated scope of the Guaranteed Maximum Price (GMP).
4. Maintain community engagement including weekly social media posts, regular print advertisements, and internal communications to share critical project information.
5. Begin quarterly meetings of the SNRC Community Group.

GOAL 02 Utilize Communication Methods that Enhance the District's Brand

Directly Supports a District-Wide Goal

OBJECTIVES

1. Develop Proposition 218 notices and outreach material to inform customers of proposed rate changes for water and wastewater services.
2. Develop door hangers and project notices for all current year CIP projects (English/Spanish).
3. Develop a monthly report to highlight internal communications efforts and uses to assess the effectiveness of the tools.
4. Develop and implement an outreach effort to increase customers understanding of budget based rates through social media posts, community events and bill redesign.

GOAL 03 Advance the District's Emergency Preparedness Program to Effectively Respond in an Emergency

OBJECTIVES

1. Implement a quarterly campaign to improve the District's customer contact database in the event of an emergency.
2. Finalize the updated Emergency Response Plan and Hazard Mitigation Plan as required by FEMA and the EPA.
3. Evaluate and assess the District's current Department Operations Center for needed enhancements to infrastructure and equipment.
4. Complete necessary reporting requirements related to the COVID-19 local state of emergency.
5. Conduct quarterly emergency preparedness trainings for staff.

FY 2019-20 Accomplishments

GOAL ONE

Work with Partners to Advance the Construction of the SNRC

- Created outreach materials and events to promote the construction status and future programs of the SNRC.
- Coordinated with outside Government agencies for necessary approvals and review of relevant subject matter relating to the SNRC.
- Oversaw construction of the Administration Center was within allocated scope of the GMP.

GOAL TWO

Develop Communication Methods that Enhance the District's Brand

- Developed Proposition 218 notice and outreach campaign to inform customers of proposed rate changes.
- Developed a campaign to educate customers on the value of reliable utility services provided by the District.

GOAL THREE

Advance the District's Emergency Preparedness Program to Effectively Respond in an Emergency

- Updated the District's Hazard Mitigation Plan and submitted for FEMA approval.
- Completed the Vulnerability Assessment and EPA Risk and Resiliency Assessment.

OTHER ACCOMPLISHMENTS

- Completed outreach material for SB 998, AMI project and Capital Improvement Projects.

SIGNIFICANT CHANGES

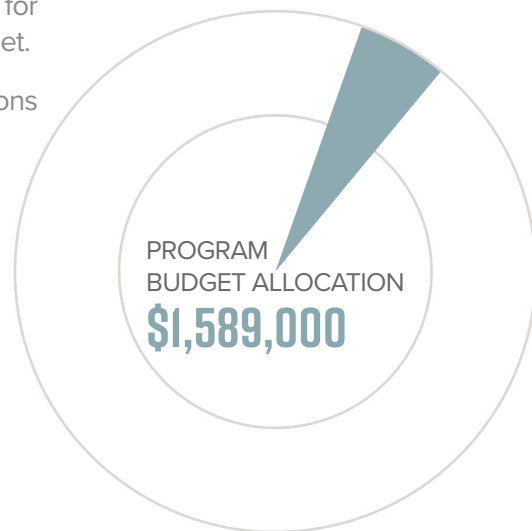
Additional contract services relating to the construction and preparation for operations of the SNRC have been incorporated in the Public Affairs budget.

The COVID-19 health emergency impacted the number of presentations completed due to the cancellation of events.

LEVELS OF SERVICE

The Public Affairs Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Advance Emergency Preparedness Efforts (III-A)
- Provide Quality Information to Encourage Community Engagement (II-D)
- Strengthen Regional, State and national partnerships (I-C)
- Utilize Effective Communication methods (II-B)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
III-A	Update Emergency Response Plan	100%	80%	25%	100%
III-A	Number of Emergency Response training hours per FTE	16	8	13	15
II-D	Number of community event presentations	15	8	9	15
I-C	Number of Community Advisory Commission meetings conducted	6	6	6	6
II-B	Number of followers on social media	100	673	943	1,399

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 414,462	\$ 554,000	\$ 454,390	\$ 532,000	\$ (22,000)	-4%
5102	Temporary Labor	-	-	-	-	-	0%
5103	Overtime	15,998	7,000	7,859	17,000	10,000	143%
5200	Benefits	143,556	256,000	197,807	269,000	13,000	5%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 149,792	\$ 163,000	\$ 52,744	\$ 113,000	\$ (50,000)	-31%
6203	Office Supplies	1,764	3,000	610	3,000	-	0%
6301	Contract Services	274,811	185,000	214,754	329,000	144,000	78%
6303	Printing & Publishing	98,297	198,000	103,279	223,000	25,000	13%
6304	Legal Services	1,075	5,000	60	5,000	-	0%
6307	Uniforms	1,383	3,000	1,447	2,000	(1,000)	-33%
6312	Janitorial Services	-	2,000	2,970	2,000	-	0%
6402	Telephone	2,154	3,000	2,420	5,000	2,000	67%
6406	Postage	19,350	20,000	17,944	50,000	30,000	150%
6501	Memberships & Dues	2,645	5,000	2,691	6,000	1,000	20%
6502	Professional Development	7,186	15,000	4,407	15,000	-	0%
6503	Education Assistance	5,000	8,000	2,842	8,000	-	0%
6504	Meetings	9,331	13,000	8,746	10,000	(3,000)	-23%
PUBLIC AFFAIRS TOTAL		\$ 1,146,804	\$ 1,440,000	\$ 1,074,970	\$ 1,589,000	\$ 149,000	10%



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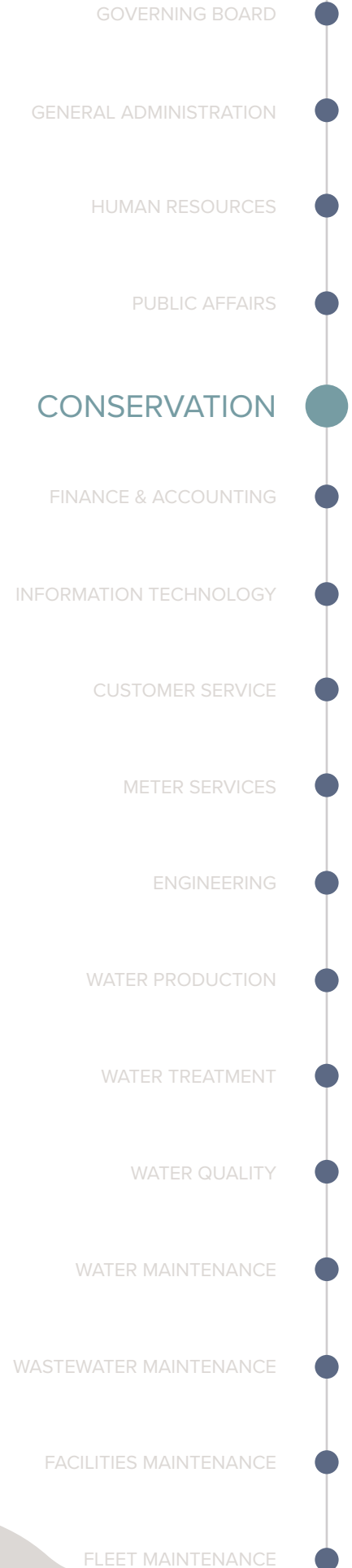


Conservation serves as a resource for the community while complying with regulations.

Conservation Programs Help Educate Customers on How to Use Water Efficiently.

PROGRAM PERSONNEL	
Conservation Coordinator	1
Total Full-Time	1

PROGRAM STRUCTURE



Conservation

FUNCTION

Conservation is responsible for overseeing programs that facilitate and encourage sustainable water use throughout the District. Additionally, this program is responsible for communicating conservation benchmarks to various regulatory agencies.

Goals and Objectives

GOAL 01 Coordinate with District Programs/Departments to Complete Necessary Conservation Reporting

OBJECTIVES

1. Gather information necessary to update the District's Drought Risk Assessment within the required timeline.
2. Draft the District's Water Shortage Contingency Plan and work with Engineering for data collection to meet the SWRCB requirements for the Regional Urban Water Management Plan.
3. Remain in compliance with the state's monthly reporting requirements.
4. Facilitate the annual water audit submittal, develop an action item list and track results.

GOAL 02 Evaluate Rebate Program Success and Implement Program Enhancements

OBJECTIVES

1. Work with IT to build GIS maps that will display rebate program participation.
2. Hold four conservation workshops in English (2) and in Spanish (2).
3. Understand and adopt industry standards or best practices for gathering conservation data.

GOAL 03 Engage in the Legislative Process as it Relates to Changes in Conservation Regulations

OBJECTIVES

1. Actively participate in the regulatory and legislative process as new conservation guidelines are considered.
2. Develop tracking measures to highlight the financial impact on operations should affordable-rate regulations be considered.
3. Provide quarterly updates to the Legislative and Public Outreach Committee and semi-annual updates to the Governing Board, to ensure they are informed of changing conservation requirements and other legislative issues.



FY 2019-20 Accomplishments

GOAL ONE

Develop Technical Assessment Tools to Minimize Water Losses within the District's Distribution System

GOAL TWO

Evaluate Rebate Program Success and Implement Program Enhancements

GOAL THREE

Engage in the Legislative Process as it Relates to Changes in Conservation Regulations

- Completed the annual water audit and developed an action item list.
- Translated rebates from English to Spanish to enhance program participation.
- Invited high-water users to participate in rebate water surveys.
- Began developing a conservation action plan to encourage water efficiency through different stages of water supply availability.
- Actively participated in the regulatory and legislative process as new conservation guidelines were considered.

SIGNIFICANT CHANGES

The amount of educational materials distributed this year was less than the target. Many of the outreach events occur during the spring, which were canceled this year due to the COVID-19 pandemic.

The development of technical tools to track conservation participation or to minimize water losses will be carried over to next fiscal year due to the departure of the IT Manager.

An increase in Contract Services was made in the budget to include the cost of a consultant to assist with the development and submittal of the Water Shortage Contingency Plan which is due December 2021.

Printing and Publishing budget has been increased to include the cost of direct mailers that will be distributed to customers inviting them to participate in the free community workshops.



LEVELS OF SERVICE

The Conservation Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Provide Quality Information to Encourage Community Engagement (II-D)
- Pursue Alternative Funding Sources (II-C)

The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
I-A	Meet SWRCB conservation goal	Yes	Yes	Yes	Yes
I-A	Maintain significant level of participation in annual conservation rebate programs	300	556	468	344
II-D	Number of educational materials created	100	220	175	97
II-C	External conservation funding received	\$25,000	\$33,769	\$43,212	\$34,000

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 136,014	\$ 101,000	\$ 141,520	\$ 107,000	\$ 6,000	6%
5102	Temporary Labor	-	-	-	-	-	0%
5103	Overtime	6,235	3,000	3,831	7,000	4,000	133%
5200	Benefits	33,798	30,000	34,461	36,000	6,000	20%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 27,159	\$ 25,000	\$ 14,479	\$ 20,000	\$ (5,000)	-20%
6203	Office Supplies	760	3,000	559	2,000	(1,000)	-33%
6205	Conservation Rebates	711,436	195,000	156,412	145,000	(50,000)	-26%
6301	Contract Services	23,690	88,000	21,609	140,000	52,000	59%
6303	Printing & Publishing	86,388	110,000	65,211	116,000	6,000	5%
6304	Legal Services	680	1,000	-	1,000	-	0%
6307	Uniforms	697	1,000	743	1,000	-	0%
6402	Telephone	1,066	2,000	1,331	2,000	-	0%
6406	Postage	1,449	20,000	3,861	37,000	17,000	85%
6501	Memberships & Dues	2,313	6,000	2,660	6,000	-	0%
6502	Professional Development	252	\$3,000	683	3,000	-	0%
6504	Meetings	218	\$1,000	-	1,000	-	0%
CONSERVATION TOTAL		\$1,032,155	\$ 589,000	\$ 447,360	\$ 624,000	\$ 35,000	6%



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FINANCE & *accounting*

Finance and accounting maintain a high ethical standard required to support the objectives of maintaining an extensive infrastructure system.

*Finance and Accounting Provides
Transparent and Responsible
Oversight of District Funds.*

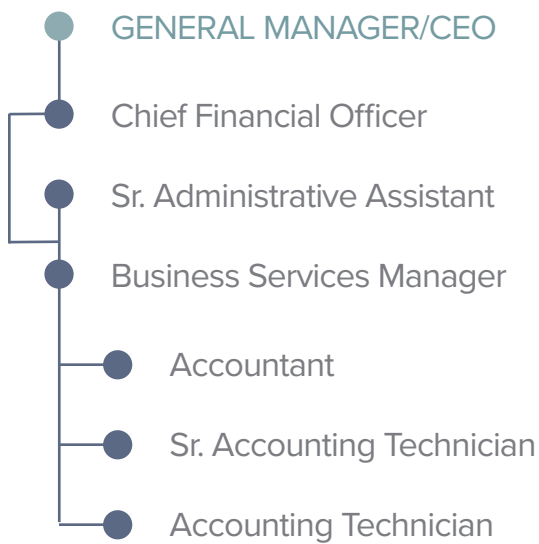


PROGRAM PERSONNEL

Chief Financial Officer	1
Business Services Manager	1
Accountant	1
Sr. Accounting Technician	1
Accounting Technician	1
Sr. Administrative Assistant	1

Total Full-Time 6

PROGRAM STRUCTURE



FINANCE & ACCOUNTING

INFORMATION TECHNOLOGY

CUSTOMER SERVICE

METER SERVICES

ENGINEERING

WATER PRODUCTION

WATER TREATMENT

WATER QUALITY

WATER MAINTENANCE

WASTEWATER MAINTENANCE

FACILITIES MAINTENANCE

FLEET MAINTENANCE

FINANCE & Accounting

FUNCTION

Finance and Accounting oversee the business operations of the District in order to provide accountability and adequate control over the use of District funds.

Staff downloads meter read data, audits data, and submits data files to a third-party vendor for bill printing and mailing. Staff also maintains the financial systems and records in accordance with Generally Accepted Accounting Principles (GAAP) as well as applicable laws, regulations, and District policies.

Goals and Objectives

GOAL 01 Maintain Financial Stability with Full Understanding of Operational Complexities

Directly Supports a District-Wide Goal

OBJECTIVES

1. Work with Bond Council to restructure current bonds to take advantage of the financial market and record the debt in accordance with GAAP.
2. Coordinate Public Hearing and noticing efforts with the Public Affairs Department to comply with Proposition 218 requirements and implement adopted rates in District's utility billing software.
3. Identify the financial impact with affordable-rate regulation consideration working with Conservation and Public Affairs.

GOAL 02 Fully Understand the Cost Associated with the SNRC Operations

Directly Supports a District-Wide Goal

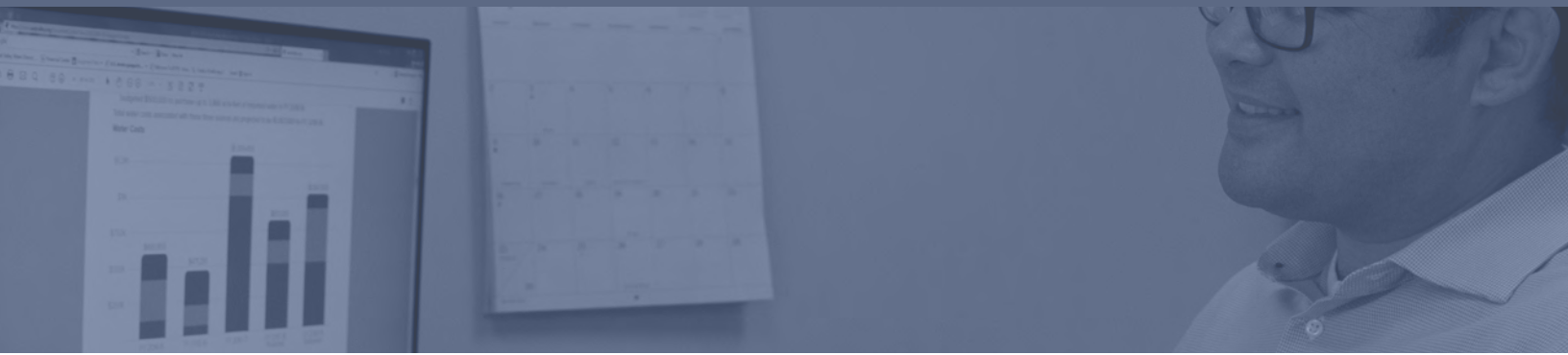
OBJECTIVES

1. Develop a listing of vendors and contract services based on recommendations from Engineering, Public Affairs and regional wastewater agencies.
2. Develop a comprehensive salaries and benefits analysis based on the staffing schedule for the SNRC and the District.
3. Develop an allocation plan to determine each funds' proportionate share of the SNRC operating and capital costs.

GOAL 03 Link Fixed Asset Information in the Tyler Accounting System to Digitized Maps in the Geographical Information System (GIS) Program

OBJECTIVES

1. Hold series of meetings with Engineering and Information Technology staff to fully understand linkage between Tyler and GIS.
2. Develop plan for estimating costs in Tyler for old assets and for distributing costs in GIS.



FY 2019-20 Accomplishments

GOAL ONE

Complete a Water and Wastewater Rate Study and Update the Miscellaneous Fee Schedule

- Completed the Water and Wastewater Rate Study.
- Completed the Capacity Fee Study.

GOAL TWO

Implement Sound Financial Practices to Preserve and Enhance the District's Financial Position

- Received awards from both the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) for the District's 2019-20 Budget.
- Issued and received GFOA Awards for Outstanding Achievement for the District's June 2019 Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR).
- Amended the Finance Agreement and received \$56 million from the SWRCB for reimbursement loans for the SNRC.

GOAL THREE

Link Fixed Asset Information in Tyler Accounting System to Digitized Maps in GIS Program

- Completed the linking of FY 2018-19 Water and Wastewater projects.

OTHER ACCOMPLISHMENTS

- Saved the District approximately \$67,000 annually by executing a contract with a new merchant service provider.

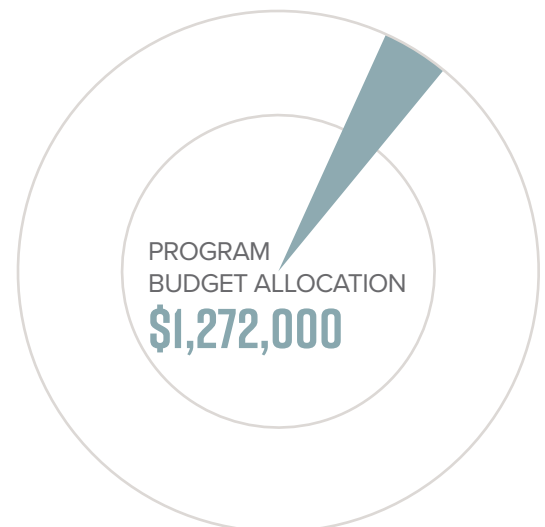
SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Finance & Accounting Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Practice Transparent and Accountable Fiscal Management (II-A)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
II-A	Days to prepare and present CAFR after fiscal year end	135 days	103	102	102
II-A	Enhance District bond rating through strong reserves and fiscal policies	AA	AA-	AA-	AA-
II-A	Number of fiscal policies updated / enhanced and reviewed with the Board	4	3	3	3
II-A	Provide program managers monthly budget variance reports	12	12	12	12
II-A	Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for CAFR	7	6	7	8
II-A	Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for PAFR	2	1	2	3

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 673,175	\$ 678,000	\$ 694,849	\$ 716,000	\$ 38,000	6%
5102	Temporary Labor	16,382	-	-	-	-	0%
5103	Overtime	12,733	5,000	5,931	13,000	8,000	160%
5200	Benefits	300,935	376,000	359,923	385,000	9,000	2%
OPERATING EXPENSES							
6203	Office Supplies	\$ 9,322	\$ 11,000	\$ 12,390	\$ 11,000	\$ -	0%
6301	Contract Services	212,587	66,000	52,082	67,000	1,000	2%
6302	Banking Services	8,806	20,000	8,142	20,000	-	0%
6303	Printing & Publishing	844	1,000	2,479	1,000	-	0%
6304	Legal Services	22,479	60,000	16,800	20,000	(40,000)	-67%
6307	Uniforms	1,830	2,000	1,386	2,000	-	0%
6402	Telephone	2,129	3,000	1,623	3,000	-	0%
6406	Postage	303	1,000	806	1,000	-	0%
6501	Memberships & Dues	3,316	4,000	3,480	4,000	-	0%
6502	Professional Development	6,571	17,000	8,527	19,000	2,000	12%
6503	Education Assistance	-	-	-	5,000	5,000	100%
6504	Meetings	2,243	4,000	2,731	4,000	-	0%
6704	Bad Debt	14	1,000	815	1,000	-	0%
FINANCE & ACCT. TOTAL		\$1,273,669	\$1,249,000	\$ 1,171,964	\$1,272,000	\$ 23,000	2%



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technology

INFORMATION

The District is leveraging technology to provide water consumption information electronically.

IT is Responsible for District Technology and Software Programs.

PROGRAM PERSONNEL	
Information Technology Manager	1
Network Administrator	1
Information Systems Technician	1
<hr/>	
Total Full-Time	3

INFORMATION TECHNOLOGY

- GOVERNING BOARD
- GENERAL ADMINISTRATION
- HUMAN RESOURCES
- PUBLIC AFFAIRS
- CONSERVATION
- FINANCE & ACCOUNTING
- INFORMATION TECHNOLOGY**
- CUSTOMER SERVICE
- METER SERVICES
- ENGINEERING
- WATER PRODUCTION
- WATER TREATMENT
- WATER QUALITY
- WATER MAINTENANCE
- WASTEWATER MAINTENANCE
- FACILITIES MAINTENANCE
- FLEET MAINTENANCE

PROGRAM STRUCTURE



INFORMATION Technology

FUNCTION

Information Technology (IT) is responsible for the strategic alignment of technology with the District's initiatives. Staff maintains the enterprise systems, network, cybersecurity, and computer hardware.

Goals and Objectives

GOAL 01 Fortify IT Infrastructure for Reliability and Expand Services for HQ, the SNRC and Plant 134

*Directly
Supports a
District-Wide
Goal*

OBJECTIVES

1. Broaden network server infrastructure by upgrading end-of-life Cisco servers and VMware licensing to support the SNRC and Plant 134.
2. Work with Operations staff to enhance SCADA infrastructure and improve radio communication at each site.
3. Expand hardware needs for Operations staff and simplify processes through mobile devices.

GOAL 02 Proactively Improve Systems and Cybersecurity Measures for Internal and Emergency Response Functions

OBJECTIVES

1. Engage staff with cybersecurity training and monthly phishing emails to mitigate security risks.
2. Heighten IT staff knowledge and skills through professional development for industry standards.
3. Assess and enhance remote capabilities for staff and Emergency Operations Center operations.
4. Implement imaging software to allow image and recovery of computer systems to minimize downtime.

GOAL 03 Analyze Current Systems to Enhance Reporting and Automate Processes

OBJECTIVES

1. Work with consultant to enhance reporting and business analytics through Microsoft Business Intelligence (BI).
2. Assist Finance with GIS and Tyler integration.
3. Expand DocuSign E-form capability to streamline internal processes and create another outlet for customer/organization engagement.
4. Work with Operations to select an asset management system.
5. Assess Cityworks and current GIS infrastructure with Engineering to fit the organizational needs recommended through the IT Strategic Plan.



FY 2019-20 Accomplishments

GOAL ONE

Proactively Replace Hardware and Software Approaching End-of-Life Cycle

- Proactively replaced all end-of-life workstations and laptops.
- Implemented InframapNow mapping software.

GOAL THREE

Improve IT Infrastructure for Reliable and Secure Services

- Installed treatment plant firewalls.

OTHER ACCOMPLISHMENTS

- Improved SCADA wireless performance.
- Deployed 20 iPads to Field staff.
- Completed Five-year IT Strategic Plan.

SIGNIFICANT CHANGES

IT Professional Development will be utilized this fiscal year to enhance internal controls of current systems.

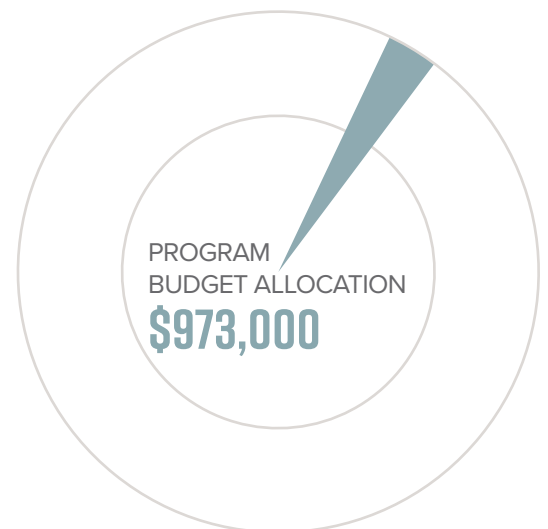
Increased Contract Services to configure and implement Imaging/Deployment system and Mobile Device Management.

Membership & Dues have been decreased due to IT program changes.

LEVELS OF SERVICE

The Information Technology Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe and Reliable Service (IV-A)
- Strive to Provide World Class Customer Relations (III-B)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-A	Elevate Cybersecurity awareness by sending out test 'phishing' emails	800	2,191	844	862
IV-A	Maximize system availability	99%	99%	99%	99%
IV-A	Complete disaster recovery drill (system restoration, power outages, and emergency notifications)	2	1	1	1
III-B	Receive 'Excellent' scores on IT satisfaction surveys submitted by staff	>95%	94%	88%	98%
III-B	Minimize resolution time for help desk issues submitted by staff	24 Hrs.	10.1	23.3	16.4

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 327,448	\$ 344,000	\$ 258,012	\$ 338,000	\$ (6,000)	-2%
5102	Temporary Labor	-	-	-	-	-	0%
5103	Overtime	-	-	-	-	-	0%
5200	Benefits	89,684	101,000	77,926	120,000	19,000	19%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 69,935	\$ 37,000	\$ 52,955	\$ 42,000	\$ 5,000	14%
6203	Office Supplies	-	-	-	1,000	1,000	100%
6301	Contract Services	497,207	427,000	394,910	449,000	22,000	5%
6307	Uniforms	795	1,000	358	1,000	-	0%
6402	Telephone	5,927	5,000	5,686	6,000	1,000	20%
6501	Memberships & Dues	932	7,000	3,096	1,000	(6,000)	-86%
6502	Professional Development	6,430	9,000	1,366	14,000	5,000	56%
6503	Education Assistance	-	-	-	-	-	0%
6504	Meetings	-	1,000	721	1,000	-	0%
IT TOTAL		\$ 998,358	\$ 932,000	\$ 795,030	\$ 973,000	\$ 41,000	4%



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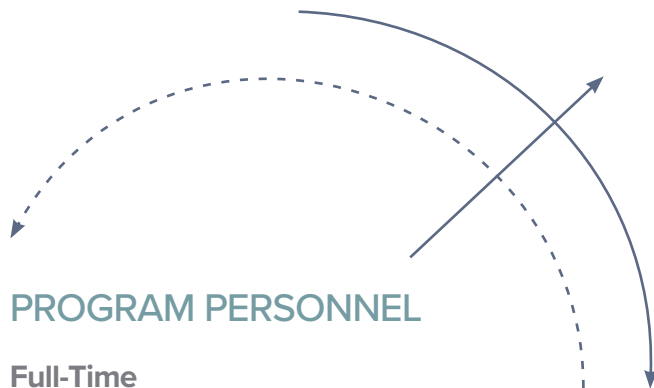
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CUSTOMER service

As the primary contact point with residents, this program provides prompt and courteous service.

Customer Service Provides Customers with World Class Community Relations.



PROGRAM PERSONNEL

Full-Time

Sr. Customer Service Rep	1
Customer Service Rep III	1
Customer Service Rep II	2
Customer Service Rep I	2

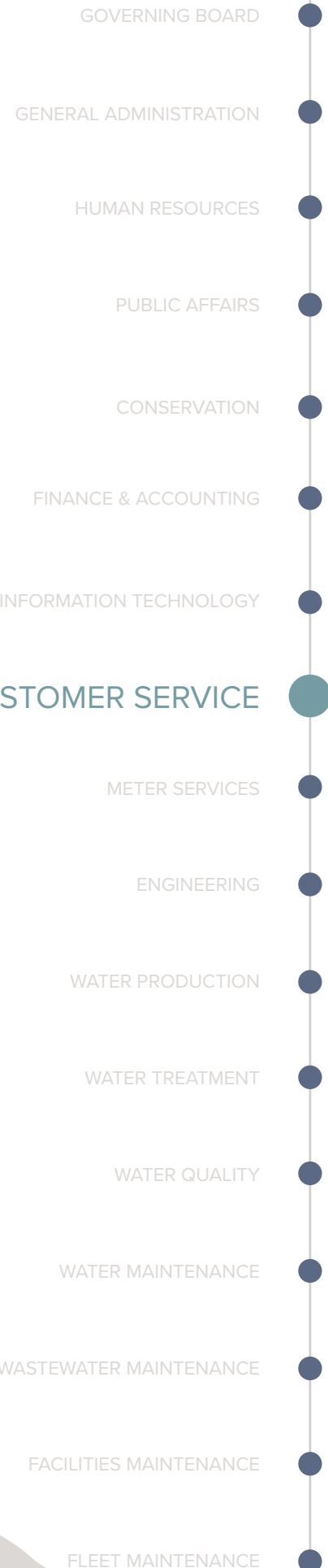
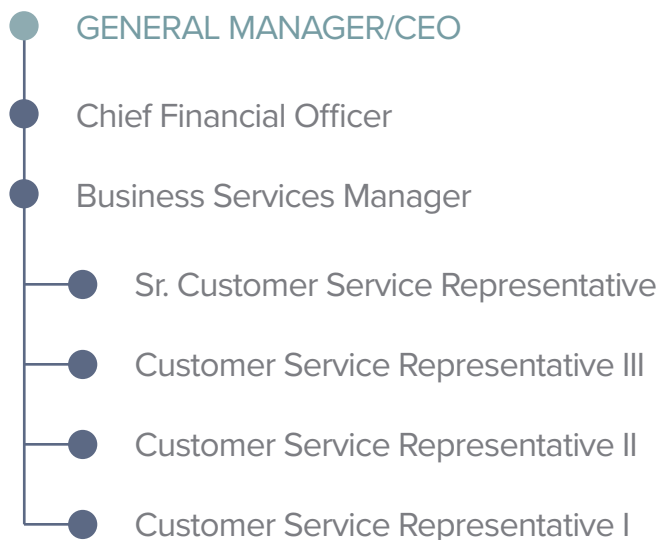
Total Full-Time **6**

Part-Time

Customer Service Rep I	0.5
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Total Part-Time **0.5**

PROGRAM STRUCTURE



CUSTOMER Service

FUNCTION

Customer Service provides the community with prompt, courteous, and world class customer relations. As the primary contact point with residents, this program explores opportunities to provide thorough and accurate responses to billing inquiries; provide convenient locations and methods for payment; and to resolve customer concerns about service delivery through coordination with field personnel.

Goals and Objectives

GOAL 01 Develop Strategies to Address Organizational Service Needs

OBJECTIVES

1. Work with Water Maintenance and IT staff in Re-evaluation of Cityworks and attend product demonstrations for alternate work order system if scheduled.
2. Develop SNRC action plan and prepare justification for additional full-time employee, if necessary.
3. Work with IT to activate autopay with credit card while remaining PCI compliant.
4. Work with Business Services Manager to update physical/digital access where needed.

GOAL 02 Modify Processes to Comply with Changes in Legislation while Maintaining Financial Stability

OBJECTIVES

1. Meet quarterly with Public Affairs for updates on proposed/pending legislation.
2. Reassess written policy and departmental procedures related to SB 998.
3. Assist with preparation of Customer Service talking points to address customer inquiries related to proposed Water Tax legislation.
4. Review and propose changes to Miscellaneous Fee Schedule related to Customer Accounts.

GOAL 03 Work with Engineering and IT to Complete AMI Installations and Fully Utilize Smart Meter Capabilities

OBJECTIVES

1. Log all leak notifications, contact customers to minimize water losses, and estimate water saved.
2. Work with Public Affairs to create customer educational materials about the Smart Meter Portal and setting up alerts.
3. Review routes and billing dates for possible changes to accommodate timing of bills to customers on fixed incomes.



FY 2019-20 Accomplishments

GOAL ONE

Develop Strategies to Address Organizational Service Needs

GOAL TWO

Modify Processes to Comply with Changes in Legislation while Maintaining Financial Stability

OTHER ACCOMPLISHMENTS

- Launched AMI customer portal.
- Implemented the use of Intellius to research landlord info/ contact information.
- Implemented disconnect service orders through municipal online portal.
- Worked with 3rd party vendor to validate all service addresses within the District, in compliance with USPS.
- Assisted with the launch and implemented SB 998.
- Successfully transitioned to working from home during an emergency.
- Resolved ongoing issues with automated phone check payments.

SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Customer Service Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Strive to Provide World Class Customer Relations (III-B)
- Maximize internal Capabilities through Ongoing Professional Development (I-B)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-C)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
III-B	Reduce number of customers disconnected for non-payment each year	1,800	1,607	1,000	930
III-B	Encourage completion of Customer Satisfaction Surveys to better understand customer concerns	120	166	75	65
III-B	Number of customer payments received through convenient off-site locations	10,000	5,216	6,652	5,000
I-B	Number of customer service training hours per employee	16	12	14	11
IV-C	Customers enrolled in paperless billing	2,000	2,090	2,259	1,998
IV-C	Customers enrolled in the Pre-Authorized Payment Plan (auto-debit)	2,000	1,826	2,233	2,528

East Valley Water District is a results-oriented organization with 17 programs essential to operations.



PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 386,931	\$ 344,000	\$ 317,021	\$ 415,000	\$ 71,000	21%
5102	Temporary Labor	25,860.00	-	24,691	-	-	0%
5103	Overtime	6,336	5,000	7,218	7,000	2,000	40%
5200	Benefits	232,858	210,000	210,151	242,000	32,000	15%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 958	\$ 5,000	\$ 2,347	\$ 5,000	\$ -	0%
6203	Office Supplies	1,373	4,000	2,934	4,000	-	0%
6301	Contract Services	141,871	134,000	61,487	134,000	-	0%
6302	Banking Services	261,315	306,000	238,588	239,000	(67,000)	-22%
6303	Printing & Publishing	9,385	10,000	7,341	10,000	-	0%
6304	Legal Services	-	5,000	-	5,000	-	0%
6306	Rents & Leases	-	-	-	-	-	0%
6307	Uniforms	2,381	4,000	2,406	4,000	-	0%
6308	Billing Services	41,060	52,000	42,229	52,000	-	0%
6309	Shut Off Notice Services	344,565	359,000	199,151	195,000	(164,000)	-46%
6402	Telephone	5,297	6,000	5,656	8,000	2,000	33%
6406	Postage	127,795	153,000	104,588	153,000	-	0%
6501	Memberships & Dues	-	2,000	-	1,000	(1,000)	-50%
6502	Professional Development	2,576	14,000	1,784	15,000	1,000	7%
6503	Education Assistance	-	-	-	-	-	0%
6504	Meetings	646	2,000	1,337	2,000	-	0%
6703	Cash Over/Short	248	-	512	1,000	1,000	100%
CUSTOMER SERVICE TOTAL		\$1,594,902	\$1,615,000	\$ 1,232,417	\$ 1,507,000	\$(108,000)	-7%



METER *services*

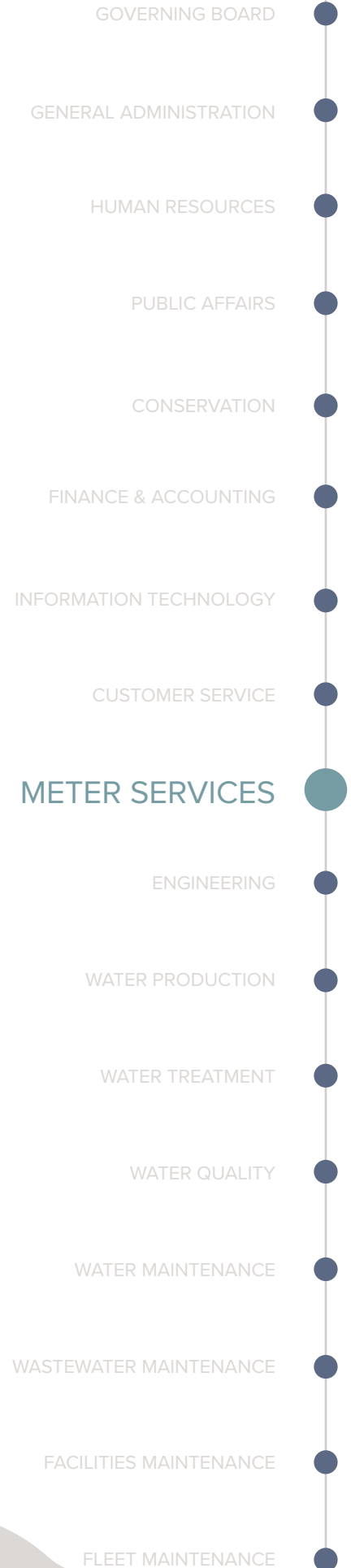
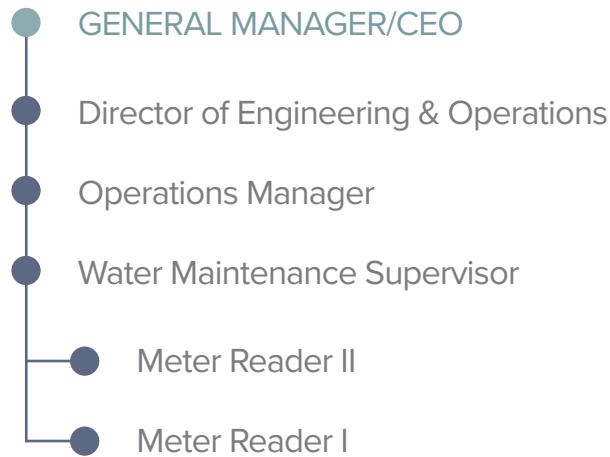
Smart meters improves customer service and increases customer participation.

Meter Services is Responsible for Reading all District Meters Monthly for Billing, On-Site Customer Meter-Related Requests and Customer Service Assistance.

PROGRAM PERSONNEL

Meter Reader II	1
Meter Reader I	2
<hr/>	
Total Full-Time	3

PROGRAM STRUCTURE



METER Services

FUNCTION

Meter Services is responsible for reading all District meters monthly for billing, responding to on-site customer meter-related requests, and customer service assistance.

Goals and Objectives

GOAL 01 Develop Inspection Program for Facilities in AMI Areas that are No Longer Read Manually

OBJECTIVES

1. Identify needed vault lid replacements and create a prioritized replacement schedule.
2. Visually inspect all meter boxes in routes included in Phase I of AMI implementation.

GOAL 02 Collect Information on Remaining Manual-Read Meters to Facilitate Early Completion of AMI Implementation Project

OBJECTIVES

1. Verify meter lid sizes, meter size and prepare pipeline in anticipation of AMI Phase V.
2. Install AMI meters at accounts bypassed by the AMI Contractor due to special issues/concerns (broken angle valves, leaks).

*Directly
Supports a
District-Wide
Goal*

GOAL 03 Continue Meter Testing Programs in Compliance with State Water Audits Best Practices

OBJECTIVES

1. Conduct an audit of 10% of large meters for accuracy to ensure compliance with AWWA standards.



FY 2019-20 Accomplishments

GOAL ONE

Developed Inspection Program for Facilities in AMI Areas that Are No Longer Read Manually

GOAL TWO

Collect Information on Existing Meters to Facilitate Future Phases of AMI Implementation

GOAL THREE

Develop Proactive Meter Reader Training and Meter Testing Programs

- Created a prioritized replacement schedule that identified needed vault lid replacements.
- Recommended the top five limited-access meters for relocation.
- Verified meter lid sizes, meter sizes and lay length for AMI Phase IV.
- Identified and documented concerns with existing meter locations and resolved any issues prior to the account being scheduled for an AMI installation.
- Provided recommendations for Engineering for future phases of AMI implementation regarding areas of priority and routes, including new construction.
- Trained readers on budget based rates and on uploading routes into handhelds.
- Trained readers on AWWA meter efficiency standards.
- Conducted an audit of 10% of large meters for accuracy to ensure compliance with AWWA standards.

SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Meter Services Program has three KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Strive to Provide World Class Customer Relations (III-B)
- Dedicate Efforts towards System Maintenance and Modernization (IV-C)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

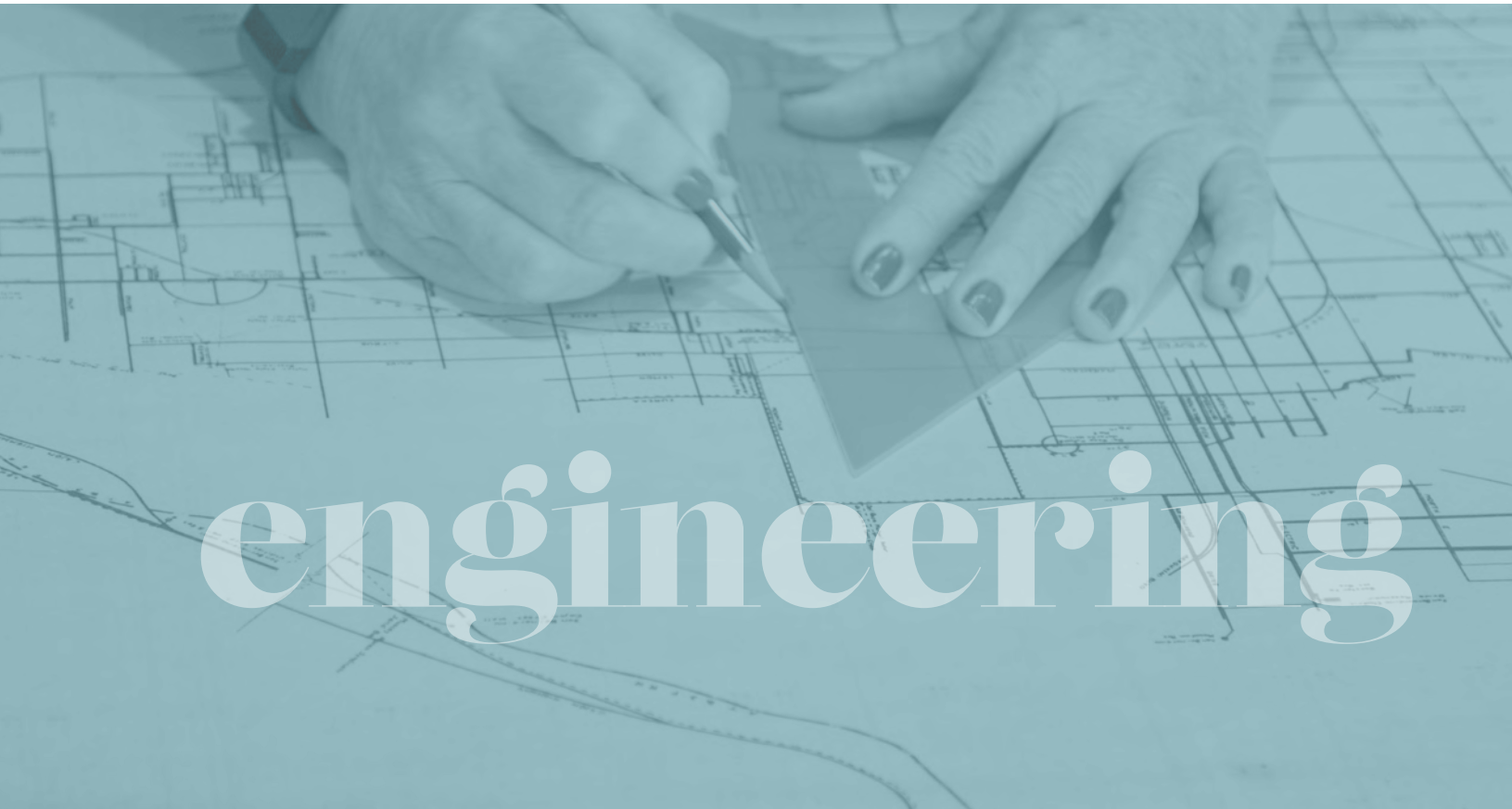
Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
I-A	Number of large meters tested for accuracy	11	N/A	11	11
III-B	Respond to customer requests for assistance within 2 hours	100%	100%	100%	100%
IV-C	Number of employees trained on the AMI project	4	3	3	3

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 239,786	\$ 187,000	\$ 227,178	\$ 197,000	\$ 10,000	5%
5103	Overtime	5,016	10,000	2,930	6,000	(4,000)	-40%
5200	Benefits	73,633	83,000	71,825	72,000	(11,000)	-13%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 292	\$ 2,000	\$ 289	\$ 2,000	\$ -	0%
6202	Tools	2,924	3,000	2,353	3,000	-	0%
6301	Contract Services	2,584	5,000	2,946	5,000	-	0%
6307	Uniforms	2,882	3,000	2,743	3,000	-	0%
6402	Telephone	1,197	2,000	1,209	2,000	-	0%
6502	Professional Development	-	-	-	-	-	0%
METER SERVICES TOTAL		\$ 328,314	\$ 295,000	\$ 311,473	\$ 290,000	\$ (5,000)	-2%



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engineering

Engineering provides leadership in the development and implementation of the District's CIP.

Engineering

FUNCTION

Engineering is responsible for planning and overseeing infrastructure projects designed to maintain safe and reliable water and wastewater services. Staff manages the capital improvement program, coordinates with new development, and provides technical support for the infrastructure system.

Goals and Objectives

GOAL 01 Develop and Implement the District's Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Also Preparing for New Development

OBJECTIVES

1. Issue design and construction contract for rehabilitation of reservoir at Plant 108.
2. Complete rehabilitation of Plant 101.
3. Facilitate completion of design for main replacement projects identified in CIP for FY 2020-21.
4. Support development of the Community Facilities District (CFD) for the Highland Hills development.
5. Continue to lead the AMI implementation.

GOAL 02 Develop Plans to Optimize District Utilization of Local and Imported Surface Water

OBJECTIVES

1. Complete pre-design report for the Water Treatment Plant at the east-end of the District's service area.
2. Initiate contract for design-build of process improvements related to disinfection by-product control at Plant 134.
3. Install meter facilities and reporting tools to document North Fork water going to surface spreading.

GOAL 03 Support the Steps Necessary for Advancement of the SNRC

OBJECTIVES

1. Lead development of facility start-up plans.
2. Ensure decisions are made promptly to support construction efforts.
3. Continue working with regulatory agencies to receive needed approvals and permits.

Directly Supports a District-Wide Goal

Directly Supports a District-Wide Goal



FY 2019-20 Accomplishments

GOAL ONE

Develop and Implement the District's Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Also Preparing for New Development

- Completed master service contracts for rehabilitation of reservoirs and completed the rehabilitation of Reservoir 1 at Plant 39.
- Managed the completion of Phase 4 of the AMI Project and led efforts to pre-purchase materials for subsequent phases to realize cost savings.
- Supported the design and construction of the sewer main upsizing and replacement in Sterling Avenue and Marshall Boulevard being performed by the San Manuel Band of Mission Indians.
- Provided engineering support on water main replacement work performed by the Operations Department on Rockford Avenue, Del Norte Place, Del Norte Circle, Lomita Place, Val Mar Circle, Yuma Drive, and Barton Street.

GOAL TWO

Develop Plans to Optimize District Utilization of Local and Imported Surface Water

- Completed an evaluation of enhanced coagulation at Plant 134 to assess its potential to address disinfection byproduct formation.
- Initiated an investigation to increase capacity for sludge handling at Plant 134.
- Completed a feasibility study for a water treatment plant at the east-end of the District's service area.

GOAL THREE

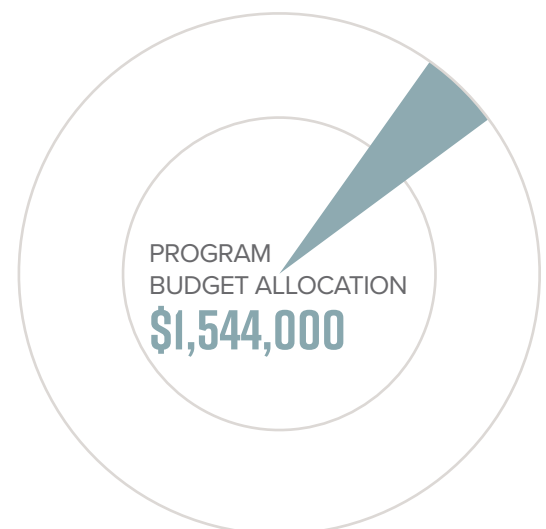
Support the Steps Necessary for Advancement of the SNRC

- Led evaluation of digesters and completed the design of digesters and associated systems.
- Continued permitting work with regulatory agencies.

SIGNIFICANT CHANGES

Engineering Technician II and Senior Engineering Technician retired.

Recruitment for Senior/Associate Engineer conducted.



LEVELS OF SERVICE

The Engineering Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe and Reliable Services (IV-A)
- Dedicate Efforts towards System Maintenance and Modernization (IV-C)
- Strive to Provide World Class Customer Relations (III-B)

The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-A	Initiate fully funded projects included in the current year CIP	100%	100%	90%	90%
IV-C	Complete current year updates to GIS base maps	100%	80%	100%	90%
III-B	Complete development infrastructure plan reviews in < 14 days	100%	100%	100%	90%
III-B	Issue development impact fee cost estimates in < 2 days	100%	100%	100%	100%

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 717,139	\$ 702,000	\$ 680,868	\$ 735,000	\$ 33,000	5%
5102	Temporary Labor	-	-	-	-	-	0%
5103	Overtime	1,846	2,000	969	3,000	1,000	50%
5200	Benefits	251,526	304,000	280,984	263,000	(41,000)	-13%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 2,458	\$ 9,000	\$ 5,713	\$ 9,000	\$ -	0%
6202	Tools	1,369	7,000	1,236	7,000	-	0%
6203	Office Supplies	2,634	7,000	4,076	7,000	-	0%
6301	Contract Services	545,731	240,000	174,131	240,000	-	0%
6303	Printing & Publishing	206	6,000	953	6,000	-	0%
6304	Legal Services	69,615	40,000	18,364	40,000	-	0%
6307	Uniforms	2,001	3,000	2,899	3,000	-	0%
6402	Telephone	2,059	2,000	2,071	2,000	-	0%
6405	Permits	55,286	193,000	69,989	193,000	-	0%
6406	Postage	-	1,000	-	1,000	-	0%
6501	Memberships & Dues	426	4,000	886	4,000	-	0%
6502	Professional Development	9,220	28,000	5,315	28,000	-	0%
6504	Meetings	54	3,000	373	3,000	-	0%
ENGINEERING TOTAL		\$1,661,570	\$1,551,000	\$1,248,827	\$1,544,000	\$ (7,000)	0%



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WATER

production

The District delivers an average of 15 million gallons of water per day to customers.

Water Production is Responsible for Monitoring and Operating the Entire Water System.



PROGRAM PERSONNEL

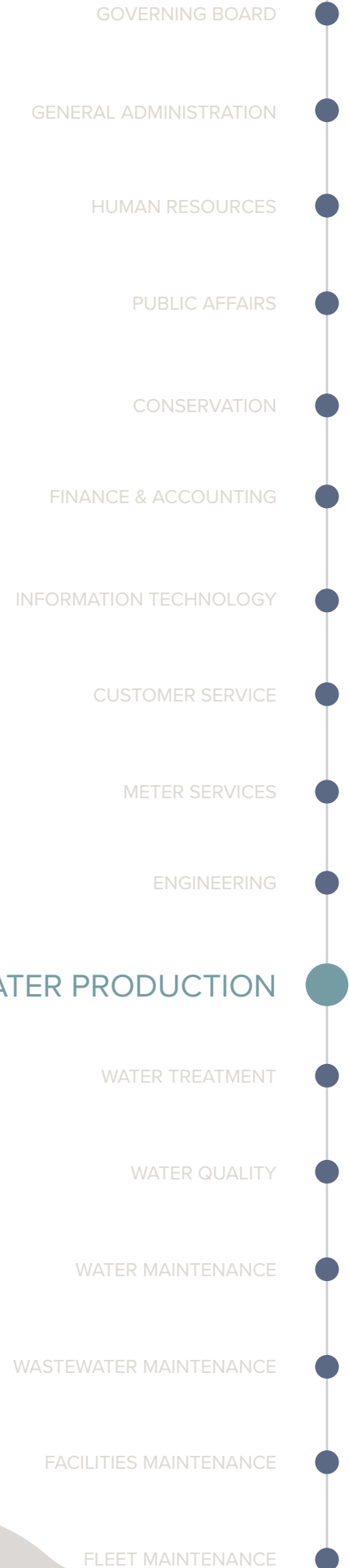
Operations Manager	1
Sr. Water Production Operator	1
Water Production Operator III	3
Water Production Operator I	1
Administrative Assistant	1

Total Full-Time 7

PROGRAM STRUCTURE



WATER PRODUCTION



WATER Production

FUNCTION

Water Production is responsible for the daily monitoring and operations of the entire water production system. This program ensures the timely preventative maintenance of all pumps, motors, wells, boosters, reservoirs, pressure regulating valves (PRVs), hydro-pneumatic plants, and the Supervisory Control and Data Acquisition (SCADA) system. Staff also operates the North Fork Canal of the North Fork Water Company (NFWC).

Goals and Objectives

GOAL 01 Support the Engineering Department and Contractor Assigned to Plant 108 Tank/Reservoir Rehabilitation Projects

OBJECTIVES

1. Develop a pumping plan to have Tank 108 out of service for rehabilitation.
2. Identify and isolate all valves required to drain and rehabilitate tank.
3. After construction fill, sample and bring the tank back online.

GOAL 02 Implement Improvements to Enhance the SCADA System

OBJECTIVES

1. Work with consultants to develop Request for Proposal (RFP) for the SCADA masterplan.
2. Work with IT to identify the scope of work and complete Phase III to upgrade SCADA radios.
3. Move forward and assign staff to assist with radio contractors' recommendations.

GOAL 03 Transition the Remaining North Fork Water Company and Bear Valley Mutual Water Company Shareholders from the North Fork Canal/Pipeline to Alternative Metered Connections

OBJECTIVES

1. Determine size and flow required and install water meters to the properties.
2. Abandon weirs and other facilities made unnecessary by shareholder agreements.

Directly Supports a District-Wide Goal

GOAL 04 Bring Plant 120 Online to Produce 600-800 Gallons per Minute

OBJECTIVES

1. Hire a SCADA contractor and electrician to install necessary equipment to control the facility.
2. Clean and rehabilitate the forebay downstream of the well.
3. Inspect and make necessary repairs to boosters on site.
4. Obtain proper SWRCB permit.



FY 2019-20 Accomplishments

GOAL ONE

Prioritize and Execute Contracts for Tank/Reservoir Rehabilitation Projects Based on Finding in Harper Engineering Report

- Rehabilitated two wells and five booster pumps.
- Assisted with Plant 39-1 tank rehabilitation.
- Replaced and repaired the control panel at Plant 132 to prevent ground arcing and motor failure.
- Replaced motor starts at Plants 33-1, 24-2, 129-1, and 39-2.

GOAL TWO

Implement Improvements to Enhance the SCADA System

- Replaced the transfer switch at Plant 141 in order to receive generator power.
- Worked with a contractor to improve SCADA and radio communications at multiple Plants.
- Worked on NFWC sand box Parshall flume to get SCADA feedback for more accurate groundwater recharge data.

GOAL THREE

Transition the North Fork Water Company and Bear Valley Mutual Water Company Shareholders from the North Fork Canal/Pipeline to Alternative Metered Connections

- Assisted with purchase of NFWC shares.

OTHER ACCOMPLISHMENTS

- Completed Cla-Val pressure regulating valve maintenance and inspections.
- Completed annual tank inspections.
- Trained operators on proper generator hook up to prepare for Edison shutdowns.
- Promoted and trained the new Water Production Supervisor, Sr. Water Production Operator and Water Production Operator I.

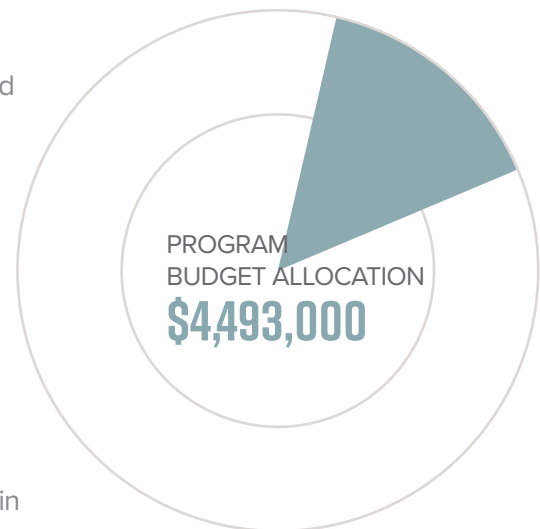
SIGNIFICANT CHANGES

Re-allocated \$100,000 from Water Production purchased water to Water Production well electrical.

LEVELS OF SERVICE

The Water Production Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe and Reliable Services (IV-A)
- Dedicate Effort towards System Maintenance and Modernization (IV-C)
- Enable Fact-Based Decision Making through State-of-the-Art Data Management (IV-D)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-A	Perform upgrades to SCADA radios as recommended by consultant	10/YR	N/A	N/A	N/A
IV-C	Perform or schedule repairs recommended by reservoir inspection report	1/YR	N/A	N/A	1
IV-D	Implement available SCADA software updates	100%	100%	100%	100%
IV-A	Perform repairs recommended from the electrical inspection report	100%	100%	100%	100%

PROGRAM BUDGET DETAIL

Administration

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 224,304	\$ 234,000	\$ 228,825	\$ 248,000	\$ 14,000	6%
5103	Overtime	122	1,000	74	1,000	-	0%
5104	Standby	15,342	15,000	15,640	15,000	-	0%
5200	Benefits	123,778	185,000	161,879	191,000	6,000	3%

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		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 2,914	\$ -	\$ 673	\$ -	\$ -	0%
6202	Tools	3,749	5,000	1,408	6,000	1,000	20%
6203	Office Supplies	6,378	4,000	5,364	4,000	-	0%
6301	Contract Services	26,433	101,000	31,968	101,000	-	0%
6304	Legal Services	6,475	-	5,160	-	-	0%
6307	Uniforms	3,312	10,000	11,637	10,000	-	0%
6402	Telephone	7,416	14,000	7,324	14,000	-	0%
6405	Permits	-	-	-	-	-	0%
6501	Memberships & Dues	1,335	3,000	255	3,000	-	0%
6502	Professional Development	4,780	6,000	8,539	6,000	-	0%
6503	Education Assistance	-	-	-	-	-	0%
6504	Meetings	209	1,000	694	1,000	-	0%
ADMINISTRATION TOTAL		\$ 426,547	\$ 579,000	\$ 479,440	\$ 600,000	\$ 21,000	4%

Source of Supply/Wells

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 319,672	\$ 196,000	\$ 372,741	\$ 203,000	\$ 7,000	4%
5103	Overtime	6,147	25,000	14,675	7,000	(18,000)	-72%
5200	Benefits	71,636	111,000	113,666	103,000	(8,000)	-7%
OPERATING EXPENSES							
6101	Purchased Water	\$ 306,513	\$ 500,000	\$ 440,716	\$ 400,000	\$ (100,000)	-20%
6102	Groundwater Replenishment	98,406	445,000	111,625	304,000	(141,000)	-32%
6103	Water Assessment	123,547	122,000	50,716	122,000	-	0%
6201	Materials & Supplies	18,000	45,000	36,767	45,000	-	0%
6204	Chemicals	72,400	150,000	96,676	150,000	-	0%
6301	Contract Services	21,026	150,000	194,936	150,000	-	0%
6402	Telephone	109	-	-	-	-	0%
6403	Electricity	1,125,950	1,150,000	1,138,829	1,250,000	100,000	9%
6405	Permits	63,210	100,000	70,405	100,000	-	0%
SOURCE OF SUPPLY/WELLS TOTAL		\$ 2,226,616	\$ 2,994,000	\$ 2,641,752	\$ 2,834,000	\$ (160,000)	-5%

Boosting and Pumping

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 91,428	\$ 95,000	\$ 34,503	\$ 74,000	\$ (21,000)	-22%
5103	Overtime	3,491	10,000	4,697	4,000	(6,000)	-60%
5200	Benefits	32,515	52,000	34,116	38,000	(14,000)	-27%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 2,667	\$ 20,000	\$ 16,776	\$ 20,000	\$ -	0%
6301	Contract Services	56,326	75,000	(11,326)	75,000	-	0%
6403	Electricity	352,486	400,000	343,310	400,000	-	0%
BOOSTING & PUMPING TOTAL		\$ 538,913	\$ 652,000	\$ 422,076	\$ 611,000	\$ (41,000)	-6%

Transmission and Distribution

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 181,581	\$ 184,000	\$ 157,715	\$ 198,000	\$ 14,000	8%
5103	Overtime	9,514	25,000	6,674	10,000	(15,000)	-60%
5200	Benefits	74,359	113,000	96,283	120,000	7,000	6%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 25,742	\$ 25,000	\$ 63,817	\$ 25,000	\$ -	0%
6204	Chemicals	53,651	50,000	35,226	50,000	-	0%
6301	Contract Services	53,478	45,000	56,854	45,000	-	0%
TRANSMISSION & DISTRIBUTION TOTAL		\$ 398,325	\$ 442,000	\$ 416,569	\$ 448,000	\$ 6,000	1%
TOTAL WATER PRODUCTION		\$3,590,401	\$4,667,000	\$3,959,837	\$4,493,000	\$ (174,000)	-4%

Program Managers develop achievable and measurable goals and objectives to be implemented in a single fiscal year.





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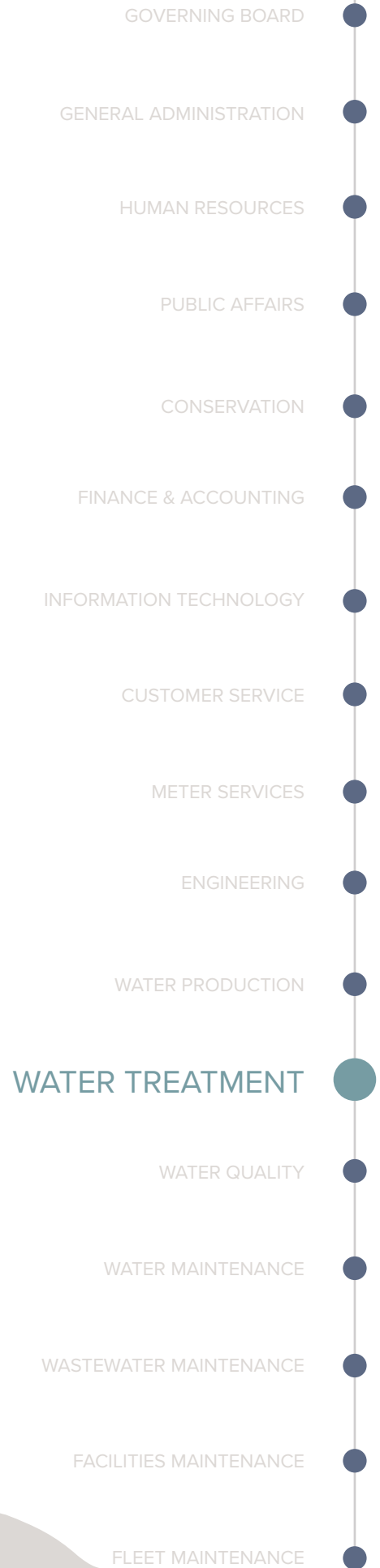
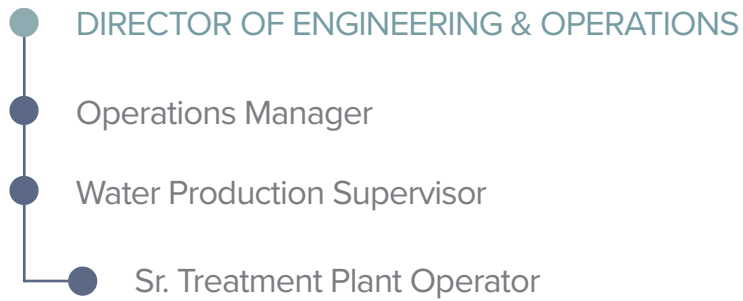
WATER treatment

Plant 134 Surface Water Treatment Plant processes local surface water from the Santa Ana River.

Water Treatment is Responsible for Treating the Three Sources of Supply.

PROGRAM PERSONNEL	
Water Production Supervisor	1
Sr. Treatment Plant Operator	1
<hr/>	
Total Full-Time	2

PROGRAM STRUCTURE



WATER Treatment

FUNCTION

Water Treatment is responsible for using various methods to treat the three different sources of supply used by the District. Staff is trained to operate the Surface Water Treatment Plant 134 to maximize both Santa Ana River water and imported State Water Project. Staff also operates two unique groundwater treatment facilities: Plant 28 uses Granular Activated Carbon (GAC) and Plant 39 is a blending facility.

Goals and Objectives

GOAL 01 Support Anticipated Design Build Efforts at Plant 134 for GAC and Sludge Removal Capital Projects Per SWRCB Recommendations

OBJECTIVES

1. Understand recommendations for additional treatment processes needed to maintain high water quality.
2. Assist in capital planning for new treatment processes.

GOAL 02 Complete Plant 134 Membrane Replacements Using a Five-Phase Replacement Plan and Replace Air Control Valves for Trains

OBJECTIVES

1. Identify the modules to be replaced in Phase 4.
2. Procure the needed membrane modules from the manufacturer in accordance with the District's purchasing policy.
3. Coordinate and schedule the in-house installation of the new membranes.
4. Hire contractor to install air control valves.

GOAL 03 Replace All Five Chlorine Generation Cells at Plant 134

OBJECTIVES

1. Purchase proper cells.
2. Coordinate and schedule installation.



FY 2019-20 Accomplishments

GOAL ONE

Complete Plant 134 Membrane Replacements Using a Five-Phase Replacement Plan

- Received and installed the new membrane filters at Plant 134.

GOAL TWO

Support the Development of a Long-Term Plant 134 Site Improvement Plan

- Worked with contractor to repaint the filter basins due to peeling paint.
- Replaced wastewater valve and implemented a plan to replace/maintain all plant valves.
- Hired an engineering firm to update the Spill Prevention Control and Countermeasure Plan (SPCC) which is required for the diesel fuel storage for the generator at Plant 134.

OTHER ACCOMPLISHMENTS

- Increased two employees' level of Treatment Certifications.

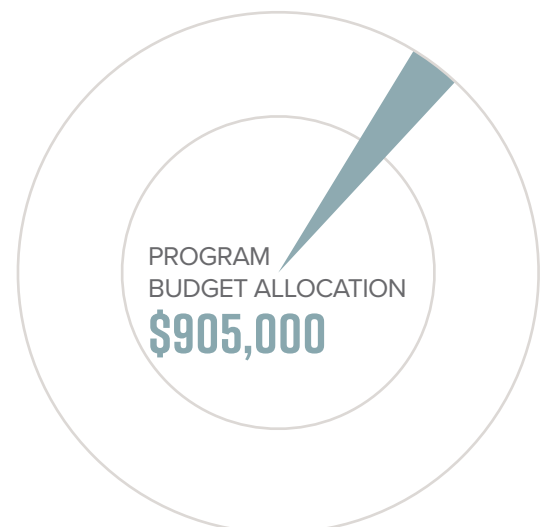
SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Water Treatment Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe and Reliable Service (IV-A)
- Dedicate Effort towards System Maintenance and Modernization (IV-C)
- Maximize Staff Capabilities through Ongoing Professional Development (I-B)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-A	Meet all regulatory requirements	100%	100%	100%	100%
IV-A	Maximize utilization of plant capacity through minimization of downtime and monitoring of raw water	7.5 MGD	3.0	4.0	3.5
IV-C	Percentage of plant equipment and motors on preventative maintenance schedules	100%	100%	100%	100%
I-B	Number of Production staff with T-4 certification or higher	4	2	3	5

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 289,958	\$ 242,000	\$ 288,472	\$ 252,000	\$ 10,000	4%
5103	Overtime	38,117	25,000	46,420	39,000	14,000	56%
5200	Benefits	99,017	139,000	145,338	150,000	11,000	8%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 51,705	\$ 15,000	\$ 55,777	\$ 15,000	\$ -	0%
6204	Chemicals	101,467	150,000	138,305	150,000	-	0%
6301	Contract Services	73,531	147,000	91,347	147,000	-	0%
6307	Uniforms	947	2,000	1,854	2,000	-	0%
6402	Telephone	3,112	-	1,836	-	-	0%
6403	Electricity	117,177	150,000	108,462	150,000	-	0%
6405	Permits	-	-	-	-	-	0%
WATER TREATMENT TOTAL		\$ 775,031	\$ 870,000	\$ 877,811	\$ 905,000	\$ 35,000	4%



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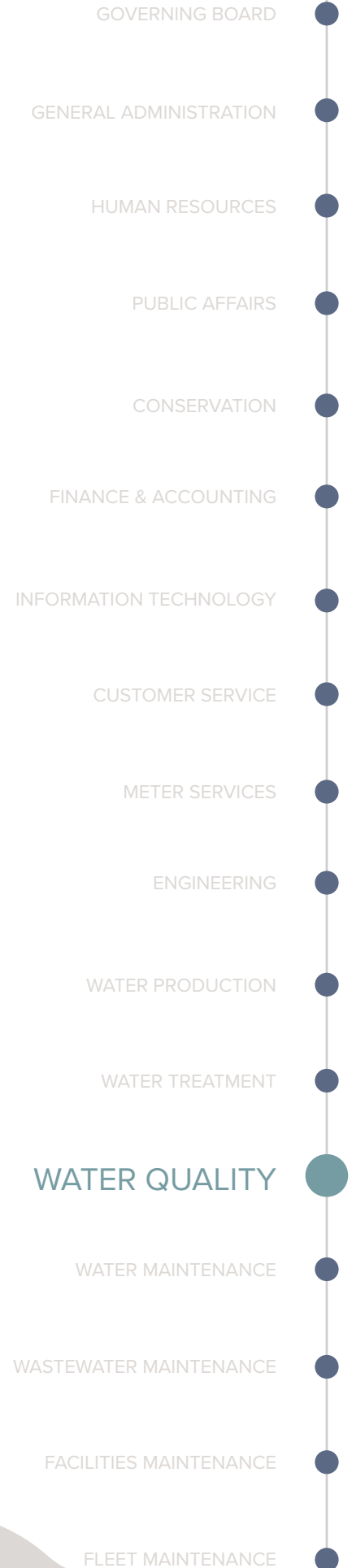
WATER
quality

East Valley Water District's primary water quality goal is to protect the health and safety of our community.

Water Quality Complies with all Required Drinking Water Regulations.

PROGRAM PERSONNEL	
Water Quality Coordinator	1
Water Quality Technician	1
<hr/>	
Total Full-Time	2

PROGRAM STRUCTURE



WATER Quality

FUNCTION

Water Quality is responsible for ensuring District compliance with State and Federal Drinking Water Regulations. This program manages Backflow Prevention, Water Sampling and Testing and Fire Hydrant Flushing Programs.

Water Quality is also leading District efforts to establish a Fats, Oil and Grease (FOG) program, a critical program for monitoring customer discharge into the wastewater collection system. FOG programs are maintained by agencies providing wastewater treatment services, which the District will become upon completion of the Sterling Natural Resource Center at the end of calendar year 2021.

Goals and Objectives

GOAL 01 Evaluate Water Quality Regulations and Improve Process Efficiencies to Enhance Water Quality Compliance

OBJECTIVES

1. Develop sampling programs to maximize treatment process efficiencies.
2. Support efforts to assist in treatment process improvements at Plant 134.
3. Contract for installation of tank mixing equipment in District reservoirs at Plant 129.

GOAL 02 Implement In-House Environmental Controls and Compliance Program Improvements

OBJECTIVES

1. Develop Fats, Oil and Grease (FOG) program language for incorporation into the District's Sewer Use Ordinance.
2. Analyze, and report to management on, the effect of SB 998 on District's ability to enforce compliance with annual backflow testing.

*Directly
Supports a
District-Wide
Goal*



FY 2019-20 Accomplishments

GOAL ONE

Conduct Expanded Sampling Programs to Ensure Compliance with All State and Federal Water Quality Requirements

GOAL TWO

Implement an In-House Environmental Controls and Compliance Program

OTHER ACCOMPLISHMENTS

- Installed tank mixer at Plant 108.
- Completed EPA's Unregulated Contaminant Monitoring Rule sampling as required.
- Completed construction of the Plant 143 consolidated Orthophosphate injection system.
- Increased customer participation in the backflow testing program by 6%.
- One employee received their Water Use Efficiency Practitioner I certification.

SIGNIFICANT CHANGES

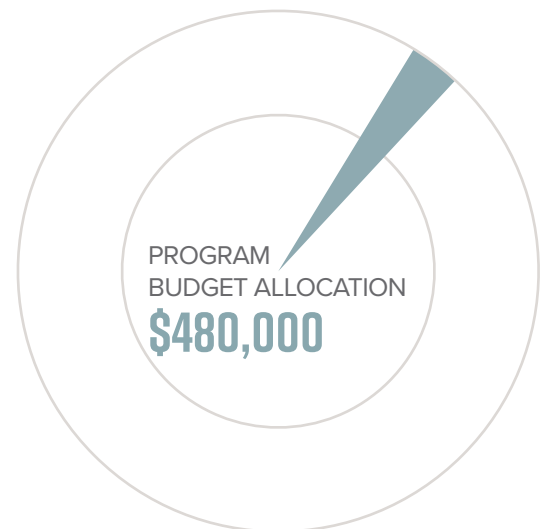
Increased Contract Services to comply with Title 22 expanded sampling for all sources.

Increased Contract Services for FOG program development and software.

LEVELS OF SERVICE

The Water Quality Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe and Reliable Service (IV-A)
- Strive to Provide World Class Customer Relations (III-B)
- Maximize Staff Capabilities through Ongoing Professional Development (I-B)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-A	Conduct all water quality sampling required by SWRCB and EPA	100%	100%	100%	100%
IV-A	Annual Customer Participation in District's Backflow Testing Program	5%	8%	10%	8%
III-B	Response time to water quality complaints by customers (avg)	2.0 Hrs	1.5 Hrs	1.5 Hrs	1.5 Hrs
I-B	Number of Water Quality program staff with D-3 certification or higher	2	2	2	2

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 87,960	\$ 88,000	\$ 88,277	\$ 92,000	\$ 4,000	5%
5103	Overtime	4,509	7,000	1,198	6,000	(1,000)	-14%
5200	Benefits	40,923	41,000	43,394	45,000	4,000	10%
SOURCE OF SUPPLY/WELLS OPERATING EXPENSES							
6201	Materials & Supplies	\$ 18,889	\$ 13,000	\$ 13,256	\$ 13,000	\$ -	0%
6301	Contract Services	55,587	115,000	115,982	115,000	-	0%
6307	Uniforms	849	4,000	1,299	4,000	-	0%
6504	Meetings	264	1,000	526	1,000	-	0%
TRANSMISSION AND DISTRIBUTION PERSONNEL EXPENSES							
5101	Regular Labor	\$ 112,868	\$ 88,000	\$ 113,184	\$ 92,000	\$ 4,000	5%
5103	Overtime	323	8,000	835	7,000	(1,000)	-13%
5200	Benefits	44,650	41,000	37,699	45,000	4,000	10%
TRANSMISSION AND DISTRIBUTION OPERATING EXPENSES							
6201	Materials & Supplies	\$ 257	\$ -	\$ -	\$ -	\$ -	0%
6202	Tools	4,522	5,000	4,556	5,000	-	0%
6301	Contract Services	43,573	43,000	32,047	48,000	5,000	12%
6406	Postage	2,062	2,000	486	2,000	-	0%
6502	Professional Development	85	2,000	175	2,000	-	0%
6503	Education Assistance	90	3,000	-	3,000	-	0%
WATER QUALITY TOTAL		\$ 417,411	\$ 461,000	\$ 452,914	\$ 480,000	\$ 19,000	4%



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WATER

maintenance

The District proactively performs infrastructure enhancements by rehabilitating and replacing aging pipelines, installing new pipes, and expanding water storage capacity.

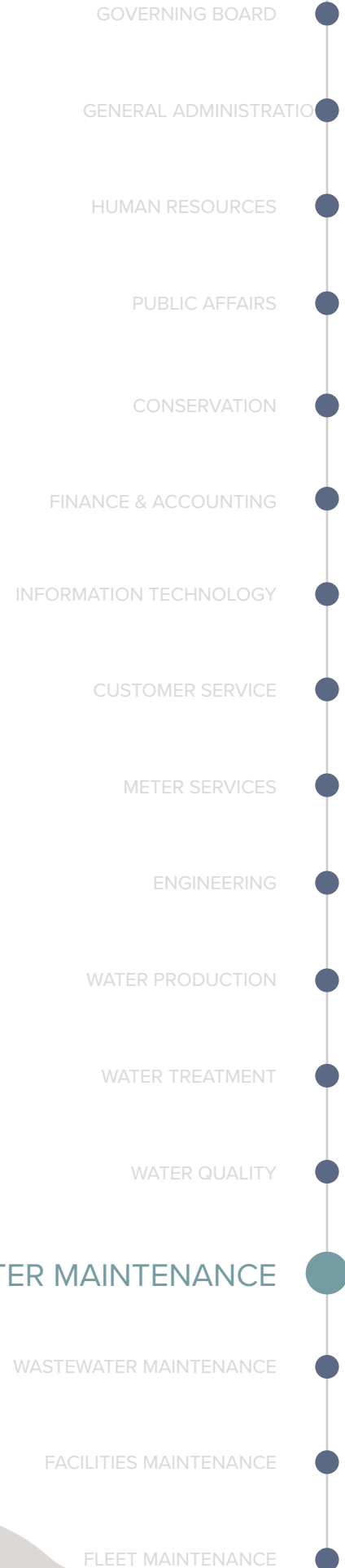
Water Maintenance Maintains the District's Water Transmission and Distribution System.



PROGRAM PERSONNEL

Field Service Supervisor	1
Sr. Field Service Worker	2
Field Service Worker III	5
Field Service Worker II	2
Field Service Worker I	4
Storekeeper/Buyer	1
Total Full-Time	15

PROGRAM STRUCTURE



WATER Maintenance

FUNCTION

Water Maintenance is responsible for the repair and replacement of the District's water distribution mains, water service lines, fire hydrants, meters, valves, and all related equipment.

Goals and Objectives

GOAL 01 Prioritize Preventative Maintenance Schedules to Ensure Equipment Readiness for Emergency Response

OBJECTIVES

1. Exercise all gate valves between Boulder Avenue on the east, and Central Avenue on the west.
2. Work with Water Production to perform inspection and operation of critical valves at 12 plants.
3. Inspect, and paint if necessary, 1,500 hydrants.

GOAL 02 Complete Two In-House Water Main Projects

OBJECTIVES

1. Replace 550 linear feet of 4-inch with new 8-inch water main in 14th Street.
2. Replace 250 linear feet of 3-inch with new 6-inch water main in Mirada Street.

GOAL 03 Complete Evaluation of Existing Technology/Software and Requisition Upgrades/Replacements if Necessary

OBJECTIVES

1. Identify weaknesses of existing software programs.
2. Conduct needs-assessment.
3. Work with IT to hold product demonstrations.
4. Work with IT to ensure all Water Maintenance Staff are equipped with appropriate mobile devices.
5. Work with IT to fix data connectivity issue.



FY 2019-20 Accomplishments

GOAL THREE

Review Data Accuracy Compared to Actual Field Conditions

OTHER ACCOMPLISHMENTS

- Worked with IT to ensure all Water Maintenance Staff were equipped with appropriate mobile devices.
- Completed in-house projects by installing 2,500 linear feet of new water main in six streets.
- Repaired 263 leaks.
- Installed infrastructure for North Fork ditch to meter switch over.
- Completed year two of the leak survey, by collecting data for the water audit.
- Increased employees' level of Water Distribution and Class B Driver's License.

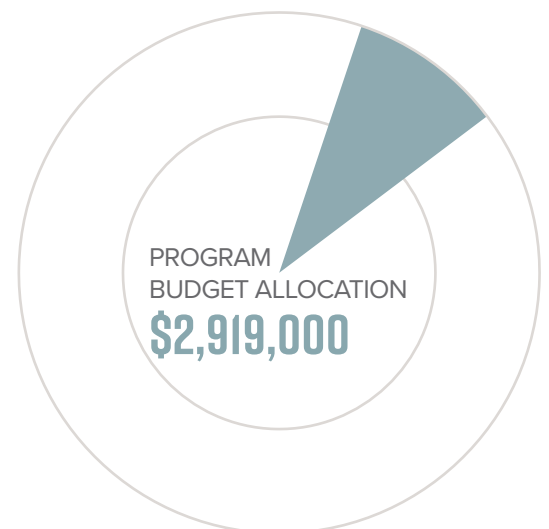
SIGNIFICANT CHANGES

Increased Contract Services 95% to include a survey of water mains across the 210 freeway as needed for the San Bernardino County Transportation Authority project taking place within the service area.

LEVELS OF SERVICE

The Water Maintenance Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Internal Capabilities through Ongoing Professional Development (I-B)
- Advance Emergency Preparedness Efforts (III-A)
- Develop Projects and Programs to Ensure Safe and Reliable Service (IV-A)
- Dedicate Effort towards System Maintenance and Modernization (IV-C)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
I-B	Number of Water Maintenance staff with D-3 certification or higher	5	6	6	5
III-A	Annual equipment and safety training hours per staff member	16	16	16	16
IV-A	Number of gate valves exercised	1,200	1,200	1,400	0
IV-C	Respond to, and assess, customer leak concerns within reasonable time frame	98%	95%	95%	100%
IV-C	Number of main leaks repaired	<70	85	85	78
IV-C	Estimate of water losses from main leaks (MG)	<10 MG	1 MG	1 MG	0.54 MG

PROGRAM BUDGET DETAIL


Field Maintenance

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 186,338	\$ 189,000	\$ 180,335	\$ 200,000	\$ 11,000	6%
5103	Overtime	1,370	20,000	24	2,000	(18,000)	-90%
5104	Standby	22,652	20,000	23,410	20,000	-	0%
5200	Benefits	129,991	138,000	118,059	144,000	6,000	4%
OPERATING EXPENSES							
6203	Office Supplies	\$ 720	\$ 3,000	\$ 1,467	\$ 3,000	\$ -	0%
6303	Printing & Publishing	-	-	-	-	-	0%
6307	Uniforms	2,665	1,000	1,879	1,000	-	0%
6402	Telephone	16,586	41,000	23,248	41,000	-	0%
6501	Memberships & Dues	1,390	2,000	858	2,000	-	0%
6502	Professional Development	3,216	19,000	17,906	19,000	-	0%
6503	Education Assistance	-	-	-	-	-	0%
6504	Meetings	1,795	2,000	2,843	2,000	-	0%
ADMINISTRATION TOTAL		\$ 366,723	\$ 435,000	\$ 370,029	\$ 434,000	\$ (1,000)	0%

Water Maintenance

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 945,254	\$ 957,000	\$1,055,568	\$1,012,000	\$ 55,000	6%
5103	Overtime	218,474	130,000	240,883	219,000	89,000	68%
5200	Benefits	387,908	527,000	520,733	516,000	(11,000)	-2%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 219,772	\$ 280,000	\$ 343,765	\$ 280,000	\$ -	0%
6202	Tools	12,790	21,000	40,310	21,000	-	0%
6301	Contract Services	75,542	37,000	97,832	72,000	35,000	95%
6307	Uniforms	14,891	40,000	27,909	40,000	-	0%
6310	Street Services	323,336	325,000	506,433	325,000	-	0%
6405	Permits	13,500	-	18,132	-	-	0%
TRANSMISSION & DISTRIBUTION TOTAL		\$ 2,211,467	\$ 2,317,000	\$2,851,565	\$2,485,000	\$ 168,000	7%
TOTAL WATER MAINTENANCE		\$2,578,190	\$2,752,000	\$3,221,594	\$2,919,000	\$ 167,000	6%

Cost estimates reflect the anticipated expenses for accomplishing each program's day-to-day operational tasks, special projects and overall program goals.





WASTEWATER maintenance

More than 54 miles of sewer video monitoring was conducted in 2020.

Wastewater Maintenance Maintains the District's Wastewater Conveyance System.

PROGRAM PERSONNEL	
Field Service Worker III	2
Field Service Worker II	2
<hr/>	
Total Full-Time	4

PROGRAM STRUCTURE



- GOVERNING BOARD
- GENERAL ADMINISTRATION
- HUMAN RESOURCES
- PUBLIC AFFAIRS
- CONSERVATION
- FINANCE & ACCOUNTING
- INFORMATION TECHNOLOGY
- CUSTOMER SERVICE
- METER SERVICES
- ENGINEERING
- WATER PRODUCTION
- WATER TREATMENT
- WATER QUALITY
- WATER MAINTENANCE
- **WASTEWATER MAINTENANCE**
- FACILITIES MAINTENANCE
- FLEET MAINTENANCE

WASTEWATER Maintenance

FUNCTION

Wastewater Maintenance is responsible for monitoring and helping ensure the free flow and containment of wastewater (sewer) through the District's 220 miles of wastewater conveyance pipelines. The Wastewater Maintenance program's primary mission is to prevent wastewater spills and leaks.

Goals and Objectives

GOAL 01 Continue Wastewater Collection System Maintenance and Management

OBJECTIVES

1. Video inspect and assess all District mains between the northern and southern District boundaries, and between Del Rosa Drive and Victoria Avenue.
2. Clean a minimum of 110 miles of wastewater main.

GOAL 02 Implement Procedures to Enhance Monitoring of High-Flow Sewer Mains

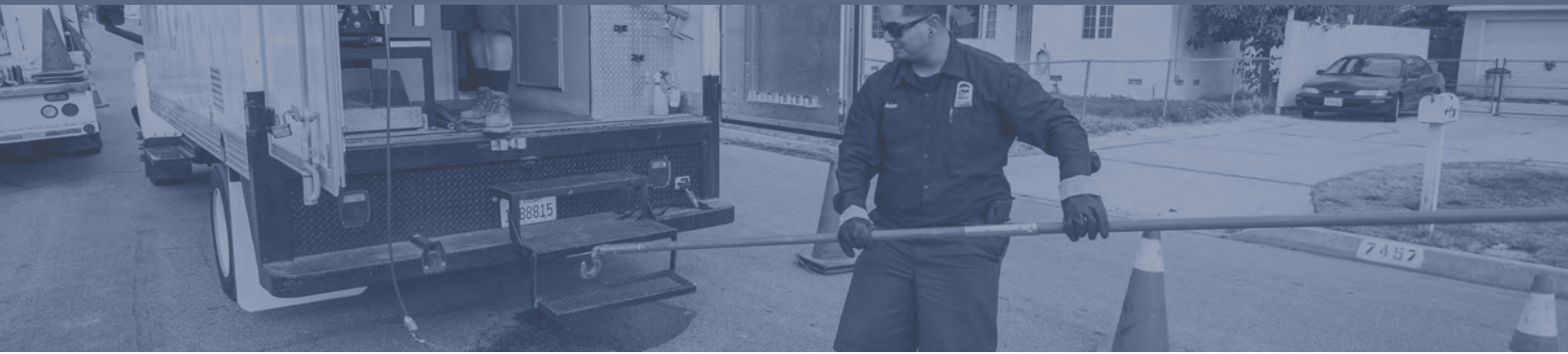
OBJECTIVES

1. Contract for video inspection of recently acquired East Trunk sewer main south of Baseline (33,000 feet).
2. Install flow sensors in manholes of five selected mains.

GOAL 03 Update Staff Training to Include Enhanced Functions of New Equipment

OBJECTIVES

1. Train all field staff on the new vector.
2. Train all field staff on lateral launcher and new CCTV truck.



FY 2019-20 Accomplishments

GOAL ONE

Continue Wastewater Collection System Maintenance and Management

GOAL TWO

Identify Operational Changes Needed to Accommodate Planned Development within the District

OTHER ACCOMPLISHMENTS

- Updated Sanitary Sewer Management Plan (SSMP).
- Cleaned 125 miles of sewer main and video inspected 54 miles of sewer main.
- Worked with contractor on numerous main and lateral repairs.
- Documented contributing factors of high maintenance areas in preparation for in-house FOG Program.
- Sent out letters to FOG generating businesses/customers.
- Started maintaining the East Trunk Sewer Pipeline, formerly owned by the City of San Bernardino Municipal Water Department.

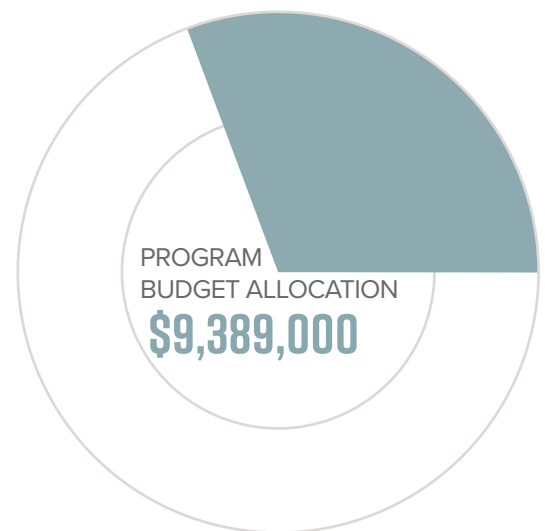
SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Wastewater Maintenance Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Internal Capabilities through Ongoing Professional Development (I-B)
- Develop Projects and Programs to Ensure Safe and Reliable Service (IV-A)
- Dedicate Effort towards System Maintenance and Modernization (IV-C)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
I-B	Number of staff holding CWEA certifications	4	5	5	6
IV-A	Miles of wastewater mains inspected by video	55	70	74	54
IV-A	Category 1 Sanitary System Overflows reportable to State Water Quality Control Board	0	0	0	0
IV-C	Miles of wastewater mains jetted / cleaned	220	200	177	125
IV-C	Spot repairs identified and completed	100%	100%	100%	100%

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 201,992	\$ 313,000	\$ 262,205	\$ 335,000	\$ 22,000	7%
5103	Overtime	8,168	45,000	6,974	9,000	(36,000)	-80%
5200	Benefits	101,066	173,000	148,188	176,000	3,000	2%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 29,432	\$ 31,000	\$ 12,006	\$ 31,000	\$ -	0%
6202	Tools	2,496	5,000	2,925	5,000	-	0%
6301	Contract Services	355,833	243,000	351,830	243,000	-	0%
6305	Treatment Services	8,592,950	8,665,000	7,932,758	8,586,000	(79,000)	-1%
6307	Uniforms	1,520	4,000	2,078	4,000	-	0%
WASTEWATER MAINTENANCE TOTAL		\$9,293,457	\$9,479,000	\$ 8,718,964	\$9,389,000	\$ (90,000)	-1%



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FACILITIES maintenance

East Valley Water District has set out to be a world class organization that provides maximum benefits to the community.

Facilities Maintenance Repairs and Maintains All District Facilities.

PROGRAM PERSONNEL	
Facilities Maintenance Coordinator	1
Facilities Maintenance Worker	1
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Total Full-Time	2

- GOVERNING BOARD ●
- GENERAL ADMINISTRATION ●
- HUMAN RESOURCES ●
- PUBLIC AFFAIRS ●
- CONSERVATION ●
- FINANCE & ACCOUNTING ●
- INFORMATION TECHNOLOGY ●
- CUSTOMER SERVICE ●
- METER SERVICES ●
- ENGINEERING ●
- WATER PRODUCTION ●
- WATER TREATMENT ●
- WATER QUALITY ●
- WATER MAINTENANCE ●
- WASTEWATER MAINTENANCE ●
- FACILITIES MAINTENANCE ●**
- FLEET MAINTENANCE ●

PROGRAM STRUCTURE



FACILITIES Maintenance

FUNCTION

Facilities Maintenance is responsible for the complete Maintenance and repair of all District Facilities, including Administration Buildings, Water Facilities, District-owned vacant properties and easements.

Goals and Objectives

GOAL 01 Complete Long-Term Site Improvements for Plant 134

OBJECTIVES

1. Work with Information Technology to complete security system and digital access at Plant 134.
2. Oversee the laboratory remodel at Plant 134 to include restroom, flooring and cabinetry.

GOAL 02 Complete Systematic Upgrades and Rehabilitation of District Facilities

OBJECTIVES

1. Develop a comprehensive site improvement project list.
2. Replace fence and repair asphalt driveway at Plant 34 and 141.
3. Paint existing building at Plant 33.
4. Complete upgrades on HVAC systems at Plants 129 and 142.

GOAL 03 Develop a Facilities Maintenance Program to Track and Anticipate Future Costs Associated with All District Facilities

OBJECTIVES

1. Work with IT and other Program/Department stakeholders in selecting an asset management program that fits with the Program's needs.
2. Complete incorporating facilities data into selected Facilities Maintenance Program.
3. Implement a consistent tracking program and help provide training to staff.

Directly Supports a District-Wide Goal



FY 2019-20 Accomplishments

GOAL ONE

Implement a Long-Term Site Improvement Plan for Plant 134

- Completed security fence upgrade at Plant 134.

GOAL THREE

Complete Systematic Upgrades and Rehabilitation of District Facilities

- Completed the following HQ security upgrades: access card readers entering the Board Room and Break Room; installed emergency exit gate in the demonstration garden and patio.
- Installed new HVAC systems and upgraded to LED lights at Plants 99, 33, 24, 11, 127, and 149.
- Upgraded to LED lights at HQ.
- Installed new metal doors at Plants 11, 39 and 33.
- Replaced the booster house roof at Plant 129.
- Slurry seal and striping of HQ parking lot.

OTHER ACCOMPLISHMENTS

- Assisted with demolition of the ranch property house on 6th Street to expand the SNRC.

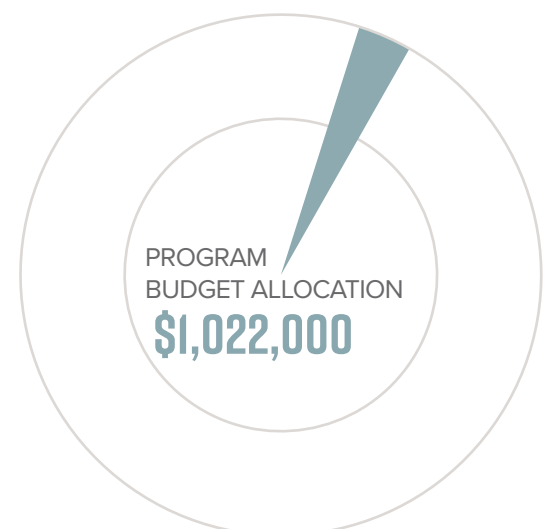
SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Facilities Maintenance Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Dedicate Efforts Toward System Maintenance and Modernization (IV-C)
- Identify Opportunities to Optimize Natural Resources (I-A)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-C	Close all service work orders timely	<30 Days	<30 Days	<30 Days	<30 Days
IV-C	Reduce the number of reworks on service work orders	<10%	N/A	N/A	N/A
IV-C	Ensure preventative maintenance is completed on time	100%	100%	100%	100%
I-A	Reduce energy consumption for each facility site	>20%	25%	30%	60%

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 144,697	\$ 160,000	\$ 158,137	\$ 168,000	\$ 8,000	5%
5103	Overtime	20,181	15,000	21,797	22,000	7,000	47%
5200	Benefits	75,044	93,000	95,487	102,000	9,000	10%
ADMINISTRATION OPERATING EXPENSES							
6201	Materials & Supplies	\$ 59,320	\$ 40,000	\$ 71,703	\$ 40,000	\$ -	0%
6202	Tools	2,517	2,000	107	2,000	-	0%
6301	Contract Services	84,572	37,000	63,178	37,000	-	0%
6306	Rents & Leases	32,245	15,000	28,022	15,000	-	0%
6307	Uniforms	2,578	1,000	5,582	11,000	10,000	1,000%
6311	Landscape Services	106,024	56,000	82,767	56,000	-	0%
6312	Janitorial Services	106,928	132,000	130,182	132,000	-	0%
6313	Facilities Repair	-	-	-	-	-	0%
6401	Utilities	27,183	24,000	22,576	14,000	(10,000)	-42%
6402	Telephone	15,985	70,000	16,786	70,000	-	0%
6403	Electricity	90,403	120,000	84,831	120,000	-	0%
6403	Professional Development	-	1,000	47	1,000	-	0%
SOURCE OF SUPPLY/WELLS OPERATING EXPENSES							
6201	Materials & Supplies	\$ 3,103	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0%
6301	Contract Services	70,851	11,000	11,000	11,000	-	0%
6311	Landscape Services	-	40,000	40,000	40,000	-	0%

Continued on next page

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PUMPS AND BOOSTERS OPERATING EXPENSES							
6201	Materials & Supplies	\$ 2,083	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0%
6301	Contract Services	8,630	6,000	6,000	6,000	-	0%
6311	Landscape Services	29,812	35,000	35,000	35,000	-	0%
TREATMENT OPERATING EXPENSES							
6201	Materials & Supplies	\$ 4,055	\$ 8,000	\$ 8,000	\$ 8,000	\$ -	0%
6301	Contract Services	30,604	102,000	102,000	102,000	-	0%
6311	Landscape Services	24,097	14,000	14,000	14,000	-	0%
6401	Utilities	1,265	10,000	10,000	10,000	-	0%
FACILITIES MAINTENANCE TOTAL		\$ 942,177	\$ 998,000	\$1,013,202	\$1,022,000	\$ 24,000	2%

Unique key performance indicators are utilized as a quantitative measure.

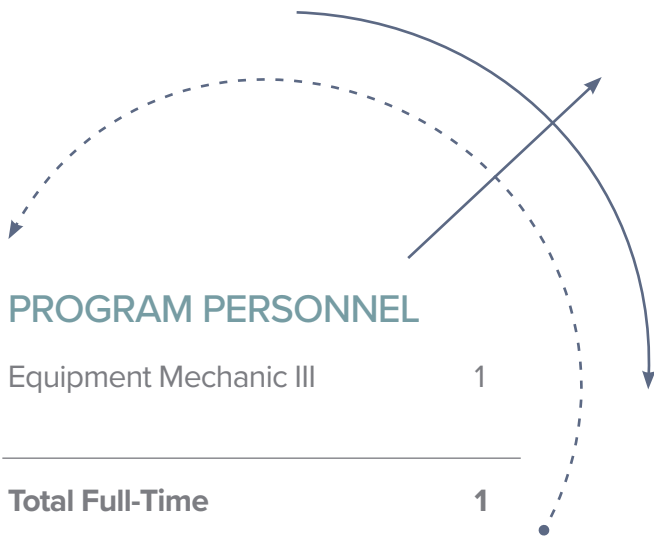




FLEET maintenance

The District maintains 44 vehicles for safe and operable use.

Fleet Maintenance is Responsible for Care of the District's Vehicles and Heavy Equipment.



PROGRAM STRUCTURE

- DIRECTOR OF ENGINEERING & OPERATIONS
- Operations Manager
- Field Service Supervisor
- Equipment Mechanic III

- GOVERNING BOARD
- GENERAL ADMINISTRATION
- HUMAN RESOURCES
- PUBLIC AFFAIRS
- CONSERVATION
- FINANCE & ACCOUNTING
- INFORMATION TECHNOLOGY
- CUSTOMER SERVICE
- METER SERVICES
- ENGINEERING
- WATER PRODUCTION
- WATER TREATMENT
- WATER QUALITY
- WATER MAINTENANCE
- WASTEWATER MAINTENANCE
- FACILITIES MAINTENANCE
- **FLEET MAINTENANCE**

FLEET Maintenance

FUNCTION

Fleet Maintenance is responsible for preventative maintenance and repairs of the District's vehicles and heavy equipment. Staff is responsible for ensuring air quality regulations, vehicle registration, and transportation requirements.

Goals and Objectives

GOAL 01 Keep Air Quality and Highway Safety Regulations Current

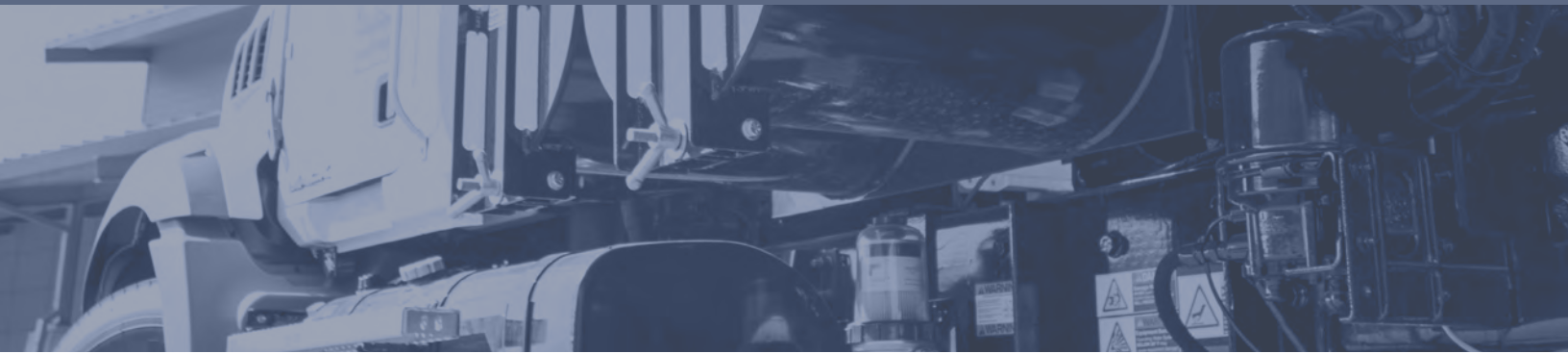
OBJECTIVES

1. Perform quarterly inspections with air quality consultant for Air Quality Management District (AQMD) and California Air Resources Board (CARB).
2. Schedule semi-annual site employee safety training for vehicles and equipment.
3. Transmit emissions data to the Bureau of Automotive Repair using Network Fleet devices.

GOAL 02 Enhance Vendor-Managed Fleet Maintenance Program

OBJECTIVES

1. Work with IT to utilize vendor reporting capabilities.
2. Work with vendor to refine list of pre-approved work in order to mitigate delays on safety repairs.
3. Contract with vendor to provide detailing for specialized equipment.



FY 2019-20 Accomplishments

GOAL ONE

Comply with Current Air Quality and Highway Safety Regulations

GOAL TWO

Continue Enhancement of Emergency Response Capabilities

GOAL THREE

Transition Fleet Management Program

- Contracted with air quality consultant for AQMD and CARB.
- Scheduled semi-annual on-site employee safety training for vehicles and equipment.
- Transmitted emissions data to the Bureau of Automotive Repair using new Network Fleet devices.

- Added three additional generators to support Water Production with SCE's planned power shut-offs (PSPS) and enhance emergency preparedness.

- Purchased new sewer jetting truck to support wastewater crews.
- Added skid steer and trailer to support field staff with in-house water main projects.
- Purchased three new trucks; one is a mid-size dump truck to transport generators.

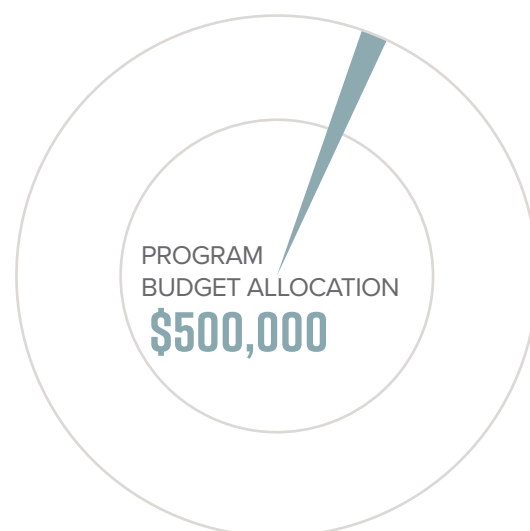
SIGNIFICANT CHANGES

None.

LEVELS OF SERVICE

The Fleet Maintenance Program has three KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe and Reliable Services (IV-A)
- Dedicate Efforts toward System Maintenance and Modernization (IV-C)



The program's performance related to these metrics are included in the following table.

KEY PERFORMANCE INDICATORS CHANGES

Agency Goal	Key Performance Indicator	Target	FY 2017-18	FY 2018-19	FY 2019-20
IV-A	Ensure vehicles and equipment are evaluated and replaced on schedule (% of Net Asset Value)	80%	100%	100%	100%
IV-C	Percent of vehicles pass annual D.O.T. inspection	100%	100%	100%	100%
IV-A	Number of vehicle/equipment units replaced	4	4	4	4

PROGRAM BUDGET DETAIL

		FY 2018-19 Actuals	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Proposed	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 82,475	\$ 84,000	\$ 80,522	\$ 90,000	\$ 6,000	7%
5103	Overtime	2,093	3,000	1,567	3,000	-	0%
5200	Benefits	43,718	53,000	46,829	61,000	8,000	15%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 80,917	\$ 30,000	\$ 68,050	\$ 30,000	\$ -	0%
6202	Tools	6,316	5,000	10,719	5,000	-	0%
6203	Office Supplies	555	1,000	106	1,000	-	0%
6301	Contract Services	294,102	180,000	189,165	180,000	-	0%
6307	Uniforms	849	-	1,058	-	-	0%
6402	Telephone	588	1,000	346	1,000	-	0%
6404	Fuel	120,557	125,000	134,936	125,000	-	0%
6501	Memberships & Dues	-	3,000	-	3,000	-	0%
6502	Professional Development	-	1,000	-	1,000	-	0%
FLEET MAINTENANCE TOTAL		\$ 632,170	\$ 486,000	\$ 533,298	\$ 500,000	\$ 14,000	3%



LEADERSHIP | PARTNERSHIP | STEWARDSHIP



CAPITAL **budget**

CAPITAL BUDGET

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CAPITAL BUDGET OVERVIEW

CAPITAL IMPROVEMENT PROJECTS

INFRASTRUCTURE ACCOMPLISHMENTS

The District's long-term planning efforts have always included consideration of the age, condition, and efficiency of infrastructure used to deliver services to its customers.

Capital Budget Overview

EAST VALLEY WATER DISTRICT INCLUDES TWO TYPES OF CAPITAL EXPENDITURES IN ITS CAPITAL BUDGET.

The two types of capital expenditures categories are within, 1) routine purchases and replacement of assets, referred to as Capital Outlay, and 2) non-routine construction, large material, or planning project expenditures that are part of the District's Capital Improvement Plan (CIP).

The District's FY 2020-21 Capital Expenditures contains \$86,995,000 in total projects and purchases. Of this amount, \$1,630,000 are Capital Outlay, which typically include requests to replace vehicles, computer and office equipment, and to conduct infrastructure planning and rate studies. The remaining proposed capital expenditures of \$85,365,000 are current year (Year 1) costs pertaining to projects shown in the District's Capital Improvement Program, presented in greater detail in this section.

A summary of the proposed FY 2020-21 Capital Budget is shown on the following table:

CAPITAL BUDGET SUMMARY

Capital Improvement Program		Capital Outlay (Routine)	
AMI Meter Replacement Program	\$ 450,000	Computer Hardware / Software	\$ 240,000
Plant 134 Process Improvements	1,000,000	Storage Tank Mixers	40,000
Plant 134 Site Improvements	600,000	Wastewater Cost of Service Analysis	50,000
Plant 134 Membrane Replacement	350,000	Server Room Exhaust Fan	20,000
Storage Tank / Reservoir Rehabilitation	600,000	Regional UWMP / SAR Watershed Survey	100,000
Plant 120 - Reactivation	100,000	SCADA Master Plan / Radio Upgrades	200,000
Plant 101 - Rehab Hydro System	100,000	Upgrade HVAC at Various Plants	30,000
East Side Surface Water Treatment Plant	175,000	Backhoe / Trailer Jetter / Asphalt Grinder	275,000
Water Main Replacement Mirada & 14 Streets	200,000	CCTV Truck	250,000
General Facilities Rehab / Relocation	345,000	Service Trucks, Crew Truck	375,000
Well & Booster Improvements	50,000	Sewer Overflow Sensors	50,000
Wastewater Main Rehabilitations	200,000		
SNRC	81,195,000		
TOTAL CIP EXPENDITURES	\$85,365,000	TOTAL CAPITAL OUTLAY	\$1,630,000

CAPITAL OUTLAY

The District defines Capital Outlay expenditures as an individually significant acquisition of capital assets (not involving construction) that have expected useful lives of more than two years and have a cost of \$5,000 or more. This threshold is applied at the individual asset level.

Each year as part of the budget process the District's Program Managers and Supervisors compile and submit a list of Capital Outlay requests for consideration. The requests are reviewed and prioritized by the Finance Department based on the assessment of need, and the amount of funding available. Funding for Capital Outlay is paid out of the Operating Revenue from the funds (water and/or wastewater) that will benefit from use of the capital item. Items that benefit both the Water and Wastewater funds are allocated accordingly.

FY 2020-21 Capital Outlay

	Water	WasteWater	Total
FUNDED BY OPERATING REVENUE			
<i>Wastewater</i>			
Wastewater Cost of Service Analysis	\$ -	\$ 50,000	\$ 50,000
Sewer Overflow Sensors	-	50,000	50,000
CCTV Truck	-	250,000	250,000
<i>Software</i>			
Hardware Replacements (Servers/Laptops)	\$ 50,000	\$ 8,000	\$ 58,000
vSphere Enterprise Plus	56,000	14,000	70,000
Server Chassis & Switches	66,000	14,000	80,000
Microsoft Server Licensing	32,000	-	32,000
<i>Facilities</i>			
Server Room Exhaust Fan	\$ 16,000	\$ 4,000	\$ 20,000
HVAC Upgrades (Plants 56,59,129)	30,000	-	30,000
Storage Tank Mixers - Plant 129	40,000	-	40,000
<i>Project Planning</i>			
Regional Urban Water Master Plan	\$ 50,000	\$ -	\$ 50,000
Santa Ana River Watershed Survey	50,000	-	50,000
<i>SCADA</i>			
SCADA Master Plan	\$ 150,000	\$ -	\$ 150,000
SCADA Radio Upgrades	50,000	-	50,000
<i>Tool and Equipment</i>			
Asphalt Grinding Tool	\$ 25,000	\$ -	\$ 25,000
Trailer Mounted Jetter for Manholes	-	50,000	50,000
Backhoe	160,000	40,000	200,000
<i>Fleet</i>			
Crew Truck	\$ 150,000	\$ -	\$ 150,000
Light Duty Trucks	225,000	-	225,000
TOTAL CAPITAL OUTLAY	\$ 1,150,000	\$ 480,000	\$ 1,630,000

CAPITAL IMPROVEMENT PROGRAM (CIP)

The District's Capital Improvement Program (CIP) is a five-year planning schedule with the first year (Year 1) adopted as part of the Capital Budget for the upcoming fiscal year. A project included in the District's CIP is an individually significant construction project with a cost of more than \$25,000, and either creates a new capital asset, improves an existing asset (increases its service capacity, etc.), or significantly extends an asset's expected useful life.

The Engineering Department is responsible for maintaining the District's Capital Improvement Program based on the results of planning analysis efforts. The primary sources for these planning efforts are the District's Water Master Plan and Wastewater Collection System Master Plan - both were updated during FY 2018-19. The Master Plans identify the infrastructure improvements needed to serve a growing population and changes in regulations. In addition, each project being considered must meet one or more of the following criteria:

- Preservation of public health and water quality.
- Improvements required as a result of local, state or federal legislation/mandates.
- Reduction of current maintenance expenditures and avoidance of costly future rehabilitation.
- Preservation of existing facilities/infrastructure.
- Positive impacts on customers.
- External funding (grant/debt proceeds) has been secured for the specific project.

For FY 2020-21, East Valley Water District has proposed the use of Operating Revenue, Reserves, and a loan from the California Department of Water Resources to fund current year phases of CIP projects for \$85,365,000 – total project costs for the projects in process are approximately \$155 million over the next five years. Projects funded for the current year include:

- ***Automated Metering Infrastructure*** – This project which has been accomplished within several phases to replace all District water meters with automated metering technology, is near completion. All remaining AMI meters were purchased in FY 2019-20. The FY 2020-21 budget includes \$450,000 to install the remaining meters. This project will be paid out of Water Fund Operating Revenue.
- ***Plant 134 Improvements and Membrane Replacement*** – Three separate projects will be used to 1) enhance security and communications, 2) assess treatment options for source water quality issues and enhance sludge removal processes, and 3) continue the phased replacement of treatment modules at the District's surface water treatment plant. Current year budgeted costs are \$1,900,000 to be paid out of Water Fund Operating Revenue and State Revolving Fund grants and/or loans, if approved.
- ***East-Side Surface Water Treatment Plant*** – This project is proposed to add operational efficiency, flexibility and redundancy to the District's water production and distribution system. Current year budgeted costs for a preliminary design report are \$175,000 to be paid out of Water Fund Operating Revenue.
- ***Storage Tank Rehabilitation*** – involves systematic rehabilitation of existing tanks in order to ensure their dependability and years of future service. Current year costs are \$600,000 to be paid out of Water Fund Operating Revenue.
- ***Water Main Replacements*** – The District has scheduled the replacement of approximately 750 linear feet of undersized water main. Planned expenditures during FY 2020-21 on these pipelines are \$200,000, to be funded by Water Fund Operating Revenue.
- ***Wastewater Main Replacements*** – The District has scheduled the rehabilitation of a sewer main pipeline, rated as high priority due to the number of structural defects noted during video logging. Planned expenditures during FY 2020-21 on these mains are \$200,000, to be funded by Wastewater Operating Revenue.
- ***General Facilities Rehabilitation/Relocation*** – These line items involve various projects such as security upgrades, and improving the aesthetics of buildings at plant sites; it also provides a budget for relocating facilities in conjunction with City street or storm drain improvement projects. Planned expenditures for FY 2020-21 are \$345,000 to be funded by Water Fund Operating Revenue.

- **Sterling Natural Resource Center Water Recycling Facility** – This project will capture and treat District wastewater flows at an elevation high enough to recharge the Bunker Hill Groundwater basin, rather than releasing treated water into the Santa Ana River for use downstream. Planned expenditures in FY 2020-21 are \$81,195,000, funded by State Revolving Fund grants and low interest loans.
- **Facility Repairs and Rehabilitations** – These projects will repair existing District Water Production facilities in order to extend the useful life and enhance the service reliability to the community. Current year budgeted costs include \$250,000 for the reactivation of Plant 120, rehabilitation of Plant 101 Hydro, and proactive improvements of the District's 65 boosters and 16 wells.

The following pages include the District current Capital Improvement Program, a summary of project funding, and detailed descriptions of each project.

Impact Of Capital Improvement Program Project Investments On Operating Budgets

A large majority of the FY 2020-21 proposed Capital Budget of \$86,995,000 is funded by proceeds of a low interest loan from the California State Water Resources Control Board for construction of the Sterling Natural Resources Center. However, most projects in the Capital Improvement Program are funded by contributions from the current year operating budget. For FY 2020-21, Water Fund Operating Revenue will contribute \$3,070,000 to CIP, and Wastewater Fund Operating Revenue will contribute \$395,000. These amounts remain consistent year after year, but can fluctuate based on Capital Outlay requests, which are also funded by operations.

The capital projects described in this section will have varying impacts on future operating expenses, both in increased costs and cost savings specifically the Sterling Natural Resource Center (SNRC) will also provide new revenue streams. Proposed treatment processes at the District's surface water treatment plant (Plant 134) will allow the District to operate the plant at a higher capacity and fully utilizing the hydroelectric generation equipment and reduce power costs. New water storage reservoirs will result in energy cost savings as they give the District the operational flexibility to pump water during off-peak hours and take advantage of lower energy rates.

The SNRC will result in a major shift of costs, from contracted treatment services, to costs associated with owning and operating a District facility such as labor, materials, contract services, and other operating costs. At the same time, the inclusion of co-generation digesters at the facility will allow the District to tap into other revenue streams such as solid waste carrier tipping fees, energy sales, and recycled water revenue. Not included here, but discussed in the Debt section of this document, is a significant increase in debt service related to the SNRC.

The following schedule provides an estimate of the effect of Capital Expenditures on future operations:

Capital Expenditure Impact

	Annual Impact on Operations	Nature of Impact
AMI Replacement Program	\$ 56,000	Increased software maintenance and telecommunications costs
AMI Replacement Program	(200,000)	Decreased labor / equipment for meter reading
Plant 134 Treatment Modifications	30,000	Increased power costs
Plant 134 Treatment Modifications	50,000	Increased filter media cost
SNRC Water Recycling Plant	(5,080,000)	New revenue sources (tipping fees, power sales, recycled water)
SNRC Water Recycling Plant	(8,650,000)	Decrease contracted treatment
SNRC Water Recycling Plant	1,200,000	Increased labor costs
SNRC Water Recycling Plant	1,010,000	Increased materials & consumables
SNRC Water Recycling Plant	2,450,000	Increased contract services
SNRC Water Recycling Plant	520,000	Increased other costs
TOTAL CIP EXPENDITURES	\$ (8,614,000)	

CIP FIVE-YEAR SCHEDULE (FY 2021-25)

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
GENERAL						
Habitat Conservation Plan	\$ -	\$ 310,000	\$ 384,000	\$ 383,000	\$ -	\$ 1,077,000
AMI Meter Replacement Program	450,000	-	-	-	-	450,000
GENERAL SUBTOTAL	\$ 450,000	\$ 310,000	\$ 384,000	\$ 383,000	\$ -	\$ 1,527,000
WATER						
Canal Zone Storage Reservoir (Pending Highland Hills and Mediterra)	\$ -	\$ -	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 3,300,000
Transmission Main Plant 134 to Canal Zone	-	-	-	-	500,000	500,000
Plant 134 Process Improvements	900,000	1,300,000	1,500,000	-	-	3,700,000
Plant 134 Sludge Management	100,000	700,000	-	-	-	800,000
Plant 134 Site Improvements	600,000	-	-	-	-	600,000
Plant 134 Membrane Replacement/Valves	350,000	250,000	-	-	-	600,000
Plant 108 Tank/Reservoir Rehabilitation	600,000	700,000	650,000	900,000	650,000	3,500,000
Plant 120 Forebay Repair/SCADA Installation	100,000	-	-	-	-	100,000
Plant 101 Rehabilitate Hydro System	100,000	300,000	-	-	-	400,000
Highland Hills (CFD 2020-1)	-	-	-	-	-	-
East Surface Water Treatment Plant	175,000	6,000,000	6,000,000	6,000,000	-	18,175,000
Water Mains Mirada & 14th Streets	200,000	-	-	-	-	200,000
Water Mains Dwight & Glasgow	-	800,000	800,000	800,000	-	2,400,000
Water Mains Fisher & Stratford	-	-	-	-	920,000	920,000
Facility Relocations	100,000	100,000	100,000	100,000	100,000	500,000
Facility Rehabilitations Plant 34	245,000	75,000	75,000	75,000	75,000	545,000
Well & Booster Improvements/Rehabilitations	50,000	50,000	50,000	50,000	50,000	250,000
WATER SUBTOTAL	\$3,520,000	\$10,275,000	\$10,275,000	\$9,025,000	\$3,395,000	\$36,490,000

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
WASTEWATER						
Wastewater Main Rehabilitation Projects Lillian Lane & 11th Street	\$ 200,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 1,600,000
SNRC Compliance, Mgt	195,000	60,000	-	-	-	255,000
SNRC	75,500,000	34,493,764	-	-	-	109,993,764
SNRC Del Rosa Drive Trunk Wastewater	5,500,000	-	-	-	-	5,500,000
WASTEWATER SUBTOTAL	\$81,395,000	\$34,903,764	\$ 350,000	\$ 350,000	\$ 350,000	\$ 117,348,764
TOTAL	\$85,365,000	\$45,488,764	\$ 11,009,000	\$ 9,758,000	\$ 3,745,000	\$ 155,365,764

CIP FIVE-YEAR FUNDING SCHEDULE (FY 2021-25)

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
Water Operating Revenue	\$ 3,070,000	\$ 3,035,000	\$ 3,159,000	\$ 3,408,000	\$ 3,395,000	\$16,067,000
Water Replacement Reserve	-	250,000	-	-	-	250,000
Water Capacity Fees	-	-	-	-	-	-
Water Revenue Bonds/SRF	900,000	7,300,000	7,500,000	6,000,000	-	21,700,000
Wastewater Operating Revenue	395,000	410,000	350,000	350,000	350,000	1,855,000
Wastewater Replacement Reserve	-	-	-	-	-	-
Wastewater Capacity Fees	-	-	-	-	-	-
Wastewater Revenue Bonds	-	-	-	-	-	-
Grants / Loans	81,000,000	34,493,764	-	-	-	115,493,764
TOTAL	\$85,365,000	\$45,488,764	\$ 11,009,000	\$ 9,758,000	\$ 3,745,000	\$155,365,764

CIP FY 2020-21 PROPOSED FUNDING

	Water Fund Operating Revenue	Wastewater Fund Operating Revenue	Replacement Reserves	Grants/ Loans Other Fund	Developer Fees	Project Total
GENERAL						
AMI Meter Retrofit Program	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000
GENERAL SUBTOTAL	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000
WATER						
Plant 134 Process Improvements	\$ 100,000	\$ -	\$ -	\$ 900,000	\$ -	\$ 1,000,000
Plant 134 Site Improvements	600,000	-	-	-	-	600,000
Plant 134 Membrane Replacement/Valves	350,000	-	-	-	-	350,000
Plant 108 Tank/Reservoir Rehabilitation	600,000	-	-	-	-	600,000
Plant 120 Forebay Repair/SCADA Installation	100,000	-	-	-	-	100,000
Plant 101 Rehabilitate Hydro System	100,000	-	-	-	-	100,000
Facility Relocations	100,000	-	-	-	-	100,000
Facility Rehabilitations Plant 34	245,000	-	-	-	-	245,000
Well & Booster Improvements/Rehabilitations	50,000	-	-	-	-	50,000
Water Mains Mirada & 14th Streets	200,000	-	-	-	-	200,000
East Surface Water Treatment Plant	175,000	-	-	-	-	175,000
WATER SUBTOTAL	\$ 2,620,000	\$ -	\$ -	\$ 900,000	\$ -	\$ 3,520,000
WASTEWATER						
Wastewater Main Rehabilitation Projects Lillian Lane & 11th Street	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
SNRC Compliance, Mgt	-	195,000	-	-	-	195,000
SNRC	-	-	-	81,000,000	-	81,000,000
WASTEWATER SUBTOTAL	\$ -	\$ 395,000	\$ -	\$ 81,000,000	\$ -	\$ 81,395,000
TOTAL	\$ 3,070,000	\$ 395,000	\$ -	\$ 81,900,000	\$ -	\$ 85,365,000



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CAPITAL IMPROVEMENT

projects

Capital planning involves identifying current and future needs and prioritizing them through an assessment process.

Projects included in the CIP are individually significant construction projects with a cost of more than \$25,000, and either creates a new capital asset, improves an existing asset (increases its service capacity, etc.), or significantly extends an asset's expected useful life.

AMI METER REPLACEMENT PROGRAM

PLANT 134 PROCESS IMPROVEMENTS (THMS AND SLUDGE MANAGEMENT)

PLANT 134 SITE IMPROVEMENTS

PLANT 134 TREATMENT MEMBRANE REPLACEMENT

TANK / RESERVOIR REHABILITATION

PLANT 120 REACTIVATION

PLANT 101 HYDRO TANK REHABILITATION

EAST END SURFACE WATER TREATMENT PLANT

MIRADA & 14TH STREETS WATER MAIN REPLACEMENTS

FACILITY RELOCATIONS

FACILITY REHABILITATIONS

WELL & BOOSTER IMPROVEMENTS/REHABILITATIONS

LILLIAN & 11TH STREETS WASTEWATER MAIN REHABILITATION

STERLING NATURAL RESOURCE CENTER

AMI Meter

REPLACEMENT PROGRAM

PROJECT DESCRIPTION

This project consists of updating manual read meters throughout the District with Advanced Metering Infrastructure (AMI) hardware, software, and meters. Phases 1 through 5 of this project replaced 15,404 meters. Phases 6 and 7 were included in the CIP for the next two years. However, in February 2020 to avoid a significant increase in material costs, the Governing Board approved the purchase of the remaining meters needed to complete the AMI program during FY 2019-20, leaving only the installation costs for the remaining meters to the FY 2020-21 budget. As a result, \$450,000 is budgeted for installation of the remaining 4,891 which will complete the AMI Meter Replacement program.

Implementation of the AMI infrastructure will provide customers and District staff the ability to monitor water usage in real time beyond the usage identified within the monthly bill, receive 'leak alerts' when customer usage is outside of a normal range, and save on labor and fleet expenses required to manually read meters monthly.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

This project will reduce staffing and equipment costs required to collect manual reads of meters. Meter reading staff and equipment, with an annual cost of approximately \$100,000, will be reassigned to other District programs, mitigating the need to fill vacant positions in those programs from external sources.

DEBT SERVICE

N/A

MAINTENANCE

Annual maintenance costs for AMI software and hardware will be \$50,000.

UTILITIES

Minimal increase in annual telecommunication costs of \$5,400.



Project Type

Replacement Water Distribution

Location

All service connections throughout the District

Project Manager

Engineering/Information Technology

Total Project Cost

\$7,468,156

Prior Years Budget

\$7,018,156

Start Date

July 2016

Estimated Completion

June 2021

Capital Requests

Previously Programmed Project



AMI Meter Replacement Program

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	450,000	-	-	-	-	450,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000

Plant 134 Process

IMPROVEMENTS (THMS AND SLUDGE MANAGEMENT)

PROJECT DESCRIPTION

Plant 134 is currently the District's only surface water treatment plant and is the primary source for delivering water to three of the District's higher elevation pressure zones. The organic content of source water treated at Plant 134 (i.e., water from the Santa Ana River and State Water Project) varies due to seasonal and other effects. When the organic content in the water is high, it interacts with chlorine added during treatment processes, and the by-product Trihalomethane (THM) can reach unacceptable levels leading to water quality concerns. Pilot studies have determined that installation of a Granular Activated Carbon (GAC) filter will remove organics and mitigate the occurrence of high THM levels. The estimated cost of the GAC system is \$3.7 million.

During the same period, the District will explore methods for disposal of higher levels of sludge removal from surface water, which has increased due to higher treatment levels of the membrane filtration and the expansion of Plant 134 capacity from 4 to 8 million gallons per day. The estimated cost to increase sludge management capacity is \$800,000.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

This District has applied for a 0% loan from the State Water Resources Control Board State Revolving Fund to finance the GAC filtration system. Annual debt service on the estimated project cost of \$3.7 million would be \$124,000.

MAINTENANCE

The installation of GAC filters would increase maintenance costs by approximately \$50,000 annually for replacement of filter media.

UTILITIES

An additional treatment process will increase power costs by approximately \$30,000 annually.

Project Type

Water

Location

Treatment Plant 134
4588 Highland Avenue, Highland, CA

Project Manager

Operations

Total Project Cost

\$4,500,000

Prior Years Budget

N/A

Start Date

July 2020

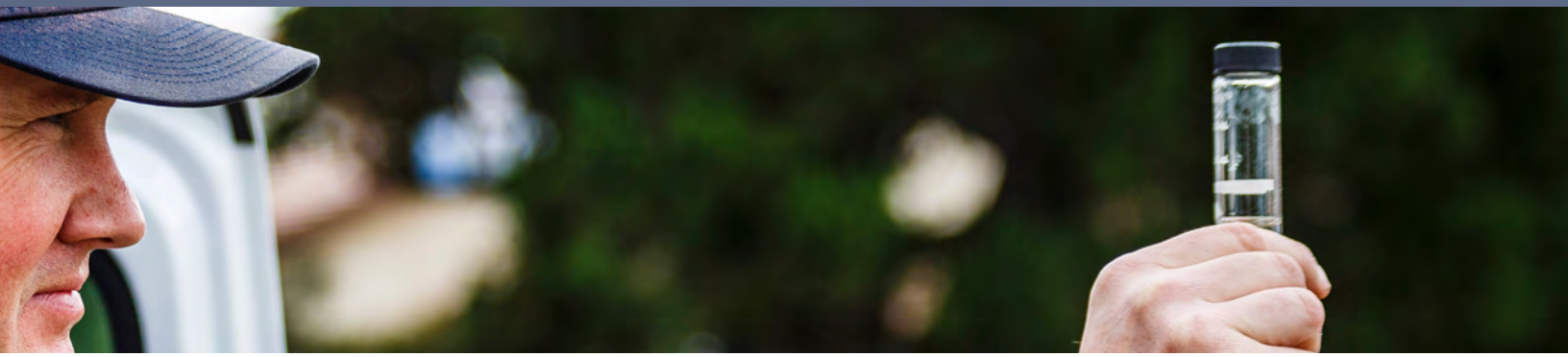
Estimated Completion

June 2023

Capital Requests

Previously Programmed Project





Plant 134 Process Improvements (THMs and Sludge Management)

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	800,000	2,000,000	1,500,000	-	-	4,300,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$1,000,000	\$2,000,000	\$1,500,000	\$ -	\$ -	\$4,500,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 100,000	\$ 700,000	\$ -	\$ -	\$ -	\$ 800,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	900,000	1,300,000	1,500,000	-	-	3,700,000
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$1,000,000	\$2,000,000	\$1,500,000	\$ -	\$ -	\$4,500,000

Plant 134

SITE IMPROVEMENTS

PROJECT DESCRIPTION

Plant 134 is currently the District's only surface water treatment plant. Its security and communications reliability are essential. In FY 2018-19, the District contracted to significantly upgrade the plants perimeter fencing. In FY 2020-21 the District will contract for installation of fiber-optic line to replace wireless connections currently in use, upgrade security video cameras, and upgrade digital access to the plant. In addition, the workspace for plant operators will be remodeled to maximize functionality.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

The installation of communication lines will cost the District approximately \$24,000 annually.

Project Type

Water

Location

Treatment Plant 134
4588 Highland Avenue, Highland, CA

Project Manager

Operations

Total Project Cost

\$760,000

Prior Years Budget

\$160,000

Start Date

July 2019

Estimated Completion

June 2021

Capital Requests

Previously Programmed Project





Plant 134 Site Improvements

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	-
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	600,000	-	-	-	-	600,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000

Plant 134 Treatment

MEMBRANE REPLACEMENT

PROJECT DESCRIPTION

Plant 134 has five treatment trains that consist of 180 membrane filters per train. The manufacturer of the filters recommends replacing the filter every 5 to 7 years. In FY 2017-18 staff replaced one full train with new filters which drastically reduced staff time in making membrane repairs. Two more full trains of membranes were replaced in each of the two succeeding years. In FY 2020-21, staff plans to complete phase four, by replacing a fourth full train of filters, along with replacing air actuated valves that control the trains and permeate pumps.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

N/A

Project Type

Water

Location

Treatment Plant 134
4588 Highland Avenue, Highland, CA

Project Manager

Water Treatment

Total Project Cost

\$1,243,580

Prior Years Budget

\$643,580

Start Date

January 2018

Estimated Completion

February 2022

Capital Requests

On-going Project



Plant 134 Treatment Membrane Replacement Phase 4

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	350,000	250,000	-	-	-	600,000
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 350,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 600,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ 350,000
Replacement Reserve	-	250,000	-	-	-	250,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 350,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 600,000

Tank / Reservoir

REHABILITATION

PROJECT DESCRIPTION

The District has completed a comprehensive, multi-year water tank inspection program and received an engineering report identifying and prioritizing tank rehabilitation projects. Many of the projects present significant challenges where there is no redundant storage capacity, limiting projects to certain times of year when demand for water is low, and requiring alternate methods for distributions of water to sections of the affected service area.

The District has pre-qualified a list of three contractors to provide bids as the reservoir/plant to be rehabilitated in the upcoming year has been identified. In October 2019, the District awarded a contract to Crosno Construction for the rehabilitations of Tank 39-1; that project was completed in May 2020. For FY 2020-21, the District will receive bids and enter into a contract for the rehabilitation of the tank at Plant 108, a 2 million gallon reservoir serving the District's Foothill zone. The preliminary estimated cost for this project is \$600,000.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

N/A

Project Type

Water Replacement / Rehabilitation Project

Location

29572 Crest View Lane, Highland, CA

Project Manager

Engineering

Five-Year Project Costs: FY 2020-24

\$3,250,000

Prior Years Budget

\$400,000

Start Date

December 2019

Estimated Completion

April 2024

Capital Requests

New Project



Tank/Reservoir Rehabilitation

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 45,000	\$ 60,000	\$ 50,000	\$ 60,000	\$ 15,000	\$ 230,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	550,000	630,000	590,000	830,000	630,000	3,230,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	5,000	10,000	10,000	10,000	5,000	40,000
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 600,000	\$ 700,000	\$ 650,000	\$ 900,000	\$ 650,000	\$3,500,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 600,000	\$ 700,000	\$ 650,000	\$ 900,000	\$ 650,000	\$ 3,500,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 600,000	\$ 700,000	\$ 650,000	\$ 900,000	\$ 650,000	\$3,500,000

Plant 120

REACTIVATION

PROJECT DESCRIPTION

This project includes bringing a plant, which has been out of service for several years, back online for water production. Prior to shut down, Plant 120 consisted of a groundwater well that produced water at a rate of 1,500 gallons per minute (gpm), a 60,000 gallon forebay tank, and three booster pumps that delivered water to the Foothill and Upper pressure zones. In 2009, the well started malfunctioning, and the determination was made that the well had collapsed making it no longer functional.

In 2019, a consulting firm conducted tests on the well, and found that the well was not actually collapsed, and that it could produce potable water, but at a lower volume than was previously produced. In FY 2020-21, the District will perform moderate maintenance to the shaft and motor, upgrade the Plant's telemetry system, and return it to production. The amount of water produced in GPM will be determined after reactivation.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

This well sits at a higher elevation than other wells serving the same geographic area and should save approximately \$10,000 in annual power costs.

Project Type

Water

Location

Silver Buckle Road, South of Gold Buckle Road,
Highland, CA

Project Manager

Engineering

Total Project Cost

\$100,000

Prior Years Budget

N/A

Start Date

July 2020

Estimated Completion

September 2020

Capital Requests

New Project





Plant 120 Reactivation

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Paving)	100,000	-	-	-	-	100,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000

Plant 101 Hydro Tank

REHABILITATION

PROJECT DESCRIPTION

The Hydro-pneumatic tank (hydro tank) at Plant 101 boosts water to 35 homes that are situated at elevations above the plant site, and therefore cannot be gravity fed by the plant's 1.4 million gallon reservoir. The hydro tank is the only means of serving these customers. An inspection of Plant 101 revealed that the hydro tank and booster pumps need rehabilitation or replacement.

This project includes an assessment of the rehabilitation or replacement alternative with consideration, for serving customers with water while the hydro tank is off line, minimizing the length of time the homes dependent on the hydro tank will be without water and project cost.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

N/A

Project Type

Water

Location

3045 N. Mountain Top Drive, Highland, CA

Project Manager

Engineering

Total Project Cost

\$400,000

Prior Years Budget

N/A

Start Date

July 2020

Estimated Completion

June 2022

Capital Requests

New Project





Plant 101 Hydro Tank Rehabilitation

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Paving)	-	300,000	-	-	-	300,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 400,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 100,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 400,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 400,000

East End

SURFACE WATER TREATMENT PLANT

PROJECT DESCRIPTION

The District's surface water treatment plant (Plant 134) is located on the northern edge, and at about mid-point east to west, within the District's service area. Source water for Plant 134 is a pressurized water line for the State Water Project and gravity-fed intake from the Santa Ana River on the east end of the District.

Rights to Santa Ana River water were obtained through the purchased of shares in the North Fork Water Company (NFWC). The NFWC was established in 1885 to provide water for citrus farmers, whose groves once covered the entire eastern half of the District.

Two circumstances now make continued operations of the NFWC pipeline less than optimal. First, almost all of the citrus groves have been replaced by homes, and treated water is now pumped uphill to serve those homes from Plant 134. Second, the District State Water Project turnout at Plant 134 is capable of supplying enough water for the plant to run at full capacity. For these reasons the District is exploring alternative methods for supplying customers in the eastern end of the District. A new surface water treatment plant at the east end of the service area, near the intake for Santa Ana River water, was determined to be a viable option by an independent feasibility study.

The purpose of this project is to complete a preliminary design report for an east end surface water treatment plant, and develop construction estimates for the facility. The District will pursue low-cost financing for the plant through Clean Water State Revolving Fund grants and loans.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

This District will apply for a low interest loan from the State Water Resources Control Board State Revolving Fund. Annual debt service on the estimated project cost of \$18.2 million would be approximately \$840,000.

MAINTENANCE

The annual operating costs, including funding of replacement reserves such as treatment membranes, would be approximately \$1 million.

UTILITIES

An additional treatment process will increase power costs by approximately \$30,000 annually.

Project Type

Water

Location

Santa Ana River Intake

Project Manager

Engineering

Total Project Cost

\$18,200,000

Prior Years Budget

\$25,000

Start Date

July 2019

Estimated Completion

June 2025

Capital Requests

New Project



East End Surface Water Treatment Plant

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	6,000,000	6,000,000	6,000,000	-	18,000,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 175,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 18,175,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	6,000,000	6,000,000	6,000,000	-	18,000,000
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 175,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 18,175,000

Mirada & 14th Streets

WATER MAIN REPLACEMENTS

PROJECT DESCRIPTION

This project will replace 500 linear feet of existing water main in 14th Street, and 250 linear feet of existing main in Mirada Street. While consistent with the District's standards at the time of installation, the existing mains for both projects are less than the District's current minimum water main size. Replacement 6-inch ductile iron will enhance fire flow capacity while contributing to more efficient system circulation. Work will be performed in-house by District Water Maintenance crews and will take approximately four weeks for 14th Street and three weeks for Mirada Street to complete.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

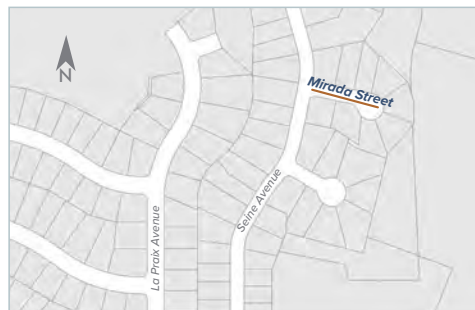
N/A

MAINTENANCE

The useful life for water mains is approximately 50 years. This project will result in minimal planned maintenance costs.

UTILITIES

N/A



Project Type

Replacement – Water Distribution Main

Location

14th Street South of Baseline Avenue
Mirada Street South of Baseline Avenue

Project Manager

Engineering

Total Project Cost

\$200,000

Prior Years Budget

N/A

Start Date

September 2020

Estimated Completion

November 2020

Capital Requests

New Project



Mirada & 14th Streets Water Main Replacements

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	190,000	-	-	-	-	190,000
Project Mgmt/Inspection	7,500	-	-	-	-	7,500
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	2,500	-	-	-	-	2,500
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000

Facility

RELOCATIONS

PROJECT DESCRIPTION

The District's service area includes the City of Highland, along with portions of the City and County of San Bernardino. When these agencies plan and construct improvements within their jurisdiction, there are occasionally alignment or location conflicts with existing District facilities. When this occurs, the District is frequently obligated to relocate its facilities such as manholes, fire hydrants, and meter boxes. This project budget serves to fund relocation costs as they arise.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

N/A

Project Type

Replacement Water Distribution System

Location

District-Wide

Project Manager

Engineering

Total Project Cost

\$100,000 for FY 2020-21
Budgeted Annually

Prior Years Budget

\$100,000 for FY 2019-20

Start Date

July 2020

Estimated Completion

June 2021

Capital Requests

Annual Budget Request





Facility Relocations

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	85,000	85,000	85,000	85,000	85,000	425,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	5,000	5,000	5,000	5,000	5,000	25,000
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

Facility

REHABILITATIONS

PROJECT DESCRIPTION

This project involves scheduled capital improvements to District facilities. Improvements planned for FY 2020-21 include new security fencing around the plant perimeter and repairs to the asphalt access road at Plant 34.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

N/A

UTILITIES

N/A

Project Type

Water

Location

South of Highland Avenue, East of Monte Vista Road,
San Bernardino, CA

Project Manager

Operations

Total Project Cost

\$245,000 for FY 2020-21
Budgeted Annually

Prior Years Budget

\$75,000 for FY 2019-20

Start Date

July 2020

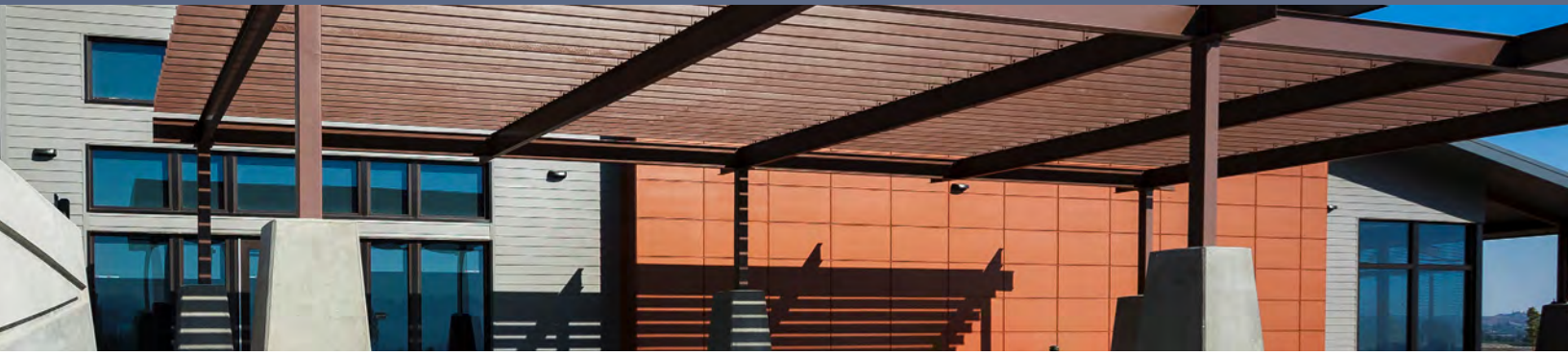
Estimated Completion

June 2021

Capital Requests

Annual Budget Request





Facility Rehabilitations

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	245,000	75,000	75,000	75,000	75,000	545,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 245,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 545,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 245,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 545,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 245,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 545,000

Well & Booster

IMPROVEMENTS/REHABILITATIONS

PROJECT DESCRIPTION

The District has approximately 65 booster pumps and 16 wells in the water distribution system. This budget item will proactively ensure that these facilities operate properly by providing funding to rehabilitate existing booster pumps and wells prior to failure or major reductions in performance. Proactive maintenance is cost effective and mitigates the need for expensive emergency and reactive repairs.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

N/A

MAINTENANCE

Maintenance costs will be reduced by allowing work to be scheduled proactively rather than reactive in emergencies, which avoids overtime charges in addition to the cost of the emergency repairs.

UTILITIES

Improving pump and well performance through scheduled repairs and rehabilitation will result in improved efficiency and lower energy costs.

Project Type

Water

Location

TBD

Project Manager

Operations

Total Project Cost

\$50,000 for FY 2020-21

Prior Years Budget

\$50,000 for FY 2019-20

Start Date

July 2020

Estimated Completion

June 2021

Capital Requests

Annual Budget Request



Well & Booster Improvements/Rehabilitations

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	40,000	40,000	40,000	40,000	40,000	200,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	5,000	5,000	5,000	5,000	5,000	25,000
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000

Lillian & 11th Streets

WASTEWATER MAIN REHABILITATION

PROJECT DESCRIPTION

The District has a proactive pipeline video monitoring program to inspect sewer mains to help prioritize this CIP project. This program identified two segments of 6-inch diameter sewer main for replacement. One segment on Lillian Lane is approximately 650 linear feet and one segment on 11th Street is approximately 390 linear feet.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

N/A

DEBT SERVICE

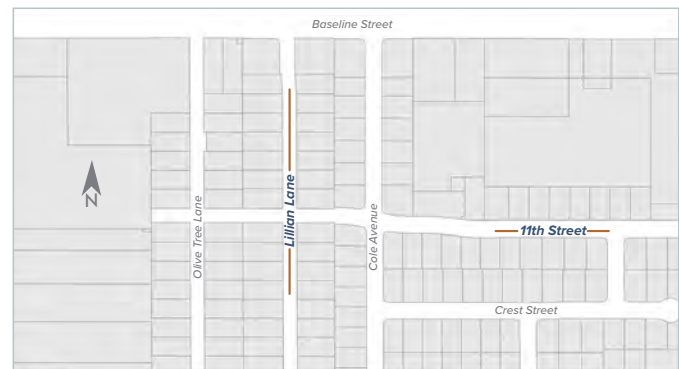
N/A

MAINTENANCE

N/A

UTILITIES

N/A



Project Type

Replacement - Wastewater

Location

On Lillian Lane south of Baseline through 11th Street north of 10th Street

11th Street east of Cole Avenue west of Palm Avenue

Project Manager

Engineering

Total Project Cost

\$200,000 for FY 2020-21

Prior Years Budget

No Projects Completed

Start Date

September 2020

Estimated Completion

March 2021

Capital Requests

Annual Budget Request





Lillian & 11th Streets Wastewater Main Rehabilitation

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	190,000	350,000	350,000	350,000	350,000	1,590,000
Project Mgmt/Inspection	7,500	-	-	-	-	7,500
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	2,500	-	-	-	-	2,500
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$1,600,000

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 200,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 1,600,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 1,600,000

Sterling Natural

RESOURCE CENTER

PROJECT DESCRIPTION

The District is currently building a wastewater reclamation facility known as the Sterling Natural Resource Center. The plant will have the capability to treat all wastewater flows currently generated within the District's service area. The facility will allow the District to treat wastewater to a point that it can be used to recharge the groundwater basin. Initially the facility will treat approximately 6 million gallons per day and will be expandable to be able to treat ultimate build out of approximately 10 million gallons per day. This effort supports the regional effort to develop recycled water for long-term groundwater sustainability. Additionally, the facility will provide educational resources and opportunities for enhanced community engagement.

Plant construction is being funded by grants and low interest loans from the State Water Resources Control Board and the Department of Natural Resources. Through June 2020, East Valley Water District has incurred approximately \$67.2 million of total plant construction costs of \$182.9 million. Additionally, since the project includes energy generation, it has been approved for a Sales Tax Exclusion, resulting in an estimated savings of \$4 million for the project and is eligible for \$2.5 million in construction reimbursements through Southern California Edison's SGIP. One operational the facility will produce new revenue for the high stream food waste tipping fees, for the recycled water through the Local Replenishment Investment Program, with any excess energy through the BioMat Program.

Operating Budget Impact

ADDITIONAL STAFF SALARIES

\$1,800,000

DEBT SERVICE

\$6,820,000 annually on 1.8% Interest
State Revolving Fund loan for a 30-year term

MAINTENANCE

\$3,220,000 (estimated) for contract services and supplies. Contracted wastewater treatment currently

paid to a third party agency of \$8,600,000 annually, would be eliminated

UTILITIES

Anaerobic digesters at the plant will convert wastewater solids, along with high grade food waste offloaded by waste haulers, to produce enough energy to power SNRC operation and sell energy back to the Edison power grid.

Project Type

New – Wastewater Recycling Plant

Location

25318 and 25376 5th Street, Highland

Project Manager

Engineering

Total Project Cost

\$182,917,000

Prior Years Budget

\$67,213,236

Start Date

January 2014

Estimated Completion

November 2021

Capital Requests

Previously Programmed Project





Sterling Natural Resource Center

PROJECT COST

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	81,000,000	34,493,764	-	-	-	115,493,764
Project Mgmt/Inspection	195,000	60,000	-	-	-	210,000
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
EVWD Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 81,195,000	\$ 34,553,764	\$ -	\$ -	\$ -	\$ 115,703,764

PROJECT FUNDING

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	Year 4 FY 2023-24	Year 5 FY 2024-25	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 195,000	\$ 60,000	\$ -	\$ -	\$ -	\$ 210,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	81,000,000	34,493,764	-	-	-	115,493,764
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 81,195,000	\$ 34,553,764	\$ -	\$ -	\$ -	\$ 115,703,764*

* Project cost and funding for years prior to FY 2020-21 not included in this table. Total project budget is \$182,917,000.



INFRASTRUCTURE accomplishments

The District's demonstration garden features a colorful display of more than 60 low water use plant species.

*The budget reflects the District's
commitment to allocating resources to
meet the needs of its stakeholders.*

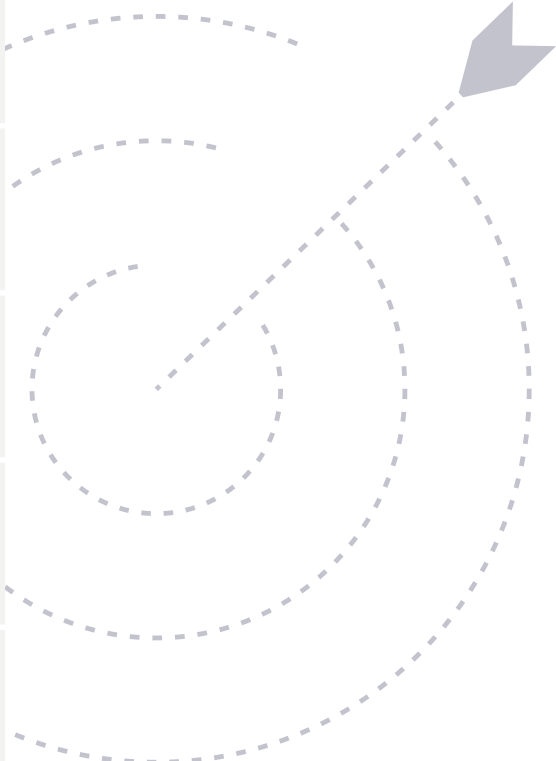
2019 – 2020 INFRASTRUCTURE

Accomplishments

Infrastructure improvements represent a significant investment in maintaining a reliable system for the community served by East Valley Water District.

Several Capital Improvement Projects were completed under budget in FY 2019-20 that focused on system improvements for both water and wastewater systems.

PROJECT	
Plant 108 Tank Mixer Addition	<ul style="list-style-type: none"> • Project Budget \$40,000 • Actual Cost \$28,390 • Completed May 2020
Plant 134 Security Fence Upgrade	<ul style="list-style-type: none"> • Project Budget \$400,000 • Actual Cost \$216,785 • Completed December 2019
Water Main Replacements	<ul style="list-style-type: none"> • Project Budget \$200,000 • Actual Cost \$216,020 • Completed June 2020
Plant 134 Membrane Replacement	<ul style="list-style-type: none"> • Project Budget \$405,000 • Actual Cost \$248,145 • Completed January 2020
Plant 39A Rehabilitation	<ul style="list-style-type: none"> • Project Budget \$400,000 • Actual Cost \$389,590 • Completed June 2020








glossary

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The budget is formally reviewed each quarter, allowing for an opportunity to take formal budget adjustments to the Governing Board for consideration.

Definitions



TECHNICAL TERMS AND ACRONYMS FOUND IN THE BUDGET DOCUMENT

A

- **Acre Foot (AF):** A water measurement equal to 325,851 gallons. - pg. 54
- **AMI:** Advanced Metering Infrastructure is the technology of collecting meter reads via a network. - pg. 09
- **AQMD or SCAQMD:** Air Quality Management District or South Coast Air Quality Management District is the air pollution agency responsible for regulating stationary sources of air pollution in the South Coast Air Basin, in Southern California. - pg. 211
- **AWWA:** American Water Works Association was established in 1881 and is the largest nonprofit, scientific, and educational association dedicated to managing and treating water. - pg. 107

C

- **CAFR:** Comprehensive Annual Financial Report is a set of U.S. government financial statements comprising of the financial report of a state, municipal, or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board. - pg. 144
- **CalFire:** California Department of Forestry and Fire and Protection. - pg. 25
- **CalPERS:** California Public Employees' Retirement System is an agency in the California executive branch that manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families. - pg. 40
- **CARB:** California Air Resources Board. - pg. 211
- **CEO:** Chief Executive Officer. - pg. 04
- **CHEF:** Community Heritage and Education Foundation. - pg. 13
- **CIP:** Capital Improvement Program. - pg. 09
- **Cityworks:** This platform is designed to help local governments and utilities manage public assets and their associated data, work activities, and business processes. - pg. 140
- **Closed Circuit TV (CCTV):** A closed circuit TV is the use of video cameras to transmit a signal to a limited set of monitors. - pg. 199
- **COLA:** Cost of Living Adjustment. - pg. 69
- **COSA:** Cost of Service Analysis. - pg. 68
- **California Special Districts Association (CSDA):** The California Special Districts Association is a 501c(6) not-for-profit association that promotes good governance and improved core local services through professional development, advocacy, and other services for independent special districts. - pg. 10
- **Cool-Season Turfgrass:** Grass species which require 80% replenishment of evapotranspiration. Species do not go dormant during winter months and include tall fescue, ryegrass, bentgrass, and Kentucky bluegrass. - pg. 83
- **CSMFO:** California Society of Municipal Officers - pg. 20
- **CWEA:** California Water Environment Association is a nonprofit public benefit corporation dedicated to the educational development and certification of wastewater professionals. - pg. 201

D

- **DWR:** Department of Water Resources. - pg. 61

E

- **Enterprise Fund:** Revenues and expenditures of services are separated into separate funds with its own financial statements. - pg. 04
- **EPA:** Environmental Protection Agency. - pg. 188
- **EVWD:** East Valley Water District - pg. 03
- **EVWDEP:** East Valley Water District Employee Partnership. - pg. 126

F

- **Fees:** Charges for service that are based upon the cost of providing the service. - pg. 33
- **FEMA:** Federal Emergency Management Agency is a federal agency whose mission is to support citizens and first responders in their efforts to improve capabilities to prepare for, respond to, and recover from emergencies and hazards. - pg. 131
- **Fiscal Year (FY):** The time frame in which the budget applies. This period is from July 1 through June 30. - pg. 03
- **FOG:** Fats, oils, and grease. - pg. 187
- **Full-Time Employee:** A measure of effective authorized positions, indicating the percentage of time a position or group of positions is funded. It is calculated by equating 2,080 hours of work per year with the full-time equivalent of one position. - pg. 52
- **Fund:** An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives. - pg. 04
- **Fund Equity:** The excess of an entity's assets over its liabilities; a negative Fund Equity is sometimes called a deficit. - pg. 63

G

- **GAC:** Granular Activated Carbon is a highly porous adsorbent material used during the water treatment process. It is used to remove tetrachloroethylene, also known as perchloroethylene (PCE). - pg. 181

- **GASB:** Governmental Accounting Standards Board is a private, non-governmental organization who is the source of generally accepted accounting principles (GAAP) used by State and Local governments in the U.S. - pg. 40
- **GASB 68:** A state or local government employer will report the Net Pension Liability associated with its defined benefit pension plan(s) that is administered through a trust or equivalent arrangement. - pg. 40
- **Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards of, and guidelines for external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statements on the application of GAAP to state and local governments are Government Accounting Standards Board (GASB) pronouncements. GAAP provides a standard by which to measure financial presentations. - pg. 40
- **GC:** San Bernardino Basin Area Groundwater Council. - pg. 54
- **Geographic Information System (GIS):** An organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information. - pg. 57
- **GFOA:** The Government Finance Officers Association represents public finance officials throughout the United States and Canada. - pg. 20
- **GMP:** Guranteed Maximum Price. - pg. 131

H

- **Hundred Cubic Feet (HCF):** Water billing measurement equal to 748 gallons. - pg. 46
- **HVAC:** Heating, Ventilation, and Air Conditioning. pg. 205

K

- **KPI:** A Key Performance Indicato monitors progress towards meeting program objectives. - pg. 08

L

- **LAIF:** Local Agency Investment Fund is a program administered by the California State Treasurers office to give local agencies and special districts the opportunity to participate in a major portfolio using the investment expertise of the Treasurer's Office Investment staff. - pg. 60
- **Linear Feet:** A linear foot is a 12-inch measurement of length. - pg. 193

M

- **MG:** Million Gallon. - pg. 183
- **MGD:** Million Gallons Per Day. - pg. 183
- **MOU:** Memorandum of Understanding. - pg. 52

N

- **NFWC:** North Fork Water Company is a mutual water company that secures surface water from the Santa Ana River and other available sources for delivery to its shareholders. - pg. 54

P

- **PAFR:** Popular Annual Financial Report. - pg. 144
- **PCI:** Payment Card Industry. Data security requirements for any organization that accepts credit card payments. - pg. 155
- **PRV:** Pressure Regulating Valve. - pg. 173

R

- **RUSD:** Redlands Unified School District. - pg. 24
- **Revenue:** Income generated by assessments, investments, connection fees, stand-by fees, and user charges. - pg. 01
- **Reserve:** An account set aside to meet unexpected costs. - pg. 05

S

- **SAR:** Santa Ana River. - pg. 18
- **SBCUSD:** San Bernardino City Unified School District. - pg. 22
- **SBVMWD:** San Bernardino Valley Municipal Water District was formed in 1954 as a regional agency to plan a long-range water supply for the San Bernardino Valley. - pg. 23
- **SCADA:** Supervisory Control and Data Acquisition generally refers to an industrial computer system that monitors and controls a process. - pg. 57

- **SCE:** Southern California Edison. - pg. 55
- **Section Sign (§):** Typographical glyph for referencing numbered sections of a document. - pg. 34
- **Single Family Residential (SFR):** A stand-alone residential building. - pg. 46
- **Sterling Natural Resource Center (SNRC):** The District is planning and constructing a water recycling center called the Sterling Natural Resource Center. - pg. 07
- **SWRCB:** State Water Resources Control Board. - pg. 59

T

- **TTHM/THM:** Total Trihalomethanes is a disinfectant by product when chlorine used to treat water reacts with organic materials in the water. - pg. 09
- **Tyler Accounting System:** - pg. 143

V

- **VMware:** A software company that provides cloud computing and virtualization software and services. - pg. 149

U

- **UCMR:** Unregulated Contaminant Monitoring Rule. - pg. 188

W

- **Wastewater Collection System Master Plan (WCSMP):** The District's Wastewater Collection System Master Plan outlines existing deficiencies and facility requirements to meet increasing demands. It provides a general assessment to create a comprehensive CIP for the wastewater collection system. - pg. 09
- **Water Master Plan:** The District's Water Master Plan provides information on proposed CIP for the water system, including phasing of the necessary projects and capital requirements taking existing deficiencies and facility requirements to meet both current and future demand in consideration. - pg. 09



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intentionally



CHART OF
accounts

By setting clear expectations, all staff members are encouraged to be active participants in the operations while also looking for opportunities to positively impact the community.

The District actively enhances communication methods to reach a variety of stakeholders.

CHART OF Accounts

A COMPLETE LISTING OF EVERY ACCOUNT USED IN THE ACCOUNTING SYSTEM

In order to maintain consistency across programs and ease the ability to compare expenses, each program budget detail has allocated District resources within a specific list of revenue and expense accounts. This budget includes specific accounts that will be used throughout the current fiscal year. Below is a listing of the District's Chart of Accounts with a brief description of each account.

- 5101 - Regular Labor: Regular salaries and wages for permanent full-time and part-time employees
- 5102 - Temporary Labor: Costs for labor not permanently employed by the District
- 5103 - Overtime: Employees that work more than their regular 40 hours per week
- 5104 - Standby: Employees that are on call for emergencies during non-business hours, weekends, and holidays
- 5200 - Benefits: Medical, dental, vision, retirement, and related benefits offered by the District
- 6101 - Purchased Water: Cost to purchase imported water
- 6102 - Groundwater Replenishment: Cost to pump groundwater from the basin
- 6103 - Water Assessment: Cost of water shares directly related to North Fork Water Company
- 6201 - Materials & Supplies: Items used in daily operations, repair, and maintenance
- 6202 - Tools: Items used to perform repair and maintenance activities
- 6203 - Office Supplies: Items such as pens, paper, and other related desk accessories
- 6204 - Chemicals: Used for the treatment of water and cleaning equipment and tools
- 6205 - Conservation Rebates: Costs to reimburse customers for eligible conservation efforts
- 6301 - Contract Services: Services rendered by consultants and contractors; software subscriptions and licensing
- 6302 - Banking Services: Service fees charged by financial institutions, merchant banks, and payment processors
- 6303 - Printing & Publishing: Costs for printing and producing District publications
- 6304 - Legal Services: Costs for legal advice, consultation, contract review, and litigation
- 6305 - Treatment Services: Outside treatment services for wastewater
- 6306 - Rents & Leases: Rental and lease costs for buildings and equipment that are not owned by the District
- 6307 - Uniforms: Costs for the purchase, rental and laundering of uniforms, and other sundries for employees
- 6308 - Billing Services: Costs associated with printing and mailing customer utility bills
- 6309 - Shut Off Notice Services: Costs associated with the printing and delivery of 48 Hour Notices; these costs are charged back to customers through a fee
- 6310 - Street Services: Costs associated with street restoration after District performs repairs and maintenance to existing infrastructure
- 6311 - Landscape Services: Costs to maintain landscape, sprinklers, and weed abatement throughout the District
- 6312 - Janitorial Services: Costs to clean and maintain District facilities
- 6313 - Facilities Repair: Tracking of minor repairs for District facilities
- 6314 - Litigation Expense: Costs associated with legal proceedings, legal action, lawsuits, legal disputes, or legal cases.
- 6401 - Utilities: Cable, gas, and other utilities not including telephone and electricity

- 6402 - Telephone: Land lines, cellular phones, and internet services
- 6403 - Electricity: Electricity usage costs
- 6404 - Fuel: Fuel costs for vehicles and generators
- 6405 - Permits: Permit costs required by federal, state, and local regulatory agencies
- 6406 - Postage: Costs for mailing bills, publications, and special deliveries
- 6501 - Memberships & Dues: Subscriptions (not including software) and memberships for associations and special groups; award applications
- 6502 - Professional Development: Seminars, conferences, and travel costs for employee development
- 6503 - Education Assistance: Tuition reimbursement for employees who attend school for a degree or certificate
- 6504 - Meetings: Costs such as meals, parking, and registration that are not related to professional development
- 6505 - Employee Recognition: Employee recognition costs to recognize excellent performance throughout the year
- 6701 - General Insurance: General liability insurance for the District's facilities and infrastructure development
- 6702 - Insurance Claims: Cost of insurance claims paid during the fiscal year
- 6703 - Cash Over/Short: Accounts for customer payment processing discrepancies
- 6704 - Bad Debt: Account used to write off uncollectible customer unpaid water or wastewater charges
- 6705 - Retiree Benefits: Other post-employment benefits reimbursed to District retirees



partnering TOGETHER



“Teamwork is the ability to work together toward a common vision.

The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results.”

– Andrew Carnegie

District Headquarters

3111 Greenspot Road
Highland, California 92346

District Board Meetings

Second and fourth Wednesday of each month
District Headquarters Board Room, 5:30pm

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