



2023-24 FISCAL YEAR BUDGET

*Annual Publication of East Valley Water District
Highland, California*



EXPERT SERVICE

The combination of elected representatives and water professionals working together, provides the customers of East Valley Water District with efficient and reliable water and sewer operations.



MICHAEL MOORE | GENERAL MANAGER/CEO

FISCAL YEAR 2023-24 BUDGET

HOW TO READ THE BUDGET



East Valley Water District's Fiscal Year (FY) 2023-24 Operating and Capital Budgets provides customers, ratepayers, and members of the community with detailed information about the District's programs and operations.

The goal of the budget document is to provide transparency to the community regarding the services, programs, and operations of the District. The Operating and Capital Budgets include:

1. **Transmittal Letter** – A letter from Michael Moore, General Manager/CEO outlining the District's approach and methodology in developing the budget.
2. **Introduction** – An overview of the District, the financial plan and operating guide.
3. **Financial Summary** – Methodology and principles to provide guidelines for the formulation and consideration of the comprehensive annual budget.
4. **Water, Wastewater and Water Reclamation Funds** – Financial projections, assumptions and considerations for revenue, expenses, and operations.
5. **Consolidated Financial Summary** – A snapshot of the District's revenues and expenses.
6. **Program Summaries** – Descriptions highlighting the accomplishments, goals, and proposed Operating Budget for the specific program.
7. **Capital Budget** – Summary of Capital Budget and Proposed Capital Improvement Projects.
8. **Glossary** – Explanation of key terms, acronyms and chart of accounts used throughout the document.

Program Summaries

The Program Summaries section provides the structural overview, key goals and objectives, accomplishments for the previous year, and the budget details.

Goals that directly support the District's Five-Year Work Plan are noted in the various Program Summaries with the use of this icon.



Agency	Goal	Key Performance Indicator	2022	FY 2022-23	FY 2023-24	FY 2024-25
EA	Act on project related agenda items presented by staff	%	100%	100%	100%	100%
EB	Average number of professional development hours per Governing Board Member		6	10	6	18
EC	Submit all documentation by deadline pursuant to temporary policies	%	100%	100%	100%	100%
EC	Attend Regional and State meetings in representative of EVWD		160	200	155	250

	FY 2022-23 Actual	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	Actual Change	% Change
PERSONNEL EXPENSES						
581 Regular Labor	\$ 524,724	\$ 525,000	\$ 493,595	\$ 507,000	\$ 72,000	14%
582 Temporary Labor	30,000	30,000	30,000	30,000	0	0%
583 Overtime	4,528	4,500	5,000	4,500	(15,000)	-3%
5200 Benefits	313,529	298,000	352,441	264,000	(5,000)	2%
OPERATING EXPENSES						
6201 Materials & Supplies	134,250	130,300	149,812	150,000	(1,000)	0%
6202 Office Supplies	1,000	1,000	632	1,000	0	0%
6203 Contract Se	4,928	40,300	15,609	26,000	(15,000)	-3%
6204 Printing & Repro	318	5,000	1,730	3,000	(2,000)	-40%
6405 Postage	291	700	1,000	300	300	43%
6501 Membership & Dues	87,500	18,000	17,554	194,000	(12,000)	-7%
6502 Professional Development	34,263	15,000	13,976	28,000	30,000	19%
6504 Meetings	10,723	15,000	10,385	15,000	0	0%
GENERAL ADMIN TOTAL	\$ 1,289,000	\$ 1,294,000	\$ 1,564,467	\$ 1,370,000	\$ 76,000	6%

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Intentionally

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Intentionally

FY 2023-24
TRANSMITTAL LETTER

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Transmittal Letter Contents

- FY 2023-24 Accomplishments
- District Management
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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.

TRANSMITTAL LETTER



Honorable Chairman, Governing Board, District Ratepayers, and Community Members,

East Valley Water District (District) is proud to present the Fiscal Year (FY) 2023-24 Operating and Capital Budgets (Budget) serving as a foundational guide and tool for our employees, stakeholders, and community. This document has been designed to provide an insight and understanding into the District's initiatives, operations, and goals.

The development of the Budget is completed through a collaborative strategic planning process, which actively engages the District's Governing Board, staff, and community members. The Budget presents a comprehensive financial plan that includes a forecast of operating and non-operating revenues and expenditures; financing of long-term capital improvement plans and funding for the repayment of long-term debt.

After several years of development and construction, the Sterling Natural Resource Center (SNRC) will come online and begin treatment operations in FY 2023-24. With the additional service, the District has developed a comprehensive commissioning strategy and will work to implement the facility's staffing plan to ensure a safe and functioning facility.

BUDGET PROCESS

Every January, the budget process begins with the Governing Board creating and adopting the Five-Year Work Plan, which serves as the District's guiding strategy plan spanning over the course of multiple years. District staff will then develop the milestones and objectives needed to meet the Five-Year Work Plan goals within the District's financial forecasts. The effort allows for a strategic planning process through goal setting and planning, while considering ongoing operational needs in the development of the program and capital expenses.

Strategic Planning Efforts

With a vision to become a world-class organization, the District is focused on providing safe and reliable drinking water and preserving the quality of life for our community.

The Governing Board, staff, and community have developed the District's Guiding Principles, including the District Vision that empowers the organization to take actions to be innovative, efficient, and effective. Carrying out this vision requires a commitment to being a performance-based organization valuing results. Also established in the Guiding Principles are the Core Values and Goals & Objectives. These three pillars of the District's strategic planning process provide the framework for the Five-Year Work Plan and subsequently the Utility Success Indicators, Budget, and Individual Performance Goals.

With the strategic foundation in place, staff uses the framework to develop the FY 2023-24 Budget outlining the financial steps needed to achieve the goals and maintain world-class operations. Given the high standards of the District, it is important to showcase the strategic value of key projects outlined in the Five-Year Work Plan, including the required planning steps, environmental awareness, and clear prioritization to allow staff to accomplish the set goals. As a performance and operations-based organization, the FY 2023-24 Budget also accounts for on-going daily operations, while maintaining the world-class standards set by the community.

Programmatic Goals and Objectives

All Program Goals have been designed to support the priorities outlined in the Five-Year Work Plan.



Guiding Principles

- District Vision
- Core Values
- Goals & Objectives



Bridge Measures

- Five-Year Work Plan



Performance Measures

- Industry Benchmarks
- FY 2023-24 Operating and Capital Budgets
- Individual Performance Goals

Operating under the principles of transparency, the District takes steps to make financial reports reader-friendly and easily accessible to the public.

Revenue and Projections

Anticipated rate and non-rate revenues are projected to estimate the financial resources available to fund the activities and infrastructure enhancements identified for the fiscal year. Given the significant potential impacts of external factors such as the economy, inflation, drought conditions, and demand, the District calculates these figures in a fiscally conservative manner. A process is in place to allow for adjustments to reflect actual revenue trends at quarterly intervals throughout the year and ultimately reported in the Comprehensive Annual Financial Report.

Expenditure Projections

Expenditure projections are cost estimates developed to achieve Program Goals and objectives along with daily operational needs. This information is presented from multiple levels, including the Districtwide perspective for each fund, and for individual programs. Once initial expenditures are developed, they are compared to the revenue projections. 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 was presented to the Governing Board in phases at a series of three public meetings. In addition, the information was presented during one public meeting of the Community Advisory Commission. The Community Advisory Commission is a group of seven residents appointed by the Governing Board to provide input to support efforts of transparency and accountability. The annual budget must be adopted by June 30 in order to begin the new fiscal year on July 1.

PROGRAM MONITORING AND BUDGET ADJUSTMENTS

Given that the budget is developed based on projections, every program monitors monthly expenses. Each quarter, the budget-to-actuals are reviewed by staff 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. Every year staff presents a comprehensive update to the Governing Board midway through the fiscal year where this item is discussed at an open public meeting and provides a summary of budget activity along with updated forecasts for the remainder of the year.

Budget Summary

The budget for FY 2023-24 is balanced and reflects the District’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, Wastewater and Water Reclamation Funds based on the assumed benefit of services to each fund. The Water, Wastewater, and Water Reclamation Funds are self-supporting based on rates received for services provided. Total projected revenues for FY 2023-24 are \$47,424,000.

	FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	% Change
REVENUE					
Operating Revenue	\$ 45,829,279	\$ 44,027,000	\$ 46,153,859	\$ 47,084,000	7%
Non-Operating Revenue	936,644	125,000	318,513	340,000	172%
TOTAL REVENUE	\$ 46,765,923	\$ 44,152,000	\$ 46,472,372	\$ 47,424,000	179%
EXPENDITURES					
Operating & Maintenance	\$ 32,935,953	\$ 35,493,000	\$ 33,360,111	\$ 37,678,000	6%
Debt Service	3,071,890	3,354,000	3,354,000	3,376,000	1%
Capital Expenditures	3,945,026	6,505,000	6,505,000	4,890,000	-25%
Reserve Transfer To/(From)	6,331,490	(1,200,000)	3,253,261	1,480,000	-223%
TOTAL EXPENDITURES	\$ 46,284,359	\$ 44,152,000	\$ 46,472,372	\$ 47,424,000	-241%

WATER FUND

The Water Fund has identified \$29,053,000 in both revenue and expenses. Key considerations when developing the budget for this fund included the cost to supply, treat, and distribute drinking water and fire protection water throughout the District. Revenues are derived from three sources for the Water Fund. The Assumptions for this budget are 63% for water sales, 34% meter charges, and 3% other charges. The District reviews rates as needed and adjusts accordingly to balance operation and capital expenses. The District conducted a rate analysis in FY 2020-21 with the Governing Board adopting a water rate adjustment to take effect January 1, 2023.

Projected expenditures have been developed through a comprehensive organizational budget process to achieve District goals, maintain operations, and balance budget with revenue projections. Expenses for the Water Fund consist of 75% program, 14% capital, and 11% debt service.

WASTEWATER FUND

The Wastewater Fund has identified \$6,048,000 in both revenues and expenses. When developing the budget for this fund, key considerations included the maintenance and repair of the sewer collection system.

Wastewater Fund revenue projections have been developed based on historical revenues with source projections including 99% system charges and 1% other charges. The District reviews rates on a periodic basis and adjusts accordingly to continue providing reliable services to the community. A complete rate analysis was conducted in FY 2020-21 and the Governing Board, with wastewater rate increases scheduled for January 1, 2023.

Projected expenses have been developed through the budget process to support the Five-Year Work Plan, maintain operations, and remain within projected revenues. Expenditures for the Wastewater Fund consist of 80% program, 9% capital expenditures, 5% debt service, and 6% to reserves.

WATER RECLAMATION FUND

The new Water Reclamation Fund has been established to pay for all activities related to the SNRC facility operations. The Water Reclamation Fund has identified \$12,323,000 in both revenues and expenses.

Water Reclamation Fund revenue projections have been developed based on a comprehensive study with projections including 83% wastewater treatment, 16% SNRC non-rate revenue, and 1% other charges. The District reviews rates on a periodic basis and adjusts accordingly to continue providing reliable services to the community.

Projected expenses have been developed through the budget process to support the commissioning and operations of the SNRC and remain within projected revenues. Additionally, the new Water Reclamation Fund will begin building a reserve balance to be used for asset replacement in the future. Expenditures for the Water Reclamation Fund consist of 90% program, 2% debt service, and 8% to reserves.

PROGRAM HIGHLIGHTS

As a results-oriented based organization, the District has identified 18 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 & 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** maintains a network of Advanced Metering Infrastructure (AMI) meters.
- **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 Reclamation** is responsible for treating and disinfecting wastewater.
- **Water Maintenance** maintains the District's water transmission and distribution system.
- **Wastewater Collection** repairs and safeguards the conveyance system.
- **Facilities Maintenance** repairs and maintains all District sites.
- **Fleet Maintenance** cares for vehicles and equipment.

STAFFING

The District continues to strategically evaluate the workforce needs to facilitate world-class service. The FY 2023-24 Budget has identified 73 authorized full-time positions along with two part-time positions. East Valley Water District will begin implementing the staffing plan developed with the staffing considerations for the SNRC and the increased District duties needed for daily operations.

STERLING NATURAL RESOURCE CENTER

The Sterling Natural Resource Center (SNRC) has presented a new opportunity for the District to begin recycling wastewater for the community. As staff begins working towards commissioning the facility operations, the startup of operations will be a fundamental shift in the District's operational approach. Within the outlined budget, this shift will include the onboarding of new staff, start of operations and the implementation of the new Wastewater Reclamation program.

EXTERNAL CONSIDERATIONS

In addition to the District's daily operational needs, there are external factors that must be considered when developing the budget document.

The current economic inflation rate is a consideration in the development of this document, both from an investment revenue perspective and when estimating operational costs such as construction, labor and materials. When calculating the Capital Budget, these factors were incorporated in project cost considerations. Inflation has been factored into operational cost with significant increases in power supply, labor, and contract services.

After experiencing three years of extremely dry conditions, the State's emergency drought declaration was lifted in March 2023. This allowed Californians to pivot from severe restrictions to standard conservation measures. As such, the District will reduce some outreach publications related to the drought emergency.

Regulations regarding water conservation, water rights, climate change and Capital Project funding continue to be topics of discussion that could have potential operational impacts. Maintaining compliance with regulations is an essential component to District operations. The District is monitoring proposed water quality regulations for emerging contaminants and water efficiency standards that could affect District operations.

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 2023-24 total \$8,025,000 for water, wastewater and water reclamation projects, and include:

- Meter Program
- Canal Zone Storage Reservoir
- Plant 134 Membrane Replacement
- Tank/Reservoir Rehabilitation
- Plant 101 – Hydro Tank Rehabilitation
- Water Mains – Elmwood Road and Valaria Court
- Gate Valve Replacement Program
- Facility Relocations
- Facility Rehabilitations
- SNRC – Pipeline, Startup and Commissioning

Future projects will be determined by completion of the Water and Wastewater Master Plan updates.

DEBT

The District utilizes debt funding to finance large capital projects. 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 2023-24 on all outstanding debt is \$3,376,000. The District will continue to use the State Revolving Fund (SRF) for the construction of the SNRC.

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



FY 2022-23 ACCOMPLISHMENTS

The District made significant progress on strategic projects and planning efforts throughout FY 2022-23.



Optimize Infrastructure

Capital Improvement Projects

The District completed construction for the addition of Granular Activated Carbon (GAC) filtration system at Plant 134, a Seismic Study of the District's reservoirs and water main replacement projects. The District completed a sewer pipeline replacement, reservoir tank rehabilitation and several upgrades across the system.

Sterling Natural Resource Center

In preparation of the SNRC becoming operational in 2023, the District adopted new wastewater treatment rates, and implemented several service agreements to support the operation of the new facility. The District worked in partnership with San Bernardino Valley Municipal Water District to construct the Weaver Basins for the regional recharge of the Bunker Hill Groundwater Basin.



Financial Stability with Full Understanding of Operational Complexities

Financial Reserves

Increased cost of material and services has required the District to find creative solutions in replacing assets and still balancing the budget. The District has also experienced long delays in obtaining certain materials and information technology required for essential operations. The District has increased the inventory of critical items to ensure material and technology on-hand can provide reliable operations and maintenance. The District also keeps financial reserves available to replace unbudgeted assets if required due to an unforeseen emergency.



Protect Organizational Investments

Educational Programs

The District once again partnered with Claremont McKenna College and local schools allowing students and staff to work together to develop data modeling for Water Production efforts. Seeking to foster student engagement and serve as an industry leader, the District established a Water and Wastewater Educational Pathway Program.

Career development for employees is an investment in the organization to continue being a leader in the industry. The District has invested in continuing education for more than a dozen in FY 2022-23. This includes a range of education including college courses, trade schools and water certification courses. The District also launched a new leadership training program that builds skills for new supervisors and managers.

Staffing Analyses

As a performance-based organization, the District takes an active role maintaining staffing levels to performance-based objectives. Over this past year, staff developed performance-based objectives for the newly created SNRC positions and outlined specific duties required for these key positions.





**Have Others See
the District as a
Premier Agency**

Regional and Industry Involvement

The District continued to engage in regional activities and maintain active participation in industry groups. Staff provided informational presentations on topics including the SNRC, Educational Pathway Program, and general District activities.

Additionally, the District received all three financial awards from the Governmental Finance Officers Association (GFOA) and was voted a Top Workplace in the Inland Empire- small business category.

Awards



Government Finance Officers Association (GFOA) Award for FY 2022-23 Budget



California Society of Municipal Finance Officers (CSMFO) Excellence Award for FY 2022-23 Budget



Top Workplace Award by the Inland News Group in Small Company Category



Special District Leadership Foundation's (SDLF) District of Distinction Accreditation Gold Level and District Transparency Certificate of Excellence

Summary

East Valley Water District staff have continued to move the District forward and provide safe and reliable service for our community. The team is proud to launch operations at the new Sterling Natural Resource Center and begin providing recycle water to recharge our groundwater basin. With staff taking an active role in embracing the District's vision, we will continue to provide services vital to the health and growth within the community.



Yours in Service,

Michael Moore, P.E.
General Manager/CEO

District Management

Kerrie Bryan
Director of Administrative Services

Justine Hendricksen
District Clerk

Patrick Milroy
Operations Manager

Jeff Noelte
Director of Engineering & Operations

Brian Tompkins
Chief Financial Officer

Rocky Welborn
Water Reclamation Manager

Board of Directors



Phillip R. Goodrich
Chairman of the Board



James Morales, Jr.
Vice Chairman of the Board



Chris Carrillo
Governing Board Member



Ronald L. Coats
Governing Board Member



David E. Smith
Governing Board Member

Resolution 2023.09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST VALLEY WATER DISTRICT APPROVING THE OPERATING AND CAPITAL BUDGETS FOR FY 2023-24

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 FY 2023-24, 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 FY 2023-24; and

Section 2. The provisions of this Resolution shall take effect on July 1, 2023.

ADOPTED this 28th day of June 2023.

Ayes: Directors: Carrillo, Coats, Goodrich, Smith, Morales

Noes: None

Abstain: None

Absent: None

ATTEST:



Michael Moore, P.E.
Secretary, Board of Directors



Phillip R. Goodrich
Board President

June 28, 2023

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2023.09 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held June 28, 2023.



Michael Moore, P.E.
Secretary, Board of Directors

FY 2023-24
INTRODUCTION

INTRODUCTION



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Introduction Contents

- Budget Guide
- Statistical/Supplemental Information
- District Vision
- Organizational Structure
- Industry Benchmarks

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 seven sections, including:

-
- 1 TRANSMITTAL LETTER**
This section includes the District Officials, General Manager/CEO’s Budget Transmittal Letter, Strategic Plan, Capital Improvement Program, and FY 2022-23 accomplishments.

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

 - 3 FINANCIAL SUMMARY**
This section presents an in-depth Districtwide overview of the FY 2023-24 Budget.

 - 4 CONSOLIDATED FINANCIAL SCHEDULES**
This section is a comprehensive summary of the District’s Budget presented for the organization as a whole and for each of the District Funds.

 - 5 PROGRAM SUMMARIES**
This section provides comprehensive information for each functional program within the District including their operational budget. The FY 2023-24 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 Collection
 - Water Reclamation
 - Facilities Maintenance
 - Fleet Maintenance

Each program section includes:

- **Program Personnel:** Explanation of authorized personnel allocated to each program including an organization chart.
- **Program Structure:** Organization chart displaying the reporting for program personnel since supervisors may be allocated to different program funding.
- **Function:** A basic description of the responsibilities of each program.
- **Goals & Objectives:** Articulates the expectations for FY 2023-24 through specific goals and objectives.
- **Accomplishments:** Highlights and milestones from FY 2022-23.
- **Significant Changes:** Clarification of funding request differences compared to the previous year.
- **Levels of Service:** Key Performance Indicators to measure program operations and achievement of the District'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:** A detailed breakdown of the program expenditures by category or line item.

6

CAPITAL BUDGET

This section presents the Capital Outlay expenditures and Capital Improvement Projects for the FY 2023-24 Budget.

7

GLOSSARY

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

BUDGET AWARDS

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers presented the Excellence District Award to the District for its annual budget for the fiscal year beginning July 1, 2022. 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.

In addition to receiving the GFOA Distinguished Budget Award, the District also received Special Capital Recognition and Special Long Range Financial Plans Recognition.



Budget Financial Information

The 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 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
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FY 2021-22 ACTUALS

Actual financial information for FY 2021-22 as reported in the Comprehensive Annual Financial Report. The actual financial information is reported in the budget document on a budgetary basis.

FY 2022-23 BUDGET

The FY 2022-23 Budget was adopted by the Governing Board on June 23, 2022 and may also include any adjustments approved by the Governing Board at the Mid-Year Budget Review.

FY 2022-23 PROJECTED

The FY 2022-23 Projected column reflects the adopted budget in addition to any amendments approved by the Governing Board during the fiscal year. The FY 2022-23 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 2023-24 BUDGET

This column initially reflects the FY 2023-24 “Proposed” Budget submitted by the General Manager/CEO. After the Governing Board reviews and approves the FY 2023-24 Budget, the information in the FY 2023-24 column changes, if necessary, to reflect the Governing 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.

STATISTICAL/SUPPLEMENTAL INFORMATION

The District provides water and wastewater services to residents within its 30.1 Square mile area.

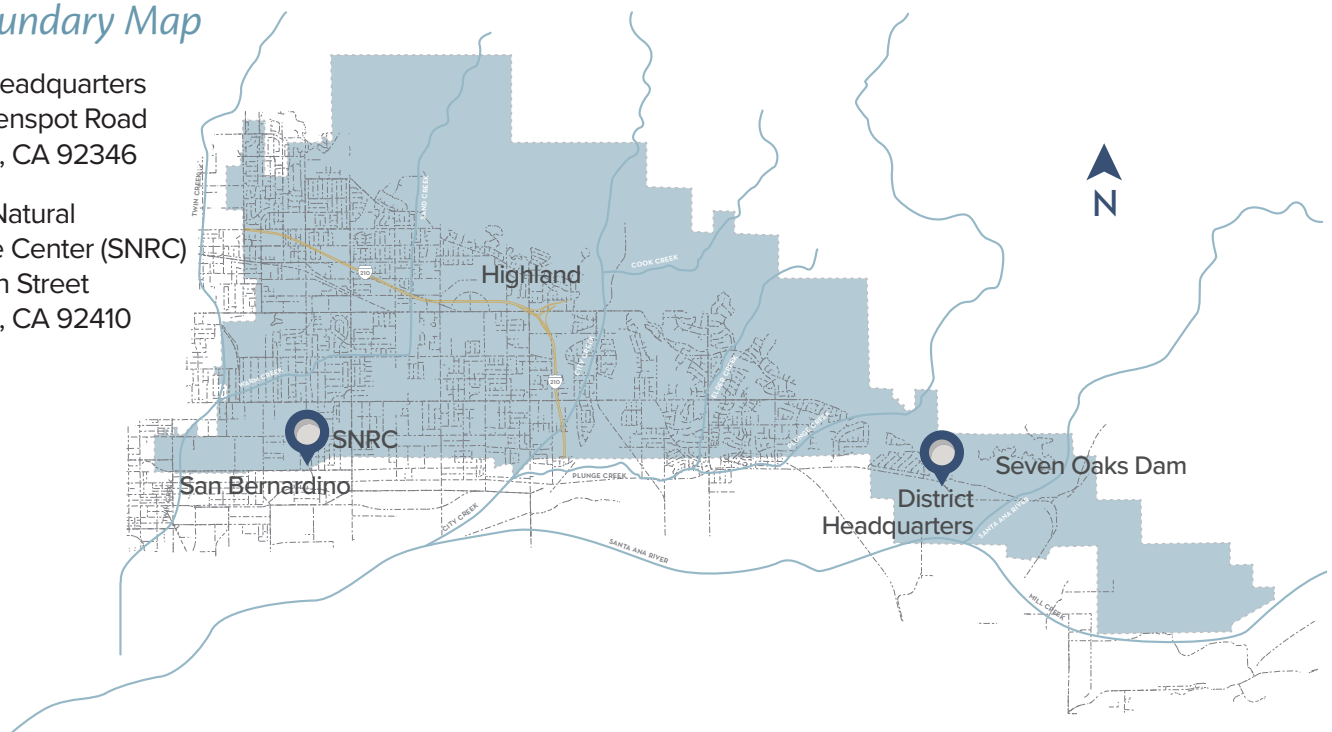
This includes over 104,000 people within the cities of Highland and San Bernardino, portions of the unincorporated County of San Bernardino, the San Manuel Band of Mission Indians, and Patton State Hospital.

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

District Boundary Map

📍 District Headquarters
31111 Greenspot Road
Highland, CA 92346

📍 Sterling Natural Resource Center (SNRC)
25318 5th Street
Highland, CA 92410



Government

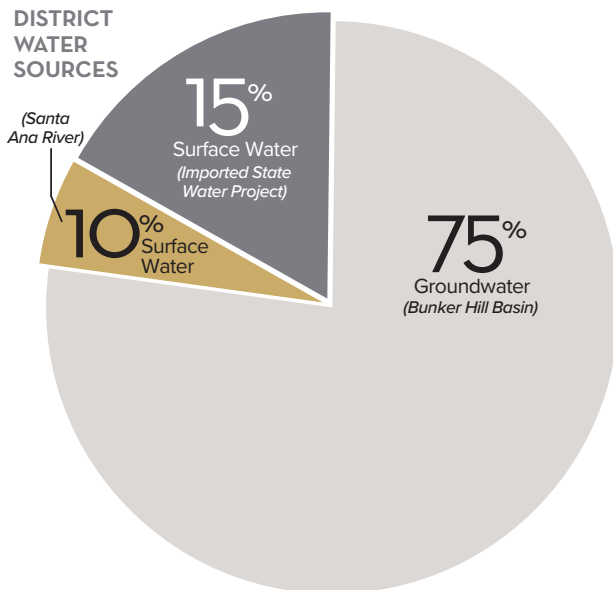
The District is a California Special District established in 1954. The District has a five-member Governing Board elected by voters at-large to staggered four-year terms. The Governing Board represents the public's interest as policy makers with regards to rate for service, policies, ordinances, and 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.

The 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.

Water Sources

The District has three sources for water, the Santa Ana River (SAR), the Bunker Hill Groundwater Basin (Bunker Hill Basin), and the State Water Project (SWP). 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. The District has access to this water through San Bernardino Valley Municipal Water District (Valley District). The District anticipates using the allocated North Fork Water Company (NFWC) shares for groundwater replenishment rather than treating for use 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 San Bernardino Basin Groundwater Council (GC).

Wastewater Collection and Treatment

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

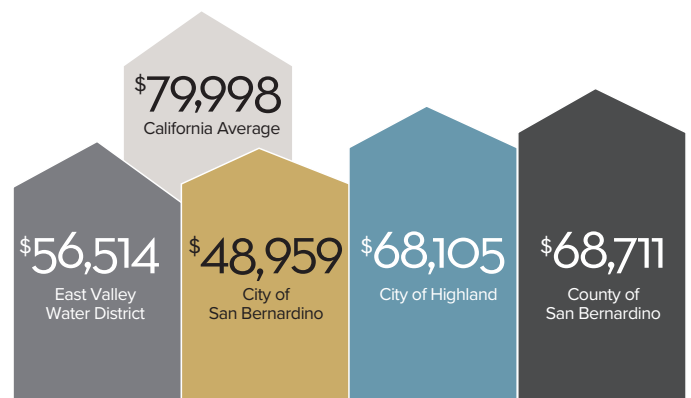
In 2018, the District successfully received authorization for reorganization to include wastewater treatment authority by the Local Agency Formation Commission (LAFCO). This allows for the District to construct and ultimately operate facilities to treat wastewater collected from within its service area.

The District is finalizing construction of the SNRC in the City of Highland that will treat up to eight million gallons of wastewater daily for recharge into the Bunker Hill 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. The project broke ground in late 2018 with operations beginning in FY 2023-24. Once the facility is commissioned, the District will be responsible for treating the wastewater generated within its service area.

Population Growth

Population growth projections vary within the District’s service area due to a number of proposed developments with unspecified timing for completion. There are a number of developments currently under construction and planned for the future within the District’s service area including:

- **Unit development offering a variety of housing opportunities.** The development density identified by land use agencies allows for a minimum of 250 housing units and a maximum of 800 house units. The anticipated new construction 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 focuses 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 vary 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.

Education

Residents within the 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 the 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.

Hospital and Medical Facilities

Hospital and medical facilities located in or near the 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. Bernadine Medical Center. Additionally, there are a number of urgent care and outpatient facilities located throughout the region.

Transportation

Public transportation is available within the 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

The 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.

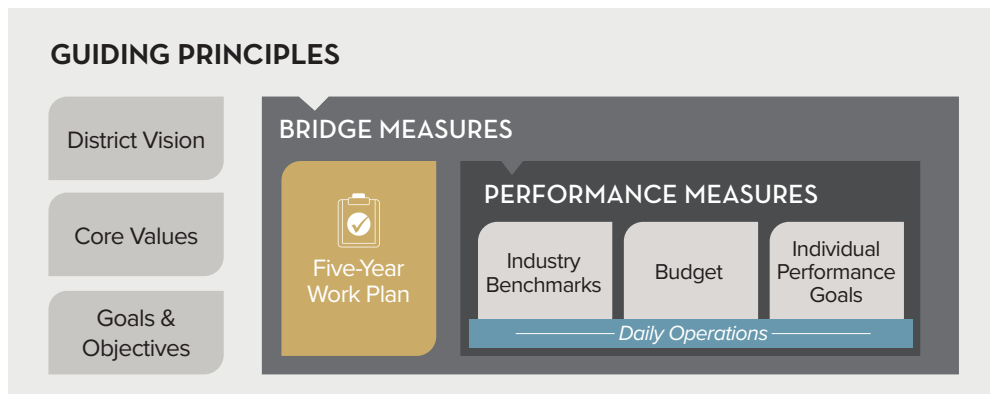


Major Employers

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

Strategic Planning Workflow

The 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 be innovative, efficient, and effective.



A Five-Year Work Plan has been developed with an emphasis on the elements needed to clearly look to the future and account for daily operations of the District. This effort is designed to consider general policy direction and highlight priority projects that allow 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 planning workflow includes: the guiding principles, bridge measures, and performance measures.

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.

District Vision

**ENHANCE & PRESERVE THE QUALITY OF LIFE
FOR OUR COMMUNITY THROUGH INNOVATIVE
LEADERSHIP AND WORLD-CLASS PUBLIC SERVICE.**

Core Values

LEADERSHIP

Motivating a group of people to act toward 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.

Goals and Objectives

I. Implement Effective Solutions Through Visionary Leadership

- Identify Opportunities to Optimize Natural Resources
- Maximize Internal Capabilities through Ongoing Professional Development
- Strengthen Regional, State and National Partnerships
- Encourage Performance Based Results Through Staff Empowerment

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

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

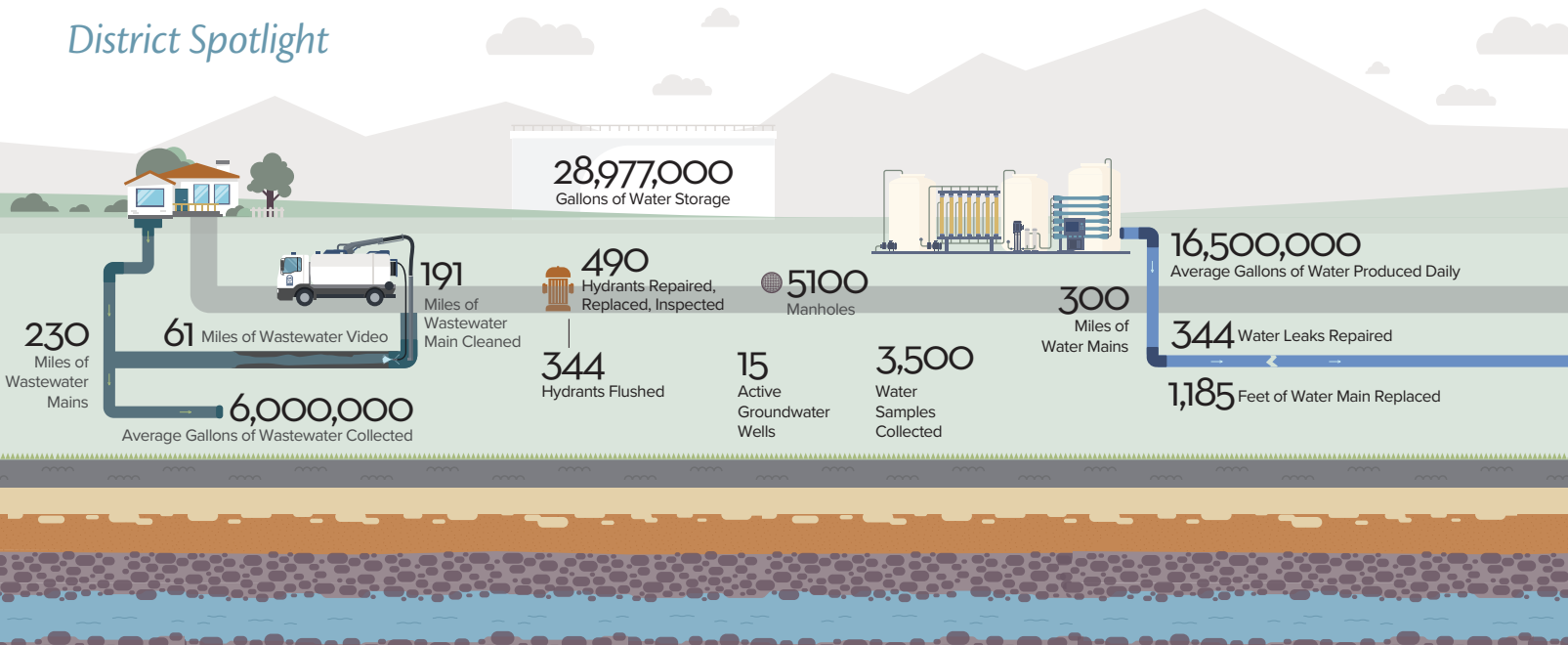
III. Deliver Public Service with Purpose While Embracing Continuous Growth

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

IV. Promote Planning, Maintenance and Preservation of District Resources

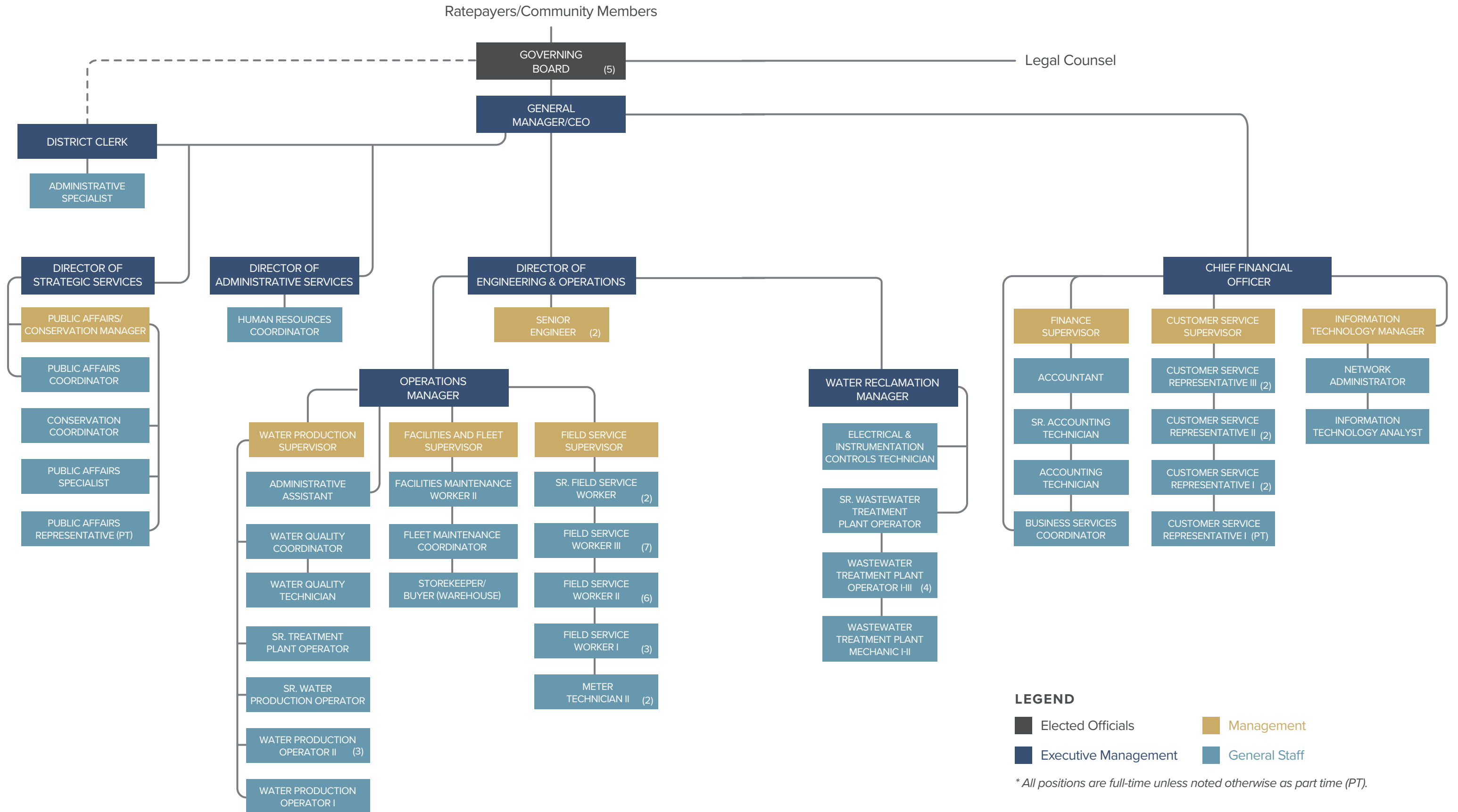
- Develop Projects and Programs to Ensure Safe and Reliable Services
- Enhance Planning Efforts that Respond to Future Demands
- Dedicate Efforts Toward System Maintenance and Modernization
- Enable Fact-Based Decision Making Through State-of-the-Art Data Management

District Spotlight



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ORGANIZATIONAL STRUCTURE



LEGEND

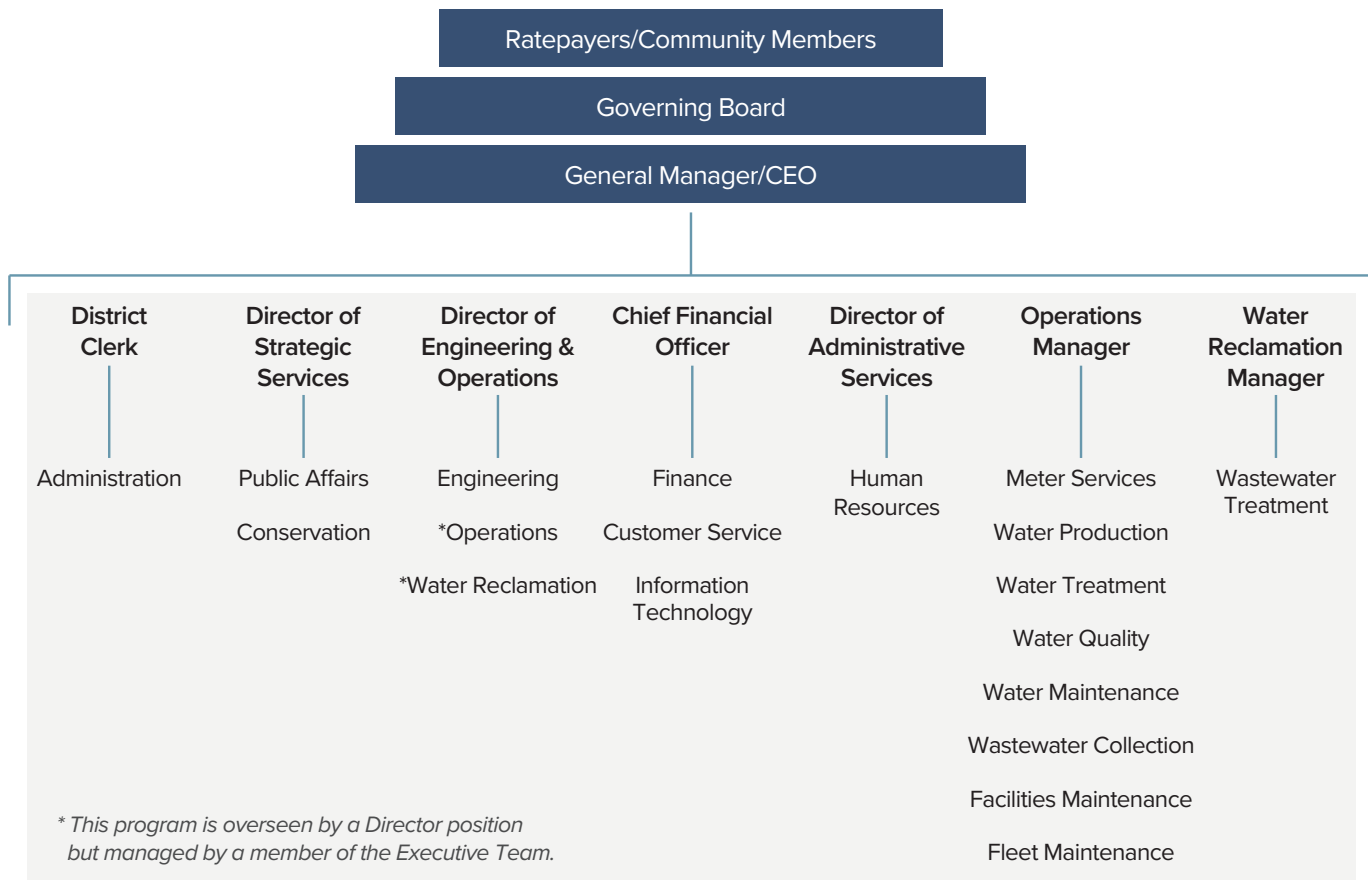
- Elected Officials
- Management
- Executive Management
- General Staff

**All positions are full-time unless noted otherwise as part time (PT).*

Program Structure

The District has built a world-class team of individuals committed to the Agency Vision and Core Values. The Organizational Chart reflects the current 73 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 18 programs, which are overseen by various members of the Executive Management Team. This chart reflects the organizational structure based on Program oversight.



Program Level Operational Responsibilities Overview

Ratepayers/
Community



The individuals, businesses and stakeholders receiving services from the District.

Governing Board



The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office.

DISTRICT CLERK

General
Administration



General Administration is responsible for ensuring the District's business and daily operations activities are performed following Federal, State, and Governing Board approved policies. The General Manager/CEO provides daily oversight for interagency relations for advancing the District's initiatives.

DIRECTOR OF ADMINISTRATIVE SERVICES

Human Resources



Human Resources is responsible for administering programs to attract and retain a diverse and qualified workforce. This program also oversees the District safety program to ensure staff maintain a safe work environment. Additionally, this program is responsible for managing the District’s pathway and risk management programs.

DIRECTOR OF STRATEGIC SERVICES

Public Affairs



Public Affairs oversees internal and external communication programs consistent with the District’s Vision and guiding principles. Through community and media relations, the Program provides effective and strategic communications to various stakeholders. The Program is also responsible for grant writing, emergency preparedness, and facility rental programs.

Conservation



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, tracking and monitoring legislative affairs and advocating on behalf of the District’s legislative platform.

CHIEF FINANCIAL OFFICER

Finance & Accounting



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

Information Technology



Information Technology oversees the District’s technology infrastructure to support essential business and operational functions. The functions utilize industry specific software programs required to meet agency needs.

Customer Service



Customer Service provides the community with prompt, courteous, and world-class customer relations.

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

DIRECTOR OF ENGINEERING & OPERATIONS

Engineering



The Engineering Program responsibilities include infrastructure planning, maintaining a safe and reliable water supply, and ensuring compliance with Federal and State regulations. The Program oversees water, wastewater and water reclamation capital projects.

Water Reclamation



The Water Reclamation Program is responsible for treating and disinfecting eight million gallons of wastewater per day (MGD). Reclamation of wastewater generated by District customers will transition from a service contracted with the SBMWD, to in-house operations at the newly completed SNRC during FY 2023-24.

OPERATIONS MANAGER

Meter Services



The Meter Service program maintains a network of approximately 23,000 Advanced Metering Infrastructure meters. The Program conducts routine maintenance, testing and replacement of meters to ensure billing is accurate.

Water Production



Water Production is responsible for the daily monitoring and operations of the entire water production system to ensure 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.

Water Treatment



Water Treatment is responsible for management of three different sources of supply used by the District. The Program is responsible for the operation of Plant 134, a Surface Water Treatment Plant, and two unique groundwater treatment facilities at Plant 28 and Plant 39.

Water Quality



Water Quality is responsible for ensuring District compliance with State and Federal Drinking Water Regulations. This program manages backflow prevention, water sampling, Fats, Oils, and Grease Program (FOG), and the fire hydrant flushing programs.

Water Maintenance



The Water Maintenance Program is responsible for the repair and replacement of the District's 300 miles of water pipeline. Water Maintenance coordinates with Engineering and Water Production to install water service lines, fire hydrants, meters, valves, and all related equipment.

Wastewater Collection



The Program's purpose is prevention of wastewater spillage and leaks. This is accomplished by routine inspections, cleaning, repairs, and replacements of the District's 230 miles of collection pipelines.

Facilities Maintenance



Facilities Maintenance is responsible for the maintenance of all District facilities. The Program oversees administration buildings, water facilities, District-Owned vacant properties, and easements.

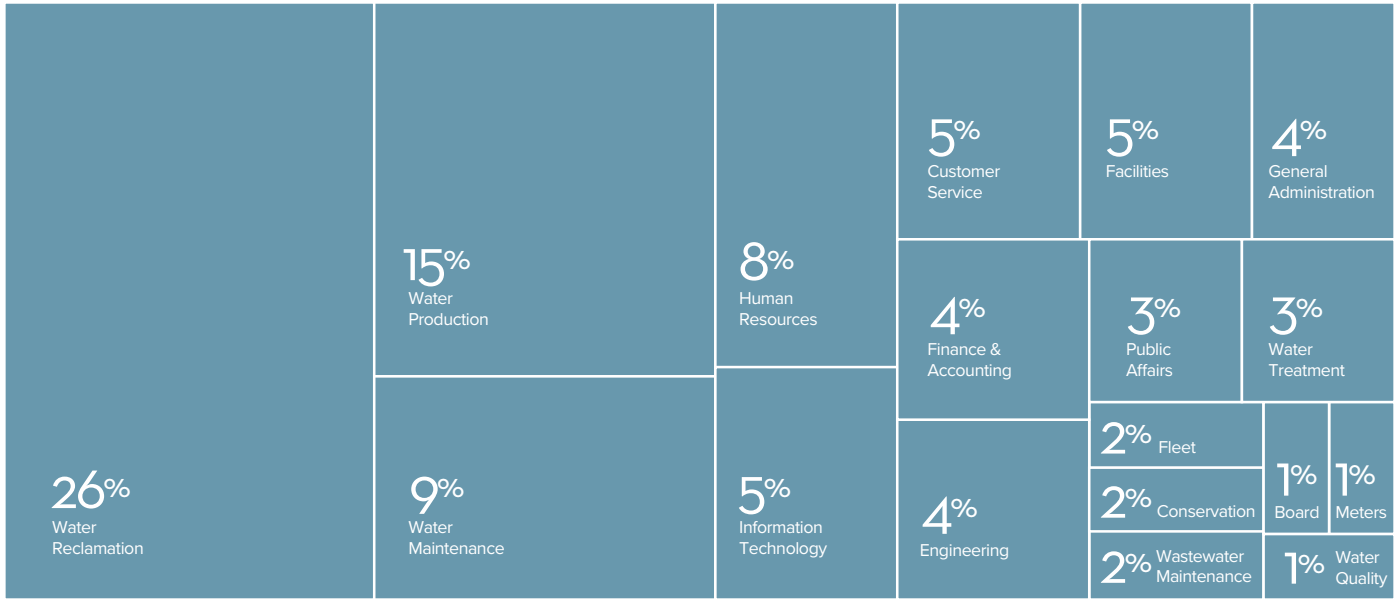
Fleet Maintenance



Fleet Maintenance is responsible for the preventative maintenance program for all District vehicles and heavy equipment. This includes the procurement of fleet items and maintain compliance with State and Federal air quality rules and regulations.

Budget Summary by Program

The sum of many pieces makes the whole, and through 18 programs the District is able to provide world-class services to the community it serves. The graphic below displays the budget allocation for each program within the FY 2023-24 Operating and Capital Budgets.



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INDUSTRY BENCHMARKS

Introduction Section

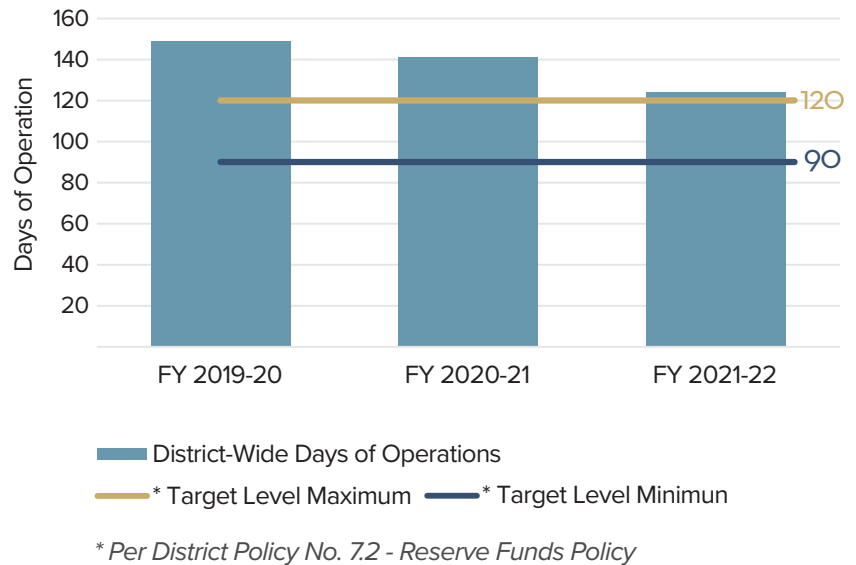
Industry Benchmarks allow East Valley Water District to examine itself in comparison with other utilities across the United States.

INDUSTRY BENCHMARKS

The District is committed to delivering world-class service to its community, customers, and stakeholders. As part of its continuous improvement efforts, the District has established Industry Benchmarks that offer valuable insights into its performance relative to others in the industry. The data presented in the following tables are sourced from the American Water Works Association’s (AWWA) 2022 Utility Benchmarking Program, neighboring water districts, and the U.S. Environmental Protection Agency (U.S. EPA). By leveraging these benchmarks, the District can enhance its operations, foster trust and transparency with stakeholders, and ensure that it continues to invest resources in building a safe and reliable public utility.

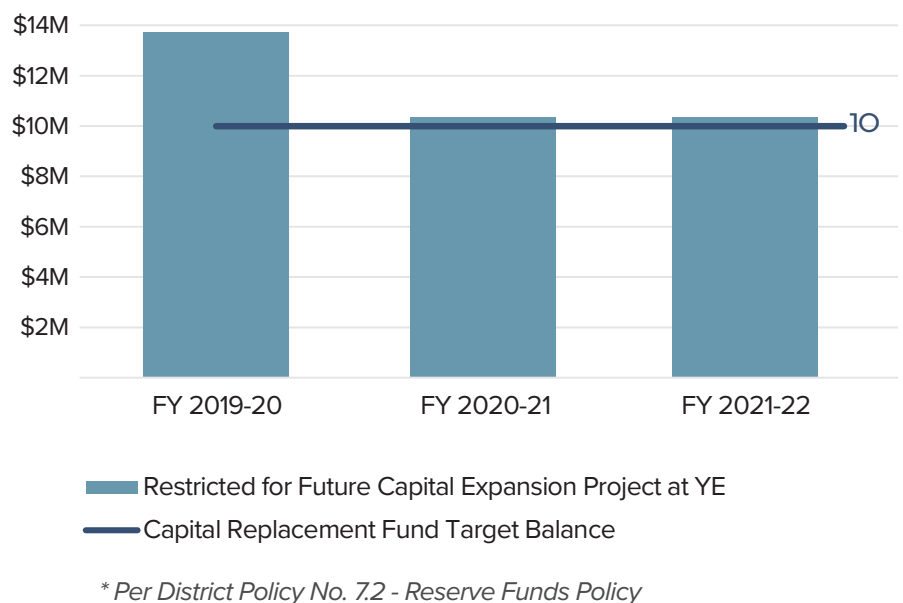
Operating Fund Target Level

The operating fund target level pertains to the desired amount of funds that the District aims to have available in order to sustain day-to-day operations and ensure financial stability. The District’s Reserve Funds Policy No. 7.2 establishes both maximum and minimum levels, which serve the purpose of guaranteeing adequate liquidity and covering operational expenses.



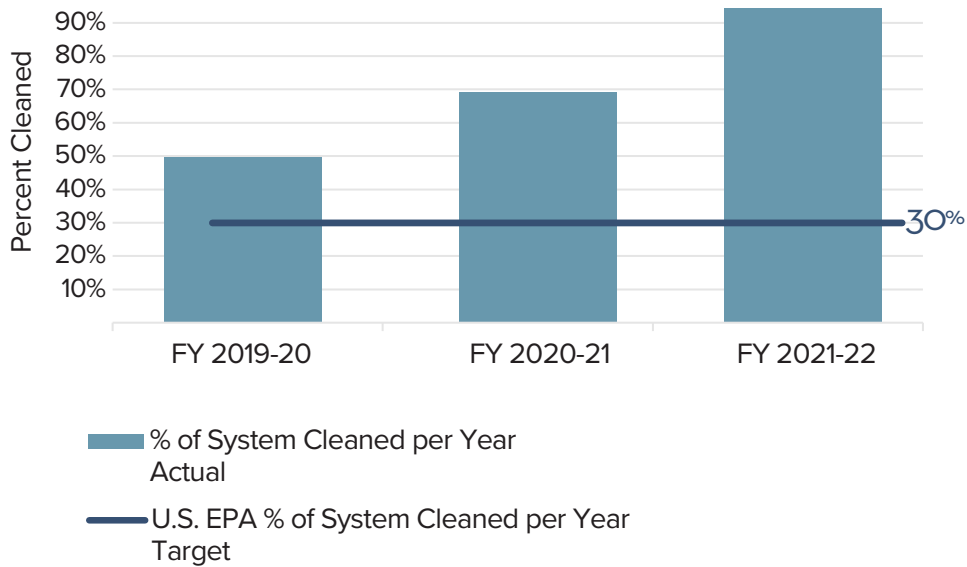
Capital Replacement Fund Balance

The graph illustrates the restricted funds for capital replacement. The Capital Fund Target Balance is set based upon the District’s adopted Reserve Funds Policy No. 7.2 to ensure the District has an appropriate level of financial reserves, while allowing for investment in infrastructure projects and optimizing long-term rehabilitation opportunities.



Miles of Sewer Cleaned

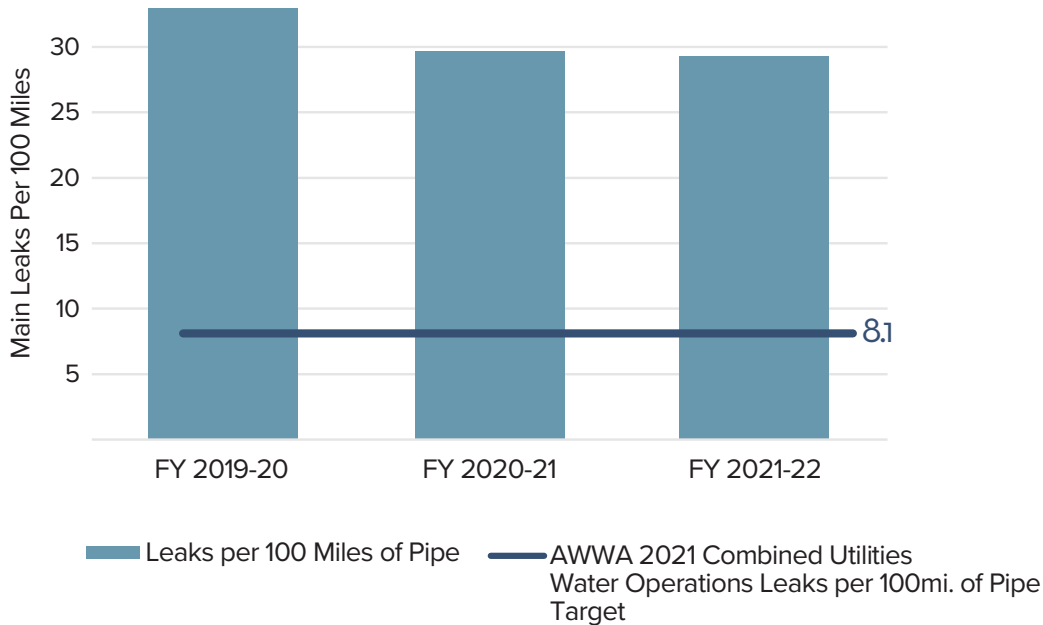
The chart provides an overview of the number of miles of sewer lines cleaned over the last three fiscal years. The District aims to clean at least 50% of the system per fiscal year with the U.S. EPA setting a target of 30%.



* 230 Miles of Sewer Line in the District; Goal is to Do Close to Half per Fiscal Year

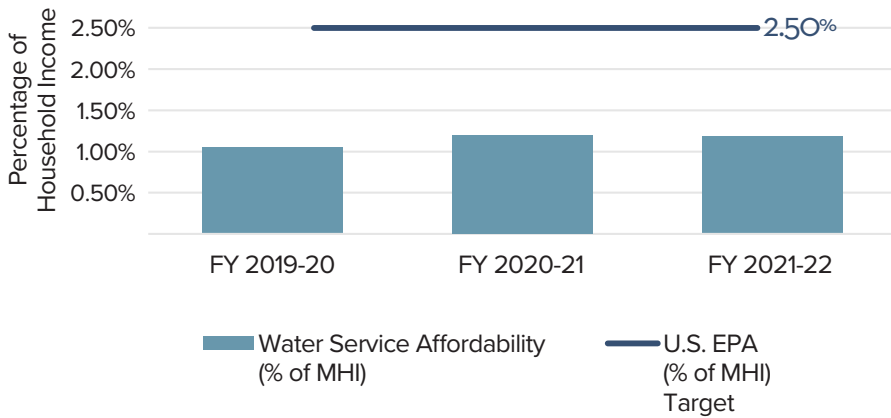
Main Leaks

The chart displays the total number of main line leaks per 100 miles of water mains, over the past three fiscal years. The data includes AWWA's 2022 benchmark information to compare water systems across the United States.



Water Affordability

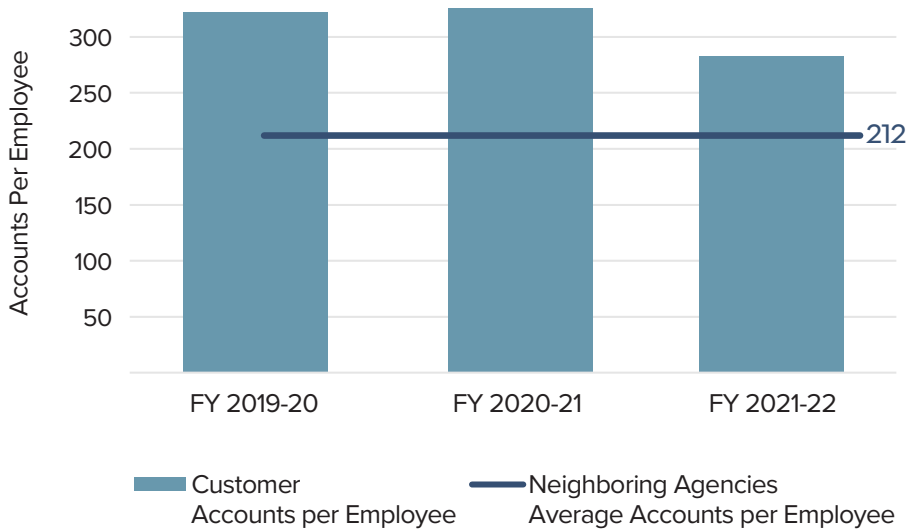
The chart presents the affordability of the District’s water by comparing it to the U.S. EPA 2.5% threshold, over the past three fiscal years.



% of Median Household Income (MHI) is utilized by U.S. EPA (at 2.5% threshold) for Assessing Affordability

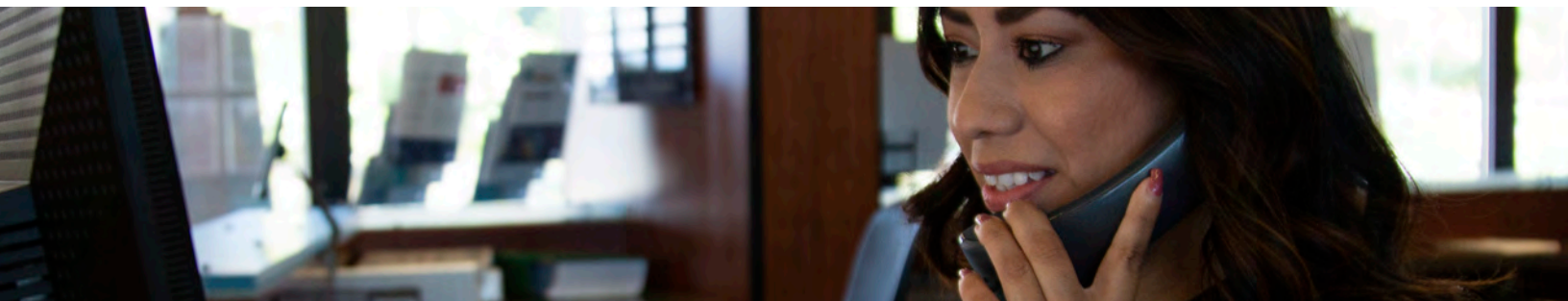
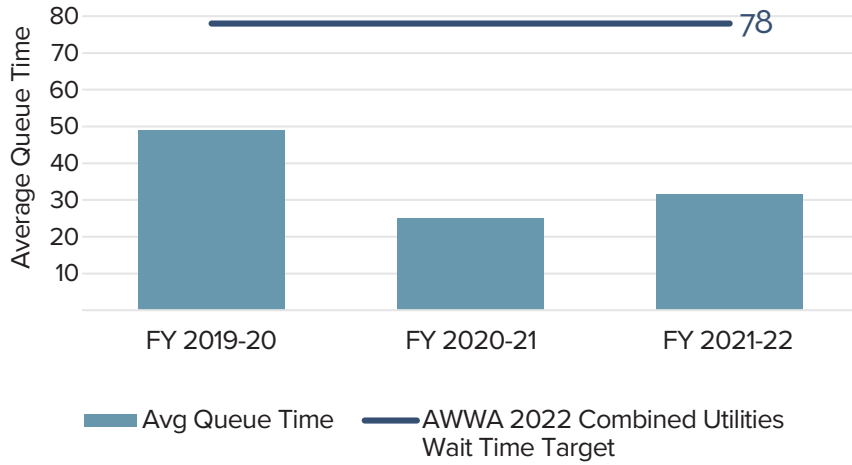
Staffing Levels

The graph highlights the staffing levels of the District over the past three fiscal years in comparison to neighboring water districts. The data is presented in relation to the total number of accounts per employee, offering insights into the efficiency and workload distribution of the District’s workforce relative to its counterparts.



Wait Time

The chart illustrates the call wait time experienced by District customers when contacting customer service representatives, covering the past three fiscal years. It also includes a comparison with other utilities using the 2021 AWWA benchmarking data, offering insights into the District's performance in terms of customer service responsiveness in relation to industry standards.



FY 2023-24
FINANCIAL SUMMARY



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Financial Summary Contents

- 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

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



The 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 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 a Strategic Plan and Capital improvement Plan (CIP), 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 Budget's contribution to the CIP.

Short-term operating deficits will be mitigated either by 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 on pages 46-48.

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. CGC § 53607, allowing the Governing Board to delegate that authority to a Treasurer. The District's Chief Financial Officer has historically been selected to serve as this delegated authority. 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 Chief Financial Officer 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, transactions 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:

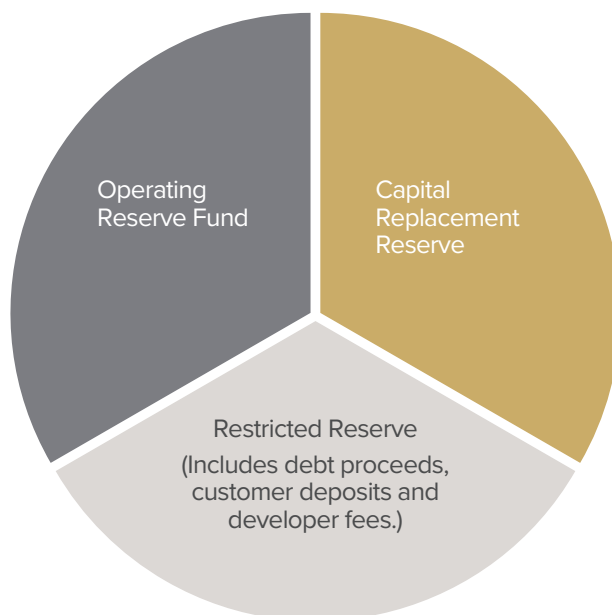
Interest: Interest income will be credited to reserve funds until maximum target levels have been reached. Once a fund reaches the established maximum, interest will be allocated to other funds.

Funding Priority: Fund balances are reviewed annually to determine whether maximum target levels have been reached. Operating reserves will be funded first. When Operating 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 RESERVE FUND

The Operating Reserve is used for unanticipated operating expenses. This fund is designated by the Governing 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 Governing 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 Governing Board during the preparation and approval of the annual budget.

CAPITAL REPLACEMENT RESERVE

All Funds will maintain a reserve for the replacement of capitalized assets when they reach the end of their useful lives. The source of reserves will be user fee revenue from the respective fund.

1. **Target Level** – The minimum target level should be equal to one year of 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 Governing Board during the preparation and approval of the annual budget.

RESTRICTED RESERVE

Restricted reserves shall be segregated and limited in use to specific and designated purposes as defined by law or adopted ordinance, contractual agreement, or as a condition or covenant of borrowing.

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 into the 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
- Maintain minimum rate volatility.

The District will not construct or acquire a facility if it 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 Program 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 increased capital costs resulting from new development.

The District may legally issue short and long-term financing using the following debt instruments:



Inter-Fund Borrowing

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.



Lines of Credit

May be considered as short-term borrowing. The Chief Financial Officer 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 or 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.



Joint Powers Agency Revenue Bonds

Financing may be obtained through the issuance of debt under a joint exercise of powers agreement 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, and requirement under California Government Code §8855. The District is also responsible for verifying compliance with all undertakings, covenants, and agreements of each debt issue, typically including:

- Annual appropriations of revenue to meet debt service payments;
- Timely transfer of debt service payments to the Trustee;
- Compliance with insurance requirements; and
- Compliance with rate covenants.

GOVERNING BOARD DISCRETION

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

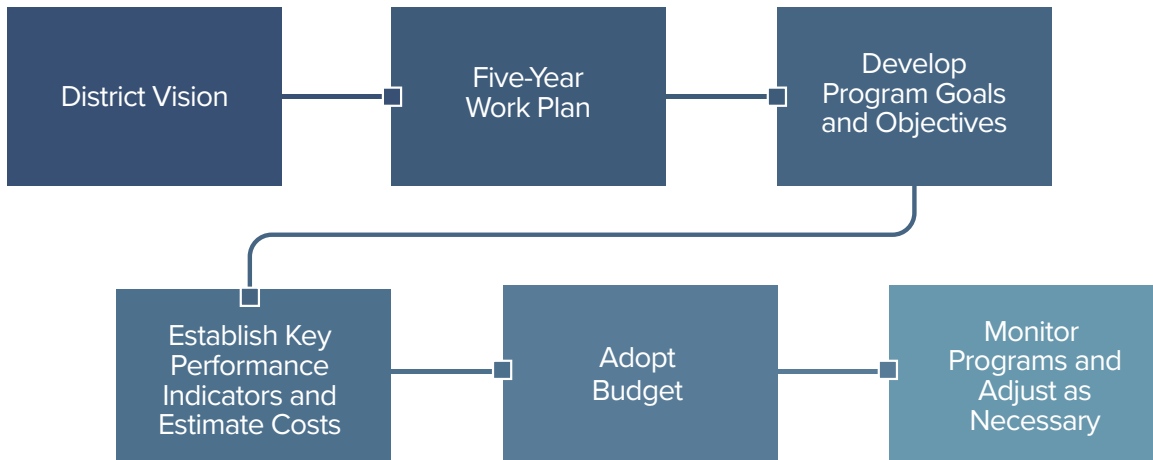
BUDGET PROCESS

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, local agencies, stakeholders, and District staff. The FY 2023-24 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 2023-24 Budget will allow the District to deliver reliable, high-quality water, wastewater collection, and water reclamation 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 Five-Year Work Plan which, upon adoption by the Governing Board, provide clear direction to staff regarding District priorities. Progress toward accomplishing established goals is measured throughout the fiscal year and reported to the Governing Board.

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 and Governing Board workshops, to discuss significant activities of the District, including development of the goals and objectives and Five-Year Work Plan. Members of the CAC are community leaders who donate their time to provide input to staff on agenda items.

District Vision

To help ensure consistent purpose, the District has adopted a comprehensive statement that serves as a guide for the decision making process throughout the organization. This element of the Strategic Plan remains consistent year-to-year. The District Vision includes the District's Vision statement, Core Values, and Agency Goals and Objectives.

Five-Year Work Plan

The District has adopted a Five-Year Work Plan identifying a series of long-term objectives that link management and staff work efforts to the District's Strategic Plan. Objectives in the Five-Year Work Plan have estimated completion dates ranging from 3 to 20 years and present the core work efforts to which District financial and human resources will be dedicated. The Five-Year Work Plan will be revised annually to reflect progress made on complex objectives, status of long-range or cyclical planning measures, and external considerations that require a significant response or operational adjustment. The Five-Year Work Plan was presented to the Governing Board in February, then adopted as Program Goals in relevant Programs and Capital Budgets.



**Scan this QR code to view
a copy of the 2023-24
Five-Year Work Plan.**

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 Five-Year Work Plan 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 were presented by program managers to the Governing Board and public at a public workshop in April 2023.

Establish Key Performance Indicators and Estimate Costs

To assess the organization's productivity and effectiveness, unique key performance indicators were 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. Once this effort has been completed, expenses can be compared to revenue projections. In situations where expenses are projected to exceed revenues, staff works collaboratively to reevaluate activities to fit within available funding.

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 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 digitally on the District website.

Program Monitoring and 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 Finance 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.

Budget Cycle Calendar

June 28, 2023	FY 2023-24 Budget Adoption
November 8, 2023	First Quarter FY 2023-24 Budget Review at Public Board Meeting
January 25, 2024	Budget Meeting to Distribute FY 2024-25 Worksheets to Program Managers
February 14, 2024	FY 2023-24 Mid-Year Budget Review at Public Board Meeting
February 26 - March 15, 2024	Discuss FY 2024-25 Goals & Objectives with Program Managers
March 5 & 12, 2024	FY 2024-25 Capital Outlay and Capital Improvement Program Planning Meeting
March 28, 2024	FY 2024-25 New Position Requests, Program Goals & Objectives and Budget Requests, Capital Outlay, and CIP Requests
April 10, 2024	FY 2024-25 Proposed Goals and Objectives Workshop at Public Board Meeting
April 22-25, 2024	FY 2024-25 Budget Review with Executive Managers and General Manager/CEO
April 24, 2024	FY 2024-25 Revenue Projection Workshop at Public Board Meeting
May 28, 2024	CAC FY 2024-25 Budget Review
May 31, 2024	FY 2024-25 Budget Complete with all Revisions
June 12, 2024	FY 2024-25 Budget Presentation at Public Board Meeting
June 26, 2024	FY 2024-25 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, which are business-type funds used to report an activity for which a fee is charged to external users for goods or services. Therefore, the District follows the GAAP requirement that enterprise funds use the full accrual basis of accounting.

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 expensed 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.
- Pension expense is budgeted based on employer contribution rates assigned by the California Public Employee's Retirement System (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.
- Other Post Employment Benefits (OPEB) expense (retiree health insurance) is budgeted based on stipulated reimbursements to retirees toward the cost of health insurance until they reach medicare age. For financial statement reporting, OPEB expense is recorded based on the change to net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 75.
- Interest payments related to financing of the cost of a capital asset during construction are capitalized on the GAAP basis; shown as a current expenditure on a Budget basis.

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

FUND STRUCTURE

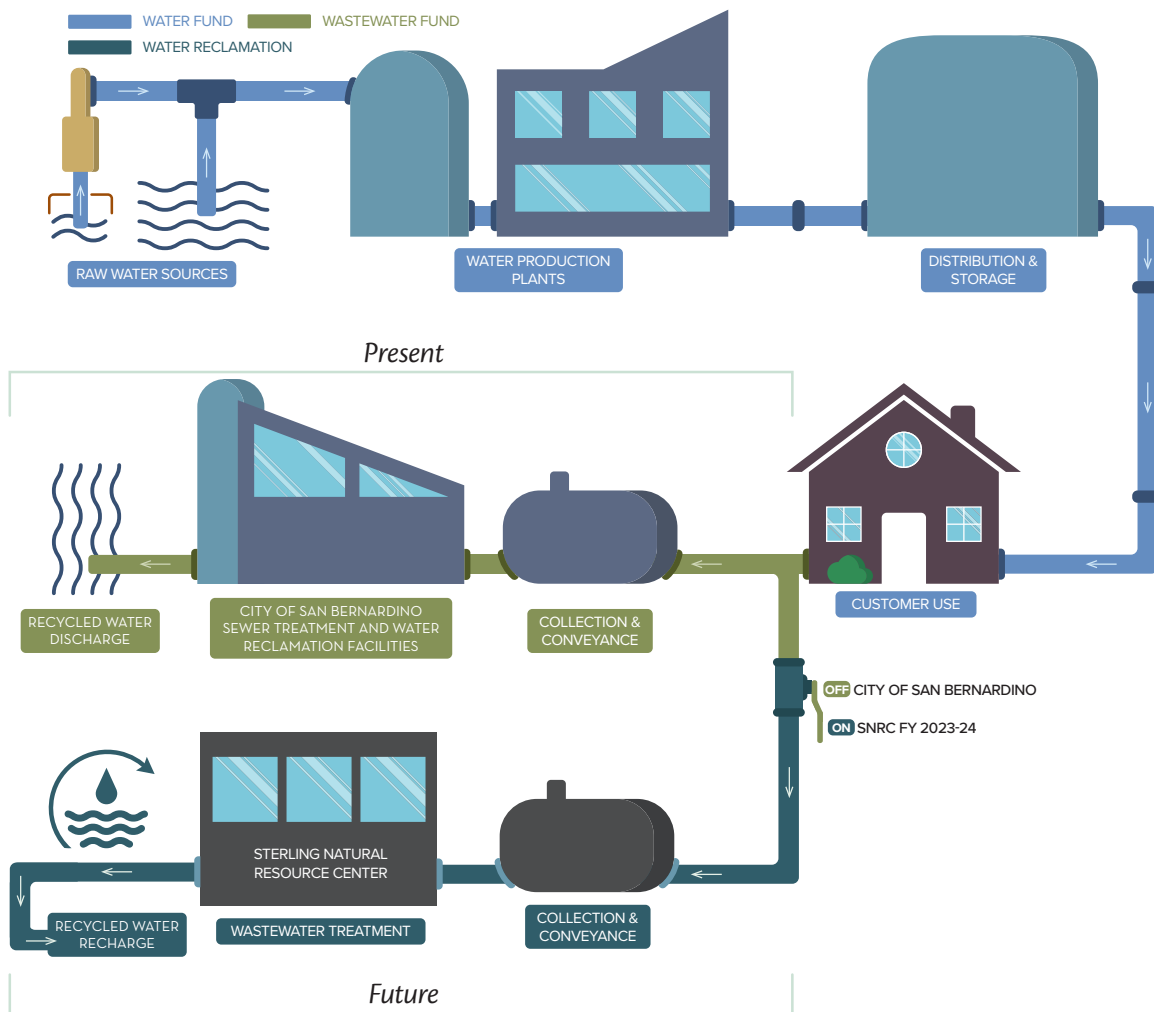
GAAP requires that the District, a California Special District, account for its activities as a single, governmental Enterprise Fund.

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

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

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 treatment facility. The Water Reclamation Fund treats wastewater to standards of Title 22 of the California Code of Regulations and conveys recycled water for groundwater replenishment.

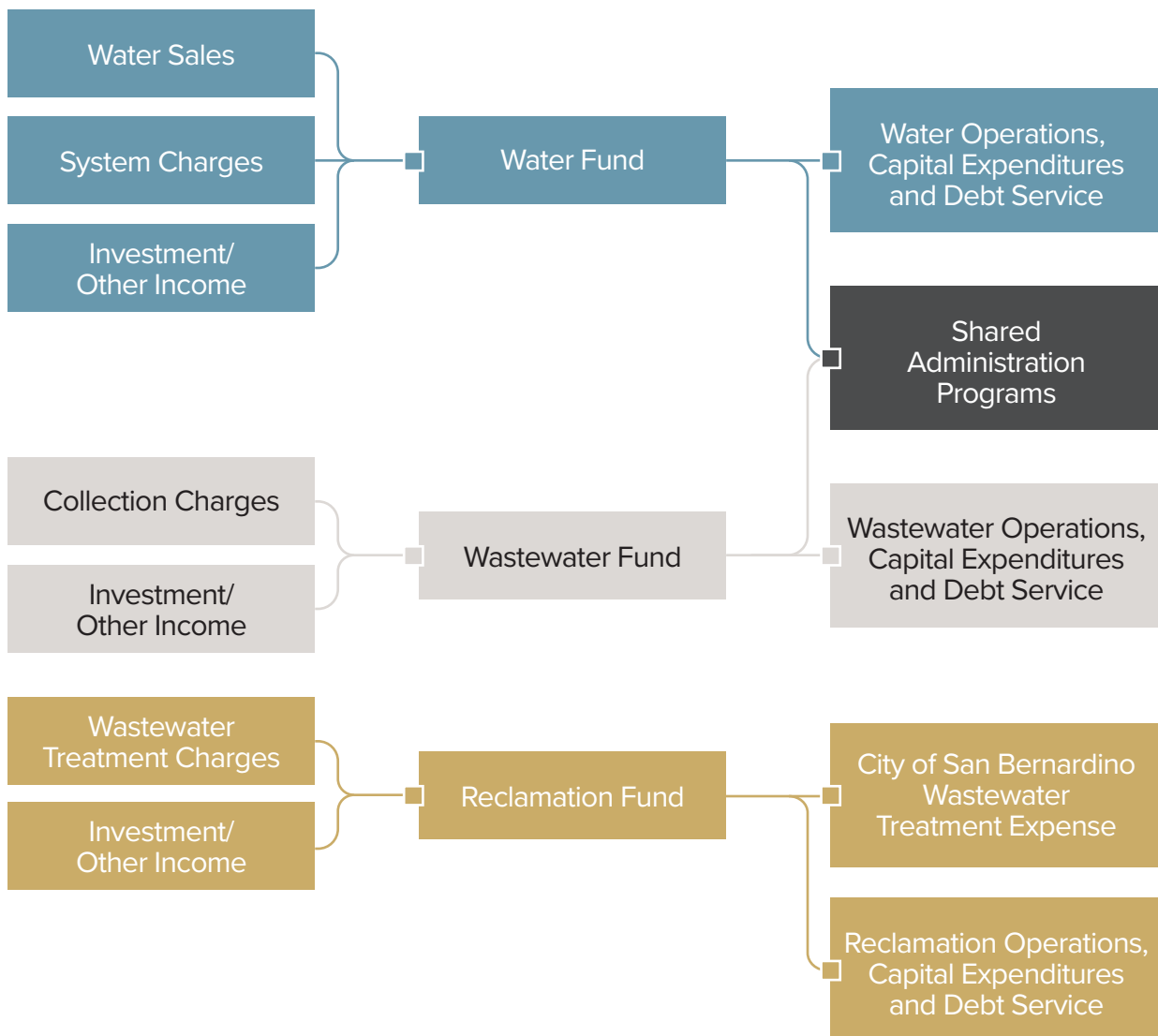
Currently, wastewater flows are collected by a large interceptor line and sent to the SBMWD Treatment Plant where the wastewater is treated and released into the Santa Ana River. However, beginning in FY 2023-24, the District will begin operating its own reclamation facility known as the Sterling Natural Resource Center. Recycled water will be sent to the Weaver Basins, owned by the San Bernardino Valley Municipal Water District, for recharge into the Bunker Hill Basin.



Each of the Funds’ operations 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 direct, and allocated, operating and maintenance program expenses.

Flow of Funds



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

FUND/PROGRAM RELATIONSHIP

District operating and maintenance expenses are all budgeted and accounted for by Program. Expenses incurred by Program are then allocated to the water, wastewater and water reclamation 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 allocated proportionally.

In the upcoming year, all funds will share in the cost of facilities maintenance functions, while the remaining centralized function costs (Administration, Engineering, etc.) are allocated between the Water and Wastewater funds, usually by a 70% - 30% split. The Water Reclamation fund will also share in the future costs of these functions once fund reserves have been established and operating costs for the Water Reclamation Fund are better known and predictable.

The percentage allocation can be adjusted for unique circumstances. For example, with the implementation of water 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 FY 2023-24:

Program	Water Fund	Wastewater Fund	Reclamation Fund	Total
1000 Governing Board	\$ 254,800	\$ 109,200	\$ -	\$ 364,000
2000 General Administration	959,000	411,000	-	1,370,000
2100 Human Resources	1,702,400	564,600	590,000	2,857,000
2200 Public Affairs	904,400	387,600	-	1,292,000
2300 Conservation	689,000	-	-	689,000
3000 Finance & Accounting	940,800	403,200	-	1,344,000
3200 Information Technology	1,205,400	516,600	-	1,722,000
3300 Customer Service	1,304,100	558,900	-	1,863,000
3400 Meter Services	292,000	-	-	292,000
4000 Engineering	999,600	428,400	-	1,428,000
5000 Water Production Administration	620,000	-	-	620,000
5000-51 Wells	3,918,000	-	-	3,918,000
5000-52 Boosters	1,026,000	-	-	1,026,000
5000-54 Reservoirs	428,000	-	-	428,000
5100 Water Treatment	1,082,000	-	-	1,082,000
5200 Water Quality	546,000	-	-	546,000
6000 Maintenance Administration	418,500	46,500	-	465,000
6100 Water Maintenance	2,826,000	-	-	2,826,000
6200 Wastewater Collection	-	867,000	-	867,000
6300 Water Reclamation	-	-	9,896,000	9,896,000
7000 Facilities Maintenance	1,011,000	405,000	607,000	2,023,000
7100 Fleet Maintenance	608,000	152,000	-	760,000
TOTAL OPERATING EXPENSES	\$ 21,735,000	\$ 4,850,000	\$ 11,093,000	\$ 37,678,000

BUDGET SUMMARY

The budget for FY 2023-24 is balanced and reflects East Valley Water District's commitment to allocating anticipated resources to meeting the expectations of District ratepayers, creditors, and stakeholders.

The District projects that it will receive \$47,424,000 in revenue during FY 2023-24 and has developed a budget plan to allocate \$37,678,000 toward funding of program operations, \$3,376,000 toward the amortization of outstanding debt, and \$4,890,000 toward capital asset improvement and replacement. In addition, a \$1,480,000 transfer to Reserves will help build a reserve required by funding agreements with the State Water Resource Control Board.

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	Reclamation Fund	FY 2023-24 Total
REVENUE / SOURCES				
Water Sales	\$ 18,345,000	\$ -	\$ -	\$ 18,345,000
Meter Charges	9,996,000	-	-	9,996,000
Penalties	450,000	60,000	-	510,000
Wastewater System Charges	-	5,968,000	-	5,968,000
Wastewater Treatment Charges	-	-	10,279,000	10,279,000
Other Operating Revenue	42,000	-	1,944,000	1,294,000
Miscellaneous Revenue	220,000	20,000	100,000	340,000
Gain on Disposal of Assets	-	-	-	-
TOTAL REVENUE / SOURCES	\$ 29,053,000	\$ 6,048,000	\$ 12,323,000	\$ 47,424,000
OPERATING EXPENSES				
Employment Expenses	\$ 9,227,500	\$ 2,544,700	\$ 1,581,800	\$ 13,354,000
Water Costs	768,000	-	-	768,000
Contracted Treatment Costs	-	-	3,700,000	3,700,000
Power Costs	3,165,000	-	2,000,000	5,165,000
Materials & Supplies	1,331,500	133,100	751,400	2,216,000
Contract Services	6,827,800	2,066,400	3,038,800	11,933,000
Other Operating Expenses	415,200	105,800	21,000	542,000
TOTAL OPERATING EXPENSES	\$ 21,735,000	\$ 4,850,000	\$ 11,093,000	\$ 37,678,000
OTHER EXPENSES				
Debt Principal	\$ 2,217,000	\$ 175,000	\$ -	\$ 2,392,000
Debt Interest Expense	886,000	98,000	-	984,000
Other Non-Operating Expense	-	-	-	-
Capital Outlay	695,000	260,000	210,000	1,165,000
Capital Improvement Program	3,425,000	300,000	-	3,725,000
Transfer to (from) Reserves	95,000	365,000	1,020,000	1,480,000
TOTAL OTHER EXPENSES	\$ 7,318,000	\$ 1,198,000	\$ 1,230,000	\$ 9,746,000
TOTAL OPERATING/ OTHER EXPENSES	\$ 29,053,000	\$ 6,048,000	\$ 12,323,000	\$ 47,424,000
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -

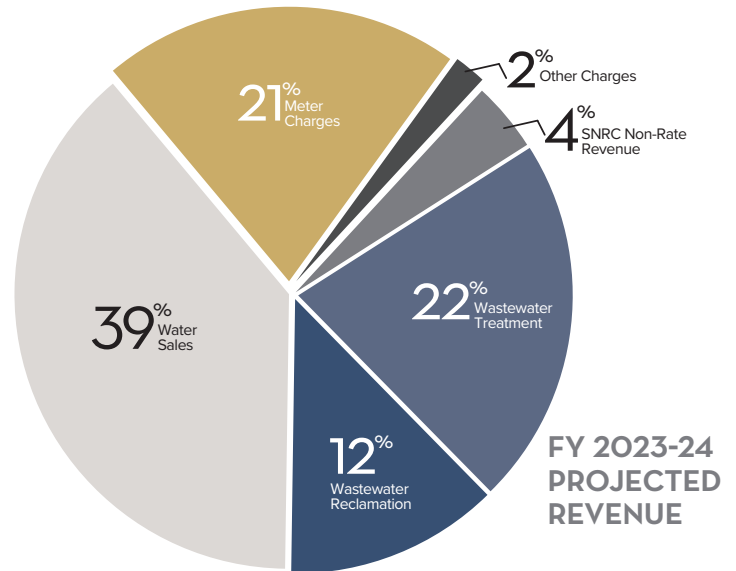
REVENUE SUMMARY

Revenue projections are key to determining the extent 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 94% of its revenue from user rates and fees; the District receives no increment from property or sales taxes.

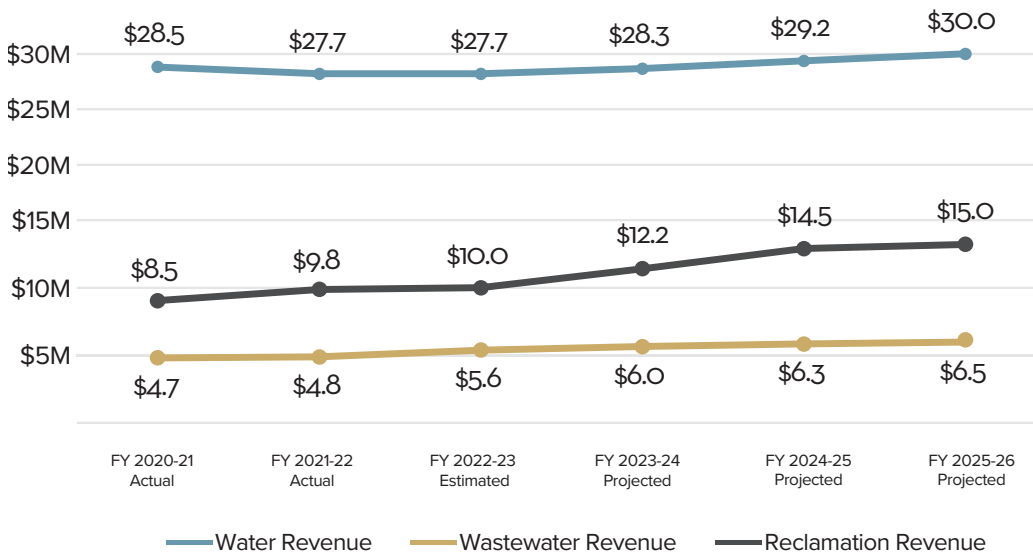
Utility rates and miscellaneous charges are reviewed on three to five year cycles and adjusted as necessary to cover the costs of providing services to ratepayers. The District derives its authority for setting rates from California Water Code §31000 and rate adjustments are adopted at public hearings conducted in accordance with requirements established by California Propositions 26 and/or 218. User fees, which is the term used to refer to SNRC Non-Rate Revenue, are negotiated with third-party contractors.

The District has six revenue categories based on established rates, fees and charges. The six categories and the fund which recognizes the revenue, are:

1	Water Sales	→ Water Fund
2	Meter Charges	→ Water Fund
3	Wastewater Collection	→ Wastewater Fund
4	Wastewater Treatment	→ Reclamation Fund
5	SNRC Non-Rate Revenue	→ Reclamation Fund
6	Other Charges	→ All Funds



Revenue History and Forecast (In Millions)



Forecasting revenue projections requires consideration of external factors that could impact the demand for water services. Elements factored into the FY 2023-24 forecasts included potential drought declaration, construction activity within the service area, and the opening of the Sterling Natural Resource Center. In addition, 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 drought conditions. Since 2015, two multi-year droughts have forced the District, and like agencies, to promote conservation and reduce water usage as part of a State-wide effort. However, an unusually wet winter and record snowpack in 2023 has refilled state reservoirs allowed the State Water Project to announce that they can deliver 100% allocation of requested water supplies from state water contracting agencies. In addition, the California Governor issued Executive Order N-5-23 rolling back drought emergency provisions and allowing the District to move from level 2 to level 1 of the District Water Shortage Contingency Plan, which only obligates the District to conduct outreach and education about efficient water use.

Construction within the region has been picking up over the last three years. Multiple moderate sized developments of between 200 and 300 units have requested District assistance with the formation of Community Facilities Districts (CFD), and one of the CFDs has new homes under construction, which contributed to the increase of 101 new dwelling units during FY 2023-24. However, rising interest rates could slow market absorption of new homes and in turn, slow new development plans.

The most significant factor affecting District revenue in FY 2023-24 will be the opening of the SNRC Water Reclamation facility. With this plant online, the District will no longer send wastewater to the SBMWD for treatment but will treat and recycle wastewater for groundwater recharge. Anaerobic digesters at the SNRC will also allow the District to produce energy from wastewater sludge and other high grade food waste accepted from third-party haulers. As a result, new revenue sources associated with the SNRC include:

- Payment from the Valley District Local Resource Investment Program for recycled water used for recharge;
- Tipping fees from liquid waste haulers; and
- Energy produced by digesters will offset the facility's power operating costs. There is a potential to sell excess power produced by the digesters to the Southern California Edison (SCE) power grid.

A more detailed description of the District's major revenue sources, and related trends, is provided in the following sections, including a discussion of new revenue streams under Other SNRC Income. In addition, the Water Fund, Wastewater Fund, and Water Reclamation Fund sections of this document include a detailed discussion of the rates used to calculate FY 2023-24 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 their 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 (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 allocate 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 lose moisture during the month being billed. The Tier 2 budget is intended to allocate 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 or landscaped area associated with their domestic meter, receive Tier 1 and 2 water 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 2023-24.

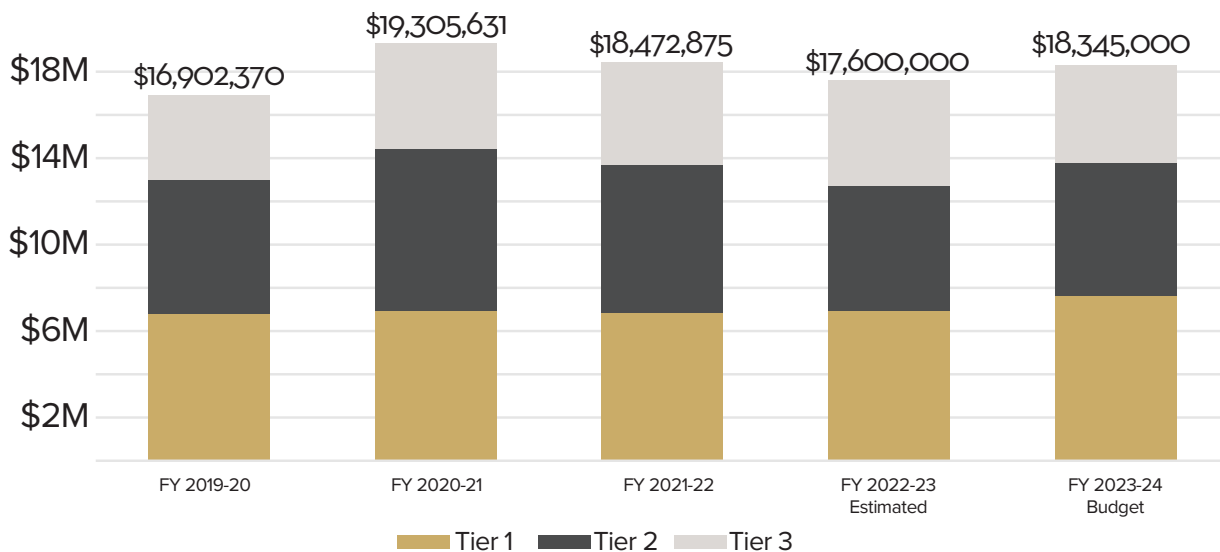
CUSTOMER CONSUMPTION IN HUNDRED CUBIC FEET

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Estimated	FY 2023-24 Budget
Tier 1	3,696,721	3,578,209	3,522,058	3,671,000
Tier 2	2,659,770	2,672,552	2,212,894	2,342,000
Tier 3	1,237,088	1,258,585	1,163,158	1,108,000
TOTAL	7,593,579	7,509,346	6,898,110	7,121,000

Water consumption during FY 2023-24 is expected to remain the same as FY 2022-23. Although the rate adjustment mentioned above has one remaining phase, taking effect on January 1, 2024, between evolving State guidelines that will require water agencies, such as East Valley Water District, to enforce stricter water conservation measures and the rate adjustments, we anticipate consumption to remain similar to prior year.

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 \$18.35 million for FY 2023-24. 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



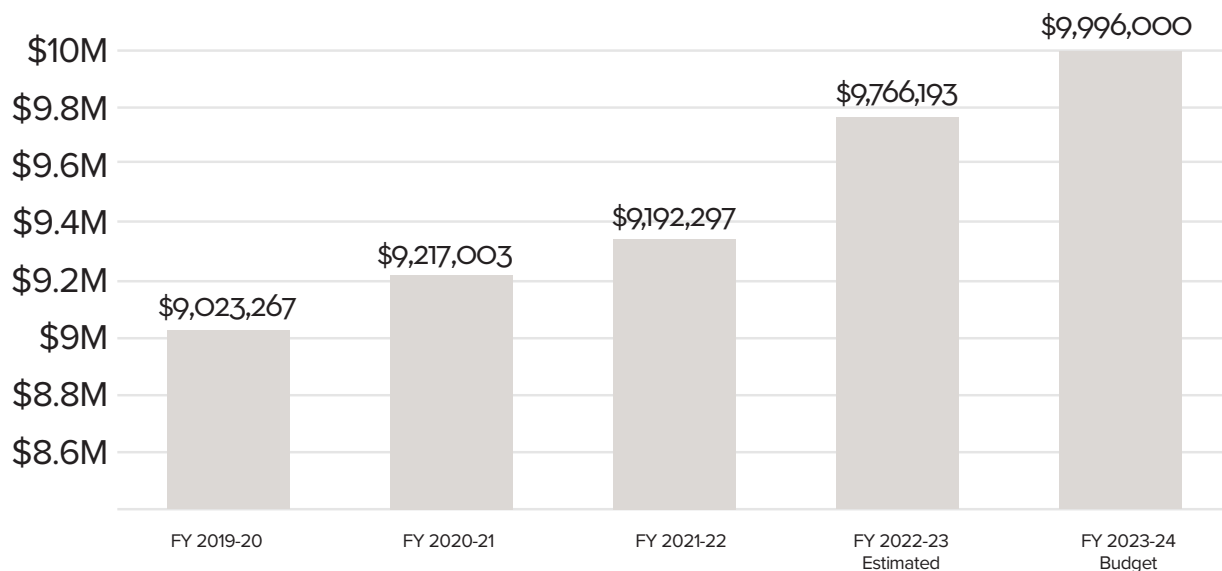
Water System Charges

Also referred to as Meter Charges, water system charge rate revenue consists of a fixed monthly rate assessed to customers based on the size of the meter serving their property. The 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 charges were included in a Cost of Service Analysis and Rate Study completed in January 2021. Adjustments proposed by the January study were adopted by the District in May 2021 and the second of three adjustments became effective in January of 2023. The remaining adjustment becomes effective in January of 2024.

Revenues have been slightly impacted by development activity in the last two years as there have been approximately 120 new residential connections added to the District system. Development could potentially add 50 new residential customers consistently over the next ten years, but those new customers have not been counted and factored into projections. Only rate adjustments scheduled for January 2024 have been included in Meter Charge projections which are \$9,996,000 for FY 2023-24.

METER CHARGES



Wastewater Collection (System) Charges

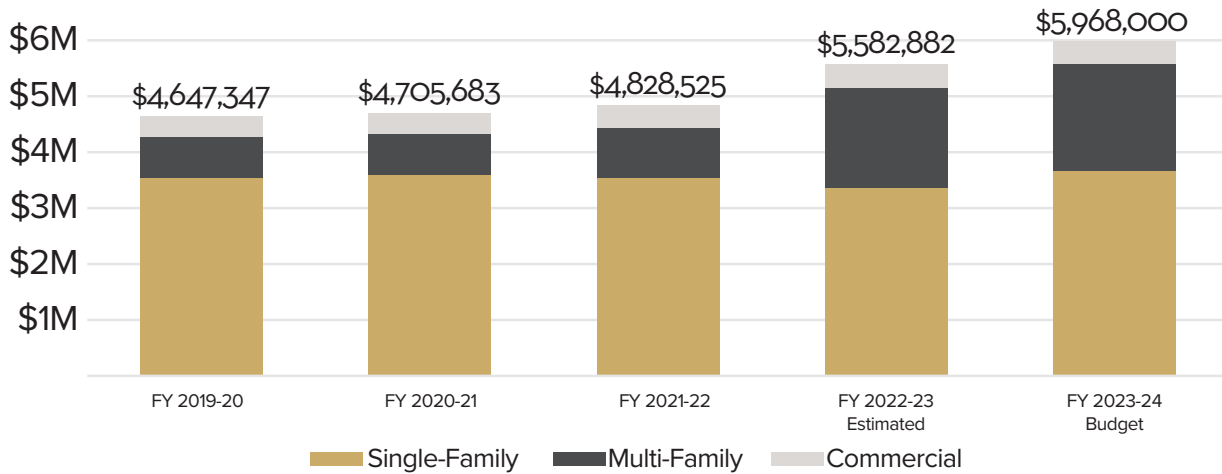
Wastewater Collection charges are assessed to District customers to fund the maintenance and replacement of wastewater collection pipelines, make wastewater debt service payments, and fund program services associated with the Wastewater Fund.

Wastewater collection rates were included in the Cost of Service Analysis and Rate Study completed in January 2021, and then were adopted at a public hearing in May 2021. The study proposed a change in how multi-family residential accounts are billed, changing from a method based predominantly on water usage of the master account, to a fixed charge per dwelling unit. This change brings billing for multi-family residential accounts into alignment with the methodology in place for single-family residential accounts. For District wastewater services, there are currently 19,325 single-family units and 10,654 multi-family units, and these unit counts multiplied by the fixed charges were used to project revenue.

There are 620 commercial accounts that will continue to be billed a monthly flat rate plus a volumetric charge based on water usage (measured in HCF). The volumetric rate varies according to the strength of the wastewater a customer type typically discharges into the collection system.

Phase two of adopted collection charge adjustments was implemented in January 2023 and will be followed by an adjustment in 2024. Projected wastewater collection revenue for FY 2023-24 is \$5,968,000. A more thorough discussion of the calculation of projected wastewater collection revenue can be found in the Wastewater Fund section of this document.

WASTEWATER COLLECTION CHARGES



Wastewater Treatment Revenue

Wastewater generated by District customers is currently delivered to and treated by SBMWD facilities in accordance with a Joint Powers Agreement (JPA). Under the JPA, the SBMWD establishes wastewater treatment rates to be paid for services provided to District customers.

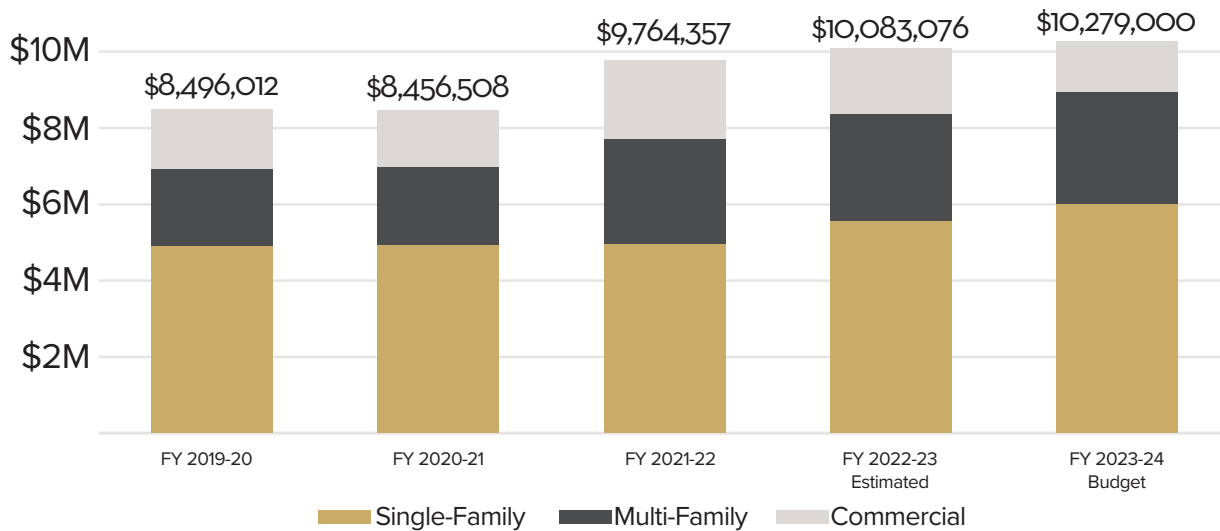
However, the District is nearing completion on construction of its own water reclamation facility known as the Sterling Natural Resource Center (SNRC) that, when operational, will allow the District to treat its own wastewater and no longer contract with the SBMWD. The SNRC is scheduled for completion in December 2023.

In anticipation of SNRC operations, the District adopted its own wastewater treatment rates which became effective in May 2022. Phase two of rate adjustments were implemented in January 2023 and will be followed by an adjustment in January 2024. Accordingly, FY 2023-24 treatment revenue projections are based on rates established by the District.

SNRC treatment rates include a monthly fixed charge, assessed based on the number of dwelling units, for both single-family and multifamily residential accounts. Commercial customers are billed both a monthly fixed charge, and then a volumetric charge based on water consumption. The volumetric rate is assessed for every hundred cubic feet (HCF) of water used, and the rate varies based on the ‘strength’ of the wastewater a customer discharges into the District wastewater system. Strength is categorized as low strength, medium strength, or high strength.

Wastewater Treatment Charges are a revenue of the new Water Reclamation Fund, and total charges projected for FY 2023-24 are \$10,279,000.

WASTEWATER TREATMENT REVENUE



SNRC Non-Rate Revenue

Commencement of operations at the Sterling Natural Resource Center in Fall 2023 will not only mean that the District will assess and collect its own wastewater treatment revenue, but other revenue streams associated with the anaerobic digesters and recycled water will begin to be realized. Explanations of those revenues and projections for FY 2023-24 are presented below.

LOCAL RESOURCE INVESTMENT PROGRAM (LRIP)

In October 2018, the District signed an agreement to sell up to 11,000 acre-feet annually of recycled water produced by the SNRC to the San Bernardino Valley Municipal Water District (Valley District). Valley District will initially pay \$173 per acre-foot for recycled water made available to recharge the local groundwater basin. The District estimates that the SNRC will produce and recharge 6,000 acre feet annually when the plant is in full operation, but with fall of 2023 as the target for the SNRC to be in full operation, the District estimates that a reduced yield of 4,000 acre feet of recycled water will be produced and recharged for which it will receive an LRIP Contribution from Valley District of \$692,000.

WASTE HAULER TIPPING FEES

In order to maximize the power generation capacity of the SNRC digesters, activated wastewater sludge from the SNRC will be supplemented by soliciting disposal of high grade food waste at the SNRC. The District anticipates that up to 130,000 gallons of liquid waste per day will be discharged by haulers at the SNRC for a fee of \$0.08 per gallon. The District projects that during six months of operation in FY 2023-24, approximately 15.40 million gallons of liquid waste will be accepted at the SNRC generating tipping fees of approximately \$1,232,000.

ELECTRICAL POWER GENERATION

Gases released and burned by the anaerobic digesters will be used to generate electrical power to help offset the cost of supplying the SNRC with power. The District has also installed a two-way electric meter for situations where the digesters are generating surplus power, which can be sold to the power grid at \$0.13 per kilowatt hour. The District does not anticipate any net revenue from power sales during the SNRC's startup year.

The table below provides a summary of all projected non rate revenue from the SNRC for FY 2023-24.

Revenue Type	Unit of Measure	Volume FY 2022-23	Fee Per Unit	Non-Rate Revenue Total
LRIP Contribution	Acre Foot (AF)	4,000 AF	\$ 173.00	\$ 692,000
Tipping Fees	Gallon	15.40 MG	0.08	1,232,000
Power Sales	kWh	-	0.13	-
				\$ 1,924,000

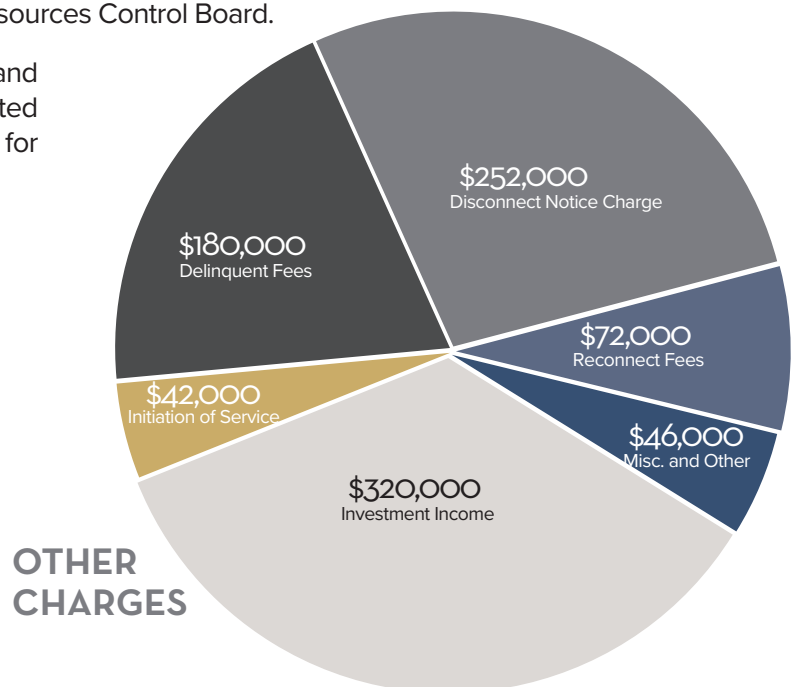
Other Charges and Income

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, wastewater and water reclamation services. Charges include initiation of service fees, and charges related to collection of customer payments, including delinquent fees, final notice fees, and disconnect/reconnect fees.

In prior years, revenue from charges related to collection of delinquent customer payments (delinquent fees, notice charges, disconnect/reconnect fees) have been significant, so the District was successfully implemented procedures to work closely with customers to reduce the number of service disconnections for non-payment. Revenue related to fees charges for collection efforts have been projected at \$504,000 in the upcoming year.

Other Income included in FY 2023-24 projections are facilities 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 continues to pay the construction costs of the SNRC and then must wait 30 to 60 days for reimbursement from the State Water Resources Control Board.

In total, the FY 2023-24 projection for Other Charges and Income is \$912,000, which is calculated using adopted fees and an estimate of the number of occurrences for each type of fee based on historical trends.



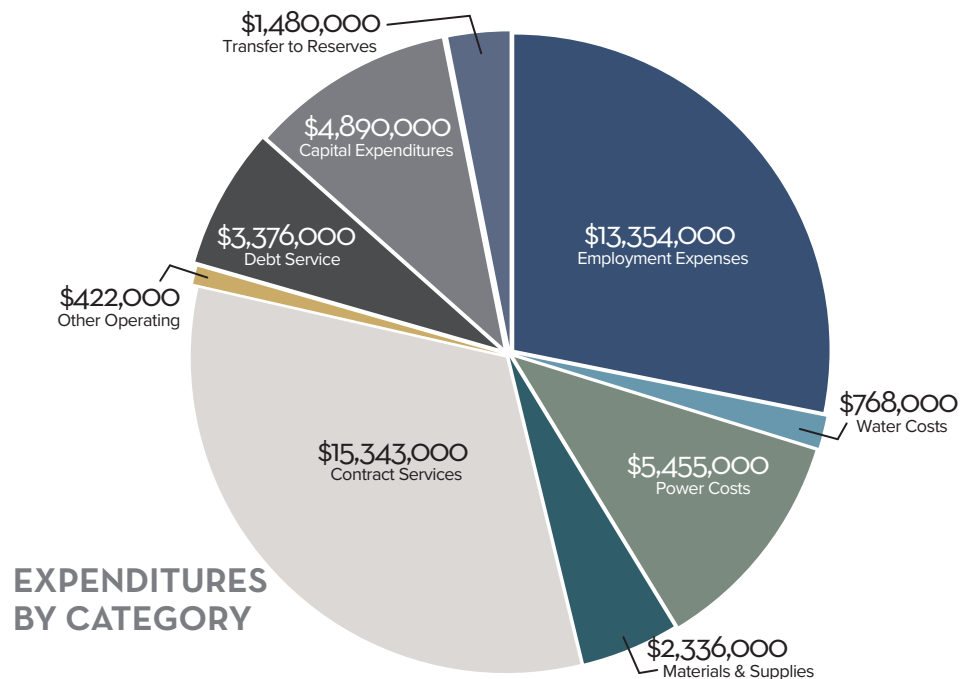
The District has successfully implemented procedures to reduce the number of service disconnections.

EXPENDITURE SUMMARY

The District prepares its annual budget and financial plan based on operating expenses proposed by program managers, debt service payments scheduled in accordance with covenants and contractual obligations to bondholders and other creditors, and capital expenditures prioritized in the District's Capital Improvement Program and equipment replacement schedules.

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

Operating expenses are addressed on the following pages by broad cost category as listed on the Budget Summary on page 53. Expenses are presented in more detail, by account type, in the Water, Wastewater and Water Reclamation Fund Sections, and again, by Program in the Program Summaries.



Employment Expenses

Budgeted Employment Expenses include salaries and benefits paid for 73 full-time employees (FTEs) and 2 part-time employees, and also includes District contributions toward health insurance for current retirees. Two of the budgeted FTE positions are new positions related to the Sterling Natural Resource Center and will not be filled until mid-year of FY 2023-24, after the District has commenced operations at the plant.

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 2025-26.

Salaries include regular wages, overtime and on-call pay, paid leave time, incentives, and differential payments which are awarded upon attainment of designated certifications. Per an agreement with employees at adoption of the current MOU, a 5% COLA will also take effect in FY 2023-24 in addition to pay scale step increases of 2.5% available for employees who have not reached the top step in their pay range, subject to annual performance evaluations. With the new SNRC positions, and the terms of the new MOU, projected salaries expense for FY 2023-24 is \$9,141,000.

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. The District also contributes up to \$850 per month toward retiree health insurance.

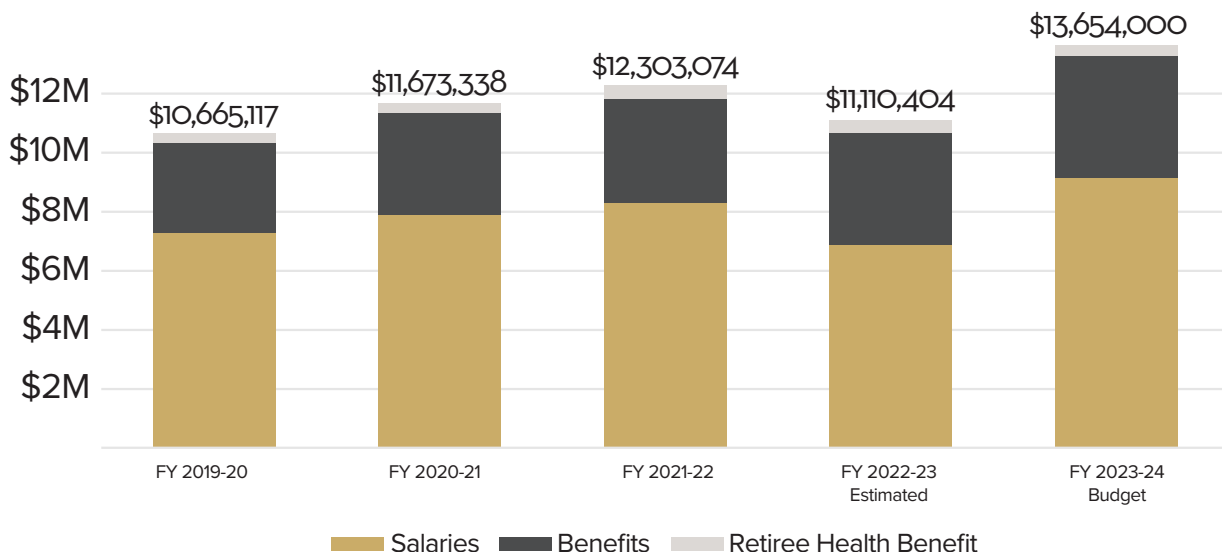
The most significant employee benefit is the CalPERS retirement plan. Funding requirements for the plan are determined through actuarial valuations conducted by CalPERS and include contributions from both the District and the employees. Contributions from the District are made toward the plan's annual normal cost, at a rate of 15.46 % of payroll, and as a lump sum against the plan's unfunded liability. In recent years, unfunded pension liabilities have risen significantly as the plan struggles to meet the expectation administrators have set to earn a 7% return on plan assets each year. The rise of unfunded liabilities has led plan administrators to adopt 25 year amortization schedules, requiring increasing annual contributions to the plan, in an attempt to ensure that the plan is ultimately fully funded. However, instead of

relying on the administrator plans for funding, the District has implemented an aggressive 15 year level-pay plan to amortize unfunded pension liabilities in order to reduce the cost of this liability. While the 15-year plan requires higher initial annual contributions of \$1,165,981, the shorter amortization period is projected to save the District \$3.5 million. For fiscal year 2023-24, District paid costs related to the retirement plan are projected to increase 2.3%.

Healthcare costs are also split between the District and employees as the District pays 90% to 95% of premiums equal to the designated ‘benchmark’ insurance plan, with employees paying the balance. Premiums for the benchmark plan decreased 5.33% between 2022 and 2023, therefore a similar decrease for the cost of healthcare benefits is expected. Contributions toward retiree health insurance premiums are capped at \$850 per month for FY 2023-24. Payments continue until the retiree reaches the age of 65, or Medicare age, provided they meet all eligibility requirements for this benefit. Worker’s 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 2.5% to \$4,162,000 for FY 2023-24, while contributions toward retiree health insurance were determined by an actuary to be \$351,000.

SALARIES AND BENEFITS



Water Costs

The District anticipates customer demand for approximately 16,346 acre-feet, or 5.33 billion gallons, of water during the 2023-24 Fiscal Year. This is the same demand used for projections in FY 2022-23, but actual demand will fall short of projection in the prior due to the very wet and cold winter season experienced throughout California in early 2023. To the contrary, a very hot ‘El Niño’ summer and fall is expected in 2023 which should push customer demand higher in FY 2023-24.

The District meets customer demand by procuring 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 below:



Groundwater

The District obtains approximately 75% of its water supply through its wells by pumping water from the Bunker Hill Groundwater Basin. The fee associated with pumping groundwater is paid to the Groundwater Council (GC). This is a collaborative effort formed in January 2018 for the purpose of purchasing imported water to restore and maintain sustainable groundwater levels. The GC has two components – a water cost assessment that is based on historical pumping levels by each of the signers to the GC Framework Agreement, and an Operations and Maintenance component to fund the operations of the GC. The District’s total assessment for FY 2023-24 is projected to be \$351,000.



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 approximately 7,140 shares and projects that the assessment will be \$10 per share and has budgeted \$71,400 accordingly.

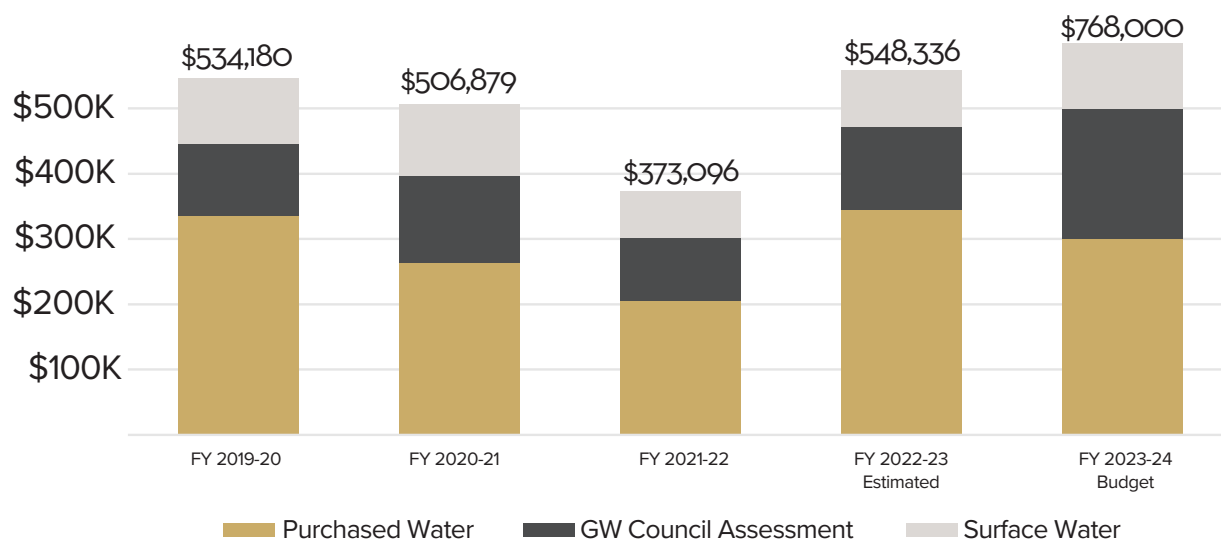


Purchased Water

Paid to Valley District to buy State Water Project at \$126 per acre foot (AF) when available. Due to the high volume of rainfall and snow pack in Northern California last winter, 100% of the normal allocation of water is available from the State Water Project. The District has budgeted \$300,000 for up to 2,400 acre feet of water from the State Water Project in 2023-24.

Total water costs associated with these three sources are projected to be \$768,000 for FY 2023-24.

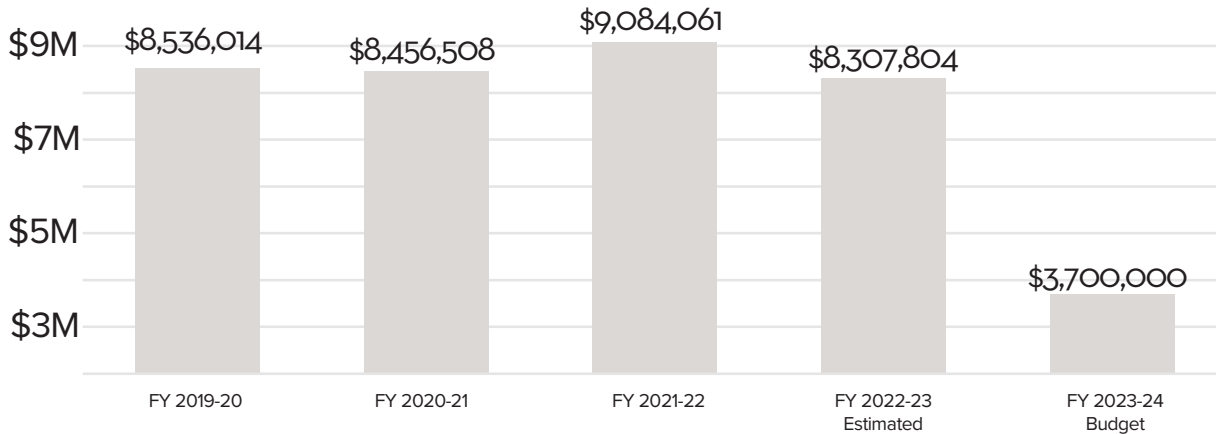
WATER COSTS



Contracted Wastewater Treatment

As outlined in the discussion about wastewater treatment revenue, the District will transition from contracting with the SBMWD, to commencing its own wastewater treatment operations at the new Sterling Natural Resource Center in Fall 2023. The transition of wastewater flows will begin in August by diverting approximately a quarter of wastewater flows to the new plant. Every two weeks another quarter of the flows will be diverted until full flows are received at the SNRC in December 2023. While this phased approach to diverting flows is taking place, some flows will continue going to the SBMWD's treatment facilities and the District will be charged for those scaled down treatment services. Projected payments to the SBMWD in FY 2023-24 for approximately 4 months of treatment services are \$3,700,000.

CONTRACTED WASTEWATER TREATMENT COSTS



WASTEWATER TREATMENT COSTS

Annual payments to the SBMWD for wastewater treatment services has represented approximately 22% of the District's annual budget in past years. Going forward, however, contracted treatment payments will be replaced by new debt service payments, SNRC treatment staff salaries, and other operating costs displayed in other sections of this budget, and also summarized in the Water Reclamation Fund. In this year of transition, the SNRC will only be operational for approximately ten months, 'in-house' costs are expected to include contract services, power, salaries and benefits, and materials and supplies.

Power Costs

Power costs include the electrical power for extracting groundwater through wells, treating imported water, surface water, and groundwater when necessary, and distributing water throughout nine pressure zones within the District. Significant power costs will also be incurred for the SNRC in FY 2023-24 as the new plant commences operations in Fall 2023, gradually increasing capacity until all wastewater generated by District customers is being converted to recycled water.

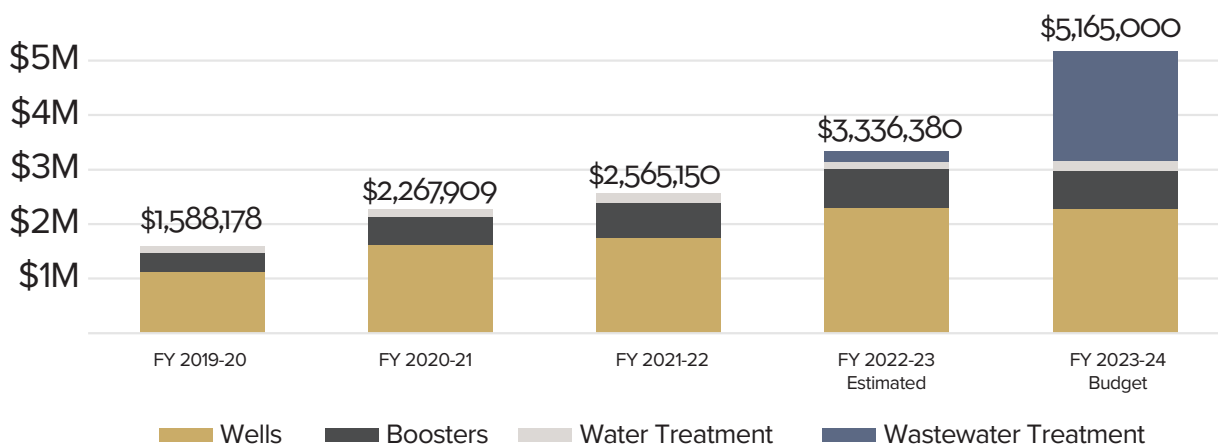
Rates for electrical power have been steadily increasing over the past three years, resulting in significant budget pressure, despite the fact that the District has implemented various energy conservation measures including the installation of high efficiency pumps at several plants, and construction of a hydroelectric generation facility at the District's surface water treatment plant (Plant 134), to help mitigate rising costs. In addition, 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, encouraging staff to operate facilities to take advantage of the off-peak rates. In spite of these efforts to control costs, electricity rate pressures have resulted in steadily increasing power costs.

The addition of the SNRC had the potential to more than double the District’s power demand. This increased the District’s decision to add anaerobic digesters to the SNRC project in order to convert wastewater sludge, supplemented with imported liquid food waste, into energy. The District contracted with SCE to install a two way meter at the plant, so any excess energy produced by the digesters in the future can be sold on the power grid. During startup, and at least for the FY 2023-24, the District expects to use all power generated to run the plant and that the SNRC will be a net user of power. A budget of \$2,000,000 has been established for net power costs at the SNRC for FY 2023-24.

Power costs for water production were approximately \$3.0 million in FY 2022-23. These costs were higher than projected due to Edison rate increases, and unexpected ‘catch-up’ bills submitted by Edison that resulted from billing issues they encountered when migrating to a new billing system. For FY 2023-24 the District is projecting higher demand for water than in FY 2022-23, which was an unusually wet year as explained under Water Costs. The increased demand, exacerbated by the loss of multiple wells that are too close to the new regional recycled water recharge, will make it difficult to avoid peak time-of-use power rates until replacement wells can be placed in service.

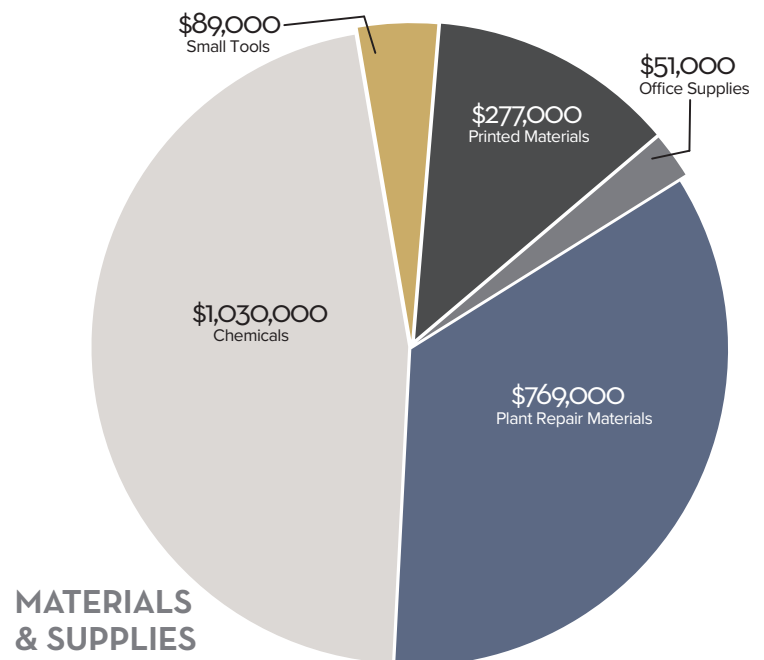
Based on the above, the proposed FY 2023-24 budget for power costs has been adjusted higher to \$3,165,000.

POWER COSTS



Materials and Supplies

Materials and supplies are purchased to assist staff with the performance of their daily tasks. For administrative programs, materials ordinarily consist of office supplies, informational/ educational printed materials for the public, books and reference materials for staff, and small office equipment. For operating and maintenance programs, materials also include some office supplies, but also include items such as chemicals for water treatment, small tools and parts for distribution system repairs, fuel and lubricants, and fill materials for backfilling trenches, among other items. Materials costs are budgeted to increase 19% to \$2,216,000 for FY 2023-24. Significant variances between prior year Contract Services costs and projections for the upcoming year is due to Water Reclamation’s budget of \$650,000 for chemicals, a new program expense.



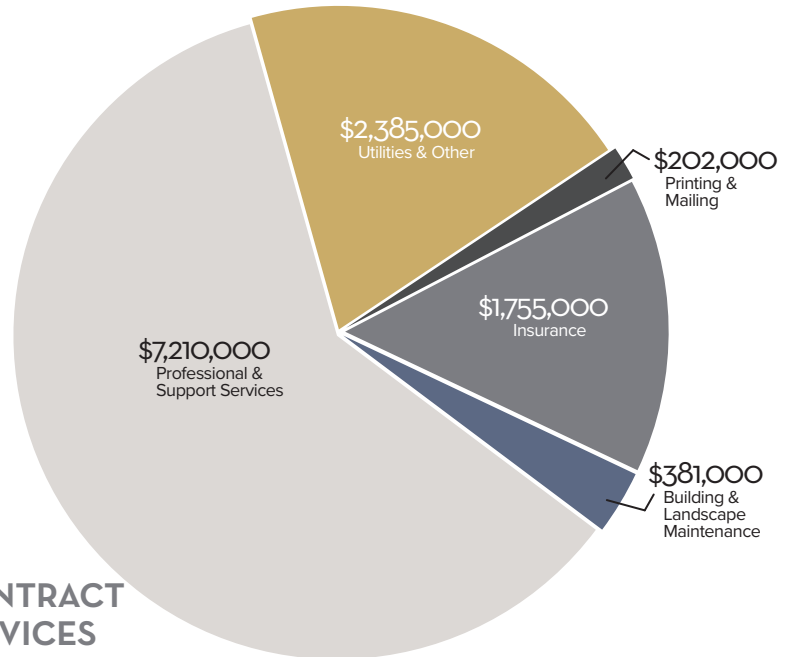
Contract Services (Other Than Contracted Treatment)

Contract services are proposed by program managers to fund ongoing needs for outside services, and periodic technical expertise to help meet Program Goals and Objectives. For administrative programs outside services include, but are not limited to, legal services, banking and payment processing, printing, and insurance, while technical services would include rate consultants, engineering consultants, and legislative advocates. Operating and maintenance programs primarily use ongoing outside services such as paving, electrical repair, landscape maintenance, and equipment maintenance.

The budget for contract services is expected to increase 34% to \$11,933,000 for FY 2023-24. Significant variances between prior year contract services costs and projections for the upcoming year include:

- Information Technology has added \$235,000 to its contract services budget to account for the cost of maintenance and support of new IT infrastructure and upgrades at the SNRC and Headquarters campuses, and to implement Cybersecurity initiatives.
- Startup of operations at the new SNRC water reclamation facility will add over \$1.7 million in additional contract services, including solids hauling and disposal, SCADA support, and new laboratory services.

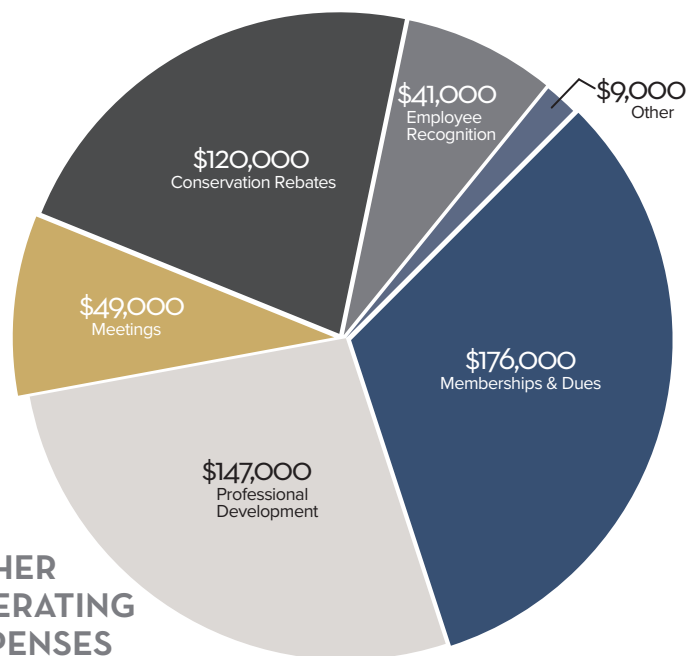
CONTRACT SERVICES



Other Operating Expenses

Other Operating Expenses budgeted for FY 2023-24 total \$542,000 and includes conservation rebates, professional development, memberships and dues, licensing, meeting expenses, employee recognition, and education assistance. The District emphasizes professional growth and leadership, encouraging 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.

OTHER OPERATING EXPENSES



DEBT OVERVIEW

The District's debt service payments in FY 2023-24 will be \$3,376,000 on total outstanding debt of \$35,274,000 as of June 30, 2023. Not included in this amount is \$143,231,000 in loan funding borrowed from the State Water Resources Control Board for the ongoing construction of the SNRC water reclamation plant. This project will be complete in December 2023, with debt service of approximately \$7.5 million annually due to begin one year after filing of a Notice of Completion.

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. In September 2020, the District refunded its outstanding 2010 and 2013 Revenue bonds with 2020 Series A & B Refunding Revenue bonds in order to achieve annual interest savings of approximately \$400,000.

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. Additionally, 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.

- **2020A Refunding Revenue Bonds:** Issued to refund outstanding 2010 Revenue bonds and save \$380,000 annually on interest. The 2010 bonds had been issued to finance pipelines and other infrastructure projects. The 2020A bonds outstanding total \$15,050,000, and bear (tax-exempt) 3.0% to 5.0% interest.
- **2020B Refunding Revenue Bonds:** Issued to refund outstanding 2013 Revenue bonds, which had been issued to finance the construction of a new administration and operations headquarters. The 2020B bonds outstanding total \$13,060,000, and bear (taxable) interest of 0.42% to 2.93%.

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 \$5,135,000 bearing interest at 0%.
- **SNRC:** Borrowed as primary funding for the Water Reclamation Plant known as the SNRC. The total loan amount approved is \$168.3 million. Through June 2023, approximately \$143.2 million has been drawn down. Interest on the loan is 1.8% and annual debt service on the full loan will be approximately \$7.5 million annually. The debt service on this loan is not included in the tables on the following pages since the facility is still under construction.

The District has also signed two SWRCB loan agreements 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.

Assessment Districts

- **Arroyo Verde & Eastwood Farms:** Borrowed to fund installation of new water distribution system connected to the District's water supply facilities. Loans outstanding total is \$311,000 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 10 years and debt service payments are paid out of energy cost savings.

- **U.S. Bank Loans:** Borrowed to finance construction and implementation of several energy conservation measures. The total loan outstanding is \$444,000 at an interest rate of 2.3%. This loan will be paid off in March 2024.
- **Valley District 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 \$1,275,000 bears interest at the Local Agency Investment Fund (LAIF) apportionment rate, currently 2.74%. Debt service is payable annually through February 2026 out of water net revenue and energy cost savings.

Impact of Current Debt Levels

A schedule of FY 2023-24 debt service payments, by debt issue, is shown in the following schedule.

DEBT SERVICE PAYMENTS

Debt Issue	WATER FUND		WASTEWATER FUND		Total
	Principal	Interest	Principal	Interest	
2020A Refunding Revenue Bonds	\$ 990,000	\$ 616,000	\$ -	\$ -	\$ 1,606,000
2020B Refunding Revenue Bonds	105,000	224,000	175,000	98,000	602,000
SWRCB Loan Treatment Plant 134	234,000	-	-	-	234,000
SWRCB Loans Assessment Districts	19,000	-	-	-	19,000
US Bank Loans	444,000	8,000	-	-	452,000
Valley District Loan	425,000	38,000	-	-	463,000
TOTAL	\$ 2,217,000	\$ 886,000	\$ 175,000	\$ 98,000	\$ 3,376,000

As detailed above, debt service for FY 2023-24 on all outstanding District debt is \$3,376,000. This amount represents 7.1% of the District’s total budget for FY 2023-24. 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 District’s Debt Management Policy stipulates that debt may only be issued to finance capital projects.

The following table presents District debt level ratios compared to 2015 Southwest Regional medians reported by Fitch ratings. District debt used for the calculations includes loan funds borrowed for the SNRC through June 2023, but for which debt service is not yet being paid.

DEBT SERVICE THROUGH MATURITY

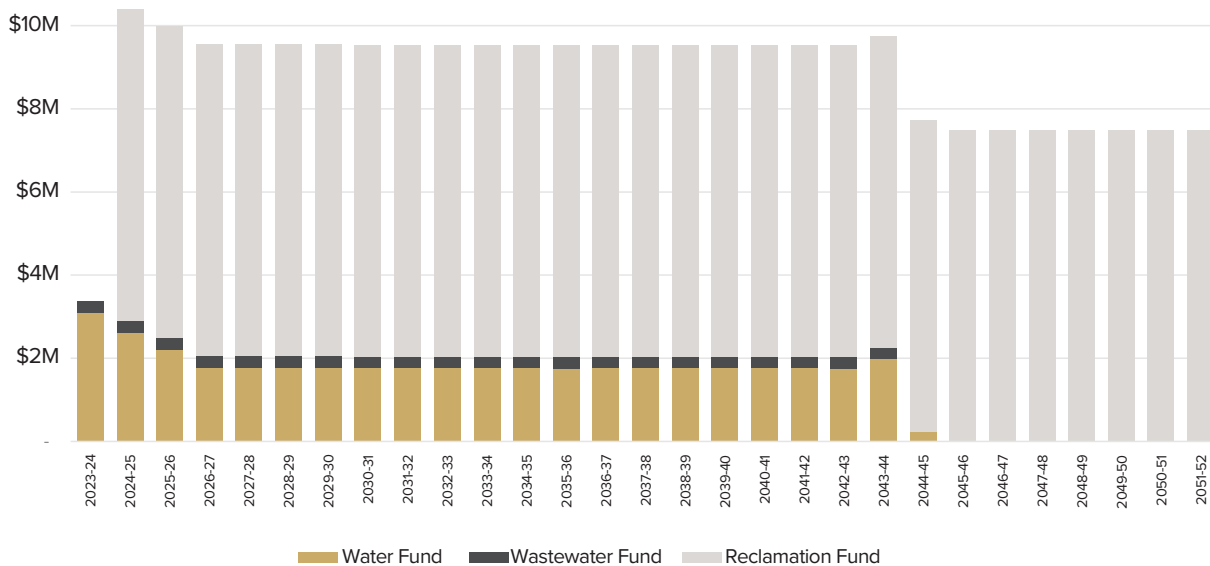
Fiscal Year	WATER FUND		WASTEWATER FUND		Total
	Principal	Interest	Principal	Interest	
2023-24	\$ 2,217,000	\$ 886,000	\$ 175,000	\$ 98,000	\$ 3,376,000
2024-25	1,808,000	813,000	175,000	97,000	2,893,000
2025-26	1,453,000	759,000	175,000	96,000	2,483,000
2026-27	1,063,000	715,000	180,000	94,000	2,052,000
2027-28	1,098,000	682,000	180,000	91,000	2,051,000
2029-33	6,029,000	2,832,000	945,000	406,000	10,212,000
2034-38	7,002,000	1,840,000	1,065,000	292,000	10,199,000
2039-43	8,032,000	809,000	1,215,000	131,000	10,187,000
2044-48	2,192,000	25,000	270,000	4,000	2,491,000
2049-53	-	-	-	-	-
TOTAL	\$ 30,894,000	\$ 9,361,000	\$ 4,380,000	\$ 1,309,000	\$ 45,944,000

Future Debt Levels

The addition of the SWRCB Loan for the SNRC will substantially increase the District’s annual debt service requirement. Contractual payments on this loan will begin one year after completion of construction, which will be approximately December 2023. As noted in other discussions about the fiscal impact of the SNRC in this document, wastewater treatment services are currently provided by the SBMWD and payments under that contract are shown as Wastewater Treatment operating expense. When the SNRC is operational, wastewater treatment payments to the SBMWD will be replaced with labor, materials, and other direct treatment costs, and debt service.

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 potential that 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 resulted in a bond rating of AA- from both Standard & Poor's and Fitch ratings when the District issued 2020 A & B series revenue bonds in September 2020. Fitch affirmed this rating as the result of a review conducted in June 2022.



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 2020 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 SWRCB and US Bank, require that the District maintain a debt service coverage ratio equal to 1.2 or 120 percent of annual debt service or greater.

The FY 2023-24 proposed Budget provides the net revenue to debt ratios shown in the table below.

DEBT SERVICE COVERAGE

	Water Fund	Wastewater Fund	Reclamation Fund	Total
REVENUE				
Sales and Services	\$ 28,341,000	\$ 5,968,000	\$ 10,279,000	\$ 44,588,000
Other Charges	492,000	60,000	1,944,000	2,496,000
Interest & Miscellaneous Revenue	220,000	20,000	100,000	340,000
TOTAL REVENUES	\$ 29,053,000	\$ 6,048,000	\$ 12,323,000	\$ 47,424,000
OPERATING EXPENSES				
Programs	\$ 21,735,000	\$ 4,850,000	\$ 11,093,000	\$ 37,678,000
TOTAL OPERATING EXPENSES	\$ 21,735,000	\$ 4,850,000	\$ 11,093,000	\$ 37,678,000
NET REVENUE	\$ 7,318,000	\$ 1,198,000	\$ 1,230,000	\$ 9,746,000
ANNUAL DEBT SERVICE	\$ 3,103,000	\$ 273,000	\$ -	\$ 3,376,000
DEBT COVERAGE RATIO	2.36	4.39	0.00	2.89

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Intentionally

FUND EQUITY & RESERVES

As previously discussed, the District operates water, wastewater collection, and water reclamation 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 and Deferred Outflows over Liabilities and Deferred Inflows, as Net Position. Also for financial reporting purposes, Net Position is reported in three distinct classifications:



Invested in
Capital Assets



Restricted



Unrestricted

For budgeting purposes, and for purposes of this discussion, the three classifications above will be referred to as designations of the District's equity, rather than of Net Position.

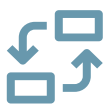
Restricted and unrestricted equity are spendable reserves, Equity Invested in Capital Assets is not. Equity Invested in Capital Assets maintains a running balance of resources previously spent on the acquisition and construction of capital assets, less outstanding long-term debt, and net of depreciation of those capital assets over time. It 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 the District 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. Accordingly, appropriations from Restricted funds will appear in the District's capital budget when appropriate.

Unrestricted fund equity is the residual after the balances in the other two classifications of equity have been determined. The District has the most flexibility in determining how unrestricted equity may be appropriated, and the Governing Board has done so by establishing a Reserve Policy, which is summarized on pages 79-84. The policy establishes three designations for unrestricted equity, and has defined their purpose, order of priority for funding, target levels, and uses. Those unrestricted designations are the:



Operating
Reserve



Capital
Replacement
Reserve

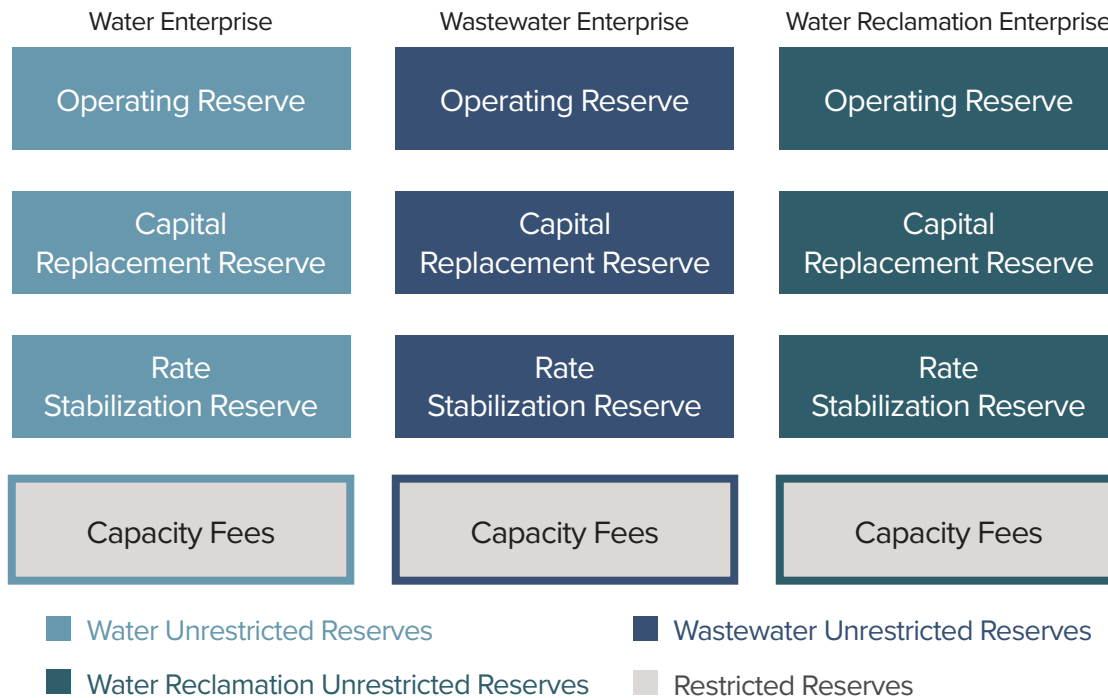


Rate
Stabilization
Reserve

The Operating Reserve 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 Reserve has reached its target level of 120 days operating expenses, excess funds are applied to the Capital Replacement Reserve up to a target level of \$10 million. Finally, a Rate Stabilization Reserve has been created to offset unexpected revenue shortfalls at a target level of 45 days of budgeted operating expenses. If all funds have been fully funded, the remainder reverts to the Operating Reserve.

Expenditure of funds out of any of the Unrestricted Reserve categories will be replenished with excess Operating Reserves, and then by transfer from reserves with lower priority. The District's Governing Board may take action to transfer balances between the Unrestricted Reserve designations at any time.

Enterprise Reserves



Water Fund Reserves

The Water Fund is projected to have \$7,696,149 in Operating Reserves, \$10,338,648 in Capital Replacement, and \$4,314,140 in Restricted Reserves. The Water Reserves table presents changes to the Water Fund unrestricted and restricted equity, broken down by reserve designation, over a five year period, and includes beginning balances, annual activity, and ending balances. Target levels for each of the reserve designations, in accordance with the District’s reserve policy, are also shown.

UNRESTRICTED RESERVES

Funding for unrestricted reserves is built into rates when the District conducts a Cost-of-Service Analysis; this occurs approximately every five years. Rate adjustments were adopted in May 2021 and become effective in three phases on January 1st of each year, 2022 and 2023, and on January 1, 2024, in the upcoming fiscal year. Modeling for the new rates continued to focus on collecting at least 35% of revenue from the fixed system (meter) charges as California continues living with droughts and mandatory conservation, which results in reduced water sales. Both Unrestricted Reserves, Capital Replacement and Operating Reserves continue to stay around target levels and the budget for FY 2023-24 projects a small surplus of \$95,000 which can be added to these reserves.

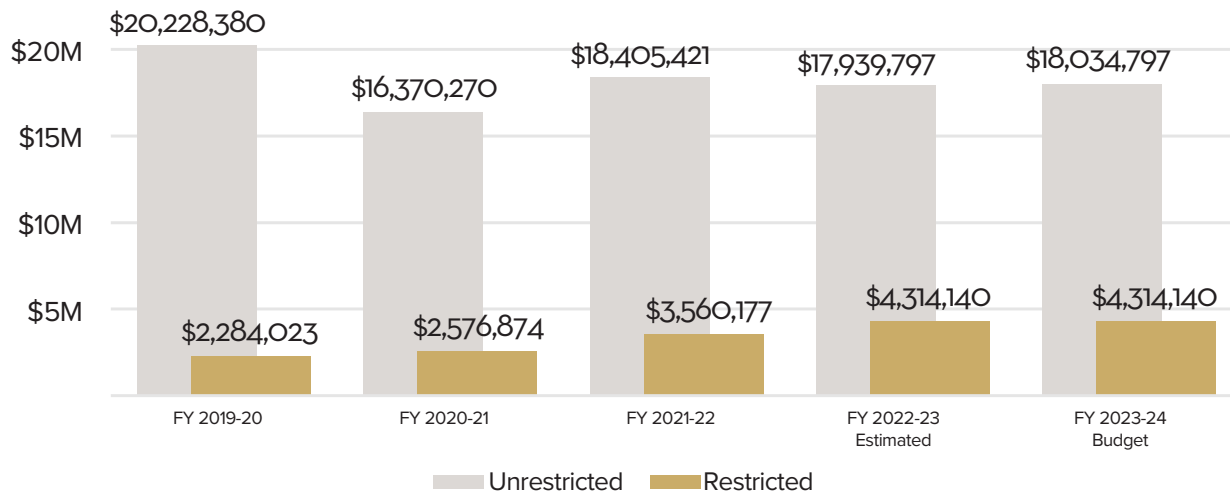
RESTRICTED RESERVES

Restricted Reserves are from the collection of water capacity fees from new development. Although the receipt of capacity fees is not included in revenue projections and budgeted, accumulated fees are available for appropriation for certain capital improvement projects. Restricted reserve balances are budgeted to remain at \$4,314,140. Changes in this fund during the year will be reported at the mid-year budget review.

UNRESTRICTED AND RESTRICTED EQUITY – WATER

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Budget
WATER OPERATING RESERVE					
<i>Maximum Target Level 120 Days Operations</i>	\$ 5,850,000	\$ 6,025,000	\$ 6,365,000	\$ 6,645,000	\$ 7,455,000
Beginning Fund Balance	6,484,818	6,489,732	6,031,622	8,066,773	7,601,149
Revenue	27,179,063	29,145,482	29,273,276	27,272,000	29,053,000
Operating/Non-Operating Expenditures	(18,717,810)	(20,132,623)	(22,435,689)	(20,630,931)	(22,621,000)
Capital Expenditures	(4,132,028)	(4,179,287)	(5,131,241)	(4,945,000)	(4,120,000)
Debt Principal Payments	(2,564,311)	(2,393,628)	(2,120,011)	(2,161,693)	(2,217,000)
Land Sale / Transfer CIP From Wastewater	-	(6,298,054)	2,448,816	-	-
Transfer to Other Reserves	(1,760,000)	3,400,000	-	-	-
ENDING WATER OPERATING RESERVE	\$ 6,489,732	\$ 6,031,622	\$ 8,066,773	\$ 7,601,149	\$ 7,696,149
WATER CAPITAL REPLACEMENT RESERVE					
<i>Minimum Target Level</i>	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Beginning Fund Balance	14,595,000	13,738,648	10,338,648	10,338,648	10,338,648
Transfer from Operating Fund	1,760,000	(3,400,000)	-	-	-
Capital Expenditures	(2,616,352)	-	-	-	-
ENDING WATER CAPITAL REPLACEMENT RESERVE	\$ 13,738,648	\$ 10,338,648	\$ 10,338,648	\$ 10,338,648	\$ 10,338,648
TOTAL UNRESTRICTED RESERVES - WATER	\$20,228,380	\$ 16,370,270	\$ 18,405,421	\$ 17,939,797	\$ 18,034,797

WATER RESERVES



	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Budget
WATER CAPACITY FEES					
<i>No Target Level</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	1,996,379	2,284,023	2,576,874	3,560,177	4,314,140
Fees Collected	287,644	292,851	983,303	753,963	-
Capital Expenditures	-	-	-	-	-
ENDING WATER CAPACITY FEES	\$ 2,284,023	\$ 2,576,874	\$ 3,560,177	\$ 4,314,140	\$ 4,314,140
TOTAL RESTRICTED RESERVES - WATER	\$ 2,284,023	\$ 2,576,874	\$ 3,560,177	\$ 4,314,140	\$ 4,314,140

Wastewater Fund Reserves

The Wastewater Fund is projected to have \$2,144,956 in Operating Reserves, and \$3,107,335 in Restricted Reserves. The following table presents changes to the Wastewater Fund unrestricted and restricted equity, broken down by reserve designation, over a five year period, and includes beginning balances, annual activity, and ending balances—only the operating reserve currently has a balance. The target levels established for each reserve designation, in accordance with the District’s reserve policy, are also shown.

UNRESTRICTED AND RESTRICTED EQUITY – WASTEWATER

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Budget
WASTEWATER OPERATING RESERVE					
<i>Maximum Target Level 120 Days Operations</i>	\$ 1,250,000	\$ 1,250,000	\$ 1,980,000	\$ 1,550,000	\$ 1,615,000
Beginning Fund Balance	3,306,271	2,311,575	2,540,325	538,315	1,779,956
Revenue	4,784,495	4,846,067	5,189,870	6,679,728	6,048,000
Operating/Non-Operating Expenditures	(4,698,424)	(4,920,069)	(4,070,081)	(4,489,720)	(4,948,000)
Capital Expenditures	(980,767)	(5,885,302)	(2,951,799)	(773,367)	(560,000)
Debt Principal Payments	(100,000)	(110,000)	(170,000)	(175,000)	(175,000)
Transfer CIP to Water	-	6,298,054	-	-	-
Transfer to Other Reserves	-	-	-	-	-
ENDING WASTEWATER OPERATING RESERVE	\$ 2,311,575	\$ 2,540,325	\$ 538,315	\$ 1,779,956	\$ 2,144,956
TOTAL UNRESTRICTED RESERVES - WASTEWATER	\$ 2,311,575	\$ 2,540,325	\$ 538,315	\$ 1,779,956	\$ 2,144,956

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Budget
WASTEWATER CAPACITY FEES					
<i>No Target Level</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	636,995	1,696,736	1,837,888	2,701,500	3,107,335
Fees Collected	1,059,741	141,152	863,612	405,835	-
Debt Issued	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
ENDING WASTEWATER CAPACITY FEES	\$ 1,696,736	\$ 1,837,888	\$ 2,701,500	\$ 3,107,335	\$ 3,107,335
TOTAL RESTRICTED RESERVES - WASTEWATER	\$ 1,696,736	\$ 1,837,888	\$ 2,701,500	\$ 3,107,335	\$ 3,107,335

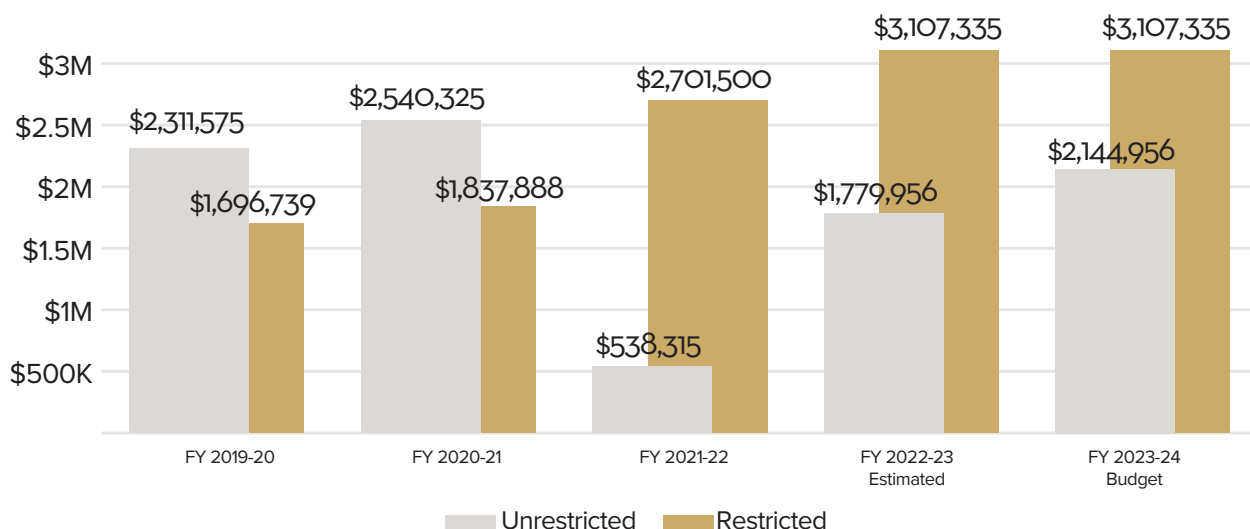
UNRESTRICTED RESERVES

The accumulation of wastewater Operating and Capital Replacement reserves have been limited due to the investment in construction of the SNRC, a water reclamation facility for which the Water Reclamation Fund has been established beginning in FY 2022-23. Prior to establishing the Water Reclamation Fund, the Wastewater Fund financed costs not covered by a grant/loan agreement provided by the State Water Resources Control Board. These costs included preliminary studies and design and defending litigation. New rate adjustments were adopted in May 2021, including rates for the new water reclamation plant nearing completion, and became effective in May 2022. The new rates, which include three phases, should allow for building towards reserve targets over the next three years. The FY 2023-24 budget projects a small surplus of \$365,000 will be added to the operating reserve by the end of the fiscal year.

RESTRICTED RESERVES

Restricted Reserves are primarily from the collection of wastewater capacity fees from new development. The table also includes balances and activity for restricted Wastewater capacity fees. Although the receipt of capacity fees is not included in revenue projections and budgeted, accumulated fees are available for appropriation for certain capital improvement projects. The restricted reserve balance is projected to remain at \$3,107,335 in fiscal year 2023-24 but could possibly increase due to construction activity within the District.

WASTEWATER RESERVES



Water Reclamation Fund Reserves

The Water Reclamation Fund is a new fund established to account for the revenues and expenditures related to the Sterling Natural Resource Center water reclamation plant which will begin operation around Fall 2023. Target levels will be established as they are for other funds, in accordance with the District's Reserve Policy.

UNRESTRICTED AND RESTRICTED RESERVES – RECLAMATION

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Budget
RECLAMATION OPERATING RESERVE					
<i>Maximum Target Level 120 Days Operations</i>	\$ -	\$ -	\$ -	\$ 4,200,000	\$ 4,200,000
Beginning Fund Balance	-	-	-	-	50,132
Revenue	8,496,012	8,456,508	9,764,357	10,062,300	12,323,000
Operating/Non Operating Expenditures	(8,496,012)	(8,456,508)	(9,764,357)	(10,012,168)	(11,133,000)
Capital Expenditures	-	-	-	-	(190,000)
Debt Principal Payments	-	-	-	-	-
Transfer to Debt Service Reserve	-	-	-	-	(1,000,000)
ENDING RECLAMATION OPERATING RESERVE	\$ -	\$ -	\$ -	\$ 50,132	\$ 50,132
TOTAL UNRESTRICTED RESERVES - RECLAMATION	\$ -	\$ -	\$ -	\$ 50,132	\$ 50,132
RECLAMATION DEBT SERVICE RESERVE					
<i>Target - One Years Annual Debt Service</i>	\$ -	\$ -	\$ -	\$ -	\$ 7,500,000
Beginning Fund Balance	-	-	-	-	-
Transfer From Operating Reserve	-	-	-	-	1,000,000
Debt Service Expenditures	-	-	-	-	-
ENDING RECLAMATION DEBT SERVICE RESERVE	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
RECLAMATION CAPACITY FEES					
<i>No Target Level</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Balance	646,583	2,518,595	1,860,609	2,736,642	3,148,465
Capacity Fees Received	1,872,012	143,182	876,033	411,823	-
Expenditures	-	(801,168)	-	-	-
ENDING RECLAMATION CAPACITY FEES	\$ 2,518,595	\$ 1,860,609	\$ 2,736,642	\$ 3,148,465	\$ 3,148,465
TOTAL RESTRICTED RESERVES - RECLAMATION	\$ 2,518,595	\$ 1,860,609	\$ 2,736,642	\$ 3,148,465	\$ 4,148,465

UNRESTRICTED RESERVES

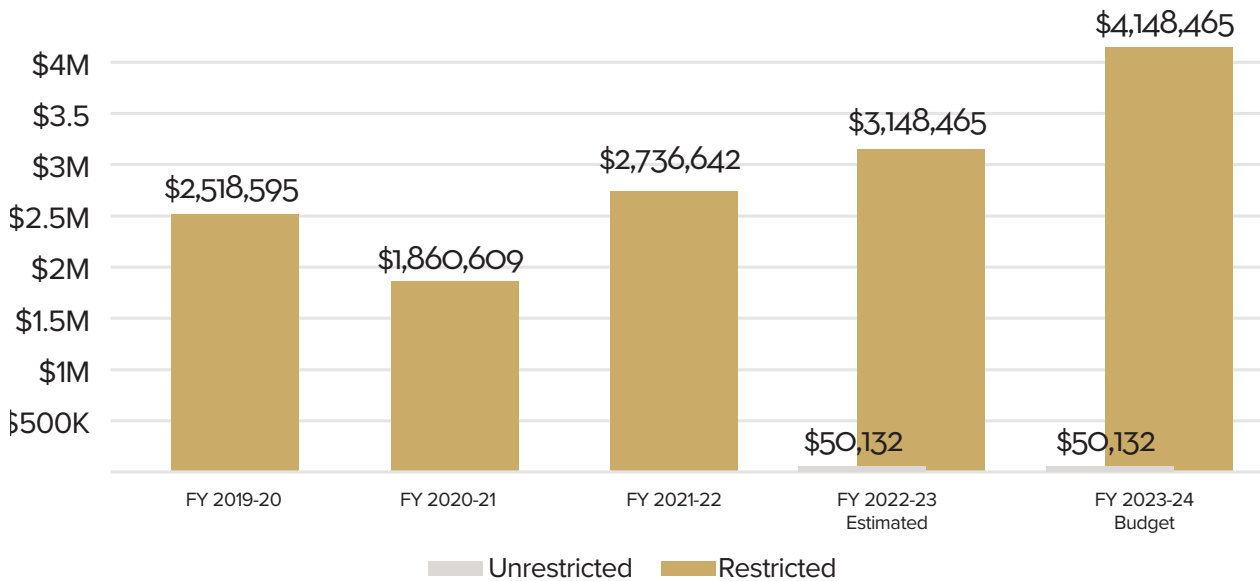
Prior to the SNRC, the District contracted with the SBMWD for Wastewater Treatment, and all revenue billed and received was remitted to the SBMWD. Given this agreement, there was no opportunity or reason to build a reserve for wastewater treatment operations.

The Water Reclamation Fund will establish unrestricted operating and capital replacement reserves, but unlike other funds, the Water Reclamation Fund must first establish a Debt Service reserve. As with other reserve funds, there is a clear prioritization and target for all types. The FY 2023-24 activity shown in the previous table is based on budget and projections.

RESTRICTED RESERVES

The table includes balances and activity for restricted Wastewater Treatment capacity fees, which belong to the Water Reclamation Fund and the accumulation of a Debt Service reserve. The District began collecting wastewater treatment capacity fees when construction began on the SNRC, for this reason the accumulation of restricted funds began occurring prior to the creation of the Water Reclamation Fund. The debt service reserve, which is required by section 3.7(a) of the SNRC loan funding agreement with the State Water Resources Control Board, must have a balance equal to one year's debt service on the loan from the SWRCB (the Target Level). For this reason, funding of the Debt Service reserve will take priority over funding of the Operating Reserve until the required target level is reached.

RECLAMATION RESERVES



Setting aside reserve funding enhances organizational flexibility to prioritize and respond to capital needs.

LONG-RANGE FINANCIAL PLAN

The Long-Range Financial Plan provides a forward-looking view of the District's three different funds, allowing leadership, along with other stakeholders, to evaluate whether financial resources will be available to achieve the District's long-term goals and objectives included in the Five-Year Work Plan.

The Five-Year Work Plan and long range financial planning serve conjunctively as tools for future decision making regarding the District's spending and projected revenues.

As a multi-beneficial organization that provides water, wastewater, and water reclamation services, the District's long-term planning efforts considers factors such as the age, condition, and efficiency of infrastructure used to deliver world-class services to District customers and maintaining compliance with changing regulations. Over the last decade, the cyclical droughts in California has raised water supply reliability, operational flexibility, and water quality, as prominent issues in strategic planning. Based on these identified priorities, the District has developed goals that will have a significant impact on the District's financial planning and Budget over the next few years, including:

- Cost recovery through user rates and development fees, as applicable.
- Construction of a water recycling plant (SNRC).
- Identify alternative water supplies.
- Access and utilize alternative energy supplies.
- Meet all water quality standards; and
- Replace aging pipelines and increase 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 Five-Year Work Plan.

COST DRIVER	ASSUMPTION	LINK TO DISTRICT GOALS AND OBJECTIVES
Utility User Rates Support Reasonable Costs Related to Existing Customers; Development Fees Pay for New Infrastructure	<ul style="list-style-type: none"> • Water Usage Per capita will not increase due to Conservation efforts • Development will add 50 customers annually to District service area 	<ul style="list-style-type: none"> • Conduct Cost of Service Analysis for Rates • Pursue Alternative Funding Sources
Construct SNRC for Recycled Water Supply	<ul style="list-style-type: none"> • Digesters at SNRC will provide non-rate revenue streams (energy sales, tipping fees) that will help ensure fiscal sustainability 	<ul style="list-style-type: none"> • Identify Opportunities to Optimize Natural Resources • Enhance Planning Efforts that Respond to Future Demand • Pursue Alternative Funding Sources
Find/Utilize Additional Water Supply	<ul style="list-style-type: none"> • Recycled water from SNRC will provide sustainable supply for recharge 	<ul style="list-style-type: none"> • Complete construction of SNRC • Strengthen Regional, State and National Partnerships

COST DRIVER	ASSUMPTION	LINK TO DISTRICT GOALS AND OBJECTIVES
Replace Aging Pipelines	<ul style="list-style-type: none"> District's rate structure will provide revenue stability and adequate funding for pipeline replacement program 	<ul style="list-style-type: none"> Develop Projects and Programs to Ensure Safe and Reliable Services Dedicate Effort Toward System Maintenance and Modernization
Water Quality Standards	<ul style="list-style-type: none"> Existing treatment processes will ensure product water meets standards 	<ul style="list-style-type: none"> Conduct Source Water Assessment Plant 134 Solids Processing Evaluation

User Rates & Development Fees From Reserves

The District has updated all water and wastewater user rates, development capacity fees, and miscellaneous fees and charges within the last three fiscal years.

Capacity Fees were updated in December 2019 and are based on an independent capacity fee study. The adopted fees include a provision for annual adjustment each July based on the prior calendar year's Construction Cost Index.

Water and wastewater utility rates, and miscellaneous fees and charges, were adopted in May 2021. The utility rates were based on a five year Cost of Service Analysis and financial model, that considered the capital improvement projects including the construction of a new surface water treatment plant at the east end of the District. Remaining rate adjustments will occur in two phases on January 1 of each year 2023 and 2024. Utility rates established in May 2021 should support District operations for a five year period with updates to be presented to the Governing Board for consideration in 2025.

Updated miscellaneous fees and charges are primarily fees related to the collection of delinquents accounts, and charges for Engineering services. The amount of each of the fees and charges was established by determining the average amount of staff and equipment time required for a single occurrence, and then multiplying the time required by labor rates and equipment rental rates.

Construction of the SNRC

Construction on the SNRC will be completed during FY 2023-24, including anaerobic digesters capable of generating three megawatts of electrical power. In order to generate this amount of electricity, sludge resulting from wastewater treatment will be supplemented by high grade food waste accepted from waste haulers, for which the District expects to receive tipping fees. Power cost offsets, tipping fees, and revenue from the sale of recycled water for recharge to the Groundwater Basin Watermaster are projected to total \$7.2 million when the SNRC reaches full capacity. When combined with wastewater treatment fees of approximately \$9.5 million, total projected 'revenue' for the SNRC should be sufficient to cover SNRC operating and debt service costs over the next 10 years.

Find/Utilize Additional Water Supply

The District built a State Water Project turnout at its Surface Water Treatment Plant in order to utilize as much imported water as feasible. This strategy would preserve water in the groundwater basin and allow the District to take delivery of, and treat, water at a high elevation, using gravity to assist with water distribution to customers. The alternative is to incur significant pumping costs by extracting water with wells and then pumping it uphill for distribution.

Unfortunately, California, continues to experience cyclical droughts, in which State Water Project deliveries are unreliable. For FY 2023-24, State Water Project contractor agencies, the source for the District's imported water, have been told their annual allocation of imported water will be 100%. Whereas, in the previous fiscal year, the supply provided was 5% of requested. As a result, the District will experience fluctuating power costs to pump groundwater over the next five years to offset the unreliability of available imported water.

Pipeline Replacement

As mentioned under User Rates, adopted rates included funding for the Capital Improvement Program including water main replacements. Having the funding available to proactively replace pipelines, rather than reacting to reports of system leaks will save on labor and water losses.

FY 2024-28 Forecast

REVENUE FORECAST

Water and wastewater rates are expected to slightly increase over the next five years due to modest building development and approved rate adjustments. Rate adjustments were adopted in May 2021 and implemented in May of 2022. Additional approved rate adjustments become effective in January 2024.

Water Revenue projections include approved rate adjustments as well as a modest growth rate of 2% annually. Sales per capita is expected to remain flat as water budget based tiered rates implemented by the District incentivize consumers to use water efficiently.

Wastewater revenue projections also include rate adjustments in January 2024, for both collection and treatment charges, of about 7.0%. For years subsequent to 2024, a 3.0% escalation factor was used to account for potential future rate increases and/or growth related to new development.

Other operating revenues, such as LRIP contributions from Valley District for releasing recycled water for recharge, and tipping fees from waste haulers, will increase while the SNRC is scaling up to reach full capacity. At full capacity the SNRC is expected to produce 6,000 acre feet of recycled water and receive \$173 per acre foot for a total annual contribution from Valley District of \$1,038,000. In addition, food waste haulers are projected to pay \$.08 per gallon to offload their waste at the SNRC digesters and haulers could deliver as much as 130,000 gallons per day for estimated revenue of \$2,704,000 annually.

OPERATING COST FORECAST

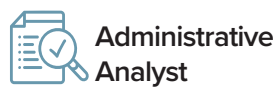
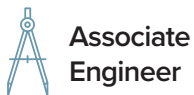
Operating costs for the District include salaries and benefits, maintenance and operation of the water distribution, wastewater collection systems, water reclamation, contract services and materials and supplies. Costs also include monthly payments to the SBMWD for wastewater treatment services through December 2023. Toward the end of calendar year 2023 the SNRC will begin operations and contract payments to SBMWD will be phased out as the District gradually diverts wastewater flows to the SNRC, and those payments will be replaced by staff and direct operating costs related to the new Water Reclamation Fund.

EMPLOYMENT EXPENSES

Labor and Benefits are the largest costs in the District's Budget and are adjusted in accordance with a memorandum of understanding (MOU) with employees – the current three-year MOU became effective in July 2023 and remains in effect through FY 2025-26 and the average increase for the three years was 5% due to the results of a salary survey. 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 will decrease to 73 full-time positions in FY 2023-24 due to deferring three previously funded but vacant positions as the District will focus on filling operator and maintenance positions at the new SNRC in the upcoming year.

Over the next five years the three positions currently being deferred, and likely two other new positions, will be filled taking the FTE count to 78. Those five positions include:



WASTEWATER TREATMENT

Due to supply chain delays, FY 2023-24 will be the final year in which the District contracts with the SBMWD for the treatment of all its wastewater flows. While commissioning is underway, the District will continue to pay for these contract services until the SNRC is fully permitted for operation. The phased transition will take place over three months in late 2023, systematically diverting wastewater to the SNRC until it is handling all of the District's flows in January 2024.

Thereafter, monthly contract payments to the SBMWD averaging more than \$650,000 per month, or \$8.6 million annually, will cease and be replaced by operating costs associated with the SNRC.

POWER COSTS

The District has taken steps to insulate ratepayers from significant increases in the cost of electricity by implementing energy conservation measures, installing a hydro-electric generation facility, and constructing digesters at the SNRC generate electricity.

With all of these measures in place the District continues to experience increased power costs at plants without alternative energy sources or generation capabilities. Although the existing measures mitigate the extent of price increases, the District projects that energy costs will still increase between 3% and 5% annually for the next five years.

MATERIALS AND SUPPLIES

Materials and supplies are projected to increase by 19% in FY 2023-24 as the SNRC completes commissioning transitioning the facility to regularly purchase chemicals and other supplies. In the following years cost increases are based on inflation projections of 3% for FY 2024-25 through 2027-28. These significant inflation percentages are supported by notification from vendors stating that supply chain interruptions are creating shortages and increasing costs.

OTHER CONTRACTED SERVICES

Other Contracted Services such as facilities maintenance, professional consulting, security, customer bill generation and printing are increasing 34% to \$11.9 million for FY 2023-24, due to the commencement of SNRC operations in late 2023. Thereafter an inflation adjustment factor of 3% has been used to project costs for future as vendors are expected to realize, and pass through, the increased cost of materials for the reasons explained above in the Material and Supplies Section.

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 complete, however, the additional debt related to this project is expected to increase annual debt service from \$3.4 million in FY 2023-24, to \$10.8 million in FY 2024-25.

FY 2023-24 will be the year in which the first of ten annual installments of \$700,000 will be made to the SBMWD to help offset the loss of revenue from the District treatment facility. Termination payments will continue for 10 years. A schedule of future debt service, including the State Revolving Fund loan from the SWRCB, is shown on page 69 of this document.

REVENUE FUNDED CAPITAL EXPENDITURES FORECAST

Revenue funded capital project spending is projected to average \$4.2 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 2023-24 Through FY 2027-28

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

FORECAST	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
REVENUE					
Water Sales / Wastewater Collect	\$ 24,313,000	\$ 24,800,000	\$ 25,297,000	\$ 25,804,000	\$ 26,321,000
Wastewater Treatment	10,279,000	11,628,000	12,338,000	12,968,000	13,630,000
Meter Fees	9,996,000	10,096,000	10,197,000	10,299,000	10,402,000
LRIP Revenue	692,000	1,038,000	1,038,000	1,038,000	1,038,000
GW Assessment Offset	-	396,000	396,000	396,000	396,000
Other Operating Charges	1,784,000	3,351,000	3,554,000	3,549,000	3,544,000
Investment Income	320,000	732,040	682,009	667,047	739,168
Capacity Fees	-	-	-	-	-
Other Income	40,000	70,000	70,000	70,000	70,000
TOTAL REVENUE	\$ 47,424,000	\$ 52,111,040	\$ 53,572,009	\$ 54,791,047	\$ 56,140,168
EXPENDITURES					
Labor & Benefits	\$ 13,354,000	\$ 13,821,848	\$ 14,210,638	\$ 14,610,932	\$ 15,022,795
Water Costs	768,000	1,164,000	1,164,000	1,164,000	1,164,000
Contracted Wastewater Treatment	3,700,000	700,000	700,000	700,000	700,000
Power Costs	5,165,000	5,060,000	4,958,000	4,959,000	4,963,000
Contract Services	11,933,000	12,291,598	12,660,476	13,040,500	13,431,945
Materials	2,216,000	2,296,970	2,381,419	2,468,839	2,559,331
Other Operating Expenses	422,000	425,055	428,173	431,355	434,606
Debt Service	3,376,000	10,962,500	10,486,500	10,088,500	9,649,500
Capital Outlay	1,165,000	1,200,000	1,200,000	1,200,000	1,200,000
Capital Improvement Program	3,725,000	5,730,000	5,745,000	3,625,000	5,125,000
TOTAL EXPENDITURES	\$ 45,944,000	\$ 53,771,971	\$ 54,054,204	\$ 52,408,126	\$ 54,370,178
CHANGE IN EQUITY	\$ 1,480,000	\$ (1,660,931)	\$ (482,195)	\$ 2,382,921	\$ 1,769,990
BEGINNING UNRESTRICTED EQUITY	\$ 22,868,000	\$ 24,348,000	\$ 22,687,069	\$ 22,204,874	\$ 24,587,795
ENDING UNRESTRICTED EQUITY	\$ 24,348,000	\$ 22,687,069	\$ 22,204,874	\$ 24,587,795	\$ 26,357,785

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Intentionally

FY 2023-24
WATER FUND



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

WATER FUND



Rates

The District has taken many steps to encourage water use efficiency and water supply reliability, and accordingly has adopted water-budget based rates for use in billing for water usage. The water budget-based rates promote water efficiency and are based on the cost of service; they are equitable and fair; and support sustainable behavior change. The State Water Resources Control Board approves of the water budget-based rate structure for its ability to produce superior water savings, and this alternative approach is compliant with the California Drought Conservation Regulations.

The District also collects a monthly fixed charge based on meter size serving the property. This fixed charge helps ensure the water fund’s long-term financial sustainability.

In May 2021, a public hearing was held in accordance with Proposition 218, at the hearing the Governing Board adopted rates that would adjust over a three-year period beginning January 1, 2022.

COMMODITY CHARGES

Rates	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Tier 1	\$ 1.83	\$ 1.98	\$ 2.04	\$ 2.11
Tier 2	2.61	2.54	2.62	2.70
Tier 3	3.64	3.93	4.05	4.18

MONTHLY METER CHARGES

Meter Size	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
5/8 inch	\$ 23.06	\$ 24.01	\$ 24.74	\$ 25.49
3/4 inch	29.27	30.85	31.78	32.74
1 inch	41.71	44.52	45.86	47.24
1 1/2 inch	72.81	78.69	81.06	83.50
2 inch	110.13	119.70	123.30	127.00
3 inch	228.30	229.05	235.93	243.01
4 inch	402.44	352.07	362.64	373.52
6 inch	819.14	693.79	714.61	736.05
8 inch	1,503.25	1,923.98	1,981.70	2,041.16

MONTHLY FIRE LINE SERVICE CHARGES

Meter Size	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1 inch	\$ 8.78	\$ 8.78	\$ 8.78	\$ 8.78
1.5 inch	13.18	13.18	13.18	13.18
2 inch	17.57	17.57	17.57	17.57
3 inch	26.35	26.35	26.35	26.35
4 inch	35.14	35.14	35.14	35.14
6 inch	52.7	52.7	52.7	52.7
8 inch	70.27	70.27	70.27	70.27
10 inch	87.84	87.84	87.84	87.84

PROJECTED TIER REVENUE BY CUSTOMER CLASS

Customer Class	Tier 1	Tier 2	Tier 3	Total
Residential	\$ 4,488,000	\$ 3,833,000	\$ 2,136,000	\$ 10,457,000
Multi-Family	2,063,000	1,024,000	950,000	4,037,000
Commercial	1,063,000	109,000	387,000	1,559,000
Irrigation / Construction	-	1,230,000	1,062,000	2,292,000
TOTAL	\$ 7,614,000	\$ 6,196,000	\$ 4,535,000	\$ 18,345,000

WATER SALES

Class	No. Of Accounts	Tier 1 (Acre Feet)	Tier 2 (Acre Feet)	Tier 3 (Acre Feet)	Total (Acre Feet)	Total Sales
Residential	19,966	4,965	3,326	1,198	9,489	\$ 10,457,000
Multi-Family	479	2,282	888	533	3,703	4,037,000
Commercial	710	1,180	94	216	1,490	1,559,000
Irrigation / Construction	360	-	1,067	597	1,664	2,292,000
TOTALS	21,515	8,427	5,375	2,544	16,346	\$ 18,345,000

The table below projects the amount of water to be produced for FY 2023-24. The amount of water produced is more than the amount of water sold to account for unanticipated water demand and regular system water losses.

WATER PRODUCTION (ACRE FEET)

Source of Supply	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Budget
Ground Water	12,549	12,800	12,826	14,590	11,543
Surface Water	3,647	3,574	3,581	2,575	3,950
Purchased Water	800	800	800	-	1,800
TOTAL	16,996	17,174	17,207	17,165	17,293

Assumptions and Trends

The development of the revenue projections for FY 2023-24 requires management to estimate customer consumption for the next year. The District will provide water services through approximately 21,503 domestic and irrigation connections in FY 2023-24. In addition, 265 commercial fire services and 12 temporary hydrant meters are connected to the District’s system. Water demand is estimated at 7,121,000 hundred cubic feet of water (HCF = 748 gallons). The estimate is based on the baseline year consumption established for rate modeling, and actual consumption history for the last five years. Staff is confident projections will allow adequate funding for Program Goals and objectives without considerable risk of overstatement.

The District considers multiple factors in calculating each customer’s monthly water budget:

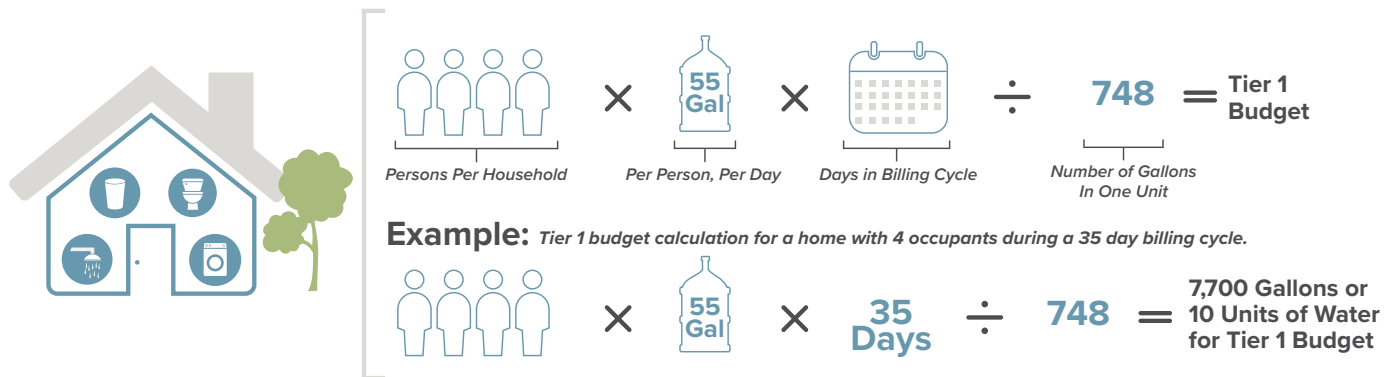
- Number of Occupants
- Horses/Livestock
- Irrigable Landscape
- Number of Dwelling Units
- Business Needs
- Weather
- Medical Needs
- Agricultural Needs
- Meter Size

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

How Water Bills are Calculated — Residential

Indoor Water Budgets are unique to each customer and are based on the number of occupants residing in the house. Each occupant is budgeted 55 gallons of water per day (gpd) for efficient indoor use, which is then multiplied by the number of days in the billing period.

TIER 1 INDOOR BUDGET EXAMPLE



OUTDOOR WATER BUDGETS are unique to customer property, and are based on the landscape area. Landscape area 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.

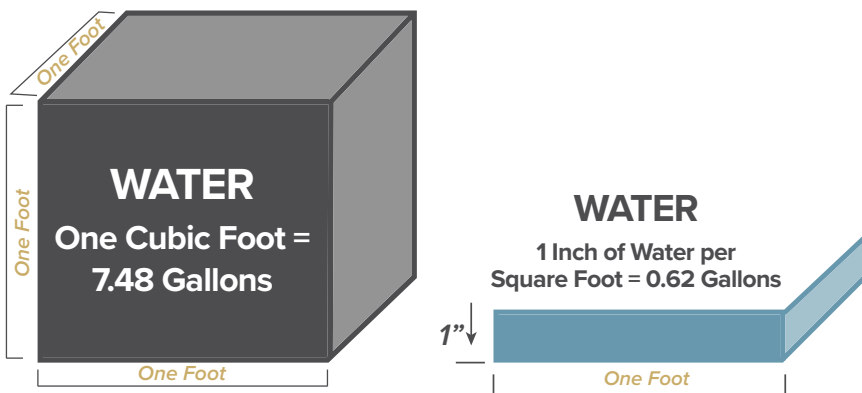
Square Footage of Landscape Area (Irrigable Landscape): When the District restructured its uniform rates to budget-based rates in FY 2014-15, the District hired a consultant that provided property information for each customer’s parcel located within the District’s service area. The consultant used an advanced camera that was attached to an airplane flown over the District boundary capturing each parcel’s unique landscape area square footage.

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 received ETo data from the California Irrigation Management Information System (CIMIS) Station ID 251 in Highland, California. The sum of daily ETo measurement during the billing period is used in the calculation for efficient outdoor water usage.

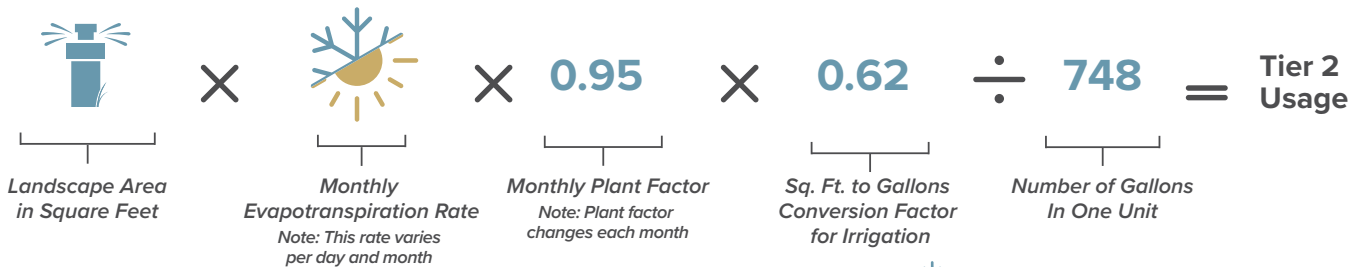
Crop Coefficient (Kc): The properties of plants used in predicting evapotranspiration (ETo). Below is a table listing the values used in each month. The District has elected to use the Cool-Season Crop Coefficient.

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Annual Average
Cool Season 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	0.79
Warm Season Plant Factor	0.55	0.54	0.76	0.72	0.79	0.68	0.71	0.71	0.62	0.54	0.58	0.55	0.65

Square Footage to Gallons Conversion: The District provides water in the measurement of HCF (1 unit = 748 gallons), but the ETo rate is measured in inches. Additionally, the measurement of landscape area is square foot which must be converted to gallons to determine the outdoor budget. One square foot equals 0.62 gallons. The sum of the billing periods ETo is multiplied by 0.62 gallons to develop the efficient outdoor water budget.

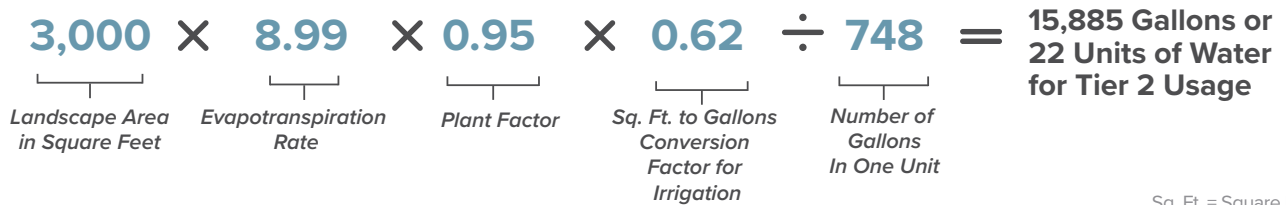


TIER 2 OUTDOOR BUDGET EXAMPLE



Example:

Tier 2 budget calculation for a home with 3,000 sq. ft. of irrigable area.



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 Proposition 218, allowing the District and like agencies to charge customers the highest rate due to the additional cost incurred by the District for delivering inefficient water, including but not limited to, imported water cost, electricity expenses for pumping and boosting water throughout the system, and chemicals needed for the treatment process.

How Water Bills are Calculated — Non-Residential

Non-Residential water budget is calculated differently from residential to ensure water budgets for this customer class are equitable and cover the cost of supplying water to these establishments.

TIER 1 AND TIER 2 WATER BUDGETS

The indoor (Tier 1) and outdoor water (Tier 2) budget are calculated by taking the average of the last two years actual HCF consumption for each Tier, then multiplying 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.

Meter Charge Revenue

METER CHARGE REVENUE BY METER SIZE

Meter Size	No. of Services	Rate July–Dec	Rate Jan–June	Total
5/8 in.	3,373	\$ 24.74	\$ 25.49	\$ 1,016,000
3/4 in.	13,237	31.78	32.74	5,124,000
1 in.	4,212	45.86	47.24	2,353,000
1 1/2 in.	268	81.06	83.50	265,000
2 in.	303	123.30	127.00	455,000
3 in.	77	235.93	243.01	221,000
4 in.	22	363.64	373.52	97,000
6 in.	17	714.61	736.05	148,000
8 in.	6	1,981.70	2,041.16	145,000
Fire Service 1 1/2 in.	6	13.18	13.18	1,000
Fire Service 4 in.	50	35.14	35.14	22,000
Fire Service 6 in.	140	52.70	52.70	87,000
Fire Service 8 in.	57	70.27	70.27	49,000
Fire Service 10 in.	12	87.84	87.84	13,000
TOTALS	21,780			\$ 9,996,000

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 based on a comprehensive third-party cost of services analysis, and the rates provide funding for operating and capital needs.

Other Charges and Other Revenue Sources

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

- Delinquent fees, final notice charges, and disconnect/reconnect fees will increase as the State moratorium on service disconnections for non-payment has expired and collection efforts will resume.
- The LAIF interest rate, which is paid on District funds invested with LAIF, lags behind adjustments to the federal rate but should trend upward over the next year, and investment earnings with it.

Expenses

The Water Fund is one of three enterprise funds the District operates. Water Fund resources pay for operations and maintenance of the water distribution system, repair and replacement of water infrastructure, a portion of District customer account and administration costs, and debt service. Water Fund debt is incurred to provide full or partial funding for multiple CIP projects.

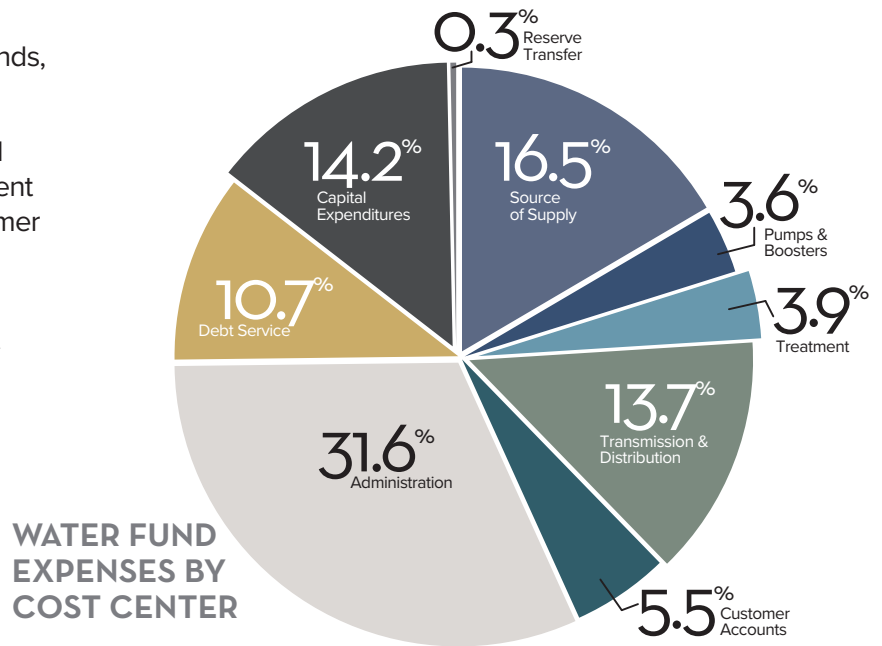
ASSUMPTIONS AND CONSIDERATIONS FOR OPERATING EXPENSES

Expenses are based on the cost of providing water to meet customer demands. Primary cost considerations and assumptions include:

- Electricity Expense 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 District programs utilize consultants or vendors who offer quality and economical services. Since these services are unique to the program, it is difficult to list them all. Program Managers are responsible for researching or pre-bidding services in developing their program’s budget.
- Materials and Supplies are needed to support field operations and general administration related to operating the District.
- The District is continuing to focus effort on 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.

The following costs are allocated to all Funds, including the Water Fund:

- Customer Account costs are related to reading meters, billing and payment collection, and responding to customer inquiries.
- Administration costs are incurred in various programs, including, but not limited to Human Resources, Public Affairs, Engineering and Finance.



DEBT SERVICES AND CAPITAL EXPENSES

The District has issued debt to pay for capital expenditures for replacing, improving, and adding infrastructure. In addition to debt financing, the District also budgets a portion of operating revenue each year to cash finance certain capital projects.

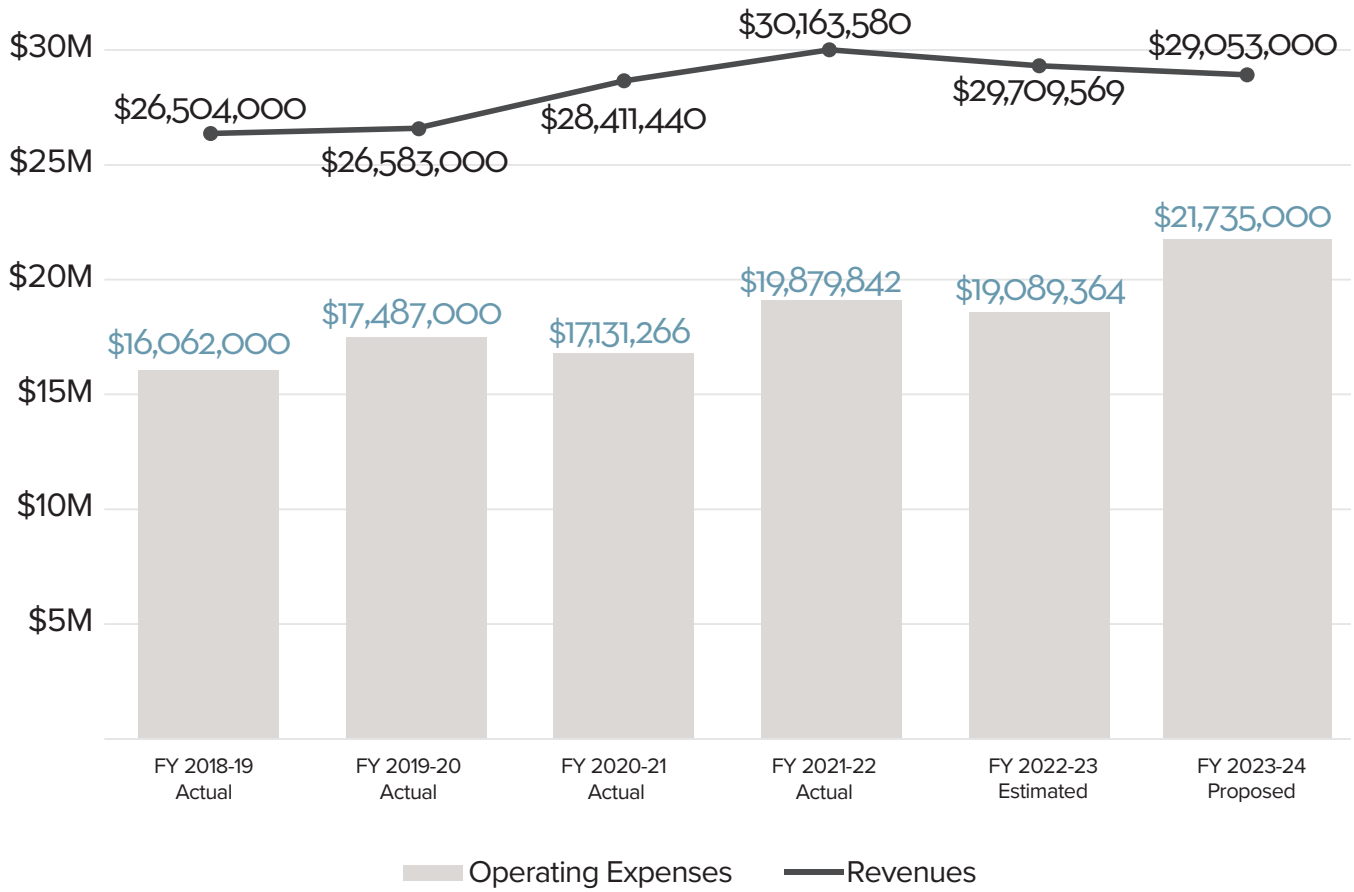
Conclusions

The proposed budget for the Water Fund is balanced, including contributions to reserves. District staff will continue to monitor the revenues and expenses and present the progress to the Governing Board on a periodic basis.

FY 2023-24 Proposed Water Fund Budget

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget
REVENUE/SOURCES					
Water Sales	\$ 19,305,632	\$ 18,472,875	\$ 17,700,000	\$ 17,600,000	\$ 18,345,000
Meter Charges	9,217,003	9,192,297	9,785,000	9,766,193	9,996,000
Penalties	172,918	298,362	468,000	584,224	450,000
Other Operating Revenue	540,578	1,420,752	442,000	1,476,438	42,000
Miscellaneous Revenue	409,618	(28,131)	120,000	282,714	220,000
Gain on Disposal of Assets	(1,234,309)	807,425	-	-	-
TOTAL REVENUE/SOURCES	\$ 28,411,440	\$ 30,163,580	\$ 28,515,000	\$ 29,709,569	\$ 29,053,000
OPERATING EXPENSES					
Employment Expenses	\$ 9,255,428	\$ 9,781,129	\$ 9,025,000	\$ 8,120,500	\$ 9,227,500
Water Costs	587,879	373,096	486,000	548,336	768,000
Power Costs	2,355,477	2,705,890	3,185,000	3,233,084	3,165,000
Materials & Supplies	1,096,265	1,830,103	1,640,400	1,875,321	1,331,500
Contract Services	3,682,286	4,907,175	6,323,400	5,068,927	6,827,800
Other Operating Expenses	153,931	282,449	260,200	243,196	415,200
TOTAL OPERATING EXPENSES	\$ 17,131,266	\$ 19,879,842	\$ 20,920,000	\$ 19,089,364	\$ 21,735,000
OTHER EXPENSES					
Debt Principal	\$ -	\$ 2,088,231	\$ 2,163,000	\$ 2,163,000	\$ 2,217,000
Debt Interest Expense	981,067	697,862	917,000	917,000	886,000
Other Non-Operating Expense	233,393	322,574	-	-	-
Capital Outlay	1,243,894	541,195	640,000	640,000	695,000
Capital Improvement Program	2,540,849	2,724,603	5,075,000	5,075,000	3,425,000
Transfer to (from) Reserves	6,280,971	3,909,273	(1,200,000)	1,825,205	95,000
TOTAL OTHER EXPENSES	\$ 11,280,174	\$ 10,283,738	\$ 7,595,000	\$ 10,620,205	\$ 7,318,000
TOTAL OPERATING/OTHER EXPENSES	\$ 28,411,440	\$ 30,163,580	\$ 28,515,000	\$ 29,709,569	\$ 29,053,000
NET SURPLUS	\$ -	\$ -	\$ -	\$ -	\$ -

WATER FUND REVENUES VS. EXPENSES



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Intentionally

FY 2023-24
WASTEWATER FUND



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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 operations and maintenance of the District’s wastewater collection system. In FY 2021-22 and prior, the wastewater fund also reported all activities related to wastewater treatment; which consisted primarily of billing and collection of wastewater treatment revenue on behalf of the San Bernardino Municipal Water Department, and remittance of those revenues to SBMWD on a monthly basis. However, as the District nears completion of the Sterling Natural Resource Center, reporting of past and current wastewater treatment activity is now shown in the District’s Water Reclamation Fund.

Revenues

The Wastewater Fund relies primarily on revenue from Wastewater Collection System charges. Wastewater Collection rate adjustments are adopted at a public hearing that occurs every three to five years, and the adjustments are supported by an independent cost of service analysis. The most recent analysis was completed in January of 2021 and the final adjustment to Collection rates proposed by that analysis will become effective January 1, 2024. As this effective date is at the midpoint of FY 2023-24, the detailed calculation of projected wastewater collection revenue shown later in this section is presented in two steps, one for each six month period prior to, and after, the effective date.

RESIDENTIAL

Residential collection system rates were recently restructured to charge customers in a manner more consistent with the nature of their customer class. The new multi-family rates add equitability because they consider the number of dwelling units associated with an account and then assess a monthly fixed charge for each dwelling unit, very similar to charges to single-family accounts. Both residential account types, Single-Family and Multi-Family, are considered residential accounts as they have similar impacts to the collection system, whereas Multi-Family accounts were previously billed similar to non-residential (commercial) accounts.

NON-RESIDENTIAL

The District also bills non-residential customers on a monthly basis using a different calculation. The non-residential charge consists of two components—a flat rate and a consumption based rate. The flat rate is assessed once per billing cycle, while the consumption based rate is assessed for every hundred cubic feet (HCF), of water consumption in the billing period.

Additionally, the consumption based rate varies depending on the strength of wastewater discharged into the collection system. There are four strength categories: low strength, medium strength, high strength, and Patton – a rate developed specifically for Patton State Hospital.

Shown on the following page are the calculations for projected wastewater system charge revenue from all customer classes for FY 2023-24.

Customer Type	Units	Monthly Fixed Charge	Usage (HCF)	Charge per HCF	Total
JULY 2023 THROUGH DECEMBER 2023					
Single-Family Residential	19,325	\$ 15.25		\$	1,768,000
Multi-Family Residential	10,654	14.41			921,000
Commercial Low Strength	463	11.06	175,000	\$ 0.38	97,000
Commercial Medium Strength	70	11.06	34,000	0.50	22,000
Commercial High Strength	86	11.06	73,000	0.50	42,000
Commercial - Patton	1	11.06	90,000	0.61	55,000
TOTAL	30,599				\$ 2,905,000
JANUARY 2024 THROUGH JUNE 2024					
Single-Family Residential	19,325	\$ 16.32		\$	1,892,000
Multi-Family Residential	10,654	15.42			986,000
Commercial Low Strength	463	11.84	120,000	\$ 0.41	82,000
Commercial Medium Strength	70	11.84	25,000	0.54	18,500
Commercial High Strength	86	11.84	60,000	0.54	38,500
Commercial - Patton	1	11.84	70,000	0.66	46,000
TOTAL	30,599				\$ 3,063,000
TOTAL WASTEWATER COLLECTION REVENUE					\$ 5,968,000

OTHER REVENUE

Other revenue posted to the Wastewater fund include:

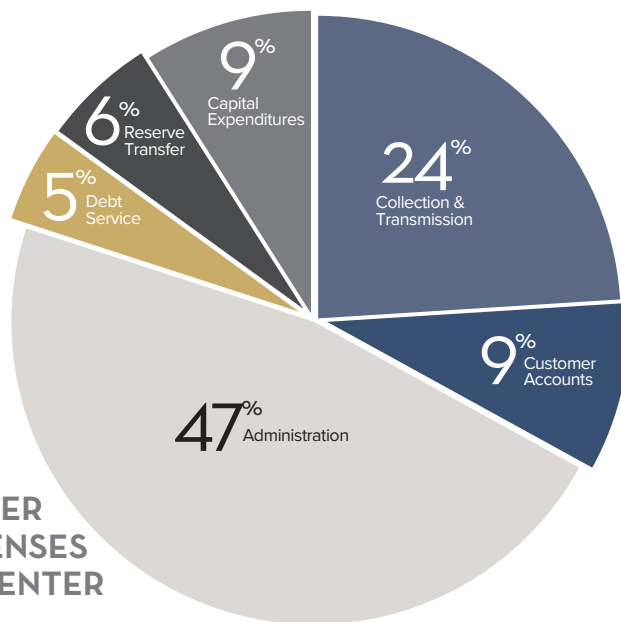
- **Investment Income** — Allocated based on the balance of the funds invested reserves.
- **Penalties** — Fees related to the collection of delinquent utility accounts. These revenues are projected based on an estimated number of occurrences during the fiscal year and they are shared with the Water fund.
- **Miscellaneous Revenue**

Expenses

Operating expenses have remained consistent in the Wastewater Fund. The District utilizes a crew of four field staff plus a Supervisor to conduct preventative maintenance programs on the wastewater pipelines. This includes video monitoring and cleaning the lines on a regular schedule. Also, the fund's budget includes contracting for spot repairs of the conveyance system when video monitoring reveals minor deficiencies or faults in the wastewater collection lines.

The Wastewater Fund also continues to share in allocated costs from internal service or administrative type programs within the District usually at a 30% allocation.

Cost Center	Amount
Transmission & Distribution	\$ 1,470,500
Customer Service	558,900
Administration	2,820,600
Debt Service	273,000
Transfer to Reserves	365,000
Capital Expenditures	560,000
TOTAL	\$ 6,048,000



WASTEWATER FUND EXPENSES BY COST CENTER

Conclusions

The Wastewater Fund is balanced and, after several years, is building the financial capacity to begin a pipeline replacement program and/or establish a Capital Replacement reserve. District staff will continue to monitor the revenues and expenses and, if appropriate, recommend funding new projects during the budget review(s) with the Governing Board.

FY 2023-24 Proposed Wastewater Fund Budget

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget
REVENUE/SOURCES					
Penalties	\$ 74,419	\$ 106,560	\$ 60,000	\$ 61,736	\$ 60,000
Wastewater System Charges	4,705,683	4,828,525	5,621,000	5,582,882	5,968,000
Wastewater Treatment Charges	8,456,508	9,764,357	-	-	-
Other Operating Revenue	354,302	1,745,551	100,000	999,310	-
Miscellaneous Revenue	(4,002)	(77,787)	5,000	35,799	20,000
Gain on Disposal of Assets	(2,291)	235,137	-	-	-
TOTAL REVENUE/SOURCES	\$ 13,584,619	\$ 16,602,343	\$ 5,786,000	\$ 6,679,727	\$ 6,048,000
OPERATING EXPENSES					
Employment Expenses	\$ 2,417,909	\$ 2,546,698	\$ 2,561,900	\$ 2,168,217	\$ 2,544,700
Power Costs	-	-	-	-	-
Materials & Supplies	94,680	157,881	110,000	105,114	133,100
Contract Services	9,661,840	10,259,072	1,951,100	1,833,248	2,066,400
Other Operating Expenses	44,676	92,460	99,000	81,092	105,800
TOTAL OPERATING EXPENSES	\$ 12,219,105	\$ 13,056,111	\$ 4,722,000	\$ 4,187,671	\$ 4,850,000
OTHER EXPENSES					
Debt Principal	\$ -	\$ 170,000	\$ 175,000	\$ 175,000	\$ 175,000
Debt Interest Expense	132,667	115,797	99,000	99,000	98,000
Other Non-Operating Expense	39,985	158,990	-	-	-
Capital Outlay	451,274	-	475,000	475,000	260,000
Capital Improvement Program	621,938	679,228	315,000	315,000	300,000
Transfer to (from) Reserves	119,650	2,422,217	-	1,428,056	365,000
TOTAL OTHER EXPENSES	\$ 1,365,514	\$ 3,546,232	\$ 1,064,000	\$ 2,492,056	\$ 1,198,000
TOTAL OPERATING/OTHER EXPENSES	\$ 13,584,619	\$ 16,602,343	\$ 5,786,000	\$ 6,679,727	\$ 6,048,000
NET SURPLUS	\$ -	\$ -	\$ -	\$ -	\$ -

FY 2023-24
WATER RECLAMATION FUND

WATER
RECLAMATION FUND



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World class public service requires a constant
commitment to creative solutions and innovation.

WATER RECLAMATION FUND



The Water Reclamation Fund pays for all activities related to the operation of the SNRC and the treatment of the District's wastewater. The District has established wastewater treatment rates to cover treatment costs, however, a portion of charges collected from customers will continue to be remitted to the San Bernardino Municipal Water Department until 100% of wastewater flows have been diverted from the SBMWD's treatment facilities and to the SNRC. Flows will be diverted in phases beginning in the fall of 2023, with 100% diversion expected by the end of December 2023.

Revenues

The Water Reclamation Fund relies primarily on revenue from Wastewater Treatment charges. These are supplemented by Non-Rate operating revenue generated from third parties, miscellaneous revenue, interest income, and capacity charges for new services. Wastewater Treatment rate adjustments are adopted at a public hearing that occurs every three to five years, and the adjustments are supported by an independent cost of service analysis. The most recent analysis was completed in January of 2021 and the final adjustment to Treatment rates proposed by that analysis will become effective January 1, 2024. As this adjustment does become effective at the midpoint of FY 2023-24, the detailed calculation of projected wastewater treatment revenue shown later in this section is presented in two steps, one for each six month period.

RESIDENTIAL

Residential treatment rates are structured to charge customers in a manner consistent with the nature of their customer class. Redesigned multi-family rates add equitability because they consider the number of dwelling units associated with an account and then assess a fixed charge for each dwelling unit, very similar to charges to single-family accounts. Both account types, Single-Family and Multi-Family, are considered residential accounts as they have similar requirements for treatment, whereas Multi-Family accounts were previously billed similar to non-residential (commercial) accounts.

NON-RESIDENTIAL

The District bills non-residential customers on a monthly basis for wastewater using a different calculation. The non-residential charge consists of two components—a flat rate and a consumption based rate. The flat rate is assessed once per billing cycle, while the consumption based rate is assessed for every hundred cubic feet (HCF), of water consumption in the billing period.

Additionally, the consumption based rate varies significantly depending on the strength of a customer's wastewater discharged for treatment. There are four strength categories: low strength, medium strength, high strength, and Patton—a rate developed specifically for Patton State Hospital.

Shown on the following page are the calculations for projected wastewater treatment revenue from all customer classes for FY 2023-24.

Customer Type	Units	Monthly Fixed Charge	Usage (HCF)	Charge per HCF	Total
JULY 2023 THROUGH DECEMBER 2023					
Single-Family Residential	19,325	\$ 25.01	N/A	N/A	\$ 2,900,000
Multi-Family Residential	10,654	22.33	N/A	N/A	1,427,000
Commercial Low Strength	463	11.59	175,000	\$ 1.03	212,000
Commercial Medium Strength	70	11.59	34,000	1.64	60,000
Commercial High Strength	86	11.59	73,000	3.66	273,000
Commercial - Patton	1	11.59	90,000	1.92	173,000
TOTAL	30,599				\$ 5,045,000
JANUARY 2024 THROUGH JUNE 2024					
Single-Family Residential	19,325	\$ 26.77	N/A	N/A	\$ 3,104,000
Multi-Family Residential	10,654	23.90	N/A	N/A	1,527,000
Commercial Low Strength	463	12.41	\$ 120,000	\$ 1.11	168,000
Commercial Medium Strength	70	12.41	25,000	1.76	49,000
Commercial High Strength	86	12.41	60,000	3.92	242,000
Commercial - Patton	1	12.41	70,000	2.06	144,000
TOTAL	30,599				\$ 5,234,000
TOTAL WASTEWATER TREATMENT REVENUE					\$ 10,279,000

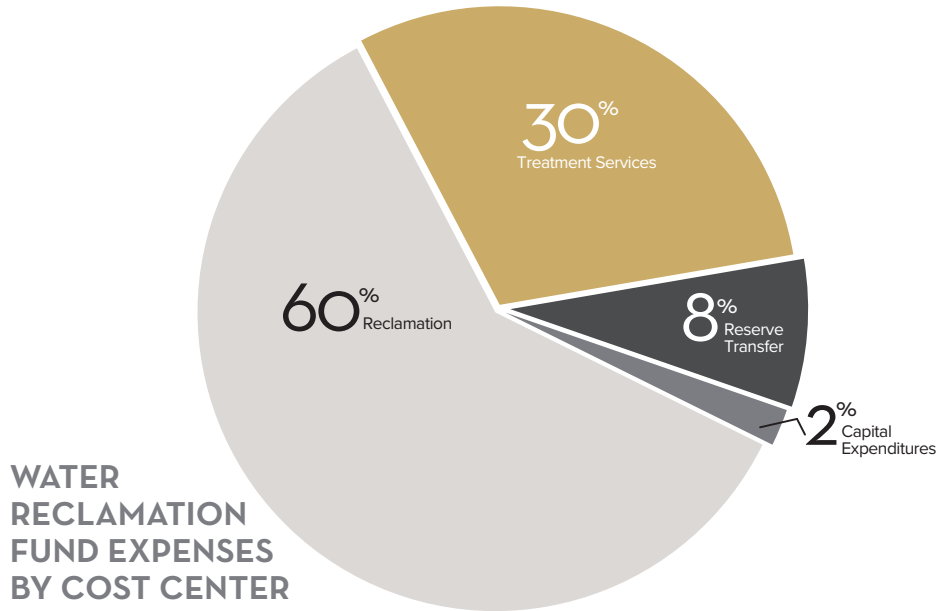
OTHER REVENUE

Other revenues posted to the Reclamation fund include:

- **Other Operating Income** — Consists of fees charged to, or earned from, third parties. Currently these include tipping fees charged to liquid waste haulers who unload at the SNRC digesters, and Local Resource Investment Program (LRIP) revenue earned from the regional groundwater basin master for recharging recycled water into the local groundwater basin.
- **Investment Income** — Allocated based on the balance of the funds invested reserves.
- **Miscellaneous Revenue**

Expenses

With the startup of operations at the SNRC, this fund has seen an anticipated increase in expenses as commissioning and treatment of operations nears. During FY 2023-24 the District will transition from treatment services provided by the SBMWD to full operation of the Sterling Natural Resource Center. The District will utilize a field staff of eight for plant operations and maintenance. The District has forecasted these types of expenses and planned for these operations through the District’s wastewater rates.



Conclusion

The new Water Reclamation Fund is balanced, however, with the start of new operations, there will be future adjustments in this fund as the District becomes more efficient in the treatment process. District staff will continue to monitor the revenues and expenses and present the progress to the Governing Board on a quarterly basis.

A balanced budget allows the District to avoid budget deficits.

FY 2023-24 Proposed Water Reclamation Fund Budget

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget
REVENUE/SOURCES					
Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Treatment Charges	-	-	9,851,000	10,083,076	10,279,000
Other Operating Revenue	-	-	-	-	1,944,000
Miscellaneous Revenue	-	-	-	-	100,000
Gain on Disposal of Assets	-	-	-	-	-
TOTAL REVENUE/SOURCES	\$ -	\$ -	\$ 9,851,000	\$10,083,076	\$12,323,000
OPERATING EXPENSES					
Employment Expenses	\$ -	\$ -	\$ 875,100	\$ 742,993	\$ 1,581,800
Contracted Treatment Costs	-	-	7,900,000	8,307,804	3,700,000
Power Costs	-	-	273,000	271,062	2,000,000
Materials & Supplies	-	-	119,600	77,191	751,400
Contract Services	-	-	671,000	683,093	3,038,800
Other Operating Expenses	-	-	12,300	933	21,000
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ 9,851,000	\$10,083,076	\$11,093,000
OTHER EXPENSES					
Debt Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Interest Expense	-	-	-	-	-
Other Non-Operating Expense	-	-	-	-	-
Capital Outlay	-	-	-	-	210,000
Capital Improvement Program	-	-	-	-	-
Transfer to (from) Reserves	-	-	-	-	1,020,000
TOTAL OTHER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 1,230,000
TOTAL OPERATING/OTHER EXPENSES	\$ -	\$ -	\$ 9,851,000	\$10,083,076	\$12,323,000
NET SURPLUS	\$ -	\$ -	\$ -	\$ -	\$ -

FY 2023-24
CONSOLIDATED
FINANCIAL SCHEDULES

CONSOLIDATED
FINANCIAL SCHEDULES



*Return to
Table of Contents*

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.

Districtwide Summary

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
REVENUES							
4100	Water Sales	\$ 18,472,875	\$ 17,700,000	\$ 17,600,000	\$18,345,000	\$1,337,000	8%
4200	Meter Charges	9,192,297	9,785,000	9,766,193	9,996,000	211,000	2%
4301	Penalties	404,922	528,000	645,960	510,000	(18,000)	-3%
4400	Wastewater Collection Charges	4,828,525	5,621,000	5,582,882	5,968,000	347,000	6%
4500	Wastewater Treatment Charges	9,764,357	9,851,000	10,083,076	10,279,000	428,000	4%
4605	Other Operating Charges	3,166,303	542,000	2,475,748	1,986,000	752,000	139%
4700	Miscellaneous Revenue	(105,918)	125,000	318,513	340,000	215,000	172%
4801	Gain on Disposal of Assets	1,042,562	-	-	-	-	0%
TOTAL REVENUES		\$ 46,765,923	\$ 44,152,000	\$ 46,472,372	\$ 47,424,000	\$3,272,000	7%
EXPENSES – OPERATING BY PROGRAM							
1000	Governing Board	\$228,477	\$394,000	\$335,015	\$364,000	\$(30,000)	-8%
2000	General Administration	1,289,090	1,294,000	1,164,467	1,370,000	76,000	6%
2100	HR/Risk Management	1,854,930	1,917,000	2,382,709	2,857,000	940,000	49%
2200	Public Affairs	1,745,957	1,578,000	1,433,964	1,292,000	(286,000)	-18%
2300	Conservation	570,652	862,000	448,718	689,000	(173,000)	-20%
3000	Finance	1,230,080	1,271,000	930,991	1,344,000	73,000	6%
3200	Information Technology	1,357,779	1,344,000	1,097,192	1,722,000	378,000	28%
3300	Customer Service	1,445,777	1,746,500	1,728,496	1,863,000	116,500	7%
3400	Meter Services	274,173	270,000	220,522	292,000	22,000	8%

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
4000	Engineering	\$ 1,672,509	\$ 1,224,000	\$ 722,489	\$ 1,428,000	\$ 204,000	17%
5000	Water Production	4,655,222	5,657,000	5,240,446	5,992,000	335,000	6%
5100	Water Treatment	977,362	1,090,000	1,080,577	1,082,000	(8,000)	-1%
5200	Water Quality	501,441	507,000	402,204	546,000	39,000	8%
6000	Water Maintenance Adminstration	494,379	441,000	389,181	465,000	24,000	5%
6100	Water Maintenance	2,928,684	3,017,000	3,291,193	2,826,000	(191,000)	-6%
6200	Wastewater Collection	9,671,187	880,000	806,985	867,000	(13,000)	-1%
6300	Water Reclamation	-	9,111,000	8,799,782	9,896,000	785,000	9%
7000	Facilities Maintenance	1,307,009	2,138,500	2,133,837	2,023,000	(115,500)	-5%
7100	Fleet Maintenance	731,245	751,000	751,343	760,000	9,000	1%
TOTAL OPERATING EXPENSES		\$ 32,935,953	\$ 35,493,000	\$ 33,360,111	\$ 37,678,000	\$ 2,185,000	6%
EXPENSES - OTHER							
	Debt Principal	\$ 2,258,231	\$ 2,338,000	\$ 2,338,000	\$ 2,392,000	\$ 54,000	2%
	Debt Interest Expense	813,659	1,016,000	1,016,000	984,000	(32,000)	-3%
	Other Non-Operating Expense	481,564	-	-	-	-	0%
	Capital Outlay	541,195	1,115,000	1,115,000	1,165,000	50,000	4%
	Capital Improvement	3,403,831	5,390,000	5,390,000	3,725,000	(1,665,000)	-31%
	Transfer To (From) Reserves	6,331,490	(1,200,000)	3,253,261	1,480,000	2,680,000	-223%
TOTAL OPERATING EXPENSES		\$ 13,829,970	\$ 8,659,000	\$ 13,112,261	\$ 9,746,000	\$ 1,087,000	13%
TOTAL OPERATING/ OTHER EXPENSES		\$ 46,765,923	\$ 44,152,000	\$ 46,472,372	\$ 47,424,000	\$ 3,272,000	7%
NET SURPLUS (DEFICIT)		\$ -	\$ -	\$ -	\$ -	\$ -	-

Itemized Operating Expense Summary

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 7,798,066	\$ 7,718,000	\$ 6,006,537	\$ 8,275,000	\$ 557,000	7%
5102	Temporary Labor	5,719	30,000	56,395	47,000	17,000	57%
5103	Overtime	459,408	415,000	543,809	429,000	14,000	3%
5104	Standby	37,550	35,000	39,319	90,000	55,000	157%
5200	Benefits	3,561,924	3,913,000	3,803,556	4,162,000	249,000	6%
TOTAL PERSONNEL		\$11,862,667	\$ 12,111,000	\$ 10,665,682	\$ 13,003,000	\$ 892,000	7%
WATER SUPPLY							
6101	Purchased Water	\$ 206,142	\$ 302,000	\$ 400,000	\$ 300,000	\$ (2,000)	-1%
6102	Replenishment	95,341	110,000	146,175	351,000	241,000	219%
6103	Water Assessment	71,613	74,000	2,161	117,000	43,000	58%
TOTAL WATER SUPPLY		\$ 373,096	\$ 486,000	\$ 548,336	\$ 768,000	\$ 282,000	58%
OPERATING EXPENSES							
6201	Materials & Supplies	\$ 1,382,654	\$ 1,193,000	\$ 1,546,573	\$ 1,046,000	\$ (147,000)	-12%
6202	Tools	65,760	63,000	84,386	89,000	26,000	41%
6203	Office Supplies	26,245	49,000	27,630	51,000	2,000	4%
6204	Chemicals	288,019	400,000	337,775	1,030,000	630,000	158%
6205	Conservation Rebates	225,308	165,000	61,261	120,000	(45,000)	-27%
6301	Contract Services	3,270,573	5,144,700	3,509,349	6,984,000	1,839,300	36%
6302	Banking Services	235,120	247,000	294,380	232,000	(15,000)	-6%
6303	Printing & Publishing	186,318	331,500	265,143	202,000	(129,500)	-39%
6304	Legal Services	200,549	202,300	213,132	201,000	(1,300)	-1%
6305	Treatment Services	9,084,061	7,900,000	8,307,804	3,700,000	(4,200,000)	-53%
6306	Rents & Leases	17,994	20,000	20,277	20,000	-	0%
6307	Uniforms	77,014	113,000	80,764	102,000	(11,000)	-10%
6308	Billing Services	49,803	60,000	71,002	52,000	(8,000)	-13%
6309	Shut Off Notice Services	-	225,000	235,317	225,000	-	0%

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
6310	Street Services	\$ 265,113	\$ 525,000	\$ 453,915	\$ 525,000	\$ -	0%
6311	Landscape Services	169,819	233,000	274,335	233,000	-	0%
6312	Janitorial Services	138,743	148,000	154,181	148,000	-	0%
6314	Litigation Services	4,928	40,000	10,603	25,000	(15,000)	-38%
6401	Utilities	51,673	58,000	48,935	48,000	(10,000)	-17%
6402	Telephone	131,963	133,000	151,887	122,000	(11,000)	-8%
6403	Electricity	2,733,178	3,480,000	3,535,059	5,455,000	1,975,000	57%
6404	Fuel	175,812	244,900	245,700	256,000	11,100	5%
6405	Permits	158,563	183,000	184,913	284,000	101,000	55%
6406	Postage	153,383	115,100	210,073	229,000	113,900	99%
6501	Memberships & Dues	126,402	165,000	145,358	176,000	11,000	7%
6502	Professional Development	160,830	101,500	87,909	147,000	45,500	45%
6503	Education Assistance	75	6,000	-	3,000	(3,000)	-50%
6504	Meetings	27,919	47,000	36,451	49,000	2,000	4%
6505	Employee Recognition	21,432	46,000	46,551	41,000	(5,000)	-11%
6701	General Insurance	754,048	890,000	1,130,081	1,745,000	855,000	96%
6702	Insurance Claims	13,482	10,000	367	10,000	-	0%
6703	Cash Over/Short	64	1,000	1,868	1,000	-	0%
6704	Bad Debt	38,187	5,000	7,084	5,000	-	0%
6705	OPEB Retirees	465,158	351,000	582,096	351,000	-	0%
SUBTOTAL OPERATING EXPENSES		\$ 20,700,190	\$ 22,896,000	\$ 22,362,159	\$ 23,907,000	\$ 1,011,000	4%
TOTAL OPERATING EXPENSES		\$ 32,935,953	\$ 35,493,000	\$ 33,360,111	\$ 37,678,000	\$ 2,185,000	6%



FY 2023-24
PROGRAM SUMMARIES

Program Summaries Contents

- 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 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 community members and Governing Board can more easily see where dollars are invested and monitor program effectiveness.

The FY 2023-24 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 Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

Position Summary Schedule

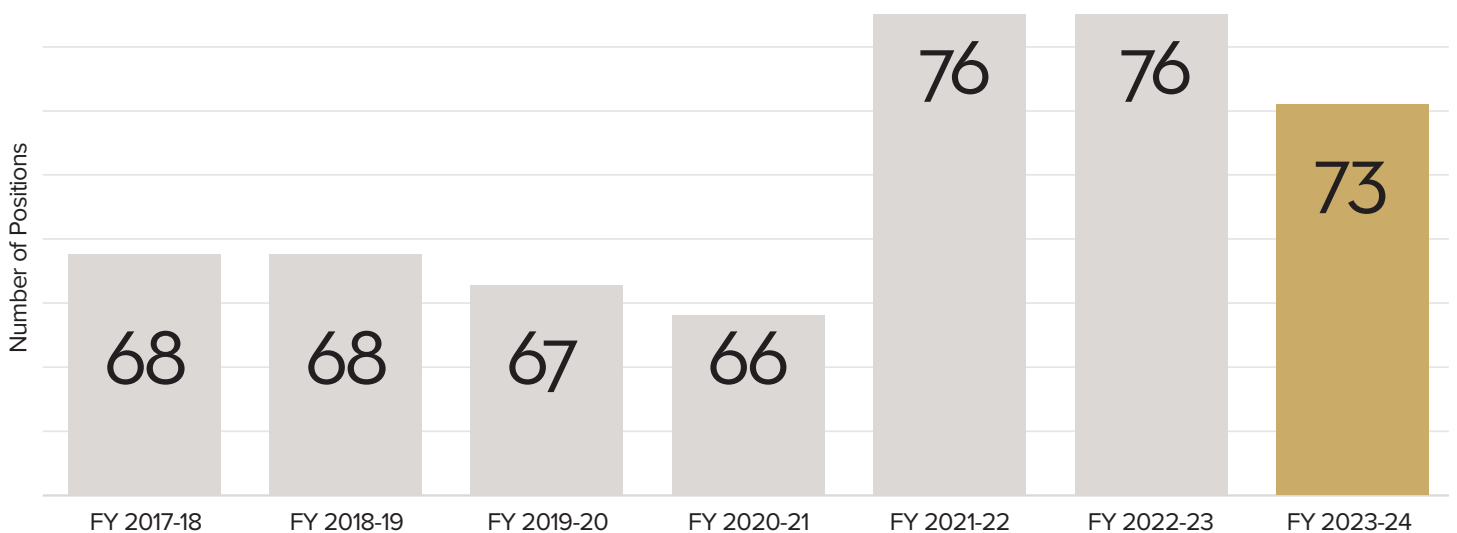
The District continues to evaluate staffing needs to ensure all services are addressed by a high-quality workforce. This process is supported by the strategic direction and succession planning efforts previously approved by the Governing Board.

The table below summarizes the number of full-time personnel by Program. All authorized positions are funded in the proposed budget for FY 2023-24. Part-time positions are included in the program descriptions and not shown below.

Full-Time Staffing Summary by Program

Program	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Proposed
2000 General Administration	3	3	3
2100 Human Resources	2	2	2
2200 Public Affairs	4	4	4
2300 Conservation	1	1	1
3000 Finance & Accounting	6	6	6
3200 Information Technology	3	3	3
3300 Customer Service	7	7	7
3400 Meter Services	3	2	2
4000 Engineering	5	4	3
5000 Water Production	7	7	7
5100 Water Treatment	2	2	2
5200 Water Quality	2	2	2
6100 Water Maintenance	15	16	16
6200 Wastewater Collection	4	4	4
6300 Water Reclamation	9	9	8
7000 Facilities Maintenance	2	3	2
7100 Fleet Maintenance	1	1	1
TOTAL	76	76	73

Total Authorized Positions





GOVERNING BOARD

Program Summaries Section

Program Summaries Contents

- 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 Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Governing Board Members	5
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Elected Officials	5
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PROGRAM STRUCTURE



The Governing Board is the District's legislative body responsible for serving as the organizational policy makers.


GOVERNING BOARD




The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office. Governing Board members are responsible for providing leadership, direction and serving as the organizational policy makers.

Goals

Objectives

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

1. Consider actions to acquire outstanding shares of the North Fork Water Company.
2. Consider City Creek Mutual Water Company dissolution.
3. Convene a City Creek Mutual Water Company Board Meeting to update officers.
4. Conduct General Manager/CEO annual evaluation.
5. Engage in a strategic planning session to establish District goals and objectives.

2 Address Policy 
Decisions Related
to the SNRC

1. Consider agenda items related to project completion and commencement of the SNRC.
2. Participate in activities that encourage community engagement for the SNRC.

3 Engage Elected 
Officials and
Community on the
District's Strategic
Priorities and
Legislative Priorities

1. Evaluate and develop a legislative platform.
2. Engage with legislators to promote the legislative platform.
3. Engage community in strategic plan, goals and objectives.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

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

- Completed a professional recruitment campaign for a new General Manager/CEO.
- Approved Administrative Policy 2.4 – Telework Policy.
- Conducted the General Manager/CEO annual evaluation, including establishment of FY 2023-24 Goals.

Goal Two

Addressed Policy Decisions Related to the SNRC

- Approved the Balfour Beatty contract amendment.
- Participated in the soft opening for the SNRC Administrative building and Weaver Basin groundbreaking ceremony.

Goal Three

Conducted All Activities Required for the Board of Directors Election

- Coordinated with the San Bernardino County Registrar of Voters to hold the 2022 elections.
- Updated and posted electoral information on the District’s website, in accordance with statutory requirements.
- Reviewed and updated the Candidate Orientation Program.

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 2020-21	FY 2021-22	FY 2022-23
I-A	Act on project related agenda items presented by staff	100%	100%	100%	100%
I-B	Average number of professional development hours per Governing Board Member	6	10	6	15
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 the District	160	205	236	258

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 97,475	\$ 135,000	\$ 109,200	\$ 140,000	\$ 5,000	4%
5200	Benefits	77,377	88,000	71,358	90,000	2,000	2%
OPERATING EXPENSES							
6201	Materials & Supplies	1,620	2,000	-	3,000	1,000	50%
6301	Contract Services	7,815	143,000	133,333	110,000	(33,000)	-23%
6307	Uniforms	860	1,000	-	1,000	-	0%
6502	Professional Development	43,330	25,000	21,124	20,000	(5,000)	-20%
GOVERNING BOARD TOTAL		\$ 228,477	\$ 394,000	\$ 335,015	\$ 364,000	\$ (30,000)	-8%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- No elections and associated costs will be incurred in FY 2023-24.

1%
Program
Budget Allocation
[\$364,000]

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GENERAL ADMINISTRATION

Program Summaries Section

Program Summaries Contents

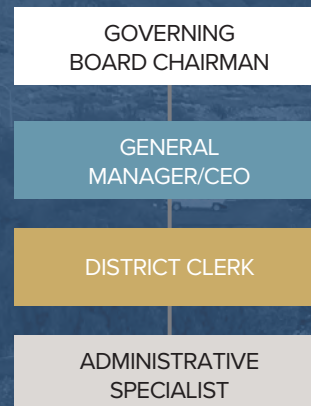
- Governing Board
- General Administration
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- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

General Manager/CEO	1
District Clerk	1
Administrative Specialist	1

Total Full-Time 3

PROGRAM STRUCTURE



General Administration is responsible for implementing the District's Vision, maintaining official records, promoting public trust, and ensuring transparency compliance.


GENERAL ADMINISTRATION




General Administration is responsible for ensuring the District’s business and daily activities are performed following Federal, State, and Governing Board approved policies. The General Manager/CEO provides daily oversight for interagency relations for advancing the District’s initiatives. Additionally, the General Manager/CEO implement’s strategic planning for future operations and capital improvement funding requirements and resource allocation.

Goals


Objectives

1 Complete 
**Consolidation /
 Dissolution of Mutual
 Water Companies**

1. Continue with eminent domain proceedings until court ruling is issued.
2. Perform annual review of prior NFWC shareholders’ water allocation agreement with the District.
3. Consult with legal counsel to determine how the NFWC will operate in the future.
4. Work with legal counsel toward dissolution of City Creek Mutual Water Company, and schedule Board Meeting if required.

2 Implement 
**Document
 Management
 Process**

1. Continue to scan vital documents and incorporate them into the electronic document repository.
2. Coordinate and train remaining District staff to ensure the document repository system is used consistently.
3. Continue destruction of documents in compliance with the Records Retention Policy.

3 Document / Update 
**Organizational
 Priorities and
 Philosophies**

1. Review and revise overall District Strategic Plan.
2. Complete District Clerk Handbook and present to the Finance and Human Resources Committee.
3. Continue working with Community Heritage and Education Foundation (CHEF) Board and Committee members to finalize scope of (historical agricultural educational) project.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

*Completed Consolidation/
Dissolution of North Fork Water
Company (NFWC)*

- Entered eminent domain proceedings to acquire the remaining nine shares of NFWC, not owned by the District.
- Maintained NFWC annual compliance review.

Goal Two

*Developed Document
Management Process*

- Developed a naming convention for efficient document retrieval.
- Began the process for scanning vital documents and incorporating them into the electronic document repository.
- Completed training for the Customer Service and Finance departments on document repository systems.
- Initiated destruction of 800 boxes in compliance with the Records Retention Policy.

Goal Three

*Developed District Clerk
Handbook*

- Evaluated and identified best practices to be included in the new Handbook.
- Coordinated with relevant staff and incorporated comments and suggestions into the Handbook.
- Prepared a draft Handbook.

Goal Four

*Community Heritage Education
Foundation (CHEF)*

- Held a Committee Meeting to discuss long-term action priorities.
- General Manager/CEO held an annual Board Meeting to discuss operations, financials, and a donation policy.

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 2020-21	FY 2021-22	FY 2022-23
II-A	Make administrative documents available online	50	51	53	57
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	2,770*	2,770*	1,970
I-B	Participate in Professional Development Opportunities	6	20	9	11

*Not able to reduce boxes due to COVID-19 restrictions.

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 574,774	\$ 525,000	\$ 430,595	\$ 597,000	\$ 72,000	14%
5102	Temporary Labor	-	30,000	-	30,000	-	0%
5103	Overtime	4,521	4,000	1,911	4,000	-	0%
5200	Benefits	313,539	259,000	312,441	264,000	5,000	2%
OPERATING EXPENSES							
6201	Materials & Supplies	1,419	4,000	454	4,000	-	0%
6203	Office Supplies	2,199	3,000	1,462	3,000	-	0%
6301	Contract Services	116,436	152,000	113,535	161,000	9,000	6%
6303	Printing & Publishing	1,000	3,000	2,077	3,000	-	0%
6304	Legal Services	134,298	120,300	149,112	120,000	(300)	0%
6307	Uniforms	-	1,000	632	1,000	-	0%
6314	Litigation Services	4,928	40,000	10,603	25,000	(15,000)	-38%
6402	Telephone	3,136	5,000	1,730	3,000	(2,000)	-40%
6406	Postage	291	700	-	1,000	300	43%
6501	Memberships & Dues	87,506	116,000	117,554	104,000	(12,000)	-10%
6502	Professional Development	34,313	16,000	11,976	35,000	19,000	119%
6504	Meetings	10,730	15,000	10,385	15,000	-	0%
GENERAL ADMIN TOTAL		\$ 1,289,090	\$ 1,294,000	\$ 1,164,467	\$ 1,370,000	\$ 76,000	6%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Increased Contract Services budget for off-site records destruction.

4%
Program
Budget Allocation
[\$1,370,000]

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HUMAN RESOURCES

Program Summaries Section

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- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Director of Administrative Services	1
Human Resources Coordinator	1
<hr/>	
Total Full-Time	2

PROGRAM STRUCTURE



Human Resources focuses on the management and development of employees in an organization.

HUMAN RESOURCES




Human Resources is responsible for administering programs to attract and retain a diverse and qualified workforce. To remain an industry leader, the program analyzes the compensation and benefits packages against the market and implements new initiatives based upon market demands.

Acknowledging the need to build a work-life balance to support a successful workforce, Human Resources creates programs focused on the health and wellness of all employees. Additionally, HR administers the Risk Management Program to mitigate personnel injuries, property damage and financial loss for the District, and the Pathway Program.

Goals


Objectives

1 Implement  Workforce Programs in Support of the SNRC

1. Continue to recruit and onboard quality candidates to join the SNRC team.
2. Create administrative policies regarding work schedules and standby responsibilities for SNRC maintenance and operations.
3. Identify opportunities to ensure collaboration between staff located at District Headquarters and the SNRC.

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

1. Update the District’s Succession Plan to identify organizational growth, prepare for future retirements, and continue to provide training and development opportunities for staff.
2. Ensure salaries, benefits, and related programs are executed as adopted in the Memorandum of Understanding (MOU) effective July 1, 2023 – June 30, 2026.
3. Implement the Onboarding module of our current NeoGov Recruitment Suite to enhance the new-hire onboarding and transition process.

3 Promote  Regional Involvement and Provide Workforce Experience and Educational Opportunities

1. Actively engage schools within the District’s service area to promote participation in water industry workforce experiences.
2. Monitor progress of summer internship program and report on program’s success to the Board.
3. Develop educational and interactive tours of the SNRC with hands on lab experiments for students to understand wastewater physical and biological processes.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Implemented Workforce Programs in Support of the SNRC

- Recruited and onboarded Wastewater Treatment Operators for the SNRC team.
- Facilitated a transition plan to relocate staff to the SNRC site.

Goal Two

Promoted a Positive Organizational Culture that Maintained a Supportive and Encouraging Work Environment

- Implemented training and development programs for staff at all levels throughout the organization.
- Ensured connection between the new General Manager/CEO with staff by continuing the Breakfast with the Boss program, conducting annual staff focus group meetings, and prioritizing interactions with individual departments.
- Implemented Telework Policy that maintains District work expectations while allowing scheduling flexibility.
- Negotiated a three-year MOU that considered both long-term financial commitments and employee morale.

Goal Three

Promoted Regional Involvement and Provided Workforce Experience and Educational Opportunities

- Enhanced the District's Water and Pathway Program to be more accessible to students within their current class structure.
- Modified current internship program for local youth to a summer internship program that provides more convenient work experience opportunities.
- Created a marketing campaign to recruit and onboard Customer Service and administrative volunteers.

LEVELS OF SERVICE

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

- Encourage Performance Based Results through Staff Empowerment (I-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 2020-21	FY 2021-22	FY 2022-23
I-D	Percentage of annual non-retirement employee turnover	<7%	3%	1	1
I-D	Annual performance appraisals completed in a timely manner	95%	100%	100%	100%
III-C	Maintain high level of employee participation in annual employee engagement survey	90%	100%	100%	95.5%
III-D	Utilization rate of District's Employee Assistance Program	>10%	19%	13.43%	11.76%

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 314,448	\$ 307,000	\$ 233,744	\$ 329,000	\$ 22,000	7%
5103	Overtime	1,686	3,000	2,276	3,000	-	0%
5200	Benefits	144,601	177,000	227,724	199,000	22,000	12%
OPERATING EXPENSES							
6201	Materials & Supplies	5,521	6,000	921	6,000	-	0%
6203	Office Supplies	385	1,000	1,403	1,000	-	0%
6301	Contract Services	105,072	94,300	104,603	140,000	45,700	48%
6303	Printing & Publishing	330	1,000	758	1,000	-	0%
6304	Legal Services	15,841	15,000	34,718	15,000	-	0%
6307	Uniforms	-	-	57	-	-	0%
6402	Telephone	772	-	626	-	-	0%
6406	Postage	37	700	65	1,000	300	43%
6501	Memberships & Dues	5,102	5,000	6,443	4,000	(1,000)	-20%
6502	Professional Development	5,458	8,000	5,180	9,000	1,000	13%
6504	Meetings	1,557	3,000	5,096	3,000	-	0%
6505	Employee Recognition	21,432	45,000	46,551	40,000	(5,000)	-11%
6701	General Insurance	754,048	890,000	1,130,181	1,745,000	855,000	96%
6702	Insurance Claims	13,482	10,000	367	10,000	-	0%
6705	Retiree Benefits	465,158	351,000	582,096	351,000	-	0%
HUMAN RESOURCES TOTAL		\$ 1,854,930	\$ 1,917,000	\$ 2,382,709	\$ 2,857,000	\$ 940,000	49%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Increased Contract Services budget for Consultant for the Leadership Academy.
- Increased Professional Development budget for staff to attend various conferences.
- Increased General Insurance budget due to onboarding new staff at the SNRC.

8%
Program
Budget Allocation
[\$2,857,000]

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Intentionally



PUBLIC AFFAIRS

Program Summaries Section

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- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Director of Strategic Services	1
Public Affairs/Conservation Manager	1
Public Affairs Specialist	1
Public Affairs Coordinator	1

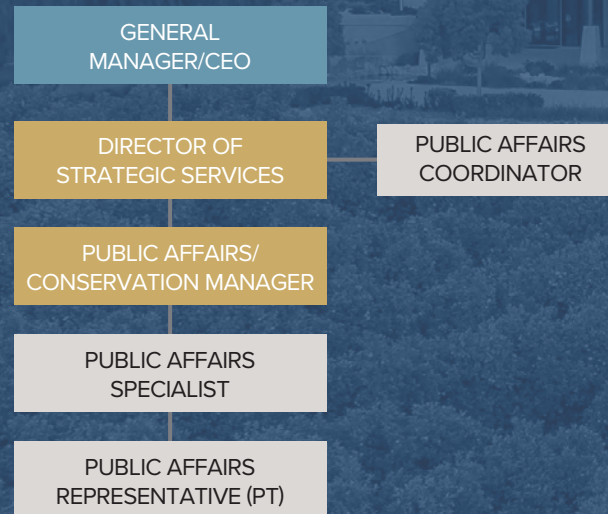
Total Full-Time 4

Part-Time

Public Affairs Representative	1
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Total Part-Time 1

PROGRAM STRUCTURE




Public Affairs establishes solid public relationships built on a foundation of trust.




Public Affairs oversees internal and external communication programs consistent with the District’s Vision and guiding principles. Through community and media relations, the Program provides effective and strategic communications to various stakeholders. The Program is also responsible for grant writing, emergency preparedness, and facility rental programs.

Goals


Objectives

1 Implement  Community Based Activities at the SNRC

1. Host a ribbon cutting event for SNRC operations.
2. Partner with third parties to offer community activities to maximize the SNRC public space.

2 Utilize  Communication Methods that Enhance the District’s Priorities

1. Engage with community members and organizations through pop-ups, presentations, and local events.
2. Enhance the District’s digital presence through a website redesign and continue to increase social media engagement.
3. Facilitate and update the District’s Strategic Plan.

3 Advance the  District’s Emergency Preparedness Program

1. Conduct formal update of the Emergency Response and Hazard Mitigation Plans.
2. Partner with local and regional agencies for advanced emergency response trainings.
3. Continue monitoring grant funding opportunities to construct mitigation measures identified in the District’s emergency plans and critical infrastructure projects.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Advanced Construction of the SNRC and Implemented Facility Operations

- Hosted community activities to maximize the SNRC public space including facility rentals and hosted events.
- Implemented the Wildlife Management Plan training and monitoring program.
- Identified and engaged community stakeholders regarding SNRC construction and commissioning.

Goal Two

Utilized Communication Methods that Enhanced the District's Brand

- Re-engaged with community members and organizations as post COVID-19 activities resumed in-person.
- Highlighted the District's premier agency standards through presentations / engagements with national and regional organizations such as ACWA, CMUA, WateReuse, CSDA, and PRSA .
- Enhanced digital outreach tools to increase customer engagement and online presence of the District.

Goal Three

Advanced the District's Emergency Preparedness Program

- Held annual review of the Emergency Response and Hazard Mitigation Plans.
- Implemented the updated emergency response training program following plans established by the District and participated in a tabletop exercise.
- Monitored grant funding opportunities to construct mitigation measures identified in the District's emergency plans.

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 2020-21	FY 2021-22	FY 2022-23
III-A	Update Emergency Response Plan	100%	100%	100%	100%
III-A	Number of Emergency Response training hours per FTE	16	15	14	23
II-D	Number of community event presentations	15	0*	11	41
I-C	Number of Community Advisory Commission meetings conducted	6	6	5	6
II-B	Number of followers on social media	3,000	1,638	2,062	2,700

*Not able to complete due to COVID-19 restrictions.

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 649,962	\$ 589,000	\$ 541,445	\$ 429,000	\$ (160,000)	-27%
5103	Overtime	6,976	17,000	10,246	17,000	-	0%
5200	Benefits	209,528	243,000	254,619	127,000	(116,000)	-48%
OPERATING EXPENSES							
6201	Materials & Supplies	221,928	78,000	109,391	82,000	4,000	5%
6203	Office Supplies	4,754	2,000	6,340	2,000	-	0%
6301	Contract Services	449,404	377,000	258,674	413,000	36,000	10%
6303	Printing & Publishing	135,188	203,500	164,070	127,000	(76,500)	-38%
6304	Legal Services	2,070	5,000	3,267	5,000	-	0%
6307	Uniforms	1,281	2,000	5,923	1,000	(1,000)	-50%
6402	Telephone	2,968	3,000	3,137	3,000	-	0%
6406	Postage	19,040	24,500	27,644	45,000	20,500	84%
6501	Memberships & Dues	17,262	9,000	8,743	21,000	12,000	133%
6502	Professional Development	18,750	7,000	6,906	3,000	(4,000)	-57%
6503	Education Assistance	-	3,000	-	-	(3,000)	-100%
6504	Meetings	4,339	10,000	6,280	12,000	2,000	20%
FACILITIES RENTAL EXPENSES							
6201	Materials & Supplies	259	-	24,193	-	-	0%
6301	Contract Services	1,068	3,000	446	3,000	-	0%
6312	Janitorial Services	1,180	2,000	2,640	2,000	-	0%
PUBLIC AFFAIRS TOTAL		\$ 1,745,957	\$ 1,578,000	\$ 1,433,964	\$ 1,292,000	\$ (286,000)	-18%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- The District is preparing to host a community event for the commissioning of the SNRC.
- Printing and Publishing accounted for distribution of the Prop 218 notice.
- Enhancement to the District's website to ease accessibility and provide an end-user, friendly experience.

3%
Program
Budget Allocation
[\$1,292,000]

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CONSERVATION

Program Summaries Section

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- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Conservation Coordinator	1
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Total Full-Time	1
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PROGRAM STRUCTURE




Conservation programs help educate customers on how to use water efficiently.




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, preparing regulatory compliance documents, and monitoring legislative affairs.

Goals


Objectives

1 Coordinate 
Necessary Program
Working Groups
to Complete
Conservation Reports

1. Maintain working group meetings for the purpose of tracking informational data requests for State mandated reports and identifying data inputs for new reporting requirements.
2. Prepare and submit required water use efficiency reports such as the Drought Contingency Plan, Drought Risk Assessment, Urban Water Use Objectives, and Commercial, Industrial, Institutional (CII) classifications.

2 Evaluate Rebate 
Program Success
and Implement
Program Modifications

1. Streamline rebate programs to maximize customer water savings in line with new State objectives.
2. Analyze water consumption data to better understand historical conservation responses to forecast trends.

3 Engage and 
Educate Students
on Water Resources
Consistent with State
Curriculum

1. Assess industry standards on educational programming and current tactics used by peer agencies.
2. Participate in quarterly educational activities with schools located within the District's service area.
3. Develop digital material and other educational elements to provide customers with conservation resources, free community events, and four workshops.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Coordinated Necessary Program Working Groups to Complete Conservation Reports

- Facilitated working group meetings for the purpose of tracking informational data requests for State mandated reports.
- Prepared and submitted required regulatory reports such as the Supply and Demand Assessment and the Drought Risk Assessment.

Goal Two

Evaluated Rebate Program Success and Implemented Program Enhancements

- Enhanced the rebate program to assist customers increase outdoor efficiency with the implementation of the Parkway Transformation and Irrigation Retrofit Program (Parkway and irrigation retrofit).
- Developed digital material and other educational elements to provide customers with conservation resources, free community events (Earth Day festival), and four workshops.

Goal Three

Participated in the Legislative Process as it Related to Changes in Conservation Regulations

- Actively participated in the legislative and regulatory process, (AB 2449, SB 1157, SB 222, etc.) and updated District stakeholders on relevant impacts to District programs.
- Monitored legislation related to low-income rate assistance, residential water use standards, and communicated changes affecting District operations.
- Completed semi-annual Conservation and legislative updates to staff, the Governing Board, and quarterly updates to the Legislative and Public Outreach Committee and Community Advisory Commission.
- Following the Governor's Executive Order, implemented Stage 2 of the District's Water Shortage Contingency Plan.

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 2020-21	FY 2021-22	FY 2022-23
I-A	Meet SWRCB conservation goal	Yes	Yes	Yes	Yes
I-A	Maintain significant level of participation in annual conservation rebate programs	200	430	200	350
II-D	Number of educational materials created	100	100	78	125
II-C	External conservation funding received	\$25,000	\$32,000	\$15,000	\$200,000

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 147,074	\$ 107,000	\$ 89,024	\$ 107,000	\$ -	0%
5103	Overtime	2,949	7,000	3,763	7,000	-	0%
5200	Benefits	39,920	40,000	32,661	42,000	2,000	5%
OPERATING EXPENSES							
6201	Materials & Supplies	4,366	56,000	21,132	25,000	(31,000)	-55%
6203	Office Supplies	3,916	2,000	323	1,000	(1,000)	-50%
6205	Conservation Rebates	225,308	165,000	61,261	120,000	(45,000)	-27%
6301	Contract Services	71,931	331,000	127,956	294,000	(37,000)	-11%
6303	Printing & Publishing	47,202	109,000	80,944	50,000	(59,000)	-54%
6304	Legal Services	150	1,000	-	1,000	-	0%
6307	Uniforms	-	1,000	203	1,000	-	0%
6402	Telephone	487	2,000	1,120	2,000	-	0%
6406	Postage	15,058	24,000	20,069	24,000	-	0%
6501	Memberships & Dues	7,479	11,000	5,338	12,000	1,000	9%
6502	Professional Development	4,812	5,000	2,939	2,000	(3,000)	-60%
6504	Meetings	-	1,000	1,985	1,000	-	0%
CONSERVATION TOTAL		\$ 570,652	\$ 862,000	\$ 448,718	\$ 689,000	\$ (173,000)	-20%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Drought Contingency Plan is underway with costs 50% completed.
- Assessing rebate program due to market saturation for the Weather Based Irrigation Controller direct installation.

2%
Program
Budget Allocation
[\$689,000]

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FINANCE & ACCOUNTING

Program Summaries Section

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- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Chief Financial Officer	1
Finance Supervisor	1
Accountant	1
Sr. Accounting Technician	1
Accounting Technician	1
Business Services Coordinator	1

Total Full-Time 6

PROGRAM STRUCTURE



Finance and Accounting manage, plan, and direct financial resources.

FINANCE & ACCOUNTING



Finance and Accounting oversees the business operations of the District in order to provide accountability and adequate control over the use of District funds. Staff maintains the financial systems and records in accordance with GAAP as well as applicable laws, regulations, and District policies.

Goals

Objectives

- | | |
|--|---|
| <div style="border-bottom: 1px solid #0070C0; margin-bottom: 10px; padding-bottom: 5px;"> <p style="font-size: 2em; margin: 0;">1</p> </div> <p>Ensure Financial Stability with Full Understanding of Operational Complexities </p> | <ol style="list-style-type: none"> 1. Establish SNRC debt service and other reserves required to comply with agreements and ensure fiscal sustainability. 2. Complete Rate Study and schedule Public Hearing to consider rate adjustments if necessary. 3. Work with CalPERS staff to determine if the current “level pay” amount is adequate to pay down Unfunded Actuarial Liability (UAL) in 15 years as planned. 4. Work with consultant to complete pension Unfunded Accrued Liability Policy and present policy to the Board. |
| <div style="border-bottom: 1px solid #0070C0; margin-bottom: 10px; padding-bottom: 5px;"> <p style="font-size: 2em; margin: 0;">2</p> </div> <p>Fully Understand the Cost and Accounting Associated with Placing the SNRC in Service </p> | <ol style="list-style-type: none"> 1. Determine placed-in-service date and finalize total project costs. 2. Closeout State Revolving Fund (SRF) funding including payment of retention. 3. Allocate total project costs to physical plant components in sufficient detail to facilitate recording in the accounting system, future replacements and reasonable depreciation estimates. |
| <div style="border-bottom: 1px solid #0070C0; margin-bottom: 10px; padding-bottom: 5px;"> <p style="font-size: 2em; margin: 0;">3</p> </div> <p>Maximize the Utility and Security of Financial Software and Data </p> | <ol style="list-style-type: none"> 1. Develop standard procedures for linking capital improvements in the District’s accounting software to the GIS mapping software. 2. Conduct informal review of financial software being used by other water agencies; schedule product demonstrations if potential replacements for Tyler are identified. 3. Identify pros and cons for moving Tyler (or new ERP) to a hosted environment. |



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Ensured Financial Stability with Full Understanding of Operational Complexities

- Completed final billing for City of Highland and Urban Greening Grant external funding for the SNRC.
- Met with Water Reclamation staff and the General Manager/CEO to update cost estimates in the SNRC financial model.
- Completed selection of a rate consultant for updating cost of service estimates as a result of inflation and construction delays.

Goal Two

Fully Understood the Cost and Accounting Complexities Associated with New Funds

- Completed setup of the Water Reclamation Fund in the District's financial accounting software.
- Completed setup of CFD 2021-1 (Mediterra) in the Tyler software.
- Worked with consultant to place property assessments on tax rolls for the Mediterra development.

Goal Three

Maximized the Utility and Security of Financial Software and Data

- Considered moving the Tyler Enterprise Resource Planning (ERP) software to a hosted environment but determined to keep systems in-house at least through FY 2023-24.
- Worked with IT to develop / identify link between Tyler and Geographic Information System (GIS) for projects closed in FY 2022-23.

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 2020-21	FY 2021-22	FY 2022-23
II-A	Days to prepare and present Annual Report after fiscal year end	135 days	160	167	103
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 Governing Board	4	3	2	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 Annual Report	11	9	10	11
II-A	Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for PAFR	6	4	5	6

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 707,850	\$ 700,000	\$ 503,267	\$ 775,000	\$ 75,000	11%
5103	Overtime	28,066	13,000	6,118	13,000	-	0%
5200	Benefits	360,574	318,000	302,055	374,000	56,000	18%
OPERATING EXPENSES							
6203	Office Supplies	7,922	12,000	4,900	7,000	(5,000)	-42%
6301	Contract Services	77,017	184,000	69,645	90,000	(94,000)	-51%
6302	Banking Services	17,633	18,000	19,819	32,000	14,000	78%
6303	Printing & Publishing	755	1,000	2,692	7,000	6,000	600%
6304	Legal Services	6,450	10,000	5,720	10,000	-	0%
6307	Uniforms	167	2,000	1,614	2,000	-	0%
6402	Telephone	2,283	3,000	2,345	3,000	-	0%
6406	Postage	347	1,000	402	1,000	-	0%
6501	Memberships & Dues	3,459	5,000	2,847	5,000	-	0%
6502	Professional Development	15,184	-	6,311	20,000	20,000	100%
6504	Meetings	2,373	4,000	3,256	5,000	1,000	25%
FINANCE & ACCT. TOTAL		\$ 1,230,080	\$ 1,271,000	\$ 930,991	\$ 1,344,000	\$ 73,000	6%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Decreased Contract Services budget due to completion of the Cost of Service Analysis/Rate Study during FY 2022-23.
- Increased Professional Services budget for staff to attend various conferences.

4%
Program
Budget Allocation
[\$1,344,000]

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Intentionally



INFORMATION TECHNOLOGY

Program Summaries Section

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- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Information Technology Manager	1
Network Administrator	1
Information Technology Analyst	1

Total Full-Time **3**

PROGRAM STRUCTURE



Information Technology coordinates and implements agency-wide technology by facilitating vendor access and support for technology focused projects.

INFORMATION TECHNOLOGY



The Information Technology (IT) Program oversees the District’s technology infrastructure to support essential business and operational functions. The functions utilize industry specific software programs required to meet agency needs. The Program implements routine cybersecurity training campaigns to mitigate financial and data loss. In addition to software management the Program proactively schedules hardware replacements from the point of procurement to installation.

Goals

Objectives

1 Ensure Reliability of Technology Infrastructure for Primary Business and Operation Requirements

1. Upgrade all server operating systems to comply with Microsoft server life cycle.
2. Begin working on updating active directory and group policy cleanup.
3. Install hardware and software for the SNRC solids, headworks, and main electrical building.
4. Upgrade District firewalls to comply with standardization best-practice.

2 Improve Systems and Cybersecurity Measures for Response Functions

1. Continue monthly email phishing campaign to reduce click rate and educate staff on security risk.
2. Implement multi-factor authentication software.
3. Replace current email security with email cloud security.
4. Contract for network penetration test.

3 Analyze Current Systems to Enhance Reporting and Automate Processes

1. Work with General Manager/CEO and Department heads to identify data-based decisions and source of supporting data.
2. Work with Administration, Customer Service, and Finance staff to implement naming conventions for the District’s electronic document repository.
3. Work with Tyler and Customer Service to:
 - Revise and streamline the utility billing packet processing workflow process.
 - Reconfigure payment contract, conservation reports, disconnection door hangers, and arrearage report.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Ensured Reliability of Technology Infrastructure for Primary Business and Operation Requirements

- Upgraded software and servers and SCADA radios at Plants 25, 39, 99, 131, and 132.
- Replaced remaining end-of-life servers and switches at the SNRC and District Headquarters.
- Installed new SCADA virtual host servers and updated virtual software licensing at District Headquarters and Plant 134.
- Ordered valve exercise equipment.

Goal Two

Improved Systems and Cybersecurity Measures for Response Functions

- Continued monthly email phishing campaign and reduced click rate and educated staff on security risk.
- Established and equipped an Emergency Operations Center (EOC) at the SNRC.
- Implemented CISCO umbrella Domain Name System (DNS) security to add a layer of security to the District network.
- Refreshed backup batteries in server room to comply with Emergency Preparedness Plan.

Goal Three

Analyzed Current Systems to Enhance Reporting and Automate Processes

- Implemented Tyler's EnerGov Asset Management System.
- Finalized the transition from Cityworks to a new software solution.
- Assisted Administration with implementing a new naming convention within Laserfiche.
- Reviewed the pros and cons for transitioning Tyler Incode from On-Premise to their hosted solution.

Other Accomplishments

- Replaced backup batteries at District Headquarters to align with the Emergency Response Plan.

LEVELS OF SERVICE

The Information Technology Program has six 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 2020-21	FY 2021-22	FY 2022-23
IV-A	Elevate Cybersecurity awareness by sending out test 'phishing' emails	800	1,019	1,080	1,139
IV-A	Maximize system availability	99%	99%	99%	99%
IV-A	Cybersecurity awareness results for phishing email click rate	<7%	6%	7.8%	7.9%

Agency Goal	Key Performance Indicator	Target	FY 2020-21	FY 2021-22	FY 2022-23
IV-A	Complete disaster recovery drill (system restoration, power outages, emergency notifications)	2	2	4	4
III-B	Receive 'Excellent' scores on IT satisfaction surveys submitted by staff	>95%	96%	100%	100%
III-B	Minimize resolution time for help desk issues submitted by staff	24 Hrs.	24	17.2	4.4

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 426,103	\$ 380,000	\$ 328,602	\$ 433,000	\$ 53,000	14%
5102	Temporary Labor	-	-	-	17,000	17,000	100%
5103	Overtime	-	-	574	-	-	0%
5200	Benefits	119,573	212,000	236,401	259,000	47,000	22%
OPERATING EXPENSES							
6201	Materials & Supplies	67,911	45,000	47,408	65,000	20,000	44%
6203	Office Supplies	352	1,000	1,294	5,000	4,000	400%
6301	Contract Services	722,579	690,000	454,062	925,000	235,000	34%
6307	Uniforms	611	1,000	1,349	1,000	-	0%
6402	Telephone	15,170	12,000	26,644	12,000	-	0%
6501	Memberships & Dues	654	1,000	173	4,000	3,000	300%
6502	Professional Development	4,740	1,000	507	1,000	-	0%
6504	Meetings	86	1,000	178	-	(1,000)	-100%
IT TOTAL		\$ 1,357,779	\$ 1,344,000	\$ 1,097,192	\$ 1,722,000	\$ 378,000	28%

SIGNIFICANT CHANGES IN PROGRAM BUDGET

- Increased Contract Services budget due to fiber implementation at Plant 134.
- Increased Contract Services budget due to coaxial phone lines.
- Moved Emergency Notification renewal from Public Affairs to IT.
- Installed CISCO Umbrella DNS Security.

5%
Program
Budget Allocation
[\$1,722,000]

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CUSTOMER SERVICE

Program Summaries Section

Program Summaries Contents

- Governing Board
- General Administration
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- Information Technology
- Customer Service
 - Meter Services
 - Engineering
 - Water Production
 - Water Treatment
 - Water Quality
 - Water Maintenance
 - Wastewater Collection
 - Water Reclamation
 - Facilities Maintenance
 - Fleet Maintenance

PROGRAM PERSONNEL

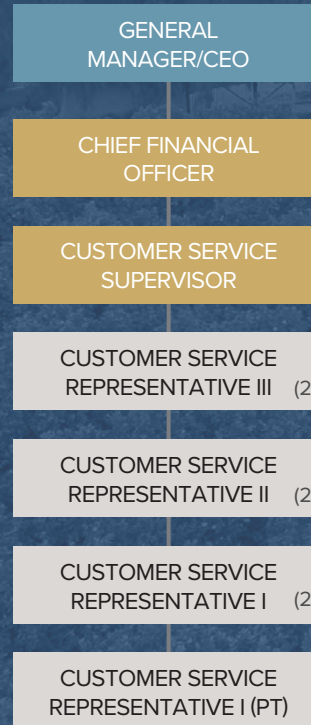
Customer Service Supervisor	1
Customer Service Representative III	2
Customer Service Representative II	2
Customer Service Representative I	2

Total Full-Time 7

Part-Time
Customer Service Representative I 1

Total Part-Time 1

PROGRAM STRUCTURE



Customer Service downloads meter read data, audits data, and submits data files to a third-party vendor for bill printing and mailing.

CUSTOMER SERVICE




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/accurate responses to billing inquiries; provide convenient locations and methods for payment; and to resolve customer concerns about service delivery by requesting assistance from water maintenance personnel, and then following up with customers regarding the resolution to their concern.

Goals


Objectives

1 Develop Strategies to Address Organizational Service Needs 

1. Implement new payment options for District customers that are already supported by the District's billing software.
2. Work with Public Affairs to address Customer Service needs for the District's new web portal.

2 Work with other Departments to Recover Costs That Are Not Currently Captured by the District Fee Schedule

1. Develop and propose a fee for recovery of costs associated with clearing obstructions preventing access to District meters.
2. Develop and propose penalties or fees to discourage defaults on payment plan contracts.
3. Research costs associated with credit card charges and propose a fee/charge for cost recovery.
4. Prepare revisions to ordinance and fee schedule and incorporate them into Public Hearing process for rates.

3 Identify and Implement Software Adjustments Needed Due to SB 998 and other Legislation 

1. Work with Tyler and IT to:
 - Reconfigure Tyler revenue codes to accommodate new time requirements under SB 998.
 - Revise and streamline utility billing packet processing workflow process.
 - Reconfigure payment contract, conservation reports, disconnection door hangers, and arrearage report.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Developed Strategies to Address Organizational Service Needs

- Worked with IT to implement Tyler’s mobile work order application in EnerGov Asset Management.
- Reviewed new vendor contracts with potential expansion of capabilities and determined existing processes are more efficient.
- Provided Customer Service Supervisor administrative permissions to grant staff access to transaction processing tools.

Goal Two

Modified Processes to Comply with Changes in Legislation and Agreements While Maintaining Financial Stability

- Met quarterly with Conservation to assist with changing drought regulations mandated by the State of California.
- Researched collection procedure options (in place at other agencies) to avoid service disconnection as a tool for collection of delinquent account balances and determined not a suitable option for the District.
- Continued to process wastewater billing under both SNRC and SBMWD rates, pending transition of all wastewater flows to the SNRC.

Goal Three

Fully Understood and Utilized Smart Meter Capabilities

- Coordinated with Public Affairs to increase the use of AMI data to support conservation efforts.
- Reviewed routes and billing dates for possible changes to accommodate timing of bills for customers on fixed income, and determined that enhancements will need to be made to the billing software.

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 2020-21	FY 2021-22	FY 2022-23
III-B	Reduce number of customers disconnected for non-payment each year	1,800	0*	0*	1,661
III-B	Number of customer payments received through convenient off-site locations	10,000	5,346	4,323	3,886
I-B	Number of customer service training hours per employee	16	13	4	4
IV-C	Customers enrolled in paperless billing	2,000	2,049	1,411	1,506
IV-C	Customers enrolled in the Pre-Authorized Payment Plan (auto-debit)	2,000	2,762	3,663	3,001

**Due to California Governor Executive Order N-42-20 and the COVID-19 Pandemic, customer disconnections were prohibited.*

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 431,702	\$ 533,000	\$ 401,451	\$ 619,000	\$ 86,000	16%
5102	Temporary Labor	5,719	-	56,395	-	-	0%
5103	Overtime	20,363	7,000	15,703	7,000	-	0%
5200	Benefits	270,237	307,000	255,733	310,000	3,000	1%
OPERATING EXPENSES							
6201	Materials & Supplies	1,237	-	-	-	-	0%
6203	Office Supplies	1,032	7,000	5,962	7,000	-	0%
6301	Contract Services	258,641	277,800	204,496	240,000	(37,800)	-14%
6302	Banking Services	217,487	229,000	274,561	200,000	(29,000)	-13%
6303	Printing & Publishing	1,843	7,000	13,578	10,000	3,000	43%
6304	Legal Services	-	5,000	8,047	5,000	-	0%
6307	Uniforms	2,039	3,000	3,843	4,000	1,000	33%
6308	Billing Services	49,803	60,000	71,002	52,000	(8,000)	-13%
6309	Shut Off Notice Services	-	225,000	235,317	225,000	-	0%
6402	Telephone	11,432	8,000	8,834	8,000	-	0%
6406	Postage	118,588	61,200	161,840	153,000	91,800	150%
6501	Memberships & Dues	-	1,000	-	1,000	-	0%
6502	Professional Development	16,679	6,500	-	13,000	6,500	100%
6504	Meetings	724	3,000	2,782	3,000	-	0%
6703	Cash Over/Short	64	1,000	1,868	1,000	-	0%
6704	Bad Debt	38,187	5,000	7,084	5,000	-	0%
CUSTOMER SERVICE TOTAL		\$ 1,445,777	\$ 1,746,500	\$ 1,728,496	\$ 1,863,000	\$ 116,500	7%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Increased Professional Services budget for staff to attend various conferences.

5%
Program
Budget Allocation
[\$1,863,000]

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METER SERVICES

Program Summaries Section

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- Information Technology
- Customer Service
- **Meter Services**
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Meter Technician II	2
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Total Full-Time	2
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PROGRAM STRUCTURE



Meter Services is responsible for maintaining the District's smart meter network, on-site customer meter-related requests, and customer service assistance.

METER SERVICES



The Meter Services program maintains a network of approximately 23,000 Advanced Metering Infrastructure (AMI) meters. The AMI meter program provides the District and its customers with near real-time consumption information. The Program conducts routine maintenance, testing and replacement of meters to ensure billing is accurate.

Goals


Objectives

1

Implement Inspection Program for AMI Meters

1. Identify additional necessary vaults in need of lid replacements by utilizing replacement schedule.
2. Visually inspect necessary meter boxes in routes where read problems are occurring.

2

Work with  Customer Service to Address Coverage Issues with the AMI Network

1. Confirm and correct MIU (meter interface unit) and meter numbers on meters that are not transmitting reliable read data.
2. Install additional data collector near Plant 132 to address unreliable transmission of reads in routes 8, 155, 92, and 101.

3

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

1. Conduct an audit of 10% of large meters for accuracy to ensure compliance with AWWA standards.
2. Replace large meters that do not meet AWWA standards.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Implemented Inspection Program for AMI Meters

- Identified the need of five vault lid replacements and created replacement schedule.
- Visually inspected meter boxes where read problems occurred and responded to 1,000 units monthly and made 70 repairs on average per month.

Goal Two

Worked with Customer Service to Address Coverage Issues with the AMI Network

- Confirmed accuracy of two MIUs and meter reads per month.
- Decided not to install additional registers on meters in routes 44 and 123, that utilize cell towers for data transmission.

Goal Three

Continued Meter Testing Programs in Compliance with State Water Audits Best Practices

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

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 2020-21	FY 2021-22	FY 2022-23
I-A	Number of large meters tested for accuracy	11	11	11	11
III-B	Respond to customer requests for assistance within two hours	100%	100%	100%	100%
IV-C	Number of employees trained on the Mobile Data Collector and access Neptune 360	4	3	3	3

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 172,271	\$ 164,000	\$ 132,187	\$ 173,000	\$ 9,000	5%
5103	Overtime	653	6,000	2,976	6,000	-	0%
5200	Benefits	83,176	96,000	82,694	101,000	5,000	5%
OPERATING EXPENSES							
6201	Materials & Supplies	7,888	1,000	-	1,000	-	0%
6202	Tools	3,052	-	-	3,000	3,000	100%
6301	Contract Services	3,291	-	-	5,000	5,000	100%
6307	Uniforms	1,759	2,000	1,384	2,000	-	0%
6402	Telephone	2,083	1,000	1,281	1,000	-	0%
METER SERVICES TOTAL		\$ 274,173	\$ 270,000	\$ 220,522	\$ 292,000	\$ 22,000	8%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- None.

1%
Program
Budget Allocation
[\$292,000]

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ENGINEERING

Program Summaries Section

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 - Water Treatment
 - Water Quality
 - Water Maintenance
 - Wastewater Collection
 - Water Reclamation
 - Facilities Maintenance
 - Fleet Maintenance

PROGRAM PERSONNEL

Director of Engineering & Operations	1
Senior Engineer	2
<hr/>	
Total Full-Time	3

PROGRAM STRUCTURE



Engineering coordinates and supports new development within the District's service area by streamlining plan checking and inspection efforts.



The Engineering Program responsibilities include infrastructure planning, maintaining a safe and reliable water supply, and ensuring compliance with Federal and State regulations. This Program also oversees wastewater collection and reclamation capital projects.

Goals

Objectives

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

1. Complete construction work for rehabilitation of reservoir at Plant 56.
2. Complete construction work for rehabilitation of booster pump system at Plant 101.
3. Complete preliminary design of Canal 3 Zone reservoir at the Applewood site.
4. Complete design and start replacement of 6.5 miles of District water mains.
5. Monitor the Baseline Bridge replacement project and associated water main relocation.
6. Design a Plunge Creek under-crossing for the North Fork Water Company Pipeline.

2 Develop Plans to Optimize District Water and Energy Resources

1. Complete a study to evaluate alternatives to optimize surface water treatment capacity within the District.
2. Complete groundwater master planning efforts to consider short-term and long-term actions related to groundwater production capacity.
3. Conduct analysis of alternative energy sources.
4. Complete design of new groundwater well at Plant 129.

3 Complete Construction and Commissioning of the SNRC

1. Complete construction of the regional recycled water pipeline and Weaver Basins.
2. Participate in the feasibility study for salt mitigation, related to recharging groundwater with recycled water.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Developed and Implemented the District's Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Preparing for New Development

- Completed construction work for rehabilitation of the reservoir at Plant 108.
- Completed design and construction of the grant-funded stationary generator at Plant 101.
- Completed design work for rehabilitation of the booster pump system at Plant 101.
- Initiated preliminary design of a Canal 3 Zone reservoir at the Applewood site.

Goal Two

Developed Plans to Optimize District Utilization of Surface Water and Groundwater Sources

- Completed construction of process improvements related to Granular Activated Carbon at Plant 134.
- Initiated groundwater master planning efforts to consider short-term and long-term actions related to groundwater production capacity.

Goal Three

Completed Construction and Commissioning of the SNRC

- Completed construction of the emergency storage basin at the Weaver Basins Recharge Facility site.

LEVELS OF SERVICE

The Engineering 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)
- 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 2020-21	FY 2021-22	FY 2022-23
IV-A	Initiate fully funded projects included in the current year CIP	100%	90%	100%	100%
III-B	Complete development infrastructure plan reviews in < 14 days	100%	100%	100%	100%
III-B	Issue development impact fee costs estimates in < 2 days	100%	100%	100%	100%

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 937,099	\$ 568,000	\$ 448,354	\$ 627,000	\$ 59,000	10%
5103	Overtime	3,481	3,000	-	3,000	-	0%
5200	Benefits	317,528	193,000	116,710	153,000	(40,000)	-21%
OPERATING EXPENSES							
6201	Materials & Supplies	56,692	9,000	924	9,000	-	0%
6202	Tools	6,946	7,000	3,003	7,000	-	0%
6203	Office Supplies	266	3,000	407	3,000	-	0%
6301	Contract Services	211,082	293,000	50,390	377,000	84,000	29%
6303	Printing & Publishing	-	6,000	-	3,000	(3,000)	-50%
6304	Legal Services	41,740	40,000	11,055	40,000	-	0%
6307	Uniforms	2,785	3,000	1,563	3,000	-	0%
6402	Telephone	2,957	2,000	3,639	3,000	1,000	50%
6405	Permits	82,183	78,000	76,987	184,000	106,000	136%
6406	Postage	22	1,000	53	1,000	-	0%
6501	Memberships & Dues	2,330	5,000	1,803	5,000	-	0%
6502	Professional Development	6,867	10,000	7,014	7,000	(3,000)	-30%
6504	Meetings	531	3,000	587	3,000	-	0%
ENGINEERING TOTAL		\$ 1,672,509	\$ 1,224,000	\$ 722,489	\$ 1,428,000	\$ 204,000	17%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Increased Contract Services for cost share of \$125,000 for a Feasibility Study.

4%
Program
Budget Allocation
[\$1,428,000]

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WATER PRODUCTION

Program Summaries Section

Program Summaries Contents

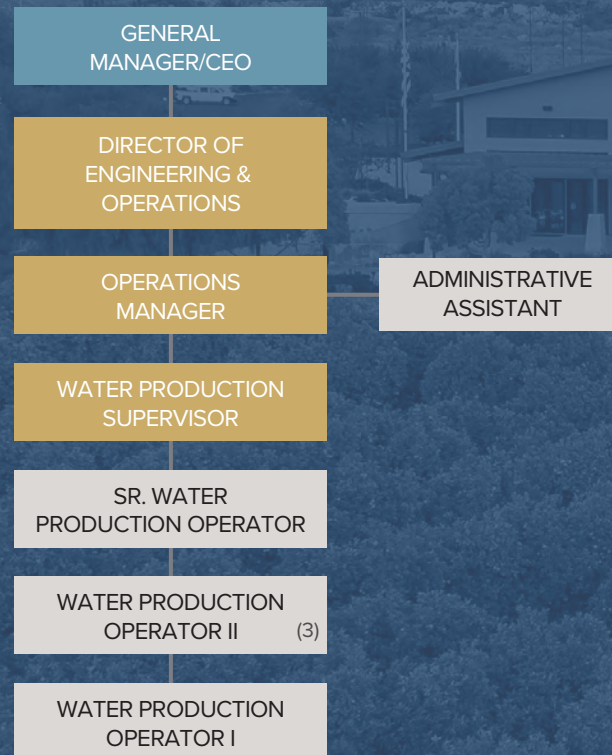
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- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

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

Total Full-Time 7

PROGRAM STRUCTURE



Water Production specializes in managing the overall water distribution system.

WATER PRODUCTION



Water Production is responsible for the daily monitoring and operations of the entire water production system to ensure preventative maintenance of all pumps, motors, wells, boosters, reservoirs, pressure regulating valves (PRVs), hydro-pneumatic plants, and the SCADA system. This Program is also responsible for the delivery of Santa Ana River water through the North Fork Water Company canal/pipeline.

Goals

Objectives

1 Implement a Plan to Identify and Enhance Water Sources' Requirements Due to the SNRC Discharge Location

1. Install pressure regulating valve (PRV) at Plant 129 to connect plant to the upper zone distribution system.
2. Contract for repairs and upgrades to Well 120 to ensure its operational readiness for summer 2023 production.
3. Support work of contractor to complete rehabilitation of Plant 101.

2 Enhance the SCADA System to Achieve Water Production Requirements

1. Work with IT to install SCADA tower to improve radio communications at District Headquarters or alternative site.
2. Work with contractor to inspect and enhance communication and telemetry.

3 Rehabilitate Plant Components to Ensure Water Production

1. Coordinate with Water Maintenance for replacement of isolation valves to repair critical PRV (Baseline/Sterling).
2. Work with Engineering for rehabilitation of reservoir at Plant 56.
3. Solicit proposals and finalize new master agreements for pump and motor maintenance.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Implemented a Plan to Identify and Enhance Water Sources' Requirements Due to the SNRC Discharge Location

- Completed coordination with contractor to rehabilitate booster at Plant 125 to accommodate increased well capacity.
- Worked with Engineering to determine best utilization of water produced by Well 120.
- Identified and prioritized making Well 120 operational with electrical, SCADA, and required permitting.

Goal Two

Enhanced the SCADA System to Achieve Water Production Requirements

- Investigated and temporarily deferred installation of SCADA tower to improve radio communications at District Headquarters or alternate sites.
- Worked with IT to complete ClearScada software update.
- Completed SCADA radio updates at Plants 25, 33, 37, and 38.

Goal Three

Rehabilitated Plant Components to Ensure Water Production

- Completed replacement of isolation valves to repair critical PRV (Baseline/Sterling, N Church, and Central/Mansfield) Stations 309, 305, and 325.
- Completed Plant 108 rehabilitation project.

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 2020-21	FY 2021-22	FY 2022-23
IV-A	Perform upgrades to SCADA radios as recommended by consultant	5/Yr	6	5	3
IV-C	Perform or schedule repairs recommended by reservoir inspection report	1/Yr	1	0	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 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 268,571	\$ 212,000	\$ 222,295	\$ 271,000	\$ 59,000	28%
5103	Overtime	-	1,000	500	1,000	-	0%
5104	Standby	14,947	15,000	13,683	15,000	-	0%
5200	Benefits	155,062	158,000	166,026	180,000	22,000	14%
OPERATING EXPENSES							
6201	Materials & Supplies	478	-	2,105	-	-	0%
6202	Tools	639	6,000	137	6,000	-	0%
6203	Office Supplies	3,970	4,000	5,404	4,000	-	0%
6301	Contract Services	71,083	101,000	87,347	103,000	2,000	2%
6307	Uniforms	11,677	15,000	9,762	15,000	-	0%
6402	Telephone	8,908	14,000	12,262	14,000	-	0%
6501	Memberships & Dues	1,091	3,000	980	3,000	-	0%
6502	Professional Development	7,843	7,000	16,265	7,000	-	0%
6504	Meetings	4,125	1,000	1,637	1,000	-	0%
ADMINISTRATION TOTAL		\$ 548,394	\$ 537,000	\$ 538,403	\$ 620,000	\$ 83,000	15%

Wells

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 428,612	\$ 200,000	\$ 124,545	\$ 215,000	\$ 15,000	8%
5103	Overtime	33,327	17,000	9,735	17,000	-	0%
5200	Benefits	126,184	73,000	64,518	83,000	10,000	14%
OPERATING EXPENSES							
6101	Purchased Water	206,142	302,000	400,000	300,000	(2,000)	-1%
6102	Groundwater Replenishment	95,341	110,000	146,175	351,000	241,000	219%
6103	Water Assessment	71,613	74,000	2,161	117,000	43,000	58%
6201	Materials & Supplies	20,655	45,000	36,842	45,000	-	0%
6204	Chemicals	109,440	150,000	146,246	150,000	-	0%
6301	Contract Services	96,088	300,000	39,129	265,000	(35,000)	-12%
6403	Electricity	1,740,440	2,275,000	2,302,845	2,275,000	-	0%
6405	Permits	70,710	100,000	103,066	100,000	-	0%
WELLS TOTAL		\$2,998,552	\$3,646,000	\$3,375,262	\$3,918,000	\$ 272,000	7%

Boosters

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ -	\$ 114,000	\$ 91,315	\$ 119,000	\$ 5,000	4%
5103	Overtime	10,432	14,000	11,125	14,000	-	0%
5200	Benefits	24,625	63,000	57,008	63,000	-	0%
OPERATING EXPENSES							
6201	Materials & Supplies	13,474	20,000	26,226	20,000	-	0%
6301	Contract Services	25,197	100,000	70,222	100,000	-	0%
6403	Electricity	646,029	675,000	715,082	710,000	35,000	5%
BOOSTERS TOTAL		\$ 719,757	\$ 986,000	\$ 970,978	\$1,026,000	\$ 40,000	4%

Reservoirs

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 193,470	\$ 205,000	\$ 203,892	\$ 185,000	\$ (20,000)	-10%
5103	Overtime	14,326	18,000	10,114	14,000	(4,000)	-22%
5200	Benefits	95,002	110,000	110,632	74,000	(36,000)	-33%
OPERATING EXPENSES							
6201	Materials & Supplies	51,744	60,000	20,727	60,000	-	0%
6204	Chemicals	729	50,000	9,638	50,000	-	0%
6301	Contract Services	33,248	45,000	800	45,000	-	0%
RESERVOIRS TOTAL		\$ 388,519	\$ 488,000	\$ 355,803	\$ 428,000	\$ (60,000)	-12%
TOTAL WATER PRODUCTION		\$4,655,222	\$5,657,000	\$5,240,446	\$5,992,000	\$ 335,000	6%

SIGNIFICANT CHANGES IN PROGRAM BUDGET

- Discontinued production wells at Abbey Way, 143, 146, and 147 due to release of recycled water for recharge.
- The credit previously received for North Fork water provided for recharge, is no longer in effect.

15%
Program
Budget Allocation
[\$5,992,000]

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Intentionally



WATER TREATMENT

Program Summaries Section

Program Summaries Contents

- 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 Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

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

PROGRAM STRUCTURE



Water Treatment manages three sources of water, including surface water, groundwater, and State Water Project imported water.


WATER TREATMENT



Water Treatment is responsible for management of three different sources of supply used by the District. The District operates Plant 134, Surface Water Treatment Plant, which can treat two water sources Santa Ana River water and imported water from the State Water Project. Staff also operate two unique groundwater treatment facilities: Plant 28 uses GAC and Plant 39 is a blending facility.

Goals

Objectives

1 Maximize Plant 134 
Water Production
While Utilizing GAC
Facilities

1. Develop flow standards to meet water quality objectives.
2. Determine frequency of carbon filtration media changeouts to maintain water quality.
3. Implement data collection requirements identified in the permit amendment.

2 Complete Plant
134 Membrane
Replacements
Using a Five-Phase
Replacement
Schedule

1. Procure the necessary membrane modules from the manufacturer in accordance with the District's Purchasing Policy.
2. Coordinate and schedule in-house installation of new membranes in the fifth and final train.

3 Evaluate and
Rehabilitate
Existing Clean-in-
Place Equipment at
Plant 134

1. Inspect existing equipment and establish prioritized replacement schedule.
2. Purchase and install necessary parts and materials to complete the clean-in-place equipment project.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Supported Construction of GAC Facilities at Plant 134

- Developed an operating plan for Plant 134 construction.
- Amended Permit with the State Water Resources Control Board (SWRCB).
- Provided final performance data to the SWRCB and closed-out the compliance order.

Goal Two

Completed Plant 134 Membrane Replacements Using a Five-Phase Replacement Schedule

- Deferred to allow use of funds for other projects and rolled forward to FY 2023-24 objectives.

Goal Three

Evaluated and Rehabilitated Existing Clean-in-Place Equipment at Plant 134

- Replaced primary pump and scheduled remaining pumps for replacement next fiscal year.

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 2020-21	FY 2021-22	FY 2022-23
IV-A	Meet all regulatory requirements	100%	100%	100%	100%
IV-A	Maximize utilization of plant capacity subject to source water availability	7.5 MGD	3.5	3.5	4.0
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	5	5	4

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 263,382	\$ 261,000	\$ 186,573	\$ 273,000	\$ 12,000	5%
5103	Overtime	41,009	39,000	63,351	39,000	-	0%
5200	Benefits	149,889	159,000	155,205	164,000	5,000	3%
OPERATING EXPENSES							
6201	Materials & Supplies	35,200	150,000	150,002	20,000	(130,000)	-87%
6204	Chemicals	177,850	150,000	181,891	180,000	30,000	20%
6301	Contract Services	127,137	147,000	204,209	222,000	75,000	51%
6307	Uniforms	1,552	2,000	614	2,000	-	0%
6402	Telephone	2,662	2,000	3,997	2,000	-	0%
6403	Electricity	178,681	180,000	134,735	180,000	-	0%
WATER TREATMENT TOTAL		\$ 977,362	\$1,090,000	\$ 1,080,577	\$1,082,000	\$ (8,000)	-1%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Increased Contract Services budget due to Plant 134 GAC expansion.

3%
Program
Budget Allocation
[\$1,082,000]

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Intentionally



WATER QUALITY

Program Summaries Section

Program Summaries Contents

- 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 Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

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

PROGRAM STRUCTURE



Water Quality has dedicated, state certified team members to test water quality and ensure all members of the community receive safe drinking water.



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

Water Quality is also assisting in the development and launch of the Fats, Oils, and Grease (FOG) program for SNRC pre-treatment.

Goals

Objectives

- | | |
|--|--|
| <div style="border-bottom: 1px solid #0070C0; margin-bottom: 10px; padding-bottom: 5px;"> <p style="font-size: 2em; margin: 0;">1</p> </div> <p>Evaluate Water Quality Regulations and Improve Process Efficiencies to Enhance Water Quality Compliance</p> | <ol style="list-style-type: none"> 1. Implement Updated Sampling Requirements outlined in the District's latest Permit amendment. 2. Complete EPA registration for Unregulated Contaminant Monitoring Rule (UCMR5) sample schedule. 3. Identify sample requirements for U.S. EPA's Revised Lead and Copper Rule, effective summer 2024. |
| <div style="border-bottom: 1px solid #0070C0; margin-bottom: 10px; padding-bottom: 5px;"> <p style="font-size: 2em; margin: 0;">2</p> </div> <p>Implement Backflow Program Enhancement Modifications</p> | <ol style="list-style-type: none"> 1. Complete backflow software migration and implementation for cloud-based service. 2. Provide customer and private tester training for accessing and updating customer device information via cloud-based software. 3. Work with customers to replace outdated and unapproved backflow devices. |
| <div style="border-bottom: 1px solid #0070C0; margin-bottom: 10px; padding-bottom: 5px;"> <p style="font-size: 2em; margin: 0;">3</p> </div> <p>Implement Customer / Vendor FOG Program Requirements and Training Campaign</p> | <ol style="list-style-type: none"> 1. Conduct customer outreach and vendor training for cloud-based compliance reporting. 2. Create customer Best Management Practices campaign to maintain program standards. 3. Assist Water Reclamation with procurement and management of contract for FOG compliance inspection. |



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Evaluated Water Quality Regulations and Improved Process Efficiencies to Enhance Water Quality Compliance

- Implemented sampling programs to maximize surface water treatment process efficiencies.
- Monitored EPA requirements for Unregulated Contaminant Monitoring Rule 5 (UCMR5) sampling.

Goal Two

Re-Routed Outdated Fire Service Backflows to Aboveground

- Replaced outdated Fire Service backflows at Stater Bros, Safety Kleen, and two apartment complexes.

Goal Three

Assisted in Launching FOG Program Transition and Software Procurement

- Worked with Engineering and IT during software implementation.
- Assisted with FOG program transition and compliance.

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)

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 2020-21	FY 2021-22	FY 2022-23
IV-A	Conduct all water quality sampling required by SWRCB and EPA	100%	100%	100%	100%
IV-A	Complete annual Hazmat site-handling permits*	100%	100%	100%	100%
III-B	Response time to water quality complaints by customers (avg)	2.0 Hrs	1.5	1.5	1.5
IV-A	Number of underground fire services to be re-routed aboveground annually	3	N/A	3	4

*New KPI for FY 2022-23.

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 110,779	\$ 119,000	\$ 93,790	\$ 98,000	\$ (21,000)	-18%
5103	Overtime	1,079	6,000	2,270	6,000	-	0%
5200	Benefits	55,186	57,000	26,250	41,000	(16,000)	-28%
WELLS OPERATING EXPENSES							
6201	Materials & Supplies	22,865	13,000	15,946	14,000	1,000	8%
6301	Contract Services	63,100	75,000	47,194	66,000	(9,000)	-12%
6307	Uniforms	1,624	4,000	1,401	4,000	-	0%
6504	Meetings	684	1,000	217	1,000	-	0%
RESERVOIR PERSONNEL EXPENSES							
5101	Regular Labor	104,443	119,000	93,891	125,000	6,000	5%
5103	Overtime	1,079	6,000	2,270	6,000	-	0%
5200	Benefits	70,346	57,000	64,332	66,000	9,000	16%
RESERVOIR OPERATING EXPENSES							
6201	Materials & Supplies	3,851	2,000	768	2,000	-	0%
6202	Tools	5,491	5,000	3,806	9,000	4,000	80%
6301	Contract Services	59,987	36,000	46,008	100,000	64,000	178%
6406	Postage	-	2,000	-	2,000	-	0%
6502	Professional Development	852	2,000	4,061	3,000	1,000	50%
6503	Education Assistance	75	3,000	-	3,000	-	0%
WATER QUALITY TOTAL		\$ 501,441	\$ 507,000	\$ 402,204	\$ 546,000	\$ 39,000	8%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Hired a Part-Time Water Quality Worker.
- Increased Tools and Contract Services budgets due to FOG program-related costs.

1%
Program
Budget Allocation
[\$546,000]

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Intentionally



WATER MAINTENANCE

Program Summaries Section

Program Summaries Contents

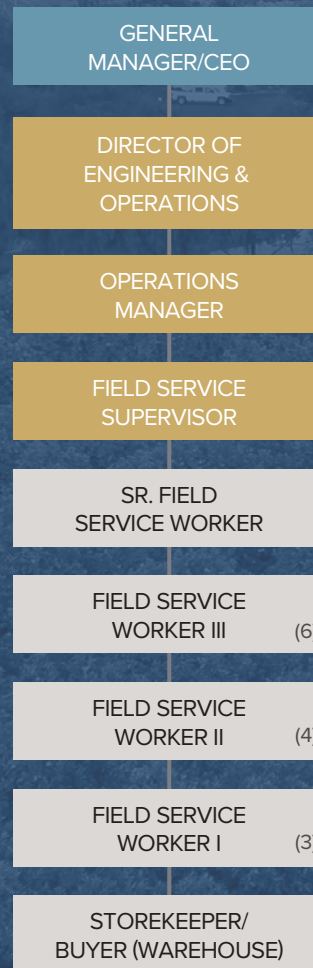
- Governing Board
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- Customer Service
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- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
 - Wastewater Collection
 - Water Reclamation
 - Facilities Maintenance
 - Fleet Maintenance

PROGRAM PERSONNEL

Field Service Supervisor	1
Sr. Field Service Worker	1
Field Service Worker III	6
Field Service Worker II	4
Field Service Worker I	3
Storekeeper/Buyer (Warehouse)	1

Total Full-Time 16

PROGRAM STRUCTURE



Water Maintenance maintains the District's water transmission and distribution system.


WATER MAINTENANCE



The Water Maintenance Program is responsible for the repair and replacement of the District’s 300 miles of water pipeline. Water Maintenance coordinates with Engineering and Water Production to install water service lines, fire hydrants, meters, valves, and all related equipment. Crew members remain on standby during non-business hours to respond to customer afterhours requests and emergencies.

Goals


Objectives

1 Prioritize Preventative Maintenance  Schedules to Ensure Equipment Readiness for Emergency Response

1. Replace 40 identified inoperable gate valves on the west side of the District. Conduct at least 20 in-house and supplement efforts to replace up to 20 more using outside contractors.
2. Coordinate with Production to perform valve replacements to isolate crucial PRV stations in Baseline/Sterling, North Church, and Central/Mansfield.
3. Inspect, maintain, and replace (as needed) 3,000 hydrants on a three-year cycle.
4. Solicit proposals and finalize new master agreement for pipeline repair services.

2 Assess Operation of Tyler’s EnerGov Asset Management Software

1. Continue training all staff on use of new software.
2. Enhance tracking of all labor, equipment, and materials for water maintenance activities.

3 Continue  Replacement Program for Mains and Inground Fire Service Devices

1. Replace 1,500 feet of water main in both Elmwood Drive north of Lynwood and Valaria Court east of Valaria Drive.
2. Coordinate with Water Quality to replace identified outdated fire services.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Prioritized Preventative Maintenance Schedules to Ensure Equipment Readiness for Emergency Response

- Ordered valve exercise equipment and software.
- Inspected, maintained, and replaced 900 of 3,025 hydrants on a three-year cycle.

Goal Two

Completed Evaluation of Service Order / Asset Management Software

- Worked with IT to hold product demonstrations.
- Incorporated feedback from staff to finalize decision and procure Tyler's Asset Management software.
- Provided training for staff on use of new software.

Goal Three

Continued Replacement Program for Mains and Inground Fire Service Devices

- Replaced undersized main in Pleasant Hill Drive west of Palm Avenue.
- Coordinated with Water Quality to develop a replacement schedule for outdated fire services; and replaced three inground fire services with new "N" shaped aboveground devices.

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 2020-21	FY 2021-22	FY 2022-23
I-B	Number of Water Maintenance staff with D-3 certification or higher	5	5	5	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	570	643	755
IV-C	Respond to, and assess, customer leak concerns within reasonable time frame	98%	100%	100%	100%
IV-C	Number of main leaks repaired	<70	78	92	88
IV-C	Estimate of water losses from main leaks (MG)	<10 MG	0.54 MG	0.54 MG	0.54 MG

PROGRAM BUDGET DETAIL

Administration

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 215,628	\$ 201,000	\$ 164,273	\$ 217,000	\$ 16,000	8%
5103	Overtime	-	2,000	1,695	2,000	-	0%
5104	Standby	22,603	20,000	25,636	20,000	-	0%
5200	Benefits	211,325	140,000	145,730	158,000	18,000	13%
OPERATING EXPENSES							
6203	Office Supplies	1,422	3,000	-	3,000	-	0%
6307	Uniforms	3,261	12,000	3,873	1,000	(11,000)	-92%
6402	Telephone	33,849	51,000	36,854	41,000	(10,000)	-20%
6501	Memberships & Dues	1,519	2,000	1,477	2,000	-	0%
6502	Professional Development	2,002	7,000	5,626	18,000	11,000	157%
6504	Meetings	2,770	3,000	3,953	3,000	-	0%
6706	Inventory Over/Short	-	-	64	-	-	0%
ADMINISTRATION TOTAL		\$ 494,379	\$ 441,000	\$ 389,181	\$ 465,000	\$ 24,000	5%

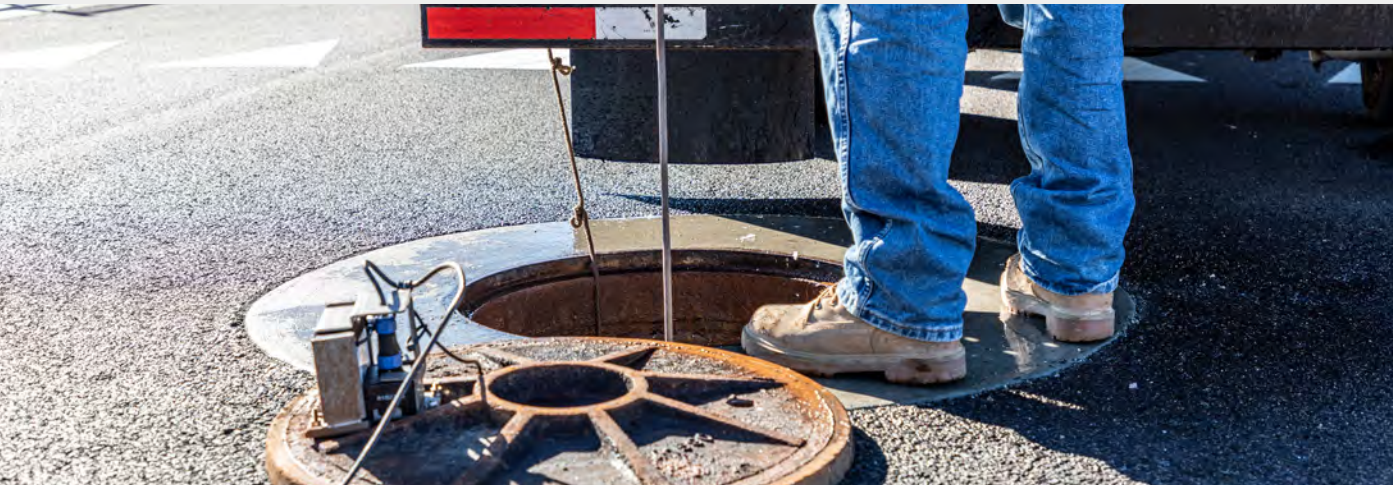
Pipeline Maintenance

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 1,192,393	\$ 1,153,000	\$ 918,957	\$ 914,000	\$(239,000)	-21%
5103	Overtime	267,011	219,000	341,911	219,000	-	0%
5200	Benefits	436,851	502,000	581,909	620,000	118,000	24%
OPERATING EXPENSES							
6201	Materials & Supplies	643,711	480,000	814,252	450,000	(30,000)	-6%
6202	Tools	26,536	21,000	55,217	21,000	-	0%
6301	Contract Services	54,403	72,000	83,657	37,000	(35,000)	-49%
6307	Uniforms	36,996	40,000	36,515	40,000	-	0%
6310	Street Services	265,113	525,000	453,915	525,000	-	0%
6405	Permits	5,670	5,000	4,860	-	(5,000)	-100%
PIPELINE MAINTENANCE TOTAL		\$2,928,684	\$ 3,017,000	\$ 3,291,193	\$2,826,000	\$ (191,000)	-6%
TOTAL WATER MAINTENANCE		\$3,423,063	\$3,458,000	\$3,680,374	\$3,291,000	\$ (167,000)	-5%

SIGNIFICANT CHANGES IN PROGRAM BUDGET

- Increased Professional Development budget for Class A or B Driver's License renewals for staff.
- Increased Materials & Supplies and Tools budgets for staff who will provide in-house labor for a Water Main Replacement CIP Project.

9%
Program
Budget Allocation
[\$3,291,000]



WASTEWATER COLLECTION

Program Summaries Section

Program Summaries Contents

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

PROGRAM PERSONNEL

Sr. Field Service Worker	1
Field Service Worker III	1
Field Service Worker II	2
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Total Full-Time	4

PROGRAM STRUCTURE



Wastewater Collection prevents wastewater spillage and leaks by monitoring and maintaining wastewater pipelines.

WASTEWATER COLLECTION



The Wastewater Collection program performs routine inspections, cleaning, repairs, and replacement of the District’s 230 miles of collection pipelines. The District’s collection system has been engineered to use best practice gravity flow conveyance prior to treatment. California public health code mandates the District is responsible for inspection of wastewater collection systems.

The pipeline inspection program uses a sewer inspection camera/transporter and closed-circuit television (CCTV) technology. The videoing software allows the operator to document pipeline condition attributes and location data for maintenance or replacement consideration. Along with videoing the collection pipeline, the Program conducts a weekly sewer cleaning program using specialized equipment. The jetting program ensures the whole system is cleaned within 24 months, and high maintenance areas are cleaned more regularly.

Goals

Objectives

1 Continue Wastewater Collection System Maintenance and Management

1. Video inspect and assess 75 miles of District sewer mains between the northern and southern District boundaries, and east of Victoria.
2. Clean 230 miles of sewer main.
3. Develop communication protocols for Collection staff to notify SNRC staff of specialized maintenance activities (tree root chemicals, insects, etc).

2 Provide Support for New Fats, Oils, and Grease (FOG) Program

1. Identify high maintenance areas within the collection system for the new contracted FOG inspector.
2. Assist FOG inspector in prioritizing correction efforts.

3 Keep Sewer Mains Clear of Pests and Obstructions

1. Video sewer mains to identify root intrusions.
2. Schedule foam blasting of identified areas to control roots.
3. Schedule spraying of 2,500 manholes for insect control.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Continued Wastewater Collection System Maintenance and Management

- Video inspected and assessed all District sewer mains between the northern and southern District boundaries, and west of Victoria (75 miles).
- Cleaned 230 miles of sewer main.

Goal Two

Provided Support for New Fats, Oils, and Grease (FOG) Program

- FOG program is on hold until the SNRC is operational, and a FOG inspector is contracted.

Goal Three

Assisted with Updating the Sewer System Management Plan (SSMP)

- Provided collection data for the SSMP.
- Updated collection system assets listed in the next SSMP.

LEVELS OF SERVICE

The Wastewater Collection 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 2020-21	FY 2021-22	FY 2022-23
I-B	Number of staff holding CWEA certifications	4	6	6	5
IV-A	Miles of wastewater mains inspected by video	55	52	71	75
IV-A	Category 1 Sanitary System Overflows reportable to SWRCB	0	0	0	0
IV-C	Miles of wastewater mains jetted / cleaned	230	93	211	230
IV-C	Spot repairs identified and completed	100%	100%	100%	100%

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 273,897	\$ 362,000	\$ 289,201	\$ 371,000	\$ 9,000	2%
5103	Overtime	5,687	9,000	31,664	9,000	-	0%
5200	Benefits	153,921	196,000	112,553	174,000	(22,000)	-11%
OPERATING EXPENSES							
6201	Materials & Supplies	10,558	31,000	6,118	31,000	-	0%
6202	Tools	4,490	5,000	9,487	5,000	-	0%
6301	Contract Services	136,263	273,000	193,670	273,000	-	0%
6305	Treatment Services	9,084,061	-	162,879	-	-	0%
6307	Uniforms	2,310	4,000	1,413	4,000	-	0%
WASTEWATER COLLECTION TOTAL		\$ 9,671,187	\$ 880,000	\$ 806,985	\$ 867,000	\$ (13,000)	-1%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Due to commissioning of the SNRC, this Program's name changed from Wastewater Maintenance to Wastewater Collection.

2%
Program
Budget Allocation
[\$867,000]

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Intentionally



WATER RECLAMATION

Program Summaries Section

Program Summaries Contents

- Governing Board
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- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Water Reclamation Manager	1
Sr. Wastewater Treatment Plant Operator	1
Wastewater Treatment Plant Operator III	4
Wastewater Treatment Plant Mechanic I-II	1
Electrical & Instrumentation Controls Technician	1
<hr/>	
Total Full-Time	8

PROGRAM STRUCTURE



Water Reclamation oversees and manages all operations related to the SNRC to ensure compliance with strict State water quality standards.


WATER RECLAMATION



The Water Reclamation Program is responsible for treating and disinfecting eight million gallons of wastewater per day (MGD). Reclamation of wastewater generated by District customers will transition from a service contracted with the SBMWD, to in-house operations at the newly completed SNRC during FY 2023-24. The SNRC operations include anaerobic digestion for energy generation in order to offset the cost of power needed to operate the plant.

Goals


Objectives

1 Complete Staffing and Training for New Wastewater Treatment Operations 

1. Continue to hire staff in accordance with staffing plan finalized by Human Resources.
2. Ensure new employees are trained for operations and maintenance for the SNRC.
3. Work with Water Quality to procure a contract for the FOG program compliance inspector.

2 Meet and Exceed Compliance Requirements for the SNRC 

1. Implement and manage pre-treatment program.
2. Comply with Air Quality Management District (AQMD) emissions requirements.
3. Comply with recycled water quality requirements.

3 Commence Operations at the SNRC 

1. Complete transition:
 - of wastewater flows to the SNRC over a three-month period,
 - to discharge water to Weaver Basins,
 - to generate on-site renewable energy, and
 - to dispose residual solids.
2. Perform optimization of the Aeration system.
3. Manage new preventative maintenance program.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Completed Staffing and Training for New Wastewater Treatment Operations

- Hired Wastewater Treatment Plant Operator III.
- Solicited for three more staff.
- Updated staffing plan to hire remaining staff next year.
- Staff participated in several training events by different vendors.

Goal Two

Met and Exceeded Compliance Requirements for the SNRC

- Implemented HachWIMS compliance software.
- Negotiated all AQMD and water quality permits.
- Held Title 22 hearing for Effluent permit.
- Updated Sewer Ordinance to establish legal authority to enforce pre-treatment program; includes FOG.

Goal Three

Commenced Operations at the SNRC

- Completed seed sludge investigations.
- Finalized agreement with Anaergia for biosolid residual disposal.
- Implemented a preventative maintenance schedule within Tyler Energov Asset Management software.

LEVELS OF SERVICE

The Water Reclamation 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 2020-21	FY 2021-22	FY 2022-23
I-B	Number of staff holding Wastewater Treatment certifications	6	2	2*	6*
IV-A	Exceed NPDES Requirements (85%) for Removal of BOD and TSS at the SNRC	95%	N/A	N/A	N/A
IV-A	Deliver recycled water to SBVMWD for groundwater recharge	98%	N/A	N/A	N/A
IV-C	Tipping Fees collected from outside haulers	\$3.2M	N/A	N/A	N/A
IV-C	Complaints about noise / odor / congestion by surrounding neighbors	0	5	N/A	N/A

**Pursuant to Division 7, Chapter 9, Section 13627 of the Water Code an Operator with a water treatment certification may operate a wastewater treatment plant of the appropriate grade, the District has hired two Water Treatment certified operators for SNRC Operator positions.*

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ -	\$ 470,000	\$ 171,388	\$ 939,000	\$ 469,000	100%
5103	Overtime	-	7,000	8,152	25,000	18,000	257%
5104	Standby	-	-	-	55,000	55,000	100%
5200	Benefits	-	300,000	272,536	456,000	156,000	52%
OPERATING EXPENSES							
6201	Materials & Supplies	-	35,000	6,380	53,000	18,000	51%
6202	Tools	-	12,000	2,008	21,000	9,000	75%
6203	Office Supplies	-	10,000	65	10,000	-	0%
6204	Chemicals	-	50,000	-	650,000	600,000	1200%
6301	Contract Services	-	221,000	7,800	1,932,000	1,711,000	774%
6303	Printing & Publishing	-	1,000	1,024	1,000	-	0%
6304	Legal Services	-	6,000	1,213	5,000	(1,000)	-17%
6305	Treatment Services	-	7,900,000	8,144,925	3,700,000	(4,200,000)	-53%
6307	Uniforms	-	8,000	458	8,000	-	0%
6401	Utilities	-	1,000	20	1,000	-	0%
6402	Telephone	-	3,000	-	3,000	-	0%
6403	Electricity	-	60,000	183,718	2,000,000	1,940,000	3233%
6404	Fuel	-	15,000	-	16,000	1,000	7%
6406	Postage	-	-	-	1,000	1,000	100%
6501	Membership & Dues	-	4,000	-	12,000	8,000	200%
6502	Professional Development	-	5,000	-	5,000	-	0%
6504	Meetings	-	2,000	95	2,000	-	0%
6505	Employee Recognition	-	1,000	-	1,000	-	0%
WATER RECLAMATION TOTAL		\$ -	\$ 9,111,000	\$ 8,799,782	\$ 9,896,000	\$ 785,000	9%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Transitioning treatment from the SBMWD to the SNRC will result in increased Chemicals, Electricity, and Contract Services budgets.
- Treatment Services budget moved from the Wastewater Collection program.
- Onboarding new positions at the SNRC will result in budget increases in Materials & Supplies, Tools, and Uniforms.

26% Program
Budget Allocation
[\$9,896,000]

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FACILITIES MAINTENANCE

Program Summaries Section

FACILITIES
MAINTENANCE

Program Summaries Contents

- 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 Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Facilities and Fleet Supervisor	1
Facilities Maintenance Worker	1
<hr/>	
Total Full-Time	2

PROGRAM STRUCTURE



Facilities Maintenance ensures District facilities meet standards for aesthetics, functionality, and operation.

FACILITIES MAINTENANCE



Facilities Maintenance is responsible for the maintenance of all District facilities. The District has several locations throughout the 30.1 square mile service area for operating the utility systems. The Program’s oversight includes administration buildings, water facilities, water reclamation facility (SNRC), District-owned vacant properties, and easements. The purpose of the program is to mitigate expenses by maintaining a complex facilities management system to achieve Program Goals.

Goals

Objectives

1 Complete Site Improvements at the Del Rosa Facility

1. Upgrade the facility’s exterior fence to enhance site security.
2. Remove former office trailers located at the site to provide more facility space.
3. Renovate existing restrooms and/or install new portable restrooms.
4. Enhance site security by upgrading doors and locks on the existing warehouse.

2 Continue Phased Upgrades and Rehabilitation of District Facilities

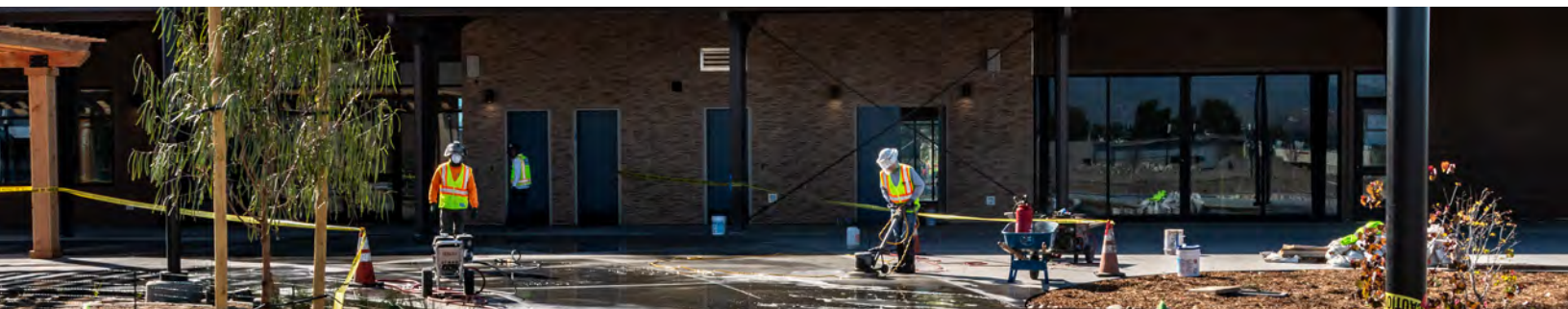
1. Develop a comprehensive site improvement project list.
2. Contract for painting the building at Plant 33.
3. Insulate Plant 59 building.
4. Complete HVAC project by removing swamp coolers and sealing wall openings at Plants 39, 142, and 149.
5. Continue to improve energy efficiency of pump houses and other Plant buildings through lighting upgrades, insulation, and weatherstripping.

3 Assess Security Needs at SNRC, District Headquarters, and Plant 134

1. Determine the most cost-effective solution for physical security at all three sites.
2. Enhance alarm system for building on Administration side of the SNRC.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Completed Long-Term Site Improvements at Plant 39

- Upgraded asphalt roads around storage tanks.
- Deferred construction of restroom for staff-use at Plant 39 due to increased scope of improvements.
- Painted pump house exterior.

Goal Two

Continued Phased Upgrades and Rehabilitation of District Facilities

- Deferred scheduled rehabilitation projects at various Plants due to unanticipated expenditures for SNRC.
- Installed fire suppression system at SNRC.

Goal Three

Tracked Inventory at Del Rosa Location

- Deferred inventory tracking at Del Rosa location due to pending relocation of inventory storage.

Goal Four

Implemented New Facilities Maintenance Tracking Software

- Worked with IT to select Tyler's Energov Asset Management program.
- Transferred existing Facilities' data into new software.
- Worked with IT to develop custom fields for service order requests.

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 2020-21	FY 2021-22	FY 2022-23
IV-C	Close all service work orders timely	<30 Days	<30 Days	<30 Days	<30 Days
IV-C	Systematically rehabilitate buildings at Plant sites (paint, roof, general repairs)*	2	N/A	3	2
IV-C	Complete security fencing upgrades at Plant sites*	1	N/A	1	1
I-A	Identify and conduct energy efficiency measures at Plant facilities*	2	N/A	1	1

*New KPI metric beginning in FY 2021-22.

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 197,409	\$ 203,000	\$ 158,185	\$ 219,000	\$ 16,000	8%
5103	Overtime	16,547	14,000	16,278	14,000	-	0%
5200	Benefits	98,922	110,000	132,906	123,000	13,000	12%
ADMINISTRATION OPERATING EXPENSES							
6201	Materials & Supplies	58,242	40,000	112,525	40,000	-	0%
6202	Tools	1,805	2,000	2,214	2,000	-	0%
6301	Contract Services	280,548	823,500	887,778	772,000	(51,500)	-6%
6306	Rents & Leases	17,994	20,000	20,277	20,000	-	0%
6307	Uniforms	8,521	11,000	8,833	11,000	-	0%
6311	Landscape Services	53,183	131,000	111,720	131,000	-	0%
6312	Janitorial Services	136,213	144,000	149,741	144,000	-	0%
6401	Utilities	49,936	47,000	47,644	37,000	(10,000)	-21%
6402	Telephone	23,554	25,000	22,733	25,000	-	0%
6403	Electricity	168,028	290,000	198,679	290,000	-	0%
6403	Professional Development	-	1,000	-	3,000	2,000	200%
SOURCE OF SUPPLY/WELLS OPERATING EXPENSES							
6201	Materials & Supplies	540	3,000	1,085	3,000	-	0%
6301	Contract Services	27,776	34,000	20,287	34,000	-	0%
6311	Landscape Services	64,586	40,000	86,363	40,000	-	0%
6402	Telephone	701	1,000	916	1,000	-	0%
PUMPS AND BOOSTERS OPERATING EXPENSES							
6201	Materials & Supplies	690	3,000	287	3,000	-	0%
6301	Contract Services	8,050	5,000	10,869	5,000	-	0%
6311	Landscape Services	25,395	35,000	35,216	35,000	-	0%
TREATMENT OPERATING EXPENSES							
6201	Materials & Supplies	3,542	10,000	6,971	10,000	-	0%
6301	Contract Services	14,653	107,000	32,758	22,000	(85,000)	-79%
6311	Landscape Services	26,655	27,000	41,036	27,000	-	0%
6312	Janitorial Services	1,350	2,000	1,800	2,000	-	0%
6401	Utilities	1,737	10,000	1,271	10,000	-	0%
6402	Telephone	20,432	-	25,465	-	-	0%
FACILITIES MAINTENANCE TOTAL		\$ 1,307,009	\$ 2,138,500	\$ 2,133,837	\$ 2,023,000	\$ (115,500)	-5%

SIGNIFICANT CHANGES IN PROGRAM BUDGET

- Increased Contract Services budget due for physical security costs.
- Labor rates and energy costs continue to rise.

5%
Program
Budget Allocation
[\$2,023,000]



FLEET MAINTENANCE

Program Summaries Section

Program Summaries Contents

- 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 Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Fleet Maintenance Coordinator 1

Total Full-Time 1

PROGRAM STRUCTURE



Fleet Maintenance ensures the proper function of vehicles and equipment used in the maintenance of the water and wastewater system.

FLEET MAINTENANCE




Fleet Maintenance is responsible for the preventative maintenance program for all District vehicles and heavy equipment. This includes the procurement of fleet items and maintaining compliance with State and Federal air quality rules and regulations. This program includes partnership with local charitable organizations in need of a vehicle to help continue their mission.

The District fleet is comprised of light and heavy-duty utility trucks for water and wastewater crew members to maintain District infrastructure. The heavy equipment category of the fleet includes large, specialized equipment for routine maintenance and inspection of the water distribution or wastewater collection systems.

Goals

Objectives

1 Assess Future Operations of Fleet Management 

1. Train new Fleet Maintenance Coordinator.
2. Enhance service orders in the Fleet Maintenance Module within Tyler's Energov Asset Management (EAM) software.
3. Complete and distribute a Request for Proposal (RFP) for fuel delivery.
4. Continue installation of EV charging stations.

2 Continue to Implement the Air Quality Management Program

1. Manage all air quality regulations for AQMD and California Air Resources Board (CARB).
2. Transmit emissions data to the Bureau of Automotive Repair (BAR) using new Network Fleet devices.

3 Enhance the Vendor-Managed Fleet Maintenance Program

1. Complete an RFP for mobile maintenance.
2. Provide a list of pre-approved safety repairs and replacements for the RFP.
3. Contract with a vendor to provide detailing for specialized equipment.



Directly Supports the Five-Year Work Plan



FY 2022-23 ACCOMPLISHMENTS

Goal One

Assessed Future Operations of Fleet Management

- Transferred Fleet Maintenance reporting to the new Facilities and Fleet Supervisor.
- Created a new Fleet Maintenance Coordinator position upon retirement of the Equipment Mechanic III.
- Fulfilled the Fleet Maintenance Coordinator position with assistance from Human Resources.

Goal Two

Continued to Implement the Air Quality Management Program

- Hired a consultant to manage all air quality regulations for AQMD and the California Air Resources Board (CARB).
- Transmitted emissions data to the Bureau of Automotive Repair (BAR), using new Network Fleet devices.

Goal Three

Enhanced the Vendor-Managed Fleet Maintenance Program

- Deferred enhancement of the Vendor-Managed Fleet Maintenance Program due to pending fulfillment of Fleet Maintenance Coordinator position.

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 2020-21	FY 2021-22	FY 2022-23
IV-A	Ensure vehicles and equipment are evaluated and replaced on schedule	80% of Net Asset Value	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	2	2

PROGRAM BUDGET DETAIL

		FY 2021-22 Actuals	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 90,728	\$ 91,000	\$ 70,298	\$ 100,000	\$ 9,000	10%
5103	Overtime	216	3,000	1,177	3,000	-	0%
5200	Benefits	48,558	55,000	21,555	41,000	(14,000)	-25%
OPERATING EXPENSES							
6201	Materials & Supplies	148,259	100,000	141,917	100,000	-	0%
6202	Tools	16,801	5,000	8,514	15,000	10,000	200%
6203	Office Supplies	27	1,000	70	5,000	4,000	400%
6301	Contract Services	248,704	260,100	260,481	250,000	(10,100)	-4%
6307	Uniforms	1,571	1,000	1,327	1,000	-	0%
6402	Telephone	569	1,000	304	1,000	-	0%
6404	Fuel	175,812	229,900	245,700	240,000	10,100	4%
6501	Memberships & Dues	-	3,000	-	3,000	-	0%
6502	Professional Development	-	1,000	-	1,000	-	0%
FLEET MAINTENANCE TOTAL		\$ 731,245	\$ 751,000	\$ 751,343	\$ 760,000	\$ 9,000	1%

SIGNIFICANT CHANGES
IN PROGRAM BUDGET

- Created a new Fleet Maintenance Coordinator position upon retirement of the Equipment Mechanic III.

2%
Program
Budget Allocation
[\$760,000]

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Intentionally

FY 2023-24
CAPITAL BUDGET



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Capital Budget Contents

- Capital Budget Overview
- Capital Improvement Projects
- Infrastructure Accomplishments

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

CAPITAL BUDGET



The District includes two types of capital expenditures in its Capital Budget. The two types are, 1) routine purchases and replacement of assets, referred to as Capital Outlay, and 2) non-routine construction project expenditures that are part of the District’s Capital Improvement Program.

The District’s FY 2023-24 Capital Budget contains \$9,190,000 in total capital expenditures. Of this amount, \$1,165,000 are Capital Outlay, which typically include requests to replace vehicles, computer and office equipment, and to contract for infrastructure planning studies. The remaining proposed capital expenditures of \$8,025,000 are current year (Year 1) costs pertaining to projects shown in the District’s Capital Improvement Program, presented in greater detail in the remainder of this section.

As the District prepares to commence operations at the new SNRC water reclamation plant in the fall of 2023, care has been taken to not overextend financial and human resources by committing to starting multiple new projects in the upcoming Fiscal Year. Projects with external funding or regulatory requirements, or that are ‘shovel ready’, are moving forward, but the successful startup of the SNRC is a top priority. A summary of the proposed FY 2023-24 Capital Budget is shown below.

CAPITAL BUDGET SUMMARY

Capital Outlay (Routine)		Capital Improvement Program	
Computer Hardware / Software	\$ 155,000	Automated Metering Enhancements	\$ 150,000
Board Room Technology Upgrades	85,000	Storage Tank / Reservoir Design	800,000
Infrastructure & Emergency Planning Studies	575,000	Plant 101 - Rehab Hydro System	1,500,000
Service Trucks	200,000	Water Main & Gate Valve Replacements	650,000
Website Redesign	150,000	Plant 134 Membrane Replacements	250,000
		General Facilities Rehab / Relocation	375,000
		SNRC Water Reclamation Plant	4,300,000
TOTAL CAPITAL OUTLAY	\$ 1,165,000	TOTAL CIP EXPENDITURES	\$8,025,000

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, Program Managers and Supervisors compile and submit a list of Capital Outlay requests for consideration. The requests are reviewed and prioritized by the management 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 fund (water, wastewater or water reclamation) that will benefit from use of the capital item. Items that benefit all funds are allocated accordingly.

FY 2023-24 CAPITAL OUTLAY

	Water	Wastewater	Water Reclamation	Total
FUNDED BY OPERATING REVENUE				
Boardroom Enhancements	\$ 60,000	\$ 25,000	-	\$ 85,000
Emergency Plan Updates	100,000	50,000	-	150,000
Website Redesign	100,000	50,000	-	150,000
Hardware Replace (PCs, Laptops, phones)	35,000	-	-	35,000
Firewall Standardization	50,000	35,000	35,000	120,000
Water Master Plan Update	300,000	-	-	300,000
Salt Mitigation Feasibility Study	-	-	125,000	125,000
Pickup Trucks (4)	50,000	100,000	50,000	200,000
TOTAL CAPITAL OUTLAY	\$ 695,000	\$ 260,000	\$ 210,000	\$ 1,165,000

Capital Improvement Program (CIP) and Prioritization

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 Program is responsible for maintaining the District's Capital Improvement Program and consults various sources for project planning. 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. 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 specific project.

For FY 2023-24, the 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 Capital Improvement Program projects for \$8,025,000—total project costs for the projects in process are approximately \$31.1 million over the next five years. The names of the projects funded, and the reasons for their prioritization this year include:



Automated Metering Infrastructure (AMI) Enhancements

The District completed installation of remote-read meters for all customer accounts in 2021. Some read captures have been inconsistent, so staff is proposing an additional data collector tower and a new mobile collector, as well as the addition of remote read meters on commercial fire services to detect unauthorized usage through these connections. Total cost for the 2023-24 fiscal year is proposed at \$150,000. This project is prioritized to mitigate the need for staff to manually confirm/take reads when an AMI system has been installed.



Canal Zone Storage Reservoir

This project is to design and build additional water storage in the District's Canal Pressure Zone. If approved, the District will complete 100% design work on two 1.5 million gallon storage reservoirs which were recommended in the District's Water System Master Plan. Proposed expenditures for FY 2023-24 are \$300,000 to be paid from capacity fees collected from developers. This project is a priority as it will help ensure system capacity for new development currently being built or planned.



Plant 134 Membrane Replacement

This project will complete the changeout of original treatment membrane cartridges installed during the plant's upgrade / expansion in 2010. Four other trains of membrane cartridges had previously been replaced, leaving just this one to be addressed. Replacement of the fifth and final train has been included in the FY 2023-24 budget at an estimated cost of \$250,000. This project has been deferred for three years and has now become a priority in order to reinstate a replacement schedule for the filter cartridges used at this critical water supply facility.



Storage Tank Rehabilitation

The District has created a priority list for the systematic rehabilitation of existing tanks to ensure their dependability and years of future service. A 0.5 million gallon storage tank at the District's Plant 56 is proposed for rehabilitation in FY 2023-24 at an estimated cost of \$500,000 to be funded by water operating revenue. This project is a priority as it proactively addresses potential public health and safety concerns.



Plant 101

A hydropneumatic tank and booster station, that serves residents living at an elevation where water cannot be delivered by gravity, needs to be replaced. The design for the work has been completed so construction work is being proposed for FY 2023-24 at an estimated cost of \$1,500,000. This project is a priority as it solves a potential health and safety issue for the residents it serves.



Water Main Replacements

The District has scheduled the replacement of two water main pipelines to be completed by District maintenance crews. Estimated cost for these projects is \$350,000. The projects are designated as priority as they will reduce future responses for leak calls and increase fire flows which are directly related to public health and safety.



Gate Valve Replacements

The District has identified approximately 80 gate valves that are frozen or broken and therefore cannot be used for emergency shutdowns. This project proposes to replace between 20 and 40 of the defective valves during FY 2023-24 at an estimated cost of \$300,000 and has been given priority status due to public health and safety concerns in the event of an emergency situation.



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 2023-24 are \$375,000 to be funded by water operating revenue. These funds are kept available in the event of a notification by another agency.



SNRC Water Recycling Facility

This major wastewater treatment project has experienced delays due to supply chain disruptions but is expected to be completed in fiscal year 2023-24. Remaining costs to complete are approximately \$4,300,000 and are shown in the proposed capital budget for FY 2023-24. This project is a priority due to the period of availability for state funds and the lost opportunity of storing recycled water.

The following Capital Improvement Projects section includes further detail for each of the projects that have been proposed for funding in FY 2023-24.

Impact of Capital Improvement Program Project Investments on Operating Budgets

The capital projects described in this section will have varying impacts on future operating expenses, both in increased costs and cost savings. The SNRC will have both operational costs and new revenue streams. Proposed treatment processes at the District’s Surface Water Treatment Plant (Plant 134) will allow the District to run the plant at higher capacity and more fully utilize hydroelectric generation equipment and offset power costs.

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 solid waste digesters at the facility will allow the District to tap into other revenue streams such as solid waste carrier tipping fees 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 OVERVIEW

	Annual Impact on Operations	Nature of Impact
AMI Metering Upgrades	\$ (30,000)	Reduced Staffing Commitments (Overtime)
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	\$ (8,580,000)	

CIP FIVE-YEAR PROGRAM SCHEDULE (FY 2024-28)

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
WATER						
Meters - AMI Enhancements	\$ 150,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 750,000
Canal Zone Storage Reservoir	300,000	-	2,200,000	2,200,000	-	4,700,000
Plant 134 - Membranes Replacement	250,000	-	-	250,000	250,000	750,000
Plant 134 Turbidity Meters and Clean-in-Place Equipment	-	130,000	-	-	-	130,000
Tank/Reservoir Rehabilitation	500,000	650,000	650,000	650,000	650,000	3,100,000
Plant 101 - Rehabilitation Hydro System	1,500,000	-	-	-	-	1,500,000

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
East Surface Water Treatment Plant	-	-	-	-	1,000,000	1,000,000
Water Main Replacements - Seismic Mitigation	-	1,000,000	1,000,000	1,000,000	-	3,000,000
New Wells	-	2,700,000	1,300,000	-	-	4,000,000
Water Main Rehabilitation - Elmwood Road	200,000	-	-	-	-	200,000
Water Main Rehabilitation - Valaria Court	150,000	-	-	-	3,600,000	3,750,000
Gate Valve Replacement Program	300,000	300,000	-	-	-	600,000
Facility Relocations	100,000	100,000	100,000	100,000	100,000	500,000
Facility Relocation - Baseline Bridge Water Main	-	730,000	-	-	-	730,000
Facility Rehabilitations	275,000	75,000	75,000	75,000	75,000	575,000
Transmission Main - Plant 134 to Upper Zone	-	-	-	500,000	-	500,000
WATER SUBTOTAL	\$3,725,000	\$5,685,000	\$5,525,000	\$4,975,000	\$5,875,000	\$25,785,000
WASTEWATER						
Wastewater Main Rehab	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 400,000
SNRC - Inspections, Project Mgt, and Compliance Mgt	300,000	-	-	-	-	300,000
SNRC - Construction	4,000,000	-	-	-	-	4,000,000
WASTEWATER SUBTOTAL	\$4,300,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 4,700,000
RECLAMATION						
Replace Diffusers and UV Lamps	\$ -	\$ -	\$ -	\$ -	\$ 650,000	650,000
RECLAMATION SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ 650,000	\$ 650,000
TOTAL	\$8,025,000	\$5,785,000	\$5,625,000	\$5,075,000	\$6,625,000	\$ 31,135,000

CIP FIVE-YEAR FUNDING SCHEDULE (FY 2024-28)

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
Water Operating Revenue	\$ 3,425,000	\$ 5,185,000	\$ 5,025,000	\$ 4,975,000	\$ 5,875,000	\$ 24,485,000
Water Replacement Reserve	-	-	-	-	-	-
Water Capacity Fees	300,000	500,000	500,000	-	-	1,300,000
New SRF Funding	-	-	-	-	-	-
Wastewater Operating Revenue	300,000	100,000	100,000	100,000	100,000	700,000
Reclamation Replacement Reserve	-	-	-	-	650,000	650,000
Existing Grants / Loans	4,000,000	-	-	-	-	4,000,000
TOTAL	\$8,025,000	\$ 5,785,000	\$ 5,625,000	\$ 5,075,000	\$ 6,625,000	\$ 31,135,000

CIP FY 2023-24 PROPOSED FUNDING

	Water Fund Operating Revenue	Wastewater Fund Operating Revenue	Grants/ Loans Other Fund	Project Total
WATER				
Meters - AMI Enhancements	\$ 150,000	\$ -	\$ -	\$ 150,000
Canal Zone Storage Reservoir	-	-	300,000	300,000
Plant 134 - Membranes Replacement	250,000	-	-	250,000
Tank/Reservoir Rehabilitation	500,000	-	-	500,000
Plant 101 - Rehabilitation Hydro System	1,500,000	-	-	1,500,000
Water Main Rehabilitation - Elmwood Rd	200,000	-	-	200,000
Water Main Rehabilitation - Valaria Ct	150,000	-	-	150,000
Gate Valve Replacement Program	300,000	-	-	300,000
Facility Relocations	100,000	-	-	100,000
Facility Rehabilitations	275,000	-	-	275,000
WATER SUBTOTAL	\$3,425,000	\$ -	\$ 300,000	\$ 3,725,000
WASTEWATER				
SNRC - Inspections, Project Mgt, Compliance Mgt	\$ -	\$ 300,000	\$ -	\$ 300,000
SNRC - Construction	-	-	4,000,000	4,000,000
WASTEWATER SUBTOTAL	\$ -	\$ 300,000	\$ 4,000,000	\$ 4,300,000
TOTAL	\$3,425,000	\$ 300,000	\$ 4,300,000	\$ 8,025,000



CAPITAL IMPROVEMENT PROJECTS

Capital Budget Section

Capital Improvement Projects

- Meter Replacement Program
- Canal Zone Storage Reservoir
- Plant 134 Treatment Membrane Replacement
- Tank/Reservoir Rehabilitation
- Plant 101 Hydro Tank Rehabilitation
- Water Main Replacement - Elmwood Road
- Water Main Replacement - Valaria Court
- Facility Relocations
- Facility Rehabilitations
- Gate Valve Replacement Program
- Sterling Natural Resource Center

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.

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Intentionally

METER REPLACEMENT PROGRAM



Start Date:
July 2023

Estimated Completion:
June 2024

Project Type:
Water

Location:
All Service Connections
throughout the District

Project Manager:
Meter Services/Operations

Total Project Cost:
\$150,000

Prior Years Budget:
N/A

Capital Requests:
Previously
Programmed Project



Project Description

The installation of Advanced Metering Infrastructure (AMI) hardware, software, and meters throughout the entire District was completed in April 2021. Since that time District staff has been troubleshooting and monitoring performance of the AMI system, and in doing so has determined that data capture and communication could be enhanced by the installation of an additional data collector tower in the central west area of the District. In addition, staff proposes to install AMI meters on all commercial fire services and to replace a mobile meter data collector used by staff to collect reads when communications from fixed data collectors is unreliable. \$150,000 has been included in the capital budget for this work in FY 2023-24.

OPERATING BUDGET IMPACT

Additional Staff Salaries

The installation of an additional collector should reduce the amount of staff time required to collect manual reads of meters that cannot be picked up by the automated metering infrastructure-estimated at 30 hours per month. The addition of automated meters on hydrants will help to explain water losses, whether use of water through the hydrants, intentional misuse, or use for fire suppression.

Debt Service

N/A

Maintenance/Utilities

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

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	150,000	-	200,000	200,000	200,000	750,000
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 150,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 750,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 150,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 750,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 150,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 750,000

Benefits to the Community



Enhance operations by digitizing consumption information.



Provide customers with reliable meter information.



Help identify water leaks and losses sooner.



CANAL ZONE STORAGE RESERVOIR



Start Date:

July 2022

Estimated Completion:

June 2025

Project Type:

Water

Location:

Applewood Street, Highland

Project Manager:

Engineering

Total Project Cost:

\$4,600,000 to be Funded
by Development Over Time

Prior Years Budget:

\$455,000

Capital Requests:

Ongoing Project



Project Description

The purpose of this project is to design and build additional water storage in the District’s Canal Pressure Zone. The District purchased a property for this purpose in 2019 that is anticipated to accommodate two 1.5-million-gallon storage reservoirs. The District’s Water System Master Plan determined that the Canal Zone does not have excess capacity for new development to buy into. Consequently, one 1.5-million-gallon storage reservoir will be constructed to provide the 0.8 million gallons of additional storage that is expected to be needed in the Canal Zone in the next 5 years, and 0.7 million gallons of storage for development beyond 5 years. \$300,000 has been included in the FY 2023-24 budget for completion of the design of this reservoir site.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

The annualized maintenance cost is estimated to be \$60,000.

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	2,000,000	2,000,000	-	4,000,000
Project Mgmt/Inspection	-	-	200,000	200,000	-	400,000
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 300,000	\$ -	\$ 2,200,000	\$ 2,200,000	\$ -	\$ 4,700,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ 1,700,000	\$ 1,700,000	\$ -	\$ 3,400,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	300,000	-	500,000	500,000	-	1,300,000
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 300,000	\$ -	\$ 2,200,000	\$ 2,200,000	\$ -	\$ 4,700,000

Benefits to the Community



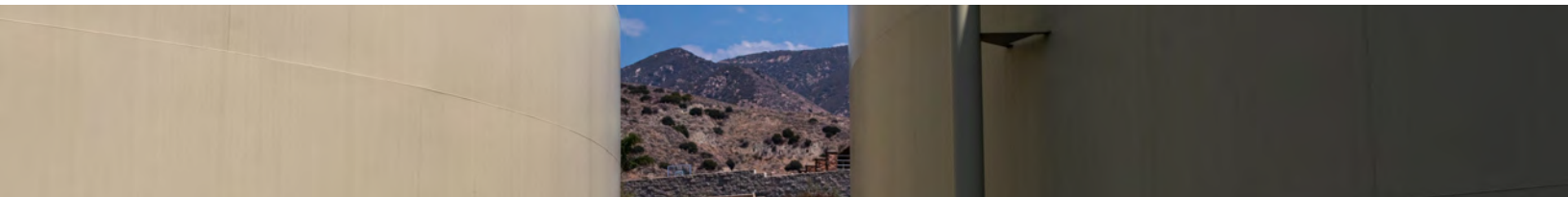
Enhance plant operations to maintain a reliable service.



Provide additional water storage capacity.



Allow the District to continue to meet the community's water needs.



PLANT 134 TREATMENT MEMBRANE REPLACEMENT



Start Date:
October 2023

Estimated Completion:
February 2024

Project Type:
Water

Location:
4588 Highland Avenue,
Highland

Project Manager:
Water Treatment

Total Project Cost:
\$1,243,578

Prior Years Budget:
\$993,000

Capital Requests:
Ongoing Project



Project Description

Plant 134, the District's surface water treatment plant, has five water filtration trains that consist of 180 membrane filters each. 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. Three more full trains of membranes were replaced in each of the three succeeding years. Replacement of the membranes in the fifth and final train has been deferred due to funding requirements by other key projects, and the staff's increased ability to make effective repairs to the existing membranes. In FY 2023-24, staff plans to complete the replacement of filters in the fifth train and get the District back on a replacement schedule as the filters in train one have now been in service for five years. \$250,000 has been included in the FY 2023-24 budget for filter replacements.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

N/A

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	250,000	-	-	250,000	250,000	750,000
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 750,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 750,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 750,000

Benefits to the Community



Maintain the quality and safety of water provided to the community.



Allows the District to continue to meet local, State, and Federal water quality requirements.



Enhance the surface water treatment process.



TANK / RESERVOIR REHABILITATION



Start Date:
October 2023

Estimated Completion:
June 2024

Project Type:
Water

Location:
End of Shasta Drive near
Hemlock Drive, Highland

Project Manager:
Engineering

Total Project Cost:
\$500,000

Prior Years Budget:
Costs from Previous Tank
Rehabilitations Do Not
Accumulate

Capital Requests:
New Project



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 FY 2023-24 the District will contract for the rehabilitation of the tank at Plant 56; a 500,000 gallon, welded steel storage tank serving the District's Foothill zone. The inspection program had noted moderate corrosion to the tank's ceiling rafters and flanges, and the interior and exterior coatings are now 25 years old, typically the maximum life expectancy for tank coatings. The estimated cost for making any structural repairs and recoating the tank's interior and exterior surfaces is \$500,000.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

N/A

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 50,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 310,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	450,000	585,000	585,000	585,000	585,000	2,790,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 500,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 3,100,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 500,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 3,100,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 500,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 3,100,000

Benefits to the Community



Help prolong the tank's life to continue serving the community.



Install anti-corrosion system and make repairs to maintain tank reliability.



Identify and assess structural concerns to protect the Plant during an earthquake.



PLANT 101 HYDRO TANK REHABILITATION



Start Date:

July 2021

Estimated Completion:

June 2024

Project Type:

Water

Location:

3045 N. Mountain Top Drive, Highland

Project Manager:

Engineering

Total Project Cost:

\$1,896,000

Prior Years Budget:

\$396,000

Capital Requests:

New Project



Project Description

The Hydro-pneumatic tank and booster pumps at Plant 101 increase water pressure to 37 homes that are situated at elevations too high to be gravity fed by the plant's 1.4-million-gallon reservoir; the Hydro tank is the only means of serving these customers with sufficient water pressure. An inspection of Plant 101 revealed that the Hydro Tank and booster pumps need to be replaced, but those tasks were deferred until an on-site emergency generator could be installed. With the generator now in place, and design for the tank and boosters complete, replacement of the tank and boosters can be scheduled. Staff proposes to bid and complete these replacements during FY 2023-24. An estimated cost of \$1,500,000 has been included in the FY 2023-24 budget for this project.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

N/A

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	1,500,000	-	-	-	-	1,500,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000

Benefits to the Community



Enhance plant operations to maintain service reliability.



Facility allows the District to continue meeting the community's water needs



Allows the District to continue to meet local, State, and Federal system requirements.



WATER MAIN REPLACEMENT - ELMWOOD ROAD



Start Date:
September 2023

Estimated Completion:
June 2024

Project Type:
Water

Location:
North of Lynwood Drive and
West of Dogwood Street,
Highland

Project Manager:
Operations

Total Project Cost:
\$200,000

Prior Years Budget:
N/A

Capital Requests:
New Project



Project Description

This project will replace 1,127 feet of 4” wrapped steel water main in Elmwood Road, starting north from Lynwood Drive and then turning east to connect to the main in Dogwood Street. The new main will consist of 6” ductile iron pipe and will provide two benefits: enhanced fire flow capacity, and access to the pipeline in public right of ways rather than in private property where many sections of the existing main are aligned.

Work will be performed in-house by District water maintenance crews and will take approximately three weeks to complete.

OPERATING BUDGET IMPACT

Additional Staff Salaries

No additional salaries are required to install or maintain this new main.

Debt Service

N/A

Maintenance/Utilities

N/A

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	60,000	-	-	-	-	60,000
District Labor	120,000	-	-	-	-	120,000
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	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

Benefits to the Community



Protects community health and safety of the community.



Replaces water main to prevent a future break.



Allows the District to continue to meet the community's water needs.



WATER MAIN REPLACEMENT - VALARIA COURT



Start Date:
September 2023

Estimated Completion:
June 2024

Project Type:
Water

Location:
East of Valaria Drive,
Between Avalon and Holly
Vista Drives, Highland

Project Manager:
Operations

Total Project Cost:
\$150,000

Prior Years Budget:
N/A

Capital Requests:
New Project



Project Description

This project will replace 224 feet of undersized 3-inch polyvinyl chloride (PVC) water main in Valaria Court, a six home cul-de-sac extending east off of Valaria Drive. Replacing the existing main with new 6" ductile iron pipe will enhance fire flow capacity and allow the District to install a fire hydrant at the pipes terminus.

Work will be performed in-house by District water maintenance crews and will take approximately three weeks to complete.

OPERATING BUDGET IMPACT

Additional Staff Salaries

No additional salaries are required to install or maintain this new main.

Debt Service

N/A

Maintenance/Utilities

N/A

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 15,000	\$ -	\$ -	\$ -	\$ 360,000	\$ 375,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	45,000	-	-	-	1,080,000	1,125,000
District Labor	90,000	-	-	-	2,160,000	2,250,000
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,600,000	\$ 3,750,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,600,000	\$ 3,750,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,600,000	\$ 3,750,000

Benefits to the Community



Protects community health and safety of the community.



Replaces water main to prevent a future break.



Allows the District to continue to meet the community's water needs.



GATE VALVE REPLACEMENT PROGRAM



Start Date:

July 2023

Estimated Completion:

June 2025

Project Type:

Water

Location:

Districtwide

Project Manager:

Operations

Total Project Cost:

\$300,000 Per Year for
Two Years

Prior Years Budget:

N/A

Capital Requests:

New Project



Project Description

The District's water distribution pipeline system has approximately 8,000 gate valves which allow damaged / leaking water mains to be isolated while repair work is being performed. These valves must be routinely exercised in order to prevent them from corroding and seizing, rendering them unable to serve their purpose. Even with routine exercising, some valves eventually seize and need to be replaced.

There are approximately 105 inoperable or broken valves in the District's distribution system which the District plans to replace using a combination of in-house and contracted labor. Working from a prioritized list, 40 valves will be selected for replacement in each of the next two years.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

There will be no significant change in maintenance costs associated with this replacement program.

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	185,000	185,000	-	-	-	370,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	25,000	25,000	-	-	-	50,000
District Labor	90,000	90,000	-	-	-	180,000
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 600,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 600,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 600,000

Benefits to the Community



Reduce service interruptions during water main leaks or repairs.



Enhance the water distribution system to continue providing a reliable service.



Repair and extend the useful life of the distribution system.



FACILITY RELOCATIONS



Start Date:

July 2023

Estimated Completion:

June 2024

Project Type:

Water

Location:

Districtwide

Project Manager:

Engineering

Total Project Cost:

\$100,000 for FY 2023-24
Budgeted Annually

Prior Years Budget:

\$100,000

Capital Requests:

Annual Budget Request



Project Description

The District's service area covers all of the City of Highland, parts of the City of San Bernardino and parts of San Bernardino County. 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 obliged to relocate its facilities. This project budget serves to fund relocation costs as they arise.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

N/A

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	100,000	100,000	100,000	100,000	100,000	500,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	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

Benefits to the Community



Relocate system facilities to maintain service reliability.



Work with local agencies to ensure a smooth transition with minimal service interruptions.



Extend the useful life of the distribution system.



FACILITY REHABILITATIONS



Start Date:

July 2023

Estimated Completion:

June 2024

Project Type:

Water

Location:

Districtwide

Project Manager:

Operations

Total Project Cost:

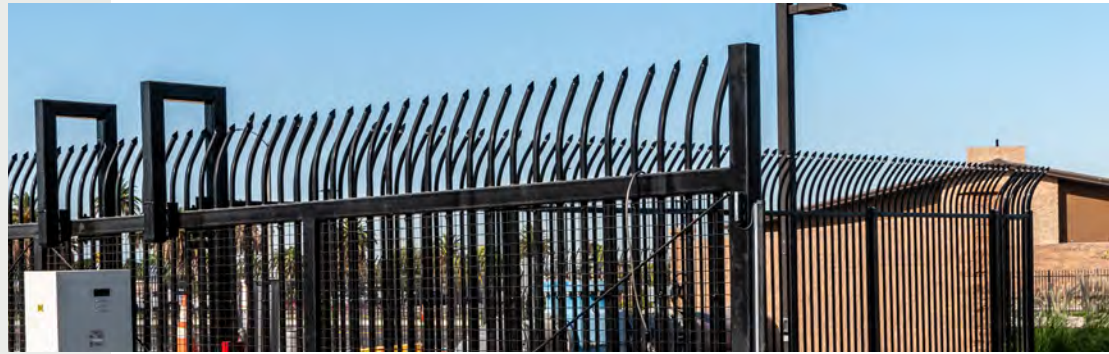
\$275,000 for FY 2023-24
Budgeted Annually

Prior Years Budget:

\$275,000 for FY 2022-23

Capital Requests:

Annual Budget Request



Project Description

This project involves scheduled capital improvements to District facilities that can be performed within a single fiscal year. Improvements planned for FY 2023-24 include upgrade to wrought iron security fencing at District Plants 28 and 33 and at the District Headquarters.

OPERATING BUDGET IMPACT

Additional Staff Salaries

N/A

Debt Service

N/A

Maintenance/Utilities

Improved security fencing will help deter intrusion onto District property and vandalism.

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	260,000	75,000	75,000	75,000	75,000	560,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 275,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 575,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 275,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 575,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 275,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 575,000

Benefits to the Community



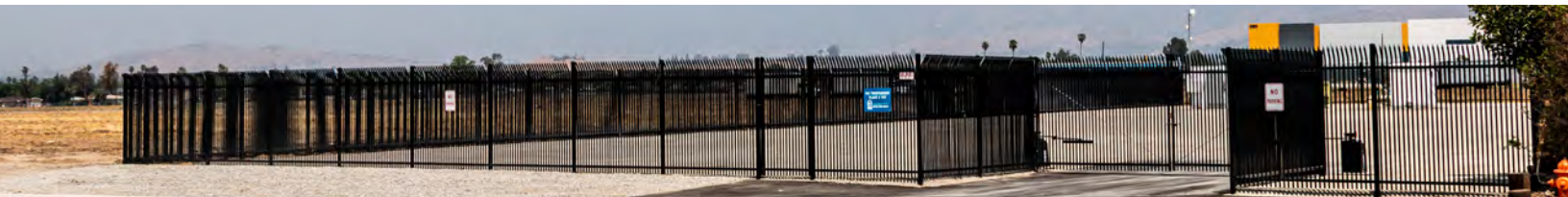
Enhance the security of water facilities.



Prevent unauthorized access.



Extend the useful life of water facilities.



STERLING NATURAL RESOURCE CENTER (SNRC)



Start Date:
January 2014

Estimated Completion:
December 2023

Project Type:
Water

Location:
25318 and 25376 5th Street,
Highland

Project Manager:
Engineering

Total Project Cost:
\$238,198,000

Prior Years Budget:
\$198,425,000

Capital Requests:
Previously
Programmed Project



Project Description

The District is 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 by District customers. The facility will allow the District to treat wastewater to a point where it can be recharged back into the groundwater basin and reused for domestic purposes. Plant construction is being funded by grants and low interest State Revolving Fund (SRF) loans from the State Water Resources Control Board.

Through June 2023, the District has issued contracts totaling \$238.2 million and incurred approximately \$226.3 million of those contract costs. The District expects to transition all wastewater flows generated by District customers to the SNRC by December of 2023. SRF loan proceeds for \$1.3 million will be used to complete construction on the reclamation plant, while approximately \$8 million in costs remaining on a recycled water pipeline and recharge basins will be paid under a reimbursement agreement with Valley District. Approximately \$300,000 in engineering, permitting, and labor compliance costs will be paid by District operating revenue.

OPERATING BUDGET IMPACT

Additional Staff Salaries

\$1,800,000

Debt Service

\$6,820,000 annually on 1.8% interest, State Revolving Fund Loan

Maintenance/Utilities

\$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.

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.

PROJECT COST

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	4,300,000	-	-	-	-	4,300,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 4,300,000	\$ -	\$ -	\$ -	\$ -	\$ 4,300,000

PROJECT FUNDING

	Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26	Year 4 FY 2026-27	Year 5 FY 2027-28	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	4,000,000	-	-	-	-	4,000,000
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$4,300,000	\$ -	\$ -	\$ -	\$ -	\$ 4,300,000

Benefits to the Community



Water treated at the SNRC will recharge the local Bunker Hill Groundwater Basin.



Picnic area, demonstration garden, walking paths, workshop space, and special events area.



Hands-on training and career experiences in wastewater treatment available to students and residents.



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INFRASTRUCTURE ACCOMPLISHMENTS

Capital Budget Section



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

INFRASTRUCTURE ACCOMPLISHMENTS

Infrastructure improvements represent a significant investment in maintaining a reliable system for the community served by the District. Several Capital Improvement Projects were completed under budget in FY 2022-23 that focused on system improvements for both water and wastewater systems.

Plant 134 Granular Activated Carbon (GAC) Process Improvements

Project Budget: \$3,846,000
Actual Cost: \$3,736,000
Completed: April 2023



Plant 108 Storage Tank Rehabilitation

Project Budget: \$1,271,000
Actual Cost: \$1,134,115
Completed: June 2023



Pleasant Hill Drive Water Main Replacement

Project Budget: \$200,000
Actual Cost: \$196,605
Completed: October 2022



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FY 2023-24
GLOSSARY



*Return to
Table of Contents*

Glossary Contents

- Definitions
- Acronyms
- Chart of Accounts

The budget is formally reviewed each quarter, allowing for an opportunity to take formal budget adjustments to the Governing Board for consideration.

GLOSSARY



Definitions

Technical terms found in the budget document.

A

- **Acre Foot:** A water measurement equal to 325,851 gallons. - pg. 60
- **Advanced Metering Infrastructure:** The technology of collecting meter reads via a network. - pg. 10
- **Air Quality Management District or South Coast Air Quality Management District:** The air pollution agency responsible for regulating stationary sources of air pollution in the South Coast Air Basin, in Southern California. - pg. 215
- **American Water Works Association:** Established in 1881 and is the largest nonprofit, scientific, and educational association dedicated to managing and treating water. - pg. 35
- **Annual Report:** 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. 154

C

- **California Public Employees' Retirement System:** 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. 49
- **California Special Districts Association:** 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. 20

- **Capital Outlay and Construction Costs:**

Capitalized and expenses over the useful life of the asset on a Generally Accepted Accounting Principle basis; shown as a current expenditure on a budget basis. - pg. 49

- **Cityworks:** This platform is designed to help local governments and utilities manage public assets and their associated data, work activities, and business processes. - pg. 160
- **Closed Circuit TV:** The use of video cameras to transmit a signal to a limited set of monitors. - pg. 209
- **Compensated Absence:** An expense that reflects the change in related accrued liabilities during the accounting period on the Generally Accepted Accounting Principle basis, but for budget purposes, expense includes anticipated leave time to be used and/or cashed by employees during the fiscal year. - pg. 45
- **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. 86

D

- **Depreciation:** Recorded annually to expense the cost of a capital asset over its useful life on a General Accepted Accounting Principle basis but is not contemplated on the budget basis. - pg. 40

E

- **Enterprise Fund:** Business-type funds used to report an activity for which a fee is charged to external users for goods or services - pg. 45

F

- **Fees:** Charges for service that are based upon the cost of providing the service. - pg. 37
- **Fiscal Year:** The time frame in which the budget applies. This period is from July 1 through June 30.- pg. i
- **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. 57
- **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. i
- **Fund Equity:** The excess of an entity's assets over its liabilities; a negative Fund Equity is sometimes called a deficit. - pg. 68

G

- **Generally Accepted Accounting Principles:** 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. Generally Accepted Accounting Principles (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 pronouncements. GAAP provides a standard by which to measure financial presentations. - pg. 53
- **Geographic Information System:** 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. 78

- **Governmental Accounting Standards Board:** A private, non-governmental organization who is the source of generally accepted accounting principles used by State and Local governments in the U.S. - pg. 45
- **Governmental Accounting Standards Board 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. 45
- **Government Finance Officers Association:** Represents public finance officials throughout the United States and Canada. - pg. 9
- **Granular Activated Carbon:** A highly porous adsorbent material used during the water treatment process. It is used to remove tetrachloroethylene, also known as perchloroethylene (PCE). - pg. 8
- **Groundwater:** Water that occurs below the surface of Earth. - pg. 8

H

- **Hundred Cubic Feet:** Water billing measurement equal to 748 gallons. - pg. 51

K

- **Key Performance Indicator:** Monitors progress towards meeting program objectives. - pg. 6

L

- **Laserfiche:** A digital content management software. - pg. 156
- **Local Agency Investment Fund:** 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. 64

N

- **North Fork Water Company:** A mutual water company that secures surface water from the Santa Ana River and other available sources for delivery to its shareholders. - pg. 17

P

- **Pension Expense:** Budgeted based on employer contribution rates assigned by the California Public Employees' Retirement System. For financial statement reportion, pension expense is recorded based on the change to the net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68. - pg. 45
- **Principal Payments:** Payments on long-term debt are applied to reduce the outstanding liability on a Generally Accepted Accounting Principle basis; shown as a current expenditure on a budget basis. - pg. 45
- **Purchased Water:** Imported water purchased from the California State Water Project. - pg. 59

R

- **Revenue:** Income generated by assessments, investments, connection fees, stand-by fees, and user charges. - pg. i
- **Reserve:** An account set aside to meet unexpected costs. - pg. 5

S

- **San Bernardino Valley Municipal Water District:** Formed in 1954 as a regional agency to plan a long-range water supply for the San Bernardino Valley. - pg. 8
- **Section Sign (§):** Typographical glyph for referencing numbered sections of a document. - pg. 38
- **Single-Family Residential:** A stand-alone residential building. - pg. 51
- **Sterling Natural Resource Center:** The District is planning and constructing a water recycling center called the Sterling Natural Resource Center. - pg. 3
- **Supervisory Control and Data Acquisition:** Generally refers to an industrial computer system that monitors and controls a process. - pg. 26
- **Surface Water:** Found in large bodies like the oceans or lakes or which flows overland in streams. - pg. 59

T

- **Tyler Accounting System:** The District's enterprise resource planning software that integrates across all business processes and activities. - pg. 149

W

- **Wastewater Collection Sytem Master Plan:** Outlines existing deficiencies and facility requirements to meet increasing demands. It provides a general assessment to creat a comprehensive CIP for the wastewater collection system. - pg. 7
- **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. 7

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ACRONYMS

Glossary Section

The District is committed to sound stewardship and transparent operations, through its presentation of the capital and operating budget to the community.

ACRONYMS



Technical acronyms found in the budget document.

A

- **ACWA:** Association of California Water Agencies - pg. 140
- **AF:** Acre Foot - pg. 60
- **AMI:** Advanced Metering Infrastructure - pg. 10
- **AQMD or SCAQMD:** Air Quality Management District or South Coast Air Quality Management District - pg. 215
- **AWWA:** American Water Works Association - pg. 35

B

- **BAR:** Bureau of Automotive Repair - pg. 227

C

- **CalFire:** California Department of Forestry and Fire and Protection - pg. 22
- **CalPERS:** California Public Employees' Retirement System - pg. 49
- **CARB:** California Air Resources Board - pg. 227
- **CCTV:** Closed-Circuit Television - pg. 209
- **CEO:** Chief Executive Officer - pg. i
- **CFD:** Community Facilities District - pg. 51
- **CGC:** California Government Code - pg. 37
- **CHEF:** Community Heritage Education Foundation - pg. 123
- **CIP:** Capital Improvement Program - pg. 7
- **CISCO:** Computer Information System Company - pg. 156
- **CMUA:** California Municipal Utilities Association - pg. 136
- **COLA:** Cost of Living Adjustment - pg. 57
- **CSDA:** California Special Districts Association - pg. 20

- **CSMFO:** California Society of Municipal Officers - pg. 9
- **CWEA:** California Water Environment Association - pg. 206

D

- **DNS:** Domain Name System - pg. 156
- **DWR:** Department of Water Resources - pg. 230

E

- **EAM:** Enterprise Asset Management - pg. 223
- **EOC:** Emergency Operations Center - pg. 156
- **EPA:** Environmental Protection Agency - pg. 32
- **ERP:** Enterprise Resource Planning - pg. 150

F

- **FY:** Fiscal Year - pg. i
- **FOG:** Fats, Oils, and Grease - pg. 26

G

- **GAC:** Granular Activated Carbon - pg. 8
- **GASB:** Governmental Accounting Standards Board - pg. 45
- **GAAP:** Generally Accepted Accounting Principles - pg. 45
- **GC:** San Bernardino Basin Area Groundwater Council - pg. 17
- **GIS:** Geographic Information System - pg. 78
- **GFOA:** The Government Finance Officers Association - pg. 9

H

- **HCF:** Hundred Cubic Feet - pg. 51
- **HVAC:** Heating, Ventilation, and Air Conditioning - pg. 217

K

- **KPI:** Key Performance Indicator - pg. 6

L

- **LAFCO:** Local Agency Formation Commission - pg. 17
- **LAIF:** Local Agency Investment Fund - pg. 64
- **LRIP:** Local Resource Investment Program - pg. 55

M

- **MG:** Million Gallon - pg. 17
- **MGD:** Million Gallons Per Day - pg. 26
- **MOU:** Memorandum of Understanding - pg. 57

N

- **NFWC:** North Fork Water Company - pg. 17
- **NPDES:** National Pollutant Discharge Elimination System - pg. 212

O

- **OPEB:** Other Post Employment Benefits - pg. 45
- **OT:** Overtime - pg. 57

P

- **PAFR:** Popular Annual Financial Report - pg. 150
- **PRSA:** Public Relations Society of America - pg. 136
- **PRV:** Pressure Regulating Valve - pg. 26
- **PVC:** Polyvinyl Chloride - pg. 250

R

- **RFP:** Request for Proposal - pg. 223
- **RUSD:** Redlands Unified School District - pg. 18

S

- **SAR:** Santa Ana River - pg. 16
- **SBCUSD:** San Bernardino City Unified School District - pg. 18
- **SBMWD:** City of San Bernardino Municipal Water Department - pg. 17
- **SCADA:** Supervisory Control and Data Acquisition - pg. 26
- **SCE:** Southern California Edison - pg. 51
- **SFR:** Single-Family Residential - pg. 3
- **SNRC:** Sterling Natural Resource Center - pg. 3
- **SRF:** State Revolving Fund - pg. 7
- **SSMP:** Sewer System Management Plan - pg. 206
- **SWP:** State Water Project - pg. 16
- **SWRCB:** State Water Resources Control Board - pg. 63

T

- **TSS:** Total Suspended Solids - pg. 212
- **Tyler Accounting System:** - pg. 149

U

- **UAL:** Unfunded Actuarial Liability - pg. 149
- **UCMR5:** Unregulated Contaminant Monitoring Rule 5 - pg. 193
- **U.S. EPA:** United States Environmental Protection Agency - pg. 31

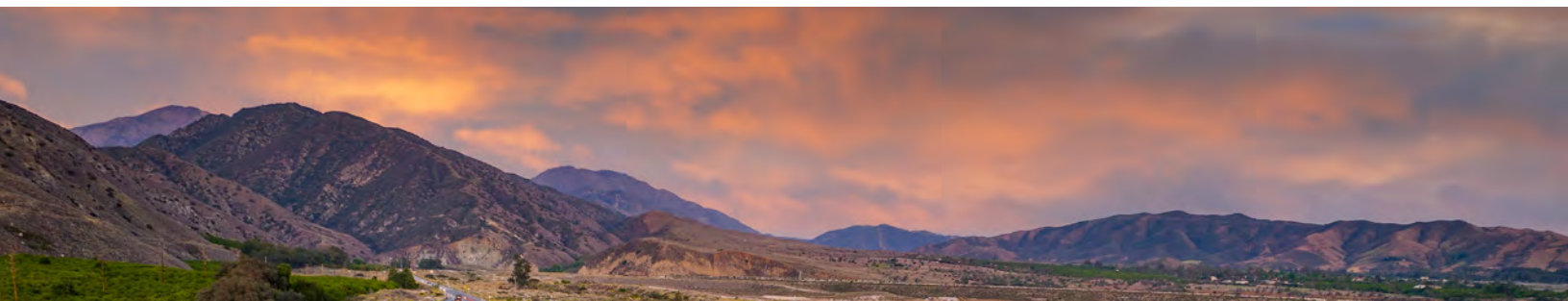




CHART OF ACCOUNTS

Glossary Section



The District actively enhances communication methods to reach a variety of stakeholders.

CHART OF ACCOUNTS



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

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Intentionally



*Enhance and preserve the quality of life for our community
through innovative leadership and world class public service.*



Budget Adopted
[JUNE 28, 2023]

EAST VALLEY WATER DISTRICT

District Headquarters

3111 Greenspot Road
Highland, California 92346

Sterling Natural Resource Center

25318 5th Street
Highland, California 92410

eastvalley.org

District Board Meetings

Second and Fourth Wednesday of Each Month at 5:30pm

District Headquarters Board Room
3111 Greenspot Road
Highland, CA 92346

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