

**VALLEY CENTER MUNICIPAL WATER DISTRICT
MULTI-YEAR BUDGET
2006-06 & 2007-08**

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**VALLEY CENTER MUNICIPAL WATER DISTRICT
MULTI-YEAR BUDGET 2006-07 & 2007-08**

TABLE OF CONTENTS

BUDGET MESSAGE	1-1
Organization Chart	1-25
ADOPTING RESOLUTIONS	
Resolution Adopting 2006-07 & 2007-08 Budget	2-1
Appropriation Limit under Proposition 4	2-5
GENERAL FUND	
Recap of Budget and Source of Financing	3-1
Reserves and Fund Balances	3-2
Revenue Estimate	3-3
Expenditures Recap	3-6
History of Water Purchased and Sold	3-7
General Administration Department	4-1
General Administration	4-3
Human Resources Administration	4-4
Training	4-5
Finance Department	5-1
Administration	5-3
Consumer Services	5-4
Information Systems	5-5
Facilities Operation	5-6
Salary Clearing	5-7
Debt Service	5-8
Engineering Department	6-1
Administration	6-3
Planning and Design	6-4
Public Services	6-5
Encroachments and Locates	6-6
GIS, Maps and Records	6-7
Field Operations Department	7-1
Administration	7-3
Code Enforcement and Safety	7-4
Landscape and Paving Maintenance	7-5
District Security	7-6
Systems Operation	7-7
Telemetry/SCADA	7-8
Treatment	7-9
Automatic Valves	7-10

Field Operations Department, continued	
Reservoir Maintenance	7-11
Pump Maintenance	7-12
Motor Maintenance/Electric Panels	7-13
Quality Control	7-14
Pipeline and Right of Way Maintenance	7-15
Corporate Facilities Maintenance	7-16
Valve Maintenance/Location	7-17
Meter Installation	7-18
Meter Reading	7-19
Service Connection Maintenance	7-20
Backflow Maintenance	7-21
Vehicle and Equipment Maintenance	7-22
Source of Supply	8-1
Capital Outlay	9-1
LOWER MOOSA WASTEWATER TREATMENT FUND	10-1
Recap of Budget and Source of Financing	10-2
Analysis of Cash Position	10-3
Revenue Estimate	10-4
Department Summary	10-5
Treatment Facility	10-6
Collection System West	10-7
STEP Maintenance	10-8
Capital Outlay	10-9
SKYLINE WASTEWATER TREATMENT FUND	11-1
Revenue Estimate	11-2
Wastewater Treatment	11-3
WOODS VALLEY RANCH EXPANSION FUND	12-1
Recap of Budget and Source of Financing, Cash Position, Revenue, Capital	12-2
WOODS VALLEY RANCH WASTEWATER TREATMENT FUND	13-1
Recap of Budget and Source of Financing	13-2
Analysis of Cash Position	13-3
Revenue Estimate	13-4
Wastewater Treatment	13-5
GLOSSARY	Appendix A
BUDGET POLICIES	Appendix B
WATER/SEWER SUMMARY PROJECTIONS	Appendix C
INDEX	Index

*California Society of
Municipal Finance Officers*

**Certificate of Award
For
*Excellence in Operating Budgeting
Fiscal Year 2005-2006***

The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to

Valley Center Municipal Water District

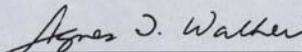
For meeting the criteria established to achieve the EXCELLENCE AWARD in the OPERATING BUDGET CATEGORY.

February 23, 2006





President



Agnes Walker, Chair
Budgeting & Financial Management

Valley Center Municipal Water District was recognized by the California Society of Municipal Finance Officers (CSMFO) for excellence in operational budgeting for Fiscal Year 2005-06 - Our ninth year in a row. We believe our current budget continues to conform to the certificate program requirements, and we are submitting it to CSMFO.

June 19, 2006



TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

**SUBJECT: PROPOSED TWO-YEAR BUDGET FOR:
FISCAL YEARS 2006-2007 and 2007-2008**

PURPOSE:

**As Adopted by the Board of
Directors
on June 19, 2006**

To present and seek adoption of the proposed budget for fiscal years 2006-2007 and 2007-2008.

SUMMARY:

Staff is pleased to present this report along with the proposed fiscal years 2006-07 and 2007-08 operations, maintenance, and capital budgets. The proposed budget includes, for the first time, a two-year appropriation presented by fiscal year. We look forward to your review and analysis toward ultimate adoption prior to July 1, 2006.

DISTRICT DEMOGRAPHICS

Valley Center Municipal Water District (District) was founded on July 12, 1954, pursuant to the California Municipal Water District Law of 1911. Located in northern San Diego County, the District provides water and sewer services to its domestic, agricultural, and commercial customers. Approximately 24,800 people live within the District. The District covers 100 square miles of which approximately 59% receives water services. 80% of the water sold has been used to irrigate avocado and citrus groves as well as for other agricultural purposes.

As a member of the San Diego County Water Authority (CWA) and a sub-agency of the Metropolitan Water District of Southern California (MWD), the District imports 100% of its water from the CWA for resale to District customers. The District has approximately 10,100 water meters and is the second largest water retailer within the San Diego County Water Authority behind only the City of San Diego. The District is also the largest purchaser of agricultural water within the MWD service area.

In addition to water supply, the District provides

Fiscal Year Ended June 30, 2006, Estimates:					
Miles of Water Main					289 miles
Number of Enclosed Reservoirs					42
Maximum Capacity of Enclosed Reservoirs					421 acre feet
Capacity of Non-potable Water in Lake Turner					1,612 acre feet
Number of Pump Stations					26
Number of Pumps					96
Total Pump Capacity					19,940 horsepower
	<u>Domestic</u>	<u>Ag</u>	<u>Commercial</u>	<u>Fire</u>	<u>Total</u>
Active Accounts	6,783	1,700	230	795	9,508
Water Sales in Acre Feet	7,907	34,290	1,440	-	43,637

sanitation service for approximately 2,530 customers through two wastewater treatment facilities: the 500,000 gallon per day (gpd) Lower Moosa Canyon Water Reclamation Facility at Circle R Drive near Old Highway 395 and the second wastewater system which will ultimately serve 270 homes and a golf course in Woods Valley Ranch. Construction of the permanent treatment facility is being performed by the developer. A temporary 50,000 gpd treatment facility plant has been completed and will treat the wastewater flows for the homes connected to the system prior to completion of the permanent plant.

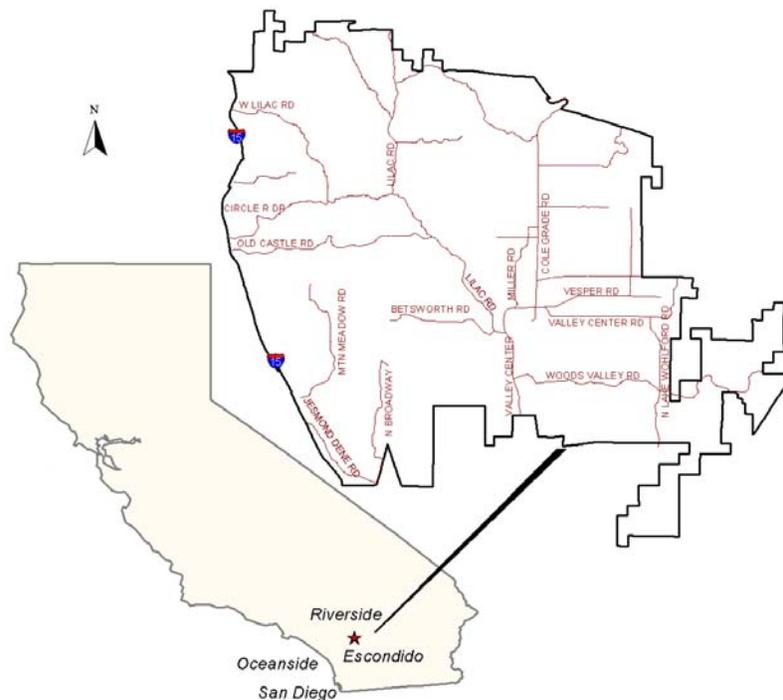
BUDGET DOCUMENTS

The Budget consists of the following sections:

1. This Budget Message.
2. The Adopting Resolutions beginning on page 2-1.
3. A Recap of Budget and Source of Financing in Section 3. This includes a summary of all funds' expenditures, revenues, and reserves; a revenue estimate for the General Fund; an Expenditures Recap for all funds; and a History of Water Purchased and Sold.
4. Detailed budgets for each department. Each consists of:
 - a. A description of the department and a summary of its accomplishments and goals.
 - b. A Department Summary of expenditures by division within the department.
 - c. A budget for each division by account number.
 - d. Detail and justification for each account within the division.
 - e. When required, Fixed Asset Requests for equipment and capital expenditures.

In addition, all funds other than the General Fund are preceded by a Recap of Budget and Source of Financing, Analysis of Cash Position, and Revenue Estimate. This information for the General Fund is included in Section 3.

5. An Appendix containing a Glossary and Budget Policies.



BUDGET PROCESS

The budget process begins with input from all levels of staff. As such, it presents a program we believe to be fiscally sound, prudent, and necessary for the continued efficient operation of the District during the coming year. Budget requests are refined by the Department Heads and approved by the General Manager. The proposed budget is then presented to the Board of Directors (Board) for review and ultimate approval.

Budget Calendar

February 2006	General Manager and Department Heads discuss Budget process.
March 2006	Departments submit Budget requests.
April 3, 2006	Budget policies reviewed by Board of Directors.
May 15, 2006	Overview of Budget reviewed by Board of Directors.
May 30, 2006	Budget submitted to Board of Directors.
June 19, 2006	Budget Review and Approval by Board of Directors

Budget Basis

The budget is prepared on an enterprise basis, as it is the intent of the District that the costs of providing water and wastewater service to the customers of the District are financed primarily through user charges. Revenues and expenses are recognized on the accrual basis in that both revenues and expenses are recognized in the accounting period they are earned or incurred. The budget appropriates funds at the department level. Except for the minor exceptions of vehicles and the wastewater funds, depreciation is not funded in the budget. Funds for the replacement of old pipelines are restricted at the end of each fiscal year as determined by the District's Administrative Code and are not provided in the budget process as further discussed under "Capital Budget" below.

Administrative costs are charged in total to the water operating fund. A portion of these administrative overhead costs incurred by water operations are then allocated to the wastewater funds. This allocation is shown as an expense credit in the applicable water operations divisions.

Approximately seventy-five percent of the budget is for the purchase of water and the energy required to pump water through our distribution system. These costs are presented as "Source of Supply". Only twenty-five percent of the District's costs are directly controlled by the District. These locally controlled costs are influenced by the number of customers we serve and by infrastructure maintenance and improvements. Locally controlled costs are mostly fixed as they are not affected by the volume of water sold.

Spending Limit

Ordinance 171, enacted in 1989 by a vote of the District's residents, established a limitation on the expenditure of District funds for capital improvements. This limitation is adjusted annually on January 1 for the consumer price index. The limitation effective January 1, 2006, is \$1,882,640 per project except that for water storage projects the limitation is \$2,823,968. Expenditures in excess of these limitations must be ratified by a District-wide election. This limitation does not apply to funds expended by property owners, developers, or others for capital projects that will be dedicated to the District, or to funds from assessment or improvement

districts formed in the manner provided by the laws of the State of California. The Valley Center Road Main project included in this budget received voter approval in 1991. All other projects proposed in this Budget are below the specified spending limitations.

Appropriation Limit

Article XIII B of the State Constitution limits increases in property tax revenues. This limit increases annually by a factor comprised of changes in population and per capita personal income or nonresidential construction. Each year the District adopts by resolution (in Section 2 of this budget) the limit calculated under this legislation. The impact of this legislation is felt by cities and those agencies that exist almost entirely on proceeds of taxes, unlike the District which relies almost entirely on user charges. Applicable property taxes received by the District are only one-third the limit established by Article XIII B.

Budget Control and Amendment

The General Manager is responsible for keeping expenditures within budget allocations for positions, salaries, operational expenses, and capital acquisitions, and may adopt budget procedures as necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board or General Manager as described in this budget.

The General Manager may exercise discretion in the administration of the Budget to respond to changed circumstances, provided that any single modification in excess of \$35,000 shall require approval by the Board.

The Department Heads may exercise discretion in the administration of the Budget within a single department to respond to changed circumstances, provided that any single modification in excess of \$10,000 shall require approval by the General Manager.

Except for limited modification by the General Manager as noted above, the Board must authorize any increase in the overall two-year operating budget, capital budget, salary budget, and number of authorized permanent personnel positions above the level identified in the final operating and capital budget. The General Manager may authorize the hiring of temporary or part-time staff as necessary, within the limits imposed by the available funds in the operating and capital budget.

In the event the General Manager determines that an emergency exists requiring immediate action, the General Manager shall have the power, without prior Board action, to enter into contracts and agreements and expend funds on behalf of the District, but not in excess of \$500,000. An emergency is defined in Administrative Code Section 225.2 as “a major disruption in the water distribution system that prevents the District from delivering water, or a situation where a lack of action would prevent the delivery of water to any customer.” Not later than 48 hours after determination of an emergency, the General Manager shall notify the President of the Board the reasons necessitating such determination and the actions taken.

BUDGET POLICIES

The Budget Policies contained in Administrative Code Section 50.2 have been followed in preparing this budget.

1. **Reserves** - Four categories of reserves have been established:

1. Rate Stabilization Reserves have been established to level water rates, fixed wholesale charges, and pumping rates. The projected balances of these reserves on June 30, 2007, and 2008, are:

	Projected Balance <u>6/30/06</u>	Used to Balance <u>06-07 Budget</u>	Projected Balance <u>6/30/07</u>	Used to Balance <u>07-08 Budget</u>	Projected Balance <u>6/30/08</u>	Maximum Reserve allowable by <u>Admin Code</u>
Water Rate Stabilization	137,249	0	137,249	0	137,249	2,998,368
Pumping Rate Stabilization	2,922,126	(174,050)	2,348,076	(328,700)	2,019,376	2,687,000

2. An Operating Reserve of \$5,231,124 for 2006-07 and \$5,566,296 for 2007-08 (approximately six month's operations and maintenance budget excluding wholesale water and power purchases) has been established for emergencies and unforeseen circumstances. Because of our large capital improvement program, operating reserves have been reduced to fund capital projects, and the operating reserve is expected to be one month's budget. The District is planning on issuing debt during the budget period to fund these capital projects, which will enable the operating reserve to be funded at the six month level. No appropriations are made from this reserve in this budget.
3. Restricted Reserves of \$237,905, for both years, consisting of agricultural rebates received from MWD and held for rebate to customers on termination of the agricultural water rate.
4. Capital Projects Reserves consist of funds received for or allocated to future capital improvements, including those as outlined in the Water Master Plan.

	<u>2006-07</u>	<u>2007-08</u>
Projected balance of capital improvement and master plan system improvements reserves, prior year end	\$ 1,451,396	\$ 8,645,149
Debt Proceeds	8,092,500	0
Used to balance budget	<u>(898,747)</u>	<u>(2,947,551)</u>
Balance	<u>\$ 8,645,149</u>	<u>\$ 5,697,598</u>

2. **Fees and Charges** - Each water and sewer system ultimately shall be self-sufficient. Administrative costs incurred by the District are allocated to each system in accordance with general practices and reimbursed to the general fund.

3. **Debt** - Debt proceeds shall be used only for capital projects which cannot be funded while maintaining reserve goals. Long-term debt shall not be used to fund current operating costs. This budget and our financial model show the District will need to issue approximately \$8 million in debt in 2006-07 to fund the projects recommended in our Water Master Plan while maintaining adequate reserves. We are working with our financial advisor to assist the District in preparing for this debt issuance.
4. **One-time and Unpredictable Revenues** - One-time revenues are allocated to the source of the revenue or refunded expenditure and shall not be used to initiate new programs which result in ongoing expenditures. Revenues which cannot be predicted, such as capacity fees, property taxes, and interest, are forecast conservatively in the budget.
5. **Balanced Budget** - Current operating expenditures are funded with current revenues and with rate stabilization reserves as noted above.
6. **Revenue Diversification** - At least 50% of the District's fixed operating expenditures are to be met with the monthly meter service charge and property taxes. For the 2006-2008 two-year budget, 68% and 64% of fixed costs are covered by these fixed charges in fiscal years 2006-07 and 2007-08, respectively. This is due in part to the return of the property tax revenues to pre-ERAF levels.
7. **Contingencies** - The General Manager has the authority to make certain expenditures from the operating reserve and take other actions necessary in case of a major disruption in the water distribution system.



Pumps - Lilac Pump Station

OVERVIEW

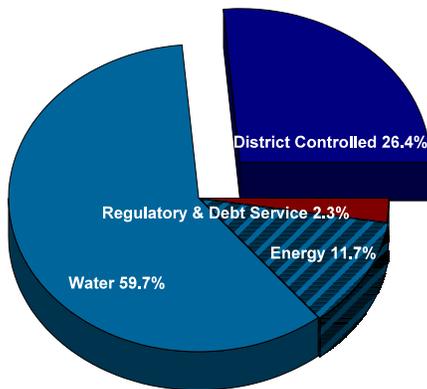
Wholesale costs for 2006-07 will increase 9.7% to \$730.92 per acre foot for domestic and 13.6% to \$523.81 for certified agricultural. In 2007-08 the increases will be 4.9%, \$766.94, for domestic and 5.8%, \$554.15, for certified agricultural. In accordance with Administrative Code Section 160.3(g), all rate changes are passed through to our customers. The rates are more fully explained on page 1-9.

The budget proposes increasing the District's share of the water rate on January 1, 2007 and 2008 from \$93.26 to \$96.43 and to \$99.75 per acre foot. This yearly increase is due to rising operations and maintenance costs within the District. While the rate is to be held as low as possible, the strategic plan has set a goal to keep it less than 13% of total water commodity cost for Municipal and Industrial (M&I) and 16% for Certified Agriculture (Ag). Based on the proposed rates above, our share of the water rate will be 11.7% for M&I and 15.5% for Ag in 2007. In 2008 these figures will be 11.5%, and 15.3% for M&I and AG., respectively.

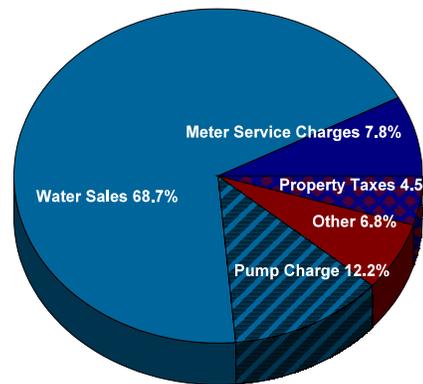
Natural gas prices are showing upward pressure because of continuing low levels of storage and supply problems, including continued conflicts in the Middle East. Based on our best estimate at this time, electricity will average 12.5¢ per kilowatt hour and natural gas \$1.19 per therm, for an aggregate cost of \$97 per acre foot of water purchased for 2006-07. The aggregate cost for 2007-08 is \$100 per acre foot, an increase of 3% over 2006-07.

The budget presented here will produce \$2.1 million from water operations in 2006-07 and \$2.3 million in 2007-08 for use by capital projects. Pumping reserves will be used to offset \$174,050 and \$328,700 of anticipated energy cost increases in 2006-07 and 2007-08, respectively.

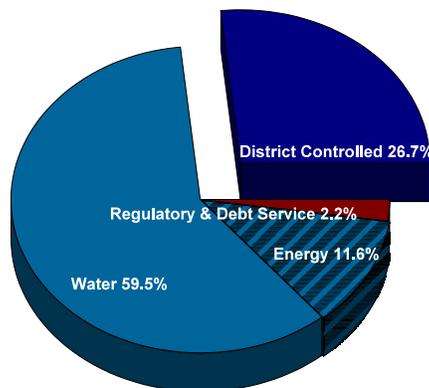
General Operating Fund Expenses 06-07



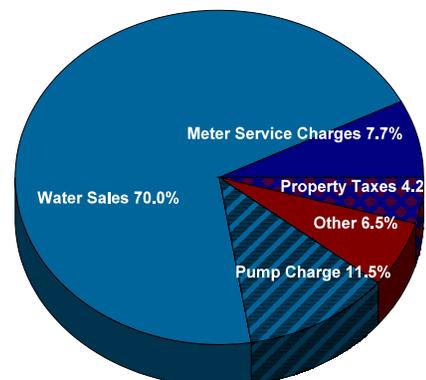
General Operating Fund Revenues 06-07



General Operating Fund Expenses 07-08



General Operating Fund Revenues 07-08



GENERAL FUND

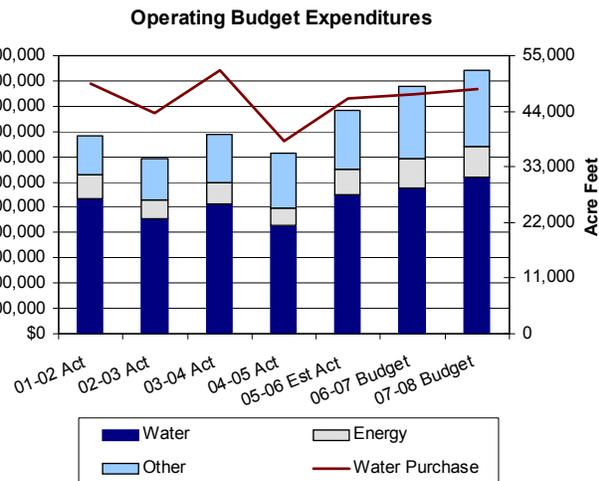
For fiscal year 2006-07, the Water Fund operating budget is proposed at \$39,368,883, which is an increase of 8.6% from the budget adopted for last year. For 2007-08 it is \$41,678,631, a 5.9% increase over 2006-07. The overall change from 2005-06 to 2007-08 is \$5,421,513, or 15%. Changes in the major components of the budget are summarized as follows:

RECAP OF OPERATING BUDGET EXPENDITURES

	2005-06 Adopted Budget	2006-07 Proposed Budget	Change	Percent Change	2007-08 Proposed Budget	Change	Percent Change
Water Purchase	47,350 AF	47,350 AF	0 AF	0.0%	48,300 AF	950 AF	2.0%
Water	21,585,217	23,486,390	1,901,173	8.8%	24,815,391	1,329,001	5.7%
Energy	4,955,000	4,595,000	(360,000)	-7.3%	4,832,000	237,000	5.2%
Regulatory Permit	<u>75,400</u>	<u>71,100</u>	<u>(4,300)</u>	<u>-5.7%</u>	<u>75,600</u>	<u>4,500</u>	<u>6.3%</u>
Controlled by Others	<u>26,615,617</u>	<u>28,152,490</u>	<u>1,536,873</u>	<u>5.8%</u>	<u>29,722,991</u>	<u>1,570,501</u>	<u>5.6%</u>
Debt Service	<u>103,960</u>	<u>825,246</u>	<u>721,286</u>	<u>693.8%</u>	<u>826,288</u>	<u>1,042</u>	<u>0.1%</u>
Personnel	6,237,200	7,112,200	875,000	14.0%	7,654,300	542,100	7.6%
Other	<u>3,300,341</u>	<u>3,278,947</u>	<u>(21,394)</u>	<u>-0.6%</u>	<u>3,475,052</u>	<u>196,105</u>	<u>6.0%</u>
Controlled by District *	<u>9,537,541</u>	<u>10,391,147</u>	<u>853,606</u>	<u>8.9%</u>	<u>11,129,352</u>	<u>738,205</u>	<u>7.1%</u>
TOTAL	<u>36,257,118</u>	<u>39,368,883</u>	<u>3,111,765</u>	<u>8.6%</u>	<u>41,678,631</u>	<u>2,309,748</u>	<u>5.9%</u>

* COSTS CONTROLLED BY DISTRICT

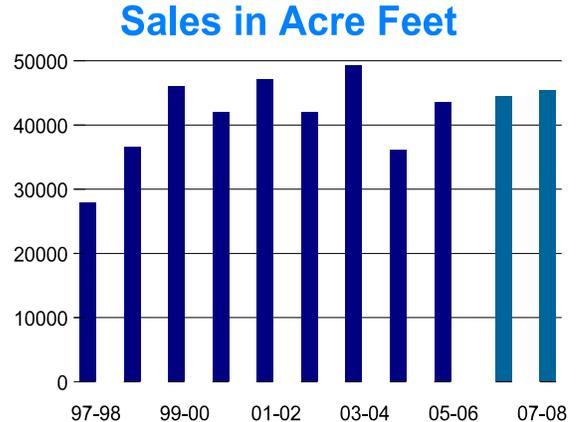
General Admin	996,959	974,265	(22,694)	-2.35	1,044,475	70,210	7.2%
Finance	1,601,462	1,818,492	217,030	13.6%	2,052,759	234,267	12.9%
Engineering	1,200,207	1,391,838	191,631	16.0%	1,520,315	128,477	9.2%
Field Operations	<u>5,738,913</u>	<u>6,206,552</u>	<u>467,639</u>	<u>8.1%</u>	<u>6,511,803</u>	<u>305,251</u>	<u>4.9%</u>
Total Controlled by District	<u>9,537,541</u>	<u>10,391,147</u>	<u>853,606</u>	<u>8.9%</u>	<u>11,129,352</u>	<u>738,205</u>	<u>7.1%</u>



REVENUE ESTIMATES

Water Sales and Rate Increase

Water sales for the past ten years have ranged from 28,000 to 47,000 acre feet. Because a large portion of our sales are to agriculture, sales are greatly affected by weather conditions, making sales projections difficult. We are budgeting water sales for 2006-07 and 2007-08 at 44,500 and 45,400 acre feet, respectively. This represents a 2% increase for each year over average sales for the past five years.



The MWD water delivery charge for 2006 will increase 5.6% in \$485 to \$512 per acre foot in 2007 and 5.3% to \$539 in 2008. The Capacity Reservation and Readiness-to-Serve Charges for calendar year 2007 will remain the same as calendar year 2006 at \$793,272 and (\$265,680), respectively. In 2008, the Capacity Reservation and Readiness-to-Serve Charges are estimated to increase 5.1% and 8.8%, respectively. The SDCWA is projecting that the Customer Service Charge will remain the same in 2007, while increasing 8.6% in 2008. The Emergency Storage Charge also will stay the same in calendar 2007, with a 14.6% increase scheduled in 2008. In addition, SDCWA includes a melded rate supply cost for additional water supplies such as that received from the Imperial Irrigation District. The rate, currently is \$29 per acre foot increasing to \$34 in calendar year 2007 and expected to remain the same in 2008. In accordance with Administrative Code Section 160.3(g), all rate changes are passed through to our customers.

See page 1-7 for discussion of the District's share of the water rate.

Metropolitan Interim Agricultural Water Program

During 2005-06, the Interim Agricultural Water Program (IAWP) saved our customers approximately \$3,920,000 on the purchase of 34,382 acre feet of water. We are projecting approximately 37,440 and 38,141 acre feet of water to be purchased in 2006-07 and 2007-08 at the discounted agricultural rate for a savings of \$4,268,100 and \$4,353,800, respectively. In addition, the incremental melded rate cost added to the water supply charge by the SDCWA is not charged to agricultural customer, saving approximately \$1,125,600 and \$1,298,500 in the next two fiscal years. These savings are passed on to our participating agricultural customers.

Interest Income

For 2006-07 and 2007-08, the District projects to earn 4.0% and 4.2% on invested funds for the year for a return of approximately \$880,000 and \$924,000 in interest earnings which is the equivalent of approximately \$20 per acre foot of budgeted water sales each year. Projected interest income is \$677,000 for 2005-06.

Property Taxes

Secured property taxes are expected to return to pre-Educational Revenue Augmentation Fund (ERAF) shift levels and are therefore budgeted at \$1,940,000 for 2006-07 and \$1,978,000 for 2007-08. Property taxes are allocated to the capital improvement program and debt service.

Pump Charges

During the spring of 2001, we increased our pump charges in steps for an aggregate increase of 72%, hoping

to lower these rates in the future. Subsequently, while electric costs for residential users have decreased, rates for large commercial users, such as the District, have continued to increase. Because of uncertainties surrounding the energy markets, as discussed below (see energy expenditures), and increased maintenance of our pumps and motors to maximize energy efficiency, and our pumping rate stabilization reserve, it appears at this time that our current pump charges should remain unchanged. Increases in our pump charges may be necessary in 2007-08.

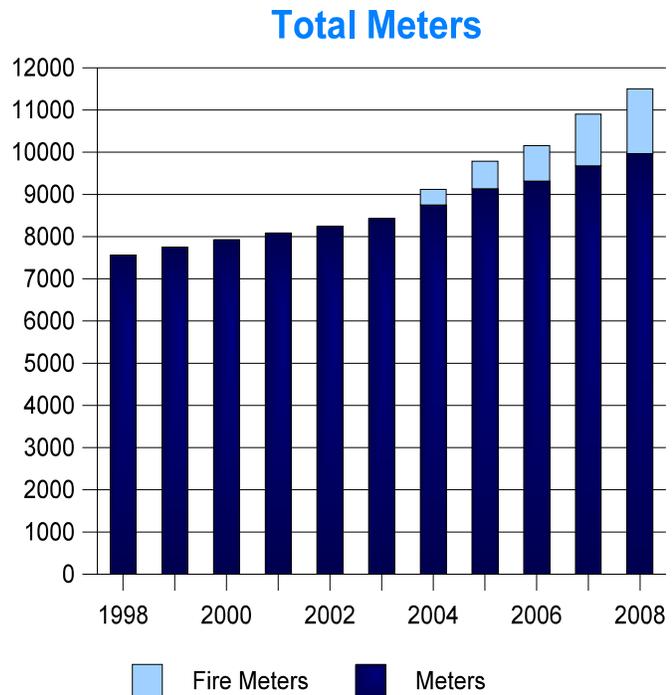
Meter Sales

The budget anticipates the installation of 748 meters in 2006-07 and 548 in 2007-08, including 385 and 310 meters for fire service. Regulations by the local fire protection districts require more new homes to have residential fire sprinklers. Staff reviews meter installation charges annually. The budget assumes that meter installation revenue equals meter installation expense.

EXPENDITURE ESTIMATES

Water

The District is budgeting to purchase 47,350 and 48,300 acre feet of water in 2006-07 and 2007-08, respectively. We expect to sell 44,500 and 45,400 acre feet in 2006-07 and 2007-08. With the possibility of declining agricultural demand, due to current and future home construction, combined with our variable weather-related sales and the ongoing impacts of energy prices, it has been difficult to estimate the amount of water to be purchased in future years. However, we believe that our estimates for 2006-07 and 2007-08 are reasonable and conservative.



Energy

The District expects that expenditures for energy to pump water to our customers will increase next year. The estimated rate is \$97 in 2006-07 and \$100 in 2007-08 per acre foot of water purchased, as compared with \$105 budgeted and \$87 realized in 2005-06. Total energy costs are budgeted at \$4,595,000 and \$4,832,000 in 2006-07 and 2007-08, versus \$4,955,000 budgeted and \$4,024,900 expended in 2005-06. Natural gas prices are showing upward pressure because of continuing low levels of storage and supply problems, including continuing conflicts in the Middle East.

Based on our best estimate at this time, electricity will average 12.5¢ per kilowatt-hour and natural gas \$1.19 per therm, for an aggregate of \$97 per acre foot of water purchased for 2006-07. The aggregate cost for 2007-08 is \$100 per acre foot, an increase of 3.0% over 2006-07.

Debt Service

The General Fund currently has one bank obligation which is being met by water availability charges. In 2006-07 and 2007-08, \$107,046 and \$108,088 will be needed to service this long term revenue debt obligation.

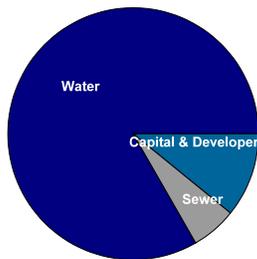
Based on the District's financial projections and capital improvement plan, the District estimates that it will require a debt issuance during the 2006-07 fiscal year. The estimated amount of this issuance is \$8,300,000 with estimated annual debt service in the amount of \$718,200.

Personnel

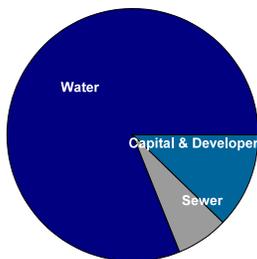
Staffing Levels

For 2006-07, the budget proposes to fund 86 positions, up 6 from 80 positions in the current year. An additional 4 positions, that will be re-evaluated before recruiting begins, are proposed in 2007-08 for a total of 90. Since 1991-92, installed water meters have grown by 43% to over 10,100 installed meters, while employee positions have increased by 33%.

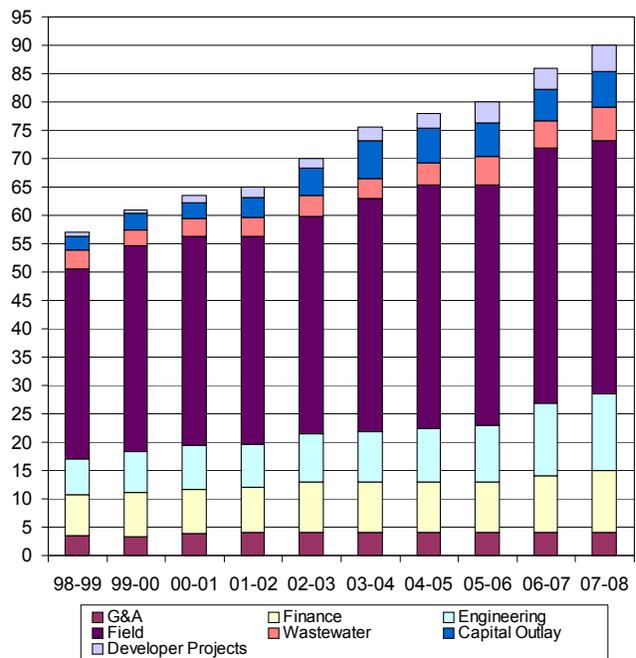
06-07 Allocation of Labor



07-08 Allocation of Labor



Employees



Budgeted Full-

Time Equivalent Positions by Department

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
General Administration	4.00	4.00	4.00
Finance	9.00	10.00	11.00
Engineering	9.96	12.90	13.52
Field Operations	<u>42.35</u>	<u>44.93</u>	<u>44.68</u>
Total General Fund	65.31	71.83	73.20
Lower Moosa Sewer Treatment	3.68	4.02	4.86
Skyline Sewer Treatment	0.76	0.00	0.00
Woods Valley Ranch Sewer	0.63	0.88	1.05
Capital Outlay	5.90	5.42	6.21
Developer Projects	<u>3.72</u>	<u>3.85</u>	<u>4.68</u>
Total	<u>80.00</u>	<u>86.00</u>	<u>90.00</u>

Continued growth in the District and increased regulatory requirements have increased the demands for service and have impacted the District's operations, maintenance, and service levels. Ten new full-time positions are proposed over the next two years to operate and maintain the water and sewer systems with the best service to our customers. The cost of these positions, including fringe benefits, is \$571,000.

2006-07

1. *Construction Inspector - Engineering Department.* An additional inspector is requested to provide additional support for mark-out and encroachment inspection and coordination. USA mark-out requests exceed 200 per month. This, together with encroachment inspection and coordination, requires the need for more than one Inspector to be assigned to this duty. With a start date of October 2006, the incremental cost for this position would be \$60,000.
2. *Administrative Assistant I - Engineering Department.* With retirements, reassignment of staff, and new hiring's, additional administrative support will be required. This position will provide support to not only the Public Services Division but also to GIS, Maps and Records Division and minor support functions for developer and capital projects. With a start date of October 2006, the incremental cost for this position would be \$40,000.
3. *Engineering Technician II - Engineering Department.* Accurate mapping information is critical for the successful and efficient operation of the District. This function is currently being completed with part-time contracted labor. This new position would provide the AutoCAD drafting support to the GIS, Maps & Records Division for the purpose of maintaining accurate map records and perform special projects as required to upgrade the mapping products. This position is scheduled to be filled in October 2006, with an incremental cost of \$57,000.
4. *Accounting Clerk - Finance Department.* While the number of District customers has grown 50% in the last fifteen years, the Finance Department's accounting staff has not increased. As we gained customers, our accounting workload, including accounts payable and payroll, has grown proportionately. The Accounting Clerk will be used for the more routine functions of accounts payable and payroll data entry, giving our Accounting Specialists more time to do their other more difficult tasks. The clerk would also help with filing and with imaging and indexing for expansion of our document management system. The position has an annual cost of \$60,000.
5. *(2) Construction Maintenance Technicians I - Field Department.* Two new positions within the Construction Maintenance Division are requested. District growth coupled with new large developments necessitates the need for a full time Valve Maintenance and Leak Detection Program to maintain our ever expanding system and to reduce our unknown water loss. The positions have an annual cost of \$63,000 each, for a total of \$126,000.

2007-08

6. *Administrative Assistant II - Finance Department.* The proposed remodel of the administration building moves the Customer Service Division of Finance to the front of the building. This will add initial customer contacts and cashiering to their functions, and make coverage of customer service less convenient when some staff is on leave for sickness or vacation. The new position would function as a receptionist and cashier as well as providing additional coverage for customer service. This position would be filled after completion of the building remodel in the middle of fiscal year 2007-08. The position has a start date of January 2008, with an incremental cost of \$36,000.
7. *Engineering Technician II - Engineering Department.* It is anticipated that with the recruitment of new positions and staff reassignments, support needs will increase and an additional Engineering Technician will be required. This position will allow Project Managers to delegate tasks, thus allowing them more time to focus on the management of projects and keeping the projects on schedule. This position is scheduled to be filled in July 2007, with an annual cost of \$81,000.

8. *Wastewater Systems Technician II - Field Department.* An additional position is needed due to the completion of the Woods Valley Ranch collection system and future developments such as Orchard Run, Live Oak Ranch, and Lilac Ranch projects. These projects will include wastewater conveyance and reclamation systems. These additional systems will require increased maintenance for cleaning, inspection, and repair work. In addition, the State Water Resources Board is in the process of reviewing and adopting new regulations that will include; capacity management and operations and maintenance of the collection systems. This is being done in an effort to reduce and eliminate sanitary sewer over flows. This position is scheduled to be filled in July 2007, with an annual cost of \$75,000.

9. *Engineering Technician I - Engineering Department.* It is anticipated that the work load in the GIS, Maps and Records Division will be increased to the point where separate supervisor/lead positions for the Public Services Division will be required. By that time, one of the existing engineering technicians in the Public Services Division will be trained to assume this supervisor/lead position. A replacement technician would be required. This position is scheduled to be filled in January 2008, with an incremental cost of \$36,000.

Personnel Costs

The current budget includes a cost of living adjustment of 3% for 2006-07 and 4% for 2007-08 per our current Memorandum of Understanding.

Personnel costs for 2006-07 have increased \$1,169,400 or 13.6% from our 2005-06 budget. The increase for 2007-08 is \$965,450, 9.9%, to our 2006-07 costs. The increases are broken down as follows:

New Positions	\$ 343,000	\$ 228,000
Base Salary Increases	412,100	557,200
Replacement Overlap Positions	244,000	0
Medical Insurance	170,300	180,250
TOTAL	<u>\$ 1,169,400</u>	<u>\$ 965,450</u>
Water	\$ 875,000	\$ 542,100
Wastewater	101,300	145,600
Capital & Developer Projects	193,100	277,750
TOTAL	<u>\$ 1,169,400</u>	<u>\$ 965,450</u>

Other Expenditures

Controlling the cost of operating the District has been an ongoing focus. Costs controlled by the District for 2006-07 are 8.9% higher than 2005-06, while 2007-08 costs are 7.1% higher than 2006-07, including personnel costs above. Each department continues to evaluate all aspects of their respective operations, establish goals for the budget year, and determine a budget which would allow them to meet those goals as efficiently as possible.

“Other” controllable costs by the District are down \$21,394 in 2006-07 due to the reduction of costs in several areas; Economic Study Group, Lake Turner Recreational Contribution, Urban Water Master Plan - 2005 Update, and Dynegy Litigation. 2007-08 “other” costs are \$196,105 higher than 2006-07. This is due in part to increases in facilities insurance, software and facilities maintenance costs, computer upgrades, and legal fees associated with meet and confer.

CAPITAL BUDGET

Capital projects included in this budget consist of the following:

	<u>2006-07</u>	<u>2007-08</u>
Planning	\$ 300,000	\$ 0
Pipelines and PRV's	1,096,975	2,105,000
Pump Station's	433,000	258,000
Reservoirs	355,000	445,000
Data Management Systems	2,395,500	1,844,300
Facilities	507,400	100,000
Equipment - Field	399,300	284,400
Equipment - Engineering	40,000	15,000
Equipment - Finance	5,000	5,000
	<hr/>	<hr/>
TOTAL New appropriations	\$ 5,532,175	\$ 5,056,700
Project appropriations carried forward from prior budget	10,704,682	5,282,643
TOTAL Capital Budget	<u>\$ 16,236,857</u>	<u>\$ 10,339,343</u>

Capital projects are shown in greater detail beginning on page 9-1. In addition, the budget year will see the completion of several large projects approved in past years, as well as the continuation of the replacement of the Valley Center Road pipeline.

As in past years, the Capital Outlay Budget for fiscal years 2006-07 and 2007-08 contains both expansion and replacement projects identified in the District's 2002 Water Master Plan. It identifies new projects which would be needed to allow the District to serve its customers and service area through to the planned build-out of the service area. It also identifies and prioritizes existing facilities which need to be replaced over the near term.

New or expanded facilities are funded by capacity fees collected by the District when new meter services are purchased and from interest earned on existing reserves. Capacity fees are set to fund system improvements identified in the Master Plan to support additional service connections. Replacement facilities are financed from standby fees and capital reserves on a pay as you go cash basis instead of debt financing. This reserve is funded annually by a combination of excess operating and non-operating revenues.

The District has not and does not in this budget document attempt to annually fund the replacement reserves with an amount equivalent to the value of facilities "retired" as a result of the depreciation schedule. However, in the recent past, net revenues annually transferred to the capital reserves, and in turn reinvested in the capital plant, have usually approximated the annual depreciation amount.

Facilities which are identified and budgeted annually for replacement are not determined solely by the depreciation schedule, but are identified through a process which assesses a combination of factors, including age, condition (frequency of repairs), and the critical nature of the facility (for example, main transmission pipeline versus local distribution line). Also, existing facilities are replaced when County of San Diego road improvements force a relocation or private development projects provide the opportunity to replace an existing facility.

To date, this method of identifying facilities for replacement and pay-as-you-go financing of these types of projects has met the needs of the District without creating rate impacts or spikes. However, because of our financial projections and the magnitude of improvements and pipeline replacements in the 2002 Master Plan, the District estimates that it will require a debt issuance during the 2006-07 fiscal year.

DEBT

Long-term indebtedness included in the budget is summarized as follows:

	Actual Balance <u>June 30, 2005</u>	Projected <u>June 30, 2006</u>	Projected <u>June 30, 2007</u>	Projected <u>June 30, 2008</u>
District-wide revenue bonds -				
Principal and interest at 62% of prime rate payable semiannually. Final maturity July 1, 2013. (Page 5-8)	\$ 695,000	\$ 615,000	\$ 535,000	\$450,000
Proposed Debt -				
Interest at 6% payable semiannually. Final maturity July 1, 2026.				
Total long-term debt	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,869,000</u>	<u>\$ 7,631,900</u>

Long-term debt schedule:

	Final <u>Maturities</u>	Outstanding <u>06/30/05</u>	Retired <u>2005-06</u>	Outstanding <u>06/30/06</u>	Maturing <u>2006-07</u>	Outstanding <u>06/30/07</u>	Maturing <u>2007-08</u>	Outstanding <u>06/30/08</u>
Revenue Bonds	07/01/13	\$ 695,000	\$ 80,000	\$ 615,000	\$ 80,000	\$ 535,000	\$ 85,000	\$ 450,000
Proposed Debt	07/01/26	<u>0</u>	<u>0</u>	<u>0</u>	<u>223,500</u>	<u>7,869,000</u>	<u>237,100</u>	<u>7,631,900</u>
Total		<u>\$ 695,000</u>	<u>\$ 80,000</u>	<u>\$ 615,000</u>	<u>\$ 303,500</u>	<u>\$ 8,404,000</u>	<u>\$ 322,100</u>	<u>\$ 8,081,900</u>

The District currently has no general obligation bonded debt. As the District has issued no bonded debt for public placement since 1968, it is not rated by any investment rating service. However, this Budget and our financial model show that the District will need to issue approximately \$8 million in debt in 2006-07 to fund the projects in our Water Master Plan while maintaining adequate reserves.

Other long-term liabilities of the District are:

- Annexation fees payable to the Metropolitan Water District of \$1,249 as of June 30, 2005, paid directly to Metropolitan by property tax assessments on the annexed land.
- A liability for retirees' health benefits of \$1,843,364 as of June 30, 2005, payable from assets restricted for that purpose. The Salary Clearing Division includes funding for additions to these restricted assets (page 5-7).

Not included in the budget are limited obligation improvement bonds issued by Assessment District No. 96-1 (AD 96-1) pursuant to the provision of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915. Under the Acts, the District is not obligated to repay the bonds. The bond proceeds were used to expand the Lower Moosa Canyon Water Reclamation Facility. Bonds payable at June 30, 2005, were \$1,300,000. The bonds and interest are paid from annual special assessments on property within AD 96-1. The annual assessments are billed to and collected from the AD 96-1 property owners and remitted to the District. The District remits the assessments to the AD 96-1 trustee (a commercial trust company) for eventual payment to the bondholders.

MOOSA WASTEWATER TREATMENT FUND

The Moosa Wastewater Treatment operating budget serves approximately 2,400 customers in a limited geographic area on the west side of the District. The major components of the budget are summarized as follows:

RECAP OF MOOSA WASTEWATER TREATMENT BUDGET EXPENDITURES

	2005-06	2006-07			2007-08		
	Adopted Budget	Proposed Budget	Change	Percent Change	Proposed Budget	Change	Percent Change
Labor	\$318,600	\$368,200	\$49,600	15.6%	\$469,100	\$100,900	27.4%
Electricity	107,200	107,500	300	0.3%	113,000	5,500	5.1%
Chemicals	26,300	25,000	(1,300)	(4.9)%	26,300	1,300	5.2%
Administrative allocation	95,582	97,327	1,745	9.2%	116,698	19,371	19.9%
Maintenance	41,180	37,150	(4,030)	(9.8)%	41,300	4,150	11.2%
Vehicle maintenance	33,105	34,875	1,770	5.3%	37,155	2,280	6.5%
Regulatory	13,000	12,800	(200)	(1.5)%	13,600	800	6.3%
Outside services	78,970	87,750	8,780	11.1%	95,625	7,875	9.0%
Other	32,411	44,050	11,639	35.9%	47,908	3,858	8.8%
Subtotal Moosa Treatment	746,348	814,652	68,304	9.2%	960,686	146,034	17.9%
Capital Projects	201,063	328,200	127,137	63.2%	1,240,300	912,100	277.9%
Replacement Fund contribution	352,851	63,400	(289,451)	(82.0)%	(576,656)	(640,056)	(1009.6)%
TOTAL	<u>\$1,300,262</u>	<u>\$1,206,252</u>	<u>(\$94,010)</u>	<u>(7.2)%</u>	<u>\$1,624,330</u>	<u>\$418,078</u>	<u>34.7%</u>

A \$1.50 increase in the wastewater rate is recommended each year on January 1, to offset inflation costs. The total wastewater rate would then be \$40.00 in calendar year 2007 and \$41.50 in calendar 2008. This increase will provide \$65,000 for additional operating cash, to be used for capital projects, and \$63,400 to fund the replacement reserve in 2006-07, while 2007-08 will see a \$310,000 reduction in the operating cash and a \$577,000 reduction in the replacement reserve.

The Moosa wastewater rate would consist of the following:

	<u>Current</u>	<u>January 1, 2007</u>	<u>January 1, 2008</u>
Operating	\$24.40	\$25.50	\$26.55
Electricity	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>
Total Operating	28.50	29.60	30.65
Replacement Fund	<u>10.00</u>	<u>10.40</u>	<u>10.85</u>
TOTAL	<u>\$38.50</u>	<u>\$40.00</u>	<u>\$41.50</u>

Beginning in 1995, the District has collected a surcharge for septic tank effluent pump (STEP) maintenance. This charge should be increased \$1.50 for inflation each year for a new rate of \$33.50 in 2007 and \$35.00 in 2008. This rate is based on the following monthly costs per unit:

	<u>2007</u>	<u>2008</u>
Minor operating and maintenance costs	\$10.03	\$10.43
Major life cycle costs (Pump rebuild and replacement, sludge removal)	27.50	28.60
Less sludge processing credit	<u>(3.75)</u>	<u>(3.90)</u>
	<u>\$33.78</u>	<u>\$35.13</u>

At this level, we will recover 75% and 71% of budgeted STEP expenses in 2006-07 and 2007-08. However, four of the last five fiscal years, including projected 2005-06, actual expenses have approximated actual revenues collected. As more STEP systems are installed we will begin to realize some economies of scale and be able to move to full cost recovery through user fees.

SKYLINE RANCH WASTEWATER TREATMENT FUND

The Skyline Ranch Wastewater Treatment Facility was fully supported by the Skyline Ranch Country Club, which it serves exclusively. The Skyline Ranch Country Club petitioned the District and the Regional Water Quality Control Board (RWQCB) to have the plant and the Waste Discharge Permit transferred to them for ownership, operation, and maintenance. Transfer of the facility was approved by the RWQCB subject to a new Waste Discharge Permit and completion of a transfer agreement. The transfer agreement was prepared, executed, and became effective May 5, 2006.

WOODS VALLEY RANCH EXPANSION FUND

This fund consists of one project: The planning and design of an expansion to the proposed Woods Valley Ranch Water Reclamation Facility which is being built by a private developer. This facility is to be completed in October 2006. Upon completion, the expansion to serve the Orchard Run project will begin. Funding for the project is provided by large property owners in the plant's service area and matched by the District for the numerous small property owners that have expressed an interest in obtaining capacity. Costs incurred by the District by participation in this project are expected to be recovered by future capacity charges collected from property owners.

WOODS VALLEY RANCH WASTEWATER TREATMENT FUND

This Budget includes a budget for the operation of the Woods Valley Ranch Wastewater System. Included is funding for both a replacement reserve and operating expenses. Revenues for the Woods Valley Ranch Wastewater budget are expected to be collected by a fixed charge special assessment on the development.

A summary of the budget follows:

RECAP OF WOODS VALLEY RANCH WASTEWATER TREATMENT BUDGET EXPENDITURES

	2005-06 Adopted Budget	2006-07 Proposed Budget	Change	Percent Change	2007-08 Proposed Budget	Change	Percent Change
Labor	\$47,100	\$74,600	\$27,500	58.4%	\$93,700	\$19,100	25.6%
Electricity	40,000	40,000	0	0.0%	42,000	2,000	5.0%
Administrative allocation	23,060	25,461	2,401	10.4%	29,517	4,056	15.9%
Maintenance	4,000	3,000	(1,000)	(25.0)%	3,000	0	0.0%
Vehicle maintenance	6,000	6,000	0	0.0%	6,300	300	5.0%
Regulatory	11,000	11,000	0	0.0%	12,000	1,000	9.1%
Outside Services (Laboratory and Waste Hauling	42,300	38,600	(3,700)	(8.7)%	40,900	2,300	6.0%
Other	<u>\$6,600</u>	<u>14,450</u>	<u>7,850</u>	<u>3.8%</u>	<u>15,575</u>	<u>1,125</u>	<u>7.8%</u>
Total Operating	180,060	213,111	33,051	18.4%	242,992	29,881	14.0%
Replacement Reserve	<u>102,620</u>	<u>102,620</u>	<u>0</u>	<u>0.0%</u>	<u>102,620</u>	<u>0</u>	<u>0.0%</u>
TOTAL	<u>\$282,680</u>	<u>\$315,731</u>	<u>\$33,051</u>	<u>11.7%</u>	<u>\$345,612</u>	<u>\$29,881</u>	<u>9.5%</u>

The monthly wastewater service charge is \$98.60 per equivalent dwelling unit (EDU) and is collected by annual assessment on the property tax roll. It remains unchanged for fiscal years 2006-07 and 2007-08.



Woods Valley Ranch

STRATEGIC PLAN

On April 3, 2006, the Board of Directors approved the updated *Valley Center Municipal Water District Strategic Plan for Fiscal Years 2004-2005, 2005-2006, 2006-2007, and 2007-2008*. This plan sets forth the District's organizational values, a set of standards to measure organizational performance, and specific goals and tasks to be accomplished over the next two fiscal years.

"Our mission is to ensure customer satisfaction through quality service at the lowest possible cost."

Our Organizational Values

- Customer Satisfaction
- Quality Service
- Safe Water
- Safe Environment
- Professionalism
- Integrity
- Friendliness
- Ethics
- Reliability
- Efficient Use of Resources
- Conservation
- Leadership
- Cost Consciousness
- Teamwork

The following two pages reflect the Performance Measurement Standards and Implementation of Specific Goals respectively, with an assessment of how each item is addressed in this Budget document.



Lake Turner

Strategic Plan

Performance Measurement Standards

1. CUSTOMER SATISFACTION - Our standard will be that our service “meets” or “exceeds expectations” 95% of the time, based upon the “Customer Comment Cards” responses.

Responses show we met this standard 96.7% of the time.

2. UNKNOWN WATER LOSS - Our standard for unaccounted water loss will be 5% or less per calendar year.

Water loss for 2005 was approximately 5.6%. This budget allows for a water loss of 6%. Increased efforts will be made to ensure meters accurately reflect water sales.

3. OPERATING RESERVES - Operating Reserves shall be equal to six months operating and maintenance expenses (excluding wholesale water and power purchases).

This standard will be met. Reserves are discussed in the Budget Policies section of this budget.

4. LOCAL COMMODITY RATE for LOCAL OPERATING and MAINTENANCE COSTS - We will hold the local share of total commodity costs as low as possible, but at no time will the local rate be more than 13% of total water commodity cost for Municipal & Industrial and 16% for Certified Agricultural.

The District’s component of the water rate for operating costs is currently 10.0% of Municipal & Industrial and 13.3% of Certified Agricultural excluding the ERAF replacement charges.

5. PUMP EFFICIENCY - Through ongoing testing, adjusting, and maintenance, we will maintain pump efficiency above 95% of the design criteria.

Our pump efficiency was 99.4% of design criteria.

6. PROJECT ACTUAL COST - $\pm 10\%$ of Engineer’s cost estimate.

Four projects were bid with aggregate results 7.6% more than estimated.

7. WATER SERVICE RELIABILITY GREATER THAN 99% - We will strive to maintain water service to all customers at greater than a 99% reliability level. This will be measured based upon total hours of service interruption against all service hours in a given measurement period.

Reliability was greater than 99%.

8. COMPLIANCE WITH ALL STATE & FEDERAL REGULATIONS.

100%.

9. LOST-TIME ACCIDENTS LESS THAN 1% OF TOTAL HOURS WORKED.

The District had two lost time accidents in 2005-06 representing 0.03% of total hours worked.

10. RETURN ON INVESTMENTS - While seeking to preserve capital and maintain a level of liquidity necessary to meet cash flow requirements, our rate of return, on an annualized basis, shall be greater than the 12-month rolling average rate of return on U.S. Treasury Bonds.

Our yields equaled the 12-month rolling average rate of return on U.S. Treasury bonds for the year.

Strategic Plan 2004-05, 2005-06, 2006-07 & 2007-08

Adopted Specific Goals

1. INTEGRATED RESOURCE PLAN

Complete and adopt the Integrated Resource Plan to replace the current Water Master Plan adopted in April 2002. See page 9-5.

2. GEOGRAPHICAL INFORMATION SYSTEM

Complete the development and implementation of the GIS Master Plan tasks and features over the next two fiscal years. Initial versions of the GIS are available through the District's computer network. See page 9-1A.

3. SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM

System to be 50% installed over the next two fiscal years. Implementation of the complete SCADA system is proposed to replace the existing tone telemetry system. The next phase of replacement is further described on page 9-29.

4. VULNERABILITY ASSESSMENT

The remainder of the recommended measures for all key facilities is to be completed. The remainder of Phase Three and Phase Four are (page 9-39) to be completed during fiscal years 2006-07 and 2007-08. Work is performed by staff labor, primarily by District Security (page 7-6) with assistance from Information Technology.

5. EMPLOYEE TRAINING AND DEVELOPMENT PROGRAM

The program is to be implemented over the next two fiscal years. See pages 4-1 and 4-5.

6. LONG RANGE CAPITAL FINANCIAL PLAN

A long range financial plan report was completion in June 2005. Based on our current financial projections and capital improvement plan, the District estimates that it will require a debt issuance during 2006-07. See page 5-1.

7. DATA PROCESSING AND MANAGEMENT SYSTEM

New service order software will be installed to track customer service order requests and produce workorders. It will be integrated with our GIS system and improve our customer service. See page 9-32.

RECOMMENDATIONS

Recommendations to implement the two-year 2006-07 and 2007-08 budget are summarized for your action as follows:

- Adopt the budget as presented (or modified by your Board) for implementation July 1, 2006.
- Authorize six new full-time positions in 2006-07 and, pending additional review, four new full-time positions in 2007-08.
- In accordance with Administrative Code Section 160.3(g), implement rate changes from the Metropolitan Water District and the County Water Authority when incurred.
- Increase the District portion of rates for inflation effective January 1, 2007 and 2008.
- Adjustment of the operating component of the Moosa Wastewater rate by \$1.50, each year, and increasing the STEP surcharge by \$1.50 per month per equivalent dwelling unit, effective January 1, 2007 and 2008.

Implementation of the above recommendations will be by resolution or ordinance as appropriate.

PREPARED BY:



William J. Jeffrey
Director of Finance

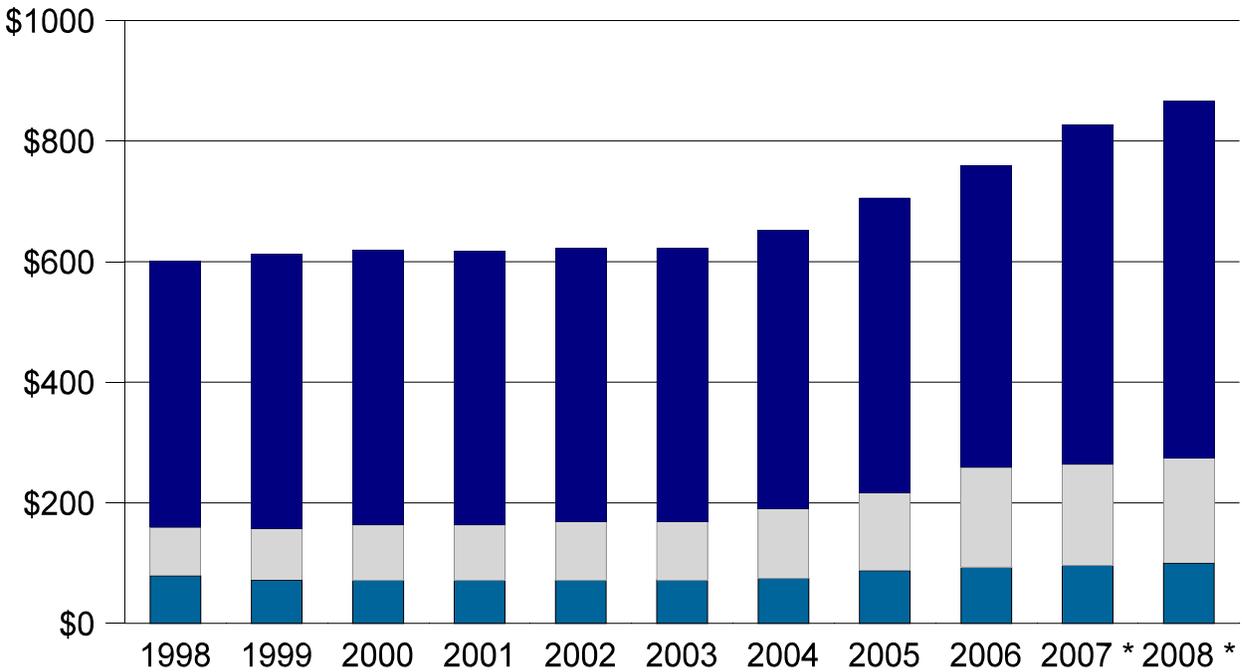
APPROVED BY:



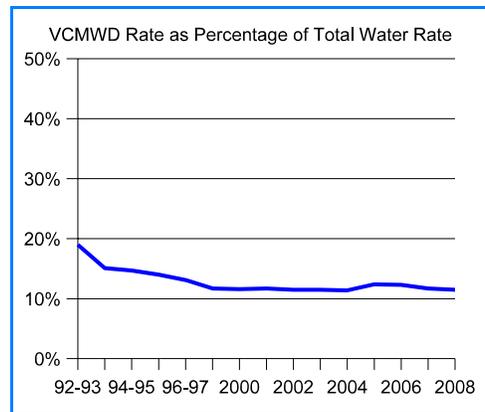
Gary T. Arant
General Manager

Water Rate Components

In Dollars per Acre Foot



- Metropolitan Water District
- San Diego County Water Authority
- Valley Center MWD



<i>Rate in Dollars per Acre Foot</i>	98-99	2000	2001	2002	2003	2004	2005	2006	2007*	2008*
<u>Valley Center MWD</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>74</u>	<u>87</u>	<u>93</u>	<u>96</u>	<u>100</u>
<u>San Diego CWA</u>	<u>85</u>	<u>91</u>	<u>91</u>	<u>96</u>	<u>96</u>	<u>115</u>	<u>129</u>	<u>165</u>	<u>167</u>	<u>174</u>
<u>MWD (includes RTS)</u>	<u>456</u>	<u>456</u>	<u>454</u>	<u>454</u>	<u>454</u>	<u>462</u>	<u>490</u>	<u>501</u>	<u>564</u>	<u>593</u>
<u>Total</u>	<u>613</u>	<u>619</u>	<u>617</u>	<u>622</u>	<u>622</u>	<u>651</u>	<u>706</u>	<u>759</u>	<u>827</u>	<u>867</u>
<u>Agricultural Use Discounts</u>	<u>142</u>	<u>147</u>	<u>147</u>	<u>152</u>	<u>152</u>	<u>161</u>	<u>177</u>	<u>205</u>	<u>207</u>	<u>213</u>

* Proposed Water Rates



RESOLUTION NO. 2006-29

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEARS 2006-2007 AND 2007-2008 AND ESTABLISHING CONTROLS ON CHANGES IN APPROPRIATIONS FOR THE VARIOUS FUNDS

WHEREAS, the Board of Directors of Valley Center Municipal Water District has reviewed a preliminary two-year budget for 2006-2007 and 2007-2008 and has made changes therein;

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. That the budget document which is on file with the Secretary to the Board, a summary of which is attached hereto as "Exhibit A" and "Exhibit B", is adopted as the final operating and capital budget for the District for the fiscal years 2006-2007 and 2007-2008.
2. That the amounts designated in the final 2006-2007 and 2007-2008 operating and capital budget are hereby appropriated and may be expended by the departments or funds for which they are designated and such appropriation shall be neither increased nor decreased except as provided herein.
3. That the following controls are hereby placed on the use and transfer of budgeted funds:
 - a. The General Manager is responsible for keeping expenditures within budget allocations for positions, salaries, operational expenses and capital acquisitions and may adopt budget policies as necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board or General Manager as described herein.
 - b. The General Manager may exercise discretion in administration of the budget to respond to changed circumstances, provided that any single modification in excess of \$35,000 shall require approval by the Board.
 - c. The Department Heads may exercise discretion in administration of the budget within a single department to respond to changed circumstances, provided that any single modification in excess of \$10,000 shall require approval by the General Manager.

- d. Except as provided by Section 3(b) herein, the Board must authorize any increase in the overall operating budget, capital budget, salary budget, and number of authorized permanent personnel positions above the level identified in the final operating and capital budget. The General Manager may authorize the hiring of temporary or part-time staff as necessary, within the limits imposed by the available funds in the operating and capital budget.
4. That authorization is made for any carry over or continuing appropriations for the capital budget.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT held the 19th day of June, 2006, by the following vote to wit:

AYES:

NOES:

ABSENT:

PRESIDENT

ATTEST:

SECRETARY

June 19, 2006

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: RESOLUTION TO ESTABLISH APPROPRIATION LIMIT FOR 2006-2007

PURPOSE:

Board adoption of Resolution No. 2006-30 establishing the appropriation limit for proceeds from taxes is required by Section 7910 of the Government Code and Article XIII B of the State Constitution (Gann Amendment).

SUMMARY:

In November, 1979, the voters of California approved the addition of Article XIII B to the State Constitution. This amendment provided a maximum annual percentage that proceeds of taxes could increase. The impact of this legislation is and will be felt by cities and those agencies that exist almost entirely on proceeds of taxes of one sort or another, unlike Valley Center Municipal Water District, as we rely almost entirely on user charges. We do have to comply with the legislation by establishing an appropriations limit for the amount we do receive from property taxes; and if actual tax collections ever exceeded this limit, refund of the excess would have to be made.

Under Proposition 111, the method of calculating the annual appropriation limit was revised, effective July 1, 1990. The California Constitution specifies that the appropriation limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment role due to local nonresidential construction. The appropriation limit method recommended for adoption uses the highest of the options available to maximize our limit for 2006-2007.

Government Code Section 7910 also requires a 15 day period for our calculations to be available to the public for their review, if desired. The attached Public Notice was posted June 2, 2006, in compliance with this requirement.

RECOMMENDATION:

That Resolution No. 2006-30 be adopted to establish the appropriation limit for 2006-2007 as \$4,108,342.

PREPARED BY:

APPROVED BY:

William J. Jeffrey
Director of Finance

Gary T. Arant
General Manager

PUBLIC NOTICE

In accordance with Government Code Section 7910, notice is hereby given that on June 19, 2006, at 2:00 P.M. at 29300 Valley Center Road, the Board of Directors will, by resolution, establish the District's 2006-07 appropriation limit pursuant to Article XIII B of the State Constitution as amended by Proposition 111 effective July 1, 1990. The appropriation limit for 2006-07 is to be set at \$4,108,342 and was calculated as set forth below. Documentation of the computation is available in the office of the Director of Finance of the District at the above address.

<u>Fiscal Year</u>	<u>Price Increases (1)</u>	<u>Population Increases</u>	<u>Appropriation Limit</u>
Proceeds of Taxes Base Year			
1986-87			\$855,392
Annual adjustment factors:			
1987-88	12.54% (b)	5.83%	\$1,018,772
1988-89	15.56% (b)	6.09%	\$1,249,014
1989-90	7.21% (b)	5.63%	\$1,414,508
1990-91	7.96% (b)	5.83%	\$1,616,075
1991-92	4.14% (a)	5.24%	\$1,771,218
1992-93	2.75% (b)	4.04%	\$1,893,432
1993-94	2.72% (b)	2.95%	\$2,002,304
1994-95	0.71% (a)	1.42%	\$2,045,153
1995-96	4.72% (a)	1.55%	\$2,174,816
1996-97	4.67% (a)	1.19%	\$2,303,565
1997-98	4.67% (a)	1.46%	\$2,446,386
1998-99	4.15% (a)	2.63%	\$2,614,942
99-2000	4.53% (a)	2.17%	\$2,792,758
2000-01	4.91% (a)	2.33%	\$2,998,026
2001-02	7.82% (a)	1.96%	\$3,295,730
2002-03	0.06% (b)	1.80%	\$3,357,031
2003-04	2.31% (a)	1.77%	\$3,495,341
2004-05	3.28% (a)	1.73%	\$3,672,555
2005-06	5.26% (a)	1.27%	\$3,914,944
2006-07	3.96% (a)	0.94%	\$4,108,342

Posted June 2, 2006

William J. Jeffrey, Director of Finance
Valley Center Municipal Water District

(1) A California governmental unit may increase its appropriation limit by either
(a) the annual percentage increase in California fourth quarter per capita personal income, or
(b) the percentage increase in the local assessment roll from the preceding year due to the addition of local non-residential construction, whichever is greater.

RESOLUTION NO. 2006-30

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY
CENTER MUNICIPAL WATER DISTRICT TO ESTABLISH THE
APPROPRIATION LIMIT FOR THE 2006-2007 FISCAL YEAR

WHEREAS, effective July 1, 1980, Article XIII B of the California Constitution took effect limiting the appropriations of certain state and local agencies; and

WHEREAS, effective July 1, 1990, Article XIII B of the California Constitution was amended; and

WHEREAS, the Legislature has adopted Government Code Sections 7900 through 7914 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriation limit; and

WHEREAS, pursuant to said Government Code sections, the County of San Diego and the State of California Department of Finance have supplied the District with data regarding changes in population, cost of living, per capita income, nonresidential new construction, and local assessment roll for use in determining its appropriation limit; and

WHEREAS, the District had a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and, therefore, is subject to the provisions of Article XIII B and implementing legislation; and

WHEREAS, the Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year; and

WHEREAS, the Government Code Section 7901 requires the governing body of the District, annually by resolution, to select the basis for its change in population as defined in that section; and

WHEREAS, Section 8(e)(2) of Article XIII B of the Constitution requires the Board to select the method of determining "change in the cost of living" as defined in that section; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriation limit was made available to the public at the offices of the District; and

WHEREAS, the Board has fully considered said laws, the revenues and expenditures of the District during the relevant years, the data received from the State of California Department of Finance, the reports and recommendations of staff, and the opinions of counsel;

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of Valley Center Municipal Water District as follows:

1. That the foregoing facts are true and correct.
2. That the appropriation limit for the 2005-06 fiscal year was \$3,914,944, and that the proceeds of taxes to be received in that year, in the amount of approximately \$1,090,100, did not exceed that appropriation limit.
3. That in determining the appropriation limit for 2006-2007, the District shall use the percentage change in the California per capita personal income from the preceding year or the change in the local assessment roll from the preceding year due to the addition of local new nonresidential construction, whichever is greater.
4. That in determining the appropriation limit for 2006-2007, the District shall use the percentage change in population for San Diego County or for the unincorporated portion of San Diego County, whichever is greater, as provided by the State of California Department of Finance.
5. That pursuant to Article XIIIB, as amended, and Section 7910 of the Government Code, as amended, the appropriation limit for Valley Center Municipal Water District for the 2006-2007 fiscal year is established at \$4,108,342.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT held the 19th day of June, 2006, by the following vote, to wit;

AYES:

NOES:

ABSENT:

President

ATTEST:

Secretary

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2007**

**RECAP OF BUDGET AND
SOURCE OF FINANCING
ALL BUDGETED FUNDS**

	Operating	Debt Service	Capital Projects	Total General	Moosa Sewer	Skyline Sewer	Woods Valley	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2006	3,989,959	0	13,463,026	17,452,985	1,058,150	0	614,319	19,125,454

RECAP OF EXPENDITURES BY FUNCTION

General Administration	974,265			974,265				974,265
Finance	1,818,492	825,246		2,643,738				2,643,738
Engineering	1,391,838			1,391,838				1,391,838
Field Operation	6,277,652			6,277,652	814,652	0	213,111	7,305,415
Source of Supply	27,742,390			27,742,390				27,742,390
Capital Projects - New Appropriations *			5,532,175	5,532,175	328,200			5,860,375
Total Budgeted Expenditures	38,204,637	825,246	5,532,175	44,562,058	1,142,852	0	213,111	45,918,021

REVENUES

Water Sales	34,929,000			34,929,000				34,929,000
Meter Service Charges/Sewer Charges	3,359,400		0	3,359,400	1,764,000	0	344,606	5,468,006
New Connection Sales	440,100		401,000	841,100				841,100
Other Revenue	631,000			631,000				631,000
Investment Income	880,000			880,000				880,000
Property Taxes		718,200	1,221,800	1,940,000				1,940,000
Water Availability Charges	0	107,046	484,954	592,000				592,000
Total Revenues	40,239,500	825,246	2,107,754	43,172,500	1,764,000	0	344,606	45,281,106

NET REVENUES & EXPENDITURES

	2,034,863	0	(3,424,421)	(1,389,558)	621,148	0	131,495	(636,915)
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OTHER SOURCES & USES

Debt Proceeds		8,092,500		8,092,500				8,092,500
Capital Projects - Expenditures from Prior Year Continuing Projects *			(5,422,039)	(5,422,039)				(5,422,039)
Total Other Sources & Uses	0	8,092,500	(5,422,039)	2,670,461	0	0	0	2,670,461

TRANSFERS (See page 3-2)

	2,044,136	(7,374,300)	5,330,164	0	0	0	0	0
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ESTIMATED BALANCE, JUNE 30, 2007

	8,068,958	718,200	9,946,730	18,733,888	1,679,298	0	745,814	21,159,000
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* Total estimated capital project expenditures, including continuing projects from prior year, are \$10,954,214.

Excluded from this budget are the following debt service funds:
Assessment Districts 93-1, 96-1, and 96-2.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2007-2008**

**RECAP OF BUDGET AND
SOURCE OF FINANCING
ALL BUDGETED FUNDS**

	Operating	Debt Service	Capital Projects	Total General	Moosa Sewer	Skyline Sewer	Woods Valley	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2007	8,068,958	718,200	9,946,730	18,733,888	1,679,298	0	745,814	21,159,000

RECAP OF EXPENDITURES BY FUNCTION

General Administration	1,044,475			1,044,475				1,044,475
Finance	2,052,759	826,288		2,879,047				2,879,047
Engineering	1,520,315			1,520,315				1,520,315
Field Operation	6,587,403			6,587,403	960,686	0	242,992	7,791,081
Source of Supply	29,647,391			29,647,391				29,647,391
Capital Projects - New Appropriations *			5,056,700	5,056,700	1,240,300			6,297,000
Total Budgeted Expenditures	40,852,343	826,288	5,056,700	46,735,331	2,200,986	0	242,992	49,179,309

REVENUES

Water Sales	38,032,000			38,032,000				38,032,000
Meter Service Charges/Sewer Charges	3,591,400		0	3,591,400	1,303,900	0	348,801	5,244,101
New Connection Sales	348,000		520,000	868,000				868,000
Other Revenue	642,400			642,400				642,400
Investment Income	924,000			924,000				924,000
Property Taxes		718,200	1,259,800	1,978,000				1,978,000
Water Availability Charges	0	108,088	485,112	593,200				593,200
Total Revenues	43,537,800	826,288	2,264,912	46,629,000	1,303,900	0	348,801	48,281,701

NET REVENUES & EXPENDITURES

	2,685,457	0	(2,791,788)	(106,331)	(897,086)	0	105,809	(897,608)
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OTHER SOURCES & USES

Debt Proceeds		0		0				0
Capital Projects - Expenditures from Prior Year Continuing Projects *			(2,770,876)	(2,770,876)				(2,770,876)
Total Other Sources & Uses	0	0	(2,770,876)	(2,770,876)	0	0	0	(2,770,876)

TRANSFERS (See page 3-2)

	(2,678,985)	0	2,678,985	0	0	0	0	0
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ESTIMATED BALANCE, JUNE 30, 2008

	8,075,430	718,200	7,063,051	15,856,681	782,212	0	851,623	17,490,516
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* Total estimated capital project expenditures, including continuing projects from prior year, are \$7,827,576.

Excluded from this budget are the following debt service funds:
Assessment Districts 93-1, 96-1, and 96-2.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2007**

**RECAP OF RESERVES
AND FUND BALANCES
(Excludes Utility Plant)**

	Projected Balance, June 30, 2006	Revenues	Expenses	Net Revenues /Expenses	Transfers and Budgeted Additions	Projected Balance, June 30, 2007
General Fund						
Operating						
Rate Stabilization Reserves						
- Rate Stabilization	137,249			0		137,249
- Pumping Rate Stabilization	2,522,126	5,267,000	(5,441,050)	(174,050)		2,348,076
- Operating Reserve	1,094,912			0	4,253,049	5,347,961
Restricted Reserves						
- Agricultural Rebate	235,672			0		235,672
Unappropriated Fund Balance	0	34,972,500	(32,763,587)	2,208,913	(2,208,913)	0
Total Operating	3,989,959	40,239,500	(38,204,637)	2,034,863	2,044,136	8,068,958
Debt Service Reserve	0	8,917,746	(825,246)	8,092,500	(7,374,300)	718,200
Capital Projects Reserves						
- Continuing Projects	10,704,682			0	(5,422,039)	5,282,643
- Capacity Charges	1,082,333	401,000	(437,500)	(36,500)	41,833	1,087,666
- Capital Improvements	0	1,706,754	(4,018,943)	(2,312,189)	2,312,189	0
- Master Plan Improvements	0		(4,817,375)	(4,817,375)	8,179,881	3,362,506
- Vehicle Replacement	224,616		(229,000)	(229,000)	218,300	213,916
- Energy Efficiency	1,451,396		(1,451,396)	(1,451,396)		0
Total Capital	13,463,026	2,107,754	(10,954,214)	(8,846,460)	5,330,164	9,946,730
Total General Fund	17,452,985	51,265,000	(49,984,097)	1,280,903	0	18,733,888
Lower Moosa Sewer Treatment	1,058,150	1,764,000	(1,142,852)	621,148		1,679,298
Skyline Sewer Treatment	0	0	0	0		0
Woods Valley Sewer Treatment	614,319	344,606	(213,111)	131,495		745,814
Total All Funds	19,125,454	53,373,606	(51,340,060)	2,033,546	0	21,159,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2007-2008**

**RECAP OF RESERVES
AND FUND BALANCES
(Excludes Utility Plant)**

	Projected Balance, June 30, 2007	Revenues	Expenses	Net Revenues /Expenses	Transfers and Budgeted Additions	Projected Balance, June 30, 2008
General Fund						
Operating						
Rate Stabilization Reserves						
- Rate Stabilization	137,249			0		137,249
- Pumping Rate Stabilization	2,348,076	5,374,000	(5,702,700)	(328,700)		2,019,376
- Operating Reserve	5,347,961			0	335,172	5,683,133
Restricted Reserves	0					
- Agricultural Rebate	235,672			0		235,672
Unappropriated Fund Balance	0	38,163,800	(35,149,643)	3,014,157	(3,014,157)	0
Total Operating	8,068,958	43,537,800	(40,852,343)	2,685,457	(2,678,985)	8,075,430
Debt Service Reserve	718,200	826,288	(826,288)	0		718,200
Capital Projects Reserves						
- Continuing Projects	5,282,643			0	(2,770,876)	2,511,767
- Capacity Charges	1,087,666	520,000	(540,163)	(20,163)	44,835	1,112,338
- Capital Improvements	0	1,744,912	(2,930,010)	(1,185,098)	1,185,098	0
- Master Plan Improvements	3,362,506		(4,144,403)	(4,144,403)	3,967,728	3,185,831
- Vehicle Replacement	213,916		(213,000)	(213,000)	252,200	253,116
- Energy Efficiency	0		0	0		0
Total Capital	9,946,730	2,264,912	(7,827,576)	(5,562,664)	2,678,985	7,063,051
Total General Fund	18,733,888	46,629,000	(49,506,207)	(2,877,207)	0	15,856,681
Lower Moosa Sewer Treatment	1,679,298	1,303,900	(2,200,986)	(897,086)		782,212
Skyline Sewer Treatment	0	0	0	0		0
Woods Valley Sewer Treatment	745,814	348,801	(242,992)	105,809		851,623
Total All Funds	21,159,000	48,281,701	(51,950,185)	(3,668,484)	0	17,490,516

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

REVENUE ESTIMATE

GENERAL FUND

Page 1 of 3

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
	WATER SALES	@ 36,090 af	@ 44,500 af	@ 43,637 af	@ 44,500 af	@ 45,400 af	@ 89,900 af
4114	Municipal & Industrial	5,191,293	5,944,000	6,440,000	7,085,000	7,723,000	14,808,000
4115	Certified Agricultural	7,385,239	11,229,000	10,117,000	11,926,000	13,173,000	25,099,000
4116	Certified Ag/Domestic	6,857,165	9,743,000	9,006,000	10,462,000	11,556,000	22,018,000
4135	Construction	223,137	322,000	171,000	189,000	206,000	395,000
4150	Pump Charge	3,842,081	4,810,000	4,952,000	5,267,000	5,374,000	10,641,000
	Total Water Sales	23,498,915	32,048,000	30,686,000	34,929,000	38,032,000	72,961,000
	METER SERVICE CHARGES						
4114	Municipal & Industrial	1,781,999	2,048,000	2,042,000	2,347,000	2,526,000	4,873,000
4115	Certified Agricultural	301,370	339,000	306,000	325,000	344,000	669,000
4110	Additional Living Charge	20,043	20,000	20,400	20,400	20,400	40,800
4116	Certified Ag/Domestic	505,302	533,000	555,000	591,000	625,000	1,216,000
4135	Construction	64,555	56,000	76,000	76,000	76,000	152,000
	Total Meter Service Charges	2,673,269	2,996,000	2,999,400	3,359,400	3,591,400	6,950,800
	NEW CONNECTION SALES						
4210	Water Meters - New	327,245	219,200	458,400	232,400	191,200	423,600
4220	Water Meters - Relocate	5,651	5,500	7,800	5,500	5,500	11,000
4230	Pressure Reducers	700	1,400	2,300	1,400	1,400	2,800
4240	Double Check Valves	146,195	214,800	197,200	200,800	149,900	350,700
	Total New Connection Sales	479,791	440,900	665,700	440,100	348,000	788,100

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

REVENUE ESTIMATE

GENERAL FUND

Page 2 of 3

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
	PROPERTY TAXES-OTHER						
4310	Current Secured	394,542	451,200	1,037,200	1,845,000	1,882,000	3,727,000
4320	Current Unsecured	59,934	18,300	40,700	72,000	73,000	145,000
4340	Homeowners PTR	19,207	5,700	12,200	22,000	22,000	44,000
4350	Current Water Availability Charge	590,152	591,000	591,900	592,000	593,200	1,185,200
4382	Interest Allocation-Wtr Availability Chg	844	0	1,000	1,000	1,000	2,000
4360	Prior Secured	404	0	0	0	0	0
4370	Prior Unsecured	(2,358)	0	5,500	0	0	0
4380	Interest Allocation	2,094	0	1,800	0	0	0
	Total Property Taxes-Other	1,064,819	1,066,200	1,690,300	2,532,000	2,571,200	5,103,200

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

REVENUE ESTIMATE

GENERAL FUND

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
OTHER REVENUE							
4400	Investment Income	551,665	675,000	677,000	880,000	924,000	1,804,000
4417	Delinquent Penalty	180,279	222,000	278,700	281,000	281,000	562,000
4419	Transfer Fee	12,930	14,000	8,900	9,000	9,000	18,000
4420	Turn On Charge	12,366	12,000	14,260	14,000	14,000	28,000
4421	R.P. Inspection/Svc Fee	56,682	43,000	89,800	90,000	90,000	180,000
4421	R.P. Repairs	10,984	11,000	17,600	18,000	18,000	36,000
4430	Sale of Maps/Copies	741	1,200	750	1,200	1,200	2,400
4433	Service Availability Charge	1,545	1,600	1,200	1,200	1,200	2,400
4435	Sale of Surplus	7,830	9,000	25,000	25,000	25,000	50,000
4440	Other	37,214	1,000	165,000	1,000	1,000	2,000
4440	Return Check Charge	2,860	1,000	2,300	1,000	1,000	2,000
4440	Lease of Facilities	149,192	159,300	169,200	179,700	191,000	370,700
4440	Reimbursement Fees	0	4,000	0	4,000	4,000	8,000
4440	Escondido Sewer Collection Fee	1,476	1,300	1,790	1,900	2,000	3,900
4440	Escondido Water Service in Lieu	3,111	4,000	2,450	4,000	4,000	8,000
4444	FEMA Reimbursement	264,912	0	53,550	0	0	0
4446	State Mandated Cost Reimbursement	0	0	5,100	0	0	0
Total Other Revenue		1,293,787	1,159,400	1,512,600	1,511,000	1,566,400	3,077,400
CAPITAL IMPROVEMENT CHARGES							
4810	Meter Capacity Charges	389,055	263,000	430,000	401,000	520,000	921,000
4820	Contributions In Kind	1,457,391	0	0	0	0	0
4842	Annex Capital Fees	2,594	0	0	0	0	0
Total Capital Improvement Charges		1,849,040	263,000	430,000	401,000	520,000	921,000
TOTAL REVENUE		30,859,621	37,973,500	37,984,000	43,172,500	46,629,000	89,801,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

EXPENDITURES RECAP

ALL BUDGETED FUNDS

	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
	Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
RECAP BY DEPARTMENT						
General Administration	922,958	996,959	898,984	974,265	1,044,475	2,018,740
Finance	1,522,538	1,705,422	1,645,712	2,643,738	2,879,047	5,522,785
Engineering	1,164,938	1,200,207	1,189,327	1,391,838	1,520,315	2,912,153
Field Operation	5,238,694	5,814,313	5,583,501	6,277,652	6,587,403	12,865,055
Source of Supply	19,809,325	26,540,216	25,968,924	27,742,390	29,647,391	57,389,781
Total Operating	28,658,453	36,257,117	35,286,448	39,029,883	41,678,631	80,708,514
Capital Projects	5,276,965	14,660,161	3,354,518	5,532,175	5,056,700	10,588,875
Total General Fund	33,935,418	50,917,278	38,640,966	44,562,058	46,735,331	91,297,389
Lower Moosa Sewer Treatment	594,450	947,411	803,056	1,142,852	2,200,986	3,343,838
Skyline Sewer Treatment	110,926	108,597	104,905	0	0	0
Woods Valley Ranch Sewer Expansion	2,430	112,843	112,843	0	0	0
Woods Valley Ranch Sewer Treatment	204,856	282,680	198,080	315,731	345,612	661,343
Total	34,848,080	52,368,809	39,859,850	46,020,641	49,281,929	95,302,570

RECAP BY FUNCTION

Operating	28,565,354	36,153,157	35,177,690	38,204,637	40,852,343	79,056,980
Debt Service	93,099	103,960	108,758	825,246	826,288	1,651,534
Capital Projects	5,276,965	14,660,161	3,354,518	5,532,175	5,056,700	10,588,875
Total General Fund	33,935,418	50,917,278	38,640,966	44,562,058	46,735,331	91,297,389
Lower Moosa Sewer - Operating	594,450	947,411	803,056	1,142,852	2,200,986	3,343,838
Skyline Sewer Fund - Operating	110,926	108,597	104,905	0	0	0
Woods Valley Expansion - Capital Proj.	2,430	112,843	112,843	0	0	0
Woods Valley Ranch Sewer - Operating	204,856	282,680	198,080	315,731	345,612	661,343
Total	34,848,080	52,368,809	39,859,850	46,020,641	49,281,929	95,302,570

VALLEY CENTER MUNICIPAL WATER DISTRICT

2006-2008

**HISTORY OF WATER PURCHASED AND SOLD
1977-1978 THROUGH 2007-2008**

WATER PURCHASED - Acre Feet

<u>YEAR</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
77-78	4217.1	3361.5	3182.4	3105.6	2118.8	1778.3	736.0	258.6	278.2	432.2	2628.7	4331.6	26429.0
78-79	5155.4	5025.8	3191.9	4119.1	1323.4	514.8	326.8	143.8	475.8	1367.3	3021.3	4171.4	28836.8
79-80	4808.8	4922.9	5525.3	3147.3	1906.9	2371.4	700.5	303.4	368.1	2122.6	2142.8	4360.6	32680.6
80-81	6103.3	6239.8	4807.9	4586.2	3676.1	2586.6	2803.0	918.5	398.6	2407.0	4124.3	5394.9	44046.2
81-82	6781.8	6200.0	6068.7	4019.9	3235.9	1985.8	192.1	527.2	1027.1	1690.3	2823.8	3538.6	38091.2
82-83	5592.7	6190.5	4847.6	4512.1	1645.2	461.9	1317.0	458.7	87.2	904.9	2531.3	4034.3	32583.4
83-84	5737.0	4625.2	5473.0	3054.9	1628.3	341.4	1080.1	2766.0	3756.7	3488.5	5287.9	5008.3	42247.3
84-85	6035.9	5691.6	6308.7	4415.4	1664.2	180.1	657.5	504.5	1571.3	2718.2	4143.1	5062.7	38953.2
85-86	6433.5	6287.9	4800.6	4404.2	1628.4	849.8	2719.2	359.3	1139.6	2489.4	4799.4	5143.3	41054.6
86-87	6167.6	6991.1	4801.2	3148.4	3051.3	1490.4	1742.0	2027.3	615.4	4034.4	4411.0	5031.1	43511.2
87-88	5324.3	6078.5	5678.1	2798.1	947.0	1188.0	901.8	2078.9	3235.9	2445.2	4226.2	5035.2	39937.2
88-89	5988.1	5974.0	5903.9	4879.6	2460.7	1944.7	1379.7	1243.7	2704.2	4290.2	4589.6	5747.0	47105.4
89-90	7076.1	6686.1	6255.6	4890.2	4777.0	4419.5	1513.3	1022.5	2823.6	2914.4	5126.0	5030.5	52534.8
90-91	7407.1	6803.4	6949.6	6123.1	4273.9	3740.2	2299.9	3266.8	348.5	1680.7	3646.1	3814.9	50354.2
91-92	4479.1	4623.0	4713.1	4888.7	3789.4	1930.6	1368.9	1091.8	388.6	2260.8	3954.0	4799.5	38287.5
92-93	5922.2	6130.2	5936.6	4648.7	3432.6	979.0	516.5	132.2	1056.5	2710.5	4080.8	3968.5	39514.3
93-94	4588.9	4934.7	4582.2	3899.8	2132.8	1571.9	2406.0	385.0	877.1	1873.0	2171.8	4375.4	33798.6
94-95	4829.2	5447.0	4745.3	3869.4	2104.8	1921.0	181.1	737.6	393.0	1522.1	1915.2	3060.5	30726.2
95-96	4615.4	5329.8	5214.9	3891.6	2899.9	1982.8	1876.6	524.4	1091.5	3113.5	3964.4	4317.2	38822.0
96-97	5286.9	5563.8	4729.4	4121.5	1862.7	693.3	237.7	1142.5	2994.2	3334.2	4490.8	4286.9	38743.9
97-98	4992.9	5537.3	4321.1	3838.6	2068.6	896.8	641.6	207.2	871.0	1027.3	1470.5	3327.7	29200.6
98-99	5054.0	5587.1	4666.7	4102.4	2375.3	1568.2	2220.3	1459.1	2200.5	2182.5	3755.1	4023.9	39195.1
99-00	5304.4	5552.4	4833.7	5544.5	3993.3	3888.1	2911.9	1374.0	1899.2	3341.9	4615.7	5290.8	48549.9
00-01	5888.9	6364.2	5683.8	3911.5	3090.6	3846.9	1680.8	978.0	1386.0	2227.3	4383.2	5156.3	44597.5
01-02	5533.3	5998.9	5298.0	5070.1	2910.0	1441.5	3044.3	3216.4	3204.0	3657.5	4747.0	5403.1	49524.1
02-03	5995.0	6024.9	5877.3	4586.9	3014.9	1713.3	3207.5	1489.0	1277.3	2547.1	3783.6	4158.0	43674.8
03-04	6061.1	6467.7	5766.5	5517.0	2922.9	2742.6	3178.0	1282.9	3201.1	3978.4	5740.7	5327.2	52181.6
04-05	6222.8	5973.1	6053.1	2872.2	1183.1	1812.0	478.4	659.4	894.3	3288.1	4018.9	4649.2	38104.6
05-06	5837.3	5835.4	5302.0	3708.3	3950.8	3645.0	2746.6	2466.5	1620.9 *	2960.7 *	4085.8 *	4262.8 *	46422.1 *
06-07	6276.4 *	6330.1 *	5930.2 *	4190.1 *	2790.5 *	2840.0 *	2217.7 *	1527.0 *	1979.9 *	3542.3 *	4795.5 *	4930.3 *	47350.0 *
07-08	6402.3 *	6457.1 *	6049.2 *	4274.1 *	2846.5 *	2897.0 *	2262.2 *	1557.7 *	2019.6 *	3613.3 *	4891.7 *	5029.2 *	48300.0 *
						AVERAGE FIRST 6 MONTHS	25513.5			AVERAGE LAST 6 MONTHS	15304.5		40818.0
							62.506%				37.494%		100.000%

WATER SOLD - Acre Feet

<u>YEAR</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
77-78	3291.0	3763.9	3019.3	2918.5	2951.8	2221.8	175.9	153.9	155.1	254.9	1450.0	3802.4	24158.5
78-79	4091.5	4624.2	4610.5	3739.2	2612.6	578.9	305.8	149.3	277.9	373.1	2311.4	3202.6	26877.0
79-80	4324.8	4220.4	4410.6	4643.9	2158.1	2565.0	1361.9	230.6	169.8	1147.6	1717.9	2946.5	29897.1
80-81	5230.2	5362.8	5282.5	4068.7	3573.2	2526.4	2965.5	1355.0	871.5	1279.3	2753.1	3897.6	39165.8
81-82	6160.5	4835.6	6805.9	3975.9	3900.3	1752.8	1348.9	236.3	967.9	477.2	2463.4	3070.1	35994.8
82-83	3839.0	5790.1	5767.0	3526.2	3165.6	322.2	1185.1	414.1	346.3	554.7	1032.9	3451.4	29394.6
83-84	4407.9	5616.5	4819.2	2601.9	3175.5	282.7	544.7	2008.3	2994.5	3158.9	3876.5	4688.6	38175.2
84-85	5540.3	5168.6	6216.7	4849.7	2923.6	482.9	259.7	474.6	951.9	2136.0	2989.7	4253.0	36246.7
85-86	6025.1	5371.5	5573.7	3429.1	3306.4	370.3	1633.0	1453.4	644.3	1155.6	3528.0	4848.4	37338.8
86-87	5256.7	6099.2	6220.0	2746.6	3292.5	2017.3	1274.7	2154.4	911.0	1648.2	4034.9	4480.3	40135.8
87-88	5075.2	5496.0	5770.9	4559.4	485.3	1225.0	885.4	970.2	2114.0	3877.4	2111.3	4166.3	36736.4
88-89	5541.8	5738.1	6129.3	4617.5	3508.7	2308.5	726.9	1266.4	1880.6	3188.3	3920.8	4661.9	43488.8
89-90	6311.7	6279.5	6257.1	5351.0	4596.1	3906.8	2255.1	1326.8	1439.2	2924.5	3886.8	4002.6	48537.2
90-91	6273.1	6243.0	6415.6	6045.7	4939.7	3333.2	2262.9	3139.4	1257.4	655.9	2588.9	3513.9	46668.7
91-92	3822.2	3846.7	4740.0	4562.5	3654.4	2866.6	903.4	1506.6	520.4	767.3	3430.0	3767.7	34387.8
92-93	5311.0	5527.2	5529.9	5729.0	3298.1	2094.3	431.0	205.4	542.8	1535.3	3510.5	3410.2	37124.7
93-94	4614.4	4227.5	4591.6	3928.3	3023.5	1496.8	2430.7	867.6	748.7	1267.2	1451.7	3156.4	31804.4
94-95	4800.7	4564.8	5130.8	3947.2	2779.1	2094.3	695.8	395.4	486.5	1040.1	1321.5	2507.6	29763.8
95-96	3908.3	4394.7	5697.9	3850.9	3126.2	2459.2	2078.4	694.7	541.8	2060.1	3680.3	3802.5	36295.0
96-97	4607.2	5026.2	5376.3	3826.9	3022.0	800.9	397.7	578.3	1970.9	2985.4	3855.3	4209.7	36656.8
97-98	4566.5	4809.3	5163.0	3338.3	3304.4	802.0	973.2	355.9	438.1	618.9	1375.8	2261.1	28006.5
98-99	4137.4	4973.8	5283.6	4042.6	2970.1	1545.2	2462.3	956.0	2061.6	1668.0	3039.8	3541.7	36682.1
99-00	4654.8	4919.7	5376.5	4827.9	4508.1	3480.2	3424.3	2413.0	809.4	3105.6	3574.2	4922.9	46016.6
00-01	5008.6	6061.1	5868.0	4349.5	2985.2	3428.2	2969.7	1191.4	483.0	1754.6	3348.5	4554.9	42002.7
01-02	4893.5	5664.6	5568.1	4774.4	4237.6	1675.2	2075.0	3069.6	3309.7	2917.2	3909.2	5053.2	47147.3
02-03	5110.0	6081.5	5590.0	5187.1	3374.5	2681.1	1915.4	2787.0	508.3	2292.3	2483.5	4059.9	42070.6
03-04	4858.7	6156.9	5823.1	5130.8	4085.7	2947.0	2484.3	2428.3	1715.0	3488.0	4821.4	5396.8	49336.0
04-05	5156.8	5801.5	6036.9	4961.1	1018.2	1434.1	1013.1	690.3	563.6	2114.7	2785.1	4514.3	36089.7
05-06	4910.9	5385.3	5646.5	4597.6	2952.2	3787.4	2414.6	3159.7	864.9 *	2450.3 *	3131.5 *	4336.0 *	43637.0 *
06-07	5146.5 *	5980.0 *	6036.1 *	5064.8 *	2777.7 *	2816.4 *	2038.4 *	2164.7 *	1083.9 *	2776.6 *	3702.4 *	4912.3 *	44500.0 *
07-08	5250.6 *	6100.9 *	6158.2 *	5167.3 *	2833.9 *	2873.4 *	2079.6 *	2208.5 *	1105.8 *	2832.8 *	3777.3 *	5011.7 *	45400.0 *
						AVERAGE FIRST 6 MONTHS	25266.1			AVERAGE LAST 6 MONTHS	12789.9		38056.0
							66.392%				33.608%		100.000%

*ESTIMATED

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
General Administration**

FUNCTION OVERVIEW

Provide overall District administration and specific administration of the Board of Director's business, legal services, election processes, human resources, employee recognition, district memberships, public information and water conservation programs.

ACCOMPLISHMENTS FOR 2005-2006

Economic Study Group (ESG) – Though efforts to legislatively change the voting structure were abandoned, work continued on and was successful in reforming the governance at the local level, with changes implemented to strengthen the committee process, thus showing the impact of the smaller member agencies. Senate Bill 511 (Hollingsworth), requiring a report to the legislature in two years on the success of these changes, was approved and signed into law in the 2005-2006 legislative session.

Poseidon Resources Desalinated Seawater Agreement – This agreement, which could result in the District receiving in-lieu deliveries of up to 7,500 acre feet per year of desalted seawater, was negotiated and approved by the Board of Directors. The District assisted Poseidon in applying for Proposition 50 Funding for the project.

Solar Power Project – A comprehensive analysis of a potential one mega-watt solar power facility located at Lake Turner to supply a portion of the electrical power for the Betsworth Pumping Station was completed. Based upon the analysis, it was determined that the project would not be pursued at this time, but economic factors impacting the project would continue to be monitored and the project reconsidered in the future.

Urban Water Management Plan – The 2005 Update of the District's Urban Water Management Plan was completed and forwarded to the Department of Water Resources.

Employee Manual – The internal and external review of the District's employee manual, Sections 1 through 8 of the Administrative Code was completed and a number of technical changes were identified for consideration in the next Meet and Confer process.

Comprehensive Employee Recruitment, Training and Development, Retention and Succession Planning Program – This program was developed and adopted by the Board for implementation over the next two fiscal years.

Bonsall-Pala Hydrologic Sub-areas Municipal Service Review – This Municipal Service Review (MSR) was initiated in response to a Latent Powers Application by the San Luis Rey Municipal Water District. District staff complied with the request for information in a timely manner and participated in the Municipal Service Review Working Group.

CHALLENGES FOR 2006-2008

The General Administrative Department is charged with and is responsible for the overall management of all District activities and programs in compliance with Board direction and policy, as well as the Human Resources function. Beyond these general responsibilities, the General Administration Department will face a number of challenges over the next two fiscal years, including:

- Implementing the Comprehensive Employee Recruitment, Training and Development and Retention Program through the Human Resources Division.
- Pursuing resolution of the Prior Service issue with CalPERS.
- Responding to and implementing the possible outcome of the Bonsall-Pala Hydro-geologic Sub-areas Municipal Service Review.

- Assisting Poseidon Resources and the City of Carlsbad in realization of the Sea Water Desalting Project.
- Oversee the first debt issuance as provided for in the District’s Long Range Financial Plan.
- Meeting the changing communications, information, and water conservation needs of a rapidly urbanizing customer base.
- Preparing for and participating in the Meet and Confer process for an agreement to succeed the current agreement, which expires at the end of 2007-2008.
- Monitor and engage in policy discussions concerning the status of agricultural supplies and pricing in both the San Diego County Water Authority and Metropolitan Water District areas.
- Monitor, engage, and participate in policy and legislative activities at the regional and state-level through the Association of California Water Agencies with respect to state and federal legislation as well as state-level bond initiatives which have impact on the quantity, quality, and reliability of water supplies available to the District’s customer base.

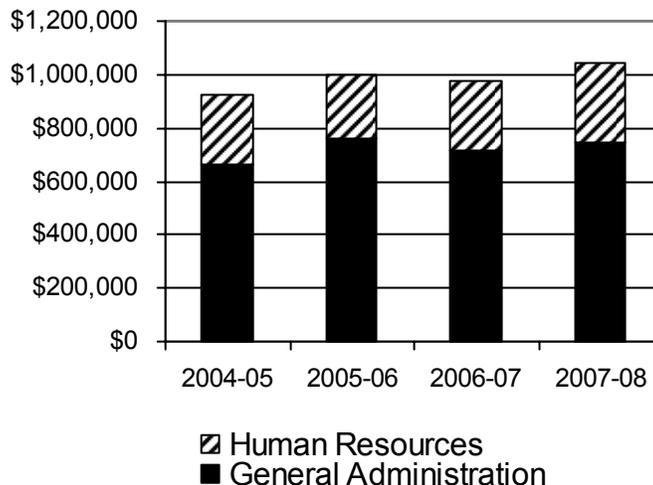
GOALS FOR 2006-2008

- Detailed department level training and development programs included in and implemented through the two-year 2006-2007 and 2007-2008 Budget.
- Effectively respond to the recommendations emanating from the Bonsall-Pala Municipal Service Review.
- Successfully conclude the CalPERS prior funding issue with either a capital reduction in the unfunded liability or a reduced interest rate on the outstanding unfunded liability with CalPERS.
- Oversee the successful borrowing of \$8 to \$12 million in Certificates of Participation (COP) debt to continue funding of the District’s capital improvement projects (CIP).
- Revise and expand the District’s communications, information, and conservation programs to meet the growing and changing needs of the customer base.
- Successfully participate in and conclude Meet and Confer discussions to a long-term agreement to succeed the current agreement.
- Secure passage of statewide bond in November 2006 which will include funds for Sacramento/San Joaquin Delta Levee Restoration as well as new surface storage as outlined by the CalFED Record of Decision.
- Protect the availability of water supplies and appropriate pricing for agricultural use.

LONG-TERM GOALS

It remains the long-term goal of the General Administration Department to implement the policies of the Board of Directors, maintain an efficient and cost effective organization, implement the Capital Replacement and Improvement Program, preserve local financial resources for local purposes, protect appropriate wholesale revenue/rate equity for all customer classes, with all efforts aimed toward fulfilling the District’s mission to “Ensure Customer Satisfaction Through Quality Service at the Lowest Possible Cost.”

General Administration



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

DEPARTMENT SUMMARY

GENERAL ADMINISTRATION

Div. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	General Administration	664,708	758,491	701,991	715,710	747,996	1,463,706
15	Human Resources	258,250	238,468	196,993	258,555	296,479	555,034
18	Training	0	0	0	0	0	0
TOTAL GENERAL ADMINISTRATION		922,958	996,959	898,984	974,265	1,044,475	2,018,740

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **General Administration**
DIV: **Administration**

**01
51
01**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor and Benefits - Regular	410,719	396,500	396,500	415,200	448,900	864,100
03	Overtime	2,102	1,000	1,000	1,000	1,000	2,000
10	Training & Education	0	500	500	1,000	1,000	2,000
11	Uniform/Clothing/Shoes	1,009	1,000	1,000	1,000	1,000	2,000
25	Outside Professional Services	693	51,500	40,000	3,500	500	4,000
26	Legal Services	31,747	54,000	54,000	66,600	71,650	138,250
28	Printing	3,085	3,500	3,500	5,000	5,200	10,200
29	Books & Subscriptions	2,114	2,000	2,000	2,000	2,100	4,100
30	Special Department Expenses	25,141	24,960	24,960	33,330	29,660	62,990
33	Postage	5,671	10,655	10,655	12,425	12,975	25,400
34	Membership Fees & Dues	17,337	21,390	21,390	23,065	23,640	46,705
35	Directors' Fees	11,550	15,500	15,500	15,500	15,500	31,000
36	Directors' Travel & Expenses	6,870	10,000	10,000	10,500	11,000	21,500
37	Transportation, Meals & Travel	8,386	15,000	15,000	15,000	15,000	30,000
39	Public Information and Notices	17,602	16,250	16,250	21,750	22,850	44,600
50	50th Anniversary Celebration	2,181	0	0	0	0	0
52	Regional Internship Program	0	2,500	2,500	2,500	2,500	5,000
54	Maintenance of Equipment	127	450	450	450	450	900
80	San Pasqual - Water Service	36	0	0	0	0	0
83	Unclassified - Contingency Fund	6,850	10,000	10,000	20,000	20,000	40,000
84	Water Conservation Program	16,489	36,025	36,025	41,225	41,225	82,450
86	Lake Turner Recreational Contribution	0	20,000	0	0	0	0
87	Economic Study Group	54,232	30,000	5,000	0	0	0
88	Dynegy Litigation	19,500	15,000	15,000	0	0	0
89	LAFCO Budget Assessment	27,736	22,000	22,000	24,000	24,000	48,000
90	Legislative Representation	15,104	20,000	20,000	20,000	20,000	40,000
91	Expense Credit	(21,573)	(21,239)	(21,239)	(19,335)	(22,154)	(41,489)
	Total	664,708	758,491	701,991	715,710	747,996	1,463,706

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **General Administration**
DIV: **Human Resources**

**01
51
15**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor and Benefits - Regular	183,447	190,500	168,000	208,100	228,000	436,100
03	Overtime	7,456	6,000	6,000	6,200	6,450	12,650
10	Training & Education	2,639	7,000	2,000	7,000	7,000	14,000
25	Outside Professional Services	49,635	17,500	6,000	18,810	19,400	38,210
26	Legal Services	5,635	2,000	500	2,000	20,000	22,000
28	Printing	52	250	275	300	350	650
29	Books & Subscriptions	390	400	500	400	450	850
30	Special Department Expenses	5,823	7,100	7,500	7,780	8,160	15,940
34	Membership Fees & Dues	160	500	500	500	550	1,050
37	Transportation, Meals & Travel	371	2,000	500	2,000	2,000	4,000
39	Advertising	10,196	12,000	12,000	12,450	12,900	25,350
91	Expense Credit	(7,554)	(6,782)	(6,782)	(6,985)	(8,781)	(15,766)
	Total	258,250	238,468	196,993	258,555	296,479	555,034

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **General Administration**
DIV: **Training**

**01
51
18**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	General and Administration	0	500	500	1,000	1,000	2,000
11	Finance Administration	0	5,500	5,000	6,000	6,200	12,200
12	Finance - Consumer Services	0	500	500	500	500	1,000
13	Finance - Information Technology	0	9,500	9,500	9,500	11,000	20,500
15	G&A - Human Resources	0	7,000	7,000	7,000	7,000	14,000
21	Engineering Administration	0	7,375	7,375	9,320	9,320	18,640
22	Engineering-Planning & Design	0	1,000	1,000	3,360	4,000	7,360
23	Engineering-Public Services	0	500	500	960	1,200	2,160
24	Engineering-Encroachments Locates	0	250	250	0	0	0
28	Engineering-GIS, Maps and Records	0	7,300	7,300	3,260	3,420	6,680
31	Field Administration	0	36,800	36,800	42,500	44,600	87,100
91	Expense Credit	0	(76,225)	(75,725)	(83,400)	(88,240)	(171,640)
	Total	0	0	0	0	0	0

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **General Administration** **51**
 DIV: **Training** **18**

Acct. No.	Detail and Justification	2006-07 Department Request		2007-08 Department Request	
01	General Administration Seminars & Workshops		1,000		1,000
		1,000		1,000	
11	Finance Administration Accounting Education & Tuition Reimbursement		6,000		6,200
	Accounting Updates	2,800		2,900	
		3,200		3,300	
12	Finance - Consumer Services Customer Service Seminars		500		500
		500		500	
13	Finance - Information Technology Microsoft Operating System Training		9,500		11,000
	Security Training	2,000		2,250	
	Software Training	2,000		2,250	
	Emerging Technology	3,000		3,500	
		2,500		3,000	
15	General Administration - Human Resources Tuition Reimbursement		7,000		7,000
	Miscellaneous Training	5,000		5,000	
		2,000		2,000	
21	Engineering Administration Management Training		9,320		9,320
	JPIA Supervisory Training	2,000		2,000	
	Continuing Education	2,320		2,320	
		5,000		5,000	
22	Engineering - Planning & Design Technical Training		3,360		4,000
	Safety Training	1,000		1,000	
	Construction Methods	1,360		1,500	
		1,000		1,500	
23	Engineering - Public Services Customer Service Seminars		960		1,200
	Notary Traing and Certification	360		600	
		600		600	
28	Engineering - GIS, Maps and Records Software Training-AutoCAD, GIS, Access, etc.		3,260		3,420
	ESRI Conference	1,760		1,920	
		1,500		1,500	

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
Finance**

FUNCTION OVERVIEW

The Finance Department provides professional financial planning to the District to provide funding for the operational costs and capital improvement projects needed to provide water and wastewater service to its customers. Accounting and auditing services are provided to show clearly and accurately at all times the financial status of the District. The Department invests available assets and manages the District's debt including assessment districts. The Information Technology Division provides comprehensive technology planning, integration, and support to all areas of the District to maximize efficiency.

Costs incurred by the Salary Clearing Division are transferred to other divisions and funds at 213% (2006-07) and 215% (2007-08) of actual productivity salary expended to cover the combined expense of salary and fringe benefits, including leave. The labor shown in the balance of the budget includes fringe benefits. Salary charged to outside projects and wastewater funds is at 228% and 230% to cover other overhead expenses.

ACCOMPLISHMENTS FOR 2005-2006

Awards - For the ninth time, our 2005-06 Budget received the Award for Excellence in Operational Budgeting by the California Society of Municipal Finance Officers. Our Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the fourteenth year in a row.

Performance Measurement Standards - Compliance with these Standards was as follows:

- **Operating Reserves:** (Standard 3) The District's standard is to maintain an operating reserve at six month's operations and maintenance budget, excluding wholesale water and power purchases. Because of our large capital improvement program, operating reserves have been reduced to fund capital projects, and the operating reserve is expected to be one month's budget. The District is planning on issuing debt during the budget period to fund these capital projects, which will enable the operating reserve to be funded at the six month level.
- **Local Share of Total Water Commodity Costs:** (Standard 4) Our share of the total water commodity rate, as budgeted, will be 10% of the total commodity cost for domestic customers and 13.3% for certified agricultural use, both below the standard of 13% and 16%, respectively.
- **Return on Investments:** (Standard 10) During the annual review of the District's Investment Policy, the benchmark was changed to the 12-month rolling average return on U.S. Treasury bonds. The District's yield equaled this benchmark.

Strategic Plan Implementation -

- **Comprehensive Long Range Capital Financing Plan** - (2005-06 Goal 6) The long range financial plan report was completed in June 2005. The financial model has been integrated into our budgeting and rate setting process. We are working with our financial advisor to assist the District in preparing for a future debt issuance to fund the projects recommended in our Water Master Plan.

Information and Business Systems:

- A number of enhancements were made to our enterprise computer program to automate more processes. The electronic meter purchase program was fully implemented during the year along with tracking of employee training and certifications integrated into our human resources programming.
- The enterprise computer system was modified to accommodate the new automatic meter reading program.

- Four network servers were replaced, and the old servers were used in a backup co-location to replicate our data and serve as a backup data center.
- A radio survey was completed to identify additional sites for radio repeaters to improve emergency communications in the remote corners of the District. The study showed that a single site on Palomar Mountain will provide better coverage at a lower cost than multiple repeater sites within the District.
- A review of content management software was completed and a Microsoft Sharepoint server was installed. A Sharepoint Intranet is being constructed to delegate Intranet editing and provide faster information and improve data collaboration.
- Enhancements were made to the electronic document management system to provide a more user-friendly interface.

CHALLENGES FOR 2006-2008

The 2002 Water Master Plan identifies over \$50 million of capital projects. Funding these projects with the lowest possible impact on our water rates will be our greatest challenge.

GOALS FOR 2006-2008

Strategic Plan Implementation –

- **Long-Range Capital Financial Plan Completed and First Debt Issuance Completed -** (Goal 6) The long range financial plan report was completed in June 2005 and the financial model has been integrated into our budgeting and rate setting process. This Budget and our financial model show the District will need to issue approximately \$8 million in debt in 2006-07 to fund the projects recommended in our Water Master Plan while maintaining adequate reserves. We are working with our financial advisor to assist the District in preparing for this debt issuance.
- **Data Processing and Management System to be Fully Integrated:** (Goal 7) New Service Order Software will be implemented to track customer service order requests and produce work orders. This will be integrated with our Geographical Information System (GIS) and improve customer service and automatically schedule routine maintenance. An improved job cost program will integrate it with our labor and inventory programs.

Information Systems – Increasing reliability and efficiency, we will implement the following:

- A new radio repeater will be installed on Palomar Mountain to improve emergency communications in the remote corners of the District. The existing local repeater will be retained as a backup system, and all existing radios will be programmed to access both systems.
- A new Intranet using Microsoft Sharepoint will be constructed to delegate Intranet editing and provide faster information and improve data collaboration. This will be followed by a conversion of the public Internet site, providing the capability of future additional on-line services.
- The new backup data server center will be moved to an offsite location to provide data availability in case of a major disaster at the main offices.
- Our current financial accounting system will be converted from Unix to Windows SQL as the new system becomes available from our vendor. This will allow better sharing of data between our various databases, including GIS and SCADA.

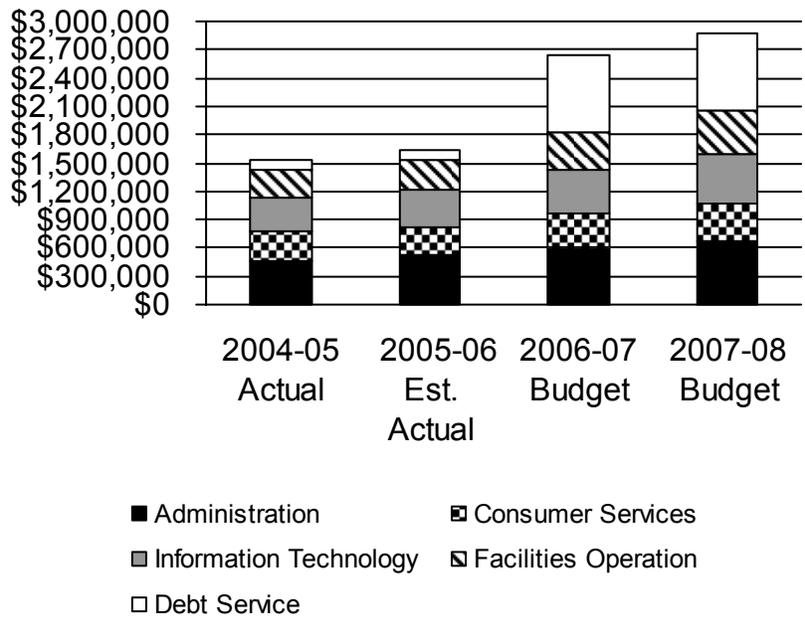
LONG-TERM GOALS

Provide ongoing financial analysis to support the District's capital improvement program. Continue to improve procedures to be able to provide data to users as fast and accurately as possible, using new technologies including electronic transmissions and storage.

LONG-TERM DEBT SCHEDULE

	Interest rate	Final maturities	Outstanding <u>June 30, 2005</u>	Retired <u>2005-06</u>	Outstanding <u>June 30, 2006</u>	Maturing <u>2006-07</u>	Outstanding <u>June 30, 2007</u>	Maturing <u>2007-08</u>	Outstanding <u>June 30, 2008</u>
Revenue Bonds	2.64%	July 1, 2013	695,000	80,000	615,000	80,000	535,000	85,000	450,000
Proposed Debt	6.00%	July 1, 2026	0	0	0	223,500	7,869,000	237,100	7,631,900

Finance



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

DEPARTMENT SUMMARY

FINANCE

Div. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
11	Administration	469,529	513,641	515,591	611,091	668,646	1,279,737
12	Consumer Service	300,666	327,252	293,199	360,374	391,126	751,500
13	Information Systems	369,030	425,887	402,477	450,593	527,643	978,236
14	Facilities Operation	290,214	334,682	325,687	396,434	465,344	861,778
16	Salary Clearing	0	0	0	0	0	0
19	Debt Service	93,099	103,960	108,758	825,246	826,288	1,651,534
TOTAL FINANCE		1,522,538	1,705,422	1,645,712	2,643,738	2,879,047	5,522,785

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Finance**
DIV: **Administration**

**01
52
11**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	437,136	452,700	467,500	549,100	606,200	1,155,300
03	Overtime	7,495	7,500	4,500	7,500	7,500	15,000
10	Training & Education	1,570	5,500	5,000	6,000	6,200	12,200
11	Uniform Allowance	3,026	3,100	3,100	3,700	3,700	7,400
25	Outside Professional Services	22,246	33,000	29,000	34,000	35,500	69,500
28	Printing	1,631	7,700	6,200	8,000	8,800	16,800
29	Subscriptions and Publications	572	1,000	1,100	1,100	1,200	2,300
30	Special Department Expenses	4,505	8,000	6,500	8,400	9,000	17,400
33	Postage	527	650	600	700	750	1,450
34	Membership Fees & Dues	995	2,100	1,500	2,100	2,200	4,300
37	Transportation, Meals & Travel	4,596	6,500	5,200	6,500	6,900	13,400
54	Maintenance of Equipment	0	500	0	500	500	1,000
91	Expense Credit	(14,770)	(14,609)	(14,609)	(16,509)	(19,804)	(36,313)
	Total	469,529	513,641	515,591	611,091	668,646	1,279,737

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Administration** **11**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	549,100 4.61	606,200 5.61
03	Overtime	7,500	7,500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	6,000	6,200
11	Uniforms/Clothing/Shoes Uniform Allowance	3,700 3,700	3,700 3,700
25	Outside Professional Services Annual District Audit Availability Chgs Computer Svcs & Notices Bank Service Charges Other	34,000 20,000 2,500 9,000 2,500	35,500 21,000 2,500 9,000 3,000
28	Printing Special Mailings Budgets Business Cards Comprehensive Annual Financial Report Tax Forms Checks Other	8,000 1,000 1,300 550 3,000 250 1,400 500	8,800 1,000 1,400 550 3,200 250 1,500 900
29	Subscriptions and Publications Trade Journals and Newspapers Government Accounting Standards Board Miscellaneous Publications	1,100 400 200 500	1,200 450 250 500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Administration** **11**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
30	Special Department Expenses	8,400	9,000
	CAFR Applications and Debt Statistics	1,200	1,300
	Budget Application	60	60
	Association of Public Treasurers Application	250	250
	Computer Programs	400	400
	Office Supplies	800	850
	Lien Releases & Recording Fees	50	50
	Computer Paper for HP Line Printers	2,500	3,000
	Furnishings	3,000	3,000
	Miscellaneous	140	90
33	Postage	700	750
	Availability Charge Notices	500	525
	FedEx & Miscellaneous Mailings	200	225
34	Memberships, Fees and Dues	2,100	2,200
	American Institute of CPA's	320	350
	Calif. Society of Municipal Finance Officers	200	200
	California Municipal Treasurers' Association	150	155
	California Society of CPA's	335	350
	Government Finance Officers Association	160	175
	Public Agency Risk Managers and PRIMA	200	200
	California Board of Accountancy	0	300
	Association of Public Treasurers	200	215
	Other	535	255
37	Transportation, Meals & Travel	6,500	6,900
	ACWA Fall & Spring Conference	4,000	4,300
	Transportation to Training and Seminars	1,500	1,600
	Other	1,000	1,000
54	Maintenance of Equipment	500	500
	Calculators	200	200
	Other	300	300

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Finance**
DIV: **Consumer Services**

**01
52
12**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	243,762	246,000	235,300	272,300	297,200	569,500
03	Overtime	247	300	700	300	300	600
10	Training & Education	521	500	0	500	500	1,000
25	Outside Professional Services	15,658	17,700	14,200	18,700	22,700	41,400
28	Printing	4,141	7,410	7,220	9,410	9,910	19,320
29	Subscriptions and Publications	0	50	53	0	0	0
30	Special Department Expenses	46	300	11	600	300	900
33	Postage	31,800	34,000	33,835	38,000	41,500	79,500
37	Transportation, Meals & Travel	56	100	27	100	100	200
54	Maintenance of Equipment	0	200	161	200	200	400
87	Write Off of Uncollectible Accounts	13,883	30,000	11,000	30,000	30,000	60,000
91	Expense Credit	(9,448)	(9,308)	(9,308)	(9,736)	(11,584)	(21,320)
	Total	300,666	327,252	293,199	360,374	391,126	751,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Consumer Services** **12**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
87	Write Off of Uncollectible Accounts	30,000	30,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(9,736)	(11,584)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Finance**
DIV: **Information Technology**

**01
52
13**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	237,527	251,900	237,500	264,400	280,100	544,500
03	Overtime	2,590	2,000	3,300	3,500	4,000	7,500
10	Training & Education	11,939	9,500	7,000	9,500	11,000	20,500
25	Outside Professional Services	1,209	5,000	2,500	7,200	7,200	14,400
29	Subscriptions and Publications	982	1,000	700	1,000	1,000	2,000
30	Special Department Expenses	29,486	49,200	49,200	30,200	62,200	92,400
32	Telephone/Answering Service	9,082	9,300	9,300	15,300	15,300	30,600
37	Transportation, Meals & Travel	189	300	450	350	350	700
40	Rents and Leases	1,959	2,500	2,500	10,500	11,000	21,500
41	Hazardous Waste Disposal Costs	0	0	0	500	500	1,000
54	Maintenance of Equipment	19,707	27,000	27,000	29,500	31,500	61,000
59	Maintenance of Software	40,612	45,000	47,000	52,500	76,800	129,300
	Total Network and Workstations	355,282	402,700	386,450	424,450	500,950	925,400
61	Outside Professional Services - HP	15,561	21,600	15,000	19,600	20,700	40,300
62	Maintenance of Equipment - HP	4,334	7,500	6,500	7,500	7,700	15,200
63	Special Department Expenses - HP	821	1,200	1,200	1,200	1,400	2,600
	Total Hewlett Packard	20,716	30,300	22,700	28,300	29,800	58,100
76	Equipment	4,825	5,000	5,440	0	0	0
91	Expense Credit	(11,793)	(12,113)	(12,113)	(2,157)	(3,107)	(5,264)
	Total Equipment and Credits	(6,968)	(7,113)	(6,673)	(2,157)	(3,107)	(5,264)
	Total	369,030	425,887	402,477	450,593	527,643	978,236

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** 01
 DEPT. **Finance** 52
 DIV: **Information Technology** 13

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	264,400 2.10	280,100 2.10
03	Overtime	3,500	4,000
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	9,500	11,000
25	Outside Professional Services Network System Engineers Email Backup and Filter Server Radio Repeater Contract (2 Repeaters)	7,200 3,000 2,200 2,000	7,200 3,000 2,200 2,000
29	Books & Subscriptions Publications	1,000 1,000	1,000 1,000
30	Special Department Expenses Upgrade 20 Computers, 2 Laptops Printer Supplies, Ribbons, Cartridges Backup Tapes Software Upgrades Miscellaneous Printer Replacement	30,200 0 10,500 2,200 7,000 8,000 2,500	62,200 35,000 11,500 2,200 5,000 8,500 0
32	Telephone/Answering Service Internet Service Provider and T-1 Frame Relay Web Page Hosting	15,300 14,900 400	15,300 14,900 400
37	Transportation, Meals & Travel	350	350
40	Rents and Leases Backup Tape Archive Storage Repeater Site	10,500 2,500 8,000	11,000 3,000 8,000
41	Hazardeous Waste Disposal Costs	500	500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Information Technology** **13**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
54	Maintenance of Equipment	29,500	31,500
	Server Repair	6,000	6,000
	Workstation Repair	10,000	10,000
	Laptop Repair	4,500	4,500
	Printer Repair	2,500	3,500
	Network Infrastructure Repair	3,500	3,500
	Cellular Phones and Batteries	3,000	4,000
59	Maintenance of Software	52,500	76,800
	Antivirus	3,500	3,900
	Document Management	24,000	26,500
	Firewall	7,000	7,500
	Intrusion Detection	5,000	5,500
	Network Management and Security	6,000	6,500
	Network Switches	2,000	2,200
	Web Security	2,000	2,200
	Back-Up Software (2-year)	2,500	0
	Telephone Accounts	500	500
	Maintenance Management System	0	22,000
61	Outside Professional Services - HP	19,600	20,700
	Database Software Maintenance	1,200	1,300
	Datastream Software Maintenance Agreement	3,000	3,200
	Water Billing and Service Order Programming	4,000	4,200
	Programming Changes and Enhancements	10,000	10,500
	USPS - Class Certification	1,200	1,300
	EZ Forms License	200	200
62	Maintenance of Equipment - HP	7,500	7,700
	3 Printers	2,200	2,200
	CMT's (Handheld Meter Readers)	2,300	2,400
	Hewlett Packard Mainframe	2,000	2,100
	Miscellaneous	1,000	1,000
63	Special Department Expenses - HP	1,200	1,400
	Ribbons for HP Line Printers	1,000	1,100
	Backup Tapes	200	300
91	Expense Credit	(2,157)	(3,107)
	Reimbursement from Sewer Funds for Administrative Overhead		

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Finance**
DIV: **Facilities Operation**

**01
52
14**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	10,941	13,200	14,600	14,300	15,700	30,000
03	Overtime	0	200	0	200	200	400
25	Outside Professional Services	980	1,800	1,100	2,000	2,200	4,200
27	Office Supplies	6,524	8,000	8,000	8,600	9,200	17,800
28	Printing	3,219	3,500	3,300	3,700	4,000	7,700
30	Special Department Expenses	1,097	1,700	1,800	3,500	3,800	7,300
32	Telephone/Answering Service	32,324	34,000	33,000	49,000	56,000	105,000
40	Rents & Leases	2,017	2,400	2,000	3,500	5,000	8,500
42	Insurance	189,705	218,195	215,200	250,574	304,508	555,082
45	Electricity	35,991	40,000	39,000	48,000	51,000	99,000
54	Maintenance of Equipment	10,572	15,000	11,000	17,000	18,500	35,500
91	Expense Credit	(3,156)	(3,313)	(3,313)	(3,940)	(4,764)	(8,704)
	Total	290,214	334,682	325,687	396,434	465,344	861,778

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Facilities Operation** **14**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	14,300 0.09	15,700 0.09
03	Overtime	200	200
25	Outside Professional Services Record Destruction Services Miscellaneous	2,000 1,600 400	2,200 1,800 400
27	Office Supplies-District Various Office Supplies, Copier Paper	8,600 8,600	9,200 9,200
28	Printing Letterhead, Labels, Envelopes	3,700 3,700	4,000 4,000
30	Special Department Expenses Supplies for 7 Facsimile Machines Copier, Postage Meter, & Misc. Supplies Property Taxes for Facilities Outside of the District County Vector Control Assessment Other	3,500 1,700 400 200 800 400	3,800 1,900 400 200 900 400
32	Telephone/Answering Service Telephone Cellular Service Answering Service Reverse 911 Telephone Dialing Service	49,000 10,300 26,000 2,700 10,000	56,000 12,000 30,000 3,000 11,000
40	Rents & Leases Postage Machine Print Head Storage of Application Files Other	3,500 1,400 1,800 300	5,000 1,600 3,000 400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Facilities Operation** **14**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
42	Insurance	250,574	304,508
	General Liability	222,700	272,000
	Property Damage and Fidelity Coverage	35,400	43,200
	Other Self Insured Retention	5,000	5,400
	Less Amount Charged to Sewer Funds	(12,526)	(16,092)
45	Utilities-Electricity	48,000	51,000
	Electricity for Administration, Board Room Multipurpose Room, and Engineering Annex I, II, & III		
54	Maintenance of Equipment	17,000	18,500
	Telephone Equipment and Programming	6,000	6,500
	Copier Machines (7)	5,500	6,000
	Facsimile Machines (7)	2,200	2,400
	Postage Machine and Scale	550	600
	Typewriters (4)	500	500
	Letter Opener and Folder	500	500
	Check Signer and Endorser	1,000	1,000
	Currency Counter	300	300
	Other	450	700
91	Expense Credit	(3,940)	(4,764)
	Reimbursement from Sewer Funds for Administrative Overhead		

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Finance**
DIV: **Salary Clearing**

**01
52
16**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor	4,943,740	5,091,700	5,254,000	5,728,300	6,241,200	11,969,500
02	Interns and Temporary Labor	0	31,200	0	20,800	20,800	41,600
04	Unemployment Insurance	13,899	14,200	15,800	17,600	18,900	36,500
05	Retirement	1,617,481	1,352,000	1,250,700	1,481,000	1,613,000	3,094,000
06	Medicare	55,104	63,100	61,500	73,800	81,300	155,100
07	Medical	739,310	851,700	825,000	1,022,000	1,202,250	2,224,250
08	Worker's Compensation	153,512	163,000	157,000	180,000	194,000	374,000
09	Life and Disability Insurance	100,341	120,600	123,400	135,000	153,100	288,100
10	Social Security	32	1,900	0	1,300	1,300	2,600
12	Vacation/Sick/Holiday Leave	807,933	743,100	731,000	851,200	910,300	1,761,500
13	Increase in Value Of Accrued Leave	(28,299)	3,300	3,300	52,300	57,000	109,300
15	Dental	73,409	70,400	71,400	80,600	87,600	168,200
16	Vision	13,250	14,400	14,400	15,800	16,500	32,300
18	Post Retirement Health Benefit	29,041	45,900	45,900	76,200	104,100	180,300
19	Deferred Compensation	36,463	38,400	36,700	38,400	38,400	76,800
91	Expense Credit	(8,555,216)	(8,604,900)	(8,590,100)	(9,774,300)	(10,739,750)	(20,514,050)
	Total	0	0	0	0	0	0

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET DETAIL & JUSTIFICATION FUND: General 01
2006-2008 DEPT. Finance 52
DIV: Salary Clearing 16

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor Salary for all District employees, including OT Full Time Equivalents	5,728,300 86.0	6,241,200 90.0
02	Interns and Temporary Labor	20,800	20,800
04	Unemployment Insurance Federal mandated program - 2.7% in 2006-07 and 2.8% in 2007-08 of the first \$7,000	17,600	18,900
05	Retirement District Contribution to PERS	1,481,000	1,613,000
06	Medicare 1.45% of base pay plus overtime on all employees hired after April 1, 1986.	73,800	81,300
07	Medical Preferred Provider or Health Maintenance Organization	1,022,000	1,202,250
08	Workers Compensation Required program to provide compensation and medical costs for on the job injury.	180,000	194,000
09	Life and Disability Insurance Life and Accidental Death-Dismemberment Long-Term Disability	135,000 107,000 28,000	153,100 121,300 31,800
10	Social Security Required for Interns and Temporary Labor	1,300	1,300
12	Vacation / Sick / Holiday Leave	851,200	910,300
13	Increase in Value of Accrued Leave Generally Accepted Accounting Principles requires the District to fund accrued leave at current value at year end.	52,300	57,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT. **Finance** **52**
 DIV: **Salary Clearing** **16**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
15	Dental Insurance District paid for employee and dependents.	80,600	87,600
16	Vision Insurance District paid for employee and dependents.	15,800	16,500
18	Post Retirement Health	76,200	104,100
19	Deferred Compensation Matching contributions for employees active on June 2, 2001	38,400	38,400
91	Expense Credit	(9,774,300)	(10,739,750)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Finance**
DIV: **Debt Service**

**01
52
19**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
25	Outside Professional Services	0	0	0	0	0	0
70	Principal	70,000	80,000	80,000	303,500	322,100	625,600
71	Interest on Debt	23,099	23,960	28,758	521,746	504,188	1,025,934
	Total	93,099	103,960	108,758	825,246	826,288	1,651,534

SOURCE OF FINANCING

Ad Valorem Property Tax	0	0	0	718,200	718,200	1,436,400
Water Availability Charge/Other	93,099	103,960	108,758	107,046	108,088	215,134
Total	93,099	103,960	108,758	825,246	826,288	1,651,534

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
Engineering**

FUNCTION OVERVIEW

The Engineering Department provides professional and technical expertise to the District to plan for the future, and for the District to meet its mission of providing reliable water and sewer service to its customers. The Engineering Department accomplishes improvements to the system to provide that service through planning, designing, inspecting and managing District Capital Improvement Projects, and plan checking and inspecting Developer Projects. The Engineering Department also maintains and updates the technical records of the system and installed improvements, and provides technical information to our customers and to District staff. These functions help accomplish Strategic Plan Performance Measurement Standards: 1 (Customer Satisfaction), 7 (Water Service Reliability), and 8 (Compliance with Regulations). The Department is divided into the following five sections to accomplish these functions: Administration, Water and Wastewater Planning, Public Services, Encroachments and Locates, and GIS/Maps and Records.

ACCOMPLISHMENTS FOR 2005-2006

Performance Measurement Standard - Project Actual Cost (Standard 6) - The Department accepted one Capital Improvement Project, Lilac Road Pressure Reducing Valve (PRV) into the system with the overall cost 0.5% less than the engineer's estimate. Additionally, the Department received construction bids on four capital improvement projects; Lilac PRV's, Valley Center Road, Engineering Annex Re-roofing, and Couser Pump Station with average bid results being 7.6% over the engineer's estimate, better than the performance measurement standard of 10%.

Strategic Plan Implementation -

- **Geographical Information System (GIS):** (Goal 1) The core ArcIMS map service viewer has been created along with an updated GIS homepage. This core map service enables staff to perform basic query functions on various layers of District data, such as water and sewer services, property ownership, and customer information from a single foundation repository. The core map service also has intuitive tools for selecting services for mass notifications via email, phone, or direct mailings. Additional improvements to the core GIS map service is its uniform printing capabilities using an export to PDF function, and the ability to export table data to a spreadsheet. Staff anticipates final deliverables for the 6-inch pixel resolution aerial imagery and 2-foot contour data to be available by the end of the present fiscal year. The complexity of the overall project and the multiple agencies and cites involved, the project timeline has been extended by several months. Staff has also developed additional GIS tasks and record management implementation to benefit the District.
- **Supervisory Control And Data Acquisition (SCADA):** (Goal 2) SCADA system designs for the Couser Pump Station and Woods Valley Ranch Water Reclamation Facility were completed and are under construction. Construction of both projects is scheduled to be completed in the second quarter of 2006-07. Site security requirements were incorporated into the SCADA system design. Plans and specifications for Phases 1 and 2 are nearly complete and are scheduled to be advertised for bid by the end of 2005-06. In the control room, the tone telemetry system was diverted from the existing control console to the SCADA system Wonderware HMI (Human Machine Interface) Software application. This will allow the control to be removed and the control room remodeled to facilitate the workstations needed for the SCADA system.

Other Major Projects –

- The Department completed the Lilac Road PRV's, Engineering Annex Re-roofing, and the Meadows Reservoir No. 2 capital improvement projects with a combined value of \$1,511,065. We also successfully transferred ownership of the Skyline Wastewater Treatment Plant to the Paradise Homeowner's Association. In addition, the Department has completed design of several other Capital Improvement projects including the Merry Ferry/East Miller PRV upgrades, Rodriguez Road Pipeline Replacement, and Couser Way pipeline relocation projects which will be bid early 2006-07.

- Completed the transfer of easements and agreement providing for new access through the San Diego County Water Authority property and relinquished an associated access easement. The Department also assisted in the acquisition of the adjoining County of San Diego property for site expansion.
- Transitioned to the Electronic Meter Purchasing Program which allows for service applications, service orders, and other paperwork to be created via computer, including electronic calculations and receipts being automatically forwarded to the cashier for payment. .
- Continued work on the following water reclamation facility projects:
 - Lower Moosa Canyon – Permit Update and Sewer Master Plan
 - Woods Valley Ranch Permanent Plant – Major Use Permit modification, plan review of new layout design, and construction coordination.
 - Orchard Run – continued design coordination
 - Woods Valley Ranch Expansion Project - Design of plant expansion for Southern Village Area
 - Lilac Ranch – preliminary design report review
 - Live Oak Ranch – Continued preliminary design report review and design coordination.
 - Northern Village Area (Cole Grade and Valley Center Road)- Preliminary Inquiries
- Estimate completion of the following by the end of the 2005-06: processed 14 developments for concept approval, completed plan review and approval of 16 developer projects with a total of 447 lots, completed 7 fire hydrant and special projects, processed applications for 158 domestic/agricultural services and 145 fire services, processed 147 sewer connections, and marked out and processed 2,498 underground service alert requests.

CHALLENGES FOR 2006-2008

In addition to the established Performance Measurement Standards, which measures the overall project cost relative to the engineer's construction estimate, the Department will implement the following additional performance standards for capital improvement projects;

- Maintain overall project costs to less than the initial budget allocations.
- Maintain change orders to less than 5% of the contract amount.

The first of these additional standards ties the overall project cost to the initial budget allocations. This new standard may be used to evaluate the final project in terms of the initial project scope and budgeting. The second new standard ties the amount of construction change orders to the construction contract amount as opposed to the engineer's estimate. The new standard therefore will provide a more accurate representation of the overall construction increase/decrease as it relates to the actual bid amount.

The Department will continue to coordinate the construction of the Valley Center Road Project with the County of San Diego. Provide construction management and inspection services for an ever increasing number of capital improvement and privately funded water and wastewater projects.

On the wastewater side, the Department will continue to coordinate the design and construction of developer wastewater collection and treatment plant projects planned for Woods Valley Ranch, Orchard Run, Skyline Ranch Country Club, Live Oak Ranch, and complete the Lower Moosa Canyon Permit Update and Sewer Master Plan.

GOALS FOR 2006-2008

Strategic Plan Implementation -

Geographical Information System - Continue to assist staff with development of database information and integration with GIS. Complete the remaining implementation tasks identified in the GIS Master Plan and the additional tasks identified for 2005-06. Assist other departments with the development and maintenance of database information to be interfaced with the GIS.

SCADA System - Complete the following tasks as identified in the SCADA System Master Plan: construction and integration of the facility sites included in Phases 1 and 2; design of Phases 3 through 6; bid, construction and integration of Phases 3 through 5; integration of any new sites constructed as part of developer projects; and remodeling of the operations control room including installation of SCADA server equipment and additional backup workstations.

Design and construct the capital projects as outlined in the capital outlay section of this budget.

Update the District's Standard Specifications to include wastewater facilities, update and modify the District's Water and Wastewater Facility Design Guidelines, and create Computer Aided Drafting Standards for preparation of plans.

Work with the County and the San Diego Association of Governments (SanDAG) on their 2020 Land Plan Update as they affect the District and the services it provides.

Continue to assist field personnel in use of computer data in place of hard copies of District maps and as built drawings. Keep the District maps as up to date as possible.

Limit processing time and paperwork required for the water and sewer service requests and continue process of creating all paperwork required on the computer.

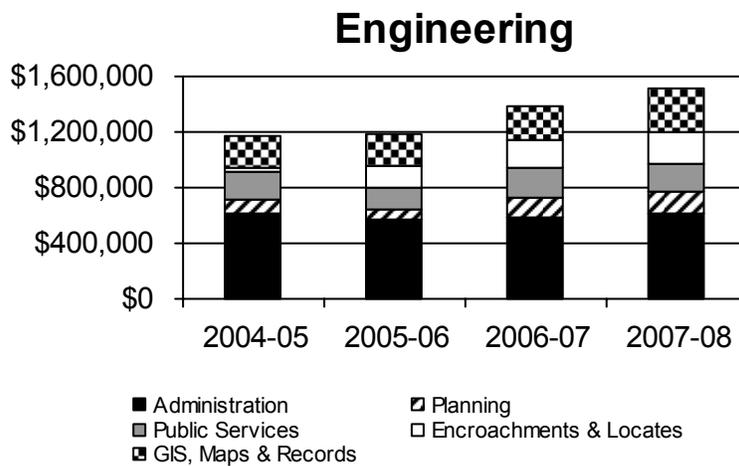
Review procedures for processing sewer service applications in an attempt to streamline the process.

Develop Electronic Document Management System library for project files and integrate with GIS where applicable.

Provide opportunities for cross training in the areas of GIS and mapping in order to increase the ability to provide GIS and mapping products to customers and staff and to allow for interdepartmental training.

LONG-TERM GOALS

Maximize the use of the District's computers to incorporate the Water Master Plan, SCADA, GIS, and scanned mapping in the many daily functions of the District. Work with the County on future road projects that are expected, including a possible new connector road across the northern part of the District.



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

DEPARTMENT SUMMARY

ENGINEERING

Div. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
21	Administration	619,466	577,430	574,380	590,322	620,730	1,211,052
22	Planning and Design	93,894	59,345	68,905	143,036	154,562	297,598
23	Public Services	199,191	159,854	158,239	206,014	199,491	405,505
24	Encroachments & Locates	33,765	146,192	148,932	206,326	219,110	425,436
28	GIS, Maps, & Records	218,622	257,386	238,871	246,140	326,422	572,562
TOTAL ENGINEERING		1,164,938	1,200,207	1,189,327	1,391,838	1,520,315	2,912,153

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Engineering**
DIV: **Administration**

**01
53
21**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	553,174	515,500	515,500	557,800	590,600	1,148,400
03	Overtime	15,584	12,000	12,000	8,000	8,000	16,000
10	Training & Education	3,476	7,375	5,875	9,320	9,320	18,640
11	Uniforms/Clothing/Shoes	6,125	6,000	6,000	8,000	8,500	16,500
25	Outside Professional Services	35,550	1,000	0	1,000	1,000	2,000
26	Legal Services	1,187	2,500	2,500	5,000	5,000	10,000
28	Printing	650	500	450	750	750	1,500
29	Books & Subscriptions	1,077	1,000	2,000	700	750	1,450
30	Special Department Expenses	4,459	6,000	6,000	9,000	7,450	16,450
34	Membership Fees & Dues	713	1,270	1,270	2,200	2,245	4,445
37	Transportation, Meals & Travel	1,843	4,000	3,500	4,000	4,500	8,500
54	Maintenance of Equipment	0	1,000	0	500	1,000	1,500
76	Equipment	8,533	34,400	34,400	0	0	0
91	Expense Credit	(12,905)	(15,115)	(15,115)	(15,948)	(18,385)	(34,333)
	Total	619,466	577,430	574,380	590,322	620,730	1,211,052

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **Administration** **21**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	557,800 4.68	590,600 4.89
03	Overtime	8,000	8,000
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	9,320	9,320
11	Uniforms/Clothing/Shoes Uniform Allowance	8,000	8,500
25	Outside Professional Services	1,000	1,000
26	Legal Services	5,000	5,000
28	Printing Reports, Business Cards, Mass Mailings	750	750
29	Books & Subscriptions Technical Journals, Publications, Software	700	750
30	Special Department Expenses	9,000	7,450
	Office and Drafting Supplies	2,000	3,400
	Display Supplies	250	250
	Special Software Updates	500	500
	Inspector Supplies and Tools	5,500	2,500
	Miscellaneous	750	800

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Engineering**
DIV: **Planning & Design**

**01
53
22**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	91,496	32,300	43,000	110,500	121,100	231,600
03	Overtime	228	500	150	500	500	1,000
10	Training & Education	0	1,000	1,000	3,360	4,000	7,360
25	Outside Professional Services	0	20,500	20,500	25,000	25,000	50,000
28	Printing	440	200	100	100	150	250
29	Books & Subscriptions	232	200	200	950	950	1,900
30	Special Department Expenses	873	1,000	500	800	900	1,700
34	Membership Fees & Dues	3,044	4,250	4,310	5,040	5,770	10,810
37	Transportation, Meals & Travel	366	250	250	400	520	920
54	Maintenance of Equipment	0	250	0	250	250	500
91	Expense Credit	(2,785)	(1,105)	(1,105)	(3,864)	(4,578)	(8,442)
	Total	93,894	59,345	68,905	143,036	154,562	297,598

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **Planning & Design** **22**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	110,500 0.96	121,100 0.95
03	Overtime	500	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	3,360	4,000
25	Outside Professional Services	25,000	25,000
28	Printing Reports, Business Cards, Mass Mailings	100	150
29	Books & Subscriptions Standard Specifications for Public Works AWWA Standards Update Miscellaneous	950 450 0 500	950 0 450 500
30	Special Department Expenses Office and Drafting Supplies County of San Diego Review Fees Miscellaneous	800 300 350 150	900 300 400 200
34	Membership, Fees & Dues Construction Specifications Institute So.Cal. Alliance Public Treatment Works WateReUse Certifications Other	5,040 210 1,600 3,000 80 150	5,770 220 1,750 3,500 150 150
37	Transportation, Meals & Travel	400	520
54	Maintenance of Equipment	250	250
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(3,864)	(4,578)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Engineering**
DIV: **Public Services**

**01
53
23**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	199,033	154,300	154,300	203,600	196,000	399,600
03	Overtime	1,751	2,000	2,000	2,000	2,000	4,000
10	Training & Education	0	500	1,000	960	1,200	2,160
28	Printing	74	150	150	170	180	350
29	Books & Subscriptions	87	150	150	150	170	320
30	Special Department Expenses	3,151	4,800	3,170	4,300	4,600	8,900
34	Membership Fees & Dues	983	900	850	200	1,000	1,200
37	Transportation, Meals & Travel	6	100	115	200	250	450
54	Maintenance of Equipment	739	1,500	1,050	0	0	0
91	Expense Credit	(6,633)	(4,546)	(4,546)	(5,566)	(5,909)	(11,475)
	Total	199,191	159,854	158,239	206,014	199,491	405,505

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **Public Services** **23**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	203,600 2.39	196,000 2.62
03	Overtime	2,000	2,000
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	960	1,200
28	Printing Board Displays, Presentations, Reports Standard Specifications, Rules, Regulations, Etc.	170	180
29	Books & Subscriptions Technical Journals and Magazines	150	170
30	Special Department Expenses Drafting and Office Supplies Experian On-Line Service Miscellaneous	4,300 900 2,100 1,300	4,600 1,000 2,300 1,300
34	Membership, Fees & Dues Certifications Notary (every 4 years) Miscellaneous	200 100 0 100	1,000 300 600 100
37	Transportation, Meals & Travel	200	250
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(5,566)	(5,909)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Engineering**
DIV: **Encroachments and Locates**

**01
53
24**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	27,895	146,300	146,300	197,100	211,300	408,400
03	Overtime	473	250	3,660	1,000	1,500	2,500
10	Training & Education	98	250	300	0	0	0
25	Outside Professional Services	4,177	500	500	5,000	5,000	10,000
30	Special Department Expenses	376	450	830	6,700	5,400	12,100
34	Membership, Fees & Dues	1,456	2,600	1,500	2,100	2,400	4,500
91	Expense Credit	(710)	(4,158)	(4,158)	(5,574)	(6,490)	(12,064)
	Total	33,765	146,192	148,932	206,326	219,110	425,436

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **Encroachmnts & Locates** **24**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	197,100 2.17	211,300 2.11
03	Overtime	1,000	1,500
25	Outside Professional Services Surveying	5,000 5,000	5,000 5,000
30	Special Department Expenses Drafting and Office Supplies Inspector Supplies Miscellaneous	6,700 200 6,200 300	5,400 250 4,800 350
34	Membership, Fees & Dues Dig Alert Miscellaneous	2,100 2,000 100	2,400 2,300 100
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(5,574)	(6,490)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Engineering**
DIV: **GIS, Maps & Records**

**01
53
28**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	165,356	154,600	154,600	209,300	280,100	489,400
02	Interns and Temporary Labor	0	12,000	0	0	0	0
03	Overtime	3,890	4,000	1,500	500	1,000	1,500
10	Training & Education	2,175	7,300	4,155	3,260	3,420	6,680
25	Outside Professional Services	24,572	59,000	63,570	8,800	9,000	17,800
28	Printing	79	200	500	200	200	400
29	Books & Subscriptions	235	250	0	250	250	500
30	Special Department Expenses	22,335	10,050	10,350	13,565	22,850	36,415
34	Membership, Fees & Dues	95	150	150	185	220	405
37	Transportation, Meals & Travel	498	500	500	750	800	1,550
54	Maintenance of Equipment	49	250	250	2,000	750	2,750
59	Maintenance of Software	8,030	16,150	10,360	13,980	17,500	31,480
76	Equipment	(41)	0	0	0	0	0
91	Expense Credit	(8,651)	(7,064)	(7,064)	(6,650)	(9,668)	(16,318)
	Total	218,622	257,386	238,871	246,140	326,422	572,562

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** 01
 DEPT: **Engineering** 53
 DIV: **GIS, Maps & Records** 28

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	209,300 2.70	280,100 2.95
03	Overtime	500	1,000
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	3,260	3,420
25	Outside Professional Services Drafting Standards Easement Scanning and Indexing	8,800 2,800 6,000	9,000 3,000 6,000
28	Printing	200	200
29	Books & Subscriptions	250	250
30	Special Department Expenses	13,565	22,850
	Plotter Media	1,365	1,500
	Plotter Supplies	2,700	3,000
	Drafting Office Supplies	1,800	1,900
	SanGIS Base Map Updates	500	600
	San Diego County Assessors Maps	300	350
	ESRI Extension - Publisher	2,700	0
	ESRI Extension - Maplex	2,700	0
	ArcEditor	0	7,000
	Ortho Aerial Imagery Update	0	8,000
	MS Project License	1,000	
	Miscellaneous	500	500
34	Membership, Fees & Dues Geospatial Information and Technology Assn. Urban & Regional Information Systems Assn.	185 135 50	220 150 70
37	Transportation, Meals & Travel	750	800
54	Maintenance of Equipment	2,000	750

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **GIS, Maps & Records** **28**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
59	Maintenance of Software	13,980	17,500
	Auto Desk Products	3,700	4,000
	H2O Map - Water	1,000	1,200
	H2O Map - Sewer	1,000	1,200
	GIS Software	7,030	9,850
	Hummingbird Collaboration	1,250	1,250
91	Expense Credit	(6,650)	(9,668)
	Reimbursement from Sewer Funds		

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
Field Operations**

FUNCTION OVERVIEW

The Field Operations Department is the largest within Valley Center Municipal Water District with a staff of 50 regular employees. The department, under the guidance of the Director of Operations and Facilities, is responsible for the operation and maintenance of all District facilities, water and wastewater, and the District's security, code enforcement, and safety programs.

Administration - The Administration Division administers and supervises the daily functions of the District's Field Department and includes customer service, counter cash, and radio dispatch. In addition:

- The Code Enforcement/Safety Division encompasses code enforcement, site leases of District properties, and the District's safety and compliance program for all departments.
- The District Security Division administers the implementation of the recommended measures from our vulnerability assessment.

Operations - Water - The Water Operations Division estimates usage, purchases water, and regulates flow throughout the distribution system. The Division is also responsible for water quality, sampling, testing, pressure reducing stations and the operation and maintenance of the SCADA and telemetry system. In addition, it oversees the Corporate Facilities Maintenance Division which repairs and maintains the District's corporate facilities.

Operations - Wastewater - The Wastewater portion of the Operations Division is responsible for the operation and maintenance of the Lower Moosa Canyon Water Reclamation Facility and Woods Valley Ranch Wastewater Treatment Plant. This includes performing tests and making the necessary adjustments to meet Regional Water Quality Control Board effluent standards. The Division is also responsible for the maintenance of the sewer collection systems. The Woods Valley Plant processes the District's first tertiary water and includes the District's reclaimed water program. *Wastewater operations are presented in separate sections of this budget.*

Water Facilities - This Division maintains the pumping systems and reservoir storage systems at a high level of efficiency, reliability, and safety through proactive maintenance and replacement programs. The system consists of 42 reservoirs and 96 pumps. This division is also responsible for the landscaping needs and requirements of all District facilities.

Construction and Maintenance - This Division maintains, inspects, repairs, upgrades, and locates as necessary the more than 289 miles of pipelines that run throughout the District's service area. It also maintains, identifies, locates, detects for leaks, and repairs all mainline valving and appurtenances. In the Wastewater Operations Division, it locates, inspects and repairs all sewer lines and manholes within the wastewater system. This Division is also responsible for the Vehicle and Equipment Maintenance Division which repairs and maintains the District's vehicles and equipment. The District fleet consists of 52 vehicles, 36 pieces of large equipment and 55 pieces of miscellaneous equipment.

Meter Services - The Meter Services Division is responsible for the installation, relocation and repair of all water meters and service laterals. This includes responsibility for warehousing, meter installation, backflow and pipeline repair inventories. This Division reads, monitors, and tests water meters. As of March 2006, there were 10,080 meters, of which 816 are fire meters, and 3,168 backflow devices. It oversees the Cross Connection/Backflow program and responds to the majority of the customer service requests which are received by the District.

ACCOMPLISHMENTS FOR 2005-2006

Performance Measurement Standard:

- **Water Loss** (Standard 2): Water loss for the calendar year 2005 was 5.6%. The weighted average water lost for the last four calendar years was 5.1%. Although the unaccounted water loss has decreased from the previous year, we

continue to work on strategies and procedures we feel will further reduce the “unknown water loss” in the next measurement periods.

- **Pump Efficiency** (Standard 5): The goal is to maintain the pumping efficiency at or above 95% of the design criteria. This year the steps taken towards this goal include efficiency testing of all the pumps and rebuilding the vertical turbine pumps that dropped below the acceptable range. Pumps that did not meet design points were replaced. We replaced the pump and motor at Red Mountain #1 and #2 and two pump bowls at Miller and replaced the electrical pump panel at Rincon Pump Station. The pumping efficiency for 2005-2006 was 99.4% of design criteria.
- **Water Service Reliability** (Standard 7) was better than 99%.
- **Compliance with Regulations** (Standard 8): The District was compliant with all state and federal regulations.
- **Lost-time Accidents** (Standard 9): The District had two lost time accidents in 2005-2006.

Strategic Plan Implementation:

- **SCADA** (Goal 2): Continued to monitor the SCADA system program. Progressively removed old telemetry signal units that were not SCADA compatible and replaced them with new SCADA compatible transducer units.

Other Projects:

- Repainted five pump facilities.
- Pipeline relocation at VC 2 aqueduct connection
- Implemented the District’s automated meter reading pilot program.
- Eliminated the old Mesa Verde PRV station.
- Repainted Paradise #1 and Meadows #1.
- Installed security lighting at nine stations.
- Completed four FEMA sites from the second period.
- Installed 24” valve on Chaparral Terrace to assist with the Valley Center Rd. improvement project

CHALLENGES FOR 2006-2008

To repair, upgrade and maintain the water system, while at the same time keeping the system fully operational and meeting all our goals and guidelines.

GOALS FOR 2006-2008

Performance Measurement Standards:

- **Water Loss** (Standard 2): To further improve our water loss, continue replacing high usage 3-inch, 2-inch, and 1½-inch meters to meet our efficiency standard and continue the 3/4-inch and 1-inch meter exchange program.
- **Pump Efficiency** (Standard 5): Installing soft starters at Betsworth #1 - #6 and Miller #1 - #6. We will be replacing the pumps and motors of Pfau #1 & #2, Circle R #1, #2 & #3. Rincon #1 & #2 and West #1 & #2.
- **Continue** to maintain 99% water service reliability, compliance with all regulations, and no lost-time accidents (Standards 6, 7, and 8).

Strategic Plan Implementation:

- **SCADA System** - (Goal 2): Install SCADA compatible chlorine analyzer at VC-3 and VC-2 aqueduct connections. Assist the Engineering Department with completion of Phases I, II & III.
- **Vulnerability Assessment** - (Goal 3): Complete phase one, two, three and four of the recommended measures.

Other Goals:

- Recoat the interior and exterior of West #1 & #2, Reid Hill and Couser
- Recoat the interior and exterior of McNally Reservoir and install an exterior stairway.

- Assist with the re-design of the Operations Center.
- Initial Distribution System Evaluation (IDSE) per the new Stage II Disinfection/Disinfection Bypass Rule.
- Installation of a table chlorinator for VC-3 and VC-7.
- Continue implementation of the District's Automated Meter Reading Program (AMR).
- Upgrade Jesmond Dene Reservoir PRV and Jesmond Dene Pump Station PRV to above ground.
- Build a fabrication shop north of the meter building.
- Build a containment basin to house the portable diesel tank and trailer to meet Spill Prevention, Control and Countermeasure Plan requirements.
- Increase the District's employee parking area.

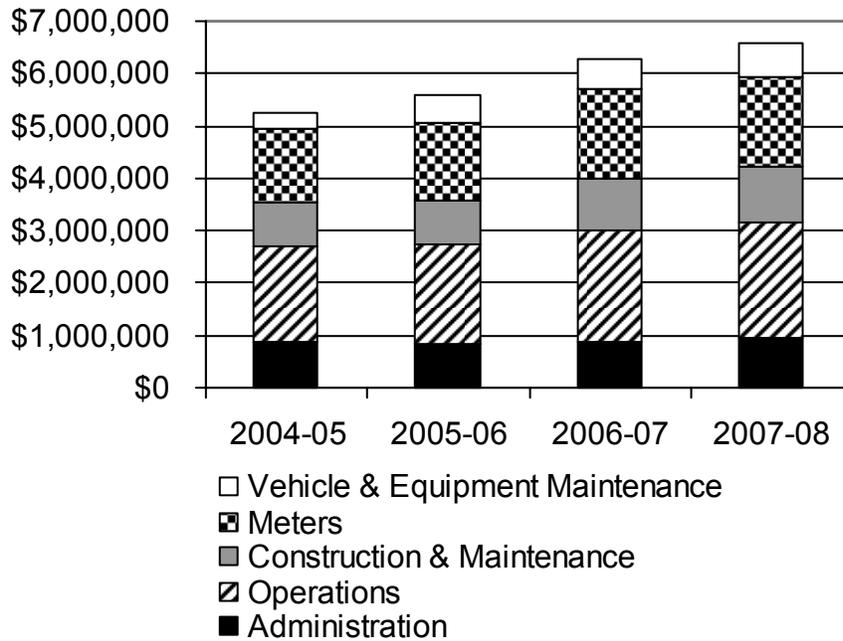
LONG TERM GOALS

Continue monitoring the SCADA system installed at our water and wastewater facilities during phase two of the program.

Continue upgrading all of the District's pump facilities to improve pump efficiency (Standard 5).

Implementation of the District's meters for automated meter reading.

Field Operations



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

DEPARTMENT SUMMARY

FIELD OPERATIONS

Div. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
ADMINISTRATION							
31	Field Administration	475,286	562,084	476,769	513,975	552,486	1,066,461
32	Code Enforcement & Safety	95,167	115,959	123,359	152,189	159,768	311,957
33	Landscape & Paving Maintenance	222,871	160,624	171,644	181,302	195,607	376,909
34	District Security	74,199	94,804	75,057	42,112	31,808	73,920
	Total Administration:	867,523	933,471	846,829	889,578	939,669	1,829,247
OPERATIONS							
42	System Operation	570,473	658,100	642,500	645,500	697,900	1,343,400
43	Telemetry	178,802	143,200	196,400	203,800	212,600	416,400
44	Treatment	87,214	125,000	101,880	98,000	105,600	203,600
45	Automatic Valves	66,742	56,900	49,700	60,400	66,150	126,550
46	Reservoir Maintenance	119,155	135,500	112,900	135,000	150,700	285,700
47	Pump Maintenance	270,229	269,800	260,400	337,350	335,000	672,350
48	Motor Maintenance & Electric Panels	481,242	453,500	478,750	508,700	535,700	1,044,400
49	Quality Control	57,887	100,700	63,300	120,600	113,100	233,700
	Total Operations:	1,831,744	1,942,700	1,905,830	2,109,350	2,216,750	4,326,100
CONSTRUCTION & MAINTENANCE							
53	Pipeline and Right-of-Way Maint.	452,259	442,800	472,200	513,900	548,950	1,062,850
54	Corporate Facilities Maintenance	104,572	153,447	75,247	92,209	106,739	198,948
55	Valve Maintenance & Location	271,778	262,600	271,450	403,900	429,400	833,300
	Total Construction & Maintenance:	828,609	858,847	818,897	1,010,009	1,085,089	2,095,098
METERS							
61	Meter Installation	336,450	440,850	322,150	440,150	348,000	788,150
62	Meter Reading	146,014	191,500	159,400	181,350	193,300	374,650
63	Service Connection Maintenance	750,178	632,900	772,600	781,140	847,850	1,628,990
65	Backflow Maintenance	177,081	256,900	232,600	283,200	306,900	590,100
	Total Meters:	1,409,723	1,522,150	1,486,750	1,685,840	1,696,050	3,381,890
71	Vehicle & Equipment Maintenance	301,095	557,145	525,195	582,875	649,845	1,232,720
TOTAL FIELD OPERATIONS		5,238,694	5,814,313	5,583,501	6,277,652	6,587,403	12,865,055

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Administration**

**01
54
31**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	399,678	426,500	373,500	378,600	410,500	789,100
02	Interns and Temporary Labor	0	24,100	0	24,100	24,100	48,200
03	Overtime	3,282	4,500	5,200	5,500	5,500	11,000
07	Employee Physicals	9,426	10,000	9,600	10,600	10,200	20,800
10	Training & Education	26,616	36,800	28,000	42,500	44,600	87,100
11	Uniform/Clothing/Shoes	26,518	26,600	27,000	35,500	39,000	74,500
25	Outside Professional Service	4,040	5,400	4,000	5,400	5,400	10,800
28	Printing	1,087	500	2,500	3,000	3,500	6,500
30	Special Department Expenses	8,219	6,300	6,300	7,000	7,500	14,500
31	Safety Supplies	53	1,000	0	0	0	0
33	Postage	0	300	40	300	350	650
34	Memberships, Fees and Dues	966	1,560	1,560	860	900	1,760
37	Transportation, Meals & Travel	10,763	9,200	11,000	12,000	14,200	26,200
38	Regulatory Permits & Fees	1,185	2,000	1,185	2,000	2,500	4,500
54	Maintenance of Equipment	257	700	260	500	600	1,100
75	Motor Vehicles	256,845	109,000	109,000	0	0	0
91	Replacement Reserve	(255,056)	(84,000)	(84,000)	0	0	0
91	Expense Credit	(18,593)	(18,376)	(18,376)	(13,885)	(16,364)	(30,249)
	Total	475,286	562,084	476,769	513,975	552,486	1,066,461

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Administration** **31**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	378,600 3.70	410,500 3.60
02	Interns and Temporary Labor Academy Apprentice Program	24,100	24,100
03	Overtime	5,500	5,500
07	Employee Physicals As required by the Department of Health Services, Department of Motor Vehicles, Department of Transportation, and OSHA, including hearing and drug tests, and respirator physicals.	10,600	10,200
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	42,500	44,600
11	Uniform/Clothing/Shoes	35,500	39,000
	Uniforms for Field Personnel	21,100	24,500
	Safety Shoes	8,500	8,600
	Uniform Allowance for Office Personnel	1,400	1,400
	Hats	1,900	1,900
	Sweatshirts	1,500	1,500
	Jackets	1,100	1,100
25	Outside Professional Service	5,400	5,400
	Fire Extinguisher Testing	3,300	3,300
	DOT Administration Fee	1,500	1,500
	Automated External Defibrillators Compliance Program	600	600
28	Printing	3,000	3,500
30	Special Department Expenses	7,000	7,500
	Office Supplies	6,200	6,600
	Miscellaneous Equipment	800	900

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Administration** **31**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
33	Postage	300	350
34	Memberships, Fees and Dues	860	900
	Safety Compliance	500	500
	Miscellaneous	360	400
37	Transportation, Meals & Travel	12,000	14,200
	Safety	1,400	1,400
	Technology	2,300	2,800
	Backflow	800	800
	San Diego County Water Works Group Meeting	1,000	1,200
	After Hour Meals	5,500	6,500
	Joint Power Insurance Authority Meetings	1,000	1,500
38	Regulatory Permits & Fees	2,000	2,500
	State Water Resources Control Board	2,000	2,500
54	Maintenance of Equipment	500	600
	Electronic Equipment	200	300
	Counterfeit Scanner	300	300
91	Expense Credit	(13,885)	(16,364)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Code Enforcement & Safety**

**01
54
32**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	57,371	74,800	86,000	116,800	122,300	239,100
03	Overtime	2,830	3,800	3,800	4,000	4,200	8,200
30	Special Department Expenses	38,069	36,800	33,000	35,500	38,000	73,500
76	Equipment	0	3,750	3,750	0	0	0
91	Expense Credit	(3,103)	(3,191)	(3,191)	(4,111)	(4,732)	(8,843)
	Total	95,167	115,959	123,359	152,189	159,768	311,957

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Code Enforcement & Safety** **32**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	116,800 1.10	122,300 1.30
03	Overtime	4,000	4,200
30	Special Department Expenses	35,500	38,000
	Safety Incentive Supplies	1,300	1,500
	Camera Supplies	700	1,000
	First Aid Equipment	3,300	3,500
	Safety Protection Equipment	11,000	12,000
	Safety Materials	1,900	2,000
	Respirator Replacements	1,400	1,500
	Safety Signs	2,300	2,500
	Rain Gear & Safety Vests	4,300	4,500
	Fall Protection Harness Replacement	1,000	1,000
	Emergency/First Aid Supplies	3,800	4,000
	Fire Extinguisher Replacement	1,000	1,000
	Fall Protection Rescue Equipment	2,000	2,000
	Miscellaneous	1,500	1,500
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(4,111)	(4,732)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Landscape & Paving Mnt.**

**01
54
33**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	158,540	133,600	154,900	169,200	179,400	348,600
03	Overtime	753	1,000	720	1,000	1,500	2,500
25	Outside Professional Services	58,650	15,000	10,000	5,000	7,000	12,000
30	Special Department Expenses	1,182	1,000	1,000	1,000	1,500	2,500
52	Maintenance of Facilities	8,722	15,000	10,000	10,000	12,000	22,000
91	Expense Credit	(4,976)	(4,976)	(4,976)	(4,898)	(5,793)	(10,691)
	Total	222,871	160,624	171,644	181,302	195,607	376,909

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Landscape & Paving Mnt.** **33**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	169,200 2.00	179,400 2.00
03	Overtime	1,000	1,500
25	Outside Professional Services Tree Trimming and Turner Dam Cattail Control	5,000	7,000
30	Special Department Expenses	1,000	1,500
52	Maintenance of Facilities Irrigation and Plants Landscape Materials Fence Repair Gravel	10,000 4,000 3,000 2,000 1,000	12,000 5,000 4,000 2,000 1,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(4,898)	(5,793)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **District Security**

**01
54
34**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	66,413	76,500	76,500	39,600	29,000	68,600
03	Overtime	2,148	2,000	300	1,000	1,000	2,000
25	Outside Professional Services	8,252	15,000	0	0	0	0
28	Printing	229	500	553	650	650	1,300
30	Special Department Expenses	723	3,000	400	1,000	1,000	2,000
33	Postage	44	500	0	300	300	600
34	Memberships, Fees and Dues	0	0	0	700	800	1,500
76	Equipment	758	0	0	0	0	0
91	Expense Credit	(4,368)	(2,696)	(2,696)	(1,138)	(942)	(2,080)
	Total	74,199	94,804	75,057	42,112	31,808	73,920

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **District Security** **34**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	39,600 0.38	29,000 0.29
03	Overtime	1,000	1,000
28	Printing	650	650
30	Special Department Expenses	1,000	1,000
	Office Supplies	250	250
	Security Miscellaneous Supplies	750	750
33	Postage	300	300
34	Memberships, Fees and Dues	700	800
	Water Information Sharing and Analysis Center		
91	Expense Credit	(1,138)	(942)
	Reimbursement from Sewer Funds for Administrative Overhead		

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Systems Operation**

**01
54
42**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	480,940	497,600	493,000	496,000	542,400	1,038,400
03	Overtime	79,338	150,000	140,000	140,000	145,000	285,000
30	Special Department Expenses	9	1,000	1,000	1,000	1,000	2,000
52	Maintenance of Facilities	10,186	9,500	8,500	8,500	9,500	18,000
	Total	570,473	658,100	642,500	645,500	697,900	1,343,400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **System Operation** **42**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	496,000 5.29	542,400 5.29
03	Overtime Stand-By Pay, Operation Call Out, Shift Pay	140,000	145,000
30	Special Department Expenses	1,000	1,000
52	Maintenance of Facilities	8,500	9,500
	Equipment	1,000	2,000
	Fire Suppression Equip. Inspection & Repair	2,000	2,000
	General Maintenance	2,500	2,500
	Miscellaneous	3,000	3,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Telemetry/SCADA**

**01
54
43**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	91,275	48,800	119,000	123,400	132,700	256,100
03	Overtime	4,209	5,000	3,000	3,000	3,500	6,500
30	Special Department Expenses	50	400	400	400	400	800
32	Telephone	41,410	42,000	41,000	40,000	37,500	77,500
52	Maintenance of Facilities	41,858	47,000	33,000	37,000	38,500	75,500
	Total	178,802	143,200	196,400	203,800	212,600	416,400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Telemetry/SCADA** **43**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	123,400 1.32	132,700 1.32
03	Overtime As Needed for Repairs	3,000	3,500
30	Special Department Expenses Tool Replacement Testing Equipment	400	400
32	Telephone Leased Telemetry Lines and Alarm Monitor	40,000	37,500
52	Maintenance of Facilities Repairs To:	37,000	38,500
	Transmitters and Receivers	10,000	10,000
	Power Supplies	4,500	5,000
	Pressure Level Transducers	7,000	7,500
	SCADA Miscellaneous	15,500	16,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Treatment**

**01
54
44**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	59,346	51,800	43,000	61,800	67,400	129,200
03	Overtime	42	500	500	500	500	1,000
23	Chlorine	13,674	25,000	12,000	18,000	19,000	37,000
25	Outside Professional Services	0	500	500	500	500	1,000
30	Special Department Expenses	0	200	200	200	200	400
38	Regulatory Permits & Fees	403	1,000	500	1,000	1,000	2,000
52	Maintenance of Facilities	12,113	14,000	15,000	16,000	17,000	33,000
76	Equipment	1,636	32,000	30,180	0	0	0
	Total	87,214	125,000	101,880	98,000	105,600	203,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Treatment** **44**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	61,800 0.65	67,400 0.65
03	Overtime	500	500
23	Chlorine	18,000	19,000
	Chlorine Tablets	8,000	8,500
	HTH to Increase Residual in Reservoirs	10,000	10,500
25	Outside Professional Services Chlorinator Maintenance	500 500	500 500
30	Special Department Expenses Tools and Replacement	200	200
38	Regulatory Permits & Fees	1,000	1,000
52	Maintenance of Facilities	16,000	17,000
	Repair or Rebuild Residual Analyzers	12,500	13,000
	Rebuild Chlorine Detectors	3,500	4,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Automatic Valves**

**01
54
45**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	46,294	41,200	34,000	44,700	48,500	93,200
03	Overtime	161	300	300	300	500	800
30	Special Department Expenses	429	400	400	400	650	1,050
52	Maintenance of Valves	19,858	15,000	15,000	15,000	16,500	31,500
	Total	66,742	56,900	49,700	60,400	66,150	126,550

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Automatic Valves** **45**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	44,700 0.48	48,500 0.48
03	Overtime	300	500
30	Special Department Expenses Tools and Replacement	400	650
52	Maintenance of Valves Rebuild, Repair & Maintenance of Pressure Reducing, Pressure Relief, Altitude, and Pump Control Valves.	15,000	16,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Reservoir Maintenance**

**01
54
46**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	94,037	108,000	85,400	106,700	120,000	226,700
03	Overtime	644	1,000	500	800	1,000	1,800
30	Special Department Expenses	527	1,000	1,000	1,000	1,200	2,200
38	Regulatory Permits & Fees	11,795	14,500	12,000	13,500	14,500	28,000
52	Maintenance of Facilities	12,152	11,000	14,000	13,000	14,000	27,000
	Total	119,155	135,500	112,900	135,000	150,700	285,700

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Reservoir Maintenance** **46**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	106,700 1.13	120,000 1.18
03	Overtime	800	1,000
30	Special Department Expenses Hose & Pump Equipment	1,000	1,200
38	Regulatory Permits & Fees	13,500	14,500
	Turner Dam	13,000	14,000
	Diesel Pump	500	500
52	Maintenance of Structures & Improvements	13,000	14,000
	Site Improvements - Construction Maint.	6,000	7,000
	Reservoir cleaning and inspection	7,000	7,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Pump Maintenance**

**01
54
47**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	181,870	211,000	196,000	263,700	269,400	533,100
03	Overtime	4,295	1,500	1,700	1,750	2,000	3,750
30	Special Department Expenses	1,359	1,500	2,100	1,800	2,000	3,800
38	Regulatory Permits & Fees	0	600	600	600	600	1,200
52	Maintenance of Pumps	82,705	55,200	60,000	69,500	61,000	130,500
	Total	270,229	269,800	260,400	337,350	335,000	672,350

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Pump Maintenance** **47**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	263,700 2.82	269,400 2.62
03	Overtime	1,750	2,000
30	Special Department Expenses	1,800	2,000
	Tool Replacement	600	800
	Miscellaneous Items	1,200	1,200
38	Regulatory Permits & Fees	600	600
	Boom Truck Certification	400	400
	District Yard Permit	200	200
52	Maintenance of Pumps	69,500	61,000
	24 Pumps in 2006-07 and 21 in 2007-08	36,500	32,000
	Painting	11,500	10,000
	Machine Work	15,000	13,300
	Bearings	4,800	4,200
	Packing	1,700	1,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Motor Maint./Elec.Panels**

**01
54
48**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	296,789	272,900	264,400	282,600	318,900	601,500
03	Overtime	4,485	4,000	6,000	5,000	5,500	10,500
30	Special Department Expenses	1,251	1,800	4,200	2,000	2,200	4,200
38	Regulatory Permits & Fees	24,091	24,100	24,100	24,100	24,100	48,200
52	Maintenance of Electrical Facilities	35,024	25,000	25,250	30,000	32,000	62,000
55	Maintenance of Engines	21,864	45,000	40,000	45,000	48,000	93,000
56	Maintenance of Electric Motors	97,738	76,200	110,000	120,000	105,000	225,000
76	Equipment	0	4,500	4,800	0	0	0
	Total	481,242	453,500	478,750	508,700	535,700	1,044,400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Motor Maint./Elec. Panels** **48**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	282,600 2.77	318,900 2.92
03	Overtime	5,000	5,500
30	Special Department Expenses	2,000	2,200
	Tool Replacement	600	700
	Test and Diagnostic Equipment	600	700
	Electrical Safety Equipment	800	800
38	Regulatory Permits & Fees	24,100	24,100
	Betsworth & Valley Center Pump Stations	700	700
	Air Pollution Control District Permits for 9 Natural Gas Engines (\$2,500 ea.)	22,500	22,500
	Emergency Generators	550	550
	Portable Equipment	350	350
52	Maintenance of Electrical Facilities	30,000	32,000
	Electrical Panels	20,000	21,000
	Electrical Equipment	4,000	4,000
	Lights, Electrical Tool Repair	1,000	2,000
	Circuit Breakers	5,000	5,000
55	Maintenance of Engines	45,000	48,000
	Misc. Breakdowns/Services/Oil	22,500	24,500
	Emissions Source Testing	12,500	13,500
	Catalytic Converter Replacement	10,000	10,000
56	Maintenance of Electric Motors	120,000	105,000
	24 Motors in 2006-07 and 21 in 2007-08 (Dips and Bakes every 4 years)	113,500	99,250
	Bearings, Oil & Grease	6,500	5,750

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Quality Control**

**01
54
49**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	31,594	38,700	29,000	46,600	51,900	98,500
03	Overtime	100	500	500	500	500	1,000
25	Outside Professional Services	14,745	18,500	13,000	39,500	22,200	61,700
28	Printing	4,033	6,500	2,500	4,500	5,500	10,000
30	Special Department Expenses	0	300	300	300	300	600
33	Postage	1,668	4,200	0	2,200	2,700	4,900
38	Regulatory Permits & Fees	4,251	27,000	15,000	24,000	26,500	50,500
52	Maintenance of Facilities	1,496	5,000	3,000	3,000	3,500	6,500
	Total	57,887	100,700	63,300	120,600	113,100	233,700

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Quality Control** **49**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	46,600 0.50	51,900 0.51
03	Overtime	500	500
25	Outside Professional Services Initial Distribution System Evaluation Plan Lab Analysis For:	39,500 20,000	22,200 0
	Bacteriological	9,500	10,000
	Trihalomethane (THM)	5,500	6,000
	Haloacetic acids (HAA)	4,500	5,000
	Lead & Copper	0	1,200
28	Printing Annual Notifications, Regulations	4,500	5,500
30	Special Department Expenses Lab Supplies Glassware Replacement	300 200 100	300 200 100
33	Postage Notifications for major shutdowns Consumer confidence reports	2,200 1,200 1,000	2,700 1,500 1,200
38	Regulatory Permits & Fees AB 2995 Water Systems Fees, Inspection and Services	24,000	26,500
52	Maintenance of Facilities Equipment Maintenance & Repair Instrument Calibrations	3,000 2,000 1,000	3,500 2,500 1,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Pipeline & R.O.W. Maint.**

**01
54
53**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	308,500	284,300	310,500	320,000	357,200	677,200
03	Overtime	33,549	28,000	35,000	35,000	37,000	72,000
25	Outside Professional Services	24,313	46,000	8,000	60,500	51,500	112,000
30	Special Department Expenses	4,067	3,500	0	5,400	4,250	9,650
40	Rents & Leases	0	2,500	250	2,500	2,500	5,000
52	Maintenance of Facilities	81,830	69,500	109,500	90,500	96,500	187,000
76	Equipment	0	9,000	8,950	0	0	0
	Total	452,259	442,800	472,200	513,900	548,950	1,062,850

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Pipeline & R.O.W. Maint.** **53**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	320,000 3.51	357,200 3.58
03	Overtime Emergency Leak Repair	35,000	37,000
25	Outside Professional Services	60,500	51,500
	Asphalt Paving	35,000	21,500
	Asphalt Satin Sealing	9,000	10,000
	Turner and Cobb Clean-up	6,000	7,000
	Mowing of Corporate Facilities	5,000	6,000
	Hauling Asphalt	2,000	3,000
	Fence/Gate Installs	3,500	4,000
30	Special Department Expenses	5,400	4,250
	Fire Hose and Fittings	800	800
	Cones and Barricades	650	650
	Tools	700	700
	Welding Equipment	500	500
	Welding Supplies	600	600
	Markout Locator Calibration	500	500
	Miscellaneous Equipment	1,650	500
40	Rents & Leases	2,500	2,500
52	Maintenance of Facilities	90,500	96,500
	Asphalt, Hot and Cold Mix	20,000	22,000
	Decomposed Granite, Road Base and Rock	25,500	27,500
	Culverts	5,000	5,000
	Cement	4,500	5,000
	Clamps and Couplings	12,500	13,500
	Welding Materials	4,000	4,000
	Asphalt-Cement Disposal	4,000	4,000
	Pipe	6,000	6,500
	Trash Disposal	7,000	7,000
	Erosion Control Material	2,000	2,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Corporate Facilities Maint.**

**01
54
54**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	45,298	78,300	20,000	27,900	29,900	57,800
03	Overtime	7,121	3,200	1,500	2,000	2,500	4,500
25	Outside Professional Services	29,998	44,500	35,000	38,500	48,000	86,500
30	Special Department Expenses	5,097	4,900	3,800	3,800	4,500	8,300
52	Maintenance of Facilities	21,111	26,600	19,000	22,500	25,000	47,500
91	Expense Credit	(4,053)	(4,053)	(4,053)	(2,491)	(3,161)	(5,652)
	Total	104,572	153,447	75,247	92,209	106,739	198,948

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Corporate Facilities Maint.** **54**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	27,900 0.26	29,900 0.26
03	Overtime	2,000	2,500
25	Outside Professional Services	38,500	48,000
	Janitorial Service	22,000	22,500
	Air Conditioner Repairs	5,000	5,000
	Trash Pickup	5,000	5,000
	Bug and Termite Treatment	1,000	1,000
	Carpet Cleaning	2,000	0
	Carpet Replacement	0	11,000
	Painting	3,500	3,500
30	Special Department Expenses	3,800	4,500
	Breakroom Supplies	2,800	3,000
	Miscellaneous Supplies	1,000	1,500
52	Maintenance of Facilities	22,500	25,000
	Floor Mats	4,000	4,400
	Janitor Supplies	5,000	5,400
	Building Maintenance	10,000	10,700
	Special Cleaning of Building	1,500	2,000
	Paint	2,000	2,500
91	Expense Credit	(2,491)	(3,161)
	Reimbursement from Sewer Funds for Administrative Overhead		

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Valve Maint./Location**

**01
54
55**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	228,489	213,200	217,000	342,000	362,000	704,000
03	Overtime	5,008	10,000	10,000	12,000	14,000	26,000
30	Special Department Expenses	5,178	3,900	4,200	4,400	4,400	8,800
40	Rents & Leases	79	2,500	250	2,500	2,500	5,000
52	Maintenance of Facilities	33,024	28,000	35,000	43,000	46,500	89,500
76	Equipment	0	5,000	5,000	0	0	0
	Total	271,778	262,600	271,450	403,900	429,400	833,300

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Valve Maint./Location** **55**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	342,000 4.42	362,000 4.20
03	Overtime	12,000	14,000
30	Special Department Expenses	4,400	4,400
	Tools	750	750
	Welding Supplies	500	500
	Welding Equipment	600	600
	Markout Materials/Calibration	1,500	1,500
	Cones	650	650
	Miscellaneous Equipment	400	400
40	Rents & Leases Heavy Equipment and Asphalt Breaker	2,500	2,500
52	Maintenance of Facilities	43,000	46,500
	Air Vacs and Covers	6,000	6,500
	Air Vac Screens	4,500	4,500
	Blow Offs	1,500	1,500
	Fire Hydrants	4,000	5,000
	Valves	12,000	13,000
	Appurtenance Repair & Replacement Parts	3,500	4,000
	Valve Post Materials	1,500	1,500
	Valve Can Materials	1,000	1,000
	Cement	1,750	1,750
	Tagging Material/Line Markers	3,500	4,000
	Paint	750	750
	Spools and Bury Ells	1,500	1,500
	Erosion Control Material	1,500	1,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Meter Installation**

**01
54
61**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	123,645	145,400	113,700	151,500	101,300	252,800
03	Overtime	2,090	8,000	5,500	3,500	4,000	7,500
30	Special Department Expenses	2,842	3,000	3,000	3,000	3,200	6,200
38	Regulatory Permits & Fees	140	800	800	800	900	1,700
40	Rents & Leases	0	150	150	150	200	350
51	Maintenance of Vehicles	24,592	28,500	34,000	53,600	45,000	98,600
52	Installation Material-Meters	103,135	128,800	88,000	122,100	108,400	230,500
57	Installation Material-Backflows	80,006	126,200	77,000	105,500	85,000	190,500
	Total	336,450	440,850	322,150	440,150	348,000	788,150

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Meter Installation** **61**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	151,500 1.63	101,300 1.05
03	Overtime	3,500	4,000
30	Special Department Expenses	3,000	3,200
38	Regulatory Permits & Fees	800	900
40	Rents & Leases	150	200
51	Vehicle Maintenance	53,600	45,000
52	Installation Material-Meters	122,100	108,400
57	Installation Material - Backflows Including Approved Double Check Valves, RP Devices and Fire Protection	105,500	85,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Meter Reading**

**01
54
62**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	145,059	190,300	158,400	180,100	191,900	372,000
03	Overtime	702	900	750	900	1,000	1,900
30	Special Department Expenses	253	300	250	350	400	750
	Total	146,014	191,500	159,400	181,350	193,300	374,650

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Meter Reading** **62**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalentents	180,100 2.32	191,900 2.29
03	Overtime	900	1,000
30	Special Department Expenses	350	400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Service Conn. Maint.**

**01
54
63**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	507,458	442,400	545,800	575,300	630,800	1,206,100
03	Overtime	25,465	20,000	32,000	20,000	24,000	44,000
25	Outside Professional Services	204	0	0	0	0	0
30	Special Department Expenses	3,237	7,800	7,800	12,240	6,850	19,090
38	Regulatory Permits & Fees	0	600	600	600	700	1,300
40	Rents & Leases	363	500	500	500	500	1,000
52	Maintenance of Facilities	209,119	157,200	181,500	172,500	185,000	357,500
76	Equipment	4,332	4,400	4,400	0	0	0
	Total	750,178	632,900	772,600	781,140	847,850	1,628,990

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Service Connection Maint** **63**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	575,300 6.29	630,800 6.79
03	Overtime	20,000	24,000
30	Special Department Expenses	12,240	6,850
	Pressure Recorder Transducers	2,400	1,600
	Hose Ramps	600	650
	Construction Meter Security Locks	3,000	2,000
	Miscellaneous Tools & Equipment	2,600	2,600
	Digital Flow Recorders	1,400	
	Traffic Control Radios	2,240	
38	Regulatory Permits & Fees Excavation Permits	600	700
40	Rents & Leases	500	500
52	Maintenance of Facilities	172,500	185,000
	Replace Deteriorated Services	21,700	23,800
	Exchange 60 1-1/2" SR Meters with 1-1/2" Turbos	24,500	26,400
	Meter Repairs and Usage Exchanges	104,000	110,000
	Asphalt Repairs	6,900	7,600
	Repair/Replace Pressure Reducing Valves	5,600	6,200
	Repair/Replace Clay Valves	4,000	4,500
	Adapter Fittings for Auxiliary Hose	2,000	2,000
	Shoring Repair Kits and Pump	2,000	2,500
	Traffic Control Equipment	1,800	2,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Backflow Maintenance**

**01
54
65**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	106,777	187,100	152,400	210,100	226,600	436,700
03	Overtime	8,344	10,000	14,800	5,000	5,500	10,500
25	Outside Professional Services	1,377	2,400	2,800	3,000	3,300	6,300
30	Special Department Expenses	2,546	3,100	3,100	3,500	3,500	7,000
52	Maintenance of Facilities	58,037	54,300	59,500	61,600	68,000	129,600
	Total	177,081	256,900	232,600	283,200	306,900	590,100

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Backflow Maintenance** **65**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalents	210,100 2.40	226,600 2.41
03	Overtime	5,000	5,500
25	Outside Professional Services Repair and Calibration of Test Equipment:	3,000	3,300
	Potable Water	2,100	2,300
	Reclaimed Water	900	1,000
30	Special Department Expenses	3,500	3,500
	New Testing Supply Requirements	700	700
	Repair Tools and Fixtures	700	700
	Test Equipment for Reclaimed Water	1,400	1,400
	Tools - Specific for Reclaimed Water	700	700
52	Maintenance of Facilities	61,600	68,000
	Reduced Pressure (RP) Repair Parts	28,500	30,500
	Double Check (DC) Repair Parts	18,000	21,000
	Retro Refit Devices	15,100	16,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Vehicle & Equip. Maint.**

**01
54
71**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	166,111	161,000	156,100	173,900	187,000	360,900
03	Overtime	5,192	8,000	5,500	8,000	8,000	16,000
30	Special Department Expenses	1,023	2,000	2,200	3,900	4,200	8,100
38	Regulatory Permits & Fees	2,734	4,800	3,000	4,500	4,800	9,300
40	Rents and Leases	0	0	0	13,500	15,000	28,500
41	Hazardous Waste Disposal Costs	6,542	10,350	6,500	11,350	11,500	22,850
50	Maintenance - Gas, Oil & Grease	108,002	145,000	117,300	158,900	165,600	324,500
51	Maintenance of Vehicles	46,282	47,000	50,600	58,000	60,000	118,000
53	Maintenance of Radios	4,287	6,500	6,500	4,000	5,000	9,000
54	Maintenance of Equipment	28,044	25,400	30,400	23,000	25,000	48,000
75	Contrib. to Replacement Reserve	135,648	206,900	206,900	218,300	252,200	470,500
76	Equipment - Other	1,345	15,000	15,000	0	0	0
91	Expense Credit	(204,115)	(74,805)	(74,805)	(94,475)	(88,455)	(182,930)
	Total	301,095	557,145	525,195	582,875	649,845	1,232,720

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Vehicle/Equipment Maint.** **71**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full-Time Equivalent	173,900 1.99	187,000 1.94
03	Overtime	8,000	8,000
30	Special Department Expenses	3,900	4,200
	Replacement Tools	700	800
	Specialty Tools	1,200	1,300
	Tools for Service Truck	500	600
	Software Repair Manuals	1,500	1,500
38	Regulatory Permits & Fees	4,500	4,800
	Gas Tank Permit	800	900
	Waste Oil Tank Permit	300	300
	Above Ground Tank	1,000	1,100
	Health Permit	1,000	1,100
	Yard Generator Permits	1,000	1,000
	Air Pollution Control District Solvent Tank Fee	400	400
40	Rents and Leases Message Boards	13,500	15,000
41	Hazardous Waste Disposal Costs	11,350	11,500
	Recycling Oil, Filters & Solvents	4,500	4,500
	Recycling Tires, AC Pipe and Miscellaneous	4,500	4,500
	Cleanup Material	500	600
	Compliance Guides	350	400
	Disposal of Aerosols	1,500	1,500
50	Gas, Oil, Transmatic, Diesel, Coolant, Gear Lube, Treatment Chemicals	158,900 152,900 6,000	165,600 159,600 6,000
51	Maintenance of Vehicles Parts for Fleet	58,000	60,000
53	Maintenance of Radios Service Contract & New Installations	4,000	5,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Vehicle/Equipment Maint.** **71**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
54	Maintenance of Equipment	23,000	25,000
	Grader/Dozer/Backhoe	16,000	18,000
	Miscellaneous Equipment	7,000	7,000
75	Contribution to Vehicle Replacement Reserve (From following pages)	218,300	252,200
91	Expense Credit	(94,475)	(88,455)
	Rental Value of Vehicles and Equipment Used for:		
	Installation of Meters		
	01-5461.51 Moosa Treatment Plant	53,600	45,000
	13-5326.51 Moosa Collection	30,500	32,500
	13-5327.51 Moosa STEP Maintenance	4,000	4,230
	13-5329.51 Woods Valley Ranch Treatment Plant	375	425
	17-5331.51	6,000	6,300

**LICENSED MOTOR VEHICLE REPLACEMENT RESERVE 01-5471-75
2006-2007**

Car	Type of Vehicle	VIN #	Asset #	Adjusted Cost	Life in Yrs.	Est. Depr. 2005-2006	Inflation Adjust.	
1	03 Dodge 1/2 ton 4X4	1D7HU18N43S227834	4983	29,154	4	7,289	996	
2	99 Ford F250 4x4	1FTNX2154XEA66234	4655	27,339	4	0	934	
3	99 Ford F250 4x4	1FTNX2154XEA66235	4656	26,684	4	0	911	
5	99 Ford F350 4x4	1EDWX3756XEB66233	4657	30,804	4	0	1,052	
6	83 Ford F-600	1FDMF60H0DVA01002	4509	3,750	4	0	128	
10	01 Ford-550 4X4	1FDAF57F31EC60919	4834	45,347	5	9,069	1,549	
11	91 Ford F150 4X4	2FTEF14N5MCA08190	4360	15,068	4	0	515	
12	92 Ford F350 4X4	2FTHF36H8NCA35062	4430	21,512	4	0	735	
13	03 Ford F350	1FDWX36P23EC03258	4984	37,479	4	9,370	1,280	
15	05 Ford F550 4X4	1FDAF57P65EB76415	5162	52,761	5	5,276	0	
16	05 Ford F350 Ext Cab 4X4 Diesel	1FDWX37P15EB76412	5163	40,809	4	5,101	0	
17	05 Ford F350 Ext Cab 4X4 Diesel	1FDWX37P35EB76413	5164	51,495	4	6,437	0	
18	86 Ford F700	1FDWF70K7GVA59705	4103,4658	29,737	4	0	1,016	
19	05 Ford F350 Ext Cab 4X4 Diesel	1FDWX37P55EB76414	5165	41,152	4	5,144	0	
20	99 Ford F800	1FDNF80C3WVA31831	4659	55,670	5	0	1,901	
21	95 Ford F450	1FDLF47G9SEA28399	4562	25,246	4	0	862	
22	01 Ford F-150 4X4	1FTRX18W11NB31475	4835	24,747	4	6,187	845	
23	99 Ford F250 4x4	1FTNX2154XEB13525	4660	27,223	4	0	930	
24	99 Ford F150 4x4	1FTRF18W4XKA22960	4706	21,533	4	0	735	
25	99 Ford F250 4x4	1FTNX2156XEC68335	4707	27,403	4	0	936	
27	87 Ford F800 LN7000 Water Truck	1FTWR72P4HVA51454	4756	19,395	5	0	662	
28	86 Ford Flat Bed	1FDJF37L3GPB70662	4100	13,466	4	0	460	
29	97 Chev 1/2 ton 4x4	1GCEK14M2VZ190101	4624	21,851	4	0	746	
31	99 Chev 2500 4x4	1GBGC24RFX012254	4708	24,174	4	0	826	
32	03 Chev HD	1GCEK19V83E201169	4985	24,319	4	6,080	831	
34	04 Ford F750 5YD Dump	3FRXF75624V604121	4986	63,950	5	12,790	2,184	
35	01 Ford F-150 4X4	1FTRX18WX1NB31474	4836	25,025	4	6,261	855	
36	91 Ford F350 4X4	1FDHF38G2MKA23922	4384	16,550	4	0	565	
37	92 Ford F150 4X4	2FTEF14H1NCA35057	4434	14,215	4	0	486	
38	95 Ford Dump	1FDXF80E9SVA39968	4591	43,600	4	0	1,489	
39	96 Chev Van	1GNDM19WOTB152475	4590	18,782	4	0	642	
40	97 Dodge D1500 4x4 XT Cab	1B7HF13Y2VJ557891	4625	23,723	4	0	810	
42	97 GMC Sierra 4x4	1GTEK14M9VZ520235	4627	20,660	4	0	706	
43	99 Ford F250 4x4	1FTNX2158XEC82706	4709	26,047	4	0	890	
44	01 Ford F-150 4X4	1FTRX18W61NB31472	4837	25,043	4	6,261	855	
45	01 Ford F-150 4X4	1FTRX18W81NB31473	4838	25,018	4	6,255	855	
46	02 Ford F-150	1FTRX18W22NB06375	4902	24,962	4	6,240	853	
47	02 Ford F-350	1FDWX36FX2EC19987	4903	36,000	4	9,000	1,230	
48	02 Ford F-550	1FDAF57F62EC50788	4904	51,617	5	10,323	1,763	
49	04 Chevy CK1500	1GCEK19V94E256599	5057	24,282	4	6,071	829	
50	04 Chevy CK1500	1GCEK19V84E258912	5058	24,439	4	6,110	835	
51	04 Chevy CK1500	1GCEK19V44E255957	5059	24,362	4	6,091	832	
52	04 Chevy CK1500	1GCEK19V34E256971	5060	24,369	4	6,092	832	
53	04 Chevy CK1500	1GCEK19V64E264854	5061	24,369	4	6,092	832	
54	04 Chevy CK1500	1GCEK19V94E263570	5062	24,286	4	6,072	830	
55	04 Chevy CK1500	1GCEK19V24E255410	5063	24,232	4	6,058	828	
56	05 Ford F150 Supercab 4X4	1FTRX14W75KC83483	5166	22,700	4	2,838	0	
57	05 Ford F150 Supercab 4X4	1FTRX14W95KC83484	5167	23,136	4	2,892	0	
58	05 Ford F150 Supercab 4X4	1FTRX14W05KC83485	5168	23,922	4	2,990	0	
4	06 Chevy Colorado	1GCDT196X68220374	NEW	22,100	4	2,763	0	
7	06 Chevy Colorado	1GCDT196268220627	NEW	22,100	4	2,763	0	
8	06 Chevy Colorado	1GCDT196268220336	NEW	22,100	4	2,763	0	
41	06 Chevy Colorado	1GCDT196568220251	NEW	22,100	4	2,763	0	
				<u>1,481,807</u>			<u>179,437</u>	<u>38,851</u>

Inflation adjustment December 2005
Contribution to Vehicle Replacement Reserve for Fiscal Year 2006-07

38,851
218,288

**LICENSED MOTOR VEHICLE REPLACEMENT RESERVE 01-5471-75
2007-2008**

Car	Type of Vehicle	VIN #	Asset #	Adjusted Cost	Life in Yrs.	Est. Depr. 2006-2007	Inflation Adjust.
1	03 Dodge 1/2 ton 4X4	1D7HU18N43S227834	4983	29,154	4	7,289	1,007
2	99 Ford F250 4x4	1FTNX2154XEA66234	4655	27,339	4	0	945
3	99 Ford F250 4x4	1FTNX2154XEA66235	4656	26,684	4	0	922
5	99 Ford F350 4x4	1EDWX3756XEB66233	4657	30,804	4	0	1,064
10	01 Ford-550 4X4	1FDAF57F31EC60919	4834	45,347	5	9,069	1,567
11	91 Ford F150 4X4	2FTEF14N5MCA08190	4360	15,068	4	0	521
12	92 Ford F350 4X4	2FTHF36H8NCA35062	4430	21,512	4	0	743
13	03 Ford F350	1FDWX36P23EC03258	4984	37,479	4	9,370	1,295
15	05 Ford F550 4X4	1FDAF57P65EB76415	5162	52,761	5	5,276	1,823
16	05 Ford F350 Ext Cab 4X4 Diesel	1FDWX37P15EB76412	5163	40,809	4	5,101	1,410
17	05 Ford F350 Ext Cab 4X4 Diesel	1FDWX37P35EB76413	5164	51,495	4	6,437	1,779
18	86 Ford F700	1FDWF70K7GVA59705	4103,4658	29,737	4	0	1,027
19	05 Ford F350 Ext Cab 4X4 Diesel	1FDWX37P55EB76414	5165	41,152	4	5,144	1,422
20	99 Ford F800	1FDNF80C3WVA31831	4659	55,670	5	0	1,924
21	95 Ford F450	1FDLF47G9SEA28399	4562	25,246	4	0	872
22	01 Ford F-150 4X4	1FTRX18W11NB31475	4835	24,747	4	6,187	855
23	99 Ford F250 4x4	1FTNX2154XEB13525	4660	27,223	4	0	941
25	99 Ford F250 4x4	1FTNX2156XEC68335	4707	27,403	4	0	947
27	87 Ford F800 LN7000 Water Truck	1FTWR72P4HVA51454	4756	19,395	5	0	670
29	97 Chev ½ ton 4x4	1GCEK14M2VZ190101	4624	21,851	4	0	755
32	03 Chev HD	1GCEK19V83E201169	4985	24,319	4	6,080	840
34	04 Ford F750 5YD Dump	3FRXF75624V604121	4986	63,950	5	12,790	2,210
35	01 Ford F-150 4X4	1FTRX18WX1NB31474	4836	25,025	4	6,261	865
37	92 Ford F150 4X4	2FTEF14H1NCA35057	4434	14,215	4	0	491
38	95 Ford Dump	1FDXF80E9SVA39968	4591	43,600	4	0	1,507
39	96 Chev Van	1GNDM19WOTB152475	4590	18,782	4	0	649
43	99 Ford F250 4x4	1FTNX2158XEC82706	4709	26,047	4	0	900
44	01 Ford F-150 4X4	1FTRX18W61NB31472	4837	25,043	4	6,261	865
45	01 Ford F-150 4X4	1FTRX18W81NB31473	4838	25,018	4	6,255	864
46	02 Ford F-150	1FTRX18W22NB06375	4902	24,962	4	6,240	863
47	02 Ford F-350	1FDWX36FX2EC19987	4903	36,000	4	9,000	1,244
48	02 Ford F-550	1FDAF57F62EC50788	4904	51,617	5	10,323	1,784
49	04 Chevy CK1500	1GCEK19V94E256599	5057	24,282	4	6,071	839
50	04 Chevy CK1500	1GCEK19V84E258912	5058	24,439	4	6,110	844
51	04 Chevy CK1500	1GCEK19V44E255957	5059	24,362	4	6,091	842
52	04 Chevy CK1500	1GCEK19V34E256971	5060	24,369	4	6,092	842
53	04 Chevy CK1500	1GCEK19V64E264854	5061	24,369	4	6,092	842
54	04 Chevy CK1500	1GCEK19V94E263570	5062	24,286	4	6,072	839
55	04 Chevy CK1500	1GCEK19V24E255410	5063	24,232	4	6,058	837
56	05 Ford F150 Supercab 4X4	1FTRX14W75KC83483	5166	22,700	4	2,838	784
57	05 Ford F150 Supercab 4X4	1FTRX14W95KC83484	5167	23,136	4	2,892	799
58	05 Ford F150 Supercab 4X4	1FTRX14W05KC83485	5168	23,922	4	2,990	827
4	06 Chevy Colorado	1GCDT196X68220374	NEW	22,100	4	2,763	0
7	06 Chevy Colorado	1GCDT196268220627	NEW	22,100	4	2,763	0
8	06 Chevy Colorado	1GCDT196268220336	NEW	22,100	4	2,763	0
41	06 Chevy Colorado	1GCDT196568220251	NEW	22,100	4	2,763	0
59	Mid-size Extra-Cab 4X4		NEW	25,000	4	3,125	0
60	Full-size 1 1/2-Ton 4X4		NEW	59,000	5	5,900	0
61	Mid-size Extra-Cab 4X4		NEW	25,000	4	3,125	0
62	Mid-size Extra-Cab 4X4		NEW	25,000	4	3,125	0
63	Full size 1/2-Ton Extra Cab 4X4		NEW	25,000	4	3,125	0
64	Full size 1 1/2-Ton Dump Bed Truck		NEW	55,000	5	5,500	0
65	Full-size 1 -Ton		NEW	40,000	4	5,000	0

1,611,951

208,337 43,866

Inflation adjustment December 2006 (average increase over last three years)
Contribution to Vehicle Replacement Reserve for Fiscal Year 2007-08

43,866
252,203

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
Source of Supply**

FUNCTION OVERVIEW

This department represents commodity costs which are generally not under the control of the District.

The District purchases all of its water from the San Diego County Water Authority (CWA) which in turn purchases its water from the Metropolitan Water District of Southern California (MWD).

Certified agricultural water purchases receive rebates under the MWD's Interim Agricultural Water Program and for the CWA's markup in the melded rate supply cost used to pay for additional water supplies such as transfers from the Imperial Irrigation District. The rate for calendar 2006 is currently \$29 per acre foot. It is increasing to \$34 in calendar year 2007 and is expected to remain the same for calendar year 2008. These rebates are passed through to qualifying agricultural customers.

The District must also pay the MWD and CWA fixed charges described below.

This division also accounts for the cost of electric and natural gas utilities which are used for pumping water through the distribution system.

ACCOMPLISHMENTS FOR 2005-2006

Water delivery charges represent pass-through costs of water sold. The District continues to work to keep these costs as low as possible in two ways. First, customer accounts are monitored for excessive usage and water distribution facilities are patrolled to locate and stop water losses as quickly as possible. Second, District management is actively involved in monitoring MWD and CWA strategies to maintain affordable water rates and is working to continue the agricultural discounts.

While electricity costs were budgeted at 13.1¢ per kilowatt hour last year, costs are currently running below that.

CHALLENGES FOR 2006-2008

The use of fixed charges by MWD and CWA will leave the District exposed if water sales drop below budgeted levels, as was seen in 2004-05. The District has established reserves to stabilize rates if this occurs.

Energy supplies and costs will be of continuing concern, along with efforts to keep water supply costs at the lowest level possible.

GOALS FOR 2006-2008

The costs of water and utilities accounted for in this division are controlled by other departments, particularly the Field Department, with management from the General Administration Department. Energy costs are reduced by the efforts of Operations by monitoring water usage trends to enable pump stations to be run as efficiently and economically as possible.

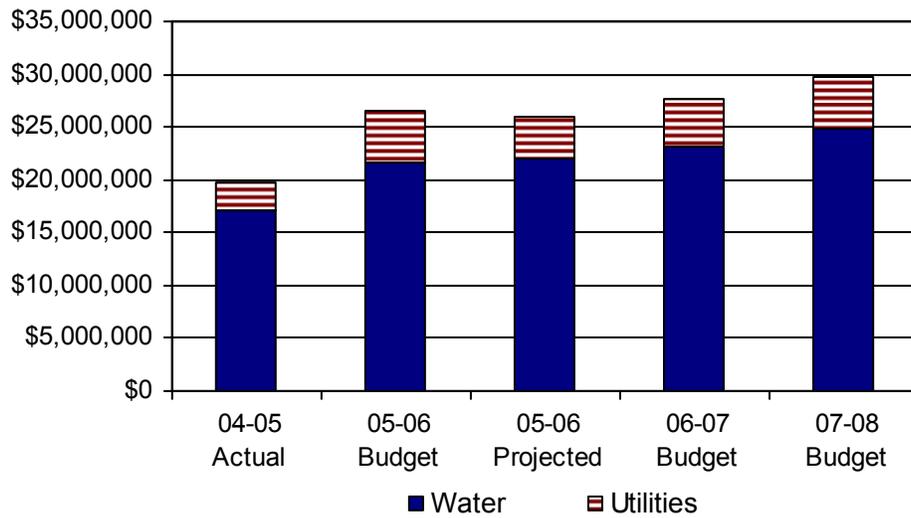
The MWD water delivery charge will increase 5.6% from \$485 to \$512 per acre foot in 2007 and 5.3% to \$539 in 2008. The Capacity Reservation and Readiness-to-Serve Charges for calendar year 2007 will remain the same as calendar 2006 at \$793,272 and (\$265,680), respectively. In 2008 the Capacity Reservation and Readiness-to-Serve Charges are estimated to increase 5.1% and 8.8%, respectively. The San Diego County Water Authority is projecting that the Customer Service Charge will remain the same in 2007, while increasing 8.6% in 2008. The Emergency Storage Charge also will stay the same in calendar year 2007, with a 14.6% increase scheduled in 2008. In accordance with our Administrative Code, all rate changes are passed through to our customers.

Natural gas prices are showing upward pressure because of continuing low levels of storage and supply problems, including continued conflicts in the Middle East. Based on our best estimate at this time, electricity will average 12.5¢ per kilowatt hour and natural gas \$1.19 per therm, for an aggregate cost of \$97 per acre foot of water purchased for 2006-07. The aggregate cost for 2007-08 is \$100 per acre foot, an increase of 3% over 2006-07.

LONG-TERM GOALS

The costs of water, ready-to-serve, customer service, capacity reservation, emergency storage, and infrastructure access charges, along with agricultural water discounts will continue to require the District to adapt, as will the ongoing uncertainty in the energy markets.

Source of Supply



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

DEPARTMENT SUMMARY

SOURCE OF SUPPLY

Div. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
41	Source of Supply	19,809,325	26,540,216	25,968,924	27,742,390	29,647,391	57,389,781
TOTAL SOURCE OF SUPPLY		19,809,325	26,540,216	25,968,924	27,742,390	29,647,391	57,389,781

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **General**
DEPT: **Field Operation**
DIV: **Source of Supply**

**01
54
41**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
		@ 38,105 af	@ 47,350 af	@ 46,422 af	@ 47,350 af	@ 48,300 af	@ 95,650 af
21	Water Supply Charge - MWD & CWA	16,519,501	22,271,476	21,833,400	23,486,390	25,261,770	48,748,160
22	Water Delivery Charge - CWA	2,095,753	2,733,495	2,643,600	2,841,000	2,898,000	5,739,000
23	Agricultural Rebate - MWD	(3,259,955)	(4,345,300)	(3,919,500)	(4,268,100)	(4,353,800)	(8,621,900)
24	Agricultural Rebate - CWA	(188,192)	(1,110,800)	(712,626)	(1,125,600)	(1,298,500)	(2,424,100)
25	Ready to Serve Charge	(281,825)	(281,820)	(265,680)	(265,680)	(277,300)	(542,980)
26	Infrastructure Access Charge	192,117	193,585	227,665	268,810	283,320	552,130
27	Water Delivery Charge - MWD Tier II	60,934	0	0	0	0	0
30	Capacity Reservation Charge - MWD	776,954	810,780	802,025	793,270	813,500	1,606,770
35	Customer Service Charge - CWA	1,030,965	1,036,000	1,041,490	1,077,200	1,123,500	2,200,700
36	Emergency Storage Charge - CWA	256,361	277,800	293,650	340,100	364,900	705,000
39	Water Refunds	0	0	0	0	0	0
	Total Water	17,202,613	21,585,216	21,944,024	23,147,390	24,815,391	47,962,781
45	Utilities - Electricity	2,794,993	4,490,500	3,602,800	4,113,100	4,325,300	8,438,400
47	Utilities - Natural Gas	285,517	464,500	422,100	481,900	506,700	988,600
65	Utilities - Energy Settlement	(473,798)	0	0	0	0	0
65	Utilities - Refunds	0	0	0	0	0	0
	Total Utilities	2,606,712	4,955,000	4,024,900	4,595,000	4,832,000	9,427,000
	Total	19,809,325	26,540,216	25,968,924	27,742,390	29,647,391	57,389,781

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DIV: **Field Operation** **54**
 DEPT: **Source of Supply** **41**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
21	Water Supply Charge	23,486,390	25,261,770
	To MWD & CWA - Jul to Dec	485.00	512.00
	Expected purchases in AF	28,030	28,590
	Expected purchases in \$	<u>13,594,550</u>	<u>14,638,080</u>
	To MWD & CWA - Jan to Jun	512.00	539.00
	Expected purchases in AF	19,320	19,710
	Expected purchases in \$	<u>9,891,840</u>	<u>10,623,690</u>
22	Water Delivery Charge	2,841,000	2,898,000
	To CWA - Jul to Dec	60.00	60.00
	Expected purchases in AF	28,030	28,590
	Expected purchases in \$	<u>1,681,800</u>	<u>1,715,400</u>
	To CWA - Jan to Jun	60.00	60.00
	Expected purchases in AF	19,320	19,710
	Expected purchases in \$	<u>1,159,200</u>	<u>1,182,600</u>
23	Agricultural Rebate - MWD	(4,268,100)	(4,353,800)
	Estimated Ag purchases in AF	37,440	38,191
	Ag Discount Rate	114.00	114.00
		<u>(4,268,100)</u>	<u>(4,353,800)</u>
24	Agricultural Rebate - CWA	(1,125,600)	(1,298,500)
	To CWA - Jul to Dec		
	Estimated Ag purchases in AF	29,465	30,056
	Melded Rate Discount	29.00	34.00
		<u>(854,500)</u>	<u>(1,021,900)</u>
	To CWA - Jan to Jun		
	Estimated Ag purchases in AF	7,975	8,135
	Melded Rate Discount	34.00	34.00
		<u>(271,100)</u>	<u>(276,600)</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **General** **01**
 DIV: **Field Operation** **54**
 DEPT: **Source of Supply** **41**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
25	Ready to Serve Charge	(265,680)	(277,300)
26	Infrastructure Access Charge	268,810	283,320
30	Capacity Reservation Charge - MWD	793,270	813,500
35	Customer Service Charge - CWA	1,077,200	1,123,500
36	Emergency Storage Charge - CWA	340,100	364,900
45	Utilities - Electrical	4,113,100	4,325,300
47	Utilities - Natural Gas	481,900	506,700
	Utilities are based on sales of 44,500 (06-07) & 45,400 (07-08) AF and purchases of 47,350 (06-07) & 48,300 (07-08) AF @\$97 & \$100 per AF		
	Electric	90% 4,113,100	90% 4,325,300
	Natural Gas	10% 481,900	10% 506,700
	Total	<u>4,595,000</u>	<u>4,832,000</u>

FUNCTION OVERVIEW

Plan, design, acquire rights of way, bid, construct, manage, and inspect specific projects, approved by the Board, that expand the capacity or increase the service of the water supply and distribution system. The general goals are to efficiently plan and manage these projects for the lowest overall cost, taking into account first time costs and long term costs, as well as the needs identified in the District's Master Plan.

A complete schedule of projects under construction, proposed, and completed is presented on page 9-3 and 9-3A.

ACCOMPLISHMENTS FOR 2005-2006**Strategic Plan Implementation:**

- **Geographical Information System (GIS):** (Goal 1) The core ArcIMS map service viewer has been created along with an updated GIS homepage. This core map service enables staff to perform basic query functions on various layers of District data, such as water and sewer services, property ownership, and customer information from a single foundation repository. The core map service also has intuitive tools for selecting services for mass notifications via email, phone, or direct mailings. Additional improvements to the core GIS map service is its uniform printing capabilities using an export to PDF function, and the ability to export table data to a spreadsheet. Staff anticipates final deliverables for the 6-inch pixel resolution aerial imagery and 2-foot contour data to be available by the end of the present fiscal year. The complexity of the overall project and the multiple agencies and cities involved, the project timeline has been extended by several months. Staff has also developed additional GIS tasks and record management implementation to benefit the District.
- **SCADA System:** (Goal 2) SCADA system designs for the Couser Pump Station and Woods Valley Ranch Water Reclamation Facility were completed and are under construction. Construction of both projects is scheduled to be completed in the second quarter of 2006-07. Site security requirements were incorporated into the SCADA system design. Plans and specifications for Phases 1 and 2 are nearly complete and are scheduled to be advertised for bid by the end of 2005-06. In the control room, the tone telemetry system was diverted from the existing control console to the SCADA system Wonderware HMI (Human Machine Interface) Software application. This will allow the control to be removed and the control room remodeled to facilitate the workstations needed for the SCADA system.

Other Major Projects:

- **Field Operations Projects** - Replacement of the pump and motor at Red Mountain #1 and #2, two pump bowls at Miller, electrical pump panel replacement at Rincon Pump Station, the recoating of several reservoirs, and completion of other smaller projects.
- **Engineering Projects** - Among other projects:
 - Completed the Lilac Road Pressure Reducing Valves, Meadows Reservoir No. 2, and transferred ownership of the Skyline Wastewater Treatment Plant to the Paradise Homeowners Association.

CHALLENGES FOR 2006-2008

- **Valley Center Road** – continued coordination of construction of the Valley Center Road Project with the County of San Diego.
- **San Diego County's Land Use Plan 2020** - work with the County of San Diego on their 2020 Land Plan Update as they affect the District and the services it provides.

GOALS FOR 2006-2008

Strategic Plan Implementation:

- **Geographical Information System:** (Goal 1) Continue to assist staff with development of database information and integration with GIS. Complete the remaining implementation tasks identified in the GIS Master Plan and the additional tasks identified for 2005-06. Assist other departments with the development and maintenance of database information to be interfaced with the GIS.
- **SCADA System:** (Goal 2) Complete the following tasks as identified in the SCADA System Master Plan: construction and integration of the facility sites included in Phases 1 and 2; design of Phases 3 through 6; bid, construction and integration of Phases 3 through 5; integration of any new sites constructed as part of developer projects; and remodeling of the operations control room including installation of SCADA server equipment and additional backup workstations.
- **Data Processing and Management System to be Fully Integrated:** (Goal 7) New Service Order Software will be implemented to track customer service order requests and produce work orders. This will be integrated with our Geographical Information System (GIS) and improve customer service and automatically schedule routine maintenance. An improved job cost program will integrate it with our labor and inventory programs.

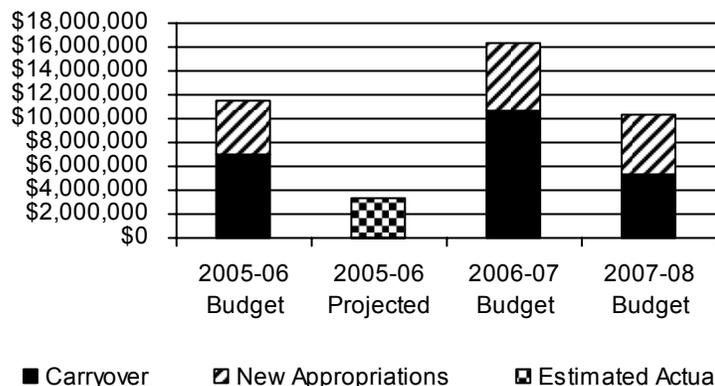
Other Major Projects:

- **Pipeline Replacements** - Various sections of tar-wrapped steel pipe, including Gordon Hill, Rodriguez Road, Nelson Way, and Couser Way.
- **Pump Station Reconstruction** – Complete the Via Cantamar and Couser Pump Station construction and design and proceed to construction of the Lilac Pump Station upgrades.
- **Field Operations Projects** – Recoating of reservoirs; five exterior and interior, completion of phase-one through four, of security upgrades per Vulnerability Assessment recommendations, and continue the implementation of the Automated Meter Reading Program (AMR).
- **Valley Center Road Pipeline Replacement** - In coordination with the County of San Diego's road widening schedule.
- **Information Systems** – Increasing reliability and efficiency by the installation of a new radio repeater on Palomar Mountain, construction of a new Intranet, backup data server center moved offsite, and conversion of financial accounting software from Unix to Windows SQL.

LONG-TERM GOALS

Construct the projects identified in the Master Plan economically and efficiently. Work with the County on future road projects that are expected, including a possible new connector road across the northern part of the District.

Capital Outlay



VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2006-2008

General 01
Capital Outlay 56

Description	Acct. No.	Prior	FY 2006-2007						FY 2007-2008						Future											
			J	A	S	O	N	D	J	F	M	A	M	J		J	A	S	O	N	D	J	F	M	A	M
Planning																										
Integrated Resources Plan	06		Planning																							
Pipelines & PRV's																										
Valley Center Road Main	33		Construction																							
Rodriguez Rd PL Replacement	48	Design	Award	Construction																						
Participation & Unspecified Replacement Projects	02	As Required																								
Merry Ferry/East Miller PRV Upgrade	73	Bid & Award		Construction																						
Lake Wohlford Road PL Relocation	10	Bid & Award	Construction																							
Kornblum Loop	21																	Planning	Design							
Lilac PS to Oak Glen Res. Pipeline Replacement	23																									
Lilac PS to McNally Res. Pipeline Replacement	20																									
Nelson Way Pipeline Replacement	28								Planning						Design				Construct							
Couser Way Pipeline Replacement	52	Design	Construction																							
Lilac Road Pipeline Replacement	49								Planning			Design						Construct								
VC Road/ N. Lake Wohlford Road PL Relocation	08	Bid & Award	Construction																							
Gordon Hill Road Pipeline	22								Bid & Award		Construction															
Jesmond Dene/Lilac Road North P/L Imp	03		Construction																							
Lilac Reservoir Feeder Replacement	19	Planning																								
Reidy Creek Pipeline Replacement	85		Construction																							
Jesmond Dene PRV	14		Plan	Design	Construction																					
Cole Grade Pipeline Replacement-Cool Vly to Miller	09		POSTPONED PENDING COUNTY SCHEDULE																							
Pump Stations																										
Lilac Pump Station Upgrades	82								Planning						Design				Construct							
Via Cantemar Pump Station	86	Planning	Design	Award	Construction																					
Couser Pump Station	72	Construction																								
Pump & Motor Replacements	69	As Required																								
Valley Center PS Valve Upgrade	75	POSTPONED - VALLEY CENTER ROAD PROJECT																								
Pump Replacements	16	Planning	Design	Construction			Planning			Design	Construction															
Electric Pump Starter Replacements	25	Planning	Design	Construction			Planning			Design	Construction															
Gas Engine Heat Exchangers	26	Planning	Design		Construction						Planning		Design	Construction												
Electric Starter Panel Wrap Replacements	30	Planning	Design	Construction						Planning		Design	Construction													
Reservoirs																										
Reservoir Recoating - 4 Exterior and Interior	91	Construction																								
Country Club Reservoir Upgrade	90	Planning							Design																Construct	
Reservoir Coating - Interior & Exterior	34	Planning	Design		Construction									Planning	Design	Construction										
Exterior Stairway Installation & Recoating - McNally	35	Planning		Design	Construction																					
Meadows #2 Reservoir	51	Construction											Plan	Design	Award	Construction										
Reidy Canyon Area Reservoir	38														Planning				Construct							

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2006-2008

General 01
Capital Outlay 56

Description	Acct. No.	Prior	FY 2006-2007										FY 2007-2008						Future						
			J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O		N	D	J	F	M	A
Data Management Systems																									
SCADA System Improvements	71	Bid & Award											Construction												
GIS Phase I Implementation	39		Construction																						
GIS Phase II Implementation	89		Construction																						
AMR Pilot Program - First Phase	93		Construction																						
Enterprise Computer Programming Improvements	96		Construction																						
Content Management Software	98		Planning			Design			Construction																
AMR Program - Phase II & III	40		Planning			Design			Construction																
Service Order Software	47		Planning	Award	Construction																				
Accounting System Upgrade	55		Design										Construction												
Office Hardware Upgrades	57		Planning	Design	Award	Construction																			
Information Technology System Upgrades	58		Design			Construction																			
Facilities																									
Engineering/Finance Space Remodel	87		Planning	Design	Award	Construction																			
Engineering Inspection Annex	88		Bid & Award	Construction																					
Operations Control Room Building Remodel	81		Design	Award	Construction																				
Security Updates Phase II	92		Construction																						
Security Upgrades Phase I	42		Construction																						
Security Upgrades Phase III & IV	59		Planning			Design			Construction																
Administration Facility Improvements	60		Planning	Design			Construction																		
40 X 60 Steel Storage Building	61		Planning	Design			Construction																		
Equipment																									
Replacement Trucks	62		Bid & Award										Bid & Award												
Caterpillar Backhoe 430D	63		Bid & Award										Bid & Award												
New Trucks	64		Bid & Award										Bid & Award												
Tablet Chlorinator & Chlorine Residual Analyzer	65		Planning	Design			Construct			Planning						Design			Construct						
Field - Equipment	66																								
New Employee Equipment			Purchase										Purchase												
Diesel Particulate Filter			Purchase																						
Automatic Transmission Fluid Exchanger			Purchase																						
Back-Up Alarm Sensors			Purchase										Purchase												
Engineering - Equipment	67																								
Large Format Scanner, Copier, Plotter			Purchase																						
New Employee Equipment			Purchase										Purchase												
Pipe Line Locators			Purchase										Purchase												
Finance - New Employee Equipment	68		Purchase										Purchase												
Radio Repeaters	95		Construction																						

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**General 01
Capital Outlay 56**

Description	Acct. No.	Total Approved Budget 2005-06	Estimated Actual Expenditures 2005-06	Budget Carried Forward to 2006-07	New Appropriation 2006-07	Approved Budget 2006-07	Estimated Actual Expenditures 2006-07	Budget Carried Forward to 2007-08	New Appropriation 2007-08	Approved Budget 2007-08
Planning										
Integrated Resources Plan	06				300,000	300,000	300,000	0		
Pipelines & PRV's										
Valley Center Road Main	33	4,972,737	125,000	4,847,737		4,847,737	1,750,000	3,097,737		3,097,737
Rodriguez Rd PL Replacement	48	640,478	45,000	595,478	250,000	845,478	845,478	0		
Participation, Upsizing, & Unspecified Replacement	02	265,742	16,242	249,500	503,975	753,475	250,000	503,475	404,000	907,475
Merry Ferry/East Miller PRV Upgrade	73	190,967	15,000	175,967	85,000	260,967	260,967	0		
Lake Wohlford Road PL Relocation	10	145,000	10,591	134,409		134,409	134,409	0		
Kornblum Loop	21	100,000	837	99,163		99,163	99,163	99,163	41,000	140,163
Lilac PS to Oak Glen Res. Pipeline Replacement	23	89,146		89,146		89,146	89,146	89,146		89,146
Lilac PS to McNally Res. Pipeline Replacement	20	88,550		88,550		88,550	88,550	88,550		88,550
Nelson Way Pipeline Replacement	28	97,576	11,001	86,575		86,575	86,575	86,575	138,000	224,575
Couser Way Pipeline Replacement	52	110,656	27,726	82,930	123,000	205,930	205,930	0		
Lilac Road Pipeline Replacement	49	88,825	7,825	81,000		81,000	81,000	81,000	69,000	150,000
VC Road/ N. Lake Wohlford Road PL Relocation	08	110,000	75,000	35,000		35,000	35,000	0		
Gordon Hill Road Pipeline	22	78,685	61,857	16,828		16,828	16,828	16,828	1,375,000	1,391,828
Jesmond Dene/Lilac Road North P/L Imp	03	8,855	1,108	7,747		7,747	7,747	0		
Lilac Reservoir Feeder Line Replacement	19	87,010	87,010	0	15,000	15,000	15,000	0	78,000	78,000
Reidy Creek Pipeline Replacement	85	62,719	62,719	0	30,000	30,000	30,000	0		
Jesmond Dene PRV	14				90,000	90,000	90,000	0		
Cole Grade Pipeline Replacement-Cool Vly to Miller	09	309,377	133	Complete						
PRV & Large Meter Upgrades - Adams	29	6,945	3,973	Complete						
Lilac Road Bridge Main Replacement	74	109,111	80,810	Complete						
Pump Stations										
Lilac Pump Station Upgrades	82	330,750	679	330,071		330,071		330,071		330,071
Via Cantamar Pump Station	86	329,400	29,400	300,000	25,000	325,000	325,000	0		
Couser Pump Station	72	906,835	658,835	248,000	52,000	300,000	300,000	0		
Pump & Motor Replacements	69	68,563		68,563	60,000	128,563	128,563	0	50,000	50,000
Valley Center PS Valve Upgrade	75	18,710		18,710		18,710		18,710		18,710
Pump Replacements	16				188,000	188,000	188,000	0	96,000	96,000
Electric Pump Starter Replacements	25				66,000	66,000	66,000	0	68,000	68,000
Gas Engine Heat Exchangers	26				32,000	32,000	32,000	0	34,000	34,000
Electric Starter Panel Wrap Replacements	30				10,000	10,000	10,000	0	10,000	10,000
Lilac-Pala Pump Station - Electrical Panel Repl.	43	4,049	5,234	Complete						
Rincon Pump Station Electric Panel Replacement	94	45,000	45,000	Complete						
Reservoirs										
Reservoir Recoating - 4 Exterior and Interior	91	440,000		440,000		440,000	440,000	0		
Country Club Reservoir Upgrade	90	196,250	75,000	121,250		121,250		121,250	50,000	171,250
Reservoir Coating - Interior & Exterior	34				160,000	160,000	160,000	0	320,000	320,000
Exterior Stairway Installation & Recoating - McNally Meadows Reservoir #2	35				195,000	195,000	195,000	0		
Reidy Canyon Area Reservoir	51	599,311	599,311	0		0	0	0	50,000	50,000
Reservoir Recoating - 4 Exterior, 1 Interior	38				25,000				25,000	25,000
41	160,308	232	Complete							
Data Management Systems										
SCADA System Improvements	71	1,366,299	489,299	877,000	1,581,500	2,458,500	2,100,000	358,500	1,495,000	1,853,500
GIS Phase II Implementation	89	200,000		200,000		200,000	200,000	0		
AMR Pilot Program - First Phase	93	175,000	58,212	116,788		116,788		116,788		116,788
Enterprise Computer Programming Improvements	96	75,000	20,150	54,850		54,850		54,850		54,850
Content Management Software	98	43,023		43,023	50,000	93,023	93,023	0		
AMR Program - Phase II & III	40				293,000	293,000	293,000	0	300,300	300,300
Service Order Software	47				240,000	240,000	240,000	0		
Accounting System Upgrade	55				120,000	120,000	120,000	0		
Office Hardware Upgrades	57				60,000	60,000	60,000	0		
Information Technology System Upgrades	58				51,000	51,000	51,000	0	49,000	49,000
Geographical Information System	39	227,431	202,431	25,000		25,000	25,000	0		
Network Improvements and Disaster Recovery	97	60,000	68,552	Complete						
Electronic Document Mgmt. System	15	6,982	6,982	Complete						
Facilities										
Engineering/Finance Space Remodel	87	320,000	20,000	300,000	13,400	313,400	313,400	0		
Engineering Annex No. 3	88	300,000	20,000	280,000	35,000	315,000	315,000	0		
Field Space Remodel	81	253,000		253,000	117,000	370,000	370,000	0		
Security Updates Phase II	92	220,000		220,000		220,000		220,000		220,000
Security Upgrades Phase One	42	245,723	101,326	144,397		144,397	144,397	0		
Security Upgrades Phase III & IV	59				150,000	150,000	150,000	0	100,000	100,000
Administration Facility Improvements	60				115,000	115,000	115,000	0		
40 X 60 Steel Storage Building	61				77,000	77,000	77,000	0		
Corporate Facility Evaluation	01	133,533	111,170	Complete						
Solar Energy Assessment	32	40,000	21,250	Complete						
Engineering Annex Roof Replacement	11	21,065	18,399	Complete						

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**General 01
Capital Outlay 56**

Description	Acct. No.	Total Approved Budget 2005-06	Estimated Actual Expenditures 2005-06	Budget Carried Forward to 2006-07	New Appropriation 2006-07	Approved Budget 2006-07	Estimated Actual Expenditures 2006-07	Budget Carried Forward to 2007-08	New Appropriation 2007-08	Approved Budget 2007-08
Equipment										
Replacement Trucks	62				229,000	229,000	229,000	0	213,000	213,000
Backhoe	63				89,000	89,000	89,000	0		
New Trucks	64				25,000	25,000	25,000	0	43,000	43,000
Tablet Chlorinator & Chlorine Residual Analyzer	65				23,000	23,000	23,000	0	25,000	25,000
Field - Equipment	66									
New Employee Equipment					16,000	16,000	16,000	0		
Diesel Particulate Filter					10,000	10,000	10,000	0		
Automatic Transmission Fluid Exchanger					4,100	4,100	4,100	0		
Back-Up Alarm Sensors					3,200	3,200	3,200	0	3,400	3,400
Track Loader and Trailer	04	140,000	139,224	Complete						
Engineering - Equipment	67									
Large Format Scanner, Copier, Plotter					20,000	20,000	20,000	0		
New Employee Equipment					16,000	16,000	16,000	0	11,000	11,000
Pipe Line Locators					4,000	4,000	4,000	0	4,000	4,000
Portable Power and Switching	05	96,550	31,000	Complete						
Finance - New Employee Equipment	68				5,000	5,000	5,000	0	5,000	5,000
Radio Repeaters	95	75,000	1,000	74,000		74,000	74,000	0		
Total Capital Projects		14,660,161	3,354,518	10,704,682	5,532,175	16,236,857	10,954,214	5,282,643	5,056,700	10,339,343

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2006-2008.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

Projected Capital Expenditures by Year

**General
Capital Outlay**

**01
56**

Description	Acct. No.	Budget Carried Forward to 2006-07	New Appropriation 2006-07	New Appropriation 2007-08	Approved Budget 2006-2008	Estimated Actual Expenditures 2006-07	Estimated Actual Expenditures 2007-08	Estimated Actual Expenditures 2008-09	Estimated Actual Expenditures 2009-10	Estimated Project Balance after 4 years
Planning										
Integrated Resources Plan	06		300,000		300,000	300,000				
Pipelines & PRV's										
Valley Center Road Main	33	4,847,737			4,847,737	1,750,000	1,500,000	1,597,737		
Rodriguez Rd PL Replacement	48	595,478	250,000		845,478	845,478				
Participation, Upsizing, & Unspecified Replacement	02	249,500	503,975	404,000	1,157,475	250,000	487,600	154,000		265,875
Merry Ferry/East Miller PRV Upgrade	73	175,967	85,000		260,967	260,967				
Lake Wohlford Road PL Relocation	10	134,409			134,409	134,409				
Kornblum Loop	21	99,163		41,000	140,163		140,163	453,500		(453,500)
Lilac PS to Oak Glen Res. Pipeline Replacement	23	89,146			89,146			89,146		
Lilac PS to McNally Res. Pipeline Replacement	20	88,550			88,550			88,550		
Nelson Way Pipeline Replacement	28	86,575		138,000	224,575		224,575	1,125,000		(1,125,000)
Couser Way Pipeline Replacement	52	82,930	123,000		205,930	205,930				
Lilac Road Pipeline Replacement	49	81,000		69,000	150,000		150,000	780,000		(780,000)
VC Road/ N. Lake Wohlford Road PL Relocation	08	35,000			35,000	35,000				
Gordon Hill Road Pipeline	22	16,828		1,375,000	1,391,828		1,400,000			(8,172)
Jesmond Dene/Lilac Road North P/L Imp	03	7,747			7,747	7,747				
Lilac Reservoir Feeder Line Replacement	19	0	15,000	78,000	93,000	15,000	78,000	392,500	2,869,000	(3,261,500)
Reidy Creek Pipeline Replacement	85	0	30,000		30,000	30,000				
Jesmond Dene PRV	14		90,000		90,000	90,000				
Cole Grade Pipeline Replacement-Cool Vly to Miller	09	Complete								
PRV & Large Meter Upgrades - Adams	29	Complete								
Lilac Road Bridge Main Replacement	74	Complete								
Pump Stations										
Lilac Pump Station Upgrades	82	330,071			330,071		180,000	550,000		(399,929)
Via Cantamar Pump Station	86	300,000	25,000		325,000	325,000				
Couser Pump Station	72	248,000	52,000		300,000	300,000				
Pump & Motor Replacements	69	68,563	60,000	50,000	178,563	128,563	50,000			
Valley Center PS Valve Upgrade	75	18,710			18,710		18,710			
Pump Replacements	16		188,000	96,000	284,000	188,000	96,000			
Electric Pump Starter Replacements	25		66,000	68,000	134,000	66,000	68,000			
Gas Engine Heat Exchangers	26		32,000	34,000	66,000	32,000	34,000			
Electric Starter Panel Wrap Replacements	30		10,000	10,000	20,000	10,000	10,000			
Lilac-Pala Pump Station - Electrical Panel Repl.	43	Complete								
Rincon Pump Station Electric Panel Replacement	94	Complete								
Reservoirs										
Reservoir Recoating - 4 Exterior and Interior	91	440,000			440,000	440,000				
Country Club Reservoir Upgrade	90	121,250		50,000	171,250		150,000	1,075,000		(1,053,750)
Reservoir Coating - Interior & Exterior	34		160,000	320,000	480,000	160,000	320,000			
Exterior Stairway Installation & Recoating - McNally Meadows Reservoir #2	35		195,000		195,000	195,000				
Reidy Canyon Area Reservoir	51	0		50,000	50,000		50,000			
Reservoir Recoating - 4 Exterior, 1 Interior	38			25,000	25,000		25,000	250,000	1,400,000	(1,650,000)
Reservoir Recoating - 4 Exterior, 1 Interior	41	Complete								
Data Management Systems										
SCADA System Improvements	71	877,000	1,581,500	1,495,000	3,953,500	2,100,000	2,100,000	880,500		(1,127,000)
GIS Phase II Implementation	89	200,000			200,000	200,000				
AMR Pilot Program - First Phase	93	116,788			116,788		116,788			
Enterprise Computer Programming Improvements	96	54,850			54,850		54,850			
Content Management Software	98	43,023	50,000		93,023	93,023				
AMR Program - Phase II & III	40		293,000	300,300	593,300	293,000	300,300			
Service Order Software	47		240,000		240,000	240,000				
Accounting System Upgrade	55		120,000		120,000	120,000				
Office Hardware Upgrades	57		60,000		60,000	60,000				
Information Technology System Upgrades	58		51,000	49,000	100,000	51,000	49,000			
Geographical Information System	39	25,000			25,000	25,000				
Network Improvements and Disaster Recovery	97	Complete								
Electronic Document Mgmt. System	15	Complete								
Facilities										
Engineering/Finance Space Remodel	87	300,000	13,400		313,400	313,400				
Engineering Annex No. 3	88	280,000	35,000		315,000	315,000				
Field Space Remodel	81	253,000	117,000		370,000	370,000				
Security Updates Phase II	92	220,000			220,000		220,000			
Security Upgrades Phase One	42	144,397			144,397	144,397				
Security Upgrades Phase III & IV	59		150,000	100,000	250,000	150,000	100,000			
Administration Facility Improvements	60		115,000		115,000	115,000				
40 X 60 Steel Storage Building	61		77,000		77,000	77,000				
Corporate Facility Evaluation	01	Complete								
Solar Energy Assessment	32	Complete								
Engineering Annex Roof Replacement	11	Complete								

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

Projected Capital Expenditures by Year

**General
Capital Outlay**

**01
56**

Description	Acct. No.	Budget Carried Forward to 2006-07	New Appropriation 2006-07	New Appropriation 2007-08	Approved Budget 2006-2008	Estimated Actual Expenditures 2006-07	Estimated Actual Expenditures 2007-08	Estimated Actual Expenditures 2008-09	Estimated Actual Expenditures 2009-10	Estimated Project Balance after 4 years
Equipment										
Replacement Trucks	62		229,000	213,000	442,000	229,000	213,000			
Backhoe	63		89,000		89,000	89,000				
New Trucks	64		25,000	43,000	68,000	25,000	43,000			
Tablet Chlorinator & Chlorine Residual Analyzer	65		23,000	25,000	48,000	23,000	25,000			
Field - Equipment	66									
New Employee Equipment			16,000		16,000	16,000				
Diesel Particulate Filter			10,000		10,000	10,000				
Automatic Transmission Fluid Exchanger			4,100		4,100	4,100				
Back-Up Alarm Sensors			3,200	3,400	6,600	3,200	3,400			
Track Loader and Trailer	04	Complete								
Engineering - Equipment	67									
Large Format Scanner, Copier, Plotter			20,000		20,000	20,000				
New Employee Equipment			16,000	11,000	27,000	16,000	11,000			
Pipe Line Locators			4,000	4,000	8,000	4,000	4,000			
Portable Power and Switching	05	Complete								
Finance - New Employee Equipment	68		5,000	5,000	10,000	5,000	5,000			
Radio Repeaters	95	74,000			74,000	74,000				
Total Capital Projects		10,704,682	5,532,175	5,056,700	21,293,557	10,954,214	8,227,386	7,435,933	4,269,000	(9,592,976)

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2006-2008. All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

* Unfunded project balance will be appropriated during the 2008-2010 budget cycle.

Capital Projects

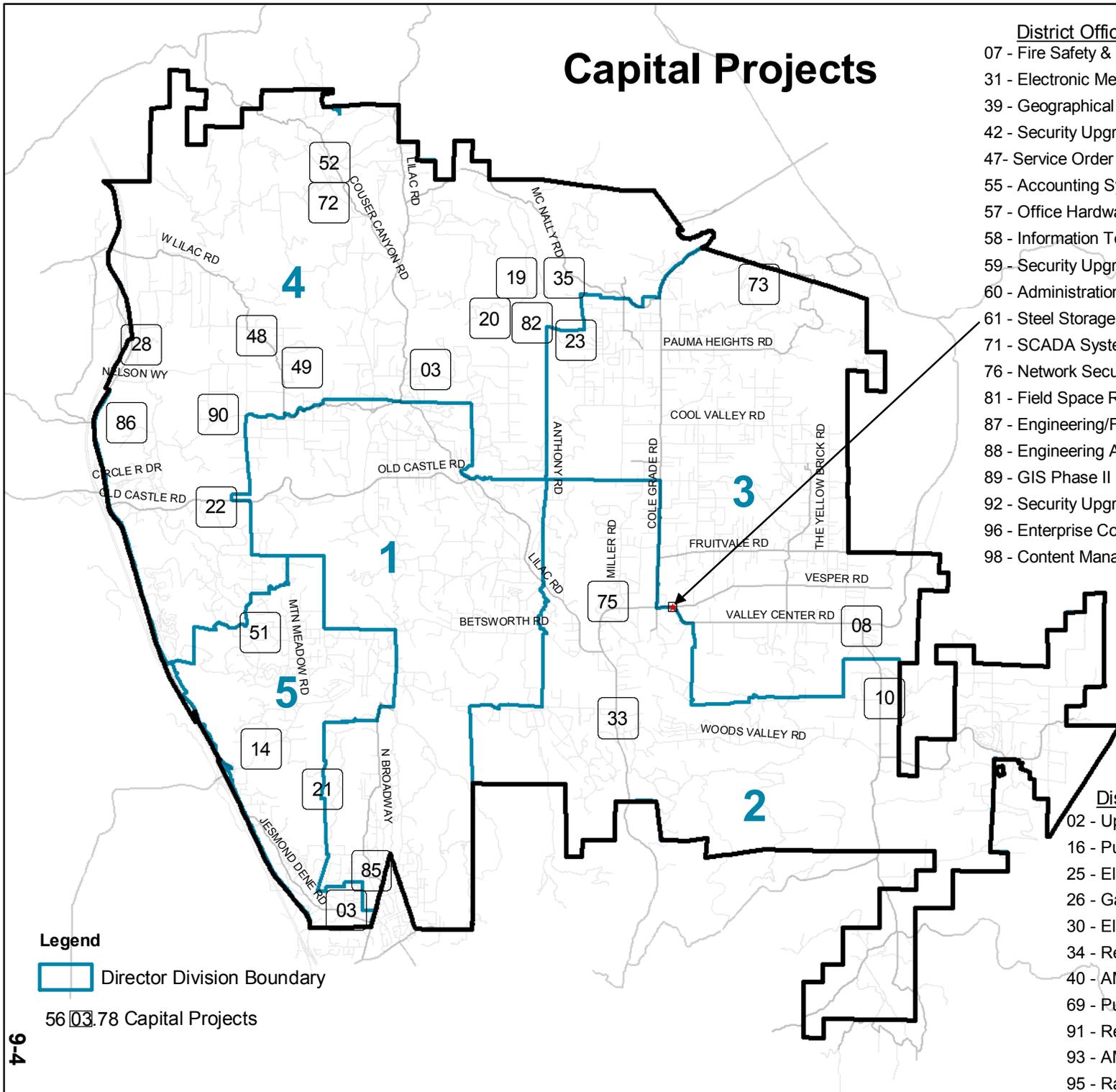


District Offices and Yard

- 07 - Fire Safety & Security for Facility
- 31 - Electronic Meter Purchase System
- 39 - Geographical Information System
- 42 - Security Upgrades Phase 1
- 47- Service Order Software
- 55 - Accounting System Upgrade
- 57 - Office Hardware Upgrade
- 58 - Information Technology System Upgrade
- 59 - Security Upgrades Phase III & IV
- 60 - Administration Facility Improvements
- 61 - Steel Storage Building 40'X60'
- 71 - SCADA System Improvements 2003
- 76 - Network Security
- 81 - Field Space Remodel
- 87 - Engineering/Finance Space Remodel
- 88 - Engineering Annex No. 3
- 89 - GIS Phase II Implementation
- 92 - Security Upgrades Phase 2
- 96 - Enterprise Computer Programming Improvements
- 98 - Content Management Software

District-Wide:

- 02 - Upsizing
- 16 - Pump Replacements
- 25 - Electric Pump Starter Replacements
- 26 - Gas Engine Heat Exchangers
- 30 - Electric Starter Panel Wrap Replacements
- 34 - Reservoir Coating - Interior and Exterior
- 40 - AMR Program - Phase II & III
- 69 - Pump & Motor Replacements
- 91 - Reservoir Recoating - 4 Exterior and Interior
- 93 - AMR Pilot Program - Phase I
- 95 - Radio Repeaters



Legend

Director Division Boundary

56 03.78 Capital Projects

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5606.78
DEPARTMENT:	Engineering

Integrated Resources Plan

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					5, 7	1, 6

PROJECT DESCRIPTION:

Funding is requested to prepare an Integrated Resources Plan in 2006-07 to replace the current Water Master Plan (adopted April 2002) and include planning information for the various existing and proposed Wastewater Service Areas and Water Reclamation Facilities. The 2002 Water Master Plan recommended that the plan be reviewed and updated on five year intervals. While the County's General Plan 2020 (GP 2020) update has not yet been completed and adopted, it is recommended that the Integrated Resources Plan be based on the proposed GP 2020 update. Staff will contract with a consultant for preparation of the document. As this project will also include wastewater, a portion of the total expense will be allocated to the corresponding wastewater facilities affected.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	20,000	0	20,000	0	20,000	20,000
Engineering			0	250,000	0	250,000	0	250,000	250,000
Contingency			0	30,000	0	30,000	0	30,000	30,000
Total Project	0	0	0	300,000	0	300,000	0	300,000	300,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5648.78
DEPARTMENT:	Engineering

Rodriguez Road Pipeline Replacement

Continuing Project	Type Replacement	Master Plan	Project ID CH05.02	Strategic Plan	
		Priority A		Standard 7	Goal

PROJECT DESCRIPTION:

Funding for the Rodriguez Road Pipeline Replacement project was authorized in 2003-04 for design only. The budget was modified in 2004-05 to include estimated construction and construction related costs.

The original pipeline alignment has been modified in several locations to accommodate current and future developments. The new alignment places the pipeline within future road alignments and also avoids existing agricultural improvements. The construction estimate was modified to reflect the new alignment and to reflect current construction costs.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	40,000	15,000	25,000	20,000	0	45,000	0	45,000	60,000
Preliminary Design Report	10,000	10,000	0	0	0	0	0	0	10,000
Design	125,000	119,522	5,478	0	0	5,478	0	5,478	125,000
Construction	550,000	0	550,000	200,000	0	750,000	0	750,000	750,000
Miscellaneous	0	0	0	15,000	0	15,000	0	15,000	15,000
Contingency	15,000	0	15,000	15,000	0	30,000	0	30,000	30,000
Total Project	740,000	144,522	595,478	250,000	0	845,478	0	845,478	990,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5602.78
DEPARTMENT:	Engineering

PROJECT NAME:

Participation, Upsizing, & Unspecified Replacement Projects

Continuing Project	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					7	

PROJECT DESCRIPTION:

This project allocates funds for two types of projects, 1) Participation Projects and 2) Unspecified Replacement Projects. *Participation Projects* occur when it is desirable for the District to participate with a developer project in either upsizing a proposed facility (pipeline, etc.) or adding a minor facility extension to the developer project that benefit the District. *Unspecified Replacement Projects* occur when the need or an opportunity arises to replace a facility during the budget year. Typically these projects develop as a result of a developer or County project or as a result of a repair that revealed a suspect section of pipeline or correction of known problem areas, deep culvert crossings, etc.

The District has, as part of concept approval of certain developer projects, committed to the over-sizing of specific water lines for the overall benefit of the District. These commitments are listed below and would be funded from this account when completed by the developer. In addition to committed participation in developer projects, additional funds for Unspecified Replacement Projects are requested.

Two developer projects (Live Oak Ranch and High Vista) have received concept approval for District participation in over-sizing and extension of pipeline improvements. The developers of these projects are currently processing plans for approval and intend to be under construction in the near future. The participation amounts for these projects have been re-evaluated and are shown in the following table. Additional funding for these projects is requested in the amounts indicated in the table. These funds along with other funds appropriated for participation will remain in this account until the facilities are completed and accepted by the District.

Live Oak Ranch Additional Funding Requests. District participation in the Live Oak Ranch project was originally estimated at \$111,000 for upsizing of two specific water lines; the line to be relocated to Valley Center Road and the line in Song Sparrow Place for a loop to Lake Wohlford Road. Updated costs for this participation are described below and it is recommended that the scope of the participation be increased to include design and construction of the short section of line necessary to complete the loop to Lake Wohlford Road.

2006-07

Approximately \$51,600 will be required for the easement acquisition negotiations with the Valley Center-Pauma Unified School District for an offsite easement to complete the loop to Lake Wohlford Road. The District's portion of the costs of the 16-inch water line along VC Road and Cobb Lane is estimated at \$186,000 and would be constructed with the Phase 1 improvements.

2007-08

Approximately \$108,000 is estimated for the loop from Live Oak Ranch to Rosebush Lane and \$46,000 for the District's portion for upsizing the water line in Song Sparrow Place from an 8-inch to a 12-inch. The construction cost for the remaining portion of the 16-inch pipeline in Cobb Lane (Phase 3) will be borne 100% by the developer.

High Vista Drive. The District agreed to fund the difference in extending 1,700 linear feet of 8-inch water line down High Mountain Drive, from High Vista to Mountain Meadow, in lieu of the developer extending 1,000 linear feet of 14-inch water line in the new portion of High Vista Drive. The proposed water line in Mountain Meadow Road would provide a better loop and redundancy for the existing dead end line in High Vista Drive. However, because of the rock anticipated in High Mountain Drive and inflation, the cost difference between the two options is more than originally indicated in the concept approval given in 1998.

The following project summary lists the committed funds to date along with the request for additional funding

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Transfers to Other Projects	191,565	185,317	6,248	0	0	6,248	0	6,248	191,565
Participation Projects -									
Armstrong	37,730	0	37,730	0	0	37,730	0	37,730	37,730
Thill	35,000	0	35,000	0	0	35,000	0	35,000	35,000
Steinbeck-High Vista Water	17,625	0	17,625	12,375	0	30,000	0	30,000	30,000
Live Oak Ranch	76,000	0	76,000	241,600	154,000	471,600	0	471,600	471,600
Farmer Line Ext	13,000	0	13,000	0	0	13,000	0	13,000	13,000
Kensal Line Ext	8,750	0	8,750	0	0	8,750	0	8,750	8,750
Miller Line Ext	14,700	0	14,700	0	0	14,700	0	14,700	14,700
Via Cantamar	15,000	0	15,000	0	0	15,000	0	15,000	15,000
Project Expenses	25,000	0	25,000	0	0	25,000	0	25,000	25,000
Available Funds	2,937	0	2,937	250,000	250,000	502,937	0	502,937	502,937
Total Project	437,307	185,317	251,990	503,975	404,000	1,159,965	0	1,159,965	1,345,282

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5673.78
DEPARTMENT:	Engineering

Merry Ferry/East Miller Pressure Reducing Station Upgrades

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
	Existing Service	<u>Priority</u> A	CV53	<u>Standard</u> 7
				<u>Goal</u>

PROJECT DESCRIPTION:

This is a previously approved project to replace and upgrade two pressure reducing stations. Project funding was secured in 2003-04 for the design and construction of Merry Ferry Pressure Reducing Valve (PRV) only. The budget was increased in 2004-05 to include additional construction costs for the Merry Ferry PRV. The project scope was modified to include the Miller East PRV and the budget was again adjusted to include preliminary design and construction costs for the East Miller facility. Initially, project design was to be completed by staff; however, due to heavy work loads, the work was transferred to an outside consultant. The project estimate was updated to include outside engineering, construction increases, and contingencies.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	30,000	9,033	20,967	10,000	0	30,967	0	30,967	40,000
Design	15,000	15,000	0	5,000	0	5,000	0	5,000	20,000
Construction	120,000	0	120,000	50,000	0	170,000	0	170,000	170,000
Miscellaneous	10,000	5,000	5,000	0	0	5,000	0	5,000	10,000
Contingency	30,000	0	30,000	20,000	0	50,000	0	50,000	50,000
Total Project	205,000	29,033	175,967	85,000	0	260,967	0	260,967	290,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5621.78
DEPARTMENT:	Engineering

Kornblum Loop

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Standard</u>	<u>Strategic Plan</u>
	Ultimate Service	<u>Priority</u> A	JD (new)	7	<u>Goal</u>

PROJECT DESCRIPTION:

Approximately 2,000 feet of 8-inch waterline is proposed from the pipeline feeding Kornblum Reservoir, south to loop to an 8-inch pipeline in the Jesmond Dene area. The new pipeline would provide a redundant supply to the developing areas and increase the peak flow capability in the supply system.

This project was anticipated when the Kornblum Reservoir was constructed, and a 12-inch inlet/outlet line was installed. The proposed pipeline will require easement acquisition from several properties. It is proposed to fund the planning, easement acquisition, and design in 2007-08 with the construction scheduled for 2008-09.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	45,000	837	44,163	0	0	44,163	30,000	74,163	75,000
Design	0	0	0	0	41,000	41,000	0	41,000	41,000
Land Easement	30,400	0	30,400	0	0	30,400	0	30,400	30,400
Construction	0	0	0	0	0	0	350,000	350,000	350,000
Contingency	24,600	0	24,600	0	0	24,600	73,500	98,100	98,100
Total Project	100,000	837	99,163	0	41,000	140,163	453,500	593,663	594,500

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5628.78
DEPARTMENT:	Engineering

Nelson Way Pipeline Replacement

Continuing Project	Type Replacement	Master Plan Priority A	Project ID	Strategic Plan Standard 7	Goal
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PROJECT DESCRIPTION:

Funding for the Nelson Way Pipeline Replacement project was authorized in 2002-03 for the design and right of way acquisition only. Due to several County Water Authority easement and environmental issues, the Nelson Way corridor is not available and the pipeline may be placed either within the current easement or new easements north of Nelson Way. Staff has reviewed and analyzed several alignment options and continues to pursue a favorable location for the new pipeline.

Preliminary design is continuing and an initial construction budget has been established based upon the pipeline remaining within existing District easements.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	22,000	20,000	2,000	0	35,000	37,000	50,000	87,000	107,000
Design	75,000	0	75,000	0	85,000	160,000	0	160,000	160,000
Construction		0	0	0	0	0	1,000,000	1,000,000	1,000,000
Miscellaneous		0	0	0	3,000	3,000	20,000	23,000	23,000
Contingency	10,000	0	10,000	0	15,000	25,000	55,000	80,000	80,000
Total Project	107,000	20,000	87,000	0	138,000	225,000	1,125,000	1,350,000	1,370,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5652.78
DEPARTMENT:	Engineering

Couser Way Pipeline Relocation

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
	Replacement	<u>Priority</u>		<u>Standard</u>
		A		7

PROJECT DESCRIPTION:

Funding for the Couser Way Pipeline Relocation was authorized in 2002-03 for design only and was amended in 2003-04 to include estimated construction costs. Initially, design was to be completed utilizing District staff but due to heavy work loads, design was contracted out to an approved consultant. The plans and specifications have been completed and a final construction estimate prepared. The project estimate was updated to account for outside engineering, construction increases, and construction related contingencies.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	40,000	13,343	26,657	0	0	26,657	0	26,657	40,000
Design	25,000	20,000	5,000	0	0	5,000	0	5,000	25,000
Construction	50,000	0	50,000	100,000	0	150,000	0	150,000	150,000
Miscellaneous	5,000	3,000	2,000	3,000	0	5,000	0	5,000	8,000
Contingency	7,000	0	7,000	20,000	0	27,000	0	27,000	27,000
Total Project	127,000	36,343	90,657	123,000	0	213,657	0	213,657	250,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5649.78
DEPARTMENT:	Engineering

Lilac Road Pipeline Replacement

Continuing Project	Type Replacement	Master Plan Priority A	Project ID CH07	Strategic Plan Standard 7	Goal
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PROJECT DESCRIPTION:

This is a previously approved project to replace approximately 4,100 linear feet of existing water distribution piping located within Lilac Road, from Lilac Road Bridge to West Lilac Road. The initial budget was for the planning and design only.

The project has been modified to include an additional 1,100 linear feet of piping within Lilac Road extending the pipeline to Mesa Verde and abandoning approximately 1,000 linear feet of existing piping within several private properties. The budget has been revised to include costs associated with the design of the additional pipe. Construction funds will be requested in 2008-09.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	25,000	9,000	16,000	0	10,000	26,000	35,000	61,000	70,000
Preliminary Design Report	0	0	0	0	0	0	5,000	5,000	5,000
Design	55,000	0	55,000	0	50,000	105,000		105,000	105,000
Construction	0	0	0	0	0	0	700,000	700,000	700,000
Miscellaneous	0	0	0	0	0	0	10,000	10,000	10,000
Contingency	10,000	0	10,000	0	9,000	19,000	30,000	49,000	49,000
Total Project	90,000	9,000	81,000	0	69,000	150,000	780,000	930,000	939,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5622.78
DEPARTMENT:	Engineering

Gordon Hill Road Pipeline Replacement

Continuing Project	Type Replacement	Master Plan Priority A	Project ID WS13	Strategic Plan Standard 7	Goal
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PROJECT DESCRIPTION:

Gordon Hill Road Line Replacement is a continuing project to replace approximately 5,000 linear feet of existing 10-inch and 12-inch cement mortar lined, tar wrapped steel pipe that supplies water from Old Castle Road to the north end of the Welk complex. The water main was installed in the early 1960's and has reached the end of its useful life as evidenced by the numerous repairs that have been necessary. In addition, a portion of the line, currently located in back lot easements, is being relocated to Gordon Hill Road to eliminate access problems and to relocate meters to a safer location. The easement acquisition is anticipated to be acquired in 2006-07 with construction scheduled for 2007-08.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	45,000	45,000	0	0	100,000	100,000		100,000	145,000
Design	100,000	100,000	0	0	0	0		0	100,000
Land Easement	0	0	0	0	30,000	30,000		30,000	30,000
Construction	0	0	0	0	1,100,000	1,100,000		1,100,000	1,100,000
Miscellaneous	10,000	10,000	0	0	0	0		0	10,000
Contingency	0	0	0	0	145,000	145,000		145,000	145,000
Total Project	155,000	155,000	0	0	1,375,000	1,375,000	0	1,375,000	1,530,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5619.78
DEPARTMENT:	Engineering

Lilac Reservoir Feeder Line Replacement

Continuing Project	Type Replacement	Master Plan Priority A	Project ID LL03	Strategic Plan Standard 7	Goal
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PROJECT DESCRIPTION:

Lilac Reservoir Feeder Line Replacement Project is a continuing project to replace approximately 8,400 linear feet of 14-inch cement mortar lined, tar wrapped steel pipe, installed in the mid 1950's, that supplies water to the Lilac Reservoir and Pump Station from the VC-1 connection to the SDCWA aqueduct. In 2005-06 the request for proposal (RFP) process was completed and an engineering consultant was selected to design the feeder line. Also during that time, the District received preliminary design reports for the Lilac Ranch development that encompassed the area around the VC-1 connection and a portion of the Lilac Reservoir Feeder Line. Thus, the consultant's scope of work was modified to evaluate the entire VC-1 service area as it related to the Lilac Ranch Development plans, relocation of the VC-1 connection, combining the two pressure zones at VC-1, and its effect on the design of the Lilac Feeder Line. The VC-1 study will be completed in 2006-07 with the remaining budget and requested funding. Additional funding was requested to complete preliminary design of the Lilac Feeder Line Replacement in 2007-08 with design of upsizing this pipeline budgeted for 2008-09. Construction is scheduled 2009-10.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	55,000	55,000	0	0	50,000	50,000	235,000	285,000	340,000
Planning	45,000	45,000	0	15,000	0	15,000	0	15,000	60,000
Design	0	0	0	0	0	0	215,000	215,000	215,000
Construction	0	0	0	0	0	0	2,150,000	2,150,000	2,150,000
Miscellaneous	0	0	0	0	12,500	12,500	11,500	24,000	24,000
Contingency	0	0	0	0	15,500	15,500	650,000	665,500	665,500
Total Project	100,000	100,000	0	15,000	78,000	93,000	3,261,500	3,354,500	3,454,500

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5685.78
DEPARTMENT:	Engineering

Reidy Creek Pipeline Replacement

Continuing Project	Type Replacement	Master Plan Priority	Project ID RC	Strategic Plan Standard 7	Goal
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PROJECT DESCRIPTION:

This is a previously approved project to replace approximately 7,000 linear feet of 12-inch diameter distribution piping. The project is complete however; the contractor has not completed the work and has filed a claim for damages. The budget has been revised to allow funding for anticipated legal costs and associated staff time to administer the contract.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	93,345	82,708	10,637	8,512	0	19,149	0	19,149	101,857
Design	57,691	57,691	0	0	0	0	0	0	57,691
Land	52,439	52,439	0	0	0	0	0	0	52,439
Construction	396,473	396,473	0	0	0	0	0	0	396,473
Miscellaneous	52	52	0	0	0	0	0	0	52
Litigation	0	9,933	-9,933	21,488	0	11,555	0	11,555	21,488
Total Project	600,000	599,296	704	30,000	0	30,704	0	30,704	630,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5614.78
DEPARTMENT:	Engineering

Jesmond Dene Pressure Reducing Valve

New Item	Type	Master Plan	Project ID	Strategic Plan
	Existing Service	Priority		Standard
				7

PROJECT DESCRIPTION:

The Jesmond Dene Pressure Reducing Valve is an interim connection between the Meadows service zone (1763 HWL) and the Jesmond Dene service zone (1209 HWL). This connection will provide emergency water from the Meadows service zone through a pressure reducing valve which will be utilized in emergency and peak demand periods only. The budget provides funding for in-house design, construction, and project and construction management.

Project Budget	Prior Budget	Prior	Estimated	Proposed	Proposed	Total Budget	Future Budget	Future Total	Estimated
		Estimated	Budget	Budget	Budget				
		Actual	Remaining	Allocation	Allocation	2006-2008	Allocation	Project	Total
		Expense		2006-07	2007-08			Budget	Project Cost
Staff			0	21,000	0	21,000	0	21,000	21,000
Construction			0	50,000	0	50,000	0	50,000	50,000
Miscellaneous			0	10,000	0	10,000	0	10,000	10,000
Contingency			0	9,000	0	9,000	0	9,000	9,000
Total Project		0	0	90,000	0	90,000	0	90,000	90,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5686.78
DEPARTMENT:	Engineering

Via Cantamar Pump Station

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
	Existing Service	<u>Priority</u> A	CH (new)	<u>Standard</u> 5, 7

PROJECT DESCRIPTION:

This is a previously budgeted project that consists of the design and construction of a small booster pump station at the reservoir site to provide a redundant water source to the higher Country Club Pressure Zone the dead ends at the reservoir site. The budget has been modified to reflect the actual staff time and effort anticipated to accomplish this project.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	43,920	12,000	31,920	12,080	0	44,000	0	44,000	56,000
Design	39,600	17,400	22,200	7,800	0	30,000	0	30,000	47,400
Construction	180,000	0	180,000	0	0	180,000	0	180,000	180,000
Contingency	65,880	0	65,880	5,120	0	71,000	0	71,000	71,000
Total Project	329,400	29,400	300,000	25,000	0	325,000	0	325,000	354,400

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5672.78
DEPARTMENT:	Engineering

Couser Pump Station

Continuing Project	Type Replacement	Master Plan Priority A	Project ID CS (new)	Strategic Plan Standard 5, 7	Goal
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PROJECT DESCRIPTION:

Couser Pump Station is a continued project currently under construction with completion scheduled for the second quarter of 2006-07. Additional funding is requested for SCADA improvements required for the project. Funding SCADA improvements were not incorporated in the original design and required significant coordination with the electrical design consultant in excess of that anticipated with the SCADA project. Because of the nature of the Couser Pump Station project, a complete rebuild of the site with new pumps, motor control center, suction and discharge piping, all SCADA costs would be included with the improvement project not the SCADA project. The requested \$52,000 represents all costs associated with design, installation and integration of the equipment and facilities required to control and communicate with the Couser Pump Station.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	54,391	25,000	29,391	0	0	29,391	0	29,391	54,391
Design	112,174	104,496	7,678	0	0	7,678	0	7,678	112,174
Construction	766,976	625,670	141,306	0	0	141,306	0	141,306	766,976
Inspection	56,600	30,512	26,088	0	0	26,088	0	26,088	56,600
SCADA	0	0	0	52,000	0	52,000	0	52,000	52,000
Miscellaneous	1,359	1,322	37	0	0	37	0	37	1,359
Contingency	43,500	0	43,500	0	0	43,500	0	43,500	43,500
Total Project	1,035,000	787,000	248,000	52,000	0	300,000	0	300,000	1,087,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5669.78
DEPARTMENT:	Field

Pump and Motor Replacement

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u> 5

PROJECT DESCRIPTION:

This would allocate funds to be used in the event that we suffer an unexpected failure or a drop in efficiency that would require the replacement of a pump or motor. If emergency repairs are needed at a pump station, the need may arise to perform upgrades and enhancements to pump or motor in a cost efficient manner.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Replacements	68,563	0	68,563	60,000	50,000	178,563	0	178,563	178,563
Total Project	68,563	0	68,563	60,000	50,000	178,563	0	178,563	178,563

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5616.78
DEPARTMENT:	Field

Pump Replacement

Replacement	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u> 5

PROJECT DESCRIPTION:

The following pumps are scheduled for replacement. They will help meet the District's pumping efficiency standard and decrease electrical use.

Current efficiencies by pump are as follows:

Pfau 1&2	60%
West 1&2	55%
Old Country Club 1,2,&3	48%
Rincon 1&2	52%
Jesnond Dene 2	42%

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Pfau 1&2			0	82,500	0	82,500	0	82,500	82,500
Old Country Club 1,2,&3			0	53,500	0	53,500	0	53,500	53,500
West 1&2			0	52,000	0	52,000	0	52,000	52,000
Rincon 1&2			0	0	50,000	50,000	0	50,000	50,000
Jesmond Dene 2			0	0	20,000	20,000	0	20,000	20,000
Contingency			0	0	26,000	26,000	0	26,000	26,000
Total Project	0	0	0	188,000	96,000	284,000	0	284,000	284,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5625.78
DEPARTMENT:	Field

PROJECT NAME:

Electric Pump Starter Replacement – Oathill 1 thru 6 and Betsworth 9 thru 14

Replacement	Type	Master Plan		Project ID	Strategic Plan	
		Priority	Priority		Standard	Goal

PROJECT DESCRIPTION:

Replace the electro-magnetic 480-volt pump starters with electronic soft starters. Parts for the current starters are becoming more difficult to obtain as these types of starters are being phased out.

Advantages of the soft starters are: they are easier on the equipment, there is no surge to the system, they are more efficient by limiting the inrush current, and they are in production.

The new starters will be installed in the existing motor control center,

Oathill is scheduled for replacement in 2006-07 with Betsworth scheduled for 2007-08.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Electric Pump Starters			0	66,000	68,000	134,000	0	134,000	134,000
Total Project	0	0	0	66,000	68,000	134,000	0	134,000	134,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5626.78
DEPARTMENT:	Field

Gas Engine Heat Exchanger Replacements

Replacement	Type	Master Plan	Project ID	Strategic Plan
		Priority		Standard
				5

PROJECT DESCRIPTION:

Replace four engine cooler heat exchangers for the natural gas pump engines at Valley Center and Betsworth Pump Stations. The current heat exchangers are 35 years old and are constructed in single wall design. Current health department rules require double wall construction.

Betsworth 3 and 4 will be replaced in 2006-07 with Valley Center 3 and 4 scheduled for 2007-08.

Project Budget	Prior Budget	Prior	Estimated Budget Remaining	Proposed Budget	Proposed Budget	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
		Estimated Actual Expense		Allocation 2006-07	Allocation 2007-08				
Heat Exchangers			0	32,000	34,000	66,000	0	66,000	66,000
Total Project	0	0	0	32,000	34,000	66,000	0	66,000	66,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5630.78
DEPARTMENT:	Field

PROJECT NAME:

Electric Starter Panel Wrap Replacements – Betsworth 9 thru 14 and Miller 1 thru 6

Replacement	Type	Master Plan	Project ID	Strategic Plan
		Priority		Standard
				5

PROJECT DESCRIPTION:

Replace the front cabinet doors of the pump electrical starter enclosures to create a solid dead front enclosure to prevent exposure to live 480-volt equipment.

The current doors latch poorly and as temperatures change, the doors tend to pop open.

Betsworth will be completed in 2006-07 with Miller scheduled for 2007-08.

Project Budget	Prior Budget	Prior	Estimated	Proposed	Proposed	Total Budget	Future Budget	Future Total	Estimated
		Estimated	Budget	Budget	Budget				
		Actual	Remaining	Allocation	Allocation	2006-2008	Allocation	Project Budget	Total Project Cost
		Expense		2006-07	2007-08				
Starter Panels			0	10,000	10,000	20,000	0	20,000	20,000
Total Project		0	0	10,000	10,000	20,000	0	20,000	20,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5690.78
DEPARTMENT:	Engineering

Country Club Reservoir Upgrade

Continuing Project	Type Replacement	Master Plan Priority A	Project ID CHO8	Strategic Plan Standard 7	Goal
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PROJECT DESCRIPTION:

This is a previously approved project to evaluate the condition of the reservoir's existing asphalt liner and structural cover, develop a recommendation for replacement of the cover and liner, and preparation of plans and specifications to be used to solicit bids for the construction of the proposed improvements.

The budget has been modified to reflect estimated construction and construction related costs including staff, soils, survey, and contingency.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	60,000	25,000	35,000	0	35,000	70,000	65,000	135,000	160,000
Preliminary Design Report	50,000	50,000	0	0	0	0	0	0	50,000
Design	60,000	0	60,000	0	15,000	75,000	0	75,000	75,000
Construction	0	0	0	0	0	0	925,000	925,000	925,000
Miscellaneous	0	0	0	0	0	0	15,000	15,000	15,000
Contingency	26,250	0	26,250	0	0	26,250	48,750	75,000	75,000
Total Project	196,250	75,000	121,250	0	50,000	171,250	1,053,750	1,225,000	1,300,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5634.78
DEPARTMENT:	Field

Reservoir recoating – interior and exterior of West 1 and 2, Reid Hill, and Couser Canyon

Replacement	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

These reservoirs are due for interior and exterior repainting. The current interior coatings are coal-tar enamel, which are showing signs of deterioration. In addition, the current interior coatings greatly limit the colors used on the exterior.

2006-07

Couser Canyon was last painted in 1988.

2007-08

Reid Hill was last coated in 1979, while West 1 and 2 were last coated in 1985 and 1984 respectively.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Couser Canyon			0	160,000	0	160,000	0	160,000	160,000
Reid Hill			0	0	160,000	160,000	0	160,000	160,000
West 1&2			0	0	160,000	160,000	0	160,000	160,000
Total Project	0	0	0	160,000	320,000	480,000	0	480,000	480,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5635.78
DEPARTMENT:	Field

PROJECT NAME:

McNally Reservoir – exterior stairway installation and recoating

Replacement	Type	Master Plan		Project ID	Strategic Plan	
		Priority	Priority		Standard	Goal

PROJECT DESCRIPTION:

Install an external stairway to access the top of the reservoir and the SCADA antennas.

The current ladder system is narrow and does not meet industry standards. The top of the landing area lacks a guardrail system, creating an unsafe condition.

Both the interior and exterior of the reservoir are scheduled for recoating. This will be done once the stairway is installed. The reservoir was last painted in 1980.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
McNally Reservoir			0	195,000	0	195,000	0	195,000	195,000
Total Project	0	0	0	195,000	0	195,000	0	195,000	195,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5651.78
DEPARTMENT:	Engineering

Meadows Reservoir No. 2

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
	Existing Service	<u>Priority</u> B	MW03	<u>Standard</u> 7
				<u>Goal</u>

PROJECT DESCRIPTION:

The District recently completed the construction of the Meadows Reservoir No. 2, and Meadows Reservoir No. 1 will be repainted and coated during 2006-07. This landscaping project will complete the necessary improvements to minimize sight impacts to neighboring properties and provide necessary ground cover to minimize erosion within the site.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	120,000	120,000	0	0	2,000	2,000	0	2,000	122,000
Design	115,089	115,089	0	0	0	0	0	0	115,089
Construction	1,174,402	1,174,402	0	0	0	0	0	0	1,174,402
Miscellaneous	3,118	3,118	0	0	0	0	0	0	3,118
Landscaping	0	0	0	0	44,000	44,000	0	44,000	44,000
Contingency	7,391	7,391	0	0	4,000	4,000	0	4,000	11,391
Total Project	1,420,000	1,420,000	0	0	50,000	50,000	0	50,000	1,470,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5638.78
DEPARTMENT:	Engineering

Reidy Canyon Area Reservoir

New Item	Type	Master Plan	Project ID	Strategic Plan	
	Ultimate Service	Priority		Standard	Goal
		A	RC (new)	7	

PROJECT DESCRIPTION:

This project consists of a 2 million gallon above ground welded steel reservoir and appurtenant site improvements including piping, grading, asphalt, curb & gutter, fencing, and landscaping. The reservoir will supplement the current storage capacity within the Reidy Canyon service zone which has been determined to be inadequate during periods of peak use.

The budget includes costs for completing the preliminary design report only and will be adjusted in the 2008-09 budget to reflect anticipated costs including site acquisition, design, construction, and other associated costs.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	0	25,000	25,000	130,000	155,000	155,000
Design			0	0	0	0	125,000	125,000	125,000
Land			0	0	0	0	50,000	50,000	50,000
Construction			0	0	0	0	1,200,000	1,200,000	1,200,000
Miscellaneous			0	0	0	0	15,000	15,000	15,000
Contingency			0	0	0	0	130,000	130,000	130,000
Total Project			0	0	25,000	25,000	1,650,000	1,675,000	1,675,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5671.78
DEPARTMENT:	Engineering

SCADA System Improvements

Continuing Project	Type	Master Plan	Project ID	Strategic Plan
	Existing Service	Priority A	AA01-04	Standard 2, 5, 7 Goal 3

PROJECT DESCRIPTION:

This two-year budget period represents the fourth and fifth year of a six year project to convert all District facility sites from the existing tone telemetry system to a wireless Supervisory Control and Data Acquisition System (SCADA). Preliminary planning, radio surveys and the SCADA Master Plan have been completed. As recommended in the Master Plan, the conversion of the 63 District sites is divided into 7 phases of work consisting of 8 to 10 sites each. Plans and specifications for Phases 1 and 2 will be completed in 2005-06. The remaining work on the project consists, for the most part, of completing the 7 phases of site conversions, remodeling of the central control facility, and installing and integrating the final SCADA equipment at the central control facility. Additional funding is requested to continue the project and complete the conversion of Phases 1 through 3 and the central control facility in 2006-07 and Phases 4 & 5 in 2007-08. Completion of Phases 6 and 7 are scheduled for 2008-09.

Funds are also requested for the preparation of accurate electrical record drawings of phases 3 and 4. These record drawings will help operators and technicians more efficiently trouble shoot and resolve electrical control and power supply issues when problems arise. The following table shows the proposed budget allocation for 2006-07 and 2007-08.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	252,500	166,726	85,774	125,000	125,000	335,774	125,000	460,774	627,500
Planning	62,319	62,319	0	35,491	0	35,491	0	35,491	97,810
Design	1,071,493	980,767	90,726	413,891	480,170	984,787	308,398	1,293,185	2,273,952
Central Control Facility	72,445	32,445	40,000	26,555	0	66,555	0	66,555	99,000
Construction	460,500	0	460,500	817,000	742,500	2,020,000	678,000	2,698,000	2,698,000
Software	50,300	50,300	0	45,500	8,500	54,000	8,500	62,500	112,800
Contingency	244,824	44,824	200,000	118,063	138,830	456,893	7,052	463,945	508,769
Total Project	2,214,381	1,337,381	877,000	1,581,500	1,495,000	3,953,500	1,126,950	5,080,450	6,417,831

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5698.78
DEPARTMENT:	Finance

Content Management Software

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
		<u>Priority</u>		<u>Standard</u>	<u>Goal</u>
				1	2, 7

PROJECT DESCRIPTION:

This is an expansion of the scope of the content management system approved in the 2005-06 budget. Staff has determined that using Microsoft Sharepoint will allow greater integration of our Intranet (internal web site) with our other information systems such as GIS and document management. In addition, when used for our Internet (public Use), the software will allow expansion of our web site in future years to allow greater interactive services to our customers.

This project will enable both the Intranet and Internet sites to be maintained by designated employees from the appropriate departments rather than only by Information Technology staff providing more timely and accurate information. As part of this project, the Internet hosting will be moved to a server in-house, requiring an additional server.

The Intranet would be implemented first, followed by the Internet in 2007-08.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Content Management Software	43,023	0	43,023	50,000	0	93,023	0	93,023	93,023
Total Project	43,023	0	43,023	50,000	0	93,023	0	93,023	93,023

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5640.78
DEPARTMENT:	Field

Automated Meter Reading (AMR)

Continuing Project	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

Many of the implementation goals of the automated meter reading (AMR) pilot project have been completed. Initial results and implementation have been very positive. Staff has refined the project perimeters to include developer areas, which have substantial clusters of meters.

An additional appropriation of \$593,800 is requested to continue development of the AMR project for 2006-07 and 2007-08.

Estimates of anticipated expenditures are as follows:

	<u>2006-07</u>	<u>2007-08</u>
VXU vehicle transceiver unit	\$ 25,000	\$ 25,800
Outside conversion/exchange expenses	20,000	23,000
AMR hardware	113,200	113,000
AMR specific meters	128,500	131,000
AMR non-meter hardware	5,800	6,300
Software support	<u>1,000</u>	<u>1,200</u>
Total	\$293,500	\$300,300

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation	Proposed Budget Allocation	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				2006-07	2007-08				
AMR Program	175,000	58,212	116,788	293,000	300,300	710,088	0	710,088	768,300
Total Project	<u>175,000</u>	<u>58,212</u>	<u>116,788</u>	<u>293,000</u>	<u>300,300</u>	710,088	0	710,088	768,300

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5647.78
DEPARTMENT:	Finance

Service Order Software

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					1	2, 7

PROJECT DESCRIPTION:

This program will track customer service order requests and produce a work order as appropriate. It will also track fieldwork orders progress and, ultimately, costs. Work orders can be created from customer service orders or requests from field supervisors. Maintenance work orders can also be automatically prepared based on elapsed time.

The software will be customized to receive customer account information, labor rates, and inventory issues from our current Datastream financial software. Completed service orders will produce journal entries for the job cost system. It will also integrate with our GIS.

The product includes software licensing, installation, and integration with our financial system and GIS.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Service Order Software			0	240,000	0	240,000	0	240,000	240,000
Total Project	0	0	0	240,000	0	240,000	0	240,000	240,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5655.78
DEPARTMENT:	Finance

Accounting System Upgrade

Replacement	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>

PROJECT DESCRIPTION:

The District's current financial accounting system uses a Unix operating system. While Unix is a very reliable system, it can be difficult to integrate with our newer information systems such as document management, GIS, and the new work order program, all of which use SQL.

Datastream will convert our financial system to a Windows-based SQL system. All our programs will run the same or better than they do currently, with the addition of better sharing of data between our various databases.

Because of the critical nature of the accounting system, this project will cluster two servers for redundancy. A clustered server system provides improved performance while still providing access at a lower level if one of the servers fails.

The project includes the servers, operating system, and Datastream programming.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Accounting System Upgrade			0	120,000	0	120,000	0	120,000	120,000
Total Project	0	0	0	120,000	0	120,000	0	120,000	120,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5657.78
DEPARTMENT:	Finance

Office Hardware Upgrades

Replacement	Type	Master Plan	Project ID	Strategic Plan
		Priority		Standard

PROJECT DESCRIPTION:

One photocopier will be replaced and a second purchased to accommodate increased growth. \$15,000 each, total \$30,000.

Increased growth requires that the telephone system be expanded to add more extensions, \$20,000.

A computer based fax server will be installed to allow users to send and receive faxes from their computers, \$10,000.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Photocopier			0	30,000	0	30,000	0	30,000	30,000
Telephone Expansion			0	20,000	0	20,000	0	20,000	20,000
Fax Server			0	10,000	0	10,000	0	10,000	10,000
Total Project	0	0	0	60,000	0	60,000	0	60,000	60,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5658.78
DEPARTMENT:	Finance

Information Technology System Upgrades

Replacement	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

2006-07

1. Email server replacement – The District’s email server is scheduled for replacement as it is five years old and running out of disk space. The email software will also be upgraded for greater security. \$12,000
2. Moosa SCADA server – The SCADA server at the Lower Moosa canyon Water Reclamation Facility is Also due for replacement as it is over five years old. \$9,000.
3. Office Software Upgrade – The District will upgrade to Microsoft’s newest version of Office. Currently, the District is running a version that is two releases old. The new Office software has improved collaboration features that integrate into our Intranet server for improved collaboration and workflow. In-house user training is included. \$30,000.

2007-08

4. Security Upgrades – This includes security software to prevent the spread of viruses if they were to infect a workstation and network access authority verification security to prevent unauthorized access from outside our network. \$22,000.
5. Operating System Upgrade – All network computers will be upgraded to Windows Vista, which is the new Microsoft operating system. This will provide greater workstation security. In-house user training is included. \$20,000.
6. Network Storage – The growth within the District necessitates an increase in the storage capabilities of the network system. \$7,000.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation	Proposed Budget Allocation	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				2006-07	2007-08				
Email Server			0	12,000	0	12,000	0	12,000	12,000
SCADA Server			0	9,000	0	9,000	0	9,000	9,000
Office Software Upgrades			0	30,000	0	30,000	0	30,000	30,000
Security Upgrades			0	0	22,000	22,000	0	22,000	22,000
Operating System Upgrades			0	0	20,000	20,000	0	20,000	20,000
Network Storage			0	0	7,000	7,000	0	7,000	7,000
Total Project	0	0	0	51,000	49,000	100,000	0	100,000	100,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5687.78
DEPARTMENT:	Engineering

Engineering And Finance Space Remodel

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>

PROJECT DESCRIPTION:

This is a previously budgeted project that consists of remodeling the existing Engineering and Finance sections of the Administration Building. Finance Consumer Service will be relocated to the front of the building. The Engineering Customer Service area will be rearranged to allow additional space for additional staffing needs, a small conference area and to better utilize existing space. The Human Resources Division will be relocated to the rear of the building within the area of the Finance Department. The remodel will limit public access within the building and provide for better handicap access to the main entrance. The budget has been modified to reflect the new construction estimate based on the architect's recommendations.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	33,400	8,000	25,400	0	0	25,400	0	25,400	33,400
Design	29,000	12,000	17,000	0	0	17,000	0	17,000	29,000
Construction	193,600	0	193,600	13,400	0	207,000	0	207,000	207,000
Contingency	64,000	0	64,000	0	0	64,000	0	64,000	64,000
Total Project	320,000	20,000	300,000	13,400	0	313,400	0	313,400	333,400

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5688.78
DEPARTMENT:	Engineering

Engineering Annex No. 3

Continuing Project	Type	Master Plan	Project ID	Strategic Plan
	Existing Service	Priority A	AA06 (new)	Standard 7 Goal

PROJECT DESCRIPTION:

This is a previously budgeted project that consists of a new modular building to be located just north of the break room. The office will be approximately 1,440 square feet and would provide office, conference area, and equipment storage space for the inspection staff, administrative assistant, engineering technicians, and Engineering Service manager. The budget has been modified to reflect the new construction estimate based on the architect's recommendations.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	32,600	6,000	26,600	0	0	26,600	0	26,600	32,600
Design	28,400	14,000	14,400	0	0	14,400	0	14,400	28,400
Construction	189,000	0	189,000	29,000	0	218,000	0	218,000	218,000
Contingency	50,000	0	50,000	6,000	0	56,000	0	56,000	56,000
Total Project	300,000	20,000	280,000	35,000	0	315,000	0	315,000	335,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5681.78
DEPARTMENT:	Engineering

Field Space Remodel

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
	Existing Service	<u>Priority</u> A	AA05 (new)	<u>Standard</u> 5, 7 <u>Goal</u> 3

PROJECT DESCRIPTION:

This is a new project created from transferring a portion of the SCADA project previously allocated to remodeling the existing Operations Control Room. With the projected new hires and pending department relocations, expansion of the Operations Control Room building is needed for field administrative staff relocation. Additional funding for this project is requested to accommodate the additional office requirements. The budget has been modified to reflect the construction estimate based on the architect's recommendations.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	30,000	6,000	24,000	0	0	24,000	0	24,000	30,000
Design	30,000	12,000	18,000	0	0	18,000	0	18,000	30,000
Construction	170,000	0	170,000	100,000	0	270,000	0	270,000	270,000
Contingency	23,000	0	23,000	17,000	0	40,000	0	40,000	40,000
Total Project	253,000	18,000	235,000	117,000	0	352,000	0	352,000	370,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5659.78
DEPARTMENT:	Field

Security Upgrades – Phase Three and Four

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>

PROJECT DESCRIPTION:

The District will be making the following improvements per vulnerability assessment recommendations. Security improvements will be completed at Cobb Reservoir, San Gabriel Pump Station, and Miller Pump Station. The cost for these three facilities is \$40,950. Additional funds are requested to improve facilities on an as needed basis.

Security Upgrades – cost per facility:

Cameras	\$ 3,000
Lights	\$ 5,000
Razor Wire/Fence upgrades	\$ 4,500
Locks	\$ 400
Cupolas	\$ 750
Total	\$13,650

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Security Upgrades			0	150,000	100,000	250,000	0	250,000	250,000
Total Project	0	0	0	150,000	100,000	250,000	0	250,000	250,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5660.78
DEPARTMENT:	Field

Administration Facilities Improvements

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

Fabrication Shop

Construction of a fabrication shop over the old wash rack, north of the Meter Shop, is proposed. The fabrication shop will be fully enclosed and designed to have workbenches, vises, chop saws, and a variety of welders, which will allow for a high quality of work produced in a controlled environment. The work produced will range from light bars for the new trucks, pre-made pipe spools to used during main line repairs, new trailer setup, equipment setup and modifications, and many other small projects. In addition, this will free up storage space in both the Construction Maintenance and Meter Divisions by allowing us to house our portable welders and oxygen and acetylene bottles securely within the new shop.

Employee Parking Lot

Increase the employee parking area to add eleven spaces by relocating the District's safety training area. We currently have 81 employees and only 65 parking spaces available.

Material Bins

Add-on to material bins in the lower lot of the District property to increase our storage capacity in decomposed granite and gravel for emergency leak repair. Two additional bins will be added to our existing bins allowing us to store a total of 70 yards of dirt and 40 yards of gravel.

Project Budget	Prior Budget	Prior	Estimated	Proposed	Proposed	Total Budget	Future Budget	Future Total	Estimated
		Estimated	Budget	Budget	Budget				
		Actual	Remaining	Allocation	Allocation	2006-2008	Allocation	Project Budget	Total Project Cost
		Expense		2006-07	2007-08				
Fabrication Shop			0	65,000	0	65,000	0	65,000	65,000
Employee Parking Lot			0	35,000	0	35,000	0	35,000	35,000
Materials Bins			0	15,000	0	15,000	0	15,000	15,000
Total Project		0	0	115,000	0	115,000	0	115,000	115,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5661.78
DEPARTMENT:	Field

PROJECT NAME:

40 Foot by 60 Foot Steel Storage Building

New Item	Type	Master Plan	Project ID	Strategic Plan
		Priority		Standard

PROJECT DESCRIPTION:

This building will supplement the two storage containers in the lower yard. It will be used for current and future inventory. A portion of the building will house the increased inventory associated with the Automated Meter Reading (AMR) program. The building will be forklift accessible and will help meet our ever-growing storage requirements in a weatherproof secure environment.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget	Proposed Budget	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				Allocation 2006-07	Allocation 2007-08				
Building			0	50,000	0	50,000	0	50,000	50,000
Concrete Pad			0	15,000	0	15,000	0	15,000	15,000
Internal Shelving			0	12,000	0	12,000	0	12,000	12,000
Total Project	0	0	0	77,000	0	77,000	0	77,000	77,000

ACCOUNT NO.:	01-5662.78
DEPARTMENT:	Field

PROJECT NAME:

10 Replacement Trucks

Replacement	Type	Master Plan		Strategic Plan	
		Priority	Project ID	Standard	Goal

PROJECT DESCRIPTION:

2006-07

- 1.) Full size 1 ½-Ton, diesel fueled, 4-wheel drive, service truck with utility body, crane, light bar, winch, two-way radio, and accessories. This vehicle will replace vehicle #36, a 1991 Ford 1-Ton, 4-wheel drive service truck with approximately 110,000 miles. This vehicle is used extensively in the Fleet Maintenance Division to perform field repairs on vehicles and equipment. It is also used to fuel off-site equipment and to tow various trailers.
- 2.) Mid-size 4-wheel drive extra-cab pick-up with tool box, light bar, two-way radio, and accessories. This vehicle will replace vehicle #24, a 1999 Ford ½-Ton 4-wheel drive pick-up with approximately 109,000 miles.
- 3.) Mid-size 4-wheel drive extra-cab pick-up with tool box, light bar, two-way radio, and accessories. This vehicle will replace vehicle #42, a 1997 GMC ½-Ton 4-wheel drive pick-up with approximately 107,000 miles.
- 4.) Full size ½-Ton, 4-wheel drive extra-cab pick-up with tool box, light bar, two-way radio, and accessories. This vehicle will replace vehicle #40, a 1997 Dodge ½-Ton 4-wheel drive pick-up with approximately 111,000 miles.
- 5.) Full size 1 ½-Ton, diesel fueled, dump bed truck with tool box, light bar, two-way radio, and accessories. This vehicle will replace both vehicle #6 and vehicle #28. Vehicle #6 is a 1983 Ford F-600 dump truck with approximately 138,000 miles. Vehicle #28 is a 1986 Ford F-350 flat bed truck with approximately 127,000 miles. These vehicles are used extensively in the Pumps and Motors Division to perform facility maintenance.
- 6.) Full size 1-Ton, diesel fueled service truck with utility body, light bar, two-way radio, and accessories. This vehicle will replace vehicle #31, a 1999 Chevrolet ¾-Ton service truck with approximately 117,000 miles. This vehicle is used in the Waste-Water Division to perform system maintenance.

2007-08

- 7.) Mid-size 4-wheel drive extra-cab pick-up with tool box, light bar, two-way radio, and accessories. This vehicle will replace vehicle #22, a 2001 Ford ½-Ton 4-wheel drive pick-up with approximately 124,000 miles.
- 8.) Mid-size 4-wheel drive extra-cab pick-up with tool box, light bar, two-way radio, and accessories. This vehicle will replace vehicle #43, a 1999 Ford ¾-Ton 4-wheel drive pick-up with approximately 113,000 miles.
- 9.) Full size 1-Ton, diesel fueled service truck with utility body, light bar, two-way radio, and accessories. This vehicle will replace vehicle #21, a 1995 Ford 1 ¼-Ton service truck with approximately 115,000 miles. This vehicle is used in the Pumps and Motors Division to perform system maintenance.

10.) 10-Yard dump truck, diesel fueled with two-way radio and accessories. This vehicle will replace vehicle #18 and will be used to transport the large equipment and material to and from job sites. With the increase in size and weight of our equipment, the 1986 gas engine truck that once hauled much smaller equipment cannot safely tow this heavier equipment. By replacing this service body truck with a large dump truck, hauling capacity will help us better manage our jobs by doubling the amount of material that can be hauled and eliminating the need for two drivers and trucks.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Truck 1			0	59,000	0	59,000	0	59,000	59,000
Truck 2			0	25,000	0	25,000	0	25,000	25,000
Truck 3			0	25,000	0	25,000	0	25,000	25,000
Truck 4			0	25,000	0	25,000	0	25,000	25,000
Truck 5			0	55,000	0	55,000	0	55,000	55,000
Truck 6			0	40,000	0	40,000	0	40,000	40,000
Truck 7			0	0	25,000	25,000	0	25,000	25,000
Truck 8			0	0	25,000	25,000	0	25,000	25,000
Truck 9			0	0	43,000	43,000	0	43,000	43,000
Truck 10			0	0	120,000	120,000	0	120,000	120,000
Total Project	0	0	0	229,000	213,000	442,000	0	442,000	442,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5663.78
DEPARTMENT:	Field

Backhoe

Replacement	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>

PROJECT DESCRIPTION:

This backhoe will replace the existing 1979 JD310 backhoe to improve reliability and efficiency. With ongoing unreliability and requiring much-needed repairs, the repair costs could exceed the value of the backhoe.

With added staff and an increased workload to the Valve Maintenance program, the efficiency and productivity would be greatly increased with an up-to-date piece of equipment. The new backhoe, with a multi-purpose bucket, extend-a-hoe, four wheel drive, and proper ergonomics for the operator will be issued to the Construction Maintenance Division. This will allow the valve maintenance crew to excavate, to install main line valves, and make necessary repairs to blow offs, fire hydrants and air vac devices throughout the District in a more timely and cost effective manner.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Backhoe			0	89,000	0	89,000	0	89,000	89,000
Total Project	0	0	0	89,000	0	89,000	0	89,000	89,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5664.78
DEPARTMENT:	Field

New Trucks (2)

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

2006-07

1.) Mid-size 4-wheel drive extra-cab pick-up with tool box, light bar, two-way radio, and accessories. Due to the growth of the Engineering Department and the addition of a new Construction Inspector, the need for another truck has become apparent to satisfy the demands of the department's workload.

2007-08

2.) Full size 1-Ton, diesel fueled service truck with utility body, light bar, two-way radio, and accessories. Due to the growth of the Wastewater Division responsibilities and the addition of a new Wastewater Technician, the need for another truck is needed to satisfy the demands of the department's workload.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Truck 1			0	25,000	0	25,000	0	25,000	25,000
Truck 2			0	0	43,000	43,000	0	43,000	43,000
Total Project	0	0	0	25,000	43,000	68,000	0	68,000	68,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5665.78
DEPARTMENT:	Field

Tablet Chlorinators and Chlorine Residual Analyzers for VC-2, VC-3, and VC-7

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

2006-07

The VC-3 chlorination facility has an obsolete gas-fed chlorinator and chlorine residual analyzer for which replacement parts are extremely difficult to obtain if they are even available. The obsolete system should be replaced with SCADA-ready equipment for emergency tablet chlorine disinfection and chlorine residual monitoring.

2007-08

The VC-7 chlorination facility has an obsolete gas-fed chlorinator for which replacement parts are extremely difficult to obtain if they are even available. The obsolete system should be replaced with a modern tablet chlorinator for disinfection purposes in case of an emergency affecting the water supply.

The VC-2 chlorination facility utilizes an obsolete chlorine residual analyzer for which replacement parts are extremely difficult to obtain if they are even available. The obsolete system should be replaced with SCADA-ready equipment for chlorine residual monitoring.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget	Proposed Budget	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				Allocation 2006-07	Allocation 2007-08				
Chlorinators			0	23,000	25,000	48,000	0	48,000	48,000
Total Project	0	0	0	23,000	25,000	48,000	0	48,000	48,000

ACCOUNT NO.:	01-5666.78
DEPARTMENT:	Field

PROJECT NAME:

Field Equipment

New Item	Type	Master Plan		Strategic Plan	
		Priority	Project ID	Standard	Goal

PROJECT DESCRIPTION:

Laptop computers (3)

The first laptop computer will be placed in the Construction and Maintenance Division for department personnel to access e-mail, complete computer generated service orders and write necessary memos and reports when needed. The laptop will be issued to the Sr. Construction Maintenance Technician and will be available for use in the field for construction jobs; reviewing as-built drawings, valve book drawings, and completing electronic work orders.

This second laptop computer will be for the valve maintenance and leak detection program to be used in completing electronic service orders and writing necessary memos and reports when needed. It will also be used in the field for reviewing and making changes to valve details and as-built drawings during routine maintenance and leak detection.

Finally, the third laptop computer will be issued to the Meter Services Supervisor. The laptop will allow the supervisor to have access in the field to as-builts, valve drawings, GIS, and the water inquiry database. It will also provide a faster means of uploading digital camera photos of customer service problems and concerns.

Diesel Particulate Filter System

The California Air Resources Control Board adopted the Diesel Particulate Matter Control Measure for on-road heavy-duty diesel vehicles operated by public agencies and utilities at its December 8, 2005, board hearing. The rule mandates municipal and utility vehicle owners to reduce diesel particulate matter emissions from affected vehicles through the application of best available control technology (BACT) by specified implementation dates. Implementation is phased-in by engine model year groups. We have six vehicles that fall under this new measure.

Vehicle #20 will be the first to receive a diesel particulate filter system to make us compliant with the Air Resources Control Board ruling.

Automatic Transmission Fluid Exchanger

This machine is required to service transmissions in General Motors vehicles by extracting all of the fluid within the transmission and torque converter. The exchanger can also be used to service other automatic transmissions in the fleet and will increase efficiency by shortening the amount of labor time spent on required services.

Back-up Alarm Sensors

Back-Up alarm sensors that can be installed in the rear bumper of District vehicles will notify a driver if they are getting close to an object that cannot be seen at the rear of the vehicle. With these alarms installed, the chances of backing-up accidents and costs associated with rear end damage will be reduced.

FY 2006-07 \$200 (each alarm system) X 16 vehicles = \$3,200

FY 2007-08 \$200 (each alarm system) X 17 vehicles = \$3,400

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Laptop Computers			0	16,000	0	16,000	0	16,000	16,000
Filter System			0	10,000	0	10,000	0	10,000	10,000
Fluid Exchanger			0	4,100	0	4,100	0	4,100	4,100
Alarm Sensors			0	3,200	3,400	6,600	0	6,600	6,600
Total Project			0	33,300	3,400	36,700	0	36,700	36,700

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5667.78
DEPARTMENT:	Engineering

Engineering Equipment

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

Multi-Function Large Format Scanner, Copier, Plotter

A digital large format copier-scanner will be purchased to replace and upgrade the existing large format copier. The existing copier is seven years old and has become expensive to maintain due to age and availability of replacement parts. The copier is used on a daily basis by the Public Services division to provide facility drawings and maps to the public and for in-house staff.

Upgrading to a digital copier and scanner will provide the ability to scan improvement plans quickly and thus making them available via the District's Document Management System in a timely manner. A multi-function copier and scanner will help to eliminate delays in acquiring this data from the engineer of the project. At the same time, the Mapping Division is able to begin the mapping process (creating valve details and assigning detail numbers) immediately after a project is accepted. This means the valve details are made available to the Field staff for tagging without the lag time waiting for images from the engineer. We will continue to request as-built record plans from the engineer of the project to finalize the mapping process.

New Employee Equipment

The Engineering Department has budgeted for five new positions. Three positions are to be filled in 2006-07 and the remaining two in 2007-08. Furniture for the new "Engineer", one of the five positions, will be funded from the new Engineering Annex capital budget in 2006-07. Computers and office furniture will need to be purchased for the other four positions. The new inspector position will require a laptop. This laptop will provide a current database of all District as-builts and approved plans and specifications. It will allow the Inspector to prepare inspection reports in the field and will provide a faster means of uploading photos.

Pipe Line Locators

Two additional pipeline locators are needed for the Encroachments & Locates Division. The locator is necessary to adequately perform the duties of the Inspector position in locating District facilities required for USA Alert/Mark-out requests. One locator per year is requested.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget	Proposed Budget	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				Allocation 2006-07	Allocation 2007-08				
Large Format Copier-Scanner			0	20,000	0	20,000	0	20,000	20,000
New Employee Equipment			0	16,000	11,000	27,000	0	27,000	27,000
Locators			0	4,000	4,000	8,000	0	8,000	8,000
Total Project	0	0	0	40,000	15,000	55,000	0	55,000	55,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5668.78
DEPARTMENT:	Finance

Finance Equipment

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

A new Accounting clerk position is being proposed in the 2006-07 budget and an Administrative Position in the 2007-08 budget. Each will require a computer and ergonomic furniture.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation	Proposed Budget Allocation	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				2006-07	2007-08				
New Employee Equipment			0	5,000	5,000	10,000	0	10,000	10,000
Total Project	0	0	0	5,000	5,000	10,000	0	10,000	10,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
Lower Moosa Wastewater Treatment Fund**

FUNCTION OVERVIEW

Wastewater collection, treatment and disposal services are provided to the communities of Hidden Meadows, Lawrence Welk Village, Castle Creek, Champagne Village, the Treasures, Islands, and Oak Woodlands subdivisions by the Lower Moosa Canyon Water Reclamation Facility, related collection system and lift stations. The wastewater department strives to operate the facility in the most efficient manner while meeting the requirements of the waste discharge permit issued by the Regional Water Quality Control Board (RWQCB). Currently, the plant is processing an average of 0.31 million gallons per day.

ACCOMPLISHMENTS FOR 2005-2006

Wastewater Collection System Evaluation: Continued inspection, cleaning, and repair of the collection system wastewater mains.

Aeration Basins: Improved the Dissolved Oxygen (DO) concentration in the basin by installing more diffusers on each diffuser drop legs. Develop/install a correct and efficient way to monitor the airflow from the Aeration basin Blowers.

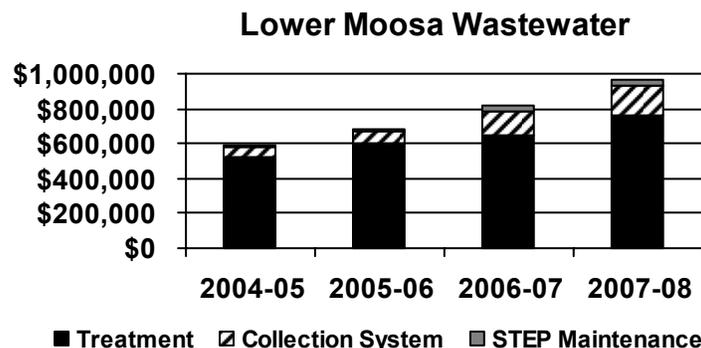
New Wastewater Connections: Extended service to additional properties, primarily in the Greystone and Islands developments in the Hidden Meadows area.

CHALLENGES FOR 2006-2008

- Improve process control and monitoring for maximum plant efficiency.
- Continue extension of the service by providing assistance in obtaining wastewater service to additional developments in the Hidden Meadows area.
- Work with the Regional Water Quality Control Board to update the Waste Discharge Permit and develop an expansion plan to meet future demands of the service area.
- Improve the performance of the existing Aerobic Digester by installing new diffusers and blower system to be able to achieve a higher Dissolve Oxygen (DO) concentration.
- Completion of the waste discharge permit update.

LONG-TERM GOALS

Plant Expansion – Plan for future upgrades to meet increasing demand for service. Explore potential for tertiary treatment and water reuse to augment potable water supplies for use in irrigation in existing and future developments. Continue improvements in the SCADA system to provide for more automated plant operation. Expand the capacity of the entire treatment plant up to 1 MGD as required to meet the wastewater capacity needs of the service area.



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**MOOSA WASTEWATER TREATMENT FUND
RECAP OF BUDGET AND
SOURCE OF FINANCING**

BUDGET REQUIREMENT	<u>2006-07</u>	<u>2007-08</u>
Operating/Treatment	651,577	759,255
Collection System/West	136,950	170,531
STEP Maintenance	26,125	30,900
Capital Projects	328,200	1,240,300
Expansion Fund Repayment	558,000	0
Operating Reserves	64,748	0
	<u>1,765,600</u>	<u>2,200,986</u>

SOURCE OF FINANCING		
Revenue	1,764,000	1,303,900
Capital Reserves	1,600	586,656
Operating Reserves	0	310,430
	<u>1,765,600</u>	<u>2,200,986</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**MOOSA WASTEWATER TREATMENT FUND
ANALYSIS OF CASH POSITION
JULY 1, 2005, TO JUNE 30, 2008**

	Replacement Fund	Expansion Fund	Continuing Projects Fund	Electricity Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2005	346,856	(481,775)	76,063	28,693	764,519	734,356
ADD: Revenue 2005-2006						
Wastewater Service Charges	280,600			115,100	687,000	1,082,700
Wastewater Lateral & Inspection Fees					7,200	7,200
Interest	10,800				8,100	18,900
Wastewater STEP Charges					18,050	18,050
Capacity Charges		0				0
LESS: Estimated Expenditures 2005-2006	0	0	(126,063)	(97,200)	(579,793)	(803,056)
Transfers	(125,000)		125,000		0	0
Net Change	166,400	0	(1,063)	17,900	140,557	323,794
ESTIMATED BALANCE JUNE 30, 2006	513,256	(481,775)	75,000	46,593	905,076	1,058,150
ADD: Revenue 2006-2007						
Wastewater Service Charges	306,800			121,000	730,800	1,158,600
Interest	19,800				8,000	27,800
Wastewater STEP Charges					19,600	19,600
Capacity Charges		558,000				558,000
LESS: Proposed Expenditures 2006-2007	0		(328,200)	(107,500)	(707,152)	(1,142,852)
Transfers	(263,200)		263,200		0	0
Net Change	63,400	558,000	(65,000)	13,500	51,248	621,148
ESTIMATED BALANCE JUNE 30, 2007	576,656	76,225	10,000	60,093	956,324	1,679,298
ADD: Revenue 2007-2008						
Wastewater Service Charges	329,000			125,000	788,100	1,242,100
Interest	30,500				9,500	40,000
Wastewater STEP Charges					21,800	21,800
Capacity Charges						0
LESS: Proposed Expenditures 2007-2008	0		(1,240,300)	(109,000)	(851,686)	(2,200,986)
Transfers	(936,156)		1,230,300		(294,144)	0
Net Change	(576,656)	0	(10,000)	16,000	(326,430)	(897,086)
ESTIMATED BALANCE JUNE 30, 2008	0	76,225	0	76,093	629,894	782,212

	2004-2005	2005-2006		2006-2007	2007-2008
	Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation
GENERAL INFORMATION:					
Average Wastewater Connections:	2,264	2,354	2,366	2,460	2,540
Monthly Rates:					
Effective July 1	37.00	38.50	38.50	38.50	40.00
Effective January 1	37.00	38.50	38.50	40.00	41.50

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**REVENUE ESTIMATE
LOWER MOOSA
WASTEWATER TREATMENT FUND**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
4110.01	Wastewater Service Charge	855,835	971,700	965,200	1,037,600	1,117,100	2,154,700
4110.02	Wastewater Capacity Reservation Fee	19,952	14,040	2,400	0	0	0
4110.04	Wastewater Lateral Fee	675	0	0	0	0	0
4110.06	STEP Wastewater Inspection Fee	3,200	0	7,200	0	0	0
4150.00	Wastewater Electric Charge	106,899	115,800	115,100	121,000	125,000	246,000
4150.01	Electric Refund (SDG&E Refund)	3,094	0	0	0	0	0
4410.00	Interest - Operating & Replace. Res.	14,171	25,000	22,471	27,800	40,000	67,800
4429.00	Wastewater STEP Charges	16,473	16,900	18,050	19,600	21,800	41,400
4429.01	Wastewater STEP Repair Charges	0	0	0	0	0	0
4440.00	Other	6,250	0	0	0	0	0
4810.00	Capacity Charges	3,437	300,000	0	558,000	0	558,000
	Total	1,029,986	1,443,440	1,130,421	1,764,000	1,303,900	3,067,900

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
LOWER MOOSA
WASTEWATER TREATMENT FUND**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
	Treatment	525,465	625,132	598,782	651,577	759,255	1,410,832
	Collection System/West	56,547	95,241	66,111	136,950	170,531	307,481
	STEP Maintenance	12,438	25,975	12,100	26,125	30,900	57,025
	Capital Projects	0	201,063	126,063	328,200	1,240,300	1,568,500
TOTAL MOOSA TREATMENT		594,450	947,411	803,056	1,142,852	2,200,986	3,343,838

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **Lower Moosa**
DEPT: **Field Operations**
DIV: **Wastewater Treatment**

**13
53
26**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	219,208	257,200	238,700	263,400	333,100	596,500
03	Overtime	7,161	7,900	8,700	9,000	10,000	19,000
23	Chemicals	25,733	26,300	22,500	25,000	26,300	51,300
25	Outside Professional Services	32,139	52,850	54,100	57,450	62,000	119,450
30	Special Department Expenses	3,254	3,000	5,500	7,000	5,000	12,000
32	Telephone	4,233	4,100	4,100	4,100	4,100	8,200
38	Regulatory Permits & Fees	7,350	7,900	7,900	7,700	8,100	15,800
40	Rents & Leases	0	500	500	500	500	1,000
41	Hazardous Waste Disposal Costs	0	300	300	300	300	600
42	Insurance	8,509	7,250	7,250	11,300	14,507	25,807
45	Electricity	85,119	104,000	94,000	104,000	109,000	213,000
48	Diesel	0	300	0	250	300	550
49	Water	4,578	4,200	5,900	6,100	6,400	12,500
51	Maintenance of Vehicles	26,541	28,500	28,500	30,500	32,500	63,000
52	Maintenance of Facilities	14,100	25,250	25,250	27,650	30,450	58,100
82	Administrative Overhead	87,540	95,582	95,582	97,327	116,698	214,025
	Total	525,465	625,132	598,782	651,577	759,255	1,410,832

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **Lower Moosa** **13**
 DEPT: **Field Operation** **53**
 DIV: **Wastewater Treatment** **26**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full Time Equivalents	263,400 2.82	333,100 3.40
03	Overtime	9,000	10,000
23	Chemicals	25,000	26,300
	Polymer	6,000	6,700
	Sodium Hypochlorite	15,000	15,400
	Sodium Hydroxide	4,000	4,200
25	Outside Professional Services	57,450	62,000
	Pumper Trucks - for Grit Removal	1,200	1,300
	Lab Analysis	20,100	23,000
	Sludge Removal	14,850	15,000
	SCADA System Maintenance	5,000	5,250
	Muffin Monster Service	5,000	5,250
	Oder Scrubber Maintenance	7,000	7,400
	Mowing of Spray Fields	3,500	4,000
	Flow Meter Calibration and Repair	600	600
	Lab Equipment Service & Calibration	200	200
30	Special Department Expenses	7,000	5,000
	Lab Supplies/Microscope	4,000	2,000
	Tools	1,000	1,000
	Lock-out/Tag-out Equipment	2,000	2,000
32	Telephone	4,100	4,100
	Leased Lines and Alarm Monitoring	1,940	1,940
	T-1 Network Line	2,160	2,160
38	Regulatory Permits & Fees	7,700	8,100
	State Water Resources Control Board	6,275	6,450
	HazMat Permit	1,000	1,200
	Air Pollution Control District fees	425	450

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **Lower Moosa** **13**
 DEPT: **Field Operation** **53**
 DIV: **Wastewater Treatment** **26**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
40	Rents & Leases	500	500
41	Hazardous Waste Disposal Costs Recycling Oil, Filters, Solvents	300	300
42	Insurance	11,300	14,507
45	Electricity	104,000	109,000
48	Diesel Generator Set and Tractor	250	300
49	Water	6,100	6,400
51	Maintenance of Vehicles	30,500	32,500
52	Maintenance of Facilities	27,650	30,450
	SCADA Computer Equipment Maintenance	2,750	3,250
	Building and Grounds Maintenance Equip.	2,300	2,700
	Electrical Equipment	4,300	4,600
	Landscape and Equipment Maintenance	500	500
	Electric Motor Maintenance	6,000	7,000
	Filter Replacement	1,000	1,200
	Tractor Maintenance	2,000	2,000
	Lumber	1,000	1,000
	Hardware	2,900	3,100
	Pipe and Fittings	2,900	3,100
	Mechanical Plugs	2,000	2,000
82	Administrative Overhead	97,327	116,698

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **Lower Moosa**
DEPT: **Field Operations**
DIV: **Collection Sys. West**

**13
53
27**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	28,405	46,100	28,100	86,300	114,000	200,300
03	Overtime	5,926	2,000	1,850	2,500	3,000	5,500
25	Outside Professional Services	5,833	25,000	18,300	28,800	32,000	60,800
38	Regulatory Permits and Fees	4,930	5,100	5,100	5,100	5,500	10,600
40	Rents & Leases	0	200	200	200	250	450
42	Insurance	945	1,111	1,111	1,250	1,601	2,851
45	Electricity	3,280	3,200	3,200	3,500	4,000	7,500
49	Water	302	800	550	800	900	1,700
51	Maintenance of Vehicles	3,277	4,230	3,700	4,000	4,230	8,230
52	Maintenance of Facilities	978	7,500	4,000	4,500	5,050	9,550
76	Equipment	2,671	0	0	0	0	0
Total		56,547	95,241	66,111	136,950	170,531	307,481

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **Lower Moosa** **13**
 DEPT: **Field Operation** **53**
 DIV: **Collection System West** **27**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full Time Equivalents	86,300 0.98	114,000 1.22
03	Overtime	2,500	3,000
25	Outside Professional Services	28,800	32,000
	Sewer Cleaning	23,500	26,000
	Manhole Sensors	3,800	4,000
	Pumping	1,500	2,000
38	Regulatory Permits and Fees	5,100	5,500
40	Rents & Leases Equipment as Needed	200 200	250 250
42	Insurance	1,250	1,601
45	Electricity	3,500	4,000
49	Water	800	900
51	Maintenance of Vehicles	4,000	4,230
52	Maintenance of Facilities	4,500	5,050
	Motors Dip and Bake	1,000	1,200
	Pump Repair	1,500	1,700
	Replacement Pump	2,000	2,150

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **Lower Moosa**
DEPT: **Field Operations**
DIV: **STEP Maintenance**

**13
53
29**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	4,993	15,300	6,700	18,500	22,000	40,500
03	Overtime	0	700	250	500	750	1,250
25	Outside Professional Services	210	1,120	900	1,500	1,625	3,125
30	Special Department Expenses	0	50	350	250	300	550
51	Maintenance of Vehicles	97	375	400	375	425	800
52	Maintenance of Facilities	7,138	8,430	3,500	5,000	5,800	10,800
Total		12,438	25,975	12,100	26,125	30,900	57,025

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2006-2008**

FUND: **Lower Moosa** **13**
 DEPT: **Field Operation** **53**
 DIV: **STEP Maintenance** **29**

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full Time Equivalent	18,500 0.22	22,000 0.24
03	Overtime	500	750
25	Outside Professional Services Pumping of Tanks Special Repairs	1,500 1,200 300	1,625 1,300 325
30	Special Department Expenses	250	300
51	Maintenance of Vehicles	375	425
52	Maintenance of Facilities Pump Rebuild Kits Replacement Pumps	5,000 1,000 4,000	5,800 1,150 4,650

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2006-2008

Lower Moosa 13
Capital Outlay 56

Description	Acct. No.	Prior	2006-2007						2007-2008						Future											
			J	A	S	O	N	D	J	F	M	A	M	J		J	A	S	O	N	D	J	F	M	A	M
Lower Moosa																										
Aeration Basin Upgrade	12	Planning																							Design	Construct
Waste Discharge Report	53		Construction																							
Master Plan	54	Planning	Construction																							
Digester Improvements	70		Planning			Design			Award				Construction													
Main Sewer Line Ductile Iron Pipe Replacement	77								Planning				Construct													
Transmission Line Replacement	78					Planning			Design							Construction										
Lower Moosa - Equipment	79																									
Dissolved Oxygen Probes									Purchase																Purchase	
Scum Pumps									Purchase																	
Submersible Pump (Portable)									Purchase																	
Prosonic Flow Meter																									Purchase	

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2006-2008

Lower Moosa
Capital Outlay

13
56

Acct. No.	Description	Total Approved Budget 2005-06	Estimated Actual Expenditures 2005-06	Budget Carried Forward to 2006-2007	New Appropriation 2006-2007	Total Approved Budget 2006-2007	Estimated Actual Expenditures 2006-2007	Budget Carried Forward to 2007-2008	New Appropriation 2007-2008	Total Approved Budget 2007-2008
5612	Aeration Basin Upgrade	65,000	30,000	35,000		35,000	25,000	10,000	150,000	160,000
5653	Waste Discharge Report	86,063	66,063	20,000		20,000	20,000	0		0
5654	Master Plan - Sewer Line Replacement	50,000	30,000	20,000		20,000	20,000	0		0
5670	Digester Improvements				176,000	176,000	176,000	0	774,000	774,000
5677	Main Sewer Line Ductile Iron Pipe Replacement				75,000	75,000	75,000	0		0
5678	Transmission Line Replacement				65,000	65,000	65,000	0	300,000	300,000
5679	Lower Moosa - Equipment									
	Dissolved Oxygen Probes				8,400	8,400	8,400	0	9,000	9,000
	Scum Pumps				3,800	3,800	3,800	0		0
	Submersible Pump (Portable)								3,800	3,800
	Prosonic Flow Meter								3,500	3,500
Total Capital Projects		201,063	126,063	75,000	328,200	403,200	393,200	10,000	1,240,300	1,250,300

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2006-2008.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5612.78
DEPARTMENT:	Lower Moosa WRF

Moosa Aeration System Upgrade

Continuing Project	Type	Master Plan	Project ID	Strategic Plan
	Existing Service	Priority		Standard
				7

PROJECT DESCRIPTION:

This is a previously budgeted project that consisted of evaluating the current aeration system at the Lower Moosa Canyon Water Reclamation Facility. The evaluation determined that adding more diffusers to the existing aeration system piping would provide adequate flow for current conditions. However, any significant increase in flow would require additional aeration system capacity. It is also anticipated that the Regional Water Quality Control Board will update the waste discharge permit in 2006-07 and will require lower total nitrogen limits for the effluent. Meeting this permit requirement will also require modifications to the aeration system. Thus, additional funding is requested for this project for 2007-08 to design the aeration improvements and de-nitrification improvements that will be required when the waste discharge permit is updated.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	10,000	7,000	3,000	0	28,000	31,000	0	31,000	38,000
Design	38,200	23,000	15,200	0	122,000	137,200	0	137,200	160,200
Construction			0	0	0	0	625,000	625,000	625,000
Contingency	16,800		16,800	0	0	16,800	125,000	141,800	141,800
Total Project	65,000	30,000	35,000	0	150,000	185,000	750,000	935,000	965,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5670.78
DEPARTMENT:	Lower Moosa WRF

Moosa Digester Improvements

New Item	Type	Master Plan	Project ID	Strategic Plan
	Existing Service	Priority		Standard

PROJECT DESCRIPTION:

Evaluation of the existing digester at the Lower Moosa Canyon Water Reclamation Facility has determined that the existing solids loading is exceeding the capacity of the digester aeration system. As such, improvements to the digester aeration system have been recommended. Funding for this proposed project will provide the additional blower capacity and blower enclosures needed for the digester. It has been determined that ultimately three 75 horsepower blowers would be required (two duty and one stand-by). Improvements proposed for 2006-07 include expansion of the existing Solids Handling building, to add a blower room to house the three blowers, installation of two 75 horsepower blowers, segmenting the existing digester into two tanks, and adding new, more efficient, aeration diffusers. Expansion of the blower room will also provide interior sludge bin storage to help eliminate potential odor issues and provide needed storage areas for equipment and chemicals. Additional improvements to facilitate the processing of digested sludge from the satellite plants would also be included and would be funded by developer contributions.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	29,500	58,500	88,000		88,000	88,000
Design			0	117,000	0	117,000		117,000	117,000
Construction			0	0	585,000	585,000		585,000	585,000
Contingency			0	29,500	130,500	160,000		160,000	160,000
Total Project	0	0	0	176,000	774,000	950,000	0	950,000	950,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5677.78
DEPARTMENT:	Lower Moosa WRF

Meadows Main Sewer Line Ductile Iron Pipe Replacement

Replacement	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>

PROJECT DESCRIPTION:

During the fiscal year 2005-2006, an inspection of the main sewer line for the Lower Moosa Canyon Reclamation Facility was conducted. This inspection revealed buildup and tubercles as well as corrosion that have a potential to cause an obstruction which would impede the natural flow path of the existing pipeline.

The goal of this project would be to replace the ductile iron line with a pipeline that has resistance to the elements and to the harsh atmospheric conditions that are present in a sewer system.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Main Line Replacement			0	75,000	0	75,000		75,000	75,000
Total Project	0	0	0	75,000	0	75,000	0	75,000	75,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5678.78
DEPARTMENT:	Lower Moosa WRF

Meadows Transmission Line Replacement

Replacement	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>

PROJECT DESCRIPTION:

The Meadows transmission line is exposed and has deteriorated over the years from exposure to the elements. The current condition of this pipe also has a potential risk for damage caused by vandalism or an act of nature. The replacement of this PVC piping is essential in order to maintain and reinforce the District's infrastructure. This project will be reviewed by an outside engineering design firm for different ideas due to the rough terrain at this location.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2006-07	Proposed Budget Allocation 2007-08	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Design			0	65,000	0	65,000		65,000	65,000
Construction			0	0	300,000	300,000		300,000	300,000
Total Project	0	0	0	65,000	300,000	365,000	0	365,000	365,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2006-2008**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5679.78
DEPARTMENT:	Lower Moosa WRF

Lower Moosa Equipment

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

Dissolved Oxygen Probes

The Lower Moosa Canyon Water Reclamation Facility needs to monitor and record on a continuous basis the dissolved oxygen levels throughout the two aeration tanks. Each of the tanks contains three probes that will allow the process control to be within the industry standards for this application and process. The dissolved oxygen level of the reactors directly affects the removal efficiency and process success by monitoring the respiration rates of the organisms in the biomass.

Scum Pumps

The Moosa facility clarifier scum pump #1 is losing its pumping efficiency. This pump is used to pump the grease and oil layer that collects on the surface of the clarifiers. Replacement of the pump is needed due to the harsh conditions and deteriorating condition of existing equipment.

Submersible Solids Handling Pump

The wastewater division routinely has the need to dewater tanks and various structures throughout the District. The purchase of a portable pump that is able to handle the aggressive constituents in the wastewater such as heavy sludge and slurry type material is essential for the normal and emergency operations of the section.

Prosonic Flow Meter

The current sludge pump flow-metering device has failed. An analysis of the costs to repair this meter has determined that the cost of rebuilding the existing device would exceed the cost of a new device. This meter is essential in determining the correct dosage for the centrifuge operation.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget	Proposed Budget	Total Budget 2006-2008	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
				Allocation 2006-07	Allocation 2007-08				
Dissolved Oxygen Probe	0		0	8,400	0	8,400	0	8,400	8,400
Scum Pumps	0		0	3,800	0	3,800	0	3,800	3,800
Submersible Solids Handling Pump	0		0	0	3,800	3,800	0	3,800	3,800
Prosonic Flow Meter	0		0	0	3,500	3,500	0	3,500	3,500
Total Project	0	0	0	12,200	7,300	19,500	0	19,500	19,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
Skyline Wastewater Treatment**

FUNCTION OVERVIEW

The Skyline Wastewater Treatment Division services the Skyline Ranch Country Club and Mobile Home Park in the Paradise Mountain area of the District, operating and maintaining the District-owned treatment plant, effluent disposal system and lift station. The Skyline Ranch Country Club pays all expenses according to their contract.

ACCOMPLISHMENTS FOR 2005-2006

Replacement of the existing 30 year old treatment facility with a new membrane bioreactor treatment unit was substantially completed by the property owner and placed in service in late 2004-05. Punch list items were completed in early 2005-06. District staff made improvements to the lift station and constructed an onsite containment area at this treatment plant. District personnel operated the new facility in compliance with the Regional Water Quality Control Board's (RWQCB) Waste Discharge Permit.

Skyline Ranch Country Club petitioned the District and RWQCB to have the plant and Waste Discharge Permit transferred to them for ownership, operation, and maintenance. Transfer of the facility was approved by the RWQCB subject to a new Waste Discharge Permit and completion of a transfer agreement. The transfer agreement was prepared, executed, and became effective May 5, 2006.

CHALLENGES FOR 2006-2008

Ownership, along with operation and maintenance responsibilities, have been transferred to Skyline Ranch Country Club at their request. This is no longer a District facility.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

REVENUE ESTIMATE

SKYLINE TREATMENT

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
4110	Contribution from Skyline Country Club	89,587	129,159	86,700	0	0	0
4410	Interest Earnings	512	1,314	275	0	0	0
	Total	90,099	130,473	86,975	0	0	0

Contribution from Skyline for:		
Major Replacement Reserve	Administrative Code sec. 171.10(c)	0
Operations and Maintenance		0
		0
Operations & Maintenance rate for billing (222 units for 12 months)		0.00
Prior year rate		34.19
Change in rate		(34.19)
Percent change		-100.0%
Wastewater Rate B	Application # 4817	0.00
Wastewater Rate D	Application # 4815	0.00

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2005-2006**

**DEPARTMENT SUMMARY
Woods Valley Ranch Wastewater Expansion**

FUNCTION OVERVIEW

The Woods Valley Ranch Water Reclamation Facility (WVR WRF) is being constructed by a private developer. Upon completion of the WVR WRF, the expansion to serve the Orchard Run project will begin. The master plan for the South Node Wastewater Project to determine the ultimate capacity of the phased treatment plant expansion is currently being developed. The proposed service area for the master plan is based upon San Diego County's General Plan 2020 Land Uses. A commitment letter will be mailed to the property owners within the service area after the master plan is approved. The commitment letter will request the funds needed to get approval of the assessment district, the boundaries for the assessment district, and the second expansion at WVR WRF will be determined from the response received. The assessment district will be formed with funding provided by the committed parcels. The financial commitments from parcels, within the next expansion phase, will also consist of the costs for discretionary approvals and design. The discretionary approvals include obtaining a Waste Discharge Permit for the ultimate capacity and addressing the necessary California Environmental Quality Act (CEQA) requirements with a Programmatic Environmental Impact Report (EIR).

Construction of the initial treatment facility is scheduled to be completed in October 2006 and the Orchard Run expansion at the WVR WRF is to be completed the following year. Once this treatment facility is constructed and expanded with the Orchard Run project, the design for the South Node wastewater expansion should be complete and the South Node Wastewater Project can begin construction of the second expansion.

All funding needed to approve and form the assessment district will come from property owner deposits. Costs incurred by the District are expected to be fully recovered by future capacity charges collected from property owners.

ACCOMPLISHMENTS FOR 2005-2006

Construction began for the WVR WRF, and Orchard Run is in design for the expansion of the WVRW expansion. The Master plan was initiated, and is scheduled to be completed and presented to the Board for approval in June 2006.

CHALLENGES FOR 2006-2008

Challenges for the up-coming fiscal years for the South Node Wastewater expansions include the following:

- Approve the Master plan.
- Mail letters to determine the boundaries for the first expansion and to obtain financial commitments to approve and form the assessment district.
- Begin the Programmatic Environmental Impact Report and Obtain a Waste Discharge Permit from the Regional Water Control Board. Design and construct the second expansion at WVR WRF for the South Node Wastewater Project.

LONG-TERM GOALS

Long term goals for the South Node Wastewater project would be to successfully execute the multi-phased plan to have wastewater capacity available when needed without requiring financial commitments and District resources. The wastewater expansion project shall be developed in such that funding is provided by only the property owners that directly benefit from the wastewater improvements.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**Woods Valley Ranch Wastewater
Capital Outlay**

**16
56**

Description	Acct. No.	Total Approved Budget 2005-06	Estimated Actual Expenditures 2005-06	Budget Carried Forward to 2006-07	New Appropriation 2006-07	Total Approved Budget 2006-07	Estimated Actual Expenditures 2006-07	Budget Carried Forward to 2007-08	New Appropriation 2007-08	Total Approved Budget 2007-08
WVR WRF Planning	5656	112,843	112,843	Complete						
Total Capital Projects		112,843	112,843	0	0	0	0	0	0	0

Projects identified as "Continuing Projects" are not completed and any unexpended appropriations from 2005-06 will be carried forward to 2006-08.

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2006-2008

DEPARTMENT SUMMARY
Woods Valley Ranch Wastewater Treatment

FUNCTION OVERVIEW

Wastewater collection, treatment and disposal services are provided to the 270 homes and golf course of the Woods Valley Ranch development by the 0.070 million gallons per day capacity Woods Valley Ranch Water Reclamation Facility. Funding for the operation of the facility comes from 1) a fixed charge special assessment on the property tax roll consisting of a wastewater service charge for properties connected to the system and a wastewater standby fee for properties that have not yet connected to the wastewater system and 2) proceeds from the sale of reclaimed water to the Golf Course for irrigation.

ACCOMPLISHMENTS FOR 2005-2006

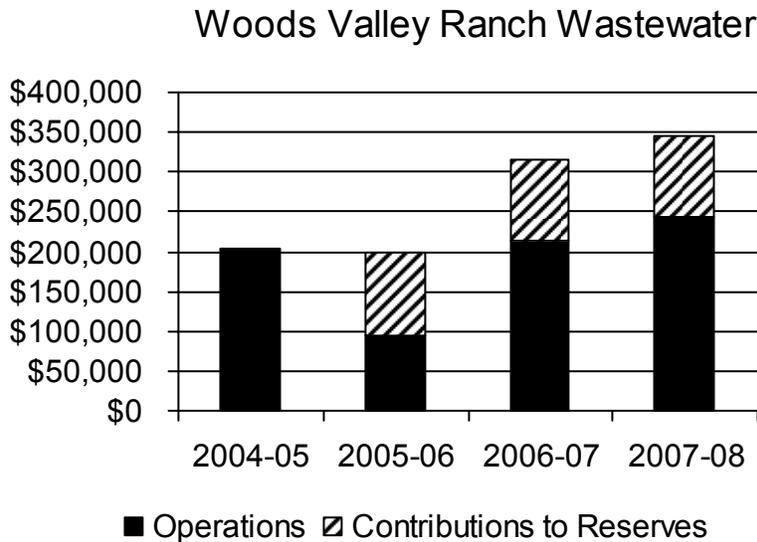
Construction of the treatment facility is being performed by the developer. A holding tank (Interim 1 facility) and a temporary 50,000 gpd treatment facility (Interim 2 facility) has been completed and is currently utilized for the treatment of wastewater flows generated by homes connected to the system prior to completion of the permanent plant. Plans and specifications for the permanent plant were approved and signed by the District and construction started in October 2006. Construction was 60% complete by the end of 2005-06. The Interim 2 facility started to discharge to the golf course storage ponds and is being used for irrigation of the golf course. Upon completion of the permanent plant, it will be dedicated to the District for operation and maintenance.

CHALLENGES AND GOALS FOR 2006-2008

The District will successfully startup, operate, and maintain the permanent wastewater treatment facility which will produce an effluent that will meet California Title 22 Water Quality Requirements. The treated effluent will be used for irrigation of the golf course facility.

LONG-TERM GOALS

Operate and maintain the plant to be self-supporting without financial consideration from the General Fund. Work with the developers and property owners in the vicinity of the Woods Valley Ranch WRF to develop an expansion plan to meet the wastewater treatment needs of property in the Southern Village Area per San Diego County's 2020 General Plan.



VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2006-2008

WOODS VALLEY RANCH WASTEWATER TREATMENT
RECAP OF BUDGET AND
SOURCE OF FINANCING

	<u>2006-07</u>	<u>2007-08</u>
BUDGET REQUIREMENT		
Operating/Treatment	213,111	242,992
Operating Reserves	3,985	4,411
Capital Replacement Reserves	111,945	115,714
Increase in Operating Fund Cash	15,565	0
	<hr/>	<hr/>
	<u>344,606</u>	<u>363,117</u>
SOURCE OF FINANCING		
Revenue	344,606	348,801
Decrease in Operating Fund Cash	0	14,316
	<hr/>	<hr/>
	<u>344,606</u>	<u>363,117</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**WOODS VALLEY RANCH WASTEWATER TREATMENT
ANALYSIS OF CASH POSITION
JULY 1, 2005, TO JUNE 30, 2008**

	Replacement Reserve Fund	Operating Reserve Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2005	213,227	153,675	0	366,902
ADD: Revenue 2005-2006				
Wastewater Service Charge	102,620	0	228,676	331,296
Interest	5,854	5,727	0	11,581
LESS: Estimated Expenditures 2005-2006	0	0	(95,460)	(95,460)
Net Change	108,474	5,727	133,216	247,417
ESTIMATED BALANCE JUNE 30, 2006	321,701	159,402	133,216	614,319
ADD: Revenue 2006-2007				
Wastewater Service Charge	102,620	0	228,676	331,296
Interest	9,325	3,985		13,310
LESS: Proposed Expenditures 2006-2007	0	0	(213,111)	(213,111)
Net Change	111,945	3,985	15,565	131,495
ESTIMATED BALANCE JUNE 30, 2007	433,646	163,387	148,781	745,814
ADD: Revenue 2007-2008				
Wastewater Service Charge	102,620	0	228,676	331,296
Interest	13,094	4,411		17,505
LESS: Proposed Expenditures 2007-2008	0	0	(242,992)	(242,992)
Net Change	115,714	4,411	(14,316)	105,809
ESTIMATED BALANCE JUNE 30, 2008	549,360	167,798	134,465	851,623

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**WOODS VALLEY RANCH WASTEWATER TREATMEN
ANALYSIS OF CASH POSITION
JULY 1, 2005, TO JUNE 30, 2008**

GENERAL INFORMATION:

Average Wastewater Units Billed:
Monthly Rates:
Effective July 1
Effective January 1

2004-2005	2005-2006		2006-2007	2007-2008
Actual	Adopted Budget	Estimated Actual	Budget Allocation	Budget Allocation
280	280	280	280	280
50.00	98.60	98.60	98.60	98.60
50.00	98.60	98.60	98.60	98.60

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**REVENUE ESTIMATE
WOODS VALLEY RANCH
WASTEWATER TREATMENT FUND**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
4110.01	Wastewater Service Charge	14,197	139,618	72,163	331,296	331,296	662,592
4110.02	Wastewater Capacity Reservation Fee	317,072	191,678	259,133	0	0	0
4410.00	Interest - Operating & Replace. Res.	8,173	10,642	11,408	13,310	17,505	30,815
4440.00	Other	8,750	0	0	0	0	0
	Total	348,192	341,938	342,704	344,606	348,801	693,407

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

**DEPARTMENT SUMMARY
WOODS VALLEY RANCH
WASTEWATER TREATMENT FUND**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
	Treatment	204,856	282,680	198,080	315,731	345,612	661,343
TOTAL WOODS VALLEY RANCH		204,856	282,680	198,080	315,731	345,612	661,343

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2006-2008**

FUND: **Woods Valley Ranch**
DEPT: **Field Operations**
DIV: **Wastewater Treatment**

**17
53
31**

Acct. No.	Description	2004-2005	2005-2006		2006-2007	2007-2008	24 Month Budget
		Actual	Budget	Estimated Actual	Budget Allocation	Budget Allocation	
01	Labor & Benefits - Regular	34,108	47,100	36,300	74,600	93,700	168,300
03	Overtime	5,639	2,000	3,600	6,000	6,500	12,500
23	Chemicals	1,267	2,500	4,800	5,100	5,400	10,500
25	Outside Professional Services	121,649	42,300	9,000	38,600	40,900	79,500
30	Special Department Expenses	78	200	500	550	600	1,150
32	Telephone	0	300	0	200	225	425
38	Regulatory Permits & Fees	6,235	11,000	11,000	11,000	12,000	23,000
42	Insurance	808	1,000	1,000	2,000	2,200	4,200
45	Electricity	0	40,000	0	40,000	42,000	82,000
49	Water	0	600	0	600	650	1,250
51	Maintenance of Vehicles	4,391	6,000	5,000	6,000	6,300	12,300
52	Maintenance of Facilities	165	4,000	1,200	3,000	3,000	6,000
82	Administrative Overhead	30,516	23,060	23,060	25,461	29,517	54,978
	Total Treatment Operations	204,856	180,060	95,460	213,111	242,992	456,103
78	Contribution to Replacement Res.	0	102,620	102,620	102,620	102,620	205,240
79	Contribution to Operating Reserve	0	0	0	0	0	0
	Total Contributions to Reserves	0	102,620	102,620	102,620	102,620	205,240
	Total	204,856	282,680	198,080	315,731	345,612	661,343

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET DETAIL & JUSTIFICATION	FUND:	Woods Valley Ranch	17
2006-2008	DEPT:	Field Operation	53
	DIV:	Wastewater Treatment	31

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
01	Labor & Benefits - Regular Full Time Equivalents	74,600 0.88	93,700 1.05
03	Overtime	6,000	6,500
23	Chemicals	5,100	5,400
25	Outside Professional Services	38,600	40,900
	Pumper Trucks - Haul waste	3,600	4,000
	Laboratory Testing Services	15,000	16,500
	Courier Service	12,000	12,000
	Sewer Cleaning	8,000	8,400
30	Special Department Expenses	550	600
32	Telephone	200	225
38	Regulatory Permits & Fees	11,000	12,000
42	Insurance	2,000	2,200
45	Electricity	40,000	42,000
49	Water	600	650
51	Maintenance of Vehicles	6,000	6,300
52	Maintenance of Facilities Including collection system	3,000	3,000
78	Contribution to Capital Replacement Reserve	102,620	102,620

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET DETAIL & JUSTIFICATION	FUND:	Woods Valley Ranch	17
2006-2008	DEPT:	Field Operation	53
	DIV:	Wastewater Treatment	31

Acct. No.	Detail and Justification	2006-07 Department Request	2007-08 Department Request
79	Contribution to Operating Reserve For dry period financing and emergencies	0	0
82	Administrative Overhead	25,461	29,517

VALLEY CENTER MUNICIPAL WATER DISTRICT MULTI-YEAR BUDGET 2006-07 & 2007-08

GLOSSARY

Accrual Basis of Accounting - The method of recording financial transactions in the period in which those transactions take place, rather than only after cash is received or paid.

Acre Foot - 325,829 gallons or 435.6 hundred cubic feet of water.

Actuarial Valuation - An estimate of the current cost of future obligations of the considering inflation and growth factors.

ACWA - Association of California Water Agencies.

Administrative Code - Document which compiles all ordinances adopted by the Board of Directors.

Appropriation - Authorization by the Board of Directors to make expenditures for specific purposes, usually limited in time and amount.

Budget - A financial plan showing authorized expenditures and their funding sources.

CAFR - See Comprehensive Annual Financial Report.

CalPERS - See PERS.

Capital Outlay - Expenditures for the purchase of fixed assets.

Comprehensive Annual Financial Report (CAFR) - The official annual report, including financial statements, statistical information, and extensive narration.

CWA - San Diego County Water Authority.

Depreciation - A portion of the cost of a fixed asset which is charged as an expense during a year, representing an estimate of the value of the asset used up during that year.

Debt Service - The current year portion of interest costs and current year principal payments incurred on long-term debt.

Disbursements - Payments made on obligations.

Economic Study Group (ESG) - Water agencies which are jointly working to obtain rate-cost of service equity from its supplier.

Educational Revenue Augmentation Fund (ERAF) - State enacted legislation that shifts partial financial responsibility for funding education to local government (cities, counties and special districts).

Effluent - Liquid waste from sewage treatment or industrial processes, water mixed with waste matter.

Enterprise Fund - A fund which accounts for operations financed and operated similar to a private business where costs are recovered primarily through user charges.

ERAF - See Educational Revenue Augmentation Fund

Expenditure - An amount paid for an obligation, including operating expenses, debt service, and capital outlay.

Expense Credit - The portion of expenses which have been reimbursed by or allocated to another fund.

Fiscal Year - The 12 month period used for accounting and budgeting purposes, in this case from July 1 to June 30.

Fixed Asset - A tangible item which provides benefit over more than one year, such as property, plant, and equipment. The District further limits fixed assets to those items with an initial value of at least \$2,000.

Fund - A set of accounts used to account for a specific activity, such as a water system or sewer treatment plant.

Fund Balance - The difference between total fund assets and liabilities.

Generally Accepted Accounting Principles (GAAP) - The uniform minimum standards for the presentation of financial reports. For local governments GAAP is set by the Government Accounting Standards Board.

General Fund - For the District, the fund used to account for water system operations. It also includes general expenses, a portion of which are then allocated to other funds.

Geographical Information System (GIS) - An information system integrating maps with electronic data.

IAWP - See Interim Agricultural Water Program.

Interim Agricultural Water Program (IAWP) - A program by MWD which reduces the cost of water to certified agricultural customers in exchange for reduced access to water supplies in the event of an emergency or drought.

JPIA - Joint Powers Insurance Authority of the Association of California Water Agencies.

Metropolitan Water District of Southern California (MWD) - Imports water from the Colorado River and Northern California and sells it at wholesale to its 27 member agencies, which include the San Diego County Water Authority.

MWD - Metropolitan Water District of Southern California.

Performance Measurement Standard - A standard of service efforts and accomplishments used to determine operating effectiveness and efficiency.

PERS - Public Employees' Retirement System. Also known as CalPERS. Provides retirement benefits to the District's employees, along with the employees of many other state and local California agencies.

Reserve - A portion of fund balance that is held for a specific future use.

SanDAG - San Diego Association of Governments.

San Diego County Water Authority (SDCWA or CWA) - Transports water from MWD pipelines to its 23 member agencies, including the District.

SCADA - Supervisory Control and Data Acquisition. Uses computer technology to monitor and control remote facilities such as pumps and reservoirs.

STEP - Septic Tank Effluent Pump. Includes a holding tank and pump at the customer's property to pump effluent into a pressurized wastewater collection system.

Strategic Plan - A document which states the major goals and performance measurement standards for the District.

Urban Water Management Plan Act - California law which requires that we prepare an Urban Water Conservation Program.

Tertiary - The purification of wastewater by removal of fine particles, nitrates, and phosphates.

Vulnerability Assessment - The examination of a system to identify critical infrastructure or related components that may be at risk of attack and the procedures that can be implemented to reduce that risk.

Xeriscape - Water-wise landscaping.

VALLEY CENTER MUNICIPAL WATER DISTRICT ANNUAL BUDGET 2006-07 & 2007-08

FINANCE POLICES

The following policies shall be followed both in preparing the budget and during the course of financial operations of the District.

ARTICLE 50 Finance Policies

Sec. 50.1 Investment Policy

- (a) Mission Statement. It is the policy of the District to invest public funds in a manner which will provide the maximum security with a market rate of return, while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.
- (b) Scope. This policy applies to the investment of all funds, excluding the investment of employee retirement and deferred compensation funds. Proceeds from certain debt issues and funds held by fiscal agents are covered by separate policies. The funds are accounted for in the District's *Comprehensive Annual Financial Report* and include the general water and sewer treatment funds.
 - 1. Pooling of Funds. Except for cash in certain restricted funds, the District will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- (c) Objectives. The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:
 - 1. Safety. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - A. Credit Risk. The District will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
 - (1) Limiting investments to the types of securities listed as "authorized investments" in this Policy.
 - (2) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business in accordance with section (e).
 - (3) Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
 - B. Interest Rate Risk. The District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
 - (1) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

- (2) Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section (h)).

2. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
3. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
 - A. A security with declining credit may be sold early to minimize loss of principal.
 - B. A security swap would improve the quality, yield, or target duration in the portfolio.
 - C. Liquidity needs of the portfolio require that the security be sold.

(d) Standards of Care.

1. Prudence. All participants in the investment process shall recognize that the investment portfolio is subject to the prudent investor standard as set forth by California Government Code Section 53600.3. This standard recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent investor" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

2. Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall follow the District's Code of Ethical Practices. Outside employment, business relationships, financial transactions, and other interests or actions which are, or could be judged to be incompatible with, would interfere with, or impair the independent judgment in the proper discharge of official duties and responsibilities shall not be continued or engaged.

3. Authority. Investment of public funds of local agencies including Valley Center Municipal Water District is authorized and controlled by the California Government Code beginning with Section 53600. Authority for the investment of public District funds rests primarily with the Board of Directors (Government Code Section 53601 etc.). In accordance with Sections 53607 and Section 40.6 of this Code, the Board has delegated the authority and responsibility to invest and reinvest the funds of the District to the Treasurer. Implied within the investment of public funds includes the purchasing, selling, acquiring, exchanging, investing and reinvesting of surplus funds as authorized or limited by this code and state law. The Treasurer may further delegate the day to day operations of investment of public funds to Finance Department personnel.
- (e) Authorized Financial Institutions and Brokers/Dealers. A list will be maintained of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

1. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
2. Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
3. Proof of state registration
4. Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
5. Certification of having read and understood and agreeing to comply with the District's investment policy
6. Evidence of adequate insurance coverage

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Treasurer.

(f) Safekeeping & Custody

1. Delivery vs. Payment. All trades of marketable securities will be executed by delivery vs. payment (DVP).
2. Safekeeping. Where possible, investment securities are to be purchased in book-entry form in the District's name and held in safekeeping for the District by the broker, bank, or other institution properly insured and recognized as an appropriate depository for similar investments. Term and non-negotiable instruments, such as certificates of deposit, can be held by the Treasurer or in safekeeping as the Treasurer deems appropriate. All instruments shall be in the name of the District.
3. Internal Controls. The Treasurer shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the District's independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the District. The controls shall include the requirement that all purchases and sales of investments be by wire transfer from and to the District's authorized depository.

(g) Authorized Investments.

1. The following investments will be permitted by this policy and are those defined by state law where applicable:

- A. Bonds issued by the District (GC 53601(a)).
- B. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest (GC 53601(b)).
- C. Federal agency or United States government-sponsored enterprise (GSE) obligations, participations, or instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises, as provided by Government Code Section 53601(e). These include but are not limited to:

	Type	Agency/ GSE	U.S. Gov't Guaranteed
Federal Farm Credit Banks (FFCB)	Coupon or discount	GSE	No
Federal Home Loan Banks (FHLB)	Coupon or discount	GSE	No
Federal Home Loan Mortgage Corporation (FHMLC)	Mortgage pass-through	GSE	No
Federal National Mortgage Association (FNMA)	Coupon	GSE	No
Government National Mortgage Association (GNMA)	Mortgage pass-through	Agency	Principal and interest
Small Business Administration (SBA)	Variable rate	Agency	Face value and interest
Tennessee Valley Authority (TVA)	Coupon	GSE	No

- D. Certificates of deposit and other evidences of deposits issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a state-licensed branch of a foreign bank. Such deposits must be fully insured by the federal government and have, at the time the investment is made, a rating of satisfactory (or equivalent) or better on the most recently available report from a reputable rating service. Certificates of deposit may not exceed 30 percent of the District's investment portfolio. Deposits with any single institution which exceed federal insurance limits shall not exceed \$500,000, be properly collateralized in accordance with law, have, at the time the investment is made, a rating of excellent (or equivalent), or better on the most recently available report from a reputable rating service, and not exceed one year. The maximum exposure to the portfolio for the total of all collateralized deposits will be limited to 10% (GC 53601(h)).
- E. Shares of beneficial interest issued by a diversified management company as authorized by Government Code Section 53601(k).
- F. Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in Government Code Section 53601(a) through (n), inclusive (including repurchase agreements otherwise prohibited by paragraph 4 below). Each share

shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. The joint powers authority shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission, (2) The adviser has not less than five years of experience investing in the securities and obligations authorized, and (3) The adviser has assets under management in excess of \$500 million.

G. Deposits in the State of California Local Agency Investment Fund (GC 16429.1).

H. Deposits with the Treasurer of the County of San Diego in accordance with Government Code Section 53684.

2. Investment Pools. A thorough investigation of government sponsored pools (either state-administered or developed through joint powers statutes) and money market mutual funds should be made prior to investing, and on a continual basis. The following shall be considered:

- Eligible investments.
- Statement of investment policy and objectives.
- Interest, gains, and losses calculations and allocations.
- Safeguarding and settlement processes.
- Securities pricing and audit processes.
- Deposit and withdrawal eligibility and restrictions.
- Reporting schedule.
- Use of reserves, retained earnings, etc. by the pool.
- Fee schedule.
- Eligibility for bond proceeds.

3. Collateralization. Full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

4. Prohibited Investments. The District shall not invest any surplus funds in:

- A. Inverse floaters, range notes, mortgage derived interest-only strips, or in any security that could result in zero interest accrual if held to maturity, and any investment not expressly authorized in this code.
- B. Any security that at the time of purchase has a term remaining to maturity in excess of five years, unless the Board of Directors has granted specific express authority to purchase the investment.
- C. Repurchase agreements.

(h) Investment Parameters.

1. Diversification. The investments shall be diversified by:

- A. Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- B. Limiting investment in securities that have higher credit risks,
- C. Investing in securities with varying maturities, and
- D. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Some investment instruments have specific limitations as noted in "Authorized Investments" above.

2. Maximum Maturities. To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements. Any security that at the time of purchase has a term remaining to maturity in excess of five years is not permitted, unless the Board of Directors has granted specific express authority to purchase the investment.
 3. Investment Procedures. The investment officer shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include reference to safekeeping, delivery vs. payment, investment accounting, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.
 4. Trading. The District shall not make investments for the purpose of trading or speculation as the dominant criterion such as anticipating an appreciation of capital value through changes in market rates.
- (i) Reporting. The Treasurer shall render monthly investment reports, within 30 days following the end of the month, to the General Manager and Board of Directors. These reports will include for all investments the type of investment, issuer, date of maturity, par and dollar amount invested, rate of interest, and current market value. It will include the individual transactions executed over the last month, and average weighted yield to maturity of the portfolio as compared to applicable benchmarks. These reports will state compliance of the portfolio to the statement of investment policy or the manner in which the portfolio is not in compliance, the ability of the District to meet its expenditure requirements for the next six months, and the source of market values presented.
1. Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. An appropriate benchmark shall be established against which portfolio performance shall be compared on a regular basis. Market-average rate of return is defined as the twelve-month rolling average return on one-year U. S. Treasury bonds.
 2. Marking to Market. The market value of the portfolio shall be calculated at least monthly and the market value of the portfolio shall be included in the investment report. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.
- (j) Review. Annually, during the month of March, the Treasurer shall present the statement of investment policy to the Board of Directors for review and modification, if necessary.

(k) Glossary.

Accrued Interest: Interest earned on a bond but not yet paid by the issuer.

Agencies: Securities issued by a federal or federally sponsored agency.

Amortization: Annual recognition of discount received or premium paid on an investment, or periodic payments of principal owed on a debt.

Basis Point: A unit of measurement used in valuing fixed income securities, 1/100 of 1 percent.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio.

Book Value: The value at which a security is carried on the books of the investor. Typically cost adjusted for amortization of discount or premium.

Broker: A broker brings buyers and sellers together for a commission.

Call: The redemption of a bond by the issuer before maturity in accordance with the terms of the bond.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate.

Collateral: Securities or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Comprehensive Annual Financial Report (CAFR): The official annual report for the District.

Coupon: The annual rate of interest paid on the bond's face value. Also, a certificate attached to a bond evidencing interest due on a payment date.

Credit Risk: The risk to an investor that an issuer will default on a security.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment: Delivery of securities with an exchange of money for the securities. The opposite is delivery versus receipt, which is delivery of securities with an exchange of a signed receipt for the securities.

Depository: A financial institution in which the moneys of the District are deposited (GC 53630(c)).

Derivative: Financial instrument created from, or whose value depends upon, one or more underlying indexes or securities.

Discount: The difference between the cost of a security and its maturity when quoted at lower than face value.

Discount Securities: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, such as U.S. Treasury Bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Agencies: See agencies.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits.

Federal Farm Credit Banks (FFCB): Government sponsored wholesale banks that provide credit for agriculture. Includes Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks that provide credit in the housing market.

Federal Home Loan Mortgage Corporation (FHLMC): Government sponsored wholesale banks that provide credit in the housing market. Also known as "Freddie Mac."

Federal National Mortgage Association (FNMA): FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's

purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Government National Mortgage Association (GNMA or Ginnie Mae): GNMA was also chartered under the Federal National Mortgage Association Act in 1938. Securities are guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities, often referred to as "pass-throughs," are backed by the FHA, VA, or FmHA mortgages.

Internal Controls: A system designed to ensure reasonable assurance that assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the likely benefits and that the valuation of costs and benefits requires estimates and judgments by management.

Liquidity: An asset that can be converted easily and rapidly into cash without a substantial loss of value.

Local Agency Investment Fund (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Risk: The risk that the value of security will adversely change as a result of changes in market conditions.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Maturity: The date on which the principal of an investment becomes payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Money Market Mutual Fund: An investment company that pools money and invests solely in money market instruments.

Net Asset Value: The market value of one share of an investment company, such as a mutual fund, calculated by totaling the fund's assets, subtracting the fund's liabilities, and dividing this total by the number of shares outstanding.

Par: Face value of a bond.

Portfolio: Collection of securities held by an investor.

Premium: The amount by which the price paid for a security exceeds its par value.

Principal: The face value or par value of a debt instrument.

Prudent Person Rule: An investment standard. The law requires that the investment officer may invest money only in list of securities selected by the custody state. The trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Repurchase Agreement (RP OR REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Safekeeping: Holding of assets (securities) by a financial institution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Small Business Association (SBA): Guarantees private loans to certain eligible enterprises.

Structured Notes: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options, and shifts in the shape of the yield curve.

Tennessee Valley Authority (TVA): A federal corporation and the nation's largest public power company.

Treasury Bills: Short-term U.S. Treasury non-interest bearing discount securities issued as direct obligations of the U.S. Government and having initial maturities ranging from a few days to 26 weeks.

Treasury Bonds: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of 10 to 30 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

Yield: The rate of annual income return on an investment, expressed as a percentage. Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Sec. 50.2

Budget Policies. The following policies shall be followed both in preparing the annual budget and during the course of financial operations of the District.

- (a) Reserves. Reserves are to be established and used as follows. Reserves may carry negative balances if it is probable that the deficits will be recovered within a reasonable time.

Reserves funds will not earn interest unless noted below.

The disposition of funds collected in excess of limits shown is at the discretion of the Board of Directors.

All reserves have specific funding sources except for the Operating and Master Plan reserves which will be funded in the order presented from accumulated net earnings.

1. Rate Stabilization Reserves:

- A. Rate Stabilization Reserve: The District component of sales in excess of budgeted water sales and revenue collected for fixed charges in excess of those fixed expenses incurred shall be placed in a rate stabilization reserve to fill any deficit resulting from the water sales volume falling below projected budget figures. It could also be used to defer future increases in the District's component of the water commodity rate and fixed wholesale charges. Fixed wholesale charges include the Metropolitan Water District's Capacity Reservation Charge and the San Diego County Water Authority's Customer Service Charge and Emergency Storage Project Charge. The reserve shall be limited to no more than 50% of the District component of budgeted water sales and fixed wholesale charges.
- B. Pumping Rate Stabilization Reserve: Pumping revenues in excess of the cost of electrical and natural gas power and the cost of the operation and maintenance of all pumping facilities shall be placed in this reserve to defer future increases in the pumping charge rates. The reserve shall be limited to no more than 50% of budgeted pump charge revenues. The reserve may also be used for the replacement of pump facilities with Board approval, provided that such use does not reduce the reserve below 25% of the annual budgeted pump charge revenue.

2. Operating Reserve:
 - A. A reserve shall be established to provide funding for emergencies and natural disasters, such as fire, earthquake, flooding, etc. This reserve need not be funded in the budget, but the District shall endeavor to maintain this reserve at six months operations and maintenance budget (excluding wholesale water and power purchases).
3. Restricted Reserves:
 - A. Agricultural Rebate Reserve: This reserve consists of agricultural rebates of \$234,201.50 received from the District's certified agricultural customers prior to the District establishing a special agricultural rate and will be held for rebates to certified agricultural customers necessary in the event a supplier's agricultural rate is terminated before the end of a billing cycle. It will also be available to cover costs associated when agricultural water sales volume exceeds the established agricultural wholesale allotment.
 - B. Debt Service Reserve: This reserve includes debt service taxes collected but not yet payable to debt holders, reserves required by debt agreements, and unexpended proceeds from debt issues, and will be used to fulfill debt requirements in accordance with debt covenants.
 - C. Replacement Reserves: Reserves for the asset categories listed below shall be established. Each reserve shall receive an annual budget appropriation in the amount of depreciation on the following assets plus an inflation factor (or interest allocation for sewer fund reserves). Proceeds from the sale of these assets shall also be credited to these reserves. These reserves may be used for the purchase of replacement of assets or facilities, but not for additional assets or increased capacity. The reserve shall not exceed the replacement value of the assets covered.
 - (1) Licensed Motor Vehicles
 - (2) Lower Moosa Canyon Water Reclamation Facility
 - (3) Skyline Ranch Sewer Treatment Plant (Funded in accordance with agreement with customer)
4. Capital Reserves:
 - A. Continuing Projects Reserves: Unexpended appropriations for capital projects which are not completed in a fiscal year will be carried forward to the following fiscal year.
 - B. Capacity Charges: Capacity charges shall be credited to the capacity charges reserve in accordance with state statute to provide funding for future capital projects. This reserve shall earn interest in accordance with state statute.
 - C. Capital Improvements Reserve: Availability charges not allocated to the readiness-to-serve charge and debt service, and interest income not otherwise allocated shall be credited to the capital improvements reserve to provide funding for future capital projects.
 - D. Master Plan System Improvements Reserve: The District maintains a Master Plan which outlines future facility additions and replacements. A reserve shall be established to fund the current estimated cost of all projects outlined in the Water Master Plan which are (1) not

allocable to future demand, (2) not previously appropriated, (3) and not contingent on outside factors. This reserve shall be reduced by the Capital Improvements Reserve and increased by inflation and contingency factors. This reserve shall be funded from retained earnings not reserved for other purposes.

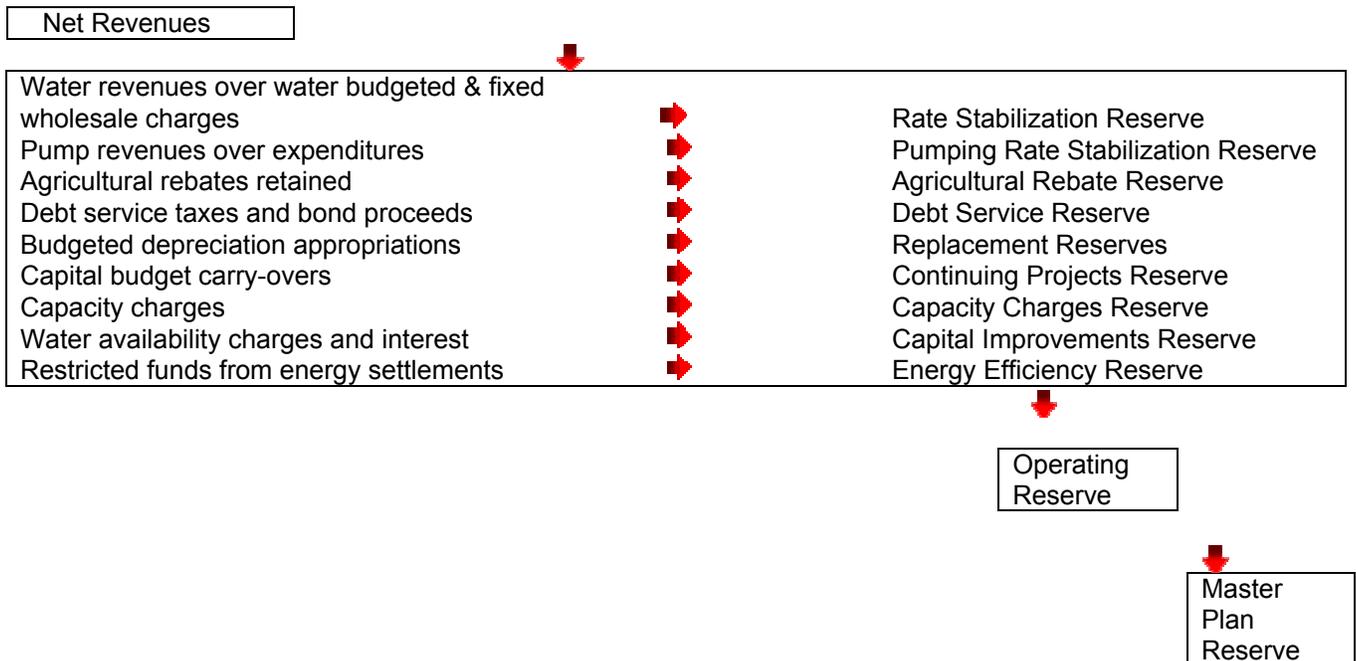
- E. Energy Efficiency Reserve: Funds received from energy company settlements are restricted for energy conservation projects and shall be credited to the energy efficiency reserve.

The following table provides reference to reserves. For complete details refer to Section 50.2:

Reserve	Source	Use	Minimum	Maximum	Index
Rate Stabilization Reserves:					
Rate Stabilization	Water revenues over water budgeted and fixed wholesale charges	Deficits resulting from sales volume below budget projections and to moderate future rate increases	None	50% of budgeted District component of water sales and fixed wholesale charges	No
Pumping Rate Stabilization	Pumping revenues over costs	Defer future pumping rate increases; replacement of pump facilities with Board approval	25% of the annual budgeted pump revenue if used for replacements	50% of budgeted pump charge revenue	No
Operating Reserve:					
Operating Reserve	Earnings not reserved for other purposes	Emergencies or natural disasters	None	Six months operating budget (excluding water & power)	No
Restricted Reserves:					
Agricultural Rebate	Agricultural rebates retained	Payments at termination of supplier's agricultural rate; Costs when ag. sales exceed ag. wholesale allotment	None	Agricultural rebates received prior to District rebate plan	No
Debt Service	Debt service taxes, reserves under debt agreements, and unexpended debt proceeds	Fulfill debt requirements in accordance with debt covenants	Per debt agreements	Per debt agreements	Per debt agreements
Replacement: <ul style="list-style-type: none"> ◦ Licensed Motor Vehicles ◦ Lower Moosa Canyon WRF ◦ Skyline Ranch Sewer Treatment 	Budget appropriation equal to depreciation on related assets, plus proceeds from sales of those assets	Replacement of assets	None	Replacement cost of assets	Inflation (or interest for sewer fund reserves)

Reserve	Source	Use	Minimum	Maximum	Index
Capital Projects:					
Continuing Projects	Unexpended appropriations for capital projects carried forward	Budgeted capital projects	None	Unexpended appropriations	No
Capacity Charges	Capacity charges	Future capital projects benefiting new growth	Unexpended capacity charges	Unexpended capacity charges	Interest
Capital Improvements	Availability charges not allocated to RTS and debt service and interest income	Future capital projects	None	Projected capital projects	Interest
Master Plan System Improvements	Earnings not reserved for other purposes	Projects outlined in Master Plan not otherwise provided for	None	Projects outlined in Master Plan	ENR index
Energy Efficiency	Funds from settlement of District claims on energy providers	Restricted by settlement agreement to energy conservation projects	Unexpended restricted funds	Unexpended restricted funds	No

The following chart provides reference to the flow of funds into the reserves. For complete details refer to Section 50.2



- (b) Fees and Charges. Each water and sewer system ultimately shall be self-sufficient. Administrative costs incurred by the District shall be allocated to the each system in accordance with general practices and reimbursed to the general fund.

Interest earnings on cash held by the general fund for other funds shall be allocated to the respective funds annually.

In accordance with Section 160.3(g), all fees and charges for wholesale water and water related services shall be passed through to District customers by action of the Board of Directors.

- (c) Debt – Repealed and replaced by the new Section 50.3, Debt Policy.
- (d) Use of One-time and Unpredictable Revenues. One-time revenues, except when immaterial, should be allocated to the source of the revenue or refunded expenditure or, if not directly allocable, to the rate stabilization fund. Nonrecurring revenues shall not be used to initiate new programs which result in ongoing expenditures without specific notification to and approval by the Board of Directors.

Revenues which cannot be predicted, such as capacity fees, property taxes, and interest, should be forecast conservatively in the budget.

- (e) Balancing the Operating Budget. Current operating expenditures shall be funded with current revenues. Reserves can be used to provide budgetary funding for the purposes for which the reserves were established as detailed above.

The adopted operating budget shall be prepared on the accrual basis of accounting. Depreciation is not funded in the budget except where required for individual reserves.

- (f) Revenue Diversification. When rate increases are needed to cover District costs, other than wholesale pass through costs, consideration should be given to meeting at least 50% of the District's fixed operating expenditures with the monthly meter service charge and property taxes.
- (g) Contingencies. Emergencies are addressed in Article 225.

Sec. 50.3

Debt Policy. This policy covers all debt issued by the District. The following Section 50.4 addresses further considerations for land-secured financing.

- (a) Purpose. The District will consider the use of debt financing only for one-time capital improvement projects. Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

New capital improvements will be financed primarily through capacity charges or developer agreements when benefits can be specifically attributed to users of the facility. Accordingly, capacity charges should be implemented at levels sufficient to ensure that new development pays its fair share of the cost of constructing necessary facilities. Water capacity charges are set by Section 160.4(c) and wastewater capacity charges by Section 171.2.

- (b) Limitations.

All debt issued by the District will comply with all applicable federal and State of California statutes and regulations.

The District's general credit will not be pledged for special assessment bonds.

The objectives of meeting capital needs will be balanced with maintaining water and wastewater rates at acceptable levels. Debt financing will not be used if current revenues and reserves are available to fund the projects when needed.

In analyzing the District's debt capacity, the District should consider the following:

- Current debt service obligations (e.g. existing debt service requirements and debt service as a percentage of expenditures);
- Trends relating to the District's performance (e.g. revenues and expenditures, reliability of revenues expected to pay for debt service, and unrestricted fund balances);
- Measures of debt burden for the community (e.g. debt as a percentage of property value and overlapping debt);
- Measures of the tax and revenue base (e.g. projections of key economic variables, population trends, and utilization of services);
- Statutory or constitutional limitations affecting the amount of debt that can be issued; and
- Market factors affecting interest costs.

(c) Types of Debt and Criteria for Issuance. The following types of debt will be considered as appropriate:

1. Enterprise-Revenue Bonds – For revenue generating capital improvements (e.g. water treatment plants, reservoirs, pump stations, and aqueducts) that are of a general benefit to the District's entire user base and are essential to enterprise activities. These bonds are secured by the enterprise revenues these improvements help generate.
2. Lease-Revenue Bonds – For non-revenue generating capital improvements (e.g. customer centers, corporate yards, and administration buildings) that provide a general benefit to the District. These bonds are secured by lease payments generated from usage of non-enterprise capital improvements.
3. Certificates of Participation – For both revenue and non-revenue generating capital improvements that benefit the District. Certificates of Participation represent undivided interest in either an installment purchase/sale or a lease. Repayment of Certificates of Participation is typically secured by enterprise revenues when revenue generating capital improvements are being financed or by a pledge of any legally available funds of the District when non-revenue generating capital improvements are being financed.
4. 1913/1915 Act Special Assessment Improvement Bonds – These bonds are often referred to as land-secured bonds because of the lien imposed on benefited property (1913 Act) which creates the ability to collect special assessment installments from property owners. The bonds are issued to finance capital improvements that benefit the property in a specifically defined area. The source of revenue securing the 1915 Act bonds is special assessment installment payments made by owners of benefited property within the "assessment district". No other source revenue stream is required to be pledged for repayment of the bonds. Only the beneficiaries of the public improvements are obligated for the repayment of the bonds and the District will not pledge its assets or revenues for these bonds. Additional considerations for land-secured financing are provided in Section 50.4.
5. Mello-Roos Community Facilities Act of 1982 Special Tax Bonds will not be considered as a matter of policy.

(d) Debt Structure.

The project's useful life must exceed the term of the financing and the project revenues or resources must be sufficient to service the long-term debt.

The District may seek credit enhancement (insurance) on the advice of its financial consultants.

The debt documents should indicate under what circumstances the District can issue additional bonds or certificates of participation that share equal claims to the District's revenues pledged to pay debt service. The District's right to offer senior or parity bonds at a later time can result in a dilution of debt service coverage.

The District prefers traditional financing methods and will seek the advice of financial consultants before issuing variable rate bonds, zero coupon bonds, deep discount bonds, premium bonds, and derivatives including interest rate swaps and inverse floaters.

The redemption provisions of each bond or certificate of participation issue should be consistent with then current market conditions and preserve as much financial flexibility to the District as possible.

In order to enhance the credit quality of bond or certificate of participation issue shall have a capitalized reserve fund. Each such reserve fund will be required to be funded (with cash or an acceptable reserve surety or other credit facility) in an amount no less than the maximum amount legally permissible. Any reserve surety or other credit facility funding such a reserve fund will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least "A" by Moody's Investor Service or Standard & Poor's Ratings Service.

(e) Credit Objectives.

The District will aim to maintain debt-service at an affordable level so as to preserve budgetary flexibility and credit quality of the District.

The District may seek one or more credit ratings on the advice of its financial consultants, and will strive to maintain any ratings received throughout the term of the rated debt issuance. The District will provide financial information to the rating agencies upon request.

The District will comply with all covenants set by debt instruments. These may include financial and debt ratios, which will be considered in future debt issuances. Such covenants may require the District to maintain at least a minimum level of debt-service coverage on a fiscal-year basis. The District will seek to permit the use of reserves in meeting this coverage, but will also need the capacity to implement rate increases when needed to comply with debt covenants and rating agency requirements.

(f) Methods of Sale.

A public offering is the issuance of debt securities to the general market. In a public offering, an underwriter purchases the securities from the District and sells the securities to a number of investors. The District is essentially borrowing the money from a number of retail and institutional investors and repays the debt according to a predetermined time interval, generally semi-annually, at a set interest rate with options to prepay the debt. In a public offering, an Official Statement is prepared and the District is obligated to provide annual disclosure of certain financial and other material information to the investors. A beneficial feature of the public offering approach is that it allows the District to take advantage of the yield curve. The yield curve reflects the relationship between time and risk. The longer the debt, the greater the borrowing cost to compensate the lender for risks associated with time. So, a typical debt structure will have lower coupons in the earlier maturities and higher coupons in the later maturities.

Bonds issued under this policy may be sold through competitive or negotiated sale as determined by the District, which will consider recommendations from its financial advisors in selecting a method of sale.

In a private placement, the District markets its securities directly to investors, without utilizing the services of an underwriter. In most instances, private placements are with commercial banks or institutional investors. Private placements frequently are undertaken when the debt issue is smaller and economies of scale are such that a direct offering is more efficient. Often investors will require slightly higher interest rates on issues sold through private placement but will pay lower costs of issuance. Once again, the repayment schedule is predetermined and the District may have the option to prepay its debt. Unlike a public offering, in a private placement, the District does not need to prepare an Offering Statement and may not be required to provide a continuing disclosure.

Some of the key points in choosing between public sale and private placement are:

- Amount to be borrowed – Private placements are typically for amounts smaller than would be in public offerings.
- Costs of Issuance – Costs of issuance associated with private placements are lower, but this may be offset by higher interest rates.
- Term of repayment – Private placements typically have shorter final maturity than public offerings and repayment schedules can be monthly, quarterly or semi-annually.

- (g) Financing Team Participants. Debt financing requires the use of Bond Counsel, Financial Advisor, Underwriter or Placement Agent or Remarketing Agent, and Fiscal Agent/Trustee, as well as the inclusion of Underwriter's Counsel or Disclosure Counsel. Providers of letters of credit, liquidity supports and other types of credit enhancements may also be required which may expand the number of financing team participants.

The procurement of professionals and consultants by the District is set forth in Article 135. Because of the benefits of consistency in managing financial matters, the District prefers to establish professional relationships that will endure through multiple debt issuances. Therefore, although there may be periods when the services of some of the financing team consultants are not required, the District has determined that some of these services will still be ongoing professional services as established by Section 135.3.

- (h) Refunding of Debt. The principal objective of the District in refunding an outstanding debt issue is to secure a public benefit which may include an interest rate savings that will result in both an actual and present value savings to the property owners or rate payers responsible for paying debt service on the bonds. The actual value of the savings must significantly exceed the costs of the refunding and any increase in the principal amount of bonds that will be outstanding as a result of the refunding.

Refunding of a particular financing must, at minimum, be structured to reflect the following:

- (1) The refunding bonds shall mature on a date not later than the date on which the bonds being refunded (the "prior bonds") mature.
- (2) Annual debt service savings to be realized from the refunding are to be apportioned equally over the remaining life of the refunding bonds.

- (3) The prior bonds (or any portion thereof being refunded) are to be legally defeased in accordance with the indenture, fiscal agent agreement, or resolution authorizing their issuance. If there is no provision for their defeasance, a defeasance escrow shall be established that will contain only cash or direct obligations of the United States.
- (4) A refunding that results in an increase in the principal amount of bonds outstanding must consider prepayments that have been received prior to the refunding.

The District will also consider refunding an outstanding financing to address unacceptable or unworkable bond covenants, debt service schedules, bond maturities, or bond security issues.

(i) Disclosures.

Federal regulations generally preclude the selling or trading of municipal securities unless the issuer of those securities has contracted to provide appropriate financial and operating data on at least an annual basis and immediate notice of specifically defined material events. The District will, in all applicable cases, be required to provide annual disclosure of information deemed important to purchasers of the bonds or other securities. This continuing disclosure obligation typically remains in place as long as the securities are outstanding. Exceptions are provided for small issues (under \$1 million) and for private placements and should be discussed with legal counsel on a case by case basis.

The District will make information relating to its credit quality and financial information available to bondholders primarily through the continuing disclosure obligation. It will provide additional information upon request.

(j) Tax Provisions and Arbitrage.

All debt issued by the District will comply with all applicable federal and State of California statutes regulations. Debt issued on a tax-exempt basis will comply with all applicable provisions of the Internal Revenue Code and the regulations promulgated pursuant thereto. These include tax laws, arbitrage limitations, and Securities Exchange Commission rules.

(k) Capital Planning and Financial Planning.

The District's primary capital planning document is the Water Master Plan. The Master Plan sets forth the system improvements and capital facility replacements needed in order to maintain an acceptable level of service to the District's customers. The capital improvement program in this document is used to prepare the Long Range Financing Plan. The financial projection model used in the Long Range Financing Plan shall be used to evaluate future debt issuances, including the estimated time frame and the amount needed to fund scheduled projects, projected reserve fund balances, and projected cash flow available for capital improvements. Similar processes are used for the District's wastewater operations.

(l) Investment of Bond Proceeds.

The District Treasurer is authorized to invest bond proceeds in the authorized or permitted investments provided for in the applicable issuance documents. Consideration will be given first to safety and liquidity and then to yield. Bond proceeds will be accounted for separately from the District's general investment funds. The District shall consider investments with other government investment pools and authorized or permitted investments and not just with the investment

funds of the fiscal agent or trustee. The District's Investment Policy in Article 50.1 should be followed where it does not conflict with the debt instruments.

(m) Glossary.

Accrued Interest: Interest earned on a bond but not yet paid by the District.

Ad Valorem Tax: A tax calculated on the assessed valuation of property.

Amortization: Periodic payments of principal owed on a debt.

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn or retain arbitrage by issuing tax-exempt debt is severely limited by federal tax law.

Assessed Valuation: The appraised worth of property as set by the County tax assessor for purposes of ad valorem taxation. Increases in assessed valuation for residential property are limited by the California constitution.

Basis Point: 1/100 of 1 percent.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Counsel: An attorney retained by the District to give a legal opinion concerning the validity and tax exempt status of the securities.

Call: The redemption of a bond by the District before maturity in accordance with the terms of the bond.

Certificate of Participation: A financial instrument representing an undivided interest in payments such as an installment purchase or a lease.

Competitive Sale: The sale of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost. (See also Negotiated Sale.)

Continuing Disclosure: The requirement by the Securities and Exchange Commission for the District to provide current financial information on the District's debt issues to the information repositories for access by the general marketplace.

Costs of Issuance: The costs incurred by the District, including but not limited to financial advisory and bond counsel fees, printing and advertising costs, rating agencies fees, and other expenses incurred in marketing the debt issue.

Coupon Rate: The annual rate of interest paid on the bond's face value. Credit Risk: The risk to an investor that the District will default on a security.

Debt Burden: The ratio of outstanding debt to property value, including a proportionate share of overlapping debt from other public agencies.

Debt Service: The amount necessary to pay principal and interest requirements on outstanding debt for a given year.

Default: A payment default is the failure to pay principal or interest in full or on time. A technical default may result from a failure to abide by certain covenants even if payments are made when due.

Defeasance: Providing for payment of principal and interest on debt through the first call date following such payment or scheduled maturity, including any premium, in accordance with the terms of the debt. Usually involves an irrevocable escrow.

Derivative: Financial instrument created from, or whose value depends upon, one or more underlying indexes or securities.

Discount: The difference between a debt's face value and the price for which it is sold when the latter is less than face value.

Enterprise Activity: A revenue-generating activity. The District's activities are enterprise activities.

Financial Advisor: A consultant who advises the District on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms, and bond ratings.

Fiscal Agent: An agent of the District with the responsibility for timely payment of principal and interest to the bond holders.

Insurance: A type of credit enhancement whereby an insurance company indemnifies an investor against default by the District.

Indenture: A contract between the District and a trustee stipulating the characteristics of the financial instrument, the District's obligation to pay debt service, and the remedies available to the trustee in event of default.

Lease: An obligation to make payments in exchange for the use of certain property.

Lease Revenue Bonds: Bonds that are secured by an obligation to make annual lease payments.

Letter of Credit: A bank credit facility whereby a bank will honor the payment of the District's debt, in the event the District is unable to do so, thereby providing an additional source of security for bondholders for a predetermined period of time.

Negotiated Sale: A sale of securities in which the terms are determined through negotiation between the District and the purchases, typically an underwriter, without competitive bidding. (See also Competitive Sale.)

Official Statement: A document published by the District that discloses material information on a new issue of municipal securities.

Original Issue Discount Bonds: Bonds sold at a substantial discount from their face value at the time of the original sale.

Overlapping Debt: The legal boundaries of local governments often overlap. Overlapping debt represents the proportionate share of debt that must be born by one unit of government because another government with overlapping authority issued its own debt.

Par: Face value of a bond.

Premium: The excess of the price at which a bond is sold over its face value.

Principal: The face value or par value of a debt instrument.

Refunding: A procedure whereby the District refinances an outstanding bond issue by issuing new bonds. A refunding prior to the date on which bonds become due or callable is an Advance Refunding.

Revenue Bond: A bond which is payable from a specific source of revenue and to which the full faith and credit of the District is not pledged.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Special Assessments: A charge imposed against property that receives a special benefit by virtue of some public improvement.

True Interest Cost (TIC): A method of calculating the overall cost of a financing that takes into account the time value of money. It is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.

Underwriter: The term used to refer to the firm that purchases a securities offering from the District.

Underwriter's Counsel: An attorney retained by the underwriter to represent its interests.

Yield: The rate of annual income return on an investment, expressed as a percentage. Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Zero Coupon: A bond that does not pay interest periodically. Investors receive interest on the scheduled principal maturity date.

Sec. 50.4

Land-Secured Financing Policy. This policy covers the use of land-secured financing issued in the name of the District to finance authorized facilities to serve specific benefit areas.

The provisions of Section 50.3, which apply to all debt financing, also apply to land-secured financing unless in conflict with this Section 50.4.

The District has determined land-secured financing will be limited to the following terms, which are described in greater detail elsewhere in this section:

1. Only water and wastewater facilities that address a public need and provide a public benefit and will be owned by the District will be financed.
2. Only assessment district financing will be used. Community facilities district financing will not be considered as a matter of policy.
3. The District will not be the lead agency in a joint community facilities agreement but may consider cooperating with other government agencies agreements if the District determines that it is the best interest of the District's current and future customers.

The following terms apply to any "landowner initiated" land-secured financing. For the purposes of this Section, a "landowner initiated" land-secured financing shall be considered any proposed assessment district that is primarily undeveloped at the time of the initiation of legal proceedings to form the assessment district.

4. The minimum principal amount of any "landowner initiated" land-secured financing shall be \$3,000,000.
5. Financing will not exceed 75% of the engineer's estimate for the water and wastewater facilities.
6. Financing shall be on an "acquisition basis" only and no proceeds shall be paid or reimbursed until the improvements are completed and in use.

- (a) Purpose. The District will consider the use of fixed lien special assessment districts ("assessment districts") to assist financing water and wastewater facility capital improvements required for the development of commercial, industrial and/or residential property. The minimum principal amount of any "landowner initiated" land-secured financing shall be \$3,000,000.

As a matter of policy, the District will not consider the use of Mello-Roos Community Facilities Act of 1982 financing or the issuance of Special Tax Bonds because assessment districts require the special benefit of a project to be specifically allocated to individual parcels. Therefore, the District has concluded that assessment districts are the only appropriate form of land-secured financing.

The District may, in its sole discretion, cooperate with other government agencies in their community facilities districts formed or to be formed by such agencies to finance public improvements to be owned by such agencies and by the District, if the District determines it will be in the best interests of the District's future rate payers. The District will not be the lead agency in any joint community facilities agreement.

Projects financed under this Section must address a public need and provide a public benefit.

Facilities which are, upon completion, owned, operated or maintained by the District shall be considered the only public facilities eligible to be financed by an assessment district. No exceptions will be made for facilities to be owned, operated, or maintained by private utilities.

As provided in section 50.4(i)2, debt proceeds from landowner initiated" land-secured financing will be released to the developer on an acquisition basis.

(b) Initiation of the Financing.

1. Application. The proponent of a project wishing to apply for land-secured financing must obtain and submit the required application to the District.

Prior to accepting an application for a land-secured financing, the proposed project must be reviewed and commented on by the District's Engineer, Director of Finance, Bond Counsel, and Financial Advisor. This review will include a finding as to why this form of financing is preferred over other funding options such as reimbursement agreements or direct developer financial responsibility for the construction of the improvements.

2. Processing and Formation Fees. All District and consultant costs incurred in the evaluation of applications and the proceedings to form an Assessment district and issue bonds, if applicable, will be paid by the applicant by advance deposit with the District of moneys sufficient to pay all such costs.

Each application for the formation of an assessment district shall be accompanied by an initial deposit in an amount to be determined by the Director of Finance to be adequate to fund the evaluation of the application and begin the proceedings to form the assessment district and issue bonds, if applicable, therefor. If additional funds are required to pay required pre-formation costs, the Director of Finance may make written demand upon the applicant for such additional funds and the applicant shall deposit such additional funds with the District within five (5) working days of the date of receipt of such demand. Upon the depletion of the funds deposited by applicant for pre-formation costs, all proceedings shall be suspended until receipt by the District of such additional funds as the Director of Finance may demand.

The deposits shall be used by the District to pay for costs and expenses incurred by the District incident to the evaluation of the application and proceedings for the formation of the assessment district and the issuance of bonds, if applicable, therefor, including, but not limited to, legal, assessment consulting, engineering, appraisal, market absorption, financial advisor, administrative and staff costs and expenses, required notifications, and printing and publication costs.

The District shall refund any unexpended portion of the deposits upon the occurrence of one of the following events:

- A. The formation of the assessment district and the issuance of the bonds, if applicable, therefor;
- B. The formation of the assessment district or the issuance of the bonds is disapproved by the District's Board of Directors; or
- C. The proceedings for the formation of the assessment district and the issuance of bonds are abandoned at the written request of the applicant.

Except as otherwise provided herein, the applicant shall be entitled, at the option of the District, to reimbursement of or credit against assessment installments for all amounts deposited, if such amounts are recovered in the assessment district. Any such reimbursement shall be payable solely from the proceeds of the bonds or fees as applicable.

3. Petition for Formation. The District will expect that the applicant for an assessment district will be able to secure signatures from a sufficient number of landowners within the proposed assessment district on a petition, the form of which is to be supplied by Bond Counsel. Prior to commencing assessment district proceedings, a minimum 60% of the property owners must be in favor of forming the special assessment district.

4. Selection of Financing Team. The District shall select the Bond Counsel, Financial Advisor, Underwriter or Placement Agent or Remarketing Agent, and Fiscal Agent/Trustee. It will require the retention of Underwriter Counsel or Disclosure Counsel, as appropriate. Providers of letters of credit, liquidity supports and other types of credit enhancements are also subject to the approval of the District.

In addition to the consultants that compose the District's financing team, as noted above, the District shall select an Assessment Engineer to determine a fair and reasonable method to allocate the assessment required to meet debt service on the bonds and other related expenses of the proposed assessment district.

Unless satisfactory and current information regarding land values for property within the proposed assessment district is available, the District shall require that a real estate appraiser of its choice be retained and an appraisal of the property be made. Additionally, an economist or real estate appraiser or other qualified independent third party may also be retained for the purpose outlined in Section (d)1. In addition, the District reserves the right to retain additional professional consultants it deems appropriate.

- (c) District Active Role. Even though assessment district bonds are limited obligations of the District, the District will play an active role in managing assessment districts. As noted above, any costs incurred by the District will be paid for from amounts deposited by the applicant, and the District will select and retain the District's financing team.

District staff, in consultation with its financing team, will review and comment on all assessment district bonds proposed to be issued by the District. It will consider whether the proposed debt issue is consistent with these Policies. It is to also comment on the economic viability and credit worthiness of the proposed debt issue. In performing its function, staff may, in its sole discretion, review a matter more than once and retain additional consultants to assist in its review. The cost of such consultants is to be borne by the proponent of the debt issue.

A written summary of staff's review of the proposed financing is to be prepared and submitted to the Board of Directors for deliberation when it considers the financing.

- (d) Economic Viability. In evaluating the application and the proposed debt issue, the District may require any or all of the following to determine the economic viability of the proposed project and the timing of the sale of any bonds or series thereof.

1. Absorption Study. The District may require a market absorption study for any assessment district proposed to include new development. In any case, the District shall retain, at the applicant's sole expense but subject to reimbursement as provided for herein, a consultant to prepare a report to verify or establish the projected market absorption for and the projected sales prices of the properties proposed to be included within the assessment district. If a market absorption study is conducted, the appraiser shall utilize the conclusions of the market absorption study in conducting the appraisal of the properties with the proposed assessment district or shall justify, to the satisfaction of the District's General Manager, why such conclusions were not utilized in conducting such appraisal.

2. Appraisal and Value-to-Lien Ratio. The District requires, for residential projects, an overall minimum land value-to-lien ratio of 4 to 1. The lien component of the ratio is to include all debt represented by any overlapping community facilities district or assessment district obligations affecting the property. The District will also review the land value to lien ratios by individual parcel and/or grouping of parcels within the boundaries of the assessment district to determine the security of the debt issue.

A current appraisal will be required of the property that comprises the assessment district against which a lien will be placed to secure the bonded indebtedness to be incurred. The appraisal will be made by an appraiser retained by the District. It is to be made consistent with the guidelines set forth herein.

- a. Definition of Appraisal. An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.
 - b. Standards of Appraisal. Property value may be based on either an appraisal or on assessed values as indicated on the County assessor's tax roll. All appraisers shall be selected by the District, and the appraisal shall be based on standards determined applicable by District staff and consultants. The appraisal shall be prepared by a certified MAI (Member, Appraisal Institute) appraiser. The Appraiser shall not have any interest in the property. The appraisal or appraisal update letter must be dated within three months of the date the bonds are issued. The public lien amount shall include the bond issue currently being sold plus any other public indebtedness outstanding and secured by a fixed lien on taxable or assessable property within the assessment district. The definitions, standards, and assumptions in the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation ("USPAP"), shall be followed. The California Debt and Investment Advisory Commission (CDIAC) guidelines may also be considered as a basis for the appraisal where they do not conflict with the USPAP.
3. Financial Information Required of Applicant. Both at time of application and prior to the sale and issuance of any bonds, the applicant for an assessment district bond issue and all property owners within the boundaries of the proposed assessment district responsible for twenty percent (20%) or more of the debt service on the bonded indebtedness to be incurred shall provide financial statements (preferably audited) for the current and prior two fiscal years and a title report for all properties which they own, control, or intend to have any real property interest. The applicant shall also provide all other financial information related to the proposed project that may be requested by the District.

For all assessment district bond issues, the applicant and other participants or related entities in the proposed assessment district who will be responsible for twenty percent (20%) or more of the debt service or the bonded indebtedness to be incurred may be required to provide other financial information regarding themselves and the financial viability of the proposed project to be financed. This requirement will be adjusted appropriately if the proposed debt issue is to be rated or insured or otherwise guaranteed by an appropriate credit enhancement.

Subsequent to the sale and issuance of the bonds, federal and state statutes and/or regulations may require the preparation of periodic and annual reports. The applicant and all major participants in the project will be required to provide that information needed to complete such statutorily required reports. In addition, the District, responsible for the administration of the bonds, may

also require information of the applicant or the major participants in the project to satisfy reporting demands of rating agencies or institutional buyers.

4. Land Use Approvals. For land-secured financings the District will require, at a minimum, that the proposed project must:

- a. be approved by the County;
- b. have had the service levels for the required public facilities established or the exact public facilities required for the project identified; and
- c. have completed an appropriate environmental review of the proposed project that addresses all of the public facilities that are to be constructed through the proposed financing.

5. Equity Participation by Applicant and Major Participants. In evaluating the proposed debt issue, the District will consider the equity participation of the applicant and the major participants in the proposed project. At the time the application for the proposed financing is received, an analysis will be made as to the equity interest that the applicant has in the proposed project. "Landowner initiated" land-secured financing will not exceed 75% of the engineer's estimated cost for the water and wastewater facilities. In addition to the financed project, the applicant will also be required to fund certain in-tract infrastructure and may be expected to contribute other public improvements and right-of-ways related to the proposed project.

(e) Apportionment. Assessment district bonds are "limited obligations" whose primary repayment is from assessment installment payments from property owners of specially benefited property and secured by a fixed assessment lien.

The apportionment of a special district assessment lien among the parcels comprising the proposed assessment district shall be based upon the direct and special benefit each parcel receives from the public facilities to be financed.

The following criteria will be applied in evaluating the revenue stream that will be supporting a proposed assessment district:

1. The annual assessment shall be adequate to include an amount necessary to pay for the expenses incurred by such assessment district in the levy and collection of the assessment and the administration of the bonds and the assessment district.
2. All developed and undeveloped property within any assessment district which is not otherwise statutorily exempt from the levy of the assessment shall bear its appropriate share of the assessment district's aggregate obligation from the date of formation of the assessment district consistent with the other goals and policies set forth herein.
3. A partial and/or total prepayment option shall be provided for assessments. The property owner will pay the cost of determining and processing the prepayment.
4. The annual assessment levy on each parcel shall be approximately equal each year, except that a variation for administrative expenses will be allowed as statutorily permitted.

(f) Maximum Burden. It is the policy of the District that the maximum annual assessment installments applicable to any parcel used for residential purposes shall not exceed one percent (1%) of the initial projected sales price of newly developed properties subject to the charges of the assessment district as of the date of the close of escrow of the initial sale of any residential dwelling unit to such residential homeowner. As a distinct and separate requirement, the total

annual taxes, assessments, and special taxes (“overlapping debt”) shall not exceed two percent (2%) of such initial sales price.

The applicant for the establishment of any assessment district shall be required to enter into an agreement with the District or the assessment district requiring the prepayment by the applicant of that portion of the obligation applicable to any parcel used for residential purposes in order to reduce the annual maximum obligation so that the maximum annual installments shall not exceed one percent (1%) of the sales price for such parcel and the total taxes, assessments and special taxes does not exceed two percent (2%) of such sales price.

- (g) Terms and Conditions of Bonds. Bonds shall be issued in accordance with the Improvement Bond Act of 1915, at the District’s discretion, unless the Board of Directors determines otherwise. As noted above, as a policy matter the District will not consider the use of Mello-Roos Community Facilities Act of 1982 Special Tax Bonds.

The terms and conditions of any bonds issued by the District for any assessment district, including without limitation the sizing, timing, term, interest rates, discount, redemption features, flow of funds, investment provisions and foreclosure covenants shall be established by the District. Each bond issue shall be structured to adequately protect bond owners and to avoid negatively impacting the bonding capacity or credit worthiness of the District. Unless otherwise approved by the Board of Directors, the following shall serve as minimum bond requirements:

1. Limited Obligations of the District. Neither the faith, credit, nor taxing power of the District shall be pledged to the payment of the bonds. The sole source of revenue for the payment of the bonds shall be the assessments, capitalized interest, if any, and moneys on deposit in the reserve fund established for such bonds.
2. Structuring of Debt Service. An assessment district bond issue is to be structured with level debt service, or as otherwise permitted in these Policies, and to mature within thirty (30) years of the date of sale of the initial series of bonds issued for the assessment district.
3. Redemption Provisions.
 - a. Optional Redemption. It is the preference of the District that the bonds will have redemption provisions that provide that the maximum premium to be paid will not exceed three percent (3%), the term for which any premium is to be paid will not exceed ten (10) years, and in the eleventh year, the bonds can be redeemed without premium.
 - b. Unexpended Construction Proceeds. An assessment district bond issue is to have redemption features that will allow the District to use unexpended proceeds to redeem bonds at par upon completion of the public facilities to be financed, or at the District's sole discretion, upon determining that all or a portion of the public facilities cannot be constructed, to pay debt service on the bonds.
 - c. Open Market Purchase. The District shall be permitted, in lieu of redeeming bonds, to purchase bonds on the open market at a price not to exceed par plus accrued interest.
4. Reserve Funds. The District will require that a reserve fund be established. For land-secured financing, the District has determined the appropriate funding level to be the lesser of:

- (1) maximum annual debt service on all bonds then outstanding; or,
- (2) one hundred twenty-five percent (125%) of average annual debt service on all bonds then outstanding; or,
- (3) ten percent (10%) of the original proceeds of the bonds.

5. Capitalized Interest. In assessment district bond issues, the District is concerned with the degree to which property ownership, and therefore the responsibility for payment of the annual assessment installments, is concentrated in one or more individuals or entities. Capitalized interest is considered a means by which the District can assure itself and bond owners that debt service obligations will be met during the initial year(s) of the assessment district. However, the amount of capitalized interest should be balanced against the annual levy on future landowners.

The amount of capitalized interest that will be required to be funded from bond proceeds in a particular land-secured financing shall be based on the degree to which the property ownership is concentrated in one individual or entity. Whenever one individual or entity whose land holdings within the assessment district is responsible for ten percent (10%) or more of the debt service on the bonds, then eighteen (18) months of capitalized interest, or an amount determined by the financing team to be adequate, will be required.

6. Foreclosure Covenant. The District will include a bond covenant dealing with judicial foreclosure. The foreclosure covenant will be created to recognize the needs of the financial markets, taking into consideration the practical timing and cost aspects of compliance.

The District may require the proponents of the assessment district to enter into an agreement with the District to be individually and jointly responsible for the cost of any foreclosures which the District determines are necessary in regard to the assessment district bonds. The District may, at its option, retain an attorney to prosecute the foreclosures in a timely manner in the name of the District and the proponent shall agree to be responsible for all costs of such foreclosures. If the District approves a pass through of the obligation to the purchaser of an individual lot, the proponents shall be relieved of their obligation under such agreement for such lot.

7. Underwriter and Original Issue Discount/Premium.

Bonds issued under this policy may be sold through competitive or negotiated sale as determined by the District, which will consider recommendations from its financial advisor in selecting a method of sale.

In a negotiated sale, the underwriter's discount shall be negotiated and determined solely by the District in conjunction with its Financial Advisor and shall be competitive with and comparable to such discounts on similar financing being issued by the District or other public entities. In a public sale, the underwriter's discount shall not exceed the maximum amount determined by the District. The District shall consider any other compensation the underwriter may be receiving in connection with the bond financing in determining the appropriate amount of the discount.

An original issue discount or premium will be permitted only if the District determines that such discount or premium results in a lower true interest cost on the bonds and the use of an original issue discount/premium will not adversely affect the ability of the assessment district to construct public facilities identified by the bond documents.

The District staff and its Financial Advisor will review all underwriting proposals and determine what serves the best interest of the District.

8. Timing of Bond Sale. No resolution authorizing issuance and sale of bonds or any series of bonds will be considered by the Board of Directors until plans and bid specifications for the public facilities to be financed by the bonds are final and all required approvals associated therewith have been received. However, if the debt issue can be structured in more than one series and if the statutory authority pursuant to which the assessment district has been established allows, and the Board of Directors finds that the proposed public facilities have regional and/or other significant public benefit, the initial bond series may finance the design, engineering and preparation of the bid specifications for the public facilities.

(h) Credit Enhancements.

Credit enhancements, if required by the District, are utilized either to improve the credit worthiness of the proposed financing or to insure that the debt service requirements of the proposed debt issue are met in a timely manner. It is important to the District to minimize the possibility of a debt issue being placed in default and to insure that sufficient cash flows are available to meet debt service requirements.

The District will examine carefully the provider of the required credit facility and the form that the credit facility will take. The rating of the provider, as well as the provider's capitalization, are of principal concern, and a reduction in either during the term of the credit facility to a level unacceptable to the District may require that an alternate credit facility be secured from an acceptable provider. The District reserves the right, in its sole discretion, to determine the acceptability of both the credit facility and its provider.

The nature and terms of the credit facility will vary with regard to the type of financing for which it is being required.

The District may, in its sole discretion, require additional credit enhancements for a particular land-secured financing if it is determined that they are needed to bring the credit worthiness of the proposed debt issue to a level that is acceptable to the District.

1. Policy on Credit Enhancement. If a person or persons or related entities owning property within the proposed boundaries of a assessment district will be responsible for payment of 33% or more of the total annual special assessment to be levied, then said property owner or owners will be required to provide a Letter of Credit or other approved credit enhancement having the following:
 - A. The credit facility will name the District or the assessment district as beneficiary.
 - B. The face amount of the credit facility will be equal to the sum of the gross debt service on the bonds allocable to the person's or entity's property for the current fiscal year and the succeeding fiscal year.
 - C. The credit facility will have a term of one year and be subject to annual renewal or call.
 - D. The credit facility may be drawn upon should there be a default by the property owner in the timely payment of the annual assessment installment.
 - E. The face amount of the credit facility may be drawn should the credit facility not be timely renewed or a substitute credit facility acceptable

to the District timely provided, or if the rating or the capitalization of the provider fall to a level not acceptable to the District.

- F. The face amount of the credit facility will be subject to periodic adjustments should the property owner sell or transfer portions of the property to unrelated third parties and will terminate when his, her or its property holding has an annual special assessment below 33% of the total annual special assessment.

For purposes of these Policies, parties will be considered to be related should they be so deemed by the Internal Revenue Code of 1986, as amended, and the regulations promulgated there under. However, the District does reserve the right to apply a stricter standard than that provided by the Internal Revenue Code in determining parties to be related.

New property owners responsible for 33% or more of the total annual special assessment will be required to provide a substitute Letter of Credit or other approved credit enhancement under the same terms and conditions as described herein before the original letter of credit or other approved credit enhancement may be reduced or released.

When a Letter of Credit or other approved credit enhancement is required, the Letter of Credit or other approved credit enhancement must be provided on or before the date of the pre-pricing of the bonds, whether or not capitalized interest is funded from bond proceeds. Notwithstanding the foregoing, an irrevocable credit commitment, commitment letter, or in-lieu Letter of Credit guarantee must be provided prior to the approval of the issuance of the bonds by the Board of Directors of the District.

- (i) Administration. All matters related to administration of issued bonds are to be handled consistent with the terms of the trust indenture or fiscal agent agreement pursuant to which the bonds were sold. Administrative responsibilities with regard to the bonds and the project being financed by bond proceeds will vary depending upon the nature of the project.

- 1. Bond Administration. Bonds are issued pursuant to bond indentures or fiscal agent agreements which identify the Treasurer of the District to have administrative responsibility for these debt issues. This includes, among other duties, the computation and enrollment of the annual assessment, payment of principal and interest on the bonds, initiation of foreclosure proceedings with regard to delinquent parcels, and management and investment of monies held in all funds and accounts created by the bond indentures or fiscal agent agreements.

- 2. Reimbursement. The public facilities are to be constructed as public works project consistent with all applicable statutory requirements. Design engineering, project management, and construction contract administration are to be provided by the financing proponent but subject to oversight and approval by the District. The public facilities must meet all design and construction requirements and standards as may be established by the District and in accordance with current State laws.

At the time a "landowner initiated" land-secured financing assessment district is established, the proponent of the financing shall enter into an acquisition funding agreement that will identify the public facilities to be constructed and the amount to be paid for each facility. Upon completion of the entire project or a Discrete Component, the assessment district will acquire the completed facilities consistent with the terms of the agreement.

Public improvements proposed to be acquired from the proceeds of bonds or taxes shall not be paid for until all improvements for a particular Discrete Component are completed, bonds are sold if applicable, and the facilities are useable by the public.

A "Discrete Component" shall be generally defined as a particular module or street with independent usage including all improvements. The District Engineer shall have the authority and discretion to establish one or more separate Discrete Components consistent with the definition thereof for any assessment district. Each Discrete Component established by the District Engineer for any assessment district and all improvements included within each such Discrete Component must be described in the acquisition and financing agreement for such assessment district. Any deviation of the project definition shall be approved by the District Engineer.

If the District Engineer has established more than one Discrete Component for any assessment district, the District Engineer may authorize the partial release of funds up to ninety percent (90%) of the cost of such improvements to pay for the acquisition of each Discrete Component when such Discrete Component is useable to the public. Ten percent (10%) of the cost of the improvements shall not be paid for until acceptance by the District and District Engineer or his or her designee has certified the final cost of such improvements.

To the extent legally permissible, the District will reimburse the owner, from proceeds, the costs related to the assessment district; i.e., water and wastewater facilities design costs, preliminary district formation costs, and plan check costs.

3. Construction. The Engineer of the District at the time of receiving the application for a land-secured financing may determine that the public facilities to be financed are to be constructed as a public works project with project management and construction contract administration services provided by the District. If this determination is made, then, in the Resolution of Intention establishing the assessment district, the District will find that it is not in the public interest to allow the property owners within the assessment district to enter into a contract to construct the public facilities.
4. Notice to Future Property Owners. Property owners for all assessment districts will be required to provide for full and complete disclosure of such assessment district applicable to the property to prospective purchasers. The disclosure must include all of the following in addition to such other provisions as may be required by the Act, the District's Administrative Code, bond documents, or as the applicant may deem necessary:
 - A. Provide full disclosure of the proposed assessment district and all other assessment and special tax financing applicable to the property (whether imposed by the District or any other public agency) including the maximum annual payment, monthly payments, principal, average interest rate, duration of payments, list of facilities to be funded, and the method of spread in easily understood terms.
 - B. List the amount of the payments in all sales brochures, all advertising and all purchase documents adjacent to the sales price of the property and in the same size type.

- C. Give prospective purchasers an option to have the obligation lien discharged prior to the close of escrow or to assume the obligation by a pass through as a part of the sales price of the house.
- D. Specify in all disclosure documents the name, title, telephone number and address of a representative of the District as provided to the applicant who may be contacted by any prospective purchaser of property within an assessment district for further information regarding the assessment district and the lien.

The disclosure program shall be designed by the District in consultation with the District's financing team and the property owners. The disclosure program will be subject to approval by the Board of Directors. The District's goal is to provide complete and concise disclosure to any subsequent property purchaser.

Evidence of signed disclosure statements are required to be provided by developers and/or merchant builders.

- 5. Annual Reporting. The District will prepare and file with the state and federal agencies all statutorily required reports.

Staff shall prepare and submit annually to the Board of Directors a report on the status of the respective debt issues. The occurrence of technical default, or the likelihood thereof, is to be reported immediately to the Board of Directors. For the purposes of these Policies, the term "technical default" shall mean the occurrence of an event or omission that may result in the inability to make timely payment of debt service on the financing or would jeopardize the tax exempt status of the financing (e.g., the need to draw on a reserve fund, the insolvency or bankruptcy of a principal property owner, the insolvency of a provider of a credit enhancement, or insufficient funds to make a required rebate payment.)

**VALLEY CENTER MUNICIPAL WATER DISTRICT
FINANCIAL PLAN SUMMARY**

	BUDGETED		PROJECTED				
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
General Fund							
Beginning Balance	\$ 3,989,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Revenues							
Water Sales	\$ 29,662,000	\$ 32,658,000	\$ 36,538,777	\$ 41,409,971	\$ 40,482,511	\$ 42,515,729	\$ 44,016,035
Connection Fees	\$ 440,100	\$ 348,000	\$ 360,180	\$ 372,786	\$ 385,834	\$ 399,338	\$ 413,315
Capacity Fees	\$ 401,000	\$ 520,000	\$ 690,700	\$ 732,500	\$ 777,100	\$ 824,100	\$ 874,400
Meter Service Charges	\$ 3,359,400	\$ 3,591,400	\$ 3,402,601	\$ 3,550,047	\$ 3,703,883	\$ 3,864,384	\$ 4,031,841
Pumping Revenue	\$ 5,267,000	\$ 5,374,000	\$ 5,558,937	\$ 5,758,820	\$ 5,982,989	\$ 6,215,671	\$ 6,457,179
Total Operating Water Revenues	\$ 39,129,500	\$ 42,491,400	\$ 46,551,194	\$ 51,824,124	\$ 51,332,317	\$ 53,819,222	\$ 55,792,769
Non-Operating Revenues							
Property Taxes - Other	\$ 2,532,000	\$ 2,571,200	\$ 2,639,395	\$ 2,711,012	\$ 2,785,135	\$ 2,861,853	\$ 2,941,256
Other Revenue	\$ 631,000	\$ 642,400	\$ 664,884	\$ 688,155	\$ 712,240	\$ 737,169	\$ 762,970
Interest	\$ 880,000	\$ 924,000	\$ 956,340	\$ 989,812	\$ 1,024,455	\$ 1,060,311	\$ 1,097,422
Transfer Interest to Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Water Revenues	\$ 4,043,000	\$ 4,137,600	\$ 4,260,619	\$ 4,388,979	\$ 4,521,831	\$ 4,659,333	\$ 4,801,648
TOTAL WATER REVENUES	\$ 43,172,500	\$ 46,629,000	\$ 50,811,813	\$ 56,213,103	\$ 55,854,148	\$ 58,478,555	\$ 60,594,417
Expenditures							
Source of Supply	\$ 27,742,390	\$ 29,647,390	\$ 33,642,606	\$ 35,854,815	\$ 38,213,144	\$ 40,433,683	\$ 42,107,487
General Administration	\$ 974,265	\$ 1,044,475	\$ 1,081,032	\$ 1,118,868	\$ 1,158,028	\$ 1,198,559	\$ 1,240,509
Finance	\$ 1,818,492	\$ 2,052,759	\$ 2,124,606	\$ 2,198,967	\$ 2,275,931	\$ 2,355,588	\$ 2,438,034
Engineering	\$ 1,391,838	\$ 1,520,315	\$ 1,573,526	\$ 1,628,599	\$ 1,685,600	\$ 1,744,596	\$ 1,805,657
Field Operation	\$ 6,277,652	\$ 6,587,403	\$ 6,817,962	\$ 7,056,591	\$ 7,303,571	\$ 7,559,196	\$ 7,823,768
Debt Service	\$ 825,246	\$ 826,288	\$ 824,363	\$ 1,836,922	\$ 1,838,244	\$ 1,844,378	\$ 1,785,234
Total Operating Expenditures	\$ 39,029,883	\$ 41,678,630	\$ 46,064,095	\$ 49,694,762	\$ 52,474,519	\$ 55,136,000	\$ 57,200,689
Transfer To Other Funds							
To Vehicles & Equipment	\$ 218,300	\$ 252,200	\$ 16,314	\$ 9,430	\$ 9,760	\$ 10,102	\$ 10,455
To Operating Reserve	\$ 4,253,049	\$ 335,172	\$ 312,572	\$ 329,764	\$ 347,901	\$ 367,035	\$ 387,222
To Rate Stabilization Reserve	\$ (174,050)	\$ (328,700)	\$ 172,530	\$ 186,332	\$ 201,239	\$ 217,338	\$ 234,725
To Ag. Credit Restricted Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Expansion Reserve (Capacity Fees)	\$ 401,000	\$ 520,000	\$ 690,700	\$ 732,500	\$ 777,100	\$ 824,100	\$ 874,400
To Capital Reserves (Water Availability Chg Less Debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Capital Reserves (Interest on reserve balance)	\$ 41,833	\$ 44,835	\$ 46,718	\$ 31,385	\$ 4,668	\$ 16,502	\$ 30,807
To Replacement Reserve (Capital Project Expenses)	\$ 3,392,444	\$ 4,126,863	\$ 3,508,884	\$ 5,228,930	\$ 2,038,961	\$ 1,907,477	\$ 1,856,118
Total Transfers	\$ 8,132,576	\$ 4,950,370	\$ 4,747,719	\$ 6,518,341	\$ 3,379,629	\$ 3,342,554	\$ 3,393,728
Fund Balance After Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Reserve (General Fund)							
Beginning Balance	\$ 1,094,912	\$ 5,347,961	\$ 5,683,133	\$ 5,995,705	\$ 6,325,469	\$ 6,673,370	\$ 7,040,405
Transfer from Operating Fund to Adjust Ending Balance	\$ 4,253,049	\$ 335,172	\$ 312,572	\$ 329,764	\$ 347,901	\$ 367,035	\$ 387,222
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Operating Fund to Adjust Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Transfers	\$ 4,253,049	\$ 335,172	\$ 312,572	\$ 329,764	\$ 347,901	\$ 367,035	\$ 387,222
Ending Balance Operations Reserve	\$ 5,347,961	\$ 5,683,133	\$ 5,995,705	\$ 6,325,469	\$ 6,673,370	\$ 7,040,405	\$ 7,427,628
Rate Stabilization Reserve (Water & Pumping RSFs)							
Beginning Balance	\$ 2,659,375	\$ 2,485,325	\$ 2,156,625	\$ 2,329,155	\$ 2,515,487	\$ 2,716,726	\$ 2,934,065
Transfer from Operating Fund to Adjust Ending Balance	\$ (174,050)	\$ (328,700)	\$ 172,530	\$ 186,332	\$ 201,239	\$ 217,338	\$ 234,725
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Operating Fund to Adjust Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Transfers	\$ (174,050)	\$ (328,700)	\$ 172,530	\$ 186,332	\$ 201,239	\$ 217,338	\$ 234,725
Ending Balance Operations Reserve	\$ 2,485,325	\$ 2,156,625	\$ 2,329,155	\$ 2,515,487	\$ 2,716,726	\$ 2,934,065	\$ 3,168,790
Ag. Credit Reserve							
Beginning Balance	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672
Net Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance Ag. Credit Reserve	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672
Ending Balance Operating Fund	\$ 8,068,958	\$ 8,075,430	\$ 8,560,532	\$ 9,076,629	\$ 9,625,768	\$ 10,210,142	\$ 10,832,089

NOTE: This projection is for information only based on assumptions about costs and does not adopt policy or budgetary authority.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
FINANCIAL PLAN SUMMARY**

	BUDGETED		PROJECTED				
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Debt Service Reserve							
Beginning Balance	\$ -	\$ 718,200	\$ 718,200	\$ 718,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200
Proceeds from Debt Issue	\$ 8,092,500	\$ -	\$ -	\$ 11,811,000	\$ -	\$ -	\$ -
Total Expenses	\$ 8,092,500	\$ -	\$ -	\$ 11,811,000	\$ -	\$ -	\$ -
Transfers from Operating Fund to Adjust Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Fund	\$ (7,374,300)	\$ -	\$ -	\$ (10,800,000)	\$ -	\$ -	\$ -
Net Transfers	\$ (7,374,300)	\$ -	\$ -	\$ (10,800,000)	\$ -	\$ -	\$ -
Ending Balance Debt Service Reserve	\$ 718,200	\$ 718,200	\$ 718,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200
Capital Reserves (Continuing Project, Capital Improvements, Master Plan, & Energy Efficiency)							
Beginning Reserve Balance	\$ 12,156,078	\$ 8,645,149	\$ 5,697,599	\$ 1,770,546	\$ 13,530,282	\$ 11,025,799	\$ 7,390,185
Revenues and Transfers In							
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer Interest/Funds In From Other Funds/Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Availability Charges Less Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Operating Fund	\$ (597,515)	\$ 4,126,863	\$ 3,508,884	\$ 5,228,930	\$ 2,038,961	\$ 1,907,477	\$ 1,856,118
Proceeds From Debt Issue	\$ 7,374,300	\$ -	\$ -	\$ 10,800,000	\$ -	\$ -	\$ -
Total Revenues and Transfers In	\$ 6,776,785	\$ 4,126,863	\$ 3,508,884	\$ 16,028,930	\$ 2,038,961	\$ 1,907,477	\$ 1,856,118
Balance Prior to Expenses	\$ 18,932,863	\$ 12,772,012	\$ 9,206,483	\$ 17,799,476	\$ 15,569,243	\$ 12,933,276	\$ 9,246,303
Expenditures							
Capital Expenses	\$ 10,287,714	\$ 7,074,413	\$ 7,435,937	\$ 4,269,194	\$ 4,543,444	\$ 5,543,090	\$ 5,311,147
Total Expenditures	\$ 10,287,714	\$ 7,074,413	\$ 7,435,937	\$ 4,269,194	\$ 4,543,444	\$ 5,543,090	\$ 5,311,147
Ending Balance Capital Replacement Reserve	\$ 8,645,149	\$ 5,697,599	\$ 1,770,546	\$ 13,530,282	\$ 11,025,799	\$ 7,390,185	\$ 3,935,156
Capacity Charge Reserves (Capital Expansion)							
Beginning Reserve Balance	\$ 1,082,333	\$ 1,087,666	\$ 1,112,338	\$ 747,256	\$ 111,141	\$ 392,909	\$ 733,511
Revenue and Transfers In							
Transfer from Capital Fund (Capacity Fees)	\$ 401,000	\$ 520,000	\$ 690,700	\$ 732,500	\$ 777,100	\$ 824,100	\$ 874,400
Interest	\$ 41,833	\$ 44,835	\$ 46,718	\$ 31,385	\$ 4,668	\$ 16,502	\$ 30,807
Total Revenues and Transfers In	\$ 442,833	\$ 564,835	\$ 737,418	\$ 763,885	\$ 781,768	\$ 840,602	\$ 905,207
Balance Prior to Expenses	\$ 1,525,166	\$ 1,652,501	\$ 1,849,756	\$ 1,511,141	\$ 892,909	\$ 1,233,511	\$ 1,638,718
Expenditures							
Capital Expansion Expenses (Ultimate)	\$ 437,500	\$ 540,163	\$ 1,102,500	\$ 1,400,000	\$ 500,000	\$ 500,000	\$ 500,000
Total Expenditures	\$ 437,500	\$ 540,163	\$ 1,102,500	\$ 1,400,000	\$ 500,000	\$ 500,000	\$ 500,000
Ending Balance Prior to Year-End Adjustment	\$ 1,087,666	\$ 1,112,338	\$ 747,256	\$ 111,141	\$ 392,909	\$ 733,511	\$ 1,138,718
Ending Balance Expansion Reserve	\$ 1,087,666	\$ 1,112,338	\$ 747,256	\$ 111,141	\$ 392,909	\$ 733,511	\$ 1,138,718
Vehicle Equipment Reserve							
Beginning Balance	\$ 224,616	\$ 213,916	\$ 253,116	\$ 269,430	\$ 278,860	\$ 288,620	\$ 298,722
Revenue and Transfers In							
Transfer from Operating Reserve	\$ 218,300	\$ 252,200	\$ 16,314	\$ 9,430	\$ 9,760	\$ 10,102	\$ 10,455
Total Revenues and Transfers In	\$ 218,300	\$ 252,200	\$ 16,314	\$ 9,430	\$ 9,760	\$ 10,102	\$ 10,455
Balance Prior to Expenses	\$ 442,916	\$ 466,116	\$ 269,430	\$ 278,860	\$ 288,620	\$ 298,722	\$ 309,177
Expenditures							
Total Expenditures	\$ 229,000	\$ 213,000	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance Vehicle Reserve	\$ 213,916	\$ 253,116	\$ 269,430	\$ 278,860	\$ 288,620	\$ 298,722	\$ 309,177
Summary of All Ending Funds & Reserves							
General Fund							
Operating Reserve (General Fund)	\$ 5,347,961	\$ 5,683,133	\$ 5,995,705	\$ 6,325,469	\$ 6,673,370	\$ 7,040,405	\$ 7,427,628
Rate Stabilization Reserve (General Fund)	\$ 2,485,325	\$ 2,156,625	\$ 2,329,155	\$ 2,515,487	\$ 2,716,726	\$ 2,934,065	\$ 3,168,790
Ag. Credit Reserve (Restricted)	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672	\$ 235,672
Unappropriated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund	\$ 8,068,958	\$ 8,075,430	\$ 8,560,532	\$ 9,076,629	\$ 9,625,768	\$ 10,210,142	\$ 10,832,089
Debt Service							
Debt Service Reserve	\$ 718,200	\$ 718,200	\$ 718,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200
Total Debt Service	\$ 718,200	\$ 718,200	\$ 718,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200	\$ 1,729,200
Capital Improvement Fund							
Capital Reserves (Continuing Project, Capital Improvements, Ma	\$ 8,645,149	\$ 5,697,599	\$ 1,770,546	\$ 13,530,282	\$ 11,025,799	\$ 7,390,185	\$ 3,935,156
Capacity Charge Reserves (Capital Expansion)	\$ 1,087,666	\$ 1,112,338	\$ 747,256	\$ 111,141	\$ 392,909	\$ 733,511	\$ 1,138,718
Vehicle Equipment Reserve	\$ 213,916	\$ 253,116	\$ 269,430	\$ 278,860	\$ 288,620	\$ 298,722	\$ 309,177
Total Capital Improvement Fund	\$ 9,946,731	\$ 7,063,053	\$ 2,787,232	\$ 13,920,282	\$ 11,707,328	\$ 8,422,418	\$ 5,383,051
Total All Funds & Reserves	\$ 18,733,889	\$ 15,856,683	\$ 12,065,964	\$ 24,726,111	\$ 23,062,296	\$ 20,361,760	\$ 17,944,340

NOTE: This projection is for information only based on assumptions about costs and does not adopt policy or budgetary authority.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
SEWER SUMMARY PROJECTIONS**

	BUDGETED		FY 08/09	FY 09/10	PROJECTED		
	FY 06/07	FY 07/08			FY 10/11	FY 11/12	FY 12/13
Moosa Sewer Treatment Fund							
Beginning Balance, Operating Fund	\$ 905,076	\$ 956,324	\$ 593,394	\$ 593,394	\$ 593,394	\$ 593,394	\$ 593,394
Revenues	\$ 1,764,000	\$ 1,303,900	\$ 949,900	\$ 978,500	\$ 1,007,900	\$ 1,038,100	\$ 1,069,200
Budget Requirement							
Operating/Treatment	\$ 651,577	\$ 759,255	\$ 782,000	\$ 805,500	\$ 829,700	\$ 854,600	\$ 880,200
Collection System/West	\$ 136,950	\$ 170,531	\$ 175,600	\$ 180,900	\$ 186,300	\$ 191,900	\$ 197,700
STEP Maintenance	\$ 26,125	\$ 30,900	\$ 31,800	\$ 32,800	\$ 33,800	\$ 34,800	\$ 35,800
Capital Projects	\$ 381,000	\$ 1,224,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expansion Fund Repayment	\$ 558,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Reserves	\$ 13,500	\$ 16,000	\$ 16,500	\$ 17,000	\$ 17,500	\$ 18,000	\$ 18,500
Transfer (to)/from Capital Reserves	\$ (54,400)	\$ (533,856)	\$ (56,000)	\$ (57,700)	\$ (59,400)	\$ (61,200)	\$ (63,000)
Total Budget Requirement	\$ 1,712,752	\$ 1,666,830	\$ 949,900	\$ 978,500	\$ 1,007,900	\$ 1,038,100	\$ 1,069,200
Ending Balance, Operating Fund	\$ 956,324	\$ 593,394	\$ 593,394	\$ 593,394	\$ 593,394	\$ 593,394	\$ 593,394
Woods Valley Ranch Sewer Treatment Fund							
Beginning Balance, Operating Fund	\$ 133,216	\$ 148,781	\$ 134,465	\$ 134,465	\$ 134,465	\$ 134,465	\$ 134,465
Revenues	\$ 344,606	\$ 348,801	\$ 369,500	\$ 380,600	\$ 392,000	\$ 403,800	\$ 415,900
Budget Requirement							
Operating/Treatment	\$ 213,111	\$ 242,992	\$ 250,300	\$ 257,800	\$ 265,500	\$ 273,500	\$ 281,700
Operating Reserves	\$ 3,985	\$ 4,411	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Capital Replacement Fund	\$ 111,945	\$ 115,714	\$ 119,200	\$ 122,800	\$ 126,500	\$ 130,300	\$ 134,200
Total Budget Requirement	\$ 329,041	\$ 363,117	\$ 369,500	\$ 380,600	\$ 392,000	\$ 403,800	\$ 415,900
Ending Balance, Operating Fund	\$ 148,781	\$ 134,465	\$ 134,465	\$ 134,465	\$ 134,465	\$ 134,465	\$ 134,465

NOTE: This projection is for information only based on assumptions about costs and does not adopt policy or budgetary authority.

VALLEY CENTER MUNICIPAL WATER DISTRICT MULTI-YEAR BUDGET 2006-07 & 2007-08

INDEX

Administration, General	4-3	Capital Outlay	10-9
Administration, Finance	5-3	Cash Position	10-3
Administration, Engineering	6-3	Collection System West	10-7
Administration, Field Operation	7-3	Recap of Budget and	
Adopting Resolutions	2-1	Source of Financing	10-2
Appropriation Limit under		Revenue Estimate	10-4
Proposition 4	1-4, 2-5	STEP Maintenance	10-8
Automatic Valves	7-10	Treatment Facility	10-6
Backflow Maintenance	7-21	Meter Installation	7-18
Budget Control	1-4	Meter Reading	7-19
Budget Message	1-1	Motor Maintenance	7-13
Budget Policies	1-5, Appendix B	Organization Chart	1-25
Budget Process	1-3	Performance Measurement Standards	1-20
Capital Outlay, General Fund	1-14, 9-1	Personnel (See also Salary Clearing)	1-11
Capital Outlay, Wastewater	See Wastewater	Pipeline and Right of Way	
Code Enforcement & Safety	7-4	Maintenance	7-15
Computer Operations	5-5	Planning and Design	6-4
Consumer Services	5-4	Public Services, Engineering	6-5
Corporate Facilities Maintenance	7-16	Pump Maintenance	7-12
Debt	1-15	Quality Control	7-14
Debt Service, General Fund	5-8	Recap of Budget and	
Demographics	1-1	Source of Financing	3-1
District Security	7-6	Reserves	1-5, 3-2
Encroachments and Locates	6-6	Reservoir Maintenance	7-11
Energy Costs (See also Utilities)	1-7, 1-10	Resolution Adopting Budget	2-1
Engineering Department	6-1	Revenue Estimates	1-9, 3-3
Expenditure Estimates	1-10	Right of Way Maintenance	7-15
Facilities Operation (See also		Salary Clearing	
Corporate Facilities Maintenance)	5-6	(See also Personnel)	5-7
Field Operations Department	7-1	Service Connection Maintenance	7-20
Finance Department	5-1	SKYLINE WASTEWATER TREATMENT	
Fund Recap, General Fund Expenditures	3-6	FUND	1-17, 11-1
General Administration	4-3	Revenue Estimate	11-2
General Administration Department	4-1	Wastewater Treatment	11-3
General Fund	1-8, 3-1	Source of Supply	8-1
GIS, Maps and Records	6-7	Spending Limit	1-3
Glossary	Appendix A	Strategic Plan	1-19
History of Water Purchased and Sold	3-7	Systems Operation	7-7
Human Resources Administration	4-4	Telemetry/SCADA	7-8
Information Systems	5-5	Treatment	7-9
Landscape & Paving Maintenance	7-5	Utilities (See also Energy Costs)	8-3
LOWER MOOSA WASTEWATER		Valves, Automatic	7-10
TREATMENT FUND	1-16, 10-1	Valve Maintenance/Inspection	7-17

Vehicle and Equipment	
Maintenance	7-22
WASTEWATER - See:	
Lower Moosa Wastewater	
Treatment Fund	10-1
Skyline Wastewater	
Treatment Fund	11-1
Woods Valley Ranch Wastewater	
Expansion Fund	12-1
Woods Valley Ranch Wastewater	
Treatment Fund	13-1
Wastewater Summary Projection	Appendix C
Water Purchases	8-3
Water Summary Projection	Appendix C

WOODS VALLEY RANCH WASTEWATER	
EXPANSION FUND	1-17, 12-1
Cash Position	12-2
Capital Outlay	12-2
Recap of Budget and	
Source of Financing	12-2
Revenue Estimate	12-2
WOODS VALLEY RANCH WASTEWATER	
TREATMENT FUND	1-18, 13-1
Cash Position	13-3
Treatment Facility	13-6
Recap of Budget and	
Source of Financing	13-2
Revenue Estimate	13-4

