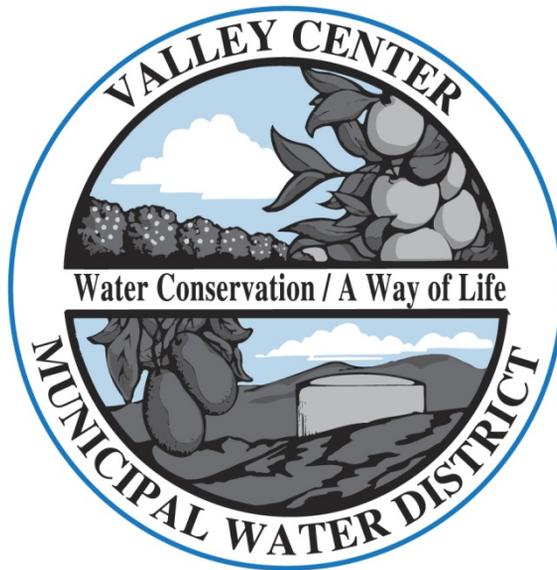


Annual Budget Fiscal Year 2011-12



**Valley Center Municipal Water District
Valley Center, CA**



**VALLEY CENTER WATER DISTRICT
ANNUAL BUDGET
2010-11**

BOARD OF DIRECTORS

**Gary A. Broomell
President**

**Robert A. Polito
Vice President**

**C. W. Stone, Jr.
Director**

**Merle J. Aleshire, Ph.D.
Director**

**Randy D. Haskell
Director**

STAFF

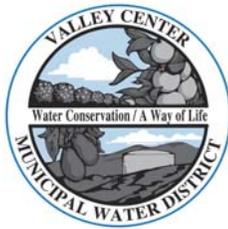
**Gary T. Arant
General Manager**

**William J. Jeffrey
Director of Finance**

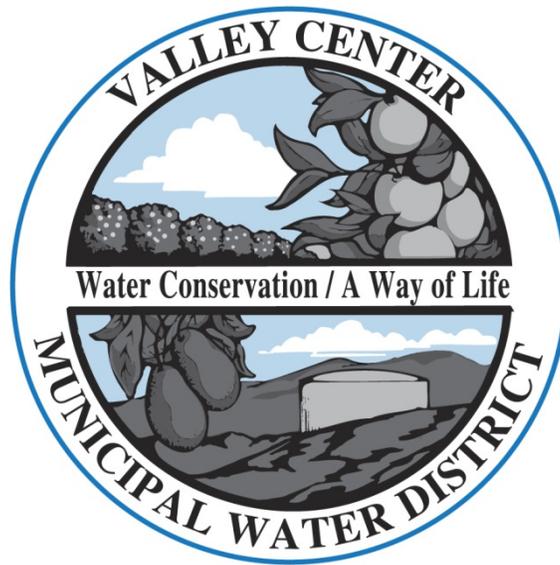
**A. Greg Hoyle
Director of Operations**

**Wally Grabbe
District Engineer**

**C. Michael Cowett
District Counsel**



2011-2012 Budget Overview



VALLEY CENTER MUNICIPAL WATER DISTRICT 2011-12 BUDGET OVERVIEW

The **total combined budget** shows a surplus of \$532,640. While we are showing a surplus, it should be noted that \$1.1 million dollars of property tax revenues normally used for capital projects needed to be used to achieve this. Local water and wastewater rate increases have been included in this budget.

Total budgeted revenues for 2011-12 are \$42,708,539, which is 0.7% lower than the 2010-11 adopted budget of \$43,004,978.

For the current year ending June 30, 2011, **water sales** are projected at 25,490 acre feet of water. This is 15.0% under our budget of 30,000 acre feet due to continuing economic uncertainty and the mandatory and voluntary water cutbacks. Budgeted water sales for 2011-12 are 25,260 acre feet. This sales figure reflects stabilized water sales and warmer and drier weather, offsetting continued economic uncertainties and depressed housing markets.

Note: On May 2, 2011, the District's Board of Directors voted to lift the water conservation constraints following the lead of the Metropolitan Water District and the San Diego County Water Authority.

With the most recent information available, it is estimated that wholesale **water rates** from the San Diego County Water Authority (SDCWA) and Metropolitan Water District (MWD) on January 1, 2012, will increase to \$1,326.62 per acre foot for full price, to \$1,060.51 for certified Interim Agricultural Water Program (IAWP), and to \$1,103.42 for Special Agricultural Water Program (SAWR) customers. Total wholesale estimated increases are 13.8% for full price, 17.4% for IAWP, and 13.9% for SAWR.

The District's local cost component of the water rate is budgeted at \$155.73 per acre foot, an increase of 13.8% over the current rate of \$ 136.82. This increase, effective in 2012, shifts tax revenue back to capital replacement projects. Meter service charges would increase \$3.00 for a ¾" meter.

We anticipate installing no new **water meters** in 2011-12. Estimated **interest earnings** rate at 1.00% will yield \$135,000. Secured **property taxes** are budgeted at \$1,785,000 which is a reduction of 10% from the estimate actual for the current year due to reduced assessed property valuations within the District, reflecting the depressed real estate market. Water availability charges will again be \$591,000.

The **Moosa wastewater** monthly service charge is budgeted at \$48.75, an increase of \$2.25. A low pressure wastewater collection system maintenance fee for a small part of its wastewater service area is also collected. The budgeted fee is \$40.25.

Woods Valley Ranch sewer service charges and sewer standby fees for properties not yet connected to the sewer system are collected as a fixed charge special assessment on the property tax roll. The fee is the same as last year, \$98.60 per month.

Total budgeted expenses total \$42,175,899, which is 7.9%, or \$3,605,339, lower than the 2010-11 adopted budget of \$45,781,238.

The cost of water sold, which is the single greatest **water operating expense**, is 69.1% of the total budget. It is 6.5% lower than 2010-11 due to lower demand offset by increased wholesale costs of 12.1%. General Administration costs are essentially the same as last year, including \$20,000 for an election division reapportionment study required by the new 2010 census. Finance expenses are projected to be \$94,612 lower than the current budget due to lower insurance and computer maintenance expenses. Engineering expenses are reduced \$170,619, due to lower labor and outside service expenses, and Field Operation expenses are \$179,192 higher than the current budget due to increased labor, maintenance, chemical, and SCADA expenses.

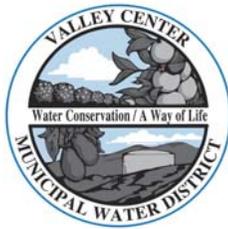
Moosa proposed operating expenses are \$15,125 lower than the current 2010-11 budget. The reduction is due to decreases in utility and maintenance costs.

Woods Valley Ranch expenses are \$11,075 higher than the current 2010-11 budget. Increased labor allocation of \$7,400 is the majority of the increase.

Capital projects budgeted for the coming year total \$1,056,500. Major items include: SCADA improvements, \$500,000, Pump and Motor Replacements, \$170,000, Water Loss Reduction Measures, \$105,000, Emergency Power Generation and Equipment, \$75,000, Reservoir Mixing System, \$75,000, and Moosa Centrifuge Upgrade of \$50,000.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
2011-12 BUDGET OVERVIEW**

	2010-11 Adopted Budget	2010-11 Estimated Actual	2011-12 Proposed Budget	Change from Prior Budget	Percent Change from Prior Budget
REVENUES:					
Water Sales	30,000 A.F.	25,490 A.F.	25,260 A.F.	(4,740) A.F.	-15.8%
General Fund:					
Operating Revenues:					
Water Sales (including pumping)	34,455,000	29,695,000	33,303,000	(1,152,000)	-3.3%
Meter Service Charges	3,400,500	3,302,500	4,229,500	829,000	24.4%
New Connection Sales	65,600	79,600	71,600	6,000	9.1%
Other Revenue	692,500	784,420	758,900	66,400	9.6%
Investment Income	187,500	173,000	135,000	(52,500)	-28.0%
Property Taxes	1,852,000	1,999,000	1,785,000	(67,000)	-3.6%
Total Operating Revenue	40,653,100	36,033,520	40,283,000	(370,100)	-0.9%
Debt Service Revenues - Water Availability Charges	103,886	103,886	111,693	7,807	7.5%
Capital Project Revenues:					
Capacity Charges	35,000	5,998	0	(35,000)	-100.0%
Water Availability Charges	487,114	487,314	479,307	(7,807)	-1.6%
Total Capital Project Revenue	522,114	493,312	479,307	(42,807)	-8.2%
Total General Fund Revenues	41,279,100	36,630,718	40,874,000	(405,100)	-1.0%
Moosa Wastewater Revenues	1,350,259	1,305,874	1,448,100	97,841	7.2%
Woods Valley Ranch Wastewater Revenues	375,619	375,266	386,439	10,820	2.9%
Total Budgeted Revenues	43,004,978	38,311,858	42,708,539	(296,439)	-0.7%
EXPENDITURES:					
General Fund:					
Operating Expenses:					
General Administration	945,325	890,763	944,560	(765)	-0.1%
Finance	2,050,504	1,756,094	1,955,892	(94,612)	-4.6%
Engineering	1,776,269	1,682,294	1,605,650	(170,619)	-9.6%
Field Operation	5,842,275	5,442,325	6,021,467	179,192	3.1%
Source of Supply	31,157,337	26,620,732	29,133,175	(2,024,162)	-6.5%
Total Operating Expenses	41,771,710	36,392,208	39,660,744	(2,110,966)	-5.1%
Debt Service	103,886	103,886	111,693	7,807	7.5%
Capital Projects Appropriations	1,694,000	1,887,522	971,500	(722,500)	-42.7%
Total General Fund Expenditures	43,569,596	38,383,616	40,743,937	(2,825,659)	-6.5%
Moosa Wastewater:					
Operating Expenses	1,063,112	921,012	1,047,987	(15,125)	-1.4%
Capital Project Appropriations	478,030	482,279	85,000	(393,030)	-82.2%
Total Moosa Expenditures	1,541,142	1,403,291	1,132,987	(408,155)	-26.5%
Woods Valley Ranch Wastewater:					
Operating Expenses	287,900	289,500	298,975	11,075	3.8%
Capital Project Appropriations	382,600	66,100	0	(382,600)	-100.0%
Total Woods Valley Ranch Expenditures	670,500	355,600	298,975	(371,525)	-55.4%
Total Budgeted Expenditures	45,781,238	40,142,507	42,175,899	(3,605,339)	-7.9%
NET REVENUES & EXPENDITURES	(2,776,260)	(1,830,649)	532,640	3,308,900	119.2%
FUNDING FROM RESERVES	2,776,260	1,830,649	(532,640)	(3,308,900)	-119.2%
	0	0	0	0	0.0%



**VALLEY CENTER WATER DISTRICT
ANNUAL BUDGET 2010-11**

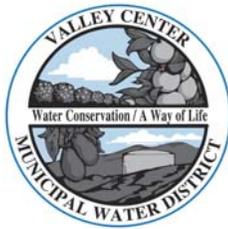
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Valley Center Water District was recognized by the California Society of Municipal Finance Officers (CSMFO) for excellence in operational budgeting for Fiscal Year 2009-2010 - Our twelfth year in a row. We believe our current budget continues to conform to the certificate program requirements, and we are submitting it to CSMFO.



Budget Message





June 6, 2011



TO: Honorable President and Board of Directors
FROM: Gary T. Arant, General Manager
SUBJECT: PROPOSED BUDGET FOR 2011-2012

PURPOSE:

To present and seek adoption of the proposed budget for fiscal year 2011-2012.

SUMMARY:

Staff is pleased to present this report along with the proposed fiscal year 2011-2012 operations, maintenance, and capital budget. We look forward to your review and analysis toward ultimate adoption prior to July 1, 2011.

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 wastewater services to its domestic, agricultural, and commercial customers. According to the San Diego Association of Governments (SanDAG), at June 30, 2010 25,378 people live within the District. The District covers 100 square miles of which approximately 71% receives water services. Over the last few years, water restrictions, coupled with rapidly increasing wholesale water rates, have driven many local growers to cease operations. While historically agriculture accounted for 80-90% of water sold, that has been reduced to an estimated 68% at June 30, 2011.

As a member of the San Diego County Water Authority (SDCWA) and a sub-agency of the Metropolitan Water District of Southern California (MWD), the District imports almost 100% of its water from the SDCWA for resale to District customers. The District has approximately 9,700 active water meters and

Fiscal Year Ended June 30, 2011, Estimates:					
Miles of Water Main					297 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					100
Total Pump Capacity					19,785 horsepower
	<u>Domestic</u>	<u>Ag</u>	<u>Commercial</u>	<u>Fire</u>	<u>Total</u>
Active Accounts	7,173	1,327	255	921	9,676
Water Sales in Acre Feet	7,332	17,366	792	-	25,490

as of June 30, 2010, was the third largest water retailer within the San Diego County Water Authority behind the City of San Diego and the Otay Water District.

In addition to water supply, the District provides wastewater collection, treatment, and disposal services for approximately 2,700 customers through the 440,000 gallon per day Lower Moosa Canyon Water Reclamation Facility at Circle R Drive near Old Highway 395 and the 70,000 gallon per day Woods Valley Ranch Wastewater Facility

BUDGET PROCESS

In keeping with past practice, 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

January 2011	General Manager and Department Heads start discussion of the Budget process.
March 2011	Departments submit Budget requests.
May 2, 2011	Budget policies approved by Board of Directors.
May 16, 2011	Overview of Budget reviewed by Board of Directors.
June 1, 2011	Budget submitted to Board of Directors.
June 6, 2011	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 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.

Seventy-three 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-seven 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 costs as they are not affected by the volume of water sold.

Spending Limit

Ordinance 171, enacted in 1988 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, 2011, is \$2,085,817 per project except that for water storage projects the limitation is \$3,128,735. 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.

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 less than one-half the limit established by Article XIII B.

Budget Control and Amendment

The General Manager is responsible for keeping expenditures within budget allocations approved by the Board of Directors 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 reallocate budget items to respond to changed circumstances, provided any single modification in excess of \$35,000 shall require approval by the Board.

The Department Heads may reallocate budget items, within their department, to respond to changed circumstances, provided that any single modification in excess of \$10,000 shall require approval by the General Manager.

The Board must authorize any increase in the overall budget and any increase in the 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.



Entrance to Heritage Trail looking south down Valley Center Road.

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.

A. **Reserves** - Four categories of reserves have been established. Reserves are detailed on page 3-2.

1. Rate Stabilization Reserves have been established to level water rates and pumping rates. The projected balances of these reserves on June 30, 2012, are:
- 2.

	<u>Water Rate Stabilization</u>	<u>Pumping Rate Stabilization</u>
Projected balance, June 30 , 2011	\$ 0	\$1,691,984
Used to balance 2011-12 budget	<u>0</u>	<u>(336,960)</u>
Balance	<u>0</u>	<u>1,355,024</u>
Maximum reserve allowable by District Administrative Code	<u>\$3,724,150</u>	<u>\$1,438,500</u>

2. An Operating Reserve of \$3,908,761 has been established for emergencies and unforeseen circumstances. In an emergency, capital projects would be critically reviewed to release appropriated capital funds for other purposes.

The Operating Reserve combined with the Rate Stabilization Reserves together are considered to be discretionary reserves, unrestricted or uncommitted reserves not anticipated to be used in the current fiscal year. The District shall endeavor to maintain these discretionary reserves at a minimum three and a maximum six months operations and maintenance budget. The proposed budget meets this goal.

Woods Valley Ranch Operating Reserve will be fully funded. The estimated fund balance at Moosa is estimated to meet the goal of at a minimum three and a maximum six months operations and maintenance budget.

3. Restricted Reserves include the Agricultural Rebate Reserve, Replacement Reserves, and The Benefit Plan Liability Reserve.

The Agricultural Rebate consists of rebates received from MWD and held for rebate to customers on termination of the agricultural water rate.

Replacement Reserves include Lower Moosa Canyon Water Reclamation Facility, and Woods Valley Ranch Water Reclamation Facility.

The Reserve for Benefit Plan Liability consists of monies set aside by the District for other post-employment benefits (OPEB). This reserve is used to fund the annual required contribution for the OPEB obligation, which is \$459,521 for the budget year.

4. Capital Projects Reserves consist of funds received for or allocated to future capital improvements, including those as outlined in the Water Master Plan. For the 2011-12 budget \$1.1 million dollars of property tax revenues was needed to balance the operating budget.

- B. **Fees and Charges** - Each water and wastewater 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.
- C. **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. The Debt Policy can be found in Section 50.3 of the Administrative Code. No new debt issues are proposed in this budget.
- D. **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.
- E. **Balanced Budget** - Current operating expenditures are funded with current revenues and with rate stabilization reserves as noted above.
- F. **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 2011-12 budget year 49% of fixed costs are covered by these fixed charges.
- G. **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.

OVERVIEW

Based on the current water and wastewater rates and charges and our estimates of water sales and connections, this proposed budget shows a surplus of \$532,640 as follows:

Water Operations	\$622,256
Water Capital Projects	(492,193)
Moosa Wastewater (Capital Projects)	315,113
Woods Valley Ranch Wastewater (Capital Projects)	87,464
Total Surplus	<u>\$532,640</u>

Although the budget includes few capital improvements, it uses \$1.1 million of property tax revenues normally used for capital projects. The budgeted surplus from water operations consists of property taxes that are not needed to fund operations and are used to fund the capital project budget deficit.

Details on each of these funds are discussed in further detail on the following pages.

GENERAL FUND

For fiscal year 2011-12, the Water Fund operating revenue is proposed at \$40,394,693, which is a decrease of 0.9% from the budget adopted for last year. The Water Fund operating expenditures budget is proposed at \$39,772,437, which is a decrease of 5.0% from the budget adopted for last year.

Changes in the major components of the budget are summarized as follows:

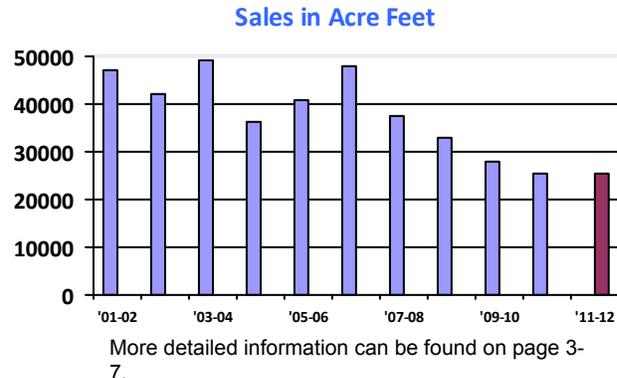
RECAP OF GENERAL FUND

	2010-11 Adopted <u>Budget</u>	Percent of Total	2011-12 Proposed <u>Budget</u>	Percent of Total	<u>Change</u>	Percent <u>Change</u>
OPERATING REVENUES:						
Water Sales	30,000 AF		25,260 AF		(4,740) AF	-15.8%
Water (includes Pumping)	\$34,455,000	84.5%	\$33,303,000	82.4%	(\$1,152,000)	-3.3%
Service Charges	3,400,500	8.3%	4,229,500	10.5%	829,000	24.4%
New Connection Sales	65,600	0.2%	71,600	0.2%	6,000	9.1%
Other Revenue	692,500	1.7%	758,900	1.9%	66,400	9.6%
Investment Income	187,500	0.5%	135,000	0.3%	(52,500)	-28.0%
Property Taxes	<u>1,852,000</u>	<u>4.5%</u>	<u>1,785,000</u>	<u>4.4%</u>	<u>(67,000)</u>	<u>-3.6%</u>
Operating Revenue	<u>40,653,100</u>	<u>99.7%</u>	<u>40,283,000</u>	<u>99.7%</u>	<u>(370,100)</u>	<u>-0.9%</u>
Debt Service	<u>103,886</u>	<u>0.3%</u>	<u>111,693</u>	<u>0.3%</u>	<u>7,807</u>	<u>7.5%</u>
TOTAL Operating Revenues	<u>\$40,756,986</u>	<u>100.0%</u>	<u>\$40,394,693</u>	<u>100.0%</u>	<u>\$(362,293)</u>	<u>-0.9%</u>
OPERATING EXPENDITURES:						
Water Purchase	31,900 AF		26,870AF		(5,030) AF	-15.8%
Water	\$28,327,337	67.6%	\$26,902,965	67.6%	(\$1,424,372)	-5.0%
Energy	2,830,000	6.8%	2,230,210	5.6%	(599,790)	-21.2%
Regulatory Permit	<u>59,750</u>	<u>0.1%</u>	<u>61,750</u>	<u>0.2%</u>	<u>2,000</u>	<u>3.3%</u>
Controlled by Others	<u>31,217,087</u>	<u>74.5%</u>	<u>29,194,925</u>	<u>73.4%</u>	<u>(2,022,162)</u>	<u>-6.5%</u>
Debt Service	<u>103,886</u>	<u>0.2%</u>	<u>111,693</u>	<u>0.3%</u>	<u>7,807</u>	<u>7.5%</u>
Personnel	8,066,300	19.1%	8,073,900	20.3%	7,600	0.1%
Other	<u>2,488,323</u>	<u>6.1%</u>	<u>2,391,919</u>	<u>6.0%</u>	<u>(96,404)</u>	<u>-3.9%</u>
Controlled by District *	<u>10,554,623</u>	<u>25.2%</u>	<u>10,465,819</u>	<u>26.3%</u>	<u>(88,804)</u>	<u>-0.8%</u>
TOTAL Operating Expenditures	<u>\$41,875,596</u>	<u>100.0%</u>	<u>\$39,772,437</u>	<u>100.0%</u>	<u>(\$2,102,060)</u>	<u>-5.0%</u>
*COSTS CONTROLLED BY DISTRICT						
General Administration	\$945,325	2.3%	\$944,560	2.4%	(\$765)	-0.1%
Finance	2,050,504	4.9%	1,955,892	4.9%	(94,612)	-4.6%
Engineering	1,776,269	4.2%	1,605,650	4.0%	(170,619)	-9.6%
Field Operations	<u>5,782,525</u>	<u>13.8%</u>	<u>5,959,717</u>	<u>15.0%</u>	<u>177,192</u>	<u>3.1%</u>
Total Controlled by District	<u>\$10,554,623</u>	<u>25.2%</u>	<u>\$10,465,819</u>	<u>26.3%</u>	<u>(\$88,804)</u>	<u>-0.8%</u>

REVENUE ESTIMATES

Water Sales and Rate Increase

Water sales for the past five years have ranged from 48,085 acre feet in fiscal year 2007, to an estimated 25,490 for 2010-11. This is a decrease of 47%, or 22,595 acre feet. This reduction in sales volume is due to the implementation of the mandatory and voluntary water cutbacks, rapidly increasing wholesale water rates, and the economic



recession. Many of the local growers have or are in the process of ceasing operations. According to a 2009 study by the California Avocado Commission, in 2005 there were 8,881 acres of productive avocados in Valley Center compared to 6,667 in 2009, a reduction of 25%. Citrus growers have suffered similar circumstances.

On May 2, 2011, the District's Board of Directors voted to lift the water conservation constraints and water cutbacks following the lead of the Metropolitan Water District and the San Diego County Water Authority.

The SDCWA has not yet adopted wholesale rates. As such, we have estimated, with the most recent information available, that wholesale costs on January 1, 2012, will increase to \$1,326.62 per acre foot for full price, to \$1,060.51 for certified Interim Agricultural Water Program (IAWP), and to \$1,103.42 for Special Agricultural Water Rate (SAWR) customers. Total wholesale estimated increases are 13.8% for full price, 17.4% for IAWP, and 13.9% for SAWR customers. All rate changes from MWD and SDCWA are passed through to our customers in accordance with our Administrative Code Section 160.3(g), including any rate changes not yet known.

The MWD treated water supply charge is estimated to increase 12.1% from \$812 to \$910 per acre foot on January 1, 2012. Also, the SDCWA water delivery charge is increasing from \$75 to \$84 per acre foot. The Capacity Reservation Charge for 2011 is estimated to increase by 2.8%. The SDCWA is projecting that their Customer Service Charge will increase 12.1% and the Emergency Storage Charge is expected to increase 12.1% in calendar year 2012. In addition, SDCWA includes a melded rate supply cost increment for additional water supplies such as that received from the Imperial Irrigation District. The rate, not firm at this time, is projected to be \$78 in January 2012.

The budget, as presented, proposes an increase of 13.8% in the District's local share of the water rate on January 1, 2012. The current local rate of \$136.82 will increase to \$155.73 per acre foot. This increase is necessary to restore our capital funding and again begin replacing our over 50-year-old water systems. It will also reduce reliance of property taxes to fund operations, which more appropriately should be used for capital improvements. 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 the total water commodity cost for Municipal and Industrial (M&I) and 16% for Certified Agriculture (Ag). Based on the proposed January 1, 2012, rates above, our share of the water rate will be 10.5% for M&I and 12.8% for Agricultural IAWP, respectively.

Metropolitan Interim Agricultural Water Program

The Metropolitan Water District (MWD) Board of Directors voted in October 2008 to phase out the Interim Agricultural Water Program (IAWP). The discount amount diminishes each year, along with the water consumption reduction requirements, until the program ends on December 31, 2012. The

discount saved our customers approximately \$568,000 during 2010-11. We are projecting the savings to be approximately \$388,000 for 2011-12.

San Diego County Water Authority Special Agricultural Water Rate

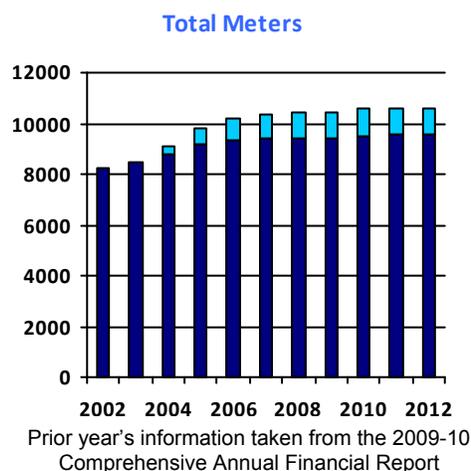
In addition to the IAWP discount above, an incremental melded rate cost and storage commodity charge that are added to the water supply charge by the SDCWA are not charged to our agricultural customers. It is estimated that this additional discount will save our customers an estimated \$945,100 in 2010-11 and \$1,317,600 in 2011-12. The SDCWA Special Agricultural Water Rate (SAWR) has been extended until December 31, 2012, at which time the SAWR calculation will be revised.

Interest Income

For 2011-12, the District projects to earn 1.00% on invested funds for the year for a return of approximately \$135,000 in interest earnings, which is the equivalent of \$5.34 per acre foot of budgeted water sales. Projected interest income is \$173,000 for 2010-11.

Property Taxes

Secured property taxes are budgeted at \$1,785,000 for 2011-12. This represents a decrease of \$214,000, or 10.7% over the current year estimate, because of a reduction in assessed valuation. We will again receive \$591,000 in water availability (standby) charges.



Pump Charges

Pumping charges for 2011-12 are expected to be \$2,877,000 compared to \$3,470,000 budgeted in 2010-11. This is due to less water demand, 25,260 acre feet in estimated sales compared to 30,000 acre feet for 2010-11. Because of uncertainties surrounding the current economy and funds available in our pumping rate stabilization reserve, it appears at this time that our current pump charges should remain unchanged.

EXPENDITURE ESTIMATES

Water

The District is budgeting to purchase 26,870 acre feet of water in 2011-12 and to sell 25,260 acre feet. The implementation of the mandatory and voluntary water cutbacks combined with the ongoing slow economy make it extremely difficult to estimate the amount of water to be purchased. We believe that our estimate for 2011-12 is reasonable as sales have stabilized, and further effects from economic difficulties and depressed real estate will be offset by forecasted warmer and drier weather.

Energy

The budget expects that expenditures for energy to pump water to our customers will decrease next year. The estimated rate is \$83 per acre foot of water purchased, as compared with \$89 budgeted in 2010-11. Total energy costs are budgeted at \$2,230,210 versus \$2,830,000 in 2010-11. The

decrease in energy costs is due to lower demand, operational efficiencies, reducing the amount of pumping during off-peak rate periods, and our power purchase agreement for solar power at Lake Turner. Energy cost savings are being re-invested in continued efficiency upgrades to the water pumping facilities and possible investment in alternative energy sources, such as solar photo-voltaic.

Debt Service

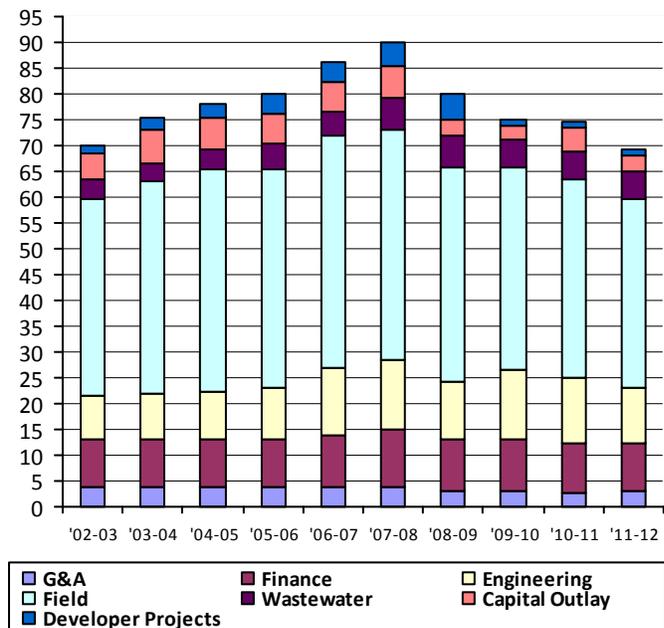
The General Fund has one bank obligation which is being met by water availability charges. In 2011-12, \$111,693 will be needed to service this long term revenue debt obligation.

Personnel

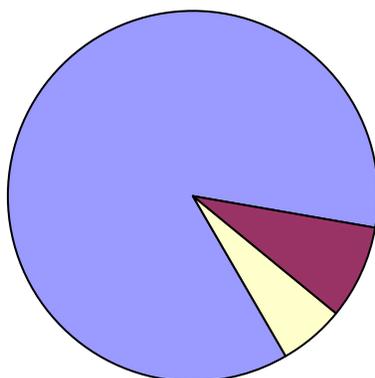
Staffing Levels

For 2011-12, the budget proposes to fund 69¼ positions, down 5¼ positions from the 2010-11 budgeted staffing level of 74½ positions. During the last quarter of 2010-11, the District had a reduction in force of 5 full-time positions. Reduced water sales volume along with rapidly increasing wholesale water rates and uncertainties about the future triggered the reduction. The released employees are included in this budget at 25% of their annual salary and benefits to fund termination payments. The District will continue to evaluate leaving vacancies due to retirements unfilled on a case by case basis. The current staff will need to multi-task and take on new added responsibilities. We will endeavor to fill any open positions with internal transfers.

Budgeted Employees



Allocation of Labor



■ Water ■ Wastewater □ Capital & Developer

Budgeted Full-Time Equivalent Positions by Department

	<u>2010-11</u>	<u>2011-12</u>
General Administration	2.60	3.10
Finance	9.90	9.15
Engineering	12.46	10.82
Field Operations	<u>39.59</u>	<u>36.63</u>
Total General Fund	63.55	59.70
Lower Moosa Sewer Treatment	4.56	4.53
Woods Valley Ranch Sewer	0.89	0.91
Total Operating	69.00	65.14
Capital Outlay	4.36	3.06
Developer Projects	1.14	1.05
TOTAL	<u>74.50</u>	<u>69.25</u>

With continued uncertainties surrounding the economy along with the lack of housing starts and developer projects within the local community, the District continues to look for ways of reducing controllable costs throughout the District, including deferring capital improvement projects.

Personnel Costs

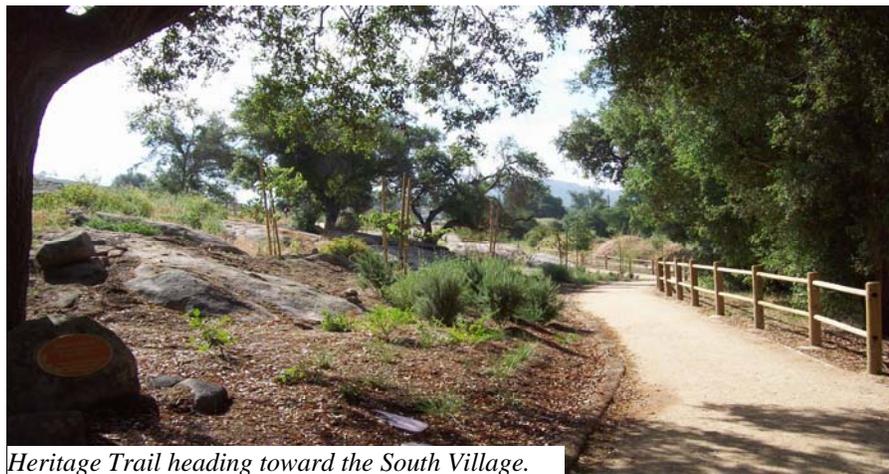
General Fund personnel costs for 2011-12 are estimated at \$8,073,900. This represents an increase of \$7,600 or 0.1% from our 2010-11 budget base of \$8,066,300. The increase is a result of a cost of living adjustment of 1.75% per the current Memorandum of Understanding (MOU) with the employees’ association and increases in retirement, medical, accrued leave, and dental expenses. This increase is offset by the reduction in force from layoffs and retirements, reduced postretirement health benefits costs, and ending deferred compensation matched by the District.

Management and the Valley Center Employees Association opened up negotiations and amended the current MOU. The District within the last year has significantly cut back on expenditures. With this MOU re-negotiation, the employees agreed and are now paying for their full share of their retirement benefits. The deferred compensation match was terminated; a floating holiday was given up as was the clothing allowance for office personnel, and a salary survey that was scheduled was also deferred.

Other Expenditures

Controlling the cost of operating the District has been an ongoing focus. Costs controlled by the District for 2011-12 are 0.8% lower than 2010-11 including personnel costs above. Each department continues to evaluate all aspects of their respective operations, establish goals for the budget year, and determining a budget which would allow them to meet those goals as efficiently as possible. Operating item cost increases and (decreases) include:

Outside Professional Services	\$ (40,950)
Insurance	(26,389)
Public Information and Notices	(22,750)
Federal and State Government Relations	(15,000)
Water Conservation Program	(13,100)
Election Division Reapportionment Study	20,000
Other	1,785
TOTAL DECREASES	<u>\$ (96,404)</u>



Heritage Trail heading toward the South Village.

CAPITAL BUDGET

Capital projects included in this budget consist of the following:

Pump Stations	\$ 245,000
Reservoirs	92,000
Data Management Systems	605,000
Facilities	20,000
Equipment	9,500
TOTAL New appropriations	<u>\$ 971,500</u>
Project appropriations carried forward from prior budget	<u>1,504,873</u>
 TOTAL Capital Budget	 <u><u>\$ 2,476,373</u></u>

Funding for the water capital projects comes from:

Water availability charges	\$ 479,307
Capital Improvement Reserve	492,193
Reserve for Continuing Projects	<u>1,504,873</u>
 TOTAL	 <u><u>\$ 2,476,373</u></u>

Capital projects are shown in greater detail beginning on page 9-1.

The Capital Outlay Budget for fiscal year 2011-12 is minimal at best. We have reduced our new project requests and included only those major projects that were essential (Supervisory Control and Data Acquisition to replace an obsolete telemetry system) or produced rapid paybacks (pump upgrades which lower energy use).

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 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 the District's financial projections and future capital improvement projects, a debt issuance is a possibility in the near future.

DEBT

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

	<u>Actual Balance June 30, 2010</u>	<u>Projected June 30, 2011</u>	<u>Projected June 30, 2012</u>
District-wide revenue bonds -			
Principal and interest at 62% of prime rate payable semiannually. Final maturity July 1, 2013. (Page 5-8)	<u>\$ 265,000</u>	<u>\$ 165,000</u>	<u>\$ 55,000</u>
Total long-term debt	<u>\$ 265,000</u>	<u>\$ 165,000</u>	<u>\$ 55,000</u>

Long-term debt schedule:

	<u>Final Maturities</u>	<u>Outstanding June 30, 2010</u>	<u>Retired 2010-11</u>	<u>Outstanding June 30, 2011</u>	<u>Maturing 2011-12</u>	<u>Outstanding June 30, 2012</u>
Revenue Bonds	July 1, 2013	<u>\$ 265,000</u>	<u>\$ 100,000</u>	<u>\$ 165,000</u>	<u>\$ 110,000</u>	<u>\$ 55,000</u>
Total		<u>\$ 265,000</u>	<u>\$ 100,000</u>	<u>\$ 165,000</u>	<u>\$ 110,000</u>	<u>\$ 55,000</u>

The District 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.

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, 2011, were \$815,000. 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.



Betsworth Forebay

MOOSA WASTEWATER TREATMENT FUND

The Moosa Wastewater Treatment operating budget, which serves approximately 2,450 customers in a limited geographic area on the west side of the District, is down \$15,125 or 1.4% from the previous year budget. The major components of the budget are summarized as follows:

RECAP OF MOOSA WASTEWATER TREATMENT BUDGET

	2010-11 Adopted Budget	Percent	2011-12 Proposed Budget	Percent	Change	Percent Change
Revenues	<u>\$1,350,259</u>	<u>100.0%</u>	<u>\$1,448,100</u>	<u>100.0%</u>	<u>\$97,841</u>	<u>7.2%</u>
Operating Expenses:						
Labor	\$519,400	38.5%	\$531,200	36.7%	\$11,800	11.8%
Electricity	100,000	7.4%	80,000	5.5%	(20,000)	-20.0%
Chemicals	15,500	1.1%	19,500	1.4%	4,000	25.8%
Administrative allocation	148,820	11.0%	148,125	10.2%	(695)	-0.5%
Maintenance	76,000	5.6%	71,000	4.9%	(5,000)	-6.6%
Vehicle maintenance	20,500	1.5%	16,500	1.1%	(4,000)	-19.5%
Regulatory	21,000	1.6%	19,000	1.3%	(2,000)	-9.5%
Outside services	102,800	7.6%	103,500	7.2%	700	0.7%
Other	<u>59,092</u>	<u>4.4%</u>	<u>59,162</u>	<u>4.1%</u>	<u>70</u>	<u>0.1%</u>
Subtotal Moosa Treatment	<u>\$1,063,112</u>	<u>78.7%</u>	<u>\$1,047,987</u>	<u>72.4%</u>	<u>(\$15,125)</u>	<u>-1.4%</u>
Net Operating Income	287,147	21.3%	400,113	27.6%	112,966	39.3%
Capital Projects	478,030		85,000		(393,030)	-82.2%
Replacement Fund Contribution	<u>294,472</u>		<u>397,995</u>		<u>103,523</u>	<u>35.2%</u>
Total funded from reserves	<u>(\$485,355)</u>		<u>(\$82,882)</u>		<u>\$402,473</u>	<u>82.9%</u>

The current wastewater service charge is \$46.50 per equivalent dwelling unit per month. An increase of \$2.25 in the service charge has been included in this budget. The increase will take in February 2012.

Beginning in 1995, the District has collected a low pressure wastewater collection system maintenance fee. The fee is currently \$38.40. An increase of \$1.85 has been included in this budget. This rate is based on the following monthly costs per unit:

Minor operating and maintenance costs	\$ 11.96
Major life cycle costs (Pump rebuild and replacement, sludge removal)	32.81
Less sludge processing credit	<u>(4.48)</u>
	<u><u>\$ 40.29</u></u>

At this level, we will recover 49% of the budgeted low pressure wastewater collection system maintenance expenses.

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. Funding for the project is provided by various property owners in the service area through the formation of an assessment district and the acquisition of a State Revolving Fund (SRF) Loan. 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. The 70,000 gallon per day treatment facility serves 270 homes and a golf course. Once the water is treated it is used for irrigating the Woods Valley Ranch Golf Course, yielding the District approximately 45 acre feet of reclaimed water sales. Included in the budget is funding for both a replacement reserve and operating expenses. Revenues for the Woods Valley Ranch Wastewater budget are collected by a fixed charge special assessment on the development. A summary of the budget follows:

RECAP OF WOODS VALLEY RANCH WASTEWATER TREATMENT BUDGET

	2010-11 Adopted Budget	Percent to Total	2011-12 Proposed Budget	Percent to Total	Change	Percent Change
Revenues	\$375,619	100.0%	\$386,439	100.0%	\$10,820	2.9%
Operating Expenses:						
Labor	\$111,000	29.6%	\$118,400	30.6%	\$7,400	6.7%
Electricity	49,350	13.1%	49,350	12.8%	0	0.0%
Administrative allocation	40,302	10.7%	42,258	10.9%	1,956	4.9%
Maintenance	5,000	1.3%	5,000	1.3%	0	0.0%
Vehicle maintenance	5,000	1.3%	5,000	1.3%	0	0.0%
Regulatory	15,000	4.0%	15,000	3.9%	0	0.0%
Outside Services (Laboratory and Waste Hauling)	40,000	10.6%	41,500	10.7%	1,500	3.8%
Insurance	11,848	3.2%	12,067	3.1%	219	1.8%
Other	<u>10,400</u>	<u>2.8%</u>	<u>10,400</u>	<u>2.7%</u>	<u>0</u>	<u>0.0%</u>
Total Operating Expenses	<u>\$287,900</u>	<u>76.6%</u>	<u>\$298,975</u>	<u>77.4%</u>	<u>\$11,075</u>	<u>3.8%</u>
Net Operating Income	87,719	23.4%	87,464	22.6%	(255)	(0.3)%
Capital Projects	62,600		0		(62,600)	(100.0)%
Replacement Reserve Contribution	<u>102,620</u>		<u>102,620</u>		<u>0</u>	<u>0.0%</u>
Total funded from replacement reserves	<u>(\$77,501)</u>		<u>(\$15,156)</u>		<u>\$62,345</u>	<u>80.4%</u>

The monthly sewer service charge is \$98.60 per equivalent dwelling unit (EDU) and is collected by an annual assessment on the property tax roll. It remains unchanged for fiscal year 2011-12.



Local orange grove with every other row cut down to conserve water.

STRATEGIC PLAN

On July 21, 2008, the Board of Directors approved the updated *Valley Center Municipal Water District Strategic Plan for Fiscal Years 2008-2009, 2009-2010, 2010-2011, 2011-2012, and 2012-2013*. 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. As adopted by the Board of Directors, the Strategic Plan serves as the core policy framework by which the District has established its values, performance standards, and improvement goals for critical aspects of its operations, such as Water Supply, Wastewater Treatment and Reclamation, Infrastructure, Finance, Technology, Energy, and Compensation and Benefits. All expenditures appearing in this document, whether routine and ongoing, programmatic, or project oriented, are based upon or justified by some aspect of the Board adopted Strategic Plan.

Below are the **Mission Statement, Organizational Values, Performance Measurements, and Strategic Plan Goals** contained in the current Strategic Plan. Performance Measurements also reflect the Performance Measurement outcomes for calendar year 2010.

Within the various Department narratives appearing throughout the budget are reports on progress made over the past fiscal year toward accomplishing the various goals appurtenant to the specific department as well as the projects and programs proposed in the upcoming budget year.

MISSION STATEMENT

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

ORGANIZATIONAL VALUES

Customer Satisfaction

- Quality Service
- Safe Water
- Reliability
- Friendliness

Professionalism

- Ethics
- Integrity
- Leadership
- Teamwork

Efficient Use of Resources

- Conservation
- Environmental Sensitivity
- Cost Control

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 97.2% of the time.

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

Water loss for 2010 was 6.1%. This budget allows for a water loss of 6%. The capital budget includes funds for a water loss reduction system.

3. DISCRETIONARY RESERVES - Unrestricted or uncommitted reserves not anticipated to be used in the current fiscal year equal to six months’ operations and maintenance expenses (excluding wholesale water and power purchases).

Our Discretionary Reserves as of December 31, 2010 represents approximately 5.3 months operating and maintenance expenses.

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 9.2% of Municipal & Industrial and 11.6% of Certified Agricultural.

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

Our pump efficiency was 102% of design criteria.

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

Two projects were completed with cumulative costs 38.8% less than estimated.

7. WATER SERVICE RELIABILITY GREATER THAN AT 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 99.998%.

8. COMPLIANCE WITH ALL STATE & FEDERAL REGULATIONS.

100%.

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

The District had no lost time accident in calendar 2010 representing 0.0000% 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 at least equal to the average rate of return on one year U.S. Treasury Bonds.

Our weighted average return on all investments for calendar 2010 was 1.31% as compared to the 12-month rolling average U.S. Treasury Bonds of 0.38%.

STRATEGIC PLAN GOALS

1. Water Supply

Support water resource and policies at the state, regional, sub-regional, and local level which sustain and enhance the rural and agricultural character of the District's service area.

- a. **State Water Project** - Support and assist in securing the reliable and environmentally responsible conveyance through and around the Sacramento-San Joaquin Delta and expand statewide storage to restore ample and reliable supplies for all uses, including agriculture.
- b. **Seawater Desalination** - Continue to advocate and support the development of seawater desalination projects, and specifically support and assist in the realization of the Carlsbad-Poseidon Seawater Desalination Plant as both a sub-regional and local source for high quality, more reliable water supply.
- c. **Local Water Resources** - Seek out and pursue opportunities to expand the use of local surface and ground water resources.

2. Wastewater Treatment and Reclamation

Seek out and identify less costly and environmentally compatible methods of wastewater and bio-solids processing and disposal. Support and pursue the continued development of wastewater reclamation to offset imported water demand.

3. Infrastructure

Pursue the master planning and financing for the new water and wastewater infrastructure to reliably meet long-term community needs based on the county approved General Plan and replace existing aging water and wastewater infrastructure.

4. Finance

Support financial policies at the state, regional, sub-regional, and local level which sustain the affordability of water and wastewater services sustaining the rural and agricultural character of the District's service area.

- a. **MWD and SDCWA Wholesale Pricing** - Seek to maintain appropriate pricing and support programs for agriculture within the MWD and SDCWA service areas.
- b. **Local Property Tax** - Protect local property taxes from appropriation by the State or County Governments.

5. Technology

Evaluate and incorporate into the District's operations and administration new technologies which increase organizational efficiency, reduce costs, and maintain and even enhance customer satisfaction, including:

- a. GIS** - Continue expansion, enhancement, and utility;
- b. SCADA** - Continue toward full implementation in the water and wastewater systems;
- c. AMR** - Full implementation for all current and future meters and integration of meter reading capability through the SCADA radio network;
- d. Service Order Software** - Implementation and full integration with other related data bases;
- e. E-Business** - On-line customer account access and bill paying.

6. Energy

Sustain the efficient use of and pursue and support as appropriate the development of renewable and alternative energy resources.

- a. Efficiency** - Maximize the operating efficiency of pumps, pump motors, wastewater operations and processing, motorized equipment and the District's service fleet, as well as work practices and procedures.
- b. Renewable and Alternative Energy Resource** – Expand renewable energy resources, such as solar power, within the District operations and facilities and support the national and regional development and/or expansion of alternative resources such as nuclear power.

7. Compensation and Benefits

Provide competitive but sustainable employee compensation and benefit programs to attract and retain committed and outstanding personnel.

RECOMMENDATIONS

Recommendations to implement the 2011-12 budget are summarized for your action as follows:

- Adopt the budget as presented (or modified by your Board) for implementation June 20, 2011.
- In accordance with Administrative Code Section 160.3(g), implement rate changes from the Metropolitan Water District and the County Water Authority when incurred.

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

PREPARED BY:



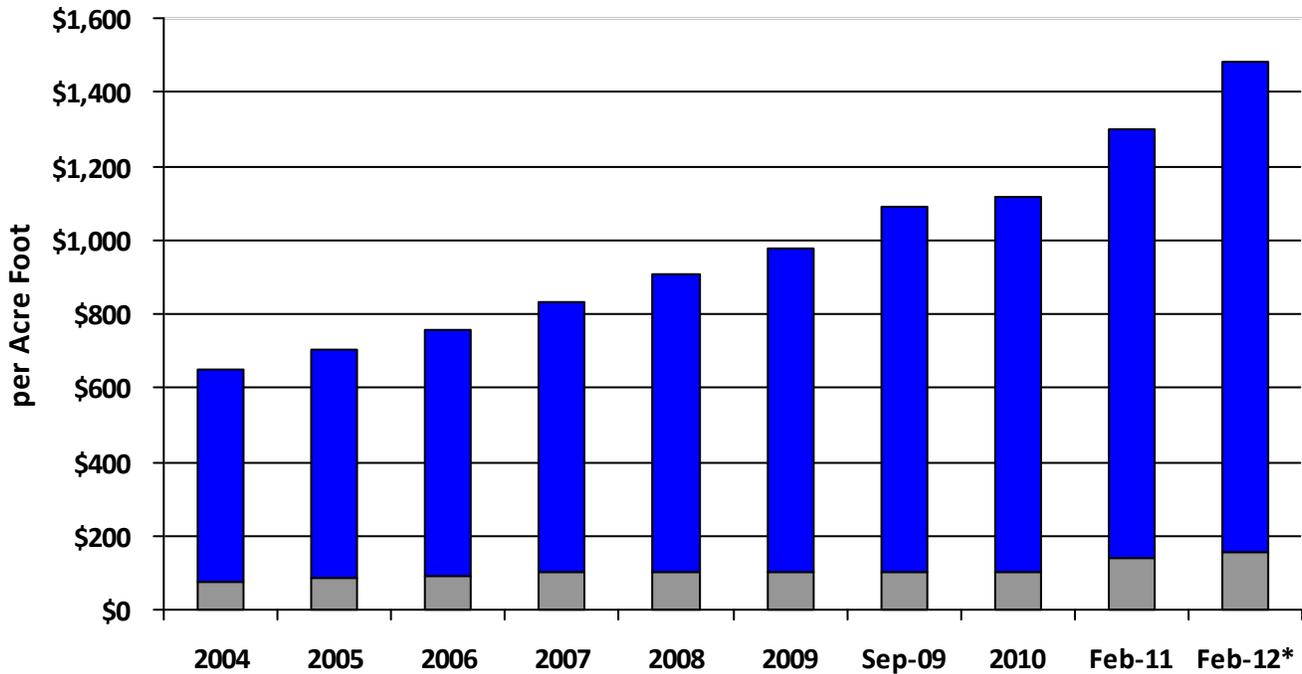
William J. Jeffrey
Director of Finance

APPROVED BY:

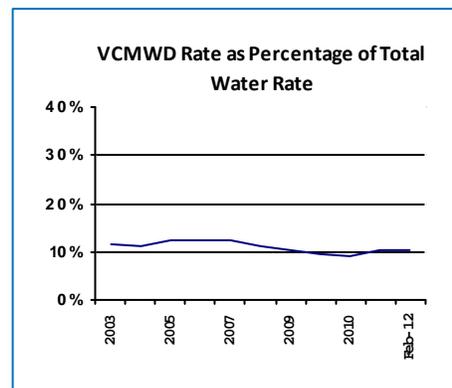


Gary T. Arant
General Manager

Water Rate Components

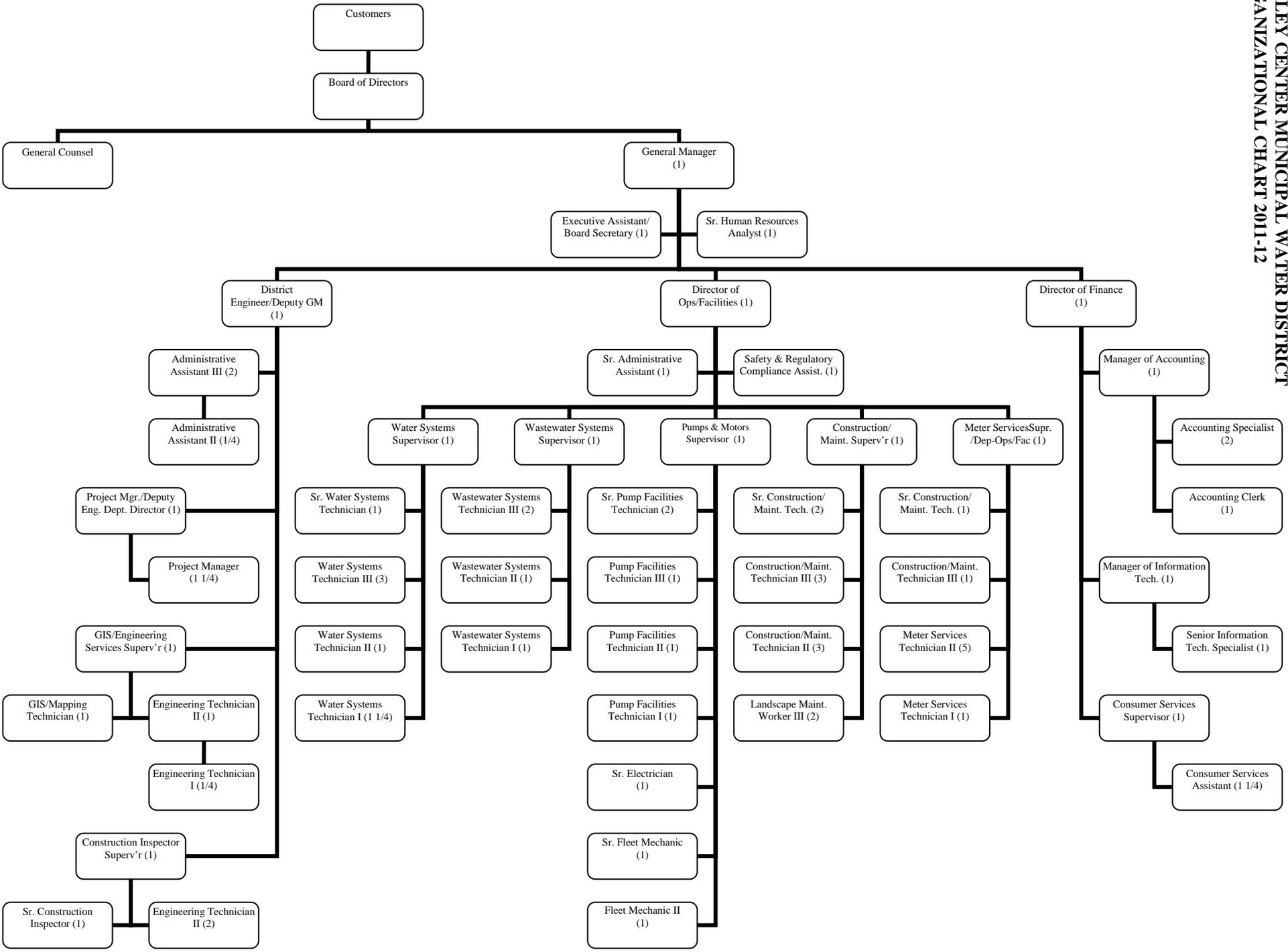


- MWD & SDCWA Wholesale
- Valley Center Municipal Water District

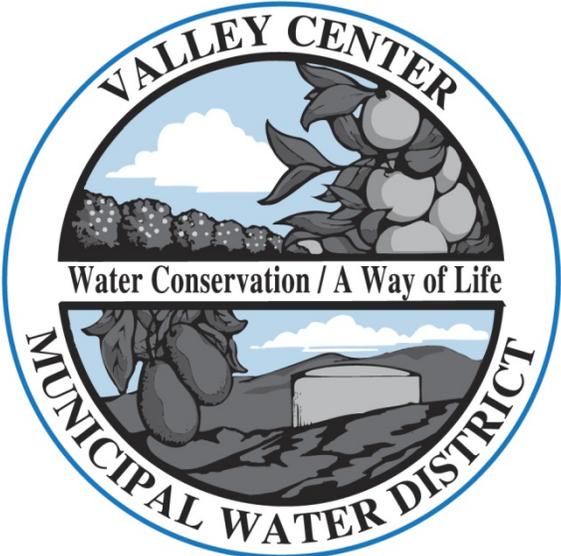


* Proposed water rates

<u>Rate in Dollars per Acre Foot</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Sept 2009</u>	<u>2010</u>	<u>Feb 2011</u>	<u>Feb 2012*</u>
Valley Center Municipal Water District	\$ 74	\$ 87	\$ 93	\$102	\$102	\$ 102	\$ 102	\$102	\$137	\$156
MWD/SDCWA wholesale	<u>577</u>	<u>619</u>	<u>666</u>	<u>731</u>	<u>806</u>	<u>873</u>	<u>988</u>	<u>1,016</u>	<u>1,165</u>	<u>1,326</u>
Total	<u>\$651</u>	<u>\$706</u>	<u>\$759</u>	<u>\$833</u>	<u>\$908</u>	<u>\$975</u>	<u>\$1,090</u>	<u>\$1,118</u>	<u>\$1,302</u>	<u>\$1,482</u>
Agricultural Use Discounts (IAWP)	<u>\$161</u>	<u>\$177</u>	<u>\$205</u>	<u>\$207</u>	<u>\$244</u>	<u>\$252</u>	<u>\$250</u>	<u>\$238</u>	<u>\$267</u>	<u>\$266</u>



Resolutions





RESOLUTION NO. 2011-23

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2011-2012 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 budget for 2011-2012 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", is adopted as the final operating and capital budget for the District for the fiscal year 2011-2012.
2. That the amounts designated in the final 2011-2012 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 approved by the Board of Directors 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 herein.
 - b. The General Manager may reallocate budget items to respond to changed circumstances, provided any single modification in excess of \$35,000 shall require approval by the Board.
 - c. The Department Heads may reallocate budget items, within their department, to respond to changed circumstances, provided that any single modification in excess of \$10,000 shall require approval by the General Manager.

- d. The Board must authorize any increase in the overall budget and any increase in the 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 6th day of June, 2011, by the following vote to wit:

AYES:

NOES:

ABSENT:

PRESIDENT

ATTEST:

SECRETARY

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

	Operating	Debt Service	Capital Projects	Total General	Moosa Wastewater	Woods Valley	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2011	\$6,832,537	\$0	\$3,913,020	\$10,745,557	\$820,648	\$728,608	\$12,294,813

RECAP OF EXPENDITURES BY FUNCTION

General Administration	944,560			944,560			944,560
Finance	1,955,892	111,693		2,067,585			2,067,585
Engineering	1,605,650			1,605,650			1,605,650
Field Operation	6,021,467			6,021,467	1,047,987	298,975	7,368,429
Source of Supply	29,133,175			29,133,175			29,133,175
Capital Projects			971,500	971,500	85,000	0	1,056,500
Total Budgeted Expenditures	\$39,660,744	\$111,693	\$971,500	\$40,743,937	\$1,132,987	\$298,975	\$42,175,899

SOURCE OF FINANCING

Revenues:							
Water Sales	33,303,000			33,303,000			33,303,000
Meter Service Charges/Wastewater Charges	4,229,500			4,229,500	1,448,100	386,439	6,064,039
New Connection Sales	71,600		0	71,600			71,600
Other Revenue	758,900			758,900			758,900
Investment Income	135,000			135,000			135,000
Property Taxes	1,785,000			1,785,000			1,785,000
Water Availability Charges	0	111,693	479,307	591,000			591,000
Total Revenues	\$40,283,000	\$111,693	\$479,307	\$40,874,000	\$1,448,100	\$386,439	\$42,708,539

NET REVENUES & EXPENDITURES

\$622,256	\$0	(\$492,193)	\$130,063	\$315,113	\$87,464	\$532,640
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TRANSFERS (See page 3-2)

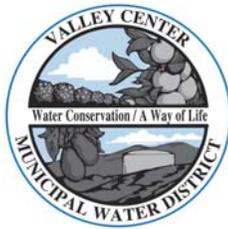
(\$1,340,570)	\$0	\$1,340,570	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2012

\$6,114,223	\$0	\$4,761,398	\$10,875,620	\$1,135,761	\$816,072	\$12,827,453
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Excluded from this budget are the following debt service funds:

Assessment Districts 93-1, 96-1, and 96-2.



June 6, 2011

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: RESOLUTION TO ESTABLISH APPROPRIATION LIMIT FOR 2011-2012

PURPOSE:

Board adoption of Resolution No. 2011-24 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 most felt by cities and agencies that exist almost entirely on proceeds of taxes of one sort or another. The District's revenues consist primarily of water and wastewater charges, with less than 5% from general property taxes. We do have to comply with the legislation by establishing an appropriations limit for the amount we do receive from property taxes. Our estimated property tax collections are less than half the appropriation limit, 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 2011-2012.

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 May 19, 2011, in compliance with this requirement.

RECOMMENDATION:

That Resolution No. 2011-24 be adopted to establish the appropriation limit for 2011-2012 as \$4,927,887.

PREPARED BY:

APPROVED BY:

William J. Jeffrey
Director of Finance

Gary T. Arant
General Manager

June 6, 2011

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: RESOLUTION TO ESTABLISH APPROPRIATION LIMIT FOR 2011-2012

PURPOSE:

Board adoption of Resolution No. 2011-24 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 most felt by cities and agencies that exist almost entirely on proceeds of taxes of one sort or another. The District's revenues consist primarily of water and wastewater charges, with less than 5% from general property taxes. We do have to comply with the legislation by establishing an appropriations limit for the amount we do receive from property taxes. Our estimated property tax collections are less than half the appropriation limit, and if actual tax collections ever exceeded this limit, refund of the excess would have to be made.

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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 May 19, 2011, in compliance with this requirement.

RECOMMENDATION:

That Resolution No. 2011-24 be adopted to establish the appropriation limit for 2011-2012 as \$4,927,887.

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 6, 2011, at 2:00 P.M. at 29300 Valley Center Road, the Board of Directors will, by resolution, establish the District's 2011-12 appropriation limit pursuant to Article XIII B of the State Constitution as amended by Proposition 111 effective July 1, 1990. The appropriation limit for 2011-12 is to be set at \$4,927,887 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
2007-08	4.42% (a)	2.00%	\$4,375,795
2008-09	4.29% (a)	1.43%	\$4,628,716
2009-10	0.62% (a)	1.32%	\$4,718,976
2010-11	-0.37% (b)	1.52%	\$4,772,772
2011-12	2.51% (a)	0.72%	\$4,927,887

Posted May 19, 2011

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. 2011-24

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY
CENTER MUNICIPAL WATER DISTRICT TO ESTABLISH THE
APPROPRIATION LIMIT FOR THE 2011-2012 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 2010-11 fiscal year was \$4,772,772, and that the proceeds of taxes to be received in that year, in the amount of approximately \$1,983,000, did not exceed that appropriation limit.
3. That in determining the appropriation limit for 2011-2012, 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 2011-2012, 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 XIII B, as amended, and Section 7910 of the Government Code, as amended, the appropriation limit for Valley Center Municipal Water District for the 2011-2012 fiscal year is established at \$4,927,887.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT held the 6th day of June, 2011, by the following vote, to wit;

AYES:

NOES:

ABSENT:

President

ATTEST:

Secretary

Recap of Revenues & Source



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

	Operating	Debt Service	Capital Projects	Total General	Moosa Wastewater	Woods Valley	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2011	\$6,832,537	\$0	\$3,913,020	\$10,745,557	\$820,648	\$728,608	\$12,294,813

RECAP OF EXPENDITURES BY FUNCTION

General Administration	944,560			944,560			944,560
Finance	1,955,892	111,693		2,067,585			2,067,585
Engineering	1,605,650			1,605,650			1,605,650
Field Operation	6,021,467			6,021,467	1,047,987	298,975	7,368,429
Source of Supply	29,133,175			29,133,175			29,133,175
Capital Projects			971,500	971,500	85,000		1,056,500
Total Budgeted Expenditures	\$39,660,744	\$111,693	\$971,500	\$40,743,937	\$1,132,987	\$298,975	\$42,175,899

SOURCE OF FINANCING

Revenues:							
Water Sales	33,303,000			33,303,000			33,303,000
Meter Service Charges/Wastewater Charges	4,229,500			4,229,500	1,448,100	386,439	6,064,039
New Connection Sales	71,600			71,600			71,600
Other Revenue	758,900			758,900			758,900
Investment Income	135,000			135,000			135,000
Property Taxes	1,785,000			1,785,000			1,785,000
Water Availability Charges	0	111,693	479,307	591,000			591,000
Total Revenues	\$40,283,000	\$111,693	\$479,307	\$40,874,000	\$1,448,100	\$386,439	\$42,708,539

NET REVENUES & EXPENDITURES	\$622,256	\$0	(\$492,193)	\$130,063	\$315,113	\$87,464	\$532,640
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TRANSFERS (See page 3-2)	(\$1,340,570)	\$0	\$1,340,570	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2012	\$6,114,223	\$0	\$4,761,397	\$10,875,620	\$1,135,761	\$816,072	\$12,827,453
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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
2011-2012**

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

	Projected Balance, June 30, 2011	Revenues	Expenses	Net Revenues -Expenses	Transfers and Budgeted Additions	Projected Balance, June 30, 2012
General Fund						
Operating						
Discretionary Reserves						
- Pumping Rate Stabilization	\$1,691,984	\$2,877,000	(\$3,213,960)	(\$336,960)		\$1,355,024
- Operating Reserve	3,830,594			0	78,167	3,908,761
Restricted Reserves						
- Agricultural Rebate	235,672			0		235,672
- Benefit Plan Liability	1,074,288		(459,521)	(459,521)		614,767
Unappropriated Fund Balance	0	37,406,000	(35,987,263)	1,418,737	(1,418,737)	0
Total Operating	\$6,832,537	\$40,283,000	(\$39,660,744)	\$622,256	(\$1,340,570)	\$6,114,223
Debt Service Reserve	0	111,693	(111,693)	0		0
Capital Projects Reserves						
- Continuing Projects	1,504,873			0		1,504,873
- Capacity Charges	158,593		0	0		158,593
- Capital Improvements	2,249,555	479,307	(971,500)	(492,193)	1,340,570	3,097,932
Total Capital	\$3,913,020	\$479,307	(\$971,500)	(\$492,193)	\$1,340,570	\$4,761,397
Total General Fund	\$10,745,557	\$40,874,000	(\$40,743,937)	\$130,063	\$0	\$10,875,620
Lower Moosa Wastewater Treatment	820,648	1,448,100	(1,132,987)	315,113		1,135,761
Woods Valley Wastewater Treatment	728,608	386,439	(298,975)	87,464		816,072
Total All Funds	\$12,294,813	\$42,708,539	(\$42,175,899)	\$532,640	\$0	\$12,827,453

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

REVENUE ESTIMATE

GENERAL FUND

Page 1 of 3

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
	WATER SALES	@ 27,837 af	@ 30,000 af	@ 25,490 af	@ 25,260 af
4114	Municipal & Industrial	\$8,868,618	\$9,481,000	\$9,726,000	\$10,823,000
4115	Certified Agricultural - IAWP	3,974,303	5,258,000	3,959,000	\$4,353,000
4116	Certified Ag/Domestic - IAWP	3,815,979	5,056,000	3,599,000	3,957,000
4117	Certified Agricultural - SAWR	5,563,522	5,692,000	5,331,000	\$5,902,000
4118	Certified Ag/Domestic - SAWR	4,189,634	5,473,000	4,174,000	5,366,000
4135	Construction	33,456	25,000	3,000	25,000
4150	Pump Charge	3,187,965	3,470,000	2,903,000	2,877,000
	Total Water Sales	\$29,633,477	\$34,455,000	\$29,695,000	\$33,303,000
	METER SERVICE CHARGES				
4110	Additional Living Charge	21,466	21,500	21,500	21,500
4114	Municipal & Industrial	\$2,470,123	\$2,491,000	\$2,496,000	\$3,203,000
4115	Certified Agricultural - IAWP	150,130	162,000	123,000	159,000
4116	Certified Ag/Domestic - IAWP	378,128	407,000	354,000	454,000
4117	Certified Agricultural - SAWR	140,765	148,000	138,000	177,000
4118	Certified Ag/Domestic - SAWR	159,556	165,000	163,000	208,000
4135	Construction	6,534	6,000	7,000	7,000
	Total Meter Service Charges	\$3,326,702	\$3,400,500	\$3,302,500	\$4,229,500
	NEW CONNECTION SALES				
4210	Water Meters - New	\$49,607	\$38,500	\$44,200	\$42,100
4220	Water Meters - Relocate	50	0	0	0
4230	Pressure Reducers	266	1,400	200	1,400
4240	Double Check Valves	37,142	25,700	35,200	28,100
	Total New Connection Sales	\$87,065	\$65,600	\$79,600	\$71,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

REVENUE ESTIMATE

GENERAL FUND

Page 2 of 3

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Adopted Budget	Estimated Actual	Budget
	PROPERTY TAXES-OTHER				
4310	Current Secured	\$1,919,600	\$1,767,000	\$1,894,200	\$1,705,000
4320	Current Unsecured	71,692	67,000	69,800	63,000
4340	Homeowners PTR	19,595	18,000	19,000	17,000
4350	Current Water Availability Charge	584,786	591,000	591,000	591,000
4382	Interest Allocation-Wtr Availability Chg	403	0	200	0
4370	Prior Unsecured	(63)	0	15,400	0
4380	Interest Allocation	1,403	0	600	0
Total Property Taxes-Other		\$2,597,416	\$2,443,000	\$2,590,200	\$2,376,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

REVENUE ESTIMATE

GENERAL FUND

Page 3 of 3

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Adopted Budget	Estimated Actual	Budget
	OTHER REVENUE				
4410	Investment Income	\$189,642	\$187,500	\$173,000	\$135,000
4417	Delinquent Penalty	315,325	273,000	235,000	235,000
4418	Penalty	31,916	0	44,100	0
4419	Transfer Fee	9,000	9,000	8,600	9,000
4420	Turn On Charge	21,810	22,000	29,800	30,000
4421	R.P. Inspection/Svc Fee	130,823	128,000	158,000	158,000
4421	R.P. Repairs	10,053	19,000	14,200	19,000
4430	Sale of Maps/Copies	238	1,200	350	400
4433	Service Availability Charge	700	800	1,200	1,200
4435	Sale of Surplus	42,714	24,000	46,000	25,000
4440	Other	272,698	8,000	4,000	8,000
4440	Return Check Charge	3,285	2,000	2,100	2,000
4440	Lease of Facilities	208,413	201,000	237,400	267,800
4440	Reimbursement Fees	0	1,000	0	0
4440	Escondido Sewer Collection Fee	2,466	2,500	2,500	2,500
4440	Escondido Water Service in Lieu	234	1,000	1,170	1,000
	Total Other Revenue	\$1,239,317	\$880,000	\$957,420	\$893,900
	CAPITAL IMPROVEMENT CHARGES				
4810	Meter Capacity Charges	(\$56,526)	\$35,000	\$5,998	\$0
4820	Contributions In Kind	318,509	0	0	0
	Total Capital Improvement Charges	\$261,983	\$35,000	\$5,998	\$0
	TOTAL REVENUE	\$37,145,960	\$41,279,100	\$36,630,718	\$40,874,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

EXPENDITURES RECAP

ALL BUDGETED FUNDS

	2009-2010	2010-2011		2011-2012
	Actual	Budget	Estimated Actual	Budget
RECAP BY DEPARTMENT				
General Administration	\$845,329	\$945,325	\$890,763	\$944,560
Finance	1,877,467	2,154,390	1,859,980	2,067,585
Engineering	1,553,662	1,776,269	1,682,294	1,605,650
Field Operation	6,022,023	5,842,275	5,442,325	6,021,467
Source of Supply	26,043,774	31,157,337	26,620,732	29,133,175
Total Operating	\$36,342,255	\$41,875,596	\$36,496,094	\$39,772,437
Capital Projects	29,133,175			
	2,174,493	1,694,000	1,887,522	971,500
Total General Fund	\$38,516,748	\$43,569,596	\$38,383,616	\$40,743,937
Lower Moosa Wastewater Treatment		1,541,142	1,403,291	1,132,987
Woods Valley Wastewater Expansion	25,676	320,000	0	0
Woods Valley Wastewater Treatment	309,749	350,500	355,600	298,975
Total Wastewater	\$335,425	\$2,211,642	\$1,758,891	\$1,431,962
Grand Total	\$38,852,173	\$45,781,238	\$40,142,507	\$42,175,899

RECAP BY FUNCTION

Operating	\$36,241,327	\$41,771,710	\$36,392,208	\$39,660,744
Debt Service	100,928	103,886	103,886	111,693
Capital Projects	2,174,493	1,694,000	1,887,522	971,500
Total General Fund	\$38,516,748	\$43,569,596	\$38,383,616	\$40,743,937
Lower Moosa Wastewater - Operating	0	1,541,142	1,403,291	1,132,987
Woods Valley Expansion - Capital Proj.	25,676	320,000	0	0
Woods Valley Wastewater - Operating	309,749	350,500	355,600	298,975
Total Wastewater	\$335,425	\$2,211,642	\$1,758,891	\$1,431,962
Grand Total	\$38,852,173	\$45,781,238	\$40,142,507	\$42,175,899

VALLEY CENTER WATER DISTRICT

2010-2011

HISTORY OF WATER PURCHASED AND SOLD
1977-1978 THROUGH 2010-2011

WATER PURCHASED - Acre Feet

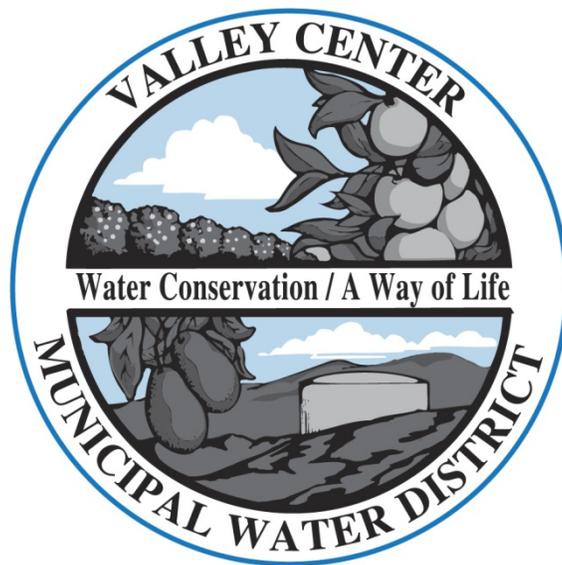
YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
77-78	4217.1	3361.5	3182.4	3105.6	2118.8	1778.3	736.0	258.6	278.2	432.2	2628.7	4331.6	26429.0
78-79	5155.4	5025.8	3191.9	4119.1	1323.4	514.8	326.8	143.8	475.8	1367.3	3021.3	4171.4	28836.8
79-80	4808.8	4922.9	5525.3	3147.3	1906.9	2371.4	700.5	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	4419.5	4777.0	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	3027.7	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	5322.7	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	5835.5	5302.0	3708.3	3950.8	3642.9	2744.7	2464.8	624.6	1512.7	3804.0	5339.3	44766.9
06-07	6593.1	5778.2	5751.0	4292.3	4387.2	2021.6	3654.3	1247.2	3348.2	3449.4	4822.0	5166.9	50511.4
07-08	5805.6	5975.0	5176.6	4768.7	3707.3	880.7	596.8	464.4	2139.8	3134.1	2895.5	3955.3	39499.8
08-09	4226.7	4204.1	3923.1	4106.1	2800.9	1035.2	1822.3	822.3	2387.7	2863.2	3542.7	3041.3	34781.0
09-10	4133.6	4234.1	4257.0	3334.0	2853.2	833.2	927.4	289.8	1442.2	1249.6	2772.4	3195.9	29522.4
10-11	3631.9	3860.2	3696.5	1833.6	1597.5	1122.0	1057.6	975.2 *	1354.2 *	2138.8 *	2543.4 *	3306.1 *	27117.0 *
11-12	3404.0 *	3542.0 *	4095.0 *	3404.0 *	1415.0 *	1393.0 *	543.0 *	851.0 *	1191.0 *	1883.0 *	2234.0 *	2915.0 *	26870.0 *
						AVERAGE FIRST 6 MONTHS	24620.2			AVERAGE LAST 6 MONTHS	14704.2		39324.4
							62.608%				37.392%		100.00%

WATER SOLD - Acre Feet

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
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	1305.0	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	5389.9	5646.3	4597.6	2952.1	3787.6	2412.1	2157.4	1245.5	765.4	2615.6	4247.7	40728.1
06-07	5550.1	6036.5	5807.0	4504.7	4066.5	3266.8	2569.9	2664.1	1876.4	3252.9	3744.2	4746.0	48085.1
07-08	4994.6	5759.9	5684.4	4293.7	4234.4	2140.2	986.1	277.6	913.4	2480.1	3236.7	2635.1	37636.2
08-09	3884.3	3956.4	3871.8	3878.8	3322.6	1944.4	1012.1	1461.0	1165.6	2392.0	3205.4	2919.7	33014.1
09-10	3358.6	4022.6	4170.3	3545.3	2920.4	1782.5	1172.9	331.0	371.0 #	1747.8 #	1595.8 #	2819.1 #	27837.3
10-11	3213.1	3337.8	3857.1	3205.7	1337.5	1319.3	517.3	822.4 *	1142.0 *	1803.5 *	2145.5 *	2788.8 *	25490.0 *
11-12	3200.0 *	3330.0 *	3850.0 *	3200.0 *	1330.0 *	1310.0 *	510.0 *	800.0 *	1120.0 *	1770.0 *	2100.0 *	2740.0 *	25260.0 *
						AVERAGE FIRST 6 MONTHS	24472.4			AVERAGE LAST 6 MONTHS	12220.4		36692.9
							66.695%				33.305%		100.00%

*ESTIMATED

General Administration



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**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 2010-2011

Performance Measurement Standards – Compliance with the following Standard was as follows as of December 31, 2010:

- **Customer Satisfaction (Standard 1)** – For calendar year 2010, 97.2% of the customer ratings were “Meets” or “Exceeds” expectations, exceeding our goal of 95%.

Strategic Plan Goals –

- **Carlsbad/Poseidon Seawater Desalination Project (Water Supply – Goal 1)** - Progress continued on the implementation of the Carlsbad Poseidon Desal Plant. However, in early 2010-2011, because of various economic factors, the San Diego County Water Authority (SDCWA) supplanted the nine San Diego Desal Partners in the negotiation process with Poseidon Resources. Under this approach, ultimately the Water Purchase Agreement will be between the San Diego County Water Authority and Poseidon, with the 56,000 acre feet of desalinated sea water becoming a regional supply to the benefit of all SDCWA member agencies.

CHALLENGES FOR 2011-2012

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 fiscal year, including:

- Continued implementation of the Interim Agricultural Water Program (IAWP) supply reductions and phase out by December 31, 2012.
- Managing the financial implications of reduced water deliveries and rapidly increasing wholesale prices, while maintaining effective staffing, service, and major maintenance levels.
- Assisting the Association of California Water Agencies (ACWA) and other statewide organizations to inform the public on the issues concerning the November 2012 State Water Bond.
- Informing District customer classes on water supply shortage issues and cost issues.
- Overseeing and assisting all other departments in pursuing and meeting adopted Performance Measurements and Strategic Plan Goals in 2011-2012.

GOALS FOR 2011-2012

Performance Measurement Standards –

- **Customer Satisfaction (Standard 1)** – Continue to have “Meets” or “Exceed” ratings in overall customer satisfaction at least 95% of the time.

Strategic Plan Goals –

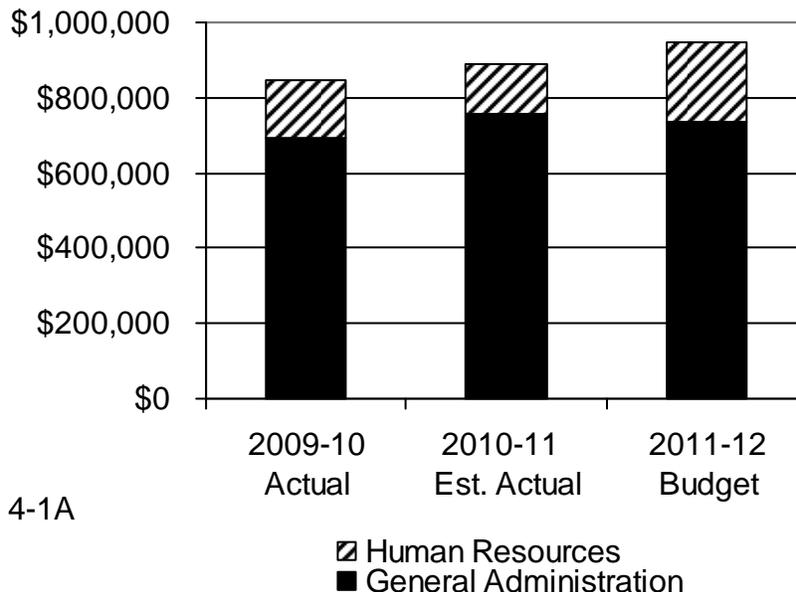
- **The Carlsbad/Poseidon Sea Water Desal Plant (Goal 1)** – Have the plant under construction and well on the way to delivering desalted sea water by 2014.
- **Operating Cost Reductions (Goal 4)** – Continue to find ways to operate more efficiently and cost effectively to control local costs and direct more local investment in facility upgrade and replacement.
- **Photo-voltaic Solar Power (Goal 6)** – Continue to explore, identify, and implement financially advantageous solar generation opportunities at District facilities.

LONG-TERM GOALS

As always, it is 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, advocate and protect appropriate wholesale revenue and 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,” and at all times, “Exceeding Customer Expectations” in all aspects of service.

Also, in this era of declining agricultural activity and related water sales revenues, the General Administration Department will lead the ongoing efforts of all District Departments and staff to find ways to more cost effectively operate the water and wastewater systems serving the Valley Center Community to facilitate direct and indirect re-investment in the District’s water and wastewater infrastructure.

General Administration



4-1A

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**General Administration
Full-Time Equivalents**

	<u>01-5101.</u>	<u>01-5115.</u>	<u>Total</u>
General Manager	1.00		1.00
Executive Ass't/Sec to Board	1.00		1.00
Sr. Human Resources Analyst		1.00	1.00
Accounting Clerk		0.05	0.05
Accounting Specialist		0.05	0.05
Total Full-Time Equivalents	<u>2.00</u>	<u>1.10</u>	<u>3.10</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

DEPARTMENT SUMMARY

GENERAL ADMINISTRATION

Div. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
1	General Administration	692,003	741,993	758,686	737,227
15	Human Resources	153,326	203,332	132,077	207,333
18	Training	0	0	0	0
TOTAL GENERAL ADMINISTRATION		845,329	945,325	890,763	944,560

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	505,681	426,700	500,000	466,500
03	Overtime	1,081	1,000	2,000	2,000
10	Training & Education	450	500	250	250
11	Uniform Allowance	672	1,000	725	0
25	Outside Professional Services	81	2,500	2,100	0
26	Legal Services	72,546	74,800	72,500	74,000
28	Printing	356	4,000	1,000	3,000
29	Books & Subscriptions	695	850	700	750
30	Special Department Expenses	20,795	17,650	17,650	2,500
33	Postage	12,620	17,425	15,000	15,000
34	Membership Fees & Dues	20,219	25,300	25,120	25,100
35	Directors' Fees	9,800	16,000	12,500	12,500
36	Directors' Travel & Expenses	6,628	10,000	6,500	7,500
37	Transportation, Meals & Travel	10,124	8,000	8,000	8,000
39	Public Information and Notices	24,165	30,250	12,000	7,500
54	Maintenance of Equipment	630	750	400	750
83	Unclassified - Contingency Fund	0	10,000	2,000	10,000
86	Election Division Reapportionment Study	0	0	0	20,000
89	LAFCO Budget Assessment	27,195	24,000	23,973	24,000
90	Federal and State Government Relations	0	100,000	85,000	85,000
91	Expense Credit	(21,735)	(28,732)	(28,732)	(27,123)
	Total	692,003	741,993	758,686	737,227

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

FUND: **General** **01**
 DEPT: **General Administration** **51**
 DIV: **Human Resources** **15**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	142,558	149,600	124,600	157,700
03	Overtime	1,739	4,500	1,725	4,500
10	Training & Education	550	2,000	0	2,000
25	Outside Professional Services	2,523	16,000	2,260	11,500
26	Legal Services	6,317	30,000	4,125	20,000
29	Books & Subscriptions	687	450	150	450
30	Special Department Expenses	2,924	4,350	3,730	15,950
34	Membership Fees & Dues	710	360	200	360
37	Transportation, Meals & Travel	1,170	3,000	2,215	2,500
91	Expense Credit	(5,852)	(6,928)	(6,928)	(7,627)
	Total	153,326	203,332	132,077	207,333

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	General and Administration	450	500	250	250
11	Finance Administration	495	3,500	1,100	3,500
13	Information Technology	3,617	7,000	5,000	7,000
15	Human Resources	550	2,000	0	2,000
21	Engineering Administration	1,263	1,500	1,500	1,500
22	Planning	55	1,000	1,000	1,000
23	GIS/Public Services	735	500	500	500
24	Encroachments and Locates	0	500	500	500
28	Design/Construction	63	1,200	800	1,000
31	Field Administration	17,429	21,000	20,000	17,500
91	Expense Credit	(24,657)	(38,700)	(30,650)	(34,750)
	Total	0	0	0	0

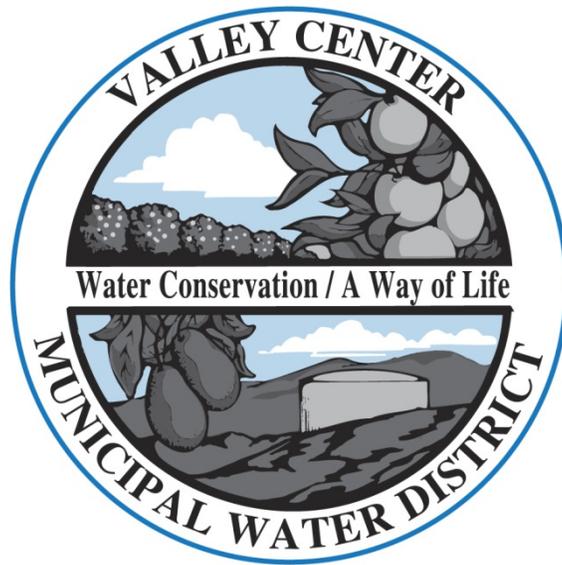
VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
31	Field Administration Customer Service 250 Backflow/Cross Connection 350 Cla-valve 200 Heavy Equipment 500 Trenching/Shoring 300 Water Quality 250 Electric 800 Pump Training 500 Computer 200 Continuing Education 6,775 Technology Classes 2,500 Supervisor Certification 400 Energy Management/Preparedness 400 Wastewater Technical Classes 575 Collection Systems 1,000 Safety 2,500	17,500
91	Expense Credit	(34,750)

Finance



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**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 205% of actual productive 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 220% to cover other overhead expenses.

ACCOMPLISHMENTS FOR 2010-11

Awards - Our 2010-11 budget received the Award for Excellence in Operational Budgeting by the California Society of Municipal Finance Officers. Our 2010 Comprehensive Annual Financial Report has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

Performance Measurement Standards - Compliance with these Standards was as follows as of December 31, 2010:

- **Discretionary Reserves:** (Standard 3) The District's standard is to maintain unrestricted or uncommitted reserves not anticipated to be used in the current fiscal year at a minimum of three and a maximum six month's operations and maintenance budget, excluding wholesale water and power purchases. The unrestricted reserve balance was 5.3 months, meeting our performance standard.
- **Local Share of Total Water Commodity Costs:** (Standard 4) Our share of the total water commodity rate, as budgeted as of January 1, 2010, were 9.2% of the total commodity cost for domestic customers and 11.6% for certified IAWP agricultural use, both below the standard of 13% and 16%, respectively.
- **Return on Investments:** (Standard 10) For the calendar year 2010 our weighted average yield was 1.31%, exceeding the benchmark of 0.38% by 93 basis points. The District estimates our yield for the 2011-12 fiscal year to be 1.00%.

Strategic Plan Implementation – Technology – The following work was performed, increasing reliability and efficiency:

- **Service Order Software – Goal 5d:** Work continued to develop the foundations necessary for our new Service Order Software. Mapping current service order workflows and processes is underway and should be completed by the end of the fiscal year.
- **E-Business – Goal 5e:** Customer on-line access was substantially completed. This allows customers the ability to have on-line access to their account information. The programming gives our customers the functionality to create user accounts, view their bill information, and pay their bills over the internet. As of March 30, 2011, there are approximately 1,300 customer accounts registered and utilizing the system.

Information and Business Systems:

- A new miscellaneous accounts receivable program was put in service, providing easier tracking of employee and retiree health insurance premiums.

- The Intermediate Distribution Facility in the main administration building was relocated to the new server room.
- A new VoIP (Voice over Internet Protocol) telephone system was installed, replacing the old analog system which was obsolete and with support only available from third parties. The new system is more flexible, using the District's existing computer network, and can be extended to remote sites, which also reduces disaster recovery efforts.

CHALLENGES FOR 2011-2012

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. In addition, there is the management and monitoring of the mandatory agricultural water reductions and management of the voluntary 8% use reduction for our full price customer classes for compliance and adherence to District policy and guidelines. These water sales reductions will have a direct impact on the District's financial results, requiring diligence in budgeting and operations.

GOALS FOR 2011-2012

Strategic Plan Implementation – Technology – Increasing reliability and efficiency, we will implement the following:

- **Service Order Software – Goal 5d:** New Service Order Software will be programmed 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. The system is expected to be in use in late 2012.

Information and Business Systems:

- Staff will begin work on a new purchase order system to automate the purchasing approval process.
- A number of separate computer servers will be consolidated using server virtualization where practical, which uses software to emulate multiple server operating systems inside one or a cluster of several physical servers. This provides power savings and facilitates business continuity and disaster recovery. The number of physical servers will decrease by 30% while increasing redundancy. This project will replace several servers that have reached the functional end of life. It will also include a Storage Area Network to provide increased storage capacity.

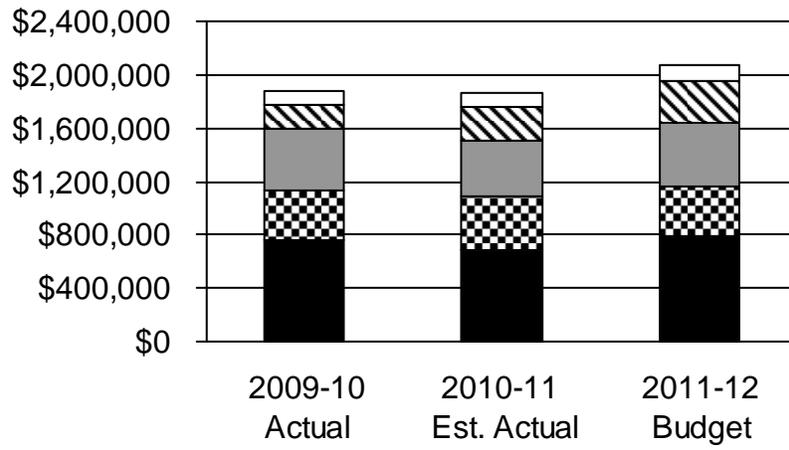
LONG-TERM GOALS

Provide ongoing financial analysis to support the District's capital improvement program in a time of reduced water deliveries and rapidly increasing wholesale prices. 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, 2010</u>	Retired <u>2010-11</u>	Outstanding <u>June 30, 2011</u>	Maturing <u>2011-12</u>	Outstanding <u>June 30, 2012</u>
Revenue Bonds	2.015%	July 1, 2013	265,000	100,000	165,000	110,000	55,000

Finance



- Administration
- Information Technology
- Consumer Services
- Facilities Operation
- Debt Service

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**Finance
Full-Time Equivalents**

	<u>01-5211.</u>	<u>01-5212.</u>	<u>01-5213.</u>	<u>Total</u>
Accounting Clerk	0.85	0.10		0.95
Accounting Specialist	1.95			1.95
Consumer Services Assistant		1.25		1.25
Consumer Services Supervisor		1.00		1.00
Director of Finance	1.00			1.00
Information Technology Specialist			1.00	1.00
Manager of Accounting	1.00			1.00
Manager of Information Technology			1.00	1.00
 Total Full-Time Equivalents	 <u>4.80</u>	 <u>2.35</u>	 <u>2.00</u>	 <u>9.15</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

DEPARTMENT SUMMARY

FINANCE

Div. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
11	Administration	767,675	747,818	691,918	785,791
12	Consumer Service	365,822	425,792	389,692	370,857
13	Information Systems	461,417	531,683	423,283	486,308
14	Facilities Operation	181,625	345,211	251,201	312,936
16	Salary Clearing	0	0	0	0
19	Debt Service	100,928	103,886	103,886	111,693
TOTAL FINANCE		1,877,467	2,154,390	1,859,980	2,067,585

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	737,134	696,100	659,000	748,900
03	Overtime	439	7,500	400	2,500
10	Training & Education	495	3,500	1,100	3,500
11	Uniform Allowance	3,672	3,400	3,400	0
25	Outside Professional Services	37,281	42,800	38,800	41,400
28	Printing	1,141	4,200	2,200	3,500
29	Subscriptions and Publications	268	800	600	800
30	Special Department Expenses	4,360	8,000	6,100	6,800
33	Postage	460	700	500	600
34	Membership Fees & Dues	1,120	1,100	1,000	1,400
37	Transportation, Meals & Travel	3,681	5,200	4,300	5,300
91	Expense Credit	(22,376)	(25,482)	(25,482)	(28,909)
	Total	767,675	747,818	691,918	785,791

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	302,522	322,600	295,000	269,600
03	Overtime	56	1,800	100	1,000
25	Outside Professional Services	15,270	19,900	19,300	20,500
28	Printing	10,120	12,700	12,300	12,900
30	Special Department Expenses	536	400	400	400
32	Telephone	0	800	0	0
33	Postage	43,452	47,000	42,000	45,000
37	Transportation, Meals & Travel	31	100	100	100
87	Write Off of Uncollectible Accounts	5,957	35,000	35,000	35,000
91	Expense Credit	(12,122)	(14,508)	(14,508)	(13,643)
	Total	365,822	425,792	389,692	370,857

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	338,753	310,100	310,200	340,200
03	Overtime	705	2,000	1,000	2,000
10	Training & Education	3,617	7,000	5,000	7,000
25	Outside Professional Services	10,316	11,600	2,100	9,200
29	Subscriptions and Publications	0	1,000	400	400
30	Special Department Expenses	18,197	53,000	41,000	47,500
32	Telephone/Answering Service	10,433	10,300	9,600	10,300
37	Transportation, Meals & Travel	216	600	200	400
40	Rents and Leases	10,428	11,100	10,600	11,000
41	Hazardous Waste Disposal Cost	0	500	300	500
54	Maintenance of Equipment	4,034	50,000	15,300	25,000
59	Maintenance of Software	58,400	58,500	27,500	22,500
	Total Network and Workstations	455,099	515,700	423,200	476,000
61	Outside Professional Services - HP	18,982	26,500	13,400	22,400
62	Maintenance of Equipment - HP	3,105	5,800	4,100	4,600
63	Special Department Expenses - HP	677	1,800	700	1,200
	Total Hewlett Packard	22,764	34,100	18,200	28,200
91	Expense Credit	(16,446)	(18,117)	(18,117)	(17,892)
	Total Credits	(16,446)	(18,117)	(18,117)	(17,892)
	Total	461,417	531,683	423,283	486,308

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
54	Maintenance of Equipment Server Repair 4,000 Workstation Repair 4,000 Laptop Repair 2,000 Printer Repair 2,000 Network Infrastructure Repair 4,000 Telephone Equipment and Programming 2,000 Copier Machines 2,000 Facsimile Machines 1,000 SCADA Servers and Radios 4,000	25,000
59	Maintenance of Software Antivirus 3,000 Firewall 3,000 Network Management and Security 10,000 Web Security 2,500 Backup 4,000	22,500
61	Outside Professional Services - HP Datastream Software Maintenance Agreement 6,500 Programming Changes, Enhancements, and Support 15,400 Emulator and Plug-In Licenses 500	22,400
62	Maintenance of Equipment - HP 3 Printers 2,200 Hewlett Packard Mainframe 1,400 Miscellaneous 1,000	4,600
63	Special Department Expenses - HP Ribbons for HP Line Printers 1,000 Backup Tapes 200	1,200
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(17,892)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
25	Outside Professional Services	1,978	2,200	1,600	1,700
27	Office Supplies	8,504	10,200	9,500	10,000
28	Printing	3,072	4,900	4,500	4,700
30	Special Department Expenses	1,417	900	700	800
32	Telephone/Answering Service	35,052	42,700	41,900	43,000
40	Rents & Leases	1,816	2,900	1,900	2,000
42	Insurance	84,543	233,710	151,100	207,321
45	Electricity	43,629	48,500	40,200	44,300
54	Maintenance of Equipment	5,240	3,000	3,600	3,000
91	Expense Credit	(3,626)	(3,799)	(3,799)	(3,885)
	Total	181,625	345,211	251,201	312,936

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
25	Outside Professional Services	1,700
	Record Destruction Services	1,400
	Solar Energy Registration	300
27	Office Supplies-District	10,000
	Various Office Supplies, Copier Paper	10,000
28	Printing	4,700
	Letterhead, Business Cards, Labels, Envelopes	4,700
30	Special Department Expenses	800
	Property Taxes for Facilities Outside the District	200
	County Vector Control Assessment	600
32	Telephone/Answering Service	43,000
	Telephone	9,000
	Cellular Service	29,000
	Answering Service	5,000
40	Rents & Leases	2,000
	Postage Machine Print Head	1,200
	Storage of Application Files	800
42	Insurance	207,321
	General Liability	177,900
	Property Damage and Fidelity Coverage	51,600
	Other Self Insured Retention	5,000
	Less Amount Charged to Sewer Funds	(27,179)
45	Utilities-Electricity	44,300
	Electricity for Administration, Board Room Multipurpose Room, and Engineering Annex I & II	

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor	5,786,108	5,632,007	5,559,000	5,457,269
03	Overtime	195,468	267,300	222,155	247,850
04	Unemployment Insurance	15,960	15,800	19,500	17,700
05	Retirement	1,555,802	1,595,600	1,545,200	1,678,300
06	Medicare	81,820	82,400	83,250	80,200
07	Medical	989,456	1,138,375	1,093,500	1,205,475
08	Worker's Compensation	120,026	125,000	118,600	120,000
09	Life and Disability Insurance	128,408	132,800	124,700	127,100
10	Social Security	897	0	1,100	800
12	Vacation/Sick/Holiday Leave	916,534	909,100	996,000	908,700
13	Increase in Value Of Accrued Leave	30,981	15,600	15,600	40,200
15	Dental	73,340	76,300	87,400	93,600
16	Vision	12,807	13,200	12,800	12,800
18	Post Retirement Health Benefit	489,426	503,466	446,180	459,521
19	Deferred Compensation	36,385	38,400	36,700	0
20	Retirement Health Deferred Cont.	2,093	2,400	2,400	2,500
91	Expense Credit - Leave	(916,534)	(909,100)	(996,000)	(908,700)
91	Expense Credit	(9,518,977)	(9,638,648)	(9,368,085)	(9,543,315)
	Total	0	0	0	0

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
01	Labor Salary for all District employees Full Time Equivalents 69.25	5,457,269
03	Overtime	247,850
04	Unemployment Insurance Federal mandated program - 3.7% of first \$7,000.	17,700
05	Retirement District Contribution to CalPERS.	1,678,300
06	Medicare 1.45% of base pay plus overtime on all employees hired after April 1, 1986.	80,200
07	Medical Preferred Provider or Health Maintenance Organization	1,205,475
08	Workers Compensation Required program to provide compensation and medical costs in the event of injury on the job.	120,000
09	Life and Disability Insurance Life and Accidental Death and Dismemberment 95,100 Long-Term Disability 32,000	127,100
10	Social Security	800
12	Vacation / Sick / Holiday Leave	908,700
13	Increase in Value of Accrued Leave Generally Accepted Accounting Principles requires the District to fund accrued leave at current value at year end.	40,200
15	Dental Insurance District paid for employee and dependents.	93,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
16	Vision Insurance District paid for employee and dependents.	12,800
18	Post Retirement Health Annual required contribution to defined benefit plan.	459,521
20	Retirement Health, Defined Contribution Plan	2,500
91	Expense Credit - Leave	(908,700)
91	Expense Credit	(9,543,315)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

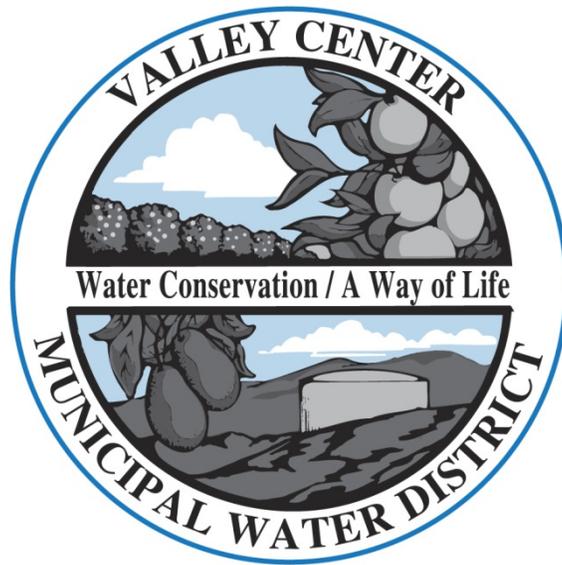
FUND: **General** **01**
 DEPT: **Finance** **52**
 DIV: **Debt Service** **19**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Adopted Budget	Estimated Actual	Adopted Budget
70	Principal	95,000	100,000	100,000	110,000
71	Interest on Debt	5,928	3,886	3,886	1,693
	Total	100,928	103,886	103,886	111,693

SOURCE OF FINANCING

Water Availability Charge/Other	100,928	103,886	103,886	111,693
Total	100,928	103,886	103,886	111,693

Engineering



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**DEPARTMENT SUMMARY
Engineering**

FUNCTION OVERVIEW

The Engineering Department provides professional and technical expertise to plan for the future and help the District to meet its mission of providing reliable water and wastewater service to its customers. These services are accomplished through planning, designing, inspecting and managing District Capital Improvement Projects, and by plan checking and inspecting Developer funded Projects. The Engineering Department also maintains and updates the technical records of the physical system, easements, District property, and installed improvements, and provides technical information to our customers and to District staff. In 2010-2011, the Engineering Department assumed the responsibilities of administering the District's Water Conservation Program. To accomplish these functions, the Department is split into the following five divisions: Administration, Planning, GIS/Public Services, Encroachments & Locates, and Design/Construction.

ACCOMPLISHMENTS FOR 2010-2011

Performance Measurement Standards:

- **Project Actual Cost (Standard No. 6):**

Our goal is to have actual project costs within $\pm 10\%$ of the engineer's estimate.

- Bids were received on the Country Club Reservoir Roof Repair Project 7.4% below the engineer's estimate. Final project cost at completion by the end of 2010-11 is anticipated to be slightly higher than the estimate due to increasing the scope of work.

Strategic Plan Implementation:

- **Water Supply - Goal 1:**

- Continued study of a cost sharing agreement with local well owner in the Paradise Mountain area for possible equipping and connection to the District's water distribution system to either supplement the District's domestic water supply or off-set the owner's water-use costs in another location within the District.

- **Wastewater Treatment and Reclamation - Goal 2:**

- Submitted an application for \$13.8 million Clean Water State Revolving Fund loan for the Woods Valley Ranch Water Reclamation Facility Expansion project. A preliminary funding commitment is currently scheduled for June 2011.
- Evaluated the effectiveness of the recently adopted Sewer System Management Plan (SSMP) for both treatment facilities.
- Continued to provide project management and inspection services to complete the Phase 1 Woods Valley Ranch WRF being constructed by Newland Communities. Final acceptance is pending completion of all punch list items and performance compliance per specifications.

- **Infrastructure - Goal 3**

- Country Club Reservoir Roof Repair is scheduled for completion in March 2011 at a construction cost of \$150,000.

- Provided technical engineering services associated with private development including ten projects for concept approval; completed plan review and approval for four projects with a total of 87 lots; completed three fire hydrant special projects, and accepted facilities for one private development into the system and an additional project acceptance is pending final testing at this time.
 - Completed the High Mountain Waterline to provide a looped system in the Meadows service zone. District participated in the cost of the project and established a reimbursement area to recoup the cost allocated to new development.
 - The Integrated Water Resources Management Plan for use in identifying future infrastructure requirements for future capacity and replacement needs, and for use in obtaining funding assistance is scheduled for completion in 2010-2011.
- **Technology - Goal 5: Geographical Information System (GIS)** - Continued to upgrade the GIS with additional data and features. Easement scanning continued and the product output format was modified to PDF to allow for better accessibility across the network and for external deliverables. As easement documents were scanned, the data was digitized and added to the GIS for improved efficiency and document storage.
 - **Energy – Goal 6b: Renewable and Alternative Energy Resource:** Worked with energy providers to design a floating cover solar power generating system at Lilac Reservoir. Staff continued to identify potential sites for solar development.

Other Projects and Services: Services provided through March 7, 2011 include:

- Processed applications and released for installation 5 water meter services, 13 fire service meters, and 20 construction meters and water permits.
- Marked out and processed over 550 underground service alert requests.
- Identified 7 new right-of-way violations and resolved 28; processed 29 new encroachments and issued 29 encroachment permits.

CHALLENGES FOR 2011-2012

The Engineering Department is tasked with and responsible for the planning, design, project management and inspection of water, wastewater and reclamation facility infrastructure improvements for both capital and developer projects. In implementing this responsibility, it is anticipated that a number of challenges will be faced, including:

- Establishment of appropriate policies, procedures and guidelines for the provision and expansion of water service in an environment of ever diminishing water availability.
- Development of local water supply sources.
- Development of financially feasible wastewater infrastructure projects for fragmented property owner participation within the service area of existing treatment facilities.
- Acquisition of suitable funding opportunities for capital improvement projects, including local water supply, reclamation, and solar power generation projects.
- Development of District wide facility requirements due to conversion from predominately agricultural uses to rural residential and urban uses, changing water conservation practices, and County modification of land use entitlements through the General Plan Update process.

GOALS FOR 2011-2012

Strategic Plan Implementation:

Water Supply – Goal 1:

- Should the project be feasible, enter into an agreement to utilize the Paradise Mountain area wells to supplement current water supply.
- Administer the District's Water Conservation Program to effectively meet all regulatory and Conservation Council Memorandum of Understanding requirements.

Wastewater Treatment and Reclamation – Goal 2:

- Pursue financial assistance for needed infrastructure improvements at the Lower Moosa Canyon Wastewater Reclamation Facility and assist with the design, construction, inspection and acceptance of the facilities.
- Provide project management of the Woods Valley Ranch Water Reclamation Facility Expansion Project.

Infrastructure - Goal 3:

- Assist with replacement of the Lilac Reservoir Cover; design, procurement, and record drawings, as needed.
- Pursue funding opportunities for infrastructure replacement and local water supply projects.

Technology - Geographical Information System (GIS) - Goal 5a: Continue to assist staff with development of database information and integration with GIS. Assist other departments with the development and maintenance of database information to be interfaced with the GIS. Develop customized GIS web map applications for accessing Developer and Capital Improvement Project information and status through a map interface. Generate database containing San Diego County developer project status for Project Facility Availability, Commitment, and other County required letters. Finalize scanning of District easement documents, generate GIS easement layer and provide link to scanned documents. Coordinate with the Information Technology Division the integration of the GIS with other District applications and the development of a service order software system.

Technology - SCADA - Goal 5b: Assist with the implementation and advancement of the SCADA system through providing drafting support for preparation of record drawings, technical support in areas of instrumentation, controls, control strategy, asset management implementation, interpretation of data and interface with the District's water modeling software.

Technology - Service Order Software - Goal 5d: Assist with the integration of the Service Order System with GIS.

Energy - Efficiency - Goal 6a: Engineering staff will continue to assist in the design, review, and installation of energy efficient pump assemblies.

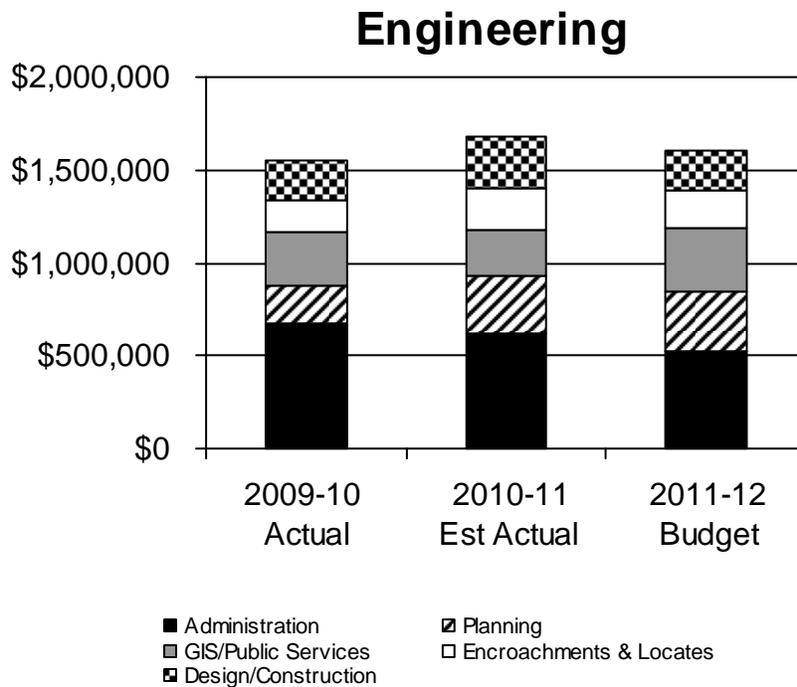
Energy - Renewable and Alternative Energy Resources - Goal 6b: Analyze potential sites for suitability of solar power generation to reduce the use of electric energy. Move forward in developing power generating systems wholly owned and operated by the District or through outside firms via Power Purchase Agreements.

Other Goals:

- Update of the District’s Standard Specifications and Drawings to include wastewater facilities, update the District’s Water and Wastewater Facility Design Guidelines, and develop Computer Aided Drafting Standards to be used for preparation of water and wastewater construction documents.
- Continue to assist staff in use of digital District maps and record drawings.
- Reduce processing time and paperwork required for water and wastewater service requests by utilizing computer resources.
- Complete scanning of all District easement documents and provide access to documents via GIS.
- 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.

LONG-TERM GOALS

- Seek out funding sources and financial assistance programs to fund required capital improvements.
- Maximize the use of the District's computers to incorporate the Integrated Water Resource Management Plan, SCADA, GIS, and record drawings.
- Develop pump strategies and procedures to maximize pumping efficiencies utilizing water system modeling.



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**Engineering
Full-Time Equivalents**

	<u>01-5321.</u>	<u>01-5322.</u>	<u>01-5323.</u>	<u>01-5324.</u>	<u>01-5328.</u>	<u>01-1510.</u>	<u>01-5600.</u>	<u>Total</u>
Administrative Assistant II	0.15	0.02				0.04	0.04	0.25
Administrative Assistant III	1.25	0.15	0.25	0.15	0.10	0.05	0.05	2.00
Const. Inspector Supervisor	0.20	0.10		0.30	0.25	0.05	0.10	1.00
District Engineer	0.60	0.30				0.05	0.05	1.00
Engineering Tech I	0.03		0.12	0.10				0.25
Engineering Tech II	0.30	0.10	0.80	0.25	1.20	0.15	0.20	3.00
GIS Mapping Tech	0.10	0.05	0.80			0.05		1.00
GIS/Eng. Serv. Supervisor	0.20	0.10	0.60	0.05	0.05			1.00
Project Manager	0.26	0.48				0.26	0.25	1.25
Project Manager/Deputy Eng Dept Dir.	0.25	0.40		0.05		0.15	0.15	1.00
Sr. Construction Inspector	0.10			0.55	0.05	0.10	0.20	1.00
Total Full-Time Equivalents	3.44	1.70	2.57	1.45	1.65	0.90	1.04	12.75

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

DEPARTMENT SUMMARY

ENGINEERING

Div. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
21	Administration	669,784	580,713	623,263	522,739
22	Planning	207,095	387,061	311,011	317,567
23	GIS/Public Services	286,112	264,573	243,598	349,251
24	Encroachments & Locates	170,313	244,953	228,453	205,828
28	Design/Construction	220,358	298,969	275,969	210,265
TOTAL ENGINEERING		1,553,662	1,776,269	1,682,294	1,605,650

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	635,901	580,800	625,000	528,700
03	Overtime	715	1,000	1,000	1,000
10	Training & Education	1,263	1,500	1,500	1,500
11	Uniforms/Shoes	4,909	6,000	6,000	670
26	Legal Services	3,494	5,000	5,000	5,000
28	Printing	131	250	100	250
29	Books & Subscriptions	162	350	350	350
30	Special Department Expenses	1,277	3,000	1,500	2,500
34	Membership Fees & Dues	1,367	1,600	1,600	1,000
37	Transportation, Meals & Travel	425	1,000	1,000	1,000
88	Capital Planning	37,337	0	0	0
91	Expense Credit	(17,197)	(19,787)	(19,787)	(19,231)
	Total	669,784	580,713	623,263	522,739

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	205,383	370,300	300,000	319,200
03	Overtime	221	250	100	250
10	Training & Education	55	1,000	1,000	1,000
25	Outside Professional Services	10,000	25,000	20,000	5,000
28	Printing	0	100	100	100
29	Books & Subscriptions	704	800	600	800
34	Membership Fees & Dues	1,806	2,600	2,000	2,400
37	Transportation, Meals & Travel	218	200	400	500
91	Expense Credit	(11,292)	(13,189)	(13,189)	(11,683)
	Total	207,095	387,061	311,011	317,567

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	246,668	219,100	210,000	319,600
03	Overtime	466	250	250	250
10	Training & Education	735	500	500	500
25	Outside Professional Service	0	0	0	2,500
28	Printing	537	100	100	100
29	Books & Subscriptions	0	150	50	150
30	Special Department Expenses	3,291	3,500	3,250	3,700
34	Membership Fees & Dues	184	350	175	700
37	Transportation, Meals & Travel	975	150	150	500
54	Maintenance of Equipment	0	0	0	2,500
59	Software Technical Support	21,469	24,500	24,500	21,350
84	Water Conservation Program	18,196	23,350	12,000	10,250
91	Expense Credit	(6,409)	(7,377)	(7,377)	(12,849)
	Total	286,112	264,573	243,598	349,251

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **Encroachments and Locates** **24**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	172,883	241,200	225,000	203,700
03	Overtime	936	1,000	1,000	1,000
10	Training & Education	105	500	500	500
25	Outside Professional Services	15	5,000	5,000	2,500
26	Legal Services	143	2,500	2,500	2,500
30	Special Department Expenses	961	1,000	1,000	1,500
34	Membership, Fees & Dues	1,608	2,100	1,800	1,700
54	Maintenance of Equipment	505	0	0	0
91	Expense Credit	(6,843)	(8,347)	(8,347)	(7,572)
	Total	170,313	244,953	228,453	205,828

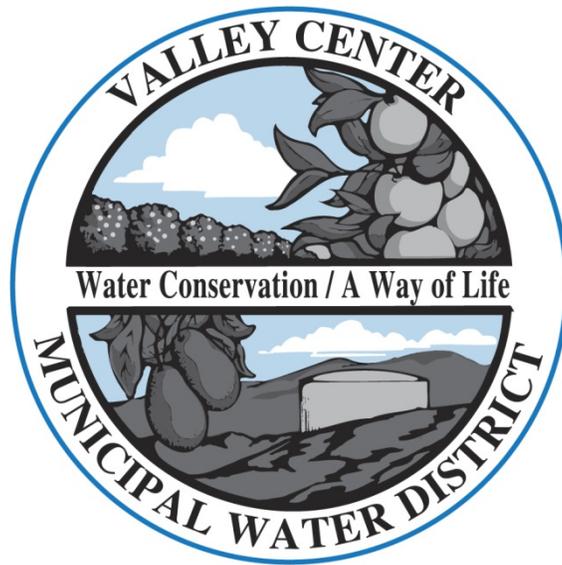
VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

FUND: **General** **01**
 DEPT: **Engineering** **53**
 DIV: **Design/Construction** **28**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	219,854	298,500	275,000	211,400
03	Overtime	215	250	100	250
10	Training & Education	63	1,200	800	1,000
25	Outside Professional Services	5,000	5,000	5,000	2,500
28	Printing	68	50	50	50
29	Books & Subscriptions	54	100	50	100
30	Special Department Expenses	1,942	2,000	3,000	1,800
37	Transportation, Meals & Travel	394	400	500	400
54	Maintenance of Equipment	1,757	2,500	2,500	500
91	Expense Credit	(8,989)	(11,031)	(11,031)	(7,735)
	Total	220,358	298,969	275,969	210,265

Field Operations



FUNCTION OVERVIEW

The Field Operations Department is the largest within Valley Center Municipal Water District. It is divided into six Divisions with a staff of 44 regular employees, including five in wastewater operations. The department is responsible for the operation and maintenance of all District facilities, water and wastewater, and the District's security, code enforcement, and safety programs. It also performs a number of in-house construction and improvement projects and works in conjunction with the Engineering Department in providing in-house planning, construction knowledge, and completing some smaller capital projects.

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

- The Safety and Regulatory Compliance Division encompasses the District's safety and compliance program for all departments and site leases of District properties.
- The District Security Division administers the implementation of the recommended measures from our vulnerability assessment for incorporation throughout the District's facilities.

Operations - Water - The Water Operations Division estimates usage demand, purchases water, and regulates flow throughout the distribution system. It also analyzes pump efficiency data and monitors and tracks solar generation. That information is used to develop pumping strategies that improve resources and help reduce overall pumping costs. The Division is also responsible for water quality, sampling, testing, pressure reducing stations, altitude valve maintenance, 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 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, lift stations and low pressure systems, which includes, locates, inspections and repairs of all sewer lines and manholes within the wastewater system. 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.*

Pumps and Motors - 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 100 pumps. In addition, it oversees and maintains all of the District's emergency power generation and natural gas pumps. This division is also responsible for the Fleet and Equipment Maintenance Division, which repairs and maintains District vehicles, tractors, and equipment. The District fleet consists of 48 vehicles, 53 pieces of large equipment, and 85 pieces of miscellaneous equipment. The Division is also responsible for the in-house planning and implementation of the District SCADA Project phases three to seven.

Construction and Maintenance - This Division maintains, inspects, repairs, upgrades, and locates as necessary the more than 297 miles of pipelines that run throughout the District's service area. It also maintains, identifies, locates, detects for leaks, and repairs all mainline valves and appurtenances and performs most of the District's in-house construction projects. It assists the Wastewater Division with in-house construction work and all the major repairs of sewer lines and manholes within the wastewater system. This Division is also responsible for landscaping needs and requirements of all District facilities and easements.

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 service repair inventories. This Division reads, monitors, and tests water meters. As of February, 2011, there were 9,680 active meters, of which 919 are fire meters, and 3,675 backflow devices that are tested annually. It oversees the Cross Connection/Backflow program and responds to the majority of the customer service requests which are received by the District. It also enforces the District's Water Conservation measures and mandates and assists with the corporate facilities maintenance and repairs.

ACCOMPLISHMENTS FOR 2010-11

Performance Measurement Standard:

- **Water Loss** (Standard 2): Water loss for the calendar year 2010 was 6.1%. The average water lost for the last four calendar years was 5.2%, just above our standard of 5%. The unaccounted water loss percentage for the calendar year was slightly higher than the previous year, although the actual unaccounted volume was the third lowest for the past ten years. We continue to work on strategies and procedures we feel will further reduce the "unknown water loss" in the next measurement period.
- **Pump Efficiency** (Standard 5): The goal is to maintain the pumping efficiency at or above 95% of the design criteria. The District annually tests the efficiency of all the distribution pumps and reconditions pump systems that dropped below the acceptable range. This year this includes rebuilding 6 pump and motor combinations and the rebuild and construction of the West and Ridge Ranch Pump Stations. The pumping efficiency for the calendar year 2010 was 102% of design criteria, which was a slight improvement from last year's efficiency percentage of 101.4%.
- **Water Service Reliability** (Standard 7) was 99.998% for calendar year 2010.
- **Compliance with Regulations** (Standard 8): The District was compliant with all state and federal regulations.
- **Lost-time Accidents** (Standard 9): The District had zero lost time accidents in the calendar year 2010, exceeding our standard of less than 1% of hours worked.

Strategic Plan Implementation:

- **SCADA** (Goal 5b): Continued to monitor the SCADA system program. Progressively remove old telemetry signal units that were not SCADA compatible and replaced them with new SCADA compatible transducer units.

SCADA facilities completed by in-house staff during 2010-11 were Burnt Mountain, MJM, Reid Hill, and West #1 and #2 reservoirs. Also, West pump station and the radio link to the Moosa Wastewater facility were completed.

Other Projects:

- Constructed a new ADA Compliant front entrance to better serve our disabled customer's.
- Recoated Lake Turner's Vault to reduce maintenance, corrosion, and extend the facilities life-span.
- Repaved and satin sealed the Employees Parking area.
- Upgraded 40 underground AirVac appurtenances to meet current specifications and DHS requirements.
- Installed a second solar mixing unit at Lake Turner to further improve water quality while reducing our energy consumption and costs.
- Implemented a new data base for our Backflow Program to provide improved tracking and recording measures per Department of Health and Safety standards.
- Constructed a new, separate inlet/outlet piping for Pauma Heights and Mitzpah Reservoirs to facilitate water circulation and reduce water quality issues.
- Satin sealed paving at 9 reservoir and pump station sites.
- Cleaned, washed down, and inspected 12 steel reservoir tanks.
- Replaced 4 catalytic elements on 2 natural gas pump engines.
- Completely deconstructed the old Ridge Ranch Pump House to prevent a major pipeline failure.

- Completed the repair work of 7 FEMA sites due to the severe winter storms of December 2010.
- Installed 4 new inline valves and replaced 2 broken valves throughout the District's service area.
- Installed a new interconnection between two district lines to improve pump efficiencies and transmission.
- Upgraded the irrigation timers and installed rain sensors at 17 reservoir and pump stations sites to reduce water use.
- Constructed a new Pressure Reducing Valve work station and inventory area for improved efficiencies.

CHALLENGES FOR 2011-2012

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

Maintain our water quality standards by researching and implementing internal water circulation devices and/or constructing separate inlet/outlet structures on the older steel tank reservoirs to improve cross-movement and mixing throughout the reservoir.

Continue with the in-house construction and implementation of the new SCADA Program and continue to move the project forward.

Continue to research the feasibility of in-house construction of a number of small scale solar projects throughout the District to further reduce energy consumption and costs.

Train and develop employees on the new SCADA Programming and related software issues and requirements.

GOALS FOR 2011-2012

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. For 2011-2012, we will budget for an outside Water Loss Audit to establish and incorporate realistic measures and practices to reduce our water loss percentages and expenditures.
- **Pump Efficiency** (Standard 5): Maintain the efficiency requirements through repair, reconditioning and replacing sub-par equipment. Replace and rebuild the Cool Valley Pump Station for improved pumping and energy efficiencies.
- **Water Service Reliability** (Standard 7): Continue to maintain 99% or better water service reliability, compliance with all regulations, and no lost-time accidents (Standards 7, 8, and 9).

Strategic Plan Implementation:

- **SCADA System (Goal 5b)** - Continue construction and implementation of SCADA development Phases III through VII.

Facilities scheduled to be completed include; Rincon, Mizpah, and Reidy Canyon #1 and #2 reservoirs. Also to be completed are the pump stations at Red Mountain and MJM, as well as emergency network back-up generators at Cobb, Meadows, San Gabriel, and McNally reservoirs.

- **Vulnerability Assessment** - Complete the recommended measures. Phases three and four have been postponed, but we will slowly implement the necessary security upgrades and improvements within the construction of SCADA Phases III through VII.

Other Goals:

- Continue in-house security upgrades at reservoir and pumping facilities through SCADA implementation.
- Continue to identify and install new in-line valves and repair existing in-line and reservoir valves at designated points throughout the District’s service area.
- Continue to clean, inspect, and repair reservoirs throughout our service area, to reduce or eliminate water quality issues throughout our distribution area.
- Recoat the interior and exterior of Oat Hill.
- Evaluating options for replace the floating cover on Lilac Reservoir.
- Satin seal paving at 9 facilities throughout the District.
- Continue to install solar tubes at various locations to reduce energy consumption.
- If financially feasible, install a small scale solar facility at Tyler Pump Station to reduce energy consumption and cost.
- Re-align and secure the pipeline inside West Lilac Bridge and improve the expansion and flexibility features within the pipeline system to prevent a pipeline failure.
- Continue to appraise, examine, and improve the District’s infrastructure and facilities throughout our service area to prevent major system failures.

LONG TERM GOALS

Continue moving forward with the SCADA system installation at our water and wastewater facilities. The District will complete the work in-house on phases three through seven.

Continue upgrading all of the District’s pump and corporate facilities to improve energy efficiency (Standard 5).

Continue to train and develop district personnel to meet the districts future succession planning demands.

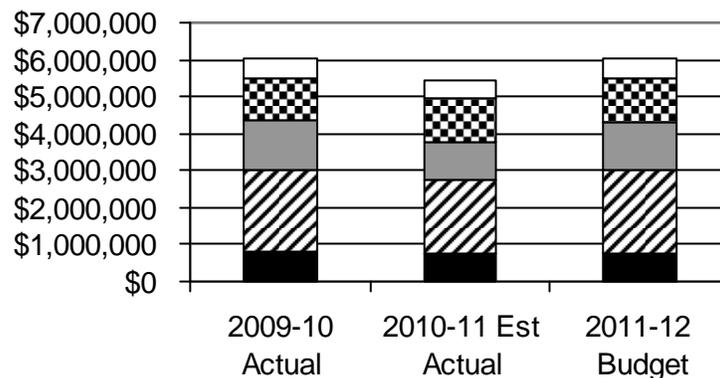
Re-establish easement maintenance and meter maintenance programs throughout the districts distribution system.

Work with Information Technology to develop a maintenance, inventory, and service order record keeping system to improve work efficiencies, practices, and maintenance records.

Implement and develop pumping strategies and procedures to maximize pumping efficiencies and incorporate solar or alternative generation into that approach.

Continue to research and implement strategies or new technologies to improve efficiencies and maximize costs savings in all aspects of our operational procedures.

Field Operations



- Vehicle & Equipment Maintenance
- ▣ Meters
- ▤ Construction & Maintenance
- ▥ Operations
- Administration

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2011-2012

Field
Full-Time Equivalents

	01-5431.	01-5432.	01-5433.	01-5434	01-5442.	01-5443.	01-5444.	01-5445.	01-5446.	01-5447.	01-5448.	01-5449.	01-5453.	01-5454.	01-5455.	01-5461.	01-5462.	01-5463.	01-5465.	01-5471.	01-1510.	01-5600.	TOTAL
Construction Maintenance Supervisor			0.02						0.01	0.01			0.82		0.06			0.01				0.05	0.98
Construction Maintenance Tech II			0.04		0.08				0.02	0.02			0.85		1.52			0.03				0.35	2.91
Construction Maintenance Tech III			0.03		0.14				0.04	0.03			0.90		1.49	0.05	0.06	0.84	0.08		0.02	0.21	3.89
Director of Operations/Facilities	0.78	0.06		0.02																			0.86
Fleet Mechanic II											0.10									0.90			1.00
Landscape Maintenance Wkr III			1.78										0.10		0.04								1.92
Meter Services Supervisor/Dep-Ops/Fac													0.01	0.05		0.01		0.85	0.08				1.00
Meter Services Tech I					0.60											0.01	0.10	0.14	0.15				1.00
Meter Services Tech II					0.16								0.09	0.23		0.05	0.38	2.93	1.16				5.00
Pump Facilities Tech I					0.04				0.40	0.20	0.24											0.10	0.98
Pump Facilities Tech II					0.04	0.10			0.06	0.25	0.40											0.15	1.00
Pump Facilities Tech III					0.04				0.40	0.20	0.29											0.05	0.98
Pumps & Motors Supervisor									0.10	0.35	0.30										0.20	0.05	1.00
Safety & Reg Compliance Asst.	0.15	0.79		0.03																			0.97
Sr. Administrative Assistant	0.96	0.02																					0.98
Sr. Construction Maintenance Tech									0.03	0.02			0.90		0.78	0.05	0.06	0.77	0.10		0.01	0.21	2.93
Sr. Electrician						0.11					0.35											0.50	0.96
Sr. Fleet Mechanic											0.10									0.87			0.97
Sr. Pump Facilities Tech						0.05			0.35	0.82	0.53											0.20	1.95
Sr. Water Systems Tech			0.05	0.75	0.01	0.05	0.08					0.05		0.01									1.00
Water Systems Supervisor				0.95	0.01	0.01	0.01					0.01		0.01									1.00
Water Systems Tech I				1.03	0.06	0.10						0.05		0.01									1.25
Water Systems Tech II			0.05	0.47	0.40	0.05	0.01					0.01		0.01									1.00
Water Systems Tech III				2.12	0.20	0.19	0.30					0.16		0.03									3.00
Wastewater Systems Supervisor																					0.03	0.07	0.10
Wastewater Systems Tech I																					0.01	0.01	0.02
Wastewater Systems Tech II																					0.01	0.02	0.03
Wastewater Systems Tech III																					0.07	0.06	0.13
Total Full-Time Equivalents	1.89	0.87	1.87	0.15	6.42	0.88	0.36	0.50	1.41	1.90	2.31	0.28	3.67	0.35	3.89	0.17	0.35	5.82	1.57	1.97	0.15	2.03	38.81

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

DEPARTMENT SUMMARY

FIELD OPERATIONS

Div. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
ADMINISTRATION					
31	Field Administration	472,945	450,742	436,292	375,564
32	Safety & Regulatory Compliance	132,218	161,836	115,436	155,672
33	Landscape & Paving Maintenance	198,776	191,573	183,723	195,893
34	District Security	15,240	26,933	10,633	22,666
	Total Administration:	819,179	831,084	746,084	749,795
OPERATIONS					
42	System Operation	907,363	855,400	799,700	905,400
43	Telemetry	209,536	153,600	91,450	173,800
44	Treatment	45,050	66,100	103,505	104,600
45	Automatic Valves	54,104	72,700	49,600	79,200
46	Reservoir Maintenance	234,462	157,100	239,600	203,500
47	Pump Maintenance	287,144	287,950	281,250	303,050
48	Motor Maintenance & Electric Panels	364,206	426,800	311,500	435,700
49	Quality Control	92,735	86,900	102,835	85,400
	Total Operations:	2,194,600	2,106,550	1,979,440	2,290,650
CONSTRUCTION & MAINTENANCE					
53	Pipeline and Right-of-Way Maint.	603,795	548,100	529,600	585,650
54	Corporate Facilities Maintenance	171,402	102,991	88,991	125,772
55	Valve Maintenance & Location	573,687	546,100	451,200	536,200
	Total Construction & Maintenance:	1,348,884	1,197,191	1,069,791	1,247,622
METERS					
61	Meter Installation	33,159	65,600	62,900	71,500
62	Meter Reading	33,061	48,900	29,100	41,800
63	Service Connection Maintenance	893,118	837,750	804,850	848,500
65	Backflow Maintenance	191,229	273,800	266,500	246,600
	Total Meters:	1,150,567	1,226,050	1,163,350	1,208,400
71	Vehicle & Equipment Maintenance	508,793	481,400	483,660	525,000
TOTAL FIELD OPERATIONS		6,022,023	5,842,275	5,442,325	6,021,467

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	422,807	396,000	391,300	328,900
03	Overtime	246	1,500	500	750
10	Training & Education	17,422	21,000	20,000	17,500
11	Uniform/Clothing/Shoes	32,529	30,000	26,500	27,500
28	Printing	2,122	1,500	1,500	1,500
30	Special Department Expenses	2,688	3,000	4,000	3,000
32	Automated Telephone Dial Service	2,338	2,000	750	1,000
33	Postage	6	150	50	150
34	Memberships, Fees and Dues	504	500	550	600
37	Transportation, Meals & Travel	3,301	8,000	5,000	6,500
38	Regulatory Permits & Fees	1,452	2,000	1,500	2,000
54	Maintenance of Equipment	0	450	0	0
91	Expense Credit	(12,470)	(15,358)	(15,358)	(13,836)
	Total	472,945	450,742	436,292	375,564

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Safety & Regulatory Compliance** **32**

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.87	124,400
03	Overtime	250
07	Employee Physicals As required by the Department of Health Services, Department of Motor Vehicles, Department of Transportation, and OSHA, including hearing tests, drug testing, and respirator physicals.	8,000
25	Outside Professional Service	5,500
	Fire Extinguisher Testing 2,500	
	Automated External Defibrillator Compliance Program 1,000	
	DOT Administration Fee 1,000	
	Electrical Personal Protective Equipment Testing 1,000	
30	Special Department Expenses	21,000
	First Aid Equipment 2,000	
	Safety Protection Equipment 6,500	
	Safety Materials 1,500	
	Respirator Replacements 1,000	
	Safety Signs 1,000	
	Rain Gear & Safety Vests 2,200	
	Fall Protection Harness Replacement 800	
	Emergency/First Aid Supplies 3,000	
	Fire Extinguisher Replacement 1,000	
	Fall Protection Rescue Equipment 500	
	Miscellaneous 1,500	
34	Memberships, Fees and Dues	2,250
	National Safety Compliance 350	
	National Fire Protection Association 150	
	Material Safety Data Sheets On-line 1,000	
	Pacific Safety Council 250	
	Cal OSHA Reports 500	

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	193,293	184,300	178,600	190,100
03	Overtime	0	500	0	500
25	Outside Professional Services	4,400	5,000	4,500	5,000
30	Special Department Expenses	223	800	650	500
52	Maintenance of Facilities	6,639	7,500	6,500	7,000
91	Expense Credit	(5,779)	(6,527)	(6,527)	(7,207)
	Total	198,776	191,573	183,723	195,893

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	799,038	731,400	692,100	786,900
03	Overtime	103,122	115,000	100,000	110,000
30	Special Department Expenses	32	1,000	1,000	1,000
52	Maintenance of Facilities	5,171	8,000	6,600	7,500
	Total	907,363	855,400	799,700	905,400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	153,219	85,200	47,750	103,900
03	Overtime	4,777	5,000	700	2,500
30	Special Department Expenses	0	400	400	400
32	Telephone	31,194	33,000	25,900	30,000
52	Maintenance of Facilities	6,351	15,000	2,500	7,000
54	SCADA Repairs	0	0	0	10,000
59	Software Technical Support	13,995	15,000	14,200	15,000
60	SCADA Programming	0	0	0	5,000
	Total	209,536	153,600	91,450	173,800

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	21,519	37,000	41,000	43,000
03	Overtime	0	500	1,480	500
23	Chlorine	22,975	25,000	58,650	58,000
25	Outside Professional Services	0	500	500	500
30	Special Department Expenses	0	200	200	200
38	Regulatory Permits & Fees	148	400	400	400
52	Maintenance of Facilities	408	2,500	1,275	2,000
	Total	45,050	66,100	103,505	104,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.36	43,000
03	Overtime	500
23	Chlorine Chlorine Tablets 31,400 HTH to Increase Residual in Reservoirs 26,600	58,000
25	Outside Professional Services Chlorinator Maintenance 500	500
30	Special Department Expenses Tools and Replacement	200
38	Regulatory Permits & Fees	400
52	Maintenance of Facilities Repair or Rebuild Tablet Chlorinators 1,500 Rebuild Chlorine Detectors 500	2,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	28,412	51,700	35,000	61,200
03	Overtime	465	500	1,000	1,000
30	Special Department Expenses	0	500	500	500
52	Maintenance of Valves	25,227	20,000	13,100	16,500
	Total	54,104	72,700	49,600	79,200

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	193,697	128,800	198,000	166,700
03	Overtime	1,928	500	800	1,000
25	Outside Professional Service	0	0	0	5,000
30	Special Department Expenses	842	800	800	800
38	Regulatory Permits & Fees	14,639	15,000	15,000	15,000
52	Maintenance of Facilities	23,356	12,000	25,000	15,000
	Total	234,462	157,100	239,600	203,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	263,127	242,700	235,000	241,800
03	Overtime	985	2,000	2,000	2,000
30	Special Department Expenses	3,310	750	800	750
38	Regulatory Permits & Fees	0	500	450	500
52	Maintenance of Pumps	19,722	42,000	43,000	58,000
	Total	287,144	287,950	281,250	303,050

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	226,279	272,300	165,000	285,200
03	Overtime	2,047	2,500	3,500	3,500
30	Special Department Expenses	4,659	3,000	3,000	3,000
38	Regulatory Permits & Fees	21,381	22,000	22,000	22,000
52	Maintenance of Electrical Facilities	34,597	33,000	33,000	33,000
55	Maintenance of Engines	24,621	24,000	25,000	24,000
56	Maintenance of Electric Motors	50,622	70,000	60,000	65,000
	Total	364,206	426,800	311,500	435,700

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	52,018	35,400	51,000	34,400
03	Overtime	199	500	500	500
25	Outside Professional Services	25,098	25,000	24,850	21,000
28	Printing	5,334	5,500	5,500	5,500
30	Special Department Expenses	66	500	500	500
33	Postage	0	2,000	1,825	2,000
38	Regulatory Permits & Fees	4,807	13,000	12,400	15,000
52	Maintenance of Facilities	5,213	5,000	6,260	6,500
	Total	92,735	86,900	102,835	85,400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	461,187	402,600	390,500	450,900
03	Overtime	13,262	35,000	35,000	28,750
25	Outside Professional Services	42,483	30,000	25,500	26,500
30	Special Department Expenses	3,621	1,500	1,700	1,500
40	Rents & Leases	2,534	2,000	1,900	1,000
52	Maintenance of Facilities	80,708	77,000	75,000	77,000
	Total	603,795	548,100	529,600	585,650

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	12,637	8,500	12,500	39,400
03	Overtime	151	500	500	500
25	Outside Professional Services	111,708	60,500	58,500	60,500
30	Special Department Expenses	12,565	5,000	6,000	7,000
52	Maintenance of Facilities	38,853	32,000	15,000	23,000
91	Expense Credit	(4,512)	(3,509)	(3,509)	(4,628)
	Total	171,402	102,991	88,991	125,772

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular <div style="text-align:right; margin-left: 150px;">Full-Time Equivalents 3.89</div>	453,700
03	Overtime	10,000
30	Special Department Expenses	1,500
	Tools 300	
	Welding Supplies 700	
	Markout Materials/Calibration 250	
	Cones 250	
40	Rents & Leases	1,000
	Heavy Equipment and Asphalt Breaker	
52	Maintenance of Facilities	70,000
	Air Vacs and Covers 7,500	
	Air Vac Screens 5,500	
	Blow Offs 3,500	
	Fire Hydrants 6,000	
	Valve Replacement/Repairs 15,000	
	Appurtenance Repair & Replacement Parts 14,500	
	Valve Post Materials 4,500	
	Valve Can Materials 3,500	
	Cement 2,750	
	Tagging Material 2,000	
	Paint 1,750	
	Spools and Bury Ells 2,000	
	Erosion Control Material 1,500	

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	10,369	14,700	12,000	20,600
03	Overtime	286	2,000	2,000	2,000
30	Special Department Expenses	122	1,000	1,000	1,000
38	Regulatory Permits & Fees	0	250	250	250
40	Rents & Leases	0	150	150	150
51	Maintenance of Vehicles	5,707	10,000	10,000	10,000
52	Installation Material-Meters	10,499	22,500	22,500	22,500
57	Installation Material-Backflows	6,176	15,000	15,000	15,000
	Total	33,159	65,600	62,900	71,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	29,090	45,400	26,000	38,300
03	Overtime	0	1,000	500	500
30	Special Department Expenses	3,971	500	1,000	1,000
59	Software Technical Support	0	2,000	1,600	2,000
	Total	33,061	48,900	29,100	41,800

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	716,171	676,900	655,000	691,900
03	Overtime	17,638	23,000	12,500	18,750
30	Special Department Expenses	1,779	2,500	2,000	2,500
38	Regulatory Permits & Fees	0	100	100	100
40	Rents & Leases	250	250	250	250
52	Maintenance of Facilities	157,280	135,000	135,000	135,000
	Total	893,118	837,750	804,850	848,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	129,438	204,300	200,000	176,100
03	Overtime	210	2,000	2,000	2,000
25	Outside Professional Services	1,197	1,500	1,500	1,500
30	Special Department Expenses	557	1,000	3,000	2,000
52	Maintenance of Facilities	59,827	65,000	60,000	65,000
	Total	191,229	273,800	266,500	246,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

FUND: **General** **01**
 DEPT: **Field Operation** **54**
 DIV: **Vehicle & Equip. Maint.** **71**

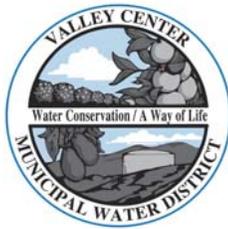
Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	266,629	235,300	240,000	249,900
03	Overtime	11,177	6,000	8,000	7,000
30	Special Department Expenses	2,742	2,000	2,000	2,000
38	Regulatory Permits & Fees	2,660	6,500	6,500	6,500
40	Rents & Leases	4,776	1,000	1,000	1,000
41	Hazardous Waste Disposal Costs	6,657	6,500	6,500	6,500
50	Maintenance - Gas, Oil & Grease	133,275	156,000	130,160	180,000
51	Maintenance of Vehicles	67,928	71,000	89,000	71,000
53	Maintenance of Radios	15,826	12,000	12,000	12,000
54	Maintenance of Equipment	19,074	20,600	24,000	20,600
91	Expense Credit	(21,951)	(35,500)	(35,500)	(31,500)
	Total	508,793	481,400	483,660	525,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
53	Maintenance of Radios/Vehicle Tracking Service Contract & New Installations 2,000 Vehicle Tracking 10,000	12,000
54	Maintenance of Equipment Grader/Dozer/Backhoe 11,000 Miscellaneous Equipment 9,600	20,600
91	Expense Credit Rental Value of Vehicles and Equipment Used for: Installation of Meters 01-5461.51 10,000 Moosa Treatment Plant 13-5326.51 10,000 Moosa Collection 13-5327.51 3,500 Moosa STEP Maintenance 13-5329.51 3,000 Woods Valley Ranch Treatment Plant 17-5331.51 5,000	(31,500)



Source of Supply



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**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 (SDCWA) which in turn purchases most of 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 (IAWP) and for the SDCWA's markup in the melded rate supply cost used to pay for additional water supplies such as transfers from the Imperial Irrigation District. These rebates, approximately \$267 per acre foot as of July 1, 2011, are passed through to qualifying agricultural customers.

The District must also pay the MWD and SDCWA 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 2010-2011

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 SDCWA strategies to maintain affordable water rates and is working to continue the agricultural discounts.

The IAWP Program under the MWD is being phased out. The program will terminate on January 1, 2013. The SDCWA Special Agricultural Water Rate (SAWR) has been extended to December 31, 2012, at which time the SAWR calculation will be revised.

While electricity costs were budgeted at 13.0¢ per kilowatt hour last year, costs are currently running below that at a weighted average cost of 10.8¢ per kilowatt hour. This reduction is mostly due to reduced electricity demand charges because of lower water flows.

CHALLENGES FOR 2011-2012

The use of fixed charges by MWD and SDCWA leaves the District exposed if water sales drop below historical levels, as we have are currently seeing, because of the mandatory reductions in Interim Agricultural Water Program (IAWP) and Special Agricultural Water Rate (SAWR) deliveries, voluntary reductions in Domestic deliveries, and continued economic uncertainties.

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

Continue the implementation of the IAWP supply reductions and phase out of the program by December 31, 2012.

Continue the implementation of the policies and programs to maintain mandatory use restrictions to domestic and SAWR customers.

GOALS FOR 2011-2012

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.

Wholesale rates have not yet been adopted by the San Diego County Water Authority. As such, we have estimated, with the most recent information available. All rate changes from MWD and SDCWA are subject to change at any time and are passed through to our customers in accordance with our Administrative Code Section 160.3(g), including any rate changes not yet known.

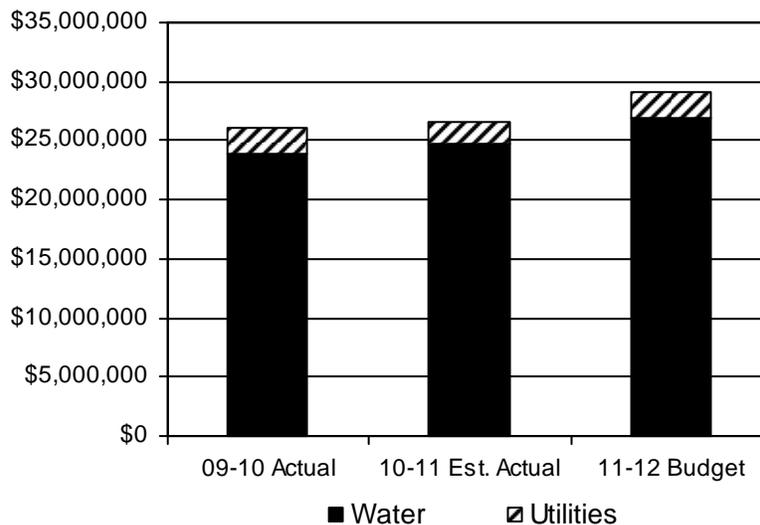
The treated water supply charge is estimated to increase 12.1% from \$812 to \$910 per acre foot on January 1, 2012. Also, the water delivery charge is increasing 4.7% from \$75 to \$78.50 per acre foot. The Capacity Reservation Charge for 2012 is estimated to increase 2.8%. The SDCWA Customer Service and the Emergency Storage Charges are assumed to increase 12.1% in calendar year 2012. The latter including SDCWA debt service costs for the San Vicente Dam expansion. In addition, SDCWA includes a melded rate supply cost for additional water supplies such as that received from the Imperial Irrigation District. The rate, not firm at this time, is projected to be \$116 in January 2012.

Based on our best estimate at this time, electricity will average 11.8¢ per kilowatt hour and natural gas 82¢ per therm, for an aggregate cost of \$83 per acre foot of water purchased for 2011-12. The aggregate cost for 2010-11 is estimated at \$75 per acre foot, an increase of 10.7%.

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, continued economic uncertainties, the termination of the IAWP program, and the uncertainties surrounding the SAWR program.

Source of Supply



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

DEPARTMENT SUMMARY

SOURCE OF SUPPLY

Div. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
41	Source of Supply	26,043,774	31,157,337	26,620,732	29,133,175
TOTAL SOURCE OF SUPPLY		26,043,774	31,157,337	26,620,732	29,133,175

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
		@ 29,522 af	@ 31,900 af	@ 27,117 af	@ 26,870 af
21	Water Supply Charge - MWD & CWA	21,060,873	24,811,060	20,995,800	22,760,906
22	Water Delivery Charge - CWA	1,952,898	2,258,132	1,907,500	2,101,803
23	Agricultural Rebate - MWD	(992,265)	(794,083)	(568,200)	(387,888)
24	Agricultural Rebate - CWA	(964,044)	(1,331,308)	(945,094)	(1,317,592)
25	Ready to Serve Charge	(169,604)	(73,364)	(73,364)	(73,364)
26	Infrastructure Access Charge	357,582	408,400	408,400	475,400
30	Capacity Reservation Charge - MWD	845,778	829,100	829,100	826,400
35	Customer Service Charge - CWA	1,246,278	1,442,100	1,442,100	1,674,400
36	Emergency Storage Charge - CWA	547,314	777,300	719,880	842,900
	Total Water	23,884,810	28,327,337	24,716,122	26,902,965
45	Utilities - Electricity	1,926,229	2,480,100	1,817,410	2,118,700
47	Utilities - Natural Gas	232,735	349,900	87,200	111,510
	Total Utilities	2,158,964	2,830,000	1,904,610	2,230,210
	Total	26,043,774	31,157,337	26,620,732	29,133,175

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

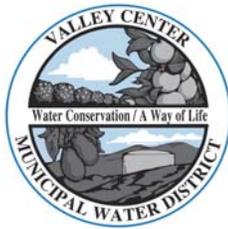
Acct. No.	Detail and Justification			Department Request
21	Water Supply Charge	<u>Jul to Dec</u>	<u>Jan to Jun</u>	22,760,906
	To MWD & CWA -	812.00	910.00	
	Expected purchases in AF	<u>17,253</u>	<u>9,617</u>	
	Expected purchases in \$	14,009,436	8,751,470	
22	Water Delivery Charge			2,101,803
	To MWD & CWA -	75.00	84.00	
	Expected purchases in AF	<u>17,253</u>	<u>9,617</u>	
	Expected purchases in \$	1,293,975	807,828	
23	Agricultural Rebate - MWD			(387,888)
	Ag Discount Rate	(57.00)	(29.00)	
	Estimated Ag purchases in AF	<u>5,468</u>	<u>2,628</u>	
		(311,676)	(76,212)	
24	Agricultural Rebate - CWA			(1,317,592)
	Ag Discount Rate	(68.00)	(78.00)	
	Estimated Ag purchases in AF	<u>11,792</u>	<u>6,612</u>	
		(801,856)	(515,736)	
25	Ready to Serve Charge			(73,364)
26	Infrastructure Access Charge			475,400

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request									
30	Capacity Reservation Charge - MWD This charge is levied to recover the cost of providing peak capacity within the distribution system. It is based on a five-year rolling average of member agency flows during coincident peak weeks.	826,400									
35	Customer Service Charge - CWA This charge is based on a three-year rolling average of all deliveries. It is levied to recover estimated costs necessary to support the functioning of the Authority, to develop policies and implement programs that benefit the region.	1,674,400									
36	Emergency Storage Charge - CWA This charge is based on a three-year rolling average of non-agricultural deliveries. It is levied to recover costs associated with the Emergency Storage Program.	842,900									
45	Utilities - Electrical	2,118,700									
47	Utilities - Natural Gas	111,510									
	Utilities are based on sale of 25,260 A.F. and purchase of 26,870 A.F. @ \$83 per A.F.										
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Electric</td> <td style="padding-right: 20px;">95%</td> <td style="text-align: right;">2,118,700</td> </tr> <tr> <td>Natural Gas</td> <td>5%</td> <td style="text-align: right;"><u>111,510</u></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;"><u><u>2,230,210</u></u></td> </tr> </table>	Electric	95%	2,118,700	Natural Gas	5%	<u>111,510</u>	Total		<u><u>2,230,210</u></u>	
Electric	95%	2,118,700									
Natural Gas	5%	<u>111,510</u>									
Total		<u><u>2,230,210</u></u>									



Capital Outlay



FUNCTION OVERVIEW

Plan, design, acquire rights of way, bid, construct, manage, and inspect specific projects, approved by the Board, that expand the capacity or otherwise increase or improve the service reliability of the water supply and distribution systems or wastewater collection, treatment, and disposal systems. The general goals are to efficiently plan and manage these projects for the lowest overall cost, taking into account both initial 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.

ACCOMPLISHMENTS FOR 2010-2011**Strategic Plan Implementation:**

- **Infrastructure:** (Goal 3) Completed the the High Mountain Waterline that provides a looped system in the Meadows service zone. Also, constructed separate inlet/outlet piping for Pauma Heights and Mizpah reservoirs to facilitate water circulation and reduce water quality issues, and deconstructed the old Ridge Ranch Pump House to prevent a major pipeline failure.
- **Full Development of GIS:** (Goal 5a) Continued to upgrade the GIS with additional data and features. Easement scanning continued and the product output format was modified to PDF format to allow for better accessibility across the network and for external deliverables.
- **SCADA System:** (Goal 5b) Continued to make progress on expanding the SCADA system program. Progressively removed old telemetry signal units that were not SCADA compatible and replaced them with new SCADA compatible transducer units.

SCADA facilities completed during 2010-11 included the following reservoir sites Burnt Mountain, MJM, Reid Hill, and West #1 and #2 reservoirs. In addition, West pump station and the radio link to the Moosa Wastewater facility were completed.

- **Service Order Software:** (Goal 5d) Work continued to develop the foundations necessary for our new Service Order Software. Mapping current service order workflows and processes is underway and should be completed by the fiscal year end.
- **E-Business:** (Goal 5e) Customer on-line access was completed. This allows customers the ability to have on-line access to their account information. The programming gives our customers the functionality to create user accounts, view their bill information, and pay their bills over the internet. As of March 30, 2011, there are approximately 1,300 customer accounts registered and utilizing the system.

Information and Business Systems:

- A new VoIP (Voice over Internet Protocol) telephone system was installed, replacing the old analog system which was obsolete and with support only available from third parties. The new system is more flexible, using the District's existing computer network, and can be extended to remote sites, which also reduces disaster recovery efforts.

Other Major Projects:

- Constructed a new Americans with Disabilities Act Compliant front entrance to better serve our disabled customer's, and various smaller projects.

CHALLENGES FOR 2011-2012

- Acquisition of suitable funding opportunities for capital improvement projects, including local water supply, reclamation, and solar power generation projects.
- Development of District-wide facility requirements due to conversion from predominately agricultural uses to urban uses, changing water conservation practices, and County modification of land use entitlements through the General Plan Update process.

GOALS FOR 2011-2012

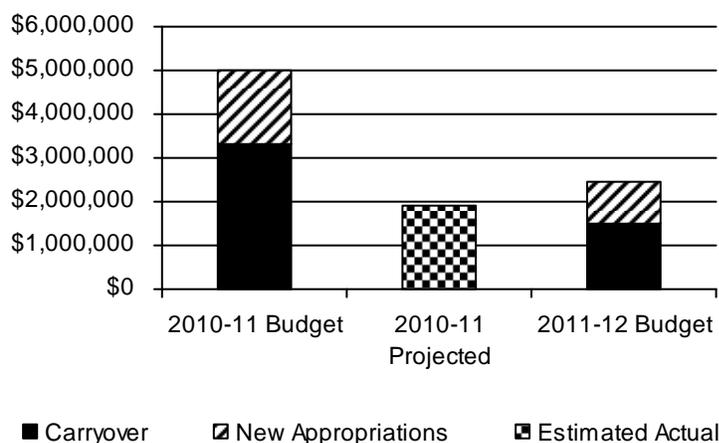
Strategic Plan Implementation:

- **Infrastructure:** (Goal 3) Continue to appraise, examine, and improve the District's infrastructure and facilities throughout our service area to prevent major system failures.
- **Full Development of GIS:** (Goal 5a) Continue with development and maintenance of database information and integration with GIS.
- **SCADA System:** (Goal 5b) Integrate District facility sites as needed into the SCADA system as opportunities arise and additional funding is made available. There are six reservoirs and two pump stations scheduled for completion during the year.

LONG-TERM GOALS

Design and construct the projects identified in the Integrated Water Resources Plan and complete the integration of the facility sites as identified in the SCADA Master Plan. Plan and design for the expansion of existing facilities in an economic and efficient manner while minimizing impacts to customer service. Work with the County on future road projects

Capital Outlay



VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2011-2012

General 01
Capital Outlay 56

Description	Acct. No.	Prior	2011						2012						Future	
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Pipelines & PRV's																
Participation & Unspecified Replacement Projects	02		As required													
New Valve Installations and Appurtenances	06		Construction													
Cole Grade Road Pipeline Replacement	09	Completed														
High Mountain Water Line	10	Completed														
Valley Center Road Main	33	Completed														
Rodriguez Road Pipeline Replacement	48	Completed														
Urban Water Management Plan Update	61	Completed														
Integrated Water Resources Management Plan	62	Completed														
Pump Stations																
Pfau Pump Station Upgrade	04	Completed														
Pump & Motor Replacements	16	Planning	Design			Construction										
Emergency Power Generation and Equipment	32	Planning	Design			Construction										
Catalytic Elements	36	Completed														
Lilac Pump Station Upgrades	82	Completed														
Reservoirs																
Lake Turner Gauging Station	07	Completed														
Reservoir Mixing System	13	Planning	Design			Construction										
Pauma Heights Reservoir Discharge Piping	14	Completed														
VC-7 Chlorine Residual Analyzer	17		Planning			Design			Construction							
Reservoir Coating - Interior & Exterior	34	Deferred														
Reidy Canyon Area Reservoir	38	Deferred														
Lilac Reservoir Cover Replacement	63	Deferred														
Country Club Reservoir Upgrade	90	Completed														
Data Management Systems																
VoIP Phone System	08	Completed														
AWWA Water Loss Audit	18	Planning	Construction													
Server Virtualization, Storage Area Network, Disaster Recovery	24		Construction													
Customer On-Line Access	37	Completed														
Service Order Software	47		Construction													
SCADA System Improvements and Security	71		Construction													
GIS Phase II Implementation	89	Completed														
Enterprise Computer Programming Improvements	96		Construction													

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2011-2012

General 01
Capital Outlay 56

Description	Acct. No.	Prior	2011						2012						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Facilities															
IT Server Room Relocation	31	Completed													
Administration Facility Improvements	60		Construction												
Solar Power Development	64		Ongoing Analysis and Evaluation												
Equipment															
Diesel Particulate Filters	01	Completed													
Replacement Trucks	15	Completed													
Portable Hot Water Pressure Washer	19	Planning	Design	Construct.											
Mini Excavator	65	Completed													
Vehicle Alignment Machine	66	Completed													

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**General 01
Capital Outlay 56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2010-11	Estimated Actual Expenditures 2010-11	Budget Carried Forward to 2011-12	New Appropriation 2011-12	Total Approved Budget 2011-12
<u>Pipelines & PRV's</u>							
Participation, Upsizing, & Unspecified Repl Projects	02		292,526		292,526		292,526
New Valve Installations and Appurtenances	06		37,937	21,000	16,937		16,937
Cole Grade Road Pipeline Replacement	09		56,252	56,252	0		0
High Mountain Water Line	10		7,015	7,015	0		0
Valley Center Road Main	33		9,512	9,512	0		0
Rodriguez Rd PL Replacement	48		176	176	0		0
Urban Water Management Plan Update	61		57,491	57,491	0		0
Integrated Water Resources Management Plan	62		224,927	224,927	0		0
<u>Pump Stations</u>							
Pfau Pump Station Upgrade	04		11,216	11,216	0		0
Pump & Motor Replacements	16	9-5	183,447	138,447	45,000	170,000	215,000
Emergency Power Generation and Equipment	32	9-6	196,837	147,984	48,853	75,000	123,853
Catalytic Elements	36		22,000	22,000	0		0
Lilac Pump Station Upgrades	82		3,546	3,546	0		0
<u>Reservoirs</u>							
Lake Turner Gauging Station	07		6,977	6,977	0		0
Reservoir Mixing System	13	9-7				75,000	75,000
Pauma Heights Reservoir Discharge Piping	14		18,000		18,000		18,000
VC-7 Chlorine Residual Analyzer	17	9-8				17,000	17,000
Reservoir Coating - Interior & Exterior	34		134,660		134,660		134,660
Reidy Canyon Area Reservoir	38		15,000	15,000	0		0
Lilac Reservoir Cover Replacement	63		485,000		485,000		485,000
Country Club Reservoir Upgrade	90		1,876,753	276,753	0		0
<u>Data Management Systems</u>							
VoIP Telephone System	08		100,000	100,000	0		0
Water Loss Reduction Measures	18	9-9				105,000	105,000
Server Virtualization, Storage, Disaster Recovery	24		140,230	56,000	84,230		84,230
Customer On-Line Access	37		8,513	8,513	0		0
Service Order Software	47		219,407	2,000	217,407		217,407
SCADA System Improvements & Security	71	9-10	557,467	445,710	111,757	500,000	611,757
GIS Phase II Implementation	89		50,386	50,386	0		0
Enterprise Computer Programming Improvements	96		45,575	2,000	43,575		43,575
<u>Facilities</u>							
IT Server Room Relocation	31		8,751	8,751	0		0
Administration Facility Improvements	60	9-11	46,928	40,000	6,928	20,000	26,928
Solar Power Development	64		61,995	61,995	0		0
<u>Equipment</u>							
Diesel Particulate Filters	01		21,871	21,871	0		0
Replacement Vehicles	15		26,000	26,000	0		0
Portable Hot Water Pressure Washer	19	9-12				9,500	9,500
Mini Excavator	65		46,000	46,000	0		0
Vehicle Alignment Machine	66		20,000	20,000	0		0
Total Capital Projects			4,992,395	1,887,522	1,504,873	971,500	2,476,373

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

Estimated Expenditures by Year

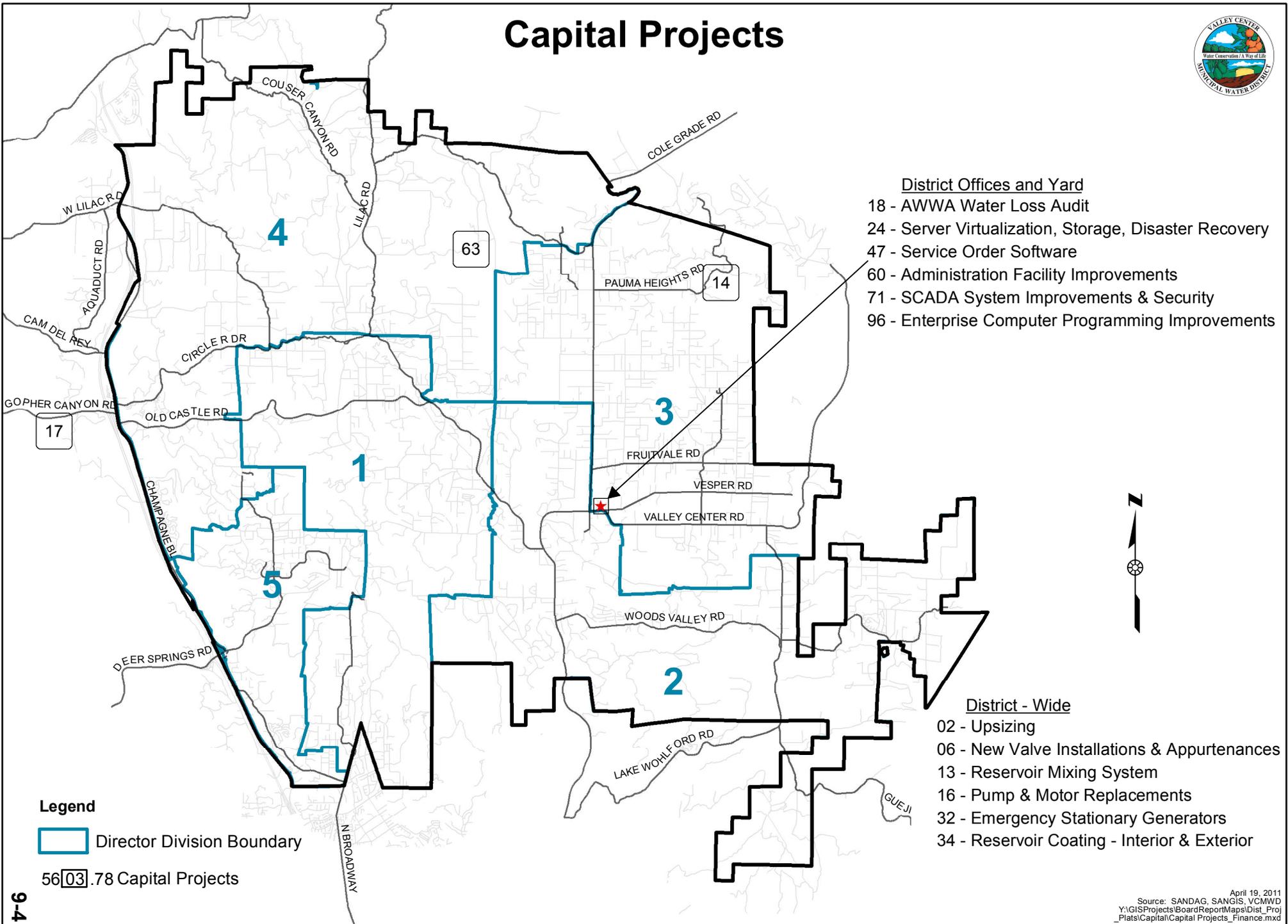
**General
Capital Outlay**

**01
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2011-12	New Appropriation 2011-12	Total Approved Budget 2011-12	Estimated Actual Expenditures 2010-11	Estimated Actual Expenditures 2012-13	Estimated Project Balance after 2 years
<u>Pipelines & PRV's</u>								
Participation, Upsizing, & Unspecified Repl Projects	02		292,526		292,526	192,526	100,000	
New Valve Installations and Appurtenances	06		16,937		16,937	16,937		
Cole Grade Road Pipeline Replacement	09		0		0			
High Mountain Water Line	10		0		0			
Valley Center Road Main	33		0		0			
Rodriguez Rd PL Replacement	48		0		0			
Urban Water Management Plan Update	61		0		0			
Integrated Water Resources Management Plan	62		0		0			
<u>Pump Stations</u>								
Pfau Pump Station Upgrade	04		0		0			
Pump & Motor Replacements	16	9-5	45,000	170,000	215,000	215,000		
Emergency Power Generation and Equipment	32	9-6	48,853	75,000	123,853	123,853		
Catalytic Elements	36		0		0			
Lilac Pump Station Upgrades	82		0		0			
<u>Reservoirs</u>								
Lake Turner Gauging Station	07		0		0			
Reservoir Mixing System	13	9-7		75,000	75,000	75,000		
Pauma Heights Reservoir Discharge Piping	14		18,000		18,000	18,000		
VC-7 Chlorine Residual Analyzer	17	9-8		17,000	17,000	17,000		
Reservoir Coating - Interior & Exterior	34		134,660		134,660	134,660		
Reidy Canyon Area Reservoir	38		0		0			
Lilac Reservoir Cover Replacement	63		485,000		485,000		485,000	
Country Club Reservoir Upgrade	90		0		0			
<u>Data Management Systems</u>								
VoIP Telephone System	08		0		0			
AWWA Water Loss Audit	18	9-9		105,000	105,000	105,000		
Server Virtualization, Storage, Disaster Recovery	24		84,230		84,230	84,230		
Customer On-Line Access	37		0		0			
Service Order Software	47		217,407		217,407	142,407	75,000	
SCADA System Improvements & Security	71	9-10	111,757	500,000	611,757	305,879	305,878	3,049,955
GIS Phase II Implementation	89		0		0			
Enterprise Computer Programming Improvements	96		43,575		43,575	35,000	8,575	
<u>Facilities</u>								
IT Server Room Relocation	31		0		0			
Administration Facility Improvements	60	9-11	6,928	20,000	26,928	26,928		
Solar Power Development	64		0		0			
<u>Equipment</u>								
Diesel Particulate Filters	01		0		0			
Replacement Vehicles	15		0		0			
Portable Hot Water Pressure Washer	19	9-12		9,500	9,500	9,500		
Mini Excavator	65		0		0			
Vehicle Alignment Machine	66		0		0			
Total Capital Projects			1,504,873	971,500	2,476,373	1,501,920	974,453	3,049,955

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

Capital Projects



**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5616.78
DEPARTMENT:	Field

Pump And Motor Replacemets

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
	Existing Service	<u>Priority</u>		<u>Standard</u>	<u>Goal</u>
				5	3, 6a

PROJECT DESCRIPTION:

The replacement of older pump systems improves the District's pumping efficiency and reduces power consumption. The Cool Valley Reservoir Circulation Station has an efficiency of 39%. Additional funds are requested to replace the pump system at Cool Valley Reservoir. This will include replacement of the suction and discharge piping, electrical panel, and installing of a new vertical turbine pump and electric motor. The installation will be completed by in-house staff.

An additional allocation of funds is to be used in the event that the District suffers an unexpected failure or a drop in efficiency that would require the replacement of a pump and/or motor. If emergency repairs are needed at a pump station, the need may arise to perform additional upgrades and enhancements to a pump or motor in a cost efficient manner.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Jesmond Dene West	166,063	166,063	0		0		0	166,063
Cool Valley	135,000	100,000	35,000	100,000	100,000		100,000	100,000
Staff	20,000	20,000	0	30,000	30,000		30,000	50,000
Replacements	40,000	30,000	10,000	40,000	50,000		50,000	80,000
Total Project	361,063	316,063	45,000	170,000	215,000	0	215,000	531,063

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5632.78
DEPARTMENT:	Field

Emergency Power Generator And Equipment

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

PROJECT DESCRIPTION:

Install an emergency transfer switch at Miller Pump Station to allow for the efficient and effective use of a portable generator in the event of a utility service interruption. The emergency transfer switch will be installed on the San Diego Gas and Electric meter that runs pumps 1-6 for greater flexibility and system reliability.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Transfer Switch	221,000	172,147	48,853	55,000	103,853		103,853	276,000
Staff			0	20,000	20,000		20,000	20,000
Total Project	221,000	172,147	48,853	75,000	123,853	0	123,853	296,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5613.78
DEPARTMENT:	Field

Reservoir Mixing System

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

PROJECT DESCRIPTION:

Design and install reservoir mixing systems. The lower water demands have increased the water retention times within the potable water reservoirs. The extended turnover time and inadequate circulation within the reservoir can cause water quality deterioration and increase the potential of nitrification within the distribution system.

Scheduled reservoirs to be evaluated and completed:

- Kornblum
- West Bear Ridge
- San Gabriel #1
- Paradise #2

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Mixing System			0	55,000	55,000		55,000	55,000
Staff			0	20,000	20,000		20,000	20,000
Total Project	0	0	0	75,000	75,000	0	75,000	75,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2010-2011**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5617.78
DEPARTMENT:	Field

VC-7 Chlorine Residual Analyzer

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

PROJECT DESCRIPTION:

The VC-7 chlorination facility uses a chlorine residual analyzer that has served the District for more than 30 years. The parts for this analyzer are extremely difficult to obtain if they are available at all. This functionally obsolete analyzer should be replaced with SCADA ready equipment for chlorine residual monitoring.

Additionally, this analyzer will compliment the new chlorinator that was installed in 2008. The chlorinator and analyzer will work together to monitor and protect our system should any water quality issue arise in the future.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Analyzer			0	17,000	17,000		17,000	17,000
Total Project	0	0	0	17,000	17,000	0	17,000	17,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2010-2011**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5618.78
DEPARTMENT:	Field

PROJECT NAME:

Water Loss Reduction Measures

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

PROJECT DESCRIPTION:

To research, conduct, and implement measures and strategies to reduce the District's unknown water loss percentages and expenditures in the 2011-2012 budget year and beyond. To include a variety of options and strategies, such as, increased leak detection and system surveillance, field testing of high use meters, and the exploration of using flow meters at viable locations throughout our service area to determine irregularities within a particular zone.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Audit			0	105,000	105,000		105,000	105,000
			0		0		0	0
Total Project	0	0	0	105,000	105,000	0	105,000	105,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5671.78
DEPARTMENT:	Field

PROJECT NAME:

SCADA System Improvements and Security

	<u>Type</u>	<u>Master Plan</u> <u>Priority</u>	<u>Project ID</u>	<u>Strategic Plan</u> <u>Standard</u>	<u>Goal</u>
Continuing Project	Existing Service	A		2, 5, 7	3, 5b

PROJECT DESCRIPTION:

Continuing with installation of the SCADA (Supervisory Control and Data Acquisition) system at the following sites. All of the construction will be preformed by in-house staff.

VC #2 Aqueduct Connection

Reservoirs -

- Rincon
- Reidy Canyon 1 & 2
- Mizpah

Pump Stations -

- MJM
- Red Mountain

The following have been completed -

- 22 of the 36 Reservoir sites
- 12 of the 25 Pump Stations sites
- 2 of the 6 Aqueduct Connections
- 3 of 7 Backup Generators

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	842,290	819,066	23,224	250,000	273,224	400,000	673,224	1,492,290
Planning	57,500	57,500	0		0		0	57,500
Design	1,513,566	1,513,566	0		0		0	1,513,566
Operations Improvemtns	176,635	176,635	0		0		0	176,635
Construction System	1,731,643	1,723,110	8,533	200,000	208,533	800,000	1,008,533	2,731,643
Integration	90,000	90,000	0	50,000	50,000	175,000	225,000	315,000
Tech Support	132,214	132,214	0		0	23,500	23,500	155,714
Miscellaneous	120,478	120,478	0		0		0	120,478
Contingency	108,408	28,408	80,000		80,000		80,000	108,408
Total Project	4,772,734	4,660,977	111,757	500,000	611,757	1,398,500	2,010,257	6,671,234

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5660.78
DEPARTMENT:	Field

Administration Facility Improvements

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

PROJECT DESCRIPTION:

To design, construct, and implement increased and improved front administration security measures and monitoring. This will also include the modification and construction of the front entry restrooms for compliance with the American Disability Act standard.

Staff will also continue our evaluation and implementation of energy efficient measures for the corporate facility to reduce consumption and costs.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Improvements	151,314	146,314	5,000	20,000	25,000		25,000	171,314
Total Project	151,314	146,314	5,000	20,000	25,000	0	25,000	171,314

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5619.78
DEPARTMENT:	Field

Portable Hot Water Pressure Washer

New Item	<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 spent approximately \$2,500 renting a portable hot water pressure washer to clean five reservoirs in 2010-11. The hot water pressure washer assists in the removal of biofilm growth and sedimentation that causes discoloration of the epoxy coating in the reservoir. The presence of biofilm can cause increased chlorine demand and lower water quality. With the current low water flows, staff has been more aggressive and proactive in the inspection and cleaning of our reservoirs to avoid nitrification issues within the distribution system.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2011-12	<u>Total Budget 2011-2012</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Power Washer			0	9,500	9,500		9,500	9,500
Total Project	0	0	0	9,500	9,500	0	9,500	9,500

Lower Moosa



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**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 0.35 million gallons per day.

ACCOMPLISHMENTS FOR 2010-2011

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

Treatment Plant:

- Continued to implement operational changes that reduced equipment run times, significantly reducing energy consumption and energy costs by 39%.
- Replaced old walkway grating, with new grating around the facility basins to prevent potential failures.
- Rebuilt the upper worm drive gearing on Clarifier #1.

Laboratory: Received laboratory certification through the State of California and started in house laboratory testing. Will expand and increase our sampling applications to include potable water Bac-T's and General Physicals, to help reduce our overall sampling costs.

Sewer System Management Plan (SSMP): Continued improvements for compliance with Regional Water Quality Control Board sewer system overflow waste discharge requirements.

Fats, Oils, and Grease (FOG) Program: Continued implementation and enforcement of the FOG program at local commercial properties. Developed maintenance and tracking log to annually inspect facilities that are recorded and approved with the District.

Planning Studies:

- Completed Welk Skimming Plant feasibility study to identify the proposed improvements and costs to intercept wastewater flows at the Welk Golf Course, treat the influent to full Title 22 (tertiary standards) and apply effluent to the golf course to offset imported potable water demands.
- Continue to monitor groundwater basin levels in the Welk Area and vicinity of percolation ponds.
- Updated the Lower Moosa Canyon Water Reclamation Facility Concept Study to include completed projects and discuss effects the Welk Skimming Plant would have on the future facilities proposed for Moosa.

Additional Projects Completed:

- Improved process control and monitoring for greater plant efficiency and effluent quality.
- Installed filtration system that filters and cleans plant effluent. Effluent is now being used for plant processes and eliminates the need for potable water irrigation.
- Inspected and videoed 25% of Moosa's Collections System.
- Improved and repaired 5 STEP pumps for system reliability and to eliminate odors and damage to the pump systems.
- Continued to maintain and clean the influent line and grit channel for improved influent quality and overflow prevention measures.
- Completed new Maintenance and Storage Facility and re-landscaped entire gravel area.
- Converted old chlorination room into a STEP pump repair facility for more efficient operation.

CHALLENGES AND GOALS FOR 2011-2012

Replacement Projects:

- Rebuild 30+ year old clarifier mechanical equipment.
- Install two Positive Displacement Blowers to replace 30+ year old inefficient Centrifugal Blowers with additional piping to improve operational flexibility and control.
- Complete Centrifuge replacement project.
- Continue collection system evaluations and work through documented repair list.
- Finish repairing and upgrading the remaining STEP pump systems in the Rimrock area.
- Smoke test Collection System lines for breaks, poor connections, and infiltration.

Planning Projects:

- Explore tertiary level treatment and water reuse possibilities.
- 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. This includes solutions to the limited groundwater basin capacity and influence on Moosa Creek for disposal of projected ultimate discharge capacity.
- Seek out funding opportunities to develop funding sources for proposed projects.

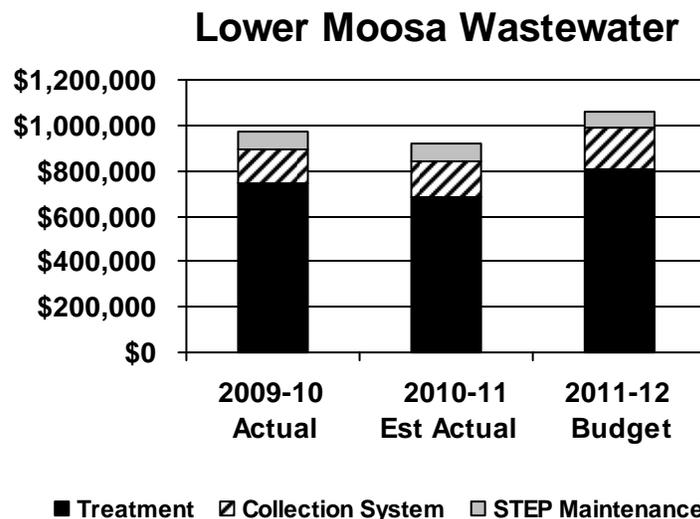
LONG-TERM GOALS

Plan for future upgrades to meet increasing wastewater capacity needs of the service area while maintaining our required effluent quality standards.

Explore potential for tertiary treatment and water reuse to augment potable water supplies for use in irrigation in existing and future developments. This includes the potential for a water reclamation facility in the Welk Development for use on their golf course and open space areas.

Continue improvements in the SCADA system to provide for more automated and remote plant operation.

Continue to research and implement strategies or new technologies to improve efficiencies and maximize cost savings in all aspects of our wastewater procedures.



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**Lower Moosa
Full-Time Equivalents**

	<u>13-5326.</u>	<u>13-5327.</u>	<u>13-5329.</u>	<u>Total</u>
Construction Maintenance Supervisor	0.01	0.01		0.02
Construction Maintenance Tech II	0.06	0.03		0.09
Construction Maintenance Tech III	0.08	0.03		0.11
Director of Operations/Facilities	0.10			0.10
Landscape Maintenance Wkr III	0.06	0.02		0.08
Pump Facilities Tech I	0.01			0.01
Pump Facilities Tech III	0.01			0.01
Safety & Reg Compliance Asst.	0.02			0.02
Sr. Administrative Assistant	0.02			0.02
Sr. Construction Maintenance Tech	0.05	0.02		0.07
Sr. Electrician	0.02	0.01		0.03
Sr. Fleet Mechanic	0.01	0.01		0.02
Sr. Pump Facilities Tech	0.03			0.03
Wastewater Systems Supervisor	0.50	0.28	0.07	0.85
Wastewater Systems Tech I	0.51	0.25	0.09	0.85
Wastewater Systems Tech II	0.78	0.08	0.04	0.90
Wastewater Systems Tech III	0.85	0.32	0.15	1.32
Total Full-Time Equivalents	<u>3.12</u>	<u>1.06</u>	<u>0.35</u>	<u>4.53</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2011-2012

MOOSA WASTEWATER TREATMENT FUND
RECAP OF BUDGET AND
SOURCE OF FINANCING

BUDGET REQUIREMENT

Operating/Treatment	791,726
Collection System/West	182,661
STEP Maintenance	73,600
Capital Projects	85,000
Increase in Capital Replacement Fund	<u>321,695</u>
	<u><u>1,454,682</u></u>

SOURCE OF FINANCING

Revenue	1,448,100
Operating Reserves	6,582
	<u> </u>
	<u><u>1,454,682</u></u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**MOOSA WASTEWATER TREATMENT FUND
ANALYSIS OF CASH POSITION
JULY 1, 2010, TO JUNE 30, 2012**

	Replacement Fund	Expansion Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2010	482,377	110,518	377,020	0	969,915
ADD: Revenue 2010-2011					
Wastewater Service Charges	397,995			915,605	1,313,600
Wastewater Lateral & Inspection Fees				0	0
Interest	7,700			5,795	13,495
Wastewater STEP Charges				35,700	35,700
Wastewater STEP Repair Charges				0	0
Capacity Charges		0			0
LESS: Estimated Expenditures 2010-2011	0	0	(482,279)	(921,012)	(1,403,291)
Transfers	(214,030)		214,030	0	0
Net Change	191,665	0	(268,249)	36,088	(40,496)
ESTIMATED BALANCE JUNE 30, 2011	674,042	110,518	108,771	36,088	929,419
ADD: Revenue 2011-2012					
Wastewater Service Charges	397,995			998,905	1,396,900
Interest	8,700			6,600	15,300
Wastewater STEP Charges				35,900	35,900
Capacity Charges		0			0
LESS: Proposed Expenditures 2011-2012	0		(85,000)	(1,047,987)	(1,132,987)
Expenditures of Continuing Projects			(108,771)		(108,771)
Transfers	(85,000)		85,000	0	0
Net Change	321,695	0	(108,771)	(6,582)	206,342
ESTIMATED BALANCE JUNE 30, 2012	995,737	110,518	0	29,506	1,135,761

GENERAL INFORMATION:

Average Wastewater Connections:

Monthly Rates:

Effective July 1

Effective September 1

Effective February 1

	2009-2010	2010-2011		2011-2012
	Actual	Budget	Estimated Actual	Budget
Average Wastewater Connections:	2,454	2,454	2,454	2,454
Monthly Rates:				
Effective July 1	40.50	44.50	44.50	46.50
Effective September 1	44.50	44.50	44.50	46.50
Effective February 1			46.50	48.75

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**REVENUE ESTIMATE
LOWER MOOSA
WASTEWATER TREATMENT FUND**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
4110.01	Wastewater Service Charge	1,270,627	1,310,400	1,313,600	1,396,900
4110.02	Wastewater Capacity Reservation Fee	500	0	0	0
4110.05	Wastewater Inspection Fee	150	0	0	0
4110.06	STEP Wastewater Inspection Fee	0	0	0	0
4410.00	Interest - Operating & Replace. Res.	16,136	4,559	13,565	15,300
4429.00	Wastewater STEP Charges	33,242	35,300	35,700	35,900
4810.00	Capacity Charges	0	0	0	0
	Total	1,320,655	1,350,259	1,362,865	1,448,100

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**DEPARTMENT SUMMARY
LOWER MOOSA
WASTEWATER TREATMENT FUND**

Description	2009-2010	2010-2011		2011-2012
	Actual	Budget	Estimated Actual	Budget
Treatment	742,407	819,058	687,558	791,726
Collection System/West	153,889	174,854	150,154	182,661
STEP Maintenance	72,094	69,200	83,300	73,600
Capital Projects	570,755	478,030	482,279	85,000
TOTAL MOOSA TREATMENT	1,539,145	1,541,142	1,403,291	1,132,987

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	298,850	369,200	290,000	370,500
03	Overtime	15,949	18,000	17,000	18,000
23	Chemicals	11,277	15,500	15,000	19,500
25	Outside Professional Services	62,050	66,800	58,000	66,500
30	Special Department Expenses	4,986	5,000	3,300	4,000
32	Telephone	4,525	4,200	4,000	4,200
38	Regulatory Permits & Fees	10,950	16,000	15,000	16,000
40	Rents & Leases	0	500	1,400	500
41	Hazardous Waste Disposal Costs	0	300	300	300
42	Insurance	12,884	14,438	14,438	13,601
45	Electricity	80,268	95,000	70,000	75,000
48	Diesel	0	300	300	500
49	Water	3,925	3,000	2,000	3,000
51	Maintenance of Vehicles	5,827	15,000	8,000	10,000
52	Maintenance of Facilities	44,198	45,000	38,000	40,000
82	Administrative Overhead	128,931	148,820	148,820	148,125
87	Bad Debt Expense	1,675	2,000	2,000	2,000
88	Capital Planning	56,112	0	0	0
	Total	742,407	819,058	687,558	791,726

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 3.12	370,500
03	Overtime	18,000
23	Chemicals	19,500
	Polymer 9,000	
	Sodium Hypochlorite 5,000	
	Sodium Hydroxide 500	
	Laboratory Chemicals 5,000	
25	Outside Professional Services	66,500
	Pumper Trucks - for Grit Removal 6,000	
	Lab Analysis 20,000	
	Sludge Removal 15,000	
	SCADA System Maintenance 6,000	
	Muffin Monster Service/Screening Auger 11,000	
	Oder Scrubber Maintenance 1,000	
	Mowing of Spray Fields/Weed Control 5,000	
	Flow Meter Calibration and Repair 2,000	
	Lab Equipment Service & Calibration 500	
30	Special Department Expenses	4,000
	Lab Supplies 2,000	
	Tools 1,000	
	Equipment 1,000	
32	Telephone	4,200
	Leased Lines and Alarm Monitoring 2,000	
	T-1 Network Line 2,200	
38	Regulatory Permits & Fees	16,000
	State Water Resources Control Board 13,500	
	HazMat Permit 1,750	
	Air Pollution Control District fees 750	
40	Rents & Leases	500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
41	Hazardous Waste Disposal Costs Recycling Oil, Filters, Solvents	300
42	Insurance	13,601
45	Electricity	75,000
48	Diesel Generator Set and Tractor	500
49	Water	3,000
51	Maintenance of Vehicles	10,000
52	Maintenance of Facilities SCADA Computer Equipment Maintenance 3,000 Building and Grounds Maintenance Equipment 3,000 Electrical Equipment 4,000 Electric Motor Maintenance 7,000 Filter Replacement 4,000 Tractor Maintenance 2,000 Hardware 4,000 Pipe and Fittings 3,000 Mechanical Plugs 2,000 Building and Yard Maintenance 8,000	40,000
82	Administrative Overhead	148,125
87	Bad Debt Expense	2,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

FUND: **Lower Moosa** **13**
 DEPT: **Field Operations** **53**
 DIV: **Collection Sys. West** **27**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	92,189	111,300	91,000	121,400
03	Overtime	2,620	3,000	2,000	3,000
25	Outside Professional Services	28,788	30,000	22,000	30,000
30	Special Department Expenses	3,051	2,000	2,000	2,000
38	Regulatory Permits and Fees	661	5,000	2,500	3,000
40	Rents & Leases	619	250	250	250
42	Insurance	1,432	1,604	1,604	1,511
45	Electricity	5,325	5,000	5,000	5,000
49	Water	1,849	1,200	800	1,000
51	Maintenance of Vehicles	2,189	3,500	3,000	3,500
52	Maintenance of Facilities	15,166	12,000	20,000	12,000
	Total	153,889	174,854	150,154	182,661

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 1.06	121,400
03	Overtime	3,000
25	Outside Professional Services Sewer Cleaning/Camera 23,000 Manhole Sensors 4,500 Pumping 2,500	30,000
30	Special Department Expenses	2,000
38	Regulatory Permits and Fees	3,000
40	Rents & Leases Equipment as Needed 250	250
42	Insurance	1,511
45	Electricity	5,000
49	Water	1,000
51	Maintenance of Vehicles	3,500
52	Maintenance of Facilities Motors Dip and Bake 1,500 Pump Repair 2,000 Replacement Pump 2,500 SCADA 2,000 Air Conditioner Repair 2,000 Valves and Solenoids, Grinder Servicing 2,000	12,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	49,892	38,900	49,000	39,300
03	Overtime	2,014	3,000	5,000	5,000
25	Outside Professional Services	505	6,000	8,000	7,000
30	Special Department Expenses	116	300	300	300
51	Maintenance of Vehicles	3,761	2,000	3,000	3,000
52	Maintenance of Facilities	15,806	19,000	18,000	19,000
	Total	72,094	69,200	83,300	73,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.35	39,300
03	Overtime	5,000
25	Outside Professional Services Pumping of Tanks 6,000 Special Repairs 1,000	7,000
30	Special Department Expenses	300
51	Maintenance of Vehicles	3,000
52	Maintenance of Facilities Pump Rebuild Kits 1,500 Replacement Pumps 2,500 Retrofit STEP System Pumps 15,000	19,000

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2011-2012

Lower Moosa 13
Capital Outlay 56

Description	Acct. No.	Prior	2011						2012						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Lower Moosa															
Welk Skimming Plant	11	Completed													
Aeration System Upgrade	12	Completed													
Rimrock STEP System Modification	41		Construction												
Combination Sewer Cleaning Truck	43	Deferred													
Waste Discharge Report	53		Planning												
Master Plan - Sewer Line Replacement	54	Completed													
SCADA System	73		Construction												
Centrifuge Upgrade	74		Construction												
Aeration Blowers	75		Construction												
Main Sewer Line Ductile Iron Pipe Replacement	77	Completed													
Transmission Line Replacement	78	Completed													
Lower Moosa - Equipment	79	Completed													
Walkway Grating	80	Completed													
Lab Incubator	81	Completed													

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**Lower Moosa
Capital Outlay**

**13
56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2010-11	Estimated Actual Expenditures 2010-11	Budget Carried Forward to 2011-12	New Appropriation 2011-12	Total Approved Budget 2011-12
Welk Skimming Plant	11		14,394	14,394	0		0
Aeration System Upgrade	12		79,419	4,419	0		0
Rimrock STEP System Modification	41		40,771	16,000	24,771		24,771
Combination Sewer Cleaning Truck (1/2)	43		75,000		0		0
Waste Discharge Report	53		31,011	31,011	0		0
Master Plan - Sewer Line Replacement	54		9,576	9,576	0		0
SCADA System	73		50,000	16,000	34,000		34,000
Centrifuge Upgrade	74	10-11	350,000	300,000	50,000	50,000	100,000
Aeration Blowers	75	10-12	65,000	65,000	0	35,000	35,000
Main Sewer Line Ductile Iron Pipe Replacement	77		13,802	4,802	0		0
Transmission Line Replacement	78		111,948	6,948	0		0
Lower Moosa - Equipment	79		1,099	1,099	0		0
Walkway Grating	80		7,600	7,600	0		0
Laboratory Incubator	81		5,430	5,430	0		0
Total Capital Projects			855,050	482,279	108,771	85,000	193,771

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

Estimated Expenditures by Year

**Lower Moosa
Capital Outlay**

**13
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2011-12	New Appropriation 2011-12	Total Approved Budget 2011-12	Estimated Actual Expenditures 2011-12	Estimated Actual Expenditures 2012-13	Estimated Project Balance after 2 years
Welk Skimming Plant	11		0		0			
Aeration System Upgrade	12		0		0			
Rimrock STEP System Modification	41		24,771		24,771	24,771		
Combination Sewer Cleaning Truck (1/2)	43		0		0			
Waste Discharge Report	53		0		0			
Master Plan - Sewer Line Replacement	54		0		0			
SCADA System	73		34,000		34,000	34,000		
Centrifuge Upgrade	74	10-11	50,000	50,000	100,000	100,000		
Aeration Blowers	75	10-12	0	35,000	35,000	35,000		
Main Sewer Line Ductile Iron Pipe Replacement	77		0		0			
Transmission Line Replacement	78		0		0			
Lower Moosa - Equipment	79		0		0			
Walkway Grating	80		0		0			
Laboratory Incubator	81		0		0			
Total Capital Projects			108,771	85,000	193,771	193,771	0	0

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

Centrifuge Upgrade

ACCOUNT NO.:	13-5674.78
DEPARTMENT:	Lower Moosa WRF

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
	Replacement	<u>Priority</u> N/A	N/A	<u>Standard</u> 7	<u>Goal</u> 2, 6a

PROJECT DESCRIPTION:

Additional funding is requested for the installation of the centrifuge authorized in the prior 2010-2011 budget. The existing centrifuge has been in operation for 12 years and has reached the end of its useful life. The current unit is no longer in production and replacement and repair parts are becoming more and more difficult to acquire. The new centrifuge will replace the existing unit and provide more dewatering capacity and energy savings. The existing control panel will be replaced with a new panel that meets the current standards for the facility. Additionally, staff will evaluate if the existing centrifuge could be configured in a way that would allow it to serve as a backup unit for the new primary unit or if it may be mounted on trailer so that it may be utilized at the Woods Valley Ranch WRF.

The centrifuge is scheduled to be purchased in 2010-2011 with installation to be completed in 2011-2012. With the new centrifuge installation, the wastewater SCADA System will need to be upgraded to integrate information from the new unit. An integration consultant will be utilized to make the appropriate modifications to the wastewater SCADA system.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2011-12	Total Budget 2011-2012	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			15,000		15,000		0	15,000
Consultants			10,000		10,000		0	10,000
Centrifuge	350,000	300,000			0		0	300,000
Installation			20,000	50,000	70,000		0	70,000
Contingency			5,000		5,000		0	5,000
Total Project	350,000	300,000	50,000	50,000	100,000	0	0	400,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2011-2012**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5675.78
DEPARTMENT:	Lower Moosa WRF

Aeration Blowers

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
	Replacement	<u>Priority</u> N/A	N/A	<u>Standard</u> 7	<u>Goal</u> 2,6a

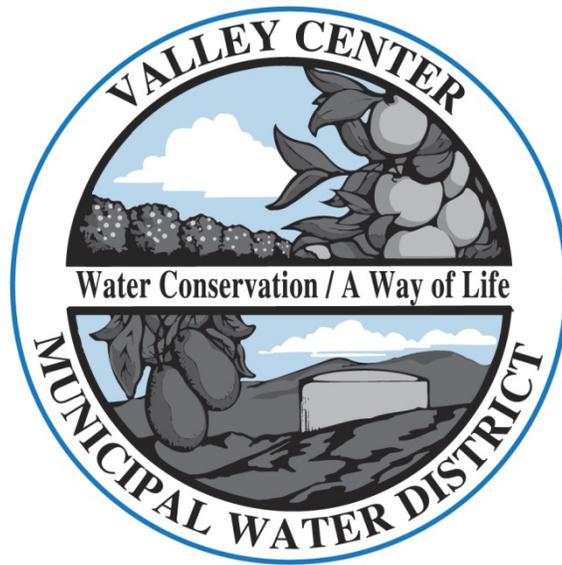
PROJECT DESCRIPTION:

Additional funding is requested for installation of the replacement Aeration Blowers authorized in the prior 2010-2011 budget. The prior year budget anticipated future allocations for installation of the replacement units. Replacement blowers will be specified, bid and purchased by the end of the current fiscal year for installation in 2011-2012.

With the new more energy efficient units, blower output can be adjusted to better match aeration demands of the treatment facility, resulting in a significant energy savings over the current units.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2011-12	<u>Total Budget 2011-2012</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Staff	1,000	1,000		1,000	1,000			2,000
Consultants	2,000	2,000		2,000	2,000			4,000
Blowers	60,000	60,000		30,000	30,000			90,000
Installaiton	2,000	2,000		2,000	2,000			4,000
Total Project	65,000	65,000	0	35,000	35,000	0	0	100,000

Woods Valley Expansion



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**DEPARTMENT SUMMARY
Woods Valley Ranch Water Reclamation Facility Expansion**

FUNCTION OVERVIEW

Projects associated with the expansion of the Woods Valley Ranch Water Reclamation Facility (Fund 16) are segregated from the main facility (Fund 17) to better identify and account for funds expended for expansion and capital improvements and funds expended for operation and maintenance costs and facility replacement projects.

The South Village Wastewater Expansion Project is a joint developer/District project to extend wastewater service to parcels owned by the developers and participating property owners in the southern node area of Valley Center. This area consists mainly of the South Village area as identified on the County General Plan along Valley Center Road from Woods Valley Road north to Lilac Road. The service area is anticipated to have an ultimate wastewater demand of 0.45 million gallons per day (mgd). Expansion would be in multiple phases and consist of constructing a low pressure wastewater collection system, seasonal storage, and expansion of the Woods Valley Ranch Water Reclamation Facility (WVRWRF). Recycled water generated by the facility would be sold for beneficial use, (primarily for irrigation of the Woods Valley Ranch Golf Course). The project's first phase was constructed by Newland Communities and included the initial 0.070 mgd membrane bioreactor treatment facility and extension of a gravity collection system to serve the Woods Valley Ranch 270 lot subdivision and golf course facilities. The Phase 2 expansion project would extend wastewater service to the 72 lot Butterfield Trails subdivision owned by Butterfield Trails LLC (formerly the Alti Corporation), 80 equivalent dwelling units (EDUs) to property owned by Bell Enterprises, and to other property owners in the South Village area electing to participate in the project, for a total anticipated additional capacity of 350 EDUs. The project improvements will be funded primarily by the developers with participation from the various other property owners in the service area through formation of an assessment district and acquisition of a State Revolving Fund Loan.

ACCOMPLISHMENTS FOR 2010-2011

With funding from the project proponents, staff prepared and submitted the Financial Assistance Application for a Clean Water State Revolving Fund (CWSRF) Loan and received a favorable response from the State Water Quality Control Board staff. District staff continues to work with the State Water Quality Control Board staff to process the State Revolving Fund (SRF) Loan application. A Preliminary Funding commitment is anticipated by the end of the fiscal year.

CHALLENGES AND GOALS FOR 2011-2012

The District is tasked with coordinating a viable partnership between the developer interests in the South Village area and property owners that desire wastewater service to expand the WVRWRF. The challenge will be to develop a project that meets all the requirements and has an affordable unit cost for those properties desiring service. Challenges for the up-coming fiscal year for the South Village Wastewater Expansion Project, include the following:

- Obtain preliminary funding commitment for the CWSRF Loan for the Expansion Project.
- Obtain additional financial commitments from potential Phase 2 project participants, for funding the Design phase of the project and formation of an assessment district.
- Obtain a Waste Discharge Permit modification for the additional required discharge capacity from the Regional Water Quality Control Board and complete a water balance analysis to determine maximum recycled water demand for the golf course and ultimate seasonal storage requirements.

- Develop construction plans and specifications for the water reclamation facility expansion, collection system and seasonal storage facilities.
- Negotiate property acquisition contracts for the seasonal storage pond expansion site, along with easements for proposed pipelines.
- Finalize SRF loan documents and initiate construction of the Phase 2 Expansion project.

LONG-TERM GOALS

Successfully execute the multi-phased plan to have wastewater capacity available when needed without requiring District financial commitments and resources. The wastewater expansion project will be developed with funding provided only by the property owners that directly benefit from the wastewater improvements.

Work with the developers of the Orchard Run project to prepare planning documents and agreements for the necessary expansion facilities needed for the 300 unit Orchard Run Subdivision.

Pursue Federal funding opportunities to assist with the expansion of the facility to develop recycled water supplies to offset imported potable water irrigation demands, improve ground water quality and help reduce costs to provide wastewater service to existing customers with failing septic systems within the designated service area.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**WOODS VALLEY EXPANSION
RECAP OF BUDGET AND
SOURCE OF FINANCING**

BUDGET REQUIREMENT		
Expansion and Reclamation Projects		<u>0</u>
SOURCE OF FINANCING		
Transfer from Woods Valley Ranch Replacement Reserve		<u>0</u>
		<u>0</u>

ANALYSIS OF CASH POSITION

ACTUAL BALANCE JULY 1, 2010	(1,831)
ADD: Revenue 2010-2011	0
Transfer from Woods Valley Ranch Replacement Reserve	320,000
LESS: Estimated Expenditures 2010-2011	<u>0</u>
ESTIMATED BALANCE JUNE 30, 2011	318,169
ADD: Revenue 2011-2012	
Transfer from Woods Valley Ranch Replacement Reserve	0
LESS: Estimated Expenditures 2011-2012	<u>(318,169)</u>
ESTIMATED BALANCE JUNE 30, 2012	<u>0</u>

REVENUE ESTIMATE

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Adopted Budget	Estimated Actual	Budget
4410	Interest-Design Phase	0	0	0	0
2529	Wastewater Connection Fees	0	0	0	0
	Total	0	0	0	0

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2011-2012

Woods Valley Ranch Expansion 16
Capital Outlay 56

Description	Acct. No.	Prior	2011						2012						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
<u>Woods Valley Ranch Expansion</u>															
Woods Valley Ranch WRF Phase 2 Expansion	56		Waste Discharge Report (WDR) Processing				Land Purchase	WDR Processing, cont'd							

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**WVR Expansion
Capital Outlay**

**16
56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2010-11	Estimated Actual Expenditures 2010-11	Budget Carried Forward to 2011-12	New Appropriation 2011-12	Total Approved Budget 2011-12
WVR WRF Planning	56		318,169		318,169		318,169
Total Capital Projects			318,169	0	318,169	0	318,169

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

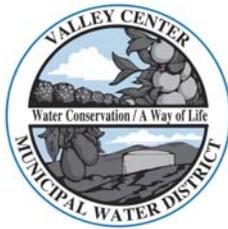
Estimated Expenditures by Year

**WVR Expansion
Capital Outlay**

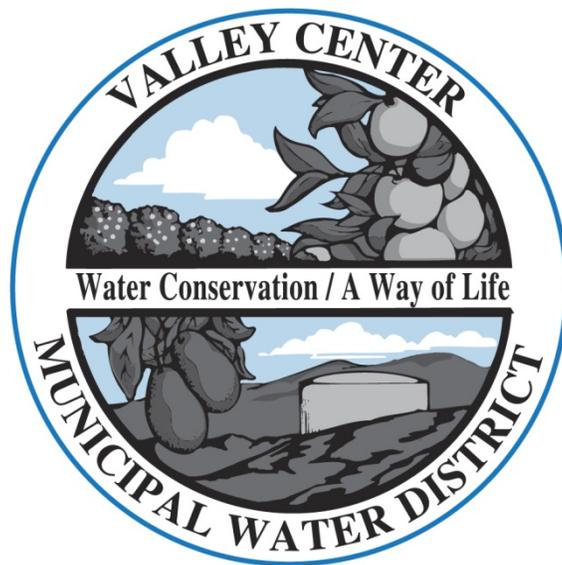
**16
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2011-12	New Appropriation 2011-12	Total Approved Budget 2011-12	Estimated Actual Expenditures 2011-12	Estimated Actual Expenditures 2012-13	Estimated Project Balance after 2 years
WVR WRF Planning	56		318,169		318,169	318,169	4,311,500	8,623,000
Total Capital Projects			318,169	0	318,169	318,169	4,311,500	8,623,000

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.



Woods Valley Ranch



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**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 70,000 gallon per day Woods Valley Ranch Water Reclamation Facility (WVRWRF). 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, 2) a wastewater standby fee for properties that have not yet connected to the wastewater system, and 3) proceeds from the sale of reclaimed water to the Golf Course for irrigation.

ACCOMPLISHMENTS FOR 2010-2011

Woods Valley Ranch Water Reclamation Facility, Phase 1 Construction: The 70,000 gpd permanent treatment facility had previously completed start-up testing and was conditionally accepted for operation and maintenance in 2009. Effluent from the permanent facility is being discharged to the golf course storage ponds where it is used for irrigation of the golf course. Record drawings are being prepared by the Developer's engineering design firm. Remaining tasks for final acceptance include completion of punch list items and making appropriate equipment modification to meet performance requirements per the specifications.

Woods Valley Ranch Water Reclamation Facility:

- Installed redundant screening unit to protect plant membranes.
- Installed 3" sludge transfer line to increase plant efficiency and reduce overtime costs.
- Reduced chemical usage by installing a static mixer at the chlorine injection point.

Collection System: Videoed and inspected 25% of the collection system to meet State Requirements.

CHALLENGES AND GOALS FOR 2011-2012

Following final acceptance of the Phase 1 project, the 70,000 gpd permanent treatment plant, the District will continue to operate and maintain the permanent wastewater treatment facility and produce an effluent that will meet California Title 22 Water Quality Requirements for irrigation of the golf course facility. The following improvements are proposed to improve plant performance:

- Continue to reduce energy consumption and cost by implementing operational improvements.
- Inspect and clean collection system sewer lines per District's Sanitary Sewer Management Plan (SSMP).
- Smoke test Collection System lines, to locate areas of infiltration and possible repair sites.
- Continue to look for strategies and measures to reduce our sludge hauling and handling costs.

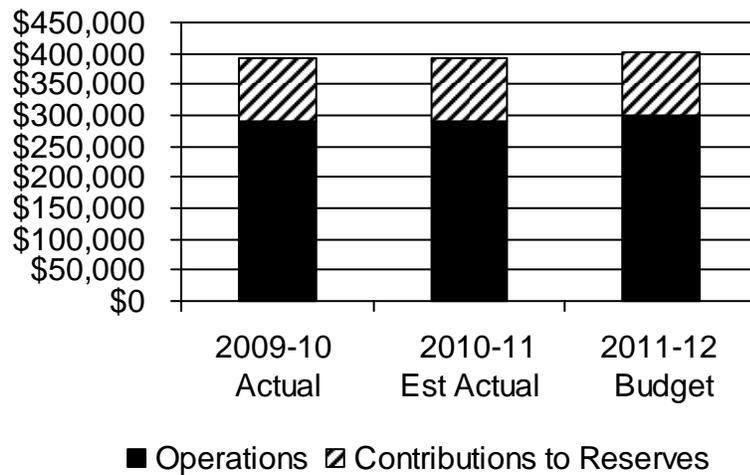
LONG-TERM GOALS

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 project in accordance with the approved Master Plan to meet the wastewater treatment needs of property in the Southern Village Area and the Orchard Run Subdivision.

South Village Wastewater Expansion Project: The South Village Wastewater Expansion Project will extend the service area of the Woods Valley Ranch Water Reclamation Facility to include the property currently zoned for commercial and other higher density land uses along Valley Center Road from Woods Valley Road north to Lilac Road. This expansion project is included in Fund 16 on page 11-1.

Orchard Run Subdivision The Waste Discharge Permit for the WVRWRF was amended in fiscal year 2007-08 to extend the service area and increase the permitted discharge capacity to include the Orchard Run Subdivision, a proposed 300 lot subdivision. The waste discharge limit of the Woods Valley Ranch Water Reclamation Facility is now 0.147 mgd. "In-tract" water distribution, wastewater collection and recycled water distribution facility plans for Units 1 (58 lots) and 2 (70 Lots) of the Orchard Run Subdivision have been approved. The developer is expected to process plans for Unit 3 (172 lots) in 2011-2012. However, construction of the facilities has been delayed for at least two years and expansion plans to the Woods Valley Ranch Water Reclamation Facility for Orchard Run are anticipated to occur subsequent to the South Village Expansion Project.

Woods Valley Ranch Wastewater



VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2011-2012

Woods Valley Ranch
Full-Time Equivalents

	<u>17-5331.</u>	<u>Total</u>
Director of Operations/Facilities	0.04	0.04
Pump Facilities Tech I	0.01	0.01
Pump Facilities Tech III	0.01	0.01
Safety & Reg Compliance Asst.	0.01	0.01
Sr. Electrician	0.01	0.01
Sr. Fleet Mechanic	0.01	0.01
Sr. Pump Facilities Tech	0.02	0.02
Wastewater Systems Supervisor	0.05	0.05
Wastewater Systems Tech I	0.13	0.13
Wastewater Systems Tech II	0.07	0.07
Wastewater Systems Tech III	0.55	0.55
	<u>0.91</u>	<u>0.91</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2011-2012

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

BUDGET REQUIREMENT

Operating/Treatment	298,975
Operating Reserves	4,738
Capital Replacement Reserves	89,391
	<hr/>
	<u>393,104</u>

SOURCE OF FINANCING

Revenue	386,439
Decrease in Operating Fund Cash	6,665
	<hr/>
	<u>393,104</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**WOODS VALLEY RANCH WASTEWATER TREATMENT
ANALYSIS OF CASH POSITION
JULY 1, 2010, TO JUNE 30, 2012**

	Replacement Reserve Fund	Operating Reserve Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2010	798,623	143,950	80,000	0	1,022,573
ADD: Revenue 2010-2011					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				42,200	42,200
Interest	9,570			3,569	13,139
LESS: Estimated Expenditures 2010-2011	0	0	(66,100)	(289,500)	(355,600)
Transfers	(13,620)	800	(8,900)	21,720	0
Transfer to WVR Expansion Fund	(320,000)				(320,000)
Net Change	(221,430)	800	(75,000)	6,665	(288,965)
ESTIMATED BALANCE JUNE 30, 2011	577,193	144,750	5,000	6,665	733,608
ADD: Revenue 2011-2012					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				46,200	46,200
Interest	6,285			2,658	8,943
LESS: Proposed Expenditures 2011-2012		0		(298,975)	(298,975)
Expenditures of Continuing Projects			(5,000)		(5,000)
Transfers	(19,514)	4,738		14,776	0
Net Change	89,391	4,738	(5,000)	(6,665)	82,464
ESTIMATED BALANCE JUNE 30, 2012	666,584	149,488	0	0	816,072

GENERAL INFORMATION:

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

2009-2010	2010-2011		2011-2012
Actual	Adopted Budget	Estimated Actual	Budget
280	280	280	280
98.60	98.60	98.60	98.60
98.60	98.60	98.60	98.60

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
4110.01	Wastewater Service Charge	311,156	311,182	311,182	311,182
4110.02	Wastewater Capacity Reservation Fee	20,113	20,114	20,114	20,114
4140.00	Reclaimed Water	39,081	40,500	41,100	45,000
4140.01	Reclaimed Water Meter Charge	1,008	1,000	1,100	1,200
4382.00	Interest Allocation	226	0	0	0
4410.00	Interest - Operating & Replace. Res.	14,161	2,823	9,570	8,943
	Total	385,745	375,619	383,066	386,439

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

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

Description	2009-2010	2010-2011		2011-2012
	Actual	Budget	Estimated Actual	Budget
Treatment	393,724	390,520	392,120	401,595
Capital Projects	18,645	62,600	66,100	0
TOTAL WOODS VALLEY RANCH	412,369	453,120	458,220	401,595

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

FUND: **Woods Valley Ranch** **17**
 DEPT: **Field Operations** **53**
 DIV: **Wastewater Treatment** **31**

Acct. No.	Description	2009-2010	2010-2011		2011-2012
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	107,626	96,000	117,000	103,400
03	Overtime	7,222	15,000	7,000	15,000
23	Chemicals	5,878	6,000	7,000	6,000
25	Outside Professional Services	54,215	40,000	45,000	41,500
30	Special Department Expenses	3,769	3,000	900	3,000
32	Telephone	513	500	550	500
38	Regulatory Permits & Fees	10,755	15,000	19,000	15,000
40	Rents & Leases	0	250	250	250
42	Insurance	12,133	11,848	11,848	12,067
45	Electricity	48,135	49,350	30,000	49,350
48	Diesel	0	300	300	300
49	Water	0	350	350	350
51	Maintenance of Vehicles	2,232	5,000	3,000	5,000
52	Maintenance of Facilities	6,796	5,000	7,000	5,000
82	Administrative Overhead	31,830	40,302	40,302	42,258
	Total Treatment Operations	291,104	287,900	289,500	298,975
78	Contribution to Replacement Reserve	102,620	102,620	102,620	102,620
79	Contribution to Operating Reserve	0	0	0	0
	Total Contributions to Reserves	102,620	102,620	102,620	102,620
	Total	393,724	390,520	392,120	401,595

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2011-2012**

FUND: **Woods Valley Ranch** **17**
 DEPT: **Field Operation** **53**
 DIV: **Wastewater Treatment** **31**

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.91	103,400
03	Overtime	15,000
23	Chemicals	6,000
25	Outside Professional Services	41,500
	Pumper Trucks - Haul waste	15,000
	Laboratory Testing Services	10,000
	Courier Service	6,500
	Sewer Cleaning	8,500
	SCADA Maintenance	1,500
30	Special Department Expenses	3,000
	Tools	2,000
	Equipment	1,000
32	Telephone	500
38	Regulatory Permits & Fees	15,000
40	Rents & Leases	250
42	Insurance	12,067
45	Electricity	49,350
48	Diesel	300
49	Water	350
51	Maintenance of Vehicles	5,000
52	Maintenance of Facilities including collection system	5,000
78	Contribution to Capital Replacement Reserve	102,620
82	Administrative Overhead	42,258

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2011-2012

Woods Valley Ranch 17
Capital Outlay 56

Description	Acct. No.	Prior	2011						2012						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Woods Valley Ranch															
Combination Sewer Cleaning Truck	43	Deferred													
Installation of Variable Frequency Drives	59	Planning	Design			Construction									
Screening Unit	85	Complete													
Chlorine Contact Basin Mixers	86	Complete													
Chlorine Analyzer	87	Complete													

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

**Woods Valley Ranch
Capital Outlay**

**17
56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2010-2011	Estimated Actual Expenditures 2010-2011	Budget Carried Forward to 2011-2012	New Appropriation 2011-2012	Total Approved Budget 2011-2012
Combination Sewer Cleaning Truck (1/2)	43		71,500		0		0
Installation of Variable Frequency Drives	59		5,000		5,000		5,000
Screening Unit	85		47,500	47,500	0		0
Chlorine Contact Basin Mixers	86		13,800	13,800	0		0
Chlorine Analyzer	87		4,800	4,800	0		0
Total Capital Projects			142,600	66,100	5,000	0	5,000

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2011-2012**

Estimated Expenditures by Year

**Woods Valley Ranch
Capital Outlay**

**17
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2011-2012	New Appropriation 2011-2012	Total Approved Budget 2011-2012	Estimated Actual Expenditures 2011-2012	Estimated Actual Expenditures 2012-13	Estimated Project Balance after 2 years
Combination Sewer Cleaning Truck (1/2)	43		0		0			
Installation of Variable Frequency Drives	59		5,000		5,000	5,000		
Screening Unit	85		0		0			
Chlorine Contact Basin Mixers	86		0		0			
Chlorine Analyzer	87		0		0			
Total Capital Projects			5,000	0	5,000	5,000	0	0

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2011-2012.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.



Appendix



VALLEY CENTER MUNICIPAL WATER DISTRICT ANNUAL BUDGET 2011-12

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.

AMR - See Automated Meter Reading

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

Automated Meter Reading - Remotely reads set meters using a handheld meter reading device.

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.

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.

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.

Memorandum of Understanding (MOU) - a legal document describing an agreement between parties.

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.

MOU - See Memorandum of Understanding

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.

Power Purchase Agreement - a financial arrangement in which a third-party developer owns, operates, and maintains the photovoltaic (PV) system, and a host customer agrees to site the system on its property and purchases the system's electric output from the solar services provider for a predetermined period.

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.

Special Agricultural Water Rate (SAWR) - A program by the San Diego County Water Authority which reduces the cost of water to certified agricultural customers.

SCADA - Supervisory Control and Data Acquisition. Uses computer technology to monitor and control remote facilities such as pumps and reservoirs.

State Revolving Fund (SRF) - Program provides low-cost financing to public agencies for a wide variety of infrastructure projects.

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.

VALLEY CENTER MUNICIPAL WATER DISTRICT ANNUAL BUDGET 2011-12

BUDGET POLICIES

From Administrative Code Section 50.2: 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, the cost of the operation and maintenance of all pumping facilities, and the cost of pumping facility capital projects 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.

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.

The Operating Reserve combined with the Rate Stabilization Reserves together are considered to be discretionary reserves, unrestricted or uncommitted reserves not anticipated to be used in the current fiscal year. The District shall endeavor to maintain these discretionary reserves at a minimum three and a maximum 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 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 wastewater 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) Lower Moosa Canyon Water Reclamation Facility
 - (2) Woods Valley Ranch Water Reclamation Facility (Funded in accordance with agreement with customer)
- D. Benefit Plan Liability Reserve: This reserve consists of monies that have been set aside by the District for the other post-employment benefits. The reserve will be used to fund the District's annual liability as calculated by accounting standards.

4. Capital Reserves:

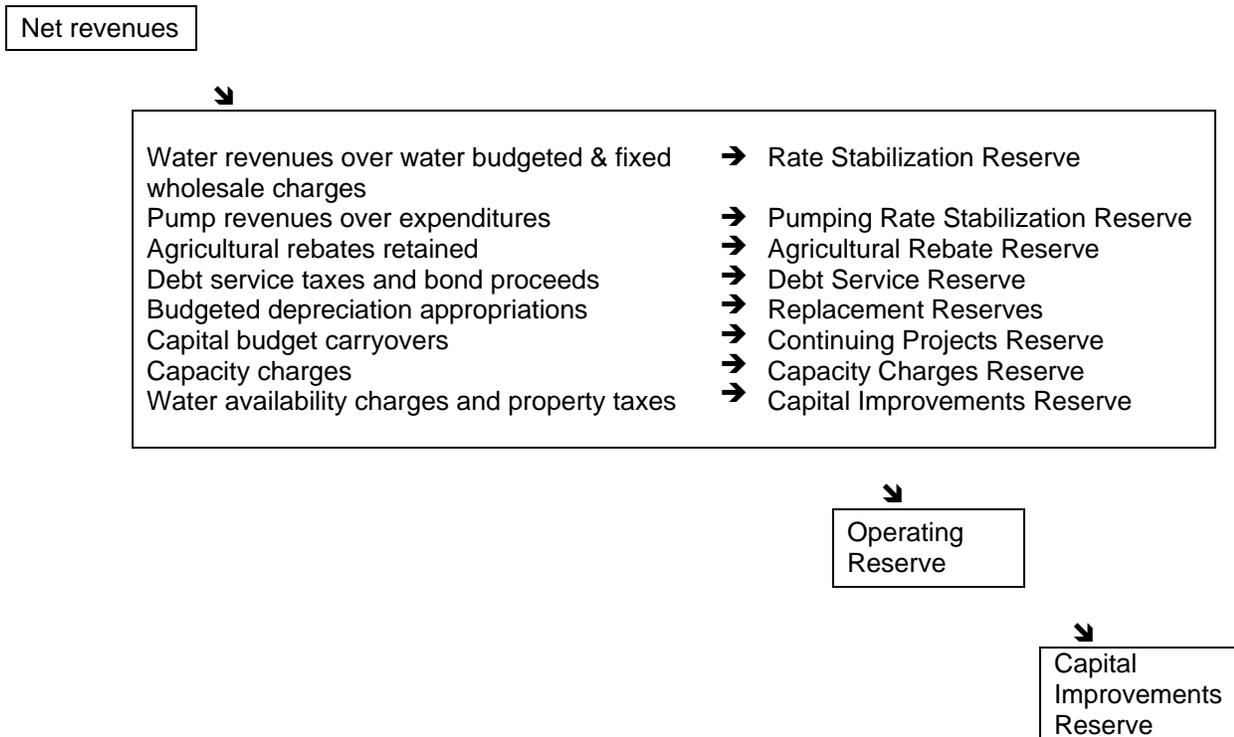
- A. Continuing Projects Reserves: Unexpected appropriations for capital projects which are not completed in a fiscal year will be carried forward to the following fiscal year.
- B. Capacity Charges: Capacity charges shall be credited to the capacity charges reserve in accordance with state statute to 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 property taxes not otherwise allocated shall be credited to the capital improvements reserve to provide funding for future capital projects. In addition, retained earnings not reserved for other purposes shall be transferred to this reserve. The reserve shall not exceed 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.

The following chart provides reference to reserves. For complete details refer to Article 50.2:

Reserve	Source	Use	Minimum	Maximum	Index
<u>Rate Stabilization Reserves:</u>					
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; construction of pump facilities	None	50% of budgeted pump charge revenue	No
<u>Operating Reserve:</u>					
Operating Reserve	Earnings not reserved for other purposes	Emergencies or natural disasters	Operating and Rate Stabilization Reserves at three months operating budget (excluding water & power)	Operating and Rate Stabilization Reserves at six months operating budget (excluding water & power)	No
<u>Restricted Reserves:</u>					
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: - Lower Moosa Canyon WRF - Woods Valley Ranch WRF	Budget appropriation equal to depreciation on related assets, plus proceeds from sales of those assets	Replacement of assets	None	Replacement cost of assets	Interest

Reserve	Source	Use	Minimum	Maximum	Index
Benefit Plan Liability	Funds from Benefit Plan Liability Account	Fill District's liability for OPEB.	Unexpended restricted funds	Unexpended restricted funds	No
<u>Capital Projects:</u>					
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 property taxes, plus earnings not reserved for other purposes	Future capital projects	None	Projects outlined in Master Plan	No

The following chart provides reference to the flow of funds into the reserves. For complete details refer to Article 50.2:



- (b) Fees and Charges. Each water and wastewater system ultimately shall be self-sufficient. Administrative costs incurred by the District shall be allocated to 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 – See 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.

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VALLEY CENTER MUNICIPAL WATER DISTRICT ANNUAL BUDGET 2011-12

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