

Annual Budget Fiscal Year 2012-13

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



**VALLEY CENTER MUNICIPAL WATER DISTRICT
ANNUAL BUDGET
2012-13**

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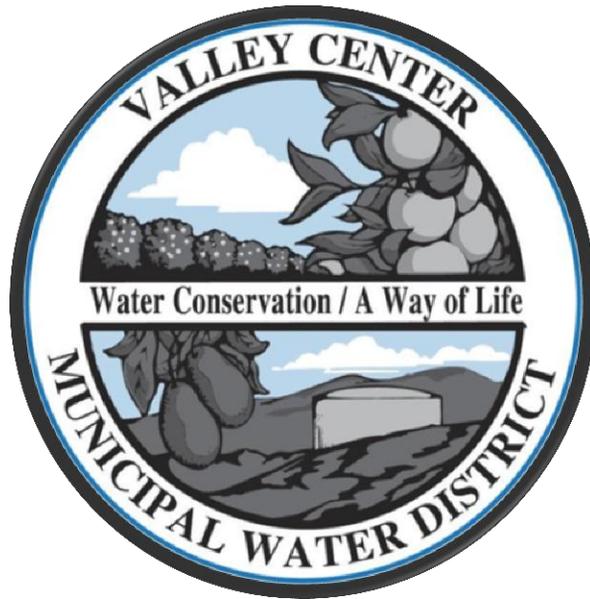
**William J. Jeffrey
Director of Finance**

**A. Greg Hoyle
Director of Operations**

**Wally Grabbe
District Engineer**

**Paula De Sousa
District Counsel**





2011-2012 Budget Overview

VALLEY CENTER MUNICIPAL WATER DISTRICT 2012-13 BUDGET OVERVIEW

The **total combined budget** shows a surplus of \$179,979, which is broken down as \$20,908 for Water, \$97,250 for Moosa, and \$61,821 for Woods Valley Ranch.

Total budgeted revenues for 2012-13 are \$44,285,597, which is 3.7% higher than the 2011-12 adopted budget of \$42,708,539.

For the current year ending June 30, 2012, **water sales** are projected at 25,545 acre feet of water. This is 1.1% over our budget of 25,260 acre feet. Budgeted water sales for 2012-13 are 24,000 acre feet. This sales figure reflects continuing economic uncertainty and termination of the Interim Agricultural Water Program (IAWP). This number also reflects that the weather is forecasted to be slightly warmer than normal with average precipitation.

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, 2013, will increase to \$1,454.90 per acre foot for full price and to \$1,119.67 for SAWR customers. Total wholesale estimated increases are 12.6% for full price and 5.8% for SAWR. The IAWP comes to an end on December 31, 2012.

The District's local cost component of the water rate is budgeted at \$170.76 per acre foot, an increase of 12.6% over the current rate of \$151.68. This increase is necessary to continue restoring our capital funding and begin replacing our almost 60-year-old water systems. It will also reduce reliance of property taxes to fund operations, which more appropriately should be used for capital improvements. Meter service charges would increase \$3.55 for a ¾" meter and \$4.85 for a 1" meter.

We anticipate installing six new **water meters** in 2012-13. Estimated **interest earnings** rate at 0.75% will yield \$101,500. Secured **property taxes** are budgeted at \$1,979,000, the same as our estimated for the current year. Water availability charges will again be \$591,000.

The **Moosa wastewater** monthly service charge is budgeted at \$51.20, an increase of \$2.45. A low pressure wastewater collection system maintenance fee for a small part of its wastewater service area is also collected. The budgeted fee is \$42.25.

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 \$44,105,618, which is 4.6%, or \$1,929,719, higher than the 2011-12 adopted budget of \$42,175,899. This is due to an increase in capital replacement projects of \$1,531,500 and increased wholesale water rates.

The cost of water sold, which is the single greatest **water operating expense**, is 67.3% of the total budget. It is 1.8% higher than 2011-12 due to lower demand offset by increased wholesale costs of 12.6%. General Administration costs are showing an increase, \$22,888 from last year, as increased labor costs are offset by the elimination of election division reapportionment study costs included in the 2011-12 budget. Finance expenses are projected to be \$21,408 lower than the current budget due to lower insurance and computer maintenance expenses. Engineering expenses are reduced \$108,994, due to lower labor expenses, and Field Operation expenses are \$6,236 more than the current budget.

Moosa proposed operating expenses are \$41,063 higher than the current 2011-12 budget. The increase is due to higher labor expenses, which are offset by reduced outside services, utility, and maintenance costs.

Woods Valley Ranch expenses are \$21,999 lower than the current 2011-12 budget. Decreased utility and outside services costs are the majority of the decrease.

Capital projects budgeted for the coming year total \$2,588,000. Major items include: Red Ironbark Pump Station, \$665,000, SCADA improvements, \$575,000, Wilkes Road Pipeline Replacement, \$500,000, Solar Power Development, \$365,000, and Emergency Power Generation and Equipment, \$120,000,

**VALLEY CENTER MUNICIPAL WATER DISTRICT
2012-13 BUDGET OVERVIEW**

	2011-12 Adopted Budget	2011-12 Estimated Actual	2012-13 Proposed Budget	Change from Prior Budget	Percent Change from Prior Budget
REVENUES:					
Water Sales	25,260 A.F.	25,545 A.F.	24,000 A.F.	(1,260) A.F.	-5.0%
General Fund:					
Operating Revenues:					
Water Sales (including pumping)	33,303,000	33,206,000	34,177,000	874,000	2.6%
Meter Service Charges	4,229,500	4,177,000	4,633,000	403,500	9.5%
New Connection Sales	71,600	92,300	43,100	(28,500)	-39.8%
Other Revenue	758,900	765,190	828,900	70,000	9.2%
Investment Income	135,000	107,000	101,500	(33,500)	-24.8%
Total Operating Revenue	38,498,000	38,347,490	39,783,500	1,285,500	3.3%
Debt Service Revenues - Water Availability Charges	111,693	111,693	55,000	(56,693)	-50.8%
Capital Project Revenues:					
Capacity Charges	0	20,868	14,000	14,000	0.0%
Property Taxes	1,785,000	1,993,300	1,979,000	194,000	10.9%
Water Availability Charges	479,307	479,307	536,000	56,693	11.8%
Total Capital Project Revenue	2,264,307	2,493,475	2,529,000	264,693	11.7%
Total General Fund Revenues	40,874,000	40,952,658	42,367,500	1,493,500	3.7%
Moosa Wastewater Revenues	1,448,100	1,428,304	1,522,300	74,200	5.1%
Woods Valley Ranch Wastewater Revenues	386,439	391,979	395,797	9,358	2.4%
Total Budgeted Revenues	42,708,539	42,772,941	44,285,597	1,577,058	3.7%
EXPENDITURES:					
General Fund:					
Operating Expenses:					
General Administration	944,560	880,490	967,448	22,888	2.4%
Finance	1,955,892	1,840,871	1,934,484	(21,408)	-1.1%
Engineering	1,605,650	1,595,450	1,496,656	(108,994)	-6.8%
Field Operation	6,021,467	5,624,232	6,027,703	6,236	0.1%
Source of Supply	29,133,175	29,092,130	29,670,301	537,126	1.8%
Total Operating Expenses	39,660,744	39,033,173	40,096,592	435,848	1.1%
Debt Service	111,693	111,693	55,000	(56,693)	-50.8%
Capital Projects Appropriations	971,500	1,216,432	2,195,000	1,223,500	125.9%
Total General Fund Expenditures	40,743,937	40,361,298	42,346,592	1,602,655	3.9%
Moosa Wastewater:					
Operating Expenses	1,047,987	994,787	1,089,050	41,063	3.9%
Capital Project Appropriations	85,000	429,482	336,000	251,000	295.3%
Total Moosa Expenditures	1,132,987	1,424,269	1,425,050	292,063	25.8%
Woods Valley Ranch Wastewater:					
Operating Expenses	298,975	282,775	276,976	(21,999)	-7.4%
Capital Project Appropriations	0	5,592	57,000	57,000	0.0%
Total Woods Valley Ranch Expenditures	298,975	288,367	333,976	35,001	11.7%
Total Budgeted Expenditures	42,175,899	42,073,934	44,105,618	1,929,719	4.6%
NET REVENUES & EXPENDITURES	532,640	699,007	179,979	(352,661)	-66.2%
FUNDING FROM RESERVES	(532,640)	(699,007)	(179,979)	352,661	66.2%
	0	0	0	0	0.0%



**VALLEY CENTER WATER DISTRICT
ANNUAL BUDGET 2011-12**

TABLE OF CONTENTS

BUDGET MESSAGE	1-1
Organization Chart	1-22
ADOPTING RESOLUTIONS	
Resolution Adopting Budget	2-1
Appropriation Limit under Proposition 4	2-5
GENERAL FUND	
Recap of Budget and Source of Financing	3-1
Reserves and Fund Balances	3-2
Revenue Estimate	3-3
Expenditures Recap	3-6
History of Water Purchased and Sold	3-7
General Administration Department	4-1
General Administration	4-3
Human Resources	4-4
Training	4-5
Finance Department	5-1
Administration	5-3
Consumer Services	5-4
Information Systems	5-5
Facilities Operation	5-6
Salary Clearing	5-7
Debt Service	5-8
Engineering Department	6-1
Administration	6-3
Planning	6-4
GIS/Public Services	6-5
Encroachments and Locates	6-6
Design/Construction	6-7
Field Operations Department	7-1
Administration	7-3
Safety and Regulatory Compliance	7-4
Landscape and Paving Maintenance	7-5
District Security	7-6
Systems Operation	7-7
Telemetry/SCADA	7-8
Treatment	7-9
Automatic Valves	7-10

Field Operations Department, continued

Reservoir Maintenance	7-11
Pump Maintenance	7-12
Motor Maintenance/Electric Panels	7-13
Quality Control	7-14
Pipeline and Right of Way Maintenance	7-15
Corporate Facilities Maintenance	7-16
Valve Maintenance/Location	7-17
Meter Installation	7-18
Meter Reading	7-19
Service Connection Maintenance	7-20
Backflow Maintenance	7-21
Vehicle and Equipment Maintenance	7-22

Source of Supply	8-1
-------------------------	-----

Capital Outlay	9-1
-----------------------	-----

LOWER MOOSA WASTEWATER TREATMENT FUND	10-1
Recap of Budget and Source of Financing, Cash Position	10-2
Revenue Estimate	10-3
Department Summary	10-4
Wastewater Treatment	10-5
Collection System West	10-6
Low Pressure Maintenance System	10-7
Capital Outlay	10-8

WOODS VALLEY RANCH EXPANSION FUND	11-1
Recap of Budget and Source of Financing, Cash Position, Revenue, Capital	11-2

WOODS VALLEY RANCH WASTEWATER TREATMENT FUND	12-1
Recap of Budget and Source of Financing, Cash Position	12-2
Revenue Estimate	12-3
Department Summary	12-4
Wastewater Treatment	12-5
Capital Outlay	12-6

GLOSSARY	Appendix A
BUDGET POLICIES	Appendix B
INDEX	Index

**California Society of
Municipal Finance Officers**

Certificate of Award

***Excellence Award in Operating Budget
Fiscal Year 2011-2012***

Presented to the

Valley Center Municipal Water District

For meeting the criteria established to achieve the Excellence Award in Operating Budget.

February 29, 2012



Scott Johnson

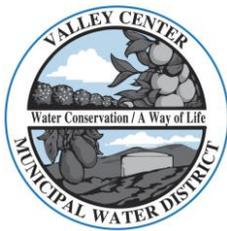
Scott Johnson
CSMFO President

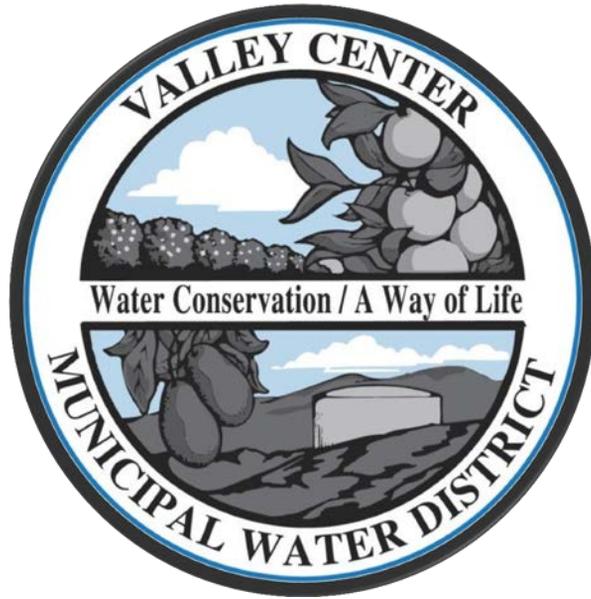
Chu Thai

Chu Thai, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

Valley Center Municipal Water District was recognized by the California Society of Municipal Finance Officers (CSMFO) for excellence in operational budgeting for Fiscal Year 2011-2012 - Our fourteenth 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 4, 2012



TO: Honorable President and Board of Directors
FROM: Gary T. Arant, General Manager
SUBJECT: PROPOSED BUDGET FOR 2012-2013

**As Adopted by the
Board of Directors on
June 4, 2012**

PURPOSE:

To present and seek adoption of the proposed budget for fiscal year 2012-2013.

SUMMARY:

Staff is pleased to present this report along with the proposed fiscal year 2012-2013 operations, maintenance, and capital budget. We look forward to your review and analysis toward ultimate adoption prior to July 1, 2012.

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. As of January 1, 2012, approximately 25,450 people live within the District. The District covers 100 square miles of which approximately 71% receives water services. Recently ended water restrictions, coupled with rapidly increasing wholesale water rates, have driven many local growers to cease operations. In this era of declining agricultural activity, which once accounted for 80-90% of the District's water sold, agricultural water sales have dropped to an estimated 69% at June 30, 2012.

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, 2012, 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	7,180	1,306	255	936	9,677
Water Sales in Acre Feet	7,166	17,605	774	-	25,545

as of June 30, 2011, 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.

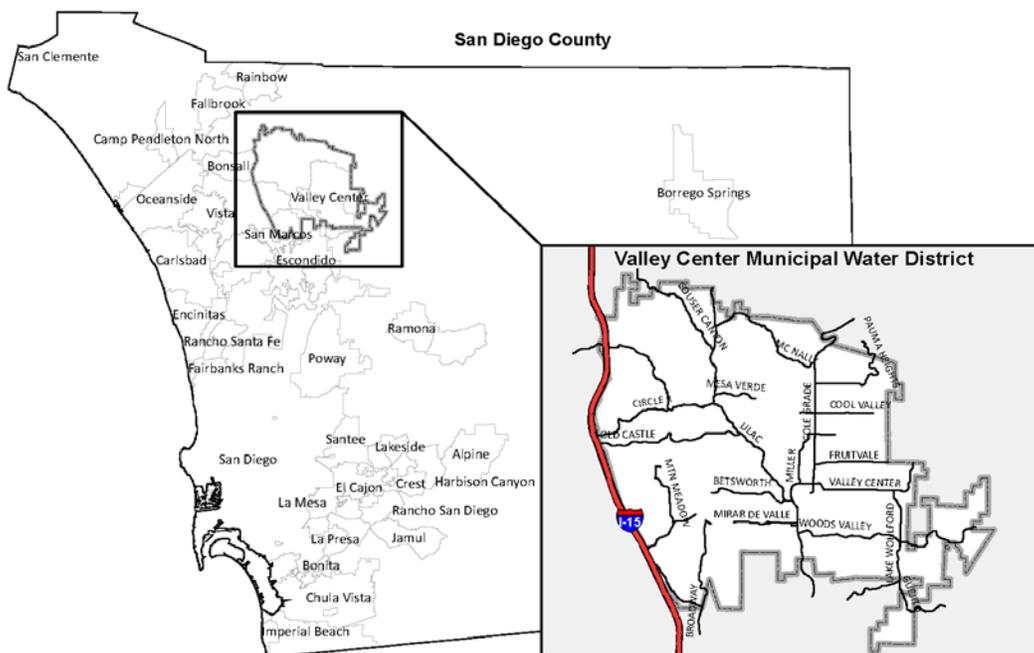
BUDGET DOCUMENTS

The Budget consists of the following sections:

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

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

5. An Appendix containing a Glossary and Budget Policies.



BUDGET PROCESS

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 2012	General Manager and Department Heads start discussion of the Budget process.
March 2012	Departments submit Budget requests.
April 16, 2012	Budget policies approved by Board of Directors.
April 16, 2012	Overview of Budget reviewed by Board of Directors.
June 4, 2012	Budget submitted with overview to Board of Directors for adoption.

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 they 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" on the following pages.

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-four 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-six 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, 2012, is \$2,148,392 per project except that for water storage projects the limitation is \$3,222,597. 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.

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.



Corporate offices

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.

- Rate Stabilization Reserves have been established to level water rates and pumping rates during declining sales. The projected balances of these reserves on June 30, 2013, are:

	<u>Water Rate Stabilization</u>	<u>Pumping Rate Stabilization</u>
Projected balance, June 30 , 2012	\$ 63,283	\$1,580,028
Used to balance 2012-13 budget	<u>0</u>	<u>(1,137,350)</u>
Balance	<u>\$ 63,283</u>	<u>442,678</u>
Maximum reserve allowable by District Administrative Code	<u>\$3,714,468</u>	<u>\$1,365,000</u>

- An Operating Reserve of \$4,707,184 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 fund balance at Moosa is estimated to meet the goal of at a minimum three and a maximum six months operations and maintenance budget.

- 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. The projected balance is \$59,162 at June 30, 2012. \$176,510 is projected to be used during 2011-12 as the IAWP customers received six months of Ready-to-Serve credits after those credits were no longer received from MWD.

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 \$443,119 for the budget year.

- Capital Reserves provide funding for continuing projects, improvements funded from capacity charges, and future capital additions, including those as outlined in the Water Master Plan.

- 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 2012-13 budget year 56% 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 \$199,479 as follows:

Water Operations	\$(313,092)
Water Capital Projects	334,000
Moosa Wastewater (Capital Projects)	97,250
Woods Valley Ranch Wastewater (Capital Projects)	61,821
Total Surplus	<u>\$179,979</u>

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

GENERAL FUND

For fiscal year 2012-13, the Water Fund operating revenue is proposed at \$39,838,500, which is an increase of 3.2% from the budget adopted for last year because of increased water rates and charges explained later in this budget. The Water Fund operating expenditures budget is proposed at \$40,151,592, which is an increase of 1.0% from the budget adopted for last year.

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

RECAP OF GENERAL FUND

	2011-12 Adopted Budget	Percent of Total	2012-13 Proposed Budget	Percent of Total	Change	Percent Change
OPERATING REVENUES:						
Water Sales	25,260 AF		24,000 AF		(1,260) AF	-5.0%
Water (includes Pumping)	\$33,303,000	86.3%	\$34,177,000	85.8%	\$874,000	2.6%
Service Charges	4,229,500	10.9%	4,633,000	11.6%	403,500	9.5%
New Connection Sales	71,600	0.2%	43,100	0.1%	(28,500)	-39.8%
Other Revenue	758,900	2.0%	828,900	2.1%	70,000	9.2%
Investment Income	<u>135,000</u>	<u>0.3%</u>	<u>101,500</u>	<u>0.3%</u>	<u>(33,500)</u>	<u>-24.8%</u>
Operating Revenue	<u>38,498,000</u>	<u>99.7%</u>	<u>39,783,500</u>	<u>99.9%</u>	<u>1,285,500</u>	<u>3.3%</u>
Debt Service	<u>111,693</u>	<u>0.3%</u>	<u>55,000</u>	<u>0.1%</u>	<u>(56,693)</u>	<u>-50.8%</u>
TOTAL Operating Revenues	<u>\$38,609,693</u>	<u>100.0%</u>	<u>\$39,838,500</u>	<u>100.0%</u>	<u>\$1,228,807</u>	<u>3.2%</u>
OPERATING EXPENDITURES:						
Water Purchase	26,870 AF		25,530AF		(1,340) AF	-5.0%
Water	\$26,902,965	67.6%	\$27,603,301	68.8%	\$700,336	2.6%
Energy	2,230,210	5.6%	2,067,000	5.2%	(163,210)	-7.3%
Regulatory Permit	<u>61,750</u>	<u>0.2%</u>	<u>60,650</u>	<u>0.2%</u>	<u>(1,100)</u>	<u>-1.8%</u>
Controlled by Others	<u>29,194,925</u>	<u>73.4%</u>	<u>29,730,951</u>	<u>74.2%</u>	<u>536,026</u>	<u>1.8%</u>
Debt Service	<u>111,693</u>	<u>0.3%</u>	<u>55,000</u>	<u>0.1%</u>	<u>(56,693)</u>	<u>-50.8%</u>
Personnel	8,073,900	20.3%	8,006,200	19.9%	(67,700)	-0.8%
Other	<u>2,391,919</u>	<u>6.0%</u>	<u>2,359,441</u>	<u>5.9%</u>	<u>(32,478)</u>	<u>-1.4%</u>
Controlled by District *	<u>10,465,819</u>	<u>26.3%</u>	<u>10,365,641</u>	<u>25.8%</u>	<u>(100,178)</u>	<u>-1.0%</u>
TOTAL Operating Expenditures	<u>\$39,772,437</u>	<u>100.0%</u>	<u>\$40,151,592</u>	<u>100.0%</u>	<u>\$379,155</u>	<u>1.0%</u>
NET Revenues and Expenditures	<u>(\$1,162,744)</u>		<u>(\$313,092)</u>		<u>\$849,652</u>	

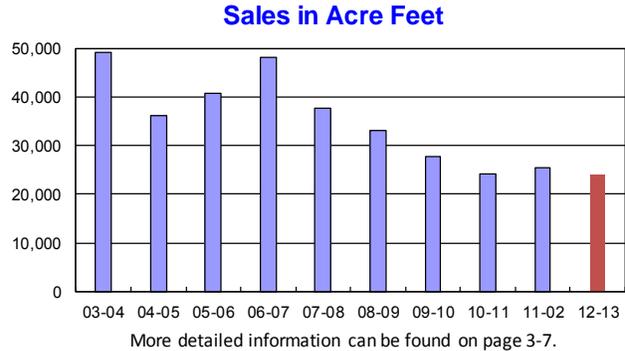
*COSTS CONTROLLED BY DISTRICT

General Administration	\$944,560	2.4%	\$967,448	2.4%	\$22,888	2.4%
Finance	1,955,892	4.9%	1,934,484	4.8%	(21,408)	-1.1%
Engineering	1,605,650	4.0%	1,496,656	3.7%	(108,994)	-6.8%
Field Operations	<u>5,959,717</u>	<u>15.0%</u>	<u>5,967,053</u>	<u>14.9%</u>	<u>7,336</u>	<u>0.1%</u>
Total Controlled by District	<u>\$10,465,819</u>	<u>26.3%</u>	<u>\$10,365,641</u>	<u>25.8%</u>	<u>(\$100,178)</u>	<u>-1.0%</u>

REVENUE ESTIMATES

Water Sales and Rate Increase

Water sales for the past ten years have ranged from 49,336 acre feet in fiscal year 2004, to an estimated 25,545 for 2011-12. This is a decrease of 48%, or 23,791 acre feet. This reduced water sales volume is due to the mandatory reductions in the Interim Agricultural Water Program (IAWP), reduction of agricultural land in production, continued voluntary reductions in domestic deliveries, rapidly increasing wholesale water rates, and continued economic uncertainties.



Wholesale rates have not yet been adopted by the San Diego County Water Authority. As such, we have estimated 2013 water rates using the most recent information that we have available during the preparation of the proposed budget. 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 proposed water rates are budgeted to increase 12.6% in aggregate over the current adopted rates. Emergency storage charges in particular will show a larger increase to cover 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 \$129 in January 2013.

The budget, as presented, proposes an increase of 12.6% in the District's local share of the water rate on February 1, 2013. The current local rate of \$151.68 will increase to \$170.76 per acre foot. This increase is necessary to continue restoring our capital funding and begin replacing our over 60-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). Based on the proposed February 1, 2013, rate change, our share of the water rate will be 11.7% for M&I.

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 \$361,000 during 2011-12. We are projecting the savings to be approximately \$148,400 for 2012-13.

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 \$1,277,700 in 2011-12 and \$1,648,098 in 2012-13. The SDCWA Special Agricultural Water Rate (SAWR) has been extended until December 31, 2014.

Interest Income

For 2012-13, the District projects to earn 0.75% on invested funds for the year for a return of approximately \$101,500 in interest earnings, which is the equivalent of \$4.23 per acre foot of budgeted water sales. Projected interest income is \$107,000 for 2011-12.

Property Taxes

Secured property taxes are budgeted at \$1,979,000 for 2011-12, the same as our estimated for the current year. We will again receive \$591,000 in water availability (standby) charges. These revenues are used for water system improvements and replacements.

Pump Charges

Pumping charges for 2012-13 are expected to be \$2,730,000 compared to \$2,877,000 budgeted in 2011-12. This is due to less water demand, 24,000 acre feet in estimated sales compared to 25,260 acre feet for 2011-12, which also allows our pumps to run only in lower rate periods. 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.

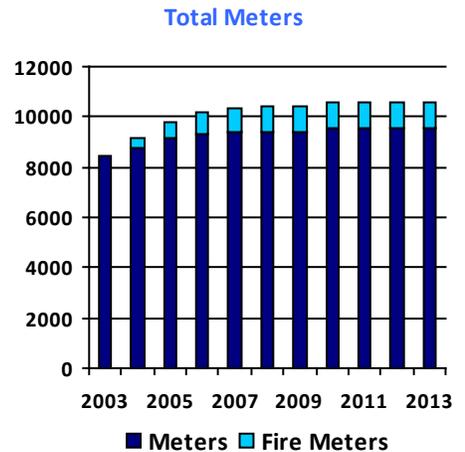
EXPENDITURE ESTIMATES

Water

The District is budgeting to purchase 25,530 acre feet of water in 2012-13 and to sell 24,000 acre feet. We believe that our estimates for 2012-13 are reasonable given continued economic uncertainties and termination of the Interim Agricultural Water Program. These numbers also reflect that the weather is forecasted to be slightly warmer than normal with average precipitation.

Energy

The budget expects that expenditures for energy to pump water to our customers will decrease next year. The estimated rate is \$81 per acre foot of water purchased, as compared with \$83 budgeted in 2011-12. Total energy costs are budgeted at \$2,067,000 versus \$2,230,210 in 2011-12. The decrease in energy costs is due to lower demand, operational efficiencies and reducing the amount of pumping during off-peak rate periods. Energy cost savings are being re-invested in new and continued efficiency upgrades to the water pumping facilities and investment in alternative energy sources, such as solar photo-voltaic. Energy supplies and costs will be of continuing concern, with major electric generation facilities off line and proposed higher rates from San Diego Gas and Electric, which may affect the 2013-14 budget.



Prior year's information taken from the 2010-11

Comprehensive Annual Financial Report

Debt Service

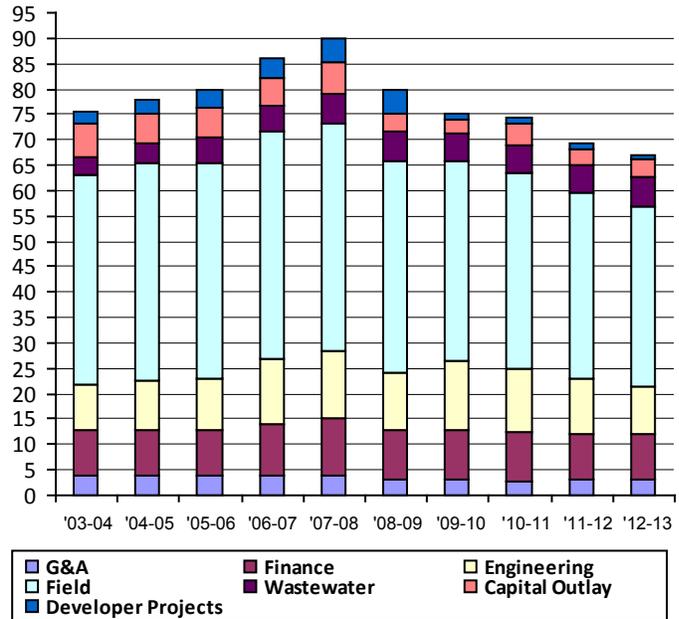
The General Fund has one bank obligation which is being met by water availability charges. The final payment of \$55,000 will be made on July 1, 2012.

Personnel

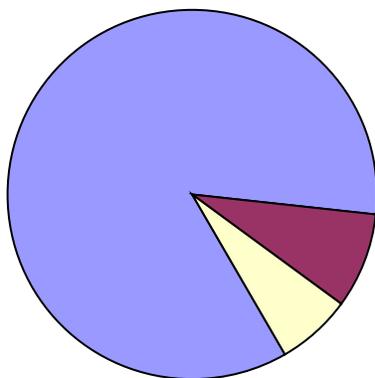
Staffing Levels

For 2012-13, the budget proposes to fund 67 positions, down 2¼ positions from the 2011-12 budgeted staffing level of 69¼ positions. During the last quarter of 2010-11, the District had a reduction in force of 5 full-time positions. In addition, one staff member retired in April 2012. We are down from our high of 90 full-time funded positions in 2007-08 and from 83 employed in 2005-06. 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

Department	2011-12	2012-13
General Administration	3.10	3.00
Finance	9.15	9.00
Engineering	10.82	9.60
Field Operations	<u>36.63</u>	<u>35.31</u>
Total General Fund	59.70	56.91
Lower Moosa Sewer Treatment	4.53	4.84
Woods Valley Ranch Sewer Treatment	<u>0.91</u>	<u>0.82</u>
Total Operating	65.14	62.57
Capital Outlay	3.06	3.60
Developer Projects	<u>1.05</u>	<u>.83</u>
TOTAL	<u>69.25</u>	<u>67.00</u>

Personnel Costs

General Fund personnel costs for 2012-13 are estimated at \$8,006,200. This represents a decrease of \$67,700 or 0.8% from our 2011-12 budget of \$8,073,900. The decrease is a result of the reduction in staff of 2¼ employees, reduced post-retirement health benefit costs, and lower accrued leave. This decrease is offset by a cost of living adjustment of 1.75% per the current Memorandum of Understanding (MOU) with the employees' association and increases in retirement, medical, and dental expenses.

Other Expenditures

Controlling the cost of operating the District continues to be an ongoing focus. Costs controlled by the District for 2012-13 are 1.0% lower than 2011-12, including personnel costs above. Each department continues to evaluate all aspects of their respective operations, establish goals for the budget year, and determine a budget which would allow them to meet those goals as efficiently as possible. Operating item costs are down due to lower general liability and property insurance, maintenance costs, and operating supplies.



Montanya Reservoir

CAPITAL BUDGET

Capital projects included in this budget consist of the following:

Pipelines and Pressure Reducing Valves	\$ 525,000
Pump Stations	785,000
Reservoirs	60,000
Data Management Systems – SCADA	400,000
Facilities	400,000
Equipment	25,000
TOTAL New appropriations	\$ 2,195,000
Project appropriations carried forward from prior budget	1,445,543
TOTAL Capital Budget	\$ 3,640,543

Funding for the water capital projects comes from:

Property Taxes	\$ 1,979,000
Water Availability Charges	536,000
Capital Reserves	1,125,543
TOTAL Capital Budget	\$ 3,640,543

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

The Capital Outlay Budget for fiscal year 2012-13 continues to include only those major projects that are essential (Supervisory Control and Data Acquisition to replace an obsolete telemetry system) or produced rapid paybacks (pump upgrades and solar projects which lower energy use). In addition 1,800 feet of pipeline will be replaced on Wilkes Road.

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 possible in the near future.

DEBT

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

	<u>Actual Balance</u> <u>June 30, 2011</u>	<u>Projected</u> <u>June 30, 2012</u>	<u>Projected</u> <u>June 30, 2013</u>
District-wide revenue bonds -			
Principal and interest at 62% of prime rate payable semiannually.			
Final maturity July 1, 2013. (Page 5-8)	\$ 165,000	\$ 55,000	\$ 0
Total long-term debt	<u>\$ 165,000</u>	<u>\$ 55,000</u>	<u>\$ 0</u>

Long-term debt schedule:

	<u>Final</u> <u>Maturities</u>	<u>Outstanding</u> <u>June 30, 2011</u>	<u>Retired</u> <u>2011-12</u>	<u>Outstanding</u> <u>June 30, 2012</u>	<u>Maturing</u> <u>2012-13</u>	<u>Outstanding</u> <u>June 30, 2012</u>
Revenue Bonds	July 1, 2013	\$165,000	\$ 110,000	\$ 55,000	\$ 55,000	\$ 0
Total		<u>\$ 165,000</u>	<u>\$ 110,000</u>	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 0</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, 2012, were \$720,000. The bonds and interest are paid from annual special assessments on property within AD 96-1. The annual assessments are billed to and collected from the AD 96-1 property owners and remitted to the District. The District remits the assessments to the AD 96-1 trustee (a commercial trust company) for eventual payment to the bondholders.

MOOSA WASTEWATER TREATMENT FUND

The Moosa Wastewater Treatment operating budget, which serves approximately 2,450 customers in a limited geographic area on the west side of the District, is up \$41,063 or 3.9% from the previous year budget. The major components of the budget are summarized as follows:

RECAP OF MOOSA WASTEWATER TREATMENT BUDGET

	2011-12 Adopted Budget	Percent	2012-13 Proposed Budget	Percent	Change	Percent Change
Revenues	<u>\$1,448,100</u>	<u>100.0%</u>	<u>\$1,522,300</u>	<u>100.0%</u>	<u>\$74,200</u>	<u>5.1%</u>
Operating Expenses:						
Labor	\$531,200	36.7%	\$601,400	39.5%	\$70,200	13.2%
Electricity	80,000	5.5%	75,500	5.0%	(4,500)	-5.6%
Chemicals	19,500	1.4%	20,000	1.3%	500	2.6%
Administrative allocation	148,125	10.2%	147,300	9.7%	(825)	-0.6%
Maintenance	71,000	4.9%	64,000	4.2%	(7,000)	-9.9%
Vehicle maintenance	16,500	1.1%	12,000	0.8%	(4,500)	-27.3%
Regulatory	19,000	1.3%	18,000	1.2%	(1,000)	-5.3%
Outside services	103,500	7.2%	89,000	5.8%	(14,500)	-14.0%
Other	<u>59,162</u>	<u>4.1%</u>	<u>61,850</u>	<u>4.1%</u>	<u>2,688</u>	<u>4.5%</u>
Total Operating Expenses	<u>\$1,047,987</u>	<u>72.4%</u>	<u>\$1,089,050</u>	<u>71.5%</u>	<u>\$41,063</u>	<u>3.9%</u>
Net Operating Income	400,113	27.6%	433,250	28.5%	33,137	8.3%
Replacement Fund Contribution	<u>406,695</u>		<u>424,196</u>		<u>17,501</u>	<u>4.3%</u>
Net Change	<u>(\$ 6,582)</u>		<u>\$9,054</u>		<u>\$15,636</u>	<u>237.6%</u>

The current wastewater service charge is \$48.75 per equivalent dwelling unit per month. An increase of 5% has been included in this budget. This would be a \$2.45 increase, resulting in a service charge of \$51.20.

The District also collects a low pressure wastewater collection system maintenance fee for a small part of the service area. The fee is currently \$40.25. An increase of 5%, or \$2.00, has been included in this budget. The new fee is \$42.25. This rate is based on the following monthly costs per unit:

At this level, we will recover 45% 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 for 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

	2011-12 Adopted Budget	Percent to Total	2012-13 Proposed Budget	Percent to Total	Change	Percent Change
Revenues	<u>\$386,439</u>	<u>100.0%</u>	<u>\$395,797</u>	<u>100.0%</u>	<u>\$ 9,358</u>	<u>2.4%</u>
Operating Expenses:						
Labor	\$118,400	30.6%	\$112,800	28.5%	(\$5,600)	-4.7%
Electricity	49,350	12.8%	42,000	10.6%	(7,350)	-14.9%
Administrative allocation	42,258	10.9%	37,463	9.5%	(4,795)	-11.3%
Maintenance	5,000	1.3%	6,500	1.6%	1,500	30.0%
Vehicle maintenance	5,000	1.3%	3,000	0.8%	(2,000)	-40.0%
Regulatory	15,000	3.9%	15,000	3.8%	0	0.0%
Outside Services (Laboratory and Waste Hauling)	41,500	10.7%	36,000	9.1%	(5,500)	-13.3%
Insurance	12,067	3.1%	12,813	3.2%	746	6.2%
Other	<u>10,400</u>	<u>2.7%</u>	<u>11,400</u>	<u>2.9%</u>	<u>1,000</u>	<u>9.6%</u>
Total Operating Expenses	<u>\$298,975</u>	<u>77.4%</u>	<u>\$276,976</u>	<u>70.0%</u>	<u>(\$21,999)</u>	<u>-7.4%</u>
Net Operating Income	87,464	22.6%	118,821	30.0%	31,357	35.9%
Replacement Reserve Contribution	<u>94,129</u>		<u>106,158</u>		<u>12,029</u>	<u>12.8%</u>
Total funded from replacement reserves	<u>(\$6,665)</u>		<u>\$12,663</u>		<u>\$19,328</u>	<u>290.0%</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 2012-13.

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 are outlined on the following pages. Performance Measurements also reflect the Performance Measurement outcomes for calendar year 2011.

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



San Gabriel Reservoirs with Palomar Mountain in the background.

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 Card” responses.

Responses show we met this standard 100.0% of the time.

2. WATER LOSS – Unaccounted water loss (UWL) for any calendar year period shall be no more than 5% above the average UWL for the last five calendar years.

Unaccounted water loss for 2011 was 1,524.3 acre feet, 18.9% below the average of the last five years, 1,879.1 acre feet. This budget allows for a water loss of 1,530 acre feet.

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, 2011 represents 6.0 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 10.5% of Municipal & Industrial and 13.2% 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.

One project was completed in calendar 2011 at 2.5% less than estimated.

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

Reliability was 99.999%.

8. COMPLIANCE WITH ALL STATE & FEDERAL REGULATIONS.

100%.

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

The District had one lost time accident in calendar 2011 representing 0.0069% 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 2011 was 1.04% as compared to the 12-month rolling average U.S. Treasury Bonds of 0.25%.

STRATEGIC PLAN GOALS

1. Water Supply

Support water resource 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 2012-13 budget are summarized for your action as follows:

- Adopt the budget as presented (or modified by your Board) for implementation June 21, 2012.
- 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:



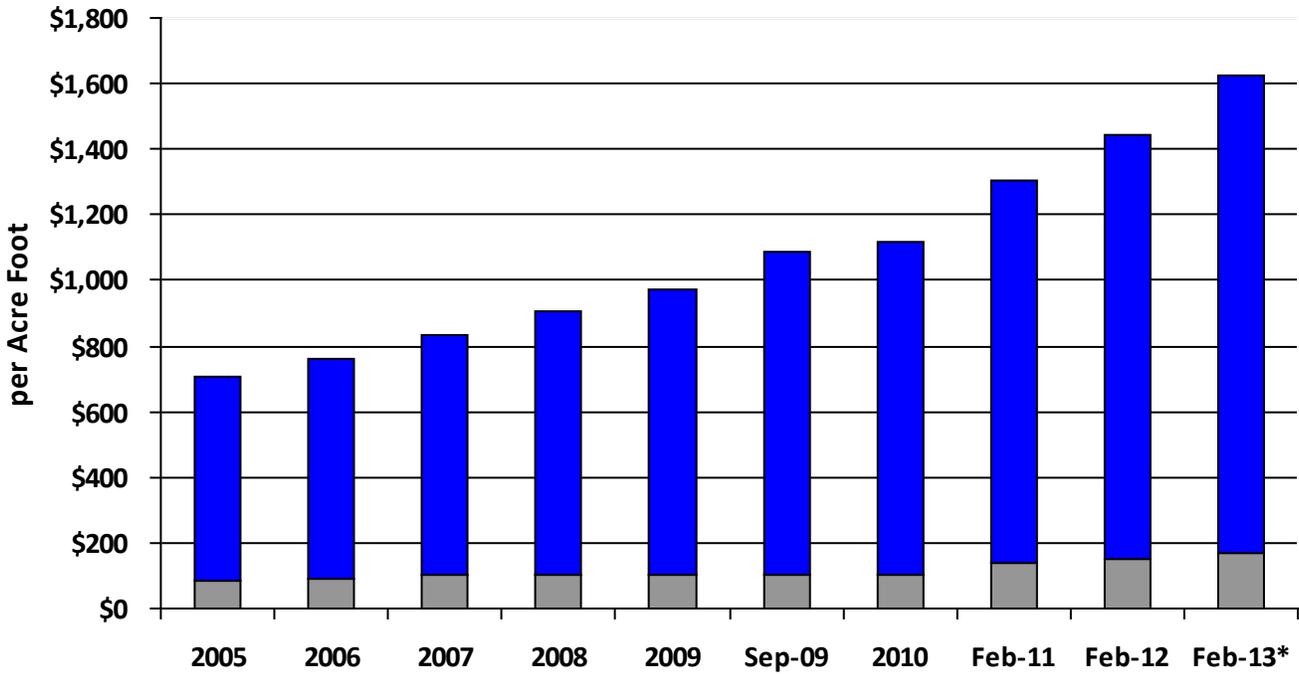
William J. Jeffrey
Director of Finance

APPROVED BY:

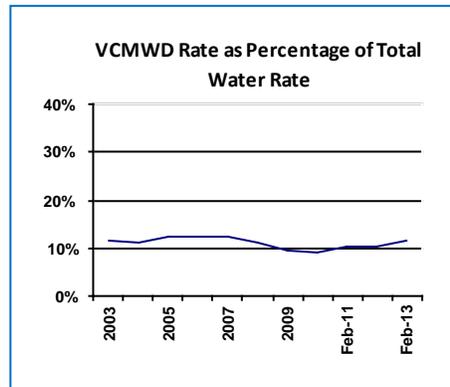


Gary T. Arant
General Manager

Water Rate Components



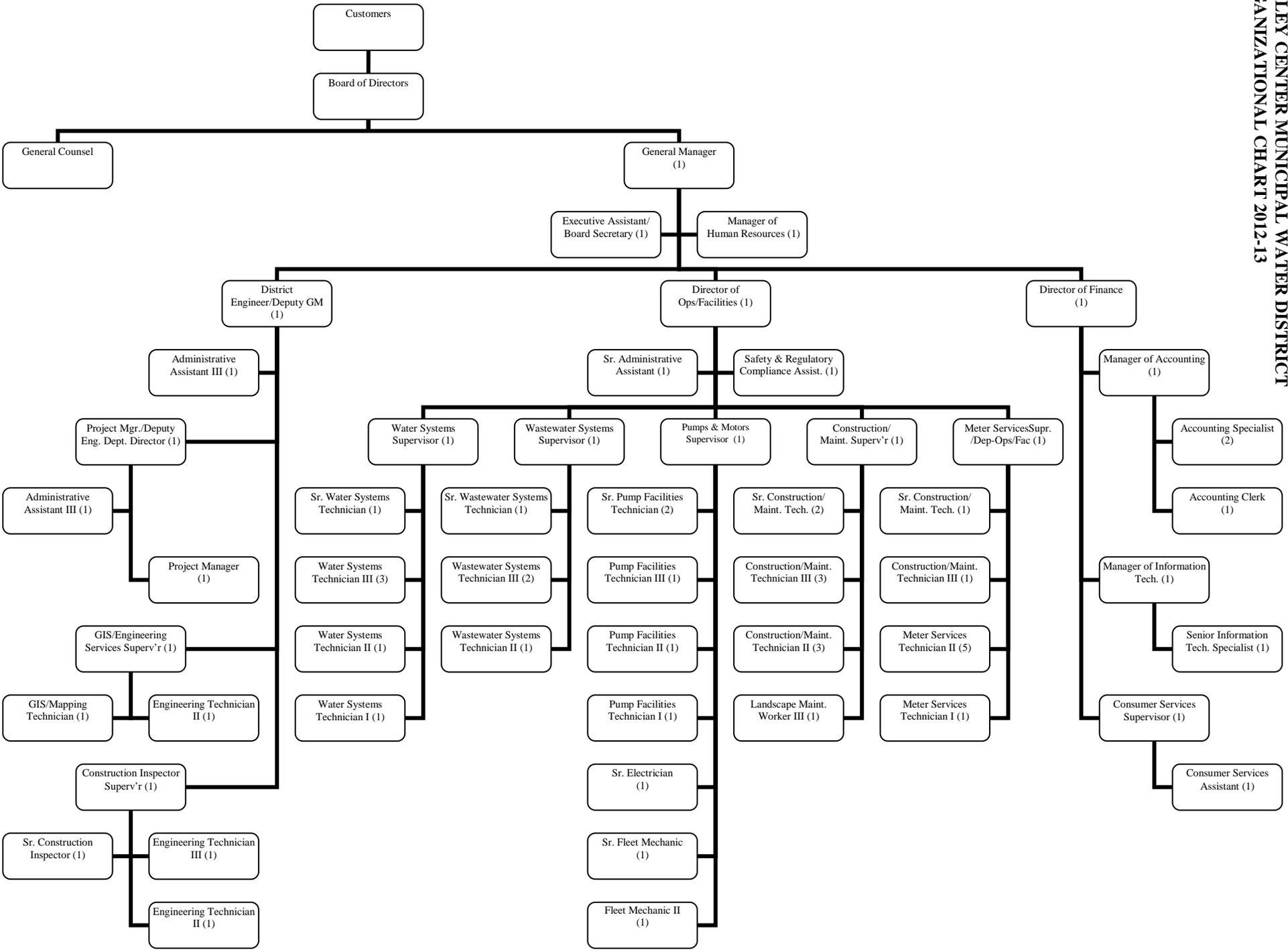
- MWD & SDCWA Wholesale
- Valley Center Municipal Water District

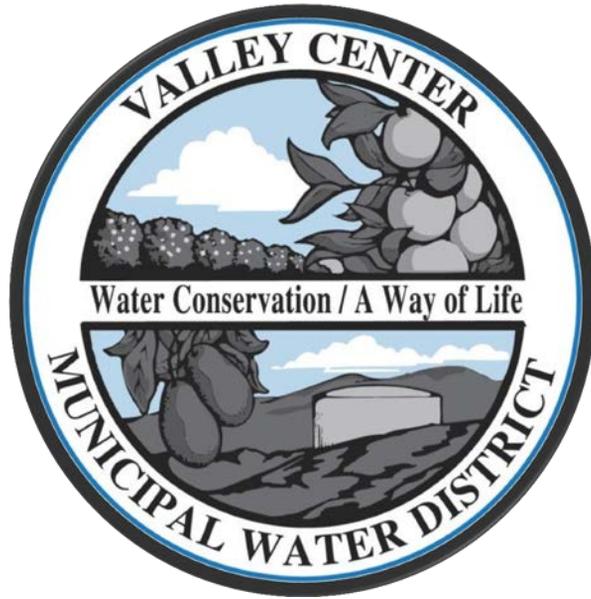


<i>Rate in Dollars per Acre Foot</i>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Sept 2009</u>	<u>2010</u>	<u>Feb 2011</u>	<u>Feb 2012</u>	<u>Feb 2013*</u>
Valley Center Municipal Water District	\$ 87	\$ 93	\$102	\$102	\$102	\$ 102	\$102	\$137	\$152	\$171
MWD/SDCWA wholesale	<u>619</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>1,292</u>	<u>1,455</u>
Total	<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>\$1,444</u>	<u>\$1,626</u>
Agricultural Use Discounts **	<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>\$274</u>	<u>\$335</u>

* Proposed water rates

** Maximum discount available.





Resolutions



RESOLUTION NO. 2012-11

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2012-2013 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 2012-2013 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 2012-2013.
2. That the amounts designated in the final 2012-2013 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 4th day of June, 2012, by the following vote to wit:

AYES:

NOES:

ABSENT:

PRESIDENT

ATTEST:

SECRETARY

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2012-2013

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, 2012	\$5,933,624	\$0	\$5,276,604	\$11,210,228	\$1,297,972	\$1,140,014	\$13,648,214

RECAP OF EXPENDITURES BY FUNCTION

General Administration	967,448			967,448			967,448
Finance	1,934,484	55,000		1,989,484			1,989,484
Engineering	1,496,656			1,496,656			1,496,656
Field Operation	6,027,703			6,027,703	1,089,050	276,976	7,393,729
Source of Supply	29,670,301			29,670,301			29,670,301
Capital Projects			2,195,000	2,195,000	336,000	57,000	2,588,000
Total Budgeted Expenditures	\$40,096,592	\$55,000	\$2,195,000	\$42,346,592	\$1,425,050	\$333,976	\$44,105,618

SOURCE OF FINANCING

Revenues:							
Water Sales	34,177,000			34,177,000			34,177,000
Meter Service Charges/Wastewater Charges	4,633,000			4,633,000	1,522,300	395,797	6,551,097
New Connection Sales	43,100		14,000	57,100			57,100
Other Revenue	828,900			828,900			828,900
Investment Income	101,500			101,500			101,500
Property Taxes	0		1,979,000	1,979,000			1,979,000
Water Availability Charges	0	55,000	536,000	591,000			591,000
Total Revenues	\$39,783,500	\$55,000	\$2,529,000	\$42,367,500	\$1,522,300	\$395,797	\$44,285,597

NET REVENUES & EXPENDITURES	(\$313,092)	\$0	\$334,000	\$20,908	\$97,250	\$61,821	\$179,979
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EXPENDITURES OF CONTINUING PROJECTS	\$0	\$0	(\$1,179,034)	(\$1,179,034)	(\$163,689)	(\$299,426)	(\$1,642,149)
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TRANSFERS (See page 3-2)	(\$176,577)	\$0	\$176,577	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2013	\$5,443,955	\$0	\$4,608,147	\$10,052,102	\$1,231,533	\$902,409	\$12,186,044
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* Includes Woods Valley Expansion

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



June 4, 2012

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: RESOLUTION TO ESTABLISH APPROPRIATION LIMIT FOR 2012-2013

PURPOSE:

Board adoption of Resolution No. 2012-09 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 2012-2013.

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 14, 2012, in compliance with this requirement.

RECOMMENDATION:

That Resolution No. 2012-09 be adopted to establish the appropriation limit for 2012-2013 as \$5,160,483..

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 4, 2012, at 2:00 P.M. at 29300 Valley Center Road, the Board of Directors will, by resolution, establish the District's 2012-13 appropriation limit pursuant to Article XIII B of the State Constitution as amended by Proposition 111 effective July 1, 1990. The appropriation limit for 2012-13 is to be set at \$5,160,483 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
2012-13	3.77% (a)	0.92%	\$5,160,483

Posted May 14, 2012

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. 2012-09

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY
CENTER MUNICIPAL WATER DISTRICT TO ESTABLISH THE
APPROPRIATION LIMIT FOR THE 2012-2013 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 2011-12 fiscal year was \$4,927,887, and that the proceeds of taxes to be received in that year, in the amount of approximately \$1,993,200, did not exceed that appropriation limit.
3. That in determining the appropriation limit for 2012-2013, 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 2012-2013, 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 2012-2013 fiscal year is established at \$5,160,483.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT held the 4th day of June, 2012, by the following vote, to wit;

AYES:

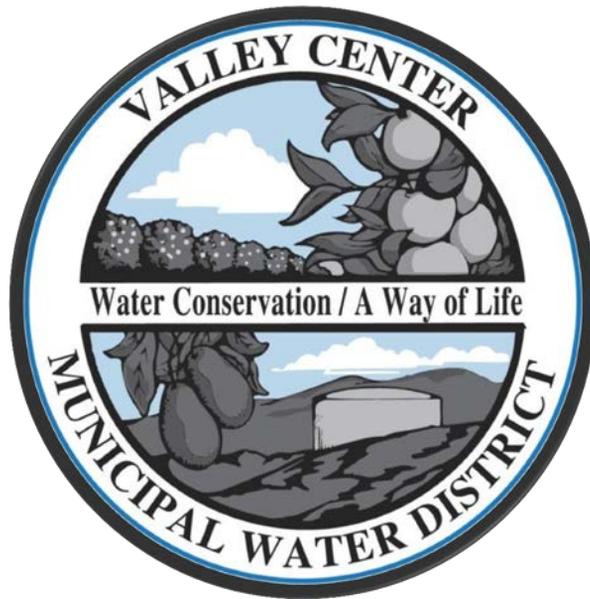
NOES:

ABSENT:

President

ATTEST:

Secretary



Recap of Revenues & Source

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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, 2012	\$5,933,624	\$0	\$5,276,604	\$11,210,228	\$1,297,972	\$1,140,014	\$13,648,214

RECAP OF EXPENDITURES BY FUNCTION

General Administration	967,448			967,448			967,448
Finance	1,934,484	55,000		1,989,484			1,989,484
Engineering	1,496,656			1,496,656			1,496,656
Field Operation	6,027,703			6,027,703	1,089,050	276,976	7,393,729
Source of Supply	29,670,301			29,670,301			29,670,301
Capital Projects			2,195,000	2,195,000	336,000	57,000	2,588,000
Total Budgeted Expenditures	\$40,096,592	\$55,000	\$2,195,000	\$42,346,592	\$1,425,050	\$333,976	\$44,105,618

SOURCE OF FINANCING

Revenues:							
Water Sales	34,177,000			34,177,000			34,177,000
Meter Service Charges/Wastewater Charges	4,633,000			4,633,000	1,522,300	395,797	6,551,097
New Connection Sales	43,100		14,000	57,100			57,100
Other Revenue	828,900			828,900			828,900
Investment Income	101,500			101,500			101,500
Property Taxes	0		1,979,000	1,979,000			1,979,000
Water Availability Charges	0	55,000	536,000	591,000			591,000
Total Revenues	\$39,783,500	\$55,000	\$2,529,000	\$42,367,500	\$1,522,300	\$395,797	\$44,285,597

NET REVENUES & EXPENDITURES	(\$313,092)	\$0	\$334,000	\$20,908	\$97,250	\$61,821	\$179,979
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EXPENDITURES OF CONTINUING PROJECTS	\$0	\$0	(\$1,179,034)	(\$1,179,034)	(\$163,689)	(\$299,426)	(\$1,642,149)
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TRANSFERS (See page 3-2)	(\$176,577)	\$0	\$176,577	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2013	\$5,443,955	\$0	\$4,608,147	\$10,052,102	\$1,231,533	\$902,409	\$12,186,044
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* Includes Woods Valley Expansion

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
2012-2013**

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

	Projected Balance, June 30, 2012	Revenues	Expenses	Net Revenues -Expenses	Transfers and Budgeted Additions	Projected Balance, June 30, 2013
General Fund						
Operating						
Discretionary Reserves						
- Rate Stabilization	63,283			0		63,283
- Pumping Rate Stabilization	\$1,580,028	\$2,730,000	(\$3,867,350)	(\$1,137,350)		\$442,678
- Operating Reserve	3,616,384			0	1,090,800	4,707,184
Restricted Reserves						
- Agricultural Rebate	59,162			0		59,162
- Benefit Plan Liability	614,767		(443,119)	(443,119)		171,648
Unappropriated Fund Balance	0	37,053,500	(35,786,123)	1,267,377	(1,267,377)	0
Total Operating	\$5,933,624	\$39,783,500	(\$40,096,592)	(\$313,092)	(\$176,577)	\$5,443,955
Debt Service Reserve	0	55,000	(55,000)	0		0
Capital Projects Reserves						
- Continuing Projects	1,445,543		(1,179,034)	(1,179,034)		266,509
- Capacity Charges	189,078		0	0		189,078
- Capital Improvements	3,641,983	2,529,000	(2,195,000)	334,000	176,577	4,152,560
Total Capital	\$5,276,604	\$2,529,000	(\$3,374,034)	(\$845,034)	\$176,577	\$4,608,147
Total General Fund	\$11,210,228	\$42,367,500	(\$43,525,626)	(\$1,158,126)	\$0	\$10,052,102
Lower Moosa Wastewater Treatment	1,297,972	1,522,300	(1,588,739)	(66,439)		1,231,533
Woods Valley Expansion	300,169		(300,169)	(300,169)		0
Woods Valley Wastewater Treatment	839,845	395,797	(333,233)	62,564		902,409
Total All Funds	\$13,648,214	\$44,285,597	(\$45,747,767)	(\$1,462,170)	\$0	\$12,186,044

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

REVENUE ESTIMATE

GENERAL FUND

Page 1 of 3

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
	WATER SALES	@ 27,837 af	@ 25,260 af	@ 25,545 af	@ 24,000 af
4114	Municipal & Industrial	\$9,651,989	\$10,823,000	\$10,657,000	\$11,273,000
4115	Certified Agricultural - IAWP	3,619,340	4,353,000	4,604,000	\$2,914,000
4116	Certified Ag/Domestic - IAWP	3,312,221	3,957,000	4,287,000	2,713,000
4117	Certified Agricultural - SAWR	5,107,035	5,902,000	6,077,000	\$7,520,000
4118	Certified Ag/Domestic - SAWR	3,978,279	5,366,000	4,670,000	7,002,000
4135	Construction	7,278	25,000	5,000	25,000
4150	Pump Charge	2,726,802	2,877,000	2,906,000	2,730,000
	Total Water Sales	\$28,402,944	\$33,303,000	\$33,206,000	\$34,177,000
	METER SERVICE CHARGES				
4110	Additional Living Charge	21,465	21,500	21,000	22,000
4114	Municipal & Industrial	\$2,697,085	\$3,203,000	\$3,160,000	\$3,503,000
4115	Certified Agricultural - IAWP	154,360	159,000	178,000	198,000
4116	Certified Ag/Domestic - IAWP	378,368	454,000	433,000	480,000
4117	Certified Agricultural - SAWR	149,494	177,000	174,000	193,000
4118	Certified Ag/Domestic - SAWR	174,591	208,000	203,000	225,000
4135	Construction	7,906	7,000	8,000	12,000
	Total Meter Service Charges	\$3,583,269	\$4,229,500	\$4,177,000	\$4,633,000
	NEW CONNECTION SALES				
4210	Water Meters - New	\$29,685	\$42,100	\$40,900	\$26,600
4220	Water Meters - Relocate	50	0	0	0
4230	Pressure Reducers	224	1,400	200	1,400
4240	Double Check Valves	27,788	28,100	51,200	15,100
	Total New Connection Sales	\$57,747	\$71,600	\$92,300	\$43,100

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

REVENUE ESTIMATE

GENERAL FUND

Page 2 of 3

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Adopted Budget	Estimated Actual	Budget
	PROPERTY TAXES-OTHER				
4310	Current Secured	\$1,837,282	\$1,705,000	\$1,893,600	\$1,894,000
4320	Current Unsecured	66,792	63,000	66,000	66,000
4340	Homeowners PTR	18,946	17,000	18,500	19,000
4350	Current Water Availability Charge	589,312	591,000	591,000	591,000
4382	Interest Allocation-Wtr Availability Chg	235	0	100	0
4370	Prior Unsecured	922	0	14,700	0
4380	Interest Allocation	792	0	400	0
	Total Property Taxes-Other	\$2,514,281	\$2,376,000	\$2,584,300	\$2,570,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

REVENUE ESTIMATE

GENERAL FUND

Page 3 of 3

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Adopted Budget	Estimated Actual	Budget
	OTHER REVENUE				
4410	Investment Income	\$108,443	\$135,000	\$107,000	\$101,500
4417	Delinquent Penalty	264,244	235,000	266,000	266,000
4418	Penalty	19,497	0	0	0
4419	Transfer Fee	8,660	9,000	8,700	9,000
4420	Turn On Charge	27,730	30,000	32,200	32,000
4421	R.P. Inspection/Svc Fee	167,613	158,000	122,400	158,000
4421	R.P. Repairs	13,180	19,000	8,400	19,000
4430	Sale of Maps/Copies	242	400	280	300
4433	Service Availability Charge	1,000	1,200	260	300
4435	Sale of Surplus	53,233	25,000	20,000	25,000
4440	Other	46,010	8,000	32,000	8,000
4440	Return Check Charge	1,800	2,000	1,550	2,000
4440	Lease of Facilities	237,275	267,800	269,600	305,700
4440	Escondido Sewer Collection Fee	2,539	2,500	2,600	2,600
4440	Escondido Water Service in Lieu	1,404	1,000	1,200	1,000
4444	FEMA Reimbursement	20,534	0	0	0
4446	State Mandated Cost Reimbursement	4,501	0	0	0
	Total Other Revenue	\$977,905	\$893,900	\$872,190	\$930,400
	CAPITAL IMPROVEMENT CHARGES				
4810	Meter Capacity Charges	\$7,825	\$0	\$20,868	\$14,000
4820	Contributions In Kind	108,914	0	0	0
	Total Capital Improvement Charges	\$116,739	\$0	\$20,868	\$14,000
	TOTAL REVENUE	\$35,652,885	\$40,874,000	\$40,952,658	\$42,367,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

EXPENDITURES RECAP

ALL BUDGETED FUNDS

	2010-2011	2011-2012		2012-2013
	Actual	Budget	Estimated Actual	Budget
RECAP BY DEPARTMENT				
General Administration	\$921,184	\$944,560	\$880,490	\$967,448
Finance	2,010,164	2,067,585	1,952,564	1,989,484
Engineering	1,716,409	1,606,650	1,595,450	1,496,656
Field Operation	5,759,486	6,021,467	5,624,232	6,027,703
Source of Supply	25,401,842	29,133,175	29,092,130	29,670,301
Total Operating	\$35,809,085	\$39,773,437	\$39,144,866	\$40,151,592
Capital Projects	1,684,449	971,500	1,216,432	2,195,000
Total General Fund	\$37,493,534	\$40,744,937	\$40,361,298	\$42,346,592
Lower Moosa Wastewater Treatment	1,073,306	1,132,987	1,424,269	1,425,050
Woods Valley Wastewater Expansion	0	0	18,000	0
Woods Valley Wastewater Treatment	355,866	298,975	288,367	333,976
Total Wastewater	\$1,429,172	\$1,431,962	\$1,730,636	\$1,759,026
Grand Total	\$38,922,706	\$42,176,899	\$42,091,934	\$44,105,618

RECAP BY FUNCTION

Operating	\$35,705,202	\$39,661,744	\$39,033,173	\$40,096,592
Debt Service	103,883	111,693	111,693	55,000
Capital Projects	1,684,449	971,500	1,216,432	2,195,000
Total General Fund	\$37,493,534	\$40,744,937	\$40,361,298	\$42,346,592
Lower Moosa Wastewater - Operating	1,073,306	1,132,987	1,424,269	1,425,050
Woods Valley Expansion - Capital Proj.	0	0	18,000	0
Woods Valley Wastewater - Operating	355,866	298,975	288,367	333,976
Total Wastewater	\$1,429,172	\$1,431,962	\$1,730,636	\$1,759,026
Grand Total	\$38,922,706	\$42,176,899	\$42,091,934	\$44,105,618

VALLEY CENTER MUNICIPAL WATER DISTRICT

2012-2013

**HISTORY OF WATER PURCHASED AND SOLD
1977-1978 THROUGH 2012-2013**

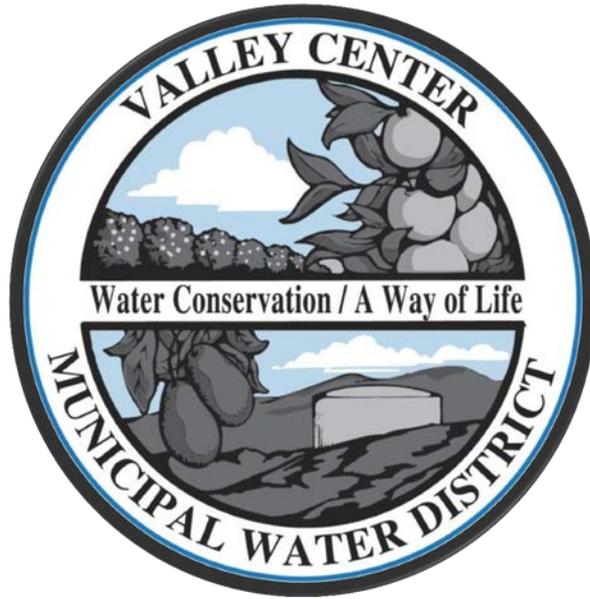
WATER PURCHASED - Acre Feet

<u>YEAR</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
77-78	4217.1	3361.5	3182.4	3105.6	2118.8	1778.3	736.0	258.6	278.2	432.2	2628.7	4331.6	26429.0
78-79	5155.4	5025.8	3191.9	4119.1	1323.4	514.8	326.8	143.8	475.8	1367.3	3021.3	4171.4	28836.8
79-80	4808.8	4922.9	5525.3	3147.3	1906.9	2371.4	700.5	303.4	368.1	2122.6	2142.8	4360.6	32680.6
80-81	6103.3	6239.8	4807.9	4586.2	3676.1	2586.6	2803.0	918.5	398.6	2407.0	4124.3	5394.9	44046.2
81-82	6781.8	6200.0	6068.7	4019.9	3235.9	1985.8	192.1	527.2	1027.1	1690.3	2823.8	3538.6	38091.2
82-83	5592.7	6190.5	4847.6	4512.1	1645.2	461.9	1317.0	458.7	87.2	904.9	2531.3	4034.3	32583.4
83-84	5737.0	4625.2	5473.0	3054.9	1628.3	341.4	1080.1	2766.0	3756.7	3488.5	5287.9	5008.3	42247.3
84-85	6035.9	5691.6	6308.7	4415.4	1664.2	180.1	657.5	504.5	1571.3	2718.2	4143.1	5062.7	38953.2
85-86	6433.5	6287.9	4800.6	4404.2	1628.4	849.8	2719.2	359.3	1139.6	2489.4	4799.4	5143.3	41054.6
86-87	6167.6	6991.1	4801.2	3148.4	3051.3	1490.4	1742.0	2027.3	615.4	4034.4	4411.0	5031.1	43511.2
87-88	5324.3	6078.5	5678.1	2798.1	947.0	1188.0	901.8	2078.9	3235.9	2445.2	4226.2	5035.2	39937.2
88-89	5988.1	5974.0	5903.9	4879.6	2460.7	1944.7	1379.7	1243.7	2704.2	4290.2	4589.6	5747.0	47105.4
89-90	7076.1	6686.1	6255.6	4890.2	4777.0	4419.5	1513.3	1022.5	2823.6	2914.4	5126.0	5030.5	52534.8
90-91	7407.1	6803.4	6949.6	6123.1	4273.9	3740.2	2299.9	3266.8	348.5	1680.7	3646.1	3814.9	50354.2
91-92	4479.1	4623.0	4713.1	4888.7	3789.4	1930.6	1368.9	1091.8	388.6	2260.8	3954.0	4799.5	38287.5
92-93	5922.2	6130.2	5936.6	4648.7	3432.6	979.0	516.5	132.2	1056.5	2710.5	4080.8	3968.5	39514.3
93-94	4588.9	4934.7	4582.2	3899.8	2132.8	1571.9	2406.0	385.0	877.1	1873.0	2171.8	4375.4	33798.6
94-95	4829.2	5447.0	4745.3	3869.4	2104.8	1921.0	181.1	737.6	393.0	1522.1	1915.2	3060.5	30726.2
95-96	4615.4	5329.8	5214.9	3891.6	2899.9	1982.8	1876.6	524.4	1091.5	3113.5	3964.4	4317.2	38822.0
96-97	5286.9	5563.8	4729.4	4121.5	1862.7	693.3	237.7	1142.5	2994.2	3334.2	4490.8	4286.9	38743.9
97-98	4992.9	5537.3	4321.1	3838.6	2068.6	896.8	641.6	207.2	871.0	1027.3	1470.5	3327.7	29200.6
98-99	5054.0	5587.1	4666.7	4102.4	2375.3	2220.3	1459.1	2200.5	2200.5	1529.5	3755.1	4023.9	39195.1
99-00	5304.4	5552.4	4833.7	5544.5	3993.3	3888.1	2911.9	1374.0	1899.2	3341.9	4615.7	5290.8	48549.9
00-01	5888.9	6364.2	5683.8	3911.5	3090.6	3846.9	1680.8	978.0	1386.0	2227.3	4383.2	5156.3	44597.5
01-02	5533.3	5998.9	5298.0	5070.1	2910.0	1441.5	3044.3	3216.4	3204.0	3657.5	4747.0	5403.1	49524.1
02-03	5995.0	6024.9	5877.3	4586.9	3014.9	1713.3	3207.5	1489.0	1277.3	2547.1	3783.6	4158.0	43674.8
03-04	6061.1	6467.7	5766.5	5517.0	2922.9	2742.6	3178.0	1282.9	3201.1	3978.4	5740.7	5327.2	52181.6
04-05	6222.8	5973.1	6053.1	2872.2	1183.1	1812.0	478.4	659.4	894.3	3288.1	4018.9	4649.2	38104.6
05-06	5837.3	5835.5	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	827.7	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	991.0	695.9	1830.7	2424.4	2932.9	25674.2
11-12	3716.7	3731.7	3379.6	2694.2	1050.4	1490.1	1847.9	1557.1 *	1170.6 *	1419.9 *	2334.9 *	2781.9 *	27175.0 *
12-13	3383.0 *	3222.0 *	3733.0 *	2702.0 *	1894.0 *	1129.0 *	1809.0 *	957.0 *	870.0 *	1507.0 *	2012.0 *	2312.0 *	25530.0 *
	AVERAGE FIRST 6 MONTHS					24349.4	AVERAGE LAST 6 MONTHS					14560.2	38909.6
						62.579%						37.421%	100.000%

WATER SOLD - Acre Feet

<u>YEAR</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
77-78	3291.0	3763.9	3019.3	2918.5	2951.8	2221.8	175.9	153.9	155.1	254.9	1450.0	3802.4	24158.5
78-79	4091.5	4624.2	4610.5	3739.2	2612.6	578.9	305.8	149.3	277.9	373.1	2311.4	3202.6	26877.0
79-80	4324.8	4220.4	4410.6	4643.9	2158.1	2565.0	1361.9	230.6	169.8	1147.6	1717.9	2946.5	29897.1
80-81	5230.2	5362.8	5282.5	4068.7	3573.2	2526.4	2965.5	1355.0	871.5	1279.3	2753.1	3897.6	39165.8
81-82	6160.5	4835.6	6805.9	3975.9	3900.3	1752.8	1348.9	236.3	967.9	477.2	2463.4	3070.1	35994.8
82-83	3839.0	5790.1	5767.0	3526.2	3165.6	322.2	1185.1	414.1	346.3	554.7	1032.9	3451.4	29394.6
83-84	4407.9	5616.5	4819.2	2601.9	3175.5	282.7	544.7	2008.3	2994.5	3158.9	3876.5	4688.6	38175.2
84-85	5540.3	5168.6	6216.7	4849.7	2923.6	482.9	259.7	474.6	951.9	2136.0	2989.7	4253.0	36246.7
85-86	6025.1	5371.5	5573.7	3429.1	3306.4	370.3	1633.0	1453.4	644.3	1155.6	3528.0	4848.4	37338.8
86-87	5256.7	6099.2	6220.0	2746.6	3292.5	2017.3	1274.7	2154.4	911.0	1648.2	4034.9	4480.3	40135.8
87-88	5075.2	5496.0	5770.9	4559.4	485.3	1225.0	885.4	970.2	2114.0	3877.4	2111.3	4166.3	36736.4
88-89	5541.8	5738.1	6129.3	4617.5	3508.7	2308.5	726.9	1266.4	1880.6	3188.3	3920.8	4661.9	43488.8
89-90	6311.7	6279.5	6257.1	5351.0	4596.1	3906.8	2255.1	1326.8	1439.2	2924.5	3886.8	4002.6	48537.2
90-91	6273.1	6243.0	6415.6	6045.7	4939.7	3333.2	2262.9	3139.4	1257.4	655.9	2588.9	3513.9	46668.7
91-92	3822.2	3846.7	4740.0	4562.5	3654.4	2866.6	903.4	1506.6	520.4	767.3	3430.0	3767.7	34387.8
92-93	5311.0	5527.2	5529.9	5729.0	3298.1	2094.3	431.0	205.4	542.8	1535.3	3510.5	3410.2	37124.7
93-94	4614.4	4227.5	4591.6	3928.3	3023.5	1496.8	2430.7	867.6	748.7	1267.2	1451.7	3156.4	31804.4
94-95	4800.7	4564.8	5130.8	3947.2	2779.1	2094.3	695.8	395.4	486.5	1040.1	1321.5	2507.6	29763.8
95-96	3908.3	4394.7	5697.9	3850.9	3126.2	2459.2	2078.4	694.7	541.8	2060.1	3680.3	3802.5	36295.0
96-97	4607.2	5026.2	5376.3	3826.9	3022.0	800.9	397.7	578.3	1970.9	2985.4	3855.3	4209.7	36656.8
97-98	4566.5	4809.3	5163.0	3338.3	3304.4	802.0	973.2	355.9	438.1	618.9	1375.8	2261.1	28006.5
98-99	4137.4	4973.8	5283.6	4042.6	2970.1	1545.2	2462.3	956.0	2061.6	1668.0	3039.8	3541.7	36682.1
99-00	4654.8	4919.7	5376.5	4827.9	4508.1	3480.2	3424.3	2413.0	809.4	3105.6	3574.2	4922.9	46016.6
00-01	5008.6	6061.1	5868.0	4349.5	2985.2	3428.2	2969.7	1191.4	483.0	1754.6	3348.5	4554.9	42002.7
01-02	4893.5	5664.6	5668.1	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	5398.8	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	3170.3	1172.9	371.0	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	1405.7	529.8	1017.3	2091.4	2310.2	24142.2
11-12	3388.5	3221.7	3733.0	2705.0	1896.2	1128.4	1809.5	957.5 *	613.3 *	1507.7 *	1969.2 *	2615.0 *	25545.0 *
12-13	3180.0 *	3030.0 *	3510.0 *	2540.0 *	1780.0 *	1060.0 *	1700.0 *	900.0 *	820.0 *	1420.0 *	1890.0 *	2170.0 *	24000.0 *
	AVERAGE FIRST 6 MONTHS					24208.0	AVERAGE LAST 6 MONTHS					12102.8	36310.8
						66.669%						33.331%	100.000%

*ESTIMATED



General Administration

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**DEPARTMENT SUMMARY
General Administration**

FUNCTION OVERVIEW

Provide overall District Board policy implementation, agency 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 2011-2012

Performance Measurement Standards – Compliance with the following Standard was as follows as of December 31, 2011:

- **Customer Satisfaction (Standard 1)** – For calendar year 2011, 100.0% 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. San Diego County Water Authority (SDCWA), having supplanted the nine San Diego Desal Partners, continued 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 2012-2013

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:

- Advocate for and secure continuation of the Metropolitan Water District (MWD) Interim Agricultural Water Program (IAWP) and the SDCWA Special Agricultural Water Rate (SAWR) agricultural pricing programs, which are scheduled to end or be modified at the end of calendar 2012.
- Continue to manage the financial implications of reduced water deliveries and rapidly increasing wholesale prices, while maintaining effective staffing, service, and major maintenance levels through maximizing internal efficiencies and implementation of cost saving features of the Functional Consolidation Project.
- Assisting the Association of California Water Agencies (ACWA) in informing the public on the issues concerning the November 2012 State Water Bond.
- Informing District customer classes on water supply shortage issues and cost issues.
- Informing District customers about water cost and the "Value of Water".
- Overseeing and assisting all other departments in pursuing and meeting adopted Performance Measurements and Strategic Plan Goals in 2012-2013.

GOALS FOR 2012-2013

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 –

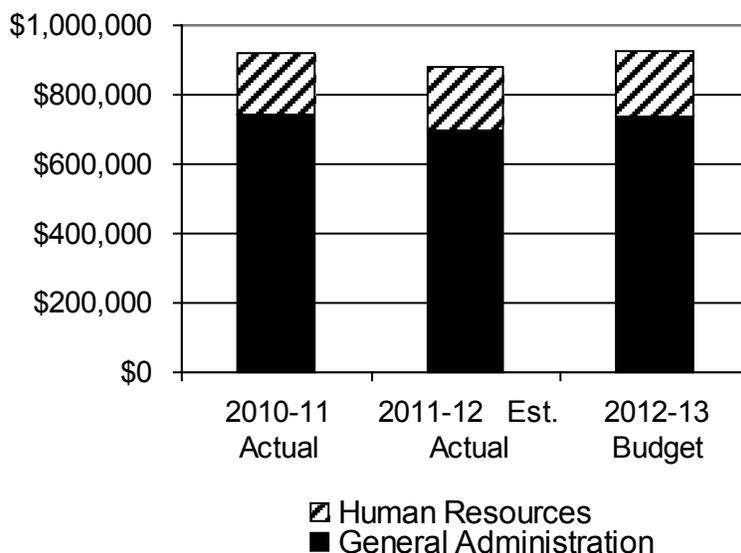
- **The Carlsbad/Poseidon Sea Water Desal Plant (Goal 1)** – Assist in the completion of the Water Purchase Agreement between the SDCWA and Poseidon so that the plant can be under construction in calendar 2012 and delivering desalted sea water by 2015.
- **Operating Cost Reductions (Goal 4)** – Continue to find ways, including implementation of cost saving features of the Functional Consolidation Project, to operate more efficiently and cost effectively to control local costs and direct more local investment in water and wastewater facility upgrades and replacement.
- **Photo-voltaic Solar Power (Goal 6)** – Continue to explore, identify, and implement financially advantageous solar generation opportunities at District facilities and vigorously oppose implementation of the San Diego Gas and Electric Phase II Rate case which will significantly raise the overall cost of power for District operations and make future solar investments financially infeasible.

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, resume implementation of 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, “Meets” or “Exceeds” customer expectations.

Also, in this era of declining agricultural activity and related water sales revenues, the General Administration Department will lead the ongoing efforts to more cost effectively operate the water and wastewater systems serving the Valley Center Community through implementing internal efficiencies and external functional consolidations with nearby water agencies.

General Administration



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**General Administration
Full-Time Equivalents**

	<u>01-5101.</u>	<u>01-5115.</u>	<u>Total</u>
General Manager	1.00		1.00
Executive Assistant/Secretary to Board	1.00		1.00
Manager of Human Resources		1.00	1.00
Total Full-Time Equivalents	2.00	1.00	3.00

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

DEPARTMENT SUMMARY

GENERAL ADMINISTRATION

Div. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
1	General Administration	745,289	737,227	699,477	761,001
15	Human Resources	175,895	207,333	181,013	206,447
18	Training	0	0	0	0
TOTAL GENERAL ADMINISTRATION		921,184	944,560	880,490	967,448

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	510,556	466,500	466,500	494,200
03	Overtime	1,781	2,000	500	1,000
10	Training & Education	0	250	250	250
11	Uniform Allowance	672	0	0	0
25	Outside Professional Services	1,211	0	0	0
26	Legal Services	57,649	74,000	65,000	74,000
28	Printing	2,403	3,000	1,500	2,000
29	Books & Subscriptions	480	750	750	750
30	Special Department Expenses	15,507	2,500	2,500	2,500
33	Postage	13,469	15,000	7,500	15,500
34	Membership Fees & Dues	25,270	25,100	25,100	25,500
35	Directors' Fees	11,900	12,500	9,500	10,500
36	Directors' Travel & Expenses	6,172	7,500	6,000	7,500
37	Transportation, Meals & Travel	7,757	8,000	8,000	8,000
39	Public Information and Notices	9,494	7,500	5,500	7,500
54	Maintenance of Equipment	0	750	500	750
83	Unclassified - Contingency Fund	1,550	10,000	5,000	10,000
84	Water Conservation Program	9,112	0	0	0
86	Election Division Reapportionment Study	0	20,000	0	0
89	LAFCO Budget Assessment	23,973	24,000	22,500	25,500
90	Federal and State Government Relations	75,065	85,000	100,000	100,000
91	Expense Credit	(28,732)	(27,123)	(27,123)	(24,449)
	Total	745,289	737,227	699,477	761,001

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

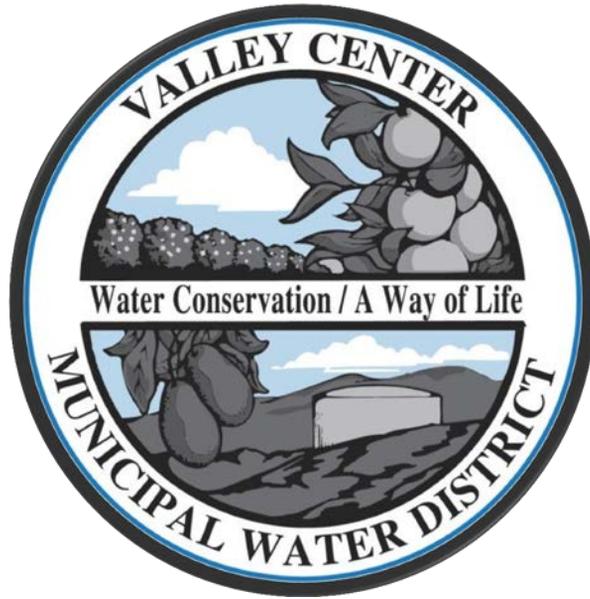
Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	139,699	157,700	134,000	172,100
03	Overtime	3,065	4,500	4,000	0
10	Training & Education	0	2,000	200	200
25	Outside Professional Services	8,988	11,500	11,000	4,900
26	Legal Services	24,263	20,000	20,000	15,000
29	Books & Subscriptions	171	450	100	100
30	Special Department Expenses	3,780	15,950	15,550	18,000
34	Membership Fees & Dues	380	360	790	800
37	Transportation, Meals & Travel	2,477	2,500	3,000	3,000
91	Expense Credit	(6,928)	(7,627)	(7,627)	(7,653)
	Total	175,895	207,333	181,013	206,447

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	General and Administration	0	250	250	250
11	Finance Administration	710	3,500	800	3,500
13	Information Technology	4,395	7,000	0	7,000
15	Human Resources	0	2,000	200	200
21	Engineering Administration	904	1,500	1,000	1,200
22	Planning	80	1,000	1,100	1,000
23	GIS/Public Services	330	500	300	500
24	Encroachments and Locates	0	500	0	500
28	Design/Construction	0	1,000	2,200	1,000
31	Field Administration	21,177	17,500	16,500	17,500
91	Expense Credit	(27,596)	(34,750)	(22,350)	(32,650)
	Total	0	0	0	0



Finance

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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 202% 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 217% to cover other overhead expenses including administration support labor for payroll and accounting, building maintenance, utilities, and general liability and property insurance.

ACCOMPLISHMENTS FOR 2011-12

Awards - Our 2011-12 budget received the Award for Excellence in Operational Budgeting by the California Society of Municipal Finance Officers. Our 2011 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, 2011:

- **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 6 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 February 1, 2011, were 10.5% of the total commodity cost for domestic customers and 13.2% for certified IAWP agricultural use, both below the standard of 13% and 16%, respectively.
- **Return on Investments:** (Standard 10) For the calendar year 2011 our weighted average yield was 1.04%, exceeding the benchmark of 0.25% by 79 basis points. The District estimates our yield for the 2012-13 fiscal year to be 0.90%.

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

- **Service Order Software – Goal 5d:** New document management system for managing customer documents was developed in-house that replaced the existing system, which had reached end-of-life without a viable upgrade path. The new system provides better efficiency when indexing and adding documents and adds full-text keyword search capabilities for more than 416,000 documents currently in the system. Mapping current service order workflows and processes is underway and should be completed by the end of the fiscal year.
- **E-Business – Goal 5e:** Paperless electronic billing was made available to our customers, saving time and money. Our customers can view their bill information and pay their bills over the internet. As of April 25, 2012, there are approximately 2,000 customer accounts registered and utilizing the system, of which 270 have elected to no longer receive paper bills in the mail.

Information and Business Systems:

- A number of separate computer servers were 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 was decreased by 30% while increasing redundancy. This project replaced several servers that reached the functional end of life. It also includes a Storage Area Network to provide increased storage capacity.
- Staff identified and tested new SCADA radio equipment that cut the cost for new radios by more than 95%, while providing faster connection speeds, better range, and reduced installation costs. The reduced cost of the radios enables us to increase redundancy by providing multiple connections to most sites.
- New network management system was deployed allowing all SCADA network devices to be monitored at all times. This provides the staff the visibility needed to troubleshoot the system and proactively respond to service degradation before an actual failure occurs.
- The staff studied feasibility to connect the communications networks of other Districts via private wireless links as part of the functional consolidation project. Network analysis was done identifying potential addressing conflicts and the possible sites that can provide connectivity were identified.

CHALLENGES FOR 2012-2013

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. Continuing low water sales directly impact the District's financial results, requiring diligence in budgeting and operations.

GOALS FOR 2012-2013

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

- **Service Order Software – Goal 5d:** The 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 with full integration with other systems complete in late 2013.

Information and Business Systems:

- Staff will continue work on a new purchase order system to automate the purchasing approval process.
- Network servers will be added and upgraded at remote sites to enhance redundancy and provide continued operations in case of a service outage at the main data center.
- Work has started to replace the current website content management system (CMS) with an improved system that is easier and faster to use. The new system will provide the staff the means to publish public documents more effectively and allow emergency notifications to be published on the website without involving IT staff.

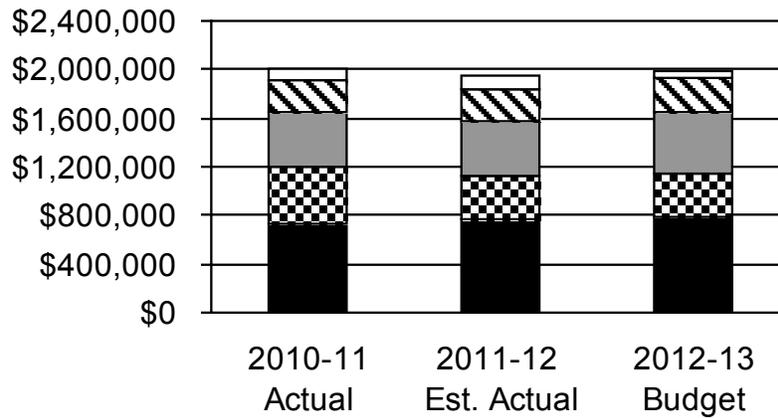
LONG-TERM GOALS

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 June 30, 2011	Retired 2011-12	Outstanding June 30, 2012	Maturing 2012-13	Outstanding June 30, 2013
Revenue Bonds	2.015%	July 1, 2013	165,000	110,000	55,000	55,000	0

Finance



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

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**Finance
Full-Time Equivalents**

	<u>01-5211.</u>	<u>01-5212.</u>	<u>01-5213.</u>	<u>Total</u>
Accounting Clerk	0.85	0.15		1.00
Accounting Specialist	2.00			2.00
Consumer Services Assistant		1.00		1.00
Consumer Services Supervisor		1.00		1.00
Director of Finance	1.00			1.00
Manager of Accounting	1.00			1.00
Manager of Information Technology			1.00	1.00
Senior Information Technology Specialist			1.00	1.00
Total Full-Time Equivalents	4.85	2.15	2.00	9.00

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

DEPARTMENT SUMMARY

FINANCE

Div. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
11	Administration	737,390	785,791	760,191	783,263
12	Consumer Service	458,956	370,857	363,757	363,055
13	Information Systems	460,491	486,308	442,308	504,305
14	Facilities Operation	249,444	312,936	274,615	283,861
16	Salary Clearing	0	0	0	0
19	Debt Service	103,883	111,693	111,693	55,000
TOTAL FINANCE		2,010,164	2,067,585	1,952,564	1,989,484

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	708,986	748,900	736,400	749,000
03	Overtime	201	2,500	0	1,000
10	Training & Education	710	3,500	800	3,500
11	Uniform Allowance	3,362	0	0	0
25	Outside Professional Services	37,989	41,400	38,100	41,600
28	Printing	1,654	3,500	2,300	3,300
29	Subscriptions and Publications	327	800	600	700
30	Special Department Expenses	4,608	6,800	5,600	6,200
33	Postage	280	600	500	600
34	Membership Fees & Dues	770	1,400	700	1,100
37	Transportation, Meals & Travel	3,985	5,300	4,100	5,300
91	Expense Credit	(25,482)	(28,909)	(28,909)	(29,037)
	Total	737,390	785,791	760,191	783,263

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	329,038	269,600	270,300	258,300
03	Overtime	30	1,000	100	1,000
25	Outside Professional Services	15,835	20,500	17,100	20,500
28	Printing	11,215	12,900	11,900	15,800
30	Special Department Expenses	461	400	400	500
33	Postage	40,159	45,000	42,500	45,600
37	Transportation, Meals & Travel	34	100	100	100
87	Write Off of Uncollectible Accounts	76,692	35,000	35,000	35,000
91	Expense Credit	(14,508)	(13,643)	(13,643)	(13,745)
	Total	458,956	370,857	363,757	363,055

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	335,897	340,200	330,000	364,100
03	Overtime	634	2,000	2,000	2,100
10	Training & Education	4,395	7,000	0	7,000
25	Outside Professional Services	2,205	9,200	4,100	8,200
29	Subscriptions and Publications	70	400	200	200
30	Special Department Expenses	43,451	47,500	51,100	48,500
32	Telephone/Answering Service	13,660	10,300	8,800	8,800
37	Transportation, Meals & Travel	28	400	200	400
40	Rents and Leases	10,497	11,000	10,800	11,100
41	Hazardous Waste Disposal Cost	0	500	300	500
54	Maintenance of Equipment	20,364	25,000	15,300	25,600
59	Maintenance of Software	26,410	22,500	15,900	18,300
	Total Network and Workstations	457,611	476,000	438,700	494,800
61	Outside Professional Services - HP	17,145	22,400	16,700	22,400
62	Maintenance of Equipment - HP	3,183	4,600	3,800	4,600
63	Special Department Expenses - HP	669	1,200	1,000	1,200
	Total Hewlett Packard	20,997	28,200	21,500	28,200
91	Expense Credit	(18,117)	(17,892)	(17,892)	(18,695)
	Total Credits	(18,117)	(17,892)	(17,892)	(18,695)
	Total	460,491	486,308	442,308	504,305

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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 and Laptop Repair 6,000 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 Fire Suppression System 600	25,600
59	Maintenance of Software Antivirus 3,000 Firewall 2,700 Network Management and Security 5,000 Web Security 2,500 Backup and Data Storage 5,100	18,300
61	Outside Professional Services - HP Datastream Software Maintenance Agreement 6,100 Programming Changes, Enhancements, and Support 15,400 Emulator and Plug-In Licenses 900	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	(18,695)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
25	Outside Professional Services	1,212	1,700	1,500	1,700
27	Office Supplies	6,987	10,000	9,000	9,500
28	Printing	2,169	4,700	4,000	4,300
30	Special Department Expenses	711	800	700	800
32	Telephone/Answering Service	48,943	43,000	46,400	49,700
40	Rents & Leases	1,877	2,000	1,900	2,100
42	Insurance	148,945	207,321	171,600	171,237
45	Electricity	38,026	44,300	41,400	45,600
54	Maintenance of Equipment	4,373	3,000	2,000	3,100
91	Expense Credit	(3,799)	(3,885)	(3,885)	(4,176)
	Total	249,444	312,936	274,615	283,861

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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	9,500
	Various Office Supplies, Copier Paper	
28	Printing	4,300
	Letterhead, Business Cards, Labels, Envelopes	
30	Special Department Expenses	800
	Property Taxes for Facilities Outside the District	200
	County Vector Control Assessment	600
32	Telephone/Answering Service	49,700
	Telephone	15,100
	Cellular Service	29,600
	Answering Service	5,000
40	Rents & Leases	2,100
	Postage Machine Print Head	1,200
	Storage of Application Files	900
42	Insurance	171,237
	General Liability	140,100
	Property Damage and Fidelity Coverage	56,000
	Other Self Insured Retention	5,000
	Less Amount Charged to Sewer Funds	(29,863)
45	Utilities-Electricity	45,600
	Electricity for Administration, Board Room Multipurpose Room, and Engineering Annex I & II	

VALLEY CENTER MUNICIPAL WATER DISTRICT

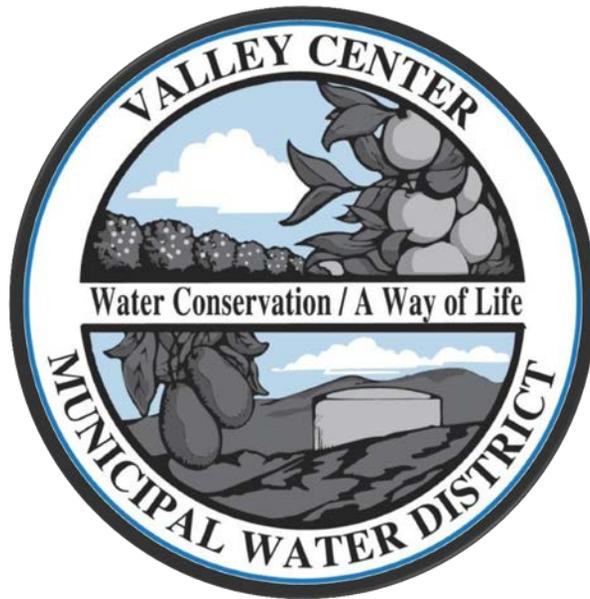
**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Adopted Budget	Estimated Actual	Adopted Budget
70	Principal	100,000	110,000	110,000	55,000
71	Interest on Debt	3,883	1,693	1,693	0
	Total	103,883	111,693	111,693	55,000

SOURCE OF FINANCING

Water Availability Charge/Other	103,883	111,693	111,693	55,000
Total	103,883	111,693	111,693	55,000



Engineering

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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. The Engineering Department also oversees 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 2011-2012

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.

- No capital funded projects were bid during fiscal year 2011-12.

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:**

- Continued processing an application for \$13.8 million Clean Water State Revolving Fund loan for the Woods Valley Ranch Water Reclamation Facility Expansion project. Facility Plan Approval (FPA) was received in March 2012. State Water Resources Control Board approval of a preliminary funding commitment for the project is anticipated prior to the end of the fiscal year.
- Prepared and submitted an application for federal funding from the Bureau of Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) program for preparation of a District-wide water reclamation feasibility study. This study would be used for applying for federal grants for partial construction funding of feasible water reclamation projects.
- 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 anticipated prior to the end of the fiscal year.

- **Infrastructure - Goal 3**

- 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, accepted facilities for one private development into the system, and an additional project acceptance is pending final testing at this time.

- 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 2012-2013.
- Obtained Board approval to initiate annexation proceedings for the Meadowood Subdivision. Meadowood is an 844 lot subdivision located one mile northeast of the I-15 and SR-76 interchange. As this development is not contiguous with the District, a new water and wastewater infrastructure system would be required to provide services.

- **Technology - Goal 5:**

Geographical Information System (GIS) - Continued to upgrade the GIS with additional data and features.

- Completed conversion of project map and facility information from the AutoCAD environment to the GIS database environment, so both datasets are current. This provides the most current data to the enterprise GIS application allowing user access to additional information.
- Easement documents were scanned and the data was digitized and added to the GIS to improve efficiency and document access as well as for more secure document storage. The product output format was modified to PDF format to allow for better accessibility across the network and for external deliverables.
- Pipeline projects completed and minor changes continue to be updated in the GIS database to ensure the data is current. Preliminary distribution of the electronic drawings of the valve details have been circulated to staff for use via their computers and laptops.

Computer Aided Drafting (CAD) Document Management (DM) System – selected a document management system geared specifically towards the AutoCAD environment. The new system will allow for improved management of CAD map documents and provide enhanced workflow of drawings throughout the mapping process. This replaces the existing outdated system at lower annual costs and allows better integration with the sales order program that is under development.

- **Energy – Goal 6b: Renewable and Alternative Energy Resource:** Continued to work 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 April 20, 2012 include:

- Processed applications and released for installation five domestic water meters, 15 fire service meters, and 11 construction meters and water permits.
- Marked out and processed over 637 underground service alert requests.
- Identified 41 new right-of-way violations and resolved 24; processed 28 new encroachments and issued 15 encroachment permits.

CHALLENGES FOR 2012-2013

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 on a voluntary basis 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 2012-2013

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 of data and other District computer applications 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. Develop a web map application for general use by staff to make data and information readily available throughout the District. 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 for ease in search and retrieval. Implement plan to access record as-built drawings directly from the GIS interface. Coordinate with the Information Technology Division the integration of the GIS with other District applications and the development of a service order software system.

Computer Aided Drafting (CAD) Document Management (DM) System – Goal 5a: Finalize implementation of the document management system for the accessibility and organization of the District’s map drawings.

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.

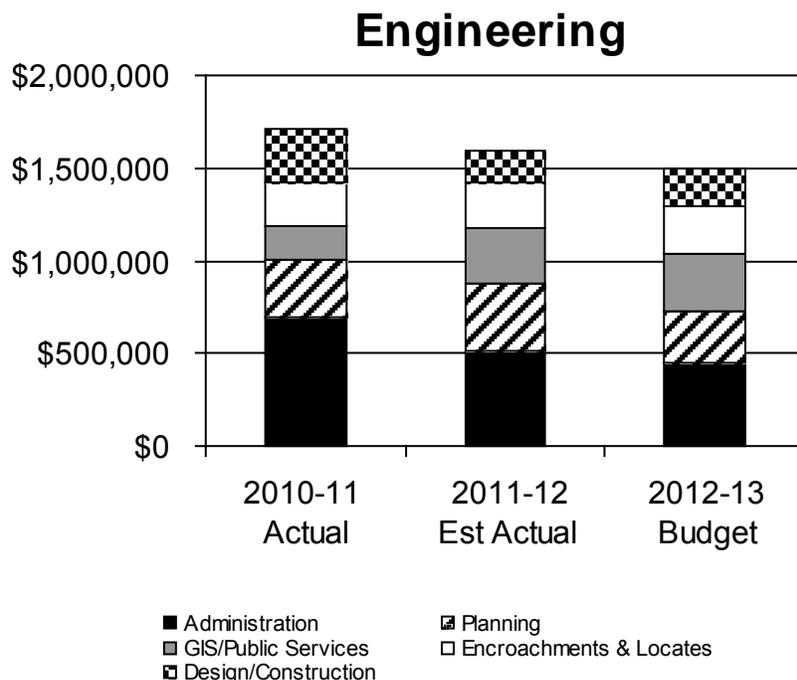
Energy - Renewable and Alternative Energy Resources - Goal 6b: Analyze potential sites for suitability of solar power generation to reduce the use of electric energy. Move forward in developing power generating systems wholly owned and operated by the District or through outside firms via Power Purchase 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, update the valve detail drawings on compact disk (CD), and distribute to staff.
- 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.
- Provide opportunities for cross training in the areas of GIS, AutoCAD, and Water Use Efficiency.
- Maintain District compliance with all regulatory and Conservation Council Memorandum of Understanding requirements.
- Continue to update electric gates within the District with District gate receivers.

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
2012-2013**

**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 III	1.00	0.45	0.05	0.05	0.05	0.15	0.25	2.00
Construction Inspector Supervisor	0.20	0.10		0.30	0.25	0.05	0.10	1.00
District Engineer/Deputy GM	0.60	0.30				0.05	0.05	1.00
Engineering Tech II	0.20	0.05	0.45	0.45	0.75		0.10	2.00
Engineering Tech III	0.10	0.05		0.20	0.40	0.10	0.15	1.00
GIS/Mapping Tech	0.10	0.05	0.80			0.05		1.00
GIS/Engineering Services Supervisor	0.15	0.05	0.75		0.05			1.00
Project Manager	0.10	0.25				0.15	0.50	1.00
Project Manager/Deputy Eng Dept Dir.	0.20	0.25		0.05		0.15	0.35	1.00
Senior Construction Inspector	0.10			0.65	0.05	0.10	0.10	1.00
Total Full-Time Equivalents	2.75	1.55	2.05	1.70	1.55	0.80	1.60	12.00

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

DEPARTMENT SUMMARY

ENGINEERING

Div. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
21	Administration	689,959	522,739	516,639	453,990
22	Planning	311,045	317,567	360,617	272,450
23	GIS/Public Services	189,776	349,251	294,801	312,948
24	Encroachments & Locates	227,271	206,828	252,078	250,146
28	Design/Construction	298,358	210,265	171,315	207,122
TOTAL ENGINEERING		1,716,409	1,606,650	1,595,450	1,496,656

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	309,936	319,200	370,000	275,000
03	Overtime	0	250	0	250
10	Training & Education	80	1,000	1,100	1,000
25	Outside Professional Services	8,289	5,000	0	5,000
28	Printing	0	100	0	100
29	Books & Subscriptions	420	800	0	0
30	Special Department Expenses	27	0	0	0
34	Membership Fees & Dues	3,492	2,400	0	0
37	Transportation, Meals & Travel	1,990	500	1,200	1,200
91	Expense Credit	(13,189)	(11,683)	(11,683)	(10,100)
	Total	311,045	317,567	360,617	272,450

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	194,026	319,600	268,600	273,000
03	Overtime	26	250	150	250
10	Training & Education	330	500	300	500
25	Outside Professional Service	0	2,500	2,500	2,500
28	Printing	45	100	100	100
29	Books & Subscriptions	0	150	0	150
30	Special Department Expenses	2,726	3,700	3,500	12,700
34	Membership Fees & Dues	0	700	600	400
37	Transportation, Meals & Travel	0	500	400	500
54	Maintenance of Equipment	0	2,500	2,000	2,500
59	Software Technical Support	0	21,350	20,000	21,700
84	Water Conservation Program	0	10,250	9,500	10,250
91	Expense Credit	(7,377)	(12,849)	(12,849)	(11,602)
	Total	189,776	349,251	294,801	312,948

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	283,257	211,400	175,000	208,200
03	Overtime	124	250	250	250
10	Training & Education	0	1,000	2,200	1,000
25	Outside Professional Services	0	2,500	0	2,000
28	Printing	0	50	500	550
29	Books & Subscriptions	0	100	0	100
30	Special Department Expenses	2,553	1,800	1,000	1,800
37	Transportation, Meals & Travel	383	400	100	400
54	Maintenance of Equipment	1,821	500	0	500
59	Software Technical Support	21,251	0	0	0
91	Expense Credit	(11,031)	(7,735)	(7,735)	(7,678)
	Total	298,358	210,265	171,315	207,122

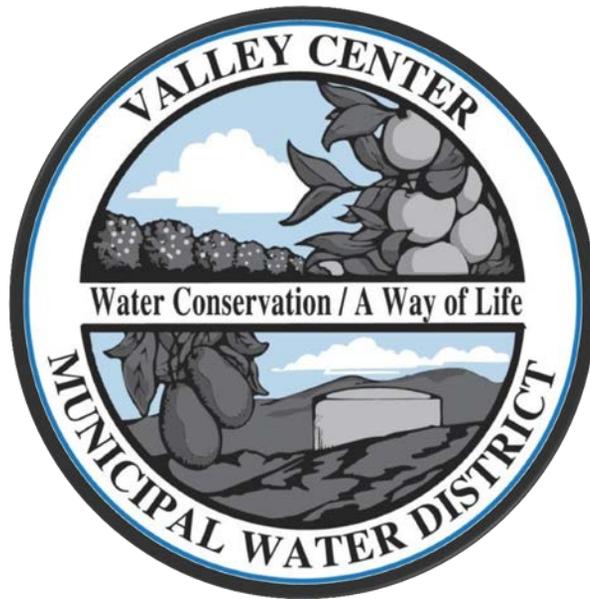
VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.55	208,200
03	Overtime	250
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	1,000
25	Outside Professional Services	2,000
28	Printing	550
29	Books & Subscriptions	100
30	Special Department Expenses Drafting Office Supplies 1,250 Mylar Film 250 Miscellaneous 300	1,800
37	Transportation, Meals & Travel	400
54	Maintenance of Equipment	500
91	Expense Credit Reimbursement from Sewer Funds	(7,678)





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 the completion of 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 to ensure the preservation of our low worker's compensation ratings through our ACWA/JPIA insurance provider.
- The District Security Division administers the implementation of the recommended measures from our vulnerability assessment for incorporation throughout the District's facilities, via our SCADA project.

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, the District's Water Quality Report, monthly facility and reservoir inspections, all DHS reporting, and the operation and maintenance of the SCADA and telemetry system.

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. Recently, the Division applied for and received its laboratory certification for our Moosa facility. The Moosa staff now performs in-house daily samples, potable bacteriological testing (Bac-T), and general physicals. 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 43 reservoirs and 100 potable pumps and 51 wastewater pumps. In addition, it oversees and maintains all of the District's 27 emergency power generators and 8 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, 44 pieces of large equipment, and 84 pieces of miscellaneous equipment. The Division is also responsible for the in-house planning and implementation of the District SCADA Project and security systems as well as its maintenance.

Construction and Maintenance - This Division maintains, inspects, repairs, upgrades, and locates as necessary the more than 297 miles of pipelines and easements 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. This Division also performs bi-annual maintenance to over 1,000 fire hydrants under contract with the Valley Center Fire Protection District (VCFPD) and is responsible for the flushing of our dead-end water lines to maintain our water quality. 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 March, 2012, there were 9,680 active meters, of which 933 are fire meters, and 3,692 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. In addition, it oversees the Corporate Facilities Division which repairs and maintains the District's corporate facility.

ACCOMPLISHMENTS FOR 2011-12

Performance Measurement Standard:

- **Water Loss** (Standard 2): Unaccounted water loss (UWL) for any calendar year shall be no more than 5% above the average UWL for the last five calendar years. The calendar UWL for 2011 was 1,524.3 acre feet, or 18.9% below the previous five year average of 1,879.1 acre feet. This year, via an agreement with CALFire, the District cleared 38 remote easements to improve our leak detection and system surveillance measures. A number of appurtenances were upgraded or removed in low lying creek areas. Meter testing, exchange, and inspections were increased to assist in reducing our known water loss. All locked-off and unused service laterals were surveyed and staff field checked twenty meter routes for security, tampering, and proper meter function. We continue to work on strategies and procedures to 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 7 pump and motor combinations and the rebuild and construction of the West and Ridge Ranch Pump Stations. The pumping efficiency for the calendar year 2011 was 102% of design criteria, which was the same as last year's efficiency percentage.
- **Water Service Reliability** (Standard 7) was 99.998% for calendar year 2011.
- **Compliance with Regulations** (Standard 8): The District was compliant with all state and federal regulations.
- **Lost-time Accidents** (Standard 9): The District had one lost time accident, which was 0.0069% of total hours worked, in the calendar year 2011, meeting 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 2011-12 were Rincon, Mitzpah, and Reidy Canyon #1 and #2 reservoirs. In addition, MJM and Red Mountain pump stations were completed. Backup SCADA communication emergency generators were installed at McNally, Betsworth, Cobb, San Gabriel, and Meadows reservoirs along with three more for the natural gas engines at Betsworth Forebay, Valley Center, and San Gabriel pump stations.

Other Projects:

- Constructed a new American's with Disabilities Act (ADA) compliant front public restroom area.
- Managed the San Diego Gas and Electric power outage in September 2011 and developed a comprehensive list of future improvements to enhance system reliabilities and operational functionality.
- Completed the fire hydrant maintenance program through the Valley Center Fire Protection District.
- Constructed a new stairway access at Cobb Reservoir for improved safety and efficiency.
- Updated and reviewed seven of the District's Injury and Illness Prevention Programs.
- Cleaned and inspected Betsworth, Tyler, Red Mountain, and Rincon reservoirs using underwater divers due to system challenges in taking these reservoirs off-line.
- Satin sealed paving at 9 reservoir, pressure reducing stations, and pump station sites.
- Cleaned, pressure washed, and inspected 7 steel reservoir tanks.
- Installed a secondary inlet/outlet pipe at MacTan Reservoir to improve circulation and water quality.
- Installed 5 new inline valves and replaced 2 valves throughout the District's service area.
- Installed a District built mixing system at Paradise #1 reservoir for improved water quality.
- Installed a new chlorine residual analyzer at our VC #7 connection facility to enhance water quality.
- Installed transfer switches on the Administration and Emergency Operation Center emergency generators for improved redundancy.
- Realigned and secured the pipeline inside the West Lilac Bridge and improved the expansion and flexibility features within the pipeline system to prevent a pipeline failure.

CHALLENGES FOR 2012-2013

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 small scale solar project at our Tyler Pump Station and various sites to reduce our energy consumption and improve our carbon footprint.

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

GOALS FOR 2012-2013

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. We will also, continue to evaluate and survey high demand areas of the District and increase our leak detection measures in high risk areas.
- **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. Replace and upsize Lilac Pala #2 pump and remove #1 pump due to inefficiencies and reduced pumping demands.
- **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; West Bear Ridge, Old Castle #1 and #2, Old Country Club, and MacTan Reservoirs, along with Circle R, Rincon, San Gabriel, and Pala Loma pump stations.

- **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 Betsworth reservoir.
- Evaluating options for replacing the floating cover on Lilac Reservoir.
- Satin seal paving at 11 facilities throughout the District.
- Continue to install solar tubes at various locations to reduce energy consumption.
- Continue to build and install our internal mixing units at key reservoir sites.
- Upgrade existing below grade air vacs to current specifications in the Hidden Meadows area.
- Construct a new pressure sustaining station in the low pressure zone of the Valley View Estates.
- Construct two new containment basins to house portable generators and re-fuel trailers.
- 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 of the District's pump and corporate facilities to improve energy efficiencies (Standard 5).

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

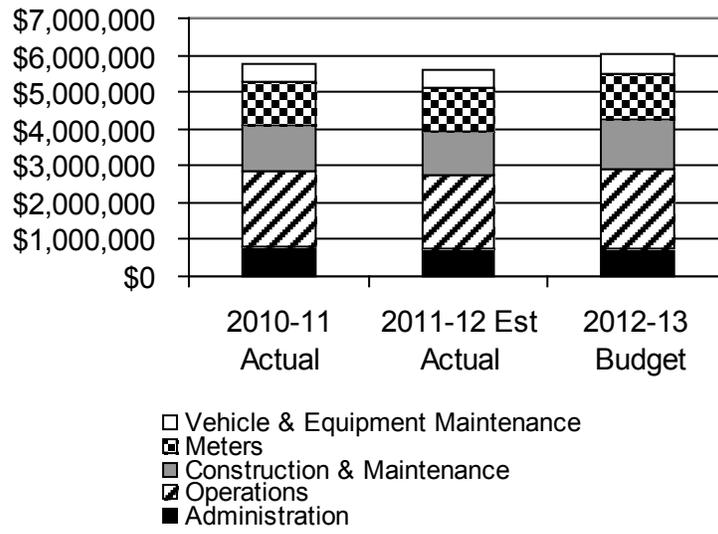
Re-establish easement maintenance and meter maintenance programs throughout the districts distribution system to improve system evaluations and leak detection measures.

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



VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET
2012-2013

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			0.84		0.06			0.01				0.03	0.98
Construction Maintenance Tech II			0.06		0.03				0.03	0.03			0.81		1.70			0.05			0.01	0.19	2.91
Construction Maintenance Tech III			0.01		0.02				0.05	0.03			0.90	0.02	1.69	0.02	0.02	0.93	0.02		0.01	0.19	3.91
Director of Operations/Facilities	0.78	0.05		0.02																			0.85
Fleet Mechanic II		0.02				0.01					0.30			0.01							0.65		0.99
Landscape Maintenance Worker III			0.92										0.02		0.01								0.95
Meter Services Supervisor/Dep-Ops/Fac													0.03	0.05		0.01		0.87	0.04				1.00
Meter Services Tech I					0.28											0.01	0.03	0.56	0.12				1.00
Meter Services Tech II					0.12								0.06	0.25		0.02	0.19	3.74	0.62				5.00
Pump Facilities Tech I				0.02		0.05			0.30	0.10	0.15									0.20		0.10	0.96
Pump Facilities Tech II					0.04	0.02			0.20	0.25	0.40											0.05	0.98
Pump Facilities Tech III						0.10			0.30	0.08	0.10											0.40	0.99
Pumps & Motors Supervisor		0.02		0.02		0.12			0.22	0.15	0.20	0.01		0.01							0.15	0.07	0.97
Safety & Reg Compliance Supervisor	0.20	0.75		0.02																			0.97
Senior Administrative Assistant	0.96	0.02																					0.98
Senior Construction Maintenance Tech									0.04	0.02			0.86		0.79	0.02	0.02	0.93	0.02		0.01	0.22	2.93
Senior Electrician						0.20					0.28											0.50	0.98
Senior Fleet Mechanic		0.04				0.01					0.10			0.01						0.81			0.97
Senior Pump Facilities Tech				0.05		0.06	0.01		0.39	0.63	0.59	0.02		0.02								0.15	1.92
Senior Water Systems Tech				0.05	0.80	0.01	0.03	0.07					0.03		0.01								1.00
Water Systems Supervisor					0.97		0.01	0.01					0.01										1.00
Water Systems Tech I					0.86		0.05	0.06					0.02		0.01								1.00
Water Systems Tech II					0.79		0.05	0.10					0.05		0.01								1.00
Water Systems Tech III				0.10	1.70	0.50	0.19	0.23				0.25		0.03									3.00
Total Full-Time Equivalents	1.94	0.90	1.01	0.28	5.61	1.08	0.34	0.47	1.54	1.30	2.12	0.39	3.52	0.50	4.25	0.08	0.26	7.09	0.82	1.81	0.03	1.90	37.24

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

DEPARTMENT SUMMARY

FIELD OPERATIONS

Div. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
	ADMINISTRATION				
31	Field Administration	470,649	375,564	401,114	393,416
32	Safety & Regulatory Compliance	123,527	155,672	129,922	163,586
33	Landscape & Paving Maintenance	212,217	195,893	203,093	130,196
34	District Security	9,954	22,666	11,866	40,836
	Total Administration:	816,347	749,795	745,995	728,034
	OPERATIONS				
42	System Operation	904,846	905,400	850,250	829,000
43	Telemetry	87,444	173,800	148,300	209,400
44	Treatment	94,693	104,600	68,400	89,200
45	Automatic Valves	59,700	79,200	48,175	75,600
46	Reservoir Maintenance	265,997	203,500	195,115	235,800
47	Pump Maintenance	266,747	303,050	233,250	230,050
48	Motor Maintenance & Electric Panels	264,741	435,700	360,500	420,300
49	Quality Control	103,514	85,400	81,050	95,300
	Total Operations:	2,047,682	2,290,650	1,985,040	2,184,650
	CONSTRUCTION & MAINTENANCE				
53	Pipeline and Right-of-Way Maint.	560,150	585,650	551,025	588,500
54	Corporate Facilities Maintenance	78,430	125,772	107,122	128,969
55	Valve Maintenance & Location	575,133	536,200	538,500	600,800
	Total Construction & Maintenance:	1,213,713	1,247,622	1,196,647	1,318,269
	METERS				
61	Meter Installation	26,771	71,500	40,900	43,100
62	Meter Reading	31,796	41,800	32,000	32,900
63	Service Connection Maintenance	912,785	848,500	1,000,750	1,041,950
65	Backflow Maintenance	214,195	246,600	134,500	143,600
	Total Meters:	1,185,547	1,208,400	1,208,150	1,261,550
71	Vehicle & Equipment Maintenance	496,197	525,000	488,400	535,200
TOTAL FIELD OPERATIONS		5,759,486	6,021,467	5,624,232	6,027,703

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	419,816	328,900	355,000	345,700
03	Overtime	72	750	350	550
10	Training & Education	21,177	17,500	16,500	17,500
11	Uniform/Clothing/Shoes	32,672	27,500	30,000	30,000
25	Outside Professional Service	150	0	0	0
28	Printing	1,286	1,500	1,500	1,500
30	Special Department Expenses	3,800	3,000	3,000	3,000
32	Automated Telephone Dial Service	1,887	1,000	2,500	2,500
33	Postage	17	150	100	150
34	Memberships, Fees and Dues	255	600	500	600
37	Transportation, Meals & Travel	3,423	6,500	3,500	4,500
38	Regulatory Permits & Fees	1,452	2,000	2,000	2,000
91	Expense Credit	(15,358)	(13,836)	(13,836)	(14,584)
	Total	470,649	375,564	401,114	393,416

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.94	345,700
03	Overtime	550
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	17,500
11	Uniform/Clothing/Shoes	30,000
	Uniforms for Field Personnel 21,500	
	Safety Shoes 7,250	
	Hats 750	
	Sweatshirts 250	
	Jackets 250	
28	Printing	1,500
30	Special Department Expenses	3,000
	Office Supplies 2,500	
	Miscellaneous Equipment 500	
32	Automated Telephone Dial Service for scheduled SDCWA shutdowns	2,500
33	Postage	150
34	Memberships, Fees and Dues	600
	Miscellaneous 600	
37	Transportation, Meals & Travel	4,500
	San Diego County Water Works Group Meetings 500	
	After Hour Meals 3,500	
	Joint Power Insurance Authority Meetings 500	
38	Regulatory Permits & Fees	2,000
	State Water Resources Control Board 2,000	
91	Expense Credit	(14,584)

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	203,541	190,100	200,000	104,900
02	Interns and Temporary Labor	0	0	0	18,900
03	Overtime	0	500	150	500
25	Outside Professional Services	6,700	5,000	4,000	4,000
30	Special Department Expenses	739	500	650	500
52	Maintenance of Facilities	7,764	7,000	5,500	6,000
91	Expense Credit	(6,527)	(7,207)	(7,207)	(4,604)
	Total	212,217	195,893	203,093	130,196

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	10,315	21,100	10,000	38,900
03	Overtime	65	250	200	250
28	Printing	0	250	200	200
30	Special Department Expenses	91	1,500	1,800	2,500
33	Postage	0	150	100	100
34	Memberships, Fees and Dues	400	250	400	400
91	Expense Credit	(917)	(834)	(834)	(1,514)
	Total	9,954	22,666	11,866	40,836

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	802,946	786,900	760,000	710,500
03	Overtime	92,431	110,000	82,000	110,000
30	Special Department Expenses	0	1,000	750	1,000
52	Maintenance of Facilities	9,469	7,500	7,500	7,500
	Total	904,846	905,400	850,250	829,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	42,652	43,000	32,000	41,100
03	Overtime	839	500	250	500
23	Chlorine	49,745	58,000	35,000	45,000
25	Outside Professional Services	0	500	300	500
30	Special Department Expenses	0	200	200	200
38	Regulatory Permits & Fees	327	400	400	400
52	Maintenance of Facilities	1,130	2,000	250	1,500
	Total	94,693	104,600	68,400	89,200

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.34	41,100
03	Overtime	500
23	Chlorine Chlorine Tablets 31,400 HTH to Increase Residual in Reservoirs 13,600	45,000
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 1,000 Rebuild Chlorine Detectors 500	1,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	47,295	61,200	31,000	57,100
03	Overtime	0	1,000	1,100	1,500
30	Special Department Expenses	68	500	500	500
52	Maintenance of Valves	12,337	16,500	15,575	16,500
	Total	59,700	79,200	48,175	75,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	226,732	166,700	155,000	194,000
03	Overtime	1,411	1,000	1,000	1,000
25	Outside Professional Service	0	5,000	8,200	10,000
30	Special Department Expenses	576	800	915	800
38	Regulatory Permits & Fees	14,660	15,000	15,000	15,000
52	Maintenance of Facilities	22,618	15,000	15,000	15,000
	Total	265,997	203,500	195,115	235,800

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	214,419	241,800	172,000	168,800
03	Overtime	1,613	2,000	2,000	2,000
30	Special Department Expenses	554	750	750	750
38	Regulatory Permits & Fees	450	500	500	500
52	Maintenance of Pumps	49,711	58,000	58,000	58,000
	Total	266,747	303,050	233,250	230,050

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	196,074	285,200	210,000	270,300
03	Overtime	1,766	3,500	3,500	3,500
25	Outside Professional Services	0	0	0	2,500
30	Special Department Expenses	1,976	3,000	3,000	3,000
38	Regulatory Permits & Fees	17,823	22,000	22,000	22,000
52	Maintenance of Electrical Facilities	19,317	33,000	33,000	31,000
55	Maintenance of Engines	21,325	24,000	24,000	24,000
56	Maintenance of Electric Motors	6,460	65,000	65,000	64,000
	Total	264,741	435,700	360,500	420,300

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	52,489	34,400	32,300	49,000
03	Overtime	51	500	500	500
25	Outside Professional Services	27,853	21,000	21,000	16,000
28	Printing	4,498	5,500	5,500	5,500
30	Special Department Expenses	0	500	500	500
33	Postage	2,128	2,000	2,250	2,300
38	Regulatory Permits & Fees	12,845	15,000	13,000	15,000
52	Maintenance of Facilities	3,650	6,500	6,000	6,500
	Total	103,514	85,400	81,050	95,300

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	414,174	450,900	420,000	456,500
03	Overtime	29,874	28,750	24,500	27,500
25	Outside Professional Services	28,473	26,500	23,500	25,000
30	Special Department Expenses	1,713	1,500	1,650	1,500
40	Rents & Leases	2,019	1,000	875	1,000
52	Maintenance of Facilities	83,897	77,000	80,500	77,000
	Total	560,150	585,650	551,025	588,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	7,957	39,400	40,000	58,000
03	Overtime	0	500	250	250
25	Outside Professional Services	54,259	60,500	47,000	50,500
30	Special Department Expenses	5,653	7,000	4,500	5,000
52	Maintenance of Facilities	14,070	23,000	20,000	20,000
91	Expense Credit	(3,509)	(4,628)	(4,628)	(4,781)
	Total	78,430	125,772	107,122	128,969

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular <div style="margin-left: 150px;">Full-Time Equivalents 4.25</div>	513,300
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	75,000
	Air Vacs and Covers 9,500	
	Air Vac Screens 5,500	
	Blow Offs 4,500	
	Fire Hydrants 6,000	
	Valve Replacement/Repairs 15,000	
	Appurtenance Repair & Replacement Parts 15,500	
	Valve Post Materials 5,500	
	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
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	29,220	38,300	28,500	28,900
03	Overtime	281	500	500	500
30	Special Department Expenses	780	1,000	1,000	1,000
59	Software Technical Support	1,515	2,000	2,000	2,500
	Total	31,796	41,800	32,000	32,900

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	166,846	176,100	84,000	94,100
03	Overtime	1,147	2,000	2,000	1,000
25	Outside Professional Services	1,616	1,500	1,500	2,000
30	Special Department Expenses	2,523	2,000	2,000	1,500
52	Maintenance of Facilities	42,063	65,000	45,000	45,000
	Total	214,195	246,600	134,500	143,600

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

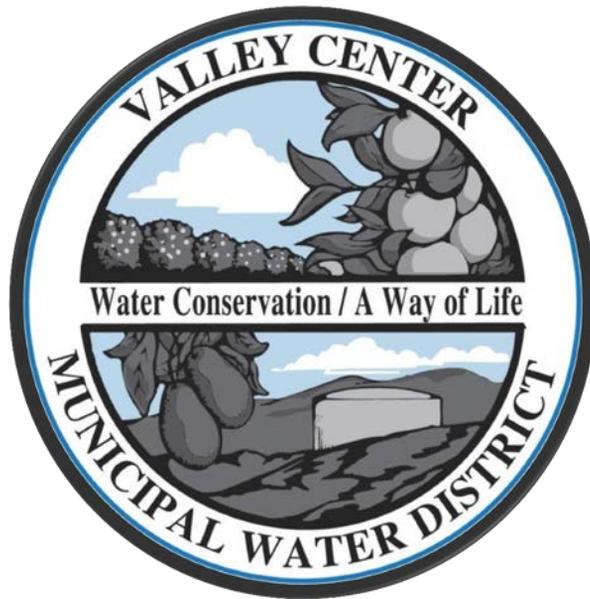
Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	251,144	249,900	245,000	233,600
03	Overtime	6,116	7,000	7,000	7,000
25	Outside Professional Services	0	0	0	4,500
30	Special Department Expenses	1,145	2,000	2,000	2,000
38	Regulatory Permits & Fees	3,443	6,500	5,500	5,500
40	Rents & Leases	2,788	1,000	1,000	1,000
41	Hazardous Waste Disposal Costs	7,603	6,500	7,500	8,000
50	Maintenance - Gas, Oil & Grease	135,146	180,000	150,000	190,000
51	Maintenance of Vehicles	79,582	71,000	71,000	71,000
53	Maintenance of Radios	10,589	12,000	12,900	13,000
54	Maintenance of Equipment	20,857	20,600	22,000	20,600
91	Expense Credit	(22,216)	(31,500)	(35,500)	(21,000)
	Total	496,197	525,000	488,400	535,200

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
51	Maintenance of Vehicles Parts for Fleet	71,000
53	Maintenance of Radios/Vehicle Tracking	13,000
	Service Contract & New Installations	2,000
	Vehicle Tracking	11,000
54	Maintenance of Equipment	20,600
	Grader/Dozer/Backhoe	11,000
	Miscellaneous Equipment	9,600
91	Expense Credit	(21,000)
	Rental Value of Vehicles and Equipment Used for:	
	Installation of Meters 01-5461.51	6,000
	Moosa Treatment Plant 13-5326.51	6,000
	Moosa Collection 13-5327.51	3,500
	Moosa STEP Maintenance 13-5329.51	2,500
	Woods Valley Ranch Treatment Plant 17-5331.51	3,000



Source of Supply

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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 emergency storage program and 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 \$274 per acre foot as of July 1, 2012, 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 2011-2012

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 ends on January 1, 2013. The SDCWA Special Agricultural Water Rate (SAWR) has been extended to December 31, 2014.

Electricity costs were budgeted at 11.8¢ per kilowatt hour last year, costs are currently running below that at a weighted average cost of 10.3¢ per kilowatt hour. This reduction is mostly due to reduced electricity demand charges because of lower water flows.

CHALLENGES FOR 2012-2013

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

Energy supplies and costs will be of continuing concern, with major electric generation facilities off line and proposed higher rates from SDG&E. Efforts to keep water supply costs at the lowest level possible will continue through work with MWD and SDCWA.

Continue the implementation of the IAWP supply reductions and phase out of the program on December 31, 2012, transitioning those customers to the SAWR program.

GOALS FOR 2012-2013

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 2013 water rates using the most recent information that we have available during the preparation of the proposed budget. 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.

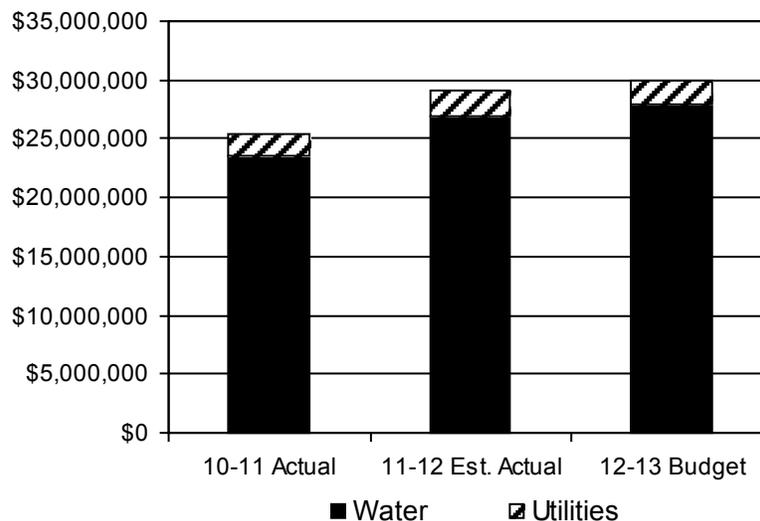
The proposed water rates are budgeted to 12.6% in aggregate over the current adopted rates. Emergency storage charges in particular will show a larger increase to cover SDCWA debt service costs for the San Vicente Dam expansion. In addition, SDCWA includes a melded rate supply cost for additional water supplies such as that received from the Imperial Irrigation District. The rate, not firm at this time, is projected to be \$121 in January 2013.

Based on our best estimate at this time, electricity will average 11.9¢ per kilowatt hour and natural gas 80¢ per therm, for an aggregate cost of \$81 per acre foot of water purchased for 2012-13. The aggregate cost for 2011-12 is estimated at \$77 per acre foot. This includes a 15% increase in electric rates due to proposed increases in SDG&E rate tariffs mid-year

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 termination of the IAWP program, ongoing uncertainty in the energy markets, and continued economic uncertainties.

Source of Supply



VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

DEPARTMENT SUMMARY

SOURCE OF SUPPLY

Div. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
41	Source of Supply	25,401,842	29,133,175	29,092,130	29,670,301
TOTAL SOURCE OF SUPPLY		25,401,842	29,133,175	29,092,130	29,670,301

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
		@ 25,674 af	@ 26,870 af	@ 27,175 af	@ 25,530 af
21	Water Supply Charge - MWD & CWA	19,856,891	22,760,906	22,741,800	23,189,926
22	Water Delivery Charge - CWA	1,799,631	2,101,803	2,150,100	2,245,786
23	Agricultural Rebate - MWD	(554,708)	(387,888)	(361,500)	(148,393)
24	Agricultural Rebate - CWA	(905,738)	(1,317,592)	(1,277,700)	(1,648,098)
25	Ready to Serve Charge	(73,364)	(73,364)	65,880	172,780
26	Infrastructure Access Charge	408,378	475,400	456,300	467,800
30	Capacity Reservation Charge - MWD	829,116	826,400	738,400	592,100
35	Customer Service Charge - CWA	1,442,076	1,674,400	1,612,900	1,631,200
36	Emergency Storage Charge - CWA	719,880	842,900	876,750	1,100,200
	Total Water	23,522,162	26,902,965	27,002,930	27,603,301
45	Utilities - Electricity	1,807,872	2,118,700	2,009,900	1,988,500
47	Utilities - Natural Gas	71,808	111,510	79,300	78,500
	Total Utilities	1,879,680	2,230,210	2,089,200	2,067,000
	Total	25,401,842	29,133,175	29,092,130	29,670,301

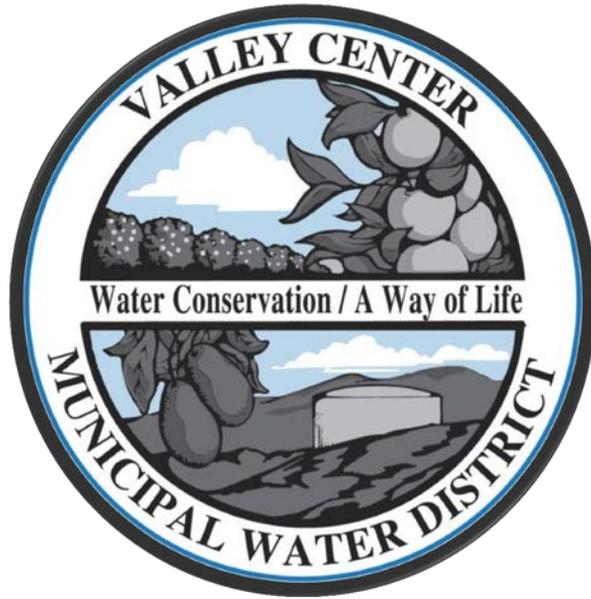
VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification			Department Request
		<u>Jul to Dec</u>	<u>Jan to Jun</u>	
21	Water Supply Charge			23,189,926
	To MWD & CWA -	872.00	970.00	
	Expected purchases in AF	<u>16,063</u>	<u>9,467</u>	
	Expected purchases in \$	14,006,936	9,182,990	
22	Water Delivery Charge			2,245,786
	To MWD & CWA -	85.00	93.00	
	Expected purchases in AF	<u>16,063</u>	<u>9,467</u>	
	Expected purchases in \$	1,365,355	880,431	
23	Agricultural Rebate - MWD			(148,393)
	Ag Discount Rate	(29.00)	-	
	Estimated Ag purchases in AF	<u>5,117</u>	<u>-</u>	
		(148,393)	-	
24	Agricultural Rebate - CWA			(1,648,098)
	Ag Discount Rate	(78.00)	(121.00)	
	Estimated Ag purchases in AF	<u>11,012</u>	<u>6,522</u>	
		(858,936)	(789,162)	
25	Ready to Serve Charge			172,780
26	Infrastructure Access Charge			467,800





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 2011-2012**Strategic Plan Implementation:**

- **Full Development of GIS:** (Goal 5a) Completed conversion of project map and facility information from the AutoCAD environment to the GIS database environment, so both datasets are current. This provides the most current data to the enterprise GIS application allowing user access to additional information.
- **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 2011-12 included the following sites: Rincon, Mitzpah, and Reidy Canyon #1 and #2 reservoirs. In addition, MJM and Red Mountain pump stations were completed. Backup SCADA communication emergency generators were installed at McNally, Betsworth, Cobb, San Gabriel, and Meadows reservoirs along with three more for the natural gas engines at Betsworth Forebay, Valley Center, and San Gabriel pump stations.

- **Service Order Software:** (Goal 5d) New document management system for managing customer documents was developed in-house that replaced the existing system, which had reached end-of-life without a viable upgrade path. The new system provides better efficiency when indexing and adding documents and adds full-text keyword search capabilities for more than 416,000 documents currently in the system. Mapping current service order workflows and processes is underway and should be completed by the end of the fiscal year.
- **E-Business:** (Goal 5e) Paperless electronic billing was made available to our customers, saving time and money. Our customers can view their bill information and pay their bills over the internet. As of April 25, 2012, there are approximately 2,000 customer accounts registered and utilizing the system, of which 270 have elected to no longer receive paper bills in the mail.

Information and Business Systems:

- Staff identified and tested new SCADA radio equipment that cut the cost for new radios by more than 95%, while providing faster connection speeds, better range, and reduced installation costs. The reduced cost of the radios enables us to increase redundancy by providing multiple connections to most sites.

- New network management system was deployed allowing all SCADA network devices to be monitored at all times. This provides the staff the visibility needed to troubleshoot the system and proactively respond to service degradation before an actual failure occurs.

Other Major Projects:

- Constructed a new Americans with Disabilities Act Compliant front public restroom to better serve our disabled customer's.

CHALLENGES FOR 2012-2013

- 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 2012-2013

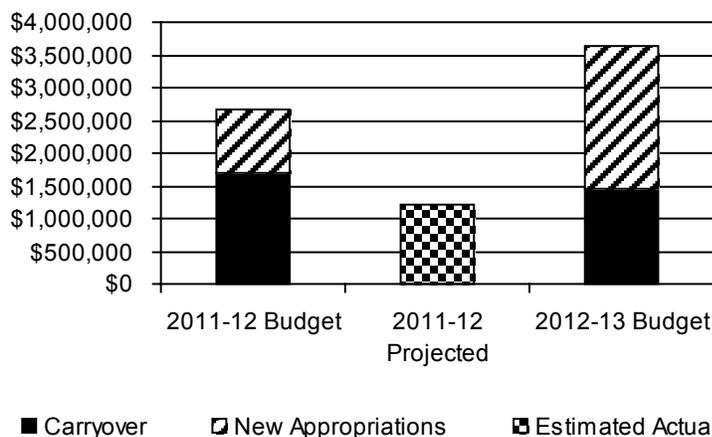
Strategic Plan Implementation:

- **Infrastructure:** (Goal 3) Continue to appraise, examine, and improve the District's infrastructure and facilities throughout our service area to prevent major system failures. Replace 1,800 feet of pipeline and build new pump station on Red Ironbark.
- **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 five reservoirs and three 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 of San Diego on future road projects

Capital Outlay



VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2012-2013

General 01
Capital Outlay 56

Description	Acct. No.	Prior	2012						2013						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												
High Mountain Water Line	10	Complete													
Integrated Water Resources Management Plan	62	Complete													
Wilkes Road Pipeline Replacement	01		Planning	Design		Bid			Construction						
Pump Stations															
Pump & Motor Replacements	16	Planning	Design		Construction										
Emergency Power Generation and Equipment	32		Construction												
Red Ironbark Pump Station	03	Planning	Design	Bid			Construction								
Reservoirs															
Lake Turner Gauging Station	07	Complete													
Reservoir Mixing System	13		Construction												
VC-7 Chlorine Residual Analyzer	17	Complete													
Reservoir Coating - Interior & Exterior	34						Design	Planning	Construction						
Reidy Canyon Area Reservoir	38	Complete													
Cobb Reservoir Cover Replacement	63	Design	Construction												
Data Management Systems															
Water Loss Reduction Measures Audit	18		Construction												
Server Virtualization, Storage Area Network, Disaster Recovery	24		Construction												
Service Order Software	47		Construction												
SCADA System Improvements and Security	71		Construction												
GIS Phase II Implementation	89	Complete													
Enterprise Computer Programming Improvements	96		Construction												
Facilities															
Administration Facility Improvements	60		Construction												
Solar Power Development	64	Planning	Design	Construction - Tyler Pump Station					Construction - Circle R Pump Station						
Equipment															
Portable Hot Water Pressure Washer	19	Complete													
Low Boy Trailer	05		Planning	Purchase											

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**General
Capital Outlay**

**01
56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2011-12	Estimated Actual Expenditures 2011-12	Budget Carried Forward to 2012-13	New Appropriation 2012-13	Total Approved Budget 2012-13
Pipelines & PRV's							
Participation, Upsizing, & Unspecified Repl Projects	02		86,375	85,295	1,080		1,080
New Valve Installations and Appurtenances	06	9-5	17,186	21,000	(3,814)	25,000	21,186
High Mountain Service	10		21,535	21,535	0		0
Integrated Water Resources Management Plan	62		100,236	100,236	0		0
Wilkes Road Pipeline Replacement	01	9-6				500,000	500,000
Pump Stations							
Pump & Motor Replacements	16		332,661	150,000	182,661		182,661
Emergency Power Generation and Equipment	32	9-7	123,853	62,000	61,853	120,000	181,853
Red Ironbark Pump Station	03	9-8				665,000	665,000
Reservoirs							
Lake Turner Gauging Station	07		6,445	6,000	0		0
Reservoir Mixing System	13		75,000	17,000	58,000		58,000
VC-7 Chlorine Residual Analyzer	17		17,000	16,100	0		0
Reservoir Coating - Interior & Exterior	34	9-9	134,660		134,660	60,000	194,660
Reidy Canyon Area Reservoir	38		11,911	11,911	0		0
Lilac Reservoir Cover Replacement	63		485,000		485,000		485,000
Data Management Systems							
Water Loss Reduction Measures	18		102,700	35,000	67,700		67,700
Server Virtualization, Storage, Disaster Recovery	24		101,290	50,000	51,290		51,290
Service Order Software	47		219,407	20,000	199,407		199,407
SCADA System Improvements & Security	71	9-10	632,615	470,000	162,615	400,000	562,615
GIS Phase II Implementation	89		49,936	49,936	0		0
Enterprise Computer Programming Improvements	96		46,487	2,000	44,487		44,487
Facilities							
Administration Facility Improvements	60	9-11	30,744	30,140	604	35,000	35,604
Solar Power Development	64	9-12	59,279	59,279	0	365,000	365,000
Equipment							
Portable Hot Water Pressure Washer	19		9,500	9,000	0		0
Low Boy Trailer	05	9-13				25,000	25,000
Total Capital Projects			2,663,820	1,216,432	1,445,543	2,195,000	3,640,543

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013. All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

Estimated Expenditures by Year

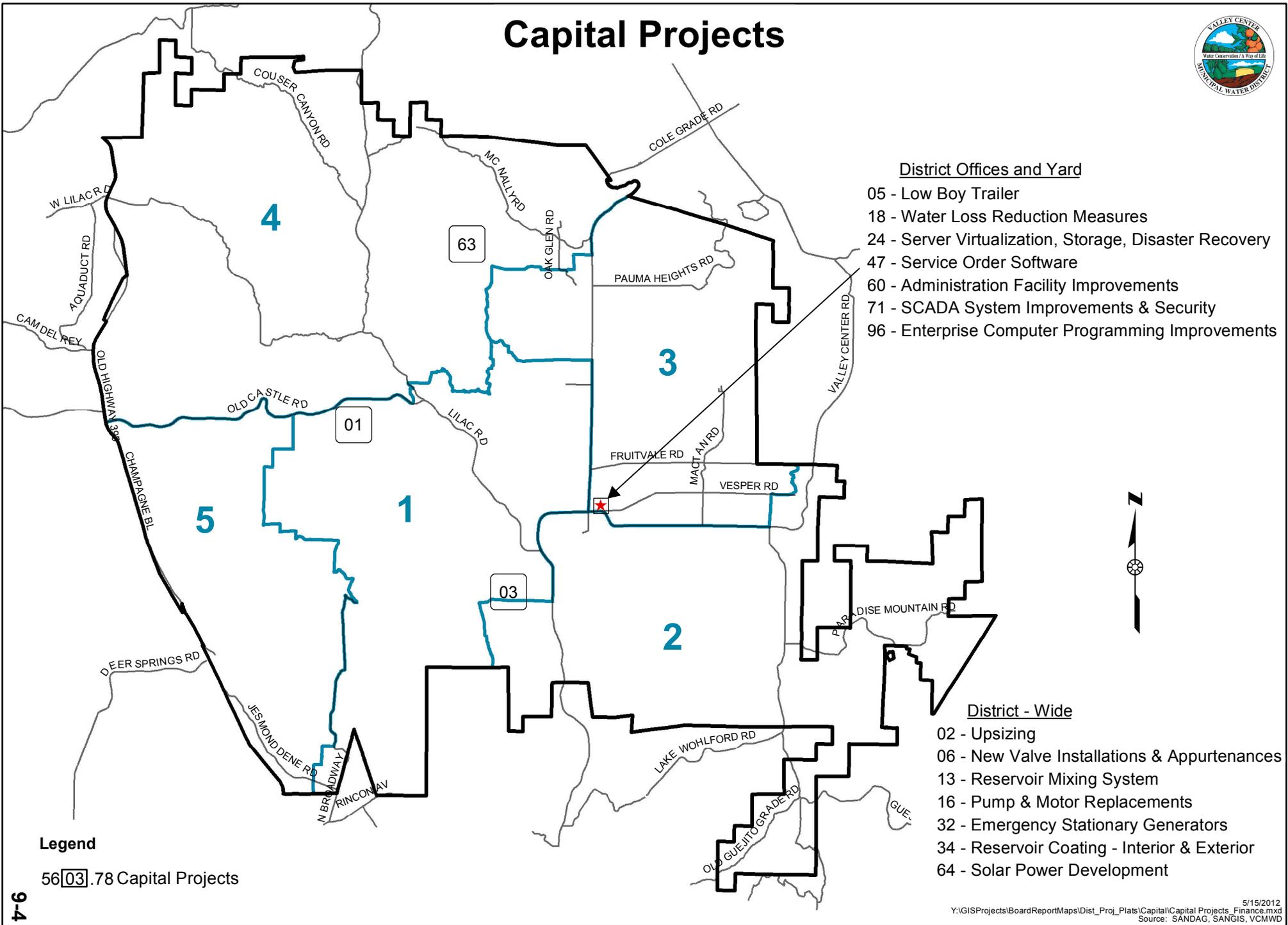
**General
Capital Outlay**

**01
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2012-13	New Appropriation 2012-13	Total Approved Budget 2012-13	Estimated Actual Expenditures 2012-13	Estimated Actual Expenditures 2013-14	Estimated Project Balance after 2 years
<u>Pipelines & PRVs</u>								
Participation, Upsizing, & Unspecified Repl Projects	02		1,080		1,080	1,080		
New Valve Installations and Appurtenances	06	9-5	(3,814)	25,000	21,186	21,186		
High Mountain Service	10		0		0			
Integrated Water Resources Management Plan	62		0		0			
Wilkes Road Pipeline Replacement	01	9-6		500,000	500,000	500,000		
<u>Pump Stations</u>								
Pump & Motor Replacements	16		182,661		182,661	182,661		
Emergency Power Generation and Equipment	32	9-7	61,853	120,000	181,853	181,853		
Red Ironbark Pump Station	03	9-8		665,000	665,000	665,000		
<u>Reservoirs</u>								
Lake Turner Gauging Station	07		0		0			
Reservoir Mixing System	13		58,000		58,000	58,000		
VC-7 Chlorine Residual Analyzer	17		0		0			
Reservoir Coating - Interior & Exterior	34	9-9	134,660	60,000	194,660	194,660		
Reidy Canyon Area Reservoir	38		0		0			
Lilac Reservoir Cover Replacement	63		485,000		485,000	485,000		
<u>Data Management Systems</u>								
Water Loss Reduction Measures	18		67,700		67,700	67,700		
Server Virtualization, Storage, Disaster Recovery	24		51,290		51,290	51,290		
Service Order Software	47		199,407		199,407	100,000	99,407	
SCADA System Improvements & Security	71	9-10	162,615	400,000	562,615	420,000	142,615	
GIS Phase II Implementation	89		0		0			
Enterprise Computer Programming Improvements	96		44,487		44,487	20,000	24,487	
<u>Facilities</u>								
Administration Facility Improvements	60	9-11	604	35,000	35,604	35,604		
Solar Power Development	64	9-12	0	365,000	365,000	365,000		
<u>Equipment</u>								
Portable Hot Water Pressure Washer	19		0		0			
Low Boy Trailer	05	9-13		25,000	25,000	25,000		
Total Capital Projects			1,445,543	2,195,000	3,640,543	3,374,034	266,509	0

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013. All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

Capital Projects



District Offices and Yard

- 05 - Low Boy Trailer
- 18 - Water Loss Reduction Measures
- 24 - Server Virtualization, Storage, Disaster Recovery
- 47 - Service Order Software
- 60 - Administration Facility Improvements
- 71 - SCADA System Improvements & Security
- 96 - Enterprise Computer Programming Improvements

District - Wide

- 02 - Upsizing
- 06 - New Valve Installations & Appurtenances
- 13 - Reservoir Mixing System
- 16 - Pump & Motor Replacements
- 32 - Emergency Stationary Generators
- 34 - Reservoir Coating - Interior & Exterior
- 64 - Solar Power Development

Legend

56 03 .78 Capital Projects

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5606.78
DEPARTMENT:	Field

New Valve Installations, Appurtenances & Air/Vac Enclosures

New Item	Type	Master Plan	Project ID	Strategic Plan	
	Existing Service	Priority		Standard	Goal
				7	3

PROJECT DESCRIPTION:

The installation of new mainline valves and appurtenances throughout the District's service area. The project is to carry over into budget year 2012-13 with the addition of Air/Vac upgrades/ enclosures for Quad H.

Breakdown and locations are listed below:

Completed in 2009-10 – 2011-12

- Oat Hill Pump Station – 24 inch valve
- Cobb Lane – 16 inch valve
- VC 1B line – 18 inch valve
- Hilldale Road – 6 inch valve
- West Lilac and Circle R Road – 10 inch valve
- West Lilac Bridge – 6 inch valve

Remaining Projects -

- Old Castle Road and Cedar Trails – 12 inch valve
- Manzanita Crest (2) – 16 and 6 inch valves
- West Lilac Road and La Bah – 10 inch valve
- Pauma Heights Road at Tyler Pump Station – 12 inch valve
- Spearhead Trail – 12 inch valve
- Various appurtenances – air/vac and blow-offs for new valves
- Air/Vac enclosures for Quad H

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
New Valve Installation and Appurtenances	51,000	54,814	-3,814	25,000	21,186	35,000	56,186	111,000
Total Project	51,000	54,814	-3,814	25,000	21,186	35,000	56,186	111,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5601.78
DEPARTMENT:	Engineering

Wilkes Road Pipeline Replacement

	<u>Type</u>	<u>Master Plan</u> <u>Priority</u>	<u>Project ID</u>	<u>Standard</u>	<u>Strategic Plan</u> <u>Goal</u>
New Item	Existing Service	A		7	3

PROJECT DESCRIPTION:

The project consists of the design and construction of approximately 1,800 linear feet of 8-inch diameter distribution piping and ancillary appurtenances within Wilkes Road, south of Old Castle Road. The pipeline will be located within an existing developed private road and will provide a critical system loop within the western portion of the 1520 service zone. In addition to providing system redundancy, the pipeline will improve flows and pressures within the general area.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff				36,000	36,000		36,000	36,000
Engineering				54,000	54,000		54,000	54,000
Construction				360,000	360,000		360,000	360,000
Miscellaneous				5,000	5,000		5,000	5,000
Contingency				45,000	45,000		45,000	45,000
Total Project	0	0	0	500,000	500,000	0	500,000	500,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5632.78
DEPARTMENT:	Field

Emergency Power Generation and Equipment

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

PROJECT DESCRIPTION:

Install an emergency automatic transfer switch and stationary backup generator at Couser Pump Station. Due to the station location, the reservoir's capacity size, and the large demands within the area, a San Diego Gas and Electric power outage could quickly cause a water outage in the area. The use of a portable generator at this site has not been practical due to the remote location of the site and the restrictions of the San Diego Air Pollution Control District as to where portable generators can be stored. The addition of this stationary backup generator will give the District greater flexibility in maintaining service during a large power outage involving multiple sites.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Emergency Generation	296,000	234,147	61,853	120,000	181,853		181,853	416,000
Total Project	296,000	234,147	61,853	120,000	181,853	0	181,853	416,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5603.78
DEPARTMENT:	Engineering

Red Ironbark Pump Station

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					7	3

PROJECT DESCRIPTION:

The Red Ironbark Pump Station consists of the construction of a packaged water supply booster pump station with an emergency power generator located within a building enclosure and the construction of approximately 1,900 linear feet of 8-inch diameter distribution piping, associated site improvements, and appurtenances. The project will serve the higher elevation residential lots in the Sherwood Ridge area that have low pressure conditions at the meter. Pump Station improvements including site grading, piping, pump, generator, electrical, and SCADA improvements will be completed using District personnel. Outside contractors will be utilized for the off-site pipeline work in Red Ironbark Road and portions of the on-site pump station work, including installation of the concrete foundation, building structure, and roof improvements. All equipment and contract work will be procured by the District and District staff will provide construction management services and inspection. The District intends to establish a Special Service Connection Charge for undeveloped properties/parcels within the pump zone service area to help offset the cost of this project.

Project Budget	Prior Budget	Prior	Estimated	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
		Estimated Actual Expense	Budget Remaining					
Construction								
Pipeline				425,000	425,000		425,000	425,000
Pump Station				200,000	200,000		200,000	200,000
Contingency				40,000	40,000		40,000	40,000
Total Project	0	0	0	665,000	665,000	0	665,000	665,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5634.78
DEPARTMENT:	Field

PROJECT NAME:

Reservoir Recoating - Interior and Exterior

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
		<u>Priority</u>		<u>Standard</u>	<u>Goal</u>
				8	3

PROJECT DESCRIPTION:

Recoat and make repairs to the interior and exterior of the Betsworth Reservoir. The interior epoxy coating has deteriorated and metal loss and corrosion has occurred, particularly within the interior roof structure. The reservoir has a capacity of one million gallons and is an integral part of the 1520 pressure zone system.

In the 2010-11 budget, the recoating of Oat Hill Reservoir was approved. Due to lower water demands the project was put on hold and the reservoir was taken off line. It has not been placed back in service. The previously budgeted funds will be used for the Betsworth Reservoir project.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	10,000		10,000		10,000		10,000	10,000
Recoating	88,000		88,000	60,000	148,000		148,000	148,000
Contingency	36,660		36,660		36,660		36,660	36,660
Total Project	134,660	0	134,660	60,000	194,660	0	194,660	194,660

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5671.78
DEPARTMENT:	Field

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,6a

PROJECT DESCRIPTION:

Continue with the installation of the SCADA system at the following sites. All construction will be completed by District personnel.

Reservoirs and Aqueduct Connections:

- West Bear Ridge
- Old Castle 1 and 2
- Weaver
- Old Country Club

Pump Stations:

- Circle R
- San Gabriel
- Pala Loma

The following have been completed:

- 25 of 36 reservoir sites
- 13 of 25 pump stations
- 3 of 5 aqueduct connections
- 10 of 10 backup generators

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	1,092,290	1,079,096	13,194	130,000	143,194	350,000	493,194	1,572,290
Planning	57,500	57,500	0		0		0	57,500
Design	1,513,566	1,513,566	0		0		0	1,513,566
Operation Improvements	176,635	176,635	0		0		0	176,635
Construction	1,931,643	1,920,000	11,643	150,000	161,643	405,000	566,643	2,486,643
System Integration	140,000	130,000	10,000	120,000	130,000	180,000	310,000	440,000
Tech Support	132,214	132,214	0		0		0	132,214
Miscellaneous	120,478	120,478	0		0		0	120,478
Contingency	108,408	88,408	20,000		20,000	150,000	170,000	258,408
Total Project	5,272,734	5,217,897	54,837	400,000	454,837	1,085,000	1,539,837	6,757,734

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

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>
		<u>Priority</u>		<u>Standard</u> 1

PROJECT DESCRIPTION:

To plan and design for improved front administration security measures and monitoring.

Staff will continue to evaluate future remodel modifications to the corporate facilities to meet the effective and manageable functionality of a concentrated and more efficient workforce that may allow the decommission of some existing facilities.

Staff will also continue to research and implement 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 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Improvements	151,314	150,710	604	35,000	35,604		35,604	186,314
Total Project	151,314	150,710	604	35,000	35,604	0	35,604	186,314

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5664.78
DEPARTMENT:	Field

Solar Power Development

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
		<u>Priority</u>		<u>Standard</u>	<u>Goal</u>
				4,8	6b

PROJECT DESCRIPTION:

Install a 50kW solar array at the Tyler and Pauma Heights facility site and a 58kW solar array at the Country Club Reservoir site. The solar arrays will offset the annual power usage of the three 50-horsepower electric pumps at Tyler Pump Station and the three 50-horsepower pumps at Circle R Pump Station.

The cost of solar panels, inverters, and support structures has dropped significantly within the last year. The California Public Utilities Commission has reinstated their rebates for solar projects making the investment in solar by municipalities viable. The installation of the solar arrays will lower the District's carbon footprint, increase the District's Renewable Energy Credits (REC's), and reduce the overall impact of future San Diego Gas and Electric rate and demand charge increases.

Due to the substantial reduction in solar panels and the associated equipment, staff anticipates an investment payback of five to six years on the twenty-five year solar panel warranty. All of the construction for small scale solar projects will be completed by District personnel.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff				15,000	15,000		15,000	15,000
Consultants				15,000	15,000		15,000	15,000
Construction and Materials				325,000	325,000		325,000	325,000
Contingency				10,000	10,000		10,000	10,000
Total Project	0	0	0	365,000	365,000	0	365,000	365,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5605.78
DEPARTMENT:	Field

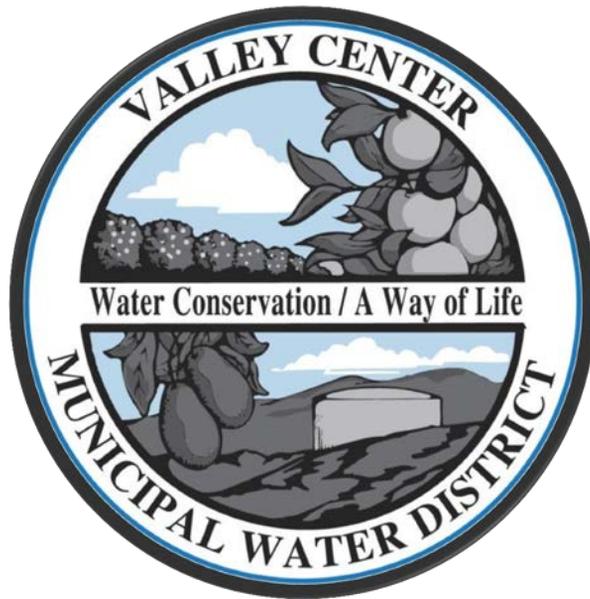
Low Boy Trailer

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

PROJECT DESCRIPTION:

Replace the existing 1995 21,000 pound equipment trailer with a new two-axle 35,000 pound trailer. The Construction and Maintenance Division uses the existing trailer on a daily basis. The current trailer is regularly at or near maximum carrying capacity and is unable to haul some of the District's larger equipment and/or the tractor with additional roadway equipment. The trailer frame has become fatigued over the years from operating at maximum carrying capacity and travelling on dirt roads within the District. It should be replaced before extensive repairs and upgrades would be required

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Low Boy Trailer				25,000	25,000		25,000	25,000
Total Project	0	0	0	25,000	25,000	0	25,000	25,000



Lower Moosa

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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 2011-2012

Wastewater Collection System: Continued inspection, cleaning, and repairs of the collection system wastewater mains. During this past year, staff have surveyed and evaluated manhole flow levels in the Meadows collection system for improved monitoring and response time during wet weather conditions.

Treatment Plant:

- Continued to implement operational changes that reduced equipment run times, significantly reducing energy consumption and energy costs by 22%.
- Installed two positive displacement blowers to replace inefficient thirty year old centrifugal blowers and installed additional piping to improve operational flexibility and control.
- Replaced the fifteen year old centrifuge to improve sludge handling, reliability, and energy consumption.
- Performed a seal, motor, and gear overhaul on one clarifier to improve equipment reliabilities and functionality.
- Installed two sluice gates in the return flow wet well for system reliability improvements.
- Installed four new slide gates on both aeration basins for system functionality improvements.
- Evaluated digesters for potential upgrades which will reduce energy consumption and increase reliability.

Laboratory: Continued in-house sampling and testing of the wastewater constituents and sampling for the potable bacteriological testing and general physical samples 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:

- Prepared and submitted an application for federal funding from the Bureau of Reclamation's WaterSMART program for preparation of district-wide water reclamation feasibility study. This study would be used to apply for federal grants for partial construction funding feasible water reclamation projects.
- Had multiple meetings with representatives of the Accretive Development 1700+ unit project (Lilac Hills Ranch) regarding potential use of the Lower Moosa Canyon facility to provide wastewater service versus construction of a satellite facility.
- Obtained funding commitment for the District's share of reclamation feasibility study.

Additional Projects Completed:

- Ongoing process control and monitoring for greater plant efficiency and effluent quality.
- Inspected and videoed 20% of Moosa’s Collections System. Repaired five STEP pumps for system reliability, to eliminate odors, and damage to the pump system.
- Continued to maintain and clean the influent line and grit channel for improved influent quality, overflow prevention measures, and wear and tear on the systems operational equipment.

CHALLENGES AND GOALS FOR 2011-2012

Replacement Projects:

- Perform a seal, motor, and gear overhaul on the second clarifier to improve equipment reliability and efficiency.
- Perform more in-house videoing of the collection system to reduce outside service expenditures, location of sewer laterals, and improve system monitoring.
- Implement SCADA communication, monitoring, and controls to the collection lift stations.
- 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.

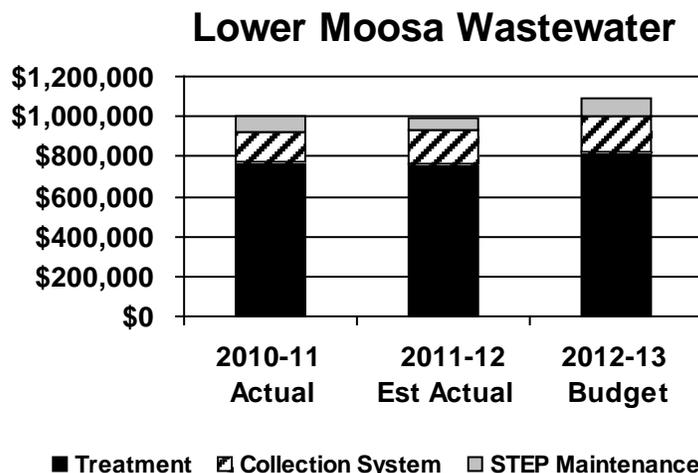
LONG-TERM GOALS

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 and collection system 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
2012-2013**

**Lower Moosa
Full-Time Equivalents**

	<u>13-5326.</u>	<u>13-5327.</u>	<u>13-5329.</u>	<u>01-5600.</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	0.06	0.03			0.09
Director of Operations/Facilities	0.10				0.10
Fleet Mechanic II		0.01			0.01
Landscape Maintenance Worker III	0.04	0.01			0.05
Pump Facilities Tech I	0.01	0.02			0.03
Pump Facilities Tech II	0.02				0.02
Pump Facilities Tech III	0.01				0.01
Pumps & Motors Supervisor	0.01	0.01			0.02
Safety & Reg Compliance Supervisor	0.02				0.02
Senior Administrative Assistant	0.02				0.02
Senior Construction Maintenance Tech	0.05	0.02			0.07
Senior Fleet Mechanic	0.01	0.01			0.02
Senior Pump Facilities Tech	0.05	0.01			0.06
Senior Wastewater Systems Tech	0.31	0.14	0.14	0.01	0.60
Wastewater Systems Supervisor	0.51	0.29	0.11	0.05	0.96
Wastewater Systems Tech II	0.45	0.35	0.12	0.01	0.93
Wastewater Systems Tech III	<u>1.49</u>	<u>0.15</u>	<u>0.15</u>	<u>0.03</u>	<u>1.82</u>
 Total Full-Time Equivalents	 3.23	 1.09	 0.52	 0.10	 4.94

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**MOOSA WASTEWATER TREATMENT FUND
RECAP OF BUDGET AND SOURCE OF FINANCING
JULY 1, 2011, TO JUNE 30, 2013**

	Replacement Fund	Expansion Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2011	600,830	110,518	582,589	0	1,293,937
ADD: Revenue 2011-2012					
Wastewater Service Charges	413,196			964,704	1,377,900
Wastewater Lateral & Inspection Fees				1,600	1,600
Interest	7,500			4,204	11,704
Wastewater STEP Charges				37,100	37,100
Wastewater STEP Repair Charges				0	0
Capacity Charges		0			0
Total Revenue					1,428,304
LESS: Estimated Expenditures 2011-2012	0	0	(429,482)	(994,787)	(1,424,269)
Transfers	(10,582)		10,582	0	0
Net Change	410,114	0	(418,900)	12,821	4,035
ESTIMATED BALANCE JUNE 30, 2012	1,010,944	110,518	163,689	12,821	1,297,972
ADD: Revenue 2012-2013					
Wastewater Service Charges	413,196			1,052,504	1,465,700
Interest	11,000			7,200	18,200
Wastewater STEP Charges				38,400	38,400
Capacity Charges		0			0
Total Revenue					1,522,300
LESS: Proposed Expenditures 2012-2013	0		(336,000)	(1,089,050)	(1,425,050)
Expenditures of Continuing Projects			(163,689)		(163,689)
Transfers	(336,000)		336,000	0	0
Net Change	88,196	0	(163,689)	9,054	(66,439)
ESTIMATED BALANCE JUNE 30, 2013	1,099,140	110,518	0	21,875	1,231,533

GENERAL INFORMATION:

Average Wastewater Connections:

Monthly Rates:

Effective July 1

Effective February 1

2010-2011	2011-2012		2012-2013
Actual	Budget	Estimated Actual	Budget
2,451	2,454	2,454	2,454
44.50	46.50	46.50	48.75
44.50	48.75	48.75	51.20

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**REVENUE ESTIMATE
LOWER MOOSA
WASTEWATER TREATMENT FUND**

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
4110.01	Wastewater Service Charge	1,348,268	1,396,900	1,377,900	1,465,700
4110.06	STEP Wastewater Inspection Fee	0	0	1,600	0
4410.00	Interest - Operating & Replace. Res.	13,210	15,300	11,704	18,200
4429.00	Wastewater STEP Charges	35,707	35,900	37,100	38,400
	Total	1,397,185	1,448,100	1,428,304	1,522,300

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**DEPARTMENT SUMMARY
LOWER MOOSA
WASTEWATER TREATMENT FUND**

Description	2010-2011	2011-2012		2012-2013
	Actual	Budget	Estimated Actual	Budget
Treatment	769,234	791,726	765,226	822,345
Collection System/West	156,219	182,661	166,761	181,805
STEP Maintenance	75,522	73,600	62,800	84,900
Capital Projects	72,331	85,000	429,482	336,000
TOTAL MOOSA TREATMENT	1,073,306	1,132,987	1,424,269	1,425,050

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	350,233	370,500	351,000	408,900
03	Overtime	19,649	18,000	19,000	20,000
23	Chemicals	17,114	19,500	20,000	20,000
25	Outside Professional Services	70,279	66,500	63,000	64,000
30	Special Department Expenses	3,140	4,000	3,900	4,500
32	Telephone	4,312	4,200	3,800	4,000
38	Regulatory Permits & Fees	10,877	16,000	15,000	16,000
40	Rents & Leases	705	500	500	500
41	Hazardous Waste Disposal Costs	0	300	300	300
42	Insurance	12,562	13,601	13,601	15,345
45	Electricity	66,711	75,000	70,000	70,000
48	Diesel	0	500	500	500
49	Water	2,468	3,000	3,000	3,000
51	Maintenance of Vehicles	3,880	10,000	6,500	6,000
52	Maintenance of Facilities	56,780	40,000	45,000	40,000
82	Administrative Overhead	148,820	148,125	148,125	147,300
87	Bad Debt Expense	1,561	2,000	2,000	2,000
88	Capital Planning	143	0	0	0
	Total	769,234	791,726	765,226	822,345

VALLEY CENTER MUNICIPAL WATER DISTRICT

BUDGET DETAIL & JUSTIFICATION	FUND:	Lower Moosa	13
2012-2013	DEPT:	Field Operations	53
	DIV:	Wastewater Treatment	26

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 3.23	408,900
03	Overtime	20,000
23	Chemicals	20,000
	Polymer 9,500	
	Sodium Hypochlorite 3,000	
	Sodium Hydroxide 500	
	Laboratory Chemicals 7,000	
25	Outside Professional Services	64,000
	Pumper Trucks - for Grit Removal 6,000	
	Lab Analysis 18,000	
	Sludge Removal 15,000	
	SCADA System Maintenance 6,000	
	Muffin Monster Service/Screening Auger 10,000	
	Odor Scrubber Maintenance 1,000	
	Mowing of Spray Fields/Weed Control 3,000	
	Flow Meter Calibration and Repair 2,000	
	Lab Equipment Service & Calibration 500	
	Generator Load Testing & Fuel Tank Inspections 2,500	
30	Special Department Expenses	4,500
	Lab Supplies 3,000	
	Tools 500	
	Equipment 1,000	
32	Telephone	4,000
	Leased Lines and Alarm Monitoring 2,000	
	T-1 Network Line 2,000	
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
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
41	Hazardous Waste Disposal Costs Recycling Oil, Filters, Solvents	300
42	Insurance	15,345
45	Electricity	70,000
48	Diesel Generator Set and Tractor	500
49	Water	3,000
51	Maintenance of Vehicles	6,000
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	147,300
87	Bad Debt Expense	2,000

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	98,392	121,400	108,000	130,600
03	Overtime	2,144	3,000	1,500	2,500
25	Outside Professional Services	20,397	30,000	28,000	21,000
30	Special Department Expenses	2,578	2,000	2,000	2,000
38	Regulatory Permits and Fees	1,038	3,000	1,500	2,000
40	Rents & Leases	0	250	250	0
42	Insurance	1,396	1,511	1,511	1,705
45	Electricity	5,345	5,000	5,000	5,500
49	Water	907	1,000	1,000	1,000
51	Maintenance of Vehicles	2,892	3,500	3,000	3,500
52	Maintenance of Facilities	21,130	12,000	15,000	12,000
	Total	156,219	182,661	166,761	181,805

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 1.09	130,600
03	Overtime	2,500
25	Outside Professional Services Sewer Cleaning/Camera 13,000 Manhole Sensors 5,000 Pumping 2,000 Generator Load Testing 1,000	21,000
30	Special Department Expenses	2,000
38	Regulatory Permits and Fees	2,000
42	Insurance	1,705
45	Electricity	5,500
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
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	44,261	39,300	39,000	61,900
03	Overtime	3,116	5,000	3,500	3,500
25	Outside Professional Services	6,000	7,000	3,000	4,000
30	Special Department Expenses	0	300	300	1,000
51	Maintenance of Vehicles	2,643	3,000	2,000	2,500
52	Maintenance of Facilities	19,502	19,000	15,000	12,000
	Total	75,522	73,600	62,800	84,900

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.52	61,900
03	Overtime	3,500
25	Outside Professional Services Pumping of Tanks 3,000 Special Repairs 1,000	4,000
30	Special Department Expenses	1,000
51	Maintenance of Vehicles	2,500
52	Maintenance of Facilities Pump Rebuild Kits 1,500 Replacement Pumps 2,500 Retrofit STEP System Pumps 8,000	12,000

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2012-2013

Lower Moosa 13
Capital Outlay 56

Description	Acct. No.	Prior	2012						2013						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Lower Moosa															
Welk Skimming Plant	11	Complete													
Aeration System Upgrade	12	Complete													
Rimrock STEP System Modification	41		Construction												
Waste Discharge Report	53	Complete													
Master Plan - Sewer Line Replacement	54	Complete													
SCADA System	73		Construction												
Centrifuge Upgrade	74		Construction												
Aeration Blowers	75	Complete													
Digester Aeration and Mixing System	08	Design	Planning		Construction										
Skip Loader	09	Design	Planning		Purchase										
Camera System	14	Design	Planning	Purchase											
Blower Room Acoustical Panels	15	Design	Planning		Construction										

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**Lower Moosa
Capital Outlay**

**13
56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2011-12	Estimated Actual Expenditures 2011-12	Budget Carried Forward to 2012-13	New Appropriation 2012-13	Total Approved Budget 2012-13
Welk Skimming Plant	11		14,251	14,251	0		0
Aeration System Upgrade	12		79,418	5,000	0		0
Rimrock STEP System Modification	41		19,179	6,500	12,679		12,679
Waste Discharge Report	53		31,011	31,011	0		0
Master Plan - Sewer Line Replacement	54		6,233	6,233	0		0
SCADA System	73	10-10	34,512	10,000	24,512	150,000	174,512
Centrifuge Upgrade	74		336,498	210,000	126,498		126,498
Aeration Blowers	75		146,487	146,487	0		0
Digester Aeration and Mixing System	08	10-11				75,000	75,000
Skip Loader	09	10-12				65,000	65,000
Camera System	14	10-13				27,500	27,500
Blower Room Acoustical Panels	15	10-14				18,500	18,500
Total Capital Projects			667,589	429,482	163,689	336,000	499,689

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

Estimated Expenditures by Year

**Lower Moosa
Capital Outlay**

**13
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2012-13	New Appropriation 2012-13	Total Approved Budget 2012-13	Estimated Actual Expenditures 2012-13	Estimated Actual Expenditures 2013-14	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		
Waste Discharge Report	53		0		0			
Master Plan - Sewer Line Replacement	54		0		0			
SCADA System	73	10-10	0	150,000	150,000	150,000		
Centrifuge Upgrade	74		34,000		34,000	34,000		
Aeration Blowers	75		50,000		50,000	50,000		
Digester Aeration and Mixing System	08	10-11		75,000	75,000	75,000		
Skip Loader	09	10-12		65,000	65,000	65,000		
Camera System	14	10-13		27,500	27,500	27,500		
Blower Room Acoustical Panels	15	10-14		18,500	18,500	18,500		
Total Capital Projects			108,771	336,000	444,771	444,771	0	0

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5673.78
DEPARTMENT:	Lower Moosa WRF

SCADA System 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			5, 8	2, 3, 5b, 6a

PROJECT DESCRIPTION:

Integrate Meadows and Islands Lift Stations into the SCADA communication network. Establish radio links between the lift stations and the SCADA communication network. Upgrade the lift stations for remote control and monitoring.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	10,000	4,000	6,000	20,000	26,000		26,000	30,000
Construction	40,000	22,000	18,000	90,000	108,000		108,000	130,000
Integration				40,000	40,000		40,000	40,000
Total Project	50,000	26,000	24,000	150,000	174,000	0	174,000	200,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

Digester Aeration and Mixing System

ACCOUNT NO.:	13-5608.78
DEPARTMENT:	Lower Moosa WRF

New Item	Type	Master Plan	Project ID	Strategic Plan	
		Priority		Standard	Goal
				7	2, 3, 6a

PROJECT DESCRIPTION:

Installation of a new aeration and mixing system in the existing large digester is requested. The current aerator is worn and requires major repairs every two years. The new mixing system will use a Positive Displacement Blower with fine bubble diffusers that will significantly reduce the digester energy use.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff				5,000	5,000		5,000	5,000
Mixing System				60,000	60,000		60,000	60,000
Installation				10,000	10,000		10,000	10,000
Total Project	0	0	0	75,000	75,000	0	75,000	75,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5609.78
DEPARTMENT:	Lower Moosa WRF

Tractor with Front Loader, Box Scraper, and Mower Attachment

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

PROJECT DESCRIPTION:

Replace the existing 1975 two-wheel drive tractor and mower with a new four-wheel drive tractor which includes a front loader, box scraper, and mower attachment. The wastewater division regularly uses the tractor to maintain the Lower Moosa Wastewater Treatment Facility and the discharge percolation ponds.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2012-13	<u>Total Budget 2012-2013</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Tractor				65,000	65,000		65,000	65,000
Total Project	0	0	0	65,000	65,000	0	65,000	65,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5614.78
DEPARTMENT:	Lower Moosa WRF

Collection System Video Equipment

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					8	2

PROJECT DESCRIPTION:

The District currently subcontracts all video inspection of the wastewater collection systems to an outside contractor. The current cost to video the collection system is approximately \$30,000 per year for the contracted services. The in-house video equipment will better assist District personnel in surveying and managing the collection system by allowing more frequent preventative maintenance and repair measures. The equipment's regular usage will help keep the District in compliance with the District Sanitary Sewer Management Plan, which is required by the State of California.

Total cost for the equipment is \$55,000 which will be split between the Woods Valley and Lower Moosa Treatment facilities. Eliminating the outside contract service will pay for this equipment in two years.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Video Equipment				27,500	27,500		27,500	27,500
Total Project	0	0	0	27,500	27,500	0	27,500	27,500

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5615.78
DEPARTMENT:	Lower Moosa WRF

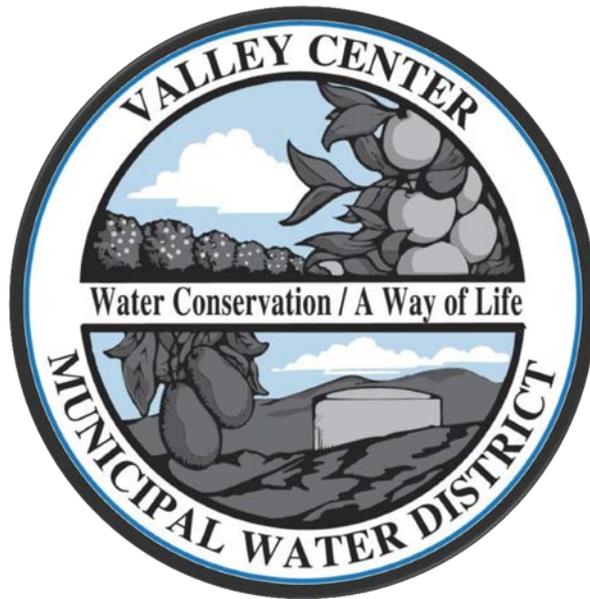
Blower Room Acoustical Panels

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:

With the new energy efficient Positive Displacement Blowers installed, acoustical panels are required to reduce noise levels, particularly at night to avoid neighborhood impact.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2012-13	<u>Total Budget 2012-2013</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Staff				2,000	2,000		2,000	2,000
Panels				14,000	14,000		14,000	14,000
Installation				2,500	2,500		2,500	2,500
Total Project	0	0	0	18,500	18,500	0	18,500	18,500



Woods Valley Expansion

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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 330,000 gallons per day. 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 70,000 gallons per day membrane bioreactor treatment facility and extension of a gravity collection system to serve the 270 lot Woods Valley Ranch 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 project proponents (Butterfield Trails, Bell Enterprises, and the District) with participation from the various other property owners in the service area through formation of an assessment district and acquisition of a Clean Water State Revolving Fund (CWSRF) Loan.

ACCOMPLISHMENTS FOR 2011-2012

With funding from the project proponents, staff continued processing of the Financial Assistance Application for a Clean Water State Revolving Fund Loan, submitted February 2010. Staff has continually received a favorable response from the State Water Quality Control Board (SWQCB) staff and obtained approval of the Facility Plan Approval Report in March 2012. District staff continues to work with the SWQCB staff to obtain a Preliminary Funding Commitment. This approval is anticipated by the end of the fiscal year.

CHALLENGES AND GOALS FOR 2012-2013

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.
- Evaluate ways to lower the per unit cost of the Phase 2 project through refinement of design criteria, value engineering of the proposed improvements, and expanding the size of the project to include more units.

- 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 extensive District financial commitments and resources. The wastewater expansion project will be developed with funding provided only by the property owners that receive a direct 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 new and existing customers within the designated service area.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

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

ANALYSIS OF CASH POSITION

ACTUAL BALANCE JULY 1, 2011	318,169
ADD: Revenue 2011-2012	0
LESS: Estimated Expenditures 2011-2012	<u>(18,000)</u>
ESTIMATED BALANCE JUNE 30, 2012	300,169
ADD: Revenue 2012-2013	0
LESS: Estimated Expenditures 2012-2013	<u>(300,169)</u>
ESTIMATED BALANCE JUNE 30, 2013	<u>0</u>

REVENUE ESTIMATE

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		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
2012-2013

Woods Valley Ranch Expansion 16
Capital Outlay 56

Description	Acct. No.	Prior	2012						2013						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	Planning	Design						Bid			Construction			

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**WVR Expansion 16
Capital Outlay 56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2011-12	Estimated Actual Expenditures 2011-12	Budget Carried Forward to 2012-13	New Appropriation 2012-13	Total Approved Budget 2012-13
WVR WRF Planning	56		318,169	18,000	300,169		300,169
Total Capital Projects			318,169	18,000	300,169	0	300,169

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

Estimated Expenditures by Year

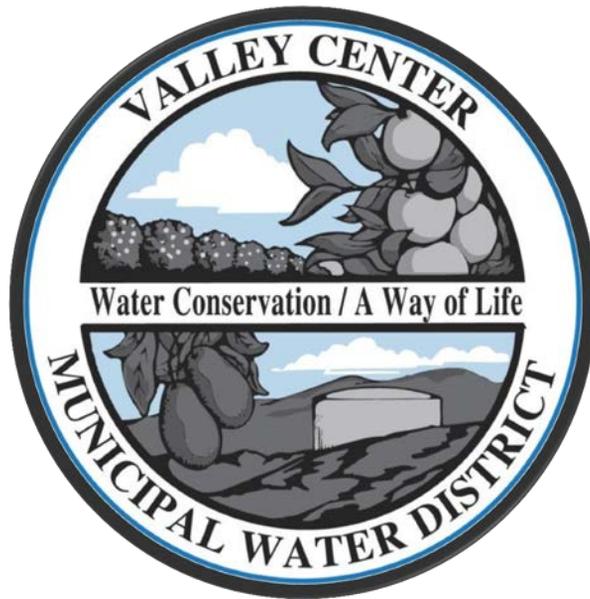
**WVR Expansion
Capital Outlay**

**16
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2012-13	New Appropriation 2012-13	Total Approved Budget 2012-13	Estimated Actual Expenditures 2012-13	Estimated Actual Expenditures 2013-14	Estimated Project Balance after 2 years
WVR WRF Planning	56		300,169		300,169	300,169	4,311,500	8,623,000
Total Capital Projects			300,169	0	300,169	300,169	4,311,500	8,623,000

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.





Woods Valley Ranch

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**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 (gpd) 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 2011-2012

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. Final acceptance is expected by June 30, 2012.

Woods Valley Ranch Water Reclamation Facility:

- Coordinated the replacement of the original membranes with new updated, more efficient membranes.
- Continued to implement operational changes that reduced equipment runtimes, significantly reducing energy consumption and energy cost by 18%.
- Constructed a new sludge thickener system to reduce energy consumption and hauling cost.
- Installed variable frequency drives on the plant's aeration blowers to reduce energy consumption and cost.

Sewer System Management Plan (SSMP): Videoed, cleaned, and inspected 20% of the collection system to meet state requirements. Staff installed an additional eight locking manhole devices on the remote, cross-country manholes, to prevent tampering and collection system overflows.

CHALLENGES AND GOALS FOR 2012-2013

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).
- Install SCADA radio and cameras for improved operational control and improve facility security.
- Develop and implement improved operational strategies to reduce equipment run times and labor cost.
- 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.

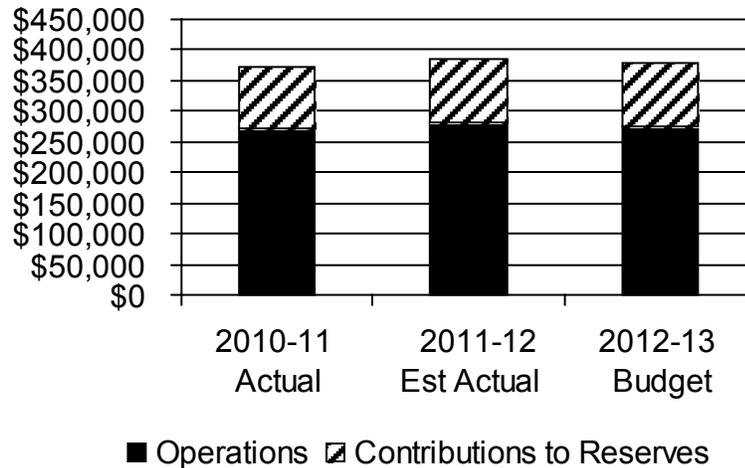
LONG-TERM GOALS

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 2012-2013. 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
2012-2013**

**Woods Valley Ranch
Full-Time Equivalents**

	<u>17-5331.</u>	<u>Total</u>
Director of Operations/Facilities	0.05	0.05
Pump Facilities Tech I	0.01	0.01
Pumps & Motors Supervisor	0.01	0.01
Safety & Reg Compliance Supervisor	0.01	0.01
Senior Electrician	0.02	0.02
Senior Fleet Mechanic	0.01	0.01
Senior Pump Facilities Tech	0.02	0.02
Senior Wastewater Systems Tech	0.40	0.40
Wastewater Systems Supervisor	0.04	0.04
Wastewater Systems Tech II	0.07	0.07
Wastewater Systems Tech III	<u>0.18</u>	<u>0.18</u>
Total Full-Time Equivalents	0.82	0.82

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**WOODS VALLEY RANCH WASTEWATER TREATMENT
RECAP OF BUDGET AND SOURCE OF FINANCING
JULY 1, 2011, TO JUNE 30, 2013**

	Replacement Reserve Fund	Operating Reserve Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2011	581,897	149,487	4,849	0	736,233
ADD: Revenue 2011-2012					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				52,080	52,080
Interest	5,845			2,758	8,603
Total Revenue					391,979
LESS: Estimated Expenditures 2011-2012	0	0	(5,592)	(282,775)	(288,367)
Transfers	0	(8,100)	0	8,100	0
Net Change	108,465	(8,100)	(5,592)	8,839	103,612
ESTIMATED BALANCE JUNE 30, 2012	690,362	141,387	(743)	8,839	839,845
ADD: Revenue 2012-2013					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				55,180	55,180
Interest	6,675			2,646	9,321
Total Revenue					395,797
LESS: Proposed Expenditures 2012-2013		0	(57,000)	(276,976)	(333,976)
Expenditures of Continuing Projects			743		743
Transfers	(57,000)	(3,137)	57,000	3,137	0
Net Change	52,295	(3,137)	743	12,663	62,564
ESTIMATED BALANCE JUNE 30, 2013	742,657	138,250	0	21,502	902,409

GENERAL INFORMATION:

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

2010-2011	2011-2012		2012-2013
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
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		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	45,350	45,000	50,800	53,800
4140.01	Reclaimed Water Meter Charge	1,091	1,200	1,280	1,380
4382.00	Interest Allocation	131	0	0	0
4410.00	Interest - Operating & Replace. Res.	11,281	8,943	8,603	9,321
	Total	389,122	386,439	391,979	395,797

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Description	2010-2011	2011-2012		2012-2013
	Actual	Budget	Estimated Actual	Budget
Treatment	373,837	401,595	385,395	379,596
Capital Projects	84,649	0	5,592	57,000
TOTAL WOODS VALLEY RANCH	458,486	401,595	390,987	436,596

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

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

Acct. No.	Description	2010-2011	2011-2012		2012-2013
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	101,031	103,400	101,500	102,800
03	Overtime	6,350	15,000	10,000	10,000
23	Chemicals	6,554	6,000	7,500	8,000
25	Outside Professional Services	42,458	41,500	43,000	36,000
30	Special Department Expenses	1,183	3,000	2,800	2,000
32	Telephone	875	500	250	500
38	Regulatory Permits & Fees	9,769	15,000	13,500	15,000
40	Rents & Leases	208	250	250	250
42	Insurance	11,816	12,067	12,067	12,813
45	Electricity	42,376	49,350	38,000	42,000
48	Diesel	0	300	300	300
49	Water	0	350	350	350
51	Maintenance of Vehicles	3,283	5,000	3,000	3,000
52	Maintenance of Facilities	5,012	5,000	8,000	6,500
82	Administrative Overhead	40,302	42,258	42,258	37,463
	Total Treatment Operations	271,217	298,975	282,775	276,976
78	Contribution to Replacement Reserve	102,620	102,620	102,620	102,620
	Total	373,837	401,595	385,395	379,596

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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 0.82	102,800
03	Overtime	10,000
23	Chemicals	8,000
25	Outside Professional Services 36,000 Pumper Trucks - Haul waste 12,000 Laboratory Testing Services 8,000 Courier Service 5,500 Sewer Cleaning 6,000 SCADA Maintenance 1,500 Generator Load Testing 1,000 Wonderware Service Support 2,000	
30	Special Department Expenses 2,000 Tools 1,000 Equipment 1,000	
32	Telephone	500
38	Regulatory Permits & Fees	15,000
40	Rents & Leases	250
42	Insurance	12,813
45	Electricity	42,000
48	Diesel	300
49	Water	350
51	Maintenance of Vehicles	3,000
52	Maintenance of Facilities including collection system	6,500

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET DETAIL & JUSTIFICATION
2012-2013**

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

Acct. No.	Detail and Justification	Department Request
78	Contribution to Capital Replacement Reserve	102,620
82	Administrative Overhead	37,463

VALLEY CENTER MUNICIPAL WATER DISTRICT CAPITAL PROJECTS TIMETABLE

BUDGET
2012-2013

Woods Valley Ranch 17
Capital Outlay 56

Description	Acct. No.	Prior	2012						2013						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Woods Valley Ranch															
Installation of Variable Frequency Drives	59		Construction												
SCADA and Security	20	Design		Planning	Construction										
Camera System	21	Design	Planning	Purchase											

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

**Woods Valley Ranch
Capital Outlay**

**17
56**

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2011-2012	Estimated Actual Expenditures 2011-2012	Budget Carried Forward to 2012-2013	New Appropriation 2012-2013	Total Approved Budget 2012-2013
Installation of Variable Frequency Drives	59	12-8	4,849	5,592	(743)	4,500	3,757
SCADA and Security	20	12-9				25,000	25,000
Camera System	21	12-10				27,500	27,500
Total Capital Projects			4,849	5,592	(743)	57,000	56,257

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

VALLEY CENTER MUNICIPAL WATER DISTRICT

**BUDGET
2012-2013**

Estimated Expenditures by Year

**Woods Valley Ranch
Capital Outlay**

**17
56**

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2012-2013	New Appropriation 2012-2013	Total Approved Budget 2012-2013	Estimated Actual Expenditures 2012-2013	Estimated Actual Expenditures 2013-14	Estimated Project Balance after 2 years
Installation of Variable Frequency Drives	59	12-8	(743)	4,500	3,757	3,757		
SCADA and Security	20	12-9		25,000	25,000	25,000		
Camera System	21	12-10		27,500	27,500	27,500		
Total Capital Projects			(743)	57,000	56,257	56,257	0	0

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2012-2013.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5659.78
DEPARTMENT:	Woods Valley Ranch WRF

Installation of Variable Frequency Drives

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

PROJECT DESCRIPTION:

Continue installation of variable frequency drives (VFD's) for the aeration and digester blowers. The VFD's will reduce the current energy consumption by an estimated \$7,000 annually and would extend the life of the existing blowers.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2012-13	<u>Total Budget 2012-2013</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Variable Frequency Drives Staff	5,000	5,592	-592	3,000 1,500	2,408 1,500		2,408 1,500	8,000 1,500
Total Project	5,000	5,592	-592	4,500	3,908	0	3,908	9,500

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5620.78
DEPARTMENT:	Woods Valley Ranch WRF

SCADA System and Security

New Item	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>
		<u>Priority</u>		<u>Standard</u>
				5, 8
				3, 5b, 6a

PROJECT DESCRIPTION:

Integrate the Woods Valley Ranch Treatment Facility into the SCADA communication network utilizing a radio link. Install cameras, motion sensors, and a digital recorder for security.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2012-13	<u>Total Budget 2012-2013</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Staff				6,000	6,000		6,000	6,000
Equipment				19,000	19,000		19,000	19,000
Total Project	0	0	0	25,000	25,000	0	25,000	25,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2012-2013**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5621.78
DEPARTMENT:	Woods Valley Ranch WRF

Collection System Video Equipment

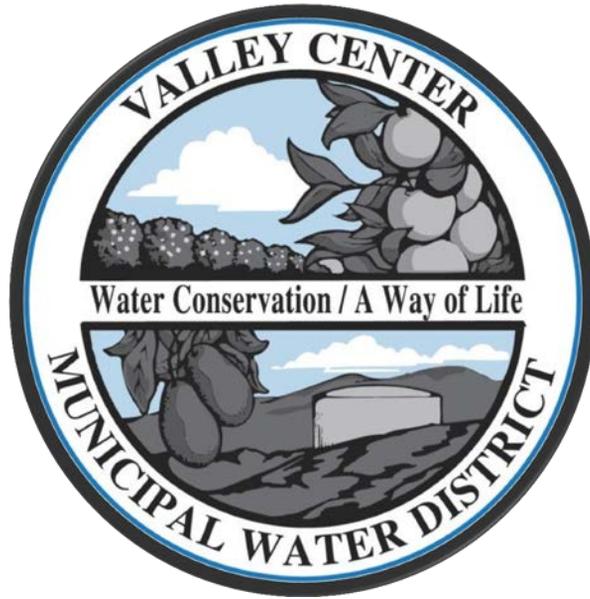
New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					8	2

PROJECT DESCRIPTION:

The District currently subcontracts all video inspection of the wastewater collection systems to an outside contractor. The current cost to video the collection system is approximately \$30,000 per year for the contracted services. The in-house video equipment will better assist District personnel in surveying and managing the collection system by allowing more frequent preventative maintenance and repair measures. The equipment's regular usage will help keep the District in compliance with the District Sanitary Sewer Management Plan, which is required by the State of California.

Total cost for the equipment is \$55,000 which will be split between the Woods Valley and Lower Moosa Treatment facilities. Eliminating the outside contract service will pay for this equipment in two years.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2012-13	Total Budget 2012-2013	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Video Equipment				27,500	27,500		27,500	27,500
Total Project	0	0	0	27,500	27,500	0	27,500	27,500



Appendix

VALLEY CENTER MUNICIPAL WATER DISTRICT ANNUAL BUDGET 2012-13

GLOSSARY

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

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

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

ACWA - Association of California Water Agencies.

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

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

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

CAFR - See Comprehensive Annual Financial Report.

CalPERS - See PERS.

Capital Outlay - Expenditures for the purchase of fixed assets.

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

Consumer Price Index - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

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.

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.

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 2012-13

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:

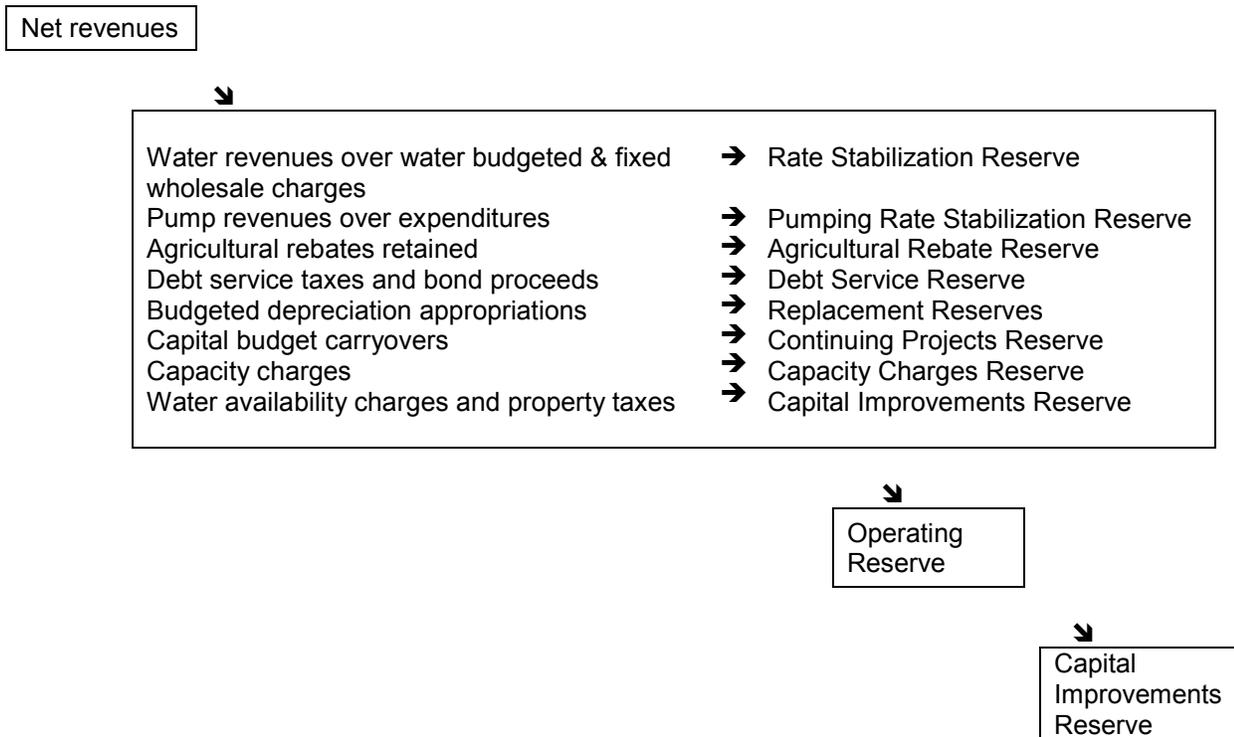
- A. Continuing Projects Reserves: Unexpected appropriations for capital projects which are not completed in a fiscal year will be carried forward to the following fiscal year.
- B. Capacity Charges: Capacity charges shall be credited to the capacity charges reserve in accordance with state statute to 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.

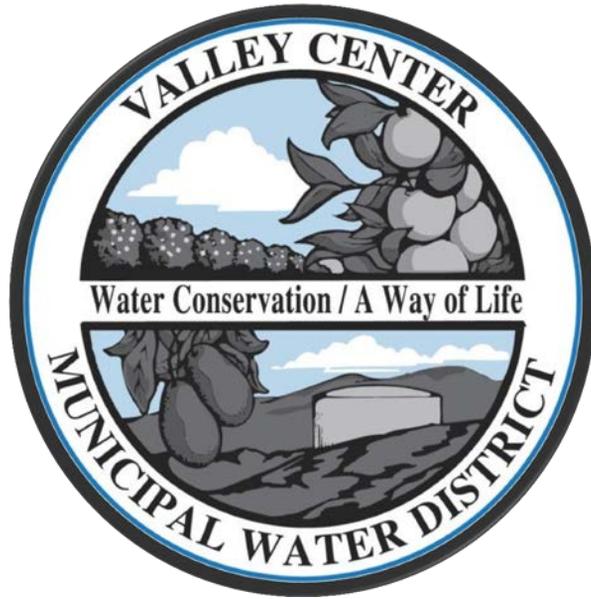
Revenues which cannot be predicted, such as capacity fees, property taxes, and interest, should be forecast conservatively in the budget.

- (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.



Index

VALLEY CENTER MUNICIPAL WATER DISTRICT ANNUAL BUDGET 2012-13

INDEX

Administration, General	4-3	LOWER MOOSA WASTEWATER	
Administration, Finance	5-3	TREATMENT FUND	1-14, 10-1
Administration, Engineering	6-3	Capital Outlay	10-8
Administration, Field Operation	7-3	Collection System West	10-6
Adopting Resolutions	2-1	Recap of Budget and	
Appropriation Limit under		Source of Financing	10-2
Proposition 4	1-4, 2-5	Revenue Estimate	10-3
Automatic Valves	7-10	STEP Maintenance	10-7
Backflow Maintenance	7-21	Treatment Facility	10-5
Budget Control	1-4	Meter Installation	7-18
Budget Message	1-1	Meter Reading	7-19
Budget Policies	1-5, Appendix B	Motor Maintenance and Electrical Panels	7-13
Budget Process	1-3	Organization Chart	1-22
Capital Outlay, General Fund	1-12, 9-1	Performance Measurement Standards	1-17
Capital Outlay, Wastewater	See Wastewater	Personnel (See also Salary Clearing)	1-10
Consumer Services	5-4	Pipeline and Right of Way	
Corporate Facilities Maintenance	7-16	Maintenance	7-15
Debt	1-13	Planning	6-4
Debt Service, General Fund	1-10, 5-8	Publis Services	6-5
Demographics	1-1	Pump Maintenance	7-12
Design/Construction, Engineering	6-7	Quality Control	7-14
Encroachments and Locates	6-6	Recap of Budget and	
Energy Costs (See also Utilities)	1-9	Source of Financing	3-1
Engineering Department	6-1	Reserve Policies	Appendix B
Expenditure Estimates	1-9	Reserves	1-5, 3-2
Facilities Operation (See also		Reservoir Maintenance	7-11
Corporate Facilities Maintenance)	5-6	Resolution Adopting Budget	2-1
Field Operations Department	7-1	Revenue Estimates	1-8, 3-3
Finance Department	5-1	Right of Way Maintenance	7-15
Fund Recap, General Fund Expenditures	3-6	Safety & Regulatory Compliance	7-4
General Administration	4-3	Salary Clearing	
General Administration Department	4-1	(See also Personnel)	5-7
General Fund	1-7, 3-1	Security	7-6
GIS/Public Services	6-5	Service Connection Maintenance	7-20
Glossary	Appendix A	Source of Supply	8-1
History of Water Purchased and Sold	3-7	Spending Limit	1-3
Human Resources Administration	4-4	Strategic Plan	1-16
Information Technology	5-5	Systems Operation	7-7
Landscape & Paving Maintenance	7-5	Telemetry/SCADA	7-8

Training	4-5	Water Rate Components	1-21
Treatment	7-9	WOODS VALLEY RANCH WASTEWATER	
Utilities (See also Energy Costs)	8-3	EXPANSION FUND	1-15, 11-1
Valves, Automatic	7-10	Cash Position	11-2
Valve Maintenance/Location	7-17	Capital Outlay	11-3
Vehicle and Equipment		Recap of Budget and	
Maintenance	7-22	Source of Financing	11-2
WASTEWATER - See:		Revenue Estimate	11-2
Lower Moosa Wastewater		WOODS VALLEY RANCH WASTEWATER	
Treatment Fund	10-1	TREATMENT FUND	1-15, 12-1
Woods Valley Ranch Wastewater		Capital Outlay	12-6
Expansion Fund	11-1	Treatment Facility	12-5
Woods Valley Ranch Wastewater		Recap of Budget and	
Treatment Fund	12-1	Source of Financing	12-2
Water Purchases	8-3	Revenue Estimate	12-3

