

Annual Budget

Fiscal Year 2014-2015



Valley Center Municipal Water District
Valley Center, California



Annual Budget

For The Fiscal Year Ended
June 30, 2015

Valley Center Municipal Water District

Prepared by:

Valley Center Municipal Water District's Finance Department
James V. Pugh, Director of Finance

29300 Valley Center Road ▪ PO Box 67 ▪ Valley Center, CA 92082

www.valleycenterwater.org

District Officials

Board of Directors:

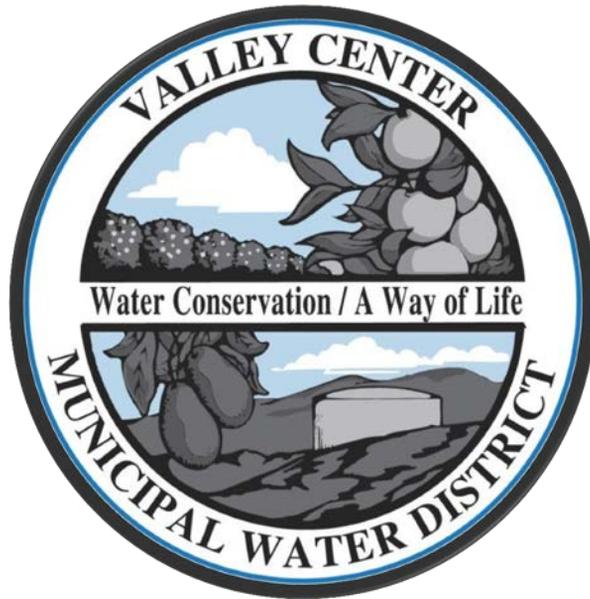
<u>Title</u>	<u>Name</u>	<u>Service</u>	<u>Term Expires</u>
President	Gary A. Broomell	44 years	January 2015
Vice-President	Robert A. Polito	25 years	January 2017
Director	Merle J. Aleshire	16 years	January 2015
Director	Charles W. Stone, Jr.	14 years	January 2017
Director	Randy D. Haskell	11 years	January 2015

Executive Management:

<u>Title</u>	<u>Name</u>	<u>Service</u>
General Manager	Gary T. Arant	25 years
District Engineer/Deputy GM	Wally T. Grabbe	21 years
Director of Operations/Facilities	Albert G. Hoyle	21 years
Director of Finance/Treasurer	James V. Pugh	11 years
Director of Information Technology	Ando Pilve	5 years
Executive Assistant/Board Secretary	Christine M. Johnson	22 years

General Counsel:

Best, Best & Krieger, LLP	Paula De Sousa	3 years
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2014-2015 Budget Overview

VALLEY CENTER MUNICIPAL WATER DISTRICT 2014-15 BUDGET OVERVIEW

The **total combined budget** shows a surplus of \$1,623,646, which is broken down as \$1,827,967 for Water, \$364,875 for Moosa, \$(765,457) for Woods Valley Ranch, and \$196,261 for Woods Valley Ranch Expansion.

Total budgeted revenues for 2013-14 are \$47,879,061, which is 2.7% higher than the 2014-15 adopted budget of \$46,637,204.

For the current year ending June 30, 2014, **water sales** are projected at 25,140 acre feet of water. This is 4.8% over our budget of 24,000 acre feet. For 2014-15, staff is again budgeting water sales at 24,000 acre feet. Staff feels that this sales figure is reasonable given the continuing economic environment.

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, 2015, will increase to \$1,751.81 per acre foot for full price and to \$1,335.07 for TSAWR customers. Total estimated increases are 5.2% for full price and 1.6% for TSAWR.

The District's local cost component of the water rate is budgeted at \$184.04 per acre foot, an increase of 5.2% over the current rate of \$174.89. 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. A 5.2% increase to the meter service charges is also recommended.

Estimated **interest earnings** rate at 0.60% will yield \$99,000. Secured **property taxes** are budgeted at \$1,939,000, the same as our estimated for the current year. Water availability charges will be \$585,000. This is a slight increase of \$3,000 more than the current year as previously deferred acreage is now being assessed the water availability charge.

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

The **Woods Valley Ranch Expansion** will be collecting sewer standby fees for properties not yet connected to the sewer system. These fees in the coming year will be \$555.84 per Equivalent Dwelling Unit (EDU) and will be used to establish a replacement reserve.

Total budgeted expenses are \$46,255,415, which is 10.3%, or \$5,302,315, lower than the 2013-14 adopted budget of \$51,557,730. This is due to a decrease in total capital projects appropriations of \$6,581,660 offset by increased operating expenses totaling \$1,279,345.

The cost of water sold, which is the single greatest **water operating expense**, is 69.6% of the total budgeted expenditures. It is 2.5% higher than 2013-14 due to increased wholesale costs. General Administration costs are showing an increase, \$38,437 from last year. This is due to higher labor and benefits, travel, and outside professional services. Information Technology expenses are \$45,567 more than the current year as labor and benefits along with software maintenance costs are projected to be higher. Finance expenses are projected to be \$163,100 higher than the current budget due to increased labor and benefits. This includes expenses associated with the new Accountant position. Engineering expenses are higher, \$221,617, due to higher outside professional services and special department expenses incurred to process the various District and development projects, which are offset by slightly lower internal labor and benefits costs. Field Operation expenses are \$4,428 less than the current budget. This is a result of reduced labor and benefits, which are offset by higher system maintenance and outside service.

Moosa proposed operating expenses are \$21,499 lower than the current 2013-14 budget. The decrease is due to a lower allocation of labor and benefits along with lower chemical costs.

Woods Valley Ranch expenses are \$46,937 higher than the current year budget. An increase in the allocation of labor and benefits and maintenance costs are the reasons for the increase.

Capital projects budgeted in the Fiscal Year 2014-15 Budget total \$1,648,340. Water projects total, \$738,340, Moosa, \$110,000, and Woods Valley Ranch, \$800,000.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
2014-15 BUDGET OVERVIEW**

	2013-14 Adopted Budget	2013-14 Estimated Actual	2014-15 Proposed Budget	Change from Prior Budget	Percent Change from Prior Budget
REVENUES:					
Water Sales	24,000 A.F.	25,140 A.F.	24,000 A.F.	0 A.F.	0.0%
General Fund:					
Operating Revenues:					
Water Sales (including pumping)	36,002,000	37,752,000	37,032,000	1,030,000	2.9%
Meter Service Charges	4,934,000	4,941,000	5,054,000	120,000	2.4%
New Connection Sales	46,000	163,800	101,700	55,700	121.1%
Other Revenue	867,800	844,701	867,800	0	0.0%
Investment Income	90,750	119,000	99,000	8,250	9.1%
Total Operating Revenue	41,940,550	43,820,501	43,154,500	1,213,950	2.9%
Debt Service Revenues - Water Availability Charges	0	0	0	0	0.0%
Capital Project Revenues:					
Capacity Charges	29,000	83,532	40,000	11,000	37.9%
Property Taxes	1,948,000	1,950,100	1,939,000	(9,000)	-0.5%
Water Availability Charges	582,000	585,100	585,000	3,000	0.5%
Total Capital Project Revenue	2,559,000	2,618,732	2,564,000	5,000	0.2%
Total General Fund Revenues	44,499,550	46,439,233	45,718,500	1,218,950	2.7%
Moosa Wastewater Revenues	1,571,195	1,568,761	1,586,695	15,500	1.0%
Woods Valley Ranch Wastewater Revenues	377,571	365,027	377,605	34	0.0%
Woods Valley Ranch Expansion	188,888	188,888	196,261	7,373	100.0%
Total Budgeted Revenues	46,637,204	48,561,909	47,879,061	1,241,857	2.7%
EXPENDITURES:					
General Fund:					
Operating Expenses:					
General Administration	813,436	741,806	851,873	38,437	4.7%
Information Technology	581,262	546,437	626,829	45,567	7.8%
Finance	1,285,804	1,136,804	1,448,904	163,100	12.7%
Engineering	1,523,921	1,543,751	1,745,538	221,617	14.5%
Field Operation	6,289,956	5,962,364	6,285,528	(4,428)	-0.1%
Source of Supply	31,403,907	31,661,560	32,193,521	789,614	2.5%
Total Operating Expenses	41,898,286	41,592,722	43,152,193	1,253,907	3.0%
Debt Service	0	0	0	0	0.0%
Capital Projects Appropriations	6,473,000	1,701,505	738,340	(5,734,660)	-88.6%
Total General Fund Expenditures	48,371,286	43,294,227	43,890,533	(4,480,753)	-9.3%
Moosa Wastewater:					
Operating Expenses	1,133,319	1,113,131	1,111,820	(21,499)	-1.9%
Capital Project Appropriations	127,000	209,472	110,000	(17,000)	-13.4%
Total Moosa Expenditures	1,260,319	1,322,603	1,221,820	(38,499)	-3.1%
Woods Valley Ranch Wastewater:					
Operating Expenses	296,125	282,775	343,062	46,937	15.9%
Capital Project Appropriations	15,000	28,358	800,000	785,000	5233.3%
Total Woods Valley Ranch Expenditures	311,125	311,133	1,143,062	831,937	267.4%
Woods Valley Ranch Expansion:					
Capital Project Appropriations	1,615,000	720,000	0	(1,615,000)	-100.0%
Total Woods Valley Ranch Expenditures	1,615,000	720,000	0	(1,615,000)	-100.0%
Total Budgeted Expenditures	51,557,730	45,647,963	46,255,415	(5,302,315)	-10.3%
NET REVENUES & EXPENDITURES	(4,920,526)	2,913,946	1,623,646	6,544,172	-133.0%
FUNDING FROM RESERVES	4,920,526	(2,913,946)	(1,623,646)	(6,544,172)	133.0%
	0	0	0	0	0.0%

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**California Society of
Municipal Finance Officers**

Certificate of Award

**Operating Budget Excellence Award
Fiscal Year 2014**

Presented to the

Valley Center Municipal Water District

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

February 11, 2014



Pauline Marx

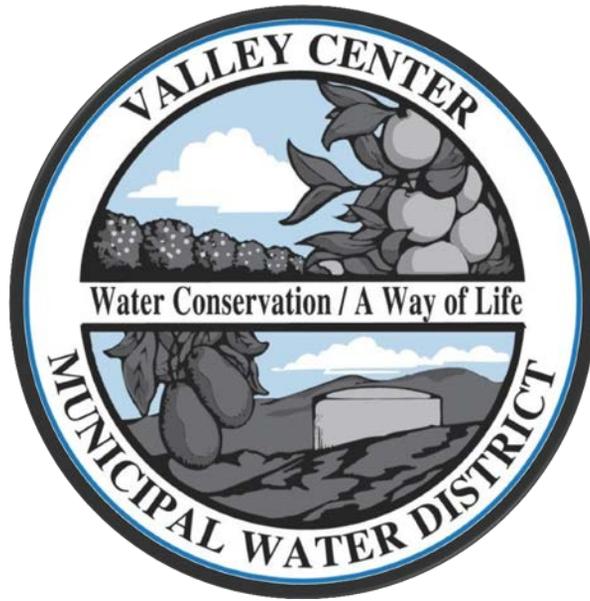
*Pauline Marx
CSMFO President*

Ken Brown

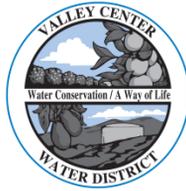
*Ken Brown, Chair
Professional Standards and
Recognition Committee*

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 2013-2014 - Our sixteenth 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





VALLEY CENTER MUNICIPAL WATER DISTRICT

A Public Agency Organized July 12, 1954

Board of Directors

Gary A. Broomell

President

Robert A. Polito

Vice President

Merle J. Aleshire

Director

Charles W. Stone, Jr.

Director

Randy D. Haskell

Director

June 16, 2014

Gary A. Broomell, President
Members of the Board of Directors
Valley Center Municipal Water District
29300 Valley Center Road
Valley Center, CA 92082

We are pleased to present this report along with the proposed fiscal year 2014-2015 operations, maintenance, and capital budget. We look forward to your review and analysis toward ultimate adoption prior to July 1, 2014. This document provides detailed information about the Valley Center Municipal Water District's (District) revenue and expenditure forecast in the coming year and addresses the main points and decisions made in compiling the budget.

The District with the participation of the Board of Directors recently reviewed our strategic plan and goals (see pages 1-18 thru 1-21). The results of the strategic planning process help to guide District staff in its efforts to accomplish the mission of the District. Strategic goals and objectives are considered during the budget development to provide the basis for prioritizing efforts, activities, financial resources, and personnel needs.

Challenges from the past continue into this fiscal year. Some of these challenges include the continued increasing cost of goods and supplies, most significant of which is the increasing cost of imported water and the local economic climate for agriculture.

THE DISTRICT

Valley Center Municipal Water District was founded on July 12, 1954; under the provisions of the California Municipal Water District Law of 1911 (California Water Code sections 71000 et seq.). The District provides water, wastewater, and water recycling services to its domestic, agricultural, and commercial customers in a service area which encompasses approximately 100 square miles, of which approximately 71% of the land use area receives water service. It includes the unincorporated area of Valley Center and unincorporated areas north of Escondido which are located in northern San Diego County. As of January 1, 2014, approximately 25,239 people lived within the District.

DEMOGRAPHICS

Valley Center is in transition from a largely agricultural-rural area to a more rural-suburban community. Traditionally, Valley Center and the surrounding areas have largely been dedicated to agricultural uses which included various commercial crops such as avocados, oranges, and lemons. Due to market forces and the rapidly increasing cost of water, many local farmers are abandoning

their permanent tree crop operations or are taking up other lower water use crops, including nurseries, ornamental floral products such as lavender and proteas, and wine grapes. As a result, in the last decade, the District has seen a significant decrease in the volume of water deliveries to its customers. In fiscal year 2003-04 the District sold 49,336 acre feet of water compared to the current year estimate of 25,140. This represents a 49% decline in sales volume.

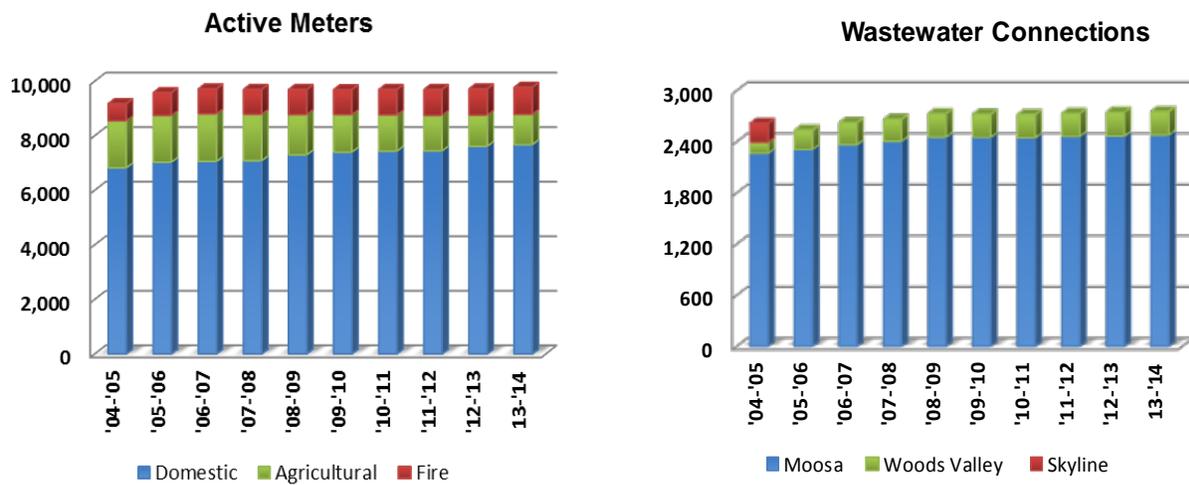
WATER SOURCES

The District relies on the San Diego County Water Authority (SDCWA or “Authority”) as its’ sole source provider for treated water. The Authority imports water through the Metropolitan Water District of Southern California (MWD) system and its own aqueduct storage and treatment system. The MWD obtains its water from two sources: the Colorado River Aqueduct and the State Department of Water Resources under a water supply contract. This water has become increasingly unreliable in recent years as deteriorating ecological conditions have led to regulatory restrictions on pumping water supplies from the Bay-Delta. The Bay-Delta is an inland river delta and estuary formed at the confluence of the Sacramento and San Joaquin Rivers east of San Francisco. It is a key water supply source for California including the millions of residents in San Diego County. In addition, the Authority’s water supply portfolio also includes relatively new supplies from the Colorado River. These supplies include a water transfer conservation and transfer agreement with the Imperial Irrigation District and water conserved by two projects, the All American Canal Lining Project, and the Coachella Canal Lining Project.

DISTRICT OPERATIONS

General operations account for all activity related to water operations as well as the general operations of the District. The District’s water system includes 7 active aqueduct connections, 42 enclosed reservoirs and 1 open reservoir, Lake Turner, 27 pumping stations and 297 miles of water main. As of April 30, 2014, there were a total of 9,771 active meters of which 7,673 were domestic, 1,111 were agricultural, and 987 were fire meters. See historical graph below.

The District also provides wastewater collection, treatment, water recycling, and disposal services for 2,754 customers through two wastewater treatment facilities, Lower Moosa and Woods Valley Ranch. See historical graph below. These two facilities serve separate and limited areas of the District. In total there are 57 miles of wastewater lines throughout the District.



BUDGET DOCUMENTS

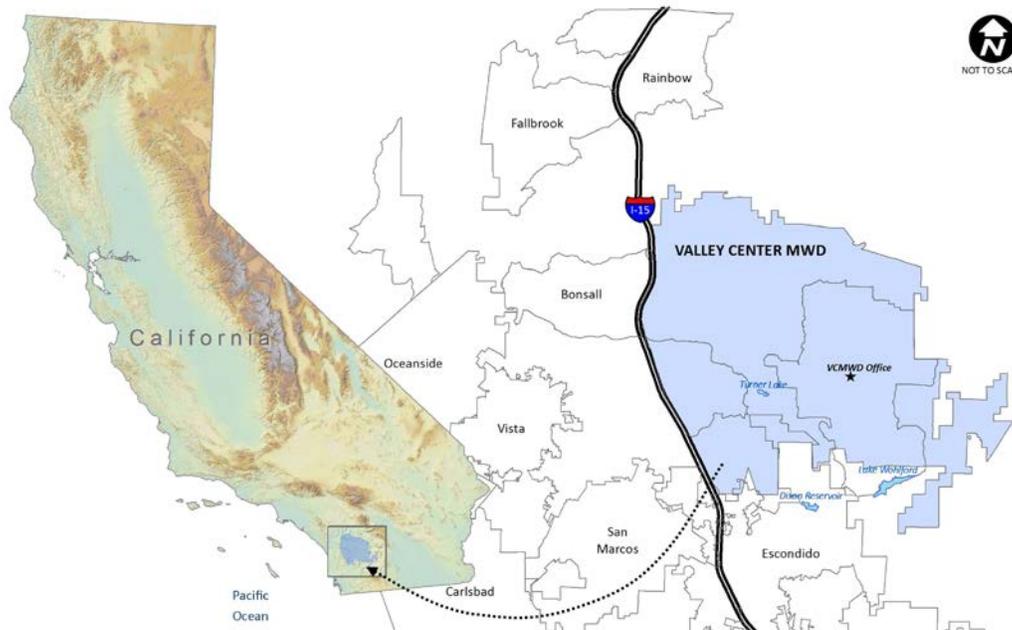
The Budget consists of the following sections:

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.

DISTRICT SERVICE AREA



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 2014	General Manager and Department Heads start discussion of the Budget process.
March 2014	Departments submit Budget requests.
April 21, 2014	Budget policies approved by Board of Directors.
May 19, 2014	Overview of Budget reviewed by Board of Directors.
June 16, 2014	Budget submitted with overview to Board of Directors for possible 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. 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-five percent of the budget is for the purchase of water and the energy required to pump water through our distribution system. These costs are presented as "Source of Supply". Only twenty-five percent of the District's costs are directly controlled by the District. These locally controlled costs are influenced by the number of customers we serve and by infrastructure maintenance and improvements. Locally controlled costs are mostly fixed 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, 2014, is \$2,219,873 per project except that for water storage projects the limitation is \$3,329,820. 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.



Palomar Mountain can be seen in the background looking north across the valley from Couser Canyon. San Gabriel Reservoir can be seen on the right hand side.

BUDGET POLICIES

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

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

1. Rate Stabilization Reserves have been established to level water rates and pumping rates during declining sales. The projected balances of these reserves on June 30, 2015, are:

	<u>Water Rate Stabilization</u>	<u>Pumping Rate Stabilization</u>
Projected balance, June 30 , 2014	\$ 1,406,170	\$1,338,500
Used to balance 2014-15 budget	<u>0</u>	<u>151,350</u>
Projected Balance 2014-15	<u>\$ 1,406,170</u>	<u>\$1,489,850</u>
Maximum reserve allowable by District Administrative Code	<u>\$ 3,956,730</u>	<u>\$1,489,850</u>

2. An Operating Reserve of \$2,734,050 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 projected combined balance is \$5,479,336 at June 30, 2015. 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.

3. Restricted Reserves include the Replacement Reserves for Lower Moosa Canyon Water Reclamation Facility and Woods Valley Ranch Water Reclamation Facility.
4. 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 2014-15 budget year 55% 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

From an overall stand point, the total proposed fiscal year 2014-15 Budget of \$46,255,415 is 10.3% under the total approved budget for fiscal year 2013-14 of \$51,557,730. This overall budget reduction primarily reflects the lower capital outlay proposed for the Water General Fund compared to the prior year.

For the Water General Fund in fiscal year 2014-15, and the Lower Moosa Canyon Water Reclamation Facility Fund, all budgeted operations, maintenance, and capital expenditures will be funded by revenues anticipated and will not require an appropriation from reserves. As for the Woods Valley Ranch Water Reclamation Facility, operating expenses will be covered by current revenues, however, the proposed capital improvements for fiscal year 2014-15 will be funded primarily with a transfer from the replacement reserves established for that facility.

Budget details for the various water and wastewater operating funds are explained on the following pages of the Budget Message.



Lake Turner

GENERAL FUND

For fiscal year 2014-15, the Water Fund operating revenue is proposed at \$43,154,500, which is an increase of 2.9% from the budget adopted for last year. This is due to increased water rates and charges explained later in this budget. The Water Fund operating expenditures budget is proposed at \$43,150,961, which is an increase of 3.0% from the budget adopted for last year. Changes in the major components of the budget are summarized as follows:

RECAP OF GENERAL FUND

	2013-14 Adopted <u>Budget</u>	Percent of Total	2014-15 Proposed <u>Budget</u>	Percent of Total	<u>Change</u>	Percent <u>Change</u>
OPERATING REVENUES:						
Water Sales	24,000 AF		24,000 AF		0 AF	0.0%
Water (includes Pumping)	\$36,002,000	85.8%	\$37,032,000	85.8%	\$1,030,000	2.8%
Service Charges	4,934,000	11.8%	5,054,000	11.8%	120,000	2.4%
New Connection Sales	46,000	0.1%	101,700	0.2%	55,700	121.1%
Other Revenue	867,800	2.1%	867,800	2.0%	0	0.0%
Investment Income	<u>90,750</u>	<u>0.2%</u>	<u>99,000</u>	<u>0.2%</u>	<u>8,250</u>	<u>5.8%</u>
TOTAL Operating Revenue	<u>41,940,550</u>	<u>100.0%</u>	<u>43,154,500</u>	<u>100.0%</u>	<u>1,213,950</u>	<u>2.9%</u>
OPERATING EXPENDITURES:						
Water Purchase	25,530 AF		25,530AF		0 AF	0.0%
Water	\$29,524,907	70.5%	\$30,461,521	70.6%	\$936,614	3.2%
Energy	1,879,000	4.5%	1,732,000	4.0%	(147,000)	-7.8%
Regulatory Permits	<u>60,750</u>	<u>0.1%</u>	<u>62,450</u>	<u>0.2%</u>	<u>1,700</u>	<u>2.8%</u>
Controlled by Others	<u>31,464,657</u>	<u>75.1%</u>	<u>32,255,971</u>	<u>74.8%</u>	<u>791,314</u>	<u>2.5%</u>
Personnel	7,929,600	18.9%	8,120,900	18.8%	191,300	2.4%
Other	<u>2,504,029</u>	<u>6.0%</u>	<u>2,775,322</u>	<u>6.4%</u>	<u>271,293</u>	<u>10.8%</u>
Controlled by District *	<u>10,433,629</u>	<u>24.9%</u>	<u>10,896,222</u>	<u>25.2%</u>	<u>462,593</u>	<u>4.4%</u>
TOTAL Operating Expenditures	<u>\$41,898,286</u>	<u>100.0%</u>	<u>\$43,152,193</u>	<u>100.0%</u>	<u>\$1,253,907</u>	<u>3.0%</u>
NET Revenues and Expenditures	<u>\$ 42,264</u>		<u>\$ 2,307</u>		<u>\$ (39,957)</u>	

*COSTS CONTROLLED BY DISTRICT

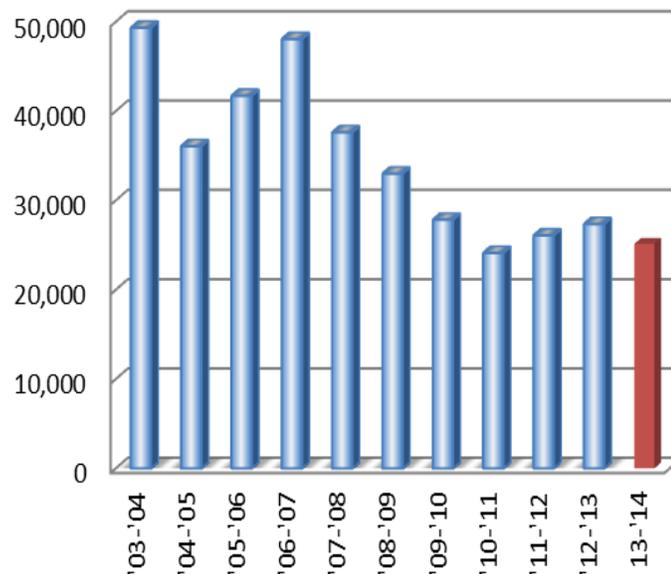
General Administration	\$813,436	1.9%	\$851,873	2.0%	\$38,437	4.5%
Information Technology	581,262	1.4%	626,829	1.4%	45,567	7.8%
Finance	1,285,804	3.1%	1,448,904	3.4%	163,100	12.7%
Engineering	1,523,921	3.6%	1,745,538	4.0%	221,617	14.5%
Field Operations	<u>6,229,206</u>	<u>14.9%</u>	<u>6,223,078</u>	<u>14.4%</u>	<u>(6,128)</u>	<u>-0.1%</u>
Total Controlled by District	<u>\$10,433,629</u>	<u>24.9%</u>	<u>\$10,896,222</u>	<u>25.2%</u>	<u>\$ 462,593</u>	<u>4.4%</u>

REVENUE ESTIMATES

Water Sales and Rate Increase

Water sales for the past eleven years have ranged from 49,336 acre feet in fiscal year 2003-04, to an estimated 25,140 for 2013-14. This is a decrease of 49%, or 24,196 acre feet. This reduced water sales volume is due to the gradual decline in the local agricultural community and reduction of agricultural land in production. Agricultural sales are estimated at 69% of the total volume of water sold for 2014-15. In 2003-04 agricultural sales accounted for 81% of the volume. Rapidly increasing water rates along with continued economic uncertainties and the mandatory water cutbacks from January 2008 to May 2011 have resulted in the reduction.

Water Sales in AF



Wholesale rates have not yet been formally adopted by the San Diego County Water Authority (SDCWA) but staff has been provided information on a likely range of wholesale rate increases. As such, the most recent SDCWA estimates for the 2015 water rates were used 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 wholesale water rate information obtained from the SDCWA, see table on next page, are budgeted to increase 5.2% for domestic customers and 1.6% for certified agricultural over the current adopted rates. The SDCWA includes a melded rate supply cost for additional water supplies such as that received from the Imperial Irrigation District. The melded rate supply cost, not firm at this time, is projected to be \$203 in January 2015.

The budget, as presented, proposes an increase of 5.2% in the District's local share of the water rate on February 1, 2014. The current local rate of \$174.89 will increase to \$184.04 per acre foot. This increase is necessary to continue restoring our capital funding and begin the replacement of 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, see page 1-18, has set a goal to keep it less than 13% of the total water commodity cost for Municipal and Industrial (M&I) and less than 16% for the Transitional Special Agricultural Water Rate (TSAWR). Based on the proposed February 1, 2015, rate change, our share of the water rate will be 10.5% for M&I and 13.8% for TSAWR.

San Diego County Water Authority Transitional Special Agricultural Water Rate

An incremental melded rate cost of \$203 and a storage commodity charge of \$213 that is added to the water supply charge by the SDCWA are not charged to our agricultural customers. This credit amounts to \$416 per acre foot of savings for our agricultural customers. That is why the projected

increase is lower than that projected for our M&I customers. It is estimated that this discount will save our agricultural customers \$2,219,500 in 2013-14 and \$2,822,336 in 2014-15. The SDCWA Transitional Special Agricultural Water Rate (TSAWR), in its current format, has been extended until December 31, 2015.

Proposed Water Rates

The following table shows the current and estimated rates that were used in preparing the Budget. Actual rates adopted for February 1, 2015, may be different.

Description	Domestic		SAWR	
	Current	Proposed	Current	Proposed
Imported Water Costs	\$1,490.02	\$1,567.77	\$1,138.71	\$1,151.03
VCMWD	\$174.89	\$184.04	\$174.89	\$184.04
Total	<u>\$1,664.91</u>	<u>\$1,751.81</u>	<u>\$1,313.60</u>	<u>\$1,335.07</u>
Proposed increase		\$86.90/AF		\$21.47/AF
		5.2%		1.6%
		19.95¢/hcf		4.93¢/hcf

In July 2009, the District adopted an ordinance to pass through increased costs in purchased wholesale water and energy, and for any reduction in or elimination of, the allocation of ad-valorem property taxes to the District's cost of operations, maintenance, and capital facilities. This was done under Proposition 218 which sunsets in September 2014. A new Proposition 218 hearing will be required to adopt the proposed increases above.

Meter Service Charges

Service charges for 2014-15 are estimated at \$5,054,000 which is \$120,000 higher than the 2013-14 budget of \$4,934,000. The budget includes a service charge increase of 5.2%. The proposed service charge for a ¾-inch meter would be \$33.20 and \$45.35 for a 1-inch meter. The meter service charge has not been increased since February 1, 2013.

Interest Income

For 2014-15, the District projects to earn 0.60% on funds invested for the year for a return of approximately \$99,000 in interest earnings. This is the equivalent of \$4.12 per acre foot of budgeted water sales. Projected interest income is \$119,000 for 2013-14.

Property Taxes

Secured property taxes are budgeted at \$1,939,000 for 2014-15, the same as our estimated for the current year. We will receive \$585,000 in water availability (standby) charges. These revenues are utilized for water system improvements and replacements.

Pumping Charges

Pumping charges for 2014-15 are expected to be \$2,677,000 compared to \$2,689,000 budgeted in 2013-14. This difference is due to estimated water sales in the varying pump zones which are based on actuals at the time the budget is being compiled. 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 2014-15 and to sell 24,000 acre feet. We believe that our estimates for 2014-15 are reasonable given the continued economic environment.

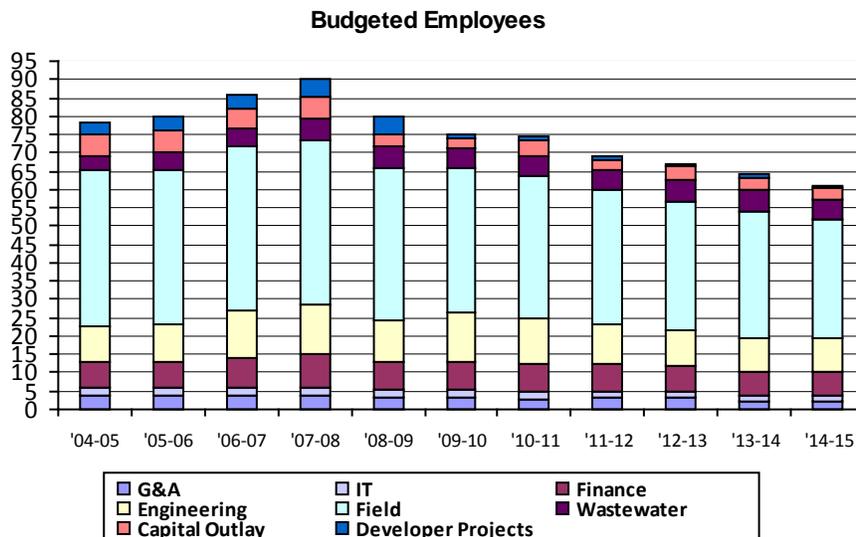
Energy

The budget expects that expenditures for energy to pump water to our customers will decrease next year. The estimated rate is \$68 per acre foot of water purchased, as compared with \$74 budgeted in 2013-14. Total energy costs are budgeted at \$1,732,000 versus \$1,879,000 in 2013-14. The decrease in energy costs is due to operational efficiencies and reducing the amount of pumping during off-peak rate periods as well as the solar photo-voltaic facilities that the District has constructed. Net pumping revenues which result from energy cost savings are being re-invested in new and continued efficiency upgrades to the water pumping facilities and alternative energy sources, such as solar photo-voltaic. The District has budgeted to construct several additional solar fields during the upcoming year. 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.

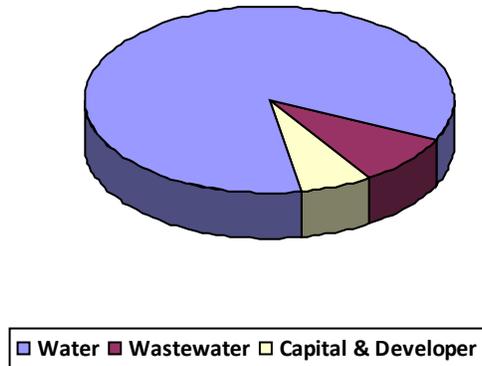
Personnel

Staffing Levels

For 2014-15, the budget proposes to fund 61.2 full-time equivalent (FTE's) positions, down 2.8 positions from the 2013-14 budgeted staffing level of 64 positions. The reduction of four positions represents the retirement of two staff members, one in August and one in December, and the voluntary resignation of two staff members. There is also a new Accountant position included in the budget. This is being added in January 2015 for two reasons, first for succession planning, and second, to allow for adequate training time associated with the pending retirement of the current Consumer Services Supervisor. We are down from our high of 90 full-time funded positions in 2007-08 and from 83 actually 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 continue to multi-task and take on new added responsibilities. We will endeavor to fill any open positions with internal transfers.



Allocation of Labor



Budgeted Full-Time Equivalent Positions by Department

Department	<u>2013-14</u>	<u>2014-15</u>
General Administration	1.90	1.90
Information Technology	2.10	2.10
Finance	6.00	6.50
Engineering	9.40	8.89
Field Operations	<u>34.56</u>	<u>32.47</u>
Total General Fund	53.96	51.86
Lower Moosa Sewer Treatment	4.80	4.36
Woods Valley Ranch Sewer	<u>0.95</u>	<u>1.12</u>
Total Operating	59.71	57.34
Capital Outlay	3.46	3.29
Developer Projects	<u>.83</u>	<u>.57</u>
TOTAL	<u>64.00</u>	<u>61.20</u>

Personnel Costs

General Fund personnel costs for 2014-15 are estimated at \$8,120,900. This represents an increase of \$191,300 or 2.41% from our 2013-14 budget of \$7,929,600. The increase is a result of a 3.5% cost of living (COLA) adjustment per the current Memorandum of Understanding (MOU), the addition of the new Accountant position, and increased post-retirement health benefit costs. This increase is offset by the reduction of 2.8 full-time equivalents and the transition to employees paying for a portion of their health premiums.

Other Expenditures

Controlling the cost of operating the District continues to be an ongoing focus. Costs controlled by the District of \$10,896,222 for 2014-15 are 4.4% higher than 2013-14, including personnel costs discussed 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 up due to higher outside professional services and maintenance costs.



Betsworth Forebay.

CAPITAL BUDGET

Capital projects included in this budget consist of the following:

Pipelines and Pressure Reducing Valves	\$	145,000
Pump Stations		125,000
Reservoirs (Repainting-Recoating)		100,340
Data Management Systems – SCADA		190,000
Facilities		100,000
Equipment		78,000
TOTAL New appropriations	\$	738,340
Project appropriations carried forward from prior budget		6,095,759
TOTAL Capital Budget	\$	<u>6,834,099</u>

Funding for the water capital projects comes from:

Property Taxes	\$	1,939,000
Water Availability Charges		585,000
Capital Reserves		4,310,099
TOTAL Capital Budget	\$	<u>6,834,099</u>

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

The Capital Outlay Budget for fiscal year 2014-15 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).

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 water 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 needs, a debt issuance is possible in the near future.

DEBT

The District currently has a State Revolving Fund (SRF) Loan in the amount of \$13,497,000. These funds are to be utilized solely for the South Village Wastewater Expansion Project. Repayment of this debt is scheduled to begin in June 2016 for the Collection System and June 2017 for the Treatment Plant and Seasonal Storage. The SRF loan is broken into three components, the Collection System, Treatment Plant, and Seasonal Storage. There are three separate debt schedules, one for each component, which are shown below.

The service area is anticipated to have an ultimate wastewater demand of 600,000 gallons per day which would include providing service to both the South and North Village areas. Expansion will 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). The following debt schedules are for repayment of only the current proposed expansion phase and may change to include additional facilities for the North Village and actual construction costs.

Debt Schedule for the Collection System:

<u>Due Date</u>	<u>Ref Num</u>	<u>Beginning Balance</u>	<u>Principal Payment</u>	<u>Interest Rate %</u>	<u>Interest Payment</u>	<u>Total Payment</u>	<u>Ending Balance</u>
6/30/2016	1	\$1,701,000.00	\$74,271.81	2.200%	\$31,407.45	\$105,679.26	\$1,626,728.19
6/30/2017	2	\$1,626,728.19	\$69,891.24	2.200%	\$35,788.02	\$105,679.26	\$1,556,836.95
6/30/2018	3	\$1,556,836.95	\$71,428.85	2.200%	\$34,250.41	\$105,679.26	\$1,485,408.10
6/30/2019	4	\$1,485,408.10	\$73,000.28	2.200%	\$32,678.98	\$105,679.26	\$1,412,407.82
6/30/2020	5	\$1,412,407.82	\$74,606.29	2.200%	\$31,072.97	\$105,679.26	\$1,337,801.53
6/30/2021	6	\$1,337,801.53	\$76,247.63	2.200%	\$29,431.63	\$105,679.26	\$1,261,553.90
6/30/2022	7	\$1,261,553.90	\$77,925.07	2.200%	\$27,754.19	\$105,679.26	\$1,183,628.83
6/30/2023	8	\$1,183,628.83	\$79,639.43	2.200%	\$26,039.83	\$105,679.26	\$1,103,989.40
6/30/2024	9	\$1,103,989.40	\$81,391.49	2.200%	\$24,287.77	\$105,679.26	\$1,022,597.91
6/30/2025	10	\$1,022,597.91	\$83,182.11	2.200%	\$22,497.15	\$105,679.26	\$939,415.80
6/30/2026	11	\$939,415.80	\$85,012.11	2.200%	\$20,667.15	\$105,679.26	\$854,403.69
6/30/2027	12	\$854,403.69	\$86,882.38	2.200%	\$18,796.88	\$105,679.26	\$767,521.31
6/30/2028	13	\$767,521.31	\$88,793.79	2.200%	\$16,885.47	\$105,679.26	\$678,727.52
6/30/2029	14	\$678,727.52	\$90,747.25	2.200%	\$14,932.01	\$105,679.26	\$587,980.27
6/30/2030	15	\$587,980.27	\$92,743.69	2.200%	\$12,935.57	\$105,679.26	\$495,236.58
6/30/2031	16	\$495,236.58	\$94,784.06	2.200%	\$10,895.20	\$105,679.26	\$400,452.52
6/30/2032	17	\$400,452.52	\$96,869.30	2.200%	\$8,809.96	\$105,679.26	\$303,583.22
6/30/2033	18	\$303,583.22	\$99,000.43	2.200%	\$6,678.83	\$105,679.26	\$204,582.79
6/30/2034	19	\$204,582.79	\$101,178.44	2.200%	\$4,500.82	\$105,679.26	\$103,404.35
6/30/2035	20	\$103,404.35	\$103,404.35	2.200%	\$2,274.90	\$105,679.25	\$0.00
Total			\$1,701,000.00		\$412,585.19	\$2,113,585.19	

Debt schedule for Treatment Plant:

<u>Due Date</u>	<u>Ref Num</u>	<u>Beginning Balance</u>	<u>Principal Payment</u>	<u>Interest Rate %</u>	<u>Interest Payment</u>	<u>Total Payment</u>	<u>Ending Balance</u>
6/30/2017	1	\$9,464,500.00	\$393,149.06	1.900%	\$180,115.22	\$573,264.28	\$9,071,350.94
6/30/2018	2	\$9,071,350.94	\$400,908.61	1.900%	\$172,355.67	\$573,264.28	\$8,670,442.33
6/30/2019	3	\$8,670,442.33	\$408,525.88	1.900%	\$164,738.40	\$573,264.28	\$8,261,916.45
6/30/2020	4	\$8,261,916.45	\$416,287.87	1.900%	\$156,976.41	\$573,264.28	\$7,845,628.58
6/30/2021	5	\$7,845,628.58	\$424,197.34	1.900%	\$149,066.94	\$573,264.28	\$7,421,431.24
6/30/2022	6	\$7,421,431.24	\$432,257.09	1.900%	\$141,007.19	\$573,264.28	\$6,989,174.15
6/30/2023	7	\$6,989,174.15	\$440,469.97	1.900%	\$132,794.31	\$573,264.28	\$6,548,704.18
6/30/2024	8	\$6,548,704.18	\$448,838.90	1.900%	\$124,425.38	\$573,264.28	\$6,099,865.28
6/30/2025	9	\$6,099,865.28	\$457,366.84	1.900%	\$115,897.44	\$573,264.28	\$5,642,498.44
6/30/2026	10	\$5,642,498.44	\$466,056.81	1.900%	\$107,207.47	\$573,264.28	\$5,176,441.63
6/30/2027	11	\$5,176,441.63	\$474,911.89	1.900%	\$98,352.39	\$573,264.28	\$4,701,529.74
6/30/2028	12	\$4,701,529.74	\$483,935.21	1.900%	\$89,329.07	\$573,264.28	\$4,217,594.53
6/30/2029	13	\$4,217,594.53	\$493,129.98	1.900%	\$80,134.30	\$573,264.28	\$3,724,464.55
6/30/2030	14	\$3,724,464.55	\$502,499.45	1.900%	\$70,764.83	\$573,264.28	\$3,221,965.10
6/30/2031	15	\$3,221,965.10	\$512,046.94	1.900%	\$61,217.34	\$573,264.28	\$2,709,918.16
6/30/2032	16	\$2,709,918.16	\$521,775.83	1.900%	\$51,488.45	\$573,264.28	\$2,188,142.33
6/30/2033	17	\$2,188,142.33	\$531,689.58	1.900%	\$41,574.70	\$573,264.28	\$1,656,452.75
6/30/2034	18	\$1,656,452.75	\$541,791.68	1.900%	\$31,472.60	\$573,264.28	\$1,114,661.07
6/30/2035	19	\$1,114,661.07	\$552,085.72	1.900%	\$21,178.56	\$573,264.28	\$562,575.35
6/30/2036	20	\$562,575.35	\$562,575.35	1.900%	\$10,688.93	\$573,264.28	\$0.00
Total			\$9,464,500.00		\$2,000,785.60	\$11,465,285.60	

Debt Schedule for the Seasonal Storage:

<u>Due Date</u>	<u>Ref Num</u>	<u>Beginning Balance</u>	<u>Principal Payment</u>	<u>Interest Rate %</u>	<u>Interest Payment</u>	<u>Total Payment</u>	<u>Ending Balance</u>
6/30/2017	1	\$2,331,500.00	\$93,983.09	2.200%	\$51,375.63	\$145,358.72	\$2,237,516.91
6/30/2018	2	\$2,237,516.91	\$96,133.35	2.200%	\$49,225.37	\$145,358.72	\$2,141,383.56
6/30/2019	3	\$2,141,383.56	\$98,248.28	2.200%	\$47,110.44	\$145,358.72	\$2,043,135.28
6/30/2020	4	\$2,043,135.28	\$100,409.74	2.200%	\$44,948.98	\$145,358.72	\$1,942,725.54
6/30/2021	5	\$1,942,725.54	\$102,618.76	2.200%	\$42,739.96	\$145,358.72	\$1,840,106.78
6/30/2022	6	\$1,840,106.78	\$104,876.37	2.200%	\$40,482.35	\$145,358.72	\$1,735,230.41
6/30/2023	7	\$1,735,230.41	\$107,183.65	2.200%	\$38,175.07	\$145,358.72	\$1,628,046.76
6/30/2024	8	\$1,628,046.76	\$109,541.69	2.200%	\$35,817.03	\$145,358.72	\$1,518,505.07
6/30/2025	9	\$1,518,505.07	\$111,951.61	2.200%	\$33,407.11	\$145,358.72	\$1,406,553.46
6/30/2026	10	\$1,406,553.46	\$114,414.54	2.200%	\$30,944.18	\$145,358.72	\$1,292,138.92
6/30/2027	11	\$1,292,138.92	\$116,931.66	2.200%	\$28,427.06	\$145,358.72	\$1,175,207.26
6/30/2028	12	\$1,175,207.26	\$119,504.16	2.200%	\$25,854.56	\$145,358.72	\$1,055,703.10
6/30/2029	13	\$1,055,703.10	\$122,133.25	2.200%	\$23,225.47	\$145,358.72	\$933,569.85
6/30/2030	14	\$933,569.85	\$124,820.18	2.200%	\$20,538.54	\$145,358.72	\$808,749.67
6/30/2031	15	\$808,749.67	\$127,566.23	2.200%	\$17,792.49	\$145,358.72	\$681,183.44
6/30/2032	16	\$681,183.44	\$130,372.68	2.200%	\$14,986.04	\$145,358.72	\$550,810.76
6/30/2033	17	\$550,810.76	\$133,240.88	2.200%	\$12,117.84	\$145,358.72	\$417,569.88
6/30/2034	18	\$417,569.88	\$136,172.18	2.200%	\$9,186.54	\$145,358.72	\$281,397.70
6/30/2035	19	\$281,397.70	\$139,167.97	2.200%	\$6,190.75	\$145,358.72	\$142,229.73
6/30/2036	20	\$142,229.73	\$142,229.73	2.200%	\$3,129.05	\$145,358.78	\$0.00
Total			\$2,331,500.00		\$575,674.46	\$2,907,174.46	

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, 2013, were \$620,000. 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 2,480 customers in a limited geographic area on the west side of the District, is up \$44,269 or 4.1% from the previous year budget. The major components of the budget are summarized as follows:

RECAP OF MOOSA WASTEWATER TREATMENT BUDGET

	2013-14 Adopted Budget	Percent	2014-15 Proposed Budget	Percent	Change	Percent Change
Revenues	<u>\$1,571,195</u>	100.0%	<u>\$1,586,695</u>	100.0%	<u>\$15,500</u>	<u>1.0%</u>
Operating Expenses:						
Labor	\$674,600	42.9%	\$661,500	41.7%	\$(13,100)	-1.9%
Electricity	60,800	3.9%	64,500	4.1%	3,700	6.1%
Chemicals	24,000	1.5%	18,000	1.1%	(6,000)	-25.0%
Administrative allocation	146,068	9.3%	123,515	7.8%	(22,553)	-15.4%
Maintenance	67,000	4.3%	76,500	4.8%	9,500	14.2%
Vehicle maintenance	10,500	0.7%	10,000	0.6%	(500)	-4.8%
Regulatory	18,000	1.1%	21,000	1.3%	3,000	16.7%
Outside services	97,000	6.2%	101,000	6.4%	4,000	4.1%
Other	35,351	2.2%	35,805	2.3%	454	1.3%
Total Operating Expenses	<u>\$1,133,319</u>	<u>72.1%</u>	<u>\$1,111,820</u>	<u>70.1%</u>	<u>\$(21,499)</u>	<u>-1.9%</u>
Net Operating Income	437,876	27.9%	474,875	29.9%	36,999	8.4%
Replacement Fund Contribution	<u>411,637</u>		<u>307,164</u>		<u>(104,473)</u>	
Net Change	<u>\$ 26,239</u>		<u>\$167,711</u>		<u>\$141,472</u>	

The current wastewater service charge is \$51.20 per equivalent dwelling unit per month. No increase is recommended or included in the budget.

The District also collects a low pressure wastewater collection system maintenance fee for a small part of the service area. The fee is currently \$42.25. No increase is recommended or included in the budget. At this level, we will recover 40% 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 from a funding commitment from the State for a Clean Water State Revolving Fund (SRF) Loan (See Debt on the preceding page for more detail). Costs incurred by the District for participation in this project are to be recovered by future capacity charges collected from property owners. The planning and design work for the project began in the current year. Construction is slated to begin during 2014-15 with an estimated completion date of June 2017.

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

	2013-14 Adopted Budget	Percent to Total	2014-15 Proposed Budget	Percent to Total	Change	Percent Change
Revenues	<u>\$377,571</u>	<u>100.0%</u>	<u>\$377,605</u>	<u>100.0%</u>	<u>\$ 34</u>	<u>0.0%</u>
Operating Expenses:						
Labor	\$136,500	36.1%	\$168,750	44.7%	\$32,250	23.6%
Electricity	34,000	9.0%	33,000	8.7%	(1,000)	-2.9%
Administrative allocation	39,388	10.4%	43,022	11.4%	3,634	9.2%
Maintenance	9,000	2.4%	16,500	4.4%	7,500	83.3%
Vehicle maintenance	3,000	0.8%	3,000	0.8%	0	0.0%
Regulatory	15,000	4.0%	16,500	4.4%	1,500	10.0%
Outside Services (Laboratory and Waste Hauling)	35,500	9.4%	38,500	10.2%	3,000	8.5%
Insurance	11,337	3.0%	11,490	3.0%	153	1.3%
Other	<u>12,400</u>	<u>3.3%</u>	<u>12,300</u>	<u>3.3%</u>	<u>(100)</u>	<u>0.8%</u>
Total Operating Expenses	<u>\$296,125</u>	<u>78.4%</u>	<u>\$343,062</u>	<u>90.9%</u>	<u>\$46,937</u>	<u>15.9%</u>
Net Operating Income	81,446	21.6%	34,543	9.1%	(46,903)	-57.6%
Replacement Reserve Contribution	<u>102,620</u>		<u>102,620</u>		<u>0</u>	
Total funded from replacement reserves	<u>\$(21,174)</u>		<u>\$(68,077)</u>		<u>\$(46,903)</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 2013-14.



Looking East across Valley Center from the top of Circle R Reservoir.

STRATEGIC PLAN

On June 3, 2013, the Board of Directors approved the updated *Valley Center Municipal Water District Strategic Plan for Fiscal Years 2013-2014, 2014-2015, 2015-2016, 2016-2017, and 2017-2018*. 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, Seawater Desalination, Local Water Resources, Water Recycling, Infrastructure, Finance, Technology, Energy, and Compensation and Benefits. All expenditures appearing in this document, whether routine and ongoing, programmatic, or project oriented, are based upon or justified by some aspect of the Board adopted Strategic Plan.

Below are the **Mission Statement, Organizational Values, Performance Measurements, and Strategic Plan Goals** contained in the current Strategic Plan. Performance Measurements also reflect the Performance Measurement outcomes for calendar year 2013.

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

MISSION STATEMENT

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

ORGANIZATIONAL VALUES

Customer Satisfaction

- Quality Service
- Safe Water
- Reliability
- Friendliness

Professionalism

- Ethics
- Integrity
- Leadership
- Teamwork

Efficient Use of Resources

- Conservation
- Environmental Sensitivity
- Cost Control

STRATEGIC PLAN

PERFORMANCE MEASUREMENT STANDARDS

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

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

2. WATER LOSS – Report annually for the past 10 years of unknown water loss in terms of percent of water sold, acre feet, and value of water loss, as well as efforts to minimize and reduce unknown water loss wherever possible.

Unaccounted water loss for 2013 totaled 1,443.1 acre feet, 5.5% of total water sold, representing \$1.5 million dollars.

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, 2013 represents 3.2 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 13.1% 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 103.5% of design criteria.

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

Four projects were completed in calendar 2013 at 5.1% 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 99.998%.

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 2013 representing 0.001% 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 2013 was 0.654% as compared to the 12-month rolling average U.S. Treasury Bonds of 0.13%.

STRATEGIC PLAN GOALS

1. Water Supply

Support water resource policies at the federal, state, regional, and local level which sustain and enhance the District's overall water supply availability and reliability.

- a. Water Stewardship** – Support regional efforts and implement local programs which advocate, educate, and assist customers in the responsible use of precious and limited water resources. *Implementation Goal: Ongoing Effort.*
- b. Imported Water Sources** – Support and assist in securing statewide efforts to secure a State Water Project conveyance system around, through, or under the Sacramento-San Joaquin Delta, and expand in-state storage. Protect California's water rights on the Colorado River so as to ensure ample and reliable supplies for all uses, including agriculture. *Implementation Goal: Ongoing Effort.*
- c. Seawater Desalination** – Advocate for a fair and equitable cost of service for desalinated water from the Carlsbad-Poseidon Seawater Desalination Plant. Support the development and expansion of seawater desalination in the State of California. *Implementation Goal: Equitable Desal Cost Allocation by FY 2016-2017.*
- d. Local Water Resources** – Seek out and pursue opportunities to expand the use of local surface and groundwater resources. *Implementation Goal: Ongoing Effort.*
- e. Water Recycling** – Pursue the continued development of wastewater recycling to offset the District's imported water demand. *Implementation Goal: Ongoing Effort to Maximize Recycling Opportunities with New Development.*

2. Infrastructure

Pursue the master planning for publically and privately financed water and wastewater infrastructure to reliably meet long-term community development needs based on the county approved General Plan. Pursue federal and state funding sources to support the ongoing and orderly replacement of existing water and wastewater infrastructure. *Implementation Goal: Ongoing Effort*

3. Finance

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

- a. Operational Cost Control** – Pursue policies, programs, alternative service sourcing, and technology implementation which reduce and control operational costs wherever possible without negatively impacting the operational effectiveness, safety, and service levels to our customers.

- b. MWD and SDCWA Wholesale Pricing** – Advocate for cost and rate control at the wholesale level and seek to maintain appropriate pricing and support programs for agriculture within the MWD and SDCWA service areas.
- c. Local Property Tax and Reserves**- Protect local property taxes and District reserves from appropriation by the State or County Governments.

Implementation Goals: Ongoing Efforts.

4. Technology

Evaluate and incorporate new technologies which increase organizational efficiency, reduce costs, and wherever possible, enhance customer satisfaction, including:

- a. GIS** - Continue expansion, enhancement, and utility. *Implementation Goal: Ongoing Effort.*
- b. SCADA** - Continue toward full implementation in the water and wastewater systems. *Implementation Goal: SCADA Fully Implemented in Water and Wastewater Systems by FY 2016-2017.*
- c. Automatic Meter Reading and Information Technology** - Pursue implementation advancing automated meter reading and information technologies and integration of automatic meter reading and monitoring capability through the SCADA radio network. *Implementation Goal: Start Integration of AMI Technology with SCADA RF System in FY 2015-2016.*
- d. Service Order Software** – Complete implementation and full integration with other related data bases. *Implementation Goal: Fully Developed and Implemented by end of FY 2013-2014.*
- e. E-Business** – Expand and enhance on-line customer account access and bill paying. *Implementation Goal: Ongoing Effort to Update and Improve based on New Technology and Customer needs.*

5. Energy

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

- a. Efficiency** - Maximize the operating efficiency of pumps, pump motors, motorized equipment, the District's service fleet practices, and procedures as well as implement more energy efficient methods and technologies of wastewater and bio-solids processing and disposal. *Implementation Goal: Ongoing Effort.*
- b. Renewable and Alternative Energy Resource** – When economically feasible 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. *Implementation Goal: Complete Evaluation, Design, and Construction of Two Solar Photovoltaic Installations each Fiscal Year through 2018-2019.*

c. Utility Rates and Charges – Monitor and when appropriate participate in regional energy utility rate making activity and advocate rate tariffs which are fair and equitable to the District. *Implementation Goal: Ongoing Effort*

6. Compensation and Benefits

Provide competitive but responsible and sustainable employee compensation and benefit programs to attract and retain committed and outstanding personnel. *Implementation Goal: Ongoing Effort*

RECOMMENDATIONS

Recommendations to implement the 2014-15 budget are summarized for your action as follows:

- Adopt the budget as presented (or modified by your Board) for implementation July 1, 2014.
- 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:



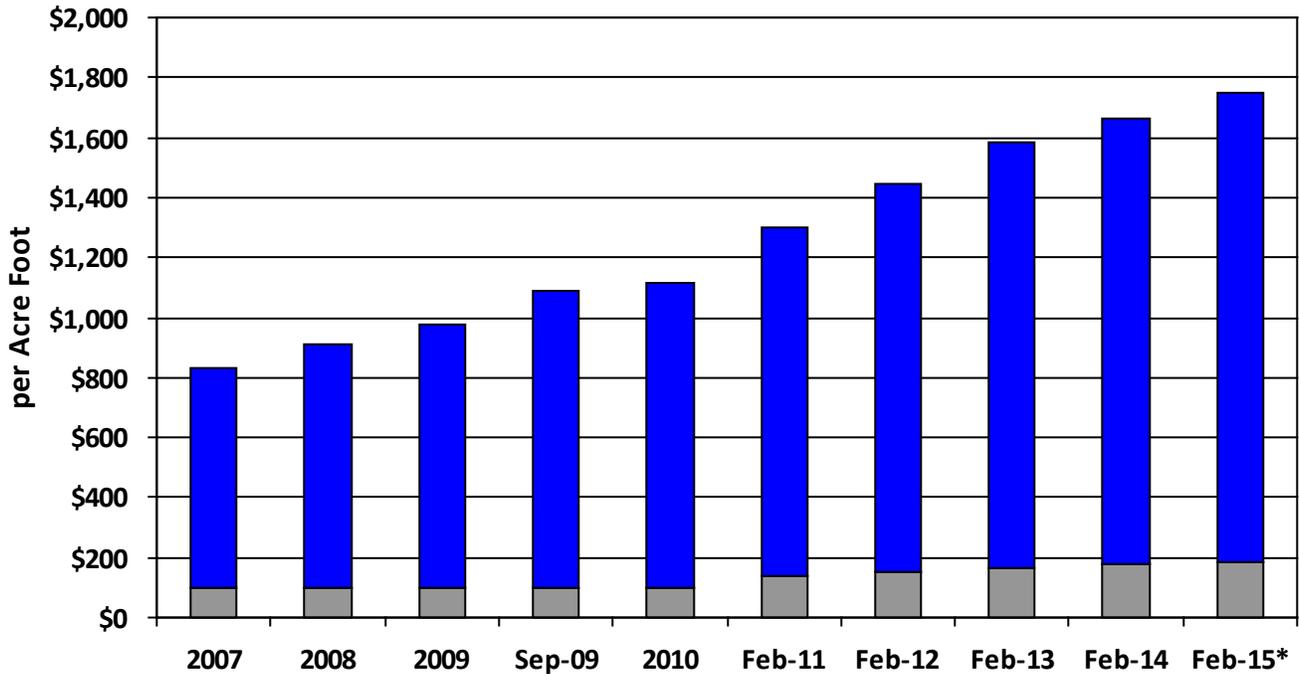
James V. Pugh
Director of Finance

APPROVED BY:

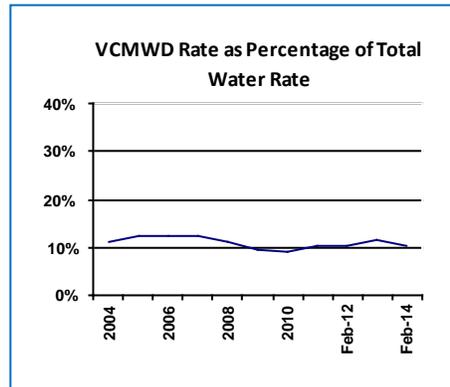


Gary T. Arant
General Manager

Water Rate Components



- MWD & SDCWA Wholesale
- Valley Center Municipal Water District

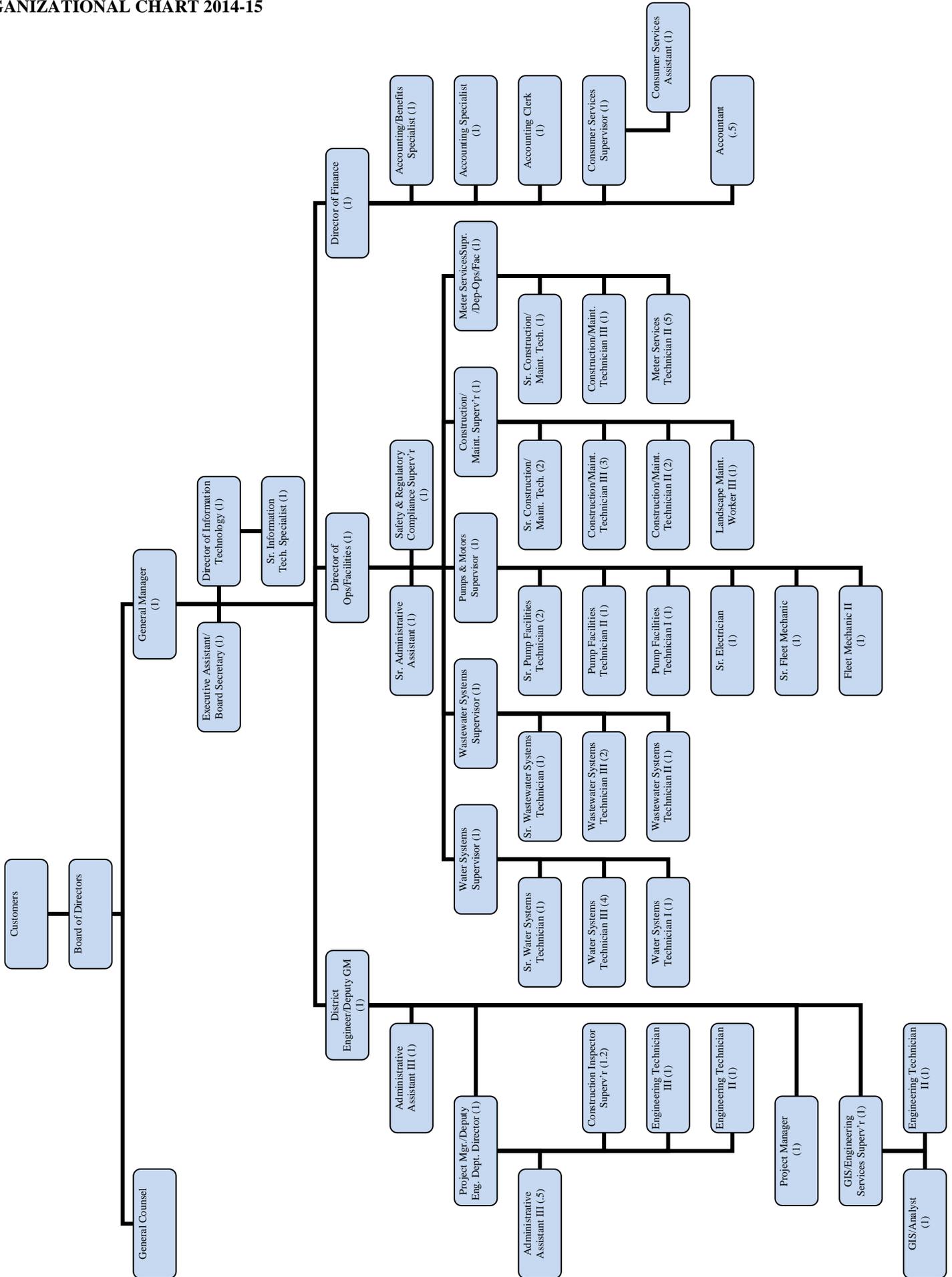


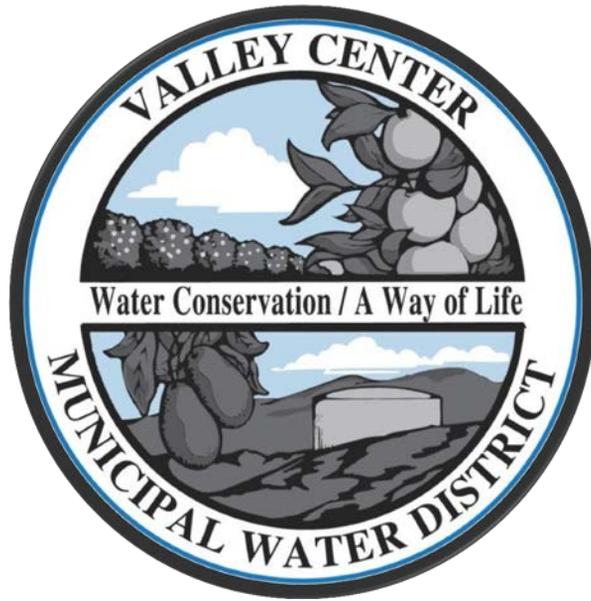
<i>Rate in Dollars per Acre Foot</i>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Sept 2009</u>	<u>2010</u>	<u>Feb 2011</u>	<u>Feb 2012</u>	<u>Feb 2013</u>	<u>Feb 2014</u>	<u>Feb 2015*</u>
Valley Center Municipal Water District	\$102	\$102	\$102	\$102	\$102	\$ 137	\$152	\$167	\$175	\$184
MWD/SDCWA wholesale	<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>1,418</u>	<u>1,490</u>	<u>1,568</u>
Total	<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>\$1,585</u>	<u>\$1,665</u>	<u>\$1,752</u>
Agricultural Use Discounts **	<u>\$207</u>	<u>\$244</u>	<u>\$252</u>	<u>\$250</u>	<u>\$238</u>	<u>\$267</u>	<u>\$274</u>	<u>\$312</u>	<u>\$351</u>	<u>\$416</u>

* Proposed water rates

** Maximum discount available.

VALLEY CENTER MUNICIPAL WATER DISTRICT
ORGANIZATIONAL CHART 2014-15





Resolutions

RESOLUTION NO. 2014-20

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2014-2015 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 2014-2015 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 2014-2015.
2. That the amounts designated in the final 2014-2015 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.

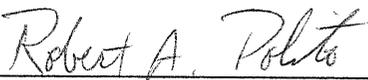
- d. The Board must authorize any increase in the overall budget and any increase in the number of authorized permanent personnel positions above the level identified in the final operating and capital budget. The General Manager may authorize the hiring of temporary or part-time staff as necessary, 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 16th day of June, 2014, by the following vote to wit:

AYES: Directors Broomell, Polito, Aleshire, Stone and Haskell

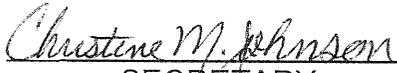
NOES: None

ABSENT: None



VICE PRESIDENT

ATTEST:



SECRETARY

ALL BUDGETED FUNDS

	Operating	Capital Projects	Total General	Moosa Wastewater	Woods Valley	WVR Expansion	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2014	\$5,478,720	\$12,283,512	\$17,762,232	\$1,934,823	\$1,341,539	\$1,010,987	\$22,049,581

RECAP OF EXPENDITURES BY FUNCTION

General Administration	851,873		851,873				851,873
Information Technology	626,829		626,829				626,829
Finance	1,448,904		1,448,904				1,448,904
Engineering	1,745,538		1,745,538				1,745,538
Field Operation	6,285,528		6,285,528	1,111,820	343,062		7,740,410
Source of Supply	32,193,521		32,193,521				32,193,521
Capital Projects		738,340	738,340	110,000	800,000	0	1,648,340
Total Budgeted Expenditures	\$43,152,193	\$738,340	\$43,890,533	\$1,221,820	\$1,143,062	\$0	\$46,255,415

SOURCE OF FINANCING

Revenues:							
Water Sales	37,032,000		37,032,000				37,032,000
Meter Service Charges/Wastewater Charges	5,054,000		5,054,000	1,586,695	377,605	196,261	7,214,561
New Connection Sales	101,700	40,000	141,700				141,700
Other Revenue	867,800		867,800				867,800
Investment Income	99,000		99,000				99,000
Property Taxes		1,939,000	1,939,000				1,939,000
Water Availability Charges		585,000	585,000				585,000
Total Revenues	\$43,154,500	\$2,564,000	\$45,718,500	\$1,586,695	\$377,605	\$196,261	\$47,879,061

NET REVENUES & EXPENDITURES

	\$2,307	\$1,825,660	\$1,827,967	\$364,875	(\$765,457)	\$196,261	\$1,623,646
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EXPENDITURES OF CONTINUING PROJECTS

	\$0	(\$5,672,001)	(\$5,672,001)	(\$243,995)	(\$9,987)	(\$1,239,021)	(\$7,165,004)
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TRANSFERS (See page 3-2)

	(\$1,691)	\$1,691	\$0	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2015

	\$5,479,336	\$8,438,862	\$13,918,198	\$2,055,703	\$566,095	(\$31,773)	\$16,508,223
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Excluded from this budget are the following debt service funds:
Assessment Districts 93-1, 96-1, and 96-2.

July 14, 2014

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: RESOLUTION TO ESTABLISH APPROPRIATION LIMIT FOR 2014-2015

PURPOSE:

Board adoption of Resolution No. 2014-23 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 2014-2015.

Government Code Section 7910 also requires a 15 day period for our calculations to be available to the public for their review, if desired. The attached Public Notice was posted June 9, 2014, in compliance with this requirement.

RECOMMENDATION:

That Resolution No. 2014-23 be adopted to establish the appropriation limit for 2014-2015 as \$5,522,728.

PREPARED BY:



James V. Pugh
Director of Finance

APPROVED BY:



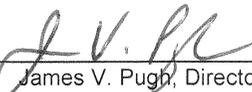
Gary T. Arant
General Manager

PUBLIC NOTICE

In accordance with Government Code Section 7910, notice is hereby given that on July 7, 2014, at 2:00 P.M. at 29300 Valley Center Road, the Board of Directors will, by resolution, establish the District's 2014-15 appropriation limit pursuant to Article XIII B of the State Constitution as amended by Proposition 111 effective July 1, 1990. The appropriation limit for 2014-15 is to be set at \$522,728 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
2013-14	5.12% (a)	0.80%	\$5,468,048
2014-15	-0.23% (b)	1.23%	\$5,522,728

Posted June 9, 2014



 James V. Pugh, 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. 2014-23

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY
CENTER MUNICIPAL WATER DISTRICT TO ESTABLISH THE
APPROPRIATION LIMIT FOR THE 2014-2015 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:

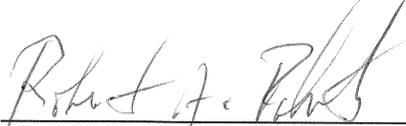
1. That the foregoing facts are true and correct.
2. That the appropriation limit for the 2013-14 fiscal year was \$5,468,048, and that the proceeds of taxes to be received in that year, in the amount of approximately \$1,938,600, did not exceed that appropriation limit.
3. That in determining the appropriation limit for 2014-2015, 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 2014-2015, 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 2014-2015 fiscal year is established at \$5,522,728.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT held the 14th day of July, 2014, by the following vote, to wit;

AYES: Directors Polito, Aleshire, Stone and Haskell

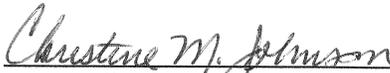
NOES: None

ABSENT: Broome11

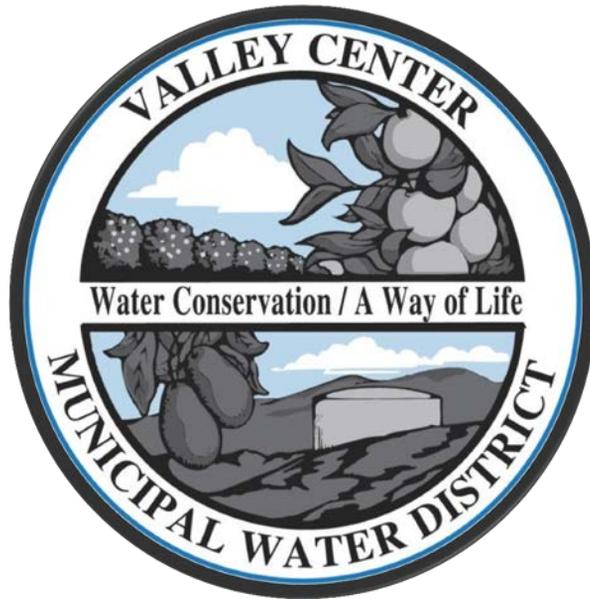


Vice President

ATTEST:



Secretary



Recap of Revenues & Source

All Budgeted Funds

	Operating	Capital Projects	Total General	Moosa Wastewater	Woods Valley	WVR Expansion	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2014	\$5,478,720	\$12,283,512	\$17,762,232	\$1,934,823	\$1,341,539	\$1,010,987	\$22,049,581

RECAP OF EXPENDITURES BY FUNCTION

General Administration	851,873		851,873				851,873
Information Technology	626,829		626,829				626,829
Finance	1,448,904		1,448,904				1,448,904
Engineering	1,745,538		1,745,538				1,745,538
Field Operation	6,285,528		6,285,528	1,111,820	343,062		7,740,410
Source of Supply	32,193,521		32,193,521				32,193,521
Capital Projects		738,340	738,340	110,000	800,000		1,648,340
Total Budgeted Expenditures	\$43,152,193	\$738,340	\$43,890,533	\$1,221,820	\$1,143,062	\$0	\$46,255,415

SOURCE OF FINANCING

Revenues:							
Water Sales	37,032,000		37,032,000				37,032,000
Meter Service Charges/Wastewater Charges	5,054,000		5,054,000	1,586,695	377,605	196,261	7,214,561
New Connection Sales	101,700	40,000	141,700				141,700
Other Revenue	867,800		867,800				867,800
Investment Income	99,000		99,000				99,000
Property Taxes		1,939,000	1,939,000				1,939,000
Water Availability Charges		585,000	585,000				585,000
Total Revenues	\$43,154,500	\$2,564,000	\$45,718,500	\$1,586,695	\$377,605	\$196,261	\$47,879,061

NET REVENUES & EXPENDITURES

	\$2,307	\$1,825,660	\$1,827,967	\$364,875	(\$765,457)	\$196,261	\$1,623,646
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EXPENDITURES OF CONTINUING PROJECTS

	\$0	(\$5,672,001)	(\$5,672,001)	(\$243,995)	(\$9,987)	(\$1,239,021)	(\$7,165,004)
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TRANSFERS (See page 3-2)

	(\$1,691)	\$1,691	\$0	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2015

	\$5,479,336	\$8,438,862	\$13,918,198	\$2,055,703	\$566,095	(\$31,773)	\$16,508,223
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Excluded from this budget are the following debt service funds:
Assessment Districts 93-1, 96-1, and 96-2.

(Excludes Utility Plant)

	Projected Balance, June 30, 2014	Revenues	Expenses	Net Revenues Expenses	Transfers and Budgeted Additions	Projected Balance, June 30, 2015
General Fund						
Operating						
Discretionary Reserves						
- Rate Stabilization	\$1,406,170			\$0		\$1,406,170
- Pumping Rate Stabilization	1,338,500	2,677,000	(2,525,650)	151,350		1,489,850
- Operating Reserve	2,734,050			0	(150,734)	2,583,316
Restricted Reserves						
- Benefit Plan Liability	0		0	0	0	0
Unappropriated Fund Balance	0	40,477,500	(40,626,543)	(149,043)	149,043	0
Total Operating	\$5,478,720	\$43,154,500	(\$43,152,193)	\$2,307	(\$1,691)	\$5,479,336
Debt Service Reserve	0	0	0	0		0
Capital Projects Reserves						
- Continuing Projects	\$6,095,759		(\$5,672,001)	(\$5,672,001)		\$423,758
- Capacity Charges	344,848		0	0		344,848
- Capital Improvements	5,842,905	2,564,000	(738,340)	1,825,660	1,691	7,670,256
Total Capital	\$12,283,512	\$2,564,000	(\$6,410,341)	(\$3,846,341)	\$1,691	\$8,438,862
Total General Fund	\$17,762,232	\$45,718,500	(\$49,562,534)	(\$3,844,034)	\$0	\$13,918,198
Lower Moosa Wastewater	\$1,934,823	\$1,586,695	(\$1,465,815)	\$120,880		\$2,055,703
Woods Valley Expansion	\$1,010,987	\$196,261	(\$1,239,021)	(\$1,042,760)		(\$31,773)
Woods Valley Wastewater	\$1,341,539	\$377,605	(\$1,153,049)	(\$775,444)		\$566,095
Total All Funds	\$22,049,581	\$47,879,061	(\$53,420,419)	(\$5,541,358)	\$0	\$16,508,223

General Fund

Page 1 of 3

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
	WATER SALES	@ 27,371 af	@ 24,000 af	@ 25,140 af	@ 24,000 af
4114	Municipal & Industrial	\$12,960,351	\$12,404,000	\$12,250,000	\$12,350,000
4115	Certified Agricultural - IAWP	3,252,544	0	0	\$0
4116	Certified Ag/Domestic - IAWP	3,090,041	0	0	0
4117	Certified Agricultural - SAWR	9,293,925	10,717,000	12,470,000	\$12,109,000
4118	Certified Ag/Domestic - SAWR	7,437,382	10,167,000	10,166,000	9,871,000
4135	Construction	24,971	25,000	62,000	25,000
4150	Pump Charge	3,039,474	2,689,000	2,804,000	2,677,000
Total Water Sales		\$39,098,688	\$36,002,000	\$37,752,000	\$37,032,000
	METER SERVICE CHARGES				
4110	Additional Living Charge	21,464	22,000	22,000	22,000
4114	Municipal & Industrial	\$3,569,188	\$3,753,000	\$3,862,000	\$3,951,000
4115	Certified Agricultural - IAWP	91,502	0	0	0
4116	Certified Ag/Domestic - IAWP	231,306	0	0	0
4117	Certified Agricultural - SAWR	287,655	406,000	391,000	400,000
4118	Certified Ag/Domestic - SAWR	427,520	738,000	643,000	658,000
4135	Construction	15,537	15,000	23,000	23,000
Total Meter Service Charges		\$4,644,172	\$4,934,000	\$4,941,000	\$5,054,000
	NEW CONNECTION SALES				
4210	Water Meters - New	\$67,432	\$28,900	\$114,000	\$54,800
4220	Water Meters - Relocate	0	0	0	0
4230	Pressure Reducers	65	700	0	0
4240	Double Check Valves	34,432	16,400	49,800	46,900
Total New Connection Sales		\$101,929	\$46,000	\$163,800	\$101,700

General Fund

Page 2 of 3

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Adopted Budget	Estimated Actual	Budget
	PROPERTY TAXES-OTHER				
4310	Current Secured	\$1,827,179	\$1,866,000	\$1,856,100	\$1,856,000
4320	Current Unsecured	63,311	64,000	65,800	66,000
4340	Homeowners PTR	17,723	18,000	16,700	17,000
4350	Current Water Availability Charge	634,675	582,000	585,000	585,000
4382	Interest Allocation-Wtr Availability Chg	114	0	100	0
4370	Prior Unsecured	264	0	11,200	0
4380	Interest Allocation	380	0	300	0
	Total Property Taxes-Other	\$2,543,646	\$2,530,000	\$2,535,200	\$2,524,000

General Fund

Page 3 of 3

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Adopted Budget	Estimated Actual	Budget
	OTHER REVENUE				
4410	Investment Income	\$62,421	\$90,750	\$119,000	\$99,000
4417	Delinquent Penalty	307,257	306,700	306,700	306,700
4419	Transfer Fee	8,470	9,000	8,700	9,000
4420	Turn On Charge	25,450	27,000	26,500	27,000
4421	R.P. Inspection/Svc Fee	153,143	158,000	143,000	158,000
4421	R.P. Repairs	13,045	19,000	11,100	19,000
4430	Sale of Maps/Copies	35	100	50	100
4433	Service Availability Charge	800	700	675	700
4435	Sale of Surplus	12,953	25,000	15,000	25,000
4440	Other	20,279	8,000	28,600	8,000
4440	Return Check Charge	1,475	2,000	1,700	2,000
4440	Lease of Facilities	301,536	308,700	299,076	308,700
4440	Escondido Sewer Collection Fee	2,593	2,600	2,600	2,600
4440	Escondido Water Service in Lieu	702	1,000	1,000	1,000
4444	FEMA Reimbursement	(22,657)	0	0	0
	Total Other Revenue	\$887,502	\$958,550	\$963,701	\$966,800
	CAPITAL IMPROVEMENT CHARGES				
4810	Meter Capacity Charges	\$65,035	\$29,000	\$83,532	\$40,000
4820	Contributions In Kind	22,310	0	0	0
	Total Capital Improvement Charges	\$87,345	\$29,000	\$83,532	\$40,000
	TOTAL REVENUE	\$47,363,282	\$44,499,550	\$46,439,233	\$45,718,500

All Budgeted Funds

	2012-2013	2013-2014		2014-2015
	Actual	Budget	Estimated Actual	Budget
RECAP BY DEPARTMENT				
General Administration	\$946,298	\$813,436	\$741,806	\$851,873
Finance	1,103,826	1,285,804	1,136,804	1,448,904
Information Technology	509,768	581,262	546,437	626,829
Engineering	1,642,298	1,523,921	1,543,751	1,745,538
Field Operation	5,520,113	6,289,956	5,962,364	6,285,528
Source of Supply	32,961,535	31,403,907	31,661,560	32,193,521
Total Operating	\$42,683,838	\$41,898,286	\$41,592,722	\$43,152,193
Capital Projects	2,425,961	6,473,000	1,701,505	738,340
Total General Fund	\$45,109,799	\$48,371,286	\$43,294,227	\$43,890,533
Lower Moosa Wastewater Treatment	1,244,816	1,260,319	1,322,603	1,221,820
Woods Valley Wastewater Expansion	206,574	1,615,000	720,000	0
Woods Valley Wastewater Treatment	351,807	311,125	357,383	1,143,062
Total Wastewater	\$1,803,197	\$3,186,444	\$2,399,986	\$2,364,882
Grand Total	\$46,912,996	\$51,557,730	\$45,694,213	\$46,255,415

RECAP BY FUNCTION

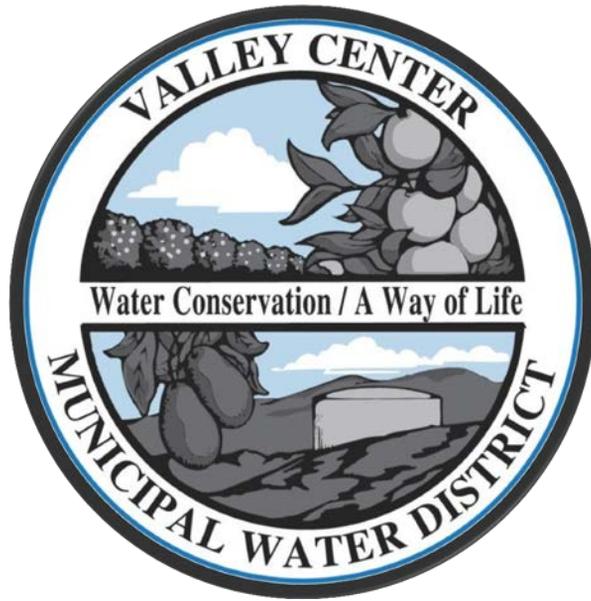
Operating	\$42,628,823	\$41,898,286	\$41,592,722	\$43,152,193
Debt Service	55,015	0	0	0
Capital Projects	2,425,961	6,473,000	1,701,505	738,340
Total General Fund	\$45,109,799	\$48,371,286	\$43,294,227	\$43,890,533
Lower Moosa Wastewater - Operating	1,244,816	1,260,319	1,322,603	1,221,820
Woods Valley Expansion - Capital Proj.	206,574	1,615,000	720,000	0
Woods Valley Wastewater - Operating	351,807	311,125	357,383	1,143,062
Total Wastewater	\$1,803,197	\$3,186,444	\$2,399,986	\$2,364,882
Grand Total	\$46,912,996	\$51,557,730	\$45,694,213	\$46,255,415

WATER PURCHASED - Acre Feet

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL	
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	5587.0	4666.7	4102.4	2375.3	1568.2	2220.3	1459.1	2200.5	2182.5	3755.1	4023.9	39195.1	
99-00	5304.4	5552.4	4833.7	5544.5	3993.3	3888.1	2911.9	1374.0	1899.2	3341.9	4615.7	5290.8	48549.9	
00-01	5888.9	6364.2	5683.8	3911.5	3090.6	3846.9	1680.8	978.0	1386.0	2227.3	4383.2	5156.3	44597.5	
01-02	5533.3	5998.9	5298.0	5070.1	2910.0	1441.5	3044.3	3216.4	3204.0	3657.5	4747.0	5403.1	49524.1	
02-03	5995.0	6024.9	5877.3	4586.9	3014.9	1713.3	3207.5	1489.0	1277.3	2547.1	3783.6	4158.0	43674.8	
03-04	6061.1	6467.7	5766.5	5517.0	2922.9	2742.6	3178.0	1282.9	3201.1	3978.4	5740.7	5322.7	52181.6	
04-05	6222.8	5973.1	6053.1	2872.2	1183.1	1812.0	478.4	659.4	894.3	3288.1	4018.9	4649.2	38104.6	
05-06	5837.3	5835.5	5302.0	3708.3	3950.8	3642.9	2744.7	2464.8	624.6	1512.7	3804.0	5339.3	44766.9	
06-07	6593.1	5778.2	5751.0	4292.3	4387.2	2021.6	3654.3	1247.2	3348.2	3449.4	4822.0	5166.9	50511.4	
07-08	5805.6	5975.0	5176.6	4768.7	3707.3	880.7	596.8	464.4	2139.8	3134.1	2895.5	3955.3	39499.8	
08-09	4226.7	4204.1	3923.1	4106.1	2800.9	1035.2	1822.3	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	2518.5	3145.9	27722.6	
12-13	3528.0	3966.9	3621.2	2857.9	2217.7	874.7	1177.6	960.7	1726.5	2420.3	2716.1	3170.2	29237.8	
13-14	3301.1	3333.3	3299.3	2223.1	1717.7	1776.9	2369.7	1719.5	1418.0	1316.4 *	1492.0 *	1833.0 *	25800.0 *	
14-15	3248.0 *	3078.0 *	3340.0 *	2749.0 *	2030.0 *	1365.0 *	1994.0 *	2151.0 *	1231.0 *	1168.0 *	1425.0 *	1751.0 *	25530.0 *	
AVERAGE FIRST 6 MONTHS						23922.2	AVERAGE LAST 6 MONTHS						14402.3	38324.5
						62.420%							37.580%	100.000%

WATER SOLD - Acre Feet

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL	
78-79	4091.5	4624.2	4610.5	3739.2	2612.6	578.9	305.8	149.3	277.9	373.1	2311.4	3202.6	26877.0	
79-80	4324.8	4220.4	4410.6	4643.9	2158.1	2565.0	1361.9	230.6	169.8	1147.6	1717.9	2946.5	29897.1	
80-81	5230.2	5362.8	5282.5	4068.7	3573.2	2526.4	2965.5	1355.0	871.5	1279.3	2753.1	3897.6	39165.8	
81-82	6160.5	4835.6	6805.9	3975.9	3900.3	1752.8	1348.9	236.3	967.9	477.2	2463.4	3070.1	35994.8	
82-83	3839.0	5790.1	5767.0	3526.2	3165.6	322.2	1185.1	414.1	346.3	554.7	1032.9	3451.4	29394.6	
83-84	4407.9	5616.5	4819.2	2601.9	3175.5	282.7	544.7	2008.3	2994.5	3158.9	3876.5	4688.6	38175.2	
84-85	5540.3	5168.6	6216.7	4849.7	2923.6	482.9	259.7	474.6	951.9	2136.0	2989.7	4253.0	36246.7	
85-86	6025.1	5371.5	5573.7	3429.1	3306.4	370.3	1633.0	1453.4	644.3	1155.6	3528.0	4848.4	37338.8	
86-87	5256.7	6099.2	6220.0	2746.6	3292.5	2017.3	1274.7	2154.4	911.0	1648.2	4034.9	4480.3	40135.8	
87-88	5075.2	5496.0	5770.9	4559.4	485.3	1225.0	885.4	970.2	2114.0	3877.4	2111.3	4166.3	36736.4	
88-89	5541.8	5738.1	6129.3	4617.5	3508.7	2308.5	726.9	1266.4	1880.6	3188.3	3920.8	4661.9	43488.8	
89-90	6311.7	6279.5	6257.1	5351.0	4596.1	3906.8	2255.1	1326.8	1439.2	2924.5	3886.8	4002.6	48537.2	
90-91	6273.1	6243.0	6415.6	6045.7	4939.7	3333.2	2262.9	3139.4	1257.4	655.9	2588.9	3513.9	46668.7	
91-92	3822.2	3846.7	4740.0	4562.5	3654.4	2866.6	903.4	1506.6	520.4	767.3	3430.0	3767.7	34387.8	
92-93	5311.0	5527.2	5529.9	5729.0	3298.1	2094.3	431.0	205.4	542.8	1535.3	3510.5	3410.2	37124.7	
93-94	4614.4	4227.5	4591.6	3928.3	3023.5	1496.8	2430.7	867.6	748.7	1267.2	1451.7	3156.4	31804.4	
94-95	4800.7	4564.8	5130.8	3947.2	2779.1	2094.3	695.8	395.4	486.5	1040.1	1321.5	2507.6	29763.8	
95-96	3908.3	4394.7	5697.9	3850.9	3126.2	2459.2	2078.4	694.7	541.8	2060.1	3680.3	3802.5	36295.0	
96-97	4607.2	5026.2	5376.3	3826.9	3022.0	800.9	397.7	578.3	1970.9	2985.4	3855.3	4209.7	36656.8	
97-98	4566.5	4809.3	5163.0	3338.3	3304.4	802.0	973.2	355.9	438.1	618.9	1375.8	2261.1	28006.5	
98-99	4137.4	4973.8	5283.6	4042.6	2970.1	1545.2	2462.3	956.0	2061.6	1668.0	3039.8	3541.7	36682.1	
99-00	4654.8	4919.7	5376.5	4827.9	4508.1	3480.2	3424.3	2413.0	809.4	3105.6	3574.2	4922.9	46016.6	
00-01	5008.6	6061.1	5868.0	4349.5	2985.2	3428.2	2969.7	1191.4	483.0	1754.6	3348.5	4554.9	42002.7	
01-02	4893.5	5664.6	5568.1	4774.4	4237.6	1675.2	2075.0	3069.6	3309.7	2917.2	3909.2	5053.2	47147.3	
02-03	5110.0	6081.5	5590.0	5187.1	3374.5	2681.1	1915.4	2787.0	508.3	2292.3	2483.5	4059.9	42070.6	
03-04	4858.7	6156.9	5823.1	5130.8	4085.7	2947.0	2484.3	2428.3	1715.0	3488.0	4821.4	5396.8	49336.0	
04-05	5156.8	5801.5	6036.9	4961.1	1018.2	1434.1	1013.1	690.3	563.6	2114.7	2785.1	4514.3	36089.7	
05-06	4910.9	5389.9	5646.3	4597.6	2952.1	3787.6	2412.1	2157.4	1245.5	765.4	2615.6	4247.7	40728.1	
06-07	5550.1	6036.5	5807.0	4504.7	4066.5	3266.8	2569.9	2664.1	1876.4	3252.9	3744.2	4746.0	48085.1	
07-08	4994.6	5759.9	5684.4	4293.7	4234.4	2140.2	986.1	277.6	913.4	2480.1	3236.7	2635.1	37636.2	
08-09	3884.3	3956.4	3871.8	3878.8	3322.6	1944.4	1012.1	1461.0	1165.6	2392.0	3205.4	2919.7	33014.1	
09-10	3358.6	4022.6	4170.3	3545.3	2920.4	1782.5	1172.9	331.0	371.0	1747.8	1595.8	2819.1	27837.3	
10-11	3213.1	3337.8	3857.1	3205.7	1337.5	1319.3	517.3	1405.7	529.8	1017.3	2091.4	2310.2	24142.2	
11-12	3388.5	3221.0	3732.9	2705.0	1896.2	1128.4	1809.4	1412.2	1390.1	1019.2	1500.6	2887.0	26090.5	
12-13	3005.0	3534.6	3628.8	3185.0	2462.3	1658.4	700.8	1062.1	1087.2	1897.9	2309.9	2838.9	27370.9	
13-14	3197.2	3029.9	3297.4	2706.0	1999.9	1343.3	1962.3	2117.6	1211.2	1149.5 *	1402.6 *	1723.1 *	25140.0 *	
14-15	3053.3 *	2893.6 *	3140.3 *	2584.2 *	1909.9 *	1282.9 *	1874.0 *	2022.3 *	1156.7 *	1097.7 *	1339.5 *	1645.6 *	24000.0 *	
AVERAGE FIRST 6 MONTHS						23797.3	AVERAGE LAST 6 MONTHS						11998.6	35795.9



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 2013-2014

Performance Measurement Standards – Compliance with the following Standard was as follows as of December 31, 2013:

- **Customer Satisfaction (Standard 1)** – For calendar year 2013, 100.0% of the customer ratings were “Meets” or “Exceeds” expectations, exceeding our goal of 95%.

Strategic Plan Goals –

- **Water Supply, Imported Water Sources** – Actively supported and advocated successful completion of the Bay Delta Conservation Process (BDCP) toward construction of effective Delta conveyance to restore State Water Project supply capacity and reliability.
- **Finance, MWD and SDCWA Wholesale Pricing** – Worked to convey information about the adverse impact of wholesale price increases on the District's commercial agricultural customers and advocate for extension by the SDCWA of the full Special Agricultural Water Rate beyond January 1, 2015.
- **Energy, Utility Rates and Charges** – Successfully participated in CPUC processes concerning the extension or “grandfathering” of SDG&E Time of Use Rates and Net Energy Metering (NEM) policies to control of the District pumping cost and preserve the long-term financial viability of the Lake Turner Photo-voltaic Solar Facility operating under a must-take Power Purchase Agreement (PPA).

CHALLENGES FOR 2014-2015

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:

- Secure continuation of the SDCWA Special Agricultural Water Rate (SAWR) agricultural pricing programs;
- Continue to manage the financial implications of the current drought, reduced water deliveries and rapidly increasing wholesale prices, while maintaining effective staffing, service, and major maintenance levels through maximizing internal efficiencies.
- Evaluate the potential of securing \$10 to \$12 million by FY 2015-2016 debt financing for construction of several large Capital Improvement Projects, including the Cool Valley Reservoir Liner and Cover Replacement as well as water line replacements in Cole Grade Road and Valley Center Road necessitated by scheduled county of San Diego road improvement projects.
- Assisting the Association of California Water Agencies (ACWA) in informing the public on the issues concerning the November 2014 State Water Bond.
- Informing District customers about water cost and the “Value of Water” and the public health and public safety services and benefits provided by the District.

- Overseeing and assisting all other departments in pursuing and meeting adopted Performance Measurements and Strategic Plan Goals in 2014-2015.
- Oversee the successful distribution and implementation of the various human resources functions to the General Administration and Finance Departments staff.
- Incorporate the supervision of the newly created Information Technology Department under the direct supervision of the General Manager.
- Monitor, oversee, and guide the progress toward completion of the South/North Village Wastewater Expansion Project and resulting development, the Lilac Hill Meadowood Annexation and Orchard Run Development Projects.
- Implement changes in departmental space organization and allocation to more efficiently use existing office space to increase customer convenience and reduce staff coverage issues.

GOALS FOR 2014-2015

Performance Measurement Standards –

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

Strategic Plan Goals –

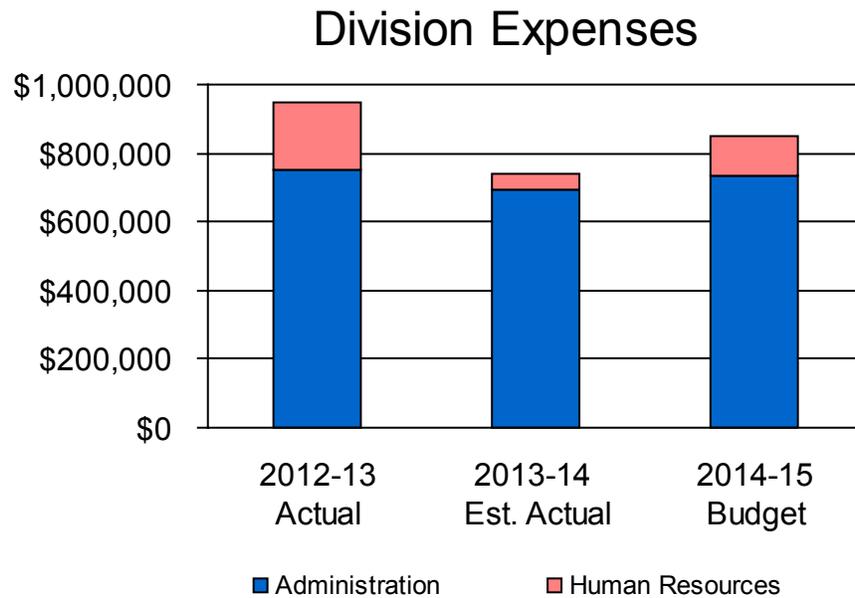
- **Water Supply, Imported Water Sources (Water Supply)** – Continue to support and advocate successful completion of the Bay Delta Conservation Process (BDCP) toward construction of effective Delta conveyance to restore State Water Project supply capacity and reliability.
 - **Finance, MWD and SDCWA Wholesale Pricing (Finance)** – Secure extension by the SDCWA of the full Special Agricultural Water Rate (SAWR) beyond January 1, 2015.
 - **Energy, Utility Rates and Charges (Energy)** – Successfully participate in CPUC processes concerning the extension or “grandfathering” of SDG&E Time of Use Rates and Net Energy Metering (NEM) policies to control the District pumping cost and preserve the long-term financial viability of the Lake Turner Photo-voltaic Solar Facility operating under a must-take Power Purchase Agreement (PPA).
- **Operating Cost Reductions (Technology)** – Continue to control and reduce local costs through technology and knowledge assisted increases in effectiveness and efficiency, and outsourcing as appropriate.
 - **Photo-voltaic Solar Power (Energy)** – Continue to expand investments in cost effective small scale photo-voltaic installations for various District facilities.

LONG-TERM GOALS

As always, it is the long-term goal of the General Administration Department to implement the policies of the Board of Directors, maintain an efficient and cost effective organization, 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.

Personnel Requirements (FTE's)			
	<i>Actual</i> FY 2013-14	<i>Budget</i> FY 2013-14	<i>Proposed</i> FY 2014-15
General Manager	1.0	1.0	1.0
Executive Assistant/Board Secretary	1.0	1.0	1.0
Total	2.0	2.0	2.0



Div. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	General Administration	750,848	701,352	692,642	734,620
15	Human Resources	195,450	112,084	49,164	117,253
18	Training	0	0	0	0
TOTAL GENERAL ADMINISTRATION		946,298	813,436	741,806	851,873

General Administration 01-5101.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	527,739	413,900	462,100	433,100
03	Overtime	47	750	100	500
10	Training & Education	0	250	0	250
11	Uniform Allowance	0	0	340	340
25	Outside Professional Services	0	0	0	2,750
26	Legal Services	71,142	85,000	75,000	85,000
28	Printing	0	2,000	1,200	2,000
29	Books & Subscriptions	237	750	400	750
30	Special Department Expenses	2,794	2,500	2,000	2,500
33	Postage	8,615	13,000	9,000	12,500
34	Membership Fees & Dues	22,474	25,500	24,000	28,150
35	Directors' Fees	10,300	10,500	10,500	12,000
36	Directors' Travel & Expenses	3,983	7,500	5,500	7,500
37	Transportation, Meals & Travel	15,521	12,000	14,750	15,500
39	Public Information and Notices	1,435	6,000	5,000	6,000
54	Maintenance of Equipment	0	750	300	750
83	Unclassified - Contingency Fund	1,738	20,000	3,000	20,000
84	Water Conservation Program	6,500	0	0	0
89	LAFCO Budget Assessment	25,497	27,000	25,500	27,000
90	Government Relations/Staff Augmentation	77,275	100,000	80,000	100,000
91	Expense Credit	(24,449)	(26,048)	(26,048)	(21,970)
	Total	750,848	701,352	692,642	734,620

General Administration 01-5101.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.55	433,100
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	250
11	Uniform/Clothing/Shoes Uniform Allowance	340
25	Outside Professional Services Registrar of Voters - Election Expenses 2,500 Miscellaneous 250	2,750
26	Legal Services General Counsel's Services 85,000	85,000
28	Printing Business Cards - Master 1,000 Forms and Business Cards 500 New Customer Folders 250 Miscellaneous 250	2,000
29	Books & Subscriptions Books, newspapers, periodicals and pamphlets 750	750
30	Special Department Expenses Staff Meeting Supplies 1,650 Notary Supplies 100 Miscellaneous 750	2,500

General Administration 01-5101.

Acct. No.	Detail and Justification	Department Request
33	Postage	12,500
	General Correspondence	10,300
	Bill Insert Postage	975
	Business Reply - Customer Comment Cards	125
	Permit #2 Business Reply	150
	Postage Chip Update	250
	Post Office Box Fees	200
	Postage Machine Supplies	500
34	Membership Fees & Dues	28,150
	Association of California Water Agencies	21,750
	American Water Works Association	3,300
	Farm Bureau, San Diego County	100
	National Notary Association	50
	Valley Center Chamber of Commerce	150
	California Special Districts Association	150
	So Cal Water Committee	850
	Cal Urban Water Conservation Council	1,800
35	Directors' Fees	12,000
36	Directors' Travel & Expense	7,500
	Conferences/Seminars/JPIA Mtgs/ACWA Region 10	
37	Transportation, Meals & Travel	15,500
	Conferences and Meetings	15,500
39	Public Information and Notices	6,000
	Customer Information Material	2,000
	Legal/Public Notices	1,750
	Display Boards - Upkeep/revisions	1,750
	Miscellaneous	500
54	Maintenance of Equipment	750
	Adding Machines, Typewriter, Transcriber	
	Board Room Recorder and Assistive Listening Device	
83	Unclassified - Contingency Fund	20,000

General Administration 01-5101.

Acct. No.	Detail and Justification	Department Request
89	Local Agency Formation Commission (LAFCO) Budget Assessment	27,000
90	Government Relations/Staff Augmentation	100,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(21,970)

Human Resources 01-5115.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	187,080	76,100	40,900	80,300
03	Overtime	0	1,000	0	500
10	Training & Education	345	200	0	200
25	Outside Professional Services	2,263	2,860	1,230	1,500
26	Legal Services	0	20,000	0	20,000
29	Books & Subscriptions	0	0	0	0
30	Special Department Expenses	10,839	15,200	11,310	17,200
34	Membership Fees & Dues	55	0	0	0
37	Transportation, Meals & Travel	2,521	1,000	0	1,000
91	Expense Credit	(7,653)	(4,276)	(4,276)	(3,447)
Total		195,450	112,084	49,164	117,253

Human Resources 01-5115.XX

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.35	80,300
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	200
25	Outside Professional Services State Mandated Sexual Harassment Training 750 Datastream Programming 250 Other 500	1,500
26	Legal Services Personnel, Benefits, and Retirees' Health Plan	20,000
30	Special Department Expenses District Contribution - Picnic & Christmas Party 2,500 Miscellaneous & Office Supplies 200 Manager's Employee of the Year Award/Plaque 750 Suggestion Awards 3,000 Employees Retirement and Appreciation Awards 2,000 Awards Presentation Luncheon 3,000 Employee of the Quarter Awards 750 Service Recognition Awards and Pins 5,000	17,200
37	Transportation, Meals & Travel Training, Seminars, Meetings, ACWA	1,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(3,447)

Training 01-5118.

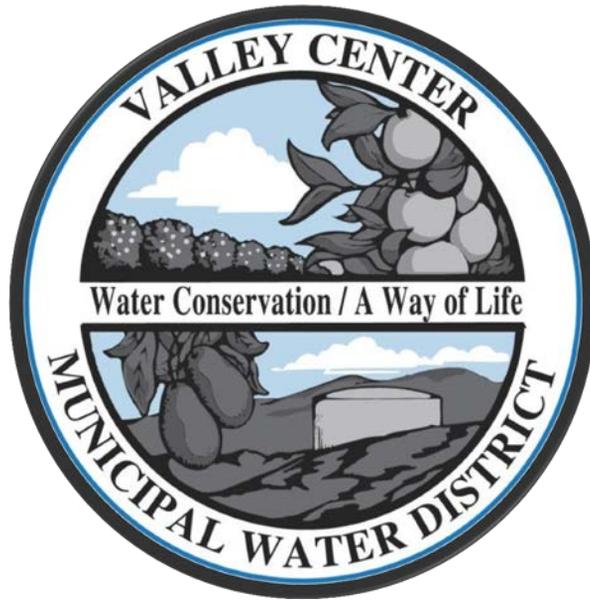
Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	General and Administration	0	250	0	250
11	Finance Administration	990	3,500	1,000	3,500
13	Information Technology	5,010	7,000	1,500	7,000
15	Human Resources	345	200	0	200
17	Benefits	0	1,500	600	1,000
21	Engineering Administration	908	1,200	800	1,200
22	Planning	0	1,000	1,000	1,000
23	GIS/Public Services	256	500	500	500
24	Encroachments and Locates	0	500	0	500
28	Design/Construction	284	1,000	0	500
31	Field Administration	17,922	17,500	17,900	18,000
91	Expense Credit	(25,715)	(34,150)	(23,300)	(33,650)
Total		0	0	0	0

Training 01-5118.

Acct. No.	Detail and Justification	Department Request
01	General Administration Seminars & Workshops 250	250
11	Finance Administration Accounting Education 1,700 Accounting Updates 1,800	3,500
13	Information Technology Software Training Tuition Reimbursement 7,000	7,000
15	General Administration - Human Resources Miscellaneous Training 200	200
17	Finance - Benefits Miscellaneous Training 1,000	1,000
21	Engineering Administration Management Training 400 JPIA Supervisory Training 500 Continuing Education 300	1,200
22	Engineering - Planning Technical Training 200 Safety Training 400 Construction Methods 400	1,000
23	Engineering - GIS/Public Services Customer Service Seminars 250 Software Training-AutoCAD, GIS, Access, etc. 250	500
24	Engineering - Encroachments and Locates Miscellaneous Training 500	500
28	Engineering - Design/Construction Safety Training 250 Construction Methods 250	500

Training 01-5118.

Acct. No.	Detail and Justification	Department Request
31	Field Administration Customer Service 300 Backflow/Cross Connection 350 Cla-valve 300 Heavy Equipment 500 Trenching/Shoring 300 Water Quality 300 Electric 800 Pump Training 500 Computer 300 Continuing Education 6,775 Technology Classes 2,500 Supervisor Certification 500 Energy Management/Preparedness 500 Wastewater Technical Classes 575 Collection Systems 1,000 Safety 2,500	18,000
91	Expense Credit	(33,650)



Information Technology

FUNCTION OVERVIEW

The Information Technology Department provides comprehensive technology planning, development, integration, operation, and support to all areas of the District to maximize efficiency. This includes network communications infrastructure throughout the District, servers and workstations, mobile devices, database systems, data storage, telecommunications, and video surveillance security systems.

ACCOMPLISHMENTS FOR 2013-2014

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

- **Service Order Software (Goal 4d):** The development of a new Service Order Software to track customer service order requests, produce work orders, and provide asset management capabilities is nearing completion. The system will improve customer service and allow asset maintenance tasks to be scheduled and managed by field department personnel. It is anticipated that the system will be completed by the end the 2013-2014 fiscal year.
- **E-Business (Goal 4e):** 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 May 22, 2014, there were 3,045 established customer accounts registered and utilizing the system, of which 562 have elected to no longer receive paper bills in the mail.
- Staff continues to deploy new wireless network communications infrastructure, extending network coverage to 45 remote sites. The network employs low-cost Ethernet radios in combination with advanced TCP/IP routing technology as a comprehensive, high performance and highly redundant communications system, providing multiple network services at remote sites, such as SCADA telemetry, video surveillance, advanced metering infrastructure, WiFi access points, and remote office connectivity.
- Staff deployed two communications relay sites at Rincon MWD and Vallecitos WD based on facilities use agreements signed with these agencies. This allowed the District's wireless communications network to be extended to 3 sites that were otherwise unreachable from the District's own facilities.
- A remote data center at Woods Valley treatment plant was designed and connected to the District's wireless communications network. The data center provides enhanced redundancy to the District's computing services and SCADA industrial control systems.
- IT staff started testing and development of an updated SCADA alarm and notification system that provides better stability and more advanced functionality to remote operators.
- The staff is continuing to deploy new IP network-based high definition video surveillance technology to local and remote facilities. The system consists of high definition megapixel cameras that include full night vision and continuous local and remote recording capabilities. The system allows remote monitoring by operations personnel 24 hours a day. It has currently been deployed at corporate offices and 13 remote sites, and it will be expanded to replace the existing analog surveillance technology at all sites.
- Staff has deployed a new Advanced Metering Infrastructure (AMI) test system at one of the District's remote facilities to test the feasibility of automatic, continuous water meter reading. The system provides the means to measure, collect, and analyze real-time data from customers' water meters.

- IT staff tested and selected a new website content management system (CMS) for the District website. The system provides the means to publish public documents and emergency notifications more effectively. It is anticipated that the new website is activated in July 2014.
- IT staff upgraded the majority of District workstations with faster processors and up-to-date Windows operating systems. This provides enhanced security and application compatibility to all users.

CHALLENGES FOR 2014-2015

The 2002 Water Master Plan identifies over \$50 million of capital projects. Many of these projects require the integration of technology with existing systems while minimizing downtime during deployment and conversion process. IT has invested in training of in-house personnel to program and integrate the deployment of SCADA components. This provides extensive in-house knowledge base for District's process control systems that are continuously being improved. The challenge is to implement the changes quickly and cost effectively while providing reliable and continuous system operation.

GOALS FOR 2014-2015

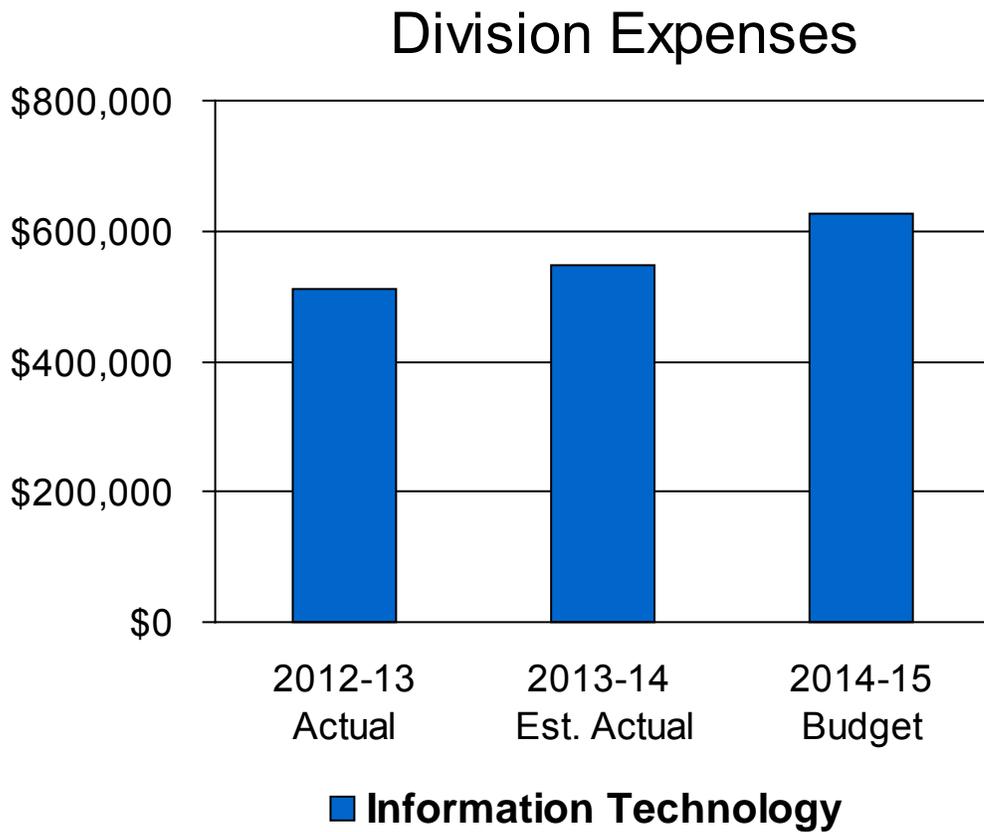
Strategic Plan Implementation – Technology – Increasing reliability and efficiency, we will implement the following:

- Staff will investigate available upgrades to the District's financial software system as the current system is nearing end-of-life. The new system will need to provide a modern user interface in combination with more integrated functionality for all financial applications, utility billing, human resources, payroll, and integrated job costing.
- Staff will evaluate upgrades to SCADA industrial control system (ICS) software. The current ICS software has been in operation for more than 6 years and has reached a point in its development that the manufacturer of the software has developed a new platform that will eventually render the current version obsolete. Upgrading the current version to the new platform will require a significant integration effort and licensing expense, and the staff will evaluate other available technologies that may be better suited to the District's needs.
- Network computing and data storage infrastructure will continue to be enhanced at corporate facilities and remote sites as new technology becomes available to add increased redundancy and provide continued operations in case of a service outage at the main data center.

LONG-TERM GOALS

Provide ongoing technology services to maximize operating efficiency at all areas of the District. Deploy and manage comprehensive District-wide communications network to enable seamless and secure connectivity at all sites. Enhance SCADA software functionality to enable better control and monitoring of industrial control equipment at all sites. Develop integrated database systems that allow better and faster access to all District data.

Personnel Requirements (FTE's)			
	<i>Actual FY 2013-14</i>	<i>Budget FY 2013-14</i>	<i>Proposed FY 2014-15</i>
Director of Information Technology	1.0	1.0	1.0
Senior IT Specialist	1.0	1.0	1.0
Total	2.0	2.0	2.0



Div. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
13	Information Systems	509,768	581,262	546,437	626,829
TOTAL FINANCE		509,768	581,262	546,437	626,829

Information Systems 01-5513.

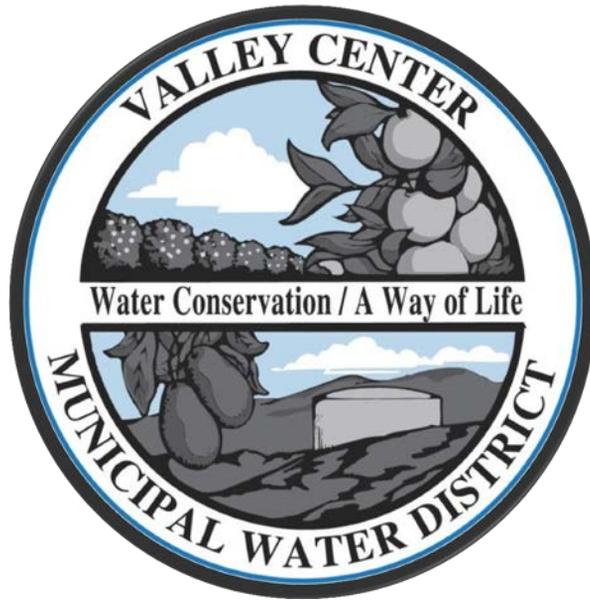
Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	390,461	433,800	420,800	469,800
03	Overtime	1,041	2,200	2,200	2,300
10	Training & Education	5,010	7,000	1,500	7,000
11	Uniform Allowance	0	0	675	675
25	Outside Professional Services	19,719	32,600	25,500	28,400
29	Subscriptions and Publications	200	250	250	300
30	Special Department Expenses	48,717	51,200	47,000	49,200
32	Telephone/Answering Service	8,786	9,000	8,900	9,500
37	Transportation, Meals & Travel	1,152	400	200	400
40	Rents and Leases	10,916	11,500	11,800	12,000
41	Hazardous Waste Disposal Cost	4	500	200	500
54	Maintenance of Equipment	27,826	30,400	28,000	27,000
59	Maintenance of Software	14,631	24,000	21,000	38,500
91	Expense Credit	(18,695)	(21,588)	(21,588)	(18,746)
	Total	509,768	581,262	546,437	626,829

Information Systems 01-5513.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 2.10	469,800
03	Overtime	2,300
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	7,000
11	Uniform Allowance	675
25	Outside Professional Services	28,400
	Network System Engineer & Internet Programming	2,000
	Programming Changes, Enhancements	15,400
	SCADA Programming	3,000
	Website Programming	5,000
	Telephone Equipment Programing	3,000
29	Memberships & Subscriptions	300
30	Special Department Expenses	49,200
	Computer Workstation Replacements	15,000
	Printer and Fax Supplies, Ribbons, Cartridges	16,000
	Copier Supplies	6,000
	Software and Hardware	11,000
	Ribbons for HP Line Printers	1,000
	Backup Tapes (HP)	200
32	Telephone and Communications	9,500
37	Transportation, Meals & Travel	400
40	Rents and Leases	12,000
	Backup Tape Archive Storage	3,000
	Repeater Site	9,000

Information Systems 01-5513.

Acct. No.	Detail and Justification	Department Request
41	Hazardous Waste Disposal Costs	500
54	Maintenance of Equipment Server Repair 4,000 Workstation and Laptop Repair 3,000 Printer Repair 1,000 Network Infrastructure Repair 3,000 Telephone Equipment Repair 2,000 Copier Machines 2,000 Facsimile Machines 1,000 SCADA Servers and Radios 4,000 Fire Suppression System 500 HP Printers (3) 2,000 Video Surveillance Repair 1,500 Miscellaneous 1,000 Radio Repeaters 2,000	27,000
59	Maintenance Agreements and Contracts Antivirus 2,400 Firewall and VPN 4,000 Network Management Systems 3,000 Content Filtering 2,500 Backup and Data Storage 6,000 Phone System 7,000 Datastream Software Maintenance 6,500 HP Client Software 1,000 HP Printers 1,600 HP Server 1,500 Website Content Management 3,000	38,500
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(18,746)



Finance

FUNCTION OVERVIEW

The Finance Department provides professional financial planning to the District for the funding of operational costs and capital improvement projects needed to sustain 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 Finance Department is also tasked with the responsibility of the Consumer Services Division and the Benefits Division, which provides administration of current employee and retiree benefits programs.

Costs incurred by the Salary Clearing Division are transferred to other divisions and funds at 206% 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 221% to cover other overhead expenses including administration support labor for payroll and accounting, building maintenance, utilities, and general liability and property insurance.

ACCOMPLISHMENTS FOR 2013-14

Awards - Our 2013-14 annual budget received the Award for Excellence in Operational Budgeting by the California Society of Municipal Finance Officers. Our 2013 Comprehensive Annual Financial Report has been submitted for consideration to receive 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, 2013:

- **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 met 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, 2014, were 10.5% of the total commodity cost for domestic customers and 13.1% for certified agricultural use, both below the standard of 13% and 16%, respectively.
- **Return on Investments (Standard 10):** For the calendar year 2013 our weighted average yield was 0.654%, exceeding the benchmark of 0.13% by 52 basis points. The District estimates our yield for the 2014-15 fiscal year to be 0.60%.

CHALLENGES FOR 2014-2015

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 2014-2015

Performance Measurement Standards –

- **Discretionary Reserves (Standard 3):** Continue to maintain discretionary reserves at the maximum six months' operations and maintenance budget.
- **Local Share of Total Water Commodity Costs (Standard 4):** Our share of the total water commodity rate, as budgeted as of February 1, 2015, shall be no more than 13% of the total commodity cost for domestic customers and 16% for certified agricultural.

- **Return on Investments (Standard 10):** Meet or exceed the District’s investment benchmark of return on investments greater than the 12-month rolling average return on U.S. Treasury bonds.

Other –

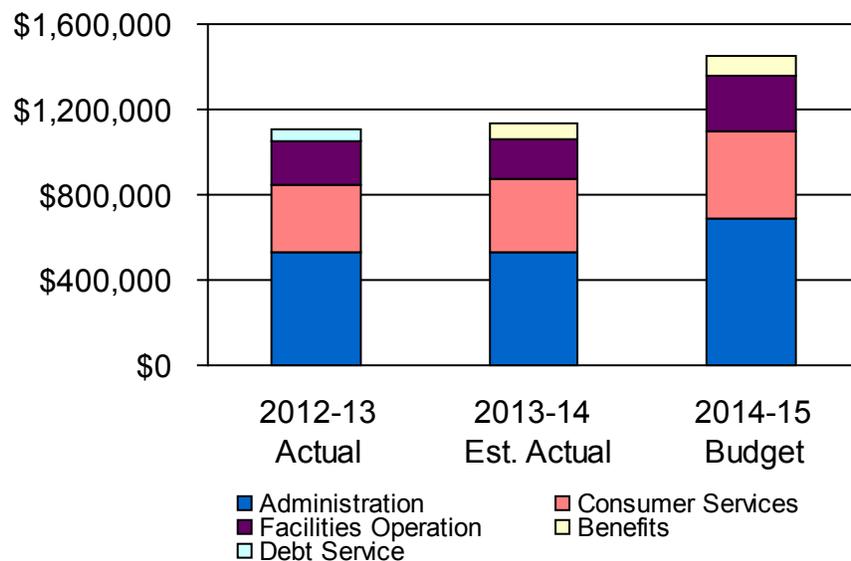
- Submit the 2014-15 Operating Budget for consideration to receive the Award for Excellence in Operational Budgeting from the California Society of Municipal Finance Officers (CSMFO).
- Submit the 2014 Comprehensive Annual Financial Report for consideration to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

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 information to users as fast and accurately as possible.

Personnel Requirements (FTE's)			
	<i>Actual</i>	<i>Budget</i>	<i>Proposed</i>
	<i>FY 2013-14</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>
Director of Finance/Treasurer	1.0	1.0	1.0
Accountant	0.0	0.0	0.5
Accounting/Benefits Specialist	1.0	1.0	1.0
Accounting Specialist	1.0	1.0	1.0
Accounting Clerk	1.0	1.0	1.0
Consumer Services Supervisor	1.0	1.0	1.0
Senior Consumer Services Assistant	1.0	1.0	1.0
Total	6.0	6.0	6.5

Division Expenses



Div. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
11	Administration	530,827	541,827	529,102	687,441
12	Consumer Service	317,722	375,360	346,630	408,241
14	Facilities Operation	200,262	281,485	187,635	262,486
16	Salary Clearing	0	0	0	0
17	Benefits	0	87,132	73,437	90,736
19	Debt Service	55,015	0	0	0
TOTAL FINANCE		1,103,826	1,285,804	1,136,804	1,448,904

Administration 01-5211.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	505,655	485,400	486,000	616,000
03	Overtime	863	1,500	500	1,000
10	Training & Education	990	3,500	1,000	3,500
11	Uniform Allowance	0	0	2,100	2,100
25	Outside Professional Services	40,528	55,000	47,000	56,000
28	Printing	1,871	3,300	500	2,650
29	Subscriptions and Publications	449	700	300	1,000
30	Special Department Expenses	2,673	6,300	6,100	6,300
33	Postage	389	600	400	13,800
34	Membership Fees & Dues	1,019	650	425	650
37	Transportation, Meals & Travel	5,427	5,000	4,900	5,000
91	Expense Credit	(29,037)	(20,123)	(20,123)	(20,559)
	Total	530,827	541,827	529,102	687,441

Administration 01-5211.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalent 3.72	616,000
03	Overtime	1,000
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	3,500
11	Uniform Allowance	2,100
25	Outside Professional Services	56,000
	Annual District Audit	22,000
	Availability Charges, Computer Svcs, Notices, & Liens	1,000
	Proposition 218 Notification	6,500
	Bank Service Charges	20,000
	Other	6,500
28	Printing	2,650
	Budgets	300
	Business Cards	250
	Comprehensive Annual Financial Report	300
	Checks	1,300
	Other	500
29	Subscriptions and Publications	1,000
	Trade Journals and Newspapers	400
	Government Accounting Standards Board	600
30	Special Department Expenses	6,300
	CAFR Applications and Debt Statistics	1,000
	Budget Application	200
	Office Supplies, including line printer paper	5,100
33	Postage	13,800
	Prop. 218 Notices	13,200
	Availability Charge Notices	300
	FedEx & Miscellaneous Mailings	300

Consumer Services 01-5212.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	261,663	275,000	279,000	309,000
03	Overtime	628	1,000	250	500
25	Outside Professional Services	15,167	18,500	16,100	16,500
28	Printing	11,087	13,200	10,500	12,500
30	Special Department Expenses	181	500	170	350
33	Postage	42,608	46,000	44,500	46,500
37	Transportation, Meals & Travel	84	100	50	100
87	Write Off of Uncollectible Accounts	49	35,000	10,000	35,000
91	Expense Credit	(13,745)	(13,940)	(13,940)	(12,209)
	Total	317,722	375,360	346,630	408,241

Consumer Services 01-5212.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalentents 2.28	309,000
03	Overtime	500
25	Outside Professional Services Bill and Notice Preparation 16,500	16,500
28	Printing Bill Payment Stubs 100 Business Cards 100 Computer Generated Forms: Billing & Delinquency Stock & Envelopes 12,300	12,500
30	Special Department Expenses Office Supplies 200 Lien Releases & Recording Fees 150	350
33	Postage 120,000 Water Bills & Final Notices	46,500
37	Transportation, Meals & Travel Transportation to Training and Seminars	100
87	Write Off of Uncollectible Accounts	35,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(12,209)

VALLEY CENTER MUNICIPAL WATER DISTRICT

VCMWD

Finance Department Budget Summary

Fiscal Year 2014-2015

Facilities Operation 01-5214.

No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Actual	Budget
25	Outside Professional Services	850	1,500	950	1,050
27	Office Supplies	7,187	8,500	8,600	9,500
28	Printing	1,941	3,800	1,500	3,000
30	Special Department Expenses	998	900	1,000	1,100
32	Telephone/Answering Service	47,686	47,700	47,600	47,100
40	Rents & Leases	1,921	2,500	2,200	2,400
42	Insurance	105,157	170,700	90,000	155,632
45	Electricity	36,791	46,900	37,500	43,200
54	Maintenance of Equipment	1,907	3,100	2,400	2,700
91	Expense Credit	(4,176)	(4,115)	(4,115)	(3,196)
	Total	200,262	281,485	187,635	262,486

Facilities Operation 01-5214.

Acct. No.	Detail and Justification	Department Request
25	Outside Professional Services	1,050
	Record Destruction Services	750
	Solar Energy Registration	300
27	Office Supplies-District	9,500
	Various Office Supplies, Copier Paper	
28	Printing	3,000
	Letterhead, Business Cards, Labels, Envelopes	
30	Special Department Expenses	1,100
	Property Taxes for Facilities Outside the District	500
	County Vector Control Assessment	600
32	Telephone/Answering Service	47,100
	Telephone	15,600
	Cellular Service	27,900
	Answering Service	3,600
40	Rents & Leases	2,400
	Postage Machine Print Head	1,200
	Storage of Application Files	1,200
42	Insurance	155,632
	General Liability	123,300
	Property Damage and Fidelity Coverage	53,600
	Other Self Insured Retention	5,000
	Less Amount Charged to Sewer Funds	(26,268)
45	Utilities-Electricity	43,200
	Electricity for Administration, Board Room Multipurpose Room, and Engineering Annex I & II	

Facilities Operation 01-5214.

Acct. No.	Detail and Justification	Department Request
54	Maintenance of Equipment Postage Machine and Scale 900 Letter Opener and Folder 500 Check Signer and Endorser 500 Currency Counter 300 Other 500	2,700
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(3,196)

Benefits 01-5217.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular		83,800	72,600	83,200
03	Overtime		1,000	500	500
10	Training & Education		1,500	600	1,000
25	Outside Professional Services		2,040	1,770	2,000
30	Special Department Expenses		1,000	690	1,000
34	Membership, Fees and Dues		915	400	600
37	Transportation, Meals & Travel		0	0	5,000
91	Expense Credit		(3,123)	(3,123)	(2,564)
	Total	0	87,132	73,437	90,736

Benefits 01-5217.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.50	83,200
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	1,000
25	Outside Professional Services Employee Assistance Program	2,000
30	Special Department Expenses Preventative Program - Flu shots, etc.	1,000
34	Membership, Fees and Dues California Public Employees Labor Relations Association (CALPELRA) 350 International Public Management Association for Human Resources 150 San Diego International Public Management Association for Human Resources (SD IPMA-HR) 100	600
37	Transportation, Meals & Travel CalPELRA Conference 2,000 CalPers Conference 2,000 Transportation to Training and Seminars 500 Other 500	5,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(2,564)

Salary Clearing 01-5216.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor	5,572,038	5,448,171	5,499,200	5,565,711
02	Interns and Temporary Labor	0	0	0	16,000
03	Overtime	180,227	230,750	187,825	233,700
04	Unemployment Insurance	21,840	21,600	19,400	19,800
05	Retirement	1,655,495	1,721,100	1,673,800	1,814,800
06	Medicare	81,412	79,700	81,100	82,800
07	Medical	1,149,056	1,287,475	1,299,600	1,288,475
08	Worker's Compensation	112,772	116,000	111,000	110,000
09	Life and Disability Insurance	126,028	125,300	120,200	126,900
10	Social Security	639	700	700	1,700
12	Vacation/Sick/Holiday Leave	892,045	882,900	882,900	917,800
13	Increase in Value Of Accrued Leave	33,908	17,200	25,600	62,100
15	Dental	81,448	93,600	80,000	80,400
16	Vision	11,763	12,000	12,500	12,500
18	Post Retirement Health Benefit	444,543	457,228	457,228	410,824
20	Retirement Health Deferred Cont.	2,726	2,900	2,500	3,100
91	Expense Credit - Leave	(892,045)	(882,900)	(882,900)	(917,800)
91	Expense Credit	(9,473,895)	(9,613,724)	(9,570,653)	(9,828,810)
	Total	0	0	0	0

Salary Clearing 01-5216.

Acct. No.	Detail and Justification	Department Request
01	Labor Salary for all District employees Full Time Equivalents 61.20	5,565,711
03	Overtime	233,700
04	Unemployment Insurance Federal mandated program - 4.8% of first \$7,000.	19,800
05	Retirement District Contribution to CalPERS.	1,814,800
06	Medicare 1.45% of base pay plus overtime on all employees hired after April 1, 1986.	82,800
07	Medical Preferred Provider or Health Maintenance Organization	1,288,475
08	Workers Compensation Required program to provide compensation and medical costs in the event of injury on the job.	110,000
09	Life and Disability Insurance Life and Accidental Death and Dismemberment 94,400 Long-Term Disability 32,500	126,900
10	Social Security	1,700
12	Vacation / Sick / Holiday Leave	917,800
13	Increase in Value of Accrued Leave Generally Accepted Accounting Principles requires the District to fund accrued leave at current value at year end.	62,100

Salary Clearing 01-5216.

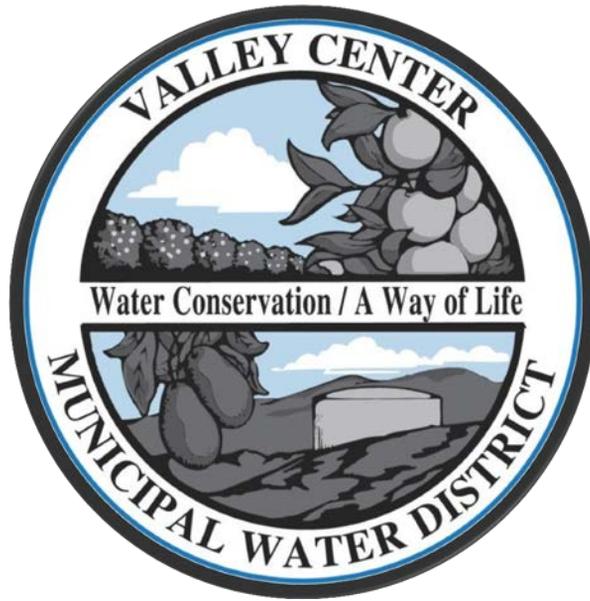
Acct. No.	Detail and Justification	Department Request
15	Dental Insurance District paid for employee and dependents.	80,400
16	Vision Insurance District paid for employee and dependents.	12,500
18	Post Retirement Health Annual required contribution to defined benefit plan.	410,824
20	Retirement Health, Defined Contribution Plan	3,100
91	Expense Credit - Leave	(917,800)
91	Expense Credit	(9,812,810)

Debt Service 01-5219.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Adopted Budget	Estimated Actual	Adopted Budget
70	Principal	55,000	0	0	0
71	Interest on Debt	15	0	0	0
	Total	55,015	0	0	0

SOURCE OF FINANCING

Water Availability Charge/Other	55,015	0	0	0
Total	55,015	0	0	0



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 customers and 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 2013-2014**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.

- The District completed Four construction contracts in FY 2013/14 and the project costs are as follows:

Project	Eng. Est.	Bid Amt	Change Orders	Total Const Cost	% of Eng Estimate
Red Iron Bark Pipeline	\$315,000	\$248,845	\$5,019	\$253,864	-19%
Red Ironbark Pump Station*	\$265,000	\$254,687		\$254,687	-4%
Cobb Reservoir AC Replacement	\$70,000	\$56,314	\$10,873	\$67,187	-4%
VC-1b Pipeline Replacement	\$210,000	\$175,225	\$11,975	\$187,200	-11%
Totals	\$860,000	\$735,071	\$27,867	\$762,938	-11%

* Multi-Prime Project with Various Suppliers and Sub-Contractors

- The District bid three projects during FY2013/14 that are scheduled to be completed in the FY 2014/15. The project contract amounts are as follows:

Project	Eng. Est.	Bid Amt	% of Eng Estimate
Lilac Reservoir Floating Cover Replacement	\$455,000	\$396,688	-13%
Country Club Reservoir Upgrades	\$2,120,000	\$1,790,635	-16%
Country Club Reservoir Liner/Cover	\$700,000	\$664,300	-5%
Totals	\$3,275,000	\$2,851,623	-13%

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.

▪ Infrastructure - Goal 2:

- Started design of the South Village Wastewater Expansion Project, including the phase 2 Expansion of the Woods Valley Ranch WRF, the Charlan Road Seasonal Storage Facility and low pressure collection system.
- Provided technical engineering services associated with minor private development projects including reissuing concept approval for two projects; completed plan review and approval for two projects with a total of 11 lots, and completed final project acceptance for two projects totaling six lots at this time.
- Continued work on 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.
- Completed annexation proceedings for the Meadowood Subdivision, 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. Staff is coordinating with Rainbow MWD for wheeling water supply from the SDCWA aqueduct and possible transportation of wastewater to the City of Oceanside.
- Processed preliminary concept approval for the Lilac Hills Ranch Master Planned Community which consists of a 1,749 unit mixed use development including commercial, residential, civic, and institutional uses within a 600 acre area. Improvements to include water distribution system, on-site wastewater treatment plant, collection system, off-site transmission system, treatment upgrades at the Lower Moosa Wastewater Treatment Plant, and recycled water transmission and distribution system.

▪ Technology - Goal 4:

Geographical Information System (GIS – 4a) - Continued to upgrade the GIS with additional data and features, as follows:

- Continued 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.
- Continued easement scanning project, reviewed and corrected scanned easement documents, next phase of project will be to integrate the scanned documents into GIS format and include in the GIS database.
- Completed pipeline projects and minor facility changes continue to be updated in the GIS database to ensure the data is current.

Computer Aided Drafting (CAD) Document Management (DM) System – installation of the document management system geared specifically towards the AutoCAD environment was completed and configured. Staff continues to work on final implementation for distribution to the CAD editors. 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 5b: Renewable and Alternative Energy Resource:** Staff continued to identify potential sites for solar development and assisted the Field Staff in the design and material procurement of Tyler Pump Station and Country Club Reservoir Solar projects.

Other Projects and Services: Services provided through April, 2014 include:

- Processed applications and released for installation (32) domestic water meters; (38) fire service meters; (7) meter applications; (1) meter relocation; (3) meter resizes; and (41) construction meters.
- Managed and administrated (25) Agency Clearance letters; (21) Project Availability and Commitment letters; (5) Special Projects; and (2) wastewater system Special Project.
- Marked out and processed over 730 underground service alert requests.
- Identified 25 new right-of-way violations and resolved 16; processed 15 new encroachments and issued 14 encroachment permits.

CHALLENGES FOR 2014-2015

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 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.
- React to County Road widening projects, specifically Cole Grade Road, to implement capital project as necessary to relocate District facilities as required.
- Update the District's Standard Specifications for Construction of District Facilities including the Standard Drawings and Facility Design Manuals for Water and Wastewater facilities.

GOALS FOR 2014-2015

Strategic Plan Implementation:

Water Supply – Goal 1:

- Coordinate with Rainbow MWD for the provision of water supply to the Meadowood Development.
- Administer the District's Water Conservation Program to effectively meet all regulatory and Urban Water Conservation Council Memorandum of Understanding requirements.

Infrastructure – 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 South Village Expansion Project.
- Prepare engineering drawings and bid documents, and perform construction management including inspection and record drawings for the replacement of the Lilac Reservoir Cover.
- Prepare bid documents and provide construction management for the recoating of identified above ground welded steel reservoirs; Betsworth and Tyler Reservoirs
- Prepare engineering drawings and bid documents, and perform construction management including inspection and record drawings for the Wilkes Road Pipeline.
- Pursue funding opportunities for infrastructure replacement and local water supply projects.

Technology - Geographical Information System (GIS) - Goal 4a:

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 custom map applications for staff use. Generate database containing San Diego County developer project status for Project Facility Availability, Commitment, and other County required letters. 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 4a:

Finalize implementation of the mapping document management system for the accessibility and organization of the District's map drawings.

Technology - SCADA - Goal 4b: 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 4d:

Assist with the integration of the Service Order System with GIS.

Energy - Efficiency - Goal 5a: Engineering staff will continue to assist in the design, review, and installation of energy efficient pump assemblies.

Energy - Renewable and Alternative Energy Resources - Goal 5b: 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, maintain updated hardcopy of the Valve Books for Field staff.
- Reduce processing time and paperwork required for water and wastewater service requests by utilizing computer resources.
- Provide opportunities for cross training in the areas of GIS, AutoCAD, and Water Use Efficiency.
- Continue to update electric gates within the District with District gate receivers.

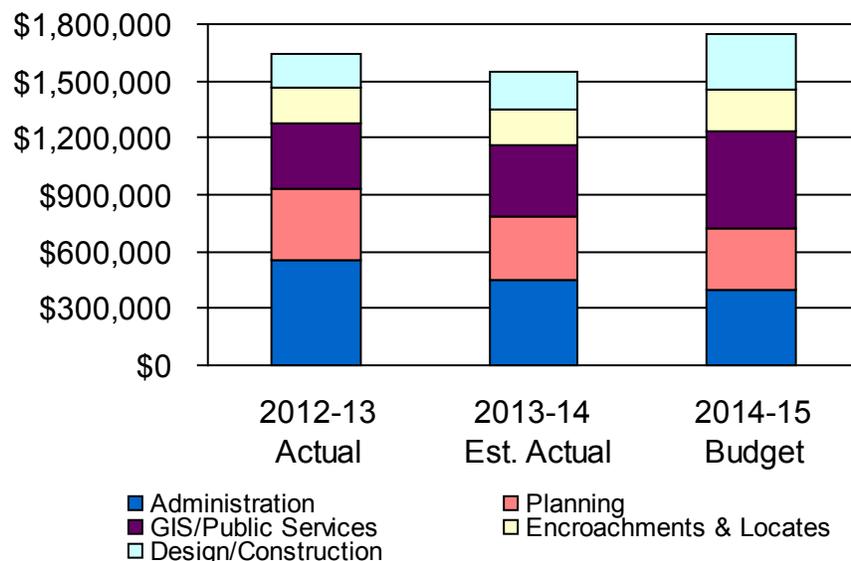
LONG-TERM GOALS

- 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.

Personnel Requirements (FTE's)

	<i>Actual FY 2013-14</i>	<i>Budget FY 2013-14</i>	<i>Proposed FY 2014-15</i>
District Engineer/Deputy General Manager	1.0	1.0	1.0
Project Manager/Deputy Engineering Dept. Director	1.0	1.0	1.0
Project Manager	1.0	1.0	1.0
Construction Inspection Supervisor	1.0	1.0	1.2
GIS/Engineering Services Supervisor	1.0	1.0	1.0
Administrative Assistant III	2.0	2.0	1.5
Engineering Technician III	1.0	1.0	1.0
Engineering Technician II	2.0	2.0	2.0
GIS/Analyst	1.0	1.0	1.0
Senior Construction Inspector	1.0	1.0	0.0
Total	12.0	12.0	10.7

Division Expenses



Div. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
21	Administration	554,235	465,241	448,071	397,463
22	Planning	376,001	282,315	339,015	322,651
23	GIS/Public Services	347,113	339,443	373,543	518,989
24	Encroachments & Locates	185,085	240,083	192,533	216,627
28	Design/Construction	179,864	196,839	190,589	289,808
TOTAL ENGINEERING		1,642,298	1,523,921	1,543,751	1,745,538

Administration 01-5321.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	530,658	467,300	450,000	392,300
03	Overtime	629	1,000	500	500
10	Training & Education	908	1,200	800	1,200
11	Uniforms/Shoes	786	770	4,000	3,600
26	Legal Services	34,278	6,500	5,000	6,500
28	Printing	49	50	50	250
29	Books & Subscriptions	175	1,000	500	1,000
30	Special Department Expenses	1,416	1,200	500	500
34	Membership Fees & Dues	1,125	3,000	3,000	3,000
37	Transportation, Meals & Travel	212	500	1,000	500
88	Capital Planning	829	0	0	0
91	Expense Credit	(16,830)	(17,279)	(17,279)	(11,887)
	Total	554,235	465,241	448,071	397,463

Administration 01-5321.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 2.40	392,300
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	1,200
11	Uniforms/Shoes	3,600
26	Legal Services	6,500
28	Printing Reports, Business Cards, Mass Mailings	250
29	Books & Subscriptions AWWA Standards Update 250 Standard Specifications for Public Works 100 Technical Journals, Publications, Software 350 Engineering News Record 200 Miscellaneous 100	1,000
30	Special Department Expenses Office and Drafting Supplies 300 Miscellaneous 200	500
34	Membership, Fees & Dues American Water Works Association 100 American Public Works Association 250 American Society of Civil Engineers 250 Certifications 125 Construction Management Association of America 125 Southern California Alliance Public Treatment Works 1,700 Water Environment Federation 225 Water Reuse 75 Other 150	3,000

Administration 01-5321.

Acct. No.	Detail and Justification	Department Request
37	Transportation, Meals & Travel	500
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(11,887)

Planning 01-5322.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	383,635	285,000	337,500	319,600
03	Overtime	216	500	500	500
10	Training & Education	0	1,000	1,000	1,000
25	Outside Professional Services	0	5,000	10,000	10,000
28	Printing	0	100	0	0
30	Special Department Expenses	75	0	0	0
34	Membership Fees & Dues	1,686	0	0	0
37	Transportation, Meals & Travel	489	1,200	500	1,200
91	Expense Credit	(10,100)	(10,485)	(10,485)	(9,649)
Total		376,001	282,315	339,015	322,651

Planning 01-5322.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.85	319,600
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	1,000
25	Outside Professional Services	10,000
37	Transportation, Meals & Travel	1,200
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(9,649)

GIS/Public Services 01-5323.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	300,865	296,400	332,000	369,300
03	Overtime	1,361	1,500	2,500	2,700
10	Training & Education	257	500	500	500
25	Outside Professional Service	0	2,500	2,500	18,000
28	Printing	0	100	0	100
29	Books & Subscriptions	0	150	0	150
30	Special Department Expenses	28,864	10,000	7,500	97,800
34	Membership Fees & Dues	119	400	400	400
37	Transportation, Meals & Travel	530	500	750	750
54	Maintenance of Equipment	550	2,000	1,000	2,160
59	Software Technical Support	19,468	24,000	24,000	22,450
84	Water Conservation Program	6,701	14,000	15,000	20,200
91	Expense Credit	(11,602)	(12,607)	(12,607)	(15,521)
	Total	347,113	339,443	373,543	518,989

GIS/Public Services 01-5323.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalentents 2.52	369,300
03	Overtime	2,700
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	500
25	Outside Professional Service	18,000
28	Printing Board Displays, Presentations, Reports Standard Specifications, Rules, Regulations, Etc.	100
29	Books & Subscriptions Technical Journals and Magazines	150
30	Special Department Expenses District Imagery - District Aerial 90,000 Office Supplies 3,000 First American Corelogic License Fee 2,400 Large Format Printer/Plotter Supplies 1,800 First American Real Estate On-Line Service 500 Miscellaneous 100	97,800
34	Membership, Fees & Dues Geospatial Information and Technology Assn. 200 California Geographic Information Association 100 Urban & Regional Information Systems Assn. 100	400
37	Transportation, Meals & Travel	750
54	Maintenance of Equipment Large Format Copier/Scanner 2,160	2,160

GIS/Public Services 01-5323.

Acct. No.	Detail and Justification	Department Request
59	Software Technical Support GIS Products 15,000 Autodesk Products 4,000 H2O Map - Water 1,950 H2O Map - Sewer 1,500 Synergis Adept 0	22,450
84	Water Conservation Program Splash Science School Mobile Lab 4,000 Water Conservation Materials 3,500 Green Machine 2,900 SMART Landscape Program 4,000 Landscape Irrigation Classes 500 California Urban Water Conservation Counsel Dues 1,800 Printing 500 Water Education Programs - Poster Contest 1,500 School Program 1,500	20,200
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(15,521)

Encroachments & Locates 01-5324.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	190,125	235,000	198,000	184,600
03	Overtime	318	1,000	250	675
10	Training & Education	0	500	0	500
25	Outside Professional Services	600	2,500	0	2,500
26	Legal Services	0	2,500	0	2,500
30	Special Department Expenses	56	1,500	700	26,700
34	Membership, Fees & Dues	983	1,500	1,000	250
37	Transportation, Meals & Travel	0	0	0	500
52	Maintenance of Facilities	2,257	4,000	1,000	3,850
54	Maintenance of Equipment	0	500	500	1,000
91	Expense Credit	(9,254)	(8,917)	(8,917)	(6,448)
Total		185,085	240,083	192,533	216,627

Encroachments & Locates 01-5324.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.41	184,600
03	Overtime	675
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	500
25	Outside Professional Services	2,500
26	Legal Services	2,500
30	Special Department Expenses Drafting and Office Supplies 200 Markout Supplies 500 Inspector's Supplies 500 Markout Device (Locator) 4,000 Markout Location Software 20,000 Dig Alert 1,200 Miscellaneous 300	26,700
34	Membership, Fees & Dues International Right-of-Way Association 250	250
37	Transportation, Meals & Travel	500
52	Maintenance of Facilities Retrofit 10 Electric Gate Controllers: Controllers 13 @ \$150 each (3 instock) 1,500 Installation 10 @ \$120 each 1,200 Miscellaneous 1,150	3,850
54	Maintenance of Equipment (Locators)	1,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(6,448)

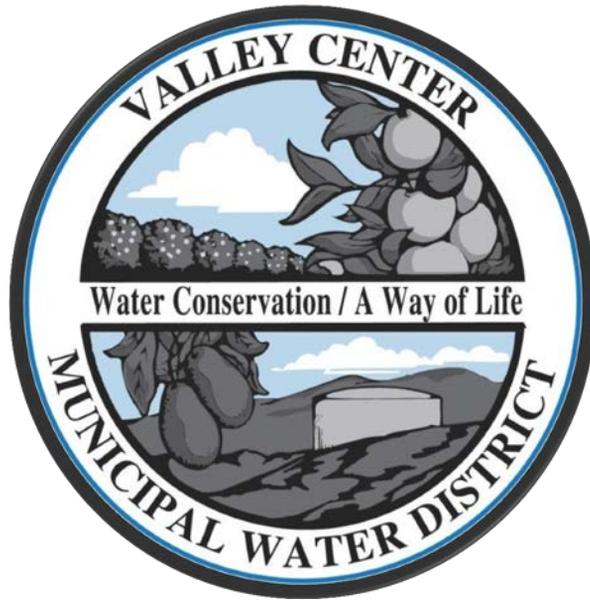
Design/Construction 01-5328.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	183,830	197,100	193,000	216,500
03	Overtime	66	250	500	675
10	Training & Education	284	1,000	0	500
25	Outside Professional Services	0	2,000	2,000	77,000
28	Printing	3,289	1,000	1,000	1,000
29	Books & Subscriptions	0	100	100	100
30	Special Department Expenses	73	1,800	800	1,800
37	Transportation, Meals & Travel	0	400	0	400
54	Maintenance of Equipment	0	500	500	500
91	Expense Credit	(7,678)	(7,311)	(7,311)	(8,667)
Total		179,864	196,839	190,589	289,808

Design/Construction 01-5328.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.65	216,500
03	Overtime	675
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	500
25	Outside Professional Services Outsource Mapping Updates 75,000 Contract Drafting Assistance 2,000	77,000
28	Printing	1,000
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	(8,667)





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 40 full time employees, including 5 in wastewater operations. The department is responsible for the operation and maintenance of all District facilities, water and wastewater, and the District's security 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 programs for all departments to ensure the preservation of our low worker's compensation ratings through our ACWA/JPIA insurance provider.

During the past year the District was presented with a refund check from the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). The check represented a partial return of prior years' insurance premiums due to the District's successful efforts to control and reduce property, liability, and workers' compensation losses.

- 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 network..

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 operations 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. The Moosa laboratory performs our daily wastewater sampling, potable bacteriological testing (Bac-T), and general physicals samples. 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 - The Pump & Motor Division maintains, repairs, and replaces the electrical and mechanical equipment at the District's 58 different water and wastewater facilities. The Division maintains the District's equipment at a high level of efficiency, reliability, and safety through proactive maintenance and replacement programs. The water facilities are comprised of 53 locations consisting of 43 reservoirs, 113 electric motor driven pumps, 25 emergency power generators, 11 air compressors, 8 natural gas engine driven pumps, and 3 solar power systems. The wastewater facilities are comprised of 5 locations consisting of 56 electric motor driven pieces of equipment, and 4 emergency power generators. The Division is also responsible for the in-house planning and implementation of the District SCADA Project, potential solar sites, and security systems, as well as their maintenance, upgrades, and improvements. In addition, it is responsible for the Fleet 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.

Construction and Maintenance – The C&M 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. The 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 April 30, 2014, there were 9,771 active meters, of which 987 are fire meters, and 3,755 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 2013-14

Performance Measurement Standard:

- **Water Loss (Standard 2):** Unknown water loss is to be reported for the past ten years in terms of percent of water sold, acre feet, and value of water lost, as well as efforts to minimize and reduce the loss. Unaccounted water loss for 2012 was 1,448.9 acre feet, 5.4% of total water sold, which represents \$1.3 million dollars. With our service agreement with CALFire, the District cleared 43 remote easements to improve our leak detection and system surveillance measures. A number of appurtenances were upgraded or removed from 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 3 meter routes, which represents 1099 meters, for security, tampering, and proper meter function. Crews have also installed additional security measures involving magnetic interruption or tampering influence on 200 meter accounts and will continue this magnetic detection procedure into the 2014-15 fiscal year. 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. During the year the Cool Valley re-circulation pump was upgraded from 35% efficiency to 101% efficiency. The project costs will be off-set through the SDG&E Energy Efficient Business Incentive and On-Bill Financing programs. Construction was also started on the Rincon Pump Station upgrade which will be relocated to the Cool Valley reservoir site to off-set its energy consumption through a future solar array.
- **Water Service Reliability (Standard 7):** was 99.998% for calendar year 2013.
- **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 accidents in the calendar year 2013.

Strategic Plan Implementation:

- **SCADA (Goal 7b):** 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 2013-14 were; Rincon, Kornblum, and Jesmond dene Reservoir sites. Also completed were, the Red Ironbark and Jesmond Dene Pump Stations. Radio communication sites at the Vallecitos Water District's Deer Springs Reservoir and the Rincon Del Diablo Municipal Water District's Hubbard Hill facility were established.

Other Projects:

- Installed a new 58kW solar field for the Circle R Pump Station to reduce our San Diego Gas & Electric consumption and costs.
- Completed constructed of the new Red Ironbark pressure sustaining pump station and landscape.
- Upgraded the existing below grade air-vacs to current Department of Health and Safety specifications in the Wyndemere Estates Development.
- Upgraded the West Pump Station and associated inlet and discharge piping.
- Satin sealed paving at 11 reservoir, pressure reducing stations, and pump station sites.
- Cleaned, pressure washed, and inspected 10 steel reservoir tanks.
- Installed 4 new valves and replaced 3 valves throughout the District's service area.
- Installed a 16" flow meter and vault at the VC7 Chlorination building as part of the SCADA project.
- Upgraded the security cameras at the District Corporate Facility.
- Installed a new 30" inlet/outlet isolation valve for the Cool Valley Reservoir.
- Constructed 800' of new 8" PVC line at Cool Valley Reservoir for the new Rincon Pump Station.
- Installed an emergency back-up stationary generator at our remote Couser Pump Station.
- Upgraded the floating cover pumps at our Cobb reservoir facility.

CHALLENGES FOR 2014-2015

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 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 2014-2015**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. Maintain our security and

tamper proof measures in remote easements and perform weekend and after-hours field and meter inspections.

- **Pump Efficiency (Standard 5):** Maintain the efficiency requirements through repair, reconditioning and replacing sub-par pumping equipment. Evaluate low performing pump stations for pump and motor replacement upgrades. Utilize the rebate and efficiency programs available through SDG&E to off-set district costs in the improvement of sub-standard pump stations. The Rincon Pump Station upgrade is schedule to be completed during 2014-15.
- **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 7b)** - Continue construction and implementation of SCADA development Phases III through VII.

Facilities scheduled to be completed include the VC2 Aqueduct connection facility, Mizpah and MacTan reservoir sites, Lilac Pala, Red Mountain, MJM, and San Gabriel pump stations. With assistance from Information Technology in managing all of the Wonderware and radio responsibilities of the SCADA project, the project has significantly moved forward.

- **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. Additional security measures will be implemented at both of the solar field sites and the District's entrance area in the Administration building will be evaluated for improved efficiencies and security.
- **Solar Projects (Goal 8b)** - Install two solar arrays at small scale pumping stations to off-set energy consumption and costs. A 35kW solar array will be constructed at Cobb Reservoir to augment the recirculation and chlorination pumping that maintains the reservoir's water quality. A second 30kW solar field will be constructed at the MJM Pump Station to off-set the pump stations energy consumption.

Other Goals:

- Continue in-house security upgrades at reservoir and pumping facilities through SCADA implementation.
- Retrofit a number of fire hydrants along Valley Center Road with the new auto shut-off AVK check valve.
- Remove existing asphalt, grade, and re-pave the lower area at the Corporate Facility.
- Continue to evaluate our energy consumption and determine cost saving measures to off-set electric expenses through improved maintenance or alternative generation throughout our pumping and reservoir facilities.
- Start the Corporate Facility security upgrades in the front of the administration building.
- 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.
- Satin seal paving at 12 facilities throughout the District.
- Continue to build and install our internal mixing units at troublesome reservoir sites.
- 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.

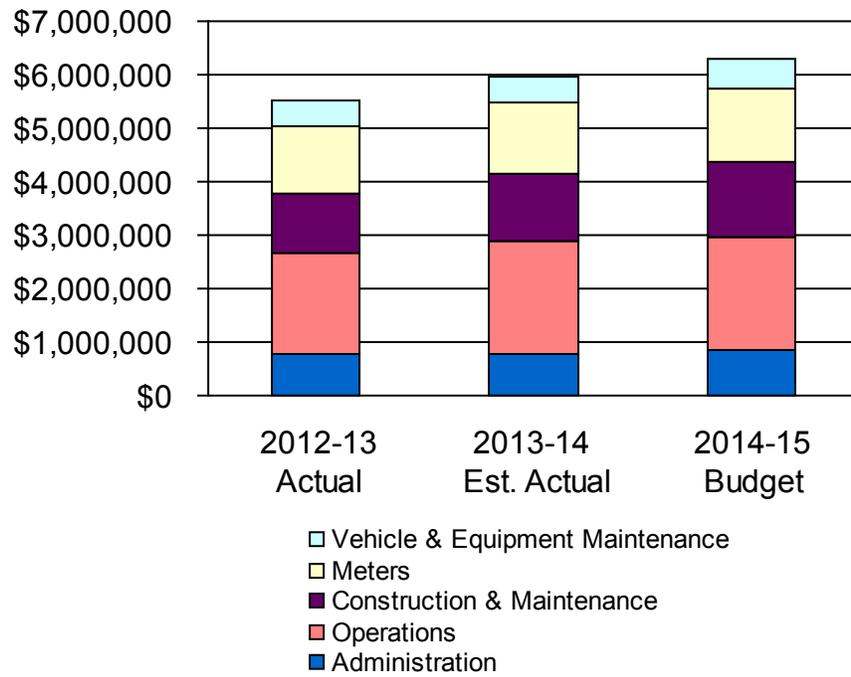
Implement and develop pumping strategies and procedures to maximize pumping efficiencies and incorporate solar or alternative generation into that approach.

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

Personnel Requirements (FTE's)

	<i>Actual FY 2013-14</i>	<i>Budget FY 2013-14</i>	<i>Proposed FY 2014-15</i>
Director of Operations	1.0	1.0	1.0
Safety & Regulator Compliance Supervisor	1.0	1.0	1.0
Senior Administrative Assistant	1.0	1.0	1.0
Construction Maintenance Supervisor	1.0	1.0	1.0
Meter Services Supervisor/Deputy OPS/Fac	1.0	1.0	1.0
Pumps & Motors Supervisor	1.0	1.0	1.0
Water Systems Supervisor	1.0	1.0	1.0
Wastewater Systems Supervisor	1.0	1.0	1.0
Senior Construction Maintenance Tech	3.0	3.0	3.0
Construction Maintenance Technician III	4.0	5.0	4.0
Construction Maintenance Technician II	2.0	2.0	2.0
Landscape Maintenance Worker III	1.0	1.0	1.0
Meter Services Technician II	6.0	6.0	6.0
Senior Pump Facilities Technician	2.0	2.0	2.0
Senior Electrician	1.0	1.0	1.0
Senior Fleet Mechanic	1.0	1.0	1.0
Fleet Mechanic II	1.0	1.0	1.0
Pump Facilities Technician III	1.0	1.0	0.0
Pump Facilities Technician I	1.0	1.0	1.0
Senior Water Systems Technician	1.0	1.0	1.0
Water Systems Technician III	3.0	3.0	4.0
Water Systems Technician II	1.0	1.0	0.0
Water Systems Technician I	1.0	1.0	1.0
Senior Wastewater System Technician	1.0	1.0	1.0
Wastewater Systems Technician III	2.0	2.0	2.0
Wastewater Systems Technician II	1.0	1.0	1.0
Total	41.0	42.0	40.0

Division Expenses



Div. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
ADMINISTRATION					
31	Field Administration	389,695	385,098	384,848	412,998
32	Safety & Regulatory Compliance	171,101	180,641	177,456	186,327
33	Landscape & Paving Maintenance	180,953	170,179	158,549	144,382
34	District Security	32,671	50,957	46,556	122,875
	Total Administration:	774,420	786,875	767,409	866,582
OPERATIONS					
42	System Operation	854,469	817,800	837,500	680,300
43	Telemetry	106,046	166,500	140,700	228,500
44	Treatment	47,450	98,450	63,650	99,850
45	Automatic Valves	73,477	119,300	81,500	116,100
46	Reservoir Maintenance	205,686	203,500	214,225	197,200
47	Pump Maintenance	201,647	239,650	240,950	209,850
48	Motor Maintenance & Electric Panels	337,299	435,800	440,616	453,800
49	Quality Control	58,538	111,500	95,300	114,500
	Total Operations:	1,884,612	2,192,500	2,114,441	2,100,100
CONSTRUCTION & MAINTENANCE					
53	Pipeline and Right-of-Way Maint.	519,706	618,400	556,000	597,700
54	Corporate Facilities Maintenance	98,836	172,831	137,781	222,396
55	Valve Maintenance & Location	517,171	590,300	569,200	589,200
	Total Construction & Maintenance:	1,135,713	1,381,531	1,262,981	1,409,296
METERS					
61	Meter Installation	36,486	46,100	83,262	101,700
62	Meter Reading	35,011	38,800	43,375	52,000
63	Service Connection Maintenance	975,615	1,076,350	1,012,127	991,050
65	Backflow Maintenance	181,450	192,000	182,693	206,700
	Total Meters:	1,228,562	1,353,250	1,321,457	1,351,450
71	Vehicle & Equipment Maintenance	496,806	575,800	496,076	558,100
TOTAL FIELD OPERATIONS		5,520,113	6,289,956	5,962,364	6,285,528

Field Administration 01-5431.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	346,968	336,900	336,900	361,100
03	Overtime	225	550	350	500
10	Training & Education	17,922	17,500	17,900	18,000
11	Uniform/Clothing/Shoes	28,684	28,500	29,000	29,100
25	Outside Professional Service	0	0	0	0
28	Printing	617	1,500	1,200	1,500
30	Special Department Expenses	2,569	3,000	3,200	3,200
32	Automated Telephone Dial Service	1,004	2,500	1,800	2,500
33	Postage	0	150	150	150
34	Memberships, Fees and Dues	238	300	250	300
37	Transportation, Meals & Travel	4,109	6,500	6,200	6,500
38	Regulatory Permits & Fees	1,943	2,000	2,200	2,500
91	Expense Credit	(14,584)	(14,302)	(14,302)	(12,352)
	Total	389,695	385,098	384,848	412,998

Field Administration 01-5431.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalentents 1.79	361,100
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	18,000
11	Uniform/Clothing/Shoes Uniforms for Field Personnel 21,500 Safety Shoes 6,250 Hats 750 Sweatshirts 300 Jackets 300	29,100
28	Printing	1,500
30	Special Department Expenses Office Supplies 2,500 Miscellaneous Equipment 700	3,200
32	Automated Telephone Dial Service for scheduled SDCWA shutdowns	2,500
33	Postage	150
34	Memberships, Fees and Dues Miscellaneous 300	300
37	Transportation, Meals & Travel San Diego County Water Works Group Meetings 1,000 After Hour Meals 4,500 Joint Power Insurance Authority Meetings 1,000	6,500
38	Regulatory Permits & Fees State Water Resources Control Board 2,500	2,500
91	Expense Credit	(12,352)

Safety & Regulatory Compliance 01-5432.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	141,542	145,800	143,500	154,600
03	Overtime	158	500	450	500
07	Employee Physicals	9,699	9,600	9,600	9,600
25	Outside Professional Service	4,289	9,200	8,700	5,800
30	Special Department Expenses	20,102	21,000	20,600	20,000
34	Memberships, Fees and Dues	1,375	1,250	1,315	1,400
91	Expense Credit	(6,064)	(6,709)	(6,709)	(5,573)
Total		171,101	180,641	177,456	186,327

Safety & Regulatory Compliance 01-5432.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.89	154,600
03	Overtime	500
07	Employee Physicals As required by the Department of Health Services, Department of Motor Vehicles, Department of Transportation, and OSHA, including hearing tests, drug testing, and respirator physicals.	9,600
25	Outside Professional Service Fire Extinguisher Testing 2,800 Material Safety Data Sheets On-line 1,100 Hearing Audit 0 Automated External Defibrillator Compliance Program 300 DOT Administration Fee 800 Electrical Personal Protective Equipment Testing 800	5,800
30	Special Department Expenses First Aid Equipment 2,000 Safety Protection Equipment 5,500 Safety Materials 1,500 Respirator Replacements 1,000 Safety Signs 1,000 Rain Gear & Safety Vests 2,200 Fall Protection Harness Replacement 800 Emergency/First Aid Supplies 3,000 Fire Extinguisher Replacement 1,000 Fall Protection Rescue Equipment 500 Miscellaneous 1,500	20,000
34	Memberships, Fees and Dues National Safety Compliance 400 National Fire Protection Association 200 Pacific Safety Council 300 Cal OSHA Reports 500	1,400

Safety & Regulatory Compliance 01-5432.

Acct. No.	Detail and Justification	Department Request
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(5,573)

Landscape & Paving Maintenance 01-5433.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	177,940	165,500	155,000	138,500
03	Overtime	0	500	0	500
25	Outside Professional Services	0	4,000	3,720	4,000
30	Special Department Expenses	612	500	650	700
52	Maintenance of Facilities	7,005	6,000	5,500	5,000
91	Expense Credit	(4,604)	(6,321)	(6,321)	(4,318)
Total		180,953	170,179	158,549	144,382

Landscape & Paving Maintenance 01-5433.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.19	138,500
03	Overtime	500
25	Outside Professional Services Tree Trimming and Turner Dam Cattail Control Pre-Emergent spray of station/facilities	4,000
30	Special Department Expenses	700
52	Maintenance of Facilities Irrigation and Plants 2,500 Landscape Materials 1,500 Fence Repair - Barb wire replacement 500 Gravel 500	5,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(4,318)

District Security 01-5434.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	32,754	43,900	40,000	121,000
03	Overtime	0	250	250	250
28	Printing	0	200	100	200
30	Special Department Expenses	1,131	8,000	7,600	4,500
33	Postage	0	100	0	100
34	Memberships, Fees and Dues	300	400	499	500
91	Expense Credit	(1,514)	(1,893)	(1,893)	(3,675)
Total		32,671	50,957	46,556	122,875

District Security 01-5434.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.75	121,000
03	Overtime	250
28	Printing	200
30	Special Department Expenses Office Supplies 300 Security Supplies 350 Security Gate Maintenance 1,500 Camera Maintenance/Upgrades 1,500 Emergency Satellite Television Fees 350 EOC Supplies 500	4,500
33	Postage	100
34	Memberships, Fees and Dues Water Information Sharing and Analysis Center	500
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(3,675)

System Operation 01-5442.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	766,937	709,300	760,500	572,300
03	Overtime	84,497	100,000	73,500	100,000
30	Special Department Expenses	0	1,000	1,000	1,000
52	Maintenance of Facilities	3,035	7,500	2,500	7,000
				0	
	Total	854,469	817,800	837,500	680,300

System Operation 01-5442.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalentents 4.57	572,300
03	Overtime Stand-By Pay, Operation Call Out, Shift Pay	100,000
30	Special Department Expenses	1,000
52	Maintenance of Facilities Equipment 2,500 General Maintenance 3,000 Miscellaneous 1,500	7,000

Telemetry/SCADA 01-5443.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	52,167	91,600	81,000	159,600
03	Overtime	2,166	2,500	2,500	2,500
25	Outside Professional Services	0	5,000	3,000	5,000
30	Special Department Expenses	0	400	100	400
32	Telephone	27,586	30,000	22,500	25,000
52	Maintenance of Facilities	4,291	7,000	3,500	5,000
54	SCADA Repairs	9,475	10,000	9,600	10,000
59	Software Technical Support	10,361	20,000	18,500	21,000
Total		106,046	166,500	140,700	228,500

Telemetry/SCADA 01-5443.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.08	159,600
03	Overtime As Needed for Repairs	2,500
25	Outside Professional Services SCADA Programming	5,000
30	Special Department Expenses	400
32	Telephone Leased Telemetry Lines and Alarm Monitor	25,000
52	Maintenance of Facilities Repairs To: Transmitters and Receivers 1,000 Power Supplies 2,000 Telemetry 2,000	5,000
54	SCADA Repairs Pressure Level Transducers 5,000 SCADA Miscellaneous 5,000	10,000
59	Software Technical Support	21,000

Treatment 01-5444.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	13,903	55,100	40,000	61,500
03	Overtime	0	500	500	500
23	Chlorine	32,566	40,000	21,000	35,000
25	Outside Professional Services	0	500	500	500
30	Special Department Expenses	188	350	350	350
38	Regulatory Permits & Fees	292	500	400	500
52	Maintenance of Facilities	501	1,500	900	1,500
Total		47,450	98,450	63,650	99,850

Treatment 01-5444.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.48	61,500
03	Overtime	500
23	Chlorine Chlorine Tablets 27,400 HTH to Increase Residual in Reservoirs 7,600	35,000
25	Outside Professional Services Chlorinator Maintenance 500	500
30	Special Department Expenses Tools and Replacement	350
38	Regulatory Permits & Fees	500
52	Maintenance of Facilities Repair or Rebuild Tablet Chlorinators 1,000 Rebuild Chlorine Detectors 500	1,500

Automatic Valves 01-5445.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	55,062	99,300	60,000	94,600
03	Overtime	330	1,000	1,000	1,000
30	Special Department Expenses	0	500	500	500
52	Maintenance of Valves	18,085	18,500	20,000	20,000
Total		73,477	119,300	81,500	116,100

Automatic Valves 01-5445.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalentents 0.69	94,600
03	Overtime	1,000
30	Special Department Expenses Tools and Replacement	500
52	Maintenance of Valves Rebuild, Repair & Maintenance of Pressure Reducing, Pressure Relief, Altitude, Pump Control, and Isolation Valves	20,000

Reservoir Maintenance 01-5446.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	168,537	156,700	168,000	150,400
03	Overtime	531	1,000	1,000	1,000
25	Outside Professional Service	8,106	15,000	13,725	14,200
30	Special Department Expenses	0	800	800	800
38	Regulatory Permits & Fees	15,061	15,000	15,700	15,800
52	Maintenance of Facilities	13,451	15,000	15,000	15,000
Total		205,686	203,500	214,225	197,200

Reservoir Maintenance 01-5446.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.07	150,400
03	Overtime	1,000
25	Outside Professional Service Diver - Cleaning and Inspection 10,000 Floating Cover - Cleaning and Repair 4,200	14,200
30	Special Department Expenses Hose & Pump Equipment	800
38	Regulatory Permits & Fees Turner Dam 15,500 Environmental Health Permits 300	15,800
52	Maintenance of Structures & Improvements Site Improvements - Construction Maintenance 5,000 Reservoir cleaning and inspection 5,000 Floating Reservoir Covers Repair and Patching 5,000	15,000

Pump Maintenance 01-5447.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	169,903	178,400	180,000	149,100
03	Overtime	989	2,000	2,200	2,000
25	Outside Professional Services	0	25,000	25,000	25,000
30	Special Department Expenses	517	750	750	750
38	Regulatory Permits & Fees	0	500	0	0
52	Maintenance of Pumps	30,238	28,000	28,000	28,000
54	Maintenance of Equipment	0	5,000	5,000	5,000
Total		201,647	239,650	240,950	209,850

Pump Maintenance 01-5447.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.97	149,100
03	Overtime	2,000
25	Outside Professional Services Machine Work 20,000 Epoxy Coating 5,000	25,000
30	Special Department Expenses Tool Replacement 250 Miscellaneous Items 500	750
52	Maintenance of Pumps Pump Repair Parts 15,000 Painting 3,000 Bearings 5,000 Packing/Mechanical Seals 5,000	28,000
54	Maintenance of Equipment (Surge Tanks) Controls 2,000 Relief Valves 3,000	5,000

Motor Maintenance/Electrical Panels 01-5448.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	229,768	266,300	281,000	284,300
03	Overtime	3,331	3,500	3,400	3,500
25	Outside Professional Services	3,200	26,000	20,000	26,000
30	Special Department Expenses	1,925	3,000	3,146	3,000
38	Regulatory Permits & Fees	21,477	22,000	21,070	25,200
52	Maintenance of Electrical Facilities	23,451	31,000	33,000	31,000
55	Maintenance of Engines	37,129	34,000	34,000	34,000
56	Maintenance of Electric Motors	17,018	50,000	45,000	46,800
Total		337,299	435,800	440,616	453,800

Motor Maintenance/Electrical Panels 01-5448.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.93	284,300
03	Overtime	3,500
25	Outside Professional Services Building Pest Control and Repair 15,000 Generator Load Testing 2,500 Emission Source Testing 3,500 Circuit Breaker Testing 5,000	26,000
30	Special Department Expenses Test and Diagnostic Equipment 500 Electrical Safety Equipment and Testing 2,500	3,000
38	Regulatory Permits & Fees Environmental Health 3,200 Natural Gas Engines 20,000 Emergency Generators 2,000	25,200
52	Maintenance of Electrical Facilities Electrical Panels 16,000 Electrical Equipment 4,000 Lights, Electrical Tool Repair 1,500 Circuit Breakers 4,500 Softstarter Repair/Replacement 5,000	31,000
55	Maintenance of Engines Miscellaneous Breakdowns/Services/Oil 34,000	34,000
56	Maintenance of Electric Motors Parts and Repairs 36,800 Bearings, Oil & Grease 10,000	46,800

Quality Control 01-5449.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	41,242	61,200	57,000	75,000
03	Overtime	165	500	500	500
25	Outside Professional Services	3,084	19,000	12,000	15,000
28	Printing	1,835	5,500	5,500	2,500
30	Special Department Expenses	0	500	500	500
33	Postage	0	2,300	2,300	1,500
38	Regulatory Permits & Fees	7,003	15,000	10,000	12,000
52	Maintenance of Facilities	5,209	7,500	7,500	7,500
Total		58,538	111,500	95,300	114,500

Quality Control 01-5449.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.52	75,000
03	Overtime	500
25	Outside Professional Services Lab Analysis For: Trihalomethane (THM) Stage 2 3,500 Haloacetic acids (HAA) 3,500 Lead/Copper Testing 0 Unregulated Contaminant Monitoring Rule 3 Testing 8,000	15,000
28	Printing Consumer Confidence Reports, Annual Notifications, Regulations	2,500
30	Special Department Expenses Lab Supplies 400 Glassware Replacement 100	500
33	Postage Notifications for major shutdowns 800 Consumer confidence reports 700	1,500
38	Regulatory Permits & Fees AB 2995 Water Systems Fees, Inspection and Services	12,000
52	Maintenance of Facilities Chlorine Residual Comparators 2,500 Chlorine Residual Reagent 2,000 Rebuild/Repair Chlorine Residual Analyzers 3,000	7,500

Pipeline & R.O.W. Maintenance 01-5453.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	408,773	485,900	458,000	474,200
03	Overtime	18,299	27,500	15,000	27,500
25	Outside Professional Services	25,733	25,000	18,500	23,000
30	Special Department Expenses	2,562	2,000	1,900	2,000
40	Rents & Leases	1,254	1,000	600	1,000
52	Maintenance of Facilities	63,085	77,000	62,000	70,000
Total		519,706	618,400	556,000	597,700

Pipeline & R.O.W. Maintenance 01-5453.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 3.14	474,200
03	Overtime Emergency Leak Repair	27,500
25	Outside Professional Services Asphalt Paving 10,000 Asphalt Satin Sealing 10,000 Mowing of Corporate Facilities 3,000	23,000
30	Special Department Expenses Fire Hose and Fittings 250 Cones and Barricades 250 Tools 500 Welding Supplies 1,000	2,000
40	Rents & Leases	1,000
52	Maintenance of Facilities Asphalt, Hot and Cold Mix 16,500 Decomposed Granite, Road Base and Rock 21,000 Culverts 2,000 Cement 2,000 Clamps and Couplings 9,000 Welding Materials 2,500 Asphalt-Cement Disposal 2,500 Pipe - Repair 6,500 AC Pipe Disposal 5,000 Erosion Control Material 3,000	70,000

Corporate Facilities Maintenance 01-5454.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	31,201	48,500	42,000	56,400
03	Overtime	90	250	100	250
25	Outside Professional Services	37,890	80,500	78,000	135,000
30	Special Department Expenses	4,778	5,000	4,100	4,000
38	Regulatory Permit & Fees	0	0	0	2,500
52	Maintenance of Facilities	29,658	45,000	20,000	30,000
91	Expense Credit	(4,781)	(6,419)	(6,419)	(5,754)
Total		98,836	172,831	137,781	222,396

Corporate Facilities Maintenance 01-5454.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.41	56,400
03	Overtime	250
25	Outside Professional Services	135,000
	Paving Overlay	91,500
	Janitorial Service	11,000
	Air Conditioner Repairs/Service	9,500
	Trash Pickup	7,000
	Bug and Termite Treatment	2,500
	Carpet Cleaning	3,000
	Internal Window, Floor Cleaning	4,000
	Miscellaneous	4,000
	Generator Load Testing	2,500
30	Special Department Expenses	4,000
	Breakroom Supplies	3,000
	Miscellaneous Supplies	1,000
38	Regulatory Permit & Fees	2,500
	Environmental Health Permit	1,500
	Emergency Stationary Gen-sets	1,000
52	Maintenance of Facilities	30,000
	Floor Mats/Lighting	3,500
	Janitor Supplies	4,000
	Building Maintenance	3,500
	Special Cleaning of Building	4,000
	Miscellaneous	3,000
	Roof and Painting Repairs	2,000
	Asphalt Seal	10,000
91	Expense Credit	(5,754)
	Reimbursement from Sewer Funds for Administrative Overhead	

Valve Maintenance/Locations 01-5455.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	429,385	489,800	471,900	488,700
03	Overtime	8,339	10,000	12,500	12,000
25	Outside Professional Services	0	8,000	6,000	6,000
30	Special Department Expenses	1,736	1,500	1,500	1,500
40	Rents & Leases	413	1,000	800	1,000
52	Maintenance of Facilities	77,298	80,000	76,500	80,000
Total		517,171	590,300	569,200	589,200

Valve Maintenance/Locations 01-5455.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 3.54	488,700
03	Overtime	12,000
25	Oustide Professional Services Asphalt Paving	6,000
30	Special Department Expenses Tools 300 Welding Supplies 700 Markout Materials/Calibration 250 Cones 250	1,500
40	Rents & Leases Heavy Equipment and Asphalt Breaker	1,000
52	Maintenance of Facilities Air Vacs and Covers 12,000 Air Vac Screens 5,500 Blow Offs 4,500 Fire Hydrants 8,500 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	80,000

Meter Installation 01-5461.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	11,628	13,200	25,000	27,300
03	Overtime	306	2,000	1,200	2,000
30	Special Department Expenses	160	1,000	900	1,000
38	Regulatory Permits & Fees	0	250	0	250
40	Rents & Leases	0	150	0	150
51	Maintenance of Vehicles	5,950	6,000	5,500	6,000
52	Installation Material-Meters	11,756	15,000	27,562	35,000
57	Installation Material-Backflows	6,686	8,500	23,100	30,000
Total		36,486	46,100	83,262	101,700

Meter Installation 01-5461.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.19	27,300
03	Overtime	2,000
30	Special Department Expenses	1,000
38	Regulatory Permits & Fees Excavation Permits	250
40	Rents & Leases	150
51	Vehicle Maintenance	6,000
52	Installation Material-Meters	35,000
57	Installation Material - Backflows Including Approved Double Check Valves, RP Devices and Fire Protection	30,000

Meter Reading 01-5462.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	32,859	34,800	39,500	45,000
03	Overtime	154	500	975	1,000
30	Special Department Expenses	414	1,000	900	1,000
59	Software Technical Support	1,584	2,500	2,000	5,000
Total		35,011	38,800	43,375	52,000

Service Connection Maintenance 01-5463.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	845,275	899,100	858,000	818,800
03	Overtime	12,211	20,000	24,000	25,000
25	Outside Professional Services	14,879	25,000	13,800	20,000
30	Special Department Expenses	76	2,000	1,700	2,000
40	Rents & Leases	160	250	0	250
52	Maintenance of Facilities	103,014	130,000	114,627	125,000
Total		975,615	1,076,350	1,012,127	991,050

Service Connection Maintenance 01-5463.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 5.88	818,800
03	Overtime	25,000
25	Outside Professional Services Cal-Fire Clearing 15,000 Asphalt Paving 5,000	20,000
30	Special Department Expenses Pressure Recorder Transducers 1,000 Meter Security Locks 500 Miscellaneous Tools & Equipment 500	2,000
40	Rents & Leases	250
52	Maintenance of Facilities Replace Deteriorated Services 36,000 Maintenance Parts and Materials 47,000 Meter Repairs and Usage Exchanges 16,500 Asphalt Repairs 6,000 Repair/Replace Pressure Reducing Valves 4,000 Repair/Replace Clay Valves 3,000 Adapter Fittings for Auxiliary Hose 2,000 Shoring Repair Kits and Pump 1,500 Traffic Control Equipment 3,000 Security Measures (Meters) 6,000	125,000

Backflow Maintenance 01-5465.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	139,350	142,500	140,000	159,200
03	Overtime	98	1,000	700	1,000
25	Outside Professional Services	968	2,000	1,000	2,000
30	Special Department Expenses	64	1,500	1,200	1,500
52	Maintenance of Facilities	40,970	45,000	39,793	43,000
Total		181,450	192,000	182,693	206,700

Backflow Maintenance 01-5465.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.18	159,200
03	Overtime	1,000
25	Outside Professional Services Repair and Calibration of Test Equipment: Potable Water	2,000
30	Special Department Expenses New Testing Supply Requirements Repair Tools and Fixtures Test Equipment for Reclaimed Water	1,500
52	Maintenance of Facilities Reduced Pressure (RP) Repair Parts Double Check (DC) Repair Parts Retro Refit Devices	43,000

Vehicle & Equipment Maintenance 01-5471.

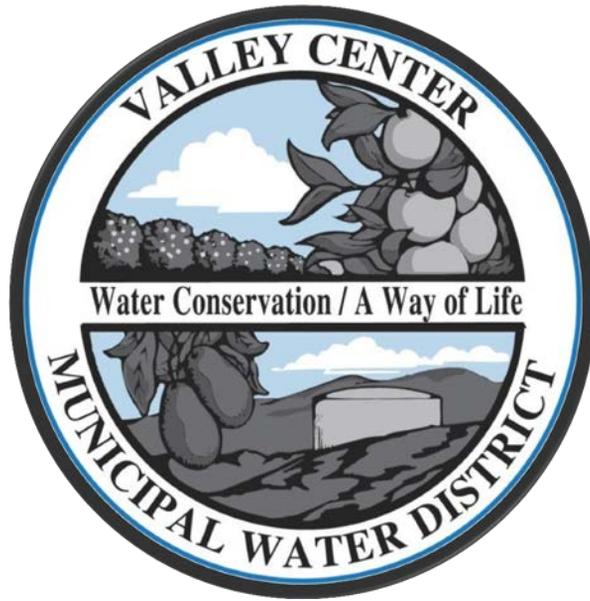
Acct. No.	Description	12-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	229,803	257,000	238,000	255,600
03	Overtime	5,928	7,000	6,400	7,000
25	Outside Professional Services	5,902	14,500	14,500	14,500
30	Special Department Expenses	2,395	4,300	4,200	4,300
38	Regulatory Permits & Fees	3,972	5,500	4,300	3,700
40	Rents & Leases	1,165	1,000	0	0
41	Hazardous Waste Disposal Costs	4,311	8,000	5,500	8,000
50	Maintenance - Gas, Oil & Grease	153,732	185,000	145,000	180,000
51	Maintenance of Vehicles	73,194	76,000	68,000	70,000
53	Maintenance of Radios	12,012	15,000	12,276	13,000
54	Maintenance of Equipment	20,460	22,000	18,900	21,000
91	Expense Credit	(16,068)	(19,500)	(21,000)	(19,000)
Total		496,806	575,800	496,076	558,100

Vehicle & Equipment Maintenance 01-5471.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.85	255,600
03	Overtime	7,000
25	Outside Professional Services Generator Load Testing 2,500 Fuel Tank Testing 2,000 Vehicle and Equipment Repairs 10,000	14,500
30	Special Department Expenses Replacement Tools 300 Specialty Tools 500 Tools for Service Truck 200 Software Repair Manuals 3,300	4,300
38	Regulatory Permits & Fees Boom Truck 500 Portable Equipment 1,400 Emergency Generators 1,800	3,700
41	Hazardous Waste Disposal Costs Recycling Oil, Filters & Solvents 1,500 Recycling Tires & Miscellaneous 1,500 Cleanup Material 1,600 Compliance Guides 400 Disposal of Aerosols 1,000 Asbestos Pipe 2,000	8,000
50	Fuel, Oil, and Chemicals Fuel 168,000 Oil and Coolant 10,000 Fuel Tank Parts 2,000	180,000

Vehicle & Equipment Maintenance 01-5471.

Acct. No.	Detail and Justification	Department Request
51	Maintenance of Vehicles Parts for Fleet	70,000
53	Maintenance of Radios/Vehicle Tracking Radio Parts Vehicle Tracking Service Contract	13,000
54	Maintenance of Equipment Grader/Dozer/Backhoe Miscellaneous Equipment	21,000
91	Expense Credit Rental Value of Vehicles and Equipment Used for: Installation of Meters 01-5461.51 Moosa Treatment Plant 13-5326.51 Moosa Collection 13-5327.51 Moosa STEP Maintenance 13-5329.51 Woods Valley Ranch Treatment Plant 17-5331.51	(19,000)



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 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 \$351 per acre foot as of July 1, 2014, 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 2013-2014

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 diligently to continue agricultural discounts.

Electricity costs were budgeted at 11.1¢ per kilowatt hour last year, costs are currently running below that at a weighted average cost of 9.3¢ per kilowatt hour. This reduction is mostly due to reduced electricity demand charges because of energy management strategies and lower water flows.

CHALLENGES FOR 2014-2015

The use of fixed charges by MWD and SDCWA leaves the District exposed if water sales drop below historical levels, as we continue to see, because of continued economic uncertainties and wholesale water rate increases.

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

Secure continuation of the SDCWA Transitional Special Agricultural Water Rate (TSAWR) agricultural pricing program.

GOALS FOR 2014-2015

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 formally adopted by the San Diego County Water Authority. As such, we have estimated 2015 water rates using the preliminary 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 wholesale water rates are budgeted to increase 5.2% for domestic and 1.6% for the TSAWR over the current adopted rates. 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 \$191 in January 2015.

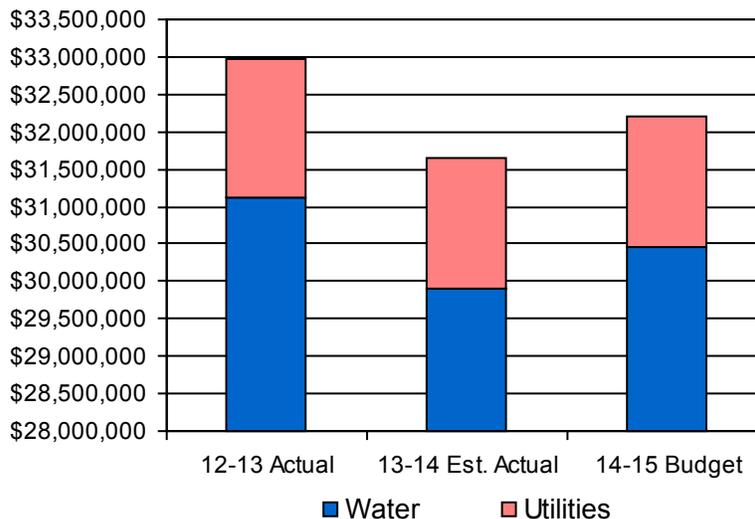
The TSAWR program, in its current form, has been extended until December 31, 2015. The District will continue to secure extension by the SDCWA of the full Transitional Special Agricultural Water Rate (TSAWR) beyond 2015.

Based on our best estimate at this time, electricity will average 10.2¢ per kilowatt hour and natural gas 75¢ per therm, for an aggregate cost of \$68 per acre foot of water purchased for 2014-15. This includes a projected 10% increase in electric rates due to possible increases in SDG&E rate tariffs. The aggregate cost for 2013-14 is estimated at \$69 per acre foot.

LONG-TERM GOALS

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

Source of Supply



Div. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
41	Source of Supply	32,961,535	31,403,907	31,661,560	32,193,521
TOTAL SOURCE OF SUPPLY		32,961,535	31,403,907	31,661,560	32,193,521

Source of Supply 01-5441.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
		@ 29,238 af	@ 25,530 af	@ 25,800 af	@ 25,530 af
21	Water Supply Charge - MWD & CWA	26,618,996	25,020,744	25,391,450	26,120,535
22	Water Delivery Charge - CWA	2,582,398	2,402,806	2,440,000	2,515,286
23	Agricultural Rebate - MWD	(147,265)	0	0	0
24	Agricultural Rebate - CWA	(1,904,208)	(2,180,653)	(2,219,500)	(2,822,336)
25	Ready to Serve Charge	172,780	308,410	308,410	450,436
26	Infrastructure Access Charge	467,784	472,700	472,700	481,500
30	Capacity Reservation Charge - MWD	592,086	557,100	557,100	687,300
35	Customer Service Charge - CWA	1,631,169	1,615,400	1,615,400	1,617,900
36	Emergency Storage Charge - CWA	1,100,229	1,328,400	1,328,400	1,410,900
	Total Water	31,113,969	29,524,907	29,893,960	30,461,521
45	Utilities - Electricity	1,607,341	1,688,600	1,578,400	1,546,600
47	Utilities - Natural Gas	240,225	190,400	189,200	185,400
	Total Utilities	1,847,566	1,879,000	1,767,600	1,732,000
	Total	32,961,535	31,403,907	31,661,560	32,193,521

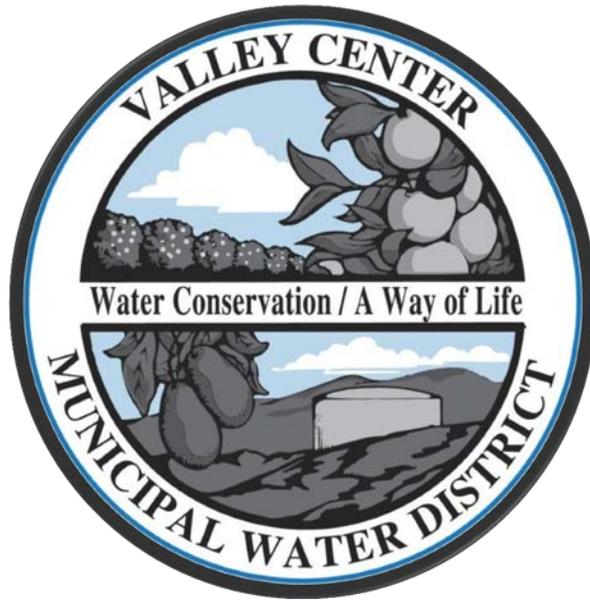
Source of Supply 01-5441.

Acct. No.	Detail and Justification			Department Request
		<u>Jul to Dec</u>	<u>Jan to Jun</u>	
21	Water Supply Charge			26,120,535
	To MWD & CWA -	1,006.00	1,051.00	
	Expected purchases in AF	<u>15,811</u>	<u>9,719</u>	
	Expected purchases in \$	<u>15,905,866</u>	<u>10,214,669</u>	
22	Water Delivery Charge			2,515,286
	To MWD & CWA -	97.00	101.00	
	Expected purchases in AF	<u>15,811</u>	<u>9,719</u>	
	Expected purchases in \$	<u>1,533,667</u>	<u>981,619</u>	
24	Agricultural Rebate - CWA			(2,822,336)
	Ag Discount Rate	(139.00)	(191.00)	
	Estimated Ag purchases in AF	<u>10,870</u>	<u>6,866</u>	
		<u>(1,510,930)</u>	<u>(1,311,406)</u>	
25	Ready to Serve Charge			450,436
26	Infrastructure Access Charge			481,500
30	Capacity Reservation Charge - MWD			687,300
	This charge is levied to recover the cost of providing peak capacity within the distribution system. It is based on a five-year rolling average of member agency flows during coincident peak weeks.			

Source of Supply 01-5441.

Acct. No.	Detail and Justification	Department Request									
35	<p>Customer Service Charge - CWA This charge is based on a three-year rolling average of all deliveries. It is levied to recover estimated costs necessary to support the functioning of the Authority, to develop policies and implement programs that benefit the region.</p>	1,617,900									
36	<p>Emergency Storage Charge - CWA This charge is based on a three-year rolling average of non-agricultural deliveries. It is levied to recover costs associated with the Emergency Storage Program.</p>	1,410,900									
45	Utilities - Electrical	1,546,600									
47	Utilities - Natural Gas	185,400									
	<p>Utilities are based on sale of 24,000 A.F. and purchase of 25,530 A.F. @ \$74 per A.F.</p> <table data-bbox="568 1092 1120 1228" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Electric</td> <td style="padding-right: 20px;">89%</td> <td style="text-align: right;">1,546,600</td> </tr> <tr> <td>Natural Gas</td> <td>11%</td> <td style="text-align: right;"><u>185,400</u></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;"><u><u>1,732,000</u></u></td> </tr> </table>	Electric	89%	1,546,600	Natural Gas	11%	<u>185,400</u>	Total		<u><u>1,732,000</u></u>	
Electric	89%	1,546,600									
Natural Gas	11%	<u>185,400</u>									
Total		<u><u>1,732,000</u></u>									





Capital Outlay

FUNCTION OVERVIEW

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

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

ACCOMPLISHMENTS FOR 2013-2014

Strategic Plan Implementation:

- **Full Development of GIS (Goal 7a):** Continued 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 7b):** 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 2013-14 were; Rincon, Kornblum, and Jesmond dene Reservoir sites. Also completed were, the Red Ironbark and Jesmond Dene Pump Stations. Radio communication sites at the Vallecitos Water District's Deer Springs Reservoir and the Rincon Del Diablo Municipal Water District's Hubbard Hill facility were established.

- **Service Order Software (Goal 4d):** The development of a new Service Order Software to track customer service order requests, produce work orders, and provide asset management capabilities is nearing completion. The system will improve customer service and allow asset maintenance tasks to be scheduled and managed by field department personnel. It is anticipated that the system will be completed by the end the 2013-2014 fiscal year.
- **E-Business (Goal 4e):** 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 May 22, 2014, there were 3,045 customer accounts registered and utilizing the system, of which 562 have elected to no longer receive paper bills in the mail.

Information and Business Systems:

- Staff continues to deploy new SCADA network communications equipment that has cut the cost of radios and switches by more than 95%, while providing faster connection speeds, better range, and reduced installation costs. The low cost of the radios enables us to increase redundancy by providing multiple connections to most sites and minimizes the impact of technology obsolescence.
- 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:

- Installed a new 58kW solar field for the Circle R Pump Station to reduce our San Diego Gas & Electric consumption and costs.

- Completed construction of the new Red Ironbark pressure sustaining pump station.

CHALLENGES FOR 2014-2015

- 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 2014-2015

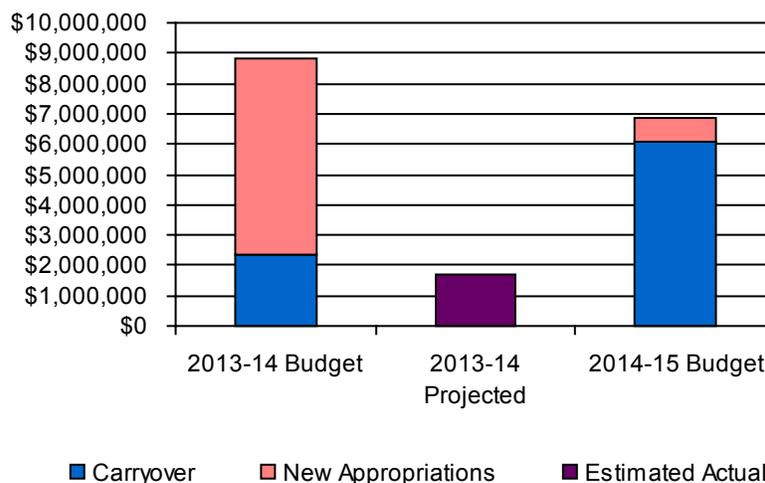
Strategic Plan Implementation:

- **Infrastructure (Goal 2):** Continue to appraise, examine, and improve the District’s infrastructure and facilities throughout our service area to prevent major system failures.
- **Technology:** Staff will investigate available upgrades to the District’s financial software system as the current system is nearing end-of-life. The new system will need to provide a modern user interface in combination with more integrated functionality for all financial applications, utility billing, human resources, payroll, and integrated job costing.
- **Full Development of GIS (Goal 4a):** Continue with development of database information and integration of data and other District computer applications with GIS.
- **SCADA System (Goal 4b):** Integrate District facility sites as needed into the SCADA system as opportunities arise and additional funding is made available. There are two reservoirs and four pump stations scheduled for completion during the year. Additionally, one aqueduct connection site is scheduled to be completed.

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



General 01-56XX-78

Description	Acct. No.	Prior	2014							2015					Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
<u>Pipelines & PRVs</u>															
Wilkes Road Pipeline Replacement	01	Planning			Design									Construction	
Participation, Upsizing, & Unspecified Repl Projects	02													As Required	
New Valve Installations and Appurtenances	06	Complete												Construction	
High Mountain Service	10	Complete													
VC-1B Pipeline	23	Complete													
Integrated Water Resources Management Plan	62						Design								
<u>Pump Stations</u>															
Red Ironbark Pump Station	03	Complete													
Pump & Motor Replacements	16	Complete													
Valley Center Pump Station Surge Tank Replacement	25	Purchase					Construction								
Emergency Power Generation and Equipment	32	Complete													
Rincon Pump Station Relocation & Replacement	36						Design							Purchase	Construction
<u>Reservoirs</u>															
Lake Turner Gauging Station	07	Complete													
Reservoir Mixing System	13													Construction	
Tyler Reservoir Repainting/Coating	26								Design					Bid/Award	Construction
Lilac Reservoir Cover Replacement	27	Bid/Award					Construction								
Betsworth Reservoir Repainting/Coating	34						Design							Bid/Award	Construction
Reidy Canyon Area Reservoir	38								Planning						
Cobb Reservoir Cover Replacement	63	Complete													
Country Club Roof Repair	90	Bid/Award												Construction	
<u>Data Management Systems</u>															
Water Loss Reduction Measures Audit	18													Ongoing	
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	
<u>Facilities</u>															
Administration Facility Improvements	60	Planning												Construction	
Solar Power Development	64								Design					Construction	
<u>Equipment</u>															
Twelve Yard Dump Truck	28	Complete													
Vehicles	37													Bid	Purchase

General 01-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2013-14	Estimated Actual Expenditures 2013-14	Budget Carried Forward to 2014-15	New Appropriation 2014-15	Total Approved Budget 2014-15
Pipelines & PRV's							
Wilkes Road Pipeline Replacement	01	10-5	498,829	38,829	460,000	75,000	535,000
Participation, Upsizing, & Unspecified Repl Projects	02		260,507	55,379	205,128		205,128
New Valve Installations and Appurtenances	06	10-6	20,680	19,000	1,680	20,000	21,680
High Mountain Service	10		21,535		21,535		21,535
VC-1B Pipeline	23		272,901	217,026	0		0
Integrated Water Resources Management Plan	62	10-7	24,044	3,044	21,000	50,000	71,000
Pump Stations							
Red Ironbark Pump Station	03		11,543	6,116	0		0
Pump & Motor Replacements	16		218,767	138,000	80,767		80,767
Valley Center Pump Station Surge Tank Replacement	25		90,000		90,000		90,000
Emergency Power Generation and Equipment	32		137,320	36,000	101,320		101,320
Rincon Pump Station Relocation and Replacement	36	10-8				125,000	125,000
Reservoirs							
Lake Turner Gauging Station	07		6,445		6,445		6,445
Reservoir Mixing System	13		58,261		58,261		58,261
Tyler Reservoir Repainting/Coating	26	10-9	250,000		250,000	50,000	300,000
Lilac Reservoir Cover Replacement	27		600,000	100,000	500,000		500,000
Betsworth Reservoir Repainting/Coating	34	10-10	248,625	2,365	246,260	50,340	296,600
Reidy Canyon Area Reservoir	38		11,011		11,011		11,011
Cobb Reservoir Cover Replacement	63		138,307	86,047	0		0
Country Club Roof Repair	90		4,745,661	400,000	3,414,877		3,414,877
Data Management Systems							
Water Loss Reduction Measures	18		41,801	(747)	42,548		42,548
Server Virtualization, Storage, Disaster Recovery	24		85,424	25,000	60,424		60,424
Service Order Software	47		203,214	5,000	198,214		198,214
SCADA System Improvements & Security	71	10-11	401,574	215,925	185,649	190,000	375,649
GIS Phase II Implementation	89		24,671	24,671	0		0
Enterprise Computer Programming Improvements	96		15,768	2,000	13,768		13,768
Facilities							
Administration Facility Improvements	60	10-12	75,603	2,850	72,753	35,000	107,753
Solar Power Development	64	10-13	229,119	175,000	54,119	65,000	119,119
Equipment							
Twelve Yard Dump Truck	28		150,000	150,000	0		0
Vehicles	37	10-14				78,000	78,000
Total Capital Projects			8,841,610	1,701,505	6,095,759	738,340	6,834,099

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

Estimated Expenditures by Year

Fiscal Year 2014-2015

General 01-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2014-15	New Appropriation 2014-15	Total Approved Budget 2014-15	Estimated Actual Expenditures 2014-15	Estimated Actual Expenditures 2015-16	Estimated Project Balance after 2 years
Pipelines & PRV's								
Wilkes Road Pipeline Replacement	01	10-5	460,000	75,000	535,000	535,000		
Participation, Upsizing, & Unspecified Repl Projects	02		205,128		205,128	102,564	102,564	
New Valve Installations and Appurtenances	06	10-6	1,680	20,000	21,680	21,680		
High Mountain Service	10		21,535		21,535	21,535		
VC-1B Pipeline	23		0		0			
Integrated Water Resources Management Plan	62	10-7	21,000	50,000	71,000	71,000		
Pump Stations								
Red Ironbark Pump Station	03		0		0			
Pump & Motor Replacements	16		80,767		80,767	80,767		
Valley Center Pump Station Surge Tank Replacement	25		90,000		90,000	90,000		
Emergency Power Generation and Equipment	32		101,320		101,320	101,320		
Rincon Pump Station Relocation and Replacement	36	10-8		125,000	125,000	125,000		
Reservoirs								
Lake Turner Gauging Station	07		6,445		6,445	6,445		
Reservoir Mixing System	13		58,261		58,261	58,261		
Tyler Reservoir Repainting/Coating	26	10-9	250,000	50,000	300,000	300,000		
Lilac Reservoir Cover Replacement	27		500,000		500,000	500,000		
Betsworth Reservoir Repainting/Coating	34	10-10	246,260	50,340	296,600	296,600		
Reidy Canyon Area Reservoir	38		11,011		11,011	11,011		
Cobb Reservoir Cover Replacement	63		0		0			
Country Club Roof Repair	90		3,414,877		3,414,877	3,414,877		
Data Management Systems								
Water Loss Reduction Measures	18		42,548		42,548	21,274	21,274	
Server Virtualization, Storage, Disaster Recovery	24		60,424		60,424	30,212	30,212	
Service Order Software	47		198,214		198,214	123,214	75,000	
SCADA System Improvements & Security	71	10-11	185,649	190,000	375,649	187,825	187,824	
GIS Phase II Implementation	89		0		0			
Enterprise Computer Programming Improvements	96		13,768		13,768	6,884	6,884	
Facilities								
Administration Facility Improvements	60	10-12	72,753	35,000	107,753	107,753		
Solar Power Development	64	10-13	54,119	65,000	119,119	119,119		
Equipment								
Twelve Yard Dump Truck	28		0		0	0		
Vehicles	37	10-14		78,000	78,000	78,000		
Total Capital Projects			6,095,759	738,340	6,834,099	6,410,341	423,758	0

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to .

All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.



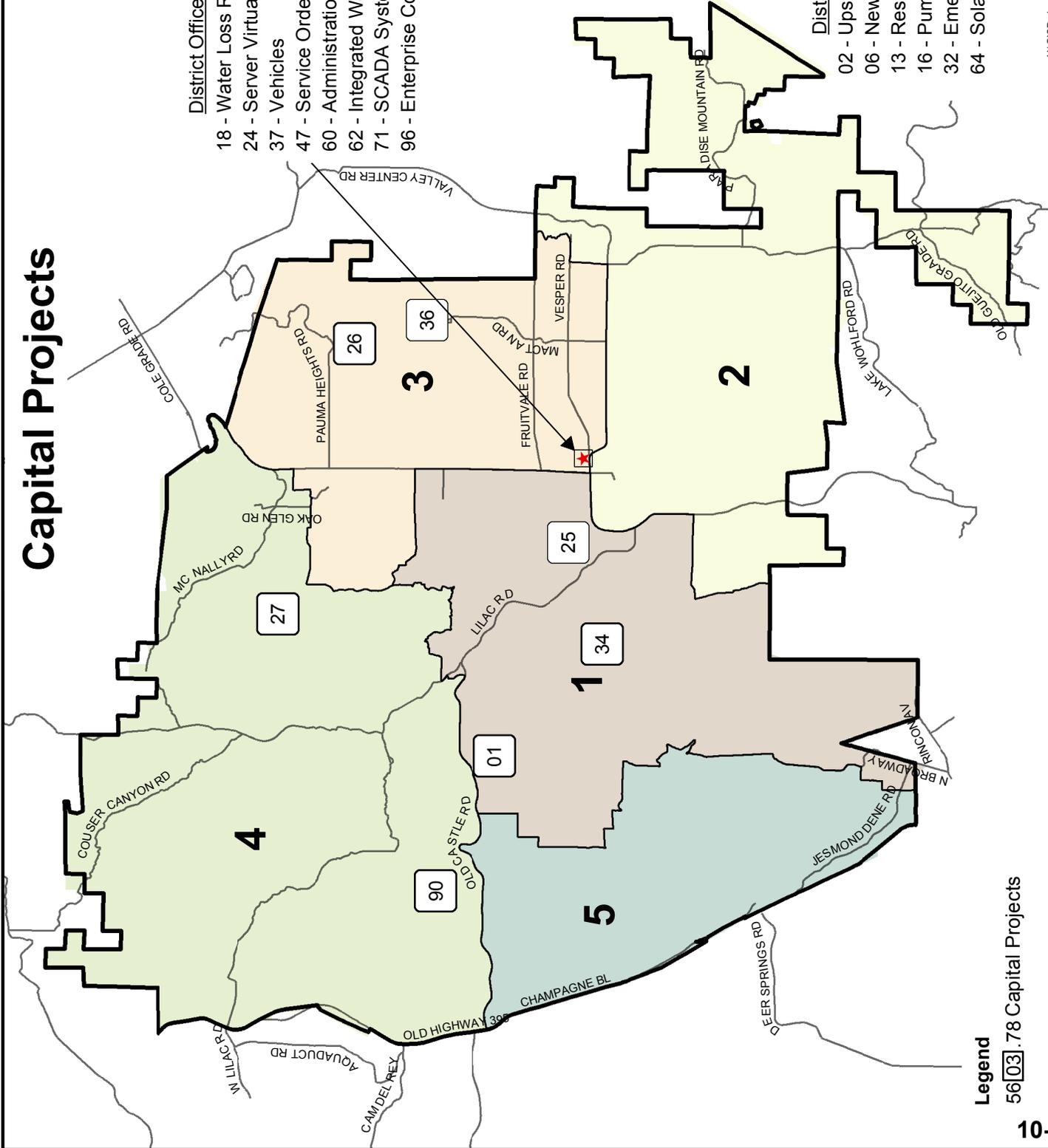
Capital Projects

District Offices and Yard

- 18 - Water Loss Reduction Measures
- 24 - Server Virtualization, Storage, Disaster Recovery
- 37 - Vehicles
- 47 - Service Order Software
- 60 - Administration Facility Improvements
- 62 - Integrated Water Resources Management Plan
- 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
- 64 - Solar Power Development



Legend

56[03].78 Capital Projects

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5601.78
DEPARTMENT:	Engineering

Wilkes Road Pipeline Replacement

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

PROJECT DESCRIPTION:

This is a continuing project which received funding as part of the 2012-13 Annual Budget. The project consists of the design and construction of approximately 1,900 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. California Environmental Quality Act (CEQA) action was completed in March 2014 and right of way acquisition should be completed by May 2014. Design will be completed using District Staff and will begin once the necessary right of way has been secured.

Additional funding is requested for the following:

Outside survey services included to reflect aerial mapping and construction staking, the construction costs have been revised to reflect current construction costs, and inspection costs have revised to reflect the use of outside contract inspection services

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	36,000	5,000	31,000	(13,000)	18,000		18,000	23,000
Engineering	54,000		54,000	(54,000)	0		0	0
Surveying	0		0	22,000	22,000		22,000	22,000
Inspection	0		0	35,000	35,000		35,000	35,000
ROW Acquisition	0	35,000	(35,000)	35,000	0		0	35,000
Construction	360,000		360,000	50,000	410,000		410,000	410,000
Miscellaneous	5,000		5,000		5,000		5,000	5,000
Contingency	45,000		45,000		45,000		45,000	45,000
Total Project	500,000	40,000	460,000	75,000	535,000	0	535,000	575,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5606.78
DEPARTMENT:	Field

PROJECT NAME:

New Valve Installations, Appurtenances and Air/Vac Enclosures

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

PROJECT DESCRIPTION:

Continued installation of new mainline valves and appurtenances throughout the District's service area. Retrofit fire hydrants with AVK check valve. Project is expected to carry over into budget year 2015-16.

Breakdown and locations are listed below:

Completed in 2013-2014

- Air/Vac enclosures for Quad N

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
- Hilldale Road – 6 inch valve
- Install AVK check valves on fire hydrants along Valley Center Road
- Various appurtenances – air/vac and blow-offs for new valves

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2013-14	Total Budget 2013-2014	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
New Valve Installation and Appurtenances	71,000	69,320	1,680	20,000	21,680		21,680	91,000
Total Project	71,000	69,320	1,680	20,000	21,680	0	21,680	91,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5662.78
DEPARTMENT:	Engineering

Integrated Water Resources Master Plan

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>
				5, 7	1, 6

PROJECT DESCRIPTION:

This is a continuing project which received initial funding in the 2006-07 budget and additional funding in 2010-11. The Integrated Water Resources Master Plan (Plan) will replace the current Water Master Plan (Adopted April 2002) and include planning information for the various existing and proposed Wastewater Service Areas, Water Reclamation Facilities, and proposed Local Water Supply Projects. The plan will also include a comprehensive energy management plan. The Plan will include a zone-based update to the current Water Master Plan, discuss local water supply development, water-use conservation efforts, wastewater facility needs, and energy management system within the District. The plan would be based on the current County General Plan.

The document is being prepared by in-house Engineering staff and information from the IWRMP would be used in acquisition of State and Federal funding. Consultant support may be utilized in development of reclamation facility cost estimates, technical review, and funding consultant/lobbyist review and presentation assistance.

Work completed to date includes development of a GIS based water system evaluation of replacement pipeline projects, planning level cost estimates, and GIS interface of each project. Current work constitutes the development of a five (5) and ten (10) year replacement plan. Additional funding is necessary to prepare the final document and incorporate wastewater and water reclamation portions of the Plan from Woods Valley Ranch WRF and Lower Moosa WRF master plan efforts.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	150,000	200,500	(50,500)	75,000	24,500		24,500	225,000
Outside Consultants	50,000		50,000	(25,000)	25,000		25,000	25,000
Miscellaneous		3,500	(3,500)	5,000	1,500		1,500	5,000
Contingency	25,000		25,000	(5,000)	20,000		20,000	20,000
Total Project	225,000	204,000	21,000	50,000	71,000	0	71,000	275,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5636.78
DEPARTMENT:	Engineering

Rincon Pump Station Relocation and Replacement

New	Type Replacement	Master Plan	Project ID	Strategic Plan	
		Priority		Standard	Goal
				5	6a

PROJECT DESCRIPTION:

Rincon Pump Station supplies water to Rincon Reservoir from MacTan Reservoir and the 1840's pressure zone. The station efficiency of the horizontal centrifuge pumps and motors at Rincon is 62%. New high efficiency vertical turbine pumps and premium efficient electric motors will be installed at Cool Valley Reservoir Circulation Station to replace the Rincon pumps. The new pumps at Cool Valley will move water from Cool Valley Reservoir and the 1840's zone to Rincon Reservoir.

The pumps and motors at Rincon have exceeded their maintenance life cycle and relocating the pumps will improve system flexibility. The relocation of the pump station will allow staff to take MacTan Reservoir offline as needed to improve water quality. The equipment at Rincon Pump Station will be removed after the new pumps are online at Cool Valley.

The relocation of the pumps to Cool Valley will also allow for the future offset of electrical cost by the installation of solar. There is enough land at Cool Valley to install solar to offset the electrical usage of Cool Valley Reservoir Circulation Station and the Rincon pumps. Rincon Pump Station does not have adequate space for solar to offset the cost of electrical usage.

The design and installation of this project will be completed by in-house staff.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	25,000	25,000		25,000	25,000
Equipment			0	100,000	100,000		100,000	100,000
Total Project	0	0	0	125,000	125,000	0	125,000	125,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5626.78
DEPARTMENT:	Engineering

Tyler Reservoir Repaint and Coating

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	
	Replacement	<u>Priority</u>		<u>Standard</u>	<u>Goal</u>
				7, 8	3

PROJECT DESCRIPTION:

This is a continuing project which was funded as part of the 2013-14 budget. The project was deferred to a later date due to the reallocation of funds for an emergency project.

Tyler Reservoir is a 1.0 million gallon reservoir above ground welded steel reservoir which is the single storage reservoir serving the surrounding general rural residential and agricultural area. The paint and interior coatings are experiencing significant deterioration contributing to increased corrosion within the reservoir.

The project includes the design and application of exterior paint and interior coating. The new paint and coating will have a service life expectancy of 20 years. Contract inspection services will be utilized for construction inspection. Funds were reallocated from Staff, Engineering and Miscellaneous to fund the Contract Inspection. Additional funding is requested for anticipated increased construction costs due to the upgraded paint specifications and contingency funds for possible minor structural repairs should they be discovered during construction.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	30,000		30,000	(15,000)	15,000		15,000	15,000
Engineering	5,000		5,000	(5,000)	0		0	0
Inspection	0		0	35,000	35,000		35,000	35,000
Construction	185,000		185,000	39,000	224,000		224,000	224,000
Miscellaneous	20,000		20,000	(15,000)	5,000		5,000	5,000
Contingency	10,000		10,000	11,000	21,000		21,000	21,000
Total Project	250,000	0	250,000	50,000	300,000	0	300,000	300,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5634.78
DEPARTMENT:	Engineering

Betsworth Reservoir Repainting and Coating

Continuing Project	Type	Master Plan	Project ID	Strategic Plan
	Replacement	Priority		Standard
				7, 8
				3

PROJECT DESCRIPTION:

Contract inspectors will provide construction inspection services on this project.

This is a continuing project which was funded as part of the 2010-11 budget and modified as part of the 2012-13 and 2013-14 budgets to include updated costs and improved coating paint specifications. Initially bid in February 2013, the contractor withdrew their bid due to an error in their bid amount. The project was then deferred to a later date due to the reallocation of funds for an emergency project.

The Betsworth Reservoir is a 1.0 million gallon reservoir above ground welded steel reservoir which provides storage to the southern portion of the 1520 service zone. The paint and interior coatings are experiencing significant deterioration contributing to increased corrosion within the reservoir.

The project includes soliciting new bids and application of exterior paint and interior coating. The new paint and coating will have a service life expectancy of 20 years. The project includes the design and application of exterior paint and interior coating, and the remedial structural repair of the reservoir rafters. The new paint and coating will have a service life expectancy of 20 years. Outside contract inspection services will be utilized for construction inspection.

Funds have been reallocated within the project budget to provide additional contingency for possible additional structural repairs, if needed. Additional funding is requested to fund the Contract Inspection and increased construction costs due to the upgraded paint specifications.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2013-14	Total Budget 2013-2014	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	15,000	3,400	11,600		11,600		11,600	15,000
Inspection	0	0	0	35,000	35,000		35,000	35,000
Construction	210,000	0	210,000	14,000	224,000		224,000	224,000
Miscellaneous	15,000	0	15,000	(10,000)	5,000		5,000	5,000
Contingency	9,660	0	9,660	11,340	21,000		21,000	21,000
Total Project	249,660	3,400	246,260	50,340	296,600	0	296,600	300,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

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:

- Mizpah
- MacTan
- VC 2

Pump Stations:

- Lilac Pala
- Red Mountain
- MJM
- San Gabriel/Gas Engine Control Upgrade

The following have been completed:

- 29 of 33 reservoir sites
- 15 of 26 pump stations
- 3 of 5 aqueduct connections
- 10 of 10 backup generators
- 2 of 2 Radio Communication Relay sites

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	1,572,290	1,567,235	5,055	100,000	105,055	285,000	390,055	1,957,290
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	2,486,643	2,406,842	79,801	90,000	169,801	270,000	439,801	2,846,643
System Integration	360,000	279,207	80,793		80,793	100,000	180,793	460,000
Tech Support	132,214	132,214	0		0		0	132,214
Miscellaneous	120,478	120,478	0		0		0	120,478
Contingency	258,408	238,408	20,000		20,000	150,000	170,000	408,408
Total Project	6,677,734	6,492,085	185,649	190,000	375,649	805,000	1,180,649	7,672,734

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5660.78
DEPARTMENT:	Field

Administration Facility Improvements

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

PROJECT DESCRIPTION:

To plan, design, and construct an improved front administration layout providing improved functionality and office security controls. The new front of the administration building will include improved informational displays for our customers including the power generation from our existing and new solar fields.

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

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Improvements	191,314	118,561	72,753	35,000	107,753		107,753	226,314
Total Project	191,314	118,561	72,753	35,000	107,753	0	107,753	226,314

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5664.78
DEPARTMENT:	Field

Solar Power Evaluation And Installation

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					4,8	6b

PROJECT DESCRIPTION:

Evaluate District facilities for the best locations for small scale solar projects based on available space and electrical usage. Facilities to be evaluated are the District's Administration Building, Cobb Reservoir, and Lilac Pala Pump Station.

The cost of solar panels, inverters, and support structures has continued to drop. The California Public Utilities Commission continues to have 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 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	51,558	44,165	7,393	15,000	22,393		22,393	66,558
Consultants	45,000	28,300	16,700		16,700		16,700	45,000
Construction	435,000	428,242	6,758	45,000	51,758		51,758	480,000
Miscellaneous	5,000	1,732	3,268		3,268		3,268	5,000
Contingency	20,000		20,000	5,000	25,000		25,000	25,000
Total Project	556,558	502,439	54,119	65,000	119,119	0	119,119	621,558

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5637xx.78
DEPARTMENT:	Field

Vehicles

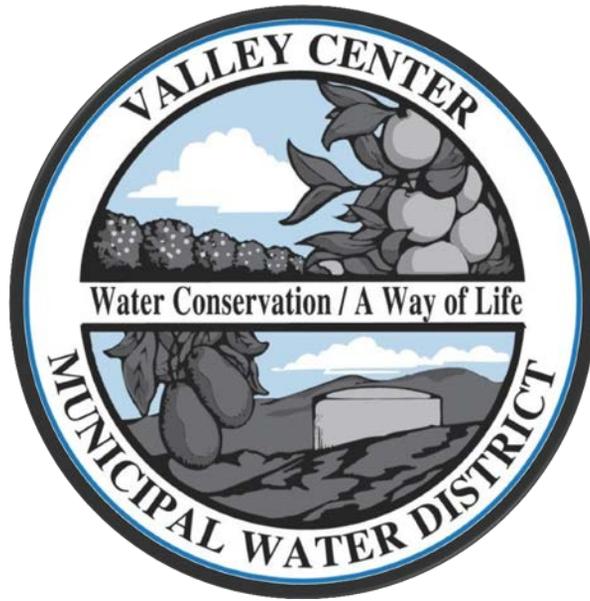
Replacement	Type Replacement	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

- 1) New Crew Cab ½ ton truck with 4-wheel drive, strobe lights, two-way radio, and accessories.
This vehicle will replace truck #1, a 2003 ½ ton Dodge crew cab truck with 4-Wheel Drive and approximately 193,000 miles.
- 2) New Extra Cab ½ ton truck with 4-wheel drive, LED light-bar, two-way radio, tool boxes and accessories.
This vehicle will replace truck #51, a 2004 ½ ton Chevrolet extra cab truck with 4-Wheel Drive and approximately 160,000 miles.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Vehicle #1			0	36,000	36,000		36,000	36,000
Vehicle #2			0	35,000	35,000		35,000	35,000
Miscellaneous			0	7,000	7,000		7,000	7,000
Total Project	0	0	0	78,000	78,000	0	78,000	78,000





Moosa

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 2013-2014

Wastewater Collection System: Continued inspection, cleaning, videoing and repairs of the collection system wastewater mains. Continue evaluating and repair of manholes and wet wells that have deteriorated throughout the 40 year old collection system.

Treatment Plant:

- Lower Moosa Canyon Water Reclamation Facility (“Moosa”) was selected as the state wide “Plant of the Year” by the California Water Environmental Association for facilities processing 5 million gallons of wastewater or less.
- Upgraded the large digester with new more efficient fine air bubble diffusers, to improve digester operations and reduce energy consumption by 20% of the original system.
- Installed a new high efficient turbo blower to supply air to the small and large digester. The blower will be replacing two inefficient 15 year old blowers that originally supplied the air.
- Replaced 15 year old sludge transfer pump with a newer and more efficient pump to reduce electrical consumption and improve system operations.
- Rebuilt the upper gear drive, motor and seals on clarifier #2 to extend the life and improve its functionality.
- Continue making repairs and installing clean-out locations in the Rimrock S.T.E.P. system.

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:

- Processing preliminary concept approval recommendation for the Accretive Development 1750 unit project (Lilac Hills Ranch) regarding potential use of the Lower Moosa Canyon facility to provide initial wastewater services followed by construction of a satellite facility within the development. The project will lead into planning studies for delivery of recycled water to the Lilac Hills Project and other potential customers in the area.

Additional Projects Completed:

- Ongoing process control and monitoring for greater plant efficiency and effluent quality.
- Inspected and videoed 25% of Moosa's Collections System. Repaired 15 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.
- Continued to maintain and clean meadows and Islands lift station of grit, grease and debris, helping to prolong life of equipment, improve effluent quality, which prevents unnecessary over flows and cleanings within the sewer collection system.
- Continued to install locking manhole covers where there is a potential of vandalism or tampering within the collection system.

CHALLENGES AND GOALS FOR 2014-2015**Replacement Projects:**

- Perform more in-house videoing of the collection system to reduce outside service expenditures, location of sewer laterals, and improve system monitoring.
- Continue collection system evaluations and work through documented repair list.
- Continue repairing and upgrading the remaining STEP pump systems in the Rimrock area.
- Install a new air compressor that is used to supply air for sand blasting equipment.
- Install new process control sensors for better operational control of the facility, will help to reduce operational labor and energy usage.

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.
- Obtain Bureau of Reclamation approval of feasibility studies prepared in conjunction with the Lilac Hills Ranch project for potential Title XVI funding for expansion of the Moosa Facility and development of a recycled water distribution system to meet wastewater needs of the existing service area.

LONG-TERM GOALS

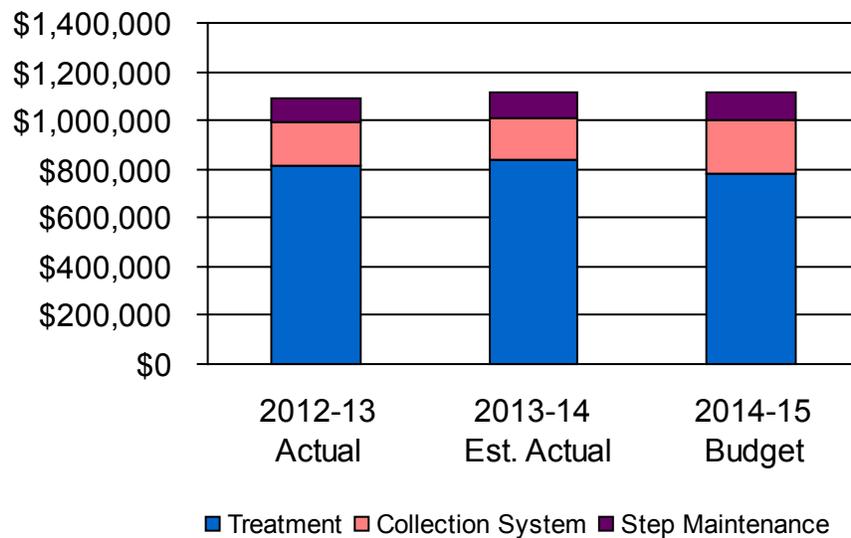
Plan for future upgrades to meet increasing wastewater capacity needs of the service area while maintaining our required effluent quality standards.

Explore potential for tertiary treatment and water reuse to augment potable water supplies for use in irrigation of existing and future developments, including 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.

Division Expenses



Recap of Budget and Source of Financing

	Replacement Fund	Expansion Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2013	911,430	368,759	408,476	0	1,688,665
ADD: Revenue 2013-2014					
Wastewater Service Charges	299,264			1,211,736	1,511,000
Wastewater Lateral & Inspection Fees				3,200	3,200
Interest	6,900			4,911	11,811
Wastewater STEP Charges				42,750	42,750
Wastewater STEP Repair Charges				0	0
Capacity Charges		0			0
Total Revenue					1,568,761
LESS: Estimated Expenditures 2013-2014	0	0	(209,472)	(1,113,131)	(1,322,603)
Transfers	(57,960)		57,960	0	0
Net Change	248,204	0	(151,512)	149,466	246,158
ESTIMATED BALANCE JUNE 30, 2014	1,159,634	368,759	256,964	149,466	1,934,823
ADD: Revenue 2014-2015					
Wastewater Service Charges	299,264			1,226,036	1,525,300
Interest	7,900			10,400	18,300
Wastewater STEP Charges				43,095	43,095
Capacity Charges		0			0
Total Revenue					1,586,695
LESS: Proposed Expenditures 2014-2015	0		(110,000)	(1,111,820)	(1,221,820)
Expenditures of Continuing Projects			(243,995)		(243,995)
Transfers	(110,000)		110,000	0	0
Net Change	197,164	0	(243,995)	167,711	120,880
ESTIMATED BALANCE JUNE 30, 2015	1,356,798	368,759	12,969	317,177	2,055,703

GENERAL INFORMATION:	2012-2013	2013-2014		2014-2015
	Actual	Budget	Estimated Actual	Budget
Average Wastewater Connections:	2,465	2,462	2,481	2,481
Monthly Rates:				
Effective July 1	48.75	51.20	51.20	51.20
Effective February 1	51.20	51.20	51.20	51.20

Revenue Estimate

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
4110.01	Wastewater Service Charge	1,446,516	1,512,700	1,509,500	1,524,300
4110.02	Wastewater Capacity Reservation Fee	0	0	1,500	1,000
4110.04	Wastewater Lateral Fee	675	0	0	0
4110.05	Wastewater Inspection Fee	300	0	2,250	0
4110.06	STEP Wastewater Inspection Fee	800	0	950	0
4410.00	Interest - Operating & Replace. Res.	10,280	15,400	11,811	18,300
4429.00	Wastewater STEP Charges	41,561	43,095	42,750	43,095
Total		1,500,132	1,571,195	1,568,761	1,586,695

Description	2012-2013	2013-2014		2014-2015
	Actual	Budget	Estimated Actual	Budget
Treatment	815,326	827,714	838,684	780,115
Collection System/West	178,100	206,905	174,447	224,005
STEP Maintenance	96,183	98,700	100,000	107,700
Capital Projects	155,207	127,000	209,472	110,000
TOTAL MOOSA TREATMENT	1,244,816	1,260,319	1,322,603	1,221,820

Treatment 13-5326.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	419,681	423,800	425,000	387,500
03	Overtime	20,054	20,000	19,000	20,000
23	Chemicals	19,718	24,000	15,000	18,000
25	Outside Professional Services	68,317	70,000	78,000	72,000
30	Special Department Expenses	4,280	4,000	3,700	4,000
32	Telephone	2,209	2,500	2,080	2,500
38	Regulatory Permits & Fees	16,652	16,000	17,000	18,500
40	Rents & Leases	328	500	500	500
41	Hazardous Waste Disposal Costs	0	300	300	300
42	Insurance	13,129	13,546	13,546	13,300
45	Electricity	54,881	55,000	55,230	58,000
48	Diesel	0	500	500	500
49	Water	5,738	5,000	4,760	5,000
51	Maintenance of Vehicles	1,926	4,500	2,000	4,500
52	Maintenance of Facilities	38,282	40,000	54,000	50,000
82	Administrative Overhead	147,303	146,068	146,068	123,515
87	Bad Debt Expense	2,828	2,000	2,000	2,000
	Total	815,326	827,714	838,684	780,115

Treatment 13-5326.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 2.60	387,500
03	Overtime	20,000
23	Chemicals	18,000
	Polymer	6,500
	Sodium Hypochlorite	2,000
	Sodium Hydroxide	500
	Laboratory Chemicals	9,000
25	Outside Professional Services	72,000
	Pumper Trucks - for Grit Removal	12,000
	Lab Analysis	18,000
	Sludge Removal	15,000
	SCADA System Maintenance	6,000
	Muffin Monster Service/Screening Auger	11,500
	Flow Meter Calibration and Repair	2,000
	Lab Equipment Service & Calibration	4,000
	Generator Load Testing & Fuel Tank Inspections	3,500
30	Special Department Expenses	4,000
	Lab Supplies	2,500
	Tools	500
	Equipment	1,000
32	Telephone	2,500
	Leased Lines and Alarm Monitoring	1,500
	T-1 Network Line	1,000
38	Regulatory Permits & Fees	18,500
	State Water Resources Control Board	16,000
	HazMat Permit	1,750
	Air Pollution Control District fees	750
40	Rents & Leases	500

Treatment 13-5326.

Acct. No.	Detail and Justification	Department Request
41	Hazardous Waste Disposal Costs Recycling Oil, Filters, Solvents	300
42	Insurance	13,300
45	Electricity	58,000
48	Diesel Generator Set and Tractor	500
49	Water	5,000
51	Maintenance of Vehicles	4,500
52	Maintenance of Facilities SCADA Computer Equipment Maintenance 3,000 Building and Grounds Maintenance Equipment 6,000 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 15,000	50,000
82	Administrative Overhead	123,515
87	Bad Debt Expense	2,000

Collection System/West 13-5327.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	131,296	151,100	122,000	170,300
03	Overtime	2,218	2,500	2,500	2,500
25	Outside Professional Services	19,528	24,000	20,142	24,000
30	Special Department Expenses	1,111	3,000	2,400	3,000
38	Regulatory Permits and Fees	648	2,000	6,200	2,500
42	Insurance	1,459	1,505	1,505	1,505
45	Electricity	5,880	5,800	6,400	6,500
49	Water	1,192	1,500	1,100	1,200
51	Maintenance of Vehicles	1,976	3,500	2,700	3,000
52	Maintenance of Facilities	12,792	12,000	9,500	9,500
Total		178,100	206,905	174,447	224,005

Collection System/West 13-5327.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 1.21	170,300
03	Overtime	2,500
25	Outside Professional Services Sewer Cleaning/Repair 13,000 Manhole Sensors 7,000 Pumping 3,000 Generator Load Testing 1,000	24,000
30	Special Department Expenses	3,000
38	Regulatory Permits and Fees	2,500
42	Insurance	1,505
45	Electricity	6,500
49	Water	1,200
51	Maintenance of Vehicles	3,000
52	Maintenance of Facilities Motors Dip and Bake 1,500 Pump Repair 2,000 Replacement Pump 2,500 SCADA 1,000 Air Conditioner Repair 1,000 Valves and Solenoids, Grinder Servicing 1,500	9,500

Step Maintenance 13-5329.

No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Actual	Budget
01	Labor & Benefits - Regular	69,861	72,200	72,000	76,700
03	Overtime	7,848	5,000	3,000	4,500
25	Outside Professional Services	3,770	3,000	4,700	5,000
30	Special Department Expenses	1,123	1,000	1,800	2,000
51	Maintenance of Vehicles	1,733	2,500	1,500	2,500
52	Maintenance of Facilities	11,848	15,000	17,000	17,000
	Total	96,183	98,700	100,000	107,700

Step Maintenance 13-5329.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.55	76,700
03	Overtime	4,500
25	Outside Professional Services Pumping of Tanks 3,500 Special Repairs 1,500	5,000
30	Special Department Expenses	2,000
51	Maintenance of Vehicles	2,500
52	Maintenance of Facilities Pump Rebuild Kits 3,500 Replacement Pumps 5,500 Retrofit STEP System Pumps 8,000	17,000

Moosa 13-56XX-78

Description	Acct. No.	Prior	2014							2015						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Lower Moosa																
Digester Aeration and Mixing System	08		Construction													
Skip Loader	09	Complete														
Welk Skimming Plant	11	Complete														
Aeration System Upgrade	12		Construction													
Meadows Lift Station Motor Control Repl.	29		Construction													
Sludge Transfer Pump Replacement	30	Complete														
Clarifier #2 Upper Gear Drive Rebuild	32	Complete														
Rimrock STEP System Modification	41		Construction													
Waste Discharge Report	53	Deferred														
Master Plan	54		Planning													
SCADA System	73		Construction													
Process Control Sensors	39	Planning	Planning		Design					Construction						
Meadows Lift Station Pump	40				Planning					Design			Construction			
Air Compressor	42	Planning	Planning		Design					Construction						
Lab Spectrophotometer	44	Planning	Planning		Design					Construction						

Moosa 13-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2013-14	Estimated Actual Expenditures 2013-14	Budget Carried Forward to 2014-15	New Appropriation 2014-15	Total Approved Budget 2014-15
Digester Aeration and Mixing System	08		55,560	51,000	0		0
Skip Loader	09		65,000	63,161	0		0
Welk Skimming Plant	11		14,251		0		0
Aeration System Upgrade	12		54,707	41,000	0		0
Meadows Lift Station Motor Control Center Repl.	29		50,000	5,000	45,000		45,000
Sludge Transfer Pump Replacement	30		45,000	27,734	0		0
Clarifier #2 Upper Gear Drive Rebuild	32		12,000	12,626	0		0
Rimrock STEP System Modification	41		39,178	7,481	31,697		31,697
Waste Discharge Report	53		31,011		0		0
Master Plan	54	11-10	6,073		6,073	45,000	51,073
SCADA System	73		162,695	1,470	161,225		161,225
Process Control Sensors	39	11-11				30,000	30,000
Meadows Lift Station Pump	40	11-12				20,000	20,000
Lab Spectrophotometer	42	11-13				9,000	9,000
Air Compressor	44	11-14				6,000	6,000
Total Capital Projects			535,475	209,472	243,995	110,000	353,995

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

Estimated Expenditures by Year

Fiscal Year 2014-2015

Moosa 13-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2014-15	New Appropriation 2014-15	Total Approved Budget 2014-15	Estimated Actual Expenditures 2014-15	Estimated Actual Expenditures 2015-16	Estimated Project Balance after 2 years
Digester Aeration and Mixing System	08		0		0			
Skip Loader	09		0		0			
Welk Skimming Plant	11		0		0			
Aeration System Upgrade	12		0		0			
Meadows Lift Station Motor Control Center Repl.	29		45,000		45,000			
Sludge Transfer Pump Replacement	30		0		0			
Clarifier #2 Upper Gear Drive Rebuild	32		0		0			
Rimrock STEP System Modification	41		31,697		31,697			
Waste Discharge Report	53		0		0			
Master Plan	54	11-10	6,073	45,000	51,073			
SCADA System	73		161,225		161,225			
Process Control Sensors	39	11-11		30,000	30,000			
Meadows Lift Station Pump	40	11-12		20,000	20,000			
Lab Spectrophotometer	42	11-13		9,000	9,000			
Air Compressor	44	11-14		6,000	6,000			
Total Capital Projects			243,995	110,000	353,995	0	0	0

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

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5654.78
DEPARTMENT:	Lower Moosa WRF

Master Plan

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

PROJECT DESCRIPTION:

Additional funding is needed to complete the Moosa Master Plan and prepare a reclamation feasibility study for review and approval by the Bureau of Reclamation (BOR). Approval of the feasibility study by the BOR will allow staff to submit for Federal funding authorization. Once authorization is received, staff will be able to submit for construction funding when Federal funding opportunities are announced.

Funding for the completion of the master plan and preparation of the feasibility study is available from the remaining funds in the Welk Skimming Plant and Moosa Discharge Permit account. The Skimming Plant Project analysis is complete and will be incorporated in the Moosa Master Plan. The Moosa Waste Discharge permit modification is not needed until the discharge rate at the Moosa facility approaches 0.42 mgd. The master plan will describe the necessary facilities needed to exceed the current 0.44 mgd waste discharge limit and would be utilized in the future waste discharge application when needed.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	50,000	48,927	1,073	30,000	31,073		31,073	80,000
Engineering			0	15,000	15,000		15,000	15,000
Total Project	50,000	48,927	1,073	45,000	46,073	0	46,073	95,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5639.78
DEPARTMENT:	Lower Moosa WRF

Process Control Sensors

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

PROJECT DESCRIPTION:

The sensors will measure the nitrate and ammonia levels within the basins, allowing the operators to see real time data. The real time data will be used to monitor and make operational adjustments which will increase the effluent quality, reduce electrical usage by controlling motor run times and improve operator efficiency.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Process Control Sensors				30,000	30,000		30,000	30,000
Total Project	0	0	0	30,000	30,000	0	30,000	30,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

Meadows Lift Station Pump

ACCOUNT NO.:	13-5640.78
DEPARTMENT:	Lower Moosa WRF

Replacement	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal

PROJECT DESCRIPTION:

The pump that is currently in use is the original pump that was installed in the late 70's. It is in need of replacement. This 40 year old pump is a very important piece of equipment that transfers sewage from the south end of the Meadows to the Lower Moosa Canyon Treatment Facility for treatment. Replacement/repair parts for the pump are getting harder to find or are no longer available.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Pump				20,000	20,000		20,000	20,000
Total Project	0	0	0	20,000	20,000	0	20,000	20,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5642.78
DEPARTMENT:	Lower Moosa WRF

Laboratory Spectrophotometer

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

PROJECT DESCRIPTION:

A new spectrophotometer and associated equipment will give the District Laboratory the ability to analyze additional constituents and perform more tests in-house, which will further reduce the need for outside services. The new spectrophotometer equipment will also reduce time and labor costs in performing the current testing protocols.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Spectrophotometer			0	9,000	9,000		9,000	9,000
Total Project	0	0	0	9,000	9,000	0	9,000	9,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5644.78
DEPARTMENT:	Lower Moosa WRF

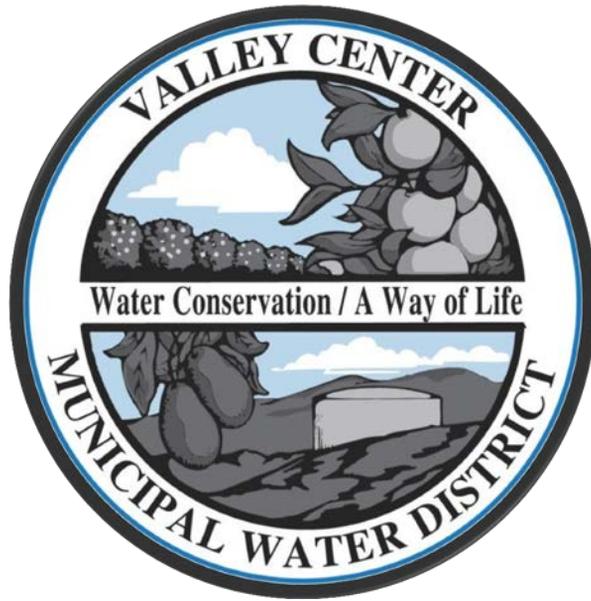
Air Compressor

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

PROJECT DESCRIPTION:

The air compressor currently in use is the original air compressor that was installed in 1974. This 40 year old air compressor has become inefficient over time and is inadequate in meeting and handling today's work demands. The older compressor cannot meet the extended air loads required in the sandblasting and rebuilding of the district S.T.E.P. pumps. In addition, replacement and repair parts for the compressor are hard to find or no longer available.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Air Compressor			0	6,000	6,000		6,000	6,000
Total Project	0	0	0	6,000	6,000	0	6,000	6,000



Woods Valley 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 South Village and North Village areas of Valley Center. These areas are identified on the County General Plan along Valley Center Road from Woods Valley Road north through Cole Grade Road. The service area is anticipated to have an ultimate average day wastewater demand of 600,000 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 a maximum of 1,095 new equivalent dwelling units (EDUs). Currently property owners representing 350 EDUs have approved formation of an assessment district to fund the project, with property owners representing an additional 620 EDUs requesting to participate or modify their previous capacity request. Capacity for an additional 125 EDUs is available in the Phase 2 Expansion Project.

The major property owners currently participating are Bell Enterprises (85 EDUs), Butterfield Trails subdivision (71 EDUs), VCMWD (47 EDUs), Debs (26 EDUs), Orchard Run (20 EDUs) and Konyn Dairy (10 EDUs) with the balance (81 EDUs) represented by several other property owners in the South Village area. The majority of the additional 620 EDUs of requested capacity is included in the North Village area; Valley Center View Properties (200 EDUs) and Weston Valley Center, LLC (200 EDUs). Others in the South Village have requested to increase their capacity request; Orchard Run (80 EDUs) and Konyn Dairy (40 EDUs). The balance of the additional requested capacity (100 EDUs) is represented by several additional properties in the both the North and South Village areas. The project improvements will be funded by the project proponents (Butterfield Trails, Bell Enterprises, and the District) and other property owners participating in the project through formation of an assessment district and acquisition of a Clean Water State Revolving Fund (CWSRF) Loan.

ACCOMPLISHMENTS FOR 2013-2014

Following the State Water Resources Control Board (SWQCB) approval a Preliminary Funding Commitment in May 2012, staff obtained the required property owner participation for the project and completed formation of Assessment District 2012-1. Formation of the assessment district completed the main condition of the Preliminary Funding Commitment needed to complete the CWSRF Loan documents by May 30, 2013. During the assessment district formation process, staff developed planning and environmental documents to include the North Village Area within the Woods Valley Ranch WRF service area, allowing north Village property owners to participate in the South Village project. To date, 620 EDUs additional Capacity Reservation Request, have been received. This magnitude of capacity reservation increase would greatly reduce the average cost per EDU for the project.

District staff has selected Design consultants and started the project design process and will be approximately 50% complete by the close of the Fiscal Year. Design is scheduled to be completed and construction started in FY 2014-15.

CHALLENGES AND GOALS FOR 2014-2015

With additional facilities required for the North Village collection system and Higher construction estimates for the South Village collection, WVRWRF Phase 2 Expansion and Seasonal Storage projects, additional CWSRF funding is needed. Initial contact with the state indicated that additional funding is available and can be approved by SWRCB staff. District staff has proceeded with selection of consultants and design of the South Village Wastewater Expansion Project and will bid the construction projects later in the FY 2014-15. Parallel to that activity, staff will follow through on an annexation/modification effort to the assessment district. Challenges for the up-coming fiscal year for the South Village Wastewater Expansion Project, include the following:

- Coordination and completion an of annexation/modification effort to the existing assessment district to increase participation making the project more affordable and viable.
- 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.

LONG-TERM GOALS

Complete construction of the South Village Wastewater Expansion Project within the time frames specified in the CWSRF Loan documents.

Development of a reclamation plan that provides for the perpetual beneficial reuse of the treated effluent generated by the wastewater customers.

Work with the developers of the Orchard Run, Konyn property and North Village projects to prepare planning documents and agreements necessary for the implementation of future expansion projects needed for their developments.

Coordination and preparation of planning documents necessary to have wastewater capacity available when needed without requiring extensive District financial commitments and resources. The wastewater expansion project phases will be developed with funding provided only from the property owners that receive a direct benefit from the wastewater improvements.

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.

Recap of Budget and Source of Financing

	Replacement Reserve Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1,	0	344,021	(416,922)	(72,901)
ADD: Revenue 2013-2014 Wastewater Stand-By Charge	188,888			188,888
Interest	0			0
Total Revenue				188,888
LESS: Estimated Expenditures 2013-2014	0	(720,000)		(720,000)
Transfers	0	1,615,000		1,615,000
Net Change	188,888	895,000	0	1,083,888
ESTIMATED BALANCE JUNE 30, 2014	188,888	1,239,021	(416,922)	1,010,987
ADD: Revenue 2014-2015 Wastewater Stand-By Charge	194,544			194,544
Interest	1,717			1,717
Total Revenue				196,261
LESS: Proposed Expenditures 2014-2015 Expenditures of Continuing Projects		0 (1,239,021)		0 (1,239,021)
Transfers	0	0		0
Net Change	196,261	(1,239,021)	0	(1,042,760)
ESTIMATED BALANCE JUNE 30, 2015	385,149	0	(416,922)	(31,773)

Revenue Estimate

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
4110.02	Wastewater Stand-By Charge	0	188,888	188,888	194,544
4410.00	Interest Allocation	0	0	0	1,717
Total		0	188,888	188,888	196,261

Description	2012-2013	2013-2014		2014-2015
	Actual	Budget	Estimated Actual	Budget
Capital Projects	0	1,615,000	720,000	0
TOTAL WOODS VALLEY RANCH	0	1,615,000	720,000	0

Woods Valley Ranch Expansion 16-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2013-14	Estimated Actual Expenditures 2013-14	Budget Carried Forward to 2014-15	New Appropriation 2014-15	Total Approved Budget 2014-15
WVR WRF Planning	56		1,959,021	720,000	1,239,021		1,239,021
Total Capital Projects			1,959,021	720,000	1,239,021	0	1,239,021

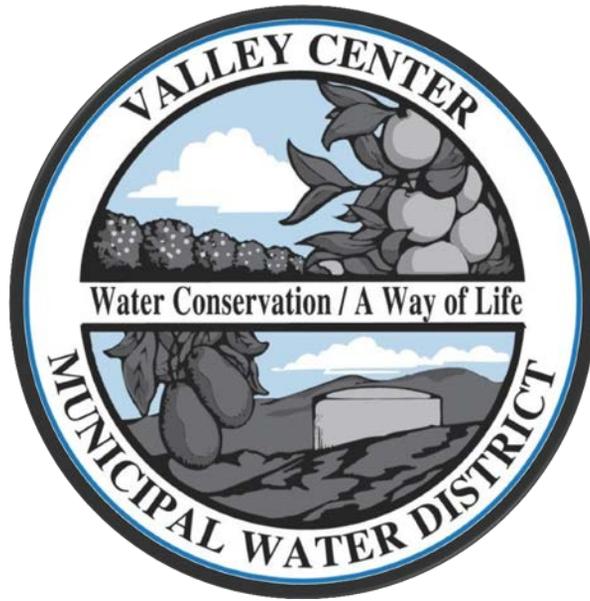
Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2014-2015.
All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.

Woods Valley Ranch Expansion 16-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2014-15	New Appropriation 2014-15	Total Approved Budget 2014-15	Estimated Actual Expenditures 2014-15	Estimated Actual Expenditures 2015-16	Estimated Project Balance after 2 years
WVR WRF Planning	56		2,527,017		2,527,017	2,527,017	9,158,040	2,000,000
Total Capital Projects			2,527,017	0	2,527,017	2,527,017	9,158,040	2,000,000

Unexpended appropriations from projects identified as 'Continuing Projects' will be carried forward to 2013-2014. All budgeted subaccounts are .78 unless otherwise noted. Additional subaccounts may be authorized by Finance.





Woods Valley Ranch

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 2013-2014

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, final acceptance was issued in June 2013. 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.

Woods Valley Ranch Water Reclamation Facility:

- Continued to implement operational changes that reduced equipment runtimes, significantly reducing energy consumption and energy cost.
- Installed variable frequency drives on the plant's aeration blowers to reduce energy cost.
- Installed SCADA radio and cameras for improved operational control and improve facility security.

Wastewater Collection System: Continued inspection, cleaning, and repairs of the collection system wastewater mains. Continued to install locking manholes in areas of concern where intrusion or vandalism may occur.

CHALLENGES AND GOALS FOR 2014-2015

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).
- Ongoing development and implementation of 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.
- Continued inspection of the Woods Valley Golf Course reclamation water usage and operations to insure that the course complies with all the Department of Health and Water Quality Control Boards Rules and Regulations.
- Install new process control sensors for better operational control of the facility, will help to reduce operational labor and energy usage.

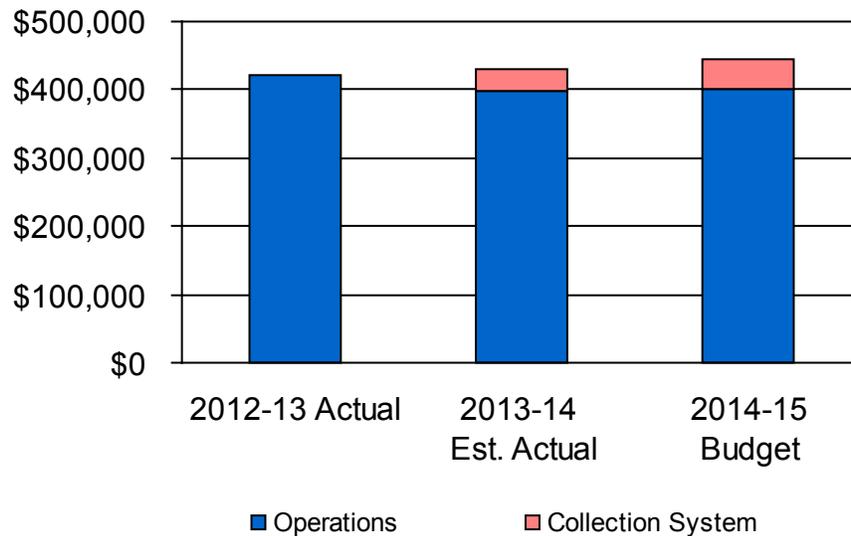
LONG-TERM GOALS

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 South Village Area.

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 (the South Village Area) and to similarly zoned property within the North Village Area. 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. 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 previously approved. The developer is currently processing plans for Unit 3 (172 lots).

Division Expenses



Recap of Budget and Source of Financing

	Replacement Reserve Fund	Operating Reserve Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1,	1,162,487	148,063	23,345	0	1,333,895
ADD: Revenue 2013-2014					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				25,360	25,360
Interest	7,902			469	8,371
Total Revenue					365,027
LESS: Estimated Expenditures 2013-2014	0	0	(28,358)	(329,025)	(357,383)
Transfers	(105,970)	16,450	15,000	74,520	0
Net Change	4,552	16,450	(13,358)	0	7,644
ESTIMATED BALANCE JUNE 30, 2014	1,167,039	164,513	9,987	0	1,341,539
ADD: Revenue 2014-2015					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				36,210	36,210
Interest	7,310			2,789	10,099
Total Revenue					377,605
LESS: Proposed Expenditures 2014-2015		0	(800,000)	(343,062)	(1,143,062)
Expenditures of Continuing Projects			(9,987)		(9,987)
Transfers	(884,285)	8,898	800,000	75,387	0
Net Change	(774,355)	8,898	(9,987)	0	(775,444)
ESTIMATED BALANCE JUNE 30, 2015	392,684	173,411	0	0	566,095

GENERAL INFORMATION:

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

2012-2013	2013-2014		2014-2015
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

Revenue Estimate

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
4110.01	Wastewater Service Charge	311,156	311,182	311,182	318,281
4110.02	Wastewater Capacity Reservation Fee	20,113	20,114	20,114	13,015
4140.00	Reclaimed Water	47,685	35,840	23,800	34,660
4140.01	Reclaimed Water Meter Charge	1,453	1,550	1,560	1,550
4382.00	Interest Allocation	65	0	0	0
4410.00	Interest - Operating & Replace. Res.	7,916	8,885	8,371	10,099
	Total	388,388	377,571	365,027	377,605

Description	2012-2013	2013-2014		2014-2015
	Actual	Budget	Estimated Actual	Budget
Collection System	0	30,800	32,100	43,150
Treatment	421,523	367,945	399,545	402,532
Capital Projects	32,904	15,000	28,358	800,000
TOTAL WOODS VALLEY RANCH	454,427	413,745	460,003	1,245,682

Collection System 17-5330.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	0	21,800	21,000	31,800
03	Overtime	0	500	200	350
25	Outside Professional Services	0	5,000	8,000	5,000
30	Special Department Expenses	0	1,000	700	1,000
38	Regulatory Permit & Fee	0	0	0	2,500
52	Maintenance of Facilities	0	2,500	2,200	2,500
Total		0	30,800	32,100	43,150

Collection System 17-5330.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.24	31,800
03	Overtime	350
25	Outside Professional Services	5,000
30	Special Department Expenses	1,000
38	Regulatory Permit & Fees	2,500
52	Maintenance of Facilities including collection system	2,500

Treatment 17-5331.

Acct. No.	Description	2012-2013	2013-2014		2014-2015
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	126,807	104,200	130,000	126,600
03	Overtime	7,122	10,000	8,800	10,000
23	Chemicals	7,681	8,000	7,100	8,500
25	Outside Professional Services	53,193	30,500	33,000	33,500
30	Special Department Expenses	1,011	2,000	1,300	1,300
32	Telephone	276	500	400	400
38	Regulatory Permits & Fees	13,282	15,000	12,000	14,000
40	Rents & Leases	0	250	250	250
42	Insurance	11,216	11,337	11,337	11,490
45	Electricity	35,256	34,000	32,000	33,000
48	Diesel	0	300	300	300
49	Water	4,662	350	550	550
51	Maintenance of Vehicles	2,578	3,000	2,500	3,000
52	Maintenance of Facilities	18,355	6,500	18,000	14,000
82	Administrative Overhead	37,464	39,388	39,388	43,022
	Total Treatment Operations	318,903	265,325	296,925	299,912
78	Contribution to Replacement Reserve	102,620	102,620	102,620	102,620
	Total	421,523	367,945	399,545	402,532

Treatment 17-5331.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.88	126,600
03	Overtime	10,000
23	Chemicals	8,500
25	Outside Professional Services	33,500
	Pumper Trucks - Haul waste	8,000
	Laboratory Testing Services	8,000
	Courier Service	3,000
		8,000
	SCADA Maintenance	2,500
	Generator Load Testing	2,000
	Wonderware Service Support	2,000
30	Special Department Expenses	1,300
	Tools	800
	Equipment	500
32	Telephone	400
38	Regulatory Permits & Fees	14,000
40	Rents & Leases	250
42	Insurance	11,490
45	Electricity	33,000
48	Diesel	300
49	Water	550
51	Maintenance of Vehicles	3,000

Woods Valley Ranch 17-56XX-78

Description	Acct. No.	Prior	2014							2015					Future	
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Woods Valley Ranch																
SCADA and Security	20	Complete														
Programmable Logic Controller	35	Construction														
Installation of Variable Frequency Drives	59	Construction														
Phase 2 Expansion Project	46			Design												
SCADA/HMI Replacement Project	48	Planning			Integration											
Process Control Sensors	49	Planning		Design		Construction										
Mix Liquor Return Pumps	50			Planning		Design		Construction								

Woods Valley Ranch 17-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2013-2014	Estimated Actual Expenditures 2013-2014	Budget Carried Forward to 2014-2015	New Appropriation 2014-2015	Total Approved Budget 2014-2015
SCADA and Security	20		19,588	16,358	3,230		3,230
Programmable Logic Controller	35		15,000	12,000	3,000		3,000
Installation of Variable Frequency Drives	59		3,757		3,757		3,757
Phase 2 Expansion Project (Replacement Component)	46	13-9				525,000	525,000
SCADA/HMI Replacement Project	48	13-10				225,000	225,000
Process Control Sensors	49	13-11				30,000	30,000
Mix Liquor Return Pumps	50	13-12				20,000	20,000
Total Capital Projects			38,345	28,358	9,987	800,000	809,987

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

Estimated Expenditures by Year

Fiscal Year 2014-2015

Woods Valley Ranch 17-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2014-2015	New Appropriation 2014-2015	Total Approved Budget 2014-2015	Estimated Actual Expenditures 2014-15	Estimated Actual Expenditures 2015-16	Estimated Project Balance after 2 years
SCADA and Security	20		3,230		3,230	3,230		
Programmable Logic Controller	35		3,000		3,000	3,000		
Installation of Variable Frequency Drives	59		3,757		3,757	3,757		
Phase 2 Expansion Project (Replacement Component)	46	13-9		525,000	525,000	275,000	250,000	
SCADA/HMI Replacement Project	48	13-10		225,000	225,000	125,000	100,000	
Process Control Sensors	49	13-11		30,000	30,000	30,000		
Mix Liquor Return Pumps	50	13-12		20,000	20,000	20,000		
Total Capital Projects			9,987	800,000	809,987	459,987	350,000	0

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

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5646.78
DEPARTMENT:	Engineering

Phase 2 Expansion Project

Replacement	<u>Type</u>	<u>Master Plan</u>	Project ID	<u>Strategic Plan</u>	
	Replacement	<u>Priority</u>		<u>Standard</u>	<u>Goal</u>
		A		7	3

PROJECT DESCRIPTION:

A portion of the proposed Woods Valley Ranch WRF Phase 2 Expansion Project will benefit the existing connections through the replacement of several existing facilities. These facilities generally have short useful lives or are being replaced to conform to a more efficient plant design. The cost and allocation of the replacement facilities were calculated using the 50% level engineering cost estimate for the project.

The appropriate proportionate share of these facilities would be funded from the Woods Valley Ranch Replacement Reserves. Once bids are received for the expansion project, the replacement costs will be re-calculated using the schedule of values provided by the contractor. The appropriate share of each construction progress payment will be funded from the replacement reserves on a monthly basis. Once the expansion project is completed, a final accounting will be performed to verify proper allocation of staff and engineering costs as well as any changes made during construction.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	36,000	36,000		36,000	36,000
Engineering			0	34,500	34,500		34,500	34,500
Construction			0	394,500	394,500		394,500	394,500
Contingency			0	60,000	60,000		60,000	60,000
Total Project	0	0	0	525,000	525,000	0	525,000	525,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5648.78
DEPARTMENT:	Engineering

SCADA/HMI Replacement

New	Type Replacement	Master Plan Priority A	Project ID	Strategic Plan Standard 7	Goal 3
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PROJECT DESCRIPTION:

Equipment control systems and the software interface with the operator at the Woods Valley Ranch Water Reclamation Facility were installed with the original construction beginning in 2004. The software interface between the operator and equipment control system is referred to as Human Machine Interface (HMI) and is an integral part of the District's SCADA (Supervisory Control and Data Acquisition) system. The HMI software collects the equipment and sensor output data and communicates with central to display the status of the field equipment and allows the operator to change control set points, override automatic operational commands and review and analyze historical data.

The Wonderware HMI software was utilized for the District's SCADA system, not only for Woods Valley Ranch WRF, but also the Lower Moosa Canyon WRF and the Water system and has reached a point in its development that the manufacturer of the software has developed the next generation product that will replace the current version and will eventually render the current version obsolete. Rather than upgrade to the newest Wonderware product, which would require a significant new licensing expense and integration effort, staff is evaluating other, less expensive, HMI products, such as Ignition by Inductive Automation.

This project is to fund the replacement of the current HMI software at the Woods Valley Ranch WRF in advance of the Phase 2 Expansion project. This will allow the specifications for the Expansion project to be written requiring integration with the upgraded HMI software which will be installed and operational in advance of the expansion project construction. In addition, conversion of the Woods Valley Ranch system will allow the operators a full operational test of the product before replacing it at Moosa and the water system. A portion of the software and hardware costs included for the Woods Valley Ranch WRF will be applicable to the other systems in terms of shared licensing expense and redundant hardware.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	20,000	20,000		20,000	20,000
Planning Consultant			0	35,000	35,000		35,000	35,000
Software			0	25,000	25,000		25,000	25,000
Hardware			0	25,000	25,000		25,000	25,000
Integration			0	95,000	95,000		95,000	95,000
Miscellaneous			0	5,000	5,000		5,000	5,000
Contingency			0	20,000	20,000		20,000	20,000
Total Project	0	0	0	225,000	225,000	0	225,000	225,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5649.78
DEPARTMENT:	Woods Valley Ranch WRF

Process Control Sensors

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

PROJECT DESCRIPTION:

The sensors will measure the nitrate and ammonia levels within the basins, allowing the operators to see real time data. The real time data will be used to monitor and make operational adjustments which will increase the effluent quality, reduce electrical usage by controlling motor run times, and improve operator efficiency.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2014-15	Total Budget 2014-2015	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Process Control Sensors			0	30,000	30,000	0	30,000	30,000
Total Project	0	0	0	30,000	30,000	0	30,000	30,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2014-2015**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	17-5650.78
DEPARTMENT:	Woods Valley Ranch WRF

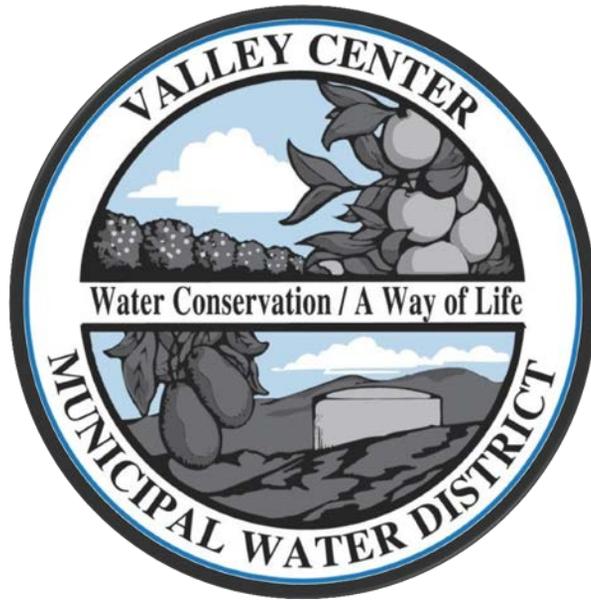
Mix Liquor Return Pumps

Replacement	<u>Type</u>	<u>Master Plan Priority</u>	<u>Project ID</u>	<u>Strategic Plan Standard</u>	<u>Goal</u>
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PROJECT DESCRIPTION:

Purchase and install two new filtrate pumps at Woods Valley Ranch Wastewater Treatment Facility. The current pumps are nearing the end of their operational life and soon will be in need of replacement. These pumps are a very important part of the plants overall operation.

Project Budget	<u>Prior Budget</u>	<u>Prior Estimated Actual Expense</u>	<u>Estimated Budget Remaining</u>	Proposed Budget Allocation 2014-15	<u>Total Budget 2014-2015</u>	<u>Future Budget Allocation</u>	<u>Future Total Project Budget</u>	<u>Estimated Total Project Cost</u>
Mix Liquor Return Pumps			0	20,000	20,000	0	20,000	20,000
Total Project	0	0	0	20,000	20,000	0	20,000	20,000



Appendix

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.

Advanced Metering Infrastructure (AMI) - an architecture for automated, two-way communication between a smart utility meter with and a utility company.

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

Assessment District – a financing vehicle used by public agencies to fund the construction of public improvements or maintenance of public improvements that will directly benefit the parcels within the boundary of the district.

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.

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.

Equivalent Dwelling Unit (EDU) - A single-family residential household. It is the unit of measure by which the user is charged for sewer services provided by the District.

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 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.

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.

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

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.

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).

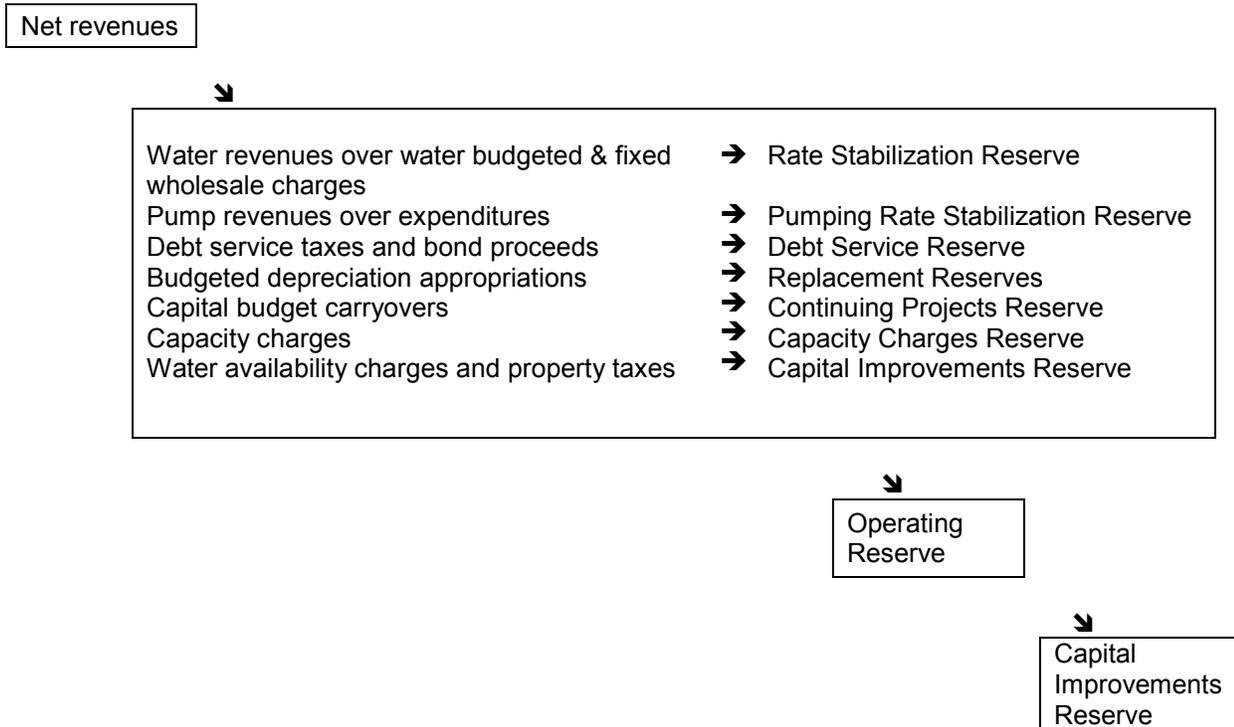
3. Restricted Reserves:
 - A. Debt Service Reserve: This reserve includes debt service taxes collected but not yet payable to debt holders, reserves required by debt agreements, and unexpended proceeds from debt issues, and will be used to fulfill debt requirements in accordance with debt covenants.
 - B. 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)
 - C. 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>					
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
Benefit Plan Liability	Funds from Benefit Plan Liability Account	Fill District's liability for OPEB.	Unexpended restricted funds	Unexpended restricted funds	No

Reserve	Source	Use	Minimum	Maximum	Index
<u>Capital Projects:</u>					
Continuing Projects	Unexpended appropriations for capital projects carried forward	Budgeted capital projects	None	Unexpended appropriations	No
Capacity Charges	Capacity charges	Future capital projects benefiting new growth	Unexpended capacity charges	Unexpended capacity charges	Interest
Capital Improvements	Availability charges not allocated to RTS and debt service, and property taxes, plus earnings not reserved for other purposes	Future capital projects	None	Projects outlined in Master Plan	No

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



- (b) Fees and Charges. Each water and wastewater system ultimately shall be self-sufficient. Administrative costs incurred by the District shall be allocated to each system in accordance with general practices and reimbursed to the general fund.

Interest earnings on cash held by the general fund for other funds shall be allocated to the respective funds annually.

In accordance with Section 160.3(g), all fees and charges for wholesale water and water related services shall be passed through to District customers by action of the Board of Directors.

- (c) Debt – See Section 50.3, Debt Policy

- (d) Use of One-time and Unpredictable Revenues. One-time revenues, except when immaterial, should be allocated to the source of the revenue or refunded expenditure or, if not directly allocable, to the rate stabilization fund. Nonrecurring revenues shall not be used to initiate new programs which result in ongoing expenditures without specific notification to and approval by the Board of Directors.

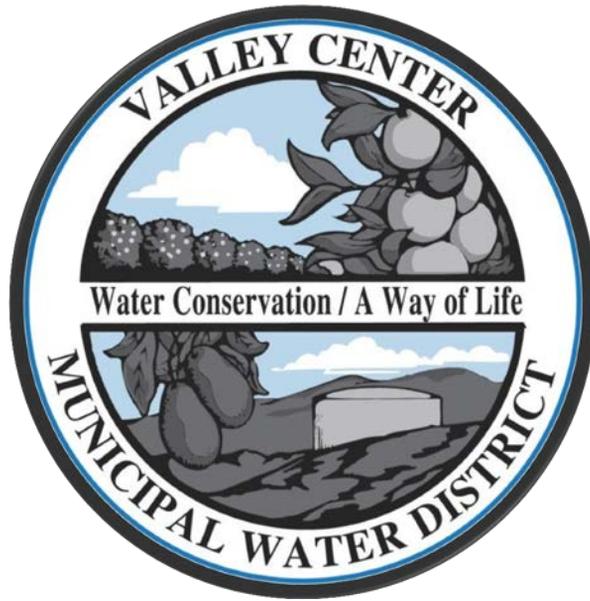
Revenues which cannot be predicted, such as capacity fees, property taxes, and interest, should be forecast conservatively in the budget.

- (e) Balancing the Operating Budget. Current operating expenditures shall be funded with current revenues. Reserves can be used to provide budgetary funding for the purposes for which the reserves were established as detailed above.

The adopted operating budget shall be prepared on the accrual basis of accounting. Depreciation is not funded in the budget except where required for individual reserves.

- (f) Revenue Diversification. When rate increases are needed to cover District costs, other than wholesale pass through costs, consideration should be given to meeting at least 50% of the District's fixed operating expenditures with the monthly meter service charge and property taxes.

- (g) Contingencies. Emergencies are addressed in Article 225.



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