

Annual Budget Fiscal Year 2015-2016



Valley Center Municipal Water District

Valley Center, CA

Cover Photos from Left to Right: Installation of the first layer of the liner at Country Club Reservoir; A portion of the Valley Center Heritage Trail along Valley Center Road south of Lilac Road; Operations staff installing a new 30 inch backflow valve at Cool Valley Reservoir.

Annual Budget

**For The Fiscal Year Ended
June 30, 2016**

Valley Center Municipal Water District

Prepared by:

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

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

www.valleycenterwater.org

District Officials

Board of Directors:

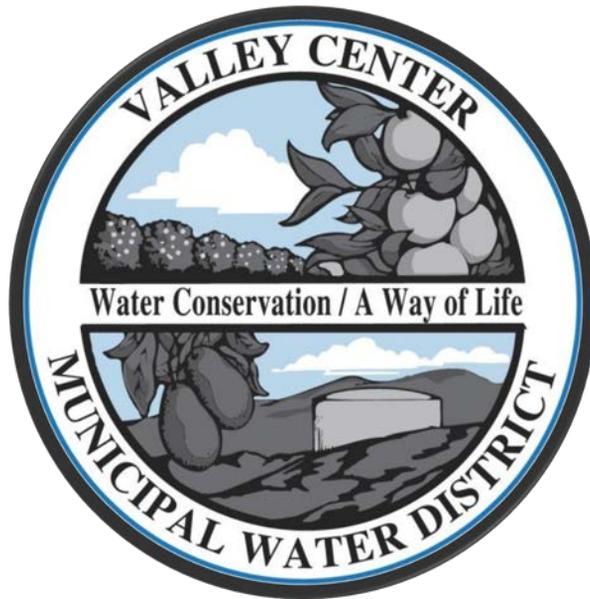
<u>Title</u>	<u>Name</u>	<u>Service</u>	<u>Term Expires</u>
President	Gary A. Broomell	45 years	January 2019
Vice-President	Robert A. Polito	26 years	January 2017
Director	Merle J. Aleshire	18 years	January 2019
Director	Charles W. Stone, Jr.	15 years	January 2017
Director	Randy D. Haskell	14 years	January 2019

Executive Management:

<u>Title</u>	<u>Name</u>	<u>Service</u>
General Manager	Gary T. Arant	26 years
District Engineer/Deputy GM	Wally T. Grabbe	23 years
Director of Operations/Facilities	Albert G. Hoyle	24 years
Director of Finance/Treasurer	James V. Pugh	12 years
Director of Information Technology	Ando Pilve	6 years
Executive Assistant/Board Secretary	Christine M. Johnson	23 years

General Counsel:

Best, Best & Krieger, LLP	Paula De Sousa	4 years
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2015-2016 Budget Overview

VALLEY CENTER MUNICIPAL WATER DISTRICT 2015-16 BUDGET OVERVIEW

The **total combined budget** shows a deficit of \$(2,748,386) which is broken down as \$(612,817) for Water Operations, \$(2,998,504) for Water Capital Projects, which as anticipated, will be funded from the capital improvements reserve, by \$251,789 for Moosa, \$3,739 for Woods Valley Ranch, and \$607,407 for Woods Valley Ranch Expansion.

Total budgeted revenues for 2015-16 are \$77,477,686, which is \$29,598,625 or 61.8% higher than the 2014-15 adopted budget of \$47,879,061. The increase is due to the anticipated proceeds from the State Revolving Loan of \$29,120,000 for the Woods Valley Ranch Expansion.

For the current year ending June 30, 2015, **water sales** are projected at 24,113 acre feet of water. This is 0.5% over the budget of 24,000 acre feet. For 2015-16, staff is budgeting water sales at 23,000 acre feet. Budgeted sales are based on mandated cutbacks required by the State Water Resources Control Board (SWRCB) and the Metropolitan Water District of Southern California (MWD).

With the most recent information available, it is estimated that wholesale **water rates** from the San Diego County Water Authority (SDCWA) and MWD on January 1, 2016, will increase to \$1,915.20 per acre foot for full price and to \$1,383.33 for Transitional Special Agricultural Water Rate (TSAWR) customers. Total estimated increases are 10.0% for full price and 3.7% for TSAWR.

The District's local cost component of the water rate is budgeted at \$201.20 per acre foot, an increase of 10.0% over the current rate of \$182.91. This increase is necessary to continue restoring our capital funding and begin replacing our almost 60-year-old water systems. A 10.0% increase to the meter service charges is also recommended.

Estimated **interest earnings** rate at 0.70% will yield \$133,000. Secured **property taxes** are budgeted at \$1,933,000, the same as our estimate for the current year. Water availability charges will be \$585,000 also the same as the current year.

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 monthly fee is the same as the current 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. The fees in the coming year will decrease to \$550.32 per Equivalent Dwelling Unit (EDU) from \$555.84 in the current year and will be used to establish a replacement reserve.

Total budgeted expenses, including capital, are \$80,226,072, which is 69.5%, or \$32,897,130, higher than the 2014-15 adopted budget of \$47,328,942. The increase is due to the anticipated capital outlay for the Woods Valley Ranch Expansion of \$29,120,000 and the Cool Valley Reservoir Cover/Liner Replacement for \$4,240,000.

The cost of water sold, which is the single greatest **water operating expense**, is 63.1% of the total budgeted expenditures (excluding Woods Valley Ranch Expansion). It is only slightly higher than 2014-15, \$94,331 or 0.3%, due to increased wholesale costs offset by reduced volume. General Administration costs are up \$72,683 over last year. This is due to higher labor and benefits and higher outside professional services. Finance expenses are projected to be \$35,370 higher than the current budget due an increase in outside services. Information Technology expenses are \$45,381 more than the current year as labor and benefits along with software maintenance costs are projected to increase. Engineering expenses are lower by \$24,607 due to more labor and benefit costs being allocated to capital improvement projects. Field Operation expenses are \$221,766 higher than the current budget. This is a result of higher labor and benefits partially offset by lower outside service expenses.

Moosa proposed operating expenses are \$84,514 higher than the current 2014-15 budget. The increase is due to an increased allocation of labor and benefits and higher power costs.

Woods Valley Ranch expenses are \$29,135 higher than the current year budget. Increases in the allocation of labor and benefits as well as increased power costs are the reasons for the increase.

Capital projects budgeted in Fiscal Year 2015-16 total \$35,037,924. Water projects total, \$5,780,924, Moosa, \$137,000, and Woods Valley Ranch Expansion Project, \$29,120,000.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
2015-16 BUDGET OVERVIEW**

	2014-15 Adopted Budget	2014-15 Estimated Actual	2015-16 Proposed Budget	Change from Prior Budget	Percent Change from Prior Budget
REVENUES:					
Water Sales	24,000 A.F.	24,113 A.F.	23,000 A.F.	(1,000) A.F.	-4.2%
General Fund:					
Operating Revenues:					
Water Sales (including pumping)	37,032,000	37,321,000	36,446,000	(586,000)	-1.6%
Meter Service Charges	5,054,000	5,049,000	5,348,000	294,000	5.8%
New Connection Sales	101,700	242,800	152,600	50,900	50.0%
Other Revenue	867,800	1,000,740	927,200	59,400	6.8%
Investment Income	99,000	119,000	133,000	34,000	34.3%
Total Operating Revenue	43,154,500	43,732,540	43,006,800	(147,700)	-0.3%
Debt Service Revenues - Water Availability Charges	0	0	0	0	0.0%
Capital Project Revenues:					
Capacity Charges	40,000	175,440	182,420	142,420	356.1%
Property Taxes	1,939,000	2,027,400	2,015,000	76,000	3.9%
Water Availability Charges	585,000	583,000	585,000	0	0.0%
Total Capital Project Revenue	2,564,000	2,785,840	2,782,420	218,420	8.5%
Total General Fund Revenues	45,718,500	46,518,380	45,789,220	70,720	0.2%
Moosa Wastewater Revenues	1,586,695	1,566,981	1,585,123	(1,572)	-0.1%
Woods Valley Ranch Wastewater Revenues	377,605	379,212	375,936	(1,669)	-0.4%
Woods Valley Ranch Expansion	196,261	196,473	607,407	411,146	209.5%
State Revolving Fund Loan	0	0	29,120,000	29,120,000	100.0%
Total Budgeted Revenues	47,879,061	48,661,046	77,477,686	29,598,625	61.8%
EXPENDITURES:					
General Fund:					
Operating Expenses:					
General Administration	851,873	853,613	924,556	72,683	8.5%
Information Technology	626,829	533,279	672,210	45,381	7.2%
Finance	1,448,904	1,357,919	1,484,274	35,370	2.4%
Engineering	1,768,038	1,371,928	1,743,431	(24,607)	-1.4%
Field Operation	6,285,528	6,070,000	6,507,294	221,766	3.5%
Source of Supply	32,193,521	32,279,236	32,287,852	94,331	0.3%
Total Operating Expenses	43,174,693	42,465,975	43,619,617	444,924	1.0%
Debt Service	0	0	0	0	0.0%
Capital Projects Appropriations	1,448,340	5,626,584	5,780,924	4,332,584	299.1%
Total General Fund Expenditures	44,623,033	48,092,559	49,400,541	4,777,508	10.7%
Moosa Wastewater:					
Operating Expenses	1,111,820	1,134,005	1,196,334	84,514	7.6%
Capital Project Appropriations	429,040	102,203	137,000	(292,040)	-68.1%
Total Moosa Expenditures	1,540,860	1,236,208	1,333,334	(207,526)	-13.5%
Woods Valley Ranch Wastewater:					
Operating Expenses	343,062	320,357	372,197	29,135	8.5%
Capital Project Appropriations	821,987	126,000	0	(821,987)	-100.0%
Total Woods Valley Ranch Expenditures	1,165,049	446,357	372,197	(792,852)	-68.1%
Woods Valley Ranch Expansion:					
Capital Project Appropriations	0	932,650	29,120,000	29,120,000	0.0%
Total Woods Valley Ranch Expenditures	0	932,650	29,120,000	29,120,000	0.0%
Total Budgeted Expenditures	47,328,942	50,707,774	80,226,072	32,897,130	69.5%
NET REVENUES & EXPENDITURES	550,119	(2,046,728)	(2,748,386)	(3,298,505)	-599.6%
FUNDING FROM RESERVES	(550,119)	2,046,728	2,748,386	3,298,505	599.6%
	0	0	0	0	0.0%

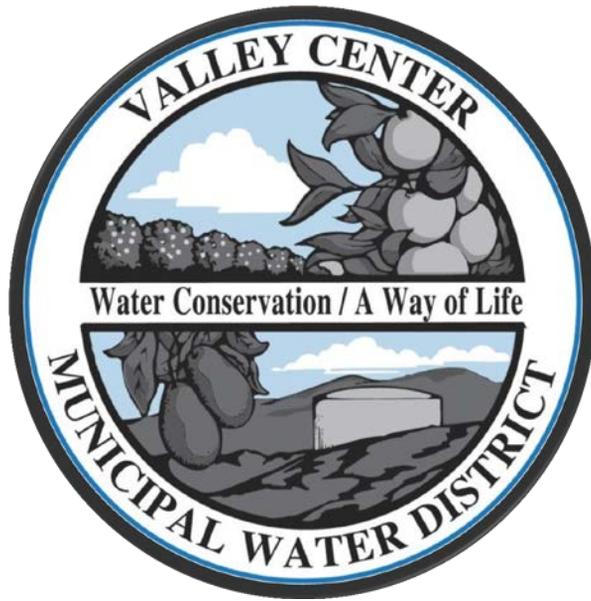
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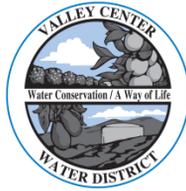
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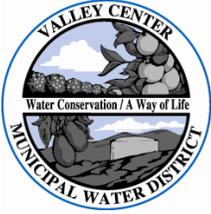


Valley Center Municipal Water District was recognized by the California Society of Municipal Finance Officers (CSMFO) for excellence in operational budgeting for Fiscal Year 2014-2015 - Our seventeenth year in a row. We believe our current budget continues to conform to the certificate program requirements, 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 15, 2015

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 2015-2016 operations, maintenance, and capital budget. We look forward to your review and analysis toward ultimate adoption prior to July 1, 2015. 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 1-17 thru 1-20). 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 continued Drought State of Emergency, the increasing cost of imported water and the local economic climate for agriculture.

With California facing water shortfalls in the driest year in recorded state history, on January 17, 2014, the Governor of California issued a drought state of emergency declaration in response to record-low water levels in California rivers and reservoirs as well as an abnormally low snowpack in the Sierras. The drought has and will continue to impact the local economic climate. VCMWD customers will need to continue to use water more efficiently.

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, 2015, approximately 25,295 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, the rapidly increasing cost of water, and the current drought conditions, 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 2004-05 the District sold 36,090 acre feet of water compared to the current year estimate of 24,113. This represents a 33% decline in sales volume.

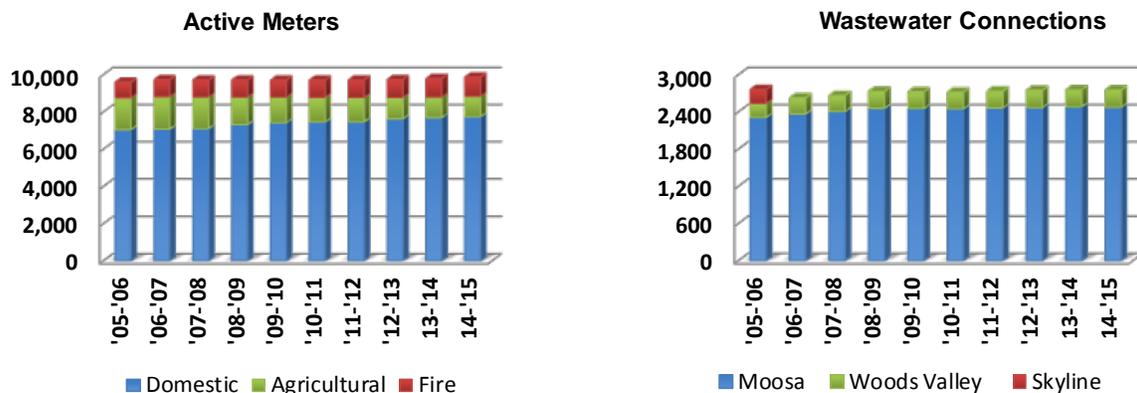
WATER SOURCES

The District relies on the San Diego County Water Authority (SDCWA or “Authority”) as its’ sole source provider for treated potable 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 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. Additionally, the SDCWA will be adding desalinated seawater to its supply portfolio with the completion of the Carlsbad Desalination Plant expected in the fall of 2015.

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, 43 enclosed reservoirs and 1 open reservoir, Lake Turner, 27 pumping stations and 298 miles of water main. As of April 30, 2015, there were a total of 9,851 active meters of which 7,721 were domestic, 1,100 were agricultural, and 1,030 were fire meters (see historical graph below).

The District also provides wastewater collection, treatment, water recycling, and disposal services for 2,750 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

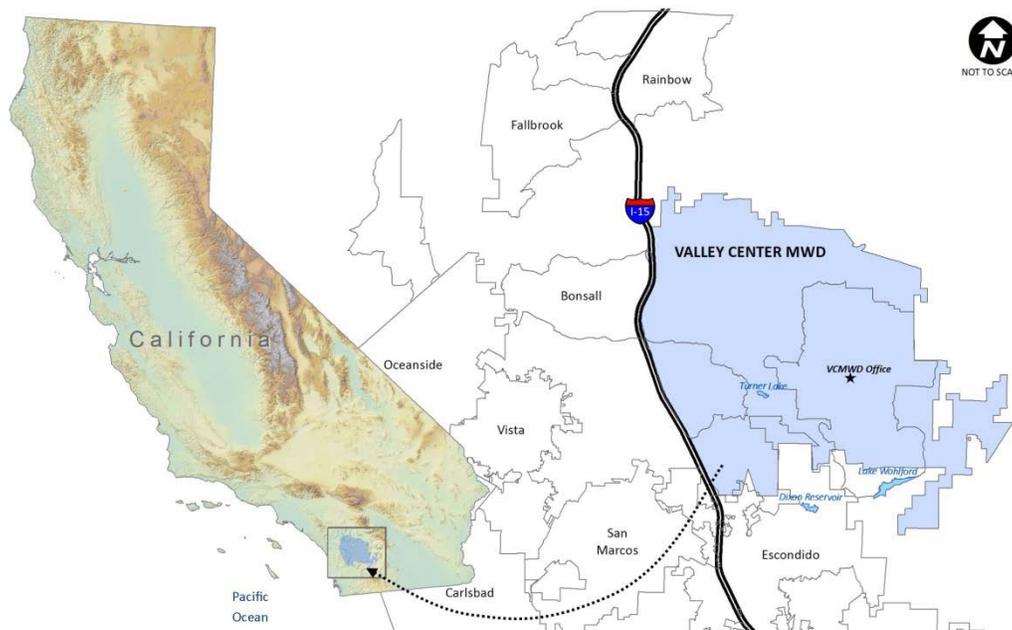
The Budget consists of the following sections:

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 2015	General Manager and Department Heads start discussion of the Budget process.
March 2015	Departments submit Budget requests.
June 1, 2015	Budget policies approved by Board of Directors.
June 1, 2015	Overview of Budget reviewed by Board of Directors.
June 15, 2015	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-four percent of the budget is for the purchase of water and the energy required to pump water through our distribution system. These costs are presented as "Source of Supply". Only twenty-six percent of the District's costs are directly controlled by the District. These locally controlled costs are influenced by the number of customers we serve and by infrastructure maintenance and improvements. Locally controlled costs are mostly fixed costs as they are not affected by the volume of water sold.

Spending Limit

Ordinance 171, enacted in 1988 by a vote of the District's residents, established a limitation on the expenditure of District funds for capital improvements. This limitation is adjusted annually on January 1 for the consumer price index. The limitation effective January 1, 2015, is \$2,244,292 per project except that for water storage projects the limitation is \$3,366,448. 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.



West Lilac Bridge, built in 1976 spanning 695 feet across and 150 feet high, crosses Interstate 15 from Fallbrook into Valley Center.

BUDGET POLICIES

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

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

- Rate Stabilization Reserves have been established to level water rates and pumping rates during declining sales. The projected balances of these reserves on June 30, 2016, are:

	<u>Water Rate Stabilization</u>	<u>Pumping Rate Stabilization</u>
Projected balance, June 30 , 2015	\$ 1,413,576	\$1,062,320
Used to balance 2015-16 budget	<u>(612,817)</u>	<u>(598,595)</u>
Projected Balance 2015-16	<u>\$ 800,759</u>	<u>\$ 463,725</u>
Maximum reserve allowable by District Administrative Code	<u>\$ 4,052,970</u>	<u>\$1,284,500</u>

- An Operating Reserve of \$4,401,398 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 \$5,665,883 at June 30, 2016. The District shall endeavor to maintain these discretionary reserves at a minimum three and a maximum six months operations and maintenance budget. The proposed budget meets this goal.

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

- Restricted Reserves include the Replacement Reserves for Lower Moosa Canyon Water Reclamation Facility and Woods Valley Ranch Water Reclamation Facility.
- 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.

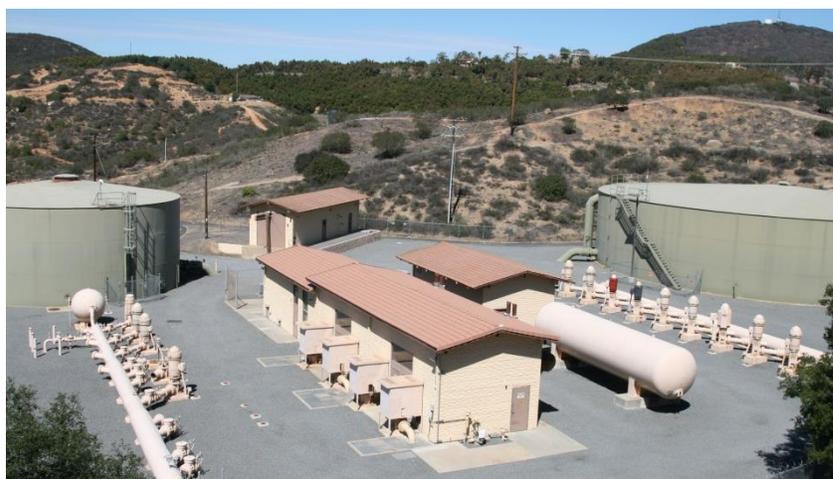
- D. **One-time and Unpredictable Revenues** - One-time revenues are allocated to the source of the revenue or refunded expenditure and shall not be used to initiate new programs which result in ongoing expenditures. Revenues which cannot be predicted, such as capacity fees, property taxes, and interest, 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 2015-2016 budget year 60% 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 standpoint, the total proposed Fiscal Year 2015-16 Budget of \$80,226,072 is 69.5% over the total approved budget for fiscal year 2014-15 of \$47,328,942. This overall budget increase primarily reflects the higher capital outlay proposed for the Woods Valley Ranch Wastewater Reclamation Facility Expansion and the Cool Valley Ranch Reservoir Cover/Liner Replacement compared to the prior year.

It is projected that for the Water General Fund in fiscal year 2015-16 operating expenses will exceed projected operating revenues by \$612,817. The deficit will require the use of Rate Stabilization Reserves to balance the budget. For Woods Valley Ranch Wastewater Reclamation Facility Fund and the Lower Moosa Canyon Wastewater 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 Expansion Project, the proposed capital improvements for Fiscal Year 2015-16 will be funded primarily with proceeds from a State Revolving Fund loan.

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



Betsworth Pump Station

GENERAL FUND

For fiscal year 2015-16, the Water Fund operating revenue is proposed at \$43,006,800, which is a decrease of 0.3% from the budget adopted for last year. This is due to lower projected water sales offset by increased water rates and charges explained later in this budget. It is projected that for the Water General Fund in Fiscal Year 2015-16 operating expenses will exceed projected operating revenues by \$612,817. The deficit will require the use of Rate Stabilization Reserves to balance the budget. The Water Fund operating expenditures budget is proposed at \$43,619,617, which is an increase of 1.0% from the budget adopted for last year. Changes in the major components of the budget are summarized as follows:

RECAP OF GENERAL FUND

	2014-15 Adopted Budget	Percent of Total	2015-16 Proposed Budget	Percent of Budget	Change	Percent of Change
OPERATING REVENUES						
Water Sales (Acre Feet)	24,000 AF		23,000 AF		(1,000) AF	-4.2%
Water (including Pumping)	\$ 37,032,000	85.8%	\$ 36,446,000	84.7%	\$(586,000)	-1.6%
Service Charges	5,054,000	11.7%	5,348,000	12.4%	294,000	5.8%
New Connection Sales	101,700	0.2%	152,600	0.4%	50,900	50.0%
Other Revenue	867,800	2.0%	927,200	2.2%	59,400	6.8%
Investment Income	99,000	0.2%	133,000	0.3%	34,000	34.3%
Total Operating Revenue	\$ 43,154,500	100.0%	\$ 43,006,800	100.0%	\$(147,700)	-0.3%

OPERATING EXPENDITURES:

Water Purchase (Acre Feet)	25,530 AF		24,470 AF		(1,060) AF	-4.2%
Water	\$ 30,461,521	70.6%	\$ 30,265,852	69.4%	\$(195,669)	-0.6%
Energy	1,732,000	4.0%	2,022,000	4.6%	290,000	16.7%
Regulatory Permits	62,450	0.1%	59,650	0.1%	(2,800)	-4.5%
Controlled by Others	32,255,971	74.7%	32,347,502	74.2%	91,531	0.3%
Personnel	8,143,400	18.9%	8,465,500	19.4%	322,100	4.0%
Other	2,775,322	6.4%	2,806,615	6.4%	31,293	1.1%
Controlled by District*	10,918,722	25.3%	11,272,115	25.8%	353,393	3.2%
TOTAL Operating Expenditures	\$ 43,174,693	100.0%	\$ 43,619,617	100.0%	\$ 444,924	1.0%
NET Revenues and Expenditures	\$ (20,193)		\$ (612,817)		\$ (592,624)	

* COSTS CONTROLLED BY DISTRICT

General Administration	\$ 851,873	7.8%	\$ 924,556	8.2%	\$ 72,683	8.5%
Information Technology	626,829	5.7%	672,210	6.0%	45,381	7.2%
Finance	1,448,904	13.3%	1,484,274	13.2%	35,370	2.4%
Engineering	1,768,038	16.2%	1,743,431	15.5%	(24,607)	-1.4%
Field Operations	6,223,078	57.0%	6,447,644	57.2%	224,566	3.6%
Total Controlled by District	\$ 10,918,722	100.0%	\$ 11,272,115	100.0%	\$ 353,393	3.2%

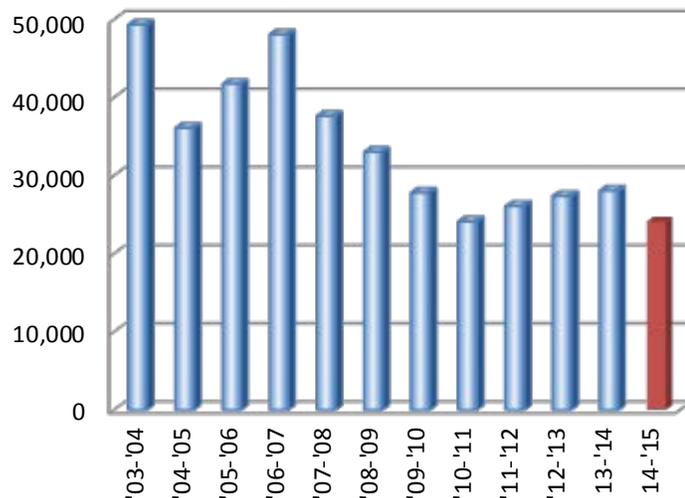
REVENUE ESTIMATES

Water Sales and Rate Increase

Water sales for the past twelve years have ranged from 49,336 acre feet in fiscal year 2003-04, to an estimated 24,113 for 2014-15. This is a decrease of 51%, or 25,140 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 72.6% of the total volume of water sold for 2015-16. 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 coupled with new mandatory water cutbacks effective July 2015 and mandatory use restrictions that went into effect June 2015 have resulted in the drastic overall reduction.

Water Sales in AF



The San Diego County Water Authority (SDCWA) has not yet formally adopted wholesale rates but staff has been provided with information regarding the most recent SDCWA estimates for the 2016 water rates. Those estimates 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 10.0% for domestic customers and 3.7% 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 \$197 in January 2016.

The budget, as presented, proposes an increase of 10.0% in the District's local share of the water rate on February 1, 2016. The current local rate of \$182.91 will increase to \$201.20 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. While the rate is to be held as low as possible, the strategic plan, see page 1-19, 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, 2016, rate change, our share of the water rate will be 10.5% for M&I and 14.6% for TSAWR.

San Diego County Water Authority Transitional Special Agricultural Water Rate

An incremental melded rate cost of \$197 and a storage commodity charge of \$237 that is added to the water supply charge by the SDCWA are not charged to our agricultural customers. That is

why the projected increase is lower than that projected for our M&I customers. New in 2016 is a Supply Reliability Charge that includes a portion of the costs for the Carlsbad Desalination Plant. Agricultural customers are also not charged this fee which in 2016 is estimated at \$98. This total credit amounts to \$532 per acre foot of savings for our agricultural customers. The SDCWA Transitional Special Agricultural Water Rate (TSAWR), in its current format, has been extended until December 31, 2020.

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, 2016, may be different.

Component	Domestic		TSAWR	
	Current	Proposed	Current	Proposed
Imported Water Costs	\$ 1,558.18	\$ 1,714.00	\$ 1,151.20	\$ 1,182.13
VCMWWD	182.91	201.20	182.91	201.20
Total	<u>\$ 1,741.09</u>	<u>\$ 1,915.20</u>	<u>\$ 1,334.11</u>	<u>\$ 1,383.33</u>
Proposed Increase	\$ 174.11 per AF 10.0%		\$ 49.22 per AF 3.7%	
	\$ 0.3997 per hcf		\$ 0.1130 per hcf	

In January 2015, 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 December 31, 2019.

Meter Service Charges

Service charges for 2015-16 are estimated at \$5,348,000 which is \$294,000 higher than the 2014-15 budget of \$5,054,000. The budget includes a service charge increase of 10.0%. The proposed service charge for a ¾-inch meter would be \$36.30 and \$49.59 for a 1-inch meter.

Interest Income

For 2015-16, the District projects to earn 0.70% on funds invested for the year for a return of approximately \$133,000 in interest earnings. This is the equivalent of \$5.78 per acre foot of budgeted water sales. Projected interest income is \$119,000 for 2014-15.

Property Taxes

Secured property taxes are budgeted at \$1,933,000 for 2015-16, 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 2015-16 are expected to be \$2,569,000 compared to \$2,677,000 budgeted in 2014-15. The difference is due to the reduction in water sales volume. 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 24,470 acre feet of water in 2015-16 and to sell 23,000 acre feet. Staff estimates for 2015-16 are based on mandatory cutbacks of 15% from Fiscal Year 2013-2014 usage for certified agricultural customers as well as mandated water use restrictions from Calendar Year 2013 usage for M&I customers.

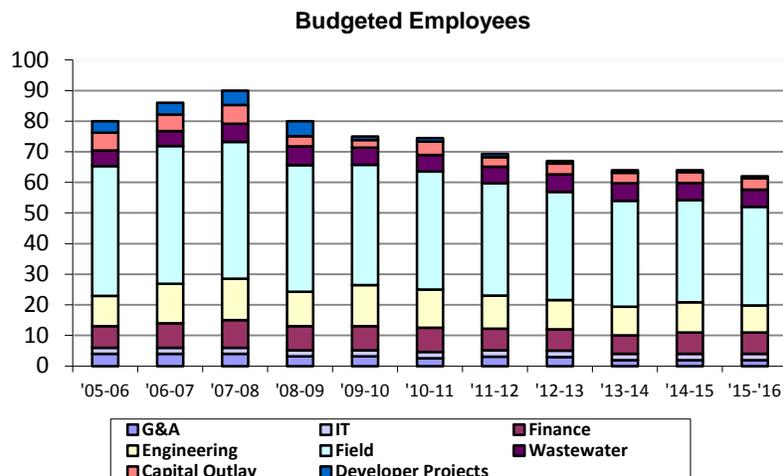
Energy

The budget expects that expenditures for energy to pump water to our customers will increase next year. Total energy costs, including electricity and natural gas, pump and motor maintenance and pump facility replacement are budgeted at \$3,167,595 up \$641,945 from the 2014-2015 budget of \$2,525,650. The increase in the cost for electricity is due to continual increases in the SDG&E rate tariffs, including the agricultural rate schedules, which are now subject to time-of-use charges. These increases are reduced by 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, if any, 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.

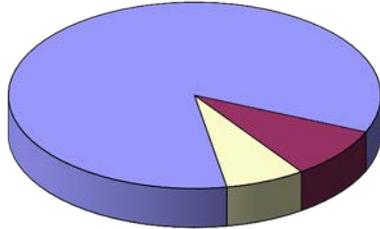
Personnel

Staffing Levels

For 2015-16, the budget proposes to fund 62 full-time equivalent (FTE's) positions, down 2.0 positions from the 2014-15 budgeted staffing level of 64 positions. There were two retirements in the Engineering Department last year as well as two voluntary resignations in the Field Department. We are budgeting to add an Electrician in the Field Department. A temporary Office Assistant position was added during the 2014-15 fiscal year, reporting to Finance. The budget includes making this temporary position full-time with the title of Administrative Assistant I, reporting to Engineering. 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.



Allocation of Labor



■ Water
 ■ Wastewater
 ■ Capital & Developer

Budgeted Full-Time Equivalent Positions by Department

	<u>2014-15</u>	<u>2015-16</u>
General Administration	1.90	1.95
Information Technology	2.10	2.10
Finance	7.00	6.95
Engineering	9.83	8.80
Field Operations	<u>33.36</u>	<u>32.27</u>
Total General Fund	54.19	52.07
Lower Moosa Sewer Treatment	4.44	4.42
Woods Valley Ranch Sewer	<u>1.15</u>	<u>1.15</u>
Total Operating	59.78	57.64
Capital Outlay	3.54	3.71
Developer Projects	<u>.68</u>	<u>.65</u>
TOTAL	<u>64.00</u>	<u>62.00</u>

Personnel Costs

General Fund personnel costs for 2015-16 are estimated at \$8,465,500. This represents an increase of \$322,100 or 4.0% from our 2014-15 budget of \$8,143,400. The increase is a result of a 3.75% cost of living (COLA) adjustment per the current Memorandum of Understanding (MOU) and projected increased health benefit costs.

Other Expenditures

Controlling the cost of operating the District continues to be an ongoing focus. Costs controlled by the District of \$11,272,115 for 2015-16 are 3.2% higher than 2014-15, 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.



Tyler Pump Station solar panel array.

WATER (GENERAL FUND) CAPITAL BUDGET

Capital projects included in this budget consist of the following:

Pipelines and Pressure Reducing Valves	\$	515,000
Pump Stations		10,000
Reservoirs (Cover/Liner Replacement)		4,240,000
Data Management Systems - SCADA		456,379
Facilities		463,545
Equipment		96,000
TOTAL New Appropriations	\$	5,780,924
Project appropriations carried forward from prior budget		2,388,815
TOTAL Capital Budget	\$	8,169,739

Funding for the water capital projects comes from:

Property Taxes	\$	2,015,000
Water Availability Charges		585,000
Capital Reserves		5,569,739
TOTAL Capital Budget	\$	8,169,739

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

The Capital Outlay Budget for fiscal year 2015-16 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). In addition, 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.

MOOSA WASTEWATER TREATMENT FUND

The Moosa Wastewater Treatment operating budget, which serves approximately 2,470 customers in a limited geographic area on the west side of the District, is up \$84,514 or 7.70% from the previous year budget. The major components of the budget are summarized as follows:

RECAP OF MOOSA WASTEWATER TREATMENT BUDGET

	2014-15 Adopted Budget	Percent	2015-16 Proposed Budget	Percent	Change	Percent Change
Revenues	\$ 1,586,695	100.0%	\$ 1,585,123	100.0%	\$ (1,572)	-0.1%
Operating Expenses:						
Labor	\$ 661,500	41.7%	\$ 694,000	43.8%	\$ 32,500	5.0%
Electricity	64,500	4.1%	76,500	4.8%	12,000	18.7%
Chemicals	18,000	1.1%	18,000	1.1%	-	0.1%
Administrative allocation	123,515	7.8%	172,213	10.9%	48,698	39.6%
Maintenance	76,500	4.8%	72,500	4.6%	(4,000)	-5.1%
Vehicle Maintenance	10,000	0.6%	6,700	0.4%	(3,300)	-32.9%
Regulatory	21,000	1.3%	23,200	1.5%	2,200	10.6%
Outside Services	101,000	6.4%	97,000	6.1%	(4,000)	-3.9%
Other	35,805	2.3%	36,221	2.3%	416	1.3%
Total Operating Expenses	\$ 1,111,820	70.1%	\$ 1,196,334	75.5%	\$ 84,514	7.7%
Net Operating Income	474,875	29.9%	388,789	24.5%	(86,086)	-18.0%
Replacement Fund Contribution	307,164		338,921		31,757	
Net Change	\$ 167,711		\$ 49,868		\$ (117,843)	

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 44% of the budgeted low pressure wastewater collection system maintenance expenses.

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

	2014-15		2015-16		Change	Percent Change
	Adopted Budget	Percent	Proposed Budget	Percent		
Revenues	\$ 377,605	100.0%	\$ 375,936	100.0%	\$ (1,669)	-0.4%
Operating Expenses:						
Labor	\$ 168,750	44.7%	\$ 181,950	48.4%	\$ 13,200	8.3%
Electricity	33,000	8.7%	41,000	10.9%	8,000	24.8%
Administrative allocation	43,022	11.4%	53,578	14.3%	10,556	25.1%
Maintenance	16,500	4.4%	15,000	4.0%	(1,500)	-8.7%
Vehicle Maintenance	3,000	0.8%	2,000	0.5%	(1,000)	-33.0%
Regulatory	16,500	4.4%	18,750	5.0%	2,250	14.1%
Outside Services (Laboratory & Waste Hualing)	38,500	10.2%	34,500	9.2%	(4,000)	-10.0%
Insurance	11,490	3.0%	12,819	3.4%	1,329	12.1%
Other	12,300	3.3%	12,600	3.4%	300	2.9%
Total Operating Expenses	\$ 343,062	90.9%	\$ 372,197	99.0%	\$ 29,135	9.0%
Net Operating Income	34,543	9.1%	3,739	1.0%	(30,804)	-89.1%
Replacement Fund Contribution	102,620		102,620		-	
Net Change	\$ (68,077)		\$ (98,881)		\$ (30,804)	

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 2015-16.

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 following 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 fiscal year 2013-14. Construction is slated to begin early 2015-16 with an estimated completion date of June 2017.

DEBT

In 2012, the District received preliminary funding approval for a total of \$13,497,000 in three separate Clean Water State Revolving Fund (SRF) Loans; one each for the Collection System, Treatment Facilities, and Seasonal Storage Improvements. These funds are to be utilized solely for the Woods Valley Ranch 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. There are three separate debt schedules, one for each component (see pages 12-1B and 12-1C under the Woods Valley Expansion tab for detailed schedules).

Other property owners in the Woods Valley Ranch Water Reclamation Facility (WVRWRF) service area expressed an interest in participating in the project and capacity requests increased from 350 equivalent dwelling units (EDU's) to 1,095 EDUs by the end of 2014. Facilities were planned for the higher participation level and design of the project facilities were delayed until the participation agreements for the increased capacity were completed. Estimated total project cost increased to \$31,900,000 with \$30,735,000 being the new portion eligible for the SRF Loans. A fourth loan was established for the added North Village Wastewater Collection Facilities.

The current 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. The Expansion Project consists of constructing a low pressure wastewater collection system in the South Village Area, a seasonal storage facility on Charlan Road, the expansion of the WVRWRF, and wastewater collection system in the North Village Area.



Rendering of proposed Woods Valley Ranch Phase 2 Treatment Plant Expansion.

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, 2014, were \$510,000. 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.



Looking East across Valley Center from McNally with view of Lilac Reservoir in the upper right corner.

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 2014.

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.

Survey responses show the District met or exceeded the 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 2014 totaled 1,266 acre feet, 4.3% of total water sold, representing \$1.3 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, 2014 represents 7.2 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 13.3% 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 103.7% of design criteria.

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

One project was completed in calendar 2014 at 5.7% under the Engineer’s estimate.

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 no lost time accidents in calendar 2014.

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 2014 was 0.665% as compared to the 12-month rolling average U.S. Treasury Bonds of 0.125%.

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 2015-16 budget are summarized for your action as follows:

- Adopt the budget as presented (or modified by your Board) for implementation July 1, 2015.
- 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:



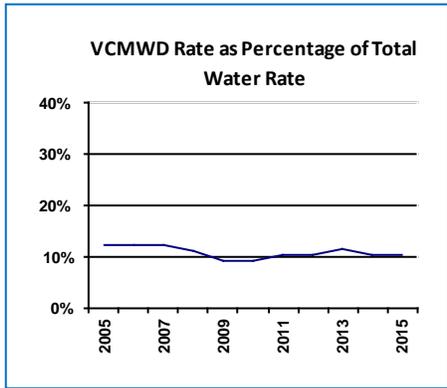
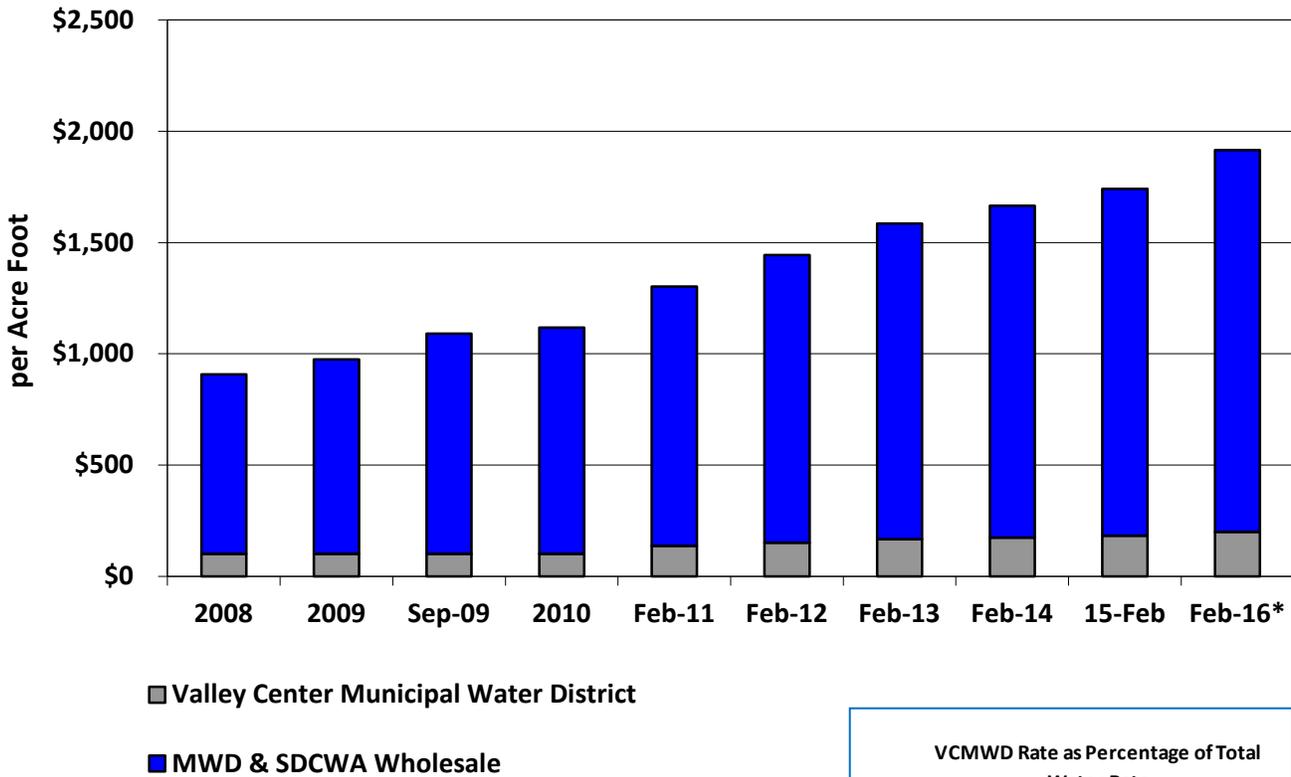
James V. Pugh
Director of Finance

APPROVED BY:



Gary T. Arant
General Manager

Water Rate Components

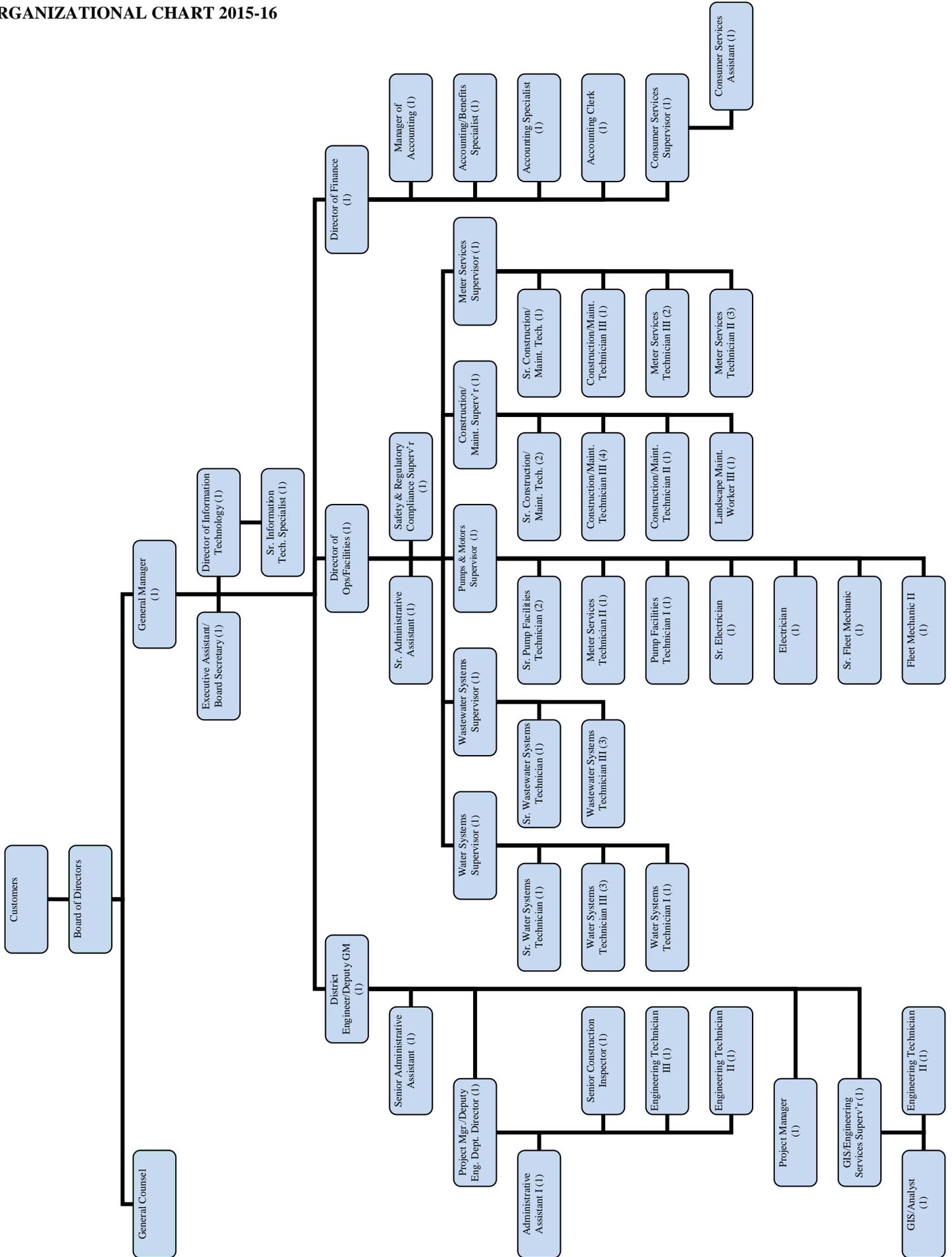


<i>Rate in Dollars per Acre Foot</i>	<u>2008</u>	<u>2009</u>	<u>Sept 2009</u>	<u>2010</u>	<u>Feb 2011</u>	<u>Feb 2012</u>	<u>Feb 2013</u>	<u>Feb 2014</u>	<u>Feb 2015</u>	<u>Feb 2016*</u>
Valley Center Municipal Water District	\$102	\$102	\$102	\$102	\$ 137	\$152	\$167	\$175	\$183	\$201
MWD/SDCWA wholesale	<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>1,558</u>	<u>1,714</u>
Total	<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>\$1,741</u>	<u>\$1,915</u>
Agricultural Use Discounts **	<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>\$407</u>	<u>\$532</u>

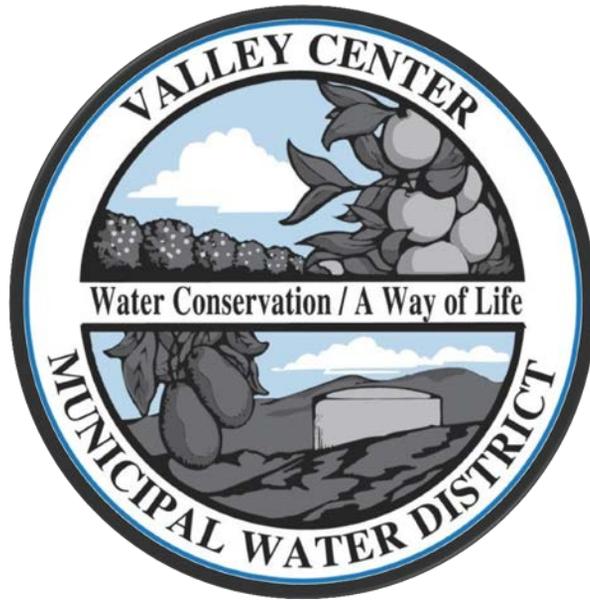
* Proposed water rates

** Maximum discount available.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
ORGANIZATIONAL CHART 2015-16**







Resolutions

RESOLUTION NO. 2015-25

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2015-2016 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 2015-2016 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 2015-2016.
2. That the amounts designated in the final 2015-2016 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 15th day of June, 2015, by the following vote to wit:

AYES:

NOES:

ABSENT:

PRESIDENT

ATTEST:

SECRETARY

ALL BUDGETED FUNDS

	Operating	Capital Projects	Total General	Moosa Wastewater	Woods Valley	WVR Expansion	Total All Funds
ESTIMATED BALANCE, JUNE 30, 2015	\$5,640,070	\$10,560,131	\$16,200,201	\$2,257,939	\$1,301,632	(\$932,136)	\$18,827,636

RECAP OF EXPENDITURES BY FUNCTION

General Administration	924,556		924,556				924,556
Information Technology	672,210		672,210				672,210
Finance	1,484,274		1,484,274				1,484,274
Engineering	1,743,431		1,743,431				1,743,431
Field Operation	6,507,294		6,507,294	1,196,334	372,197		8,075,825
Source of Supply	32,287,852		32,287,852				32,287,852
Capital Projects		5,780,924	5,780,924	137,000	0	29,120,000	35,037,924
Total Budgeted Expenditures	\$43,619,617	\$5,780,924	\$49,400,541	\$1,333,334	\$372,197	\$29,120,000	\$80,226,072

SOURCE OF FINANCING

Revenues:							
Water Sales	36,446,000		36,446,000				36,446,000
Meter Service Charges/Wastewater Charges	5,348,000		5,348,000	1,585,123	375,936	607,407	7,916,466
New Connection Sales	152,600	182,420	335,020				335,020
Other Revenue	927,200		927,200				927,200
Investment Income	133,000		133,000				133,000
Property Taxes		2,015,000	2,015,000				2,015,000
Water Availability Charges		585,000	585,000				585,000
Clean Water SRF Loan						29,120,000	29,120,000
Total Revenues	\$43,006,800	\$2,782,420	\$45,789,220	\$1,585,123	\$375,936	\$29,727,407	\$77,477,686

NET REVENUES & EXPENDITURES

	(\$612,817)	(\$2,998,504)	(\$3,611,321)	\$251,789	\$3,739	\$607,407	(\$2,748,386)
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EXPENDITURES OF CONTINUING PROJECTS

	\$0	(\$2,388,815)	(\$2,388,815)	(\$326,337)	(\$695,987)	\$0	(\$3,411,139)
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TRANSFERS (See page 3-2)

	\$638,630	(\$638,630)	\$0	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2016

	\$5,665,883	\$4,534,182	\$10,200,065	\$2,183,391	\$609,383	(\$324,729)	\$12,668,111
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Excluded from this budget are the following debt service funds:
Assessment Districts 93-1, 96-1, and 96-2.

June 15, 2015

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: RESOLUTION TO ESTABLISH APPROPRIATION LIMIT FOR 2015-2016

PURPOSE:

Board adoption of Resolution No. 2015-24 establishing the appropriation limit for proceeds from taxes is required by Section 7910 of the Government Code and Article XIII B of the State Constitution (Gann Amendment).

SUMMARY:

In November, 1979, the voters of California approved the addition of Article XIII B to the State Constitution. This amendment provided a maximum annual percentage that proceeds of taxes could increase. The impact of this legislation is most felt by cities and agencies that exist almost entirely on proceeds of taxes of one sort or another. The District's revenues consist primarily of water and wastewater charges, with less than 5% from general property taxes. We do have to comply with the legislation by establishing an appropriations limit for the amount we do receive from property taxes. Our estimated property tax collections are less than half the appropriation limit, and if actual tax collections ever exceeded this limit, refund of the excess would have to be made.

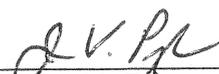
Under Proposition 111, the method of calculating the annual appropriation limit was revised, effective July 1, 1990. The California Constitution specifies that the appropriation limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment role due to local nonresidential construction. The appropriation limit method recommended for adoption uses the highest of the options available to maximize our limit for 2015-2016.

Government Code Section 7910 also requires a 15 day period for our calculations to be available to the public for their review, if desired. The attached Public Notice was posted May 27, 2015, in compliance with this requirement.

RECOMMENDATION:

That Resolution No. 2015-24 be adopted to establish the appropriation limit for 2015-2016 as \$5,818,746.

PREPARED BY:



James V. Rugh
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 June 15, 2015, at 2:00 P.M. at 29300 Valley Center Road, the Board of Directors will, by resolution, establish the District's 2015-16 appropriation limit pursuant to Article XIII B of the State Constitution as amended by Proposition 111 effective July 1, 1990. The appropriation limit for 2015-16 is to be set at \$5,818,746 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
2015-16	3.82% (a)	1.48%	\$5,818,746

Posted May 27, 2015



 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. 2015-24

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY
CENTER MUNICIPAL WATER DISTRICT TO ESTABLISH THE
APPROPRIATION LIMIT FOR THE 2015-2016 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 2014-15 fiscal year was \$5,522,728, and that the proceeds of taxes to be received in that year, in the amount of approximately \$1,933,000, did not exceed that appropriation limit.
3. That in determining the appropriation limit for 2015-2016, 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 2015-2016, the District shall use the percentage change in population for San Diego County or for the unincorporated portion of San Diego County, whichever is greater, as provided by the State of California Department of Finance.
5. That pursuant to Article XIIIB, as amended, and Section 7910 of the Government Code, as amended, the appropriation limit for Valley Center Municipal Water District for the 2015-2016 fiscal year is established at \$5,818,746.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT held the 15th day of June, 2015, by the following vote, to wit;

AYES:

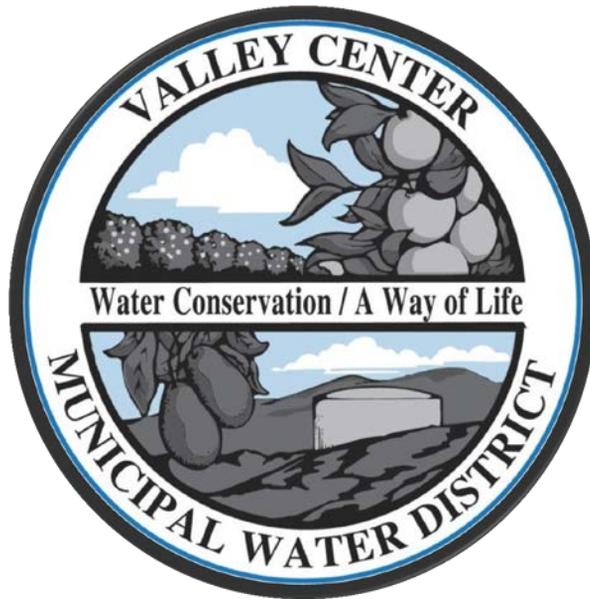
NOES:

ABSENT:

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, 2015	\$5,640,070	\$10,560,131	\$16,200,201	\$2,257,939	\$1,301,632	(\$932,136)	\$18,827,636

RECAP OF EXPENDITURES BY FUNCTION

General Administration	924,556		924,556				924,556
Information Technology	672,210		672,210				672,210
Finance	1,484,274		1,484,274				1,484,274
Engineering	1,743,431		1,743,431				1,743,431
Field Operation	6,507,294		6,507,294	1,196,334	372,197		8,075,825
Source of Supply	32,287,852		32,287,852				32,287,852
Capital Projects		5,780,924	5,780,924	137,000	0	29,120,000	35,037,924
Total Budgeted Expenditures	\$43,619,617	\$5,780,924	\$49,400,541	\$1,333,334	\$372,197	\$29,120,000	\$80,226,072

SOURCE OF FINANCING

Revenues:							
Water Sales	36,446,000		36,446,000				36,446,000
Meter Service Charges/Wastewater Charges	5,348,000		5,348,000	1,585,123	375,936	607,407	7,916,466
New Connection Sales	152,600	182,420	335,020				335,020
Other Revenue	927,200		927,200				927,200
Investment Income	133,000		133,000				133,000
Property Taxes		2,015,000	2,015,000				2,015,000
Water Availability Charges		585,000	585,000				585,000
Clean Water SRF Loan						29,120,000	29,120,000
Total Revenues	\$43,006,800	\$2,782,420	\$45,789,220	\$1,585,123	\$375,936	\$29,727,407	\$77,477,686

NET REVENUES & EXPENDITURES

	(\$612,817)	(\$2,998,504)	(\$3,611,321)	\$251,789	\$3,739	\$607,407	(\$2,748,386)
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EXPENDITURES OF CONTINUING PROJECTS

	\$0	(\$2,388,815)	(\$2,388,815)	(\$326,337)	(\$695,987)	\$0	(\$3,411,139)
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TRANSFERS (See page 3-2)

	\$638,630	(\$638,630)	\$0	\$0	\$0	\$0	\$0
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ESTIMATED BALANCE, JUNE 30, 2016

	\$5,665,883	\$4,534,182	\$10,200,065	\$2,183,391	\$609,383	(\$324,729)	\$12,668,111
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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, 2015	Revenues	Expenses	Net Revenues - Expenses	Transfers and Budgeted Additions	Projected Balance, June 30, 2016
General Fund						
Operating						
Discretionary Reserves						
- Rate Stabilization	\$1,413,576			\$0	(\$612,817)	\$800,759
- Pumping Rate Stabilization	1,062,320	2,569,000	(3,167,595)	(598,595)		463,725
- Operating Reserve	3,164,174			0	1,237,225	4,401,398
Unappropriated Fund Balance	0	40,437,800	(40,452,022)	(14,222)	14,222	0
Total Operating	\$5,640,070	\$43,006,800	(\$43,619,617)	(\$612,817)	\$638,630	\$5,665,883
Debt Service Reserve	0	0	0	0		0
Capital Projects Reserves						
- Continuing Projects	\$2,388,815		(\$2,388,815)	(\$2,388,815)		0
- Capacity Charges	515,079		0	0		515,079
- Capital Improvements	7,656,236	2,782,420	(5,780,924)	(2,998,504)	(638,630)	4,019,102
Total Capital	\$10,560,131	\$2,782,420	(\$8,169,739)	(\$5,387,319)	(\$638,630)	\$4,534,182
Total General Fund	\$16,200,201	\$45,789,220	(\$51,789,356)	(\$6,000,136)	\$0	\$10,200,065
Lower Moosa Wastewater	\$2,257,939	\$1,585,123	(\$1,659,671)	(\$74,548)		\$2,183,391
Woods Valley Expansion	(\$932,136)	\$29,727,407	(\$29,120,000)	\$607,407		(\$324,729)
Woods Valley Wastewater	\$1,301,632	\$375,936	(\$1,068,184)	(\$692,248)		\$609,383
Total All Funds	\$18,827,636	\$77,477,686	(\$83,637,211)	(\$6,159,525)	\$0	\$12,668,111

General Fund

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
	WATER SALES	@ 28,082 af	@ 24,000 af	@ 24,113 af	@ 23,000 af
4114	Municipal & Industrial	\$13,601,624	\$12,350,000	\$12,262,000	\$11,313,000
4117	Certified Agricultural - SAWR	14,130,298	12,109,000	12,718,000	12,834,000
4118	Certified Ag/Domestic - SAWR	11,349,865	9,871,000	9,613,000	9,700,000
4135	Construction	84,668	25,000	35,000	30,000
4150	Pump Charge	3,124,770	2,677,000	2,693,000	2,569,000
Total Water Sales		\$42,291,225	\$37,032,000	\$37,321,000	\$36,446,000
	METER SERVICE CHARGES				
4110	Additional Living Charge	\$21,724	\$22,000	\$22,000	\$22,000
4114	Municipal & Industrial	3,869,937	3,951,000	3,970,000	4,208,000
4117	Certified Agricultural - SAWR	390,840	400,000	388,000	411,000
4118	Certified Ag/Domestic - SAWR	640,025	658,000	643,000	681,000
4135	Construction	25,138	23,000	26,000	26,000
Total Meter Service Charges		\$4,947,664	\$5,054,000	\$5,049,000	\$5,348,000
	NEW CONNECTION SALES				
4210	Water Meters - New	\$83,959	\$54,800	\$183,400	\$81,400
4220	Water Meters - Relocate	50	0	0	0
4230	Pressure Reducers	0	0	100	0
4240	Double Check Valves	55,554	46,900	59,300	71,200
Total New Connection Sales		\$139,563	\$101,700	\$242,800	\$152,600

General Fund

Page 2 of 3

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Adopted Budget	Estimated Actual	Budget
	PROPERTY TAXES-OTHER				
4310	Current Secured	\$1,824,431	\$1,856,000	\$1,932,900	\$1,933,000
4320	Current Unsecured	63,812	66,000	66,100	66,000
4340	Homeowners PTR	16,679	17,000	16,300	16,000
4350	Current Water Availability Charge	583,825	585,000	583,000	585,000
4382	Interest Allocation-Wtr Availability Chg	120	0	100	0
4370	Prior Unsecured	(1,771)	0	11,600	0
4380	Interest Allocation	393	0	400	0
	Total Property Taxes-Other	\$2,487,489	\$2,524,000	\$2,610,400	\$2,600,000

General Fund

Page 3 of 3

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Adopted Budget	Estimated Actual	Budget
	OTHER REVENUE				
4410	Investment Income	\$94,235	\$99,000	\$119,000	\$133,000
4417	Delinquent Penalty	344,840	306,700	353,300	353,300
4419	Transfer Fee	7,570	9,000	7,200	7,000
4420	Turn On Charge	26,620	27,000	30,800	31,000
4421	R.P. Inspection/Svc Fee	152,155	158,000	112,500	158,000
4421	R.P. Repairs	11,930	19,000	13,375	19,000
4430	Sale of Maps/Copies	90	100	40	100
4433	Service Availability Charge	1,250	700	825	800
4435	Sale of Surplus	14,948	25,000	12,200	25,000
4440	Other	72,622	8,000	153,400	8,000
4440	Return Check Charge	1,125	2,000	1,000	2,000
4440	Lease of Facilities	308,866	308,700	312,500	319,400
4440	Escondido Sewer Collection Fee	2,595	2,600	2,600	2,600
4440	Escondido Water Service in Lieu	1,323	1,000	1,000	1,000
	Total Other Revenue	\$1,040,169	\$966,800	\$1,119,740	\$1,060,200
	CAPITAL IMPROVEMENT CHARGES				
4810	Meter Capacity Charges	\$74,907	\$40,000	\$175,440	\$182,420
4820	Contributions In Kind	185,542	0	0	0
	Total Capital Improvement Charges	\$260,449	\$40,000	\$175,440	\$182,420
	TOTAL REVENUE	\$51,166,559	\$45,718,500	\$46,518,380	\$45,789,220

All Budgeted Funds

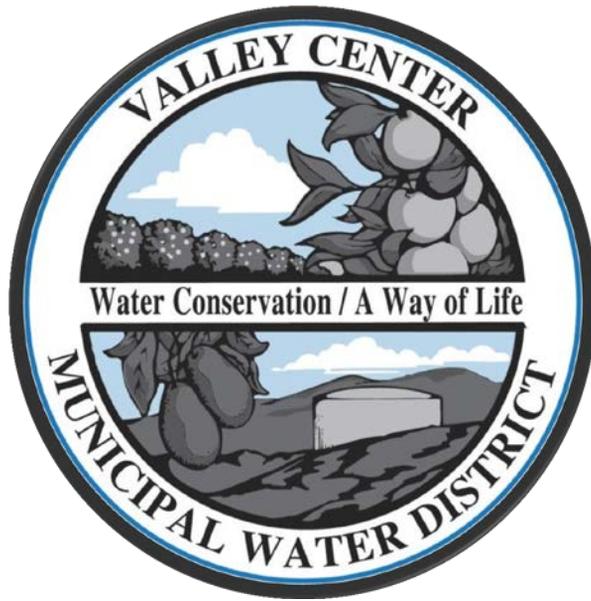
	2013-2014	2014-2015		2015-2016
	Actual	Budget	Estimated Actual	Budget
RECAP BY DEPARTMENT				
General Administration	\$820,441	\$851,873	\$853,613	\$924,556
Finance	1,104,776	1,448,904	1,357,919	1,484,274
Information Technology	543,845	626,829	533,279	672,210
Engineering	1,548,003	1,768,038	1,371,928	1,743,431
Field Operation	5,919,293	6,285,528	6,070,000	6,507,294
Source of Supply	35,904,101	32,193,521	32,279,236	32,287,852
Total Operating	\$45,840,459	\$43,174,693	\$42,465,975	\$43,619,617
Capital Projects	2,071,071	1,448,340	5,626,584	5,780,924
Total General Fund	\$47,911,530	\$44,623,033	\$48,092,559	\$49,400,541
Lower Moosa Wastewater Treatment	1,350,385	1,540,860	1,236,208	1,333,334
Woods Valley Wastewater Expansion	1,204,059	0	932,650	29,120,000
Woods Valley Wastewater Treatment	454,223	1,165,049	446,357	372,197
Total Wastewater	\$3,008,667	\$2,705,909	\$2,615,215	\$30,825,531
Grand Total	\$50,920,197	\$47,328,942	\$50,707,774	\$80,226,072
RECAP BY FUNCTION				
Operating	\$45,840,459	\$43,174,693	\$42,465,975	\$43,619,617
Capital Projects	2,071,071	1,448,340	5,626,584	5,780,924
Total General Fund	\$47,911,530	\$44,623,033	\$48,092,559	\$49,400,541
Lower Moosa Wastewater - Operating	1,350,385	1,540,860	1,236,208	1,333,334
Woods Valley Expansion - Capital Proj.	1,204,059	0	932,650	29,120,000
Woods Valley Wastewater - Operating	454,223	1,165,049	446,357	372,197
Total Wastewater	\$3,008,667	\$2,705,909	\$2,615,215	\$30,825,531
Grand Total	\$50,920,197	\$47,328,942	\$50,707,774	\$80,226,072

WATER PURCHASED - Acre Feet

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL	
79-80	4,808.8	4,922.9	5,525.3	3,147.3	1,906.9	2,371.4	700.5	303.4	368.1	2,122.6	2,142.8	4,360.6	32,680.6	
80-81	6,103.3	6,239.8	4,807.9	4,586.2	3,676.1	2,586.6	2,803.0	918.5	398.6	2,407.0	4,124.3	5,394.9	44,046.2	
81-82	6,781.8	6,200.0	6,068.7	4,019.9	3,235.9	1,985.8	192.1	527.2	1,027.1	1,690.3	2,823.8	3,538.6	38,091.2	
82-83	5,592.7	6,190.5	4,847.6	4,512.1	1,645.2	461.9	1,317.0	458.7	87.2	904.9	2,531.3	4,034.3	32,583.4	
83-84	5,737.0	4,625.2	5,473.0	3,054.9	1,628.3	341.4	1,080.1	2,766.0	3,756.7	3,488.5	5,287.9	5,008.3	42,247.3	
84-85	6,035.9	5,691.6	6,308.7	4,415.4	1,664.2	180.1	657.5	504.5	1,571.3	2,718.2	4,143.1	5,062.7	38,953.2	
85-86	6,433.5	6,287.9	4,800.6	4,404.2	1,628.4	849.8	2,719.2	359.3	1,139.6	2,489.4	4,799.4	5,143.3	41,054.6	
86-87	6,167.6	6,991.1	4,801.2	3,148.4	3,051.3	1,490.4	1,742.0	2,027.3	615.4	4,034.4	4,411.0	5,031.1	43,511.2	
87-88	5,324.3	6,078.5	5,678.1	2,798.1	947.0	1,188.0	901.8	2,078.9	3,235.9	2,445.2	4,226.2	5,035.2	39,937.2	
88-89	5,888.1	5,974.0	5,903.9	4,879.6	2,460.7	1,944.7	1,379.7	1,243.7	2,704.2	4,290.2	4,589.6	5,747.0	47,105.4	
89-90	7,076.1	6,686.1	6,255.6	4,890.2	4,777.0	4,419.5	1,513.3	1,022.5	2,823.6	2,914.4	5,126.0	5,030.5	52,534.8	
90-91	7,407.1	6,803.4	6,949.6	6,123.1	4,273.9	3,740.2	2,299.9	3,266.8	348.5	1,680.7	3,646.1	3,814.9	50,354.2	
91-92	4,479.1	4,623.0	4,713.1	4,888.7	3,789.4	1,930.6	1,368.9	1,091.8	388.6	2,260.8	3,954.0	4,799.5	38,287.5	
92-93	5,922.2	6,130.2	5,936.6	4,648.7	3,432.6	979.0	516.5	132.2	1,056.5	2,710.5	4,080.8	3,968.5	39,514.3	
93-94	4,588.9	4,934.7	4,582.2	3,899.8	2,132.8	1,571.9	2,406.0	385.0	877.1	1,873.0	2,171.8	4,375.4	33,798.6	
94-95	4,829.2	5,447.0	4,745.3	3,869.4	2,104.8	1,921.0	181.1	737.6	393.0	1,522.1	1,915.2	3,060.5	30,726.2	
95-96	4,615.4	5,329.8	5,214.9	3,891.6	2,899.9	1,982.8	1,876.6	524.4	1,091.5	3,113.5	3,964.4	4,317.2	38,822.0	
96-97	5,286.9	5,563.8	4,729.4	4,121.5	1,862.7	693.3	237.7	1,142.5	2,994.2	3,334.2	4,490.8	4,286.9	38,743.9	
97-98	4,992.9	5,537.3	4,321.1	3,838.6	2,068.6	896.8	641.6	207.2	871.0	1,027.3	1,470.5	3,327.7	29,200.6	
98-99	5,054.0	5,587.1	4,666.7	4,102.4	2,375.3	1,568.2	2,220.3	1,459.1	2,200.5	2,182.5	3,755.1	4,023.9	39,195.1	
99-00	5,304.4	5,552.4	4,833.7	5,544.5	3,993.3	3,888.1	2,911.9	1,374.0	1,899.2	3,341.9	4,615.7	5,290.8	48,549.9	
00-01	5,888.9	6,364.2	5,683.8	3,911.5	3,090.6	3,846.9	1,680.8	978.0	1,386.0	2,227.3	4,383.2	5,156.3	44,597.5	
01-02	5,533.3	5,998.9	5,298.0	5,070.1	2,910.0	1,441.5	3,044.3	3,216.4	3,204.0	3,657.5	4,747.0	5,403.1	49,524.1	
02-03	5,995.0	6,024.9	5,877.3	4,586.9	3,014.9	1,713.3	3,207.5	1,489.0	1,277.3	2,547.1	3,783.6	4,158.0	43,674.8	
03-04	6,061.1	6,467.7	5,766.5	5,517.0	2,922.9	2,742.6	3,178.0	1,282.9	3,201.1	3,978.4	5,740.7	5,322.7	52,181.6	
04-05	6,222.8	5,973.1	6,053.1	2,872.2	1,183.1	1,812.0	478.4	659.4	894.3	3,288.1	4,018.9	4,649.2	38,104.6	
05-06	5,837.3	5,835.5	5,302.0	3,708.3	3,950.8	3,642.9	2,744.7	2,464.8	624.6	1,512.7	3,804.0	5,339.3	44,766.9	
06-07	6,593.1	5,778.2	5,751.0	4,292.3	4,387.2	2,021.6	3,654.3	1,247.2	3,348.2	3,449.4	4,822.0	5,166.9	50,511.4	
07-08	5,805.6	5,975.0	5,176.6	4,768.7	3,707.3	880.7	596.8	464.4	2,139.8	3,134.1	2,895.5	3,955.3	39,499.8	
08-09	4,226.7	4,204.1	3,923.1	4,106.1	2,800.9	1,035.2	1,822.3	827.7	2,387.7	2,863.2	3,542.7	3,041.3	34,781.0	
09-10	4,133.6	4,234.1	4,257.0	3,334.0	2,853.2	833.2	927.4	289.8	1,442.2	1,249.6	2,772.4	3,195.9	29,522.4	
10-11	3,631.9	3,860.2	3,696.5	1,833.6	1,597.5	1,122.0	1,057.6	991.0	695.9	1,830.7	2,424.4	2,932.9	25,674.2	
11-12	3,716.7	3,731.7	3,379.6	2,694.2	1,050.4	1,490.1	1,847.9	1,557.1	1,170.6	1,419.9	2,518.5	3,145.9	27,722.6	
12-13	3,528.0	3,966.9	3,621.2	2,857.9	2,217.7	874.7	1,177.6	960.7	1,726.5	2,420.3	2,716.1	3,170.2	29,237.8	
13-14	3,301.1	3,333.3	3,299.3	2,223.1	1,717.7	1,776.9	2,369.7	1,719.5	1,418.0	2,270.1	3,197.4	2,980.5	29,606.6	
14-15	3,246.9	3,125.7	3,303.5	2,968.0	2,004.6	569.0	1,124.1	1,541.4	1,845.7	2,214.3	1,993.0	1,188.0	25,124.2	
15-16	2,840.0	2,688.0	2,926.0	2,401.0	1,774.0	1,193.0	1,528.0	1,691.0	1,025.0	1,608.0	2,295.0	2,497.0	24,466.0	
AVERAGE FIRST 6 MONTHS						23,648.1	AVERAGE LAST 6 MONTHS						14,408.3	38,056.4
						62.14%							37.86%	100.00%

WATER SOLD - Acre Feet

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
79-80	4,324.8	4,220.4	4,410.6	4,643.9	2,158.1	2,565.0	1,361.9	230.6	169.8	1,147.6	1,717.9	2,946.5	29,897.1
80-81	5,230.2	5,362.8	5,282.5	4,068.7	3,573.2	2,526.4	2,965.5	1,355.0	871.5	1,279.3	2,753.1	3,897.6	39,165.8
81-82	6,160.5	4,835.6	6,805.9	3,975.9	3,900.3	1,752.8	1,348.9	236.3	967.9	477.2	2,463.4	3,070.1	35,994.8
82-83	3,839.0	5,790.1	5,767.0	3,526.2	3,165.6	322.2	1,185.1	414.1	346.3	554.7	1,032.9	3,451.4	29,394.6
83-84	4,407.9	5,616.5	4,819.2	2,601.9	3,175.5	282.7	544.7	2,008.3	2,994.5	3,158.9	3,876.5	4,688.6	38,175.2
84-85	5,540.3	5,168.6	6,216.7	4,849.7	2,923.6	482.9	259.7	474.6	951.9	2,136.0	2,989.7	4,253.0	36,246.7
85-86	6,025.1	5,371.5	5,573.7	3,429.1	3,306.4	370.3	1,633.0	1,453.4	644.3	1,155.6	3,528.0	4,848.4	37,338.8
86-87	5,256.7	6,099.2	6,220.0	2,746.6	3,292.5	2,017.3	1,274.7	2,154.4	911.0	1,648.2	4,034.9	4,480.3	40,135.8
87-88	5,075.2	5,496.0	5,770.9	4,559.4	485.3	1,225.0	885.4	970.2	2,114.0	3,877.4	2,111.3	4,166.3	36,736.4
88-89	5,541.8	5,738.1	6,129.3	4,617.5	3,508.7	2,308.5	726.9	1,266.4	1,880.6	3,188.3	3,920.8	4,661.9	43,488.8
89-90	6,311.7	6,279.5	6,257.1	5,351.0	4,596.1	3,906.8	2,255.1	1,326.8	1,439.2	2,924.5	3,886.8	4,002.6	48,537.2
90-91	6,273.1	6,243.0	6,415.6	6,045.7	4,939.7	3,333.2	2,262.9	3,139.4	1,257.4	655.9	2,588.9	3,513.9	46,668.7
91-92	3,822.2	3,846.7	4,740.0	4,562.5	3,654.4	2,866.6	903.4	1,506.6	520.4	767.3	3,430.0	3,767.7	34,387.8
92-93	5,311.0	5,227.2	5,529.9	5,729.0	3,298.1	2,094.3	431.0	205.4	542.8	1,535.3	3,510.5	3,410.2	37,124.7
93-94	4,614.4	4,227.5	4,591.6	3,928.3	3,023.5	1,496.8	2,430.7	867.6	748.7	1,267.2	1,451.7	3,156.4	31,804.4
94-95	4,800.7	4,564.8	5,130.8	3,947.2	2,779.1	2,094.3	695.8	395.4	486.5	1,040.1	1,321.5	2,507.6	29,763.8
95-96	3,908.3	4,394.7	5,697.9	3,850.9	3,126.2	2,459.2	2,078.4	694.7	541.8	2,060.1	3,680.3	3,802.5	36,295.0
96-97	4,607.2	5,026.2	5,376.3	3,826.9	3,022.0	800.9	397.7	578.3	1,970.9	2,985.4	3,855.3	4,209.7	36,656.8
97-98	4,566.5	4,809.3	5,163.0	3,338.3	3,304.4	802.0	973.2	355.9	438.1	618.9	1,375.8	2,261.1	28,006.5
98-99	4,137.4	4,973.8	5,283.6	4,042.6	2,970.1	1,545.2	2,462.3	956.0	2,061.6	1,668.0	3,039.8	3,541.7	36,682.1
99-00	4,654.8	4,919.7	5,376.5	4,827.9	4,508.1	3,480.2	3,424.3	2,413.0	809.4	3,105.6	3,574.2	4,922.9	46,016.6
00-01	5,008.6	6,061.1	5,868.0	4,349.5	2,985.2	3,428.2	2,969.7	1,191.4	483.0	1,754.6	3,348.5	4,554.9	42,002.7
01-02	4,893.5	5,664.6	5,568.1	4,774.4	4,237.6	1,675.2	2,075.0	3,069.6	3,309.7	2,917.2	3,909.2	5,053.2	47,147.3
02-03	5,110.0	6,081.5	5,590.0	5,187.1	3,374.5	2,681.1	1,915.4	2,787.0	508.3	2,292.3	2,483.5	4,059.9	42,070.6
03-04	4,858.7	6,156.9	5,823.1	5,130.8	4,085.7	2,947.0	2,484.3	2,428.3	1,715.0	3,488.0	4,821.4	5,396.8	49,336.0
04-05	5,156.8	5,801.5	6,036.9	4,961.1	1,018.2	1,434.1	1,013.1	690.3	563.6	2,114.7	2,785.1	4,514.3	36,089.7
05-06	4,910.9	5,389.9	5,646.3	4,597.6	2,952.1	3,787.6	2,412.1	2,157.4	1,245.5	765.4	2,615.6	4,247.7	40,728.1
06-07	5,550.1	6,036.5	5,807.0	4,504.7	4,066.5	3,266.8	2,569.9	2,664.1	1,876.4	3,252.9	3,744.2	4,746.0	48,085.1
07-08	4,994.6	5,759.9	5,684.4	4,293.7	4,234.4	2,140.2	986.1	277.6	913.4	2,480.1	3,236.7	2,635.1	37,636.2
08-09	3,884.3	3,956.4	3,871.8	3,878.8	3,322.6	1,944.4	1,012.1	1,461.0	1,165.6	2,392.0	3,205.4	2,919.7	33,014.1
09-10	3,358.6	4,022.6	4,170.3	3,545.3	2,920.4	1,782.5	1,172.9	331.0	371.0	1,747.8	1,595.8	2,819.1	27,837.3
10-11	3,213.1	3,337.8	3,857.1	3,205.7	1,337.5	1,319.3	517.3	1,405.7	529.8	1,017.3	2,091.4	2,310.2	24,142.2
11-12	3,388.5	3,221.0	3,732.9	2,705.0	1,896.2	1,128.4							



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 2014-2015

Performance Measurement Standards – Compliance with the following Standard was as follows as of December 31, 2014:

- **Customer Satisfaction (Standard 1)** – For calendar year 2014, 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 the passage of the Proposition 1 Water Bond, continued to advocate for the successful completion of the BDCP, and engaged with the State Water Resources Control Board in the process to promulgate fair, equitable and reasonable Drought Emergency Regulations as per the Governors Executive Order B-29-15.
- **Finance, MWD and SDCWA Wholesale Pricing – Was successful in having the SDCWA Transitional Special Agricultural Water Rate (TSAWR) Program extended** through to December 31, 2020, and having the cost associated with the Carlsbad Desal Plant supply included in the pricing differential.
- **Energy, Utility Rates and Charges** – Continued to engage SDG&E in various CPUC rate proceedings to protect the District's investments in solar and off-peak pumping capabilities.

CHALLENGES FOR 2015-2016

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:

- **Communicating** to District customers the reality of the drought emergency and the importance of meeting the water conservation mandates from MWD, the SDCWA and SWRCB;
- **Managing** the financial implications of the current drought emergency which will result in reduced revenues, while maintaining effective staffing, service, and major maintenance levels through maximizing internal efficiencies;
- **Securing** capital improvement funds sufficient to support the 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 securing the most effective allocation of Proposition 1 funding to restore the state's water supply reliability and water supply future;
- **Monitoring**, overseeing, and guiding the progress toward completion for the South/North Village Wastewater Expansion Project and resulting development, the Lilac Hills, Meadowwood and Orchard

Run Development Projects;

- **Overseeing** and assisting all other departments in pursuing and meeting adopted Performance Measurements and Strategic Plan Goals in 2015-16.

GOALS FOR 2015-2016

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)** – Advocate for effective allocation of Proposition 1 Water Bond funds, successful conclusion of a meaningful BDCP which will help restore the reliability of the SWP, and fair, equitable and reasonable Drought Emergency Regulations by the SWRCB recognizing long-term water conservation achievements and regional investment in water supply reliability.
- **Finance, MWD and SDCWA Wholesale Pricing (Finance)** – Evaluate the potential for debt financing in FY 2016-2017 to fund the District’s major capital improvement projects.
- **Energy, Utility Rates and Charges (Energy)** – Participate in CPUC processes concerning the 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

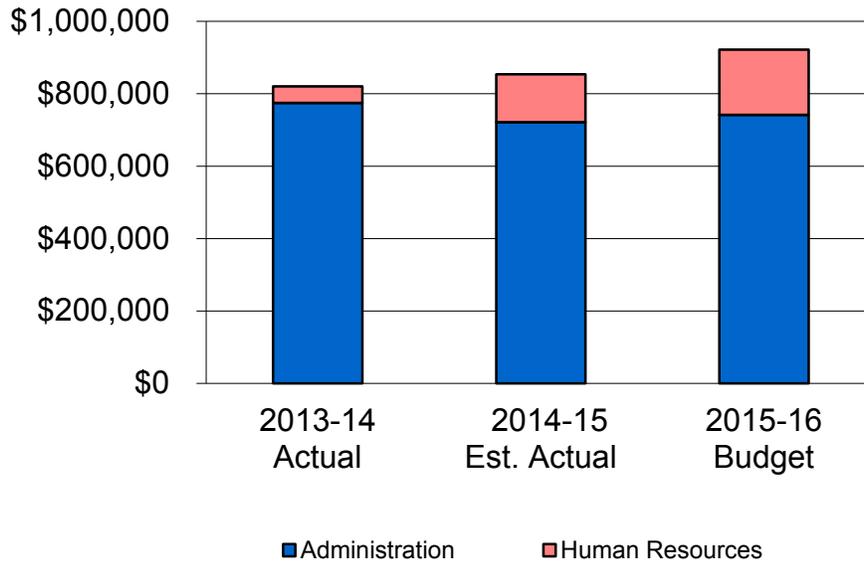
As always, it is the long-term goal of the General Administration Department to implement the policies of the Board of Directors, maintain an efficient and cost effective organization, resume implementation of the Capital Replacement and Improvement Program, preserve local financial resources for local 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 now exacerbated by the current drought emergency, the General Administration Department will lead the ongoing efforts to seek technology and methods to more cost effectively operate the water and wastewater systems serving the Valley Center Community.

Personnel Requirements (FTE's)

	<i>Actual FY 2014-15</i>	<i>Budget FY 2014-15</i>	<i>Proposed FY 2015-16</i>
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

Division Expenses



Div. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	General Administration	774,516	734,620	721,460	743,866
15	Human Resources	45,925	117,253	132,153	180,690
18	Training	0	0	0	0
TOTAL GENERAL ADMINISTRATION		820,441	851,873	853,613	924,556

General Administration 01-5101.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	515,965	433,100	462,100	447,200
03	Overtime	66	500	550	500
10	Training & Education	0	250	290	250
11	Uniform Allowance	336	340	340	340
25	Outside Professional Services	0	2,750	250	500
26	Legal Services	64,234	85,000	85,000	85,000
28	Printing	829	2,000	500	2,500
29	Books & Subscriptions	591	750	300	750
30	Special Department Expenses	2,210	2,500	2,100	2,500
33	Postage	8,695	12,500	10,000	12,200
34	Membership Fees & Dues	22,992	28,150	24,500	30,000
35	Directors' Fees	9,939	12,000	9,000	12,000
36	Directors' Travel & Expenses	7,026	7,500	6,500	7,500
37	Transportation, Meals & Travel	12,527	15,500	14,500	15,500
39	Public Information and Notices	4,638	6,000	5,000	7,000
54	Maintenance of Equipment	0	750	500	1,190
83	Unclassified - Contingency Fund	12,588	20,000	5,000	20,000
89	LAFCO Budget Assessment	50,856	27,000	27,000	28,000
90	Government Relations/Staff Augmentation	87,072	100,000	90,000	100,000
91	Expense Credit	(26,048)	(21,970)	(21,970)	(29,064)
	Total	774,516	734,620	721,460	743,866

General Administration 01-5101.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.55	447,200
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 Miscellaneous 500	500
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 750	2,500
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
33	Postage General Correspondence 10,000 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	12,200

General Administration 01-5101.

Acct. No.	Detail and Justification	Department Request
34	Membership Fees & Dues Association of California Water Agencies 20,400 American Water Works Association 3,400 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 California Municipal Utilities Association 3,100	30,000
35	Directors' Fees	12,000
36	Directors' Travel & Expense Conferences/Seminars/JPIA Mtgs/ACWA Region 10	7,500
37	Transportation, Meals & Travel Conferences and Meetings 15,500	15,500
39	Public Information and Notices Customer Information Material 3,000 Legal/Public Notices 1,750 Display Boards - Upkeep/revisions 1,750 Miscellaneous 500	7,000
54	Maintenance of Equipment Adding Machines, Typewriter, Transcriber, Postage Machine, Board Room Recorder and Assistive Listening Device	1,190
83	Unclassified - Contingency Fund	20,000
89	Local Agency Formation Commission (LAFCO) Budget Assessment	28,000
90	Government Relations/Staff Augmentation	100,000

General Administration 01-5101.

Acct. No.	Detail and Justification	Department Request
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(29,064)

Human Resources 01-5115.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor and Benefits - Regular	37,497	80,300	87,000	97,400
03	Overtime	0	500	0	500
10	Training & Education	0	200	0	200
25	Outside Professional Services	2,157	1,500	2,100	50,750
26	Legal Services	0	20,000	30,000	20,000
29	Books & Subscriptions	0	0	0	0
30	Special Department Expenses	10,547	17,200	16,500	18,400
34	Membership Fees & Dues	0	0	0	0
37	Transportation, Meals & Travel	0	1,000	0	500
91	Expense Credit	(4,276)	(3,447)	(3,447)	(7,060)
Total		45,925	117,253	132,153	180,690

Human Resources 01-5115.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.40	97,400
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	200
25	Outside Professional Services	50,750
	Salary - Benefits Survey 40,000	
	Actuarial Valuation Report - OPEB 7,500	
	Employee Assistance Program 1,750	
	State Mandated Sexual Harassment Training 750	
	Datastream Programming 250	
	Other 500	
26	Legal Services Personnel, Benefits, and Retirees' Health Plan	20,000
30	Special Department Expenses	18,400
	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 2,500	
	Awards Presentation Luncheon 3,000	
	Employee of the Quarter Awards 750	
	Service Recognition Awards and Pins 5,000	
	Flu-Shots 700	
37	Transportation, Meals & Travel Training, Seminars, Meetings, ACWA	500
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(7,060)

Training 01-5118.

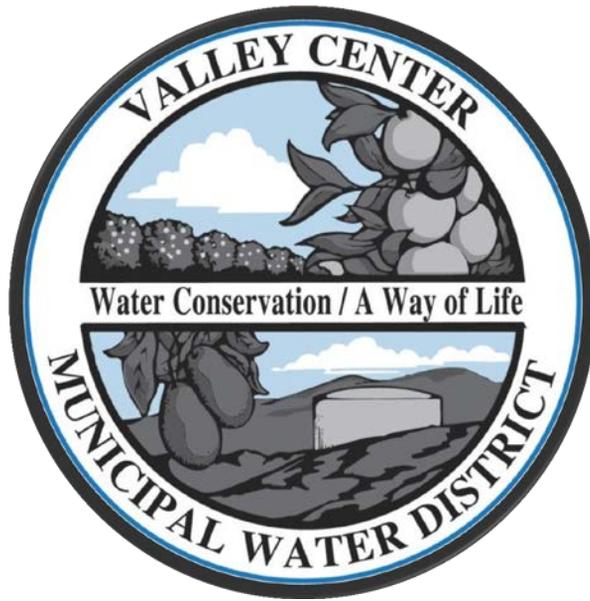
Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	General and Administration	0	250	290	250
11	Finance Administration	0	3,500	1,600	3,500
13	Information Technology	60	7,000	4,500	7,000
15	Human Resources	0	200	0	200
17	Benefits	660	1,000	0	1,000
21	Engineering Administration	161	1,200	1,200	1,200
22	Planning	95	1,000	0	1,000
23	GIS/Public Services	0	500	500	500
24	Encroachments and Locates	0	500	250	500
28	Design/Construction	0	500	0	500
31	Field Administration	16,915	18,000	21,000	26,000
91	Expense Credit	(17,891)	(33,650)	(29,340)	(41,650)
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 1,800 Pump Training 500 Computer 300 Continuing Education 13,775 Technology Classes 2,500 Supervisor Certification 500 Energy Management/Preparedness 500 Wastewater Technical Classes 575 Collection Systems 1,000 Safety 2,500	26,000
91	Expense Credit	(41,650)



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 2014-2015

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

- **Service Order Software (Goal 4d):** The service order, work order, asset management, and fleet maintenance functionalities will be part of the Enterprise Resource Planning (ERP) financial system software upgrade scheduled for implementation during fiscal year 2015-2016. Parts of the custom software previously under development can be used to provide functionality not found in the new ERP financial system and will be determined during the implementation process.
- **E-Business (Goal 4e):** Paperless electronic billing was made available to customers, saving time and money. Customers can view their bill information and pay their bills over the internet. As of May 4, 2015, there are approximately 3,280 customer accounts registered and utilizing the system, of which 639 have elected to no longer receive paper bills in the mail.
- **SCADA (Goal 4b):** Staff continues to deploy new wireless network communications infrastructure, extending network coverage to 50 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.
- IT staff developed and deployed a new SCADA alarm and notification system at the Woods Valley Water Reclamation Facility that provides better stability and more advanced functionality to remote operators. The system is being expanded and deployed to all SCADA systems throughout the District.
- Staff is continuing to deploy new IP network-based high definition video surveillance technology to local and remote facilities. It has been deployed at corporate offices as well as 23 remote sites. It will be further expanded to replace the existing analog surveillance technology at all sites. The system consists of high definition multi-megapixel cameras that include full night vision and continuous local and remote recording capabilities. The system allows remote site monitoring by operations personnel 24 hours a day.
- Staff is continuing to evaluate new Advanced Metering Infrastructure (AMI) systems 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. The system will use the existing District-wide wireless communication infrastructure to transfer the data from the AMI collector systems that are deployed at remote facilities.
- IT staff designed and deployed a new District website based on a new content management system (CMS). The system provides faster and easier content changes, simpler navigation, and better options for content integration with District information systems.
- 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 2015-2016

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.

The planned Enterprise Resource Planning (ERP) software system change and implementation will provide challenges to staff time allocation and may require some procedural changes throughout the District. It is a major upgrade that will affect all areas of the District.

GOALS FOR 2015-2016

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

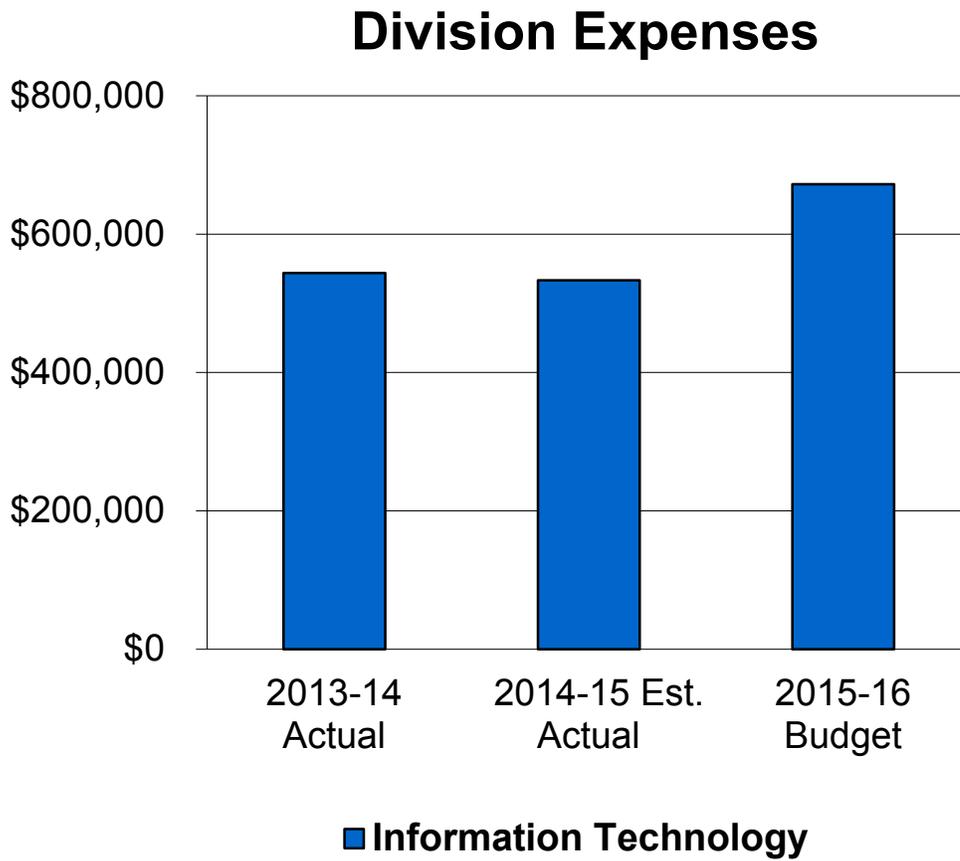
- Staff will upgrade the District's ERP software system as the current system will reach end-of-life in July 2016. The new system will provide a modern user interface in combination with more integrated functionality for all financial applications, utility billing, human resources, payroll, and integrated job costing. In addition, work orders, service requests, fleet maintenance, purchase orders, and other functionality will be provided in the software upgrade as a comprehensive, integrated database system.
- Staff is continuing to upgrade 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 has rendered the current version obsolete. Staff has started to upgrade the SCADA control system software at the water reclamation facilities, which will continue throughout the fiscal year.
- 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 for better and faster access to all District data.

Personnel Requirements (FTE's)

	<i>Actual</i> FY 2014-15	<i>Budget</i> FY 2014-15	<i>Proposed</i> FY 2015-16
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
13	Information Systems	543,845	626,829	533,279	672,210
TOTAL FINANCE		543,845	626,829	533,279	672,210

Information Systems 01-5513.

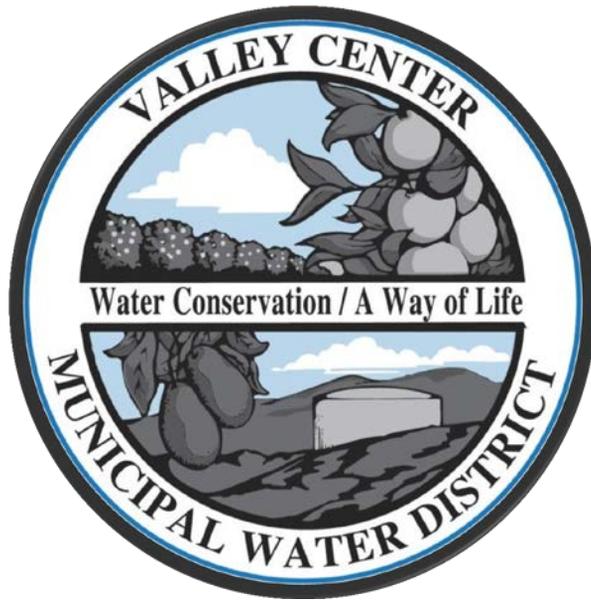
Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	426,692	469,800	420,800	507,400
03	Overtime	1,709	2,300	2,300	2,500
10	Training & Education	60	7,000	4,500	7,000
11	Uniform Allowance	672	675	675	675
25	Outside Professional Services	16,102	28,400	12,500	25,000
29	Memberships & Subscriptions	200	300	250	300
30	Special Department Expenses	55,796	49,200	47,000	47,200
32	Telephone and Communications	8,690	9,500	8,900	9,500
37	Transportation, Meals & Travel	133	400	300	400
40	Rents and Leases	11,069	12,000	11,400	12,000
41	Hazardous Waste Disposal Cost	0	500	400	500
54	Maintenance of Equipment	26,124	27,000	11,000	16,000
59	Maintenance Agreements & Contracts	18,186	38,500	32,000	70,000
91	Expense Credit	(21,588)	(18,746)	(18,746)	(26,265)
	Total	543,845	626,829	533,279	672,210

Information Systems 01-5513.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 2.10	507,400
03	Overtime	2,500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	7,000
11	Uniform Allowance	675
25	Outside Professional Services Network System Engineer & Internet Programming 2,000 Programming Changes, Enhancements 15,000 SCADA Programming 2,000 Website Programming 3,000 Telephone Equipment Programing 3,000	25,000
29	Memberships & Subscriptions	300
30	Special Department Expenses Computer Workstation Replacements 6,000 Printer and Fax Supplies, Ribbons, Cartridges 12,000 Copier Supplies 6,000 Software and Hardware 11,000 Ribbons for HP Line Printers 1,000 Backup Tapes (HP) 200 Infrastructure Upgrades 11,000	47,200
32	Telephone and Communications	9,500
37	Transportation, Meals & Travel	400
40	Rents and Leases Backup Tape Archive Storage 3,000 Repeater Site 9,000	12,000

Information Systems 01-5513.

Acct. No.	Detail and Justification	Department Request
41	Hazardous Waste Disposal Costs	500
54	Maintenance of Equipment Server Repair 2,000 Workstation and Laptop Repair 1,500 Printer Repair 2,000 Network Infrastructure Repair 1,000 Telephone Equipment Repair 1,000 Copier Machines 1,000 Facsimile Machines 500 SCADA Servers and Radios 2,000 Fire Suppression System 500 HP Printers (3) 1,000 Video Surveillance Repair 1,500 Miscellaneous 1,000 Radio Repeaters 1,000	16,000
59	Maintenance Agreements and Contracts ERP System 34,500 Antivirus 2,500 Firewall and VPN 4,000 Network Management Systems 3,000 Content Filtering 2,500 Backup and Data Storage 4,000 Phone System 5,000 Datastream Software Maintenance 6,500 HP Client Software 1,000 HP Printers 2,000 HP Server 2,000 Website Content Management 3,000	70,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(26,265)



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 210% 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 225% to cover other overhead expenses including administration support labor for payroll and accounting, building maintenance, utilities, and general liability and property insurance.

ACCOMPLISHMENTS FOR 2014-15

Awards - Our 2014-15 annual budget received the Award for Excellence in Operational Budgeting by the California Society of Municipal Finance Officers. Our 2014 Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

Performance Measurement Standards – Compliance with these Standards was as follows as of December 31, 2014:

- **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 13.3% for certified agricultural use, both below the standard of 13% and 16%, respectively.
- **Return on Investments (Standard 10):** For the calendar year 2014 our weighted average yield was 0.665%, exceeding the benchmark of 0.125% by 54 basis points. The District estimates our yield for the 2015-16 fiscal year to be 0.70%.

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 2015-2016

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, 2016, shall be no more than 13% of the total commodity cost for domestic cutomers 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.

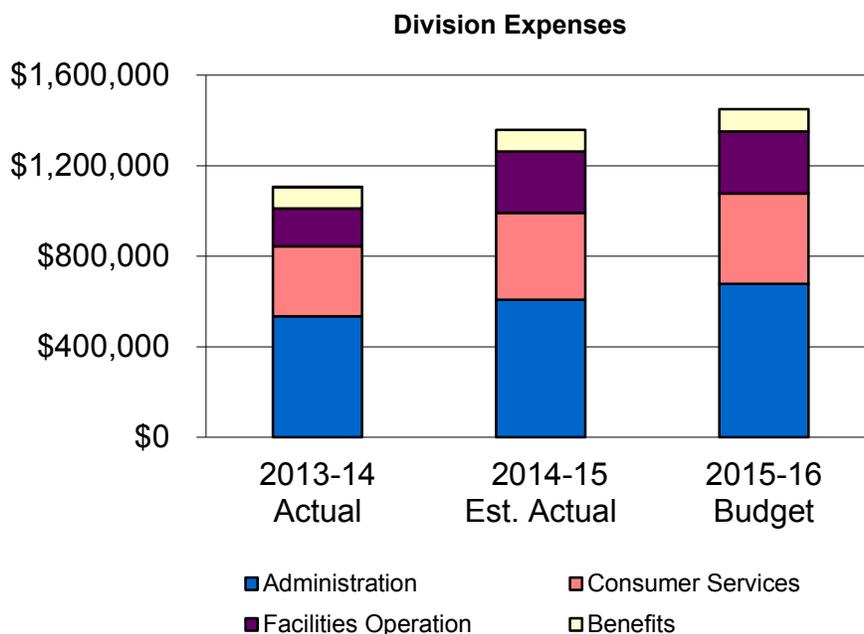
Other –

- Submit the 2015-16 Operating Budget for consideration to receive the Award for Excellence in Operational Budgeting from the California Society of Municipal Finance Officers (CSMFO).
- Submit the 2015 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 2014-15</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>
Director of Finance/Treasurer	1.0	1.0	1.0
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
Manager of Accounting	1.0	1.0	1.0
Senior Consumer Services Assistant	1.0	1.0	1.0
Total	7.0	7.0	7.0



Div. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
11	Administration	534,095	687,441	607,466	712,624
12	Consumer Service	309,319	408,241	384,131	398,865
14	Facilities Operation	167,954	262,486	270,736	274,139
16	Salary Clearing	0	0	0	0
17	Benefits	93,408	90,736	95,586	98,646
19	Debt Service	0	0	0	0
TOTAL FINANCE		1,104,776	1,448,904	1,357,919	1,484,274

Administration 01-5211.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	493,680	616,000	555,000	626,300
03	Overtime	434	1,000	1,000	2,500
10	Training & Education	0	3,500	1,600	3,500
11	Uniform Allowance	2,017	2,100	2,000	2,100
25	Outside Professional Services	46,944	56,000	51,100	87,700
28	Printing	142	2,650	2,100	2,050
29	Subscriptions and Publications	265	1,000	800	1,000
30	Special Department Expenses	5,315	6,300	1,900	5,700
33	Postage	383	13,800	7,500	600
34	Membership Fees & Dues	425	650	425	650
37	Transportation, Meals & Travel	4,613	5,000	4,600	7,000
91	Expense Credit	(20,123)	(20,559)	(20,559)	(26,476)
	Total	534,095	687,441	607,466	712,624

Administration 01-5211.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 3.40	626,300
03	Overtime	2,500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	3,500
11	Uniform Allowance	2,100
25	Outside Professional Services Annual District Audit 22,700 Single Audit 2,500 Availability Charges, Computer Svcs, Notices, & Liens 1,000 Bank Service Charges 20,000 Other 41,500	87,700
28	Printing Business Cards 250 Checks 1,300 Other 500	2,050
29	Subscriptions and Publications Trade Journals and Newspapers 400 Government Accounting Standards Board 600	1,000
30	Special Department Expenses CAFR Applications and Debt Statistics 1,000 Budget Application 200 Office Supplies, including line printer paper 4,500	5,700
33	Postage Availability Charge Notices 300 FedEx & Miscellaneous Mailings 300	600

Consumer Services 01-5212.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	286,095	309,000	319,000	296,500
03	Overtime	424	500	775	1,500
25	Outside Professional Services	15,307	16,500	15,000	17,000
28	Printing	10,047	12,500	12,400	14,000
30	Special Department Expenses	161	350	120	350
33	Postage	44,200	46,500	47,000	50,000
37	Transportation, Meals & Travel	37	100	45	100
87	Write Off of Uncollectible Accounts	(33,012)	35,000	2,000	35,000
91	Expense Credit	(13,940)	(12,209)	(12,209)	(15,585)
	Total	309,319	408,241	384,131	398,865

Consumer Services 01-5212.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 3.05	296,500
03	Overtime	1,500
25	Outside Professional Services Bill and Notice Preparation 17,000	17,000
28	Printing Computer Generated Forms: Billing & Delinquency Stock & Envelopes 13,800 Bill Payment Stubs 100 Business Cards 100	14,000
30	Special Department Expenses Office Supplies 200 Lien Releases & Recording Fees 150	350
33	Postage 120,000 Water Bills & Final Notices	50,000
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	(15,585)

VALLEY CENTER MUNICIPAL WATER DISTRICT

VCMWD

Finance Department Budget Summary
Fiscal Year 2015-2016

Facilities Operation 01-5214.

No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Actual	Budget
25	Outside Professional Services	775	1,050	1,000	1,050
27	Office Supplies	9,503	9,500	9,500	9,500
28	Printing	470	3,000	5,500	3,000
30	Special Department Expenses	1,000	1,100	1,100	1,100
32	Telephone/Answering Service	51,530	47,100	53,500	52,000
40	Rents & Leases	2,018	2,400	2,100	2,400
42	Insurance	65,300	155,632	155,632	166,100
45	Electricity	39,774	43,200	43,800	47,000
54	Maintenance of Equipment	1,699	2,700	1,800	2,700
91	Expense Credit	(4,115)	(3,196)	(3,196)	(10,711)
	Total	167,954	262,486	270,736	274,139

Facilities Operation 01-5214.

Acct. No.	Detail and Justification	Department Request
25	Outside Professional Services Record Destruction Services 750 Solar Energy Registration 300	1,050
27	Office Supplies-District Various Office Supplies, Copier Paper	9,500
28	Printing Letterhead, Business Cards, Labels, Envelopes	3,000
30	Special Department Expenses Property Taxes for Facilities Outside the District 500 County Vector Control Assessment 600	1,100
32	Telephone/Answering Service Telephone 17,500 Cellular Service 31,000 Answering Service 3,500	52,000
40	Rents & Leases Postage Machine Print Head 1,200 Storage of Application Files 1,200	2,400
42	Insurance General Liability 127,600 Property Damage and Fidelity Coverage 62,040 Other Self Insured Retention 5,000 Less Amount Charged to Sewer Funds (28,540)	166,100
45	Utilities-Electricity Electricity for Administration, Board Room Multipurpose Room, and Engineering Annex I & II	47,000

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	(10,711)

Benefits 01-5217.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	94,876	83,200	96,800	92,400
03	Overtime	0	500	250	500
10	Training & Education	660	1,000	0	1,000
25	Outside Professional Services	0	2,000	0	2,000
30	Special Department Expenses	0	1,000	0	1,000
34	Membership, Fees and Dues	350	600	350	600
37	Transportation, Meals & Travel	645	5,000	750	5,000
91	Expense Credit	(3,123)	(2,564)	(2,564)	(3,854)
	Total	93,408	90,736	95,586	98,646

Salary Clearing 01-5216.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor	5,594,222	5,565,711	5,664,425	5,735,121
02	Interns and Temporary Labor	0	16,000	0	0
03	Overtime	201,699	233,700	246,481	256,100
04	Unemployment Insurance	19,404	19,800	15,800	17,700
05	Retirement	1,736,827	1,814,800	1,804,300	1,886,100
06	Medicare	80,876	82,800	82,800	85,600
07	Medical	1,177,728	1,288,475	1,247,204	1,462,575
08	Worker's Compensation	108,339	110,000	116,500	120,000
09	Life and Disability Insurance	113,521	126,900	123,200	130,000
10	Social Security	614	1,700	600	700
12	Vacation/Sick/Holiday Leave	900,359	917,800	917,800	947,400
13	Increase in Value Of Accrued Leave	93,184	62,100	62,100	82,800
15	Dental	79,807	80,400	79,700	87,200
16	Vision	11,572	12,500	11,300	12,200
18	Post Retirement Health Benefit	457,228	410,824	410,824	424,201
20	Retirement Health Deferred Cont.	2,930	3,100	3,300	6,200
91	Expense Credit - Leave	(900,359)	(917,800)	(917,800)	(947,400)
91	Expense Credit	(9,677,951)	(9,828,810)	(9,868,534)	(10,306,497)
	Total	0	0	0	0

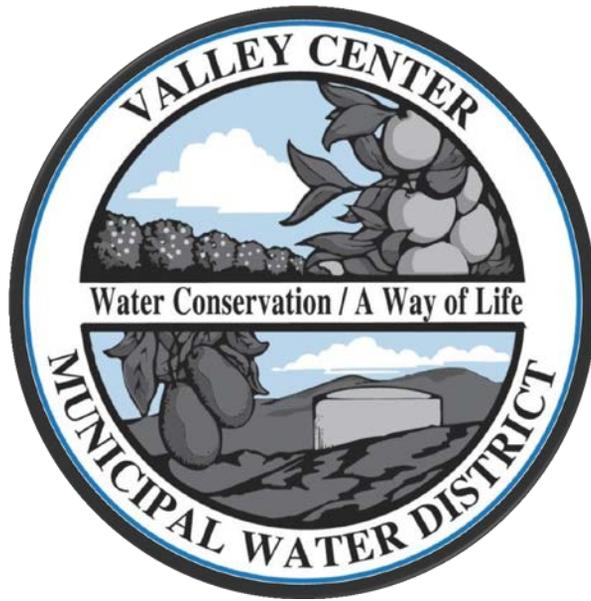
Salary Clearing 01-5216.

Acct. No.	Detail and Justification	Department Request
01	Labor Salary for all District employees Full Time Equivalents 63.00	5,735,121
03	Overtime	256,100
04	Unemployment Insurance Federal mandated program - 4.8% of first \$7,000.	17,700
05	Retirement District Contribution to CalPERS.	1,886,100
06	Medicare 1.45% of base pay plus overtime on all employees hired after April 1, 1986.	85,600
07	Medical Preferred Provider or Health Maintenance Organization	1,462,575
08	Workers Compensation Required program to provide compensation and medical costs in the event of injury on the job.	120,000
09	Life and Disability Insurance Life and Accidental Death and Dismemberment 96,700 Long-Term Disability 33,300	130,000
10	Social Security	700
12	Vacation / Sick / Holiday Leave	947,400
13	Increase in Value of Accrued Leave Generally Accepted Accounting Principles requires the District to fund accrued leave at current value at year end.	82,800

Salary Clearing 01-5216.

Acct. No.	Detail and Justification	Department Request
15	Dental Insurance District paid for employee and dependents.	87,200
16	Vision Insurance District paid for employee and dependents.	12,200
18	Post Retirement Health Annual required contribution to defined benefit plan.	424,201
20	Retirement Health, Defined Contribution Plan	6,200
91	Expense Credit - Leave	(947,400)
91	Expense Credit	(10,306,497)





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 2014-2015**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 five construction contracts in FY 2014/15 and the project costs are as follows:

Project	Engr. Est.	Bid Amount	Change Orders	Total Const Cost	% of Engr. Estimate
Lilac Reservoir Floating Cover Replacement ¹	\$455,000	\$396,688	\$22,847	\$419,535	(8%)
Country Club Reservoir Upgrades	\$2,120,000	\$1,790,635	\$65,456	\$1,856,091	(12%)
Country Club Reservoir Cover/Liner ¹	\$700,000	\$664,300	\$4,200	\$668,500	(5%)
Betsworth Reservoir Repainting/Coating ¹	\$195,000	\$239,426	\$149,000	\$388,426	99%
Tyler Reservoir Repainting/Coating ¹	\$195,000	\$195,000	\$49,813	\$244,813	26%
Totals	\$3,665,000	\$3,286,049	\$291,316	\$3,577,365	(2%)

¹ Project is scheduled to be Substantially Complete as of 6/30/2015 – Total Construction Cost is an Estimated Final Amount

² Substantial structural repairs were budgeted for the project but the extent of the deterioration could not be determined until the Reservoir was taken out of service and existing coating and corrosion removed.

- The District bid two projects during FY2014/15 that are scheduled to be completed in the FY 2015/16. The project contract amounts are as follows:

Project	Engr. Est.	Bid Amount	% of Engr. Estimate
Woods Valley Ranch WRF Phase 2 Expansion	\$10,371,000	\$10,472,000	1%
Corporate Facility Paving	\$80,000	\$84,126	5%
Totals	\$10,451,000	\$10,556,126	1%

Strategic Plan Implementation:

- **Water Supply - Goal 1a:**

- Water Stewardship – Administered the District's Water Conservation Program to effectively meet all

regulatory and Urban Water Conservation Council Memorandum of Understanding requirements, and supporting and attending numerous water conservation educational events.

▪ **Infrastructure - Goal 2:**

- Completed the annexation and modification to Assessment District 2012-1 which will provide for the repayment of the Clean Water State Revolving Fund (SRF) Loan for the \$30.7M Woods Valley Ranch Wastewater Expansion Project allowing the District to proceed with the construction of the Woods Valley Ranch Water Reclamation Facility Phase 2 Expansion, the Charlan Road Seasonal Storage Facility and wastewater collection system improvements for both the South and North Village Areas of the District.
- Provided engineering plan review and inspection services associated with multiple private development projects resulting in the orderly expansion of the water infrastructure system.
- 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.

▪ **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.
- Continued easement scanning project, reviewed and corrected scanned easement documents.
- Continued to update GIS database information to include completed pipeline projects and minor facility changes.

Other Projects and Services: Services provided through May, 2015 include:

- Processed applications and released for installation 54 domestic water meters; 55 fire service meters; 6 meter relocations; 7 meter resizes; and 41 construction meters.
- Managed and administrated 38 Agency Clearance letters; 22 Project Availability and Commitment letters; 5 Special Projects; and 3 wastewater system connections.
- Marked out and processed 863 underground service alert requests.
- Identified 9 new right-of-way violations and resolved 19; processed 15 new encroachments and issued 6 encroachment permits.
- Processed 13 communication company lease site installations and upgrades.

CHALLENGES FOR 2015-2016

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 projects 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 2015-2016

Strategic Plan Implementation:

Water Supply – Goal 1:

- Coordinate with Rainbow Municipal Water District 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, including completion of the 2015 Urban Water Management Plan.

Infrastructure – Goal 2:

- Complete the Master Plan Update and pursue financial assistance for needed infrastructure improvements at the Lower Moosa Canyon Wastewater Reclamation Facility and assist with the design, construction, inspection and acceptance of the facilities.
- Provide project management of the Woods Valley Ranch Wastewater Expansion Project.
- Coordinate with Rainbow Municipal Water District for the provision of wastewater service to the Meadowood Development and developers engineer on the planning of the "in-tract" water and wastewater facilities.
- Prepare drawings and bid documents, and perform construction management including inspection and preparation of record drawings for the replacement of the Cool Valley Reservoir Liner and Floating Cover.
- Prepare drawings and bid documents, and perform construction management including inspection and preparation of record drawings for the Wilkes Road Pipeline, Aerie Road Crossover, Miller Pump Station Bypass, Keys Creeks Pipeline Crossing Replacement and evaluation of the 36 and 42 inch Concrete Cylinder Pipe from VC 5 & 6 Aqueduct Connection to the Miller Pump Station.
- Pursue funding opportunities for infrastructure replacement and local water supply projects; specifically for the Cool Valley Reservoir Liner/Cover Replacement and AMR to AMI Conversion 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 drawings directly from the GIS interface.

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 GIS with the proposed Enterprise Resource Planning Software Service Order components.

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.

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 the use of digital District maps and record drawings, update the valve detail drawings, and maintain updated hardcopies of the Valve Books for the District 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 Customer Service.
- Continue to update electric gates within the District with District gate receivers.

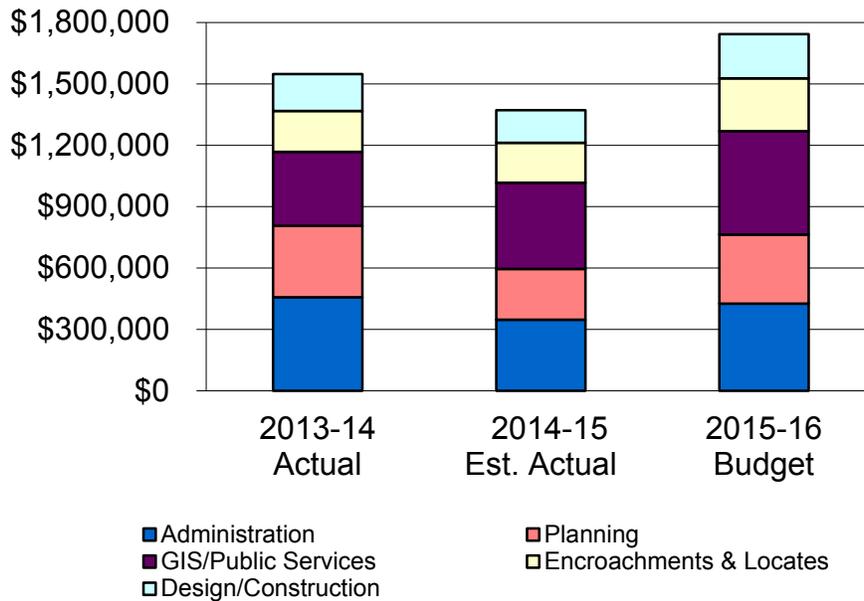
LONG-TERM GOALS

- 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</i> FY 2014-15	<i>Budget</i> FY 2014-15	<i>Proposed</i> FY 2015-16
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	2.0	0.0
GIS/Engineering Services Supervisor	1.0	1.0	1.0
Administrative Assistant III	1.0	1.0	0.0
Administrative Assistant I	0.0	0.0	1.0
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 Administrative Assistant	1.0	1.0	1.0
Senior Construction Inspector	1.0	0.0	1.0
Total	12.0	12.0	11.0

Division Expenses



Div. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
21	Administration	456,635	419,963	347,163	425,717
22	Planning	349,455	322,651	248,501	337,561
23	GIS/Public Services	361,569	518,989	421,129	505,787
24	Encroachments & Locates	200,322	216,627	195,302	258,307
28	Design/Construction	180,022	289,808	159,833	216,059
TOTAL ENGINEERING		1,548,003	1,768,038	1,371,928	1,743,431

Administration 01-5321.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	453,810	414,800	345,000	423,700
03	Overtime	633	500	1,500	1,500
10	Training & Education	161	1,200	1,200	1,200
11	Uniforms/Shoes	4,038	3,600	3,600	4,200
26	Legal Services	9,506	6,500	1,500	6,500
28	Printing	97	250	200	250
29	Books & Subscriptions	712	1,000	500	1,000
30	Special Department Expenses	1,023	500	2,000	500
34	Membership Fees & Dues	2,908	3,000	2,800	3,000
37	Transportation, Meals & Travel	1,026	500	750	500
88	Capital Planning	0	0	0	0
91	Expense Credit	(17,279)	(11,887)	(11,887)	(16,633)
	Total	456,635	419,963	347,163	425,717

Administration 01-5321.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 2.40	423,700
03	Overtime	1,500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	1,200
11	Uniforms/Shoes	4,200
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	(16,633)

Planning 01-5322.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	344,100	319,600	258,000	290,500
03	Overtime	143	500	150	500
10	Training & Education	95	1,000	0	1,000
25	Outside Professional Services	15,270	10,000	0	50,000
28	Printing	0	0	0	500
30	Special Department Expenses	65	0	0	0
37	Transportation, Meals & Travel	267	1,200	0	1,200
59	Software Technical Support	0	0	0	7,050
91	Expense Credit	(10,485)	(9,649)	(9,649)	(13,189)
Total		349,455	322,651	248,501	337,561

Planning 01-5322.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.55	290,500
03	Overtime	500
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	1,000
25	Outside Professional Services	50,000
28	Printing Reports, Business Cards, Mass Mailings	500
37	Transportation, Meals & Travel	1,200
59	Software Technical Support ID Modeling 3,600 H2OMap Water 2,150 H2OMap Wastewater 1,300	7,050
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(13,189)

GIS/Public Services 01-5323.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	346,218	369,300	364,000	371,200
03	Overtime	5,312	2,700	9,200	2,700
10	Training & Education	0	500	500	500
25	Outside Professional Service	0	18,000	18,000	18,000
28	Printing	0	100	0	100
29	Books & Subscriptions	0	150	0	150
30	Special Department Expenses	8,363	97,800	6,000	89,300
34	Membership Fees & Dues	99	400	150	400
37	Transportation, Meals & Travel	647	750	600	750
54	Maintenance of Equipment	0	2,160	750	750
59	Software Technical Support	6,098	22,450	22,450	20,500
84	Water Conservation Program	7,439	20,200	15,000	21,200
91	Expense Credit	(12,607)	(15,521)	(15,521)	(19,763)
Total		361,569	518,989	421,129	505,787

GIS/Public Services 01-5323.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 2.45	371,200
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 79,500 Office Supplies 3,000 San Diego County Assessor's Maps 2,400 Large Format Printer/Plotter Supplies 1,800 Parcel Quest - Online Property Search Service 2,500 Miscellaneous 100	89,300
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 750	750

GIS/Public Services 01-5323.

Acct. No.	Detail and Justification	Department Request
59	Software Technical Support GIS Products 16,500 Autodesk Products 4,000	20,500
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 Public Outreach 1,000 Water Education Programs - Poster Contest 1,500 School Program 1,500	21,200
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(19,763)

Encroachments & Locates 01-5324.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	206,663	184,600	192,000	229,500
03	Overtime	583	675	1,400	1,350
10	Training & Education	0	500	250	500
25	Outside Professional Services	0	2,500	2,800	3,000
26	Legal Services	0	2,500	2,500	2,500
30	Special Department Expenses	572	26,700	1,800	23,200
34	Membership, Fees & Dues	1,220	250	0	0
37	Transportation, Meals & Travel	0	500	0	500
52	Maintenance of Facilities	201	3,850	500	6,850
54	Maintenance of Equipment	0	1,000	500	1,000
91	Expense Credit	(8,917)	(6,448)	(6,448)	(10,093)
Total		200,322	216,627	195,302	258,307

Encroachments & Locates 01-5324.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.40	229,500
03	Overtime	1,350
10	Training & Education Allocation from General Administration Training 5118 Page 4-5A	500
25	Outside Professional Services	3,000
26	Legal Services	2,500
30	Special Department Expenses Drafting and Office Supplies 200 Markout Supplies 500 Inspector's Supplies 500 Markout Device (Locator) 500 Markout Location Software 20,000 Dig Alert 1,200 Miscellaneous 300	23,200
37	Transportation, Meals & Travel	500
52	Maintenance of Facilities Retrofit 10 Electric Gate Controllers: Controllers 20 @ \$150 each 3,000 Installation 20 @ \$150 each 3,000 Miscellaneous 850	6,850
54	Maintenance of Equipment (Locators)	1,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(10,093)

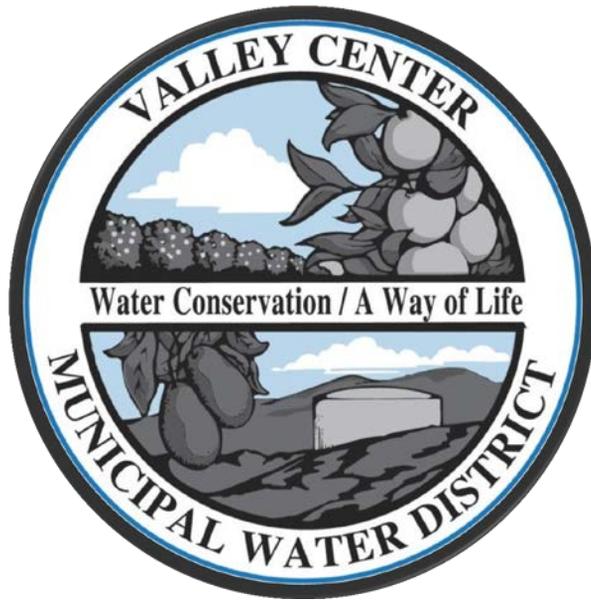
Design/Construction 01-5328.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	185,712	216,500	156,000	150,500
03	Overtime	225	675	500	2,700
10	Training & Education	0	500	0	500
25	Outside Professional Services	0	77,000	10,000	67,000
28	Printing	0	1,000	500	1,000
29	Books & Subscriptions	0	100	0	100
30	Special Department Expenses	1,396	1,800	1,000	1,800
37	Transportation, Meals & Travel	0	400	0	400
54	Maintenance of Equipment	0	500	500	500
91	Expense Credit	(7,311)	(8,667)	(8,667)	(8,441)
Total		180,022	289,808	159,833	216,059

Design/Construction 01-5328.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.00	150,500
03	Overtime	2,700
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	500
25	Outside Professional Services Outsource Mapping Updates 65,000 Contract Drafting Assistance 2,000	67,000
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	(8,441)





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 the District's low worker's compensation ratings through ACWA/JPIA, the insurance provider.

For the past seven years the District has been presented with a refund check from the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). The cumulative amount of the refunds is \$513,023. The check's represent 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 the vulnerability assessment for incorporation throughout the District's facilities, via the 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 pressure reducing stations, altitude valve maintenance, monthly facility and reservoir inspections as well as the operations of the SCADA and telemetry system. Additionally, the Water Operations Division is responsible for water quality, sampling, testing and all DHS reporting including the District's Water Quality Report. This year over 3,700 chlorine residual samples, 520 coliform and general physical samples and 32 disinfection by-product samples were taken to ensure a safe and compliant water quality program.

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 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 locating, inspecting and repairing 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 44 reservoirs, 113 electric motor driven pumps, 25 emergency power generators, 11 air compressors, 8 natural gas engine driven pumps, and 5 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 49 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 detects and repairs leaks and performs maintenance and repairs to all mainline valves and appurtenances. The C&M Division performs most of the District's in-house construction projects. In addition, 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 dead-end water lines to maintain 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, 2015, there were 9,860 active meters, of which 1,030 are fire meters, and 4,331 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 2014-15

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 calendar year 2014 was 1,266.3 acre feet, 4.3% of total water sold, which was the lowest volume ever recorded since 1981 and represents \$1.27 million dollars. Through a service agreement with CAL Fire, the District cleared 33 remote easements to improve leak detection and system surveillance measures. Meter testing, exchange, and inspections were increased to assist in reducing the District's known water loss. All locked-off and unused service laterals were surveyed and field staff checked 3 meter routes, which represents 1,099 meters, for security, tampering, and proper meter function. Crews have also installed additional security measures involving magnetic interruption or tampering influence on 577 meter accounts, representing 7 meter routes and will continue this magnetic detection procedure into the 2015-16 fiscal year. The District will 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. Construction has started on the relocation of the Rincon Pump Station upgrade to the Cool Valley reservoir site. The energy consumption will be offset through a future 135kW solar array at the Cool Valley Reservoir facility.
- **Water Service Reliability (Standard 7):** was 99.998% for calendar year 2014.
- **Compliance with Regulations (Standard 8):** The District was compliant with all state and federal regulations.
- **Lost-time Accidents (Standard 9):** No lost time accidents in the calendar year 2014.

Strategic Plan Implementation:

- **SCADA (Goal 4b):** Continued to monitor the SCADA system program. Progressively removed old telemetry signal units that were not SCADA compatible and replaced them with new SCADA compatible transducer units.
- SCADA facilities completed by in-house staff during 2014-15 were; West Pump Station and West #1 & #2 reservoirs, Circle R Pump Station, Old Country Club Reservoir, Country Club Reservoir 1 & 2, MJM Pump Station and Aqueduct Connection #2. Along with the installation or replacement of multiple security cameras and communication radios at various sites throughout the District.
- **Solar Projects (Goal 5b):** Two solar arrays were installed to reduce electrical consumption and power costs from San Diego Gas & Electric. The first was a 30kW solar array installed at Cobb Reservoir to offset the electrical usage from the circulation and chlorination pumping that maintains the reservoir's water quality. A second 30kW solar field was installed at the MJM Pump Station to offset the electrical usage from pumping to MJM Reservoir.

Other Projects:

- Retrofitted 12 existing fire hydrants on Valley Center Road with automated shut-off valves to reduce water loss and potential property damage.
- Purchased and outfitted two half ton replacement trucks and added a 12 yard dump truck.
- Designed and installed a water quality circulation system and chlorination system at the new County Club Reservoirs 1 and 2 to include the reservoirs cover pump system.
- Removed existing asphalt, graded, and re-paved the lower area at the Corporate Facility.
- Satin sealed paving at 12 reservoir, pressure reducing station, and pump station sites.
- Cleaned, pressure washed, and inspected 9 steel tank reservoirs.
- Re-paved lower District parking and driveway areas.
- Installed new screening vegetation at the Cobb solar array to include a new irrigation system.
- Constructed 800 feet of new 8-inch PVC line at Cool Valley Reservoir for the new Rincon Pump Station.
- Increased large emergency pipeline repair parts and pipeline sizes; 42-inch, 39-inch, 36-inch, 30-inch and 24-inch.
- Completed Valve Maintenance through Quads O, P and R, to include upgrades of six below grade air/vacs.

CHALLENGES FOR 2015-2016

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

Continue to implement operational pumping strategies to minimize the financial impacts of SDG&E's continuously changing rate schedule tariffs.

Develop policies and procedures that comply with the changing drought regulations and mandates to ensure compliance with enforcement and monitoring requirements.

Maintain 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 that will 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 energy consumption and improve the District's carbon footprint.

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

GOALS FOR 2015-2016

Performance Measurement Standards:

- **Water Loss (Standard 2):** To further improve the District's water loss percentage, continue replacing high usage 3-inch, 2-inch, and 1½-inch meters. Continue to evaluate and survey high demand areas of the District and increase leak detection measures in high risk areas. Maintain security and tamper proof measures in remote easements and perform weekend and after-hours field and meter inspections. Staff will also implement an Advanced Metering Infrastructure System (AMI) study in preparation of the Central Valley development that will provide the ability to remotely monitor a meters usage and provide customers with real-time usage and leak detection capabilities.
- **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 offset District costs in the improvement of sub-standard pump stations. The Rincon Pump Station upgrade is scheduled to be completed during 2015-16.
- **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 4b)** - 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 moved forward significantly.

- **Vulnerability Assessment** - Complete the recommended measures. Phases three and four have been postponed. However, staff will 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. The District's entrance area of the Administration building will be evaluated for improved efficiencies and security.
- **Solar Projects (Goal 5b)** – Continue to install solar arrays at small scale pumping stations to offset energy consumption and costs. A 135kW solar array will be constructed at the Cool Valley Reservoir sire to offset the reservoirs re-circulation and chlorination pumping demands, which will also include the pumping requirements of the new Rincon Pump Station.

Other Goals:

- Continue in-house security upgrades at reservoir and pumping facilities through SCADA implementation.
- Continue to retrofit a number of fire hydrants along Valley Center Road with the new auto shut-off AVK check valve.

- Continue to be vigilant and responsive to the changing water quality regulations with new Federal or State mandates and guidelines.
- Continue to evaluate the District's energy consumption and determine cost saving measures to offset power costs through improved maintenance or alternative generation at pumping facilities.
- 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 retrofit fire hydrants along Valley Center Road with automated shutoff valves to reduce water loss and property damage.
- Complete valve maintenance through Quads A & B and upgrade associated appurtenances.
- Continue to clean, inspect, and repair reservoirs throughout the District's service area, to reduce or eliminate water quality issues throughout the distribution area.
- Satin seal paving at 10 facilities throughout the District.
- Continue to build and install internal mixing units at troublesome reservoir sites.
- Continue to appraise, examine, and improve the District's infrastructure and facilities throughout the District's service area to prevent major system failures.
- Continue installing security measures on large meters, checking for tampering and working with CAL Fire to clear easements to prevent water loss.

LONG TERM GOALS

Continue moving forward with the SCADA system installation at the District's 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 District's future succession planning demands.

Re-establish easement maintenance and meter maintenance programs throughout the District's 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.

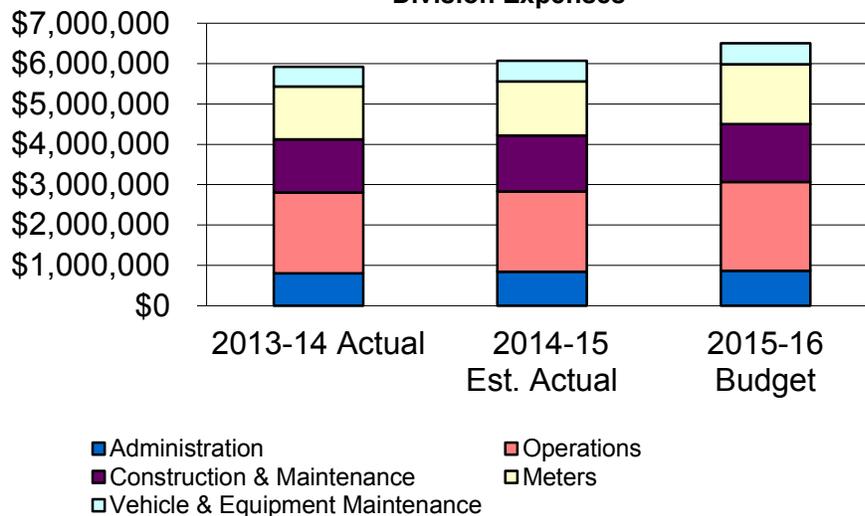
Implement and develop pumping strategies and procedures to maximize pumping efficiencies and incorporate solar or alternative generation into that approach.

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

Personnel Requirements (FTE's)

	<i>Actual</i> FY 2014-15	<i>Budget</i> FY 2014-15	<i>Proposed</i> FY 2015-16
Director of Operations	1.0	1.0	1.0
Safety & Regulatory 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	5.0	4.0	5.0
Construction Maintenance Technician II	1.0	2.0	1.0
Landscape Maintenance Worker III	1.0	1.0	1.0
Meter Services Technician III	1.0	0.0	2.0
Meter Services Technician II	5.0	6.0	4.0
Senior Pump Facilities Technician	2.0	2.0	2.0
Senior Electrician	1.0	1.0	1.0
Electrician	0.0	0.0	1.0
Senior Fleet Mechanic	1.0	1.0	1.0
Fleet Mechanic II	1.0	1.0	1.0
Pump Facilities Technician I	1.0	1.0	1.0
Senior Water Systems Technician	1.0	1.0	1.0
Water Systems Technician III	2.0	4.0	3.0
Water Systems Technician II	1.0	0.0	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	3.0
Wastewater Systems Technician II	1.0	1.0	0.0
Total	39.0	41.0	40.0

Division Expenses



Div. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
ADMINISTRATION					
31	Field Administration	408,364	412,998	427,673	433,079
32	Safety & Regulatory Compliance	188,681	186,327	197,127	190,266
33	Landscape & Paving Maintenance	158,917	144,382	151,012	160,624
34	District Security	48,816	122,875	66,825	87,819
	Total Administration:	804,778	866,582	842,637	871,788
OPERATIONS					
42	System Operation	774,876	680,300	770,500	755,700
43	Telemetry	151,515	228,500	144,515	182,400
44	Treatment	70,637	99,850	85,600	88,150
45	Automatic Valves	92,338	116,100	104,000	113,000
46	Reservoir Maintenance	250,286	197,200	217,925	218,600
47	Pump Maintenance	190,847	209,850	228,030	245,750
48	Motor Maintenance & Electric Panels	389,194	453,800	346,050	511,300
49	Quality Control	80,027	114,500	89,500	83,100
	Total Operations:	1,999,720	2,100,100	1,986,120	2,198,000
CONSTRUCTION & MAINTENANCE					
53	Pipeline and Right-of-Way Maint.	666,326	597,700	646,625	691,700
54	Corporate Facilities Maintenance	91,653	222,396	169,696	117,556
55	Valve Maintenance & Location	561,475	589,200	572,150	621,300
	Total Construction & Maintenance:	1,319,454	1,409,296	1,388,471	1,430,556
METERS					
61	Meter Installation	86,418	101,700	128,495	158,100
62	Meter Reading	38,089	52,000	43,475	57,400
63	Service Connection Maintenance	997,692	991,050	1,012,127	1,084,150
65	Backflow Maintenance	182,391	206,700	159,050	185,000
	Total Meters:	1,304,590	1,351,450	1,343,147	1,484,650
71	Vehicle & Equipment Maintenance	490,751	558,100	509,625	522,300
TOTAL FIELD OPERATIONS		5,919,293	6,285,528	6,070,000	6,507,294

Field Administration 01-5431.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	355,646	361,100	375,000	376,900
03	Overtime	515	500	750	1,000
10	Training & Education	16,740	18,000	21,000	26,000
11	Uniform/Clothing/Shoes	30,881	29,100	30,800	31,600
28	Printing	938	1,500	500	500
30	Special Department Expenses	3,000	3,200	2,500	2,500
32	Automated Telephone Dial Service	1,661	2,500	1,500	2,000
33	Postage	0	150	75	100
34	Memberships, Fees and Dues	392	300	400	400
37	Transportation, Meals & Travel	10,831	6,500	5,500	6,500
38	Regulatory Permits & Fees	2,062	2,500	2,000	2,500
91	Expense Credit	(14,302)	(12,352)	(12,352)	(16,921)
	Total	408,364	412,998	427,673	433,079

Field Administration 01-5431.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.80	376,900
03	Overtime	1,000
10	Training & Education Allocation from General Administration Training 5118 Page 4-5B	26,000
11	Uniform/Clothing/Shoes Uniforms for Field Personnel 23,500 Safety Shoes 6,500 Hats 800 Sweatshirts 400 Jackets 400	31,600
28	Printing	500
30	Special Department Expenses Office Supplies 2,000 Miscellaneous Equipment 500	2,500
32	Automated Telephone Dial Service for scheduled SDCWA shutdowns	2,000
33	Postage	100
34	Memberships, Fees and Dues Miscellaneous 400	400
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	(16,921)

Safety & Regulatory Compliance 01-5432.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	155,326	154,600	166,000	160,900
03	Overtime	939	500	1,000	1,500
07	Employee Physicals	11,322	9,600	9,000	9,600
25	Outside Professional Service	7,713	5,800	5,500	5,800
30	Special Department Expenses	19,045	20,000	20,000	18,500
34	Memberships, Fees and Dues	1,045	1,400	1,200	1,400
91	Expense Credit	(6,709)	(5,573)	(5,573)	(7,434)
	Total	188,681	186,327	197,127	190,266

Safety & Regulatory Compliance 01-5432.

Acct. No.	Detail and Justification	Department Request
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(7,434)

Landscape & Paving Maintenance 01-5433.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	157,982	138,500	143,500	155,700
03	Overtime	0	500	0	500
25	Outside Professional Services	3,120	4,000	4,680	4,000
30	Special Department Expenses	451	700	650	700
52	Maintenance of Facilities	3,685	5,000	6,500	6,000
91	Expense Credit	(6,321)	(4,318)	(4,318)	(6,276)
Total		158,917	144,382	151,012	160,624

Landscape & Paving Maintenance 01-5433.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.36	155,700
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 3,500 Landscape Materials 1,500 Fence Repair - Barb wire replacement 500 Gravel 500	6,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(6,276)

District Security 01-5434.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	49,519	121,000	66,000	86,800
03	Overtime	0	250	0	250
28	Printing	200	200	0	100
30	Special Department Expenses	491	4,500	4,000	3,500
33	Postage	0	100	0	100
34	Memberships, Fees and Dues	499	500	500	500
91	Expense Credit	(1,893)	(3,675)	(3,675)	(3,431)
Total		48,816	122,875	66,825	87,819

District Security 01-5434.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.49	86,800
03	Overtime	250
28	Printing	100
30	Special Department Expenses Office Supplies 300 Security Supplies 350 Security Gate Maintenance 1,000 Camera Maintenance/Upgrades 1,000 Emergency Satellite Television Fees 350 EOC Supplies 500	3,500
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	(3,431)

System Operation 01-5442.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	694,230	572,300	670,000	644,200
03	Overtime	78,681	100,000	97,500	105,000
30	Special Department Expenses	0	1,000	1,000	1,000
52	Maintenance of Facilities	1,965	7,000	2,000	5,500
Total		774,876	680,300	770,500	755,700

System Operation 01-5442.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 4.48	644,200
03	Overtime Stand-By Pay, Operation Call Out, Shift Pay	105,000
30	Special Department Expenses	1,000
52	Maintenance of Facilities Equipment 2,500 General Maintenance 3,000	5,500

Telemetry/SCADA 01-5443.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	90,867	159,600	87,100	113,500
03	Overtime	2,219	2,500	2,150	2,500
25	Outside Professional Services	1,884	5,000	4,000	5,000
30	Special Department Expenses	42	400	100	400
32	Telephone	26,146	25,000	21,500	25,000
52	Maintenance of Facilities	2,690	5,000	1,000	5,000
54	SCADA Repairs	7,367	10,000	8,025	10,000
59	Software Technical Support	20,300	21,000	20,640	21,000
Total		151,515	228,500	144,515	182,400

Telemetry/SCADA 01-5443.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.78	113,500
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	54,288	61,500	65,000	54,800
03	Overtime	94	500	500	500
23	Chlorine	15,065	35,000	18,000	30,000
25	Outside Professional Services	0	500	500	500
30	Special Department Expenses	0	350	350	350
38	Regulatory Permits & Fees	292	500	500	500
52	Maintenance of Facilities	898	1,500	750	1,500
Total		70,637	99,850	85,600	88,150

Treatment 01-5444.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.37	54,800
03	Overtime	500
23	Chlorine Chlorine Tablets 25,000 HTH to Increase Residual in Reservoirs 5,000	30,000
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	71,339	94,600	82,500	87,000
03	Overtime	662	1,000	1,500	1,500
30	Special Department Expenses	0	500	500	500
52	Maintenance of Valves	20,337	20,000	19,500	24,000
Total		92,338	116,100	104,000	113,000

Automatic Valves 01-5445.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.61	87,000
03	Overtime	1,500
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	24,000

Reservoir Maintenance 01-5446.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	205,091	150,400	168,225	159,800
03	Overtime	765	1,000	900	1,000
25	Outside Professional Service	12,950	14,200	14,200	25,000
30	Special Department Expenses	681	800	800	800
38	Regulatory Permits & Fees	16,232	15,800	16,500	17,000
52	Maintenance of Facilities	14,567	15,000	17,300	15,000
Total		250,286	197,200	217,925	218,600

Reservoir Maintenance 01-5446.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.08	159,800
03	Overtime	1,000
25	Outside Professional Service Diver - Cleaning and Inspection 10,000 Floating Cover - Cleaning and Repair 4,200 Turner Dam - Inspection and Repairs 10,800	25,000
30	Special Department Expenses Hose & Pump Equipment	800
38	Regulatory Permits & Fees Turner Dam 16,500 Environmental Health Permits 500	17,000
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	172,486	149,100	166,500	185,000
03	Overtime	1,422	2,000	2,000	2,000
25	Outside Professional Services	1,675	25,000	26,500	25,000
30	Special Department Expenses	260	750	750	750
52	Maintenance of Pumps	15,004	28,000	27,500	28,000
54	Maintenance of Equipment	0	5,000	4,780	5,000
Total		190,847	209,850	228,030	245,750

Pump Maintenance 01-5447.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.18	185,000
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	265,672	284,300	207,600	341,800
03	Overtime	2,873	3,500	4,000	3,500
25	Outside Professional Services	12,999	26,000	24,000	26,000
30	Special Department Expenses	2,685	3,000	2,625	3,000
38	Regulatory Permits & Fees	21,426	25,200	22,350	25,200
52	Maintenance of Electrical Facilities	29,230	31,000	23,175	31,000
55	Maintenance of Engines	33,270	34,000	32,600	34,000
56	Maintenance of Electric Motors	21,039	46,800	29,700	46,800
	Total	389,194	453,800	346,050	511,300

Motor Maintenance/Electrical Panels 01-5448.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 2.40	341,800
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	56,887	75,000	65,000	53,100
03	Overtime	0	500	500	500
25	Outside Professional Services	9,400	15,000	10,000	8,000
28	Printing	1,626	2,500	1,000	1,000
30	Special Department Expenses	21	500	2,500	4,000
33	Postage	0	1,500	1,000	1,000
38	Regulatory Permits & Fees	5,827	12,000	7,000	8,000
52	Maintenance of Facilities	6,266	7,500	2,500	7,500
Total		80,027	114,500	89,500	83,100

Quality Control 01-5449.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.35	53,100
03	Overtime	500
25	Outside Professional Services Lab Analysis For: Trihalomethane (THM) Stage 2 3,500 Haloacetic acids (HAA) 3,500 Coliform, General Physical Testing 1,000	8,000
28	Printing Consumer Confidence Reports, Annual Notifications, Regulations	1,000
30	Special Department Expenses Lab Supplies 2,500 Glassware Replacement 1,500	4,000
33	Postage Notifications for major shutdowns 500 Consumer confidence reports 500	1,000
38	Regulatory Permits & Fees AB 2995 Water Systems Fees, Inspection and Services	8,000
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	529,177	474,200	516,400	565,700
03	Overtime	38,776	27,500	32,000	30,000
25	Outside Professional Services	32,098	23,000	21,300	23,000
30	Special Department Expenses	2,257	2,000	2,200	2,000
40	Rents & Leases	2,541	1,000	1,225	1,000
52	Maintenance of Facilities	61,477	70,000	73,500	70,000
Total		666,326	597,700	646,625	691,700

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

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 3.63	565,700
03	Overtime Emergency Leak Repair	30,000
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	35,436	56,400	23,000	40,400
03	Overtime	50	250	250	250
25	Outside Professional Services	43,091	135,000	135,000	54,500
30	Special Department Expenses	3,346	4,000	2,500	3,500
38	Regulatory Permit & Fees	0	2,500	2,500	2,500
52	Maintenance of Facilities	16,149	30,000	12,200	21,000
91	Expense Credit	(6,419)	(5,754)	(5,754)	(4,594)
Total		91,653	222,396	169,696	117,556

Corporate Facilities Maintenance 01-5454.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.28	40,400
03	Overtime	250
25	Outside Professional Services Asphalt Seal 11,000 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	54,500
30	Special Department Expenses Breakroom Supplies 2,500 Miscellaneous Supplies 1,000	3,500
38	Regulatory Permit & Fees Environmental Health Permit 1,500 Emergency Stationary Gen-sets 1,000	2,500
52	Maintenance of Facilities Floor Mats/Lighting 2,500 Janitor Supplies 4,000 Building Maintenance 3,500 Special Cleaning of Building 4,000 Miscellaneous 5,000 Roof and Painting Repairs 2,000	21,000
91	Expense Credit Reimbursement from Sewer Funds for Administrative Overhead	(4,594)

Valve Maintenance/Locations 01-5455.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	487,866	488,700	491,700	520,800
03	Overtime	6,581	12,000	10,500	12,000
25	Outside Professional Services	0	6,000	1,500	6,000
30	Special Department Expenses	1,735	1,500	1,500	1,500
40	Rents & Leases	0	1,000	450	1,000
52	Maintenance of Facilities	65,293	80,000	66,500	80,000
Total		561,475	589,200	572,150	621,300

Valve Maintenance/Locations 01-5455.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 3.72	520,800
03	Overtime	12,000
25	Outside 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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	23,539	27,300	40,200	49,700
03	Overtime	662	2,000	1,500	2,000
30	Special Department Expenses	65	1,000	745	1,000
38	Regulatory Permits & Fees	0	250	250	250
40	Rents & Leases	0	150	100	150
51	Maintenance of Vehicles	12,300	6,000	26,000	30,000
52	Installation Material-Meters	26,756	35,000	29,800	40,000
57	Installation Material-Backflows	23,096	30,000	29,900	35,000
	Total	86,418	101,700	128,495	158,100

Meter Installation 01-5461.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.34	49,700
03	Overtime	2,000
30	Special Department Expenses	1,000
38	Regulatory Permits & Fees Excavation Permits	250
40	Rents & Leases	150
51	Vehicle Maintenance	30,000
52	Installation Material-Meters	40,000
57	Installation Material - Backflows Including Approved Double Check Valves, RP Devices and Fire Protection	35,000

Meter Reading 01-5462.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	37,318	45,000	36,600	50,400
03	Overtime	771	1,000	1,000	1,000
30	Special Department Expenses	0	1,000	875	1,000
59	Software Technical Support	0	5,000	5,000	5,000
Total		38,089	52,000	43,475	57,400

Service Connection Maintenance 01-5463.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	838,958	818,800	858,000	906,900
03	Overtime	21,381	25,000	24,000	30,000
25	Outside Professional Services	15,600	20,000	13,800	25,000
30	Special Department Expenses	1,883	2,000	1,700	2,000
40	Rents & Leases	0	250	0	250
52	Maintenance of Facilities	119,870	125,000	114,627	120,000
Total		997,692	991,050	1,012,127	1,084,150

Service Connection Maintenance 01-5463.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 6.43	906,900
03	Overtime	30,000
25	Outside Professional Services Cal-Fire Clearing 15,000 Asphalt Paving 5,000 Flagging Assistance 5,000	25,000
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 30,000 Maintenance Parts and Materials 45,000 Meter Repairs and Usage Exchanges 14,500 Asphalt Repairs 7,000 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) 10,000	120,000

Backflow Maintenance 01-5465.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	128,309	159,200	110,000	134,500
03	Overtime	1,185	1,000	2,150	2,000
25	Outside Professional Services	849	2,000	1,000	2,000
30	Special Department Expenses	67	1,500	1,500	1,500
52	Maintenance of Facilities	51,981	43,000	44,400	45,000
Total		182,391	206,700	159,050	185,000

Backflow Maintenance 01-5465.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 0.95	134,500
03	Overtime	2,000
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	45,000

Vehicle & Equipment Maintenance 01-5471.

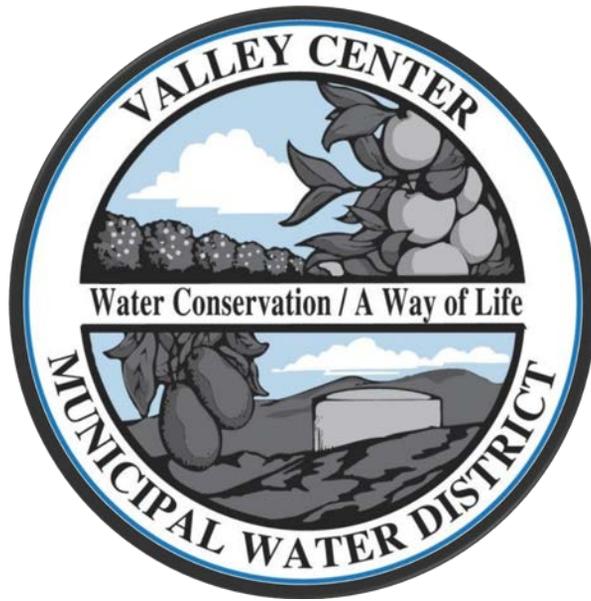
Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	231,058	255,600	241,900	245,000
03	Overtime	5,232	7,000	4,700	7,000
25	Outside Professional Services	30,539	14,500	33,500	25,000
30	Special Department Expenses	2,980	4,300	4,100	4,300
38	Regulatory Permits & Fees	3,094	3,700	3,350	3,700
41	Hazardous Waste Disposal Costs	4,553	8,000	5,100	8,000
50	Maintenance - Gas, Oil & Grease	145,007	180,000	146,750	170,000
51	Maintenance of Vehicles	65,868	70,000	59,925	65,000
53	Maintenance of Radios	9,292	13,000	10,980	12,000
54	Maintenance of Equipment	18,537	21,000	20,320	21,000
91	Expense Credit	(25,409)	(19,000)	(21,000)	(38,700)
	Total	490,751	558,100	509,625	522,300

Vehicle & Equipment Maintenance 01-5471.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full-Time Equivalents 1.75	245,000
03	Overtime	7,000
25	Outside Professional Services Generator Load Testing 5,000 Fuel Tank Testing 2,000 Vehicle and Equipment Repairs 18,000	25,000
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 158,000 Oil and Coolant 10,000 Fuel Tank Parts 2,000	170,000

Vehicle & Equipment Maintenance 01-5471.

Acct. No.	Detail and Justification	Department Request
51	Maintenance of Vehicles Parts for Fleet	65,000
53	Maintenance of Radios/Vehicle Tracking Radio Parts Vehicle Tracking Service Contract	12,000
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	(38,700)



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 \$407 per acre foot as of July 1, 2015, 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 2014-2015

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 10.2¢ per kilowatt hour last year. Costs are currently running that at a weighted average cost of 14.1¢ per kilowatt hour. This increase is due to San Diego Gas & Electric's change in their rate schedule tariffs, time-of-use rate changes, and net energy metering.

CHALLENGES FOR 2015-2016

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 and with the District investing in photo-voltaic installations at District facilities. In the next fiscal year budget, the District will need to evaluate our current pumping rates due to the continual increases in the SDG&E rate tariffs, including the agricultural rate schedules, which are now subject to time-of-use charges.

GOALS FOR 2015-2016

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 2016 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 10.0% for domestic and 3.7% 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 \$197 in January 2016. A new fixed cost component, Supply Reliability, for water received from the Carlsbad Desal Plant, is include in the rate structure. This component, also not firm at this time, is \$98 per acre foot. It represents 6.3% of the increase for domestic customers.

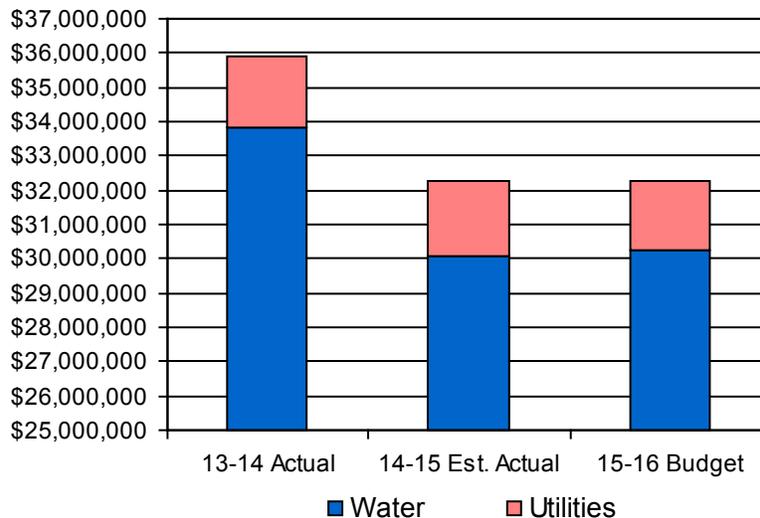
The TSAWR program was successfully extended until December 31, 2020, and has the associated cost of the Carlsbad Desal Plant supply included in the pricing differential. The total TSAWR price differential for 2016 is projected at \$532 per acre foot.

Based on our best estimate at this time, electricity will average 15.5¢ per kilowatt hour and natural gas 80¢ per therm, for an aggregate cost of \$88 per acre foot of water purchased for 2015-16. This includes a projected 10% increase in electric rates due to possible additional increases in SDG&E rate tariffs. The aggregate cost for 2014-15 is estimated at \$83 per acre foot.

LONG-TERM GOALS

The costs of water, ready-to-serve, customer service, capacity reservation, emergency storage, supply reliability, 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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
41	Source of Supply	35,904,101	32,193,521	32,279,236	32,287,852
TOTAL SOURCE OF SUPPLY		35,904,101	32,193,521	32,279,236	32,287,852

Source of Supply 01-5441.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
		@ 29,607 af	@ 25,300 af	@ 25,124 af	@ 24,470 af
21	Water Supply Charge - MWD & CWA	29,303,913	26,120,535	25,626,400	25,689,642
22	Water Delivery Charge - CWA	2,809,235	2,515,286	2,476,200	2,514,081
24	Agricultural Rebate - CWA	(2,572,942)	(2,822,336)	(2,676,500)	(3,266,468)
25	Ready to Serve Charge	308,410	450,436	450,436	485,371
26	Infrastructure Access Charge	472,740	481,500	481,500	488,800
30	Capacity Reservation Charge - MWD	557,098	687,300	687,300	821,600
35	Customer Service Charge - CWA	1,615,380	1,617,900	1,617,900	1,599,100
36	Emergency Storage Charge - CWA	1,328,360	1,410,900	1,410,900	1,374,700
37	Supply Reliability Charge - CWA	0	0	0	559,026
	Total Water	33,822,193	30,461,521	30,074,136	30,265,852
45	Utilities - Electricity	1,822,333	1,546,600	2,087,800	1,914,400
47	Utilities - Natural Gas	259,574	185,400	117,300	107,600
	Total Utilities	2,081,907	1,732,000	2,205,100	2,022,000
	Total	35,904,101	32,193,521	32,279,236	32,287,852

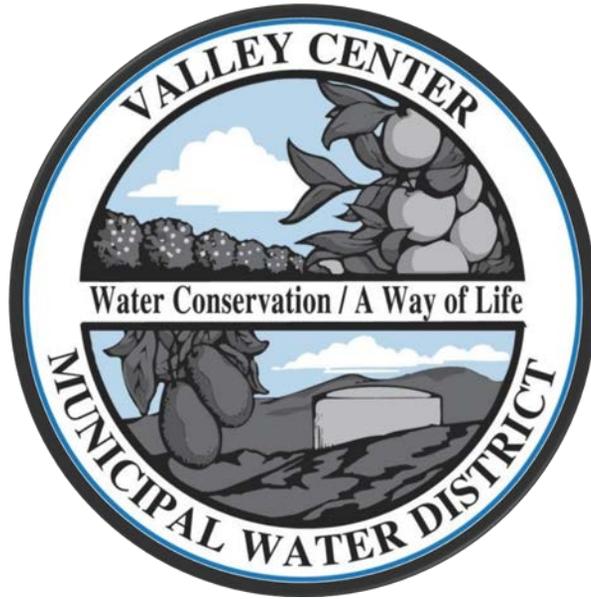
Source of Supply 01-5441.

Acct. No.	Detail and Justification		Department Request												
21	Water Supply Charge	<table border="0"> <tr> <td></td> <td style="text-align: center;"><u>Jul to Dec</u></td> <td style="text-align: center;"><u>Jan to Jun</u></td> </tr> <tr> <td>To MWD & CWA -</td> <td style="text-align: right;">1,042.00</td> <td style="text-align: right;">1,060.00</td> </tr> <tr> <td>Expected purchases in AF</td> <td style="text-align: right;">13,824</td> <td style="text-align: right;">10,646</td> </tr> <tr> <td>Expected purchases in \$</td> <td style="text-align: right;"><u>14,404,431</u></td> <td style="text-align: right;"><u>11,285,211</u></td> </tr> </table>		<u>Jul to Dec</u>	<u>Jan to Jun</u>	To MWD & CWA -	1,042.00	1,060.00	Expected purchases in AF	13,824	10,646	Expected purchases in \$	<u>14,404,431</u>	<u>11,285,211</u>	25,689,642
	<u>Jul to Dec</u>	<u>Jan to Jun</u>													
To MWD & CWA -	1,042.00	1,060.00													
Expected purchases in AF	13,824	10,646													
Expected purchases in \$	<u>14,404,431</u>	<u>11,285,211</u>													
22	Water Delivery Charge	<table border="0"> <tr> <td>To MWD & CWA -</td> <td style="text-align: right;">101.00</td> <td style="text-align: right;">105.00</td> </tr> <tr> <td>Expected purchases in AF</td> <td style="text-align: right;">13,824</td> <td style="text-align: right;">10,646</td> </tr> <tr> <td>Expected purchases in \$</td> <td style="text-align: right;"><u>1,396,207</u></td> <td style="text-align: right;"><u>1,117,875</u></td> </tr> </table>	To MWD & CWA -	101.00	105.00	Expected purchases in AF	13,824	10,646	Expected purchases in \$	<u>1,396,207</u>	<u>1,117,875</u>	2,514,081			
To MWD & CWA -	101.00	105.00													
Expected purchases in AF	13,824	10,646													
Expected purchases in \$	<u>1,396,207</u>	<u>1,117,875</u>													
24	Agricultural Rebate - CWA	<table border="0"> <tr> <td>Ag Discount Rate</td> <td style="text-align: right;">(182.00)</td> <td style="text-align: right;">(186.00)</td> </tr> <tr> <td>Estimated Ag purchases in AF</td> <td style="text-align: right;">9,685</td> <td style="text-align: right;">8,085</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>(1,762,689)</u></td> <td style="text-align: right;"><u>(1,503,778)</u></td> </tr> </table>	Ag Discount Rate	(182.00)	(186.00)	Estimated Ag purchases in AF	9,685	8,085		<u>(1,762,689)</u>	<u>(1,503,778)</u>	(3,266,468)			
Ag Discount Rate	(182.00)	(186.00)													
Estimated Ag purchases in AF	9,685	8,085													
	<u>(1,762,689)</u>	<u>(1,503,778)</u>													
25	Ready to Serve Charge		485,371												
26	Infrastructure Access Charge		488,800												
30	<p>Capacity Reservation Charge - MWD</p> <p>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.</p>		821,600												

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>	1,599,100															
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>	1,374,700															
37	Supply Reliability Charge - CWA	559,026															
45	Utilities - Electrical	1,914,400															
47	Utilities - Natural Gas	107,600															
<p>Utilities are based on sale of 24,000 A.F. and purchase of 25,530 A.F. @ \$74 per A.F.</p>																	
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: right;">Electric</td> <td style="width: 10%; text-align: right;">95%</td> <td style="width: 10%; text-align: right;">1,914,400</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Natural Gas</td> <td style="text-align: right;">5%</td> <td style="text-align: right;">107,600</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Total</td> <td></td> <td style="text-align: right;"><u>2,022,000</u></td> <td></td> </tr> </table>				Electric	95%	1,914,400			Natural Gas	5%	107,600			Total		<u>2,022,000</u>	
	Electric	95%	1,914,400														
	Natural Gas	5%	107,600														
	Total		<u>2,022,000</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 2014-2015

Strategic Plan Implementation:

- **Solar Projects (Goal 8b):** Two solar arrays were installed to reduce electrical consumption and power costs from San Diego Gas & Electric. The first was a 30kW solar array installed at Cobb Reservoir to offset the electrical usage from the circulation and chlorination pumping that maintains the reservoirs water quality. A second 30kW solar field was installed at the MJM Pump Station to offset the electrical usage from pumping to MJM Reservoir.
- **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. Continued the easement scanning project and updated the database to include completed pipeline projects and minor facility changes.
- **SCADA System (Goal 7b):** Continued to monitor the SCADA system program. Progressively removed old telemetry signal units that were not SCADA compatible and replaced them with new SCADA compatible transducer units.

SCADA facilities completed by in-house staff during 2014-15 were; West Pump Station and West #1 & #2 reservoirs, and Circle R Pump Station. Also completed were, the Old Country Club Reservoir, Country Club Reservoir 1 & 2, MJM Pump Station, and Aqueduct Connection #2. Along with the installation or replacement of multiple security cameras and communication radios at various sites throughout the District.

- **Service Order Software (Goal 4d):** The service order, work order, asset management, and fleet maintenance functionalities will be part of the Enterprise Resource Planning (ERP) financial system software upgrade scheduled for implementation during fiscal year 2015-2016. Parts of the custom software previously under development can be used to provide functionality not found in the new ERP financial system and will be determined during the implementation process.
- **E-Business (Goal 4e):** Paperless electronic billing was made available to customers, saving time and money. Customers can view their bill information and pay their bills over the internet. As of May 4, 2015, there are approximately 3,280 customer accounts registered and utilizing the system, of which 639 have elected to no longer receive paper bills in the mail.

Information and Business Systems:

- IT staff developed and deployed a new SCADA alarm and notification system at the Woods Valley Water Reclamation Facility that provides better stability and more advanced functionality to remote operators.
- Staff is continuing to evaluate new Advanced Metering Infrastructure (AMI) systems 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..

Other Major Projects:

- Completed Designed and installed a water quality circulation system and chlorination system at the new County Club Reservoirs 1 and 2 to include the reservoirs cover pump system construction of the new Red Ironbark pressure sustaining pump station.

CHALLENGES FOR 2015-2016

- Securing capital improvement funds sufficient to support the 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;
- 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.

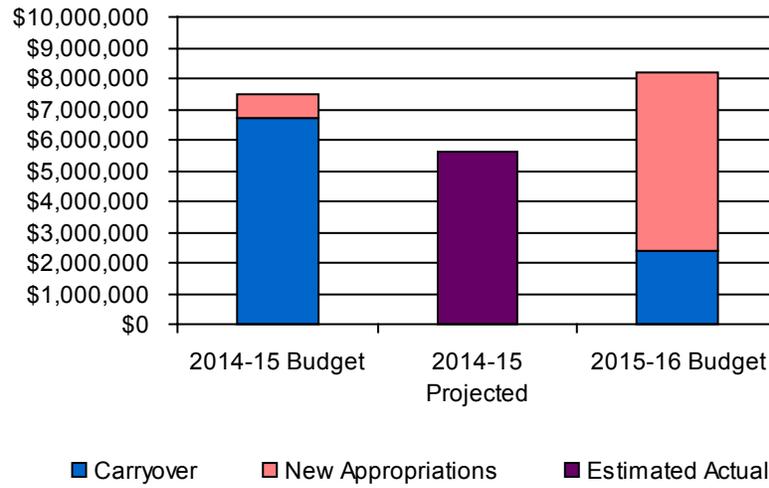
GOALS FOR 2015-2016**Strategic Plan Implementation:**

- **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 upgrade the District's Enterprise Resource Planning software system as the current system will reach end-of-life in July 2016. The new system will provide a modern user interface in combination with more integrated functionality for all financial applications, utility billing, human resources, payroll, and integrated job costing. In addition, work orders, service requests, fleet maintenance, purchase orders, and other functionality will be provided in the software upgrade as a comprehensive, integrated database system.
- **Energy - Renewable and Alternative Energy Resources (Goal 5b):** Continue to analyze potential sites for suitability of solar power generation to reduce the use of electric energy.
- **SCADA System (Goal 4b):** Staff is continuing to upgrade 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 has rendered the current version obsolete. Staff has started to upgrade the SCADA control system software at the water reclamation facilities, which will continue throughout the fiscal year

LONG-TERM GOALS

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

Capital Outlay



General 01-56XX-78

Description	Acct. No.	Prior	2015							2016						Future
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Pipelines & PRV's																
Wilkes Road Pipeline Replacement	01	Design			Bid/Award						Construction					
Participation, Upsizing, & Unspecified Repl Projects	02										As Required					
New Valve Installations and Appurtenances	06										Construction					
High Mountain Service	10	Complete														
Water System Upgrade Projects	51	Design				Bid/Award						Construction				
Integrated Water Resources Management Plan	62					Planning										
Pump Stations																
Red Ironbark Pump Station	03	Complete														
Pump & Motor Replacements	16										Construction					
Valley Center Pump Station Surge Tank Replacement	25	Design										Construction				
Emergency Power Generation and Equipment	32	Complete														
Rincon Pump Station Relocation & Replacement	36										Construction					
Reservoirs																
Lake Turner Gauging Station	07	Complete														
Reservoir Mixing System	13										Construction					
Tyler Reservoir Repainting/Coating	26	Complete														
Lilac Reservoir Cover Replacement	27	Complete														
Betsworth Reservoir Repainting/Coating	34	Complete														
Reidy Canyon Area Reservoir	38	Complete														
Cobb Reservoir Cover Replacement	63	Complete														
Country Club Reservoir Upgrades	90										Construction					
Cool Valley Reservoir Cover/Liner Replacement	52	Design				Bid/Award						Construction				
Data Management Systems																
Water Loss Reduction Measures	18											Ongoing				
Server Virtualization, Storage, Disaster Recovery	24											Construction				
ERP Software Upgrade	47	Purchase										Construction				
SCADA System Improvements & Security	71											Ongoing				
GIS Phase II Implementation	89											Construction				
Facilities																
Administration Facility Improvements	60	Planning											Construction			
Solar Power Development	64	Design											Construction			
Urban Water Management Plan 2015 Update	58	Design											Construction			
Equipment																
Twelve Yard Dump Truck	28	Complete														
Vehicles	37											Planning		Purchase		
Yard Forklift	65											Planning		Purchase		

General 01-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2014-15	Estimated Actual Expenditures 2014-15	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16
Pipelines & PRV's							
Wilkes Road Pipeline Replacement	01		556,972	20,000	536,972		536,972
Participation, Upsizing, & Unspecified Repl Projects	02		250,461	44,606	205,855		205,855
New Valve Installations and Appurtenances	06	10-5	24,663	14,500	10,163	15,000	25,163
High Mountain Service	10		22,681		0		0
Water System Upgrade Projects	51	10-6	700,000	76,300	623,700	500,000	1,123,700
Integrated Water Resources Management Plan	62		58,536	1,500	57,036		57,036
Pump Stations							
Red Ironbark Pump Station	03		3,488	3,488	0		0
Pump & Motor Replacements	16		97,191	25,000	72,191		72,191
Valley Center Pump Station Surge Tank Replacement	25	10-7	90,000		90,000	10,000	100,000
Emergency Power Generation and Equipment	32		105,477	72,000	17,244		17,244
Rincon Pump Station Relocation and Replacement	36		125,000	37,996	87,004		87,004
Reservoirs							
Lake Turner Gauging Station	07		6,445		0		0
Reservoir Mixing System	13		58,261		58,261		58,261
Tyler Reservoir Repainting/Coating	26		300,000	300,000	0		0
Lilac Reservoir Cover Replacement	27		555,008	535,008	0		0
Betsworth Reservoir Repainting/Coating	34		296,674	296,674	0		0
Reidy Canyon Area Reservoir	38		11,011	11,011	0		0
Cobb Reservoir Cover Replacement	63		51,242		0		0
Country Club Roof Repair	90		3,604,926	3,200,000	404,926		404,926
Cool Valley Reservoir Cover/Liner Replacement	52	10-8	10,000	5,000	5,000	4,240,000	4,245,000
Data Management Systems							
Water Loss Reduction Measures	18		42,548	1,500	0		0
Server Virtualization, Storage, Disaster Recovery	24		75,689	3,591	72,098		72,098
ERP Software Upgrade	47	10-9	218,532	202,764	15,768	156,379	172,147
SCADA System Improvements & Security	71	10-10	378,743	323,056	55,687	300,000	355,687
GIS Phase II Implementation	89		24,671	18,420	0		0
Facilities							
Administration Facility Improvements	60		110,603	8,000	102,603		102,603
Solar Power Development	64	10-11	156,243	189,937	(33,694)	388,545	354,851
Urban Water Management Plan 2015 Update	58	10-12				75,000	75,000
Equipment							
Twelve Yard Dump Truck	28		150,000	166,233	0		0
Vehicles	37	10-13	78,000	70,000	8,000	78,000	86,000
Yard Forklift	65	10-14				18,000	18,000
Total Capital Projects			8,163,065	5,626,584	2,388,815	5,780,924	8,169,739

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 2015-2016

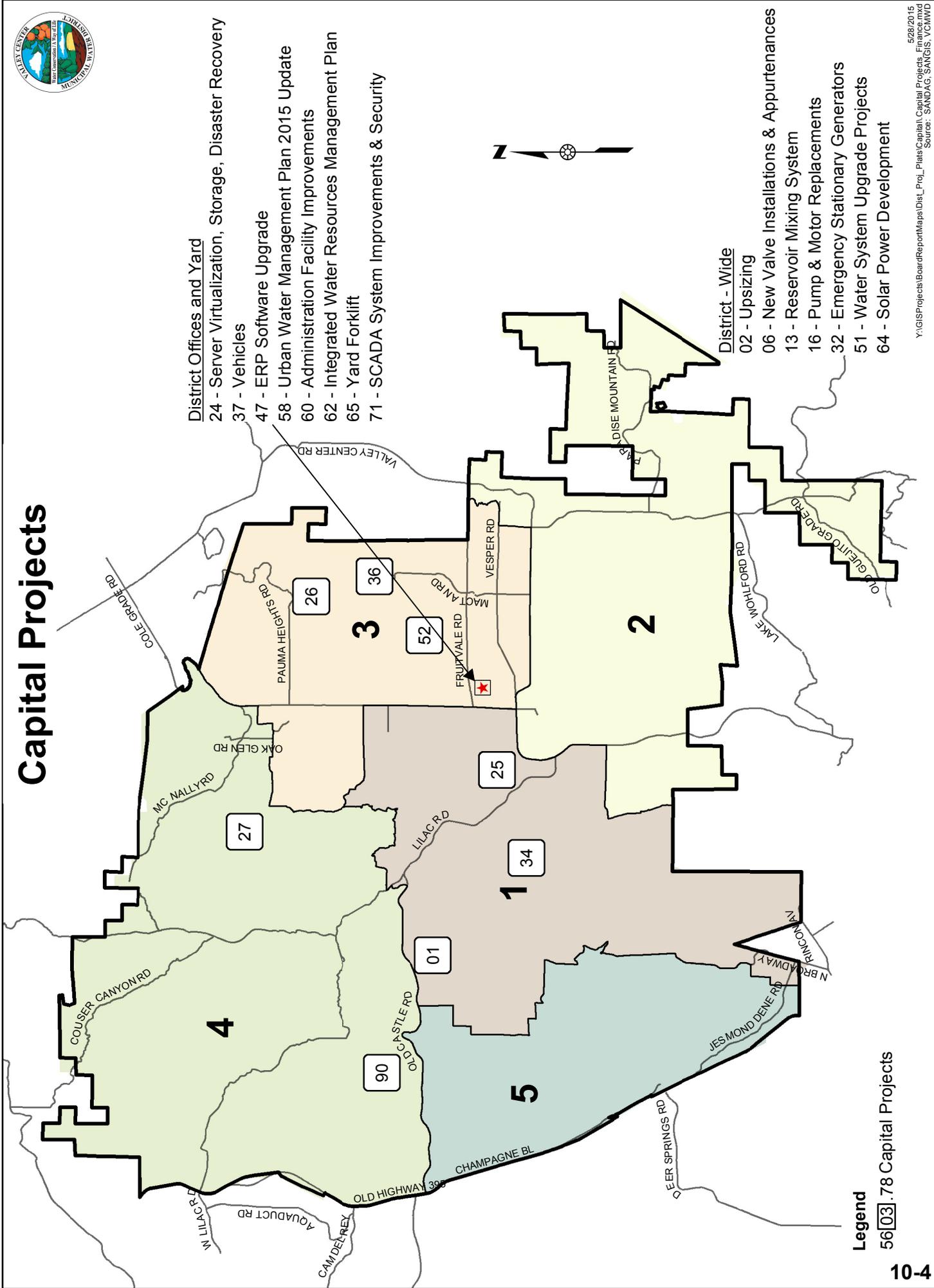
General 01-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16	Estimated Actual Expenditures 2015-16	Estimated Actual Expenditures 2016-17	Estimated Project Balance after 2 years
Pipelines & PRV's								
Wilkes Road Pipeline Replacement	01		536,972		536,972	536,972		
Participation, Upsizing, & Unspecified Repl Projects	02		205,855		205,855	205,855		
New Valve Installations and Appurtenances	06	10-5	10,163	15,000	25,163	25,163		
High Mountain Service	10		0		0			
Water System Upgrade Projects	51	10-6	623,700	500,000	1,123,700	1,123,700		
Integrated Water Resources Management Plan	62		57,036		57,036	57,036		
Pump Stations								
Red Ironbark Pump Station	03		0		0			
Pump & Motor Replacements	16		72,191		72,191	72,191		
Valley Center Pump Station Surge Tank Replacement	25	10-7	90,000	10,000	100,000	100,000		
Emergency Power Generation and Equipment	32		17,244		17,244	17,244		
Rincon Pump Station Relocation and Replacement	36		87,004		87,004	87,004		
Reservoirs								
Lake Turner Gauging Station	07		0		0			
Reservoir Mixing System	13		58,261		58,261	58,261		
Tyler Reservoir Repainting/Coating	26		0		0			
Lilac Reservoir Cover Replacement	27		0		0			
Betsworth Reservoir Repainting/Coating	34		0		0			
Reidy Canyon Area Reservoir	38		0		0			
Cobb Reservoir Cover Replacement	63		0		0			
Country Club Roof Repair	90		404,926		404,926	404,926		
Cool Valley Reservoir Cover/Liner Replacement	52	10-8	5,000	4,240,000	4,245,000	4,245,000		
Data Management Systems								
Water Loss Reduction Measures	18		0		0			
Server Virtualization, Storage, Disaster Recovery	24		72,098		72,098	72,098		
ERP Software Upgrade	47	10-9	15,768	156,379	172,147	172,147		
SCADA System Improvements & Security	71	10-10	55,687	300,000	355,687	355,687		
GIS Phase II Implementation	89		0		0			
Facilities								
Administration Facility Improvements	60		102,603		102,603	102,603		
Solar Power Development	64	10-11	(33,694)	388,545	354,851	354,851		
Urban Water Management Plan 2015 Update	58	10-12		75,000	75,000	75,000		
Equipment								
Twelve Yard Dump Truck	28		0		0			
Vehicles	37	10-13	8,000	78,000	86,000	86,000		
Yard Forklift	65	10-14		18,000	18,000	18,000		
Total Capital Projects			2,388,815	5,780,924	8,169,739	8,169,739	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.



Capital Projects



- District Offices and Yard**
- 24 - Server Virtualization, Storage, Disaster Recovery
 - 37 - Vehicles
 - 47 - ERP Software Upgrade
 - 58 - Urban Water Management Plan 2015 Update
 - 60 - Administration Facility Improvements
 - 62 - Integrated Water Resources Management Plan
 - 65 - Yard Forklift
 - 71 - SCADA System Improvements & Security

- District - Wide**
- 02 - Upsizing
 - 06 - New Valve Installations & Appurtenances
 - 13 - Reservoir Mixing System
 - 16 - Pump & Motor Replacements
 - 32 - Emergency Stationary Generators
 - 51 - Water System Upgrade Projects
 - 64 - Solar Power Development

Legend
56 | 03 | .78 Capital Projects

Y:\GIS\Projects\BoardReport\Maps\Dist_Proj_Plata\Capital_Capital Projects_Final.mxd
5/28/2015
Source: SANDAG, SANGIS, VCMWD

**VALLEY CENTER WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

ACCOUNT NO.:	01-5606.78
DEPARTMENT:	Field

PROJECT NAME:

New Valve Installations And Appurtenance Upgrades

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

PROJECT DESCRIPTION:

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

Breakdown and locations are listed below:

Completed in 2014-15

- Air/Vac upgrades/enclosures Wyndemere Estates
- Retrofit 12 hydrants with AVK check valve along Valley Center Road

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 Rd – 6 inch valve
- Install AVK check valves on hydrants along Valley Venter Rd
- Various appurtenances – air/vac and blow-offs for new valves

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
New Valve Installation and Appurtenances	116,000	105,837	10,163	15,000	25,163		25,163	131,000
Total Project	116,000	105,837	10,163	15,000	25,163	0	25,163	131,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5651.78
DEPARTMENT:	Engineering

Water System Upgrade Projects - CCP (Concrete Cylinder Pipe) Evaluation

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	<u>Goal</u>
	Existing Service	Priority		Standard	2, 4

PROJECT DESCRIPTION:

There are five (5) major Concrete Cylinder Pipe (CCP) pipelines within the District's water distribution system. These pipelines form the major backbone for the District's distribution system and range in size from 24-inch to 42-inch. These pipelines were installed between 1966 and 1976 and are of similar material and construction techniques.

As a result of a major CCP failure in 2014, the District identified and funded four minor pipeline projects which are designed to provide increased operational flexibility by staff to maintain minimum levels of pressure and flow within the District's service area as a result of a mainline break along these pipelines. These projects were previously funded in a fiscal year 2014-15 budget amendment.

This project consists of performing a pipeline condition assessment of the Cool Valley Feeder Phase II pipeline, consisting of approximately 20,600 linear feet of 36, 39 and 42 inch CCP; from the VC 5&6 connection to the Miller Pump Station. The pipeline assessment will be performed by using PureRobotics technology which provides a wide range of assessment results including identifying bar breaks, providing high definition video, determining if pipe is out of round, calculating lining thickness, and debris detection. Pre-Inspection construction will be required to provide access points for the PureRobotics equipment.

Analysis results will allow District staff to determine further action including remedial repairs, replacement, or further monitoring.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	4,800	3,800	1,000	40,000	41,000		41,000	44,800
Outside Consultant	25,200	12,500	12,700	50,000	62,700		62,700	75,200
Pre-Insp. Construction			0	90,000	90,000		90,000	90,000
Pipeline Inspection			0	275,000	275,000		275,000	275,000
Soil Testing			0	7,500	7,500		7,500	7,500
Miscellaneous			0	10,000	10,000		10,000	10,000
Contingency			0	27,500	27,500		27,500	27,500
Aerie Road Intertie	120,000	10,700	109,300		109,300		109,300	120,000
Betsworth Pipeline	310,000	27,800	282,200		282,200		282,200	310,000
Keys Creek Pipeline	170,000	15,200	154,800		154,800		154,800	170,000
Miller Pump Station	70,000	6,300	63,700		63,700		63,700	70,000
Total Project	700,000	76,300	623,700	500,000	1,123,700	0	1,123,700	1,200,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5625.78
DEPARTMENT:	Field

Valley Center Pump Station Surge Tank Replacement

Continuing Project	<u>Type</u>	<u>Master Plan</u>	<u>Project ID</u>	<u>Strategic Plan</u>	<u>Goal</u>
	Existing Service	<u>Priority</u>		<u>Standard</u>	
				7,8	2

PROJECT DESCRIPTION:

Replace the suction side surge tank at Valley Center Pump Station. The 12,000 gallon tank with a rated operating pressure of 169 psi was installed in 1969. Two ultrasonic tests of the tank walls indicate metal thinning in various locations throughout the tank. One end of the tank has a 34% loss of wall thickness and the other end has a 17 % loss of thickness. The thin areas are below the minimum required metal thickness for the system operating pressure and no longer meet the American Society of Mechanical Engineers (ASME) standards. Failure of the tank due to wear and tear may not be covered by our insurance carrier should this surge tank fail.

Staff is requesting an additional \$10,000 to complete the project due to inflationary cost increases.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	5,000		5,000		5,000		5,000	5,000
New Tank	85,000		85,000	10,000	95,000		95,000	95,000
Total Project	90,000	0	90,000	10,000	100,000	0	100,000	100,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5652.78
DEPARTMENT:	Engineering

Cool Valley Reservoir Cover/Liner Replacement

New Item	Type Replacement	Master Plan	Project ID	Strategic Plan
		Priority		Standard
				2, 7, 8
				2

PROJECT DESCRIPTION:

The Cool Valley Reservoir is a 55.9 million gallon reservoir within the Cool Valley Service Area (1840 Zone). The reservoir is the main storage facility in the 1840 zone which spans the eastern central portion of the District, including the North and South Village Areas. At 23,920 acres, the 1840 Zone is the District's largest service zone. The 1840 zone is the source of several higher pump zones including Paradise Mountain, Ridge Ranch Interim, Rincon, and Tyler pump zones and also services the Merry Ferry, Miller Road, and Woods Valley pressure reduced systems.

The Cool Valley Reservoir has a surface area of approximately 325,000 square feet (7.5 acres) with a 45 mil Hypolon floating cover that was installed in June 1992 and a concrete liner that was installed with the initial construction of the reservoir in October 1975. The existing cover has been in service for almost 23 years and has reached the end of its service life. The concrete liner has shown signs of movement, cracking at the expansion joints and leakage through the underdrain system.

The project includes the design and installation of a new geomembrane liner with a geotextile underlayment, a new chlorosulfonated polyethylene (CSPE) floating cover, paving repair and replacement as necessary around the reservoir and on the access road. Staff intends to outsource the engineering design and inspection of the liner and cover improvements. The new cover and liner will be designed and specified to have a 30 year service life expectancy. Once the reservoir is drained, the existing concrete liner shall be inspected and evaluated to determine if the geotextile underlayment can be omitted.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	10,000	5,000	5,000	75,000	80,000		80,000	85,000
Engineering			0	255,000	255,000		255,000	255,000
Construction			0	3,375,000	3,375,000		3,375,000	3,375,000
Miscellaneous			0	30,000	30,000		30,000	30,000
Contingency (15%)			0	505,000	505,000		505,000	505,000
Total Project	10,000	5,000	5,000	4,240,000	4,245,000		4,245,000	4,250,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5647.78
DEPARTMENT:	Information Technology

Enterprise Resource Planning (ERP) Software Upgrade

Replacement	Type	Master Plan	Project ID	Strategic Plan
	Existing Service	Priority		Standard

PROJECT DESCRIPTION:

The District is currently using Datastream ERP software supplied by Datastream Business Solutions, Inc. (DBS). The software is providing critical accounting functionality, such as accounts payable, customer billing, payroll, job costing, inventory, and financial reporting. The underlying technology used by Datastream ERP software is out of date and has not kept pace with the modern computing infrastructure standards, such as Windows and modern database server systems. DBS has explored various options over the past several years to modernize their software. They vetted multiple software companies and chose Springbrook Inc. based on their comprehensive utility billing, human resources management, payroll, and financial software. In August 2014, Springbrook Inc. acquired DBS. As part of their agreement with Springbrook, DBS will support the existing Datastream software until June 30, 2016.

District staff has conducted extensive research of the Springbrook software, including attending multiple system demonstrations to ensure that implementation of this accounting system is the best long-term option for the District.

In addition to the typical accounting software, utility billing, and payroll modules, the District will purchase additional work order, service order, asset management, purchase order, and human resources management modules. Better data integration across different modules will result in many operating efficiencies by eliminating the need for multiple separate systems, simplifying bank reconciliation and payment processing activities, and providing enhanced financial reporting capabilities. An automated budget module would eliminate the cumbersome process of annual budget compilation from many different Excel spreadsheets.

Total cost of the implementation is \$374,911. Prior budget is made up of \$202,764 approved for the Service Order Software and \$15,768 approved for the Enterprise Computer Programming Improvements for a total prior year budget of \$218,532. Additional funds of \$156,379 are requested to complete the implementation process.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
ERP Software	218,532	203,974	14,558	94,136	108,694		108,694	312,668
Contractor Travel				33,000	33,000		33,000	33,000
Contingency				29,243	29,243		29,243	29,243
Total Project	218,532	203,974	14,558	156,379	170,937	0	170,937	374,911

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5671.78
DEPARTMENT:	Field

SCADA System Improvements and Security

Continuing Project	<u>Type</u> Replacement	<u>Master Plan</u> <u>Priority</u> A	<u>Project ID</u>	<u>Strategic Plan</u> <u>Standard</u> 2,5,7	<u>Goal</u> 2,4b,5a
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PROJECT DESCRIPTION:

Continue with the installation of the SCADA system at the following sites. All of the construction will be completed by in-house staff.

Reservoirs & Aqueduct Connections:

- Montanya
- Via Cantamar

Pump Stations:

- Hauck Mesa
- Ridge Ranch
- Cantrell Corners

The following sites have been completed:

- 31 of 33 Reservoir sites
- 15 of 26 Pump Station sites
- 4 of 5 Aqueduct Connections
- 10 of 10 Communication Backup Generators
- 2 of 2 Radio Communication Relay sites

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	1,672,290	1,657,097	15,193	110,000	125,193	130,000	255,193	1,912,290
Planning	57,500	57,500	0		0		0	57,500
Design	1,513,566	1,513,566	0		0		0	1,513,566
Operation	176,635	176,635	0		0		0	176,635
Construction	2,576,643	2,566,942	9,701	130,000	139,701	110,000	249,701	2,816,643
System Intergration	360,000	349,207	10,793	60,000	70,793	70,000	140,793	490,000
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	40,000	60,000	298,408
Total Project	6,867,734	6,812,047	55,687	300,000	355,687	350,000	705,687	7,517,734

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5664.78
DEPARTMENT:	Field

Cool Valley Reservoir Solar Power

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard 4, 8	Goal 5b

PROJECT DESCRIPTION:

Install a 135kW solar array at Cool Valley Reservoir to offset the annual power usage of the circulation system and the relocation of two pumps from Rincon Pump Station to Cool Valley Reservoir. The cost of solar equipment has dropped significantly in the last few years and the California Public Utilities Commission has rebates available for solar projects, making the investment in solar by municipalities viable. The installation of the solar array will lower the Districts Carbon Footprint and reduce the overall impact of future SDG&E electric rate increases. All of the construction for the solar project will be completed by in-house staff.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff			0	60,000	60,000		60,000	60,000
Engineering			0	12,000	12,000		12,000	12,000
Construction			0	218,545	218,545		218,545	218,545
Miscellaneous			0	8,000	8,000		8,000	8,000
Landscape			0	65,000	65,000		65,000	65,000
Contingency			0	25,000	25,000		25,000	25,000
Total Project	0	0	0	388,545	388,545	0	388,545	388,545

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5658.78
DEPARTMENT:	Engineering

Urban Water Management Plan 2015 Update

New Item	Type	Master Plan		Project ID	Strategic Plan	
		Priority			Standard	Goal
					8	1

PROJECT DESCRIPTION:

The Urban Water Management Planning Act requires urban water suppliers prepare a report every five years to describe and evaluate sources of water supply, efficient uses of water, demand management measures, implementation strategy and schedule, and other relevant information and programs. The 2015 update will include the District status on compliance with prior water conservation laws for reducing urban per capita water use by 20 percent by 2020. Additional funding was included in this budget request to address the agriculture water supply requirements that were not required in previous Urban Water Management Plans.

The 2015 UWMP update must be submitted to the Department of Water Resources by July 1, 2016.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff				18,500	18,500		18,500	18,500
Consultant				45,000	45,000		45,000	45,000
Miscellaneous				1,500	1,500		1,500	1,500
Contingency (15.7%)				10,000	10,000		10,000	10,000
Total Project	0	0	0	75,000	75,000	0	75,000	75,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5637.78
DEPARTMENT:	Field

Vehicles

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

- 1) New Extra Cab ½ ton truck with 4-wheel drive, LED lightbar, two-way radio, tool boxes and accessories. This vehicle will replace truck #4, a 2006 Chevrolet, Colorado, extra cab truck with 4-Wheel Drive and approximately 153,000 miles.
- 2) New Extra Cab ½ ton truck with 4-wheel drive, LED lightbar, two-way radio, tool boxes and accessories. This vehicle will replace truck #8, a 2006 Chevrolet, Colorado, extra cab truck with 4-Wheel Drive and approximately 156,000 miles.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Vehicle 1			0	35,500	35,500		35,500	35,500
Vehicle 2			0	35,500	35,500		35,500	35,500
Contingency			0	7,000	7,000		7,000	7,000
Total Project	0	0	0	78,000	78,000	0	78,000	78,000

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	01-5665.78
DEPARTMENT:	Field

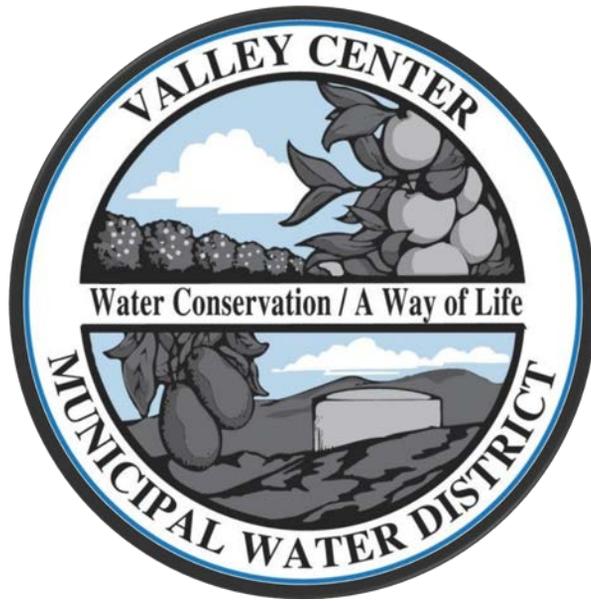
Yard Forklift

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

Replacement of the 1983 TCM solid tire fork lift is required. The yard forklift is used on a regular basis to unload delivery trucks at the District's main facility and to load District vehicles. The District will be purchasing a used forklift to replace the current forklift. There is a large inventory of used and lease return forklifts in the southern California area. The replacement forklift will be similar in design to the current forklift and will have a lifting capacity of 4,000 to 5,000lbs.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Forklift				18,000	18,000		18,000	18,000
Total Project	0	0	0	18,000	18,000	0	18,000	18,000



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 2014-2015

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

Treatment Plant:

- Continued to implement operational changes that reduced equipment run times and energy consumption and improved effluent quality.
- Replaced 20 year old return activated sludge pump with a newer and more efficient pump to reduce electrical consumption and improve system operations.
- Performed in-house videoing of the collection system to reduce outside service expenditures, located sewer laterals, and improved system monitoring.
- Continued making repairs and installed 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 the District's overall sampling costs.

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

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

Planning Studies:

- Completed preliminary concept approval for the Accretive Development 1,750 unit project (Lilac Hills Ranch) regarding the 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 11 STEP pumps for system reliability to eliminate odors and damage to the pump system.

- Continued to maintain and clean the effluent line and grit channel for improved effluent 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 2015-2016

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 new process control sensors for better operational control of the facility, will help to reduce operational labor and energy usage.
- Install new storage/shop building, to store and secure equipment from the elements. The building will also house a workshop for making repairs on equipment as needed.
- Replace two, 20-year-old return activated sludge pumps with newer and more efficient pumps to reduce electrical consumption and improve system operations.

Planning Projects:

- Update the Master Plan for the full build out of the existing Lower Moosa Canyon site to 1.0 mgd.
- Explore tertiary level treatment and water reuse possibilities.
- Explore the feasibility of an improved bio solids process that would allow the solids to be applied on local golf courses or farms for agriculture.
- Examine the benefits of solar power at the treatment facilities to reduce electrical related operational costs.
- 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 a feasibility study 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.

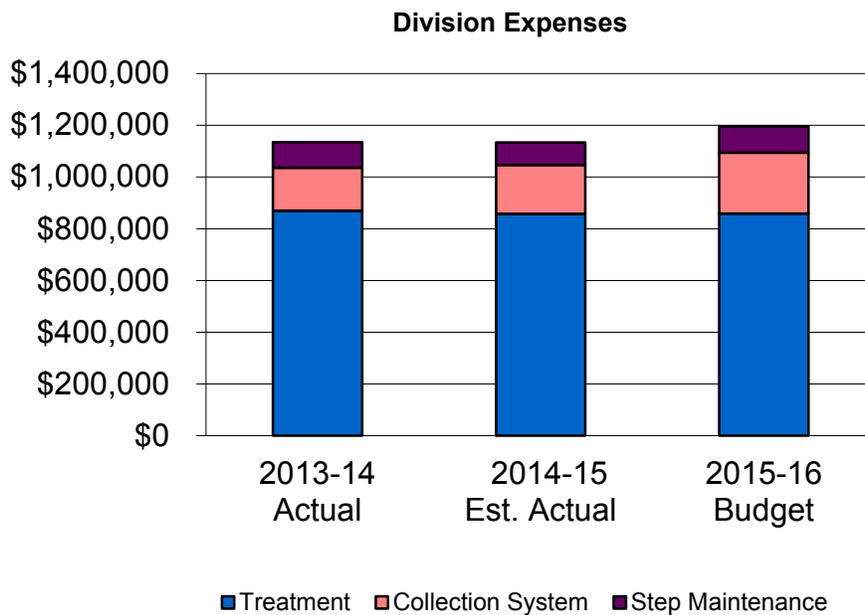
LONG-TERM GOALS

Plan for future upgrades to meet increasing wastewater capacity needs of the service area while maintaining 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 the District’s wastewater procedures.



Recap of Budget and Source of Financing

	Replacement Fund	Expansion Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2014	1,230,942	377,184	319,040	0	1,927,166
ADD: Revenue 2014-2015					
Wastewater Service Charges	326,921			1,179,717	1,506,638
Wastewater Lateral & Inspection Fees				2,250	2,250
Interest	9,400			4,926	14,326
Wastewater STEP Charges				43,767	43,767
Wastewater STEP Repair Charges				0	0
Capacity Charges		0			0
Total Revenue					1,566,981
LESS: Estimated Expenditures 2014-2015	0	0	(102,203)	(1,134,005)	(1,236,208)
Transfers	(12,845)		109,500	(96,655)	0
Net Change	323,476	0	7,297	0	330,773
ESTIMATED BALANCE JUNE 30, 2015	1,554,418	377,184	326,337	0	2,257,939
ADD: Revenue 2015-2016					
Wastewater Service Charges	326,921			1,191,679	1,518,600
Interest	12,000			9,400	21,400
Wastewater STEP Charges				45,123	45,123
Capacity Charges		0			0
Total Revenue					1,585,123
LESS: Proposed Expenditures 2015-2016	0		(137,000)	(1,196,334)	(1,333,334)
Expenditures of Continuing Projects			(326,337)		(326,337)
Transfers	(87,132)		137,000	(49,868)	0
Net Change	251,789	0	(326,337)	0	(74,548)
ESTIMATED BALANCE JUNE 30, 2016	1,806,207	377,184	0	0	2,183,391

GENERAL INFORMATION:	2013-2014	2014-2015		2015-2016
	Actual	Budget	Estimated Actual	Budget
Average Wastewater Connections:	2,480	2,481	2,470	2,470
Monthly Rates:				
Effective July 1	51.20	51.20	51.20	51.20
Effective February 1	51.20	51.20	51.20	51.20

Description	2013-2014	2014-2015		2015-2016
	Actual	Budget	Estimated Actual	Budget
Treatment	869,907	780,115	857,500	859,262
Collection System/West	166,208	224,005	188,955	235,472
STEP Maintenance	99,047	107,700	87,550	101,600
Capital Projects	215,223	429,040	102,203	137,000
TOTAL MOOSA TREATMENT	1,350,385	1,540,860	1,236,208	1,333,334

Treatment 13-5326.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	465,117	387,500	463,300	410,600
03	Overtime	17,382	20,000	19,800	20,000
23	Chemicals	13,920	18,000	15,750	18,000
25	Outside Professional Services	77,005	72,000	72,000	70,000
30	Special Department Expenses	4,074	4,000	3,200	4,000
32	Telephone	2,102	2,500	1,475	2,500
38	Regulatory Permits & Fees	17,385	18,500	19,000	20,000
40	Rents & Leases	0	500	1,400	500
41	Hazardous Waste Disposal Costs	0	300	300	300
42	Insurance	12,946	13,300	13,300	14,149
45	Electricity	58,519	58,000	67,400	70,000
48	Diesel	0	500	500	500
49	Water	4,505	5,000	3,010	5,000
51	Maintenance of Vehicles	1,621	4,500	1,550	2,500
52	Maintenance of Facilities	48,645	50,000	50,000	47,000
82	Administrative Overhead	146,068	123,515	123,515	172,213
87	Bad Debt Expense	618	2,000	2,000	2,000
	Total	869,907	780,115	857,500	859,262

Treatment 13-5326.

Acct. No.	Detail and Justification	Department Request
41	Hazardous Waste Disposal Costs Recycling Oil, Filters, Solvents	300
42	Insurance	14,149
45	Electricity	70,000
48	Diesel Generator Set and Tractor	500
49	Water	5,000
51	Maintenance of Vehicles	2,500
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 12,000	47,000
82	Administrative Overhead	172,213
87	Bad Debt Expense	2,000

Collection System/West 13-5327.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	113,222	170,300	140,800	182,800
03	Overtime	2,143	2,500	5,700	3,000
25	Outside Professional Services	23,612	24,000	17,100	23,000
30	Special Department Expenses	2,126	3,000	2,500	2,500
38	Regulatory Permits and Fees	6,856	2,500	3,100	3,200
42	Insurance	1,440	1,505	1,505	1,572
45	Electricity	6,016	6,500	5,700	6,500
49	Water	1,013	1,200	850	1,200
51	Maintenance of Vehicles	2,083	3,000	2,200	2,200
52	Maintenance of Facilities	7,697	9,500	9,500	9,500
Total		166,208	224,005	188,955	235,472

Collection System/West 13-5327.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 1.24	182,800
03	Overtime	3,000
25	Outside Professional Services Sewer Cleaning/Repair 12,000 Manhole Sensors 7,000 Pumping 3,000 Generator Load Testing 1,000	23,000
30	Special Department Expenses	2,500
38	Regulatory Permits and Fees	3,200
42	Insurance	1,572
45	Electricity	6,500
49	Water	1,200
51	Maintenance of Vehicles	2,200
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Actual	Budget
01	Labor & Benefits - Regular	72,551	76,700	61,600	74,600
03	Overtime	1,787	4,500	2,600	3,000
25	Outside Professional Services	3,520	5,000	3,600	4,000
30	Special Department Expenses	1,084	2,000	2,000	2,000
51	Maintenance of Vehicles	1,388	2,500	1,750	2,000
52	Maintenance of Facilities	18,717	17,000	16,000	16,000
Total		99,047	107,700	87,550	101,600

Step Maintenance 13-5329.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.50	74,600
03	Overtime	3,000
25	Outside Professional Services Pumping of Tanks 2,500 Special Repairs 1,500	4,000
30	Special Department Expenses	2,000
51	Maintenance of Vehicles	2,000
52	Maintenance of Facilities Pump Rebuild Kits 3,500 Replacement Pumps 4,500 Retrofit STEP System Pumps 8,000	16,000

Moosa 13-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2014-15	Estimated Actual Expenditures 2014-15	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16
Digester Aeration and Mixing System	08		11,509	4,000	7,509		7,509
Meadows Lift Station Motor Control Center Repl.	29		50,000		50,000		50,000
Sludge Transfer Pump Replacement	30		15,183		15,183		15,183
Rimrock STEP System Modification	41		28,331		28,331		28,331
Master Plan	54		94,791	30,000	64,791		64,791
SCADA System	73		161,226	703	160,523		160,523
Process Control Sensors	39		33,000	33,000	0		0
Islands Lift Station Pump	40		20,000	20,000	0		0
Lab Spectrophotometer	42		9,000	9,000	0		0
Air Compressor	44		6,000	5,500	0		0
RAS Pump Replacement	66	11-10				30,000	30,000
Storage Building/Shop	67	11-11				107,000	107,000
Total Capital Projects			429,040	102,203	326,337	137,000	463,337

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 2015-2016

Moosa 13-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16	Estimated Actual Expenditures 2015-16	Estimated Actual Expenditures 2016-17	Estimated Project Balance after 2 years
Digester Aeration and Mixing System	08		7,509		7,509	7,509		
Skip Loader	09				0			
Welk Skimming Plant	11				0			
Aeration System Upgrade	12				0			
Meadows Lift Station Motor Control Center Repl.	29		50,000		50,000	50,000		
Sludge Transfer Pump Replacement	30		15,183		15,183	15,183		
Clarifier #2 Upper Gear Drive Rebuild	32				0			
Rimrock STEP System Modification	41		28,331		28,331	28,331		
Waste Discharge Report	53				0			
Master Plan	54		64,791		64,791	64,791		
SCADA System	73		160,523		160,523	160,523		
Process Control Sensors	39							
Meadows Lift Station Pump	40							
Lab Spectrophotometer	42							
Air Compressor	44							
RAS Pump Replacement	66	11-10		30,000	30,000	30,000		
Storage Building/Shop	67	11-11		107,000	107,000	107,000		
Total Capital Projects			326,337	137,000	463,337	463,337	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
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5666.78
DEPARTMENT:	Lower Moosa WRF

Lower Moosa Canyon RAS Pump Replacement

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

Replacement of the two existing Return Activated Sludge (RAS) Pumps. The current RAS pumps were installed in 1998. The equipment has exceeded its life and replacement parts have become more costly and hard to obtain. The new RAS Pumps will be more efficient, less labor intensive, and will reduce other associated equipment run times.

The RAS pumps are an important function of the biological process and control at the Lower Moosa Reclamation Facility.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-16	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
RAS Pumps				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
2015-2016**

CAPITAL PROJECT REQUEST

PROJECT NAME:

ACCOUNT NO.:	13-5667.78
DEPARTMENT:	Lower Moosa WRF

Lower Moosa Canyon Reclamation Facility; 40' x 50' Steel Shop and Storage Building

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

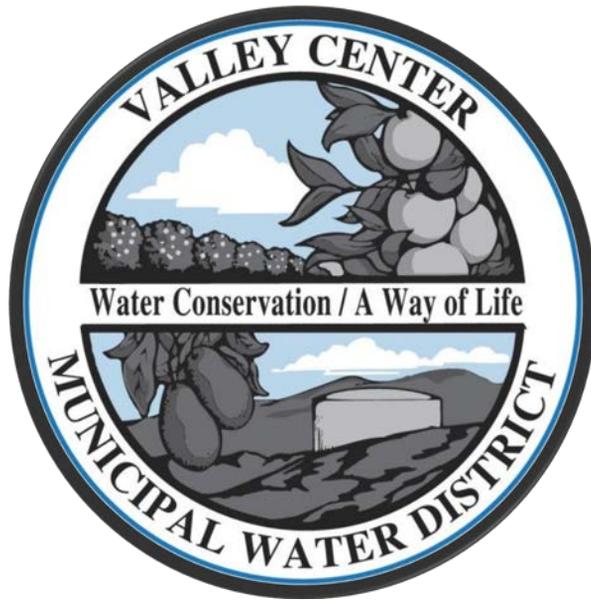
PROJECT DESCRIPTION:

This building will supplement the two small storage sheds currently located at the Lower Moosa Canyon Facility and will be used for current and future inventory. A portion of the building will be designed to construct a workshop for the ever expanding demands of the Septic Tank Effluent Pump (STEP) repairs and inventory.

The building will be forklift accessible and will help meet the growing conditions of the wastewater and collection system storage needs in a weatherproof and secure environment along with a more efficient and operational STEP workshop.

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation 2015-16	Total Budget 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Building				60,000	60,000		60,000	60,000
Concrete Pad				32,000	32,000		32,000	32,000
Shelving				15,000	15,000		15,000	15,000
Total Project	0	0	0	107,000	107,000	0	107,000	107,000





Woods Valley Expansion

FUNCTION OVERVIEW

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

The Woods Valley Ranch Wastewater Expansion Project (Expansion Project) is a joint Property Owner/Developer/District project to extend wastewater service to parcels owned by participating developers and property owners in the South and North Village areas of Valley Center. These areas are identified on the County General Plan as the higher density areas generally 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 up to 600,000 gallons per day. The extension of wastewater service to the area would be accomplished through voluntary property owner participation in multiple expansion phases as required to meet the requested wastewater capacity timing and demands.

The original construction of the WVRWRF by Newland Communities is considered the First WVRWRF Expansion Phase and included the initial 70,000 gallons per day membrane bioreactor treatment facility, extension of a gravity collection system to serve the 270 lot Woods Valley Ranch subdivision and golf course facilities, and construction of a privately owned and operated seasonal storage facility. The first phase treatment facilities were substantially completed and conditionally accepted for operation and maintenance in 2009.

Planning for the second expansion phase was initiated during construction of the initial phase. Property owners representing 350 EDUs approved the formation of an assessment district to fund the majority of the Expansion Project costs. In 2012, the District received preliminary funding approval for a total of \$13,497,000 in three separate Clean Water State Revolving Fund (SRF) Loans; one each for the Collection System, Treatment Facilities, Seasonal Storage Improvements. The balance of the project's \$14,625,000 projected total cost, \$1,128,000, was to be funded from the property owner's participation deposits. The Expansion Project consisted of constructing a low pressure wastewater collection system in the South Village Area, a seasonal storage facility on Charlan Road, and the addition of a 125,000 gallons per day AeroMod treatment unit at the WVRWRF. Recycled water generated by the facility would be sold for beneficial use, primarily for irrigation of the Woods Valley Ranch Golf Course.

With the initial funding approval of a second expansion phase, other property owners in the WVRWRF service area expressed an interest in participating in the project and capacity requests increased from 350 EDUs to 1,095 EDUs by the end of 2014. Facilities were planned for the higher participation level and design of the project facilities were delayed until the participation agreements for the increased capacity were completed. Estimated total project cost increased to \$31,900,000 with \$30,735,000 being the portion eligible for the SRF Loans. A fourth loan was established for the added North Village Wastewater Collection Facilities.

ACCOMPLISHMENTS FOR 2014-2015

- Design consultants were selected and design of the following Expansion Project facilities components were completed:
 - Woods Valley Ranch WRF Phase 2 Expansion,
 - Charlan Road Seasonal Storage Facility, and
 - South Village Wastewater Collection System.
- Annexation and modifications for the additional 745 EDU capacity requests (1,095 total EDUs) to the project assessment district were approved by the project participants and Board of Directors.
- Bids were received for Woods Valley Ranch WRF Phase 2 Expansion Project.

- Preliminary approval of the increase funding requirements was received from the State Water Resources Control Board (SWRCB) staff.
- Requested documents for Final Budget Approval of the increased funding requirements were submitted to the SWRCB staff for approval.
- A Report of Waste Discharge was submitted to the Regional Water Quality Control Board for modification of the WVRWRF Waste Discharge Permit to provide for the increased capacity requirements and establishment of a master reclamation permit to allow for the beneficial use of recycled water within the Valley Center Hydrologic Area.

CHALLENGES AND GOALS FOR 2015-2016

Challenges for the up-coming fiscal year for the Woods Valley Ranch Wastewater Expansion Project, include the following:

- Complete the design of the North Village Wastewater Collection Facilities,
- Obtain approval of the waste discharge permit modifications,
- Receive bids for the remaining project components;
 - Charlan Road Seasonal Storage Improvements
 - South and North Village Wastewater Collection Facilities
- Obtain Final Budget Approval of the SRF Loans
- Initiate and manage construction of the facilities

Construction of each of the Expansion Phase components is scheduled to be completed in fiscal year 2016-17.

LONG-TERM GOALS

Long term goals for the expansion of the Woods Valley Ranch WRF include the following:

- Completion of the Phase 2 expansion project components and successful start-up of the facilities.
- Work with the major developers in the Woods Valley Ranch WRF Service Area to prepare planning documents and agreements necessary for the implementation of future expansion projects as needed for their developments.
- Development of a reclamation plan that provides for the perpetual beneficial reuse of the treated effluent generated by the wastewater customers
- 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 shall 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.

DEBT SCHEDULES FOR SECURED SRF LOANS TOTALING \$13,497,000

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:

Due Date	Ref Num	Beginning Balance	Principal Payment	Interest Rate %	Interest Payment	Total Payment	Ending Balance
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	

Recap of Budget and Source of Financing

	Replacement Reserve Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2014	188,888	2,042,958	(2,427,805)	(195,959)
ADD: Revenue 2014-2015 Wastewater Stand-By Charge	194,544			194,544
Interest	1,929			1,929
Total Revenue				196,473
LESS: Estimated Expenditures 2014-2015	0	(932,650)		(932,650)
Transfers	0	1,674,792	(1,674,792)	0
Net Change	196,473	742,142	(1,674,792)	(736,177)
ESTIMATED BALANCE JUNE 30, 2015	385,361	2,785,100	(4,102,597)	(932,136)
ADD: Revenue 2015-2016 Wastewater Stand-By Charge	602,600			602,600
Interest	4,807			4,807
Total Revenue				607,407
Proceeds from SRF Loan		29,120,000		29,120,000
LESS: Proposed Expenditures 2015-2016 Expenditures of Continuing Projects		(26,334,900) (2,785,100)		(26,334,900) (2,785,100)
Transfers	0	0		0
Net Change	607,407	0	0	607,407
ESTIMATED BALANCE JUNE 30, 2016	992,768	2,785,100	(4,102,597)	(324,729)

Revenue Estimate

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
4110.02	Wastewater Stand-By Charge	188,888	194,544	194,544	602,600
4410.00	Interest Allocation	0	1,717	1,929	4,807
Total		188,888	196,261	196,473	607,407

Description	2013-2014	2014-2015		2015-2016
	Actual	Budget	Estimated Actual	Budget
Capital Projects	1,204,059	0	932,650	29,120,000
TOTAL WOODS VALLEY RANCH	1,204,059	0	932,650	29,120,000

Woods Valley Ranch Expansion 16-56XX-78

Description	Acct. No.	Prior	2015							2016						Future	
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
<u>Woods Valley Ranch Expansion</u>																	
Woods Valley Ranch WRF Phase 2 Expansion	56																

Woods Valley Ranch Expansion 16-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2014-15	Estimated Actual Expenditures 2014-15	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16
WVR WRF Planning	56	12-7	3,717,750	932,650	2,785,100	29,120,000	31,905,100
Total Capital Projects			3,717,750	932,650	2,785,100	29,120,000	31,905,100

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.

Estimated Expenditures by Year

Woods Valley Ranch Expansion 16-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16	Estimated Actual Expenditures 2015-16	Estimated Actual Expenditures 2016-17	Estimated Project Balance after 2 years
WVR WRF Planning	56	12-7	2,785,100	29,120,000	31,905,100	21,514,532	10,390,568	
Total Capital Projects			2,785,100	29,120,000	31,905,100	21,514,532	10,390,568	0

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.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
BUDGET**

CAPITAL PROJECT REQUEST

PROJECT NAME:

Woods Valley Ranch Wastewater Expansion Project

ACCOUNT NO.:

16-5656.78

DEPARTMENT:

Engineering

	<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	Ultimate Service				1,2,3

PROJECT DESCRIPTION:

In May 2013, property owner participants approved a ballot measure for the formation of Assessment District No. 2012-1 to establish the financial security for the Woods Valley Ranch Wastewater Expansion Project. At that time the participation level in the Expansion Project was 350 EDUs and the District received initial funding approval of a Clean Water State Revolving Fund (SRF) loan from the State Water Resources Control Board (SWRCB) for a total amount of \$13,497,000 and initial funding authorization of \$1,615,000 for reimbursement of planning expenses and payment of design expenses. Since that time the participation in the Expansion Project increased to 1,095 EDUs and property owners approved a ballot measure for the annexation and modification of the assessment district to incorporate the additional capacity. The project will provide wastewater service for properties in both the South and North Village areas of the District and consists of the following four facility components: 1) the Woods Valley Ranch WRF Phase 2 Expansion Project, 2) the Charlan Road Seasonal Storage Improvements, 3) the South Village Wastewater Collection Facilities and 4) the North Village Wastewater Collection Facilities. Each component will be bid separately and funded by a separate SRF Loan. Total project cost, with the additional capacity requirements increased to \$31,900,000, with \$30,735,000 of that amount being eligible for the SRF Loan.

To date, the District has realized a total of \$7,090,000 from Board authorizations, SRF loan approvals, participation deposits, and direct project expenses by the proponents as summarized below.

- District Appropriation and Funded Expense - \$448,360
 - This is \$213,360 over the required participation deposit for 47 EDUs (\$235,000)
 - The amount over the required participation deposit would be reimbursed at project closeout.
- Project Proponents (Bell Enterprises & Butterfield Trails, LLC) - \$855,000
- Participant Deposit (\$5,000 per EDU) (877 EDUs) – \$4,385,000
- SRF Loan Initial Funding Approval = \$1,615,000

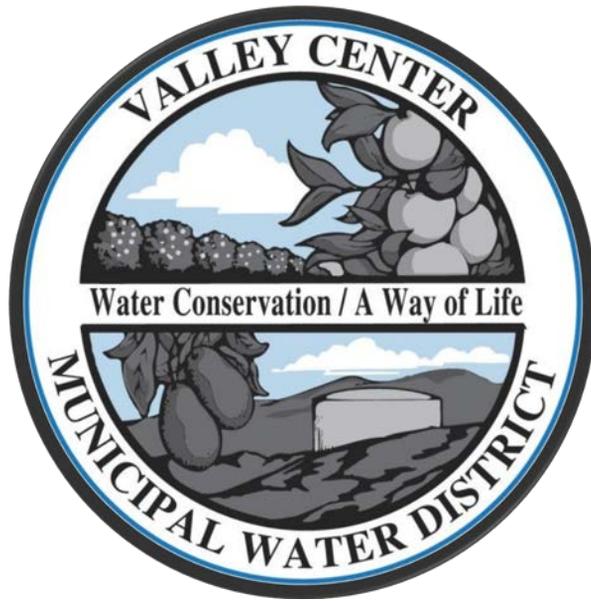
The balance of the SRF Loan, \$29,120,000, is scheduled to be approved by the SWRCB staff in fiscal year 2015-2016. The following table shows the source of funds and cost breakdown between major project components. No additional funding is anticipated for future years. Construction of all the facility components is scheduled to be completed by the end of calendar year 2016, with about two-thirds of the construction costs expended in fiscal year 2015-2016 and one-third in fiscal year 2016 - 2017.

A line item is included for the reimbursement of the balance of the property owner’s \$5,000 per EDU participation deposit should the project costs be less than expected. While the project budget shows all funding being expended, there is \$1,518,000 in contingencies and \$1,916,000 for establishing a Restricted Debt Service Reserve. It is anticipated that the Restricted Debt Service Reserve would be funded from the initial capital assessment levy in fiscal year 2016-2017. Thus up to \$3,434,000 (approximately \$3,000 per EDU) may be available for reimbursement at project closeout by the end of fiscal year 2016-2017.

Woods Valley Ranch Wastewater Expansion Project

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Proposed Budget Allocation FY 2015-16	Total Budget FY 2015-2016	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Source of Funds								
District Contributions	235,000	448,360	(213,360)	0	(213,360)	0	(213,360)	235,000
Project Proponent Deposits	855,000	855,000	0	0	0	0	0	855,000
Project Participants	4,385,000	4,274,999	110,001	0	110,001	0	110,001	4,385,000
SRF Loan	1,615,000	676,310	938,690	29,120,000	30,058,690		30,058,690	30,735,000
Participation Deposit Closeout Reimbursement		0	0		0		0	0
	7,090,000	6,254,669	835,331	29,120,000	29,955,331	0	29,955,331	36,210,000
Project Expenses								
Project Planning Expenses								
District Planning (16-5656.78)	1,099,900	1,099,900	0		0		0	1,099,900
Proponent Project Direct Planning Expenses (SRF Ineligible)	310,000	310,000	0		0		0	310,000
Assessment District Annexation/Modification (16-5656.60)	298,900	298,900	0		0		0	298,900
Land Acquisitions (16-5656.76 - SRF ineligible)	855,000	855,000	0		0		0	855,000
South Village Wastewater Collection System (16-5656.61)	202,065	202,065	0	2,499,339	2,499,339		2,499,339	2,701,404
Woods Valley Ranch WRF Phase 2 Expansion (16-5656.62)	843,230	843,230	0	15,662,500	15,662,500		15,662,500	16,505,730
Charlan Road Seasonal Storage Facilities (16-5656.63)	349,920	349,920	0	5,864,100	5,864,100		5,864,100	6,214,020
North Village Wastewater Collection System (16-5656.64)	345,885	345,885	0	3,569,161	3,569,161		3,569,161	3,915,046
Project Contingencies	2,785,100	0	2,785,100	(1,266,568)	1,518,532		1,518,532	1,518,532
System Development Fee		0	0	875,468	875,468		875,468	875,468
Restricted Debt Service Reserve		0	0	1,916,000	1,916,000		1,916,000	1,916,000
Participant Deposit Reimbursement		0	0		0		0	0
Total Project	7,090,000	4,304,900	2,785,100	29,120,000	31,905,100	0	31,905,100	36,210,000





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 2014-2015

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.
- Replaced vertical turbine wash-water pump with submersible style pump to improve reliability and lower maintenance cost.

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

CHALLENGES AND GOALS FOR 2015-2016

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:

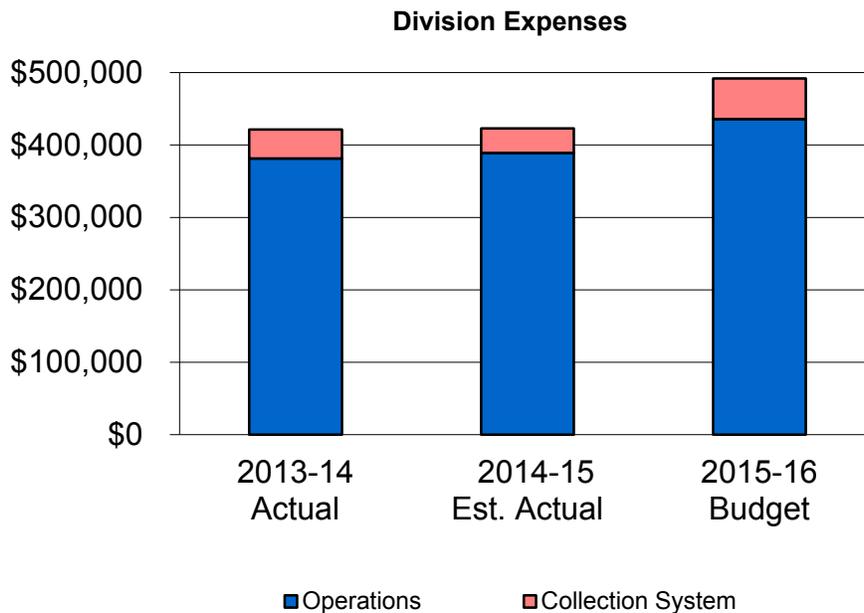
- Continue to reduce energy consumption and cost by implementing operational improvements.
- Inspect and clean collection system sewer lines per District's Sanitary Sewer Management Plan (SSMP).
- Ongoing development and implementation of improved operational strategies to reduce equipment run times and labor cost.
- Continued inspection of the Woods Valley Golf Course reclamation water usage and operations to ensure 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 and North Village Areas.

Woods Valley Ranch Wastewater Expansion Project: The Woods Valley Ranch 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 further north and east to Cole Grade Road to include similarly zoned property within the North Village Area. This expansion project is included in Fund 16 on page 12-1.

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), 2 (70 Lots) and 3 (172 lots) of the Orchard Run Subdivision have been previously approved.



Recap of Budget and Source of Financing

	Replacement Reserve Fund	Operating Reserve Fund	Continuing Projects Fund	Operating Fund	Total
ACTUAL BALANCE JULY 1, 2014	1,175,258	171,531	21,987	0	1,368,777
ADD: Revenue 2014-2015					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				38,537	38,537
Interest	8,267			1,112	9,379
Total Revenue					379,212
LESS: Estimated Expenditures 2014-2015	0	0	(126,000)	(320,357)	(446,357)
Transfers	(800,000)	(11,353)	800,000	11,353	0
Net Change	(689,113)	(11,353)	674,000	(40,679)	(67,145)
ESTIMATED BALANCE JUNE 30, 2015	486,145	160,178	695,987	(40,679)	1,301,632
ADD: Revenue 2015-2016					
Wastewater Service Charge	102,620	0		228,676	331,296
Reclaimed Water & Meter Charge				38,540	38,540
Interest	3,762			2,338	6,100
Total Revenue					375,936
LESS: Proposed Expenditures 2015-2016		0	0	(372,197)	(372,197)
Expenditures of Continuing Projects			(695,987)		(695,987)
Transfers	(169,243)	25,921	0	143,322	0
Net Change	(62,861)	25,921	(695,987)	40,679	(692,248)
ESTIMATED BALANCE JUNE 30, 2016	423,284	186,099	0	0	609,383

GENERAL INFORMATION:

Average Wastewater Units Billed:

Monthly Rates:

Effective July 1

Effective January 1

2013-2014	2014-2015		2015-2016
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	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
4110.01	Wastewater Service Charge	311,156	318,281	318,281	323,014
4110.02	Wastewater Capacity Reservation Fee	20,113	13,015	13,015	8,282
4140.00	Reclaimed Water	23,961	34,660	36,962	36,960
4140.01	Reclaimed Water Meter Charge	1,559	1,550	1,575	1,580
4410.00	Interest - Operating & Replace. Res.	13,266	10,099	9,379	6,100
	Total	370,055	377,605	379,212	375,936

Description	2013-2014	2014-2015		2015-2016
	Actual	Budget	Estimated Actual	Budget
Collection System	39,859	43,150	33,850	55,950
Treatment	381,460	402,532	389,127	418,867
Capital Projects	32,904	821,987	126,000	0
TOTAL WOODS VALLEY RANCH	454,223	1,267,669	548,977	474,817

Collection System 17-5330.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	28,549	31,800	26,500	46,100
03	Overtime	250	350	150	350
25	Outside Professional Services	9,276	5,000	3,800	4,000
30	Special Department Expenses	0	1,000	0	1,000
38	Regulatory Permit & Fee	0	2,500	2,100	2,500
52	Maintenance of Facilities	1,784	2,500	1,300	2,000
	Total	39,859	43,150	33,850	55,950

Collection System 17-5330.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.34	46,100
03	Overtime	350
25	Outside Professional Services	4,000
30	Special Department Expenses	1,000
38	Regulatory Permit & Fees	2,500
52	Maintenance of Facilities including collection system	2,000

Treatment 17-5331.

Acct. No.	Description	2013-2014	2014-2015		2015-2016
		Actual	Budget	Estimated Actual	Budget
01	Labor & Benefits - Regular	104,303	126,600	120,000	126,500
03	Overtime	7,798	10,000	8,200	9,000
23	Chemicals	7,710	8,500	7,700	8,500
25	Outside Professional Services	28,444	33,500	25,475	30,500
30	Special Department Expenses	2,275	1,300	2,460	1,600
32	Telephone	276	400	400	400
38	Regulatory Permits & Fees	15,157	14,000	16,000	16,250
40	Rents & Leases	0	250	250	250
42	Insurance	11,203	11,490	11,490	12,819
45	Electricity	40,151	33,000	38,750	41,000
48	Diesel	0	300	0	300
49	Water	538	550	500	550
51	Maintenance of Vehicles	1,729	3,000	1,160	2,000
52	Maintenance of Facilities	19,868	14,000	11,100	13,000
82	Administrative Overhead	39,388	43,022	43,022	53,578
	Total Treatment Operations	278,840	299,912	286,507	316,247
78	Contribution to Replacement Reserve	102,620	102,620	102,620	102,620
	Total	381,460	402,532	389,127	418,867

Treatment 17-5331.

Acct. No.	Detail and Justification	Department Request
01	Labor & Benefits - Regular Full Time Equivalents 0.81	126,500
03	Overtime	9,000
23	Chemicals	8,500
25	Outside Professional Services	30,500
	Pumper Trucks - Haul waste	6,500
	Laboratory Testing Services	8,000
	Courier Service	3,000
	Sewer Cleaning	7,000
	SCADA Maintenance	2,000
	Generator Load Testing	2,000
	Wonderware Service Support	2,000
30	Special Department Expenses	1,600
	Tools	800
	Equipment	800
32	Telephone	400
38	Regulatory Permits & Fees	16,250
40	Rents & Leases	250
42	Insurance	12,819
45	Electricity	41,000
48	Diesel	300
49	Water	550
51	Maintenance of Vehicles	2,000

Woods Valley Ranch 17-56XX-78

Description	Acct. No.	Prior	2015							2016					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														
Phase 2 Expansion Project	46		CONSTRUCTION							CONSTRUCTION							
SCADA/HMI Replacement Project	48		CONSTRUCTION							CONSTRUCTION							
Process Control Sensors	49	COMPLETE															
Mix Liquor Return Pumps	50	COMPLETE															
Installation of Variable Frequency Drives	59		CONSTRUCTION														

Woods Valley Ranch 17-56XX-78

Description	Acct. No.	Capital Project Request See Page	Total Approved Budget 2014-2015	Estimated Actual Expenditures 2014-2015	Budget Carried Forward to 2015-2016	New Appropriation 2015-2016	Total Approved Budget 2015-2016
SCADA and Security	20		3,230	1,000	2,230		2,230
Programmable Logic Controller	35		15,000		15,000		15,000
Phase 2 Expansion Project (Replacement Component)	46		525,000		525,000		525,000
SCADA/HMI Replacement Project	48		225,000	75,000	150,000		150,000
Process Control Sensors	49		30,000	30,000			0
Mix Liquor Return Pumps	50		20,000	20,000			0
Installation of Variable Frequency Drives	59		3,757		3,757		3,757
Total Capital Projects			821,987	126,000	695,987	0	695,987

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.

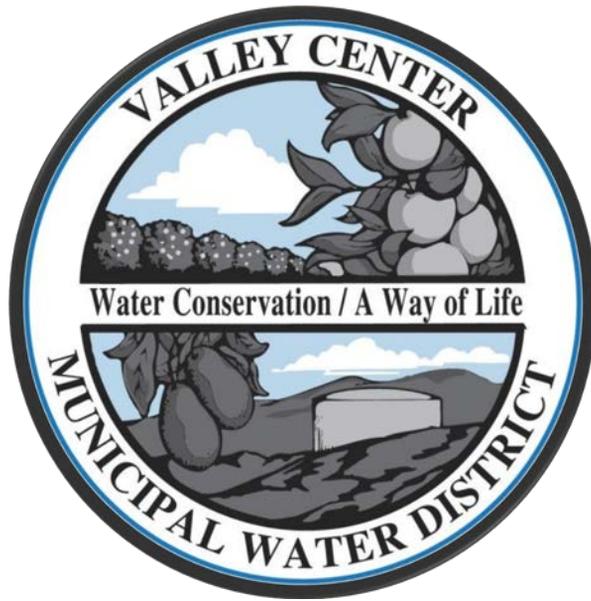
Estimated Expenditures by Year

Fiscal Year 2015-2016

Woods Valley Ranch 17-56XX-78

Description	Acct. No.	Capital Project Request See Page	Budget Carried Forward to 2015-16	New Appropriation 2015-16	Total Approved Budget 2015-16	Estimated Actual Expenditures 2015-16	Estimated Actual Expenditures 2016-17	Estimated Project Balance after 2 years
SCADA and Security	20		2,230		2,230	2,230		
Programmable Logic Controller	35		15,000		15,000	15,000		
Phase 2 Expansion Project (Replacement Component)	46		525,000		525,000	525,000		
SCADA/HMI Replacement Project	48		150,000		150,000	150,000		
Process Control Sensors	49							
Mix Liquor Return Pumps	50							
Installation of Variable Frequency Drives	59		3,757		3,757	3,757		
Total Capital Projects			695,987	0	695,987	695,987	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.



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).

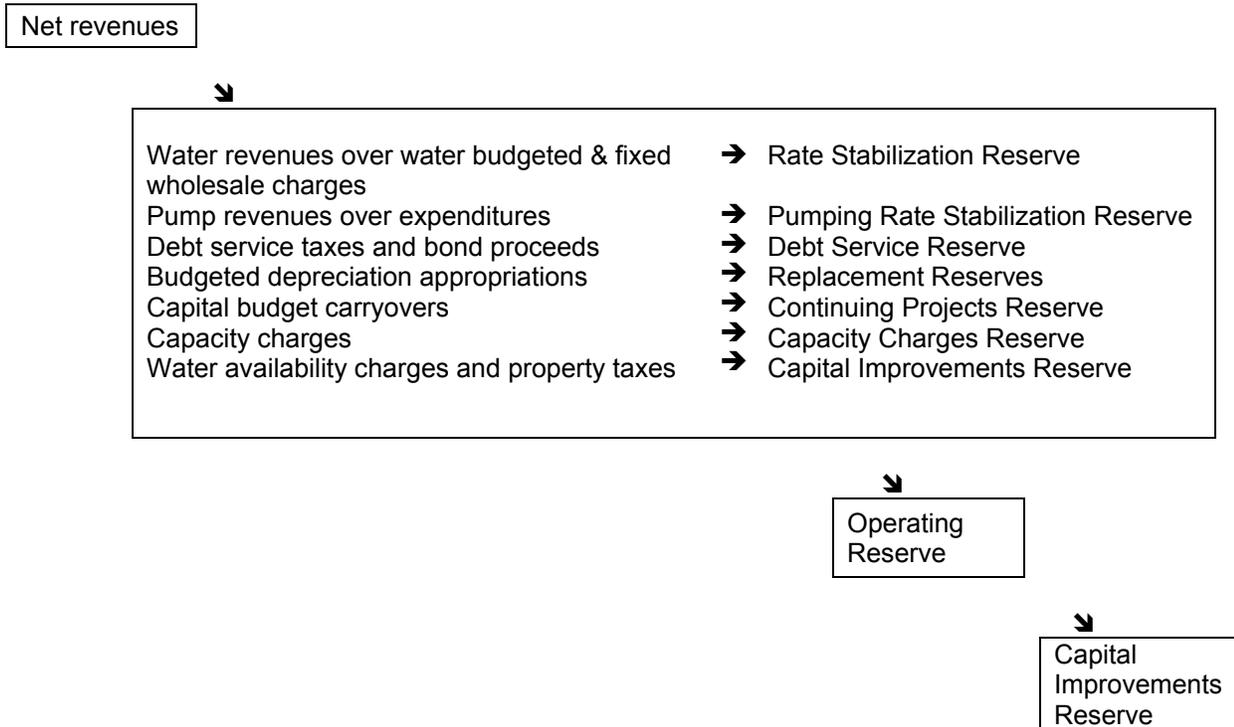
3. Restricted Reserves:
 - A. Debt Service Reserve: This reserve includes debt service taxes collected but not yet payable to debt holders, reserves required by debt agreements, and unexpended proceeds from debt issues, and will be used to fulfill debt requirements in accordance with debt covenants.
 - 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)
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

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.

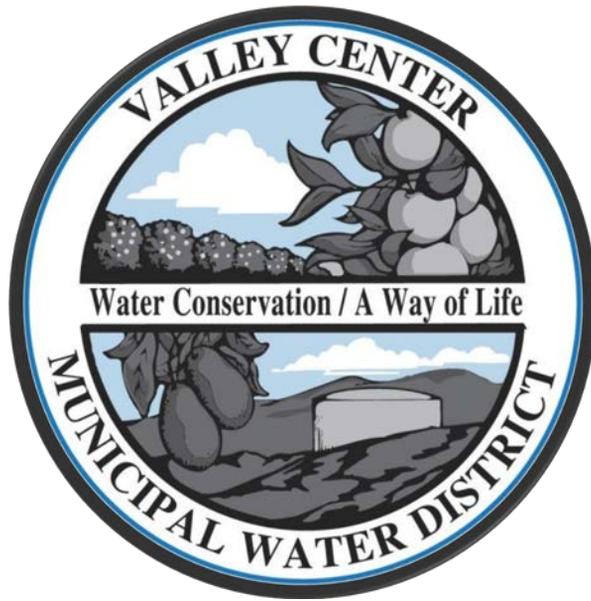
Revenues which cannot be predicted, such as capacity fees, property taxes, and interest, should be forecast conservatively in the budget.

- (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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