

BIENNIAL
BUDGET
FY 2023-2025

SAN LORENZO VALLEY WATER DISTRICT



BOULDER CREEK, CA



MISSION & CONTACT INFORMATION

OUR MISSION

Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District.

BOARD OF DIRECTORS

Name	Title	Elected/Appointed	Term Expires
Mark Smolley	President	Elected	December 2026
Jeff Hill	Vice President	Elected	December 2026
Bob Fultz	Director	Elected	December 2026
Gail Mahood	Director	Elected	December 2024
Jayne Ackemann	Director	Elected	December 2024

DISTRICT CONTACT INFORMATION

District Manager: Rick Rogers

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BUDGET OVERVIEW

TRANSMITTAL LETTER

Dear Board of Directors,

I am pleased to present you with the recommended biennial budget for Fiscal Year 2023-25. This budget totals \$39M for the first fiscal year 2023-24 and \$28.4M for the second fiscal year 2024-25 and includes all expected operating, non-operating and capital costs.

The table below summarizes the District's changes in operating, non-operating, capital and reserves. Expenses are net of an overhead absorption (OHA):

Operating Position	FY2023/24	FY2024/25
Operating Revenues, excluding FRS	\$ 11,602,621	\$ 11,779,480
Fire Recovery Surcharge (FRS)	\$ 1,000,000	\$ 1,000,000
Operating Expenses, net OHA	\$ 9,560,651	\$ 10,018,560
Operating Income (loss)	\$ 3,041,970	\$ 2,760,920
Non-Operating Position	FY2023/24	FY2024/25
Non-Operating Revenues	\$ 1,759,488	\$ 1,486,395
Non-Operating Expenses	\$ 2,348,486	\$ 2,350,834
Non-Operating Income (loss)	\$ (588,998)	\$ (864,439)
Total Income (Loss)	\$ 2,452,972	\$ 1,896,481
Capital Projects	FY2023/24	FY2024/25
Capital Funding Debt/Grants	\$ 22,107,855	\$ 14,181,957
Capital Project Expenditures	\$ 27,126,862	\$ 11,831,250
Capital Funding Surplus (deficit)	\$ (5,019,007)	\$ 2,350,707
Change in Reserves	\$ (2,566,035)	\$ 4,247,187

Operating expenses came in at \$9.5M and \$10M, respective of FY23-24 and FY24-25. This includes a new Construction Inspector position and an Environmental Planner position that was not included in the previous biennial budget. Total full time equivalent (FTE) employee headcount for the District is 37 employees.

Operating revenues are budgeted to be \$12.6M & \$12.7M including the Fire Recovery Surcharge (FRS), respective of FY23-24 and FY24-25. There are no rate increases factored into this budget. Operating revenues make up the District's largest source of income, representing 87% of overall revenue. Of the operating revenue, the water basic and water usage fees generate over 97% of the operating revenue; not including the FRS. Consumption is expected to be 456 million gallons and 461 million gallons, respective of FY23-24 and FY24-25.

Operating revenue includes the fire recovery surcharge to aid in the increased operational and capital expenditures caused by the 2020 CZU Lightening Fires. Surcharge revenues are \$1M for both FY23-24 and FY24-25. All Surcharge revenues received by the District will be maintained in a restricted fund or account from which CZU Wildfire expenses will be payable.

The District completed a rate study in 2017 that resulted in a 5 year rate schedule. This rate schedule ended in FY21-22. Since rate studies are typically completed every 3 to 5 years, the District is currently in the process of a new rate study and cost of service analysis. The new rate schedule is anticipated to be implemented January 2024 after a Prop 218 process, at which point a full review of the budget will be needed.

District customers continue to demonstrate commitment to ongoing conservation efforts, maintaining at least a 15-20% reduction in yearly water usage from 2013 consumption levels. Water resources remain a major focus for the District as we continue developing a conjunctive use plan intended to strengthen the health of our watershed while simultaneously providing resiliency to our water supply. In addition, the District is committed as a member of the Santa Margarita Groundwater Agency. In May 2023, the Groundwater Sustainability Plan (GSP) was approved, a milestone in achieving long-term groundwater sustainability. The basin must reach sustainability by 2042.

The District's anticipated capital expenses total \$27.1M and \$11.8M, respective of FY23-24 and FY24-25. This is significantly more than in previous years and mainly due to repairing damage from the CZU Fire. The CZU Fire impacted the District's operations of the water system. It destroyed the District's North System surface water transmission piping. With COVID 19 and the CZU Fire, the District was still able to complete several projects during the fiscal year which included a major mainline replacement along Quail Hollow Road, water main replacement along Scenic Way in Ben Lomond, and fuel reduction to several key facilities protecting from fires.

The biennial FY2023-2025 budget forecasts a decrease in reserves of \$2.5M for FY23-24 and an increase in reserves of \$4.2M for FY24-25. The decrease in FY23-24 is due to capital project expenses exceeding grant/FEMA funding and debt financing. The increase in FY24-25 is related to the anticipated FEMA reimbursements.

Over the next two years we will focus on facilitating repairs of the 2020 CZU fire damage and 2023 atmospheric river storm damage projects. In addition, the District will continue with the many scheduled mainline replacement and infrastructure repair projects budgeted. We live and work in one of the most beautiful places on the earth. Fiscal responsibility, environmental stewardship and a commitment to future generations will remain key driving forces as we move forward.

Sincerely,

A handwritten signature in blue ink that reads "Richard Rogers". The signature is written in a cursive, flowing style.

Rick Rogers, District Manager

ABOUT THE COMMUNITY

The San Lorenzo Valley is located in the Santa Cruz mountains in Santa Cruz County, California. The area was once involved in the logging industry, especially during the rebuilding of San Francisco after the 1906 earthquake. More recently, the growth in Silicon Valley has made the area more desirable and slightly more affordable than other areas of Silicon Valley. The San Lorenzo Valley contains multiple state parks, golf courses and an active railroad attraction. Over the years, the District's service area has changed from rural and vacation cabins to a more urbanized, year-round water-use area. It is home to over 25,000 people. The District's service area covers the towns of Ben Lomond, Felton, Brookdale, Boulder Creek and parts of the City of Scotts Valley.



ABOUT THE DISTRICT

The San Lorenzo Valley Water District was established in 1941 as an independent special district. The District is governed by a five-member Board of Directors, elected at-large from within the District's service area. The San Lorenzo Valley Water District currently employs a full-time staff of 37 employees.

The District's boundaries comprise approximately 60 square miles and 190 miles of pipeline. The District currently provides service to approximately 7,900 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine stream diversions, one groundwater spring, and eight active groundwater wells. Currently, only two of the nine stream diversions are active after damage caused by the 2020 CZU fire. The District owns, operates, and maintains two water systems from separate water sources. These sources are derived solely from rainfall within the San Lorenzo River watershed.

The District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes



MAJOR EVENTS

2023 Storm Damage

Beginning December 27, 2022 through March 2023, the San Lorenzo Valley experienced a significant amount of storm damage from severe rains, winds, mudslides, and flooding. Surface water intakes on creeks were damaged by high, debris-laden flows and turbid conditions prevented the District from utilizing surface water for an extended period of time. Saturated ground combined with high winds led to many landslides and fallen trees that damaged District access roads and caused earth movements that broke water mains. Current cost estimates for damage exceed \$4M. California has secured a Presidential Major Disaster Declaration, which will make FEMA funds available for assistance in making repairs. It is anticipated that 75% of eligible expenses will be reimbursed by FEMA.

As of June 2023, the District has completed temporary repairs to mainlines that were damaged from the storms. Permanent repairs are pending FEMA approval and replacement design.



CZU Lightning Complex Fire

Beginning in August 2020, the CZU Lightning Complex fires burned through San Mateo and Santa Cruz counties, including portions of the SLVWD service area and Conjunctive Use Plan area. In total, the fire burned approximately 86,500 acres, destroyed 7,567 buildings, and damaged SLVWD water supply infrastructure, resulting in significant operational capacity losses. Damaged or destroyed infrastructure included: intake lines, approximately seven miles of distribution piping, over 30 storage and/or settling tanks, and four surface water intakes.

High Density Poly Ethylene (HDPE) mains in the burn area were damaged and melted, causing depressurization of the water distribution system.

The District continues its fire recovery efforts with progress being made on permanent repairs for the pipelines, tanks, and other damaged infrastructure.

A constructability study & analysis for the raw water supply lines was completed in March 2022. A peer review of the constructability analysis was completed November 2022. A decision on the project design is pending the Board of Director's review and approval.



Bracken Brae & Forest Springs Consolidation

The District is consolidating with two small mutual water companies, Forest Springs and Bracken Brae, to provide a safe and reliable water supply to the approximately 440 customers served by these two systems. Forest Springs Mutual Water Company provides service to 128 residential connections (population 385). Bracken Brae Mutual Water Company provides service to 24 residential connections (population 54). Both mutual water companies were severely impacted by the 2020 CZU Lightning Complex Fire and ongoing drought. The funding request would allow for the replacement of two undersized storage tanks that currently serve only Forest Springs.

In 2022, the California Department of Water Resources awarded SLVWD with a Small Community Drought Relief Program grant of \$3.2 million. The grant included funds to upgrade/install a total of 8,960 +/- lineal feet of water main and to install a new pumping station.



ABOUT THE BUDGET PROCESS

Budgets are a fiscally responsible instrument for local government agencies, to help plan, prepare and forecast the financial and operational objectives of the District. This is the District's second biennial budget, which helps add to forward thinking and planning. The District operates as an enterprise fund with a fiscal year that begins July 1 and ends June 30. For financial reporting, the District follows Generally Accepted Accounting Principles (GAAP), of which we follow accrual based accounting, meaning revenues are recognized in the period in which they were earned and expenses when incurred. The Biennial Budget is developed and monitored on a modified accrual basis. Depreciation and amortization are not included; payment of debt service is included. The modified–accrual basis of accounting provides a better match of revenues and expenses for budgeting and reporting. The budget planning and preparation process is an important District activity and provides opportunity for the Board of Directors, management and staff to reassess goals and objectives for the upcoming and future years:

- This process typically begins internally in January, as templates and initial forecasts for the current year are prepared. Any budget assumptions, procedures and changes from the prior year's budget are discussed in a management kick-off meeting in February.
- Management begins to prepare departmental operating and capital expenditure forecasts. Finance compiles a consolidated budget package and begins comparative analysis to identify any anomalies or outliers that need further explanation.
- Finance will forecast revenue expectations based on active rate schedules in connection with historic and anticipated future consumption levels.
- Meetings typically begin with the Budget & Finance Committee during March, then escalate to the full Board of Directors. The budget continues to be a regular discussion as it is updated throughout the process.
- The budget will typically be reviewed by the Board of Directors two to three times throughout the process, allowing optimal discussion and public input. The budget is intended to be approved prior to the beginning of the new fiscal year.

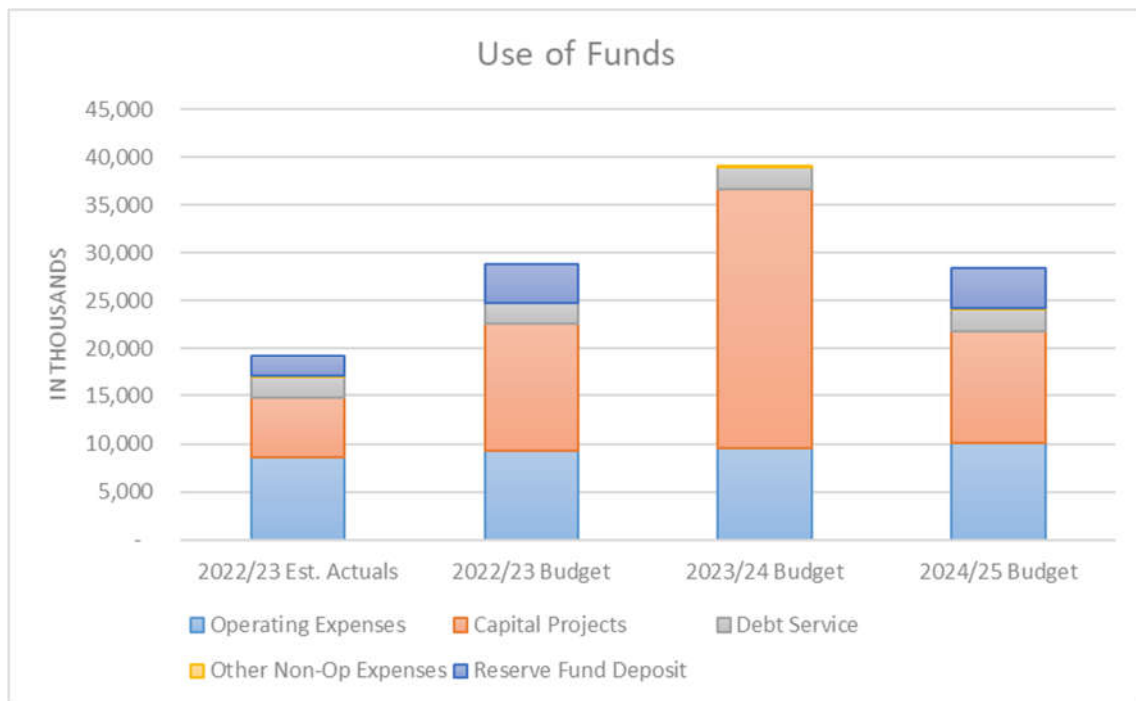
A budget should be balanced with revenues equal to or greater than expenditures and the District may elect to utilize reserves to attain a balanced budget. In the event a budget is not balanced, an action plan should be put in place to explain the shortfall and how the District plans to find a resolution.

OVERALL BUDGET SUMMARY

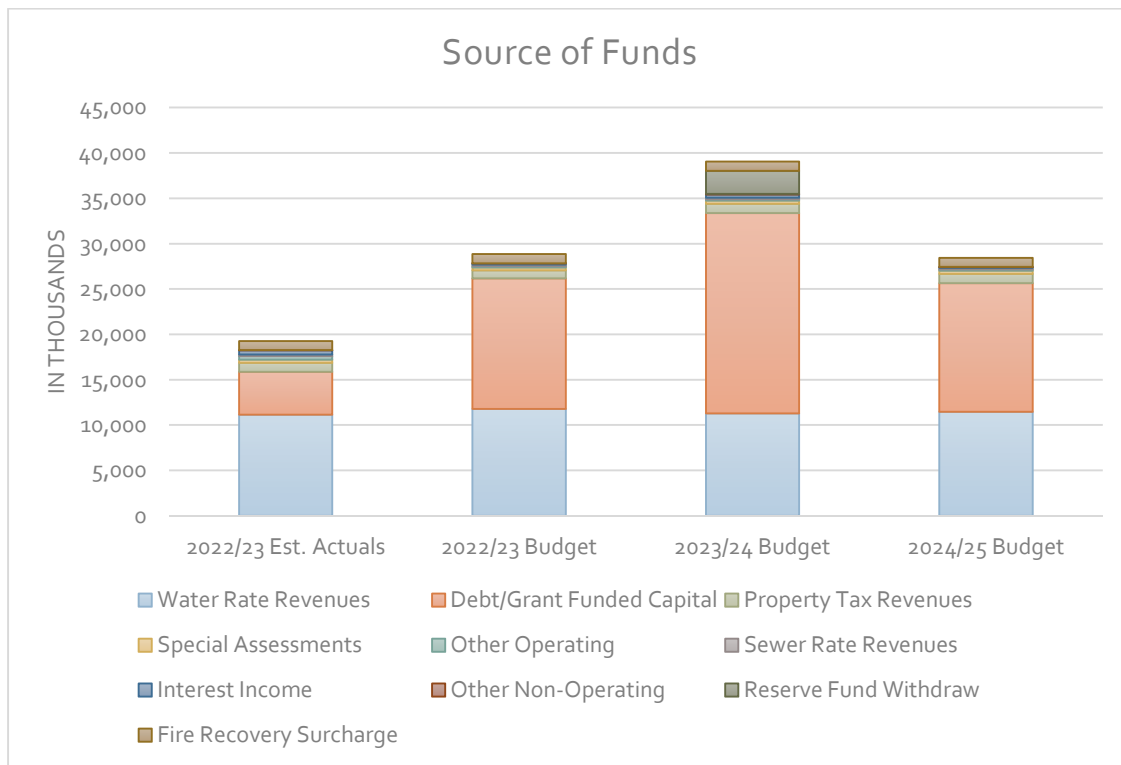
OVERALL SUMMARY

The charts below illustrate the breakdown of uses (expenditures) and sources (revenue) of funds over time. The FY23/24 apportionment of \$39M is comprised of \$27.1M or 69.5% for capital projects, \$9.5M or 24.5% for operating expenses, \$2.2M or 5.6% percent for debt service, and \$165K or 0.4% for other non-operating expenses. The FY24/25 apportionment of \$28.4M is comprised of \$11.8M or 41.6% for capital projects, \$10M or 35.2% for operating expenses, \$2.2M or 7.6% percent for debt service, \$166K or 0.6% for other non-operating expenses, and \$4.2M or 14.9% for deposits to the reserve fund.

Due to the anticipated timing of FEMA reimbursements, in FY23/24 the District has to utilize reserve funds for capital and FEMA projects while the District awaits reimbursements. In FY24/25, the FEMA reimbursements will create an influx of reserves to be used to pay for future expenditures and replenish monies spent from reserves during the emergency event.



OVERALL SUMMARY



The FY23/24 apportionment from source of funds of \$39M is comprised of \$22.1M or 56.6% from debt or capital contributions used for funding capital projects, \$11.4M or 29.3% from operating revenues, \$1M or 2.6% percent from the fire recovery surcharge, \$155K or 0.4% in other operating revenues, \$1M or 2.6% from property tax revenues, \$753K or 1.9% from other non-operating expenses, and \$2.5M or 6.6% from reserve fund withdraw. The FY24/25 apportionment of \$28.4M is comprised of \$14.1M or 49.9% from debt or capital contributions used for funding capital projects, \$11.6M or 40.9% from operating revenues, \$1M or 3.5% percent from the fire recovery surcharge, \$155K or 0.5% from other operating revenues, \$1M or 3.6% from property tax revenues, and \$450K or 1.6% from other non-operating expenses.

The Fire Recovery Surcharge is an operating revenue that will be maintained in a restricted fund or account from which CZU Wildfire expenses will be payable. The District will track CZU Wildfire costs against the revenues generated by the Surcharge. These expenses may be CZU operating related, capital or debt related expenditures. The overall surcharge is intended to collect \$5 million dollars over a 5 year period (ending FY25/26), or sooner if the related expenses are below \$5M.

REVENUES, EXPENSES & CHANGES IN RESERVES

The table below shows the flow of District funds and the estimated reserve fund balances, as described in the District's Reserve Fund Policy.

Statement of Revenues, Expenses and Changes in Reserves

DISTRICT FUNDS	FY2324 Proposed Budget	DISTRICT FUNDS	FY2425 Proposed Budget
<i>Beginning Reserve Balance</i>	\$ 8,122,526	<i>Beginning Reserve Balance</i>	\$ 5,556,492
Revenues		Revenues	
Operating Revenues ⁽¹⁾	\$ 12,602,621	Operating Revenues ⁽¹⁾	\$ 12,779,480
Non-operating Revenues	1,759,488	Non-operating Revenues	1,486,395
Total Revenues	\$ 14,362,109	Total Revenues	\$ 14,265,875
Expenses		Expenses	
Operating Expenses	\$ 9,860,651	Operating Expenses	\$ 10,318,560
Non-operating Expenses	2,348,486	Non-operating Expenses	2,350,834
Overhead Absorption ⁽²⁾	(300,000)	Overhead Absorption ⁽²⁾	(300,000)
Total Expenses	\$ 11,909,137	Total Expenses	\$ 12,369,395
Capital Improvement Expenses & Funding		Capital Improvement Expenses & Funding	
Capital Projects	\$ 27,126,862	Capital Projects	\$ 11,831,250
Grant/FEMA Funded ⁽³⁾	(6,977,489)	Grant/FEMA Funded ⁽³⁾	(14,181,957)
Debt Funded	(15,130,366)	Debt Funded	-
Capital Project Expenses from Reserves	\$ 5,019,007	Capital Project Expenses from Reserves	\$ (2,350,707)
Increase (Decrease) in Reserves	\$ (2,566,035)	Increase (Decrease) in Reserves	\$ 4,247,187
Ending Reserve Balance	\$ 5,556,492	Ending Reserve Balance	\$ 9,803,679

Reserve Balances		Reserve Balances	
Operating Reserve	\$ 3,697,744	Operating Reserve	\$ 3,869,460
Capital Reserve	1,388,747	Capital Reserve	1,882,478
Compensated Absences	180,000	Compensated Absences	180,000
Restricted - Fire Recovery ⁽⁴⁾	-	Restricted - Fire Recovery ⁽⁴⁾	-
Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000
Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000
Surplus Reserves	-	Surplus Reserves	3,581,741
	\$ 5,556,492		\$ 9,803,679

(1) The Fire Recovery Surcharge is included in the operating revenue. The District will track CZU Wildfire costs against the revenues generated by the Surcharge. These expenses may be operating, capital or debt related expenditures and will be maintained in a restricted account.

(2) Overhead absorption is typically employee labor time that is capitalized for work performed on capital project in lieu of an outside consultant.

(3) FEMA/Grant reimbursements are being based on cash basis accounting to represent the actual cash flow needs. Accrual based accounting will recognize the 90% & 75% FEMA portion at the time being spent in the audit.

(4) See next page for supplemental information on the Restricted Fire Recovery Surcharge Reserve Balance.

RESTRICTED - FIRE RECOVERY SURCHARGE RESERVE BALANCE - SUPPLEMENTAL INFORMATION

The following table is for the Fire Recovery Surcharge (FRS) Reserve fund balance and shows how the District is using the funds received from rate payers for the FRS. As shown below, all CZU related expenses, exceeds the amount received for FEMA reimbursements and the FRS, depleting the FRS reserve fund each fiscal year. Any overage in CZU related expenses that are not covered by the FEMA reimbursements and FRS, are paid out of the District's general fund.

Restricted - Fire Recovery Surcharge - Supplemental Information

ITEM #	DESCRIPTION	08/18/2020-06/30/2023	FY23/24 BUDGET	FY24/25 BUDGET	COMMENTS
[1]	CZU RELATED EXPENSES	\$ (4,728,406)	\$ (7,520,000)	\$ (2,545,000)	Capital project or operating expenses directly related to the CZU fires. For an itemized listing of projects and expenses, reference the quarterly Fire Recovery Surcharge report included in the finance status reports.
[2]	TOTAL RECEIVED FROM FEMA	\$ 475,808	\$ 1,644,063	\$ 6,768,000	These are the FEMA Reimbursements based on cash basis accounting to represent cash flow and how it will affect the reserve balance.
[3]	INITIAL INCREASE (DECREASE) IN RESERVES	\$ (4,252,598)	\$ (5,875,937)	\$ 4,223,000	This is the initial increase (decrease) to reserves.
[4]	TOTAL FIRE RECOVERY SURCHARGE (FRS) RECEIVED	\$ 1,823,884	\$ 1,000,000	\$ 1,000,000	The amount collected from customers for the fire recovery surcharge.
[5]	NET CHANGE IN RESERVES	\$ (2,428,714)	\$ (4,875,937)	\$ 5,223,000	The net change in reserves is the difference between total CZU related expenses, plus the total received from FEMA plus the total received from rate payers for the FRS. It shows how much the District had or has to pay out of reserves.
[6]	RUNNING TOTAL OF CHANGES IN RESERVES	\$ (2,428,714)	\$ (7,304,652)	\$ (2,081,652)	This will show a running total of how the reserves will increase or decrease in relation to CZU related expenses.
[7]	RESTRICTED FRS RESERVE FUND BALANCE	\$ -	\$ -	\$ -	Since the total CZU related expenses exceeds the amount received from FEMA reimbursements and rate payers for the FRS, the balance of the restricted FRS account is \$0.

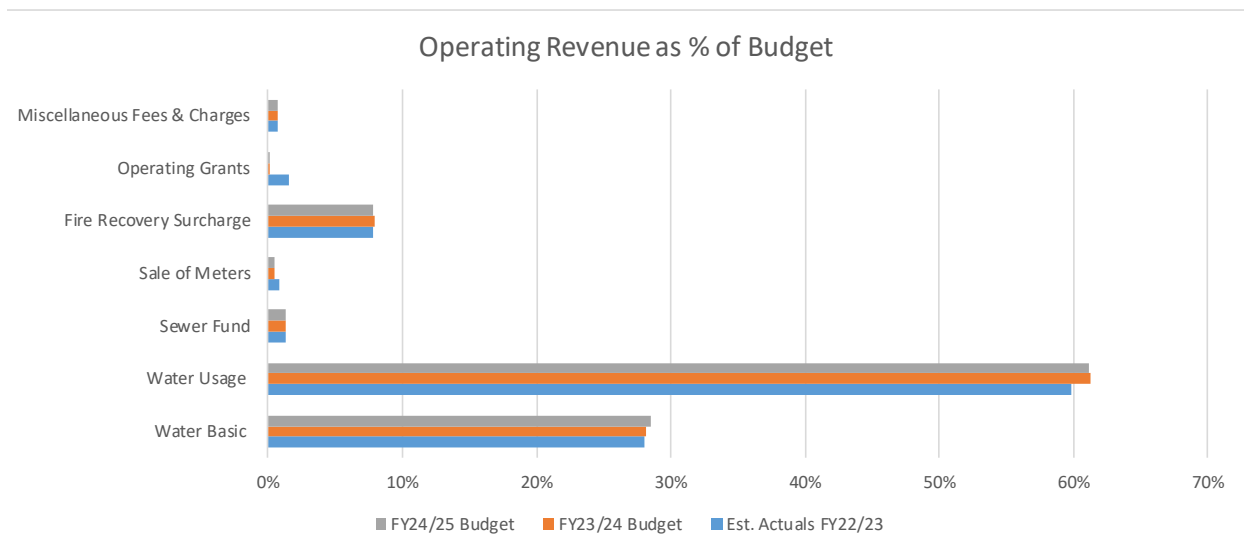
REVENUE SUMMARY

Overall District revenue (Operating & Non-operating) is budgeted to be \$14.3M for FY23/24 and \$14.3M for FY24/25. Revenues have decreased \$89K or -0.6% compared to the prior year FY22/23 budget and \$96K or -0.7% from FY23/24 to FY24/25. This small variance is due to no budgeted rate increases and consumption to remain relatively flat, offset by an increase in interest earnings. Consumption is anticipated to be 456 million gallons of water sold, and 461 million gallons in the respective biennial budget years. The increase in consumption is attributed to the Consolidation of Forest Springs & Bracken Brae customers. The District will continue to monitor consumption levels throughout the year.

Operating Revenue Budget

	2022/23	2022/23	2023/24	2024/25	2022/23	2023/24
	Estimated	Adopted	Proposed	Proposed	Compared to	Compared to
	Actuals	Budget	Budget	Budget	2023/24	2024/25
					Proposed	Proposed
					Budget	Budget
Operating Revenue						
Water Basic	\$ 3,548,856	\$ 3,536,400	\$ 3,552,000	\$ 3,643,176	\$ 15,600	\$ 91,176
Water Usage	7,580,309	8,231,131	7,722,600	7,808,283	(508,531)	85,683
Sewer Fund	173,019	173,021	173,021	173,021	-	-
Sale of Meters	100,000	32,000	60,000	60,000	28,000	-
Fire Recovery Surcharge (FRS) ⁽¹⁾	988,971	1,000,000	1,000,000	1,000,000	-	-
Operating Grants	200,000	-	5,000	5,000	5,000	-
Miscellaneous Fees & Charges	85,131	105,560	90,000	90,000	(15,560)	-
Total Operating Revenue	\$ 12,676,287	\$ 13,078,112	\$ 12,602,621	\$ 12,779,480	\$ (475,491)	\$ 176,859
Total Operating Revenue, excluding FRS	\$ 11,687,315	\$ 12,078,112	\$ 11,602,621	\$ 11,779,480	\$ (475,491)	\$ 176,859

(1) The Fire Recovery Surcharge is an operating revenue that will be maintained in a restricted fund or account from which CZU Wildfire expenses will be payable. The District will track CZU Wildfire costs against the revenues generated by the Surcharge. These expenses may be operating, capital or debt related expenditures.



REVENUE SUMMARY

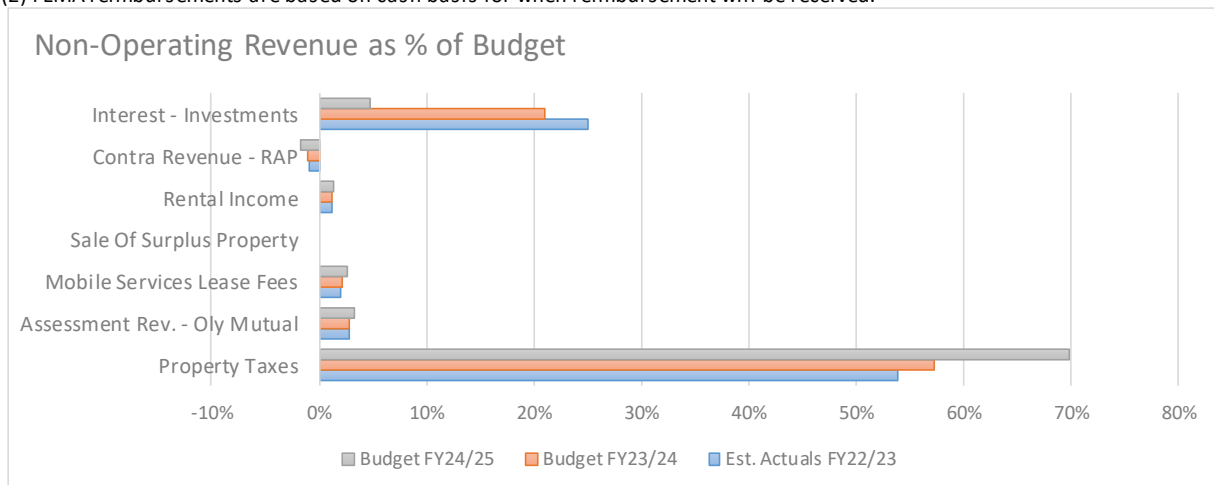
Non-operating revenues remain consistent with prior year, with the exception of interest earnings. Interest earnings remain higher than anticipated in FY23/24 due to the large restricted loan financing that remains in the District's accounts and is expensed as the projects progress. The loan financing projects are expected to be completed in FY23/24, which is shown in the decrease in interest earnings for FY24/25. Capital contributions for FY23/24 are projected to be \$10.8M and \$15M for FY24/25. These are the anticipated cash basis reimbursements to be received from Grant Funding or FEMA for the approximate 75% portion for the 2023 storm projects or 90% portion covered for the CZU Fire related projects.

Non-Operating Revenue Budget

					2022/23 Budget	2023/24 Budget
	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	Compared to 2023/24 Proposed Budget	Compared to 2024/25 Proposed Budget
Non-Operating Revenue						
Property Taxes	\$ 978,000	\$ 882,669	1,007,340	1,037,560	\$ 124,671	\$ 30,220
Assessment Rev. - Oly Mutual	49,480	48,500	49,500	49,500	1,000	-
Assessment Rev. - Lompico	293,510	295,000	294,000	294,000	(1,000)	-
Mobile Services Lease Fees	36,500	25,000	37,200	39,060	12,200	1,860
Rental Income	20,766	18,500	20,766	20,766	2,266	-
Contra Revenue - RAP ⁽¹⁾	(16,245)	(25,000)	(20,000)	(25,000)	5,000	(5,000)
Interest - Investments	454,465	128,255	370,682	70,509	242,427	(300,173)
Total Non-Operating Revenue	\$ 1,816,476	\$ 1,372,924	\$ 1,759,488	\$ 1,486,395	\$ 386,564	\$ (273,093)
Capital Contributions						
Capital Grants	\$ -	\$ -	\$ 3,820,022	\$ 900,000	\$ 3,820,022	\$ (2,920,022)
FEMA Reimbursements ⁽²⁾	200,962	8,466,375	6,977,489	14,181,957	(1,488,886)	7,204,468
Total Capital Contributions	\$ 200,962	\$ 8,466,375	\$ 10,797,511	\$ 15,081,957	\$ 2,331,136	\$ 4,284,446

(1) RAP - Rate Assistance Program

(2) FEMA reimbursements are based on cash basis for when reimbursement will be received.



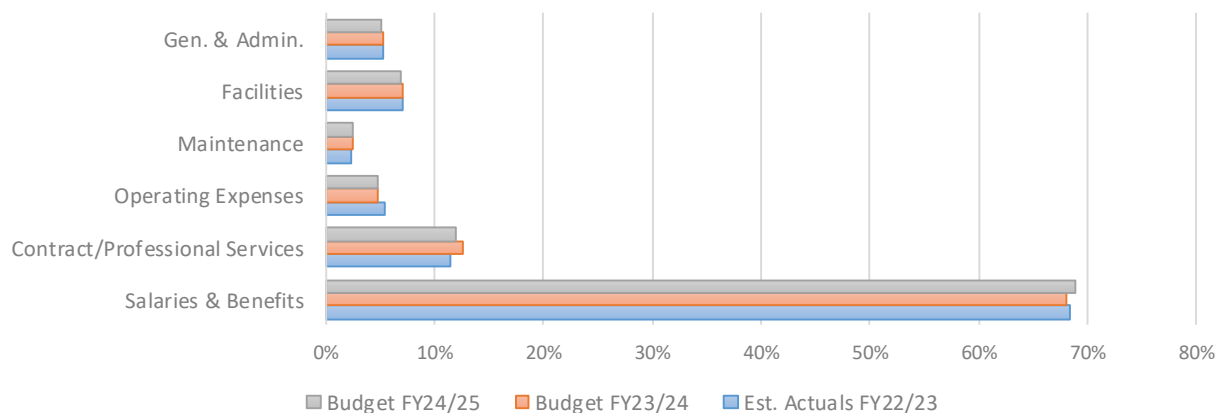
EXPENSE SUMMARY

Operating expenses, excluding capital projects, are budgeted to be \$9.8M for FY23/24 and \$10.3M for FY24/25. Operating expenses have increased \$392K or 4.1% compared to the prior FY22/23 budget and increased \$458K or 4.6% from FY23/24 to FY24/25. The below table breaks down operating expenses from two views, by the main categories and then by the departments. These will be broken down in more detail further in this document.

Operating Expense Budget

					2022/23 Budget Compared to	2023/24 Budget Compared to
	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2023/24 Proposed Budget	2024/25 Proposed Budget
By Category						
Salaries & Benefits	\$ 5,970,346	\$ 6,604,475	\$ 6,710,003	\$ 7,111,239	\$ 105,529	\$ 401,236
Contract/Professional Services	997,151	1,011,467	1,237,813	1,225,516	226,346	(12,297)
Operating Expenses	480,116	455,450	464,400	491,000	8,950	26,600
Maintenance	204,332	202,288	239,600	257,850	37,312	18,250
Facilities	620,042	725,645	693,625	704,145	(32,020)	10,520
Gen. & Admin.	461,461	468,707	515,210	528,810	46,503	13,600
Total Operating by Category	\$ 8,733,448	\$ 9,468,031	\$ 9,860,651	\$ 10,318,560	\$ 392,620	\$ 457,909
				<i>% Change</i>	<i>4.1%</i>	<i>4.6%</i>
By Department						
Administrative	\$ 1,343,022	\$ 1,467,338	\$ 1,602,330	\$ 1,522,782	\$ 159,778	\$ 25,970
Finance & Business Services	1,348,203	1,622,630	1,641,865	1,655,826	19,812	24,558
Engineering	482,822	453,401	656,833	714,121	191,417	66,722
Operations & Distribution	2,658,860	2,595,265	2,638,370	2,860,276	58,268	158,087
Environmental	363,385	333,723	425,069	461,980	78,128	39,269
Supply & Treatment	2,384,423	2,878,402	2,774,357	2,978,166	(144,341)	144,701
Sewer Fund	152,732	117,271	121,827	125,409	4,556	3,582
Total Operating by Department	\$ 8,733,448	\$ 9,468,031	\$ 9,860,651	\$ 10,318,560	\$ 367,618	\$ 462,889

Operating Expenses By Category as % of Budget



EXPENSE SUMMARY

Non-operating expenses are mainly comprised of interest expense and debt principal expense and remain around \$2.1M for each fiscal year.

The District is one of three founding members of the Santa Margarita Groundwater Agency (SMGWA). SMGWA was formed in response to California's 2014 Sustainable Groundwater Management Act, and is charged with managing groundwater resources in the over-drafted Santa Margarita groundwater basin within the San Lorenzo Valley watershed. The District is committed to annual expenditures for administrative and monitoring tasks, and will pursue capital projects described in the Plan as grant funding becomes available. The District's portion is \$165K for FY23/24 and \$166K for FY24/25.

Non-Operating Expense Budget

					2022/23 Budget	2023/24 Budget
					Compared to 2022/23 Proposed Budget	Compared to 2023/24 Proposed Budget
	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2023/24 Proposed Budget	2024/25 Proposed Budget
Interest Expense						
Felton Loan	22,129	22,129	18,124	14,025	(4,005)	(4,100)
Olympia SRF Loan	31,793	32,712	29,919	27,997	(2,793)	(1,922)
Probation Tank Loan	74,009	74,009	70,739	67,333	(3,270)	(3,406)
2019 \$14.5M COP	495,350	495,350	482,100	468,225	(13,250)	(13,875)
2021 \$15M Loan	342,946	342,167	328,300	313,319	(13,867)	(14,980)
Solar Lease	5,267	5,263	4,007	2,700	(1,256)	(1,307)
Interest Expense	\$ 971,494	\$ 971,630	\$ 933,189	\$ 893,599	\$ (38,441)	\$ (39,590)
				<i>% Change</i>	<i>-4.0%</i>	<i>-4.2%</i>
Debt Principal Payments						
Felton Loan Exp. 2027 @ 2.42%	164,671	164,668	168,676	172,775	4,008	4,100
Olympia SRF Exp. 2037 @ 2.57%	72,607	71,521	74,481	76,403	2,960	1,922
Probation Tank Exp. 2038 @ 4.15%	77,969	77,969	81,238	84,645	3,269	3,407
2019 \$14.5M COP Exp. 2049 @ 2.99%	260,000	260,000	270,000	285,000	10,000	15,000
2021 \$15M Loan Exp. 2041 @ 2.40%	606,584	606,584	621,229	636,228	14,645	14,999
Solar Lease Exp. 2026 @ 3.67%	33,732	33,731	34,992	36,299	1,261	1,307
Debt Principal Expense	\$1,215,563	\$ 1,214,473	\$ 1,250,615	\$ 1,291,350	\$ 36,142	\$ 40,735
Other Non-Operating Expenses						
Investment in SMGWA ⁽¹⁾	\$ 151,044	\$ -	\$ 164,681	\$ 165,885	\$ 164,681	\$ 1,204
Other Non-Op Expense	\$ 151,044	\$ -	\$ 164,681	\$ 165,885	\$ 164,681	\$ 1,204
TOTAL NON-OPERATING EXPENSE	\$2,338,101	\$ 2,186,103	\$ 2,348,486	\$ 2,350,834	\$ 162,383	\$ 2,348
				<i>% Change</i>	<i>7.4%</i>	<i>0.1%</i>

(1) Santa Margarita Ground Water Agency (SMGWA) - FY23/24 - This amount is from the SMGWA FY2024 Budget. FY24/25 is SMGWA's estimated amount.

OPERATING BUDGET

SUMMARY – OPERATING BUDGET

The recommended Operating Budget for FY23/24 results in an Operating Income of \$2.7M and \$2.4M for FY24/25.

High Level Revenue & Expense Summary

Operating Revenue & Expense					2022/23 Budget Compared to 2023/24 Proposed Budget	2023/24 Budget Compared to 2024/25 Proposed Budget
	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2023/24 Proposed Budget	2024/25 Proposed Budget
Operating Revenue						
Water Basic	\$ 3,548,856	\$ 3,536,400	\$ 3,552,000	\$ 3,643,176	\$ 15,600	\$ 91,176
Water Usage	7,580,309	8,231,131	7,722,600	7,808,283	(508,531)	85,683
Sewer Fund	173,019	173,021	173,021	173,021	0	-
Sale of Meters	100,000	32,000	60,000	60,000	28,000	-
Fire Recovery Surcharge (FRS)	988,971	1,000,000	1,000,000	1,000,000	-	-
Operating Grants	200,000	-	5,000	5,000	5,000	-
Miscellaneous Fees & Charges	85,131	105,560	90,000	90,000	(15,560)	-
Total Operating Revenue	\$ 12,676,287	\$ 13,078,112	\$ 12,602,621	\$ 12,779,480	\$ (475,491)	\$ 176,859
Total Operating Revenue, excluding FRS	\$ 11,687,315	\$ 12,078,112	\$ 11,602,621	\$ 11,779,480	\$ (475,491)	\$ 176,859
Operating Expenses						
Salaries & Benefits	\$ 5,970,346	\$ 6,604,475	\$ 6,710,003	\$ 7,111,239	105,529	401,236
Contract/Professional Services	997,151	1,011,467	1,237,813	1,225,516	226,346	(12,297)
Operating Expenses	480,116	455,450	464,400	491,000	8,950	26,600
Maintenance	204,332	202,288	239,600	257,850	37,312	18,250
Facilities	620,042	725,645	693,625	704,145	(32,020)	10,520
Gen. & Admin.	461,461	468,707	515,210	528,810	46,503	13,600
Total Operating Expenses	\$ 8,733,448	\$ 9,468,031	\$ 9,860,651	\$ 10,318,560	\$ 392,620	\$ 457,909
OPERATING INCOME (LOSS)	\$ 3,942,839	\$ 3,610,081	\$ 2,741,970	\$ 2,460,920	\$ (868,111)	\$ (281,050)
				% Change	-24.0%	-10.2%
OPERATING INCOME (LOSS), excluding FRS	\$ 2,953,868	\$ 2,610,081	\$ 1,741,970	\$ 1,460,920	\$ (868,111)	\$ (281,050)
				% Change	-33.3%	-16.1%

FY23-24 BUDGET VARIANCE TO PRIOR FY22-23 BUDGET:

- Decrease revenue from water usage, \$508K
- Increase revenue from sale of meters, \$28K
- Increase revenue from operating grants, \$5K
- Decrease revenue from miscellaneous fees & charges, \$16K
- Increase expense \$103K related to 2 new hires
- Increase expense \$50K for fuel reduction
- Increase expense \$40K for compensation study
- Increase expense \$40K for grant writer
- Increase expense \$40K for DM recruitment
- Decrease expense \$32K in utilities
- Increase expense \$36K in fuel/vehicle maintenance

SUMMARY – OPERATING BUDGET

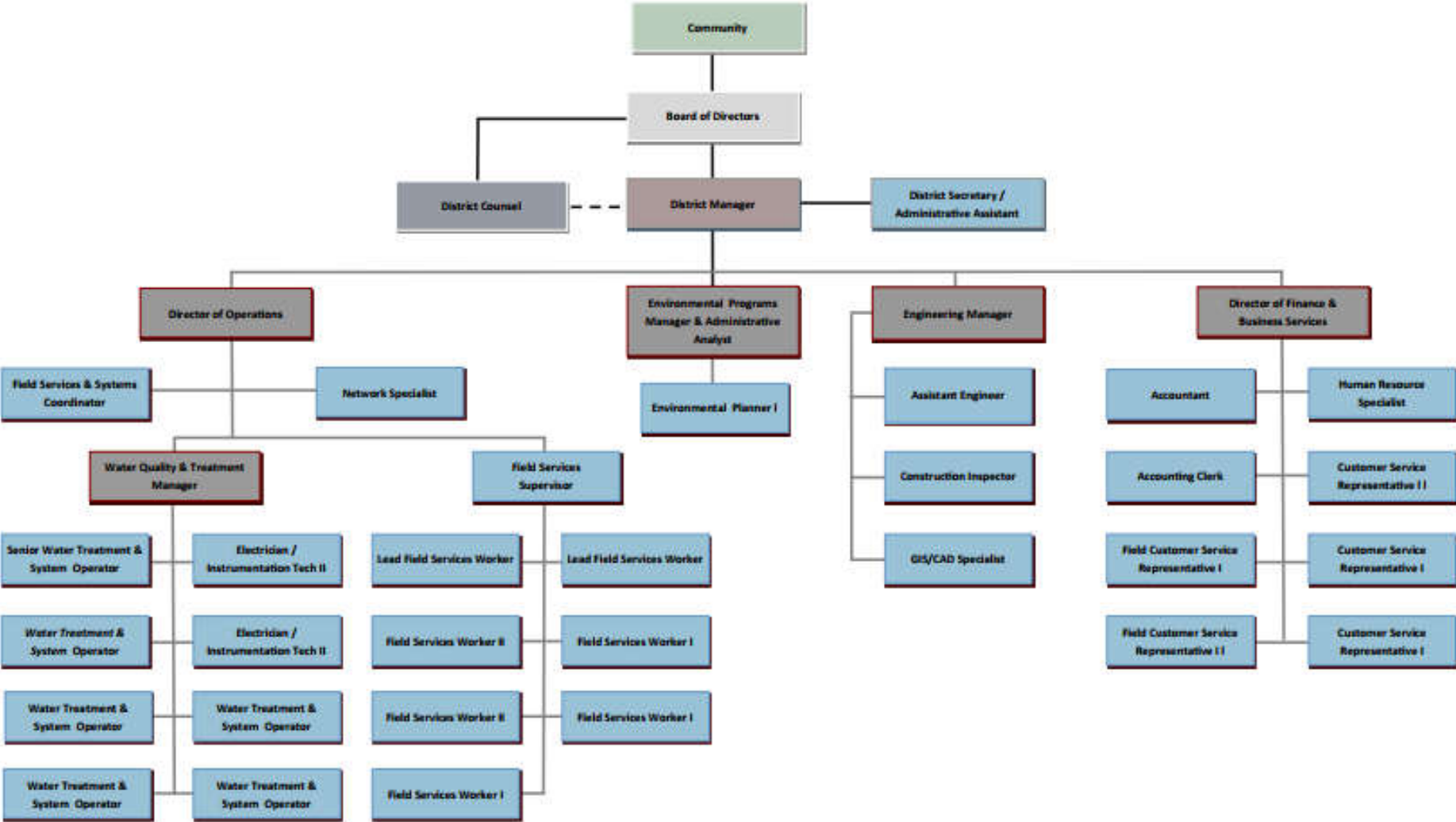
FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

- Increase revenue due to Forest Springs & Bracken Brae customers, \$177K
- Increase expense employee related (COLA, taxes, medical, pension) of \$401K
- Increase expense election year, \$40K
- Decrease expense \$80K for compensation study/DM recruitment

The District has the following rate schedules in place. This rate schedule was a result of the 2017 Rate Study conducted by NBS. The District is in the process of another rate study and has contracted with Raftelis Consultants. The District anticipates the final report to be completed by October 2023 with a Prop 218 process and a new 5 year rate schedule with rates beginning January 2024.

Fixed Service Charge	FY1718	FY1819	FY1920	FY2021	FY2122
5/8"	\$ 28.27	\$ 30.24	\$ 32.06	\$ 33.66	\$ 35.34
3/4"	\$ 28.27	\$ 30.24	\$ 32.06	\$ 33.66	\$ 35.34
1"	\$ 42.36	\$ 45.33	\$ 48.05	\$ 50.45	\$ 52.97
1 1/2"	\$ 77.61	\$ 83.04	\$ 88.03	\$ 92.43	\$ 97.05
2"	\$ 119.91	\$ 128.30	\$ 136.00	\$ 142.80	\$ 149.94
3"	\$ 232.70	\$ 248.98	\$ 263.92	\$ 277.12	\$ 290.97
4"	\$ 359.58	\$ 384.75	\$ 407.84	\$ 428.23	\$ 449.64
Volumetric Charge	FY1718	FY1819	FY1920	FY2021	FY2122
Flat Rate	\$ 10.12	\$ 10.83	\$ 11.48	\$ 12.06	\$ 12.66
Sewer Service Charge		FY1819	FY1920	FY2021	
Sewer Rate		\$ 178.80	\$ 214.56	\$ 257.47	

ORGANIZATIONAL CHART



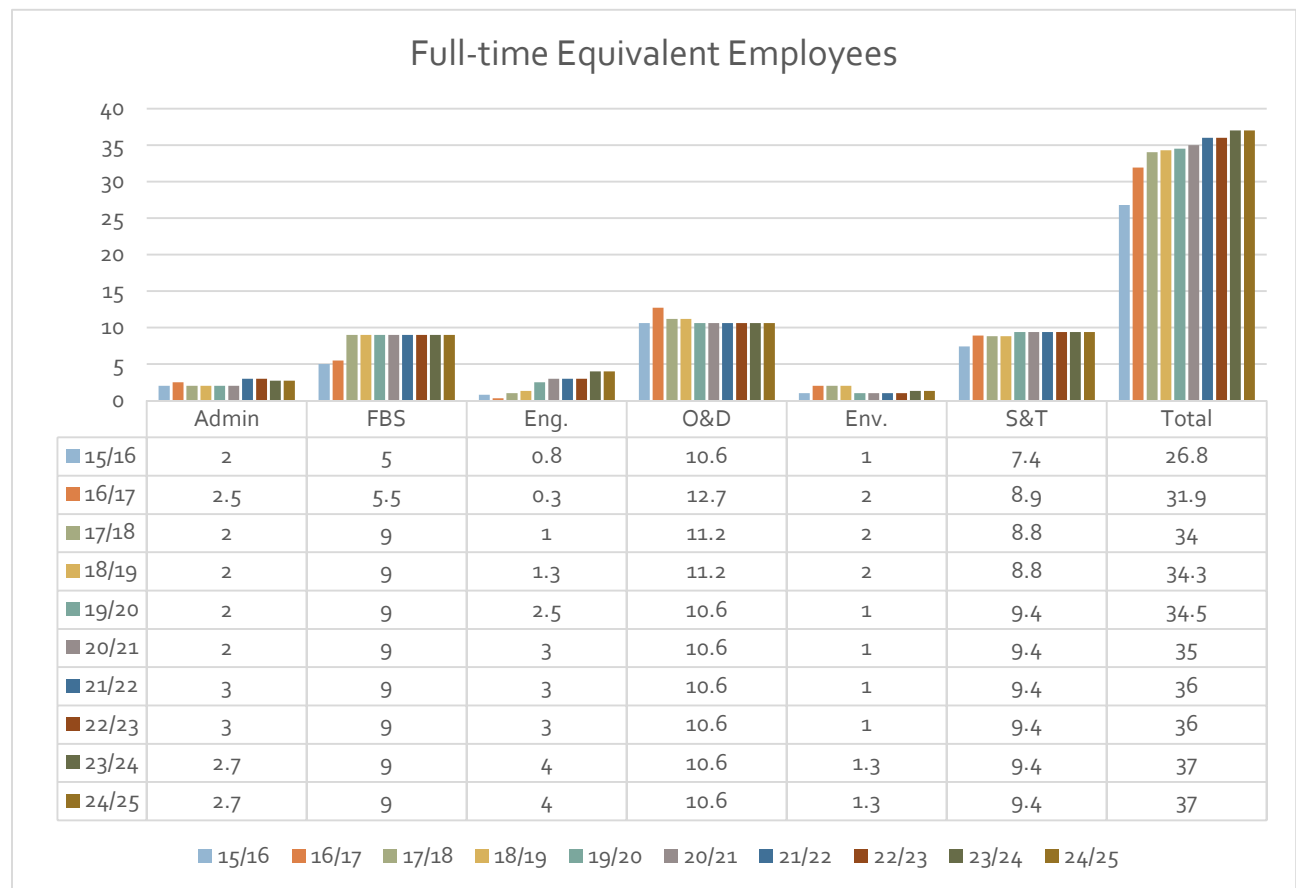
PERSONNEL

Overall, the largest operating expense of the District is the salary & benefits portion, making up approximately 68% of the overall operating expense. The Biennial Budget consists of 37 full-time equivalent (FTE) employees. District employees make it our mission to provide our customers and all future generations with reliable, safe, and high quality water possible.

This was especially shown by staff's dedication during the CZU Lightening Fires, which was one of the worst natural disasters the area has seen for many years.

EMPLOYEE RELATED EXPENSES:

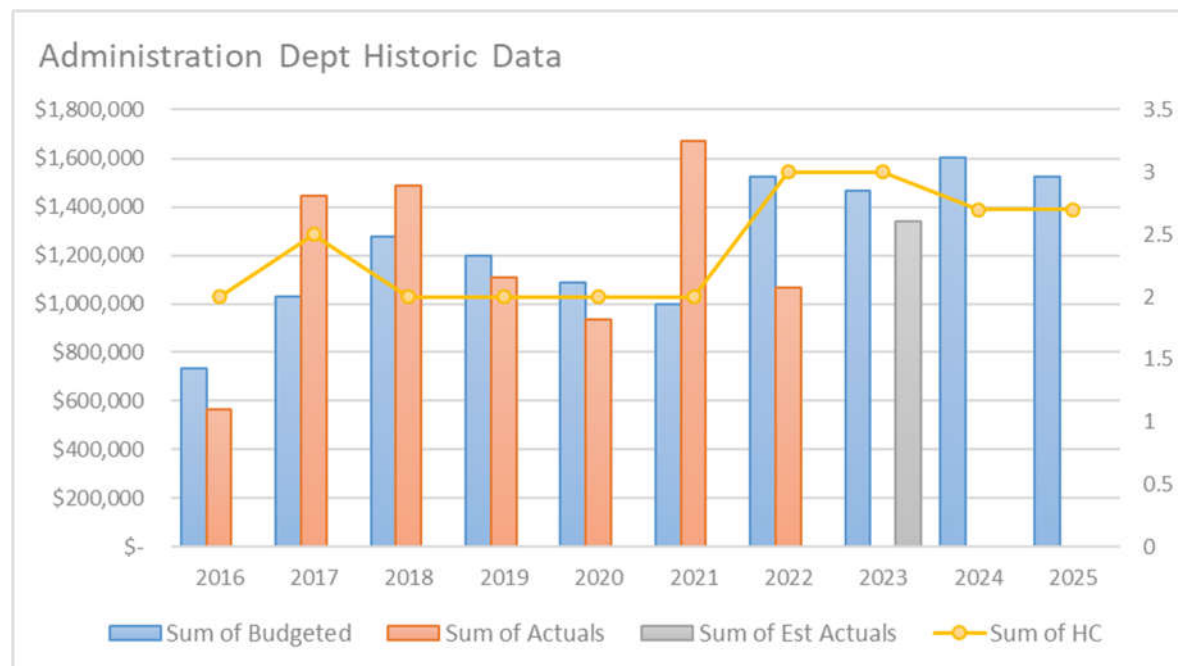
- Regular increases in employee items such as cost of living increases, payroll taxes, medical benefits and required pension payments occur each year.
- There are one time contributions to the OPEB Section 125 Trust fund of approximately \$35K in each fiscal year.



ADMINISTRATION DEPARTMENT

The Administration Department is responsible for maintaining communications, coordinating meetings and providing requested support to the public and the Board of Directors. The department assists in developing policies and procedures, rules and regulations and the overall strategic plan of the District. There are 2.7 FTE employees.

- The District Manager is appointed by the Board of Directors and is responsible for exercising overall supervision of District staff. The District Manager is responsible for the execution of contracts and other documents on behalf of the District to the extent provided by the Board of Directors.
- The District Secretary prepares Board agenda packets for all Board meetings, documents the notes from the meetings, maintains insurance policies and claims, and coordinates public outreach communication with staff or third party consultants.
- The Environmental Programs Manager/Administrative Analyst's time is allocated 50/50 to department 100 & 500. The 50% of the labor allocated to department 100 will be for outreach, special projects, grant writing, high level administrative support, and other tasks assigned by the District Manager.
- The Environmental Planner's time is allocated 20/80 to department 100 & 500, respectively. The 20% of the labor allocated to department 100 will be for various outreach & grant writing tasks.
- This department also contains the direct expenses of the Board of Directors.



ADMINISTRATION DEPARTMENT

Administration by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 666,196	\$ 795,921	\$ 784,326	\$ 743,726	\$ (11,595)	\$ (40,600)
Contract/Professional Services	\$ 356,393	\$ 349,899	461,320	417,733	111,421	(43,587)
Operating Expenses	\$ 2,991	\$ 6,500	4,468	4,468	(2,032)	-
Maintenance	\$ 18,298	\$ 18,704	21,597	21,491	2,892	(106)
Facilities	\$ 20,238	\$ 26,013	23,876	23,876	(2,138)	-
Gen. & Admin.	\$ 278,908	\$ 270,300	306,743	311,488	36,443	4,745
Total Operating Expense	\$ 1,343,022	\$ 1,467,338	\$ 1,602,330	\$ 1,522,782	\$ 134,991	\$ (79,548)
			% Change		9%	-5%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have increased \$135K or 9% compared to the prior year budget. The increase is due to a compensation study, District Manager recruitment, grant writer, and other increases to insurances.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have decreased \$80K or -5% compared to the FY23-24 budget. The decrease is due to the one-time expense of the compensation study, DM recruitment in FY23-24, decrease to salaries for filling new DM position in FY24-25, offset by election year in FY24-25.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- FY23-24: Non-recurring \$40K for a comp study, \$40k for District Manager Recruitment
- FY23-24: \$40K for Grant Writer, \$55K PR Firm
- FY23-24: \$240K for legal services

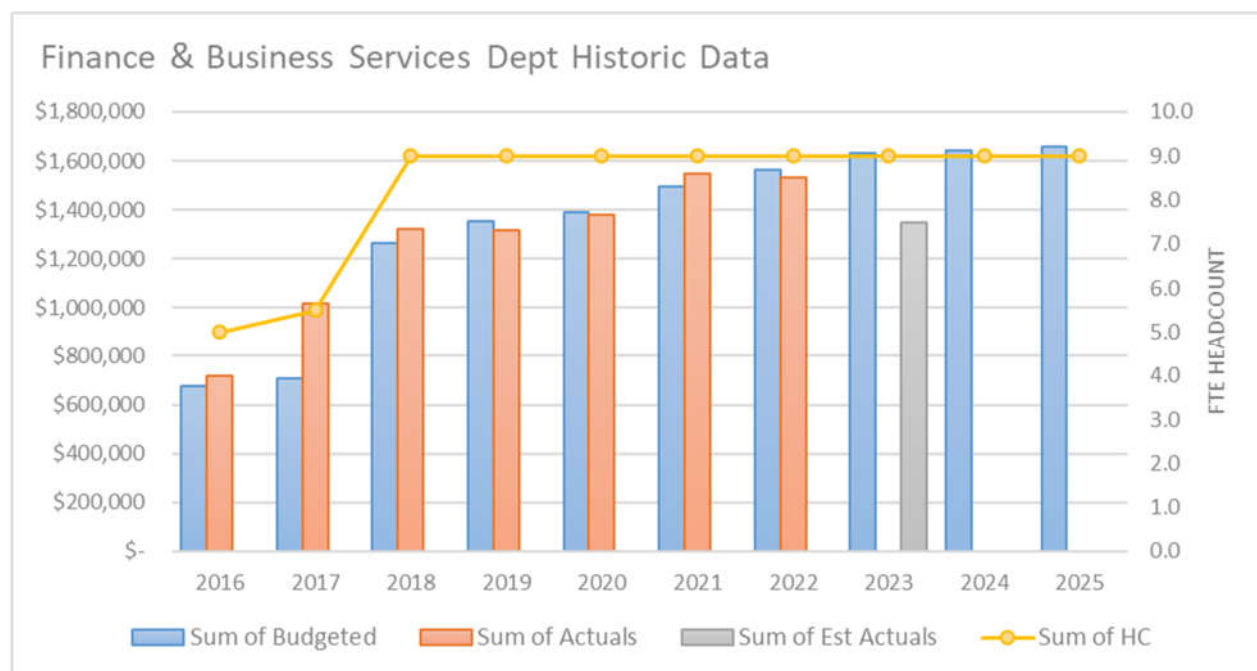
General & Administrative Services:

- FY23-24: \$256K for insurances, this includes an estimated increase due to the more recent claims.
- FY24-25: \$260K for insurances, this includes an estimated increase due to the more recent claims.

FINANCE & BUSINESS SERVICES DEPARTMENT

The Finance & Business Services (FBS) Department is responsible for the District's accounting and financial duties, customer service, field customer service and human resources needs. The department has the responsibility to oversee the general day-to-day business of the District, meeting short and long term financial objectives, as well as ensuring all financial reporting requirements are being met. There are 9 FTE employees.

- The Customer Service Team is responsible for customer accounts, billing, processing payments, customer inquiries and assigning customer service orders.
- The Field Customer Service Team is responsible for reading and maintaining meters, investigating high and low usage, turning service on/off, customer rebate program field review and other service orders as assigned.
- Human Resources (HR) provides administrative and operational support to District employees and retirees on payroll, benefits administration (FSA, FMLA, COBRA etc.), CalPERS, recruitment, MOU negotiations, training and other essential HR functions.
- The Finance Team is responsible for finance and accounting duties that support all departments, ensuring adequate internal controls, and preparing and analyzing annual financial and budget reports of the District. This department also maintains the general ledger, accounts payable/receivable, capital project accounting, grant accounting, payroll, inventory management and purchasing.



FINANCE & BUSINESS SERVICES DEPARTMENT

Finance & Business Services by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 1,008,364	\$ 1,287,052	\$ 1,279,255	\$ 1,288,392	\$ (7,796)	\$ 9,137
Contract/Professional Services	155,240	157,104	177,462	182,286	20,357	4,825
Operating Expenses	4,027	4,082	5,958	5,958	1,876	-
Maintenance	10,611	10,313	10,277	10,277	(36)	-
Facilities	2,458	1,227	1,489	1,489	262	-
Gen. & Admin.	167,502	162,851	167,424	167,424	4,573	-
Total Operating Expense	\$ 1,348,203	\$ 1,622,630	\$ 1,641,865	\$ 1,655,826	\$ 19,235	\$ 13,961
			% Change		1%	1%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have increased \$19K or 1% compared to the prior year budget. The increase is due to an increase in Badger meter fees from our Meter Replacement Program and AMI Meter Grant. The District is currently looking for ways to decrease administrative fees such as a going green campaign to reduce paper waste and reduce postage fees.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have increased \$13K or 1% compared to the FY23-24 budget. The increase is due to changes in employee benefits and regular increases in salaries and benefits and increase to Badger meter fees.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- \$32K billing related
- \$58K for ERP software related
- \$48K meter fees
- \$15K human resources related
- \$25K for audit services

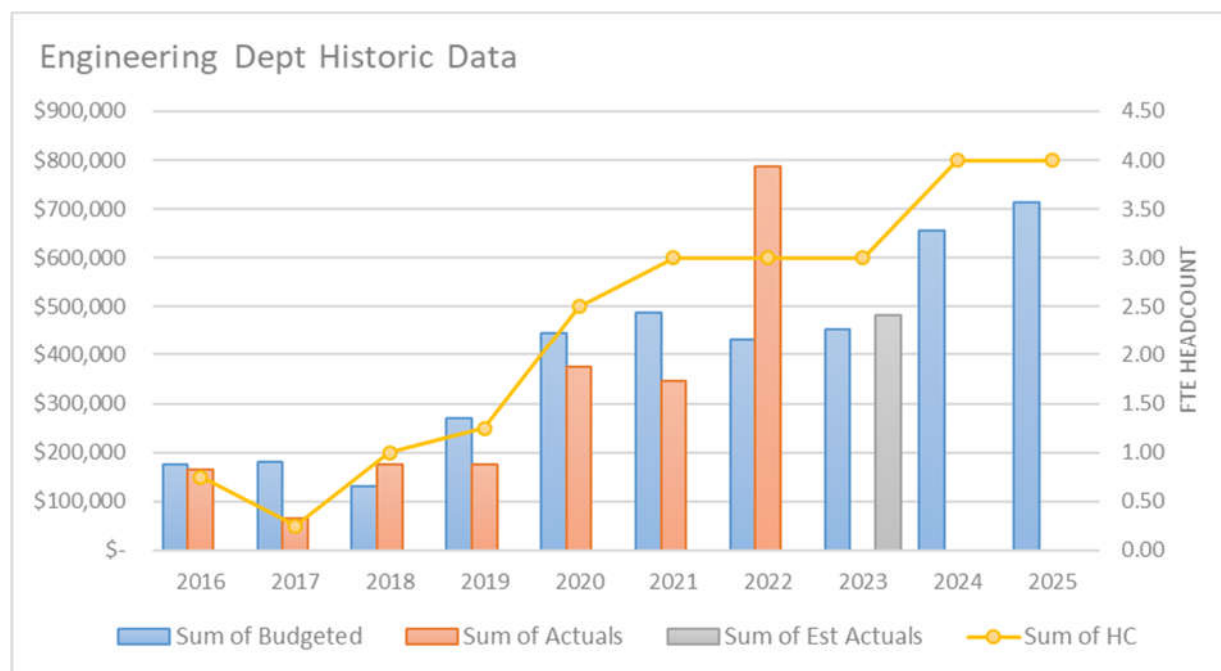
General & Administrative Services:

- \$115K for banking related, mainly due to online and credit card payments
- \$30K for postage

ENGINEERING DEPARTMENT

The Engineering Department designs, plans, coordinates and inspects the efforts of projects to expand the water system. Projects can include contracted out projects or internal meter reviews for individual parcels coming on to the water system. Engineering also maintains the District infrastructure drawings and maps. The Engineering Department is responsible for Geographic Information Systems (GIS) and the development of valuable tools for more efficient and effective access, linking, analysis, and maintenance of information for and about the District and its service connections. There are 4 FTE employees.

It is estimated that 80% of the Engineering Manager's time and 90% of the Construction Inspector's time will be capitalized to projects. This will show up as overhead absorption, crediting the operating expenses for the work capitalized. This remains as a budgeted operating expense as it is an ongoing expense of the District and can fluctuate for the basis of time worked on different tasks.



ENGINEERING DEPARTMENT

Engineering by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 400,504	\$ 419,051	\$ 611,533	\$ 662,071	\$ 192,483	\$ 50,538
Contract/Professional Services	65,000	25,000	17,300	17,300	(7,700)	-
Operating Expenses	3,500	1,000	1,000	1,000	-	-
Maintenance	10,000	2,000	20,000	20,000	18,000	-
Facilities	657	850	1,000	1,000	150	-
Gen. & Admin.	3,161	5,500	6,000	12,750	500	6,750
Total Operating Expense	\$ 482,822	\$ 453,401	\$ 656,833	\$ 714,121	\$ 203,433	\$ 57,288
			% Change		45%	9%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have increased \$203K or 45% compared to the prior year budget. The increase is due to the new Construction Inspector position, regular increases in salaries and benefits, and increase to maintenance, primarily vehicle & fuel costs for dedicated Engineering Department vehicles.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have increased \$57K or 9% compared to the FY23-24 budget. The increase is due to regular increases in salaries and benefits.

BUDGET EXPENDITURES TO NOTE:

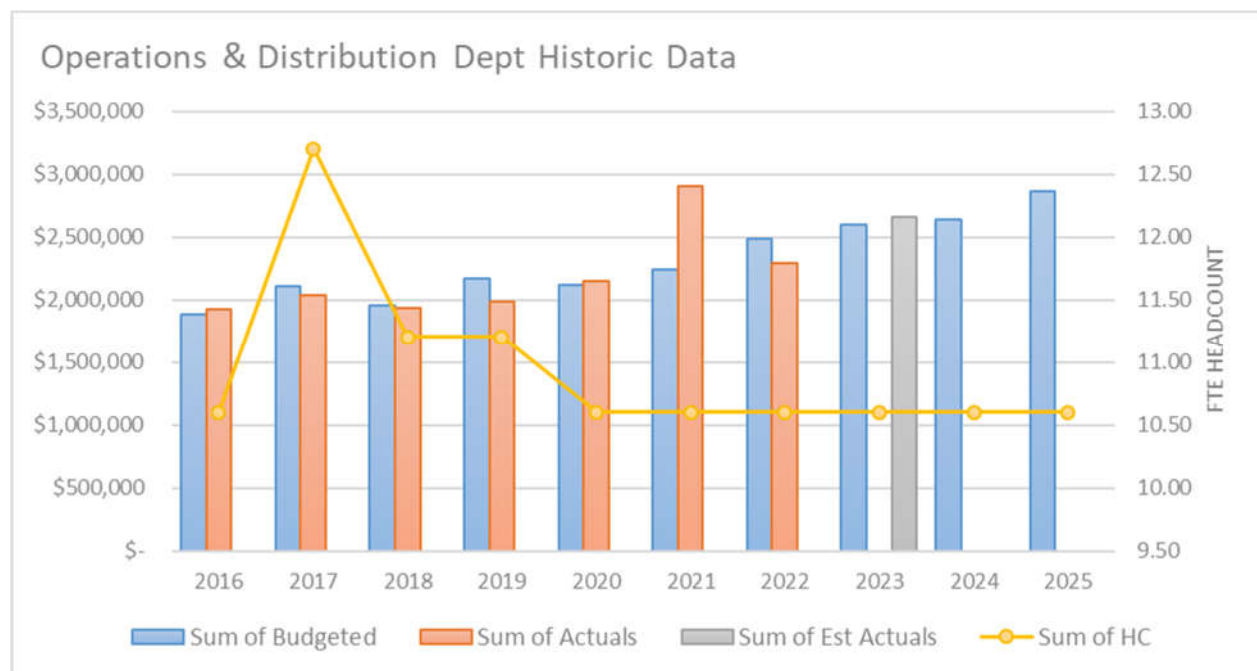
Contract/Professional Services:

- \$12K software maintenance
- \$5K miscellaneous items

OPERATIONS & DISTRIBUTION DEPARTMENT

The Operations & Distribution Department is responsible for the District's operations and maintenance of the water system infrastructure, wastewater system, facilities security and emergency preparedness programs. In addition to complying with all applicable environmental regulations, this department is responsible for: performing preventive and corrective fleet, facilities and right of way maintenance, managing computerized controls equipment and monitoring and maintaining infrastructure assets. The Operations Team operates the water system and facilities 24-hours a day, 7 days a week. There are 10.6 FTE employees.

- The Director of Operations oversees all staff within the Operations & Distribution and Supply & Treatment Departments.
- The Field Services Supervisor oversees the Field Service Worker staff, who are responsible for the daily operation and maintenance of the systems, repairing and replacing service lines, distribution mains and valves, annual flushing to maintain water quality and locating services from Dial 811.
- The Field Services & System Coordinator provides administrative support to the Director of Operations, and performs a variety of field work relative to the operations and maintenance of water and wastewater systems.
- The Network Specialist performs administrative and technical work maintaining servers, computers and peripherals; maintains and prepares records and reports; monitors SCADA systems to report alarms; develops and maintains the District website, email and security systems.



OPERATIONS & DISTRIBUTION DEPARTMENT

Operations & Distribution by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 2,011,742	\$ 1,952,452	\$ 1,947,801	\$ 2,138,813	\$ (4,651)	\$ 191,012
Contract/Professional Services	125,384	81,156	150,000	150,000	68,844	-
Operating Expenses	189,000	204,000	189,000	200,000	(15,000)	11,000
Maintenance	112,457	106,000	114,189	124,119	8,189	9,930
Facilities	216,305	244,255	229,436	239,401	(14,819)	9,965
Gen. & Admin.	3,972	7,403	7,944	7,944	541	-
Total Operating Expense	\$ 2,658,860	\$ 2,595,265	\$ 2,638,370	\$ 2,860,276	\$ 43,105	\$ 221,906
			% Change		2%	8%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have increased \$43K or 2% compared to the prior year budget. The increase is associated with an increase for fuel reduction and leak detection services, offset by a decrease to operating expenses & facilities.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have increased \$222K or 8% compared to the FY23-24 budget. The increase is associated with regular salary & benefit increases.

BUDGET EXPENDITURES TO NOTE:

The majority are routine, regularly occurring expenses such as utilities, vehicle maintenance, inventory parts, other regular maintenance and so forth.

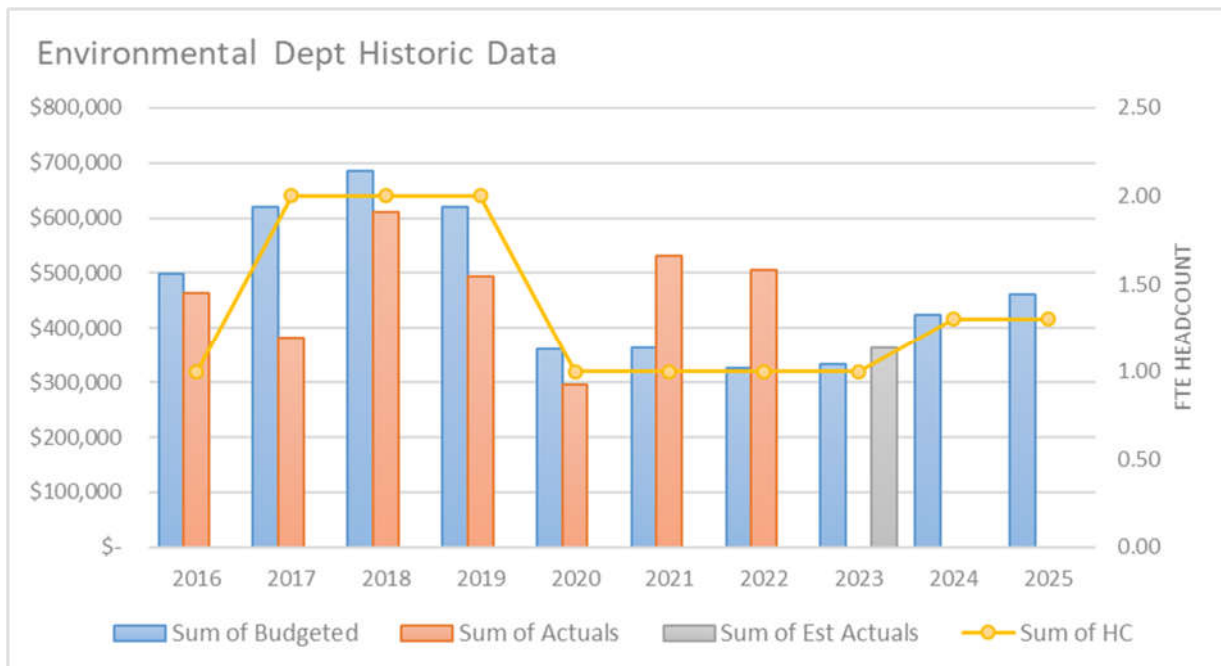
Contract/Professional Services:

- \$30K Fuel Reduction
- \$25K Leak Detection

ENVIRONMENTAL DEPARTMENT

The Environmental Department oversees an array of strategies and programs related to providing a safe, reliable and sustainable water supply. There are 1.3 FTE employees.

- Facilitates District's sustainable water supply planning.
- Conducts environmental permitting for capital improvement projects.
- Conducts legislative review and advocates to protect District resources.
- Facilitates public engagement and communication of District activities through an integrated multi-media approach.
- Helps identify current or potential drought conditions to help the District increase water conservation guidelines to meet demand and regulatory requirements.
- Identifies grant funding opportunities, prepares applications, coordinates with other agencies for collaborative grants and administers grants awarded.
- Manages District lands to protect water supply.



ENVIRONMENTAL DEPARTMENT

Environmental by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 216,516	\$ 140,123	\$ 172,789	\$ 189,380	\$ 32,666	\$ 16,591
Contract/Professional Services	137,000	172,000	222,500	239,000	50,500	16,500
Operating Expenses	4,000	1,750	1,900	2,500	150	600
Maintenance	-	5,500	7,500	9,000	2,000	1,500
Facilities	632	-	1,080	1,200	1,080	120
Gen. & Admin.	5,236	14,350	19,300	20,900	4,950	1,600
Total Operating Expense	\$ 363,385	\$ 333,723	\$ 425,069	\$ 461,980	\$ 91,346	\$ 36,911
			% Change		27%	9%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have increased \$91K or 27% compared to the prior year budget. The increase is associated with regular salary & benefit increases and annual mitigation & reporting contracts.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have increase \$37K or 9% compared to the FY23-24 budget. The increase is associated with regular salary & benefit increases and regular increases to contract/professional services.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- \$30K Hydrogeologist Consulting Services
- \$60K Stream Flow Monitoring
- \$50K Fire Management Plan
- \$40K Annual Mitigation & Reporting
- \$25K Watershed Restoration & Monitoring
- \$13K Fish & Habitat Monitoring

Please see the following page for further explanation of some of these projects.

ENVIRONMENTAL DEPARTMENT

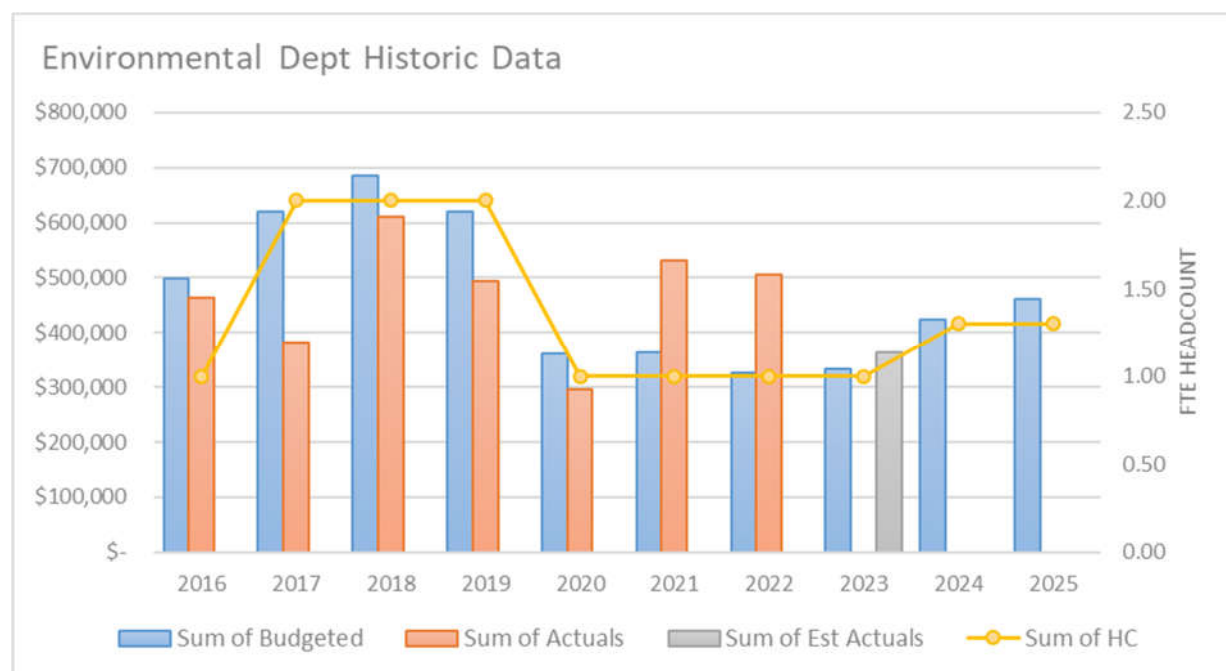
Below further explains some of the major projects within the department. Some professional services are more regularly recurring, other studies come up more irregularly or are one-time expenses.

- Hydrogeologist Consulting Services – An as needed contract to provide hydrogeological expertise to the District in support of the District’s ongoing sustainable water supply planning efforts.
- Stream Flow Monitoring – The District has monitored stream flow in the San Lorenzo River and tributaries associated with District diversions for 4 years to quantify the impact on river habitat. The data is being used to improve District operations to ensure water supply reliability and improve fish habitat. Changes in district operations will likely require changes to water rights. Further monitoring will quantify habitat improvements, and will be used to negotiate forbearance agreements and bypass flow requirements.
- Fish & Habitat Monitoring – The District has been partnering with the Juvenile Salmonid and Steelhead Habit Monitoring Partner Group (JSSH) for 20 years to monitor fish populations and habitat quality throughout Santa Cruz County. JSSH is developing new tools to help make informed decisions about conservation and restoration and to improve science communication with regard to fish and habitat. Partners are providing staff for monitoring field work to lower costs.
- Olympia Restoration/Conservation Area - The Olympia Conservation Area Management & Monitoring Plan was developed to guide habitat management, restoration, enhancement, and related activities, and monitoring within the Olympia Conservation Area. As part of the Olympia Conservation Area Management & Monitoring Plan a 5-year phase of implementation was agreed upon with reports due annually to the Federal Fish & Wildlife Service to maintain an incidental take permit (TE58263C-0).

SUPPLY & TREATMENT DEPARTMENT

The Supply & Treatment Department receives raw water from multiple surface and groundwater sources. The department treats the water utilizing full conventional treatment technologies to meet all state and federal potable water standards and performs all chemical and biologic analyses required by the California Department of Public Health and the U.S. Environmental Protection Agency. There are 9.4 FTE employees.

- The Water Treatment Supervisor plans, organizes, and participates in the operation, maintenance and repair of equipment used in the operation of the water and wastewater treatment systems, including wells, pumps, valves, reservoirs and treatment plants. This position also plans and implements a comprehensive water quality monitoring program.
- The Water Treatment Operator staff inspect stream intakes, water production, treatment and storage facilities, and wastewater collection, transmission and treatment facilities. This team also collects water and wastewater samples at various locations, performs routine laboratory analysis and records and reports results.
- The Electrician Staff perform a variety of skilled work related to the installation, maintenance and repair of industrial high voltage electrical motors, motor controls and equipment used in water and wastewater facilities; and installs, maintains, calibrates, repairs and operates electrical, pneumatic and mechanical instrumentation, controls, and equipment associated with the Supervisor Control and Data Acquisition (SCADA) system.



SUPPLY & TREATMENT DEPARTMENT

Supply & Treatment by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 1,613,939	\$ 1,993,876	\$ 1,880,379	\$ 2,054,486	\$ (113,496)	\$ 174,106
Contract/Professional Services	119,046	170,000	170,000	180,000	-	10,000
Operating Expenses	230,652	209,950	230,000	243,000	20,050	13,000
Maintenance	51,596	58,188	63,052	69,258	4,864	6,206
Facilities	371,609	439,438	424,471	424,471	(14,966)	-
Gen. & Admin.	1,368	6,951	6,454	6,951	(497)	496
Total Operating Expense	\$ 2,388,211	\$ 2,878,402	\$ 2,774,357	\$ 2,978,166	\$ (104,045)	\$ 203,809
			% Change		-4%	7%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have decreased \$104K or -4% compared to the prior year budget. The decrease is due to the difference in retirees and lower cost new hires.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have increased \$204K or 7% compared to the FY23-24 budget. Increases are due to regular salary & benefit increases, and an increase in contract/professional services and operating expenses.

BUDGET EXPENDITURES TO NOTE:

The majority are routine, regularly occurring expenses such as utilities, maintenance, alarm services, and so forth.

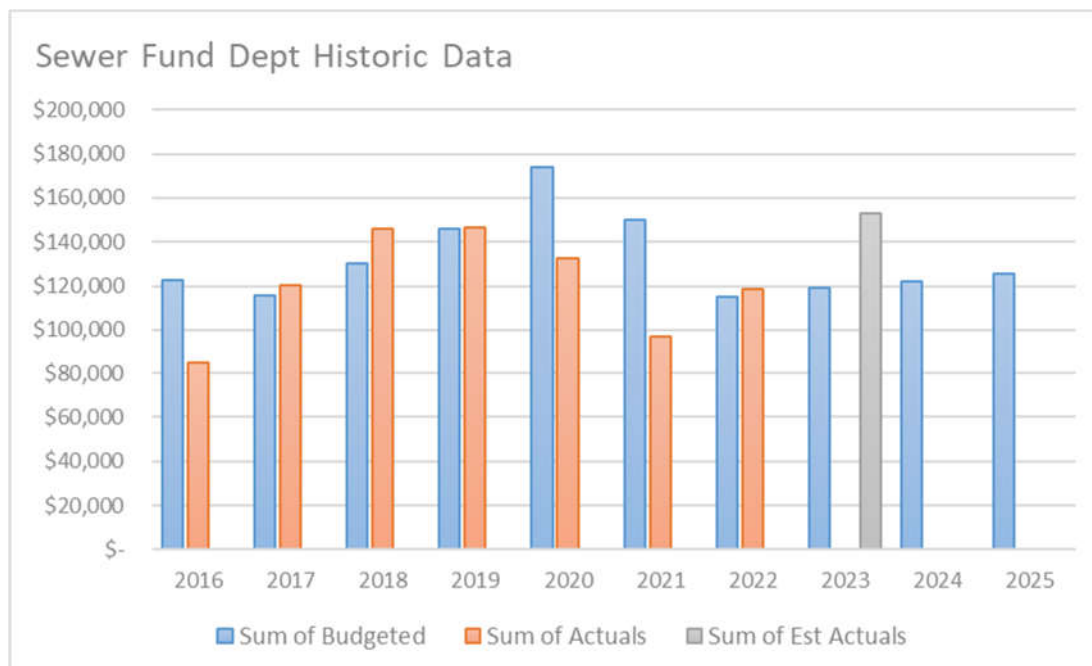
Contract/Professional Services:

- FY23-24: \$60K for water analysis, testing requirements will vary by year.
- FY24-25: \$60K for water analysis, testing requirements will vary by year.

SEWER FUND

The District owns, operates and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes. The system is operating on a routine or as needed basis with direct staff being allocated from the Operations & Distribution or Supply & Treatment Departments. An indirect allocation process is used based on number of overall customers to allocate indirect costs identified as being a shared benefit to all customers.

- The system collects and treats domestic wastewater flow.
- The existing collection system consists of 19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations and 56 laterals.
- Initially constructed in 1985, it consisted of two (2) cast-in-place, underground concrete tanks, an influent pump station and an effluent pump station discharging treated effluent to a subsurface 2.3-acre leach field.
- From 2005 through 2013, the District completed several modifications aimed at achieving regulatory compliance and improved nitrogen removal efficiency. This resulted in the existing treatment septic system being modified to incorporate a 3-stage trickling filter system, new internal recirculation/splitter/ball valves, and new air blowers with high capacity disc diffusers in the clarifier tanks.
- Due to higher regulatory requirements, there are still significant improvements needed for the wastewater system.



SEWER FUND

Sewer Fund by Expense Category

	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	2022/23 Compared 2023/24 Budget	2023/24 Compared 2024/25 Budget
Salaries & Benefits	\$ 56,872	\$ 16,000	\$ 33,919	\$ 34,371	\$ 17,919	\$ 452
Contract/Professional Services	39,088	56,307	39,231	39,197	(17,075)	(35)
Operating Expenses	45,946	28,168	32,074	34,074	3,906	2,000
Maintenance	1,370	1,583	2,984	3,705	1,402	720
Facilities	8,142	13,862	12,273	12,708	(1,589)	435
Gen. & Admin.	1,314	1,353	1,346	1,354	(7)	9
Total Operating Expense	\$ 152,732	\$ 117,271	\$ 121,827	\$ 125,409	\$ 4,556	\$ 3,582
			% Change		4%	3%

FY23-24 BUDGET VARIANCE TO PRIOR YEAR FY22-23 BUDGET:

Expenses have increased \$4.5K or 4% compared to the prior year budget. The increase is due to an increase in operating expenses.

FY24-25 BUDGET VARIANCE TO FY23-24 BUDGET:

Expenses have increased \$3.5K or 3% compared to the FY23-24 budget due to regular small increases in other departments.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- Both fiscal years: \$18K for water analysis. Testing requirements will vary by year.

NON-OPERATING REVENUE & EXPENSES

NON-OPERATING REVENUE

The District receives a large portion of non-operating revenue from the District's share of property taxes levied by the County on certain parcels within the District.

There is a portion of non-operating revenue received by two assessment districts, Olympia Mutual and Lompico. These are considered restricted funds, as they are specifically earmarked to repay debt from past projects or fund future projects.

The District created a Rate Assistance Program to allocate \$25,000 of non-water rate revenue to help income eligible customers who currently receive discounted rates through PG&E's CARE Program. These customers may be eligible to receive \$15 off their monthly water bill.

Interest earnings have been higher than normal due to the upfront funding of the 2019 \$14.5M COP and 2021 \$15M loan. The loan proceeds are invested in United States Treasury Bills to take advantage of low risk, higher yielding interest. The loan proceeds were invested based on total loan project cost remaining with a maturity date closest to the construction start date of each project. The loan projects are expected to be completed by the end of FY23/24.

Capital contributions are also high for this Biennial Budget as all reimbursements from FEMA will show up here. This will trickle into FY25-28 as well.

Non-Operating Revenue Budget					2022/23 Budget	2023/24 Budget
					Compared to 2023/24	Compared to 2024/25
Non-Operating Revenue	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget	Proposed Budget	Proposed Budget
Property Taxes	\$ 978,000	\$ 882,669	1,007,340	1,037,560	\$ 124,671	\$ 30,220
Assessment Rev. - Oly Mutual	49,480	48,500	49,500	49,500	1,000	-
Assessment Rev. - Lompico	293,510	295,000	294,000	294,000	(1,000)	-
Mobile Services Lease Fees	36,500	25,000	37,200	39,060	12,200	1,860
Rental Income	20,766	18,500	20,766	20,766	2,266	-
Contra Revenue - RAP ⁽¹⁾	(16,245)	(25,000)	(20,000)	(25,000)	5,000	(5,000)
Interest - Investments	454,465	128,255	370,682	70,509	242,427	(300,173)
Total Non-Operating Revenue	\$ 1,816,476	\$ 1,372,924	\$ 1,759,488	\$ 1,486,395	\$ 386,564	\$ (273,093)
Capital Contributions						
Capital Grants ⁽²⁾	\$ -	\$ -	\$ 3,820,022	\$ 900,000	\$ 3,820,022	\$ (2,920,022)
FEMA Reimbursements ⁽³⁾	200,962	8,466,375	6,977,489	14,181,957	(1,488,886)	7,204,468
Total Capital Contributions	\$ 200,962	\$ 8,466,375	\$ 10,797,511	\$ 15,081,957	\$ 2,331,136	\$ 4,284,446

(1) RAP - Rate Assistance Program

(2) Capital Grants include:

Fall Creek Fish Lader
WaterSMART AMI Meter Grant
IRWM Fire Hardening
DWR Bracken Brae/Forest Springs Consolidation

(3) FEMA reimbursements are based on cash basis for when reimbursement will be received.

NON-OPERATING EXPENSES

The main component of non-operating expenses are payments on debt service.

For budgetary purposes, the District includes principal payments of debt as part of the non-operating expenses. Principal payments are a cash transaction, therefore deemed appropriate to be displayed in the budget as a non-operating expense. For regular financial purposes, principal debt payments would be shown as a cash payment and reduction on the balance sheet to reduce the debt liability.

There is no new debt financing currently being pursued.

Non-Operating Expenses

Interest Expense	FY21/22	FY22/23
2021 \$15M Loan	\$ 367,467	\$ 342,167
2019 \$14.5M COP	507,975	495,350
Probation Tank Loan	77,146	74,009
Refunding Bond	1,345	-
Felton Loan	26,039	22,129
Olympia SRF Loan	34,515	32,712
Solar Lease	6,477	5,263
Vehicle Lease	-	-
Total Interest Expense	\$ 1,020,965	\$ 971,630

			Additional Debt Information			
Debt Principal Payments	FY21/22	FY22/23	FY21/22	FY22/23	Term. Date	Interest
			Balance	Balance		Rate
2021 \$15M Loan	\$ 592,284	\$ 606,584	\$ 14,407,716	\$ 14,106,233	Ends 03/41	2.40%
2019 \$14.5M COP	245,000	260,000	13,550,000	13,290,000	Ends 08/49	2.99%
Probation Tank Loan	74,831	77,969	1,802,633	1,724,663	Ends 09/38	3.88%
Refunding Bond	103,454	-	-	-	Ends 09/21	2.60%
Felton Loan	160,758	164,668	882,176	717,507	Ends 07/27	2.42%
Olympia SRF Loan	69,717	71,521	1,258,529	1,187,008	Ends 01/37	2.57%
Solar Lease	32,518	33,731	158,725	124,994	Ends 11/26	3.67%
Vehicle Lease	22,732	-	-	-	Ends 05/22	3.29%
Total Debt Payments	\$ 1,301,295	\$ 1,214,473	\$ 32,059,778	\$ 31,150,406		

CAPITAL PROJECTS

SUMMARY

The Capital Improvement Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects undertaken by the District. Whenever a project is done in-house, the related labor costs will be capitalized to the project and off-set the operating expense.

The District funds capital projects by funding internally from cash reserves (pay-go), grants awarded, individual assessments or debt financing. For some of these upcoming projects, the District has leveraged grant/FEMA monies and debt financing.

The Capital Project Listing will list out project titles, project status, anticipated funding sources, and amount expected to be spent in the current budget year. Each project will be described in further detail in the Capital Project Description section.

CAPITAL PROJECTS ADDITIONAL NOTES:

Due to the CZU fires, there are still an exceptionally high amount of capital projects. The District typically has \$5-10M in the budget, so these next two fiscal years are abnormal.

Funding for the projects is coming from the following sources:

- 2019 \$14.5 COP – this is repaid over time through the general fund
- FEMA 75% – these are projects that are expected to receive 75% reimbursement from FEMA
 - The remaining 25% will come from the general fund
- FEMA 90% - these are the CZU related projects
 - The remaining 10% will come from the general fund, with a portion coming from the fire recovery surcharge
- 2021 \$15M – this is repaid over time through the general fund
- 2021 \$15M / FEMA – these are projects that are being financed long term through the loan, but will also receive FEMA reimbursement.
 - Non-FEMA projects will be repaid through the general fund.
 - FEMA projects will be repaid over time, with a portion coming from the fire recovery surcharge
- Reserves – any projects above the debt financing amount or projects that did not have a different source of funding are being paid by the general reserve funds.
 - This would include the portion FEMA does not cover.

CAPITAL PROJECT LISTING

Below is the capital project listing with estimated cost and funding source. Further in the document has the project descriptions that line up with this listing.

FY2023-2025 CAPITAL BUDGET

ESTIMATED FUTURE YEARS

PROJECT TYPE	PROJECT NAME	STATUS	FUNDING	FY23/24 BUDGET	FY24/25 BUDGET	FY25/26	FY26/27	FY27/28	EST COMPLETION YR
Tank	Redwood Park (Swim) Tank	ENGINEERING & PLANS	\$14.5M COP	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	2024
Enviro.	Fall Creek Fish Ladder	IN CONTRACT	\$14.5M COP	\$ 2,300,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Lyon Zone Pipe	IN CONTRACT	\$14.5M COP	\$ 4,005,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Hermosa Oak Fernwood Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 568,377	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Juanita Woods Water Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 721,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Zayante Drive Water Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 899,037	\$ -	\$ -	\$ -	\$ -	2024
Tank	Blue Ridge Tank Replacement	IN CONSTRUCTION	\$15M Loan	\$ 976,516	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Orman Road Water Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 1,051,932	\$ -	\$ -	\$ -	\$ -	2024
Pipe	CZU Bennett Spring Supply /Transmission Main	FEMA/PLANNING	\$15M LOAN / FEMA	\$ -	\$ 700,000	\$ -	\$ -	\$ -	2025
Pipe	CZU Sweetwater Supply Line	FEMA/PLANNING	\$15M LOAN / FEMA	\$ -	\$ -	\$ 300,000	\$ 1,375,000	\$ -	2027
Pipe	CZU Eckley Pumping Station / Main Line	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 25,000	\$ 375,000	\$ -	\$ -	\$ -	2025
Pipe	CZU Harmon Street 2"	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 580,000	\$ -	\$ -	\$ -	\$ -	2024
Building & Equip	CZU Five Mile Box & Turbidity Station	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 150,000	\$ -	\$ 500,000	\$ -	\$ -	2024
Pipe	CZU South Zone Distribution Piping	FEMA/PLANNING	\$15M LOAN / FEMA	\$ -	\$ 250,000	\$ 800,000	\$ -	\$ -	2026
Tank	CZU Big Steel Tank Piping	IN CONTRACT	\$15M LOAN / FEMA	\$ 1,250,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	CZU Peavine Supply	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -	2025
Pipe	CZU Alta Via Distribution System Piping	IN CONSTRUCTION	\$15M LOAN / FEMA	\$ 2,100,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	CZU Big Steel Zone Piping	IN CONTRACT	\$15M LOAN / FEMA	\$ 1,345,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	2023 Storm - Bennet Spring Raw Water Pipeline Damange	FEMA/PLANNING	FEMA 75%	\$ 150,000	\$ -	\$ -	\$ -	\$ -	2023
Pipe	2023 Storm - Bull Creek Raw Water Pipeline Damage	FEMA/PLANNING	FEMA 75%	\$ 150,000	\$ -	\$ -	\$ -	\$ -	2023
Pipe	2023 Storm - Stewart Street Slide/Main Breaks	FEMA/PLANNING	FEMA 75%	\$ -	\$ 700,000	\$ -	\$ -	\$ -	2025
Pump Station	2023 Storm - Madrone Booster Pump Station	IN CONTRACT	FEMA 75%	\$ 140,000	\$ -	\$ -	\$ -	\$ -	2023
Pipe	2023 Storm - Huckleberry Island Main Failure	FEMA/PLANNING	FEMA 75%	\$ 750,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	2023 Storm - Brookside Drive Road Washout/Pipe Damage	ENGINEERING & PLANS	FEMA 75%	\$ 800,000	\$ -	\$ -	\$ -	\$ -	2024
Repair	Lyon Slide Repair (2017)	ENGINEERING & PLANS	FEMA 75%	\$ 500,000	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	2026
Repair	2023 Storm - Quail Hollow Road Damage	IN CONTRACT	FEMA 75%	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	2023
Repair	2023 Storm - Lyon Access Road Slide	ENGINEERING & PLANS	FEMA 75%	\$ 300,000	\$ 1,000,000	\$ 500,000	\$ -	\$ -	2026
Building & Equip	CZU Lyon Wtp Accessory Building	PROCUREMENT	FEMA 90%	\$ 20,000	\$ -	\$ -	\$ -	\$ -	2023
Meters	CZU Services & Water Meter Replacement	IN CONSTRUCTION	FEMA 90%	\$ 20,000	\$ 20,000	\$ 15,000	\$ -	\$ -	Varies
Pipe	CZU Clear Creek 5 Mile Supply Line	FEMA/PLANNING	FEMA 90%	\$ -	\$ 350,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	2028
Intake	CZU Foreman Creek Intake/Raw Water	IN CONTRACT	FEMA 90%	\$ 1,300,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	CZU Cool Creek Intake & Piping	FEMA/PLANNING	FEMA 90%	\$ -	\$ 100,000	\$ -	\$ -	\$ -	2024

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CAPITAL PROJECT LISTING

FY2023-2025 CAPITAL BUDGET

ESTIMATED FUTURE YEARS

PROJECT TYPE	PROJECT NAME	STATUS	FUNDING	FY23/24 BUDGET	FY24/25 BUDGET	FY25/26	FY26/27	FY27/28	EST COMPLETION YR
Meters	Ami Meter Grant - Route 11-14	PLANNING	GRANT	\$ 200,000	\$ -	\$ -	\$ -	\$ -	2024
Consolidation	Bracken Brae/Forest Springs Consolidation	ENGINEERING & PLANS	GRANT	\$ 1,800,000	\$ 900,000	\$ -	\$ -	\$ -	2024
Tank Maint.	Bear Creek Tank Coating	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 300,000	\$ -	\$ -	2025
Booster	Madrone Booster Pump Redesign	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ -	\$ 500,000	\$ -	2026
Equip.	Dump Truck	PROCUREMENT	RESERVES	\$ -	\$ 100,000	\$ -	\$ -	\$ -	2025
Pump Station	El Solyo Booster Pump Station	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 60,000	\$ -	\$ -	2026
Tank	Spring Tank Recoating	PRELIMINARY PLANNING	RESERVES	\$ -	\$ 225,000	\$ -	\$ -	\$ -	2025
Tank	Charlie Tank Recoating	PRELIMINARY PLANNING	RESERVES	\$ -	\$ 225,000	\$ -	\$ -	\$ -	2025
Equip.	Fork Lift Quail 5	PROCUREMENT	RESERVES	\$ -	\$ -	\$ 45,000	\$ -	\$ -	2026
Equip.	Quail Tank Scada Upgrade	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 100,000	\$ -	\$ -	2026
Equip.	Brookdale Trtu Scada Upgrades	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 160,000	\$ -	\$ -	2026
Tank	Highland Tank	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 200,000	\$ 1,500,000	\$ -	2026
Meters	600 Meter Replacement Program (15/Day)	PRELIMINARY PLANNING	RESERVES	\$ -	\$ 236,250	\$ 250,000	\$ -	\$ -	Varies
Tank Maint.	Brookdale Tank Coating	ENGINEERING & PLANS	RESERVES	\$ 300,000	\$ -	\$ -	\$ -	\$ -	2024
Tank Maint.	Blair Tank Coating	ENGINEERING & PLANS	RESERVES	\$ 325,000	\$ -	\$ -	\$ -	\$ -	2024
Study	Loch Lomond Feasibility Study	PLANNING	RESERVES	\$ 100,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Kings Creek Bridge	CALTRANS HOLD	RESERVES	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	2025
Pipe	Monaco Ln. Bridge	CALTRANS HOLD	RESERVES	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	2025
Tank	Felton Heights Tank	ENGINEERING & PLANS	RESERVES	\$ 100,000	\$ 500,000	\$ -	\$ -	\$ -	2025
Facilities	Fire Hardening - Pump Stations	ENGINEERING & PLANS	Grant/Reserves 50%	\$ 600,000	\$ -	\$ -	\$ -	\$ -	2024
Pipe	Highway 9 Brookdale CalTrans	ENGINEERING & PLANS	RESERVES	\$ 350,000	\$ -	\$ -	\$ -	\$ -	2023
	= RESERVE PROJECT PRIORITY			\$ 27,126,862	\$ 11,831,250	\$ 10,230,000	\$ 5,375,000	\$ 2,000,000	

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STATUS	DESCRIPTION
ENGINEERING & PLANS	PREPARING ENGINEERING DOCS - CALCULATIONS, PLANS, & SPECIFICATIONS
IN CONTRACT	PROJECT HAS BEEN AWARDED
IN CONSTRUCTION	PROJECT HAS BEGUN CONSTRUCTION
FEMA/PLANNING	PROJECT SUBMITTED TO FEMA/WAITING APPROVAL
PROCUREMENT	EQUIPMENT/VEHICLE WILL BE PROCURED
PRELIMINARY PLANNING	STAFF ARE EVALUATING PROJECT NEED AND PARAMETERS
CALTRANS HOLD	ON HOLD PENDING SCHEDULE COORDINATION WITH CALTRANS

BREAKDOWN BY FUNDING SOURCE	FY23/24 BUDGET	FY24/25 BUDGET	FY25/26	FY26/27	FY27/28
\$14.5M COP	\$ 6,219,214	\$ -	\$ -	\$ -	\$ -
\$15M Loan	\$ 2,711,152	\$ -	\$ -	\$ -	\$ -
\$15M LOAN / FEMA	\$ 6,200,000	\$ -	\$ -	\$ -	\$ -
FEMA 75%	\$ 2,842,500	\$ 5,025,000	\$ 4,125,000	\$ -	\$ -
FEMA 90%	\$ 1,206,000	\$ 423,000	\$ 1,813,500	\$ 1,800,000	\$ 1,800,000
GRANT	\$ 3,416,166	\$ 900,000	\$ -	\$ -	\$ -
IN EXCESS \$15M LOAN (RESERVES)	\$ 1,505,710	\$ 2,075,000	\$ 1,600,000	\$ 1,375,000	\$ -
IN EXCESS \$14.5M LOAN (RESERVES)	\$ 69,620	\$ -	\$ -	\$ -	\$ -
RESERVES	\$ 1,875,000	\$ 1,686,250	\$ 1,115,000	\$ 2,000,000	\$ -
FEMA DISTRICT COST SHARE (RESERVES)	\$ 1,081,500	\$ 1,722,000	\$ 1,576,500	\$ 200,000	\$ 200,000
Total Capital Projects	\$ 27,126,862	\$ 11,831,250	\$ 10,230,000	\$ 5,375,000	\$ 2,000,000

INFLOWS FROM CAPITAL CONTRIBUTIONS [1]

Financed FEMA Reimbursement	\$ 5,580,000	\$ -	\$ -	\$ -	\$ -
Reserve Funded FEMA Reimb.	\$ 4,048,500	\$ 5,448,000	\$ 5,938,500	\$ 1,800,000	\$ 1,800,000
Grant Funded	\$ 3,416,166	\$ 900,000	\$ -	\$ -	\$ -
	\$ 13,044,666	\$ 6,348,000	\$ 5,938,500	\$ 1,800,000	\$ 1,800,000

EST. PHYSICAL CASH INFLOW [2] \$ 6,977,489 \$ 14,181,957 \$ 7,378,500 \$ 6,787,500 \$ 1,800,000

[1] This is the funding the District is expected to receive from FEMA based on total project expenses incurred in that FY. This is using accrual based accounting in which you recognize revenue/expenses in the period in which they occurred.

[2] This is the funding the District is expecting to physically receive in FEMA/Grant Reimbursements. This is using cash basis accounting in which you recognize the revenue/expenses in the period in which the cash is received or paid out.

CAPITAL PROJECT DESCRIPTIONS

PROJECT NAME	PROJECT DESCRIPTION
CZU Five Mile Box & Turbidity Station	Replace Turbidity station building and settling chamber, replace turbidity, SCADA equipment and automatic valves.
CZU Lyon WTP Accessory Building	Replace Building Container and equipment, replaced burned flygt pump, water quality sampling stations, and lawn mowers.
Fall Creek Fish Ladder	Upgrades will include reducing the jump height between the pools for fish travel, as required by State and Federal regulations and improvements to the intakes.
Brookdale TRTU SCADA Upgrades	Upgrade Brookdale RTU and 4 legacy communication sites
Dump Truck	Used purchase with low miles.
Fork Lift Quail 5	Replace old fork lift
600 Meter Replacement Program (15/day)	Replace approximately 1,000 meters in the District.
CZU Services & Water Meter Replacement	Replace 150 water meters, meter valves, house valve, meter check coupling, and service lines.
CZU Clear Creek 5 Mile supply line	Fire damaged intake structure and destroyed 5.5 MI of 8" HDPE pipeline and metering and monitoring equipment. Replace supply line, constructability study of hardening for future fire.
Lyon Zone Pipe	Construction of approximately 3,000 lineal feet of new 12-inch water main and appurtenances thereto.
CZU Alta Via Distribution System Piping	Replace 5,000 LF temporary with permanent piping to AWWA/District standards in roadway, including 38 water meter service sets and 6 fire hydrants. Requires plans & Specifications for bidding.
CZU Peavine Supply	Fire destroyed 8,000 LF of 8" HDPE above ground raw water pipeline and support structures, intake and flow/metering monitoring equipment. Replace pipeline, monitoring equipment, constructability study of hardening for future fire.
CZU Sweetwater Supply Line	Fire damaged intake structure and destroyed 1.5 MI of 8" HDPE pipeline and metering and monitoring equipment, replace supply line, constructability study Harding for future fire.

Hermosa Oak Fernwood Main Replacement	Replace 3,000 LF of 8" main, due to current leaking water main. Project will include new water service runs and fire hydrants, including isolation valving.
Juanita Woods Water Main Replacement	Replace 3,000 LF with new 8" water main and apparatuses for proper fire flow. The project will replace existing 2-inch water mains.
Orman Road Water Main Replacement	Replace 2,000 LF with new 8" water main and apparatuses. The project will replace the existing 2-inch and 1 ½-inch water main along Orman Road. Undersized water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.
Zayante Drive Water Main Replacement	Replace 1,500 LF with new 8" DIP. This improvement will remove a piping restriction to the Lompico Booster increasing fire flow into the Lompico Canyon.
CZU South Zone Distribution Piping	Replace 4,000 LF temporary water distribution piping, 26 water services and meters and install underground to AWWA/District standards along Forest and Western Ave.
CZU Eckley Pumping Station / Main Line	Replace pumping station, power drop, SCADA control, Communications wire. Including engineering plans and specifications.
CZU Bennett Spring Supply /Transmission main	Replace temporary piping and install underground to AWWA/District Standards approximately 1500 lineal Feet
Kings Creek Bridge	CalTrans Required Project
Monaco Ln. Bridge	CalTrans Required Project
CZU Harmon Street 2"	Replace 1,000 LF temporary piping in accordance AWWA/District Standards
El Solyo Boster Pump Station	Replace deteriorated wood building, fire harden.
Loch Lomond Feasibility Study	Study to evaluate processing water from the Loch Lomond allotment
CZU Big Steel Tank Piping	Replace 8" HDPE water main in accordance with AWWA/District Standards and relocate to public right of way.
CZU Big Steel Zone Piping	Replace 10", and 12" piping and fittings to AWWA/District Standards.

Blue Ridge Tank Replacement	Construction of a new 64,000 gallon bolted steel tank in the Blue Ridge Zone. This project will replace the existing redwood storage tank which has reached its service life. Project includes, but not limited to site improvements, tank construction, SCADA control, and appurtenances.
Redwood Park (Swim) Tank	Construction of a new 120,000 gallon bolted steel water tank. The project includes, but is not limited to, construction of a new bolted steel water tank, SCADA control, fencing, retaining walls and a new pump station.
Felton Heights Tank (1)	The project includes but is not limited to property acquisition by easement, engineering, and 60,000 gallon water tank construction.
Highland Tank	Replace the existing 64,000 gallon redwood tank.
Blair Tank Coating	Pushed out from FY20-21 budget.
Brookdale Tank Coating	Pushed out from FY20-21 budget.
Bear Creek Tank Coating	Tank quality inspection and retrofit.
Lyon Slide Repair	Lyon Slide project may be able to have a access road put in for a significant cost reduction than originally planned.
2023 Storm - Bennet Spring Raw Water Pipeline Damage	Replace ~1,960-LF of burned raw water pipeline.
2023 Storm - Bull Creek Raw Water Pipeline Damage	Replace ~2,600-LF of burned raw water pipeline.
2023 Storm - Stewart Street Slide/Main Breaks	Replace ~925-LF of potable water pipeline damaged by landslide/washout.
2023 Storm - Madrone Booster Pump Station	Waterproofing of existing booster pump station.
2023 Storm - Huckleberry Island Main Failure	Replace ~1,000-LF of potable water pipeline to address failed river crossing.
2023 Storm - Brookside Drive Road Washout/Pipe Damage	Replace ~1,650-LF of potable water pipeline damaged by road washout.
2023 Storm - Quail Hollow Road Damage	Restore failed potable water main trench.
2023 Storm - Lyon Access Road Slide	Construct new access road on new alignment, stabilize Lyon tank site.
CZU Foreman Creek Intake/Raw Water	Erosion control and grading to protect recently installed raw water pipeline.
CZU Cool Creek Intake & Piping	Replace burned intake structure and ~250-LF of raw water pipeline.
Ami Meter Grant - Route 11-14	Replace approximately 500 meters in Routes 11-14.

Bracken Brae/Forest Springs Consolidation	Construct connection to two mutual water providers, with tanks and booster station.
Madrone Booster Pump Redesign	Optimization of pump and generator sizing.
Bear Creek Tank Assessment	Determine required repairs to tank.
Spring Tank Recoating	Rehabilitate potable water tank.
Charlie Tank Recoating	Rehabilitate potable water tank.
Quail Tank Scada Upgrade	Upgrade RTU and all communication components for the Quail zone SCADA grid.
Fire Hardening - Pump Stations	Replace station buildings and/or roofs with new non-flammable structures/roofs.
Highway 9 Brookdale CalTrans	Relocate ~400-LF of potable water pipeline to clear Caltrans repair work.
Loch Lomond Feasibility Study	The District is pursuing a feasibility study to bring its 314 AF/yr allotment of Loch Lomond Reservoir water into its system. The Loch Lomond feasibility study will analyze treatment, tie-in locations, purchasing alternatives, permitting needs, and costs.

FY23-24 BUDGET PRO FORMA FINANCIALS WITH DEPRECIATION

The Pro Forma Statement of Revenues, Expenses and Changes in Net Position is intended to help bridge the difference from the budget to the audited financial statement.

- Non-cash expense items such as depreciation expense for fixed assets and accrued compensated absences are excluded from the budget.
 - Estimated depreciation has been included in the below as a separate line item, totaling \$1,850,000.
 - When an asset is capitalized, the depreciation expense is gradually recognized over the life of the asset. In the budget, we look at the current project expenses expected to use the funds.
 - Estimated accrued compensated absences has been included in the Operating Expense line, totaling \$100,000.
 - At year end, accrued compensated absences either increase or decrease based on time off taken versus accrued. As it is not a cash item, it is not included in the budget. It is important to note this is still cash liability employees will eventually be paid out for.
 - GASB Pension & OPEB requirements create deferred inflows and outflows which are not estimated in the budget process, these are not factored in below.
- Capitalized in-house labor and materials is expected to be approximately \$300K, mainly attributed to the engineering and operational staff time working on capital projects.
- Cash going out or in such as debt principal payments and funds received from debt are included in the budget.
 - Debt principal payments of \$1.25M are not included in the table below.
- Capital contributions in the budget are the expected actual cash flow, where the table below is accrual based accounting for what is owed at that time.

Revenues	Water Fund	Sewer Fund	Total
Operating Revenues	12,429,600	173,021	12,602,621
Non-Operating Revenues	1,759,488	-	1,759,488
Total Revenues	14,189,088	173,021	14,362,109
Expenses			
Operating Expenses	9,838,824	121,827	9,960,651
Non-Operating Expenses	1,097,870	-	1,097,870
Overhead Absorbtion	(300,000)	-	(300,000)
Depreciation	1,850,000	44,000	1,894,000
Total Expenses	12,486,695	165,827	12,652,522
Net Income (Loss)	1,702,393	7,194	1,709,587
Capital Contributions	13,044,666	-	13,044,666
Change in Net Position	14,747,059	7,194	14,754,253

DEBT COVERAGE 5 YEAR FORECAST

The table below is a conservative forecast showing the 5 year debt coverage forecast. This assumes no future increases to operating revenue charges, flat consumption, and expenses increasing at the historic trends. The District has debt covenants that require a 1.25 debt coverage ratio.

The rate study being conducted in FY22/23 & FY23/24 will help analyze and discuss this issue.

	YR 1 2023/24 Proposed Budget	YR 2 2024/25 Proposed Budget	YR 3 2025/26 Forecast	YR 4 2026/27 Forecast	YR 5 2027/28 Forecast	ASSUMP. % Change
Regular Operating Revenue						
Water Basic	\$ 3,552,000	\$ 3,643,176	\$ 3,643,176	\$ 3,643,176	\$ 3,643,176	0%
Water Usage	7,722,600	7,808,283	7,808,283	7,808,283	7,808,283	0%
Sewer Fund	173,021	173,021	173,021	173,021	173,021	0%
Sale of Meters	60,000	60,000	60,000	60,000	60,000	0%
Fire Recovery Surcharge	1,000,000	1,000,000	1,000,000	-	-	0%
Operating Grants	5,000	5,000	5,000	5,000	5,000	0%
Miscellaneous Fees & Charges	90,000	90,000	90,000	90,000	90,000	0%
Total Operating Revenue	\$ 12,602,621	\$ 12,779,480	\$ 12,779,480	\$ 11,779,480	\$ 11,779,480	
Non-operating Revenue						
Property Taxes	\$ 1,007,340	\$ 1,037,560	\$ 1,068,687	\$ 1,100,748	\$ 1,133,770	3%
Assessment Rev. - Oly Mutual	49,500	49,500	49,500	49,500	49,500	0%
Assessment Rev. - Lompico	294,000	294,000	294,000	294,000	294,000	0%
Mobile Services Lease Fees	37,200	39,060	39,060	39,060	39,060	0%
Sale Of Surplus Property	-	-	-	-	-	0%
Rental Income	20,766	20,766	20,766	20,766	20,766	0%
Contra Revenue - RAP	(20,000)	(25,000)	(25,000)	(25,000)	(25,000)	0%
Interest - Investments	370,682	70,509	70,509	70,509	70,509	0%
Total Non-Operating Revenue	\$ 1,759,488	\$ 1,486,395	\$ 1,517,522	\$ 1,549,583	\$ 1,582,605	
Operating Expenses						
Salaries & Benefits	\$ 6,710,003	\$ 7,111,239	\$ 7,609,026	\$ 8,141,658	\$ 8,711,574	7%
Contract/Professional Services	1,237,813	1,225,516	1,250,026	1,275,027	1,300,527	2%
Operating Expenses	464,400	491,000	500,820	510,836	521,053	2%
Maintenance	239,600	257,850	263,007	268,267	273,632	2%
Facilities	693,625	704,145	746,394	791,177	838,648	6%
Gen. & Admin.	515,210	528,810	544,674	561,015	577,845	3%
Total Non-Operating Expenses	\$ 9,860,651	\$ 10,318,560	\$ 10,913,947	\$ 11,547,980	\$ 12,223,280	
TOTAL INCOME (LOSS)	\$ 4,501,458	\$ 3,947,315	\$ 3,383,055	\$ 1,781,083	\$ 1,138,805	
TOTAL DEBT SERVICE	\$ 2,183,805	\$ 2,184,949	\$ 2,182,853	\$ 2,183,978	\$ 2,184,353	
DEBT SERVICE COVERAGE RATIO	2.06	1.81	1.55	0.82	0.52	
<i>Excluding Fire Recovery Surcharge</i>	<i>1.60</i>	<i>1.35</i>	<i>1.09</i>	<i>0.82</i>	<i>0.52</i>	

APPENDIX

Includes a glossary of terms, acronyms, and an understanding of general ledger accounts.

ACRONYMS

ACWA – Association of California Water Agencies

CAFR – Comprehensive Annual Financial Report

CalPERS – California Public Employees Retirement System

CCF – Centum Cubic-Feet

CEQA – California Environmental Quality Act

CIP – Capital Improvement Project or Capital Improvement Program

CSDA – California Special Districts Association

FBS – Finance and Business Services

– Family Medical Leave Act

FSA – Flexible Spending Accounts

FTE – Full Time Equivalent

GAAP – Generally Accepted Accounting Principles

GASB – Governmental Accounting Standards Board

GFOA – Government Finance Officers Association

GIS – Geographic Information Systems

HCP - Habitat Conservation Plan

LAFCO – Local Agency Formation Commission

LAIF – Local Agency Investment Fund

MOU – Memorandum of Understanding

OPEB – Other Post-Employment Benefits

SCADA – Supervisory Control and Data Acquisition

USDA – United States Department of Agriculture

UWMP – Urban Water Management Plan

GLOSSARY OF TERMS

Accrual Basis of Accounting – Method of accounting that recognizes the financial effect of transactions, and activities when they occur, regardless of the timing of related cash flows. Revenues are recorded when earned and expenses are recognized when incurred.

Acre Foot – an acre foot is enough water to cover an acre of land, about the size of a football field, one foot deep. It is the equivalent of about 326,000 gallons.

Asset – Anything of value such as an area of land, or a building, or an item of plant or equipment or infrastructure that provides service potential or future economic benefits over a period greater than three years, and has a cost that is material (at least \$5,000).

Balanced Budget – The District’s current operating expenses will be paid from current revenues and reserves carried forward from the prior year.

Board of Directors – The five public officials elected to represent the population within the District’s service area. Also referred to as “the Board”.

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

Budget Process – The schedule of key dates or milestones, which the District follows in the development, preparation, adoption, and administration of the budget.

California Environmental Quality Act (CEQA) – A California statute passed in 1970, shortly after the United States federal government passed the National Environmental Policy Act (NEPA), to institute a statewide policy of environmental protection. CEQA does not directly regulate land uses, but instead requires state and local agencies within California to follow a protocol of analysis and public disclosure of environmental impacts of proposed projects and adopt all feasible measures to mitigate those impacts.

Capital Improvement Program (CIP) – Authorized expenditures for tangible and long-term physical improvements or additions of a fixed or permanent nature.

Capital Project – Projects budgeted as capital projects fall within the definition of capital expenditures, which means (1) they create or extend the lives of assets, (2) their work products have a useful life of more than three years, and (3) they involve an expenditure of District resources equal to or greater than \$5,000.

Centum Cubic-Feet (CCF) – The standard rate of billing for water service. The District calculates one CCF as one unit of water. One CCF is equal to 100 cubic feet of water, which is 748 gallons.

Consolidated Omnibus Budget Reconciliation Act (COBRA) – COBRA gives employees the right to pay premiums and keep the group health insurance that they would otherwise lose after they quit their jobs, lose their jobs, or reduce their work hours. COBRA benefits are typically available for 18 months.

GLOSSARY OF TERMS

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

Department – A major organizational unit with overall managerial responsibility for functional programs of the District.

Depreciation – The reduction in value of a long lived asset from use or obsolescence. The decline in value is recognized by a periodic allocation of the original cost of the asset to current operations on an income statement.

Enterprise Fund – A fund established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through “user charges.”

Environment Impact Review (EIR) – Written record submitted to a deciding authority that identifies and examines the likely environmental effects of the continuing operations of an existing facility or those of a proposed project, and proposes measures to avoid, mitigate, or offset the identified effects.

Expense – A cost incurred in the operations of the District, most often settled with the payment of cash.

Fiscal Year (FY) – A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. (SLVWD’s fiscal year is July 1 through June 30).

Flexible Spending Accounts (FSA) – A tax-favored program offered by employers that allows their employees to pay for eligible out-of-pocket health care and dependent care expenses with pre-tax dollars.

Full-Time Equivalent (FTE) – A measure of labor requirement equal to the full time use of one worker (e.g., could be one person full time or two people half time).

Generally Accepted Accounting Principles (GAAP) – A collection of commonly-followed accounting rules and standards for financial reporting.

Geographical Information Systems (GIS) – An information system integrating maps with electronic data.

Governmental Accounting Standards Board (GASB) – A private, non-governmental organization that is the source of generally accepted accounting principles (GAAP) used by State and Local governments in the United States.

Intertie – An interconnection permitting passage of water between two or more water utility systems.

GLOSSARY OF TERMS

Local Agency Formation Commission (LAFCO) – A public agency with county-wide jurisdiction that regulates, approves, or denies boundary changes proposed by other public agencies or individuals.

Memorandum of Understanding (MOU) – A formal agreement between two or more parties, such as between the District and its labor bargaining groups.

Meter – A device that measures and records the quantity of a substance, such as water or energy that has passed through it during a specified period.

Non-Operating Budget – Budgeted income and expenses derived from non-operating type categories, such as interest income and expenses, gain on the sale of assets, rents, and any other income/expenses not associated with the operations of a water system.

Operating Budget – The normal, ongoing operating costs incurred to operate the District, including wages, materials, utilities, professional and outside services, and the revenues generated through operations, such as water sales and service charges, and developer paid fees to connect to the water system.

Other Post-Employment Benefits (OPEB) – Benefits, other than pensions, that a state or local government employee receives as part of his or her package of retirement benefits. The District's OPEB is limited to retiree health benefits.

Pay-Go – A capital financing strategy to pay-as-you go by cash funding capital projects with current and accumulated revenues rather than borrowing funds that will be repaid with future revenues.

Pressure Reducing Valve (PRV) – A pressure reducing valve is a relief valve that automatically reduces high incoming water pressure to provide a lower, more functional pressure for residential water use.

Pump – A mechanical device for raising or lifting water, pushing it, and changing flow and pressure.

Pump Station – A structure containing pumps and appurtenant piping, valves, and other mechanical and electrical equipment for pumping raw water.

Regulatory – Something that is required due to a permit requirement, mandated regulation, or legislation.

Reliability – The probability that a system performs a specified function or mission under given conditions for a prescribed time.

Reserves – The portion of cash and investments that are held for a specific future use.

Revenue – Income the District receives from a variety of sources such as rates and charges, fees, and interest earnings.

GLOSSARY OF TERMS

Strategic Plan – The long-term goals, objectives, and performance measurement standards for the District.

Supervisory Control and Data Acquisition (SCADA) – A computer system that monitors and controls real time data from remote locations. The District uses a SCADA system to manage the tanks and pumps throughout the water distribution system.

Sustainability – The use of natural, community, fiscal, or utility resources in a manner that satisfies current needs without compromising future needs or options.

Tank – A vessel or container used to hold water or other liquid.

Transmission Main – A large water main that transports water from the main supply or source, to a distant area where the water is then further distributed. Finished water transmission mains usually have no or few connections.

Urban Water Management Plan (UWMP) – A plan prepared by California urban water suppliers to support their long-term resource planning and ensure adequate water supplies are available to meet existing and future water demands. The UWMP must be prepared every 5 years. The 2020 UWMP was adopted by the Board of Directors and accepted by the Department of Water resources in June 2021.

Valve – A device to regulate or isolate the flow of water.

Water Distribution System – A network of pipe, pumps, and storage facilities to transport potable water from the source/treatment facility to the consumer.

Water Quality – Various measures by which materials (contaminants) and appearance (aesthetics) are compared against what are considered appropriate levels for suitably potable water.

Water Quality Monitoring – Instrumentation and activities for measuring the quality of water.

Water Treatment – Any process that intentionally alters and improves the chemical, biological, or physical characteristics of water.

Water Treatment Plant – A facility where water treatment is performed to produce water for a specific end-use.

Well – (1) A subsurface source of water that is generally accessed through a drilled casing and pipe into the aquifer. (2) The entire system of the underground water source, pipe casing, pump, etc. Also called a borehole.

UNDERSTANDING OF GENERAL LEDGER ACCOUNTS

General Ledger – The main accounting record of a company or organization. Contains all the accounts for recording transactions relating to a company's assets, liabilities, equity, revenue, and expenses.

Account – A general ledger account is an account or record used to sort, store and summarize a company's transactions. The accounts are formatted as follows: XX-XXX-XXXX

XX = Enterprise Fund – A fund established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through "user charges." The District has two funds established:

Fund 01 = Water Fund

Fund 02 = Sewer Fund

XXX = Department – A major organizational unit with overall managerial responsibility for functional programs of the District. The District has seven departments:

100 = Administration

200 = Finance

300 = Engineering

400 = Operations & Distribution

500 = Environmental

600 = Sewer

800 = Water Supply & Treatment

XXXX = Category – Groups individual accounts into main expense categories. The District has six main categories:

Salaries & Benefits 51XX = This includes all of the employees regular salaries/wages, overtime wages, standby pay, health insurance, retirement benefits, etc.

Contract/Professional Services 52XX = This includes any services rendered by a third party that the District would not perform in house.

Operating Expenses 53XX = This includes all inventory, materials, small tools, rentals, etc.

Maintenance 54XX = This includes all safety equipment and vehicle & building maintenance.

Facilities 55XX = This includes all utilities; power, electric, phones, etc.

General & Administration 56XX = This includes any office supplies, banking fees, trainings, postage, and memberships.