

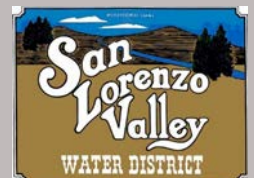
BUDGET

FY 2018/19

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
Charles Baughman	President	Elected	December 2018
Gene Ratcliffe	Director	Elected	December 2018
Margaret Bruce	Director	Elected	December 2020
Bill Smallman	Director	Elected	December 2020
Vacant	Director		

DISTRICT CONTACT INFORMATION

District Manager : Brian Lee

Address: 13060 Highway 9 Boulder Creek, California 95006

Phone: (831) 338-2153

Website: www.slvwd.com

Office Hours: 8AM – 5PM Monday – Friday

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BUDGET OVERVIEW

TRANSMITTAL LETTER

Dear Board of Directors,

I am pleased to present you with the recommended budget for Fiscal Year 2018-19. This budget totals \$15.9M and includes all expected operating, non-operating and capital costs for the next year.

The District's anticipated operating expenses total \$7.96M, a 6% increase over the previous year. A majority of the increase is attributable to inflation and two new-hire positions. The District is expecting to add these two positions that were previously identified in the staffing study; a Water Treatment Lab Technician and a Capital Project Coordinator.

Operating revenue is expected to increase 14% from prior year, for a total of \$10M. This assumes that water sales remain relatively flat at 486 Million Gallons for the year. Once again, 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. This is encouraging news because 2018 winter rainfall was below normal. Conservation and drought continue to be major themes throughout California and in the San Lorenzo Valley. 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. This effort is funded through a \$330,000 grant in partnership with the County of Santa Cruz.

The District's anticipated capital expenses total \$6.1M for replacement of pipes, pumps and tanks. This is an aggressive capital schedule that assumes many pieces fall into place, including the hiring of a Capital Project Coordinator and successfully securing a roughly \$5M United States Department of Agriculture (USDA) Loan. We are excited to begin construction on some key capital projects this upcoming budget year; Probation Tank, Swim Tank, Pasatiempo Well 6 replacement, the Bull-Bennett Pipeline, development of a water system computer model, smaller but no-less-important capital projects and numerous winter-storm related capital projects and emergency projects.

The new rate increase and rate structure passed in 2017 was imperative to begin funding capital replacement and eventually building back up reserves. Last year's rate increase provides the District increased borrowing capacity by leveraging future revenue. Long-term borrowing helps keep rates lower while providing the money necessary to replace infrastructure. These

loans are intended to kick-start a much-needed capital replacement program through loans, including an anticipated USDA loan.

The Fiscal Year 2018-19 budget anticipates approximately \$2.6M balance in the District's reserves. About \$800k of those reserves are restricted for specific purposes and unavailable for emergency needs, with the remaining \$1.8M for the operating reserve. Our 2018-19 budget relies on the use of current revenues and new debt funding for infrastructure replacement. The District remains on track to ensure funds will be available to replace infrastructure while also maintaining healthy reserves for emergencies.

A big 'thank you' goes to Stephanie Hill and the Finance Department for the incredible effort put forth in creating this budget document. I remain thankful to the community for their input, the Budget and Finance Committee for their efforts, and the full Board for providing both the vision and guidance necessary as we respond to the ever-changing challenges facing this District. 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,

Brian Lee, 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 heavy 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 35,000 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 34 employees, with the two new hires it will employ 36 employees.

The District's boundaries comprise approximately 60 square miles and 170 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 currently active stream diversions, one groundwater spring, and eight active groundwater wells. The District owns, operates, and maintains four 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.



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. 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. For the most part, the budget is prepared by the same accrual based method. Non-cash expense items such as depreciation expense for fixed assets and accrued compensated absences are excluded from the budget, however they are included later as additional information to help bridge a comparison to the audited financials.

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:

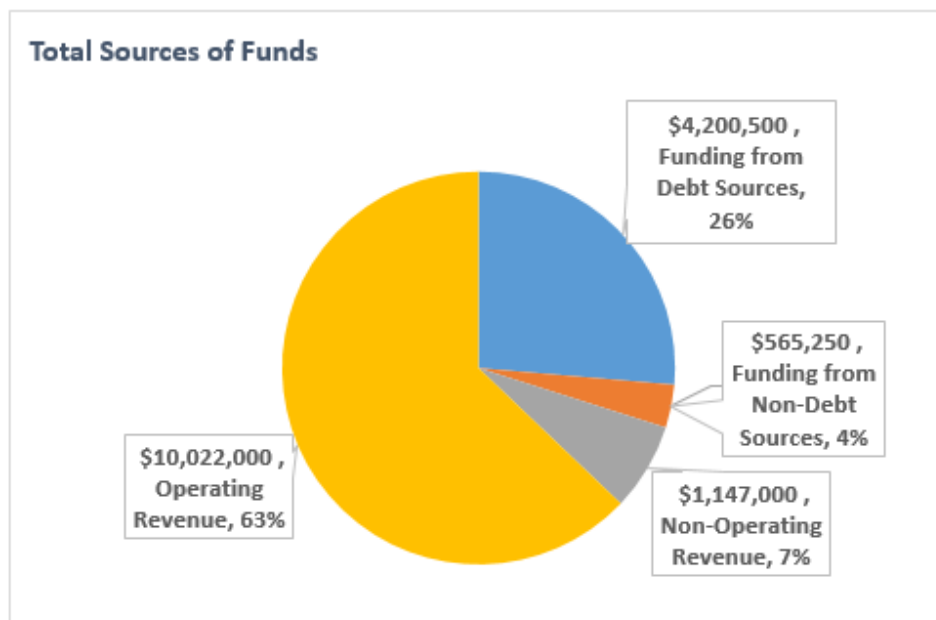
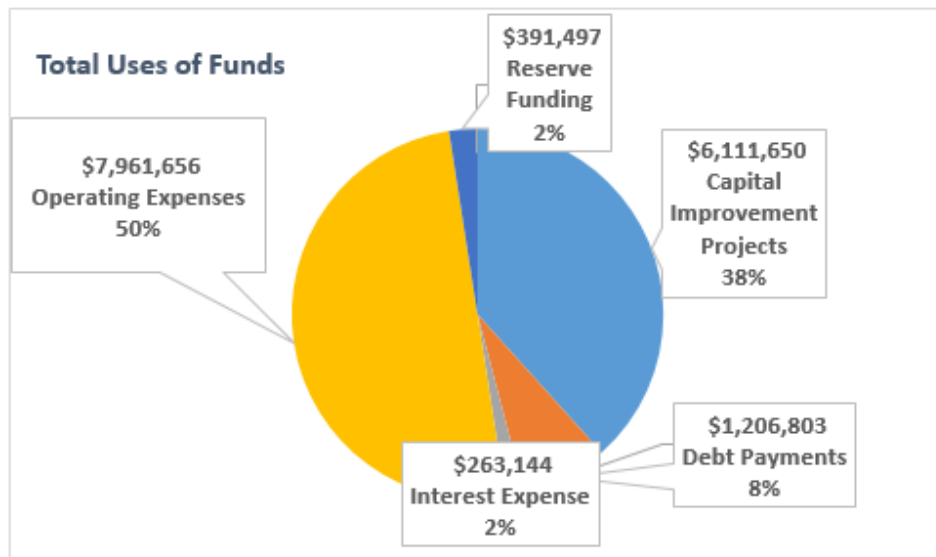
- This process typically begins internally in January, as templates and initial forecasts for the current year are prepared. Any budget assumptions, procedures and changes from the prior year's budget are discussed in a management kick-off meeting in February.
- Management begins to prepare departmental 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 the end of 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 chart below illustrates the breakdown of recommended sources (revenue) and uses (expenditures) of funds for the Fiscal Year 2018-19 budget. The overall District budget request is \$15.9M. This includes uses of operating expenses, non-operating expenses such as interest expense, debt payments and capital improvement projects. Sources of funds come from operating revenue, non-operating revenue such as property taxes, assessments, debt or non-debt capital project funding and withdraws from reserves. Additional details on these numbers are listed below and in the Additional Support & Information section of this document.

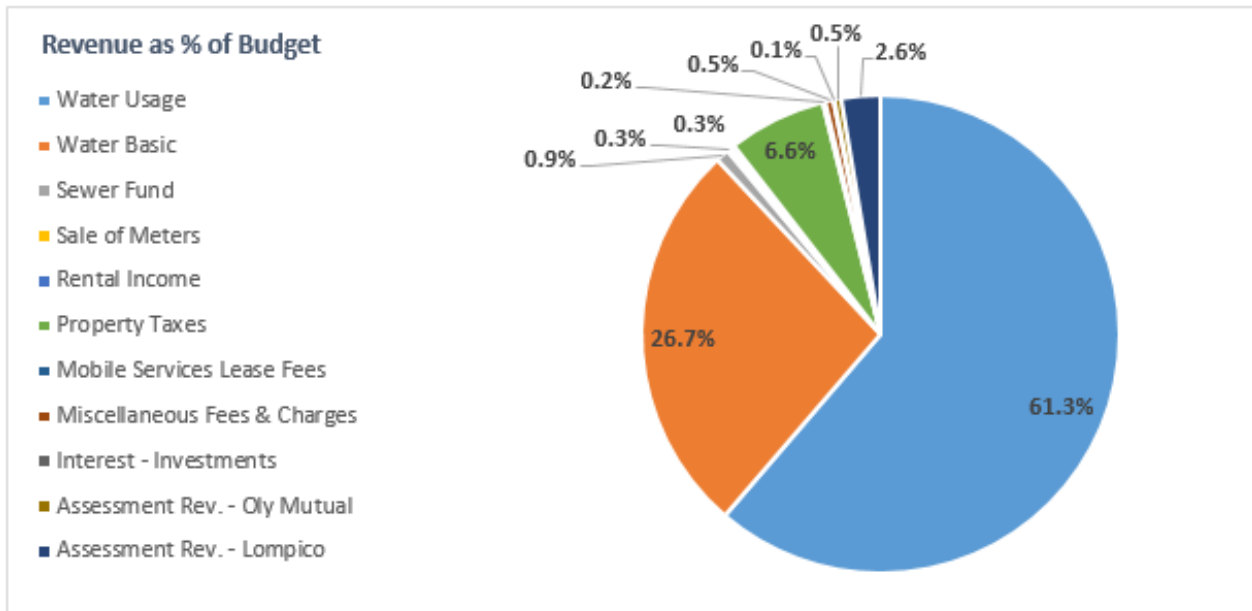


REVENUE SUMMARY

Overall District revenue is budgeted to be \$11.2M for FY1819. Revenues have increased \$1.3M or 13% compared to the prior year budget. Consumption is anticipated to remain relatively flat and the scheduled rate increases are factored in. This does not include any funds received for grants, or other capital funding options.

Revenue Budget

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Operating Revenue							
Water Basic	\$ 2,986,000	\$ 3,076,000	\$ 3,040,000	\$ (90,000)	-3%	\$ (54,000)	-2%
Water Usage	6,846,000	5,390,000	5,547,000	1,456,000	27%	1,299,000	23%
Sewer Fund	100,000	100,000	100,000	-	0%	-	0%
Sale of Meters	30,000	50,000	15,000	(20,000)	-40%	15,000	100%
Miscellaneous Fees & Charges	60,000	60,000	75,000	-	0%	(15,000)	-20%
Total Operating Revenue	\$ 10,022,000	\$ 8,676,000	\$ 8,777,000	\$ 1,346,000	16%	\$ 1,245,000	14%
Non-operating Revenue							
Property Taxes	\$ 738,400	\$ 725,000	\$ 710,000	\$ 13,400	2%	\$ 28,400	4%
Assessment Rev. - Oly Mutual	51,000	56,000	51,000	(5,000)	-9%	-	0%
Assessment Rev. - Lompico	295,000	300,000	297,000	(5,000)	-2%	(2,000)	-1%
Mobile Services Lease Fees	20,000	20,000	20,000	-	0%	-	0%
Rental Income	32,600	32,600	32,600	-	0%	-	0%
Interest - Investments	10,000	10,000	12,750	-	0%	(2,750)	-22%
Total Non-Operating Revenue	\$ 1,147,000	\$ 1,143,600	\$ 1,123,350	\$ 3,400	0%	\$ 23,650	2%
TOTAL REVENUE	\$ 11,169,000	\$ 9,819,600	\$ 9,900,350	\$ 1,349,400	14%	\$ 1,268,650	13%

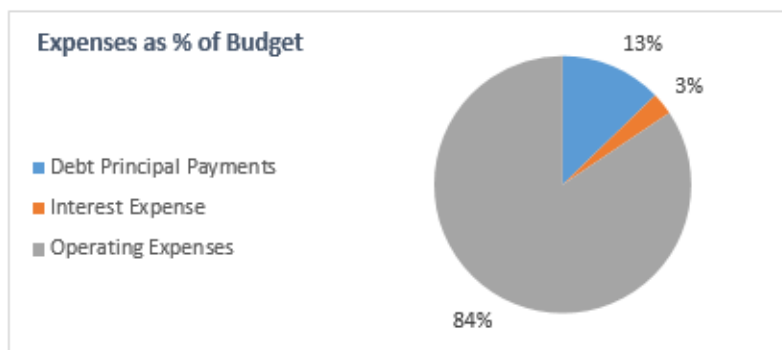


EXPENSE SUMMARY

District expenses, excluding capital projects, are budgeted to be \$9.4M for FY1819. Expenses have increased \$900K or 10% compared to the prior year budget. Expenses have increased \$950K or 11% compared to the prior year actuals. The main cause for the increase in both scenarios are increases to operating expenses of \$500K, from two scheduled new hires and general inflation, and anticipated new debt expense for capital projects of \$400K.

Expense Budget

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Operating Expenses							
Salaries & Benefits	\$ 5,048,246	\$ 4,531,632	\$ 4,540,125	\$ 516,614	11%	\$ 508,121	11%
Contract/Professional Services	1,316,360	1,520,561	1,419,482	(204,201)	-13%	(103,122)	-7%
Facilities	571,800	510,300	544,092	61,500	12%	27,708	5%
Gen. & Admin.	420,400	377,450	348,496	42,950	11%	71,904	21%
Operating Expenses	420,500	373,100	402,371	47,400	13%	18,129	5%
Maintenance	184,350	174,000	161,578	10,350	6%	22,772	14%
Total Operating Expenses	\$ 7,961,656	\$ 7,487,043	\$ 7,416,144	\$ 474,613	6%	\$ 545,513	7%
Interest Expense							
Refunding Bond	\$ 43,695	\$ 60,680	\$ 60,680	\$ (16,985)	-28%	\$ (16,985)	-28%
Felton Loan	37,220	40,771	40,771	(3,551)	-9%	(3,551)	-9%
Olympia SRF Loan	39,657	41,116	41,116	(1,459)	-4%	(1,459)	-4%
Solar Lease	9,869	10,918	10,918	(1,049)	-10%	(1,049)	-10%
Vehicle Lease	2,703	3,430	3,430	(726)	-21%	(726)	-21%
Anticipated Loan	130,000	-	-	130,000	0%	130,000	0%
Total Interest Expense	\$ 263,144	\$ 156,915	\$ 156,914	\$ 106,229	68%	\$ 106,230	68%
Debt Principal Payments							
Refunding Bond	\$ 666,015	\$ 649,030	\$ 649,030	\$ 16,985	3%	\$ 16,985	3%
Felton Loan	149,577	146,026	146,026	3,551	2%	3,551	2%
Olympia SRF Loan	64,576	63,117	63,117	1,459	2%	1,459	2%
Solar Lease	29,130	28,081	28,081	1,049	4%	1,049	4%
Vehicle Lease	22,505	21,779	21,779	726	3%	726	3%
Anticipated Loan	275,000	-	-	275,000	0%	275,000	0%
Total Debt Payments	\$ 1,206,803	\$ 908,033	\$ 908,033	\$ 298,770	33%	\$ 298,770	33%
Total Non-operating Expenses	\$ 1,469,947	\$ 1,064,947	\$ 1,064,947	\$ 405,000	38%	\$ 405,000	38%
TOTAL EXPENSES	\$ 9,431,603	\$ 8,551,990	\$ 8,481,091	\$ 879,613	10%	\$ 950,513	11%



OPERATING BUDGET

SUMMARY

The recommended Operating Budget for FY1819 results in an Operating Income of \$2M. The surplus will go towards capital projects and gradually building back up reserves.

Operating revenues are budgeted to be \$10M, which factors in the scheduled rate increase. Operating revenues make up the District's largest source of revenue, being 90% of overall revenue. Of the operating revenue, the water basic and water usage fees generate over 98% of the operating revenue.

Operating expenses are budgeted to be \$8M. Expenses have increased \$475K or 6% to the prior year budget and \$546K or 7% to the estimated prior year actuals. There are two scheduled new hires accounting for approximately half of the increase, with the remainder due to inflation.

Water consumption is estimated to be 650,000 units, which is slightly lower than expected FY1718 consumption. Winter 2017/18 rainfall was significantly below normal. Conservation and drought continue to be major themes throughout California and in the San Lorenzo Valley.

In FY1718, the District passed a 5 year water rate increase. New water rates become effective in October of the respective years. The District is currently in discussion for a sewer rate increase, if that occurs there may be a mid-year budget adjustment.

Operating Revenues & Expenses

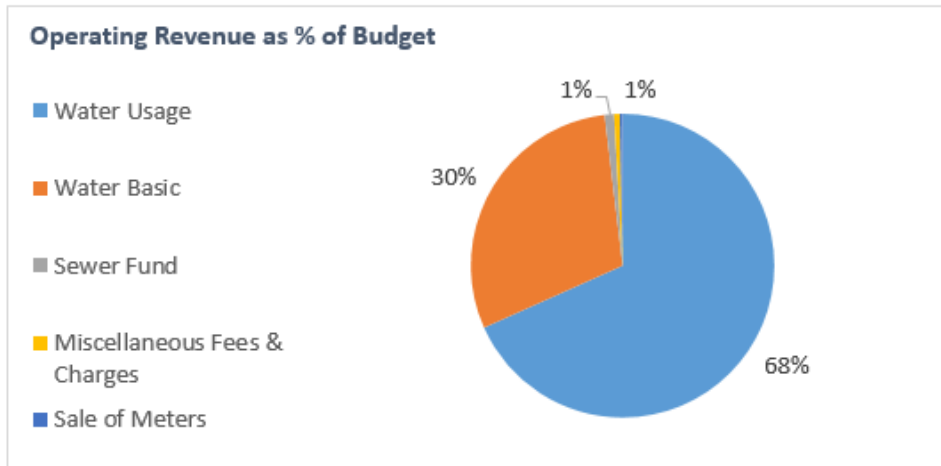
Operating Revenue	FY1819 Proposed	FY1718 Adopted	FY1718 Est.	Variance to FY1718		Variance to FY1718	
	Budget	Budget	Actuals	Budget	Est.	Actuals	
Water Basic	\$ 2,986,000	\$ 3,076,000	\$ 3,040,000	\$ (90,000)	-3%	\$ (54,000)	-2%
Water Usage	6,846,000	5,390,000	5,547,000	1,456,000	27%	1,299,000	23%
Sewer Fund	100,000	100,000	100,000	-	0%	-	0%
Sale of Meters	30,000	50,000	15,000	(20,000)	-40%	15,000	100%
Miscellaneous Fees & Charges	60,000	60,000	75,000	-	0%	(15,000)	-20%
Total Operating Revenue	\$ 10,022,000	\$ 8,676,000	\$ 8,777,000	\$ 1,346,000	16%	\$ 1,245,000	14%
Operating Expenses							
Salaries & Benefits	\$ 5,048,246	\$ 4,531,632	\$ 4,540,124	\$ 516,614	11%	\$ 508,122	11%
Contract/Professional Services	1,316,360	1,520,561	1,419,482	(204,201)	-13%	(103,122)	-7%
Facilities	571,800	510,300	544,092	61,500	12%	27,708	5%
Gen. & Admin.	420,400	377,450	348,497	42,950	11%	71,903	21%
Operating Expenses	420,500	373,100	402,371	47,400	13%	18,129	5%
Maintenance	184,350	174,000	161,578	10,350	6%	22,772	14%
Total Operating Expenses	\$ 7,961,656	\$ 7,487,043	\$ 7,416,144	\$ 474,613	6%	\$ 545,513	7%
OPERATING INCOME (LOSS)	\$ 2,060,344	\$ 1,188,957	\$ 1,360,856	\$ 871,387	73%	\$ 699,487	51%

OPERATING REVENUE SUMMARY

Operating revenue is expected to be \$10M. This is \$1.3M, or 16%, higher than the prior year budget. There was a mid-year budget revision for FY1718, as there was a 5 year rate increase adopted. The rate increase was effective October 2017, which has another slatted increase in October 2018. Consumption levels for FY1718 are estimated to be around 690,000 units, where FY1819 was assumed to be approximately 650,000 units of water. FY1819 consumption was based on the below average rainfall and prior years average consumption. For conversion purposes, 650,000 units equates to 486,200,000 gallons or 1,492 acre feet.

Operating Revenue Budget

Operating Revenue	FY1819	FY1718	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
	Proposed Budget	Adopted Budget		Budget	Est. Actuals		
Water Basic	\$ 2,986,000	\$ 3,076,000	\$ 3,040,000	\$ (90,000)	-3%	\$ (54,000)	-2%
Water Usage	6,846,000	5,390,000	5,547,000	1,456,000	27%	1,299,000	23%
Sewer Fund	100,000	100,000	100,000	-	0%	-	0%
Sale of Meters	30,000	50,000	15,000	(20,000)	-40%	15,000	100%
Miscellaneous Fees & Charges	60,000	60,000	75,000	-	0%	(15,000)	-20%
Total Operating Revenue	\$ 10,022,000	\$ 8,676,000	\$ 8,777,000	\$ 1,346,000	16%	\$ 1,245,000	14%



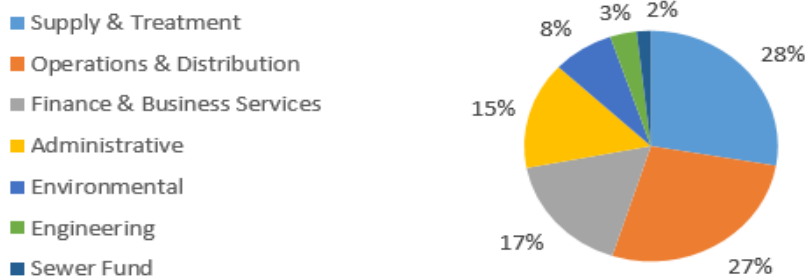
OPERATING EXPENSE SUMMARY

The below shows the operating expense summary by department and category. Individual departments are highlighted later in this document.

Operating Expense Budget by Department

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Administrative	\$ 1,196,980	\$ 1,304,997	\$ 1,266,935	\$ (108,017)	-8%	\$ (69,955)	-6%
Finance & Business Services	1,353,931	1,265,371	1,287,122	88,560	7%	66,809	5%
Engineering	268,865	131,032	130,754	137,833	105%	138,111	106%
Operations & Distribution	2,168,424	1,959,315	1,994,399	209,109	11%	174,025	9%
Environmental	620,665	685,032	525,637	(64,367)	-9%	95,028	18%
Supply & Treatment	2,206,874	2,010,965	2,090,031	195,909	10%	116,843	6%
Sewer Fund	145,917	130,331	121,267	15,586	12%	24,650	20%
Total Operating by Departments	\$ 7,961,656	\$ 7,487,043	\$ 7,416,144	\$ 474,613	6%	\$ 545,512	7%

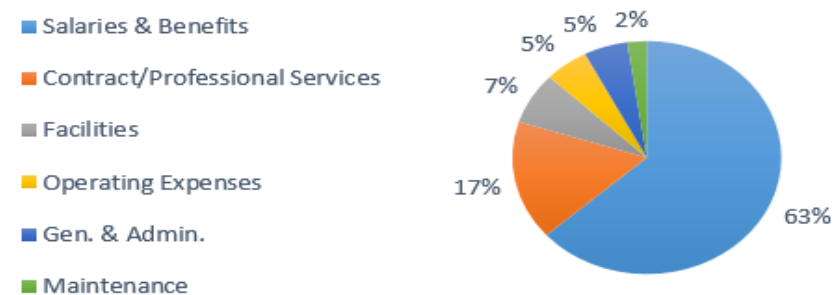
Operating Expense Budget by Department as % of Budget



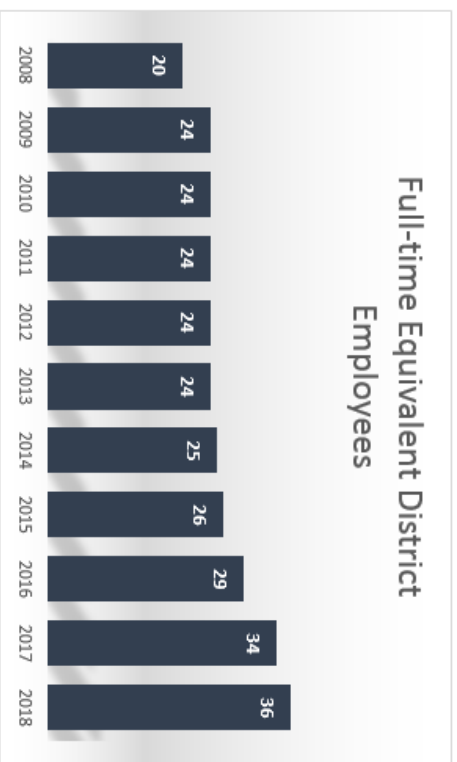
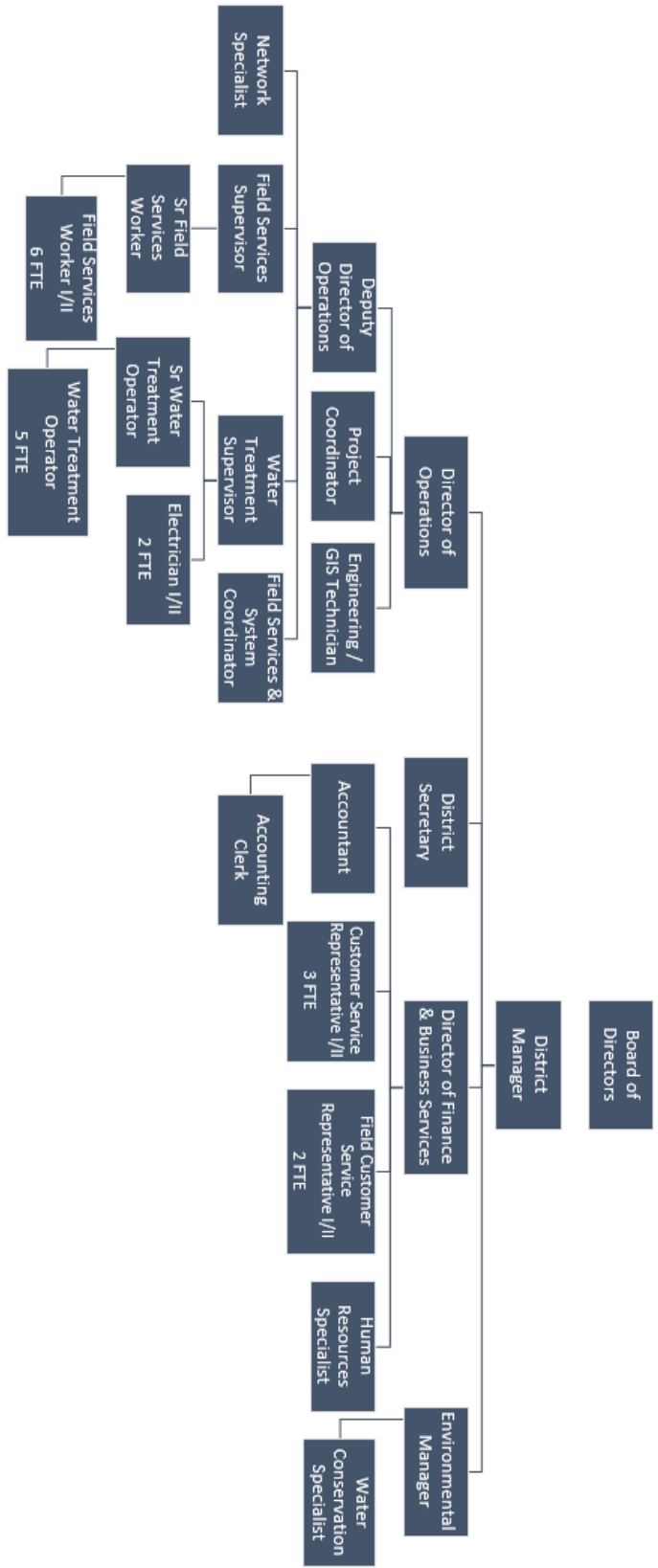
Operating Expense Budget by Expense Category

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$5,048,246	\$4,531,632	\$4,540,124	\$516,614	11%	\$508,122	11%
Contract/Professional Services	1,316,360	1,520,561	1,419,482	(204,201)	-13%	(103,122)	-7%
Facilities	571,800	510,300	544,092	61,500	12%	27,708	5%
Gen. & Admin.	420,400	377,450	348,497	42,950	11%	71,903	21%
Operating Expenses	420,500	373,100	402,371	47,400	13%	18,129	5%
Maintenance	184,350	174,000	161,578	10,350	6%	22,772	14%
Total Operating by Category	\$ 7,961,656	\$ 7,487,043	\$ 7,416,144	\$ 474,613	6%	\$ 545,512	7%

Operating Expense Budget by Category as % of Budget



ORGANIZATIONAL CHART



PERSONNEL

Overall, the largest operating expense of the District is the salary & benefits portion, making up approximately 64% of the overall operating expense. The FY2018/19 budget consists of 35.5 full-time equivalent (FTE) employees, with over 65% of them typically being out in the field. District employees make our mission to provide our customers and all future generations with reliable, safe, and high quality water possible.

REQUESTED NEW HIRES:

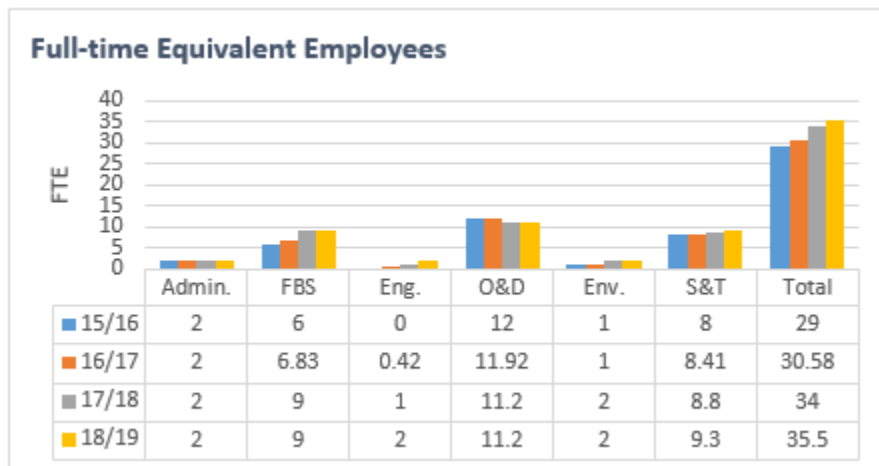
There are two new hire positions planned for this fiscal year budget, both were identified as part of the 2016 staffing study:

- A Project Manager/Coordinator position to aid in capital projects and engineering. The position is budgeted for a full fiscal year. A majority of this position will be capitalized with the projects, but for a budgetary cash basis, we account for it all in the budget. In the audit pro-forma section, you will see the majority of the cost being capitalized with the projects, which moves it from an expense item to capital.
- A Water Treatment Operator to aid in overall department need, including lab work. The position is budgeted for 1/1/19, so half of the fiscal year.

The chart below displays the FTE in FY1819 based on hire date, showing the year over year change versus the Org Chart where it displays them as of year-end.

VARIANCE TO PRIOR YEAR BUDGET AND PRIOR YEAR ESTIMATED ACTUALS:

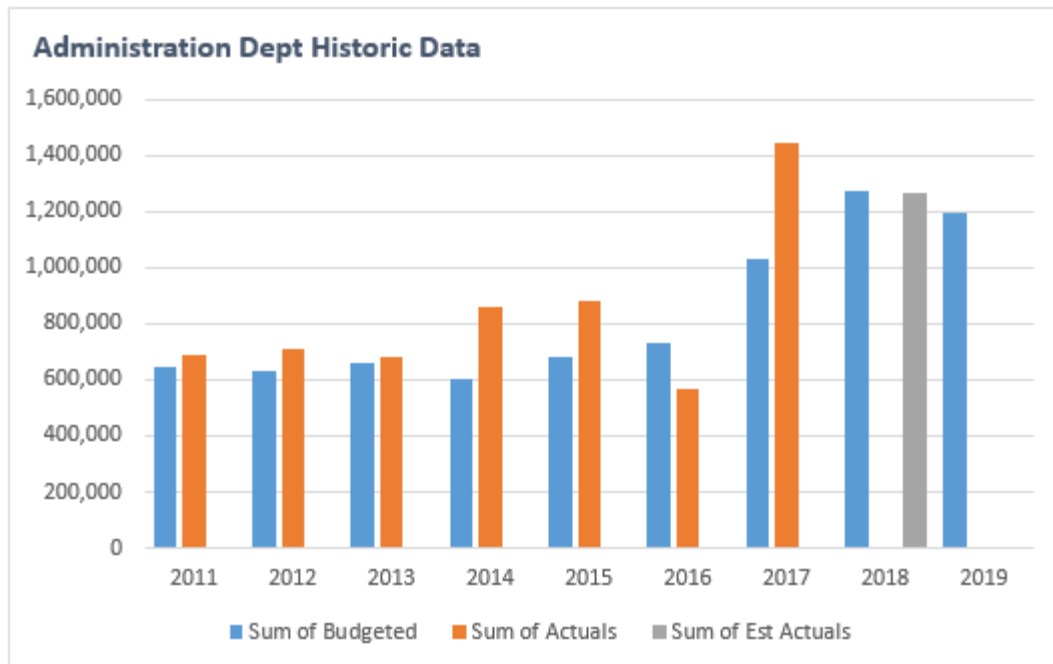
Salaries and benefits expenses have increased approximately \$500K or 11% compared to the prior year budget and estimated actuals. Approximately half is due to the new hire expenses and remainder from regular increases to current employee salaries, health and retirement benefits.



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 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 our third party consultant.
- This department also contains the direct expenses of the Board of Directors.



ADMINISTRATION DEPARTMENT

Administration by Expense Category

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 450,812	\$ 429,397	\$ 408,169	\$ 21,415	5%	\$ 42,643	10%
Contract/Professional Services	534,000	673,900	673,900	(139,900)	-21%	(139,900)	-21%
Gen. & Admin.	169,471	148,200	148,234	21,271	14%	21,238	14%
Facilities	25,817	28,000	23,503	(2,183)	-8%	2,313	10%
Maintenance	15,887	24,500	12,593	(8,613)	-35%	3,295	26%
Operating Expenses	993	1,000	536	(7)	-1%	457	85%
Total Operating Expense	\$ 1,196,980	\$ 1,304,997	\$ 1,266,935	\$ (108,017)	-8%	\$ (69,954)	-6%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have decreased \$108K or (8%) compared to the prior year budget. The decrease is due to less outside consultant and professional services expenditures, with the majority being legal. There was a mid-year FY1718 budget adjustment for legal fees related to the higher than expected costs associated with the new legal firm, active litigations and other inquiries such as the [insert more detail once legal gets bill breakdown]

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have decreased \$70K or (6%) compared to the estimated prior year actuals. The decrease is similar to the prior year budget being due to legal fees.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- \$250K for legal services. FY1718 estimated actuals are \$385K.
 - [insert more detail once legal gets bill breakdown]
- \$120K for participation in the Santa Margarita Groundwater Agency.
- \$60K for public outreach. The District is currently reviewing proposals.
- \$30K election fees for the 2018 election process.

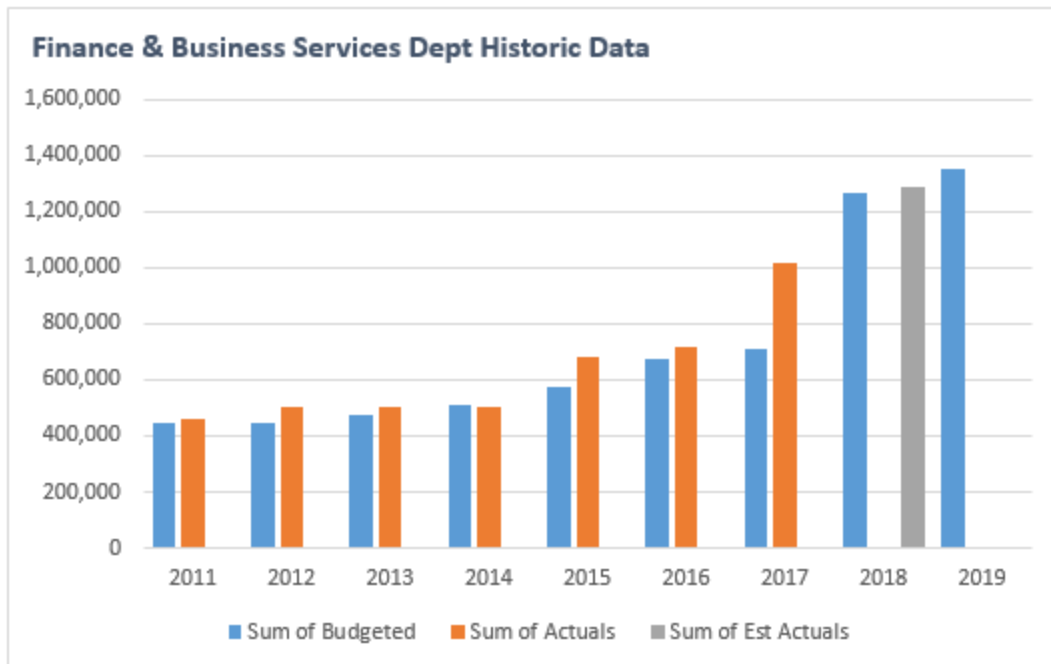
General & Administrative Services:

- \$95K for insurances, this is over a 25% increase from prior years as the District re recent claims.
- \$42K for different memberships such as ACWA, LAFCO and CSDA

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 benefits administration, recruitment, 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

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 1,075,259	\$ 997,621	\$ 1,017,534	\$ 77,638	8%	\$ 57,725	6%
Contract/Professional Services	105,253	114,000	112,300	(8,747)	-8%	(7,047)	-6%
Gen. & Admin.	159,667	145,750	139,367	13,917	10%	20,300	15%
Maintenance	12,759	7,500	14,921	5,259	70%	(2,162)	-14%
Operating Expenses	993	500	3,000	493	99%	(2,007)	-67%
Total Operating Expense	\$ 1,353,931	\$ 1,265,371	\$ 1,287,122	\$ 88,560	7%	\$ 66,809	5%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have increased \$89K or 7% compared to the prior year budget. The increase is due to changes in employee benefits and regular increases in salaries and benefits. Other increases are due to Badger meter fees, maintenance of vehicles and increased banking fees as more customers are utilizing electronic payments.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$67K or 5% compared to the estimated prior year actuals. The increase is due to the same reasons as above.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- \$30K for software related
- \$30K billing related
- \$15K human resources related

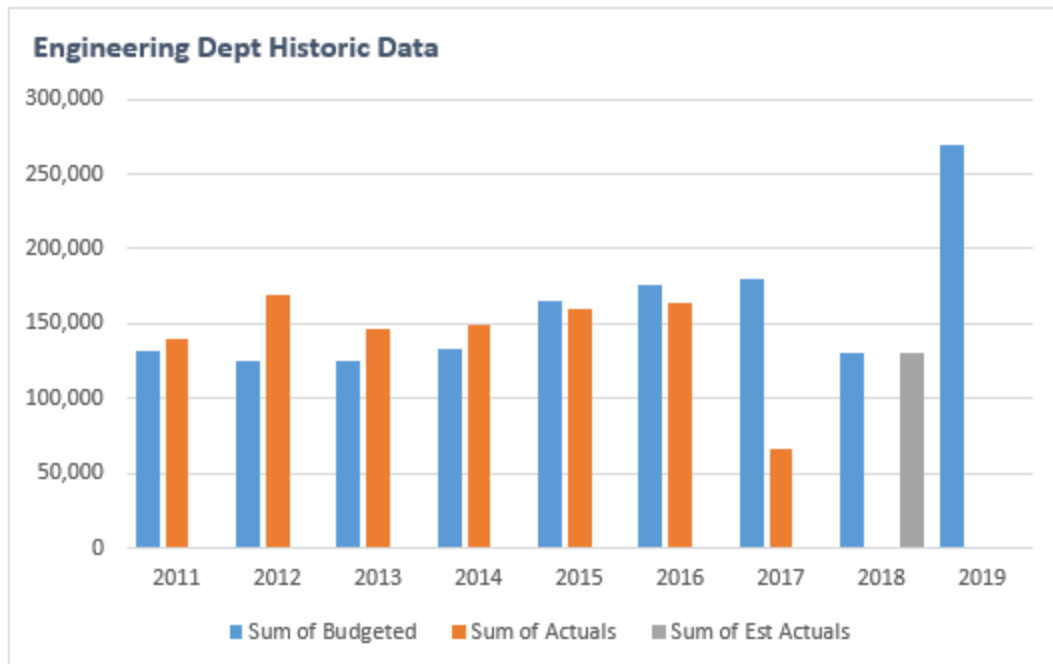
General & Administrative Services:

- \$110K for banking related, mainly due to online and credit card payments
- \$34K for postage

ENGINEERING DEPARTMENT

The Engineering Department 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 2 FTE budgeted. Currently there is 1 FTE GIS Specialist and 1 FTE budgeted new hire for a Project Manager/Coordinator.

For fiscal year end, audit pro forma purposes, approximately 80% of the Project Manager/Coordinator and 20% of the GIS Specialist salaries and benefits expense are expected to be capitalized for work done on capital projects.



ENGINEERING DEPARTMENT

Engineering by Expense Category

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 246,165	\$ 101,632	\$ 98,980	\$ 144,533	142%	\$ 147,186	149%
Contract/Professional Services	15,000	25,000	25,000	(10,000)	-40%	(10,000)	-40%
Gen. & Admin.	6,500	3,200	5,432	3,300	103%	1,068	20%
Facilities	1,200	1,200	1,342	-	0%	(142)	-11%
Maintenance	-	-	-	-	0%	-	0%
Operating Expenses	-	-	-	-	0%	-	0%
Total Operating Expense	\$ 268,865	\$ 131,032	\$ 130,754	\$ 137,833	105%	\$ 138,111	106%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have increased \$138K or 105% compared to the prior year budget. The increase from the prior year budget is due to the proposed Project Manager/Coordinator new hire position.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$138K or 106% compared to the estimated prior year actuals due to the new hire mentioned above.

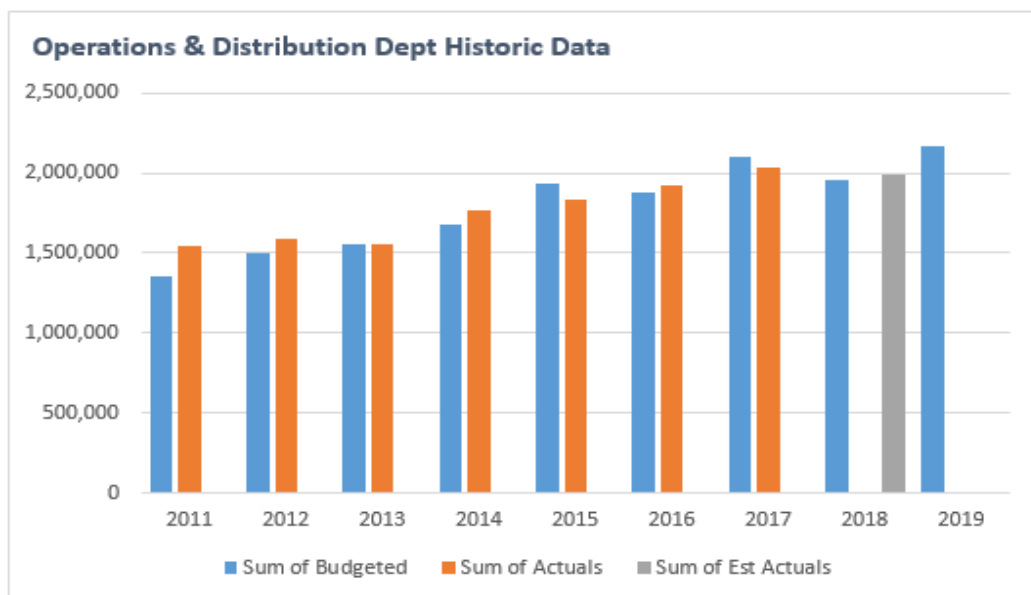
BUDGET EXPENDITURES TO NOTE:

The majority of the department expenses are in personnel.

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-hour a day, 7 days a week. There are 11.2 FTE employees.

- Upper management consists of the Director of Operations and the Deputy Director of Operations, who oversee all staff within the Operations & Distribution and Supply & Treatment Departments. The Director of Operations also oversees the Engineering department.
- 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

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 1,529,876	\$ 1,447,440	\$ 1,433,467	\$ 82,436	6%	\$ 96,409	7%
Contract/Professional Services	142,000	100,000	87,894	42,000	42%	54,106	62%
Gen. & Admin.	9,433	12,000	7,334	(2,567)	-21%	2,099	29%
Facilities	191,387	176,000	180,357	15,387	9%	11,030	6%
Maintenance	108,728	100,500	100,553	8,228	8%	8,175	8%
Operating Expenses	187,000	135,000	184,794	52,000	39%	2,206	1%
Allocations	-	(11,625)	-	11,625	-100%	-	0%
Total Operating Expense	\$ 2,168,424	\$ 1,959,315	\$ 1,994,399	\$ 209,109	11%	\$ 174,025	9%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have increased \$209K or 11% compared to the prior year budget. There was ~\$40K related to a position that was vacant for half of the prior year, remainder attributed to regular salary and benefit annual increases. There is \$42K budgeted for leak detection work. Operating expenses had been tracking higher the last few years, the prior year budget was low.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$174K or 9% compared to the estimated prior year actuals. For the most part the increases are the same reasons as mentioned above.

BUDGET EXPENDITURES TO NOTE:

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

Contract/Professional Services:

- \$42K for leak detection services. Contract professionals use state of the art acoustical listening devices and digital correlation technology to help identify leaks within the system. The District performs these in different areas throughout the District periodically.

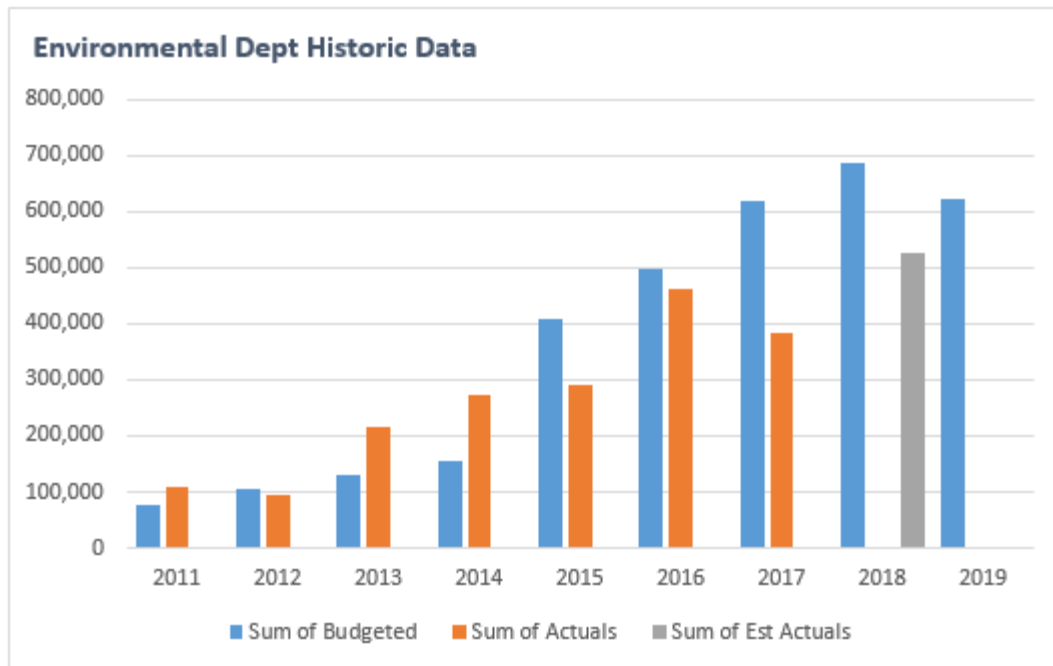
Allocations:

- FY1718 were budgeted in a single allocation line. Actuals and budgets going forward will have these items allocated within the respective categories.

ENVIRONMENTAL DEPARTMENT

The Environmental Department oversees an array of strategies and programs related to increasing public awareness of the District's efforts investments to provide a safe and reliable water supply. There are 2 FTE employees.

- Facilitates programs to encourage water users to improve or maintain long-term water-use efficiency.
- Helps identify current or potential drought conditions to help the District increase water conservation guidelines to meet demand or regulatory requirements.
- Identifies potential grant funding, prepares applications, coordinates with other agencies for collaborative grants and coordinates any grant implementation.
- Conducts California Environmental Quality Act (CEQA) review of District projects and determines potential impact.



ENVIRONMENTAL DEPARTMENT

Environmental by Expense Category

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 264,605	\$ 253,271	\$ 234,514	\$ 11,334	4%	\$ 30,091	13%
Contract/Professional Services	275,360	357,661	241,000	(82,301)	-23%	34,360	14%
Gen. & Admin.	65,600	61,300	41,400	4,300	7%	24,200	58%
Facilities	600	300	652	300	100%	(52)	-8%
Maintenance	10,000	10,000	4,267	-	0%	5,733	134%
Operating Expenses	4,500	2,500	3,804	2,000	80%	696	18%
Total Operating Expense	\$ 620,665	\$ 685,032	\$ 525,637	\$ (64,367)	-9%	\$ 95,028	18%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have decreased \$64K or (9%) compared to the prior year budget. This was from doing a more critical review of the contract professional services we are actively utilizing.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$95K or 18% compared to the estimated prior year actuals. The increase is due to the full year of the new hire position and regular increases to salary and benefits. FY1718 budgeted items that have been pushed into this FY1819 budget.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- \$130K for stream flow monitoring
- \$40K for fish monitoring
- \$36K for stream temperature monitoring

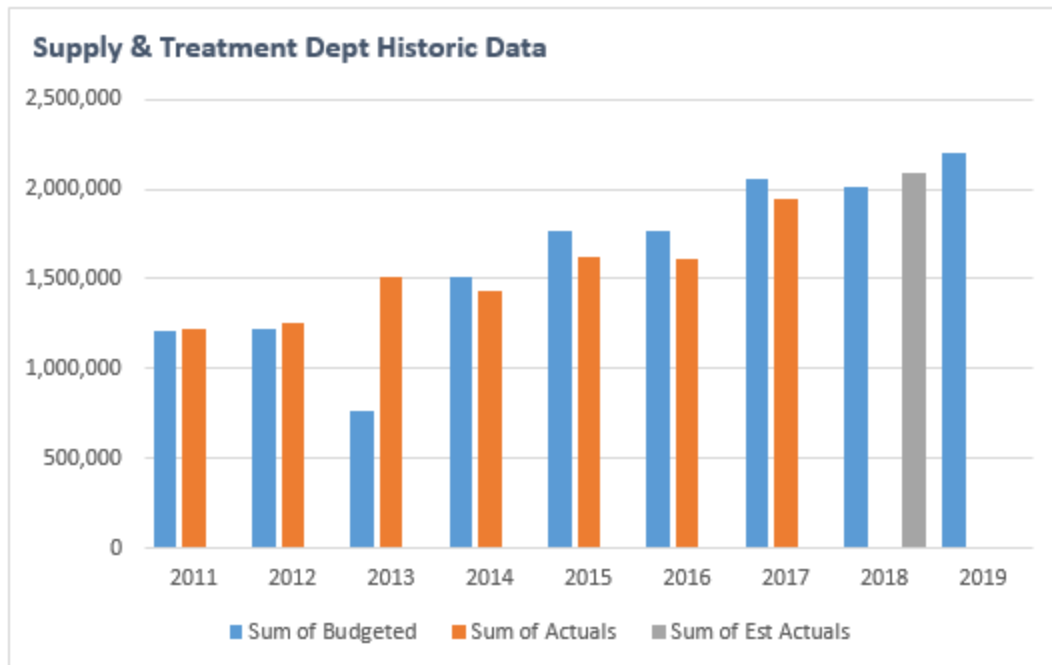
General & Administrative Services:

- \$25K water conservation program
- \$33K watershed and educational grants

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 8.8 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

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 1,438,509	\$ 1,273,271	\$ 1,304,561	\$ 165,238	13%	\$ 133,947	10%
Contract/Professional Services	180,000	195,000	239,996	(15,000)	-8%	(59,996)	-25%
Gen. & Admin.	7,944	7,000	5,130	944	13%	2,813	55%
Facilities	341,669	295,000	327,100	46,669	16%	14,569	4%
Maintenance	34,753	31,000	28,244	3,753	12%	6,509	23%
Operating Expenses	204,000	212,600	185,000	(8,600)	-4%	19,000	10%
Allocations	-	(2,906)	-	2,906	-100%	-	0%
Total Operating Expense	\$ 2,206,874	\$ 2,010,965	\$ 2,090,031	\$ 195,909	10%	\$ 116,843	6%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have increased \$196K or 10% compared to the prior year budget. The increase is due to the proposed new hire, utility expenses higher than expected in the prior year budget and regular salary and benefit annual increases.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$117K or 6% compared to the estimated prior year actuals. The increase is due to the proposed new hire, increased utility and operating expenses, and regular salary and benefit annual increases. This is offset by expected savings from consultants.

BUDGET EXPENDITURES TO NOTE:

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

Contract/Professional Services:

- \$80K for water analysis. Testing requirements will vary by year

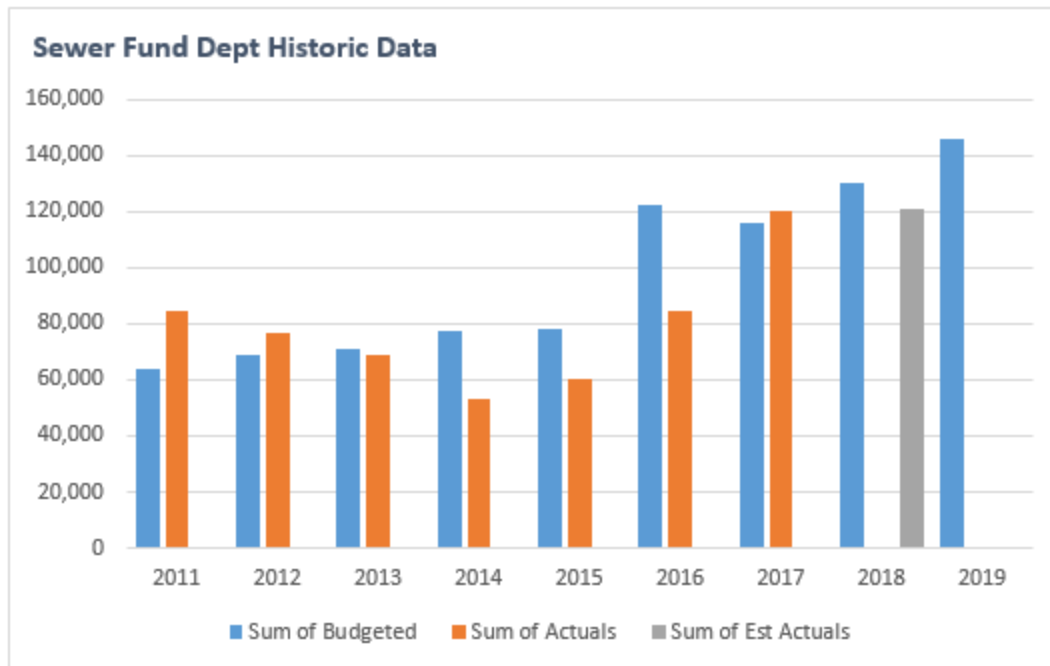
Operating Expenses:

- \$35K for non-capital equipment such as multiple turbidity and flow meters, digital chart recorders and calibration of equipment
- \$33K watershed and educational grants
- \$17K laboratory supplies

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 is still significant improvements needed for the wastewater system.



SEWER FUND

Sewer Fund by Expense Category

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Salaries & Benefits	\$ 43,020	\$ 29,000	\$ 42,900	\$ 14,020	48%	\$ 120	0%
Contract/Professional Servi	64,747	55,000	39,392	9,747	18%	25,355	64%
Facilities	11,128	9,800	11,138	1,328	14%	(10)	0%
Maintenance	2,222	500	1,000	1,722	344%	1,222	122%
Operating Expenses	23,014	21,500	25,236	1,514	7%	(2,222)	-9%
Allocations	-	14,531	-	(14,531)	-100%	-	0%
Total Operating Expense	\$ 145,917	\$ 130,331	\$ 121,267	\$ 15,586	12%	\$ 24,650	20%

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have increased \$15K or 12% compared to the prior year budget. The increase is due to new allocations of indirect staff time and expenses.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$25K or 20% compared to the estimated prior year actuals due to more water testing requirements than in prior years.

BUDGET EXPENDITURES TO NOTE:

Contract/Professional Services:

- \$38K for water analysis. Testing requirements will vary by year and are anticipated to be higher for FY1819 per the engineering consultants.

Allocations:

- FY1718 were budgeted in a single allocation line. Actuals and budgets going forward will have these items allocated within the respective categories.

NON-OPERATING REVENUE & EXPENSES

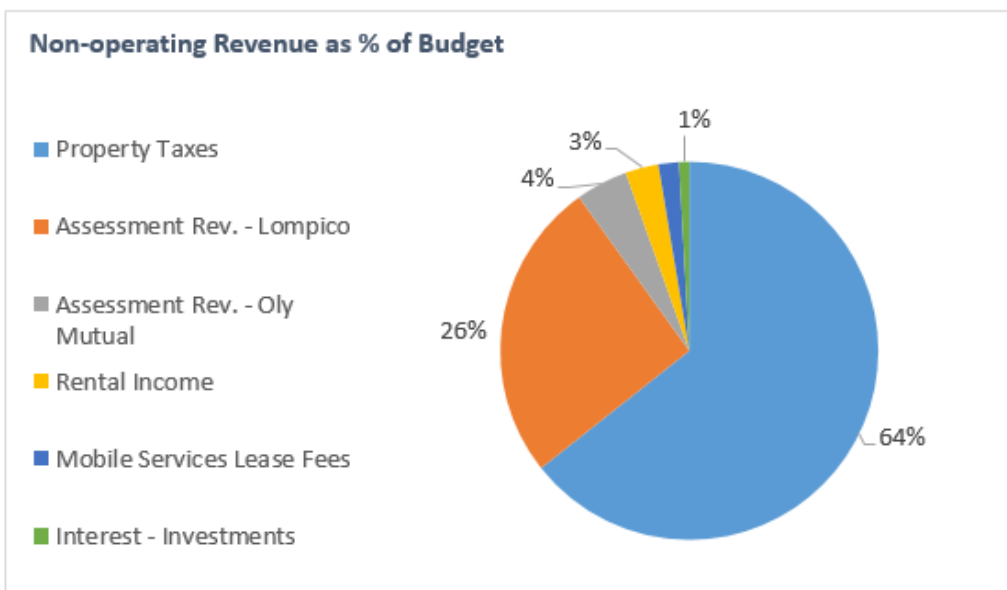
NON-OPERATING REVENUE

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. Property tax revenue is typically designated to help pay any debt or fund reserves.

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.

Non-Operating Revenue Budget

	FY1819 Proposed Budget	FY1718 Adopted Budget	FY1718 Est. Actuals	Variance to FY1718 Budget		Variance to FY1718 Est. Actuals	
Non-operating Revenue							
Property Taxes	\$ 737,500	\$ 725,000	\$ 710,000	\$ 12,500	2%	\$ 27,500	4%
Assessment Rev. - Oly Mutual	51,000	56,000	51,000	(5,000)	-9%	-	0%
Assessment Rev. - Lompico	295,000	300,000	297,000	(5,000)	-2%	(2,000)	-1%
Mobile Services Lease Fees	20,000	20,000	20,000	-	0%	-	0%
Rental Income	32,600	32,600	32,600	-	0%	-	0%
Interest - Investments	10,000	10,000	12,750	-	0%	(2,750)	-22%
Total Non-Operating Revenue	\$ 1,146,100	\$ 1,143,600	\$ 1,123,350	\$ 2,500	0%	\$ 22,750	2%



NON-OPERATING EXPENSES

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

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.

The District is anticipating needing to new debt financing this fiscal year. There are projects in progress that will need funding, as well as a bridge loan for the anticipated USDA loan. USDA loans are not repaid until the projects are complete, therefore, most agencies need to get a bridge loan to fund the project until the USDA loan comes in. The anticipated loan for this fiscal year is assumed to be around \$4M, with 5% interest, over 8 years and for approximately 8 months of this fiscal year.

Non-Operating Expenses

Interest Expense	FY1819
Refunding Bond	\$ 43,695
Felton Loan	37,220
Olympia SRF Loan	39,657
Solar Lease	9,869
Vehicle Lease	2,703
Anticipated Loan	130,000
Total Interest Expense	\$ 263,144

Debt Principal Payments	FY1819	Additional Debt Information		
		FY1819 Balance	Term. Date	Interest Rate
Refunding Bond	\$ 649,030	\$ 1,360,159	Ends 09/21	2.60%
Felton Loan	146,026	1,196,792	Ends 07/27	2.42%
Olympia SRF Loan	63,117	1,495,993	Ends 01/37	2.57%
Solar Lease	28,081	253,908	Ends 11/26	3.67%
Vehicle Lease	21,779	70,746	Ends 05/22	3.29%
Anticipated Loan	275,000	3,725,000	Ends 10/26	5.00%
Total Debt Payments	\$ 1,183,033	\$ 8,102,599		

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 allocated to the project and off-set the operating expense.

The District funds capital projects by funding internally from cash reserves, grants awarded, individual assessments or debt financing. In more recent years, the District has paid from cash reserves. For some of these upcoming projects, the District is attempting to leverage grant monies or debt financing. Interest rates are still near historic lows, financing by debt will allow the District to rebuild reserves at a more favorable interest rate.

The Capital Project Listing will list out project titles, anticipated funding, any monies spent in prior years, expected to be spent in the current budget year and any future spending. Each project will be described in further detail in the Capital Project Description sections.

FY1819 CAPITAL PROJECTS ADDITIONAL NOTES:

The District incurred storm damage from severe winter storms spanning December 2016-February 2017. The President of the United States has declared three major disasters making federal disaster aid available to 34 counties in the State of California, including Santa Cruz County. The District is currently working with FEMA on our qualified projects to receive an estimated 75% funding from FEMA. Some of these projects entail significant engineering and will continue to be worked on spanning into future fiscal years.

CAPITAL PROJECT LISTING

#	Project	Funding Type	Spent in Prior FY(s)	FY1819 Budget	Future FY Projection	Total Project Cost
General Water System						
1	Probation Tank	PRIVATE LOAN	270,000	1,980,000	-	2,250,000
2	Bull Bennet Pipeline	PRIVATE LOAN		230,000	910,000	1,140,000
3	Pasatiempo Well 6 replacement	PRIVATE LOAN	5,200	937,500	-	942,700
4	Quail Hollow Well	RESERVES		40,000	460,000	500,000
5	USDA Loan Application	RESERVES	60,000	215,000	-	275,000
6	SCADA HMI Replacement	RESERVES	71,700	113,300	-	185,000
7	Felton Heights Mutual	RESERVES		162,500	-	162,500
8	Meter Replacement	RESERVES		72,000	58,000	130,000
9	Blue Tank Replacement	RESERVES	10,000	120,000	-	130,000
10	3 Vehicles	RESERVES		122,000	-	122,000
11	Glen Arbor Bridge South	RESERVES		56,250	18,750	75,000
12	North Boulder Creek Master Plan	RESERVES		70,000	-	70,000
13	System Wide Master Plan	RESERVES		70,000	-	70,000
14	Pasatiempo Well 7 repair	RESERVES	3,800	50,000	6,200	60,000
15	Madrone Booster Generator	RESERVES		40,000	-	40,000
16	Highland Tank Fencing	RESERVES		15,000	-	15,000
17	Swim Tank	USDA LOAN	85,900	268,500	323,600	678,000
18	Lyon Pipe	USDA LOAN		282,500	167,500	450,000
19	Two Bar Road Pipe	USDA LOAN		100,000	350,000	450,000
20	Felton Acres Tank and Booster	USDA LOAN		70,000	230,000	300,000
21	Orman Road Pipe	USDA LOAN		34,000	266,000	300,000
22	California Drive Pipe	USDA LOAN		25,000	215,000	240,000
23	Hillside Drive Pipe	USDA LOAN		52,000	188,000	240,000
24	Riverview Drive Pipe	USDA LOAN		52,000	188,000	240,000
25	Worth Lane Pipe	USDA LOAN		79,000	41,000	120,000
26	Sequoia Road Pipe	USDA LOAN		25,000	95,000	120,000
27	Hihn Road Pipe	USDA LOAN		65,000	25,000	90,000
28	Fall Creek Fish Ladder	PRIVATE LOAN GRANT &	360,000	160,000	640,000	1,160,000
General Sewer System						
29	Bear Creek Wastewater Plan	RESERVES		50,000	-	50,000

(capital projects continued on next page)

CAPITAL PROJECT LISTING

(capital projects listing continued)

#	Project	Funding Type	Spent in Prior FY(s)	FY1819 Budget	Future FY Projection	Total Project Cost
Lompico Assessment District						
30	Service Line Replacements	LOMPICO AD	25,000	150,000	489,600	664,600
31	PRV's	LOMPICO AD	50,000	90,000	218,000	358,000
32	Interconnection Booster	LOMPICO AD		45,000	256,000	301,000
33	Lewis Tank	LOMPICO AD		34,000	193,334	227,334
Storm Damage 2017 FEMA						
34	Lyon Slide Repair	FEMA/RESERVES	50,500	60,000	1,889,500	2,000,000
35	Fall Creek Fish Ladder Intake	FEMA/RESERVES	21,300	55,000	23,700	100,000
36	Two Bar Road Slide	FEMA/RESERVES		45,000	-	45,000
37	Raw Water Supply Lines Repairs	FEMA/RESERVES	8,900	31,100	-	40,000
38	Small Main Repairs	FEMA/RESERVES		20,000	20,000	40,000
39	Foreman Creek Intake	FEMA/RESERVES		25,000	-	25,000
			1,022,300	6,111,650	7,527,384	14,406,134

Expected funding from non-debt sources (565,250)

Expected funding from debt sources (4,200,500)

Ending cash reserves required 1,345,900

CAPITAL PROJECT DESCRIPTION

PROBATION TANK REPLACEMENT

The probation water storage tank is a 100,000 gallon redwood tank located directly behind the Santa Cruz County Juvenile Probation Center off Graham Hill Road in Scotts Valley. This facility provides water service to approximately four-hundred sixty (460) connections in the area of Lockwood Lane and Whispering Pines Drive, in Scotts Valley. The Probation Tank is approximately 50 years old and has reached its life expectancy, requires ongoing leakage repair and is undersized. The surrounding area contains sensitive environmental habitat.

Project Description:

Construction of a new 500,000 gallon welded steel water storage tank in the Probation Zone. This project will replace the existing Redwood tank. The project includes but is not limited to, temporary water storage for customers, new water tank, SCADA control, fencing, and environmental permitting.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
270,000	1,980,000	0	2,250,000



CAPITAL PROJECT DESCRIPTION

BULL/BENNETT PIPELINE

The Bull/Benet Creek Intake Transmission Line, generally located off Empire Grade Road in Felton, is part of the water system acquired by the District in 2007 from California-American Water Company. This facility supplies raw water from the Bull/Bennet Spring to the Kirby Water Treatment Plant in Felton. The existing intake facilities consist of a concrete spring and 3,300 lineal feet of 4-inch welded steel supply line, most of which is installed above ground cross-country. The existing transmission line requires ongoing maintenance to control leakage and is subject to service interruptions.

Project Description:

Construction of approximately 3,300 lineal feet of new 8-inch HDPE transmission line and appurtenances thereto.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	230,000	910,000	1,140,000

PASATIEMPO WELL 6 REPAIRS

The District’s Pasatiempo Well 6 was constructed in 1990 located in Scotts Valley. The well supplies water to customers in the District’s South System. The well has developed a hole in the casing allowing for gravel pack to enter into the well. Attempts to repair the well by placing a hydraulic swage have failed.

Project Description:

Consultant to review the damage and attempted repairs, develop a plan for repairs to the well casing.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
5,200	937,500	57,300	1,000,000

CAPITAL PROJECT DESCRIPTION

QUAIL HOLLOW WELL REPLACEMENT

Construction of a new groundwater well in the Quail Hollow Area. This project will construct a new groundwater well at a location to be determined within the Quail Hollow area. Project includes, but is not limited to, property acquisition for new site location, site improvements, well construction, SCADA control, and appurtenances thereto.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	40,000	460,000	500,000

USDA LOAN APPLICATION

The USDA loan process requires extensive work to compile documentation on engineering, environmental, and so forth. The loan is to serve capital projects and will be capitalized through the process.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
60,000	215,000	0	275,000

SCADA HMI SOFTWARE UPGRADE

The District utilizes a Supervisory Control and Data Acquisition system (SCADA) to operate and monitor the water system. The system consist of field hardware, main SCADA central computer. The system collects data from the water system and software is used for the Human Machine Interface (HMI). This software is outdated and requires upgrading.

Project Description:

Replacement/upgrade of HMI software.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
71,700	113,300	0	185,000

CAPITAL PROJECT DESCRIPTION

FELTON HEIGHTS MUTUAL

In 2013, the District took ownership of Felton Heights Mutual located in Felton. The 21 water connections were receiving water from the District through a single master water meter. As a requirement for the transfer of ownership is to replace existing undersized water storage tank with a 60,000 gallon water tank. The twenty-one homes are responsible for a portion of the project.

Project Description:

The project includes but is not limited to property acquisition by easement, engineering, and water tank construction.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
	162,500	0	162,500



CAPITAL PROJECT DESCRIPTION

METER REPLACEMENTS

The District maintains a meter replacement program. Meters should be replaced every 10-15 years. Meters that are greater than 15 years old have a higher tendency to under-report water use or fail all together. Failing meters are identified in the meter reading process and replaced as needed. There should be approximately 500 meters replaced annually to maintain the meters.

Project Description:

Replace approximately 500 meters in the District.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	72,000	58,000	130,000

BLUE TANK REPLACEMENT

The Blue Water Storage tank, located off Maraflores Drive in Scotts Valley, is part of the Manana Woods distribution system acquired by the District in 2007 from the Manana Woods Mutual Water Company. This facility provides water service to approximately one hundred twenty five (125) connections. During routine inspection it was discovered that the Districts Blue Tank in Manana Woods has experienced extensive corrosion to the upper ring of staves, roof and internal roof structure system. In addition to corrosion the tank experienced buckling damage from the 1989 Loma Prieta Earthquake. The existing steel tank is located off a steep embankment with no vehicular access.

Project Description:

Construction of a new 64,000 gallon bolted steel water tank located at the same location. The project includes, but is not limited to construction of a new bolted steel water tank.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
10,000	120,000	0	130,000

CAPITAL PROJECT DESCRIPTION

VEHICLE REPLACEMENT

To perform customer service, operations and maintenance, the District maintains a fleet of various types of vehicles. With the increase in staff and replacement of existing vehicles that have reached their life expectancy, additional vehicles are needed. The fleet is evaluated annually for replacement.

Project Description:

Three vehicles: one Field Customer Service, one Water Quality and one Distribution.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	122,000	0	122,000

GLEN ARBOR BRIDGE (SOUTH) WATER REPAIR/REPLACEMENT

The waterline crossing the Glen Arbor Bridge South is embedded in a concrete tube in the bridge, inaccessible for repairs. Constructed in 1968 the waterline has developed a small leak in the bridge structure.

Project Description:

Repair/Replacement of the waterline crossing the bridge

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	56,250	18,750	75,000

DISTRICT WIDE MASTER PLANS

Preparation and calibration of a computer simulation hydraulic model of the District's water system for analysis of fire flows, storage requirements and system efficiencies for the respective zones. Once the models have been calibrated, the District will use them to study what current pipe diameters/ pump stations/ storage tanks are deficient for fire flows and/or normal operation. Use of these models will help to prioritize capital Improvement projects.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	140,000	0	140,000

CAPITAL PROJECT DESCRIPTION

PASATIEMPO WELL 7 REHABILITATION

The District’s Pasatiempo Well 7 was constructed in 1990 located in Scotts Valley. The well supplies water to customers in the District’s South System. The performance of the well has declined and, based on past history, is assumed well is impacted by a build-up of iron bacteria biofilms that have plugged the screens. The occurrence of iron bacteria in wells in the Scotts Valley area is not unusual and many wells have chronic problems with this condition.

Project Description:

Rehabilitation of well, work plan is anticipated to include removal of pump, pre-rehabilitation video, mechanical cleaning, chemical treatment, post-chemical cleaning, disinfection, test pumping and post-rehabilitation video.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
3,800	50,000	6,200	60,000

MADRONE BOOSTER GENERATOR

The Madrone Booster located in Lompico experiences frequent PG&E resulting in needing standby power. The booster is located in an area that has frequent road closure during winter storms.

Project Description:

Installation of a LPG generator, LPG tank, and transfer switch.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	40,000	0	40,000

CAPITAL PROJECT DESCRIPTION

HIGHLAND TANK FENCING

The Highland Water Storage Tank is a 60,000 gallon redwood water storage tank located in Boulder Creek. The water tank supplies water to the Fairmount Drive area approximately forty five (45) water service connections. Currently there is no security fencing at this facility.

Project Description

Installation of approximately 180 lineal feet of 6 feet high chain line fencing with barb wire and gates.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	15,000	0	15,000

SWIM TANK REPLACEMENT

The Swim Water Storage tanks, located off Scenic Way in Ben Lomond, is part of the original water distribution system acquired by the District in 1965 from Citizens Utilities Company. This facility provides water service to approximately one hundred twenty five (125) connections. The existing redwood storage tank consists of two 20,000 gallon redwood storage tanks located off a steep embankment with no vehicular access. The existing redwood tanks require ongoing maintenance to control leakage. In 2015, the lower tank was lined to stop excessive leakage. The tanks are undersized for the service area.

Project Description:

Construction of a new 64,000 gallon bolted steel water tank located at the same location. The project includes, but is not limited to construction of a new bolted steel water tank, SCADA control, fencing and retaining walls.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
85,900	268,500	323,600	678,000

CAPITAL PROJECT DESCRIPTION



LYON DISTRIBUTION PIPING REPLACEMENT

The Lyon Surface Water Treatment Plant supplies water to the North System through the Lyon Distribution Piping. The existing mainline is 6-inch and creates a restriction limiting the amount of water supply.

Project Description:

Construction of approximately 3,000 lineal feet of new 12-inch water main and appurtenances thereto. This project will replace the existing 6-inch water main along Highway 236 from Big Steel Water Storage Tank to Highway 9. The existing distribution system is outside the Highway 236 right-of-way and traverses under homes. Undersized water main is the source of flow capacity restriction between Big Steel, Brookdale and Reader Zones.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	282,500	167,500	450,000

CAPITAL PROJECT DESCRIPTION

TWO BAR ROAD PIPELINE

The Two Bar Road Distribution System, located off Highway 9 in Boulder Creek, is part of the original water distribution system acquired by the District in 1965 from Citizens Utilities Company.

Customers on Two Bar Road east of Redwood Christian Park (RCP) are served by a 2” galvanized steel water main that extends from RCP to the end of the distribution system. Service up to RCP is provided by a 6” steel main aligned with Douglas Avenue and Two Bar Road in the Reader Zone. The existing 2” pipe is only able to maintain an average pressure of above 20 psi, but due to its small diameter cannot provide 1,000 gallons per minute of flow. Adequate fire flow cannot be maintained. The small pipe also leads to low pressure and water service outages during peak demand and shut-downs. The pipe is in poor condition and has continual minor leaks and about six major leaks per year. Two Bar Road also has multiple sections where landslides have damaged or removed sections of pavement.

Project Description:

Construction of approximately 3,000 lineal feet of new 8-inch water main and appurtenances thereto. This project will replace the existing 2-inch water main along Two Bar Road from approximately Redwood Christian Park to the end of the distribution system. Undersized water main is the source of intermittent low water pressure, interruption of water service, and inadequate fire flow capacity.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	100,000	350,000	450,000

CAPITAL PROJECT DESCRIPTION

FELTON ACRES TANK & BOOSTER

The Felton Heights Water Storage Tank is an existing 15,000 gallon steel water storage tank located off Valhalla Way in Felton. Felton Heights Tank provides water for the Felton Heights Zone. This facility provides water service to approximately 21 customers. In April 2012 the Board of Directors approved a proposed project to assimilate all of the current twenty-one (21) customers of the Felton Heights Water Association as individual customers of San Lorenzo Valley Water District. At that time a property related charge was established to be used solely for the specific purpose for construction on a new water storage tank.

Project Description:

Construction of a new 64,000 gallon bolted steel tank in the Felton Heights Zone. This project will replace the existing redwood storage tank which is undersized and has reached its service live. Project includes, but not limited to site improvements, tank construction, 3,100 LF 4 “ HDPE supply main, Booster pump station, SCADA control, and appurtenances thereto.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	70,000	230,000	300,000

ORMAN ROAD PIPELINE

THE ORMAN ROAD WATER DISTRIBUTION SYSTEM, located off Bear Creek Road in Boulder Creek, is part of the original water distribution system acquired by the District in 1965 from Citizens Utilities Company. The existing distribution system consists of approximately 2,000 lineal feet of 2-inch and 11/2-inch galvanized steel water main and undersized 2-inch fire hydrants. The Orman Road Distribution System provides service to approximately sixteen (16) service connections in the Reader Zone. Undersize water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

Project Description:

Construction of approximately 2,000 lineal feet of new 8-inch water main and appurtenances thereto. The project will replace the existing 2-inch and 1 ½-inch water main along Orman Road. Undersize water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	34,000	266,000	300,000

CAPITAL PROJECT DESCRIPTION

CALIFORNIA DRIVE PIPELINE

The California Drive Water Distribution System, located off Highway 9 in Ben Lomond, is part of the original water distribution system acquired by the District in 1965 from Citizens Utilities Company. The existing distribution system consists of approximately 1,840 lineal feet of 2-inch galvanized steel water main and undersized 2-inch fire hydrants. The California Drive Distribution System provides service to approximately twenty-eight (28) service connections in the Brookdale Zone. Undersize water main are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

Project Description:

Construction of approximately 1,840 lineal feet of new 6-inch water main and appurtenances thereto. The project will replace the existing 2-inch water main along California Drive and Berkley way providing a loop system connecting into the existing 10-inch water main. Undersize water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	25,000	215,000	240,000

HILLSIDE DRIVE PIPELINE

The Hillside Water Distribution System Project (Hillside Project) is located in the North Boulder Creek Zone off Hillside Drive between Fern Drive and Reynolds Drive to the West of Highway 9. The project consists of replacing the existing 4" PVC pipeline and two PRVs with a 6" HDPE line and two PRVs and other appurtenances. This replacement is due to unstable geologic conditions at the site that cause ground movement and the damage to the pipe. An alternative is being considered to omit installation of the two PRVs within the Hillside Drive subdivision and instead install one PRV in the Fern Drive 6" ductile iron main to regulate pressure for the entire subdivision. This alternative is to be considered by the design firm. The Hillside Project will be completed using open trench construction as described in section 5A of the Preliminary Engineering Report.

Project Description:

The new pipeline will be 1,800 LF of HDPE to provide flexibility and resilience to shifting when future geologic instability occurs. Damage to the existing pipe causes annual leaks. Replacing

CAPITAL PROJECT DESCRIPTION

the pipe with a more flexible HDPE pipe will reduce water loss in the future from pipeline damage due to major ground movement.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	52,000	188,000	240,000

RIVERVIEW DRIVE PIPELINE

The Riverview Drive Water Distribution System consists of replacing approximately 1,200 lineal feet of 2" water line with 6" water line (including appurtenances). The pipeline is located in the road along Riverview Drive in Boulder Creek, CA, from Highway 9 to the Riverview Drive split . The pipe is currently in poor condition and has issues with leaking several times a year. The project will be completed via jack and bore for the Highway 9 crossing and open trench construction. The pipe is being upsized due to intermittent low water pressures and inadequate flow capacity.

Project Description

Construction of approximately 1,200 lineal feet of new 6-inch water main and appurtenances thereto. This project will replace the existing two-inch water main along Riverview Drive from Highway 9 to the Riverview Drive split. The project includes Highway 9 bore and jack crossing. Undersized water main is the source of intermittent low water pressure and inadequate fire flow capacity.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	52,000	188,000	240,000

CAPITAL PROJECT DESCRIPTION

LOCKWOOD LANE (WORTH LANE) PIPELINE

The Lockwood Lane Water Distribution system, located off Lockwood Lane in Scotts Valley is part of the Districts South System. Along Lockwood there is currently a gap in the mainline restricting flows.

Project Description:

Construction of approximately 800 lineal feet of new 6-inch water main and appurtenances thereto. The project will fill in a break in the distribution system from Worth Lane to Lockwood Lane creating a looped main line system. Undersize water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	79,000	41,000	120,000

SEQUOIA ROAD DISTRIBUTION SYSTEM

The Sequoia Road Distribution System, located off Madrone Road in Boulder Creek, is part of the original water distribution system acquired by the District in 1965 from Citizens Utilities Company. The existing distribution system consists of 6-inch cast iron water main and is installed above ground utilizing redwood timbers for pipe supports. The Sequoia Road Water Distribution System provides looped water distribution too approximately seven hundred (700) connections in the Reader Zone. The redwood timbers have deteriorated with age causing main breaks along the cross-country route.

Project Description:

Construction of approximately 800 lineal feet of new 8-inch HDPE water main and appurtenances thereto. This project will replace existing 6-inch water main above ground cross-country between the Districts Reader Water Storage Tank and Sequoia Avenue providing a loop feed in the Reader Zone.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	25,000	95,000	120,000

CAPITAL PROJECT DESCRIPTION

HIHN ROAD PIPELINE

The Hihn Road Pipeline project consists of trenching and installing approximately 650 linear feet of new six-inch ductile iron or HDPE water distribution pipeline and appurtenances thereto within the Hihn Road right-of-way. The new pipe will connect to the existing six-inch pipeline at the Ridgeview Drive intersection and to the existing six-inch pipeline on the discharge side of the booster station on Stanford Drive . Construction will also include closing the trench, soil compaction, and paving to the center of the road. This project extends the University Pressure Zone and will transfer the water supply distribution for approximately twelve (12) service connections from the Quail Pressure Zone to the University Pressure Zone. The project will result in adequate water pressure to the highest elevation homes along Ridgeview Drive.

The proposed pipeline will be constructed in conjunction with abandoning the “Desert Line”; which is an existing six-inch asbestos cement water main installed above ground that traverses sensitive habitat. The Desert Line will be cut and capped at the North end of Ridgeview Drive and adjacent to the Quail Tanks, abandoning the line in place. Removing the Desert Line from service will reduce impacts to sensitive habitat that occurs during routine repair and maintenance activities.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	65,000	25,000	90,000

FALL CREEK FISH LADDER

The Fall Creek Diversion Facility, located off Fall Creek Road in Felton, is part of the water system acquired by the District in 2007 from the California-American Water Company. This facility supplies raw water from Fall Creek to the Kirby Water Treatment Plant in Felton. The Diversion Facility includes a series of weirs, pools and jumps used by salmon for upstream and downstream travel. The facility has needed upgrading since before the District acquired it. 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.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
360,000	160,000	640,000	1,160,000

CAPITAL PROJECT DESCRIPTION

BEAR CREEK ESTATES WASTEWATER PLAN

The Bear Creek Estates Wastewater system collects and treats domestic wastewater flow from 56 residential units located in Bear Creek Estates subdivision 3, 4 and 5, Boulder Creek, California. The wastewater system is regulated by the California Central Coast Regional Water Quality Board (CCRWQB) under Waste Discharge Order No. 00-43 (WDR). From 2005 through 2013, the District completed several modifications aimed at achieving regulatory compliance and improved nitrogen removal efficiency. On April 1, 2016, the CCRWQB issued a Notice of Violation of Wastewater Discharge Permit to the District citing ongoing violations with insufficient total nitrogen reduction since 2007, excess flow (over permit) violations from inflow and infiltration. The project is to obtain an outside consultant for review of the existing system and propose system upgrades and modifications.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	50,000	0	50,000

LOMPICO SERVICE LATERAL REPLACEMENTS

As part of the Lompico Merger, water service laterals need to be change out. These laterals have been subject to leakage due to inferior pipe material.

Project Description:

Assess and replace water service laterals with HDPE piping.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
25,000	150,000	687,500	862,500

CAPITAL PROJECT DESCRIPTION

LOMPICO PRESSURE REGULATOR VALVES (PRV) REPLACEMENTS

As part of the consolidation of Lompico County Water into the District, it was identified to replace eight (8) mainline pressure regular valves. The existing valves have reached their life expectancy and require replacement.

Project Description:

Engineering, design and replacement of eight (8) pressure regulator valves.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
50,000	90,000	218,000	358,000



CAPITAL PROJECT DESCRIPTION

LOMPICO INTERCONNECTION AND BOOSTER

The Lompico Intertie is located off Zayante Drive in Felton provide water to Lompico approximately 500 service connection. This intertie will complete interconnection of Lompico County Water District and SLVWD water distribution systems. Consolidation of the two districts was completed in June 2016.

Installation of approximately 1,500 LF 8-inch water main on suction side of booster along Zayante Drive, replacement of undersized temporary booster pumps, and undergrounding of PG&E electrical transformer.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	45,000	256,000	301,000

LOMPICO LEWIS WATER TANK REPLACEMENT

As part of the consolidation of Lompico County Water into the District, the residents of Lompico are required to replace the Lewis Water Tank. The 100,000 gallon tank supplies water service to approximately 240 service connections and has reached its life expectancy requiring replacement. The location of this tank is in sensitive habitat and will require permitting from Federal Fish & Wildlife which is expected to take 18 months to obtain.

Project Description:

This project will replace the existing Redwood tank. The project includes but is not limited to, temporary water storage for customers, new water tank, SCADA control, fencing, and environmental permitting.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	34,000	193,334	227,334

CAPITAL PROJECT DESCRIPTION

LYON WATER TREATMENT PLANT ACCESS ROAD REPAIRS (STORM DAMAGE)

The access road to the Lyon Water Treatment Facility was severely damaged in two locations during storm events.

Project Description:

Stabilize and repair access road in two locations. Replace asphalt paving.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
50,500	60,000	1,889,500	2,000,000



CAPITAL PROJECT DESCRIPTION

FALL CREEK INTAKE

The Districts Fall Creek Surface Water Intake located off Fall Creek Road in Felton experienced large amount of debris covering the intake and blocking the stream channel and damage to flow instrumentation from winter storms.

Project description:

Reestablish the stream channel and clear intake structure, replace stream flow instrumentation.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
21,300	55,000	23,700	100,000

TWO BAR ROAD SLIDE

Roadway failure damaged approximately 150 LF of two-inch (2") waterline

Project Description:

Installation of approximately 150 LF of 6" HDPE waterline in Two Bar Road.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	45,000	0	45,000

RAW WATER SUPPLY LINES REPAIRS (STORM DAMAGE)

The Districts Peavine and 5-mile Raw Water Supply Lines are located crossing the Ben Lomond Mountain. During heavy rainfall events several trees uprooted and small landslides damaged the supply lines at multiple locations.

Project Description:

Repairs to multiple locations along supply lines.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
8,900	31,100	0	40,000

CAPITAL PROJECT DESCRIPTION



SMALL MAIN REPAIRS

There were multiple small main breaks that need repair in different areas of the District.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	20,000	20,000	40,000

FOREMAN CREEK INTAKE (STORM DAMAGE)

The District's Foreman Creek Surface Water Intake located off Big Basin Way in Boulder Creek experienced large amount of debris covering the intake and blocking the stream channel from winter storms.

Project description:

Reestablish the stream channel and clear intake structure.

Spent in Prior FY(s)	FY1819 Budget	Future FY Proj.	Total Project Cost
0	25,000	0	25,000

ADDITIONAL SUPPORT & INFORMATION

STATEMENT OF REVENUES, EXPENSES & CHANGES IN RESERVES

Est. Beginning Reserves	
Est. Beginning Cash Reserves	\$ 2,200,000
Operating Revenue	
Water Fund	\$ 9,832,000
Sewer Fund	100,000
Misc Other	90,000
Total Operating Revenue	\$ 10,022,000
Operating Expenses	
Salaries & Benefits	\$ 5,048,246
Contract/Professional Services	1,316,360
Facilities	571,800
Gen. & Admin.	420,400
Operating Expenses	420,500
Maintenance	184,350
Total Operating Expenses	\$ 7,961,656
Non-operating Revenue	
Property Taxes	\$ 738,400
Assessment Revenue	346,000
Misc Other	62,600
Total Non-Operating Revenue	\$ 1,147,000
Interest Expense	\$ 263,144
Debt Principal Payments	\$ 1,206,803
Capital Improvement (Expenses) & Funding	
Capital Improvement Projects	\$ (6,111,650)
Funding from Non-Debt Sources	565,250
Funding from Debt Sources	4,200,500
Total Capital Funding Needed	\$ (1,345,900)
Increase (Decrease) in Reserves	\$ 391,497
Ending Reserves	\$ 2,591,497
Estimated Reserve Balances	
Operating Reserve	\$ 1,811,497
Capital Reserve	-
Restricted Reserve - Debt	372,000
Restricted Reserve - Assessments	408,000
	\$ 2,591,497

FUND SUMMARY

The below provides a summary of the changes by fund for the FY1819 budget. This is similar to the cash flow activity table that was provided in past budget presentations.

The Water Fund has a budget surplus of \$437K, mainly due to the increased water revenue from the recently passed rate increase. The Water Fund plans to finance some of the upcoming capital projects. Any additional funds will be used to build back up the operating reserve fund balance.

The Sewer Fund has a budget shortfall of \$46K. The Sewer Fund continues to not have enough operating revenue to cover operating expenses. Sewer rate increases are actively being conducted. It is important that the District continues to maintain and keep the sewer system functioning. Expenses will continue to be monitored and until more revenue is generated, there will not be any additional spending planned above normal operating activity required.

Summary of Revenue, Expenses & Changes in Reserves by Fund

	Water Fund	Sewer Fund	Total
Operating Revenue	\$ 9,922,000	\$ 100,000	\$10,022,000
Operating Expenses	7,815,739	145,917	7,961,656
Operating Income (Expense)	\$ 2,106,261	\$ (45,917)	\$ 2,060,344
Non-Operating Revenue	\$ 1,147,000	\$ -	\$ 1,147,000
Non-Operating Expense	1,469,947	-	1,469,947
Non-Operating Income (Expense)	\$ (322,947)	\$ -	\$ (322,947)
Capital Project Expenses	\$ 6,111,650	\$ -	\$ 6,111,650
Capital Project Funding	4,765,750	-	4,765,750
Capital Funding Needed	\$ (1,345,900)	\$ -	\$ (1,345,900)
Increase (Decrease) in Reserves	\$ 437,414	\$ (45,917)	\$ 391,497

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 \$1,627,350.
 - 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 \$50,000.
 - 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 a cash liability employees will eventually be paid out for.
 - The new GASB 75 pronouncement will be adopted in the FY1718 financials, but its impact is yet to be known. This will be similar to the pension liability for future amounts owed. Being unknown, no assumptions have been made.
- Capitalized in-house labor and materials is expected to be approximately \$150K, mainly attributed to the engineering department 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 \$1.2M are not included in the below.

Pro Forma Statement of Revenues, Expenses and Changes in Net Position

Revenues	Water Fund	Sewer Fund	Total
Operating Revenues	9,922,000	100,000	10,022,000
Non-Operating Revenues	1,147,000	-	1,147,000
Total Revenues	11,069,000	100,000	11,169,000
Expenses			
Operating Expenses	7,715,739	145,917	7,861,656
Non-Operating Expenses	263,144	-	263,144
Depreciation	1,585,000	42,350	1,627,350
Total Expenses	9,563,883	188,267	9,752,150
Net Income (Loss)	1,505,117	(88,267)	1,416,850
Capital Contributions	565,250	-	565,250
Change in Net Position	2,070,367	(88,267)	1,982,100