

San Juan Water District Granite Bay, California



SJWD Retail Budget

Fiscal Year 2014-2015

As of November 12, 2014

San Juan Water District

Fiscal Year 2014 – 2015 Retail Budget



Prepared by the Finance and Administrative Services Department
Under Direction of the General Manager and Assistant General Manager

All the water we have today is all the water we'll have on this earth.

--National Geographic



Mission

Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.



San Juan Water District
9935 Auburn-Folsom Road
Granite Bay, California 95746
(916) 791-0115
www.sjwd.org

Elected Officials

Bob Walters, President/Director
Dave Peterson, Vice President/Director
Edward J. "Ted" Costa, Director
Kenneth H. Miller, Director
Pamela Tobin, Director

Appointed Officials

Shauna Lorance, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Kate Motonaga, Finance Project Manager
Tony Barela, Operations Manager
Greg Turner, Water Treatment Plant Superintendent
Judy Johnson, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager

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Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

It is our pleasure to present to you the Fiscal Year 2014-2015 Budget for the San Juan Water District (“District”) for Retail. The budget format was updated substantially last year with additional improvements incorporated this year in the continuing effort to provide a user-friendly document that conveys the dedication as well as the accomplishments and goals of the District Board of Directors (“Board”) and staff.

Budget Process

The District's official budget process begins each year with a Manager’s meeting to establish the overall District goals and provide a basic timeline. Any guidelines from the Board are discussed at this time to set the parameters.

The proposed budget is then reviewed to determine whether:

- ✓ District goals will be met within the budget;
- ✓ all necessary items have been included; and
- ✓ revenues will be sufficient to cover expenses.

Budgetary Control and Budget Format

District management uses the approved budget as the tool for ensuring adequacy of District resources in meeting District needs and assessing planned versus actual activities throughout the fiscal year. The General Manager controls the budget at the operating level.

The budget is prepared on an accrual basis (reporting revenues and expenses are earned and incurred, respectively) and is the same as reported in the Comprehensive Annual Financial Report. The program budget format is used versus a line item detail format to provide the most valuable information to the reader on all of the District’s major areas of service (while detail is also included for reference):

- Retail
 - Operations
 - Non-Operating
 - Capital Improvement Program

Operations are further broken out by program area: Administrative & General, Conservation, Customer Service, Engineering and Transmission and Distribution. The program area budget places the focus on overall District retail operations, leaving District management responsible for oversight of day-to-day operating expenses.

Budget Highlights

The recent drought has significantly affected the consumption for the Fiscal Year 2013-2014 and this is expected to have longer term effects through Fiscal Year 2014-2015. The overall economic climate and water conservation focus will again present

challenges to agencies throughout California, as well as the nation. Water agencies in particular are faced with maintaining and improving aging infrastructure at a time when declining revenues have been the result of the economy and conservation (both encouraged and due to weather). The District has remained proactive and shares the following budget highlights:

Revenues

- ☒ **Connection Fees:** With a recovering economy, development has begun to increase and connection revenues have been incorporated into the budget accordingly.

Expenses

- ☒ **Operating Costs:** While operating costs are estimated as a part of long-term financial planning, budgets are prepared based upon a variety of current factors discussed under Budget Assumptions. At budget planning time, budget versus actual performance is incorporated to reflect cost savings or increases as appropriate. Expenses may be based on stable or dynamic activities which affect the budgetary need (e.g. regular versus temporary personnel, normal operations, new or limited-term programs, etc.).
- ☒ **Debt Service:** These costs remain relatively stable in accordance with current debt service schedules as no new debt is planned.
- ☒ **Capital Improvement Program:** Any savings on particular capital projects are generally maintained within the capital reserve for those projects that cost more than expected, unless the Board of Directors determines otherwise.

Strategic Goals and Priorities

Water Supply Reliability

- Execute strategic projects to ensure reliability (dry year supplies, influence statewide solutions).
- Estimate minimum supply in all months, desired supply in all months and then assess what flexibility there is to participate in other opportunities.
- Clarify WSR objectives and develop policy guidelines regarding participation in other opportunities (e.g., shipping water south, cooperating with agencies outside the region).

State and Federal Activities

- Prioritize State, Federal and Community Actions.

Water Management and Shortage Supply

- Continue analyzing consolidation for water management.

Financial Policies and Funds

The District maintains long-term financial plans to evaluate the impact of operating factors and performance on water rates and reserves. These plans are continually reviewed and updated to ensure they provide reliable data. These plans are prepared using current budgetary and year-end actual information as available. Balanced budgets are prepared where revenues exceed expenses in order to provide for debt service, capital project and reserve funding, unless otherwise determined by the Board (i.e. special purpose or project).

The District operates a single enterprise fund, which is segregated into non-operating activities, wholesale operations and retail operations which is reported as such in the Budget and Comprehensive Annual Financial Report. This fund is further segregated as designated by District Ordinance and Board of Directors.

Accounting System and Controls

Through Fiscal 2013-2014, the District utilized project cost accounting in the Microsoft Dynamics SL Solomon Professional 6.5 financial information system to record financial transactions throughout the year. At the end of the fiscal year, June 30, the District began preparation of a Comprehensive Annual Financial Report ("CAFR") containing financial statements and other financial and operational information. An independent auditing firm audits this report, as well as District records and documentation, each year and reports its findings to the Board. Beginning Fiscal 2014-2015, the District will be utilizing the Tyler Technology Incode v.X financial information system to record the financial transactions throughout the year.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to San Juan Water District for its annual budget for the fiscal year beginning July 1, 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

In addition, the District has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association for the 2011-2014 CAFR which is the seventh consecutive year for recent awards.

We hope this budget provides useful information on the District's operations to readers. We would like to thank the District's Management Team for their diligence in preparing and managing their budgets. We would also like to thank the Board of Directors for their continued support of the important services that the District provides.

Sincerely,

Shauna Lorance
General Manager

Keith B. Durkin
Assistant General Manager

Kate Motonaga
Finance Project Manager

Profile

The District initially began as the North Fork Ditch Company dating back to 1854 providing water to the area. The San Juan Water District as in existence today was formed as the result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and a group of homeowners in South Placer County. An election was then held within the boundaries of the sponsoring districts on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a community services district formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

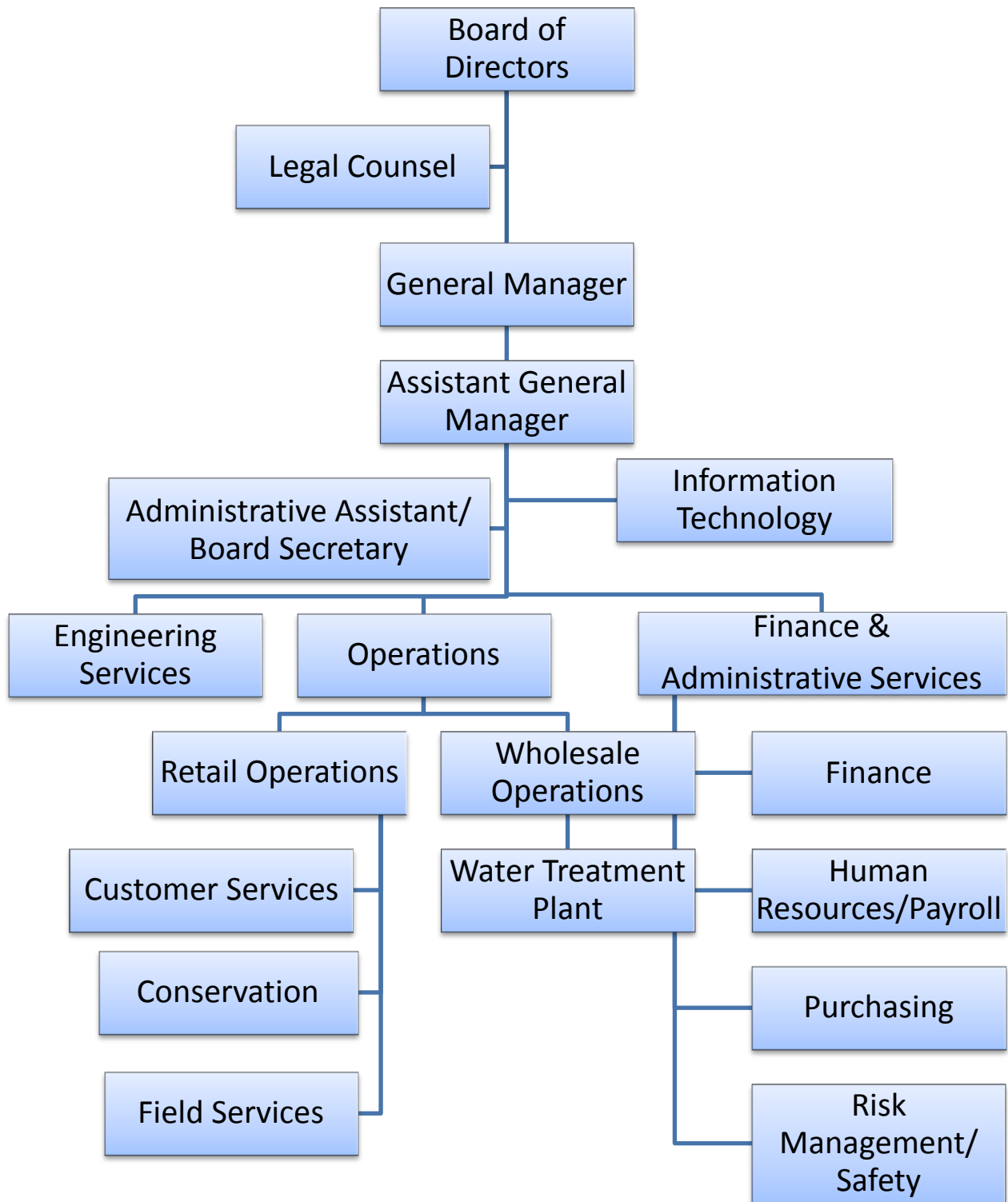
The District provides water on a wholesale and retail basis to an area of approximately 46 square miles for wholesale (which includes the retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of delivering water to the retail agencies under negotiated contracts; operating a surface water treatment plant and storage, transmission facilities; and providing the administrative support related to those activities. The Retail agency consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,348 active retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County) and providing the administrative, customer service, conservation and engineering support related to those activities.

The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water. The District completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation for Central Valley Project water resulting in a 40 year long-term contract. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the Fiscal Year 2010-2011 was 42,517 acre-feet and is anticipated to be 42,550 acre-feet for Fiscal Year 2011-2013, excluding pass through deliveries for Sacramento Suburban Water District.

The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades and improvements to the plant in 2005 and 2009-2011 added a solids handling facility and chlorine storage/handling facility to the plant. These two projects along with other capital projects increased efficiency and productivity to meet the required demands of customers and improved operations to help meet Federal and State regulatory requirements.

With a reliable capacity of approximately 130 million gallons per day, the plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all District customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 214 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

Organization Chart by Functional Area



Budget Narrative Layout

Retail

Financial Policies

- *Budget Assumptions*
- *District Reserves*
- *Debt Service*
- *Water Rate Study and Financial Plan*

Operations

- *Capital Program*

District-Wide Budget Information and Summaries

Budget Assumptions

The following budget assumptions are proposed:

RETAIL

Revenues

Property Taxes

Assessed values contain an inflation factor for each county combined with growth or decline factors and overall expect a moderate increase. Property tax revenues are utilized to fund the capital improvement programs.

Connection Fees

New connections will be estimated by Engineering staff and budgeted accordingly.

Interest on Investments

The market remains low, but the District will seek investment opportunities in accordance with the *Investment Policy* as they arise. Income will be estimated at current market rates, currently approximately .5% and updated to reflect changes.

Retail Customer Base and Water Consumption

The customer base and water consumption included in the budget will reflect anticipated water deliveries as included in the Wholesale budget which would include any water loss.

Miscellaneous Fees

Fire service, late fees/penalties, and flow/pressure analysis revenues will be estimated by appropriate staff.

Grants

Grant monies for conservation programs will not be included.

Expenses

Cost of Water Supply

This cost comes directly from the Wholesale Water Rate Study/Financial Plan incorporating any adjustments for consumption and variation in water rates and will include water use charges, annual service charge and debt service charge.

Operations and Maintenance Costs

Each cost category is examined individually and incorporated into the budget using a modified zero-based budgeting approach to determine resources needed for the coming budget year. Prior year budget amounts are not simply escalated using inflation factors. Where it is impractical to use this method, inflation factors will be applied as developed in the financial plan and updated to reflect current trends. Inflation factors range from 3% to 5% depending upon category, unless more precise information is known.

Cost of Living Allowance ("COLA")

COLA is included per Board policy and is currently estimated to be 1.4%.

Facilities Costs

Operations and maintenance costs for facilities will be allocated to the wholesale and retail operations based upon benefit received as they currently are.

District Reserves

In accordance with Board Resolutions, Board Motions, and/or District Ordinances, certain reserve funds have been established and are maintained.

RETAIL

The existing retail reserve funds are as follows:

Operating Reserve Fund

Description

The Retail Operating Reserve Fund provides working capital for retail operations, as well as provides readily available funds for unexpected needs and to accommodate modest variations between expected and actual water demands. The 2000 retail financial plan gradually built the operating reserve over the five-year planning period, beginning in 2001.

Designated Amount of Fund

By ordinance, the fund is required to maintain at least 20 percent of annual operating expenditures.

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for working capital for day to day paying of bills, and for temporary operations of the District in the event of unforeseen events or irregular capital working needs. The creation and funding of this fund are within the authority of the Board of Directors. Staff has authority to utilize this fund as intended.

Restricted COP Debt Reserve Fund

Description

The Restricted COP Reserve Fund was originally established to accumulate funds held in reserve for the semi-annual payment of principal and interest on the 1993 Revenue Certificates of Participation (COPs). The use of the fund was extended to the 2003 and 2009 COPs. The 1993 and 2003 COPs have been paid off and the fund is now used for the same purpose for the 2009 COPs.

Designated Amount of Fund

The District's Ordinance still designates that the funds held in reserve are for the semi-annual payment principal and interest payment on the 1993 COPs. In practice, staff has determined the required amount for the Restricted COP Reserve Fund based on the COPs currently outstanding, and maintained the fund equal to the amount specifically noted in the COP Issuance documents as a required Reserve Fund. The 2012 Bonds do not have a required Reserve Fund.

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The use of funds is restricted to the purposes of the fund.

Restricted EDA Loan Debt Reserve Fund

Description

The Restricted EDA Loan Debt Reserve Fund was established to accumulate funds held in reserve for the annual payment of principal and interest on the E.D.A. Loan. Annual debt service payment is made in June.

Required Amount of Fund

The required amount for the Restricted EDA Loan Debt Reserve Fund varies depending on time of year, and the status of the annual payment.

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The use of funds is restricted to the purposes of the fund.

Developer/Customer Deposits Reserve Fund

Description

The Retail Developer/Customer Deposits Reserve Fund was established to contain funds contributed as a deposit for work to be completed by the District.

Designated Amount of Fund

The Retail Capital Facilities Fees Reserve Fund recommended amount fluctuates based on the actual amount of funds on deposit.

Restrictions on Use of Funds

This fund must be used for funds on deposit for developers or customers. When the project is completed, any remaining funds are returned to the developer or customer.

Restricted Compensated Absence Reserve Fund

Description

This fund is used for the Compensated Absence Reserve Fund established to accumulate funds for accrued employees vacation and sick leave time.

Designated Amount of Fund

The amount held in reserve for accrued employees vacation and sick leave time is dependent on the dollar value of the accrued vacation and vested sick leave amounts.

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The use of funds is restricted to the purposes of the fund.

Restricted PERS Rate Stabilization Reserve Fund

Description

The Restricted PERS Stabilization Reserve Fund was established to provide stability in the amount budgeted for PERS payments on an annual basis.

Designated Amount of Fund

The intent was for SJWD to budget for the normal cost of PERS retirement that is estimated by an actuarial evaluation as an average payment over an extended period of time. When the actual PERS costs are lower than the normal costs, the difference is placed in this fund. When the PERS costs are higher than the normal costs, the difference is withdrawn from this fund. The fund does not have a dollar limit or target, as the premise is that any payments into the fund will be needed to cover increased premiums in the future.

Restrictions on Use of Funds

The fund was created by a vote of the Board of Directors. The use of funds is restricted to the purposes of the fund.

Capital Improvement Reserve Fund

Description

The Retail Capital Improvement Reserve Fund was established to contain funds available for capital replacements, rehabilitation, upgrades, and improvements. The Retail Capital Improvement Reserve Fund consists of a number of different reserve funds for different purposes; the Kokila Reservoir Lining Replacement Fund, the Capital-Improvement Fund, the Capital Facilities Fees Fund, the Vehicle and Equipment Fund, and the Retail Emergency CIP Reserve Fund.

Designated Amount of Fund(s)

1. The **Kokila Reservoir Lining Replacement Fund** was established to accumulate funds for eventual replacement of the lining and cover of Kokila Reservoir. The replacement fund is funded annually in the amount of \$10,000.00 plus accrued interest earned on the existing fund balance. The life expectancy of the cover and lining (installed in July 1984) is 30 years.
2. The **Capital-Improvement Fund** was established *“to accumulate sufficient funds for use due to unforeseen and unexpected emergency expenditures for repair, replacement or rehabilitation of the District’s water pipeline systems and pumping stations.”* In practice, the Capital Improvement Fund is used for capital replacements, rehabilitation, upgrades, and improvements. The recommended amount fluctuates based on capital improvements planned and completed. The recommended amount of the Capital Improvement Fund is listed in the current Retail Financial Plan.
3. The **Capital Facilities Fees Fund** was established to accumulate Capital Facilities Fees collected to fund capital projects to replace, rehabilitate and upgrade District pumping stations, buildings, water pipeline systems and other water related systems components in the retail service area resulting from additional water services. The basis for the current Capital Facilities Fee was developed as part of the 2006 Retail Financial Plan and Water Rate Study. It consists of both a system buy-in component and a future facilities incremental (expansion) cost component. The amount in the fund is determined based on fees received and funds expended on capital projects.

4. The **Vehicle and Equipment Fund** was established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis. There is no designated amount for this fund.

5. The **Retail Emergency CIP Reserve Fund** was established to build up a reserve to pay for improvements necessary to provide a water supply to the retail service area in times of emergencies. The reserve fund is funded through planned contributions as designated by the Board of Directors.

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for planned capital replacements, rehabilitation, upgrades and improvements. The use of the fund is within the authority of the Board of Directors and deposits and withdrawals are budgeted annually for planned capital projects.

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Resolution – Retail

RESOLUTION NO. 14-22

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE RETAIL BUDGET, RATES AND FEES
FOR THE FISCAL YEAR 2014-2015**

WHEREAS, District staff has prepared a retail budget for the fiscal year 2014-2015 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2014-2015 retail budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including maintaining prudent reserves;

WHEREAS, the Board has accepted the Retail Financial Plan and Water Rate Study, dated November 12, 2014 prepared by The Reed Group, Inc. (the "Rate Study");

WHEREAS, the Rate Study presents the District's revenue needs to fund retail water service, a financial plan for funding those revenue needs, and alternative rate structures for ensuring that the District's retail water rates and fees are sufficient to meet revenue needs as set forth herein;

WHEREAS, the District's existing retail water service rates and fees are insufficient to pay the operating expenses of the District's retail water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest (including meeting the contractual debt coverage ratio requirements) on water system indebtedness, and to provide additional revenues for continuing capital improvements to the retail water supply system;

WHEREAS, the proposed increases to certain retail water service rates and fees described in the Rate Study are subject to Proposition 218's notice and hearing requirements provided in Article XIII D, section 6 of the California Constitution;

WHEREAS, the District has complied with Proposition 218's notice requirements by providing written notice of the public hearing to property owners and ratepayers and by holding public meetings and workshops to explain District costs and the possible restructuring and increasing of retail water service rates and fees and to receive protests and comments on the proposed restructuring and increase, and made the Rate Study and supporting materials available for public inspection and review for at least 45 days prior to the Board's public hearing on this matter;

WHEREAS, the District held the noticed public hearing required by Proposition 218 on November 12, 2014, at which the Board received the protests and written and oral comments of District landowners and ratepayers concerning the proposed adjustment of retail water service rates and charges;

WHEREAS, after the close of the public hearing the Board determined that there was not a majority protest to the District's proposed adjustment of retail water service rates and fees, that the District's retail water rates, retail capital facilities (connection) fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice need to be adjusted for fiscal year 2014-2015 to account for the increased costs for the District to provide such services, and therefore now desires to adopt the rates and charges set forth in Exhibit B to this resolution; and

WHEREAS, at its December 10, 2014, regular meeting, the Board determined and approved the uniform rate structure described in the Rate Study as the most fair and appropriate rate structure for District water service.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

1. The Board of Directors finds that the retail budget as proposed by staff, and approved by the Board of Directors at the December 10, 2014, Board meeting, fairly and accurately represents the estimated expenses and revenues of the District for the fiscal year beginning on July 1, 2014 and ending on June 30, 2015, and that the budget adequately ensures that the District will be able to cover its expenses and maintain prudent reserves. On that basis, the Board hereby ratifies the previous adoption of the District's fiscal year 2014-2015 budget. A copy of the fiscal year 2014-2015 District budget is attached as "Exhibit A" and made a part of this Resolution.


2. The Board of Directors finds that the previously approved retail water rates, retail capital facilities (connection) fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice for fiscal year 2014-2015 are fair, equitable and ensure that the persons and entities receiving such services will pay the District's full costs of providing such services. On that basis, the Board hereby ratifies the previously adopted new uniform water rate structure, rates and fees for the 2014-2015 fiscal year. The fiscal year 2014-2015 retail water rates, retail capital facilities (connection) fees, and other fees and deposits are shown on "Exhibit B", which is attached to and made a part of this Resolution.

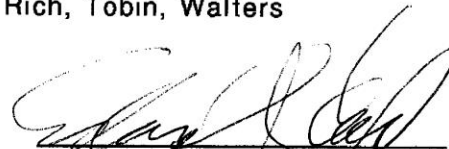
3. The General Manager and staff are directed to take all actions necessary to implement and follow the fiscal year 2014-2015 budget and to impose and collect the rates and fees shown in Exhibit B, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 14th day of January 2015, by the following vote:

AYES: DIRECTORS: Costa, Rich, Tobin, Walters
NOES: DIRECTORS: Miller
ABSENT: DIRECTORS:

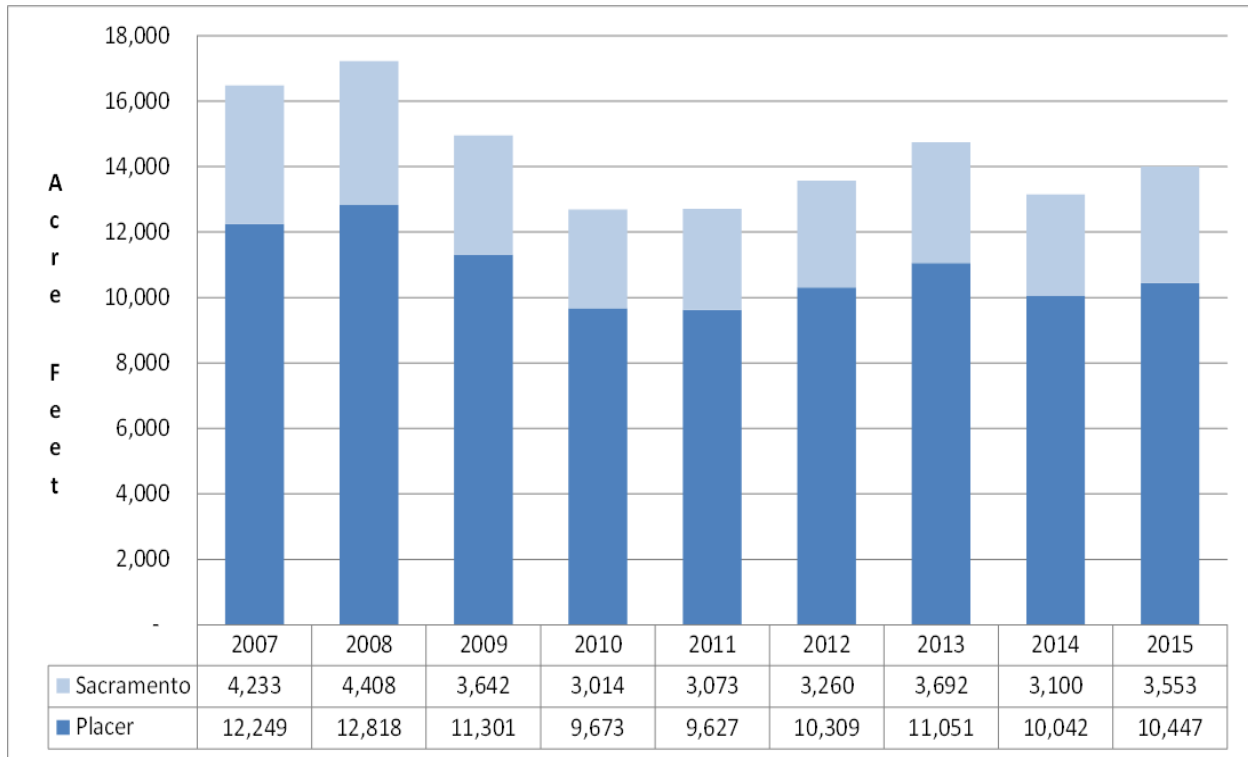
ATTEST


TERI HART
Secretary, Board of Directors


EDWARD J. "TED" COSTA
President, Board of Directors

Retail Budget

Annual retail water use is presented in the following table for calendar years 2007 through 2015 to demonstrate historical and projected water use.



Metered rates for 2014 and 2015 using the current rate structure and the proposed 2015 Retail rate increase are presented next.

Residential Metered Rates

Calendar Year 2014

(Billed Based On # Of Days In Read Period)

Meter Size	Daily Base Charge (Fixed)	Plus: Consumption/Unit*		
		0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$1.20	\$0.46	\$0.77	\$0.54
1 1/2"	\$3.19	\$0.46	\$0.77	\$0.54
2"	\$5.10	\$0.46	\$0.77	\$0.54

Non-Residential/Commercial Metered Rates

(Billed Based On Read Period)

Meter Size	Daily Base Charge (Fixed)	Plus: Consumption/Unit*
Up to 1"	\$1.20	\$0.66
1 1/2"	\$3.19	\$0.66
2"	\$5.10	\$0.66
3"	\$10.14	\$0.66
4"	\$15.80	\$0.66
6"	\$31.59	\$0.66
8"	\$56.79	\$0.66
10"	\$91.45	\$0.66
12"	\$135.60	\$0.66
Fire District	\$6.15	\$0.66

* 1 unit = 100 cubic feet = 748 gallons

Effective 1/1/2014, rate increase of 2%.

Rates are effective January 1 - December 31.

Commercial - Other (Billed Based On # Of Days In Read Period)

Private Fire Line Rates

Meter Size	Daily Base Charge (Fixed)
4"	\$0.46
6"	\$0.68
8"	\$0.92
10"	\$1.09

Effective 1/1/2014, rate increase of 2%.

Residential Metered Rates

Calendar Year 2015 with 3% increase

(Billed Based On # Of Days In Read Period)

Meter Size	Daily Base Charge	Plus: Consumption/Unit*		
		0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$1.23	\$0.47	\$0.79	\$0.56
1 1/2"	\$3.29	\$0.47	\$0.79	\$0.56
2"	\$5.25	\$0.47	\$0.79	\$0.56

Non-Residential/Commercial Metered Rates

(Billed Based On Read Period)

Meter Size	Daily Base	Plus:
Up to 1"	\$1.23	\$0.68
1 1/2"	\$3.29	\$0.68
2"	\$5.25	\$0.68
3"	\$10.45	\$0.68
4"	\$16.28	\$0.68
6"	\$32.53	\$0.68
8"	\$58.49	\$0.68
10"	\$94.19	\$0.68
12"	\$139.66	\$0.68
Fire District	\$6.33	\$0.68

* 1 unit = 100 cubic feet = 748 gallons

Effective 1/1/2015, rate increase of 3%.

Rates are effective January 1 - December 31.

Commercial - Other (Billed Based On # Of Days In Read Period)

Private Fire Line Rates

Meter Size	Daily Base Charge (Fixed)
4"	\$0.47
6"	\$0.70
8"	\$0.94
10"	\$1.13

Effective 1/1/2015, rate increase of 3%.

The 2014 study included drought projections anticipated for the Fiscal Year 2014-2015 at various Drought Stages. The high potential for continued drought will continue to effect water consumption. Another purpose of the retail water rate study was to evaluate rates at various reduced water consumption levels based on drought stages.

Drought Water Usage Charges (\$/CCF)

Residential

Calendar Year 2015 with 3% increase	<i>Stage 3 (Stage 1 and 2 have no changes)</i>		
(Billed Based On # Of Days In Read Period)	11% - 25% use reduction		
	Plus: Consumption/Unit*		
Meter Size	0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$0.51	\$0.85	\$0.73
1 1/2"	\$0.51	\$0.85	\$0.73
2"	\$0.51	\$0.85	\$0.73

Non-Residential/Commercial

(Billed Based On Read Period)

Meter Size	Plus:
Up to 1"	\$0.73
1 1/2"	\$0.73
2"	\$0.73
3"	\$0.73
4"	\$0.73
6"	\$0.73
8"	\$0.73
10"	\$0.73
12"	\$0.73
Fire District	\$0.73

Calendar Year 2015 with 3% increase	<i>Stage 4</i>		
(Billed Based On # Of Days In Read Period)	26% - 50% use reduction		
	Plus: Consumption/Unit*		
Meter Size	0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$0.60	\$1.00	\$1.50
1 1/2"	\$0.60	\$1.00	\$1.50
2"	\$0.60	\$1.00	\$1.50

Non-Residential/Commercial

(Billed Based On Read Period)

Meter Size	Plus:
Up to 1"	\$0.86
1 1/2"	\$0.86
2"	\$0.86
3"	\$0.86
4"	\$0.86
6"	\$0.86
8"	\$0.86
10"	\$0.86
12"	\$0.86
Fire District	\$0.86

Calendar Year 2015 with 3% increase	<u>Stage 5</u>		
(Billed Based On # Of Days In Read Period)	>50% use reduction		
	Plus: Consumption/Unit*		
Meter Size	0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$0.74	\$1.23	\$2.46
1 1/2"	\$0.74	\$1.23	\$2.46
2"	\$0.74	\$1.23	\$2.46
Non-Residential/Commercial (Billed Based On Read Period)			
Meter Size	Plus:		
Up to 1"	\$1.06		
1 1/2"	\$1.06		
2"	\$1.06		
3"	\$1.06		
4"	\$1.06		
6"	\$1.06		
8"	\$1.06		
10"	\$1.06		
12"	\$1.06		
Fire District	\$1.06		

It was recommended as a result of a previous study to prepare an updated connection fee study in the future, this is still to be completed but until that time this fee is increased by 2.30% as indexed to the 20 Cities Construction Cost Index ("CCI") which will be effective for Calendar Year 2015:

Calculation:

CC Index @ March 2014	9,701.96
CC Index @ March 2013	9,483.70
	218.26
Difference	2.30%
% Change	

Note: these fees are indexed utilizing the 20 Cities Construction Cost Index (CCI) as recommended in the Financial Plan.

FY New Connections (Retail Component only):

Fiscal Year 2013 Estimate	150
1/2 2014	75
1/2 2015	75
FY Estimate	\$2,105,025

San Juan Water District
Fiscal Year 2014 - 2015 Budget

The following schedule lists the fee by meter size that is collected from customers connecting to the San Juan Water District retail system:

<i>Retail Connection Fees</i>						
Meter Size	Calendar Year 2014			Calendar Year 2015		
	Retail Component	Wholesale Component	Total Combined	Retail Component	Wholesale Component	Total Combined
3/4" Meter	\$14,195	\$372	\$14,567	\$14,521	\$381	\$14,902
Up to 1" Meter	\$14,195	\$619	\$14,814	\$14,521	\$633	\$15,154
1 1/2" Meter	\$28,389	\$1,240	\$29,629	\$29,042	\$1,269	\$30,311
2" Meter	\$45,423	\$1,983	\$47,406	\$46,468	\$2,029	\$48,497
3" Meter	\$90,847	\$3,964	\$94,811	\$92,936	\$4,055	\$96,991
4" Meter	\$140,981	\$6,196	\$147,177	\$144,224	\$6,339	\$150,563
6" Meter	\$283,896	\$15,489	\$299,385	\$290,426	\$15,845	\$306,271
8" Meter	\$511,024	\$22,305	\$533,329	\$522,778	\$22,818	\$545,596
10" Meter	\$823,316	\$35,936	\$859,252	\$842,252	\$36,763	\$879,015
12" Meter	\$1,220,778	\$53,285	\$1,274,063	\$1,248,856	\$54,511	\$1,303,367
<i>Rates from Public/Customer Service/Rates/Connection Fees</i>						

Functional Areas

Administration and General

For Retail activities, this includes: Office of the General Manager, Finance, General Services, Human Resources, Information Technology, Purchasing, Risk Management and Safety. Overall District costs related to auditing, consulting, Directors, general operations, legal and office expenses are recorded in this category.

Office of the General Manager is responsible for the overall administration of the District including: implementing District policies; developing and maintaining responsive District programs and services; providing leadership and motivation to District staff; maintaining and planning for fiscal integrity; promoting excellent customer service; maintaining strong relationships with local and regional regulatory and peer governmental agencies; providing direct support to the Board of Directors. Major initiatives for the next year include: increasing water supply reliability in the retail service area; District structure and succession planning; and District efficiency measures.

Finance is responsible for all financial operations in the District, including: financial planning and forecasting, budget development, accounting and fiscal administration, debt issuance and management, financial reports and annual audit, and water rates and charges analysis. Major initiatives for the coming year include: development of *Equipment and Vehicle Fee Schedule*; implementation of a new financial information system; and monthly reporting on department budgets.

General Services includes buildings, grounds, equipment and vehicle maintenance. A major initiative for the coming year is development of the *Equipment and Vehicle Replacement Policy*.

Human Resources provides support in recruitment, selection, development and retention of a talented workforce. This includes payroll and benefits administration. Major initiatives include monitoring legislation affecting the workplace and ensure compliance, and continue to promote a culture of excellent customer service.

Information Technology manages and supports all aspects of the District's information technology systems, including data and voice communications hardware and software, as well as implementation of the District's Information Technology (IT) Master Plan. Major initiatives for the next year will be implementation of a new financial information system and the completion of network improvements including wireless networking.

Purchasing facilitates and coordinates: bidding and requests for proposals; acquisition of equipment, materials, services and supplies; contracts; and insurance certifications. Major initiatives for the next year will be completion of a Purchasing Manual to assist staff with purchasing procedures and questions.

Risk Management and Safety is responsible for the District's insurance, safety, loss control, and property/liability claims.

Conservation

The Conservation Department provides free services to assist customers with increasing their water efficiency. The district partners with federal, state and local entities to fund various water-efficient rebate programs. Conservation monitors all grant programs and prepares status reports to the issuing entity as required. The department's highly-trained staff provides workshops to educate customers about water efficient practices and provides leak detection assistance. Staff participates in regional efforts to promote the efficient use of water. Because Conservation is in constant close contact with retail customers, the department plays a major role in the District's water efficiency outreach efforts. Conservation is involved in the development of "how to" and videos, media interviews to promote events, and other water efficiency programs, such as 20 x 2020. This Department is fully compliant with Best Management Practices and reporting requirements.

Customer Service

This department provides friendly, personal customer service to the District's 10,500 Retail connections including numerous billing and payment options while ensuring compliance with Government Codes on billing and notices, Red Flag Rules and the Payment Card Industry Data Security Standards. Because Customer Service is in constant close contact with retail customers, the department plays a major role in the District's public relations and outreach efforts. Customer Service strategizes with our public affairs experts in developing all of our outreach efforts, including the WaterGram, our website, videos, Consumer Confidence Report, special mailers, and water efficiency programs, such as 20 x 2020. Customer Service provides administrative assistance with the annual backflow device testing; and reports water use and connection data internally and to various federal, state, and local entities; and prepares customer correspondence. Customer service also encompasses meter reading and service box identification and clearance.

Engineering Services

In general, this Department is responsible for planning, designing and managing Retail capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component. Engineering is also responsible for review, approval, management, and inspection of new development funded distribution system improvement projects.

Pumping and Telemetry

This area performs activities related to the District's 5 pumping sites and ensures adequate water pressure and storage is maintained throughout the District's Retail service area.). The Distribution System is comprised of 5 pumping sites which contain 9 pump stations and has a total of 9 pressure zones, one of which is a gravity supplied zone. In addition, there is the Los Lagos Tank Site which has the storage capacity of 1.65 MG, Mooney Hydro pneumatic tank site which has the storage capacity of 0.50MG and Kokila Reservoir, which is a hypalon covered in-ground storage facility with the capacity of 4.56 MG. These sites ensure adequate water pressure and storage is maintained throughout the District's Retail service area.

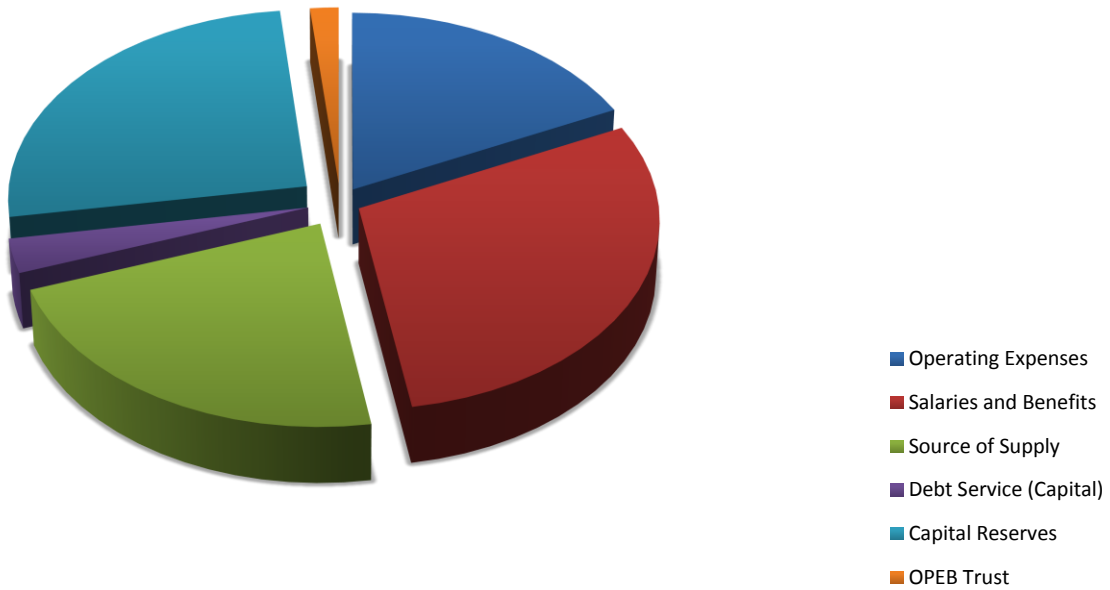
Transmission and Distribution

This area performs activities related to the maintenance and operation of Retail mains, distribution pipelines, fire hydrants, water services and other appurtenances. This includes pipelines 200 miles in length ranging in size from 1” to 90” in diameter and 10,500 customer water services.

Budget Summary - Retail

Category	Actual FY 12-13	Estimated FY 13-14	Budgeted FY 14-15	Change From	
				FY 13-14 Estimated Amount	Percent
<i>Operating</i>					
<u>Revenues:</u>					
Water Sales	\$ 8,542,597	\$ 8,698,598	\$ 8,731,309	\$ 32,711	7.28%
Other (See Detail)	206,639	152,270	211,731	59,461	2.14%
Operating Revenues	\$ 8,749,236	\$ 8,682,250	\$ 8,943,040	\$ 260,790	7.16%
<u>Expenses:</u>					
Administrative & General	\$ 924,322	\$ 1,100,779	\$ 1,062,860	\$ (37,919)	-1.00%
Conservation	388,883	447,298	551,824	104,526	13.90%
Engineering	206,788	215,459	319,673	104,214	9.46%
Pumping & Telemetry	550,818	408,967	666,541	257,574	10.37%
Source of Supply	2,698,230	2,460,208	2,216,330	(243,878)	11.09%
Transmission/Distribution	1,829,578	1,053,797	1,658,155	604,358	3.80%
Customer Service	697,301	492,485	660,634	168,149	8.50%
OPEB	153,754	168,000	168,000	0	20.00%
Operating Expenses	7,449,674	7,185,448	7,304,017	118,569	7.57%
Net Income/(Loss)-Operations	\$ 1,299,562	\$ 1,496,802	\$ 1,639,023	\$ 142,221	5.27%
<i>Non-Operating</i>					
<u>Revenues:</u>					
Interest/Investment Income	\$ -	\$ -	\$ 7,300	\$ 7,300	-16.67%
Retail Connections	32,321	1,057,014	2,105,025	1,048,011	81.00%
Taxes & Assessments	803,087	828,775	819,060	(9,715)	0.00%
Other (See Detail)	(2,777)	-	5,000	5,000	-50.00%
<u>Expenses:</u>					
2012 Refund (interest)	191,905	-	249,876	249,876	-100.00%
2009 COPs (interest)	614,763	227,681	946,307	718,626	-62.96%
EDA Loan (interest)	6,476	6,476	6,476	-	0.00%
CEC (interest)	-	-	-	-	0.00%
Other (See Detail)	-	3,000	3,000	-	-50.00%
Net Non-Operating	19,486	1,683,245	1,730,725	47,481	154.32%
Capital Contributions	-	-	-	-	0.00%
Net Available Income	1,319,048	3,180,047	3,369,748	189,701	52.61%
<i>Debt Service Principal</i>					
2012 Refunding Bonds	381,015	192,019	249,876	57,857	-133.02%
2009 COPs	3,600	233,303	233,303	-	6380.64%
EDA Loan	22,487	23,611	23,611	-	0.00%
CEC Loan	-	(1)	-	1	0.00%
Net Available for Distribution	911,946	2,731,114	2,862,958	131,843	111.19%
<u>Transfers from/(to) Reserves</u>					
Out: Kokila Reservoir	\$ (10,000)	\$ -	\$ (9,546)	\$ 9,546	0.00%
Out: Retail Reserves	(769,625)	(1,674,100)	(748,387)	(925,713)	159.91%
Out: Connection Reserves	(32,321)	(1,057,014)	(2,105,025)	1,048,011	81.00%
Out: PERS Stabilization	(100,000)	(1)	-	(1)	-100.00%
Total Transfers	\$ (911,946)	\$ (2,731,114)	\$ (2,862,958)	\$ 131,843	111.19%
Ending Available Income	\$ -	\$ -	\$ -	\$ (0)	0.00%

FY 2014-2015 Draft Retail Budget



Retail Budget Detail

	FY 11 -12 06/30/2012 Actual	FY 12-13 06/30/2013 Actual	FY 13-14 Prelim Actual	FY 14-15 06/30/15 Budget
REVENUE:				
WATER REVENUE:				
RESIDENTIAL METERED	7,058,136	7,432,486	7,569,777	7,632,053
COMMERCIAL METERED	1,025,042	1,110,112	1,128,821	1,099,256
HINKLE PUMPING SURCHARGE	118,859	0		92,831
METER RENTAL/PERMITS/CONST WTR	6,294	1,670	12,004	5,000
PCWA	2,170	0		0
RECONNECTS & PENALTIES	0	0	4,480	4,500
TOTAL WATER REVENUES	8,210,502	8,544,267	8,715,082	8,833,640
OTHER REVENUE:				
PUMPING SURCHARGE		82,931	51,065	25,000
BACKFLOW RE-TESTING	650	2,400	2,100	2,500
ANNEXATION	4,870	0	0	0
COST RECOVERY	0	453	1,063	0
FIRE SERVICE	26,474	27,014	27,986	26,000
LATE FEE	41,630	43,550	37,320	35,000
ENGINEERING SERVICE FEES	3,700	7,200	15,600	20,000
INTEREST REVENUE	137	900	234	900
GRANTS	101,504	40,520	418	0
MEDICARE PART D SUBSID	9,423	0		0
MANDATED COSTS REIMBURSEMENT	0	0		0
TOTAL OTHER REVENUE	188,388	204,969	135,786	109,400
TOTAL REVENUE	8,398,890	8,749,236	8,850,868	8,943,040
EXPENSES:				
SOURCE OF SUPPLY:				
PURCHASE TREATMENT WATER RSA	2,215,722	2,348,230	2,110,208	1,571,030
CAPITAL CONTRIBUTIONS	350,000	350,000	350,000	645,300
	2,565,722	2,698,230	2,460,208	2,216,330
PUMPING & TELEMETRY:				
SALARIES & FBS	142,247	166,522	111,624	194,191
ENERGY	466,364	340,940	254,992	420,000
MATERIALS	9,077	11,724		8,240
PUMP SYSTEMS	0	17,252	23,122	26,780
HARDWARE/SOFTWARE MAINTENANCE	0	7,903	14,739	11,330
AIR QUALITY PERMITS	4,094	3,968	4,491	6,000
EQUIPMENT MAINTENANCE		2,063		
PROFESSIONAL AND OUTSIDE SERV.		446		
	621,783	550,818	408,967	666,541
TRANSMISSION & DISTRIBUTION:				
SALARIES & FBS	1,225,836	1,434,093	836,588	1,283,590
MEETINGS, EDUCATION & TRAINING	12,924	17,051	12,545	17,000
OFFICE EQUIP/SOFTWARE/MAINT	3,680	17,786	11,928	0
TELEPHONE/CELL PHONES	0	3,971	1,478	3,600
REGULATORY COMPLIANCE	21,852	24,847	23,716	30,000
PERMITS, MATERIALS & SUPPLIES	3,915	106,389	76,796	61,800
COUNTY ENCROACHMENT PERMITS	0	0		0
PROFESSIONAL/OUTSIDE SERVICES	290,350	118,031		162,740
SPOILS PROCESSING MATERIALS/VENDC	2,341	711		0
MATERIALS RESERVOIR/SUPPLIES	6,226	(164)		0
ENERGY	1,021	1,393		1,575
VEHICLE MAINTENANCE	99,502	100,287	78,437	87,550
EQUIPMENT MAINTENANCE	18,227	5,182	12,310	10,300
	1,685,874	1,829,578	1,053,797	1,658,155

San Juan Water District
Fiscal Year 2014 - 2015 Budget

	FY 11 -12 06/30/2012 Actual	FY 12-13 06/30/2013 Actual	FY 13-14 Prelim Actual	FY 14-15 06/30/15 Budget
CUSTOMER SERVICE:				
SALARIES & FBS	493,863	507,557	311,842	450,172
OFFICE SUPPLIES	532	1,087	352	500
TELEPHONE/CELL PHONES	0	1,209	899	1,200
EDUCATION REIMBURSEMENT	678	1,155	50	3,700
POSTAGE	25,615	26,576	31,124	27,604
BILLING SERVICES	74,124	94,109	84,742	92,391
PROFESSIONAL SERVICES	0	1,793	(1,974)	2,575
BANK SERVICE/COLLECTION CHARGES	28,663	25,749	31,229	32,133
ACCOUNTS RECEIVABLE PROCESSING	9,983	8,727	1,797	10,175
SOFTWARE/HWD MAINTENANCE	44,288	29,320	32,324	37,183
EQUIPMENT MAINTENANCE	3,415	20	100	3,000
	681,163	697,301	492,485	660,634
CONSERVATION:				
SALARY/FBS	301,408	279,432	286,552	290,574
CONSERVATION ED/TRAINING	1,174	2,786		2,750
MATERIALS AND SUPPLIES	0	606		4,500
CONSERVATION SUPPLIES & PRINTG	1,366	181		3,500
POSTAGE & SHIPPING	24			4,000
VEHICLE MAINTENANCE	0	265		4,700
ASSOCIATION DUES & PERIODICALS	13,170	20,117	17,051	17,400
CONSERVATION PROGRAMS	111,296	83,230	201,781	221,900
CONSERVATION TELEPHONE EXPENSE	2,456	2,267	1,913	2,500
CONFERENCES & CONVENTIONS	1,449			0
CUWCC DUES & FEES	60			0
	432,403	388,883	507,298	551,824
ENGINEERING:				
ENGINEERING CELLULAR PHONE EXP	1,510	1,314	1,100	2,000
ENGINEERING SALARY/FBS	269,705	181,187	192,239	230,010
ENGINEERING OFFICE SUPPLIES/PRINTI	1,558	1,583	2,118	3,960
ENGINEERING OUTSIDE SERVICES	0	3,838	2,021	61,500
ENGINEERING EQUIPT MAINTENANCE	4,260	3,732	3,886	1,288
ENGINEERING MEMBERSHIP/CERT	589	238	244	952
ENGINEERING SUBS/BOOKS/TAPES	632	566		650
FURN/EQUIPMENT	1,434	210		2,163
ENGINEERING COMPUTER SOFTWARE	6,810	13,939	13,599	7,500
ENGINEERING EDUC/TRAIN	338	180	252	9,650
	286,836	206,788	215,459	319,673
ADMINISTRATION & GENERAL:				
SALARIES & FBS ADMINISTRATIVE	558,777	579,114	623,291	654,527
OFFICE SUPPLIES & PRINTING	6,277	7,679	11,225	8,240
POSTAGE	9,030	9,348	7,816	8,240
PUBLIC OUTREACH ACTIVITIES	81,324	62,109	76,290	51,610
AD/PUBLICATIONS/NOTICES	21	3,871		500
OFFICE EQUIP & COMPUTER MAINT	30,869	7,793	11,949	30,900
MEMBERSHIP/CERTIF RENEWAL	19,900	20,015	34,318	20,000
SUBSCRIPTIONS-BOOKS-TAPES	1,492	726	593	800
BANK & COLLECTION SVC EXPENSE	11,187	13,203	20,345	10,815
STAFF EXPENSE	3,960	4,857		4,223
SAFETY TRAINING/TEST/DATCO	8,659	2,378		9,785
MEETINGS & CONVENTIONS	13,601	15,525		13,500
PROFESSIONAL SERVICES	39,783	41,207	98,428	40,000
TELEPHONE	17,948	13,347	11,778	15,000
UTILITIES-SEWER-DISPOSAL-SL	4,104	3,624		4,300
INSURANCE-LIABILITY & PROPERTY	48,434	81,577	75,182	48,000
INSURANCE-DAMAGE PAYMENTS	0	310		500
RETIREE BENEFIT, HEALTH INS	113,056	117,677	100,114	133,175

San Juan Water District
Fiscal Year 2014 - 2015 Budget

	FY 11 -12 06/30/2012 Actual	FY 12-13 06/30/2013 Actual	FY 13-14 Prelim Actual	FY 14-15 06/30/15 Budget
BUILDING & GROUNDS MAINTENANCE	5,842	22,052		1,000
ENERGY COST	3,715	3,580	7,186	4,200
SECURITY MONITORING	741	482	523	800
OTHER MAINTENANCE	28,354	17,851	10,789	25,750
MATERIALS	0	0		0
HAZARDOUS WASTE/ALL CATEGORIES	608	1,990		2,000
MAINTENANCE-VEHICLE	1,925	1,651		1,030
RADIOS	48	0		0
MATERIALS AND SUPPLIES	12,271	2,051		11,330
SMALL TOOLS & REPLACEMENT	6,246	4,339		4,635
SAFETY EQUIPMENT	10,621	3,207		0
ELECTIONS EXPENSE	0	36,109		35,000
LEGAL PROFESSIONAL EXPENSE	30,993	32,843	28,878	40,000
DIRECTORS	29,604	30,224	17,148	28,000
ADMIN/GEN APPLD COST (CREDIT)	(196,169)	(216,415)	(35,072)	(145,000)
	903,222	924,322	1,100,779	1,062,860
OPEB	126,166	153,754	168,000	168,000
TOTAL EXPENSES	7,303,169	7,449,674	6,406,993	7,304,017
NET OPERATING INCOME/(LOSS)	1,095,721	1,299,562	2,443,875	1,639,023
NON-OPERATING: REVENUE:				
DISCOUNTS EARNED	419			0
SALE OF SURPLUS	(17,915)			0
EXPENSE RECOVERY	24,332	(2,777)		5,000
INTEREST REVENUE	0	0		7,300
TAXES & ASSESSMENTS M & O	780,565	803,087	828,775	819,060
PRIOR YEAR REVENUE	(8,257)			0
CONNECTION FEES/RETAIL	161,906	212,957	1,057,014	2,105,025
TAPPING & CONNECTION	5,530	(180,636)		0
SPEC DIST CAVITT STALLMAN 40 YR	1,074	1,074		1,000
NONOPERATING REVENUE	965,150	833,705	1,885,789	2,937,385
EXPENSES:				
C.O.P. INTEREST EXPENSE		877,483	707,999	1,202,660
LOAN INTEREST EXPENSE	7,601			6,476
COP AMORTIZATIONS	0	(33,976)	(27,054)	(27,226)
SALES TAX	0	2,268	12	3,000
PRELIMINARY PROJECT/STUDIES	7,500			0
NONOPERATING EXPENSES	15,101	845,775	680,957	1,184,910
CAPITAL CONTRIBUTIONS REVENUE			0	0
DEBT SERVICE PRINCIPAL	456,141			448,933
NET PRIOR TO DEPRECIATION	1,589,629	1,287,492	3,648,706	2,942,564
DEPRECIATION & AMORTIZATION	(1,496,908)	1,458,684	1,439,763	1,425,000
NET AFTER DEPRECIATION	92,721	2,746,176	5,088,469	4,367,564

Debt Service – Retail

Retail debt service as detailed in the schedule below is comprised of the 2012 Refunding Bonds and 2009 COPs issued for Retail Capital Improvement Projects as well as two loans.

Retail Debt Service	Direct			Annual Debt Service Charge		
	Principal	Interest	Total	Principal	Interest	Total
<u>2012 Refunding Bond Payments</u>						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 81,171	\$ 105,628	\$ 186,799
Direct Obligation	\$ 110,849	\$ 144,248	\$ 255,097			
Total 2012 Refunding Pymts	\$ 110,849	\$ 144,248	\$ 255,097	\$ 81,171	\$ 105,628	\$ 186,799
<u>2009 COP Payments:</u>						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 83,903	\$ 340,322	\$ 424,225
Direct Obligation	149,400	605,986	755,386			
Total 2009 COP Payments	\$ 149,400	\$ 605,986	\$ 755,386	\$ 83,903	\$ 340,322	\$ 424,225
California Energy Commission Loan	0	0	-			
Economic Development Loan	23,611	6,476	30,087			
Total Debt Service Payments	\$ 283,860	\$ 756,710	\$ 1,040,570	\$ 165,074	\$ 445,950	\$ 611,023
Combined Debt Service				Principal	Interest	Total
2012 Refunding Bond Payments				\$ 192,019	\$ 249,876	\$ 441,895
2009 Certificates of Participation				233,303	946,307	1,179,610
California Energy Commission Loan (paid off June 2012)				0	0	0
Economic Development Loan				23,611	6,476	30,087
Total Debt Service Payments (including Annual Debt Service Charge)				\$ 448,933	\$ 1,202,660	\$ 1,651,593

Capital Improvement Program - Retail

Retail facilities include those that allow the District to deliver water to retail customers and perform all supporting activities to accomplish this. Specific examples are:

- transmission and distribution pipelines;
- pump stations;
- pressure reducing stations;
- storage tanks;
- meters; and
- District equipment and buildings.

The District's Capital Improvement Program ("CIP") is viewed as two separate programs for Wholesale and Retail facilities. Most projects are not relevant to both Wholesale and Retail, therefore, they are evaluated and planned for completely separately. Some do benefit both Wholesale and Retail facilities and are assigned to each based upon specific benefit with Wholesale and Retail paying their fair share of the cost. To be considered a capital expense, the project, program or equipment must generally cost \$5,000 or more and have a useful life extending three years or more.

CIP Process

In order to develop and maintain the District's long-range CIP, the first step is completion of a Retail Master Plan. These are completed approximately every five to ten years by an outside consultant with District staff assistance. All existing and future facilities are evaluated to sustain the District's cost-effective CIP goals:

- Ensure that delivery of a reliable water supply is maintained and secured for future needs.
- Maintain or implement compliance with existing or new regulations.
- Address public safety or health standards.
- Plan contingencies for reasonable emergency supply or outages.
- Ensure that existing infrastructure is maintained, replaced and improved as necessary.
- Provide for new capital projects to help meet the highest priority District needs.
- Develop and implement more economical, efficient, or effective delivery of District services.

CIP projects are categorized as follows:

District-Wide: projects that benefit the District's internal operations such as information technology or building improvements.

Pipeline Replacements: projects related to the expansion, maintenance, or improvement of the District's transmission and distribution system.

Pump Stations: projects related to the maintenance, improvement or expansion of the District's pump stations.

Pressure Reducing Stations: projects related to the construction, maintenance, improvement or expansion of the District's pressure reducing stations.

Storage Tanks: projects related to the construction, maintenance, improvement or expansion of the District's storage facilities.

Development Projects: projects needed to serve new development, which are funded by the developer, and conveyed to the District for long-term operation and maintenance.

Upon completion or update of the Retail Master Plan, the Retail Water Rate Study and Financial Plan are updated to reflect new or updated projects. This may not be necessary if the costs do not represent a major impact to the CIP. Projects are incorporated into the fiscal-year budget for the year they are expected to begin, with individual projects approved in accordance with District policy or prescribed codes (i.e. Public Contract Code).

District staff manage projects with the assistance of consultants where needed. District labor, inventory, materials, supplies and related costs may be required on a project and coded as such to reflect the full cost of the asset for financial reporting purposes. Upon completion of a project, Notice of Acceptance is filed (when applicable) and appropriate insurance coverage is secured by the District's insurer in accordance with the policy.

CIP Budget – Retail

	2014-2015		
	General	COPs	Connections
<u>Funding Sources:</u>			
Estimated Beginning Balance	\$ 3,040,775	\$ 2,779,391	\$ 2,714,103
Estimated Revenue and Transfers	559,641		2,107,506
Estimated Funds Available for CIP Projects	\$ 3,600,416	\$ 2,779,391	\$ 4,821,609
<u>Projects:</u>			
District-Wide			
Information Sign Board with Informational Display	\$ 5,000		
Building-Storage Roof/Walls			
Office Equipment and Furniture Replacement	31,000		
	\$ 36,000	\$ -	\$ -
Field Services			
Vehicle Replacement	90,000		
Security System Improvements	75,000		
Commercial/Residential Meters	190,000		
Small machine replacements			
Distribution System Improvements		123,000	
Mainline Replacements-general			
Mainline Replacements-Auburn-Folsom			150,000
Mainline Replacements-Erwin Avenue			179,000
Mainline Replacements-Peerless Avenue			257,000
Mainline Replacements-Sierra/Douglas			-
Mainline Replacements-Telegraph Avenue			73,000
Mainline Replacements-Oak/Cardwell			335,000
Mainline Replacements-Main			
Transmission Pipelines-AFR North	500,000		
Transmission Pipelines-Twin Rocks			
Transmission Pipelines-Eureka			
Water Supply Reliability - Barton Rd		620,000	
Water Supply Reliability - Kokila and Twin Rocks			
Water Supply Reliability - antelope Pump Back			
Pressure Reducing Station-Oak Ave	200,000		
Pressure Reducing Station-Eureka			
Pressure Reducing Station-Bacon/Sierra			
Pressure Reducing Station-Park Place	13,609	21,391	
Pressure Reducing Station-Canyon Falls			
Pump Station-Upper Granite Bay		2,015,000	
Pump Station-Lower Granite Bay			3,500,000
Pump Station-Bacon/Sierra recondition			
Update OITs and & PLC Prgramming	9,000		
ARC Flash Assessemnt and Improvements	-		
Pump/Motor R&R	50,000		
Wholesale Meters-Retail Share of Project			
Wholesale Meters-Retail Share of repairs	336,200		
	1,463,809	2,779,391	4,494,000
Total Projects	1,499,809	2,779,391	4,494,000
Estimated Ending Balance	\$ 2,100,607	\$ 0	\$ 327,609

Cost Allocation Plan

The San Juan Water District is organized as a community services district with both wholesale and retail operations. Upon establishment, it was determined to be most cost effective for these two separate operations to share some facilities and employees in order to minimize costs. While sharing some resources, the revenues and expenses are recorded in a separate set of accounts for each for financial accounting and reporting purposes. Cash is maintained in pooled accounts in order to maximize interest and investment earnings opportunities while separately accounted for with respect to each component of cash reserves.

Due to the size and nature of all District operations, established allocation methods are relatively simple lacking the complexity that would require additional staff time to maintain. Allocations are updated as changes occur in the bases or operating factors. Costs are allocated to Wholesale and Retail using several methods:

- Direct – for those costs that are specifically identifiable to apply to either;
- Proportionate – for those costs that benefit both based upon the appropriate base (i.e. full-time equivalent employees (“FTE”), building occupancy, number of connections, etc.).

Direct costs are simply those costs that apply either to Wholesale or Retail, or some percentage of each that can be determined by the nature of the cost. Proportionate costs are assigned to Wholesale or Retail based upon the benefit received using the base as described above which most accurately reflects this.

Labor

As mentioned previously, some employees are shared by Wholesale and Retail to maximize efficiency and eliminate the need for redundant positions thereby minimizing any idle time. The table provided next lists all District positions and their respective budgeted assignment to Wholesale or Retail activities for both operations and capital projects. Employees code time to reflect actual work activity, which can vary from year-to-year depending upon weather conditions, capital projects, legislative and regulatory changes, etc. However, this reflects the overall assignment for each and a basis for other cost assignments.