

# San Juan Water District Granite Bay, California



Final Budget

Fiscal Year 2011-2012

# San Juan Water District

**Fiscal Year 2011 – 2012 Wholesale Budget**

**Fiscal Year 2011 – 2012 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](http://www.sjwd.org)

**Elected Officials**

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

**Appointed Officials**

Shauna Lorange, General Manager

**Management Team**

Keith B. Durkin, Assistant General Manager  
Mary A. Morris, Finance & Administrative Services Manager  
Rick Hydrick, Operations Manager  
William Sadler, Water Treatment Plant Superintendent  
Judy Johnson, Customer Services Manager  
George Machado, Field Services Manager  
Rob Watson, Engineering Services Manager

## Budget Schedule

### Wholesale

Date	Activity
January 26, 2011	Budget assumptions presented and accepted by the Board
February 23, 2011	Projections for revenue and current budget versus actual reviewed with the Board
March 21, 2011	Draft Wholesale Budget reviewed with Finance Committee
April 12, 2011	Updated Wholesale Budget reviewed with Finance Committee
April 13, 2011	Draft Wholesale Budget document provided to Board
April 27, 2011	Wholesale Budget presented to Board of Directors/Public Wholesale Budget Public Hearing (0% Rate Increase for 2012)
May 25, 2011	Consider Adoption of the Wholesale Budget and Rates
June 22, 2011	Final FY 2011-2012 Budget Provided to Board

### Retail

Date	Activity
January 26, 2011	Budget assumptions presented and accepted by the Board
February 23, 2011	Projections for revenue and current budget versus actual reviewed with the Board
March 23, 2011	Retail Rate Study presented to Board
April 13, 2011	Draft Retail Budget document provided to Board
April 12, 2011	Updated Wholesale Budget reviewed with Finance Committee
May 25, 2011	Retail Budget presented to Board of Directors/Public Retail Budget Public Hearing (0% Rate Increase for 2012)
June 8, 2011	Consider Adoption of the Retail Budget and Rates
June 22, 2011	Final FY 2011-2012 Budget Provided to Board

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**San Juan Water District**  
Fiscal Year 2011 - 2012 Budget

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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 2011-2012 Proposed Budget for the San Juan Water District ("District") for both Wholesale and Retail, presented in separate sections. The budget format has been updated substantially 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. In February, the Finance & Administrative Services Manager provides the Division and Department Managers with their respective projected personnel budgets and the current fiscal years adopted budget compared to the projected actual expenses. The managers then prepare draft budgets and submit them within approximately three to four weeks for compilation.

The proposed budget is then reviewed by all Division and Department Managers 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.

A summary of the proposed budget is reviewed with the Finance Committee in March and/or April. The proposed budget is then discussed with the Board of Directors in April and the draft document is distributed to the Board. The Finance & Administrative Services Manager presents the wholesale budget/rates to the Board at the second meeting in April and the retail budget/rates at the second meeting in May. The District holds the public hearings for wholesale budget/rates at the second meeting in April and retail budget/rates at the second meeting in May. The anticipated dates of adoption for the wholesale budget/rates and retail budget/rates are the first meeting of May and June, respectively.

### **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 has been prepared using a program budget format 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:

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

Operations are further broken out by program area: Administrative & General, Conservation, Customer Service (Retail), Engineering, Pumping & Telemetry (Retail), Source of Supply, Transmission & Distribution and Water Treatment (Wholesale). The program area budget places the focus on overall District operations, leaving District management responsible for oversight of day-to-day operating expenses.

### **Budget Highlights**

The 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

- ☒ **Property Taxes:** The District has prepared this budget based upon the assumption that the 1% property tax revenue will continue to be received by the District in accordance with Proposition 1A protecting local revenues. The District lost \$2,110,000 over two years (2005 and 2006) due to the shift of local property tax revenues to education. The State officially borrowed \$142,000 under Prop 1A in Fiscal Year 2010-2011 with the California Statewide Communities Development Authority implementing a Prop 1A Securitization Program in order for local agencies to receive full property tax funding.
  
- ☒ **Wholesale Water Rates:** The Wholesale Water Rates are included with a 0% rate increase effective January 1, 2012.  
*Note: This increase is subject to Board of Directors approval.*
  
- ☒ **Retail Water Rates:** The Wholesale Water Rates are included with a 0% rate increase effective January 1, 2012.  
*Note: This increase is subject to Board of Directors approval.*
  
- ☒ **Connection Fees:** With a lagging economy, development has remained minimal with low connection revenues expected and incorporated into the budget.

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.

**Funds**

The District operates a single enterprise fund, which is segregated into non-operating activities, wholesale operations and retail operations.

Investment Policy and Investments

The District's current Investment Policy was developed and approved in accordance with California Government Code Section 53600. This Policy is reviewed and approved annually, and was last approved by the Board in December 2008. In March 2007, the District was awarded the Investment Policy Certification by the Association of Public Treasurer's of United States & Canada. This award demonstrates to the Board and the public that the District has developed a thorough policy that complies with applicable statutes. It is recommended that the District re-certify the policy every three years.

Authority for the investment program has been delegated to the General Manager or his/her designee. The District is currently authorized to invest in the following instruments, as allowed under the Investment Policy (see the Investment Policy for specific restrictions):

- \$ United States Treasury Securities maturing in five years or less;
- \$ Agencies of the Federal Government;
- \$ Obligations of the State of California and any Local Agency within the state;
- \$ Banker's Acceptances;
- \$ Commercial Paper;
- \$ Certificates of Deposit;
- \$ State of California Local Agency Investment Fund;
- \$ Medium-term notes or Corporate issues maturing in five years or less;
- \$ Mutual funds; and
- \$ Interest bearing, FDIC-insured checking and savings accounts.

Accounting System and Controls

The District utilizes 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 prepares 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.

The District has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers’ Association for the 2009-2010 CAFR which is the fourth 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

Mary A. Morris  
Finance & Administrative Services 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.

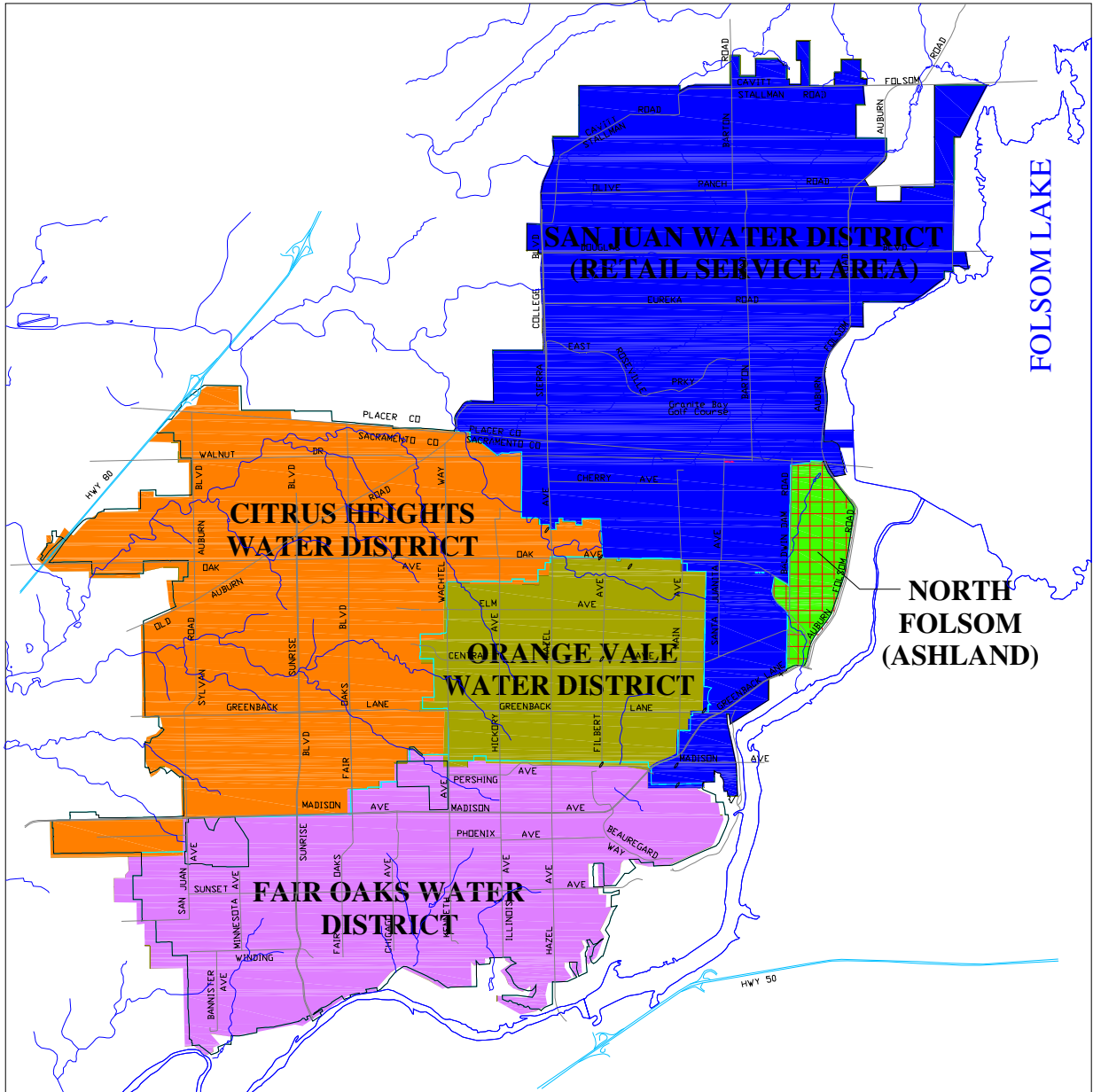
The District provides water on a wholesale and retail basis to an area of approximately 46 square miles for wholesale (which includes the retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of negotiating water contracts; operating a 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 2009-2010 was 48,250 acre-feet and is anticipated to be 41,950 acre-feet for Fiscal Year 2010-2011, excluding pass through deliveries for Sacramento Suburban Water District.

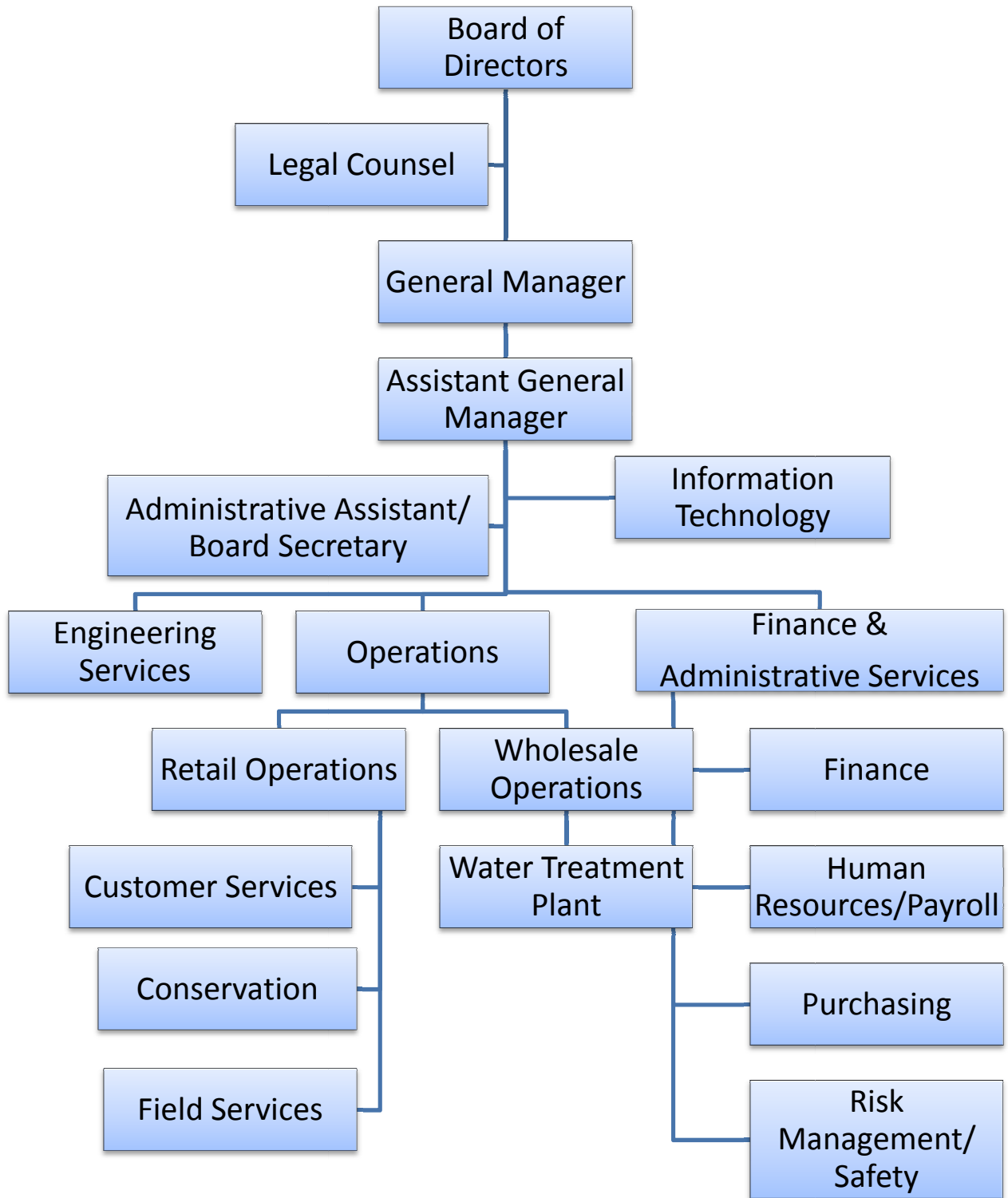
The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades and improvements to the plant in 2005 and 2009 added a solids handling facility and a new chlorine storage and 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 capacity of approximately 120 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.

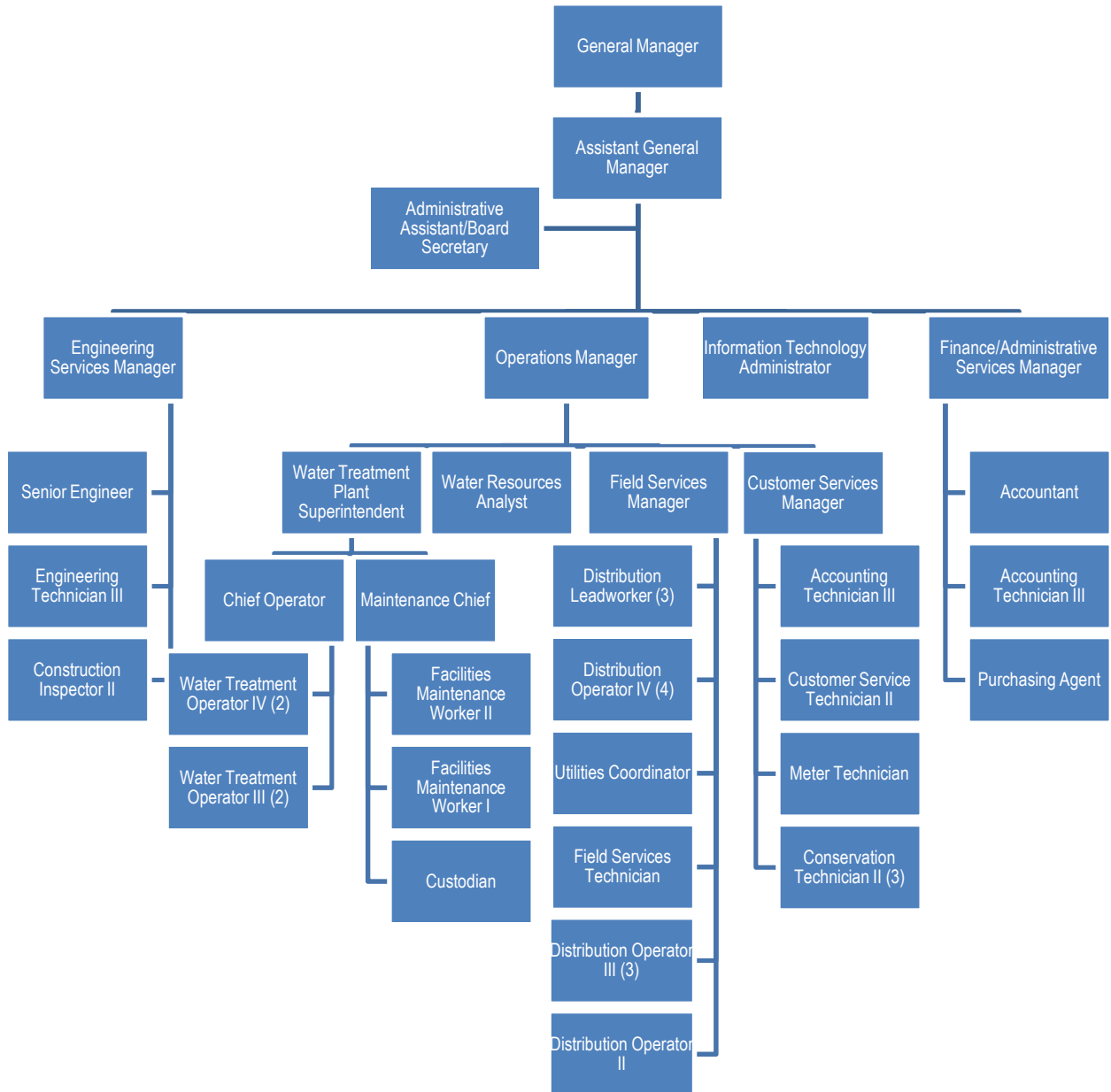
Service Area Map



Organization Chart by Functional Area



Organization Chart by Position Title



## Budget Narrative Layout

### Wholesale

#### *Financial Policies*

- *Reserve Funding Levels*
- *Water Rate Study and Financial Plan*
- *Budget Assumptions*
- *Cost Savings Measures*

#### *Operations*

- *Activities*
- *Staffing*
- *Capital Program*

### Retail

#### *Financial Policies*

- *Reserve Funding Levels*
- *Water Rate Study and Financial Plan*
- *Budget Assumptions*
- *Cost Savings Measures*

#### *Operations*

- *Activities*
- *Staffing*
- *Capital Program*



## District-Wide Budget Information and Summaries

### District Funds

In accordance with the District's Ordinance related to "Allocated Fund Policy", certain funds will be established and/or maintained.

#### 3000.11 Allocated Fund Policy

The District's net worth is invested in its physical assets and its ability to provide reliable water service to the public. These assets must be properly maintained and replaced over time to maintain the level and quality of service provided to the public. The District will consider future needs for all capital facilities, equipment and operations, and set aside appropriate funds to meet these needs. Additional reserve funds may be included as future circumstances warrant. All reserves should be retained for their original intended purpose. In this manner, funds will be available for future capital and equipment requirements in addition to provide funds to continue operations.

#### 3000.11.1 Wholesale

##### Operating Fund

The operating reserve fund should provide sufficient funds for temporary operations of the District in the events of unforeseen events or irregular working capital needs.

The District will maintain in its Wholesale Operation Reserve Fund an amount equal to at least twenty percent of the annual operating expenditures.

##### Rate-Stabilization Fund

The rate-stabilization reserve fund should provide sufficient funds to ensure financial and rate stability for wholesale Customers in the event of fluctuating changes in wholesale water deliveries and reduced water supplies.

##### Capital-Improvement Fund

The capital-improvement reserve fund consists of a number of different reserve funds for different purposes. The different reserve funds are described as follows:

1. Hinkle Reservoir Lining Replacement Fund – a fund established to accumulate funds for the planned replacement of the lining and cover of Hinkle Reservoir. The replacement fund is funded annually in the amount of \$50,000.00 plus accrued interest earned on the existing fund balance. The life expectancy of the cover and lining (installed in July 1981) is 30 years.

*Note: the current estimated date for replacement is 2014 or later.*

2. Capital-Improvement Fund – a fund established to accumulate sufficient funds for use due to unexpected emergency expenditures for repair, replacement or rehabilitation of the water treatment plant facilities.

A fund established to fund capital projects to replace or rehabilitate and upgrade pumping stations, buildings, treatment plant facilities, equipment, water pipeline systems and other water-related system components.

3. Vehicle and Equipment Fund – a fund established to accumulate sufficient funds to replace vehicles and equipment on an annual basis, and larger equipment on an as-need basis.

*Note: This fund is intended for unplanned replacements outside of the budget.*

The primary sources of revenue for the reserves are property taxes, interests, and revenues in excess of expenditures from wholesale Customers.

#### Restricted COP Debt Fund

A fund established to accumulate funds held in reserve by Union Bank of California for the final principal and interest payment on the 1993 Revenue Certificates of Participation. The final payment of principal and interest is due February 2014. The funds accumulated and held in reserve by Bank of America is for the semi-annual payments of principal and interest due in February and August, and debt service coverage paid by participating agencies.

#### Restricted-Employee Fund

A fund established to accumulate employee's pre-taxed monies will be held in trust by the District. A second party pays claims submitted by enrolled employees.

A fund established to accumulate funds for accrued employees vacation and sick leave time.

#### 3000.11.2 Retail

##### Operating Fund

The operating reserve fund should provide sufficient funds for temporary operations of the District in the event of unforeseen events or irregular working capital needs.

The District will maintain in its Retail Operation Reserve Fund an amount equal to at least twenty percent of the annual operating expenditures.

#### Capital-Improvement Fund

The capital-improvement reserve fund consists of a number of different reserve funds for different purposes. The different reserve funds are described as follows:

1. Kokila Reservoir Lining Replacement Fund – a fund 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.

*Note: the current estimated date for replacement is 2020*

2. Capital-Improvement Fund – a fund 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.
3. Capital Facilities Fees Fund – a separate fund 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.

4. Vehicle and Equipment Fund - a fund established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis.

The primary sources of revenue for the allocated funds are property taxes, interest, capital facilities fees and revenues in excess of expenditures from retail Customers.

Restricted COP Debt Reserve

A fund established to accumulate funds held in reserve for the semi-annual payment of principal and interest on the 1993 Revenue Certificates of Participation. Annual debt service payments of principal and interest are made in February and August.

Restricted E.D.A. Loan Debt Reserve

A fund 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.

Restricted-Employee Fund

A fund established to accumulate employee's pre-taxed monies held in trust by the District. A second party pays payments to enrolled employees.

A fund established to accumulate funds for accrued employees' vacation and sick leave time.

**Budget Assumptions**

While both the Wholesale and Retail Water Rate Study and Financial Plans used a variety of assumptions for purposes of determining rate structures and long-range financial plans, these are revisited at the time of budget development each fiscal year. In January 2011, the Board agreed with the following assumptions to serve as the budget framework for staff with the understanding that as specific information becomes known or available it would be incorporated into the budget. Many assumptions are relevant to both the District's Wholesale and Retail operations in the area of Salaries and Benefits, so are combined below for ease of presentation:

Salaries and Benefits – District-wide

- *Austere Staffing*  
During times when the economy was "booming", the District remained conservative and did not increase staffing and therefore should retain its austere staffing with no furloughs or layoffs proposed in order to maintain service levels for customers.
  
- *Cost of Living Allowance ("COLA") - 0%*  
This is a mechanism of holding costs and employees recognize in these times it is prudent not to include this in the budget. Since the time of the last COLA, the year-to-date Consumer Price Index (CPI) has increased by .48% as of December 2010 which is an approximate agency-wide budget savings of \$17,000, with \$7,200 Wholesale and \$9,800 Retail. As of March 2011, the CPI increased 2.52% over

April 2010 which updates the approximate budget savings to \$85,334 with \$36,834 Wholesale and \$48,500 Retail.

- *Increase Within Range (Merit) - \$0*  
While there are employees who are not at the top of their range, there would be no increase within range for those not already at the top. Those employees already at the top are not eligible for any additional increases due to merit. Taking into consideration those that have the ability for increase, removal of that is an estimated budget savings of \$25,000, with \$14,200 Wholesale and \$10,800 Retail.
- *Incentive Compensation - \$0*  
Employees agree this is not the time to include this component in the budget and public scrutiny of this program in these economic times is well recognized. Placing a hold on this will provide approximately \$176,000 in budget savings using an average of 5%, of salary costs. This equates to about \$77,500 Wholesale and \$98,500 Retail.
- *CalPERS Employer Contribution Rate – 14.826%-First Tier, 14.153%-Second Tier*  
The CalPERS Employer Contribution Rate is increasing for First and Second Tiers from 12.725% and 12.052%, respectively. These new rates will increase the budget for this item by approximately \$83,000, with \$36,500 Wholesale and \$46,500 Retail.

#### Wholesale

##### *Retail Agencies Customer Base and Water Deliveries*

The deliveries included in the budget should be those that were provided by the Retail Agencies.

##### *Cost of Water Supply*

Based upon the assumption of water deliveries to Retail Agencies above, the cost of water supply can be estimated first using water rights water, then a combination of water under the PCWA and USBR contracts, as applicable, with no temporary water supply use necessary.

##### *Operations and Maintenance Costs*

While it is too early in the process to have an estimated total for these costs yet, the escalation factors will be used initially with updates made for any costs where the anticipated cost is higher or lower.

##### *Inflation*

Annual inflation rates are unknown at this time. As detailed budgets are developed, budgeting figures will be provided, with assumed increases or decreases from the last budget. Where detailed budgets are not developable (such as pipeline breaks), the following assumptions will be used:

- Operating and maintenance costs - 3%
- Chemical and energy costs - 3%
- OPEB and construction costs - 4%

*Interest Rates*

Interest earned on fund/reserve balances is estimated to be 0.5 %.

*Facilities Costs*

Operations and maintenance costs for facilities are allocated to the wholesale and retail operations based upon benefit received and are proposed to continue in this manner.

*Solar Project*

Staff provided the Wholesale Capital Improvement Program Financing Summary including the funding for this project. The Board directed staff to ensure that the CSI Rebate and energy cost savings are replaced in the capital reserves and therefore will not be available for operating cost savings.

Retail

*Retail Customer Base and Water Consumption*

The customer base and water consumption included in the budget should reflect anticipated water deliveries as provided in the Wholesale Water Rate Study/Financial Plan, incorporating any estimated water loss.

*Cost of Water Supply*

This cost comes directly from the Wholesale Water Rate Study/Financial Plan, as prediction of water usage to any more accuracy is not possible.

*Operations and Maintenance Costs*

While it is too early in the process to have an estimated total for these costs yet, the escalation factors will be used initially with updates made for any costs where the anticipated cost is higher or lower.

*Inflation*

Annual inflation rates are unknown at this time. As detailed budgets are developed, budgeting figures will be provided, with assumed increases or decreases from the last budget. Where detailed budgets are not developable (such as pipeline breaks), the following assumptions will be used:

- Operating and maintenance costs - 3%
- Chemical and energy costs - 3%
- OPEB and construction costs - 4%

*Interest Rates*

Interest earned on fund/reserve balances is estimated to be 0.5 %.

*Facilities Costs*

Operations and maintenance costs for facilities are allocated to the wholesale and retail operations based upon benefit received and are proposed to continue in this manner.

**Salaries and Benefits**

As discussed previously, the District's Wholesale and Retail operations share staff with budgeted allocations listed in the Cost Allocation Plan later. With many processes involved with providing water on both a wholesale and retail basis relying upon the labor

of employees, the District's salaries and benefits do represent a large portion of the operating budgets. The combined salaries and benefits are listed in the table below.

Total Salary and Benefits	
Component	Amount
Salaries	\$ 3,450,634
COLA	-
Merit	-
Incentive Award	-
Overtime	148,200
Standby	43,700
FICA/Medicare	268,977
SUI	11,270
Health Insurance	727,727
Dental Insurance	81,228
Disability Insurance	59,246
Life Insurance	12,225
Workers' Compensation	66,593
Retirement	837,778
Vision	9,000
Auto	6,000
Total Salaries and Benefits	\$ 5,722,578
Compensated Absence Contribution Funding	51,763
Total Salaries and Benefits (including compensated absences)	5,774,341
Internal salaries and benefits capitalized on projects	(298,000)
Salaries and Benefits	\$ 5,476,341
<u>Average Calculation:</u>	
Total Salaries and Benefits	\$ 5,722,578
Number of Funded Employees	45
Average Salary & Benefit Costs Per Funded Employee	\$ 127,168

Note: The District Board voted on May 11, 2011 to begin the process of collecting the CalPERS employee contribution from employees. Staff is currently working with CalPERS on this.

Salaries are in accordance with the District Salary Range Table (listed on the next page) for staff and established by contract for the General Manager. Benefits are available to all District staff classifications as defined in the Employee Manual. Overtime is only applicable to non-exempt staff and does not apply to exempt positions: General Manager, Assistant General Manager, Finance & Administrative Services Manager, Operations Manager, Engineering Services Manager, Senior Engineer, Water Treatment Plant Superintendent, Chief Operator, Maintenance Chief, Field Services Manager, Customer Service Manager, Water Resources Analyst and Information Technology Administrator.

## San Juan Water District Fiscal Year 2011 - 2012 Budget

*The total compensation package includes District payment of EPMC to CalPERS as this avoids additional payroll taxes.*

Classification	Monthly Range		Annual Range	
	Minimum	Maximum	Minimum	Maximum
Accountant	\$5,012	\$6,015	\$60,146	\$72,175
Accounting Technician I	\$3,355	\$4,026	\$40,259	\$48,310
Accounting Technician II	\$3,692	\$4,430	\$44,299	\$53,158
Accounting Technician III	\$4,059	\$4,871	\$48,712	\$58,455
Administrative Assistant/Board Secretary	\$4,059	\$4,871	\$48,712	\$58,455
Assistant General Manager	\$10,613	\$12,736	\$127,361	\$152,833
Associate Engineer	\$6,624	\$7,949	\$79,487	\$95,384
CAD/GIS Intern (Hourly Rate )	\$15.29	\$18.84	\$15.29	\$18.84
Chief Operator	\$5,998	\$7,197	\$71,973	\$86,367
Conservation Helper	\$3,038	\$3,645	\$36,451	\$43,741
Conservation Technician I	\$3,644	\$4,373	\$43,733	\$52,480
Conservation Technician II	\$4,009	\$4,811	\$48,106	\$57,728
Construction Inspector I	\$4,211	\$5,053	\$50,530	\$60,636
Construction Inspector II	\$4,631	\$5,557	\$55,570	\$66,684
Construction Inspector III	\$5,094	\$6,113	\$61,125	\$73,350
Custodian	\$2,614	\$3,137	\$31,371	\$37,645
Customer Service Technician I	\$2,950	\$3,540	\$35,401	\$42,481
Customer Service Technician II	\$3,245	\$3,895	\$38,946	\$46,735
Customer Service Technician III	\$3,570	\$4,283	\$42,834	\$51,401
Customer Services Manager	\$7,286	\$8,744	\$87,436	\$104,923
Distribution Lead Worker	\$5,258	\$6,309	\$63,095	\$75,714
Distribution Operator I	\$3,591	\$4,310	\$43,097	\$51,716
Distribution Operator II	\$3,951	\$4,741	\$47,409	\$56,891
Distribution Operator III	\$4,346	\$5,216	\$52,156	\$62,588
Distribution Operator IV	\$4,781	\$5,737	\$57,368	\$68,842
Engineering Services Manager	\$7,905	\$9,486	\$94,859	\$113,831
Engineering Technician I	\$3,750	\$4,501	\$45,006	\$54,007
Engineering Technician II	\$4,127	\$4,952	\$49,520	\$59,424
Engineering Technician III	\$4,538	\$5,446	\$54,459	\$65,351
Facilities Maintenance Helper	\$3,289	\$3,947	\$39,471	\$47,365
Facilities Maintenance Worker I	\$3,947	\$4,737	\$47,369	\$56,843
Facilities Maintenance Worker II	\$4,342	\$5,211	\$52,106	\$62,527
Field Services Manager	\$7,286	\$8,744	\$87,436	\$104,923
Field Services Technician	\$4,781	\$5,737	\$57,368	\$68,842
Finance & Administrative Services Manager	\$9,228	\$11,074	\$110,736	\$132,884
General Manager	\$13,719	\$13,719	\$164,628	\$164,628
Groundskeeper	\$2,981	\$3,577	\$35,774	\$42,929
Information Technology Administrator	\$5,998	\$7,197	\$71,973	\$86,367
Information Technology Technician I	\$3,951	\$4,741	\$47,409	\$56,891
Information Technology Technician II	\$4,346	\$5,216	\$52,156	\$62,588
Instrumentation Technician	\$5,004	\$6,004	\$60,045	\$72,053
Maintenance Chief	\$5,998	\$7,197	\$71,973	\$86,367
Meter Technician	\$3,272	\$3,926	\$39,259	\$47,110
Operations Manager	\$8,742	\$10,491	\$104,909	\$125,890
Purchasing Agent	\$4,059	\$4,871	\$48,712	\$58,455
Senior Engineer	\$7,286	\$8,744	\$87,436	\$104,923
Temporary/Seasonal Help (Hourly Rate )	\$9.91	\$15.49	\$9.91	\$15.49
Utilities Coordinator	\$4,808	\$5,769	\$57,691	\$69,229
Water Resources Analyst	\$6,740	\$8,088	\$80,881	\$97,057
Water Treatment Operator II	\$4,309	\$5,171	\$51,712	\$62,054
Water Treatment Operator III	\$4,739	\$5,687	\$56,873	\$68,248
Water Treatment Operator IV	\$5,213	\$6,256	\$62,559	\$75,071
Water Treatment Plant Superintendent	\$7,286	\$8,744	\$87,436	\$104,923

**Debt Service – District-Wide**

Debt Service is combined here to demonstrate all components of District-wide Debt Service; however, Wholesale and Retail Debt Service are presented separately in each respective section of the budget. Debt Service is currently comprised of the following:

- California Energy Commission Loan (Retail);
- Economic Development Loan (Retail);
- 2003 Certificates of Participation (COPs) (Wholesale and Retail); and
- 2009 COPs (Wholesale and Retail).

<b>District-Wide Debt Service</b>						
<b>Sources of Funds</b>	San Juan Water District Retail Service Area	Citrus Heights Water District	Fair Oaks Water District	Orange Vale Water Company	City of Folsom	Total
<u>Annual Debt Service Charge</u>						
2003 COPs	\$ 214,807	\$ 250,752	\$ 184,264	\$ 56,547	\$ 13,975	\$ 720,346
2009 COPs	347,320	369,749	230,117	116,213	36,062	1,099,461
<b>Total Annual Debt Service Charge</b>	<b>\$ 562,127</b>	<b>\$ 620,501</b>	<b>\$ 414,382</b>	<b>\$ 172,760</b>	<b>\$ 50,037</b>	<b>\$ 1,819,807</b>
<u>Direct Obligation</u>						
2003 COPs	\$ 293,345	\$ -	\$ -	\$ -	97,782	391,127
2003 COPs (1993 COP Refunding)	287,353	-	231,485	102,599	-	621,438
2009 COPs	618,447	-	-	-	-	618,447
California Energy Commission Loan	6,188					
Economic Development Loan	32,178					
<b>Total Direct Obligation</b>	<b>\$ 1,237,512</b>	<b>\$ -</b>	<b>\$ 231,485</b>	<b>\$ 102,599</b>	<b>\$ 97,782</b>	<b>\$ 1,631,012</b>
<b>Total Sources of Funds</b>	<b>\$ 1,799,638</b>	<b>\$ 620,501</b>	<b>\$ 645,867</b>	<b>\$ 275,360</b>	<b>\$ 147,819</b>	<b>\$ 3,450,819</b>
<b>Uses of Funds</b>				Principal	Interest	Total
2003 Certificates of Participation				\$ 1,015,000	\$ 717,910	\$ 1,732,910
2009 Certificates of Participation				10,000	1,707,908	1,717,908
California Energy Commission Loan				5,924	264	6,188
Economic Development Loan				22,487	9,691	32,178
<b>Total Uses of Funds</b>				<b>\$ 1,025,000</b>	<b>\$ 2,425,819</b>	<b>\$ 3,450,819</b>

Debt Service allocations are based upon the appropriate cost allocation (project cost or proportionate share of acre feet deliveries). This table presents the allocations for all components of the COPs for which there are portions of both Wholesale and Retail Debt Service.



**San Juan Water District**  
Fiscal Year 2011 - 2012 Budget

<b>Debt Service Allocations</b>														
	2003 COPs								2009 COPs					
	Refunding		New		Direct		Combined		New		Direct		Combined	
Issued	\$6,073,426		\$11,050,000		\$6,000,000		\$23,123,426		\$19,526,400		\$10,983,600		\$30,510,000	
SJWD RSA	46.24%	\$2,808,352	29.82%	\$3,295,110	75.00%	\$4,500,000	45.86%	\$10,603,462	31.59%	\$6,168,390	100.00%	\$10,983,600	56.22%	\$17,151,990
CHWD	0.00%	0	34.81%	3,846,505	0.00%	0	16.63%	3,846,505	33.63%	6,566,728	0.00%	0	21.52%	6,566,728
FOWD	37.25%	2,262,351	25.58%	2,826,590	0.00%	0	22.01%	5,088,941	20.93%	4,086,876	0.00%	0	13.40%	4,086,876
OVWC	16.51%	1,002,723	7.85%	867,425	0.00%	0	8.09%	1,870,148	10.57%	2,063,940	0.00%	0	6.76%	2,063,940
Folsom	0.00%	0	1.94%	214,370	25.00%	1,500,000	7.41%	1,714,370	3.28%	640,466	0.00%	0	2.10%	640,466
	100.00%	\$6,073,426	100.00%	\$11,050,000	100.00%	\$6,000,000	100.00%	\$23,123,426	100.00%	\$19,526,400	100.00%	\$10,983,600	100.00%	\$30,510,000

Allocation of Debt Service based upon % of debt service @ issue

While San Juan Water District follows a July 1 through June 30 fiscal year, all other wholesale customers (with exception of the City of Folsom) follow a January 1 through December 31 fiscal year. This table presents the Debt Service payments that will be required during the fiscal year and lists the Debt Service principal and interest (using the accrual method in accordance with Generally Accepted Accounting Principles) for each wholesale customer agency:

2003 COPs	Refunding			New Project Money			Direct			Total	
	Payment Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest		Total
	8/1/2011		29,875.00	29,875.00	0.00	218,073.50	218,073.50	0.00	118,407.75	118,407.75	366,356.25
	2/1/2012	570,000.00	29,875.00	599,875.00	288,404.50	218,073.50	506,478.00	156,595.51	118,407.75	275,003.26	1,381,356.26
	8/1/2012		19,900.00	19,900.00	0.00	213,026.42	213,026.42	0.00	115,667.33	115,667.33	348,593.75
	2/1/2013	995,000.00	19,900.00	1,014,900.00	298,125.99	213,026.42	511,152.41	161,874.00	115,667.33	277,541.33	1,803,593.74
	SJWD RSA	\$263,568.00	\$23,784.70	\$287,352.70	\$86,002.22	\$128,804.84	\$214,807.06	\$117,446.63	\$175,898.86	\$293,345.49	\$795,505.25
	CHWD	0.00	0.00	0.00	100,393.61	150,358.70	250,752.31	0.00	0.00	0.00	250,752.31
	FOWD	212,325.00	19,160.47	231,485.47	73,773.87	110,490.53	184,264.40	0.00	0.00	0.00	415,749.87
	OVWC	94,107.00	8,492.33	102,599.33	22,639.75	33,907.38	56,547.13	0.00	0.00	0.00	159,146.46
	Folsom	0.00	0.00	0.00	5,595.05	8,379.66	13,974.71	39,148.88	58,632.95	97,781.83	111,756.54
<i>Fiscal Year</i>		\$570,000.00	\$51,437.50	\$621,437.50	\$288,404.50	\$431,941.11	\$720,345.61	\$156,595.51	\$234,531.81	\$391,127.32	\$1,732,910.43
	SJWD RSA	\$263,568.00	\$19,172.26	\$282,740.26	\$86,002.22	\$127,299.80	\$213,302.02	\$117,446.63	\$173,843.55	\$291,290.18	\$787,332.46
	CHWD	0.00	0.00	0.00	100,393.61	148,601.81	248,995.42	0.00	0.00	0.00	248,995.42
	FOWD	212,325.00	15,444.78	227,769.78	73,773.87	109,199.49	182,973.36	0.00	0.00	0.00	410,743.14
	OVWC	94,107.00	6,845.46	100,952.46	22,639.75	33,511.18	56,150.93	0.00	0.00	0.00	157,103.39
	Folsom	0.00	0.00	0.00	5,595.05	8,281.74	13,876.79	39,148.88	57,947.85	97,096.73	110,973.52
<i>Calendar Year</i>		\$570,000.00	\$41,462.50	\$611,462.50	\$288,404.50	\$426,894.02	\$715,298.52	\$156,595.51	\$231,791.40	\$388,386.91	\$1,715,147.93

*Semi-Annual Fiscal Year versus Calendar Year payments differ due to the accrual of interest expense in accordance with GAAP.*

**San Juan Water District**  
Fiscal Year 2011 - 2012 Budget

2009 COPs Payment Date	New Project Money			Direct			Total
	Principal	Interest	Total	Principal	Interest	Total	
8/1/2011	0.00	546,584.00	546,584.00	0.00	307,453.50	307,453.50	854,037.50
2/1/2012	6,400.00	546,584.00	552,984.00	3,600.00	307,453.50	311,053.50	864,037.50
8/1/2012	0.00	546,456.00	546,456.00	0.00	307,381.50	307,381.50	853,837.50
2/1/2013	6,400.00	546,456.00	552,856.00	3,600.00	307,381.50	310,981.50	863,837.50
SJWD RSA	\$2,021.76	\$345,298.08	\$347,319.84	\$3,600.00	\$614,847.00	\$618,447.00	\$965,766.84
CHWD	2,152.32	367,596.53	369,748.85	0.00	0.00	0.00	369,748.85
FOWD	1,339.52	228,777.74	230,117.26	0.00	0.00	0.00	230,117.26
OVWC	676.48	115,536.58	116,213.06	0.00	0.00	0.00	116,213.06
Folsom	209.92	35,852.41	36,062.33	0.00	0.00	0.00	36,062.33
<i>Fiscal Year</i>	\$6,400.00	\$1,093,061.34	\$1,099,461.34	\$3,600.00	\$614,847.00	\$618,447.00	\$1,717,908.34
SJWD RSA	\$2,021.76	\$345,257.64	\$347,279.40	\$3,600.00	\$614,775.00	\$618,375.00	\$965,654.40
CHWD	2,152.32	367,553.48	369,705.80	0.00	0.00	0.00	369,705.80
FOWD	1,339.52	228,750.95	230,090.47	0.00	0.00	0.00	230,090.47
OVWC	676.48	115,523.05	116,199.53	0.00	0.00	0.00	116,199.53
Folsom	209.92	35,848.21	36,058.13	0.00	0.00	0.00	36,058.13
<i>Calendar Year</i>	\$6,400.00	\$1,092,933.33	\$1,099,333.33	\$3,600.00	\$614,775.00	\$618,375.00	\$1,717,708.33

*Semi-Annual Fiscal Year versus Calendar Year payments differ due to the accrual of interest expense in accordance with GAAP.*

In accordance with Debt Covenants authorized by the 2003 and 2009 COPs, the District must maintain District-wide debt service coverage of at least 1.15. The underlying bond credit rating of both series of COPs is “AA+” by Fitch Ratings which is due to a variety of financial policies of the District, but most significantly:

- Maintaining a debt service coverage of at least 2.0;
- Maintaining a sufficient number of days of liquid cash; and
- Engaging in long-term financial and capital improvement program planning.

While the past several years have presented a slightly lower debt service coverage ratio due to conservation efforts and economic conditions, the following table demonstrates that it should be back to at least 2.0 beginning in Fiscal Year 2013-2014. A bond credit rating of “AA+” represents high quality bonds and provides reassurance to investors of the District’s debt.

<b>District-Wide Financial Forecast and Debt Service Coverage</b>					
	FY 2011-12 Proposed	FY 2012-13 Forecast	FY 2013-14 Forecast	FY 2014-15 Forecast	FY 2015-16 Forecast
<b>Revenues</b>					
Retail Water Sales	\$7,877,000	\$8,123,000	\$8,603,000	\$9,089,000	\$9,454,000
Wholesale Water Sales	7,515,739	7,927,450	8,628,794	8,955,476	9,305,399
Connections and Annexations	53,893	570,000	1,198,000	1,261,000	1,327,000
1% Property Tax Revenue	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Investment Income	265,000	380,000	420,000	480,000	327,000
Other	307,700	311,600	323,700	332,900	344,600
Total Revenues	\$17,719,332	\$19,012,050	\$20,873,494	\$21,818,376	\$22,457,999
<b>Operation and Maintenance Costs</b>					
Source of Supply	\$2,801,021	\$3,242,313	\$3,766,008	\$5,053,967	\$4,093,146
Pumping and Telemetry	632,046	651,007	670,537	690,653	711,373
Water Treatment	2,043,092	2,053,000	2,176,000	2,281,000	2,378,000
Transmission and Distribution	1,705,926	1,760,636	1,813,636	1,867,785	1,924,088
Administration and General	2,200,818	2,409,529	2,482,045	2,556,776	2,633,759
Customer Service	647,262	677,000	697,000	718,000	740,000
Conservation	710,052	729,000	751,000	773,000	797,000
Engineering	460,573	413,245	426,022	410,865	435,572
Total Operation/ Maintenance Costs	\$11,200,790	\$11,935,730	\$12,782,247	14,352,046	13,712,938
<b>Net Revenues</b>	\$6,518,542	\$7,076,320	\$8,091,247	7,466,330	8,745,061
<b>Debt Service</b>					
2009 COPs	\$1,718,075	\$1,717,675	\$2,112,275	\$2,106,075	\$2,102,400
2003 COPs	1,747,713	2,152,188	1,113,988	\$1,114,988	\$1,117,663
EDA Loan	30,088	30,088	30,088	30,088	30,088
CEC Advance	6,188				
Total Debt Service	\$3,502,064	\$3,899,951	\$3,256,351	\$3,251,151	\$3,250,151
<b>Debt Service Coverage</b>	1.86	1.81	2.48	2.30	2.69

## Wholesale Budget

### Wholesale Water Rate Study and Financial Plan

In 2010, the District contracted with the Reed Group, Inc. to prepare the Wholesale Water Rate Study and Financial Plan due to ongoing capital program needs in order to determine water rates required to fund operations and the capital improvement program over the next ten years. An Ad Hoc Joint Agency Wholesale Budget Review Committee consisting of members from San Juan Water District, Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and City of Folsom was formed in order to allow these agencies the opportunity to review and provide input through the process.

This update of the financial plan was completed in October 2010 and accepted by the Board. The plan concluded that the District had sufficient funds for operations, maintenance and capital projects with recommended annual increases of 5%. The first wholesale rate increase resulting from that update was implemented on January 1, 2011.

This budget is prepared with the estimated rates from that plan for budgetary purposes; however, the Board adopts rates as part of the budget process. The following table represents the recommended rate increases to be effective January 1, 2012 over the next five years which are subject to Board approval:

2012	2013	2014	2015	2016
0%	5%	5%	5%	5%

For 2012, staff has recommended a 0% rate increase. This is possible due to a combination of factors: unanticipated water sales revenue, cost savings on water supply as a result of lower water use, and favorable economic conditions on capital improvement projects.

## San Juan Water District Fiscal Year 2011 - 2012 Budget

Calendar Year 2011 Wholesale Water Rate Structure

Wholesale Agency	Uniform Commodity Rate	Annual Service Charge	Annual Debt Service Charge							
			2003 COPs				2009 COPs			
			Direct	Refunding	Water Rates	Direct	Water Rates	Acre Feet Delivered (est)	Water Usage Charges	Total Charges
San Juan Water District, RSA	\$90.60	\$311,080	\$294,781	\$292,584	\$216,160	\$618,591	\$347,434	13,200	\$1,195,920	\$3,276,550
Citrus Heights Water District	\$90.60	367,450			258,067	0	369,871	11,750	1,064,550	2,059,938
Fair Oaks Water District	\$90.60	208,340		235,699	155,223	0	230,193	11,100	1,005,660	1,835,115
Orange Vale Water Company	\$90.60	80,300		104,467	50,207	0	116,251	4,500	407,700	758,925
City of Folsom	\$90.60	35,160	98,260		23,585	0	36,074	1,400	126,840	319,919
Calendar Year 2011 Total		\$1,002,330	\$393,041	\$632,750	\$703,242	\$618,591	\$1,099,823		\$3,800,670	\$8,250,447

Note: Calendar Year and Fiscal Year Totals for Water Usage Charges are based upon estimated acre feet delivered and will vary with actual deliveries.

The Wholesale Water Rate Structure above does not include Capital Contributions that may be specific to an agency due to a specific benefit capital project.

Calendar Year 2012 Wholesale Water Rate Structure

Wholesale Agency	Uniform Commodity Rate	Annual Service Charge	Annual Debt Service Charge							
			2003 COPs				2009 COPs			
			Direct	Refunding	Water Rates	Direct	Water Rates	Acre Feet Delivered (est)	Water Usage Charges	Total Charges
San Juan Water District, RSA	\$90.60	\$311,080	\$295,342	\$291,838	\$212,981	\$618,447	\$347,313	14,000	\$1,268,400	\$3,345,401
Citrus Heights Water District	\$90.60	367,450			254,241	0	369,742	12,500	1,132,500	2,123,933
Fair Oaks Water District	\$90.60	208,340		235,099	153,600	0	230,113	11,800	1,069,080	1,896,232
Orange Vale Water Company	\$90.60	80,300		104,201	49,652	0	116,211	4,700	425,820	776,184
City of Folsom	\$90.60	35,160	98,447		23,236	0	36,062	1,480	134,088	326,993
Calendar Year 2012 Total		\$1,002,330	\$393,789	\$631,138	\$693,710	\$618,447	\$1,099,441		\$4,029,888	\$8,468,743
Fiscal Year 2012 Total		\$1,002,330	\$393,415	\$631,944	\$698,476	\$618,519	\$1,099,632		\$3,915,279	\$8,359,595

Note: Calendar Year and Fiscal Year Totals for Water Usage Charges are based upon estimated acre feet delivered and will vary with actual deliveries.

The Wholesale Water Rate Structure above does not include Capital Contributions that may be specific to an agency due to a specific benefit capital project.

The following table lists the acre-feet provided by the respective retail agencies for purposes of water rate development.

Acre Feet Provided by Agencies

CY	San Juan Water District Retail	Citrus Heights Water District	Fair Oaks Water District	Orange Vale Water Company	City of Folsom (Ashland)
2010	12,651	12,165	10,606	4,324	1,331
2011	13,200	11,750	11,100	4,500	1,400
2012	14,000	12,500	11,800	4,700	1,480
2013	15,000	13,400	12,600	4,850	1,580
2014	15,150	13,534	12,726	4,899	1,596
2015	15,302	13,669	12,853	4,948	1,612

2010 is the actual acre feet delivered to each agency.

2011-2012 are estimates as included in the 2010 Wholesale Financial Plan and Water Rate Study

In 2008, a similar study also included a new wholesale water connection fee that is assessed to new connections for purposes of “buying into” the system. This places new customers on par with existing customers and is expected to generate revenue of approximately \$689 this year due to the continued decline in development as impacted by the economy.

Effective for Calendar Year 2012, this fee has increased by 2.85% as indexed to the 20 Cities Construction Cost Index (“CCI”). The following schedule lists the fee by meter size that is collected from each retail agency and in turn submitted to San Juan Water District:

*Wholesale Connection Fees*

<b>Meter Size</b>	<b>Capacity Factor</b>	<b>2011</b>	<b>2012</b>
3/4" Meter	0.60	\$344	\$354
1" Meter	1.00	\$572	\$588
1 1/2" Meter	2.00	\$1,145	\$1,178
2" Meter	3.20	\$1,832	\$1,884
3" Meter	6.40	\$3,663	\$3,767
4" Meter	10.00	\$5,724	\$5,887
6" Meter	25.00	\$14,309	\$14,717
8" Meter	36.00	\$20,606	\$21,193
10" Meter	58.00	\$33,199	\$34,145
12" Meter	86.00	\$49,226	\$50,629

**Cost Savings Measures**

The District continually evaluates cost-saving measures that support fulfilling its mission. Staff regularly explores options to current processes or projects (treatment, engineering, conservation, administration, capital projects) that may present viable alternatives that save District customers money while providing a high level of service customers expect. To that end, this year the District has taken the following cost-saving measures:

- No Cost of Living Allowance (“COLA”), Increase Within Range (Merit) or Incentive Compensation for employees  
This will hold salaries at current levels and save approximately \$98,900.
- Utilize internal staff on planning, engineering and construction management of capital projects  
This saves approximately \$300,000 on the cost of outside consultants.
- Primary Coagulant Chemical Evaluation  
Initial savings are approximately \$50,000 using internal staff to investigate, test and permit instead of a consultant with annual savings estimated to be \$47,000-57,000 due to reduced chemical and electrical costs.
- Implemented Information Technology improvements including Virtual Servers and Shared Storage

Annual savings are \$35,000 on reduced hardware, software support, maintenance and electricity with an additional savings of \$37,500 annually due to elimination of need to fill Information Technology Technician position.

## **Functional Areas**

### **Administration and General**

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

### **Conservation**

Activities benefit the District on a Wholesale basis for conservation measures and reporting.

### **Engineering**

In general, this area manages all Wholesale capital projects and may assist with maintenance activities which contain an engineering component.

### **Transmission and Distribution**

This area performs activities related to Wholesale mains and pipelines.

### **Water Treatment**

The District operates and maintains its 120 MGD water treatment plant.

**Source of Supply – Wholesale**

Source of supply is calculated based upon projected deliveries using a combination of historical and estimated values multiplied by the rate in effect, which may be estimated if not yet known. Projected deliveries used are in accordance with the budget assumptions that are provided by the retail agencies.

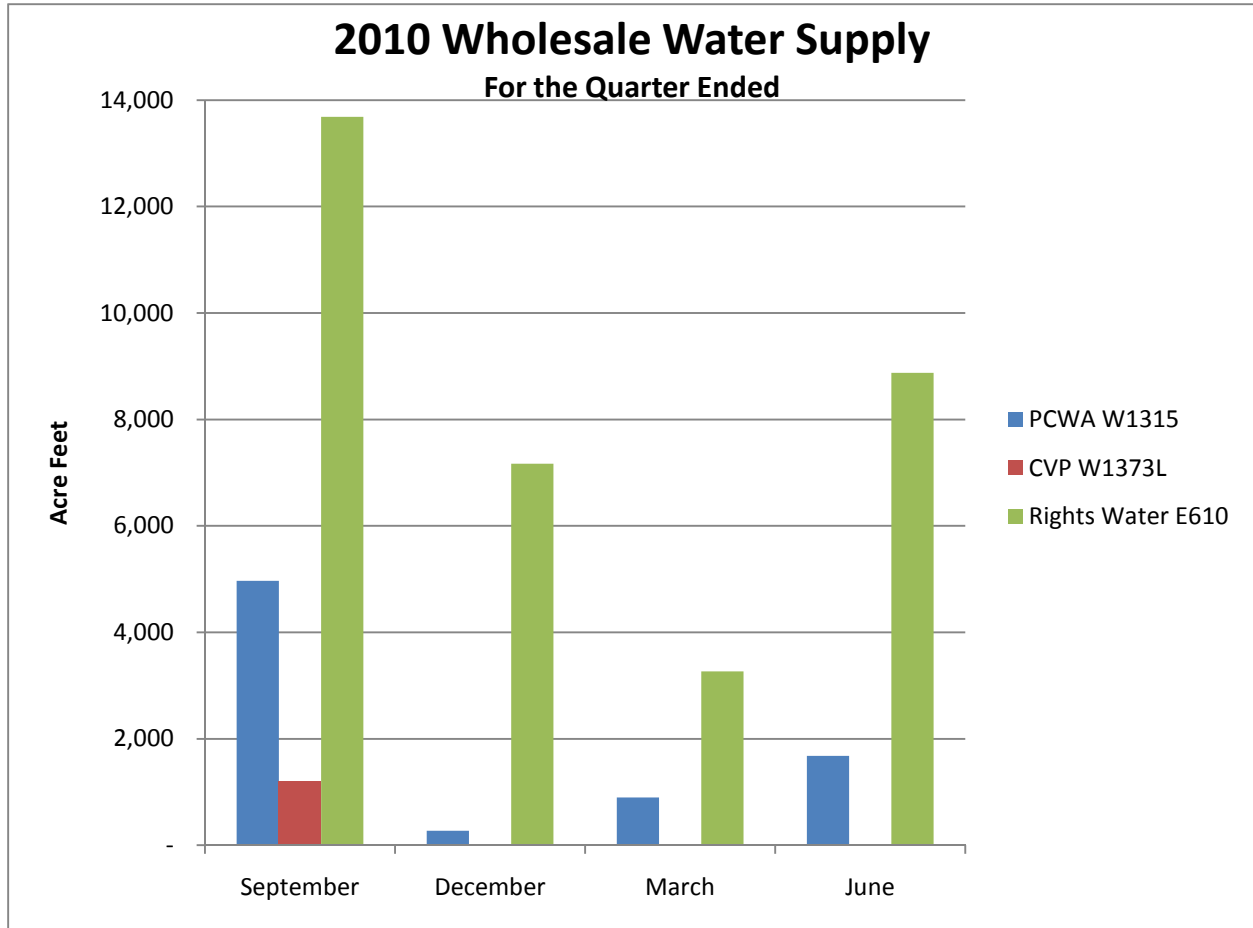
Source of Supply Rates				
Category	Effective		Rate	Per
	Beginning	Ending		
CVP Project Water	3/1/2011	2/29/2012	\$15.01	Acre Foot
CVP Project Water <i>(est)</i>	3/1/2012	2/28/2013	\$15.61	Acre Foot
CVP Restoration	10/1/2010	9/30/2011	\$18.59	Acre Foot
CVP Restoration <i>(est)</i>	10/1/2011	9/30/2012	\$19.33	Acre Foot
CVP Trinity Surcharge	3/1/2011	2/29/2012	\$0.07	Acre Foot
CVP Trinity Surcharge <i>(est)</i>	3/1/2012	2/28/2013	\$0.07	Acre Foot
Warren Act Contract (PCWA wheeling)	3/1/2011	2/29/2012	\$13.68	Acre Foot
Warren Act Contract (PCWA wheeling)	3/1/2012	2/28/2013	\$17.65	Acre Foot
PCWA Water	1/1/2011	12/31/2011	\$12.00	Acre Foot
PCWA Water <i>(est)</i>	1/1/2012	12/31/2012	\$12.48	Acre Foot
WAPA/Bureau Pumping	10/1/2010	3/31/2011	\$2,992.81	Month
WAPA/Bureau Pumping	4/1/2011	9/30/2011	\$8,978.42	Month
WAPA/Bureau Pumping Restoration	10/1/2010	9/30/2011	\$2,188.71	Month
WAPA/Bureau Pumping <i>(est)</i>	10/1/2011	3/31/2012	\$3,112.52	Month
WAPA/Bureau Pumping <i>(est)</i>	4/1/2012	9/30/2012	\$9,337.56	Month
WAPA/Bureau Pumping <i>Restoration (est)</i>	10/1/2011	9/30/2012	\$2,276.26	Month
Water Rights Fees	1/1/2011	12/31/2011	\$9,280.68	Year
Water Rights Fees <i>(est)</i>	1/1/2012	12/31/2012	\$11,136.82	Year
PGE/CAISO COTP Energy	1/1/2011	12/31/2011	\$550.00	Year
PGE/CAISO COTP Energy <i>(est)</i>	1/1/2012	12/31/2012	\$572.00	Year
<b>Fiscal Year 2011-2012 Budget</b>				
	Quantity	Rate	Rate	Rate
CVP Project Water	2,000.00	15.01	15.61	30,416.00
CVP Restoration	2,000.00	18.59	19.33	37,668.40
CVP Trinity	2,000.00	0.07	0.07	140.00
				0.00
Warren Act Contract (PCWA wheeling)	9,640.27	13.68	17.65	144,508.61
PCWA Water	25,000.00	12.00	12.48	306,000.00
WAPA/Bureau Pumping	9	8,978.42	3,112.52	45,610.38
WAPA/Bureau Pumping	3	9,337.56		28,012.68
WAPA/Bureau Pumping Restoration	12	2,188.71	2,276.26	27,052.47
Water Forum				29,196.00
PGE/CAISO COTP Energy		550.00	572.00	561.00
Water Rights Fees		9,280.68	11,136.82	10,208.75
Total Wholesale Source of Supply				<u>\$659,374.29</u>



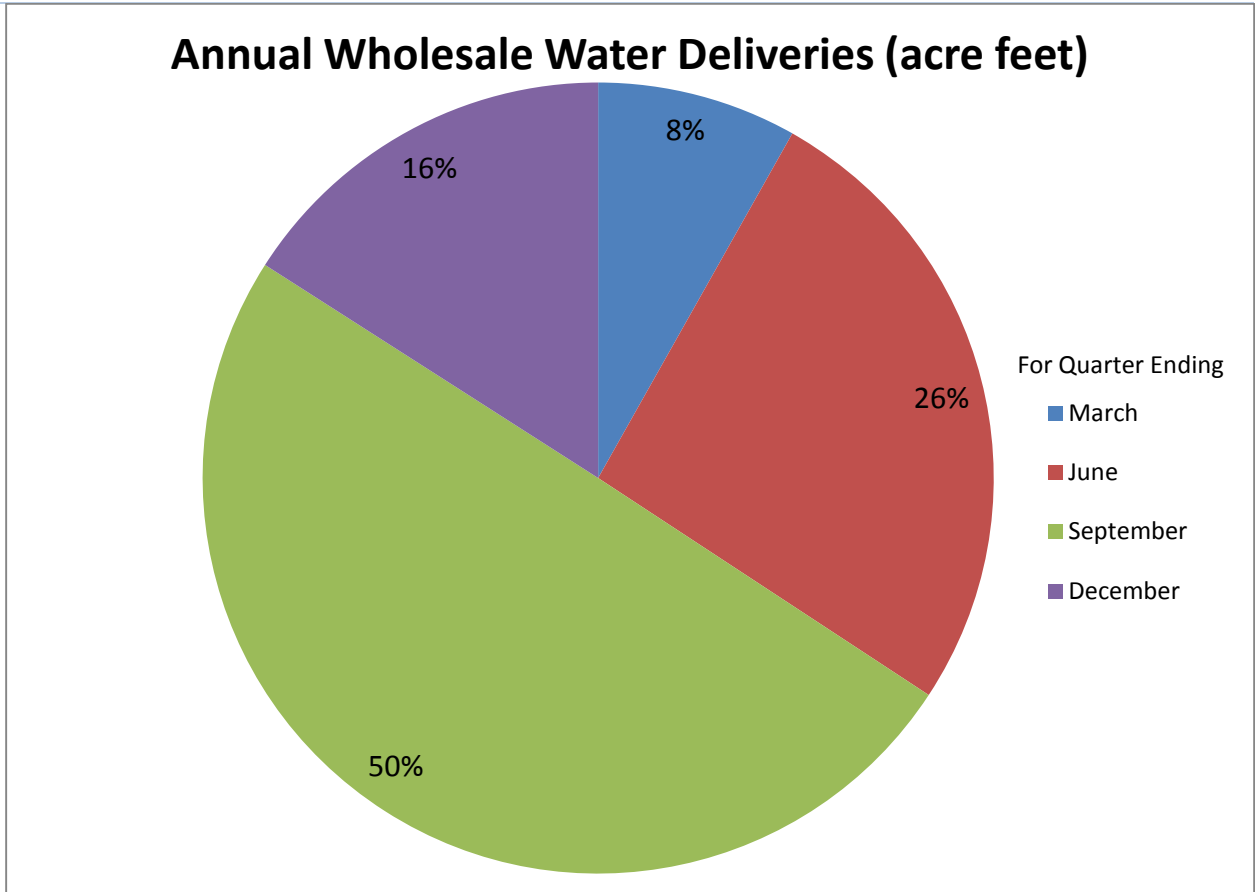
For reference, 2010 actual water supply by quarter is shown in the table below for the three sources of water:

- Pre-1914 Water Rights (33,000 acre feet)
- Central Valley Project Contract Water (24,200 acre feet); and
- Placer County Water Agency (PCWA) Contract Water (25,000 acre feet).

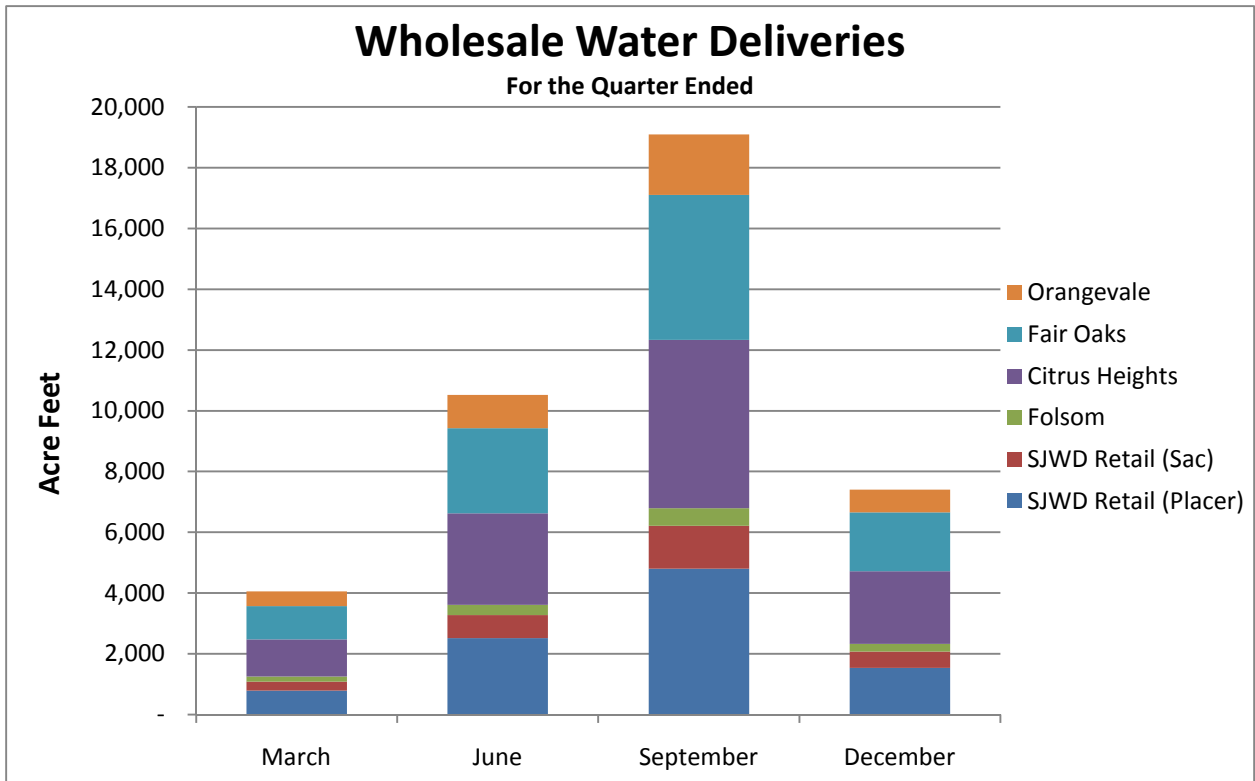
While PCWA water contract is a take or pay, the supply under that contract was much less than the 25,000 acre feet due to economic and conservation conditions.



Annual wholesale water deliveries can vary significantly dependent upon weather conditions as well as economic conditions as demonstrated in the last two years. However, the typical percentage of water deliveries by quarter remains relatively static and is presented in the following chart to provide an understanding of water use patterns.



The deliveries by agency during each quarter of last calendar year are shown in the next chart.



### Budget Summary - Wholesale

Category	Budgeted FY 2011	Projected FY 2011	Proposed FY 2012	Change From FY 2011 Budget	Change From FY 2011 Projected
<i>Operating</i>					
<u>Revenues:</u>					
Water Sales	\$7,581,966	\$7,662,617	\$7,515,739	-0.87%	-1.92%
Pilot Water Project	500,000	0	0	-100.00%	0.00%
Other	0	15,505	16,423	0.00%	5.92%
Operating Revenues	<u>\$8,081,966</u>	<u>\$7,678,122</u>	<u>\$7,532,162</u>	-6.80%	-1.90%
<u>Expenses:</u>					
Administrative & General	\$1,298,389	\$1,229,306	\$1,311,193	0.99%	6.66%
Conservation	281,295	201,857	227,774	-19.03%	12.84%
Engineering	184,125	49,894	57,519	-68.76%	15.28%
Pumping & Telemetry	472,732	262,374	0	-100.00%	-100.00%
Source of Supply	831,000	650,000	659,374	-20.65%	1.44%
Transmission	214,627	131,876	161,783	-24.62%	22.68%
Water Treatment	2,142,672	2,064,862	2,043,092	-4.65%	-1.05%
OPEB	175,000	175,000	175,000	0.00%	0.00%
Pilot Water Project	450,000	0	0	-100.00%	0.00%
Operating Expenses	<u>6,049,840</u>	<u>4,765,169</u>	<u>4,635,735</u>	-23.37%	-2.72%
Net Income/(Loss)-Operations	<u>\$2,032,126</u>	<u>\$2,912,953</u>	<u>\$2,896,427</u>	42.53%	-0.57%
<i>Non-Operating</i>					
<u>Revenues:</u>					
COP Payments (direct)	\$1,678,999	\$1,678,999	432,067	-74.27%	-74.27%
Interest/Investment Income	175,000	150,000	115,000	-34.29%	-23.33%
Wholesale Connections	0	3,445	689	0.00%	-80.00%
Taxes & Assessments	850,000	850,000	850,000	0.00%	0.00%
Other	271,000	218,239	150,000	-44.65%	-31.27%
<u>Expenses:</u>					
COPs (interest)	(2,147,716)	(2,147,716)	(1,611,288)	-24.98%	-24.98%
Other	(87,085)	(60,004)	(60,000)	-31.10%	-0.01%
Net Non-Operating	<u>740,198</u>	<u>692,963</u>	<u>(123,532)</u>	-116.69%	-117.83%
Capital Contributions	<u>1,500,000</u>	<u>1,215,000</u>	<u>2,000,000</u>	33.33%	64.61%
Net Available Income	<u>4,272,324</u>	<u>4,820,916</u>	<u>4,772,895</u>	11.72%	-1.00%
<i>Debt Service Principal</i>					
2003 COPs	(985,000)	(985,000)	(633,985)	-35.64%	-35.64%
2009 COPs	(10,000)	(10,000)	(6,400)	-36.00%	-36.00%
<u>Transfers from/(to) Reserves</u>					
Out: CIP/Hinkle Lining	(50,000)	(50,000)	(50,000)	0.00%	0.00%
Out: Wholesale Reserves	(3,127,324)	(3,675,916)	(3,982,509)	27.35%	8.34%
Out: PERS Stabilization	(100,000)	(100,000)	(100,000)	0.00%	0.00%
Total Transfers	<u>(3,277,324)</u>	<u>(3,825,916)</u>	<u>(4,132,509)</u>	26.09%	8.01%
Ending Available Income	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	0.00%	-100.00%

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### **Fiscal Year 2010-2011 Accomplishments**

- Painted 24 filter effluent piping in filter gallery
- Install 22 tons of filter media
- Designed and installed spray bars to assist WTPO with cleaning the belt presses quicker
- Install isolation kits that isolates the WTP sedimentation basin's from influent raw water piping
- Completed emergency response planning and prepared an Emergency Response Manual
- Started/Continuing Pilot Testing Program for new primary coagulant and implemented chemical feed changes at the water treatment plant
- Updated the Wholesale CIP and completed the Wholesale Financial Plan and Water Rate Study
- Completed 11-month inspections for FY 2009/10 projects.
  - 54" Raw Water Pipeline completed by Preston Pipeline
  - North & South Sedimentation Basins
  - Relined 42", 54", 66", 72" diameter raw water pipelines
  - Generator Replacement Project

**Debt Service – Wholesale**

Wholesale debt service as detailed in the schedule below is comprised of the 2003 and 2009 COPs issued for Wholesale Capital Improvement Projects as well as those direct components that are collected by Wholesale.

<b>Wholesale Debt Service</b>	San Juan Water District			Orange Vale Water		City of Folsom	Total
	Retail Service Area	Citrus Heights Water District	Fair Oaks Water District	Company			
<b>Sources of Funds</b>							
<u>2003 COP Payments</u>							
<i>New Project Money</i>							
Annual Debt Service Charge	\$ 214,807	\$ 250,752	\$ 184,264	\$ 56,547	\$ 13,975	\$ 97,782	\$ 720,346
Direct Obligation							97,782
<i>Refunding of 1993 COPs</i>							
Direct Obligation		-	231,485	102,599	-		334,085
<b>Total 2003 COP Payments</b>	<b>\$ 214,807</b>	<b>\$ 250,752</b>	<b>\$ 415,750</b>	<b>\$ 159,146</b>	<b>\$ 111,757</b>		<b>\$ 1,152,212</b>
<u>2009 COP Payments:</u>							
<i>New Project Money</i>							
Annual Debt Service Charge	347,320	369,749	230,117	116,213	36,062		1,099,461
<b>Total Sources of Funds</b>	<b>\$ 562,127</b>	<b>\$ 620,501</b>	<b>\$ 645,867</b>	<b>\$ 275,360</b>	<b>\$ 147,819</b>		<b>\$ 2,251,674</b>
<b>Uses of Funds</b>							
				Principal	Interest		Total
2003 Certificates of Participation				\$ 633,985	\$ 518,227		\$ 1,152,212
2009 Certificates of Participation				6,400	1,093,061		1,099,461
<b>Total Uses of Funds</b>				<b>\$ 640,385</b>	<b>\$ 1,611,288</b>		<b>\$ 2,251,674</b>

## Long-Term Financial Planning

As part of long-range financial planning, the District monitors progress as well as incorporating variations to reflect changing financial requirements.

Source (Use)	Reserve =>	Restricted-		PERs/	Compensated	Rate	Vehicle/			Total	
		Debt Svc	Operating	OPEB	Absence/125	Stabilization	Connections	CIP	Equip		CIP-Hinkle
Working Capital 6/30/2011		\$3,014,764	\$89,252	\$519,595	\$350,716	\$1,000,000	\$111,182	\$6,361,941	\$50,000	\$2,327,212	\$13,824,662
<b>Operating Rev (Exp):</b>											
Operating Revenues			\$7,515,739								7,515,739
Operating Expenses			(\$4,906,037)								(4,906,037)
Solar Project Energy Savings			291,000								291,000
CSI Rebate (Solar)			392,000								392,000
<b>Non-Operating Rev (Exp):</b>											
COP Payments (direct)			432,067								432,067
Interest/Investment Income		395	479	5,088	3,434		1,089	62,299		22,789	95,573
Wholesale Connections							689				689
Taxes & Assessments								850,000			850,000
Other			150,000								150,000
COPs (interest)			(1,611,288)								(1,611,288)
Other		(363)	(60,000)								(60,363)
Contributed Capital								2,000,000			2,000,000
Debt Service Principal			(\$640,385)								(640,385)
Capital Projects							(112,960)	(6,622,430)			(6,735,390)
Transfer to Designated Reserves			(1,052,509)	100,000	5,133			897,376		50,000	(0)
Working Capital 6/30/2012		\$3,014,796	\$600,318	\$624,683	\$359,283	\$1,000,000	\$0	\$3,549,186	\$50,000	\$2,400,001	\$11,598,267
<b>Operating Rev (Exp):</b>											
Operating Revenues			\$7,722,690								7,722,690
Operating Expenses			(\$5,417,561)								(5,417,561)
Solar Project Energy Savings			307,000								307,000
CSI Rebate (Solar)			390,000								390,000
<b>Non-Operating Rev (Exp):</b>											
COP Payments (direct)			437,747								437,747
Interest/Investment Income		395	8,769	9,536	5,485		0	54,179		36,637	115,001
Wholesale Connections							20,000				20,000
Taxes & Assessments								850,000			850,000
Other			124,848								124,848
COPs (interest)			(2,479,843)								(2,479,843)
Other		(363)	(50,000)								(50,363)
Contributed Capital								\$2,163,200			2,163,200
Debt Service Principal			\$0								0
Capital Projects								(2,596,000)			(2,596,000)
Transfer to Designated Reserves			(1,197,000)	100,000	5,210			1,041,790		50,000	0
Working Capital 6/30/2013		\$3,014,828	\$446,968	\$734,219	\$369,978	\$1,000,000	\$20,000	\$5,062,355	\$50,000	\$2,486,638	\$13,184,986
<b>Operating Rev (Exp):</b>											
Operating Revenues			\$8,017,634								8,017,634
Operating Expenses			(\$5,560,634)								(5,560,634)
Solar Project Energy Savings			324,000								324,000
CSI Rebate (Solar)			368,000								368,000
<b>Non-Operating Rev (Exp):</b>											
COP Payments (direct)			437,747								437,747
Interest/Investment Income		395	5,241	9,258	4,665		252	63,833		31,355	114,999
Wholesale Connections							20,000				20,000
Taxes & Assessments								850,000			850,000
Other			127,345								127,345
COPs (interest)			(2,170,426)								(2,170,426)
Other		(363)	(50,000)								(50,363)
Contributed Capital								\$0			0
Debt Service Principal			\$0								0
Capital Projects								(846,000)			(846,000)
Transfer to Designated Reserves			(1,692,000)	100,000	5,289			1,536,711		50,000	0
Working Capital 6/30/2014		\$3,014,860	\$253,875	\$843,477	\$379,932	\$1,000,000	\$40,252	\$6,666,899	\$50,000	\$2,567,993	\$14,817,288

## Capital Improvement Program - Wholesale

Wholesale facilities include those that allow the District to receive raw water, treat it for delivery to wholesale customers and perform all supporting activities to accomplish this. Specific examples are:

- raw water supply pipelines;
- water treatment plant;
- chlorine containment;
- filter gallery;
- solids handling;
- Hinkle reservoir; and
- District buildings and grounds.

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.

### CIP Process

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

- Ensure that 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 contingently for reasonable emergency supply or outages.
- Ensure that existing infrastructure is maintained, replaced and improved.
- Provide for new capital projects to help meet the highest priority District needs.
- Result in 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.

Chemical Feed Systems: projects related to the maintenance, improvement or expansion of the District's chemical systems within the Water Treatment Plant.

Filter Basins: projects related to the construction, maintenance, improvement or expansion of the District's filter basins.

Water Treatment Plant: projects related to the construction, maintenance, improvement or expansion of the District's Water Treatment Plant facilities.

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

Upon completion or update of the Wholesale Master Plan, the Wholesale 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.

### **Fiscal Year 2010-2011 Accomplishments**

- Completed filter leak repairs at Water Treatment Plant
- Completed design and installation of 50 foot antenna located on the WTP control building roof
- Completed design and installation of a new roof on the WTP building
- Installed 22 new filter control valves
- Repaired and tested 2 WTP in plant pumps
- Replaced damage sections on 54" & 66" diameter raw water pipelines
- Purchased and install 2 new chlorinators and analyzers for future pipelines
- Dismantled old chlorine system and removed/rerouted chlorine piping
- Install mag meters on both south backwash hoods
- Install mag meter for WTP process water
- Completed design and construction of new 60-inch diameter Filters to Hinkle Reservoir Treated Water Piping (TWP)
- Completed design and construction of the new 72-inch diameter Cooperative Transmission Bypass Pipeline (CTBP)
- Completed design and construction of the new cathodic protection system for the Raw Water Pipelines and new TWP & CTBP
- Started design of the Fair Oaks 40-Inch Transmission Pipeline Rehabilitation Project
- Completed the Phase 1 Evaluation for the Fair Oaks 40-Inch Transmission Pipeline Rehabilitation
- Completed design & started construction of the supervisory control and data acquisition (SCADA) improvements
- Completed design and construction of the Solar Energy Project at the Baldwin Reservoir Site
- Completed design of the Storage Facility Replacement Project
- Completed Water Treatment Plant chlorine solution distribution manifold piping improvements
- Completed replacement of damaged sections of the 54" & 66" Raw Water Pipelines



**CIP Budget – Wholesale**

<b>Wholesale Capital Improvement Program</b>						
Category	Approved	Actual	Projected	Removed	FY 2011-12	FY 2011-12
Project/Program	Budget	FY 2009-10	FY 2010-11	Budget FY 2010-11	Additions	Budget
<u>District-Wide:</u>						
District Fiber Optic Upgrade	\$ 8,100	\$ -	\$ -	\$ -	\$ -	\$ 8,100
Buildings-Administration Roof	11,880	-	11,880	-	-	-
Buildings-Administration Rewire	3,275	-	3,275	-	-	-
District-Wide CIP	<u>\$ 23,255</u>	<u>\$ -</u>	<u>\$ 15,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,100</u>
<u>Engineering Services:</u>						
Engineering Services Current CIP	-	-	-	-	-	-
<u>Wholesale/Water Treatment Plant:</u>						
Raw Water Supply-Parallel USBR Pipeline	1,000,000	-	549,988	(450,012)	-	-
Building-Storage Roof/Walls	400,000	7,261	41,332	-	-	351,407
Buildings-Water Treatment Plant Roof Repairs	100,000	2,790	97,210	-	-	-
SCADA System Upgrade	800,000	3,928	178,232	-	300,000	917,840
Chemical Feed Systems-Polymer	80,000	-	-	-	20,000	100,000
Transmission Pipeline-Relocate CTP Connection	6,435,000	151,431	3,000,000	-	-	3,283,569
WTP-CTP Valve Actuator Repairs	150,000	-	-	-	-	150,000
Valve Actuator/Truck-Mounted	5,000	-	-	-	-	5,000
Chemical Feed Systems-Alum Secondary Containment	284,000	5,480	-	-	-	278,520
Filter Basins-Leak Repairs	237,000	-	124,653	(112,347)	-	-
Filter Basins-Valve Replacement	80,000	-	80,000	-	-	-
Chemical Feed Systems-Chlorination Equipment	40,000	-	40,000	-	-	-
Energy Generation-Solar Project	5,800,000	137,671	5,462,329	(200,000)	-	-
Hinkle Reservoir- Monitoring Wells	-	-	-	-	50,000	50,000
Transmission Pipeline-Fair Oaks 40" Rehab	4,300,000	648,503	60,543	-	-	3,590,954
Wholesale/Water Treatment CIP	<u>19,711,000</u>	<u>308,561</u>	<u>9,573,744</u>	<u>(762,359)</u>	<u>370,000</u>	<u>8,727,290</u>
Total Wholesale Capital Improvement Program	<u>\$ 19,734,255</u>	<u>\$ 308,561</u>	<u>\$ 9,588,899</u>	<u>\$ (762,359)</u>	<u>\$ 370,000</u>	<u>\$ 8,735,390</u>
<u>Capital Improvement Program Summary - Wholesale:</u>						
District-Wide	\$ 23,255	\$ -	\$ 15,155	\$ -	\$ -	\$ 8,100
Engineering Services	-	-	-	-	-	-
Wholesale/Water Treatment	19,711,000	308,561	9,573,744	(762,359)	370,000	8,727,290
Total Wholesale Capital Improvement Program	<u>\$ 19,734,255</u>	<u>\$ 308,561</u>	<u>\$ 9,588,899</u>	<u>\$ (762,359)</u>	<u>\$ 370,000</u>	<u>\$ 8,735,390</u>

<b>Wholesale CIP Funding</b>	
	Total
<u>Available Funding Sources:</u>	
General CIP Reserves	\$ 10,171,616
Connections	112,960
Hinkle Lining Fund	2,400,001
Total Capital Improvement Program Funding Sources	<u>\$ 12,684,577</u>
Total Capital Improvement Program	(6,735,390)
Projected Ending Balance, June 30, 2012	<u>\$ 5,949,187</u>

Capital Contributions are received from agencies or other outside parties that participate in and/or benefit in capital projects. Cost sharing is in accordance with any agreement or allocation as determined for that project.

<b>Capital Contributions</b>	
FY 2010 - Bypass Pipeline (actual)	\$ 2,172,250
City of Roseville	
FY 2010 - Hydraulic Model (actual)	\$ 140,001
Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Juan Water District Retail, City of Folsom	
FY 2011 - Bypass Pipeline (actual)	\$ 1,283,677
City of Roseville	
FY 2012 - CTP Valve Actuators (budget)	\$ 150,000
Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, Sacramento Suburban Water District, San Juan Water District Retail	
FY 2012 - FO 40" Pipeline (budgeted)	\$ 2,000,000
Fair Oaks Water District, Orange Vale Water Company, San Juan Water District Retail	

## Retail Budget

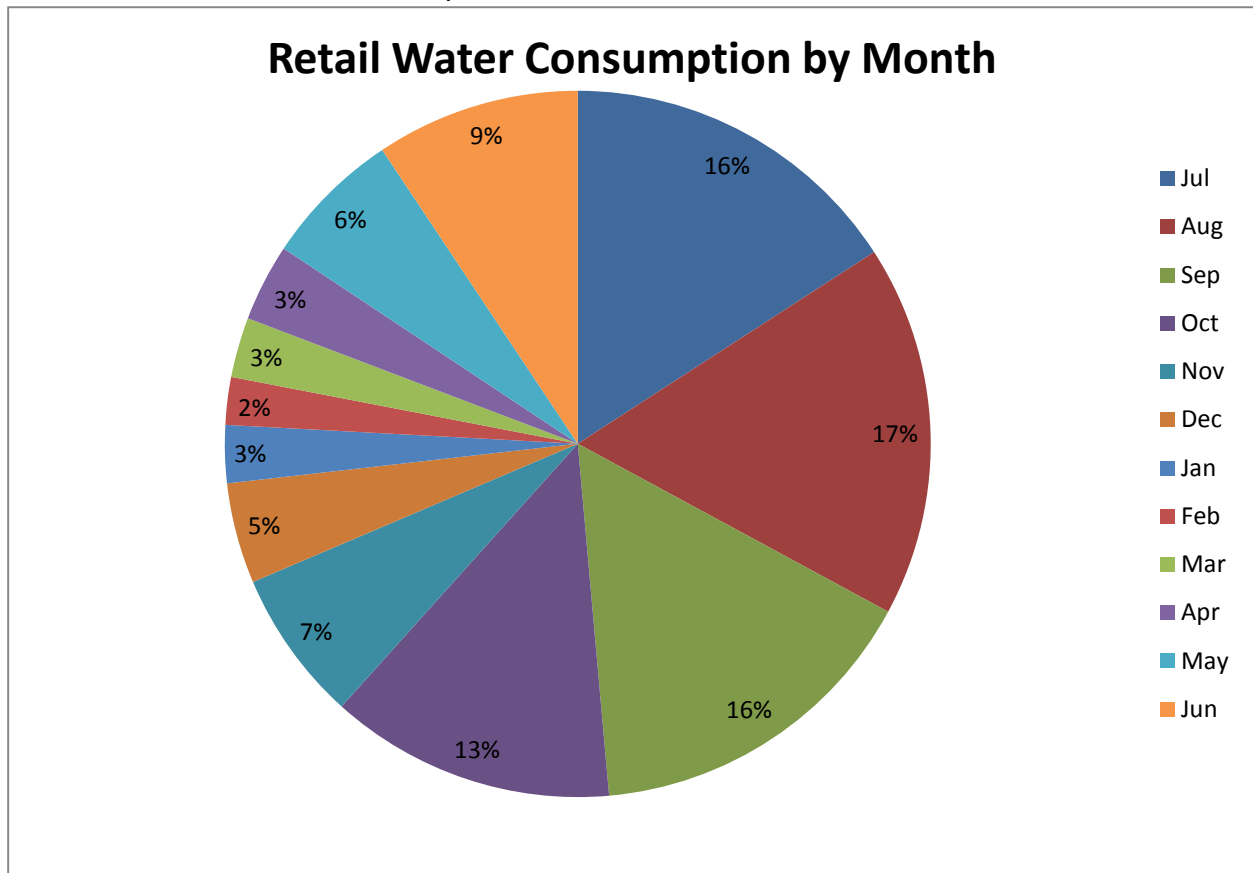
### Retail Water Rate Study and Financial Plan

In 2011, the District contracted with the Reed Group, Inc. to prepare the Retail Water Rate Study and Financial Plan to determine water rates required to fund operations and the capital improvement program for the next ten years. This study was completed in March 2011 and is awaiting acceptance by the Board, anticipated in April. The study determined that there would be no retail rate increase required for 2012 and recommended 3% annual increases to maintain operations and complete the capital improvement program. The first retail rate increase resulting from that study is anticipated for implementation on January 1, 2012.

This budget is prepared with the estimated rates from that plan for budgetary purposes; however, the Board adopts rates as part of the budget process each year and in accordance with Proposition 218. The following table represents the recommended rate increases over the next five years (subject to Board approval and update):

2012	2013	2014	2015	2016
0%	3%	3%	3%	3%

Retail water use by month is presented in the following table using calendar year 2010 data to demonstrate water use patterns.



The current rate structure is presented below; however, this may change as the Board of Directors is currently reviewing alternative rate structures in order to address Federal regulatory requirements related to water conservation.

**Residential Metered Rates**

*Calendar Year 2011 and 2012 (proposed)*

(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"	\$1.15	\$0.44	\$0.74	\$0.52
1 1/2"	\$3.07	\$0.44	\$0.74	\$0.52
2"	\$4.90	\$0.44	\$0.74	\$0.52

**Non-Residential/Commercial Metered Rates**

(Billed Based On Read Period)

Meter Size	Daily Base Charge (Fixed)	Plus: Consumption/ Unit*
Up to 1"	\$1.15	\$0.63
1 1/2"	\$3.07	\$0.63
2"	\$4.90	\$0.63
3"	\$9.75	\$0.63
4"	\$15.19	\$0.63
6"	\$30.36	\$0.63
8"	\$54.58	\$0.63
10"	\$87.90	\$0.63
12"	\$130.32	\$0.63
Fire District	\$5.90	\$0.63

\* 1 unit = 100 cubic feet = 748 gallons

Effective 1/1/2012, rates remain unchanged with no recommended rate increase.

The study included growth projections from a slight rebound in the economy anticipated for the future beginning in Fiscal Year 2012-2013. This potential growth adds water sales revenue connection fee revenue to applicable periods. The purpose of the retail water connection fee for new connections is considered a “buy in” component to the system in order to place new customers on par with existing customers.

It was recommended as a result of this study to prepare an updated connection fee study in the future, but until that time this fee is increased by 2.85% as indexed to the 20 Cities Construction Cost Index (“CCI”) which will be effective for Calendar Year 2012. There is minimal or no growth anticipated for Fiscal Year 2011-2012, so the budget includes approximately \$53,204 this year due to the continued decline in development as impacted by the economy. The following schedule lists the fee by meter size that is collected from customers connecting to the San Juan Water District retail system:

*Retail Connection Fees*

Meter Size	Calendar Year 2011			Calendar Year 2012		
	Retail Component	Wholesale Component	Total Combined	Retail Component	Wholesale Component	Total Combined
3/4" Meter	\$13,114	\$344	\$13,458	\$13,488	\$354	\$13,842
Up to 1" Meter	\$13,114	\$572	\$13,686	\$13,488	\$588	\$14,076
1 1/2" Meter	\$26,227	\$1,145	\$27,372	\$26,974	\$1,178	\$28,152
2" Meter	\$41,963	\$1,832	\$43,795	\$43,159	\$1,884	\$45,043
3" Meter	\$83,926	\$3,663	\$87,589	\$86,318	\$3,767	\$90,085
4" Meter	\$130,241	\$5,724	\$135,965	\$133,953	\$5,887	\$139,840
6" Meter	\$262,269	\$14,309	\$276,578	\$269,744	\$14,717	\$284,461
8" Meter	\$472,095	\$20,606	\$492,701	\$485,550	\$21,193	\$506,743
10" Meter	\$760,598	\$33,199	\$793,797	\$782,275	\$34,145	\$816,420
12" Meter	\$1,127,782	\$49,226	\$1,177,008	\$1,159,924	\$50,629	\$1,210,553

**Cost Savings Measures**

The District continually evaluates cost-saving measures that support fulfilling its mission. Staff regularly explores options to current processes or projects (pumping, transmission and distribution, engineering, conservation, customer service, administration, capital projects) that may present viable alternatives that save District customers money while providing a high level of service customers expect. To that end, this year the District has taken the following cost-saving measures:

- No Cost of Living Allowance (“COLA”), Increase Within Range (Merit) or Incentive Compensation for employees  
This will hold salaries at current levels and save approximately \$119,100.
- Utilize internal staff for construction management of capital projects  
This saves approximately \$XX,XXX on the cost of outside consultants.
- Optimize Bacon Pumpstation Pressure and Kokila Reservoir Addition with Piping Modifications  
Estimated savings in avoided capital project costs for pumpstation and storage are approximately \$4,000,000 with annual savings of \$50,000-\$70,000 from reduced pumping.
- Implemented Information Technology improvements including Virtual Servers and Shared Storage  
Annual savings are \$35,000 on reduced hardware, software support, maintenance and electricity with an additional savings of \$37,500 annually due to elimination of need to fill Information Technology Technician position.

**Functional Areas**

**Administration and General**

This includes: Office of the General Manager, Finance, General Services, Human Resources, Information Technology, Purchasing, Risk Management and Safety. District

costs related to auditing, consulting, Directors, general operations, legal and office are recorded in this category.

**Conservation**

Activities benefit the District's Retail customers related to conservation measures and reporting.

**Customer Service**

This includes: customer service to the District's 10,500 Retail connections, billing/payments and meter reading.

**Engineering**

In general, this area manages all Retail capital projects and maintenance activities which contain an engineering component.

**Pumping and Telemetry**

This area performs activities related to Retail mains and distribution pipelines.

**Transmission and Distribution**

This area performs activities related to Retail mains and distribution pipelines.

**Budget Summary - Retail**

Category	Budgeted FY 2011	Projected FY 2011	Proposed FY 2012	Change From FY 2011 Budget	Change From FY 2011 Projected
<i>Operating</i>					
<u>Revenues:</u>					
Water Sales	\$7,350,726	\$7,826,583	\$7,877,000	7.16%	0.64%
Other	100,000	56,364	60,000	-40.00%	6.45%
Operating Revenues	<u>\$7,450,726</u>	<u>\$7,882,947</u>	<u>\$7,937,000</u>	6.53%	0.69%
<u>Expenses:</u>					
Administrative & General	\$1,115,171	\$983,423	\$889,625	-20.23%	-9.54%
Conservation	540,889	405,160	482,716	-10.76%	19.14%
Engineering	463,958	296,292	412,854	-11.01%	39.34%
Pumping & Telemetry	165,085	385,192	632,046	282.86%	64.09%
Source of Supply	2,411,484	2,372,000	2,141,647	-11.19%	-9.71%
Transmission/Distribution	1,570,606	1,435,623	1,544,143	-1.68%	7.56%
Customer Service	562,061	653,904	647,262	15.16%	-1.02%
OPEB	193,377	193,377	175,000	-9.50%	-9.50%
Operating Expenses	<u>7,022,631</u>	<u>6,724,971</u>	<u>6,925,293</u>	-1.39%	2.98%
Net Income/(Loss)-Operations	<u>\$428,095</u>	<u>\$1,157,976</u>	<u>\$1,011,707</u>	136.33%	-12.63%
<i>Non-Operating</i>					
<u>Revenues:</u>					
Interest/Investment Income	\$87,500	\$87,647	\$150,000	71.43%	71.14%
Retail Connections	50,000	89,377	53,204	6.41%	-40.47%
Taxes & Assessments	850,000	850,000	850,000	0.00%	0.00%
Other	0	8,357	10,000	0.00%	19.66%
<u>Expenses:</u>					
2003 COPs (interest)	(217,251)	(217,251)	(199,684)	-8.09%	-8.09%
2009 COPs (interest)	(614,991)	(614,991)	(614,847)	-0.02%	-0.02%
EDA Loan (interest)	(8,672)	(8,672)	(9,691)	11.75%	11.75%
CEC (interest)	(598)	(598)	(264)	-55.85%	-55.85%
Other	0	(6,199)	(6,000)	0.00%	-3.21%
Net Non-Operating	<u>145,988</u>	<u>187,670</u>	<u>232,718</u>	59.41%	24.00%
Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>	0.00%	0.00%
Net Available Income	574,083	1,345,646	1,244,425	116.77%	-7.52%
<i>Debt Service Principal</i>					
2003 COPs	(370,120)	(370,120)	(381,015)	2.94%	2.94%
2009 COPs	(3,600)	(3,600)	(3,600)	0.00%	0.00%
EDA Loan	(21,416)	(21,416)	(22,487)	5.00%	5.00%
CEC Loan	(5,589)	(5,589)	(5,924)	5.99%	5.99%
<i>Transfers from/(to) Reserves</i>					
Out: Kokila Reservoir	(10,000)	(10,000)	(10,000)	0.00%	0.00%
Out: Retail Reserves	(13,358)	(784,921)	(668,195)	4902.21%	-14.87%
Out: Connection Reserves	(50,000)	(50,000)	(53,204)	6.41%	6.41%
Out: PERS Stabilization	(100,000)	(100,000)	(100,000)	0.00%	0.00%
Total Transfers	<u>(173,358)</u>	<u>(944,921)</u>	<u>(831,399)</u>	379.59%	-12.01%
Ending Available Income	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	0.00%	0.00%

**Debt Service – Retail**

Retail debt service as detailed in the schedule below is comprised of the 2003 and 2009 COPs issued for Retail Capital Improvement Projects as well as two loans.

<b>Retail Debt Service</b>	Direct			Annual Debt Service Charge		
	Principal	Interest	Total	Principal	Interest	Total
<u>2003 COP Payments</u>						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 86,002	\$ 128,805	\$ 214,807
Direct Obligation	\$ 117,447	\$ 175,899	\$ 293,345			
<i>Refunding of 1993 COPs</i>						
Direct Obligation	263,568	23,785	287,353			
<b>Total 2003 COP Payments</b>	<b>\$ 381,015</b>	<b>\$ 199,684</b>	<b>\$ 580,698</b>	<b>\$ 86,002</b>	<b>\$ 128,805</b>	<b>\$ 214,807</b>
<u>2009 COP Payments:</u>						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 2,022	\$ 345,298	\$ 347,320
Direct Obligation	3,600	614,847	618,447			
<b>Total 2009 COP Payments</b>	<b>\$ 3,600</b>	<b>\$ 614,847</b>	<b>\$ 618,447</b>	<b>\$ 2,022</b>	<b>\$ 345,298</b>	<b>\$ 347,320</b>
California Energy Commission Loan	5,924	264	6,188			
Economic Development Loan	22,487	9,691	32,178			
<b>Total Debt Service Payments</b>	<b>\$ 413,026</b>	<b>\$ 824,486</b>	<b>\$ 1,237,512</b>	<b>\$ 88,024</b>	<b>\$ 474,103</b>	<b>\$ 562,127</b>
<b>Combined Debt Service</b>				Principal	Interest	Total
2003 Certificates of Participation				\$ 467,017	\$ 328,488	\$ 795,505
2009 Certificates of Participation				5,622	960,145	965,767
California Energy Commission Loan				5,924	264	6,188
Economic Development Loan				22,487	9,691	32,178
<b>Total Debt Service Payments (including Annual Debt Service Charge)</b>				<b>\$ 501,050</b>	<b>\$ 1,298,589</b>	<b>\$ 1,799,638</b>



**San Juan Water District**  
Fiscal Year 2011 - 2012 Budget

**Long-Term Financial Planning**

Source (Use)	Reserve =>	Restricted-		PERS/	Compensated	Customer	Vehicle/		CIP-		Total	
		Debt Svc	Operating	OPEB	Absence/125	Deposits	Connections	CIP	Equip	CIP-Kokila		Emergency
Working Capital 6/30/2011		\$1,821,037	\$1,454,969	\$693,898	\$428,806	\$69,282	\$2,509,784	\$13,237,781	\$50,000	\$349,470	\$592,474	\$21,207,501
<b>Operating Rev (Exp):</b>												
Operating Revenues			7,937,000									7,937,000
Operating Expenses			(6,925,293)	175,000								(6,750,293)
<b>Non-Operating Rev (Exp):</b>												
Interest/Investment Income			11,288	5,383	3,326	537	19,469	102,690		2,711	4,596	150,000
Retail Connections							53,204					53,204
Taxes & Assessments			500,000					350,000				850,000
Other			10,000									10,000
COPs (interest)			(824,486)									(824,486)
Other			(6,000)									(6,000)
Contributed Capital								0				0
Debt Service Principal			(413,026)									(413,026)
Capital Projects							(1,076,720)	(4,126,880)				(5,203,600)
Transfer to Designated Reserves			(113,065)	100,000	3,106					10,000		41
Working Capital 6/30/2012		\$1,821,037	\$1,631,387	\$974,281	\$435,238	\$69,819	\$1,505,737	\$9,563,591	\$50,000	\$362,181	\$597,070	\$17,010,341
<b>Operating Rev (Exp):</b>												
Operating Revenues			\$8,218,900									8,218,900
Operating Expenses			(\$6,660,533)	175,000								(6,485,533)
<b>Non-Operating Rev (Exp):</b>												
Interest/Investment Income			16,165	9,653	4,312	692	14,919	94,756		3,588	5,916	150,001
Retail Connections							567,000					567,000
Taxes & Assessments			310,000					540,000				850,000
Other			109,700									109,700
COPs (interest)			(1,200,000)									(1,200,000)
Other			(150,000)									(150,000)
Contributed Capital								\$0				0
Debt Service Principal			(\$500,000)									(500,000)
Capital Projects							(672,200)	(6,049,800)				(6,722,000)
Transfer to Designated Reserves			(112,382)	100,000	2,217					10,000		(165)
Working Capital 6/30/2013		\$1,821,037	\$1,663,237	\$1,258,934	\$441,767	\$70,511	\$1,415,456	\$4,148,547	\$50,000	\$375,769	\$602,986	\$11,848,244
<b>Operating Rev (Exp):</b>												
Operating Revenues			\$8,705,900									8,705,900
Operating Expenses			(\$6,929,545)	175,000								(6,754,545)
<b>Non-Operating Rev (Exp):</b>												
Interest/Investment Income			16,479	12,473	4,377	699	14,024	41,104		3,723	5,974	98,853
Retail Connections							1,195,000					1,195,000
Taxes & Assessments								850,000				850,000
Other			111,800									111,800
COPs (interest)			(1,200,000)									(1,200,000)
Other			(100,000)									(100,000)
Contributed Capital								\$0				0
Debt Service Principal			(\$500,000)									(500,000)
Capital Projects							(854,600)	(3,418,400)				(4,273,000)
Transfer to Designated Reserves			(112,417)	100,000	2,250					10,000		(167)
Working Capital 6/30/2014		\$1,821,037	\$1,655,454	\$1,546,407	\$448,394	\$71,210	\$1,769,880	\$1,621,251	\$50,000	\$389,492	\$608,960	\$9,982,085

## 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.

### 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.

### **Fiscal Year 2010-2011 Accomplishments**

- Replaced vehicles and backhoe in accordance with vehicle replacement guidelines.
- Implemented approved Quarterly D/DBP stage 2 samples site
- Completed design and construction of the 24-inch Auburn Folsom Road Transmission Main Middle Phase project.
- Completed the Design of the Retail portion of the SCADA Integration and Improvements project.
- Completed the design and construction of the 24-inch AFR WTP Onsite Transmission Main project.
- Completed the design of the Stevens Ave Main and Services Replacements project.
- Completed the design of the Golden Gate Services Improvements project.
- Completed the Vane Court Services Relocation project.
- Initiated the design of the Cherry Ave Services Replacement Project.
- Initiated the design of the Kezar Street Services Replacement Project.
- Initiated the design of the Keets Circle Services Replacement Project.

**San Juan Water District**  
Fiscal Year 2011 - 2012 Budget

**CIP Budget – Retail**

<b>Retail Capital Improvement Program</b>						
Category	Approved	Actual	Projected	Removed	FY 2011-12	FY 2011-12
Project/Program	Budget	FY 2009-10	FY 2010-11	Budget FY 2010-11	Budget	Budget
<u>District-Wide:</u>						
District Fiber Optic Upgrade	\$ 8,100	\$ -	\$ -	\$ -	\$ -	\$ 8,100
Buildings-Administration Roof	21,120	-	21,120	-	-	-
Buildings-Administration Rewire	3,275	-	3,275	-	-	-
Office Furniture Replacements	-	-	-	-	16,000	16,000
Buildings-Storage (Retail share)	-	-	-	-	200,000	200,000
District-Wide CIP	\$ 32,495	\$ -	\$ 24,395	\$ -	\$ 216,000	\$ 224,100
<u>Conservation:</u>						
Replacement - Vehicle #1	-	-	-	-	25,000	25,000
Conservation CIP	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
<u>Engineering Services:</u>						
SCADA Software-Retail	100,000	-	-	-	200,000	300,000
GIS Software	-	-	-	-	25,000	25,000
Transmission Main-AFR Middle Phase	400,000	-	-	-	-	400,000
Transmission Main-AFR GBPS	331,000	-	-	-	-	331,000
Mainline/Services Replacement-Stevens	400,000	-	-	-	-	400,000
Services Improvements-Golden Gate	180,000	-	-	-	-	180,000
Services Improvements-Keats Circle	95,000	-	-	-	-	95,000
Services Improvements-Cherry Avenue	45,000	-	-	-	-	45,000
Mainline Replacement-Vane Court	55,000	-	-	-	-	55,000
Hydrant Installation-Bacon BPS	20,000	-	-	-	-	20,000
Generator Load Bank Unit	9,000	-	-	-	-	9,000
Mainline Replacement Contingency	244,000	-	-	-	-	244,000
Transmission Main-AFR North Phase	-	-	-	-	800,000	800,000
Transmission Main-FO 40" (Retail share)	-	-	-	-	422,500	422,500
Wholesale CTP Valve Actuators-Retail share \$6k	-	-	-	-	6,000	6,000
Wholesale Meters-Retail share \$350k 7yr	-	-	350,000	-	2,350,000	2,000,000
Pressure Reducing Stations-Oak Avenue	-	-	-	-	180,000	180,000
Pressure Reducing Stations-Eureka/AFR Lower GBPS	-	-	-	-	225,000	225,000
Pump Station-Upper Granite Bay (rehab)	-	-	-	-	1,328,000	1,328,000
Pump Station-Lower Granite Bay (at Hinkle)	-	-	-	-	2,872,000	2,872,000
Engineering Services CIP	1,879,000	-	350,000	-	8,408,500	9,937,500
<u>Field Services</u>						
Vehicle Replacement	162,300	-	160,000	(2,300)	-	-
Safety Trailer	15,000	-	15,000	-	-	-
Depreciable Maintenance Items	43,500	-	-	(43,500)	-	-
Regulatory	9,000	-	-	(9,000)	-	-
Mainline Extension Contingency	100,000	-	-	(100,000)	-	-
Touch Read Meter Conversion Project	55,000	-	-	(55,000)	-	-
New Service Taps/Improvements	30,000	-	-	(30,000)	-	-
Equipment-Miscellaneous	15,500	-	-	(15,500)	-	-
Vehicle Replacement	-	-	-	-	91,000	91,000
Meter Reading-Touch Meter Wands	-	-	-	-	14,000	14,000
Meters-Commercial Improvements	-	-	-	-	40,000	40,000
Meters-Residential Replacements	-	-	-	-	75,000	75,000
Distribution System-Annual Improvements	-	-	-	-	110,000	110,000
Mainline Replacement-Country Ct to Eureka	-	-	-	-	253,000	253,000
Mainline Replacement-Erwin Avenue	-	-	-	-	160,000	160,000
Mainline Replacement-Lou Place to Troy Way	-	-	-	-	95,000	95,000
Mainline Replacement-Peerless Avenue	-	-	-	-	230,000	230,000
Mainline Replacement-Sierra College	-	-	-	-	150,000	150,000
Field Services CIP	430,300	-	175,000	(255,300)	-	1,218,000
Total Retail Capital Improvement Program Budget	\$ 2,341,795	\$ -	\$ 549,395	\$ (255,300)	\$ 8,649,500	\$ 11,404,600
<u>Capital Improvement Program Summary - Retail:</u>						
District-Wide	\$ 32,495	\$ -	\$ 24,395	\$ -	\$ 216,000	\$ 224,100
Conservation	-	-	-	-	25,000	25,000
Engineering Services	1,879,000	-	350,000	-	8,408,500	9,937,500
Field Services	430,300	-	175,000	(255,300)	-	1,218,000
Total Retail Capital Improvement Program Budget	\$ 2,341,795	\$ -	\$ 549,395	\$ (255,300)	\$ 8,649,500	\$ 11,404,600

## 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.

**San Juan Water District**  
Fiscal Year 2011 - 2012 Budget

Area	Position Title/# Budgeted	Wholesale		Retail		Wholesale	Retail	
		Operating	Capital	Operating	Capital	FTE	FTE	
<b>Executive</b>								
	General Manager	1.0	90.00%		10.00%	0.9	0.1	
	Assistant General Manager	1.0	60.00%		40.00%	0.6	0.4	
	Administrative Assistant/Board Secretary	1.0	50.00%		50.00%	0.5	0.5	
	<b>Total Executive</b>	3.0						
<b>Finance &amp; Administrative Services</b>								
	Finance & Administrative Services Manager	1.0	60.00%		40.00%	0.6	0.4	
	Accountant	1.0	50.00%		50.00%	0.5	0.5	
	Accounting Technician III	1.0	50.00%		50.00%	0.5	0.5	
	Information Technology Administrator	1.0	50.00%		50.00%	0.5	0.5	
	Information Technology Technician I	0.0	50.00%		50.00%	0.0	0.0	
	Purchasing Agent	1.0	50.00%		50.00%	0.5	0.5	
	<b>Total Finance &amp; Administrative Services</b>	5.0						
<b>Conservation</b>								
	Conservation Temporary	0.0	15.00%		85.00%	0.0	0.0	
	Conservation Technician I	0.0	15.00%		85.00%	0.0	0.0	
	Conservation Technician II	3.0	15.00%		85.00%	0.5	2.6	
	Water Resources Analyst	1.0	80.00%		20.00%	0.8	0.2	
	<b>Total Conservation</b>	4.0						
<b>Customer Services</b>								
	Customer Services Manager	1.0	5.00%		95.00%	0.1	1.0	
	Accounting Technician II	1.0			100.00%	0.0	1.0	
	Accounting Technician III	1.0			100.00%	0.0	1.0	
	Meter Technician	1.0	1.00%		99.00%	0.0	1.0	
	<b>Total Customer Services</b>	4.0						
<b>Engineering Services</b>								
	Engineering Services Manager	1.0			40.00%	60.00%	0.0	1.0
	Associate/Senior Engineer	1.0	20.00%	80.00%		1.0	0.0	
	CAD/GIS Intern	0.0			100.00%	0.0	0.0	
	Construction Inspector III	1.0			40.00%	60.00%	0.0	1.0
	Engineering Technician III	1.0			100.00%	0.0	1.0	
	<b>Total Engineering Services</b>	4.0						
<b>Field Services</b>								
	Field Services Manager	1.0	8.00%		78.00%	14.00%	0.1	0.9
	Distribution Lead Worker	3.0	8.00%		78.00%	14.00%	0.2	2.8
	Distribution Operator I	0.0	8.00%		78.00%	14.00%	0.0	0.0
	Distribution Operator II	1.0	8.00%		78.00%	14.00%	0.1	0.9
	Distribution Operator III	3.0	8.00%		78.00%	14.00%	0.2	2.8
	Distribution Operator IV	4.0	8.00%		78.00%	14.00%	0.3	3.7
	Field Services Technician	1.0			100.00%		0.0	1.0
	Utilities Coordinator	1.0			100.00%		0.0	1.0
	<b>Total Field Services</b>	14.0						
<b>Operations</b>								
	Operations Manager	1.0	30.00%		70.00%	0.3	0.7	
	<b>Total Operations</b>	1.0						
<b>Water Treatment Plant</b>								
	Wholesale Operations Manager	0.0	100.00%			0.0	0.0	
	Water Treatment Plant Superintendent	1.0	100.00%			1.0	0.0	
	Custodian	1.0	70.00%		30.00%	0.7	0.3	
	Facilities Maintenance Worker I	1.0	100.00%			1.0	0.0	
	Facilities Maintenance Worker II	1.0	100.00%			1.0	0.0	
	Maintenance Chief	1.0	100.00%			1.0	0.0	
	Water Treatment Operator II	1.0	100.00%			1.0	0.0	
	Water Treatment Operator III	2.0	100.00%			2.0	0.0	
	Water Treatment Operator IV	1.0	100.00%			1.0	0.0	
	Chief Operator	1.0	100.00%			1.0	0.0	
	<b>Total Water Treatment Plant</b>	10.0						
<b>Total Funded Positions</b>		45.0				17.9	27.1	

### **Building Operations and Maintenance Costs**

District employees are assigned work locations in one of three buildings which are located on District property: Administration Building, Shop Building and Water Treatment Plant Building. Costs related to building usage or maintenance are allocated on FTE, broken down by building as follows:

<u>Administration Building - FTE Cost Allocation</u>				
Department	Position	FTE	Wholesale	Retail
Executive	Assistant General Manager	1	0.60	0.40
Executive	General Manager	1	0.90	0.10
Executive	Admin Asst/Board Secretary	1	0.50	0.50
Finance/Admin Svc	Accountant	1	0.50	0.50
Finance/Admin Svc	Finance/Admin Svcs Mgr	1	0.60	0.40
Finance/Admin Svc	Accounting Technician III	1	0.50	0.50
Finance/Admin Svc	Purchasing Agent	1	0.50	0.50
Conservation	Conservation Tech II	1	0.15	0.85
Conservation	Conservation Tech II	1	0.15	0.85
Conservation	Conservation Tech I	1	0.15	0.85
Conservation	Meter Technician	1	0.01	0.99
Conservation	Water Resources Analyst	1	0.80	0.20
Customer Service	Customer Service Manager	1	0.05	0.95
Customer Service	Accounting Technician III	1		1.00
Customer Service	Customer Service Tech III	1		1.00
		15	5.41	9.59
Allocation Percentage			36%	64%

<u>Shop Building - FTE Cost Allocation</u>				
Department	Position	FTE	Wholesale	Retail
Field Services	Field Services Manager	1	0.08	0.92
Field Services	Distribution Lead Worker	1	0.08	0.92
Field Services	Distribution Lead Worker	1	0.08	0.92
Field Services	Distribution Lead Worker	1	0.08	0.92
Field Services	Distribution Operator II	1	0.08	0.92
Field Services	Distribution Operator III	1	0.08	0.92
Field Services	Distribution Operator III	1	0.08	0.92
Field Services	Distribution Operator III	1	0.08	0.92
Field Services	Distribution Operator IV	1	0.08	0.92
Field Services	Distribution Operator IV	1	0.08	0.92
Field Services	Distribution Operator IV	1	0.08	0.92
Field Services	Distribution Operator IV	1	0.08	0.92
Field Services	Field Services Technician	1	0.00	1.00
Field Services	Utilities Coordinator	1	0.08	1.00
Operations	Operations Manager	1	0.30	0.70
Engineering Services	Engineering Services Manager	1	0.00	1.00
Engineering Services	Senior Engineer	1	1.00	0.00
Engineering Services	Engineering Technician II	1	0.00	1.00
Engineering Services	Construction Inspector II	1	0.00	1.00
		19	2.34	16.74
Allocation Percentage			12%	88%

<b>Treatment Plant Building - FTE Cost Allocation</b>				
Department	Position	FTE	Wholesale	Retail
Water Treatment	Treatment Plant Superintendent	1	1.00	0.00
Water Treatment	Custodian	1	0.70	0.30
Water Treatment	Facilities Maintenance Worker I	1	1.00	0.00
Water Treatment	Facilities Maintenance Worker II	1	1.00	0.00
Water Treatment	Maintenance Chief	1	1.00	0.00
Water Treatment	Water Treatment Operator II	1	1.00	0.00
Water Treatment	Water Treatment Operator III	1	1.00	0.00
Water Treatment	Water Treatment Operator III	1	1.00	0.00
Water Treatment	Water Treatment Operator IV	1	1.00	0.00
Water Treatment	Chief Operator	1	1.00	0.00
Finance/Admin Svc	IT Administrator	1	0.50	0.50
		11	10.20	0.80
Allocation Percentage			93%	7%

### Labor Rates

Rates are listed by position in the next table to provide a billing rate in the event costs will be recovered from a customer, agency or outside party for any employee time. The cost listed is for the top step of the salary range, as many employees have been employed by the District for a long time and as such have reach the top step. In addition, this reduces complexity in maintaining this rate schedule in keeping with the District's goal in establishing straightforward, easy to manage processes. Indirect cost rates are calculated as follows, with a standard used for simplification purposes in the detail position rates schedule. *(Note: some costs may be re-defined to direct costs as the allocation plan is completed.)*

<b>Indirect Cost Rate - Wholesale</b>	
<u>Direct Costs</u>	
<u>Category</u>	<u>Amount</u>
Source of Supply	\$ 659,374
Water Treatment	2,043,092
Conservation	227,774
Engineering	57,519
Transmission	161,783
Total Direct Costs	\$ 3,149,542
<u>Indirect Costs</u>	
Administrative & General	\$ 1,311,193
OPEB	175,000
Total Indirect Costs	\$ 1,486,193
Overall Indirect Cost Rate	47.190%
(Indirect Costs Divided by Direct Costs)	
<i>15% has been used historically</i>	

<b>Indirect Cost Rate - Retail</b>	
<u>Direct Costs</u>	
<u>Category</u>	<u>Amount</u>
Source of Supply	\$ 2,141,647
Conservation	482,716
Customer Service	647,262
Engineering	412,854
Pumping & Telemetry	632,046
Transmission/Distribution	1,544,143
Total Direct Costs	\$ 5,860,668
<u>Indirect Costs</u>	
Administrative & General	\$ 889,625
OPEB	175,000
Total Indirect Costs	\$ 1,064,625
Overall Indirect Cost Rate	18.170%
(Indirect Costs Divided by Direct Costs)	
<i>15% has been used historically</i>	



## San Juan Water District Fiscal Year 2011 - 2012 Budget

Area Position Title	Regular Annual Salary (top)	Paid Benefit Rate	Total Compensation	Productive Hours	Direct Cost Rate	Indirect Cost Rate	Hourly Billing Rate
<b>Executive</b>							
General Manager	\$164,628	54.06%	\$253,630	1,702	\$149.02	15.00%	\$171.37
Assistant General Manager	152,833	54.06%	235,458	1,702	138.34	15.00%	159.09
Administrative Assistant/Board	58,455	54.06%	90,057	1,702	52.91	15.00%	60.85
<b>Finance &amp; Administrative Services</b>							
Finance & Administrative Service	132,884	54.06%	204,725	1,702	120.28	15.00%	138.32
Accountant	72,175	54.06%	111,195	1,702	65.33	15.00%	75.13
Accounting Technician III	58,455	54.06%	90,057	1,702	52.91	15.00%	60.85
Information Technology Admini	86,367	54.06%	133,059	1,702	78.18	15.00%	89.91
Information Technology Technic	62,588	54.06%	96,425	1,702	56.65	15.00%	65.15
Purchasing Agent	58,455	54.06%	90,057	1,702	52.91	15.00%	60.85
<b>Conservation</b>							
Conservation Temporary	30,156		30,156	1,702	17.72	15.00%	20.38
Conservation Technician I			0	1,702	0.00	15.00%	0.00
Conservation Technician II	57,728	54.06%	88,937	1,702	52.25	15.00%	60.09
Water Resources Analyst	96,096	54.06%	148,048	1,702	86.98	15.00%	100.03
<b>Customer Services</b>							
Customer Services Manager	104,923	54.06%	161,647	1,702	94.97	15.00%	109.22
Accounting Technician II	46,735	54.06%	72,001	1,702	42.30	15.00%	48.65
Accounting Technician III	51,401	54.06%	79,190	1,702	46.53	15.00%	53.51
Meter Technician	47,110	54.06%	72,579	1,702	42.64	15.00%	49.04
<b>Engineering Services</b>							
Engineering Services Manager	113,831	54.06%	175,371	1,702	103.04	15.00%	118.50
Associate/Senior Engineer	104,923	54.06%	161,647	1,702	94.97	15.00%	109.22
CAD/GIS Intern			0	1,702	0.00	15.00%	0.00
Construction Inspector III	66,684	54.06%	102,735	1,702	60.36	15.00%	69.41
Engineering Technician III	65,351	54.06%	100,681	1,702	59.15	15.00%	68.02
<b>Field Services</b>							
Field Services Manager	104,923	54.06%	161,647	1,702	94.97	15.00%	109.22
Distribution Lead Worker	75,714	54.06%	116,647	1,702	68.54	15.00%	78.82
Distribution Operator I		54.06%	0	1,702	0.00	15.00%	0.00
Distribution Operator II	56,891	54.06%	87,648	1,702	51.50	15.00%	59.23
Distribution Operator III	62,588	54.06%	96,425	1,702	56.65	15.00%	65.15
Distribution Operator IV	68,842	54.06%	106,060	1,702	62.31	15.00%	71.66
Field Services Technician	68,842	54.06%	106,060	1,702	62.31	15.00%	71.66
Utilities Coordinator	69,229	54.06%	106,656	1,702	62.67	15.00%	72.07
<b>Operations</b>							
Operations Manager	125,890	54.06%	193,949	1,702	113.95	15.00%	131.04
<b>Water Treatment Plant</b>							
Wholesale Operations Manager	125,890	54.06%	193,949	1,702	113.95	15.00%	131.04
Water Treatment Plant Superint	104,923	54.06%	161,647	1,702	94.97	15.00%	109.22
Custodian	37,645	54.06%	57,997	1,702	34.08	15.00%	39.19
Facilities Maintenance Worker	56,843	54.06%	87,574	1,702	51.45	15.00%	59.17
Facilities Maintenance Worker	62,527	54.06%	96,331	1,702	56.60	15.00%	65.09
Maintenance Chief	86,367	54.06%	133,059	1,702	78.18	15.00%	89.91
Water Treatment Operator II		54.06%	0	1,702	0.00	15.00%	0.00
Water Treatment Operator III	68,248	54.06%	105,145	1,702	61.78	15.00%	71.05
Water Treatment Operator IV	75,071	54.06%	115,656	1,702	67.95	15.00%	78.14
Chief Operator	86,367	54.06%	133,059	1,702	78.18	15.00%	89.91

### Productive Hours

Total Days	260
Vacation Days	(15)
Holidays	(12)
Sick (12 days @ 50%)	(6)
Productive Days	227
Productive Hours	1,816
Breaks (30 minutes daily)	(114)
<b>Total Productive Hours</b>	<b>1,702</b>

### Paid Benefit Rate

FICA/Medicare	7.65%
Unemployment	0.27%
Workers Compensation Insurance	1.58%
Retirement	22.58%
Group Insurance	21.98%
<b>Total Paid Benefits Rate</b>	<b>54.06%</b>

## Glossary

**Account** – A record of a business transaction; a reckoning of money received or paid.

**Accounting System** – The total structure of records and procedures that discover, record, classify, summarize, and report information on the financial position and results of operations of a government entity.

**Accounts Payable** – Purchase of services and supplies as of or prior to June 30 but not yet paid at June 30.

**Accounts Receivable** – General bills due from customers.

**Accrual** – The recognition of a revenue or expense in a budget year even though the actual cash may not be received or paid until the following budget year.

**Acre-Foot of Water (AF)** – The volume of water that would cover one acre to a depth of one foot.

**Adoption** – Formal action by the Board of Directors.

**Advance Refunding** – A defeasance of outstanding debt prior to the date the bonds can be called by depositing cash and/or securities.

**American Water Works Association (AWWA)** – An international nonprofit scientific and educational society dedicated to the improvement of water quality and supply.

**Amortization** – Gradual reduction, redemption, or liquidation of the balance of an account; according to a specified schedule of times and amounts.

**Appropriation** – A funding authorization made by the Board, which permits the District to incur obligations and to make expenditures of resources.

**Aqueduct** – A canal for conveying a large amount of water.

**Assets** – Resources owned or held by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise.

**Association of California Water Agencies (ACWA)** – Association representing over 400 public water agencies consisting of municipal, irrigation, county and California water districts, and a number of special purpose agencies. ACWA also represents non-profit and non-public mutual water companies. Members provide the link between local, state and federal water projects, and ultimate water consumers.

**Audit** – Performed by the District's independent certified public accountant (CPA), with the objective to determine if the District's financial statements present fairly the District's financial position and results of operations in conformity with generally accepted accounting principles (GAAP).

**Budget** – The District's financial plan balancing proposed expenditures for a certain period of time to the expected income or revenue for that same period.

**Capacity Fee** – Fee imposed when a customer requests a new service connection. Capacity fee funds are used by the District to plan, design and construct new facilities to support the additional demand placed by on the water and sanitation systems by the new service connections.

**Capital Assets** – Assets of a long-term nature such as land, buildings, machinery, furniture, plants and transmission and distribution infrastructure, and other equipment. Generally, the District has defined such assets as those with an expected life in excess of three years and an acquisition cost in excess of \$5,000.

**Capital Improvement Program (CIP)** – A plan to provide for the maintenance or replacement of existing assets, infrastructure, and equipment and for the construction or acquisition of new facilities and equipment.

**Capital Improvement Project Funds** – Funds used to account for financial resources used for the acquisition or construction of major capital facilities, as approved in the five year Capital Improvement Plan.

**Capitalized Interest** – Funds provided from the proceeds of a bond issue, used to cover interest payments until revenue sources to repay the debt are available.

**Certificates of Participation (COP)** – Form of lease-purchase financing used to construct or acquire capital facilities and equipment.

**Coverage** – A margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.

**Current Assets** – Cash, bank deposits, investments, accounts and other amounts receivable. Assets which can be converted to cash, consumed or sold within one year.

**Current Liabilities** – Accounts, contracts, deposits and other payables due within one year.

**Customer Information System (CIS)** – A system maintaining customer data including usage, billing and payment information.

**Customer Water Budget** – Volumetric allotments of water based on a set indoor demand volume and weather-adjusted outdoor demand.

**Debt** – An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

**Debt Service** – Interest and principal payments on bond issues and Certificates of Participation. Also included are the issuance costs related to bond funding.

**Deficiency** – A general term indicating the amount by which anything falls short of some requirement of expectation.

**Deficit** – The excess of expenditures over revenues during an accounting period.

**Depreciation** – An element of cost resulting from the service of long-lived assets in an economic organization and represents the loss in asset value because of wear, deterioration, obsolescence or action of the physical elements.

**Effluent** – Treated wastewater discharged from wastewater treatment plants.

**Emergency Response Plan (ERP)** – Emergency Response Plan as required by the Environmental Protection Agency (EPA) as it applies to water treatment and distribution with high or moderate hazard potential to life and property. The ERP consists typically of notification procedures to alert the appropriate authorities in the event of a hazardous

condition developing and also includes continuous monitoring of the facility to provide an early warning to the operator.

**Enterprise Fund** – A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.

**Entity** – The basic unit upon which accounting and/or financial reporting activities focus.

**Expenses** – Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity.

**Fiscal Year** – The beginning and ending period for recording financial transactions. The District has specified July 1 to June 30 as its fiscal year.

**Full Time Equivalent (FTE)** – An FTE equates to one full-time employee working 2,080 hours per year.

**Fund** – An accounting entity that records all financial transactions for specific activities or government functions.

**Geographic Information System (GIS)** – A system combining computer hardware, software, and geographic data for collecting, storing, analyzing and displaying geographically referenced information.

**Generally Accepted Accounting Principles (GAAP)** – Accounting standards and financial reporting practices promulgated by several national committees and boards. Primary sources for governmental accounting are the National Council on Governmental Accounting, producing governmental accounting, auditing and financial reporting (GAAFR), the Governmental Accounting Standards Board (GASB), and the Government Finance Officers Association (GFOA).

**Governmental Accounting Standards Board (GASB)** – National advisory board of accounting standards for public agencies. Identifies procedures, methods and standards for presenting the financial condition of public agencies.

**Infrastructure** – The accumulated pipelines, treatment plants and storage facilities of the District, including all meters, valves, pumps, filters and other appurtenances, whether constructed by the District or dedicated by private entities.

**Liabilities** – Present obligations of the enterprise arising from past events.

**Line Item** – Expenditure classifications established to account for and budget the appropriations approved.

**Local Agency Investment Funds (LAIF)** – An investment fund established by the California State Treasurer for the benefit for public agencies. The District, per its investment policy may invest up to the maximum permitted under State law (California Government Code Section 16429.1).

**Maintenance** – The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

**Net Assets** – The excess of assets over liabilities, represents the cumulative effect of revenues and other financing sources over expenses and other financing uses.

**O&M** – Operations and Maintenance

**Obligations** – Amounts that a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

**Operating Expenses** – All costs associated with the day-to-day business of the District, which are not considered capital improvements or debt repayments.

**Operating Revenue** – Revenue generated from the day-to-day business of the District.

**Potable Water** – Water that is suitable for drinking.

**Projected** – An estimate of revenues and expenditures based on past trends, the present economic situation and future financial forecasts.

**Public Employees Retirement System (PERS)** – An agent, multiple-employer, public retirement system to which the District contributes that acts as a common investment and administrative agent for participating public entities within the State of California.

**Pump Station** – Mechanical devices installed in sewer or water systems or other liquid-carrying pipelines that moves the liquids to a higher level.

**Reserves** – An amount set aside in an account for future use.

**Reservoir** – A pond, lake, tank, or basin (natural or engineered) where water is collected and stored.

**Resolution** – A special or temporary order of a legislative body; an order to a legislative body requiring less legal formality than an ordinance or statute.

**Revenue** – An inflow of assets, not necessarily in cash, in exchange for services rendered.

**Supervisory Control and Data Acquisition (SCADA)** – The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water and wastewater systems and facilities throughout the District service area.

**Water Budget** – Same as Customer Water Budget.

**Water Treatment Plant (WTP)** – A facility that monitors and controls the quality of water, to include purity and turbidity as required by state and federal guidelines.

**Watershed** – A geographic area, surrounded by the highest ridgelines, which drains into a river, river system, or body of water.