

# INVESTING IN HIGH-QUALITY, RELIABLE WATER

**Greg,** [Water Treatment Plant Manager >](#)

**SAN JUAN  
WATER DISTRICT**  
GRANITE BAY, CALIFORNIA  
**ADOPTED BUDGET**  
FISCAL YEAR 2017-18



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# San Juan Water District

Fiscal Year 2017–2018 Budget



Prepared by the Finance Department under Direction of  
the General Manager

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**San Juan Water District**  
9935 Auburn Folsom Road  
Granite Bay, California 95746  
(916) 791-0115  
[www.sjwd.org](http://www.sjwd.org)

**Elected Officials**

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

**Appointed Officials**

Paul Helliker, General Manager

**Management Team**

Donna Silva, Director of Finance  
Tony Barela, Operations Manager  
Lisa Brown, Customer Services Manager  
Rob Watson, Engineering Services Manager  
George Machado, Field Services Manager  
Greg Turner, Water Treatment Plant Superintendent

### Table of Contents

Letter of Transmittal .....	1
DISTRICT PROFILE .....	3
Wholesale Service Area Map .....	5
Organization Chart by Functional Area .....	6
By The Numbers – Summary of District Information .....	7
ABOUT THE DISTRICT .....	11
Budget Purpose, Process and Control.....	12
Budget Format.....	12
Financial Policies .....	13
Reserve Policy .....	13
Debt Policy .....	16
Investment Policy .....	16
Procurement Policy .....	17
Accounting System and Controls.....	17
Fund Structure and Descriptions .....	17
Enterprise Funds.....	17
Capital Outlay Funds.....	17
Budget Assumptions.....	18
Estimated Sources and Uses of Funds – Summary .....	19
MAJOR REVENUES AND EXPENDITURES.....	23
Water Sales .....	23
Wholesale Water Deliveries - Acre Feet .....	23
Retail Water Deliveries (in CCF*).....	24
Water Sale Revenues .....	25
Property Tax .....	26
Salaries and Benefits.....	27
Water Supply Costs .....	29
Reserve Summary .....	30

Table of Contents (con't)

OPERATING FUNDS..... 33  
Administration and General ..... 35  
Conservation ..... 35  
Customer Service ..... 36  
Engineering Services..... 36  
Water Treatment..... 36  
Distribution (Field Services)..... 37  
Wholesale Operating Fund ..... 38  
Retail Operating Fund..... 39  
CAPITAL FUNDS..... 43  
Wholesale Capital Outlay Fund ..... 44  
Retail Capital Outlay Fund..... 48  
SUPPLEMENTAL INFORMATION..... 51  
Transfers In and Transfers Out..... 53  
Debt Service Schedules ..... 54  
Labor Allocation ..... 56  
Resolution..... 59

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June 28, 2017

Board of Directors  
Citizens of the San Juan Water District

**Directors**  
Edward J. "Ted" Costa  
Kenneth H. Miller  
Dan Rich  
Pamela Tobin  
Bob Walters  
**General Manager**  
Paul Helliker

On behalf of the San Juan Water District and its staff, I am pleased to present the Budget for Fiscal Year 2017-2018. The Budget has been developed to be fiscally responsible in support of the District's Mission Statement:

*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.*

Adoption and implementation of this budget will allow the District to accomplish major priorities in Fiscal Year 2017-2018, detailed throughout this document.

The District works hard to ensure that ratepayer dollars are used in the most cost-effective manner to provide reliable, clean water supplies to its customers. During the current fiscal year, the District completed an extensive financial analysis and rate study, and in April, 2017, adopted a five-year program to provide the financial foundation to carry out its mission. Every year, the District will review its revenues and expenses, and will do its best to minimize any increase in rates.

I would like to thank District staff for their conscientious efforts in prudent management of District resources, enabling the District to reduce expenses whenever possible without reducing the levels of service necessary to meet the demands of good customer service and responsible facilities maintenance.

I want to thank the Board of Directors for their leadership and continued interest in prudent fiscal management.

Respectfully Submitted,

Paul Helliker  
General Manager

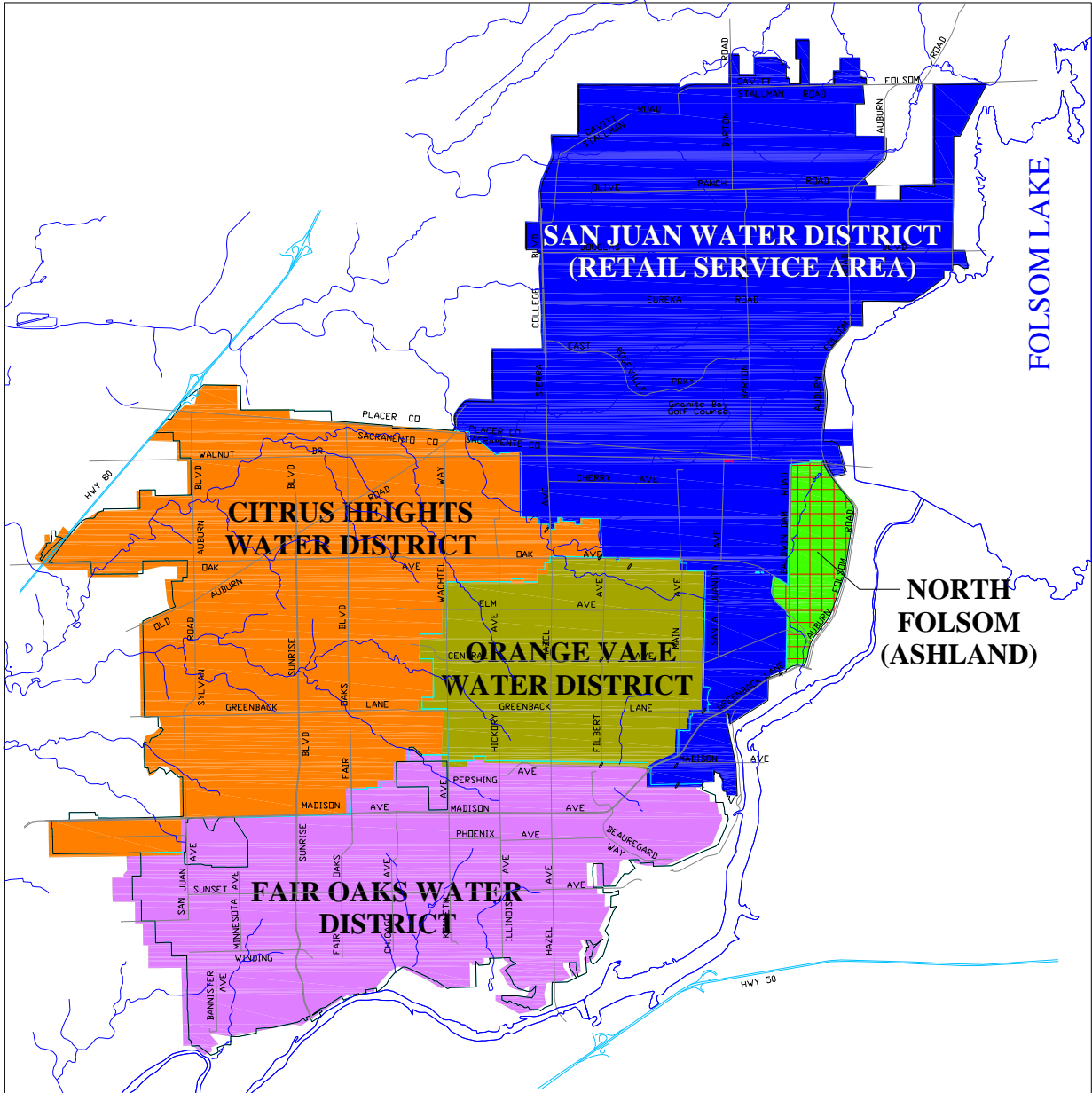
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# DISTRICT PROFILE

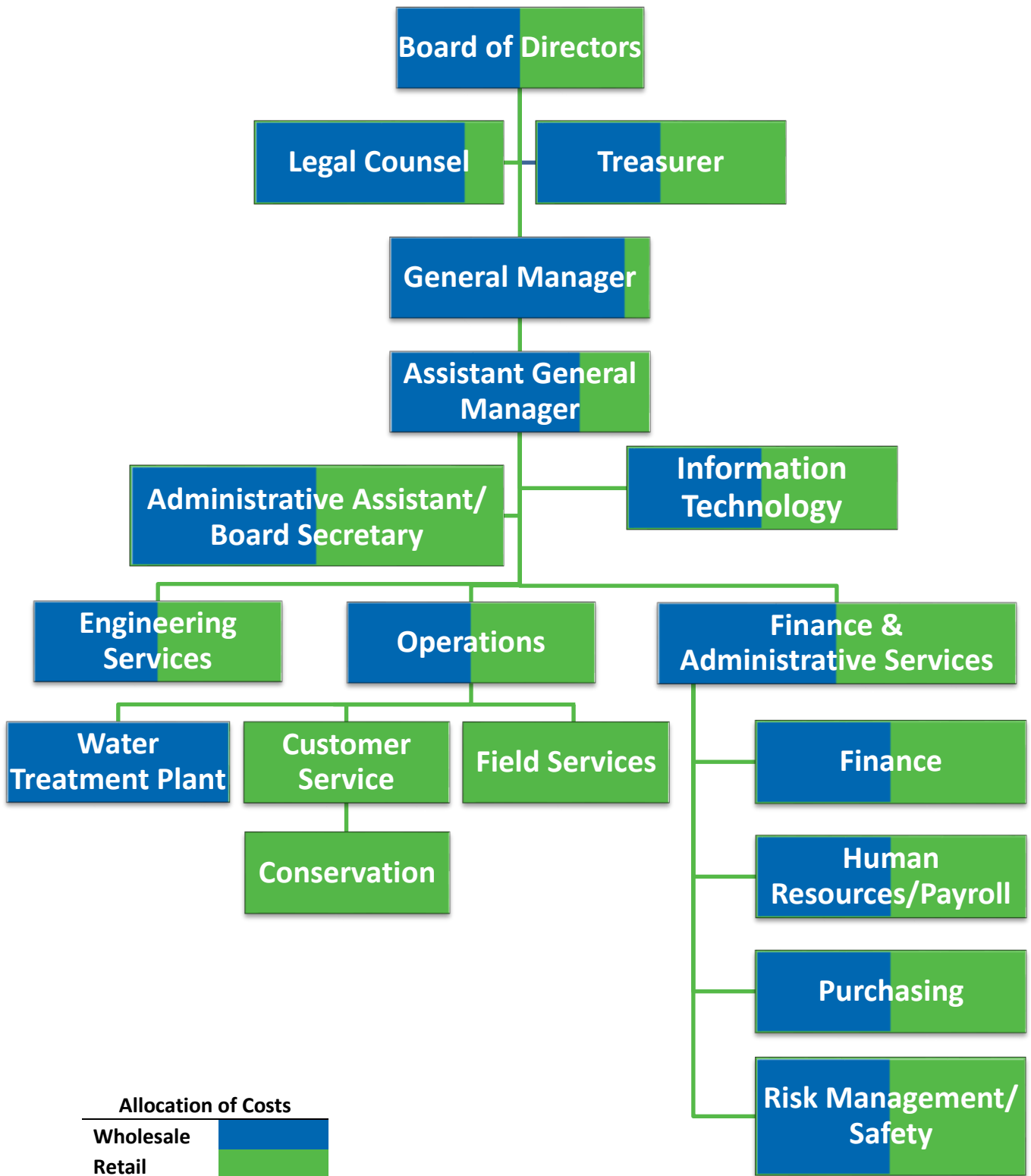


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**Wholesale Service Area Map**  
(SJWD Retail Service Area – in blue)



Organization Chart by Functional Area



**By The Numbers – Summary of District Information**

<b>Water System</b>	
Total Water Supply Available	82,200 acre feet
Treatment Plants	1
Treatment Plant Capacity	150 MGD
Reservoirs	2
Miles of Water Main	217
Storage Tanks	2
Booster Stations	9
Number of Booster Pumps	38
Number of Control Valve Stations	12
Number of Solar Facilities	1
Number of Pressure Zones – Retail Service Area	8
Number of Active Service Connections – Retail Service Area	10,608

<b>Miscellaneous Statistical Information</b>	
Size of Service Area	46 square miles
Size of Retail Service Area Only	17 square miles
Population of Service Area (2015)	152,614
Population of Retail Service Area Only (2015)	29,578
Number of Active Employees	47
Number of Bond Issues Outstanding	2
Wholesale Operating Budget	\$ 9,980,800
Wholesale Capital Budget	\$ 3,272,100
Retail Operating Budget	\$12,336,600
Retail Capital Budget	\$ 5,649,000

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# ABOUT THE DISTRICT



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### **ABOUT THE DISTRICT**

The San Juan Water District (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 District's retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of delivering water to the retail agencies under negotiated contracts; operating a surface water treatment plant and storage, transmission facilities; and providing the administrative support related to those activities. The Retail agency consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,600 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 that expires February 28, 2045, but is subject to renewal. 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 2015-2016 was 30,907 acre-feet and is anticipated to be 30,379 acre-feet for Fiscal Year 2016-2017, and 37,230 for Fiscal Year 2017-2018 excluding pass through deliveries for Sacramento Suburban Water District.

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

With a maximum capacity of 150 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 217 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

### **Budget Purpose, Process and Control**

The District adopts an annual operating budget and an annual capital improvement budget to ensure the adequacy of resources to meet District needs and to accomplish the District's mission. As required by certain debt covenants, the annual operating budget is evaluated, to ensure that net revenues, as defined by the various debt covenants, are equal to or exceed a minimum of 115 percent of the anticipated debt service for the budget year.

The District's official budget process usually begins with a Board Workshop wherein the Board of Directors identifies short and long term strategic goals. Those goals are then communicated with Department Managers who prepare and submit draft budgets to the Finance Department. The Finance Department prepares the revenue budget, and reviews and compiles the various department budgets. A budget workshop is held to present and discuss the draft budget with the Board of Directors and interested members of the public. Feedback from that meeting is used to adjust the draft budget, if necessary. A public hearing is then held after which the Board of Directors votes on budget adoption.

Budget to actual financial data is monitored continuously throughout the year by management and is reported on a quarterly and annual basis to the Finance Committee and the Board of Directors. The General Manager has the authority to move budget between specific lines within a fund, or between funds to correct posting errors. Transfers between funds, for purposes other than error correction, require approval from the Board of Directors.

### **Budget Format**

The budget is prepared on an accrual basis (reporting revenues and expenses are earned and incurred, respectively) and is the same as reported in the Comprehensive Annual Financial Report. The program budget format is used versus a line item detail format to provide the most valuable information to the reader on all of the District's major areas of service (Distribution, Water Treatment Plant, Administration, Conservation, Customer Service and Engineering). Expenditure data is also presented in a functional format (Salaries & Benefits, Materials & Supplies, etc.) to provide readers with an alternate view.

For financial reporting purposes, the District operates a single enterprise fund. However for management of the two divisions, Wholesale and Retail, the District utilizes four distinct funds, one each for operations and one each for Capital Outlay.

**Financial Policies**

Key District Financial Policies include the Reserve Policy, the Debt Policy, the Investment Policy and the Procurement Policy.

**Reserve Policy**

In accordance with Board Resolutions, Board Motions, and/or District Ordinances, certain reserve funds have been established and maintained as follows:

**WHOLESALE OPERATING RESERVES:**

NAME	PURPOSE	AMOUNT /LEVEL
Operating	Established in 1998 to provide working capital for operations and unexpected needs.	20% of operating expenses
Rate Stabilization	Established in 1998 to help ensure financial and rate stability for wholesale customers.	\$1,000,000 (target)
PERS Rate Stabilization	To level out the amount budgeted for PERS payments on an annual basis.	When the actual PERS costs are lower than the actuarially determined normal costs, the difference is placed in this fund. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve. Entire balance was used to reduce the Unfunded Liability in May 2017.
Compensated Absences	To accumulate funds for accrued employees' vacation and sick leave time.	Dependent upon the dollar value of the accrued vacation and vested sick leave amounts.
Delta/Water Rights	To cover legal expenses, public information, and other costs associated with Delta issues that affect the District's water rights.	Determined annually by Board of Directors.

### WHOLESALE CAPITAL RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Capital Improvement Program	Established in 1998 to fund capital replacements, rehabilitation, upgrades and improvements.	Determined annually by Board of Directors.
Connection Fee	Established in 2007 to hold and expend connection fees paid by new connections to the distribution system. The fee is designed to recognize the current value of providing capacity necessary to serve additional users.	Fluctuates based on fees received and capital improvements planned and completed.
Hinkle Lining	Established in the 1980's to accumulate monies for the eventual replacement of the lining and cover for Hinkle Reservoir.	There is not a recommended amount for this fund. \$50,000 plus accrued interest on the existing fund balance is added to this fund at the end of each fiscal year.
Vehicle and Equipment	To accumulate sufficient funds to replace vehicles and equipment on an annual basis, and larger equipment on an as-need basis.	Varies depending on the future planned replacements of vehicles and equipment.

**RETAIL OPERATING RESERVES:**

NAME	PURPOSE	AMOUNT /LEVEL
Operating	To provide working capital for retail operations, as wells as readily available capital for unexpected needs and modest variations between expected and actual water demands.	20% of annual operating expenditures.
PERS Rate Stabilization	To provide stability in the amount budgeted for PERS payments on an annual basis.	When the actual PERS costs are lower than the normal costs, the difference is placed in this reserve. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve. Entire balance was used to reduce the Unfunded Liability in May 2017.
Compensated Absences	To accumulate funds for accrued employees' vacation and sick leave time.	Dependent on the dollar value of the accrued vacation and vested sick leave amounts.
Customer Deposits	Established to segregate funds contributed as a deposit for work to be completed by the District.	This reserve must be used for funds on deposit for developers or customers. When projects are completed, any remaining funds are returned to the developer or customer.

### RETAIL CAPITAL RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
General CIP	Established “to accumulate sufficient funds for use due to unforeseen and unexpected emergency expenditures for repair, replacement or rehabilitation of the District’s water pipeline systems and pumping stations.” In practice, the Capital Improvement Reserve is used for <i>planned</i> and unplanned capital replacements, rehabilitation, upgrades, and improvements.	Fluctuates based on capital improvements planned and completed.
Kokila Reservoir Replacement	Established to accumulate funds for eventual replacement of the lining and cover of Kokila Reservoir.	Funded annually in the amount of \$10,000 plus accrued interest earned on the existing reserve balance.
Vehicles	Established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis.	No designated amount for this reserve; however in practice it is adjusted at the end of each fiscal year to be equal to the next years planned expenditures on vehicles and equipment.

### Debt Policy

The Debt Policy, adopted in compliance with Government Code Section 8855(i), governs all debt undertaken or refinanced by the District. It describes the purposes for which Debt may be issued, the types of debt the District may issue, and the relationship of debt to the Capital Improvement Program and the Operating Budget.

### Investment Policy

In accordance with District Ordinance No. 3000.05 management responsibility for the investment program is delegated to the General Manager. The Finance Director has been designated as the “Investment Officer” in charge of operational management.

Investments by the Investment Officer are limited to those instruments specifically described in the District’s investment policy. The Investment Officer submits quarterly reports to the Board of Directors detailing all investment holdings. In order of importance, the following five fundamental criteria are followed in the investment program: 1) safety of principal; 2) limiting credit risk liquidity; 3) limiting interest rate risk; 4) liquidity and; 5) return on investment.



### **Procurement Policy**

The District's procurement policy creates uniform procedures for acquiring equipment, and goods and services for its operations. The primary purpose of this policy is to provide for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at the best available price, consistent with the needs of the District.

### **Accounting System and Controls**

The District uses the Tyler Technologies financial accounting system to record its financial transactions. Management has established a system of internal controls that provide a reasonable basis for protecting the District's assets from loss, theft, and misuse and compile sufficient reliable information for the preparation of the District's financial statements. At the end of the year, the District prepares a Comprehensive Annual Financial Report (CAFR) consisting of management's representations concerning the District's finances. An independent auditing firm audits this report and examines District internal controls and provides an opinion on the financial reporting and provides suggestions on ways to improve the internal control processes of the District.

### **Fund Structure and Descriptions**

Legally, the San Juan Water District is a single enterprise fund. For purposes of rate setting, reserve segregation and managerial reporting, the District utilizes four distinct funds as follows:

#### **Enterprise Funds:**

- Wholesale Operating Fund
- Retail Operating Fund

#### **Capital Outlay Funds:**

- Wholesale Capital Outlay Fund
- Retail Capital Outlay Fund

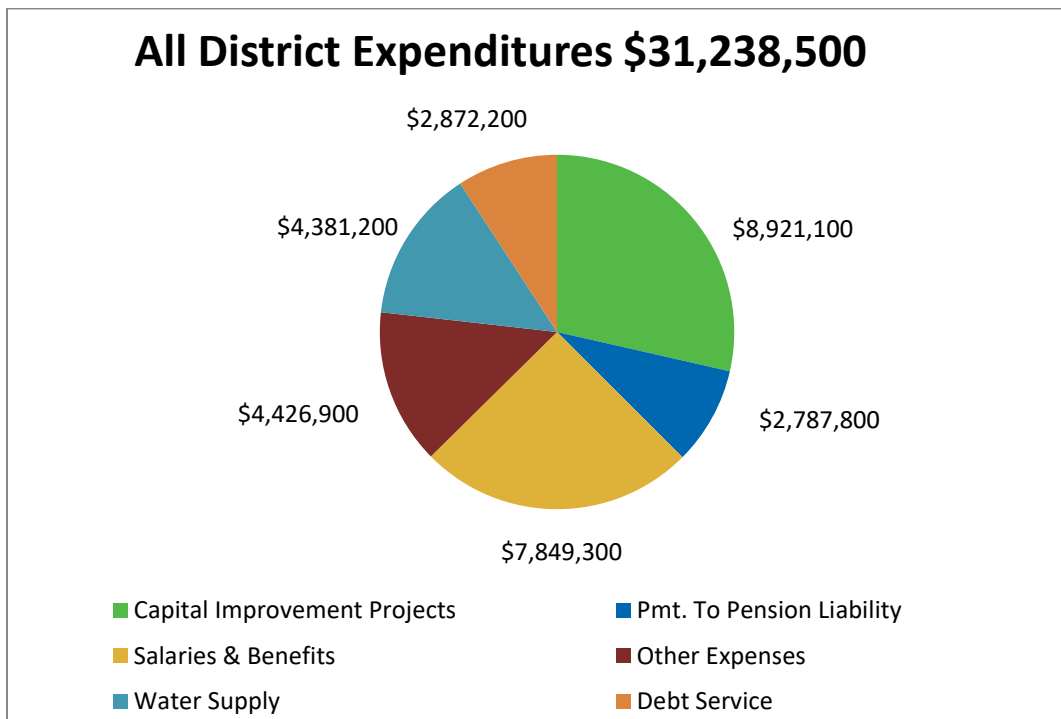
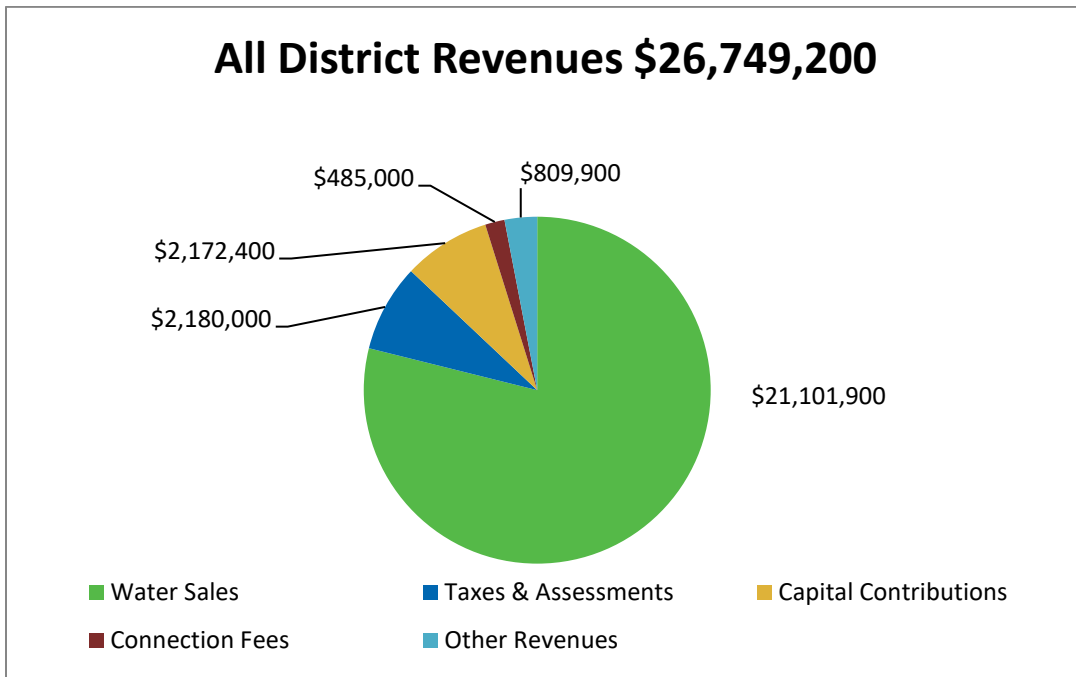
The funds are combined for purposes of formal financial reporting (audited financial statements). Budgets and descriptions for these funds can be found starting on page 35.

### **Budget Assumptions**

A budget is an estimate of revenues and expenditures for a set period of time. The creation of estimate involves a set of assumptions and it is important that the reader of this budget understands the assumptions used in preparing the revenue and expenditures estimates contained herein. The list below shares the primary assumptions used in the creation of this budget:

- Water rates from Board adopted 5-Year Rate Schedule
- 22.5% increase in Wholesale water deliveries, based on estimates provided by wholesale customers.
- Treatment of 7,500 acre feet of water for Sacramento Suburban Water District
- 15% increase in Retail Water Sales
- Property taxes increase 4%
- No Central Valley Project water to be purchased
- 6% increase Workers Compensation rates
- 6.6% increase in Health Care costs
- Cost of Living Allowance (COLA) 2.5%, tied to the Western Cities CPI

**Estimated Sources and Uses of Funds – Summary**



**Estimated Sources and Uses of Funds – Summary**

	Wholesale Operations	Wholesale Capital Outlay	Retail Operations	Retail Capital Outlay	Total
Est. Beginning Available Reserves July 1, 2017	\$ 1,887,212	\$ 5,465,972	\$ 2,342,317	\$ 6,368,622	\$ 16,064,124
<b>Sources</b>					
Water Sales	10,385,100	-	10,716,800	-	21,101,900
Taxes & Assessments	-	1,090,000	-	1,090,000	2,180,000
Capital Contributions	-	2,172,400	-	-	2,172,400
Connection Fees	-	35,000	-	450,000	485,000
Other Revenues	150,500	60,000	539,400	60,000	809,900
<b>Total Revenues</b>	<b>10,535,600</b>	<b>3,357,400</b>	<b>11,256,200</b>	<b>1,600,000</b>	<b>26,749,200</b>
<b>Uses</b>					
Capital Improvement Projects	-	3,272,100	-	5,649,000	8,921,100
Salaries & Benefits	3,440,900	-	4,408,400	-	7,849,300
Pmt. Towards Pension Liability	1,175,000	-	1,612,800	-	2,787,800
Water Supply	1,300,600	-	3,080,600	-	4,381,200
Debt Service - Interest	939,800	-	522,300	-	1,462,100
Debt Service - Principal	906,300	-	503,800	-	1,410,100
Other Expenses	2,218,200	-	2,208,700	-	4,426,900
<b>Total Expenses</b>	<b>9,980,800</b>	<b>3,272,100</b>	<b>12,336,600</b>	<b>5,649,000</b>	<b>31,238,500</b>
<b>Net Sources and Uses</b>	<b>\$ 554,800</b>	<b>\$ 85,300</b>	<b>\$ (1,080,400)</b>	<b>\$ (4,049,000)</b>	<b>\$ (4,489,300)</b>
Transfer In/(Out)	(169,300)	169,300	1,394,700	(1,394,700)	-
<b>Ending Available Reserves Est.</b>	<b>\$ 2,272,712</b>	<b>\$ 5,720,572</b>	<b>\$ 2,656,617</b>	<b>\$ 924,922</b>	<b>\$ 11,574,824</b>

# MAJOR REVENUES AND EXPENDITURES



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## MAJOR REVENUES AND EXPENDITURES

In order to assist in understanding the fiscal trends facing the San Juan Water District, and the assumptions utilized in preparing this budget, the following discussion and analysis of the District’s major revenues and expenditures are presented.

### Water Sales

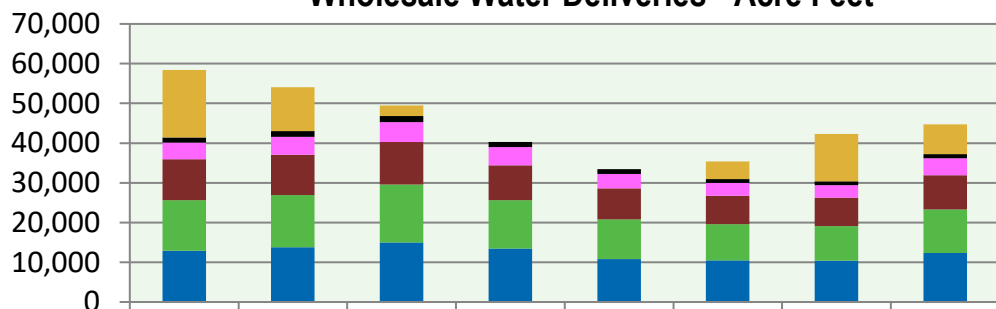
Revenue from the sale of water accounts for 79% of all District revenues. Water revenues are driven by two primary factors, the amount of water sold and the rate per unit. The Board of Directors considers and adopts rates through separate processes for wholesale and retail. Wholesale customers are presented with a rate study and are given 150 days to provide comments to the Board of Directors on proposed rate changes. After the 150 day comment period, the Board of Directors review the comments and make a decision on rates for the upcoming calendar year.

Retail rates are subject to the provision of Proposition 218 wherein customers are provided information on proposed rate changes, and are invited to attend a public hearing on the proposed changes. Proposed rate changes can be denied if a majority of ratepayers submit votes against the proposed change. If a majority of “no” votes is not received, the Board of Directors will vote on the proposed rate increase and set the effective date for any proposed and approved changes.

The District recently completed a Financial Plan and adopted a 5-Year Rate Schedule for both wholesale and retail water rates.

The charts below show water deliveries and water revenues from fiscal year 2010-11 to current.

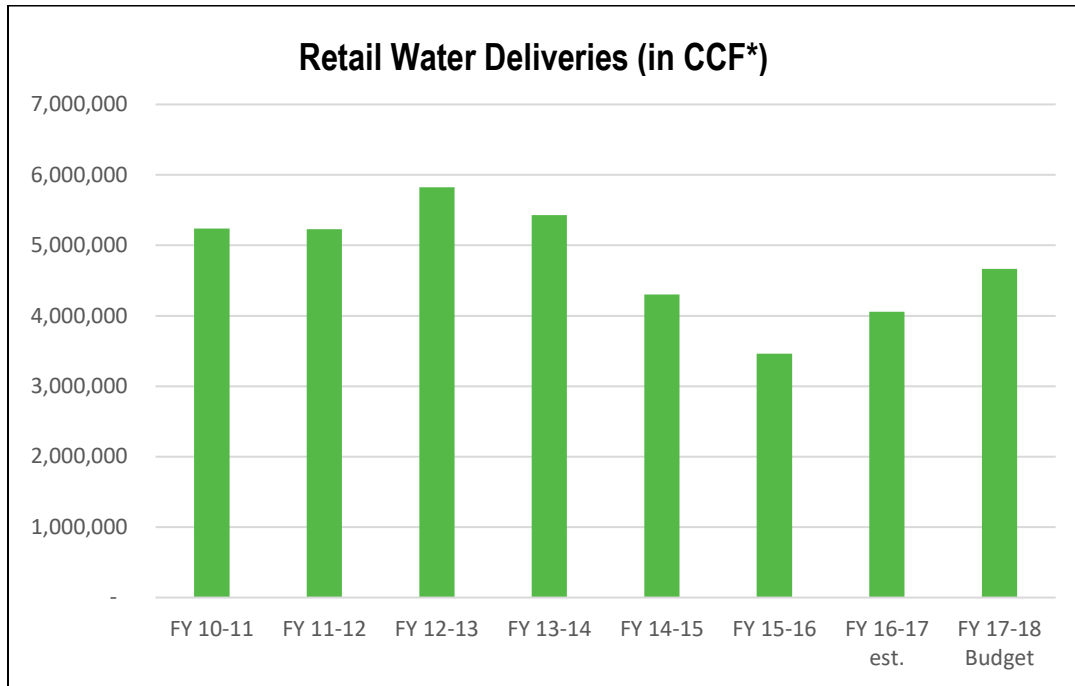
**Wholesale Water Deliveries - Acre Feet**



	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17 est.	FY 17-18 Budget
SSWD	16,978	11,016	2,673	-	-	4,468	11,891	7,500
City of Folsom	1,308	1,469	1,507	1,299	1,187	963	981	1,050
Orangevale Water Company	4,215	4,506	5,023	4,586	3,671	3,190	3,145	4,250
Fair Oaks Water District	10,307	10,122	10,740	8,766	7,787	7,137	7,182	8,618
Citrus Heights Water District	12,684	13,091	14,526	12,160	10,016	9,134	8,641	11,000
San Juan Retail Service Area	12,934	13,823	15,018	13,475	10,780	10,484	10,430	12,312

# San Juan Water District

## Fiscal Year 2017–2018 Budget



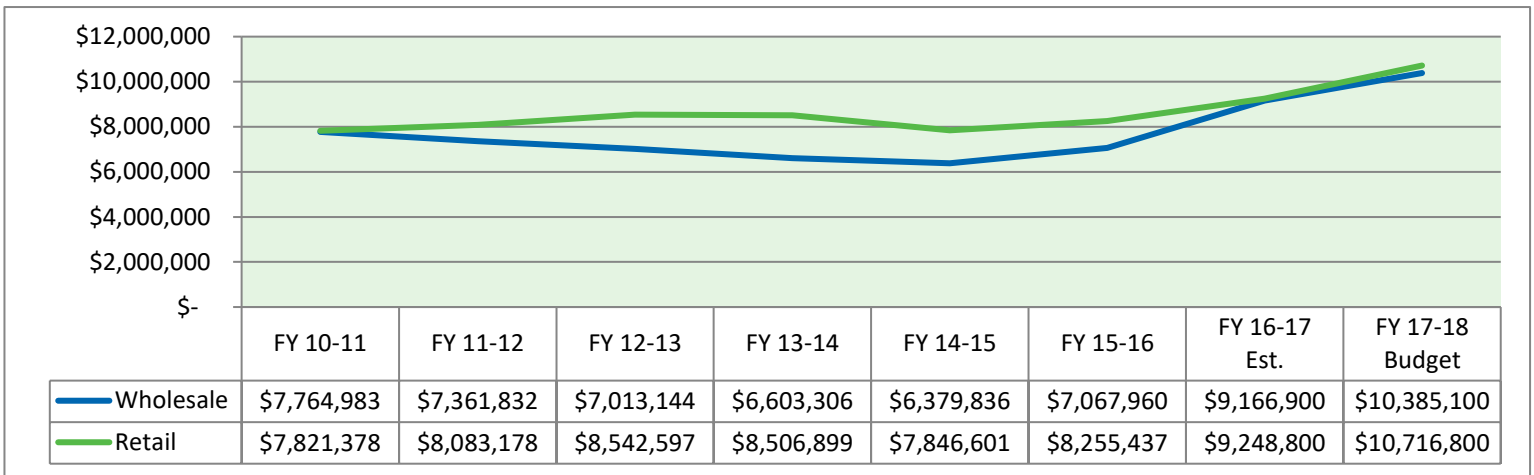
\* CCF = centum cubic feet or "hundreds of cubic feet"  
1 CCF = 7.48 gallons

The recent drought caused a significant decline in water deliveries. Wholesale water deliveries began a steady decline in FY 2011-12, followed by Retail two years later. Wholesale water deliveries reached their low in FY 2014-15 and retail reached its low in FY 2015-16. With the drought “officially” over, the District anticipates increased wholesale water demand in FY 2017-18, at a total of 44,730 acre feet. The District periodically treats water for the Sacramento Suburban Water District (see orange component in chart). Sacramento Suburban Water District confirmed they will be requesting treatment of 7,500 acre feet of water by December 2017, therefore the associated revenues were included in this budget. The estimates for water deliveries to the other listed water agencies are based upon their respective estimates.

The end of the drought is expected to result in increased water demand in the retail service area as well. This budget assumes retail water deliveries of 4.66 million CCFs, a 15% increase from the prior fiscal year.



**Water Sale Revenues**



Wholesale water sale revenues declined steadily from fiscal year 2010-11 through fiscal year 2014-15. Revenues began to increase in FY 2015-16 due to increased consumption. FY 2017-18 revenues are expected to continue to increase due to increased consumption assumptions combined with an effective 16% rate increase that went into effect on January 1, 2017 and a Board approved 9% rate increase that goes into effect on January 1, 2018.

In FY 2011-12, Retail water use was relatively constant from the prior year, but due to a 2% rate increase, effective the prior January, revenues were slightly up. In FY 2012-13, water use increased 11% and while there was no rate increase in the prior year, there was an inflation adjustment of 2% mid-way through the year, resulting in an increase in revenues. In FY 2013-14, water use began a multi-year decline, but a mid-year 2% rate increase, combined with the prior year 2% increase resulted in revenues that were just slightly lower than the prior year. In FY 2014-15, water use dropped significantly as a result of the drought. The District restructured their rates and at the end of the year, in June 2015, implemented a drought surcharge. Revenues for FY 2014-15 fell 7.8% from the prior year. In FY 2015-16, water use continued its sharp decline but due to the drought surcharge and a 15% rate increase in January 2016, revenues were restored to FY 2013-14 levels. The drought surcharge was removed April 1, 2016.

The District is experiencing increased retail water demand in FY 2016-17 and with the drought over anticipates water use will increase further in FY 2017-18. The Board of Directors approved a Five-Year rate schedule that resulted in an effective 8% rate increase on May 1, 2017 and will cause a 9% rate increase on January 1, 2018. Those rate increases, combined with increased consumption are expected to produce 15.9% increase in retail water sale revenues for FY 2017-18.

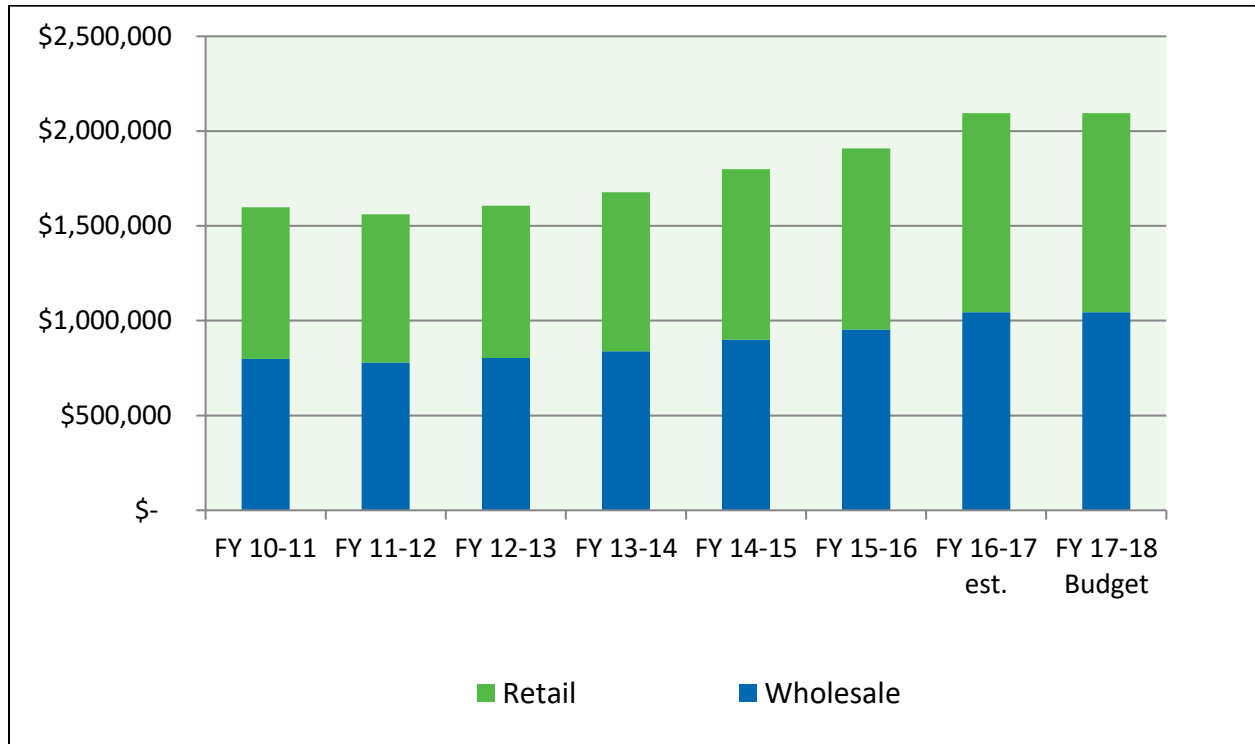
# San Juan Water District

## Fiscal Year 2017–2018 Budget

### Property Tax

Representing approximately 10% of total District revenues, the Property Tax is the second largest revenue source. Property Tax revenue is shared evenly between Wholesale and Retail and has been designated by the Board of Directors to be spent on capital projects, not operations.

Property Tax Revenues

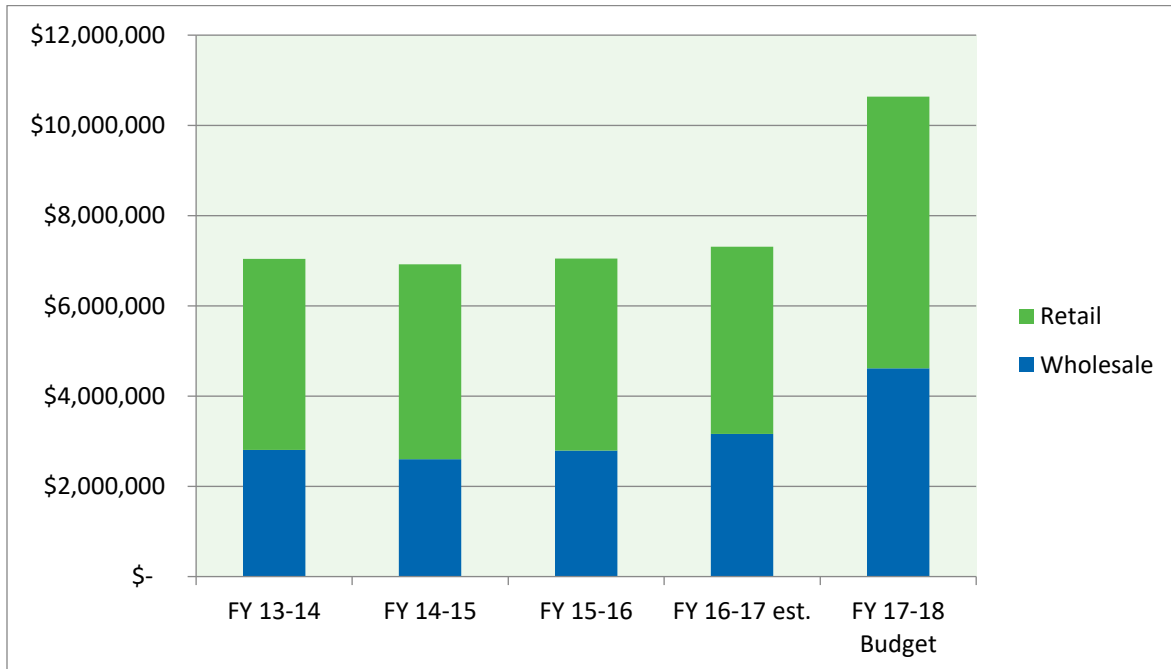


Property Tax revenues have been increasing over the past four years, a result of the rebound in the housing market after the Great Recession. This budget anticipates a 4% increase in Property Tax revenues.

### Salaries and Benefits

Aside from the Capital Improvement Program, Salaries and Benefits represent the largest expense of the District.

#### Salaries and Benefits



Salary and Benefit costs are expected to increase by \$3,328,800 or 46% due to the following factors:

1. Pay off Unfunded Pension Liability - \$2,787,800 (\$1,175,000 wholesale, \$1,612,800 retail). But for this one-time payment, Salaries and Benefits would be increasing 7.1%.
2. Addition of Water Treatment Plant Operator position (\$123,400 - wholesale)
3. Potential Merit Pay Increases (\$52,100: \$29,800 wholesale and \$22,300 retail) (calculated after application of cost of living adjustment)
4. Cost of Living Adjustment 2.5% or Incentive Award Program (\$134,800: \$58,200 wholesale and \$76,600 - retail)

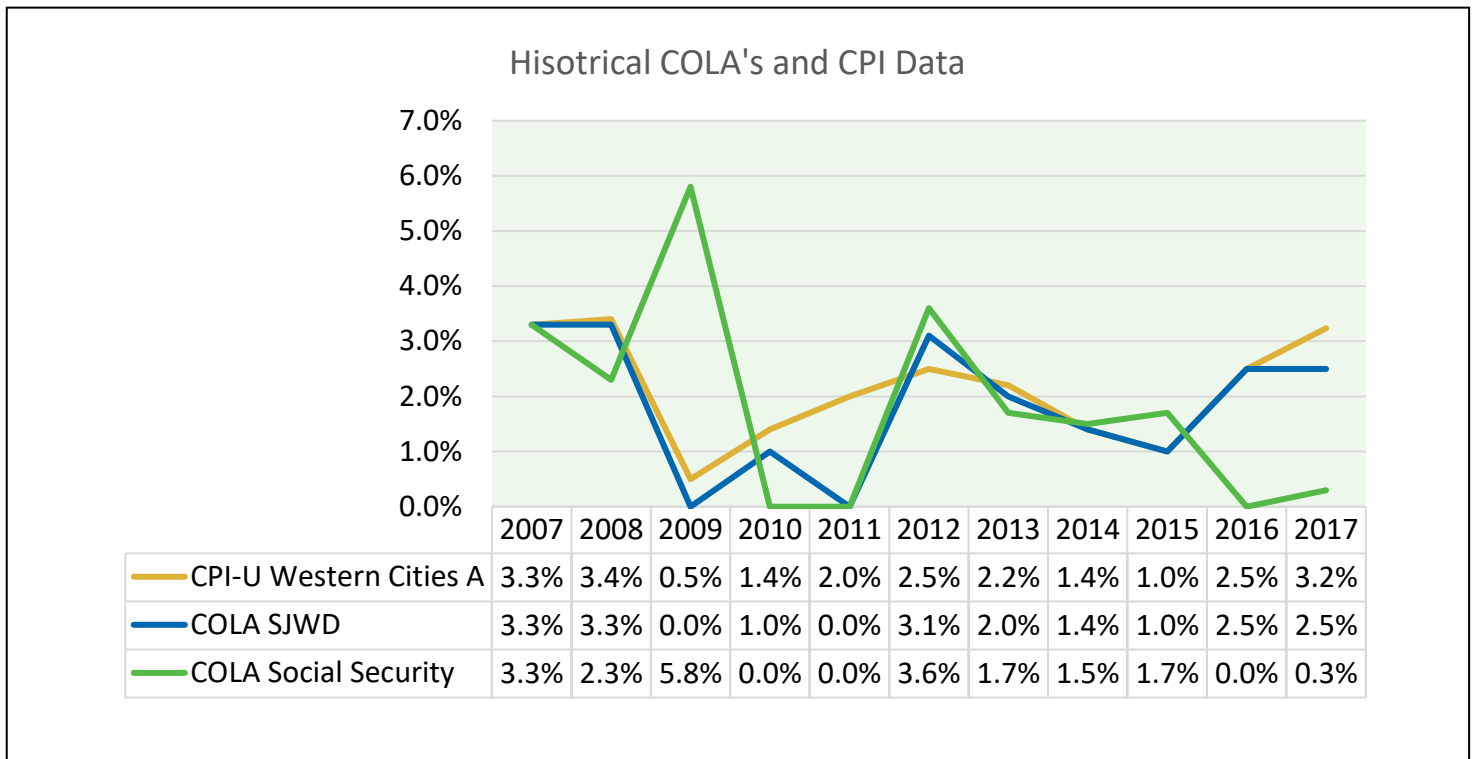
The level of District staffing (number of employees) has remained relatively unchanged for many years. In FY 2016-17 the Board of Directors approved the addition of one Water Treatment Plant Operator.

The budget anticipates a modest amount for merit pay increases, if earned and awarded, for those employees who are not at the top of their range. Approximately 30% of the District’s employees are at the top of the salary range.

# San Juan Water District

## Fiscal Year 2017–2018 Budget

The District does periodic compensation studies to ensure it is offering a fair and competitive compensation package to its employees. Between compensation studies, the District considers annual cost of living adjustments (COLA), generally tied to the Western Cities Consumer Price Index (CPI). The award of the COLA is not automatic. It is subject to Board of Directors approval. The chart below summarizes historical COLA's approved by the Board of Directors and provides a comparison of those adjustments to both the Western Cities Consumer Price Index, as well as the COLA's awarded to Social Security recipients. Social Security uses a different index to calculate and award COLA's.



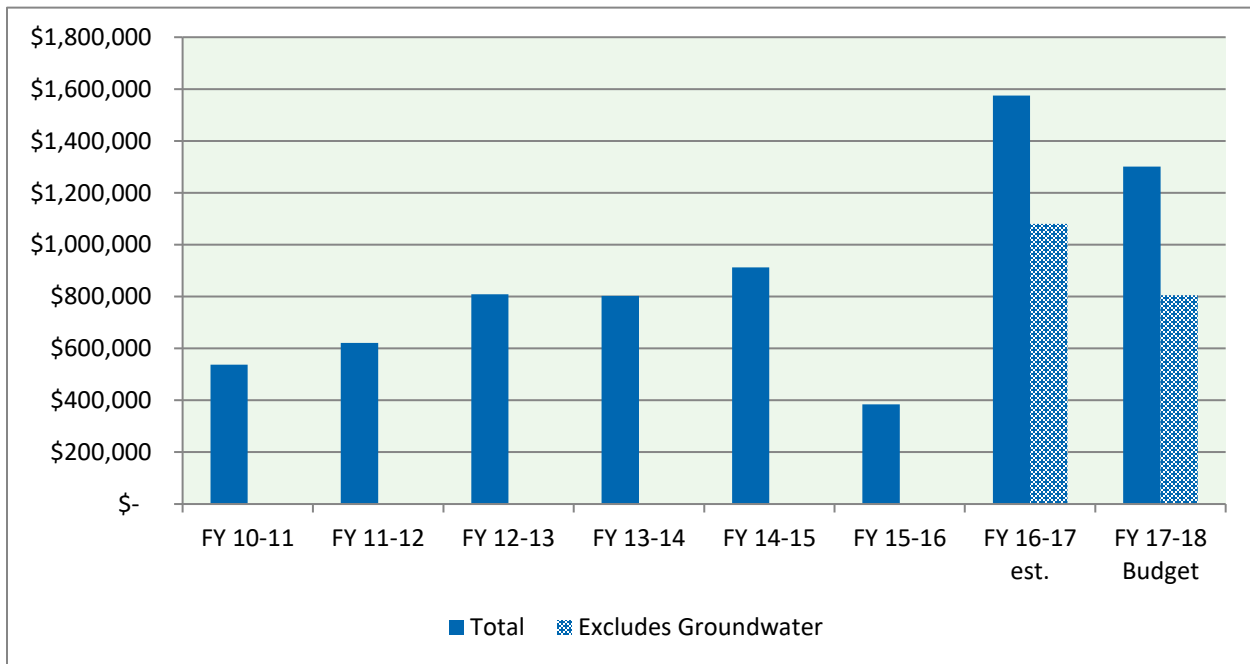
The Board of Directors considers annual Cost of Living Adjustments with each budget cycle. The District completed and implemented a compensation study in 2015. The implementation of the study to salary ranges is effectively a “re-start” on the comparison of cumulative COLA adjustments as the study brought compensation to market levels, removing any disparity from previous year COLA's.

This budget includes a placeholder for a 2.5% COLA adjustment for employees, slightly less than the 3.2% increase in the Western Cities CPI. The Board may choose, at its discretion, to fund an incentive awards program in lieu of a cost of living adjustment.

### Water Supply Costs

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 (CVP water). The third water source is a contract with Placer County Water Agency (PCWA) 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 2015-16 was 30,907 acre-feet and is anticipated to be 30,379 acre-feet for Fiscal Year 2016-17, and 37,230 for Fiscal Year 2017-2018, excluding pass through deliveries for Sacramento Suburban Water District.

### Wholesale Water Supply Cost



As illustrated in the chart above, water supply costs increased significantly in Fiscal Year 2016-2017. There are two primary reasons for this increase. First, the agreement with PCWA requires the District to pay for 25,000 acre feet of water, regardless of how much water the District actually takes. However, in periods of drought, the District is allowed to pay for the greater of 10,000 acre feet or the actual amount delivered. With the drought officially over in FY 2016-17 the cost of PCWA rose. Second, in 2008 a surface water shortage and reimbursement agreement to provide groundwater supplies during times of surface water shortage was prepared, and referenced in the signed 2008 Wholesale Water Supply Agreements, but was never executed. Nevertheless, the District, in its capacity as the wholesale supplier, determined that there was a potential need for groundwater pumping between 2009 and 2013, and asked both the Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD) to maintain their readiness to

# San Juan Water District

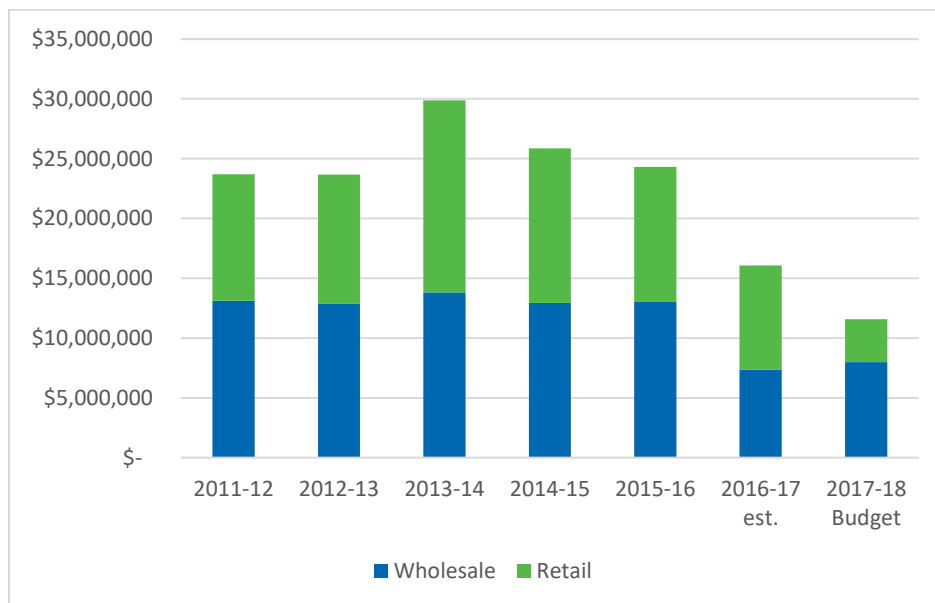
## Fiscal Year 2017–2018 Budget

supply groundwater. In 2014, due to a shortage in surface water supplies caused by a third year of drought, San Juan Water District requested groundwater to be pumped. Both CHWD and FOWD failed to provide the District with annual bills for both their incremental costs to maintain active wells and for the pumping which occurred in 2014. In 2014, the District was provided with bills in the approximate amount of \$4 million. The District disputed the amount, and the cost was settled in FY 2016-17 at \$1,981,440 to be repaid over a 4 year period ending in FY 2019-20. This budget includes a payment of \$495,400 for this reimbursement. The light blue bar on the graph above shows water supply costs for fiscal year 2016-2017 and 2017-2018 without the payment towards the groundwater reimbursement.

After removing the effect of the groundwater reimbursement, water supply costs for 2017-2018 are lower than in prior years, in spite of an assumed increase in demand. This is due to the cost of water purchased from PCWA. Per the contract between the District and the PCWA, the cost of PCWA water is calculated as the average of the District's CVP rate and the CVP rate for the City of Roseville and PCWA. The cost of the CVP water is set by the United States Department of the Interior, Bureau of Reclamation (the Bureau). Due to an abundance of water supplies, the Bureau reduced the CVP rate by 35% for 2017, causing a like decrease in PCWA water rate.

### Reserve Summary

#### Wholesale and Retail Operating and Capital Reserves Combined



The combination of the Great Recession, followed by the drought, resulted in the need to defer maintenance and capital projects and utilize reserves to augment operations and critical capital projects. This is illustrated above by the sharp decline in District reserve

balances. In May 2017 the Board approved and made a \$4,112,000 payment to CalPERS to help pay down the existing unfunded pension liability. This District was paying 7.5% interest on this liability, but only earning approximately 1.5% on its reserves. By drawing down reserves to pay down this debt, the District will save in excess of \$4 million over the next 15 to 20 years, with annual savings of approximately \$300,000. These savings can be used to fund critical infrastructure needs or to reduce the need for future rate increases. In addition, this budget includes a payment of \$2,787,800 to CalPERS, intended to completely payoff the existing unfunded pension liability.

The District recently completed a Five Year Financial Plan and implemented a five year rate structure that is intended to replenish reserves and ensure that the District can continue in its mission to deliver a reliable water supply of the highest quality at reasonable and equitable costs.

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# OPERATING FUNDS



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### **OPERATING FUNDS**

The Wholesale and Retail Operating Funds account for the operations of the District. Department operating costs are shared and split between Wholesale and Retail based upon the proportionate benefit received by each, which can differ from person to person, department to department and expense to expense. The District is comprised of the following functional areas, or departments:

#### **Administration and General**

The functional area of Administration and General is a combination of the following departments: Board of Directors, Executive, Finance, Administration, Human Resources, and Information Technology. Overall District costs related to general operations, legal, insurance and office expenses are recorded in this category.

Major initiatives/projects for the Fiscal Year include:

- Updating District Ordinances and Policies
- Water Fix - ensuring our customers are not negatively impacted by the construction and operation of the new Delta “tunnels” which are designed to provide reliable water transmission from north to south of the Delta
- Evaluating existing water supply contracts and rights for best combination of dry year reliability and cost
- Improving District website for look, feel and functionality
- Establishing Strategic Goals and Performance Metrics

#### **Conservation**

The Conservation Department is responsible for creating and implementing programs and services that reduce water use to meet federal, state and local commitments.

Major initiatives/projects for the Fiscal Year include:

- Rehabilitate outdated sections of the demonstration WEL (Water Efficient Landscape) Garden (wholesale)
- Provide educational customer workshops and an annual mulch give-a-way event (wholesale)
- Implement rebate incentive programs and provide on-site customer assistance to support State mandated water use reductions requirements
- Develop and coordinate a student art calendar contest to be distributed to all wholesale agencies

### **Customer Service**

The Customer Service Department is responsible for the billing and collection of water service revenue from San Juan Water District Retail customers and is the initial point of contact for customer inquiries. This includes the establishment of new water service, modifications to existing service, payments, delinquency cutoffs, and meter reading.

Major initiatives/projects for the Fiscal Year include:

- Purchase utility billing module of newly implemented Tyler Accounting System and migrate from existing utility billing software
- Work with Field Service staff to update manually read meters with radio or touch read meters to improve reading efficiency
- Work with Field Service staff to diagnose customer meter problems and repair promptly

### **Engineering Services**

This Department is responsible for planning, designing and managing capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component. See pages 46 and 50 for a complete listing of planned projects.

### **Water Treatment**

This Department maintains and operates the Sidney N. Peterson Water Treatment Plant (the Plant). The Plant is staffed and operated continuously, 24 hours per day, 7 days per week and 365 days per year. The Department also maintains the Hinkle Reservoir, a 62 million gallon floating covered reservoir, where treated water is stored prior to distribution. The plant supplies potable water to the Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, City of Folsom's northern area (Ashland), Sacramento Suburban Water District, as well as San Juan Water District's retail service area.

Major initiatives/projects for the Fiscal Year include:

- Completion of the Flocculation/Sedimentation Improvement Project – a construction project replacing existing flocculation and sedimentation equipment and constructing a new redundant settled water channel for increased reliability
- Alum feed pump and controls replacement
- SCADA integration of in-plant pumps and Hinkle underdrain system
- Equalization Basin pump rehabilitation
- Backwash pump rehabilitation
- Electrical rehabilitation of lime feeder electrical panel and conduits
- Finalize study of utilization of UV254 for effectively reading Total Organic Levels

### **Distribution (Field Services)**

This Department operates and maintains Wholesale and Retail water transmission and distribution pipelines ranging in size from 6” to 96” in diameter and totaling over 217 miles in length, including water meters, air release valves and other appurtenances. The Department also maintains and operates six pump stations and three reservoirs ranging from 0.05 to 4.56 million gallons within the Retail system. The Department responds to emergency repairs, works directly with customers, and monitors and maintains water quality standards in the system to meet all federal and state drinking standards.

Major initiatives/projects for the Fiscal Year include:

- Replace main distribution lines in 8 locations within the retail service area.
- Improve and/or install pressure reducing stations at 5 locations.
- Continue backflow testing program
- Complete an evaluation of the District’s Comprehensive Safety Program
- Complete significant maintenance work at pump stations and the main District campus.

### Wholesale Operating Fund

The Wholesale Operating Fund is used to account for the operating revenues and expenses of the Wholesale division. This includes the acquisition of raw water, the water treatment plant, and the related administrative support to conduct wholesale water activities. This fund holds and is used to report on all wholesale operating reserves.

#### ADOPTED FISCAL YEAR 2017-2018 BUDGET

	<u>Wholesale Operations</u>
<b>Est. Beginning Available Reserves July 1, 2016</b>	<b>\$ 1,887,212</b>
Sources	
Water Sales	10,385,100
Other Revenues	150,500
<b>Total Sources</b>	<b>\$ 10,535,600</b>
Uses	
Salaries & Benefits	3,440,900
Pmt. Towards Unfunded Pension Liability	1,175,000
Water Supply	1,300,600
Other Expenses	2,218,200
Debt Service - Interest	939,800
Debt Service - Principal	906,300
<b>Total Uses</b>	<b>\$ 9,980,800</b>
<b>Net Sources and Uses</b>	<b>\$ 554,800</b>
Transfer In/(Out)	(169,300)
<b>Est. Ending Available Reserves June 30, 2017</b>	<b>\$ 2,272,712</b>

**WHOLESALE OPERATING FUND SUMMARY**

	FY 2014-2015	FY 2015-2016	FY 2016-2017 Estimated	FY 2017-2018 Budget
<b>Est. Beginning Available Reserves</b>	\$ 13,826,746	\$ 14,474,812	\$ 3,859,913	\$ 1,887,213
<b>Sources</b>				
Water Sales	6,379,836	7,067,960	9,166,900	10,385,100
Capital Contributions	370,250	-	-	-
Connection Fees	112,615	-	-	-
Taxes & Assessments	899,732	-	-	-
Rebates	399,179	-	-	-
Other Revenues	338,246	235,743	191,700	150,500
<b>Total Revenues</b>	\$ 8,499,858	\$ 7,303,702	\$ 9,358,600	\$ 10,535,600
<b>Uses</b>				
<b>Administration and General:</b>				
Salaries & Benefits	852,026	1,143,708	1,404,600	1,385,600
Professional Services	382,644	515,070	613,200	425,700
Maintenance and Repair	14,657	67,425	100,200	89,600
Materials and Supplies	23,058	11,157	27,400	13,000
Public Outreach	160,670	166,536	264,200	166,300
Other Expenses	186,607	181,911	299,800	280,700
<b>Total Administration and General</b>	1,619,662	2,085,806	2,709,400	2,360,900
<b>Water Treatment Plant</b>				
Salaries & Benefits	1,386,438	1,271,105	1,450,500	1,729,000
Professional Services	14,055	47,790	44,000	39,900
Maintenance and Repair	234,476	227,093	222,800	392,100
Materials and Supplies	423,436	387,776	552,400	532,100
Other Expenses	205,659	73,661	135,700	190,900
<b>Total Water Treatment Plant</b>	2,264,064	2,007,425	2,405,400	2,884,000
<b>Water Supply</b>				
Placer County Water Agency	550,442	154,566	924,000	640,300
Purchase of Treated Water (Groundwater)	-	-	495,400	495,400
Pumping to Treatment Plant	108,540	76,289	111,000	119,700
Pre - 1914 Water Rights Water	17,892	19,420	20,400	21,400
Central Valley Project Water	150,152	59,704	3,500	-
Other	84,960	74,850	21,100	23,800
<b>Total Water Supply</b>	911,988	384,830	1,575,400	1,300,600
<b>Engineering</b>				
Salaries & Benefits	203,946	298,198	302,400	326,300
Professional Services	(32,797)	3,353	29,800	7,900
Maintenance and Repair	5,786	1,901	2,900	2,200
Materials and Supplies	656	6,911	3,100	5,300
Other Expenses	(40,009)	6,598	10,300	13,700
<b>Total Engineering</b>	137,582	316,961	348,500	355,400
<b>Conservation</b>				
Salaries & Benefits	157,444	83,214	7,600	-
Professional Services	574	-	3,500	8,000
Maintenance and Repair	7,484	8,899	10,300	23,500
Materials and Supplies	14	14,521	10,100	10,100
Other Expenses	8,346	3,583	13,800	14,400
<b>Total Conservation</b>	173,862	110,217	45,300	56,000
<b>Non-Departmental</b>				
Debt Service - Principal	563,833	587,700	607,500	906,300
Debt Service - Interest	1,435,587	1,352,680	1,389,400	939,800
Capital Improvement Projects	78,898	-	-	-
Addl. Pymt. Towards Unfunded	-	-	-	-
<b>Pension Liability</b>	-	-	1,725,000	1,175,000
Other	666,315	2,344	4,700	2,800
<b>Total Non-Departmental</b>	2,744,633	1,942,724	3,726,600	3,023,900
<b>Total Uses</b>	\$ 7,851,791	\$ 6,847,963	\$ 10,810,600	\$ 9,980,801
<b>Transfers (To)/From:</b>				
Establish Capital Reserve Fund	-	(11,203,318)	-	-
Capital Outlay Fund for Pension Liability Payment	-	-	1,311,100	-
Year End Transfer (To)/From Capital Outlay Fund	-	132,679	(1,831,800)	(169,300)
<b>Est. Ending Available Reserves</b>	\$ 14,474,812	\$ 3,859,913	\$ 1,887,213	\$ 2,272,712

# San Juan Water District

## Fiscal Year 2017–2018 Budget

### Retail Operating Fund

The Retail Operating Fund is used to account for the operating revenues and expenses of the retail service area. This includes the payment to the Wholesale fund for the cost of treated water, as well as the distribution of the treated water to all customers in the District's retail service area, including related administrative support. This fund holds and is used to report on all retail operating reserves.

#### ADOPTED FISCAL YEAR 2017-2018 BUDGET

	<u>Retail Operations</u>
<b>Est. Beginning Available Reserves July 1, 2017</b>	<b>\$ 2,342,317</b>
Sources	
Water Sales	10,716,800
Other Revenues	539,400
Total Revenues	<u>\$ 11,256,200</u>
Uses	
Salaries & Benefits	4,408,400
Pmt. Towards Unfunded Pension Liability	1,612,800
Treated Water	3,080,600
Other Expenses	2,208,700
Debt Service - Interest	522,300
Debt Service - Principal	503,800
Total Expenses	<u>\$ 12,336,600</u>
Net Sources and Uses	<u>\$ (1,080,400)</u>
Transfer In/(Out)	1,394,700
<b>Est. Ending Available Reserves June 30, 2018</b>	<b><u>\$ 2,656,617</u></b>



**RETAIL OPERATING FUND SUMMARY**

	FY 2014-2015	FY 2015-2016	FY 2016-2017 Estimated	FY 2017-2018 Proposed
<b>Est. Beginning Available Reserves</b>	<b>\$ 16,053,582</b>	<b>\$ 12,926,038</b>	<b>\$ 2,678,017</b>	<b>\$ 2,342,318</b>
<b>Sources</b>				
Water Sales	7,846,601	8,255,437	9,248,800	10,716,800
Capital Contributions	589,599	-	-	-
Connection Fees	908,072	-	-	-
Taxes & Assessments	899,732	-	-	-
Rebates	8,739	-	-	-
Other Revenues	246,124	490,229	407,400	539,400
<b>Total Revenues</b>	<b>\$ 10,498,867</b>	<b>\$ 8,745,665</b>	<b>\$ 9,656,200</b>	<b>\$ 11,256,200</b>
<b>Uses</b>				
<b>Administration and General:</b>				
Salaries & Benefits	1,094,090	1,112,490	1,112,000	1,069,400
Professional Services	237,474	214,613	225,400	185,900
Maintenance and Repair	12,454	7,367	15,700	11,000
Materials and Supplies	20,362	11,198	15,200	12,100
Public Outreach	92,484	65,173	70,400	167,800
Other Expenses	270,503	282,268	336,300	260,100
<b>Total Administration and General</b>	<b>\$ 1,727,367</b>	<b>\$ 1,693,109</b>	<b>\$ 1,775,000</b>	<b>\$ 1,706,300</b>
<b>Distribution System</b>				
Salaries & Benefits	1,957,512	1,944,300	257,700	2,224,200
Professional Services	173,424	170,586	317,200	363,900
Maintenance and Repair	69,446	102,904	258,900	154,200
Materials and Supplies	205,137	161,880	207,600	210,500
Other Expenses	433,080	281,814	1,992,300	375,400
<b>Total Distribution System</b>	<b>\$ 2,838,600</b>	<b>\$ 2,661,485</b>	<b>\$ 3,033,700</b>	<b>\$ 3,328,200</b>
<b>Water Supply</b>				
Purchase Water from Wholesale	2,217,448	2,531,576	2,738,500	3,080,600
Other	25,246	20,166	-	-
<b>Total Water Supply</b>	<b>\$ 2,242,694</b>	<b>\$ 2,551,742</b>	<b>\$ 2,738,500</b>	<b>\$ 3,080,600</b>
<b>Engineering</b>				
Salaries & Benefits	324,001	300,069	309,600	326,300
Professional Services	7,289	4,143	33,200	15,900
Maintenance and Repair	3,201	2,028	3,500	2,200
Materials and Supplies	2,983	7,451	3,300	7,500
Other Expenses	19,514	10,649	10,600	113,900
<b>Total Engineering</b>	<b>\$ 356,988</b>	<b>\$ 324,339</b>	<b>\$ 360,200</b>	<b>\$ 465,800</b>
<b>Conservation</b>				
Salaries & Benefits	422,080	469,484	403,200	368,100
Professional Services	35,202	70,063	65,000	14,000
Maintenance and Repair	2,820	4,811	4,000	2,500
Materials and Supplies	8,815	3,952	8,200	12,100
Other Expenses	109,363	106,139	63,900	55,800
<b>Total Conservation</b>	<b>\$ 578,279</b>	<b>\$ 654,449</b>	<b>\$ 544,300</b>	<b>\$ 452,500</b>
<b>Customer Service</b>				
Salaries & Benefits	394,667	416,852	404,500	420,400
Professional Services	126,947	109,261	113,600	138,100
Maintenance and Repair	33,086	4,215	2,600	5,600
Materials and Supplies	26,903	29,118	36,500	36,300
Other Expenses	13,867	41,208	56,300	60,500
<b>Total Customer Service</b>	<b>\$ 595,471</b>	<b>\$ 600,655</b>	<b>\$ 613,500</b>	<b>\$ 660,900</b>
<b>Non-Departmental</b>				
Debt Service - Principal	297,198	309,636	320,400	503,800
Debt Service - Interest	798,317	786,971	774,200	522,300
Capital Improvement Projects	4,222,479	-	-	-
Addl. Pymt Towards Unfunded Pension Liability	-	-	2,387,000	1,612,800
Other	(30,983)	(31,043)	3,300	3,400
<b>Total Non-Departmental</b>	<b>\$ 5,287,011</b>	<b>\$ 1,065,564</b>	<b>\$ 3,484,900</b>	<b>\$ 2,642,300</b>
<b>Total Uses</b>	<b>\$ 13,626,411</b>	<b>\$ 9,551,343</b>	<b>\$ 12,550,100</b>	<b>\$ 12,336,600</b>
<b>Transfers (To)/From:</b>				
Establish Capital Reserve Fund	-	(10,331,774)	-	-
Capital Outlay Fund for Pension Liability Payment	-	-	1,976,800	1,394,700
Year End Transfer (To)/From Capital Outlay Fund	-	889,431	581,400	-
<b>Est. Ending Available Reserves</b>	<b>\$ 12,926,038</b>	<b>\$ 2,678,017</b>	<b>\$ 2,342,318</b>	<b>\$ 2,656,617</b>

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# CAPITAL FUNDS



### Wholesale Capital Outlay Fund

This fund was created in Fiscal Year 2015-2016 to receive and separately account for revenues that are designated by the Board of Directors to be utilized solely for wholesale capital expenditures and to account for the acquisition of wholesale capital assets, including large scale maintenance of capital assets and improvements made to such assets. Capital reserves were transferred out of operating into this new fund upon fund creation. This fund now holds and is used to report on all wholesale capital reserves.

#### ADOPTED FISCAL YEAR 2017-2018 BUDGET

	Wholesale Capital Outlay	
<b>Est. Beginning Available Reserves July 1, 2017</b>	<b>\$</b>	<b>5,465,972</b>
Sources		
Capital Contributions		2,172,400
Taxes & Assessments		1,090,000
Connection Fees		35,000
Other Revenues		60,000
<b>Total Sources</b>	<b>\$</b>	<b>3,357,400</b>
Uses		
Maintenance - Facility		2,253,500
Capital Improvement Projects		1,018,600
<b>Total Uses</b>	<b>\$</b>	<b>3,272,100</b>
<b>Net Sources and Uses</b>	<b>\$</b>	<b>85,300</b>
<b>Transfer In/(Out)</b>		<b>169,300</b>
<b>Est. Ending Available Reserves June 30, 2018</b>	<b>\$</b>	<b>5,720,572</b>

**WHOLESALE CAPITAL OUTLAY FUND SUMMARY**

	FY 2015-2016	FY 2016-2017 Estimated	FY 2017-2018 Budget
<b>Est. Beginning Available Reserves</b>	\$ -	\$ 9,162,739	\$ 5,465,972
<b>Sources</b>			
Taxes & Assessments	954,068	1,045,000	1,090,000
Capital Contributions	959,000	617,900	2,172,400
Rebates	391,436	180,900	-
Connection Fees	91,566	40,000	35,000
Other Revenues	93,969	73,300	60,000
<b>Total Sources</b>	<b>\$ 2,490,040</b>	<b>\$ 1,957,100</b>	<b>\$ 3,357,400</b>
<b>Uses</b>			
Contributions to Others	\$ 2,178,540	\$ -	\$ -
Capital Outlay - Water Treatment Plant & Improvements	1,295,334	5,927,000	697,800
Capital Outlay - Mains/Pipelines & Improvements	686,109	60,000	30,000
Capital Outlay - Equipment and Furniture	114,943	158,700	6,000
Capital Outlay - Vehicles	33,745	15,100	-
Capital Outlay - Buildings & Improvements	7,378	8,800	8,800
Capital Outlay - Reservoirs & Improvements	-	-	198,000
Capital Outlay - Software	4,159	-	78,000
Facility Maintenance	77,731	5,000	2,253,500
<b>Total Uses</b>	<b>\$ 4,397,940</b>	<b>\$ 6,174,600</b>	<b>\$ 3,272,100</b>
<b>Net Sources and Uses</b>	<b>\$ (1,907,900)</b>	<b>\$ (4,217,500)</b>	<b>\$ 85,300</b>
Transfer In	11,203,318	1,831,800	-
Transfer Out	(132,679)	(1,311,067)	169,300
<b>Est. Ending Available Reserves</b>	<b>\$ 9,162,739</b>	<b>\$ 5,465,972</b>	<b>\$ 5,720,572</b>

# San Juan Water District

## Fiscal Year 2017–2018 Budget

The **Wholesale Capital Outlay Budget** includes spending on the following projects in Fiscal Year 2017-2018:

<i>Facility Maintenance:</i>	
Fair Oaks 40 Transmission Pipeline Re-Lining	\$ 2,180,000
Hinkle Reservoir Cleaning and Repairs	50,000
AMAG Panel Upgrades	19,000
Variable Frequency Drives for Alum Feed Pumps	4,500
<i>Water Treatment Plant Improvements:</i>	
Flocculation/Sedimentation Basin & Settle Water Channel Improvements	510,000
Lime System Control & Feeder System Improvements	68,000
Alum Feed Pumps Replacement	55,500
Miscellaneous Plant Improvements	27,300
Backwash Hood Pumps	18,000
Flocculator Mix Motor Disconnect	11,000
Lime Grit Containment (Curbing & Cover)	8,000
<i>Reservoir Improvements:</i>	
Hinkle Reservoir Overflow Channel Lining (East of AFR)	109,000
Hinkle Reservoir Monitoring Wells Level Probes	59,000
Baldwin Reservoir Outlet Trashrack	30,000
<i>Software:</i>	
GIS Implementation	41,000
SCADA Expansion (Hinkle Underdrain, Alum & In Plant Pumps)	30,000
Server Upgrades	7,000
<i>Pipelines:</i>	
Baldwin Reservoir Raw Water Pipeline Project	30,000
<i>Building Improvements:</i>	
Administration Building Fire System Upgrades	8,800
<i>Equipment:</i>	
Fortinet Firewall Replacement	6,000
	\$ 3,272,100

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### Retail Capital Outlay Fund

This fund was created in Fiscal Year 2015-2016 to receive and separately account for revenues that are designated by the Board of Directors to be utilized solely for retail capital expenditures and to account for the acquisition of retail capital assets, including large scale maintenance of capital assets and improvements made to such assets. Capital reserves were transferred out of operating into this new fund upon fund creation. This fund now holds and is used to report on all retail capital reserves.

#### ADOPTED FISCAL YEAR 2017-2018 BUDGET

	<u>Retail Capital Outlay</u>
<b>Est. Beginning Available Reserves July 1, 2017</b>	<b>\$ 6,368,622</b>
Sources	
Taxes & Assessments	1,090,000
Connection Fees	450,000
Other Revenues	60,000
<b>Total Sources</b>	<b>\$ 1,600,000</b>
Uses	
Capital Improvement Projects	5,428,000
Facility Maintenance & Professional Services	221,000
<b>Total Uses</b>	<b>\$ 5,649,000</b>
<b>Net Sources and Uses</b>	<b>\$ (4,049,000)</b>
Transfer In/(Out)	(1,394,700)
<b>Est. Ending Available Reserves June 30, 2018</b>	<b>\$ 924,922</b>



**RETAIL CAPITAL FUND SUMMARY**

	FY 2015-2016	FY 2016-2017 Estimated	FY 2017-2018 Budget
<b>Est. Beginning Available Reserves</b>	<b>\$ -</b>	<b>\$ 8,618,422</b>	<b>\$ 6,368,622</b>
<b>Sources</b>			
Taxes & Assessments	954,067	1,050,000	1,090,000
Grant Revenue	705,625	-	-
Connection Fees	566,299	367,000	450,000
Other Revenues	93,502	98,600	60,000
<b>Total Sources</b>	<b>\$ 2,319,493</b>	<b>\$ 1,515,600</b>	<b>\$ 1,600,000</b>
<b>Uses</b>			
Capital Outlay - Mains/Pipelines & Improvements	1,431,486	350,500	3,683,600
Capital Outlay - Pump Stations & Improvements	1,391,403	62,200	1,250,800
Capital Outlay - Software	4,159	-	278,000
Capital Outlay - Buildings & Improvements	-	-	135,600
Capital Outlay - Equipment and Furniture	18,323	50,800	55,000
Capital Outlay - Land Improvements	-	-	15,000
Capital Outlay - Reservoirs & Improvements	3,184	461,300	10,000
Capital Outlay - Vehicles	95,283	264,400	-
Contributions to Others	199,575	17,600	-
Maintenance & Professional Services	-	400	221,000
<b>Total Uses</b>	<b>\$ 3,143,414</b>	<b>\$ 1,207,200</b>	<b>\$ 5,649,000</b>
<b>Net Sources and Uses</b>	<b>\$ (823,921)</b>	<b>\$ 308,400</b>	<b>\$ (4,049,000)</b>
Transfer In	10,331,774	-	-
Transfer Out	(889,431)	(2,558,200)	(1,394,700)
<b>Est. Ending Available Reserves</b>	<b>\$ 8,618,422</b>	<b>\$ 6,368,622</b>	<b>\$ 924,922</b>

# San Juan Water District

## Fiscal Year 2017–2018 Budget

The **Retail Capital Outlay Budget** includes spending on the following projects in Fiscal Year 2017-2018:

<i>Main Distribution Line Replacements:</i>	
6690-7767 Douglas Boulevard & Associated Small Mains	\$ 1,488,000
Spahn Ranch Road Main Extension	1,041,000
5700-5708 & 5640-5682 Main Avenue	327,900
7225-7355 Dambacher Drive	193,300
Sierra College & Douglas 12" (Easterly Crossing)	164,000
Lou Place 8" Troy Wat to Crown Point Vista	141,000
9151-9219 Oak Avenue 12" Main (Casa Robles H.S.)	115,900
Unidentified or Emergency Projects	90,500
North Glenn Bridge Crossing	70,000
Bacon 33" and Sierra 30" Access Point Installations	52,000
<i>Pump Station/Pressure Reducing Station Improvements:</i>	
Bacon Generator Replacements (2)	303,100
Bacon Pump Station/Sierra Control Valve Intertie	200,000
Upper & Lower Granite Bay Pump Station Low Flow Pumps	169,500
Canyon Falls Village Pressure Reducing Station Replacement	150,000
Olive Ranch Pressure Reducing Station	124,000
Cavitt Stallman Pressure Reducing Station	123,300
Oak Avenue - American River Canyon Pressure Reducing Station	114,900
Lower Granite Bay - Crown Point Emergency Intertie	44,000
Bacon Pump Station HVAC Improvements	22,000
<i>Software:</i>	
Utility Billing Software Replacement	148,000
GIS Implementation	123,000
Server Upgrades	7,000
<i>Building Improvements:</i>	
Containment Area for Vacuum & Materials	65,000
Field Services & Engineering Building HVAC Replacement	44,400
Field Services & Administration Building Fire System Upgrades	26,200
<i>Equipment:</i>	
Replace Survey Equipment	21,000
Transport (Trailer) Replacement	21,000
Mud Trailer Replacement (Vehicle #E125)	7,000
Fortinet Firewall Replacement	6,000
<i>Land Improvements:</i>	
Bacon Pump Station Perimeter Fencing	15,000
<i>Reservoir Improvements:</i>	
Los Lagos Tank Overflow Air Gap and Catch Basin	10,000
<i>Facility Maintenance &amp; Professional Services:</i>	
Field Services & Engineering Building Roof Replacement	55,000
Kokila Reservoir Cover Cleaning, Vents & Sand Tubes	48,000
Mooney Tank Building Roof Replacement	33,000
AMAG Panel Upgrades	19,000
AMR Feasibility Study	66,000
<b>Total Capital Improvement Projects</b>	<b>\$ 5,649,000</b>

# SUPPLEMENTAL INFORMATION



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**Transfers In and Transfers Out**

Transfers In and Transfers Out represent accounting methods to move resources (usually cash) from one fund to another. Transfers in represent resources being brought into that fund. Whereas, transfers out represent resources being taken from that fund.

**Transfer In To:**

Wholesale Capital Fund	\$	169,300
Retail Operating Fund	\$	1,394,700

**Total Transfers In**

\$ 1,564,000

**Transfer Out From:**

Wholesale Operating Fund	\$	169,300
Retail Capital Fund	\$	1,394,700

**Total Transfers Out**

\$ 1,564,000

### Debt Service Schedules

**Refunding Revenue Bonds, Series 2012A  
Debt Service Schedule - Fiscal Year Basis**

Fiscal Year	Principal		Interest		Total		Combined Debt Service
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
2018	\$ 301,367	\$ 163,634	\$ 323,584	\$ 175,697	\$ 624,951	\$ 339,331	\$ 964,281
2019	314,329	170,672	311,744	169,268	626,073	339,940	966,013
2020	324,050	175,950	299,492	162,616	623,542	338,566	962,108
2021	343,493	186,507	282,885	153,598	626,378	340,105	966,483
2022	359,696	195,305	265,373	144,090	625,068	339,394	964,463
2023	375,898	204,102	247,050	134,141	622,948	338,243	961,192
2024	395,341	214,659	231,145	125,505	626,486	340,164	966,650
2025	408,303	221,697	219,123	118,977	627,426	340,674	968,100
2026	421,265	228,735	202,762	110,094	624,027	338,829	962,856
2027	440,708	239,292	180,220	97,855	620,928	337,147	958,075
2028	463,392	251,609	156,587	85,022	619,979	336,631	956,609
2029	489,316	265,685	131,692	71,505	621,007	337,189	958,197
2030	511,999	278,001	105,507	57,287	617,506	335,288	952,794
2031	541,164	293,837	77,989	42,346	619,152	336,182	955,334
2032	570,328	309,672	48,940	26,573	619,268	336,245	955,513
2033	599,493	325,508	18,359	9,969	617,852	335,476	953,328
Outstanding	6,860,139	3,724,862	3,102,452	1,684,544	9,962,591	5,409,405	15,371,996
Paid 2012-2017	1,970,224	1,069,776	1,805,658	980,421	3,775,882	2,050,197	5,826,079
Total	\$ 8,830,363	\$ 4,794,638	\$ 4,908,110	\$ 2,664,965	\$ 13,738,473	\$ 7,459,602	\$ 21,198,075
	combined	\$ 13,625,000	combined	\$ 7,573,075			

**Refunding Revenue Bonds, Series 2017  
Debt Service Schedule - Fiscal Year Basis**

Fiscal Year	Principal		Interest		Total		Combined Debt Service
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
2018	\$ 604,800	\$ 340,200	\$ 616,244	\$ 346,637	\$ 1,221,044	\$ 686,837	\$ 1,907,881
2019	361,600	203,400	643,197	361,799	1,004,797	565,199	1,569,996
2020	374,400	210,600	628,520	353,543	1,002,920	564,143	1,567,063
2021	387,200	217,800	613,331	344,998	1,000,531	562,798	1,563,329
2022	403,200	226,800	597,576	336,137	1,000,776	562,937	1,563,713
2023	419,200	235,800	582,055	327,406	1,001,255	563,206	1,564,460
2024	435,200	244,800	564,429	317,492	999,629	562,292	1,561,921
2025	454,400	255,600	542,269	305,027	996,669	560,627	1,557,296
2026	476,800	268,200	519,083	291,984	995,883	560,184	1,556,067
2027	502,400	282,600	494,709	278,274	997,109	560,874	1,557,983
2028	528,000	297,000	469,056	263,844	997,056	560,844	1,557,900
2029	553,600	311,400	442,123	248,694	995,723	560,094	1,555,817
2030	585,600	329,400	413,776	232,749	999,376	562,149	1,561,525
2031	611,200	343,800	383,963	215,979	995,163	559,779	1,554,942
2032	643,200	361,800	352,736	198,414	995,936	560,214	1,556,150
2033	675,200	379,800	325,536	183,114	1,000,736	562,914	1,563,650
2034	1,318,400	741,600	291,747	164,107	1,610,147	905,707	2,515,854
2035	1,369,600	770,400	238,157	133,964	1,607,757	904,364	2,512,121
2036	1,424,000	801,000	182,467	102,637	1,606,467	903,637	2,510,104
2037	1,481,600	833,400	129,177	72,662	1,610,777	906,062	2,516,839
2038	1,529,600	860,400	80,375	45,211	1,609,975	905,611	2,515,585
2039	1,580,800	889,200	29,969	16,858	1,610,769	906,058	2,516,827
Outstanding	16,720,000	9,405,000	9,140,494	5,141,528	25,860,494	14,546,528	40,407,021
Paid 2017			60,249	33,890	60,249	33,890	94,138
Total	\$ 16,720,000	\$ 9,405,000	\$ 9,200,742	\$ 5,175,417	\$ 25,920,742	\$ 14,580,417	\$ 40,501,160
	combined	\$ 26,125,000	combined	\$ 14,376,160			

### **Labor Allocation**

As mentioned previously, many employees are shared by Wholesale and Retail to maximize efficiency and eliminate the need for redundant positions. The table on the next page shows all District positions and their respective cost sharing between Wholesale and Retail based on their assigned duties.



Dept.	Position Title	# Budgeted	Wholesale Allocation	Retail Allocation	Wholesale FTE	Retail FTE
<b>Executive</b>						
	General Manager	1	90%	10%	0.90	0.10
	Assistant General Manager	1	70%	30%	0.70	0.30
	Water Resources Specialist	1	90%	10%	0.90	0.10
	Board Secretary/Administrative Assistant	1	50%	50%	0.50	0.50
	Total Executive	4.0			3.00	1.00
<b>Finance and Administrative Services</b>						
	Director of Finance	1	50%	50%	0.50	0.50
	Information Technology Administrator	1	50%	50%	0.50	0.50
	Finance and Administrative Services Analyst	1	50%	50%	0.50	0.50
	Accountant	1	50%	50%	0.50	0.50
	Purchasing Agent	1	50%	50%	0.50	0.50
	Accounting Technician III	1	50%	50%	0.50	0.50
	Total Finance and Administrative Services	6.0			3.00	3.00
<b>Conservation</b>						
	Customer Service Manager	0.5	0%	100%	-	0.50
	Conservation Lead	1	0%	100%	-	1.00
	Conservation Technician I	1	0%	100%	-	1.00
	Conservation Technician II	1	0%	100%	-	1.00
	Total Conservation	3.5			-	3.50
<b>Customer Service</b>						
	Customer Service Manager	0.5	0%	100%	-	0.50
	Meter Technician	1	0%	100%	-	1.00
	Customer Service Technician III	2	0%	100%	-	2.00
	Total Customer Service	3.5			-	3.50
<b>Engineering Service</b>						
	Engineering Services Manager	1	50%	50%	0.50	0.50
	Associate/Senior Engineer	1	50%	50%	0.50	0.50
	Engineering Technician III	1	50%	50%	0.50	0.50
	Construction Inspector II	1	50%	50%	0.50	0.50
	Total Engineering Service	4.0			2.00	2.00
<b>Field Services (Distribution System)</b>						
	Operations Manager	0.6	0%	100%	-	0.60
	Field Services Manager	1	0%	100%	-	1.00
	Pump Station Lead	1	0%	100%	-	1.00
	Distribution Lead Worker	2	0%	100%	-	2.00
	Distribution Operator II	2	0%	100%	-	2.00
	Distribution Operator III	1	0%	100%	-	1.00
	Distribution Operator IV	5	0%	100%	-	5.00
	Pump Station Technician/Mechanic	1	0%	100%	-	1.00
	Utilities Coordinator	1	0%	100%	-	1.00
	Total Field Services (Distribution System)	14.6			-	14.60
<b>Water Treatment Plant</b>						
	Operations Manager	0.4	100%	0%	0.40	-
	Water Treatment Plant Superintendent	1	100%	0%	1.00	-
	Maintenance Chief	1	100%	0%	1.00	-
	Chief Operator	1	100%	0%	1.00	-
	Water Treatment Plant Operator IV	2	100%	0%	2.00	-
	Water Treatment Plant Operator III	2	100%	0%	2.00	-
	Water Treatment Plant Operator II	1	100%	0%	1.00	-
	Instrumentation Technician	1	100%	0%	1.00	-
	Maintenance Technician I	1	100%	0%	1.00	-
	Facilities Maintenance Help	1	70%	30%	0.70	0.30
	Total Water Treatment Plant	11.4			11.10	0.30
<b>Total Funded FTE's</b>		<b>47.00</b>			<b>19.10</b>	<b>27.90</b>

\* FTE = Full Time Equivalent

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RESOLUTION NO. 17-15

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SAN JUAN WATER DISTRICT  
ADOPTING THE ANNUAL BUDGET  
FOR THE FISCAL YEAR 2017-2018

WHEREAS, District staff has prepared a budget for the fiscal year 2017-2018 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2017-2018 budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including contributions to reserves sufficient to return them to prudent levels; and

WHEREAS, after conducting a workshop and a public hearing on the proposed budget the Board of Directors has approved the same.

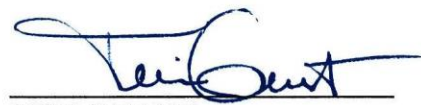
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

1. That certain document referred to as "The San Juan Water District Proposed Budget Fiscal Year 2017-2018," and all schedules, exhibits and policies contained therein, is hereby adopted and the appropriations for the annual budget of the San Juan Water District for the fiscal year beginning on July 1, 2017 and ending on June 30, 2018 are hereby adopted; and
2. That the amounts stated in the proposed budget shall become and thereafter be appropriated to the offices, departments, activities, objects and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specified in said budget; and
3. The General Manager is authorized to approve expenditure adjustments within individual accounts and line items so long as the total appropriated is not exceeded.

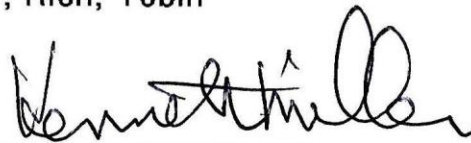
PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 28th day of June 2017, by the following vote:

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

ATTEST



TERI GRANT  
Secretary, Board of Directors



KENNETH MILLER  
President, Board of Directors  
San Juan Water District