

San Juan Water District Fiscal Year 2007-2008 Budget

**Presented to Board of Directors on May 30, 2007
Public Hearing on June 13, 2007
Approved by the Board of Directors on June 27, 2007**

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

Elected Officials

Pamela Tobin, President/Director
Ken Miller, Vice President/Director
Ted Costa, 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
Mike O'Bleness, Wholesale Operations Manager
William Sadler, Water Treatment Plant Superintendent
Rick Hydrick, Retail Operations Manager
Judy Gagnier, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager

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Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

We are pleased to present to you the Budget for the Fiscal Year 2007-2008 for the San Juan Water District ("District"). Over the years, we have made and will continue to make improvements to the budget format. The intent is 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.

The 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 March, the Finance & Administrative Services Manager provides the Division and Department Managers with their respective projected personnel budgets and the current fiscal year's 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.

The proposed budget document is then prepared and presented to the Finance Committee near the beginning of May. Any necessary modifications are incorporated into the budget and the document is then distributed to the Board. The Finance & Administrative Services Manager then presents the budget to the Board at the second meeting in May. This second meeting allows the Board the opportunity to have discussion on any questions or concerns and to make any policy decisions. The Board normally has one meeting per month during most of the year, with two meetings per month in May and June to facilitate the budget process. Any additional revisions may be made at this point, if necessary, and the public hearing will be held at the first

meeting in June with the anticipated approval of the final budget at the second meeting in June.

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, Retail Operations, and Non-Operating Activities. The budget is further broken down by program area: Administrative & General, Conservation, Customer Service, Engineering, Pumping & Telemetry, Source of Supply, Transmission, Water Treatment and WEL Garden. The program area budget places the focus on overall District operations, leaving District management responsible for day-to-day operations and expenses.

Wholesale Water Rate Study

In 2002, the District contracted with the Reed Group, Inc. to prepare a Wholesale Water Rate Study in an effort to determine water rates and the capital improvement program for the next ten years. This study was completed in December 2002 and accepted by the Board. The study determined that a bond financing was necessary for: water treatment plant betterments; pump station improvements and wells and other distribution system improvements for the Citrus Heights Water District (in a pooled financing). The first wholesale rate increase resulting from that study was implemented on April 1, 2003 and the debt financing process was completed in June 2003.

The District has recently completed a Wholesale Water Rate Study that encompasses updated operating and maintenance costs and the capital improvement program through 2020. This budget is prepared with the rates approved by the Board from that plan. The following table represents the proposed recommended rate increases over the next five years (subject to Board approval and update):

Agency	2008	2009	2010	2011	2012
San Juan Water District RSA	10%	18%	10%	10%	8%
Citrus Heights Water District	19%	15%	9%	9%	10%
Fair Oaks Water District	12%	16%	10%	10%	10%
Orange Vale Water Company	11%	16%	10%	9%	10%
City of Folsom *	93%	17%	10%	10%	7%

*This will incorporate the debt service payment for water treatment plant betterments and Ashland portion of pump station improvements into the water rates.

The study also includes a proposed wholesale water connection fee which is based upon meter size and is \$520 (1” meter) per new connection that is estimated to generate \$333,000 per year. The full fee schedule is as follows:

Meter Size	Capacity Factor	Fee
¾" Meter	0.60	\$ 312
1" Meter	1.00	\$ 520
1½" Meter	2.00	\$ 1,040
2" Meter	3.20	\$ 1,664
3" Meter	6.40	\$ 3,328
4" Meter	10.00	\$ 5,200
6" Meter	25.00	\$ 13,000
8" Meter	36.00	\$ 18,720
10" Meter	58.00	\$ 30,160
12" Meter	86.00	\$ 44,720

Budget Highlights

The upcoming budget year will again present challenges to agencies throughout California, as well as the nation. Most are faced with providing more service with existing or decreased resources. Many face uncertainties regarding the status of various funding sources.

- The District has prepared this budget based upon the assumption that the 1% property tax revenue from the multi-county ERAF exemption 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 a shift of local property tax revenues to education.
- The Retail Water Rates include the Retail Financial Plan recommended rate increase of 9% effective January 1, 2008 to cover water supply and operations/maintenance increases, as well as funding the capital improvement program.
- The Wholesale Water Rates include a proposed increase ranging from 11% to 19% effective January 1, 2008 to cover operations and maintenance increases, as well as funding the capital improvement program.

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 November 2006.

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.

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 was recently notified that the CAFR has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association.

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,

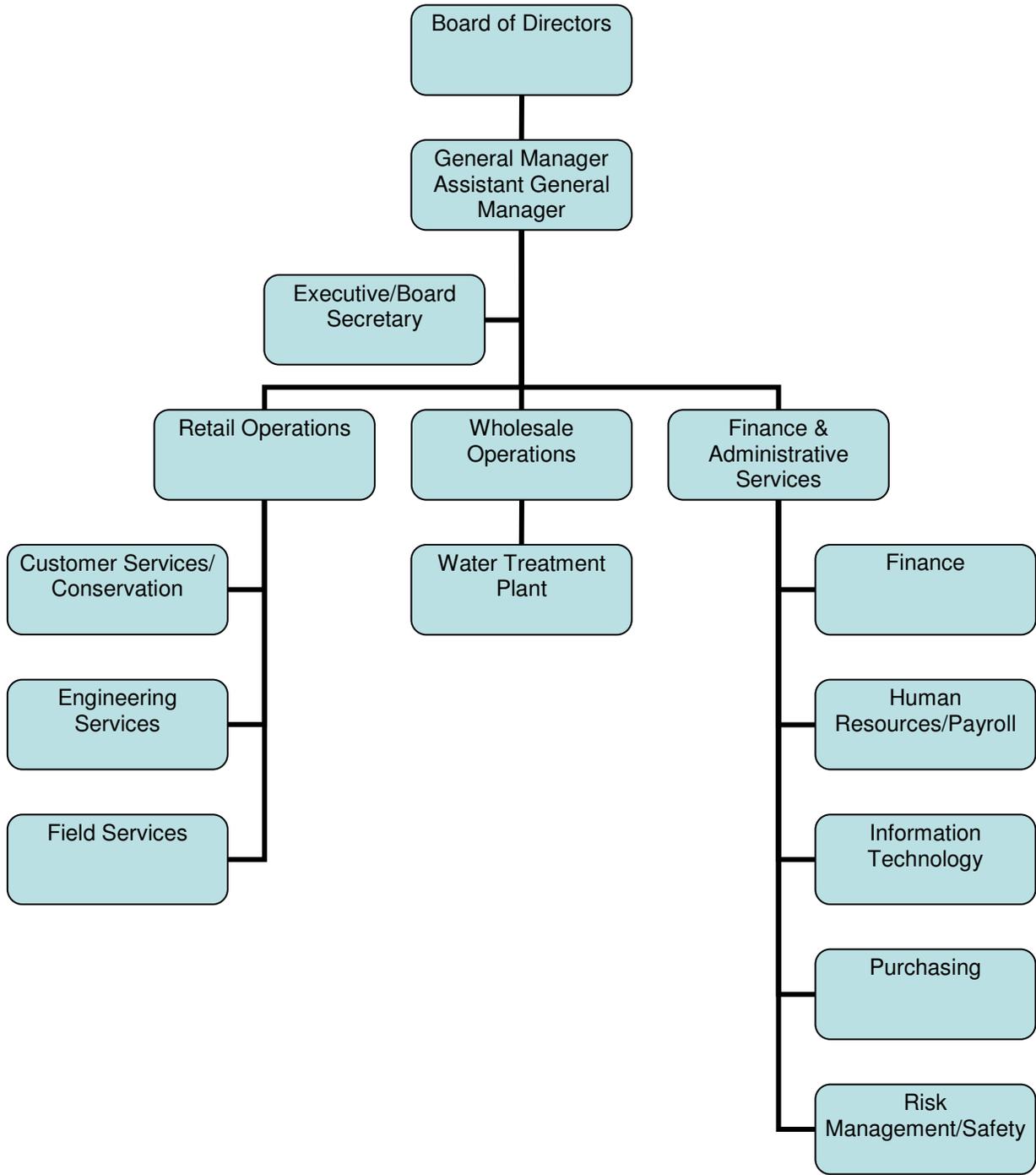
Shauna Lorance
General Manager

Keith B. Durkin
Assistant General Manager

Mary A. Morris
Finance & Administrative
Services Manager

Organization Chart

San Juan Water District
Functional Organization



Budget Summary

Category	FY 2006-2007 Budget	FY 2007-2008 Budget	Variance
<u>Non-Operating</u>			
Revenue	\$3,406,859	\$4,136,652	\$729,793
Expenses	1,841,505	2,644,895	803,390
Net Income	<u>\$1,565,354</u>	<u>\$1,491,757</u>	<u>(\$73,597)</u>
<u>Wholesale</u>			
Revenues:			
Water Sales	\$6,305,855	\$6,425,831	\$119,976
Other	1,000	137,000	136,000
Total Revenues	<u>\$6,306,855</u>	<u>\$6,562,831</u>	<u>\$255,976</u>
Expenses:			
Salaries & Benefits	2,448,536	2,528,595	\$80,059
Services & Supplies	2,972,257	3,297,362	325,105
Total Expenses	<u>5,420,793</u>	<u>5,825,957</u>	<u>405,164</u>
Net Income	<u>\$886,062</u>	<u>\$736,874</u>	<u>(\$149,188)</u>
<u>Retail</u>			
Revenues:			
Water Sales	\$6,505,000	\$7,292,100	\$787,100
Other	112,100	137,000	24,900
Total Revenues	<u>\$6,617,100</u>	<u>\$7,429,100</u>	<u>\$812,000</u>
Expenses:			
Salaries & Benefits	2,987,108	3,093,065	105,957
Services & Supplies	3,544,300	4,045,883	501,583
Total Expenses	<u>6,531,408</u>	<u>7,138,948</u>	<u>607,540</u>
Net Income	<u>\$85,692</u>	<u>\$290,152</u>	<u>\$204,460</u>
<u>Capital Projects</u>			
Revenues:			
Reserves for Capital Projects	16,704,451	14,230,510	(2,473,941)
Transfers	2,887,490	2,643,899	(243,591)
Other	138,000	300,000	162,000
Total Revenues	<u>19,729,941</u>	<u>17,174,409</u>	<u>(2,555,532)</u>
Projects	<u>11,012,424</u>	<u>10,534,200</u>	<u>(778,224)</u>
Net Funding	<u>\$8,717,517</u>	<u>\$6,640,209</u>	<u>(\$1,777,308)</u>

Considerations

- Retail Water Rate increase of 9% effective January 1, 2008 in accordance with the Retail Financial Plan recommended rate increase.
- Wholesale Water Rate increase effective January 1, 2008, based upon the rate study by The Reed Group, Inc.
- Salaries and Benefits costs have changed due to the following
 - Potential merit increases for staff not at top of position ranges;
 - Employee COLA of 3.3% in accordance with the Consumer Price Index; and
 - Health insurance rate increase estimated at 12%, effective January 1, 2008.

Debt Service

Category	FY 2007-2008 Budget	
Sources of Funds:		
2003 COP Payments:		
<u>New Project Money (Annual Debt Service Charge)</u>		
Retail Service Area	\$213,822	
Citrus Heights Water District	257,480	
Fair Oaks Water District	154,563	
Orangevale Water Company	50,025	
City of Folsom	23,589	
Total		\$699,479
<u>New Project Money (Direct Obligation)</u>		
Retail Service Area	289,768	
City of Folsom	94,952	
Total		384,720
<u>Refunding of 1993 COPs</u>		
Retail Service Area	292,312	
Fair Oaks Water District	235,481	
Orangevale Water Company	104,370	
Total		632,163
Non-Operating Revenues		36,275
2007 COP Payments:		
Retail Service Area	230,079	
Citrus Heights Water District	277,057	
Fair Oaks Water District	166,315	
Orangevale Water Company	53,829	
City of Folsom	25,383	
Total		752,663
Total Sources of Funds		\$2,505,300
Uses of Funds		
2003 Certificates of Participation		\$1,716,362
California Energy Commission Loan		6,188
Economic Development Loan		30,087
2007 Certificates of Participation		752,663
Total Uses of Funds		\$2,505,300

The District's outstanding debt is comprised of: Economic Development Loan, California Energy Commission Loan, and 2003 Certificates of Participation (COPs). There are three sources of funds for repayment of the 2003 COPs:

- Annual Debt Service Charge portion of the water rates for the “new project money” component for the water treatment plant betterments;
- Direct benefit obligation on the “new project money” for agency specific projects; and
- Direct benefit obligation on the 1993 Refunding.

The 2007 COPs are included in the Wholesale Financial Plan and have not yet been issued.

Non-Operating Activities

Budget

Category	FY 2006-2007 Budget	FY 2007-2008 Budget	Variance
Revenues:			
COP Payments	\$1,035,566	\$1,033,309	(\$2,257)
Interest/Investment Income	703,000	1,008,568	305,568
Retail Connections	138,000	300,000	162,000
Wholesale Connections	0	333,000	333,000
Taxes & Assessments ⁽¹⁾	1,400,000	1,300,000	(100,000)
Other	130,293	161,775	31,482
Total Revenues	\$3,406,859	\$4,136,652	\$729,793
Expenses:			
EDA Loan	30,087	30,087	0
CEC Loan	6,188	6,188	0
COPs	1,740,425	2,507,196	766,771
Other	64,805	101,424	36,619
Total Expenses	\$1,841,505	\$2,644,895	\$803,390
Net Income	\$1,565,354	\$1,491,757	(\$73,597)
Transfers:			
Transfer from Wholesale-COP Revenues	704,869	1,452,142	747,273
Transfer to Capital Improvement Program: RSA Capital Facility Fees	(138,000)	(300,000)	(162,000)
Transfer to Capital Improvement Program	(2,132,223)	(2,643,899)	(511,676)
Total Transfers	(1,565,354)	(1,491,757)	73,597
Undistributed Net Income	\$ 0	\$ 0	\$ 0

Non-operating activities include: certificates of participation; communication site rentals; connections; grants; interest and investment income; loans; property taxes; and other activities not associated with retail or wholesale operations. Remaining funds are available to transfer to operations, as necessary, or capital improvement program projects.

(1) The decrease is based upon communication from the tax assessor that property owners may be seeking a downward adjustment of property values.

The transfers proposed in fiscal year 2007-2008 are for: COP Revenues collected through the wholesale water rates; connection fees to be utilized for retail capital improvement program projects; and wholesale and retail capital improvement program projects.

Wholesale Operations

Budget

Category	FY 2006-2007 Budget	FY 2007-2008 Budget	Variance
Revenues:			
Water Sales	\$6,305,855	\$6,425,831	\$119,976
Other	1,000	137,000	136,000
Total Revenues	\$6,306,855	\$6,562,831	\$255,976
Expenses:			
Administrative & General	1,346,706	1,550,536	203,830
Conservation	63,995	67,472	3,477
Cooperative Trans PL	20,408	21,025	617
Pumping & Telemetry	604,791	606,770	1,979
Source of Supply	959,808	1,027,623	67,815
Transmission	141,224	147,214	5,990
Water Treatment	2,258,326	2,338,434	80,108
WEL Garden	25,535	66,883	41,348
Total Expenses	5,420,793	5,825,957	405,164
Net Income	\$886,062	\$736,874	(149,188)
Transfers:			
Transfer from Reserve: PERS Rate Stabilization	116,943	116,943	0
Transfer from Reserves: SSWD & Debt Service	0	748,335	748,335
Transfer to Non-Operating: COP Payment Revenues	(704,425)	(1,452,152)	(747,727)
Transfer to Reserves: Hinkle Lining	(50,000)	(50,000)	0
Transfer to Capital Improvement Program: Wholesale Projects	(248,580)	(100,000)	148,580
Total Transfers	(886,062)	(736,874)	149,188
Net Income Retained in Reserves	\$ 0	\$ 0	\$ 0

Wholesale operations include treated water deliveries to: San Juan Retail Service Area, Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, Sacramento Suburban Water District and the City of Folsom. In addition, the District delivers raw water to Granite Bay Golf Club. The increased revenues over the prior budget year are attributable to projected water use and the increased water rates.

The following represents the wholesale water rates for 2008 as recommended by the Wholesale Water Rate Study and adopted by the Board.

Water Rate Structure

Agency	Annual Service Charge	Annual Debt Service Charge	Uniform Commodity Rate (\$/AF)	Effective Water Rate
San Juan Water District RSA	\$237,742	\$443,901	\$ 102.85	\$ 145.87
Citrus Heights Water District	\$297,343	\$534,537	\$ 69.38	\$ 112.98
Fair Oaks Water District	\$204,388	\$320,878	\$ 69.38	\$ 115.24
Orange Vale Water Company	\$66,885	\$103,854	\$ 69.38	\$ 115.44
City of Folsom	\$26,360	\$48,972	\$ 130.61	\$ 173.70
	<u>\$1,059,600</u>	<u>\$1,452,142</u>		

General increases in all departments are directly related to cost increases consistent with the Consumer Price Index (CPI) in personnel, services and materials/supplies.

Administrative & General

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

Finance

Accomplishments:

- Awarded Government Finance Officer’s Association Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2005-2006 Comprehensive Annual Financial Report.
- Awarded Investment Policy Certification from the Association of Public Treasurers of the United States and Canada.
- Administered a Request for Proposal process for Auditing Services resulting in selection of a new independent auditing firm in accordance with Board policy.
- Developed and implemented Record Management Policy.
- Completed Other Post Employment Benefits (“OPEB”) Actuarial Valuation.

Goals:

- Restructure financial reporting structure to ensure user friendly reports can be prepared for departments.
- Complete all year-end adjustments and schedules prior to start of annual audit.
- Designate record storage area and effectively organize.
- Purchase a digital recording device for District Board Room.
- Determine funding level and mechanism for OPEB pre-funding.

Human Resources

Accomplishments:

- Implemented CalPERS 457 Deferred Compensation Program for voluntary employee participation.
- Improved employee health awareness and benefit information:
 - » Included monthly *Top Health* newsletter with employee paychecks;
 - » Organized and held 1st Annual Health and Safety Fair; and
 - » Organized and held 1st Annual Financial Fitness Fair.
- Successfully recruited for new Information Technology Administrator.
- Coordinated First Aid/CPR training.

Goals:

- Continue improvements to human resource tracking mechanisms for training, certifications, etc.
- Research and implement viable fireproof employee record solutions.
- Designate area to ensure employee payroll and benefit forms are easily accessible.

Information Technology (IT)

Accomplishments:

- Completed installation and implementation of the voice over IP telephone system.
- Installed workstations purchased in accordance with the technology replacement program.

Goals:

- Work with the managers of each of the departments to determine how best to utilize technology to further streamline their operations.
- Continue to improve operating efficiency of network systems.
- Complete and implement the Disaster Recovery Plan.
- Purchase a digital recording device for District Board Room.

Field Services

This area includes the functions of: Pumping & Telemetry, and Transmission & Distribution. While a portion of these activities are wholesale, the majority are retail operations which can be found in the “Retail Operations” section of the budget.

Water Treatment

Accomplishments:

- Chlorine containment project design.

Goals:

- Chlorine containment project.
- Hydraulics improvement project.
- Wholesale meters.

Retail Operations

Budget

Category	FY 2006-2007 Budget	FY 2007-2008 Budget	Variance
Revenues:			
Water Sales	\$6,505,000	\$7,292,100	\$787,100
Other	112,100	137,000	24,900
Total Revenues	\$6,617,100	\$7,429,100	\$812,000
Expenses:			
Administrative & General	740,435	1,009,939	269,504
Conservation	493,545	454,221	(39,324)
Cooperative Transmission Pipeline	400	421	21
COPs	607,897	601,110	(6,787)
Customer Service	590,647	595,990	5,343
Engineering	454,719	489,645	34,926
Pumping & Telemetry	144,459	146,632	2,173
Source of Supply	2,140,963	2,319,269	178,306
Transmission	1,358,343	1,521,721	163,378
Total Expenses	\$6,531,408	\$7,138,948	\$607,540
Net Income	\$85,692	\$290,152	\$204,460
Transfers to:			
Capital Improvement Program	(354,687)	(273,000)	81,687
Kokila Reservoir Fund (\$10k)	(10,000)	(10,000)	0
Dry Year Fund (2%, 2008+)	0	(71,000)	(71,000)
Retirement/post retirement pre- funding (pending BOD decision)	0	(215,147)	(215,147)
Transfers from:			
PERS Rate Stabilization Reserve	168,283	168,283	0
Prior Year Carryover-Debt Service	110,712	110,712	0
Total Transfers	(85,692)	(290,152)	(204,460)
Net Income Retained in Reserves	\$ 0	\$ 0	\$ 0

Retail operations are associated with the sale of water to residents of Granite Bay in South Placer County and the northeast section of Sacramento County, north of the Lower American River. For revenues, the increase in water sales can be explained by: the proposed Retail Financial Plan recommended rate increase; projected connections and water use.

Administrative & General

Since the functions of this area generally benefit both wholesale and retail, the

accomplishments and goals are located in the “Wholesale Operations” section of the budget and not repeated here.

Retail Operations

Goals:

Staff Development

- Create synergy in Retail Operations departments.
- Increase symbiotic relationships with all District departments.
- Increase efficiency of all departments by asking, “Why do we do what we do, and should we be doing it?”

Operations and Maintenance

- Develop distribution system operations plan based on AWWA and DHS standards.
- Develop Computerized Maintenance Management System as the first step toward Asset Management.
- Elevate skills of willing distribution operators so they can operate and maintain pump stations, tanks, and pressure reducing stations.
- Elevate skills and vision of lead men. Tap their knowledge.

Capital Improvements

- Assist engineering in design and commissioning of all retail CIP.
- Assist in GIS needs analysis.
- Assist engineering with Sierra Pump Station evaluation.
- Oversee in-house pipeline replacement/improvement projects

Security and Emergency Response

- Develop and install security measures for all distribution facilities.
- Conduct routine emergency response training.

Regulatory

- Assist AGM and GM with review of pending regulatory legislation and other matters as directed.

Customer Service

Accomplishments:

- Increase in call volume from customers with questions about their metered bill or to request assistance in locating leaks. Many took advantage of conservation programs and services.
- Mailed letters to 400+ customers who use an online bill paying service but were not following the correct process for us to receive their payments electronically.
- The District has approximately 700 customers who pay their bill automatically with a credit card. A letter is mailed the month prior to the credit card expiration date to remind customers to call or e-mail with the new date. This causes fewer interruptions in the automated credit card process.
- Internal backflow testing was implemented.
- Sent letters to area backflow testers to explain our new policy and let them know our

intent is not to take away their livelihood; but to ensure we are managing a comprehensive water quality control program for our water distribution system.

- Sent letters to all customers with backflows to let them know the District has assumed responsibility for testing their backflows at no charge.
- Lists are provided to field staff to let them know which backflows are due testing. If the backflow fails, certified letters are mailed to customers giving them 30 days to repair or replace the device.
- A failed backflow log is kept in a shared file so that field and customer service staff can access and update as backflows are repaired and retested. A \$30 retesting fee is applied to customer's water account.
- Reviewed and revised consumption credit policy for customers with leaks or unexplained high water use after conducting a poll of other districts who bill volumetric rates. We reduced our consumption credit from 100% to 50% of the amount determined to have resulted from the leak and we also require the customer to fill out a request form and affirm that they have corrected the problem before a credit is applied to their account.
- Meter reads are checked monthly to identify abnormal usage. Customers are advised and services are offered for leak detection and/or irrigation assistance before they even receive their bill. One-time consumption credits are calculated and offered if warranted.
- Assisted with review of CMMS proposals and presentations.
- Prepared RFP for the WEL Garden and Grounds Maintenance contract; reviewed proposals, interviewed landscape contractors, negotiated contract, presented to board committees for approval.
- Assisted with RFP preparation for the Entry Drive Landscape Design; reviewed proposals, interviewed architects, negotiated contract, presented to board committees for approval.
- Worked with Lucy & Co on new Water Gram design.
- Implemented NetBill with our billing service Data Prose – a program that allows customers to view and pay their bills online.
- Established policy to address service box clearance issues and guidelines for requiring tree removal. Worked with Lucy & Co on alternating between easement and service box clearance articles for Water Gram.
- Recommended (and Board approved) that the effective date of retail rate increases be January 1 rather than July 1 for two reasons: 1) Fewer customers have water usage in the third tier range which affects their bill amount when there is a rate change, and (2) The impact of the rate increase, overall, is less noticeable to customers during the winter months.
- Worked with Lucy & Co to proactively communicate with customers about potential rate increases due to CIP projects.
- Filled meter tech position and moved meter reading position under customer service.
- Notified acreage agreement customers of the new connection fee and the amount to pay off capital facility fees on their parcel.
- Reviewed Employee Policies and Procedures manual and provided input on revisions.
- Assisted with meeting deadline for mailing the Consumer Confidence Report by

providing mailing lists and coordinating with printer, and scheduling staff to hand-deliver reports to our retail multi-family accounts and those in the Ashland area.

- Assisted Conservation Coordinator with identifying water conservation programs that meet grant funding eligibility requirements. Suggested using the \$300,000 that is available through the 2007 CALFED Water Use Efficiency Grant Program for a ULFT replacement/install program for multi-family and commercial connections. Suggested the program also be extended to our Wholesale agencies to qualify for the “Wholesale Assistance” BMP as well as help us meet BMP targets for toilet replacements.
- Assisted Conservation Coordinator with identifying areas that fall under “unaccounted for water” for the system water audit required in BMP 3.
- Compiled and provided customer account and water use data to Treatment Plant for their annual preparation of Public Water System Statistics required by DWR.
- Developed door hanger that can be adapted for multiple uses – backflow testing; shutoff because backflow was not repaired, capital facility fees were not paid, leak was not repaired, etc; pending tree removal; customers in a specific area may notice lower pressure than normal; thank you for your patience; etc.
- Assisted Engineering with inputting data into Project Tracker, a tool to track development and CIP projects.
- Assisted Engineering in developing an Application for Water Service for customers to complete prior to issuance of a Will Serve. The information on the application will enable Engineering to determine the appropriate meter size.

Goals:

- Work with customers to moderate our peak demand problems.
- Assist Field Services with implementing CMMS.
- Oversee WEL Garden and grounds maintenance.
- Oversee entry landscaping design and construction.
- Work with designers on reconfiguration of front office to accommodate seven people, improve appearance, and make more customer-friendly.
- Revise standard pre-printed door hanger used to notify of upcoming shutdowns for maintenance.
- Assist Field Services with conducting an Emergency Response Plan exercise.
- Assist with mailing of CCR.

Conservation

Accomplishments:

- Created a landscape efficiency improvement program to assist customers with their water efficiency needs.
- Served as public outreach co-chair of the Regional Water Authority to elevate the conservation message region wide, including the development of the Ultimate Water Smart Garden Makeover Contest.
- Maintained partnership with SMUD and SPWA on implementation of the High-Efficiency Washing Machine Rebate Program.
- Continued the On-Demand System Rebate Program
- Established 54 water budgets for dedicated irrigation customers, a target established

by the US Bureau of Reclamation.

- Exceeded certain established BMP targets set by the Water Forum
- Identified and contacted 425 customers whose usage was abnormally high to offer assistance with usage reduction
- Held 2 ET Controller & 4 Drip Workshops
- Worked to further expand the level of customer service provided to our customers by increasing available field staff to three rather than two.
- Continued to meet with customer service, distribution and retail service staff to continue to improve the methodology used to complete system water audits.
- Continued DWR large landscape irrigation upgrade grant program with matching funds from SJWD for installation costs issuing \$20,578 in rebates.
- Served on the CUWCC committee revising BMP 11 and offered changes to the draft language to lessen the impact on San Juan customers.
- Received \$25,000 in USBR grant funding for field service programs.
- Applied for a \$50,000 USBR grant for field service programs in which most of the funding will be used for new program development.
- Completed the Retail and Wholesale CUWCC reporting cycle meeting most established targets.

Goals:

- Assuming a Chair position with the Regional Water Authority to ensure San Juan's needs are being met in an efficient manner.
- Measure water savings achieved through BMP efforts.
- Update consumption of our "noticeably more" customers through summer 2006 for update to Board.
- Complete 54 more water budgets for dedicated irrigation accounts and begin working on establishing budgets for mixed use metered accounts.
- Apply for a \$300,000 grant from USBR for the purpose of boosting participation in the multi-family toilet retrofit program.
- Complete the 2003 DWR large landscape irrigation upgrade grant program anticipating issuing 9 more rebates.

Engineering Services

Accomplishments:

- Completed a significant list of Development projects through planning, design review, construction inspection, and starting of new water service, including:
 - Vista Del Lago Retail (retail/commercial)
 - 8870 Auburn-Folsom Retail Center (retail/commercial)
 - 9175 Cherry Ave Hydrant (residential)
 - Warner's Granite Bay Day School Hydrant (residential)
 - Bergh Parcel Subdivision (residential)
 - Kelly Mann (residential)
 - Via Milano (residential)
 - Alexandria Estates (residential)
 - Dunmore Corporate Offices – Phase 1 (commercial)
 - Granite Bay Shopping Center South (retail/commercial)

- Quarry Ponds (retail/commercial)
- Kovar Granite Bay Plaza (retail/commercial)
- 8140 Barton Rd Subdivision (residential)
- Other small infill projects and new service connections.
- Completed evaluation review of Retail Master Plan for purposes of CIP implementation, development integration, and for operations support.
- Completed in-house design and construction oversight of the new 24-in Sierra College Boulevard transmission main.
- Completed the design, bidding and installation of Snipes and Golden Gate Pipeline Replacement Project.
- Began updates to the standard construction documents and standard details.
- Completed system map and hydraulic modeling updates (in-house) to reflect incorporation of new development projects.
- Created and improved a new “Development Project Tracker” database now being used by both Customer Services and Engineering Services personnel to provide better management of development projects.
- Completed construction, and start-up (jointly with Field Services) of the new Hinkle Booster Pumping Station.
- Completed the construction of the Valley Pines Intertie (PRS).
- Provided Retail Operations and Wholesale Operations with technical support for a variety of operational projects.
- Completed an in-house design of the Barton Road Bridge 14-in Pipeline Replacement Project to be bid jointly with Placer County’s bridge replacement project.
- Began the preliminary design of the City of Roseville/SJWD Joint Water Storage Tank Project.
- Completed in-house design for the Auburn-Folsom Road 24-in Transmission Main Project (which will be bid jointly with Placer County’s road improvements project).

Goals:

- Complete FY 2006-07 CIP carryover projects including;
 - Bentley to Folsom Oaks Pipeline Replacement.
 - Park Vista Pipeline Replacement.
 - Golden Gate West Main Replacement Project.
- Complete design, permitting and construction of new Retail Capital Improvement Projects including;
 - Bidding and construction of the Barton Road Bridge Crossing 14-in Pipeline Replacement Project (bridge crossing).
 - Bidding support and construction oversight for the 24-in Auburn-Folsom Transmission Main Project.
 - Kokila Supply Control PSS (Bacon Zone).
- Provide engineering and technical support during design, permitting and construction of Wholesale Capital Improvement Projects including;
 - Design support for the WTP Chlorine Containment Design (Wholesale, WTP Project).
 - Fair Oaks 40-in Pipeline Rehabilitation Study.

- Wholesale metering system improvements.
- Raw Water Intake Improvements.
- Hinkle Reservoir Underdrain System North Outfall Weir.
- Support planned Administration Projects including:
 - Old Shop Building Replacement Planning
 - Engineering Work Area and Engineering Records Retention Improvements.
- Support retail Customer Service tasks on an as-needed basis.
- Oversee design and construction of Development funded projects, currently envisioned as the following group of projects:
 - Granite Bay Pavilion (retail/commercial)
 - Guaranty Bank (commercial)
 - Dunmore Corporate Office – Phase 2 (retail/commercial)
 - Odyssey Learning Center (non-profit business)
 - South Placer Fire District – Station 16 (public agency)
 - Seymour Ranch (17 parcel residential)
 - Bella Terra Estates (5 parcel subdivision)
 - Sprow Ranch (17 parcel residential)
 - Del Oro Estates (92 parcel residential)
 - Micherra Place (20 parcel residential)
 - Covington Place (19 parcel residential)
 - Granite Bay Townhomes (52 parcel residential)
 - Other small residential and commercial infill projects
- Support technical aspects and participate in Emergency Response Plan (ERP) planning and table top exercises.
- Complete the ongoing update efforts for the revisions to the Design & Construction Specifications, Standard Details and Standard Notes.
- Refine and document Engineering Department procedures and practices.
- Complete a GIS needs assessment study.
- Ongoing maintenance of the new Development Project Tracker log and database (used by Customer Service, Field Service and Engineering).
- Complete water system hydraulic model updates, and ongoing calibration efforts for the Hydraulic Model to include recent distribution system changes.
- Complete the revisions for the development planning map (to track existing and future development trends, and identify remaining growth status).
- Continue to have communications meetings with the local fire departments, other governmental and regulatory departments, and surrounding water purveyors (teambuilding).
- Prepare the Map Book system map updates and re-distribute to users.
- Continue to improve communications and working relations with other SJWD departments.

Field Services

Accomplishments:

Transmission & Distribution

- Los Lagos Tank brought on-line.
- New Hinkle BPS put into service.

- Bacon BPS electrical improvements.
- Bacon BPS programming upgrades (ARC-N & Sierra BPS' more efficient)
- Expanded Gravity Zone.
- Check Valves installed between Crown Point & Bacon pressure zones.
- Performed the 1st Pump Performance test at ARC-S BPS.
- Implemented the Cross Connection Control Program (devices tested by field staff;357 tested to date)
- Replaced a 20 year old inefficient dump truck with a new one.
- Replaced 19 + service laterals due to improper installation or "Bad Poly".
- Upgraded several existing and installed several new ARV's in the Crown Point pressure zone.
- Replaced 100 + meters through our Meter Conversion Program.
- Replaced/Repaired 180 + defective meters.
- Repaired several leaks on the Fair Oaks 40".
- Repaired 30 + flushing points in the district.
- Verified/Identified 400 + flushing points.
- Remodeled a section of the Field Services building therefore enhancing the professionalism of our team members.
- Education is still a priority, we have had several individuals become certified as Pump Technologists and others certified in water sampling. Distribution Operator Certification continues to rise. Some staff members achieved their required certification status per their job requirements.
- Evaluated/Assessed the need for the JWST.
- Began the implementation of our CMMS.
- Conducted a successful system inspection with DHS. Only a few minor deficiencies were noted.
- Held four Lead man "retreats" to evaluate the effectiveness of our routine operations.
- Began a series of operational tests to determine the best way to operate the various pressure zones in the future.

Goals:

- Connect the mainlines at Placer Mine & Central Ave.
- Install approximately 14 Blow Off Valves or Hydrants where needed to eliminate potential water quality issues.
- Continue the replacement of any and all non -AMR meters in the district.
- Continue our unidirectional Flushing Program.
- Continue working with the Customer Service department and Field Staff in making the Cross Connection Control Program a success.
- Continue the implementation of CMMS.
- Continue to explore other options with our Engineering Department in day to day operations of the Los Lagos tank and Kokila reservoir as well as our entire distribution system. Creating a more robust and efficient district.
- Using the Lead man retreats and AWWA guidelines, prepare a written operations manual for the distribution system operations and maintenance.
- Complete ARC-S pump station test.
- Install check valves between Gravity and ARC-S pressure zones.

- Install genset at ARC-S pump station.
- Install backup PLC's in pump stations.
- Assist Engineering with their CIP design efforts.
- Assist Customer Service with their water audit/conservation efforts.
- Upgrade SCADA radios.
- Conduct an Emergency Response Plan.
- Train all Field staff in the monthly operation of our Isolation/Inter-tie Valves.
- Repair/Maintain 40' valves at Placer Mine and Central Ave.
- Repair/Replace valves at 3+ locations throughout the District.

Capital Improvement Program

Budget

Category	Estimated Cost	Wholesale	Retail
<i>Items for Current Fiscal Year</i>			
<u>District-wide:</u>			
Entrance Drive Improvements	\$250,000	\$250,000	\$ 0
Replacement Server - CIS	13,000	0	13,000
Total District-wide Capital Improvements	\$263,000	\$250,000	\$13,000
<u>Engineering:</u>			
FO 40 Construction Engineering	60,000	0	60,000
Work Station Improvements	5,000	0	5,000
Color Copier (Map Books, Drawings)	33,000	0	33,000
Record Storage	13,000	0	13,000
Survey & Design Equipment	12,000	0	12,000
Total Engineering Capital Improvements	123,000	0	123,000
<u>Field:</u>			
Computerized Maintenance Mgmt System	237,000	0	237,000
Groundwater Investigation	300,000	0	300,000
Replace Vehicle #30	30,000	0	30,000
Replace Vehicle #19	35,000	0	35,000
Touch Read Meter Conversion Project	100,000	0	100,000
New Construction Contractor Materials	55,000	0	55,000
New Service Taps/Improvements	30,000	0	30,000
Vehicle Replacement Fund Reserve	50,000	0	50,000
Pipeline-Auburn-Folsom	1,000,000	0	1,000,000
Joint Tank w/Roseville	150,000	0	150,000
Standby Generator	125,000	0	125,000
Pipeline-Auburn-Folsom Steel Replacement	203,000	0	203,000
Pipeline-Miner's Ravine Steel Replacement	143,000	0	143,000
Pipeline-Golden Gate Steel Replacement	240,000	0	240,000
Pipeline-Park Vista Steel Replacement	79,000	0	79,000
Mainline Extension Contingency Funding	100,000	0	100,000
Privacy Shields in Restroom	7,700	7,700	0
Pump Station PLC Hot Backup	32,500	0	32,500
ARC-S Pumpstation Fence Replacement	3,000	3,000	0
ARC-S Pumpstation Motor Replacement	4,000	4,000	0
Clamp On Meter	8,000	0	8,000
Wacker Rammer	3,500	0	3,500
Crane on Service Vehicle	15,000	0	15,000
Total Field Capital Improvements	2,950,700	14,700	2,936,000
<u>Wholesale:</u>			

Category	Estimated		
	Cost	Wholesale	Retail
Bypass Intake	500,000	500,000	0
Parallel USBR Raw Water Pipeline	500,000	500,000	0
Hydraulic Improvements	1,650,000	1,650,000	0
Filter Basin Repair	50,000	50,000	0
Pilot Filter Rental for process change or additional equipment purchase	80,000	80,000	0
Hydraulic Model	200,000	200,000	0
Chlorine Containment Construct	3,650,000	3,650,000	0
Milling Machine	7,500	7,500	0
Control Building Roof	40,000	40,000	0
Front End Loader and Dumptruck	120,000	120,000	0
Wholesale Meters	400,000	400,000	0
Total Treatment Capital Improvements	7,197,500	7,197,500	0
Total Capital Improvement Program Budget	\$10,534,200	\$7,462,200	\$3,072,000

Capital Improvement Program

Sources of Funding and Uses

Funding Source	Total	Wholesale	Retail
<u>Sources:</u>			
2003 COP Financing Construction Fund	\$4,089,268	\$2,791,552	\$1,297,716
Transfers to Capital Improvement Program	2,643,899	1,207,562	1,436,337
Connections	300,000	0	300,000
Reserves Available for projects	10,141,242	7,513,129	2,628,113
	\$17,174,409	\$11,512,243	\$5,662,166
<u>Uses (detailed on table above):</u>			
Capital Improvement Program for FY 07/08	(10,534,200)	(7,462,200)	(3,072,000)
Net Funding Retained in Reserves			
Designated for Master Plan Projects	\$6,640,209	\$4,050,043	\$2,590,166

Appendix Glossary of Budget and Financial Terms

Accounting System: The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

Assessed Valuation: A dollar value established for real property by the Counties of Placer and Sacramento as a basis for levying property taxes.

Audit: A review of the District's accounts by internal staff or an independent auditing firm to substantiate fiscal year-end funds, revenues, expenses, reserves and cash on hand. The primary objective of an external audit is to determine whether the District's financial statements fairly present the District's financial position and results of operations in conformity with generally accepted accounting principles.

Budget: A fiscal plan of financial operation listing an estimate of proposed expenses and the proposed means of financing them for a particular time period. The budget is "proposed" until it has been approved by the District's Board of Directors. The District's budget covers one fiscal year, from July 1 through June 30.

Capital Improvement Program: A plan for capital improvements to be implemented over a fixed period to meet capital needs for the acquisition and improvement of major assets such as land, buildings, machinery and equipment, and infrastructure (i.e., water treatment plant, pump stations, distribution pipelines, and other immovable assets). It sets forth projects or other contemplated expenses in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures. Usually, the plan is updated annually. Generally, all of the District's construction projects costing \$5,000 are considered to be a Capital Improvement Project. A construction project is a physical improvement for maintenance, rehabilitation, construction or development on District property with a life expectancy of three or more years. These include streets, sewers, public facilities and community enhancements. These capital projects can span fiscal years and have multiple funding sources. The projects may also cross functional boundaries. Minor capital outlays of less than \$5,000 are included with the operating budgets.

Capital Program Budget: The planned capital expenses for the current fiscal year resulting from the Capital Improvement Program.

Capital Projects: Physical structural improvements with a cost of \$3,000 or more and which have an estimated useful life of more than one year. Examples include new or updated facilities, building modifications or water system construction and improvements.

Appendix Glossary of Budget and Financial Terms

Certificates of Participation (COPS): COPS are long-term financing instruments issued to fund the acquisition of equipment or the acquisition, construction or rehabilitation of real property.

Comprehensive Annual Financial Report: A financial report applicable to a single fiscal year.

COP Payments from Other Agencies: These payments are received from other wholesale agencies for the payment of Certificates of Participation obligations.

Cost Accounting: The method of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

Debt Financing: Borrowing funds as needed and pledging future revenues to make (finance) current expenditures or capital projects.

Debt Service: Payment of the principal and interest on an obligation resulting from the issuance of bond notes.

Department: An operational and budgetary unit designated by the District to define and organize District operations and functions.

Depreciation: Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Designated Reserves: Reserves that have been designated by management to be used for a specified purpose. Designated Reserves are still expendable resources.

Enterprise Fund: A fund established to account for operations financed and operated in a manner similar to private business enterprises. Enterprise Fund activities are entirely or predominately self-supporting primarily through user charges.

Estimated Revenues: The budgeted projected revenues that the District anticipates to be realized during the budget (fiscal) year to finance all or part of the planned expenses.

Expenses: The incurrence of liabilities or the consumption of assets arising from the delivery or production of goods, rendering services or carrying out other activities that constitutes the entity's ongoing major or central operation.

Fiscal Year: The 12-month period to which the annual operating budget applies at the end of which a government determines financial position and the results of its operations. The District's fiscal year runs from July 1 through June 30.

Appendix Glossary of Budget and Financial Terms

Fixed Asset: A long-lived tangible asset obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include land, buildings, equipment, improvements, other buildings, and infrastructure (i.e. immovable assets).

Fund: A separate accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances and changes therein are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards and guidelines for accounting and reporting. These standards govern the form and content of the annual financial statements of an entity. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

Grant: Contributions or gifts of cash, or other assets from another governmental agency, to be used or expended for a specified purpose.

Interest and Investment Income: Interest is received from banking institutions and investment firms for District funds on deposit. Investment Income is received from investment firms for interest, dividends and gains on the sale of securities the District holds.

Interfund Transfers: Payments from one fund to another primarily for work or services provided.

Line-Item Budget: A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category. Line item budgets are produced and used internally for budgetary control purposes only.

Materials, Supplies And Services: Expenditures/expenses for materials, supplies, and services which are ordinarily consumed within a fiscal year and which are not included in departmental inventories.

Non-Operating Expenses: Proprietary fund expenses not directly related to the fund's primary activities (e.g., interest).

Non-Operating Revenues: Proprietary fund revenues incidental to, or byproducts of, the fund's primary activities.

Appendix Glossary of Budget and Financial Terms

Operating Budget: Plans of current expenditures and the proposed means of financing them. The annual operating budget, as distinguished from the capital program budget, is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

Other, Non-Operating: These other revenues include: communication site rental; grants; and special district Cavitt-Stallman 40 year agreement.

Other, Retail: These other revenues include: fire service, reconnects, penalties and late fees.

Other, Wholesale: These other revenues include annexations.

Program: A group of activities, operations or organizational unit directed to attaining specified purposes or objectives.

Proposed Budget: This refers to the status of an annual budget, which has been submitted by the Finance & Accounting Manager and is pending public review and Board adoption.

Reserves: Accumulated funds legally restricted or otherwise designated by management and/or Board for specific purposes. Also see "Fund Balance".

Resolution: A formally adopted decision of the Board of Directors. A resolution carries the same legal standing as an ordinance.

Retail Service Area Connections: Connection fees are received from residential and commercial customers connecting to the District's water system. These fees are intended to cover: base benefits; distribution system; specific zones; tapping and connection; and the cooperative transmission pipeline.

Retail Water Sales: Payments are received from residential and commercial customers for delivery of water.

Retained Earnings: The amount of financial resources available for use in an Enterprise fund. Similar to "Fund Balance", it represents the excess of all prior years' surpluses and deficits.

Revenues: Total amount of income received, earned, or otherwise available for appropriation.

Salaries, Wages And Employee Benefits: Budgeted expenditure categories that generally account for full time and part time employees, overtime expenses, and all

Appendix
Glossary of Budget and Financial Terms

employee benefits, such as medical and dental insurance and retirement benefits.

Taxes and Assessments: Taxes and Assessments are levied through Placer and Sacramento County Property Taxes for bonded indebtedness and maintenance & operations.

User Charges: The payments of a fee for direct receipt of a public service by the party who benefits from the service.

Wholesale Water Sales: Payments are received from Citrus Heights Water District, City of Folsom, Fair Oaks Water District, Orange Vale Water Company and Sacramento Suburban Water District for treated water. In addition, raw water is delivered to and paid for by Granite Bay Golf Club.