



Annual Operating & Capital Improvement Budget

Fiscal Year Ending June 30, 2019
Fallbrook, CA

ANNUAL OPERATING CAPITAL & IMPROVEMENT BUDGET

FOR FISCAL YEAR ENDING JUNE 30, 2019



Rainbow Municipal Water District

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COMMITTED TO EXCELLENCE

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RAINBOW MUNICIPAL WATER DISTRICT ANNUAL OPERATING AND CAPITAL IMPROVEMENT BUDGET

FISCAL YEAR ENDING JUNE 30, 2019

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EXECUTIVE SUMMARY

FISCAL YEAR 2019 BUDGET MESSAGE

RAINBOW MUNICIPAL WATER DISTRICT

To our Ratepayers, Members of the Budget & Finance Committee, and the Board of Directors of Rainbow Municipal Water District:

On behalf of the Rainbow Municipal Water District (RMWD), I am pleased to present for your consideration our 2018-2019 Fiscal Year Operating and Capital Improvement Budget. The budget provides a forecast of the sources and uses of funds and serves as a managerial tool for guiding the District towards achieving its goals outlined in the Strategic Plan. Our Strategic Plan is used to set priorities, focus energy and resources, strengthen operations, ensure that employees are working towards common goals, and assess and adjust the District's direction in response to the changing environment. This plan defines the priorities and influences the development of the budgetary commitments needed in the upcoming fiscal year. The budget message will highlight some of the significant goals and priorities accomplished in the current budget year, as well as highlight priorities for the coming year.

Accomplishments in Current Fiscal Year 2018

- Awarded contract for Water and Wastewater Cost of Service study with Raftelis Financial Consultants. The objectives of the study were to determine the revenue increases needed to provide funds necessary to meet the District's current and future requirements with present consumption demands. The 2018 study encompasses a five-year financial planning horizon with the resulting rates implemented on March 1, 2018, and each January 1 thereafter beginning in 2019. A significant portion of the water rate increase is to fund the capital improvement program to deal with pipeline rehabilitation and replacement as a result of the condition assessment analysis given by HDR. Funds for this program will be ramped up over a five-year span and then continue indefinitely. For wastewater rates, the Board changed how the rates are calculated. In the past, rates were set using the lowest winter water consumption. When Raftelis reviewed this data, the analysis showed that there was not a strong correlation between our costs to provide service and the lowest winter water consumption. In the revised structure, for residential use, there is a flat fee per home, or equivalent dwelling unit (EDU). The new rate increases are imperative for the financial stability of the District.
- Enhanced the range of payment options to our customers by implementing an Interactive Voice Response (IVR) payment system that automates payments by phone, satisfying the needs of the customers who prefer to pay by phone while reducing customer support expenses. The system allows payments by ACH, debit and credit cards with the flexibility to make payments 24/7.

- Issued a Request for Proposals to provide engineering services for a feasibility study to advance Bonsall Basin Desalter Implementation. Dudek was awarded the contract as the evaluation found the firm to be qualified and experienced in such projects. The study would refine the feasibility of creating a local supply of potable water through desalination of imported water return flow. This would broaden the District's supply beyond strictly imported water.
- Awarded a Professional Service Contract for Lockbox Services of Utility Bills to RT Lawrence Corporation. The District receives approximately 3,000 mailed in payments a month, that was being processed in-house prior to outsourcing. Staff researched lockbox services as an alternative to manual check processing in order to improve operational efficiency and better utilize staff time and resources. Outsourcing this process has permitted staff more availability to better handle the impending growth.
- Approved a contract with Infor for the procurement of Utility Billing and Finance software, software hosting, and software support. The District recently transitioned from its legacy software Datastream to Springbrook in late 2015 for the finance applications and in November 2016 fully migrated the Utility Billing. Regrettably, the software has fallen short of many of the promises made. It has numerous functional flaws that challenge staff daily, and the level of support is inadequate. Infor software is of much higher quality than Springbrook and is used by Fortune 100 organizations and other local water agencies. It is a sophisticated software with tremendous capabilities in terms of interfacing with our other information systems.
- Completed the Moosa Crest waterline emergency repair project for a 16-inch transmission pipeline that was originally installed in 1960. The pipeline runs north to south perpendicular to Camino Del Rey. During a storm in late February 2017, Moosa Creek drastically increased inflow and compromised the pipe. The Moosa Crest pipeline is a vital transmission main to the District's Morro and South Zone and is necessary to meet demands during the peak summer months. The project featured an innovative free span bridge that reduced environmental impacts to the creek area.

Priorities for Fiscal Year 2019 include:

- Continue the process of developing a new local water supply through the Imported Return Water Recovery Project. This process will validate earlier work and move the project to the pre-design level. In addition, staff will develop alternative project delivery options to identify the optimal method to construct and operate the facility should it prove feasible.
- Work with the auditing firm to bring the annual financial statements in compliance with the Government Finance Officers Association (GFOA) Achievement for Excellence in Financial Reporting Program (CAFR Program).

- Continue Implementing District Wide Pressure Management Program – as part of the District’s Capital Improvement Plan; the District plans to increase system reliability by active pressure management. This initiative will install pressure regulation stations (PRS) in areas of high pressure to decrease pressure to manageable levels. High-pressure areas are prone to an increased frequency of pipe breaks and lower pipeline lifetime expectancy.
- Fully migrate into the new Infor Utility Billing and Financial software. The Utility Billing conversion will be handled internally by our IT Administrator with guidance given by Infor’s implementation staff. The Financial applications will be implemented by a third-party Kinsey. Infor’s in-house implementation team generally only works on larger projects. Staff identified Kinsey a third-party consulting firm as having the capability and experience with Infor products to manage the Financial Suite conversion. We expect the implementation process to take about 9 months although some elements of the system will come online earlier.
- Prepare a Programmatic Environmental Impact Report for ongoing pipeline rehabilitation and replacement projects. According to the condition assessment completed by HDR, the District must begin to replace aging infrastructure at a rate of 0.8% per year to continue to meet the AWWA standards for the level of service in the near future. The Programmatic Environmental Impact Report is the first step necessary to ramp up the pipe rehab and replacement program because environmental research and mitigation efforts, when done on an individual project basis, have a tendency to delay projects and increase costs. Completing this upfront will allow the District to complete small rehabilitation and replacement projects efficiently.
- Update Emergency Response Plan and conduct District-wide training and drills to keep workforce well prepared for disaster events. Also develop a new safety incentive program to reward safe practices, reporting of near misses or hazardous conditions, and implementation of preventive measures.

Revenue Assumptions

Each year, the Board of Directors approves the Budget as the District’s foundational financial plan. It is a cash-based projection of revenues and expenditures needed for operations, maintenance, administration, debt service and capital improvements associated with delivering high-quality service to customers throughout the year. Specifically, the Budget incorporates conservative revenue estimates, prudent spending plans, and a thorough review of necessary capital improvements to ensure the long-term sustainability of the District. In developing the budget, staff considered both internal and external factors including the economy, weather, regulatory requirements, and the condition and age of the District’s infrastructure.

This year water sales have improved from the prior two years; it has favorably shown a gradual increase. Part of the attributing factor has been the climate as this winter season had significantly less rainfall. It is predicted to surpass the estimated acre feet forecasted initially of 16,000. Another reason for the increased revenues is the new service connections as a result of development. We estimate to close the fiscal year with over 300 new accounts.

An approach the District took with the new cost of service study is to be less susceptible to volatile revenues by increasing the distribution of fixed revenues. The last few years were the lowest water sales since the inception of the District, barely recovering cost. At these reduced volumetric sales levels, the District will not be able to appropriately contribute to capital reserve levels for much-needed capital projects. While this may be acceptable for a short period, over time there are significant consequences to our ability to replace our aging infrastructure. As such, the direction the Board took was to reduce the reliance on variable revenue steadily over the next few years.

Fixed revenues were adjusted to include the increase that was effective March 1, 2018, and partially the proposed increased set for January 2019 that would impact the budget year for half year, in addition to the additional growth. This has created a 9% increase projected in fixed revenues over the prior year. It is anticipated that sales will be nearly 18,000-acre-feet this Fiscal Year 17-18. The prior two years sales were close to 16,000-acre feet, and as a conservative approach, 17,000-acre feet has been projected for the upcoming budget year.

Expense Assumptions

The largest expense of the District is purchased water from San Diego County Water Authority (SDCWA). Depending on the projections of volumetric sales, in this forecast of the cost we will be using the 17,000-acre-feet of sales plus the estimated 7% of water loss to arrive at an estimated cost of \$26.2M of purchased water including fixed fees assessed by SDCWA.

Operating expenses have remained consistent from previous years, with labor cost constituting the second largest operating expense for the District. Under the current organizational structure, the span of control of the leadership team ranges from one direct report to 11 direct reports. This creates challenges related to the amount of focused time each Superintendent or Manager can spend managing teams and providing performance feedback for the larger workgroups. Key recommendations include a shift in reporting structures and departmental organization to balance the span of control more evenly and give high-potential employees more opportunities to develop leadership skills as part of an overall succession planning and retention strategy. As a mechanism for filling in functional gaps, balancing span of control, building bench-strength of future leaders for succession planning, and employee retention, there are a few key job descriptions that will be realigned to meet these needs. None of these realignments will increase overall headcount.

In order to address the need to ramp up our water pipeline rehabilitation and replacement process, this budget proposes to add a Project Manager in the Engineering Department. Most of this position salary will be funded by the Capital Funds as their activity will be directly focused on capital projects.

Apart from routine expenses such as supplies, parts, and basic tools, there are two other cost components that are substantial in this budget. These include the ongoing GASB 34 compliant steel tank maintenance program estimated at \$600k for the year and the cost of electrical power to run our pump stations (which varies with consumption) estimated at over \$500K.

Capital equipment purchases for all funds are slightly over \$343,000. About \$75K relates to construction equipment such as a mini excavator. This smaller excavator is essential in compact spaces where a traditional backhoe is frequently challenged to operate productively. Most of the equipment purchases (\$204,500) are related to replacement of aging District vehicles that are beyond useful service life.

Additionally, there is approximately \$8.0 million of capital improvement projects included in this year’s budget. This amount represents the projects anticipated for the coming year that were scheduled on the District’s five-year Capital Improvement Plan (CIP) and as such have the appropriate dedicated funding sources. Following is a list of the major projects that are expected to be initiated or continued in the coming year.

<u>Major Projects for 2018-19</u>	<u>Allocation</u>	<u>Funding Source</u>
Gird to Monserate Hill Water Line	\$885,070	Water Capital Fund
Pump Station #1 Upgrades	\$1,619,536	Water Capital Fund
Weese WTP Permanent Interconnect	\$760,000	Water Capital Fund
Lift Station #1 Replacement	\$2,270,000	Wastewater Capital Fund

The above reflects only the major projects that are to be initiated and/or continued in the coming year.

Future Outlook/Conclusion

As a ratepayer focused agency, RMWD focuses on continuously providing reliable, high-quality water while maintaining the organizational capacity needed to service all current and future ratepayers within the District’s service area. Another fundamental focal point of interest to the District is supplying the needs of these customers at the lowest cost. Part of this effort is finding different avenues of diversifying our water source. Presently, the District is 100% reliant on one single source of imported water. The staff has been actively exploring other options of obtaining a second source of water supply. One of the first key focus areas of our Strategic Plan calls for diversification of water supply sources.

In order to examine other potential water sources, it is imperative that the District has a stable revenue source to fund the development of these supplies as well as to make needed replacements to aging pipelines in our system. Accordingly, beginning in August 2017, the District initiated a Cost of Service Study and 5-Year Financial Plan. After completing the study and sharing its results with the public, the Board of Directors approved at its February 2018 board meeting to increase water and wastewater rates over the next 5 years. The increase in rates took effect March 1, 2018, and was used to project FY 2018-19 Budgeted revenues.

To improve cost efficiency in the upcoming budget year, the District will pursue replacement of a considerable amount of the meters in the system. A primary indicator that meter replacement could be financially beneficial was conducting a sample of random meter test of 300 water meters. Those results showed significant inaccuracies in the water meters at multiple flow ranges. Inaccuracies in water meter readings mean a loss of revenue for the District. The analysis of the random test results has shown that water measurement and revenue recovery through greater meter accuracy indicate that the meter replacement program to be worthwhile. Additional projects include converting the utility billing and financial software; this will offer better reporting and analytical tools that can diagnose and support cost-effective decision making.

In closing, these key initiatives, in addition to District daily operations, will enable continued high quality and reliable water and wastewater service to our customers. In the coming year, the District will re-establish appropriate levels of infrastructure expenditures while remaining committed to the strategic management of water resources and finances to meet customer needs. We look forward to another year of meeting the Strategic Plan goals and objectives outlined in detail later in this document.

Respectfully submitted,



Tom Kennedy, General Manager

RESOLUTION TO ADOPT

RESOLUTION NO. 18-09

RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ADOPTING THE ANNUAL OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019

WHEREAS, the Rainbow Municipal Water District (“District”) is organized and operates pursuant to the Municipal Water District Law of 1911 commencing with Section 71000 of the California Water Code; and

WHEREAS, there has been presented to the Board of Directors a proposed Annual Operating and Capital Improvement Budget for The Fiscal Year Ending June 30, 2019 (“2019 Budget”); and

WHEREAS, on June 26, 2018, the Board of Directors received and considered all comments regarding the proposed 2019 Budget; and

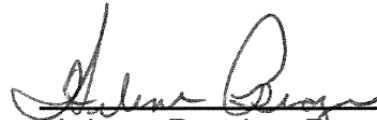
WHEREAS, the proposed 2019 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interests of the District to adopt said budget for the sound financial operation of the District.

BE IT HEREBY RESOLVED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The 2019 Budget, as detailed in the budget document entitled “Annual Operating and Capital Improvement Budget for the Fiscal Year Ending June 30, 2019,” is hereby adopted. A copy of the 2019 Budget is attached hereto and incorporated herein by reference.
2. The expenditure amounts designated for the Fiscal Year 2018-2019, pursuant to the 2019 Budget, are hereby appropriated and may be expended by the departments or funds for which they are designated.
3. The proposed amount of the San Diego County Water Authority Rate pass-through, as allowed shall be increased effective 01/01/2019.
4. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.
5. If any section, subsection, sentence, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid.
6. This Resolution will be effective immediately upon adoption.

PASSED, APPROVED, AND ADOPTED in Open Session at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 26th day of June, 2018 by the following vote, to wit:

AYES: Directors Brazier, Gasca, Hamilton, Mack, and Stewart
NOES: None
ABSENT: None
ABSTAIN: None



Helene Brazier, Board President

ATTEST:


Dawn Washburn, Board Secretary

RAINBOW MUNICIPAL WATER DISTRICT OFFICIALS



Helene Brazier - President



Bill Stewart – Vice President



Hayden Hamilton - Director



Michael Mack - Director



Miguel Gasca - Director



**Tom Kennedy
General Manager**



**Steven Strapac
District Engineer**



**Vanessa Martinez
Finance Manager**

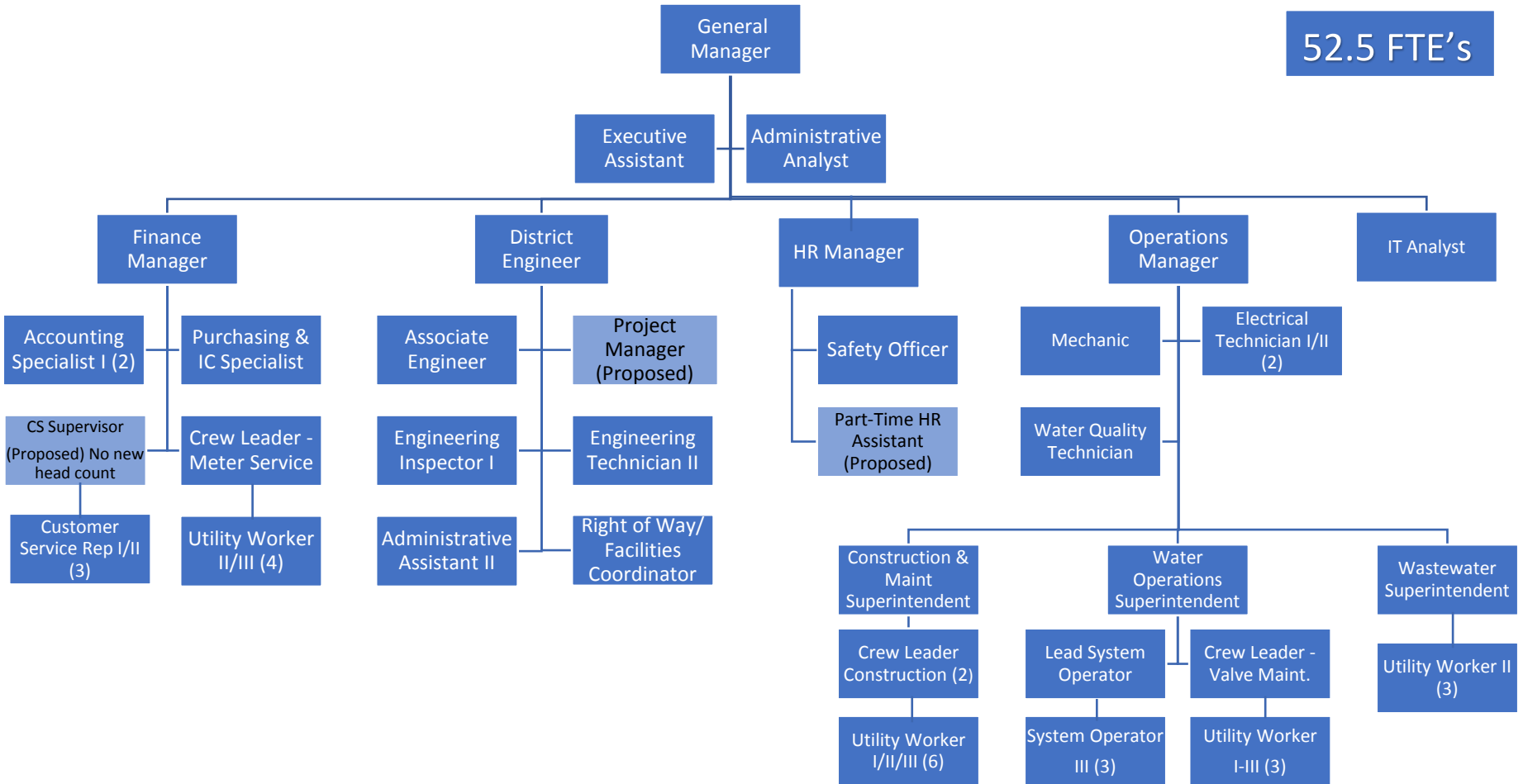


**Karleen Harp
HR Manager**



**Darren Milner
Operations Manager**

RAINBOW MUNICIPAL WATER DISTRICT ORGANIZATIONAL CHART



52.5 FTE's

RAINBOW MUNICIPAL WATER DISTRICT MISSION STATEMENT & CORE VALUES



“To provide our customers reliable, high quality water and water reclamation service in a fiscally sustainable manner.”

Background

RMWD’s adopted Strategic Plan’s strategic focus area of Workforce Development calls for the implementation of cost-effective employee recognition programs to acknowledge performance, encourage development and improve morale.

The Operations Manager, Human Resources Manager, and Administrative Analyst partnered to design a program that would not only increase pride in serving the District, but also use the design of the coins to reinforce the District’s newly articulated values and strategic focus areas. The program will give employees the ability to recognize one another for performance and behaviors in alignment with these goals.

Overview of the Excellence Coin Program

The program includes a series of six Excellence Coins, each designed to symbolize a particular District focus area. The first coin in the series “Commitment to Excellence” will be issued to all new employees, Board Members, and Citizen Committee members upon joining the District as a tangible welcome gift and reminder of our purpose. Each of the remaining coins will only be issued after nomination and selection by management or peer employee groups.



Innovation:

We realize that good ideas can come from many sources, and we continually encourage new and better ways of doing our work. Our goal is not innovation for innovation's sake, but for finding ways to improve service and lower costs.



Integrity:

We believe in openness, trust, ethics and transparency. We practice direct and honest communication in all of our day-to-day interactions.



Professionalism:

We have open and respectful communication and interactions, both internally and with our customers. Our employees will always exhibit professionalism in all of their day-to-day interactions.



Responsibility:

Individual and organizational responsibility and accountability for accomplishing the District's mission is a core value. We focus on doing our work in an efficient, reliable, and cost effective manner.



Teamwork:

Our focus is on supporting one another to collectively be our best. We encourage communication and collaboration. We focus on quality and have pride in the work we do in service to our customers.

RAINBOW MUNICIPAL WATER DISTRICT

CERTIFICATE OF AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented the award of Distinguished Budget Presentation Award to Rainbow Municipal Water District for the annual budget for the fiscal year beginning July 1, 2017. In order to receive this award a governmental unit must publish a budget document of the very highest quality that adheres to the program standards set by the GFOA. The award is valid for a period of one year only. We believe the FY 2019 budget continues to meet the program requirements and will be submitted to the GFOA to determine its eligibility for another award.



PROFILE OF THE DISTRICT

THE DISTRICT

The Rainbow Municipal Water District was organized on December 20, 1953, under the Municipal Water District Act of 1911 (commencing with section 71000 of the California Water Code). The Board of Directors is composed of five members who are elected by divisions of the District for four-year alternating terms, with the president being elected by the Board from among its members. Advisory Committees composed of residents from all divisions of the District assist the Board in water issues and financial planning. Operation, maintenance, and administration of the system is carried out by a staff of 55 full time employees under the direction of the General Manager, Thomas Kennedy.

The Rainbow Municipal Water District, comprising a total area of 82 square miles, is located in northwestern San Diego County, approximately two hours driving time from Los Angeles and one hour from San Diego. It is approximately 40 miles northeast of downtown San Diego, California and 90 miles southeast of the City of Los Angeles. The District share common boundaries with Riverside County, Camp Pendleton Marine Corps Base, the unincorporated community of Fallbrook and the City of Oceanside. The District boundaries encompass the unincorporated communities of Rainbow and Bonsall, as well as portions of Pala, Fallbrook and Vista.

The principal activity of the District is the development and operation of a water transmission and distribution system capable of delivering potable water throughout the District. The District's area of service is predominantly agricultural and includes approximately 5,300 homes and a total metered service of 8,100. In addition to water service, the District provides sewerage collection and disposal service to approximately 2,500 accounts. On February 13, 2002, Rainbow Municipal Water District entered into a contract with the City of Oceanside, California to provide for the construction, operation, maintenance, and replacement of a wastewater system to service the needs of both The City and the District. The City owns the wastewater conveyance, treatment, and disposal facilities and the District has the contractual right to discharge wastewater in to the City's system. The City and the District have previously entered into agreements on January 2, 1973 and September 10, 1989. This agreement reflects the planned expansion and rehabilitation of facilities built from those previous agreements. Under the agreement, the District's share of cost for planned expansion and rehabilitation of the facilities would be 10%.

DISTRICT POWERS

The District has broad general powers to perform all necessary or proper acts, including but limited to the authority to acquire, plan, construct, maintain, improve, operate and repair necessary works for the transmission and distribution of water for irrigation and other purposes and for reclamation of such water; the right of eminent domain; authority to levy taxes or, in lieu thereof, to fix and collect charges for water, including standby charges made to holders of title to land to which water may be made available, whether or not the water is actually used; authority to establish rules and regulations for the sale and distribution of water including rules for providing that water shall not be furnished to persons against whom there are delinquent water charges; authority to contract with the United States, the State and the agencies of either; and the power to join with one or more public agencies, private corporations or other persons for the purpose of carrying out any of the powers of the District.

WATER SUPPLY OPERATIONS

Since Rainbow Municipal Water District began water service in 1954, the District's source of supply has been water purchased from the San Diego County Water Authority ("SDCWA"). About 70% of the water used is for agricultural purposes; all water is of domestic quality.

The SDCWA is a County Authority organized on June 9, 1944 under the County Authority Act, California Statutes 1943, Chapter 545, as amended. SDCWA's primary purpose is to supply water to areas in the County for distribution to the SDCWA's member agencies in order to meet their respective needs. SDCWA's service area encompasses 1,418.2 square miles, which represents about one-half of the land acreage of the County. There are currently 24 member agencies served by the SDCWA consisting of 6 cities, 17 special districts and the US Marine Corps base at Camp Pendleton. The SDCWA receives its water from The Metropolitan Water District of Southern California, of which the Authority is a member agency. Delivery of this water is made by San Diego County Water Authority through aqueducts, all of which traverse the District.

Historically, SDCWA depended almost exclusively on water supplies imported from the Colorado River and Northern California by the Metropolitan Water District of Southern California. That changed in 2003 with the start of the largest farm-to-urban water conservation and transfer agreement in the nation with the Imperial Irrigation District, which now accounts for about one-third of San Diego County's water supply. In late 2015, the Water Authority added a historic new water source to its portfolio with the completion of the nation's largest seawater desalination plant in Carlsbad. Today, the Water Authority and its member agencies have identified potable reuse of recycled water as the next major source of local water supply, while continuing to aggressively promote water conservation as a civic responsibility.

The Water Authority is governed by a 36-member Board of Directors representing the 24 member agencies. A member of the San Diego County Board of Supervisors also serves as a non-voting member to the Water Authority Board.

The Metropolitan Water District is a regional wholesaler that delivers water to 26 member public agencies – 14 cities, 11 municipal water districts, one county water authority – which in turn provides water to more than 19 million people in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. The Metropolitan Water District, to supplement its water supply from the Colorado River, has entered into a contract with the State of California for the delivery of water via the State Water Project. Metropolitan is governed by a 38-member board of directors who represent their respective member agencies ensuring each member agency is part of the governance of Metropolitan.

To supply the more than 300 cities and unincorporated areas in Southern California with reliable and safe water, Metropolitan owns and operates an extensive water system including: The Colorado River Aqueduct, 16 hydroelectric facilities, nine reservoirs, 819 miles of large-scale pipes and five water treatment plants. Four of these treatment plants are among the 10 largest plants in the world. In fact, Metropolitan is the largest distributor of treated drinking water in the United States. The District imports water from the Feather River in Northern California and the Colorado River to supplement local supplies. It also helps its member agencies develop water recycling, storage and other local resource programs to provide additional supplies and conservation programs to reduce regional demands.

Metropolitan currently delivers an average of 1.7 billion gallons of water per day to a 5,200-square-mile service area.

SYSTEM PRESSURES

The range of water pressures experienced at any location is a function of the hydraulic grade and the service elevation. Within a specific pressure zone, the hydraulic grade is affected by the reservoir or tank water level and/or pressure reducing valve settings, friction losses in the distribution system, and the flow delivered through aqueduct connections, if applicable. The maximum static pressure within a pressure zone is based on the high-water level of the reservoir or highest pressure reducing valve setting and the elevation at any specific point in the zone. The system pressure ranges within the district between 20-400 pounds per square inch (psi). It is much more difficult to control the pressure in transmission pipelines as they must maintain the grade line of the zone and are typically less flexible in terms of installation locations. Despite the District's terrain, the vast majority of the District transmission system is within the desired maximum pressure.

LEGEND

- XX
XX RESVR
00.0 MG
- XX'
XX TANK
- PX
- X
- XX
- X/XX
- X

HIGH WATER ELEVATION
RESERVOIR NAME
RESERVOIR CAPACITY

HIGH WATER ELEVATION
TANK NAME
TANK CAPACITY

BOOSTER PUMP STATION AND REFERENCE NO.

SDCWA AQUEDUCT CONNECTION NO.
(MAXIMUM/MINIMUM HGL)

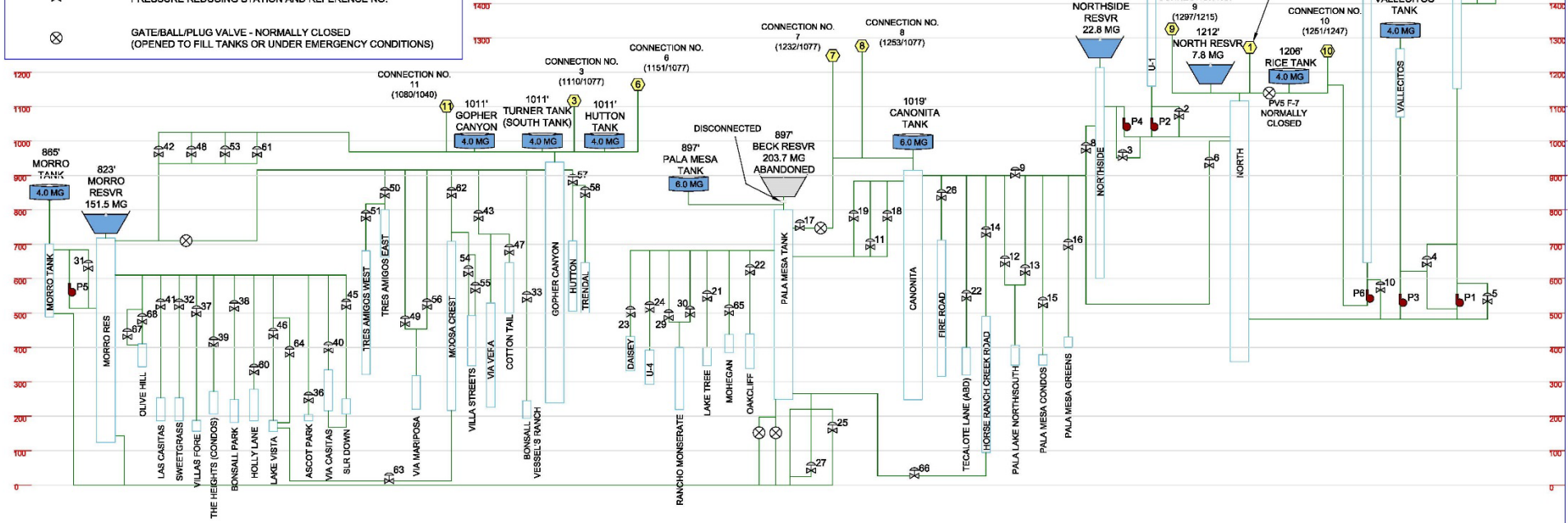
ZONE DESIGNATION
(LENGTH OF SYMBOL REPRESENTS SERVICE ELEVATION RANGE)

PRESSURE REDUCING STATION AND REFERENCE NO.

GATE/BALL/PLUG VALVE - NORMALLY CLOSED
(OPENED TO FILL TANKS OR UNDER EMERGENCY CONDITIONS)

PRESSURE REDUCING STATION REFERENCE (HI/LOW) PSI

1	MAGEE PUMP STATION BYPASS (337/220) PSI	33	BONSALL VESSELS RANCH (350/120) PSI
2	U1 U2 PUMP STATION BYPASS (170/30) PSI	34	MOOSA CANYON LINE
3	BOOSTER STATION #4 BYPASS(100/50) PSI	35	WEST LILAC PR PRESSURE RELIEF (225/0) PSI
4	VALLECITOS BYPASS (PUMP STATION N) (240/45) PSI	36	ASCOT PARK (260/70) PSI
5	PUMP STATION 1 BYPASS SOUTH (355/60) PSI	37	VILLAS FORE (260/125) PSI
6	STEWART CANYON (220/150) PSI	38	BONSALL PARK
7	MOON RIDGE (200/107)PSI	39	THE HEIGHTS (CONDOS)
8	LOS ALIBOS (210/120) PSI	40	VIA CASITAS (260/110) PSI
9	PALA LAKE SOUTH (290/120) PSI	41	LAS CASITAS (225/95) PSI
10	HUNTLEY PUMP STATION BYPASS (240/143) PSI	42	WEST LILAC (300/220) PSI
11	ATKINS (124/100) PSI	43	VIA VERA (200/95) PSI
12	PALA LAKE NORTH (260/100) PSI	44	SLR DOWNS TRACK (285/125) PSI
13	PALA LAKE SOUTH (290/120) PSI	45	LAKE VISTA (260/100) PSI
14	HORSE RANCH CREEK (253/120)PSI	46	COTTON TAIL (230/110) PSI
15	PALA MESA CONDOS (300/75) PSI	47	CAMINO DEL REY (332/225) PSI
16	PALA MESA GREENS (285/120) PSI	48	VIA MARIPOSA WEST (295/95) PSI
17	WILT & CITRUS	49	VIA MARIPOSA WEST (295/95) PSI
18	CANONITA (135/85) PSI	50	TRES AMIGOS EAST (110/85) PSI
19	LAKE TREE EAST (230/110) PSI	51	TRES AMIGOS WEST (110/70) PSI
20	BECK	52	VIA PUERTA DEL SOL PRESSURE RELIEF (240/0) PSI
21	LAKE TREE WEST (230/100) PSI	53	DENTRO DE LOMAS (365/260) PSI
22	OMCLIFF (200/100) PSI	54	VILLA MEDICI (140/60)PSI
23	DAISEY LANE (245/75) PSI	55	VILLA TOSCANA (110/73)PSI
24	U-4 (210/70) PSI	56	VIA MARIPOSA EAST (295/95) PSI
25	ESTERILINA (116/70) PSI	57	HUTTON 4* (100/80) PSI
26	FIRE ROAD (110/55) PSI	58	TRENDAL 4* (150/85) PSI
27	76 & GIRD (277/225)PSI	59	OLD RIVER ROAD PRESSURE RELIEF (270/0) PSI
28	VIA MONSERATE PRESSURE RELIEF (280/0) PSI	60	HOLLY LANE (250/70) PSI
29	RANCHO MONSERATE "W" (290/110) PSI	61	SAGEWOOD (320/273) PSI
30	RANCHO MONSERATE "E" (290/110) PSI	62	MOOSA CREST (H/AL/EAH) (125/110) PSI
31	MORRO BOOSTER STATION BYPASS (140/120) PSI	63	LAKE VISTA TERRACE
32	SWEETGRASS (248/90)PSI	64	LAS ESTRELLAS
		65	MOHEGAN
		66	PANKEY
		67	OLIVE HILL ESTATES NORTH
		68	OLIVE HILL ESTATES SOUTH



EXISTING SYSTEM HYDRAULIC SCHEMATIC



SYSTEM DESCRIPTION

RMWD's existing water distribution system is comprised of 12 major pressure zones with storage facilities. Four of the major zones are supplied directly from SDCWA aqueduct connections and the remaining major zones are supplied through pressure reducing stations or booster pump stations. In addition to the major zones, there are 30 reduced pressure areas that are supplied from the major zones through pressure reducing stations. The RMWD hydraulic profile schematic showing the aqueduct connections, pressure zones, storage facilities, booster pump stations, pressure reducing stations and emergency supply interconnects.

The twelve major pressure zones within the RMWD system are identified by a name and number that corresponds to the hydraulic grade elevation set by the high water level of the tank or reservoir. The District is characterized by steep and varying terrain, and the pressure zone grades range from 825 feet to 2,160 feet above mean sea level. The hydraulic grade line and water supply sources for each major pressure zone are summarized in Table below. The District was formed from the merging of several water purveyors' decades ago, and as a result the gradient spacing between zones is irregular. Zone boundaries have been modified over time to increase pressures in some local critical areas or reduce pressures in older pipelines. Field operators adjust some of the pressure boundaries seasonally to improve water circulation. The Morro, South, Pala Mesa and Canonita zones each include multiple smaller reduced pressure areas that are supplied from pressure reducing stations.

Zone	HGL (feet)	Main	Secondary
Magee	2,160	Rainbow Heights via Booster PS 7	None
Rainbow Heights	1,967	North Zone via Booster PS 1	Magee
Gomez	1,710	North Zone via Booster PS 6	Rainbow Heights
U-1	1,579	North Zone via Booster PS 2	None
Vallecitos	1,338	North Zone via Booster PS 3	Rainbow Heights
Northside	1,282	North Zone thru Booster PS 4	None
North	1,212	Connections 1,9, and 10	Northside & Rainbow Heights
Canonita	1,019	Connections 7 and 8	Northside & North
South	1,011	Connections 3,6, and 11	Morro via emergency pumps
Pala Mesa	897	Connection 7	Canonita
Morro Tank	865	Morro Zone thru Booster PS 5	Pala Mesa via Morro Zone
Morro	825	South	Pala Mesa
HGL = Hydraulic grade line			

The existing distribution system has over 320 miles of pipelines ranging in size from 4-inches to 42-inches in diameter. Most of the smaller diameter pipelines are constructed of asbestos cement pipe (ACP) or steel, although ductile iron pipe (DIP) is used in high pressure areas. Larger transmission mains are constructed of CMLC steel or DIP. Table below summarizes pipeline lengths by diameter.

Pipeline Summary			
Pipeline Diameter (inches)	Total Pipeline Length (miles)	Pipeline Diameter (inches)	Total Pipeline Length (miles)
4	4.5	20	10.9
6	65.1	22	1
8	114.7	24	5.8
10	17.7	27	0.3
12	42.2	30	0.6
14	20.3	36	0.4
16	27	42	0.6
18	11.7		
Total Length of Pipe			323

SYSTEM OPERATIONS

Operation of the RMWD water distribution system is very complex due to the large number of pressure zones, supply locations, and large capacity storage facilities which require frequent cycling or turnover to maintain water quality. Furthermore, the water distribution system is flexible in that supply from the eight aqueduct connections can be routed to different parts of the distribution system by making changes to several key valve settings. Reservoir water levels are connected to the RMWD SCADA system such that the water operators are able to monitor the system throughout the day at the water operations center. However, system operation relies upon a number of manual changes that are made from operator judgment rather than automation such as adjusting the flow orders from FCF connections based on tank levels.

The large storage capacity of Morro reservoir requires special operation of the distribution system to maintain water quality. The distribution system is operated in either a Morro fill or Morro drain mode, with the duration of each mode varying seasonally but typically lasting two weeks or more. Changing between modes requires the manual closing and opening of several pressure stations in addition to a number of operational changes. Tank water levels in several pumped zones are also operated in a fill/drain mode with water levels set low to improve the turnover rate. In addition to normal supply operations, system operators have several

documented procedures for alternative supplies to zones in the event that pump stations fail, tanks need to be removed from service, or when aqueducts are shut down for service. During planned shutdowns of the SDCWA Second Aqueduct (Connections 3, 6, 7, 8, 9, and 11), water from the North and Northside Reservoirs is supplied down to the Canonita Zone through bypass valves and pressure reducing stations. The remaining zones normally supplied from the Second Aqueduct are supplied from excess storage capacity in the Morro Reservoir via temporary diesel powered pumps. Four portable pumps are utilized to pump water from the Morro Zone to the South Zone. Supply to the South Zone can also be supplemented from the City of Oceanside's Weese Water Filtration Plant from a portable pump. The Northside Zone, North Zone, and all zones that are pumped from the North Zone are normally supplied from Connections 1 and 10 on the First Aqueduct and Connection 9 on the Second Aqueduct. During a shutdown of both aqueducts, these zones rely on water from in-zone tank storage, the North and Northside Reservoirs, and additional supply from FPUD's Red Mountain Reservoir, which is pumped into the North Reservoir. An emergency pump station at the Beck Reservoir site can also be utilized during a shutdown of both aqueducts to supply the Canonita Zone from the Pala Mesa Zone.



BECK RESERVOIR

WASTEWATER FACILITIES

The collection and disposal of wastewater was first undertaken by the District in March 3, 1963, in conjunction with two subdivisions and the Fallbrook Country Club. In 1964 the second system was constructed to accommodate Pala Mesa Village and the Pala Mesa Country Club facilities and Motel. Later a 200 space mobile home park was connected to the system. Both systems were financed through the sale of improvement district bonds.

The third wastewater collection and disposal system was constructed by the developer of San Luis Rey Country Club and dedicated by the developer. In 1969 the subject improvement district was formed to expand wastewater collection facilities to accommodate the San Luis Rey Downs development and the community of Bonsall commercial businesses.

Six wastewater lift stations are operated within the District's service area. The lift station type and location are described for each station below:

■ **Lift Station 1.** This station is located just south of the intersection of Golf Club Drive and Old River Road on the south side of the San Luis Rey River. It consists of a Smith and Loveless packaged lift station with three 5-hp wet well/drywell pumps and a 3,000 gallon working volume wet well. The existing pumps were rated at 625 gpm each and there is a backup generator in case of a power failure. The District replaced the pumps at this station in kind in 1994. Lift Station 1 is currently under design for replacement which will expand the station's capacity to serve peak wet weather and future projected sewer flow. The replacement design has considered relocating the station to the north side of the San Luis Rey River in order to abandon the siphon crossing beneath the river and replacing it with a force main. In addition, the new design will strive to move the station further away from nearby residences.

■ **Lift Station 2.** This station is located at the intersection of Little Gopher Canyon Road and Old River Road, in the southwest corner of the District. The station is a Flygt/Xylem packaged lift station consisting of three 70-hp wet well/drywell pumps and a 14,000 gallon working volume wet well. The existing pumps are rated at 1,500 gpm each. There is also a backup generator in case of a power outage. This station was replaced in 2010 due to a history of problems with overflows. Capacity was increased from 1,000 gpm per pump to the current 1,500 gpm per pump to allow significant capacity to serve the ultimate projected sewer flow.

■ **Plant B Lift Station.** This station is located south of the District offices on Old Highway 395. This station is a Smith & Loveless prefabricated station consisting of two 5-hp wet well/dry well pumps and an 800 gallon working volume wet well. The pumps are each rated at 320 gpm. The station has a standby generator to run the lift station in the case of a power failure. This is the District's oldest lift station and is located in a sub-basin subject to high infiltration. Abandonment of this station is planned to coincide with the construction of the Pankey Sewer Lift Station.

■ **Rancho Monserate Lift Station.** Wastewater generated at the Rancho Monserate Mobile Home Park is tributary to this station, located north of the park off Dulin Road. Collected wastewater is conveyed north via forcemain for approximately 1,740 feet where it intercepts the Rancho Viejo Forcemain. The Rancho Viejo Forcemain transports the wastewater an additional 2,350 feet before it discharges into Manhole No. 20L-M020 at the intersection of Old Highway 395 and Pala Road. The Rancho Monserate lift station is a Flygt/Xylem lift station consisting of two 5-hp wet well/dry well pumps with a 300 gallon working volume wet well. The pumps are each rated at 320 gpm. The station also has a backup power generator in the case of a power failure.

■ **Rancho Viejo Lift Station.** This station is located on Dulin Road east of I-15. This station was built in 1990 to transport wastewater generated in the Lake Rancho Viejo subdivision. The lift station is a Gorman-Rupp prefabricated station consisting of two 40-hp wet well/dry well pumps and a 600 gallon working volume wet well. The pumps are each rated at 805 gpm. This station also has a backup power generator.

■ **Fallbrook Oaks Lift Station.** This station is located south of the intersection of Sarah Ann Drive and Kate Lendre Drive in the Fallbrook Oaks subdivision off Gird Road. This is the only station that contains two submersible Meyer’s pumps inside of a 500 gallon working volume wet well. It consists of two 250 gpm, 5-hp submersible Meyer’s pumps. The station has a standby generator to provide power to the lift station in the case of a power failure.



HISTORICAL WATER DEMAND AND RECENT TRENDS

Calendar Year	Deliveries (AF)
1980	29,300
1981	33,815
1982	24,843
1983	23,746
1984	33,806
1985	28,886
1986	29,298
1987	27,382
1988	32,028
1989	34,828
1990	34,920
1991	24,567
1992	26,460
1993	22,997
1994	22,832
1995	20,872
1996	23,223
1997	24,906
1998	19,924
1999	28,721
2000	29,203
2001	26,803
2002	32,125
2003	30,472
2004	30,336
2005	28,911
2006	29,929
2007	31,865
2008	24,128
2009	26,894
2010	18,322
2011	19,276
2012	21,918
2013	21,526
2014	22,625
2015	17,868
2016	18,151
2017	18,123

For 25 years following its founding in 1954, total water demands in the District service area steadily increased, as agricultural acreage and population increased. By 1984, demands had climbed to almost 34,000 acre feet per year (AFY). Demands then dropped sharply during the drought restrictions of 1991-93, as mandatory cutbacks led to the stumping of avocado groves and other water use reductions, but by 2002 had rebounded to almost pre- 1991 conditions.

Beginning in 2008, demands again declined sharply, this time in response to economic recession, price increases, a new round of drought restrictions, and increased adoption of water conservation measures. These factors have combined to produce a fundamental downward shift in per capita water use, with per account use declining by 35 percent from 2006 to 2013. Per capita use reached a minimum during the period from 2010 to 2012, but this was in response to economic recession, cooler than normal summer weather, and other impermanent conditions.

Considering factors of economic equilibrium, average weather conditions, and normal water supply conditions (without water use restrictions in place), the Master Plan has judged calendar year 2013 to be representative of normal water use conditions in the current era, and has defined calendar year 2013 water use as an appropriate baseline condition for use in demand forecasting.

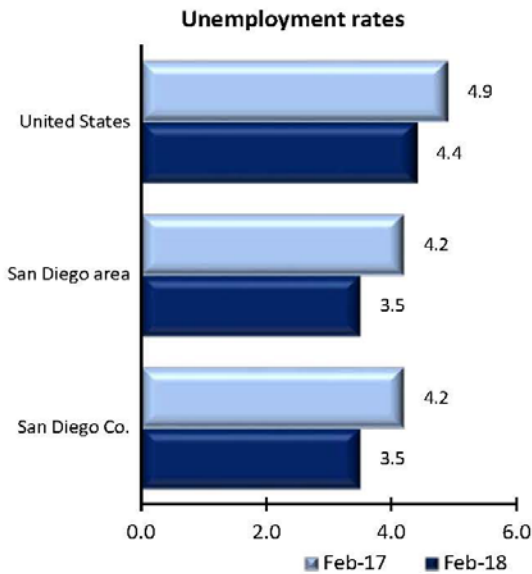


San Diego Area Economic Summary

Updated April 05, 2018

This summary presents a sampling of economic information for the area; supplemental data are provided for regions and the nation. Subjects include **unemployment**, **employment**, **wages**, **prices**, **spending**, and **benefits**. All data are not seasonally adjusted and some may be subject to revision. Area definitions may differ by subject. For more area summaries and geographic definitions, see www.bls.gov/regions/economic-summaries.htm.

Unemployment rates for the San Diego area, selected area counties, and the nation



Source: U.S. BLS, Local Area Unemployment Statistics.

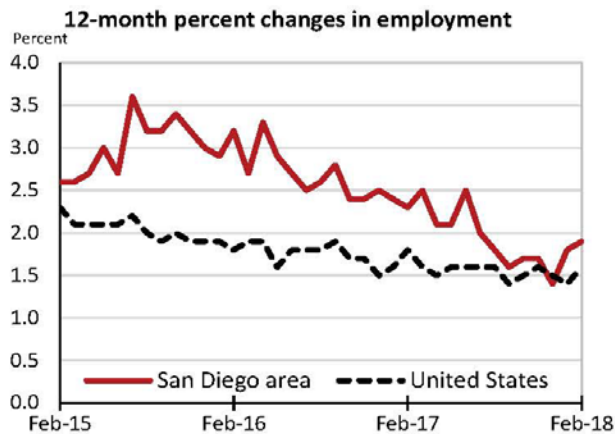
Average weekly wages for all industries by county

San Diego area, 3rd quarter 2017
(U.S. = \$1,021; Area = \$1,112)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

Over-the-year changes in employment on nonfarm payrolls and employment by major industry sector



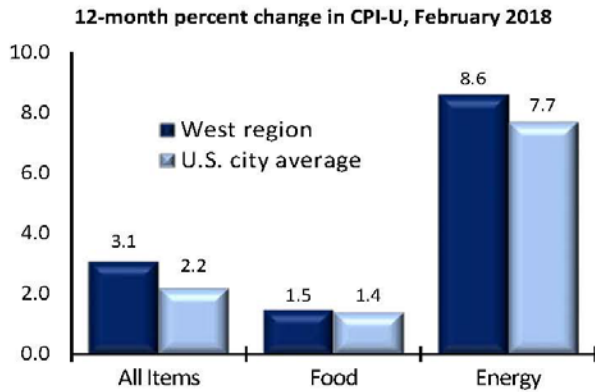
Source: U.S. BLS, Current Employment Statistics.

San Diego area employment (numbers in thousands)	Feb. 2018	Change from Feb. 2017 to Feb. 2018	
		Number	Percent
Total nonfarm	1,463.7	27.9	1.9
Mining and logging	0.3	0.0	0.0
Construction	81.8	5.2	6.8
Manufacturing	111.4	3.6	3.3
Trade, transportation, and utilities	227.7	1.3	0.6
Information	24.4	0.0	0.0
Financial activities	73.8	0.7	1.0
Professional and business services	239.8	8.7	3.8
Education and health services	208.0	5.2	2.6
Leisure and hospitality	189.8	-0.1	-0.1
Other services	54.3	0.4	0.7
Government	252.4	2.9	1.2

Source: U.S. BLS, Current Employment Statistics.



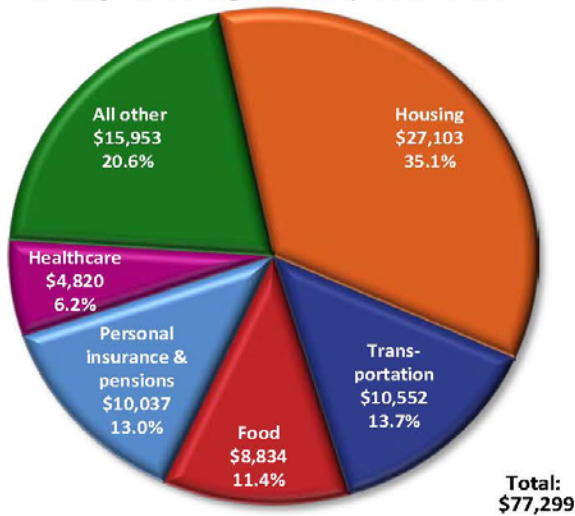
Over-the-year change in the prices paid by urban consumers for selected categories



Source: U.S. BLS, Consumer Price Index.

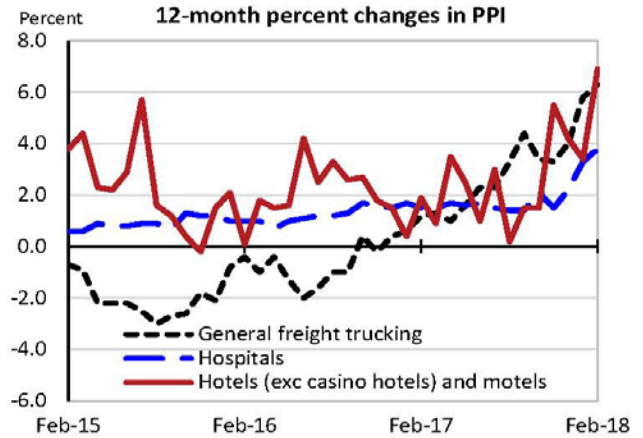
Average annual spending and percent distribution for selected categories

San Diego area average annual expenditures 2015-16



Source: U.S. BLS, Consumer Expenditure Survey.

Over-the-year changes in the selling prices received by producers for selected industries nationwide



Source: U.S. BLS, Producer Price Index.

Average hourly wages for selected occupations

Occupation	San Diego area	United States
Total, all occupations	\$27.12	\$24.34
Financial managers	69.31	69.01
Registered nurses	45.55	35.36
Chemists	41.96	39.36
Accountants and auditors	38.99	37.46
Electro-mechanical technicians	23.99	28.60
Construction laborers	21.20	18.70
Medical secretaries	19.38	17.25
Sailors and marine oilers	19.29	22.38
Security guards	15.21	14.78
Retail salespersons	14.99	13.20
Maids and housekeeping cleaners	13.44	11.84
Cooks, fast food	12.00	10.39

Source: U.S. BLS, Occupational Employment Statistics, May 2017.

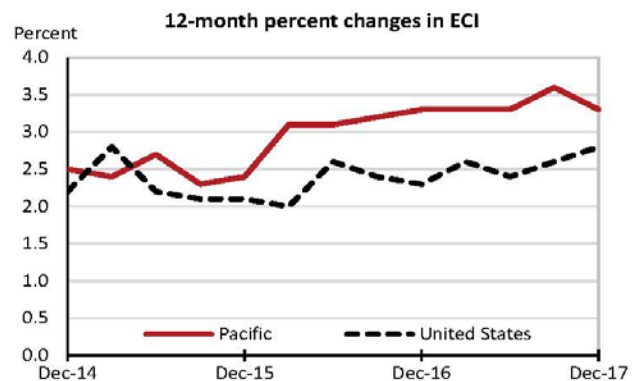
Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, December 2017	Pacific (1)	United States
Total compensation	\$38.26	\$33.72
Wages and salaries	26.77	23.47
Total benefits	11.49	10.25
Paid leave	2.71	2.36
Vacation	1.38	1.22
Supplemental pay	0.97	1.28
Insurance	3.05	2.70
Retirement and savings	1.61	1.29
Legally required benefits	3.15	2.62

(1) Pacific includes AK, CA, HI, OR, and WA.

Source: U.S. BLS, Employer Costs for Employee Compensation.

Over-the-year changes in wages and salaries



Source: U.S. BLS, Employment Cost Index.



CLIMATE AND TOPOGRAPHY

The Fallbrook, Bonsall and Rainbow region has an average year-round temperature of 61 degrees. Due to the prevailing ocean breezes, the humidity is relatively low and constant. The average daytime high in Fallbrook is 76 degrees, although in the summer, temperatures sometimes exceed 90 degrees. Most of the area is frost-free; during the coldest periods the average nighttime temperature is about 42 degrees. Due to its proximity to the ocean, days often start with early morning fog; afternoons can be breezy.

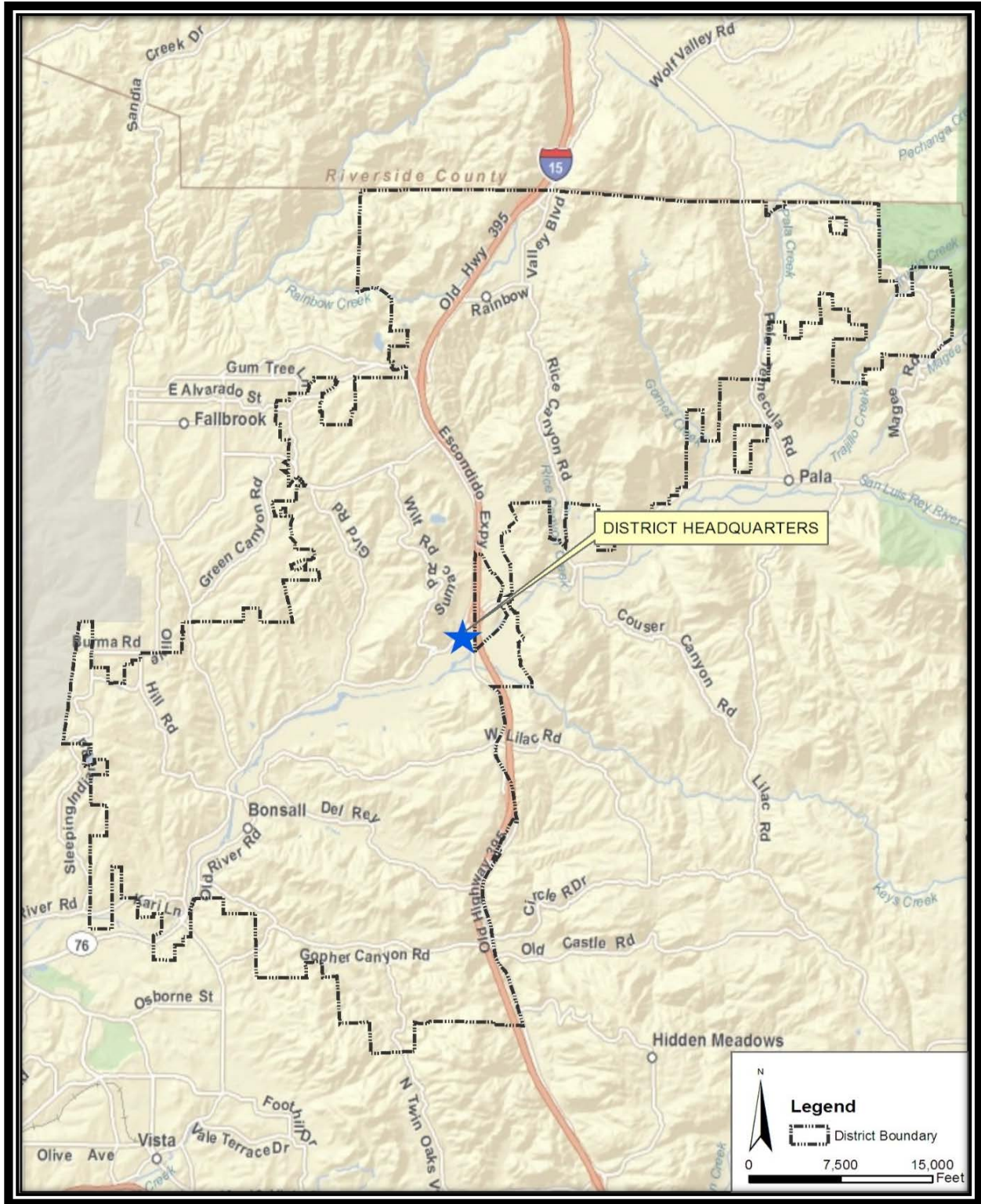
Annual rainfall is roughly 10 inches (25 cm) and comes mostly between November and April. Rainfall is higher in the surrounding hills, up to 20 inches (51 cm). The area is ideal for avocados, strawberries, tomatoes and many other sub-tropical fruits, vegetables, and flowers.

The topography of the District ranges from relatively level valley lands to steeply sloping ridges with long, narrow canyons. Elevations vary from 120 feet in the San Luis Rey River basin to mountains over 2,200 feet high. This configuration of land enables dense, cool air to slide off the valley sides, creating a continuous mild turbulence on the valley floor, which results in a low incidence of frost essential to the growth of avocados and citrus, the major crops grown in the District.

THE DISTRICT OFFICE



MAP OF DISTRICT SERVICE AREA



EMPLOYEE COMPENSATION AND BENEFITS

DEFERRED COMPENSATION PROGRAMS

401(a) PLAN:

The District agrees to establish a 401 (a)-retirement savings account as a means to assist employees in saving for retirement medical or other retirement expenses. The District will fund the 401(a) accounts as follows:

The District will match employee contributions to the 401(a) account per the following terms:

0 – 5 years of service: \$50 per pay period

5-10 years of service: \$75 per pay period

10-20 years of service: \$100 per pay period

Over 20 years of service: \$125 per pay period

Employee contributions to the 401(a) account will be on a post-tax basis, and the employee may contribute additional funds subject to IRS annual limits. The District's matching funds will be tax deferred.

The District's initial deposit and matching funds will be tax deferred, and will become vested per the following vesting schedule:

1 year of service = 20% vested

2 years of service = 40% vested

3 years of service = 60% vested

4 years of service = 80% vested

5 years of service = 100% vested

If an employee leaves the District's employment before the District's contributions to the 401(a) account have become 100% vested, then the unvested funds will be forfeited and returned to the District.

Employee contributions to the 401(a) account will be on a post-tax basis, and the employee may contribute additional funds subject to IRS annual limits.

457(b) PLAN:

The District will provide a dollar-for-dollar match of up to \$100.00 per pay period per employee into a 457(b)-retirement savings account. The employee may contribute additional unmatched funds through payroll deductions, subject to IRS rules.

LUMP SUM MERIT AWARDS

When an employee's pay rate is at the top of their position's Non-Exempt Pay Grade, the employee will not be eligible for a base pay merit increase. However, the employee may be eligible for a lump sum merit award based on their ratings on the Annual Performance Review.

Lump sum merit awards will be calculated by averaging the merit award percentages that correspond with the score in each Performance Factor of the Annual Performance Review, per the following matrix:

Exceptional	7%
Above Satisfactory	2.5%
Satisfactory	0%
Needs Improvement	0%
Unsatisfactory	Disqualified

Employees who receive an unsatisfactory rating in any Performance Factor, or who are on a Performance Improvement Plan, will not be eligible for a lump sum merit award.

COMPENSATORY TIME

When any non-exempt employee works overtime, the employee may elect to accrue Compensatory Time Off in lieu of cash payment for the overtime worked. The amount of Compensatory Time Off will be based on the applicable overtime rate (one and one half or double the regular rate of pay as specified in the Overtime Section).

No employee shall be allowed to accumulate over 50 hours of compensatory time. Any time over 50 hours shall not be eligible for accumulation and shall be included as hours paid in the employee's paycheck for the pay period earned.

Compensatory time shall be granted at such times and in such time blocks as are mutually agreed upon between the employee and his/her Superintendent or Manager; permission to utilize compensatory time off shall not be unreasonably denied if operating requirements will not be adversely affected.

All unused compensatory time will be paid out on the last pay date in December of each year. Employees will have the option to cash out Compensatory Time Off on the last pay date in June of each year.

Upon separation from the District employees shall be paid 100% of their accumulated compensatory time balance at their present rate of pay.

PAID TIME OFF

Accrual Rate:

Length of Service	Accrual Rate Per Pay Period	Annual Accrual Equivalent	Maximum Accrual
Up to 4 years	7.69 hours	200 hours	400 hours
4 – up to 9 years	9.23 hours	240 hours	480 hours
9 years and above	10.77 hours	280 hours	560 hours

Employees may accumulate Paid Time Off up to a maximum of two times the employee’s annual entitlement. Upon reaching the maximum accrual, PTO hours will no longer accrue until the employee uses PTO hours to bring their balance under the maximum.

If a PTO request has been previously approved by the District, and through no fault of the employee the leave request is cancelled by the District and an employee reaches the maximum accrual, then the District will compensate the employee for additional hours accumulated beyond the maximum accrual until the requested leave can be granted.

All new employees will accrue PTO beginning the first day of employment; however, these hours will not be eligible for use until after the completion of 90 days of full-time employment. General Manager shall have discretion to grant earlier use of accrued PTO for medical emergency, bereavement, or other emergency situation on a case-by-case basis.

PAID TIME OFF BUY BACK

Employees may cash out accrued paid time off (PTO) of a minimum of 40 hours once per year with the following stipulations:

- An IRREVOCABLE request must be completed and submitted during the month of December for cashing out PTO on the last pay period of the following January of the following calendar year.
- The irrevocable request may not exceed 280 hours.
- Employee must have taken at least 80 hours cumulative Paid Time Off (PTO) between December 1st of the previous year and November 30th of the current year.
- Employee must maintain a minimum balance of 80 hours of accrued PTO.
- A request to cash out accrued PTO due to reasons of hardship may be made at any time. The hardship request must be approved by the General Manager and is subject to the unforeseeable emergency definitions of the internal revenue code. (Title 26, section 1.409a-3).

In the event the IRS changes their regulations pertaining to this policy, the District will meet and confer with the bargaining unit to determine how to manage the impact of the regulatory changes.

HOLIDAYS

The District will provide the following paid holidays. Compensation for paid holidays will be for the entire length of the regular scheduled shift.

Whenever a designated holiday falls on a Sunday, the holiday will be observed on the following Monday. Whenever a designated holiday falls on a Saturday, the holiday will be observed on the preceding Friday.

If a holiday falls on an employee's regularly scheduled Friday off, then 8 hours of Holiday Bank will be credited to the employee for that day at the beginning of the fiscal year (July 1) to be available for use before the end of the fiscal year (June 30). Any Holiday Bank hours not used by the end of the fiscal year will be forfeited. Holiday Bank hours will not be cashed out at termination of employment.

If an employee works overtime on a holiday, double time will be paid on the actual date of the holiday, and one and one half times the regular rate of pay will be paid on the date the holiday is observed. Overtime worked on Easter Sunday will be paid at double time.

MEDICAL, DENTAL AND VISION INSURANCE

Medical Insurance:

The District shall offer affordable group medical, dental, and vision insurance plans to all full-time employees. The amount the District contributes towards the cost of the insurance premiums will vary based on which health plan and which coverage tier the employee selects.

Due to the possible volatility of the health insurance market, the District and Association agree that certain circumstances may warrant renegotiating the terms of this Section of this Article before this contract expires. The following circumstances may trigger a renegotiation of this Article:

- If the health plans the District offers become unavailable due to factors outside the District's control.
- If premium costs for an offered plan increase by more than 20% in a single year.
- If the District and Association both desire to seek comparable plans with lower premium costs from other insurance carriers.

If any of these conditions occur, the District will notify Association in writing of the District's intent to renegotiate this Section of this Article no later than August 15 for changes to be effective in the following plan year.

Employee Only Coverage

Beginning with the 2018 plan year that begins January 1, 2018, the District will pay 100% of the premium costs for employee-only coverage, up to the amount of the Anthem HMO employee-

only rate. If the employee selects a higher cost plan, then the employee will contribute the difference through payroll deductions.

For example, if the HMO premium for employee-only coverage is \$700 per month, and the employee enrolls in plan with premiums of \$800 per month, then the employee would contribute \$100 per month through two payroll deductions of \$50 each.

Dependent Care Coverage

Anthem Plans:

Beginning with the 2018 plan year that begins January 1, 2018, the District will pay 82% of the total premium costs for the Employee + 1 or Family coverage tiers, up to a maximum of 82% of the HMO premium rates for those tiers. If the employee selects a higher cost plan, then the employee will contribute the difference through payroll deductions.

The employee will contribute 18% of the total premium costs for the Employee + 1 or Family coverage tiers for the HMO or lower cost plans.

Kaiser Permanente Plans:

Beginning with the 2018 plan year that begins January 1, 2018, the District will cover 100% of the premium costs for employees and dependents enrolled in the Kaiser Consumer Driven Health Plan (CDHP).

For employees who enroll dependents in the traditional Kaiser HMO plan, the District will contribute up to \$3,000 per year above the annual premium rate for the Kaiser CDHP plan.

Dental and Vision Insurance:

The District will cover 100% of the premium for employees and dependents.

RETIREMENT HEALTH CARE CONTRIBUTION

Employees hired before July 1, 2012 will be eligible for Retirement Medical Contributions if they elect not to participate in the District's 401(a) retirement savings plan. Upon retirement at age 50 or older and with a minimum of ten (10) years of continuous service with the District, the District agrees to reimburse eligible retired employees and their retired spouses for part of the cost of health and dental insurance plans. The District's contribution will be \$363.00 per month for the retired employee or \$726.00 per month for the retired employee and retired spouse until each reach their respective ages for full Medicare coverage. If the retired employee or retired spouse reaches the eligible age, the contribution for the retired employee or retired spouse will be \$363.00 per month until reaching the eligible age. The assistance period for either will be for a maximum of ten (10) years.

Employees hired after July 1, 2012 will not be eligible for Retirement Health Care Contributions.

LIFE AND DISABILITY

The District shall pay for employees' life, short and long term disability insurance.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The District participates in the California Public Retirement System (CalPERS). All employees hired at the District before January 1, 2013 are under the CalPERS miscellaneous formula of 2.5% @ 55. The final compensation is the highest average pay rate and special compensation during any consecutive one-year period. The employees contribute the 8% of their annual salary.

A full time new employee hired on or after January 1, 2013 will be subject to the Public Employees' Pension Reform Act (PEPRA). A new employee who is also a "New Member" to CalPERS will participate under the mandatory miscellaneous formula of 2% @ 62. The final compensation is the highest average pay rate and special compensation during any consecutive three-year period. The employee contributes 50% of the normal cost established by CalPERS as outlined in the Public Employees' Pension Reform Act of 2013 (PEPRA).

Pursuant to the PEPRA, a "New Member" is defined as:

1. An individual who is hired on or after January 1, 2013 and has no prior membership in any California public retirement system.
2. An individual who is rehired by a different CalPERS employer on or after January 1, 2013 after a break in service greater than six (6) months.
3. An individual who is brought into CalPERS membership for the first time on or after January 1, 2013 and who is not eligible for reciprocity with another California public retirement system.

If a former CalPERS eligible employee of the District has a break in service of more than six (6) months but returns to service with the same District, the former employee will not be considered a new member pursuant to PEPRA.

TUITION REIMBURSEMENT

The District will refund tuition fees and educational material costs incurred by regular employees for approved courses of study and completion with a "C" grade or higher. A "pass" will be accepted for classes where a pass/fail grading system is used. The amount of reimbursement will be as follows:

- For employees who have worked 0-3 years, the District will reimburse up to \$2,500.00 per calendar year for attendance at an accredited college or institution, provide the employee is pursuing a course of study leading to attainment of a degree or accreditation, or providing the course of study is pertinent to the employee's employment with the District.

- For employees who have worked three years or more the District will reimburse employees up to \$5,250.00 per calendar year for attendance at an accredited college or institution, providing the employee is pursuing a course of study leading to attainment of a degree or accreditation, or providing the course of study is pertinent to the employee's employment with the District.

For the purpose of determining eligibility, the end date of the class will be the date used to calculate the employee's length of service and in which calendar year the reimbursement will be applied.

Employees are required to submit applications to their immediate Superintendent or Manager and get approval from their Superintendent or Manager before starting courses for which educational assistance is requested.

Requests for reimbursement must be submitted within 30 days after completion of the course. If an employee leaves District employment before completion of the approved course, the District will not reimburse the employee for the course.

No assistance will be made until after the completion of the course and no assistance will be made if the employee utilizes other sources (i.e. GI Bill) to pay for the course or portions of the course.

STRATEGIC PLAN

Rainbow Municipal Water District						
Strategic Plan Goals and Objectives for June 2018 to July 2019						
Strategic Focus Area	Description	Assigned To	Estimated Completion	% Complete	Comments	Measurement of Success
1	Water Resources					
1A	Complete the Gird to Monserate Hill Waterline Repair Project.	Engineering	6/30/2019			Reair Project is completed
1B	Complete the Weese Interconnect and Pump Station project.	Engineering	3/31/2019			Pump Station Project completed
1C	Complete the Pump Station #1 Upgrades.	Engineering	3/31/2019			Pump Station Upgrade completed
1D	Weese Filtration Plant Interconnect.	Engineering	3/31/2019			Interconnect completed
1E	Initiate programmatic Environmental Impact Report for rehabilitation and replacement of existing facilities.	Engineering	10/31/2018			Report initiated
1F	Complete feasibility study for the San Luis Rey Basin Groundwater Supply.	Engineering	6/30/2019			Study completed
1G	Finish projects on budgeted CIP list.	Engineering	6/30/2019			List of CIP projects finished
1H	Complete Design of the Lift Station 1 Replacement Project and Initiate Construction of Phase 1 Projects.	Engineering	12/31/2018			Design completed

Rainbow Municipal Water District
Strategic Plan Goals and Objectives for June 2018 to July 2019

Strategic Focus Area	Description	Assigned To	Estimated Completion	% Complete	Comments	Measurement of Success
2	Asset Management					
2A	Implement Asset Management System	All		Ongoing		
2B	Effectively utilize the District's Enterprise Asset Management System (EAM) as a management tool for optimizing RMWD activities.	All		Ongoing		Development of meaningful KPIs for all departments and the implementation of PM Schedules for all major operational systems.
2C	Review and streamline Engineering processes to improve management of projects and development	Engineering	12/30/2019			
2D	Develop long-term asset rehabilitation schedules	Engineering / Operations	6/1/2018	Ongoing	Top 19 Rehab Projects have been placed in the CIP budget for the next 5-years.	Based on completed work by HDR, develop an initial long term rehabilitation & replacement schedule with provisions to revise as additional data is collected over time.
2E	District Wide Pressure Management					See sub-objectives
2E.1	Evaluate locations where pressure reducing stations can isolate an area with high pressure without affecting transmission main hydraulics.	Engineering / Operations	12/30/2019	50%	Need Update from Michael	Create a complete list of high pressure areas where pressure control stations would be beneficial. Identify potential sites for placements of stations and installation schedule.
2E.2	Install at least two pressure stations to manage high pressure areas.	Operations	6/1/2018		Ascot Park and Laurel Drive(in Vista Valley) complete.	Coordinate with Engineering Department with the planning, easement rights, and installation of two pressure stations.
2F	District Wide System Reliability					See sub-objectives
2F.1	Continue process of design and installation of permanent pump station for SDCWA shutdowns	Engineering / Operations	6/1/2018	30%	Continuing process of design to validate feasibility may eliminate one of three locations.	As the design process continues, the return on investment of each site shall be re-evaluated prior to construction. The ability to complete all projects may vary, depending on environmental constraints present for each project.
2G	Pursue maintenance on existing facilities that meets/exceeds industry standards.					See sub-objectives
2G.1	Evaluate maintenance level of service standards.	Operations	6/1/2018	60%	Reviewed industry standards and identified requirements. Need to complete streamlining of maintenance procedures and ensure industry standards are incorporated.	Familiarize ourselves with the recommended maintenance on all District-owned assets (per manufacturer).Conduct thorough review and comparison with all Operations Staff of District and industry standards.
2G.2	Develop maintenance standards in the maintenance program.	Operations	6/30/2018	Ongoing	PM scheduled developed for PRS and Sewer line cleaning.	Maintenance schedules will be set up within the EAM System and progress will be tracked through KPIs. All maintenance performed on District-owned assets will be documented within the EAM System.
2H	Continue process of developing cost effective options for rehabilitation or replacement of district headquarters facility.	GM	6/1/2018	Ongoing	Completed biological and floodplains analysis. Working with property owner on appraisal.	Identify possible sites, identify development partners.

Rainbow Municipal Water District

Strategic Plan Goals and Objectives for June 2018 to July 2019

Strategic Focus Area	Description	Assigned To	Estimated Completion	% Complete	Comments	Measurement of Success
3	Workforce Management					
3A	Maintain education and training opportunities to ensure continuous improvement and learning for all staff.					See sub-objectives
3A.1	Continue ACWA/JPIA Professional Development Training for Managers, Crew Leaders, UWIII's and Superintendents. Staff to attend quarterly education days to receive credit towards PDP program until complete.	HR	Ongoing	Ongoing		Completion of training sessions with at least 85% attendance from named groups.
3A.3	Complete the development of and implement a cross training program to help build internal capacity.	HR	12/31/2018	50%	Informal plan in process.	Complete program and roll out to employees. Enroll at least four employees in initial round of cross training with schedules established to optimize operational needs.
3A.4	Identify high-potential employees to participate in cross training and leadership development program.	HR	11/31/2018	25%	In progress but delayed.	Employees identified
3A.5	Promote Target Solutions and other online training solutions for computer skills training.	HR		Ongoing	Promoting On-line Training Completed / Continuing research on computer skills.	At least 25% of workforce to complete Target Solutions or other computer training.
3B	Obtain SDRMA credit for attendance at various safety training workshops and conferences held by SDRMA.			Ongoing		See sub-objectives
3C	Conduct performance evaluation training for superintendents and managers.	HR	1/31/2018		Ongoing 1:1 coaching ongoing; formal training program in development.	Advanced training to be provided to all managers and superintendents in the use of the new NEOGOV Perform module.
3D	Implement a succession planning process to identify, assess and develop employees who exhibit potential in alignment with the Five-Year Staffing Analysis.	HR				See sub-objectives
3D.1	Develop annual assessment of high-priority positions for succession planning through five-year staffing analysis.	HR	7/1/2018	100%	Completed	Positions identified
3D.2	Develop and implement a career development survey to support alignment of employees' interests with future labor demands.	HR	9/30/2018		Delayed in conjunction with Cross Training.	Survey developed and implemented
3E	Continue the cost-effective employee recognition program to acknowledge performance, encourage development and improve morale.					See sub-objectives
3E.1	Solicit continuous nominations for the Excellence Coin program and award coins to employees - monthly.	HR/GM	Ongoing		Successful	At least one nomination per month.
3E.2	Recognize employees for cumulative nominations and honorable mentions at the annual Award Banquet.	HR/GM		Ongoing	Successful	Track monthly nominations and recognize as described.
3E.3	Employee Recognition Banquet.	HR/GM		Annually	Successful	Conduct employee survey to get feedback regarding next event, conduct event planning committee meetings, secure approval from Board of Directors and select venue.
3E.4	Employee Anniversary Award Recognition.	HR/GM	Ongoing	Ongoing	Successful	Recognize employees by years of service milestones as defined in the Admin. Code
3E.5	Annual Employee Appreciation Lunch	HR/GM		Annually	Health Fair April 2018	Lunch provided by the District to show its appreciate to all employees in conjunction with health fair in October.

Rainbow Municipal Water District

Strategic Plan Goals and Objectives for June 2018 to July 2019

Strategic Focus Area	Description	Assigned To	Estimated Completion	% Complete	Comments	Measurement of Success
3	Workforce Management					
3F	Complete revision of Job Descriptions					See sub-objectives
3F.1	Get input from management and employees	HR/GM	7/31/2018	97%	In Progress - Feedback received in meetings.	Managers and Superintendents to complete Position Description Questionnaires.
3F.2	Redraft descriptions as needed to accurately reflect work performed - 10 job descriptions per quarter, then ongoing.	HR/GM	7/31/2018	77%	In Progress	Descriptions redrafted and approved by DREAM team (Bargaining Unit members) .
3F.3	Reevaluate qualifications for jobs as updated to ensure alignment with essential functions.	HR/GM	Ongoing		Successful	Job qualifications reevaluated as part of job description updates.
3F.4	Upload new job descriptions to NEOGOV as they are updated.	HR/GM	Ongoing		Successful	New job descriptions uploaded within 2 weeks of approval.
3G	Implement performance management module of NEOGOV system.					See sub-objectives
3G.1	Design enhanced performance evaluation system for all employees.	HR/GM	7/31/2018	75%	Design completed pending DREAM Team input and management feedback	Performance evaluation system designed.
3G.2	Align performance objectives with both job specific competencies and District values.	HR/GM	7/31/2018	75%	Design completed pending DREAM Team input and management feedback	Performance objectives aligned.
3G.3	Configure NEOGOV with new appraisals, train managers and employees and go-live.	HR	8/31/2018	75%	Design completed pending DREAM Team input and management feedback	Configuration completed.
3H	Create a safety culture for the District workforce and promote safe work practices.					See sub-objectives
3H.1	Conduct mandatory internal and external safety training.	HR/Safety	Ongoing			Completion of training sessions with at least 85% attendance.
3H.2	Develop and implement a new safety incentive program.	HR/Safety				Desing and roll out new program.
3H.3	Update Emergency Response Plan and conduct staff training.	HR/Safety	8/31/2018, then Annually			Complete ERP and conduct training drills with staff.
3I	Improve organizational effectiveness.					See sub-objectives
3I.2	Track and evaluate overtime trends.	HR/GM	Ongoing		In EAM charts	Create KPIs in EAM and begin reporting monthly by 8/31/17.
3J	Improve overall quality of education & safety-related training for all employees.					See sub-objectives
3J.1	Provide more hands-on training opportunities across all fields.	HR/GM	Ongoing			Incorporate safety training into cross training program.

Rainbow Municipal Water District

Strategic Plan Goals and Objectives for June 2018 to July 2019

Strategic Focus Area	Description	Assigned To	Estimated Completion	% Complete	Comments	Measurement of Success
4	Fiscal Responsibility					
4A	Receive GFOA award for budgeting	Finance				See sub-objectives
4A.1	Create a GFOA compliant budget document	Finance			Submitted and waiting on results.	By the end of this process a budget format will be developed and the budget document completed in a GFOA compliant manner.
4B	CAFR - Submit for consideration for award	Finance				As described
4B.1	If no award given this year, take feedback to prepare for next year.	Finance				As described
4C	Develop Continuous Improvement Program for all district operations					See sub-objectives
4C.1	Each department to develop a bottom up process to identify improvements.	Finance				
4C.2	Each departmen to develop data collection standard for continues improvement process.	Finance				
4D	Complete conversion of UB software	Finance	12/1/2019			
4E	Convert payroll system to 3rd party vendor	Finance	12/1/2019			
4F	Commence implementation of finacial software	Finance				
4G	Obtain District of Distinction Accreditation	GM/All	6/30/2018	Ongoing	One Board member still to attend + CSDA found issue with audit.	Meet all requirements and training and demonstrate having sound policies in the areas of governance, board conduct, district finances, transparency and reserves and submit application and supporting documentation in a timely manner.
4H	Evaluate consideration for a perpetual inventory system.	Finance/GM	10/1/2018		Underway - Software Transition	A perpetual system keeps track of inventory continuously with updates made automatically whenever an inventory part is taken. This will require the District purchasing a barcode system using digital technology to track inventory in real time updates sent electronically to the system database. The evaluation of the Springbrook system may factor into this project as it may lack the capability of doing so.
5	Customer Service					
5A	Complete Evaluation on meter testing and revenue enhancement project	Finance	9/1/2018		In Progress	ABM Project is underway and should be completed by the end of the summer. Results will be brought to Engineering and Budget & Finance Committees for review before coming to Board for action.
5B	Complete SDG&E/ITRON AMI pilot	Finance/GM	4/1/2018	25%	In Progress	performance. Once piloting is complete, bring results back to committees and Board for consideration of full scale project. This may be done in conjunction with the ABM project as well. SDG&E system integrity testing has delayed the project but has also corrected some hardware issues.
5C	Complete integration of UB software to iPad application/GeoViewer	Finance	12/31/2017		Transitioning to new software with Infor IPS.	This project has been hindered by Springbrook and may be delayed further if Springbrook must be replaced.

Rainbow Municipal Water District						
Strategic Plan Goals and Objectives for June 2018 to July 2019						
Strategic Focus Area	Description	Assigned To	Estimated Completion	% Complete	Comments	Measurement of Success
6	Public Communications / Outreach					
6A	Expand public outreach, information & education.					See sub-objectives
6A.1	Complete re-design of monthly billing statement.	Finance/GM	Early 2019		Working with Finance and Communications Committees to identify desired information on bill and work through several options. Present final options for Board approval. Implement outreach effort to explain new format to customers.	Billing information meets customer needs and District expectations.
6A.2	Publish one News Release quarterly.	ADMIN	Ongoing	Quarterly		As described.
6A.3	Secure a booth at Avocado Festival and one other regional event per year.	ADMIN	Ongoing	Annually	Secured booth for 2018 Avocado Festival and Fallbrook Vintage Car Show.	Increased attendance in community events as representatives of Rainbow MWD with increased visibility and interaction with community members.
6B	Ensure District website is a valuable resource that meets the needs of customers.					See sub-objectives
6B.1	Improve FAQ section and provide informational video series.	ADMIN	Late 2018		Approached BHS students with producing videos. Also looking into cost of professional video production.	FAQ videos and list of things to know about customer's on-site water systems posted on website.
6C	Enhance education program in local school system.					See sub-objectives
6C.1	Actively encourage participation in 4th Grade poster/calendar contest.	ADMIN	Ongoing		Annually - NO submittals/response from elementary school staff this year. Make new connections with upper management to revive/revise program if needed.	Schedule class presentations with all local elementary schools.
6C.2	Connect with local high school to partner with on water use efficiency programs/events	ADMIN	Ongoing		3 consecutive years of BHS "The Price of Water" program partnership.	Engaged local high school students in issues such as water loss, water use efficiency and climate change. Greater understanding of issues and viable solutions to depleting local and global water resources.
6D	Implement District facility tours for interested members of the public					See sub-objectives
6D.1	Establish District tours and publicize on website and through newsletter.	ADMIN	Summer 2018	10%	Conducted trial run tour. Working with Communications Committee on details and structure for implementation.	Prepared staff and selected facilities. Created schedule of events, sent out invitations, and posted on website.
6E	Improve customer notifications.					See sub-objectives
6E.1	Provide detailed information to include map location of leak and affected customers on the District website for all planned water interruptions/emergency shutdowns.	ADMIN	Summer 2018	25%	Working with our GIS administrators to provide links to maps and affected customers information list.	Provide up-to-date information to all District customers via District website for all water-related matters. To include detailed information and status updates related to scheduled/emergency repairs to water outages.
6F	Communicate with and engage our community on water matters of importance to the region.	ADMIN				See sub-objectives
6F.1	Continue to provide customers with informative articles about District activities.	ADMIN	Ongoing			Provide customers information and pictures on current activities and projects throughout the District.
6F.2	Provide outreach to customers who may be impacted by RMWD-related projects.	ADMIN	Ongoing			Customer notification through posting of message boards related to project information.
6F.3	Expand management staff involvement with local chambers and community groups.	ADMIN	Ongoing			Strive to attend all scheduled meetings. If absent, provide flexibility and have an alternate staff member attend. Involve staff by rotating different meetings on a routine basis.

FINANCIAL POLICIES

RESERVE SUMMARY

RATE STABILIZATION RESERVE

As part of the District's Potable Water Cost of Service Study, an evaluation was made as to whether it would be beneficial to ratepayers to establish a Rate Stabilization Fund. The Rate Stabilization Fund will be equal to 10% of the annual water revenues and will be set aside to prevent rate hikes that are caused by unexpected changes in water revenues. The policy would provide five fiscal years to bring the reserve fund from a zero balance to the target balance in order to reduce the rate impact of creating this reserve fund.

This policy is typical to mitigate the disruption of a rapid decline in revenues: utilities with higher risk of revenue vulnerability due to the potential loss of customers or the rapid reduction in service purchases establish reserves (also sometimes called contingency reserves) to cover sudden un-forecasted revenue shortfalls. The term "rainy day fund" has been given new meaning for water districts that have grown accustomed to revenue from residential irrigation and are at risk of experiencing significant declines in revenue during a particularly naturally wet and rainy weather season. These reserves may also be labeled "rate stabilization reserves" in the sense that they protect against rates to adapt to sudden unexpected usage reductions.

Some "rate stabilization reserves" however are much more about planned revenue smoothing than contingency planning. Water districts with robust finance plans and rate models sometimes look towards the future and identify when rate increases are needed to meet costs. In some cases, the future can look quite bumpy with large projects going on line at the same time a large temporary whole purchaser may be planning to reduce usage. In an effort to smooth out the road ahead, many water districts are turning towards "rate stabilization reserves" to mitigate the size of a rate increase in a given year.

Fiscal Year 2015-2016, has been one of the sharpest declines in water demand for the District since inception. The culprits to the reduction of demand is two folds, one being the conservation restriction and second being the colder climate this year. It was planned to start funding the rate stabilization fund in Fiscal Year 2015-16, however there wasn't a sufficient amount of funds to transfer to this reserve. On the other hand, it is as if by not transferring funds, funds were utilized to smooth the sudden unexpected usage reduction. The future success of funding the rate stabilization reserve will be relying on a boost of demand with moderate rate increases.

OPERATING RESERVE

Operating reserves are essentially the accumulation of unrestricted surpluses that are liquid (as opposed to invested in fixed assets) and thus available for use at the discretion of our Board of Directors. It is used to stabilize finances by providing a "rainy day savings account" for

unexpected cash flow shortages, expense or losses. These might be caused by delayed payments, unexpected building repairs, or economic conditions.

Reserves should not be used to make up for income shortfalls, unless the District has a plan to replace the income or reduce expenses in the near-term future. In short, reserves should be used to solve timing problems, not deficit problems. Since operating reserves are most valuable if they are reliable, an important factor in using reserves is also having a realistic plan to replenish them. Operating reserves should not be used to cover a long-term or permanent income shortfall. Reserves can allow the District to weather serious bumps in the road by buying time to implement new strategies. To be prudent, reserves should be used to solve temporary problems, not structural financial problems. Usually, though, reserves are built up over time by generating an unrestricted surplus and intentionally designating a portion of the excess cash as a reserve fund.

While there are general guidelines for setting operating reserve goals, they should always have accompanied by “it depends.” Most standards are based on a formula to have enough unrestricted cash to cover operating expenses for a number of months. At the high end, reserves should not exceed the amount of two years’ budget. At the low end, reserves should be enough to cover at least one full payroll including taxes. The District’s operating reserve balance is limited to two months of budgeted operating expenses as determined by the monthly average of budgeted operating expenses (does not include the cost of water or depreciation). Keep in mind that generic target amounts for reserves don’t take some important variables into account, such as the stability of the District’s cash receipts. Factor in these considerations when setting an operating reserve target. The goal for operating reserves will change, too, when income or expenses become less reliable or predictable because of internal or external changes. Based on the proposed budget, the operating reserve should be set at minimum of approximately \$2M.

BASIS OF BUDGET AND ACCOUNTING

A major element of financial data activity rests in the act of budgeting. Budgeting is the process of allocating finite resources to the prioritized needs of the District. The budget represents the legal authority to spend money. Adoption of the District's budget implies that a set of decisions has been made by the Board of Directors and administrators that culminates in matching District's resources with the needs. As such, the budget is a product of the planning process.

The budget also provides an important tool for the control and evaluation of sources and the uses of resources. Using the accounting system to enact the will of the board, administrators are able to execute and control activities that have been authorized by the budget and to evaluate financial performance on the basis of comparisons between budgeted and actual operations. Thus, the budget is implicitly linked to financial accountability and relates directly to the financial reporting objectives established by the GASB.

The planning and control functions inherent to any organization, underscore the importance of sound budgeting practices for the following reasons:

- The services provided by Rainbow Municipal Water District are not subject to competitive market forces. Thus, enacting and adhering to the budget establishes restrictions in the absence of a competitive market.
- These services provided by RMWD are considered critical to the public health and welfare.
- The scope and diversity of operations water and wastewater make comprehensive financial planning essential for good decision making.

The financial planning process is critical to the expression of citizen preferences and is the avenue for reaching consensus among stakeholders, directors of the board, and staff on the future direction of the District's operations.

The link between financial planning and budget preparation gives the budget document a unique role in the organization. Budgets in the public arena are often considered the definitive policy document because an adopted budget represents the financial plan used by the District to achieve its goals and objectives. The budget reflects:

- The prioritization of activities in which the District will be involved,
- The relative influence of various participants and advisory committees in the budget development process, and
- The District's plan for acquiring and using its resources.

Budgeting is an invaluable tool for both planning and evaluation. Budgeting provides a vehicle for translating goals and projects into financial resource plans-that is, developing a plan to meet performance goals should be directly linked to determining budgetary allocations. The link between goals and financial planning is critical to effective budgeting and enhances the evaluation of budgetary and accountability.

Performance evaluation allows stakeholders to hold directors and administrators in the District's organization accountable for their actions. Because accountability to citizens often is stated explicitly in state laws and state constitutions, it is a cornerstone of budgeting and financial reporting.

- Financial reporting should provide information to determine whether current-year revenues were sufficient to pay for current-year services.
- Financial reporting should demonstrate whether resources were obtained and used in accordance with the District's legally adopted budget. It should also demonstrate compliance with other finance-related legal or contractual requirements.

Financial reporting should provide information to assist users in assessing the service efforts, costs, and accomplishments of the District.

Although some form of a balanced budget requirement is generally necessary to ensure long-term fiscal health in any organization, variations such as the use of fund balance reserves to pay for current services may be appropriate over a short period. Generally, however, all departures from this fundamental objective must be in accordance with applicable state and local laws and policies.

Finally, the budget is evaluated for its effectiveness in attaining the District's stated goals and objectives. Evaluation typically involves an examination of how funds were expended, the outcomes that resulted from the expenditure of funds, and the degree to which these outcomes achieved the stated objectives. This phase is fundamental in developing the subsequent year's budgetary allocations. In effect, budget preparation not only is an annual exercise to determine the allocation of funds, but also is part of a continuous cycle of planning and evaluation to achieve the stated goals and objectives of the District.

ACCOUNTING POLICIES

Rainbow Municipal Water District accounts for its financial transaction in accordance with the policies and procedures of the Irrigation District Law, now Division 11 of the California State Water Code. The accounting policies of the District conform to accounting principles generally accepted in the United State of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District reports its activities as an enterprise fund, which is used to account for operations that financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales and services) or similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow took place.

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, cash and cash equivalents consist of short-term highly liquid investments with maturities of ninety days or less from the date of purchase. These include cash on hand, cash held in the restricted assets accounts, and the Local Agency Investment Fund.

The District's investment policy and state statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit with national and state-licensed or chartered banks or federal or state savings and loan associations, money market and mutual funds whose portfolios consist of one or more of the foregoing investments, and the Local Agency Investment Fund.

State statutes require all deposits be insured or collateralized. Depositories holding public funds on deposit are required to maintain collateral in the form of a pool of securities with the agent of the depository having a market value of at least 10 to 50 percent in excess of the total amount of all public funds on deposit.

INVENTORY AND CAPITAL ASSETS

Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefitting period.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	10-50
Water Systems	10-50
Improvement of sites	7-25
Equipment	5-10

BUDGET CALENDAR

2018/2019

<u>Date</u>	<u>Task</u>
March	Finance Department begins projections of Wage & Benefits for all personnel, including COLA's and merit increases. Preliminary staffing analysis for the District is done.
03/12/18	Senior Management Group meets to discuss general philosophy, assumptions, goals and objectives of the Operating Budget.
03/15/18	YTD Departmental expense report is distributed.
03/22/18	Budget meetings with Senior Managers begin. Senior Managers review all departmental expenditures and propose budgeted expenditures for next fiscal year.
04/19/18	Follow-up budget meetings with Senior Managers begin. Rough draft of Operating and Capital Budgets is reviewed by the Senior Managers.
05/07/18	Deadline for submission of departmental summaries and any other budget related documents required by Senior Managers.
05/08/18	First Draft of the Budget is reviewed by the Budget and Finance Committee. After budget is reviewed and refined, per input received from discussion, a copy of the draft is sent to the Board of Directors.
05/22/18	Joint meeting held with Finance and Budget Committee with the Board of Directors for review of proposed budget. Open discussion roundtable for recommended amendments to budget prior to final adoption in June.
06/12/18	Second draft is presented to Senior Managers and Budget/Finance Committee for review and additional discussion. Full Board and the public may attend.
06/26/18	Final draft of the budget is presented to Board of Directors for adoption.

DESCRIPTION OF MAJOR FUNDS

<u>Fund Name</u>	<u>Fund</u>	<u>Description</u>
Water Operating Fund -	01	The purpose of this fund is to ensure cash resources are available to pay for day to day water-related operations, including water purchases and to provide funding in case of water-related operating emergencies and unforeseen circumstances. It includes cost centers: Pumping, Water Operations, Valve Maintenance, Water Distribution, & Meters.
Sewer Operating Fund -	02	The purpose of this fund is to ensure cash resources are available to pay for day to day sewer-related operations, including contractual payments to the City of Oceanside for treatment of sewage and to provide funding in case of wastewater-related operating emergencies and unforeseen circumstances. This fund only includes the Wastewater cost center.
General Operating Fund -	03	The purpose of this fund is used to account for general operations and activities not requiring the use of other funds. This includes the cost centers that provide day to day administrative duties for the District which are: Executive Administration, Human Resources, Safety, Finance, Customer Service, and Engineering.
Rate Stabilization Fund -	05	The purpose of this fund is used to mitigate rate impacts from changes in water demand. The reserve should equal to 10% of annual water revenues. The fund was established on January 1, 2016. Funds for this reserve will come from water rates and charges.
Sewer Capital Fund -	53	The purpose of this fund is used to provide funding for the District's long term sewer related capital improvement projects. It is funded by the cash collected for sewer capacity charges and surpluses generated by sewer operations (excess of revenue over expense before depreciation). Reserves will be used for fund for infrastructure repair, rehabilitations, and replacement projects.
Water Capital Fund -	60	The purpose of this fund is used to provide funding for the District's long term water related capital improvement projects. It is funded by the cash collected for water capacity charges and by surpluses generated by water operations (excess of revenue over expenses before depreciation). Reserves will be used to fund infrastructure expansion, repairs, rehabilitations, and replacement projects.

REVENUE AND EXPENSE ASSUMPTIONS

Water Revenue Assumptions

Water Operating Fund Commodity water sales are the largest source of District revenues, with the majority of sales approximately 67% for agricultural use and 23% for residential customers and the other customer classes make up the remaining 10%.

The current water rate structure of the District consists of two main components: a monthly meter charge and variable water commodity charges. The rates for the monthly meter charge vary by meter size, whereas the commodity charges vary by customer class and water usage. The following tables summarize the current rate structure. Table 1-1 identifies the current monthly meter charges, by meter size. Table 1-2 identifies the current commodity charges by customer class. As shown in Table 1-2, the District’s current commodity rate structure is comprised of inclining tiers for: single-family residential customers and agricultural customers with a residence, and a flat rate for commercial, institutional, and multi-family customers.

TABLE 1-1

Single Family, Multi-Family, Commercial, & Institutional					AGRICULTURAL					TSAWR				
Fixed Charges					Fixed Charges					Fixed Charges				
Cap Class	Meter Size	RMWD O & M	CWA O & M	Total Fixed Charges	Cap Class	Meter Size	RMWD O & M	CWA O & M	Total Fixed Charges	Cap Class	Meter Size	RMWD O & M	CWA O & M	Total Fixed Charges
A	5/8"	\$29.28	\$32.18	\$61.46	A	5/8"	\$53.19	\$32.18	\$85.37	A	5/8"	\$53.19	\$14.82	\$68.01
B	3/4"	\$29.28	\$32.18	\$61.46	B	3/4"	\$53.19	\$32.18	\$85.37	B	3/4"	\$53.19	\$14.82	\$68.01
C	1"	\$45.74	\$53.63	\$99.37	C	1"	\$85.55	\$53.63	\$139.18	C	1"	\$85.55	\$24.70	\$110.25
D	1 1/2"	\$86.85	\$107.27	\$194.12	D	1 1/2"	\$166.50	\$107.27	\$273.77	D	1 1/2"	\$166.50	\$49.39	\$215.89
E	2"	\$136.19	\$171.63	\$307.82	E	2"	\$263.64	\$171.63	\$435.27	E	2"	\$263.64	\$79.03	\$342.67
F	3"	\$292.42	\$375.43	\$667.85	F	3"	\$571.22	\$375.43	\$946.65	F	3"	\$571.22	\$172.88	\$744.10
G	4"	\$522.68	\$675.78	\$1,198.46	G	4"	\$1,024.52	\$675.78	\$1,700.30	G	4"	\$1,024.52	\$311.18	\$1,335.70
H	6"	\$1,073.62	\$1,394.47	\$2,468.09	H	6"	\$2,109.15	\$1,394.47	\$3,503.62	H	6"	\$2,109.15	\$642.12	\$2,751.27

TABLE 1-2

Variable Charges					
Customer Class	Rate/Unit	Customer Class	Rate/Unit	Customer Class	Rate/Unit
Single Family Residential		Agriculture w/Residence		TSAWR Domestic	
Tier 1 ≤ 10	\$ 3.64	Tier 1 ≤ 10	\$ 3.64	Tier 1 ≤ 10	\$ 3.70
Tier 2 = 11 to 26	\$ 3.86	Tier 2 = 11 to 26	\$ 3.86	Tier 2 = 11 to 26	\$ 3.92
Tier 3 = 27 +	\$ 4.27	Tier 3 = 27 +	\$ 3.56	Tier 3 = 27 +	\$ 3.04
Multi Family	\$ 3.76	Agriculture w/o Residence	\$ 3.56	TSAWR Commercial	\$ 3.04
Commercial	\$ 3.89				
Institutional	\$ 3.98				
Construction	\$ 4.87				

***Rates Per Unit - (1 unit =748 gallons)

Each year, the Board of Directors approves the Budget as the District's foundational financial plan. It is a cash based projection of revenues and expenditures needed for operations, maintenance, administration, debt service and capital improvements associated with delivering high-quality service to customers throughout the year. Specifically, the Budget incorporates conservative revenue estimates, prudent spending plans, and a thorough review of necessary capital improvements to ensure the long-term sustainability of the District. In developing the budget, staff considered both internal and external factors including the economy, weather, regulatory requirements, and the condition and age of the District's infrastructure.

This year water sales have improved from the prior two years, it has favorably showed a gradual increase. Part of the attributing factor has been the climate as this winter season had significantly less rainfall. It is predicted to surpass the estimated acre feet forecasted initially of 16,000. Another reason for the increased revenues is the new service connections as a result of development. We estimate to close the fiscal year with over 300 new accounts.

An approach the District took with the new cost of service study is to be less susceptible to volatile revenues by increasing the distribution of fixed revenues. The last few years were the lowest water sales since the inception of the District, barely recovering cost. If variable sales persist at this reduced level, the District would not be able to sustain repeated years of cost recovery that fails to appropriately contribute to capital reserve levels for much needed capital projects. As such, the direction the Board took was to reduce the reliance on variable revenue steadily over the next few years.

Fixed revenues were adjusted to include the increase that was effective March 1, 2018 and to partially include the proposed increased set for January 2019, which would impact the budget year for half year, in addition to the additional growth. This has created a 9% increase in projected fixed revenues over the prior year. It is anticipated that sales will be nearly 18,000 acre feet this Fiscal Year 17-18. The prior two years sales were close to 16,000 acre feet, and as a conservative approach, 17,000 acre feet has been projected for the upcoming budget year.

The volumetric commodity estimated sales by customer class will be based on the projected demand for the upcoming Fiscal Year. For the agricultural customers that are not on the TSAWR program, it is estimated for them to consume 1,510,103 units in Fiscal Year 2018-2019. For the agricultural customers that are on the TSAWR program, we are estimating their usage to be at 3,756,641 units. For both Single Family and Multi-Family combined, projections are at 1,721,548 units. Lastly, for the Commercial, Construction, and Institutional users, estimates are at 414,626.

The Rainbow O&M Fixed Charge is a service fixed charge per meter to recover some of the fixed costs such as meter related costs, customer related costs, and a portion of the capacity related cost, to provide a stable source of revenue independent of water consumption. The monthly fixed charge varies by customer class and by meter size. A minimal rate increase is reflective in this group representing the annual automatic consumer price index inflation allowance.

The SDCWA O&M Monthly Fixed Charge is a pass through fixed charge from SDCWA and MWD as a separated fixed charge. The District relies entirely on purchased water from SDCWA and these charges represent part of the costs of purchasing water which the District has no control. Annually, SDCWA increases their rates effective January, in which the District will be passing through all increases to the customer.

Other Water Services Revenues; including backflow fees, turn-on and reconnection fees, hydrant fees, plan check fees, NSF charges, and penalty fees, are projected based upon current fiscal year activity.

Rental and Lease Revenues are projected based upon contract agreements with various entities for use of the District's vacant land, as well as a lease agreement with Sprint Communication for use of space on facility grounds for their communication equipment.

Interest Income for the water and wastewater operating funds is projected based on an average yield of for LAIF investments and 1.00% for the balance of our investment portfolio.

Purchased Water includes the cost at the point of delivery of water purchased for resale. SDCWA fixed charges are the following categories: Readiness-to-Serve charge, Infrastructure Access Charge, Customer Service Charge, Capacity Reservation Charge, Emergency Storage, and Supply Reliability Charge. The total amount of fixed charges for the Fiscal Year 2018-19 is estimated to be at \$5.0M. Additionally to the fixed charges there is the commodity rate for the water purchase and transportation cost, it is proposed to be an increase in the variable rate for water and that will be passed through to the customer. SDCWA is proposing a melded increase to their rates that will take effect January 2019. During the District's noticing under the Proposition 218 compliance, language was included to allow the District to pass through to its customers any increase imposed on the District by SDCWA to avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe, reliable water supply.

Board of Directors: The District Board receives compensation for attendance at regular and board approved special meetings. The budget estimates that each director will be compensated for the eleven regular meetings and two special meetings. It is also budgeted for training and travel for educational purposes.

Pumping: The Pumping costs are maintained in a separate cost center in order to identify the specific costs of operating and maintaining the pumping equipment that pushes water to higher elevations within the district. The district identifies seven pumping zones to account for the cost and developed a discrete charge for customers in each zone. Labor expenses are charged to this cost center by various staff members when they are assigned to perform work in maintaining the pumping equipment. For budget purposes a 0.5 FTE staffing equivalent is calculated into the labor cost. The single largest expense item is the cost of the electricity and gas used by the 17 pumps. A 5% inflation factor has been added to the utility cost for the budget year.

Water Operations: Responsible for maintenance and testing of water quality with the six reservoirs and twelve water tanks. The water tanks are maintained by a long term contract with Utility Services. The tank maintenance program insures the tanks will remain in good operating condition for decades to come. Annually, Metropolitan and SDCWA schedule shutdowns for the major repair or upgrade of their pipelines. Shutdowns are scheduled but will not require Rainbow to shut down any of our systems. This avoids significant cost and inconvenience for the district.

Valve Maintenance: Responsible for the maintenance, repair and replacement of nearly 5,000 valves within the district.

Water Distribution: Responsible for the administration, construction and maintenance of 323 miles of water mainlines.

Meter Services: Performs all monthly meter reads as well as customer onsite response, backflow services and the Itron radio read meter installation program.

Garage Services: Performs the maintenance and repair of all district fleet vehicles. The district vehicles are typically kept in service based on age, mileage and or condition of the vehicle.

General Administration: Includes the General Manager, administrative support to the General Manager, insurance, legal, and miscellaneous supplies as needed.

Human Resources: Human Resources handles recruiting, workforce development, and employee benefits management.

Safety: Safety handles the design, deployment and administration of programs that promote employee safety.

Finance: Responsible for the overall financial stability of the District, majority of expense is labor related in this department.

Customer Service: Performs all billing services and responds to customers' questions and concerns.

Engineering: Performs capital project engineering and inspection services for the district.

Capital equipment purchases for all funds are slightly over \$343,000. About \$75K relates to construction equipment such as a mini excavator. This smaller excavator is essential in compact spaces where a traditional backhoe is frequently challenged to operate productively. Most of the equipment purchases (\$204,500) are related to replacement of aging District vehicles that are beyond useful service life.

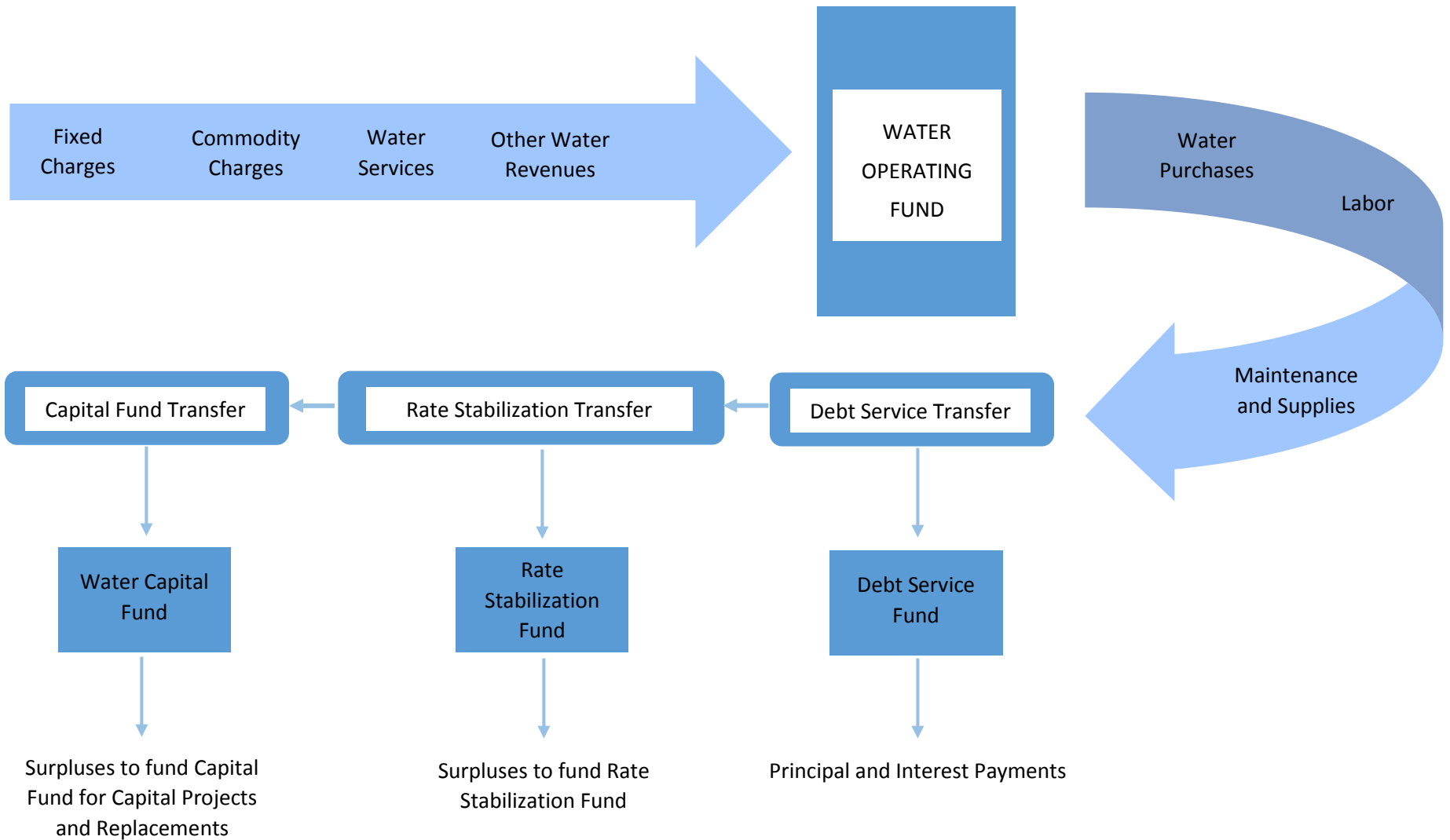
Wastewater Revenue Assumptions

Wastewater revenues are based on wastewater collection and treatment services provided to our customers. Wastewater Service Revenues are projected based upon a total of 5,596.6 Equivalent Dwelling Units (EDUs), a total of 2,640 wastewater accounts compared to approximately 8,100 water accounts. For wastewater rates, we are changing the way the rates are calculated. In the past, we used the lowest winter water consumption to set wastewater rates. When we reviewed this data, we found that there was not a strong correlation between our costs to provide service and the lowest winter water consumption. It turns out that low winter consumption is based more on weather than the cost to provide wastewater service. In the revised structure, for residential use there is a flat fee per home, or equivalent dwelling unit (EDU). On average, our residential customers will see a reduction in their bill, but there will be some customers whose bills will increase. Commercial customers will see an increase in their bills as our review indicated that the cost to serve commercial customers, especially restaurants, is higher than our previous rates were collecting.

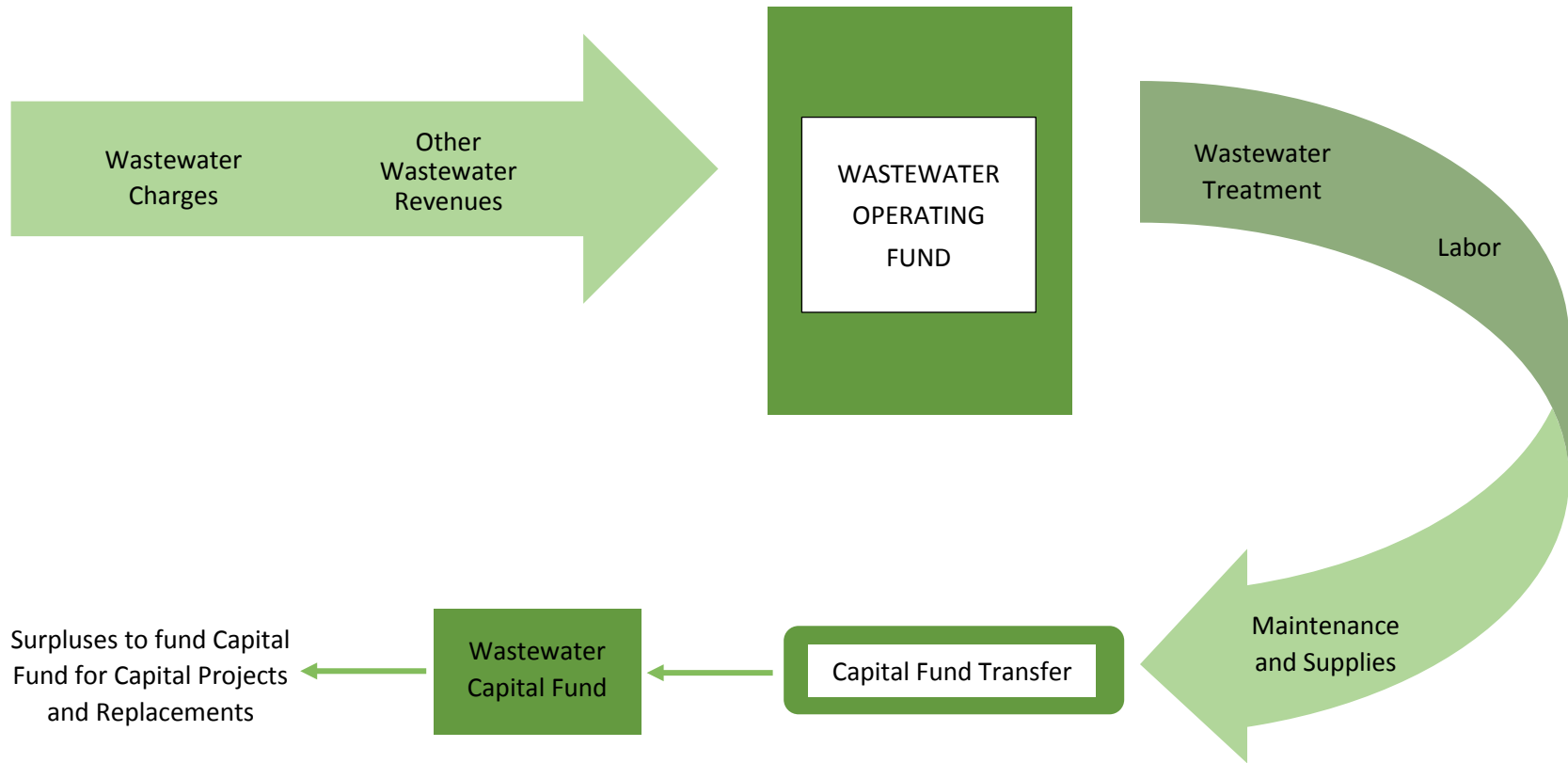
Wastewater: Responsible for maintenance and repair of all 60 miles of wastewater lines and pumping systems. The contract with the City of Oceanside for the treatment and discharge of the wastewater is the primary cost factor for this department.

FUNDS STRUCTURE

WATER OPERATING FUND



WASTEWATER OPERATING FUND



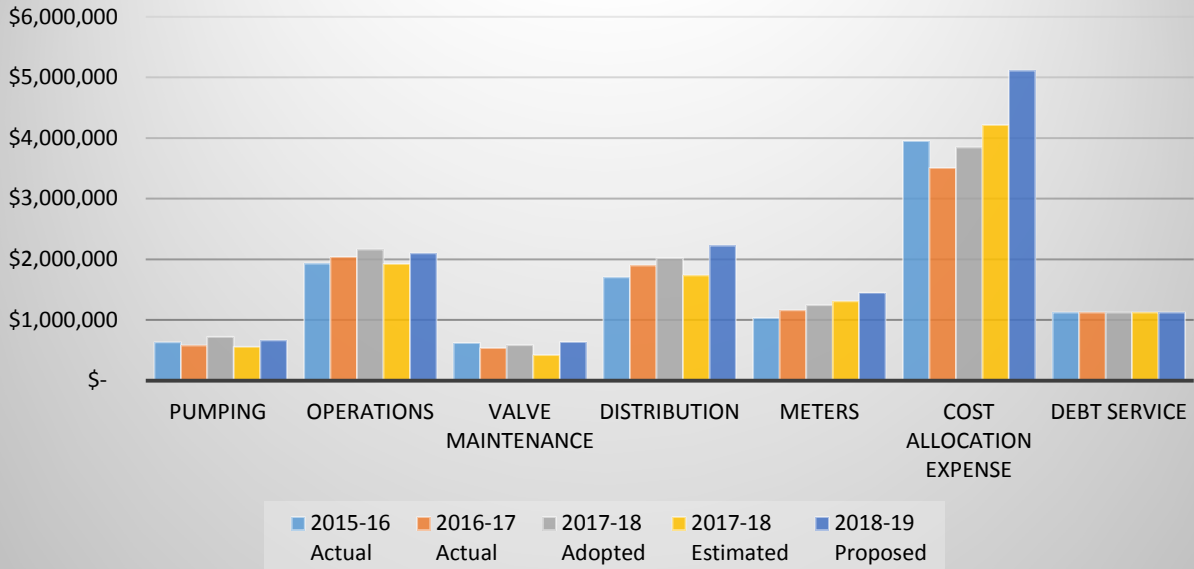
OPERATING BUDGET

WATER FUND BUDGET SUMMARY

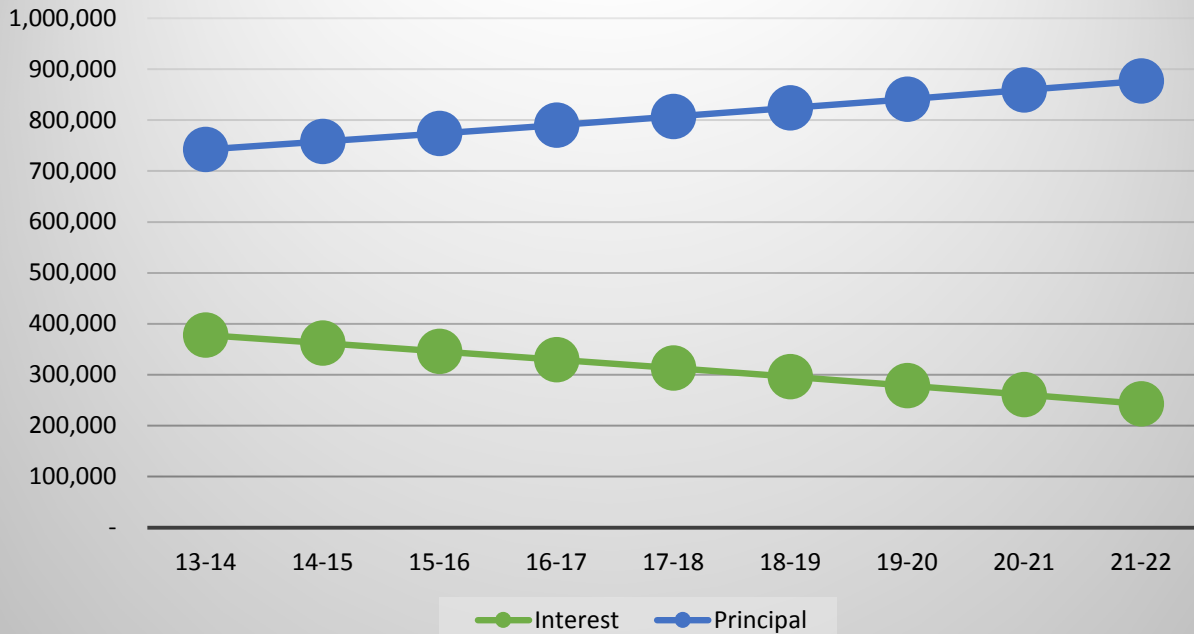
Water Net

Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
<i>Operating Revenues</i>						
Water Sales	\$31,205,297	\$33,266,584	\$37,708,424	\$37,919,448	\$38,975,553	3%
Other Water Services	348,581	507,881	516,275	515,651	490,000	-5%
Total Operating Revenues	31,553,878	33,774,466	38,224,699	38,435,099	39,465,553	3%
<i>Operating Expenses</i>						
Purchased Water	22,312,212	23,282,393	26,397,085	26,970,891	26,223,844	-1%
Pumping	631,056	580,556	719,934	554,787	664,985	-8%
Operations	1,928,261	2,041,078	2,163,662	1,926,478	2,099,729	-3%
Valve Maintenance	618,413	536,736	581,881	418,969	636,515	9%
Distribution	1,701,591	1,897,032	2,017,063	1,734,192	2,222,952	10%
Meters	1,030,928	1,160,028	1,241,123	1,308,200	1,447,166	17%
Cost Allocation Expense	3,949,492	3,505,952	3,843,297	4,214,798	5,111,289	33%
Total Operating Expenses	32,171,954	33,003,776	36,964,045	37,128,314	38,406,480	4%
<i>Non-Operating Revenues</i>						
Investment Income	524	567	-	-	-	0%
Property Tax Revenue	346,226	363,306	315,000	325,264	400,000	27%
Other Non-Operating Revenue	20,956	57,251	221,500	87,864	86,000	-61%
Total Non-Operating Revenues	367,706	421,124	536,500	413,128	486,000	-9%
<i>Non-Operating Expenses</i>						
Debt Service	1,120,132	1,120,132	1,120,143	1,120,143	1,120,142	0%
Total Non-Operating Expenses	1,120,132	1,120,132	1,120,143	1,120,143	1,120,142	0%
Net Income after Transfers	\$(1,370,501)	\$71,682	\$677,011	\$599,770	\$424,931	-37%

Water Fund Expenses



Debt Service



WATER FUND BUDGETED REVENUES

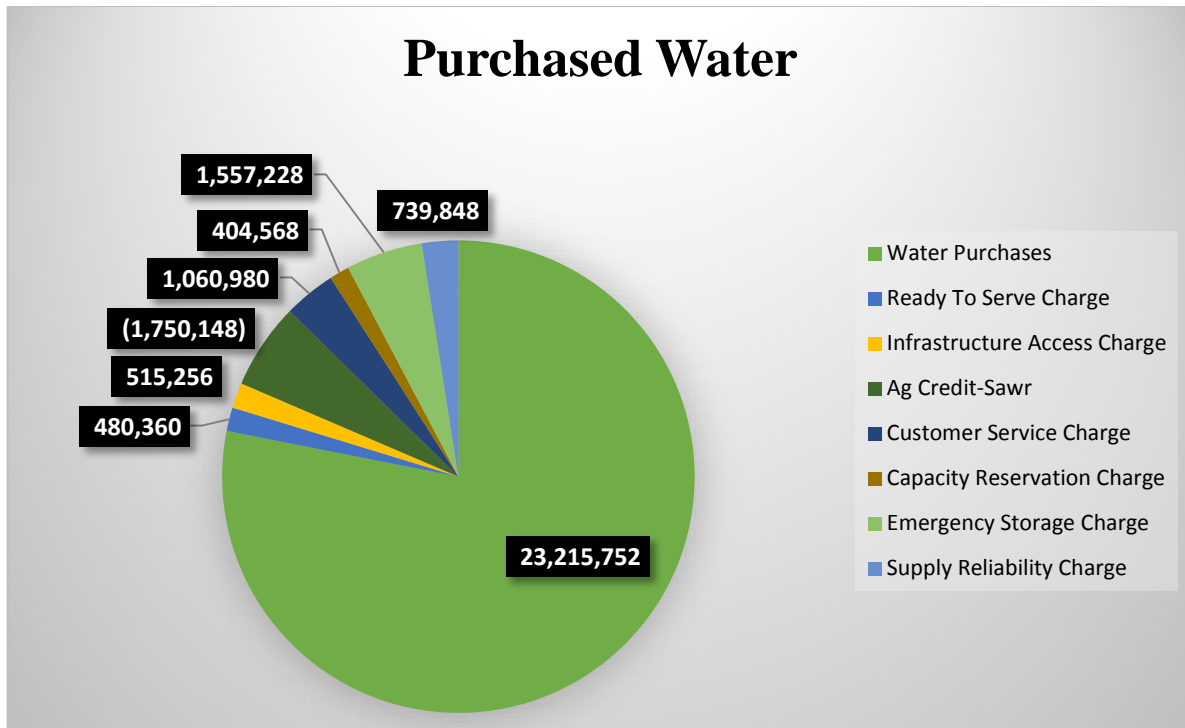
WATER REVENUE

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-00-41110	Water Sales-SF, MF, CM, IS	\$5,400,915	\$6,224,104	\$7,931,110	\$8,072,734	\$8,041,578	1%
01-00-41120	Water Sales-AG Domestic	1,899,202	1,017,317	1,194,930	1,172,007	1,210,291	1%
01-00-41160	Water Sales- Agriculture	3,408,268	4,374,123	4,532,550	4,421,228	4,291,362	-5%
01-00-41170	Water Sales-Construction	154,532	190,638	424,700	547,920	426,369	0%
01-00-41180	Water Sales - TSAWR Com	3,939,420	3,925,671	4,578,860	4,793,735	4,832,334	6%
01-00-41190	Water Sales - TSAWR Dom	5,878,262	5,786,585	6,780,620	7,169,288	6,717,098	-1%
01-00-42120	Monthly O&M Fees-RMWD	4,953,472	5,461,496	5,593,500	5,370,601	7,433,253	33%
01-00-42121	Monthly O&M Fees-CWA	4,868,139	5,455,881	5,744,570	5,433,687	4,989,305	-13%
01-00-42130	Readiness-To-Serve Rev Id#1	294,348	293,604	290,000	250,977	300,000	3%
01-00-42140	Pumping Charges	408,740	537,165	637,584	687,273	733,963	15%
01-00-43101	Operating Inc - Turn On Fees	7,750	3,175	5,000	12,700	13,000	160%
01-00-43104	Operating Inc - R.P. Charges	228,062	249,406	273,775	265,635	275,000	0%
01-00-43106	Operating Inc Wtr Letter Fee	1,550	-	-	-	-	0%
01-00-43109	Operating Inc Inspections	38,250	240,891	100,000	109,690	100,000	0%
01-00-43110	Operating Inc Plans & Specs	650	300	1,000	-	-	-100%
01-00-43111	Operating Inc Install-Hydrant	4,085	3,795	3,500	4,600	4,000	14%
01-00-43114	Operating Inc- Misc.	9,321	(15,201)	8,000	7,046	8,000	0%
01-00-43116	New Meter Sales/Install	20,265	11,955	85,000	74,540	50,000	-41%
01-00-43117	Notice Delivery Revenue	38,648	13,560	40,000	41,440	40,000	0%
Total Operating Revenues		1,553,878	33,774,466	38,224,699	38,435,099	39,465,553	3%
01-00-49102	Non-Op. Inc. -NSF Ck Fees	1,680	1,440	1,500	880	1,000	-33%
01-00-49109	Non-Operating Inc-Misc.	19,276	55,811	220,000	86,984	85,000	-61%
01-00-49201	Interest Revenues	524	567	-	-	-	0%
01-00-49301	Property Tax Revenue	346,226	363,306	315,000	325,264	400,000	27%
Total Non-Op. Revenues		367,706	421,124	536,500	413,128	486,000	-9%
TOTAL WATER REVENUES		\$31,921,585	\$34,195,590	\$38,761,199	\$38,848,227	\$39,951,553	3%

WATER FUND BUDGETED EXPENSES

PURCHASED WATER

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-00-50001	Water Purchases	\$18,914,618	\$19,908,870	\$22,756,213	\$23,578,704	\$23,215,752	2%
01-00-50003	Water In Storage	(59,388)	(320,542)	-	-	-	0%
01-00-50005	Ready To Serve Charge	527,584	508,954	519,902	440,631	480,360	-8%
01-00-50006	Infrastructure Access Charge	435,546	468,102	473,118	446,272	515,256	9%
01-00-50008	Ag Credit-Sawr	(1,481,905)	(1,377,994)	(1,563,157)	(951,952)	(1,750,148)	-12%
01-00-50010	Customer Service Charge	1,204,947	1,177,947	1,163,960	1,016,432	1,060,980	-9%
01-00-50011	Capacity Reservation Charge	622,443	563,043	667,622	426,046	404,568	-39%
01-00-50012	Emergency Storage Charge	1,778,480	1,652,039	1,640,036	1,407,748	1,557,228	-5%
01-00-50013	Supply Reliability Charge	369,888	701,976	739,391	607,009	739,848	0%
TOTAL PURCHASED WATER		\$22,312,212	\$23,282,393	\$26,397,085	\$26,970,891	\$26,223,844	-1%



PUMPING EXPENSE

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-31-56101	Regular Salaries	\$75,182	\$44,734	\$47,117	\$40,642	\$50,649	7%
01-31-56103	Overtime Paid/Comp Time	549	66	1,000	1,240	1,250	25%
01-31-56501	Employer's Share FICA SSI	4,512	2,558	5,684	2,391	3,140	-45%
01-31-56502	Employer's Share FICA Medicare	910	643	1,329	601	734	-45%
01-31-56503	Medical Insurance	18,495	7,910	19,206	7,902	8,590	-55%
01-31-56504	Dental Insurance	1,686	-	1,830	744	969	-47%
01-31-56505	Vision Insurance	245	-	236	95	118	-50%
01-31-56506	Life, S/T,L/T Disability Insurance	1,214	-	1,392	169	282	-80%
01-31-56507	Retirement-CalPERS	7,703	-	15,310	4,109	4,558	-70%
01-31-56512	Training/Tuition Reimbursed	-	-	-	-	-	0%
01-31-56515	Worker's Comp. Insurance	1,786	2,290	3,478	-	1,143	-67%
01-31-56516	State Unemployment Ins, E.T.T.	117	36	252	47	252	0%
01-31-56520	Deferred Comp. (Employer)	2,429	-	2,600	1,018	1,300	-50%
	Total Payroll Expenses	114,829	58,237	99,434	58,957	72,985	-27%
01-31-63100	Equipment Maintenance/Repair	45,674	44,755	59,000	2,609	58,500	-1%
01-31-63401	Building Maintenance	2,350	-	1,500	-	1,500	0%
01-31-72000	Supplies & Services	14,943	5,421	10,000	-	9,000	-10%
01-31-72150	Regulatory Permits	1,600	-	4,000	-	2,500	-38%
01-31-73000	Small Tools And Equipment	-	-	1,000	-	500	-50%
01-31-78000	Utilities - Electricity	451,661	472,143	515,000	493,221	520,000	1%
	Total Maintenance & Supply	516,227	522,319	590,500	495,830	592,000	0%
01-31-82000	Capital Equipment	-	-	30,000	-	-	-100%
	Total Capital Expenses	-	-	30,000	-	-	-100%
	TOTAL PUMPING EXPENSES	\$631,056	\$580,556	\$719,934	\$554,787	\$664,985	-8%

OPERATIONS EXPENSE

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-32-56101	Regular Salaries	\$603,559	\$784,158	\$745,217	\$691,500	\$742,167	0%
01-32-56103	Overtime Paid/Comp Time	58,077	51,051	65,000	64,378	65,000	0%
01-32-56501	Employer's Share FICA SSI	39,164	48,341	39,166	44,549	45,004	15%
01-32-56502	Employer's Share FICA Medicare	9,874	12,222	9,160	11,155	10,761	17%
01-32-56503	Medical Insurance	127,916	144,513	127,948	124,622	129,000	1%
01-32-56504	Dental Insurance	11,802	13,810	11,894	12,041	13,564	14%
01-32-56505	Vision Insurance	1,397	1,757	1,535	1,537	1,653	8%
01-32-56506	Life, S/T,L/T Disability Insurance	7,553	8,027	9,258	3,590	8,453	-9%
01-32-56507	Retirement-CalPERS	61,480	71,891	105,496	61,850	66,795	-37%
01-32-56512	Training/Tuition Reimbursement	3,501	15,533	13,000	6,462	6,500	-50%
01-32-56515	Worker's Comp. Insurance	17,216	16,178	23,967	-	16,754	-30%
01-32-56516	State Unemployment Ins, E.T.T.	1,315	1,906	1,638	2,908	1,638	0%
01-32-56518	Duty Pay	14,036	13,750	13,000	14,867	14,200	9%
01-32-56520	Deferred Comp. (Employer)	15,322	17,940	14,040	17,743	17,940	28%
	Total Payroll Expenses	972,212	1,201,075	1,180,319	1,057,205	1,139,429	-3%
01-32-60000	Electronics	13,885	42,652	8,500	3,579	10,000	18%
01-32-63100	Equipment Maint./Repairs	16,529	1,097	17,800	4,039	9,800	-45%
01-32-63102	Equipment Maint. Contract	17,546	4,532	48,000	36,058	53,000	10%
01-32-63401	Building Maintenance	198	-	1,000	31	500	-50%
01-32-72000	Supplies And Services	226,029	154,233	212,000	186,044	162,000	-24%
01-32-72010	Tank Maintenance	647,186	562,914	599,043	564,187	627,000	5%
01-32-72150	Regulatory Permits	12,327	49,200	43,000	55,000	55,500	29%
01-32-72700	Printing & Reproductions	5,522	7,095	3,000	-	7,500	150%
01-32-73000	Small Tools And Equipment	566	796	17,500	7,810	5,000	-71%
01-32-75300	Travel/Conferences/Training	2,377	1,960	5,000	4,292	5,000	0%
01-32-78000	Utilities	13,438	9,729	13,500	8,235	10,000	-26%
	Total Maintenance & Supply	955,604	834,208	968,343	869,274	945,300	-2%
01-32-82000	Capital Equipment	445	5,795	15,000	-	15,000	0%
	Total Capital Expenses	445	5,795	15,000	-	15,000	0%
	TOTAL OPERATIONS EXPENSE	\$1,928,261	\$2,041,078	\$2,163,662	\$1,926,478	\$2,099,729	-3%

VALVE MAINTENANCE EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-33-56101	Regular Salaries	\$321,926	\$266,523	\$278,166	\$237,024	\$342,534	23%
01-33-56103	Overtime Paid/Comp Time	9,562	12,656	8,000	9,698	10,000	25%
01-33-56501	Employer's Share FICA SSI	19,791	15,748	19,704	13,979	21,237	8%
01-33-56502	Employer's Share FICA Medicare	4,977	3,995	4,608	3,503	4,967	8%
01-33-56503	Medical Insurance	72,565	64,917	79,241	52,882	74,569	-6%
01-33-56504	Dental Insurance	6,168	6,905	7,319	5,058	7,751	6%
01-33-56505	Vision Insurance	971	727	944	640	944	0%
01-33-56506	Life, S/T,L/T Disability Insurance	3,767	3,006	4,808	1,246	3,895	-19%
01-33-56507	Retirement-CalPERS	33,176	29,601	53,075	21,585	30,828	-42%
01-33-56512	Training/Tuition Reimbursement	442	690	2,000	327	1,000	-50%
01-33-56515	Worker's Comp. Insurance	7,886	7,921	12,058	-	7,732	-36%
01-33-56516	State Unemployment Ins, E.T.T.	749	646	1,008	1,097	1,008	0%
01-33-56520	Deferred Comp. (Employer)	7,685	8,450	8,450	6,394	11,050	31%
	Total Payroll Expenses	489,665	421,785	479,381	353,433	517,515	8%
01-33-72000	Supplies And Services	81,232	74,050	50,000	61,351	65,000	30%
01-33-73000	Small Tools And Equipment	163	-	1,500	98	3,000	100%
01-33-75300	Travel/Conferences/Training	-	-	1,000	1,033	1,000	0%
	Total Maintenance & Supply	81,395	74,050	52,500	62,482	69,000	31%
01-33-82000	Shop And Field Equipment	47,353	40,901	50,000	3,054	50,000	0%
	Total Capital Expenses	47,353	40,901	50,000	3,054	50,000	0%
	TOTAL VALVE MAINT. EXPENSES	\$618,413	\$536,736	\$581,881	\$418,969	\$636,515	9%

DISTRIBUTION EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-34-56101	Regular Salaries	\$854,576	\$726,000	\$808,709	\$755,774	\$986,187	22%
01-34-56103	Overtime Paid/Comp Time	66,010	138,497	130,000	125,186	125,000	-4%
01-34-56501	Employer's Share FICA SSI	52,918	49,935	58,206	50,962	58,851	1%
01-34-56502	Employer's Share FICA Medicare	13,570	12,540	13,613	12,858	14,300	5%
01-34-56503	Medical Insurance	152,063	166,198	195,337	162,012	203,478	4%
01-34-56504	Dental Insurance	15,288	16,109	17,991	15,048	19,053	6%
01-34-56505	Vision Insurance	2,352	2,227	2,479	2,040	2,479	0%
01-34-56506	Life, S/T,L/T Disability Insurance	9,547	9,500	13,551	4,237	10,659	-21%
01-34-56507	Retirement-CalPERS	74,348	71,507	156,781	59,838	86,208	-45%
01-34-56512	Training/Tuition Reimbursement	2,328	4,713	7,000	4,561	5,000	-29%
01-34-56515	Worker's Comp. Insurance	20,427	23,150	36,490	-	22,771	-38%
01-34-56516	State Unemployment Ins, E.T.T.	2,315	2,298	2,646	3,826	2,646	0%
01-34-56518	Duty Pay	13,285	13,286	13,000	14,267	15,400	18%
01-34-56520	Deferred Comp. (Employer)	19,128	23,260	24,960	26,785	30,420	22%
	Total Payroll Expenses	1,298,155	1,259,218	1,480,763	1,237,392	1,582,452	7%
01-34-72000	Supplies And Services	403,136	531,758	503,000	462,010	550,000	9%
01-34-72200	Books and Resources	-	-	-	-	500	100%
01-34-73000	Small Tools And Equipment	-	1,591	4,000	-	12,000	200%
01-34-75300	Conferences/Training/Travel	300	1,627	4,000	1,057	3,000	-25%
	Total Maintenance & Supply	403,436	534,976	511,000	463,067	565,500	11%
01-34-82000	Capital Equipment	-	102,837	25,300	33,733	75,000	196%
	Total Capital Expenses	-	102,837	25,300	33,733	75,000	196%
	TOTAL DISTRIBUTION EXPENSES	\$1,701,591	\$1,897,032	\$2,017,063	\$1,734,192	\$2,222,952	10%

METERS EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
01-35-56101	Regular Salaries	\$470,160	\$410,471	\$403,517	\$362,316	\$476,351	18%
01-35-56103	Overtime Paid/Comp Time	18,777	39,319	33,000	43,106	43,000	30%
01-35-56501	Employer's Share FICA SSI	28,283	26,004	27,496	23,270	29,534	7%
01-35-56502	Employer's Share FICA Medicare	7,177	6,539	6,430	5,837	6,907	7%
01-35-56503	Medical Insurance	67,087	78,624	88,794	68,397	94,384	6%
01-35-56504	Dental Insurance	7,880	8,631	10,064	7,664	10,658	6%
01-35-56505	Vision Insurance	1,213	1,114	1,298	970	1,298	0%
01-35-56506	Life, S/T,L/T Disability Insurance	4,634	4,773	6,720	2,029	5,405	-20%
01-35-56507	Retirement-CalPERS	47,004	36,293	74,061	34,185	42,872	-42%
01-35-56512	Training/Tuition Reimbursement	1,339	1,028	2,000	893	1,000	-50%
01-35-56515	Worker's Comp. Insurance	10,314	12,672	19,357	-	12,371	-36%
01-35-56516	State Unemployment Ins, E.T.T.	1,176	1,428	1,386	1,674	1,386	0%
01-35-56520	Deferred Comp. (Employer)	11,218	11,700	13,000	10,176	13,000	0%
	Total Payroll Expenses	676,263	638,596	687,123	560,517	738,166	7%
01-35-63404	Backflow Expenses	227,796	376,889	280,000	286,864	380,000	36%
01-35-72000	Supplies & Services	126,368	18,333	125,000	99,646	125,000	0%
01-35-73000	Small Tools And Equipment	502	1,551	3,000	415	3,000	0%
01-35-75300	Training/Conferences/Travel	-	-	1,000	-	1,000	0%
	Total Maintenance & Supply	354,666	396,772	409,000	386,925	509,000	24%
01-35-82000	Shop And Field Equipment	-	124,660	145,000	360,757	200,000	38%
	Total Capital Expenses	-	124,660	145,000	360,757	200,000	38%
	TOTAL METER EXPENSES	\$1,030,928	\$1,160,028	\$1,241,123	\$1,308,200	\$1,447,166	17%

WATER FUND DEBT SERVICE

2012 State Revolving Fund Loan

2.09% - 20 year Term

Beck

	Interest Due	Principal Due	Total Annual Debt Service
2013-14	\$ 164,194	\$ 322,757	\$ 486,951
2014-15	\$ 157,403	\$ 329,549	\$ 486,952
2015-16	\$ 150,468	\$ 336,483	\$ 486,951
2016-17	\$ 143,388	\$ 343,564	\$ 486,952
2017-18	\$ 136,158	\$ 350,793	\$ 486,951
2018-19	\$ 128,777	\$ 358,175	\$ 486,952
2019-20	\$ 121,240	\$ 365,712	\$ 486,952
2020-21	\$ 113,544	\$ 373,407	\$ 486,951
2021-22	\$ 105,687	\$ 381,265	\$ 486,952
2023-2032	\$ 594,093	\$ 4,762,371	\$ 5,356,464
Total	\$ 1,814,952	\$ 7,924,076	\$ 9,739,028

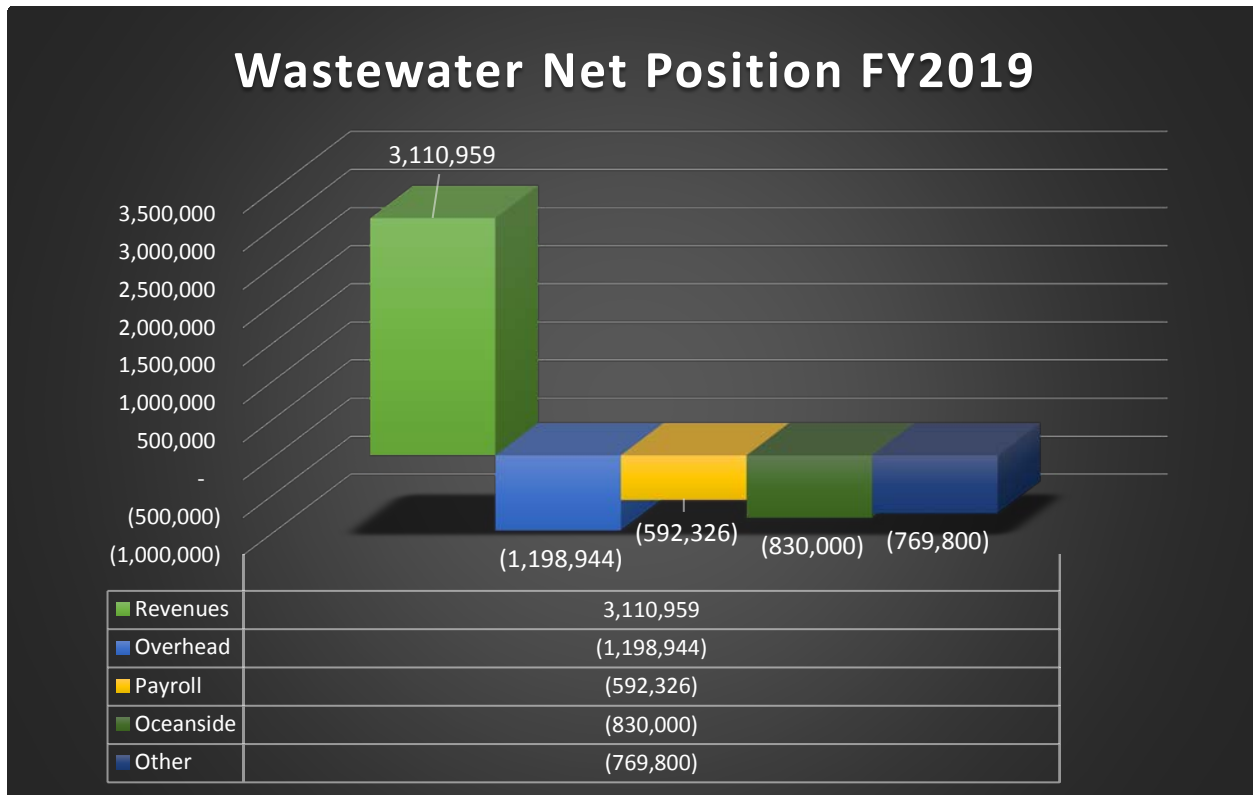
Morro

	Interest Due	Principal Due	Total Annual Debt Service
2013-14	\$ 213,505	\$ 419,686	\$ 633,191
2014-15	\$ 204,673	\$ 428,517	\$ 633,190
2015-16	\$ 195,656	\$ 437,525	\$ 633,191
2016-17	\$ 186,449	\$ 446,742	\$ 633,191
2017-18	\$ 177,049	\$ 456,142	\$ 633,191
2018-19	\$ 167,450	\$ 465,740	\$ 633,190
2019-20	\$ 157,650	\$ 475,541	\$ 633,191
2020-21	\$ 147,643	\$ 485,547	\$ 633,190
2021-22	\$ 137,426	\$ 495,764	\$ 633,190
2023-2032	\$ 772,509	\$ 6,192,590	\$ 6,965,099
Total	\$ 2,360,010	\$ 10,303,794	\$ 12,663,814

WASTEWATER FUND BUDGET SUMMARY

WASTEWATER NET

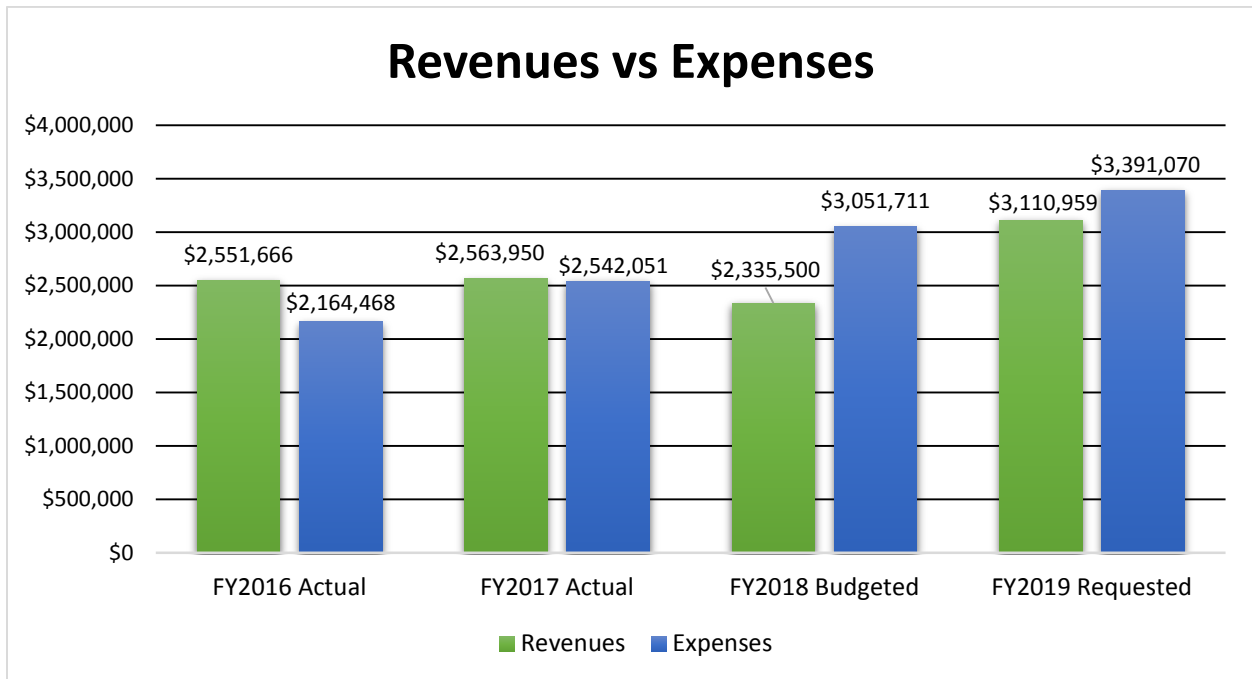
Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
Operating Revenues						
Wastewater Revenues	\$2,474,858	\$2,463,581	\$2,250,000	\$2,332,736	\$3,016,459	34%
Other Revenues	76,808	100,369	85,500	101,096	94,500	20%
Total Wastewater Revenues	2,551,666	2,563,950	2,335,500	2,433,832	3,110,959	33%
Operating Expenses						
Total Payroll Expenses	632,372	634,444	707,197	570,529	592,326	-16%
Total Maintenance & Supply	894,605	1,074,698	1,418,000	1,204,797	1,414,800	0%
Total Capital Expenses	21,096	10,526	25,000	13,786	185,000	640%
Total Transfers	616,395	822,384	901,514	988,656	1,198,944	33%
Total Wastewater Expenses	2,164,468	2,542,051	3,051,711	2,777,769	3,391,070	11%
Net Income	\$387,198	\$21,899	\$(716,211)	\$(343,937)	\$(280,112)	61%



WASTEWATER FUND BUDGETED REVENUES

WASTEWATER REVENUES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
02-00-41110	Sewer Charges-Established Acct	\$2,474,858	\$2,463,581	\$2,250,000	\$2,332,736	\$3,016,459	34%
02-00-43101	Oak Crest Service Charges	9,129	9,787	20,000	23,400	24,000	20%
02-00-43106	Operating Inc - Sewer Letter Fee	950	700	500	333	500	0%
02-00-43110	Operating Inc - Plan Ck/Insp. Fee	17,836	26,134	25,000	31,315	25,000	0%
02-00-49109	Non-Operating Revenue	-	12,520	5,000	-	-	-100%
02-00-49301	Property Tax Rev - Ad Valorem	48,894	51,228	35,000	46,048	45,000	29%
Total Wastewater Revenues		\$2,551,666	\$2,563,950	\$2,335,500	\$2,433,832	\$3,110,959	33%



WASTEWATER FUND BUDGETED EXPENSES

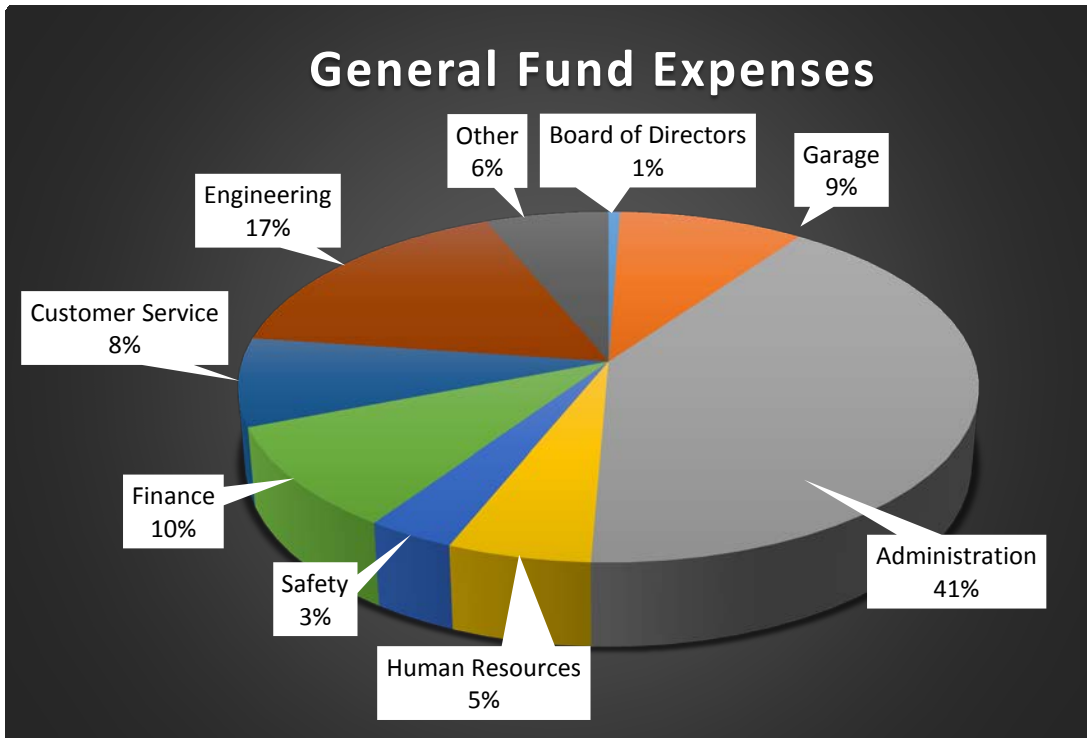
WASTEWATER EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
02-61-56101	Regular Salaries	\$391,658	\$384,364	\$396,970	\$360,331	\$361,507	-9%
02-61-56103	Overtime Paid/Comp Time	25,171	33,789	45,000	35,512	35,000	-22%
02-61-56501	Employer's Share FICA SSI	24,941	24,104	25,720	22,997	22,413	-13%
02-61-56502	Employer's Share FICA Medicare	6,282	6,102	6,015	5,755	5,242	-13%
02-61-56503	Medical Insurance	93,217	92,713	100,059	79,441	86,275	-14%
02-61-56504	Dental Insurance	8,429	8,631	9,149	7,154	7,751	-15%
02-61-56505	Vision Insurance	1,211	1,114	1,180	914	944	-20%
02-61-56506	Life, S/T,L/T Disability Insurance	4,745	4,504	6,182	1,984	3,976	-36%
02-61-56507	Retirement-CalPERS	40,230	38,941	69,279	32,187	32,536	-53%
02-61-56512	Training/Tuition Reimbursement	1,728	2,944	3,000	2,449	3,000	0%
02-61-56515	Worker's Comp. Insurance	10,183	12,904	19,333	-	10,024	-48%
02-61-56516	State Unemployment Ins, E.T.T.	1,051	1,285	1,260	1,527	1,008	-20%
02-61-56518	Duty Pay	12,783	12,000	13,000	11,667	14,200	9%
02-61-56520	Deferred Comp. (Employer)	10,743	11,050	11,050	8,611	8,450	-24%
	Total Payroll Expenses	632,372	634,444	707,197	570,529	592,326	-16%
02-61-60000	Electronics	37,381	16,057	5,300	623	11,000	108%
02-61-63100	Equipment Maint./Repairs	9,182	17,840	39,400	29,202	40,000	2%
02-61-63401	Building Maintenance	-	659	10,000	5,296	8,000	-20%
02-61-70000	Professional Services	-	16,087	60,000	24,678	20,000	-67%
02-61-72000	Supplies And Services	61,568	69,739	127,000	51,281	150,000	18%
02-61-72150	Regulatory Permits	5,480	4,163	18,000	3,513	16,000	-11%
02-61-72200	Books And Resources	-	-	500	196	500	0%
02-61-72400	Dues And Subscriptions	538	538	800	717	800	0%
02-61-72600	Sewer Line Cleaning/Maint.	28,817	18,864	25,000	16,165	38,000	52%
02-61-73000	Small Tools And Equipment	1,985	742	5,000	2,231	2,500	-50%
02-61-75300	Travel/Conferences/Training	749	1,813	3,000	2,048	3,000	0%
02-61-77000	Sewage Treat.-Oceanside Plant	677,631	865,376	840,000	808,000	830,000	-1%
02-61-77100	Replacement Reserve-Oceanside	-	-	200,000	200,000	210,000	5%
02-61-78000	Utilities	57,218	53,450	65,000	45,585	65,000	0%
02-61-78300	Hazardous Waste Disposal	9,090	8,170	12,000	8,080	12,000	0%
02-61-78700	Utilities-Propane	4,967	1,200	7,000	7,181	8,000	14%
	Total Maintenance & Supply	894,605	1,074,698	1,418,000	1,204,797	1,414,800	0%
02-61-82000	Shop And Field Equipment	21,096	10,526	25,000	13,786	185,000	640%
	Total Capital Expenses	21,096	10,526	25,000	13,786	185,000	640%
02-00-52176	Overhead Transfer to Gen. Fund	616,395	822,384	901,514	988,656	1,198,944	33%
	Total Transfers	616,395	822,384	901,514	988,656	1,198,944	33%
	TOTAL WASTEWATER EXPENSES	\$2,164,468	\$2,542,051	\$3,051,711	\$2,777,769	\$3,391,070	11%

GENERAL FUND BUDGET SUMMARY

General Net

Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
Operating Revenues						
Transfers From Water & Wastewater	\$4,565,887	\$4,328,336	\$4,744,811	\$5,203,454	\$6,310,233	33%
Other General Fund Revenue	418,592	451,874	433,470	539,645	500,000	15%
Total Operating Revenues	4,984,479	4,780,210	5,178,281	5,743,099	6,810,233	32%
Operating Expenses						
Board of Directors	14,119	22,816	39,913	29,719	39,462	-1%
Garage	368,847	598,604	701,989	698,064	633,455	-10%
Administration	2,069,406	2,283,601	2,070,322	2,267,480	2,776,756	34%
Human Resources	-	-	331,299	225,428	373,699	13%
Safety	153,570	175,806	216,438	178,421	230,641	7%
Finance	602,256	545,976	654,128	580,164	650,387	-1%
Customer Service	336,892	430,850	528,013	480,042	553,338	5%
Engineering	977,908	1,175,188	1,081,745	941,686	1,132,584	5%
Other Expenses	-	-	-	342,094	419,911	100%
Total Operating Expenses	4,522,998	5,232,840	5,623,847	5,743,099	6,810,233	21%
Net Income	\$461,481	(\$452,630)	(\$445,566)	\$ -	\$ -	100%



GENERAL FUND BUDGETED EXPENSES

BOARD OF DIRECTOR EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-20-56202	Board Member Expenses	\$11,400	\$9,600	\$18,200	\$14,533	\$18,200	0%
03-20-56501	Employer's Share FICA SSI	614	586	1,087	901	1,128	4%
03-20-56502	Employer's Share FICA Medicare	144	149	246	211	264	7%
03-20-56515	Worker's Compensation Ins.	-	-	80	-	80	0%
	Total Payroll Expenses	12,158	10,335	19,613	15,645	19,672	0%
03-20-72000	Supplies And Services	22	117	300	50	100	-67%
03-20-75300	Travel/Conferences/Training	1,939	12,364	20,000	14,024	19,690	-2%
	Total Supplies Expenses	1,962	12,481	20,300	14,074	19,790	-3%
	TOTAL BOARD EXPENSES	\$14,119	\$22,816	\$39,913	\$29,719	\$39,462	-1%

GARAGE EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-36-56101	Regular Salaries	\$86,959	\$81,984	\$99,230	\$85,060	\$91,672	-8%
03-36-56103	Overtime Paid/Comp Time	-	2,000	3,000	3,262	3,500	17%
03-36-56501	Employer's Share FICA SSI	4,846	4,784	5,410	5,034	5,684	5%
03-36-56502	Employer's Share FICA Medicare	1,226	1,207	1,265	1,271	1,329	5%
03-36-56503	Medical Insurance	18,674	16,840	16,619	17,472	18,646	12%
03-36-56504	Dental Insurance	1,686	1,726	1,830	1,835	1,938	6%
03-36-56505	Vision Insurance	241	223	236	232	236	0%
03-36-56506	Life, S/T,L/T Disability Insurance	997	956	1,323	507	1,044	-21%
03-36-56507	Retirement-CalPERS	8,272	8,135	14,571	8,585	8,251	-43%
03-36-56515	Worker's Comp. Insurance	2,047	2,432	3,603	-	2,253	-37%
03-36-56516	State Unemployment Ins, E.T.T.	206	217	252	367	252	0%
03-36-56520	Deferred Comp. (Employer)	788	650	650	917	650	0%
	Total Payroll Expenses	125,942	121,154	147,989	124,542	135,455	-8%
03-36-63000	Equipment	4,270	2,010	8,000	5,693	8,500	6%
03-36-63100	Equipment Maintenance	80,640	33,522	34,000	29,010	30,000	-12%
03-36-63421	Fuel And Oil	75,639	88,982	120,000	96,761	120,000	0%
03-36-63422	Repair, Supplies, Auto	70,706	71,564	70,000	43,068	72,000	3%
03-36-72000	Supplies And Services	8,664	6,667	5,500	6,117	22,000	300%
03-36-72150	Regulatory Permits	1,541	3,629	4,000	2,100	4,000	0%
03-36-73000	Small Tools And Equipment	1,444	5,343	2,000	701	4,000	100%
03-36-75300	Travel/Conferences/Training	-	-	1,000	1,852	2,000	100%
	Total Maintenance & Supply	242,905	211,716	244,500	185,303	262,500	7%
03-36-82000	Shop and Field Equipment	-	-	15,000	19,783	38,500	157%
03-36-83000	Vehicles	-	265,734	294,500	368,437	197,000	-33%
	Total Capital Expenses	-	265,734	309,500	388,220	235,500	-24%
	TOTAL GARAGE EXPENSES	\$368,847	\$598,604	\$701,989	\$698,064	\$633,455	-10%

ADMINISTRATION EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-41-56101	Regular Salaries	\$623,133	\$621,690	\$500,310	\$490,343	\$576,623	15%
03-41-56103	Overtime Paid/Comp Time	8,908	20,062	16,000	22,745	25,000	56%
03-41-56501	Employer's Share FICA SSI	28,344	32,289	25,065	21,713	27,835	11%
03-41-56502	Employer's Share FICA Medicare	8,889	9,343	5,862	7,571	8,361	43%
03-41-56503	Medical Insurance	57,891	39,038	31,672	40,833	64,453	104%
03-41-56504	Dental Insurance	6,330	5,896	4,268	4,862	6,457	51%
03-41-56505	Vision Insurance	947	984	708	757	944	33%
03-41-56506	Life, S/T,L/T Disability Insurance	5,052	4,957	4,786	2,021	4,159	-13%
03-41-56507	Retirement-CalPERS	58,134	39,326	67,513	50,346	51,132	-24%
03-41-56511	Employee Uniform Allowance	14,433	14,381	16,000	8,960	16,000	0%
03-41-56512	Training/Tuition Reimbursement	1,335	2,716	4,000	-	4,000	0%
03-41-56515	Worker's Comp. Insurance	13,293	140,865	16,204	15,766	13,804	-15%
03-41-56516	State Unemployment Ins, E.T.T.	1,647	1,052	756	1,276	756	0%
03-41-56520	Deferred Comp. (Employer)	6,960	7,800	5,200	11,195	8,710	68%
	Total Payroll Expenses	835,296	940,399	698,344	678,387	808,234	16%
03-41-60100	Computers/Information Systems	228,760	234,198	290,000	335,157	654,192	126%
03-41-63102	Equipment Maint. Contract	-	-	2,700	3,540	3,000	11%
03-41-63200	Equipment Rental	39,536	37,365	40,200	41,440	41,300	3%
03-41-63400	Kitchen Supplies	3,571	4,104	3,000	1,782	3,000	0%
03-41-63401	Building Maintenance	110,652	116,786	82,600	83,777	154,100	87%
03-41-65000	Property/Liability Insurance	197,449	193,093	214,088	287,717	235,000	10%
03-41-65100	District Paid Insurance Claims	5,260	133,894	20,000	122,004	125,000	525%
03-41-70000	Professional Services	200,019	109,253	180,000	212,788	220,000	22%
03-41-70300	Legal Services	190,684	219,028	200,000	128,888	220,000	10%
03-41-72000	Supplies And Services	35,188	45,704	17,050	14,891	22,050	29%
03-41-72200	Books And Resources	46	-	250	-	250	0%
03-41-72400	Dues And Subscriptions	54,739	65,729	62,840	80,313	65,480	4%
03-41-72702	Public Notices/Advertising	430	663	1,000	-	1,000	0%
03-41-72900	Stationary & Office Supplies	31,067	14,594	25,000	4,763	10,000	-60%
03-41-74000	Communications & Phone Bills	13,638	13,466	-	12,399	13,500	100%
03-41-74100	Phone Bill	47,514	52,207	53,400	53,541	72,000	35%
03-41-75300	Travel/Conferences/Training	23,382	41,475	15,050	11,578	18,650	24%
03-41-78000	Utilities-Electricity	46,105	46,543	50,400	46,044	55,000	9%
03-41-78700	Utilities -Propane	-	7,464	8,000	14,991	12,000	50%
03-41-78900	Trash Pick-Up	6,072	7,635	6,400	6,569	8,000	25%
	Total Maintenance & Supply	1,234,110	1,343,202	1,271,978	1,462,182	1,933,522	52%
03-41-82000	Capital Expenditures	-	-	100,000	126,912	35,000	-65%
	Total Capital Expenses	-	-	100,000	126,912	35,000	-65%
	TOTAL ADMIN. EXPENSES	\$2,069,406	\$2,283,601	\$2,070,322	\$2,267,480	\$2,776,756	34%

Human Resources Expenses

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-41-56101	Regular Salaries	\$ -	\$ -	\$121,640	\$110,278	\$173,962	43%
03-41-56103	Overtime Paid/Comp Time	-	-	500	408	500	0%
03-41-56501	Employer's Share FICA SSI	-	-	8,791	6,498	9,550	9%
03-41-56502	Employer's Share FICA Medicare	-	-	2,056	1,652	2,522	23%
03-41-56503	Medical Insurance	-	-	-	7,110	13,952	100%
03-41-56504	Dental Insurance	-	-	1,830	1,396	1,938	6%
03-41-56505	Vision Insurance	-	-	236	192	236	0%
03-41-56506	Life, S/T, L/T Disability Insurance	-	-	1,799	605	1,349	-25%
03-41-56507	Retirement - CalPERS	-	-	23,679	7,722	10,925	-54%
03-41-56512	Training/Tuition Reimbursement	-	-	2,000	-	1,000	-50%
03-41-56515	Worker's Comp. Insurance	-	-	5,766	-	4,901	-15%
03-41-56516	State Unemployment Ins, E.T.T.	-	-	252	471	504	100%
03-41-56520	Deferred Comp. (Employer)	-	-	2,600	3,755	3,510	35%
	Total Payroll Expenses	-	-	171,149	140,087	224,849	31%
03-42-56513	Employee Relations	-	-	11,950	6,581	16,220	36%
03-42-60100	Computers/Information Systems	-	-	11,000	14,436	11,500	5%
03-42-70000	Professional Services	-	-	75,500	53,190	20,000	-74%
03-42-70300	Legal Services	-	-	20,000	-	-	-100%
03-42-72000	Supplies and Services	-	-	3,000	1,692	3,000	0%
03-42-72200	Books and Resources	-	-	100	-	100	0%
03-42-72400	Dues And Subscriptions	-	-	1,100	7,136	1,530	39%
03-42-75300	Travel/Conferences/Training	-	-	12,500	2,307	2,500	-80%
03-42-75400	Workforce Development	-	-	24,000	-	79,000	229%
03-42-75500	Recruitment	-	-	1,000	-	15,000	1400%
	Total Maintenance & Supply	-	-	160,150	85,341	148,850	-7%
	TOTAL HR EXPENSES	\$ -	\$ -	\$331,299	\$225,428	\$373,699	13%

SAFETY EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-43-56101	Regular Salaries	\$66,888	\$75,634	\$102,928	\$89,319	\$101,330	-2%
03-43-56103	Overtime Paid/Comp Time	812	382	2,000	2,120	1,000	-50%
03-43-56501	Employer's Share FICA SSI	4,732	4,455	4,440	5,207	6,282	41%
03-43-56502	Employer's Share FICA Medicare	1,198	1,135	1,038	1,303	1,469	42%
03-43-56503	Medical Insurance	9,163	10,555	12,662	12,608	22,195	75%
03-43-56504	Dental Insurance	1,686	1,726	1,830	1,844	1,938	6%
03-43-56505	Vision Insurance	241	223	236	235	236	0%
03-43-56506	Life, S/T, L/T Disability Insurance	858	698	1,080	362	1,157	7%
03-43-56507	Retirement - CalPERS	8,806	6,677	11,960	7,289	9,120	-24%
03-43-56512	Training/Tuition Reimbursement	135	120	350	-	1,000	186%
03-43-56515	Worker's Comp. Insurance	1,786	1,850	2,912	-	2,452	-16%
03-43-56516	State Unemployment Ins, E.T.T.	210	228	252	378	252	0%
03-43-56520	Deferred Comp. (Employer)	2,716	2,600	2,600	2,872	3,510	35%
	Total Payroll Expenses	99,230	106,283	144,288	123,536	151,941	5%
03-43-63100	Equipment Maintenance	5,973	3,935	6,500	2,643	5,000	-23%
03-43-63102	Equipment Maint. Contract	13,694	16,534	19,300	10,660	19,300	0%
03-43-72000	Supplies And Services	9,397	18,094	9,500	4,925	17,500	84%
03-43-72200	Books And Resources	-	-	200	-	500	150%
03-43-72400	Dues And Subscriptions	754	2,146	2,300	2,972	2,550	11%
03-43-72500	Safety Supplies	24,040	27,866	30,550	31,080	32,000	5%
03-43-75300	Travel/Conferences/Training	483	947	3,800	2,605	1,850	-51%
	Total Maintenance & Supply	54,340	69,523	72,150	54,885	78,700	9%
	TOTAL SAFETY EXPENSES	\$153,570	\$175,806	\$216,438	\$178,421	\$230,641	7%

FINANCE EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-51-56101	Regular Salaries	\$369,786	\$314,136	\$344,541	\$319,188	\$358,146	4%
03-51-56103	Overtime Paid/Comp Time	2,459	7,121	6,000	3,768	4,000	-33%
03-51-56501	Employer's Share FICA SSI	22,500	18,903	21,986	18,570	20,337	-8%
03-51-56502	Employer's Share FICA Medicare	5,623	4,781	5,142	4,861	5,193	1%
03-51-56503	Medical Insurance	33,109	37,388	46,007	48,084	49,137	7%
03-51-56504	Dental Insurance	4,621	3,304	3,654	3,826	5,163	41%
03-51-56505	Vision Insurance	947	872	944	868	944	0%
03-51-56506	Life, S/T, L/T Disability Insurance	4,135	3,471	5,154	1,832	3,860	-25%
03-51-56507	Retirement - CalPERS	31,053	27,537	59,219	27,166	32,233	-46%
03-51-56512	Training/Tuition Reimbursement	279	-	5,000	6,447	10,500	110%
03-51-56515	Worker's Comp. Insurance	7,264	9,059	13,573	-	8,156	-40%
03-51-56516	State Unemployment Ins, E.T.T.	1,116	1,179	1,008	1,344	1,008	0%
03-51-56520	Deferred Comp. (Employer)	9,307	9,900	10,400	14,519	15,210	46%
	Total Payroll Expenses	492,199	437,651	522,628	450,472	513,887	-2%
03-51-69000	Postage	44,145	46,849	46,500	33,453	46,500	0%
03-51-70100	Annual Audit Services	18,270	16,495	35,000	46,637	35,000	0%
03-51-70400	Bank Service Charges	44,595	44,094	45,000	46,403	50,000	11%
03-51-72700	Printing And Reproductions	1,110	124	2,000	495	2,000	0%
03-51-75300	Travel/Conferences/Training	1,936	764	3,000	2,704	3,000	0%
	Total Maintenance & Supply	110,057	108,325	131,500	129,692	136,500	4%
	TOTAL FINANCE EXPENSES	\$602,256	\$545,976	\$654,128	\$580,164	\$650,387	-1%

CUSTOMER SERVICE EXPENSES

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-52-56101	Regular Salaries	\$140,620	\$166,119	\$177,150	\$166,114	\$170,512	-4%
03-52-56103	Overtime Paid/Comp Time	3,094	10,555	12,000	13,796	14,000	17%
03-52-56501	Employer's Share FICA SSI	9,256	10,370	9,833	10,644	10,572	8%
03-52-56502	Employer's Share FICA Medicare	2,213	2,612	2,300	2,658	2,472	7%
03-52-56503	Medical Insurance	18,229	35,979	39,304	36,909	41,119	5%
03-52-56504	Dental Insurance	2,246	4,026	4,268	3,918	4,519	6%
03-52-56505	Vision Insurance	371	668	708	501	472	-33%
03-52-56506	Life, S/T, L/T Disability Insurance	1,145	1,844	2,363	1,049	1,912	-19%
03-52-56507	Retirement - CalPERS	12,781	10,913	26,486	13,617	15,346	-42%
03-52-56512	Training/Tuition Reimbursement	-	-	1,000	-	1,000	0%
03-52-56515	Worker's Comp. Insurance	2,047	4,027	6,070	-	3,883	-36%
03-52-56516	State Unemployment Ins, E.T.T.	1,199	739	856	1,214	756	-12%
03-52-56520	Deferred Comp. (Employer)	3,273	4,675	6,175	8,194	8,775	42%
	Total Payroll Expenses	196,472	252,528	288,513	258,614	275,338	-5%
03-52-69110	Bad Debt Expense/Billing Adj.	5,066	324	10,000	-	25,000	150%
03-52-72000	Supplies And Services	132,560	176,757	225,500	220,179	250,000	11%
03-52-72700	Printing And Reproductions	2,794	832	3,000	1,250	1,500	-50%
03-52-75300	Travel/Conferences/Training	-	408	1,000	-	1,500	50%
	Total Maintenance & Supply	140,420	178,322	239,500	221,428	278,000	16%
	TOTAL CUST. SERVICE EXPENSES	\$336,892	\$430,850	\$528,013	\$480,042	\$553,338	5%

ENGINEERING EXPENSES

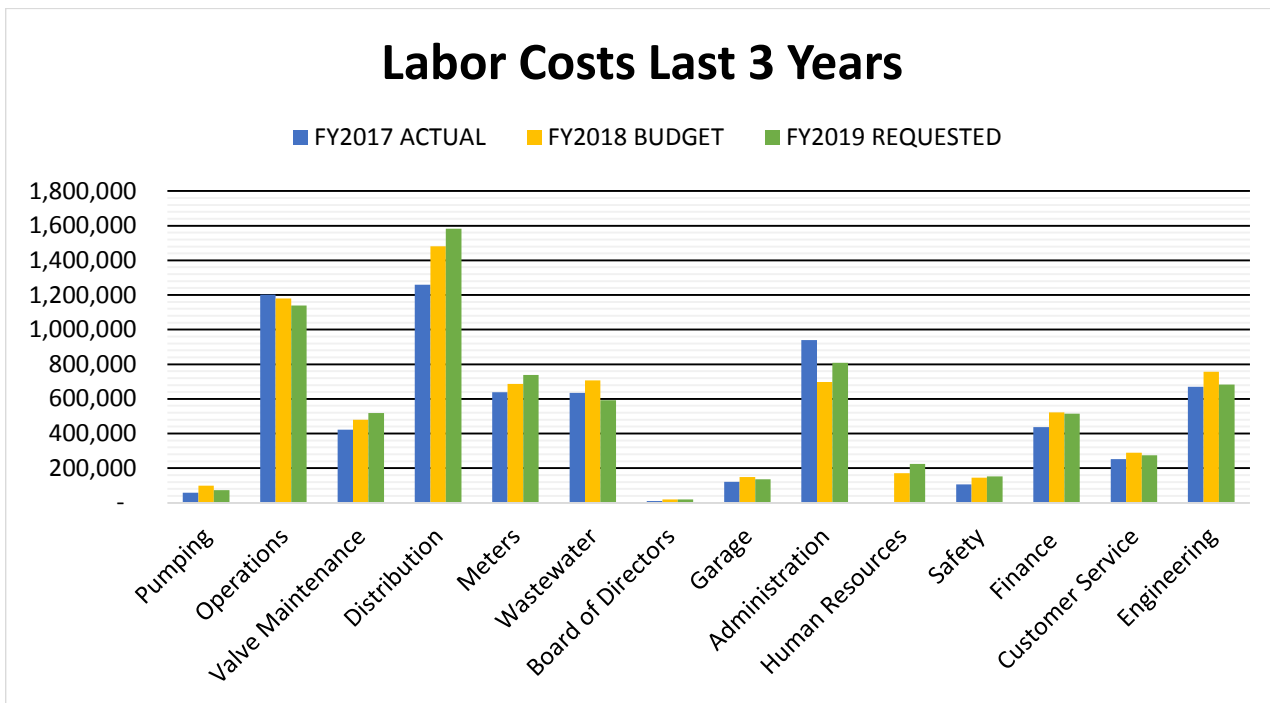
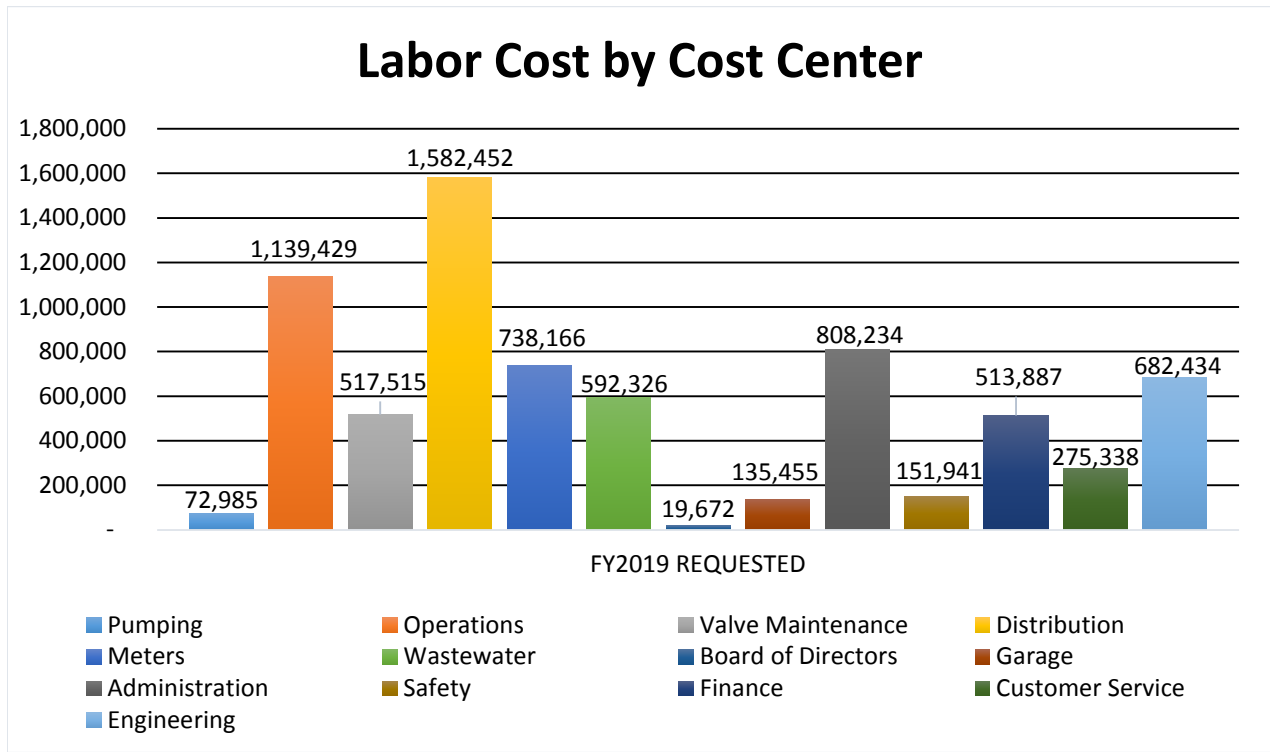
GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
03-91-56101	Regular Salaries	\$379,204	\$471,647	\$530,780	\$418,751	\$488,955	-8%
03-91-56103	Overtime Paid/Comp Time	2,267	1,158	7,500	6,878	7,500	0%
03-91-56501	Employer's Share FICA SSI	21,050	26,950	25,690	24,547	28,945	13%
03-91-56502	Employer's Share FICA Medicare	5,334	6,841	6,081	6,147	7,090	17%
03-91-56503	Medical Insurance	60,926	69,739	73,130	61,318	67,661	-7%
03-91-56504	Dental Insurance	7,030	7,828	6,809	6,115	7,620	12%
03-91-56505	Vision Insurance	1,057	1,336	998	810	1,086	9%
03-91-56506	Life, S/T, L/T Disability Insurance	4,711	6,098	5,602	1,607	4,521	-19%
03-91-56507	Retirement - CalPERS	36,637	49,070	68,826	28,838	44,006	-36%
03-91-56512	Training/Tuition Reimbursement	-	1,465	2,000	1,597	2,000	0%
03-91-56515	Worker's Comp. Insurance	6,080	13,383	16,742	-	7,857	-53%
03-91-56516	State Unemployment Ins, E.T.T.	1,106	1,322	1,138	2,076	1,159	2%
03-91-56520	Deferred Comp. (Employer)	10,925	13,152	10,920	10,284	14,034	29%
	Total Payroll Expenses	536,328	669,988	756,216	568,969	682,434	-10%
03-91-63000	Equipment	-	-	4,000	3,707	4,000	0%
03-91-63102	Equipment Maint. Contract	105,500	63,820	96,500	118,633	25,000	-74%
03-91-70000	Professional Services	183,794	252,597	200,000	227,041	255,000	28%
03-91-72000	Supplies And Services	151,263	182,111	17,634	22,807	47,700	171%
03-91-72001	Right of Way Expenses	-	-	-	-	100,000	100%
03-91-72200	Books and Resources	-	215	500	-	500	0%
03-91-72400	Dues And Subscriptions	50	382	895	240	1,950	118%
03-91-72700	Printing And Reproductions	70	873	1,000	-	6,000	500%
03-91-75300	Travel/Conferences/Training	902	5,202	5,000	288	10,000	100%
	Total Maintenance & Supply	441,579	505,200	325,529	372,717	450,150	38%
	TOTAL ENGINEERING EXPENSES	\$977,908	\$1,175,188	\$1,081,745	\$941,686	\$1,132,584	5%

OPERATING FUNDS SUMMARY

NET OPERATING INCOME

Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
Water Fund						
Water Revenues	\$31,921,585	\$34,195,590	\$38,761,199	\$38,848,227	\$39,951,553	3%
Water Expenses	33,292,086	34,123,908	38,084,188	38,248,457	39,526,622	4%
Water Fund Net Income	(1,370,501)	71,682	677,011	599,770	424,931	-37%
Wastewater Fund						
Wastewater Revenues	2,551,666	2,563,950	2,335,500	2,433,832	3,110,959	33%
Wastewater Expenses	2,164,468	2,542,051	3,051,711	2,777,769	3,391,070	11%
Wastewater Fund Net Income	387,198	21,899	(716,211)	(343,937)	(280,112)	61%
General Fund						
General Revenues	4,984,479	4,780,210	5,178,281	5,743,099	6,810,233	32%
General Expenses	4,522,998	5,232,840	5,623,847	5,743,099	6,810,233	21%
General Fund Net Income	461,481	(452,630)	(445,566)	-	-	100%
NET OPERATING INCOME	(\$521,822)	(\$359,049)	(\$484,766)	\$255,833	\$144,820	130%

LABOR TREND



CAPITAL BUDGET

WATER CAPITAL FUND BUDGETED REVENUES & EXPENSES

WATER CAPITAL

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
60-00-49201	Interest Revenues – LAIF	(\$4,342)	\$ -	\$ -	\$ -	\$ -	-
60-00-49202	Interest Rev Long Term Invest.	19,144	-	25,000	-	-	-100%
60-00-49920	Capacity Fees	13,067	-	1,100,000	2,600,000	2,100,000	91%
	Total Water Capital Revenues	27,868	-	1,125,000	2,600,000	2,100,000	87%
60-00-52176	Transfer From Water	-	-	500,000	-	-	-100%
60-00-56101	Regular Salaries	20,860	-	-	130,000	234,241	100%
60-00-56501	Employer's Share FICA SSI	-	-	-	11,000	13,719	100%
60-00-56502	Employer's Share FICA Medicare	-	-	-	2,500	3,396	100%
60-00-56503	Medical Insurance	-	-	-	30,000	37,665	100%
60-00-56504	Dental Insurance	-	-	-	3,000	3,682	100%
60-00-56505	Vision Insurance	-	-	-	425	449	100%
60-00-56506	Life, S/T, L/T Disability Insurance	-	-	-	2,400	2,618	100%
60-00-56507	Retirement - CalPERS	-	-	-	20	21,082	100%
60-00-56516	State Unemployment Ins, E.T.T.	-	-	-	500	479	100%
60-00-56520	Deferred Comp. (Employer)	-	-	-	4,680	5,987	100%
	Total Payroll Expenses	20,860	-	500,000	184,525	323,316	-35%
60-00-70000	Professional Services	-	-	75,000	-	-	-100%
60-00-82000	Capital Expenses	43,497	50,000	4,150,000	1,241,850	5,710,709	38%
	Total Supply & Capital Expenses	85,218	50,000	5,225,000	1,610,900	6,357,341	22%
	TOTAL WATER CAP. EXPENSES	106,078	50,000	5,725,000	1,795,425	6,680,656	17%
	WATER CAPITAL NET INCOME	(\$78,210)	(\$50,000)	(\$4,600,000)	\$804,575	(\$4,580,656)	0%

WASTEWATER CAPITAL FUND BUDGETED REVENUES & EXPENSES

WASTEWATER CAPITAL

GL Account	Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
53-00-49201	Interest Revenue – LAIF	\$8,953	\$2,500	\$ -	\$ -	\$ -	0%
53-00-49202	Interest Revenue Long Term Invest.	150,731	80,875	80,000	-	-	-100%
53-00-49203	Change In Investment Valuation	-	-	-	-	-	0%
53-00-49920	Connection Fees-Cap Improvement	263,900	-	-	-	3,400,000	100%
Total Wastewater Cap. Revenues		423,584	83,375	80,000	-	3,400,000	-4%
53-00-56101	Regular Salaries	9,378	-	-	7,000	-	0%
53-00-82000	Capital Expenses	-	-	2,230,000	484,280	2,315,000	4%
Total Wastewater Cap. Expenses		9,378	-	2,230,000	491,280	2,315,000	4%
WASTEWATER CAP. NET INCOME		\$414,207	\$83,375	(\$2,150,000)	(\$491,280)	\$1,085,000	150%

CAPITAL FUNDS SUMMARY

NET CAPITAL INCOME

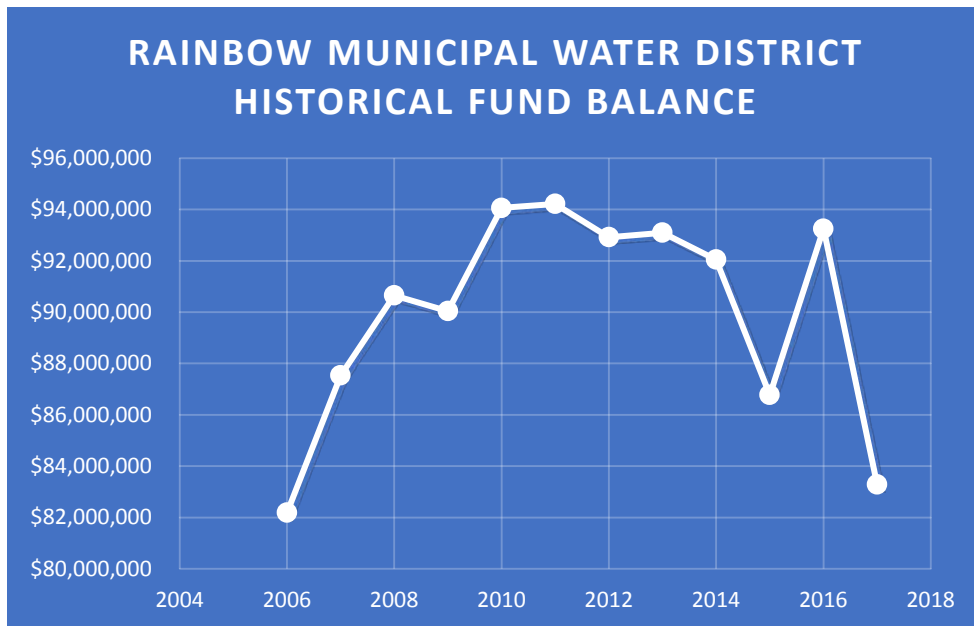
Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2018 Estimated	FY 2019 Requested	FY18 % Change
Water Capital Fund						
Water Revenues	\$27,868	\$ -	\$1,125,000	\$2,600,000	\$2,100,000	87%
Water Expenses	85,218	50,000	5,225,000	1,610,900	6,357,341	22%
Water Capital Fund Net Income	(\$57,350)	(\$50,000)	(\$4,100,000)	989,100	(\$4,257,341)	-4%
Wastewater Capital Fund						
Water Revenues	423,584	83,375	80,000	-	3,400,000	4150%
Water Expenses	9,378	-	2,230,000	491,280	2,315,000	4%
Wastewater Capital Fund Net Income	414,207	83,375	(\$2,150,000)	(\$491,280)	1,085,000	150%
Overall Net Capital Income	\$356,857	\$33,375	(\$6,250,000)	(\$497,820)	(\$3,172,341)	49%

FUND BALANCE HISTORY

Rainbow Municipal Water District Consolidated Fund Balance History For the Fiscal Year Ending June 30, 2017

Fiscal Year	Beginning Fund Balance	Change in Net Position	Ending Fund Balance
2006	\$ 80,719,248	\$ 1,464,090	\$ 82,183,338
2007	\$ 82,183,338	\$ 5,351,755	\$ 87,535,093
2008	\$ 87,535,093	\$ 3,114,067	\$ 90,649,160
2009	\$ 90,649,160	\$ (608,122)	\$ 90,041,038
2010	\$ 90,041,038	\$ 4,019,165	\$ 94,060,203
2011	\$ 94,060,203	\$ 155,103	\$ 94,215,306
2012	\$ 94,215,306	\$ (1,296,760)	\$ 92,918,546
2013	\$ 92,918,546	\$ 174,582	\$ 93,093,128
2014	\$ 93,093,128	\$ (1,045,057)	\$ 92,048,071
2015	\$ 92,048,071	\$ (5,275,926)	\$ 86,772,146
2016	\$ 86,772,146	\$ 6,481,905	\$ 93,254,051
2017	\$ 93,254,051	\$ (9,967,981)	\$ 83,286,070

***FY2017 (\$4.78M) prior period adjustment.



CAPITAL ACQUISITION

CAPITAL ACQUISITION IS DEFINED AS A SINGLE UNIT ITEM COST GREATER THAN \$10,000			
COST CENTER	DESCRIPTION	JUSTIFICATION	BUDGET
34	CAT 305E2 CR Mini-Excavator (with breaker attachment)	New: Normally rented several times throughout the year. Used for jobs requiring tracks for working on inclines/slopes, and needed in/around tight work spaces where backhoes aren't accessible.	\$75,000
36	Zieman 1185 Trailers	New: Heavy Equipment Trailer for New CAT Mini-Excavator & New CAT Skid-Steer Loader	\$7,500
36	2018-2019 Chevrolet Silverado Double Cab 4X4 V6 Gas Engine	Replacing: Unit # 3, 2008 Ford F-150 Super Cab 4X4 V8, 92,651 Miles	\$33,000
36	Trailer 7 X 16 Enclosed Cargo Trailer (Wells Cargo)	New: Trailer for shoring equipment (Includes modifications to trailer such as tie-down points & storage bins.	\$8,000
36	Trailer 6 X 12 Enclosed Trailer	New: Technical Services Trailer to be utilized by District Electrician & SCADA Technician as a mobile working station (rolling shop) for materials/supplies in support of District Projects.	\$10,500
36	2019 GMC Acadia	Replacing: Unit # 1, 2015 Ford Explorer will be reassigned to Engineering Department - GM to drive Acadia	\$33,000
36	V MACS Compressor Unit # 23	New: Compressor is to be used for air tools and jack-hammer	\$14,000
36	2019 Ford F550 or Chevrolet 5500 4x4 Regular Cab w/Utility bed - Welder Truck	Replacing: Unit # 22, 2008 Ford F-550 4x2 (Includes welder, lift-gate, torch bin, utility bed, compressor, reels etc.) 52,055 miles - Rusted utility bed needs replacement due to poor condition. Cab & chassis 6.4L diesel engine is unreliable due to valve-train issues, which poses a possible engine failure. 4X4 is needed to access easements/right-of-ways to make pipeline repairs.	\$105,000
36	Unit # 24 2003 Chevy 3500 Bed Modification	Rehab: Unit # 24, Rehab flat-bed, adding usable tool boxes & non-skid surface mount for existing Pacific-Tek PV66 Vacuum Unit & Lighting upgrades.	\$7,500
36	Fresh Oil Tanks & Overhead Reels for Waste Oil & Antifreeze Storage	New: 120-Gallon oil tanks with overhead reels (Double-walled/secondary containment) for Mechanic Shop. 240-Gallon waste oil recovery tank with pump & antifreeze waste tank for Building #5.	\$17,000
41	Secure door access control	New: Buildings 2, 3, the vault, server room, and SCADA room need more controlled access to improve the physical security of District IT equipment, infrastructure access, records & personnel.	\$32,621
			\$343,121

CAPITAL PROJECTS

CAPITAL PROJECTS OVERVIEW

The recommended CIP identifies facilities or programs, which are recommended for a variety of reasons, primarily to provide the District’s customers with a system that meets the District’s capacity criteria, is in good condition and can be operated efficiently and reliably. Should demands and flows forecasted to develop during the planning horizon not materialize, there may be opportunities to defer or eliminate some projects. Contrarily, some projects are needed immediately. Phasing is provided along with the proposed projects, with Phase 1 being projects recommended to be completed by 2020 due to an existing need, Phase 2 projects are those needed within ten years (by 2025) and Phase 3 projects are those recommended to be addressed within the planning horizon (by 2035). Due to the rapid development planned for the District as well as potential “rebound” from mandatory and voluntary water use restrictions, another master plan should be conducted in five years, at which point demands, flows and phasing can be revisited.

The recommended projects are largely the result of the hydraulic analysis completed. Projects identified fell into various improvement categories including: hydraulic capacity, pressure regulation, operations, redundancy and reliability, and fire flow capacity. The water system CIP consists of 61 projects that are listed in tables below. Additional detail regarding the nature of the various recommendation categories follows below:

- **Hydraulic Capacity** – consists primarily of pipeline upsizing to correct deficiencies in capacity caused by excessive velocity and headloss under peak demand conditions. Pump stations and storage reservoirs were also reviewed for appropriate capacity
- **Pressure Regulation** – recommend potential reduced pressure service zones by constructing pressure reducing stations to protect pipelines, laterals and appurtenances
- **Operations, Redundancy and Reliability** – includes a diverse set of construction, implementation, maintenance and assessment projects to add and improve emergency supplies, increase the system and supply reliability for vulnerable or future service areas, improve operating efficiencies, upgrade and/or replace facilities that don’t meet current standards and assist with strategic planning and replacement of critical facilities
- **Fire Flows** – upsizing of small diameter pipelines to increase fire flows at critically deficient areas
- **Water Supply** – consists of projects for construction of facilities to deliver new water supplies under normal or emergency conditions.

The total estimated cost of the water CIP based on planning level costs estimates is \$49.8M.

The wastewater system CIP generated from the baseline wastewater system hydraulic analysis are listed in detail following water CIP listing below. The District made the decision to move forward with the assumption of a WRP as the baseline case for the wastewater system for Masterplan study. The District has commissioned additional study into the development of a water reclamation plant to assist in determining which of the available alternatives, if any, is the most beneficial option. Should that additional study find that a WRP and recycled water system are not viable and/or feasible, it is important the District be aware of and understand the implications to its wastewater system CIP. For that reason, an alternative wastewater system CIP for the wastewater system alternative condition, which is the “No Project Alternative.” Also included in the tables are the CIPs required should the WRP study show that a plant at the LS 2 site is the most beneficial, as well as the CIP required to serve the Out of District developments, Meadowood and Warner Ranch.

The total estimated cost of the wastewater CIP which includes the District-owned WRP based on planning level costs estimates is \$49.7M.

The projects and programs recommended by the Master Plan study is for the next 20 years for the water and wastewater systems are shown in the preceding tables. Phasing of proposed projects and programs is also presented in the tables and the total estimated cost by Phase for each system is presented in summary after the water and wastewater detailed project listing. Project cost estimates shall be retained, updated by observed inflation on an annual basis and replaced with more detailed and accurate cost estimates as they become available.

In Fiscal Year 2018 the District completed an update of the District-wide water and wastewater capacity fees to help fund expansion projects. The District’s water and wastewater rates paid by existing customers will be used to fund replacement, rehabilitation and betterment projects.

Capital Improvement Plan by Phase		
Phase	Program Description	Total Cost
1 (2016-2020)	Water System CIP	\$ 17,221,000
	Wastewater System CIP (Baseline)	\$ 46,517,000
	Phase 1 CIP Total	\$ 63,738,000
2 (2021-2025)	Water System CIP	\$ 22,487,000
	Wastewater System CIP (Baseline)	\$ 3,300,000
	Phase 2 CIP Total	\$ 25,787,000
3 (2026-2035)	Water System CIP	\$ 3,646,000
	Wastewater System CIP (Baseline)	\$ -
	Phase 3 CIP Total	\$ 3,646,000
Combined Baseline CIP Total		\$ 93,171,000

* Project Commenced

✓ Project Completed

FIVE-YEAR WATER CIP PLAN

	Total Project Cost	Funds Expended in Prior Years	Projected Budget FY 18/19	Projected Budget FY 19/20	Projected Budget FY 20/21	Projected Budget FY 21/22	Projected Budget FY 22/23
Existing Water CIP							
Gird to Monserate Hill Water Line	\$1,320,000	\$115,088	\$885,070	---	---	---	---
San Luis Rey Imported Return Flow Recovery	\$900,000	\$473,761	\$556,103	---	---	---	---
On Going Water Projects							
Isolation Valve Installation Program	\$750,000	\$0	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Pressure Reducing Station Replacement Program	\$800,000	\$0	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Proposed Water Projects (Phase 1)							
PS #3 (Vallecitos) Replacement	\$1,030,000	\$71,970	\$0	\$0	\$1,030,000	---	---
Upsize 12" to 16" along Dentro De Lomas/ Paseo Grande	\$704,000	---	\$0	\$0	\$704,000	---	---
Line NN Transmission Upgrades	\$2,800,000	---			\$224,000	\$2,576,000	---
Wrightwood to Cottontail PRS	\$100,000	---		\$100,000	---	---	---
Northside Zone Supply Redundancy	\$517,000	---		\$40,000	\$477,000	---	---
PS #1 Upgrades	\$800,000	---	\$1,619,536	---	---	---	---
Water System Condition Assessment Program	\$1,500,000	---	\$30,000			---	---
New Pressure Reducing Stations	\$510,000	---		\$310,000	---	\$464,000	\$600,000
SDCWA Shutdown Pump Stations	\$500,000	---	---	\$500,000	---	---	---
Capital Meter Replacement	\$300,000						
Water System Billing Meter- System wide AMI Conversion	\$2,700,000	---	---	---	---	---	---
Water System Monitoring Program	\$875,000	---	\$300,000	\$275,000	---	---	---
Upsize 6" to 8" in Via San Alberto	\$155,000	---	\$0	\$0	\$155,000	---	---
Upsize 4" & 6" to 8" & 10" along Sleeping Indian, Conejo and Caroline Roads	\$564,000	---		\$564,000	---	---	---
Upsize 6" to 8" on Chica Road	\$202,000	---		\$202,000	---	---	---
Weese WTP Permanent Emergency Interconnect and PS	\$1,200,000	---	\$760,000	---	---	---	---
Dentro De Lomas - Sagewood Relocation	\$180,000		\$180,000				

Existing Water CIP	Total Project Cost	Funds Expended in Prior Years	Projected Budget FY 18/19	Projected Budget FY 19/20	Projected Budget FY 20/21	Projected Budget FY 21/22	Projected Budget FY 22/23
Morro Tank Zone Permanent FPUD Interconnection	\$150,000	---	---	---	\$150,000	---	---
Sampling Ports	\$15,000	---	\$15,000				
Gomez Pump Station Building	\$1,000,000	---		\$250,000	\$750,000		
Lookout Mountain Pump Station Electrical Upgrade	\$1,000,000	---		\$250,000	\$750,000		
Mission Road FPUD Interconnect	\$70,000	---			\$70,000		
Holly Lane Looping and PRS	\$100,000	---	\$100,000				
Thibido Waterline	\$160,000	---	\$160,000				
Camino Del Rey Relocation	\$75,000	---	\$75,000	\$2,000,000			
Disney Lane Relocation	\$50,000	---	\$50,000	\$510,000			
Eagle Perch Relocation	\$50,000	---	\$50,000	\$90,000			
Tank Staircase Installation	\$120,000	---	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
North Feeder and Rainbow Hills Water Line Replacements	\$2,000,000	---	---	---	---	\$200,000	\$1,800,000
Northside Emergency Pump Station Connection and Pipeline at Reche Road	\$1,050,000	---	---	---	---	\$200,000	\$850,000
Pumps (Northside Emergency Pump Station Connection)	\$980,000	---	---	---	---		\$980,000
Rice Canyon Tank Transmission PL to I-15/SR76 Corridor	\$450,000	---	---	---	---	\$450,000	---
Loop Pipelines in Via Ararat Drive to West Lilac Road	\$89,000	---	---	---	---	\$89,000	---
Loop Pipelines in Magee Lane to Disney Lane	\$30,000	---	---	---	---	\$30,000	---
New District Headquarters	\$3,000,000	---	---	---	---	---	\$300,000
Upsize 4-inch to 8-inch on Lupine Lane	\$109,000	---	---	---	---	\$109,000	---
Rehabilitation and Replacement of Existing Infrastructure							
Programmatic EIR for Existing Easements	\$500,000		\$500,000				
Pala Mesa Fairways 383 A and C	\$250,000			\$250,000			
Sarah Ann Drive Line 400 A	\$375,000			\$375,000			

Existing Water CIP	Total Project Cost	Funds Expended in Prior Years	Projected Budget FY 18/19	Projected Budget FY 19/20	Projected Budget FY 20/21	Projected Budget FY 21/22	Projected Budget FY 22/23
Gaines Line Ext.	\$75,000			\$75,000			
Millagra Drive	\$250,000			\$250,000			
Rainbow Glen Line Replacement	\$375,000				\$375,000		
2333	\$500,000				\$500,000		
Nella Lane	\$125,000				\$125,000		
Katie Lendre Drive Line	\$250,000				\$250,000		
Line A 628	\$1,675,000					\$1,675,000	
Thibodo 632	\$250,000					\$250,000	
Del Rio Estates Line Ext 503	\$250,000						\$250,000
East Heights Line 147L	\$500,000						\$500,000
Los Alisos South 243	\$500,000						\$500,000
Morro Sumac Trans Main	\$200,000						\$200,000
East Heights Line 147A	\$250,000						\$250,000
320	\$125,000						\$125,000
Roy Line Ext	\$250,000						\$250,000
Spanish Oaks	\$400,000						\$400,000
Total Water Projects	59		17	19	16	13	16
Total Master Plan Expenditures	\$28,905,000		\$5,210,709	\$5,521,000	\$4,740,000	\$4,548,000	\$4,960,000
Total Pipe Replacement and Rehabilitation Expenditures	\$7,100,000		\$500,000	\$950,000	\$1,250,000	\$1,925,000	\$2,475,000
Total Water Projects Expenditures	\$32,235,000		\$5,710,709	\$6,471,000	\$5,990,000	\$6,473,000	\$7,435,000

SIGNIFICANT WATER CAPITAL PROJECTS

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
Water System Existing Improvement Projects									
WE1	Canonita	Gird to Monserate Hill Water Line	Loop dead end system and shift demand off of the Canonita Zone		12-inch	2,150 ft	1	--	* \$950,000
WE2	South	Wrightwood to Cottontail PRS	Replaced broken pipe. Install PRS to re-constitute previously looped system	Pipeline is complete, need to install PRS to allow connection to operate	8-inch	1	1	--	\$100,000
WE3 200950	South	Lake Vista Estates Loop and PRS	Improve water quality by eliminating dead ends and improve fire flow	Short segment of pipeline and PRS to connect Morro and South Zones	--	--	1	--	✓ \$144,000
WE4 201573	South	Tarek Terrace Water Line	Replace old pipe to have fewer service outages and resources spent on repairs		8-inch	500 ft	1	--	✓ \$143,000
WE5 201359	South	Rancho Amigos Pressure Station Replacement	Improve maintenance access	Improve safety and lessen staff required for maintenance	8-inch	--	1	\$75,000	✓ \$75,000
Hydraulic Capacity Projects									
WH1	South	Upsize 12" to 16" along Dentro de Lomas/Paseo Grande Rd	Increase system pressures, increase emergency [or permanent] pump performance	Downstream of Dentro De Lomas Emergency Pump Station	16-inch	2,100 ft	1	\$335	\$704,000
WH2	Canonita	Upsize 6" to 10" along Wilt Road	Increase system pressures, improve function of Wilt & Citrus PRV into Pala Mesa Tank	Only first ~2,200 feet fails criteria	10-inch	5,200 ft	3	\$195	\$1,010,000
WH3	Morro	Remove Bottleneck, Upsize 8-inch to 12-inch on Mission Road & North River Road	Reduce headlosses through bottleneck, increase flow capacity during Morro filling		12-inch	3,500 ft	3	\$310	\$1,090,000
Pressure Regulation Projects									
WP1	Pala Mesa	Install PRSs at Intersections of Knottwood Way and Staghorn Lane / Gird Road	Reduce local pressure, reduce risk of pipe and lateral breaks	Install two PRVs on Knottwood Way, close valves GV145 and PV231. 90 psi+ reduction possible	6-inch 4-inch	1 1	1 1	\$75,000 \$35,000	✓ \$75,000 \$35,000
WP2	Northside	Install PRSs at Brooke Hollow Rd and Ranger Road	Reduce local pressure to large geographical service area, reduce risk of pipe/lateral breaks	95 psi+ reduction possible	8-inch 6-inch	1 1	1 1	\$100,000 \$75,000	\$100,000 \$75,000

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
WP3	Gomez	Install PRS at Alex Road and gate valve at Jeremy Way	Reduce extremely high [400+] local pressures, reduce risk of pipe and lateral breaks	Install PRV after PV25 and install gate valve at Intersection with Jeremy Way. 200 psi+ reduction possible	6-inch	2	1	\$75,000	\$150,000
WP4	North	Install PRS to serve Rice Canyon Road South of Pala Mesa Heights Drive	Reduce extremely high [300+] local pressures, reduce risk of pipe and later breaks	Install PRV after PV23. 175 psi+ reduction possible	6-inch	1	1	\$75,000	\$75,000
WP5	South	Install PRS to serve South Fork Area along Vista Valley Drive	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRVs at Vista Valley Drive intersections with Gopher Canyon Road and Laurel Valley Drive. Close PV35. 100 psi+ reduction possible	8-inch	2	2	\$100,000	\$200,000
WP6	Morro	Install PRS on Baja Mission Road	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRV at intersection of Baja Mission Rd and La Canada Road. Close GV 28. 100 psi+ reduction possible	6-inch	1	2	\$75,000	\$75,000
WP7	Morro	Install PRS on Limber Pine Road	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRV on Limber Pine Road Flowerwood Lane and close valve PV127. 90 psi+ reduction possible	6-inch	2	2	\$75,000	\$150,000
WP8	Morro	Install PRS Club Vista East on Lake Vista Drive	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRV directly east of Ex. Club Vista PRV east of intersection with Club Vista Lane. 90 psi+ reduction possible	6-inch	1	2	\$75,000	\$75,000
WP9	Pala Mesa	Install PRSs at Diego Estates Drive and Sarah Ann Drive	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRVs at Gird Road intersections with Diego Estates Drive and Sarah Ann Drive. Close PV65. 130 psi+ reduction possible	6-inch	2	2	\$75,000	\$150,000
WP10	South	Install PRS at Via Maria Elena	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRV after GV23. 60 psi+ reduction possible	6-inch	1	2	\$75,000	\$75,000
WP11	Morro	Install PRS at Intersection of Mission Road and East Vista Way	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRV after PV51. 140 psi+ reduction possible. Serves very small area	6-inch	1	2	\$75,000	\$75,000
WP12	South	Install PRS to serve Champagne Boulevard	Reduce local pressure, reduce risk of pipe and lateral breaks	Install PRV after PV20. 100 psi+ reduction possible. Serves very small area	6-inch	1	2	\$75,000	\$75,000

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
WP13	Morro	Connect and Install PRS to serve Orange Hill, Estate Drive and Rio Vista Drive	Reduce local pressure, provide redundancy and reduce risk of pipe and lateral breaks	Install PRV after PV145. Close valve GV16 and PV42. Install 1,300 ft of 8-inch pipe to connect dead ends. 100 psi+ reduction possible	6-inch 8-inch	1 1,300 ft	2 2	\$75,000 \$145	\$75,000 \$189,000
WP14	Morro	Install PRS on Thoroughbred Lane	Reduce local pressure [~300], reduce risk of pipe and lateral breaks	Install PRV after PV4. 180 psi+ reduction possible. Serves very small area	6-inch	1	2	\$75,000	\$75,000
WP15	Morro	Install PRS to serve River Village	Reduce local pressure [250+] reduce risk of pipe and lateral breaks	Install PRV after GV19. 150 psi+ reduction possible. Serves very small area	6-inch	1	2	\$75,000	\$75,000
WP16	Morro	Install PRS to serve Ascot Park Area	Reduce local pressure [220+] reduce risk of pipe and lateral breaks	Install PRV after PV17 and PV70. 100 psi+ reduction possible. Serves very small area. 6" pipe, cannot reduce pressure too far	6-inch	2	2	\$75,000	✓ \$150,000
WP17	Rainbow Heights	Install PRS at Rainbrook	Reduce local pressure, reduce risk of pipe and lateral breaks		6-inch	1	2	\$75,000	\$75,000
Operations, Redundancy and Reliability Projects									
WR1	Morro	Line NN Transmission Upgrades	Provide transmission flow path to allow better utilization of Dentro de Lomas PRV through new Line NN during Morro Filling		16-inch	9000 ft	1	\$315	\$2,800,000
WR2	Vallecitos	Pump Station #3 [Vallecitos] Replacement	Improved efficiency and reliability to pressure zone	Increase discharge size from 6-inch. Provide at least 2 pumps for redundancy	75 HP	600 gpm	1	--	\$1,030,000
WR3	U-1	U-1 Transmission Pipeline Replacement to Ranchbrook Road	Replace aging pipeline, fewer service outages and resources spent on repairs	Replace aging pipeline that is the sole transmission source into zone	12-inch	3200 ft	1	\$235	\$752,000
WR4	Northside	Northside Zone Supply Redundancy. Upsize Rainbow Hills Road Pipeline to 12-inch and Install New PRS	Provides an emergency supply connection to service large, critical zone	Replace 6-inch pipe on Rainbow Hills Road with 12-inch. Could provide emergency service during a pump station outage. Only ~70' difference between North and Northside zones.	12-inch	2200 ft	1	\$235	\$517,000

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
WR5	South/Pala Mesa	Hutton Tank to Pala Mesa Zone Emergency Connection	Provide redundant supply and increased looping for emergency support	PL along Old Highway 395 to Pala Road. Similar zone connection through the Vessels development also possible	16-inch	9,900	2	\$400	\$4,000,000
WR6	South	Moosa Permanent Emergency Pump Station	Permanent Station to provide emergency supply to South Zone	Assumed at existing location. Additional study necessary to confirm pump flow/size	200 HP	2000 gpm	2	--	* \$2,500,000
WR7	North	North Feeder and Rainbow Hills Water Line Replacements	Fewer service outages and resources spent on repairs	Replace corroded pipelines which have suffered several breaks	30-inch 27-inch	3788 ft	2	\$515	\$2,000,000
WR8	Pala Mesa	76 & Gird Permanent Emergency Pump Station	Improved zone reliability during outage or transmission main break scenarios	At same site as 76 & Gird PRV Station	100 HP	2000 gpm	2	--	\$1,600,000
WR9	South	Line P Permanent Emergency Pump Station	Permanent Station to provide emergency supply to South Zone	Assumed at existing location. Additional study necessary to confirm pump flow/size	100 HP	2000 gpm	2	--	* \$1,600,000
WR10	South	Camino Del Rey Emergency Pump Station	Permanent Station to provide emergency supply to South Zone	Assumed at existing location. Additional study necessary to confirm pump flow/size	100 HP	2000 gpm	2	--	\$1,600,000
WR11	South	Dentro De Lomas Permanent Emergency Pump Station	Permanent Station to provide emergency supply to South Zone	Assumed at existing location. Additional study necessary to confirm pump flow/size	100 HP	2000 gpm	2	--	\$1,600,000
WR12	Northside	Northside Emergency Pump Station Connection and Pipeline at Reche Road	Provide emergency supply to Northside zone in case of transmission failure	Upsize ex pipeline rather than providing a new parallel. Pump station similar to other emergency PSs proposed.	16-inch	3700 ft	2	\$285	\$1,050,000
WR13	Northside	Northside Emergency Pump Station Connection and Pipeline at Reche Road	Provide emergency supply to Northside zone in case of transmission failure	Upsize ex pipeline rather than providing a new parallel. Pump station similar to other emergency PSs proposed.	50 HP	1000 gpm	2	--	\$980,000
WR13	North	Rice Canyon Tank Transmission PL to I-15/SR76 Corridor	Improve cycling of Rice Canyon tank and serve new development	Project will likely be developer funded	12-inch	3000 ft	2	\$150	\$450,000

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
WR14	Rainbow Heights	Pump Station #1 [Rainbow Heights] Natural Gas Motor Replacements	Improved efficiency and reliability to pressure zone	Cost provided by District, 196k, exclusive of SDG&E requirements and contingencies.	250 HP	2	1	\$150,000	* \$300,000
WR15	South	Loop Pipelines In Via Ararat Drive to West Lilac Road	Provide redundant supply and increased looping	Reliability Connection to provide additional looping for increased system pressures.	8-inch	615 ft	2	\$145	\$89,000
WR16	South	Loop Pipelines in Magee Lane to Disney Lane	Loop lines for redundancy and improved fire flow	Could be combined with FF4	8-inch	300 ft	2	\$100	\$30,000
WR18	Morro	Improve Flow Path to Morro Reservoir, Install Parallel 10-inch pipeline on Karl Lane	Provide additional flow path and reduced resistance during Morro filling	Parallel existing pipeline on Kari Lane	10-Inch	2800 ft	3	\$180	\$504,000
WR19	Pala Mesa	Lake Rancho Viejo Permanent Connection	Provide redundant supply to reduced zone	Not shown on Figure 7-1A	8-Inch	150 ft	3	\$145	\$22,000
WR20	South	Integrity Court, connect dead end lines	Provide redundant supply and increased looping		8-inch	1000 ft	3	\$145	\$145,000
WR21	Districtwide	Water System Condition Assessment Program	Provide the District with an accounting of the characteristics of its water system	Integral part of the implementation of an Asset Management Program	-	-	1	--	√ \$1,500,000
WR22	Districtwide	Pressure Reducing Station Replacement Program	Replace valves that are aging, under designed and lacking redundancy	Old and small valves and valves with no PR station should be replaced, assumed 20	-	20	1	\$40,000	* \$800,000
WR23	Districtwide	Isolation Valve Installation Program	Reduce shutdowns of service to any area serving 50+ persons	Allow District to serve during isolated emergencies, assume 50 installations	-	50	1	\$15,000	* \$750,000
WR24	Districtwide	Water System Billing Meter - Systemwide AMI Conversion	Replace existing meters with AMI technology	Instantaneous sales history access. Identify and control leaks and other water losses. Cost estimate provided by District staff	-	-	1	--	* \$3,000,000
WR25	Districtwide	Water System Monitoring Program	Install measuring devices to track flow balance into system and through zones	Identify and control leaks and other water losses, assume 25 installations	-	25	1	\$35,000	\$875,000

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
WR26	Districtwide	New District Headquarters	Construct new District Headquarters to appropriately house staff	Replace aging buildings and provide room for new staff as development occurs	–	–	2	--	\$3,000,000
WR27	Districtwide	Install Permanent Emergency Generators at Pump Stations	Provide system reliability in cases of extended power outage	Include update of all stations to include transfer switches and soft start motors	–	7	3	\$125,000	\$875,000
Fire Flow Projects									
FF1	Pala Mesa	Upsize 6-inch to 8-inch in Via San Alberto	Increase available fire flow	Available flow less than 500 gpm	8-inch	1,000 ft	1	\$155	\$155,000
FF2	Morro Tank	Upsize 4-inch and 6-inch to 8-inch and 10-inch along Sleeping Indian, Conejo and Caroline Roads	Increase available fire flow	Available fire flow is less than 500 gpm	10-inch 8-inch	1,300 ft 2,000 ft	1 1	\$195 \$155	\$254,000 \$310,000
FF3	North	Upsize 6-inch to 8-inch on Chica Road	Increase available fire flow	Available flow less than 600 gpm	8-inch	1,300 ft	1	\$155	\$202,000
FF4	Canonita	Upsize 4-inch to 8-inch on Lupine Lane	Increase available fire flow	Available flow less than 700 gpm	8-inch	700 ft	2	\$155	\$109,000
FF5	South	Upsize 4-inch and 6-inch to 8-inch at Magee Lane	Increase available fire flow	Available flow less than 700 gpm	8-inch	1,500 ft	2	\$155	\$233,000
FF6	Northside	Upsize 4-inch on Via Chaparral	Increase available fire flow	Available flow less than 700 gpm	8-inch	850 ft	2	\$155	\$132,000
Water Supply Projects									
WS1	South	Weese WTP Permanent Emergency Interconnect and Pump Station	Provide permanent connection to emergency supply source to serve South zone during 2nd Aqueduct outage		50	1,000	1	--	* \$1,200,000
WS2	Northside	Northside Permanent FPUD Emergency Interconnection	Provide emergency supply to Northside zone in case of transmission failure & additional supply during 2nd Aqueduct outage		–	–	1	--	\$150,000

Project No.	Water Pressure Zone	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
								Unit Cost	Total Cost
WS3	Morro Tank	Morro Tank Zone Permanent FPUD Emergency Interconnection	Provide emergency supply to Morro Tank zone in case of fire as portions of the zone do not meet fire flow criteria without increased HGL		-	-	2	--	\$150,000
Water System CIP Total Cost									\$49,700,000

FIVE-YEAR WASTEWATER CIP PLAN

	Total Project Cost	Funds Expended in Prior Years	Projected Budget FY 18/19	Projected Budget FY 19/20	Projected Budget FY 20/21	Projected Budget FY 21/22	Projected Budget FY 22/23
Existing Wastewater CIP							
Lift Station #1 Replacement, San Luis Rey Interceptor from Mission to LS1, & San Luis Rey Interceptor From LS1 to LS2	\$14,400,000	\$522,284	\$2,270,000	\$4,730,000	\$2,000,000		
On Going Wastewater Projects							
Sewer System Rehabilitation Program	\$2,400,000				\$480,000	\$480,000	\$610,000
Proposed Wastewater Projects							
Rancho Viejo LS Wet Well Expansion	\$150,000						\$150,000
Almendra Court, I-15 Crossing Sewer Rehabilitation	\$80,000					\$80,000	
Fallbrook Oaks LS Rehabilitation & Forcemain Replacement	\$239,000						\$239,000
Replace Rancho Monserate LS Emergency Generator	\$125,000					\$125,000	
Sewer System Condition Assessment Program	\$400,000					\$400,000	
Sewer System Permanent Flow Monitoring	\$130,000		\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Total Wastewater Projects			2	2	3	5	4
Total Wastewater Projects Expenditures			\$2,315,000	\$4,775,000	\$2,525,000	\$1,130,000	\$1,044,000

SIGNIFICANT WASTEWATER CAPITAL PROJECTS

Project No.	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
							Unit Cost	Total Cost
Sewer Projects Recommended Under All Alternatives								
S1	Plant B List Station [LS3], Forcemain and Horse Creek Sewer Abandonment	Abandon old, low, high infiltration sewer and aging LS with deficient wet well capacity	Replaced by Pankley LS and FM & Horse Creek Ridge sewer. 850 ft of FM and approximately 13,650 ft of gravity sewer abandoned	-	-	1	-	\$350,000
S2	Lake Garden Sewer Rehabilitation	Reduce inflow and infiltration, thereby reducing maintenance and treatment costs	3,475 of pipe and 12 manholes to be rehabilitated	8-inch -	3,475 ft 12	1 1	\$80 \$5,250	✓ \$280,000 \$63,000
S3	Rancho Viejo LS [LS5] Wet Well Expansion	Provide 6 hours PWWF storage at Rancho Viejo LS to protect against sewer spills	New wet well should be at least 1400 gal	-	1,400 gal	1	-	\$150,000
S4	Almendra Court Sewer Rehabilitation, I-15 Crossing, Structural Pipe Lining	Rehabilitate freeway sewer crossing which is corroding	Provide system reliability	8-inch	938 ft	1	\$80	\$80,000
S5	Fallbrook Oaks LS [LS6] Rehabilitation and Forcemain Replacement	Rehabilitate existing LS and FM and extend useful life	Replace 6" forcemain with 8"	- 8-inch	- 252 ft	1 1	- \$155	\$200,000 \$39,000
S6	Replace Rancho Monserate LS Emergency Generator	Prevent sewage spill in the case of a power outage	--	-	1	1	-	\$125,000
S7	Sewer System Condition Assessment Program	Provide the District with an accounting of the characteristics of its sewer system	Integral part of the implementation of an Asset Management Program	-	-	1	-	\$400,000
S8	Sewer System Permanent Flow Monitoring	Allow the District to monitor and predict system flows and performance	Greater understanding of sewer generation and control of system	-	5	1	25000	* \$130,000
Sewer Projects – Baseline, District Office Plant Location								
S9	Construct 0.9 MGD Water Reclamation Plant [WRP] at District Office Location	Provide a reliable local water source and water supply offset. Provide sewer outfall within District to avoid exceeding interceptor capacity	Cost per TM #1	0.9 MGD	-	1	-	\$37,000,000
S10 201040	Lift Station 1 Replacement	Replace critical station reaching useful life and wet well with deficient capacity	Cost per TM #1	-	700 ft	2	-	* \$3,300,000

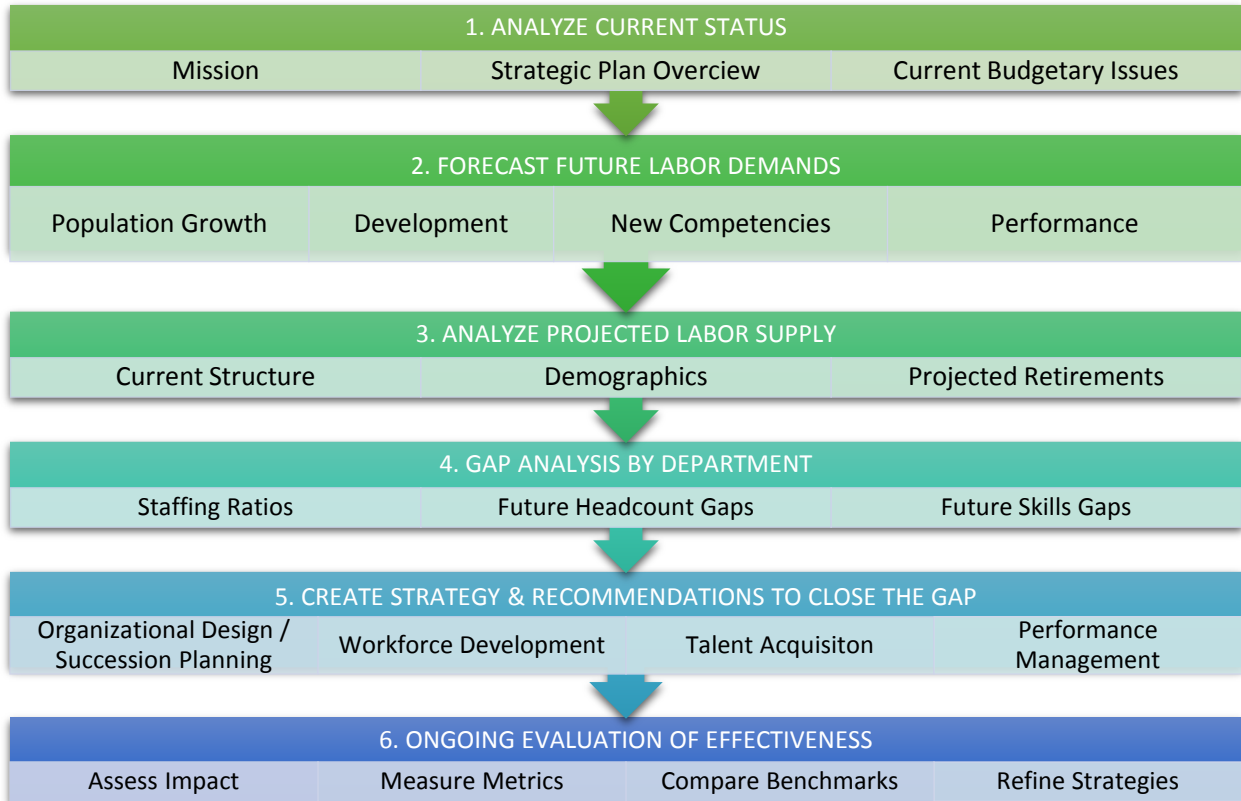
Project No.	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
							Unit Cost	Total Cost
S11	WRP Conveyance [Pump Station and Pipeline] and Failsafe Storage [Beck Reservoir Rehab and Raw Water Connection]	Provide conveyance to storage and storage for treated wastewater	Cost per TM #1	0.9 MGD	–	1	–	\$3,200,000
S12	Sewer System Rehabilitation Program	Rehabilitate and repair existing sewer trunk infrastructure	Keep aging pipes and manholes with no capacity deficiencies in good condition	12-inch 15-inch	–	1	–	\$4,500,000
Baseline Sewer CIP Total Cost								\$49,800,000
Sewer Projects – Baseline, District Office Plant Location								
S9A 201040	Lift Station 1 Replacement and Upgrade	Replace and expand critical station reaching useful life	Cost per TM #1	–	1,800 gpm	1	–	* \$8,200,000
S10A 201260	San Luis Rey Interceptor Replacement from Mission Road to LS 1	Provide adequate conveyance capacity	Cost per District Budget, Highway 76 Realignment - CalTrans UPSIZE	18-inch	7,100 ft	1	–	* \$3,200,000
S11A	San Luis Rey Interceptor Replacement from LS 1 to LS 2	Provide adequate conveyance capacity	Cost per TM #1	18-inch	7,500 ft	1	–	* \$3,000,000
S12A 201266	Sewer Outfall Line RMWD Replacement	Provide adequate conveyance capacity	Previously recommended as a 30-inch pipe. Recommended to be reduced to 24-inches. Unit cost for previous project retained	24-inch	16,000 ft	2	\$27/in-ft	\$10,400,000
S13A	Sewer Capacity Purchase	Provide conveyance and treatment capacity to District customers	Unit Cost per TM #1, Additional flow per MP recommendation of maximum ADF of 1.25 MGD and total forecasted flow of 1.39 MGD	–	0.14 MGD	2	\$20/gpd	\$2,800,000
No Project Alternative Sewer CIP Total Cost								\$29,300,000
Sewer Projects – LS 2 Plant Location (Not shown on Figure 7-2)								
S9B	Construct 1.6 MGD Water Reclamation Plant [WRP] at LS 2 Location	Provide reliable local water source & water supply offset. Provide sewer outfall within District to avoid exceeding outfall capacity	Cost per TM #1	0.9 MGD	–	1	–	\$66,000,000
S10B	WRP Conveyance [Pump Station and Pipeline] and Failsafe Storage [Beck Reservoir Rehab and Raw Water Connection]	Provide conveyance to storage and storage for treated wastewater	Cost per TM #1	0.9 MGD	–	1	–	\$13,900,000

Project No.	Description	System Benefit	Notes	Size	Quantity	Phase	Construction Costs	
							Unit Cost	Total Cost
S11B 201040	Lift Station 1 Replacement and Upgrade	Replace and expand critical station reaching useful life	Cost per TM #1	–	1,800 gpm	1	–	* \$8,200,000
S12B 201260	San Luis Rey Interceptor Replacement from Mission Road to LS 1	Provide adequate conveyance capacity	Cost per District Budget, Highway 76 Realignment - CalTrans UPSIZE	18-inch	7,100 ft	1	–	* \$3,200,000
S13B	San Luis Rey Interceptor Replacement from LS 1 to LS 2	Provide adequate conveyance capacity	Cost per TM #1	18-inch	7,500 ft	1	–	* \$3,000,000
S14B	Sewer System Rehabilitation Program	Rehabilitate and repair existing sewer trunk infrastructure	Keep aging pipes and manholes with no capacity deficiencies in good condition	15-inch	–	1	–	\$2,400,000
LS 2 Plant Location Alternative Sewer CIP Total Cost								\$98,400,000
Sewer Projects – Changes to Serve Out of District Developments (Not shown on Figure 7-2)								
S9C	San Luis Rey Interceptor Replacement from LS 1 to LS 2	Provide adequate conveyance capacity	Additional cost per VCMWD Meadowood Memo	21-inch	7,500 ft	1	–	* \$280,000
S10C 201260	San Luis Rey Interceptor Replacement from Mission Road to LS 1	Provide adequate conveyance capacity	Additional cost per VCMWD Meadowood Memo	21-inch	7,100 ft	1	–	* \$260,000
S11C	Lift Station 1 Replacement	Provide adequate conveyance capacity	Additional cost per VCMWD Meadowood Memo	–	–	1	–	* \$177,000
Out of District Sewer CIP Additional Cost								\$700,000
¹⁴ RMWD Job Number also listed for existing projects ¹⁵ Includes costs for existing sewer projects and projects recommended under all alternatives ¹⁶ New facilities required to serve the developments, such as Pankey SLS, to be paid for by developers. Cost participation in other projects, such as the Sewer Outfall Line Replacement, will be required								

PERSONNEL SUMMARIES

STAFFING ANALYSIS

Staffing Analysis Process Overview

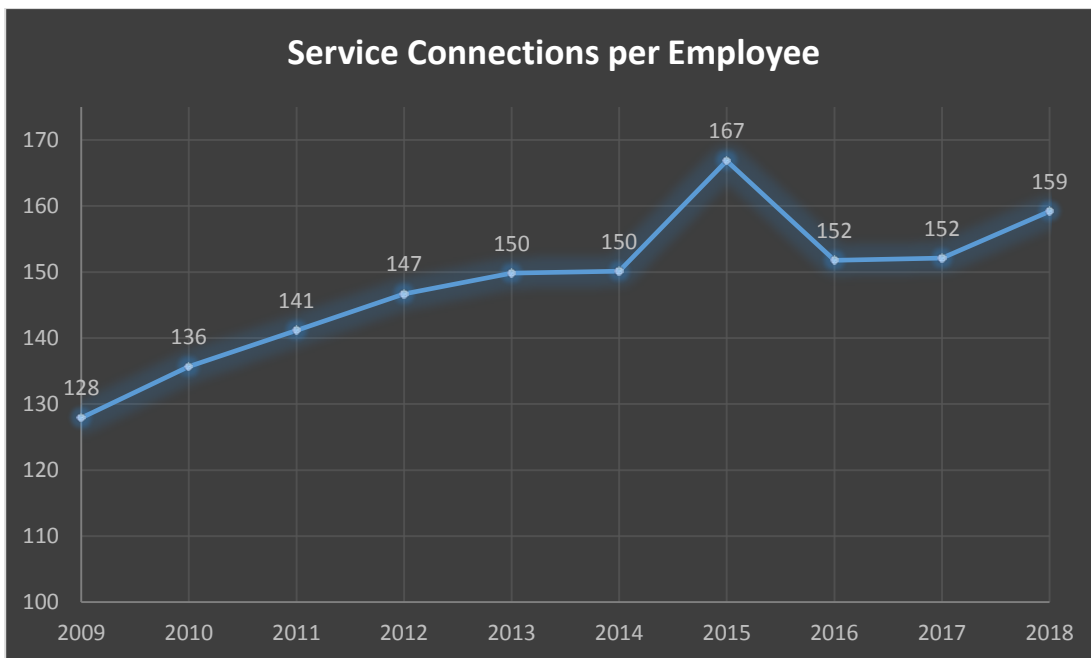
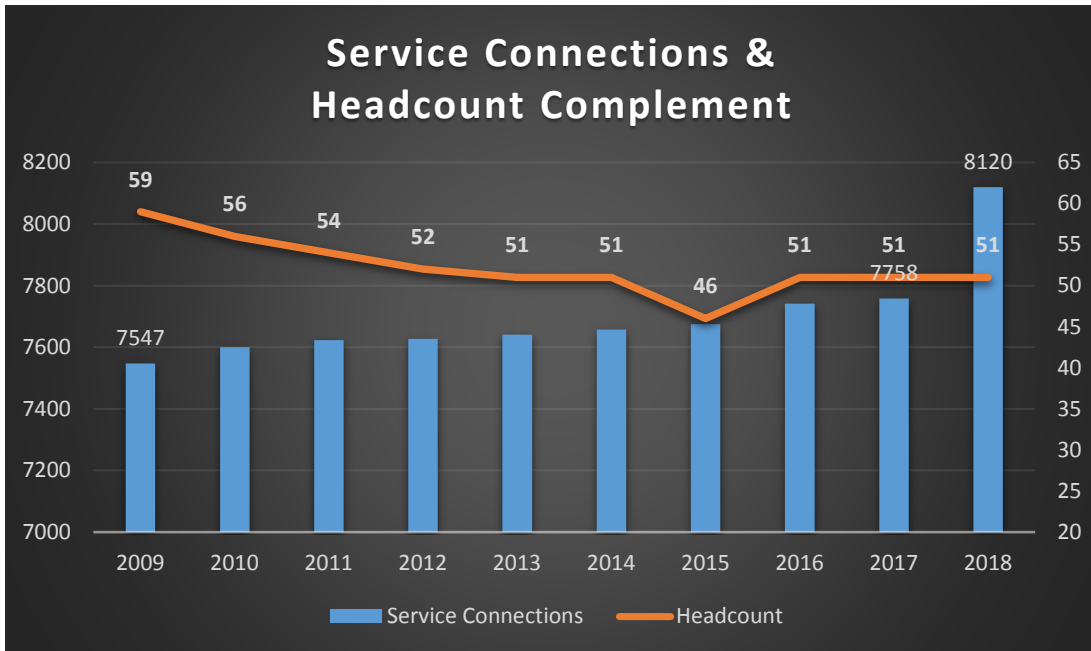


CURRENT ISSUES

Beginning in 2008, water demands began to decline sharply in response to economic recession, price increases, a new round of drought restrictions, and increased adoption of water conservation measures. These factors have combined to produce a fundamental downward shift in per capita water use. The mandatory water use restrictions in 2015 and 2016 resulted in the lowest water consumption rate since the 1960s at 16,814 acre feet consumed in calendar year 2016, and a nearly flat year-over-year change in 2017 at 16,964 acre feet consumed. While 2018 year to date sales are modestly higher, future projections are conservative based on this “new normal.”

The number of service connections within the District increased slowly between 2009 through 2017, averaging just 23 new connections per year, then increased by 362 between 2017 and 2018. Similar increases are projected to continue over the next five years.

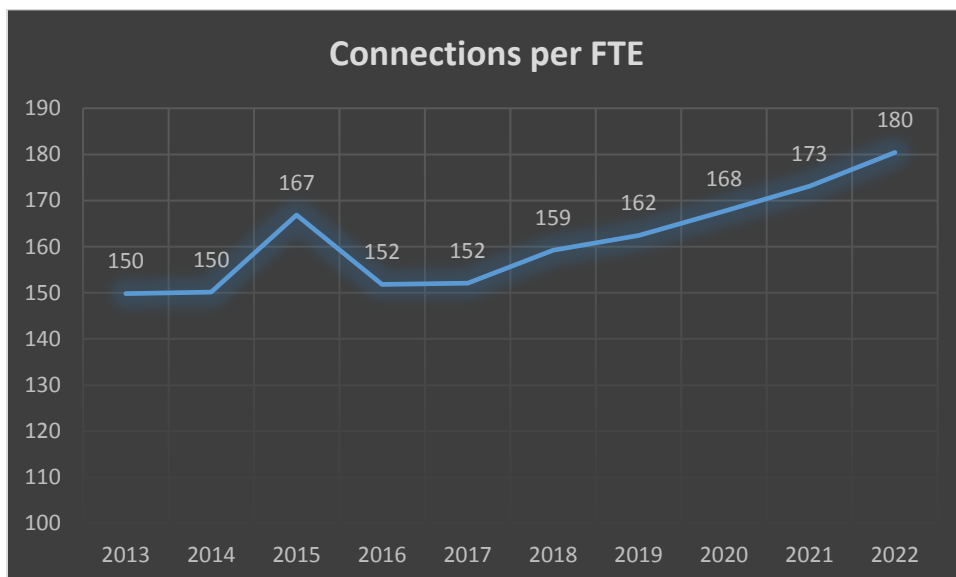
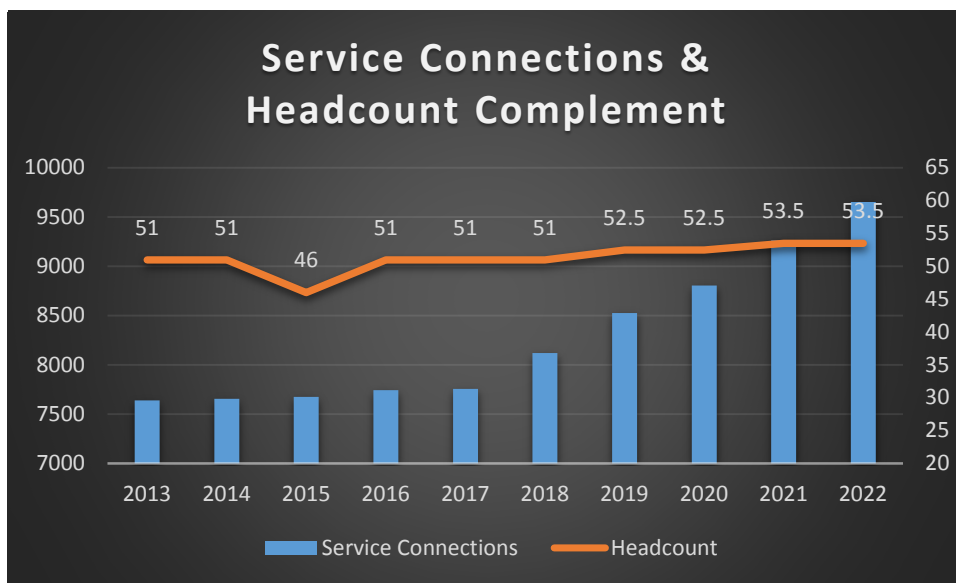
In response to the projected new service connections, the District will need to both become more efficient with staff time, to steadily increase the number of service connections supported per employee.



FORECASTED CHANGES IN DRIVERS OF LABOR DEMANDS

DEVELOPER PROJECTIONS

Several new housing developments are currently underway, and new development is anticipated to remain high from FY 18-19 through the next four years, with total new meter installations exceeding 1,400. As the number of service connections grows, the District will be able to serve more connections per employee by leveraging technology to use labor and other assets more efficiently. We are estimating four years of developments into the future rather than five, because the available information for year five is not reliable enough to include.



CURRENT AND FUTURE STAFFING LEVELS

The Rainbow Municipal Water District is governed by a Board of Directors composed of five members who are elected by divisions of the District for four-year alternating terms, with the President being elected by the Board from among its members. Advisory Committees composed of residents from all divisions of the District assist the Board in water issues and financial planning. Operation, maintenance, and administration of the system is carried out under the direction of the General Manager, Tom Kennedy.

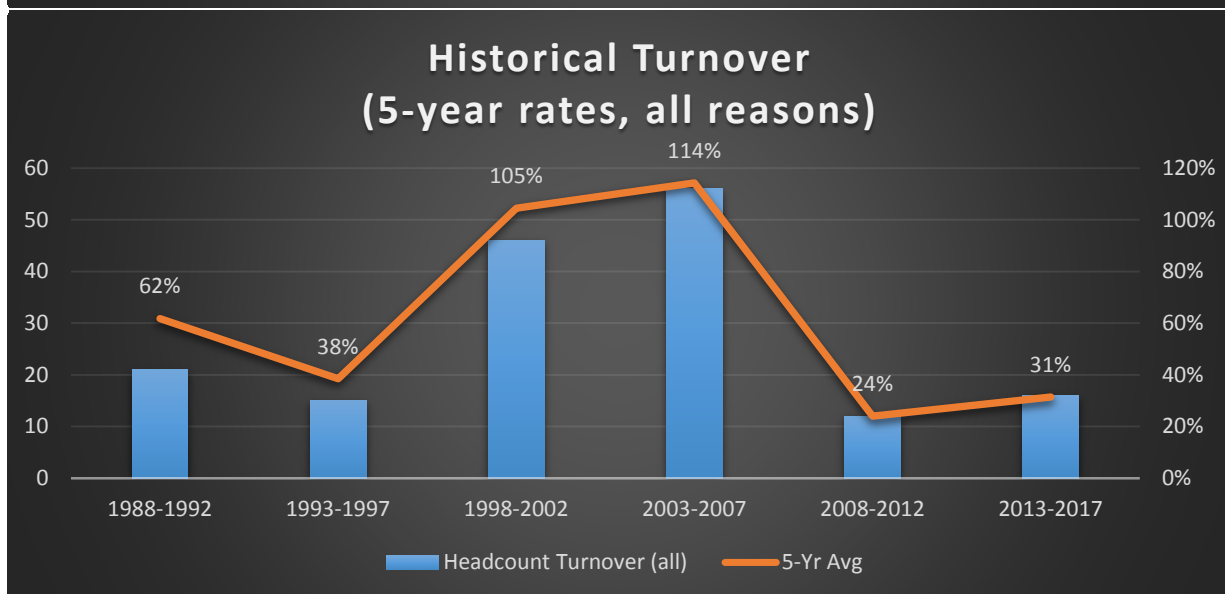
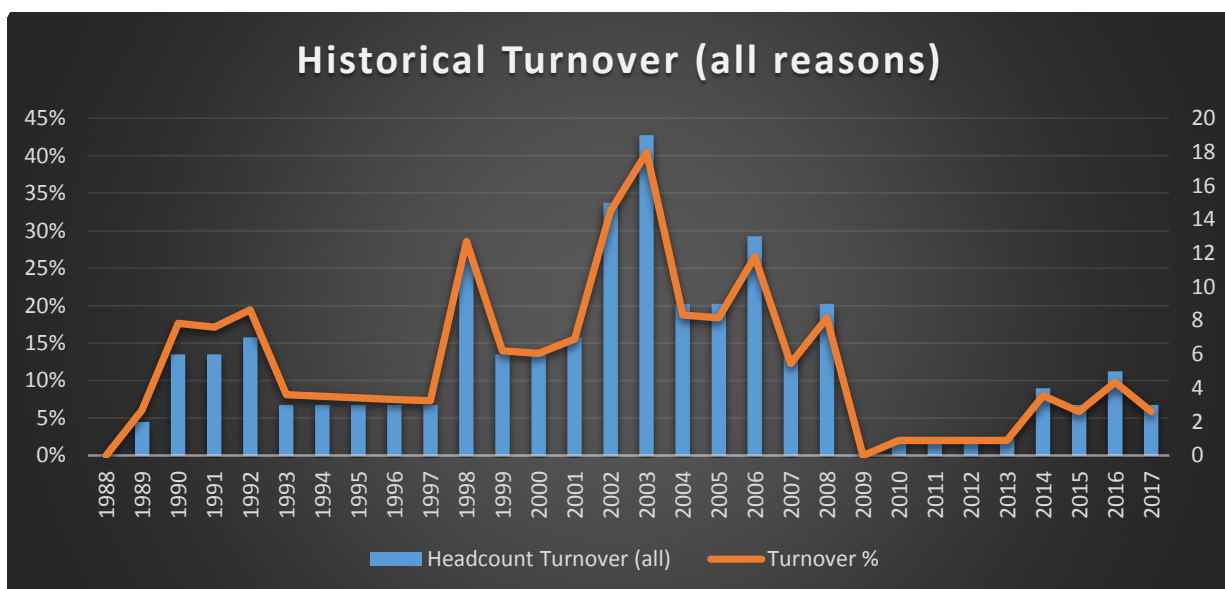
DEPARTMENT / POSITION	FY 16-17 FTEs	FY 17-18 FTEs	FY 18-19 FTEs Recommended
ADMINISTRATION			
General Manager	1	1	1
Executive Assistant/Board Secretary	1	1	1
Administrative Analyst	1	1	1
Human Resources Manager	1	1	1
Human Resources Technician / Assistant	0	0	.5
Safety Administrator / EHS Officer	1	1	1
Sr. IT and Applications Analyst (from Engineering)	-	1	1
Administration Total	5	6	6.5
ENGINEERING			
Engineering Manager / District Engineer	1	1	1
Associate Engineer	1	1	1
Project Manager	-	-	1
Information Technology Administrator (now in Admin)	1	-	-
Engineering Technician	1	1	1
Engineering Inspector I/II	1	1	1
Administrative Assistant	0.5	0.5	0.5
Facilities and Right of Way Technician		1	1
Engineering Total	5.5	5.5	5.5

DEPARTMENT / POSITION	FY 16-17 FTEs	FY 17-18 FTEs	FY 18-19 FTEs Recommended
FINANCE			
Finance Manager	1	1	1
Customer Service Supervisor (new role – internal)	-	-	(1)
Accounting Specialists	2	2	2
Purchasing and Inventory Control Specialist	1	1	1
Customer Service Representatives	3	3	3
Meters Crew Leader	1	1	1
Utility Workers - Meters	4	4	4
Finance Total	12	12	12
OPERATIONS			
Operations Manager	1	1	1
Administrative Assistant	0.5	0.5	0.5
Water System Operations Superintendent	1	1	1
Lead Systems Operator	0	1	1
System Operators	4	3	3
Technical Services Team Lead (new role – internal)		(1)	(1)
Electrical / Electronics Technicians	2	2	2
Water Quality Technician	1	1	1
Wastewater Superintendent	1	1	1
Utility Workers - Wastewater	4	4	3
Construction & Maintenance Superintendent	1	1	1
Fleet Mechanic	1	1	1
Crew Leaders - Construction	2	2	2
Utility Workers - Construction	6	6	6
Crew Leader - Valve Maintenance	1	1	1
Utility Workers - Valve Maintenance	3	3	3
Finance Total	28.5	28.5	27.5
DISTRICT TOTAL	52	52	52.5

HISTORICAL TURNOVER

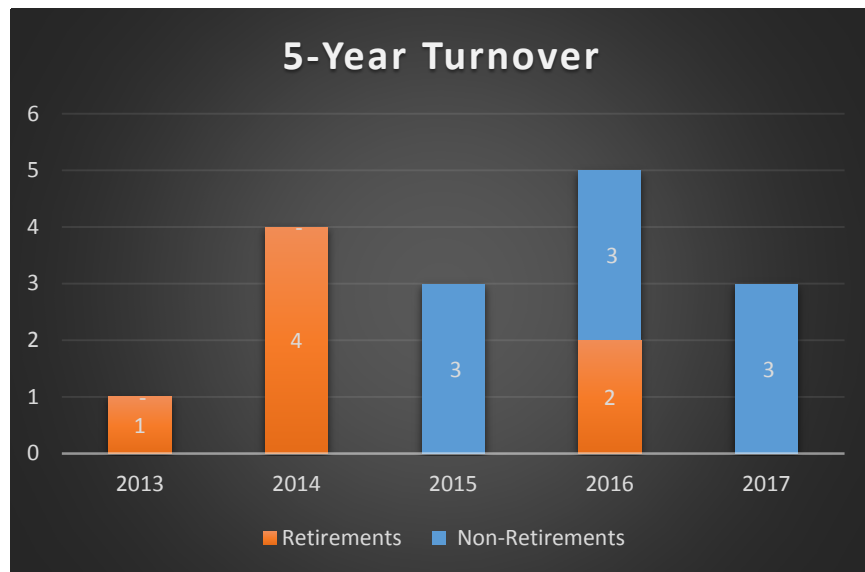
In addition to retirement eligibility, the District should be prepared for some level of non-retirement turnover each year. Historical turnover analysis shows several points of high turnover that were a result of the compensation practices and leadership at the time. The following charts display historical turnover since 1988, the oldest year for which data could be found. Since 1988, the District's average annual turnover rate has been 6%, and this number can be used as a baseline to anticipate future turnover.

There were two significant spikes in turnover in 1998 and 2003, with one year peaking at 40%. Turnover dropped dramatically during the Great Recession and remained low until the possible LAFCO consolidation with Fallbrook Public Utility District.



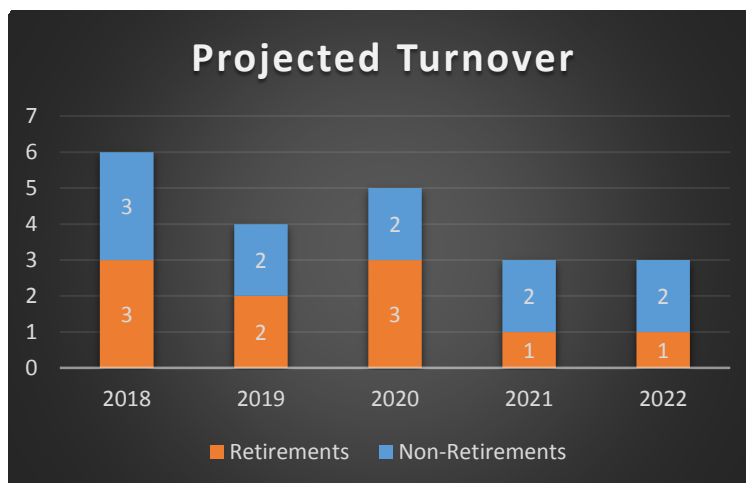
RECENT TURNOVER

Over the past several years, turnover has stabilized. However, with a complete turnover of the Management team in the past four years and a new strategic plan in place, the District is in the process of a culture transformation. Organizational shifts of this nature commonly trigger some non-retirement turnover. The District has already experienced both non-retirement and retirement turnover in response to the District's new direction.



PROJECTED TURNOVER

In addition to the organizational changes that may prompt turnover, routine turnover can be expected due to reasons unrelated to District operations or compensation, such as moving out of the area, or leaving to care for family. Based on an 8% turnover rate, combined with anticipated retirement dates of eligible employees, the following turnover numbers can be reasonably projected.



CLOSING THE GAP: SUMMARY OF RECOMMENDATIONS

1. ORGANIZATIONAL DESIGN CHANGES

Under the current organizational structure, the span of control of the leadership team ranges from one direct report to 11 direct reports. Key recommendations in this staffing analysis includes adding a Customer Service Supervisor position to reduce the span of control of the Finance Manager. The impact of the recommended design changes is depicted in the charts below and in the proposed new organizational charts.

Current 2018 organizational span of control by position:

Senior Leaders	Supervisory / Lead Direct Reports	Individual Contributor Directs	Indirect Reports
General Manager	4	3	45
Finance Manager	1	10	0
District Engineer	0	5	0
Human Resources Manager	0	1	0
Operations Manager	4	3	21
Construction Superintendent	2	6	0
Water Operations Superintendent	2	6	0
Wastewater Superintendent	0	4	0

Impact of recommended 18-19 reporting structure changes on span of control by position:

Senior Leaders	Supervisory / Lead Direct Reports	Individual Contributor Directs	Indirect Reports
General Manager	4	3	45
Finance Manager	2	6	3
Customer Service Supervisor	0	3	0
District Engineer	0	6	0
Human Resources Manager	0	1.5	0
Operations Manager	4	3	21
Construction Superintendent	2	6	0
Water Operations Superintendent	2	6	0
Wastewater Superintendent	0	3	0

2. ORGANIZATIONAL DESIGN CHANGES

As a mechanism for meeting service level requirements, balancing span of control, and building bench-strength of future leaders for succession planning, and employee retention, there are several new positions recommended to be created.

POSITION	BENEFIT TO DISTRICT
Human Resources Assistant (part-time; .5 full time equivalent)	<ul style="list-style-type: none"> • More stable method of meeting District’s Human Resources administration needs. • Reduces likelihood of turnover from temporary staff. • Allows Human Resources Department to deliver higher service level to employees and management.
Customer Service Supervisor (FY 2018-19; no new headcount)	<ul style="list-style-type: none"> • Provide second-tier support to customers • Train and mentor Customer Service Representatives • Free approximately 300 hours of Finance Manager’s time to focus on Finance Department activities.
Engineering Project Manager (1 new FTE)	<ul style="list-style-type: none"> • Allow Engineering Department to support planned projects in the Master Plan • Support new developments • Support CIP projects • Support pipeline rehabilitation and repair projects
Inspector II (no new headcount)	<ul style="list-style-type: none"> • Upgrade this single-incumbent position to an Inspector II position • This position will be able to handle complex issues and oversee contract inspectors
Utility Worker – Wastewater (permanently eliminate position)	<ul style="list-style-type: none"> • Permanently reduce headcount in Wastewater Department • Overtime in Department over past year was only about 1/3 of a full-time-equivalent

3. WORKFORCE DEVELOPMENT

In support of the District’s Strategic Plan, continuing workforce development will be integral to meeting future labor and skills demands. Staff recommends four key areas of focus:

1. **TUITION REIMBURSEMENT:** Expanding and promoting the tuition reimbursement benefit to encourage employees to further their education in water technology, technology, business, and other areas that will help prepare the workforce for the future.

2. **CROSS-TRAINING:** Full development and roll-out of a cross training program that creates a flexible workforce that can easily transition from one department to the next to meet fluctuating labor demands.
3. **TECHNOLOGY TRAINING:** Due to the increasing dependency on technology to increase operational efficiency and allow the District to serve a higher number of customers without a linear increase in staff headcount, current and future staff will need ongoing training in this area. Classroom training providers have been sourced and the cost is proposed in the 2018-19 budget proposal.
4. **LEADERSHIP DEVELOPMENT:** With several leadership positions currently held by incumbents who are now, or will be soon, eligible for retirement, developing a strong “bench” of future leaders will be important for success. In addition, our core values represent traits that are consistent with developing leadership skills at every level of the organization, regardless of position or supervisory status. Investing in “soft skills” and leadership programs at multiple levels of the organizational structure will be a key strategy for future success.

4. TALENT ACQUISITION

The best opportunity to ensure a highly qualified workforce is to ensure the hiring process is designed to identify and select candidates with the best qualifications to meet the needs of the position. Every step of the hiring process, from the advertising source, to the application and interview process should be designed to find and attract the right candidates. For some positions, starting with a temporary position may be a viable solution to evaluate the efficacy of the position design, as well as “test drive” possible future applicants for a full-time role.

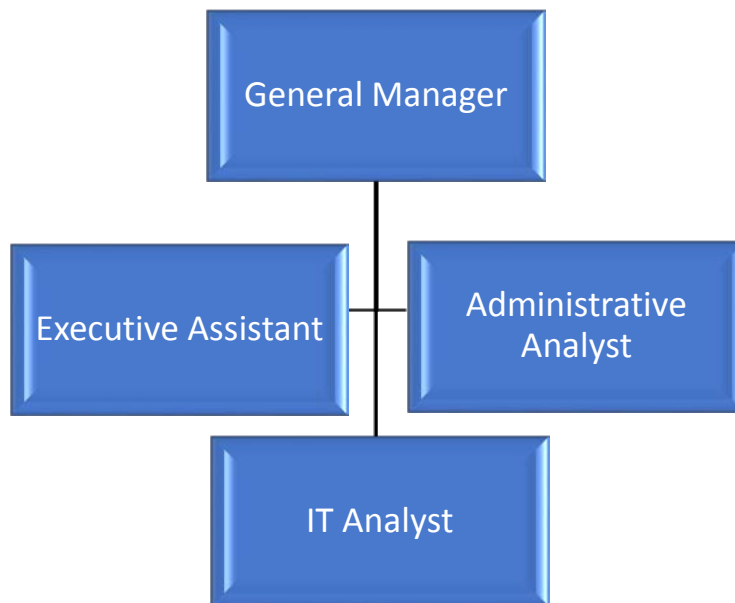
The new applicant tracking software that was implemented last year, NEOGOV’s Insight, has facilitated better online advertising and pre-screening of applications with supplemental questionnaires and scheduling of pre-interview assessments. In addition, developing robust behavioral based and situational interview questions has helped the hiring panels to evaluate each candidate’s likely success in the role.

5. PERFORMANCE MANAGEMENT

To meet the District’s future service and performance needs, a focus on continuous improvement and efficiency will be essential. Staff recommendation is to redesign the Performance Evaluation metrics and process in fiscal 2018-2019. The new system should focus attention on operating in alignment with our strategic goals, our values, and specific performance criteria for each position in the organization.

ADMINISTRATION DEPARTMENT

Personnel Level:				
<u>Position(s)</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
General Manager	1.00	1.00	1.00	1.00
Human Resource Manager	1.00	1.00	0.00	0.00
Executive Secretary	1.00	1.00	1.00	1.00
Administrative Analyst	1.00	1.00	1.00	1.00
Human Resource Tech.	1.00	0.00	0.00	0.00
IT Analyst	0.00	0.00	1.00	1.00
Department Total	5.00	4.00	4.00	4.00



Administration Responsibilities:

The Administration department encompasses the General Manager, IT Analyst, Administrative Analyst, and the Executive Assistant.

The Administration Department is responsible for the day-to-day management of the District. This involves ensuring that the Administrative Code, resolutions and ordinances are properly administered to ensure optimal use of resources, uphold transparency, and promote positive relationships with all stakeholders, to include the following:

- Serving the needs of the Board of Directors.
- Connecting with the public to build appreciation for the services the District provides and seek feedback for continuous improvement.
- Build and preserve relationships with staff, Board of Directors, the public, and outside agencies for accountability and transparency.
- Elevate the District's reputation in local and statewide political circles and as an employer of choice.

The General Manager (GM), Tom Kennedy has the overall responsibility for District policy development and activities, including water resources planning, water distribution, wastewater collection, treatment, disposal, fiscal management, administration, engineering, human resources, and overall operation of District functions and programs. The position is responsible for accomplishing District goals and objectives, advising and providing recommendations to the Board, and for implementing the policies of the Board on an ongoing basis. Develops and implements long and short-range plans to ensure attainment of District objectives.

Additionally, the GM makes final interpretations of District regulations and ordinances, codes, and applicable laws with direction from legal. Reviews and approves all District contracts and may negotiate contract terms. Ensures that the District is in compliance with all contractual and legal requirements regarding water supply and wastewater treatment.

The Administrative Analyst plans and implements the District community relations, water conservation, records management, and education and public service programs. The Administrative Analyst configures and maintains the enterprise asset management (EAM) system to track the use of labor and assets to promote efficiency; serves as an alternate on the Communications Committee and connects with the public at outreach events and by editing the monthly newsletter to customers. The role also researches and analyzes customer's water use records. In addition, the Administrative Analyst answers consumer inquiries regarding water use and water conservation programs; participates in a variety of water management and conservation programs, such as conducting interior and exterior water audits for different types of service users. If necessary will prepare and conduct water conservation presentations for the public.

The Executive Assistant/Board Secretary supports the Board of Directors, General Manager, and Human Resources Manager with a wide variety of advanced administrative duties, including preparing materials and minutes for Board meetings and standing Committee meetings. As well as ensuring that the Administrative Code, resolutions, and ordinances are properly documented and distributed. The Executive Assistant/Board Secretary also contributes to positive relationships with stakeholders while receiving and screening visitors. This position is also responsible for managing calendars; coordinating meetings and retreats including travel and conference arrangements; maintaining, updating and revising District official records and Administrative Code and other District policies; updating the District website per legal and accreditation requirements; onboarding new Directors; and protecting the confidentiality of information privy to executive management.

The Information Technology Applications Analyst performs information systems support related to user support, desktop and network computer systems, hardware and software installation, troubleshooting and maintain the District's computer systems. Directs the developing and maintaining of interfaces among District systems such as GIS, online and mobile GIS, Asset Management software, SCADA, finance software, Automated Metering Infrastructure, and updates District website.

Major Accomplishments: Fiscal Year 2017-18

- Implemented Director Point software to digitize public meeting agendas and calendaring.
- The District, Board of Directors, General Manager, and several staff members received awards in recognition from Employer Support of the Guard and Reserve (ESGR) for supporting military service.
- The General Manager served as the CSDA San Diego Chapter President.
- The District was awarded District Transparency Certificate of Excellence by the Special District Leadership Foundation.
- Majority of Board Members completed the CSDA Special District Leadership Academy and were awarded Recognition in Special District Governance.
- Implemented Network Expansions to allow for more devices on our network.
- Organized the mobile devices in the district to allow users to be more productive and prevent reoccurring issues.
- Researched and prepared the district for a VoIP implementation that will reduce the districts telephony costs and increase communication capabilities.
- Researched and prepared the district for backup internet, to allow the district to have business continuity in the event of main internet failure.
- Created an inventory of district IT assets, to allow us to better track and analyze the data to ensure the district's hardware is capable of performing the required tasks.
- Prepared for the implementation of the district's new billing system, Infor Public Sector and new finance system, Infor CloudSuite Financials.

- Preparing for the implementation of the district’s new purchasing system in Infor EAM.
- Installed new Firewall system to better protect the district from being hacked.
- Implemented the Cyber Security Phishing Campaign to train employees to watch for phishing emails.
- Implemented penetration testing to ensure that the district has secure connections.

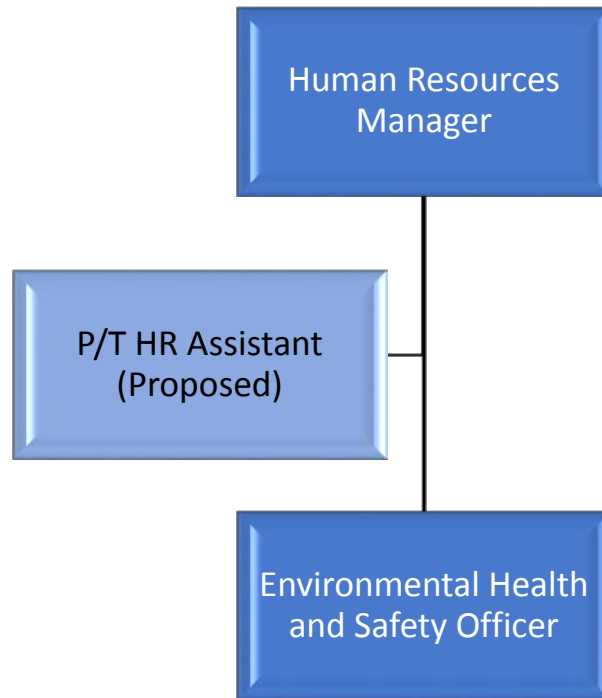
Objectives: Fiscal Year 2018-19

- Complete update on Administrative Code changes for the Record Retention Policy.
- Create FAQ videos for the district website to increase public outreach.
- Secure and implement a new board room recording system.
- Implement a software or electronic process to make, track, and publish revisions to the administrative code.
- Continue process of developing a cost-effective way to replace the aging and undersized District offices.
- Complete records management policy updates and implementation of updated processes and procedures.
- Secure a software for electronic storage and filing of documents.
- Complete the implementation of the district’s new billing system, Infor Public Sector and new finance system, Infor CloudSuite Financials.
- Complete the implementation of the district’s new purchasing system in Infor EAM.
- Complete the implementation of the district’s VoIP system.
- Complete the implementation of the district’s Backup Internet system.
- Attempt to unify the district’s printing hardware to reduce the districts costs.
- Upgrade the district’s network for faster connections.
- Start the district’s data warehouse to pull data from different environments, to allow better analysis and pull more useful information for Business Intelligence.

HUMAN RESOURCES & SAFETY DEPARTMENT

Personnel Level:

<u>Position(s)</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Human Resource Manager	1.00	1.00	1.00	1.00
Safety Officer	0.00	0.00	1.00	1.00
Human Resource Assistant	0.00	0.00	0.00	0.50
Department Total	1.00	1.00	2.00	2.50



Responsibilities

The Human Resources Department's primary function is to provide strategic insight to the General Manager and Board of Directors to develop and manage programs that provide an optimal return on investment in human capital. The Human Resources Manager partners with the leadership team to develop a workforce that is highly qualified, engaged, safe, and productive.

The Human Resources Manager directs the performance management, employee recognition and corrective action programs to promote operational excellence and foster a culture of continuous improvement; manages total rewards programs to align the District's offerings with the labor market and provide the highest value to the workforce while remaining fiscally responsible; ensures compliance with labor laws, the Administrative Code, and applicable Memoranda of Understanding; manages the risk management and liability insurance programs; and oversees the administration of occupational health and safety programs by the Environmental Health and Safety Officer.

The Environmental Health and Safety Officer leads the design, deployment, and administration of programs that promote and ensure employee safety and prevent injury or occupational illness. Performs professional and technical duties related to program and budget administration to implement hazard controls, ensure compliance with environmental, health and safety regulatory and training requirements, emergency preparedness, safety incentive programs, and strategic communication to promote a culture of safety; coordinates the District's workers' compensation and return-to-work programs.

Major Accomplishments: Fiscal Year 2017-2018

Learning and Development

- 96% of the workforce completed at least one online learning class from Target Solutions, representing over 250 hours of online training this fiscal year that covered topics related to safety, water operations, and computer skills training.
- Increased tuition reimbursement limits in new MOUs with bargaining units to encourage participation; 58% of the workforce has taken advantage of tuition reimbursement or outside training opportunities in YTD Fiscal 2018.
- 40% of the workforce attended the Association of California Water Agencies (ACWA) Spring Training Conference in March 2018. Employees are working towards three Professional Development Program specialties: Operations, Supervision, and Human Resources
- Several employees completed the Certificate in Water Management and Leadership at Cal State San Marcos.

- Administration and Finance Departments participated in a joint team development and communication training program to enhance inter-departmental cohesiveness.
- Two management team members participated in a leadership development coaching program that incorporated 360-feedback and ongoing coaching over several months.

Employee Recognition

- Completed the first full calendar year of the Excellence Coin program, resulting in 110 total nominations and 57 coin awards for the year.
- Hosted Employee Recognition Banquet in January, as well as Quarterly Anniversary Breakfasts, Health Fair, and annual Breakfast Burrito day in December.
- Hosted the first-ever Take Your Kids to Work Day in conjunction with the national event on April 26. Employees from several departments prepared educational demonstrations and families stayed to enjoy lunch and a Health and Lifestyle Fair afterwards.

Job Analysis and Compensation

- Human Resources department worked with each Department to analyze job needs, qualification requirements, and update job descriptions where warranted.
- New practice of updating job descriptions and conducting current labor market analysis before posting jobs for recruitment ensured proper placement of positions into pay grades according to the labor market and facilitated attracting highly qualified applicants for open positions.
- Human Resources Manager tracked and reported overtime trends in annual Staffing Analysis; new asset management system enabled more accurate tracking of overtime use by department.

Recruitment and Selection

- Implemented new practice of using assessments as a tool to measure candidates' strengths and challenges compared to the job needs, allowing targeted interviews that result in higher quality-of-hire.
- Generated over 2,000 job interest email subscriptions for job postings through careers pages on governmentjobs.com.
- Effective recruitment marketing resulted in over 760 applications received for six full-time outside recruitments.

Environmental Health and Safety

- Upgraded job accountabilities and requirements to reflect District's needs; recruited qualified candidate into new Environmental Health and Safety Officer position.
- Human Resources Manager obtained Certified Occupational Safety Manager (COSM) certification, as well as Safety Supervisor Certification from Special District Risk Management Authority.

- Exceeded minimum Target Solutions training requirement for Incentive Discount points by 92%.
- Completed over 500 hours of safety training and activities in the first ten months, averaging 11 hours of safety activities per employee.

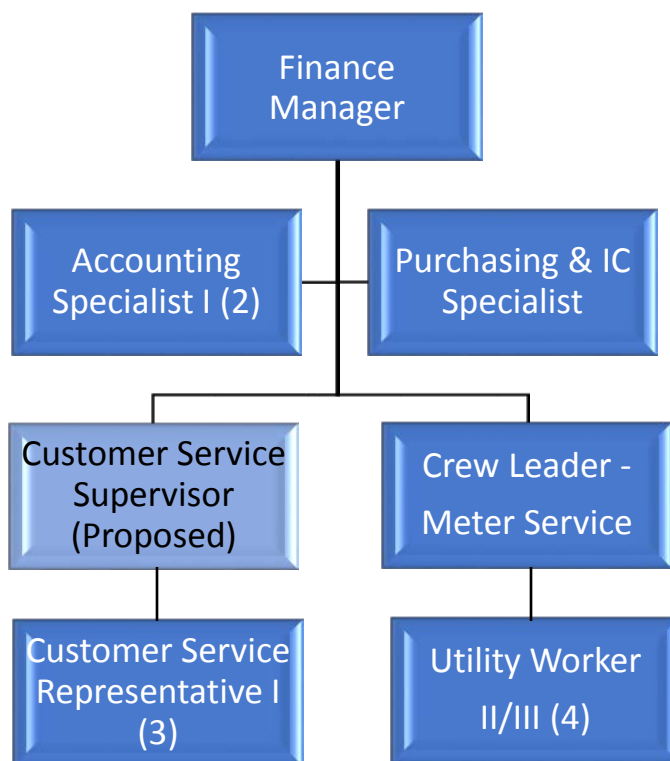
Goals: Fiscal Year 2018-2019

- Maintain education and training opportunities to ensure continuous improvement and learning for all staff.
 - Create in-house training program that integrates on-the-job new hire and cross-training with safety training requirements.
 - Offer onsite computer skills training for employees to meet training needs at multiple levels, ranging from beginners through advanced.
 - Offer onsite welding training for field employees to enhance qualifications and internal talent pool of certified welders.
 - Continue to promote tuition reimbursement program to employees.
- Improve performance management program efficiency and timeliness.
 - Conduct performance evaluation training for Superintendents and Managers.
 - Complete employee performance reviews on NEOGOV Perform and improve on-time delivery by at least 50%.
- Continue to recognize positive employee performance.
 - Continue to administer Excellence Coin Recognition program.
 - Plan and host employee events including Annual Recognition Banquet, Anniversary events and other employee appreciation events.
- Promote a culture of safety.
 - Develop new safety incentive program to reward safe practices, reporting of near-misses or hazardous conditions, and implementation preventative measures.
 - Update Emergency Response Plan and conduct District-wide training and drills to keep workforce well prepared for disaster events.

FINANCE DEPARTMENT

Personnel Level:

<u>Position(s)</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Finance Manager	1.00	1.00	1.00	1.00
Accounting Specialist	2.00	2.00	2.00	2.00
Purchase/Warehouse Tech	1.00	1.00	1.00	1.00
Customer Service Rep. I/II	3.00	3.00	3.00	3.00
Crew Leader – Meter Service	1.00	1.00	1.00	1.00
Utility Workers II/III	4.00	4.00	4.00	4.00
Department Total	12.00	12.00	12.00	12.00



Responsibilities:

The Finance department encompasses the responsibility for the day-to-day operations and oversight of Finance, Customer Service, Meter Services, Warehouse, and the District's purchasing functions.

The Finance section of the department is primarily responsible for developing and administering the District's fiscal policies and budget. Provides the General Manager and Board of Directors with periodic reports on the District's financial condition. Prepares monthly financial statements in accordance with generally accepted accounting principles and reporting standards. Manages a centralized function for the purchasing, warehousing, and inventory control of material and supplies. Coordinates the annual audit of the financial records by an independent accounting firm. Prepares invoices for payments; prepares correspondence regarding various accounts; classifies and verifies invoice charges to proper ledger and budget accounts. May consult with District personnel concerning accounting records and procedures. Calculates and reviews current and historical cash flow projections, determines excess District funds, and makes recommendations for allocation and investment. Provides technical assistance and guidance for the management related to financial matters; articulates financial concepts to the Board of Directors, staff and members of the public. Submits accounting reports required by the State Controller's Office and to other agencies. Prepares analyses of revenues, expenditures, water usage, CIP costs and other special projects as required. Provides internal control of District financial and accounting and procedures.

The Customer Service section of the department is primarily responsible for performing a variety of direct customer contact and office support activities supporting the servicing of customer accounts for water/sewer service; serves as a front-line customer support working with the public in person and in a call center setting. Responsible for processing requests for service, handling customer complaints, providing information and educating the public about rates and the District overall. Provides information regarding beginning or ending service, billing, payments and related matters; takes required information from the customer to open, close or modify service accounts; verifies information and updates customer profile as necessary. Within specific guidelines, may make payment schedule adjustments and/or authorize standard refunds or adjustments. Prepares appropriate forms and notifies District field staff of the need for field activities such as turning water service on and off, check meter reading and/or the need for meter service.

The Meter Service section of the department is primarily responsible for ensuring timely and accurate reads and imports recorded readings of water meters into the Utility Billing software. They're continually maintaining the District's 8,200 water meters and meter reading infrastructure. From either reads discrepancy or customer requests the department will investigate and resolve meter service problems and makes the necessary repairs. The reading of the meters occurs monthly on assigned routes according to predetermined schedules using an

electronic handheld meter reading device for approximately 75% of the District's meters drive-by Automated Meter Reading (AMR) system. In an AMR system, a meter reader collects consumption data using data loggers that report consumption from the meter to a truck mounted radio. The Utility Worker drives around and picks up read data very quickly as compared to manual reads. The other 25% remaining meters are manually read and are currently lacking the infrastructure to be read electronically. Repeatedly meters are determined to be broken or functioning inefficiently, staff will either repair, replace, and/or test the water meters; clean and replace surrounding meter boxes. The department applies District procedures when investigating and reviewing with customers a variety of water service problems. They perform flow and pressure tests as needed on customer services. Interpret and read maps, to locate services utilizing Geoviewer software. Maintain daily records of work performed, time, materials and equipment. Operate water system valves and hydrants as required; reports hazardous field conditions. Verifies and reports service information corrections; respond to service orders issued by the customer service staff update and record findings into Utility Billing software.

Major Accomplishments: Fiscal Year 2017-18

Accounting

- Board approved procurement of Infor CloudSuite Financials software for software licensing, hosting, and support.
- Conferred with Raftelis to assist on financial analysis of increasing water and wastewater rates accordingly to the revenue requirement needed. The key objective in developing the District's comprehensive water and wastewater rate study was to develop a financial plan; and rates that generate sufficient revenue to adequately and appropriately fund the operating and capital needs of the District's utility, inclusive of the decrease in demand and annual pipeline replacement. The analysis was developed utilizing the prepared data given to consultant of the District's annual budget, detailed account consumption data over a 3-year period that included meter size, customer class, EDU's, and elevation zone. Raftelis relied on this information to develop our analyses that formed our findings, conclusions and recommendations. Critical considerations in evaluating the overall rate design, including the amount of revenue collected from fixed charges versus volumetric rates. During the course of the study, many rate alternatives were examined; however, it was determined the District would retain the cost of service (COS) basis from the last rate study.
- Developed Annual Budget in compliance with GFOA standards (2nd consecutive year) – the Finance staff worked diligently on FY 17-18 budget to adhere to the criteria requirements of GFOA budget standards. The report was submitted to GFOA for possible consideration, and we are proud to have met and received Recognition of Distinguished Budget Presentation Award for the Fiscal Year 2017-18 budget.
- Converted Fixed Assets module into Springbrook, data migration from old legacy system into new system. Extracted the fixed asset detail listing from Datastream and formatted

into the specifications needed to import into Springbrook. Defining the fixed assets, class, and general ledger set-up configuration prior to importing, validated data by reconciling assets and book value.

Customer Service

- Researched lockbox services as an alternative method to manual check processing in order to improve operational efficiency and to better utilize staff time and resources. Presented and approved by the Board at September's 2017 meeting, transitioned occurred at the beginning of December 2017. Outsourcing of this process has permitted staff more availability to better handle backlog and the account growth.
- Changed the processing of 48-hour shutoff notification to delinquent accounts. We no longer hand deliver, since November 2017 we have mailed out the 48-hour notices via USPS Priority Mail. This option allows us to track the delivery of the letter to the customer. A cost benefit analysis was evaluated, performing this process in-house as opposed to outsourcing for a courier service to handle the delivery. In part of the analysis of data, a review of how many personnel hours that were being dedicated to the 48-hour delivery process in the Asset Management application was computed in the calculation of cost. The process of 48-hour notification is completed after each of the three billing cycles. On average the number of 48-hour notifications have been about 35 accounts per cycle. This has alleviated an estimated 24 hours of meters department staff time per month to focus on higher priority functions.
- Board approved procurement of Infor IPS Utility Billing software for software licensing, hosting, and support.

Meters

- Currently underway a feasibility study with SDG&E and Itron, a collaboration for AMI system (Pilot Program) - complete deployment of (78) new meters and endpoints in testing areas and evaluate performance. Once piloting is complete, bring results back to committees and Board for consideration of full scale project. SDG&E system integrity testing has delayed the project but has also corrected some hardware issues.
- Reviewed ABM meter accuracy sampling testing results from the 330 meters changed out during Fiscal Year 2016-17 with the committees and the Board, to determine if the District-wide Meter Replacement Project is financially advantageous for the District. Currently, reviewing proposal submitted by ABM to provide for certain on-going support services and guaranteeing a specific level of Water Meter Accuracy to be achieved in connection with the work performed with the District-wide Meter Replacement Project.

Objectives: Fiscal Year 2018-19

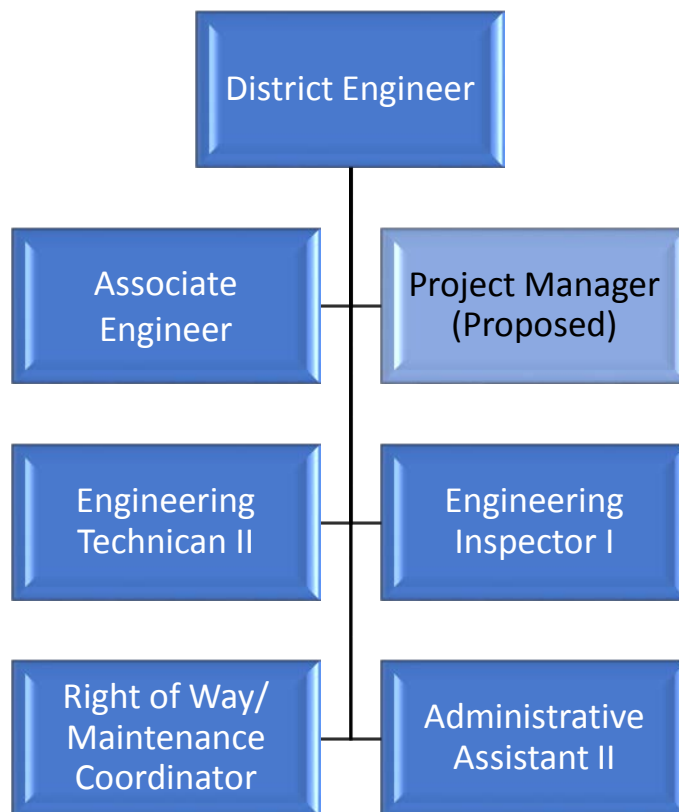
- Continue to create budget in compliance with GFOA standards, for the 3rd consecutive year.

- A perpetual system keeps track of inventory continuously with updates made automatically whenever an inventory part is taken. This will require the District purchasing a barcode system using digital technology to track inventory in real time updates sent electronically to the system database. The evaluation of the Springbrook system may factor into this project as it may lack the capability of doing so.
- Work with the auditing firm to bring the annual financial statements in compliance to the Government Finance Officers Association (GFOA) Achievement for Excellence in Financial Reporting Program (CAFR Program).
- Fully migrate into the new Infor Utility Billing and Financial software. The Utility Billing conversion will be handled internally by our IT Administrator with guidance given by Infor's implementation staff. The Financial applications will be implemented by a third-party Kinsey. Infor's in-house implementation team generally only works on larger projects. Staff identified Kinsey a third-party consulting firm as having the capability and experience with Infor products to manage the Financial Suite conversion. We expect the implementation process to take about 9 months although some elements of the system will come online earlier.
- Pursue replacement of a considerable amount of the meters in the system. A primary indicator that meter replacement could be financially beneficial was conducting a sample of random meter test of 300 water meters. Those results showed significant inaccuracies in the water meters at multiple flow ranges. Inaccuracies in water meter readings mean a loss of revenue for the District. The analysis from the random test results have shown that water measurement and revenue recovery through greater meter accuracy indicate that the meter replacement program to be worthwhile.

ENGINEERING DEPARTMENT

Personnel Level:

<u>Position(s)</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Engineering Manager	1.00	1.00	1.00	1.00
Associate Engineer	1.00	1.00	1.00	1.00
Project Manager	0.00	0.00	0.00	1.00
IT Administrator	1.00	1.00	0.00	0.00
Engineering Inspector I	1.00	1.00	1.00	1.00
Engineering Technician II	1.00	1.00	1.00	1.00
Administrative Technician II	0.50	0.50	0.50	0.50
Right of Way/Facilities	0.00	0.00	1.00	1.00
Department Total	5.50	5.50	5.50	6.50



Responsibilities:

The Engineering Department encompasses the responsibility for the day-to-day operations and oversight of Engineering, and Engineering Customer Service for the District. The Engineering Department also provides technical support to Operations with record inquiries, GIS maps, water shutdown processing, construction coordination and project execution and inspection.

The Engineering Department's specific responsibilities include: inspection of District facilities, and the management and execution of the Capital Improvement Program for water and wastewater, ensuring the timely completion and sound financial management of such projects. Oversight and administration of District and developer projects through design and construction to confirm that water and wastewater facilities conform to District standards and requirements. In addition, the Department inspects and maintains District facilities including the numerous easements. Engineering develops and prepares complete procurement solicitation and schedules for Notice of Inviting Bids, Request for Proposals and Quotes for Capital Improvement and other projects. The department processes improvement plans, grading plans, subdivision maps and engineering's cost estimates; prepares quantity and cost estimates for varied projects; prepares construction agreements, fee letters, contract documents and other related legal documents relating to District improvements and developer projects; acquires and reviews documents for conformance to District requirements. They maintain the District planning documents as well as develop and update policies, procedures and guidelines for the current and future development of District water and wastewater systems.

Engineering Customer Service provides a wide variety of services to the public, which include San Diego County Form processing, public inquiries on facilities and projects, Geographical Information Systems (GIS), maps and record drawings. The department is responsible for performing a variety of direct customer contact and office support activities supporting the payment of appropriate capacity fees for water and wastewater and inspection of the installation of new water and sewer laterals; serves as a front-line customer support working with the public in person, over the phone and in response to website inquiries. In addition, the Department receives, reviews, investigates, and processes claims. They are responsible for processing requests for downsizing or upsizing meters, and providing the public information regarding the process to complete the installation of a new service to District standards. They process applications, fees and deposits for construction meters in coordination with the Customer Service Department, read and interpret improvement plans and facility maps for a variety of information for the public, engineers, consultants and other departments. Engineering also processes County documents related to water and sewer availability, agency clearance forms and other documents related to developments and explain regulations and policies and procedures to interested parties.

Major Accomplishments: Fiscal Year 2017-18

- Completed the Knottwood Way Waterline Loop and Pressure Reducing Station.
- Completed a condition assessment of existing water projects, developed a model for continuous analysis of condition data, and scheduled the top 20 pipeline rehabilitation or replacement projects.
- Completed the SR 76 widening and sewer upsize.
- Performed project management and inspection on several developer projects through design and or construction phases including the following: Golf Green Estates (Rio Estrellas), Horse Creek Ridge, Palomar College, Topa Topa Place, and Pala Mesa Highlands.
- Conducted initial feasibility study on San Luis Rey Groundwater Supply.
- Completed the construction of the Moosa Creek Crossing Emergency repair.
- Processed 18 San Diego County availability letters, and 302 new meters.

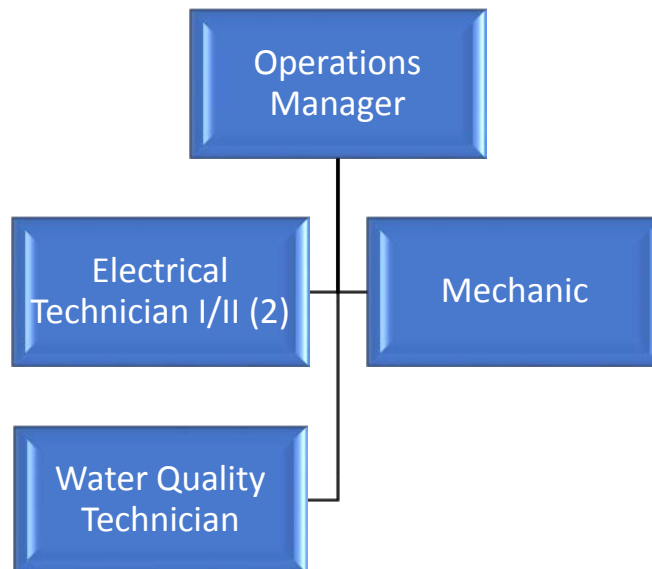
Objectives: Fiscal Year 2018-19

- Complete the Gird to Monserate Hill Waterline Repair Project
- Complete the Weese Interconnect and Pump Station project.
- Complete the Pump Station #1 Upgrades.
- Initiate programmatic Environmental Impact Report for rehabilitation and replacement of existing facilities.
- Complete feasibility study for the San Luis Rey Basin Groundwater Supply.
- Finish projects on budgeted CIP list, which include Isolation Valve Installations, Pressure Reducing Station Replacement and Installation projects, Sagewood Waterline Relocation, Holly Lane Looping Waterline, Thibido Waterline, Camino Del Rey Waterline Relocation, Disney Lane Waterline Relocation, Eagle Perch Waterline Relocation, and one tank staircase installation.
- Complete Design of the Lift Station 1 Replacement Project and Initiate Construction of Phase 1 Projects.
- Review and streamline Engineering processes to improve management of projects and development.

TECHNICAL SERVICES DEPARTMENT

Personnel Level:

<u>Position(s)</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Operations Manager	1.00	1.00	1.00	1.00
Electrical Technician II	1.00	1.00	1.00	1.00
Electrical Technician I	1.00	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00
Water Quality Technician I	1.00	1.00	1.00	1.00
Department Total	5.00	5.00	5.00	5.00



Responsibilities:

Electrical and SCADA Services primary responsibility is to maintain all electrical, electronic, instrumentation, associated control data networks, and SCADA systems and their networks that are used to supply water to District customers as well as systems that treat water. Additionally, the electrical services group continues to revise operating systems for efficiency and ease of operation. Monitor District facilities for electrical violations and safety hazards to maintain an electrically safe environment.

Water Quality is responsible for protecting the public health while ensuring the District delivers high quality water to its customers. To accomplish this, Water Quality investigates and resolves water quality issues, customer inquiries, and complaints; maintains a system of sampling; completes analysis and State/Federal regulatory reporting; operates and maintains systems for disinfection; and implements and supports District projects.

The Mechanic Maintenance (Garage) provides maintenance and recordkeeping of all District Fleet to include all vehicles and heavy construction equipment. The District Mechanic maintains the fleet daily, ensuring the fleet is operational 24 hours per day, 7 days per week for customer service calls and emergency response. Additionally, this area also maintains and makes repairs to all other miscellaneous small equipment and field equipment.

Major Accomplishments: Fiscal Year 2017-18

- Approximately 5,000 customer backflows tested within the District Backflow Testing Program to meet annual requirements.
- Supported Lilac Fire in providing back-up power to two (2) lift stations and one (1) pump station; and several SCADA radio sites.
- Upgraded SCADA Control Panel and Radio equipment to three (3) southern tanks: Gopher, Turner, and Hutton Tanks.
- Installed new antenna mast, antennas, conduit, and panel for SCADA communications at the SUMAC radio site.
- Installed three (3) flow meters in southern tanks for flow monitoring.
- Upgraded old truck lift in Garage to include electrical upgrades; increased weight capabilities for fleet and for electrical safety.
- Arranged and monitored the Surplus Auction of vehicles and equipment that were to be replaced using GOV DEALS and recovered \$ 23,298 for 2017-2018.
- Equipped new Engineering trailer with power and data capabilities.
- Assisted in replacement of entire District Security Camera System and Gas-boy Monitoring/Fueling System.
- Upgraded SCADA panel, radio communications equipment, and wet well level controls at Lift Station #6 (Fallbrook Oaks).

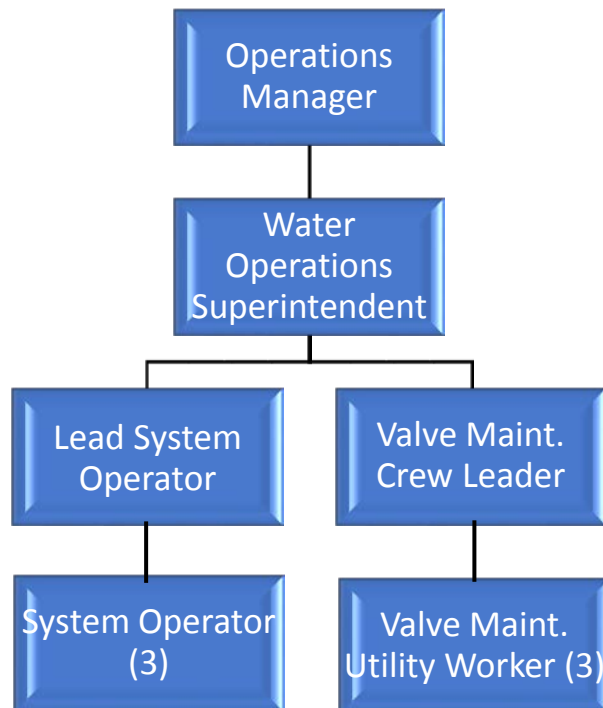
Objectives: Fiscal Year 2018-19

- Work with Engineering to finalize plans for the interconnect with the Weese Filtration Plant.
- Complete installation of two permanent pump stations for SDCWA shutdown.
- Complete rehabilitation of Rainbow Heights Pump Station #1.
- Make changes to Rainbow Hills Pump Station and Magee Pump Station for the use of portable pumps. In the event these stations are compromised there is no easy way to tie in a portable pump. The Rainbow Hills and Magee Tank zones can only be supplied by their pump stations.
- Modify Morro Pump Station to allow the station to feed Morro Tank zone with the tank offline. There is only one line that feeds this zone and a break or breaks, will put the entire zone out of water.
- Install stationary onsite back-up generators to provide power during power outages.
- Improve and/or rehab designated distribution sample sites.
- Initiate dead-end mainline Flushing Program.
- Update Department Drinking Water (DDW) bacteriological sample plan.
- Develop a new oil storage management system. This minimizes the risk of potential costly spills and hazards or injuries associated with manual loading.

WATER SYSTEM OPERATIONS AND VALVE MAINTENANCE DEPARTMENT

Personnel Level:

<u>Position(s)</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Water Ops. Superintendent	1.00	1.00	1.00	1.00
Lead System Operator	0.00	0.00	1.00	1.00
System Operator(s)	4.00	4.00	3.00	3.00
Administrative Assistant	0.50	0.50	0.50	0.50
Valve Maint. Crew Leader	1.00	1.00	1.00	1.00
Valve Maint. Utility Worker(s)	3.00	3.00	3.00	3.00
Department Total	9.50	9.50	9.50	9.50



Responsibilities:

System Operations is responsible for operating the potable water system in a manner that ensures reliable and sustainable deliveries to District customers. To accomplish this, Water Operations utilizes a Supervisor Control and Data Acquisition (SCADA) system that controls water flow and storage through the District's distribution system. Additionally this area performs various maintenance, monitoring, and evaluations of the District's storage reservoirs, tanks, pump stations, and chlorine booster and monitoring stations. They provide routine maintenance and repairs for all pumps in the distribution system. This enhances customer satisfaction by enabling the District to provide reliable and sustainable services to its customers by maintaining the system that keeps the services flowing.

Valve Maintenance is responsible the District's valve exercise program and maintaining all appurtenances such as fire hydrants, wharf heads, blow offs, and air release valves. This includes: repair, replacement, painting, and upkeep of easements. Valve Maintenance insures that distribution valves are operational and ready to isolate the water mains in the event of emergencies, routine maintenance work, and new construction projects. Valve Maintenance also assist with shut downs for construction/maintenance and contractors by operating the valves that shut down the main lines.

Major Accomplishments: Fiscal Year 2017-18

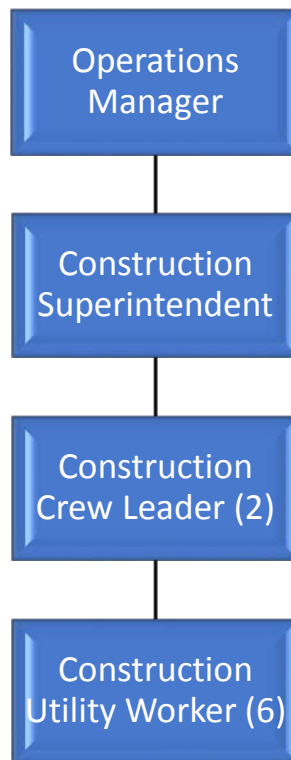
- Installed new 24" flow meter at Morro Reservoir.
- Created a preventative maintenance program for pressure management program.
- Performed inspections and maintenance on three reservoir covers.
- Planned and implemented the three temporary pump stations for SDCWA shutdown.
- Performed seven inspections performed on water tanks and external repairs made the necessary repairs.
- Five tanks washed out and disinfected; three covers cleaned at reservoir sites.
- Worked with Nobel Systems to install test systems for pressure and TDS monitoring within distribution system.
- Canonita Tank taken offline for re-coating on the inside and upgrade fall protection system to new railing system.

Objectives: Fiscal Year 2018-19

- Work with Eng. to finalize plans for the interconnect with the Weese Filtration Plant.
- Complete installation of two permanent pump stations for SDCWA shutdowns.
- Complete rehabilitation of Rainbow Heights Pump Station #1.
- Develop Preventative Maintenance schedules in EAM system for water facilities.

CONSTRUCTION DEPARTMENT

Personnel Level:				
<u>Position(s):</u>	<u>2015 - 2016</u>	<u>2016 – 2017</u>	<u>2017 – 2018</u>	<u>2018-2019</u>
Const. Superintendent	1.00	1.00	1.00	1.00
Construction Crew Leader	2.00	2.00	2.00	2.00
Construction Utility Worker	6.00	6.00	6.00	6.00
Department Totals:	9.00	9.00	9.00	9.00



Responsibilities:

Construction Department is dedicated to accomplishing its mission in a cooperative team-oriented environment that emphasizes quality, safety, and provides high quality customer service. The most critical function of the Construction is to maintain and repair the infrastructure of the District. This department is responsible for the repair and maintenance of the District's water distribution system, ensuring the District provides reliable and sustainable services to its customers along with responding to emergency calls 24 hours per day is critical to providing uninterrupted service to our customers.

Major Accomplishments: Fiscal Year 2017-18:

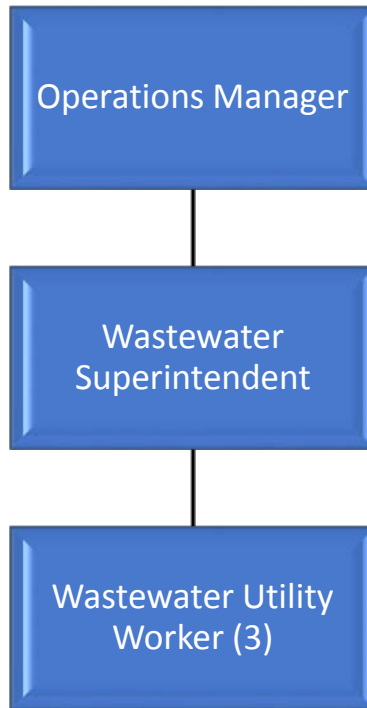
- Removed 8" temporary high-line on Old Highway 395; installed Pressure Station with approximately 60' of 8" CMLC water main pipeline.
- Replaced approximately 140' of a critical 8" CMLC water main pipeline on Wrightwood to maintain loop system.
- Replaced approximately 140' of a critical 12" CMLC water main pipeline on Grammer Road to maintain loop system.
- Continued supporting the implementation and GIS updates for Geoviewer to include mobile applications.
- Encouraged and motivated crew to strive for higher education and attend training opportunities to satisfy State Certification requirements.
- Responded to 100% to Customer Service calls and water mains leaks ensuring minimal interruption to customers.
- Created and emergency contractor list.
- Purchased new trenching and shoring boxes for easier portability and installation efficiency.

Objectives: Fiscal Year 2018-19

- Develop Preventative Maintenance schedules in EAM for water infrastructure.
- Effectively utilize the District's EAM system as a management tool for optimizing RMWD activities.
- District Wide Pressure Management – Install two (2) pressure stations to manage high pressure areas.
- Pursue maintenance on existing infrastructure that meets/exceeds District standards and specifications.

WASTEWATER DEPARTMENT

Personnel Level:				
<u>Position(s):</u>	<u>2015 – 2016</u>	<u>2016 – 2017</u>	<u>2017 – 2018</u>	<u>2018-2019</u>
Wastewater Superintendent	1.00	1.00	1.00	1.00
Utility Worker	4.00	4.00	3.00	3.00
Department Totals:	5.00	5.00	4.00	4.00



Responsibilities:

Wastewater Division is responsible for protection of public health and the environment. Providing reliable and sustainable wastewater collection and pumping services to its District's customers. Additionally, this area is responsible for accomplishing its duties in prudent manner by completing its tasks using effective management practices and ensuring an environmentally responsible operation.

Major Accomplishments: Fiscal Year 2017-18

- Worked in conjunction with Caltrans and Ames Construction and Old Castle precast in the removal/bypass of sewer lines and manhole infrastructure upgrades along Hwy 76.
- Rerouted and bypassed 6" force main at Rancho Monserate per Shore Break Solar Company.
- Completed 26.4 miles / 139,665' of sewer line cleaning for gravity sewer lines ranging from 8" to 15" and inspected/mitigated 783 sewer manholes for root problems, vandalism, and road hazards.
- Completed 8.20 miles / 43,308' of closed-circuit televised (CCTV) of sewer mains 8"-15".
- Provided and maintained preventative maintenance to six sewage lift stations and one flow meter station.
- Added five new Smart-Cover sewer system monitoring units.
- Went from 13 to 18 owned-units in helping reduce in Sanitary Sewer Overflows (SSOs);
- Started performing in-house small trench manhole road repair patches using hot mix to minimize customer and public road delays.

Objectives: Fiscal Year 2018-2019

- Assist Engineering Department with completion of ongoing Capital Improvement Projects:
 - (Tentative) Permanent Flow Monitoring Systems.
 - Rehab sewer manholes at Cal-E-Vie.
 - Rehab lift stations, force mains and vaults.
 - Re-line I-15 freeway gravity sewer line 600' of 8" sewer main.
- Install additional Smart-Cover units to efficiently monitor sewer collection system and potential sanitary sewer overflows. (3 per Fiscal year)
- Establish and facilitate district facility tours of wastewater facilities for interested members of the public.
- Work alongside Cass Construction / Horse Creek Ridge development (New Lift Station).
- Install Palomar College manhole removal and sewer bypass.