

**RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT**



FISCAL YEAR 2015-16 BUDGET

REVISED 6-15-15

Operating Budget prepared by the General Manager with the Assistance of Agency Staff

Capital Budget prepared by Affinity Engineering



MISSION STATEMENT

The mission of the Rio Linda/Elverta Community Water District is to provide, in a manner responsive to District customers, a water supply that is adequate, safe, and potable (according to State and Federal standards) that meets both current and future needs.

**Rio Linda/ Elverta
Community Water District
730 L Street
Rio Linda, Ca. 95673**

Board of Directors

Duane Anderson, President/Director

John Ridilla, Vice President/Director

Mary Harris, Director

Paul R. Green Jr., Director

Brent Dills, Director

Appointed Official

Mary Henrici, General Manager

Letter of Transmittal

Board of Directors
Rio Linda/Elverta CWD

Ladies and Gentlemen,

It is my pleasure to provide you with the proposed budget for fiscal year 2015-16 for the Rio Linda/Elverta CWD (District).

The Budget format has been updated this year to provide a more comprehensive and user friendly format.

The Budget Process

Capital Improvement Budget: The budget process began this year with a review of the District's Master Plan document. A 5 year Capital Improvement Program was then provided by the District Engineer to the Planning Committee. It was determined that there are insufficient funds at this time to complete all Capital Improvement projects needed in the timeframe proposed. A rate study is currently being prepared which is being funded by the Elverta Specific Group.

Operating Budget: The Manager discussed needs of the District with key staff members before determining the recommended amounts for the 2015-16 budget. Review of current and past years expenses was also completed.

The draft Operating and Capital Improvement Budgets were presented to the Finance Committee for approval. The budgets were then presented to the Board members for review. A Public Hearing was held in May to present the proposed budget to the public and request Board approval.

Budgetary Control and Budget Format

The District management uses the approved budget as the tool for ensuring adequacy of District resources in meeting District needs and assessing planned versus actual activities throughout the fiscal year. Once the Board approves the budget the General Manager controls it at the operating level. The budget has been prepared using a line item detail format broken out by program area: Operating and Non-Operating Revenues, Officers Fees, Wages and Benefits, Office Operations, Field Operations, Conservation, Engineering, Insurance, Memberships and Non-Operating Expenditures.

Accounting System and Controls

The District uses Intuit Quickbooks Premier Accountant Edition to record financial transactions throughout the year. The District is also preparing the CAFR for fiscal year 2015-16. An independent auditing firm audits the District's records and documentation each year and reports its findings to the Board of Directors.

District Funds

The District operates a single enterprise fund which is segregated into operating and non-operating activities. There are also several reserve funds set aside for bond and loan requirements and Capital Improvement projects. The Policy was last amended in December of 2012. The Districts' operating and reserve policies are noted below:

I hope this budget provides you with useful information on the District's Capital and Operations budgets. I would like to thank the District's Engineer for his work on the Master Plan. I would also like to thank the Board of Directors for their support of the new Master Plan and their determination that District Operations will stay at the industry standard.

Mary Henrici
General Manager

Operating and Reserve Policies The Rio Linda / Elverta Community Water District reserve policy is a financial policy guided by sound accounting principles of public fund management. The policy establishes several reserve funds to minimize adverse annual budgetary impacts from anticipated and unanticipated District expenses.

The adequacy of the target reserve year-end balance ranges and/or annual contributions will be reviewed annually during the budgeting and rate setting process and may be revised accordingly as necessary. The following District reserve fund categories are established:

Capital Improvement Fee Reserve

- 1.1 Purpose: To provide funds for the orderly and timely expansion of the District facilities to meet future demand and to maintain and/or improve the District's existing level of service.
- 1.2 Target Balance: AB1600 does not designate a target reserve balance. A Government Code 66000 Compliance Report identifies the proposed capital projects necessary to maintain and/or improve services and the amount needed to fund those capital projects. In accordance with Government Code 66000, the balance shall not exceed the amount specified by that law.
- 1.3 Methodology/Rational: Virtually all development that occurs within the District requires the use of District facilities, plant and equipment for public services. This fee is established to insure the adequacy and reliability of such facilities, plant and equipment as development of undeveloped land occurs.
- 1.4 Use of Funds: The funds generated by the fee will be used to acquire, replace and/or construct various capital facilities, plant and equipment for the provision of water, security and administrative services
- 1.5 Funding: Annual contributions from developer fees will depend upon new construction within the District. Additionally, interest earnings will be accrued on and added to fund balance, using the District's earnings rate on investments. The District also currently contributes \$50,000.00 per month into this fund from operating income.

Surcharge Account

- 2.1 Purpose: This account was created to pay off the 2010 SRF Loan of \$7,499,045.00. This account will be closed after repayment of the loan 20 years after the project completion date.
- 2.2 Target Balance: The target balance increases and decreases with the construction project in progress. It will stabilize when the construction is complete and loan payment begins. Hence, there is currently no target balance.
- 2.3 Methodology/Rational: It has been determined by the State of California that the amount of \$19.00 per connection per billing period should be sufficient for the repayment of their loan.
- 2.4 Use of Funds: The funds will be used for repayment of SRF loan.
- 2.5 Funding: a fee of \$19.00 per billing cycle is charged to each active account and collected as a primary source of funds. A minimum of \$80,320 per billing cycle is deposited until the loan is paid off.

Surcharge Reserve

- 3.1 Purpose: To establish a reserve as required by our 2011 SRF funding agreement # SRF111CX107
- 3.2 Target Balance: The target balance is \$481,917.00 which is equivalent to 2 semiannual loan payments.
- 3.3 Methodology/Rational: \$88,352.00 was put into this reserve every billing cycle until the account equaled \$481,917.00

- 3.4 Use of Funds: The funds will not be used. They are to remain in this account until the loan is paid off per our loan agreement.
- 3.5 Funding: This reserve is fully funded.

2003 Water Revenue Refunding Bonds Reserve Fund removed 4/30/2015

- 4.1 Purpose: To establish a reserve as required by our 2003 Water Revenue Refunding Bonds.
- 4.2 Target Balance: The target balance is \$242,484.00 which is equivalent to 2 semiannual loan payments.
- 4.3 Methodology/Rational: This fund is already fully funded and no additional monies are being deposited.
- 4.4 Use of Funds: The funds will not be used. They are to remain in this account until the bonds are paid off per our bond agreement.
- 4.5 Funding: This fund is already fully funded and no additional monies are being deposited.
- 4.6 Current Status: This fund was dissolved when the 2003 Water Revenue Bonds were reissued in April 2015.

2003 Debt Service Fund removed 4/30/2015

- 5.1 Purpose: To make semiannual bond payments on the 2003 bonds in the amount of \$3,970,000.
- 5.2 Target Balance: The amount equivalent to the amount payable on the bonds semi annually. There is approximately \$240,000.00 due per year on this bond issue.
- 5.3 Methodology/Rational: The District deposits \$20,000.00 per month in to this reserve from the Operating Fund in order to have sufficient funds to pay the bond payments when due.
- 5.4 Use of Funds: These funds are used exclusively to repay the 2003 Bond debt.
- 5.5 Funding: \$20,000 per month is put into this account to build up enough money for payment of the bonds when due.
- 5.6 Current Status: This fund was dissolved when the 2003 Water Revenue Bonds were reissued in April 2015.

Operating Fund

- 6.1 Purpose: To ensure cash resources are available to fund daily administration, operations and maintenance of providing water, wastewater, security and drainage services.
- 6.2 Target Balance: A minimum of six months of cash to fund District expenditures.
- 6.3 Methodology/Rational: The District is required to have sufficient cash flow to meet the next six months of budgeted District expenditures (Government Code Section 53646(b)(3)). The next six months of projected cash revenues can be included as a source of cash flow to satisfy this requirement. Revenues in excess of reserve contributions and expenditures resulting from expenditure savings or timing differences are also reflected in this fund.
- 6.4 Use of Funds: These funds will be used to pay for expenditures according to budget and expenditure authority.

- 6.5 **Funding:** Annual contributions will vary, depending upon other reserve requirements and current year expenditure requirements. Additionally, interest earnings will be accrued on and added to fund balance, using the District's earnings rate on investments.

Trust Account

- 7.1 **Purpose:** To collect deposits for new customer accounts. These deposits are refunded after one year of timely payment on their account.
- 7.2 **Target Balance:** The balance on this account fluctuates with the number of customers that have deposits with the District.
- 7.3 **Methodology/Rational:** The District requires a \$100.00 deposit for each parcel that is owned by a customer. There is a method of waiving the deposit. If the customer can provide us with a letter of credit from a current or previous utility provider that shows at least one year of history with no late payments or returned checks the deposit can be waived. If a deposit is required the deposit gets returned to their account after one year of timely payment or when they move. If there is a deposit balance after paying the final bill upon leaving the property it is refunded in the form of a check.
- 7.4 **Use of Funds:** These funds will be used to pay the final bill on an account if it is left unpaid when the owner moves away.
- 7.5 **Funding:** The District requires a \$100.00 deposit for each parcel that is owned by a customer. If the customer can provide the District with a letter of credit from a current or previous utility provider that shows at least one year of history with no late payments or returned checks the deposit can be waived.

Operating Reserve Fund

- 8.1 **Purpose:** To ensure cash resources are available to fund daily administration, operations and maintenance of providing water, wastewater, security and drainage services.
- 8.2 **Target Balance:** The equivalent to 1 months' expenditures to fund District expenditures.
- 8.3 **Methodology/Rational:** The District is required to have sufficient cash flow to meet budgeted District expenditures (Government Code Section 53646(b)(3)). The next six months of projected cash revenues can be included as a source of cash flow to satisfy this requirement. Revenues in excess of reserve contributions and expenditures resulting from expenditure savings or timing differences are also reflected in this fund.
- 8.4 **Use of Funds:** These funds will be used to pay for expenditures according to budget and expenditure authority.
- 8.5 **Funding:** A one-time payment of \$250,000 was set aside to fund this reserve in fiscal year 2014-15.

Vehicle Replacement Reserve Fund

- 9.1 **Purpose:** To ensure cash resources are available to fund vehicle replacements. This Reserve is a sub account of the Capital Improvement Fund.
- 9.2 **Target Balance:** Determined annually.
- 9.3 **Methodology/Rational:** One of the District's goals is to have a vehicle replacement fund. The District's vehicle fleet is aging and in need of replacement. It is currently the District's practice to replace vehicles based on a point system that takes into account type of usage, age of vehicle, mileage and maintenance costs.
- 9.4 **Use of Funds:** These funds will be used to replace vehicles when the board determines it is needed.

9.5 Funding: funds received from sale of used vehicles and a once per year appropriation to the Capital Improvement Fund are the methods used to fund this account.

2015 Debt Service Fund

10.1 Purpose: To make semiannual bond payments on the 2015 bonds in the amount of \$3,054,466.48.

10.2 Target Balance: The amount equivalent to the amount payable on the bonds semi- annually. There is approximately \$288,803.00 due this year on this bond issue.

10.3 Methodology/Rational: The District deposits \$24067.00 per month in to this reserve from the Operating Fund in order to have sufficient funds to pay the bond payments when due.

10.4 Use of Funds: These funds are used exclusively to repay the 2015 Bond debt.

10.5 Funding: \$24,067 per month is put into this account to build up enough money for payment of the bonds when due.

Investment Policy and Investments

The District's current investment policy was approved on December 16, 2013. It is recommended that this policy be re-certified every three years.

PERMITTED INVESTMENTS

	<u>Investment Type</u>	<u>Maximum Investment</u>	<u>Maximum Maturity</u>
1)	Investment pool authorized under CA Account Statues governed by Government Code Sections 16429.1-16429.4	\$50 million ¹	Liquid
2)	California Asset Management	Unlimited	Liquid Account Program (CAMP)
3)	U.S. Treasury Obligations	Unlimited	5 Years
4)	Bank Savings Account	25%	Liquid Account
5)	Federal Agencies	75%	5 Years
6)	Commercial Paper	20%	180 Days
7)	Negotiable Certificates of Deposit	20%	5 years
8)	Re-purchase Agreements	20%	180 Days
9)	Corporate Debt	25%	5 Years

ADDITIONAL LIMITS ON INVESTMENTS:

1) No notes.

3) U.S. Treasury Obligations are limited to Treasury Bills, Treasury Notes, and Treasury Bonds.

- 4) Bank Savings Accounts must be collateralized at 110% of account balance.
- 5) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 6) Must be a U.S. corporation with over \$500 million in assets. The commercial paper must be of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The District may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Additionally, District purchases may not exceed 10% per issuer.
- 7) Negotiable certificates of deposit must be issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by Section 5102 of the Financial Code), or a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases are limited to institutions which have long-term debt rated in the "A: category or higher, or the equivalent, by a nationally recognized rating organization.
- 8) The District will enter into repurchase agreements only with primary government securities dealers as designated by the Federal Reserve Bank of New York. Repurchase agreements shall be governed by a master repurchase agreement adopted by the Public Securities Association. All securities underlying repurchase agreements shall be delivered to the District's custodial bank, or be handled under a properly executed "tri-party" custodial arrangement. Collateral for repurchase agreements is restricted to U.S. Treasury issues or Federal Agency issues.

The underlying collateral must be at least 102% of the repurchase agreement amount. If the value of securities held as collateral slips below 102% of the value of the cash transferred, then additional cash or acceptable securities must be delivered to the third party custodian. Market value shall be recalculated each time there is a substitution of collateral. For repurchase agreements with terms to maturity of greater than three days, the value of the collateral securities shall be marked to market weekly by the custodian, and if additional collateral securities is required, then that collateral must be delivered within two business days. If a collateral deficiency is not corrected within two days, the collateral securities will be liquidated.

A perfect first security interest in the collateral securities, under the Uniform Commercial Code, shall be created for the benefit of the District. Collateral securities shall be held free and clear of any lien and shall be an independent third party acting solely as an agent for the District, and such third party shall be (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than \$50 million.

- 9) Purchases are limited to corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated "A" or better by a nationally recognized rating service. District purchases may not exceed 10% per issuer.

Limits subject to change; established by State Treasurer.

2015-16 Final Budget Assumptions

The Following budget assumptions are proposed:

External Factors:

Property tax assessed values contain an inflation factor for each County combined with growth or decline factors; overall expect a moderate increase.

Interest rates on investments will be at current CD market rates, approximately 1 to 2%.

Operating Fund Revenues:

Due to the need for a constant revenue stream to pay off the District's debt service accounts and fixed operating costs the Board implemented an inactive service fee in 2013 in the amount of \$63.33 per inactive account for each billing cycle. This insures that our loan payments and fixed costs would be paid without putting further hardship on our customers that are currently connected to and using the system. The inactive fee and the base fee of all customers increases 3% per year per Ordinance 2011-01. The current rate is \$67.19.

-\$100,000 **Usage Charges** were decreased based on projected water savings by customers due to the Governors Executive Order.

\$12,500.00 **Service App/New Location Fees** were increased based on current year revenue.

\$9,000 **Service Install/Modification** was increased due to the lifting of the building moratorium.

Salaries and Benefits District-wide:

1. Staffing

Over the past year the District has signed a new Memorandum of Understanding (MOU) with the Teamsters union with a four year term. Several employee's job titles were changed and their duties were revised.

Salaries

- An estimated Cost of Living allowance of 2.1% will be implemented on December 1, 2015 per the District's MOU with the Teamsters Union. This 2.1% COLA would also apply to any nonunion staff.
- Salary reclassification. The Distribution Supervisor has become a salaried position over the past year.
- Step increase. The new Memorandum of Understanding includes a 6 step pay range for each classification. 8 positions are eligible for a step increase this year. 3 staff members received step increases last year.
- Standby pay was increased to \$50 per day in the new MOU.
- Overtime pay is estimated from prior year expenses.

The current salary schedule is below:

Title	Salary Ranges		
Laborer	\$12.20	\$14.84	hourly
Utility Worker	\$14.24	\$17.33	hourly
Operator 1	\$16.27	\$19.79	hourly
Operator 2	\$19.32	\$23.51	hourly
Operator 3	\$23.39	\$28.46	hourly
Operator 3/foreman	\$23.90	\$29.08	hourly
Superintendent	\$35.60	\$43.31	salaried
Admin Assistant	\$21.36	\$25.99	hourly
Customer Service Tech 1	\$18.31	\$22.28	hourly
Customer Service Tech 2	\$19.32	\$23.51	hourly
Conservation Coor/ Customer Service Tech 1	\$18.31	\$22.28	hourly
Bookkeeper	\$24.41	\$29.70	hourly
General Manager	\$105,000		salaried

2. Payroll taxes and Benefits

- Employer Social Security is calculated at 6.2% of the salary up to \$110,100.
- Employer Medicare (FICA) is calculated at 1.45% of salary.
- State Unemployment Insurance is calculated at 5.5% of salary up to \$7,000.
- Workers Compensation insurance is calculated at the following rates per \$100.00 of wages:
 - 7520 - Waterworks Employees \$6.22
 - 8742 - Outside Employees \$0.65

- 8810 - Clerical \$0.63
- The rates noted above include a 110% EMOD to take into account the District's injury rate over the past several years. This is the same rate that was applied last year.
- Health, Dental and Vision insurance is calculated based on the last year's budget plus 10%
- Cal PERS has changed the basis for their calculations. They are requiring a fixed amount for unfunded account liabilities of 55,263 plus 8.003% of all regular wages for current year liabilities. New PERS employees (PEPRA) employee cost share is 6.23%. Per the MOU the District pays 3.115% of the employee share. Classic employee cost share is still 7%. Per the MOU the District pays 3.5% of this cost per the MOU. PES new payment calculation method has increased our rate from 19.6 to 20% overall.

3. Operations and Maintenance Expenses

The Operations and Maintenance budget is used to pay the day to day expenses of the District. Operation and Maintenance cost categories are reviewed individually to determine the most reasonably precise budget estimate. Where it is impractical to use this method, an inflation factor of 3% will be applied.

The significant changes in the budget from last year are noted below:

\$15,000 as deleted from **General Counsel Fees** due to the lack of litigation.

\$10,150 was deleted from **Auditors Fees** based on the bid approved by the Board of Directors.

\$4,500 was added to meetings and conference so the ACWA representative and General Manager may both attend the ACWA conferences and other meetings as needed.

\$10,000 was added to the Manager's contract due to contract negotiations.

\$44,311 was added to **Wages** based on MOU negotiated wages and annual cost of living allowance.

\$3,000 was deleted from **Extra Contract Help** due to the funding of full time positions.

\$7,300 was added to **Standby Pay** as negotiated in new MOU.

\$24,660 was added to **PERS retirement** as the employer's rate and wages have increased.

\$2,223 was added to the **Workers Compensation** budget due to increased wages.

\$8,000 was added to the **Group Health Insurance** in anticipation of the new rates that come in to effect in December of this year. This represents a 10% increase in current costs.

\$3,600 was removed from **Retirees Insurance** due to the end of 2 retirees' insurance benefits.

\$4,675 was added to payroll taxes due to increase in wages and taxing of Board member salaries.

\$1,400 was removed from **Office Utilities** based on actual costs.

The **Computer Systems** account includes Billing software maintenance \$5,000, Field Software Maintenance \$1,000, SEMS software maintenance \$2,500.00, QuickBooks Maintenance \$500, Scada maintenance \$5,000 additional maintenance programs are also required for website and pay point security programs \$2,500 and tech time to maintain our many computers and server for one year \$5,000.

\$3,000 was added to **Office Expense** due to a \$2,000 Other Post Employment Benefit Actuarial that is required for this year, \$1,000 for employee recognition and \$1,000 to replace 2 desks.

\$1,100 was added to **Printing** costs due to increases in supply costs.

\$3,500 **Conservation Community Outreach** has been increased. Due to the drought additional community outreach should be done to inform the community of the 36% reduction in water usage the District needs to achieve.

\$12,750 reduced in **Liability Insurance** due to loss runs adjustment.

\$650.00 added to **Property Insurance** coverage due to new tank coverage.

\$624.00 was added to **RWA** due to the 4 year power station exhibit funding.

\$1,800 was added to **SGA** based on their staff's estimate of increase in fees.

\$1,000 **Permits and Fees** were increased based on 3% inflation factor.

\$8,468 was removed from **Elections** as there are no elections this year.

\$8,000 was removed from **Uncollectable Accounts**. The backlog of prior year adjusting entries has been corrected.

\$1,400 was removed from **Field Communications** based on actual usage.

\$1,700 **Construction Equipment Maintenance** has been reduced as needed repairs were done last year.

\$7,600 decrease in **Physical and Chemical** Testing during the current fiscal year. This item varies from year to year.

\$3,838 was added for **Cross Connection Testing** outsourcing.

\$8,000 was added due to **Electricity and Fuel** based on 5% rate increase from SMUD and additional pumping facilities at reservoir.

\$30,000 was added to **Distribution Supplies** \$25,000 for hydrant replacements and painting and \$5,000 due to the increase in service line leaks and increased supply costs.

\$35,000 has been added to **Meter Maintenance** to replace meter lids. The meter replacement program has been funded through an AMI meter financing program.

\$3,500 was removed from **Tank Cleaning** as this is not needed this year.

\$17,801 has been removed from the **Sherrill Settlement** budget as this will be paid off this fiscal year.

SUMMARY OF OPERATING BUDGET RECOMMENDATIONS

Total Budgeted Income of \$2,399,510 is down \$37,340 due to a projected loss of usage revenues.

Total Budgeted Expenditures of is up \$24,375 due to the factors noted above.

The payments on our last lawsuit will be completed this fiscal year.

Projected ending Operating Account balance 6/30/16 is \$471,713.

4. **Surcharge Fund Activities:**

The Surcharge Fund is a Restricted Fund only to be used for the construction of our well project. The Surcharge Fund is a reserve that is only in place until the Department of Health Services loan is paid off. During the course of our audits of the prior years it has been determined that there is a substantial sum of money that was being used to operate the District instead of being put into the Surcharge Fund. There were also a few expenses that should have not been paid out of this Fund. It was determined \$165,714.00 is due to the Surcharge Fund from Operating Fund. The Surcharge fund was fully reimbursed in fiscal year 2014-15.

The District's surcharge fund construction projects have been completed and repayment of the loan principle will start this fiscal year.

The District has been collecting surcharge funds from the customers since 2009 because of this the District has the ability to prepay a portion of the loan principle. Staff recommends the District prepay \$1.5 million dollars of the principle that is being held in the Surcharge account. This will reduce the amount of interest the District pays on the loan in the future.

5. **Capital Improvement Fund**

Income: Staff recommends \$600,000 to be put into Capital Improvement Fund from the Operating Fund to complete Capital Projects. The proposed Capital projects and their justification are noted below;

INCOME				2014-2015	2015-2016	
				Final	Final	Difference
				Budget	Budget	
40000	OPERATING REVENUES					
	40100	Water Service Rates				
	40101	Basic Service Charge		\$1,637,000.00	\$1,686,110.00	\$49,110.00
	40102	Usage Charge		\$600,000.00	\$500,000.00	-\$100,000.00
	40105	Backflow Charge		\$25,000.00	\$25,000.00	\$0.00
		Total Water Service Rates		\$2,262,000.00	\$2,211,110.00	-\$50,890.00
	40200	Water Services				
	40201	Service App/New Location Fee		\$11,000.00	\$12,500.00	\$1,500.00
	40202	Late Payment Fee		\$19,000.00	\$19,000.00	\$0.00
	40203	Disconnect Tag Fee/NSF Fees		\$48,000.00	\$48,000.00	\$0.00
	40204	Termination/Reconnection		\$10,000.00	\$10,000.00	\$0.00
	40206	Fire Protection/Hydrant Meter		\$10,600.00	\$10,600.00	\$0.00
	40209	Other Account Service Charges		\$2,000.00	\$2,000.00	\$0.00
		Total Water Services		\$100,600.00	\$102,100.00	\$1,500.00
	40300	Field Water Service Fees				
	40301	Plan Check/Inspections/FireFlow		\$2,000.00	\$2,000.00	\$0.00
	40302	Service Install/Modification		\$1,000.00	\$10,000.00	\$9,000.00
	40303	Other Field Service Fees		\$750.00	\$1,000.00	\$250.00
		Total Field Water Service Fees		\$3,750.00	\$13,000.00	\$9,250.00
	40400	Other Operating Revenue		\$4,000.00	\$4,000.00	\$0.00
	TOTAL OPERATING REVENUES			\$2,370,350.00	\$2,330,210.00	-\$40,140.00
41000	NON-OPERATING REVENUES					
	41110	Interest Revenue		\$4,000.00	\$6,800.00	\$2,800.00
	41120	Property Taxes & Assessments		\$60,000.00	\$60,000.00	\$0.00
	41140	Other Non-Operating Revenue		\$2,500.00	\$2,500.00	\$0.00
	TOTAL NON-OPERATING REVENUES			\$66,500.00	\$69,300.00	\$2,800.00
	TOTAL INCOME			\$2,436,850.00	\$2,399,510.00	-\$37,340.00

EXPENSE					2014-2015		2015-2016		
					Final		Final		Difference
					Budget		Budget		
OPERATING EXPENDITURES									
60010	Officers Fees								
60011	General Counsel fees-Legal				\$90,000.00		\$75,000.00		-\$15,000.00
60012	Auditors Fees				\$22,050.00		\$11,900.00		-\$10,150.00
60014	Board Meeting Fees				\$14,000.00		\$14,000.00		\$0.00
60015	Meetings & Conferences				\$5,500.00		\$10,000.00		\$4,500.00
	Total Officers Fees				\$131,550.00		\$110,900.00		-\$20,650.00
WAGES AND BENEFITS									
60100	Salaries and Wages								
60111	General Manager Contract				\$95,000.00		\$105,000.00		\$10,000.00
60112	Staff Regular Wages				\$421,920.00		\$466,231.00		\$44,311.00
60113	Extra Contract Help				\$5,000.00		\$2,000.00		-\$3,000.00
60114	Staff Standby Pay				\$10,950.00		\$18,250.00		\$7,300.00
60115	Staff Overtime Pay				\$10,000.00		\$10,000.00		\$0.00
	Total Salaries and Wages				\$542,870.00		\$601,481.00		\$58,611.00
60150	Benefits and Expenses								
60151	PERS Retirement				\$95,490.00		\$120,150.00		\$24,660.00
60152	Workers Comp Premium				\$16,960.00		\$19,183.00		\$2,223.00
60153	Group Insurance				\$82,000.00		\$90,000.00		\$8,000.00
60154	Retirees Insurance				\$25,350.00		\$21,750.00		-\$3,600.00
60155	Staff Training				\$2,500.00		\$2,500.00		\$0.00
60156	Management Training				\$2,000.00		\$2,000.00		\$0.00
60157	Uniforms				\$5,000.00		\$4,500.00		-\$500.00
60158	Payroll Taxes				\$44,335.00		\$49,010.00		\$4,675.00
60159	Payroll Services				\$540.00		\$540.00		\$0.00
	Total Benefits and Expenses				\$274,175.00		\$309,633.00		\$35,458.00
	TOTAL WAGES AND BENEFITS				\$817,045.00		\$911,114.00		\$94,069.00
OFFICE OPERATIONS									
60205	Bank and Merchant Fees				\$16,500.00		\$16,500.00		\$0.00
60210	Building Expenses								

60211	Office Utilities		\$8,000.00	\$6,600.00	-\$1,400.00
60212	Janitorial		\$3,100.00	\$3,100.00	\$0.00
60213	Maintenance		\$8,300.00	\$7,500.00	-\$800.00
60214	Security		\$400.00	\$400.00	\$0.00
	Total Building Expenses		\$19,800.00	\$17,600.00	-\$2,200.00
60220	Computer and Equipment Maintenance				
60221	Computer Systems		\$16,500.00	\$21,500.00	\$5,000.00
60222	Office Equipment		\$5,000.00	\$4,500.00	-\$500.00
	Total Office Equipment Maintenance		\$21,500.00	\$26,000.00	\$4,500.00
60230	Office Expense		\$10,000.00	\$14,000.00	\$4,000.00
60240	Postage		\$19,000.00	\$19,000.00	\$0.00
60250	Printing		\$5,100.00	\$6,200.00	\$1,100.00
60260	Publishing		\$600.00	\$600.00	\$0.00
60270	Telephone & Internet		\$5,100.00	\$5,500.00	\$400.00
60400	Conservation				
60401	Community Outreach		\$3,500.00	\$7,000.00	\$3,500.00
60402	Contract Services	CUWCC	\$2,515.00	\$2,515.00	\$0.00
60403	Regional Conservation Program		\$4,579.00	\$4,579.00	\$0.00
60404	Toilet Replacement Program		\$1,000.00	\$1,000.00	\$0.00
60405	Washing Machine Rebates		\$300.00	\$300.00	\$0.00
	Total Conservation		\$11,894.00	\$15,394.00	\$3,500.00
60420	Engineering Services		\$40,000.00	\$40,000.00	\$0.00
60430	Insurance				
60431	General Liability		\$42,750.00	\$30,000.00	-\$12,750.00
60432	Property		\$4,850.00	\$5,500.00	\$650.00
	Total Insurance		\$47,600.00	\$35,500.00	-\$12,100.00
60500	Water Memberships				
60501	SAWWA		\$325.00	\$325.00	\$0.00
60502	Regional Water Authority		\$7,122.00	\$7,746.00	\$624.00
60503	SGA		\$18,700.00	\$20,500.00	\$1,800.00
60504	ACWA		\$7,910.00	\$7,910.00	\$0.00
60505	CSDA		\$5,300.00	\$5,300.00	\$0.00
60506	AWWA		\$98.00	\$98.00	\$0.00
60507	CRWA		\$1,030.00	\$1,030.00	\$0.00
	Total Memberships		\$40,485.00	\$42,909.00	\$2,424.00

60550	Permits and Fees	\$29,000.00	\$30,000.00	\$1,000.00
60555	Subscriptions & Licensing	\$2,120.00	\$2,120.00	\$0.00
60560	Elections	\$8,468.00	\$0.00	-\$8,468.00
60565	Uncollectable Accounts	\$10,000.00	\$2,000.00	-\$8,000.00
60570	Other Operating Expenditures	\$2,000.00	\$2,000.00	\$0.00
Total Office Operations Expense		\$289,167.00	\$275,323.00	-\$13,844.00
FIELD OPERATIONS				
65005	Backflow Testing	\$14,500.00	\$20,000.00	\$5,500.00
65010	Chemicals and Supplies	\$15,000.00	\$15,000.00	\$0.00
65015	Construction Equipment Maintenance	\$5,700.00	\$4,000.00	-\$1,700.00
65020	Field Communication	\$4,700.00	\$3,300.00	-\$1,400.00
65025	Laboratory Services			
65026	Coliform Test and non-customer	\$4,000.00	\$4,000.00	\$0.00
65027	Physical and Chemical Tests	\$23,100.00	\$15,500.00	-\$7,600.00
65028	Lab Supplies	\$1,000.00	\$1,000.00	\$0.00
	Total Laboratory Services	\$28,100.00	\$20,500.00	-\$7,600.00
65030	Pumping			
65031	Maintenance	\$20,000.00	\$20,000.00	\$0.00
65032	Electricity and Fuel	\$179,000.00	\$187,000.00	\$8,000.00
	Total Pumping	\$199,000.00	\$207,000.00	\$8,000.00
65040	Safety Equipment	\$2,000.00	\$2,000.00	\$0.00
65045	Shop Supplies	\$4,500.00	\$5,000.00	\$500.00
66000	Transmission & Distribution			
66001	Distribution Supplies	\$17,000.00	\$47,000.00	\$30,000.00
66002	Meter Maintenance	\$115,000.00	\$150,000.00	\$35,000.00
66003	Tank Cleaning	\$3,500.00	\$0.00	-\$3,500.00
66004	Contract Repairs	\$15,000.00	\$15,000.00	\$0.00
	Total Transmission & Distribution	\$150,500.00	\$212,000.00	\$61,500.00
67000	Transportation			
67001	Fuel	\$15,500.00	\$15,500.00	\$0.00
67002	Maintenance	\$6,000.00	\$4,000.00	-\$2,000.00
	Total Transportation	\$21,500.00	\$21,500.00	\$0.00

				\$445,500.00		\$510,300.00		\$64,800.00
	Total Field Operations							
TOTAL OPERATING EXPENDITURES				\$1,683,262.00		\$1,807,637.00		\$124,375.00
	NON OPERATING EXPENDITURES							
	21610	Sherrill Settlement		\$35,601.00		\$17,800.16		-\$17,800.84
	69100	Revenue Bond 2003						
	69110	Interest		\$140,088.00		\$0.00		-\$140,088.00
	69120	Administration		\$1,870.00		\$0.00		-\$1,870.00
	21620	Revenue Bond 2003-Principle		\$100,000.00		\$0.00		-\$100,000.00
		Total Debt Service		\$241,958.00		\$0.00		-\$241,958.00
		Revenue Bond 2015						
		Interest				\$78,803.21		\$78,803.21
		Revenue Bond 2015-Principle				\$210,000.00		\$210,000.00
		Total Debt Service				\$288,803.21		\$288,803.21
	61140	Other Non Operating Expense		\$5,000.00		\$5,000.00		\$0.00
		To repay surcharge account		\$34,125.75		\$0.00		-\$34,125.75
		Contingencies		\$0.00		\$0.00		\$0.00
TOTAL NON OPERATING EXPENDITURES				\$316,684.75		\$311,603.37		-\$5,081.38
TOTAL EXPENDITURES				\$1,999,946.75		\$2,119,240.37		\$119,293.62
Net Income (Income - Expense)				\$436,903.25		\$280,269.63		-\$156,633.62
6/30/15 OPERATING FUND BALANCE				\$767,793.00				
5/31/15 Operating Fund Balance						\$750,010.00		\$750,010.00
To Capital Reserve Fund				-\$500,000.00		-\$600,000.00		-\$100,000.00
Operating Reserve				-\$250,000.00		\$0.00		\$250,000.00
6/30/2016 Projected Ending Fund Balance				\$454,696.25		\$430,279.63		-\$24,416.62

SURCHARGE ACCOUNT							
6/30/2014	Surcharge Account Balance			\$1,132,657.00			
5/31/2015	Surcharge Account Balance				\$1,660,645.00		
	43010	Income		\$503,424.00	\$522,000.00		\$18,576.00
	69210	SRF Interest		-\$120,000.00	-\$200,000.00		-\$80,000.00
	25000	SRF Principle		-\$50,000.00	-\$1,500,000.00		-\$1,450,000.00
	69220	SRF Administration		-\$180.00	-\$180.00		\$0.00
		final jjm payment			-\$153,798.00		-\$153,798.00
		amt due from state			\$254,717.00		\$254,717.00
6/30/2015	Projected Ending fund balance			\$1,465,901.00			
6/30/2016	Projected Ending fund balance				\$583,384.00		
Surcharge 2009-03 Capital program							
CAPITAL RESERVE ACCOUNT							
4/30/2014	ADD: Capital Reserve Account Balance			\$208,966.00			
5/31/2015	ADD: Capital Reserve Account Balance				\$1,270,800.00		
	ADD: Income from Operating Account			\$500,000.00	\$600,000.00		\$100,000.00
	ADD: Income from cell tower leases			\$1,000,000.00	\$0.00		-\$1,000,000.00
	SUBTRACT: Capital Expenditures			-\$952,600.00	\$587,400.00		-\$1,540,000.00
	ADD: Capacity Fees			\$0.00	\$44,000.00		\$44,000.00
6/30/2015	Projected Ending fund balance			\$756,366.00			
6/30/2016	Projected Ending fund balance				\$2,502,200.00		

TECHNICAL MEMORANDUM

To: Mary Henrici, General Manager
From: Jim Carson, District Engineer
Subject: 2014/15 Capital Budget Descriptions
Date: June 18, 2015

This Technical Memorandum (TM) provides the revised budget descriptions for the proposed 2015/16 Rio Linda / Elverta Water District's (District) Capital Budget. The following are a list of the budget items along with their descriptions:

Water Supply

A-1 2015 Urban Water Management Plan - \$40,000

This budget item is for the 2015 Urban Water Management Plan that is required to be completed every five years. The completion of this plan enables the District to be eligible for grant funding.

A-2 L Street – Storm Drain Construction – \$50,000

This budget item is for the construction of 230-ft of 12” storm drain. The need for the storm drain extension is described in Budget Item A-2. The storm drain extension is needed in order to properly deliver water from the L Street plant to Sacramento County’s main storm drain line at the adjacent park. Without the storm drain extension, during a reservoir overflow event, the onsite storm drain will overflow into L Street.

A-3 Sacramento Regional Water Treatment Plant Participation (2014/15 Carry Over) – \$15,000

This budget item is for the cost to participate in the Sacramento Regional Water Treatment Plant Project that was Board Approved in 2014. The report is being worked on by West Yost and associates and will be completed by the end of June, 2015.

A-4 El Dorado County Water and Power Water Supply MOU (2014/15 Carry Over) - \$25,000

This budget item is for the cost agreed to in the Memorandum of Understanding (MOU) between El Dorado Water and Power (EDWAPA) and the District. The Board approved the \$25,000 in 2014. The purpose of the MOU is for the District and EDWAPA to work together to put EDWAPA’s surface water right to use by the District until EDWAPA has a need for them. The project is being administrated by El Dorado County Water and Power. No start date for the project has been given.

A-5 Well 10 – Replace Electric Service, Panel & Remove Hydropneumatic Tank – \$100,000

This budget item is to remove Well 10's unstamped hydro tank. With the removal of the hydro tank, a new electrical panel is required to be installed with a variable frequency drive to prevent pressure surges in the water system. Because future hexavalent chromium treatment is planned for the well site, the electrical service will also be upgraded to allow for this additional electrical load.

A-6 Miscellaneous Pump Replacements – \$20,000

This budget item is for the replacement or upgrade of any well pump and/or motor that has failed throughout the budgeted year.

Water Distribution

B-1 Adele Court Pipeline (2014/15 Carryover) – \$20,000

This budget item is a carryover item from the 2014/15 Capital Budget and is to replace the existing 2-inch water line to stabilize pressure to customers in Adele Court. The project was originally planned to be installed using District Staff. Based on the limited equipment District Staff has, the project is now being re-budgeted for 2015/16 and bid out to local contractors to install.

B-2 Remove Elkhorn Zone Break - \$5,000

This budget item is to remove the zone break in Elkhorn Blvd. This zone break is no longer needed with the installation of Well 15. The removal of the zone break valve will eliminate a restriction in the distribution system.

B-3 Install 100 feet of 8" DIP in Paladin Way – \$20,000

This budget item will close a loop in Paladin Way eliminating two dead ends and providing better water quality and circulation to customers on this water line.

B-4 Install 200 feet of DIP on 5th/Montague, Obtain Easement - \$30,000

This budget item will close a loop on 5th/Montague eliminating two dead ends and providing better water quality and circulation to customers on this water line.

B-5 System Valve Replacements – \$10,000

This budget item is to replace broken water system valves. These broken valves are being identified from the District's valve exercising program.

B-6 Paving Replacements – \$25,000

This budget item is to pave sections of streets where the existing street paving has been cut into due to water service repairs or replacements.

Potential Projects Funded by Others

These projects are planned and will only be started once outside funding has been secured.

FO-1 Elverta Specific Plan – Water Supply and Planning– \$130,000

This budget item is for the water supply planning required the Elverta Specific Plan Development. This budget item is funded by the Elverta Specific Plan Development per a funding agreement between the District and the landowners.

FO-2 IRWMP – Two Replacement Wells for Wells 4, 6, 8A, and 11 - \$2,650,000

This budget item is to drill two replacement wells using grant funding through the Regional Water Authority’s (RWA) Integrated Regional Water Management Plan (IRWMP). The two wells are planned to be drilled in locations that do not need treatment to replace the capacity of Wells 4, 6, 8A and 11 that exceed the maximum contaminant level for hexavalent chromium.

FO-3 IRWMP – Hexavalent Chromium Treatment for Wells 2A and 10 - \$2,950,000

This budget item is to add hexavalent chromium treatment to Wells 2A and 10 using grant funding through RWA’s IRWMP. These two wells exceed the MCL for hexavalent chromium.

FO-4 IRWMP – Equip Well 14, Res., Boosters, & Arsenic Treatment - \$7,000,000

This budget item is to equip Well 14 with arsenic treatment along with a 2 MG reservoir and Booster Station using grand funding through RWA’s IRWMP. The additional water supply from this water supply improvement will help offset water supply lost with wells that are exceeding the MCL for hexavalent chromium.

FO-5 IRWMP – SSWD Interconnection Automation - \$60,000

This budget item is to automate the existing interconnection the District has with Sacramento Suburban Water District using grant funding through RWA’s IRWMP. The automation will enable the District to remotely control the operation of the interconnection and monitor water that is moving between both water purveyors as part of a regional water supply plan.

FO-6 IRWMP – Well 15A Blending Well, Res. & Booster Station - \$4,500,000

This budget item is to drill a new blending well (15A) that will mix with water from Well 15 to reduce the overall level of hexavalent chromium in the combined well water. A new reservoir will be used to blend the water before it is boosted into the water system. The project is planned to be funded through RWA’s IRWMP.

Miscellaneous

M-1 Service Replacements – \$15,000

This budget item is for the replacement of leaking water services that cannot be repaired.

M-2 Large Meter Replacements – \$5,000

This budget item is to replace large water meters that are under reporting their water usage do to age.

M-3 1 Ton Truck Replacement - \$50,000

This budget item is to replace the 1 ton truck that has exceeded its economic life.

M-4 Light Trailer – \$7,000

This budget item is for a new light trailer.

M-5 Wacker – \$3,500

This budget item is for a new wacker that will be used to provide soil compaction for backfilling of utility trenches.

M-6 Pipe Locator – \$3,500

This budget item is for a new pipe locator.

M-7 Ditch Witch Vacuum Trailer – \$60,000

This budget item is for a ditch witch vacuum trailer that is used to suck water out of a utility trench during a main or service line repair.

M-8 District Office Design and Permitting – \$30,000

This budget item is to complete plans and specifications for a new District Office that will be planned to be built in the 2016/17 capital budget year. The existing office is not large enough for District operations and would require extensive upgrades to meet current code requirements.

Contingency

C-1 Contingency (Non SRF) – \$53,400

This budget item accounts for the cost of unbudgeted projects that are not planned for in the capital budget. The budgeted cost is based on 10% of the total Capital Budget less projects funded by others.

**Rio Linda Elverta Community Water District
2015-16 Capital Budget**

Budget Item	Budget Description	Budgeted Cost (\$)
Water Supply		
A-1	2015 Urban Water Management Plan	40,000
A-2	L Street - Storm Drain	50,000
A-3	Sacramento Regional Water Treatment Plant Participation (2014/15 Carryover)	15,000
A-4	Eldorado Water and Power Agreement (2014/15 Carryover)	25,000
A-5	Well 10 - Replace Elect Service, Panel & Remove Hydro Tank	100,000
A-6	Misc Pump Replacements	20,000
Total Water Supply		\$ 250,000
Water Distribution		
B-1	Adele Court Pipeline (2014/15 Carryover)	20,000
B-2	Remove Elkhorn Zone Break	5,000
B-3	Install 100 feet of 8" DI in Paladin Way	20,000
B-4	Install 200 ft of 8" DI in 5th/Montague, Obtain Easement	30,000
B-5	System Valve Replacements	10,000
B-6	Paving Replacement	25,000
Total Distribution		\$ 110,000
Potential Projects Funded by Others		
FO-1	ESP Development - Water Supply and Planning	130,000
FO-2	IRWMP - Two Replacement Wells for Wells 4, 6, 8A, & 11	2,650,000
FO-3	IRWMP - Hexavalent Chromium Treatment for Wells 2A and 10	2,950,000
FO-4	IRWMP - Equip Well 14, Reservoir, Boosters & Arsenic Treatment	7,000,000
FO-5	IRWMP - SSWD Interconnection Automation	60,000
FO-6	IRWMP - Well 15A Blending Well, Reservoir and Booster Station	4,500,000
Total New Business		\$ 17,290,000

**Rio Linda Elverta Community Water District
2015-16 Capital Budget**

Miscellaneous		
M-1	Service Replacements	15,000
M-2	Large Meter Replacement	5,000
M-3	1 Ton Truck Replacement	50,000
M-4	Light Trailer	7,000
M-5	Wacker	3,500
M-6	Pipe Locator	3,500
M-7	Ditch Witch Vac Trailer	60,000
M-8	District Office Design and Permitting	30,000
Total Miscellaneous		\$ 174,000
Contingency		
C-1	Contingency (10 Percent of District Funded Projects less New Business)	53,400
Total Contingency		\$ 53,400
Total Capital Budget (Including Funded by Others)		\$ 17,877,400
Total Funded by District		\$ 587,400