

2025-26 FISCAL YEAR BUDGET

Annual Publication of East Valley Water District | Highland, California

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James Morales, Jr. Chairman of the Board

Ronald L. Coats Vice Chairman Chris Carrillo Governing Board Member

Phillip R. Goodrich Governing Board Member David E. Smith Governing Board Member

Michael Moore, P.E. General Manager/CEO 31111 Greenspot Road Highland, CA 92346

(909) 889-9501 eastvalleywater.gov

June 25, 2025

Honorable Chairman, Governing Board, District Ratepayers and Community Members:

I am pleased to present the Fiscal Year (FY) 2025-26 Annual Budget for East Valley Water District (District). This budget reflects a conservative and disciplined approach, aligning with the District's long-term strategic priorities while responding to emerging operational and financial challenges.

Review of the Past Year

Over the past year, the District experienced a return to normalized water sales, providing greater predictability in revenue and planning. Last year marked the first full year of operations at the Sterling Natural Resource Center (SNRC), allowing us to begin stabilizing operating costs following commissioning. The District also advanced the new SNRC biogas energy process and identified the need for expanding the filters to ensure capacity keeps pace with long-term demand. These unplanned capital investments are possible because of the strong financial planning of the District.

Outlook for the Year Ahead

This year's budget is shaped by both opportunity and caution. We remain midway through a three-year rate adjustment plan that supports reinvestment in aging infrastructure and system reliability. Key initiatives for FY 2025-26 include creating a pipeline construction crew to reduce reliance on outside contractors, strengthening water supply resiliency through upgrades at our surface water treatment Plant 134, and evaluating the long-term revenue needs of the SNRC.

While the budget reflects increased capital investment consistent with the District's Strategic Plan, we must also account for external headwinds. Uncertainties in future tariff structures and ongoing supply chain challenges may increase the cost of materials, supplies, and outside contractors. The District is developing a plan to mitigate the impacts to operations and capital improvements. Additionally, the cost of financing remains relatively high, and the District may delay issuing debt to fund future capital improvements.

Conclusion

The District enters this fiscal year with a balanced budget and a strong financial position, even after closing the large financial investment in the SNRC construction project. We will continue to monitor the impact of inflation on operating expenses and adjust as needed to maintain long-term financial sustainability.



This budget reflects a period of stabilization, as we shift from growth to reinvestment—focusing on replacing aging infrastructure, enhancing water resiliency, and delivering on the community-focused priorities set forth in the Board's Strategic Plan.



Yours in Service,

Michael Moore, P.E. General Manager/CEO

DISTRICT MANAGEMENT

Brian Tompkins Chief Financial Officer

Jeff Noelte Director of Engineering & Operations

Justine Hendricksen District Clerk Kerrie Bryan Director of Administrative Services

Manny Moreno Water Reclamation Manager

Patrick Milroy Operations Manager Ryan Ritualo IT Manager

William Ringland Public Affairs/Conservation Manager

Resolution 2025.03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST VALLEY WATER DISTRICT APPROVING THE OPERATING AND CAPITAL BUDGETS FOR FY 2025-26

WHEREAS, East Valley Water District ("District") is a county water district organized and operating pursuant to California Water Code Section 30000 et seq.; and

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for FY 2025-26, hereinafter referred to as the "Budget;" and

WHEREAS, the Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for the forthcoming fiscal year; and

WHEREAS, the Budget establishes the basis for incurring liability and making expenditures on behalf of the District; and

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

Section 1. The Budget, and each and every part thereof, is hereby approved and adopted for the FY 2025-26; and

Section 2. The provisions of this Resolution shall take effect on July 1, 2025.

ADOPTED this 25th day of June 2025.

Ayes: Directors: Carrillo, Coats, Goodrich, Morales, Smith Noes: None Abstain: None Absent: None

ATTEST:

Michael Moore, P.E. Secretary, Board of Directors

June 25, 2025

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2025.03 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held June 25, 2025.

Michael Moore, P.É. Secretary, Board of Directors

James Morales, Jr. Board President



EXPERT SERVICE

The combination of elected representatives and utility professionals working together, provides the customers of East Valley Water District with efficient and reliable water and sewer operations.

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MICHAEL MOORE | GENERAL MANAGER/CEO

FY 2025-26 INTRODUCTION

The financial plan serves as a policy document, operations guide for programs, and as a means of transparent communication.



Introduction Contents

- Budget Guide
- Statistical/Supplemental Information
- District Vision
- District Pillars & Strategies
- Organizational Structure
- 5-Year Work Plan
- Industry Benchmarks

Budget Guide

The budget document is **East Valley Water District's** (District) annual financial plan prepared by District staff and approved by the Governing Board. The financial plan serves as a policy document, operations guide for programs, and as a means of transparent communication. The intended audiences of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.





Budget Document Sections

East Valley Water District's FY 2025-26 Operating and Capital Budgets provide customers, ratepayers, and members of the community with detailed information about the District's programs and operations.

The goal of the budget document is to provide transparency to the community regarding the services, programs, and operations of the District. The budget document consists of seven sections, including:

INTRODUCTION

This section includes the Budget Guide on how to read the budget, Statistical/Supplemental Information, Organizational Structure, and District Vision.

2 FINANCIAL SUMMARY

This section presents an in-depth Districtwide overview of the FY 2025-26 Budget, including methodology and principles to provide guidelines for the formation and consideration of the comprehensive annual budget.

8 WATER, WASTEWATER, AND RECLAMATION FUNDS

Financial projections, assumptions and considerations for revenue, expenses, and operations are included in this section.

4 CONSOLIDATED FINANCIAL SCHEDULES

This section is a comprehensive summary of the District's Budget presented for the organization as a whole and for each of the District Funds.

The budget represents actions needed to implement the District's short-term and long-term goals and objectives.

6 CONSOLIDATED FINANCIAL SCHEDULES

This section provides comprehensive information for each functional program within the District including their operational budget. Descriptions include highlights of accomplishments, key goals and objectives, and Operating Budget for the specific Program.

The FY 2025-26 Budget is organized into the following summary programs:

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services

- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

Department Name	Accomplishments Program Budget Detai
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Each program section includes:

- **Program Personnel:** Explanation of authorized personnel allocated to each program including an organization chart.
- **Program Structure:** Organization chart displaying the reporting for program personnel since supervisors may be allocated to different program funding.
- Function: A basic description of the responsibilities of each program.
- Goals & Objectives: Articulates the expectations for FY 2025-26 through specific goals and objectives.
- Accomplishments: Highlights and milestones from FY 2024-25.
- **Significant Changes:** Clarification of funding request differences compared to the previous year.
- Levels of Service: Key Performance Indicators to measure program operations and achievement of the District's Goals and Objectives.
- Key Performance Indicators: These tables present measures that help the District define and evaluate a program's performance.
- **Program Budget Detail:** A detailed breakdown of the program expenditures by category or line item.

Goals that directly support the District's 5-Year Work Plan are noted in the various Program Summaries with the use of this icon.

6 CAPITAL BUDGET

This section presents the Capital Outlay expenditures and Capital Improvement Projects (CIP) for the FY 2025-26 Budget.

GLOSSARY

This section provides definitions for general terms, acronyms, and the Chart of Accounts used throughout the budget document.

Budget Financial Information

The District operates on a fiscal year, or budget time period, that begins on July 1 and ends June 30. The columns typically presented are:

FY 2023-24	FY 2024-25	FY 2024-25	FY 2025-26	Amount	% Changed
Actual	Budget	Projected	Budget	Changed	% Changed

FY 2023-24 ACTUAL

Actual financial information for FY 2023-24 as reported in the Annual Comprehensive Financial Report. The actual financial information is reported in the budget document on a budgetary basis.

FY 2024-25 BUDGET

The FY 2024-25 Budget was adopted by the Governing Board on June 26, 2024 and may also include any adjustments approved by the Governing Board at the Mid-Year Budget Review.

FY 2024-25 PROJECTED

The FY 2024-25 Projected column reflects the adopted budget in addition to any amendments approved by the Governing Board during the fiscal year. This budget is prepared before the completion of the current year budget. The FY 2024-25 Projected column is also adjusted to reflect management's estimate of what revenues and expenditures will be at the end of the fiscal year.

FY 2025-26 BUDGET

This column initially reflects the FY 2025-26 "Proposed" Budget submitted by the General Manager/CEO. After the Governing Board reviews and approves the FY 2025-26 Budget, the information in the FY 2025-26 column changes, if necessary, to reflect the Governing Board's actions.

AMOUNT CHANGED AND % CHANGE

These columns provide the amount changed/percent change from the previous year's budget to the newly adopted budget.

Budget Awards

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers (CSMFO) presented the Excellence Award to the District for its annual budget for the fiscal year beginning July 1, 2024. In order to receive these awards, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

These awards are valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA and CSMFO to determine its eligibility for another award.





Award and recognition of the District's annual budget is a testament to the organization's dedication to fiscal excellence. It boosts internal and external confidence while setting a foundation for sustainable financial health.

Statistical/Supplemental Information

The District provides water and wastewater services to residents within its 30 square mile area. This includes over 108,000 people within the cities of Highland and San Bernardino, portions of the unincorporated County of San Bernardino, the Yuhaaviatam of San Manuel Nation, and Patton State Hospital.

District Boundary Map



Government

The District is a California Special District established in 1954. The District has a five-member Governing Board elected by voters at-large to staggered four-year terms. The Governing Board represents the public's interest as policy makers with regards to rate for service, policies, ordinances, and budget adoption.



James Morales, Jr. Chairman of the Board



Ronald L. Coats Vice Chairman of the Board



Chris Carrillo Governing Board Member



Phillip R. Goodrich Governing Board Member



David E. Smith Governing Board Member

Appointed by the Governing Board, the General Manager/CEO is responsible for overseeing daily operations and managing staff resources. The District is a rate-based organization that receives no tax-related revenue and operates in accordance with Division 12 of the California Water Code.

The District's service area includes the City of Highland, Yuhaaviatam of San Manuel Nation, Patton State Hospital, and portions of both the City and County of San Bernardino. Additionally, the District is within the sphere of influence of the Inland Valley Development Authority, which oversees the reuse of the former Norton Air Force Base.

Water Sources

The District has two sources of water: surface water and groundwater from the Bunker Hill Groundwater Basin. Water from the basin is drawn from a natural underground storage area made up of soil, sand, and gravel using a series of 12 wells that pump water deep below the surface.

Surface water is filtered and treated at the District's water treatment plant. Surface water can be sourced from either the Santa Ana River (SAR) or Northern California. The Santa Ana River starts with natural springs and snow melt high in the San Bernardino Mountains.

A portion of the District's water is imported from Northern California through the State Water Project. The District has access to this water through San Bernardino Valley Municipal Water District (San Bernardino Valley) with its use and availability varying year-to-year.

Wastewater Collection and Treatment

The District is responsible for the collection and treatment of wastewater within the service area, including monitoring and maintaining 230 miles of sewer main that are part of the infrastructure.

Wastewater flows are treated at the District's SNRC facility located in the city of Highland. The facility became fully operational in January 2024 and treats up to eight million gallons of wastewater daily for recharge into the local Bunker Hill Basin. The SNRC provides drought-proof recycled water supply and allows hundreds of millions of gallons of water to be stored for use in dry years for beneficial reuse higher in the Santa Ana River watershed.

Population Growth

Population growth projections vary within the District's service area due to a number of proposed developments with unspecified timing for completion. There are a number of developments currently under construction and planned for the future within the District's service area including:

- Construction and development of a new shopping center that includes fast food restaurants and a retailer.
- New residential development on the east-end of service area.
- Logistic warehouse in the airport area.



Groundwater

Surface Water

(Imported State Water

(Bunker Hill Basin)

Average Household Income *Income information retrieved from census.gov.

Climate

The climate in the cities of Highland and San Bernardino vary throughout the year, but overall is considered arid. On average, there are 283 days of sunshine per year. Temperatures average a daily high of 94 degrees in the summer and a daily low of 42 degrees during the winter. This area typically averages 13 inches of precipitation annually, mostly during the months of January through March.

Education

Residents within the District's service area have access to award winning K-12 schools through the Redlands Unified School District (RUSD) and San Bernardino City Unified School District (SBCUSD). Higher education institutions located near the District's service area include: California State University, San Bernardino; California Baptist University; Loma Linda University; University of California at Riverside; and University of Redlands. Community colleges within the region include: Crafton Hills College; Riverside City College; and San Bernardino Valley College.

Hospital and Medical Facilities

Hospital and medical facilities located in or near the District service area include Arrowhead Regional Medical Center, Loma Linda University Medical Center, Kaiser Foundation Hospital, Redlands Community Hospital, Community Hospital of San Bernardino, J. Pettis Veteran's Administration Hospital, and St. Bernardine Medical Center. Additionally, there are a number of urgent care and outpatient facilities located throughout the region.

Transportation

Public transportation is available within the District service area through OmniTrans. With a variety of routes, OmniTrans provides busing services throughout the San Bernardino Valley, including cities of Highland and San Bernardino. Community members have access to the Metrolink commuter rail service, which provides long distance transportation to commuters from the San Bernardino area to major centers of employment including Los Angeles and Orange County. Interstate 210 and both State Route 18 and 330 traverse through the District's boundaries. These roadways provide access to major transportation corridors including Interstates 215, 15, and 10; and State Routes 18, 38, 60, and 91.

Public Safety

The District serves members of the community within the cities of Highland and San Bernardino, unincorporated County of San Bernardino and Yuhaaviatam of San Manuel Nation. Within these communities, law enforcement is provided by the San Bernardino County Sheriff's Department, City of San Bernardino Police Department, and San Manuel Department of Public Safety. Fire protection services are provided by the California Department of Forestry and Fire Protection (CalFire), San Bernardino County Fire Department, and the San Manuel Fire Department.

Major Employers

Major employment industries within the cities of Highland and San Bernardino include education, mental health services, public administration, health care, public safety, casinos, transportation, and construction.

Strategic Planning Workflow

The District has set out to be an exceptional organization, with a focus not only on providing safe and reliable drinking water but enhancing and preserving the quality of life for our community. Through a series of planning measures, the Governing Board, staff, and the community have developed a District Vision that empowers the organization to be innovative, efficient, and effective.

A 5-Year Work Plan has been developed with an emphasis on the elements needed to clearly look to the future and account for daily operations of the District. This effort is designed to consider general policy direction and highlight priority projects that allow for the consideration of specific tasks necessary for implementation.

The District now has a series of measurable guiding elements that have established varying degrees of direction for operational and planning decisions. The strategic planning workflow includes: the guiding principles, bridge measures, and performance measures.

By setting clear expectations, all staff members are encouraged to be active participants in operations while looking for opportunities to make a positive impact on the community.



District Vision

East Valley Water District aspires to be a BEACON OF EXCELLENCE AND INNOVATION within the water industry.

Through visionary leadership, we strive for a **SUSTAINABLE, TRANSPARENT, AND ACCOUNTABLE FUTURE.**

Core Values

LEADERSHIP

Inspiring people to improve our community and advance water resources.

PARTNERSHIP

Developing relationships through collaboration and shared responsibility.

STEWARDSHIP

Protecting our community's resources, now and in the future.

District Pillars & Strategies

	EFFECTIVE SOLUTIONS	Identify Opportunities to Optimize Natural Resources	Encoura Perform Based F through Empow	ance Results I Staff	Capab Throug Profes	gh Ongoing	Tech	e Current nology and it in Future ions
	SUSTAINABILIT TRANSPARENC ACCOUNTABIL	Y, AND and Acc	Transpare countable nd Resource ement	ce Fo	anage Iergy ootprint an onsumptic	L Fundu	ial icial ng	Develop a Resilient Local Water Supply
	ORGANIZATION RESILIENCY	Advance Emergency Preparedne Efforts	ess C	romote Positive Organizatio Culture	nal (Provide Exceptional Customer Service	Env Acti	orace an ironment of ve Learning and wledge Sharing
	PLANNING, MAINTENANCE AND PRESERVA OF DISTRICT RESOURCES	•	rams to afe, and	Dedicate Toward Mainten Moderni	System ance and	Utilize a Comprehe Asset Managem Approach		Enhance Planning Efforts that Respond to Future Demands
	COMMUNITY ENGAGEMENT, ADVOCACY, AN LEADERSHIP	Eventional	ation Foster	Cultivat Strengt Collabo Partner within t Water II	hen orative ships	Enhance Legislative Advocacy Promote W Security ar Sustainabi	to /ater nd	Provide Education Programming that Empowers the Community
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The budget reflects the commitment of allocating resources to meet the needs of District stakeholders.

District Spotlight

A glance at the District's operational highlights for FY 2024-25 is shown below. This summary includes key metrics to understand the overall effort required to maintain the water and wastewater infrastructure over a 12-month period.



ESTABLISHING PRIORITIES

The budget reflects a commitment to aligning resources with identified priorities to ensure the greatest impact.

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MICHAEL MOORE | GENERAL MANAGER/CEO



* All positions are full-time unless noted otherwise as part time (PT).

Program Structure

The District has built an exceptional team of individuals committed to the District Vision and Core Values. The Organizational Chart reflects the current 79 authorized positions in relation to the chain of command structure. It is important to note that the District fosters a collaborative work environment which encourages communication and cooperation between different programs. A more detailed look at staffing can be viewed within each individual Program.

The District currently has 18 programs, which are overseen by various members of the Executive Management Team. This chart reflects the organizational structure based on Program oversight.



Program Level Operational Responsibilities Overview

Ratepayers/ Community	***	The individuals, businesses and stakeholders receiving services from the District.
Governing Board		The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office.
DISTRICT CLERK		
General Administration		General Administration is responsible for ensuring the District's business and daily operations activities are performed following Federal, State, and Governing Board approved policies. The General Manager/CEO provides daily oversight for interagency relations for advancing the District's initiatives.

DIRECTOR OF ADMINISTRATIVE SERVICES

Human Resources & Risk Management

Human Resources & Risk Management is responsible for administering programs to attract and retain a diverse and qualified workforce. This Program also oversees the District safety program to ensure staff maintain a safe work environment. Additionally, this Program is responsible for managing the District's Emergency Preparedness, Risk Management, and Pathway programs.

PUBLIC AFFAIRS/CONSERVATION MANAGER

Public Affairs		Public Affairs oversees internal and external communication programs consistent with the District's Vision and guiding principles. Through community and media relations, the Program provides effective and strategic communications to various stakeholders. The Program is also responsible for grant writing and facility rental programs.
Conservation		Conservation is responsible for overseeing programs that facilitate and encourage sustainable water use throughout the District. Additionally, this Program is responsible for communicating conservation benchmarks to various regulatory agencies, tracking and monitoring legislative affairs and advocating on behalf of the District's legislative platform.
CHIEF FINANCIAL OF	FICER	
Finance & Accounting		Finance & Accounting oversees the business operations of the District in order to provide accountability and adequate control over the use of District funds.
Information Technology		Information Technology oversees the District's technology infrastructure to support essential business and operational functions. The functions utilize industry specific software programs required to meet agency needs. This Program also implements routine cybersecurity training campaigns and proactively schedules hardware replacements.
Customer Service	\mathbf{O}	Customer Service provides the community with prompt, courteous, and exceptional customer relations.
DIRECTOR OF ENGIN	EERING &	OPERATIONS
Engineering		Engineering Program responsibilities include infrastructure planning, maintaining a safe and reliable water supply, and ensuring compliance with Federal and State regulations. This Program oversees water, wastewater, and water reclamation capital projects.
Water Reclamation		The Water Reclamation Program is responsible for treating and disinfecting up to eight million gallons of wastewater per day (MGD). Reclamation of wastewater generated by District customers also convert solid waste to electricity.

OPERATIONS MANAGER

Meter Services	The Meter Services program maintains a network of approximately 23,000 Advanced Metering Infrastructure (AMI) meters. The Program conducts routine maintenance, testing and replacement of meters to ensure billing is accurate.
Water Production	Water Production is responsible for the daily monitoring and operations of the entire water production system to ensure preventative maintenance of all pumps, motors, wells, boosters, reservoirs, pressure regulating valves (PRVs), hydro-pneumatic plants, and the Supervisory Control and Data Acquisition (SCADA) system.
Water Treatment	Water Treatment is responsible for management of three different sources of supply used by the District. The Program is responsible for the operation of Plant 134, a Surface Water Treatment Plant, and two unique groundwater treatment facilities at Plant 28 and Plant 39.
Water Quality	Water Quality is responsible for ensuring District compliance with State and Federal Drinking Water Regulations. This program manages backflow prevention, water sampling, Fats, Oils, and Grease Program (FOG), and the fire hydrant flushing programs.
Water Maintenance	The Water Maintenance Program is responsible for the maintenance and replacement of the District's 300 miles of water pipeline. Water Maintenance coordinates with Engineering and Water Production to install water service lines, fire hydrants, meters, valves, and all related equipment.
Wastewater Collection	The Program's purpose is prevention of wastewater spillage and leaks. This is accomplished by routine inspections, cleaning, repairs, and maintenance of the District's 230 miles of collection pipelines.
Facilities Maintenance	Facilities Maintenance is responsible for the maintenance of all District facilities. The Program oversees administration buildings, water facilities, District-Owned vacant properties, and easements.
Fleet Maintenance	Fleet Maintenance is responsible for the preventative maintenance program for all District vehicles and heavy equipment. This includes the procurement of fleet items and maintaining compliance with State and Federal air quality rules and regulations.

To align resources with District goals and objectives, it is crucial to strategically staff and budget for the appropriate number of personnel.

Budget Summary by Program

The sum of many pieces makes the whole, and through 18 programs the District is able to provide exceptional services to the community it serves. The graphic below displays the budget allocation for each program within the FY 2025-26 Operating and Capital Budgets.



20 FY 2025-26 Budget

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5-Year Work Plan



22 FY 2025-26 Budget

The 5-Year Work Plan is essential to plan for key projects, prioritize resources, and maintain diligent stewardship.

5-Year Work Plan

Every January, the budget process begins with the Governing Board creating and adopting the 5-Year Work Plan, which serves as the District's guiding strategy plan spanning over the course of multiple years. District staff will then develop the milestones and objectives needed to meet the 5-Year Work Plan goals within the District's financial forecasts. The effort allows for a strategic planning process through goal setting and planning, while considering ongoing operational needs in the development of the program and capital expenses.

Project Look Ahead

EFFECTIVE SOLUTIONS

Create innovative, efficient, and strategic approaches to achieve the District's goals and meet any challenge. Prioritize resources, foster the professional development of employees, and embrace new technology driving innovation.

Goal	Description	Lead Program	Supporting Programs
Develop a Roadmap to Meet and Implement Water Use Efficiency Objectives	Staff will develop a Water Use Efficiency compliance roadmap to comply with regulatory requirements and list steps needed to meet the objectives.	Conservation	Engineering, Finance
Digitize Conservation Rebate Application	With the advances of technology, the District will streamline, update and refine the rebate application to help increase efficiency of the process.	Conservation	Public Affairs
Customer Service Internal Cross Training	Develop opportunities for Customer Service to learn and be exposed to the operations of the District, including field ride alongs, cross departmental training, and knowledge sharing.	Customer Service	
Urban Water Management Plan (UWMP)	Review and update the UWMP in accordance with regulations.	Engineering	Operations
City Creek Mutual Water Company Dissolution	Work with legal counsel to dissolve the City Creek Mutual Water Company with the remaining shareholder.	General Administration	
Organizational Administrative Review	Assess and review the District's processes, systems and staffing.	General Administration	
Public Engineering Plan Portal	Design and launch a portal for developers to access "as- built" designs of the District.	Information Technology	
Develop SCADA Support Plan	Develop a support approach for SCADA infrastructure.	Information Technology	Human Resources
Develop and Implement SCADA Resiliency Program	Replace outdated equipment and radios.	Information Technology	Engineering, Operations

Goal	Description	Lead Program	Supporting Programs
Upgrade Phone System	Conduct phone system assessment and determine an on- premise or hosted phone solution.	Information Technology	
District Security Camera Assessment	Implement new camera system at key sites.	Information Technology	
Implement Multi- factor Authentication Security	Implement multi-factor authentication (using Cisco Duo) to all District technology, increasing security posture.	Information Technology	
Upgrade Email Security	Enhance and implement email security to continue hardening the District's digital infrastructure.	Information Technology	
Update Tyler ERP Workflows	Work with District staff to update business workflows for Finance and Customer Service	Information Technology	Customer Service/Finance
Implement .GOV Domain with Associated Email Addresses	Finalize the .GOV domain transition and update staff platform email addresses to align with District website.	Information Technology	Public Affairs
Establish SNRC Maintenance Support Services	Issue competitive contracts for preventative maintenance, corrective repairs, and emergency services, including the replacement of components for electrical systems, mechanical systems, SCADA (Supervisory Control and Data Acquisition), instrumentation, and contingency measures for catastrophic failures.	Water Reclamation	Finance
Professional Regulatory Support Services Contract	Issue a contract with professional service providers to ensure compliance with regulations set forth by State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW), Air Quality Management District (AQMD), and other governing agencies. The scope includes support for preparing reports, addressing existing and future compliance requirements, and maintaining regulatory adherence.	Water Reclamation	Finance

SUSTAINABILITY, TRANSPARENCY, AND ACCOUNTABILITY

Responsibly manage resources while maintaining open communication and fiscal integrity. Actively build sustainable programs, maintain transparent operations, and open accountability to the community.

Goal	Description	Lead Program	Supporting Programs
Assess Bill Processing Partner	Review and assess the District's customer bill processing partner (Infosend) to determine best optimization of customer billing process.	Customer Service	
Evaluate Customer Payment Option Vendor	Assess the various market solutions and determine the most efficient vendor to work with the District.	Customer Service	Finance

Goal	Description	Lead Program	Supporting Programs
Facility Alternative Energy Sources	Conduct an analysis and recommendation for the District to strategically construct alternative energy generation to offset electricity costs.	Engineering	Operations
Water Supply Reliability	Take measures to evaluate and implement projects that improve water supply capacity, raw water storage, resiliency, and reliability.	Engineering	Operations
Financing Opportunities for Capital Improvements	Consider alternatives for new capital financing needs, including issuing new debt.	Finance	
Tyler Enterprise Resource Planning (ERP) Software Review	Assessment of the District's current Tyler ERP and review potential enhancements of the platform.	Finance	
Cost of Service Analysis / Rate Study	Establish rates based on current costs for wastewater services.	Finance	
Review Banking Agreement	Assess and update the District's current banking solution. If necessary, establish a new contract for a banking solution.	Finance	
Procurement Policy and Fraud Prevention Policy Review	Assess the District's procurement policy and determine updates necessary to ensure continued transparency and efficiency.	Finance	
Review Investment Policy / Investment Fund Analysis	Review and assess the current investment strategy. Determine if any updates are needed.	Finance	
Document Management	Scan and digitize documents into the District's electronic repository in accordance with adopted Records Retention Policy. Enhance document management process and features for document retrieval.	General Administration	Information Technology
Optimize Agenda Management Platform	Review the current agenda management platform and determine if new features or upgrades are necessary to improve the user experience. The upgrades can include a Board voting module, minutes dictation, and board portal.	General Administration	
Electronic File Management Training	Train departments on the process/standards of classifying files in accordance with the records retention policy.	General Administration	
Disposing of Remanent Parcels	Identify properties across the District for disposal and sale.	Operations	
Septic-to-Sewer Conversions	Pursue grant funding sources to convert septic tanks to the District's sewer service. Identify zones to conduct environmental review.	Public Affairs	Engineering
Develop Artificial Intelligence (A.I.) Policy and Guidelines	Assess the needs, opportunities and potential risk surrounding A.I.; creating a policy to foster innovation, while protecting assets.	Information Technology	Public Affairs, Human Resources
Evaluate Backup Power Support at SNRC	Review backup power plan at the SNRC to ensure the continued reliable operations of the plant. Assess feasibility of backup generator powering the entire site and Southern California Edison (SCE or Edison) Preferred Service (PE).	Water Reclamation	

ORGANIZATIONAL RESILIENCY

Prepare, adapt, and respond to challenges facing the District through a visionary organization. Build a strong internal framework to prioritize emergency preparedness, exceptional customer service, and a positive workplace culture.

Goal	Description	Lead Program	Supporting Programs
Review Answering Service	Analyze the District's answering service to determine efficient and effective partners.	Customer Service	
Community Heritage and Education Foundation (CHEF) Assessment	Determine the direction and activities of CHEF.	General Administration	
Enhance Emergency Preparedness Training Program	Develop an emergency preparedness training program and prepare employees to follow plans established by the District. Update the District's emergency response documents to reflect current conditions, regulations, and identified actions.	Human Resources	
Negotiation of a New MOU	Negotiate a 3-year Memorandum of Understanding (MOU) before the current MOU expires, and ensure that agreed-upon salaries, benefits, and related programs are implemented as adopted.	Human Resources	
Develop and Implement Comprehensive Succession Plan	Review and update a succession plan tailored to the District's needs, audit existing plan and identify gaps.	Human Resources	
WW Operator- in-Training (OIT) Program	Develop an in-house OIT program; incorporating State requirements necessary for Treatment certification.	Human Resources	Water Reclamation
Update Crisis Communication Plan	Conduct audit of existing crisis communication plan, identify gaps and technology changes. Develop, exercise and implement annual training program following a new crisis communication plan.	Public Affairs	
New Customer Welcome Packets	Overhaul the District's customer welcome packets to better showcase services provided by the District and conservation resources available.	Public Affairs	Conservation
Customer Experience Assessment	Audit and review the customer experience and identify improves necessary to better communicate and improve experience.	Public Affairs	Customer Service
Develop a Wastewater Operator Safety Program	Develop a comprehensive District Operators' Core Competencies Program focusing on ten key areas of expertise. Integrate the program into daily operations to enhance proficiency, ensure consistent performance, and support professional safe environment among operators.	Water Reclamation	Human Resources
Establish a Regional Knowledge Sharing Coalition	Establish a coalition with regional partners to find partnering opportunities and develop emergency assistance programs.	Water Reclamation	Human Resources
Host Wastewater Seminars and Workshops	Develop an educational track and host a series of seminars/workshops to highlight industry best practices along with innovative solutions.	Water Reclamation	Public Affairs

PLANNING, MAINTENANCE, AND PRESERVATION OF DISTRICT RESOURCES

Focus on the long-term stewardship of the District's infrastructure and resources to ensure reliable service and be proactive in planning, ongoing maintenance, and modernization to meet the community's current and future needs.

Goal	Description	Lead Program	Supporting Programs
North Fork Creek Crossings	Replacing plunge creek pipeline. Review alternatives and scope construction of the pipeline.	Engineering	Operations
Plant 101 Rehabilitation	Retrofit and upgrade the water facilities at Plant 101.	Engineering	Operations
Water Reservoir Rehabilitation Program	Rehabilitate the District's water storage reservoirs.	Engineering	Operations
Warm Springs Channel Spill Containment	Expand the SSO approach and partner with local jurisdictions to ensure proper containment processes are in place.	Engineering	Water Reclamation
Implement Plant 39 Technology	Install Access Control, Security Cameras, Internet Fiber, and Computer/Server Hardware at new warehouse facility	Information Technology	Operations
Site Security and Improvements	Increase perimeter security of satellite facilities and access controls to improve aesthetics/security.	Operations	Information Technology
Water Main Replacement Program	Repair and replacement of linear assets due to age, corrosion, or leak history.	Operations	
Valve Replacement Program	Develop a strategic Valve Replacement Program to replace 40 of the District's aging, shut-off valves.	Operations	
Backflow Device Program	Evaluate the backflow program to determine the most efficient means of maintaining customer owned backflow devices.	Operations	
Evaluate Salt Mitigation Approach	Partner with regional coalitions and identify an approach to assess the needs for salt mitigation in the region.	Water Reclamation	Engineering
SNRC Train Five (T5) Process Expansion	Expand MBR capacity at the SNRC from four process trains to five.	Water Reclamation	
Total Organic Carbon (TOC) Removal/Lysimeter	Monitor the TOC and determine if a deeper lysimeter is needed.	Water Reclamation	
Update Odor Minimization Plan	Improve the odor control system and reduce odor complaints by half each fiscal year, until zero complaints are achieved in a FY.	Water Reclamation	Engineering
Rollout a SNRC Asset Management Program	Work with IT to develop the asset management approach at the SNRC. Add solids equipment to Tyler and provide operator training on the system.	Water Reclamation	Information Technology
SNRC Process and Mechanical Enhancements	Improve reliability of SNRC operations through process and equipment upgrades.	Water Reclamation	Engineering
Solids Processing and Dewatering Process Improvements	Research cost-effective equipment to improve solids thickening and dewatering, including belt press, rotary drum thickeners and gravity belt thickeners.	Water Reclamation	Engineering

COMMUNITY ENGAGEMENT, ADVOCACY, AND LEADERSHIP

Build strong local and regional partnerships furthering the District's priorities and advocating on behalf of the District's community. Foster solid community relationships through effective, informative, and educational communication.

Goal	Description	Lead Program	Supporting Programs
Conservation Rebate Program Enhancements	Enhance rebate programs to maximize customer water savings through the development of new rebate opportunities.	Conservation	
Water Education Program Enhancements	Enhance the engagement with students in the classroom environment to provide current water conservation and water resource materials consistent with state curriculum.	Conservation	
Develop Conservation Educational Video Series	Create an informative video series to engage with residents on "how to" be water efficient.	Conservation	
Community Engagement Enhancements	Enhance community engagement through increased in-person activities, develop a targeted outreach initiative surrounding the SNRC and use of technologically based communications tools.	Public Affairs	
Industry Engagement (Awards and Presentations)	Showcase the District's projects and programs through participation in industry related conferences and awards.	Public Affairs	Engineering, Finance
Facility Rental Assessment	Assess the District's usage of the facility rental program and the overall impact on facility resources.	Public Affairs	
Community Influencer Engagement	Actively engage with community groups, HOAs, and informal neighborhood organizations to develop relationships with the "informal" community leaders.	Public Affairs	
Track and Monitor PFAS Requirements	Monitor the legislative and regulatory environment surrounding PFAS.	Public Affairs	Water Reclamation
Develop Strategic Communications Plan	Create and implement a Strategic Communications Plan to effectively engage with the community and highlight the District's strategic initiatives.	Public Affairs	
Assess and Enhance Facility Tour Program	Monitor and assess the District's Facility Tour Program. Create and test alternative tour program features such as tours on Saturdays, virtual tour options, and educational program material.	Public Affairs	Operations
Educational Augmented Reality (AR) Assessment and Development	Explore innovative use of AR to allow members of the public to learn about the District's water and wastewater systems. Assess the feasibility and incorporate such technology into the program.	Public Affairs	
Industry Coalition Engagements/ Partnerships	Engage with water reclamation regional coalitions, including CASA and WateReuse.	Water Reclamation	Public Affairs

Industry Benchmarks



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The District actively enhances communicatior methods to reach a variety of stakeholders.

Industry Benchmarks

The District is committed to delivering exceptional service to its community, customers, and stakeholders. As part of its continuous improvement efforts, the District has established Industry Benchmarks that offer valuable insights into its performance relative to others in the industry.

The data presented in the following tables are sourced from the American Water Works Association's (AWWA) 2023 Utility Benchmarking Program, neighboring water districts, and the U.S. Environmental Protection Agency (U.S. EPA). The District's data includes the previous completed fiscal years. By leveraging these benchmarks, the District can enhance its operations, foster trust and transparency with stakeholders, and ensure that it continues to invest resources in building a safe and reliable public utility.

As part of the District's continued efforts to enhance financial transparency and planning, several updates have been made to the way benchmarking data and fund targets are presented:

- Benchmarking Data: The District has expanded its benchmarking period from three years to four years of historical data. This provides a more comprehensive view of trends and performance over time, allowing for better context and more informed decision-making.
- Operating Fund Target Level: The description of the operating fund target has been refined to match the
 updated Reserve Funds Policy No. 7.2. Previously defined by a specific desired amount of days to support
 operations and financial stability, the updated approach focuses instead on maintaining an appropriate level
 of operating reserves, one third of the District's total operating expenses. This shift allows for more flexibility
 in adapting to changing operational and economic conditions.
- Capital Replacement Fund Balance: The target for the Capital Replacement Fund has transitioned from a fixed \$10 million balance to a dynamic target. Moving forward, the target level will be based on twice the five-year average of the District's annual CIP budget (Reserve Funds Policy No. 7.2). This methodology better aligns the fund with anticipated capital needs and long-term infrastructure investment.

Operating Fund Target Level

The operating fund target level pertains to the desired amount of funds that the District aims to have available in order to sustain day-to-day operations and ensure financial stability. The District's Reserve Funds Policy No. 7.2 establishes the maximum level, which serves the purpose of guaranteeing adequate liquidity and covering operational expenses.


Capital Replacement Fund Balance

The graph illustrates the restricted funds for capital replacement. The Capital Fund Target Balance is set based upon the District's adopted Reserve Funds Policy No. 7.2 to ensure the District has an appropriate level of financial reserves, while allowing for investment in infrastructure projects and optimizing long-term rehabilitation opportunities.



Miles of Sewer Cleaned

The chart provides an overview of the number of miles of sewer lines cleaned. The District aims to clean at least 50% of the system per fiscal year with the U.S. EPA setting a target of 30%.



Main Leaks

The chart displays the total number of main line leaks per 100 miles of water. The data includes AWWA's 2023 benchmark information to compare water systems across the United States.



Water Affordability

The chart presents the affordability of the District's water by comparing it to the U.S. EPA 2.5% threshold.



Staffing Levels

The graph highlights the staffing levels of the District in comparison to neighboring water districts. The data is presented in relation to the total number of accounts per employee, offering insights into the efficiency and workload distribution of the District's workforce relative to its counterparts.



Wait Time

The chart illustrates the call wait time experienced by District customers when contacting customer service representatives. It also includes a comparison with other utilities using the 2023 AWWA benchmarking data, offering insights into the District's performance in terms of customer service responsiveness in relation to industry standards.



FY 2025-26 FINANCIAL SUMMARY

The annual budget is an opportunity to establish priorities for the fiscal year, identify means to evaluate results, and ensure that the planned operations and capital projects responsibly use District resources.



Financial Summary Contents

- Financial Policies
- Budget Process
- Budget Cycle Calendar
- Basis of Budgeting
- Fund Structure
- Fund/Program Relationship
- Budget Summary
- Revenue Summary
- Expenditure Summary
- Debt Overview
- Fund Equity and Reserves
- Long-Range Financial Plan

Financial Policies

East Valley Water District financial management policies provide a basic framework for the overall fiscal management of the District.

The policies represent a foundation for addressing changing circumstances and conditions, and assist in the decision-making process. Financial policies represent guidelines for evaluating both current activities and proposals for future programs. They also reflect long-standing principles and practices, which have enabled the District to maintain its financial stability. Policies are reviewed annually to ensure the guidelines represent a realistic, current framework for policy decisions.



Operating and Capital Budget Policy

PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines to assist in the formulation and consideration of a comprehensive annual budget, one of the most important financial activities the District undertakes each year. Those guidelines include a Strategic Plan and Capital Improvement Program (CIP), which assist in completing financial planning cycles that deliver efficient and effective public services. This policy applies to all funds under the budgetary and fiscal control of the Governing Board.

BALANCED BUDGET

The District will adopt a balanced budget for each fund this policy covers, where the sum of estimated revenues and use of reserves is equal to or greater than current expenditures. Expenditures will include operating expenses, debt service, and the Budget's contribution to the CIP.

Short-term operating deficits will be mitigated either by raising rates and fees or cutting costs. The use of one-time revenues and development fees for the funding of operating costs is not permitted, and reserves may only be used for the purpose for which they were intended in accordance with the District's Designated Funds Policy.

Budget control is maintained at the program/department level. The General Manager/CEO has the authority to approve budgetary transfers between programs or departments, but changes that increase expenditures at the fund level require budget amendments approved by the Governing Board.

The budget development process is outlined on pages 42-43.

Investment Policy

PURPOSE AND SCOPE

The purpose of this policy is to establish guidelines for the prudent investment of District funds in conformance with California Government Code (CGC) requirements. The policy applies to all funds under direct authority of the District, which does not include funds held in trust for the District's retirement plans and postemployment health benefits.

Development of the annual budget provides an opportunity for cooperation and collaboration.

OBJECTIVES

CGC §53600.5 states that, when investing and managing public funds, the primary objectives, in priority order, of the District's investment activities shall be:

- Safety Safety of principal is foremost, therefore, investments shall be undertaken in a manner that seeks to preserve capital, while mitigating risks such as interest rate risk and credit risk.
- Liquidity The investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements that can reasonably be anticipated.
- **Return on Investment** The investment portfolio shall be designed for attaining the best yield while keeping in mind that return is secondary to the objectives of safety and liquidity.

DELEGATION OF AUTHORITY

The authority of the District's Governing Board to invest District funds is derived from CGC § 53601. CGC § 53607, allowing the Governing Board to delegate that authority to a Treasurer. The District's Chief Financial Officer has historically been selected to serve as this delegated authority. This delegation expires and may be renewed annually, by Board resolution, in conjunction with the annual review of the investment policy.

AUTHORIZED INVESTMENTS

The District is empowered by CGC §53600 et. seq. to invest in certain types of investments. The District policy is more restrictive than the CGC regarding allowable investments due to the size of the District's investment portfolio and limited staff resources available to manage invested funds.

SAFEKEEPING AND INTERNAL CONTROL

To protect against potential losses caused by the collapse of a security dealer, all book-entry securities are kept in safekeeping by a third-party bank trust department, acting as agent for the District under the terms of a custody agreement.

Internal controls have been established to help ensure assets are protected from loss, theft or misuse. Controls include separation of transaction authority from record-accounting, and confirmation of telephone transactions for investments and wire transfers.

REPORTING

In accordance with CGC §53646, the Chief Financial Officer will prepare, and render to the Governing Board, a quarterly investment report within 30 days of the end of each quarter. The report shall list types of investments, maturity, par and market values of each investment, transactions occurring during the quarter, and identification of funds managed by a third-party.

Reserve Funds Policy

PURPOSE

The District recognizes that fiscal responsibility requires anticipating, and preparing for, unforeseen events, in addition to ensuring sufficient funding is available for current operating, capital, and debt service needs. To that end, the District has adopted a Reserve Funds Policy as part of prudent financial planning and to ensure sufficient funding for current and future needs.

GENERAL PROVISIONS

The following provisions and principles are established for building and utilizing reserve funds.



Interest

Interest income will be credited to reserve funds until maximum target levels have been reached. Once a fund reaches the established maximum, interest will be allocated to other funds.



Funding Priority

Fund balances are reviewed annually to determine whether maximum target levels have been reached. Operating reserves will be funded first. When Operating reserves are at their target levels, Capital reserves will be funded. The Governing Board will determine how excess monies will be allocated after reserves are at their maximum levels.



Pay Go Versus Debt

For funding of capital acquisitions and improvements, the District will analyze the use of reserves and/or issuing debt to determine the optimal funding strategy. Current and future liquidity positions will also be considered.

TYPES OF RESERVES

The District has established and will strive to maintain the following:



OPERATING RESERVE

The Operating Reserve is used for unanticipated operating expenses. This fund is designated by the Governing Board to maintain working capital for current operations and to meet routine cash flow needs.

- Target Level Funding shall be targeted at a minimum amount equal to 90 days of the District's budgeted total operating expenses, and the maximum amount shall not exceed 120 days of the budgeted total operating expenses.
- 2. Events or Conditions Prompting the Use of the Fund Upon Governing Board authorization, this fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases in revenues and unexpected increases in expenses.
- 3. **Periodic Review Dates for Balances** Fund balances and target level will be reviewed by staff and the Governing Board during the preparation and approval of the annual budget.

CAPITAL REPLACEMENT RESERVE

All Funds will maintain a reserve for the replacement of capitalized assets when they reach the end of their useful lives or in the unexpected need for emergency repair. The source of reserves will be user fee revenue from the respective fund.

- Target Level The minimum target level should be equal to twice the 5-year average of the District's annual Capital Improvement Plan plus one percent of the system asset value. The maximum balance shall not exceed the projected needs for five years according to the District's Capital Improvement Plan plus two percent of the system asset value.
- Events or Conditions Prompting the Use of the Fund Staff will recommend assets to be replaced during the Capital Budget presentation. As projects are approved, funds will be appropriated from undesignated funds or available revenues. Emergency reserves will be used to begin repair of the water and sewer systems after a catastrophic event or other unforeseen circumstances.
- 3. **Periodic Review Dates for Balances** Fund balances and projected improvement projects will be reviewed by staff and the Governing Board during the preparation and approval of the annual budget.

RESTRICTED RESERVE

Restricted reserves shall be segregated and limited in use to specific and designated purposes as defined by law or adopted ordinance, contractual agreement, or as a condition or covenant of borrowing.

- 1. Bond Proceeds Typically consist of construction fund monies, and a debt service reserve.
 - a. Target Level The debt service reserve requirement, if applicable, is established at the time of issue.
 - b. Events or Conditions Prompting the Use of the Fund Construction fund monies must be spent on applicable projects, while the debt service reserve can only be used in the event of a shortfall of pledged revenues.
- Development Fees Consists of capacity fees paid by developers to buy into the infrastructure system paid for by the investment of existing customers.
 - a. **Target Level** Capacity fees are collected to pay for facility additions or improvements to support demands on the system by new development.
 - b. Events or Conditions Prompting the Use of the Fund Capacity fees may be used for Capital Improvement Projects necessitated wholly, or in part, by new development.

Debt Policy

The purpose of this policy is to establish guidelines for the issuance and management of District debt, and to provide guidance for decision makers with respect to options available for financing infrastructure, and other capital projects, so that the most prudent, equitable, and cost-effective financing can be chosen.

STANDARDS FOR USE OF DEBT FINANCING

When appropriate, the District will use long-term financing to:

- Achieve an equitable allocation of capital costs/charges between current and future system users;
- Provide more manageable rates in the near and medium term; and
- Maintain minimum rate volatility.

The District will not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life. In addition, capital projects financed through debt will not be financed for a term longer than the expected useful life of the project.

METHODS OF FINANCING

The Finance Program will investigate all possible project financing alternatives including, but not limited to: annual operating revenue, reserves, bonds, loans, and grants. When applicable, development fees will be used to pay for increased capital costs resulting from new development.

The District may legally issue short and long-term financing using the following debt instruments:



Inter-Fund Borrowing

Safety of principal is foremost, therefore, investments shall be undertaken in a manner that seeks to preserve capital while mitigating risks such as interest rate risk and credit risk.



Lines of Credit

May be considered as short-term borrowing. The Chief Financial Officer shall determine when it is prudent to recommend that the District enter into an agreement with a commercial bank or other financial institution for the purpose of acquiring a line or letter of credit.



Capital Lease Debt May be used for equipment purchases where cost exceeds \$50,000 and financing terms are cost effective.



State Revolving Fund (SRF) Loans

Based on availability, loans are low or zero interest for water and wastewater infrastructure projects with a term of 20 to 30 years.



Joint Powers Agency Revenue Bonds

Financing may be obtained through the issuance of debt under a joint exercise of powers agreement with such debt payable from amounts paid by the District under a lease, installment sale agreement, or contract of indebtedness.



Refunding Revenue Bonds The District may issue refunding revenue bonds to refund District indebtedness pursuant to the State of California local agency refunding revenue bond law (Title 5 of the California Government Code).

COMPLIANCE

The use of bond proceeds must be monitored to ensure compliance with all Internal Revenue Code arbitrage rebate requirements, and requirement under California Government Code §8855. The District is also responsible for verifying compliance with all undertakings, covenants, and agreements of each debt issue, typically including:

- Annual appropriations of revenue to meet debt service payments;
- Timely transfer of debt service payments to the Trustee;
- Compliance with insurance requirements; and
- Compliance with rate covenants.

GOVERNING BOARD DISCRETION

This policy is intended to serve as a guide and in no way restricts the ability of the Governing Board to review proposed rate actions, debt issuances, or other actions of substance to the District.

Budget Process

The Budget reflects direction from the Governing Board as established by the District Vision and communicated to District staff through various meetings and workshops.

The purpose of this budget document is to communicate the District's financial priorities with citizens, local businesses, creditors, rating agencies, local agencies, stakeholders, and District staff. The FY 2025-26 Budget represents guidelines established to address the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to use financial resources for completing critical capital projects for current and future customers as well as the District's commitment to meet its financial obligations. Staff is confident that the financial framework outlined in the FY 2025-26 Budget will allow the District to deliver reliable, high-quality water, wastewater collection, and water reclamation services to its customers in a prudent and sustainable manner.

Each year, administrative and operational program managers establish Goals and Objectives in support of the District's 5-Year Work Plan, which upon adoption by the Governing Board, provide clear direction to staff regarding District priorities. Progress toward accomplishing established goals is measured throughout the fiscal year and reported to the Governing Board.

Moreover, in developing the budget, staff utilized the District Vision for prioritizing District resources for operational and capital activities.



Stakeholder Input

The District has established a Community Advisory Commission (CAC) which meets regularly at publicly noticed meetings and Governing Board workshops, to discuss significant activities of the District, including development of the goals and objectives and 5-Year Work Plan. Members of the CAC are community leaders who donate their time to provide input to staff on agenda items.

District Vision

To help ensure consistent purpose, the District has adopted a comprehensive statement that serves as a guide for the decision making process throughout the organization. This element of the Strategic Plan remains consistent year-to-year. The District Vision includes the District's Vision and Mission statement, Core Values, and Pillars and Strategies.



5-Year Work Plan

The District has adopted a 5-Year Work Plan identifying a series of long-term objectives that link management and staff work efforts to the District's Strategic Plan. Objectives in the 5-Year Work Plan have estimated completion dates ranging from 3 to 20 years and present the core work efforts to which District financial and human resources will be dedicated. The 5-Year Work Plan will be revised annually to reflect progress made on complex objectives, status of long-range or cyclical planning measures, and external considerations that require a significant response or operational adjustment. The 5-Year Work Plan was presented to the Governing Board in January, then adopted as Program Goals in relevant Programs and Capital Budgets.



Scan this QR code to view a copy of the 2025-26 5-Year Work Plan.

Develop Program Goals and Objectives

Each program manager is tasked with developing achievable and measurable goals and objectives to be implemented in a single fiscal year. This endeavor clearly identifies the planned efforts of the program for the given period, links the program's efforts to the 5-Year Work Plan when possible, and allows program employees to propose/establish individual goals that support the District's long-term goals and vision. Program Goals and Objectives were presented to the Governing Board and public at a public workshop in April 2025.

Establish Key Performance Indicators and Estimate Costs

To assess the organization's productivity and effectiveness, unique key performance indicators were utilized as a quantitative measure. Cost estimates reflect the anticipated expenses for accomplishing each program's day-to-day operational tasks, special projects and overall Program Goals. Once this effort has been completed, expenses can be compared to revenue projections. In situations where expenses are projected to exceed revenues, staff works collaboratively to reevaluate activities to fit within available funding.

Adopt Budget

To provide an opportunity for discussion and participation, the budget is presented to the Governing Board in phases at a series of three public meetings. In addition, the information is presented during one public meeting of the Community Advisory Commission.

The final budget document is assembled, including projected revenues, expenditures, and funding of all Goals and Objectives proposed by Program Managers. The document is presented to the District Governing Board at the first regular meeting in June for discussion. Barring any revisions or corrections, the budget is agendized at the second Board meeting in June for adoption. A hard copy version of the final budget document is available to the public on request or can be viewed in its entirety digitally on the District website.

The annual budget must be adopted by June 30 in order to begin the new fiscal year on July 1.

Program Monitoring and Budget Adjustments

In January of each year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Given that the budget is developed based on projections, every program monitors monthly expenses. Each quarter, the budget-to-actuals are reviewed by staff to allow for an opportunity to take formal budget adjustments to the Governing Board for consideration. Consistent budget review eases the transition of programs from year-to-year.

Requests for budget adjustments are submitted by Program Managers to Executive Management for review, who then forward the requested adjustments to Finance for incorporation into proposed budget amendments to be presented to the Governing Board at a Mid-Year Budget Review in February.

When possible, adjustments have no net effect on the original budget balance unless additional revenue is available. However, if revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board at a Mid-Year Budget Review in February.

Operating under the principles of transparency, the District takes steps to make financial reports reader-friendly and easily accessible to the public.

Budget Cycle Calendar

June 25, 2025	FY 2025-26 Budget Adoption
November 12, 2025	First Quarter FY 2025-26 Budget Review at Public Board Meeting
January 22, 2026	Budget Meeting to Distribute FY 2026-27 Worksheets to Program Managers
February 25, 2026	FY 2025-26 Mid-Year Budget Review at Public Board Meeting
February 23 - March 12, 2026	Discuss FY 2026-27 Goals & Objectives with Program Managers
March 3 & 10, 2026	FY 2026-27 Capital Outlay and Capital Improvement Program Planning Meeting
March 26, 2026	FY 2026-27 New Position Requests, Program Goals & Objectives and Budget Requests, Capital Outlay, and CIP Requests
April 22, 2026	FY 2026-27 Proposed Goals and Objectives Workshop at Public Board Meeting
April 20-23, 2026	FY 2026-27 Budget Review with Executive Managers and General Manager/CEO
May 13, 2026	FY 2026-27 Revenue Projection Workshop at Public Board Meeting
May 19, 2026	CAC FY 2026-27 Budget Review
May 29, 2026	FY 2026-27 Budget Complete with all Revisions
June 10, 2026	FY 2026-27 Budget Presentation at Public Board Meeting
June 24, 2026	FY 2026-27 Budget Adoption at Public Board Meeting

Basis of Budgeting

The District's financial records are kept in accordance with Generally Accepted Accounting Principles (GAAP) for governmental enterprise funds, which are business-type funds used to report an activity for which a fee is charged to external users for goods or services. Therefore, the District follows the GAAP requirement that enterprise funds use the full accrual basis of accounting.

The District uses the full accrual basis for budgeting, however, there are exceptions where the accrual basis is not conducive to effective presentation of the District's budget because it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost.

Exceptions to the full accrual basis used for the District's budget presentation are as follows:

- Compensated absence expense reflects the change in related accrued liabilities during the accounting period on the full accrual basis, but for budget purposes, expense includes anticipated leave time to be used and/or cashed by employees during the fiscal year.
- Principal payments on Long-Term Debt are applied to reduce the outstanding liability on the full accrual basis; but are shown as a current expenditure for Budget purposes.
- Capital Outlay and Construction costs are capitalized and expensed over the useful life of the asset on a full accrual basis; but are shown as a current expenditure for Budget purposes.
- Depreciation is recorded annually to expense the cost of a capital asset over its useful life on a full accrual basis but is not contemplated in the annual Budget.
- Pension expense is budgeted based on employer contribution rates assigned by the California Public Employee's Retirement System (CalPERS). For financial statement reporting, pension expense is recorded based on the change to the net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.
- Other Post Employment Benefits (OPEB) expense (retiree health insurance) is budgeted based on stipulated reimbursements to retirees toward the cost of health insurance until they reach medicare age. For financial statement reporting, OPEB expense is recorded based on the change to net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 75.
- Interest payments related to financing of the cost of a capital asset during construction are capitalized on the GAAP basis; but are shown as a current expenditure for Budget purposes.

Fund Structure

GAAP requires that the District, a California Special District, to account for its activities as a single, governmental Enterprise Fund.

The activities of enterprise funds closely resemble those of ongoing businesses, in that rates and fees charged for services are intended to cover the cost of operations and capital needs.

Though it is a single Enterprise Fund, the District engages in three separate and distinct business-type activities including the distributions of potable water, the collection of wastewater, and the reclamation and recycling of wastewater. Accordingly, the District's budget is organized based on these activities, or sub-funds, hereafter referred to as the Water Fund, the Wastewater Fund, and the Water Reclamation Fund.

The Water Fund accounts for the costs of acquiring raw water, treating the water, and then pumping and distributing the treated water to District customers. The Wastewater Fund accounts for the cost of maintaining a system of pipelines responsible for collecting wastewater from residential and commercial customers and delivering the wastewater to the treatment facility. The Water Reclamation Fund treats wastewater to the standards of Title 22 of the California Code of Regulations and conveys recycled water for groundwater replenishment.

Currently, the District operates its own reclamation facility known as the Sterling Natural Resource Center. Recycled water is sent to the Weaver Basins, owned by San Bernardino Valley, for recharge into the Bunker Hill Basin.



Each of the Funds' operations rely on a significant amount of planning and infrastructure. Accordingly, each fund contributes to the maintenance, replacement, and improvement of that infrastructure. When the issuance of debt is appropriate to fund major capital projects, each fund has the authority to issue debt.

To support these costs, each fund adopts its own user rates, fees and charges, and has its own self-balancing set of accounts. Budgets for each fund are adopted to support the associated capital, and debt service costs, to make reasonable contributions to reserves, and to pay for direct, and allocated, operating and maintenance program expenses.







Additional details about the activities and budgets of each fund are included at the Water Fund, Wastewater Fund, and Water Reclamation Fund tabs in this document.

Fund/Program Relationship

District operating and maintenance expenses are all budgeted and accounted for by Program. Expenses incurred by Program are then allocated to the Water, Wastewater and Water Reclamation Funds based on the assessed benefit of Program services to each fund.

The benefit assessment entails the evaluation of each program and the services provided through activity-based costing. Programs with activities fully aligned with the purpose of one fund or the other, are charged fully to the appropriate fund, while programs with general and administrative type functions are allocated proportionally.

For FY 2025-26, the cost of centralized functions such as Administration, Public Affairs and Finance are allocated between the Water and Wastewater funds, usually by a 70% - 30% split. The Water Reclamation Fund will also share in the future costs of these functions once fund reserves have been established and operating costs for the Water Reclamation Fund are better known and predictable.

The percentage allocation can be adjusted for unique circumstances. For example, with the implementation of water budget-based rates, allocated costs for Customer Service were shifted from the Wastewater Fund to the Water Fund due to the increased cost of administering the new rates. Below is a table illustrating the Fund/Program relationship for FY 2025-26:

Program		Water Fund	Wa	astewater Fund	Reclan	nation Fund	Total		
1000	Governing Board	\$ 197,400	\$	84,600	\$	-	\$ 282,000		
2000	General Administration	954,600		409,400		-	1,364,000		
2100	Human Resources & Risk Mgmt.	2,823,800		1,210,200		-	4,034,000		
2200	Public Affairs	1,141,700		489,300		-	1,631,000		
2300	Conservation	658,000		-		-	658,000		
3000	Finance & Accounting	1,113,700		477,300		-	1,591,000		
3200	Information Technology	1,384,600		593,400		-	1,978,000		
3300	Customer Service	1,666,000		714,000		-	2,380,000		
3400	Meter Services	315,000		-		-	315,000		
4000	Engineering	1,106,000		474,000		-	1,580,000		
5000	Water Production Administration	732,000		-		-	732,000		
5000-5	51 Wells	3,973,000		-		-	3,973,000		
5000-5	52 Boosters	1,066,000		-		-	1,066,000		
5000-5	54 Reservoirs	436,000		-		-	436,000		
5100	Water Treatment	1,735,000		-		-	1,735,000		
5200	Water Quality	607,000		-		-	607,000		
6000	Maintenance Administration	443,700		49,300		-	493,000		
6100	Water Maintenance	3,924,000		-		-	3,924,000		
6200	Wastewater Collection	-		990,000		-	990,000		
6300	Water Reclamation	-		-	10	0,512,000	10,512,000		
7000	Facilities Maintenance	1,584,800		679,200		-	2,264,000		
7100	Fleet Maintenance	651,700		279,300		-	931,000		
TOTAL	OPERATING EXPENSES	\$ 26,514,000	\$	6,450,000	\$ 10	,512,000	\$ 43,476,000		

Budget Summary

The budget for FY 2025-26 is balanced and reflects East Valley Water District's commitment to allocating anticipated resources to meeting the expectations of District ratepayers, creditors, and stakeholders.

The District projects that it will receive \$56,889,000 in revenue during FY 2025-26 and has developed a budget plan to allocate \$43,476,000 toward funding of program operations, \$10,476,000 toward the amortization of outstanding debt and Other Non-Operating Expense, and \$2,937,000 toward capital asset improvement and replacement resources.

The table below presents a summary of revenue by type, and expenditures by cost category, and is followed by a discussion of revenue and expenditures.

	Water Fund	١	Wastewater Fund	Re	eclamation Fund	FY 2025-26 Total		
REVENUE / SOURCES								
Water Sales	\$ 18,900,000	\$	-	\$	1,200,000	\$	20,100,000	
Meter Charges	11,425,000		-		-		11,425,000	
Penalties	360,000		130,000		90,000		580,000	
Wastewater System Charges	-		6,870,000		-		6,870,000	
Wastewater Treatment Charges	-		-		13,820,000		13,820,000	
Other Operating Revenue	30,000		5,000		1,109,000		1,144,000	
Miscellaneous Revenue	800,000		100,000		2,050,000		2,950,000	
TOTAL REVENUE / SOURCES	\$ 31,515,000	\$	7,105,000	\$	18,269,000	\$	56,889,000	
OPERATING EXPENSES								
Employment Expenses	\$ 11,188,800	\$	3,032,200	\$	2,254,000	\$	16,475,000	
Water Costs	823,000		-		-		823,000	
Power Costs	3,225,000		-		1,712,000		4,937,000	
Materials & Supplies	1,970,400		191,600		2,008,000		4,170,000	
Contract Services	8,905,800		3,111,200		4,526,000		16,543,000	
Other Operating Expenses	401,000		115,000		12,000		528,000	
TOTAL OPERATING EXPENSES	\$ 26,514,000	\$	6,450,000	\$	10,512,000	\$	43,476,000	
OTHER EXPENSES								
Debt Principal	\$ 1,028,000	\$	175,000	\$	4,527,000	\$	5,730,000	
Debt Interest Expense	747,000		95,000		3,204,000		4,046,000	
Other Non-Operating Expense	490,000		210,000		-		700,000	
Contribution to Capital Replacement Reserves	2,736,000		175,000		26,000		2,937,000	
TOTAL OTHER EXPENSES	\$ 5,001,000	\$	655,000	\$	7,757,000	\$	13,413,000	
TOTAL OPERATING / OTHER EXPENSES	\$ 31,515,000	\$	7,105,000	\$	18,269,000	\$	56,889,000	
NET SURPLUS (DEFICIT)	\$ -	\$	-	\$	-	\$	-	

Revenue Summary

Revenue projections are key to determining the extent of financial resources available to support District programs and other obligations. Therefore, projections are developed early in the budget process and then presented to the District's Governing Board in May.

East Valley Water District receives 98% of its revenue from user rates and fees; the District receives no increment from property or sales taxes.

Utility rates and miscellaneous charges are reviewed on three to five-year cycles and adjusted as necessary to cover the costs of providing services to ratepayers. The District derives its authority for setting rates from California Water Code §31000 and rate adjustments are adopted at public hearings conducted in accordance with requirements established by California Propositions 26 and/or 218. User fees, which is the term used to refer to SNRC Non-Rate Revenue, are negotiated with third-party contractors.

The District has six revenue categories based on established rates, fees, and charges. The six categories and the fund which recognizes the revenue are:





Revenue History and Forecast (In Millions)

Forecasting revenue projections requires consideration of external factors that could impact the demand for water services. Elements factored into the FY 2025-26 forecasts include construction activity within the service area, challenges ramping up operations at the Sterling Natural Resource Center, and new legislation discussed below. In addition, water and wastewater rate revenues are highly reliant periodic rate adjustments for overall fiscal sustainability.

Water sales are also reliant on consumer demand, which increases or decreases based on weather, water rates, and drought conditions. Two multi-year droughts since 2015 have led to state legislation introducing Water Use Efficiency (WUE) regulations and a long-term framework referred to as "Making Conservation a California Way of Life". Under this framework water agencies will be held to an agency-wide water budget which will require the agencies to monitor customer usage. Fortunately, the past two winters have filled state reservoirs and allowed the State Water Project to announce that they can deliver water allocations to agencies in Southern California. However, WUE regulations will remain effective in wet years as well as dry years, so lower water sales are expected in the future as the result of this legislation.

Construction within the region has increased over the last three to four years. Multiple moderate sized developments of between 200 and 300 units have requested District assistance with the formation of Community Facilities Districts (CFD), and one of the CFDs has new homes under construction. A state moratorium on collection of development impact fees on second dwelling units (Accessory Dwelling Units) on a developed parcel has also stimulated growth, but high interest rates have recently slowed market absorption of new homes.

The most significant factors affecting District revenues in FY 2025-26 will be rate adjustments adopted in May 2024, and the fact that this coming fiscal year will be the first full year of operations for the SNRC Water Reclamation facility. Rate adjustments, with effective dates of July 1, 2025 (wastewater) and January 1, 2026 (water) are expected to impact revenues approximately 6.7% over the coming budget year.

Also in FY 2025-26 continued efforts to bring anaerobic digesters at the SNRC to full capacity will also allow the District to produce energy from wastewater sludge and other high grade food waste accepted from third-party haulers. Revenue sources associated with the SNRC include:

- Payment from the San Bernardino Valley District Local Resource Investment Program for recycled water used for recharge;
- Tipping fees from liquid waste haulers; and
- Energy produced by digesters will offset the facility's power operating costs by between 50% and 90%. The actual percentage will depend on how efficiently the plant is operated and will have a significant impact on net revenue in the Reclamation Fund. There is also potential that excess power will be produced and sold to the SCE power grid.

A more detailed description of the District's major revenue sources, and related trends, is provided in the following sections. In addition, the Water Fund, Wastewater Fund, and Water Reclamation Fund sections of this document include a detailed discussion of the rates used to calculate FY 2025-26 revenue projections.

WATER SALES

The District produces potable water for sale to four customer classes: single-family residential, multi-family residential, commercial and irrigation. All customers are billed on a monthly cycle based on their amount of water usage, which is metered and measured in hundred cubic feet (HCF) where one HCF is equal to 748 gallons.

The District bills for water consumption in three ascending 'Water Budget' rate tiers. Therefore, as customers' water usage exceeds established tier widths or thresholds, water becomes more expensive. Water Budget tiers are unique in that tier width, or the number of units (HCF) billed at each tier, is determined based on the individual customer's characteristics.

For single and multi-family customers, the Tier 1 width is determined based on the number of occupants in a dwelling and is intended to allocate the customer with sufficient water for indoor health and safety needs. Tier 2 width is based on a customer's landscaped square footage, and the measured evapotranspiration, or the rate at which plants and soil lose moisture during the month being billed. The Tier 2 budget is intended to allocate sufficient water for efficient irrigation of the landscaped square footage. Tier 3 is billed for water use in excess of the Tier 1 and 2 budgets and is deemed to be inefficient use.

Institutional customers, which consist of schools and a correctional facility with mixed use meters, are billed similar to multi-family customers as they are allocated Tier 1 and 2 water budgets based on populations and irrigable landscape area serviced at the facilities, with usage in excess of those budgets billed at Tier 3 rates.

Irrigation customers receive only a Tier 2 budget as described above, with usage in excess of the budget billed at the Tier 3 rate.

Finally, commercial customers with meters providing water for just indoor business use are billed a flat rate for each unit of water used, a change that became effective in January 2025. The Water Fund section of this document includes more discussion of the new flat rate for non-residential customers.

The annual budget development provides an opportunity for cooperation and collaboration with the understanding that an efficient operation requires high degrees of teamwork and focus. The table below summarizes water sales volume (HCF) by billing tier for the last four years, and also includes conservative projections for FY 2025-26.

	FY 2021-22 Actual	FY 2022-23 Actual		FY 2023-24 Actual		FY 2024-25 Projected	 FY 2025-26 Budget
Tier 1	\$ 6,834,379	\$ 7,097,090	\$	7,114,150	\$	6,917,000	\$ 6,888,000
Tier 2	6,868,459	5,398,194		5,685,241		6,447,000	6,324,000
Tier 3	4,770,037	4,509,293		4,661,674		4,808,000	4,212,000
Commercial Flat Rate	-	-		-		678,000	1,476,000
TOTAL	\$ 18,472,875	\$ 17,004,577	\$	17,461,065	\$	18,850,000	\$ 18,900,000

CUSTOMER CONSUMPTION IN HUNDRED CUBIC FEET

Water consumption during FY 2025-26 is projected to decrease 5.4%, to 15.8 thousand-acre feet compared to the 16.7 thousand-acre feet for FY 2024-25. This decrease is a conservative projection following a year when sales rebounded after two years of low sales. Sales are likely to fall to a level below 16.0 thousand acre-feet as the result of rate adjustments and conservation-related legislation.

Based on the projection of water sales in volume, and the tier rates that will be effective throughout the year, the District has projected water sales of \$18,900,000 for FY 2025-26. The graph below shows water sales trends for four years and the current year projection. Additional information about water rates is available in the Water Fund section of this document.



WATER SALES TRENDS

Water System Charges

Also referred to as Meter Charges, water system charge rate revenue consists of a fixed monthly rate assessed to customers based on the size of the meter serving their property. The District sets its meter charge rates to generate between 35% and 40% of annual water operating revenue. In doing so, the District is able to shift some of the burden for revenue stability from unpredictable water sales, such as during times of severe drought and water restrictions, to a more reliable fixed charge.

Meter charges were included in the cost-of-service analysis and rate study completed in January 2024 and adopted in May 2024. The first phase of adjustments became effective in January of 2025. The remaining adjustment become effective in January of each of the following two years.

Revenues have been slightly impacted by development activity in the last two years as there have been approximately 120 new residential connections added to the District system. Development could potentially add 50 new residential customers consistently over the next ten years, but those new customers have not been counted and factored into projections. Only rate adjustments scheduled for January 2026 have been included in Meter Charge projections which are \$11,425,000 for FY 2025-26.

METER CHARGES



Wastewater Collection (System) Charges

Wastewater Collection charges are assessed to District customers to fund the maintenance and replacement of wastewater collection pipelines, make wastewater debt service payments, and fund program services associated with the Wastewater Fund.

Wastewater collection rates were adopted at the public hearing in May 2024. Adopted rates included a modest 8.6% increase over three years beginning in July 2024. District wastewater customers include 19,605 single-family units and 11,090 multi-family units. These unit counts multiplied by the fixed charges were used to project residential collections revenue.

634 commercial and institutional accounts will be billed at a monthly flat rate plus a volumetric charge based on water usage (measured in HCF). The volumetric rate is the same for all commercial dischargers, with the exception of certain customers served by a mixed use meter, in which case the volumetric rate is moderately lower.

Projected wastewater collection revenue for FY 2025-26 is \$6,870,000. A more thorough discussion of the calculation of projected wastewater collection revenue can be found in the Wastewater Fund section of this document.

WASTEWATER COLLECTION CHARGES



Wastewater Treatment Revenue

Wastewater generated by District customers is treated by the newly commissioned SNRC water recycling plant. District customers are charged for SNRC operations through SNRC treatment rates.

SNRC treatment rates include a monthly fixed charge, assessed based on the number of dwelling units, for both single-family and multifamily residential accounts. Commercial customers are billed both a monthly fixed charge, and then a volumetric charge based on water consumption. The volumetric rate is assessed for every hundred cubic feet (HCF) of water used, and the rate varies based on the 'strength' of the wastewater a customer discharges into the District wastewater system. Strength is categorized as low strength, medium strength, or high strength.

Wastewater Treatment Charges are revenue of the new Water Reclamation Fund, and total charges projected for FY 2025-26 are \$13,820,000.



WASTEWATER TREATMENT REVENUE

SNRC Non-Rate Revenue

Commencement of operations at the Sterling Natural Resource Center in Spring 2024 meant that the District will assess and collect its own wastewater treatment revenue, and in addition, other revenue streams associated with the anaerobic digesters and recycled water will begin to be realized. Explanations of those revenues and projections for FY 2025-26 are presented below.

LOCAL RESOURCE INVESTMENT PROGRAM (LRIP)

In October 2018, the District signed an agreement to sell up to 11,000 acre-feet annually of recycled water produced by the SNRC to San Bernardino Valley. San Bernardino Valley will initially pay \$173 per acre-foot for recycled water made available to recharge the local groundwater basin. The District estimates that the SNRC will produce and recharge 6,940 acre feet annually beginning in fiscal year 2025-26. As a result of recharging this water, the District will receive an LRIP Contribution from San Bernardino Valley of \$1,200,000.

WASTEWATER HAULER TIPPING FEES

In order to maximize the power generation capacity of the SNRC digesters, activated wastewater sludge from the SNRC will be supplemented by soliciting disposal of high-grade food waste at the SNRC. The District projects that during FY 2025-26 an average 57,000 gallons of food waste will be received and processed daily, with a total of 13.8 million gallons expected to be processed during FY 2025-26, generating tipping fees of approximately \$1,104,000.

ELECTRICAL POWER GENERATION

Gases released and burned by the anaerobic digesters will be used to generate electrical power to help offset the cost of supplying the SNRC with power. The District has also installed a two-way electric meter for situations where the digesters are generating surplus power, which can be sold to the power grid at \$0.13 per kilowatt hour. The District does not anticipate any net revenue from power sales during FY 2025-26 as the digesters will not likely reach full capacity by the end of the year.

Revenue Type	Unit of Measure	Volume FY 2023-24	Fee Per Unit	Non-Rate Revenue Total
LRIP Contribution	Acre Foot (AF)	~6,940 AF	\$ 173.00	\$ 1,200,000
Tipping Fees	Gallon	13.80 MG	0.08	1,104,000
Power Sales	kWh	-	0.13	-
				\$ 2,304,000

The table below provides a summary of all projected non rate revenue from the SNRC for FY 2025-26.

Other Charges and Income

Other charges are assessed according to an adopted fee schedule, but are only charged to users who request, or require, use of District resources beyond the scope of delivering water, wastewater and water reclamation services. Charges include initiation of service fees, and charges related to collection of customer payments, including delinquent fees, final notice fees, and disconnect/reconnect fees.

In prior years, revenue from charges related to opening a new customer account have been fairly consistent, so as in the prior year Initiation of Service fees are projected at \$40,000. At the same time revenue related to charges for the collection of delinquent customer payments (delinquent fees, notice charges, disconnect/reconnect fees) have been significant, so the District has successfully implemented procedures to work closely with customers to reduce the number of service disconnections for non-payment. Revenue related to fees charges for collection efforts have been projected at \$580,000 in the upcoming year.

Other Income included in FY 2025-26 projections are interest and energy incentives.

Projections for interest revenue have increased as yields are expected to remain at around 4% and the amount of investible funds held by the District will be fairly significant as the District has substantially completed the construction of the SNRC. Due to these factors, interest revenue is projected to be \$1,100,000 across all funds for FY 2025-26. In addition, the District expect to receive a Self Generation Incentive Payment of \$1,850,000 from Edison for construction of the digesters.

In total, the FY 2025-26 projection for Other Charges and Income is \$3,570,000, which is calculated using adopted fees and an estimate of the number of occurrences for each type of fee based on historical trends.



Consistent budget review eases the transition of programs from year to year.

Expenditure Summary

The District prepares its annual budget and financial plan based on operating expenses proposed by program managers, debt service payments scheduled in accordance with covenants and contractual obligations to bondholders and other creditors, and capital expenditures prioritized in the District's Capital Improvement Program and equipment replacement schedules.

Resources required for these expenditures are then appropriated from the District's Water, Wastewater, and Water Reclamation Funds. Operating expenses are addressed on the following pages by broad cost category as listed in the Budget Summary on page 48. Expenses are presented in more detail, by account type, in the Water, Wastewater, and Water Reclamation Fund Sections, and again, by Program in the Program Summaries.



Employment Expenses

Budgeted Employment Expenses include salaries and benefits paid for 79 full-time employees (FTEs) and three part-time (PT) employees, and also includes District contributions toward health insurance for current retirees.

Employees are represented by two in-house bargaining units, or employee partnerships, which have negotiated a three-year MOU regarding wage and benefit adjustments through FY 2025-26.

Salaries include regular wages, overtime (OT) and on-call pay, paid leave time, incentives, and differential payments which are awarded upon attainment of designated certifications. Per an agreement with employees at adoption of the current MOU, a 3% Cost of Living Adjustment (COLA) will also take effect in FY 2025-26 in addition to pay scale step increases of 5% available for employees who have not reached the top step in their pay range, subject to annual performance evaluations. With new positions at the SNRC being filled to ensure full-time oversight of the plant, and the terms of the new MOU, projected salaries expense for FY 2025-26 is \$11,195,000.

Benefit programs include a retirement plan with the California Public Employee Retirement System (CalPERS), a cafeteria health insurance plan, a deferred compensation plan with employer matching, and Worker's Compensation and Medicare insurance. The District also contributes up to \$850 per month toward retiree health insurance.

The most significant employee benefit is the CalPERS retirement plan. Funding requirements for the plan are determined through actuarial valuations conducted by CaIPERS and include contributions from both the District and the employees. Contributions from the District are made toward the plan's annual normal cost, at a rate of 15.59% of payroll for employees hired prior to January 2013 (Classic), and 8.03% of payroll for post January 2013 hires (PEPRA), and as a lump sum against the plan's unfunded liability. In recent years, unfunded pension liabilities have risen significantly as the plan struggles to meet the expectation administrators have set to earn a 7% return on plan assets each year. The rise of unfunded liabilities has led plan administrators to adopt 25-year amortization schedules, requiring increasing annual contributions to the plan, in an attempt to ensure that the plan is ultimately fully funded. However, instead of relying on the administrator plans for funding, the District has implemented an aggressive 15-year level-pay plan to amortize unfunded pension liabilities in order to reduce the cost of this liability. While the 15-year plan requires higher initial annual contributions of \$1,165,981, the shorter amortization period was originally projected to save the District approximately \$3.5 million. For FY 2025-26, however, the CalPERS required payment will increase to \$1,407,678, exceeding the level-pay amount and effectively eliminating the projected savings moving forward. As a result, District-paid costs related to the retirement plan are projected to increase by 8.15%. During FY 2025-26, the District will explore potential options to pay down the unfunded pension liability to help stabilize future contribution rates.

Healthcare costs are also split between the District and employees as the District pays 90% to 95% of premiums equal to the designated 'benchmark' insurance plan, with employees paying the balance. Premiums for the benchmark plan increased 9.49% between 2024 and 2025, therefore a similar increase for the cost of healthcare benefits is expected. Contributions toward retiree health insurance premiums are capped at \$850 per month for FY 2025-26. Payments continue until the retiree becomes eligible for Medicare; provided they meet all eligibility requirements for this benefit. Worker's compensation and life insurance premiums, cell phone allowances, and auto allowances for managers make up the remaining benefits.

Total District paid benefits are expected to increase 7.5% to \$4,729,000 for FY 2025-26, while contributions toward retiree health insurance were determined by an actuary to be \$551,000.



SALARIES AND BENEFITS

Water Costs

The District anticipates customer demand for approximately 15,796 acre-feet, or 5.15 billion gallons, of water during FY 2025-26. This is a projected 1.7% increase in demand compared to projections used for FY 2024-25. The expected increase is based on the baseline consumption data established for rate modeling, as well as actual consumption trends observed over the past five years. The increase reflects a return to more typical usage patterns following the unusually wet winter in early 2024, which had temporarily suppressed water demand.

The District meets customer demand by procuring water from three different raw water sources – groundwater, surface water, and the purchase of imported water. Each of these sources have associated rates, fees, or assessments charged by other agencies/companies as explained below:



Groundwater

The District obtains approximately 80% of its water supply through its wells by pumping water from the Bunker Hill Groundwater Basin. The fee associated with pumping groundwater is paid to the San Bernardino Valley Water Conservation District. The District's total assessment for FY 2025-26 is projected to be \$352,000.



Surface Water

Stockholder assessments paid to the North Fork Water Company (NFWC) on company shares owned by the District. Annual assessments are set to cover the costs of operating NFWC and includes delivery of Santa Ana River surface water, also based on the number of shares owned. The District owns approximately 7,151 shares and projects that the assessment will be \$171,000 and is budgeted accordingly.



Purchased Water

Paid to San Bernardino Valley to buy State Water Project at \$126 per acre foot (AF) when available. Due to the significant amount of rainfall and snow pack in California last winter, at least 50% of the normal allocation of water is available from the State Water Project. The District has budgeted \$300,000 for up to 2,400 acre feet of water from the State Water Project in FY 2025-26.

Total water costs associated with these three sources are projected to be \$823,000 for FY 2025-26.



WATER COSTS

Power Costs

Power costs include the electrical power for extracting groundwater through wells, treating imported water, surface water, and groundwater when necessary, and distributing water throughout nine pressure zones within the District. Significant power costs will continue to be incurred for the SNRC in FY 2025-26 as the new plant commences its second year of operation.

Rates for electrical power have been steadily increasing over the past three years, resulting in significant budget pressure, despite the fact that the District has implemented various energy conservation measures including the installation of high efficiency pumps at several plants, and construction of a hydroelectric generation facility at the District's surface water treatment plant (Plant 134), to help mitigate rising costs. In addition, District operations staff works closely with representatives from SCE to try to ensure that water production facilities are assigned Time-of-Use (TOU) rates wherever possible, encouraging staff to operate facilities to take advantage of the off-peak rates. In spite of these efforts to control costs, electricity rate pressures have continued to steadily increasing power costs.

The addition of the SNRC had the potential to more than double the District's power demand. In order to mitigate the cost, the District added anaerobic digesters to the SNRC project to convert wastewater sludge, supplemented with imported liquid food waste, into energy. The District contracted with SCE to install a two-way meter at the plant, so any excess energy produced by the digesters in the future can be sold on the power grid. During startup, and at least through FY 2025-26, the District expects to consume all power generated on-site for the operation of the plant and expects that the SNRC will be a net user of power. A budget of \$1,712,000 has been established for net power costs at the SNRC for FY 2025-26. This amount is approximately half of the expected cost to run the plant without the self-generated capabilities with the digestor.

Power costs for water production were approximately \$2.1 million in FY 2024-25, well below the budgeted amount of \$2,985,000. The District was expecting Edison rate increases to cause energy costs to rise significantly. Instead, a decrease in customer water usage resulted in lower than expected power costs for water production. In projecting power costs for FY 2025-26, the District again expects Edison rate increases, although the percentage is not yet known, and anticipates that the loss of three wells that are too close to the new regional recycled water recharge basins, will make it difficult to avoid peak time-of-use power rates until replacement wells can be placed in service. Under these circumstances, the District expects power costs for water production to be \$3,225,000 in FY 2025-26

Based on the above, the total budget for power to run production facilities in FY 2025-26 is \$4,937,000.

The District acknowledges that fiscal responsibility involves not only meeting current operating, capital, and debt service needs but also anticipating and preparing for unexpected events



POWER COSTS

Materials and Supplies

Materials and supplies are purchased to assist staff with the performance of their daily tasks. For administrative programs, materials ordinarily consist of office supplies, informational/educational printed materials for the public, books and reference materials for staff, and small office equipment. For operating and maintenance programs, materials also include some office supplies, but also include items such as chemicals for water treatment, small tools and parts for distribution system repairs, fuel and lubricants, and fill materials for backfilling trenches, among other items. Materials costs are budgeted to increase 48% to \$4,170,000 for FY 2025-26. Significant variances between prior year Contract Services costs and projections for the upcoming year is due to Water Reclamation's budget of \$2,000,000 for chemicals, a new program expense.



Contract Services

Contract services are proposed by program managers to fund ongoing needs for outside services, and periodic technical expertise to help meet Program Goals and Objectives. For administrative programs, outside services include, but are not limited to, legal services, banking and payment processing, printing, and insurance, while technical services would include rate consultants, engineering consultants, and legislative advocates. Operating and maintenance programs primarily use ongoing outside services such as paving, electrical repair, landscape maintenance, and equipment maintenance.

The budget for contract services is expected to increase 8.4% to \$16,543,000 for FY 2025-26. Significant variances between prior year contract services costs and projections for the upcoming year include:

A second full year of operations at the SNRC Water Reclamation Facility will add over \$4.6 million in additional Contract Services, including solids hauling and disposal, SCADA support, and new laboratory services.



Other Operating Expenses

Other Operating Expenses budgeted for FY 2025-26 total \$528,000 and includes conservation rebates, professional development, memberships and dues, licensing, meeting expenses, employee recognition, and education assistance. The District emphasizes professional growth and leadership, encouraging employees to utilize resources made available by the District to continue learning through formal education, certifications, and collaboration with other agencies responsible for delivering similar service to its ratepayers.



Debt Overview

East Valley Water District's debt service payments in FY 2025-26 will be \$9,776,000 on total outstanding debt of \$203,948,000 as of June 30, 2025. These amounts include the annual debt service payment, and outstanding SWRCB loan balance on the SNRC Water Reclamation Plant that was commissioned in May of 2024.

The SWRCB declared that the project was essentially complete in December 2023, establishing the date for debt service payments to begin in December 2024. A more complete discussion about the funding for this project and annual debt service of approximately \$7.7 million annually is included in the discussion about SWRCB loans below.

The District issues debt for the purpose of building and improving capital assets, and to refund/refinance previously issued debt when interest rates and other circumstances make it financially prudent. In September 2020, the District refunded its outstanding 2010 and 2013 Revenue bonds with 2020 Series A & B Refunding Revenue bonds in order to achieve annual interest savings of approximately \$400,000.

The District's Debt Management Policy states that debt may only be issued to finance capital projects that have been incorporated into the District's Capital Improvement Program. Additionally, debt will only be used to finance projects if it is the most cost-effective means of doing so and the District's credit rating will not be negatively impacted. District policy prohibits the issuance of long-term debt to fund operating activities.

Types of Debt

REVENUE BONDS

Revenue bonds are issued to finance the construction or upgrade of water and wastewater facilities. Debt service on revenue bonds is payable out of water and wastewater system net revenue.

- 2020A Refunding Revenue Bonds: Issued to refund outstanding 2010 Revenue bonds and save \$380,000 annually on interest. The 2020A bonds have an outstanding balance of \$13,030,000, and bear (tax-exempt) interest ranging from 3.0% to 5.0%.
- **2020B Refunding Revenue Bonds:** Issued to refund outstanding 2013 Revenue bonds, which had been issued to finance the construction of a new administration and operations headquarters. The 2020B bonds outstanding total is \$12,505,000, and bear (taxable) interest ranging from 0.42% to 2.93%.

SWRCB LOANS

SWRCB loans are utilized to finance the construction or upgrade of clean drinking water or recycled water projects. Debt service is payable out of water and wastewater system net revenue.

- Treatment Plant 134: Borrowed to finance upgrades to treatment technology at the District's Plant 134. The total loan outstanding is \$4,668,000 bearing interest at 0%.
- SNRC: Borrowed as primary funding for the Water Reclamation Plant known as the SNRC. The total loan amount approved is \$168.3 million. As of June 2025, the full amount has been drawn down. Interest on the loan is 1.8%, which has accrued on all draws against the loan during the project construction period. The accrued interest will be added to the loan balance bringing the total amount to be repaid to \$178 million. Annual debt service on this total will be approximately \$7.7 million annually.

The District has also signed two SWRCB loan agreements in support of the State's consolidation of mutual water companies with failing water infrastructure within the District's service area. The District is responsible for ensuring payment on the State loans, which is payable from assessments on property formerly served by the water companies.

ASSESSMENT DISTRICTS

• Arroyo Verde & Eastwood Farms: Borrowed to fund installation of new water distribution system connected to the District's water supply facilities. Loans outstanding total is \$271,500 and bear interest at 0%.

Other Long-Term Obligations

On November 21, 2017 the District entered into a Settlement Agreement (Agreement) with SBMWD that defined the terms under which the District would stop sourcing wastewater treatment services to SBMWD in accordance with a 1957 Joint Powers Agreement, and would construct and operate its own water reclamation facilities capable of treating all wastewater flows generated by District customers.

One of the terms of the Agreement is that the District will pay ten annual installments of \$700,000 to SBMWD to help offset the revenue loss resulting from the District's transition. The District made its second \$700,000 payment in May 2025 as part of the FY 2024-25 budget. These payments will continue annually through FY 2032-33.

	WATER FUND						WASTEWA					
Fiscal Year		Principal		Interest		Principal		Interest			Total	
2025-26	\$	490,000	\$		-	\$	210,000	\$		-	\$	700,000
2026-27		490,000			-		210,000			-		700,000
2027-28		490,000			-		210,000			-		700,000
2028-29		490,000			-		210,000			-		700,000
2029-30		490,000			-		210,000			-		700,000
2030-33		1,470,000			-		630,000			-		2,100,000
TOTAL	\$ 3	3,920,000	\$		-	\$	1,680,000	\$		-	\$	5,600,000

Impact of Current Debt Levels

A schedule of FY 2025-26 debt service payments, by debt issue, is shown in the schedule on the following page.

The District's Debt Management Policy stipulates that debt may only be issued to finance capital projects.

DEBT SERVICE PAYMENTS

	WATER FUND					WASTEWA		
Debt Issue		Principal		Interest		Principal	Interest	Total
2020A Refunding Revenue Bonds	\$	575,000	\$	525,000	\$	-	\$ -	\$ 1,100,000
2020B Refunding Revenue Bonds		200,000		222,000		175,000	95,000	692,000
SWRCB Loan-Treatment Plant		234,000		-		-	-	234,000
SWRCB Loans - Assessment Districts		19,000		-		-	-	19,000
SWRCB Loan - SNRC		-		-		4,527,000	3,204,000	7,731,000
TOTAL	\$1	,028,000	\$	747,000	\$	4,702,000	\$ 3,299,000	\$ 9,776,000

As detailed above, debt service for FY 2025-26 on all outstanding District debt is \$9,776,000. This amount represents 17.2% of the District's total budget for FY 2025-26. This level of debt service does not affect utility services provided to District ratepayers but does directly impact the number of Capital Projects that can be funded by operating revenues.

DEBT SERVICE THROUGH MATURITY

		WATER	FL	JND		WASTEWAT				
Fiscal Year	Р	rincipal	Interest			Principal		Interest		Total
2025-26	\$ 1	,028,000	\$	747,000	\$	4,702,000	\$	3,299,000	\$	9,776,000
2026-27	1	,063,000		715,000		4,885,000		2,994,000		9,657,000
2027-28	1	,098,000		681,000		4,916,000		3,022,000		9,717,000
2028-29		1,133,000		646,000		5,002,000		2,934,000		9,715,000
2029-30		1,168,000		608,000		5,093,000		2,844,000		9,713,000
2030-35	6	,409,000		2,434,000		26,884,000		12,803,000		48,530,000
2035-40	7	,385,000		1,448,000		29,440,000		10,252,000		48,525,000
2040-45		7,154,000		371,000		31,978,000		7,440,000		46,943,000
2045-50		-		-		33,846,000		4,489,000		38,335,000
2050-55		-		-		29,337,000		1,333,000		30,670,000
TOTAL	\$26,	,438,000	\$	7,650,000	\$ '	176,083,000	\$	51,410,000	\$	261,581,000
The graph below presents total debt service on existing debt through maturity.



DEBT SERVICE

Bond Ratings



Credit risk is the potential that creditors will suffer financial loss if the District fails to fulfill its obligation to make timely payments to holders of District debt. This risk is measured by the assignment of a rating to the District's bonds by a nationally recognized credit rating organization. Strong credit ratings provide benefits to District ratepayers in the form of reduced debt service costs. Prudent financial management policies resulted in a bond rating of AA- from both Standard & Poor's and Fitch ratings when the District issued 2020 A & B series revenue bonds in September 2020. Fitch affirmed this rating as the result of a review conducted in June 2024.

The AA- rating is considered a high quality, investment grade rating.

Debt Capacity and Debt Service Coverage

The District has no policy limitation, and there is no statutory limitation, on the amount of debt that may be issued by the District, however, bond covenants for the District's 2020 Revenue Bonds require an additional bonds test prior to issuing additional obligations payable from Net Operating Revenue. The test determines the amount of additional debt that may be issued by calculating the amount of net revenue available for additional debt service payments.

The Revenue Bond documents, as well as loan agreements with the SWRCB and US Bank, require that the District maintain a debt service coverage ratio equal to 1.2 or 120 percent of annual debt service or greater.

The FY 2025-26 Budget provides the net revenue to debt ratios shown in the table below.

DEBT SERVICE COVERAGE

	Water Fund		Wastewater Fund		Reclamation Fund	Total
REVENUE						
Sales and Services	\$ 30,325,000	\$	6,870,000	\$	15,020,000	\$ 52,215,000
Other Charges	390,000		135,000		90,000	615,000
Interest & Miscellaneous Revenue	800,000		100,000		1,309,000	2,209,000
Grants / Self-Generation Incentives	-		-		1,850,000	1,850,000
TOTAL REVENUES	\$ 31,515,000	\$	7,105,000	\$	18,269,000	\$ 56,889,000
OPERATING EXPENSES						
Programs	\$ 26,514,000	\$	6,450,000	\$	10,512,000	\$ 43,476,000
TOTAL OPERATING EXPENSES	\$ 26,514,000	\$	6,450,000	\$	10,512,000	\$ 43,476,000
NET REVENUE	\$ 5,001,000	\$	655,000	\$	7,757,000	\$ 13,413,000
ANNUAL DEBT SERVICE	\$ 2,265,000	\$	480,000	\$	7,731,000	\$ 10,476,000
DEBT COVERAGE RATIO	2.21		1.36		1.00	1.28

The District's budget reflects a conservative and disciplined approach.



Fund Equity and Reserves

As previously discussed, EVWD operates water, wastewater collection, and water reclamation enterprise activities; the District does not have governmental or non-major enterprise activities as part of its operational structure.

For financial reporting purposes, each of the District's activities report Equity, the excess of Assets and Deferred Outflows over Liabilities and Deferred Inflows, as Net Position. Also for financial reporting purposes, Net Position is reported in three distinct classifications:



For budgeting purposes, and for purposes of this discussion, the three classifications above will be referred to as designations of the District's equity, rather than of Net Position.

Restricted and unrestricted equity are spendable reserves, Equity Invested in Capital Assets is not. Equity Invested in Capital Assets maintains a running balance of resources previously spent on the acquisition and construction of capital assets, less outstanding long-term debt, and net of depreciation of those capital assets over time. It does not include spendable funds that are available for appropriation and is therefore not considered as part of the budget process.

Restricted Net Position may include any or all of the following in a given year: 1) unspent proceeds from the issuance of long-term debt, 2) developer paid capacity fees, and 3) debt service reserves. Unspent debt proceeds and capacity fees are available for appropriation for capital projects, but only as defined by contractual agreement with bondholders and other creditors, or by studies adopted by the District that state the purpose and amount of capacity fees to be collected from developers. Debt proceeds are used only for projects specifically stated in debt agreements, and capacity fees are used only for construction of projects that expand the capacity of the District's infrastructure. Debt service reserves may only be used to pay debt service on the associated debt, if and when needed. The amount of funds required to be held in this reserve is equal to one year's debt service.

Unrestricted fund equity is the residual after the balances in the other two classifications of equity have been determined. The District has the most flexibility in determining how unrestricted equity may be appropriated, and the Governing Board has done so by establishing a Reserve Funds Policy, which is summarized on pages 38-39. The policy, which was revised in February 2024, establishes two designations for unrestricted equity, and has defined their purpose, order of priority for funding, target levels, and uses. Those unrestricted designations are the:



Capital Replacement Reserve

The Operating Reserve has the highest priority and is funded first out of any excess of revenue over expenditures at the end of each fiscal year. When the Operating Reserve has reached its target level of 120 days operating expenses, excess funds are applied to the Capital Replacement Reserve with a minimum target level of twice the annual average of the District's five-year Capital Improvement Program, and a maximum level equal to the five-year CIP total. If the Capital Replacement Reserve reaches its maximum target, excess funds are to be placed back in the Operating Reserve.

Expenditure of funds out of any of the Unrestricted Reserve categories will be replenished with excess Operating Reserves, and then by transfer from reserves with lower priority. The District's Governing Board may take action to transfer balances between the Unrestricted Reserve designations at any time.

Enterprise Reserves



Water Fund Reserves

The Water Fund is projected to have \$8,840,000 in Operating Reserves, \$3,101,071 in the Capital Replacement Reserve, and \$5,888,717 in Restricted Reserves at the end of FY 2024-25. The Water Reserves table presents changes to the Water Fund unrestricted and restricted equity, broken down by reserve designation, over a five-year period, and includes beginning balances, annual activity, and ending balances. Target levels for each of the reserve designations, in accordance with the District's reserve policy, are also shown.

UNRESTRICTED RESERVES

Funding for unrestricted reserves is built into rates when the District conducts a cost-of-service analysis; this occurs approximately every five years. Rate adjustments were last adopted in May 2024 and will become effective in three phases on January 1st of each year, 2025, 2026, and 2027. Modeling for the new rates continued to focus on collecting at least 35% of revenue from the fixed system (meter) charges as California continues living with droughts and mandatory conservation, which results in reduced water sales. The unrestricted Operating Reserve balance will remain near its target level during the fiscal year, while funds from the unrestricted Capital Replacement Reserve will be drawn upon to supplement operating revenue for many important capital projects including drilling a rehabilitation of an existing tank.

RESTRICTED RESERVES

Restricted Reserves are from the collection of water capacity fees from new development. Although the receipt of capacity fees is not included in revenue projections and budgeted, accumulated fees are available for appropriation for certain capital improvement projects. \$3,500,000 of restricted reserve balances are budgeted for use toward construction of a new well during FY 2025-26, leaving a projected year-end balance of \$5,888,717.

UNRESTRICTED AND RESTRICTED EQUITY - WATER

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Projected	FY 2025-26 Budget
WATER OPERATING RESERVE					
Maximum Target Level 120 Days Operations	\$ 6,366,000	\$ 6,645,000	\$ 7,245,000	\$ 8,385,000	\$ 8,840,000
Beginning Fund Balance	6,031,622	8,405,421	6,645,000	6,152,776	8,387,195
Revenue	29,273,276	28,250,377	29,367,492	33,137,058	31,515,000
Operating / Non-Operating Expenditures	(22,435,689)	(21,919,678)	(26,792,163)	(25,999,639)	(27,261,000)
Debt Principal Payments	(2,120,011)	(2,161,691)	(3,067,553)	(1,873,000)	(1,878,000)
Land Sale / Transfer CIP from Wastewater	2,448,816	-	-	-	-
Transfer From (to) Other Reserves	(4,792,593)	(5,929,429)	-	(3,030,000)	(1,925,000)
ENDING WATER OPERATING RESERVE	\$ 8,405,421	\$ 6,645,000	\$ 6,152,776	\$ 8,387,195	\$ 8,838,195
WATER CAPITAL REPLACEMENT	RESERVE				
Minimum Target Level	\$10,000,000	\$10,000,000	\$ 10,314,000	\$ 11,285,000	\$ 13,100,000
Beginning Fund Balance	10,338,648	10,000,000	8,794,616	6,936,295	7,230,295
Transfer from (to) Other Reserves	4,792,593	5,929,429	-	3,030,000	1,925,000
Capital Expenditures	(5,131,241)	(7,134,813)	(1,858,321)	(2,736,000)	(4,841,000)
ENDING WATER CAPITAL REPLACEMENT RESERVE	\$10,000,000	\$ 8,794,616	\$ 6,936,295	\$ 7,230,295	\$ 4,314,295
TOTAL UNRESTRICTED RESERVES - WATER	\$ 18,405,421	\$ 15,439,616	\$ 13,089,071	\$ 15,617,490	\$ 13,152,490

WATER RESERVES



WATER CAPACITY FEES

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Projected	FY 2025-26 Budget
WATER CAPACITY FEES					
No Target Level	\$-	\$-	\$-	\$-	\$-
Beginning Fund Balance	2,576,874	3,560,177	4,527,579	5,849,987	7,196,217
Fees Collected	983,303	967,402	1,322,408	2,061,493	800,000
Capital Expenditures	-	-	-	(715,263)	(3,500,000)
ENDING WATER CAPACITY FEES	\$ 3,560,177	\$ 4,527,579	\$ 5,849,987	\$ 7,196,217	\$ 4,496,217
TOTAL RESTRICTED RESERVES - WATER	\$ 3,560,177	\$ 4,527,579	\$ 5,849,987	\$ 7,196,217	\$ 4,496,217

Wastewater Fund Reserves

The Wastewater Fund is projected to have \$1,283,509 in Operating Reserves, \$0 in the Capital Replacement Reserve, and \$5,235,848 in Restricted Reserves. The following table presents changes to the Wastewater Fund unrestricted and restricted equity, broken down by reserve designation, over a five-year period, and includes beginning balances, annual activity, and ending balances. The target levels established for each reserve designation, in accordance with the District's Reserve Funds Policy, are also shown.

UNRESTRICTED AND RESTRICTED EQUITY - WASTEWATER

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Projected	FY 2025-26			
		Actual	Actual	Projected	Budget			
WASTEWATER OPERATING RESERVE								
Maximum Target Level 120 Days Operations	\$ 1,850,000	\$ 1,900,000	\$ 1,620,000	\$ 2,005,000	\$ 2,150,000			
Beginning Fund Balance	2,540,325	538,315	1,937,509	1,937,509	2,772,262			
Revenue	5,189,870	5,795,316	6,576,431	6,971,518	7,105,000			
Operating / Non-Operating Expenditures	(4,070,081)	(4,913,771)	(3,544,775)	(5,261,765)	(6,450,000)			
Capital Expenditures	-	-	-	-	-			
Debt Principal Payments	(170,000)	(175,000)	(175,000)	(385,000)	(385,000)			
SRF Loan Proceeds - Net	-	10,917,310	-	-	-			
Correct Deposit of Prop 1 Grant Funds	-	(6,742,125)		-	-			
Transfer to Other Reserves	(2,951,799)	(3,482,536)	(4,008,968)	(490,000)	(122,500)			
ENDING WASTEWATER OPERATING RESERVE	\$ 538,315	\$ 1,937,509	\$ 785,197	\$ 2,772,262	\$ 2,919,762			

	F	Y 2021-22	F	Y 2022-23	F	Y 2023-24	-	FY 2024-25		Y 2025-26
		Actual		Actual		Actual Projected			Budget	
WASTEWATER CAPITAL REPLAC	EME	NT RESER\	/E							
Minimum Target Level	\$10	0,000,000	\$10	0,000,000	\$	280,000	\$	280,000	\$	280,000
Beginning Fund Balance		-		-		-		-		280,000
Transfer From Other Reserves		2,951,799		3,482,536		4,008,968		490,000		122,500
Loans From (to) Other Reserves		-		-		-		-		-
Capital Expenditures	(2,951,799)	(3	3,482,536)	(4	1,008,968)		(210,000)		(122,500)
ENDING WASTEWATER CAPITAL REPLACEMENT RESERVE	\$	-	\$	-	\$	-	\$	280,000	\$	280,000
TOTAL UNRESTRICTED RESERVES - WASTEWATER	\$	538,315	\$	1,937,509	\$	785,197	\$ 3	3,052,262	\$	3,199,762

UNRESTRICTED RESERVES

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Projected	FY 2025-26 Budget
WASTEWATER CAPACITY FEES No Target Level	\$-	\$-	\$-	\$-	\$-
Beginning Fund Balance	1,837,888	2,701,340	3,144,381	3,756,724	4,635,848
Fees Collected	863,452	443,041	612,343	879,124	500,000
Debt Issued	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
ENDING WASTEWATER CAPACITY FEES	\$ 2,701,340	\$ 3,144,381	\$ 3,756,724	\$ 4,635,848	\$ 5,135,848
TOTAL RESTRICTED RESERVES - WASTEWATER	\$ 2,701,340	\$ 3,144,381	\$ 3,756,724	\$ 4,635,848	\$ 5,135,848

The accumulation of wastewater Operating and Capital Replacement reserves have been limited due to the investment in construction of the SNRC, a water reclamation facility for which the Water Reclamation Fund was established in FY 2022-23. Prior to establishing the Water Reclamation Fund, the Wastewater Fund financed costs not covered by a grant/loan agreement provided by the State Water Resources Control Board (SWRCB) affecting its ability to build reserves, in spite of the fact that rate adjustments were implemented in each of the years beginning with FY 2021-22.

The FY 2025-26 balanced budget projects decreases to wastewater fund unrestricted reserves during the fiscal year; total unrestricted reserves are projected to end at \$1,283,509.

RESTRICTED RESERVES

Restricted Reserves are primarily from the collection of wastewater capacity fees from new development. The table also includes balances and activity for restricted Wastewater capacity fees. Although the receipt of capacity fees is not included in revenue projections and budgeted, accumulated fees are available for appropriation for certain capital improvement projects. The projected restricted reserve balance at the end of FY 2025-26 is \$5,235,848.

The projected total for all Wastewater Fund reserves at the end of FY 2025-26 is \$6,519,357.



WASTEWATER RESERVES

Water Reclamation Fund Reserves

The Water Reclamation Fund was established to account for the revenues and expenditures related to the Sterling Natural Resource Center water reclamation plant which began operations in January of 2024. Target levels will be established as they are for other funds, in accordance with the District's Reserve Funds Policy.

	FY 2021-22 Actual			FY 2024-25 Projected	FY 2025-26 Budget
RECLAMATION OPERATING RES	ERVE				
Maximum Target Level 120 Days Operations	\$-	\$-	\$ 3,700,000	\$ 3,580,000	\$ 3,505,000
Beginning Fund Balance	-	-	6,742,125	5,966,129	3,580,320
Revenue	9,764,357	10,108,850	11,292,394	15,937,105	18,269,000
Operating/Non Operating Expenditures	(9,764,357)	(10,286,707)	(2,438,337)	(13,137,264)	(13,716,000)
Capital Expenditures	-	-	(9,630,053)	-	-
Correct Deposit of Prop 1 Grant Funds	-	6,742,125	-	-	-
Debt Principal Payments	-	-	-	(4,211,650)	(4,527,000)
Transfer From (to) Other Reserves		177,857	-	(974,000)	(453,000)
ENDING RECLAMATION OPERATING RESERVE	\$-	\$ 6,742,125	\$ 5,966,129	\$ 3,580,320	\$ 3,153,320

		2021-22 Actual		FY 2022-23 Actual	FY 2023-24 Actual	F	TY 2024-25 Projected	FY 2025-26 Budget
RECLAMATION CAPITAL REPLAC	EMEN	IT RESER	VE					
Minimum Target Level	\$	-	\$	-	\$ 260,000	\$	660,000	\$ 2,310,000
Beginning Fund Balance		-		-	-		-	660,000
Transfer From (to) Other Reserves		-		-	-		660,000	-
Loans From (to) Other Reserves		-		-	-		-	-
Capital Expenditures		-		-	-		-	-
ENDING WATER CAPITAL REPLACEMENT RESERVE	\$	-	\$	-	\$ -	\$	660,000	\$ 660,000
TOTAL UNRESTRICTED RESERVES - RECLAMATION	\$	-	\$	6,742,125	\$ 5,966,129	\$	4,240,320	\$ 3,813,320
RECLAMATION DEBT SERVICE R	ESER\	/E						
Target - One Years Annual Debt Service	\$	-	\$	-	\$ -	\$	-	\$ 767,000
Beginning Fund Balance		-		-	-		-	314,000
Transfer From Other Reserves		-		-	-		314,000	453,000
ENDING RECLAMATION DEBT SERVICE RESERVE	\$	-	\$	-	\$ -	\$	314,000	\$ 767,000
RECLAMATION CAPACITY FEES								
No Target Level	\$	-	\$	-	\$ -	\$	-	\$ -
Beginning Balance	1,	860,609		2,736,642	3,008,522		3,630,159	3,483,822
Capacity Fees Received		876,033		449,737	621,637		928,618	600,000
Expenditures		-		(177,857)	-		(1,074,955)	(1,900,000)
ENDING RECLAMATION CAPACITY FEES	\$ 2 ;	736,642	\$	3,008,522	\$ 3,630,159	\$	3,483,822	\$ 2,183,822
TOTAL RESTRICTED RESERVES - RECLAMATION	\$ 2,	736,642	\$	3,008,522	\$ 3,630,159	\$	3,483,822	\$ 2,950,822

UNRESTRICTED RESERVES

Prior to the SNRC, the District contracted with the SBMWD for wastewater treatment, and all revenue billed and received was remitted to the SBMWD. Given this agreement, there was no opportunity or reason to build a reserve for wastewater treatment operations.

The Water Reclamation Fund will establish unrestricted operating and capital replacement reserves, but unlike other funds, the Water Reclamation Fund must first establish a Debt Service reserve over the next ten years. As with other reserve funds, there is a clear prioritization and target for all types. Projections for the Reclamation Fund operations through the end of FY 2025-26 estimate that the Fund will have Debt Service Reserve, and the balance of \$767,000 will begin to build an Operating Reserve. FY 2025-26 will be the first full year of operations for the Reclamations plant, and the first payment on the state loan financing the plant construction is due in December.

RESTRICTED RESERVES

The tables for accumulated wastewater treatment capacity fees, which belong to the Reclamation Fund, and for the new Debt Service Reserve are shown above. The District began collecting wastewater treatment capacity fees when construction began on the SNRC, for this reason the accumulation of restricted funds began occurring prior to the creation of the Water Reclamation Fund. The debt service reserve, which is required by section 3.7(a) of the SNRC loan funding agreement with the State Water Resources Control Board, must have a balance equal to one-tenth year's debt service on the loan from the SWRCB, approximately \$767,000 (the Target Level).

The projected total for all Reclamation Fund reserves at the end of FY 2025-26 is \$8,679.906.



RECLAMATION RESERVES

The District has adopted a Reserve Funds Policy as part of prudent financial planning and to ensure sufficient funding for current and future needs.

Long-Range Financial Plan

The Long-Range Financial Plan provides a forward-looking view of the District's three different funds, allowing leadership, along with other stakeholders, to evaluate whether financial resources will be available to achieve the District's long-term goals and objectives included in the 5-Year Work Plan.

The 5-Year Work Plan and long-range financial planning serve conjunctively as tools for future decision making regarding the District's spending and projected revenues.

As a multi-beneficial organization that provides water, wastewater, and water reclamation services, the District's long-term planning efforts consider factors such as the age, condition, and efficiency of infrastructure used to deliver services to District customers and maintaining compliance with changing regulations. Over the last decade, the cyclical droughts in California has raised water supply reliability, operational flexibility, and water quality, as prominent issues in strategic planning. Based on these identified priorities, the District has developed goals that will have a significant impact on the District's financial planning and Budget over the next few years, including:

- Cost recovery through user rates and development fees, as applicable;
- Address rapidly rising energy costs and green energy regulations;
- Ensure water quality and supply reliability;
- Maintain organizational culture and staff capabilities; and
- Replace aging pipelines and build new groundwater wells.

Cost Driver	Assumption	Link to District and 5-Year Work Plan				
Utility User Rates Support Reasonable Costs Related to Existing Customers; Development Fees Pay for New Infrastructure	 Water usage per capita will not increase due to conservation efforts Development will add 50 customers annually to District service area 	 Practice Transparent Fiscal Management Conduct Cost-of-Service Analysis for Rates Enhance Planning Efforts for Future Demand 				
Energy Costs and Green Energy Regulations	 Digesters at SNRC will support energy requirements of the plant Incentives and federal credits will help defray the cost of additional self- generation projects 	 Identify Opportunities to Optimize Natural Resources Analyze Alternative Energy Sources Enhance Planning Efforts that Respond to Future Demand 				

The achievement of these goals is subject to certain assumptions but will remain a priority as they support the District Vision and 5-Year Work Plan.

Cost Driver	Assumption	Link to District and 5-Year Work Plan				
Water Quality and Reliability	 Recycled water from SNRC will provide sustainable supply for recharge Existing treatment processes will need to be enhanced to ensure product water meets standards 	 Ensure Safe & Reliable Services Complete Construction of SNRC Construct Third Monitoring Well Near Recycled Water Recharge Evaluate Feasibility of Salt Mitigation 				
Organizational Culture / Staff Capabilities	 Staff training, engagement and knowledge transfer will facilitate exceptional customer relations 	 Maximize Internal Capabilities Through Professional Development Develop Succession Plan Evaluate IT, SNRC Staffing Enhance Emergency Preparedness Training 				
Aging Infrastructure	 District's rates will provide revenue for some, but not all, capital improvement projects Grant funding will be available to help pay for the District's infrastructure improvements 	 Dedicate Efforts Toward System Maintenance & Modernization Pipeline Replacement Program Water Reservoir Rehabilitation Program New Well Construction Pursue Alternative Funding Sources 				

User Rates and Development Fees from Reserves

The District updated all water and wastewater user rates in May 2024 to help ensure that operating revenue can cover the cost of operations, debt service costs and help maintain reserves. Updated rates were based on a three-year Cost-of-Service Analysis and financial model, that considered the rapidly escalating cost of capital improvement projects that are needed to replace aging facilities. Adjustments will occur in three phases, one each during the fiscal years 2024-25, 2025-26, and 2026-27.

Developer capacity fees were also updated as the result of an independent capacity fee study. These fees are intended to make sure developers pay for their share of the cost of capacity in District facilities, especially when construction costs are rising so quickly. However, recent state statutes intent on relieving housing shortages in California have placed a moratorium on collection of development impact fees on ADUs, Accessory Dwelling Units built on parcels with a previously existing dwelling unit. Construction of ADUs is heavy within the Districts service area, so under the moratorium, the challenge will be to maintain system capacity for new construction that is subject to District capacity fees.

Updated miscellaneous fees and charges are primarily fees related to the collection of delinquents accounts, and charges for Engineering services. The amount of each of the fees and charges was established by determining the average amount of staff and equipment time required for a single occurrence, and then multiplying the time required by labor rates and equipment rental rates.

Energy Costs and Green Energy Regulations

Construction on the Sterling Natural Resource Center (SNRC) was completed in FY 2023-24, including anaerobic digesters designed to generate three megawatts of electrical power. This amount of power self-generation should allow the District to power the plant and produce excess energy to sell back to the Edison grid as soon as FY 2026-27.

In addition, state regulation requiring the integration of electric vehicles into the District's fleet and the furtherance of other green energy goals, and the rising cost of purchased power, compel the District to explore more clean energy generating options, particularly while there are federal incentives to invest in clean energy alternatives. Over the next five years the District will consider the addition of solar panels and Tesla batteries and consider participating in a regional effort to acquire hydro facilities, to help alleviate the pressures of rising energy prices and new regulations.

Water Quality and Reliability

The District built a State Water Project turnout at its Surface Water Treatment Plant in order to utilize as much imported water as feasible. This strategy would preserve water in the groundwater basin and allow the District to take delivery of, and treat, water at a high elevation, using gravity to assist with water distribution to customers. The alternative is to incur significant pumping costs by extracting water with wells and then pumping it uphill for distribution.

Unfortunately, California continues to experience cyclical droughts, in which State Water Project deliveries are unreliable. For FY 2024-25, State Water Project contractor agencies, the source for the District's imported water, were told their annual allocation of imported water will be 50%, whereas, in the previous fiscal year, the supply provided was 100% of requested. As a result, EVWD will experience fluctuating power costs to pump groundwater over the next five years to offset the unreliability of available imported water.

Organizational Culture and Staff Capabilities

An aging workforce, emerging technology, inflation, and beginning a new enterprise activity with the completion of the Sterling Natural Resource Center (SNRC) water recycling facility have highlighted the need for the District to remain competitive regarding staff compensation. This is necessary in order to attract and retain talented team members to operate the state-of-the-art SNRC, or implement and maintain new technologies, while at the same time the District must remain prudent with the public funds used to pay compensation.

Inflationary pressures resulted in an average of 4.3% COLA adjustments to salaries during the current three-year Memorandum of Understanding with staff and will likely result in similar percentages being negotiated for future years when the current MOU ends in June 2026.

Aging Infrastructure

As mentioned under User Rates, adopted rates included funding for the Capital Improvement Program including water main replacements. The District must also replace three wells that were taken off-line due to their proximity to SNRC recycled water recharge basins, and the rapidly increasing cost to build new water tanks/reservoirs makes it imperative that the District allocate resources for the rehabilitation of existing tanks. Having the funding available to proactively contract for rehabilitation projects, rather than reacting to reports of system leaks or failures, allows the District to select the most opportune time to take plants or infrastructure off-line, minimizing overtime, avoiding excess power to run alternate facilities during peak hours, and avoiding water losses.

The District has identified specific plants for rehabilitation and includes rehabilitation projects in Capital budget requests each year, but the District is also actively searching for external funding.

FY 2026-30 Forecast

REVENUE FORECAST

Water, wastewater, and reclamation revenues are expected to increase moderately over the next five years due to continued development activity and approved rate adjustments.

Water Revenue projections include increases related to rate adjustments (meter charges, commodity rate tiers) as well as a modest growth rate of 2% annually. Sales per capita is expected to remain flat as water budget based tiered rates implemented by the District incentivize consumers to use water efficiently. Rate adjustments are scheduled for January 1 of 2026 and 2027.

Wastewater revenue projections include increases from rate adjustments (collection system charges) that will become effective on July 1, 2025 and 2026. For years subsequent to 2026, a 2.0% escalation factor was used to account for potential future rate increases and/or growth related to new development.

Reclamation revenue projections also include increases from rate adjustments (treatment charges) that will become effective on July 1, 2025 and 2026. In addition to revenue from rates, Reclamation relies on revenues from outside sources including 1) a Local Resource Investment Program (LRIP) contribution from the basin watermaster for recycled water being recharged into the groundwater basin, and 2) tipping fees from food waste haulers for waste delivered to the SNRC digesters for generation of electricity to power the plant.

Wastewater flows into the SNRC reclamation plant are higher than anticipated, so the productions of recycled water is exceeding expectations at about 6,200 acre-feet. However, the commissioning of the digesters is progressing slower than anticipated, meaning tipping fee revenue and energy cost savings expectations have had to be adjusted downward. Until these revenues/savings can be realized, the difference will have to be made up by rate revenue, which would have to increase by 10% - 15% in FY 2026-27 in order to meet net revenue requirements. A cost-of-service analysis will be performed at the beginning of FY 2025-26 to review wastewater treatment rates.

OPERATING CAST FORECAST

Operating costs for the District include salaries and benefits, maintenance and operation of the water distribution, wastewater collection systems, water reclamation, contract services and materials and supplies. Reclamation operation is still ramping up and operation costs are forecasted based on current staffing levels and SNRC Contract Services.

EMPLOYMENT EXPENSES

Labor & Benefits are the largest costs in the District's Budget and are adjusted in accordance with a Memorandum of Understanding (MOU) with employees. The current three-year MOU became effective in July 2023 and remains in effect through FY 2025-26 and the average increase for the three years was 5% due to the results of a salary survey. New labor negotiations will occur during FY 2025-26, including a comp and benefits survey, to negotiate an MOU effective for the period July 2026 through June 2029.

Staffing levels will increase from 75 to 79 full-time positions in FY 2025-26 as the District expands two part-time roles into full-time positions and also adds two staff to the Field staff to begin building a pipeline replacement crew. This crew is expected to grow to six, with two more positions to be added in each of the following fiscal years. These positions are reflected in the accompanying projections.

Retirement plan contributions and employer paid medical insurance are both expected to increase by about 6%, so these increases are built into the following projections.

All of the items explained above will contribute to increases built into Labor and Benefit projections of 8% for years 2 and 3, and 7% for years 4 and 5.

POWER COSTS

The District has taken steps to insulate ratepayers from significant increases in electricity costs by implementing energy conservation measures, installing a hydro-electric generation facility, installing batteries at three facilities to avoid peak hour power rates, and constructing digesters at the SNRC to generate electricity.

The SNRC digesters will continue ramping up to full capacity during FY 2025-26, so the budget for that year includes approximately \$1.7 million in net power costs incurred for reclamation activities. Thereafter, the District is projected to increase energy production to the point where energy needed to power the operations of the SNRC is produced on site, and to possibly produce excess energy which can be sold back to the grid.

With all of these measures in place the District should have level power costs agency wide, with decreasing energy demand from the grid for the SNRC offsetting increased power costs incurred for water facilities for the next five years.

MATERIALS AND SUPPLIES

Materials and supplies increased significantly in FY 2024-25 with the commissioning of the SNRC but are projected to increase at a moderate 2% in FY 2025-26, tempered by staff's commitment to transition from contract to in-house chemical procurements as the SNRC completes commissioning. In the following years cost increase projections continue to be estimated at 2%.

OTHER CONTRACTED SERVICES

Other Contracted Services such as facilities maintenance, professional consulting, security, customer bill generation are expected to increase by a modest 3% annually as reflected on the accompanying projections.

DEBT SERVICE FORECAST

Debt service costs include principal and interest on Revenue Bonds and Loans issued to finance system improvements and also include years three through seven of a ten-year commitment to pay the San Bernardino Municipal Water Department \$700,000 annually to offset the loss of revenue associated with the District ending a contract for wastewater treatment with that agency in favor of building the Sterling Natural Resource Center.

Debt service on all of the above commitments will be about \$10.4 annually and is reflected in the following projections. A 30-year debt service chart is shown in the Debt section of this document.

NET REVENUE

Net revenue, after paying debt service, flows into the Districts reserves where it is combined with other external funding sources to pay for capital expenditures and capital projects shown in the capital section of this budget.

Long-range financial planning is a strategic roadmap for informed decision-making.

Five-Year Forecast FY 2025-26 Through FY 2029-30

The following financial forecast is presented to provide a general understanding of how long-term goals will affect operating revenue, operating expenditures, debt service costs, and capital expenditures over the next five years.

FORECAST	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
REVENUE					
Water Sales / Wastewater Collect	\$ 25,770,000	\$26,959,000	\$27,699,000	\$28,459,000	\$ 28,817,000
Wastewater Treatment	13,820,000	15,893,000	18,277,000	19,191,000	20,151,000
Meter Fees	11,425,000	12,110,000	12,474,000	12,849,000	12,978,000
LRIP Revenue	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
SB 1122 Power Sales	-	-	-	-	-
Other Operating Charges	1,629,000	1,629,000	1,609,000	1,609,000	1,609,000
Investment Income	930,000	1,275,000	1,276,000	1,324,000	1,000,000
Grants / Other Contributions	1,850,000	463,000	463,000	463,000	463,000
Other Income	500,000	550,000	550,000	550,000	550,000
TOTAL REVENUE	\$ 57,124,000	\$ 60,079,000	\$63,548,000	\$65,645,000	\$ 66,768,000
EXPENDITURES					
Labor & Benefits	\$ 16,475,000	\$ 18,079,000	\$ 18,901,000	\$ 19,738,000	\$ 20,445,000
Water Costs	823,000	768,000	768,000	768,000	768,000
Power Costs	4,937,000	4,387,000	4,357,000	4,335,000	4,522,000
Contract Services	14,141,600	14,567,000	15,005,000	15,457,000	15,922,000
Materials & Supplies	4,170,000	4,297,000	4,427,000	4,561,000	4,699,000
Other Operating Expenses	528,000	540,600	553,230	565,892	578,586
Insurance	2,401,400	2,909,000	2,987,000	3,066,000	3,148,000
Debt Service	10,811,173	10,414,173	10,416,173	10,421,173	10,416,173
TOTAL EXPENDITURES	\$ 54,287,173	\$ 55,961,773	\$ 57,414,403	\$ 58,912,065	\$60,498,759
CHANGE IN EQUITY	\$ 2,836,827	\$ 4,117,227	\$ 6,133,597	\$ 6,732,935	\$ 6,269,241
BEGINNING UNRESTRICTED EQUITY	\$ 36,464,017	\$ 29,337,127	\$25,099,457	\$26,604,884	\$30,250,909
ENDING UNRESTRICTED EQUITY	\$39,300,844	\$33,454,354	\$ 31,233,054	\$ 33,337,819	\$ 36,520,150

FY 2025-26 WATER FUND

Budget based rates promote water efficiency and are based on the cost-of-service while remaining equitable and fair.



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Water Fund

The Water Fund collects revenue from water sales and meter (system) charges to fund the operating expenses related to acquiring and treating raw water and then pumping and distributing the treated water to District customers. Water fund revenues also pay annual debt service on \$26.4 million in outstanding debt, which in FY 2025-26 will be \$1,775,000.

After paying operating expenses and debt service, Water Fund net revenue is accumulated in Operating and Capital Replacement reserves.



Rates

The District has taken many steps to encourage water-use efficiency and water supply reliability and accordingly utilizes water budget-based rates for use in billing for water usage. The water budget-based rates promote water efficiency and are based on the cost-of-service; they are equitable and fair; and support sustainable behavior change. The State Water Resources Control Board approves of the water budget-based rate structure for its ability to produce superior water savings, and this alternative approach is compliant with the California Drought Conservation Regulations.

The District also collects a monthly fixed charge based on meter size serving the property. This fixed charge helps ensure the water fund's long-term financial sustainability.

In May 2024 the District adopted rate adjustments to be implemented in three annual increments beginning January 1, 2025. The first increment, or phase, of rate adjustments is currently in use and is shown in the following tables as 'current', along with rates for the following two phases.

COMMODITY CHARGES

Rates	Current		FY 2025-26		FY	2026-27
Tier 1	\$	2.19	\$	2.33	\$	2.47
Tier 2		2.84		3.02		3.21
Tier 3		4.10		4.35		4.62
Commercial Flat Rate		2.39		2.54		2.70

East Valley Water District understands the importance of preserving California's water supplies.

MONTHLY METER CHARGES

Meter Size		Current	FY 2025-26		F	Y 2026-27
5/8 in.	\$	27.52	\$	29.18	\$	30.94
3/4 in.		34.62		36.70		38.91
1 in.		48.83		51.76		54.87
1.5 in.		84.35		89.42		94.79
2 in.		126.97		134.59		142.67
3 in.		368.48		390.59		414.03
4 in.		901.23		955.31		1,012.63
6 in.	1	,433.89		1,520.02		1,611.23
8 in.	2	,854.65	3	3,025.93		3,207.49
10 in.	4	,630.48		4,908.31		5,202.81
12 in.	5	,695.98		6,037.74		6,400.01

MONTHLY FIRE LINE SERVICE CHARGES

Meter Size	Current	F١	2025-26	FY	2026-27
1 in.	\$ 14.01	\$	14.86	\$	15.76
1.5 in.	14.36		15.23		16.15
2 in.	14.71		15.60		16.54
3 in.	15.41		16.34		17.33
4 in.	16.11		17.08		18.11
6 in.	17.51		18.57		19.69
8 in.	18.91		20.05		21.26
10 in.	20.31		21.53		22.83
12 in.	21.71		23.02		24.41

PROJECTED TIER REVENUE BY CUSTOMER CLASS





WATER SALES BY CUSTOMER CLASS - ACRE FEET

Class	No. Of Accounts	Tier 1 (Acre Feet)	Tier 2 (Acre Feet)	Tier 3 (Acre Feet)	Flat Rate	Total (Acre Feet)
Residential	20,225	4,903	3,396	1,127	-	9,426
Multi-Family	484	1,882	480	639	-	3,001
Institutional	35	245	176	8	-	429
Irrigation	376	-	995	558	-	1,553
Commercial	677	-	-	-	1,386	1,386
TOTALS	21,797	7,030	5,047	2,332	1,386	15,795

The table below projects the amount of water to be produced for FY 2025-26. The amount of water produced is more than the amount of water sold to account for unanticipated water demand and regular system water losses.

WATER PRODUCTION ACRE FEET

Source of Supply	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Projected	FY 2025-26 Budgeted	
Ground Water	14,980	13,254	12,485	13,059	12,950	
Surface Water	771	1,128	641	1,316	1,000	
Purchased Water	3,037	2,026	3,147	2,777	2,650	
TOTAL	18,788	16,408	16,273	17,152	16,600	

Assumptions and Trends

The development of the revenue projections for FY 2025-26 requires management to estimate customer consumption for the next year. The District will provide water services through approximately 21,786 domestic and irrigation connections in FY 2025-26. In addition, 291 commercial fire services and 14 temporary hydrant meters are connected to the District's system. Water demand is estimated at 6,881,200 hundred cubic feet of water (HCF = 748 gallons). The estimate is based on the baseline year consumption established for rate modeling, and actual consumption history for the last five years. Staff is confident projections will allow adequate funding for Program Goals and Objectives without considerable risk of overstatement.

How Water Bills Are Calculated — Residential

The District considers multiple factors in calculating each customer's monthly water budget:

- Number of Occupants
- Horses / Livestock

Irrigable Landscape

- Number of Dwelling Units
- Horses / Livestock

- Weather
- Business Needs
 - IS
- Medical Needs
 Agricultural Needs
- The first two of these factors are used to calculate a customer's Indoor Water Budget (Tier 1) while the remaining factors contribute to the calculation of each customer's Outdoor Water Budget.

Indoor Water Budgets are unique to each customer and are based on the number of occupants residing in the house. Each occupant is budgeted 47 gallons of water per day (gpd) for efficient indoor use in accordance with state guidelines. The total gallons per day for all occupants is then multiplied by the number of days in the billing period.

TIER 1 INDOOR BUDGET EXAMPLE



Outdoor Water Budgets are unique to customer property and are based on the landscape area. Landscape area represents the square footage of the property's landscape requiring irrigation (e.g., grass, parkways, trees, bushes, and various plants). In determining the customer's outdoor budget, the following factors and conversions are made during each billing cycle.

Square Footage of Landscape Area (Irrigable Landscape): When the District restructured its uniform rates to budgetbased rates in FY 2014-15, the District hired a consultant that provided property information for each customer's parcel located within the District's service area. The consultant used an advanced camera that was attached to an airplane flown over the District boundary capturing each parcel's unique landscape area square footage.

Evapotranspiration (ETo): The process by which water is transferred from the land to the atmosphere by evaporation from the soil and other surfaces and by transpiration from plants. ETo is measured in inches, which is captured and recorded by a State-Certified weather station. The District received ETo data from the California Irrigation Management Information System (CIMIS) Station ID 251 in Highland, California. The sum of daily ETo measurement during the billing period is used in the calculation for efficient outdoor water usage.

Crop Coefficient (Kc): The properties of plants used in predicting evapotranspiration (ETo). Below is a table listing the values used in each month. The District has elected to use the Cool-Season Crop Coefficient.

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Annual Average
Cool Season Plant Factor	0.61	0.64	0.75	1.04	0.95	0.88	0.94	0.86	0.74	0.75	0.69	0.60	0.80
Warm Season Plant Factor	0.55	0.54	0.76	0.72	0.79	0.68	0.71	0.71	0.62	0.54	0.58	0.55	0.60

Square Footage to Gallons Conversion: The District provides water in the measurement of HCF (1 unit = 748 gallons), but the ETo rate is measured in inches. Additionally, the measurement of landscape area is square foot which must be converted to gallons to determine the outdoor budget. One square foot equals 0.62 gallons. The sum of the billing periods ETo is multiplied by 0.62 gallons to develop the efficient outdoor water budget.



TIER 2 OUTDOOR BUDGET EXAMPLE



TIER 3 INEFFICIENT USE

When a customer exceeds their Tier 1 and Tier 2 budgets, the excess units of water used are billed at the Tier 3 rate. The District has developed its rates in accordance with Proposition 218, allowing the District and like agencies to charge customers the highest rate due to the additional cost incurred by the District for delivering inefficient water, including but not limited to, imported water cost, electricity expenses for pumping and boosting water throughout the system, and chemicals needed for the treatment process.

How Water Bills Are Calculated — Non Residential

Non-residential commercial customers are billed at a flat rate for each unit of water usage to account for the fact that usage is not specifically allocated for health and safety or irrigation purposes, but for business processes.

The District delivers over 15 million gallons of water daily through 300 miles of water distribution pipeline.

METER CHARGE REVENUE

Meter Size	No. of Services	Rate July–Dec	Rate Jan–June	Total
5/8 in.	3,116	\$ 27.52	\$ 29.18	\$ 1,061,000
3/4 in.	13,725	34.62	36.70	5,873,000
1 in.	4,245	48.83	51.76	2,561,000
1.5 in.	284	84.35	89.42	295,000
2 in.	305	126.97	134.59	478,000
3 in.	78	368.48	390.59	355,000
4 in.	25	901.23	955.31	278,000
6 in.	12	1,433.89	1,520.02	212,000
8 in.	7	2,854.65	3,025.93	247,000
Fire Service	291	Varies	Varies	65,000
TOTALS	22,088			\$ 11,425,000

METER CHARGE REVENUE BY METER SIZE

The District's Operating Revenue includes fixed charges, which are based on the size of the meter serving the customer's property. The rates meet the compliance requirements of Proposition 218. Meter Charges have been established based on a comprehensive third-party cost-of-service analysis, and the rates provide funding for operating and capital needs.

Other Charges & Other Revenue Sources

Other charges and other revenue include fees related to the collection of delinquent accounts, investment revenue, reimbursements from other agencies, facility rentals, and other miscellaneous revenue.

ASSUMPTIONS AND CONSIDERATIONS

Delinquent fees, final notice charges, and disconnect/reconnect fees will increase as the State moratorium on service disconnections for non-payment has expired and collection efforts will resume.

The Local Agency Investment Fund (LAIF) interest rate, which is paid on District funds invested with LAIF, lags behind adjustments to the federal rate but should trend upward over the next year, and investment earnings with it.

Expenses

The Water Fund is one of three enterprise funds the District operates. Water Fund resources pay for operations and maintenance of the water distribution system, repair and replacement of water infrastructure, a portion of District customer accounts and administration costs, and debt service. Water Fund debt is incurred to provide full or partial funding for multiple CIP projects.

ASSUMPTIONS AND CONSIDERATIONS FOR OPERATING EXPENSES

Expenses are based on the cost of providing water to meet customer demands. Primary cost considerations and assumptions include:

• Electricity Expense for operating wells, pumps and boosters, treatment plants and other facilities.

- Chemical Expense purchased for the treatment of source water before it enters the distribution system for consumption. The cost trends for chemicals are stable, with no foreseeable significant increases.
- Contract Services are expenses incurred for services provided by third parties. Many District programs utilize consultants or vendors who offer quality and economical services. Since these services are unique to the program, it is difficult to list them all. Program Managers are responsible for researching or pre-bidding services in developing their program's budget.
- Materials and Supplies are needed to support field operations and general administration related to operating the District.
- The District is continuing to focus effort on the Conservation Program, which is committed to assisting customers with conservation efforts through the continuance of the rebate programs and instructor-led seminars and demonstrations.

The following costs are allocated to all Funds, including the Water Fund:

- Electricity Expense for operating wells, pumps and boosters, treatment plants and other facilities.
- Chemical Expense purchased for the treatment of source water before it enters the distribution system for consumption. The cost trends for chemicals are stable, with no foreseeable significant increases.



DEBT SERVICE AND CAPITAL EXPENSES

The District has issued debt to pay for capital expenditures for replacing, improving, and adding infrastructure. In addition to debt financing, the District also budgets a portion of operating revenue each year to build a Capital Replacement reserve, which helps cash finance the rehabilitation and replacement of components of assets that will extend the asset's useful life, or replace general plant assets, such as fleet equipment, that have useful lives shorter than 30 years.

Conclusions

The budget for the Water Fund is balanced, including contributions to reserves. District staff will continue to monitor the revenues and expenses and present the progress to the Governing Board on a periodic basis.

FY 2025-26 Water Fund Budget

		FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget
REVENUE / SOURCES						
Water Sales	\$	17,004,577	\$ 17,461,065	\$ 18,820,000	\$ 18,850,000	\$ 18,900,000
Meter Charges		9,831,561	10,149,282	10,685,000	10,756,900	11,425,000
Penalties		567,398	565,230	416,000	525,250	360,000
Other Operating Revenue		1,485,861	1,772,413	365,000	2,154,722	30,000
Interest and Other Revenue		290,470	627,332	520,000	1,068,518	800,000
Gain on Disposal of Assets		23,669	-	-	-	-
TOTAL REVENUE / SOURCES	\$2	29,203,536	\$ 30,575,322	\$ 30,806,000	\$ 33,355,390	\$ 31,515,000
OPERATING EXPENSES						
Employment Expenses	\$	9,502,190	\$ 9,985,867	\$ 10,641,400	\$ 10,061,579	\$ 11,188,800
Water Costs		257,161	1,072,976	833,000	655,834	823,000
Power Costs		3,467,006	2,744,041	3,225,000	2,308,697	3,225,000
Materials & Supplies		1,937,379	1,636,228	1,928,200	1,750,856	1,970,400
Contract Services		6,458,208	6,450,126	8,198,900	8,080,566	8,905,800
Other Operating Expenses		475,594	632,534	406,400	326,725	401,000
TOTAL OPERATING EXPENSES	\$3	22,097,538	\$ 22,521,772	\$ 25,232,900	\$ 23,184,257	\$ 26,514,000
OTHER EXPENSES / USES						
Debt Principal	\$	1,260,957	\$ 1,442,456	\$ 1,383,000	\$ 2,217,000	\$ 1,028,000
Debt Interest Expense		965,462	949,530	789,000	789,000	747,000
Other Non-Operating Expense		-	4,900,000	490,000	490,000	490,000
Transfer to (from) Reserves		4,879,579	761,564	2,911,100	6,675,133	2,736,000
TOTAL OTHER EXPENSES / USES	\$	7,105,998	\$ 8,053,550	\$ 5,573,100	\$ 10,171,133	\$ 5,001,000
TOTAL OPERATING / OTHER EXPENSES / USES	\$2	29,203,536	\$ 30,575,322	\$ 30,806,000	\$ 33,355,390	\$ 31,515,000
NET SURPLUS (DEFICIT)	\$	-	\$ -	\$ -	\$ -	\$

WATER FUND REVENUES VS. EXPENSES





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FY 2025-26 WASTEWATER FUND

The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while funding operating expenses from current revenues.



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Wastewater Fund

The Wastewater Fund pays for all activities related to the operations and maintenance of the District's wastewater collection system.

The collections system consists of 230 miles of pipelines that collect wastewater from customers' homes and businesses and deliver it to the SNRC water reclamation plant. The system is entirely gravity fed so has no power costs for boosters or other facilities, the primary costs are for the video review and repair, when necessary, of underground pipes.



In addition to direct operating expenses, the Wastewater Fund also pays for a portion of administrative support programs/departments as shown in the Fund/Program Relationship schedule on page 49.

The Wastewater Fund is responsible for debt service on \$4.03 million in outstanding 2020 Refunding Revenue bonds, which in FY 2025-26 will be approximately \$271 thousand. After paying operating and administrative expenses and debt service, Wastewater Fund net revenue is accumulated in operating and/or Capital Replacement reserves.

Revenues

The Wastewater Fund relies primarily on revenue from Wastewater Collection System charges. Wastewater Collection rate adjustments are adopted at a public hearing and are supported by an independent cost-of-service analysis. In May 2024 the District adopted rate adjustments to be implemented in three annual increments beginning July 1, 2024. The second increment, or phase, of rate adjustments will be in effect for FY 2025-26 and is shown in the following tables as 'current', along with rates for the third phase.

COLLECTION SYSTEM RATES

	Current FY2025-26		FY	2026-27				
MONTHLY FIXED CHARGE								
Single-Family Residential	\$	17.21	\$	17.73				
Multi-Family Residential		15.95		16.43				
Commercial		10.91		11.24				
COMMERCIAL VOLUMET	RIC	CHARGE	- PE	RHCF				
Low Strength		0.80		0.83				
Medium Strength		0.80		0.83				
High Strength		0.80		0.83				
Mixed Use		0.47		0.49				

The SNRC's Wastewater Treatment Facility is the first of its kind in California.

RESIDENTIAL

Residential collection system rates are applied to both single family and multi-family residential accounts/units and are structured as a flat monthly charge to recover revenue requirements from this customer class in a manner consistent with the fact that they generate a fairly constant wastewater flow each month. To facilitate the rate design process, residential wastewater flows were projected based on 47 gallons of water used per capita per day (GPCD) for indoor use, with the assumption that single family units have between 3 and 4 persons per household based on the Department of Finance E-5 report for 2023. Multi-family units are typically smaller and have smaller household sizes, and this is reflected in a smaller monthly fixed charge.

NON-RESIDENTIAL

The District bills non-residential customers on a monthly basis with a rate design that consists of two components—a flat rate and a consumption-based rate. The flat rate is assessed once per billing cycle, while the consumption-based rate is assessed for every hundred cubic feet (HCF) of water consumption in the billing period.

Additionally, the consumption-based rate varies depending on the strength of wastewater discharged into the collection system. There are four strength categories: low strength, medium strength, high strength, and mixed use.

Shown below are the calculations for projected wastewater system charge revenue from all customer classes for FY 2025-26.

Customer Type	Units	Monthly Fixed Charge		Usage (HCF)	Charge per HCF	Total
Single-Family Residential	19,605	\$	17.21	-	\$-	\$ 4,048,400
Multi-Family Residential	11,090		15.95	-	-	2,122,600
Commercial Low Strength	393		10.91	195,000	0.80	208,000
Commercial Medium Strength	72		10.91	68,000	0.80	63,000
Commercial High Strength	90		10.91	202,000	0.80	174,000
Commercial Mixed Use	79		10.91	320,000	Varies	254,000
TOTAL	31,329					\$ 6,870,000

Other Revenue

Other revenue posted to the Wastewater Fund includes:

- **Penalties** Fees related to the collection of delinquent utility accounts. These revenues are projected based on an estimated number of occurrences during the fiscal year and they are shared with the Water Fund.
- Investment Income Interest earned on US Treasury and Agency bonds specifically purchased with wastewater reserves and an allocation of earnings on LAIF liquid investments based on the LAIF balance in wastewater fund.

Expenses

Operating expenses have remained consistent in the Wastewater Fund. The District typically utilizes a crew of four field staff plus a Supervisor to conduct preventative maintenance programs on the wastewater pipelines. This includes video monitoring and cleaning the lines on a regular schedule. Also, the fund's budget includes contracting

for spot repairs of the conveyance system when video monitoring reveals minor deficiencies or faults in the wastewater collection lines.

The Wastewater Fund also continues to share in allocated costs from internal service or administrative type programs within the District usually at a 30% allocation.

Cost Center	Amount			
Collection & Transmission	\$ 2,471,800			
Customer Accounts	714,000			
General Administration	3,264,200			
Debt Service	480,000			
Transfer to Revenues	175,000			
TOTAL	\$ 7,105,000			



Conclusions

The Wastewater Fund is balanced and, after several years, is building the financial capacity to begin a pipeline replacement program and/or establish a Capital Replacement reserve. District staff will continue to monitor the revenues and expenses and, if appropriate, recommend funding new projects during the budget review(s) with the Governing Board.

FY 2025-26 Wastewater Fund Budget

	FY 2022-23 Actual		FY 2023-24 Actual	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget
REVENUE / SOURCES						
Wastewater System Charges	\$ 5,651,55	4 \$	6,064,548	\$ 6,515,000	\$ 6,642,000	\$ 6,870,000
Penalties	59,94	4	59,811	110,000	48,000	130,000
Other Operating Revenue	523,44	1	614,863	5,000	863,000	5,000
Interest and Other Revenue	1,64	7	440,946	100,000	252,000	100,000
Gain on Disposal of Assets	6,46	5	-	-	-	-
TOTAL REVENUE / SOURCES	\$ 6,243,05	51 \$	7,180,168	\$ 6,730,000	\$ 7,805,000	\$ 7,105,000
OPERATING EXPENSES						
Employment Expenses	\$ 2,602,44	6 \$	2,617,198	\$ 2,824,600	\$ 2,626,151	\$ 3,032,200
Materials & Supplies	123,88	8	164,601	179,050	195,506	191,600
Contract Services	1,784,27	'1	1,938,626	2,851,850	2,466,979	3,111,200
Other Operating Expenses	80,57	2	85,420	119,600	83,062	115,000
TOTAL OPERATING EXPENSES	\$ 4,591,17	7 \$	4,805,845	\$ 5,975,100	\$ 5,371,698	\$ 6,450,000
OTHER EXPENSES / USES						
Debt Principal	\$ 175,00	0 \$	175,000	\$ 175,000	\$ 175,000	\$ 175,000
Debt Interest Expense	207,40	9	144,370	97,000	97,000	95,000
Other Non-Operating Expense		-	2,100,000	210,000	210,000	210,000
Transfer to (from) Reserves	1,269,46	5	(45,047)	272,900	1,951,302	175,000
TOTAL OTHER EXPENSES / USES	\$ 1,651,87	4 \$	2,374,323	\$ 754,900	\$ 2,433,302	\$ 655,000
TOTAL OPERATING / OTHER EXPENSES / USES	\$ 6,243,05	51 \$	7,180,168	\$ 6,730,000	\$ 7,805,000	\$ 7,105,000
NET SURPLUS (DEFICIT)	\$	- \$	-	\$ -	\$-	\$ -

FY 2025-26 WATER RECLAMATION FUND

Exceptional public service requires a constant commitment to creative solutions and innovation.


FY 2025-26 Budget

Water Reclamation Fund

The Water Reclamation Fund incurs costs for the operation of the SNRC, a water reclamation plant that produces and delivers recycled water to regional groundwater recharge facilities.

In addition to recycling water, the SNRC also has two digesters designed to produce up to 3 megawatts of power from gases released by wastewater solids and imported food waste, which is intended to power most of the reclamation facilities.



The Reclamation Fund is responsible for debt service on \$164 million in outstanding construction loans (State Revolving Fund/ Water Recycling Bonds) from the State Water Resources Control Board, which in FY 2025-26 will be approximately \$7,731,000. After paying operating expenses and debt service, Reclamation Fund net revenue will be accumulated in a Debt Service reserve, and then in Operating and Capital Replacement reserves.

Revenues

The District has established wastewater treatment rates to cover costs of the Water Reclamation Fund, supplemented by Non-Rate operating revenue generated from third parties, miscellaneous revenue, interest income, and capacity charges for new services.

In May 2024 the District adopted rate adjustments to be implemented in three annual increments beginning July 1, 2024. The second increment, or phase, of rate adjustments will be in use for FY 2025-26 and is shown in the following tables as 'current', along with rates for the third phase.

COLLECTION SYSTEM RATES

	Current	FY 2	2025-26	FY	2026-27				
MONTHLY FIXED CHARGE									
Single-Family Residential	\$ 29.79	\$	32.77	\$	36.05				
Multi-Family Residential	25.67		28.24		31.07				
Commercial	9.16		10.08		11.09				
COMMERCIAL VOLUMET		GE -	PER HCF						
Low Strength	2.19		2.41		2.66				
Medium Strength	2.54		2.80		3.08				
High Strength	3.96		4.36		4.80				
Mixed Use	1.29		1.42		1.57				

The Water Reclamation Program is responsible for treating and disinfecting up to eight million gallons of wastewater per day.

RESIDENTIAL

Residential treatment rates are applied to both single family and multi-family residential accounts/units and are structured as a flat monthly charge to recover revenue requirements from this customer class in a manner consistent with the fact that they generate a fairly constant wastewater flow each month. To facilitate the rate design process, residential wastewater flows were projected based on 47 gallons of water used per capita per day (GPCD) for indoor use, with the assumption that single family units have between 3 and 4 persons per household based on the Department of Finance E-5 report for 2023. Multi-family units were assumed to have household sizes that are about 80% of single-family households based on smaller average dwellings.

NON-RESIDENTIAL

The District bills non-residential customers on a monthly basis with a rate design that consists of two components—a flat rate and a consumption-based rate. The flat rate is assessed once per billing cycle, while the consumption-based rate is assessed for every hundred cubic feet (HCF) of water consumption in the billing period.

Additionally, the consumption-based rate varies significantly depending on the strength of a customer's wastewater discharged for treatment. There are four strength categories: low strength, medium strength, high strength, and mixed use.

Shown on the following page are the calculations for projected wastewater treatment revenue from all customer classes for FY 2025-26.

Customer Type	Units	lonthly d Charge	Usage (HCF)	Charge per HCF		Total
Single-Family Residential	19,605	\$ 32.77	-	\$-	\$	7,710,000
Multi-Family Residential	11,090	28.24	-	-		3,758,000
Commercial Low Strength	393	10.08	195,000	2.19		518,000
Commercial Medium Strength	72	10.08	68,000	2.54		199,000
Commercial High Strength	90	10.08	202,000	3.96		890,000
Commercial Mixed Use	79	10.08	320,000	Varies		745,000
TOTAL	31,329				\$ [•]	13,820,000

Other Revenue

Revenues posted to the Reclamation fund, other than wastewater treatment charges, include:

- Water Sales Consists of Local Resource Incentive Program (LRIP) revenue earned for delivery of recycled water to regional groundwater recharge facilities.
- Fees / Penalties These fees include items such as the collection of delinquent accounts, investment revenue, and inspections.
- Other Operating Income Consists of revenue received from third parties, including tipping fees charged to liquid waste haulers who unload at the SNRC digesters, and self-generation energy incentives related to the digesters, earned from SCE.
- Interest and Other Revenue Investment earnings on the balance of invested reserves and other miscellaneous receipts.

Expenses

With the startup of operations at the SNRC in January 2024, this fund has seen an anticipated increase in expenses as commissioning and treatment operations scale up. Although recycled water operations have produced higher than expected acre-feet of clean water for recharge, a series of setbacks have hampered the District's ability to maximize energy production with the digesters, resulting in decreased tipping fee revenue, and higher than anticipated energy costs. In addition, the District has taken on higher contract services costs as the District relies on outside consultants to work through the challenges. During FY 2025-26 the District will work to refine operation of the digesters and minimize reliance on consultants through internal staff development.



Conclusions

Operation of the Water Reclamation enterprise is fully funded for FY 2025-26, however, until the digesters can consistently produce more than 50% of the power needed to run the SNRC, treatment rates may need to be adjusted to provide revenue stability for SNRC operations and meet debt service coverage requirements. District staff will continue to monitor the revenues and expenses and present the progress to the Governing Board on a semi-annual basis.

FY 2025-26 Water Reclamation Fund Budget

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget
REVENUE / SOURCES					
Water Sales	\$ - \$	439,451	\$ 1,172,000	\$ 1,200,000	\$ 1,200,000
Penalties	-	-	60,000	10,000	90,000
Wastewater Treatment Charges	10,108,850	10,746,724	12,333,000	12,543,000	13,820,000
Other Operating Revenue	449,578	621,637	1,010,000	1,565,000	1,109,000
Interest and Other Revenue	-	106,219	280,000	185,000	2,050,000
TOTAL REVENUE / SOURCES	\$ 10,558,428 \$	11,914,031	\$ 14,855,000	\$ 15,503,000	\$ 18,269,000
OPERATING EXPENSES					
Employment Expenses	\$ 952,828 \$	1,442,722	\$ 1,966,000	\$ 1,966,952	\$ 2,254,000
Power Costs	178,308	1,301,248	2,200,000	2,771,799	1,712,000
Materials & Supplies	72,847	255,987	335,000	879,714	2,008,000
Contract Services	9,079,706	8,008,374	6,224,000	4,187,003	4,526,000
Other Operating Expenses	3,018	8,740	12,000	16,605	12,000
TOTAL OPERATING EXPENSES	\$ 10,286,707 \$	11,017,071	\$ 10,737,000	\$ 9,822,073	\$ 10,512,000
OTHER EXPENSES / USES					
Debt Principal	\$ - \$	-	\$ 4,527,000	\$ 4,211,650	\$ 4,527,000
Debt Interest Expense	-	-	3,204,000	2,958,548	3,204,000
Transfer to (from) Reserves	271,721	896,960	(3,613,000)	(1,489,271)	26,000
TOTAL OTHER EXPENSES / USES	\$ 271,721 \$	896,960	\$ 4,118,000	\$ 5,680,927	\$ 7,757,000
TOTAL OPERATING / OTHER EXPENSES / USES	\$ 10,558,428 \$	11,914,031	\$ 14,855,000	\$ 15,503,000	\$ 18,269,000
NET SURPLUS (DEFICIT)	\$ - \$	-	\$ -	\$ -	\$ -

FY 2025-26 CONSOLIDATED FINANCIAL SCHEDULES

The District conducts an extensive process gathering input from internal staff and the community throughout the budget development and review process.



110 FY 2025-26 Budget

Consolidated Financial Summary

Overview of revenues and other financing sources and expenditures.

Districtwide Summary

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
REVE	NUES						
4100	Water Sales	\$ 17,900,516	\$ 19,992,000	\$20,050,000	\$20,100,000	\$ 108,000	1%
4200	Meter Charges	10,149,282	10,685,000	10,756,900	11,425,000	740,000	7%
4301	Penalties	625,041	586,000	583,250	580,000	(6,000)	-1%
4400	Wastewater Collection Charges	6,064,548	6,515,000	6,642,000	6,870,000	355,000	5%
4500	Wastewater Treatment Charges	10,746,724	12,333,000	12,543,000	13,820,000	1,487,000	12%
4600	Other Operating Revenue	3,008,913	1,380,000	4,582,722	1,144,000	(236,000)	-17%
4700	Interest and Other Revenue	1,174,497	900,000	1,505,518	2,950,000	2,050,000	228%
TOTAL	REVENUES	\$ 49,669,521	\$ 52,391,000	\$ 56,663,390	\$56,889,000	\$4,498,000	9 %
EXPE	NSES - OPERATING	BY PROGRAM					
1000	Governing Board	\$ 235,416	\$ 326,000	\$ 239,902	\$ 282,000	\$ (44,000)	-13%
2000	General Administration	1,380,849	1,272,000	1,198,470	1,364,000	92,000	7%
2100	Human Resources & Risk Management	3,014,790	3,580,000	3,668,003	4,034,000	454,000	13%
2200	Public Affairs	1,072,171	1,513,000	1,109,461	1,631,000	118,000	8%
2300	Conservation	323,181	631,000	423,885	658,000	27,000	4%
3000	Finance & Accounting	1,345,997	1,419,000	1,352,840	1,591,000	172,000	12%
3200	Information Technology	1,328,618	1,874,000	1,960,752	1,978,000	104,000	6%
3300	Customer Service	2,121,772	2,212,000	2,219,618	2,380,000	168,000	8%
3400	Meter Services	271,555	306,000	290,762	315,000	9,000	3%
4000	Engineering	1,297,780	1,236,000	871,072	1,580,000	344,000	28%
5000	Water Production	5,595,026	6,185,000	5,212,991	6,207,000	22,000	0%
5100	Water Treatment	1,497,425	1,609,000	1,479,151	1,735,000	126,000	8%

			FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
5200	Water Quality		427,973	602,000	489,398	607,000	5,000	1%
6000	Water Maintenance Administration	9	820,926	466,000	449,112	493,000	27,000	6%
6100	Water Maintenance	è	3,382,264	3,927,000	3,470,995	3,924,000	(3,000)	0%
6200	Wastewater Collection		792,179	962,000	804,602	990,000	28,000	3%
6300	Water Reclamation		10,397,319	10,737,000	9,814,061	10,512,000	(225,000)	-2%
7000	Facilities Maintenance		2,211,649	2,182,000	2,377,745	2,264,000	82,000	4%
7100	Fleet Maintenance		827,798	906,000	945,208	931,000	25,000	3%
TOTAL EXPE	- OPERATING NSES	\$3	38,344,688	\$ 41,945,000	\$ 38,378,028	\$ 43,476,000	\$ 1,531,000	4 %
OTHE	R EXPENSES							
Debt F	Principal	\$	1,617,456	\$ 6,085,000	\$ 6,603,650	\$ 5,730,000	\$ (355,000)	-6%
Debt Ir	nterest Expense		1,093,900	4,090,000	3,844,548	4,046,000	(44,000)	-1%
Other Expen	Non-Operating se		7,000,000	700,000	700,000	700,000	-	0%
Transfe	er to (from) Reserves		1,613,477	(429,000)	7,137,164	2,937,000	3,366,000	-785%
TOTAL EXPEN	- OTHER NSES	\$	11,324,833	\$ 10,446,000	\$ 18,285,362	\$ 5 13,413,000	\$ 2,967,000	28 %
	- OPERATING / R EXPENSES	\$	49,669,521	\$ 52,391,000	\$ 56,663,390	\$ 56,889,000	\$ 4,498,000	9 %
NET S	URPLUS	\$	-	\$ -	\$ -	\$; -	\$ -	-

Itemized Operating Expense Summary

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	ONNEL EXPENSES						
5101	Regular Labor	\$ 8,979,432 \$	9,381,000 \$	8,438,120 \$	10,221,000 \$	840,000	9%
5102	Temporary Labor	31,162	318,000	106,159	30,000	(288,000)	-91%
5103	Overtime	819,141	973,000	992,479	941,000	(32,000)	-3%
5104	Standby	99,404	157,000	169,931	167,000	10,000	6%
5200	Benefits	3,755,049	4,272,000	4,398,905	4,729,000	457,000	11%
5999	CIP Labor Offset	(119,748)	(20,000)	(58,831)	(164,000)	(144,000)	720%
TOTAL	PERSONNEL	\$ 13,564,440 \$	15,081,000 \$	14,046,763 \$	15,924,000 \$	843,000	6%

		FY 2023-24 Actuals		FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget		Amount Changed	% Changeo
WATE	R SUPPLY								
6101	Purchased Water	\$ 426,047	7 \$	300,000	\$ 300,075	\$ 300,000	\$	-	0%
6102	Groundwater Replenishment	360,876	5	352,000	184,759	352,000		-	0%
6103	Water Assessment	286,053	3	181,000	171,000	171,000		(10,000)	-6%
TOTAL	WATER SUPPLY	\$ 1,072,976	5\$	833,000	\$ 655,834	\$ 823,000	\$	(10,000)	-1 %
OPER/	ATING EXPENSES								
6201	Materials & Supplies	\$ 1,385,649) \$	1,778,000	\$ 1,563,244	\$ 1,892,000	\$	114,000	6%
6202	Tools	94,673	3	140,250	144,741	151,000		10,750	8%
6203	Office Supplies	32,635	5	44,000	27,360	40,000		(4,000)	-9%
6204	Chemicals	543,859)	480,000	1,090,731	2,087,000		1,607,000	335%
6205	Conservation Rebates	23,133	3	85,000	88,644	85,000		-	0%
6301	Contract Services	5,308,490)	11,371,250	9,045,378	10,379,000		(992,250)	-9%
6302	Banking Services	425,247	7	412,000	437,415	442,000		30,000	7%
6303	Printing & Publishing	136,813	}	205,000	123,628	191,000		(14,000)	-7%
6304	Legal Services	129,628	3	171,000	160,278	201,000		30,000	18%
6305	Treatment Services	6,177,814	ļ	-	-	-		-	0%
6306	Rents & Leases	22,537	7	20,000	9,481	15,000		(5,000)	-25%
6307	Uniforms	85,890)	101,500	75,670	102,000		500	0%
6308	Billing Services	70,372	2	57,000	91,062	92,000		35,000	61%
6309	Shut Off Notice Services	304,044	ŀ	300,000	294,410	300,000		-	0%
6310	Street Services	386,08′	1	525,000	455,748	525,000		-	0%
6311	Landscape Services	273,364	ļ	233,000	155,943	233,000		-	0%
6312	Janitorial Services	151,27	1	155,000	191,381	155,000		-	0%
6314	Litigation Expense	18,31	1	50,000	26,952	50,000		-	0%
6401	Utilities	101,598	3	166,000	152,703	117,000		(49,000)	-30%
6402	Telephone	155,789)	160,000	173,696	170,000		10,000	6%
6403	Electricity	4,274,878	3	5,715,000	5,343,996	5,227,000	(488,000)	-9%
6404	Fuel	240,724	Ļ	291,000	229,578	291,000		-	0%
6405	Permits	198,947	7	302,000	387,311	287,000		(15,000)	-5%

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changeo
6406	Postage	194,928	215,000	203,961	251,000	36,000	17%
6501	Memberships & Dues	131,401	161,000	126,007	153,000	(8,000)	-5%
6502	Professional Development	160,434	185,000	146,012	185,000	-	0%
6503	Education Assistance	-	10,000	281	13,000	3,000	30%
6504	Meetings	35,697	51,000	39,723	51,000	-	0%
6505	Employee Recognition	21,729	40,000	25,888	35,000	(5,000)	-13%
6701	General Insurance	1,777,793	2,240,000	2,237,241	2,442,000	202,000	9%
6702	Insurance Claims	7,896	10,000	19,212	10,000	-	0%
6703	Cash Over/Short	(195)	1,000	(1,481)	1,000	-	0%
6704	Bad Debt Expense	5,153	5,000	6,957	5,000	-	0%
6705	Retiree Benefits	481,347	351,000	607,919	551,000	200,000	57%
6706	Inventory Over/Short	349,342	-	(5,639)	-	-	0%
SUBTO EXPEN	OTAL OPERATING	\$ 23,707,272	\$ 26,031,000	\$ 23,675,431	\$ 26,729,000	\$ 698,000	3%

TOTAL OPERATING EXPENSES

\$38,344,688 \$41,945,000 \$38,378,028 \$43,476,000 \$1,531,000 4%

FY 2025-26 PROGRAM SUMMARIES

Program-based budgeting allows for costs to be clearly identified while easily measuring benefits as outlined in the Key Performance Indicators and completion of Goals and Objectives.



Program Summary Contents

- Program Descriptions
- Position Summary Schedule
- Program Summaries

Program Descriptions

Comprehensive

information for each functional program within the District provides a higher degree of operational detail. The District utilizes programbased budgeting. **Requested funds are** associated with the expected results and performance is measured by indicators and reviewed on a quarterly basis with the Governing Board. This results-oriented strategy provides the ability to monitor expenses related to a particular program or activity and track measurable benefits. **Program-based budgeting** results can be used in costbenefit analysis, just as it would be in a business environment to determine the value of decisions and enhance transparency.



Program Goals and Objectives have been designed to correlate directly with the District's adopted Vision and 5-Year Work Plan for the upcoming fiscal year. Key Performance Indicators (KPI) monitor progress towards meeting program objectives. Each KPI has a target that provides users of the budget the ability to assess the Program's performance over time. Program-based budgeting also increases accountability and transparency as community members and Governing Board can more easily see where dollars are invested and monitor program effectiveness.

The FY 2025-26 Budget is organized into the following summary programs:

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services

- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

Program Summary Schedule

The District continues to evaluate staffing needs to ensure all services are addressed by a high-quality workforce. This process is supported by the strategic direction and succession planning efforts previously approved by the Governing Board.

The District will add four new full-time positions in FY 2025-26: a Water Quality Worker to meet increased regulatory and in-house monitoring demands; an Information Technology Technician to support expanded District technology and SCADA systems; and two Field Service Workers dedicated to in-house main replacement projects due to aging infrastructure.

The table on the following page summarizes the number of fulltime personnel by Program. All authorized positions are funded in the adopted budget for FY 2025-26. Part-time positions are included in the program descriptions and not shown in the table.

Goals that directly support the District's 5-Year Work Plan are noted in the various Program Summaries with the use of this icon.

Full-Time Staffing Summary by Program

Program		FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Adopted
2000	General Administration	3	3	3
2100	Human Resources & Risk Management	2	2	2
2200	Public Affairs	4	4	4
2300	Conservation	1	1	1
3000	Finance & Accounting	6	6	6
3200	Information Technology	3	3	4
3300	Customer Service	7	7	7
3400	Meter Services	2	2	2
4000	Engineering	3	3	3
5000	Water Production	7	7	7
5100	Water Treatment	2	2	2
5200	Water Quality	2	2	3
6000	Maintenance Administration	2	2	2
6100	Water Maintenance	14	14	16
6200	Wastewater Collection	4	4	4
6300	Water Reclamation	8	9	9
7000	Facilities Maintenance	2	3	3
7100	Fleet Maintenance	1	1	1
TOTAL		73	75	79

Total Authorized Positions



Governing Board PROGRAM SUMMARIES SECTION





The Governing Board is the District's legislative body responsible for serving as the organizational policy makers.

Governing Board

Provide Organizational

Expectations through

Direction and Set

Policy Decisions

Consistent with the 5-Year Work Plan

The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office. Governing Board members are responsible for providing leadership, direction, and serving as the organizational policy makers.

Goals

Objectives

- 1. Convene a City Creek Mutual Water Company Board Meeting to appoint officers and consider levy of an operating assessment.
- 2. Conduct General Manager/CEO annual evaluation.
- 3. Review and consider approval of update to the 5-Year Work Plan.
- Engage Stakeholders
 Regarding District's
 Capital Expenditure
 Priorities
- 1. Meet with community members and local agencies to share current Work-in-Progress.
- 2. Meet with legislators to discuss Federal/State funding opportunities and legislative priorities.
- 3. Maintain fiduciary responsibility and transparency while setting budgets and approving rates.
- Engage Elected Officials and Community on the District's Strategic and Legislative Priorities
- 1. Adopt the updated legislative platform document.
- 2. Continue to engage with legislators to promote the legislative platform.
- 3. Continue to meet with community, local, and regional agencies to promote the Strategic Plan, Goals, and Objectives.



FY 2024-25 Accomplishments

GOAL ONE Provided Organizational Direction and Set Expectations through Policy Decisions Consistent with the 5-Year Work Plan	 The Board took action to acquire four outstanding shares of the NFWC. Conducted General Manager/CEO annual evaluation. Approved the updated 5-Year Work Plan. Approved Policy 7.8 Unfunded Accrued Liability Pension Management.
GOAL TWO Supported and Engaged Community with the District's Capital Improvement Program Plan	• Engaged with legislators to discuss funding for capital investment.
GOAL THREE Engaged Elected Officials and Community on the District's Strategic and Legislative Priorities	 Adopted the updated legislative platform. Engaged with legislators to promote the legislative platform. Engaged with community and local agencies to promote the Strategic Plan, Goals, and Objectives.

Levels of Service

The Governing Board has four KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Cultivate and Strengthen Collaborative Partnerships within the Water Industry (V-B)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-A	Act on project related agenda items presented by staff	100%	100%	100%	100%
I-C	Average number of professional development hours per Governing Board Member	10	18	20	15
V-B	Attend Regional and State meetings as representatives of the District	200	288	240	200
V-D	Submit all documentation by deadlines pursuant to transparency policies	100%	100%	100%	100%

Program Budget Detail

			FY 2023-24 Actuals		FY 2024-25 Budget		Y 2024-25 Projected	F	Y 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES										
5101	Regular Labor	\$	123,474	\$	142,000	\$	118,832	\$	154,000	\$ 12,000	8%
5200	Benefits		66,655		90,000		90,149		93,000	3,000	3%
OPERA	ATING EXPENSES										
6201	Materials & Supplies		1,383		3,000		-		3,000	-	0%
6301	Contract Services		13,204		55,000		5,015		6,000	(49,000)	-89%
6307	Uniforms		454		1,000		-		1,000	-	0%
6502	Professional Development		30,246		35,000		25,906		25,000	(10,000)	-29%
GOVE	RNING BOARD TOTAL	\$	235,416	\$	326,000	\$	239,902	\$	282,000	\$ (44,000)	-13%

Significant Changes in Program Budget

• No elections will occur this fiscal year; as a result, the Contract Services budget decreased.

Program Budget Allocation

% \$282,000 (Governing Board) 124 FY 2025-26 Budget

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General Administration





PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

General Manager/CEO	1
District Clerk	1
Administrative Specialist	1

3

Total Full-Time

PROGRAM STRUCTURE



General Administration is responsible for implementing the District's Vision, maintaining official records, promoting public trust, and ensuring transparency compliance.

General Administration

General Administration is responsible for ensuring the District's business and daily activities are performed following Federal, State, and Governing Board approved policies. The General Manager/CEO provides daily oversight for interagency relations for advancing the District's initiatives. Additionally, the General Manager/CEO implements strategic planning for future operations and capital improvement funding requirements and resource allocation.

Goals

Objectives

- Schedule City I
 Creek Mutual Water
 Company
 Shareholder Meeting
 Uverk with Finance to establish the amount for a proposed operating assessment.
 Work with Finance to establish the amount for a proposed operating assessment.
 Continue to scan vital documents and incorporate them into the electronic document repository.
 Continue destruction of documents in compliance with the
 - 2. Continue destruction of documents in compliance with the Records Retention Policy.
 - 3. Implement automated workflow and naming convention for Engineering's electronic file management.
- Optimize Agenda ØManagement Platform

Process

- 1. Provide training to Directors on Board portal features.
- 2. Evaluate Board Voting and Minutes Dictation modules.

Organizational Ø
 Priorities and
 Philosophies

- 1. Determine the direction and activities of the Community Heritage and Education Foundation (CHEF).
- 2. Assess and review District processes, systems, and staffing.



FY 2024-25 Accomplishments

GOAL ONE Scheduled City Creek Mutual Water Company Shareholder Meeting	 Had multiple discussions with legal counsel regarding City Creek Mutual Water Company and proposed dates for holding a shareholder meeting.
GOAL TWO Enhanced Document Management Process	 Continued to scan vital documents and incorporate them into the electronic document repository. Destroyed 325 boxes and 7 GB of electronic documents in accordance with the current Records Retention Policy. Reviewed additional Granicus products (Public Records Request module, Digital Delivery Service) and determined these features were not cost effective.
GOAL THREE Organizational Priorities and Philosophies	 Updated the District's Strategic Plan. Conducted all activities required for the Board of Directors' election.
OTHER ACCOMPLISHMENTS	 Assisted IT with the Email Retention Policy. Worked with IT to make vital records dating back to the District's inception accessible to the public through the District's web portal.

Levels of Service

The General Administration Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Uphold Transparent and Accountable Fiscal and Resource Management (II-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-C	Participate in Professional Development Opportunities	6	22	28	15
II-A	Make administrative documents available online	50	52	11,000*	50
IV-B	Reduce number of boxes held in off-site storage	200	1,061	325	200
V-D	Publish Open Meeting/Public Notices on or before statutory requirement	100%	100%	100%	100%

* Due to Laserfiche integration with the District's website.

Program Budget Detail

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSO	NNEL EXPENSES						
5101	Regular Labor	\$ 704,694	\$ 621,000	\$ 591,901	\$ 648,000	\$ 27,000	4%
5102	Temporary Labor	9,239	30,000	26,952	30,000	-	0%
5103	Overtime	4,047	4,000	3,485	4,000	-	0%
5200	Benefits	252,251	267,000	275,579	282,000	15,000	6%
OPERA	TING EXPENSES						
6201	Materials & Supplies	401	3,000	230	3,000	-	0%
6203	Office Supplies	2,033	3,000	977	3,000	-	0%
6301	Contract Services	128,377	12,000	9,685	42,000	30,000	250%
6303	Printing & Publishing	326	3,000	1,183	3,000	-	0%
6304	Legal Services	101,468	120,000	129,648	150,000	30,000	25%
6307	Uniforms	196	1,000	-	1,000	-	0%
6314	Litigation Services	18,311	50,000	26,952	50,000	-	0%
6402	Telephone	2,083	3,000	3,267	3,000	-	0%
6406	Postage	47	1,000	72	1,000	-	0%
6501	Memberships & Dues	97,417	104,000	91,704	99,000	(5,000)	-5%
6502	Professional Development	49,321	30,000	21,244	25,000	(5,000)	-17%
6503	Education Assistance	-	-	281	-	-	0%
6504	Meetings	10,638	20,000	15,310	20,000	-	0%
GENER	AL ADMIN TOTAL	\$ 1,380,849	\$ 1,272,000	\$ 1,198,470	\$1,364,000	\$ 92,000	7 %

Significant Changes in Program Budget

- The Contract Services budget was reduced during the FY 2024-25 Mid-Year Review, and \$30K for General Consulting is re-budgeted for FY 2025-26.
- Increased the Legal Services budget to reflect a higher hourly rate for General Counsel.

Program Budget Allocation

\$1,364,000 (General Administration)

130 FY 2025-26 Budget

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Human Resources & Risk Management PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Director of Administrative Services	1
Human Resources Coordinator	1

Total Full-Time

2

PROGRAM STRUCTURE



Human Resources & Risk Management focuses on the management and development of employees in an organization.

PROGRAM SUMMARIES Human Resources & Risk Management

Human Resources & Risk Management is responsible for administering programs to attract and retain a diverse and qualified workforce. To remain an industry leader, this Program analyzes compensation and benefits packages against the market and implements new initiatives based upon market demands.

Acknowledging the need to build a work-life balance to support a successful workforce, Human Resources & Risk Management creates programs focused on the health and wellness of all employees. Additionally, Human Resources & Risk Management administers the Risk Management Program to: mitigate personnel injuries, property damage, and financial loss for the District; the Emergency Preparedness Program to ensure business continuity and recovery efforts in the event of a disaster; and the Pathway Program which provides water industry career education and internship opportunities to local students.

Goals

Advance the District's Emergency Preparedness Program

Promote a Positive Ø
 Organizational
 Culture that Maintains
 a Supportive and
 Encouraging Work
 Environment

Promote Regional
 Involvement and
 Provide Workforce
 Experience and
 Educational
 Opportunities

Objectives

- 1. Develop an emergency preparedness training program and prepare employees to follow plans established by the District.
- 2. Update District emergency response documents to reflect current conditions, regulations, and identified actions.
- 3. Develop and update District Emergency Operations Center training materials and enhance EOC supply inventory.
- 4. Review and revise the District's administrative role in the Emergency Response Network of the Inland Empire (ERNIE).
- 1. Update the District's Succession Plan to identify organizational growth, prepare for future retirements, and continue to provide training and development opportunities for staff.
- 2. Negotiate a 3-year MOU and ensure agreed-upon salaries, benefits, and related programs are implemented as adopted.
- 3. Facilitate quarterly activities that support employee engagement, team building, and empowerment.
- 1. Develop an in-house OIT program incorporating State requirements necessary for Wastewater Treatment certification.
- 2. Actively engage schools within the District's service area to promote participation in water industry workforce experiences.
- 3. Develop educational and interactive tours of the SNRC with hands on lab experiments for students to understand wastewater physical and biological processes.

FY 2024-25 Accomplishments

GOAL ONE Advanced the District's Emergency Preparedness Program	 Conducted an audit of the District's Emergency Operations Center item inventory and purged expired items. Completed update to the District's Risk and Resilience Assessment and received EPA certification. Drafted Standard Operating Procedures (SOP) Manual for the District's Emergency Operations Center. Conducted Flooding and Debris Flow tabletop training exercise.
GOAL TWO Promoted a Positive Organizational Culture that Maintained a Supportive and Encouraging Work Environment	 Graduated 13 staff from the District's Leadership and Alignment Academy. The District received recognition as a Top Workplace in the Inland Empire for the 10th consecutive year. Hosted staff events including the District's Annual Top Workplace celebration and Employee Health and Wellness Fair. Celebrated Department Excellence through staff recognition events.
GOAL THREE Promoted Regional Involvement and Provided Workforce Experience and Educational Opportunities	 Five local high school students successfully completed the District's four-week paid internship program. Facilitated 7 water industry workforce experiences with local high schools. Developed and hosted Empowering the Young Ladies of the Future event for graduating seniors from Indian Springs High School.

Levels of Service

The Human Resources & Risk Management Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Encourage Performance Based Results through Staff Empowerment (I-B)
- Promote a Positive Organizational Culture (III-B)
- Embrace an Environment of Active Learning and Knowledge Sharing (III-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-B	Percentage of annual non-retirement employee turnover	<7%	1%	1%	5%
I-B	Annual performance appraisals completed in a timely manner	95%	100%	100%	100%
III-B	Maintain high level of employee participation in annual employee engagement survey	90%	95.5%	100%	73%
III-D	Utilization rate of District's Employee Assistance Program	>10%	11.76%	14.86%	13.35%

Program Budget Detail

		F	Y 2023-24 Actuals	FY 2024-25 Budget		2024-25 rojected	FY 20 Bud		(Amount Changed	% Changed
PERSONNEL EXPENSES											
5101	Regular Labor	\$	355,154	\$ 353,000	\$ 3	307,653	\$ 368	3,000	\$	15,000	4%
5103	Overtime		3,443	3,000		1,450	Э	3,000		-	0%
5200	Benefits		186,164	214,000		224,161	232	2,000		18,000	8%
OPERA	ATING EXPENSES										
6201	Materials & Supplies		1,213	4,000		399	8	3,000		4,000	100%
6203	Office Supplies		912	1,000		444		1,000		-	0%
6301	Contract Services		154,987	326,000		226,185	347	7,000		21,000	6%
6303	Printing & Publishing		492	1,000		-		1,000		-	0%
6304	Legal Services		8,640	15,000		3,404	15	5,000		-	0%
6402	Telephone		769	1,000		1,208		1,000		-	0%
6406	Postage		30	1,000		48		1,000		-	0%
6501	Memberships & Dues		4,270	5,000		5,982	5	5,000		-	0%
6502	Professional Development		6,389	12,000		4,792	1	1,000		(1,000)	-8%
6504	Meetings		3,562	3,000		2,565	Э	3,000		-	0%
6505	Employee Recognition		21,729	40,000		25,340	35	5,000		(5,000)	-13%
6701	General Insurance		1,777,793	2,240,000	2	,237,241	2,442	2,000		202,000	9%
6702	Insurance Claims		7,896	10,000		19,212	10),000		-	0%
6705	Retiree Benefits		481,347	351,000		607,919	55	1,000		200,000	57%
	N RESOURCES & IGMT. TOTAL	\$3	8,014,790	\$3,580,000	\$3,6	668,003	\$4,034	4,000	\$	454,000	13%

Significant Changes in Program Budget

• Increased Retiree Benefits budget due to increased Actuarially Determined Contribution (ADC) for Other Post-Employment Benefits (OPEB).

Program Budget Allocation

\$4,034,000 (Human Resources & Risk Management)

%

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Public Affairs PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Public Affairs/Conservation Manager	1
Public Affairs Supervisor	1
Public Affairs Coordinator	1
Public Affairs Specialist	1

Total Full-Time

4

PROGRAM STRUCTURE



Public Affairs establishes solid public relationships built on a foundation of trust

PROGRAM SUMMARIES Public Affairs

Public Affairs oversees internal and external communication programs consistent with the District's Vision and Strategic Plan. Through community and media relations, this Program provides effective and strategic communications to various stakeholders. Public Affairs is also responsible for grant writing, legislative affairs, and the facility rental programs.

Goals

Enhance Ø Strategic Community Engagement Initiatives

Objectives

- 1. Develop a Strategic Communications plan to enhance and refine the District's messaging while engaging the community.
- 2. Engage with community members and organizations through popups, presentations, and local events.
- 3. Identify new community groups, HOAs, and informal neighborhood organizations to develop relationships with the "informal" community leaders.
- 4. Assess and enhance the Facility Tour and Facility Rental Programs.

Utilize (Communication 1. Methods that Enhance 2. the District's Priorities 2

Legislative 🎯

and Grants

- 1. Update the Crisis Communications Plan and develop, exercise, and implement an annual training plan.
- 2. Overhaul the District's new customer welcome packets.
- Audit and review the customer experience and identify improvements necessary to better communicate and improve the experience.
- 4. Continue to showcase District projects and programs through participation in industry related conferences and awards.
- 1. Continue to monitor, track, and review legislative bills that have an impact on District customers.
- 2. Monitor the legislative and regulatory environment surrounding PFAS and Low-Income Rate Assistance.
- 3. Continue to monitor and respond to grant opportunities in accordance with the District's grant platform.
FY 2024-25 Accomplishments

GOAL ONE Enhanced Strategic Community Engagement Initiatives	 Developed and adopted a Public Affairs Program Strategic Plan to enhance community engagement and neighborhood outreach. Engaged with community members and organizations through monthly pop-ups, presentations, and local events (Lowe's, Stater Bros, Walmart, etc). Filled two CAC vacancies resulting from the term limits of sitting members.
GOAL TWO Utilized Communication Methods that Enhanced the District's Priorities	 Enhanced the digital presence of the District through launch of a new website and increased interactions on social media. Communicated with ratepayers of the District's website domain transition from a .org to a .gov domain (bill inserts, envelopes, social media, etc.). Assessed current communication platforms used in community outreach and crisis communications. Qualified for use of Ring for community digital notification. Showcased District projects and programs through participation in industry-related conferences and received 20+ awards.
GOAL THREE Legislative and Grants	 Monitored, tracked, and reviewed 119 legislative bills that had an impact on District customers. Adopted the legislative and grant platforms in December and April, respectively. Applied for four grant opportunities in accordance with the District's grant platform.

Levels of Service

The Public Affairs Program has three KPI metrics that are associated with the District's Goals and Objectives of:

- Utilize Effective Communication Methods to Foster Exceptional Community Relations (V-A)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
V-A	Number of Community Advisory Commission meetings conducted	4	5	4	4
V-A	Number of followers on social media	5,500*	3,102	3,717	4,500
V-D	Number of community event presentations	15	25	23	15

* Multi-year target

Program Budget Detail

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Amount Budget Changed		% Changed
PERSO	NNEL EXPENSES						
5101	Regular Labor	\$ 445,782	\$ 517,000	\$ 395,713	\$ 574,000	\$ 57,000	11 %
5103	Overtime	10,661	17,000	9,445	17,000	-	0%
5200	Benefits	109,611	153,000	138,647	169,000	16,000	10%
5999	CIP Labor Offset	(2,040)	-	-	-	-	0%
OPERA	TING EXPENSES						
6201	Materials & Supplies	65,648	95,000	42,232	111,000	16,000	17%
6203	Office Supplies	726	1,000	604	1,000	-	0%
6301	Contract Services	275,101	475,000	366,171	502,000	27,000	6%
6303	Printing & Publishing	109,111	133,000	93,893	130,000	(3,000)	-2%
6304	Legal Services	3,200	5,000	-	5,000	-	0%
6307	Uniforms	1,244	2,000	720	3,000	1,000	50%
6402	Telephone	3,612	3,000	3,928	6,000	3,000	100%
6406	Postage	15,374	32,000	6,836	32,000	-	0%
6501	Memberships & Dues	9,550	23,000	8,795	19,000	(4,000)	-17%
6502	Professional Development	10,886	23,000	28,948	23,000	-	0%
6503	Education	-	5,000	-	5,000	-	0%
6504	Meetings	6,106	11,000	4,378	11,000	-	0%
FACILI	TIES RENTAL EXPENSES						
6201	Materials & Supplies	226	-	505	5,000	5,000	100%
6301	Contract Services	1,234	9,000	1,366	9,000	-	0%
6312	Janitorial Services	6,139	9,000	7,280	9,000	-	0%
PUBLIC	C AFFAIRS TOTAL	\$ 1,072,171	\$ 1,513,000	\$ 1,109,461	\$ 1,631,000	\$ 118,000	8%

Significant Changes in Program Budget

Increased Materials & Supplies budget due to hosting additional Community Facility Tours.

Program Budget Allocation

\$1,631,000 (Public Affairs)

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Conservation Program summaries section



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Conservation Coordinator

Total Full-Time

PROGRAM STRUCTURE



Conservation programs help educate customers on how to use water efficiently.

PROGRAM SUMMARIES Conservation



Conservation is responsible for overseeing programs that facilitate and encourage sustainable water use throughout the District. Additionally, this program is responsible for communicating conservation benchmarks to various regulatory agencies, preparing regulatory compliance documents, and monitoring regulatory conservation requirements.

Goals

- **Objectives**
- 1. Continue to hold group meetings for the purpose of tracking informational data requests for State mandated reports and identifying data inputs for new reporting requirements.
- 2. Prepare and submit required water efficiency reports such as the Drought Risk Assessment and Urban Water Use Objectives.
- 3. Facilitate District programs to meet Urban Water Use Objectives.
- Evaluate Rebate 🕝 **Program Success** and Implement **Program Modifications** Objectives

Coordinate Program 🧭

Conservation Reports

and Monitor Progress

Efficiency Objectives

Working Groups

to Complete

on Water Use

Engage and Educate 🧭 1. *the Community on* Water Resources Consistent with State **Curriculum Objectives**

- 1. Work with IT and Finance to digitize the rebate program and improve the customer experience.
- 2. Continue to analyze water consumption data to better understand historical conservation responses to forecast trends.
- 3. Enhance rebate programs to maximize customer water savings through development of new rebate opportunities.
 - Continue to enhance engagement with students in a classroom environment to provide current water conservation and water resource materials consistent with State curriculum.
- 2. Create an informative video series to engage with the community on "how to be water efficient."



FY 2024-25 Accomplishments

GOAL ONE	 Held group meetings to track informational data requests for
Coordinated Necessary Program	State mandated reports and identified data inputs for new reporting
Working Groups to Complete	requirements. Prepared and submitted the required water efficiency reports such as
Conservation Reports	the Drought Risk Assessment and Urban Water Use Objectives.
GOAL TWO Evaluated Rebate Program Success and Implemented Program Enhancements	 Streamlined the rebate program to maximize customer water savings in line with new State objectives (WBIC and Leak Repair rebate). Used WaterView platform to analyze water consumption data to better understand historical conservation responses to forecast trends.
GOAL THREE	 Enhanced engagement with students in a classroom environment
Engaged and Educated Students	to provide current water conservation and water resource materials
on Water Resources Consistent	consistent with State curriculum. Developed new educational material and classroom student engagement
with State Curriculum	tools, including Aqua Squad and the Student Art Contest.

Levels of Service

The Conservation Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-A	Meet SWRCB (SBX7-7) conservation goal	172 gpcd	136	116	125
I-A	Maintain significant level of participation in annual conservation rebate programs	250	250	257	250
V-D	Number of educational materials created	100	107	109	100
V-D	Number of conservation workshops held	4	4	4	4
V-D	Number of attendees at workshops	300	250	260	280

GPCD = Gallons Per Capita Per Day

Program Budget Detail

		F	FY 2023-24 F Actuals		Y 2024-25 Budget	5 FY 2024-25 Projected		FY 2025-26 Budget		Amount Changed		% Changed
PERSC	NNEL EXPENSES											
5101	Regular Labor	\$	130,343	\$	123,000	\$	114,501	\$	126,000	\$	3,000	2%
5103	Overtime		5,586		7,000		5,081		7,000		-	0%
5200	Benefits		36,349		44,000		38,622		45,000		1,000	2%
OPERA	TING EXPENSES											
6201	Materials & Supplies		11,069		62,000		40,248		56,000		(6,000)	-10%
6203	Office Supplies		193		1,000		292		1,000		-	0%
6205	Conservation Rebates		23,133		85,000		88,644		85,000		-	0%
6301	Contract Services		86,262		217,000		89,221		263,000		46,000	21%
6303	Printing & Publishing		16,608		52,000		21,537		42,000		(10,000)	-19%
6304	Legal Services		-		1,000		-		1,000		-	0%
6307	Uniforms		482		1,000		432		1,000		-	0%
6402	Telephone		369		2,000		663		4,000		2,000	100%
6406	Postage		2,115		24,000		10,229		12,000		(12,000)	-50%
6501	Memberships & Dues		7,784		8,000		12,559		8,000		-	0%
6502	Professional Development		2,171		3,000		1,083		6,000		3,000	100%
6504	Meetings		717		1,000		773		1,000		-	0%
CONS	ERVATION TOTAL	\$	323,181	\$	631,000	\$	423,885	\$	658,000	\$	27,000	4 %

Significant Changes in Program Budget

• To align with State requirements, Conservation will increase the Contract Services budget to engage a partner for support with the CII Mixed Use Meter (MUM) analysis and Dedicated Irrigation Meter (DIM) mapping.

Program Budget Allocation



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Finance & Accounting PROGRAM SUMMARIES SECTION





PROGRAM SUMMARIES CONTENTS	PROGRAM PERSONNEL	
Governing Board	Chief Financial Officer	1
General Administration	Finance Manager	1
Human Resources & Risk Management	Sr. Accountant	1
Public Affairs	Sr. Accounting Technician Accounting Technician	1 1
Conservation	Business Services Coordinator	1
Finance & Accounting		

- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM STRUCTURE

Total Full-Time



6

Finance & Accounting manage, plan, and direct financial resources.

PROGRAM SUMMARIES Finance & Accounting

Finance and Accounting oversees the business operations of the District to provide accountability and adequate control over the use of District funds. Staff maintains the financial systems and records in accordance with GAAP as well as applicable laws, regulations, and District policies.

Goals

Ensure Financial Stability with Full Understanding of Operational Complexities

Objectives

- 1. Ensure fiscal agent account transactions for revenue and CFD bonds are recorded timely.
- 2. Update the Procurement and Credit Card policies and present policies to the Board for approval.
- 3. Finance and IT management will consult with Tyler to further explore migration to Tyler's Munis Enterprise ERP.
- 4. Assemble financing team to assist with debt financing at beginning of fiscal year 2026-27.
- 5. Review and assess the current investment strategy, investment manager relationships, and investment types.

Fully Understand the Cost and Accounting Associated with Placing the SNRC in Service

- 1. Assist Water Reclamation Manager in monthly budget tracking and setup tools to assist in managing expenses.
- 2. Continue to invoice San Bernardino Valley for delivery of recycled water.
- 3. Review adequacy of rates based on current costs of wastewater services and reserve levels.



FY 2024-25 Accomplishments

GOAL ONE Ensured Financial Stability with Full Understanding of Operational Complexities	 Completed closeout of SNRC reimbursement funds to ensure cash flows were able to support operations and other capital projects. Ensured fiscal agent account transactions for revenue and CFD bonds were recorded at least quarterly. Worked with a consultant to complete the Pension Unfunded Accrued Liability Policy 7.8 that was adopted in February. Worked with Customer Service to solicit and review three vendor proposals for assessment of convenience fees. Evaluated pros and cons of migrating to Tyler's Munis Enterprise ERP.
GOAL TWO Fully Understood the Cost and Accounting Associated with Placing the SNRC in Service	 Received SNRC debt service schedule from SWRCB and incorporated it into the existing debt service repayment plan. Met with the Water Reclamation Manager monthly to understand SNRC operating expenses. Ensured timely invoicing to San Bernardino Valley for delivery of recycled water. Added Waste dischargers pre-treatment invoicing to monthly utility bills.

Levels of Service

The Finance & Accounting Program has six KPI metrics that are associated with the District's Goals and Objectives of:

• Uphold Transparent and Accountable Fiscal and Resource Management (II-A)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
II-A	Days to prepare and present Annual Report after fiscal year end	135 days	117	119	135
II-A	Enhance District bond rating through strong reserves and fiscal policies	AA	AA-	AA-	AA-
II-A	Number of fiscal policies updated / enhanced and reviewed with the Governing Board	4	3	2	4
II-A	Provide program managers monthly budget variance reports	12	12	12	12
II-A	Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for Annual Report	14	12	13	14
II-A	Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for PAFR	9	7	8	9

Program Budget Detail

		FY 2023-24 Actuals		FY 2024 Budge		FY 2024-25 Projected		FY 2025-26 Budget		Amount Changed		% Changed
PERSO	NNEL EXPENSES											
5101	Regular Labor	\$ 8	816,749	\$ 823,0	000	\$	729,196	\$8	77,000	\$	54,000	7%
5103	Overtime		13,145	13,0	000		16,818		13,000		-	0%
5200	Benefits	3	347,071	383,0	000		395,412	4	30,000		47,000	12%
OPERA	TING EXPENSES											
6203	Office Supplies		5,171	7,0	000		10,093		7,000		-	0%
6301	Contract Services	ġ	93,923	111,5	500		116,616	1	67,000		55,500	50%
6302	Banking Services		32,254	32,0	000		35,865		42,000		10,000	31%
6303	Printing & Publishing		1,860	5,0	000		3,121		4,000		(1,000)	-20%
6304	Legal Services		5,610	10,0	000		17,493		10,000		-	0%
6307	Uniforms		269	1,5	500		515		2,000		500	33%
6402	Telephone		1,659	3,0	000		1,747		3,000		-	0%
6406	Postage		416	1,0	000		355		1,000		-	0%
6501	Memberships & Dues		2,970	5,0	000		2,560		5,000		-	0%
6502	Professional Development	-	20,320	14,0	000		16,432		20,000		6,000	43%
6503	Education Assistance		-	5,0	000		-		5,000		-	0%
6504	Meetings		4,476	5,0	000		6,617		5,000		-	0%
6704	Bad Debt		104		-		-		-		-	0%
FINAN	CE & JNTING TOTAL	\$ 1,3	45,997	\$ 1,419,	000	\$ 1,	352,840	\$ 1,5	91,000	\$	172,000	12 %

Significant Changes in Program Budget

• Increased Contract Services budget due to increased expenses for accounting software maintenance and obtaining a new debt financing team.

Program Budget Allocation



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Information Technology PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Information Technology Manager	1
Network Administrator	1
Information Technology Analyst	1
Information Technology Technician	1

Total Full-Time

4

PROGRAM STRUCTURE



Information Technology coordinates and implements agency-wide technology by facilitating vendor access and support for technology focused projects.

PROGRAM SUMMARIES Information Technology

The Information Technology (IT) Program oversees the District's technology infrastructure to support essential business and operational functions. The functions utilize industry specific software programs required to meet agency needs. This Program implements routine cybersecurity training campaigns to mitigate financial and data loss. In addition to software management, IT proactively schedules hardware replacements from the point of procurement to installation.

Goals

- Ensure Reliability (6)
 of Technology
 Infrastructure for
 Primary Business
 and Operation
 Requirements
- Enhance Systems (6) and Cybersecurity Measures for Response Functions
- Analyze Current Ø
 Systems to Enhance Reporting and Automate Processes

Objectives

- 1. Migrating SCADA radios to cell gateways and hardware at 42 sites.
- 2. Replace technology that has reached end of its useful life to comply with hardware replacement schedule.
- 3. Work with Finance to assess the Tyler ERP and review opportunity costs of remaining with on-premise solution.
- 1. Upgrade all security cameras at SNRC Administration and Operations buildings.
- 2. Implement Multi-Factor Authentication (MFA) throughout the Microsoft platform.
- 3. Upgrade network security firewalls at all Water Production sites.
- 1. Work with the General Manager/CEO and Department heads to identify data-based decisions and source of supporting data.
- 2. Work with the Laserfiche development team and Administration to implement Engineering's automation and workflow in the document repository, in accordance with the retention schedule.
- 3. Work with Geographic Information System (GIS) consultant to design and launch a public portal for developers to access as-built designs of the District.
- 4. Develop artificial intelligence (A.I.) policy and guidelines.



FY 2024-25 Accomplishments

GOAL ONE Ensured Reliability of Technology Infrastructure for Primary Business and Operation Requirements	 Upgraded the Cisco phone system to hosted Cisco WebEx Calling. Upgraded SCADA radios and technology at Plants 56 and 141. Replaced 30+ staff hardware that reached end of its useful life to comply with hardware replacement schedule.
GOAL TWO Improved Systems and Cybersecurity Measures for Response Functions	 Replaced current email security with Cisco email cloud security. Implemented new technology and Internet Fiber at Plant 39 Warehouse. Upgraded all security cameras at District Headquarters and Plant 39. Updated all District email addresses to align with the new website .GOV domain.
GOAL THREE Analyzed Current Systems to Enhance Reporting and Automate Processes	 Updated and upgraded GIS database to Utility Network to reflect most current District assets. Implemented Analytics dashboard of all GIS infrastructure assets Upgraded IVR system to IVR Relay in order to support additional reporting needs and payment options.
OTHER ACCOMPLISHMENTS	 Completed Tyler workflows with Customer Service and Finance. Contracted with ATSI for SCADA infrastructure support. Assisted Public Affairs with transition of the District's website from .ORG to .GOV Implemented the asset management module in Energov Asset Management for Water Reclamation. Upgraded call recording platform ELEVEO to integrate with hosted WebEx Calling platform. Implemented new cloud hosted IT helpdesk and remote assistance software. Migrated cell network provider from Business network to Public Safety network in order to receive priority connectivity during an Emergency Operation Center activation. Replaced SCADA radio monitoring and Network monitoring software.

Levels of Service

The Information Technology Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Provide Exceptional Customer Service (III-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)

The program's performance related to these metrics are included in the table on the following page.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
III-C	Receive 'Excellent' scores on IT satisfaction surveys submitted by staff	>95%	100%	100%	100%
III-C	Minimize resolution time for help desk issues submitted by staff	24 Hrs.	4.8	12	24
IV-A	Elevate Cybersecurity awareness by sending out test 'phishing' emails	800	1,200	1,200	1,200
IV-A	Maximize system availability	99%	99%	99%	99%
IV-A	Cybersecurity awareness results for phishing email click rate	< 7 %	7.7%	6.5	7%
IV-A	Complete disaster recovery drill (system restoration, power outages, emergency notifications)	2	4	4	4

Program Budget Detail

IT TOT	AL	\$ 1,328,618	\$ 1,874,000	\$ 1,960,752	\$1,978,000	\$ 104,000	6%
6504	Meetings	96	-	-	-	-	0%
6502	Professional Development	3,960	1,000	168	13,000	12,000	1200%
6501	Memberships & Dues	2,460	4,000	-	4,000	-	0%
6402	Telephone	21,981	12,000	22,124	12,000	-	0%
6307	Uniforms	-	1,000	1,835	1,000	-	0%
6301	Contract Services	527,227	1,004,000	1,055,205	954,000	(50,000)	-5%
6203	Office Supplies	2,657	5,000	863	1,000	(4,000)	-80%
6201	Materials & Supplies	70,616	80,000	95,578	80,000	-	0%
OPERA	TING EXPENSES						
5200	Benefits	248,850	280,000	330,057	353,000	73,000	26%
5102	Temporary Labor	20,556	-	-	-	-	0%
5101	Regular Labor	\$ 430,215	\$ 487,000	\$ 454,922	\$ 560,000	\$ 73,000	15%
PERSONNEL EXPENSES							
		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed

Significant Changes in Program Budget

- Promoted the part-time Intern to full-time Information Technology Technician.
- Reduced Operating budget by \$50,460 by consolidating cost and removing old services.
- Professional Development budget increased due to additional trainings/conferences staff plan to attend.

Program Budget Allocation

\$1,978,000 (Information Technology)

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PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
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- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Customer Service Supervisor	1
Customer Service Representative III	2
Customer Service Representative II	4

Total Full-Time	7
Part-Time	
Customer Service Representative I	1

PROGRAM STRUCTURE

Total Part-Time



Customer Service downloads meter read data, audits data, and submits data files to a third-party vendor for bill printing and mailing.

PROGRAM SUMMARIES Customer Service

The Customer Service Department serves as the primary point of contact for residents and businesses, assisting with account setup, billing inquiries, and service requests. They help customers understand their water usage, resolve issues, and ensure timely payment processing.

Goals

1

Address Ø Organizational Service Needs

Objectives

- 1. Implement new payment options for District customers that are already supported by the District's billing software.
- 2. Develop opportunities for Customer Service to learn and be exposed to District operations.
- 3. Analyze the District's answering service to determine efficient and effective partners.
- 4. Continue seeking cooperation from the County and City of San Bernardino to identify additional billable ADUs within mutual service areas.

Enhance Customer Utilization of Resource Conservation Tools

- Refine Data in Billing System Toward Compliance with State Indoor and Outdoor Water Usage Goals
- 1. Implement an email signature that will include AMI portal information on all Customer Service outbound communications.
- 2. Register ten customers for leak alerts monthly.
- 3. Work with Public Affairs to create bill inserts encouraging use of paperless billing.
- 1. Continue to track the number of household occupants in the Billing system to reconcile with District population from external sources.
- 2. Reduce the number of accounts with default occupant numbers by 10%.
- 3. Complete classification for Commercial, Industrial, and Institutional (CII) customers in accordance with WaterUse regulations.



FY 2024-25 Accomplishments

GOAL ONE Developed Strategies to Address Organizational Service Needs	 Reviewed the Tyler text-to-pay option and determined that a more comprehensive review of all vendor offerings is needed. Implemented enforcement of temporary meter reader availability charge in January 2025.
GOAL TWO Reviewed Regulatory Changes that Required Updates to District Processes / Fee Schedules	• Worked with Water Quality and the City of Highland staff to identify billable ADUs within Highland.
GOAL THREE Enhanced Customer Utilization of AMI Data	 Used every opportunity when talking to customers about leaks and high bills to introduce the AMI portal. Registered 20 customers for leak alerts monthly.
GOAL FOUR Refined Data in Billing System Toward Compliance with State Indoor and Outdoor Water Usage Goals	 Determined that the Billing system has 10.69% more occupants/ population than census data. Identified customer accounts with default occupant data and reduced the number of accounts using default occupants by 10%. Implemented a process to have Customer Service Representatives confirm the number of occupants during phone calls.

Levels of Service

The Customer Service Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Provide Exceptional Customer Service (III-C)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-C	Number of customer service training hours per employee	16	6	7	8
III-C	Reduce number of customers disconnected for non-payment each year	1,800	2,078	1,943	2,000
III-C	Number of customer payments received through convenient off-site locations	3,300	3,208	3,037	3,300
IV-B	Customers enrolled in paperless billing	2,000	1,614	1,842	2,000
IV-B	Customers enrolled in the Pre-Authorized Payment Plan (auto-debit)*	5,000	4,053	4,805	5,000

* Major increase in Auto pay was assisted by the Auto pay feature with credit card available online. This was never added to previous reporting.

Program Budget Detail

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES						
5101	Regular Labor	\$ 634,499	\$ 686,000	\$ 628,865	\$ 723,000	\$ 37,000	5%
5103	Overtime	10,694	7,000	10,570	11,000	4,000	57%
5200	Benefits	291,482	325,000	339,507	349,000	24,000	7%
OPERA	TING EXPENSES						
6201	Materials & Supplies	151	-	-	-	-	0%
6203	Office Supplies	2,119	7,000	1,885	7,000	-	0%
6301	Contract Services	211,591	248,000	236,041	243,000	(5,000)	-2%
6302	Banking Services	392,993	380,000	401,550	400,000	20,000	5%
6303	Printing & Publishing	8,416	10,000	3,587	10,000	-	0%
6304	Legal Services	-	5,000	-	5,000	-	0%
6307	Uniforms	2,639	4,000	2,390	4,000	-	0%
6308	Billing Services	70,372	57,000	91,062	92,000	35,000	61%
6309	Shut Off Notice Services	304,044	300,000	294,410	300,000	-	0%
6402	Telephone	9,000	8,000	10,916	13,000	5,000	63%
6406	Postage	176,724	153,000	185,612	201,000	48,000	31%
6502	Professional Development	-	13,000	5,022	13,000	-	0%
6504	Meetings	2,194	3,000	2,725	3,000	-	0%
6703	Cash Over / Short	(195)	1,000	(1,481)	1,000	-	0%
6704	Bad Debt	5,049	5,000	6,957	5,000	-	0%
CUSTO	OMER SERVICE TOTAL	\$ 2,121,772	\$2,212,000	\$ 2,219,618	\$2,380,000	\$ 168,000	8%

Significant Changes in Program Budget

- Increased Billing Services budget due to vendor rate increases.
- Increased Postage budget due to increased number of customer bills and delinquent notices.

Program Budget Allocation

5% \$2,380,000 (Customer Service) 166 FY 2025-26 Budget

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Meter Service







Meter Services is responsible for maintaining the District's smart meter network, on-site customer meterrelated requests, and customer service assistance.

PROGRAM SUMMARIES Meter Services

The Meter Services Program maintains a network of approximately 23,000 Advanced Metering Infrastructure (AMI) meters. The AMI meter Program provides the District and its customers with near real-time consumption information; and conducts routine maintenance, testing, and replacement of meters to ensure billing is accurate.

Goals

Objectives

Continue
 Preventative
 Maintenance and
 Inspections of the

AMI System

- 1. Identify and replace eight vaults in need of lid replacements.
- 2. Visually inspect meter boxes in routes where read problems are occurring.
- Work Towards a Goal of 95% Read Reliability
- 1. Confirm and correct MIU (Meter Interface Unit) and meter numbers on meters that are not transmitting reliable read data.
- 2. Continue to monitor read reliability throughout the District and provide the General Manager/CEO with monthly updates.
- Continue Meter
 Testing Programs in
 Compliance with State
 Water Audits Best
 Practices
- 1. Conduct an audit of 10% of large meters for accuracy to ensure compliance with AWWA standards.
- 2. Replace large meters that do not meet AWWA standards.



FY 2024-25 Accomplishments

GOAL ONE Implemented Inspection Program for AMI Meters	 Replaced eight steal vault lids with spring loaded fiberglass lids to enhance safety to reduce potential injury during large meter testing and inspections. Visually inspected 100% of meter boxes in routes where meter read problems occurred.
GOAL TWO Worked with Customer Service to Address Coverage Issues with the AMI Network	 Corrected 25 MIU (meter interface unit) and meter numbers in billing database for errors made during installation. Added tower mounted data collector at Plant 132 to enhance collection of reads.
GOAL THREE Continued Meter Testing Programs in Compliance with State Water Audits Best Practices	 Conducted an audit of 10% of large meters for accuracy and ensured compliance with AWWA standards. Replaced 16 large meters that did not meet AWWA standards.

Levels of Service

The Meter Services Program has three KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Provide Exceptional Customer Service (III-C)
- Dedicate Efforts towards System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-A	Number of large meters tested for accuracy	11	11	11	11
III-C	Respond to customer requests for assistance within two hours	100%	100%	100%	100%
IV-B	Number of employees trained on the Mobile Data Collector and access Neptune 360	4	4	4	4

Program Budget Detail

		F	Y 2023-24 Actuals	F	Y 2024-25 Budget	Y 2024-25 Projected	F	Y 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES									
5101	Regular Labor	\$	179,700	\$	181,000	\$ 171,128	\$	186,000	\$ 5,000	3%
5103	Overtime		941		6,000	3,333		6,000	-	0%
5200	Benefits		88,008		104,000	103,843		109,000	5,000	5%
OPERA	TING EXPENSES									
6201	Materials & Supplies		-		1,000	-		1,000	-	0%
6202	Tools		-		3,000	-		3,000	-	0%
6301	Contract Services		-		6,000	7,527		6,000	-	0%
6307	Uniforms		1,455		2,000	2,515		2,000	-	0%
6402	Telephone		1,391		3,000	2,416		2,000	(1,000)	-33%
6502	Professional Development		60		-	-		-	-	0%
METER	SERVICES TOTAL	\$	271,555	\$	306,000	\$ 290,762	\$	315,000	\$ 9,000	3%

Significant Changes in Program Budget

• None.

Program Budget Allocation



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Engineering program summaries section



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Total Full-Time	3
Senior Engineer	2
Director of Engineering & Operations	1

PROGRAM STRUCTURE



Engineering coordinates and supports new development within the District's service area by streamlining plan checking and inspection efforts.

PROGRAM SUMMARIES Engineering



The Engineering Program responsibilities include infrastructure planning, maintaining a safe and reliable water supply, and ensuring compliance with Federal and State regulations. This Program also oversees wastewater collection and reclamation capital projects.

Goals

Develop and Implement the **District's Capital** Improvement **Program to Address** Rehabilitation and Maintenance Needs While Preparing for New Development

Develop Plans to Optimize District Water and Energy Resources

Objectives

- Retrofit and upgrade the water facilities at Plant 101.
- 2. Conduct the bid phase and start construction of grant-funded pipeline replacements, pending FEMA approval of Phase I.
- 3. Complete rehabilitation of the reservoir at Plant 140.
- 4. Complete evaluation of portable dams to ensure proper containment processes are in place for Sanitary Sewer Overflow (SSO) in Warm Springs Channel.
- 1. Update the Urban Water Management Plan (UWMP) by end of FY 2025-26.
- 2. Complete design and construction of equipping the new well at Plant 129.
- 3. Develop RFP for Engineering analysis of alternative energy generation opportunities.
- 4. Complete well drilling and equipping design packages for new Well 152 at District Headquarters site to improve water supply capacity.


FY 2024-25 Accomplishments

GOAL ONE

Developed and Implemented the District's Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Preparing for New Development	 Completed rehabilitation of the reservoir at Plant 56. Engaged construction contractor for rehabilitation of Plant 101. Review alternatives for North Fork Plunge Creek Crossing was superseded post Line Fire event.
GOAL TWO Developed Plans to Optimize District Water and Energy Resources	 Completed preliminary investigation on grant opportunity to add preliminary treatment at Plant 134. Completed new groundwater well siting investigation that determined Plant 129 is a suitable location. Completed the bid and drilling phase for the new groundwater well at Plant 129. Completed design of grant-funded seismic retrofits of seven storage reservoirs.

Levels of Service

The Engineering Program has three KPI metrics that are associated with the District's Goals and Objectives of:

- Provide Exceptional Customer Service (III-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
III-C	Complete development infrastructure plan reviews in < 14 days	100%	100%	80%	90%
III-C	lssue development impact fee costs estimates in < 2 days	100%	100%	95%	85%
IV-A	Initiate fully funded projects included in the current year CIP	100%	100%	100%	100%

Program Budget Detail

			Y 2023-24 Actuals	FY 2024-25 Budget	=Y 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSO	NNEL EXPENSES							
5101	Regular Labor	\$	711,299	\$ 658,000	\$ 569,707	\$ 678,000	\$ 20,000	3%
5102	Temporary Labor		-	145,000	-	-	(145,000)	-100%
5200	Benefits		128,719	154,000	133,911	161,000	7,000	5%
5999	CIP Labor Offset		(52,992)	-	-	-	-	0%
OPERA	TING EXPENSES							
6201	Materials & Supplies		34	3,000	-	3,000	-	0%
6202	Tools		5,663	1,000	-	1,000	-	0%
6203	Office Supplies		841	2,000	562	2,000	-	0%
6301	Contract Services		376,789	174,000	68,605	605,000	431,000	248%
6303	Printing & Publishing		-	1,000	307	1,000	-	0%
6304	Legal Services		10,710	15,000	9,733	15,000	-	0%
6307	Uniforms		319	3,000	533	3,000	-	0%
6402	Telephone		2,664	3,000	4,184	3,000	-	0%
6405	Permits		106,265	59,000	69,899	94,000	35,000	59%
6406	Postage		33	1,000	149	1,000	-	0%
6501	Memberships & Dues		1,437	4,000	1,857	5,000	1,000	25%
6502	Professional Development		5,913	12,000	10,973	7,000	(5,000)	-42%
6504	Meetings		86	1,000	652	1,000	-	0%
ENGIN	EERING TOTAL	\$ 1	,297,780	\$1,236,000	\$ 871,072	\$1,580,000	\$ 344,000	28 %

Significant Changes in Program Budget

 Increased Contract Services budget for additional contracts related to updating the UWMP and Bunker Hill Basin Salt Mitigation Coalition.

Program Budget Allocation



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Water Production

PROGRAM SUMMARIES SECTION





Water Production specializes in managing the overall water distribution system.

PROGRAM SUMMARIES Water Production

Implement a 🎯

Plan to Identify

Water Sources'

Requirements Due to the SNRC Discharge

and Enhance

Location

Water Production is responsible for the daily monitoring and operations of the entire water production system to ensure preventative maintenance of all pumps, motors, wells, boosters, reservoirs, pressure regulating valves (PRVs), hydro-pneumatic plants, and the SCADA system. This Program is also responsible for the delivery of Santa Ana River water through the North Fork Water Company canal/pipeline.

Goals

Objectives

- 1. Continue to work with contractor and Engineering to complete rehabilitation of Plant 101.
- 2. Work with contractor on new well at Plant 129.

- Enhance the Ø
 SCADA System
 to Improve Water
 Production Reliability
- Rehabilitate Ø
 Plant Components
 to Ensure Water
 Production
- 1. Work with IT to replace radio communication with cell gateways and firewalls at 42 sites.
- 2. Implement back-up power at sites with no generator capability.
- Coordinate with Water Maintenance to replace isolation valves and associated plumbing to repair critical Intermediate to Lower Zone PRV (Pacific/Osbun).
- 2. Solicit proposals and finalize new master agreements for pump and motor maintenance.



FY 2024-25 Accomplishments

GOAL ONE Implemented a Plan to Identify and Enhance Water Sources' Requirements Due to the SNRC Discharge Location	 Supported work of contractor for rehabilitation of Plant 101. Supported construction of new well at Plant 129 and identified a second site to facilitate start of preliminary design work. Evaluated and determined that a study for alternate use of plant and equipment at Plant 143 is not needed.
GOAL TWO Enhanced the SCADA System to Improve Water Production Reliability	 Began routine emergency backups for the entire SCADA system. Worked with the SCADA contractor to replace SCADA radios at Del Rosa; and Plants 28, 34, and 59.
GOAL THREE Rehabilitated Plant Components to Ensure Water Production	 Worked with Engineering for rehabilitation of reservoir at Plant 56. Drafted proposal for new master agreements for pump and motor maintenance.

Levels of Service

The Water Production Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Utilize Current Technology and Invest in Future Solutions (I-D)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-D	Perform upgrades to SCADA radios as recommended by consultant	5/Yr	4	4	5
IV-A	Complete all efficiency testing for all well pumps	12	100%	100%	100%
IV-A	Schedule well replacement of pumps based on SCE reports*	1	1	2	1
IV-A	Complete all efficiency testing on booster pumps	30	100%	100%	100%
IV-B	Perform or schedule repairs recommended by reservoir inspection report	1/Yr	1	1	1
IV-B	Implement available SCADA software updates	100%	100%	100%	100%

* New KPI starting in FY 2023-24

Program Budget Detail

ADMINISTRATION

		F	Y 2023-24 Actuals	FY 2024-25 Budget		Y 2024-25 Projected	F	Y 2025-26 Budget		Amount Changed	% Changed
PERSC	NNEL EXPENSES										
5101	Regular Labor	\$	287,140	\$ 303,000	\$	278,523	\$	312,000	\$	9,000	3%
5103	Overtime		31	1,000		-		1,000		-	0%
5104	Standby		52,022	47,000		37,012		47,000		-	0%
5200	Benefits		172,290	196,000		205,546		208,000		12,000	6%
OPERA	OPERATING EXPENSES										
6201	Materials & Supplies		3,120	3,000		1,216		3,000		-	0%
6202	Tools		3,112	6,000		1,476		6,000		-	0%
6203	Office Supplies		5,797	4,000		4,815		4,000		-	0%
6301	Contract Services		131,438	110,000		144,860		111,000		1,000	1%
6307	Uniforms		15,040	15,000		12,100		15,000		-	0%
6402	Telephone		14,175	14,000		8,320		14,000		-	0%
6501	Memberships & Dues		539	3,000		727		3,000		-	0%
6502	Professional Development		8,027	7,000		2,855		7,000		-	0%
6504	Meetings		479	1,000		363		1,000		-	0%
	IISTRATION TOTAL	\$	693,210	\$ 710,000	\$	697,813	\$	732,000	\$	22,000	3%

WELLS

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES						
5101	Regular Labor	\$ 301,294	\$ 234,000	\$ 242,404	\$ 240,000	\$ 6,000	3%
5103	Overtime	15,084	17,000	38,489	40,000	23,000	135%
5200	Benefits	86,952	67,000	68,746	70,000	3,000	4%
OPERA	TING EXPENSES						
6101	Purchased Water	426,047	300,000	300,075	300,000	-	0%
6102	Groundwater Replenishment	360,876	352,000	184,759	352,000	-	0%
6103	Water Assessment	286,053	181,000	171,000	171,000	(10,000)	-6%
6201	Materials & Supplies	30,643	45,000	84,880	45,000	-	0%
6204	Chemicals	130,988	150,000	125,024	150,000	-	0%
6301	Contract Services	14,977	265,000	366,540	230,000	(35,000)	-13%
6403	Electricity	1,924,292	2,275,000	1,448,417	2,275,000	-	0%
6405	Permits	81,702	100,000	127,847	100,000	-	0%
WELLS	TOTAL	\$3,658,908	\$3,986,000	\$ 3,158,181	\$3,973,000	\$ (13,000)	0%

BOOSTERS

		F	Y 2023-24 Actuals	FY 2024-25 Budget		Y 2024-25 Projected	FY 2025-26 Budget	Amount Changed		% Changed
PERSONNEL EXPENSES										
5101	Regular Labor	\$	117,394	\$ 132,000	\$	115,378	\$ 135,000	\$	3,000	2%
5103	Overtime		10,360	14,000		19,641	18,000		4,000	29%
5200	Benefits		56,022	68,000		74,849	73,000		5,000	7%
OPERA	ATING EXPENSES									
6201	Materials & Supplies		16,674	20,000		13,475	20,000		-	0%
6301	Contract Services		6,720	100,000		163,867	110,000		10,000	10%
6403	Electricity		644,245	710,000		695,585	710,000		-	0%
BOOS	TERS TOTAL	\$	851,415	\$1,044,000	\$1	,082,795	\$1,066,000	\$	22,000	2%

RESERVOIRS

		F	Y 2023-24 Actuals	F	TY 2024-25 Budget		-Y 2024-25 Projected	F	-Y 2025-26 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES											
5101	Regular Labor	\$	194,584	\$	215,000	\$	167,935	\$	233,000	\$ 18,000	8%
5103	Overtime		70,723		60,000		26,684		30,000	(30,000)	-50%
5200	Benefits		64,444		65,000		54,553		68,000	3,000	5%
OPERA	ATING EXPENSES										
6201	Materials & Supplies		5,449		30,000		11,171		30,000	-	0%
6204	Chemicals		13,900		30,000		-		30,000	-	0%
6301	Contract Services		42,393		45,000		13,859		45,000	-	0%
RESER	VOIRS TOTAL	\$	391,493	\$	445,000	\$	274,202	\$	436,000	\$ (9,000)	-2 %
WATER	R PRODUCTION TOTAL	\$5	,595,026	\$	6,185,000	\$	5,212,991	\$6	5,207,000	\$ 22,000	0%

Significant Changes in Program Budget

Water Production is anticipating less repairs this fiscal year and have decreased ٠ the Contract Services budget for Wells.

Program Budget Allocation

% \$6,207,000 (Water Production)

Water Treatment PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Total Full-Time	2
Sr. Treatment Plant Operator	1
Water Production Supervisor	1

PROGRAM STRUCTURE



Water Treatment manages two sources of water including surface water and groundwater.

PROGRAM SUMMARIES Water Treatment 🚺

Water Treatment is responsible for the management of two different sources of supply used by the District. The District operates Plant 134, a Surface Water Treatment Plant, that can treat Santa Ana River water and imported water from the State Water Project. Staff also operate two unique groundwater treatment facilities.

Goals

Objectives



Maximize 🎯 Plant 134 Water Production

- Work with Water Quality to monitor backwash sludge for the solids handling process.
- 2. Prioritize source water in real-time to maximize treatment processes.



Develop a 🎯 Long-Term **Replacement Plan Based on Plant** Performance

- Track individual membrane integrity test (MIT) results and repairs 1. to prioritize replacement schedule.
- 2. Begin second cycle of replacing membrane trains at Plant 134.



- Evaluate 🎯 Hydroelectric Station
- 1. Develop standard operating procedures for different high pressure operational scenarios.
- 2. Work with contractor to ensure proper maintenance of the large pressure reducing valve and 24 volt battery system.



FY 2024-25 Accomplishments

GOAL ONE Maximized Plant 134 Water Production	 Determined the frequency of changeouts required for Granular Activated Carbon (GAC) media. Determined the most efficient and cost-effective method for disposing of increasing levels of sludge.
GOAL TWO Developed a Long-Term Replacement Plan Based on Plant Performance	 Tracked individual membrane integrity test (MIT) results and repairs to prioritize replacement schedule.
GOAL THREE Evaluated and Rehabilitated Existing Clean-in-Place Equipment at Plant 134	 Inspected existing equipment and established prioritized replacement schedule. Purchased and installed pump and equipment for the clean-in-place equipment project. Replaced and installed turbidimeters for trains 1-5. Replaced aluminum chloralhydrate coagulant (ACH) dosing systems.

Levels of Service

The Water Treatment Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Staff Capabilities through Ongoing Professional Development (I-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-C	Number of Production staff with T-4 certification or higher	4	3	4	4
IV-A	Meet all regulatory requirements	100%	100%	100%	100%
IV-A	Maximize utilization of treatment plant capacity according to peak demands (July – September)	7.5 MGD	4.4	4.8	5.0
IV-B	Percentage of plant equipment and motors on preventative maintenance schedules	100%	100%	100%	100%

Program Budget Detail

		FY 2023-24	FY 2024-25	FY 2024-25	FY 2025-26	Amount	%
		Actuals	Budget	Projected	Budget	Changed	Changed
PERSO	NNEL EXPENSES						
5101	Regular Labor	\$ 323,423	\$ 304,000	\$ 280,330	\$ 312,000	\$ 8,000	3%
5103	Overtime	28,374	39,000	25,299	39,000	-	0%
5200	Benefits	159,841	179,000	195,813	192,000	13,000	7%
OPERA	ATING EXPENSES						
6201	Materials & Supplies	76,244	100,000	134,159	60,000	(40,000)	-40%
6204	Chemicals	218,594	180,000	285,523	225,000	45,000	25%
6301	Contract Services	511,729	562,000	386,392	662,000	100,000	18%
6307	Uniforms	627	2,000	267	2,000	-	0%
6402	Telephone	3,089	3,000	6,673	3,000	-	0%
6403	Electricity	175,504	240,000	164,695	240,000	-	0%
WATER	R TREATMENT TOTAL	\$ 1,497,425	\$1,609,000	\$ 1,479,151	\$ 1,735,000	\$ 126,000	8%

Significant Changes in Program Budget

- Materials & Supplies increased \$80,000 at mid-year, due to additional materials needed for Plant 134 repairs. Staff do not anticipate needing more than \$60,000 this fiscal year.
- Increased Chemicals and Contract Services budgets due to inflation.

Program Budget Allocation



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Water Quality program summaries section



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Water & Wastewater Compliance Supervisor	1
Water Quality Technician	1
Water Quality Worker	1

Total Full-Time

3

PROGRAM STRUCTURE



Water Quality has dedicated, state certified team members to test water quality and ensure all members of the community receive safe drinking water.

PROGRAM SUMMARIES Water Quality



Water Quality is responsible for ensuring District compliance with State and Federal Drinking Water Regulations. This program manages Backflow Prevention, Water Sampling, Fire Hydrant Flushing Programs, and the Fats, Oils, and Grease (FOG) program for SNRC pre-treatment.

Goals

Objectives

- 1. Implement Lead & Copper rule revisions into daily operations.
- 2. Complete initial quarterly sampling for PFOS/PFOA contaminants.

 Evaluate Water Ø
 Quality Regulations and Improve
 Process Efficiencies to Enhance Water
 Quality Compliance

2

Implement California Cross-Connection Control Policy Handbook Requirements

for Effectiveness

- Evaluate FOG Ø
 Program Procedures
- 1. Develop and implement system-wide assessment in accordance with handbook requirements.
- 2. Work with staff to obtain certification as a cross-connection control specialist.
- 1. Continue to identify and investigate non-permitted locations for compliance.
- 2. Evaluate additional needs for system efficiencies with in-house resources.
- 3. Work with consultant to complete sampling requirements for the Pre-Treatment Program Local Limits Study.
- 4. Continue to evaluate program costs to ensure fees are adequate.



FY 2024-25 Accomplishments

GOAL ONE Evaluated Water Quality Regulations and Improved Process Efficiencies to Enhance Water Quality Compliance	 Completed sampling for U.S. EPA's revised Lead and Copper Rule, effective summer of 2024. Completed Unregulated Contaminant Monitoring Rule (UCMR5) sampling in accordance with U.S. EPA's sample schedule. Completed Lead Service Line Inventory.
GOAL TWO Implemented Backflow Program Enhancement Modifications	 Replaced additional outdated and unapproved customer backflow devices. Worked with staff to obtain required backflow certification.
GOAL THREE Evaluated FOG Program Procedures for Effectiveness	 Identified and investigated non-permitted locations for compliance. Worked with contractors to evaluate additional needs for system efficiencies. Evaluated program to ensure fees are adequate to cover program cost.

Levels of Service

The Water Quality Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Provide Exceptional Customer Service (III-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
III-C	Response time to water quality complaints by customers (average)	2.0 Hrs	1.5	1.5	2.0
IV-A	Conduct all water quality sampling required by SWRCB and U.S. EPA	100%	100%	100%	100%
IV-A	Complete annual Hazmat site-handling permits	100%	100%	100%	100%
IV-A	% of permitted FOG sites inspected*	100%	N/A	100%	100%

* New KPI starting in FY 2025-26.

Program Budget Detail

		F	Y 2023-24 Actuals	F	Y 2024-25 Budget	Y 2024-25 Projected	F	Y 2025-26 Budget	Amount Changed	% Changed
PERSO	NNEL EXPENSES									
5101	Regular Labor	\$	109,422	\$	133,000	\$ 84,004	\$	116,000	\$ (17,000)	-13%
5103	Overtime		2,202		6,000	655		6,000	-	0%
5200	Benefits		18,656		24,000	22,307		46,000	22,000	92%
WELLS	OPERATING EXPENSES									
6201	Materials & Supplies		12,784		14,000	8,676		15,000	1,000	7%
6301	Contract Services		45,249		110,000	78,841		80,000	(30,000)	-27%
6307	Uniforms		956		4,000	1,801		4,000	-	0%
6504	Meetings		185		1,000	412		1,000	-	0%
RESER	VOIR PERSONNEL EXPENSE	S								
5101	Regular Labor		111,454		146,000	139,689		151,000	5,000	3%
5103	Overtime		286		6,000	2,465		6,000	-	0%
5200	Benefits		54,164		78,000	85,218		85,000	7,000	9%
RESER	VOIR OPERATING EXPENSES	5								
6201	Materials & Supplies		-		2,000	136		3,000	1,000	50%
6202	Tools		16,655		9,000	8,521		11,000	2,000	22%
6301	Contract Services		54,994		64,000	54,260		75,000	11,000	17%
6406	Postage		150		2,000	257		2,000	-	0%
6502	Professional Development		816		3,000	2,156		3,000	-	0%
6503	Education Assistance		-		-	-		3,000	3,000	100%
WATER	R QUALITY TOTAL	\$	427,973	\$	602,000	\$ 489,398	\$	607,000	\$ 5,000	1 %

Significant Changes in Program Budget

• Additional sampling is not required for UCMR5 and Tri-Annual Lead and Copper this fiscal year; as a result, Contract Services budget decreased for Wells.

Program Budget Allocation

% \$607,000 (Water Quality) 196 FY 2025-26 Budget

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Water Maintenance

PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
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- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Field Service Supervisor	1
Sr. Field Service Worker	1
Field Service Worker III	6
Field Service Worker II	3
Field Service Worker I	6
Storekeeper/Buyer (Warehouse)	1

Total Full-Time

18

PROGRAM STRUCTURE



Water Maintenance maintains the District's water transmission and distribution system.

PROGRAM SUMMARIES Water Maintenance

The Water Maintenance Program is responsible for repair and replacement of the District's 300 miles of water pipeline. Water Maintenance coordinates with Engineering and Water Production to install water service lines, fire hydrants, meters, valves, and all related equipment. Crew members remain on standby during non-business hours to respond to customer after hours requests and emergencies.

Goals

Objectives

- 1. Exercise approximately 1,200 isolation valves during the fiscal year to ensure readiness.
- 2. Replace or repair all isolation valves identified as inoperable during valve exercise program.
- 3. Coordinate with Production to perform valve replacements to isolate crucial PRV stations in Pacific/Osbun.
- 4. Inspect, maintain, and replace (as needed) 3,000 hydrants on a three-year cycle.

Continue Replacement Program for Water Mains

Prioritize 🙆

Preventative

Maintenance to

Supply Readiness

Ensure Water System

- 1. Identify undersized and high priority water mains located within easements to determine whether to replace or abandon.
- 2. Replace 3,000 feet of undersized water mains located in cul-desacs within the District's service area.
- 3. Solicit proposals and finalize a new master agreement for pipeline repair services.

 Work with Ø
 Production to Identify any Inoperable Valves at Plants/PRV Stations

- 1. Exercise valves inside plants.
- 2. Identify inoperable valves.
- 3. Replace inoperable valves as needed.



FY 2024-25 Accomplishments

GOAL ONE Prioritized Preventative Maintenance Schedules to Ensure Equipment Readiness for Emergency Response	 Replaced 26 inoperable gate valves with in-house crews and contracted for replacement of five more complex/larger valves on the west side of the District. Coordinated with Production to perform valve replacements to isolate crucial PRV stations in Plant 37 and Orange/Mercedes.
GOAL TWO Fully Utilized Tyler's EnerGov Asset Management Software	Implemented Tyler's Asset Management module (EnerGov) for work order management.
GOAL THREE Continued Replacement Program for Mains and Inground Fire Service Devices	 Replaced 3,000 to 4,000 feet of water main in Elmwood Drive north of Lynwood. Replaced 400 feet of water main in Oakridge Court off Piedmont Drive. Replaced outdated fire services on Highland/Del Rosa and Highland/Elmwood.

Levels of Service

The Water Maintenance Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Advance Emergency Preparedness Efforts (III-A)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-C	Number of Water Maintenance staff with D-3 certification or higher	5	4	5	5
III-A	Annual equipment and safety training hours per staff member	16	16	16	16
IV-A	Number of gate valves exercised*	1,200	1,284	1,285	1,284
IV-B	Respond to, and assess, customer leak concerns within reasonable time frame (two hours)	98%	100%	100%	100%
IV-B	Number of main leaks repaired*	<70	120	85	85
IV-B	Estimate of water losses from main leaks (MG)*	<10 MG	0.28 MG	0.15 MG	0.15 MG

* Data reported for calendar year.

Program Budget Detail

ADMINISTRATION

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES						
5101	Regular Labor	\$ 206,990	\$ 218,000	\$ 211,693	\$ 236,000	\$ 18,000	8%
5103	Overtime	2,582	2,000	896	2,000	-	0%
5104	Standby	45,163	45,000	53,100	55,000	10,000	22%
5200	Benefits	154,602	132,000	139,007	131,000	(1,000)	-1%
OPERA	TING EXPENSES						
6203	Office Supplies	876	3,000	193	3,000	-	0%
6307	Uniforms	2,342	3,000	2,291	2,000	(1,000)	-33%
6402	Telephone	33,312	40,000	30,800	41,000	1,000	3%
6501	Memberships & Dues	1,022	2,000	867	2,000	-	0%
6502	Professional Development	19,416	18,000	11,849	18,000	-	0%
6504	Meetings	5,279	3,000	4,055	3,000	-	0%
6706	Inventory Over/Short	349,342	-	(5,639)	-	-	0%
	I MAINTENANCE TOTAL	\$ 820,926	\$ 466,000	\$ 449,112	\$ 493,000	\$ 27,000	6%

PIPELINE MAINTENANCE

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES						
5101	Regular Labor	\$ 1,221,309	\$1,300,000	\$1,200,249	\$1,456,000	\$ 156,000	12%
5103	Overtime	393,507	435,000	427,361	430,000	(5,000)	-1%
5200	Benefits	583,485	630,000	668,906	623,000	(7,000)	-1%
5999	CIP Labor Offset	(59,231)	(20,000)	(58,277)	(164,000)	(144,000)	720%
OPERA	ATING EXPENSES						
6201	Materials & Supplies	714,356	880,000	685,232	880,000	-	0%
6202	Tools	35,114	67,000	33,563	67,000	-	0%
6301	Contract Services	61,394	70,000	27,664	67,000	(3,000)	-4%
6307	Uniforms	46,249	40,000	30,549	40,000	-	0%
6310	Street Services	386,081	525,000	455,748	525,000	-	0%
6405	Permits	-	-	-	-	-	0%
PIPELI	NE MAINTENANCE TOTAL	\$3,382,264	\$3,927,000	\$3,470,995	\$3,924,000	\$ (3,000)	0%

WATER MAINTENANCE TOTAL

\$ 4,203,190 \$4,393,000 \$ 3,920,107 \$ 4,417,000 \$

24,000 1%

Significant Changes in Program Budget

• None.

Program Budget Allocation

% \$4,417,000 (Water Maintenance)

Wastewater Collection

PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Sr. Field Service Worker	1
Field Service Worker III	2
Field Service Worker II	1

Total Full-Time

4

PROGRAM STRUCTURE



Wastewater Collection prevents wastewater spillage and leaks by monitoring and maintaining wastewater pipelines.

PROGRAM SUMMARIES Wastewater Collection

The Wastewater Collection Program performs routine inspections, cleaning, repairs, and replacement of the District's 230 miles of collection pipelines. The District's collection system has been engineered to use best practice gravity flow conveyance prior to treatment. California public health code mandates the District is responsible for inspection of wastewater collection systems.

The pipeline inspection program uses a sewer inspection camera/transporter and closed-circuit television (CCTV) technology. The videoing software allows the operator to document pipeline condition attributes and location data for maintenance or replacement consideration. Along with videoing the collection pipeline, the Wastewater Collection Program conducts a weekly sewer cleaning program using specialized equipment. The jetting program ensures the entire system is cleaned within 24 months, and high maintenance areas are cleaned more regularly.

Goals

Objectives

- Continue Wastewater
 Collection System
 Maintenance and
 Management
- 1. Video inspect and assess 75 miles of District sewer mains between the northern and southern District boundaries, and east of Del Rosa Avenue.
- 2. Clean 230 miles of sewer main.
- Provide Support for the New Fats, Oils, and Grease (FOG)
 Program
- 1. Identify and inspect unpermitted dischargers within the collection system.
- 2. Transition FOG inspection from contractor to in-house.
- 3. Maintain overall system-wide compliance.



- Keep Sewer Mains Clear of Pests and Obstructions
- 1. Video sewer mains to identify root intrusions.
- 2. Schedule foam blasting of identified areas to control roots.
- 3. Schedule to spray 2,500 manholes for insect control.



FY 2024-25 Accomplishments

GOAL ONE Continued Wastewater Collection System Maintenance and Management	 Video inspected and assessed 75 miles of District sewer mains between the northern and southern District boundaries, and west of Del Rosa Avenue. Cleaned 230 miles of sewer main. Investigated and implemented methods to reduce rainwater inflow into the wastewater collection system during storm events.
GOAL TWO Provided Support for the New Fats, Oils, and Grease (FOG) Program	 Identified high maintenance areas within the collection system for the new contracted FOG inspector. Assisted the FOG inspector in prioritizing correction efforts. Identified agency separations with the City of San Bernardino for customer permitting.
GOAL THREE Kept Sewer Mains Clear of Pests and Obstructions	 Identified root intrusions in sewer mains by video throughout the District's service area. Completed foam blasting of identified areas to control roots. Sprayed 2,500 manholes for insect control.

Levels of Service

The Wastewater Collection Program has six KPI metrics that are associated with the District's Goals and Objectives of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-C	Number of staff holding CWEA certifications	4	5	6	6
IV-A	Miles of wastewater mains inspected by video	55	63	75	75
IV-A	Category 1 Sanitary System Overflows reportable to SWRCB	0	1	0	0
IV-B	Miles of wastewater mains jetted / cleaned	230	237	230	230
IV-B	Category 4 or 5 spot repairs identified	0	0	0	0
IV-B	Category 4 or 5 spot repairs completed	0	0	0	0

Program Budget Detail

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	NNEL EXPENSES						
5101	Regular Labor	\$ 396,885	\$ 396,000	\$ 353,886	\$ 411,000	\$ 15,000	4%
5103	Overtime	12,177	9,000	10,640	11,000	2,000	22%
5200	Benefits	137,478	177,000	156,244	187,000	10,000	6%
5999	CIP Labor Offset	(5,485)	-	(554)	-	-	0%
OPERA	ATING EXPENSES						
6201	Materials & Supplies	34,721	36,000	33,028	31,000	(5,000)	-14%
6202	Tools	6,661	6,250	19,879	7,000	750	12%
6301	Contract Services	208,799	333,750	231,372	339,000	5,250	2%
6307	Uniforms	943	4,000	-	4,000	-	0%
6502	Professional Development	-	-	107	-	-	0%
	EWATER CTION TOTAL	\$ 792,179	\$ 962,000	\$ 804,602	\$ 990,000	\$ 28,000	3%

Significant Changes in Program Budget

• None.

Program Budget Allocation



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Water Reclamation

PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

Governing Board

- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

Water Reclamation oversees and manages all operations related to the SNRC to ensure compliance with strict State water quality standards.

PROGRAM PERSONNEL

Water Reclamation Manager	1
Water Reclamation Supervisor	1
Sr. Wastewater Treatment Plant Operator	2
Wastewater Treatment Plant Operator III	3
Wastewater Treatment Plant Operator II	1
Administrative Assistant	1
Total Full-Time	9
	9

2

	Part-Time	
	Part-Ime	
TOTAL		

PROGRAM STRUCTURE



PROGRAM SUMMARIES Water Reclamation

The Water Reclamation Program is responsible for treating and disinfecting up to eight million gallons of wastewater per day (MGD) at the District's new water recycling plant known as the SNRC. SNRC operations include anaerobic digestion for energy generation to offset the cost of power needed to operate the plant.

Goals

Objectives

- 1. Continue to improve the intern onboarding process and provide learning opportunities at the SNRC.
- 2. Develop an Operator in Training Program (OIT).
- 3. Identify specialized system and equipment maintenance needs above current staff capacity.
- Meet and @ Exceed Compliance Requirements for the SNRC

Evaluate SNRC 🞯

Resourcing

- 1. Continue to manage and enforce a pre-treatment program.
- 2. Continue to submit yearly Air Quality Management District (AQMD) emissions reports.
- 3. Continue to submit Waste Discharge Requirements (WDR) and Master Recycling permits and reports; monthly, quarterly, and annually.

Operate the Ø
 SNRC to Ensure
 Long- Term
 Sustainability and
 Resource Optimization

- 1. Provide operator training on the Computerized Maintenance Management System (CMMS).
- 2. Participate financially in coalition to implement recommendations of Salt Mitigation Feasibility Study.
- 3. Continue to review backup power plan at the SNRC to ensure reliable operations of the plant.
- 4. Continue to assess reliability of backup generator powering the entire site and feasibility of an SCE Preferred Service (PE).
- 5. Optimize digester operations to reduce on-site energy needs.
- 6. Expand Membrane Bioreactor (MBR) capacity at the SNRC from four process trains to five.


FY 2024-25 Accomplishments

GOAL ONE Evaluated SNRC Resourcing	 Utilized one full-time and one part-time intern and provided learning opportunities at the SNRC. Developed and implemented the SNRC Internship Recruitment Plan. Contracted preventative maintenance and emergency response not currently performed by staff or other contractors.
GOAL TWO Met and Exceeded Compliance Requirements for the SNRC	 Implemented compliance software and contracted consultant for launch of pre-treatment program. Submitted required annual report to comply with Air Quality Management District (AQMD) emissions requirements. Submitted required monthly, quarterly, and annual reports needed for waste discharge and master recycling permit requirements.
GOAL THREE Operated the SNRC to Ensure Long-Term Sustainability and Resource Optimization	 Implemented the computerized maintenance management system (CMMS) in support of the asset management program. Worked with IT to incorporate SNRC equipment into Tyler. Participated with regional coalitions to complete the Salt Mitigation Feasibility Study. Determined backup generator is capable of powering entire plant.
OTHER ACCOMPLISHMENTS	 Saved an average of \$40,000 per month by reducing biosolids hauling minimum tonnage fees. Approximately \$75,000 was saved by making in-house repairs. Improved Supervisory Controls and Data Acquisition (SCADA) management system.

Levels of Service

The Water Reclamation Program has five KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
IV-A	Comply with Waste Discharge Requirements (WDR) and Master Recycling Requirements (MRR) for removal of BOD and TSS at the SNRC	100%	100%	100%	100%
IV-A	Deliver recycled water to San Bernardino Valley for groundwater recharge	6.0MGD	4.9	6.0	6.0
IV-B	Tipping Fees collected from outside haulers	\$2.4M	\$0	\$497K	\$2.4M
IV-B	Comply with AQMD fence line odor monitoring requirements *	100%	100%	100%	100%
IV-B	Comply with City of Highland noise ordinance*	100%	100%	100%	100%
	Comply with City of Highland noise ordinance*	100%	100%	100%	100%

* New KPI starting FY 2025-26.

Program Budget Detail

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSC	ONNEL EXPENSES						
5101	Regular Labor	\$855,997	\$1,000,000	\$958,328	\$1,301,000	\$301,000	30%
5102	Temporary Labor	1,367	143,000	79,207	-	(143,000)	-100%
5103	Overtime	216,926	310,000	364,277	280,000	(30,000)	-10%
5104	Standby	2,219	65,000	79,819	65,000	-	0%
5200	Benefits	364,932	448,000	485,321	608,000	160,000	36%
OPERA	ATING EXPENSES						
6201	Materials & Supplies	56,551	181,000	178,841	284,000	103,000	57%
6202	Tools	7,973	29,000	17,632	37,000	8,000	28%
6203	Office Supplies	10,931	5,000	3,057	5,000	-	0%
6204	Chemicals	180,377	120,000	680,184	1,682,000	1,562,000	1302%
6301	Contract Services	1,165,932	5,938,000	3,860,731	4,339,000	(1,599,000)	-27%
6305	Treatment Services	6,177,814	-	-	-	-	0%
6307	Uniforms	2,387	5,000	6,849	5,000	-	0%
6401	Utilities	25,054	119,000	104,361	70,000	(49,000)	-41%
6402	Telephone	2,577	8,000	10,785	8,000	-	0%
6403	Electricity	1,301,248	2,200,000	2,771,799	1,712,000	(488,000)	-22%
6404	Fuel	5,275	11,000	6,297	11,000	-	0%
6405	Permits	10,980	143,000	189,565	93,000	(50,000)	-35%
6406	Postage	39	-	403	-	-	0%

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
6501	Membership & Dues	3,952	-	956	-	-	0%
6502	Professional Development	2,909	10,000	13,228	10,000	-	0%
6504	Meetings	1,879	2,000	1,873	2,000	-	0%
6505	Employee Recognition	-	-	548	-	-	0%
WATER	R RECLAMATION TOTAL	\$10,397,319	\$10,737,000	\$9,814,061	\$10,512,000	\$(225,000)	-2 %

Significant Changes in Program Budget

- Added two new Waste Hauler Coordinator (part-time) positions.
- The District will purchase chemicals directly from the manufacturer instead of the Consultant. As a result, the Contract Services budget will decrease and the Chemicals budget will increase.
- Increased Materials & Supplies and Tools budgets due to inflation.

Program Budget Allocation



Facilities Maintenance

PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Facilities and Fleet Supervisor	1
Facilities Maintenance Worker II	1
Facilities Maintenance Worker I	1

Total Full-Time

3

PROGRAM STRUCTURE



Facilities Maintenance ensures District facilities meet standards for aesthetics, functionality, and operation.

PROGRAM SUMMARIES Facilities Maintenance

Facilities Maintenance is responsible for the maintenance of all District facilities. The District has several locations throughout the 30.1 square mile service area for operating the utility systems. The Program's oversight includes administration buildings, water facilities, a water reclamation facility (SNRC), District-owned vacant properties, and easements. The purpose of this Program is to mitigate expenses by maintaining a complex facilities management system to achieve Program goals.

Goals

Evaluate and Plan Improvements/ Demolition of West-End Inventory Storage Facilities (Del Rosa and Plant 39)

Continue Phased
 Upgrades and
 Rehabilitation of
 District Facilities



Assess Security @ Needs at SNRC, District Headquarters, and Plant 134

Objectives

- 1. Remove former office trailers located at the Del Rosa site to prepare for demolition and cleanup.
- 2. Coordinate with Storekeeper/Buyer and field staff on removal of inventory at Del Rosa to new warehouse at Plant 39.
- 3. Evaluate the new warehouse for future addition to help with storage needs.
- 1. Develop a comprehensive site improvement project list.
- 2. Contract for painting the building at Plant 33.
- 3. Continue to improve energy efficiency of pump houses and other Plant buildings through lighting upgrades, insulation, and weatherstripping.
- 1. Enhance alarm system for building on Administration side of the SNRC.
- 2. Coordinate with IT and SCN Security on the best way to use the cameras at District Headquarters after the new fence is in place.
- 3. Work with Production to evaluate which sites need new perimeter fencing.



FY 2024-25 Accomplishments

GOAL ONE Evaluated and Planned Improvements/ Demolition of West-End Inventory Storage Facilities (Del Rosa and Plant 39)	 Contracted for construction of a 3,200 sq. ft. storage building at Plant 39. Worked with IT to implement security cameras and alarms at Plant 39 Warehouse.
GOAL TWO Continued Phased Upgrades and Rehabilitation of District Facilities	 Completed the HVAC project by removing swamp coolers and sealing wall openings at Plants 39, 142, and 149. Worked with SNRC staff on concrete upgrades to help with sanitation and cleaning. Continued repairs and upgrades to HVAC systems at SNRC and District Headquarters.
GOAL THREE Assessed Security Needs at SNRC, District Headquarters, and Plant 134	 Determined the most cost-effective solution for physical security at all three sites. Worked with IT and SCN to upgrade and monitor cameras 24/7 at Plant 134. Installed new perimeter fencing at District Headquarters.

Levels of Service

The Facilities Maintenance Program has four KPI metrics that are associated with the District's Goals and Objectives of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
I-A	Identify and conduct energy efficiency measures at Plant facilities	2	2	2	2
IV-B	Close all service work orders timely	<30 Days	<30 Days	<30 Days	<30 Days
IV-B	Systematically rehabilitate buildings at Plant sites (paint, roof, general repairs)	2	2	2	2
IV-B	Complete security fencing upgrades at Plant sites	1	2	1	1

Program Budget Detail

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 226,057	\$ 304,000	\$ 215,321	\$ 310,000	\$ 6,000	2%
5103	Overtime	11,693	14,000	15,212	14,000	-	0%
5200	Benefits	113,362	162,000	135,464	172,000	10,000	6%
	NISTRATION OPERATING EXP	PENSES					
6201	Materials & Supplies	82,528	40,000	104,197	75,000	35,000	88%
6202	Tools	1,846	4,000	5,445	4,000	-	0%
6301	Contract Services	894,656	772,000	1,122,648	808,000	36,000	5%
6306	Rents & Leases	22,537	20,000	9,481	15,000	(5,000)	-25%
6307	Uniforms	8,856	11,000	11,806	11,000	-	0%
6311	Landscape Services	136,260	131,000	73,492	131,000	-	0%
6312	Janitorial Services	145,056	144,000	184,101	144,000	-	0%
6401	Utilities	73,740	37,000	42,236	37,000	-	0%
6402	Telephone	26,550	25,000	34,159	25,000	-	0%
6403	Electricity	229,589	290,000	263,500	290,000	-	0%
6403	Professional Development	-	3,000	861	3,000	-	0%
WELLS	S OPERATING EXPENSES						
6201	Materials & Supplies	2,629	3,000	1,465	3,000	-	0%
6301	Contract Services	24,683	34,000	18,809	34,000	-	0%
6311	Landscape Services	73,000	40,000	50,091	40,000	-	0%
6402	Telephone	1,029	1,000	921	1,000	-	0%
BOOS	TERS OPERATING EXPENSES	5					
6201	Materials & Supplies	263	3,000	-	3,000	-	0%
6301	Contract Services	3,325	5,000	-	5,000	-	0%
6311	Landscape Services	28,728	35,000	19,180	35,000	-	0%

		FY 2023-24 Actuals	FY 2024-25 Budget	FY 2024-25 Projected	FY 2025-26 Budget	Amount Changed	% Changed			
TREAT	TREATMENT OPERATING EXPENSES									
6201	Materials & Supplies	6,025	10,000	1,025	10,000	-	0%			
6301	Contract Services	29,959	25,000	18,221	25,000	-	0%			
6311	Landscape Services	35,376	27,000	13,180	27,000	-	0%			
6312	Janitorial Services	76	2,000	-	2,000	-	0%			
6401	Utilities	2,804	10,000	6,106	10,000	-	0%			
6402	Telephone	31,022	30,000	30,824	30,000	-	0%			
FACILITIES MAINTENANCE TOTAL		\$ 2,211,649	\$ 2,182,000	\$ 2,377,745	\$2,264,000	\$ 82,000	4 %			

Significant Changes in Program Budget

• Increased Materials & Supplies budget for Facilities Maintenance-Administration due to inflation.

Program Budget Allocation



Fleet Maintenance PROGRAM SUMMARIES SECTION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Fleet Maintenance Coordinator

Total Full-Time

1

PROGRAM STRUCTURE



Fleet Maintenance ensures the proper function of vehicles and equipment used in the maintenance of the water and wastewater system.

PROGRAM SUMMARIES Fleet Maintenance

Fleet Maintenance is responsible for the preventative maintenance program for all District vehicles and heavy equipment. This includes the procurement of fleet items and maintaining compliance with State and Federal air quality rules and regulations.

The District fleet is comprised of light and heavy-duty utility trucks for water and wastewater crew members to maintain District infrastructure. The heavy equipment category of the fleet includes large, specialized equipment for routine maintenance and inspection of the water distribution, wastewater collection, and treatment systems.

Goals

Objectives

- 1. Prepare justification and presentation to the Board for disposal.
- 2. Arrange for disposal of surplus vehicles and equipment.
- Continue to
 Implement the Air
 Quality Management
 Program

Identify Vehicles

and Equipment

and Disposal

Eligible for Surplus

- Manage all air quality regulations for AQMD and California Air Resources Board (CARB).
- 2. Transmit emissions data to the Bureau of Automotive Repair (BAR) using Network Fleet devices.
- 3. Submit offroad diesel and off roading reporting system (DORRS).
- 3 Gain Understanding of New Legislation Affecting the Fleet Maintenance Program
- 1. Research and understand fleet regulations.
- 2. Contract vendor to ensure the District is in compliance with zero emission regulations.



FY 2024-25 Accomplishments

GOAL ONE Assessed Future Operations of Fleet Management	 Enhanced service orders in the Fleet Maintenance module within Tyler's Energov Asset Management (EAM) software. Installed four Electric Vehicle (EV) charging stations for pool vehicles.
GOAL TWO Continued to Implement the Air Quality Management Program	 Managed all air quality regulations for AQMD and CARB. Transmitted required fleet emissions data to the BAR using Network Fleet devices.
GOAL THREE Gained Understanding of New Legislation Affecting the Fleet Maintenance Program	 Researched and understood fleet regulations. Contracted vendor to ensure District compliance with zero emission regulations.

Levels of Service

The Fleet Maintenance Program has three KPI metrics that are associated with the District's Goals and Objectives of:

- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators Changes

Agency Goal	Key Performance Indicator	Target	FY 2023-24 Actual	FY 2024-25 Estimated	FY 2025-26 Projection
IV-A	Ensure vehicles and equipment are evaluated and replaced on schedule	80% of Net Asset Value	100%	100%	100%
IV-A	Number of vehicle/equipment units replaced	4	4	5	4
IV-B	Percent of vehicles pass annual D.O.T. inspection	100%	N/A	N/A	100%

Program Budget Detail

		F	Y 2023-24 Actuals	ŀ	FY 2024-25 Budget	Y 2024-25 Projected	F	Y 2025-26 Budget	Amount Changed	% Changed
PERSO	NNEL EXPENSES									
5101	Regular Labor	\$	95,574	\$	105,000	\$ 107,962	\$	114,000	\$ 9,000	9%
5103	Overtime		6,679		3,000	10,678		3,000	-	0%
5200	Benefits		33,661		32,000	37,043		43,000	11,000	34%
OPERA	TING EXPENSES									
6201	Materials & Supplies		192,921		160,000	126,551		160,000	-	0%
6202	Tools		17,649		15,000	58,225		15,000	-	0%
6203	Office Supplies		379		5,000	3,575		5,000	-	0%
6301	Contract Services		243,547		300,000	375,677		305,000	5,000	2%
6307	Uniforms		1,432		1,000	1,067		1,000	-	0%
6402	Telephone		507		1,000	761		1,000	-	0%
6404	Fuel		235,449		280,000	223,281		280,000	-	0%
6501	Memberships & Dues		-		3,000	-		3,000	-	0%
6502	Professional Development		-		1,000	388		1,000	-	0%
FLEET	MAINTENANCE TOTAL	\$	827,798	\$	906,000	\$ 945,208	\$	931,000	\$ 25,000	3%

Significant Changes in Program Budget

• None.

Program Budget Allocation



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FY 2025-26 CAPITAL BUDGET

The District's long-term planning efforts includes consideration of the age, condition, and efficiency of infrastructure used to deliver services to its customers.



Capital Budget Contents

- Capital Budget Overview
- Capital Outlay
- Capital Improvement Projects
- Infrastructure Accomplishments

Capital Budget Overview

The District includes two types of capital expenditures in its Capital Budget. The two types are, 1) routine purchases and replacement of assets, referred to as Capital Outlay, and 2) non-routine construction project expenditures that are part of the District's Capital Improvement Program. The District's FY 2025-26 Capital Budget contains \$21,824,000 in total capital expenditures. Of this amount, \$1,670,000 are Capital Outlay, which typically include requests to replace heavy equipment, computer and office equipment, and to contract for infrastructure planning studies. The remaining proposed capital expenditures of \$20,154,000 are current year (Year 1) costs pertaining to projects shown in the District's Capital Improvement Program, presented in greater detail in the remainder of this section.

Projects with external funding or regulatory requirements, or that are 'shovel ready'. A summary of the proposed FY 2025-26 Capital Budget is shown below.

Capital Budget Summary

Capital Outlay (Routine)			Capital Improvement Program		
Computer Hardware/Software	\$	135,000	Meter Replacement Program	\$	200,000
Facility Improvements		300,000	Storage Tank / Reservoir Upgrades & Rehabilitations		1,500,000
Water Quality / Environmental Studies		540,000	Plant 134 Membrane Replacement & Pretreatment Feasibility Study		450,000
Service Trucks / Large Dump Truck		450,000	Pipeline Upgrades		7,439,000
Equipment Acquisition		245,000	Plant 129 & 152 Well Design & Construction		3,950,000
			General Facilities Rehabilitations / Relocations		225,000
			Plant 39 Warehouse / Storage		100,000
			Additional MBR at SNRC		6,140,000
			Weaver Basin Shallow Well		150,000
TOTAL CAPITAL OUTLAY	\$ [•]	1,670,000	TOTAL CIP EXPENDITURES	52	0,154,000

Capital Outlay

The District defines Capital Outlay expenditures as an individually significant acquisition of capital assets (not involving construction) that have expected useful lives of more than two years and have a heavy equipment cost of \$5,000 or more. This threshold is applied at the individual asset level.

Each year as part of the budget process, Program Managers and Supervisors compile and submit a list of Capital Outlay requests for consideration. The requests are reviewed and prioritized by management based on the assessment of need and the amount of funding available. Funding for Capital Outlay is paid out of the Capital Replacement Reserve from the fund that will benefit from the capital item. Items that benefit all funds are allocated accordingly.

FY 2025-26 CAPITAL OUTLAY

Program			Water	١	Wastewater	Water Reclamation		Total
FUNDE	D BY THE CAPITAL REPLACEMENT R	ESER	VE					
3200	Hardware Replacements	\$	35,000	\$	-	\$	- \$	35,000
3200	SNRC Cameras		70,000		30,000		-	100,000
4000	Upper SAR HCP		400,000		-		-	400,000
3200/ 5000	SCADA Radios & Solar Back-up (Power)		122,500		52,500		-	175,000
5100	Chlorine Generation Cells		60,000		-		-	60,000
5200	Tank Mixers 140, 99, 101		80,000		-		-	80,000
6100	Compaction Tool		50,000		-		-	50,000
6200	Gas Monitoring Equipment		-		20,000		-	20,000
7000	Fencing at Plant 33		200,000		-		-	200,000
7000	EV Charger		80,000		20,000		-	100,000
7100	Service Trucks (3)		200,000		-		-	200,000
7100	Large Dump Truck		250,000		-		-	250,000
TOTAL C	CAPITAL OUTLAY	\$	1,547,500	\$	122,500	\$	- \$	1,670,000

Capital Improvement Program and Prioritization

The District's CIP is a 5-year planning schedule with the first year (Year 1) adopted as part of the Capital Budget for the upcoming fiscal year. A project included in the District's CIP is an individually significant construction project with a cost of more than \$25,000, and either creates a new capital asset, improves an existing asset (increases its service capacity, etc.), or significantly extends an asset's expected useful life.

The Engineering Program is responsible for maintaining the District's Capital Improvement Program and consults various sources for project planning. The primary sources for these planning efforts are the District's Water Master Plan and Wastewater Collection System Master Plan — both were updated during FY 2018-19. The Master Plans identify the infrastructure improvements needed to serve a growing population. In addition, each project being considered must meet one or more of the following criteria:

- Preservation of public health and water quality.
- Improvements required as a result of local, State, or Federal legislation/mandates.
- Reduction of current maintenance expenditures and avoidance of costly future rehabilitation.
- Preservation of existing facilities/infrastructure.
- Positive impacts on customers.
- External funding (grant/debt proceeds) has been secured for specific project.

During FY 2025-26, the District has proposed the use of capacity fees, capital replacement reserves, and grant monies to fund \$20,154,000 for current year phases of Capital Improvement Program projects – total project costs for the projects in process are approximately \$94.1 million over the next five years. The names of the projects funded, and the reasons for their prioritization this year include:



Meter Replacement Program

The District completed installation of remoteread meters for all customer accounts in 2021. This perennial project supplies funding for the replacement of damaged or malfunctioning meters, or large meters that have tested +/-5% variance from actual. Proposed funding is \$200,000 for FY 2025-26.



Plant 134 Membrane Replacement

The manufacturer of the filter membrane cartridges at Plant 134 recommends they be replaced every seven years. All five membrane trains were replaced between the years 2018 and 2024, so the first train replaced is now seven years old. In FY 2025-26 \$350,000 is the proposed budget to replace the membrane cartridges in Train 1.



Seismic Mitigation Main Replacement (Dwight/Sterling)

This project will replace approximately 34,700 linear feet of vulnerable mains in a 0.4 square mile project area bound by Pacific and Baseline Streetsnorth and south, and Sterling Avenue and Dwight Way-east and west. The design of the project was grant funded and is complete. The District is awaiting the FEMA decision to fund the \$17 million project, of which \$12.75 million (75%) would be grant funded and the remaining \$4.25 million paid by District matching funds. Staff proposes a budget of \$6,400,000 including \$4,800,000 from FEMA grants and \$1,600,000 earmarked as matching funds for this project for FY 2025-26.



Seismic Mitigation Main Replacement (Marshall/Mountain)

A second project in the area of Marshall Boulevard and Mountain Avenue has the potential to replace close to the same linear feet of main pipeline as the project above and has been approved for a FEMA design grant. The total cost of design is estimated at \$664,000, and the proposed budget for this amount will be paid \$498,000 by grant and \$166,000 by District matching funds in FY 2025-26.



Plant 134 Pretreatment Feasibility Study

This project will evaluate potential improvements to pre-treat raw water sourced from the Santa Ana River, prior to treatment at Plant 134. This study will focus on identifying effective strategies and technologies to remove excess sediment, organic material, and other constituents commonly found in river water. This project is planned for FY 2025-26 with a proposed budget of \$100,000.

Tank/Reservoir Rehabilitation

The tank at Plant 140 is next in priority for rehabilitation according to a conditional assessment performed by an engineering firm. At two million gallons this is one of the District's largest tanks, therefore the cost will be higher than the prior year. The proposed budget of \$1,500,000 in FY 2025-26 will cover the cost of recoating and minor repairs on the Plant 140 tank.



Plant 129 Well Design & Construction

This project continues from the previous fiscal year moving from drilling to equipping in FY 2025-26. The proposed budget is \$3,500,000 paid from Water Capacity Fees to fund year two construction activities.



This project will fund continued site evaluation and planning of a second well since the District had to take three active wells off-line due to their proximity to the Weaver Recycled Water Recharge Basins. In FY 2025-26 the proposed budget of \$450,000 will fund preliminary work on this well.



Water Main Replacement (Overland Court)

District Field staff have been gaining valuable experience by replacing water mains and scheduling main replacement projects focusing on undersized PVC pipe, usually in cul-de-sacs, and replacing these mains with 6-inch ductile iron pipe and hydrants to improve fire flows. If the seismic mitigation projects described above are not shovel ready at the beginning of the fiscal year, \$375,000 of the local match funds from that project will be repurposed to replace 400 linear feet of 3-inch PVC pipe in Overland Court.



General Facilities Relocations/ Rehabilitations

These line items involve various projects such as security upgrades and improving the aesthetics of buildings at plant sites; it also provides a budget for relocating facilities in conjunction with City or County street or storm drain improvement projects. Planned expenditures for FY 2025-26 are \$225,000 to be funded by the Capital Replacement Reserve. These funds are kept available in the event of a notification by another agency.



Plant 39 Warehouse

This project continues the development of a new metal warehouse at Plant 39 to store water distribution parts, improving access and operational efficiency during repairs. With exterior work completed last year, the upcoming phase will focus on interior buildout and installing utilities, including water, sewer, electrical, security systems, and internet connectivity. The facility will also include a restroom for Field staff. The proposed budget for FY 2025-26 is \$100,000.



Additional Membrane Bioreactor

This project adds a fifth membrane bioreactor (MBR) train at the SNRC to improve operational flexibility, better handle fluctuating flows, and reduce membrane fouling. With existing infrastructure in place, the expansion will enhance long-term performance, reliability, and maintenance efficiency of the treatment facility. The proposed budget for FY 2025-26 is \$6,140,000.



Weaver Basin Shallow Well

The District is responsible for monitoring SNRC recycled water as it is released into the Basin, but rising water levels in the basin have made previously installed monitoring wells ineffective. This new well, with a proposed budget of \$150,000 in FY 2025-26 will be capable of monitoring released water at higher basin levels.

Impact of Capital Improvement **Program Project Investments** on Operating Budgets

The capital projects described in this section will have varying impacts on future operating expenses, both in increased costs and cost savings, or may have little or no impact. Projects, such as replacement of filtration membranes in the District's surface water treatment plant, will not have significant impacts on operating costs, but will maintain a highly effective part of the water treatment process which is necessary for public health and safety. Similarly, maintaining structural integrity and recoating of District tanks will help ensure a longer useful life for those assets, saving more on capital costs than on operating costs.

The construction of two new wells will give the District additional groundwater pumping capacity to replace capacity lost when three wells had to be taken off-line due to their proximity to the recycled water recharge point, and also to add capacity needed for new customer demand. The extra pumping capacity will allow the District to take advantage of off-peak power rates and lower power costs.

Water main replacements are included on the Capital Improvement Program for two reasons, 1) to replace pipes and fittings that, due to age and materials, are particularly susceptible to damage during any seismic activity, and 2) to replace some of the oldest and undersized mains in the distribution system in order to advance the goal of putting the entire system on a 100-year replacement cycle. Both types of projects will replace older pipelines and save on labor and materials used for emergency repairs.

Finally, the addition of a fifth MBR train at the District's water reclamation plant will likely result in slightly higher power costs, but the goal of the project is to help ensure time for proper maintenance of membranes in order to avoid system bottlenecks, and possibly sewer backups and spills.

The following schedule provides an estimate of the effect of capital expenditures on future operations:

CAPITAL EXPENDITURE IMPACT OVERVIEW

	Annual Impact on Operations	Nature of Impact
Meter Replacement Program	\$-	Reduced Staffing Commitments (OT)
Storage Tank / Reservoir Upgrades & Rehabilitations	-	Extends useful life / avoids new purchase
Plant 134 Membrane Replacement & Pretreatment Feasibility Study	-	Extends useful life / water supply reliability
Pipeline Upgrades	120,000	Reduced Staffing needs for repairs
Plant 129 & 152 Well Design & Construction	100,000	Increase capacity and ability to take advantage of off-peak electric rates
General Facilities Rehabilitations / Relocations	-	Reduce energy cost and staffing commitments
Plant 39 Warehouse / Storage	10,000	Reduce fuel costs for traveling to Headquarters from west end
Additional MBR at SNRC	-	Avoid sewer overflows
Weaver Basin Shallow Well	10,000	Reduced Staffing Commitments (OT)
TOTAL CIP EXPENDITURES	\$ 240,000	

The following Capital Improvement Projects section includes further detail for each of the projects that have been proposed for funding in FY 2025-26.

CIP 5-YEAR PROGRAM SCHEDULE (FY 2026-30)

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
WATER						
Meter Replacement Program	\$ 200,000	\$ 200,000	\$ 200,000	\$-	\$2,500,000	\$ 3,100,000
Canal Zone Storage Reservoir	-	1,600,000	10,000,000	8,000,000	-	19,600,000
Plant 134 Membrane Replacement	350,000	350,000	400,000	400,000	400,000	1,900,000
Tank/Reservoir Rehabilitation	1,500,000	1,070,000	1,145,000	1,225,000	1,311,000	6,251,000
Plant 134 Pretreatment Feasibility Study	100,000	-	-	-	-	100,000
Reservoir Seismic Retrofits	-	2,200,000	2,000,000	2,000,000	-	6,200,000
Seismic Mitigation Main Replacement Dwight/Sterling (Grant)	4,800,000	7,950,000	-	-	-	12,750,000
Seismic Mitigation Main Replacement Dwight/Sterling (Reserves)	1,600,000	2,650,000	-	-	-	4,250,000

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
Seismic Mitigation Main Replacement - Marshall/ Mountain (Grant)	498,000	-	4,800,000	7,950,000	-	13,248,000
Seismic Mitigation Main Replacement - Marshall/ Mountain (Reserves)	166,000	-	1,600,000	2,650,000	-	4,416,000
Plant 129 Well Design & Construction	3,500,000	-	-	-	-	3,500,000
Well 152 Design & Construction - District Headquarters (Grant)	225,000	-	-	-	-	225,000
Well 152 Design & Construction - District Headquarters (Reserves)	225,000	1,500,000	3,000,000		-	4,725,000
Water Main Replacement - Overland Ct	375,000	-	-	-	-	375,000
Water Main Replacements	-	-	-	-	2,000,000	2,000,000
Facility Relocations	100,000	100,000	100,000	100,000	100,000	500,000
Facility Relocation - Baseline Bridge Water Main	-	1,000,000	-	-	-	1,000,000
Facility Rehabilitations	125,000	75,000	75,000	75,000	75,000	425,000
Plant 39 Warehouse Building	100,000	-	-	-	-	100,000
Santa Ana River Watershed Sanitary Survey	-	80,000	-	-	-	80,000
WATER SUBTOTAL	\$13,864,000	\$18,775,000	\$23,320,000	\$22,400,000	\$6,386,000	\$84,745,000
RECLAMATION						
Additional Membrane Bioreactor	\$ 6,140,000	\$ 1,532,000	\$-	\$-	\$-	\$ 7,672,000
Weaver Basin - Shallow Well	150,000		-	-	-	150,000
Replace Diffusers and UV Lamps	-	-	500,000	500,000	500,000	1,500,000
RECLAMATION SUBTOTAL	\$6,290,000	\$1,532,000	\$500,000	\$500,000	\$500,000	\$9,322,000
TOTAL	\$20,154,000	\$20,307,000	\$23,820,000	\$22,900,000	\$6,886,000	\$94,067,000

CIP 5-YEAR FUNDING SCHEDULE (FY 2026-30)

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
Capital Replacement Reserve	\$ 4,841,000	\$ 7,025,000	\$ 6,520,000	\$ 4,450,000	\$ 6,386,000	\$29,222,000
Water Capacity Fees	3,500,000	-	-	-	-	3,500,000
Water Grants	5,523,000	10,150,000	6,800,000	9,950,000	-	32,423,000
Bond / Debt Proceeds	-	1,600,000	10,000,000	8,000,000	-	19,600,000
Interfund Borrowing	2,897,000	969,500	-	-	-	3,866,500
Reclamation Capacity Fees	1,900,000	-	-	-	-	1,900,000
Reclamation Grants / SGIP	1,493,000	562,500	500,000	500,000	500,000	3,555,500
TOTAL	\$20,154,000	\$20,307,000	\$23,820,000	\$22,900,000	\$6,886,000	\$94,067,000

CIP FY 2025-26 PROPOSED FUNDING

	Capital Replacement Reserve	Capacity Fees	Grants / Loans / Other	Project Total
WATER				
Meter Replacement Program	\$ 200,000	\$-	\$-	\$ 200,000
Plant 134 Membrane Replacement	350,000		-	350,000
Tank/Reservoir Rehabilitation	1,500,000	-	-	1,500,000
Plant 134 Pretreatment Feasibility Study	100,000		-	100,000
Seismic Mitigation Main Replacement - Dwight/Sterling	1,600,000	-	4,800,000	6,400,000
Seismic Mitigation Main Replacement - Marshall/Mountain	166,000	-	498,000	664,000
Plant 129 Well Design & Construction	-	3,500,000	-	3,500,000
Well 152 Design & Construction - District Headquarters	225,000		225,000	450,000
Water Main Replacement - Overland Ct	375,000	-	-	375,000
Facility Relocations	100,000	-	-	100,000
Facility Rehabilitations	125,000	-	-	125,000
Plant 39 Warehouse Building	100,000	-	-	100,000
WATER SUBTOTAL	\$ 4,841,000	\$3,500,000	\$5,523,000	\$13,864,000
WATER RECLAMATION				
Additional Membrane Bioreactor	\$-	\$ 1,900,000	\$ 4,240,000	\$ 6,140,000
Weaver Basin - Shallow Well	-	-	150,000	150,000
WATER RECLAMATION SUBTOTAL	\$-	\$ 1,900,000	\$4,390,000	\$ 6,290,000

\$4,841,000 \$5,400,000 \$9,913,000 \$20,154,000

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CIP PROJECTS

Capital Improvement Projects CAPITAL BUDGET SECTION



CAPITAL IMPROVEMENT PROJECTS

- Meter Replacement Program
- Plant 134 Membrane Replacement
- Tank/Reservoir Rehabilitation
- Plant 134 Pretreatment Feasibility Study
- Seismic Mitigation Main Replacement (Dwight/Sterling)
- Seismic Mitigation Main Replacement (Marshall/Mountain)
- Plant 129 Well Design & Construction
- Well 152 Design & Construction (District Headquarters)
- Water Main Replacement (Overland)
- Facility Relocations
- Facility Rehabilitations
- Plant 39 Warehouse Building
- Additional Membrane Bioreactor
- Weaver Basin Shallow Well

Projects included in the CIP are individually significant construction projects with a cost of more than \$25,000, and either creates a new capital asset, improves an existing asset (increases its service capacity, etc.), or significantly extends an asset's expected useful life.

CAPITAL PROJECT INVESTMENT:

Capital planning involves identifying current and future needs and prioritizing them through an assessment process.

Mon

MICHAEL MOORE | GENERAL MANAGER/CEO

CAPITAL IMPROVEMENT PROGRAM

Meter Replacement Program 🥝

The District began implementing Advanced Metering Infrastructure (AMI) in 2016, completing full installation of hardware, software, and meters across the service area in 2021. As early-installed components such as meters, registers, and antennas, approach or exceed 10 years of service, the District is initiating a phased replacement program to address aging and potentially unreliable equipment.

Funds allocated to this project will be used to proactively replace these components to maintain meter accuracy, ensure continued system reliability, and extend the overall life of the AMI network.



START DATE: July 2025 **PROJECT MANAGER:** Meter Services / Operations

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water

Location: Districtwide Meter Services / Operation TOTAL PROJECT COST:

\$200,000

PRIOR YEARS BUDGET: N/A

Capital Requests: Annual Budget Request

Benefits to the Community



Provide customers with meter information in a digital format.



Enhance operations by digitizing consumption information.



Help identify water leaks and losses sooner.

Project Cost

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total		
ESTIMATED COST ITEMIZATION								
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$-		
Land and Land Preparation	-	-	-	-	-	-		
Construction (Contract)	-	-	-	-	-	-		
Project Mgmt/Inspection	-	-	-	-	-	-		
Equipment/Furnishings	-	-	-	-	-	-		
Materials	200,000	200,000	200,000	-	2,500,000	3,100,000		
District Labor	-	-	-	-	-	-		
Other (Legal)	-	-	-	-	-	-		
ANNUAL TOTAL	\$ 200,000	\$ 200,000	\$ 200,000	\$-	\$ 2,500,000	\$ 3,100,000		

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$-	\$-	\$-	\$-	\$ -
Replacement Reserve	200,000	200,000	200,000	-	2,500,000	3,100,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ 200,000	\$ 200,000	\$-	\$2,500,000	\$ 3,100,000

METER REPLACEMENT PROGRAM

CAPITAL IMPROVEMENT PROGRAM

Plant 134 Membrane Replacement

Plant 134, the District's surface water treatment facility, operates five water filtration trains, each equipped with 180 membrane filters. The membrane manufacturer recommends replacement every 5 to 7 years to maintain treatment efficiency and reduce maintenance needs.

Beginning in FY 2017-18, the District initiated a phased replacement of the membranes, replacing one train per year over four years. Replacement of the fifth train was deferred due to funding priorities and improved in-house repair capabilities, with those membranes ultimately replaced in FY 2023-24. In FY 2025-26, the District will restart the membrane replacement cycle, beginning with Train 1, which has now been in service for seven years. A budget of \$350,000 has been allocated for this work.



START DATE: July 2025

ESTIMATED COMPLETION: June 2030

PROJECT TYPE: Water

Location: District's Surface Water Treatment Facility **PROJECT MANAGER:** Water Treatment

TOTAL PROJECT COST: \$350,000

PRIOR YEARS BUDGET: N/A

Capital Requests: Annual Budget Request

Benefits to the Community



Allows the District to continue to meet local, State, and Federal system requirements.





Project Cost

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total		
ESTIMATED COST ITEMIZATION								
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$-		
Land and Land Preparation	-	-	-	-	-	-		
Construction (Contract)	-	-	-	-	-	-		
Project Mgmt/Inspection	-	-	-	-	-	-		
Equipment/Furnishings	350,000	350,000	400,000	400,000	400,000	1,900,000		
Materials	-	-	-	-	-	-		
District Labor	-	-	-	-	-	-		
Other (Legal)	-	-	-	-	-	-		
ANNUAL TOTAL	\$ 350,000	\$ 350,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 1,900,000		

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$-	\$-	\$-	\$-	\$-
Replacement Reserve	350,000	350,000	400,000	400,000	400,000	1,900,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 350,000	\$ 350,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 1,900,000

PLANT 134 MEMBRANE REPLACEMENT

CAPITAL IMPROVEMENT PROGRAM

Tank/Reservoir Rehabilitation 🔲

The District recently completed a comprehensive, multi-year inspection program of all water storage tanks, resulting in an engineering report that identifies and prioritizes critical rehabilitation needs. Many of these projects are operationally complex due to limited or no redundant storage capacity, which restricts construction windows to low-demand periods and requires creative approaches to ensure continuous water distribution.

For FY 2025-26, the District will focus on the rehabilitation of the 2-million-gallon tank at Plant 140, located within the Canal Pressure Zone. This work is essential to preserving system reliability and extending the useful life of this key infrastructure asset.



START DATE: October 2025 **PROJECT MANAGER:** Engineering

ESTIMATED COMPLETION: May 2026 **TOTAL PROJECT COST:** \$1,500,000

PRIOR YEARS BUDGET:

PROJECT TYPE: Water

Location: Plant 140 Capital Requests: New Project

Benefits to the Community



Help prolong the tank's operating life.



Install anti-corrosion system and make repairs to maintain tank reliability.



Costs from Previous Tank Rehabilitations Do Not Accumulate

Allows the District to continue to meet the community's water needs.

Project Cost

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total		
ESTIMATED COST ITEMIZA	ESTIMATED COST ITEMIZATION							
Planning and Design	\$ 150,000	\$ 107,000	\$ 115,000	\$ 123,000	\$ 132,000	\$ 627,000		
Land and Land Preparation	-	-	-	-	-	-		
Construction (Contract)	1,350,000	963,000	1,030,000	1,102,000	1,179,000	5,624,000		
Project Mgmt/Inspection	-	-	-	-	-	-		
Equipment/Furnishings	-	-	-	-	-	-		
Materials	-	-	-	-	-	-		
District Labor	-	-	-	-	-	-		
Other (Legal)	-	-	-	-	-	-		
ANNUAL TOTAL	\$ 1,500,000	\$ 1,070,000	\$ 1,145,000	\$ 1,225,000	\$ 1,311,000	\$ 6,251,000		

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$-	\$-	\$-	\$-	\$-
Replacement Reserve	1,500,000	1,070,000	1,145,000	1,225,000	1,311,000	6,251,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$1,500,000	\$1,070,000	\$ 1,145,000	\$ 1,225,000	\$ 1,311,000	\$ 6,251,000

TANK/RESERVOIR REHABILITATION

CAPITAL IMPROVEMENT PROGRAM

Plant 134 Pretreatment Feasibility Study



This project will evaluate potential improvements to pre-treat raw water sourced from the Santa Ana River prior to its introduction into the District's treatment process at Plant 134. The feasibility study will focus on identifying effective strategies and technologies to remove excess sediment, organic material, and other constituents commonly found in the river water. Findings from the study will guide future capital investments aimed at improving treatment efficiency, reducing operational challenges, and ensuring compliance with regulatory standards.



START DATE: July 2025

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water

Location: District's Surface Water Treatment Facility **PROJECT MANAGER:** Engineering

TOTAL PROJECT COST: \$100,000

PRIOR YEARS BUDGET: N/A

Capital Requests: New Project

Benefits to the Community



Identify opportunities to enhance facility systems and operations.





Project Cost

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total	
ESTIMATED COST ITEMIZATION							
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$ -	
Land and Land Preparation	-	-	-	-	-	-	
Construction (Contract)	100,000	-	-	-	-	100,000	
Project Mgmt/Inspection	-	-	-	-	-	-	
Equipment/Furnishings	-	-	-	-	-	-	
Materials	-	-	-	-	-	-	
District Labor	-	-	-	-	-	-	
Other (Legal)	-	-	-	-	-	-	
ANNUAL TOTAL	\$ 100,000	\$-	\$-	\$-	\$-	\$ 100,000	

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$-	\$-	\$-	\$-	\$ -
Replacement Reserve	100,000	-	-	-	-	100,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$-	\$-	\$-	\$-	\$ 100,000

PLANT 134 PRETREATMENT FEASIBILITY STUDY
Water Main Replacement Seismic Mitigation (Dwight/Sterling)

This project involves the replacement of a critical segment of water main infrastructure along Dwight Way and Sterling Avenue to improve seismic resilience and reduce the risk of failure during a major earthquake. The project is funded through a cost-share partnership, with 75% provided by the FEMA Hazard Mitigation Grant Program and 25% from the District's Capital Replacement Reserves. Once complete, this retrofit will enhance system reliability and emergency response capabilities. Construction is expected to span two fiscal years.



START DATE: July 2025

ESTIMATED COMPLETION: June 2027

PROJECT TYPE: Water

Location: Dwight Way and Sterling Avenue PROJECT MANAGER: Engineering

TOTAL PROJECT COST: \$17,000,000

PRIOR YEARS BUDGET: N/A

Capital Requests: New Project

Benefits to the Community



 Enhance the water distribution system to
 continue providing a reliable service.



Allows the District to continue to meet the community's water needs.

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
ESTIMATED COST ITEMIZA	TION					
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$-
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	6,400,000	10,600,000	-	-	-	17,000,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 6,400,000	\$ 10,600,000	\$	- \$	-\$-	\$ 17,000,000

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$-	\$-	\$-	\$-	\$-
Replacement Reserve	1,600,000	2,650,000	-	-	-	4,250,000
Grants/Loans	4,800,000	7,950,000	-	-	-	12,750,000
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$6,400,000	\$ 10,600,000	\$·	-\$	-\$-	\$ 17,000,000

WATER MAIN REPLACEMENT - SEISMIC MITIGATION

Water Main Replacement Seismic Mitigation (Marshall/Mountain)

This project involves the replacement of a critical water main segment along Marshall Boulevard and Mountain Avenue to improve seismic performance and reduce the risk of infrastructure failure during a major earthquake. Funded through a 75% FEMA Hazard Mitigation Grant and 25% from the District's Capital Replacement Reserves, the project is designed to enhance the resiliency of the water distribution system in this key service area. For FY 2025-26, the design phase is budgeted at an estimated \$664,000, with FEMA covering approximately \$498,000 of that amount. Construction is anticipated to follow in subsequent phases based on final design outcomes and funding availability.



START DATE: July 2025

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water

Marshall Boulevard and Mountain Avenue

Location:

N/A Capital R

Capital Requests: New Project

PROJECT MANAGER:

TOTAL PROJECT COST:

PRIOR YEARS BUDGET:

Engineering

\$17,664,000

Benefits to the Community







Allows the District to continue to meet the community's water needs.

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
ESTIMATED COST ITEMIZA	TION					
Planning and Design	\$ 664,000	\$-	\$-	\$-	\$-	\$ 664,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	6,400,000	10,600,000	-	17,000,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 664,000	\$	\$ 6,400,000	\$ 10,600,000	\$-	\$ 17,664,000

Project Funding

ANNUAL TOTAL	\$ 664	,000 \$	- \$	6,400,000	\$ 10,600,000	\$	- \$ 17,664,000
Other		-	-	-	-	-	-
Development Fees		-	-	-	-	-	-
Bond Proceeds		-	-	-	-	-	-
Grants/Loans	498,0	000	-	4,800,000	7,950,000	-	13,248,000
Replacement Reserve	166,0	000	-	1,600,000	2,650,000	-	4,416,000
Operating Revenue	\$	- \$	-	\$-	\$-	\$-	\$-
FINANCING SOURCES							
	Year ' FY 2025			Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total

WATER MAIN REPLACEMENT - SEISMIC MITIGATION

Plant 129 Well Design & Construction



The Drought Contingency Plan (DCP) includes a list of mitigation actions needed to protect against potential risks and impacts from drought and to increase flexibility and resiliency. The Priority 1 mitigation actions in the DCP include six projects to drill and equip new groundwater wells.

A Site Feasibility for New Groundwater Production Well Technical Memorandum, which is included as part of the DCP, provided a highlevel assessment of Plant 129 and determined that the site is suitable for a new production well. This project will design, drill, and equip a new groundwater production well at Plant 129.



START DATE: March 2024

ESTIMATED COMPLETION: December 2026

PROJECT TYPE: Water

Location: Plant 129

PROJECT MANAGER: Engineering

TOTAL PROJECT COST: \$5,000,000

PRIOR YEARS BUDGET: \$1,500,000

Capital Requests: Ongoing Project

Benefits to the Community







Allows the District to continue to meet local, State, and Federal system requirements.

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
ESTIMATED COST ITEMIZA	TION					
Planning and Design	\$ 525,000	\$-	\$-	\$-	\$-	\$ 525,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	2,975,000	-	-	-	-	2,975,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 3,500,000	\$-	\$-	\$-	\$-	\$ 3,500,000

Project Funding

	Year 1 FY 2025-26	Yea FY 202					-Year ect Total
FINANCING SOURCES							
Operating Revenue	\$	- \$	- \$	- \$	- \$	- \$	-
Replacement Reserve		-	-	-	-	-	-
Grants/Loans		-	-	-	-	-	-
Bond Proceeds		-	-	-	-	-	-
Development Fees	3,500,000	C	-	-	-	- 3,50	00,000
Other		-	-	-	-	-	-
ANNUAL TOTAL	\$ 3,500,00	0 \$	-\$	- \$	- \$	-\$3,5	500,000

PLANT 129 WELL DESIGN & CONSTRUCTION

Well 152 Design & Construction ((District Headquarters)

(District Headquarters) This project supports the District's long-term strategy to increase groundwater production capacity and enhance system reliability.

groundwater production capacity and enhance system reliability. Well 152 will be designed, drilled, and equipped at the District's headquarters property. Once completed, it will provide an additional local water supply source to help meet demand and reduce dependence on imported water. Project completion is targeted for June 2028, with phased efforts including design, permitting, and construction over the next several fiscal years.



START DATE: July 2025

ESTIMATED COMPLETION: June 2028

PROJECT TYPE: Water

Location: 31111 Greenspot Road, Highland, CA 92346 **PROJECT MANAGER:** Engineering

TOTAL PROJECT COST: \$4,950,000

PRIOR YEARS BUDGET: N/A

Capital Requests: New Project

Benefits to the Community





Allows the District to continue to meet the community's water needs.



Allows the District to continue to meet local, State, and Federal system requirements.

	Year FY 202		Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-3	30	5-Year Project Total
ESTIMATED COST ITEMIZA	TION							
Planning and Design	\$ 100	,000	\$-	\$-	\$ -	\$	-	\$ 100,000
Land and Land Preparation		-	-	-	-		-	-
Construction (Contract)	350	,000	1,500,000	3,000,000	-		-	4,850,000
Project Mgmt/Inspection		-	-	-	-		-	-
Equipment/Furnishings		-	-	-	-		-	-
Materials		-	-	-	-		-	-
District Labor		-	-	-	-		-	-
Other (Legal)		-	-	-	-		-	-
ANNUAL TOTAL	\$ 450	,000	\$ 1,500,000	\$ 3,000,000	\$-	\$	-	\$ 4,950,000

Project Funding

	FY	Year 1 7 2025-26	Year 2 FY 2026-27	F	Year 3 FY 2027-28	Year 4 2028-29	Year 5 2029-30	5-Year Project Total
FINANCING SOURCES								
Operating Revenue	\$	-	\$-	\$	-	\$ -	\$ -	\$ -
Replacement Reserve		225,000	1,500,000		3,000,000	-	-	4,725,000
Grants/Loans		225,000	-		-	-	-	225,000
Bond Proceeds		-	-		-	-	-	-
Development Fees		-	-		-	-	-	-
Other		-	-		-	-	-	-
ANNUAL TOTAL	\$	450,000 \$	5 1,500,000	0\$	3,000,000	\$ -	\$ -	\$ 4,950,000

WELL 152 DESIGN & CONSTRUCTION

Water Main Replacement Overland Court



This project will replace 400 feet of undersized 3-inch polyvinyl chloride (PVC) water main in Overland Court, a nine home cul-de-sac extending north of Piedmont Drive. Replacing the existing main with new 6" ductile iron pipe will enhance fire flow capacity and allow the District to install a fire hydrant at the pipe's terminus.

Work will be performed in-house by District water maintenance <u>crews and will require</u> additional staffing.



START DATE: July 2025

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water

Location: Overland Court North of Piedmont Drive **PROJECT MANAGER:** Operations

TOTAL PROJECT COST: \$375,000

PRIOR YEARS BUDGET: N/A

Capital Requests: New Project

Operating Budget Impact Statement

ADDITIONAL STAFF SALARIES:

Requesting two full-time employees to support this project.

Benefits to the Community



Replaces water main to prevent a future break.





	Year 1 FY 2025-2	.6 F	Year 2 Y 2026-27	Year 3 FY 2027-28	F	Year 4 Y 2028-29	Year 5 FY 2029-30	F	5-Year Project Total
ESTIMATED COST ITEMIZA	TION								
Planning and Design	\$ 37,5	00 \$	-	\$	- \$	-	\$	\$	37,500
Land and Land Preparation		-	-		-	-			-
Construction (Contract)		-	-		-	-			-
Project Mgmt/Inspection		-	-		-	-			-
Equipment/Furnishings		-	-		-	-			-
Materials	112,5	00	-		-	-			112,500
District Labor	225,0	00	-		-	-			225,000
Other (Legal)		-	-		-	-			-
ANNUAL TOTAL	\$ 375,0	00 \$	-	\$	- \$	-	\$	\$	375,000

Project Funding

	Year 1 FY 2025-26		ar 2)26-27	éar 3 2027-28	⁄ear 4 2028-29	ear 5 2029-30	P	5-Year roject Total
FINANCING SOURCES								
Operating Revenue	\$	- \$	-	\$ -	\$ -	\$ -	\$	-
Replacement Reserve	375,000)	-	-	-	-		375,000
Grants/Loans		-	-	-	-	-		-
Bond Proceeds		-	-	-	-	-		-
Development Fees		-	-	-	-	-		-
Other		-	-	-	-	-		-
ANNUAL TOTAL	\$ 375,000	\$	-	\$ -	\$ -	\$ -	\$	375,000

WATER MAIN REPLACEMENT - OVERLAND CT

Facility Relocations

The District's service area covers all of the City of Highland, parts of the City of San Bernardino and parts of San Bernardino County. When these agencies plan and construct improvements within their jurisdiction, there are occasionally alignment or location conflicts with existing District facilities. When this occurs, the District is frequently obligated to relocate its facilities. This project budget serves to fund relocation costs as they arise.



START DATE: July 2025

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water

Location: Districtwide **PROJECT MANAGER:** Engineering

TOTAL PROJECT COST: \$100,000

PRIOR YEARS BUDGET: \$1,050,000

Capital Requests: Annual Budget Request

Benefits to the Community



Relocate system facilities to maintain service reliability.



Work with local agencies to ensure a smooth transition with minimal service interruptions.



Extend the useful life of the distribution system.

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
ESTIMATED COST ITEMIZA	TION					
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$-
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	100,000	100,000	100,000	100,000	100,000	500,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$-	\$-	\$-	\$-	\$-
Replacement Reserve	100,000	100,000	100,000	100,000	100,000	500,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

FACILITY RELOCATIONS

Facility Rehabilitations

This perennial project supports the ongoing rehabilitation and improvement of District facilities to extend their useful life and maintain safe, efficient operations. Facility rehabilitation efforts are designed to address aging infrastructure and ensure facilities remain in good working condition. While specific projects may vary from year to year, all improvements are scoped to be completed within a single fiscal year and may include structural repairs, system upgrades, or enhancements to security, accessibility, and operational functionality.



START DATE: July 2025

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water

Location: Districtwide

PROJECT MANAGER: Facilities Maintenance

TOTAL PROJECT COST: \$125,000

PRIOR YEARS BUDGET: \$170,000

Capital Requests: Annual Budget Request

Benefits to the Community



Enhance the security of water facilities.



unauthorized



	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total				
ESTIMATED COST ITEMIZATION										
Planning and Design	\$-	\$-	\$-	\$-	-	\$-				
Land and Land Preparation	-	-	-	-	-	-				
Construction (Contract)	125,000	75,000	75,000	75,000	75,000	425,000				
Project Mgmt/Inspection	-	-	-	-	-	-				
Equipment/Furnishings	-	-	-	-	-	-				
Materials	-	-	-	-	-	-				
District Labor	-	-	-	-	-	-				
Other (Legal)	-	-	-	-	-	-				
ANNUAL TOTAL	\$ 125,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 425,000				

Project Funding

	Year 1 FY 2025-26		Year 2 FY 2026-27		Year 3 FY 2027-28		Year 4 FY 2028-29		Year 5 FY 2029-30		5-Year Project Total
FINANCING SOURCES											
Operating Revenue	\$	- \$	-	\$	-	\$	-	\$	-	\$	-
Replacement Reserve	125,000)	75,000		75,000		75,000		75,000		425,000
Grants/Loans			-		-		-		-		-
Bond Proceeds			-		-		-		-		-
Development Fees		-	-		-		-		-		-
Other		-	-		-		-		-		-
ANNUAL TOTAL	\$ 125,000	\$	75,000	\$	75,000	\$	75,000	\$	75,000	\$	425,000

FACILITY REHABILITATIONS

Plant 39 Warehouse Building

This project involves the continued development of a new metal warehouse building at Plant 39 to securely store water distribution parts on the west end of the service area. The warehouse is intended to improve operational efficiency by facilitating quicker access to parts during emergency and scheduled repairs, potentially reducing construction timelines. The facility will also include a restroom for Field staff. With exterior construction completed in the prior fiscal year, the upcoming year's focus will shift to interior buildout and installation of essential utilities, including water, sewer, electrical, security systems, and fiber connectivity for internet access.



START DATE: July 2024

ESTIMATED COMPLETION: December 2025

PROJECT TYPE: Water

Location: Plant 39 **PROJECT MANAGER:** Operations

TOTAL PROJECT COST: \$380,000

PRIOR YEARS BUDGET: \$280,000

Capital Requests: Ongoing Project

Benefits to the Community



Reduce service interruption time during system repairs or enhancements.



Provide a secure location to store water distribution parts.



Enhance operations to maintain efficiency.

	Year 1 FY 2025-26	Year 2 FY 2026-27			Year 5 FY 2029-30	5-Year Project Total					
ESTIMATED COST ITEMIZATION											
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$-					
Land and Land Preparation	-	-	-	-	-	-					
Construction (Contract)	100,000	-	-	-	-	100,000					
Project Mgmt/Inspection	-	-	-	-	-	-					
Equipment/Furnishings	-	-	-	-	-	-					
Materials	-	-	-	-	-	-					
District Labor	-	-	-	-	-	-					
Other (Legal)	-	-	-	-	-	-					
ANNUAL TOTAL	\$ 100,000	\$-	\$-	\$-	\$-	\$ 100,000					

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28		Year 4 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES							
Operating Revenue	\$	- \$.	- \$	- \$	-	\$-	\$-
Replacement Reserve	100,000) .	-	-	-	-	100,000
Grants/Loans			-	-	-	-	-
Bond Proceeds			-	-	-	-	-
Development Fees			-	-	-	-	-
Other			-	-	-	-	-
ANNUAL TOTAL	\$ 100,000)\$	- \$	- \$	-	\$-	\$ 100,000

PLANT 39 WAREHOUSE BUILDING

Additional Membrane Bioreactor

This project involves the installation of a fifth membrane bioreactor (MBR) train at the SNRC. The existing treatment process consists of four identical MBR trains, with infrastructure in place to accommodate a future fifth unit. Adding this fifth train at this time will enhance operational flexibility by allowing staff to better manage fluctuating flow conditions and reduce the frequency and severity of membrane fouling.

This proactive expansion supports the long-term performance and reliability of the treatment facility while optimizing maintenance cycles and overall plant efficiency.



START DATE: January 2025

ESTIMATED COMPLETION: June 2026

PROJECT TYPE: Water Reclamation

Location: Sterling Natural Resource Center **PROJECT MANAGER:** Water Reclamation

TOTAL PROJECT COST: \$10,232,000

PRIOR YEARS BUDGET: \$2,560,000

Capital Requests: Ongoing Project

Benefits to the Community



Enhance operations to maintain efficiency.





	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total				
ESTIMATED COST ITEMIZATION										
Planning and Design	\$-	\$-	\$-	\$-	\$-	\$-				
Land and Land Preparation	-	-	-	-	-	-				
Construction (Contract)	6,140,000	1,532,000	-	-	-	7,672,000				
Project Mgmt/Inspection	-	-	-	-	-	-				
Equipment/Furnishings	-	-	-	-	-	-				
Materials	-	-	-	-	-	-				
District Labor	-	-	-	-	-	-				
Other (Legal)	-	-	-	-	-	-				
ANNUAL TOTAL	\$ 6,140,000	\$ 1,532,000	\$-	\$-	\$-	\$ 7,672,000				

Project Funding

	Year 1 FY 2025-26	Year 2 FY 2026-27	Year 3 FY 2027-28	Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$-	\$ -	\$-	\$ -	\$-	\$ -
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	1,493,000	562,500	-	-	-	2,055,500
Bond Proceeds	-	-	-	-	-	-
Development Fees	1,900,000	-	-	-	-	1,900,000
Other	2,747,000	969,500	-	-	-	3,716,500
ANNUAL TOTAL	\$ 6,140,000	\$1,532,000	\$-	\$-	\$-	\$ 7,672,000

ADDITIONAL MEMBRANE BIOREACTOR

Weaver Basin

This project involves the construction of a new shallow monitoring well near the Weaver Basin recharge area. Recharging groundwater with recycled water requires monitoring wells to track changes in groundwater quality and to collect data necessary for a tracer study, which is critical for calibrating models used to understand the movement of recycled water within the aquifer.

Due to the exceptionally wet conditions in 2022 and 2023, groundwater levels in the area rose significantly, rendering the existing monitoring well too deep to capture relevant data. The new shallow well will provide accurate water quality data at the appropriate depth, enabling a successful tracer study and ensuring continued regulatory compliance and effectiveness of the groundwater recharge program.



START DATE: July 2025

ESTIMATED COMPLETION: March 2026

PROJECT TYPE: Water Reclamation

Location: Weaver Basins **PROJECT MANAGER:** Reclamation/Engineering

TOTAL PROJECT COST: \$150,000

PRIOR YEARS BUDGET: N/A

Capital Requests: New Project

Benefits to the Community



Allow the District to monitor groundwater recharge levels.



Provide groundwater quality data and understanding of the aquifer.



Ensure continued regulatory compliance and effectiveness of the groundwater recharge program.

	Year 1 FY 2025-26	Year 2 Year 3 FY 2026-27 FY 2027-28		Year 4 FY 2028-29	Year 5 FY 2029-30	5-Year Project Total					
ESTIMATED COST ITEMIZATION											
Planning and Design	\$ 150,000	\$-	\$-	\$-	\$-	\$ 150,000					
Land and Land Preparation	-	-	-	-	-	-					
Construction (Contract)	-	-	-	-	-	-					
Project Mgmt/Inspection	-	-	-	-	-	-					
Equipment/Furnishings	-	-	-	-	-	-					
Materials	-	-	-	-	-	-					
District Labor	-	-	-	-	-	-					
Other (Legal)	-	-	-	-	-	-					
ANNUAL TOTAL	\$ 150,000	\$-	\$-	\$-	\$-	\$ 150,000					

Project Funding

	Year 1 FY 2025-26		Year 2 FY 2026-27		Year 3 FY 2027-28		Year 4 FY 2028-29		Year 5 FY 2029-30		5-Year Project Total	
FINANCING SOURCES								·		·		
Operating Revenue	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Replacement Reserve		-		-		-		-		-		-
Grants/Loans		-		-		-		-		-		-
Bond Proceeds		-		-		-		-		-		-
Development Fees		-		-		-		-		-		-
Other	150	0,000		-		-		-		-		150,000
ANNUAL TOTAL	\$ 150	0,000	\$	-	\$	-	\$	-	\$	-	\$	150,000

WEAVER BASIN SHALLOW WELL



KERSH,

The Annual Budget summarizes capital improvements

Infrastructure Accomplishments CAPITAL BUDGET SECTION



270 FY 2025-26 Budget

The budget reflects the District's commitment to allocating resources to meet the needs of its stakeholders.

Infrastructure Accomplishments

Infrastructure improvements represent a significant investment in maintaining a reliable system for the community served by the District.







There were several Capital Improvement Projects completed during FY 2024-25 that focused on system improvements for both water and wastewater systems.

The District would like to highlight the following:

Elmwood Road & Dogwood Street Water Main Replacement

Project Budget: \$322,000

Actual Cost: \$321,796

Completed: February 2025

District staff replaced 1,127 feet of 4-inch wrapped steel water main in Elmwood Road, starting north from Lynwood Drive and then turning east to connect to the main in Dogwood Street. The new main consisted of 6-inch ductile iron pipe and provided two benefits: enhanced fire flow capacity, and access to the pipeline in public right of ways rather than in private property where many sections of the existing main are aligned.

Oakridge Court Water Main Replacement

Project Budget: \$0

Actual Cost: \$119,689

Completed: May 2025

East Valley Water District field staff replaced over 400 feet of water main on Oakridge Court, north of Piedmont Drive in Highland. Crews replaced a 4-inch water main with a 6-inch iron pipe. By replacing the undersized main, the probability of main breaks and leak repairs is significantly reduced, water quality standards are maintained, and the life of the system is extended.

Plant 56 Storage Tank Rehabilitation

Project Budget: \$1,000,000

Actual Cost: \$912,188

Completed: June 2025

The District completed a comprehensive, multi-year water tank inspection program and received an engineering report identifying and prioritizing tank rehabilitation projects. This fiscal year's tank rehabilitation project was a 0.5-million-gallon reservoir at District Plant 56. Completed work included the application of new internal coating system and installation of anti-corrosion system to help extend the life of the tank.



FY 2025-26 GLOSSARY

The budget is formally reviewed each quarter, allowing for an opportunity to take formal budget adjustments to the Governing Board for consideration.



Glossary Contents

- Definitions
- Acronyms
- Chart of Accounts

Glossary

Technical terms found in the budget document.





Definitions

Α

- Acre Foot: A water measurement equal to 325,851 gallons. pg. 57
- Actuarially Determined Contribution: The amount needed to fund a defined benefit pension plan over time. pg. 135
- Advanced Metering Infrastructure: The technology of collecting meter reads via a network. pg. 18
- Air Quality Management District or South Coast Air Quality Management District: The air pollution agency responsible for regulating stationary sources of air pollution in the South Coast Air Basin, in Southern California. - pg. 24
- Aluminum Chloralhydrate: Coagulant used in water treatment to remove suspended solids, turbidity, and color. pg. 188
- American Water Works Association: Established in 1881 and is the largest nonprofit, scientific, and educational association dedicated to managing and treating water. pg. 31
- Annual Report: A set of U.S. government financial statements comprising of the financial report of a state, municipal, or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board. - pg. 152

С

- California Public Employees' Retirement System: An agency in the California executive branch that manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families. - pg. 46
- California Special Districts Association: A 501c(6) not-for-profit association that promotes good governance and improved core local services through professional development, advocacy, and other services for independent special districts. - pg. 7
- Capital Outlay and Construction Costs: Capitalized and expenses over the useful life of the asset on a Generally Accepted Accounting Principle basis; shown as a current expenditure on a budget basis. - pg. 46

The District is committed to sound stewardship and transparent operations, through its presentation of the capital and operating budget to the community.

- Closed Circuit TV: The use of video cameras to transmit a signal to a limited set of monitors. pg. 205
- Compensated Absence: An expense that reflects the change in related accrued liabilities during the accounting period on the Generally Accepted Accounting Principle basis, but for budget purposes, expense includes anticipated leave time to be used and/or cashed by employees during the fiscal year. - pg. 46
- Cool-Season Turfgrass: Grass species which require 80% replenishment of evapotranspiration. Species do not go dormant during winter months and include tall fescue, ryegrass, bentgrass, and Kentucky bluegrass. - pg. 90

D

- Depreciation: Recorded annually to expense the cost of a capital asset over its useful life on a General Accepted Accounting Principle basis but is not contemplated on the budget basis. - pg. 46
- Diesel and Off Roading Reporting System: Online tool to report off-road diesel vehicle inventories and reduction of emissions to the California Air Resources Board. - pg. 223

Ε

• Enterprise Fund: Business-type funds used to report an activity for which a fee is charged to external users for goods or services - pg. 46

F

- Fees: Charges for service that are based upon the cost of providing the service. pg. 37
- Fiscal Year: The time frame in which the budget applies. This period is from July 1 through June 30. pg. i
- Full-Time Employee: A measure of effective authorized positions, indicating the percentage of time a position or group of positions is funded. It is calculated by equating 2,080 hours of work per year with the full-time equivalent of one position. pg. 59
- Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives. - pg. 3

• Fund Equity: The excess of an entity's assets over its liabilities; a negative Fund Equity is sometimes called a deficit. - pg. 71

G

- Generally Accepted Accounting Principles: Uniform minimum standards of, and guidelines for external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. Generally Accepted Accounting Principles (GAAP) encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statements on the application of GAAP to state and local governments are **Government Accounting Standards Board** pronouncements. GAAP provides a standard by which to measure financial presentations. - pg. 46
- Geographic Information System: An organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information. pg. 157
- Governmental Accounting Standards Board: A private, non-governmental organization who is the source of generally accepted accounting principles used by State and Local governments in the U.S. pg. 46
- Governmental Accounting Standards Board
 68: A state or local government employer will report the Net Pension Liability associated with its defined benefit pension plan(s) that is administered through a trust or equivalent arrangement. - pg. 46
- Government Finance Officers Association: Represents public finance officials throughout the United States and Canada. - pg. 6
- Granular Activated Carbon: A highly porous adsorbent material used during the water treatment process. It is used to remove tetrachloroethylene, also known as perchloroethylene (PCE). - pg. 188
- Groundwater: Water that occurs below the surface of Earth. pg. 8

Н

• Hundred Cubic Feet: Water billing measurement equal to 748 gallons. - pg. 53

Κ

• Key Performance Indicator: Monitors progress towards meeting program objectives. - pg. 4

L

- Laserfiche: A digital content management software. pg. 128
- Local Agency Investment Fund: A program administered by the California State Treasurers office to give local agencies and special districts the opportunity to participate in a major portfolio using the investment expertise of the Treasurer's Office Investment staff. - pg. 92

Μ

• Membrane Bioreactor: A process that combines a biological treatment step with membrane filtration. - pg. 211

Ν

• North Fork Water Company: A mutual water company that secures surface water from the Santa Ana River and other available sources for delivery to its shareholders. - pg. 27

Ρ

- Pension Expense: Budgeted based on employer contribution rates assigned by the California Public Employees' Retirement System. For financial statement reporting, pension expense is recorded based on the change to the net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68. pg. 46
- Principal Payments: Payments on long-term debt are applied to reduce the outstanding liability on a Generally Accepted Accounting Principle basis; shown as a current expenditure on a budget basis.
 pg. 46
- Purchased Water: Imported water purchased from the California State Water Project. - pg. 61

R

- Revenue: Income generated by assessments, investments, connection fees, stand-by fees, and user charges. pg. i
- Reserve: An account set aside to meet unexpected costs. pg. 31

S

- San Bernardino Valley Municipal Water District: Formed in 1954 as a regional agency to plan a longrange water supply for the San Bernardino Valley.
 pg. 8
- Section Sign (§): Typographical glyph for referencing numbered sections of a document.
 pg. 38
- Self-Generation Incentive Program: Designed to help major California utilities with energy storage generation systems. pg. 62
- Single-Family Residential: A stand-alone residential building. pg. 53
- Southern California Edison (SCE or Edison): Provides electricity to the District's service area. pg. 25
- Sterling Natural Resource Center: The District is planning and constructing a water recycling center called the Sterling Natural Resource Center. - pg. i
- Supervisory Control and Data Acquisition: Generally refers to an industrial computer system that monitors and controls a process. - pg. 18
- Surface Water: Found in large bodies such as oceans or lakes which flows overland in streams. pg. i

Т

• Tyler Accounting System: The District's enterprise resource planning software that integrates across all business processes and activities. - pg. 24

W

- Wastewater Collection System Master Plan: Outlines existing deficiencies and facility requirements to meet increasing demands. It provides a general assessment to creat a comprehensive CIP for the wastewater collection system. - pg. 230
- Water Master Plan: Provides information on proposed CIP for the water system, including phasing of the necessary projects and capital requirements taking existing deficiencies and facility requirements to meet both current and future demand in consideration. - pg. 230

The Annual Budget makes decisions and sets policy



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The District is committed to sound stewardship and transparent operations, through its presentation of the capital and operating budget to the community.

Acronyms

Technical acronyms found in the budget document.





Α

- ACH: Aluminum Chloralhydrate pg. 188
- ADC: Actuarially Determined Contribution pg. 135
- AF: Acre Foot pg. 57
- AMI: Advanced Metering Infrastructure pg. 18
- AQMD or SCAQMD: Air Quality Management District or South Coast Air Quality Management District - pg. 24
- ATSI: Advanced Telemetry Systems, Inc. pg. 158
- AWWA: American Water Works Association pg. 31

В

- BAR: Bureau of Automotive Repair pg. 223
- BOD: Biological Oxygen Demand pg. 213

С

- CAC: Community Advisory Commission pg. 42
- CalFire: California Department of Forestry and Fire and Protection - pg. 9
- CalPERS: California Public Employees' Retirement System pg. 46
- CARB: California Air Resources Board pg. 219
- CCTV: Closed-Circuit Television pg. 205
- CEO: Chief Executive Officer pg. ii
- CFD: Community Facilities District pg. 52
- CGC: California Government Code pg. 37
- CHEF: Community Heritage Education Foundation pg. 26
- CIP: Capital Improvement Program pg. 5
- CISCO: Computer Information System Company pg. 24
- CMMS: Computerized Maintenance Management System - pg. 211
- COLA: Cost of Living Adjustment pg. 59
- CSDA: California Special Districts Association pg. 7
- CSMFO: California Society of Municipal Officers pg. 6
- CWEA: California Water Environment Association pg. 206

D

- DORRS: Diesel and Off Roading Reporting System pg. 223
- EOC: Emergency Operations Center pg. 133
- ERP: Enterprise Resource Planning pg. 25
- EVWD: East Valley Water District pg. 81
- EV: Electric Vehicle pg. 81

F

- FY: Fiscal Year pg. i
- FOG: Fats, Oils, and Grease pg. 18

G

- GAC: Granular Activated Carbon pg. 188
- GASB: Governmental Accounting Standards Board pg. 46
- GAAP: Generally Accepted Accounting Principles
 pg. 46
- GIS: Geographic Information System pg. 157
- **GFOA:** The Government Finance Officers Association pg. 6

Н

- HCF: Hundred Cubic Feet pg. 53
- HCP: Habitat Conservation Plan pg. 230
- HOA: Homeowners Association pg. 28
- HVAC: Heating, Ventilation, and Air Conditioning - pg. 218

Κ

• KPI: Key Performance Indicator - pg. 4

L

- LAIF: Local Agency Investment Fund pg. 92
- LRIP: Local Resource Investment Program pg. 57

Μ

- MBR: Membrane Bioreactor pg. 211
- MG: Million Gallon pg. 17
- MGD: Million Gallons Per Day pg. 17
- MOU: Memorandum of Understanding pg. 26

Ν

• NFWC: North Fork Water Company - pg. 27

0

- OIT: Operator in Training pg. 26
- OPEB: Other Post Employment Benefits pg. 46
- OT: Overtime pg. 59

Ρ

- PAFR: Popular Annual Financial Report pg. 152
- PE: Preferred Service pg. 25
- PFAS: Per- and Polyfluoroalkyl Substances
 pg. 28
- PFOA: Perfluorooctanoic Acid pg. 193
- PFOS: Perfluorooctane Sulfonate pg. 193
- PRV: Pressure Regulating Valve pg. 18
- PT: Part-Time pg. 59
- R
- RFP: Request for Proposal pg. 175
- RUSD: Redlands Unified School District pg. 9

S

- SAR: Santa Ana River pg. 8
- SBCUSD: San Bernardino City Unified School District - pg. 9
- SBMWD: City of San Bernardino Municipal Water Department - pg. 62
- SCADA: Supervisory Control and Data Acquisition pg. 18
- SCE: Southern California Edison pg. 25
- SFR: Single-Family Residential pg. 53
- SGIP: Self-Generation Incentive Program pg. 235
- SNRC: Sterling Natural Resource Center pg. i
- SRF: State Revolving Fund pg. 41
- SWP: State Water Project pg. 8
- SWRCB: State Water Resources Control Board pg. 87
- Т
- TSS: Total Suspended Solids pg. 213

U

- UCMR5: Unregulated Contaminant Monitoring Rule 5 - pg. 194
- U.S. EPA: United States Environmental Protection Agency - pg. 31

W

• WDR: Waste Discharge Requirements - pg. 211

Chart of Accounts GLOSSARY SECTION



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The District actively enhances communication methods to reach a variety of stakeholders.

Chart of Accounts

In order to maintain consistency across programs and ease the ability to compare expenses, each program budget detail has allocated District resources within a specific list of revenue and expense accounts. This budget includes specific accounts that will be used throughout the current fiscal year.





Below is a listing of the District's Chart of Accounts with a brief description of each account.

- **5101 Regular Labor:** Regular salaries and wages for permanent full-time and part-time employees
- **5102 Temporary Labor:** Costs for labor not permanently employed by the District
- **5103 Overtime:** Employees that work more than their regular 40 hours per week
- **5104 Standby:** Employees that are on call for emergencies during non-business hours, weekends, and holidays
- **5200 Benefits:** Medical, dental, vision, retirement, and related benefits offered by the District
- **5999 CIP Labor Offset:** Salaries and wages to offset Regular Labor for staff who work on CIP Projects.
- 6101 Purchased Water: Cost to purchase imported water
- 6102 Groundwater Replenishment: Cost to pump groundwater from the basin
- 6103 Water Assessments: Cost of water shares directly related to North Fork Water Company
- 6201 Materials & Supplies: Items used in daily operations, repair, and maintenance
- 6202 Tools: Items used to perform repair and maintenance activities
- 6203 Office Supplies: Items such as pens, paper, and other related desk accessories
- 6204 Chemicals: Used for the treatment of water and cleaning equipment and tools
- 6205 Conservation Rebates: Costs to reimburse customers for eligible conservation efforts
- 6301 Contract Services: Services rendered by consultants and contractors; software subscriptions and licensing
- 6302 Banking Services: Service fees charged by financial institutions, merchant banks, and payment processors
- 6303 Printing & Publishing: Costs for printing and producing
 District publications
- 6304 Legal Services: Costs for legal advice, consultation, contract review, and litigation
- 6305 Treatment Services: Outside treatment services for wastewater
- 6306 Rents & Leases: Rental and lease costs for buildings
 and equipment that are not owned by the District
- 6307 Uniforms: Costs for the purchase, rental and laundering of uniforms, and other sundries for employees

- 6308 Billing Services: Costs associated with printing and mailing customer utility bills
- 6309 Shut Off Notice Services: Costs associated with the printing and delivery of 48 Hour Notices; these costs are charged back to customers through a fee
- 6310 Street Services: Costs associated with street restoration after District performs repairs and maintenance to existing infrastructure
- 6311 Landscape Services: Costs to maintain landscape, sprinklers, and weed abatement throughout the District
- 6312 Janitorial Services: Costs to clean and maintain District facilities
- 6313 Facilities Repair: Tracking of minor repairs for District facilities
- 6314 Litigation Expense: Costs associated with legal proceedings, legal action, lawsuits, legal disputes, or legal cases.
- 6401 Utilities: Cable, gas, and other utilities not including telephone and electricity
- 6402 Telephone: Land lines, cellular phones, and internet services
- 6403 Electricity: Power costs for operating wells, pumps and boosters, treatment plants, and other facilities
- 6404 Fuel: Fuel costs for vehicles and generators
- 6405 Permits: Permit costs required by Federal, State, and local regulatory agencies
- 6406 Postage: Costs for mailing bills, publications, and special deliveries

- **6501 Memberships & Dues:** Subscriptions (not including software) and memberships for associations and special groups; award applications
- 6502 Professional Development: Seminars, conferences, and travel costs for employee development
- 6503 Education Assistance: Tuition reimbursement for employees who attend school for a degree or certificate
- 6504 Meetings: Costs such as meals, parking, and registration that are not related to professional development
- 6505 Employee Recognition: Employee recognition costs to recognize excellent performance throughout the year
- 6701 General Insurance: General liability insurance for the District's facilities and infrastructure development
- 6702 Insurance Claims: Cost of insurance claims paid during the fiscal year
- 6703 Cash Over/Short: Accounts for customer payment processing discrepancies
- 6704 Bad Debt: Account used to write off uncollectible customer unpaid water or wastewater charges
- 6705 Retiree Benefits: Other post-employment benefits reimbursed to District retirees
- 6706 Inventory Over/Short: Account used to report overage or shortage when reconciling inventory

PROVIDE OUR COMMUNITY WITH EXCEPTIONAL *WATER* AND *WASTEWATER* SERVICES BY PRIORITIZING SUSTAINABILITY, EFFICIENCY, INNOVATION, AND ONGOING COLLABORATION.



June 25, 2025 BUDGET ADOPTED



EAST VALLEY WATER DISTRICT

District Headquarters

31111 Greenspot Road Highland, California 92346

Sterling Natural Resource Center

25318 5th Street San Bernardino, California 92410

District Board Meetings Second and Fourth Wednesday of Each Month at 5:00pm

District Headquarters Board Room 31111 Greenspot Road, Highland, CA 92346