



GENERAL MANAGER'S RECOMMENDED

Operating and Capital Budget

JULY 1, 2016 TO JUNE 30, 2017

OLIVENHAIN MUNICIPAL WATER DISTRICT, ENCINITAS, CALIFORNIA

Our Mission

Olivenhain Municipal Water District is committed to serving present and future customers with safe, reliable, high quality water while exceeding all regulatory requirements in a cost effective and environmentally responsive manner.

The District is dedicated to providing recycled water, wastewater treatment and hydroelectricity in the most cost effective, environmentally responsive and service oriented manner.

The District is devoted to the safe operation of the Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.



L–R: Alfred Smith, Edmund K. Sprague, Gerald E. Varty, Christy Guerin, Lawrence A. Watt, Robert F. Topolovac, Kimberly A. Thorner

Board of Directors

Edmund K. Sprague, President
Robert F. Topolovac, Vice President
Lawrence A. Watt, Treasurer
Christy Guerin, Secretary
Gerald E. Varty, Director

General Manager

Kimberly A. Thorner, Esq.

General Counsel

Alfred Smith, Esq., Nossaman LLP



Olivenhain Municipal Water District is a public agency proudly serving portions of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, Elfin Forest, 4S Ranch, San Diego and the Olivenhain Valley.



Municipal Water District

General Manager's Recommended
Operating and Capital Budget
July 1, 2016 to June 30, 2017

COVER PHOTO



Ripples by Eddie Trujillo

2015 Elfin Forest Recreational Reserve Photo Contest
Best in Show

RESOLUTION NO. 2016-11

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING
THE OPERATIONS, MAINTENANCE, AND CAPITAL
IMPROVEMENT BUDGET FOR FISCAL YEAR 2016-2017

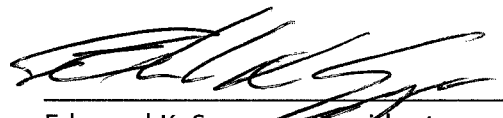
WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for fiscal year 2016-2017, hereinafter referred to as the "Budget;" and

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.

NOW THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Board of Directors of the Olivenhain Municipal Water District that the Budget, and each and every part thereof, is hereby approved and adopted for the fiscal year 2016-2017.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 15, 2016.



Edmund K. Sprague, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:



Christy Guerin, Secretary
Board of Directors
Olivenhain Municipal Water District

Table of Contents

	Page Number
General Manager’s Letter of Transmittal _____	1
GFOA Distinguished Budget Presentation Award _____	13
CSMFO Excellence in Operating Budget Award _____	13

Introduction

How to Use This Budget Document _____	14
About the District _____	16
Governance & Organizational Structure _____	19
Organizational Chart _____	20
Budget Guidelines _____	21
Budget Process _____	22
Budget Calendar _____	23
Budget Adjustment Process _____	25
Financial Policy _____	26
Debt Management Policy _____	41
Investment Policy _____	49

History and Community Profile

History _____	63
Service Area Map _____	63
District Customers _____	64
Per Capita Water Use _____	65
Residential Water Bill Comparison _____	65
Economy _____	66
San Diego Economy _____	68
San Diego Residential Real Estate and Housing _____	69

Strategic Plan

Introduction _____	74
Values _____	75
Vision _____	76
Mission _____	77
Goals _____	78

Table of Contents

Page Number

Long-Term Financial Plan

Long-Term Goals _____	92
Operating Fund – Water (Potable and Recycled) _____	94
Rate Stabilization Fund - Water _____	97
Operating Fund - Wastewater _____	98
Rate Stabilization Fund - Wastewater _____	101
Capital Improvement Funds – Water (Potable and Recycled) _____	102
Capital Improvement Fund - Wastewater _____	103
Debt Service Fund _____	104
Ten Year Projections & Debt Coverage Ratio - Water (Potable and Recycled) _____	106
Schematic of Fund Structure and Cash Flow _____	107
Ten Year Forecast Tables by Fund _____	108

Section I – Operating Budget

Operating Budget Overview _____	117
Historical Graph of Operations - Budget vs Actual - Water _____	120
Historical Graph of Operations - Budget vs Actual - Wastewater _____	121
Historical Graph of Water Sales & Purchased Water Rate Increases _____	122
Operating Budget Summary - All Funds _____	123
Operating Budget Summaries by Fund _____	124

Revenues

Revenue by Fund Overview _____	130
Revenues by Fund Schedules _____	138

Expenditures

Overview _____	152
Water Purchases, Fixed Charges, Operations, Debt & Capacity Fee Funds _____	153
Expenditures by Fund Schedules _____	160
Debt Service Schedule _____	163
Summary of Operating Expenditures by Department _____	170

Table of Contents

	Page Number
<u>Operating Budget by Department:</u>	
General Manager _____	171
Engineering _____	176
Finance _____	181
Human Resources _____	186
Potable Water Operations and Maintenance _____	190
Customer Services and Public Affairs _____	196
Elfin Forest Recreational Reserve _____	201
Wastewater Operations _____	206
Recycled Water Operations _____	210
 <u>Labor and Employee Benefits:</u>	
Employee Benefit Expenses by Department _____	214
Labor and Employee Benefits _____	215
Employee Benefits Summary _____	217
Staffing Trend Graph _____	218
 <u>Section II – Capital Budget</u>	
Overview _____	219
 <u>Capital Expenditures Summary</u>	
FY 2016-2017 Summary of Capital Improvement Program Expenditures _____	221
FY 2016-2017 Summary of Small Capital Item Purchases _____	224
FY 2016-2017 Summary of Capital Improvement Projects _____	225
FY 2016-2017 Impact of Capital Improvement Projects _____	227
Non-Recurring Project Summary Sheets _____	228
 <u>Capital Expenditures by Fund</u>	
FYE 2017-2026 Planned Capital Improvement Expenditures by Fund _____	239
 <u>Capital Fund Water</u>	
FY 2016-2017 Review of Capital Budget and Appropriation _____	240
FYE 2017-2026 Capital Improvement Project Spending Plan _____	241
FYE 2017-2026 Description of Planned Capital Improvement Projects _____	242

Table of Contents

	Page Number
<u>Capital Fund Wastewater</u>	
FY 2016-2017 Review of Capital Budget and Appropriation _____	246
FYE 2017-2026 Capital Improvement Project Spending Plan _____	247
FYE 2017-2026 Description of Planned Capital Improvement Projects _____	248
 <u>Glossary</u> _____	 251
 Water Unit Equivalencies _____	 269

Board of Directors

Edmund K. Sprague, *President*
Robert F. Topolovac, *Vice President*
Lawrence A. Watt, *Treasurer*
Christy Guerin, *Secretary*
Gerald E. Varty, *Director*



General Manager
Kimberly A. Thomer, Esq.
General Counsel
Alfred E. Smith, Esq.

Board of Directors
Olivenhain Municipal Water District

Board of Directors,

I am pleased to present the General Manager's Recommended Budget for fiscal year 2016-2017. This budget document reflects Olivenhain Municipal Water District's (District) plans to monitor water usage and take actions to comply with statewide mandatory water restrictions and the effects of rising wholesale water costs. The District will continue to focus on the Board of Director's critical mission, which is to provide a reliable water supply in a cost-effective and environmentally responsive manner.

As public stewards, the District is responsible for providing water and wastewater services to its customers while closely managing costs and carefully managing the funds with which our ratepayers have entrusted us. The District's budget continues to demonstrate fiscal responsibility, even with drought restrictions, through continued replacement of its aging infrastructure to avoid disruption of services, and continuous improvement of business processes to increase work efficiency.

Current Issues and Challenges

The State of California adopted emergency drought regulations in May 2015 that require a statewide 25% reduction in urban per-capita water consumption. In May 2016, Governor Brown extended these temporary emergency regulations until permanent ones are developed in 2017.

On May 18 2016, The State Water Resources Control Board (SWRCB) approved modified regulations to replace the existing state-imposed mandatory conservation standards with a locally driven, supply-based assessment process. Due to the modified regulations, urban water suppliers will be required to self-certify their water supply availability assuming three additional dry years and customer demands based on 2013 and 2014 averages starting July 2016. The revised regulations by SWRCB will remain effective until January 2017 and do not include a mandatory minimum conservation "floor." Local suppliers such as the District will be required to self-certify the level of conservation required under the State mandates to remain compliant and to assure adequate supply over time.



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



The adoption of the revised Emergency Regulations for Urban Water Conservation by SWRCB has reinforced the need for continued water use efficiency as well as development of local drought-resilient water supplies to be less reliant on imported water. The District's goal is to obtain 20% of its total supply from recycled water and other local water sources by 2020. In 2015, the District delivered more than 1,900 acre-feet (AF) of recycled water from its 4S Water Reclamation Facilities as well as recycled water procurement agreements with neighboring agencies to offset the District's potable water demand associated with outdoor irrigation.

The District initiated and provides leadership for the North San Diego County Water Reuse Coalition. The Coalition seeks to optimize water re-use by analyzing recycled and re-use water demands and supplies and creating regional projects without regard to jurisdictional boundaries in North San Diego County. The facility plan for the Coalition's Regional Recycled Water Project was finalized in 2012 and the Programmatic Environmental Impact Report was certified in 2015. To date, the Coalition has received approximately \$5.0 million from Proposition 84 funding, which was then used to provide financing for qualified Coalition partner projects.

The District used its share of the Proposition 84 grant from the Coalition to fund The Village Park Recycled Water Project (VPRWP). The VPRWP will distribute up to 500 AF of recycled water to the Village Park Community within the City of Encinitas once all phases are completed. This project is currently under construction and will be completed and placed in service in fiscal year 2016-2017.

In addition to the VPRWP, the District continues looking at the viability of developing a potable water source from brackish groundwater found in the San Elijo Escondido Creek Basin and San Dieguito Valley Basin. The potential for groundwater recharge with recycled water is also being considered as a part of this evaluation. The goal of this facility is to produce an additional 1,120 AF of potable water or 10% of the District's water demand to meet its long-term local water supply goal of 20% by 2020.

Due to the Emergency Regulations for Urban Water Conservation imposed by the SWRCB in June 2015 to the District, the Board of Directors adopted Level 2 Water Supply Shortage (Drought) Rates in July 1, 2015. Moving from Level 1 Drought Rates to a more aggressive conservation-based pricing (Level 2 or higher) allowed the District to stay in compliance with the State's Emergency Regulations while remaining revenue neutral. The fiscal year 2016-2017 Budget assumes the District will collect approximately 28% of its net water revenue from monthly fixed charges.

In addition to pursuing alternative local water supply development, the District has also been proactive in maintenance of potable water, recycled water, and wastewater capital facilities in order to protect capital investments made to date by the District's rate payers. The District's



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



ten-year capital spending plan includes critical preventative maintenance programs, such as the valve exercising program and cathodic protection program. These programs will extend the useful lives of the existing transmission and distribution system and are expected to continue as planned.

The District purchases 100% of its untreated water supply from the San Diego County Water Authority (SDCWA). In November 2012, SDCWA approved a 30-year Water Purchase Agreement with Poseidon Water for the purchase up to 56,000 AF of desalinated seawater per year. This agreement provides about eight (8) percent of the San Diego region's projected water demand. The Claude "Bud" Lewis Carlsbad Desalination Plant started production in December 2015 and is providing approximately 8 percent of the County's supply as planned.

Although the proposed budget assumes the use of level 2 rates throughout the fiscal year, the Board of Directors will likely consider transitioning down from level two rates once the self-certification process by the SWRCB provides for a reduced conservation target. This revised target is anticipated to be known and approved in July 2016, allowing for the Board of Directors to consider changes to the Drought rates thereafter.

Even though the District's service area has robust income levels, the District does not have any local untreated water resources. Consequently, the District relies heavily on SDCWA for its water supply. Purchased water wholesale cost increases and variations in weather conditions are uncontrollable factors but significantly influence and affect the development of the District's budget.

Keeping the District's financial position strong is critical as capital spending continues and the District transitions more of its spending to rehabilitation and preventive maintenance. Significant capital expenditures for large capital improvement projects, such as those discussed above, are contemplated in the District's Long-Range Financial Plan.

PRIORITIES FOR FISCAL YEAR 2016-2017

Water Supply Priorities

The District's long term operational program and Capital Improvement Plan target less reliance on imported water to improve water supply reliability and sustainability.

The budget provides resources to accomplish the following goals and objectives:



- Comply with State Water Resources Control Board emergency regulations, including reporting data and calculations of local supply-based assessment standards.
- Continue feasibility study to increase long-term water supply reliability through local supplies such as the San Elijo Valley Groundwater Project.
- Continue to lead the North San Diego Water Reuse Coalition to maximize recycled water use in North County, including pursuing state and federal funding with project partners.
- Complete construction of the Village Park Recycled Water Distribution System and pump station.
- Continue District conservation programs with a focus on water use efficiency education and conservation demonstration sites.
- Comply with the requirements of the California Water Code and the Urban Water Management Planning Act.
- Monitor water use per SB X7-7 to ensure compliance.

Potable, Recycled, and Wastewater Treatment and Distribution Facility Priorities

The District's facility priorities are comprised of the expansion, replacement, and betterment of existing facilities to serve current and future customers with reliable water and wastewater services.

The budget provides resources to address critical potable water, recycled water, and wastewater facilities:

- Continue efforts to expand preventative maintenance programs for the District's transmission and distribution facilities. These efforts include projects such as the valve replacement program, cathodic protection program, and meter anode replacement project.
- Complete replacement of 4G Reservoir.
- Complete cathodic protection replenishment of the top three deficiency pipeline areas in the distribution system.
- Complete design of the Neighborhood 1 sewer pump station.
- Complete design and installation of enhanced odor scrubber at Midpoint sewer pump station.



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



- Complete David C. McCollom Water Treatment Plant optimization study to identify opportunities and to increase plant efficiency.
- Complete David C. McCollom Water Treatment Plant membrane replacement program (train 9 and train 3).
- Complete condition assessment of the District's distribution system.
- Complete repairs to Santa Fe Valley recycled water pump station.

Core Business Plans

Core Business Plans include the operation and maintenance of water, recycled water, and wastewater infrastructure and facilities in a cost-effective manner to protect the District's investments, reflecting its dedication to providing high-quality customer service.

The budget provides resources to achieve the following goals:

- Operate the David C. McCollom Water Treatment Plant to optimize plant production and achieve the lowest treatment cost per unit possible through the sale of surplus treated water capacity to other agencies.
- Operate the 4S Ranch Water Reclamation Facility in the most cost-effective, environmentally responsive, and service-oriented manner to meet recycled water demand in the Southeast Quadrant recycled water service area.
- Operate Elfin Forest Recreational Reserve (EFRR) in the most cost-effective, safe, environmentally responsive, and service-oriented manner.
- Continue implementation of the EFRR Strategic Plan, including revenue generation opportunities.
- Maintain the District's financial position to support its Capital Project Program.
- Continue implementation of revenue-generating and cost-saving programs such as the Tiger Team and Better Way programs.
- Continue public outreach efforts including water conservation programs and information to comply with SWRCB's emergency regulations.
- Complete implementation and conversion of the District's mobile service orders processing system, and inventory bar coding system to increase work efficiency.



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



- Conduct evaluation to expand the use of Advanced Metering Infrastructure (AMI) throughout the District to monitor conservation and to improve work efficiency and customer service quality.
- Pursue local, state, federal and private grant funding to reduce capital expenditures collected from fees and charges.
- Continue to evaluate valve conditions, prioritize valves requiring replacement, and replace high-priority valves.
- Complete Homeland Security IT and SCADA audits to improve the District's network and SCADA system security.
- Conduct training with employees throughout the year to ensure safety and technical competence.

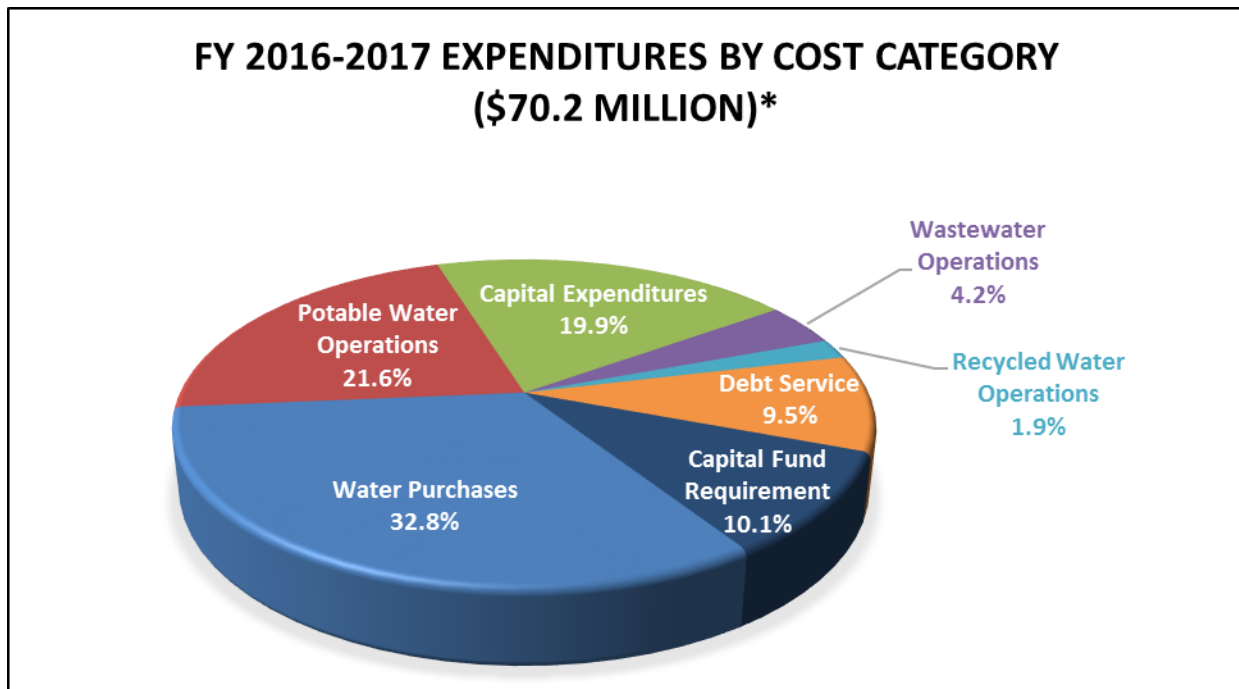


1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



THE RECOMMENDED BUDGET

The District's Long-Range Financial Plan provides the framework for establishing the rates and charges to support the budget.



* Total may not add up to 100% due to rounding

Summary of Major Expenditures

The District's expenditures are derived from three operations: water, wastewater, and recycled water. For the fiscal year 2016-2017 (FY 16-17) budget, total expenditures are projected to be \$70.2 million, consisting of \$42.4 million in operating expenditures (potable, recycled and wastewater), \$6.6 million in debt service, \$14.0 million in capital expenditures, and \$7.1 million in Pay-As-You-Go (PAYGO) transfers from rates and charges to finance planned capital improvement programs.

Water Purchases (32.8%): Purchased water is the largest share of the District's water operating and maintenance budget. The District buys 100% of its untreated water supply from SDCWA to meet potable water demand. Starting January 1, 2017, untreated purchased water wholesale cost is expected to increase from \$1,180 per acre foot to \$1,256 or 6.4%. SDCWA's fixed charges, such as the Infrastructure Access Charge, Metropolitan Water District's Readiness to Serve Charge, and Capacity Charge are excluded from untreated purchased water costs. Due to this reason, the actual impact of purchased water wholesale cost increases will vary each year



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



for each SDCWA member agency depending on the agency's historical rolling average deliveries and allocation of SDCWA's fixed charges to its member agencies. More information about historic purchased water wholesale cost increases can be found in the Expenditures section of this document.

The SDCWA rates and charges are currently broken down into two cost components: variable rates and fixed charges. The variable rates consist of the Melded M&I Supply Rate, Melded M&I Treatment Rate, and the Transportation Rate. The fixed charges are the Storage Charge, Capacity Charge, Infrastructure Access Charge, Readiness to Serve Charge (a pass-through charge from Metropolitan Water District of Southern California), Supply Reliability Charge (new charge imposed on SDCWA member agencies that allocates the cost of the Carlsbad desalination plant water supply and Imperial Irrigation District water transfers), and Customer Service Charge. The variable rate is a commodity charge based on actual volume of water purchases. The fixed charges are collected by SDCWA on a monthly basis based on each agency's historical water deliveries. SDCWA fixed charges are collected to pay for SDCWA operations and fixed costs.

Potable Water Operations (21.6%): The fiscal year 2016-2017 recommended budget includes a 7.9% increase in potable water operation and maintenance costs, net of capitalized labor and indirect costs, as compared to the fiscal year 2015-2016 budget. The main reasons for the budget increase are planned increases in expenditures for repairs and maintenance as well as increases in labor and employee benefit costs included in the 2013 Memorandum of Understanding between the District and its Employee Association and Bargaining Unit Members Association. The District does not offer post-employment health benefits to its employees.

Capital Expenditures (19.9%) and Capital Fund Requirement (10.1%): This includes approximately \$14.0 million of capital and equipment spending and \$7.1 million of required capital fund transfers from rates and charges (i.e., PAYGO transfers).

Large capital projects such as the Valve Replacement Project, San Elijo Valley Groundwater project, Village Park Recycled Water Project, and the design of the administrative building are included in fiscal year 2016-2017. High-priority projects such as recycled water expansion and the San Elijo Valley Groundwater Project are expected to start as planned. Detailed information about the District's capital improvement projects can be found in the Capital Section of this document.

Debt Service and Other Long-Term Obligations (9.5%) are budgeted at \$6.6 million. The District has five outstanding long-term debt obligations: the 2009 Water Revenue Bonds, 2015A



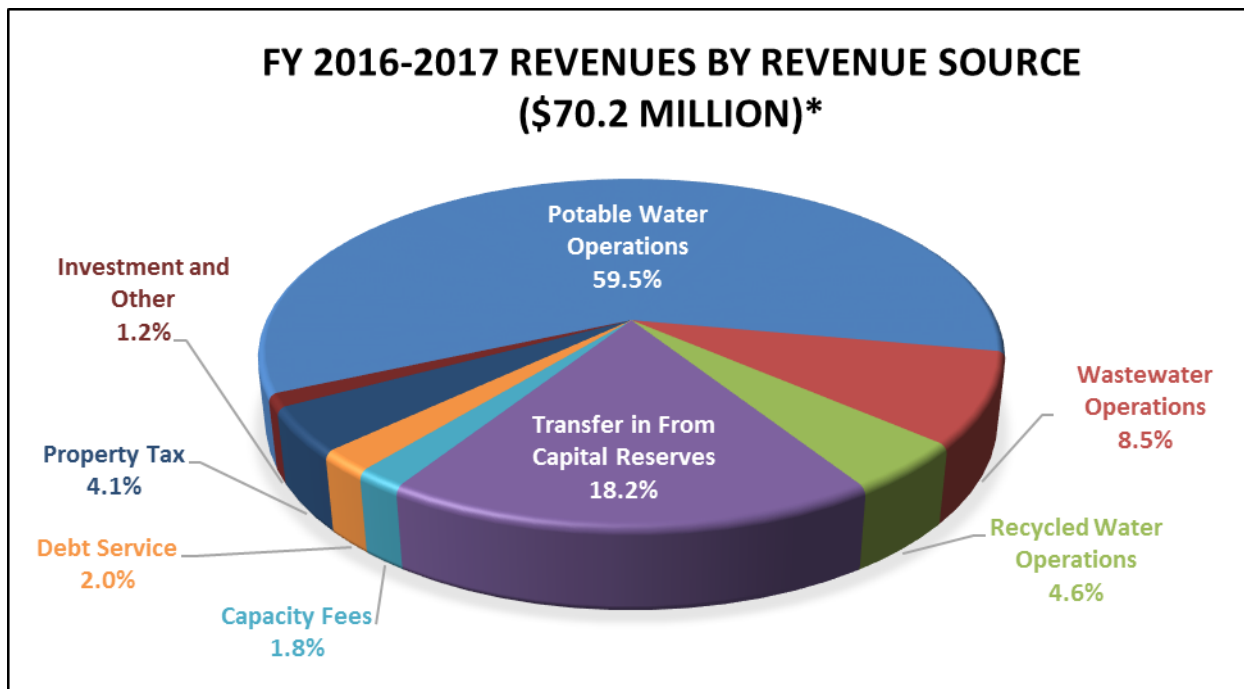
Water System Revenue Refunding Bonds, the Reassessment District 96-1, 2012 State of California Revolving Fund Loan, and 2012 California Bank and Trust Long-Term Notes to finance certain improvement projects. Debt service payments for these outstanding debts are paid by user rates and charges and developers' capacity fees. Detailed information can be found in the Debt Service Section of this document.

Wastewater (4.2%): The District provides wastewater collection and treatment services to its customers located within the 4S Ranch and Rancho Cielo areas. Through an extensive sewage collection system and a series of sewage pump stations, the 4S Ranch Water Reclamation Facility (4S WRF) collects and treats wastewater from 4S Ranch and Rancho Cielo sewer customers. Via the wastewater treatment process, the 4S WRF produces tertiary recycled water to meet irrigation demands in the Southeast Quadrant recycled water system. There is no outstanding debt in the wastewater operation. The plant currently operates at around 50% of its maximum capacity, or approximately 1.0 million gallons per day (MGD).

Recycled Water Operations (1.9%): The District has two separate recycled water systems, the Northwest Quadrant and the Southeast Quadrant. The District owns the 4S Ranch Water Reclamation Facility, which has a capacity of 2 million gallons per day (MGD) and supplies recycled water to certain portions of the Southeast Quadrant recycled water system, including Santa Fe Valley, the Crosby Estates, Fairbanks Ranch, The Farms Golf Club, and the Del Mar County Club and Morgan Run golf courses. The Northwest Quadrant recycled water system serves large irrigation areas such as La Costa Oaks Association, La Costa Valley Master Associations, and Continuing Life Communities.

To meet its recycled water total demand, the District created several recycled water purchase agreements with Rancho Santa Fe Community Services District, Vallecitos Water District, City of San Diego, and San Elijo Joint Powers Authority; recycled water purchased from these agencies is conveyed through interagency service connections.





* Total may not add up to 100% due to rounding

Summary of Major Revenues

The District's major funding sources are rates and charges (potable water, recycled water, and wastewater), property tax revenues, capacity fees, and investment income. Based on the 2015 Water Master Plan update, the District is at approximately 89% build-out based on an ultimate projection of approximately 34,400 equivalent dwelling units.

Potable Water Operations (59.5%): The majority of the District's water customer base is municipal and industrial (M&I) use. Domestic water use accounts for approximately 77% of the District's potable water deliveries, 19% for commercial/irrigation, and 4% for agricultural. Potable water sales are the District's primary source of revenues. At 89% build-out, the District projects future water sales volume to remain relatively unchanged in the next 10 years. The District is expected to be at 100% build-out by 2050. Water sales are sensitive to external factors such as drought restrictions, variation in weather conditions, and economic conditions.

The District's Board of Directors adopted an ordinance to pass through SDCWA's cost increases and annual inflation for a five-year period commencing April 1, 2015 through December 31, 2019 not to exceed 15% per year, but rates cannot be increased by more than the cost of providing water services. In March 2016 the District raised its base rates by 6% to pass through increased costs in wholesale purchased water and increases to the District's cost of operations and maintenance. Water demand is expected to remain the same as in fiscal year 2015-2016 as the Emergency Regulations for Urban Water Conservation continue. The District implemented its Level 2 water supply shortage (Drought) rates on July 1, 2015. The level 2 rates are designed



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



to induce up to an additional 20% reduction in water use while remaining revenue neutral. Actual rate increases are subject to Board's consideration and approval each year, and as water supply and emergency regulations change.

Recycled Water Operations (4.6%): The District sells recycled water for irrigation use in golf courses, parks, landscaped medians, schools, and homeowners associations' common areas. The District's top five water consumers are country clubs and golf courses. The District is expected to sell about 2,000 acre-feet of recycled water, or approximately 11.0% of total projected water sales for fiscal year 2016-2017.

Wastewater Operations (8.5%): Revenue is projected at approximately \$5.9 million from sewer service fees and anticipated annexation fees. The District currently collects and treats sewage from 7,100 sewer connections. Sewer fees are expected to increase by 3% effective July 1, 2016. The District has not raised its wastewater service fees since 2009. The District's wastewater service fees are collected on each property owner's property tax bill on an annual basis. Sewer bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Assessor's office, in April and December of each year. The Board adopted conservation-based wastewater pricing to comply with Best Management Practice 11 (BMP-11). The District's wastewater service fees are calculated based on a 2016 Wastewater Cost of Service Rate Study.

Transfer-In from Capital Reserves (18.2%): The District funds the majority of its capital projects using the PAYGO method. The District annually transfers a fixed amount of monies collected from rates and charges to pay for its long-term planned capital expenditures. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is the preferred method of financing when sufficient revenues and reserves are available and when long-term borrowing rates are higher than expected cash reserve fund earnings. Debt will be used to finance projects when it is fiscally prudent and responsible under the prevailing economic conditions.

Capacity Fees (1.8%): The District's capacity fees are developed based on facilities identified in the District's Comprehensive Master Plan. Capacity fee revenue is used to finance projects if it meets the District's goal of equitable treatment of all customers, current and future. Projected capacity fee revenue is estimated by the Engineering Department and calculated based on the remaining Equivalent Dwelling Units (EDUs) in each zone of benefit. It is estimated that the District is presently at 89% build-out based on the 2015 Comprehensive Water Master Plan.

Debt Service (2.0%): The District collects annual benefit assessments on properties within Reassessment District 96-1 to pay the annual debt service. Reassessment District 96-1 consists substantially of all land within the District.



Property Tax (4.1%): The District receives approximately \$2.9 million each year from property tax revenues. Property tax revenue is used to pay for the District's 2015A Water System Refunding Revenue Bonds and Capital Improvement Projects. Loss of property tax revenue would have a dramatic impact on the District's ability to balance its budget.

Investment Income and Other revenues (1.2%): The District receives investment income from operating, capital, and rate stabilization fund balances. Investment income is restricted by the Board's investment policy. Investment income received in the PAYGO fund is restricted to pay for capital expenditures or debt service. Investment Income is assumed at 1% annually. Even though fiscal year 2015-2016 brought in slightly higher investment revenue than before, market conditions remain uncertain and have resulted in low investment returns for the District.


CONCLUSION

This budget reflects the Board of Directors' priorities and strategic plans. The goal of this budget document is to provide the District with a road map for prioritizing major capital improvement programs and ultimately fulfilling the District's mission statement. The overall purpose is to produce guidelines to address the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to use its capital resources for completing ambitious capital projects for current and future customers as well as the District's commitment to meet its financial obligations.

ACKNOWLEDGEMENTS

I would like to thank the Board of Directors for their leadership and continued interest in, and support of, the highest level of prudent fiscal management the District can offer. I would also like to extend my appreciation to all of the District's employees and to the department managers for presenting goals and objectives for this year's budget that will support the District's mission statement, and for their dedication to providing the highest level of customer service. Our goals and objectives cannot be met without your outstanding contributions. Most importantly, on behalf of our Board of Directors and all of the District's employees, thank you to our valued customers, whom we are honored and privileged to serve.

Respectfully submitted,



Kimberly A. Thorner, Esq.
General Manager



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



GFOA Distinguished Budget Presentation Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Olivenhain Municipal Water District for its annual budget for the fiscal year 2015-2016. In order to achieve this distinction, the District's budget must be rated proficient as a policy document, financial plan, operations guide, and communications device by a panel of public finance professionals.

This award is the highest form of recognition in governmental budgeting, and its attainment represents a significant achievement by OMWD.

This is the fifteenth consecutive year the District has received this award from the GFOA. This award is 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 the GFOA to determine its eligibility for another award.

GFOA Distinguished Budget Presentation Award

The California Society of Municipal Finance Officers (CSMFO) presented their Award for Operating Budget Excellence to Olivenhain Municipal Water District for the fiscal year 2015-2016.

This is the twelfth consecutive operating budget Award the District has received from the CSMFO. This award is valid for a period of one year.



HOW TO USE THIS BUDGET DOCUMENT

In the water industry, actual revenues and expenditures are expected to vary from the approved budget. Projecting future water demands with complete precision is understandably impractical due to uncontrollable variables such as economic conditions, customers' conservation efforts, and varying weather conditions. As such, this budget is viewed as a tool for estimating and planning District revenues and expenditures and is used primarily for comparative purposes to identify unusual or unexpected trends.

As a comprehensive management and financial plan, this document also describes the services and resources provided by the District to its customers as well as District policies and Board guidelines for achieving immediate and long-term objectives.

The budget document is divided into several sections, as follows:

- **Introduction** – This section contains a description of the District and its organizational structure, budget policies, budget basis, budget process, and financial policies as well as an explanation of all District fund balances.
- **History and Community Profile** – This section provides various national, regional, and local economic indicators, and shows population and employment trends within the San Diego area.
- **Strategic Plan** – The Strategic Plan was initially developed by the Board of Directors in 2008, and is updated as new annual objectives and performance indicators are developed. This section describes the 2016 plan for the District.
- **Long-Term Financial Plan** – This section details the District's ten-year financial plan and projected cash position after fulfilling its commitments. It also includes detailed explanations about assumptions used in developing the ten-year forecast of the District's operating and capital budgets as well as information about the District's reserves levels and debt service obligations.

SECTION I – OPERATING BUDGET

- **Summary** – Contains a consolidated budget summary for all fund balances as well as budget summaries by fund and operations.
- **Revenues** – Contains information on the District's operating and non-operating revenues by operation and by fund.
- **Expenditures** – Contains information on the District's operating and non-operating expenditures (with purchased water cost shown separately) by operation and by department within each operation.

SECTION II – CAPITAL BUDGET

- **Capital Expenditures Summary** – Contains a discussion on capital item purchases, capital facilities, and capital improvement funds. It also contains a capital project summary for the current fiscal year, and project summary sheets for non-recurring projects with budgets in excess of \$1 million.
- **Capital Expenditures by Fund** – Contains a list of capital projects by funding source and a brief description of each project.
- **Glossary** – Contains a list of terms used in this document and their definitions, as well as a chart with water unit equivalencies.

ABOUT THE DISTRICT

Olivenhain Municipal Water District (District) is a governmental organization governed by an elected five-member Board of Directors. The District was incorporated in 1959 under the provisions of the California Municipal Water District Act of 1911, section 71000 et seq. of the California Water Code as amended. The District provides potable water, wastewater, and recycled water services, hydroelectricity, and operation of the Elfin Forest Recreational Reserve.

Service Area

Potable Water Operations

The District's service area is approximately 48 square miles. This service area lies within the northern region of San Diego County and serves portions of the cities of Encinitas, Carlsbad, San Diego, Solana Beach, and San Marcos, as well as the communities of Elfin Forest, Rancho Santa Fe, Fairbanks Ranch, Santa Fe Valley, and 4S Ranch.

The District is primarily a retail agency which sells water to end users. The District delivers approximately 15,500 acre feet (AF) of potable water and 1,900 AF of recycled water, based on calendar year 2015 estimates. The District currently provides water services to approximately 29,000 potable and recycled water meters and has a population of approximately 84,350 residents according to the California Department of Finance 2010 special population benchmark, adjusted for population growth.

Based upon the current Water Master Plan, it is estimated that the District is 89% built out from an ultimate 34,400 equivalent dwelling units (EDUs). District customers' potable water use is comprised primarily of domestic users (77%), followed by commercial/irrigation users, (19%) and agricultural users (4%).

The District purchases 100% of its untreated water supply from the San Diego County Water Authority (SDCWA), which gets the majority of its water supply from the Metropolitan Water District of Southern California. The District owns and operates a potable water treatment facility, the David C. McCollom Water Treatment Plant (DCMWTP). The DCMWTP produces treated water to meet the District's potable water demand. Through utilization of the DCMWTP, the District's treatment and distribution system, and other storage facilities, the District is presently meeting its customers' potable water demand, and has the capacity to treat additional water for sale to other agencies.



David C. McCollom Water Treatment Plant

Wastewater Operations

On July 1, 1998, the District assumed responsibility for wastewater collection, treatment, and disposal from the County of San Diego for two specific areas within its boundaries. These areas include 4S Ranch, Rancho Cielo, and the unincorporated area surrounding each.

The District expanded the existing wastewater treatment plant into the 4S Ranch Water Reclamation Facility (4S WRF) in 2003. The 4S WRF currently operates at 1.0 million gallons per day (mgd) with an ultimate capacity of 2.0 mgd.

Olivenhain Municipal Water District provides wastewater services to approximately 7,100 EDUs. The number of serviced EDUs is expected to remain relatively flat in the future, reaching approximately 7,450 EDUs by 2030.



4S Ranch Water Reclamation Facility

The expanded and upgraded 4S WRF is capable of providing California Title 22 tertiary treated recycled water which can be used for unrestricted irrigation purposes.

Recycled Water Operations

Diversification of water supply sources reduces the District's operational risks and reliance on SDCWA as the single source of water supply. The District serves two areas in its recycled water system: the Northwest Quadrant and Southeast Quadrant.

The District executed recycled water purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority to provide approximately 500 AF of recycled water to supply the Northwest Quadrant recycled water system. The Southeast Quadrant recycled water demands are met by treated wastewater effluent from the 4S WRF, and recycled water purchases from City of San Diego and Rancho Santa Fe Community Services District.



Recycled water use in Crosby Estates

A number of facilities, including a 1.0 million gallon recycled water reservoir, several pump stations, a 250,000 gallon recycled water blending tank, and over 48 miles of recycled water lines, deliver recycled

water from the system to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the Southeast Quadrant recycled water system.

Elfin Forest Recreational Reserve



Elfin Forest Interpretive Center Honoring Susan J. Varty

The 784-acre Elfin Forest Recreational Reserve (Reserve) was developed by the District in partnership with SDCWA and the U.S. Department of the Interior - Bureau of Land Management as an element of the Olivenhain Water Storage Project and SDCWA's Emergency Storage Project. The Reserve first opened in 1991.

The Reserve offers approximately 11 miles of hiking, mountain biking, and equestrian trails as well as picnic areas and scenic mountain-viewing points. In addition, the natural beauty of the Reserve includes such native plant communities as oak riparian, oak woodland, coastal sage scrub, and chaparral.

Owned by SDCWA and managed by the District, the Reserve has been designed to unify the interests of domestic water supply development, natural resources management, and recreational opportunities. The Reserve's rangers conduct guided group tours and student exploration programs to help promote environmental awareness and preservation of local watersheds.

Governance

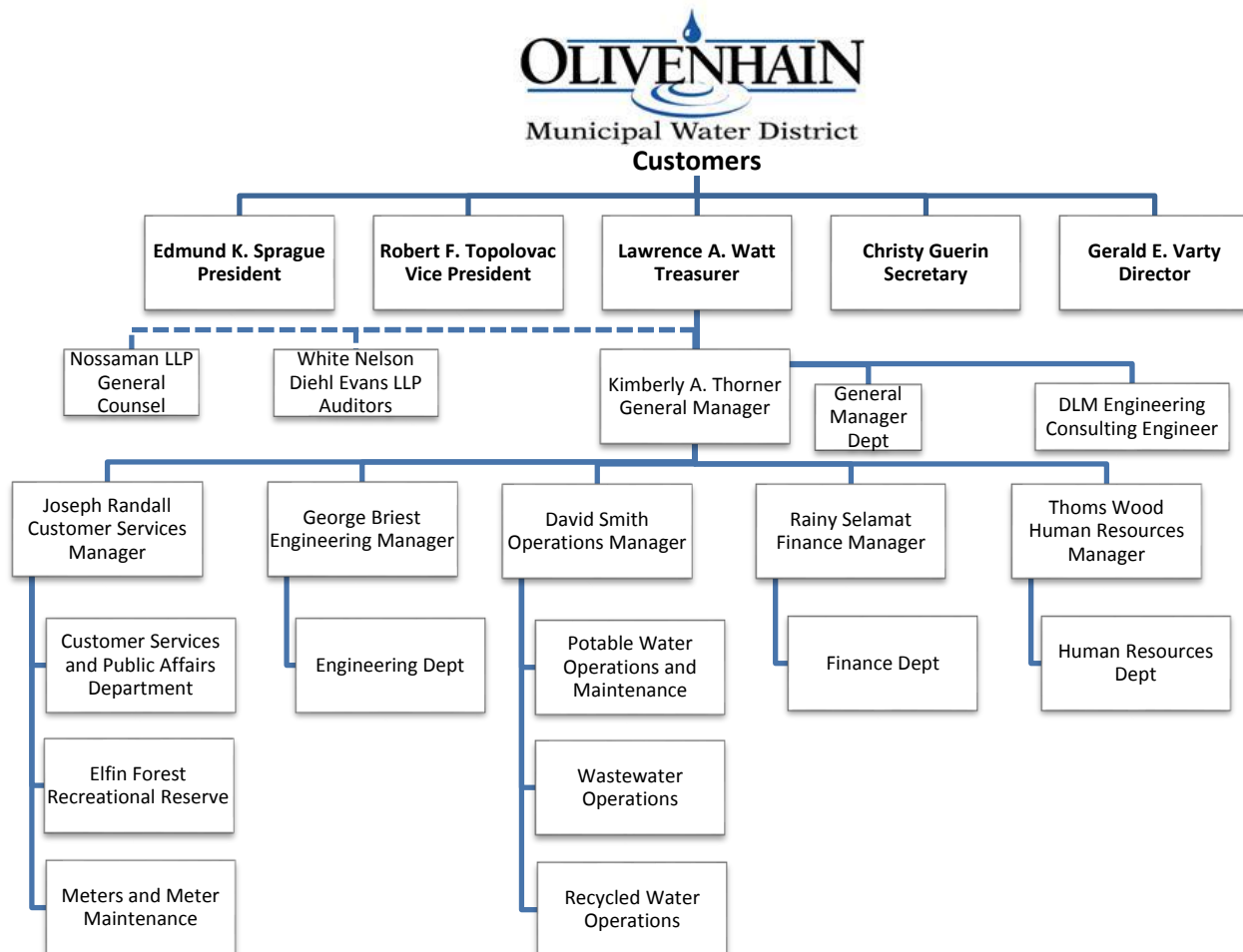
The District is governed by an elected, five-member Board of Directors. Board members are elected to four-year terms by the voting constituents of the division in which each director resides.

Organizational Structure

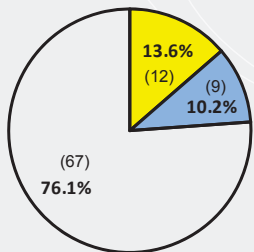
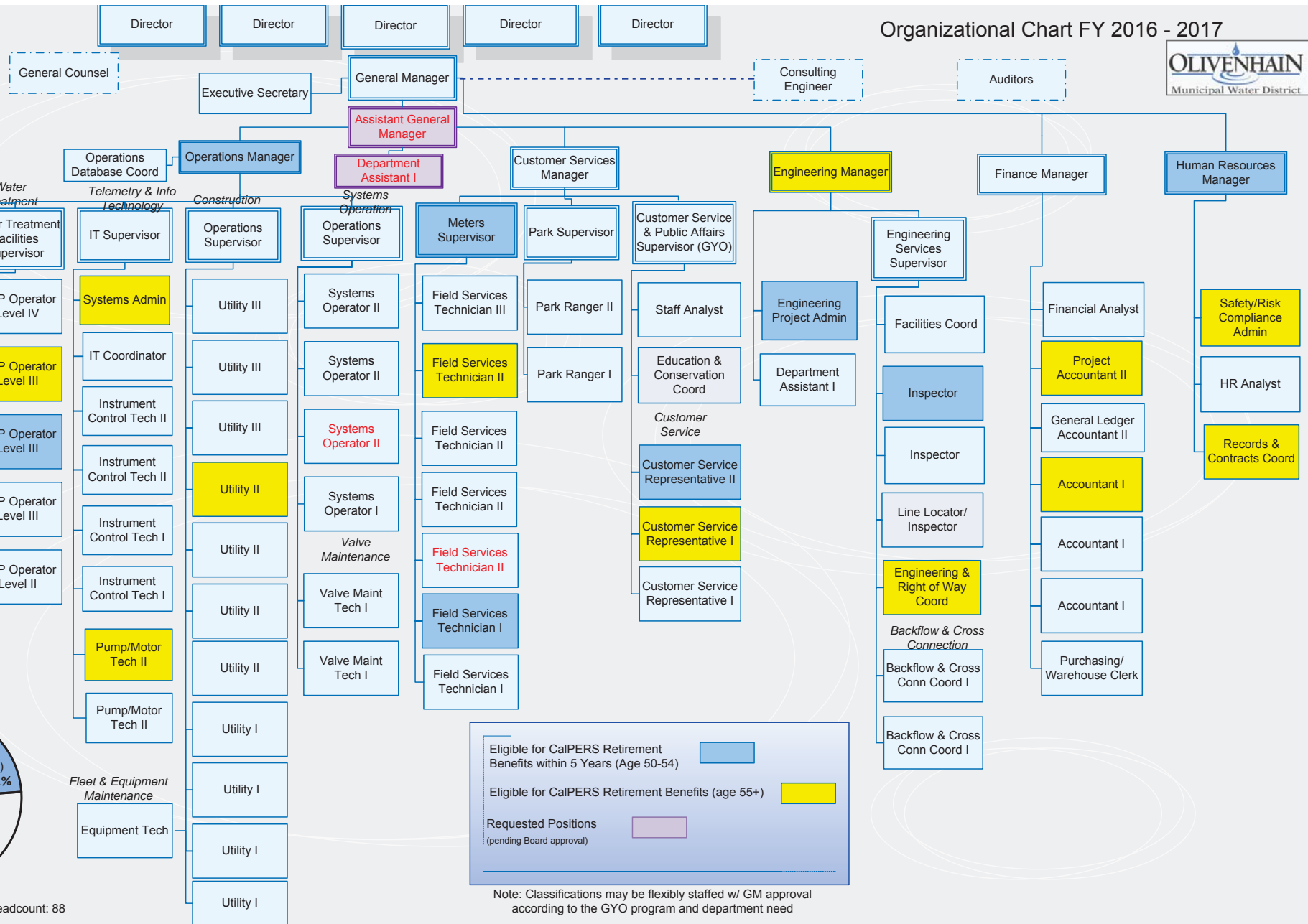
The elected Board members delegate management responsibility of the day-to-day operations of the District to an appointed General Manager who, in turn, employs all employees at the District, including five department managers. The District plans to be fully staffed in fiscal year 2016-2017, with the Board allowing two full time Grow Your Own (GYO) internal promotional opportunities. The District's General Manager, General Counsel, and external Auditor report directly to the Board of Directors.

The District currently operates with nine departments: General Manager, Potable Water Operations and Maintenance, Finance, Customer Service and Public Affairs, Engineering, Human Resources, Elfin Forest Recreational Reserve, Wastewater Operations, and Recycled Water Operations. More detailed information on each department can be found in the Expenditures section of this document.

DISTRICT ORGANIZATIONAL STRUCTURE



Organizational Chart FY 2016 - 2017



Proposed Total Employee Headcount: 88

Eligible for CalPERS Retirement Benefits within 5 Years (Age 50-54)

Eligible for CalPERS Retirement Benefits (age 55+)

Requested Positions (pending Board approval)

Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need

BUDGET GUIDELINES

The Board approved the following guidelines with respect to developing its budget:

- The budget should support the District's mission statement, strategic goals, and major objectives.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligations, and capital needs.
- From time to time, upon recommendation of staff and authorization by the Board, the District shall transfer funds from its Rate Stabilization Fund into the Operating Fund to make all payments required by the bond covenant, including the District's operating costs, and to satisfy the debt service requirement (minimum 125% of debt service on senior obligations and 100% of debt service on all obligations).
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

BUDGET BASIS

The budget and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

The District is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

BUDGET PROCESS

The District's budget process was developed with a series of goals and objectives in mind. These goals and objectives are communicated throughout the organization through budget staff workshops. The Board of Directors set the annual goals and objectives for the General Manager. The General Manager will then communicate Board priorities, issues and concerns with managers and supervisors. The District's annual goals and objectives are used as a tool to develop the District's budget.

An increase in the operating and capital budget may result in water rate increases. In order to minimize the impact on District rates, revenue requirements are scrutinized to achieve operating efficiencies and concurrently maintain or increase customer service. Rate stabilization funds are also used to cover temporary budget shortfalls.

BUDGET CALENDAR

March 17, 2016	Distributed budget folders to all department managers. Included in each folder is the prior year's budget with supporting documentation and actual departmental expenditures and labor analysis from March 1, 2015 through February 29, 2016.
March 23, 2016	Staff Budget Meeting 1 — General questions about the budget process were answered. Management had the opportunity to clarify any doubts and ask for more detailed information about specific departmental expenses.
March 31, 2016	Budget inputs were received from various departments and linked to the District's master budget files for further discussion.
April 7, 2016	Departmental Goals and Objectives were received from all the departments.
April 13, 2016	Staff Budget Meeting 2 — Discussed the District's goals and objectives both short-term and long-term goals; reviewed the District's water and sewer operations; discussed budget proposals to improve operational efficiencies, and discussed strategic plans and planned capital spending based on priorities and objectives set by the Board; reviewed and discussed key assumptions used in developing the budget including water sales and purchases; reviewed the District's financial model with staff's proposed 10 year operating and capital spending plan and financial targets. Each department manager provided explanations for proposed budget increases to the General Manager using last year's budget and projected actuals. Finance Department presented the proposed fiscal year 16-17 budget to the General Manager for consideration and approval.
April 27, 2016	Finance department presented the proposed fiscal year 16-17 operating and capital budget to the Ad Hoc Board Finance Committee for consideration and approval.
May 11, 2016	Board Budget Workshop — Staff distributed Ad Hoc Board Finance Committee recommended budget at the budget workshop for Board consideration and tentative approval. Important underlying assumptions used in the budget were presented and discussed with the Board. Proposed capital spending plans were also reviewed by the Board. The Board accepted budget information presented by General Manager and Staff.
June 15, 2016	Adoption of the fiscal year 16-17 Operating and Capital Budget by the Board.

Budget Process Flow Chart and Calendar

Activity	Month	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Dec-16	Jan-17
Data Gathering & Preparation Of Fiscal Year 2017 Budget Materials										
Budget Materials Sent Out To Departments										
Budget Input, Goals, And Objectives Received From All Departments										
Budget Staff Meeting										
Revisions And Updates To Departmental Budgets Received By Finance										
Finance Presents Budget To Ad Hoc Board Finance Committee For Consideration And Approval										
Board of Directors Budget Workshop										
Adoption Of Fiscal Year 2017 Operating And Capital Budget By The Board										
Final Fiscal Year 2016 KPIs Updated And Added To Fiscal Year 2017 Budget										
Mid-Year Budget Reconciliation For Fiscal Year 2017										
Mid-Year Budget Update For Fiscal Year 2017 Presented And Adopted By Board										

BUDGET ADJUSTMENT PROCESS

Following The District Board's approval and adoption of the annual operating and capital budget in June of each year, budgeted amounts are appropriated and expended within each department.

In January 2017, the Finance department and other department managers will conduct a meeting to review actual results of operating expenditures through December 31, 2016 as compared to budgeted amounts approved by the Board in June 2016. Each department may propose to transfer appropriations within the District's operating budget after variances are carefully analyzed. The purpose of the mid-year budget review is to present to the Board amended budget amounts that net to a zero-effect on the District's operating budget, unless an overall budget increase is necessary due to changed circumstances that were not anticipated at the time the budget was developed.

Adjustments to capital budget appropriations are also recommended during the mid-year capital budget review process. Project managers find that many projects that were contemplated at the beginning of the fiscal year have been delayed or accelerated due to changes in conditions, and new projects may have been added to meet future demands as a result of these changes. Proposed changes and reasons for the adjustments are presented to the Board.

Operating and capital budget proposed adjustments are presented to the Board no later than February of each year. As an example, proposed budget adjustments to the fiscal year 2016-2017 adopted budget will be presented to the Board at the February 2017 board meeting for consideration. Based on staff recommendations, a vote will be taken by the Board to approve or deny the proposed adjustments. Actual adjustments are documented and tracked in the District's automated accounting system.

Subject to approval of the annual budget by the Board, the General Manager has full charge and control over the District's expenditures to ensure that operating and capital expenditures in each fiscal year are within the budgetary guidelines and to ensure that District goals and objectives are met.

In the event the General Manager determines that an emergency situation, as defined by the District's Administrative & Ethics Code Section 3.2.1., exists and requires immediate action, the General Manager shall have the power, without Board action, to enter into contracts and agreements and expend funds beyond the final approved fiscal year budget of an amount not to exceed \$1 million.

FINANCIAL POLICY

Introduction

The financial policy document, comprised of individual yet cohesive policies, incorporates many of the District's financial management practices that are used by District staff as guidelines for operational and strategic decision making related to current and future financial matters.

The purpose of establishing these policies is to identify acceptable and unacceptable courses of action, thus establishing parameters in which the District can operate as well as providing a standard against which the District's fiscal performance can be reviewed. Some policies are flexible when they are utilized by District staff as performance measurement tools to monitor the District's finances; others are restrictive to emphasize accountability.

Due to the above reasons, these policies are drafted as a living document to maintain their effectiveness in order to accommodate changes. District staff and Board members review these policies on an annual basis to accommodate minor changes to the existing financial policy or major shifts in financial priorities, as approved by the District's Board of Directors at its sole discretion.

The District's financial policies encompass the following functional areas:

- Operating Budget Policy
- Revenues and Expenditures Policy
- Board Designated Fund Balances Policy: Restricted and Designated Funds
- Debt Management Policy
- Investment Policy

Operating Budget Policy

The operating budget policy answers some basic questions such as: How is the budget developed? Who is involved in the budget process? What does the budget include?

Budget Development

The District's budget is developed in accordance with the priorities which are linked to the District's financial and strategic plans set forth in the District's mission and long-term goals and objectives. These are found in the District's comprehensive master plans, the long-term financial plan, the needs of the community, and federal and state laws. Current priorities/service levels are established and included in each department's goals and objectives.

Board guidelines with respect to the District's budget are as follows:

- The budget should support the District's mission statement, strategic goals, and critical priorities.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligation, and capital needs of the District.
- From time to time upon recommendation of staff and authorization by the Board, the District shall transfer funds from its Rate Stabilization Fund into the Operating Fund to make all payments required by the bond covenant, including the District's operating costs, and to satisfy its debt service requirement (minimum 125% of debt service on senior obligations and 100% of debt service on all obligations).
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

Budget Form

The District operating and capital budget is developed on an annual basis. Operating and capital appropriations are approved annually by the District's Board of Directors. Proposed revenues and expenditures, including debt service expenditures, are presented to the Board along with comparisons to projected expenditures for the current year and actual expenditures of the prior year.

Budget Calendar

The District projects its resources on a fiscal year basis which begins July 1 and ends on the following June 30. Folders for annual budget preparations, which include forms and instructions, are prepared by the Finance department and distributed to each department manager no later than April 1 of each year. Included in each budget folder is the prior year's budget with supporting documentation, actual departmental operating expenditures, and labor analysis from March 1 of the prior year to the last day of February of the current year for better estimates. Each department head must return their budget proposals no later than 15 working days after the budget folders are distributed by the Finance department.

Basis of Budgeting

The budget and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

The District is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

Budget Process

The District's budget process was developed with a series of goals and objectives in mind. These goals and objectives are communicated throughout the organization through several meetings. During the process, the Board of Directors provides priorities and guidelines to the General Manager. The General Manager will then discuss Board priorities and other future issues and concerns with department managers during staff meetings. Once goals and objectives for the upcoming year are identified, the General Manager and staff begin developing the District's budget. Where practical, the District integrates performance measurements, service levels, and productivity indicators into its adopted budget document. The General Manager continues to emphasize the importance of meeting each department's goals and objectives in order to facilitate the achievement thereof.

An increase in the operating and capital budget may result in water rate increases. In order to minimize the impact on District rates, revenue requirements are scrutinized to achieve operating efficiencies and concurrently maintain or increase customer service. Rate stabilization funds are also used to cover temporary budget shortfalls. As part of the District's cost containment efforts, staff revisits operating priorities and reviews internal procedures, including the utilization of outside services when these can offer greater competitive advantages versus internal services, and/or investing in technology to increase productivity and reduce the need for additional staff.

Revenues and Expenditures Policies

Revenues and expenditures are the key drivers of the District's operations. As such, this policy is used as an aid to enable the consistent provision of essential public services. The goal of this policy is to help ensure financial stability regardless of the economic situation and to confirm for the Board that revenue and expenditure practices are consistent with the District's mission and goals.

Revenues Policy

District staff is allowed to estimate the District's revenues. Revenues are estimated conservatively using an objective and analytical approach. Techniques such as historical trends, current information, and economic indicators are utilized to maintain consistency, reliability, and reasonableness. District revenues are projected ten years into the future and are updated annually to reflect emerging issues as well as ensure that the plan reflects the current fiscal environment. The District's long-term financial plan is developed to assess long-term financial implications of current and proposed policies and programs. It also serves as a financial tool for early detection of budgetary issues, allowing District staff to deal with these issues proactively.

The District's revenue policies cover two basic areas: (1) diversification and stabilization, and (2) rates and charges.

Diversification and Stabilization

The District's revenue policy for revenue diversification and stabilization is as follows:

- Prevention of Fluctuations – Maintain a diversified and stable revenue stream over time as a protection from short-run fluctuations and to reduce reliance on revenues that are not under the District's control (e.g., ad valorem taxes).
- The Use of One Time Revenues – Limit use of these to the purpose for which they were intended as determined by the Board of Directors (e.g., wholesaler rebates/refunds).
- Development of New Revenue Sources – Encourage development of new revenue sources, when practical, which meet the following criteria: community acceptability, competitiveness, diversity, efficiency, and fairness.

Rates and Charges

Rates and Charges are the most important component of the District's revenue portfolio. The District utilizes user charges to fund the provision of services to its customers. The District also utilizes a cost recovery concept to determine how much in costs must be recovered from various customers. The full cost of providing various services is used as the basis for setting rates and fees to the various types of customers served. Full costs incorporate direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities. Examples of the District's overhead costs include: payroll processing, accounting and administrative services, computer usage, office supplies, and other central administrative charges.

The District's Board of Directors established the following guidelines for the user rate and charge setting process:

- Rates and charges are established utilizing a generally accepted cost recovery methodology that is consistent and legally defensible using the following approaches: revenue requirement analysis, cost of service analysis, and rate design analysis.
- Rate designs shall be reflective of the District's Board of Directors' rate setting objectives.
- Rates shall be set at a level so that the District will increasingly collect more reliable revenues through a combination of system access charges and low to medium user commodity rates. It is the District's goal to collect no more than 30% of net water system revenues from fixed charges in order to promote conservation.
- Rates and charges will be reviewed and updated annually based on factors such as the impact of inflation, other cost increases, the adequacy of the coverage of costs, and current competitive rates.
- The District may make adjustments to rates and charges as the Board deems necessary, but shall adjust rates and charges so that net system revenues from such adjusted rates and charges will be sufficient at all times to meet the requirements of the rate covenant.

Expenditures Policy

The District's expenditures reflect the Board and staff's commitment to serve present and future customers with reliable public services and their firm belief that prudent expenditure planning and accountability will ensure fiscal stability.

Expenditures are projected conservatively using an objective and analytical approach along with certain techniques such as historical trends, current information, and economic indicators in order to maintain consistency, reliability, and reasonableness. The District's capital and operating expenditures are projected ten years into the future; this projection is referred to as the Long-Term Financial Plan (LTFP). The LTFP is developed based on the District's Comprehensive Water and Sewer Master Plans and is revised annually during the budget process to reflect current changes in construction costs, project estimates, and/or key financial assumptions. The District uses the LTFP as a tool for early detection of project financing issues, enabling staff to deal with these issues proactively.

The basic components of the District's expenditure policies are broken down into two functional areas: Maintenance of Capital Assets and Review of Services.

Maintenance of Capital Assets

Maintaining a reliable transmission and distribution system as well as a sustained capital program is simply not possible without reliable funding sources. For this reason, prudent financial planning is imperative to an effective capital improvement program. The District uses the "pay as you go" (PAYGO) method to fund the District's capital improvement program and maintenance of its capital assets. A fixed annual amount, called the annual capital funding requirement, is projected by staff and is included in the District's annual revenue requirement to be collected from rates and charges. The annual contributions are then accumulated and kept in the District's capital fund to be spent and withdrawn for District betterment and replacement projects over the 10-year period.

The following elements of the Expenditures Policy reflect the District's philosophy to perform ongoing maintenance of capital investments once they are purchased and capitalized:

- Consistency with the Board-approved Comprehensive Master Plans and Long-Term Capital Plan.
- Maintain consistency of allocation of resources for programs to carry out the District's mission and goals on behalf of its customers.
- Within available resources each fiscal year, the District shall maintain capital assets and infrastructure at a satisfactory level to protect the District's investments, to minimize future replacement and maintenance costs, and to continue service levels.

Review of Services

The Expenditure Policy is used by staff to prompt a review of services in order to confirm that the services are being provided as effectively and efficiently as possible. The District's Review of Services policies include the following elements:

- Encourage greater efficiency and effectiveness of the delivery of services by sharing resources and coordinating with other public and private organizations.
- Utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs, when feasible.
- Control personnel costs as a proportion of total budget to use available resources more creatively and productively.

Board Designated Fund Balances Policy

This policy represents public affirmation of the Board's commitment to financial prudence and careful stewardship of community assets. This policy shall cover only the District's Non-Restricted Funds: Operating Fund, Capital and Equipment Fund, and Rate Stabilization Fund. These funds are designated by the District's Board to carry out specific purposes, ensuring prudent management of the District's financial resources, and are used by District staff as parameters within which the Board expects staff to operate.

The Board Designated Fund Balances policy has three primary goals:

- To provide adequate funding to meet the District's short-term and long-term plans and commitments to its customers.
- To minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated expenditures, thus avoiding future rate fluctuations.
- To preserve the financial stability of the District against present and future uncertainties in an ever-changing environment.

All fund balances will be subject to review by the Board when the District's annual financial audit is completed. At that time, staff will present to the Board a recommendation on the handling of these funds.

Water - Operating (Revenue) Fund

Purpose:	To ensure cash resources are available to pay for day-to-day operations, including water purchases, to pay annual debt service, and to provide funding in case of operating emergencies and unforeseen circumstances.
Target Balance:	A minimum balance of 60 days of the current fiscal year's projected potable water operating expenditures shall be maintained in this fund. The maximum amount in this fund shall not exceed 120 days of the current fiscal year's projected potable water operating expenditures. Monies in the Operating Fund in excess of the 120-day maximum balance will be transferred from the Operating Fund into the Rate Stabilization Fund, with Board approval, as long as the Rate Stabilization Fund is below its maximum. Any excess over the maximum amount in the Rate Stabilization Fund shall be reported to the Board at the first monthly regular Board meeting with a staff recommendation as to the handling of the excess funds. A cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	Due to the timing difference between the dates when cash is collected and spent, the District is required to maintain sufficient cash on hand to meet its day-to-day cash disbursements, such as payroll and water purchases, and to provide funding for emergency operating expenditures due to unforeseen situations, such as natural disasters or any other unanticipated expenses that will result in an unexpected increase in the District's expenditures.
Use of Funds:	These funds will be used to pay for day-to-day projected water operations expenditures and any unexpected expenses or emergencies due to the timing difference between cash being collected and spent.
Contributions:	Additions to this fund come from any excess in water operations (revenues over expenses) after annual cash contributions to both the Capital and Equipment and Rate Stabilization funds. When revenue in the Operating Fund is not sufficient to meet the District's debt service coverage requirements, funds will be transferred from the Rate Stabilization Fund into the Operating Fund. The adequacy of this fund will be reviewed on a yearly basis after the annual financial audit is completed.

Water - Capital and Equipment Fund

Purpose:	To provide funding for the District's long-term capital betterment and replacement program as listed in the Water Master Plan. The District funds its capital needs for maintaining and replacing its potable water infrastructure on a PAYGO basis by transferring funds collected from water charges annually.
Target Balance:	A minimum balance equal to one fiscal year of approved capital expenditures based on the District's Long-Term Capital Spending Plan shall be maintained in this fund. The maximum in this fund shall not exceed five fiscal years of approved capital expenditures based on the District's Long-Term Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	The District follows a Water Master Plan which outlines capital betterment and replacement needs for the next twenty years based on anticipated growth within the District's service area.
Use of Funds:	The funds will be used to improve, acquire, and replace water infrastructure, reservoirs, and to make small capital purchases including trucks, office and field equipment, and computers as identified in the annual capital budget and long-term capital plan approved by the Board. For water capacity expansion projects, a combination of funds from the connection fee reserves (to pay for the expansion portion) and capital improvement funds (to enhance existing water service) will be used depending upon the appropriate cost allocations.
Contribution:	Cash transfers from the Operating Fund based on the annual capital funding requirement to finance identified capital projects in the Water Master Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds.

Water - Rate Stabilization Fund

Purpose:	To protect the District's financial condition and its ability to pay debt service installment payments when revenue shortfalls occur due to weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties, enabling the District to avoid the need for rate spikes.
Target Balance:	A minimum of 25% of the average estimated net water sales for the current year's water operating budget shall be maintained in the Rate Stabilization Fund. The maximum amount in the Rate Stabilization Fund shall not exceed 50% of the average estimated net water sales for the next two fiscal years. Any excess over the maximum amount in this fund shall be reported at the next regular Board Meeting with staff's recommendation on the handling of these excess funds.
Methodology:	The District relies on water commodity revenues to pay for costs to deliver water and provide service to its customers. This fund allows for financial flexibility to manage water sales fluctuations due to uncontrollable conditions such as prolonged wet or dry weather, enabling the District to stabilize rates from year to year.
Use of Funds:	These funds are used to mitigate the immediate need to raise water rates in the event of cash flow reductions from operations so that the District has the ability to meet its debt service coverage ratio and so as to minimize the need to raise water rates.
Contributions:	Any excess from the Water Operating Fund after annual contributions to the Capital and Equipment Fund. Contributions to this fund can only be made with Board approval and are reviewed by District staff during the annual budget process. By maintaining an adequate balance in this fund, the District can experience years when revenues fluctuate (e.g., due to drought or wet weather) without the need to raise rates. By decreasing this fund, the District becomes less stable and, therefore, more vulnerable to future rate increases. The Board must determine the level of risk it is willing to assume for the Rate Stabilization Fund as part of the annual budget process.

Wastewater - Operating (Revenue) Fund

Purpose:	The District receives the majority of its sewer revenues in December and April when customers pay their property tax bills. Because of the timing difference between sewer fee collections and expenditures, the District must have cash resources available to pay for day-to-day Wastewater operations and possible operating emergencies.
Target Balance:	A minimum of 180 days of the next fiscal year's Wastewater operating budget shall be maintained in this fund. The maximum in this account shall not exceed 365 days of the next fiscal year's operating budget. When the annual financial audit is completed, net wastewater income from the prior year will be transferred from the Operating Fund to the Wastewater Rate Stabilization Fund as long as the Wastewater Rate Stabilization Fund is below its allowed maximum. Any excess over the maximum amount in the Wastewater Rate Stabilization Fund shall be reported to the Board at the first regular Board Meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	Wastewater revenues are collected through the County Tax Collector's office at the same time that property tax bills are paid by District customers (the majority of which are collected on December 31 and April 30). Due to the timing of these receipts, the District needs to have sufficient cash on hand to pay for day-to-day Wastewater operating expenses.
Use of Funds:	These funds will be used to pay for operating expenditures according to the Board-approved operating budget and for any operating emergencies or unanticipated expenditures.
Contributions:	Additions to this fund are a result of net income from Wastewater operations (revenue over expenses) after annual cash transfers to the Capital Improvement Fund and Wastewater Rate Stabilization Fund.

Wastewater - Rate Stabilization Fund

Purpose:	To protect the District's financial resources against economic shortfalls or an unexpected increase in expenditures, including sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged sewer facilities following natural disasters or other unforeseen emergencies. These conditions can lead the District to operating deficits.
Target Balance:	A minimum of 25 percent of the current year's approved Wastewater operating budget shall be maintained in this fund. A maximum of 100 percent of the average of the next four (4) years' Board-approved Wastewater operating budget is permitted. Any excess over the maximum amount in this fund shall be reported at the next regular Board meeting with staff's recommendation on the handling of these excess funds.
Methodology:	This fund will be available to minimize the need for sewer rate increases as well as for spending changes during the fiscal year. It can also be used to stabilize rates from year to year.
Use of Funds:	These funds will be transferred to the Wastewater Operating Fund when the Operating Fund cash level is below the minimum target in order to mitigate the immediate need to raise Wastewater charges.
Contributions:	Contributions to this fund can only be made with Board approval and are reviewed by District staff during the annual budget process. By maintaining an adequate balance in this fund, the District can avoid operating deficits due to major unexpected expenditures without the need to raise rates. By decreasing this fund, the District becomes less stable and, therefore, more vulnerable to risk. The Board must determine the level of risk that it is willing to assume for the Rate Stabilization Fund as part of the annual budget process.

Wastewater - Capital and Equipment Fund

Purpose:	To fund the improvement, acquisition, and replacement of future Wastewater plants and infrastructure.
Target Balance:	A minimum balance of two years' average present value of the approved 10-year Wastewater capital improvement spending shall be maintained in the Capital and Equipment Fund. The maximum in this fund shall not exceed five years' average present value of the approved 10-year Wastewater capital improvement spending plan. Any excess over the maximum amount in this fund shall be reported to the Board at its next regular Board meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	The District follows the Long-Term Financial Plan that outlines major infrastructure/facility replacement and betterment project spending plans for the next ten years within the District's sewer service area.
Use of Funds:	The funds will be used to improve, acquire, and replace future Wastewater facilities as identified in the Wastewater Long-Term Capital Improvement Program. For Wastewater expansion and betterment projects, a combination of Connection (Capacity) Fee reserves and Capital Improvement Fund reserves may be used depending upon project cost allocations. The expansion portion of the project will be funded through Connection (Capacity) Fee reserves. The portion of the project to enhance existing sewer services will be funded through the Capital Improvement Fund.
Contribution:	Cash transfers from the Operating Fund based on the annual capital funding requirement collected through Wastewater fees and charges. If the Operating Fund has monies in excess of the maximum balance after the annual financial audit is completed, funds may, with Board approval, be transferred from the Operating Fund to this fund as long as the Capital and Equipment Fund is below its allowed maximum.

DEBT MANAGEMENT POLICY

INTRODUCTION

The District's overriding goal in issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District-held debt proceeds, and makes debt service payments, acting with prudence and diligence while giving attention to prevailing economic conditions. This policy documents the District's goals for the use of debt instruments and provides guidelines for the use of debt for financing the District's infrastructure and project needs.

The District believes that debt is an equitable means of financing projects and represents an important means of providing for the infrastructure and project needs of its customers. Debt will be used to finance projects (i) if it meets the District's goal of equitable treatment of all customers, both current and future, (ii) if it is the most cost-effective means available to the District, and (iii) if it is fiscally prudent, responsible, and diligent under the prevailing economic conditions. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than the expected Cash Reserve Fund earnings. The District will endeavor to pay for all infrastructure and other projects from a combination of current revenues, available reserves, and prudently issued debt.

The District's debt management policy is designed to:

- Establish parameters for issuing debt;
- Provide guidance to decisions makers:
 - with respect to all options available to finance infrastructure and other capital projects;
 - so that the most prudent, equitable, and cost-effective method of financing can be chosen;
- Document the objectives to be achieved by staff, both prior to issuance and subsequent to issuance;
- Promote objectivity in the decision-making process; and
- Facilitate the financing process by establishing important policy decisions in advance.

The District will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt;
- The federal and state laws which govern the eligibility of the debt for tax-exempt status;
- The federal and state laws which govern the issuance of taxable debt;
- The federal and state laws which govern disclosure, sale, and trading of debt.

I. GENERAL MANAGEMENT POLICIES

The District will provide for a periodic review of its financial performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting processes.

In recognition of periodic changes in the cost of providing service to system users, service costs and fees will be reviewed annually and adjusted commensurately.

The District will present any proposed adjustments to existing rates, fees, and charges at public meetings and will consider recommendations and input from the public as it relates to such proposed changes.

All District funds will be invested according to the Annual Statement of Investment Policy of the District.

Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget.

The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers, and investors, to ensure future capital market access at the lowest possible rates.

II. FINANCIAL MANAGEMENT POLICIES

The District utilizes a Comprehensive Master Plan to determine its long-term infrastructure and other project needs for the next twenty years. The District's Master Plan is updated at least every five years, or more frequently when necessary. The District evaluates each project in relation to established levels of reserves, the current rate structure, expected asset life/replacement timelines, and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.

The District's Debt Management Policies, Goals and Policies for Community Facilities Districts, Board Designated Fund Balance Policies, Revenue and Expenditure Policies, and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, these policies outline the District's approach to debt management.

The District will evaluate financing for each capital project on a case-by-case basis.

The District will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of debt.

The District will seek to issue debt only when there is an identified source of repayment. Debt will be issued to the extent that (i) projected fixed revenues are sufficient to pay for the proposed debt service, together with all existing debt service covered by such fixed revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

Debt issuance for a capital project will not be considered unless such issuance has been incorporated into the District Comprehensive Master Plan.

User fees and water rates will be set at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operating and maintenance costs, maintain sufficient operating reserves, and pay debt service costs, if necessary.

Property assessment and connection fees will be maintained at a level sufficient to finance a portion of growth-related capital costs and cover related annual debt service requirements.

Property assessments will also be utilized to finance a portion of replacement costs and related annual debt service payments.

III. DEBT AND CAPITAL MANAGEMENT POLICIES

The following policies formally establish parameters for evaluating, issuing, and managing the District's debt. The policies outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process; rather, these serve as a set of guidelines to promote sound financial management.

In issuing debt, the District's objective will be to:

- Achieve the lowest cost of capital.
- Ensure ratepayer equity.
- Maintain high credit ratings and access to credit enhancement.
- Preserve financial flexibility.

Standards for Use of Debt Financing

When appropriate, the District will use long-term debt financing to: achieve an equitable allocation of capital costs/charges between current and future system users; to provide more manageable rates in the near and medium term; and to minimize rate volatility.

For growth-related projects, debt financing will be utilized, as needed, to better match the cost of anticipated facility needs with the timing of expected new connections to the system and spread the costs evenly over time.

The District shall 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.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Lease Agreements, Installment Sale Agreements, and Certificates of Participation shall be considered forms of long-term debt. Although these forms of alternative financing are subject to annual appropriation, they shall be treated as long-term fixed rate debt until maturity.

Financing Criteria

Each debt issuance should be evaluated on an individual basis within the framework of the District's long-term financial plan as well as within the context of the District's overall financing objectives and current market conditions.

The District will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement — The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve vs. Surety — The District may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The District may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any District debt when it is approved by the Board of Directors.

Call Provisions — In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.

Additional Bonds Test/Rate Covenants — These are established to efficiently balance a strong credit rating and the cost of such covenants to ratepayers. The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents as well as these policies.

Short-Term Debt — The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

Use of Variable Rate Debt — The District will not issue variable interest rate debt unless: (i) the proposed debt (a) can be converted to a fixed rate, or (b) is hedged (the District has an offsetting position or investment to insulate itself from adverse interest rate changes, either for an interim period or to maturity) by use of a put-type mode, swap agreement, or hedging mechanism (e.g., interest rate cap); or (ii) all outstanding (unhedged) variable rate debt, including the proposed new variable debt, does not exceed 100% of the District's "hedge position" in aggregate. For this purpose, the District's hedge position will be calculated as the District's unrestricted cash reserves multiplied by 130%.

Use of Swaps & Derivatives — The use of any swap agreement in conjunction with the issuance or management of debt instruments will be governed by the District's Swap Policy.

Investment of Bond Proceeds — Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the District’s Investment Policy. The District will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision, specifically addressing the arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

Refinancing Outstanding Debt

The District shall have the responsibility to evaluate potential refinancing opportunities presented by underwriting and/or financial advisory firms. The District will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The District shall establish a target savings level equal to 3% of par refunded on a net present value (NPV) basis. This figure should serve only as a guideline. The District must evaluate each refinancing opportunity on a case-by-case basis and must take into consideration the following:

- Time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- Value of the call option

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the District’s Ad Hoc Board Finance Committee, any District auditing committee, and the District’s Board of Directors.

Restructuring - The District may seek to refinance a bond issue on a non-economic basis, e.g., in order to restructure debt, mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, comply with and/or eliminate rate/bond covenants, or terminate a swap.

Term/Final Maturity – The District may consider extending the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The District may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity should guide these decisions.

Escrow Structuring - The District shall utilize the least costly securities available in structuring each escrow. A certificate will be required from a third party agent who is not acting as a broker-dealer, stating that the securities were purchased through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Series Securities (SLGS), and that the price paid was reasonable and within Federal guidelines.

When evaluating the economic viability of an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The District shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

Method of Issuance

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the District’s bonds shall be awarded to the bidder providing the lowest true interest cost (“TIC”), as long as the bid adheres to requirements set forth in the official notice of sale.

Negotiated Sale – The District recognizes that some securities are best sold through negotiation. In consideration of a negotiated sale, the District shall assess the following circumstances:

- Issuance of variable rate or taxable bonds;
- Complex structures or credit considerations (such as non-rated bonds) which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders’ unique/proprietary financing mechanism (such as a financing pool) or specialized knowledge of financing mechanisms or processes;
- Market volatility, such that the District would be better served by flexibility in the timing of its sale in a changing interest rate environment;
- An underwriter’s identification of new financing opportunities or presentation of alternative structures that financially benefit the District; and/or
- An underwriter’s familiarity with the project/financing which enables the District to take advantage of efficiency and timing considerations.

Private Placement – From time to time the District may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide further advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that financing be completed.

Market Communication, Debt Administration and Reporting Requirements

Rating Agencies – The Finance Manager shall be responsible for maintaining the District's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investment Service. The District may, from time to time, choose to deal with one, two, or all of these agencies as circumstances dictate.

In addition to general communication, the Finance Manager shall: (1) meet or confer with credit analysts at least once each fiscal year, and (2) prior to each competitive or negotiated sale, offer conference calls with agency analysts in connection with the planned sale.

Board Communication – The Finance Manager shall include in an annual report to the Board of Directors feedback from rating agencies and/or investors regarding the District's financial strengths and weaknesses and recommendations for addressing any weaknesses.

Continuing Disclosure – The District shall remain in compliance with Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within 270 days of the close of the fiscal year. The inability to make timely filings must be disclosed and would be a negative reflection on the District. While also relying on a timely audit and preparation of the District's annual report, the Finance Manager will ensure the District's timely filing with each Nationally Recognized Municipal Securities Information Repository.

Record-Keeping – A copy of all debt-related records shall be retained at the District's offices. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each District financing (to the extent available). To the extent possible, the District shall retain an electronic copy of each document, preferably in pdf or CD-ROM format.

Arbitrage Rebate – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation. If a rebate payment is due, such payment shall be made in a timely manner.

INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of this policy is to enhance the economic status of the District while protecting its funds. These policies shall be followed by the Treasurer in making all investment decisions on behalf of the District.

The Board of Directors of the District has delegated authority to invest funds on behalf of the District to its Treasurer for one (1) year. The Treasurer is required to provide a monthly report of all District investments to the Board. The Treasurer's authority to make investments for the District under this policy is limited to a one (1) year term expiring on December 31, 2016. This authority may be renewed annually at the discretion of the Board of Directors of the District.

This investment policy is intended to guide the Treasurer in the investment of all District funds. These investment policies have four primary goals:

1. To ensure that all District investments comply with federal, state, and local laws governing the investment of all District funds;
2. To recognize that the primary objective of all District investments is to safeguard the principal invested;
3. To recognize that the second objective of all District investments is to meet the liquidity needs of the District; and
4. To maximize the return on all District investments keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained.

II. SCOPE

This investment policy shall cover all funds and investment activities under the direct authority of the District, except for the employee's retirement and deferred compensation funds, bank checking accounts, and Bond Project and Reserve Funds.

III. OBJECTIVES

- A. Safety. It is the primary duty and responsibility of the Treasurer to protect and preserve the principal of all District funds and investments. Prior to investing any District funds, the investment shall be evaluated by the Treasurer to ensure that capital losses are avoided whether from institution default, broker-dealer default, or erosion of the market value of the securities. The Treasurer shall evaluate, or cause a qualified professional to evaluate, each potential investment of District funds to verify that the issuer is financially strong and there is adequate security as collateral for each investment sufficient to protect the principal being invested. The Treasurer shall diversify District investments so as to reduce the exposure to principal loss.
- B. Liquidity. An adequate percentage of all District investments shall be maintained at all times in liquid short-term securities which can be converted to cash if necessary to meet the District's financial obligations. The Treasurer should consider the District's liquidity needs over the next year in determining the amount that should be maintained in short term instruments. Since all future cash requirements of the District cannot be anticipated, the Treasurer shall, at all times, invest a portion of all District investments in liquid short-term securities that are readily tradable so as to meet the ongoing liquidity needs of the District. These short-term securities shall be selected in a manner that minimizes market risk and provides for the anticipated needs of the District over the next year.
- C. Return on Investments. The Treasurer should invest all District funds in investments that maximize the return for the District keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained. All investment decisions made by the Treasurer shall be, first, to ensure protection of the principal of all District funds and investments, second, to provide adequate liquidity for the District's future needs, and third, to maximize return where possible without jeopardizing the principal or creating liquidity problems for the District.
- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the District's risk and liquidity constraints, the cash flow characteristics of the portfolio, State laws limiting District investments, and ordinances or resolutions that restrict investments.
- E. Diversification. The investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks regarding specific security

types or individual financial institutions. The amount invested by the Treasurer in a particular security at any time shall not exceed the limitations contained in Section VII of this Investment Policy.

- F. Prudence. The District adheres to the guidance provided by the “Prudent Investor Rule,” California Government Code (Sec. 53600.3), which obligates a fiduciary to insure that investment decisions be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

The Treasurer and all other individuals assigned to manage the District’s investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported monthly and appropriate action is taken to control adverse developments.

- G. Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to review and evaluation by the Board. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and these losses must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been obtained.

- H. Risk Tolerance. The District recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in diversifying the District’s investments as a way to minimize default risk. No individual investment transaction that jeopardizes the total capital position of the overall portfolio or exceeds the investment limitations contained in Section VII of this policy shall be undertaken by the Treasurer. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity.

Risk will also be managed by subscribing to a portfolio management

philosophy that helps to control market and interest rate risk by investing to ensure required liquidity and appropriate term. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied by any other means. Loss of principal will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is consistent with the rolling average of the 2 year Constant Maturity Treasury yields. In addition to these general policy considerations, the following specific policies will be strictly observed:

1. All book-entry transactions will be executed on a delivery-versus-payment basis.
2. A competitive bid process, when practical, will be used to place all investment purchases and to minimize investment costs.

IV. DELEGATION OF AUTHORITY

The investment of District money is delegated to the Treasurer by the Board of Directors for one year ending December 31, 2016. The Treasurer may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility for the overall investment program. At least once each quarter, a sub-committee of the Board shall meet with the General Manager or his/her designee to review the District's portfolio and provide guidance for future investments. All transactions will be reviewed by the Treasurer on a regular basis to assure compliance with this Statement of Investment Policy and a monthly report shall be provided to the Board on all District investments.

V. REPORTING

Although it is no longer required for the Treasurer of a local agency to annually render a statement of investment policy to the legislative body and submit a quarterly investment report to the legislative body (Government Code Section 53646 (b)), the District Treasurer and General Manager shall submit a monthly investment report to the Board of Directors. This report shall include: type of investment, issuer, date of maturity, the par and dollar amount invested on all securities, the total amount of all investments and monies held by the District, a description of any District funds being held or managed by other persons or entities, the current market value of all securities, the annual rate of return on each investment, a statement that there are or are not sufficient funds to meet the District's obligations for the next six (6) months, and all accrued interest earned. The monthly statement shall also indicate the District's anticipated liquidity needs for the next six (6) months, the ability of the District's investments to meet these anticipated liquidity needs, and a monthly list of transactions, which is required under Government Code 53607 whenever investment authority is delegated by the Board. Additional items listed will also include average weighted yield, average days to maturity, percentage distribution to each type of investment, and a statement indicating compliance or noncompliance of all District investments with this Statement of Investment Policy. All investments not complying with this investment policy shall be called to the attention of the Board and discussed as a separate agenda item during the first monthly meeting after an investment does not comply with this policy.

VI. AUTHORIZED INVESTMENT INSTRUMENTS

The District is governed by the California Government Code, Sections 53600 et seq. For all investment types, the purchase of zero coupon, inverse floaters, range notes, strips, mortgage derived interest-only strips, deep discount treasury bonds, or any security that could result in zero interest accrual if held to maturity is not permitted (Government Code Section 56301.6). Within the context of these limitations, the following investments are authorized:

A. Local Agency Investment Fund: The District may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (Government Code Section 16429.1). The fund must have twenty-four hour liquidity. No more than 30% of the total value of all District investments or \$20,000,000 (whichever is lesser) may be invested in Local Agency Investment Fund.

The District may also invest bond proceeds in the Local Agency Investment Fund. Liquidity for bond proceeds, per fund regulations, is thirty calendar day increments from the date of the initial deposit.

B. Treasury Securities: United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest (Government Code Section 53601(b)). These investments are considered the safest possible investment available. There is no maximum portfolio limit. Maximum investment maturities in Treasury Securities shall be restricted to five years.

C. Depository Accounts: The District may invest in insured or collateralized certificates of deposits, saving accounts, market rate accounts, or other bank deposits insured by commercial banks, savings and loans, and state or federal credit unions in California (Government Code Section 53630 et seq). A written depository contract is required with all institutions that hold District deposits. Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All financial institutions are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. Certificates of deposit, in combination with Placement Service Certificates of Deposit and Negotiable Certificates of Deposit shall not exceed 30% of the value of all District investments at any time.

Deposits, up to the federal deposit limit, are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), regardless of Moody's Investors Service or Standard & Poor's Corporation ratings. The Treasurer may waive collateral requirements for deposits of up to the federal insurance limit. A maximum deposit of up to federal insurance limit may be deposited in any one institution without collateral. No bank shall receive District funds greater than the federal insurance limit if it has a Moody's Investor Service or Standard & Poor's Corporation rating lower than "A." Maximum investment maturity will be restricted to three (3) years.

In accordance with section 53638 of the California Government Code, any deposit shall not exceed the shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board of Directors or the General Manager or Treasurer serves on the Board of Directors or any committee appointed by the Board of Directors of the credit union.

D. Placement Service Deposit: The District may invest in insured deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits, in combination with Certificates of Deposit and Negotiable Certificates of Deposit shall not exceed 30% of the value of the District's investments at any time. The maximum investment maturity will be restricted to three (3) years.

E. Negotiable Certificates of Deposit: Negotiable certificates of Deposit issued by a national or a state-chartered or a state or federal association or by a federally licensed or state-licensed branch of a foreign bank (Government Code Section 53601(i)). Maximum investment maturity is restricted to two years for notes rated "AA-" or higher and five years for "AAA" rated notes. Negotiable Certificates of Deposit, in combination with Certificates of Deposit and Placement Service Certificates of Deposit shall not exceed 30% of the value of all District investments at any time.

F. Commercial Paper: Investment is limited to the highest grade of standalone or enhanced ("prime") commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services (A1/P1/F1) issued only by a general corporation that is organized and operating within the United States, and having total assets in excess of \$500 million and has debt other than commercial paper that is rated "A" or higher by Moody's, S&P, or Fitch (Government Code Section 53601(h)). Purchases of commercial paper shall not exceed 10% of the outstanding paper of the issuing corporation. The maximum investment maturity for commercial paper shall be restricted to 270 days. Purchases of commercial paper shall not exceed 20% the total value of all District investments at any time and single-issuer holdings to no more than \$1,000,000 per issuer.

G. Medium Term Notes: Medium term notes are corporate or bank notes with a maximum remaining maturity of 5 years or less. Investment is limited to "AA-" rated or higher notes, from a nationally recognized rating service like Moody's Investor Service or Standard and Poor's Corporation. All such notes shall be solely from corporations organized and operating in the U.S. or banks licensed in the U.S. or any state and operating in the United States. Permissible types of notes include fixed rate and variable rate. Maximum investment maturity is restricted to two years for notes rated "AA-" or higher and five years for "AAA" rated notes. Medium term notes shall not exceed 15% of all District investments at any time.

H. Agencies: The District is permitted to invest in federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued and fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises (Government Code 53601(f)). Maximum maturity is limited to 5 years. The amount invested in agencies shall not exceed 50% of all District investments at any time.

I. Money Market Funds: Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following) (Government Code 53601(l)(2)). Investments are limited to those money market funds that invest in U.S. Treasuries, Federal Agency obligations, and repurchase agreements relating to such obligations. Funds must have the highest ranking or the highest letter and numerical rating by not less than two nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500,000,000. No more than 5% of the value of all District investments shall be invested in any fund and no more than 20% of the value of all District investments may be invested in all money market funds combined. Any fund shares purchased will not include any type of commission.

J. Banker's Acceptances: Bankers' acceptances are bills of exchange or time drafts drawn on and accepted by a commercial bank (Government Code 53601(g)). Purchases of banker's acceptances may not exceed 180 days maturity as per Government Code Section 53601 (g). Maximum portfolio exposure will be limited to 20% of the total value of all District investments at any time and single issuer holdings to no more than 3% per issuer. Banker's acceptances shall not be purchased by the Treasurer without the prior approval of the Board.

K. Repurchase Agreements and Reverse Repurchase Agreements: A Repurchase Agreement is a purchase of securities by the District under an agreement with another party who will repurchase these securities on or before a specified date and for a specified amount and the other party delivers the underlying securities to the District by book entry, physical delivery, or by third-party custodial account. A Reverse Repurchase Agreement means a sale of securities by the District under an agreement where the District will repurchase the securities on or before a specified date. While Repurchase Agreements and Reverse Repurchase Agreements are permitted by state law (Government Code 53601(j)), the Treasurer shall not purchase any securities under a Repurchase Agreement or a Reverse Repurchase Agreement unless it has first been approved by the Board of Directors of the District. State law prohibits Repurchase

Agreements unless the underlying value of the securities covering the Repurchase Agreement are valued at least 102% or greater of the funds borrowed against those securities and this value must be adjusted no less than quarterly. Collateral for repurchase agreements is limited to obligations of the United States government and its agencies. Reverse Repurchase Agreements are only permitted by state law where the security being sold by the District has been owned and fully paid for by the District for a minimum of thirty (30) days prior to sale. The agreement may not exceed a term of 90 days unless the agreement includes a provision guaranteeing a minimum earning or spread for the entire period between the sale of a security and the final maturity date.

The amount invested in repurchase agreements shall not exceed 20% of all District investments at any time. The amount invested in reverse repurchase agreements shall not exceed 10% of the base value of the District's portfolio at any time.

L. Local Government Investment Pool: Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in the Government Code (Government Code 53601(p)). Investments are limited to pools that seek to maintain a constant net asset value and which are rated "AA" or better. Local Government Investment Pools shall not exceed 30% of the value of all District investments at any time.

M. Municipal Bonds: The Treasurer is authorized to invest in registered treasury notes or bonds of any of the 50 United States payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the 50 United States. Such securities must have ratings from at least two of three ratings as follows: "A1" by Moody's Investors Service, or "A+" by Standard & Poor's, or "A+" by Fitch Ratings; or as otherwise approved by the Board; or

Registered general obligation treasury notes or bonds of any of the 50 United States. Such securities must have ratings from two or three rating agencies as follows: at least "A" by Moody's Investors Service, or "A-" by Standard & Poor's, or "A-" by Fitch Ratings; or as otherwise approved by the Board; or

Adjustable rate registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 United States. Such securities must have ratings from at least two of three rating agencies as follows: "P-1" by Moody's Investors Service, or "A-1+" by Standard & Poor's, or "F-1+" by Fitch Ratings; or as otherwise approved by the Board; or

Adjustable rate notes or bonds warrants, or other evidences of indebtedness of any local agency within the State of California with a minimum rating of either “P-1” by Moody’s Investors Service, or “A-1+” by Standard & Poor’s, or “F-1+” by Fitch Ratings, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state; or

Taxable or tax-exempt bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California with a minimum rating of either “A1” by Moody’s Investors Service, or “A+” by Standard & Poor’s, or “A+” by Fitch Ratings (the minimum rating shall apply to the local agency, irrespective of any credit enhancement), including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

The amount invested in municipal securities shall not exceed 30% of all District investments at any time.

N. Permitted Investments without Board Approval: The Treasurer is authorized to invest District funds in federally insured or collateralized depository accounts, the Local Agency Investment Fund, treasury securities, negotiable certificates of deposit, commercial paper, medium term notes, agencies and money market funds meeting all requirements of this investment policy for the particular investment being purchased without prior Board approval. All other investments such as banker’s acceptances, Repurchase Agreements, Reverse Repurchase Agreements, and investments in the San Diego County Investment Pool shall only occur with prior approval of the Board. The Treasurer shall ensure that all investments made on behalf of the District meet all of the minimum requirements contained in this Investment Policy.

VII. PORTFOLIO LIMITATIONS

Following is a listing of potential authorized investments with corresponding limitations on the amount of the District's portfolio that may be invested in each authorized investment at any given time:

Investment Description	Percentage Limitation	Dollar Limitation
Local Agency Investment Fund	30%	\$20 million
Treasury Securities	None	-
Certificates of Deposit, Placement Service Deposits and Negotiable Certificates of Deposit	30%	Placement Service Deposits may be made up to FDIC limit per financial institution
Local Government Investments Pools	30%	-
Commercial Paper	20%	No more than \$1 million per issuer
Medium Terms Notes	15%	-
Agencies	50%	-
Money Market Funds	20%*	-
Investments Pools	30%	-
Municipal Bonds	30%	-
Bankers Acceptances	20%	No more than 3% per issuer
Repurchase Agreements	20%	-
Reverse Repurchase Agreements	10%	-

* May not exceed 5% in any money market fund.

Banker's acceptances, Repurchase Agreements, Reverse Repurchase Agreements, and other investments other than those expressly permitted by subsection (L) above are permitted only with the prior approval of the Board.

The weighted average days to maturity of the total portfolio shall not exceed the liquidity requirements of the District for the next six months based upon on-going staff analyses.

In the event that the percentage limits attributable to each security type are violated due to a temporary imbalance in the portfolio, the Treasurer will make a determination as to the appropriate course of action. The appropriate course of action may be to liquidate securities to rebalance the portfolio or to hold the securities to maturity in order to avoid a market loss. Portfolio percentages are in place to ensure diversification of the investment portfolio and as such a small temporary imbalance would not violate this basic tenet. When a portfolio percentage is exceeded the Treasurer will report the violation in the Treasurer's Report at the next regularly scheduled Board meeting, with detail of the strategy determined to address the imbalance, for Board ratification. However, the Treasurer shall meet the portfolio percentages required by this investment policy at the end of each month, unless waived by the Board.

VIII. BOND PROCEEDS, BOND RESERVE FUNDS AND BOND SERVICE FUNDS

Investment of bond proceeds and amounts held in bond reserve and service funds are to be made in accordance with the related bond indentures.

IX. INTERNAL CONTROLS

Internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets or imprudent action by employees and officers of the District. Controls deemed most important include: control of collusion; separation of duties and administrative controls; custodial safekeeping; clear delegation of authority; management review and approval of investment transactions; specific limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and code of ethic standards.

Existing procedures require all wire transfers initiated by the Finance Department be reconfirmed by the appropriate financial institution. In addition, the District's signatory resolution specifies authorized signers and number of required signatures for different disbursement transactions. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliations are conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Finance Department on a monthly basis. A listing of all investment transactions is provided on a monthly basis to the Board of Directors for their approval. Current policy also requires that the Treasurer's approval be obtained for the purchase or sale of securities other than transfers to/from investment pools or money market funds.

An independent analysis by an external auditor shall be conducted annually to review internal controls, account activity and compliance with policies and procedures.

X. QUALIFIED BANKS AND SECURITIES DEALERS

The District shall conduct business only with nationally or state chartered banks, savings and loans or credit unions that are licensed and operating in the United States or a state of the United States, and registered investment securities dealers. The District's staff will investigate all institutions that wish to conduct business with the District prior to any District investment in the institution. All banks shall have a minimum rating of "A" by Moody's or Standard and Poor's. A list will be maintained by the Finance Manager of approved institutions and security broker/dealers. A bank rating service will be used by staff to verify financial information provided by a financial institution or dealer. Annually, the Treasurer shall transmit a copy of the current Statement of Investment Policy to all approved dealers. The dealer is required to return a signed statement indicating receipt and understanding of the District's Investment Policies. Primary dealers of the Federal Reserve may provide substitute certification language at the discretion of the Treasurer.

XI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the Treasurer and the Finance Manager are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC). All officers and employees involved in the investment of public funds are required to comply with the District's Conflict of Interest Code. The Treasurer and any District employees or agents evaluating any investment for the District shall disclose any interest owned or held in any institution or investment being considered by the District prior to the investment.

XII. BOARD DISCRETION

The District recognizes that this policy consists of guidelines designed to protect District funds and to provide liquidity for the on-going District operations. The Board of Directors may approve in a timely fashion, on an individual basis, investments which would otherwise not be in accordance with this policy, in the event of unforeseen circumstances, so long as the investment is permitted by state law.

XIII. SAFEKEEPING AND CUSTODY

To protect against potential losses caused by the collapse of a security dealer, all book-entry securities owned by the District, including repurchase agreement collateral

previously approved by the Board, shall be kept in safekeeping with "perfected interest" by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and by the District. All book-entry securities will be received and delivered using standard delivery-versus-payment procedures.

XIV. INTEREST EARNINGS

All monies earned and collected from investments authorized in this policy shall be allocated monthly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio.

XV. PROHIBITED INVESTMENTS

The Treasurer shall not invest any funds of the District in inverse floaters, range notes, or mortgage derived interest-only strips at any time. The Treasurer shall not invest any funds of the District in any security that could result in zero interest accrual if held to maturity (Government Code §53601.6).

XVI. INVESTMENT PURCHASES

Any investments that the Treasurer purchases for the District that are not purchased directly from the issuer shall be purchased either from an institution licensed by the State of California as a broker/dealer or from a member of a federally registered securities exchange, from a national or state-chartered bank, from a savings association or a federal association, or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank (Government Code §53601.5).

XVII. QUARTERLY REPORTS

At least once each quarter, the District's Finance Manager shall provide an oral report to the Ad Hoc Finance Committee, comprised of the District's Treasurer and one Board member, evaluating the safety of all District investments and advising the committee of any investments of the District that represent a credit risk.

XVIII. TREASURER'S AUTHORITY AND REVIEW OF INVESTMENT POLICY

The Authority of the Treasurer to make investment decisions on behalf of the District shall automatically expire on December 31, 2016 unless renewed or extended by formal action of the Board of Directors of the District. This Investment Policy shall be presented to the Board of Directors of the District by no later than December 31, 2016 and annually thereafter.

HISTORY AND COMMUNITY PROFILE

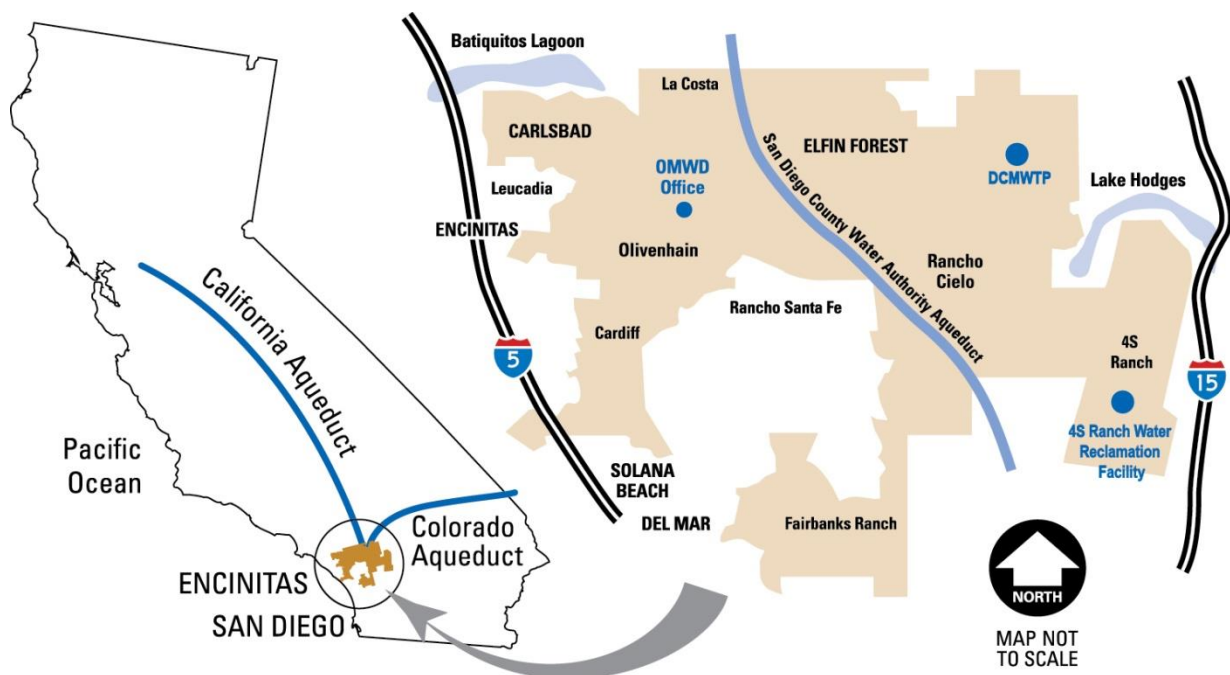
History

In the early 1800s, the area now known as Olivenhain was in Mexican territory. Through Mexican government land grants, a group of 67 German settlers, some 25 families in all, settled on a tract called Rancho Las Encinitas. On that land, the settlers established the farming colony of Olivenhain in 1884. The name “Olivenhain” (pronounced Oh-Lee-Ven-Hine) is of German origin, meaning “olive grove.” Today, some area residents are descendants of the original colonists.

The gradual decline of farming activity during the 1950s, combined with the importation of water to Southern California, slowly transformed the Olivenhain area into a residential community. Olivenhain Municipal Water District (District) was incorporated on April 9, 1959 for the purpose of developing an adequate water supply for the landowners and residents of the District.

The District was incorporated under the provisions of the California Municipal Water District Act of 1911, section 71000 et seq. of the California Water Code as amended.

Map of the District’s Service Area



The District's service area is approximately 48 square miles. This service area, as shown in the above map, lies in the northern region of San Diego County and includes portions of incorporated areas such as Encinitas, Carlsbad, San Diego, Solana Beach, San Marcos and large unincorporated areas such as Rancho Cielo, Rancho Santa Fe, and Santa Fe Valley.

Consumers

The District provides potable water and recycled water services to approximately 28,700 meters in service. As of December 2015, the majority of the District's customer meters are domestic or residential (93.1%). Other water customers include commercial/industrial (2.6%), irrigation (2.5%), recycled (1.2%), and agriculture (0.6%). Although residential customers used the most water provided by the District during 2015 (68.3%), the District's other customers shared more than 30% of all the water used, with recycled and irrigation customers tied as the second and third largest users (11.1% each), commercial/industrial fourth (6.2%), and agricultural fifth (3.3%).

The table below shows the District's top ten customers based on FY 2014-2015 water sales.

District's principal water consumers for Fiscal Year ended 2015¹		
Customer Name	Usage (AF)	% of Water Sold
4S Ranch Master HOA	467.90	2.23%
Fairbanks Ranch Country Club	373.66	1.78%
The Bridges Club At RSF Inc	327.11	1.56%
Del Mar Country Club	243.78	1.16%
La Costa Oaks Association	215.56	1.03%
Rancho Santa Fe Farms Golf Inc	194.43	0.92%
Crosby National Golf Club	192.43	0.92%
Crosby Estates HOA	178.56	0.85%
La Costa Glen Carlsbad	138.90	0.66%
Cielo Homeowners Assn	134.43	0.64%
Total top ten consumers	2,466.77	11.73%
Other Consumers	18,556.27	88.27%
Total water billed	21,023.04	100.00%

Source: Olivenhain Municipal Water District

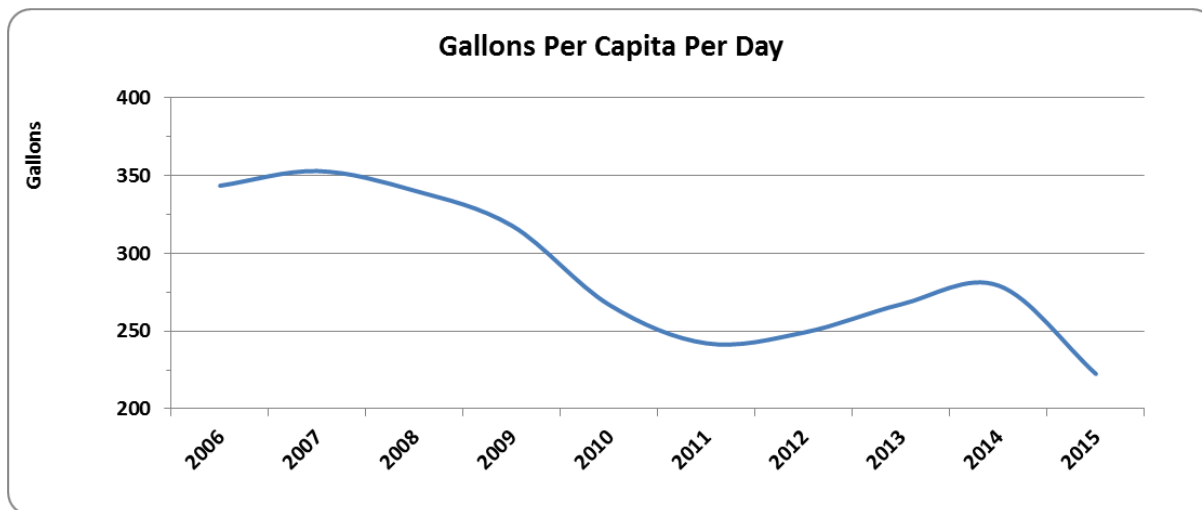
Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015 page 76

¹ Includes potable, untreated and recycled water

Per Capita Daily Potable Water Use – Executive Order B-29-15 and SB X7-7

The District's customers' yearly consumption for the past ten years has decreased from a high of more than 350 gallons per capita per day (GPCD) in 2007 to a low of less than 230 GPCD in 2015². A downward trend is expected to continue in the future as the District continues its commitment to educate customers on water use efficiency, converts new irrigation customers to recycled water, and pursues other methods of compliance with the SWRCB's mandate and the state's SB X7-7 legislation.

The downtrend of the District's daily per capita water use is depicted on the graph below.



Source: District

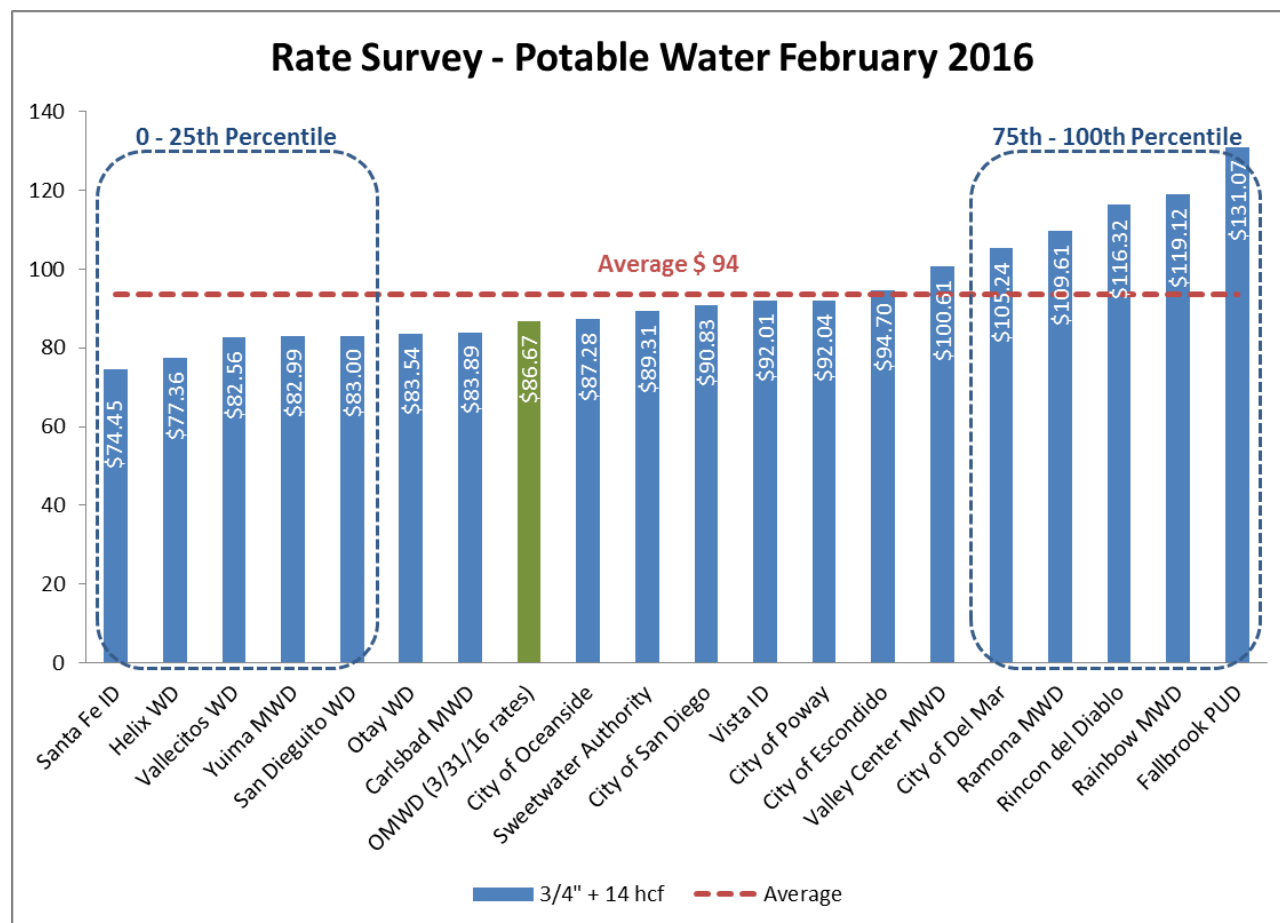
Residential Water Bill Comparison

Since most of San Diego's water must be transported from the Colorado River and Northern California, inherent pricing pressures in purchased wholesale water costs are inevitable, and SDCWA's water rates will continue to rise. Despite the higher cost of water from SDCWA, the District continues to provide water to its customers at a reasonable cost through various cost containment efforts such as investments in advanced technology equipment and preventive maintenance programs. The District continues to strive to do more with less without impacting the level of service to its customers.

The chart below shows a typical single family residential water bill using 14 units of water per month as of February 2016 at Olivenhain Municipal Water District versus other water agencies in San Diego County.

² GPCD in 2015 was calculated based on California Department of Finance's adjusted population estimate.

Estimated Monthly Single Family Residential Water Bills Comparison



Economy

The U.S. economy has shown steady gains in consumer and business spending. With a solid estimate of 2.9% increase in real GDP for 2016, as shown in the table below, growth of the U.S. economy is projected to continue in 2017.

Nationwide unemployment rates are expected to decline to 5.1% and 5.0% in 2016 and 2017 respectively, bringing the economy to what economist consider “full employment” for the first time in almost a decade. This employment recovery is highlighted by gains in non-farm employment, averaging a growth of 1.6% in 2016 and 1.4% in 2017.

Selected U.S. Economic Indicators

	<u>Estimated</u>	<u>Projected</u>	
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Real GDP (% Change)	2.4%	2.9%	2.8%
Federal funds rate	0.40%	1.40%	2.40%
Personal income (change)	4.2%	4.5%	5.3%
CPI (1982-84=100)	237.0	241.0	246.3
CPI (% Change)	0.2%	1.7%	2.2%
Nonfarm employment (in millions)	141.9	144.1	146.1
Nonfarm employment (% Change)	2.1%	1.6%	1.4%
Unemployment Rate	5.3%	5.1%	5.0%
Housing starts (in thousands)	1,114	1,277	1,437

Source: BLS, CA Governor's Budget 2016-17; Federal Reserve

For three consecutive years, California's economic growth and job creation has outpaced that of the U.S. as a whole. In 2015, California's economy recorded an approximate 3.9% growth in non-farm employment, outperforming the U.S. economy which added jobs at a rate of 2.1%. For 2016, California's gross state product (GSP) is expected to outpace that of the nation, expanding at 3.1% as compared to 2.9% for the gross domestic product (GDP) of the U.S.

The sectors driving California's output over the past year were trade, transportation & utilities; professional/business services; government; education and health care; and leisure and hospitality. These five sectors combined accounted for 76% of all non-farm employment in the state.

The fastest job growth, however, was observed in the leisure and hospitality sector, which added jobs at a faster rate than all other sectors (13.1%). It's worth noting that California observed growth in all non-farm employment sectors during 2015. Government employment continued to see some growth in 2015, making it two consecutive years of growth for the sector and reversing the negative trend of the previous four years.

As previously stated, increases in the nonfarm employment rate for 2015 in California over the last two years are higher than the nationwide average. This translates into the state's unemployment rate dropping to 6.2% from 7.5% the preceding year. The California Department of Finance expects the unemployment rate to continue to fall, reaching 5.7% by the end of 2016.

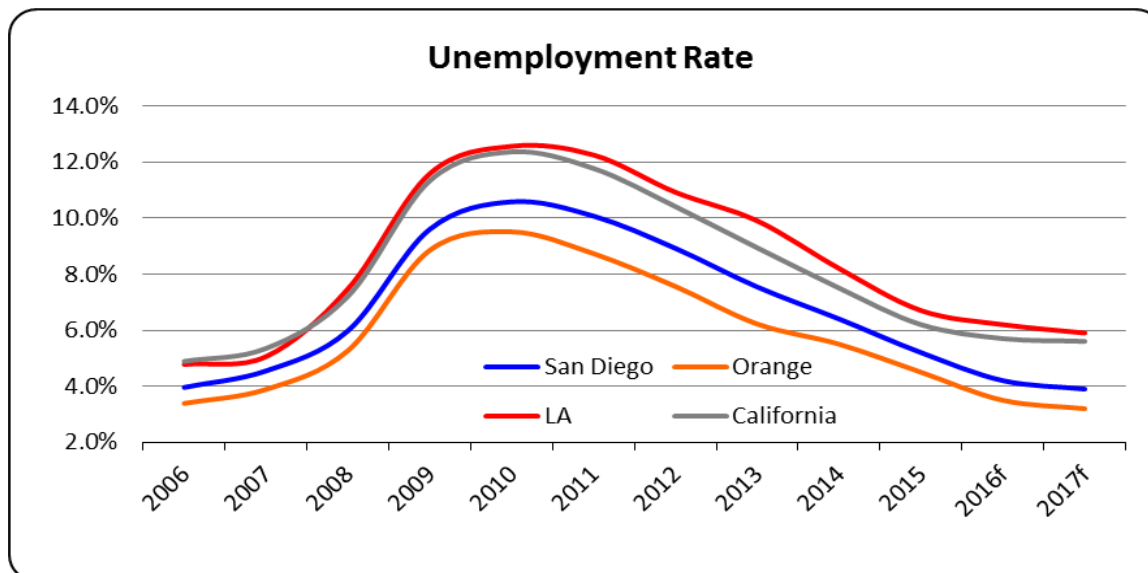
Selected California Economic Indicators

	2015	Projected			
		2016	Percent change	2017	Percent change
Personal Income (\$ billions)	2,043.0	2,155.0	5.5%	2,268.0	5.2%
Nonfarm employment (thousands)	16,100.0	16,500.0	2.5%	16,700.0	1.2%
Mining & Logging	32.2	33.0	2.5%	33.4	1.2%
Construction	724.5	792.0	9.3%	851.7	7.5%
Manufacturing	1,288.0	1,303.5	1.2%	1,302.6	-0.1%
Trade, Transportation & Utilities	2,914.1	2,970.0	1.9%	2,989.3	0.6%
Information	483.0	495.0	2.5%	484.3	-2.2%
Financial Activities	788.9	808.5	2.5%	801.6	-0.9%
Professional/Business Services	2,479.4	2,508.0	1.2%	2,505.0	-0.1%
Education and Health Care	2,415.0	2,491.5	3.2%	2,505.0	0.5%
Leisure and Hospitality	1,980.3	2,095.5	5.8%	2,171.0	3.6%
Other Services	531.3	544.5	2.5%	534.4	-1.9%
Government	2,447.2	2,475.0	1.1%	2,488.3	0.5%
Unemployment Rate	6.2%	5.7%		5.6%	
Housing permits (thousands)	101	111	9.9%	129	16.2%

Source: CA Governor's Budget 2016-17, KYSER Economic Forecast

San Diego County

San Diego's unemployment rate, at 5.2% in 2015, continues its downward trend from a high of 10.6% in 2010. Projected at 4.2% in 2016, compared to the state's unemployment rate of 5.7% and the nation's 5.1%, the San Diego County labor market has proven to be a hub for job creation. Employment growth has been broad across San Diego's industries, with the professional, scientific, and technical services sector expected to lead the way with growth of more than 5% in 2016.



Source: California Employment Development Department, forecasts from LAEDC

f = forecast

Selected San Diego Economic Indicators				
	Projected			
	2015	2016	2017	Percent change
Personal Income (\$ billions)	177.3	186.9	198.1	6.0%
Nonfarm employment (thousands)	1,389.4	1,424.1	1,449.7	1.8%
Construction	67.7	69.9	74.3	6.3%
Manufacturing	98.2	99.0	100.4	1.4%
Wholesale & Retail Trade	45.4	46.3	46.4	0.2%
Retail	146.9	150.2	150.9	0.5%
Transportation & Utilities	27.0	27.7	28.0	1.1%
Information	25.2	25.5	25.8	1.2%
Financial Service & Insurance	43.1	43.7	42.6	-2.5%
Real Estate, Rentals & Leasing	29.0	30.3	30.5	0.7%
Professional Sci. & Tech Services	137.8	144.8	151.5	4.6%
Management/Admin Services	102.7	106.5	110.0	3.3%
Education	31.4	32.4	32.9	1.5%
Health Care & Social Asst.	163.5	169.3	172.6	1.9%
Leisure and Hospitality	183.3	188.2	191.1	1.5%
Other	53.1	52.7	52.5	-0.4%
Government	235.3	237.9	240.3	1.0%
Unemployment Rate	5.2%	4.2%	3.9%	
Housing permits	10,049	11,800	13,600	15.3%

Source: LAEDC Kyser Center for Economic Research

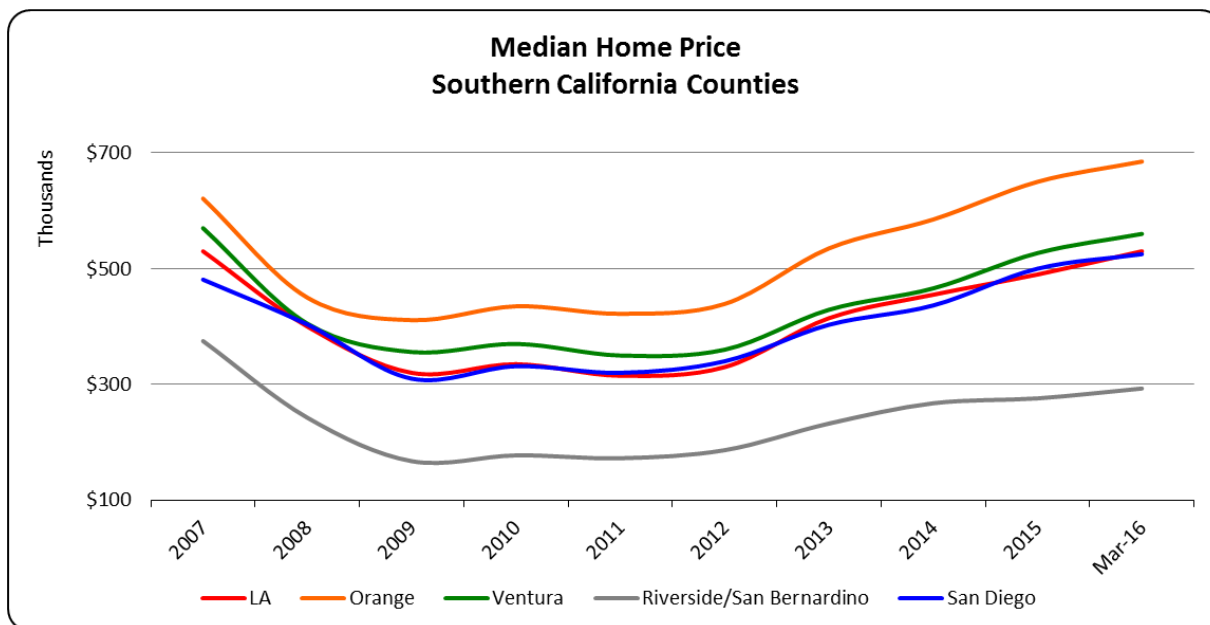
The Los Angeles County Economic Development Corporation is forecasting employment gains in San Diego County to continue in the near future and expects the unemployment rate to fall to 3.9% by the end of 2017.

While construction activities have experienced the largest net increases in employment over the previous four years, during 2015, the professional, scientific, and technical services sector added the largest number jobs with 8,600 new positions, followed closely by the health care and social assistance sector with 7,000 jobs.

Residential Real Estate and Housing Prices

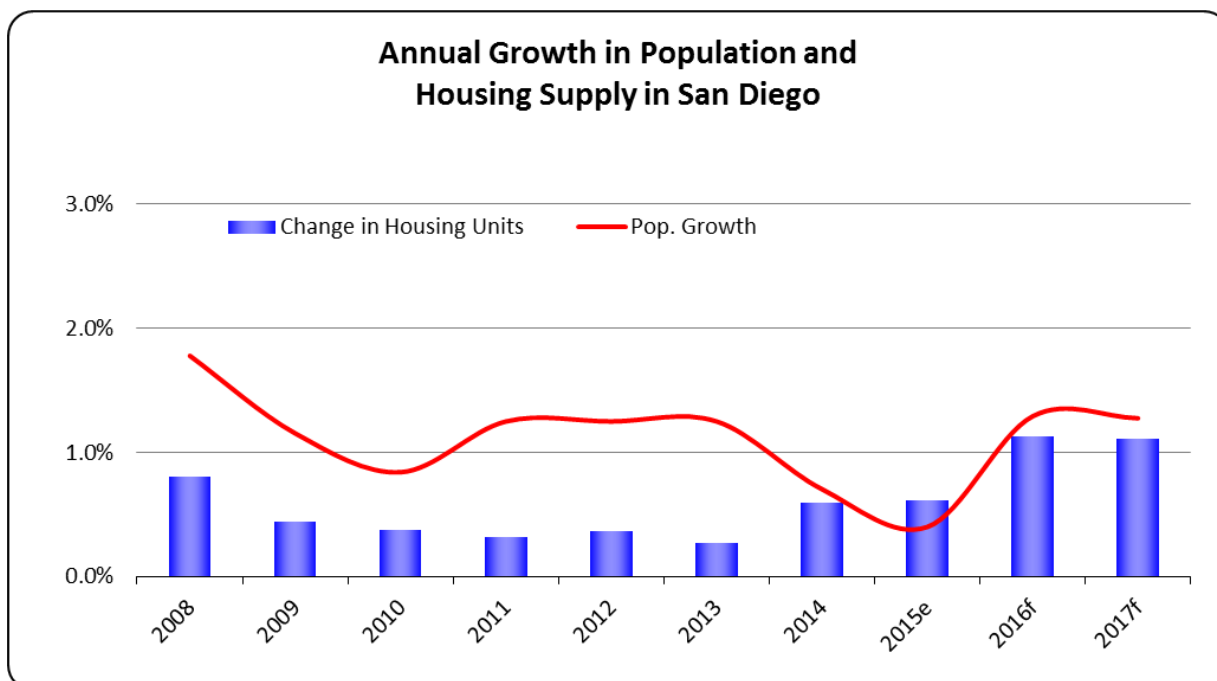
The residential real estate market in San Diego County has experienced robust price appreciation over the last year. The median selling price for a single family home as of March 2016 was \$525,000, representing a 5.0% year to year increase. Although home prices appreciated at healthy

rates over the last year, the median price for an existing home is still 5.1% below the pre-recession peak of \$552,000 in 2004.



Source: Corelogic

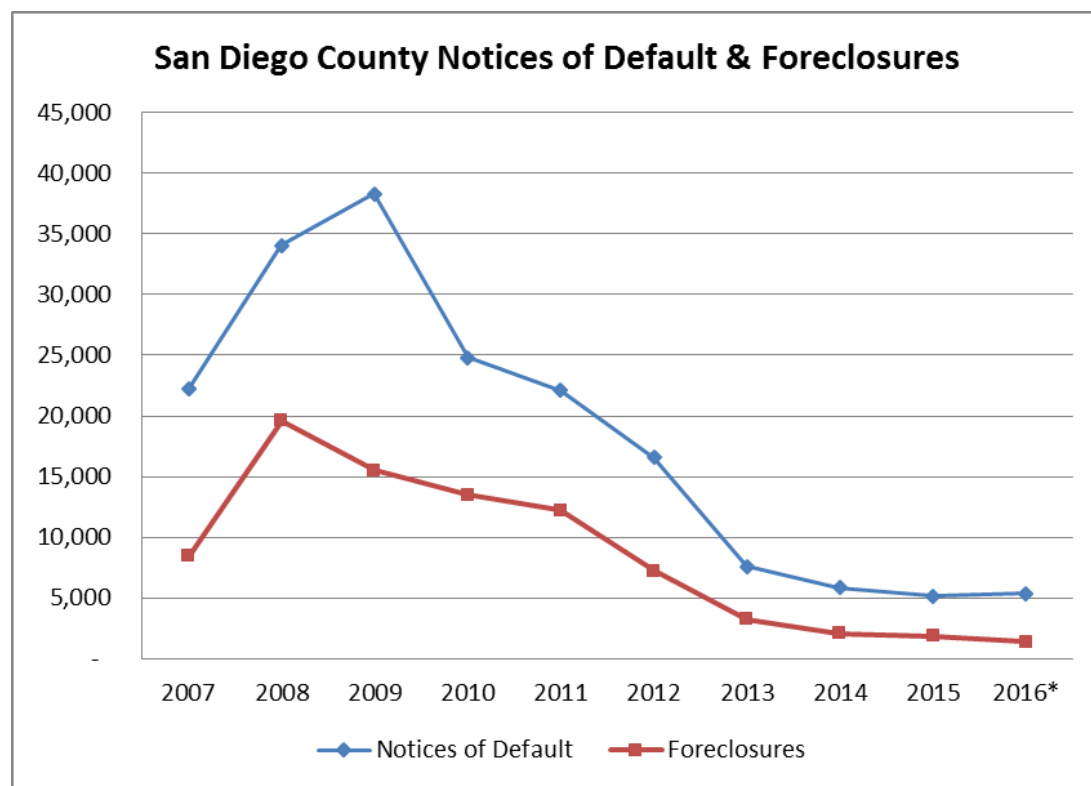
Although a 5% year to year increase is stable, price appreciation has not been as pronounced as in the years immediately following the recession. The main reason for this slower appreciation has been the normalization of the mix of re-sale homes, skewed in previous years due to a larger than usual amount of foreclosed homes purchased at a discount and re-sold at normal market rates, and due to demand for housing outpacing the supply.



Source: SANDAG.

e = estimate; f = forecast

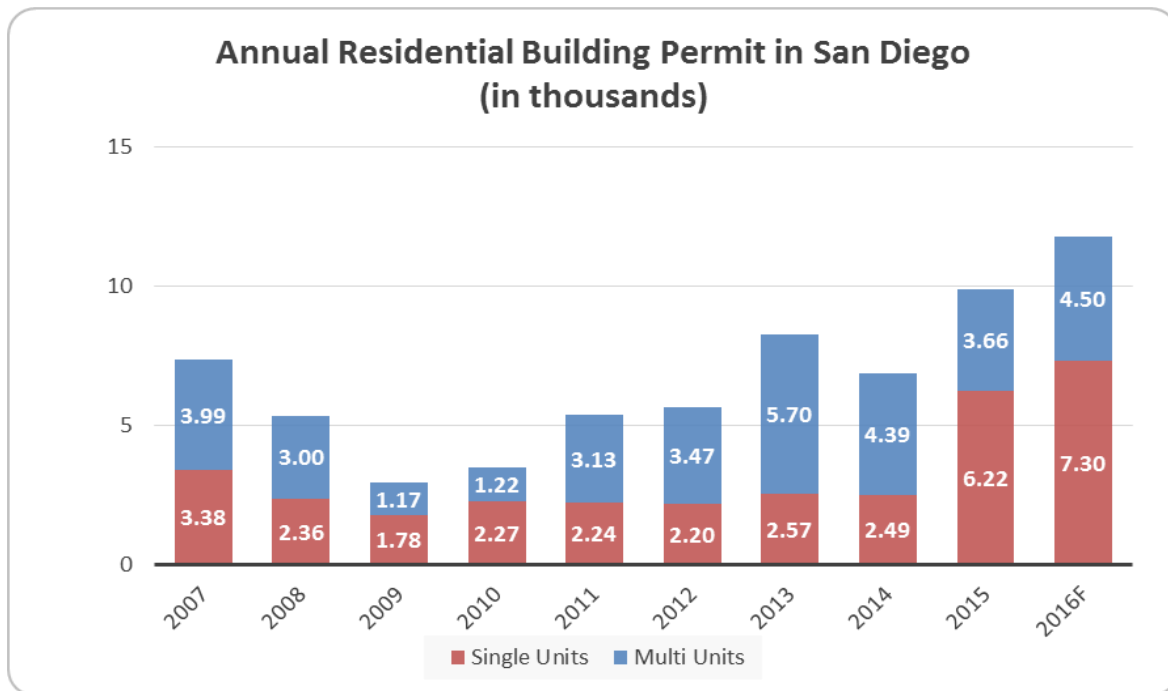
Further evidence of the San Diego real estate market recovery is the continued downward trend of notices of default and foreclosures issued in the county in 2015. The number of notices of default declined 12.2% from 2014 to 2015, while the total number of foreclosed homes declined by 8% during the same period. A decline in the number of distressed properties on the market also has a supply-reducing effect, and since distressed properties typically sell at lower than market prices, these dynamics have put upward pressure on prices, and have helped the county's real estate market further recover.



Source: Foreclosure Forum

*Annualized Figures

A strong market demand for housing units in the county led to a significant increase in the number of building permits issued during 2015 as compared to 2014. Local builders, taking notice of rising real estate prices, are increasing their construction activities in San Diego in 2016, which are expected to rise by approximately 20%; this translates into a net increase of about 2,000 building permits for single and multi-family units as compared to 2015. As of the fourth quarter of 2015, there were 9,900 new residential units permitted, or approximately a 44% rise compared to the prior year; the year to year change in single-family unit permits more than doubled, but there was a 17% decline in new permits for multi-unit dwellings. New construction activities are forecasted to add over 2,200 jobs in San Diego during 2016.



Source: U.S. Census Bureau, LAEDC

f = forecast

Despite the fact that there was an increase in the number of residential unit permits issued during 2015, and therefore in the supply of new dwelling units, prices are estimated to further increase in the San Diego housing market since the surge in demand continues to outpace that of supply. Consequently, the county's housing market should see moderate but steady price increases as demand for housing grows hand in hand with wages and non-farm employment in San Diego's economy.

Olivenhain Municipal Water District

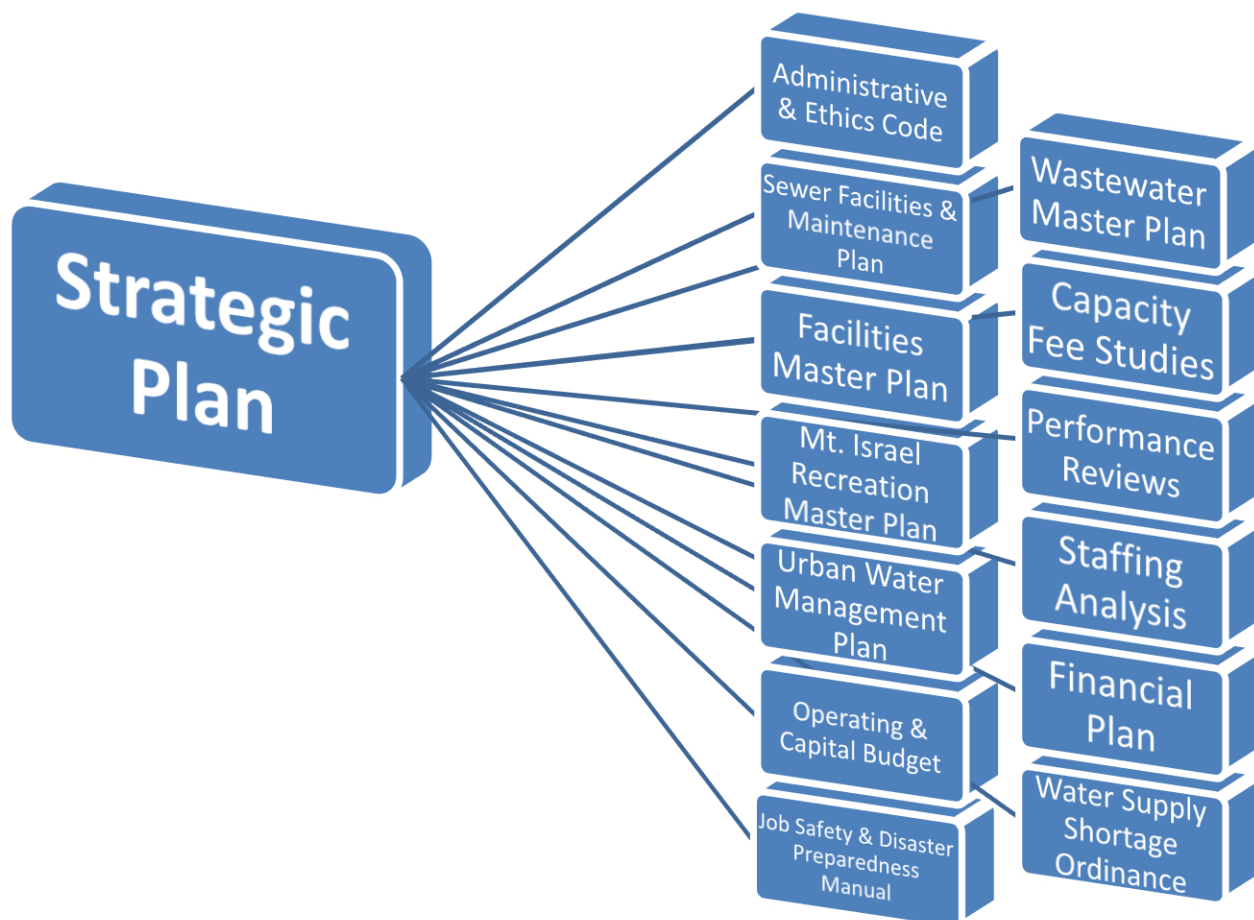
2016 Strategic Plan



introduction

Olivenhain Municipal Water District's Board of Directors first established a formal mission statement and goals in 1996. In 2002, the mission statement was updated and the goals were revised. OMWD also created objectives in 2002, since renewed on an annual basis, that have helped to achieve OMWD goals and uphold the mission. Objectives are developed at the start of each year and the progress toward achievement of these objectives is reviewed throughout the year. Performance indicators, measured on a fiscal year basis, were included in the annual budget to complement the objectives. In 2004, the mission statement and goals were updated to incorporate new OMWD facilities and functions.

The Strategic Plan was initially developed by the Board of Directors in 2008, incorporating a revised mission statement and goals, newly established values, and the annual objectives. Also included in the Strategic Plan were strategies by which to achieve each of OMWD's goals. The Strategic Plan has since been updated as new annual objectives are developed.



our values

Beliefs setting the tone and direction of the workforce

- Exercise responsible financial management
- Provide responsive customer service and open communication
- Promote ethical behavior in the conduct of district business
- Ensure fair and open processes involving the public
- Provide a healthy work environment
- Promote environmental responsibility and sustainability
- Ensure provisions for the future





our vision

What we aspire to be

Olivenhain Municipal Water District aspires to cost-effectively provide high-quality services garnering the trust and respect of its customers, employees, partners and fellow water agencies.

our mission

Why we do what we do

Olivenhain Municipal Water District is a multi-functioning public agency that is dedicated and committed to serving present and future customers by:

water

Providing safe, reliable, high-quality drinking water while exceeding all regulatory requirements in a cost-effective and environmentally responsive manner.

recycled water/wastewater treatment

Providing recycled water and wastewater treatment in the most cost-effective and environmentally responsive method.

parks

Safely operating the Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.

emergency management

Complying with policies and procedures that adhere to local, state, and federal guidelines for national security and disaster preparedness.

sustainable operations

Pursuing alternative and/or renewable resources with the most sustainable, efficient, and cost-effective approach.

our goals

What we strive to achieve

1. Providing safe, reliable, high-quality drinking water to each customer in a cost-effective manner;
2. Providing wastewater collection services and reclamation in an environmentally responsible manner; and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts;
3. Operating the Elfin Forest Recreational Reserve in the most cost effective, safe, environmentally responsive and service-oriented manner;
4. Pursuing alternative and/or renewable resources as a means of offsetting costs and energy charges, providing sustainability;
5. Providing a safe, healthful and rewarding work environment that encourages communication as well as values employee participation and personal achievement;
6. Exceeding all federal, state and local regulatory requirements for providing potable water, water reclamation, and recycled water;
7. Minimizing all operational costs while maintaining a high level of customer service;
8. Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision making;
9. Ensuring that financial plans, policies and practices maintain the ability to construct, operate and maintain all approved facilities including replacement funds for future needs;
10. Planning and constructing the Master Plan of Facilities to meet long-term water storage, treatment, transmission, and distribution needs;
11. Establishing programs and policies to develop alternative water supplies to serve existing and future customers;
12. Cultivating supportive and positive relationships with the federal, state and local agencies, which may impact Olivenhain Municipal Water District operations.

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 1

Provide safe, reliable, high-quality water to each customer in a cost-effective manner

Strategy: Preserve existing assets and facilities while planning for future needs and demands by way of the Comprehensive Facilities Master Plan, the Urban Water Management Plan, Annual Capacity Fee Studies, and the Annual Objectives

2016 Calendar Year Objectives

1. Complete condition assessment of pipelines and present 10-year replacement CIP to Facilities Committee and full board
2. Complete David C. McCollom Water Treatment Plant optimization study to identify opportunities to improve efficiency as well as their costs and benefits
3. Complete Train 9 membrane replacement at David C. McCollom Water Treatment Plant and commence replacements on Train 3
4. Conduct an inspection of all above ground pipelines and develop a program for repair/replacement as necessary
5. Complete design and construct the 4G Reservoir Replacement project
6. Identify five additional critical easements and commence maintenance of five impacted easements

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 2

Provide wastewater collection and treatment services in an environmentally responsible manner, and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts

Strategy: Expand development and implement widespread use of recycled water through the Sewer Facilities and Maintenance Plan and the Urban Water Management Plan

2016 Calendar Year Objectives

1. Finish Village Park distribution system (all except HOA conversions)
2. Complete Village Park Recycled Water Pump Station
3. Finish design and complete repairs to Santa Fe Valley Recycled Water Pump Station
4. Develop an RFP for design of the Neighborhood 1 Sewer Pump Station and commence design
5. Complete design and installation of enhanced odor scrubber at Midpoint Sewer Pump Station
6. Evaluate continuing need for Recycled Water Fill Station and, if necessary, revise CEQA documentation

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 3

Operate the Elfin Forest Recreational Reserve in the most cost-effective, safe, and environmentally responsive and service-oriented manner

Strategy: Work with community and local organizations to efficiently operate the Elfin Forest Recreational Reserve, utilizing the Cooperative Interagency Resource Coalition, grant funding, and the Mount Israel Master Recreation Plan

2016 Calendar Year Objectives

1. Host annual Earth Day event
2. Host eleventh annual photo contest
3. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, San Elijo Lagoon Conservancy, and San Diego Zoo; target a minimum of 600 students
4. Complete second-year goals of EFRR strategic plan
5. Host water conservation workshop at Interpretive Center
6. Utilize volunteer groups such as San Diego Mountain Bike Association and EFRR trail patrol for trail maintenance/repairs in preparation and response to El Niño
7. Partner with San Diego Mountain Bike Association to incorporate its members into the EFRR volunteer trail patrol program

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 4

Pursue alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability

Strategy: Work with local utility companies and regional partners on regional alternative energy-generating programs

2016 Calendar Year Objectives

1. Continue partnership with UC Riverside on grant-funded energy optimization project and identify sites for implementation
2. Complete evaluation of alternatives to existing ultraviolet system for recycled water disinfection at the 4S Ranch Water Reclamation Facility

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 5

Provide a safe, healthful and rewarding work environment which encourages communication as well as values employee participation and personal achievement

Strategy: Develop and implement workforce plans—including the Staffing Analysis, annual performance reviews, and team pledge—that identify more efficient methods to perform work, ensure critical work is performed, meet future workforce needs, enhance the ability to recruit a highly qualified and diverse staff, and develop employees to meet workforce demands

2016 Calendar Year Objectives

1. Conduct annual staffing analysis
2. Conduct biannual external compensation study
3. Conduct inter-departmental team-building
4. Complete cross-training with Meters personnel and provide appropriate training under newly created Field Services Technician job description
5. Complete design of Building D Expansion Project (Option 2) and present to the board for consideration
6. Complete design of David C. McCollom Water Treatment Plant office renovation

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

OMWD Team Pledge

Rules of Engagement

Share information and skills;
there are no stupid questions;
plan adequately; have an
optimistic attitude; acknowledge
each other's ideas yet ok to
disagree; practice being open-
minded without judgment; be part
of the solution, not the problem;
work out personal issues
individually; embrace change

Culture

Professional;
Customer service oriented;
Team operation;
Knowledgeable;
Innovative and experienced;
Progressive;
Supportive;
Enthusiastic and positive

Meeting Ground Rules

Be on time;
Set phones to silent or vibrate;
Prepare agenda;
Strong moderator to keep on
track;
Close with summary and action
plan;
Follow through

Communication Efforts

Practice active listening;
acknowledge others for
contributions; understand and
respect other departments'
responsibilities; cross-train to
learn more about other
departmental roles; respect
each other's time; practice
emotional intelligence

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

**Regulatory
Requirements**

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 6

Exceed all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water

Strategy: Operate and maintain facilities to surpass drinking water regulations with a margin of safety to meet customer expectations

2016 Calendar Year Objectives

1. Continue compliance with State Water Resources Control Board emergency regulations
2. Submit data to the State Water Resources Control Board to amend drinking water permit
3. Continue second round of LT2 compliance monitoring, which runs April 2015 through April 2017
4. Submit the 2015 Urban Water Management Plan Update to Department of Water Resources
5. Complete Regional Water Quality Control Board approval of alternative ultraviolet lamps at 4S Ranch Water Reclamation Facility

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

**Financial
Management**

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 7

Minimize OMWD operational costs while maintaining a high level of customer service

Strategy: Continually seek grant funding and create programs that will offset costs

2016 Calendar Year Objectives

1. Complete Homeland Security IT audit and submit budget requirements for remediation
2. Complete Homeland Security SCADA audit and submit budget requirements for remediation
3. Commence Homeland Security facilities audit and present action plan and cost proposal to board
4. Continue to evaluate valve conditions and replace a minimum of 90 high-priority valves
5. Complete mobile service order processing interface and present to Facilities Committee
6. Develop and advertise an RFP for janitorial services and select a firm for 2017
7. Continue to pursue local, state, federal, and private grant funding to offset costs, potentially including funding via Proposition 1 and the Water Resources Reform and Development Act

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

**Financial
Management**

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 8

Maintain open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making

Strategy: Conduct community and customer outreach and provide opportunities for public input and participation, utilizing the Conservation Plan and Urban Water Management Plan

2016 Calendar Year Objectives

1. Continue to develop messaging to ensure customer awareness of State Water Resources Control Board emergency regulations
2. Complete redesign and implementation of new OMWD website and provide status update to Outreach Committee regarding online presence
3. Host public event to commemorate completion of the Village Park Recycled Water Project
4. Increase outreach efforts pertaining to Sewer System Management Plan and Fats, Oils, and Grease program
5. Partner with local businesses and vendors to promote water use efficiency through community events
6. Partner with local fire agencies to host fire-wise workshop

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 9

Ensure that financial plans, policies, and practices maintain the ability to construct, operate, and maintain all approved facilities include replacement funds

Strategy: Review plans and implement necessary updates and enhancements through the use of the Financial Plan and annual budget

2016 Calendar Year Objectives

1. Complete implementation of CIS Infinity
2. Obtain board approval of the Long-Range Financial Plan
3. Review financial threat analysis with the board prior to completion of the budget, including revised water sales projections
4. Conduct annual review of water, recycled water, and sewer rates
5. Complete sewer rate study
6. Update cost allocation plan
7. Conduct Proposition 218 notification process for sewer rates
8. Complete wastewater cost-of-service study
9. Update wastewater capacity and annexation fees
10. Complete inventory barcoding
11. Conduct review of purchasing policy
12. Submit Comprehensive Annual Financial Report and budget to Government Finance Officers Association for its award programs

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

**Water
Master Plan**

Water
Reliability

Government
Relations

goal 10

Plan and construct the Master Plan of Facilities to meet long-term water storage, treatment, transmission, and distribution needs of OMWD

Strategy: Maintain coordinated master plans for all facilities based on condition and performance assessments and anticipated future needs

2016 Calendar Year Objectives

1. Update Standard Specifications and Drawings and present to the board for approval
2. Develop RFP for service line cathodic protection maintenance, including phasing plan and budget forecasts
3. Complete cathodic protection replenishment of the top three deficient pipeline areas in the distribution system

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

**Water
Reliability**

Government
Relations

goal 11

Establish programs and policies to develop alternative water supplies to serve existing and future customers

Strategy: Pursue recycled water, desalination, and conservation opportunities

2016 Calendar Year Objectives

1. Upon execution of funding agreement with Department of Water Resources, initiate the grant-funded San Dieguito Valley Brackish Groundwater Desalination Study

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 12

Cultivate supportive and positive relationships with the federal, state, and local agencies that may impact Olivenhain Municipal Water District operations

Strategy: Continue involvement and participation with partner agencies and organizations

2016 Calendar Year Objectives

1. Engage and influence the State Water Resources Control Board on emergency regulations and pending permanent regulations utilizing OMWD's advocate in Sacramento
2. Continue to pursue federal funding with North San Diego Water Reuse Coalition
3. Continue working with City of San Diego to convert existing take-or-pay recycled water purchase agreement to a permanent connection
4. Work with San Elijo Joint Powers Authority to facilitate execution of the Proposition 84/Integrated Regional Water Management Round 4 funding agreement for the Manchester Avenue recycled water pipeline
5. Continue cooperation with regional public agencies in order to increase revenue and reduce costs; target at least five partnerships

LONG-TERM FINANCIAL PLAN (fiscal years 2017-2026)

The District has a Long-Term Financial Plan based on forecasted data to assess the long-term financial implications of current and proposed policies, programs, and assumptions. It is used to develop appropriate financial strategies to achieve the District's long-term goals in order to support its mission statement. This long-term financial plan is continually updated to reflect emerging issues, ensuring that the plan addresses the current fiscal environment.

In today's environment of economic uncertainty, financial planning is essential to good financial management. Although long-term financial planning may not always solve budget problems, it serves as a financial tool for early detection that allows District staff to deal with budgetary issues proactively.

The District's Long-Term Financial Plan was developed based on certain financial assumptions and known projected costs. These assumptions were gathered from the District's historical and current data, trend analyses, as well as anticipated future growth based on the current and predicted future economy. Any external uncertainties or unknown variables that staff has no control of (such as increased water wholesale costs, the fluctuation in energy prices, and future changes in state and federal regulations) are excluded from these projections.

This section contains a ten-year financial projection for potable water, wastewater, and recycled water operations, capital and equipment expenditures, as well as a ten-year forecast of the District's projected beginning and ending cash balances by fund. Planned capital expenditures include expansion, betterment, and refurbishment of existing facilities for the next ten years. The Capital Improvement Projects which are listed in the District's 10 Year Capital Spending Plan are based on the 2015 Wastewater Master Plan and 2015 Potable Water and Recycled water Master Plan and District staff evaluations and assessment.

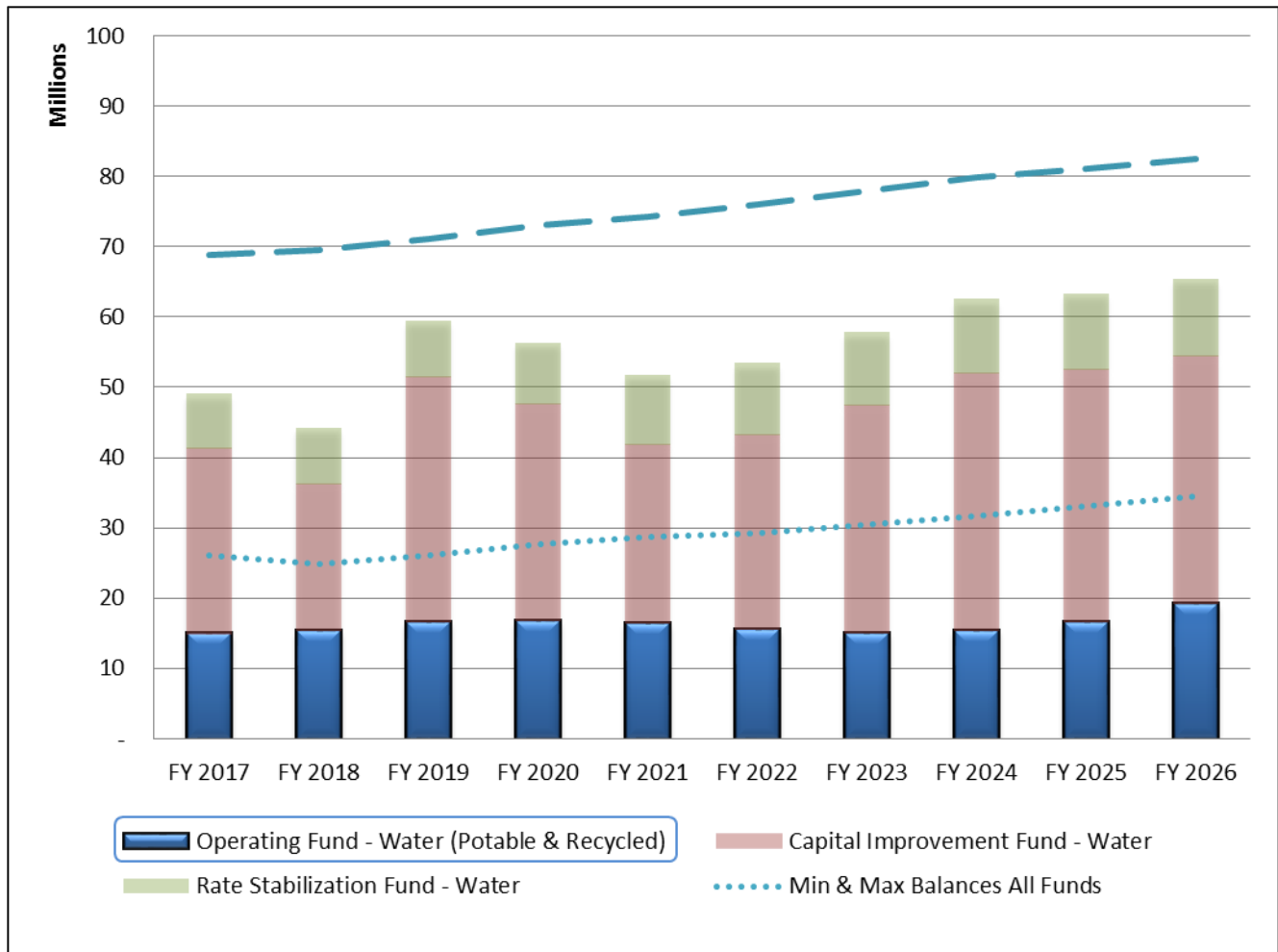
Long-Term Goals:

- Continue the District's commitment to serve present and future customers with safe and reliable water in a cost effective and environmentally responsive manner.
- Remain dedicated to provide high-quality customer service and continuously improve service to customers.
- Secure the District's financial position by collecting sufficient revenues to pay for rising operating costs and capital expenditures without sacrificing quality of service to our customers.
- Operate the David C. McCollom Water Treatment Plant (DCMWTP) and 4S Ranch Water Reclamation Facility (4S WRF) at full capacity to optimize treatment costs per unit.
- Continue efforts to develop alternative water supplies, such as the Village Park recycled water project, North County Recycled Water Coalition, and San Elijo Valley Ground Water Project.

- Continue efforts to provide the organizational capacity to carry out the District's long-term planning efforts by providing a flexible and skilled workforce and the technology to support all of the business plan programs.
- Continue efforts to develop other alternative revenue sources, such as selling excess treated water services to other water agencies.
- Continuously support positive relationships with other governmental agencies to address global issues, not limited to water.
- Provide a safe, happy, and healthy work environment for employees to carry out the District's mission to its community.
- Maintain and safeguard the District's water system through implementation of various capital improvement programs based on the District's Capital Spending Plan in a cost-effective and environmentally safe manner.
- Continue compliance with State Water Resources Control Board's emergency conservation regulations.
- Complete planned capital improvement projects to meet current and future water demands based on the District's Comprehensive Master Plan.

Operating Fund – Water (Potable and Recycled)

The District's revenue predominantly comes from potable water operations. Potable water sales are the District's largest source of operating revenue, followed by recycled water operations and property (ad valorem) tax revenue. The District uses property taxes to pay for some of its capital improvement projects to lower future years' rate increases.



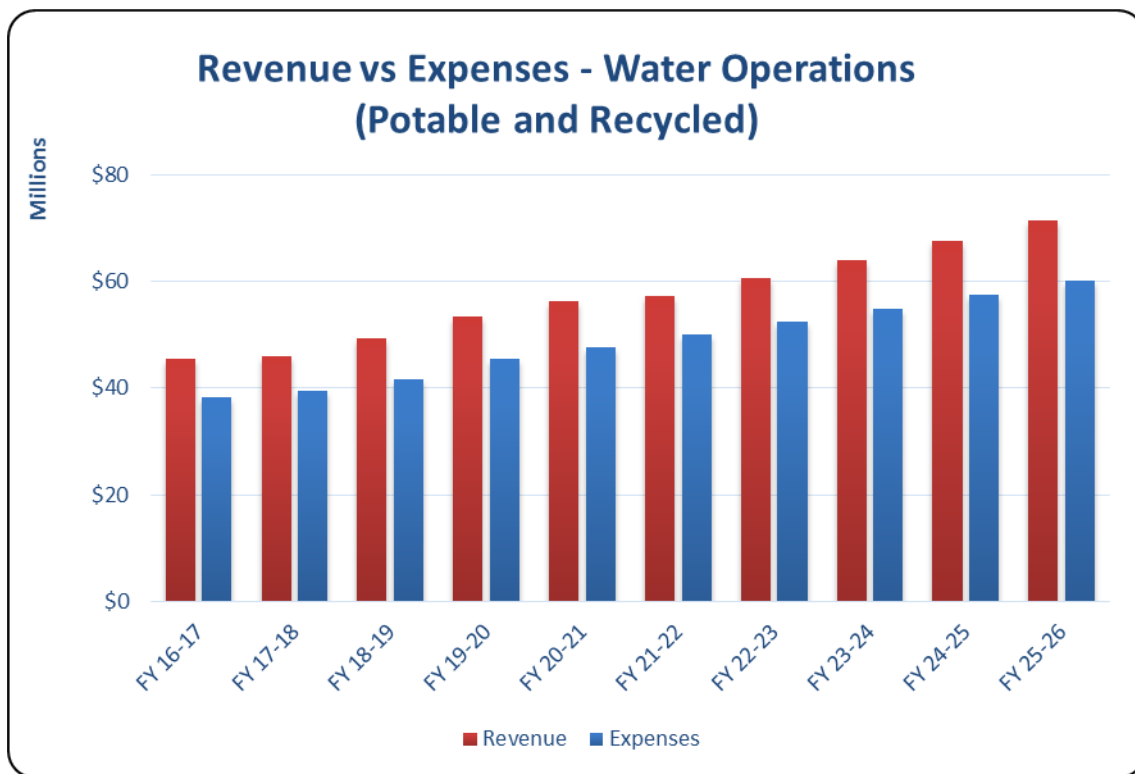
Projected Ending Fund Balance in excess of the 120 day maximum will be transferred into the Rate Stabilization Fund, with Board approval, as long as the Rate Stabilization Fund is below its maximum. The adequacy of each fund balance is reviewed annually after the fiscal year financial audit is completed.

The District collects approximately 28% of its revenue requirement from fixed monthly system access charges. The remaining revenue requirement of 72% is collected from commodity rates.

Revenues are collected to pay for purchased water, operating and maintenance costs, capital facilities, and debt service payments.

The District purchases its water from the San Diego County Water Authority (SDCWA). SDCWA, in turn, purchases a substantial portion of its water supplies from the Metropolitan Water District of Southern California (MWD). MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct. Purchased water cost accounts for approximately 43% of the District's annual water operating budget.

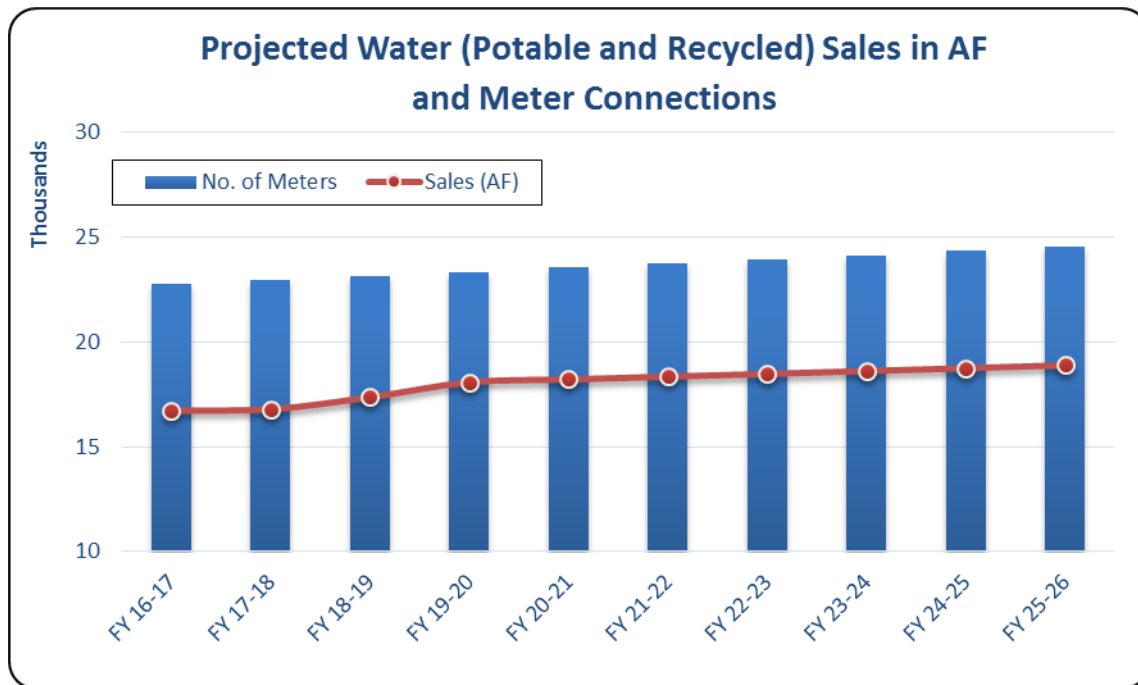
The Board adopted a Revenue and Expenditure Policy whereby the District will make adjustments to rates and charges as the Board deems necessary. The District shall adjust rates and charges so that net system revenues from rates and charges will be sufficient, at all times, to meet the requirements of the rate covenant.



Key Financial Assumptions – Water (Potable and Recycled)

- The District is currently at level two Drought Rates. The Board of Directors, however, will likely consider transitioning down from level two rates during fiscal year 2016-2017.
- The District shall draw from its operating reserve and rate stabilization reserve, as needed, to cover temporary revenue shortfalls.
- Water sales volume is expected to remain the same as fiscal year 2015-2016 due to the state's emergency conservation regulations.
- The District is nearing buildout and has well-developed potable water conveyance, treatment, and distribution system.
- At approximately 89% build-out, growth is estimated at less than 1% per year until the District is fully developed (2050).

- Recycled water consumption is expected to increase in future years. The increase in recycled water demand will be offset by a decrease in potable water use for irrigation.
- The District's portfolio of water sales is 89% potable and 11% recycled in fiscal year 2016-2017. Recycled water sales are expected to replace and offset potable water irrigation demand in the future.



Source: District

Number of meter connection excludes Fire Meter accounts of approximately 5,700 meters.

- Other revenue sources include water related service fees, investment income, and other non-core business revenues such as rental income from cellular tower sites.
- The District relies on Property Tax Revenues to fund its capital improvement projects. Property Tax Revenue is expected to increase slightly each fiscal year because of increases in assessed property value and growth in San Diego home sales.
- Included in this year's revenue projection is a Board approved 6% rate increase effective March 2016 to pass through purchased water wholesale increases and to avoid rate spikes.
- The District's operating expenses includes pass through of purchased water wholesale cost increases, annual inflation adjustments, and anticipated increase in supply, power, and fuel costs.
- The Board adopted a pass-through ordinance that would authorize the District to pass the following through to its customers until December 2019: (1) any future SDCWA charges and any rate increases to any existing SDCWA charges that are imposed on the District (collectively "SDCWA pass through charges" or individually a "SDCWA pass through charge"); (2) annual cost of living increases to the District's rates for its water services fees for increased costs of operations and maintenance, and capital facilities ("inflationary adjustments"); and (3) to

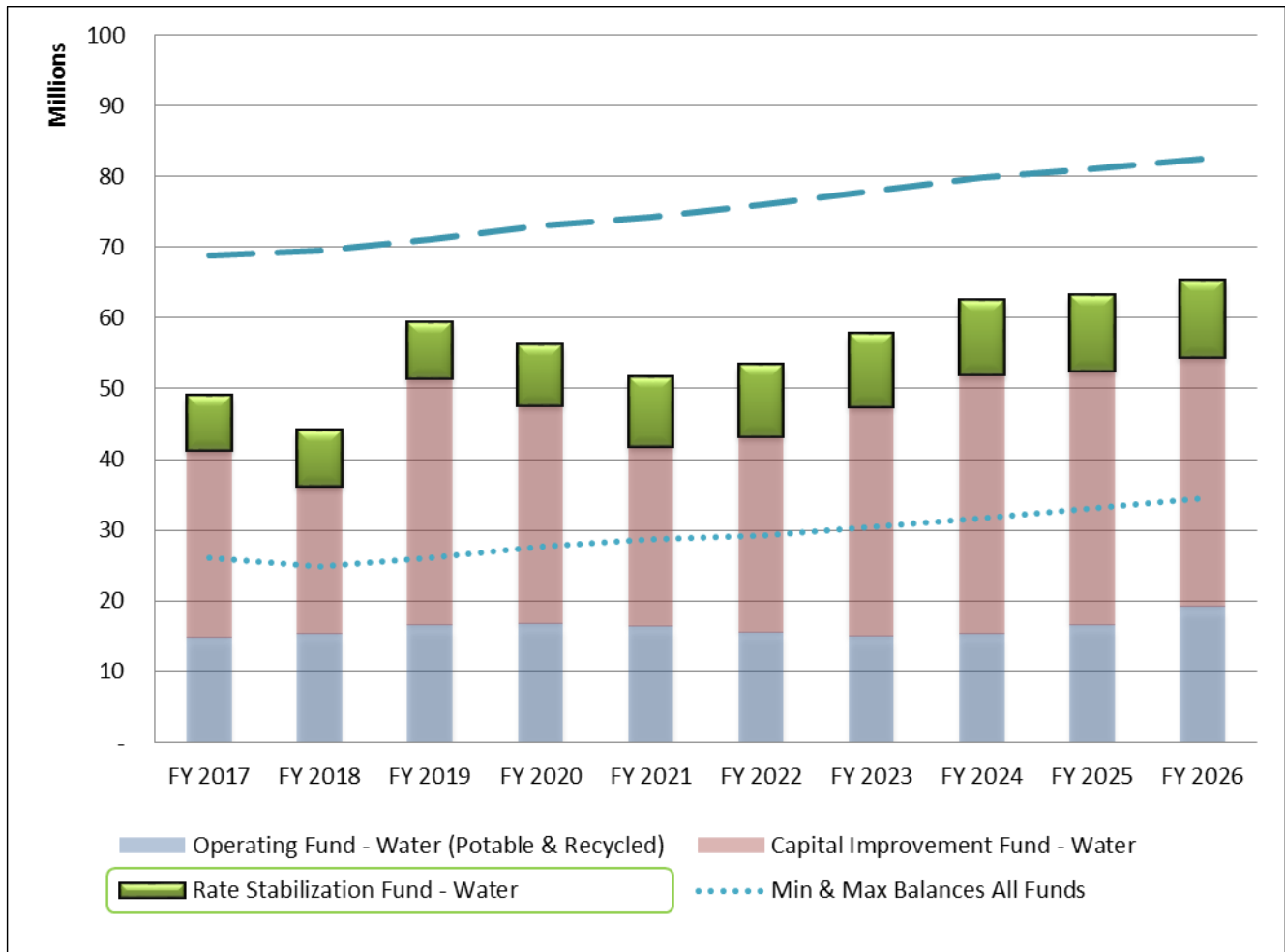
recover any future revenue lost by the District in the event the state exercises its rights under Proposition 1A to borrow the District's real property tax revenue allocations ("Prop 1A adjustment"). The yearly pass-through increases are not to exceed 15% each year for the next five years.

- Increases in labor and benefit are budgeted based on the 2013 Memorandum of Understanding (MOU) with the District's employee association groups. The District has a full pay-for-performance system based on merit. Pay rate increases are given on July 1st of each year. For the duration of the MOU, the annual merit pool is calculated based on San Diego County's CPI-U for the previous year, with a lower limit of 2% and an upper limit of 4%, added to 2.5% into one merit pool. The annual merit pool for fiscal year 2016-2017 is 4.9%. The labor and benefit cost increases included in the budget are presented to and approved by the Board on an annual basis prior to the budget adoption date.
- The District's internal operating and maintenance cost (also known as controllable expenses) exclusive of costs to purchase water and net of capitalized expenditures, are projected to increase by approximately 3% each fiscal year to keep up with inflation, with the exception of an 8% increase in fiscal year 2020 to allow for an increase in operations and maintenance costs when the San Elijo Valley Groundwater Project's treatment plant is expected to be operational.
- Investment income is projected to be 1% each for the first three years starting in fiscal year 2016-2017 and 2% thereafter.
- The District has an agreement with Vallecitos Water District (VWD) to sell available treatment services from the David C. McCollom Water Treatment Plant (DCMWTP) starting in fiscal year 2015-2016 to reduce DCMWTP fixed costs and to increase plant efficiency. The selling of excess treated services to VWD is projected to generate over \$6.5 million in water operating revenue in the next 10 years.
- The District is continuing to evaluate alternative local water sources and supplies in order to reduce reliance on imported water. The District begun studies for the San Elijo Valley Groundwater Project which is exploring the feasibility of constructing a brackish water treatment plant capable of providing up to 1 million gallons per day of potable drinking water to the District's customers.
- Expansion of the Northwest Quadrant recycled water system in Village Park is underway. When completed, the District will be able to deliver up to an additional 500 acre feet (AF) of recycled water per year.
- Potable and Recycled rates and charges are reviewed and approved annually by the Board because of the uncertainties surrounding the impacts of increased conservation, increasing water prices, drought restrictions and other factors on District's revenues.

Rate Stabilization Fund - Water

The District will use funds available from the Rate Stabilization Fund, with Board's approval, to cover temporary budget shortfalls. Actual fund transfer From/To Rate Stabilization Fund is completed after the District's yearly financial audit is finalized.

The District collects approximately 28% of its net system revenues from fixed monthly charges and 72% from commodity rates. Funds available in the Rate Stabilization Fund provide the District with financial flexibility to manage water sales fluctuations due to uncontrollable events such as changes in federal and state legislation or prolonged dry/wet weather.



Operating Fund – Wastewater

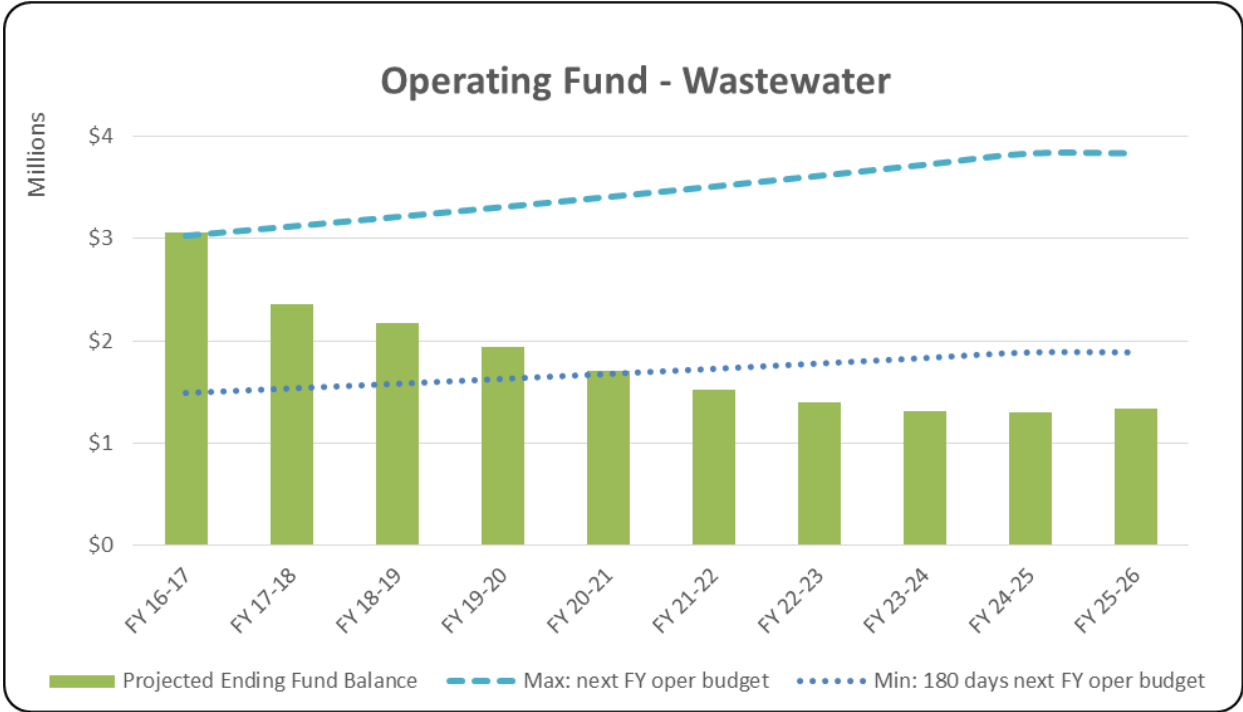
The District’s wastewater system is comprised of two sanitation districts while also being an interconnected system:

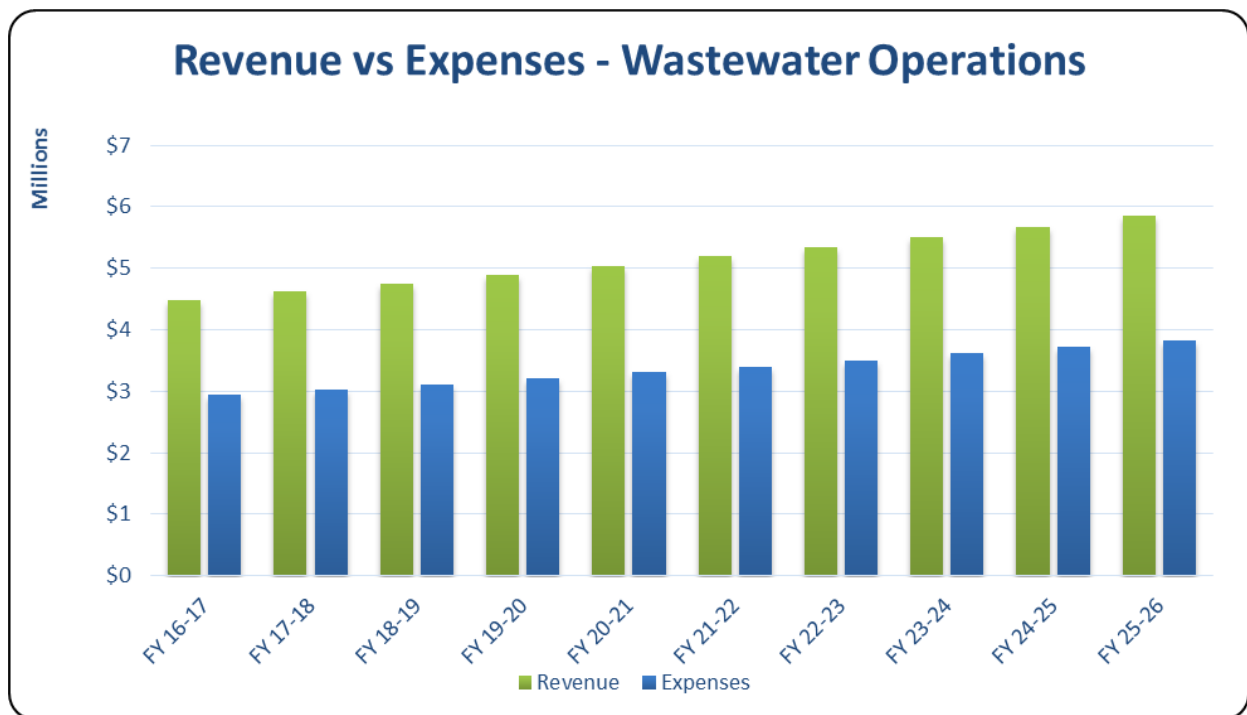
- **Rancho Cielo Sanitation District** – This includes the Cielo development and adjacent areas. It is located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway – in the Southeast Quadrant of the District’s water service area.
- **4S Ranch Sanitation District** – This area consists of the 4S Ranch master planned community. It is located west of Rancho Bernardo.

Wastewater from the Rancho Cielo Sanitation District is collected through a series of gravity sewers and pump stations and is ultimately pumped to the 4S Ranch Water Reclamation Facility (4S WRF). The 4S WRF produces recycled water to serve irrigation needs within this service area. With financial support from local developers such as 4S Kelwood and Rancho Cielo, the 4S WRF was expanded from a 0.25 million gallon per day (mgd) wastewater treatment plant to a 2.0 mgd reclamation facility. The purpose of this expansion was not only to expand sewer collection services in the 4S Ranch and Rancho Cielo areas but also to improve the existing plant by implementing a “tertiary” treatment process which allows the plant to treat wastewater effluent to a level suitable for irrigation use.

The District’s Wastewater Service Fees are collected on each property owner’s property tax bill on an annual basis. Sewer bills are due and payable at the same time when a property owner’s tax bill is due to the San Diego County Tax Assessors Office, in April and December of each year.

Due to the timing of receipts the District needs to have adequate cash on hand to pay for operating expenditures (working capital). Wastewater Service fees comprised of two components, a monthly system access charge (fixed revenue) and commodity rates based on an estimated amount of sewage generated by each user. Wastewater service revenues are calculated based on actual water use and on the 4S Water Reclamation Facility projected operating and maintenance expenses needed to provide wastewater services in the 4S Ranch and Rancho Cielo areas.





A projected ending fund balance in excess of the 365 day maximum will be transferred into the Rate Stabilization Fund, with Board approval, as long as the Rate Stabilization Fund is below its maximum. The adequacy of each fund balance will be reviewed on a yearly basis after the annual financial audit is completed

Key Financial Assumptions

Wastewater Service Fees are calculated based on (1) current and projected increases in the cost of operating and maintaining the 4S Wastewater Collection and Treatment Facilities; (2) construct capital infrastructure improvements needed to replace or refurbish aging wastewater collection and treatment facilities and fund new capital infrastructure based on the 2015 Wastewater Master Plan; and (4) comply with state and federal regulatory wastewater and disposal requirements.

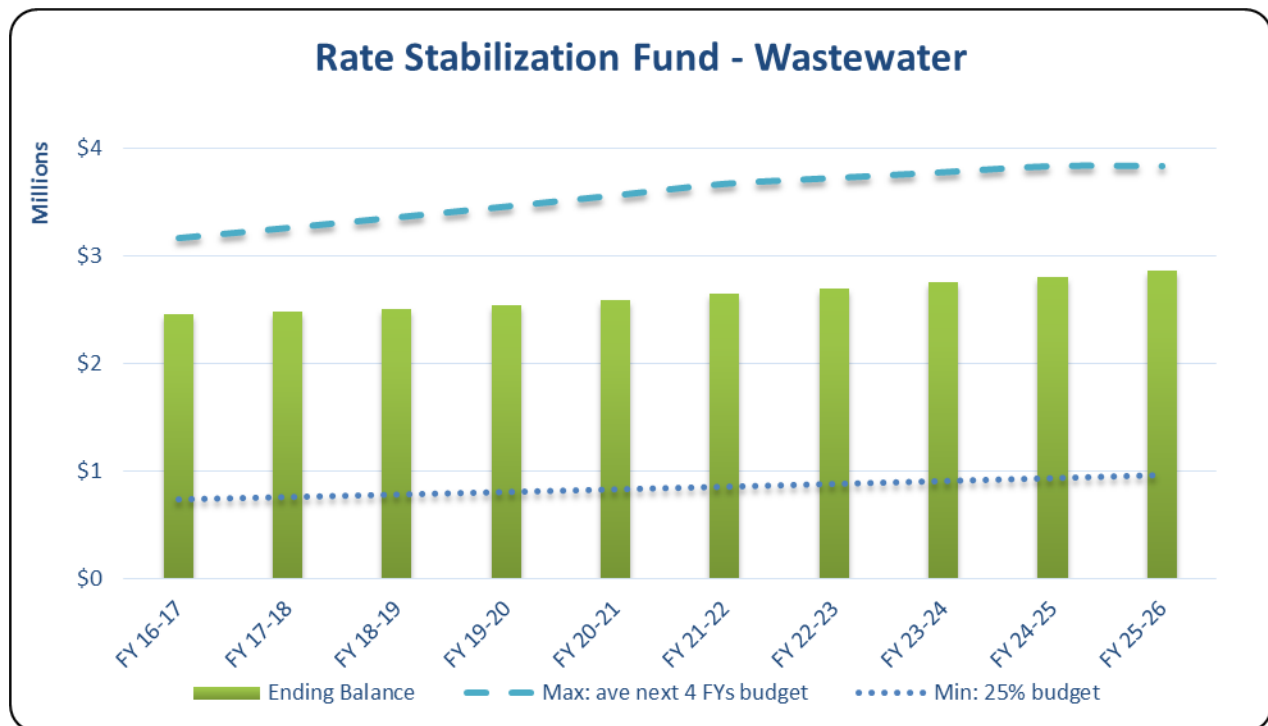
The District updated its Wastewater Master Plan in September 2015. The main objective of the Plan was to develop a 10 year infrastructure and financial planning tool for the 4S Ranch and Rancho Cielo wastewater systems to ensure high-quality service to the District's sewer customers. The District's Wastewater Rate and Fees study was completed by Raftelis Financial Consultants in March 2016. The study period included in RFC report is fiscal years 2016-2017 to 2024-2025.

- The District expects to collect close to \$1.5 million in annexation fees from new customers being annexed to its sewer system during fiscal year 2016-2017.
- General inflation is based on the average annual change in the 15-year Consumer Price Index for San Diego region at 3% each year.
- Growth is projected to be relatively flat, less than 1% each year, until build-out (2030).

- Capital Inflation approximates the average annual change in the Engineering News Record Construction Index over the last 15 years, or 4%.
- Salary and Benefits are projected to increase between 4.5% and 5.0% each year for the next ten years based on the 2013 Memorandum of Understanding between the District and the bargaining units.
- Utilities are projected to increase by 8% each year over the next ten years.
- The District completed its five year Proposition 218 Notification for its wastewater service fees. The proposed rates include a 3% increase in wastewater service revenue each fiscal year for the next five years.
- Investment income is projected to be 1% in fiscal year 2016-2017, and 2% thereafter.
- Wastewater rates and charges are reviewed and approved by the Board annually.

Rate Stabilization Fund - Wastewater

The purpose of this fund is to protect the District's financial resources against an economic shortfall, an unexpected increase in expenditures from sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged sewer facilities.



Capital Improvement Funds – Water (Potable and Recycled)

The District's 2015 Potable and Recycled Water Master Plan was completed in April 2016. Over the past seven years, the effects of increased conservation, increasing water prices, drought restrictions, economic recession, and other factors have combined to produce a downward shift in District's per capita water use. The 2015 Potable Water and Recycled Water Master Plan anticipates future demands will remain below their historical highs despite continuing growth in population, housing, and employment of approximately 10 percent by 2050.

Potable water and recycled water capital facilities are financed on a pay-as-you-go (PAYGO) basis through fees and charges and/or bond proceeds through debt issuance. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than expected cash reserve fund earnings. These funds will be used to improve, acquire, and replace water distribution facilities, reservoirs and sites, as well as vehicles and equipment as identified in the annual budget and ten-year plan.

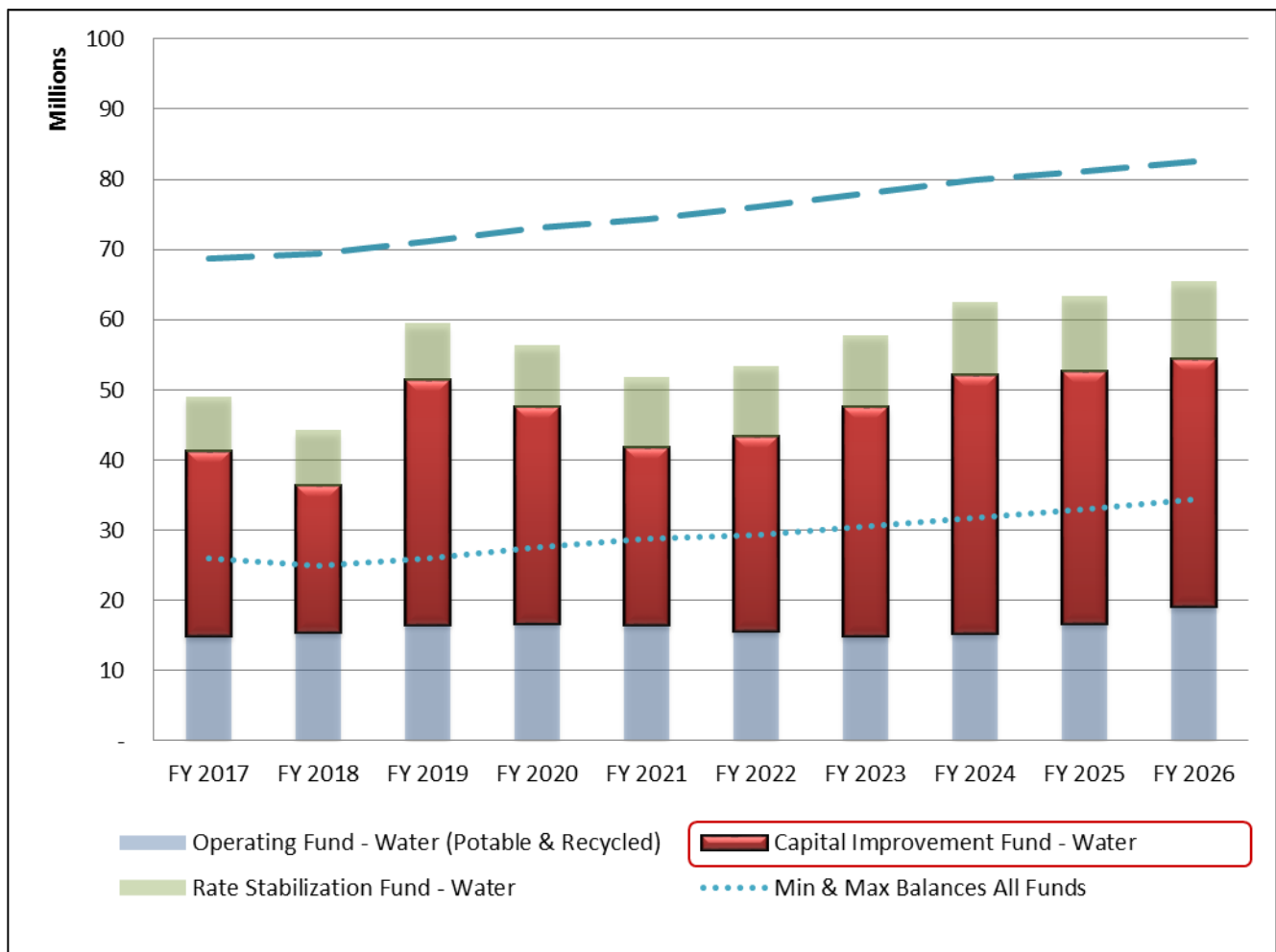
District staff evaluates and reviews the 10 Year Capital Spending Plan on an annual basis as part of the budget process. The purpose of this evaluation process is to review the prior year's program and propose an update to the existing program, when required, due to anticipated changes in circumstances. Some projects need to be accelerated to accommodate faster than expected growth. Other projects are required to be completed ahead of their original schedules to support existing water operations in order to achieve optimum efficiency, thus reducing operating costs. Capital improvement projects included in the District's long-term financial plan are derived from the District's CMP.

The long-term financial forecast is used by the Finance Department as a cash management tool to forecast the District's cash position and funding requirements over the next ten years. Each fund's current and future projected revenue (cash inflow) are reviewed in relation to the existing reserve levels and its projected cash outflow (operating and CIP expenditures) to ensure that the District has the ability to maintain a strong financial position while accomplishing ambitious programs.

Proposed projects included in the long-term financial plan reflect the District's short-term and long-term commitments to its mission and objectives and the District's Board of Directors' goals and objectives. The minimum requirement of each fund balance is set according to the District's Reserves Policy. This Policy is approved and adopted by the District's Board of Directors. The timing of each fund's balance inflow and outflow is the biggest variable in this financial forecast.

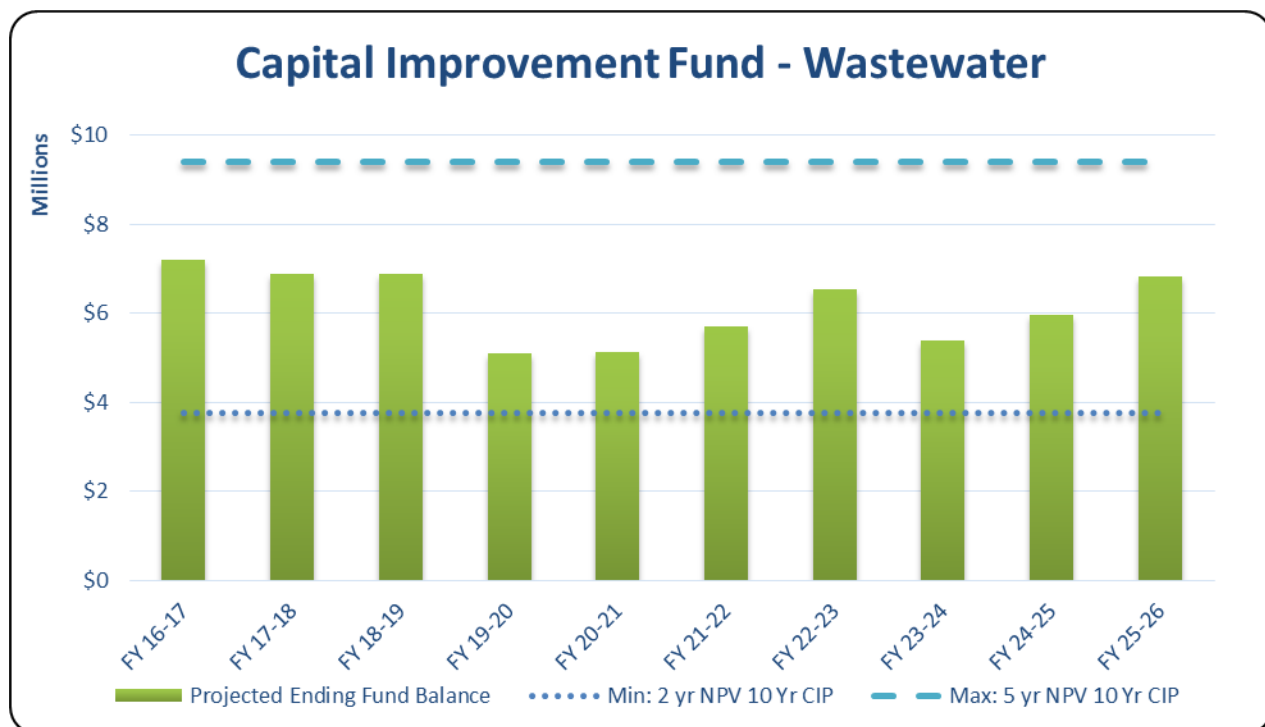
Contributions to this fund comes from potable and recycled water rates and charges, property tax revenues, capacity fees, and new bond issuances to pay for capital facilities included in the 10 Year Capital Spending Plan and the District's 2015 Potable Water and Recycled Water Master Plan.

The total value of investment needed to complete required potable water and recycled water facilities based on the 2015 Master Plan in the Water - Capital Improvement Fund from fiscal year 2016 to fiscal year 2025 is approximately \$85.3 million.



Capital Improvement Fund - Wastewater

The Wastewater capital expenditures fund is financed through PAYGO from sewer user fees and charges. The District completed the 4S Ranch and Rancho Cielo Wastewater Systems Master Plan update in September 2015. The 2015 Wastewater Master Plan includes a list of long-term capital costs of projects to be completed in the next 10 years, which can be found in the 10 year Capital Spending Plan – Wastewater page in this section and the Capital Budget section of this budget.



All wastewater capital improvement projects are funded 100% through wastewater service fees, capacity fees, and annexation fees. More detail information about the District’s wastewater rates and fees can be found in the 2016 Wastewater Rate Study, Capacity Fee, and Annexation Fee Report.

Debt Service Fund

The District currently has five long-term debts: the Reassessment District 96-1 Limited Obligation Improvement Bonds, the 2015A Water Revenue Refunding Bonds, the 2009 Water Revenue Bonds, a 2012 State Revolving Fund Loan, and a 2012 California Bank & Trust Tax-Exempt Promissory Note.

The Reassessment District 96-1 bonds were issued on July 25, 2007 to refinance the Assessment District 96-1 bonds. The Assessment District 96-1 bonds (\$22,530,000 original principal amount) were issued in August 1997 for the purpose of constructing the dam and reservoir portion of the Olivenhain Water Storage Project. The primary sources of repayment for these bonds are assessments levied on properties within reassessment District 96-1. These assessments are placed on the property tax rolls and are collected by the San Diego County Tax Assessor.

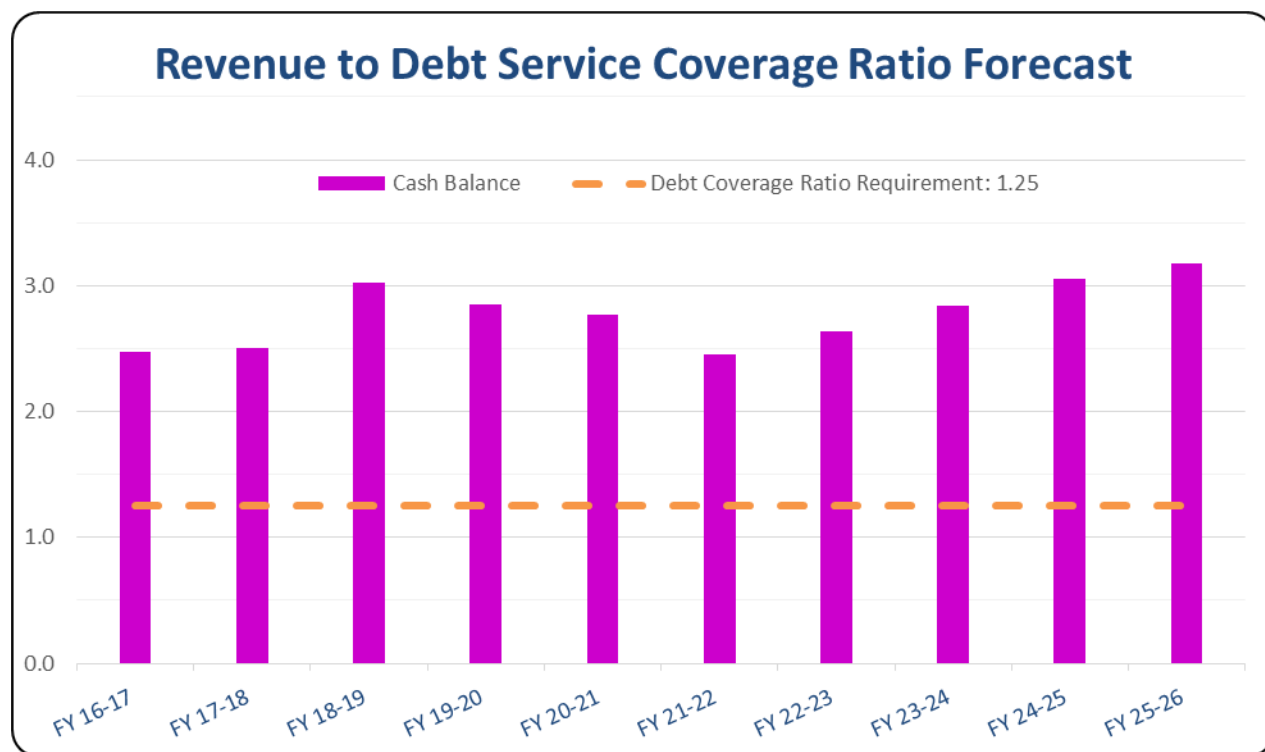
The 2015A Water System Revenue Refunding Bonds (2015A Bonds) were issued to refund the outstanding balance of the 2006A Water Revenue Refunding Bonds (2006A Bonds). The 2006A Bonds (\$38,940,000 original principal amount) were issued in March 2006 to refund the remaining balance of the 1997 Water Revenue Certificates of Participation. Net water system revenues provided the primary source of repayment for the 2006A Bonds. According to the 2006A Bonds’ covenants, the District was required to maintain net system revenues equal to 115% of debt service on senior obligations and net system revenues equal to 100% of debt service on all obligations. Under the 2015A Bonds’ covenants,

the District is now required to maintain net system revenues of at least 125% of debt service on senior obligations and 100% of debt service on all obligations.

The 2009 Water Revenue Bonds (\$19,175,000 original principal amount) were issued on November 5, 2009 to finance the required improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for these bonds are net system revenues.

The 2012 State Revolving Fund (2012 SRF) was awarded by the California Department of Public Health on December 2011. The \$17,812,998 loan, at an interest rate of 2.3035% with a 20-year term, was used for construction of LT2-related improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for 2012 SRF are water rates and charges.

The 2012 California Bank and Trust (CB&T) tax exempt promissory note in the amount of \$5,000,000, with maturity not later than 5 years, was issued in February 2012. The interest rate will adjust monthly based on the 30-day LIBOR + 156 basis points. The purpose of this note is to provide funds for certain capital expenditures, including implementation of a new financial enterprise resource planning (ERP) system, utility billing system, and advanced metering infrastructure (AMI) equipment. Potable water, recycled water, and wastewater revenues are the primary sources of repayment for this note.



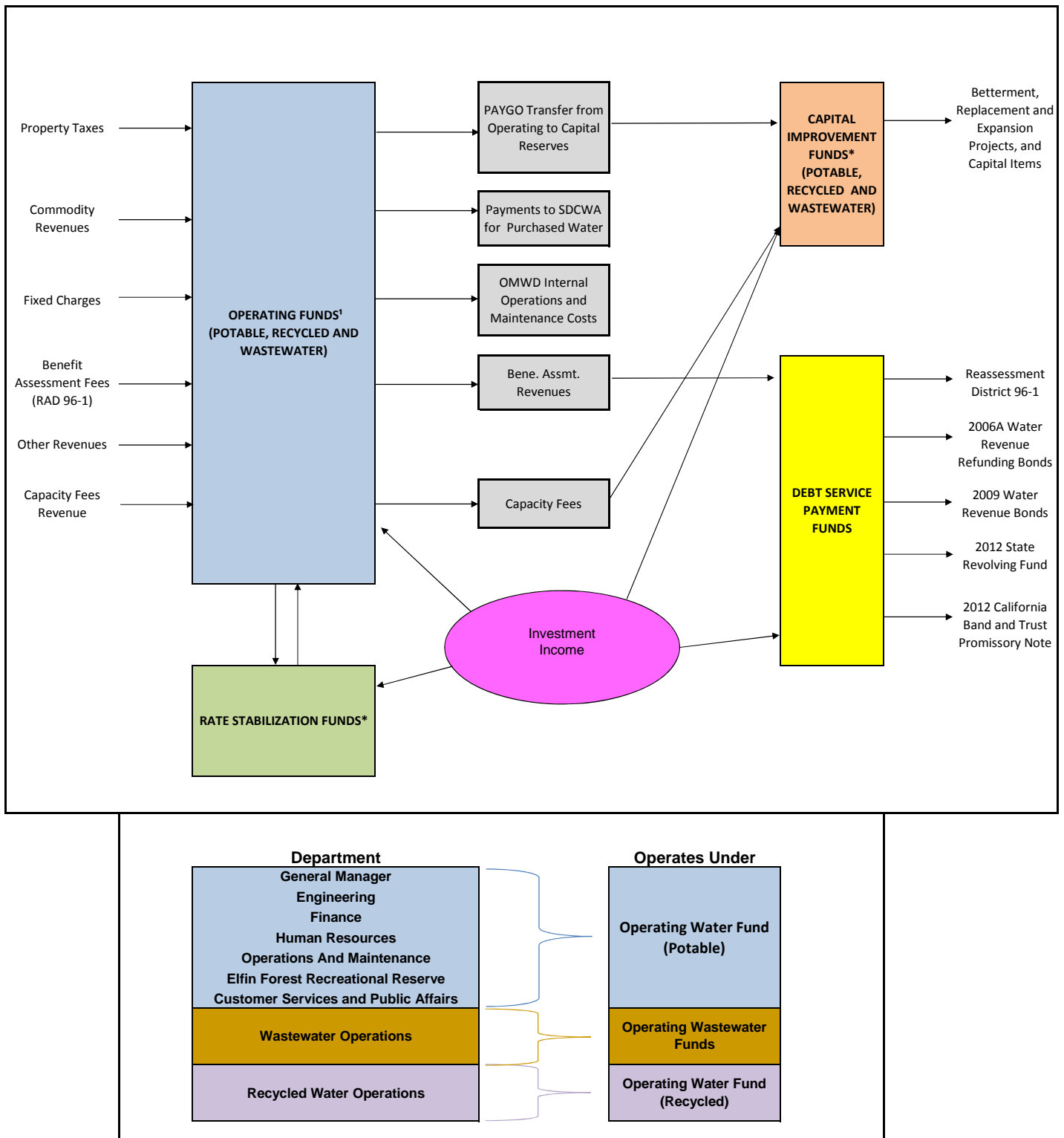
Olivenhain Municipal Water District
Projected Financial Water Operations (Potable and Recycled)

(\$1,000s - Fiscal Years Ending June 30)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Water System Revenue										
Water Sales	42,617	43,069	46,306	50,171	53,062	53,866	56,968	60,250	63,724	67,401
Other Operating Revenues	2,816	2,966	3,055	3,193	3,318	3,450	3,589	3,734	3,887	4,048
Capacity Fee, Net of Credit	1,280	1,638	2,819	2,014	794	679	647	635	580	-
Investment Income ¹	251	507	601	591	583	560	587	616	639	687
Property Taxes	2,900	2,900	2,901	2,901	2,901	2,901	2,902	2,902	2,902	2,902
Other Non-Operating Revenues	62	62	62	62	62	5	5	5	5	5
Total Water System Revenue	49,926	51,142	55,744	58,932	60,720	61,462	64,698	68,142	71,738	75,043
Water System Expenditures										
Cost of Water Sold	22,383	22,444	23,800	26,277	27,822	29,436	31,142	32,946	34,856	36,877
Cost of Recycled Water	617	1,233	1,549	1,819	1,900	1,984	2,072	2,164	2,261	2,363
Operations and Maintenance	15,326	15,745	16,218	17,515	18,040	18,582	19,139	19,713	20,305	20,914
Total Water System Expenditures	38,326	39,422	41,567	45,611	47,762	50,001	52,353	54,824	57,422	60,155
Net System Revenues	11,600	11,720	14,177	13,321	12,958	11,461	12,345	13,318	14,315	14,889
Coverage Calculation										
2015A Refunding Debt Services	2,409	2,406	2,409	2,408	2,403	2,405	2,413	2,410	2,414	2,407
2009 COP Debt Services	1,205	1,203	1,205	1,201	1,202	1,202	1,206	1,204	1,205	1,205
2012 SRF Debt Services	1,070	1,070	1,070	1,069	1,070	1,070	1,070	1,070	1,070	1,070
Total Debt Services	4,684	4,679	4,684	4,678	4,675	4,677	4,689	4,684	4,689	4,682
REVENUE TO DEBT COVERAGE RATIO	2.48	2.50	3.03	2.85	2.77	2.45	2.63	2.84	3.05	3.18
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

¹ Estimated based on projected increases in fund balances, assuming a 5% planner rate increase for the next 10 years at level 1 rates.

**Olivenhain Municipal Water District
Schematic of Fund Structure and Cash Flow Diagram**



Notes: More information on these fund balances can be found in the Financial Policies section of this document.

• ¹ In keeping its books and records, the District has established various fund balances in order to enhance internal control and further attain other management objectives.

• Each operation (potable, recycled and wastewater) has its own set of funds (operating fund, rate stabilization fund and capital fund). Transactions are accounted and recorded separately within each fund.

• Operating and capital appropriations are approved annually by the District's Board of Directors. Proposed revenues and expenditures, including debt service expenditures, are presented to the Board along with comparisons to projected expenditures for the current year and actual expenditures of the prior year. The District operating and capital budget is developed on an annual basis.

Olivenhain Municipal Water District Ten Year Fund Balance Forecast Operating Fund - Water (Potable and Recycled)										
Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Water Volume Sales	30,962,000	31,109,891	34,262,690	38,041,948	40,845,822	41,562,422	44,576,526	47,769,793	51,153,304	54,738,977
System Access Charge	11,655,000	11,958,919	12,043,799	12,129,085	12,215,891	12,303,511	12,391,537	12,480,377	12,570,737	12,661,910
SDCWA IAC	963,000	1,125,054	1,174,028	1,254,222	1,326,584	1,403,140	1,484,085	1,569,718	1,660,416	1,756,371
Selling Treatment Services to CWA	-	-	-	-	-	-	-	-	-	-
Selling Treatment Services to Vallecitos	600,000	579,000	602,000	642,000	677,000	714,000	753,000	793,000	836,000	881,000
Other Water Operating Revenues	1,253,000	1,261,600	1,278,972	1,296,691	1,314,765	1,333,201	1,352,005	1,371,185	1,390,748	1,410,703
Total Operating Revenues	45,433,000	46,034,465	49,361,488	53,363,946	56,380,062	57,316,274	60,557,153	63,984,073	67,611,205	71,448,962
Operating Expenses										
Purchased Water	23,180,000	23,856,919	25,529,058	28,095,980	29,721,974	31,419,552	33,213,458	35,110,439	37,117,856	39,240,827
Recycled Water Credit	(180,000)	(180,000)	(180,000)	-	-	-	-	-	-	-
Operating Expenses (exclude depreciation)	15,326,000	15,745,200	16,217,556	17,514,960	18,040,409	18,581,622	19,139,070	19,713,242	20,304,640	20,913,779
Total Operating Expenses	38,326,000	39,422,119	41,566,614	45,610,940	47,762,383	50,001,174	52,352,528	54,823,681	57,422,496	60,154,605
Net Operating Revenues	7,107,000	6,612,346	7,794,874	7,753,005	8,617,679	7,315,100	8,204,625	9,160,392	10,188,709	11,294,357
Other Cash Inflows										
Investment Income	115,000	398,000	420,000	431,000	452,000	418,000	419,000	426,000	453,000	503,000
Transfer from Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Property Taxes	2,900,000	2,900,290	2,900,580	2,900,870	2,901,160	2,901,450	2,901,740	2,902,031	2,902,321	2,902,321
Gain on Sale of Fixed Assets	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Other Non-Operating Revenues	62,000	62,000	62,000	62,000	62,000	5,000	5,000	5,000	5,000	5,000
Total Other Cash Inflows	3,102,000	3,385,290	3,407,580	3,418,870	3,440,160	3,349,450	3,350,740	3,358,031	3,385,321	3,435,321
Other Cash Outflows										
Transfer to Capital Fund - PAYGO	3,000,000	3,600,000	3,600,000	3,500,000	4,400,000	4,500,000	5,300,000	5,300,000	5,300,000	5,300,000
Transfer to Capital Fund - Gann Limit	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Transfer to Rate Stabilization Fund	-	-	-	500,000	1,000,000	-	-	-	-	-
Transfer for 2015A Debt Service Payment	2,409,000	2,406,000	2,409,000	2,408,000	2,403,000	2,405,000	2,413,000	2,410,000	2,414,000	2,407,000
Transfer for 2009 COP Debt Service Payment	1,205,000	1,203,000	1,205,000	1,201,000	1,202,000	1,202,000	1,206,000	1,204,000	1,205,000	1,205,000
Transfer for 2012 SRF Debt Service Payment	1,070,000	1,070,000	1,070,000	1,069,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Transfer for 2012 CB&T Debt Service Payment	523,000	-	-	-	-	-	-	-	-	-
Transfer for 2016 Proposed Debt Service Payment	-	-	552,937	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874
Transfer for 2012 SRF Reserve Fund Requirement	112,000	112,000	112,000	112,000	112,000	112,000	-	-	-	-
Other Non-Operating Expenditures	100,000	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	9,519,000	9,491,000	10,048,937	10,995,874	12,392,874	11,494,874	12,194,874	12,189,874	12,194,874	12,187,874
Net Other Cash Inflow (Outflow)	(6,417,000)	(6,105,710)	(6,641,357)	(7,577,004)	(8,952,714)	(8,145,424)	(8,844,134)	(8,831,844)	(8,809,554)	(8,752,554)
Net Cash Flow	690,000	506,636	1,153,517	176,001	(335,035)	(830,324)	(639,509)	328,548	1,379,155	2,541,803
Projected Beginning Fund Balance	14,265,000	14,955,000	15,461,636	16,615,153	16,791,154	16,456,118	15,625,794	14,986,285	15,314,833	16,693,988
Projected Cumulative Ending Fund Balance	\$ 14,955,000	\$ 15,461,636	\$ 16,615,153	\$ 16,791,154	\$ 16,456,118	\$ 15,625,794	\$ 14,986,285	\$ 15,314,833	\$ 16,693,988	\$ 19,235,791

**Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Rate Stabilization Fund - Water**

Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	151,080	154,102	157,184	170,327	193,734	197,609	201,561	205,592	209,704	213,898
Transfer from Operating Fund	-	-	-	500,000	1,000,000	-	-	-	-	-
Total Other Cash Inflows	151,080	154,102	157,184	670,327	1,193,734	197,609	201,561	205,592	209,704	213,898
Other Cash Outflows										
Transfer to Operating Fund ¹	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	-	-	-	-	-	-	-	-	-	-
Net Other Cash Inflow (Outflow)	151,080	154,102	157,184	670,327	1,193,734	197,609	201,561	205,592	209,704	213,898
Net Cash Flow	151,080	154,102	157,184	670,327	1,193,734	197,609	201,561	205,592	209,704	213,898
Projected Beginning Fund Balance	7,554,000	7,705,080	7,859,182	8,016,365	8,686,693	9,880,426	10,078,035	10,279,596	10,485,188	10,694,891
Projected Cumulative Ending Fund Balance	\$ 7,705,080	\$ 7,859,182	\$ 8,016,365	\$ 8,686,693	\$ 9,880,426	\$ 10,078,035	\$ 10,279,596	\$ 10,485,188	\$ 10,694,891	\$ 10,908,789

¹ One time transfer from RSF to the operating fund to cover a shortfall of revenues due to the SWRCB mandatory cutbacks in potable urban water use

**Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Operating Fund - Wastewater**

Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Service Charges(4S Ranch and Rancho Cielo)	4,480,000	4,614,000	4,752,000	4,895,000	5,042,000	5,193,000	5,349,000	5,509,000	5,674,000	5,844,000
Total Operating Revenues	4,480,000	4,614,000	4,752,000	4,895,000	5,042,000	5,193,000	5,349,000	5,509,000	5,674,000	5,844,000
Operating Expenses										
Operating Expenses	2,937,000	3,025,000	3,116,000	3,209,000	3,305,000	3,404,000	3,506,000	3,611,000	3,719,000	3,831,000
Total Operating Expenses	2,937,000	3,025,000	3,116,000	3,209,000	3,305,000	3,404,000	3,506,000	3,611,000	3,719,000	3,831,000
Net Operating Revenues	1,543,000	1,589,000	1,636,000	1,686,000	1,737,000	1,789,000	1,843,000	1,898,000	1,955,000	2,013,000
Other Cash Inflows										
Investment Income	15,000	18,000	21,000	29,000	33,000	30,000	27,000	26,000	25,000	26,000
Other Non-Operating Revenues/Annexation Fees	1,464,000	200,000	150,000	50,000	-	-	-	-	-	-
Transfer from Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	1,479,000	218,000	171,000	79,000	33,000	30,000	27,000	26,000	25,000	26,000
Other Cash Outflows										
Annual Transfer to Capital Fund	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Expenditures	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net Other Cash Inflow (Outflow)	(1,521,000)	(2,282,000)	(1,829,000)	(1,921,000)	(1,967,000)	(1,970,000)	(1,973,000)	(1,974,000)	(1,975,000)	(1,974,000)
Net Cash Flow	22,000	(693,000)	(193,000)	(235,000)	(230,000)	(181,000)	(130,000)	(76,000)	(20,000)	39,000
Projected Beginning Fund Balance	3,034,000	3,056,000	2,363,000	2,170,000	1,935,000	1,705,000	1,524,000	1,394,000	1,318,000	1,298,000
Projected Cumulative Ending Fund Balance	\$ 3,056,000	\$ 2,363,000	\$ 2,170,000	\$ 1,935,000	\$ 1,705,000	\$ 1,524,000	\$ 1,394,000	\$ 1,318,000	\$ 1,298,000	\$ 1,337,000

**Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Rate Stabilization Fund - Wastewater (4S Ranch and Rancho Cielo)**

Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	12,000	18,000	25,000	37,000	51,000	52,000	53,000	54,000	55,000	56,000
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	12,000	18,000	25,000	37,000	51,000	52,000	53,000	54,000	55,000	56,000
Other Cash Outflows										
Transfer to Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	-	-	-	-	-	-	-	-	-	-
Net Other Cash Inflow (Outflow)	12,000	18,000	25,000	37,000	51,000	52,000	53,000	54,000	55,000	56,000
Net Cash Flow	12,000	18,000	25,000	37,000	51,000	52,000	53,000	54,000	55,000	56,000
Projected Beginning Fund Balance	2,444,000	2,456,000	2,474,000	2,499,000	2,536,000	2,587,000	2,639,000	2,692,000	2,746,000	2,801,000
Projected Cumulative Ending Fund Balance	\$ 2,456,000	\$ 2,474,000	\$ 2,499,000	\$ 2,536,000	\$ 2,587,000	\$ 2,639,000	\$ 2,692,000	\$ 2,746,000	\$ 2,801,000	\$ 2,857,000

**Olivenhain Municipal Water District
Ten Year Fund Balance Forecast (PAYGO)
Capital Improvement Fund - Water (Potable and Recycled)**

Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	515,000	408,820	682,056	603,638	497,230	541,315	636,361	719,368	702,296	690,042
Ordinance 280 Revenue	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Anticipated Grant Funds	-	600,000	-	-	-	-	-	-	-	-
Transfer from Operating Fund - PAYGO	3,000,000	3,600,000	3,600,000	3,500,000	4,400,000	4,500,000	5,300,000	5,300,000	5,300,000	5,300,000
Transfer from Oper. Fund -Excess Prop. Tax - Gann Limit	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Capacity Fee Revenues	1,280,000	1,638,000	2,819,000	2,014,000	794,000	679,000	647,000	635,000	580,000	-
Debt Funding Proceeds	-	-	16,660,000	-	-	-	-	-	-	-
Total Other Cash Inflows	5,900,000	7,351,820	24,866,056	7,222,638	6,796,230	6,825,315	7,688,361	7,759,368	7,687,296	7,095,042
Other Cash Outflows										
Capital Item Purchases	507,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000
Capital Projects (see next page for detail)	10,915,000	12,256,000	10,405,000	10,696,000	11,697,000	4,051,000	2,315,000	3,000,000	8,032,000	7,194,000
Other Expenditures	37,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Other Cash Outflows	11,459,000	12,782,000	10,931,000	11,222,000	12,223,000	4,577,000	2,841,000	3,526,000	8,558,000	7,720,000
Net Other Cash Inflow (Outflow)	(5,559,000)	(5,430,180)	13,935,056	(3,999,362)	(5,426,770)	2,248,315	4,847,361	4,233,368	(870,704)	(624,958)
Net Cash Flow	(5,559,000)	(5,430,180)	13,935,056	(3,999,362)	(5,426,770)	2,248,315	4,847,361	4,233,368	(870,704)	(624,958)
Projected Beginning Fund Balance	31,839,000	26,280,000	20,849,820	34,784,876	30,785,514	25,358,744	27,607,059	32,454,420	36,687,789	35,817,084
Projected Cumulative Ending Fund Balance	\$ 26,280,000	\$ 20,849,820	\$ 34,784,876	\$ 30,785,514	\$ 25,358,744	\$ 27,607,059	\$ 32,454,420	\$ 36,687,789	\$ 35,817,084	\$ 35,192,126

Olivenhain Municipal Water District
10 Year Capital Spending Plan
Capital Improvement Fund - Water (Potable and Recycled)

	Project Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
(1)	Village Park Recycled Water Project	842,000	-	-	-	-	-	-	-	-	-
(1)	Complete Campus - Building D	1,040,000	3,578,000	-	-	-	-	-	-	-	-
	Replace Valves	1,181,000	1,102,000	270,000	281,000	292,000	304,000	316,000	329,000	342,000	356,000
(1)	San Elijo Valley Groundwater	1,000,000	1,560,000	3,245,000	6,974,000	7,183,000	-	-	-	-	-
	Replace DCM WTP Membranes	595,000	619,000	592,000	629,000	667,000	706,000	734,000	763,000	999,000	1,039,000
	Replace Pipelines	500,000	1,560,000	2,163,000	2,250,000	1,170,000	2,433,000	633,000	658,000	2,737,000	2,847,000
	Replace Meters	200,000	208,000	216,000	225,000	234,000	243,000	253,000	263,000	274,000	285,000
(1)	Headquarters Site Improvements	354,000	-	-	-	-	-	-	-	-	-
(1)	Condition Assessment Program	155,000	156,000	315,000	-	-	-	-	526,000	547,000	712,000
	Replace Deep Well Anodes	50,000	52,000	-	-	-	-	-	-	-	-
	Replace Meter Anodes	123,000	251,000	-	-	-	-	-	-	-	-
(1)	DCM WTP VFD Pump and Motor Project	247,000	102,000	-	-	-	-	-	-	-	-
	Residuals Handling Building Canopy	55,000	-	-	-	-	-	-	-	-	-
	Inventory Barcode Project	80,000	-	-	-	-	-	-	-	-	-
(1)	DCM WTP Office Construction	600,000	-	-	-	-	-	-	-	-	-
(1)	Replace 4G Reservoir	225,000	-	-	-	-	-	-	-	-	-
	DCM WTP Landscape	-	52,000	54,000	-	-	-	-	-	-	-
	Replace Distribution System PLCs	54,000	-	-	-	-	-	-	-	-	-
(1)	Replace Dove Hollow Pipeline	299,000	-	-	-	-	-	-	-	-	-
	Replace Pumps and Motors	50,000	52,000	54,000	56,000	58,000	61,000	63,000	66,000	68,000	71,000
	Meter Upgrades and AMI Radio-Read System	600,000	624,000	649,000	281,000	292,000	304,000	316,000	329,000	342,000	-
(1)	Gaty I Decommissioning	15,000	-	-	-	328,000	-	-	-	-	-
	Wide Area Network (WAN) Upgrades	80,000	-	-	-	-	-	-	-	-	-
	Lower Yard Improvements	100,000	-	-	-	-	-	-	-	-	-
	Replace DCM WTP Primary HVAC System	190,000	-	-	-	-	-	-	-	-	-
	DCM WTP Membrane Heating System	250,000	-	-	-	-	-	-	-	-	-
	Replace Cathodic Test Stations	50,000	52,000	-	-	-	-	-	-	-	-
	Replace DCM WTP Ammonia System Equip	80,000	-	-	-	-	-	-	-	-	-
	Security Upgrades	30,000	31,000	32,000	-	-	-	-	-	-	-
(1)	Palms I Reservoir Demolition	-	-	-	-	772,000	-	-	-	-	-
	Esfera Street Pressure Reducing Station	-	-	346,000	-	-	-	-	-	-	-
(1)	La Costa Vales #2 PRS and Ext. 250	-	253,000	-	-	-	-	-	-	-	-
	Replace Maryloyd Pump Station	-	-	-	-	526,000	-	-	-	-	-
	Harris Ranch Right-of-Way Acquisition	-	-	-	-	175,000	-	-	-	-	-
	Replace 4S Raw Water PR Station	50,000	-	-	-	-	-	-	-	-	-
	Replace El Camino Real Pipeline	150,000	208,000	2,188,000	-	-	-	-	-	-	-
	Replace Rancho Santa Fe Road Pipeline	-	-	-	-	-	-	-	-	1,369,000	1,884,000
	Replace Lone Jack Road Pipeline	-	-	-	-	-	-	-	-	1,286,000	-
	ICCP System Maintenance Program	-	-	-	-	-	-	-	66,000	68,000	-
(1)	Avenida La Posta Raw Water Extension	3,000	-	-	-	-	-	-	-	-	-
	Replace Website	50,000	-	-	-	-	-	-	-	-	-
	Replace Cielo Pump Station Controls	100,000	-	-	-	-	-	-	-	-	-
	DCM WTP Painting of Equipment	20,000	-	-	-	-	-	-	-	-	-
	Vault Upgrades	72,000	-	-	-	-	-	-	-	-	-
(1)	Replace Palms I Reservoir Pipeline	220,000	-	-	-	-	-	-	-	-	-
(1)	Village Park Recycled Pump Station	215,000	-	-	-	-	-	-	-	-	-
(1)	Replace Rancho La Cima/Aliso Pipeline	-	44,000	-	-	-	-	-	-	-	-
	Replace DCM WTP Brine Tank	60,000	-	-	-	-	-	-	-	-	-
	Replace DCM WTP Hypochlorite Tank	55,000	-	-	-	-	-	-	-	-	-
	Irrigation Upgrades at Reservoirs	75,000	78,000	-	-	-	-	-	-	-	-
	Electrical System Assessment	30,000	-	-	-	-	-	-	-	-	-
	Manchester Recycled Pipeline	250,000	1,404,000	-	-	-	1,404,000	-	-	-	-
(1)	Recycled Water Quality Improvements	270,000	270,000	281,000	-	-	-	-	-	-	-
	City of San Diego - Purchase Recycled Capacity	250,000	-	-	-	-	-	-	-	-	-
Total		\$ 10,915,000	\$ 12,256,000	\$ 10,405,000	\$ 10,696,000	\$ 11,697,000	\$ 4,051,000	\$ 2,315,000	\$ 3,000,000	\$ 8,032,000	\$ 7,194,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2017

(1) These projects are carried over from the prior year and have incurred costs prior to FY 16-17

**Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Capital Improvement Fund - Wastewater (4S Ranch and Rancho Cielo)**

Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	36,000	51,000	68,000	75,000	100,000	112,000	128,000	106,000	117,000	134,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-
Required Transfer from Operations	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Other Cash Inflows	3,036,000	2,551,000	2,068,000	2,075,000	2,100,000	2,112,000	2,128,000	2,106,000	2,117,000	2,134,000
Other Cash Outflows										
Capital Item Purchases	52,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Projects (see next page for detail)	2,523,000	2,834,000	1,997,000	3,824,000	2,026,000	1,474,000	1,257,000	3,180,000	1,504,000	1,232,000
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	2,575,000	2,884,000	2,047,000	3,874,000	2,076,000	1,524,000	1,307,000	3,230,000	1,554,000	1,282,000
Net Other Cash Inflow (Outflow)	461,000	(333,000)	21,000	(1,799,000)	24,000	588,000	821,000	(1,124,000)	563,000	852,000
Net Cash Flow	461,000	(333,000)	21,000	(1,799,000)	24,000	588,000	821,000	(1,124,000)	563,000	852,000
Projected Beginning Fund Balance	6,739,000	7,200,000	6,867,000	6,888,000	5,089,000	5,113,000	5,701,000	6,522,000	5,398,000	5,961,000
Projected Cumulative Ending Fund Balance	\$ 7,200,000	\$ 6,867,000	\$ 6,888,000	\$ 5,089,000	\$ 5,113,000	\$ 5,701,000	\$ 6,522,000	\$ 5,398,000	\$ 5,961,000	\$ 6,813,000

Olivenhain Municipal Water District
10 Year Capital Spending Plan
Capital Improvement Fund - Wastewater (4S and Rancho Cielo)

	Project Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
(1)	Replace Neighborhood 1 Pump Station	100,000	-	-	2,137,000	1,638,000	-	-	-	-	-
(1)	Complete Campus - Building D	260,000	894,000	-	-	-	-	-	-	-	-
	Replace Pumps, Motors & Equipment	100,000	104,000	108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
	Replace Ultra-Violet System	650,000	1,560,000	-	-	-	-	-	-	-	-
	4S Ranch Piping Improvements	30,000	-	-	-	-	-	-	-	-	-
(1)	Equalization Basin (EQ) Improvements	200,000	-	-	-	-	-	-	-	-	-
(1)	Digester Enhancement Project	90,000	-	-	-	-	-	-	-	-	-
(1)	Covered Storage Area	82,000	-	-	-	-	-	-	-	-	-
	Wet Well Access Hatches	65,000	68,000	-	-	-	-	-	-	-	-
(1)	Mid-Point Pump Station Odor Control Modifications	210,000	-	-	-	-	-	-	-	-	-
	Replace Clarifier Drive	100,000	-	-	-	-	-	-	-	-	-
	Replace Existing Bandscreen	-	104,000	541,000	-	-	-	-	-	-	-
(1)	Sewer Pump Station - Cielo to DCM WTP	-	104,000	256,000	-	-	-	-	-	-	-
	Replace Belt Press Belts	-	-	-	-	117,000	-	-	-	-	-
	Replace Tertiary Filters	50,000	-	54,000	1,575,000	-	-	-	-	-	-
	Rancho Cielo SPS Flow Meters	100,000	-	-	-	-	-	-	-	-	-
	Recoat Pumps and Piping	-	-	-	-	-	-	139,000	-	-	-
	Firehouse SPS Upgrades	75,000	-	-	-	-	-	-	-	-	-
(1)	Finance Utility Billing System	25,000	-	-	-	-	-	-	-	-	-
	Replace Flow EQ Basins	-	-	-	-	-	124,000	801,000	724,000	-	-
	Replace Overflow Pond Strainer	191,000	-	-	-	-	-	-	-	-	-
	Upgrade Plant B Oxidation (OX) Ditch	-	-	1,038,000	-	-	-	-	-	-	-
	Biosolids Process and Handling Upgrades	-	-	-	-	-	-	190,000	2,324,000	-	-
	Neighborhood 3 SPS Improvements	-	-	-	-	-	151,000	-	-	-	-
	Mid-Point SPS Improvements	-	-	-	-	-	212,000	-	-	-	-
	Del Dios SPS Improvements	-	-	-	-	154,000	-	-	-	1,159,000	-
	Line Manholes Subject to High H2S Exposure	-	-	-	-	-	365,000	-	-	-	-
	Reline Manholes Recommended by Inspection	-	-	-	-	-	170,000	-	-	-	199,000
	Neighborhood 3 SPS Pumps	-	-	-	-	-	-	-	-	-	562,000
	Firehouse SPS Improvements	-	-	-	-	-	-	-	-	-	329,000
	Santa Luz SPS Improvements	-	-	-	-	-	145,000	-	-	-	-
	Reline Manholes RC 3.1 and 3.2	-	-	-	-	-	185,000	-	-	208,000	-
	Storage Pond Improvements	50,000	-	-	-	-	-	-	-	-	-
	Solids Process Improvements	50,000	-	-	-	-	-	-	-	-	-
	Caustic Tank and Piping	50,000	-	-	-	-	-	-	-	-	-
	SCADA System Upgrades	15,000	-	-	-	-	-	-	-	-	-
	Electrical System Assessment	30,000	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total		\$ 2,523,000	\$ 2,834,000	\$ 1,997,000	\$ 3,824,000	\$ 2,026,000	\$ 1,474,000	\$ 1,257,000	\$ 3,180,000	\$ 1,504,000	\$ 1,232,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2017

(1) These projects are carried over from the prior year and have incurred costs prior to FY 16-17

**Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Debt Service Funds (Restricted)**

Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	11,000	9,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Benefit Assessment Revenues	1,376,000	1,376,000	1,375,000	1,376,000	1,374,000	1,371,000	1,370,000	1,369,000	1,363,000	1,359,000
Administrative Fee Revenues	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Transfer from Operating Fund for 2006A Bond	2,409,000	2,406,000	2,409,000	2,408,000	2,403,000	2,405,000	2,413,000	2,410,000	2,414,000	2,407,000
Transfer from Operating Fund for 2009 COP	1,205,000	1,203,000	1,205,000	1,201,000	1,202,000	1,202,000	1,206,000	1,204,000	1,205,000	1,205,000
Transfer from Operating Fund for 2012 SRF	1,070,000	1,070,000	1,070,000	1,069,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Transfer from Operating Fund for 2012 CB&T	523,000	-	-	-	-	-	-	-	-	-
Transfer from Operating Fund for 2016 Proposed Debt	-	-	552,937	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874
Transfer from Operating Fund for 2012 SRF Reserve	112,000	112,000	112,000	112,000	112,000	112,000	-	-	-	-
Impact Charge Rev and Post-Financing Payoff	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total Other Cash Inflows	6,754,000	6,224,000	6,775,937	7,323,874	7,318,874	7,317,874	7,216,874	7,210,874	7,209,874	7,198,874
Other Cash Outflows										
Debt Service Payments - RAD 96-1	1,376,000	1,376,000	1,375,000	1,376,000	1,374,000	1,371,000	1,370,000	1,369,000	1,363,000	1,359,000
Debt Service Payments - 2015A Refunding Bond	2,409,000	2,406,000	2,409,000	2,408,000	2,403,000	2,405,000	2,413,000	2,410,000	2,414,000	2,407,000
Debt Service Payments - 2009 COP Bond	1,205,000	1,203,000	1,205,000	1,201,000	1,202,000	1,202,000	1,206,000	1,204,000	1,205,000	1,205,000
Debt Service Payments - 2012 SRF	1,070,000	1,070,000	1,070,000	1,069,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Debt Service Payments - 2012 CB&T	523,000	-	-	-	-	-	-	-	-	-
Debt Service Payments - 2016 Proposed Debt	-	-	552,937	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874	1,105,874
Other Expenses	62,000	64,000	66,000	68,000	70,000	72,000	74,000	76,000	78,000	80,000
Total Other Cash Outflows	6,645,000	6,119,000	6,677,937	7,227,874	7,224,874	7,225,874	7,238,874	7,234,874	7,235,874	7,226,874
Net Other Cash Inflow (Outflow)	109,000	105,000	98,000	96,000	94,000	92,000	(22,000)	(24,000)	(26,000)	(28,000)
Net Cash Flow	109,000	105,000	98,000	96,000	94,000	92,000	(22,000)	(24,000)	(26,000)	(28,000)
Projected Beginning Fund Balance	3,978,000	4,087,000	4,192,000	4,290,000	4,386,000	4,480,000	4,572,000	4,550,000	4,526,000	4,500,000
Projected Cumulative Ending Fund Balance	\$ 4,087,000	\$ 4,192,000	\$ 4,290,000	\$ 4,386,000	\$ 4,480,000	\$ 4,572,000	\$ 4,550,000	\$ 4,526,000	\$ 4,500,000	\$ 4,472,000

OPERATING BUDGET OVERVIEW

The District is operated as an enterprise fund, and the financial records are kept on an accrual basis. The budget uses cash basis.

The District currently provides potable water, wastewater, and recycled water services to its customers. The District also operates and maintains the Elfin Forest Recreational Reserve.

As an enterprise fund, the District maintains a self-balancing set of accounts established to record the financial position and results that pertain to each activity. A description of each fund balance, a schematic of the District's fund structure, and a cash flow diagram are provided throughout this document.

The activities of enterprise funds are similar to regular private businesses in that a public agency develops revenue projections to collect sufficient revenues through user charges to pay for its operating expenditures and to accumulate adequate funds in its reserves. Revenues are used to maintain existing infrastructure and to finance capital improvement and infrastructure replacement programs. These goals were communicated throughout the organization at the time the annual budget was developed.

Water (Potable) System

Fiscal year 2016-2017 water sales volume are projected to remain the same as fiscal year 2015-2016 projected sales because the state-mandated cutbacks established in June 2015 appear to be having long-term influence in customer water use behavior. Hence, the District is not expecting to reach pre-fiscal year 2015-2016 water sales volume in the foreseeable future.

Water services include reading and billing water meters on a monthly basis, a backflow prevention program, a meter maintenance program, water quality services, and other on-site services as requested by customers such as testing meters for accuracy and checking for water leaks. More detailed information on financial assumptions used to reasonably project the District's water operating revenues and expenses can be found in the Revenue by Fund and Expenses by Fund subsections of the operating budget section of this document.

It is estimated that the District is at 89% of its ultimate build-out. All new facilities which were added and completed during the expansion period now need to be maintained to protect the investment as reflected in the District's planned capital improvement program.

The District's capital improvement program and long-term financial plan focus on infrastructure replacement and betterment projects and development of alternative water supplies such as recycled and brackish groundwater. These capital projects are included in the Long-Term Financial Plan and the CIP by Funding Source sections of this document.

Wastewater System

The District provides sewage collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch area is comprised of a wide variety of commercial, industrial, and residential customers. The 4S Ranch and Rancho Cielo areas cover approximately 5,300 acres and will contain 7,450 equivalent dwelling at build out. The District provides sewer collection and treatment services to approximately 7,100 equivalent dwelling units in 4S Ranch and Rancho Cielo.

Through an extensive sewage collection system, a series of sewage pump station, and the added treatment capacity, the District is able to treat wastewater received from 4S Ranch and Rancho Cielo sewer customers, and produce high-quality recycled water for non-potable irrigation use in the 4S Ranch Water Reclamation Facility.

Recycled Water System

The District's long-term goal is to be able to substitute all non-potable irrigation use for recycled water use. The District provides recycled water in two non-contiguous recycled service areas: the Southeast Quadrant and Northwest Quadrant.

Southeast Quadrant:

The 4S WRF supplies recycled water to golf courses, parks, schools, and greenbelts within the 4S Ranch, Santa Fe Valley, Crosby and The Lakes areas. The construction of the 4S Ranch regional recycled water system was financed primarily through the issuance of \$13.950 million in taxable, variable rate bonds in July 2002. Federal and State grants from the U.S. Bureau of Reclamation and the State Water Resources Control Board were also received to finance the construction of this project. The 2002 variable rate taxable bonds were paid off in April 2011.

Northwest Quadrant:

Diversification of water supply sources reduces the District's operational risks and reliance on a limited imported water supply. In the northwest portion of the District's service area, the Northwest Quadrant recycled water system Phase I was completed in May 2009. This project allows the District to take delivery of recycled water from an outside agency to meet irrigation water demand, thus reducing potable water demand. Upon completion of the Village Park Recycled Water Project in fiscal year 2016-2017, the District will be capable of delivering up to an additional 500 acre feet of water per year to its customers, further reducing reliance on potable water for irrigation purposes.

The District is pursuing a comprehensive recycled water program with several other agencies to expand its recycled water supply reliability. The District purchases recycled water from Vallecitos Water District and San Elijo Joint Powers Authority to meet recycled water demand in the Northwest Quadrant of the District's recycled water service area.

Operating Budget

The operating budget contains detailed information about the District's revenues and expenditures by fund with explanations of major budget variances in fiscal year 2016-2017 compared to fiscal year 2015-2016 revised budget. The District's budget is adjusted at mid-year. Proposed changes and reasons for budget adjustments are presented to the Board for consideration and approval at its February meeting each year.

The Operating Budget is divided into three sections as follows:

Summary – contains summaries of the District's budgeted revenues and expenses for the fiscal year 2016-2017 operating budget by fund type.

Revenues – contains summaries of, and supporting schedules for, the District's revenues for each fund with detailed explanations of major variances. Descriptions of each fund are included in the introduction section of this document.

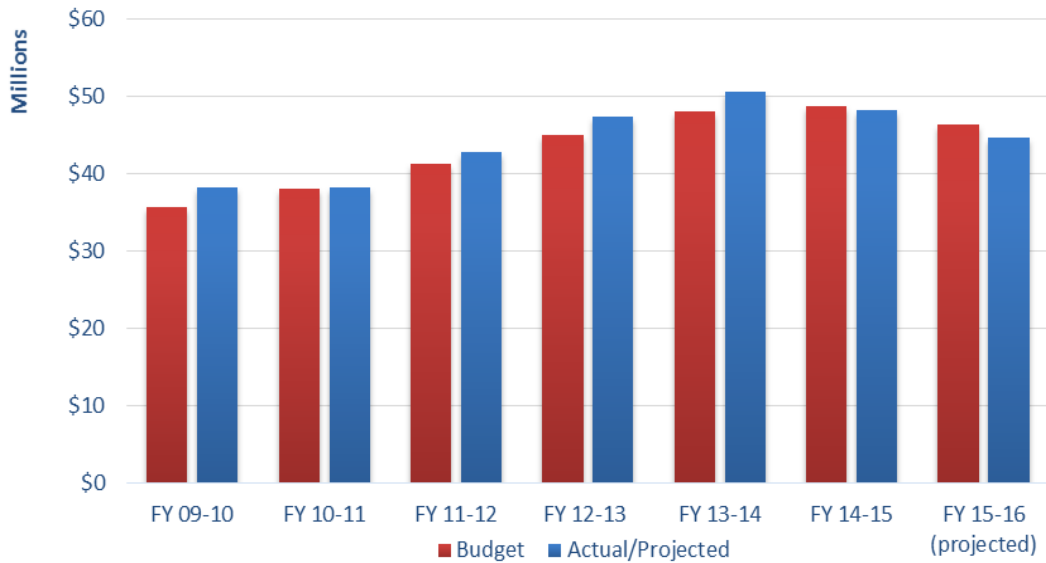
Expenditures – contains summaries and supporting schedules for the District's expenses, broken down by fund type, with detailed explanations of major variances. Descriptions of each fund are included in the introduction section of this document. This section also includes operating expenses broken down by water, wastewater, and recycled water operations as well as detailed schedules of departmental expenses for each operation.

Cost Allocation Plan

The District prepares an annual District-Wide Cost Allocation Plan (Plan) based on actual operating results for the preceding fiscal year. The Plan is prepared as defined in the Office of Management and Budget Title 2 of the Code of Federal Regulations, Chapter I, Chapter II, Part 200, et al. (formerly OMB Circular A-87). The rates computed with fiscal year 2014-2015 actual results went into effect on January 1, 2016. The indirect rate is between 59% and 125%, and the employee benefit rate is 74%. These rates are based on labor dollars and are charged to District Capital Improvement Projects along with direct labor costs where they become capitalized expenditures.

The Plan is also used to compute the support allocation between departments which is part of the budgeted Capital Operating Expenditures.

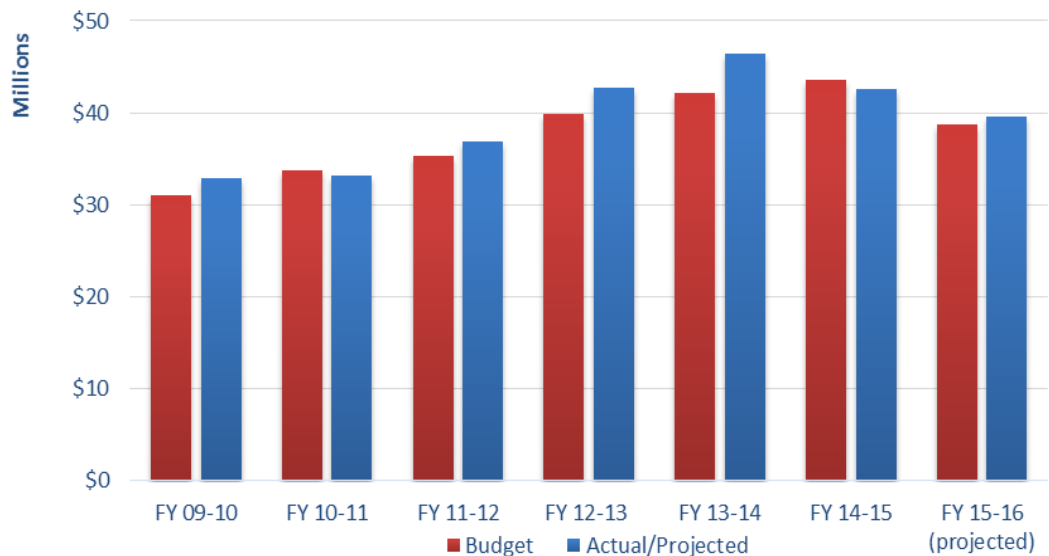
History of Budget vs Actual Revenues Water Operations (Potable and Recycled)



This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Water Operating Funds.

Note: budget variances are due to fluctuation in water sales.

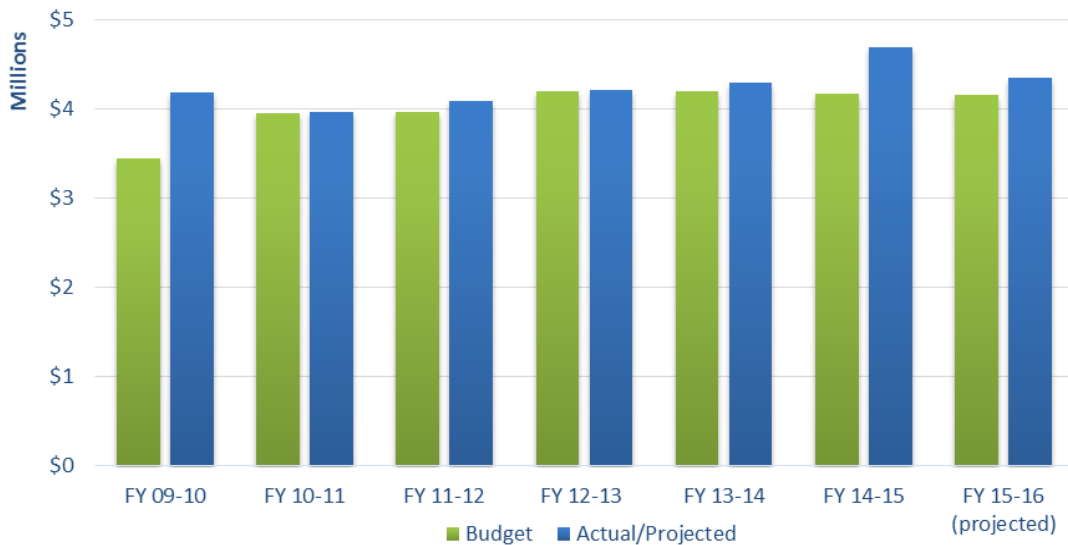
History of Budget vs Actual Expenses Water Operations (Potable and Recycled)



This chart depicts a summary comparison of the District's historical operating expenditures to the approved budgeted expenditure projections for the Water Operating Funds.

Note: budget variances are due to fluctuation in water sales

History of Budget vs Actual Revenues Wastewater Operations



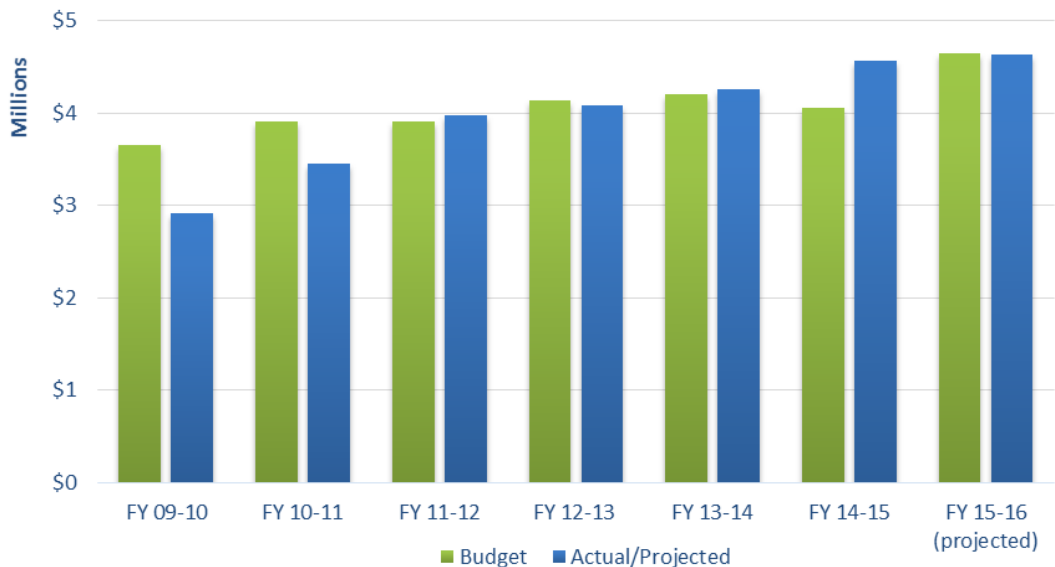
This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Wastewater Operating Funds.

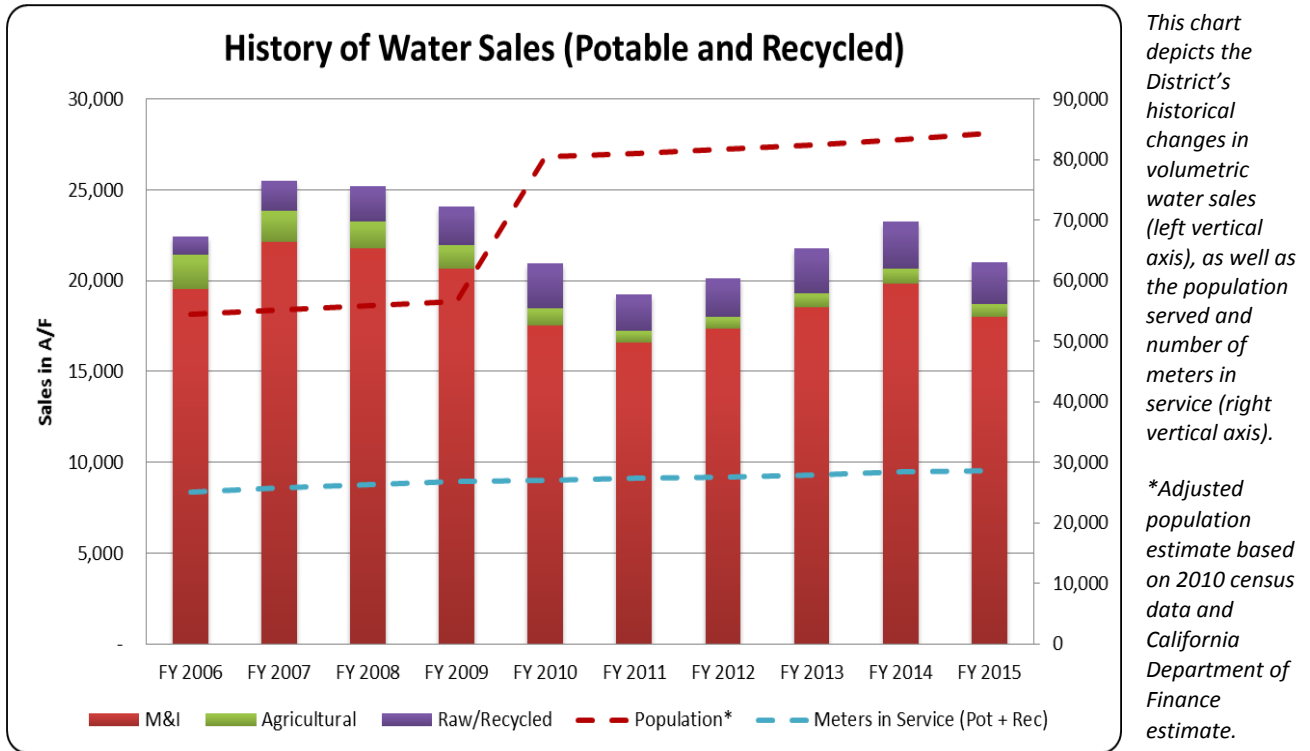
Note: budget variances are due to timing of new wastewater service connections

This chart depicts a summary comparison of the District's historical operating expenditures to the approved budgeted expenditure projections for the Wastewater Operating Funds.

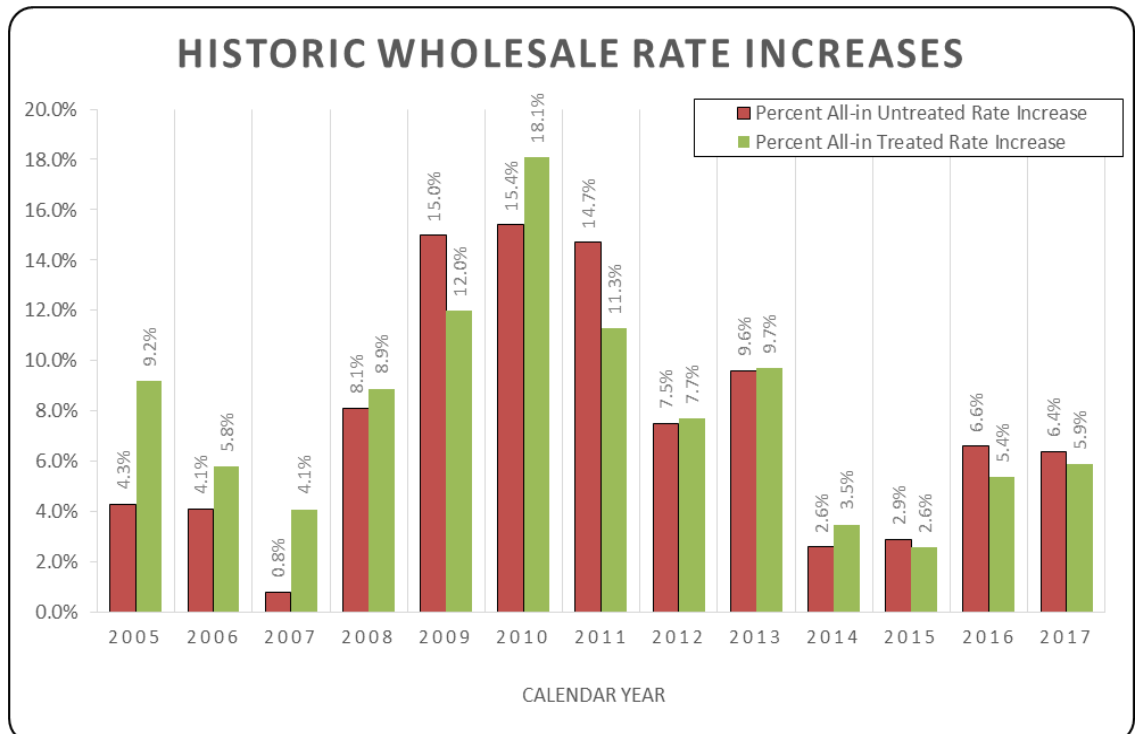
Note: budget variances are due to recordation of accrued expenses accounting adjustments at year-end

History of Budget vs Actual Expenses Wastewater Operations





This chart depicts the historical and projected rate increases for treated and untreated water imposed by the District's water wholesaler, the San Diego County Water Authority.



**Olivenhain Municipal Water District
Operating Budget Summary - All Funds
Fiscal Year 2016-2017**

Description	2014-2015	2015-2016 Budget		Proposed	% Change	% Change
	Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Revised
<u>Operating Revenues</u>						
Potable Water Operations	42,659,470	39,170,000	38,119,000	41,692,000	6.44%	9.37%
Wastewater Operations	4,656,781	4,150,000	4,349,000	4,480,000	7.95%	3.01%
Recycled Water Operations	3,569,558	3,922,000	3,269,000	3,215,000	-18.03%	-1.65%
Total Operating Revenues	50,885,809	47,242,000	45,737,000	49,387,000	4.54%	7.98%
<u>Non-operating Revenues</u>						
Fund Potable Water - Property Tax	1,881,880	2,900,000	2,900,000	2,900,000	0.00%	0.00%
Water - Investment and Other **	113,999	292,000	307,000	323,000	10.62%	5.21%
Debt Service	1,360,987	1,446,000	1,446,000	1,435,000	-0.76%	-0.76%
Wastewater - Investment and Other **	47,308	18,000	18,000	1,491,000	8183.33%	8183.33%
Recycled - Investment	25,817	25,000	25,000	30,000	20.00%	20.00%
Capacity Fee Revenue***	1,941,737	1,301,000	1,301,000	1,837,000	41.20%	41.20%
Total Revenues	56,257,538	53,224,000	51,734,000	57,403,000	7.85%	10.96%
<u>Operating Expenses</u>						
Purchased Potable Water Cost	23,284,981	21,738,000	20,178,000	22,383,000	2.97%	10.93%
Purchased Recycled Water Cost, net of credit	349,865	540,000	502,000	617,000	14.26%	22.91%
Potable Water Operations	14,059,369	15,096,000	15,168,000	16,490,000	9.23%	8.72%
Wastewater Operations	2,599,804	2,323,000	2,313,000	2,428,000	4.52%	4.97%
Elfin Forest Recreational Reserve (Park) Operations	476,399	525,000	538,000	630,000	20.00%	17.10%
Recycled Water Operations	1,008,727	842,000	748,000	1,125,000	33.61%	50.40%
Less: Capitalized Operating Expenditures	(1,750,974)	(1,288,000)	(1,281,000)	(1,361,000)	5.67%	6.25%
Transfer To(From) Other Fund Balances	5,949,992	3,500,000	6,000,000	7,100,000	102.86%	18.33%
Total Operating Expenses	45,978,162	43,276,000	44,166,000	49,412,000	14.18%	11.88%
<u>Non-operating Expenses</u>						
Loan and Debt Service Payments	7,732,025	7,487,000	7,437,000	6,645,000	-11.25%	-10.65%
Water Other Non-Operating Expense	291,568	187,000	187,000	115,000	-38.50%	-38.50%
Wastewater Other Non-Operating Expense	-	-	-	-	0.00%	0.00%
Total Expenses	54,001,755	50,950,000	51,790,000	56,172,000	10.25%	8.46%
Net Income	2,255,783	2,274,000	(56,000)	1,231,000	-45.87%	2298.21%

Notes:

* Amended budget amounts approved by the Board.

** includes investment income all reserve funds.

*** includes investment income and other developer's fees.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Year 2016-2017**

Fund: Operating - Water (Potable and Recycled)

Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Revenues</u>						
Water Sales	33,309,929	30,070,000	27,985,000	30,436,000	1.22%	8.76%
Other Water Services and Charges	12,919,099	13,022,000	13,403,000	14,471,000	11.13%	7.97%
Total Operating Revenues	46,229,028	43,092,000	41,388,000	44,907,000	4.21%	8.50%
<u>Operating Expenses</u>						
Purchased Water	23,634,845	22,278,000	20,680,000	23,000,000	3.24%	11.22%
General Manager	1,565,302	1,105,000	1,180,000	1,583,000	43.26%	34.15%
Engineering	1,353,121	1,557,000	1,595,000	1,658,000	6.49%	3.95%
Finance	1,396,712	1,352,000	1,356,000	1,318,000	-2.51%	-2.80%
Human Resources	656,613	742,000	754,000	751,000	1.21%	-0.40%
Operations and Maintenance	8,078,710	8,280,000	8,061,000	8,877,000	7.21%	10.12%
Elfin Forest Recreational Reserve (Park) Operations	476,399	525,000	538,000	630,000	20.00%	17.10%
Customer Services	1,008,912	2,060,000	2,222,000	2,303,000	11.80%	3.65%
Recycled Water Operations	1,008,727	842,000	748,000	1,125,000	33.61%	50.40%
Capitalized Operating Expenditures	(1,286,392)	(1,615,000)	(1,608,000)	(1,870,000)	15.79%	16.29%
Fund Transfer**	4,399,992	1,500,000	4,000,000	4,100,000	173.33%	2.50%
Total Operating Expenses	42,292,940	38,626,000	39,526,000	43,475,000	12.55%	9.99%
<u>Non-operating Revenues</u>						
Investment Income	236,244	175,000	175,000	115,000	-34.29%	-34.29%
Property Tax Revenue	1,881,880	2,900,000	2,900,000	2,900,000	0.00%	0.00%
Other Non Operating Revenues	(138,595)	67,000	82,000	87,000	29.85%	6.10%
Total Non-operating Revenues	1,979,529	3,142,000	3,157,000	3,102,000	-1.27%	-1.74%
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses	-	100,000	90,000	100,000	0.00%	11.11%
Loss disposal of Fixed Assets	274,181	-	-	-	0.00%	0.00%
Non-Operating Labor	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	274,181	100,000	90,000	100,000	-	-
Net Income Before Debt Service	5,641,436	7,508,000	4,929,000	4,434,000	-40.94%	-10.04%

* Amended budget amounts approved by the Board.

** Transfer of funds from the Operating Fund to the Capital Fund Reserve to pay for future Capital Improvement Project.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Year 2016-2017**

Fund: Rate Stabilization - Water

Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	-	0.00%	0.00%
<u>Operating Expenses</u>						
Transfer to Operating Fund	-	2,500,000	-	-		
Total Operating Expenses	-	2,500,000	-	-	-100.00%	0.00%
<u>Non-operating Revenues</u>						
Investment Income	42,167	75,000	75,000	151,000	101.33%	101.33%
Total Non-operating Revenues	42,167	75,000	75,000	151,000	101.33%	101.33%
<u>Non-operating Expenses</u>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	42,167	(2,425,000)	75,000	151,000	-106.23%	101.33%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Year 2016-2017**

Fund: 110 & 111 Wastewater Operations

Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Revenues</u>						
Wastewater Services	4,656,781	4,150,000	4,349,000	4,480,000	7.95%	3.01%
Total Operating Revenues	4,656,781	4,150,000	4,349,000	4,480,000	7.95%	3.01%
<u>Operating Expenses</u>						
Wastewater Operations	2,599,804	2,323,000	2,313,000	2,428,000	4.52%	4.97%
Capitalized Operating Expenditures	1,996,757	327,000	327,000	509,000	55.66%	55.66%
Fund Transfer**	1,550,000	2,000,000	2,000,000	3,000,000	50.00%	50.00%
Total Operating Expenses	6,146,561	4,650,000	4,640,000	5,937,000	27.68%	27.95%
<u>Non-operating Revenues</u>						
Investment Income	11,076	8,000	8,000	15,000	87.50%	87.50%
Standby Charges	22,594	-	-	-	0.00%	0.00%
Other Non-Operating Revenues	-	-	-	1,464,000	0.00%	0.00%
Total Non-operating Revenues	33,670	8,000	8,000	1,479,000	18387.50%	18387.50%
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	-	-	-	-	0.00%	0.00%
Net Income	(1,456,111)	(492,000)	(283,000)	22,000	2336.36%	1386.36%

* Amended budget amounts approved by the Board.

** Transfer of funds from the Operating Fund to the Capital Fund Reserve to pay for future Capital Improvement Project and/or Rate Stabilization Fund to avoid rate spikes

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Year 2016-2017**

Fund: Rate Stabilization - Wastewater

Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	-	0.00%	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	-	0.00%	0.00%
<u>Non-operating Revenues</u>						
Investment Income	13,639	10,000	10,000	12,000	20.00%	20.00%
Total Non-operating Revenues	13,639	10,000	10,000	12,000	20.00%	20.00%
<u>Non-operating Expenses</u>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	13,639	10,000	10,000	12,000	20.00%	20.00%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Year 2016-2017**

Fund: Capital Improvement (All)**

Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	-	0.00%	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	-	0.00%	0.00%
<u>Non-operating Revenues</u>						
Investment Income	145,569	398,000	398,000	552,000	38.69%	38.69%
Capacity Fee Revenue	1,782,625	898,000	898,000	1,280,000	42.54%	42.54%
Ordinance 280 Revenue	9,500	5,000	5,000	5,000	0.00%	0.00%
Anticipated Grant Funds	4,043	-	-	-	0.00%	0.00%
Total Non-operating Revenues	1,941,737	1,301,000	1,301,000	1,837,000	41.20%	41.20%
<u>Non-operating Expenses</u>						
Consultants	-	-	-	-	0.00%	0.00%
Engineering	2,340	-	-	-		
Legal	-	-	-	-	0.00%	0.00%
Administrative and General Expense	-	-	-	-	0.00%	0.00%
Salaries & Wages - Regular	77	3,000	3,000	1,000	-66.67%	-66.67%
Employee Benefits	50	2,000	2,000	2,000	0.00%	0.00%
Other Non-Operating Expenses	14,920	82,000	92,000	12,000	-85.37%	-86.96%
Other Non-Labor Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	17,387	87,000	97,000	15,000	-82.76%	-84.54%
Net Income	1,924,350	1,214,000	1,204,000	1,822,000	50.08%	51.33%

* Amended budget amounts approved by the Board.

** Include Capital Improvement for Potable, Wastewater and Recycled.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Year 2016-2017**

Fund: Debt Service (All)**

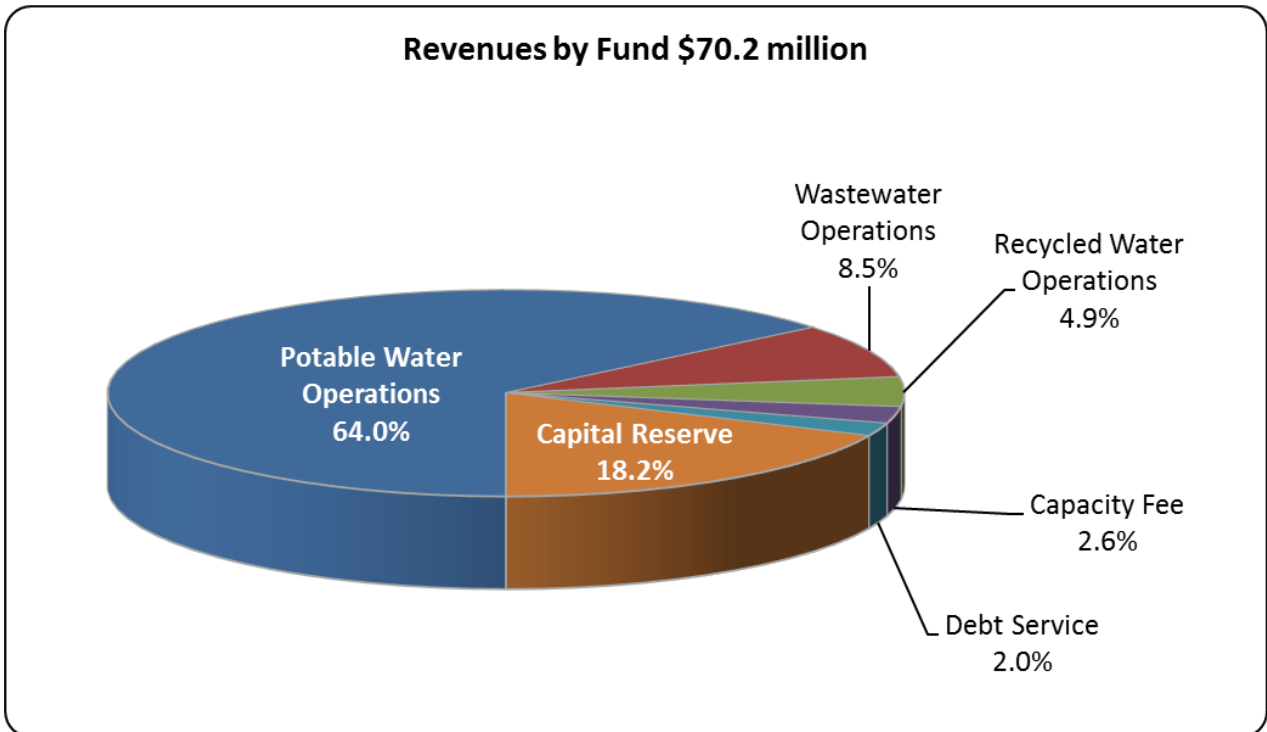
Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	-	0.00%	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	-	0.00%	0.00%
<u>Non-operating Revenues</u>						
Investment Income	8,488	11,000	11,000	11,000	0.00%	0.00%
RAD 96-1 Benefit Assessment Rev.	1,301,476	1,385,000	1,385,000	1,376,000	-0.65%	-0.65%
Administrative Fee Revenues	43,386	42,000	42,000	40,000	-4.76%	-4.76%
Post-Financing Payoffs	3,252	5,000	5,000	4,000	-20.00%	-20.00%
Impact Charge Revenues	4,385	3,000	3,000	4,000	33.33%	33.33%
Draws under 4S Letter of Credit	-	-	-	-	0.00%	0.00%
Total Non-operating Revenues	1,360,987	1,446,000	1,446,000	1,435,000	-0.76%	-0.76%
<u>Non-operating Expenses</u>						
Consultants	-	-	-	-	0.00%	0.00%
Investment Expense	-	-	-	-	0.00%	0.00%
Legal	-	-	-	-	0.00%	0.00%
Bank Svc Chgs	180	-	-	-	0.00%	0.00%
Other admin/gen exp	-	-	-	-	0.00%	0.00%
Outside Service	43,044	45,000	45,000	44,000	-2.22%	-2.22%
Postage and Shipping	-	-	-	-	0.00%	0.00%
Salaries and Wages	2,384	2,000	2,000	2,000	0.00%	0.00%
Employee Benefits	2,703	2,000	2,000	2,000	0.00%	0.00%
Principal	4,682,222	4,610,000	4,610,000	3,837,000	-16.77%	-16.77%
Loss on Payoff of Bonds	-	-	-	-	0.00%	0.00%
Interest Expenses	2,981,507	2,808,000	2,758,000	2,746,000	-2.21%	-0.44%
Call Fee on Defeased Debt	-	-	-	-	0.00%	0.00%
Amortization	17,673	18,000	18,000	12,000	-33.33%	-33.33%
Premium/Call Fee Defeased Debt	-	-	-	-	0.00%	0.00%
Fixed Charge County Assessment	2,313	2,000	2,000	2,000	0.00%	0.00%
Other Expenses	-	-	-	-	0.00%	0.00%
Other Non-labor Expenses	-	-	-	-	0.00%	0.00%
Other Labor Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	7,732,025	7,487,000	7,437,000	6,645,000	-11.25%	-10.65%
Net Income (Loss)	(6,371,038)	(6,041,000)	(5,991,000)	(5,210,000)	-13.76%	-13.04%

* Amended budget amounts approved by the Board.

** Include RAD 96-1, 2006A & 2015A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank & Trust Note.

Revenues

Total projected revenue for fiscal year 2016-2017 from various funds is approximately \$71.2 million. Potable water is the largest share of the District's revenues at approximately 64.0% or \$44.9 million. Approximately 18.2% or \$12.8 million will be a cash contribution from the District's Capital Reserve Funds (the District PAYGO) to finance the District's planned expenditures for fiscal year 2016-2017.

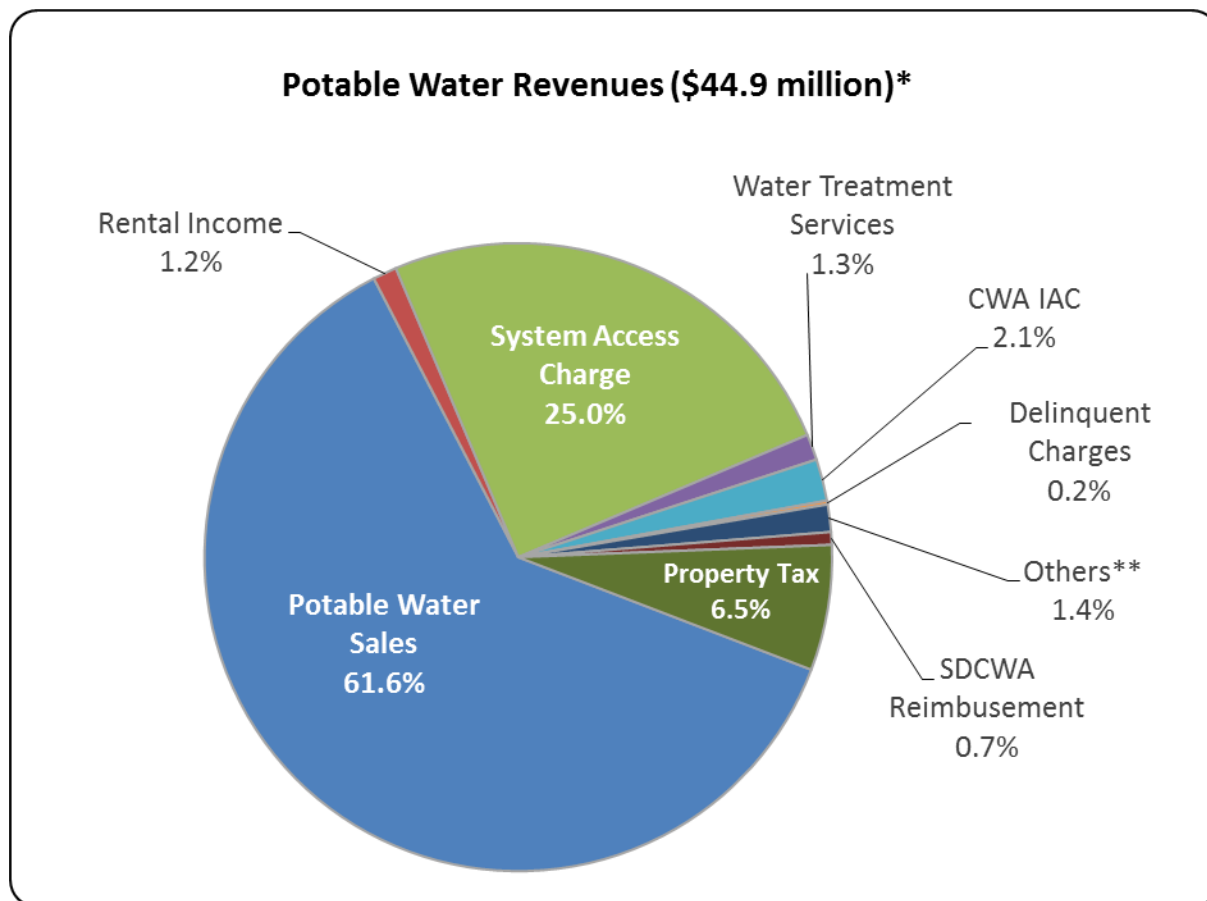


** Total may not add up to 100% due to rounding.*

Potable Water Funds

The annual revenue requirement is the amount of money that must be generated through water revenues (fixed and commodity) to pay for the District's costs of service.

Water services include potable water deliveries 24 hours per day/7 days per week/365 days per year, reading and billing water meters on a monthly basis, a back-flow prevention program, meter maintenance, water quality services, and other on-site services as requested by our customers, including testing meters for accuracy and checking for water leaks.



* Total may not add up to 100% due to rounding.

** Percentage includes investment income in Rate Stabilization Fund.

Description and Summary of Major Budget Variance

- **Potable Water Sales** – The District expects modest revenue increases in fiscal year 2016-2017 due to a Board of Directors' approved rate increase effective March.

The District implemented level 2 drought rates to be effective July 1, 2015 to increase water conservation up to 20%, while achieving revenue neutrality for the District.

Approximately 69% of the District's water sales are for domestic use. Included in fiscal year 2016-2017 is an average 6% rate increase adopted by the Board and is effective March 2016. Actual rate increases are subject to Board approval each year.

In March 2015, the District adopted an ordinance to pass through 5 year increased costs in purchased wholesale water increases to the District's Cost of Operations, Maintenance, Capital Facilities, and loss of local property tax revenue to the state, not to exceed 15% each year for the next five years. The current Proposition 218 will sunset in December 2019. The District also updated its Comprehensive Potable and Recycled Cost of Service study in preparation for the 2015 Proposition 218 process.

Based on the District's 2015 cost of service study, planned water rate increases are expected to be approximately 5% each year for the next ten years. Increases in wholesale water cost continue to be the determining factor driving the District's water rate increases.

- System Access Charge - A system access charge is assessed on a monthly basis based upon meter size. Monthly system access charge revenue is projected based on the number of water meters in service. The charge is designed to recover a portion of the fixed costs of operating the District. These costs include maintenance of meters, storage facilities, water lines, and customer service costs for meter reading and billing. The District's monthly fixed charges are subject to change based on results from the 2015 Potable and Recycled Cost of Service Study.
- SDCWA Infrastructure Access Charge (IAC) – This is a charge imposed by SDCWA. The charge is designed to collect a portion of SDCWA's fixed costs and is assessed according to meter size. This charge will have the effect of reducing future water rate increases from SDCWA, since having a significant source of fixed revenue reduces future reserve requirements. This is a pass-through that the District collects from its customers on behalf of SDCWA. Currently SDCWA-IAC is set at \$2.75 per ¾" meter equivalent (ME). SDCWA projected an increase for the IAC of 3.9% from the 2016 rate per ¾" meter equivalent for January 1, 2017.
- Rental Income – The District collects rent for the use of reservoir sites for the placement of cellular and paging transmission towers. The expansion of cellular networks has created more interest in the rental of such sites. While fiscal year 2016-2017 rental income is projected to remain relatively flat at about \$555,000, the District foresees an increase in rental fees in succeeding years.
- SDCWA Reimbursement of Parks Costs – As a result of the approved Elfin Forest Recreational Reserve (EFRR) settlement agreement, the District's cost-sharing allocation is 25% and SDCWA's portion is 75%. This allocation has been in effect since fiscal year 2010-2011. In fiscal year 2016-2017, this revenue is projected to increase 1.7% as compared to fiscal year 2015-2016.
- Property Tax Revenue – Property tax revenue is expected to remain flat as compared to the fiscal year 2015-2016 revised budget due to a negligible impact of San Diego's median home prices increases to the District's yearly property tax revenue. The District has used this revenue to offset increased operation and maintenance costs, annual debt service expense, and as an additional resource to fund its capital improvement projects to avoid higher rate increases in future years.
- Investment Income – The District invests excess funds to earn interest according to the approved statement of investment policy. The policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by source of funds based

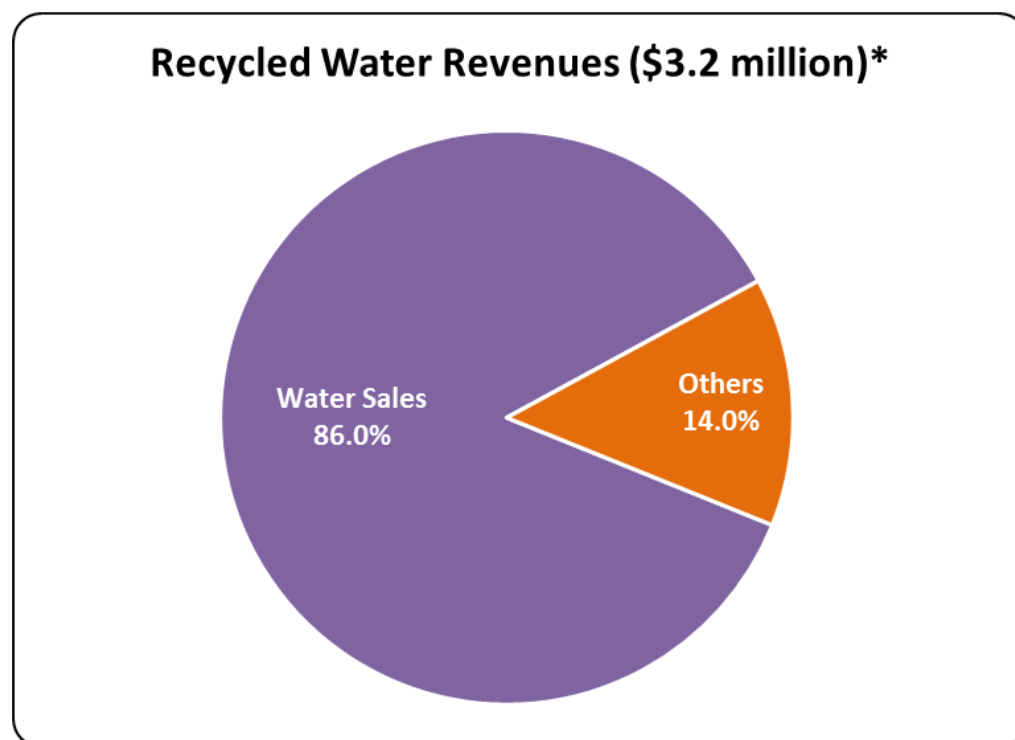
upon the average cash balances within each fund from month to month. Investment income in all funds is estimated based on an average yield of 1% for fiscal year 2016-2017.

- **Other Revenue** – this revenue includes Hydroelectric Revenue, Delinquency Charges, and other water-related fees. The District operates a hydroelectric generation plant and sells the electricity generated from the plant to San Diego Gas & Electric Company (SDG&E). The hydroelectric plant revenue is projected to be approximately \$110,000 while in fiscal year 2016-2017. The district is also expected to receive approximately \$62,000 from the Self-Generation Incentive Program (SGIP) to help fund the capital costs of building the turbines at the David C. McCollom Water Treatment Plant (DCMWTP).

Recycled Water Funds

The District provides recycled water in the Northwest and Southeast Quadrants of its service area. To meet the Northwest service area recycled water demand, the District executed recycled water purchase agreement with San Elijo Joint Powers Authority and Vallecitos Water District.

The District accounts for its recycled water operations in this fund.



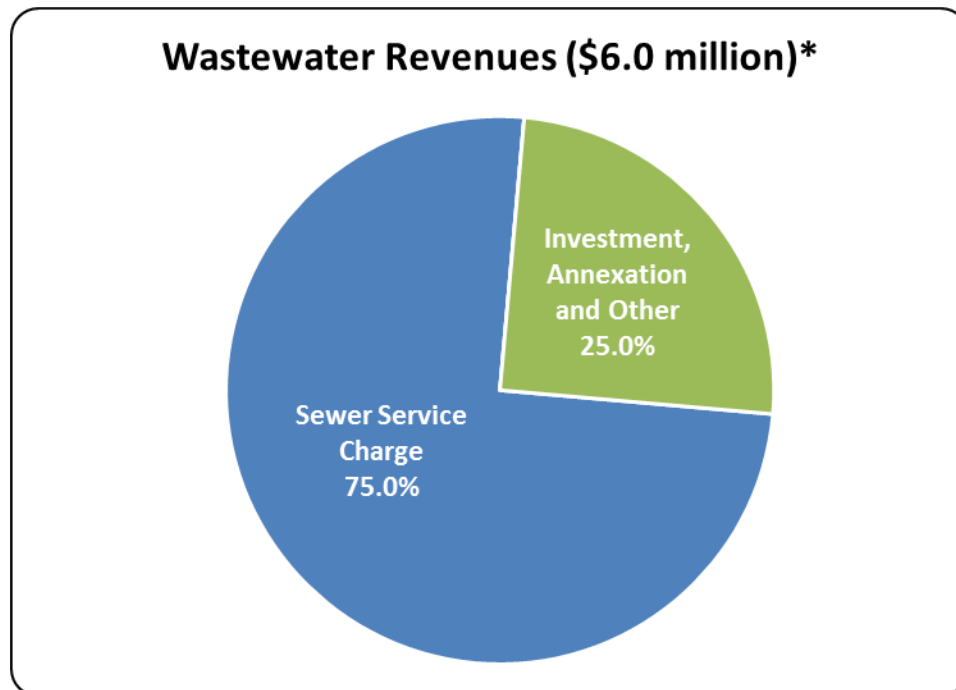
** Total may not add up to 100% due to rounding.*

Description and Summary of Major Budget Variance

- **Recycled Water Sales** – Recycled water revenues are expected to decrease because of the continued conservation efforts by the District's irrigation customers.

- Monthly System Access Charges - A system access charge is assessed on a monthly basis based upon meter size. Monthly system access charge revenue is projected based on the number of water meters in service. The charge is designed to recover a portion of the fixed costs of operating the District. The costs include maintenance of meters, storage facilities, water lines, and customer service costs for meter reading and billing. In fiscal year 2016-2017, monthly system access charges are expected to be slightly higher than in fiscal year 2015-2016 due to growth.
- Investment Income – The District invests excess funds to earn interest in accordance with the approved investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 1.0% for fiscal year 2016-2017.
- Cross Connection Inspection Revenue – The District provides cross connection inspection services to recycled water customers. Revenue generated from cross connection inspection fees is expected to remain unchanged during fiscal year 2016-2017.

Wastewater Funds



* Total may not add up to 100% due to rounding.

The District provides sewer collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 634-acre area in 4S Ranch is comprised of a wide variety of commercial, industrial, and residential uses. The 4S Ranch and Rancho Cielo areas encompass a total of approximately 5,300

acres and will serve approximately 7,450 Equivalent Dwelling Units (EDUs) by 2030, having a variety of commercial and public uses. An EDU is the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

Wastewater revenues are collected from service fees. Service fees are charged to each wastewater customer based on EDUs. Sewer fees and charges for single-family homes are in compliance with the California Urban Water Conservation Council's Best Management Practice No. 11 (BMP-11). Standby fees are no longer collected by the district.

Sewer service fees are billed through the property tax rolls and are collected by the County of San Diego Property Tax Services Division. The District is planning on increasing sewer rates by 3% during 2016 to better reflect the true cost of providing wastewater services to its customers. OMWD has not increased wastewater fees and charges since 2009.

Description and Summary of Budget Variance

- Wastewater Service and Charges – The District has not raised its wastewater rates and charges since 2009. Wastewater rates and charges revenue for fiscal year 2016-2017 are projected to have a slight uptick to approximately \$4.5 million.
- Annexation Revenue – The District is expected to annex new customers to its wastewater system during fiscal year 2016-2017. The revenue from these annexation fees represents the majority of the variance from fiscal year 2015-2016.
- Investment Income – The District invests excess funds to earn interest in accordance with the approved statement of investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 1.0% for fiscal year 2016-2017.

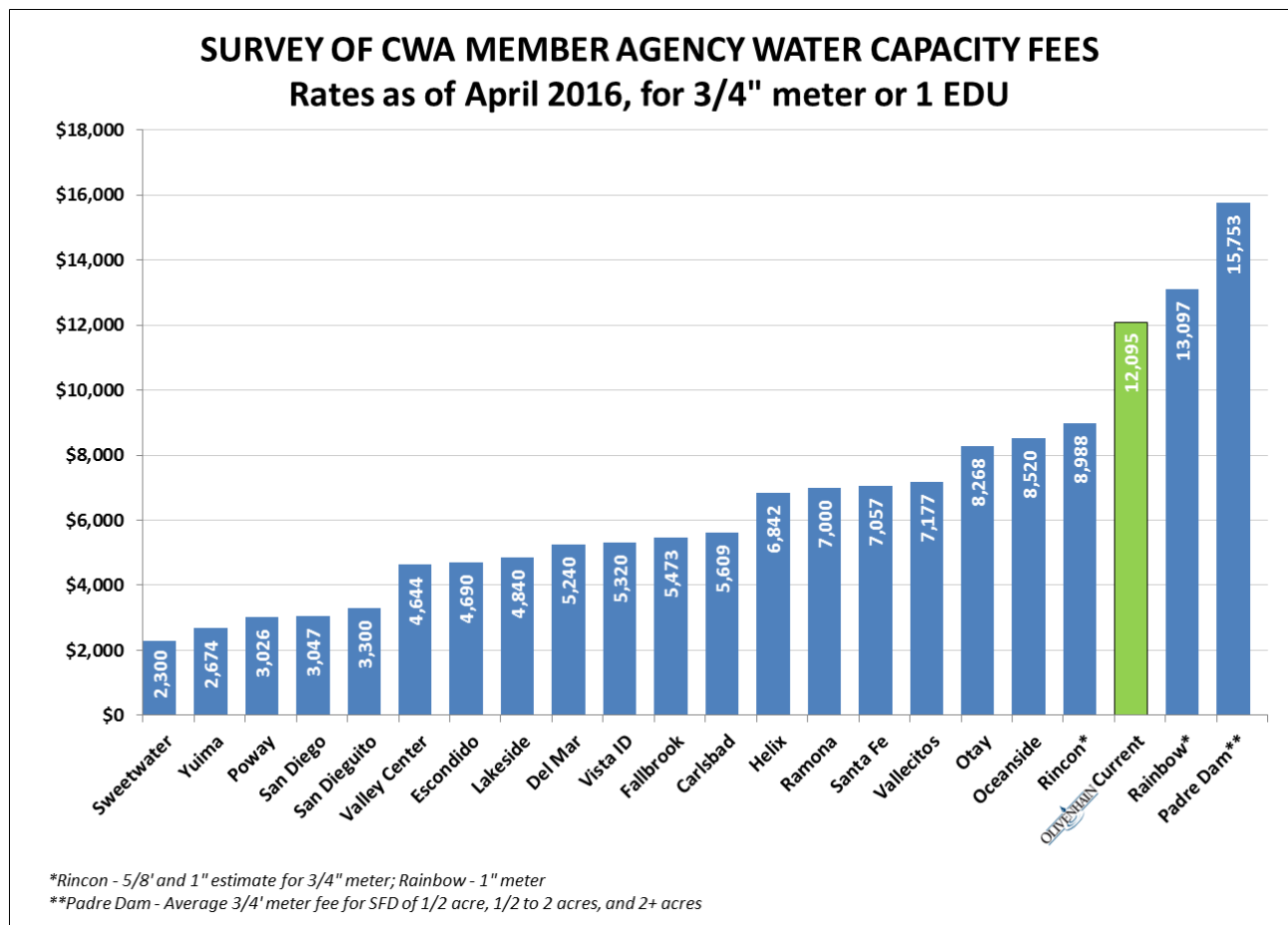
Capacity (Connection) Fee Funds

These funds receive cash deposits from developers to pay for District facilities as is included in the District's capacity fee report and the Comprehensive Water Master Plan. These are restricted funds under Government Code section 66008. Capacity fees are intended to recover an equitable share of the value in the facilities that are (or will be) available to serve future customers. Therefore, these fees eliminate the burden from current customers of their need to pay for facilities expansion in order to serve future customers.

Description and Summary of Major Budget Variance

- Capacity Fee Revenues – Capacity fees are collected for potable water, recycled water, and sewer service when developers wish to connect to the underlying systems and receive service. At 89% build out The District's capacity revenues are collected based on growth

and system buy-in, also known as the “hybrid method.” For fiscal year 2016-2017, staff is proposing a 3.9% increase to capacity fees over fiscal year 2015-2016 fees for Board consideration and approval, to be effective August 15, 2016. Capacity fee revenue has been very difficult to estimate each year because the timing of cash receipts depends upon developers’ intent and the condition of the housing market. Capacity fee revenues are projected conservatively. Below is a survey of current capacity fees for other SDCWA member agencies.



- **Investment Income** – The District invests excess funds to earn interest in accordance with the approved statement of investment policy which emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by source of funds based upon the average cash balances within each fund from month to month.

Debt Service Funds

These funds are used to accumulate revenues and transfers necessary to make all required debt service payments and to account for funds as investment income received from investment activities of unexpended bond proceeds. These funds are considered restricted funds because they are restricted for specific uses as governed by the District rate covenants.

Description and Summary of Budget Variance

- Benefit Assessment Revenues – These are the assessments levied each year through the property tax rolls against properties located within Reassessment District 96-1 (which is contiguous with the water district’s boundaries) and are utilized to make debt service payments on the Reassessment District 96-1 Limited Obligation Improvement Bonds. Benefit Assessment Revenue for fiscal year 2016-2017 is projected to be slightly lower than fiscal year 2015-2016, by 0.7%. Fiscal year 2016-2017 Benefit Assessment Revenue is estimated at \$1.4 million.
- Investment Income – The District invests unexpended bond reserve funds to earn interest according to the bond covenants. For fiscal year 2016-2017, investment income is projected to remain unchanged as compared to fiscal year 2015-2016.
- Administrative Fees Revenue – Administrative fees revenues are expected to decrease by approximately 4.8% compared to the fiscal year 2014-2015 revised budget, based on staff’s estimate of next year’s costs to administer the Reassessment District 96-1 collection activities.
- Other Revenue – Include Post-Financing Payoffs and Impact Charge Revenues. Post-financing payoffs are revenues collected when property owners pay their benefits assessment in advance. This revenue will be used to call a portion of the Reassessment District 96-1 bonds early. Impact charges are revenues collected due to property owners installing larger size of meters than originally planned and assessed. Both post-financing payoffs and impact charge revenues are insignificant to the overall budget.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 100 & 120 Operating - Water (Potable and Recycled)

		2014-2015	2015-2016 Budget		Proposed	% Change	% Change
		Actual	Adopted	Revised*	2016-2017	From 15-16	From 15-16
					Budget	Budget	Revised
<u>Operating Revenues</u>							
41100-100-000-000	Potable Water Sales - Res/Comm/Irrig/Cons	29,040,842	25,598,000	24,172,000	26,642,000	4.08%	10.22%
41400-100-000-000	Potable Water Sales - Agriculture	1,037,089	932,000	932,000	979,000	5.04%	5.04%
41600-100-000-000	Potable Water Sales - Miscellaneous	37,082	25,000	25,000	25,000	0.00%	0.00%
41700-120-000-000	Recycled Water Sales	3,194,916	3,515,000	2,856,000	2,790,000	-20.63%	-2.31%
Water Sales		33,309,929	30,070,000	27,985,000	30,436,000	1.22%	8.76%
41800-100-000-000	System Access Charge - Potable	10,511,433	10,322,000	10,488,000	11,234,000	8.84%	7.11%
41800-120-000-000	System Access Charge - Recycled	374,855	386,000	392,000	421,000	9.07%	7.40%
41900-100-000-000	SDCWA Infrastructure Access Charge	949,183	944,000	944,000	963,000	2.01%	2.01%
43210-100-000-000	Selling of Water Treatment Services	(24,667)	100,000	309,000	600,000	500.00%	94.17%
43170-100-000-000	Hydro-electric Plant Revenues	136,383	110,000	110,000	110,000	0.00%	0.00%
43001-100-000-000	Turn Off/On Fees/ NSF Charges - Potable	15,333	20,000	20,000	20,000	0.00%	0.00%
43001-120-000-000	Turn Off/On Fees/ NSF Charges - Recycled	(12,389)	5,000	5,000	1,000	-80.00%	-80.00%
43002-100-000-000	Delinquency Charges - Potable	107,686	90,000	90,000	90,000	0.00%	0.00%
43002-120-000-000	Delinquency Charges - Recycled	2,847	3,000	3,000	2,000	-33.33%	-33.33%
43003-100-000-000	Transfer Fees - Potable	36,960	30,000	30,000	30,000	0.00%	0.00%
43003-120-000-000	Transfer Fees - Recycled	220	-	-	1,000	0.00%	0.00%
43004-100-000-000	Meter Installations, net	55,872	10,000	10,000	5,000	-50.00%	-50.00%
43008-100-000-000	Cross Connection/Inspection - Potable	126,554	125,000	125,000	125,000	0.00%	0.00%
43008-120-000-000	Cross Connection Inspection - Recycled	9,108	13,000	13,000	-	-100.00%	-100.00%
43020-100-000-000	Outside District Boundary Charges	8,866	9,000	9,000	9,000	0.00%	0.00%
43121-100-000-000	Earned Discounts	-	-	-	-	0.00%	0.00%
43123-100-000-000	Rental Income	598,206	555,000	555,000	555,000	0.00%	0.00%
43500-100-000-000	CWA Reimb of Park Costs	-	290,000	290,000	295,000	1.72%	1.72%
43109-100-000-000	Advertising	-	-	-	-	0.00%	0.00%
43100-100-000-000	Other Operating Revenues	22,648	10,000	10,000	10,000	0.00%	0.00%
Other Water Services		12,919,099	13,022,000	13,403,000	14,471,000	11.13%	7.97%
Operating Revenues		46,229,028	43,092,000	41,388,000	44,907,000	4.21%	8.50%
<u>Non-operating Revenues</u>							
44100-100-000-000	Investment Income - Water	210,426	150,000	150,000	85,000	-43.33%	-43.33%
44100-120-000-000	Investment Income - Recycled	25,817	25,000	25,000	30,000	20.00%	20.00%
44200-100-000-000	Property Tax Revenue	1,881,880	2,900,000	2,900,000	2,900,000	0.00%	0.00%
47000-100-000-000	Gain on Sale of Fixed Assets	49,526	5,000	32,000	25,000	400.00%	-21.88%
47100-100-000-000	Other Non-Operating Revenues	(188,121)	62,000	50,000	62,000	0.00%	24.00%
Non-operating Revenues		1,979,529	3,142,000	3,157,000	3,102,000	-1.27%	-1.74%
Total Revenue		48,208,557	46,234,000	44,545,000	48,009,000	3.84%	7.78%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 100

Rate Stabilization - Water

		<u>2014-2015 Actual</u>	<u>2015-2016 Budget</u>		<u>Proposed 2016-2017 Budget</u>	<u>% Change From 15-16 Budget</u>	<u>% Change From 15-16 Projected</u>
			<u>Adopted</u>	<u>Revised*</u>			
<u>Operating Revenues</u>							
Total Operating Revenues		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>
<u>Non-operating Revenues</u>							
44102-100-000-000	Investment Income	42,167	75,000	75,000	151,000	101.33%	101.33%
Total Non-operating Revenues		<u>42,167</u>	<u>75,000</u>	<u>75,000</u>	<u>151,000</u>	<u>101.33%</u>	<u>101.33%</u>
Total		<u>42,167</u>	<u>75,000</u>	<u>75,000</u>	<u>151,000</u>	<u>101.33%</u>	<u>101.33%</u>

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Year 2016-2017**

Fund: 110 & 111 Wastewater Operations

	<u>2014-2015 Actual</u>	<u>2015-2016 Budget</u>		<u>Proposed 2016-2017 Budget</u>	<u>% Change From 15-16 Budget</u>	<u>% Change From 15-16 Projected</u>
		<u>Adopted</u>	<u>Revised*</u>			
<u>Operating Revenues</u>						
Wastewater Services	4,656,781	4,150,000	4,349,000	4,480,000	7.95%	3.01%
Total Operating Revenues	<u>4,656,781</u>	<u>4,150,000</u>	<u>4,349,000</u>	<u>4,480,000</u>	<u>7.95%</u>	<u>3.01%</u>
<u>Non-operating Revenues</u>						
Investment Income	11,076	8,000	8,000	15,000	87.50%	87.50%
Standby Charges	22,594	-	-	-	0.00%	0.00%
Other Non-Operating Revenue	-	-	-	1,464,000	0.00%	0.00%
Total Non-operating Revenues	<u>33,670</u>	<u>8,000</u>	<u>8,000</u>	<u>1,479,000</u>	<u>18387.50%</u>	<u>18387.50%</u>
Total	<u>4,690,451</u>	<u>4,158,000</u>	<u>4,357,000</u>	<u>5,959,000</u>	<u>43.31%</u>	<u>36.77%</u>

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue Summary
Fiscal Year 2016-2017

Fund: 110 & 111		Rate Stabilization - Wastewater					
		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	-	0.00%	0.00%
<u>Non-operating Revenues</u>							
44102-110-000-000	Investment Income	13,639	10,000	10,000	12,000	20.00%	20.00%
Total Non-operating Revenues		13,639	10,000	10,000	12,000	20.00%	20.00%
Total		13,639	10,000	10,000	12,000	20.00%	20.00%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Year 2016-2017**

Fund: Capital Improvement (All)**

	<u>2014-2015 Actual</u>	<u>2015-2016 Budget</u>		<u>Proposed 2016-2017 Budget</u>	<u>% Change From 15-16 Budget</u>	<u>% Change From 15-16 Projected</u>
		<u>Adopted</u>	<u>Revised*</u>			
<u>Operating Revenues</u>						
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>
<u>Non-operating Revenues</u>						
Investment Income	145,569	398,000	398,000	552,000	38.69%	38.69%
Capacity Fee	1,782,625	898,000	898,000	1,280,000	42.54%	42.54%
Ordinance 280 Revenue	9,500	5,000	5,000	5,000	0.00%	0.00%
Anticipated Grant Funds	4,043	-	-	-	0.00%	0.00%
Total Non-operating Revenues	<u>1,941,737</u>	<u>1,301,000</u>	<u>1,301,000</u>	<u>1,837,000</u>	<u>41.20%</u>	<u>41.20%</u>
Total	<u>1,941,737</u>	<u>1,301,000</u>	<u>1,301,000</u>	<u>1,837,000</u>	<u>41.20%</u>	<u>41.20%</u>

* Amended budget amounts approved by the Board.

** Include Capital Improvement for Potable, Wastewater and Recycled.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 120, 400, & 500 Capital Improvement - Water (Potable and Recycled)

	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
		Adopted	Revised*			
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	-	0.00%	0.00%
<u>Non-operating Revenues</u>						
44100-500-000-000 Investment Income **	92,939	367,000	367,000	511,000	39.24%	39.24%
44300-500-000-000 Capacity Fee	1,782,625	898,000	898,000	1,280,000	42.54%	42.54%
44103-120-000-000 Investment Income	5,121	-	-	-	0.00%	0.00%
44100-400-000-000 Investment Income	2,896	6,000	6,000	5,000	-16.67%	-16.67%
44300-400-000-000 Ordinance 280 Revenue	9,500	5,000	5,000	5,000	0.00%	0.00%
49302-120-000-000 Anticipated Grant Funds	4,043	-	-	-	0.00%	0.00%
Total Non-operating Revenues	1,897,124	1,276,000	1,276,000	1,801,000	41.14%	41.14%
Total	1,897,124	1,276,000	1,276,000	1,801,000	41.14%	41.14%

* Amended budget amounts approved by the Board.

** Income from investment in Capacity Fees

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 110 & 111 Capital Improvement - Wastewater

		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	-	0.00%	0.00%
<u>Non-operating Revenues</u>							
44103-110-000-000	Investment Income - Capital Replacement	44,613	25,000	25,000	36,000	44.00%	44.00%
44171-110-000-000	Investment Income - Capacity Fee	-	-	-	-	0.00%	0.00%
44300-110-000-000	Capacity Fee Revenue - 4S	-	-	-	-	0.00%	0.00%
44171-111-000-000	Capacity Fee Revenue - Rancho Cielo	-	-	-	-	0.00%	0.00%
Total Non-operating Revenues		44,613	25,000	25,000	36,000	44.00%	44.00%
Total		44,613	25,000	25,000	36,000	44.00%	44.00%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Year 2016-2017**

Fund: Debt Service (All)**

	2014-2015	2015-2016 Budget		Proposed	% Change	% Change
<u>Account No. and Description</u>	<u>Actual</u>	<u>Adopted</u>	<u>Revised*</u>	<u>2016-2017</u>	<u>From 15-16</u>	<u>From 15-16</u>
				<u>Budget</u>	<u>Budget</u>	<u>Projected</u>
<u>Operating Revenues</u>						

120,836

* Amended budget amounts approved by the Board.

** Include RAD 96-1, 2006A & 2015A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank and Trust Note.

**Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017**

Fund: 570 Debt Service - Reassessment District 96-1

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Non-operating Revenues</u>							
44100-570-000-000	Investment Income	7,534	5,000	5,000	5,000	0.00%	0.00%
44400-570-000-000	RAD 96-1 Benefit Assessment Revenues	1,301,476	1,385,000	1,385,000	1,376,000	-0.65%	-0.65%
44410-570-000-000	Administrative Fee Revenues	43,386	42,000	42,000	40,000	-4.76%	-4.76%
44420-570-000-000	Post-Financing Payoffs	3,252	5,000	5,000	4,000	-20.00%	-20.00%
44430-570-000-000	Impact Charge Revenues	4,385	3,000	3,000	4,000	33.33%	33.33%
Total Non-operating Revenues		<u>1,360,034</u>	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,429,000</u>	<u>-0.76%</u>	<u>-0.76%</u>
Total		<u>1,360,034</u>	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,429,000</u>	<u>-0.76%</u>	<u>-0.76%</u>

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 560		Debt Service - 2006A Water Revenue Refunding Bond					
Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-560-000-000	Investment Income	97	-	-	-	0.00%	0.00%
Total Non-operating Revenues		97	-	-	-	0.00%	0.00%
Total		97	-	-	-	0.00%	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 561 Debt Service - 2015A Water Revenue Refunding Bond

Account No. and Description	2014-2015	2015-2016 Budget		Proposed	% Change	% Change
	Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Projected
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	-	-	-
<u>Non-operating Revenues</u>						
44100-561-000-000 Investment Income	-	-	-	-	0.00%	0.00%
Total Non-operating Revenues	-	-	-	-	0.00%	0.00%
Total	-	-	-	-	0.00%	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 580

Debt Service - 2009 Water Revenue Bonds

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-580-000-000	Investment Income	804	1,000	1,000	1,000	0.00%	0.00%
Total Non-operating Revenues		804	1,000	1,000	1,000	0.00%	0.00%
Total		804	1,000	1,000	1,000	0.00%	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 510 Debt Service - 2012 State Revolving Fund

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-510-000-000	Investment Income	103	-	-	-	0.00%	0.00%
Total Non-operating Revenues		103	-	-	-	0.00%	0.00%
Total		103	-	-	-	0.00%	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Year 2016-2017

Fund: 511 Debt Service - 2012 CB&T Loan

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Projected
			Adopted	Revised*			
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-511-000-000	Investment Income	(51)	5,000	5,000	5,000	0.00%	0.00%
Total Non-operating Revenues		(51)	5,000	5,000	5,000	0.00%	0.00%
Total		(51)	5,000	5,000	5,000	0.00%	0.00%

* Amended budget amounts approved by the Board.

Expenditures

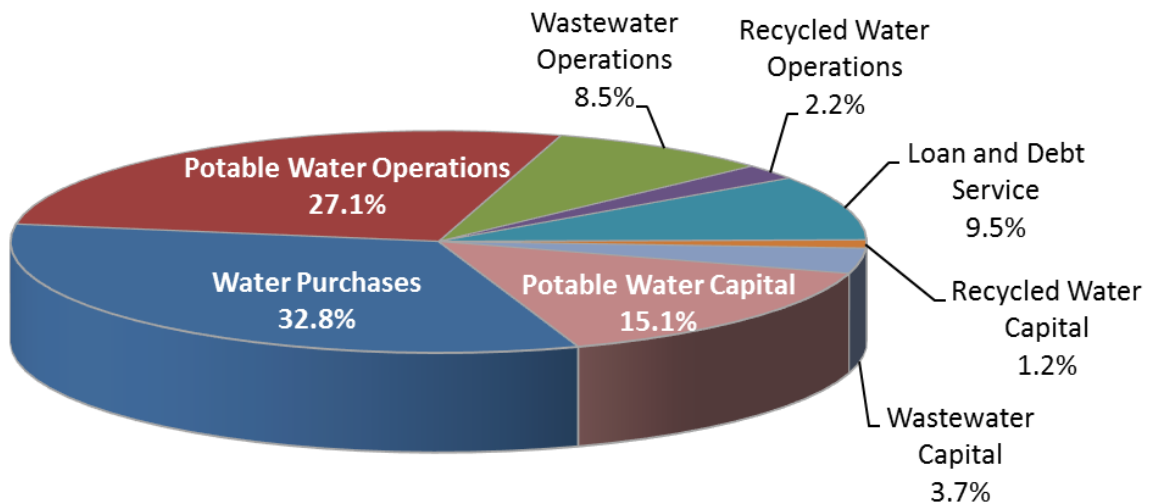
The District's projected expenditures for fiscal year 2016-2017 are divided into three major categories:

- Operating Expenditures are potable and recycled water expenses (with purchased water cost shown separately), wastewater operations, maintenance expenses, and pay-as-you-go (PAYGO) cash transfers to pay for the maintenance and replacement of aging water and sewer infrastructure.
- Non-Operating Expenditures are defined as costs that are indirectly related to potable water, recycled water, and wastewater operations but are equally necessary to support the District's operating system, such as loan and debt service payments and costs to obtain federal and state grants.
- Capital Project Expenditures are defined as actual costs incurred on all of the District's capital projects. Funds are accumulated from the collection of potable and recycled water rates, sewer use charges, and capacity fees collected from developers to finance the District's capital improvement projects, system expansion to accommodate growth, and existing infrastructure replacement and betterment programs. The District, as stated in its debt management policy, endeavors to pay for its capital improvement programs using the PAYGO method from its revenues and charges to avoid financing expenses when practicable.

Operating and non-operating expenditures are discussed as part of the operating budget section of this document. Detailed Information on the fiscal year 2016-2017 Capital Expenditures can be found in "Section II - Capital Budget."

The District's total expenditures for fiscal year 2016-2017 are projected to be \$70.2 million. The breakdown of these expenditures by fund is depicted in the graph below.

FY 2016-2017 Expenditures (\$70.2 million)*



**Total may not add up to 100% due to rounding.*

Potable Water Purchases

The District purchases 100% of its untreated water supply from the San Diego County Water Authority (SDCWA). SDCWA buys its water supplies from the Metropolitan Water District of Southern California (MWD). It is then transported through its water transmission and distribution system to 24 member agencies, including SDCWA, which distributes the water to retail agencies like the District throughout San Diego County.

For fiscal year 2016-2017, purchased raw water is estimated to be approximately 14,850 AF based on the fiscal year 2016-2017 projected sales volume and a 5.0% historical average of unaccounted water loss.

The untreated purchased wholesale water cost is expected to increase 6.4% starting January 1, 2017. The overall cost increase will vary by SDCWA member agency depending on the fixed charge allocations. SDCWA fixed charges are allocated to its 24 member agencies based on each agency's historical water deliveries.

The District's portion of SDCWA's fixed charges for fiscal year 2016-2017 will be \$7.8 million. Including in SDCWA's fixed charges is a Supply Reliability Charge. The District's portion of SDCWA's Supply Reliability Charge fiscal year 2016-2017 will be \$1.18 million. This is a new fixed charge imposed by SDCWA to recover the cost of making system improvements to accept the desalinated seawater from the Carlsbad desalination plant for distribution throughout the region.

All untreated water deliveries from SDCWA are processed at the District's David C. McCollom Water Treatment Plant to meet customer demand. The wholesale purchased water costs are broken down as follows:

Wholesale Variable Charges per Acre Foot (AF)

1. **Melded Untreated Municipal and Industrial (M&I) Supply Rate** is a uniform volumetric rate set to recover the costs of purchasing Tier 1 water from MWD, water purchases from Imperial Irrigation District (IID), payments in connection with the All American and Coachella Canal lining projects, and other associated supply costs. The Melded Supply Rate is projected to increase from \$780 per AF to \$855 per AF, or 9.6%, on January 1, 2017.
2. **Melded M&I Treatment Rate** is a uniform volumetric rate that is set in order to recover costs related to their associated treatment costs. The District treat almost all of its customer's potable water demand at its David C. McCollom Water Treatment Plant. SDCWA's melded M&I Treatment Rate is projected to increase by 3.6%, from \$280 per AF to \$290 per AF, on January 1, 2017.
3. **Transportation Charge** is a uniform volumetric rate that is set in order to recover capital, operation, and maintenance costs of SDCWA's aqueduct system, including all facilities used to physically transport the water to member agency meters. The transportation rate is expected to increase by 4.8%, from \$105 to \$110 per AF, on January 1, 2017.
4. **SDCWA Transitional Special Agricultural Credit (SAWR):** This program exempts farmers and growers from paying storage charges in exchange for receiving a reduced level of water delivery during water shortages or emergencies. Per current SDCWA Board of Directors policy, SAWR is set to end on December 31st, 2020. The current untreated and treated agricultural water rates under the SAWR program are \$594 and \$874 per AF, and are estimated to increase to \$666 and \$956 respectively, on January 1, 2017.

Wholesale Fixed Charges

1. **Customer Service Charge:** This is a fixed charge to recover costs that are necessary to support the functioning of SDCWA, to develop policies, and to implement programs that benefit the San Diego region as a whole. It is charged monthly and allocated among member agencies based on each agency's three-year rolling average of water purchases. The SDCWA customer service charge is expected to decrease from \$94,592 per month to \$91,681 per month, a 3.1% decrease, effective January 1, 2017.
2. **SDCWA Emergency Storage Charge:** This is a fixed charge to recover costs associated with the Emergency and Carryover Storage Program. It is charged monthly and allocated among member agencies based on each agency's three-year rolling average non-agricultural water deliveries. The SDCWA storage charge is expected to decrease from \$247,798 per month to \$246,749 per month, a 0.4% decrease, effective January 1, 2017.

3. **MWD Readiness-To-Serve Charge (RTS):** This is a fixed charge collected by MWD to recover costs associated with standby and peak conveyance activity and system emergency storage capacity. The RTS charge is allocated by SDCWA to all member agencies on the basis of each agency's ten-year rolling average of firm deliveries, including water transfers and exchanges conveyed through system capacity. The District's portion of MWD RTS is expected to remain unchanged at approximately \$104,333 per month.
4. **MWD Capacity Charge:** This is a fixed charge set by MWD on an agency's coincidental peak week deliveries over the previous five fiscal years. It recovers the cost of providing peak capacity within the distribution system and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. The District's allocation of MWD CRC is expected to decrease 28.4% from \$46,018 per month to \$32,948 per month effective January 1, 2017. SDCWA allocates this fixed charge to all of its member agencies based on a five-year rolling average of member agency deliveries during regional peak weeks.
5. **SDCWA Infrastructure Access Charge (IAC):** This is a fixed monthly charge which is set by SDCWA based on meter size of all active potable water meters to cover a portion of debt service costs associated with the construction of county-wide water infrastructure projects. The SDCWA IAC is projected to increase by 4.0% from \$2.76 per $\frac{3}{4}$ " meter equivalent to \$2.87 per $\frac{3}{4}$ " meter equivalent effective January 1, 2017.
6. **SDCWA Supply Reliability Charge:** This is a fixed monthly charge imposed by the SDCWA to its member agencies intended to recover the cost of making system improvements to accept the desalinated seawater for distribution throughout the region from the Carlsbad desalination plant. The total amount for fiscal year 2016-2017 is \$25.4 million and it is allocated to the member agencies based on a five-year rolling average of firm, non-agricultural MWD deliveries based on fiscal year 2011 to 2015 period. The District's proposed allocation is expected to decrease 5.2% from \$100,813 per month to \$95,617 per month effective January 1, 2017.

Recycled Water Purchases

The District delivers recycled water to large irrigation customers, such as golf courses and home owner associations, in the Northwest Quadrant and Southeast Quadrant of its service area. The Northwest and Southeast recycled quadrants are two separate transmission and distribution systems.

In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. The District has been working aggressively to increase its recycled water use to comply with the State Water Resources Board's Emergency Regulations.

In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). About 45% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District.

Purchased Recycled Water costs are broken down as follows:

1. **City of San Diego:** The District is projected to buy at least 400 AF of recycled water from the City of San Diego. The purchase price for this recycled water is set based on an agreement between the District and the City of San Diego for purchase of recycled water from the North City Water Reclamation Plant. This agreement is a take or pay recycled water purchase arrangement for 20 years effective December 2004. The District agrees to pay the City of San Diego a commodity rate adopted by the San Diego City Council based on annual deliveries specified in the contract. The District currently pays \$780/AF for recycled water supplied by the City for fiscal year 2016-2017.
2. **Rancho Santa Fe Community Services District (RSFCSD):** The District agrees to purchase available recycled water from the Santa Fe Valley Water Reclamation Facility (SFV WRF), which is owned by the RSFCSD. For fiscal year 2016-2017, the District projects approximately 220 AF of recycled water will be available from SFV WRF. The purchase price for this recycled water is set at \$375 per AF, plus 50% of the difference between the District's projected recycled water rate and the District's actual fiscal year 2007-2008 recycled water rate. For fiscal year 2016-2017, the purchase price for recycled water from RSFCSD is projected to be \$740 per AF.
3. **Vallecitos Water District (VWD):** The District entered into an agreement to purchase up to 1.5 million gallons per day of recycled water from VWD and to use VWD's Mahr Reservoir for operational storage for the purchased recycled water. For fiscal year 2016-2017, recycled water purchases from VWD are projected at approximately 385 AF (about 125.45 million gallons). The ceiling price for recycled water purchased from VWD is to not exceed 75% of SDCWA's Treated M&I Rate, which includes the Tier 1 Melded Untreated M&I Supply rate, Customer Service Charge, Transportation Rate, Storage Charges, and Melded M&I Treatment

Rate. For fiscal year 2016-2017, the price for recycled water from VWD shall not exceed \$1,112 per AF.

4. **San Elijo JPA (JPA):** The District entered into an agreement with the JPA, effective October 10, 2013, to purchase a minimum of 25 AF of recycled water annually for 20 years. The current purchase price is \$1,356 per AF, less an infrastructure credit of \$450 per AF, for a net price of \$906 per AF. The District estimates the purchase price will increase between 2% and 5% for fiscal year 2016-2017.

Potable Water Operations

The District is committed to providing safe, reliable, and high-quality water to each customer in a cost-effective manner. It provides potable water services to approximately 29,000 customer meters. For fiscal year 2016-2017, potable water operating expenditures are budgeted at \$19.0 million which includes \$15.1 million of operating expenditures net of capitalized labor and non-labor expenses, and \$3.9 million of fund transfers. Operating expenditures net of capitalized labor and non-labor expenses are expected to increase by 7.9% due to an increase in labor and benefit costs and two new Grow Your Own positions in accordance with the 2013 MOUs with the District's employee association groups; annual inflationary adjustment of 1.6% (San Diego CPI-U); and allowance for increase in outside services, utilities, repairs and maintenance, and fuel.

Potable water operations include not only water facilities operations but also maintenance of the District's transmission and distribution system, meter maintenance, reading and billing of water meters on a monthly basis, and other on-site services requested by customers. The District's service area is approximately 48 square miles, with 419 miles of water main lines, 65.9 million gallons of potable water storage capacity, and 12 treated water reservoirs.

Wastewater Operations

The District owns and operates the 4S Ranch Water Reclamation Facility (4S WRF) to provide sewer collection and treatment services to two sanitation districts within its boundaries, namely 4S Ranch and Rancho Cielo, as well as other annexed areas. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass approximately 5,300 acres and provides sewer service to about 6,600 connections.

For fiscal year 2016-2017, wastewater operating expenditures are expected to increase 11.3% compared to the fiscal year 2015-2016 revised budget. This increase is primarily due to a rise in labor and benefit costs in accordance with the 2013 MOUs with the District's employee association groups, as well as an increase in asset depreciation expenses.

For fiscal year 2016-2017, the District plans on transferring \$3.0 million from the operating fund to the capital fund to ensure proper funding of impending capital projects in the wastewater system.

Annual fund transfers from the wastewater operating fund to the wastewater PAYGO capital reserves is expected to increase in future years.

Recycled Water Operations

Recycled water expenditures for fiscal year 2016-2017 are budgeted at \$1.6 million. Operating expenditures, including capitalized labor and non-labor expenses, and asset depreciation expenses are expected to reach \$1.4 million, while the transfer from the operating fund to the capital improvement fund is budgeted at \$200 thousand. The overall increase in operating expenses for recycled water operations is estimated at 2.2% compared to the fiscal year 2015-2016 revised budget.

Capacity Fee Fund

Capacity fee expenses include engineering, accounting, and general and administration costs to support capacity fee projects administration. With the District at 89% build-out, the capacity fee expense budget is expected to remain relatively flat in future years.

Debt Service Fund

Included in this category are amortization expenses, miscellaneous charges, and administrative costs. These costs are incurred by the District to administer current outstanding bonds.

The District's financial goal is to keep the level of bond indebtedness within available resources and within legal limitations. To meet the bond indebtedness obligation and to avoid rate spikes, the District has a long-term financial plan and rate model that are used by staff as financial tools to forecast water rates. It has been the District's mission to keep water rates stable over time through utilization of rate stabilization funds whenever practicable.

Debt Service Payments for fiscal year 2016-2017 are budgeted at \$6.6 million. The District currently has three bond issues outstanding: Reassessment District 96-1 (RAD 96-1), the 2015A Water Revenue Refunding Bonds, and the 2009 Water Revenue Bonds. The District has one promissory note outstanding, the 2012 California Bank and Trust (2012 CB&T) Promissory Note, and one State Revolving Fund (2012 SRF) loan.

The Reassessment District 96-1 (RAD 96-1) bond was issued to refund Assessment District 96-1. The District issued the bond to construct the dam and reservoir portion of the Olivenhain Water Storage Project.

The 2015A Water Revenue Refunding bonds were issued to refund the 2006A Water Revenue Refunding bonds, which refunded the 1997 Certificates of Participation (1997 COP). The District used the 1997 COP proceeds to pay for construction of the David C. McCollom Water Treatment

Plant (DCMWTP). The District estimates it will save \$1.79 million over the life of the bonds due to the 2015 refunding.

The 2009 Water Revenue bonds were issued in October 2009. The bond proceeds were used to finance certain improvements and modifications to the District's existing DCMWTP facility.

The 2012 California Bank & Trust promissory note was issued to provide funds for certain capital projects such as the Financial Enterprise Resource Planning (ERP), Utility Billing, and Automatic Meter Reading (AMR) systems and equipment.

The 2012 SRF loan was awarded by the California Department of Public Health in December 2011 and was used to fund a portion of the LT2-related construction improvements at the DCMWTP.

Debt Coverage Ratio

The 2015A Water Revenue Refunding bonds require the District to maintain net system revenues equal to 125% of debt service on senior obligations for each fiscal year and 100% of debt service on all obligations. Net system revenues equal all income and revenue received by the District from the operation or ownership of the water system, including all rates and charges received by the District for water system services, investment income, property taxes, and connection fees less costs expended or incurred by the District for maintaining and operating the water system, excluding depreciation expenses.

The coverage ratio is defined as net system revenues divided by senior liens or overall debt service. The District has been and will remain in compliance with all of its bond covenants, which include meeting its debt service ratio requirements.

The debt service coverage ratio forecast for the next ten years can be found in the Long-Term Financial Plan section of this document. The consolidated debt service schedule of principal and interest payments through maturity and a separate debt service schedule by fund type are shown in the Debt Service section.

Water and Wastewater Capital¹

Detailed information on the District's capital expenditures, including project description, estimated project costs, and funding sources can be found in "Section II – Capital Budget" of this document. Project costs are estimated based on an updated list of capital improvement projects to be completed within the next ten years.

¹ Information about the District's labor and employee benefit expenses for water operations, wastewater, and recycled operations, including an allocation of employee benefit expenses to various departments within these operations, an organizational chart, and total staffing graphs, can be found on the following pages. A summary by department of staffing, objectives, accomplishments, and line item expenditures is located behind each department tab included in this section and following the employee benefits information

**Olivenhain Municipal Water District
Expense Summary
Fiscal Year 2016-2017**

Fund: 100 & 120 Operating - Water (Potable and Recycled)

Account No. and Description	2014-2015	2015-2016 Budget		Proposed	% Change	% Change
	Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Revised
Operating Expenses						
50100-100-000-199 Purchased Potable Water - Variable	16,612,679	13,839,000	12,867,000	14,599,000	5.49%	13.46%
50200-100-000-199 Purchased Potable Water - Fixed	4,101,739	4,189,000	4,132,000	4,102,000	-2.08%	-0.73%
50300-100-000-199 Purchased Potable Water - Agricultural Credits	(17,842)	(20,000)	(19,000)	-	-100.00%	-100.00%
50250-100-000-199 MWD- Readiness-to-Serve	1,252,032	1,252,000	1,137,000	972,000	-22.36%	-14.51%
50260-100-000-199 MWD- Capacity Reservation Charge	411,299	467,000	510,000	552,000	18.20%	8.24%
50270-100-000-199 SDCWA - Infrastructure Access Charge	925,074	971,000	947,000	979,000	0.82%	3.38%
50150-120-000-199 Purchased Recycled Water	558,950	720,000	669,000	797,000	10.69%	19.13%
50350-120-000-199 Recycled Credit	(209,085)	(180,000)	(167,000)	(180,000)	0.00%	7.78%
50280-100-000-199 System Reliability Charge	-	1,040,000	604,000	1,179,000	13.37%	95.20%
Purchased Water	23,634,845	22,278,000	20,680,000	23,000,000	3.24%	11.22%
Personnel	8,875,207	10,214,000	10,105,000	10,581,000	3.59%	4.71%
Operations	6,560,437	6,140,000	6,240,000	7,494,000	22.05%	20.10%
Capitalized Operating Expenditures	(1,177,541)	(1,506,000)	(1,499,000)	(1,700,000)	12.88%	13.41%
Other Operating Expenses	14,258,103	14,848,000	14,846,000	16,375,000	10.28%	10.30%
Operating Expenses	37,892,948	37,126,000	35,526,000	39,375,000	6.06%	10.83%
Non-operating Expenses						
59401-100-000-000 Other Non-Operating Expenses - Potable	-	70,000	70,000	70,000	0.00%	0.00%
59450-100-000-000 Loss disposal of Fixed Assets	274,181	-	-	-	0.00%	0.00%
59401-120-000-000 Other Non-Operating Expenses - Recycled	-	30,000	20,000	30,000	0.00%	50.00%
59460-120-000-000 Non-Operating Labor	-	-	-	-	0.00%	0.00%
Non-operating Expenses	274,181	100,000	90,000	100,000	0.00%	11.11%
Total Expenses	38,167,129	37,226,000	35,616,000	39,475,000	6.04%	10.84%

* Amended budget amounts approved by the Board.

Note: Other District water operation expenditures can be found in the "Expenditures by Department" section of this document, broken down by department.

**Olivenhain Municipal Water District
Expense Summary
Fiscal Year 2016-2017**

Fund: 110 & 111 Wastewater Operations

	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Expenses</u>						
Personnel	943,662	1,005,000	1,028,000	1,083,000	7.76%	5.35%
Operations	1,656,142	1,318,000	1,285,000	1,345,000	2.05%	4.67%
Capitalized Operating Expenditures	1,996,757	327,000	327,000	509,000	55.66%	55.66%
Total Operating Expenses	<u>4,596,561</u>	<u>2,650,000</u>	<u>2,640,000</u>	<u>2,937,000</u>	<u>10.83%</u>	<u>11.25%</u>
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>
Total	<u>4,596,561</u>	<u>2,650,000</u>	<u>2,640,000</u>	<u>2,937,000</u>	<u>10.83%</u>	<u>11.25%</u>

* Amended budget amounts approved by the Board.

Note: More detailed information about each of the expenditures line items shown above can be found in the " Expenditures by Department - Wastewater Operations"

**Olivenhain Municipal Water District
Expenses Summary
Fiscal Year 2016-2017**

Fund: Capital Improvement (All)**

	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	-	-	-
<u>Non-operating Expenses</u>						
Consultants	-	-	-	-	0.00%	0.00%
Engineering	2,340	-	-	-		
Legal	-	-	-	-	0.00%	0.00%
Administrative and General Expense	-	-	-	-	0.00%	0.00%
Salaries & Wages - Regular	77	3,000	3,000	1,000	-66.67%	-66.67%
Employee Benefits	50	2,000	2,000	2,000	0.00%	0.00%
Other Non-Operating Expenses	14,920	82,000	92,000	12,000	-85.37%	-86.96%
Other Non-Labor Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	17,387	87,000	97,000	15,000	-82.76%	-84.54%
Total	17,387	87,000	97,000	15,000	-82.76%	-84.54%

* Amended budget amounts approved by the Board.

** All operations include Potable water, Recycled water, and Wastewater.

**Olivenhain Municipal Water District
Expense Summary
Fiscal Year 2016-2017**

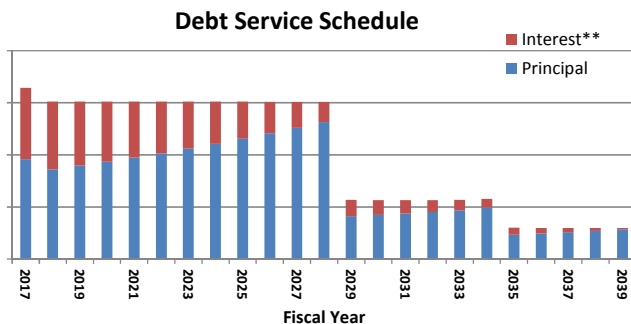
Fund: Debt Service (All)***

	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
		Adopted	Revised*			
Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-
Non-operating Expenses						
Consultants	-	-	-	-	0.00%	0.00%
Investment Expense	-	-	-	-	0.00%	0.00%
Legal	-	-	-	-	0.00%	0.00%
Bank Svc Chgs	180	-	-	-	0.00%	0.00%
Other admin/gen exp	-	-	-	-	0.00%	0.00%
Outside Service	43,044	45,000	45,000	44,000	-2.22%	-2.22%
Postage and Shipping	-	-	-	-	0.00%	0.00%
Salaries and Wages	2,384	2,000	2,000	2,000	0.00%	0.00%
Employee Benefits	2,703	2,000	2,000	2,000	0.00%	0.00%
Principal	4,682,222	4,610,000	4,610,000	3,837,000	-16.77%	-16.77%
Loss on Payoff of Bonds	-	-	-	-	0.00%	0.00%
Interest Expense**	2,981,507	2,808,000	2,758,000	2,746,000	-2.21%	-0.44%
Call Fee on Defeased Debt	-	-	-	-	0.00%	0.00%
Amortization	17,673	18,000	18,000	12,000	-33.33%	-33.33%
Premium/Call Fee Defeased Debt	-	-	-	-	0.00%	0.00%
Fixed Charge County Assessment	2,313	2,000	2,000	2,000	0.00%	0.00%
Other Expenses	-	-	-	-	0.00%	0.00%
Other Non-labor Expenses	-	-	-	-	0.00%	0.00%
Other Labor Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	7,732,025	7,487,000	7,437,000	6,645,000	-11.25%	-10.65%
Total	7,732,025	7,487,000	7,437,000	6,645,000	-11.25%	-10.65%

* Amended budget amounts approved by the Board.

** Interest rounded to nearest thousand.

*** Include RAD 96-1, 2006A & 2015A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank and Trust Note.



Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2017	3,837,000	2,746,000	6,583,000
2018	3,451,000	2,604,000	6,055,000
2019	3,597,000	2,462,000	6,059,000
2020	3,744,000	2,310,000	6,054,000
2021	3,902,000	2,147,000	6,049,000
2022	4,065,000	1,983,000	6,048,000
2023	4,248,000	1,811,000	6,059,000
2024	4,432,000	1,621,000	6,053,000
2025	4,631,000	1,421,000	6,052,000
2026	4,831,000	1,210,000	6,041,000
2027	5,041,000	995,000	6,036,000
2028	5,266,000	771,000	6,037,000
2029	1,647,000	628,000	2,275,000
2030	1,699,000	573,000	2,272,000
2031	1,756,000	517,000	2,273,000
2032	1,813,000	460,000	2,273,000
2033	1,876,000	398,000	2,274,000
2034	1,981,000	339,000	2,320,000
2035	945,000	261,000	1,206,000
2036	990,000	213,000	1,203,000
2037	1,040,000	164,000	1,204,000
2038	1,090,000	112,000	1,202,000
2039	1,145,000	57,000	1,202,000
TOTAL	67,027,000	25,803,000	92,830,000

**Olivenhain Municipal Water District
Expenses
Fiscal Year 2016-2017**

Fund: 570 Debt Service - Reassessment District 96-1

Account No. and Description	2014-2015	2015-2016 Budget		Proposed	% Change	% Change
	Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Revised
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	-	0.00%	0.00%
<u>Non-operating Expenses</u>						
52250-570-000-000 Consultants	-	-	-	-	0.00%	0.00%
52660-570-000-000 Investment Expense	-	-	-	-	0.00%	0.00%
52800-570-000-000 Legal	-	-	-	-	0.00%	0.00%
53250-570-000-000 Outside Service	39,429	40,000	40,000	40,000	0.00%	0.00%
51100-570-000-000 Salaries and Wages	2,384	2,000	2,000	2,000	0.00%	0.00%
51150-570-000-000 Employee Benefits	2,703	2,000	2,000	2,000	0.00%	0.00%
22510-570-000-000 Principal	750,000	785,000	785,000	810,000	3.18%	3.18%
59750-570-000-000 Interest Expense**	616,576	599,000	599,000	566,000	-5.51%	-5.51%
59200-570-000-000 Call Fee on Defeased Debt	-	-	-	-	0.00%	0.00%
59265-570-000-000 Amortization	7,880	8,000	8,000	8,000	0.00%	0.00%
59365-570-000-000 Fixed Charge County Assessment	2,313	2,000	2,000	2,000	0.00%	0.00%
59460-570-000-000 Other Non-labor Expenses	-	-	-	-	0.00%	0.00%
59560-570-000-000 Other Labor Expenses	-	-	-	-	0.00%	0.00%
53200-570-000-000 Other Admin and General Cost	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	1,421,284	1,438,000	1,438,000	1,430,000	-0.56%	-0.56%
Total	1,421,284	1,438,000	1,438,000	1,430,000	-0.56%	-0.56%

* Amended budget amounts approved by the Board.

** Interest rounded to nearest thousand.

Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2017	810,000	566,000	1,376,000
2018	845,000	531,000	1,376,000
2019	880,000	495,000	1,375,000
2020	920,000	456,000	1,376,000
2021	960,000	414,000	1,374,000
2022	1,000,000	371,000	1,371,000
2023	1,045,000	325,000	1,370,000
2024	1,095,000	274,000	1,369,000
2025	1,145,000	218,000	1,363,000
2026	1,200,000	159,000	1,359,000
2027	1,260,000	98,000	1,358,000
2028	1,325,000	33,000	1,358,000
TOTAL	12,485,000	3,940,000	16,425,000

**Olivenhain Municipal Water District
Expenses
Fiscal Year 2016-2017**

Fund: 560 Debt Service - 2006A Water Revenue Refunding Bond

Account No. and Description	2014-2015	2015-2016 Budget		Proposed	% Change	% Change
	Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Revised
<u>Operating Expense</u>						
Total Operating Expenses	-	-	-	-	0.00%	0.00%
<u>Non-operating Expenses</u>						
52660-560-000-000 Investment Expenses	-	-	-	-	0.00%	0.00%
53250-560-000-000 Outside Services	1,683	3,000	3,000	-	-100.00%	-100.00%
22800-560-000-000 Principal	1,510,000	1,570,000	1,570,000	-	-100.00%	-100.00%
59750-560-000-000 Interest Expense**	1,149,812	1,097,000	1,047,000	-	-100.00%	-100.00%
59265-560-000-000 Amortization	9,793	10,000	10,000	-	-100.00%	-100.00%
59460-560-000-000 Other Non-Labor Expenses	-	-	-	-	0.00%	0.00%
59560-560-000-000 Other Labor Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	2,671,288	2,680,000	2,630,000	-	-100.00%	-100.00%
Total	2,671,288	2,680,000	2,630,000	-	-100.00%	-100.00%

* Amended budget amounts approved by the Board.

** Interest rounded to nearest thousand.

Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2017	-	-	-
TOTAL	-	-	-

Olivenhain Municipal Water District
Expenses
Fiscal Year 2016-2017

Fund: 561 Debt Service - 2015A Water Revenue Refunding Bond

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
<u>Operating Expense</u>							
Total Operating Expenses		-	-	-	-	0.00%	0.00%
<u>Non-operating Expenses</u>							
53250-561-000-000	Outside Services	-	-	-	2,000	0.00%	0.00%
22800-561-000-000	Principal	-	-	-	1,375,000	0.00%	0.00%
59750-561-000-000	Interest Expense**	-	-	-	1,034,000	0.00%	0.00%
59265-561-000-000	Amortization	-	-	-	4,000	0.00%	0.00%
Total Non-operating Expenses		-	-	-	2,415,000	0.00%	0.00%
Total		-	-	-	2,415,000	0.00%	0.00%

* Amended budget amounts approved by the Board.

** Interest rounded to nearest thousand.

Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2017	1,375,000	1,034,000	2,409,000
2018	1,440,000	966,000	2,406,000
2019	1,515,000	894,000	2,409,000
2020	1,590,000	818,000	2,408,000
2021	1,665,000	738,000	2,403,000
2022	1,750,000	655,000	2,405,000
2023	1,845,000	568,000	2,413,000
2024	1,935,000	475,000	2,410,000
2025	2,035,000	379,000	2,414,000
2026	2,130,000	277,000	2,407,000
2027	2,235,000	170,000	2,405,000
2028	2,345,000	59,000	2,404,000
TOTAL	21,860,000	7,033,000	28,893,000

1
2

**Olivenhain Municipal Water District
Expenses
Fiscal Year 2016-2017**

Fund: 580 Debt Service - 2009 Water Revenue Bonds

<u>Account No. and Description</u>	<u>2014-2015 Actual</u>	<u>2015-2016 Budget</u>		<u>Proposed 2016-2017 Budget</u>	<u>% Change From 15-16 Budget</u>	<u>% Change From 15-16 Revised</u>
		<u>Adopted</u>	<u>Revised*</u>			
<u>Operating Expense</u>						
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>
<u>Non-operating Expenses</u>						
52660-580-000-000 Investment Expenses	-	-	-	-	0.00%	0.00%
53250-580-000-000 Outside Services	1,933	2,000	2,000	2,000	0.00%	0.00%
22800-580-000-000 Principal	401,288	415,000	415,000	430,000	3.61%	3.61%
59750-580-000-000 Interest Expense**	787,983	790,000	790,000	775,000	-1.90%	-1.90%
59265-580-000-000 Amortization	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	<u>1,191,203</u>	<u>1,207,000</u>	<u>1,207,000</u>	<u>1,207,000</u>	<u>0.00%</u>	<u>0.00%</u>
Total	<u>1,191,203</u>	<u>1,207,000</u>	<u>1,207,000</u>	<u>1,207,000</u>	<u>0.00%</u>	<u>0.00%</u>

* Amended budget amounts approved by the Board.

** Interest rounded to nearest thousand.

Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2017	430,000	775,000	1,205,000
2018	445,000	758,000	1,203,000
2019	465,000	740,000	1,205,000
2020	480,000	721,000	1,201,000
2021	505,000	697,000	1,202,000
2022	525,000	677,000	1,202,000
2023	550,000	656,000	1,206,000
2024	575,000	629,000	1,204,000
2025	605,000	600,000	1,205,000
2026	635,000	570,000	1,205,000
2027	660,000	543,000	1,203,000
2028	690,000	515,000	1,205,000
2029	720,000	485,000	1,205,000
2030	750,000	452,000	1,202,000
2031	785,000	418,000	1,203,000
2032	820,000	383,000	1,203,000
2033	860,000	344,000	1,204,000
2034	900,000	303,000	1,203,000
2035	945,000	261,000	1,206,000
2036	990,000	213,000	1,203,000
2037	1,040,000	164,000	1,204,000
2038	1,090,000	112,000	1,202,000
2039	1,145,000	57,000	1,202,000
TOTAL	<u>16,610,000</u>	<u>11,073,000</u>	<u>27,683,000</u>

**Olivenhain Municipal Water District
Expenses
Fiscal Year 2016-2017**

Fund: 510 Debt Service - 2012 State Revolving Fund

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
<u>Operating Expense</u>							
Total Operating Expenses		-	-	-	-	0.00%	0.00%
<u>Non-operating Expenses</u>							
53150-510-000-000	Bank Svc Chgs	180	-	-	-	0.00%	0.00%
52660-510-000-000	Investment Expenses	-	-	-	-	0.00%	0.00%
53250-510-000-000	Outside Services	-	-	-	-	0.00%	0.00%
53300-510-000-000	Postage and Shipping	-	-	-	-	0.00%	0.00%
51100-510-000-000	Salaries and Wages	-	-	-	-	0.00%	0.00%
51150-510-000-000	Employee Benefits	-	-	-	-	0.00%	0.00%
29800-510-000-000	Principal**	1,015,745	817,000	817,000	704,000	-13.83%	-13.83%
59750-510-000-000	Interest Expense**	389,749	300,000	300,000	366,000	22.00%	22.00%
59265-510-000-000	Amortization	-	-	-	-	0.00%	0.00%
59460-510-000-000	Other Non-Labor Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses		1,405,673	1,117,000	1,117,000	1,070,000	-4.21%	-4.21%
Total		1,405,673	1,117,000	1,117,000	1,070,000	-4.21%	-4.21%

* Amended budget amounts approved by the Board.

** Based on estimated draw-down of loan proceeds.

Schedule of Payments			
Fiscal Year	Principal**	Interest**	Total
2017	704,000	366,000	1,070,000
2018	721,000	349,000	1,070,000
2019	737,000	333,000	1,070,000
2020	754,000	315,000	1,069,000
2021	772,000	298,000	1,070,000
2022	790,000	280,000	1,070,000
2023	808,000	262,000	1,070,000
2024	827,000	243,000	1,070,000
2025	846,000	224,000	1,070,000
2026	866,000	204,000	1,070,000
2027	886,000	184,000	1,070,000
2028	906,000	164,000	1,070,000
2029	927,000	143,000	1,070,000
2030	949,000	121,000	1,070,000
2031	971,000	99,000	1,070,000
2032	993,000	77,000	1,070,000
2033	1,016,000	54,000	1,070,000
2034	1,081,000	36,000	1,117,000
TOTAL	15,554,000	3,752,000	19,306,000

**Olivenhain Municipal Water District
Expenses
Fiscal Year 2016-2017**

Fund: 511 Debt Service - 2012 CB&T Loan

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
<u>Operating Expense</u>							
Total Operating Expenses		-	-	-	-	0.00%	0.00%
<u>Non-operating Expenses</u>							
52660-511-000-000	Investment Expenses	-	-	-	-	0.00%	0.00%
53250-511-000-000	Outside Services	-	-	-	-	0.00%	0.00%
29800-511-000-000	Principal	1,005,189	1,023,000	1,023,000	518,000	-49.36%	-49.36%
59750-511-000-000	Interest Expense**	37,387	22,000	22,000	5,000	-77.27%	-77.27%
Total Non-operating Expenses		1,042,577	1,045,000	1,045,000	523,000	-49.95%	-49.95%
Total		1,042,577	1,045,000	1,045,000	523,000	-49.95%	-49.95%

* Amended budget amounts approved by the Board.

** The interest on this variable rate loan is adjusted the first day of each calendar month. For purposes of this schedule, a rate of 2% is used, which is an estimate of the lower of: 1) 156 basis point over LIBOR rate, or 2) 66.667% of the PRIME rate.

Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2017	518,000	5,000	523,000
TOTAL	518,000	5,000	523,000

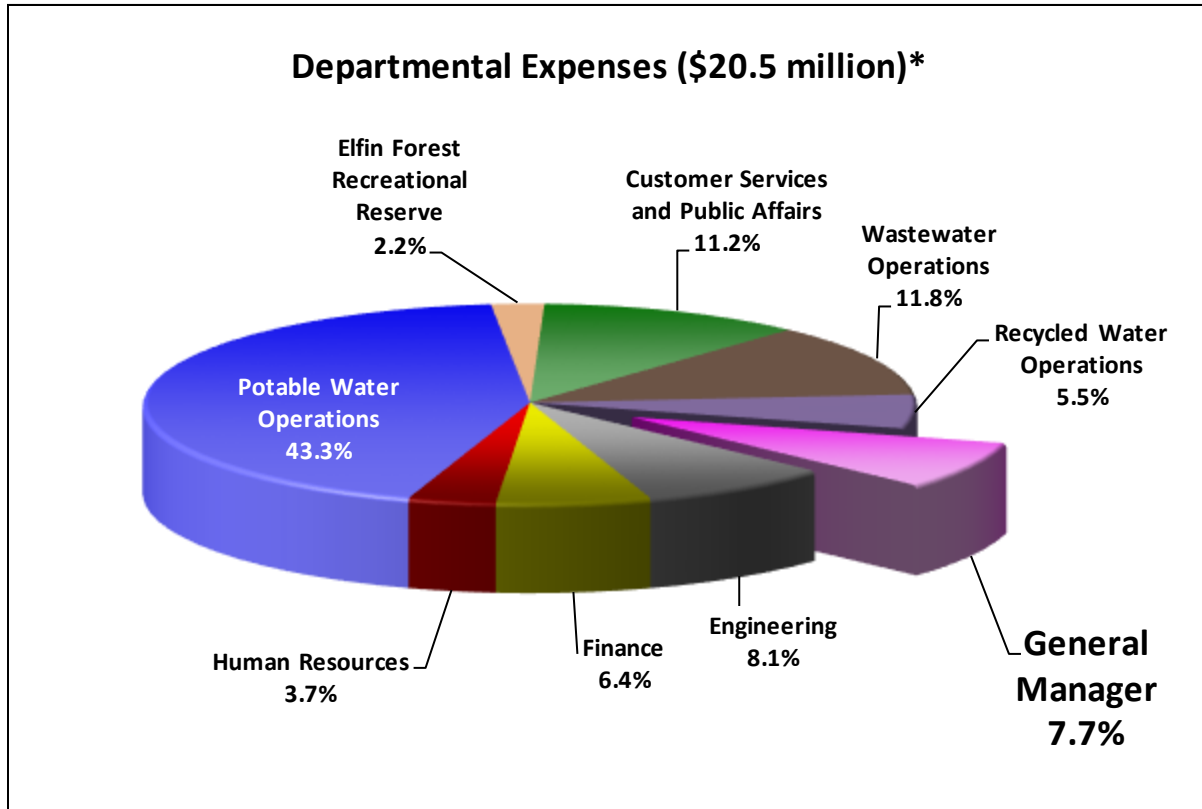
Olivenhain Municipal Water District
Summary of Potable Water, Recycled Water and Wastewater Departmental Expenses
Fiscal Year 2016-2017

EXPENSES	2014-2015	2015-2016 Budget		FISCAL YEAR 2016-2017 PROPOSED BUDGET										Change from Budget FY 15-16		Change from Revised FY 15-16	
	Actual	Adopted	Revised	General Mgr and Public Affairs	Engineering	Finance	Human Resources	Potable Operations and Maintenance	Elfin Forest Recreational Reserves	Customer Services & Public Affairs	Wastewater Operation	Recycled	TOTAL				
														\$	%	\$	%
Personnel Costs																	
Salaries and Wages ⁽¹⁾	\$ 5,511,706	\$ 5,927,000	\$ 5,857,000	\$ 437,000	\$ 751,000	\$ 590,000	\$ 393,000	\$ 2,278,000	\$ 187,000	\$ 919,000	\$ 561,000	\$ 124,000	\$ 6,240,000	\$ 313,000	5.3%	\$ 383,000	6.5%
Overtime	351,718	302,000	326,000	3,000	8,000	10,000	1,000	190,000	11,000	40,000	50,000	10,000	323,000	21,000	7.0%	(3,000)	-0.9%
Director's Fees	35,400	50,000	50,000	50,000									50,000	-	0.0%	-	0.0%
Employee Benefits ⁽²⁾	3,920,044	4,940,000	4,900,000	336,000	584,000	459,000	302,000	1,903,000	154,000	737,000	472,000	104,000	5,051,000	111,000	2.2%	151,000	3.1%
Total Personnel Costs	\$ 9,818,868	\$ 11,219,000	\$ 11,133,000	\$ 826,000	\$ 1,343,000	\$ 1,059,000	\$ 696,000	\$ 4,371,000	\$ 352,000	\$ 1,696,000	\$ 1,083,000	\$ 238,000	\$ 11,664,000	\$ 445,000	4.0%	\$ 531,000	4.8%
Operating Costs	8,216,579	7,458,000	7,525,000	757,000	315,000	259,000	55,000	4,506,000	108,000	607,000	1,345,000	887,000	8,839,000	1,381,000	18.5%	1,314,000	17.5%
Depreciation	2,461,340	687,000	687,000	19,000	36,000	109,000	20,000	427,000		48,000	37,000	15,000	711,000	24,000	3.5%	24,000	3.5%
Support Allocation	-	-	-	(1,191,000)	507,000	(1,859,000)	(652,000)	961,000	170,000	1,270,000	538,000	256,000	-	-	0.0%	-	0.0%
Capitalized Expenditures	(1,642,123)	(1,866,000)	(1,859,000)	(262,000)	(664,000)	(14,000)	(7,000)	(772,000)	-	(81,000)	(66,000)	(36,000)	(1,902,000)	(36,000)	1.9%	(43,000)	2.3%
TOTAL EXPENSES	\$ 18,854,664	\$ 17,498,000	\$ 17,486,000	\$ 149,000	\$ 1,537,000	\$ (446,000)	\$ 112,000	\$ 9,493,000	\$ 630,000	\$ 3,540,000	\$ 2,937,000	\$ 1,360,000	\$ 19,312,000	\$ 1,814,000	10.4%	\$ 1,826,000	10.4%

Note: (1) Salary and Wages expenses shown above are net of estimated vacation and sick taken by employees

(2) Included in Employee Benefits expenses are vacation, sick, and holiday accruals

General Manager



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017 ¹
Conservation Education Coordinator	1.00 *	-	-
Customer Services and Public Affairs Supervisor	1.00 *	-	-
Customer Services Manager	1.00 *	-	-
Executive Secretary	1.00	1.00	1.00
General Manager	1.00	1.00	1.00
Staff Analyst	1.00 *	-	-
Department Total	6.00	2.00	2.00

* Position moved to Customer Services

¹ An Assistant General Manager and Department Assistant may be added upon Board approval in the FY 2016-2017 budget year. These additions are currently under consideration by the Board.

General Manager

Responsibilities

The General Manager Department is responsible for the day-to-day operations and oversight of the District. It ensures that all of the operations of the District, including legal, administrative, financial, operational, customer service, engineering, conservation, public relations, grant administration, compliance, and other responsibilities are exercised and carried out effectively to meet the needs of District customers in accordance with District policy.

The department manages and directs the day-to-day activities of the District and is responsible for preparation of Board packets, including agendas, reports, presentations, ordinances, resolutions, and minutes; approval of public outreach communications and initiatives; and any and all interviews with the local media. It also oversees the implementation of the District's Master Plan of Facilities and is responsible for negotiating developer agreements in support thereof.

Major Accomplishments – fiscal year 2015-2016

- Achieved a highly favorable AA+ outlook stable bond rating. As a result, had a record fourteen companies bidding on our bond sale and secured the very low rate of 2.2%, saving our ratepayers over \$3 million over the term of the bonds.
- Successfully completed a Cost of Service Study and Comprehensive Rate Review which allowed the District to have a Proposition 218 process in place for the next 5 years.
- Continued to lead the North San Diego Water Reuse Coalition.
- Successfully engaged on recycled water issues regionally on zone versus unitary recycled water rates, thereby saving OMWD millions in recycled water costs over the next 5 years.
- Developed the SDCWA desalination and fixed costs solution which became known as the "Olivenhain Option." This fair and balanced solution resolved the multi-year dispute at SDCWA as to where desalination and other fixed costs would be allocated in the future, and was ultimately approved by the SDCWA board.
- Successfully initiated the Village Park Recycled Water Project which will offset up to 500 acre feet of potable water use each year upon its completion.
- Led the charge on bringing the region together with the Farm Bureau which ultimately led to the development of a Regional Agricultural Water Management Plan.
- Secured a \$3,000,000 grant for an energy efficiency project along with the University of California, Riverside and San Diego Gas and Electric.
- Successfully opened a Residential Recycled Water Fill Station, the first of its kind in San Diego.
- Continued to partner with local businesses and vendors to promote water use efficiency.

General Manager

- Achieved numerous awards including:
 - WateReuse Association of California 2015 Recycled Water Advocate of the Year. The General Manager was personally nominated by other water agencies' General Managers and was proud to accept this prestigious award.
 - California Water Environment Association's (CWEA) California "Plant of the Year" Award for the 4S Ranch Water Reclamation Facility.
 - Government Finance Officers Association (GFOA) Excellence in Financial Reporting Award – the District's 18th consecutive award.
 - GFOA Distinguished Budget Presentation – the District's 16th consecutive award.
 - California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award – the District's 11th consecutive award.
 - 2015 American Public Works Association Honor Award for our emergency generator project.
 - 2015 American Public Works Association "Project of the Year" Award for our Solar Photovoltaic System Project at the David C. McCollom Water Treatment Plant.
 - Received the District of Distinction Re-Accreditation and District Transparency Certificate of Excellence awards from the Special District Leadership Foundation (SDLF).

Objectives - fiscal year 2016-2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Continue to implement and comply with the Governor's Executive Order on conservation (District goal 8 – maintaining communication with the public through active conservation and educational programs).
- Undertake legislative and regulatory government relations and grant writing support at the state level with the assistance of Nossaman's Sacramento team (District goal 12 – cultivating relationships with federal and state agencies).
- Completion of the Village Park Recycled Water Project (District goal 2 – supplying high-quality recycled water).
- Dedicate a significant amount of attention to cyber security and infrastructure.

General Manager

- Proceed with the design of OMWD headquarters (Building D) (District goal 10 – constructing facilities).
- Continue partnering with SEJPA on recycled and brackish water efforts and with Vallecitos on selling excess water treatment services and recycled water quality improvements (District goal 1 – providing safe, reliable, high-quality drinking water in a cost-effective manner & District goal 2 – supplying high-quality recycled water).
- Continue efforts on groundwater projects in the San Dieguito and San Elijo watersheds to identify if either holds the potential for potable water reuse as well as brackish water (District goal 11 – developing alternative water supplies).
- Aim to achieve several million dollars in Proposition 1 funds for recycled water projects (District goal 2 – supplying high-quality recycled water).
- Train new Operations Manager, IT Supervisor, and Executive Secretary; set them up to succeed. Added emphasis will be given to developing new hires and employees being transferred to new roles as retirements continue to take place. (District goal 5 – provide a healthful and rewarding work environment).
- Hire and train a new Assistant General Manager to assist with the oversight of the District.² (District goal 5 – provide a healthful and rewarding work environment).

² Pending Board approval in fiscal year 2016-2017

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

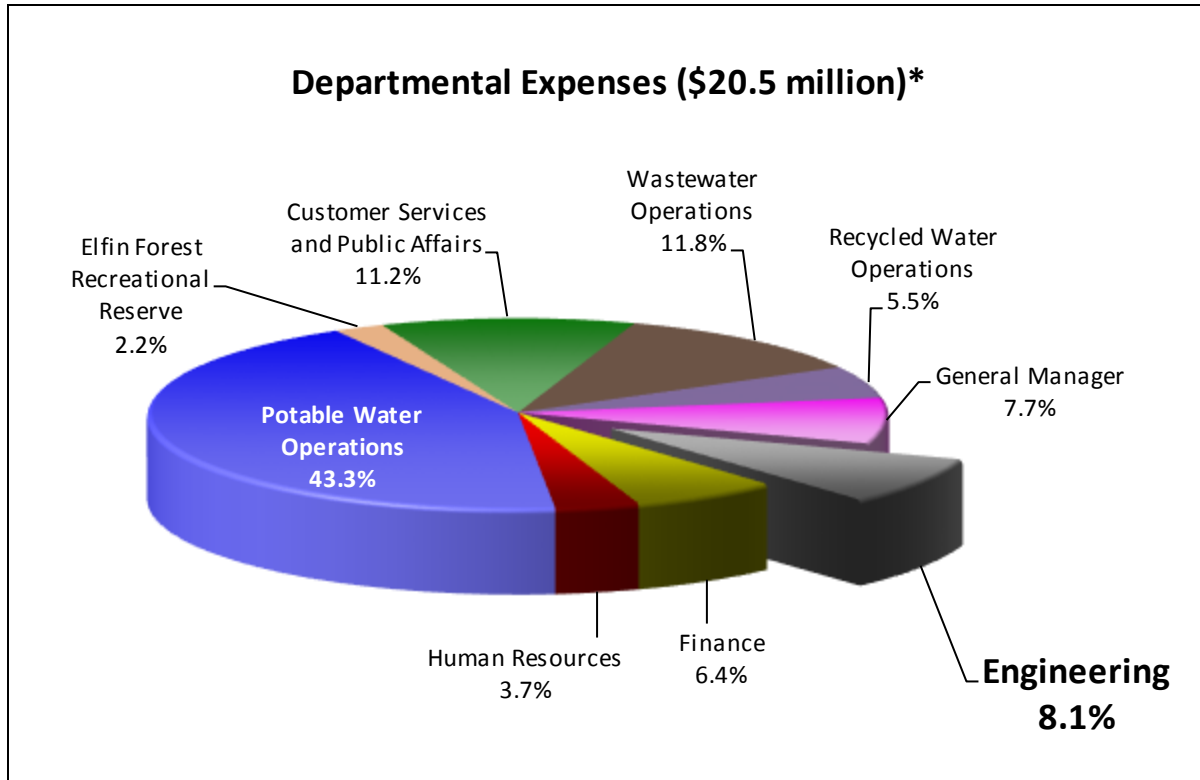
Fund: 100
Operating - Water

Department: 210
General Manager

Account No. and Description		2014-2015	2015-2016 Budget		Proposed	% Change	% Change
		Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Revised
Personnel:							
51100	Salaries and Wages - Regular	411,953	285,000	285,000	433,000	51.93%	51.93%
51110	Salaries and Wages - Overtime	9,370	2,000	3,000	3,000	50.00%	0.00%
51120	Salaries and Wages - Training	4,062	2,000	2,000	2,000	0.00%	0.00%
51130	Salaries and Wages - Safety	2,720	1,000	2,000	2,000	100.00%	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	-	0.00%	0.00%
52400	Directors' Fees	35,400	50,000	50,000	50,000	0.00%	0.00%
51150	Allocated Employee Benefits	310,868	229,000	236,000	336,000	46.72%	42.37%
Subtotal		<u>774,373</u>	<u>569,000</u>	<u>578,000</u>	<u>826,000</u>	<u>45.17%</u>	<u>42.91%</u>
Operations:							
52250	Consultants	58,972	25,000	25,000	75,000	200.00%	200.00%
52350	Customer Outreach Prog and Conservation	33,775	8,000	8,000	-	-100.00%	-100.00%
52500	Engineering	19,959	10,000	10,000	12,000	20.00%	20.00%
52600	Equipment Rental	22,830	9,000	9,000	5,000	-44.44%	-44.44%
52800	Legal	365,834	250,000	300,000	350,000	40.00%	16.67%
52900	Maintenance and Repairs - General	352	1,000	2,000	2,000	100.00%	0.00%
53000	Membership Dues and Subscriptions	71,091	50,000	50,000	55,000	10.00%	10.00%
53100	Office Supplies and Expenses	14,060	10,000	25,000	24,000	140.00%	-4.00%
53200	Other Admin and General Expenses	2,132	3,000	9,000	8,000	166.67%	-11.11%
53250	Outside Services	14,902	18,000	10,000	10,000	-44.44%	0.00%
53300	Postage and Shipping	16,692	5,000	8,000	10,000	100.00%	25.00%
53400	Printing and Copying	13,302	1,000	-	1,000	0.00%	0.00%
53500	Property Insurance	63,034	100,000	100,000	110,000	10.00%	10.00%
53800	Seminars and Meetings	31,832	20,000	26,000	35,000	75.00%	34.62%
53900	Supplies - Operations	1,369	1,000	1,000	1,000	0.00%	0.00%
53902	Supplies - Tools/Small Equipment	-	-	-	-	0.00%	0.00%
53903	Supplies - Safety	-	1,000	-	-	100.00%	100.00%
54000	Telephone and Communications	9,710	10,000	8,000	8,000	-20.00%	0.00%
51160	Temporary Labor	-	3,000	1,000	1,000	-66.67%	0.00%
54200	Uncollectible Accounts	-	-	-	-	0.00%	0.00%
54300	Utilities	51,082	10,000	10,000	50,000	400.00%	400.00%
52230	Computer Supplies	-	1,000	-	-	100.00%	100.00%
Subtotal		<u>790,929</u>	<u>536,000</u>	<u>602,000</u>	<u>757,000</u>	<u>41.23%</u>	<u>25.75%</u>
Capitalized Operating Expenditures:							
59009	Depreciation	-	54,000	54,000	19,000	-64.81%	-64.81%
59008	Support Allocation	(790,057)	(790,000)	(790,000)	(1,191,000)	50.76%	50.76%
59004	Capitalized Labor	(18,298)	(25,000)	(25,000)	(113,000)	352.00%	352.00%
59005	Capitalized Non-labor Expenses	(25,251)	(34,000)	(34,000)	(149,000)	338.24%	338.24%
Subtotal		<u>(833,606)</u>	<u>(795,000)</u>	<u>(795,000)</u>	<u>(1,434,000)</u>	<u>80.38%</u>	<u>80.38%</u>
Total, Net of Capitalized Expenses		<u>731,696</u>	<u>310,000</u>	<u>385,000</u>	<u>149,000</u>	<u>-51.94%</u>	<u>-61.30%</u>

* Amended budget amounts approved by the Board.

Engineering



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Backflow & Cross Conn Coord I	-	0.69	1.56
Department Assistant I	1.00	0.98	1.00
Engineering Manager	1.00	1.00	0.96
Engineering Project Administrator	1.00	0.86	0.91
Engineering Right of Way Coordinator	1.00	0.97	0.93
Engineering Services Supervisor	-	1.00	0.98
Facilities Coordinator	1.00 *	1.00	0.98
Inspection Supervisor	1.00	-	-
Inspector	1.00	1.99 **	2.00
Line Locator/Inspector	1.00	1.00	1.00
Department Total	8.00	9.49	10.32

* Facilities Coordinator position was unfrozen

** One Inspector position was unfrozen

Engineering

Responsibilities

The Engineering Department is responsible for providing planning, design, coordination, and inspection of all District CIP and developer-contributed projects within District boundaries, including potable water, sewer, and recycled water facilities. This includes the creation and maintenance of records and specifications necessary to process proposed development of these facilities. In addition, the Engineering Department maintains the GIS system through the use of an independent consultant; maintains rights-of-way, easements, and encroachments; oversees the cross-connection control program; and is responsible for the maintenance and repairs of all District-owned and operated facilities.

Major Accomplishments – fiscal year 2015-2016

- Continued construction with significant completion (80%) of the Village Park Recycled Water Project (District goal 2 – supplying high-quality recycled water).
- Completed conversion of the Wiegand Reservoir from potable water to recycled water storage (District goal 2 – supplying high-quality recycled water).
- Completed the District's first Comprehensive Wastewater Master Plan which included all wastewater collection and treatment facilities including a long term capital replacement program tied to funding sources (District goal 10 – planning facilities).
- Completed an update to the District's Potable Water and Recycled Water Master Plan and evaluated impacts to the District's Capacity Fee Schedule (District goal 10 – planning facilities).
- Completed the design for the relining of the 4S Ranch Wet Weather Storage Pond (District goal 2 – supplying high-quality recycled water).
- Completed construction of the Palms Reservoir Replacement Pipeline Project (District goal 1 – providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Completed construction of 14-inch pipeline replacement project at Bing Crosby Boulevard (District goal 10 – constructing facilities).
- Completed construction of the relining of the 4S Ranch Wet Weather Storage Pond (District goal 2 – supplying high-quality recycled water).

Objectives – fiscal year 2016-2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete construction of the Village Park Recycled Water Project (District goal 2 – supplying high-quality recycled water).

Engineering

- Commence and complete the design for the Dove Hollow steel pipeline replacement project (District goal 10 – constructing facilities).
- Complete the design of the 4S Water Reclamation Facility equalization basin improvement project and start construction (District goal 10 – constructing facilities).
- Commence and complete Phase II repairs to the Santa Fe Valley recycled water pump station (District goal 2 – supplying high-quality recycled water).
- Commence corrosion and condition assessment study of tertiary filters at 4S Water Reclamation Facility to identify repair or replacement of equipment (District goal 10 – constructing facilities).
- Commence design of UV disinfection system replacement at 4S Water Reclamation Facility (District goal 10 – constructing facilities).
- Complete design and permitting for the construction of Building “D” as envisioned by the District’s long term Capital Improvement Plan and the approved Carlsbad Conditional Use Permit (District goal 10 – constructing facilities).

Note: Summary of all capital improvement projects for fiscal year 2016-2017 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both the Long-Term Financial and CIP by Funding Source sections.

Engineering

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	Fiscal year 2016-2017 Target
Track Capital Projects Budgeted vs Completed	31%	80%	100%	●	80%
Labor Capitalized or Billable to Projects	35%	40%	34%	●	40%
Construction Cost Deviations: Final Construction Costs/Bid Amount	144%	110% or less	97.6%	●	110% or less
<i>Backflow Program</i>					
Number of regulated Potable Water Backflow Assemblies	2,386	2,381	2,386	●	2,396*
Number of District Owned Backflow Assemblies	56	58	57	●	57
Percent of Backflow Assemblies tested	100%	100%	100%	●	100%

*Anticipated adding ten (10) additional backflow assemblies in conformance with Ordinance 429.

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

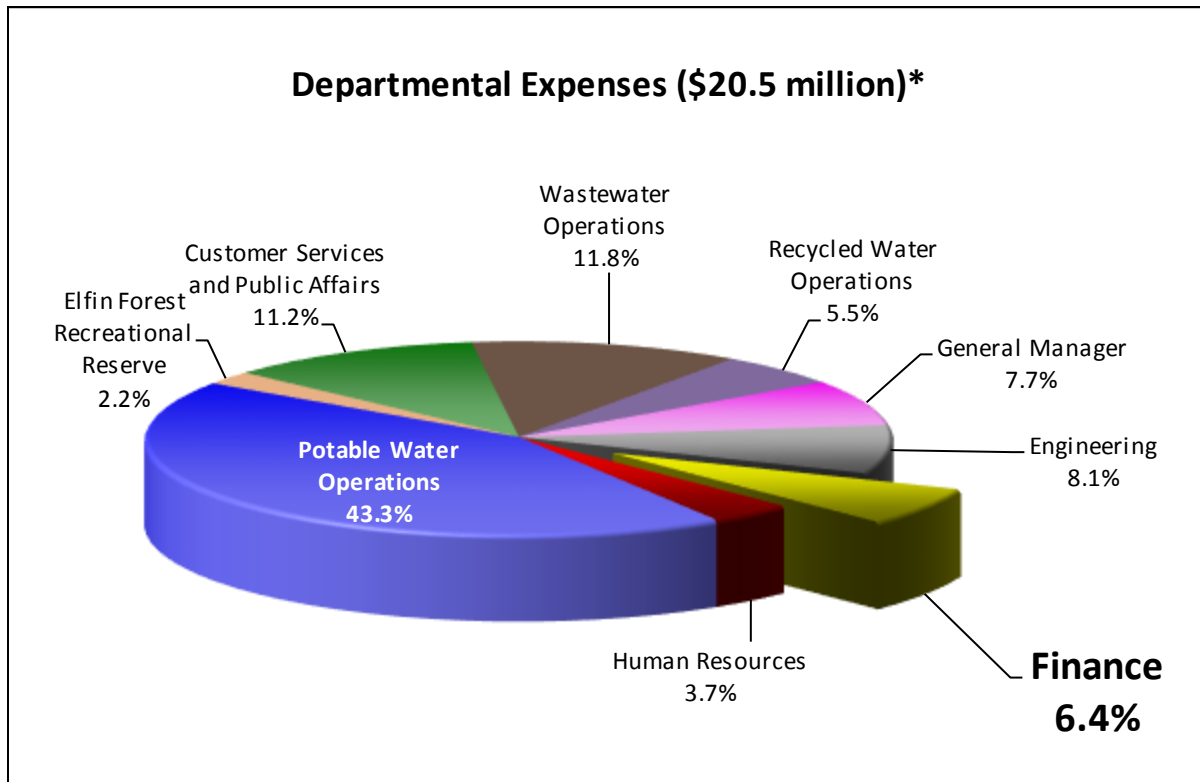
Fund: 100
Operating - Water

Department: 220
Engineering

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
Personnel:							
51100	Salaries and Wages - Regular	595,183	716,000	725,000	741,000	3.49%	2.21%
51110	Salaries and Wages - Overtime	4,600	7,000	8,000	8,000	14.29%	0.00%
51120	Salaries and Wages - Training	18,416	15,000	5,000	5,000	-66.67%	0.00%
51130	Salaries and Wages - Safety	3,148	5,000	5,000	5,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	(40)	-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	388,579	587,000	551,000	584,000	-0.51%	5.99%
	Subtotal	1,009,887	1,330,000	1,294,000	1,343,000	0.98%	3.79%
Operations:							
52200	Collection and Regulatory Fees	1,116	1,000	6,000	2,000	100.00%	-66.67%
52250	Consultants	37,142	4,000	2,000	4,000	0.00%	100.00%
52500	Engineering	6,041	5,000	1,000	1,000	-80.00%	0.00%
52600	Equipment Rental	904	1,000	1,000	2,000	100.00%	100.00%
52800	Legal	-	-	-	-	0.00%	0.00%
52900	Maintenance and Repairs - General	67,229	56,000	56,000	55,000	-1.79%	-1.79%
53000	Membership Dues and Subscriptions	1,102	4,000	4,000	2,000	-50.00%	-50.00%
53100	Office Supplies and Expenses	9,902	5,000	5,000	5,000	0.00%	0.00%
53200	Other Admin and General Expenses	1,899	3,000	3,000	1,000	-66.67%	-66.67%
53250	Outside Services	137,474	80,000	155,000	190,000	137.50%	22.58%
53300	Postage and Shipping	107	1,000	1,000	1,000	0.00%	0.00%
53400	Printing and Copying	299	1,000	1,000	1,000	0.00%	0.00%
53800	Seminars and Meetings	8,673	10,000	10,000	8,000	-20.00%	-20.00%
53900	Supplies	27,329	10,000	15,000	15,000	50.00%	0.00%
53902	Supplies - Tools/Small Equip	1,944	5,000	5,000	5,000	0.00%	0.00%
53903	Supplies - Safety	2,809	1,000	1,000	1,000	0.00%	0.00%
54000	Telephone and Communications	8,109	15,000	15,000	10,000	-33.33%	-33.33%
51160	Temporary Labor	1,586	-	-	-	0.00%	0.00%
54200	Uncollectible Accounts	14,097	5,000	5,000	2,000	-60.00%	-60.00%
54300	Utilities	15,475	20,000	15,000	10,000	-50.00%	-33.33%
	Subtotal	343,234	227,000	301,000	315,000	38.77%	4.65%
Capitalized Operating Expenditures:							
59009	Depreciation	-	44,000	44,000	36,000	-18.18%	-18.18%
59008	Support Allocation	588,327	588,000	588,000	507,000	-13.78%	-13.78%
59004	Capitalized Labor	(218,429)	(243,000)	(243,000)	(222,000)	-8.64%	-8.64%
59005	Capitalized Non-labor Expenses	(457,066)	(493,000)	(493,000)	(442,000)	-10.34%	-10.34%
	Subtotal	(87,169)	(104,000)	(104,000)	(121,000)	16.35%	16.35%
	Total, Net of Capitalized Expenses	1,265,952	1,453,000	1,491,000	1,537,000	5.78%	3.09%

* Amended budget amounts approved by the Board.

Finance



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Accountant I	3.00	2.90	2.94
Accounting Supervisor	1.00	1.00	-
Customer Representative I	3.00 *	-	-
General Ledger Accountant II	-	-	1.00
Finance Manager	1.00	0.97	0.94
Financial Analyst	1.00	1.00	0.99
Financial System Administrator	1.00 **	-	-
Meter Reader I	2.00 *	-	-
Meter Reader II	1.00 *	-	-
Project Accountant II	1.00	1.00	1.00
Purchasing/Warehouse Clerk	1.00	1.00	1.00
Department Total	15.00	7.88	7.87

* Position moved to Customer Services

** Positions moved to Potable Water Operations

Finance

Responsibilities

The Finance Department is responsible for providing financial services to the District, including financial accounting and reporting, payroll and accounts payable disbursement functions, cash management, investment and debt management, budgeting, purchasing, inventory, processing of customer payments, internal auditing, and special financial analyses.

Major Accomplishments – fiscal year 2015-2016

- Completed implementation of new water billing system (District goal 9 – ensuring financial plans and practice).
- Submitted and received awards from Government Finance Officers Association of the United States and Canada (GFOA) and California Society of Municipal Finance Officers (CSMFO) for the District's fiscal year 2015-2016 operating and capital budget (District goal 9 – ensuring financial plans and practice).
- Submitted fiscal year 2014-2015 audited financial statement to GFOA for its certification program (District goal 9 – ensuring financial plans and practice).
- Continually update the capital replacement and betterment spending plan to ensure adequate funding through quarterly CIP meetings (District goal 9 – ensuring financial plans and practice).
- Completed Wastewater Cost of Service Fees, Wastewater Annexation Fee, and Wastewater Capacity Fee Study (District goal 9 – ensuring financial plans and practice).
- Completed annual review of the District's Potable and Recycled water rates and charges (District goal 9 – ensuring financial plans and practice).
- Completed the District's indirect rate and cost allocation plan in-house (District Goal 9 – ensuring financial plans and practice).
- Completed 2006 Water Revenue Refunding Bonds (District Goal 7 – minimizing costs & District Goal 9 – ensuring financial plans and practice).

Objectives - fiscal year 2016-2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete conversion and implementation of the new utility sewer billing system, CIS Infinity (District goal 7 – minimizing cost, maintaining high level of customer service).
- Submit fiscal year 2016-2017 operating and capital budget to GFOA and CSMFO for their budget award programs (District goal 9 – ensuring financial plans and practice).

Finance

- Submit fiscal year 2015-2016 audited financial statement to GFOA for its certification program (District goal 9 – ensuring financial plans and practice).
- Continually update the capital replacement and betterment spending plan to ensure adequate funding through quarterly CIP meetings (District goal 9 – ensuring financial plans and practice).
- Conduct the annual review of the District’s water, wastewater, and recycled water rates and charges (District goal 9 – ensuring financial plans and practice).
- Complete Wastewater Proposition 218 notification process for Proposed Wastewater Cost of Service Fees in the next five years (District goal 9 – ensuring financial plans and practice and District goal 7 – minimizing cost).
- Complete annual review of the District’s Financial Assessment or Financial Threat Analysis (District goal 9 – ensuring financial plans and practice).
- Complete inventory barcoding project (District goal 7 – minimizing cost, maintaining high level of customer service).
- Complete review of the District’s Purchasing Policy (District goal 9 – ensuring financial plans and practice).

Finance

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
Budgetary Management Variance: Operating Expenses To Budget	96.7%	102% or less	102.9%	●	102% or less
Account Write-Offs: Total Amount of Accounts Written-off Each Year	\$9,669	\$20,000	\$16,165	●	\$25,000
Year End Inventory Physical Count	3 Working Days: Started - 6/18 Completed - 6/22	Complete in 3 working days or less	3 working days 6/24, 6/27, and 6/28	●	Complete in 2 working days or less
Month End Closing	100%	Less than 8 working days after the 1 st of the month	100%	●	Complete before the 10 th of each month
Amount of Payments Processed Within 24hrs	100%	100%	100%	●	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

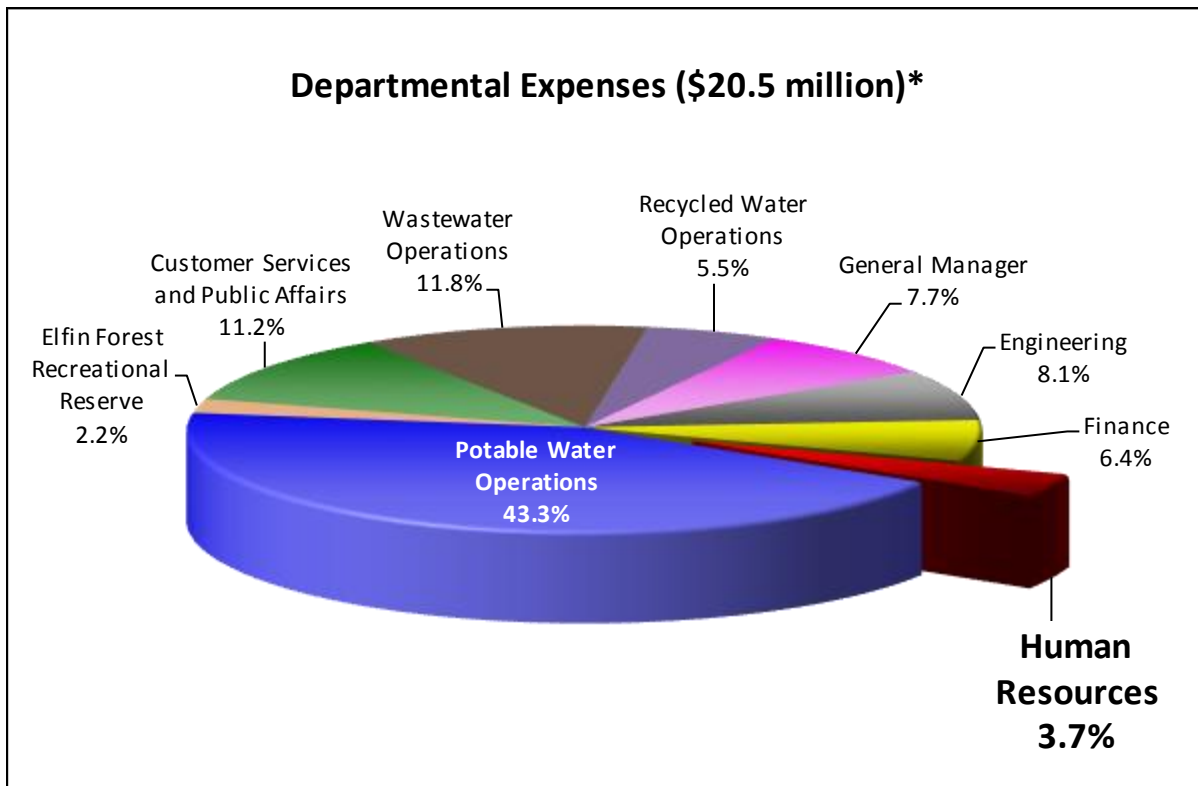
Fund: 100
Operating - Water

Department: 230
Finance

<u>Account No. and Description</u>		<u>2014-2015</u>		<u>2015-2016 Budget</u>		<u>Proposed</u>	<u>% Change</u>	<u>% Change</u>
		<u>Actual</u>		<u>Adopted</u>	<u>Revised*</u>	<u>2016-2017</u>	<u>From 15-16</u>	<u>From 15-16</u>
						<u>Budget</u>	<u>Budget</u>	<u>Revised</u>
Personnel:								
51100	Salaries and Wages - Regular	599,391		556,000	556,000	582,000	4.68%	4.68%
51110	Salaries and Wages - Overtime	8,505		8,000	14,000	10,000	25.00%	-28.57%
51120	Salaries and Wages - Training	9,139		6,000	6,000	7,000	16.67%	16.67%
51130	Salaries and Wages - Safety	1,295		2,000	2,000	1,000	-50.00%	-50.00%
51140	Salaries and Wages - Jury Duty	-		-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	420,355		451,000	468,000	459,000	1.77%	-1.92%
	Subtotal	<u>1,038,685</u>		<u>1,023,000</u>	<u>1,046,000</u>	<u>1,059,000</u>	<u>3.52%</u>	<u>1.24%</u>
Operations:								
52100	Auditing and Accounting	21,435		24,000	24,000	25,000	4.17%	4.17%
52200	Collection and Regulatory Fees	12,954		15,000	15,000	5,000	-66.67%	-66.67%
52230	Computer Supplies	-		1,000	1,000	1,000	0.00%	0.00%
52250	Consultants	110,183		50,000	50,000	45,000	-10.00%	-10.00%
52600	Equipment Rental	3,241		4,000	4,000	4,000	0.00%	0.00%
52800	Legal	-		-	-	-	0.00%	0.00%
52900	Maintenance and Repairs - General	40,594		98,000	98,000	55,000	-43.88%	-43.88%
53000	Membership Dues and Subscriptions	1,108		1,000	1,000	2,000	100.00%	100.00%
53100	Office Supplies and Expenses	2,623		3,000	3,000	3,000	0.00%	0.00%
53150	LockBox and Bank Service Charge	5,865		-	-	-	0.00%	0.00%
53200	Other Admin and General Expenses	4,643		4,000	4,000	5,000	25.00%	25.00%
53250	Outside Services	78,725		68,000	55,000	60,000	-11.76%	9.09%
53300	Postage and Shipping	20,981		2,000	1,000	1,000	-50.00%	0.00%
53400	Printing and Copying	17,273		10,000	9,000	9,000	-10.00%	0.00%
53800	Seminars and Meetings	7,205		9,000	7,000	7,000	-22.22%	0.00%
53900	Supplies - Operations	4,330		1,000	1,000	1,000	0.00%	0.00%
53902	Supplies - Tools/Small Equip	416		-	-	-	0.00%	0.00%
54000	Telephone and Communications	1,893		2,000	2,000	1,000	-50.00%	-50.00%
51160	Temporary Labor	9,960		2,000	-	-	-100.00%	0.00%
54200	Uncollectible Accounts	14,598		35,000	35,000	35,000	0.00%	0.00%
54300	Utilities	-		-	-	-	0.00%	0.00%
	Subtotal	<u>358,027</u>		<u>329,000</u>	<u>310,000</u>	<u>259,000</u>	<u>-21.28%</u>	<u>-16.45%</u>
Capitalized Operating Expenditures:								
59009	Depreciation	-		111,000	111,000	109,000	-1.80%	-1.80%
59008	Support Allocation	(1,360,341)		(1,360,000)	(1,360,000)	(1,859,000)	36.69%	36.69%
59004	Capitalized Labor	(17,026)		(28,000)	(28,000)	(6,000)	-78.57%	-78.57%
59005	Capitalized non-labor Expenses	(23,765)		(39,000)	(39,000)	(8,000)	-79.49%	-79.49%
	Subtotal	<u>(1,401,132)</u>		<u>(1,316,000)</u>	<u>(1,316,000)</u>	<u>(1,764,000)</u>	<u>34.04%</u>	<u>34.04%</u>
Total, Net of Capitalized Expenses		<u>(4,421)</u>		<u>36,000</u>	<u>40,000</u>	<u>(446,000)</u>	<u>-1338.89%</u>	<u>-1215.00%</u>

* Amended budget amounts approved by the Board.

Human Resources



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Human Resources Analyst	1.00	1.00	1.00
Human Resources Manager	1.00	1.00	1.00
Records and Contracts Coordinator	1.00	1.00	1.00
Safety/Risk Compliance Administrator	1.00	1.00	1.00
Department Total	4.00	4.00	4.00

Human Resources

Responsibilities

The Human Resources Department is responsible for providing leadership in employee and labor relations, classification and compensation, benefits administration, records administration, workers' compensation, and the District's risk and safety compliance programs.

The Department oversees coordination of recruitment and selection, employee training, leadership development, and performance planning.

Major Accomplishments - fiscal year 2015–2016

- Participated in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 – cultivating relationships).
- Conducted a comprehensive salary survey in May 2016 pursuant to the current MOU (District goal 5 – employee relations).
- Prepared the 2016 annual Staffing Analysis succession planning document (District goal 5 – employee relations).
- Maintained the workers' compensation injury rate and lost work days to below industry standards (District goal 6 – exceeding regulatory requirements).
- Conducted a Manager and Supervisor team building and learning event (District goal 5 – employee relations).

Objectives - fiscal year 2016–2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Continue active participation in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 – cultivating relationships).
- Prepare the 2016 annual Staffing Analysis succession planning document (District goal 5 – employee relations).

Human Resources

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
Interagency Cooperative agreements for training program efficiency	1. Backhoe Operation 11/18/14 2. Backhoe operation 5/6/15	2	1. Backhoe Operation 2/16/16 2. Backhoe operation 5/11/16 (scheduled)	●	2
Conduct all staff training on assigned topics	1. Outdoor Safety 7/2/14 2. Forklift 7/8/2014 3. First Aid (6) 9/10/14 4. Electrical Safety 10/1/14 5. Backhoe 11/18/14 6. Forklift 1/22/15 7. Poison Oak 2/24/15 8. Hearing Conservation 3/25/15	3	1. Heal Illness Prevent 9/23/15 2. Office Security 10/20/2015 3. Respirator Training 11/17/15 4. Confined Space 11/18/16 5. First Aid 11/4/15 6. First Responder 2/17/16 7. Chain Hoist 3/16/16	●	3
Total workdays away from work	42	< 2	2	●	≤2
Total modified workdays	0	< 20	170	●	≤20
Total staff safety training hours	1,628 hours	1,400 hours	2,368 hours	●	1,400 hours
Execute necessary analyses as required	1	2	2	●	1
Ensure on-time Employee Evaluation (PPR) rate	MID = 69% ANN = 100%	MID = 95% ANN = 100%	MID = 73% ANN = 100%	●	MID = 95% ANN = 100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

Fund: 100

Operating - Water

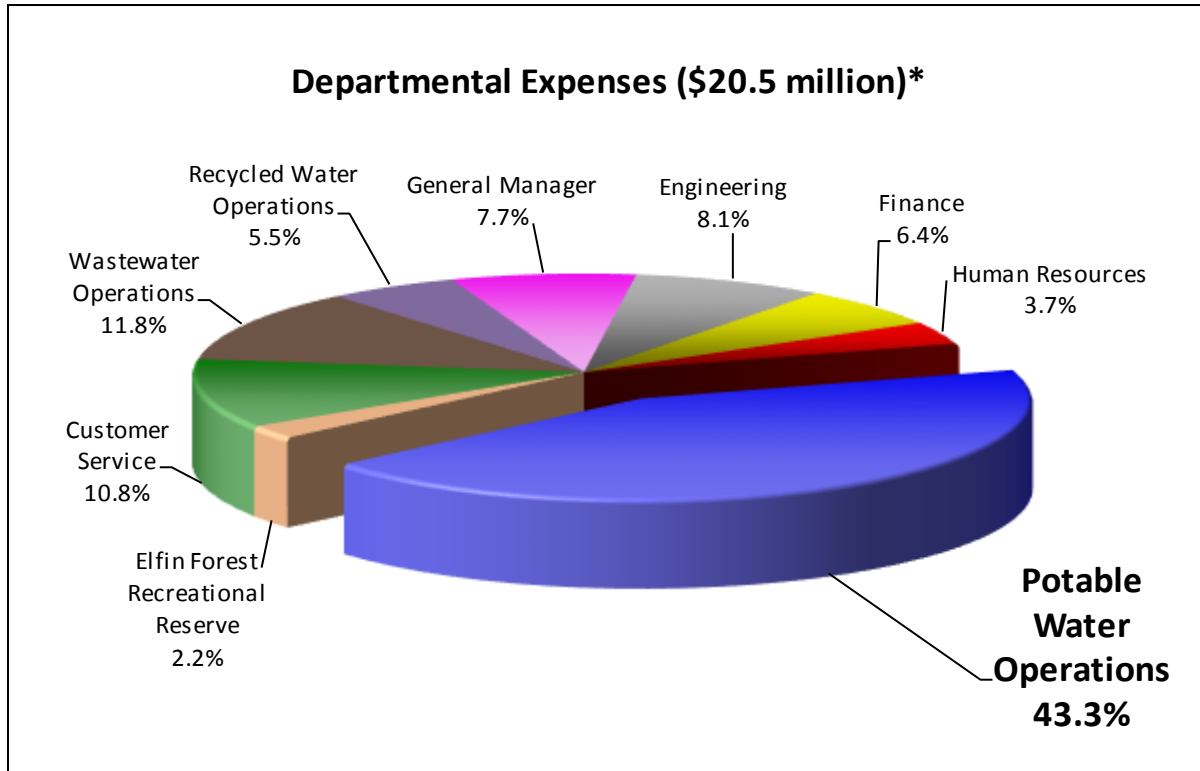
Department: 240

Human Resources

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
Personnel:							
51100	Salaries and Wages - Regular	266,858	266,000	266,000	273,000	2.63%	2.63%
51110	Salaries and Wages - Overtime	130	1,000	1,000	1,000	0.00%	0.00%
51120	Salaries and Wages - Training	8,472	8,000	8,000	8,000	0.00%	0.00%
51130	Salaries and Wages - Safety	96,691	107,000	107,000	112,000	4.67%	4.67%
51140	Salaries and Wages - Jury Duty	460	-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	250,170	300,000	312,000	302,000	0.67%	-3.21%
	Subtotal	622,781	682,000	694,000	696,000	2.05%	0.29%
Operations:							
52250	Consultants	4,457	25,000	25,000	5,000	-80.00%	-80.00%
52600	Equipment Rental	-	-	-	-	0.00%	0.00%
52800	Legal	-	1,000	1,000	1,000	0.00%	0.00%
52900	Maintenance and Repairs - General	6,386	5,000	5,000	14,000	180.00%	180.00%
53000	Membership Dues and Subscriptions	3,116	4,000	4,000	3,000	-25.00%	-25.00%
53100	Office Supplies and Expenses	2,288	3,000	3,000	2,000	-33.33%	-33.33%
53200	Other Admin and General Expenses	4,263	2,000	2,000	1,000	-50.00%	-50.00%
53250	Outside Services	9,233	10,000	10,000	17,000	70.00%	70.00%
53300	Postage and Shipping	99	-	-	1,000	0.00%	0.00%
53400	Printing and Copying	-	-	-	-	0.00%	0.00%
53800	Seminars and Meetings	2,497	5,000	5,000	7,000	40.00%	40.00%
53900	Supplies - Operations	133	1,000	1,000	1,000	0.00%	0.00%
53902	Supplies - Tools/Small Equipment	-	-	-	-	0.00%	0.00%
53903	Supplies - Safety	239	1,000	1,000	1,000	0.00%	0.00%
54000	Telephone and Communications	1,121	2,000	2,000	2,000	0.00%	0.00%
51160	Temporary Labor	-	1,000	1,000	-	-100.00%	-100.00%
	Subtotal	33,832	60,000	60,000	55,000	-8.33%	-8.33%
Capitalized Operating Expenditures:							
59009	Depreciation	-	17,000	17,000	20,000	17.65%	17.65%
59008	Support Allocation	(618,397)	(618,000)	(618,000)	(652,000)	5.50%	5.50%
59004	Capitalized Labor	(3,007)	(3,000)	-	(3,000)	0.00%	0.00%
59005	Capitalized Non-labor Expenses	(4,150)	(4,000)	-	(4,000)	0.00%	0.00%
	Subtotal	(625,554)	(608,000)	(601,000)	(639,000)	5.10%	6.32%
	Total, Net of Capitalized Expenses	31,059	134,000	153,000	112,000	-16.42%	-26.80%

* Amended budget amounts approved by the Board.

Water Operations and Maintenance



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Backflow & Cross Conn Coord I	0.70	0.15	-
Backflow & Cross Conn Coord II	0.15	-	-
Operations Coordinator	1.00	0.99	1.00
Equipment Technician	1.00	1.00	1.00
Facility Coordinator	1.00 *	-	-
Information Technology Coord	-	1.00	1.00
Information Technology Supervisor	1.00	0.97	0.90
Instrument Control Tech I	0.90	0.78	2.67
Instrument Control Tech II	1.60	1.44	0.61
Operations Manager	1.00	0.94	0.89
Operations Supervisor	3.00	1.00	0.96
Pump/Motor Technician II	1.45	1.43	1.40
System Operation Supervisor	-	1.00	0.94
Systems Administrator	1.00	0.99	0.98
Systems Operator I	2.00	2.00	1.94
Systems Operator II	2.00	2.00	1.94
Utility I	6.00 **	4.00	4.86
Utility II	4.00	3.00	2.92
Utility III	5.00	4.00	2.85
Valve Maintenance Tech I	1.00	2.00	1.95
Valve Maintenance Technician II	1.00	-	-
WT Facilities Supervisor	1.00	1.00	1.00
WTP Operator In Training	-	-	-
WTP Operator Level II	1.00	-	1.00
WTP Operator Level III	4.00	4.00	3.00
WTP Operator Level IV	-	1.00	1.00
Cathodic Protection	-	1.00	-
Department Total	40.80	35.69	34.82

* Position reports to Engineering; **one frozen position

Water Operations and Maintenance

Responsibilities

The Operations and Maintenance Department is responsible for providing customers with high-quality, safe drinking water 24 hours per day, 365 days per year. Operations personnel maintain and operate over 400 miles of pipeline, 105 pressure control vaults, 2 hydroelectric facilities, close to 29,000 customer meters, 16 treated water reservoirs, 6 pump stations, and nearly 9,000 valves. The department also supports a comprehensive cathodic protection program and is responsible for maintaining the District's fleet.

This department is also responsible for the planning and ordering of water supplies and the operation of the 34 MGD potable David C. McCollom Water Treatment Plant.

Major Accomplishments – fiscal year 2015-2016

- Generated 3M kWh of Net Energy through the new hydroelectric station at the DCMWTP.
- Saved \$12K by negotiating State approval for use of MWD laboratory data for the 2nd Round of Compliance Monitoring for LT2 Regulations.
- Extended the 1st Stage filtration membrane lifespan by an estimated 2 years by changing the disinfection strategy.
- Completed the solenoid valve replacement project.
- Demonstrated production reliability led to water purchase agreement with Vallecitos Water District for 2,750 AF per year.
- Installed four propane generators at flow control facilities.
- Replaced the security camera system at the District's administrative building and 4S Ranch Water Reclamation Facility.
- Added a flow meter to the Firestation Sewer Pump Station.
- Overhauled train 9 permeate pump.
- Removed and replaced building "A" electrical switchgear.
- Installed power monitor at DCMWTP electrical room and added the data to SCADA system.
- Added nine more terabytes of storage to District's network.
- Provided four hundred and fifteen hours of IT user support.

Water Operations and Maintenance

- Partnered with Encina Wastewater Authority to test routine lab samples.
- Created a District website video to educate residential customers about explaining influent water pressure to homes.
- Replaced seventy three broken valves with District's staff. The department is on target to replace over one hundred broken valves in the distribution system for back-to-back fiscal years.
- Conducted hand excavation and custom shoring to complete repairs to the 42-inch pipeline product water line at DCMWTP.
- Trained construction staff on District and AWWA standards, construction techniques and methods, and use of Infor EAM database system and Nobel GeoViewer online.

Objectives – fiscal year 2016-2017

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete first phase of the scheduled first stage membrane replacements. (District goal 1 – Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Analyze and research preferred alternatives to the district metered areas project; present findings to the Ad Hoc Facilities Committee for direction (District goal 1 – Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Conduct cost-benefit analysis and explore opportunities for additional excess treated water sales to other SDCWA member agencies (District goal 1 – Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Document as many known nylon bushings on steel and/or ductile iron pipelines and develop plan to address failures (District goal 1 – Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Conduct energy audit of major equipment and systems at both treatment plants and present savings options to the board for consideration (District goal 4 – pursuing alternative and renewable resources).

Water Operations and Maintenance

- Develop plan for permeate pump and variable frequency drive replacement at David C. McCollom Water Treatment Plant (District goal 4 – pursuing alternative and renewable resources).
- Develop a Sustainability Circles plan with community partners (District goal 4 – pursuing alternative and renewable resources).
- Explore alternatives for automated operating systems to achieve energy efficiencies (District goal 4 – pursuing alternative and renewable resources).
- Begin second round of compliance monitoring for LT2 compliance (District goal 6 – exceeding regulatory requirements).
- Provide language to State Water Resources Control Board to complete revisions to drinking water permit (District goal 6 – exceeding regulatory requirements).
- Conduct Information Technology security assessment (District goal 7 – minimizing costs).
- Expand network storage (District goal 7 – minimizing costs).
- Install new security camera systems at headquarters and 4S Ranch Water Reclamation Facility (District goal 7 – minimizing costs).
- Evaluate options relative to OMWD’s GIS provider and the GIS interface with new utility billing software (District goal 7 – minimizing costs).
- Continue to evaluate valve conditions and replace 90 or more high-priority valves (District goal 7 – minimizing costs).
- Enhance outreach and education at 4S Ranch Water Reclamation Facility by developing internal signage (District goal 8 – maintaining open communication).
- Determine the cost to purchase recycled and potable water from various sources and develop an operating plan to minimize water purchase costs while meeting customer demands and in consideration of water quality (District goal 11 – developing alternative water supplies).

Note: Summary of all capital improvement projects for fiscal year 2015-2016 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both Long-Term Financial and CIP by Funding Source sections.

Water Operations and Maintenance

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
Number of main valves replaced	114	90	102	●	90
Rebuild PR stations, per year	12	10	16	●	10
Lowest monthly percentage DCMWTP Combined Filter Effluent Turbidity ≤ 0.1 NTU	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	>95% *
Highest monthly percentage of Distribution System total coliform positive samples	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<5% *
Minimum measured Distribution System total chlorine residual	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	>0.2 * 100% of time
Percentage of customer demand met by DCMWTP	97%	90%	96%	●	>90%
Unaccounted water loss	5.4%	<5.00%	6.25%	●	<5.00%
Number of reservoir spills	0	0	1	●	0
Fix Service lateral leaks within 24 hours	100%	100%	100%	●	100%
Fix major leaks within 48 hours	100%	100%	100%	●	100%
O&M Dept. Cost per MG processed	\$1,379.44	<\$1,500	\$1,432.29	●	<\$1,500

* These performance indicators are new for fiscal year 2016-2017

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017**

Fund: 100

Operating - Water

Department: 250 + 257

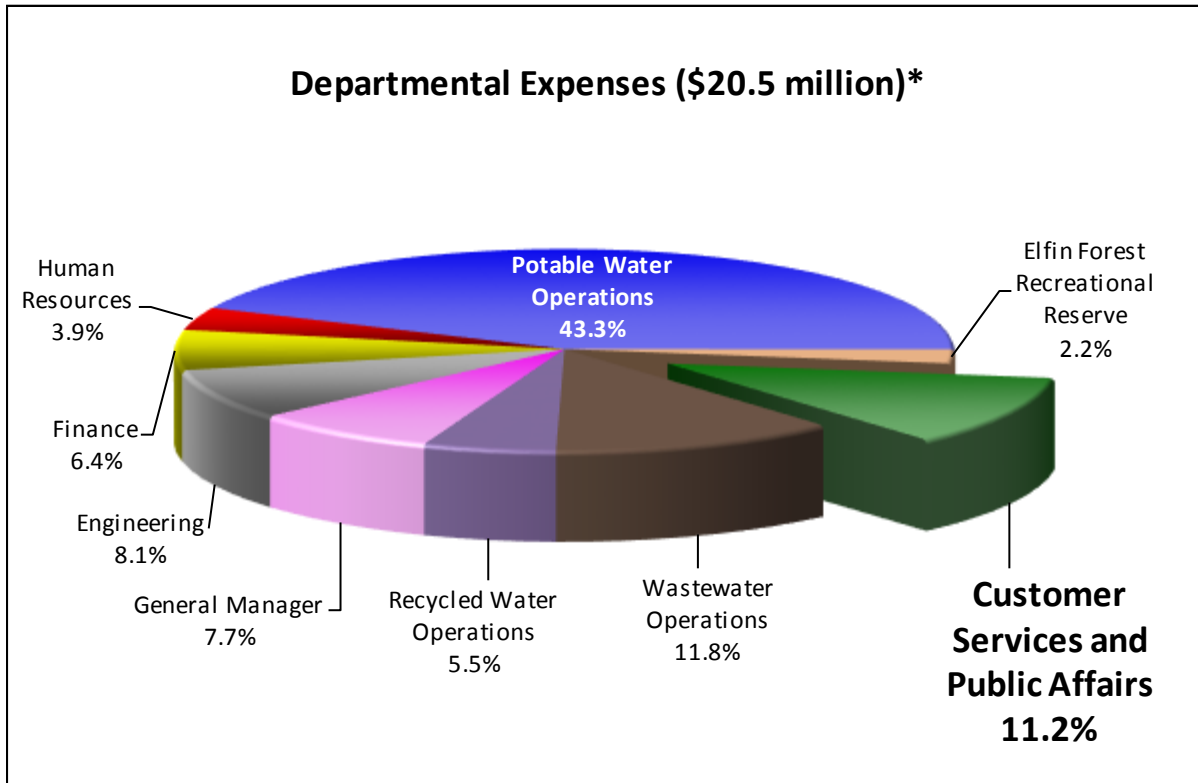
Operations and Maintenance (Water O&M and Water Treatment Plant)**

Account No. and Description		2014-2015	2015-2016 Budget		Proposed	% Change	% Change
		Actual	Adopted	Revised*	2016-2017 Budget	From 15-16 Budget	From 15-16 Revised
Personnel:							
51100	Salaries and Wages - Regular	2,116,773	2,255,000	2,180,000	2,224,000	-1.37%	2.02%
51110	Salaries and Wages - Overtime	225,093	190,000	190,000	190,000	0.00%	0.00%
51120	Salaries and Wages - Training	38,240	30,000	35,000	30,000	0.00%	-14.29%
51130	Salaries and Wages - Safety	26,861	24,000	24,000	24,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	478	-	1,000	-	0.00%	-100.00%
51150	Allocated Employee Benefits	1,615,892	2,002,000	1,909,000	1,903,000	-4.95%	-0.31%
Subtotal		4,023,337	4,501,000	4,339,000	4,371,000	-2.89%	0.74%
Operations:							
52200	Collection and Regulatory Fees	56,716	85,000	69,000	68,000	-20.00%	-1.45%
52230	Computer Supplies	12,830	22,000	22,000	24,000	9.09%	9.09%
52250	Consultants	24,374	55,000	55,000	210,000	281.82%	281.82%
52500	Engineering	41,220	5,000	5,000	7,000	40.00%	40.00%
52600	Equipment Rental	29,603	30,000	28,000	31,000	3.33%	10.71%
52900	Maintenance and Repairs - General	711,777	820,000	858,000	1,215,000	48.17%	41.61%
52950	Maintenance and Repairs - Roads	152,358	100,000	100,000	100,000	0.00%	0.00%
53000	Membership Dues and Subscriptions	9,915	7,000	7,000	7,000	0.00%	0.00%
53100	Office Supplies and Expenses	9,393	11,000	11,000	10,000	-9.09%	-9.09%
53200	Other Admin and General Expenses	678	5,000	5,000	2,000	-60.00%	-60.00%
53250	Outside Services	702,351	632,000	612,000	740,000	17.09%	20.92%
53260	Laboratory Services	99,913	105,000	80,000	90,000	-14.29%	12.50%
53300	Postage and Shipping	1,575	6,000	6,000	4,000	-33.33%	-33.33%
53400	Printing and Copying	2,798	5,000	5,000	3,000	-40.00%	-40.00%
53500	Property Insurance	112,443	115,000	115,000	130,000	13.04%	13.04%
53800	Seminars and Meetings	15,817	22,000	22,000	38,000	72.73%	72.73%
53900	Supplies - Operations	398,330	365,000	365,000	450,000	23.29%	23.29%
53901	Supplies - Fuel	108,792	153,000	103,000	109,000	-28.76%	5.83%
53902	Supplies - Tools/Small Equip	19,183	21,000	21,000	25,000	19.05%	19.05%
53903	Supplies - Safety	27,250	26,000	24,000	27,000	3.85%	12.50%
53904	Supplies - Chemical	620,009	435,000	435,000	437,000	0.46%	0.46%
54000	Telephone and Communications	70,524	74,000	64,000	69,000	-6.76%	7.81%
51160	Temporary Labor	139,541	40,000	90,000	60,000	50.00%	-33.33%
54300	Utilities	687,981	640,000	620,000	650,000	1.56%	4.84%
Subtotal		4,055,373	3,779,000	3,722,000	4,506,000	19.24%	21.06%
Capitalized Operating Expenditures:							
59009	Depreciation	-	445,000	445,000	427,000	-4.04%	-4.04%
59008	Support Allocation	1,076,132	1,076,000	1,076,000	961,000	-10.69%	-10.69%
59004	Capitalized Labor	(250,414)	(252,000)	(252,000)	(258,000)	2.38%	2.38%
59005	Capitalized Non-labor Expenses	(496,519)	(510,000)	(510,000)	(514,000)	0.78%	0.78%
Subtotal		329,199	759,000	759,000	616,000	-18.84%	-18.84%
Total, Net of Capitalized Expenses		8,407,910	9,039,000	8,820,000	9,493,000	5.02%	7.63%

* Amended budget amounts approved by the Board.

** All figures have been adjusted to exclude Non-4S Recycled. Non-4S Recycled figures are moved to Recycled Water Operations

Customer Services & Public Affairs



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2013-2014	Approved 2014-2015	Proposed 2015-2016
Customer Service Public AF Sup	-	1.00	1.00
Customer Service Rep I	-	3.00	3.00
Customer Services Manager	-	1.00	1.00
Department Assistant I	-	0.03	-
Education & Conservation Coord	-	1.00	1.00
Field Services Technician I	-	3.00	2.99
Field Services Technician II	-	3.00	2.99
Field Services Technician III	-	1.00	1.00
Meters Supervisor	-	1.00	1.00
Staff Analyst	-	1.00	1.00
Other*	-	0.11	0.07
Department Total	-	15.14	15.05

*Assistance from other depts.

Customer Services & Public Affairs

Responsibilities

The Customer Services Department is the lead department for all contact with OMWD customers. It is responsible for billing, account services, reading and maintaining customer meters, public outreach, customer conservation and education programs, and grant administration. The department also supports a comprehensive cathodic protection program.

The department was founded in October 2014 to consolidate all points of customer contact into one department, with the intent of ensuring that all staff members engaged in direct communication with customers are optimally engaged, trained, and educated on issues facing OMWD.

Major Accomplishments – fiscal year 2015-2016

- Monitored SB X7-7 and reported to the Board on compliance by OMWD and its region.
- Initiated 2015 Update to the Urban Water Management Plan.
- Developed messaging to ensure customer awareness of up-to-date statewide water supply scenarios, drought conditions, and water use restrictions.
- Partnered with local businesses and vendors to promote water use efficiency, and continued cooperation with regional public agencies in order to increase revenue and reduce costs.
- Maintained partnerships with community partners on the San Elijo Valley Groundwater Project and for future local supply development opportunities.
- Reviewed findings of the Phase II San Elijo Valley Groundwater Project study with the board and developed an action plan for future steps.
- Completed the North San Diego County Regional Recycled Water Project's Programmatic Environmental Impact Report as the lead agency.
- Completed cross-training between meter readers, meter maintenance personnel, and administrative staff to expand breadth of understanding and ability to address customer inquiries.
- Presented to Ad Hoc Facilities Committee budget and phasing plan for districtwide implementation of AMI.
- Completed meter mapping project in rural areas to identify meters that are not currently represented in GIS.
- Conducted the initial Tri-Agency Cathodic Protection oversight committee meeting; discussed the possibility of future partnerships with other utilities and system upgrades.

Customer Services & Public Affairs

Objectives - fiscal year 2016-2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete appropriate training For Meters personnel under newly created Field Services Technician job description (District goal 5 – employee relations).
- Continue compliance with State Water Resources Control Board emergency regulations by developing messaging to ensure customer awareness of regulations (District goal 6 – regulatory requirements & District goal 8 – maintaining open communication).
- Submit to DWR the 2015 Update to the Urban Water Management Plan (District goal 6 – regulatory requirements).
- Complete mobile service order processing interface and present to Facilities Committee (District goal 7 – minimizing costs).
- Continue to pursue local, state, federal, and private grant funding to offset costs, potentially including funding via Proposition 1 and WRRDA (District goal 7 – minimizing costs).
- Complete redesign of OMWD website and provide status update to Outreach Committee regarding online presence (District goal 8 – maintaining open communication).
- Host public event to commemorate completion of the Village Park Recycled Water Project and invite the governor (District goal 8 – maintaining open communication).
- Increase outreach efforts pertaining to Sewer System Management Plan and Fats, Oils, and Grease program (District goal 8 – maintaining open communication).
- Partner with local businesses and vendors to promote water use efficiency through community events, and with local fire agencies to host fire-wise workshop (District goal 8 – maintaining open communication).
- Develop RFP for service line cathodic protection maintenance, including phasing plan and budget forecasts (District goal 10 – facilities planning).
- Complete cathodic protection replenishment of the top three deficient pipeline areas in the distribution system (District goal 10 – facilities planning).
- Initiate the grant-funded San Dieguito Valley Brackish Groundwater Desalination Study (District goal 11 – developing alternative water supplies).
- Facilitate execution of the Proposition 84/IRWM Round 4 funding agreement with San Elijo Joint Powers Authority for the Manchester Avenue recycled water pipeline (District goal 12 – cultivating relationships).

Customer Services & Public Affairs

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
New grant awards per year	3	1	1	●	1
Education/Outreach - # of educational events per year	39	24	27	●	24
Public Outreach – Facility tours per year	9	7	7	●	7
Application for awards per year	11	4	7	●	4
Public Outreach – number of website hits per year	140,817	Maintain within 10% of existing traffic	128,330	●	Maintain within 10% of existing traffic
Water Use Evaluations (Commercial, Industrial and Residential)	275	150	263	●	150
Electronic bill accounts to total accounts	31%	35%	33%	●	35%
Billing accuracy rate	99%	99%	99%	●	99%
# of meters read per month	28,246	27,000	28,769	●	28,000
Number of meters replaced or retrofitted	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	<i>New/updated KPI for FY 16-17</i>	160*
Meter anode replacements per year	555	500	TBD	●	TBD**

* This performance indicator is new for fiscal year 2016-2017

** The meter anode replacement project was placed on hold during fiscal year 2015-2106.

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

Fund: 100

Operating - Water

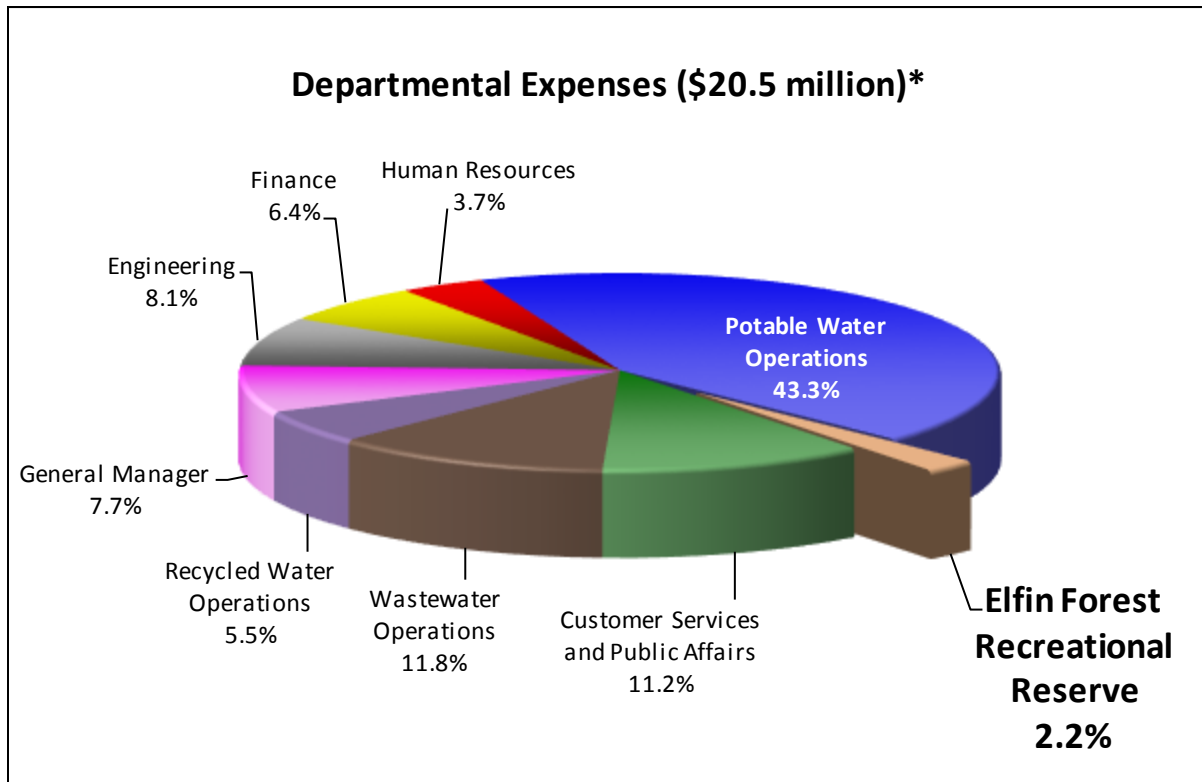
Department: 290

Customer Services & Public Affairs

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
Personnel:							
51100	Salaries and Wages - Regular	495,222	844,000	844,000	910,000	7.82%	7.82%
51110	Salaries and Wages - Overtime	30,453	24,000	40,000	40,000	66.67%	0.00%
51120	Salaries and Wages - Training	16,789	6,000	6,000	6,000	0.00%	0.00%
51130	Salaries and Wages - Safety	2,314	3,000	3,000	3,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	350,000	697,000	715,000	737,000	5.74%	3.08%
	Subtotal	894,778	1,574,000	1,608,000	1,696,000	7.75%	5.47%
Operations:							
52350	Customer Outreach	20,333	80,000	80,000	90,000	12.50%	12.50%
52250	Consultants	85,453	87,000	117,000	138,000	58.62%	17.95%
52500	Engineering	2,860	50,000	50,000	5,000	-90.00%	-90.00%
52600	Equipment Rental	540	3,000	3,000	3,000	0.00%	0.00%
52900	Maintenance and Repairs - General	203,363	2,000	7,000	3,000	50.00%	-57.14%
53000	Membership Dues and Subscriptions	3,245	1,000	1,000	4,000	300.00%	300.00%
53100	Office Supplies and Expenses	5,855	4,000	3,000	6,000	50.00%	100.00%
53150	LockBox and Bank Service Charge	5,910	3,000	7,000	1,000	-66.67%	-85.71%
53200	Other Admin and General Expenses	135	1,000	1,000	1,000	0.00%	0.00%
53250	Outside Services	69,591	101,000	141,000	160,000	58.42%	13.48%
53300	Postage and Shipping	83,778	40,000	55,000	76,000	90.00%	38.18%
53400	Printing and Copying	25,924	18,000	18,000	21,000	16.67%	16.67%
53800	Seminars and Meetings	8,759	3,000	3,000	11,000	266.67%	266.67%
53900	Supplies - Operations	(450,308)	27,000	27,000	7,000	-74.07%	-74.07%
53902	Supplies - Tools/Small Equip	4,703	10,000	6,000	10,000	0.00%	66.67%
53903	Supplies safety	1,899	-	2,000	1,000	0.00%	-50.00%
54000	Telephone and Communications	7,391	6,000	8,000	9,000	50.00%	12.50%
51160	Temporary Labor	34,703	50,000	85,000	61,000	22.00%	-28.24%
	Subtotal	114,133	486,000	614,000	607,000	24.90%	-1.14%
Capitalized Operating Expenditures:							
59009	Depreciation	-	-	-	48,000	0.00%	0.00%
59008	Support Allocation	398,221	398,000	398,000	1,270,000	219.10%	219.10%
59004	Capitalized Labor	(31,298)	(42,000)	(42,000)	(27,000)	-35.71%	-35.71%
59005	Capitalized Non-labor Expenses	(68,125)	(85,000)	(85,000)	(54,000)	-36.47%	-36.47%
	Subtotal	298,798	271,000	271,000	1,237,000	356.46%	356.46%
	Total, Net of Capitalized Expenses	1,307,710	2,331,000	2,493,000	3,540,000	51.87%	42.00%

* Amended budget amounts approved by the Board.

Elfin Forest Recreational Reserve



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Park Ranger I	2.00	1.00	1.00
Park Ranger II	-	1.00	1.00
Park Ranger Supervisor	1.00	1.00	1.00
Other*	-	-	0.05
Department Total	3.00	3.00	3.05

*Assistance from other depts.

Elfin Forest Recreational Reserve

Responsibilities

The Parks Department is responsible for the operation and maintenance of Elfin Forest Recreational Reserve (EFRR), a 784-acre open space reserve. Through an agreement with the County of San Diego, the Parks department also manages a county-owned 100-acre parcel located in the heart of EFRR. Responsibilities include trail and facility maintenance, visitor services, maintenance of the Elfin Forest Interpretive Center Honoring Susan J. Varty (IC), docent program, volunteer trail patrol program, education program, emergency management, and enforcement of reserve rules and regulations.

Major Accomplishments – fiscal year 2015-2016

- Submitted grant for EFRR Overflow Parking Lot expansion project to Recreational Trails Program.
- Completed restoration project on 1000 foot section of Cielo Trail along the horse wall.
- Recruited and trained fourteen more docents to staff the IC and patrol EFRR trails, bringing the total number of volunteers to 66 docents.
- Completed Eagle Scout project that installed 17 emergency location markers in the most remote EFRR trails. GPS coordinates of markers are in emergency dispatch database.
- Hosted OMWD water conservation workshop at IC.
- Continued partnership with the San Elijo Lagoon Conservancy on standards-based watershed and adaptation programs that brought approximately 1,200 elementary school students to EFRR on field trips. These programs are facilitated by our docents, zoo staff and TECC's Education Manager.
- Rehabilitated 1,500 feet of the Equine Incline Trail utilizing county funding associated with Cielo Azul property.
- Provided 33 docent-led educational hikes/walks in EFRR to the public, 12 "Bill the Bug Guy" programs at the IC, and hosted 37 school field trips throughout the year.
- Fortified emergency access road into EFRR with 25 tons of rock in preparation for El Niño.
- Created map using Google Earth to identify and prioritize all trail maintenance needs in EFRR trail system.
- Sponsored three Eagle Scout projects and created new Botanical Trail interpretive signage through a Girl Scout Silver Star project.

Elfin Forest Recreational Reserve

- Held four Special Events and collected \$785 in fees through the Special Event Policy.
- Trained six EFRR docents on trail maintenance basics and utilized that new resource for trail maintenance project days.
- Hosted the annual Earth Day and Habitat Restoration event jointly with I Love a Clean San Diego, TECC and the San Diego Zoo, as well as the 10th annual photo contest and recognized winners at a Board meeting.
- Accomplished the EFRR Strategic Plan year one goals and held inaugural EFRR Executive Committee meeting.
- Held one docent appreciation BBQ and one docent field trip to Carlsbad desalinization plant.
- Partnered with San Diego Mountain Bike Association to rehabilitate three hundred foot section of the Lake Hodges Overlook Trail.

Objectives – fiscal year 2016-2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Continue education program for underserved schools in partnership with the Escondido Creek Conservancy, San Elijo Lagoon Conservancy, and San Diego Zoo (District goal 8 – maintaining open communication).
- Use docent staffing to ensure IC is open and/or EFRR volunteers are on the trails for a minimum of 265 days (District goal 3 – operating in service-oriented manner; District goal 8 – maintaining open communication).
- Host EFRR photo contest, Earth Day, and OMWD water conservation workshop at IC (District goal 8 – maintaining open communication).
- Complete second-year goals of EFRR Strategic Plan (District goal 3 – operating in service-oriented manner).
- Further integrate water conservation messaging into EFRR education program and host water conservation workshop at IC (District goal 8 – maintaining open communication).
- Utilize volunteer groups such as San Diego Mountain Bike Association and EFRR trail patrol for trail maintenance and repairs in preparation and response to El Niño (District goal 3 –

Elfin Forest Recreational Reserve

operating in service-oriented manner; District Goal 7 - Minimizing District's operational costs while maintaining a high level of customer service).

- Partner with San Diego Mountain Bike Association to incorporate its members into the EFRR volunteer trail patrol program (District goal 3 – operating in service-oriented manner; District Goal 7 -Minimizing District's operational costs while maintaining a high level of customer service).

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
Number of Educational/ Community Outreach Events per year	94	90	106	●	90
Number of days taken to repair damaged signs/vandalism	< 12 days	12 days	<12	●	<12
Number of trails patrolled	80%	70% weekly	80%	●	70% weekly
Number of Ranger and docent led hikes/interpretive orientations per month	30	25	36	●	25
Number of days/year Interpretive Center Open/ volunteer trail patrol	265	265	339	●	290

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

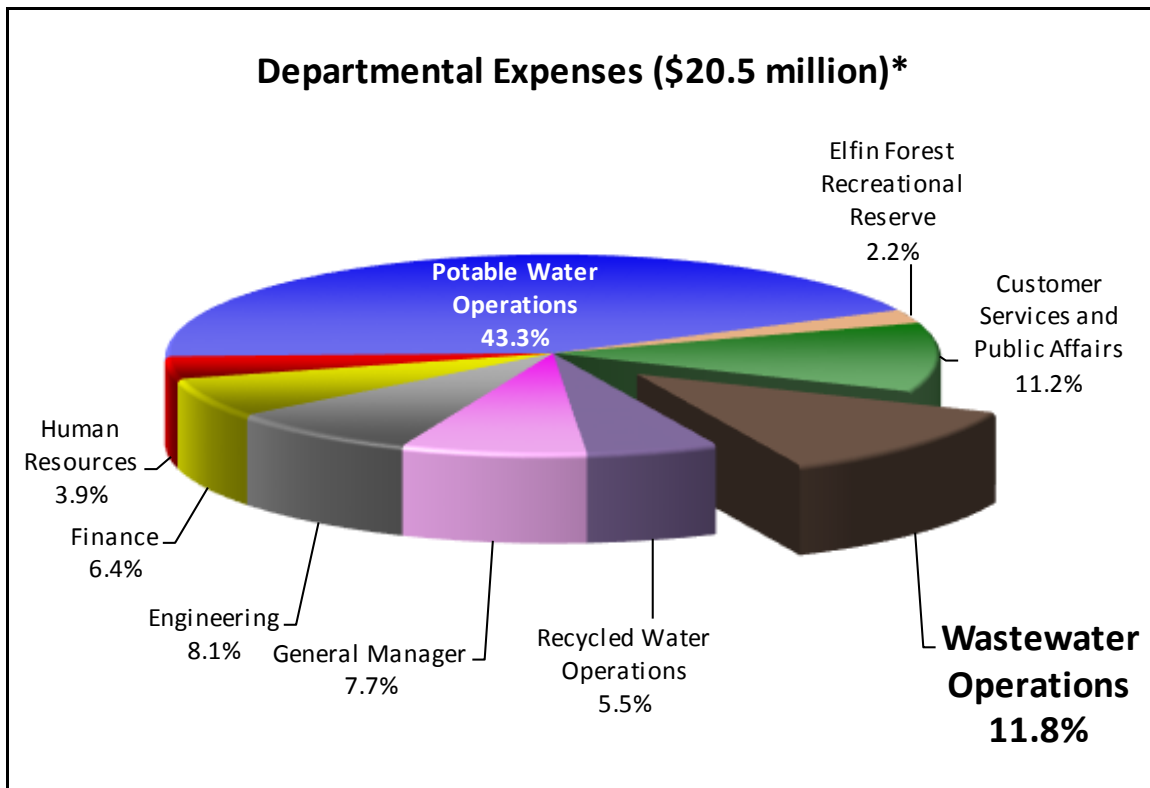
Fund: 100
Operating - Water

Department: 280
Elfin Forest Recreational Reserve

Account No. and Description		2014-2015	2015-2016 Budget		Proposed	% Change	% Change
		Actual	Adopted	Revised*	2016-2017	From 15-16	From 15-16
					Budget	Budget	Revised
Personnel:							
51100	Salaries and Wages - Regular	164,283	169,000	169,000	183,000	8.28%	8.28%
51110	Salaries and Wages - Overtime	10,152	10,000	10,000	11,000	10.00%	10.00%
51120	Salaries and Wages - Training	1,594	2,000	2,000	2,000	0.00%	0.00%
51130	Salaries and Wages - Safety	1,092	2,000	2,000	2,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	152	-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	122,761	132,000	150,000	154,000	16.67%	2.67%
Subtotal		300,034	315,000	333,000	352,000	11.75%	5.71%
Operations:							
52230	Computer Supplies	-	1,000	1,000	1,000	0.00%	0.00%
52250	Consultant	2,223	3,000	3,000	4,000	33.33%	33.33%
52600	Equipment Rental	-	2,000	2,000	1,000	-50.00%	-50.00%
52800	Legal	-	-	-	-	0.00%	0.00%
52900	Maintenance and Repairs - General	2,483	3,000	5,000	5,000	66.67%	0.00%
53000	Membership Dues and Subscription	30	1,000	1,000	-	-100.00%	-100.00%
53100	Office Supplies and Expenses	318	1,000	1,000	1,000	0.00%	0.00%
53200	Other Admin and General Expenses	-	2,000	2,000	1,000	-50.00%	-50.00%
53250	Outside Services	15,031	19,000	19,000	19,000	0.00%	0.00%
53300	Postage and Shipping	23	-	-	1,000	0.00%	0.00%
53400	Printing and Copying	3,049	4,000	4,000	4,000	0.00%	0.00%
53500	Property Insurance	7,623	7,000	7,000	8,000	14.29%	14.29%
53800	Seminars and Meetings	1,946	2,000	2,000	2,000	0.00%	0.00%
53900	Supplies	12,362	14,000	14,000	16,000	14.29%	14.29%
53901	Supplies - Fuel	6,919	8,000	6,000	5,000	-37.50%	-16.67%
53902	Supplies - Tools/Small Equipment	323	1,000	1,000	1,000	0.00%	0.00%
53903	Supplies - Safety	599	1,000	1,000	1,000	0.00%	0.00%
54000	Telephone and Communications	7,717	7,000	7,000	8,000	14.29%	14.29%
51160	Temporary Labor	2,261	6,000	3,000	3,000	-50.00%	0.00%
54300	Utilities	4,607	7,000	5,000	3,000	-57.14%	-40.00%
54500	Park Depreciation	-	12,000	12,000	24,000	100.00%	100.00%
Subtotal		67,513	101,000	96,000	108,000	6.93%	12.50%
Capitalized Operating Expenditures:							
54400	Support Allocation	108,851	109,000	109,000	170,000	55.96%	55.96%
59004	Capitalized Labor	-	-	-	-	0.00%	0.00%
59005-59007	Capitalized Employee Benefits	-	-	-	-	0.00%	0.00%
Subtotal		108,851	109,000	109,000	170,000	55.96%	55.96%
Total, Net of Capitalized Expenses		476,399	525,000	538,000	630,000	20.00%	17.10%

* Amended budget amounts approved by the Board.

Wastewater System Operations



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Operations Manager	-	0.06	0.10
Pump/Motor Technician II	0.45	0.52	0.53
WRF Operator Level I	0.90	0.98	0.98
WRF Operator Level II	-	0.93	0.96
WRF Operator Level III	2.80	1.89	1.90
WRF Operator Level IV	0.95	0.98	0.96
WRF Supervisor	0.80	0.97	0.82
Other*	0.50	0.72	1.17
Department Total	6.40	7.06	7.42

*Assistance from other depts.

Wastewater System Operations

Responsibilities

The District provides wastewater collection and reclamation services within the District's southeast service area. This includes the 4S Ranch and Rancho Cielo communities. The plant currently recycles wastewater discharge from approximately 7,100 Equivalent Dwelling Units (EDUs) within this service area. By 2030, these two areas will have nearly 7,450 EDUs from a combination of residential, commercial, industrial, and public uses.

This department is responsible for operating and maintaining the sewer collection and treatment system of the 4S Ranch Water Reclamation Facility (4S WRF.)

Major Accomplishments – fiscal year 2015-2016

- Operated the 4S Ranch WRF in the most cost effective, environmentally responsive, and service oriented manner.
- Earned the 2015 California Water Environment Association local collection system of the year award for the 4S Ranch and Rancho Cielo collection systems.
- Worked closely with the Engineering Department to finalize the operations and condition assessment and capital improvement plan for the 4S Ranch and Rancho Cielo Sanitation Districts.
- Completed the Del Dios and Midpoint SPS odor control study.
- Completed replacement of over 90 sewer manhole lids and the 4S WRF clarifier brush cleaning system.
- Continued to work closely with the Engineering Department on the planning and design on the Neighborhood #1 SPS upgrades, as well as the planning and design on the 4S WRF equalization basin upgrades.
- Completed SCADA system upgrades.
- Completed the installation of magnesium hydroxide chemical delivery system at the 4S WRF.
- Implemented additional public outreach program for Fats, Oils and Grease (FOG) and disposable wipes.

Objectives – fiscal year 2016-2017

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

Wastewater System Operations

- Continue to operate all wastewater facilities in full compliance with and in excess of regulatory requirements whenever economically and physically feasible (District goal 2 – supplying high-quality wastewater services; District goal 6 – exceeding regulatory requirements).
- Implement several SSMP goals including adding county storm drain infrastructure to the existing sewer maps, develop a sewer force main section protocol and schedule, and conduct an RFP for a 5 year cleaning and CCTV work contract (District goal 8 – maintaining open communication).
- Continue to evaluate results of the operations and condition assessment and capital improvement plan for the 4S Ranch and Rancho Cielo Sanitation Districts and make implementation recommendations (District goal 2 – supplying high-quality wastewater services).

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
Actual vs. Budgeted Expenses	119.7%	100% or less	103.9%	●	102% or Less
Preventable Permit Violations	0	0	0	●	0
District Responsible Sewer Spills	0	0	0	●	0

● Target met ● Target not met ● Target not available ■ Performance Measure Only
N/A – Not Available, pending fiscal year 2015-2016

DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017

Fund: 110 + 111

Operating - Wastewater

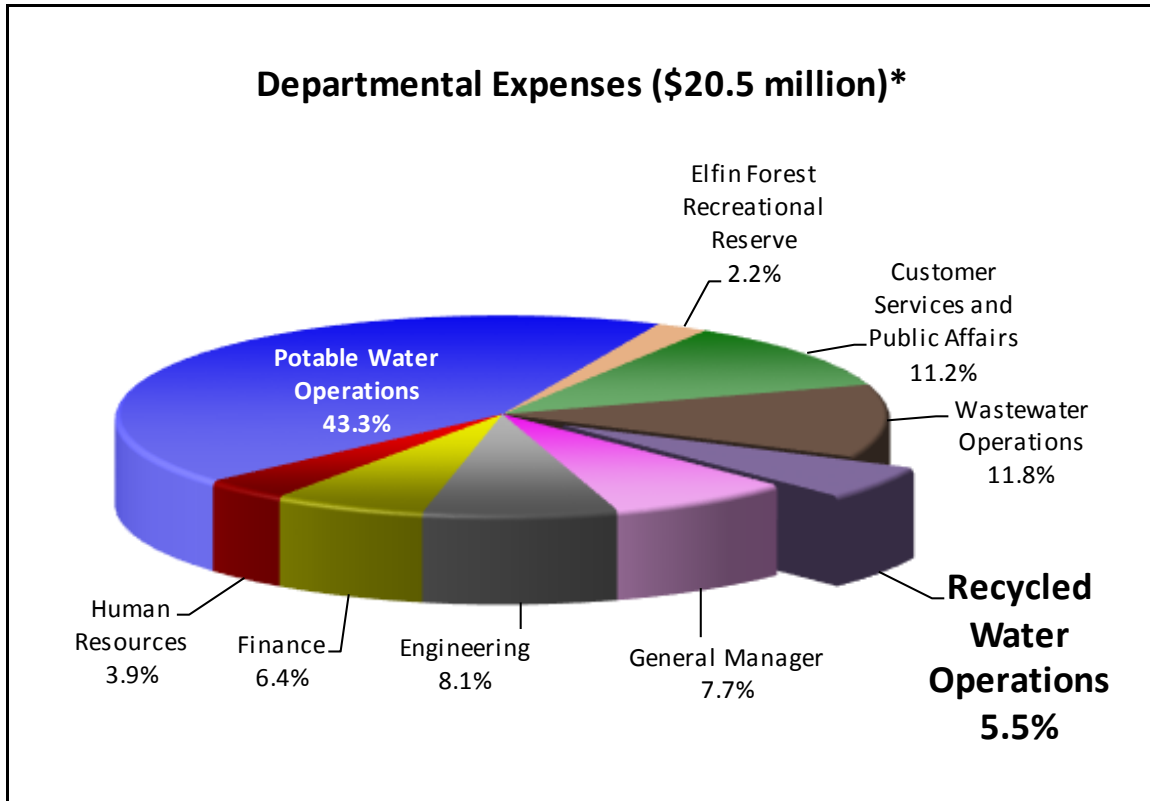
Department: 270 + 271

Wastewater (4S and RC Combined)

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
Personnel:							
51100	Salaries and Wages - Regular	511,667	501,000	501,000	552,000	10.18%	10.18%
51110	Salaries and Wages - Overtime	52,414	50,000	50,000	50,000	0.00%	0.00%
51120	Salaries and Wages - Training	839	5,000	5,000	5,000	0.00%	0.00%
51130	Salaries and Wages - Safety	2,628	4,000	4,000	4,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	145	-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	375,969	445,000	468,000	472,000	6.07%	0.85%
	Subtotal	943,662	1,005,000	1,028,000	1,083,000	7.76%	5.35%
Operations:							
52100	Auditing and Accounting	4,287	4,000	4,000	4,000	0.00%	0.00%
52200	Collection and Regulatory Fees	38,710	29,000	24,000	33,000	13.79%	37.50%
52230	Computer Supplies	864	2,000	2,000	2,000	0.00%	0.00%
52250	Consultants	336,322	26,000	46,000	42,000	61.54%	-8.70%
52500	Engineering	36,009	6,000	3,000	4,000	-33.33%	33.33%
52600	Equipment Rental	2,876	4,000	4,000	4,000	0.00%	0.00%
52800	Legal	-	1,000	6,000	2,000	100.00%	-66.67%
52900	Maintenance and Repairs - General	139,184	159,000	134,000	165,000	3.77%	23.13%
53000	Membership Dues and Subscriptions	6,630	4,000	5,000	5,000	25.00%	0.00%
53100	Office Supplies and Expenses	2,929	3,000	3,000	3,000	0.00%	0.00%
53200	Other Admin and General Expenses	69	1,000	1,000	1,000	0.00%	0.00%
53250	Outside Services	352,491	370,000	370,000	380,000	2.70%	2.70%
53260	Laboratory Services	44,839	32,000	32,000	42,000	31.25%	31.25%
53300	Postage and Shipping	170	1,000	3,000	1,000	0.00%	-66.67%
53400	Printing and Copying	728	1,000	3,000	2,000	100.00%	-33.33%
53500	Property Insurance	7,623	4,000	5,000	5,000	25.00%	0.00%
53800	Seminars and Meetings	5,179	4,000	4,000	5,000	25.00%	25.00%
53900	Supplies	97,938	101,000	126,000	130,000	28.71%	3.17%
53901	Supplies - Fuel	6,650	9,000	6,000	6,000	-33.33%	100.00%
53902	Supplies - Tools/Small Equipment	1,651	2,000	4,000	5,000	150.00%	25.00%
53903	Supplies - Safety	5,538	4,000	5,000	5,000	25.00%	0.00%
53904	Supplies - Chemicals	103,800	90,000	84,000	90,000	0.00%	7.14%
54000	Telephone and Communications	6,346	7,000	7,000	8,000	14.29%	14.29%
51160	Temporary Labor	3,375	3,000	3,000	4,000	33.33%	33.33%
54300	Utilities	451,405	450,000	400,000	396,000	-12.00%	-1.00%
58370	Fixed Charge County Collect Fee	527	1,000	1,000	1,000	0.00%	0.00%
	Subtotal	1,656,142	1,318,000	1,285,000	1,345,000	2.05%	4.67%
Capitalized Operating Expenditures:							
59009	Depreciation	1,635,933	13,000	13,000	37,000	184.62%	184.62%
59008	Support Allocation	388,954	389,000	389,000	538,000	38.30%	38.30%
59004	Capitalized Labor	(13,551)	(25,000)	(25,000)	(22,000)	-12.00%	-12.00%
59005	Capitalized Non-labor Expenses	(14,578)	(50,000)	(50,000)	(44,000)	-12.00%	-12.00%
	Subtotal	1,996,757	327,000	327,000	509,000	55.66%	55.66%
	Total, Net of Capitalized Expenses	4,596,561	2,650,000	2,640,000	2,937,000	10.83%	11.25%

* Amended budget amounts approved by the Board.

Recycled Water Operations



* Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved 2014-2015	Approved 2015-2016	Proposed 2016-2017
Backflow & Cross Conn Coord I	0.20	1.15	0.39
Backflow & Cross Conn Coord II	0.85	-	-
WRF Operator Level I	0.10	0.02	0.02
WRF Operator Level II	-	0.07	0.09
WRF Operator Level III	0.20	0.11	0.10
WRF Operator Level IV	0.05	0.02	0.04
WRF Supervisor	0.20	0.03	0.18
Other*	0.20	0.37	0.66
Department Total	1.80	1.77	1.47

*Assistance from other depts.

Recycled Water Operations

Responsibilities

The Recycled Water System serves two areas of the District, the Northwest Quadrant and Southeast Quadrant. The Northwest Quadrant's service area recycled water needs are supplied through purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority.

This department operates the District-owned 4S Ranch Water Reclamation Facility (4S WRF). Personnel responsible for operating the 4S WRF is also responsible for delivering tertiary-treated wastewater to the recycled water distribution system where it is then delivered to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the 4S Ranch and Santa Fe Valley (Southeast Quadrant) portions of the District.

Major Accomplishments – fiscal year 2015-2016

- Operated the 4S Ranch recycled water facilities in a manner that exceeded all regulatory requirements.
- Worked closely with the Engineering Department to complete the conversion of Wiegand Reservoir from potable to recycled water (District goal 11 – developing alternative water supplies).
- Completed the construction of the OMWD Recycled Water Fill Station.
- Opened and operated the Recycled Water Fill Station, the first of its kind in the county.
- Made four new recycled water connections to the Districts recycled water system.
- Worked closely with the Engineering Department on the completion of the 4S Ranch recycled water storage pond improvements.
- Continued to work with the Engineering Department on the construction of the Village Park Recycled Water project (District goal 11 – developing alternative water supplies).
- Installed a new chlorine chemical tank at the 4S Ranch recycled water storage pond.

Objectives – fiscal year 2016-2017

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

Recycled Water Operations

- Continue to operate the 4S WRF in full compliance with permits; exceed regulatory requirements whenever economically and physically feasible (District goal 2 - supplying high-quality recycled water; District goal 6 – exceeding regulatory requirements).
- Continue to coordinate efforts between the Operations and Engineering Departments for the construction and implementation of the Village Park Recycled Water project (District goal 11 – developing alternative water supplies).
- Continue to work closely with the Customer Service Department to increase awareness and participation at the Recycled Water Fill Station (District goal 8 – maintaining open communication).
- Continue to explore with adjacent agencies an additional Recycled Water Fill Station location (District goal 12 – cultivating relationships & District goal 8 – maintaining open communication).
- Continue to work closely with the Engineering Department on the planning and design of the 4S WRF ultra violet and filtration improvements (District goal 2 – supplying high-quality recycled water).
- Make four or more new recycled water connections to the District’s recycled water system (District goal 11 – developing alternative water supplies).

Performance Indicators

Activity/ Criteria	fiscal year 2014-2015 Actual	fiscal year 2015-2016 Target	fiscal year 2015-2016 Actual	fiscal year 2015-2016 Target Met?	fiscal year 2016-2017 Target
Number of Recycled Water Meter Connections	257	262	267	●	267
Percentage of compliance with District Recycled Water Rules and Regulations	100%	100%	100%	●	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

N/A – Not Available, pending fiscal year 2015-2016

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Year 2016-2017**

Fund: 120

Operating - Recycled

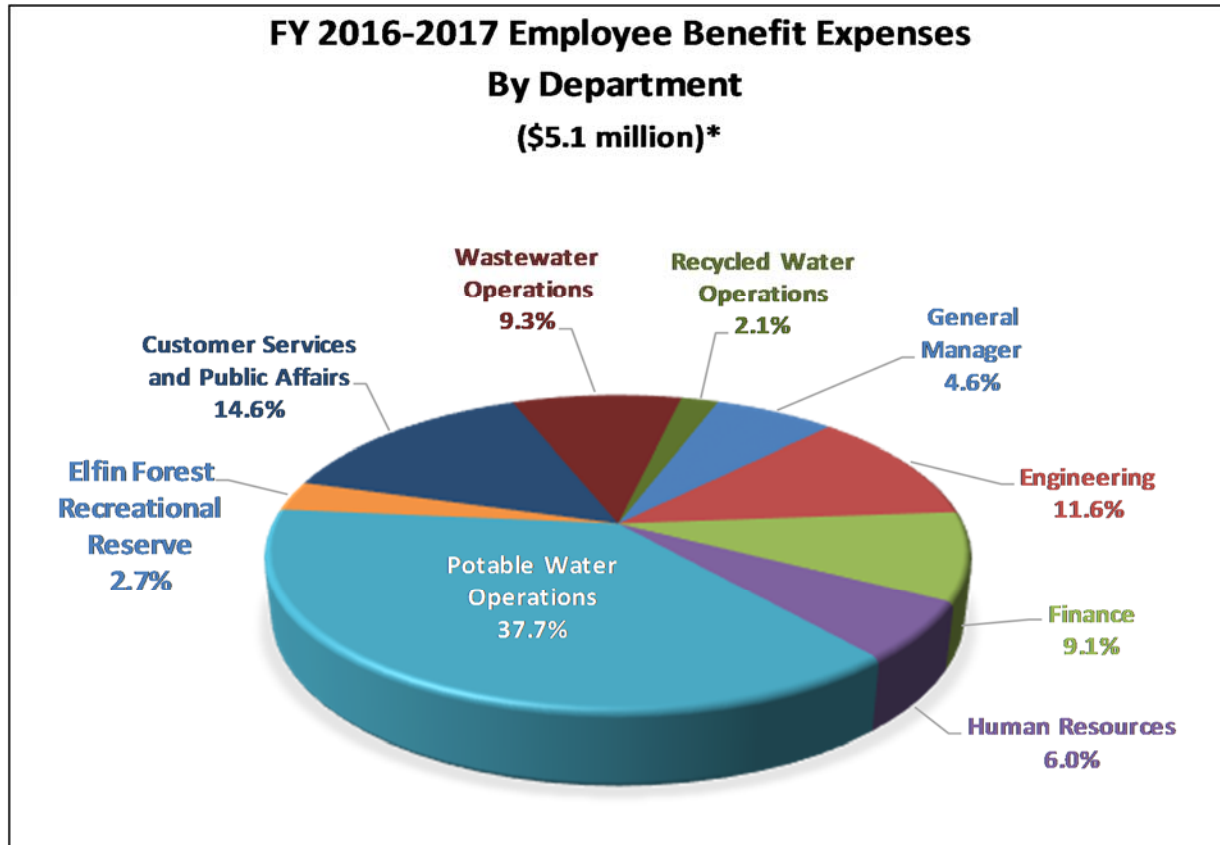
Department: 260, 261, 262

Recycled Water Operations (SE and NW)**

Account No. and Description		2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
Personnel:							
51100	Salaries and Wages - Regular	114,880	109,000	109,000	121,000	11.01%	11.01%
51110	Salaries and Wages - Overtime	11,002	10,000	10,000	10,000	0.00%	0.00%
51120	Salaries and Wages - Training	-	1,000	1,000	1,000	0.00%	0.00%
51130	Salaries and Wages - Safety	-	3,000	2,000	2,000	-33.33%	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	-	0.00%	0.00%
51150	Allocated Employee Benefits	85,448	97,000	91,000	104,000	7.22%	14.29%
	Subtotal	211,331	220,000	213,000	238,000	8.18%	11.74%
Operations:							
52100	Auditing and Accounting	2,858	3,000	3,000	3,000	0.00%	0.00%
52200	Collection and Regulatory Fees	4,212	15,000	10,000	11,000	-26.67%	10.00%
52230	Computer Supplies	-	2,000	1,000	1,000	-50.00%	0.00%
52250	Consultants	10,042	15,000	5,000	5,000	-66.67%	0.00%
52500	Engineering	20,715	2,000	10,000	7,000	250.00%	-30.00%
52600	Equipment Rental	4,906	2,000	2,000	4,000	100.00%	100.00%
52800	Legal	419	2,000	12,000	9,000	350.00%	-25.00%
52900	Maintenance and Repairs - General	241,151	81,000	56,000	56,000	-30.86%	0.00%
52970	Maintenance and Repairs - nonrecurring	-	-	-	350,000	0.00%	0.00%
53000	Membership Dues and Subscriptions	2,543	4,000	4,000	4,000	0.00%	0.00%
53100	Office Supplies	1,920	3,000	3,000	2,000	-33.33%	-33.33%
53200	Other Admin and General Expenses	-	-	1,000	1,000	0.00%	0.00%
53250	Outside Services	133,349	155,000	105,000	105,000	-32.26%	0.00%
53400	Printing and Copying	141	500	500	-	-100.00%	-100.00%
53500	Property Insurance	1,906	3,000	3,000	3,000	0.00%	0.00%
53800	Seminars and Meetings	3,446	3,000	3,000	3,000	0.00%	0.00%
53900	Supplies - Operations	74,302	69,000	44,000	42,000	-39.13%	-4.55%
53901	Supplies - Fuel	8,697	7,000	7,000	5,000	-28.57%	-28.57%
53902	Supplies - Tools/Small Equipment	7	2,000	2,000	2,000	0.00%	0.00%
53903	Supplies - Safety	523	1,500	1,500	1,000	-33.33%	-33.33%
53904	Supplies - Chemical	56,851	45,000	45,000	60,000	33.33%	33.33%
54000	Telephone and Communications	3,733	4,000	4,000	3,000	-25.00%	-25.00%
51160	Temporary Labor	1,537	3,000	13,000	20,000	566.67%	53.85%
54200	Uncollectible accounts	3,499	-	-	-	0.00%	0.00%
54300	Utilities	220,639	200,000	200,000	190,000	-5.00%	-5.00%
	Subtotal	797,396	622,000	535,000	887,000	42.60%	65.79%
Capitalized Operating Expenditures:							
59009	Depreciation	825,407	3,000	3,000	15,000	400.00%	400.00%
59008	Support Allocation	208,310	208,000	208,000	256,000	23.08%	23.08%
59004	Capitalized Labor	(210)	(11,000)	(11,000)	(12,000)	9.09%	9.09%
59005	Capitalized Non-labor Expenses	(435)	(22,000)	(22,000)	(24,000)	9.09%	9.09%
	Subtotal	1,033,072	178,000	178,000	235,000	32.02%	32.02%
	Total, Net of Capitalized Expenses	2,041,799	1,020,000	926,000	1,360,000	33.33%	46.87%

* Amended budget amounts approved by the Board.

Employee Benefits



* Total may not add up to 100% due to rounding.

TOTAL BENEFITS BY DEPARTMENT - fiscal year 2016-2017

<u>Department</u>	<u>Benefit Expense Percentage</u>		<u>Benefit Expense Amount¹</u>
General Manager	6.7%	\$	336,000
Engineering	11.6%		585,000
Finance	9.1%		460,000
Human Resources	6.0%		302,000
Potable Water Operations	37.7%		1,905,000
Elfin Forest Recreational Reserve	3.0%		154,000
Customer Service	14.6%		738,000
Wastewater	9.3%		473,000
Recycled Water	2.1%		104,000
TOTAL	100%	\$	5,057,000

¹ These amounts are rounded to the nearest thousand and therefore are approximations

Employee Benefits

Labor and Employee Benefits

The District updates its Staffing Analysis annually. The District's Staffing Analysis forecasts organizational and personnel changes required to maintain a successful workforce plan for the next five fiscal years and is utilized as a succession planning tool. The District's Staffing Analysis is subject to consideration and approval by the Board depending on annual budget constraints. After the Board approves the annual Staffing Analysis, recommendations included in the analysis are then used for calculating increases in labor and benefit costs in the District's annual operating budget.

The 2016 District's Staffing Analysis incorporates the necessary staffing levels for fiscal year 2016-2017 in light of current economic and supply and demand conditions, and intends to improve overall operational efficiencies, always aiming to develop better business practices and succession planning for the District.

Labor and employee benefits costs were also projected based on the 2013 Memorandum of Understanding (MOU) between the District and its employee associations. For fiscal year 2016-2017, the District plans to be fully staffed, with the Board of Directors allowing two new full-time Grow Your Own (GYO) internal promotional opportunities.

All employee benefit expenses are allocated proportionately to each department based on its total budgeted salaries and wages.

Starting July 1, 2012, all employees pay 100% of employee's share of District pension costs. The District does not offer post-retirement healthcare benefits to its employees.

For fiscal year 2016-2017, the total projected costs for salaries, wages, and benefits is \$11.6 million, an increase of approximately 4.8% or \$531,000 compared to the fiscal year 2015-2016 revised budget. Employee benefits expenditures are expected to increase by approximately 3.2% or \$157,000 compared to the fiscal year 2015-2016 revised costs.

Increases in employee benefit costs are mainly due to an anticipated 5.2% increase in group health insurance premiums, an increase in pension cost, and a 4.9% increase in salary and wages, based on the 2013 Memorandum of Understanding (MOU) with employee associations as well as a cost of living adjustment based on San Diego County's CPI-U.

Major Benefits Changes in the fiscal year 2016-2017 Budget

- **Group Health Insurance** – Group health insurance expense is projected to increase by approximately \$83,000 due to the 5.2% projected cost increase in January 2017. The District pays 100% of its employees, spouses and dependents monthly group health insurance premiums.
- **Employee Sick, Holiday and Vacation** – Projected to increase 3.0% due to current accruals and year to year trends of paid time off taken, as well as the value of sick, holiday, and vacation increasing by an overall 4.9% due to salary and wages increases.

Employee Benefits

- **457 Plan – Employer’s share and VEBA** – Projected to decrease by approximately 6.5% due to a reduction in the numbers of employees being eligible for this benefit. New hires are not eligible for a matching contribution on a 457 plan until they reach their fifth anniversary at the District.
- **PERS Contribution** – Employer’s contribution is projected to increase by 6.2% due to the 4.9% increase in the overall salary and wages, and an increase in the unfunded liability amount for employees in the classic PERS plan.
- **Workers Compensation Insurance** – Expected to decrease in fiscal year 2016-2017 by 18%.1 due to the District’s outstanding safety record which lowered our ratio of adjusted to expected losses rate with our insurer.

**Olivenhain Municipal Water District
Employee Benefits Summary
Fiscal Year 2016-2017**

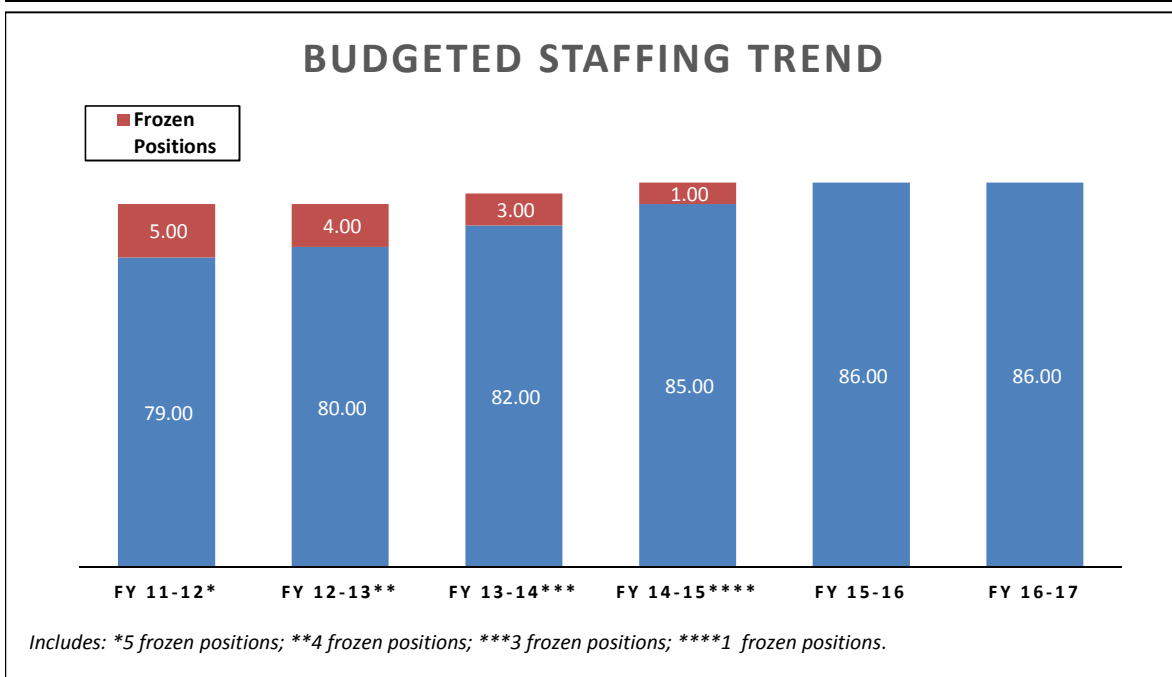
Fund: All

Account Number	Description	2014-2015 Actual	2015-2016 Budget		Proposed 2016-2017 Budget	% Change From 15-16 Budget	% Change From 15-16 Revised
			Adopted	Revised*			
51200	Employee Programs	\$ 30,703	\$ 36,000	\$ 36,000	\$ 39,000	8.33%	8.33%
51205	Employee Recreation Club	5,670	7,000	7,000	8,000	14.29%	14.29%
51210	Employee Training and Education	11,173	36,000	36,000	36,000	0.00%	0.00%
51215	FICA - Employer's Share	521,662	513,000	513,000	527,000	2.73%	2.73%
51220	Insurance - Dental	112,327	120,000	120,000	123,000	2.50%	2.50%
51225	Insurance - Group Health	1,394,947	1,554,000	1,514,000	1,597,000	2.77%	5.48%
51230	Insurance - Long Term Disability	19,784	22,000	22,000	23,000	4.55%	4.55%
51235	Insurance - Unemployment	-	5,000	5,000	3,000	-40.00%	-40.00%
51240	Insurance - Vision	16,040	21,000	21,000	21,000	0.00%	0.00%
51245	Insurance - Worker's Compensation	181,404	205,000	205,000	168,000	-18.05%	-18.05%
51250	Leave - Employee Sick	294,255	309,000	309,000	318,000	2.91%	2.91%
51260	Leave - Holiday	310,246	362,000	362,000	376,000	3.87%	3.87%
51265	Leave - Vacation	431,594	424,000	424,000	432,000	1.89%	1.89%
51270	Others - Employer's share (457 and VEBA)	142,951	154,000	154,000	144,000	-6.49%	-6.49%
51275	PERS Contributions	419,727	1,141,000	1,141,000	1,212,000	6.22%	6.22%
51280	Uniforms	28,639	31,000	31,000	30,000	-3.23%	-3.23%
Total Employee Benefit Cost		\$ 3,921,122	\$ 4,940,000	\$ 4,900,000	\$ 5,057,000	2.37%	3.20%

* Amended budget amounts approved by the Board.

TOTAL STAFFING ALL OPERATIONS			
<u>Department</u>	<u>Approved Fiscal Year 2014-2015</u>	<u>Approved Fiscal Year 2015-2016*</u>	<u>Proposed Fiscal Year 2016-2017*</u>
General Manager	6.00	2.00	2.00
Engineering	8.00	9.49	10.32
Finance	15.00	7.88	7.87
Human Resources	4.00	4.00	4.00
Potable Water Operations	40.80	35.69	34.82
Elfin Forest Recreational Reserve	3.00	3.00	3.05
Customer Service	0.00	15.14	15.05
Wastewater and Recycled Water	8.20	8.83	8.89
TOTAL	85.00	86.00	86.00

**Fiscal year 15-16 and 16-17 staffing is based on actual hours of support and therefore includes some split positions*



Capital Budget Overview

Long-term capital planning is a dynamic process and is part of the District's overall strategic plan. Because strategic planning is a process and its activities are continually changing, long-term capital planning must be subject to periodic review and revisions.

The capital planning process involves identifying current and future needs, and prioritizing them based on certain operating assumptions. The primary objective of planning effort for the District is to create a stable long-range financial plan to support an orderly, efficient program of improvement, expansion, and replacement. It is the goal of the capital plan to develop an independent, self-sustaining capital improvement program using a mixture of financial resources.

The District follows its Comprehensive Master Plan (CMP) which outlines future water capital improvement projects for the next twenty years based on projected future demands. The CMP is used by District staff as a guide to develop the District's long-range financial plan. Master plans help District staff answer the following questions:

- What facilities must be built or replaced?
- When must the facilities be built or replaced?
- How much will the facilities cost?
- How will we pay for the facilities?

The CMP is intended to serve as a "living document" that can be updated as the District grows and as the character of future development becomes more certain.

The District's CMP was updated in April 2016. The study combines various planning efforts into one document that addresses the needs within two of the District's operations: potable and recycled water. In similar manner, the District finalized an update to its wastewater Capital Improvement Plan, which includes all wastewater capital improvement projects, in September 2015.

Capital Improvement Program – Long-Term Goals and Objectives

The following are the District’s Capital Improvement Program Goals and Objectives for fiscal years 2017-2026:

- Within the resources available each fiscal year, in order to provide safe and reliable services to all customers, maintain and safeguard the District’s capital assets and infrastructure through implementation of various replacement and betterment programs based on the District’s Comprehensive Master Plan.
- Maintain a consistent allocation of resources for programs to carry out the District’s mission to its customers.
- Complete expansion projects to meet current and future water and recycled customer demands.
- Continue efforts to develop alternative water supplies, including recycled water, through cooperative agreements with various agencies, to provide safe and reliable water to each customer in a cost-effective manner.
- Continue to operate the David C. McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility in a cost-effective manner through implementation of various enhancements to the systems, as needed.
- Continue improving services to all customers through the use of advanced technology in a cost-effective manner.

Changes in CIP

Projects listed in the CIP budget are reviewed annually to allow the District to be more responsive to changing priorities, particularly with respect to changes in demand projections and operational requirements. The changes sometimes result in the addition of new projects and the acceleration or delay of scheduled projects. Additionally, annual review of all active projects will provide ongoing updates on cost estimates as more information becomes available.

Summary of Capital Improvement Program Expenditures

Capital Item Purchases and Facilities

The District's capital expenditures include capital item purchases and capital facilities. Total capital expenditures for fiscal year 2016-2017 are projected to be \$14.0 million, consisting of \$600 thousand in capital item purchases and \$13.4 million in capital facilities.

Capital item purchases are non-recurring operating expense items for District-wide use that cost more than \$5,000 each and have an estimated useful life of more than a year. These purchases include vehicles, shop and field equipment, office furniture and equipment, as well as software and hardware. Summaries of capital item purchases for fiscal year 2016-2017 can be found on the following pages.

Capital facilities are potable water, recycled water, and wastewater infrastructure-related projects that require a longer time to build and complete, have a longer estimated useful life, and have costs in excess of \$5,000. Capital facilities include reservoirs, pipelines, and pump stations.

Capital expenditures are paid for with capital improvement, capacity fee, grant and debt funds. Capital item purchases and capital facilities that are identified in the District's Capital Improvement Program are prioritized based on the following criteria:

- Safety, restoration of service, immediate need, Board-directed or critical system need.
- System upgrades or requirements to maintain water supply priorities, system facility priorities, and core business plans.
- Diversification of the water supply portfolio to improve system reliability

Capital Improvement Funds

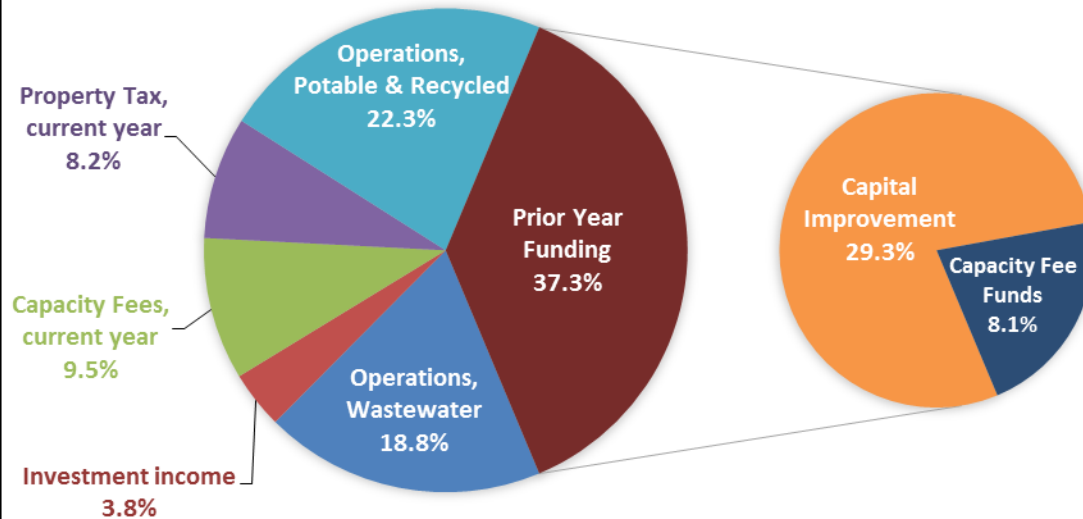
Capital improvement funds are used to account for capital program expenditures. The District's Capital Improvement Projects (CIP) are funded by user charges, developer's capacity fees, grants and proceeds from debt issuance when practicable. The cost of capital projects has been spread among various capital improvement funds:

1. **Capacity Fee Funds** – Capital facilities that are necessary in order to support growth and to bring in local water supply. The District collects capacity and other related fees, and occasionally grant funds, to cover the cost of expanding water and recycled system capacity to serve new development within the District's service area.

The District's potable capacity fees are calculated using a combined methodology based on growth (current and future CIP) and system buy-in (existing assets valued at replacement cost less depreciation.) The District is currently at 89% build-out with full build-out expected by 2050, according to the District's 2015 Comprehensive Master Plan. Details on the District's capacity fees can be found in the District's Capacity Fee Study.

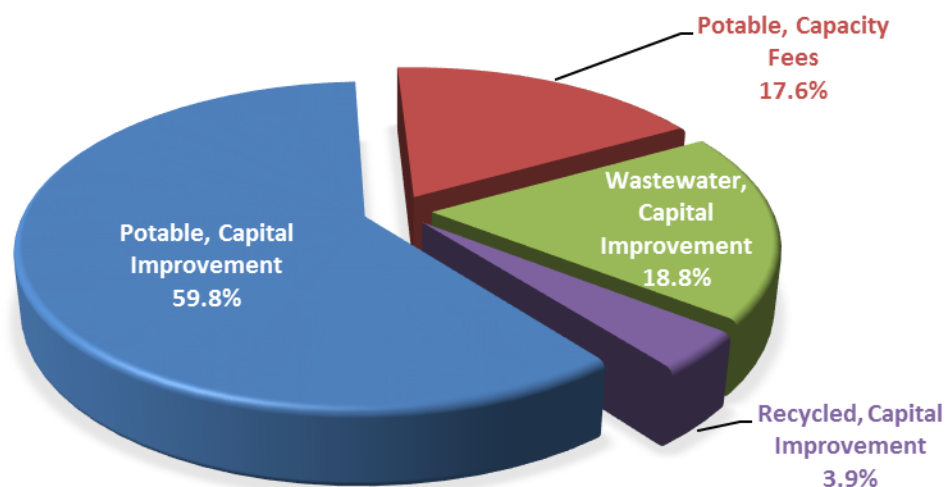
Capital (Replacement and Betterment) Funds – Capital facilities that are needed, due to new requirements that benefit existing users, and projects to refurbish or to replace existing facilities that have deteriorated or have exceeded their useful life. These are funded from user rates and charges as well as excess property tax revenue. Capital fund monies are updated annually by transferring an amount equal to budgeted depreciation (PAYGO) and excess property tax revenue from the revenue fund to the capital fund. For fiscal year 2016-2017, capital improvement projects of \$13.4 million will be financed by these capital improvement funds. Details for each CIP project can be found in the CIP Detail by Funding Source section of the budget document.

**FY 2016-2017 CAPITAL IMPROVEMENT PROJECT
WHERE THE MONEY COMES FROM (SOURCES)
(\$13.4 MILLION)***



* Total may not add up to 100% due to rounding.

**FY 2016-2017 CAPITAL IMPROVEMENT PROJECT
WHERE THE MONEY GOES (USES)
(\$13.4 MILLION)***



* Total may not add up to 100% due to rounding.

Olivenhain Municipal Water District
SUMMARY OF SMALL CAPITAL ITEM PURCHASES
WATER, WASTEWATER AND RECYCLED OPERATIONS
Fiscal Year 2016-2017

Asset Class	Qty.	Item Description	Budget Amount	Allocation		
				Potable Water	Wastewater	Recycled Water
Shop and Field Equipment Project # D129820 - Potable Water Project # D709820 - Wastewater Project # D809820- Recycled Water	1	Sample Collection Device	7,000	-	-	7,000
	8	Aquaman Highline Equipment	12,000	12,000	-	-
	1	Sensus Vehicle Basestation (VGB)	32,000	32,000	-	-
	3	Sensus FL 6502GB Handheld	35,000	32,000	-	3,000
	1	Water Tank - WaterDog 1000 Series Tank Trailer	12,000	12,000	-	-
	1	One set of Highline Ramps (75 sections in the set)	28,000	25,000	-	3,000
	1	Honda FourTrax Rincon ATV	11,000	11,000	-	-
	1	Spare aeration blower for DCMWTP	30,000	30,000	-	-
	10	DICKSON Chart Recorder	8,000	-	-	8,000
Subtotal			\$ 175,000	\$ 154,000	\$ -	\$ 21,000
Automotive Equipment Project # D129830 - Potable Water Project # D709830 - Wastewater Project # D809830- Recycled Water	1	New Vehicle for Meters & Customer Service / 2016 Ford F-150 S/C V-6 Engine	27,000	23,000	-	4,000
	1	New Vehicle for Meters & Customer Service / 2016 Ford F-150 S/C V-6 Engine	27,000	23,000	-	4,000
	1	New Vehicle for Parks / 2016 Ford F-150 S/C 4X4 V-6 Engine	30,000	30,000	-	-
	1	New Vehicle for Parks Supervisor / 2016 Ford F-150 C/C 4X4 V-6 Engine	32,000	32,000	-	-
	1	New Vehicle for DCMWTP Supervisor / 2016 Ford F-150 S/C V-6 Engine	27,000	27,000	-	-
	1	New Vehicle for IT / 2016 Ford F-250 Extra Cab w/Service Utility Bed & Ladder Rack	35,000	25,000	5,000	5,000
Subtotal			\$ 178,000	\$ 160,000	\$ 5,000	\$ 13,000
Computer Hardware/Software Project # D129860- Potable Water Project # D709860 - Wastewater Project # D809860 - Recycled Water	1	RECORDS SCANNER - fi-5750C	11,000	11,000	-	-
	1	Security Enhancements	50,000	17,000	17,000	16,000
	3	ESXi Host Servers	45,000	15,000	15,000	15,000
	6	Ignition SCADA Host Server Replacements	37,000	37,000	-	-
	1	Off-Site Storage Replication	22,000	8,000	7,000	7,000
	1	Email Archiving Solution	8,000	3,000	3,000	2,000
	1	Mobile Device Management	8,000	6,000	1,000	1,000
	1	Virtual Desktop Infrastructure Pilot	25,000	18,000	4,000	3,000
Subtotal			\$ 206,000	\$ 115,000	\$ 47,000	\$ 44,000
TOTAL			\$ 559,000	\$ 429,000	\$ 52,000	\$ 78,000

**Olivenhain Municipal Water District
Capital Project Summary
Fiscal Year 2016-2017
(On-Going and Proposed Projects)**

Project Name	Total Project Budget	Estimated Outside Contribution	Estimated District Cost	Estimated Net Expenditures Thru 6/30/16	2016-2017 Budgeted Expenditures			Total 2016-2017 Budgeted Exp.
					Capital & Equipment Fund			
					Water	Wastewater	Recycled	
<u>On-Going Projects</u>								
DCM WTP Office Construction	700,000	-	700,000	100,000	600,000	-	-	600,000
Wide Area Network (WAN) Upgrade	80,000	-	80,000	-	80,000	-	-	80,000
Replace Distribution System PLC	54,000	-	54,000	-	54,000	-	-	54,000
Headquarters' Site Improvements	360,000	-	360,000	6,000	354,000	-	-	354,000
Residuals Handling Building Canopy	55,000	-	55,000	-	55,000	-	-	55,000
Replace Palms I Reservoir Pipeline	320,000	-	320,000	100,000	220,000	-	-	220,000
Replace DCM WTP Brine Tank	60,000	-	60,000	-	60,000	-	-	60,000
Replace DCM WTP Hypochlorite Tank	55,000	-	55,000	-	55,000	-	-	55,000
DCM WTP Painting of Equipment	20,000	-	20,000	-	20,000	-	-	20,000
Vault Upgrades	72,000	-	72,000	-	72,000	-	-	72,000
Inventory Bar Code Project	80,000	-	80,000	-	80,000	-	-	80,000
DCM WTP VFD Pump/Motor Project	345,000	-	345,000	-	247,000	-	-	247,000
Replace 4G Reservoir	300,000	-	300,000	75,000	225,000	-	-	225,000
Meter Upgrades and AMI Radio-Read System	3,300,000	-	3,300,000	-	600,000	-	-	600,000
Replace Deep Well Anodes	150,000	-	150,000	5,000	50,000	-	-	50,000
Replace Cathodic Test Stations	150,000	-	150,000	5,000	50,000	-	-	50,000
Palms I Reservoir Demolition	735,000	-	735,000	72,000	-	-	-	-
Replace Valves	4,300,000	-	4,300,000	-	1,181,000	-	-	1,181,000
Replace Meter Anodes	364,000	-	364,000	-	123,000	-	-	123,000
Replace DCM WTP Membranes	6,066,000	-	6,066,000	-	595,000	-	-	595,000
Replace Meters	2,000,000	-	2,000,000	-	200,000	-	-	200,000
Replace Pumps and Motors	500,000	-	500,000	-	50,000	-	-	50,000
La Costa Vales #2 PRS and Ext. 250	320,000	-	320,000	77,000	-	-	-	-
Replace La Cima/Aliso Pipeline	75,000	-	75,000	33,000	-	-	-	-
Recycled Water Quality Improvements	900,000	-	900,000	100,000	-	-	270,000	270,000
Security Upgrades	100,000	-	100,000	5,000	30,000	-	-	30,000
Replace Pipelines	14,000,000	-	14,000,000	-	500,000	-	-	500,000
Replace Dove Hollow Pipeline	300,000	-	300,000	1,000	299,000	-	-	299,000
Gaty I Decommissioning	300,000	-	300,000	5,000	15,000	-	-	15,000
Complete Campus - Building D	6,200,000	-	6,200,000	42,000	1,040,000	260,000	-	1,300,000
Village Park Recycled Pump Station	2,150,000	-	2,150,000	1,935,000	215,000	-	-	215,000
City of San Diego Recycled - Purchase Capacity	250,000	-	250,000	-	-	-	250,000	250,000
Condition Assessment Program	2,000,000	-	2,000,000	104,000	155,000	-	-	155,000
Village Park Recycled Water Project	8,425,000	-	8,425,000	7,583,000	842,000	-	-	842,000
San Elijo Valley Groundwater Project	19,000,000	(295,000)	18,705,000	1,160,000	1,000,000	-	-	1,000,000
Avenida La Posta Raw Water Extension	33,000	-	33,000	30,000	3,000	-	-	3,000

**Olivenhain Municipal Water District
Capital Project Summary
Fiscal Year 2016-2017
(On-Going and Proposed Projects)**

Project Name	Total Project Budget	Estimated Outside Contribution	Estimated District Cost	Estimated Net Expenditures Thru 6/30/16	2016-2017 Budgeted Expenditures			Total 2016-2017 Budgeted Exp.
					Capital & Equipment Fund			
					Water	Wastewater	Recycled	
4S WRF Covered Storage Area	100,000	-	100,000	18,000	-	82,000	-	82,000
Replace Neighborhood 1 Pump Station	3,500,000	-	3,500,000	100,000	-	100,000	-	100,000
Mid-Point Odor Control Improvements	300,000	-	300,000	90,000	-	210,000	-	210,000
Wastewater Finance Utility Billing	100,000	-	100,000	75,000	-	25,000	-	25,000
Storage Pond Improvements	50,000	-	50,000	-	-	50,000	-	50,000
Wastewater Solids Processing Improvements	50,000	-	50,000	-	-	50,000	-	50,000
Wastewater Caustic Tank and Piping	50,000	-	50,000	-	-	50,000	-	50,000
Replace 4S WRF Pumps, Motors and Equipment	1,000,000	-	1,000,000	-	-	100,000	-	100,000
SCADA System Upgrades	15,000	-	15,000	-	-	15,000	-	15,000
4S Ranch Piping Improvements	30,000	-	30,000	-	-	30,000	-	30,000
Digester Enhancement Project	130,000	-	130,000	40,000	-	90,000	-	90,000
Sewer Pump Station - Cielo to DCM WTP	340,000	-	340,000	5,000	-	-	-	-
Wet Well Access Hatches	130,000	-	130,000	-	-	65,000	-	65,000
Equalization Basin Upgrades	250,000	-	250,000	50,000	-	200,000	-	200,000
Subtotal, On-Going Projects	80,164,000	(295,000)	79,869,000	11,816,000	9,070,000	1,327,000	520,000	10,917,000
Proposed Projects								
Lower Yard Improvements	100,000	-	100,000	-	100,000	-	-	100,000
Replace DCM WTP Primary HVAC System	190,000	-	190,000	-	190,000	-	-	190,000
Replace DCM WTP Membrane Heating Syste	250,000	-	250,000	-	250,000	-	-	250,000
Replace DCM WTP Ammonia System Equip.	80,000	-	80,000	-	80,000	-	-	80,000
Replace Website	50,000	-	50,000	-	50,000	-	-	50,000
Replace 4S Water PR Station Pedestal	50,000	-	50,000	-	50,000	-	-	50,000
Irrigation Upgrades at Reservoirs	150,000	-	150,000	-	75,000	-	-	75,000
Electrical Assessment	60,000	-	60,000	-	30,000	30,000	-	60,000
Manchester Recycled Pipeline	1,600,000	(600,000)	1,000,000	-	250,000	-	-	250,000
Replace Cielo Pump Station Controls	100,000	-	100,000	-	100,000	-	-	100,000
Replace El Camino Real Pipeline	2,373,000	-	2,373,000	-	150,000	-	-	150,000
Firehouse Sewer Pump Station Upgrades	75,000	-	75,000	-	-	75,000	-	75,000
Replace 4S WRF Clarifier Drive	100,000	-	100,000	-	-	100,000	-	100,000
Replace Ultra-Violet (UV) Disinfection System	2,150,000	-	2,150,000	-	-	650,000	-	650,000
Pump Station Flow Meters	100,000	-	100,000	-	-	100,000	-	100,000
Replace Tertiary Filters	1,500,000	-	1,500,000	-	-	50,000	-	50,000
Replace Overflow Pond Strainer	191,000	-	191,000	-	-	191,000	-	191,000
Subtotal, Proposed Projects	9,119,000	(600,000)	8,519,000	-	1,325,000	1,196,000	-	2,521,000
Total all projects	\$ 89,283,000	\$ (895,000)	\$ 88,388,000	\$ 11,816,000	\$ 10,395,000	\$ 2,523,000	\$ 520,000	\$ 13,438,000

Impact of Capital Improvement Projects

Please see the attached Project Summary sheets for detailed information on the District's significant non-recurring projects which are defined as those projects with budgets of at least \$1 million.

The fourteen projects which meet this criteria and represent 58% of all budgeted CIP expenditures for fiscal year 2016-2017 are:

<u>Project</u>	<u>FY 2016-2017 Budgeted Expenditures</u>	<u>Total Budgeted Expenditures</u>
1. Complete Campus - Building D	\$ 1,300,000	\$ 6,200,000
2. Replace Valves	\$ 1,181,000	\$ 4,300,000
3. Village Park Recycled Water Project (includes all component projects)	\$ 1,057,000	\$ 10,870,000
4. San Elijo Valley Groundwater	\$ 1,000,000	\$ 19,000,000
5. Replace Ultra-Violet System	\$ 650,000	\$ 2,150,000
6. Meter Upgrades and AMI Radio-Read System	\$ 600,000	\$ 3,300,000
7. Replace DCM WTP Membranes	\$ 595,000	\$ 6,066,000
8. Replace Pipelines	\$ 500,000	\$ 14,000,000
9. Manchester Recycled Pipeline	\$ 250,000	\$ 1,600,000
10. Replace Meters	\$ 200,000	\$ 2,000,000
11. Condition Assessment Program	\$ 155,000	\$ 2,000,000
12. Replace El Camino Real Pipeline	\$ 150,000	\$ 2,373,000
13. Replace Neighborhood 1 Pump Station	\$ 100,000	\$ 3,500,000
14. Replace Tertiary Filters	\$ 50,000	\$ 1,500,000

Project Summary

Project 1.

Complete Campus - Building D

Project Description

Pre-design, space planning for existing buildings A and B, and new building D, with final design for Building D and associated site improvements in accordance with the City of Carlsbad Conditional Use Permit (CUP.)

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	March 2014	September 2015	80,000
<i>Design and Environmental</i>	September 2015	April 2017	420,000
<i>Construction</i>	July 2017	February 2018	5,700,000
Total			\$ 6,200,000

Funding Source

Potable capacity fee (\$4,960,000) and wastewater (\$1,240,000) capital improvement funds.

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None
<i>Other</i>	24,000	Additional costs associated with utilities and maintenance of the building and landscape
	\$ 24,000	

Non-Financial Impacts

None

Why is Project Necessary

Existing administrative facilities have insufficient capacity for board and employee meetings, staffing, work flow efficiency, and expansion. Building D will provide cost-effective capacity not possible through expansion of existing buildings.

Project Summary

Projects 2, 7, 8, and 10.

Infrastructure Replacement Program

Project Description

This summarizes major replacement projects (budgets of \$1 million or more) which are included in the 10-Year Plan. Various infrastructure components will be replaced annually, based on historical information (year placed in service, etc.), maintenance records and prioritized need.

Individual Projects

	FY 2017	FY 2018 - 2026	Total
<i>2. Replace Valves</i>	1,181,000	3,119,000	4,300,000
<i>7. Replace DCM WTP Membranes</i>	595,000	5,471,000	6,066,000
<i>8. Replace Pipelines</i>	500,000	13,500,000	14,000,000
<i>10. Replace Meters</i>	200,000	1,800,000	2,000,000
Total	\$ 2,476,000	\$ 23,890,000	\$ 26,366,000

Funding Sources

Potable capital improvement and capacity fee funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	(25,000)	Anticipate saving overtime costs (about 25% of current amount) due to a decrease in after-hours calls due to system leaks.
<i>Other</i>	-	None
	\$ (25,000)	

Non-Financial Impacts

Customer service is negatively impacted when the District has unanticipated service shut-downs from equipment or system failures. The District wants to assure ratepayers that we have a plan for the orderly replacement of major facilities.

Why Projects are Necessary

The District, which celebrated its 55th anniversary in May 2014, is shifting its focus from building new infrastructure, to replacing existing infrastructure. Planned replacement makes better use of District resources and allows the District to budget costs in a methodical manner, thereby avoiding spending spikes as well as having sufficient funds available.

Project Summary

Project 3.

Village Park Recycled Water Project

Project Components

	Cost	
Village Park Recycled Pump Station	2,150,000	Approximately 90% complete as of 6/30/16
Thornton Pump Station Pipeline Relocation	165,000	Completed
Wiegand Tank Conversion	130,000	Completed
Village Park Recycled Project, approximately 6.6 miles of 6-, 8- and 12-inch diameter pipeline that will connect to the existing Wiegand Reservoir.	8,425,000	Approximately 90% complete as of 6/30/16
Total	\$ 10,870,000	

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	September 2011	August 2013	300,000
<i>Design</i>	October 2013	January 2015	1,500,000
<i>Construction</i>	April 2015	July 2016	8,870,000
<i>Site Retrofits</i>	August 2015	December 2016	200,000
			\$ 10,870,000

Funding Source

Potable capacity fee funds and CA. Proposition 84 grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None - existing staff will handle new infrastructure.
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Reduces dependency on imported water and will provide a local, drought-resistant source of irrigation water. The recycled water for Village Park will be supplied by a neighboring agency's water reclamation facility, which will repurpose wastewater which would otherwise be diverted to the ocean.

Why is Project Necessary

Helps the District achieve a 20% reduction in potable water use by 2020 as mandated by Senate Bill (SB) X7-7.

Project Summary

Project 4.

San Elijo Groundwater

Project Description

The District is planning a brackish groundwater desalinization project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Elijo Valley Groundwater Basin and/or the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalinization treatment plant. The product water would then be delivered directly into the District's existing system.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning & Land Acquisition</i>	July 2011	December 2018	2,000,000
<i>Design and Environmental</i>	October 2015	December 2018	2,000,000
<i>Construction</i>	January 2019	June 2021	15,000,000
Total			\$ 19,000,000

Funding Source

Capacity fee funds, future debt to be issued, California Prop. 84 funds and a Watersmart grant.

Estimated Annual Impact on Operating Costs to begin in 2018

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Costs cannot be estimated at this time.
<i>Other</i>	-	Costs cannot be estimated at this time.
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

This local product will help the District diversify its current water supply portfolio and improve reliability. Because the supply is local, it is less subject to reduction from water supply shortages, regulatory pumping restrictions, or wholesale conveyance infrastructure interruptions.

Project Summary

Project 5.

Replace Ultra-Violet (UV) Disinfection System

Project Description

Replacement of the existing UV system is necessary in order to maintain production and delivery capabilities of recycled water. The project will include the entire UV system and associated equipment and controls. Newer technology systems are more energy efficient and reliable.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	July 2016	September 2016	50,000
<i>Design</i>	July 2016	December 2016	100,000
<i>Construction</i>	March 2017	August 2017	2,000,000
Total			\$ 2,150,000

Funding Source

Wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Recycled water must be treated via an approved disinfection method to meet process performance and regulatory compliance standards.

Why is Project Necessary

The existing UV disinfection system has become obsolete and the manufacturer is no longer offering material or technical support. Additionally, certain critical hardware and electrical components are no longer available. If the system fails, non-compliant recycled water cannot be delivered to customers. The entire UV system and controls package must be replaced.

Project Summary

Project 6.

Meter Upgrades and AMI Radio-Read System

Project Description

Replacement of the AMR (Automated Meter Reading) system with the AMI (Automated Meter Infrastructure) system. AMR uses the drive-by method to read meters, and AMI uses a wireless network.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	In Process	December 31, 2016	50,000
<i>Design and Environmental</i>	In Process	December 31, 2016	100,000
<i>Construction - Phase I</i>	January 2017	June 2019	1,650,000
<i>Construction - Phase II</i>	July 2019	June 2025	1,500,000
Total			\$ 3,300,000

Funding Source

Capital improvement and capacity fee funds, potable

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	The time spent driving around reading meters will be available to use for other work, such as meter maintenance, water conservation and meter testing.
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Eventually customers will be able to access real-time usage data from the AMI system, this can help them manage their water use.

Why is Project Necessary

The current AMR system provides meter data once a month, whereas with the AMI system there will eventually be daily meter data. The AMI system will enable greater conservation efforts, and help pinpoint leaks on a timely basis. The District has maintained the same level of meter readers for many years, even as the number of customers has increased. AMI will allow staff to continue providing a high level of customer service while reaping the benefits of the latest meter-reading technology.

Project Summary

Project 9.

Manchester Recycled Pipeline

Project Description

Construction of a San Elijo Joint Power Authority recycled connection at Poco Lago and extension of the District recycled water line north on Manchester Avenue to El Camino Real.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	August 2016	August 2016	50,000
<i>Design and Environmental</i>	September 2016	June 2016	200,000
<i>Construction and Pipe</i>	July 2017	June 2018	1,350,000
Total			\$ 1,600,000

Funding Source

Recycled capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None - expansion of system will be managed with existing staff
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Why is Project Necessary

Expansion of the District's recycled water system will allow existing potable water irrigation uses to be switched to recycled water and reduce the District's demand on imported potable water.

Project Summary

Project 11.

Condition Assessment Program

Project Description

The District will implement a steel pipeline and metal fitting condition assessment program to address issues associated with internal and external corrosion. The program will address 1) data collection, 2) remaining life of pipelines, 3) implementation of operations and maintenance programs to increase useful life, and 4) rehab and/or replacement programs.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design</i>	May 2013	December 2016	200,000
<i>Phase I Improvements</i>	January 2017	December 2017	200,000
<i>Phase II Improvements</i>	July 2018	June 2019	300,000
<i>Phase III Improvements</i>	July 2023	June 2026	1,300,000
Total			\$ 2,000,000

Funding Source

Potable capital improvement and capacity fee funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Customer service is maintained at high levels when the District does not experience emergencies due to pipeline breaks or fitting failures.

Why is Project Necessary

A preliminary condition assessment was completed in 2006 that prioritizes the District's pipelines for replacement but does not provide any remaining life data of older pipelines. The District experiences almost no mainline pipeline leaks or breaks but does have challenges with respect to pipeline joints and fittings that were improperly installed. There is essentially no mainline leak history upon which to base a program. The District's water system includes many pipelines that are over 50 years old, and needs a plan for refurbishing and replacement. Ultimately, the District seeks to minimize pipeline leaks and breaks, service interruptions and associated property damage.

Project Summary

Project 12.

Replace El Camino Real Pipeline (Enc Blvd to Olivenhain Rd)

Project Description

Replace approximately 8,000 feet of the existing 12- inch steel pipeline between Encinitas Blvd and Olivenhain Road.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	July 2016	March 2017	150,000
<i>Design and Environmental</i>	July 2017	March 2018	208,000
<i>Construction and Pipe</i>	August 2018	August 2019	2,015,000
Total			\$ 2,373,000

Funding Source

Potable capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None - Replacement of existing pipeline due to age
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

This four-lane section of El Camino Real is congested with wall-to-wall commercial businesses. Replacing the pipeline before it fails will eliminate having a tremendous impact on the commercial customers along El Camino Real due to unplanned outages, not to mention the negative affect on the District's reputation.

Why is Project Necessary

The existing pipeline, which was put into service in 1961, is nearing the end of its useful life and needs to be replaced before a major failure occurs. Due to the depth and location of the pipeline within the roadway, and the many businesses and commuters who rely on this roadway, starting the replacement now gives the District more control over scheduling the work and having the least impact possible on the surrounding area.

Project Summary

Project 13.

Replace Neighborhood 1 Sewer Pump Station (SPS)

Project Description

Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Interim Design</i>	January 2014	August 2015	100,000
<i>Design</i>	July 2018	March 2019	350,000
<i>Interim Construction</i>	July 2016	March 2017	100,000
<i>Construction</i>	April 2019	April 2020	2,950,000
Total			\$ 3,500,000

Funding Source

Capital improvement funds and sewer cap fees from proposed new

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None
<i>Other</i>	-	The new SPS may be more cost-effective due to using more efficient motors and pumps - this will be evaluated during design.
\$	-	

Non-Financial Impacts

More reliable operation due to duplicity of equipment and elimination of submersible pumps will reduce likelihood of emergencies and spills.

Why is Project Necessary

Over the past five years the SPS has required significant repairs, which is unusual for a plant of it's age. There are also design flaws which affect performance and maintenance, such as instrumentation located in an area subject to flooding, which has corroded the enclosure. A replacement of the SPS will correct previous design drawbacks, increase efficiency by resizing the new pumps, and replace/upgrade old equipment.

Project Summary

Project 14.

Replace Tertiary Filters

Project Description

Evaluate options to refurbish-to-new or replace the existing tertiary filtration system, which utilizes granular media filtration technology.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning</i>	January 2017	June 2017	50,000
<i>Design</i>	January 2019	June 2019	50,000
<i>Construction</i>	July 2019	January 2020	1,400,000
Total			\$ 1,500,000

Funding Source

Wastewater capital improvement fund

Estimated Annual Impact on Operating Costs

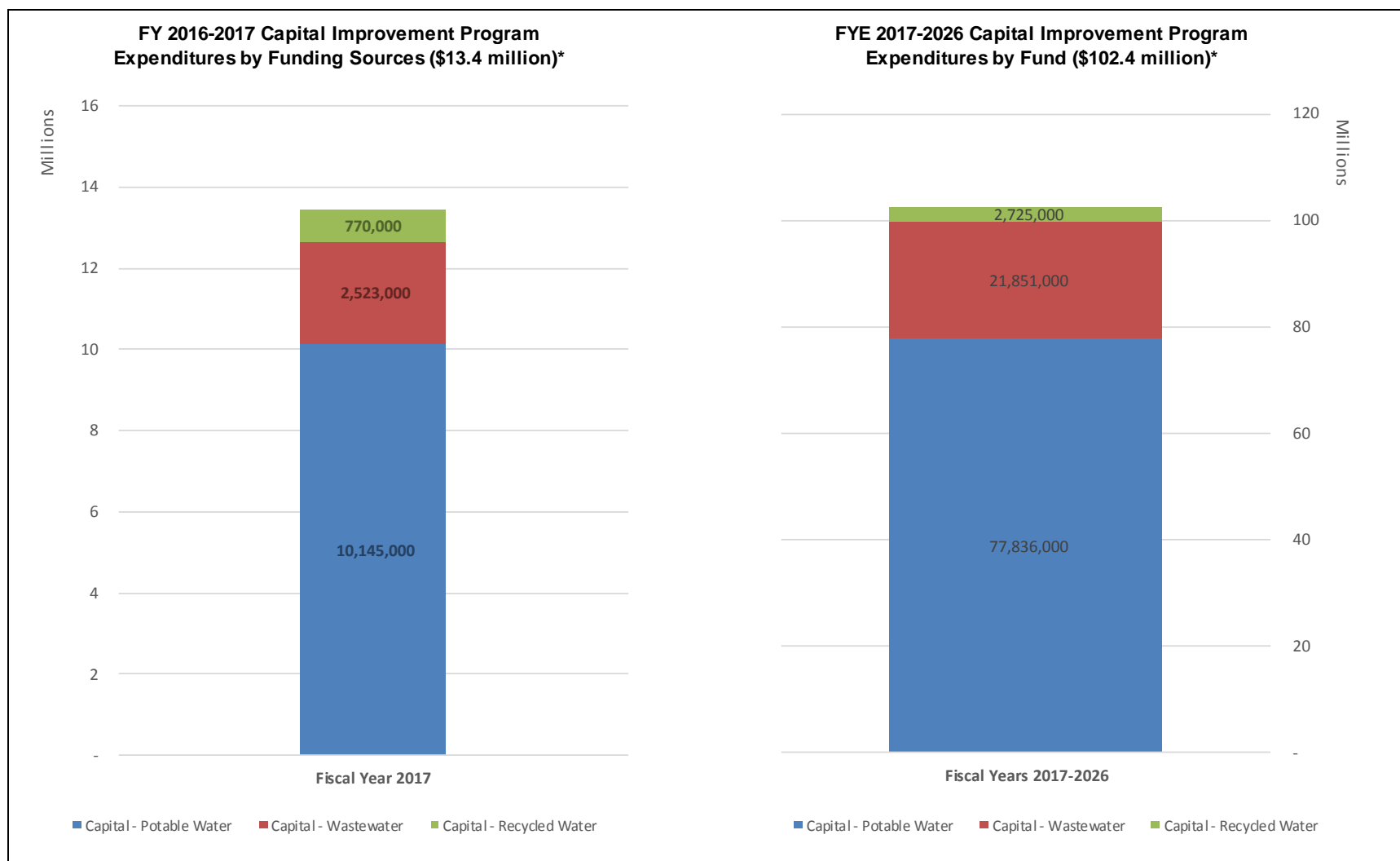
	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

In order to be sold as recycled water, wastewater must be treated to stringent regulatory standards via approved "Tertiary Filtration" technology.

Why is Project Necessary

The existing tertiary filter basins are suffering from considerable corrosion damage due to environmental exposure. This project will determine and implement the correct solution to either refurbish-to-new or completely replace the filtration system and associated controls. If the filtration system fails, non-compliant recycled water cannot be delivered to customers.



* Total amounts are rounded

**Olivenhain Municipal Water District
2016-17 CIP Budget and Appropriation Review
Capital Improvement Projects (CIP) - Capital Improvement Fund - Water (Potable and Recycled)**

Project Name	CIP Budget						Projected Expenditures				Appropriation			
	Project Budget	Approved	Increase	Project Budget	Outside	District	At 6/30/16	Capitalize	Budgeted	At 6/30/17	As of	Approved	Increase	As of
	7/1/2015	FY 15/16	(Decrease)	7/1/2016	Contribution	Cost		or Expense	FY 2016/17		7/1/2015	FY 15/16	(Decrease)	7/1/2016
<u>On-Going Projects</u>														
DCM WTP Office Construction	100,000	-	600,000	700,000	-	700,000	100,000	-	600,000	700,000	100,000	-	600,000	700,000
Wide Area Network (WAN) Upgrade	45,000	80,000	(45,000)	80,000	-	80,000	125,000	(125,000)	80,000	80,000	45,000	80,000	(45,000)	80,000
Replace Distribution System PLCs	154,000	-	(100,000)	54,000	-	54,000	100,000	(100,000)	54,000	54,000	154,000	-	(100,000)	54,000
Headquarters' Site Improvements	400,000	-	(40,000)	360,000	-	360,000	46,000	(40,000)	354,000	360,000	50,000	(35,000)	345,000	360,000
Residuals Handling Building Canopy	45,000	-	10,000	55,000	-	55,000	-	-	55,000	55,000	45,000	-	10,000	55,000
Replace Palms I Reservoir Pipeline	-	200,000	120,000	320,000	-	320,000	100,000	-	220,000	320,000	-	100,000	220,000	320,000
Replace DCM WTP Brine Tank	60,000	-	-	60,000	-	60,000	-	-	60,000	60,000	60,000	-	-	60,000
Replace DCM WTP Hypochlorite Tank	55,000	-	-	55,000	-	55,000	-	-	55,000	55,000	55,000	-	-	55,000
DCM WTP Painting of Equipment	20,000	-	-	20,000	-	20,000	20,000	(20,000)	20,000	20,000	20,000	-	-	20,000
Vault Upgrades	92,000	-	(20,000)	72,000	-	72,000	20,000	(20,000)	72,000	72,000	46,000	-	26,000	72,000
Inventory Bar Code Project	40,000	-	40,000	80,000	-	80,000	-	-	80,000	80,000	40,000	(20,000)	60,000	80,000
DCM WTP VFD Pump and Motor Project	-	645,000	(300,000)	345,000	-	345,000	300,000	(300,000)	247,000	247,000	-	300,000	(53,000)	247,000
Replace 4G Reservoir	-	300,000	-	300,000	-	300,000	75,000	-	225,000	300,000	-	115,000	185,000	300,000
Meter Upgrades and AMI Radio-Read System	3,800,000	-	(500,000)	3,300,000	-	3,300,000	100,000	(100,000)	600,000	600,000	525,000	-	75,000	600,000
Replace Deep Well Anodes	150,000	-	-	150,000	-	150,000	5,000	-	50,000	55,000	150,000	-	(95,000)	55,000
Replace Cathodic Test Stations	150,000	-	-	150,000	-	150,000	5,000	-	50,000	55,000	50,000	-	5,000	55,000
Palms I Reservoir Demolition	735,000	-	-	735,000	-	735,000	72,000	-	-	72,000	75,000	-	-	75,000
Replace Valves	3,540,000	-	760,000	4,300,000	-	4,300,000	1,300,000	(1,300,000)	1,181,000	1,181,000	1,180,000	120,000	(119,000)	1,181,000
Replace Meter Anodes	440,000	-	(76,000)	364,000	-	364,000	12,000	(12,000)	123,000	123,000	147,000	(47,000)	23,000	123,000
Replace DCM WTP Membranes	6,066,000	-	-	6,066,000	-	6,066,000	1,217,000	(1,217,000)	595,000	595,000	1,265,000	-	(670,000)	595,000
Replace Meters	2,000,000	-	-	2,000,000	-	2,000,000	200,000	(200,000)	200,000	200,000	200,000	-	-	200,000
Replace Pumps and Motors	500,000	-	-	500,000	-	500,000	45,000	(45,000)	50,000	50,000	50,000	-	-	50,000
La Costa Vales #2 PRS and Ext. 250	320,000	-	-	320,000	-	320,000	77,000	-	-	77,000	320,000	(220,000)	(23,000)	77,000
Replace Rancho La Cima/Aliso Pipeline	75,000	-	-	75,000	-	75,000	33,000	-	-	33,000	33,000	-	-	33,000
Recycled Water Quality Improvements	900,000	-	-	900,000	-	900,000	100,000	-	270,000	370,000	210,000	(100,000)	260,000	370,000
Security Upgrades	100,000	-	-	100,000	-	100,000	5,000	-	30,000	35,000	60,000	(30,000)	5,000	35,000
Replace Pipelines	14,000,000	-	-	14,000,000	-	14,000,000	22,000	(22,000)	500,000	500,000	500,000	(75,000)	75,000	500,000
Replace Dove Hollow Pipeline	300,000	-	-	300,000	-	300,000	1,000	-	299,000	300,000	60,000	-	240,000	300,000
Gaty I Decommissioning	300,000	-	-	300,000	-	300,000	5,000	-	15,000	20,000	20,000	-	-	20,000
Complete Campus - Building D	4,000,000	-	960,000	4,960,000	-	4,960,000	480,000	-	1,040,000	1,520,000	100,000	400,000	1,020,000	1,520,000
Village Park Recycled Pump Station	2,150,000	-	-	2,150,000	-	2,150,000	1,935,000	-	215,000	2,150,000	2,150,000	-	-	2,150,000
City of San Diego Recycled - Purchase Capacity	250,000	-	-	250,000	-	250,000	-	-	250,000	250,000	250,000	-	-	250,000
Condition Assessment Program	2,000,000	-	-	2,000,000	-	2,000,000	104,000	-	155,000	259,000	200,000	-	59,000	259,000
Village Park Recycled Water Project	8,425,000	-	-	8,425,000	-	8,425,000	7,583,000	-	842,000	8,425,000	7,200,000	-	1,225,000	8,425,000
San Elijo Valley Groundwater Project	19,000,000	-	-	19,000,000	295,000	18,705,000	1,160,000	-	1,000,000	2,160,000	2,070,000	-	1,020,000	3,090,000
Avenida La Posta Raw Water Extension	33,000	-	-	33,000	-	33,000	30,000	-	3,000	33,000	33,000	-	-	33,000
Subtotal	\$ 70,245,000	\$ 1,225,000	\$ 1,409,000	\$ 72,879,000	\$ 295,000	\$ 72,584,000	\$ 15,377,000	\$ (3,501,000)	\$ 9,590,000	\$ 21,466,000	\$ 17,463,000	\$ 588,000	\$ 4,348,000	\$ 22,399,000
<u>Proposed Projects</u>														
Lower Yard Improvements	-	-	100,000	100,000	-	100,000	-	-	100,000	100,000	-	-	100,000	100,000
Replace DCM WTP Primary HVAC System	-	-	190,000	190,000	-	190,000	-	-	190,000	190,000	-	-	190,000	190,000
Replace DCM WTP Membrane Heating System	-	-	250,000	250,000	-	250,000	-	-	250,000	250,000	-	-	250,000	250,000
Replace DCM WTP Ammonia System Equipment	-	-	80,000	80,000	-	80,000	-	-	80,000	80,000	-	-	80,000	80,000
Replace Website	-	-	50,000	50,000	-	50,000	-	-	50,000	50,000	-	-	50,000	50,000
Replace 4S Raw Water PR Station Pedestal	-	-	50,000	50,000	-	50,000	-	-	50,000	50,000	-	-	50,000	50,000
Irrigation Upgrades at Reservoirs	-	-	150,000	150,000	-	150,000	-	-	75,000	75,000	-	-	75,000	75,000
Electrical Assessment	-	-	30,000	30,000	-	30,000	-	-	30,000	30,000	-	-	30,000	30,000
Manchester Recycled Pipeline	-	-	1,600,000	1,600,000	600,000	1,000,000	-	-	250,000	250,000	-	-	250,000	250,000
Replace Cielo Pump Station Controls	-	-	100,000	100,000	-	100,000	-	-	100,000	100,000	-	-	100,000	100,000
Replace El Camino Real Pipeline	-	-	2,373,000	2,373,000	-	2,373,000	-	-	150,000	150,000	-	-	150,000	150,000
Subtotal	\$ -	\$ -	\$ 4,973,000	\$ 4,973,000	\$ 600,000	\$ 4,373,000	\$ -	\$ -	\$ 1,325,000	\$ 1,325,000	\$ -	\$ -	\$ 1,325,000	\$ 1,325,000
<u>Completed, Postponed or Cancelled Projects</u>														
Enterprise Asset Management (EAM) Upgrades	26,000	-	(26,000)	-	-	-	-	-	-	-	26,000	-	(26,000)	-
District Metered Areas Project (DMA)	475,000	-	(475,000)	-	-	-	19,000	(19,000)	-	-	475,000	-	(475,000)	-
Building J Covered Storage	39,000	-	(39,000)	-	-	-	19,000	(19,000)	-	-	39,000	-	(39,000)	-
DCM WTP Landscape	100,000	-	(100,000)	-	-	-	-	-	-	-	100,000	-	(100,000)	-
Billing Integration with Geoviewer	44,000	-	(44,000)	-	-	-	50,000	(50,000)	-	-	44,000	-	(44,000)	-
Surveillance System Upgrade	40,000	1,000	(41,000)	-	-	-	41,000	(41,000)	-	-	40,000	1,000	(41,000)	-
Finance Utility Billing System	1,350,000	-	(1,350,000)	-	-	-	1,060,000	(1,060,000)	-	-	1,350,000	-	(1,350,000)	-
Wet Weather Storage Pond Access Road	475,000	-	(475,000)	-	-	-	425,000	(425,000)	-	-	475,000	-	(475,000)	-
Wiegand Tank Conversion	130,000	-	(130,000)	-	-	-	130,000	(130,000)	-	-	130,000	-	(130,000)	-
Subtotal	\$ 2,679,000	\$ 1,000	\$ (2,680,000)	\$ -	\$ -	\$ -	\$ 1,744,000	\$ (1,744,000)	\$ -	\$ -	\$ 2,679,000	\$ 1,000	\$ (2,680,000)	\$ -
Total	\$ 72,924,000	\$ 1,226,000	\$ 3,702,000	\$ 77,852,000	\$ 895,000	\$ 76,957,000	\$ 17,121,000	\$ (5,245,000)	\$ 10,915,000	\$ 22,791,000	\$ 20,142,000	\$ 589,000	\$ 2,993,000	\$ 23,724,000

(1) This project is also funded by wastewater, only the costs funded through potable and recycled are shown here. Please see the separate Capital Project Summary for complete project costs.

**Olivenhain Municipal Water District
10 Year Capital Spending Plan
Capital Improvement Fund - Water (Potable and Recycled)**

	Project Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
(1)	Village Park Recycled Water Project	842,000	-	-	-	-	-	-	-	-	-
(1)	Complete Campus - Building D	1,040,000	3,578,000	-	-	-	-	-	-	-	-
	Replace Valves	1,181,000	1,102,000	270,000	281,000	292,000	304,000	316,000	329,000	342,000	356,000
(1)	San Elijo Valley Groundwater	1,000,000	1,560,000	3,245,000	6,974,000	7,183,000	-	-	-	-	-
	Replace DCM WTP Membranes	595,000	619,000	592,000	629,000	667,000	706,000	734,000	763,000	999,000	1,039,000
	Replace Pipelines	500,000	1,560,000	2,163,000	2,250,000	1,170,000	2,433,000	633,000	658,000	2,737,000	2,847,000
	Replace Meters	200,000	208,000	216,000	225,000	234,000	243,000	253,000	263,000	274,000	285,000
(1)	Headquarters Site Improvements	354,000	-	-	-	-	-	-	-	-	-
(1)	Condition Assessment Program	155,000	156,000	315,000	-	-	-	-	526,000	547,000	712,000
	Replace Deep Well Anodes	50,000	52,000	-	-	-	-	-	-	-	-
	Replace Meter Anodes	123,000	251,000	-	-	-	-	-	-	-	-
(1)	DCM WTP VFD Pump and Motor Project	247,000	102,000	-	-	-	-	-	-	-	-
	Residuals Handling Building Canopy	55,000	-	-	-	-	-	-	-	-	-
	Inventory Barcode Project	80,000	-	-	-	-	-	-	-	-	-
(1)	DCM WTP Office Construction	600,000	-	-	-	-	-	-	-	-	-
(1)	Replace 4G Reservoir	225,000	-	-	-	-	-	-	-	-	-
	DCM WTP Landscape	-	52,000	54,000	-	-	-	-	-	-	-
	Replace Distribution System PLCs	54,000	-	-	-	-	-	-	-	-	-
(1)	Replace Dove Hollow Pipeline	299,000	-	-	-	-	-	-	-	-	-
	Replace Pumps and Motors	50,000	52,000	54,000	56,000	58,000	61,000	63,000	66,000	68,000	71,000
	Meter Upgrades and AMI Radio-Read System	600,000	624,000	649,000	281,000	292,000	304,000	316,000	329,000	342,000	-
(1)	Gaty I Decommissioning	15,000	-	-	-	328,000	-	-	-	-	-
	Wide Area Network (WAN) Upgrades	80,000	-	-	-	-	-	-	-	-	-
	Lower Yard Improvements	100,000	-	-	-	-	-	-	-	-	-
	Replace DCM WTP Primary HVAC System	190,000	-	-	-	-	-	-	-	-	-
	DCM WTP Membrane Heating System	250,000	-	-	-	-	-	-	-	-	-
	Replace Cathodic Test Stations	50,000	52,000	-	-	-	-	-	-	-	-
	Replace DCM WTP Ammonia System Equip	80,000	-	-	-	-	-	-	-	-	-
	Security Upgrades	30,000	31,000	32,000	-	-	-	-	-	-	-
(1)	Palms I Reservoir Demolition	-	-	-	-	772,000	-	-	-	-	-
	Esfera Street Pressure Reducing Station	-	-	346,000	-	-	-	-	-	-	-
(1)	La Costa Vales #2 PRS and Ext. 250	-	253,000	-	-	-	-	-	-	-	-
	Replace Maryloyd Pump Station	-	-	-	-	526,000	-	-	-	-	-
	Harris Ranch Right-of-Way Acquisition	-	-	-	-	175,000	-	-	-	-	-
	Replace 4S Raw Water PR Station	50,000	-	-	-	-	-	-	-	-	-
	Replace El Camino Real Pipeline	150,000	208,000	2,188,000	-	-	-	-	-	-	-
	Replace Rancho Santa Fe Road Pipeline	-	-	-	-	-	-	-	-	1,369,000	1,884,000
	Replace Lone Jack Road Pipeline	-	-	-	-	-	-	-	-	1,286,000	-
	ICCP System Maintenance Program	-	-	-	-	-	-	-	66,000	68,000	-
(1)	Avenida La Posta Raw Water Extension	3,000	-	-	-	-	-	-	-	-	-
	Replace Website	50,000	-	-	-	-	-	-	-	-	-
	Replace Cielo Pump Station Controls	100,000	-	-	-	-	-	-	-	-	-
	DCM WTP Painting of Equipment	20,000	-	-	-	-	-	-	-	-	-
	Vault Upgrades	72,000	-	-	-	-	-	-	-	-	-
(1)	Replace Palms I Reservoir Pipeline	220,000	-	-	-	-	-	-	-	-	-
(1)	Village Park Recycled Pump Station	215,000	-	-	-	-	-	-	-	-	-
(1)	Replace Rancho La Cima/Aliso Pipeline	-	44,000	-	-	-	-	-	-	-	-
	Replace DCM WTP Brine Tank	60,000	-	-	-	-	-	-	-	-	-
	Replace DCM WTP Hypochlorite Tank	55,000	-	-	-	-	-	-	-	-	-
	Irrigation Upgrades at Reservoirs	75,000	78,000	-	-	-	-	-	-	-	-
	Electrical System Assessment	30,000	-	-	-	-	-	-	-	-	-
	Manchester Recycled Pipeline	250,000	1,404,000	-	-	-	1,404,000	-	-	-	-
(1)	Recycled Water Quality Improvements	270,000	270,000	281,000	-	-	-	-	-	-	-
	City of San Diego - Purchase Recycled Capacity	250,000	-	-	-	-	-	-	-	-	-
Total		\$ 10,915,000	\$ 12,256,000	\$ 10,405,000	\$ 10,696,000	\$ 11,697,000	\$ 4,051,000	\$ 2,315,000	\$ 3,000,000	\$ 8,032,000	\$ 7,194,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2017

(1) These projects are carried over from the prior year and have incurred costs prior to FY 16-17

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Water (Potable and Recycled) - Capital Improvement Fund

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Village Park Recycled Water Project	\$ 8,425,000	\$ 8,425,000	11/12	16/17	Includes a pump station, existing tank conversion from potable to recycled, and approximately 6.6 miles of pipeline.
Complete Campus - Building D	\$ 1,520,000	\$ 4,960,000	14/15	17/18	This is a new building to accommodate the ultimate anticipated needs of the District. This project also involves the integration with the current buildings A and B, creating a campus-like arrangement.
Replace Valves	\$ 1,181,000	\$ 4,300,000	16/17	25/26	The goal of this project is to replace all inoperable valves in the distribution system for fiscal years 2017 and 2018, and then to replace failing valves during fiscal years 2019 to 2026.
San Elijo Valley Groundwater	\$ 2,070,000	\$ 19,000,000	11/12	20/21	This project is in the early planning stage. The District is looking to add a local source of water so that the need for imported water will be reduced.
Replace DCM WTP Membranes	\$ 595,000	\$ 6,066,000	16/17	25/26	The membranes need to be replaced at the end of their estimated useful life, in order to maintain a reliable treatment system.
Replace Pipelines	\$ 3,090,000	\$ 14,000,000	16/17	25/26	The District is planning for the replacement of pipeline which is nearing the end of its estimated useful life.
Replace Meters	\$ 200,000	\$ 2,000,000	16/17	25/26	Meters and related equipment at the end of their useful life are systematically replaced.
Headquarters Site Improvements	\$ 360,000	\$ 360,000	14/15	17/18	Includes making changes to the entrance of the administration building and parking lot, and relocating the wash rack and gas pumps to Building J.
Condition Assessment Program	\$ 259,000	\$ 2,000,000	13/14	25/26	The District will implement a steel pipeline and metal fitting condition assessment program to address issues associated with internal and external corrosion. The program is in the development stage.
Replace Deep Well Anodes	\$ 55,000	\$ 150,000	14/15	17/18	Methodically assess and replace deep-well anodes, to replace equipment which is no longer working properly, in order to maintain a reliable distribution system.
Replace Meter Anodes	\$ 123,000	\$ 364,000	14/15	17/18	Methodically assess and replace meter anodes, to replace equipment which is no longer working properly, in order to maintain a reliable distribution system.
DCM WTP VFD Pump and Motor Project	\$ 247,000	\$ 345,000	16/17	17/18	Replace variable frequency drives (VFDs) and overhaul all 10 first stage pump and motor combinations. Needed to ensure reliable production of the 1st stage membrane process.
Residuals Handling Building Canopy	\$ 55,000	\$ 55,000	16/17	16/17	Covered areas will protect exposed piping and storage tanks from ultra-violet exposure. Equipment has already shown premature deterioration due to exposure to the elements.
Inventory Barcode Project	\$ 80,000	\$ 80,000	16/17	16/17	Add bar-coding capabilities to the inventory system, to streamline the distribution of inventory as well as physical counts.
DCM WTP Office Construction	\$ 700,000	\$ 700,000	15/16	16/17	Increase the size of the control room, storage and locker room, which are undersized and do not efficiently accommodate the plant operators.
Replace 4G Reservoir	\$ 300,000	\$ 300,000	15/16	16/17	The 40,000 gallon reservoir, which was built in 1965, is being replaced with a 50,000 gallon reservoir.
DCM WTP Landscape	\$ -	\$ 100,000	17/18	18/19	Following the completion of the LT2 project, much of the area around the plant was left as dirt. A drought-tolerant landscape will be installed to add interest to the facilities and promote water-wise landscaping practices.

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Water (Potable and Recycled) - Capital Improvement Fund

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Replace Distribution System PLCs	\$ 54,000	\$ 54,000	14/15	16/17	Equipment has already reached the end of it's estimated useful life and needs to be replaced.
Replace Dove Hollow Pipeline	\$ 300,000	\$ 300,000	13/14	16/17	Replacement of existing steel pipeline which has failed numerous times over the past several years.
Replace Pumps and Motors	\$ 50,000	\$ 500,000	16/17	25/26	As part of the District's on-going maintenance program, equipment will be regularly and systematically replaced to maintain operational reliability.
Meter Upgrades and AMI Radio-Read System	\$ 600,000	\$ 3,300,000	14/15	24/25	The District is planning to replace all meters which are read by the "drive-by" system, to meters which can be read by radio-read towers.
Gaty I Decommissioning	\$ 20,000	\$ 300,000	13/14	20/21	This reservoir has a floating cover which requires a large amount of maintenance and inspection. New pipelines in the District have increased the District's ability to move water throughout the District, making the removal of this reservoir less impactful on system
Wide Area Network (WAN) Upgrades	\$ 80,000	\$ 80,000	16/17	16/17	Replace and upgrade critical radio equipment.
Lower Yard Improvements	\$ 100,000	\$ 100,000	16/17	16/17	There are insufficient paved areas to accommodate vehicles, equipment, trailers and temporary laydown areas. Grading will be necessary before additional paved area can be added.
Replace DCM WTP Primary HVAC System	\$ 190,000	\$ 190,000	16/17	16/17	The new system will operate more efficiently and include redundancy. The current system is at the end of its useful life and also has no backup, so if the HVAC goes down it can cause operational issues in the plant.
DCM WTP Membrane Heating System	\$ 250,000	\$ 250,000	16/17	16/17	The existing electrical system has failed, in part due to the moist plant environment. The new system will consist of a propane storage tank, boiler, heat exchanger and associated controls.
Replace Cathodic Test Stations	\$ 55,000	\$ 150,000	16/17	17/18	As part of the District's on-going maintenance program, test stations will be regularly and systematically replaced to maintain operational reliability.
Replace DCM WTP Ammonia System Equipment	\$ 80,000	\$ 80,000	16/17	16/17	The existing equipment is obsolete and on the verge of failing. This project includes increased chemical storage and piping needs.
Security Upgrades	\$ 35,000	\$ 100,000	16/17	18/19	This project will address security issues for all District potable facilities, including cyber security elements.
Palms I Reservoir Demolition	\$ 75,000	\$ 735,000	20/21	20/21	The cost of refurbishing the reservoir is prohibitively costly. The Palms II reservoir can adequately serve the area so Palms I will be demolished.
Esfera Street Pressure Reducing Station	\$ -	\$ 320,000	18/19	18/19	This is a new station which will serve one pressure zone in the northwest area of the District. The homeowner's association, which needs to authorize this project, has not yet done so.
La Costa Vales #2 PRS & Ext. 250	\$ 77,000	\$ 320,000	09/10	17/18	This are new facilities, needed to ensure sufficient fire pressure and increase water reliability within one pressure zone in the northwestern area of the District.
Replace Maryloyd Pump Station	\$ -	\$ 450,000	20/21	20/21	This pump station is reaching the end of it's useful life and requires the installation of new pump cans, higher efficiency motors and new impellers.
Harris Ranch Right-of-Way Acquisition	\$ -	\$ 150,000	20/21	20/21	The District needs to acquire various easements within the Harris Ranch area.

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Water (Potable and Recycled) - Capital Improvement Fund

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Replace 4S Raw Water PR Station Pedestal	\$ 50,000	\$ 50,000	16/17	16/17	The current unit leaks and exposes sensitive hardware to moisture, and needs to be replaced.
Replace El Camino Real Pipeline	\$ 150,000	\$ 2,373,000	16/17	18/19	This 12-inch steel pipeline was installed in 1961 and is nearing the end of its estimated useful life. Planned replacement is necessary to maintain a reliable distribution system.
Replace Rancho Santa Fe Road Pipeline	\$ -	\$ 2,324,000	24/25	25/26	This 12-inch steel pipeline was installed in 1961 and is nearing the end of its estimated useful life. Planned replacement is necessary to maintain a reliable distribution system.
Replace Lone Jack Road Pipeline	\$ -	\$ 940,000	24/25	24/25	This 12-inch steel pipeline was installed in 1961 and is nearing the end of its estimated useful life. Planned replacement is necessary to maintain a reliable distribution system.
ICCP System Maintenance Program	\$ -	\$ 100,000	23/24	24/25	Maintenance is planned to replace equipment which is nearing the end of its useful life, to maintain a reliable distribution system.
Avenida La Posta Recycled Water Extension	\$ 33,000	\$ 33,000	14/15	16/17	Install a 100-foot extension to an existing 8-inch recycled water pipeline to provide irrigation service to the Diegueno Middle School and communities located west of Rancho Santa Fe Road.
Replace Website	\$ 50,000	\$ 50,000	16/17	16/17	The current website is outdated-looking, and many layers have been added to it over the years. The new website will be completely created anew.
Replace Cielo Pump Station Controls	\$ 100,000	\$ 100,000	16/17	16/17	District instrument control technicians recommend replacing old equipment at this time, to maintain reliability of the system.
DCM WTP Painting of Equipment	\$ 20,000	\$ 20,000	16/17	16/17	Various equipment needs to be painted due to degradation of the current coatings.
Vault Upgrades	\$ 72,000	\$ 72,000	15/16	16/17	Line EFI vaults with Rhino-line coating that have corrosion due to prevent rust from forming and thereby extend the useful lives of the vaults.
Replace Palms I Reservoir Pipeline	\$ 320,000	\$ 320,000	14/15	16/17	Replace 8-inch AC pipeline with PVC pipe, includes construction of storm drain extension and a retaining wall.
Village Park Recycled Pump Station	\$ 2,150,000	\$ 2,150,000	14/15	16/17	A component of the Village Park Recycled Project, which includes installing approximately 6.6 miles of new pipeline.
Replace Rancho La Cima/Aliso Pipeline	\$ 33,000	\$ 75,000	10/11	17/18	The City of Carlsbad is moving a storm drain, which will require the District to relocate a section of pipeline. The project timeline is dependent upon when the City commences their project.
Replace DCM WTP Brine Tank	\$ 60,000	\$ 60,000	16/17	16/17	Replace the existing tank and concrete pad.
Replace DCM WTP Hypochlorite Tank	\$ 55,000	\$ 55,000	16/17	16/17	Replace the existing tank which is beyond it's useful life.
Irrigation Upgrades at Reservoirs	\$ 75,000	\$ 150,000	16/17	17/18	Irrigation equipment is failing and putting at risk the mature landscaping which camouflages these facilities. The on-going drought has exacerbated the situation and trees have already been lost.
Electrical System Assessment	\$ 30,000	\$ 30,000	16/17	16/17	Perform assessment of primary electrical systems equipment, switchgear, panels, and related items to determine where the District might benefit from upgrading, replacing or refurbishing assets.

**Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Water (Potable and Recycled) - Capital Improvement Fund**

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Manchester Recycled Pipeline Extension	\$ 250,000	\$ 1,600,000	16/17	17/18	The District will install approximately 5,500 feet of pipeline to annually provide 15 acre feet of recycled water to the area. Grant funds of \$600,000 were secured for this project.
Recycled Water Quality Improvements	\$ 370,000	\$ 900,000	15/16	18/19	This project is still in development, the District is working with the agency (Vallecitos) that supplies recycled water to make improvements to the quality of the water. The District's project is contingent on what issues may remain after Vallecitos makes their own
City of San Diego - Purchase Recycled Capacity	\$ 250,000	\$ 250,000	16/17	16/17	The District will purchase additional capacity from the City of San Diego recycled connection.

**Olivenhain Municipal Water District
2016-17 CIP Budget and Appropriation Review
Capital Improvement Projects (CIP) - Capital Improvement Fund, Wastewater**

Project Name	CIP Budget						Projected Expenditures				Appropriation			
	Project Budget	Approved	Increase	Project Budget	Outside	District	Capitalize	Budgeted			As of	Approved	Increase	As of
	7/1/2015	FY 15/16	(Decrease)	7/1/2016	Contribution	Cost	At 6/30/16	or Expense	FY 2016/17	At 6/30/17	7/1/2015	FY 15/16	(Decrease)	7/1/2016
<u>On-Going Projects</u>														
Covered Storage Area	120,000	-	(20,000)	100,000	-	100,000	18,000	-	82,000	100,000	18,000	-	82,000	100,000
Replace Neighborhood I Pump Station	3,000,000	-	500,000	3,500,000	-	3,500,000	100,000	-	100,000	200,000	40,000	150,000	10,000	200,000
Mid-Point Pump Sta.Odor Control Improvements	300,000	-	-	300,000	-	300,000	90,000	-	210,000	300,000	300,000	-	-	300,000
Finance Utility Billing System	15,000	85,000	-	100,000	-	100,000	75,000	-	25,000	100,000	15,000	85,000	-	100,000
Storage Pond Improvements	-	80,000	(30,000)	50,000	-	50,000	30,000	(30,000)	50,000	50,000	-	80,000	(30,000)	50,000
Solids Process Improvements	-	50,000	-	50,000	-	50,000	-	-	50,000	50,000	-	50,000	-	50,000
Caustic Tank and Piping	-	50,000	-	50,000	-	50,000	-	-	50,000	50,000	-	50,000	-	50,000
Replace Pumps, Motors and Equipment	500,000	-	500,000	1,000,000	-	1,000,000	90,000	(90,000)	100,000	100,000	50,000	44,000	6,000	100,000
Complete Campus - Building D	1,000,000	-	240,000	1,240,000	-	1,240,000	120,000	-	260,000	380,000	110,000	100,000	170,000	380,000
SCADA System Upgrades	45,000	-	(30,000)	15,000	-	15,000	30,000	(30,000)	15,000	15,000	45,000	-	(30,000)	15,000
4S Ranch Piping Improvements	32,000	38,000	(40,000)	30,000	-	30,000	40,000	(40,000)	30,000	30,000	32,000	38,000	(40,000)	30,000
Digester Enhancement Project	130,000	-	-	130,000	-	130,000	40,000	-	90,000	130,000	130,000	-	-	130,000
Sewer Pump Station - Cielo to DCM WTP	340,000	-	-	340,000	-	340,000	5,000	-	-	5,000	90,000	(50,000)	(35,000)	5,000
Wet Well Access Hatches	130,000	-	-	130,000	-	130,000	-	-	65,000	65,000	30,000	-	35,000	65,000
Equalization (EQ) Basin Improvements	700,000	-	(450,000)	250,000	-	250,000	50,000	-	200,000	250,000	70,000	-	180,000	250,000
<i>Subtotal</i>	\$ 6,312,000	\$ 303,000	\$ 670,000	\$ 7,285,000	\$ -	\$ 7,285,000	\$ 688,000	\$ (190,000)	\$ 1,327,000	\$ 1,825,000	\$ 930,000	\$ 547,000	\$ 348,000	\$ 1,825,000
<u>Proposed Projects</u>														
Electrical Assessment	-	-	30,000	30,000	-	30,000	-	-	30,000	30,000	-	-	30,000	30,000
Firehouse SPS Upgrades	-	-	75,000	75,000	-	75,000	-	-	75,000	75,000	-	-	75,000	75,000
Replace Clarifier Drive	-	-	100,000	100,000	-	100,000	-	-	100,000	100,000	-	-	100,000	100,000
Replace Ultra-Violet (UV) Disinfection System	-	-	2,150,000	2,150,000	-	2,150,000	-	-	650,000	650,000	-	-	650,000	650,000
Pump Station Flow Meters	-	-	100,000	100,000	-	100,000	-	-	100,000	100,000	-	-	100,000	100,000
Replace Tertiary Filters	-	-	1,500,000	1,500,000	-	1,500,000	-	-	50,000	50,000	-	-	50,000	50,000
Replace Overflow Pond Strainer	-	-	191,000	191,000	-	191,000	-	-	191,000	191,000	-	-	191,000	191,000
<i>Subtotal</i>	\$ -	\$ -	\$ 4,146,000	\$ 4,146,000	\$ -	\$ 4,146,000	\$ -	\$ -	\$ 1,196,000	\$ 1,196,000	\$ -	\$ -	\$ 1,196,000	\$ 1,196,000
<u>Completed, Cancelled or Delayed Projects</u>														
Replace Headworks	609,000	-	(609,000)	-	-	-	-	-	-	-	124,000	(100,000)	(24,000)	-
Wide Area Network (WAN) Upgrades	15,000	20,000	(35,000)	-	-	-	30,000	(30,000)	-	-	15,000	20,000	(35,000)	-
Rehab Ultra-Violet System	250,000	-	(250,000)	-	-	-	-	-	-	-	250,000	-	(250,000)	-
Replace Wet Weather Storage Pond Liner	3,410,000	-	(3,410,000)	-	-	-	2,995,000	(2,995,000)	-	-	3,410,000	-	(3,410,000)	-
Pump Station Flow Meters	50,000	-	(50,000)	-	-	-	11,000	(11,000)	-	-	50,000	-	(50,000)	-
Clarifier Cleaning System Upgrade	-	22,000	(22,000)	-	-	-	22,000	(22,000)	-	-	-	22,000	(22,000)	-
<i>Subtotal</i>	\$ 4,334,000	\$ 42,000	\$ (4,376,000)	\$ -	\$ -	\$ -	\$ 3,058,000	\$ (3,058,000)	\$ -	\$ -	\$ 3,849,000	\$ (58,000)	\$ (3,791,000)	\$ -
Total	\$ 10,646,000	\$ 345,000	\$ 440,000	\$ 11,431,000	\$ -	\$ 11,431,000	\$ 3,746,000	\$ (3,248,000)	\$ 2,523,000	\$ 3,021,000	\$ 4,779,000	\$ 489,000	\$ (2,247,000)	\$ 3,021,000

(1) This project is also funded by the Capital Improvement Fund, Water, only the costs funded through the Capital Improvement Fund, Wastewater, are shown here. Please see the separate Capital Project Summary for complete project costs.

Olivenhain Municipal Water District
10 Year Capital Spending Plan
Capital Improvement Fund - Wastewater (4S and Rancho Cielo)

	Project Description	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
(1)	Replace Neighborhood 1 Pump Station	100,000	-	-	2,137,000	1,638,000	-	-	-	-	-
(1)	Complete Campus - Building D	260,000	894,000	-	-	-	-	-	-	-	-
	Replace Pumps, Motors & Equipment	100,000	104,000	108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
	Replace Ultra-Violet System	650,000	1,560,000	-	-	-	-	-	-	-	-
	4S Ranch Piping Improvements	30,000	-	-	-	-	-	-	-	-	-
(1)	Equalization Basin (EQ) Improvements	200,000	-	-	-	-	-	-	-	-	-
(1)	Digester Enhancement Project	90,000	-	-	-	-	-	-	-	-	-
(1)	Covered Storage Area	82,000	-	-	-	-	-	-	-	-	-
	Wet Well Access Hatches	65,000	68,000	-	-	-	-	-	-	-	-
(1)	Mid-Point Pump Station Odor Control Modifications	210,000	-	-	-	-	-	-	-	-	-
	Replace Clarifier Drive	100,000	-	-	-	-	-	-	-	-	-
	Replace Existing Bandscreen	-	104,000	541,000	-	-	-	-	-	-	-
(1)	Sewer Pump Station - Cielo to DCM WTP	-	104,000	256,000	-	-	-	-	-	-	-
	Replace Belt Press Belts	-	-	-	-	117,000	-	-	-	-	-
	Replace Tertiary Filters	50,000	-	54,000	1,575,000	-	-	-	-	-	-
	Rancho Cielo SPS Flow Meters	100,000	-	-	-	-	-	-	-	-	-
	Recoat Pumps and Piping	-	-	-	-	-	-	139,000	-	-	-
	Firehouse SPS Upgrades	75,000	-	-	-	-	-	-	-	-	-
(1)	Finance Utility Billing System	25,000	-	-	-	-	-	-	-	-	-
	Replace Flow EQ Basins	-	-	-	-	-	124,000	801,000	724,000	-	-
	Replace Overflow Pond Strainer	191,000	-	-	-	-	-	-	-	-	-
	Upgrade Plant B Oxidation (OX) Ditch	-	-	1,038,000	-	-	-	-	-	-	-
	Biosolids Process and Handling Upgrades	-	-	-	-	-	-	190,000	2,324,000	-	-
	Neighborhood 3 SPS Improvements	-	-	-	-	-	151,000	-	-	-	-
	Mid-Point SPS Improvements	-	-	-	-	-	212,000	-	-	-	-
	Del Dios SPS Improvements	-	-	-	-	154,000	-	-	-	1,159,000	-
	Line Manholes Subject to High H2S Exposure	-	-	-	-	-	365,000	-	-	-	-
	Reline Manholes Recommended by Inspection	-	-	-	-	-	170,000	-	-	-	199,000
	Neighborhood 3 SPS Pumps	-	-	-	-	-	-	-	-	-	562,000
	Firehouse SPS Improvements	-	-	-	-	-	-	-	-	-	329,000
	Santa Luz SPS Improvements	-	-	-	-	-	145,000	-	-	-	-
	Reline Manholes RC 3.1 and 3.2	-	-	-	-	-	185,000	-	-	208,000	-
	Storage Pond Improvements	50,000	-	-	-	-	-	-	-	-	-
	Solids Process Improvements	50,000	-	-	-	-	-	-	-	-	-
	Caustic Tank and Piping	50,000	-	-	-	-	-	-	-	-	-
	SCADA System Upgrades	15,000	-	-	-	-	-	-	-	-	-
	Electrical System Assessment	30,000	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total		\$ 2,523,000	\$ 2,834,000	\$ 1,997,000	\$ 3,824,000	\$ 2,026,000	\$ 1,474,000	\$ 1,257,000	\$ 3,180,000	\$ 1,504,000	\$ 1,232,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2017

(1) These projects are carried over from the prior year and have incurred costs prior to FY 16-17

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Wastewater - Capital Improvement Fund

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Replace Neighborhood 1 Pump Station	\$ 200,000	\$ 3,500,000	13/14	20/21	With the exception of certain structural components, will include new pumps, electrical systems, instrumentation and vault.
Complete Campus - Building D	\$ 380,000	\$ 1,240,000	15/16	17/18	Wastewater's portion of the Building D project, which is a new building to accommodate the ultimate anticipated needs of the District. This project also involves the integration with the current buildings A and B, creating a campus-like arrangement.
Replace Pumps, Motors & Equipment	\$ 100,000	\$ 1,000,000	16/17	25/26	This is an annual placeholder, used to replace failing equipment so as to maintain operational reliability.
Replace Ultra-Violet (UV) Disinfection System	\$ 650,000	\$ 2,150,000	16/17	17/18	This project will involve replacing the current UV disinfection system with an upgraded UV system, necessitated by the fact that certain parts and hardware are no longer available.
4S Ranch Piping Improvements	\$ 30,000	\$ 30,000	16/17	16/17	Includes pipe upgrades to the chlorine system and potable feed to the forebay.
Equalization (EQ) Basin Improvements	\$ 250,000	\$ 250,000	15/16	16/17	This project, which is still in the development stage, will either replace the EQ liners or upgrade to concrete basins.
Digester Enhancement Project	\$ 130,000	\$ 130,000	15/16	16/17	Several improvements are being made to the digesters, including modifications for a safe entry system and upgrading the chemical feed system.
Covered Storage Area	\$ 100,000	\$ 100,000	13/14	16/17	Canopy is needed to protect equipment from elements and UV exposure.
Wet Well Access Hatches	\$ 65,000	\$ 130,000	16/17	17/18	The hatches will replace manhole covers and allow increased access for wet well cleaning and provide better visual inspection of wet wells.
Mid-Point Pump Station Odor Control Improvements	\$ 300,000	\$ 300,000	14/15	16/17	Install carbon scrubbers and collection system air vent to prevent nuisance odors in the community.
Replace Clarifier Drive	\$ 100,000	\$ 100,000	16/17	16/17	Drives are at the end of their useful life and need to be replaced.
Replace Existing Bandscreen	\$ 124,000	\$ 609,000	17/18	18/19	Replace existing bandscreen, wash/press and grit classifier, which have corroded, experienced increased maintenance and inhibited optimal downstream process performance.
Sewer Pump Station- Cielo to DCM WTP	\$ 5,000	\$ 340,000	13/14	18/19	A permanent pump station will be built so that the District will no longer have to truck sewage from the DCM WTP to the 4S Ranch wastewater plant.
Replace Belt Press Belts	\$ -	\$ 100,000	20/21	20/21	This is a planned replacement which will be necessary due to the belt press belt having a limited useful life.

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Wastewater - Capital Improvement Fund

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Replace Tertiary Filters	\$ 50,000	\$ 1,500,000	.16/17	19/20	Replace existing tertiary filter system due to physical degradation. This project is still in the development stage, the system will be either refurbished-to-new or completely replaced.
Pump Station Flow Meters	\$ 100,000	\$ 100,000	16/17	16/17	Various stations do not have flow meters and the District needs to be able to measure their flow. Meters to be installed by District personnel.
Recoat Pumps and Piping	\$ -	\$ 110,000	22/23	22/23	Approximately every five to seven years recoating these appurtenances is required to maintain the coating against the elements and degradation.
Firehouse SPS Upgrades	\$ 75,000	\$ 75,000	16/17	16/17	The sewer pump station needs a new fuel tank and wet well pump system.
Finance Utility Billing System	\$ 100,000	\$ 100,000	15/16	16/17	As part of the potable project Utility Billing project, there are certain processes which must be specifically designed and implemented for wastewater.
Replace Flow EQ Basins	\$ -	\$ 1,285,000	21/22	23/24	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Replace Overflow Pond Strainer	\$ 191,000	\$ 191,000	16/17	16/17	Upgrade the current passive strainer (must be physically cleaned) to a modern strainer with features such as redundancy and automated backwash functions.
Upgrade Plant B Oxidation Ditch	\$ -	\$ 960,000	18/19	18/19	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Biosolids Process and Handling Upgrades	\$ -	\$ 1,000,000	22/23	23/24	Project will upgrade the District biosolids process from producing Grade B class solids to Grade A. This will allow the District to explore more local uses of biosolids, as opposed to hauling it to Yuma, AZ., for disposal.
Neighborhood 3 SPS Improvements	\$ -	\$ 124,000	21/22	21/22	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Mid-Point SPS Improvements	\$ -	\$ 174,000	21/22	21/22	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Del Dios SPS Improvements	\$ -	\$ 132,000	20/21	24/25	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Line Manholes Subject to High H2S Exposure	\$ -	\$ 300,000	21/22	21/22	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Reline Manholes Recommended by Inspection	\$ -	\$ 280,000	21/22	25/26	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.

**Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Fund: Wastewater - Capital Improvement Fund**

Project Name	Appropriation	Budget (Current Dollars)	Fiscal Year		Project Description
			Begin	Complete	
Replace Neighborhood #3 SPS Pumps	\$ -	\$ 395,000	25/26	25/26	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Firehouse SPS Improvements	\$ -	\$ 231,000	25/26	25/26	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Santa Luz SPS Improvements	\$ -	\$ 119,000	21/22	21/22	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Reline Manholes RC 3.1 and 3.2	\$ -	\$ 304,000	21/22	24/25	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Storage Pond Improvements	\$ 50,000	\$ 50,000	16/17	16/17	Includes relocating perimeter fencing
Solids Process Improvements	\$ 50,000	\$ 50,000	16/17	16/17	Project involves a process change to the operation of solids, which is expected to reduce energy consumption and chemical costs.
Caustic Tank and Piping	\$ 50,000	\$ 50,000	16/17	16/17	The original equipment needs to be replaced.
SCADA System Upgrades	\$ 15,000	\$ 15,000	16/17	16/17	These upgrades improve the reliability of communications between off-site facilities.
Electrical System Assessment	\$ 30,000	\$ 30,000	16/17	16/17	Perform assessment of primary electrical systems equipment, switchgear, panels, and related items to determine where the District might benefit from upgrading, replacing or refurbishing assets.

GLOSSARY

4S WRF

4S Ranch Water Reclamation Facility.

AB 32

Assembly Bill 32 – a bill requiring California to develop regulations that will reduce greenhouse gas emissions to 1990 levels by 2020.

ACWA

Association of California Water Agencies. The largest statewide coalition of public water agencies in the country.

Accrual Basis of Accounting

The basis of accounting under which revenue is recognized when earned and expense is recorded as incurred, resulting in a matching of income and expense, regardless of the timing of cash receipts and disbursements.

Acre Foot (AF)

A unit of measure equivalent to 325,900 gallons of water, which meets the needs of two average families in and around the home for one year. Also the equivalent of an acre of land covered in one foot of water.

Activities

The major programs and projects performed by an organizational unit.

Ad Valorem

A tax assessed “according to value” of a property.

Agricultural Credit

Agricultural users of water receive a discounted rate on their water purchases. To qualify for this credit, the participant must grow or raise certain products for human consumption or for the market. The discount provided under this program is based upon the ability to reduce or interrupt water delivered to participating customers during a water shortage or other emergency.

Allocated Employee Benefits

Calculated as a percentage of labor-related expenses, this account represents a department’s proportional share of employee benefits. This amount will be calculated at the end of each month by the accounting system. Refer to the Employee Benefits section of the budget for a detailed listing of expenses included in the benefit calculation.

AMI

Advanced Metering Infrastructure. Smart metering technologies to increase meter reading efficiency, reduce overhead costs and enhance customer service flexibility.

GLOSSARY

Amended Budget

The original adopted budget plus any amendments passed as of a certain date.

Amortization

Major outlays for intangible items are recorded as an asset, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is amortization, and it is computed using the straight-line method (an equal amount written off each year.) Some examples of intangible assets are: large-scale studies which benefit multiple years; bond formation costs.

Appropriation

Action taken by the legislative body of a government that permits officials to incur obligations against and to make expenditures of government resources. Appropriations usually are made for fixed amounts and granted for a one-year period.

Assessed Valuation

An official government value placed upon real estate or other property as a basis for levying taxes.

Assessment District Bond

Limited Obligation Improvement Bonds (LOIB's) issued pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915.

The obligations of the District under the bonds are not general obligations of the District, but are limited obligations, payable solely from the assessments and other assets pledged under the bond indenture.

Assets

Resources owned or held which have monetary and economic value.

Balanced Budget

Anticipated operating expenditures do not exceed the sum of anticipated revenues.

Benefit Assessment Revenues

Assessments levied within the Assessment District, for the purpose of repaying principal and interest on the bonds, as well as to reimburse for administrative costs directly associated with the bonds.

BMP

Best Management Practices. Proven and reliable water conservation technologies and programs that address residential, commercial, industrial, and landscape water uses.

GLOSSARY

Bond

A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

Bond Covenant

A contractual provision in a bond indenture.

Budget

A balanced financial plan for a given period of time, which includes appropriations and revenues which finance the various funds. The budget is not only a financial plan; it also serves as a policy guide, as an operations guide, and as a communications medium.

Cathodic Protection (CP)

A technique used to control the corrosion of metal surfaces in our water transmission pipelines.

CB&T

California Bank and Trust, a financial institution.

CEQA

California Environmental Quality Act, a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

Conservation Mandate

State of California Executive Order B-29-15 that mandates the State Water Resources Control Board to impose restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016.

CSMFO

California Society of Municipal Finance Officers.

Capital Items

These are major equipment purchases which are used for District operations.

Capital Equipment

Fixed assets such as vehicles, computers, furniture and technical instruments which have a life expectancy of more than three years and a value over \$5,000.

Capital Improvement Program

A multi-year plan – identifying capital projects to be funded during the planning period.

GLOSSARY

Capital Budget

A government's annual appropriation for capital spending that is legally adopted by the legislative body.

Capital Outlay

Expenditures which result in the acquisition of, or addition to, fixed assets, including land, buildings, improvements, machinery and equipment. Most equipment or machinery is included in the Annual Operating Budget. Capital improvements such as acquisition of land, construction and engineering expenses are included in the Capital Budget.

Capital Projects

Projects that result in the purchase or construction of capital assets.

Capitalized Non-labor Expenses

A transfer of indirect administrative and employee benefit costs, (using a percentage of direct labor,) which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

Capitalized Interest

Interest costs, less interest earned on long-term debt, are capitalized during the construction period of major capital asset additions.

Capitalized Labor

A transfer of direct labor costs, which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

Cash Basis

A projection of cash receipts and disbursements anticipated during a fiscal year.

Cash Management

A conscious effort to manage cash flows in such a way that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without the sacrifice of safety or necessary liquidity.

CEQA

California Environmental Quality Act.

Certificates of Participation Bond (COP)

These Water Revenue Certificates of Participation are a special obligation of the District payable solely from net system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

GLOSSARY

Collection and Regulatory Fees

Expenses incurred as a result of the need to obtain licenses or permits. This can include such things as health permits, vehicle registration, dumping fees or county recorder fees. Also included are expenses incurred as a result of assigning delinquent accounts receivable to an outside collection agency.

Capacity Fee

Charges paid by new customers prior to connecting to the District's system. Such charges are periodically adjusted based upon changes in construction costs and other factors.

Construction Projects

The cost to construct major additions and extensions to the District's system, including staff labor and benefits, design and engineering costs and construction costs among other cost elements.

Consultants

Expenses incurred as a result of retaining the services of individuals or businesses to perform various professional services. Examples would include computer programming, salary surveys, water rate consultants, and grant acquiring expertise.

Consumer Price Index (CPI)

Measures the prices of consumer goods and services published by the Department of Labor on a monthly basis.

Customer Outreach Programs

Expenses incurred for the purpose of meeting Best Management Practices, sponsoring conservation, education, and water awareness programs.

DCMWTP

David C. McCollom Water Treatment Plant.

Debt Service - Expense

The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the District.

Debt Service - Labor Expenses

Labor costs, including fringe and overhead, directly related to bond administration.

Debt Service - Non-labor Expenses

Costs other than labor directly related to bond administration.

Department

A basic organizational unit of a jurisdiction which is functionally unique in its service delivery.

GLOSSARY

Depreciation

Major improvements and equipment are recorded as assets, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is depreciation, and it is computed using the straight-line method (an equal amount written off each year.)

Director's Fees

Per diem fees paid to directors for attendance at District Board meetings or other meetings for which the directors serve as District representatives.

Disbursements

Payments made on obligations.

DPH

Department of Public Health.

EAM

Enterprise Asset Management. Management of the physical assets of an organization to maximize value.

EDU

Equivalent Dwelling Unit - the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

Effluent

Sewage discharged from the 4S Ranch Water Reclamation Facility.

EFRR

Elfin Forest Recreational Reserve.

EIR

Environmental Impact Report, a study of factors and results which land development or construction projects would have on the environment in the area.

Emergency Regulations for Urban Water Conservation

See *Conservation Mandate*.

Employee Programs

Expenses incurred for the purpose of District sponsorship of activities or programs that acknowledge the contributions of District employees. Examples may include plaques that recognize an employee's longevity with the District, reward an employee's suggestion for improving a District procedure, or support of employee health and wellness.

GLOSSARY

Employee Recreation Club

Expenses incurred for the purpose of the District's annual funding of a recreation club that is administered by the employees for group recreational activities.

Employee Training and Education

Expenses incurred for the purpose of sending employees to training classes or seminars. Also included are expenses incurred to reimburse employees for participation in classes in the pursuit of a college degree. Seminar fees for staff are not included in this account, and should be expensed to "seminars and meetings." Travel expenses incurred by employees while attending seminars and classes are also to be included in "seminars and meetings."

Engineering

Expenses incurred as a result of services provided by the District's engineers or any other engineering firms retained by the District.

Enterprise Fund

Fund that provides goods or services to the public for a fee that makes the entity self-supporting.

Equipment Purchases

The purchase of office equipment, furniture, automobiles trucks, shop equipment, office furniture, and other items.

Equipment Rental

Expenses incurred as a result of the one-time or monthly rental of equipment. This may include the rental of heavy machinery, computers, or any other type of equipment of which the District is not the owner.

Expansion Fund

See Capacity Fee Fund.

Expenditure

An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service and capital improvements.

FICA - Employer's Share

Expenses incurred by the District for the matching of social security and Medicare taxes withheld from employees' payroll as required by the federal government.

Fiduciary

A person legally appointed and authorized to hold assets in trust for another person.

GLOSSARY

Firm Demands

Refers to actual water volume delivered by SDCWA, during any given year, to one of its member agencies.

Fiscal Year

The time frame in which the budget applies. This is the period of July 1 through June 30.

Fixed Assets

Long term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

Fixed Charge County Assessment

A collection fee assessed by the County of San Diego Auditor and Controller to recover costs of placing fixed-charge assessments on the county property tax roll.

Fund Balance

The District segregates and reports revenue and expenses by various sources and/or activities. Each source or activity is identified as a fund, with the fund balance being the difference between the assets and liabilities for that fund.

FTE

Full Time Equivalent.

Gann Limit:

Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year. Any revenue from “proceeds of taxes” is appropriated by the Board of Directors of the District for fixed assets (including land and construction) with a useful life of ten years or more and a value which equals or exceeds \$100,000. Per resolution number 2016-06 of the Board of Directors of the Olivenhain Municipal Water District, the appropriation limit for fiscal year 2016-17 is \$2,099,286.

GFOA

Government Finance Officers Association of United States and Canada.

Gain/Loss – Disposition of Assets

Income received or expenses incurred as a result of the voluntary (in the case of items sold by the District) or involuntary (in the case of theft or vandalism) disposition of District assets.

GLOSSARY

Generally Accepted Accounting Principles (GAAP)

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. 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 statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

GIS

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.

Grow Your Own (GYO) Program

Program to allow the District to better retain qualified and productive employees for the District's future succession plan. The program does not limit employee's opportunity for growth while maintaining the same headcount.

HCF

Hundred Cubic Feet – equal to 748 gallons.

IAWP

Interim Agricultural Water Program.

Impact Charge Revenues

This charge resulted from an ordinance passed by the District's Board of Directors, and is intended to mitigate impacts to the District's water storage system caused by new development needing greater storage capacity than was originally assessed as part of Assessment District 96-1.

Implementing Policies

Specific guiding principles that directly guide and support achievement of strategic goals and objectives.

Improvement District Bond

Voters of select improvement districts authorize the issuance of these general obligation bonds in which principal and interest are repaid from operating revenues and ad valorem taxes levied upon taxable property located within the improvement district.

Infrastructure

Water, Recycled and Sewer backbone facilities, including collection, treatment and distribution systems, as well as office buildings.

GLOSSARY

Insurance – Dental

Expenses incurred for the purpose of providing dental insurance for District Board members, employees, and their dependents.

Insurance – Group Health

Expenses incurred for the purpose of providing health insurance for District Board members, employees, and their dependents.

Insurance – Long Term Disability

Expenses incurred for the purpose of providing long-term disability insurance for District employees.

Insurance – Unemployment

Expenses incurred for the purpose of providing unemployment insurance for former District employees.

Insurance – Vision

Expenses incurred for the purpose of providing vision care insurance for District Board members, employees, and their dependents.

Insurance –Workers’ Compensation

Expenses incurred for the purpose of providing workers’ compensation insurance for District Board members and District employees.

IRWM

Integrated Regional Water Management - a local water resources management approach preferred by the Governor, California Department of Water Resources, and State Water Resources Control Board aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment, and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

LAFCO

Local Agency Formation Commission.

Leave – Employee Sick

Expenses incurred for the purpose of accruing time-off allowed for illnesses of employees as specified in the District’s Administrative & Ethics Code.

Leave – Holiday

Expenses incurred for the purpose of accruing time-off for District holidays as specified in the District’s Administrative & Ethics Code.

GLOSSARY

Leave – Vacation

Expenses incurred for the purpose of accruing time-off for vacation as specified in the District's Administrative & Ethics Code.

Legal

Expenses incurred for the purpose of obtaining legal services from the District's legal counsel, Nossaman, LLP, or any other legal services retained by the District.

Maintenance and Repairs

General expenses incurred as a result of the need to maintain equipment in normal operating condition or to repair equipment to return it to its normal operating condition. This account should not be used for repairs that extend the life of the equipment. In situations where a major repair extends the life of a piece of equipment, a tank, or a pipeline, one of the District's annual fixed asset work orders should be utilized.

Maintenance and Repairs – Roads

Expenses incurred to repair damages to roads caused by repairs to mains or service laterals. These costs include the charges from outside contractors to make the repairs, traffic control costs and materials.

Membership Dues and Subscriptions

Expenses incurred as a result of the establishment or renewal of District membership in professional or trade associations or the establishment or renewal of subscriptions for professional or trade publications. Both memberships and subscriptions should be in support of District activities.

Metropolitan Water District of Southern California (MWD)

MWD is one of the world's largest water agencies. It imports almost 60 percent of the water used by more than 19 million people in urban Southern California, including San Diego County. This water is wholesaled to Metropolitan's 27 member agencies, including SDCWA which conveys this water to the District. Metropolitan is governed by a 51-member Board of Directors representing its member agencies. MWD receives its water from two main sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct.

Mission

The District's fundamental core responsibility.

MOU

Memorandum of Understanding.

Natural Decrease

Population decrease due to less births and more mortality.

GLOSSARY

Natural Increase

Population increase due to more births and less mortality.

Net Migration

Total of domestic and international migration.

NW

Northwest Quadrant, a recycled water service area located in the northwest quadrant of the District.

Objective

The yearly organizational levels of achievement expected. A statement of purpose defined more specifically than a goal.

Office Supplies and Expense

Expenses incurred as a result of the purchase of supplies necessary to perform day to day office work as well as other expenses that may be difficult to classify as office supplies. Examples of office supplies are paper, pencils, file folders, etc. and are characterized by their consumable nature. Examples of office expenses are items such as software (unless budgeted as a capital item), staplers, etc.

Operating Budget

The normal, ongoing operating costs incurred to operate the District including salaries, employer expenses, professional and outside services, and other operating expenses.

Organizational Philosophy

Formal, general guiding principles for the conduct of District business and the formulation of goals and objectives.

Other Administrative and General Expenses

Expenses incurred for general or administrative purposes that are not included in office supplies and expense. Examples of such expenses may be classified advertisements, plaques, expenses in recognition of ill employees, or application fees.

Other Fringe Benefits

Expenses incurred for fringe benefits not included in other specific fringe benefit accounts.

Outside Services

Services incurred as a result of retaining individuals or businesses to perform non-engineering services. Examples might include bee removal, laboratory testing of water samples, mailing services, couriers, and telephone message producers.

GLOSSARY

Performance

The measurable unit of types or work related to District activities and, where meaningful, the costs of operation that are used to develop the costs for each unit of activity.

Performance Measurement

A process for determining how a program is accomplishing its mission through the delivery of products, services, or processes.

PERS Contributions

Expenses incurred for the District's contributions to the California Public Employees' Retirement System as specified in the District's Administrative & Ethics Code.

Post-Financing Payoffs

Voluntary payments made by property owners within Assessment District 96-1 to completely pay off the bonded indebtedness on their property. The proceeds from these pay-offs are used to call bonds and reduce the outstanding bond debt.

Postage and Shipping

Expenses incurred for the purpose of mailing or delivering letters, packages, documents, or customer bills.

Printing

Expenses incurred for the purpose of reproducing documents or forms for distribution and use both within and outside of the District.

Property Insurance

Expenses incurred for the purpose of obtaining insurance coverage for District facilities and liability protection.

Raw Water

Water delivered to member agencies which has received only chlorination.

Readiness to Serve Charge

This charge is assessed by MWD on an annual basis, and is a cost of being connected to SDCWA's distribution system.

Rentals

This includes costs to rent equipment, copy machines, temporary easements and other items.

Reserves

Funds segregated by the District to be used for future contingencies. Reserve amounts are authorized by the Board of Directors.

GLOSSARY

Restricted

Funds shown as restricted have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specific purposes, such as service of debt and construction of capital assets.

Revenue

Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

Salaries and Wages – Jury Duty

Wages attributable to employee time spent performing jury duty service.

Salaries and Wages – Overtime

Wages incurred as a result of employees working in excess of nine hours per modified work day or forty hours per modified work week.

Salaries and Wages – Regular

All wages not attributable to overtime, time spent for general training, time spent on safety activities, or time spent on jury duty services.

Salaries and Wages – Safety

Wages attributable to employee time spent attending safety training or safety related activities.

Salaries and Wages – Training

Wages attributable to employee time spent attending classes or seminars for the purpose of increasing knowledge and skills.

San Diego CPI-U

A measure of the average change in prices over time in a fixed market basket of goods and services within San Diego County for a population comprised of all urban consumers. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees, and others not in the labor force.

SANDAG

San Diego Association of Governments.

SB X7-7

California Senate Bill 7, Seventh Extended Session (2009): Water Conservation Bill of 2009—Bill requiring urban water retailers to achieve 20% per capita water use reduction by 2020

SDCWA

San Diego County Water Authority, the District's water wholesaler. SDCWA purchases a substantial portion of its water supply from Metropolitan Water District of Southern California (MWD).

GLOSSARY

SDCWA Infrastructure Access Charges (IAC)

This charge is imposed by the San Diego County Water Authority and is assessed based on meter size. The charge is designed to collect a portion of SDCWA's fixed costs. It is collected by the District and remitted to the SDCWA.

SDMBA

San Diego Mountain Bike Association – the association holds a volunteer trail maintenance event at EFRR every year.

SDRMA

Special District Risk Management Authority.

SE

Southeast Quadrant, a recycled water service area located in the southeast quadrant of the District.

SRF

State Revolving Fund.

Seminars and Meetings

Expenses incurred for the purpose of staff attendance at seminars and meetings. Examples may include seminar fees, meals or lodging. Also included in this account would be travel expenses incurred by non-staff employees for the purpose of attending training. In this case, the fees for the training class would be charged to the fringe benefit account, “employee training.”

State Revolving Fund

A state program offering low interest financing agreements. The specific SRF related to the District is used to finance infrastructure improvements to ensure safe drinking water systems.

Strategies

The general approach taken to achieve strategic goals and objectives, inclusive of programs and activities within the programs.

Supplies

Expenses incurred for the purchase of items used to perform operating activities such as water treatment, meter installation, corrosion protection, telemetry, customer service, etc. Also included in this account are charges for auto fuel, small tools and safety supplies. Small tools are defined as tools that cost less than \$300. Small tools should not be charged to the annual work order for shop field and equipment.

GLOSSARY

Supply Reliability Charge:

A new fee imposed by the San Diego County Water Authority to its member agencies intended to recover the cost of making system improvements to accept the desalinated seawater for distribution throughout the region from the Carlsbad desalination plant.

Support Allocation

Distribution of costs incurred by central service units (General Manager, Human Resource, Finance, Information Technology, Facilities Maintenance) for the benefit of operational departments (Engineering, EFRR, Wastewater, Project Team, Potable Water Operations, Recycled Water Operations, Customer Services).

SSMP

Sewer System Management Plan

SWRCB

State Water Resources Control Board - a five-member board in California that protects water quality by setting statewide policy, supporting Regional Water Quality Control Board efforts, and reviewing petitions that contest Regional Board actions.

TECC

The Escondido Creek Conservancy - a non-profit environmental steward of the Escondido Creek with which the District partnered to complete the Elfin Forest Interpretive Center Honoring Susan J. Varty.

Telephone and Communications Expense

Expenses incurred for the monthly service and charges for calls made from District landline and cellular telephones and for the monthly rental of pagers.

Temporary Labor

Expenses incurred for the purpose of obtaining temporary assistance for the completion of special tasks or projects.

Tertiary

A final treated water discharge from the 4S WRF.

Tiger Team

Program incorporating cost-saving efforts by District staff and pursuit of revenue enhancement programs such as energy saving programs to help offset cost increases.

Title XVI

US Bureau of Reclamation's Water Reclamation and Reuse Program - Infrastructure funding program authorized by Title XVI of Public Law 102-575, which directs the Secretary of the Interior to undertake a program to investigate and identify opportunities for water reclamation

GLOSSARY

and reuse of municipal, industrial, domestic and agricultural wastewater, and naturally impaired ground and surface waters, and for design and construction of demonstration and permanent facilities to reclaim and reuse wastewater.

Total Budget

The sum of the total Operating Budget, Debt Service, Water Purchases, and Capital Budget.

Total Capital Budget

The total budget requests for equipment purchases and construction projects.

Treated or Potable Water

Water delivered to customers which has been treated by coagulation, sedimentation, filtration, and chlorination

Uncollectible Accounts

Expenses incurred as a result of the write-off of customer accounts receivable determined to be uncollectible.

Uniforms

Expenses incurred for the purchase of District tee-shirts, sweatshirts, and hats, and for the payment to employees for their applicable clothing allowances as specified in the District's Administrative & Ethics Code.

Utilities

Expenses incurred to provide electrical and gas utilities and waste disposal for District facilities.

UWMP

Urban Water Management Plan – a report that must be prepared and submitted to the Department of Water Resources every five years by urban water suppliers by which to adequately demonstrate water supply reliability in future years.

Variable Rate Debt

Debt issued with interest reset on a weekly basis. The rates applicable to variable rate certificates or bonds are to be determined by the remarketing agency.

Water System Refunding Revenue Bonds

These bonds are payable solely from new system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

GLOSSARY

Water Purchases

The cost of purchasing water from the Metropolitan Water District of Southern California and the San Diego County Water Authority.

Wholesalers

The District's treated and raw water suppliers, Metropolitan Water District of Southern California and the San Diego County Water Authority.

WATER UNIT EQUIVALENCIES

c.f.s. = cubic feet of water per second

A.F. = acre feet of water

g.p.m. = gallons of water per minute

g.p.h. = gallons of water per hour

g.p.d. = gallons of water per day

m.g.d = million gallons per day

Unit		is equal to		is equal to
1 cubic foot	=	7.48 gallons of water	=	62.4 pounds of water
1 h.c.f.	=	1 unit of water	=	748.5 gallons of water
1 A.F.	=	43,560 cubic feet of water	=	325,851 gallons of water
1 c.f.s.	=	448.8 g.p.m.	=	646,272 g.p.d
1 c.f.s. for 24 hours	=	1.98 A.F.		
1 c.f.s. for 30 days	=	59.5 A.F.		
1 c.f.s. for 1 year	=	724 A.F.		
1 g.p.m.	=	60 g.p.h.	=	1,440 g.p.d.
1,000 g.p.m.	=	4.42 A.F. per day	=	2.23 c.f.s.
1 million gallons of water	=	3.07 A.F.		
1 m.g.d	=	1,122 A.F. per year	=	694 g.p.m.



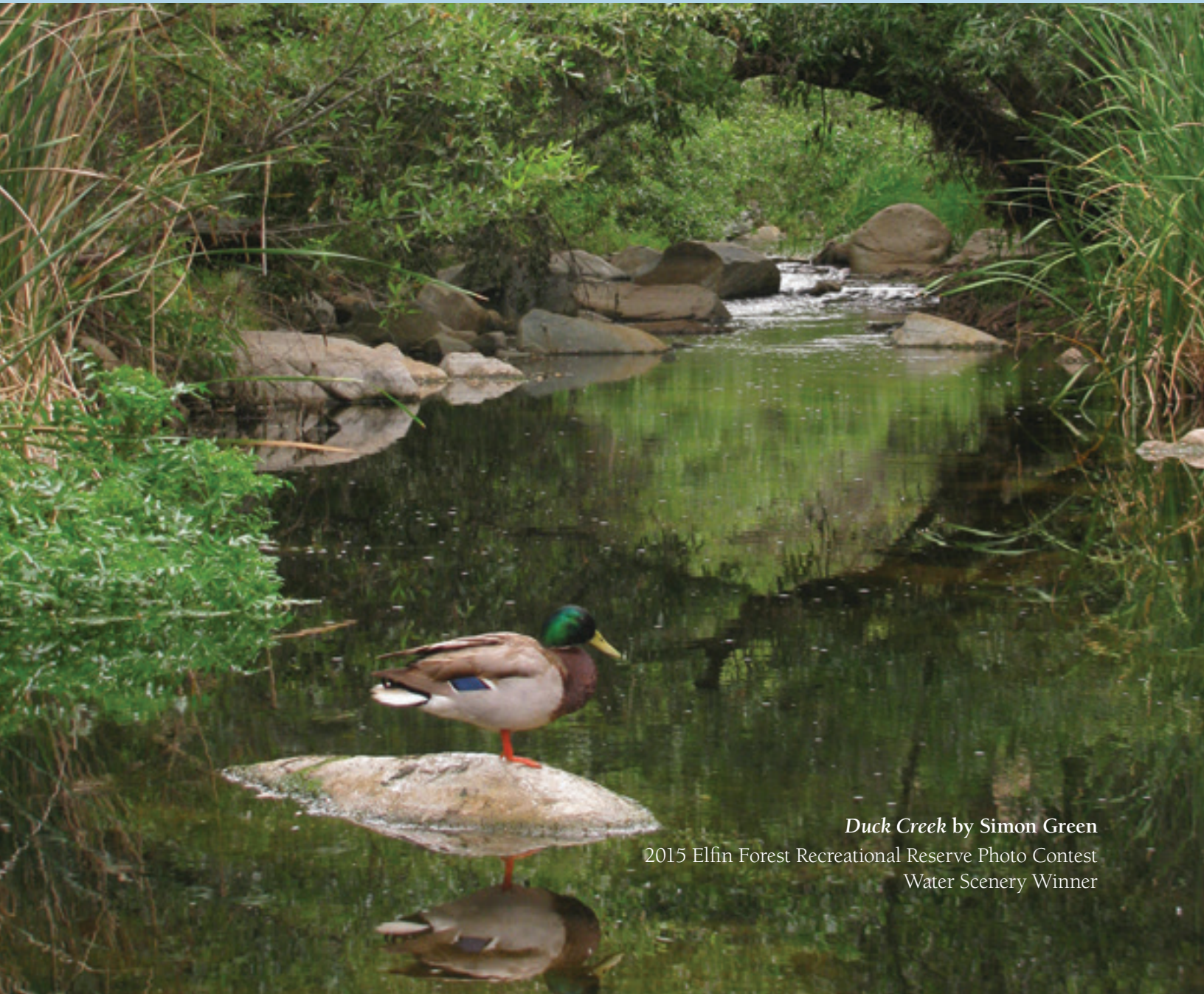
OLIVENHAIN

Municipal Water District

1966 Olivenhain Road • Encinitas, CA 92024-5699

Phone (760) 753-6466 • Fax (760) 753-5640

www.omwd.com



Duck Creek by Simon Green

2015 Elfin Forest Recreational Reserve Photo Contest
Water Scenery Winner