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San Juan Water District

Fiscal Year 2016-2017 Budget



Prepared by the Finance Department under Direction of
the General Manager and Assistant General Manager

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San Juan Water District
9935 Auburn Folsom Road
Granite Bay, California 95746
(916) 791-0115
www.sjwd.org

Elected Officials

Pamela Tobin, President/Director
Kenneth H. Miller, Vice President/Director
Edward J. "Ted" Costa, Director
Dan Rich, Director
Bob Walters, Director

Appointed Officials

Shauna Lorance, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Donna Silva, Director of Finance
Tony Barela, Operations Manager
Lisa Brown, Customer Services Manager
Rob Watson, Engineering Services Manager
George Machado, Field Services Manager
Greg Turner, Water Treatment Plant Superintendent

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August 10, 2016

Board of Directors
Citizens of the San Juan Water District

Directors
Edward J. "Ted" Costa
Kenneth H. Miller
Dan Rich
Pamela Tobin
Bob Walters
General Manager
Shauna Lorance

On behalf of the San Juan Water District and its staff, I am pleased to present the Budget for Fiscal Year 2016-2017. The Budget has been developed to be fiscally responsible in support of the District's Mission Statement:

Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.


Adoption and implementation of this budget will allow the District to accomplish major priorities in Fiscal Year 2016-2017, detailed throughout this document.

Through the Great Recession and the recent drought, the District worked hard to limit rate increases. In order to ensure ongoing fiscal health, the District is currently conducting a comprehensive rate study that will examine water demand, as well as operational and capital needs, and cost saving measures over the next five years. We anticipate proposing future rate increases as a result of that study, but those increases have not been incorporated into this budget document.

I would like to thank District staff for their conscientious efforts in prudent management of District resources, enabling the District to reduce expenses whenever possible without reducing the levels of service necessary to meet the demands of good customer service and responsible facilities maintenance.

I want to thank the Board of Directors for their leadership and continued interest in prudent fiscal management.

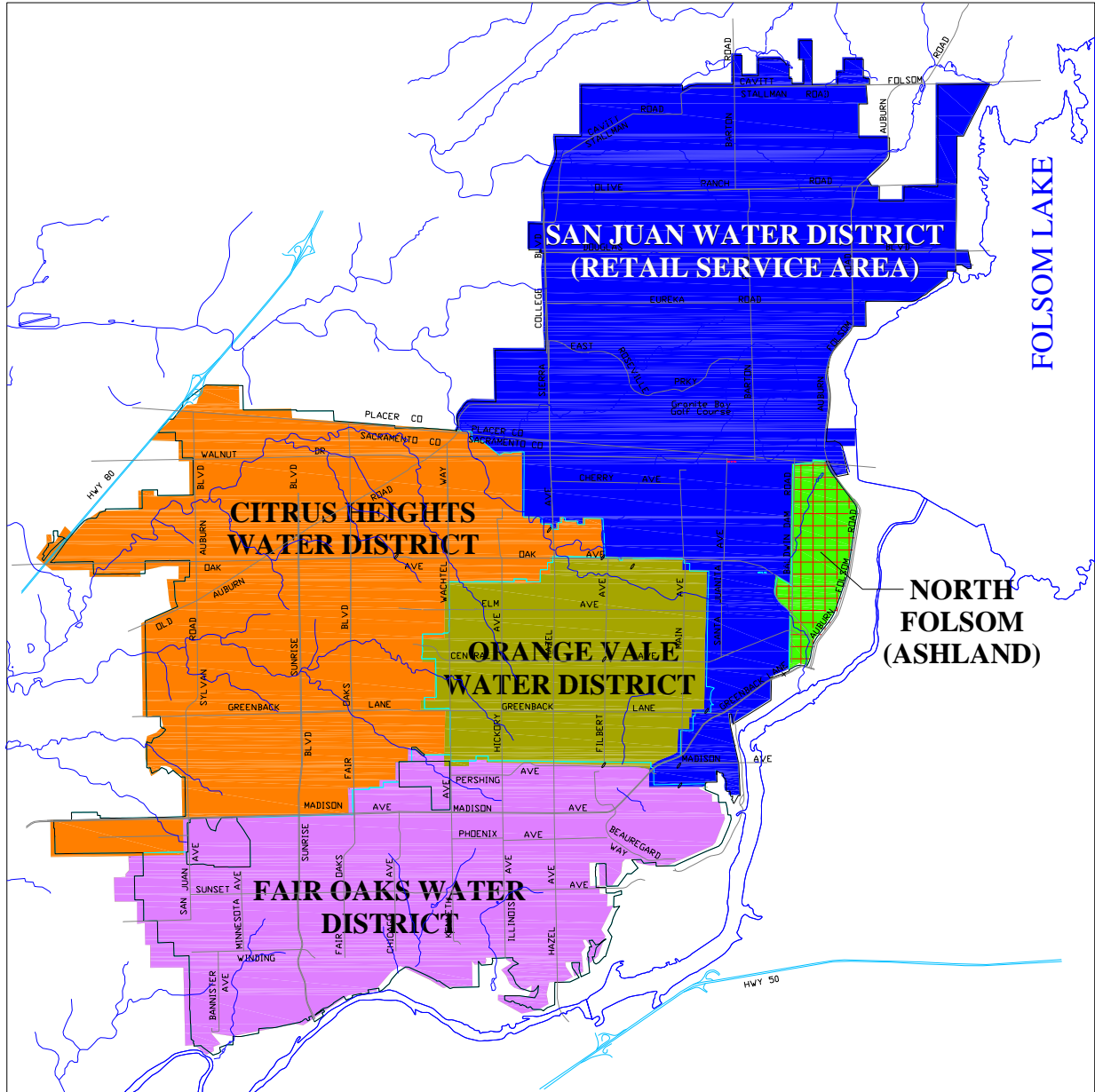
Respectfully Submitted,


Shauna Lorance
General Manager

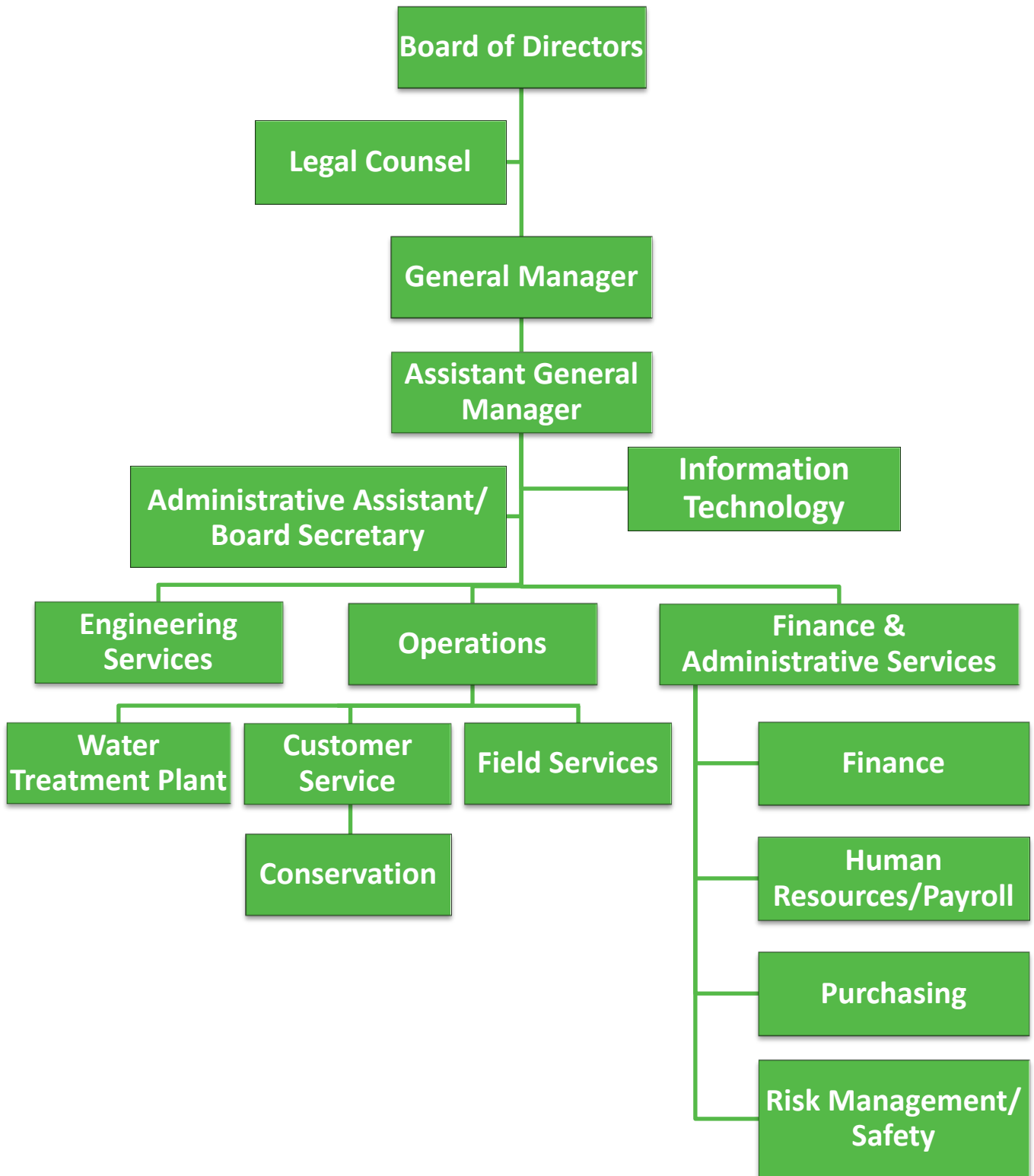
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Wholesale Service Area Map
(SJWD Retail Service Area – in blue)



Organization Chart by Functional Area



By The Numbers – Summary of District Information

Water System	
Total Water Supply Available	82,200 acre feet
Treatment Plants	1
Treatment Plant Capacity	150 MGD
Reservoirs	2
Miles of Water Main	217
Storage Tanks	2
Booster Stations	9
Number of Booster Pumps	38
Number of Control Valve Stations	12
Number of Solar Facilities	1
Number of Pressure Zones – Retail Service Area	8
Number of Service Connections – Retail Service Area	10,603

Miscellaneous Statistical Information	
Size of Service Area	46 square miles
Size of Retail Service Area Only	17 square miles
Population of Service Area (2015)	180,983
Population of Retail Service Area Only (2015)	29,452
Number of Active Employees	47
Number of Bond Issues Outstanding	2
Wholesale Operating Budget	\$10,068,800
Wholesale Capital Budget	\$6,930,000
Retail Operating Budget	\$11,312,500
Retail Capital Budget	\$4,809,400

ABOUT THE DISTRICT

The San Juan Water District (District) initially began as the North Fork Ditch Company dating back to 1854 providing water to the area. The San Juan Water District as in existence today was formed as the result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and a group of homeowners in South Placer County. An election was then held within the boundaries of the sponsoring districts on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a community services district formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

The District provides water on a wholesale and retail basis to an area of approximately 46 square miles for wholesale (which includes the District's retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of delivering water to the retail agencies under negotiated contracts; operating a surface water treatment plant and storage, transmission facilities; and providing the administrative support related to those activities. The Retail agency consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,600 active retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County), and providing the administrative, customer service, conservation and engineering support related to those activities.

The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water. The District completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation for Central Valley Project water resulting in a 40 year long-term contract that expires February 28, 2045, but is subject to renewal. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the Fiscal Year 2014-2015 was 34,614 acre-feet and is anticipated to be 30,696 acre-feet for Fiscal Year 2015-2016, and 37,828 for Fiscal Year 2016-2017 excluding pass through deliveries for Sacramento Suburban Water District.

The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades and improvements to the plant in 2005 and 2009-2011 added a solids handling facility and chlorine storage/handling facility to

the plant. These two projects along with other capital projects increased efficiency and productivity to meet the required demands of customers and improved operations to help meet federal and state regulatory requirements.

With a maximum capacity of 150 million gallons per day, the plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all District customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 217 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

Budget Purpose, Process and Control

The District adopts an annual operating budget and an annual capital improvement budget to ensure the adequacy of resources to meet District needs and to accomplish the District's mission. As required by certain debt covenants, the annual operating budget is evaluated, to ensure that net revenues, as defined by the various debt covenants, are equal to or exceed a minimum of 115 percent of the anticipated debt service for the budget year.

The District's official budget process usually begins with a Board Workshop wherein the Board of Directors identifies short and long term strategic goals. Those goals are then communicated with Department Managers who prepare and submit draft budgets to the Finance Department. The Finance Department prepares the revenue budget, and reviews and compiles the various department budgets. A budget workshop is held to present and discuss the draft budget with the Board of Directors and interested members of the public. Feedback from that meeting is used to adjust the draft budget, if necessary. A public hearing is then held after which the Board of Directors votes on budget adoption.

Budget to actual financial data is monitored continuously throughout the year by management and is reported on a quarterly and annual basis to the Finance Committee and the Board of Directors. The General Manager has the authority to move budget between specific lines within a fund, or between funds to correct posting errors. Transfers between funds, for purposes other than error correction, require approval from the Board of Directors.

Budget Format

The budget is prepared on an accrual basis (reporting revenues and expenses are earned and incurred, respectively) and is the same as reported in the Comprehensive Annual Financial Report. The program budget format is used versus a line item detail format to provide the most valuable information to the reader on all of the District's major areas of service (Distribution, Water Treatment Plant, Administration, Conservation, Customer Service and Engineering). Expenditure data is also presented in a functional format (Salaries & Benefits, Materials & Supplies, etc.) to provide readers with an alternate view.

For financial reporting purposes, the District operates a single enterprise fund. However for management of the two divisions, Wholesale and Retail, the District utilizes four distinct funds, one each for operations and one each for Capital Outlay.

Financial Policies

Key District Financial Policies include the Reserve Policy, the Investment Policy and the Procurement Policy.

Reserve Policy

In accordance with Board Resolutions, Board Motions, and/or District Ordinances, certain reserve funds have been established and maintained as follows:

WHOLESALE OPERATING RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Operating	Established in 1998 to provide working capital for operations and unexpected needs.	20% of operating expenses
Rate Stabilization	Established in 1998 to help ensure financial and rate stability for wholesale customers.	\$1,000,000
2009A COP Debt Service	To ensure adequate funds are available to meet the next year's debt service payment. Reserve is required by the COP Trust Agreement.	Lesser of \$1,863,149 or Wholesale's share of the maximum Installment Payment due in the then current or any future Fiscal Year.
PERS Rate Stabilization	To level out the amount budgeted for PERS payments on an annual basis.	When the actual PERS costs are lower than the actuarially determined normal costs, the difference is placed in this fund. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve.
Compensated Absences	To accumulate funds for accrued employees' vacation and sick leave time.	Dependent upon the dollar value of the accrued vacation and vested sick leave amounts.
Delta/Water Rights	To cover legal expenses, public information, and other costs associated with Delta issues that affect the District's water rights.	Determined annually by Board of Directors.

WHOLESALE CAPITAL RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Capital Improvement Program	Established in 1998 to fund capital replacements, rehabilitation, upgrades and improvements.	Determined annually by Board of Directors.
Connection Fee	Established in 2007 to hold and expend connection fees paid by new connections to the distribution system. The fee is designed to recognize the current value of providing capacity necessary to serve additional users.	Fluctuates based on fees received and capital improvements planned and completed.
Hinkle Lining	Established in the 1980's to accumulate monies for the eventual replacement of the lining and cover for Hinkle Reservoir.	There is not a recommended amount for this fund. \$50,000 plus accrued interest on the existing fund balance is added to this fund at the end of each fiscal year.
Vehicle and Equipment	To accumulate sufficient funds to replace vehicles and equipment on an annual basis, and larger equipment on an as-need basis.	Varies depending on the future planned replacements of vehicles and equipment.

RETAIL OPEARTING RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Operating	To provide working capital for retail operations, as wells as readily available capital for unexpected needs and modest variations between expected and actual water demands.	20% of annual operating expenditures.
PERS Rate Stabilization	To provide stability in the amount budgeted for PERS payments on an annual basis.	When the actual PERS costs are lower than the normal costs, the difference is placed in this reserve. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve.
Compensated Absences	To accumulate funds for accrued employees' vacation and sick leave time.	Dependent on the dollar value of the accrued vacation and vested sick leave amounts.
2009A COP Debt Service	To ensure adequate funds are available to meet the next year's debt service payment. Reserve is required by the COP Trust Agreement.	Lesser of \$1,048,021 or retail's portion of the maximum Installment Payment due in the then current or any future Fiscal Year.
Customer Deposits	Established to segregate funds contributed as a deposit for work to be completed by the District.	This reserve must be used for funds on deposit for developers or customers. When projects are completed, any remaining funds are returned to the developer or customer.

RETAIL CAPITAL RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
General CIP	Established “to accumulate sufficient funds for use due to unforeseen and unexpected emergency expenditures for repair, replacement or rehabilitation of the District’s water pipeline systems and pumping stations.” In practice, the Capital Improvement Reserve is used for <i>planned</i> and unplanned capital replacements, rehabilitation, upgrades, and improvements.	Fluctuates based on capital improvements planned and completed.
Kokila Reservoir Replacement	Established to accumulate funds for eventual replacement of the lining and cover of Kokila Reservoir.	Funded annually in the amount of \$10,000 plus accrued interest earned on the existing reserve balance.
Vehicles	Established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis.	No designated amount for this reserve; however in practice it is adjusted at the end of each fiscal year to be equal to the next years planned expenditures on vehicles and equipment.

Investment Policy

In accordance with District Ordinance No. 3000.05 management responsibility for the investment program is delegated to the General Manager. The Finance Director has been designated as the “Investment Officer” in charge of operational management.

Investments by the Investment Officer are limited to those instruments specifically described in the District’s investment policy. The Investment Officer submits quarterly reports to the Board of Directors detailing all investment holdings. In order of importance, the following five fundamental criteria are followed in the investment program: 1) safety of principal; 2) limiting credit risk liquidity; 3) limiting interest rate risk; 4) liquidity and; 5) return on investment.

Procurement Policy

The District’s procurement policy creates uniform procedures for acquiring equipment, and goods and services for its operations. The primary purpose of the this policy is to provide for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at the best available price, consistent with the needs of the District.

Accounting System and Controls

The District uses the Tyler Technologies financial accounting system to record its financial transactions. Management has established a system of internal controls that provide a reasonable basis for protecting the District's assets from loss, theft, and misuse and compile sufficient reliable information for the preparation of the District's financial statements. At the end of the year, the District prepares a Comprehensive Annual Financial Report (CAFR) consisting of management's representations concerning the District's finances. An independent auditing firm audits this report and examines District internal controls and provides an opinion on the financial reporting and provides suggestions on ways to improve the internal control processes of the District.

Fund Structure and Descriptions

Legally, the San Juan Water District is a single enterprise fund. For purposes of rate setting, reserve segregation and managerial reporting, the District utilizes four distinct funds as follows:

Enterprise Funds:

- Wholesale Operating Fund
- Retail Operating Fund

Capital Outlay Funds:

- Wholesale Capital Outlay Fund
- Retail Capital Outlay Fund

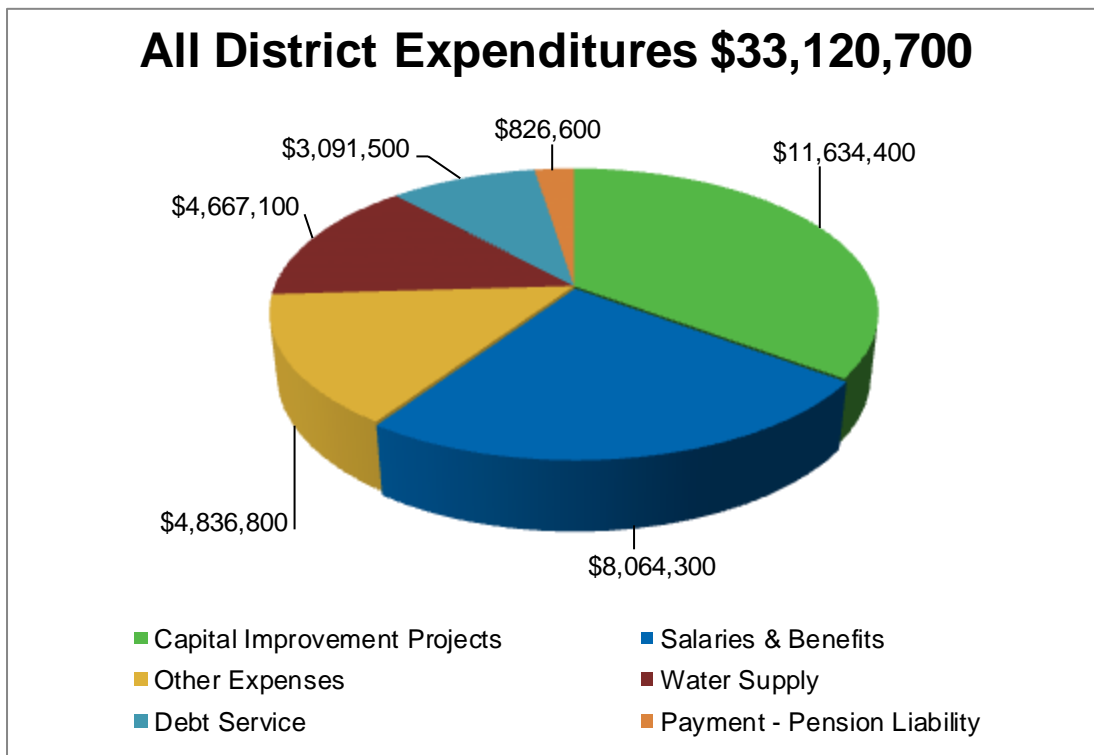
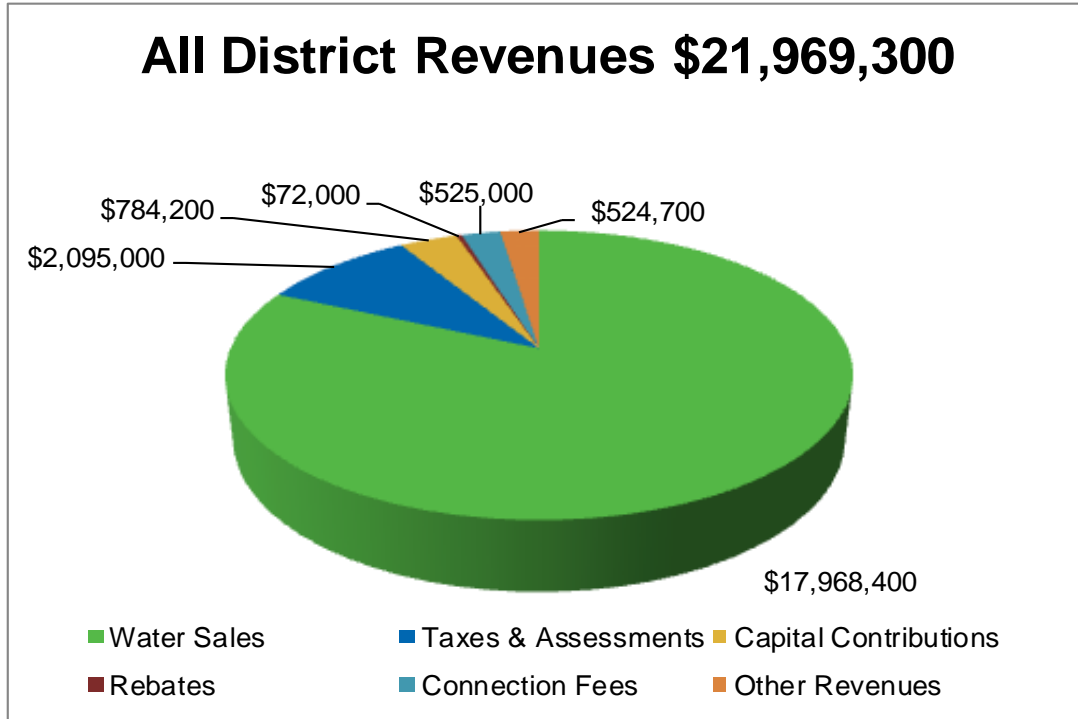
The funds are combined for purposes of formal financial reporting (audited financial statements). Budgets and descriptions for these funds can be found starting on page 28.

Budget Assumptions

A budget is an estimate of revenues and expenditures for a set period of time. The creation of estimate involves a set of assumptions and it is important that the reader of this budget understands the assumptions used in preparing the revenue and expenditures estimates contained herein. The list below shares the primary assumptions used in the creation of this budget:

- Water rates held constant from calendar year 2016
- Water consumption increases from the previous mandatory conservation of 35% less than 2013 consumption to 20% less than 2013 consumption
- Treatment of 7,500 acre feet of water for Sacramento Suburban Water District
- Property taxes increase 5%
- Investment income assumed to hold constant
- Limited solar rebate revenue
- No Central Valley Project water to be purchased
- Board of Directors approval of installment payment in the amount of \$866,900 for groundwater reimbursement
- 10% decrease in Workers Compensation rates
- 5% increase in Health Care costs
- Remit existing PERS reserves (\$826,000) to CalPERS as payment towards unfunded pension liability (saves \$1.8 million over 19 years)
- Cost of Living Allowance (COLA) 2.5%, tied to the Western Cities CPI
- Two new positions, both starting on January 1, 2017: HR Specialist and Water Treatment Plant Operator

Estimated Sources and Uses of Funds – Summary



Estimated Sources and Uses of Funds – Summary

	Wholesale		Retail Operations	Retail Capital		Total
	Wholesale Operations	Capital Outlay		Outlay	Outlay	
Est. Beginning Available Reserves July 1, 2016	\$ 3,224,712	\$ 8,806,500	\$ 2,803,239	\$ 7,736,100	\$ 22,570,551	
Sources						
Water Sales	8,310,600	-	9,657,800	-	17,968,400	
Taxes & Assessments	-	1,045,000	-	1,050,000	2,095,000	
Capital Contributions	-	784,200	-	-	784,200	
Connection Fees	-	75,000	-	450,000	525,000	
Rebates	-	72,000	-	-	72,000	
Other Revenues	122,400	55,600	300,900	45,800	524,700	
Total Revenues	8,433,000	2,031,800	9,958,700	1,545,800	21,969,300	
Uses						
Capital Improvement Projects	-	6,825,000	-	4,809,400	11,634,400	
Salaries & Benefits	3,494,100	-	4,570,200	-	8,064,300	
Water Supply	1,945,800	-	2,721,300	-	4,667,100	
Debt Service - Interest	1,389,400	-	774,200	-	2,163,600	
Debt Service - Principal	607,500	-	320,400	-	927,900	
Pay Unfunded Pension Liability	415,800	-	410,800	-	826,600	
Other Expenses	2,216,200	105,000	2,515,600	-	4,836,800	
Total Expenses	10,068,800	6,930,000	11,312,500	4,809,400	33,120,700	
Net Sources and Uses	\$ (1,635,800)	\$ (4,898,200)	\$ (1,353,800)	\$ (3,263,600)	\$ (11,151,400)	
Transfer In/(Out)	210,600	(210,600)	1,025,600	(1,025,600)	-	
Ending Available Reserves Est.	\$ 1,799,512	\$ 3,697,700	\$ 2,475,039	\$ 3,446,900	\$ 11,419,152	

MAJOR REVENUES AND EXPENDITURES

In order to assist in understanding the fiscal trends facing the San Juan Water District, and the assumptions utilized in preparing this budget, the following discussion and analysis of the District’s major revenues and expenditures are presented.

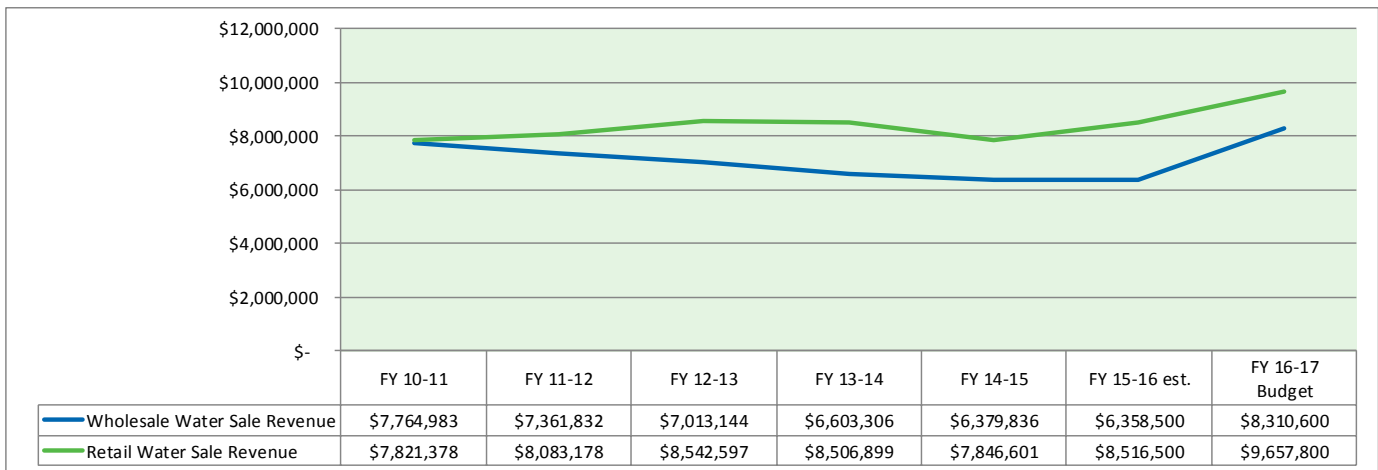
Water Sales

Revenue from the sale of water accounts for 81% of all District revenues. The Board of Directors considers and adopts rates through separate processes for wholesale and retail. Wholesale customers are presented with a rate study and are given 150 days to provide comments to the Board of Directors on proposed rate changes. After the 150 day comment period, the Board of Directors review the comments and make a decision on rates for the upcoming calendar year.

Retail rates are subject to the provision of Proposition 218 wherein customers are provided information on proposed rate changes, and are invited to attend a public hearing on the proposed changes. Proposed rate changes can be denied if a majority of ratepayers submit votes against the proposed change. If a majority of “no” votes is not received, the Board of Directors will vote on the proposed rate increase and set the effective date for any proposed and approved changes.

While the District is currently conducting a multi-year rate study, no rate increases are assumed in this budget.

Water Sale Revenues

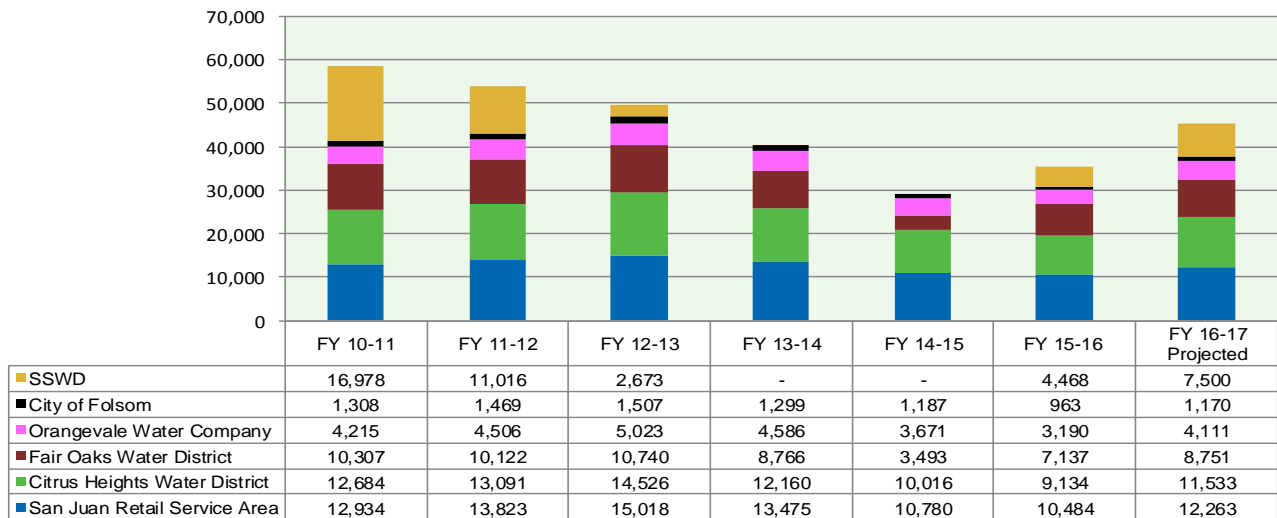


Due to a combination of the severe drought, and conservative water rate increases, total combined Water Sale Revenues have fallen since fiscal year 2010-11.

Water revenues are driven by two primary factors, amount of use and rate per unit. The chart above shows retail and wholesale water revenues from fiscal year 2010-11 to current. The charts following show water use for the same time period.

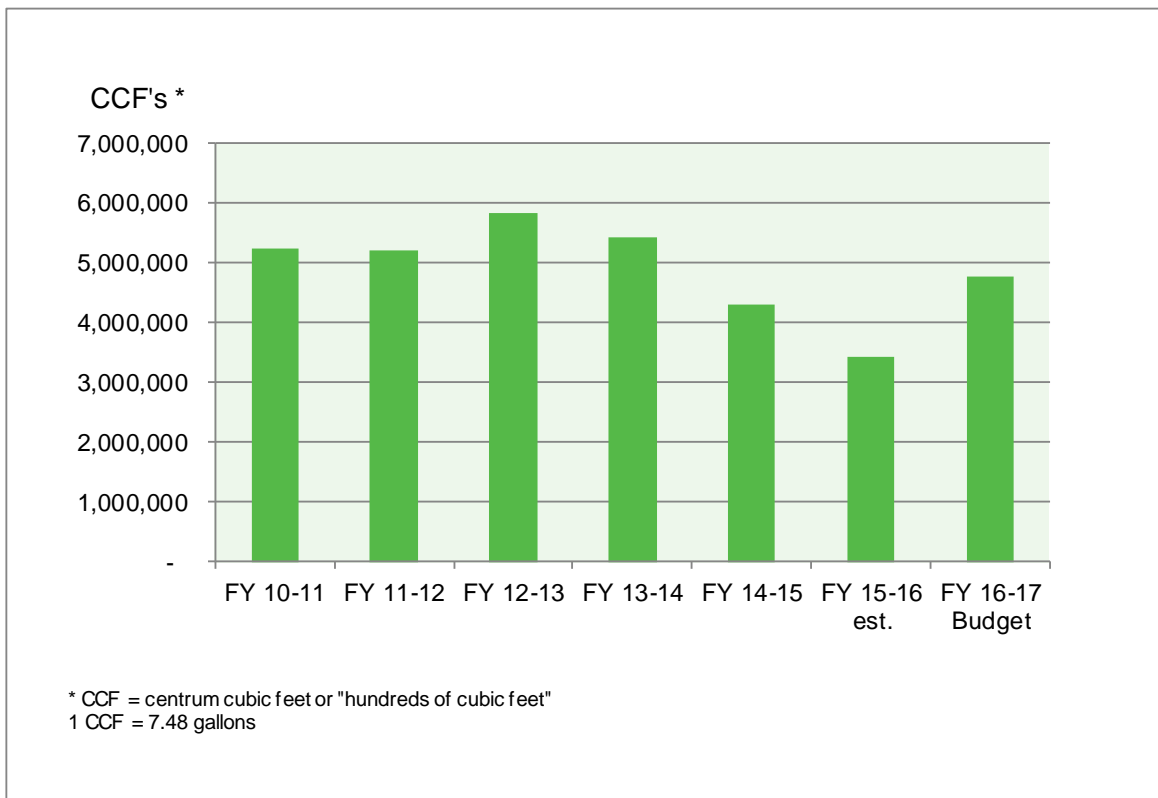
Wholesale water sale revenues declined steadily from fiscal year 2010-11 through fiscal year 2015-16. However, revenues are expected to increase in the current year as a result of a rate increase effective January 1, 2016 combined with increased consumption assumptions.

Wholesale Water Deliveries – Acre Feet



Wholesale water deliveries also experienced a steady decline from FY 2010-11. The District periodically treats water for the Sacramento Suburban Water District (see orange component in chart below). Since this revenue source is unpredictable, it is not usually anticipated in annual budgets, but it is a major contributor to the increase in water deliveries in FY 2015-16. Sacramento Suburban Water District confirmed they will be requesting treatment of 7,500 acre feet of water by December 2016, therefore the associated revenues were included in this budget. Because calendar year 2013 was the last year of “unconstrained water use”, meaning the State of California hadn’t requested voluntary, or imposed mandatory water conservation, it is typically used to gauge current year water use. Wholesale customer agencies reported an expectation that their demand for water will be approximately 20% less than their 2013 demand.

Retail Water Deliveries – Centrum Cubic Feet*



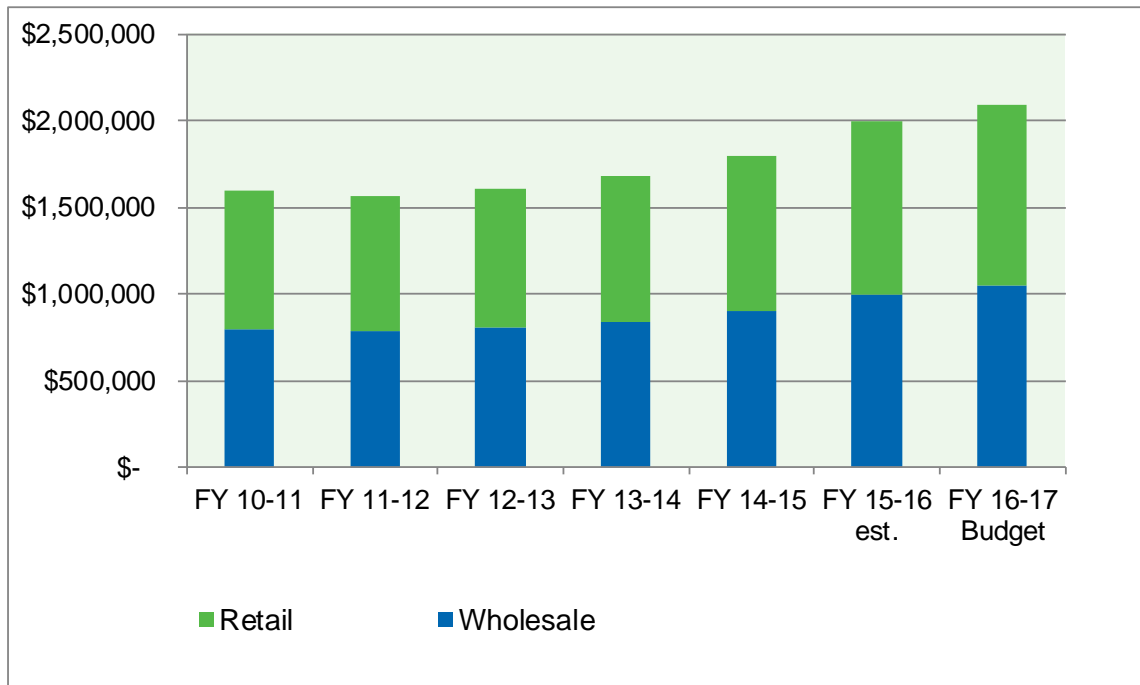
In FY 2011-12, water use was relatively constant from the prior year, but due to a 2% rate increase, effective the prior January, revenues were slightly up. In FY 2012-13, water use increased 11% and while there was no rate increase in the prior year, there was an inflation adjustment of 2% mid-way through the year, resulting in an increase in revenues. In FY 2013-14, water use began a multi-year decline, but a mid-year 2% rate increase, combined with the prior year 2% increase resulted in revenues that were just slightly lower than the prior year. In FY 2014-15, water use dropped significantly as a result of the drought. The District restructured their rates and at the end of the year, in June 2015, implemented a drought surcharge. Revenues for FY 2014-15 fell 7.8% from the prior year. In FY 2015-16, water use continued its sharp decline but due to the drought surcharge and a 15% rate increase in January 2016, revenues were restored to FY 2013-14 levels. The drought surcharge was removed March 1, 2016.

The District anticipates water use will increase in FY 2016-17 as a result of the rainfall over the past year. The increased consumption of water, combined with the prior year rate increase is expected to yield increased revenues that are needed to pay for deferred maintenance and capital projects.

Property Tax

Representing approximately 10% of total District revenues, the Property Tax is the second largest revenue source. Property Tax revenue is shared evenly between Wholesale and Retail and has been designated by the Board of Directors to be spent on capital projects, not operations.

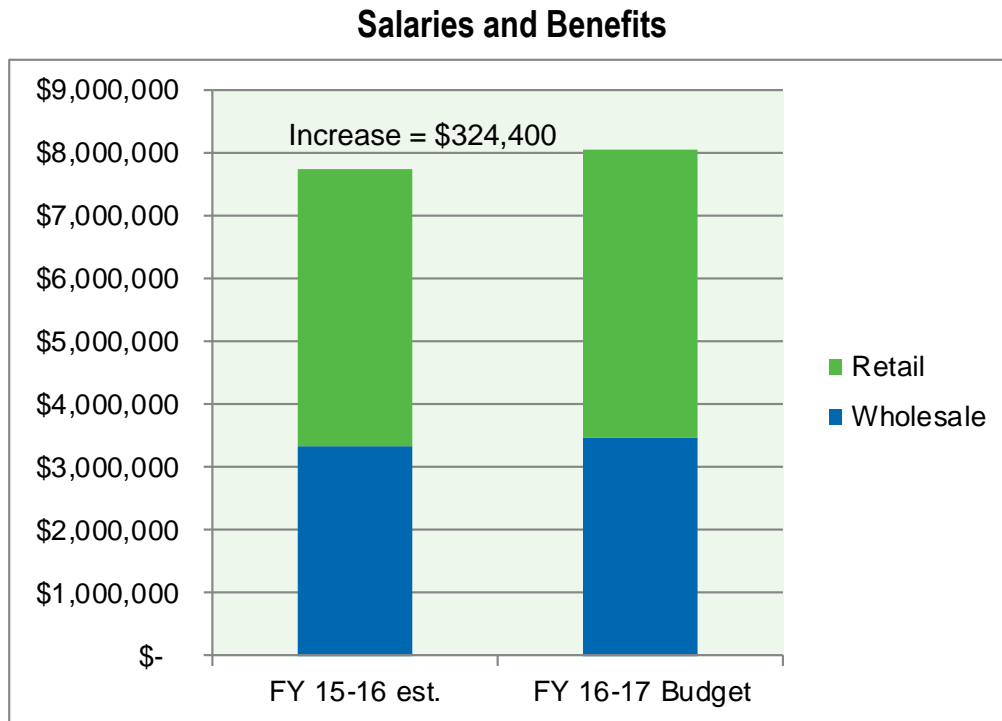
Property Tax Revenues



Property Tax revenues have been increasing over the past four years, a result of the rebound in the housing market after the Great Recession. This budget anticipates a 5% increase in Property Tax revenues.

Salaries and Benefits

Aside from the Capital Improvement Program, Salaries and Benefits represent the largest expense of the District.



The level of District staffing (number of employees) has remained relatively unchanged for many years. Salary and Benefit costs are expected to increase by \$324,400 or 4.2% due to the following factors:

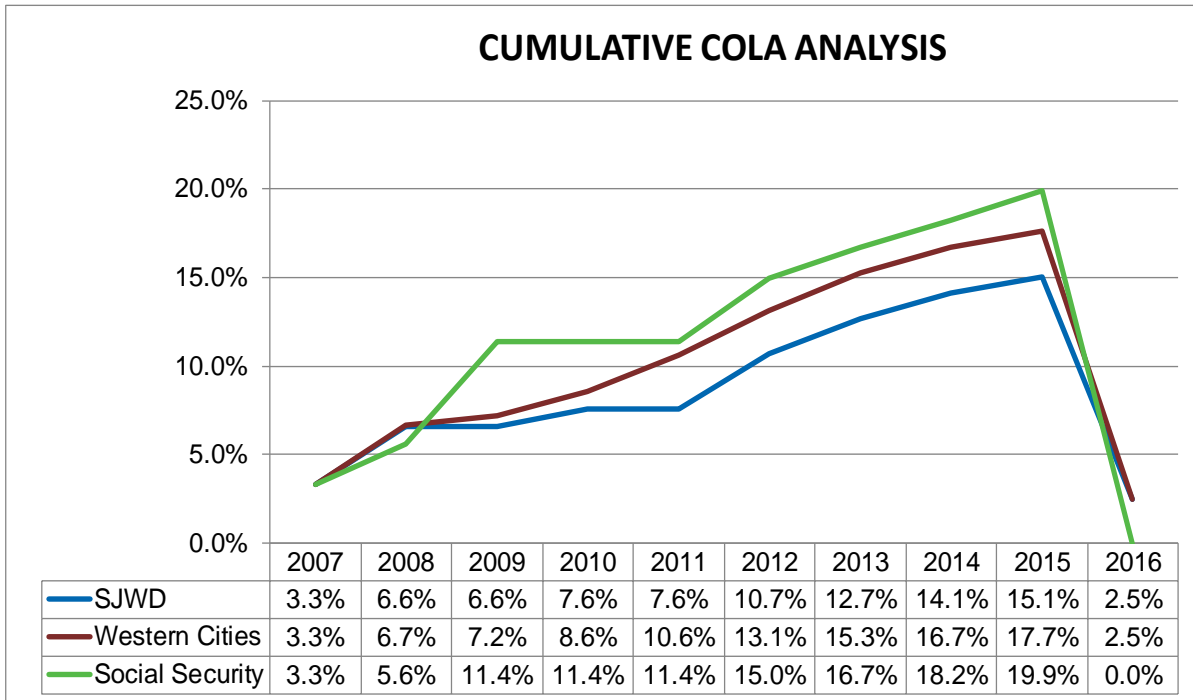
1. Placeholder funding for two new positions starting January 1, 2017 (\$106,000)
2. Cost of Living Adjustment (\$128,000)
3. Potential Merit Pay Increases (\$68,000)

This year, in order to increase treatment plant staffing redundancy and to ensure compliance with ever expanding payroll and human resource law, the budget includes funding for a new Treatment Plant Operator and a Human Resources Specialist, both subject to separate Board of Directors approval.

The budget anticipates a modest amount for merit pay increases, if earned and awarded, for those employees who are not at the top of their range. Approximately 35% of the District's employees are at the top of the salary range.

The District does periodic compensation studies to ensure it is offering a fair and competitive compensation package to its employees. Between compensation studies, the District considers annual cost of living adjustments (COLA), tied to the Western

Cities Consumer Price Index (CPI). The award of the COLA is not automatic. It is subject to Board of Directors approval via adoption of the budget. The chart below summarizes historical COLA approved by the Board of Directors and provides a comparison of those adjustments to both the Western Cities Consumer Price Index, as well as the COLA's awarded to Social Security recipients. Social Security uses a different index to calculate and award COLA's.



The Board of Directors considers annual Cost of Living Adjustments with each budget cycle. The chart above illustrates that the COLA's granted did not keep pace with the Western Cities CPI. The District completed and implemented a compensation study in 2015. The implementation of the study to salary ranges is effectively a “re-start” on the comparison of cumulative COLA adjustments as the study brought compensation to market levels, removing any disparity from previous year COLA's.

This budget includes a 2.5% COLA adjustment for employees, in line with the Western Cities CPI.

Water Supply Costs

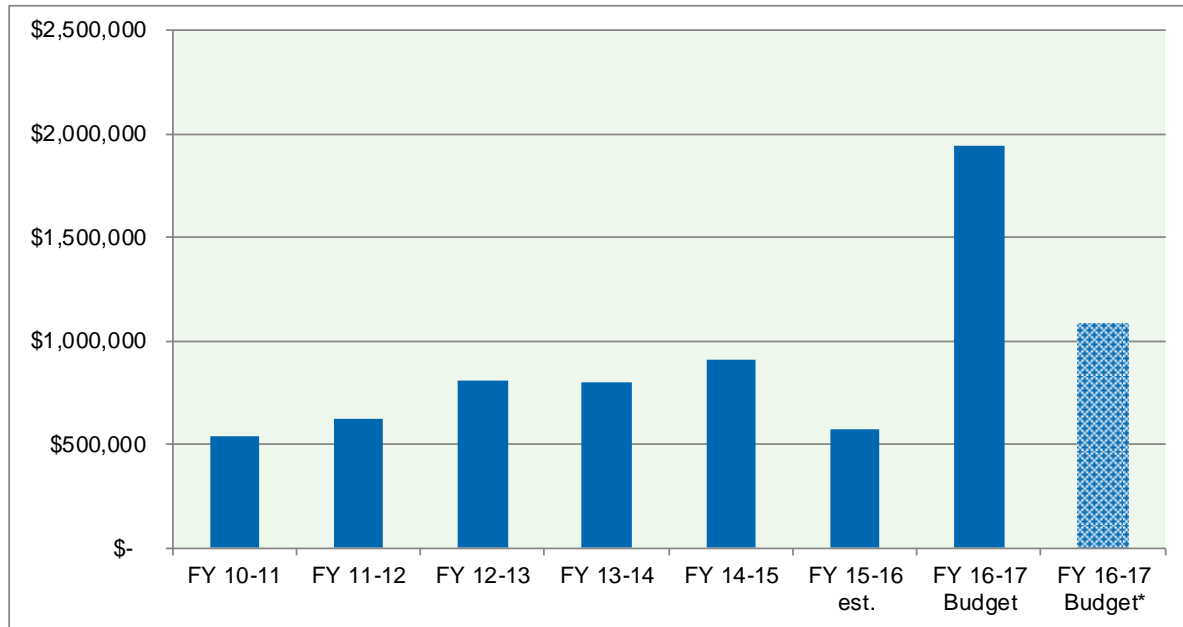
The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water (CVP water). The third water source is a contract with Placer County Water Agency (PCWA) for 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the Fiscal Year 2014-2015 was 34,614 acre-feet and

San Juan Water District

Fiscal Year 2016-2017 Adopted Budget

is anticipated to be 30,696 acre-feet for Fiscal Year 2015-2016, and 37,828 for Fiscal Year 2016-2017, excluding pass through deliveries for Sacramento Suburban Water District.

Wholesale Water Supply Cost



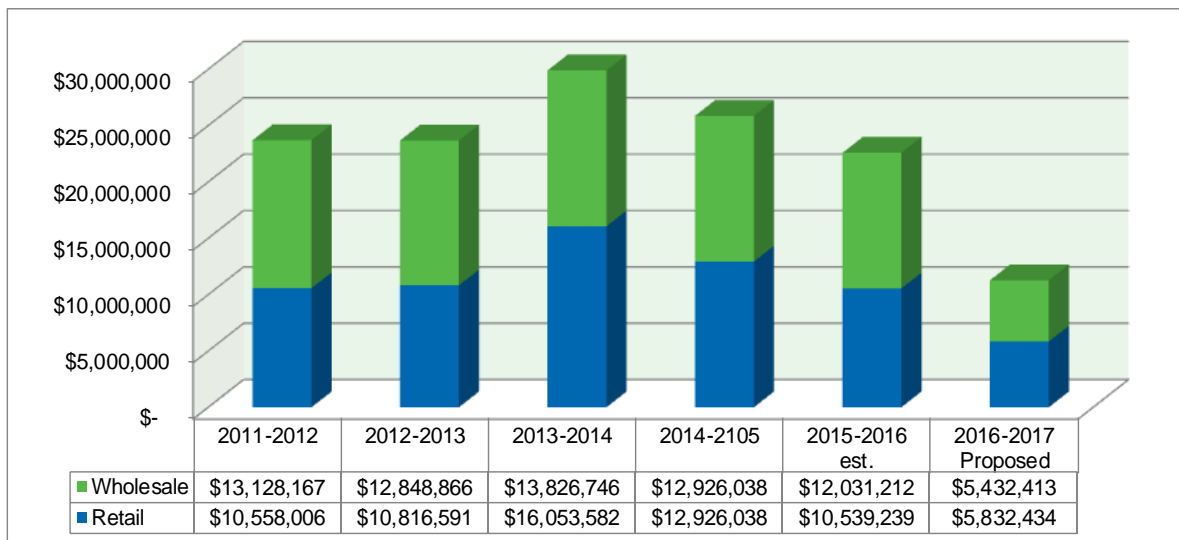
* excludes groundwater reimbursement installment payment explained below

As illustrated in the chart above, water supply costs are significantly higher in Fiscal Year 2016-2017 than in prior years. There are two primary reasons for this increase. First, in 2008 a surface water shortage and reimbursement agreement to provide groundwater supplies during times of surface water shortage was prepared, and referenced in the signed 2008 Wholesale Water Supply Agreements, but was never executed. Nevertheless, the District, in its capacity as the wholesale supplier, determined that there was a potential need for groundwater pumping between 2009 and 2013, and asked both the Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD) to maintain their readiness to supply groundwater. In 2014, due to a shortage in surface water supplies caused by a third year of drought, San Juan Water District requested groundwater to be pumped. Both CHWD and FOWD failed to provide the District with annual bills for both their incremental costs to maintain active wells and for the pumping which occurred in 2014. In 2014, the District was provided with bills in the approximate amount of \$4 million. The District is disputing the amount, and resolution of the matter is expected to occur in Fiscal Year 2016-2017 for an amount significantly less than the amount originally invoiced and will be able to make annual payments on the amount due. This budget includes a payment of \$866,900 towards that resolution. The light blue bar on the graph above shows water supply costs for fiscal year 2016-2017 without the payment towards the groundwater reimbursement.

Even after removing the effect of the groundwater reimbursement, water supply costs still appear higher than in prior years. This is due in part to an assumed increase in water use, but is also due to an overall increase in the cost of raw water. The District pays a nominal amount to the State Water Resources Control Board, under protest, as a water rights fee for the Pre 1914 water. The cost of the CVP water is set by the United States Department of the Interior, Bureau of Reclamation. It is also a primary driver for the cost of the PCWA water. Both the CVP and PCWA water costs increased dramatically for this budget year. The CVP water rate increased 57%, but the District does not anticipate purchasing CVP water for this budget year. For PCWA water, the District pays the average of the District’s CVP rate and the CVP rate for the City of Roseville and PCWA. In addition, the District has to pay a wheeling charge to the Bureau of Reclamation for the use of federal facilities (Folsom Lake) to convey the water from PCWA to the District. The wheeling rate has increased 69% from the prior year, going from \$15.96 per acre foot to \$27.04 per acre foot.

Reserve Summary

Wholesale and Retail Operating and Capital Reserves Combined



The combination of the Great Recession, followed by the drought, resulted in the need to defer maintenance and capital projects and utilize reserves to augment operations and critical capital projects. This is illustrated above by the sharp decline in District reserve balances. The District is currently undergoing a study to determine future operational and capital needs, and a rate structure that will reasonably accommodate those needs, so that the District can continue in its mission to deliver a reliable water supply of the highest quality at reasonable and equitable costs.

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OPERATING FUNDS

The Wholesale and Retail Operating Funds account for the operations of the District. Department operating costs are shared and split between Wholesale and Retail based upon the proportionate benefit received by each, which can differ from person to person, department to department and expense to expense. The District is comprised of the following functional areas, or departments:

Administration and General

The functional area of Administration and General is a combination of the following departments: Board of Directors, Executive, Finance, Administration, Human Resources, and Information Technology. Overall District costs related to general operations, legal, insurance and office expenses are recorded in this category.

Major initiatives/projects for the Fiscal Year include:

- Updating District Ordinances and Policies
- Setting the path for fiscal sustainability after the economic downturn and the extended drought conditions
- Water Fix - ensuring our customers are not negatively impacted by the construction and operation of the new Delta “tunnels” which are designed to provide reliable water transmission from north to south of the Delta
- Evaluating existing water supply contracts and rights for best combination of dry year reliability and cost
- Improving District website for look, feel and functionality

Conservation

The Conservation Department is responsible for creating and implementing programs and services that reduce water use to meet federal, state and local commitments.

Major initiatives/projects for the Fiscal Year include:

- Rehabilitate outdated sections of the demonstration WEL (Water Efficient Landscape) Garden (wholesale)
- Organize a mulch give-a-way event (wholesale)
- Implement rebate incentive programs that support continued water use reduction to meet a 20% reduction requirement by the year 2020
- Develop and coordinate a student art calendar contest to be distributed to all wholesale agencies

Customer Service

The Customer Service Department is responsible for the billing and collection of water service revenue from San Juan Water District Retail customers and is the initial point of contact for customer inquiries. This includes the establishment of new water service, modifications to existing service, payments, delinquency cutoffs, and meter reading.

Major initiatives/projects for the Fiscal Year include:

- Implement and manage a Districtwide emergency notification system program sending customer and employee alerts when necessary
- Purchase utility billing module of newly implemented Tyler Accounting System and migrate from existing utility billing software
- Work with Field Service staff to update manually read meters with radio or touch read meters to improve reading efficiency

Engineering Services

This Department is responsible for planning, designing and managing capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component.

Water Treatment

This Department maintains and operates the Sidney N. Peterson Water Treatment Plant (the Plant). The Plant is staffed and operated continuously, 24 hours per day, 7 days per week and 365 days per year. The Department also maintains the Hinkle Reservoir, a 62 million gallon floating covered reservoir, where treated water is stored prior to distribution. The plant supplies potable water to the Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, City of Folsom's northern area (Ashland), Sacramento Suburban Water District, as well as San Juan Water District's retail service area.

Major initiatives/projects for the Fiscal Year include:

- Completion of the Flocculation/Sedimentation Improvement Project – a construction project replacing existing flocculation and sedimentation equipment and constructing a new redundant settled water channel for increased reliability
- Complete large maintenance and repairs to Hinkle Reservoir cover to extend useful life

Distribution (Field Services)

This Department operates and maintains Wholesale and Retail water transmission and distribution pipelines ranging in size from 6" to 96" in diameter and totaling over 217 miles in length, including water meters, air release valves and other appurtenances. The Department also maintains and operates six pump stations and three reservoirs ranging from 4.56 to 0.05 million gallons within the Retail system. The Department responds to emergency repairs, works directly with customers, and monitors and maintains water quality standards in the system to meet all federal and state drinking standards.

Major initiatives/projects for the Fiscal Year include:

- Recoating of Los Lagos Tank and installation of a new sampling and mixing system
- A comprehensive water loss evaluation of the Retail Distribution System
- Install two pressure control stations and combine a portion of Sierra Pressure Zone with Bacon Pressure Zone to reduce demand on Sierra Pump Station and increase turnover in Kokila reservoir
- Significant maintenance work relating to:
 - ◆ Electrical System
 - ◆ Kokila Reservoir
 - ◆ Old Shop Building

Wholesale Operating Fund

The Wholesale Operating Fund is used to account for the operating revenues and expenses of the Wholesale division. This includes the acquisition of raw water, the water treatment plant, and the related administrative support to conduct wholesale water activities. This fund holds and is used to report on all wholesale operating reserves.

ADOPTED FISCAL YEAR 2016-2017 BUDGET

	<u>Wholesale Operations</u>
Est. Beginning Available Reserves July 1, 2016	\$ 3,224,712
Sources	
Water Sales	8,310,600
Other Revenues	122,400
Total Sources	\$ 8,433,000
Uses	
Salaries & Benefits	3,494,100
Water Supply	1,945,800
Other Expenses	2,216,200
Debt Service - Interest	1,389,400
Debt Service - Principal	607,500
Pay-off Unfunded Pension Liability	415,800
Total Uses	\$ 10,068,800
Net Sources and Uses	\$ (1,635,800)
Transfer In/(Out)	210,600
Est. Ending Available Reserves June 30, 2017	\$ 1,799,512

WHOLESALE OPERATING FUND SUMMARY

	FY 2013-2014	FY 2014-2015	FY 2015-2016 Estimated	FY 2016-2017 Proposed
Est. Beginning Available Reserves	\$ 12,848,866	\$ 13,826,746	\$ 14,474,812	\$ 3,224,712
Sources				
Water Sales	6,614,719	6,379,836	6,358,500	8,310,600
Capital Contributions	(225,068)	370,250	-	-
Connection Fees	53,231	112,615	-	-
Taxes & Assessments	838,921	899,732	-	-
Rebates	365,683	399,179	-	-
Other Revenues	784,268	338,246	225,600	122,400
Total Revenues	\$ 8,431,754	\$ 8,499,858	\$ 6,584,100	\$ 8,433,000
Uses				
Administration and General:				
Salaries & Benefits	1,348,655	852,026	1,610,200	1,494,800
Professional Services	765,421	382,644	596,200	577,500
Maintenance and Repair	28,691	14,657	10,800	18,200
Materials and Supplies	35,188	23,058	23,500	22,400
Public Outreach	-	160,670	187,600	197,200
Other Expenses	308,906	186,607	273,800	391,200
Total Administration and General	2,486,862	1,619,662	2,702,100	2,701,300
Water Treatment Plant				
Salaries & Benefits	1,064,213	1,386,438	1,303,600	1,547,400
Professional Services	156,777	14,055	44,000	39,900
Maintenance and Repair	69,194	234,476	228,059	226,300
Materials and Supplies	557,573	423,436	381,500	473,500
Other Expenses	49,251	205,659	69,841	116,400
Total Water Treatment Plant	1,897,009	2,264,064	2,027,000	2,403,500
Water Supply				
Placer County Water Agency	608,390	550,442	312,100	893,300
Purchase of Treated Water (Groundwater)	-	-	-	866,900
Pumping to Treatment Plant	106,115	108,540	109,900	111,000
Pre - 1914 Water Rights Water	16,365	17,892	19,400	21,000
Central Valley Project Water	54,929	150,152	59,700	-
Other	16,316	84,960	73,400	53,600
Total Water Supply	802,115	911,988	574,500	1,945,800
Engineering				
Salaries & Benefits	181,531	203,946	292,600	317,000
Professional Services	89,154	(32,797)	4,500	29,800
Maintenance and Repair	4,303	5,786	1,000	1,200
Materials and Supplies	24,189	656	8,900	5,600
Other Expenses	9,557	(40,009)	10,000	15,300
Total Engineering	308,734	137,582	317,000	368,900
Conservation				
Salaries & Benefits	212,917	157,444	147,800	134,900
Professional Services	-	574	-	3,500
Maintenance and Repair	7,600	7,484	11,000	10,300
Materials and Supplies	26	14	15,300	15,100
Other Expenses	5,105	8,346	7,200	15,500
Total Conservation	225,648	173,862	181,300	179,300
Non-Departmental				
Debt Service - Principal	446,017	563,833	587,700	607,500
Debt Service - Interest	1,207,550	1,435,587	1,413,900	1,389,400
Capital Improvement Projects	95,051	78,898	-	-
Payment Towards Unfunded Pension Liability	-	-	-	415,800
Other	(15,111)	666,315	8,800	57,300
Total Non-Departmental	1,733,508	2,744,633	2,010,400	2,470,000
Total Uses	\$ 7,453,875	\$ 7,851,791	\$ 7,812,300	\$10,068,800
Transfer Out to New Capital Outlay Fund	-	-	(11,203,300)	-
Transfer In from Capital Outlay Fund	-	-	1,181,400	210,600
Est. Ending Available Reserves	\$ 13,826,746	\$ 14,474,812	\$ 3,224,712	\$ 1,799,512

Retail Operating Fund

The Retail Operating Fund is used to account for the operating revenues and expenses of the retail service area. This includes the payment to the Wholesale fund for the cost of treated water, as well as the distribution of the treated water to all customers in the District’s retail service area, including related administrative support. This fund holds and is used to report on all retail operating reserves.

ADOPTED FISCAL YEAR 2016-2017 BUDGET

	Retail Operations
Est. Beginning Available Reserves July 1, 2016	\$ 2,803,239
Sources	
Water Sales	9,657,800
Other Revenues	300,900
Total Revenues	\$ 9,958,700
Uses	
Salaries & Benefits	4,570,200
Treated Water	2,721,300
Other Expenses	2,515,600
Debt Service - Interest	774,200
Debt Service - Principal	320,400
Pay-off Unfunded Pension Liability	410,800
Total Expenses	\$ 11,312,500
Net Sources and Uses	\$ (1,353,800)
Transfer In/(Out)	1,025,600
Est. Ending Available Reserves June 30, 2017	\$ 2,475,039

RETAIL OPERATING FUND SUMMARY

	FY 2013- 2014	FY 2014-2015	FY 2015-2016 Estimated	FY 2016-2017 Proposed
Est. Beginning Available Reserves	\$12,848,866	\$ 16,053,582	\$ 12,926,038	\$ 2,803,239
Sources				
Water Sales	8,506,899	7,846,601	8,516,500	9,657,800
Capital Contributions	-	589,599	-	-
Connection Fees	24,090	908,072	-	-
Taxes & Assessments	838,921	899,732	-	-
Rebates	30,587	8,739	3,700	-
Other Revenues	1,174,282	246,124	302,200	300,900
Total Revenues	\$10,574,780	\$ 10,498,867	\$ 8,822,400	\$ 9,958,700
Uses				
Administration and General:				
Salaries & Benefits	945,824	1,493,002	1,207,800	1,180,100
Professional Services	335,098	231,803	249,600	407,700
Maintenance and Repair	29,125	99,973	86,100	96,900
Materials and Supplies	166,762	17,592	14,300	16,800
Public Outreach	-	92,484	66,800	68,400
Other Expenses	276,521	387,984	210,900	315,400
Total Administration and General	\$ 1,753,331	\$ 2,322,838	\$ 1,835,500	\$ 2,085,300
Distribution System				
Salaries & Benefits	2,267,265	1,957,512	1,944,300	2,202,000
Professional Services	78,505	173,424	361,800	288,700
Maintenance and Repair	70,349	60,251	248,000	350,700
Materials and Supplies	31,595	17,499	27,200	33,900
Other Expenses	543,860	629,914	459,700	477,100
Total Distribution System	\$ 2,991,574	\$ 2,838,600	\$ 3,041,000	\$ 3,352,400
Water Supply				
Purchase Water from Wholesale	2,110,208	2,217,448	2,368,500	2,721,300
Other	-	25,246	20,500	-
Total Water Supply	\$ 2,110,208	\$ 2,242,694	\$ 2,389,000	\$ 2,721,300
Engineering				
Salaries & Benefits	289,882	324,001	295,500	317,000
Professional Services	11,052	7,289	5,600	33,200
Maintenance and Repair	3,886	410	1,100	1,400
Materials and Supplies	2,555	2,983	9,300	7,700
Other Expenses	17,674	22,306	13,800	18,900
Total Engineering	\$ 325,048	\$ 356,988	\$ 325,300	\$ 378,200
Conservation				
Salaries & Benefits	335,308	422,080	489,600	410,500
Professional Services	2,645	35,202	109,000	79,000
Maintenance and Repair	397	2,820	7,000	4,000
Materials and Supplies	6,394	8,815	10,700	11,400
Other Expenses	79,440	109,363	112,200	84,800
Total Conservation	\$ 424,184	\$ 578,279	\$ 728,500	\$ 589,700
Customer Service				
Salaries & Benefits	395,574	394,667	422,000	460,600
Professional Services	84,742	126,947	132,000	176,200
Maintenance and Repair	100	453	3,100	2,600
Materials and Supplies	32,400	26,903	31,000	36,200
Other Expenses	66,237	46,500	47,700	48,100
Total Customer Service	\$ 579,052	\$ 595,471	\$ 635,800	\$ 723,700
Non-Departmental				
Debt Service - Principal	233,775	297,198	309,600	320,400
Debt Service - Interest	708,032	798,317	787,000	774,200
Capital Improvement Projects	(1,760,619)	4,222,479	-	-
Payment Towards Unfunded Pension Liabili	-	-	-	410,800
Other	5,480	(30,983)	38,100	(43,500)
Total Non-Departmental	\$ (813,332)	\$ 5,287,011	\$ 1,134,700	\$ 1,461,900
Total Uses	\$ 7,370,064	\$ 13,626,411	\$ 10,089,800	\$ 11,312,500
Transfer Out to New Capital Outlay Fund	-	-	(10,331,800)	-
Transfer In from Capital Outlay Fund	-	-	1,476,400	1,025,600
Est. Ending Available Reserves	\$16,053,582	\$ 12,926,038	\$ 2,803,239	\$ 2,475,039



Wholesale Capital Outlay Fund

This fund was created in Fiscal Year 2015-2016 to receive and separately account for revenues that are designated by the Board of Directors to be utilized solely for wholesale capital expenditures and to account for the acquisition of wholesale capital assets, including large scale maintenance of capital assets and improvements made to such assets. Capital reserves were transferred out of operating into this new fund upon fund creation. This fund now holds and is used to report on all wholesale capital reserves.

ADOPTED FISCAL YEAR 2016-2017 BUDGET

	<u>Wholesale Capital Outlay</u>
Est. Beginning Available Reserves July 1, 2016	\$ 8,806,500
 Sources	
Taxes & Assessments	1,045,000
Capital Contributions	784,200
Connection Fees	75,000
Rebates	72,000
Other Revenues	55,600
Total Sources	<u>\$ 2,031,800</u>
 Uses	
Capital Improvement Projects	6,825,000
Maintenance - Facility	105,000
Total Uses	<u>\$ 6,930,000</u>
 Net Sources and Uses	 \$ (4,898,200)
 Transfer In/(Out)	 (210,600)
 Est. Ending Available Reserves June 30, 2017	 <u><u>\$ 3,697,700</u></u>

WHOLESALE CAPITAL OUTLAY FUND SUMMARY

	FY 2015-2016	FY 2016-2017
	Estimated	Proposed
Est. Beginning Available Reserves	\$ -	\$ 8,806,500
Sources		
Taxes & Assessments	995,000	1,045,000
Capital Contributions	889,500	784,200
Rebates	355,000	72,000
Connection Fees	52,000	75,000
Other Revenues	53,400	55,600
Total Sources	\$ 2,344,900	2,031,800
Uses		
Contributions to Others	1,417,000	-
Capital Outlay - Water Treatment Plant & Improvements	1,223,000	6,531,500
Capital Outlay - Mains/Pipelines & Improvements	700,000	-
Capital Outlay - Equipment and Furniture	123,300	158,000
Capital Outlay - Vehicles	31,500	76,500
Capital Outlay - Buildings & Improvements	15,000	-
Capital Outlay - Reservoirs & Improvements	15,000	59,000
Capital Outlay - Software	9,500	-
Facility Maintenance	26,000	105,000
Total Uses	\$ 3,560,300	\$ 6,930,000
Net Sources and Uses	\$ (1,215,400)	\$ (4,898,200)
Transfer In	11,203,300	-
Transfer Out	(1,181,400)	(210,600)
Est. Ending Available Reserves	\$ 8,806,500	\$ 3,697,700

The **Wholesale Capital Outlay Budget** includes spending on the following projects in Fiscal Year 2016-2017:

Treatment Plant - Flocculation/Sedimentation Basin and Settled Water	
Channel Improvements	\$ 6,372,000
ARC Flash Improvements	150,000
Hinkle Reservoir Cleaning and Repairs	105,000
In-Plant Pump Station Improvements	69,000
Treatment Plant - Lime System Control & Feeder System Improvements	64,000
Hinkle Reservoir Monitoring Wells Level Probes	59,000
Replacement of Wholesale Operations Vehicle #20	37,000
Replacement of Articulating Boom Lift	32,000
Other Miscellaneous Plant Improvements	26,500
IT System Back-Up	8,000
Replacement of Pool Vehicle (shared with Retail)	7,500
	<u>\$ 6,930,000</u>

Retail Capital Outlay Fund

This fund was created in Fiscal Year 2015-2016 to receive and separately account for revenues that are designated by the Board of Directors to be utilized solely for retail capital expenditures and to account for the acquisition of retail capital assets, including large scale maintenance of capital assets and improvements made to such assets. Capital reserves were transferred out of operating into this new fund upon fund creation. This fund now holds and is used to report on all retail capital reserves.

ADOPTED FISCAL YEAR 2016-2017 BUDGET

	<u>Retail Capital Outlay</u>
Est. Beginning Available Reserves July 1, 2016	\$ 7,736,100
Sources	
Taxes & Assessments	1,050,000
Connection Fees	450,000
Other Revenues	45,800
Total Sources	\$ 1,545,800
Uses	
Capital Improvement Projects	4,809,400
Total Uses	\$ 4,809,400
Net Sources and Uses	\$ (3,263,600)
Transfer In/(Out)	(1,025,600)
Est. Ending Available Reserves June 30, 2017	\$ 3,446,900

RETAIL CAPITAL FUND SUMMARY

	FY 2015-2016 Estimated	FY 2016- 2017
Est. Beginning Available Reserves	\$ -	#VALUE!
Sources		
Taxes & Assessments	Taxes & Assessm	1,050,000
Grant Revenue	Grant Revenue	-
Connection Fees	Tapping & Conne	450,000
Other Revenues	#VALUE!	45,800
Total Sources	#VALUE!	\$ 1,545,800
Uses		
Capital Outlay - Pump Stations & Improvements	1,545,000	1,171,000
Capital Outlay - Mains/Pipelines & Improvements	1,236,300	2,356,000
Capital Outlay - Reservoirs & Improvements	-	781,000
Contributions to Others	326,500	-
Capital Outlay - Vehicles	83,700	349,000
Capital Outlay - Equipment and Furniture	19,400	25,500
Capital Outlay - Software	9,500	126,900
Total Uses	\$ 3,220,400	\$ 4,809,400
Net Sources and Uses	#VALUE!	\$ (3,263,600)
Transfer In	10,331,800	-
Transfer Out	#VALUE!	(1,025,600)
Est. Ending Available Reserves	#VALUE!	#VALUE!

The **Retail Capital Outlay Budget** includes spending on the following projects in Fiscal Year 2016-2017:

<i>Main Distribution Line Replacements:</i>	
6690-7767 Douglas Boulevard	\$ 1,445,000
5700-5708 and 5640-5682 Main Avenue	351,000
9151-9219 Oak Avenue	323,000
7225-7355 Dambacher Drive	189,000
Orangevale Ave Bridge	48,000
<i>Pump Station Improvements:</i>	
Bacon Pressure Zone - 5 Pressure Reducing Stations	673,000
Oak Avenue - American River Canyon Pressure Reducing Station	212,000
Upper & Lower Granite Bay Pump Station Control Valves	159,000
Lower Granite Bay - Crown Point Emergency Intertie	42,000
Bacon Pump Station Intrusion Alarm	32,000
Emergency Projects	53,000
<i>Reservoir Improvements:</i>	
Los Lagos Tank Recoating	760,000
Los Lagos Tank Mixing System	21,000
<i>Vehicle Replacements:</i>	
Pool Vehicle (shared with Wholesale)	15,000
Conservation Department Small Pick-Up Truck	31,000
Distribution Vehicle #9	48,000
Distribution Vehicle #21	64,000
Backhoe	117,000
Mud Trailer	8,000
Compressor	32,000
Engineering Department Truck	34,000
<i>Other:</i>	
Utility Billing Software Replacement	126,900
New Copier	17,500
New Barracuda Information Systems Back-Up	8,000
Total Capital Improvement Projects	\$ 4,809,400

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Transfers In and Transfers Out

Transfers In and Transfers Out represent accounting methods to move resources (usually cash) from one fund to another. Transfers in represent resources being brought into that fund. Whereas, transfers out represent resources being taken from that fund.

Transfer In To:

Wholesale Operating Fund	\$	210,600
Retail Operating Fund	\$	1,025,600

Total Transfers In

\$ 1,236,200

Transfer Out From:

Wholesale Capital Fund	\$	(210,600)
Retail Capital Fund	\$	(1,025,600)

Total Transfers Out

\$ (1,236,200)

As illustrated by the transfer schedule shown above, neither the Wholesale nor Retail Operating Funds are generating net income sufficient to fund ongoing operations. Both funds are receiving transfers in from the Capital Funds to augment operating revenues. The District is evaluating options for correcting this negative trend such that transfers are going from the operations funds into the capital funds, in order to save resources for future capital needs and avoid debt issuance to the extent possible.

Debt Service Schedules

Revenue Certificates of Participation, Series 2009A
Debt Service Schedule - Fiscal Year Basis

Fiscal Year	Principal		Interest		Total		Combined Debt Service
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
2017	\$ 288,000	\$ 162,000	\$ 1,051,952	\$ 591,723	\$ 1,339,952	\$ 753,723	\$ 2,093,675
2018	304,000	171,000	1,037,219	583,436	1,341,219	754,436	2,095,654
2019	320,000	180,000	1,021,352	574,511	1,341,352	754,511	2,095,863
2020	336,000	189,000	1,003,852	564,667	1,339,852	753,667	2,093,519
2021	352,000	198,000	985,005	554,066	1,337,005	752,066	2,089,071
2022	371,200	208,800	964,819	542,711	1,336,019	751,511	2,087,529
2023	393,600	221,400	942,938	530,403	1,336,538	751,803	2,088,341
2024	416,000	234,000	919,769	517,370	1,335,769	751,370	2,087,140
2025	441,600	248,400	896,156	504,088	1,337,756	752,488	2,090,244
2026	464,000	261,000	872,482	490,771	1,336,482	751,771	2,088,253
2027	489,600	275,400	847,562	476,754	1,337,162	752,154	2,089,316
2028	512,000	288,000	821,368	462,020	1,333,368	750,020	2,083,388
2029	540,800	304,200	793,858	446,545	1,334,658	750,745	2,085,403
2030	569,600	320,400	764,243	429,887	1,333,843	750,287	2,084,129
2031	601,600	338,400	732,181	411,852	1,333,781	750,252	2,084,033
2032	633,600	356,400	698,360	392,828	1,331,960	749,228	2,081,188
2033	1,366,400	768,600	646,719	363,779	2,013,119	1,132,379	3,145,498
2034	1,440,000	810,000	566,880	318,870	2,006,880	1,128,870	3,135,750
2035	1,526,400	858,600	478,320	269,055	2,004,720	1,127,655	3,132,375
2036	1,619,200	910,800	384,416	216,234	2,003,616	1,127,034	3,130,650
2037	1,715,200	964,800	284,864	160,236	2,000,064	1,125,036	3,125,100
2038	1,817,600	1,022,400	179,392	100,908	1,996,992	1,123,308	3,120,300
2039	1,929,600	1,085,400	67,536	37,989	1,997,136	1,123,389	3,120,525
Outstanding	18,448,000	10,377,000	16,961,243	9,540,699	35,409,243	19,917,699	55,326,942
Paid 2009 - 2016	1,078,400	606,600	7,611,023	4,281,200	8,689,423	4,887,800	13,577,223
Total	\$ 19,526,400	\$ 10,983,600	\$ 24,572,266	\$ 13,821,899	\$ 44,098,666	\$ 24,805,499	\$ 68,904,165
	combined	\$ 30,510,000	combined	\$ 38,394,165			

**Refunding Revenue Bonds, Series 2012A
Debt Service Schedule - Fiscal Year Basis**

Fiscal Year	Principal		Interest		Total		Combined Debt Service
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
2017	\$ 291,645	\$ 158,355	\$ 336,040	\$ 182,460	\$ 627,685	\$ 340,815	\$ 968,500
2018	301,367	163,634	323,584	175,697	624,951	339,331	964,281
2019	314,329	170,672	311,744	169,268	626,073	339,940	966,013
2020	324,050	175,950	299,492	162,616	623,542	338,566	962,108
2021	343,493	186,507	282,885	153,598	626,378	340,105	966,483
2022	359,696	195,305	265,373	144,090	625,068	339,394	964,463
2023	375,898	204,102	247,050	134,141	622,948	338,243	961,192
2024	395,341	214,659	231,145	125,505	626,486	340,164	966,650
2025	408,303	221,697	219,123	118,977	627,426	340,674	968,100
2026	421,265	228,735	202,762	110,094	624,027	338,829	962,856
2027	440,708	239,292	180,220	97,855	620,928	337,147	958,075
2028	463,392	251,609	156,587	85,022	619,979	336,631	956,609
2029	489,316	265,685	131,692	71,505	621,007	337,189	958,197
2030	511,999	278,001	105,507	57,287	617,506	335,288	952,794
2031	541,164	293,837	77,989	42,346	619,152	336,182	955,334
2032	570,328	309,672	48,940	26,573	619,268	336,245	955,513
2033	599,493	325,508	18,359	9,969	617,852	335,476	953,328
Outstanding	7,151,784	3,883,217	3,438,492	1,867,004	10,590,275	5,750,221	16,340,496
Paid 2012-2016	1,678,579	911,421	1,469,618	797,961	3,148,197	1,709,382	4,857,579
Total	\$ 8,830,363	\$ 4,794,638	\$ 4,908,110	\$ 2,664,965	\$ 13,738,472	\$ 7,459,603	\$ 21,198,075
	combined	\$ 13,625,000	combined	\$ 7,573,075			

Labor Allocation

As mentioned previously, many employees are shared by Wholesale and Retail to maximize efficiency and eliminate the need for redundant positions. The table on the next page shows all District positions and their respective cost sharing between Wholesale and Retail based on their assigned duties.

Dept.	Position Title	# Budgeted	Wholesale Allocation	Retail Allocation	Wholesale FTE	Retail FTE
Executive						
	General Manager	1	90%	10%	0.90	0.10
	Assistant General Manager	1	70%	30%	0.70	0.30
	Water Resources Specialist	1	90%	10%	0.90	0.10
	Board Secretary/Administrative Assistant	1	50%	50%	0.50	0.50
	Total Executive	4			3.00	1.00
Finance and Administrative Services						
	Director of Finance	1	50%	50%	0.50	0.50
	Information Technology Administrator	1	50%	50%	0.50	0.50
	Finance and Administrative Services Analyst	1	50%	50%	0.50	0.50
	Accountant	1	50%	50%	0.50	0.50
	Purchasing Agent	1	50%	50%	0.50	0.50
	Human Resources Specialist	0.5	50%	50%	0.25	0.25
	Accounting Technician III	1	50%	50%	0.50	0.50
	Total Finance and Administrative Services	6.5			3.25	3.25
Conservation						
	Conservation Lead	1	0%	100%	-	1.00
	Conservation Technician I	1	0%	100%	-	1.00
	Conservation Technician II	1	0%	100%	-	1.00
	Total Conservation	3			-	3.00
Customer Service						
	Customer Service Manager	1	0%	100%	-	1.00
	Meter Technician	1	0%	100%	-	1.00
	Customer Service Technician III	2	0%	100%	-	2.00
	Accounting Technician III - through 9/30/2016	0.25	0%	100%	-	0.25
	Total Customer Service	4.25			-	4.25
Engineering Service						
	Engineering Services Manager	1	50%	50%	0.50	0.50
	Associate/Senior Engineer	1	50%	50%	0.50	0.50
	Engineering Technician III	1	50%	50%	0.50	0.50
	Construction Inspector II	1	50%	50%	0.50	0.50
	Total Engineering Service	4			2.00	2.00
Field Services (Distribution System)						
	Operations Manager	0.6	0%	100%	-	0.60
	Field Services Manager	1	0%	100%	-	1.00
	Distribution Lead Worker	3	0%	100%	-	3.00
	Distribution Operator II	2	0%	100%	-	2.00
	Distribution Operator III	1	0%	100%	-	1.00
	Distribution Operator IV	6	0%	100%	-	6.00
	Pump Station Technician/Mechanic	1	0%	100%	-	1.00
	Total Field Services (Distribution System)	14.6			-	14.60
Water Treatment Plant						
	Operations Manager	0.4	100%	0%	0.40	-
	Water Treatment Plant Chief	1	100%	0%	1.00	-
	Maintenance Chief	1	100%	0%	1.00	-
	Chief Operator	1	100%	0%	1.00	-
	Water Treatment Operator IV	2	100%	0%	2.00	-
	Water Treatment Operator III	2	100%	0%	2.00	-
	Water Treatment Operator II	0.5	100%	0%	0.50	-
	Instrumentation Technician	1	100%	0%	1.00	-
	Maintenance Technician I	1	100%	0%	1.00	-
	Facilities Maintenance Help	1	70%	30%	0.70	0.30
	Total Water Treatment Plant	10.9			10.60	0.30
Total Funded FTE's		47.25			18.85	28.40

* FTE = Full Time Equivalent

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RESOLUTION NO. 16-12

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE ANNUAL BUDGET
FOR THE FISCAL YEAR 2016-2017**

WHEREAS, District staff has prepared a budget for the fiscal year 2016-2017 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2016-2017 retail budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including contributions to reserves sufficient to return them to prudent levels;

WHEREAS, after conducting a workshop and a public hearing on the proposed budget the Board of Directors has approved the same; and

WHEREAS, it is the intention of the Board of Directors to adopt the proposed budget as submitted by the General Manager;

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


1. That certain document referred to as "The San Juan Water District Proposed Budget Fiscal Year 2016-2017" and all schedules, exhibits and policies contained therein, is hereby adopted and the appropriations for the annual budget of the San Juan Water District for the fiscal year beginning on July 1, 2016 and ending on June 30, 2017 are hereby adopted; and
2. That the amounts stated in the proposed budget shall become and thereafter be appropriated to the offices, departments, activities, objects and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specified in said budget; and
3. The General Manager is authorized to approve expenditure adjustments within individual accounts and line items so long as the total appropriated is not exceeded.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 10th day of August 2016, by the following vote:

AYES: DIRECTORS: Costa, Rich, Tobin, Walters
NOES: DIRECTORS: Miller
ABSENT: DIRECTORS:

ATTEST


TERI GRANT
Secretary, Board of Directors



PAMELA TOBIN
President, Board of Directors
San Juan Water District