

San Lorenzo Valley Water District

Service and Sphere of Influence Review



Adopted Version (November 4, 2020)

Local Agency Formation Commission of Santa Cruz County

701 Ocean Street, Room 318-D Santa Cruz, CA 95060

Website: www.santacruzlafco.org

Phone: (831) 454-2055



TABLE OF CONTENT

EXECUTIVE SUMMARY	2
Introduction.....	2
District Overview	2
Key Findings	3
Recommended Actions	4
DISTRICT OVERVIEW	6
History	6
Services and Operations.....	6
Bear Creek Estates Wastewater System.....	10
Population and Growth.....	12
Disadvantaged Unincorporated Communities	12
FINANCES	13
Revenues	14
Expenditures	15
Fund Balance / Net Position.....	16
GOVERNANCE	18
Legal Authority	18
Local Accountability & Structure	19
Opportunities and Challenges.....	19
SPHERE OF INFLUENCE.....	27
Cortese-Knox-Hertzberg Act.....	27
Current Sphere Boundary	27
Proposed Sphere Boundary.....	27
DISTRICT SUMMARY	29
SERVICE AND SPHERE REVIEW DETERMINATIONS.....	30
Service Provision Determinations	30
Sphere of Influence Determinations.....	31
APPENDICES	32
Appendix A: Focused Water Rate Study (2017).....	32
Appendix B: Grand Jury Report (2018).....	32
Appendix C: Lompico Assessment District Annual Report (2019).....	32
Appendix D: Bear Creek Estates Wastewater System Analysis (2019)	32
Appendix E: Financial Sources (2015-2020)	32
Appendix F: Strategic Plans (2016)	32
Appendix G: Capital Improvement Plan (2017)	32
Appendix H: List and Map of Unserved Islands	32

EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries of the San Lorenzo Valley Water District (SLVWD). The report will be used by the Local Agency Formation Commission to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The District's last service review was adopted on August 6, 2016.

The municipal service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the District's existing sphere of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

District Overview

The San Lorenzo Valley Water District was formed in 1941 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, and recreation in the San Lorenzo Valley. Additionally, the District provides sewer service to the Bear Creek Estates area within the District. At present, SLVWD provides water service to approximately 8,000 connections in the communities of Boulder Creek, Brookdale, Ben Lomond, Felton, Lompico, Zayante, and southern Scotts Valley. Services are provided by four water systems and one sewer system: (1) North System (Boulder Creek, Brookdale, Ben Lomond, Lompico, and Zayante), (2) Felton, (3) South System (Pasatiempo Pines area in southern Scotts Valley), (4), Mañana Woods (southern Scotts Valley), and (5) Bear Creek Estates Wastewater System. An overview map, depicting the current jurisdictional and sphere boundaries, is shown as **Figure 1** on page 5.

Sphere of Influence

Santa Cruz LAFCO adopted the first sphere of influence for SLVWD on October 16, 1985. The current sphere excludes areas outside the District's jurisdictional boundary. The last sphere update occurred in August 2016 following the Lompico Reorganization. LAFCO staff is recommending that the sphere boundary be amended to include 24 unserved islands substantially surrounded by SLVWD, as shown in **Figure 12** on page 28.

Key Findings

The following are key findings of the 2020 Service and Sphere of Influence Review for the San Lorenzo Valley Water District:

1. The District provides water services to an estimated 20,000 constituents.

SLVWD currently provides water service to a population of 19,700 through approximately 8,000 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. These sources are derived solely from rainfall within the San Lorenzo River watershed. LAFCO staff projects that the entire population of SLVWD will reach 21,000 by 2040.

2. The District provides sewer service to a small community.

The Bear Creek Estates Wastewater System was developed in 1985 and acquired by SLVWD when the Bear Creek Estates development was annexed into the District. Today, SLVWD provides wastewater collection and treatment for 56 parcels. SLVWD has expressed interest in transferring ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

3. The District is financially sound.

SLVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2014. Audited financial statements from Fiscal Years 2014 to 2019 indicate that the positive net balance has ranged from \$1.4 to \$3.9 million. As of June 30, 2019, the District is operating with a net position of approximately \$31 million.

4. The District has a capital improvement plan in place.

SLVWD adopted a long-range capital improvement plan on November 16, 2017. The purpose of this plan is to identify and prioritize needs and project costs for planned improvements to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner throughout the next 10-years of growth and change. A total of 21 capital improvement projects are planned to be completed by 2022.

5. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. SLVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

6. The District is currently facing issues due to recent fires.

Recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided to the affected communities. As SLVWD begins to address the aftermath and work through the recovery process, there will need to be much discussion and coordination among local agencies in order to maximize the limited resources available. In light of the District's preliminary stage of recovery, LAFCO staff recommends deferring analysis of the fires' impact until next year.

7. The District's sphere of influence requires an update.

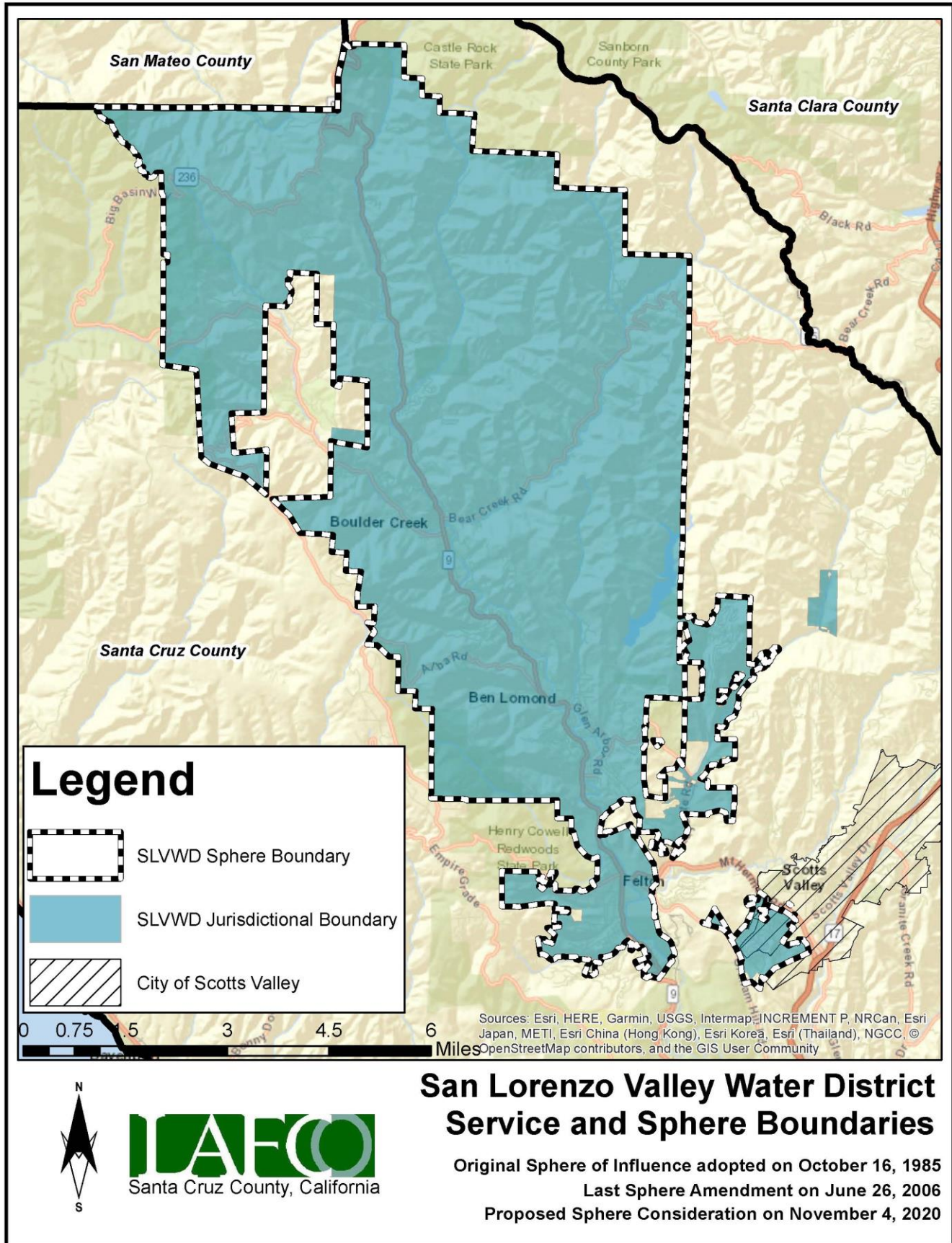
SLVWD's first sphere boundary was adopted in October 1985. The last sphere amendment occurred in August 2016 to reflect the reorganization involving Lompico County Water District. Based on staff's analysis, a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.18 to 2,390 acres. LAFCO staff is recommending that the sphere boundary include these areas.

Recommended Actions

Based on the analysis and findings in the 2020 Service and Sphere of Influence Review for the San Lorenzo Valley Water District, the Executive Officer recommends that the Commission:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the San Lorenzo Valley Water District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt Resolution (LAFCO No. 2020-31) approving the 2020 Service and Sphere of Influence Review for San Lorenzo Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include 24 unserved islands totaling approximately 3,299 acres;
 - b. Coordinate with the Water District to analyze possible annexations and/or sphere amendments to include any mutual water companies or nearby water systems affected by the recent fires that can no longer provide an adequate level of service;
 - c. Coordinate with the Water District and the County to analyze the possible reorganization of the Bear Creek Estates Wastewater System, which would transfer sewer responsibilities from SLVWD to the County Public Works Department;
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the San Lorenzo Valley Water District and any other interested or affected parties, including but not limited to the 34 mutual water companies identified in the service review; and
 - e. Provide the Commission a status update on the effects of the recent fires to the District's operations by November 2021.

Figure 1: Current Sphere Map



DISTRICT OVERVIEW

History

The San Lorenzo Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has been providing services to residents within the District's boundaries following its formation in 1941. Since 1963, the District has experienced several boundary changes under LAFCO's authority. A total of 56 boundary changes have been approved by LAFCO, with the Lompico Reorganization last approved in August 2016. **Table 3**, on pages 8 and 9, provides an overview of all the approved boundary changes since 1963. Today, the District's service area encompasses approximately 60 square miles, as shown in **Figure 1** on page 5.

Services and Operations

The District owns, operates, and maintains two water systems that supply separate service areas from separate water sources. The North/South Service Area includes the unincorporated communities of Boulder Creek, Brookdale, Ben Lomond, Zayante, Lompico, portions of the City of Scotts Valley and adjacent unincorporated neighborhoods. The Felton Service Area was acquired by the District from California American Water in September 2008 and includes the town of Felton and adjacent unincorporated areas. The District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes. There are 170 miles of pipeline, 39 tank sites and 30 booster pump stations serving 36 pressure zones. The District currently provides service to approximately 8,000 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. These sources are derived solely from rainfall within the San Lorenzo River watershed.

Water Rates

SLVWD has a policy ensuring that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water and sewer rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge. **Table 2** highlights the past and upcoming water rates for SLVWD customers. Based on staff's analysis, water rates for the next two years (2021 and 2022) will increase by an average of 5%, which is lower than previous years as shown in the following table.

Rate Study

In 2017, SLVWD conducted an extensive financial evaluation report which included a comprehensive cost-for-service analysis and a rate study. The purpose of the report was to develop proposed water rates, connection fees and proposed sewer rates. This required thoroughly reviewing and confirming the District's broader rate-related goals and objectives, including policies related to financial parameters, conservation goals, customer bill impacts, and ensuring the new rates will provide long-term revenue stability. The 2017 analysis is available as **Appendix A** of this service review.

Table 2: Water Rates (2016 to 2022)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Fixed Service Charge by Meter Size						
5/8"	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4"	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1"	\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1.5"	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2"	\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3"	\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4"	\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Rate of Change following each Fiscal Year		-32%	7%	6%	5%	5%
Volumetric Charges for All Water Consumed						
Flat Rate (Uniform Rate)	\$10.00	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Rate of Change following each Fiscal Year		1%	7%	6%	5%	5%

Lompico Reorganization

In 2016, the Commission approved the reorganization involving the Lompico County Water District (LCWD) and SLVWD. This was a joint application between the affected water districts. The purpose of the proposal was to dissolve and subsequently annex Lompico to SLVWD¹. This joint effort was a result of extensive research and analysis by both water districts to ensure that Lompico residents receive adequate water service. In 2018, the Santa Cruz County Grand Jury analyzed the reorganization. A copy of the Grand Jury report as well as the District's responses are available in **Appendix B**.

Several conditions were included in this reorganization, such as the establishment of a "bond oversight committee." SLVWD created an oversight committee named the Lompico Assessment District Oversight Committee (LADOC), which consists of five Lompico residents. The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report and to serve as liaison for customers residing within the Lompico Assessment District boundaries. LADOC also informs the District and the general public with an annual report concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015.

LADOC typically conducts meetings each month at 5:30pm at the District's Operations Building (13057 Highway 9, Boulder Creek, California). In 2020, the Committee met twice, including a special LADOC Workshop on January 28 to discuss and adopt the Lompico Assessment District Annual Report. **Appendix C** provides a copy of this adopted report. Due to the pandemic, no further meetings have been conducted.

¹ 2014 LCWD & SLVWD Service Review - <https://www.santacruzlafco.org/wp-content/uploads/2018/11/LCWD-SLVWD-2014-MSR.pdf>.

Table 3: SLVWD Past Boundary Changes

Project Number	Proposal Title	Action Date
3	Storm & Hooper Property / W. Zayante Rd. Annexation to SLVWD	12/17/1963
8	Stewart / Hihn Rd. Annexation to SLVWD	3/17/1964
32	King's Creek Annexation to SLVWD	11/17/1964
35	Belardi & Mitchell / Graham Hill Annexation to SLVWD	12/15/1964
42	Brown & Bracesco / W. Zayante Annexation to SLVWD	2/16/1965
44	Bahr / W. Zayante Rd. Annexation to SLVWD	4/20/1965
100	University Village Subdivision Tank Site / Hihn Rd. Annexation to SLVWD	1/18/1967
165	East Zayante Annexation to SLVWD	6/18/1969
166	East Zayante Annexation to SLVWD	5/21/1969
169	East Zayante Annexation to SLVWD	6/18/1969
177	East Zayante Annexation to SLVWD	8/20/1969
190	Camp Wastahi / Lompico Rd. Annexation to SLVWD	1/21/1970
237	Quail Hollow Annexation to SLVWD	9/16/1970
304	Graham / Scotts Valley Dr. Detachment from SLVWD	4/19/1972
334	East Zayante Annexation to SLVWD	7/19/1972
361	Graham Reorganization to SLVWD	6/20/1973
366	East Zayante Annexation to SLVWD	7/18/1973
374	Hidden Glen / Graham Hill Rd. Detachment from SLVWD	2/20/1974
407	Big Basin Water Co. Detachment from SLVWD	2/4/1976
415	Greene / Hihn Rd. Annexation to SLVWD	4/2/1975
451	Juvenile Hall Annexation to SLVWD	2/4/1976
486	University Village et al. Annexation to SLVWD	7/6/1977
504	San Lorenzo Valley Annexation to SLVWD	8/17/1977
510	Ferrari / E. Zayante Annexation to SLVWD	1/4/1978
600	Harvard Dr. Annexation to SLVWD	3/5/1981
617	Crow's Nest Dr. / Sykes Detachment from SLVWD	1/3/1982

579-A	Galleon Hts. Detachment from SLVWD	8/5/1981
643	East-West Zayante Rd./Myer Annexation to SLVWD	6/1/1983
650	East Zayante Rd./Olympia Station Rd. Annexation to SLVWD	6/1/1983
647-B	SLVWD SOI	10/16/1985
705	Hihn Rd. / Kim Way Annexation to SLVWD	3/5/1986
717	Whispering Pines Dr. Reorganization	4/2/1986
739	East Zayante Rd. Annexation to SLVWD	6/6/1990
792	Valley Gardens Golf Course Reorganization	5/5/1993
792-A	SOI Amendment to SLVWD	5/5/1993
793	West Zayante Rd. Annexation to SLVWD	5/5/1993
798	West Zayante / El Alamein Annexation to the SLVWD	4/14/1994
804	East Zayante Rd. Annexation to SLVWD	3/23/1995
814	East Creek Rd. Annexation to SLVWD	8/2/1995
814-A	Amending the SOI for SLVWD	8/2/1995
835	Crow / East Zayante Exterritorial Water Services SLVWD	10/2/1996
861	West Zayante / Broberg Annexation	4/7/1999
867	Amending SOI to SLV Water District	12/1/1999
875	Trout Farm Annexation to SLV Water District	11/1/2000
887	El Alamein Annexation to SLVWD	8/7/2002
890	Felton Amendment to SLVWD	9/3/2003
891	Morrison West Zayante Annexation to SLVWD	4/7/2004
896	Hippert/Locatelli Annexation to SLVWD	2/2/2005
901	Manana Woods Annexation to SLVWD	2/1/2006
906	Amendment to SLVWD SOI	6/26/2006
927	Eggleson / Amos Annexation to SLVWD	12/8/2008
936	Olympia Mutual Water Company Annexation to SLVWD	8/1/2012
936	Olympia Mutual Water Company Annexation to SLVWD	8/1/2012
954	West Zayante / Reason Annexation to SLVWD	11/5/2014
955	West Zayante / Butler Annexation to SLVWD	1/7/2015
953	Lompico Reorganization	8/6/2016

Bear Creek Estates Wastewater System

The Bear Creek Estates subdivision was first developed between 1963 and 1965 and expanded in 1975. Residential units were historically on private septic systems, and approximately half the units remained on private septic systems after the sewer system conversion. A private developer constructed the District's wastewater collection system and septic disposal system in 1985. The Wastewater System was acquired by SLVWD when the development requested annexation into the District.

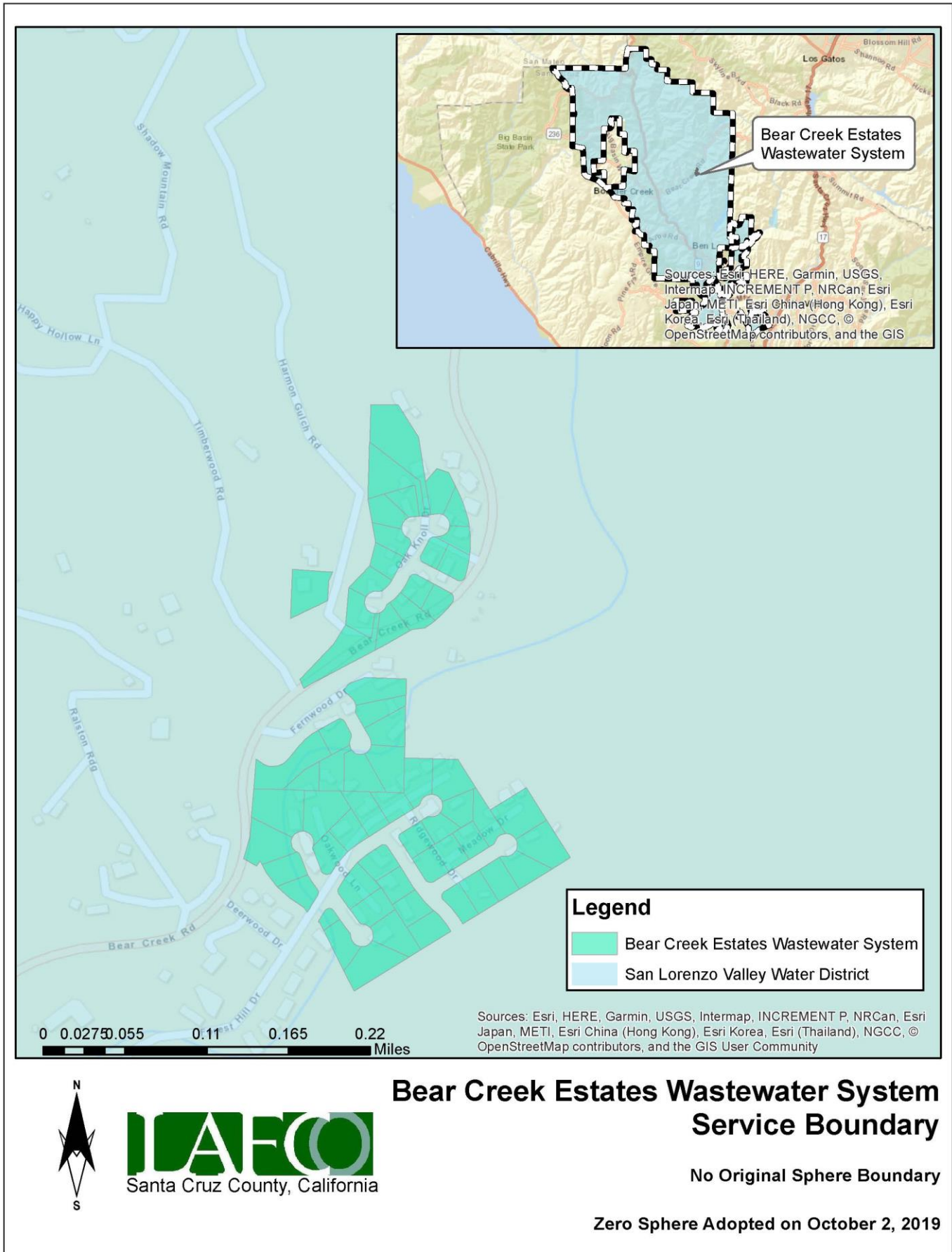
At present, SLVWD provides wastewater collection and treatment for 56 parcels in a portion of Bear Creek Estates subdivision (units 3, 4, and 5). This residential subdivision has approximately 183 residents and represents approximately less than 1% of the total population within the San Lorenzo Valley Water District. The Bear Creek Estates Wastewater Treatment plant is located at 15900 Bear Creek Road, Boulder Creek, California. The 1985 septic tank treatment system was designed to treat a daily average flow of 12,000 gallons per day (GPD) and a peak wet weather flow of 32,500 gallons per day (GPD). The System consists of two (2) cast-in-place, underground concrete tanks, four (4) above ground trickling media filters, an influent pump station, an effluent pump station, and a 2.3-acre leach field. **Figure 2**, on page 11, is a vicinity map of the service and sphere boundaries.

Potential Change in Organization

During the 2019 Countywide Sanitation Service & Sphere Review, LAFCO staff determined that the Bear Creek Estates Wastewater System has experienced an annual deficit over the past six years. Audited financial statements from Fiscal Years 2013 to 2018 indicate that the annual shortage has ranged from \$2,200 to \$60,000. As of June 30, 2018, the System is operating with a net position of approximately \$339,000 with no current assets or cash available. This is one of the reasons why the District has expressed interest to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

Due to ongoing financial constraints, in conjunction with SLVWD's interest in transferring sewer responsibilities to another local agency, the Commission adopted a "zero" sphere of influence for the Bear Creek Estates Wastewater System in October 2019. A "zero" sphere of influence (encompassing no territory) is established for an agency when the Commission has determined that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency of government. The adoption of a "zero" sphere indicates that the Bear Creek Estates Wastewater System should ultimately be dissolved, and sewer responsibilities transferred to another local agency. Additional analysis of a potential governance change is available on page 20 of this report. **Appendix D** provides a copy of LAFCO's evaluation of the Bear Creek Estates Wastewater System during the Countywide Sanitation Service & Sphere Review.

Figure 2: Bear Creek Estates Wastewater System



Population and Growth

Based on staff's analysis, the population of SLVWD in 2020 is estimated to be 19,900. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. **Table 4** shows the anticipated population within SLVWD. The average rate of change is 0.96%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for SLVWD. LAFCO staff increased the District's 2020 population amount by 0.96% each year. Under this assumption, our projections indicate that the entire population of SLVWD will be approximately 21,000 by 2040.

Table 4: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.96%
San Lorenzo Valley Water District	19,902	20,093	20,286	20,481	20,677	0.96%

Source: AMBAG 2018 Regional Growth Forecast and FY 2018-19 SLVWD Audit

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all “disadvantaged unincorporated communities” (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas within an annual median household income that is 80% or less than the statewide annual median household income.

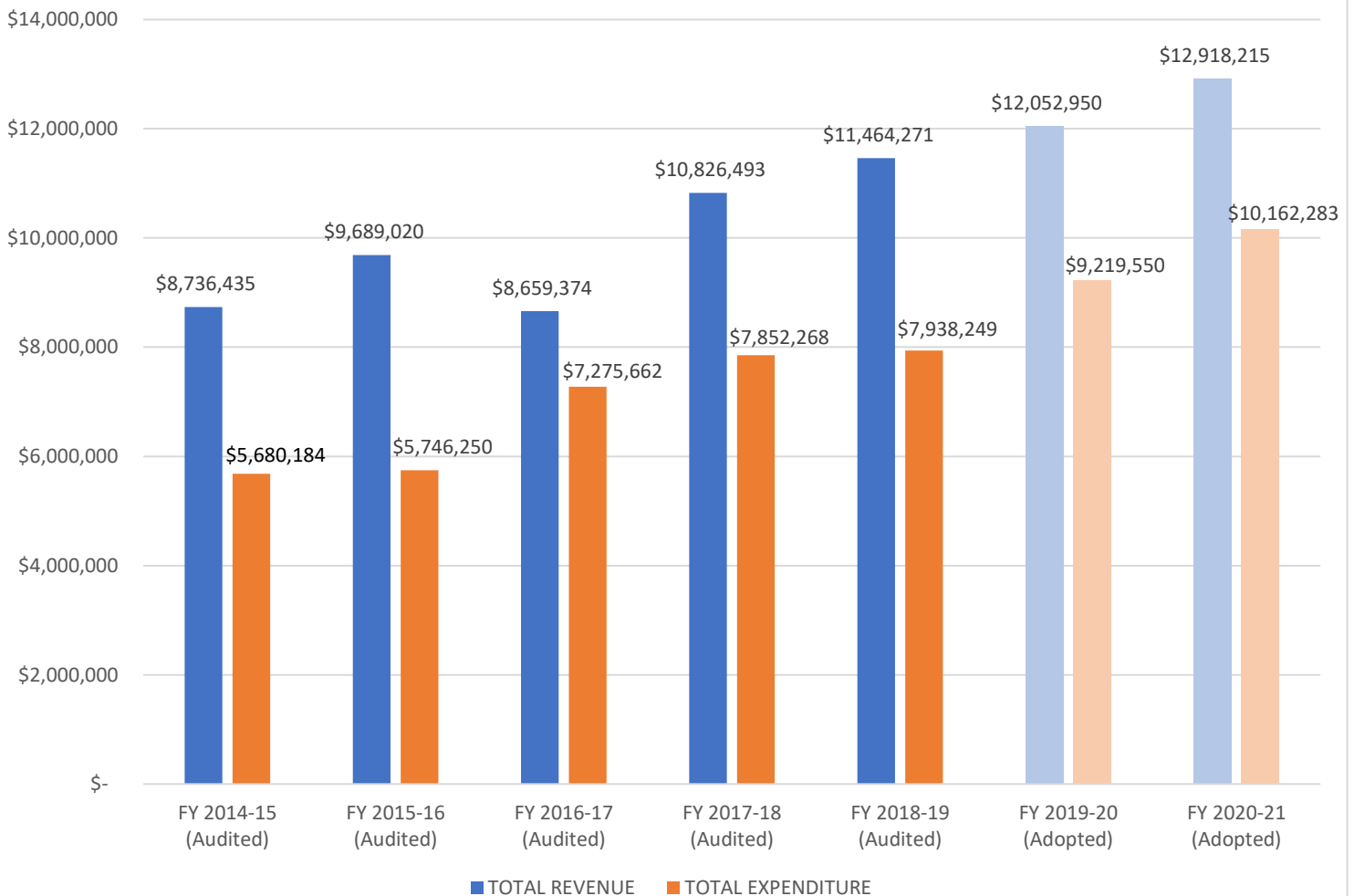
In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate any potential DUCs in the County. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas within or surrounding the water district designated as a disadvantaged unincorporated community.

FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2018-19 is the latest audited financial statement available. LAFCO evaluated SLVWD's financial health from 2014 to 2019, including the two recently adopted budgets for FYs 2019-20 and 2020-21. A comprehensive analysis of the District's financial performance during the past five years is shown in **Table 6** on page 17. The sources used by LAFCO are available in **Appendix E**.

At the end of Fiscal Year 2018-19, total revenue collected was approximately \$11.4 million, representing a 6% increase from the previous year (\$10.8 million in FY 17-18). Total expenses for FY 2018-19 were approximately \$7.9 million, which increased slightly from the previous year by 1% (\$7.8 million in FY 17-18). Since 2014, the District ended each fiscal year with a surplus, as shown in **Figure 3**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices which are also reflected in the last two adopted budgets.

Figure 3: Statement of Revenues & Expenditures



Revenues

Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2018-19, Water Consumption Sales totaled almost \$10 million which represents approximately 86% of SLVWD's entire revenue stream. Other operating revenue sources include wastewater service, meter sales, charges & penalties, operating grants, and other charges & services. These additional operating revenues represent around 2% of total revenue. During FY 2018-19, total operating revenue represents approximately 88% of the District's entire revenue stream.

Non-operating Revenue

The remaining 12% of total revenue derive from non-operating revenue sources. These funds include property taxes, assessment revenues, investment earnings, rental revenue, and capital grants. **Figures 4 and 5** provide a breakdown of the District's revenue stream by category and source.

Figure 4: Operating & Non-Operating Revenue (FY 2018-19)

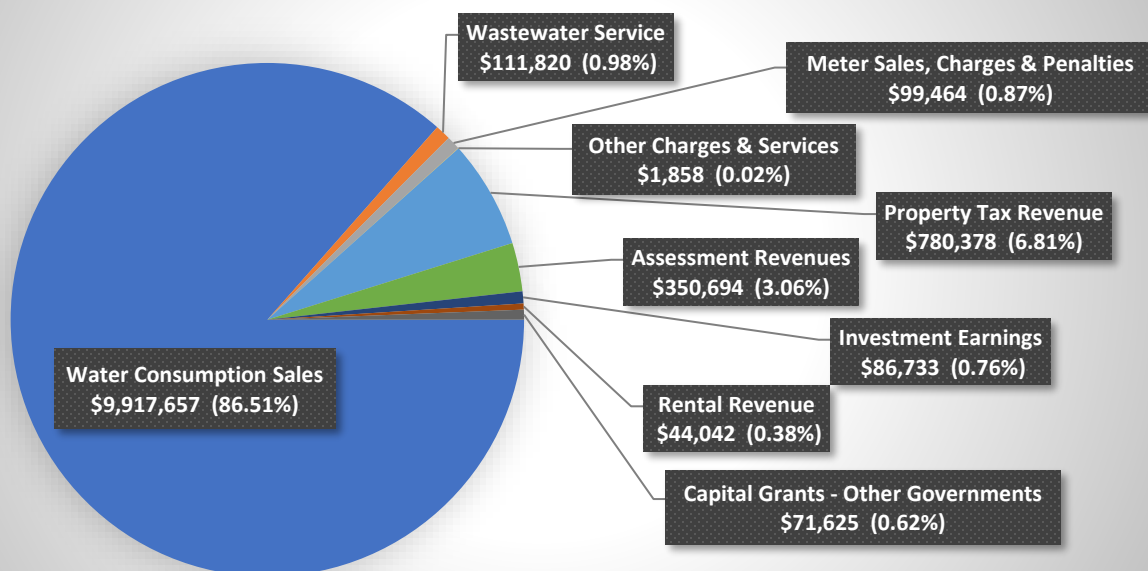
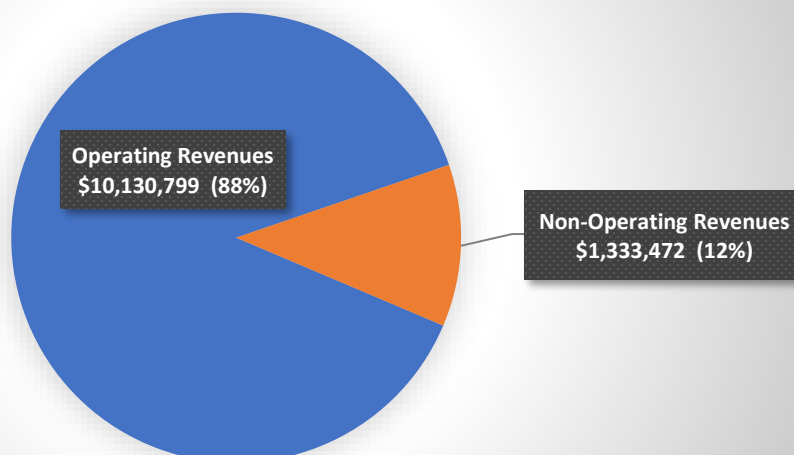


Figure 5: Total Revenue (FY 2018-19)



Expenditures

Operating Expense

The District's operating expenses represented approximately 92% of total expenditure during FY 2018-19. Operating expenses include salaries and benefits, professional services, operational, maintenance, facilities, and general & administrative costs.

Non-operating Expense

The remaining 8% of total expenses derive from non-operating revenue sources. These costs include property taxes (7%), assessment revenues (3%), investment earnings (less than 1%), rental revenue (less than 1%), and capital grants (less than 1%). **Figures 6 and 7** provide a breakdown of the District's costs by category and source.

Figure 6: Total Expenditure (FY 2018-19)

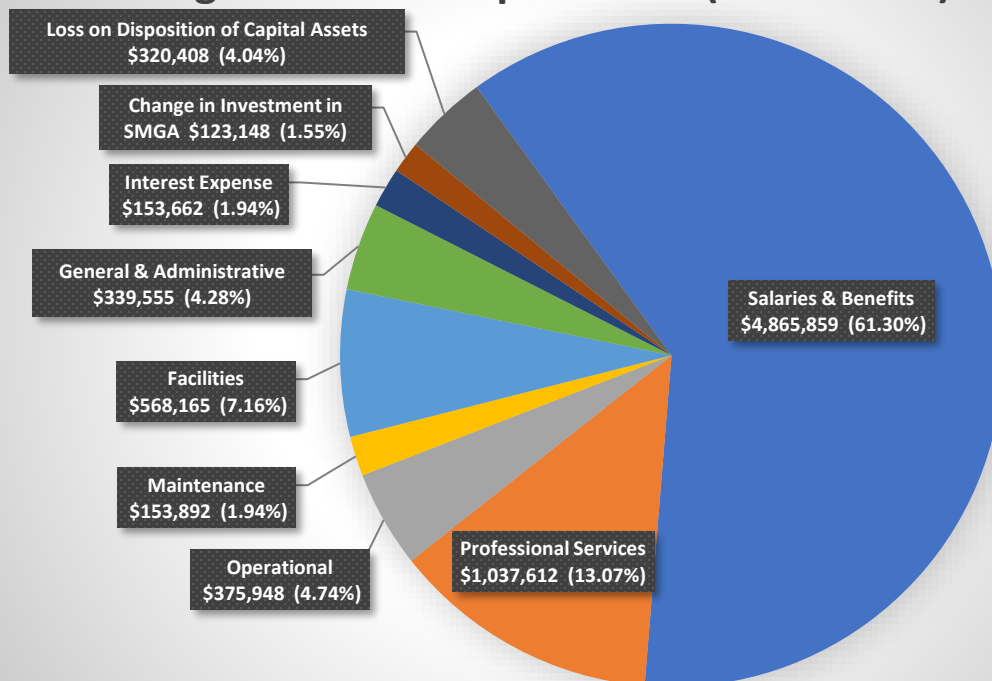
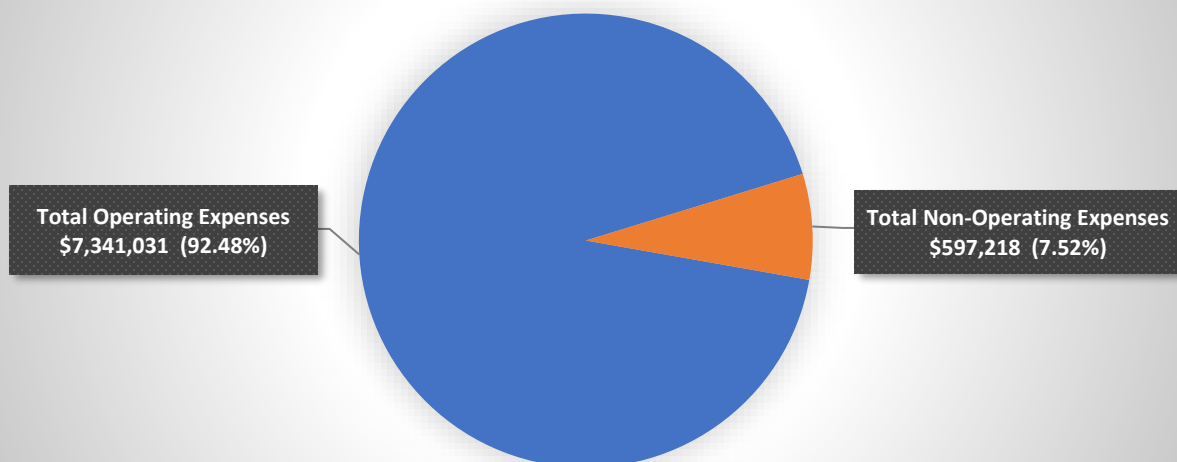


Figure 7: Operating & Non-operating Expenses (FY 2018-19)



Fund Balance / Net Position

As of June 30, 2019, the total net position balance ended with approximately \$31 million. The following table highlights the net position balance from 2014 to 2021. As shown in **Table 5** and **Figure 8**, the District's fund balance has experienced a relatively steady increase each year since FY 2014-15. Based on this historical trend, LAFCO staff believes this surplus will continue. This healthy balance will be critical in the event that the District faces any unintended expenses, major capital improvements projects, or emergency repairs, such as the recent fires which will be discussed later in this report.

Table 5: Net Position (2014 to 2021)

	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Projection)	FY 20-21 (Projection)
Beginning Balance	\$23,471,800	\$25,578,166	\$28,214,517	\$27,551,325	\$29,118,974	\$31,227,512	\$34,060,912
Ending Balance	\$25,413,585	\$28,214,517	\$28,255,435	\$29,088,944	\$31,227,512	\$34,060,912	\$36,816,844
Difference		+\$2,800,932	+\$40,918	+\$833,509	+\$2,138,568	+\$2,833,400	+\$2,755,932

Figure 8: Net Position from 2014 to 2021 (Ending Balance)

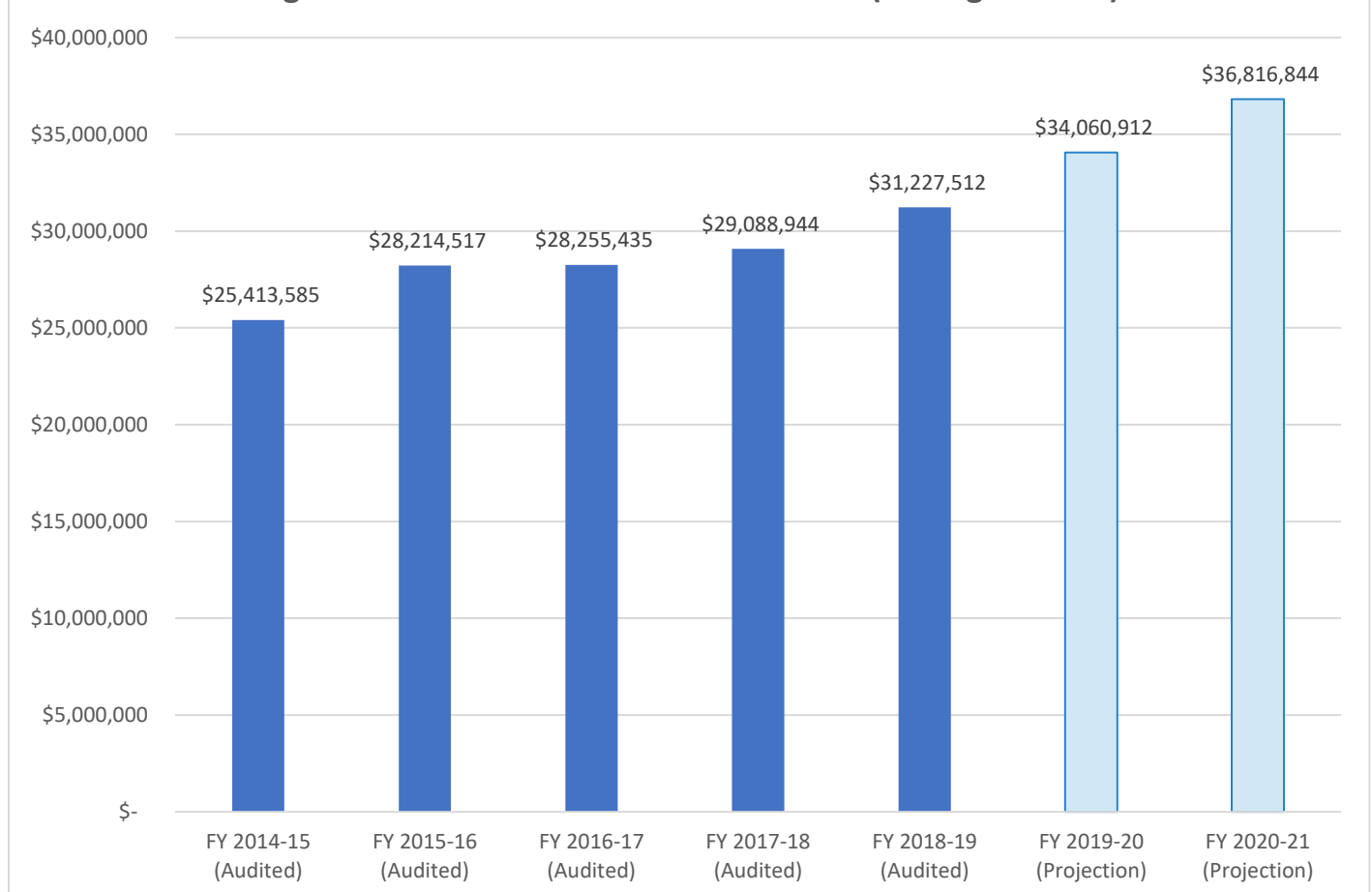


Table 6: Total Revenues & Expenditures

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Adopted)	FY 2020-21 (Adopted)
REVENUE							
Operating Revenues							
Water Consumption Sales	\$ 5,237,534	\$ 6,145,076	\$ 7,157,650	\$ 8,983,340	\$ 9,917,657	\$ 10,558,500	\$ 11,016,112
Wastewater Service	\$ 100,088	\$ 98,262	\$ 102,107	\$ 100,138	\$ 111,820	\$ 132,170	\$ 158,603
Meter Sales, Charges & Penalties	\$ 99,066	\$ 194,444	\$ 178,632	\$ 128,305	\$ 99,464	\$ 55,000	\$ 30,000
Operating Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 150,000
Other Charges & Services	\$ 42,202	\$ 18,399	\$ 7,741	\$ 3,581	\$ 1,858	\$ 75,780	\$ 85,000
Total Operating Revenues	\$ 5,478,890	\$ 6,456,181	\$ 7,446,130	\$ 9,215,364	\$10,130,799	\$10,831,450	\$11,439,715
Non-Operating Revenues							
Property Tax Revenue	\$ 762,752	\$ 610,634	\$ 1,129,838	\$ 747,404	\$ 780,378	\$ 783,750	\$ 825,000
Assessment Revenues	\$ -	\$ -	\$ -	\$ 349,130	\$ 350,694	\$ 346,000	\$ 343,500
Investment Earnings	\$ (1,909)	\$ 11,502	\$ 13,858	\$ 23,040	\$ 86,733	\$ 50,000	\$ 120,000
Rental Revenue	\$ 29,713	\$ 43,922	\$ 59,548	\$ 56,647	\$ 44,042	\$ 41,750	\$ 43,500
Gain on Disposition of Capital Assets	\$ 34,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlement & Purchase Agreements	\$ 145,257	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Capital Grants - Other Governments	\$ 2,287,233	\$ 1,557,589	\$ -	\$ 434,908	\$ 71,625	\$ -	\$ 146,500
Transfer in Due to Merger	\$ -	\$ 1,009,192	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Revenues	\$ 3,257,545	\$ 3,232,839	\$ 1,213,244	\$ 1,611,129	\$ 1,333,472	\$ 1,221,500	\$ 1,478,500
TOTAL REVENUE	\$ 8,736,435	\$ 9,689,020	\$ 8,659,374	\$10,826,493	\$11,464,271	\$12,052,950	\$12,918,215
EXPENDITURE							
Operating Expenses							
Salaries & Benefits	\$ 3,428,414	\$ 3,304,540	\$ 4,498,595	\$ 4,840,518	\$ 4,865,859	\$ 5,164,975	\$ 5,547,687
Professional Services	\$ 764,684	\$ 868,218	\$ 1,202,004	\$ 1,419,279	\$ 1,037,612	\$ 1,070,711	\$ 1,109,000
Operational	\$ 549,134	\$ 410,342	\$ 464,236	\$ 320,876	\$ 375,948	\$ 435,250	\$ 435,150
Maintenance	\$ 170,527	\$ 183,215	\$ 130,244	\$ 143,714	\$ 153,892	\$ 218,850	\$ 185,750
Facilities	\$ 339,553	\$ 442,014	\$ 499,400	\$ 554,547	\$ 568,165	\$ 591,700	\$ 595,300
General & Administrative	\$ 300,022	\$ 352,510	\$ 314,979	\$ 382,857	\$ 339,555	\$ 335,670	\$ 381,600
Grant Funded Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Total Operating Expenses	\$ 5,552,334	\$ 5,560,839	\$ 7,109,458	\$ 7,661,791	\$ 7,341,031	\$ 7,817,156	\$ 8,404,487
Non-Operating Expenses							
Interest Expense	\$ 127,850	\$ 185,411	\$ 166,204	\$ 150,507	\$ 153,662	\$ 449,210	\$ 681,168
Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 953,184	\$ 1,076,628
Change in Investment in SMGA	\$ -	\$ -	\$ -	\$ 39,970	\$ 123,148	\$ -	\$ -
Loss on Disposition of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 320,408	\$ -	\$ -
Total Non-Operating Expenses	\$ 127,850	\$ 185,411	\$ 166,204	\$ 190,477	\$ 597,218	\$ 1,402,394	\$ 1,757,796
TOTAL EXPENDITURE	\$ 5,680,184	\$ 5,746,250	\$ 7,275,662	\$ 7,852,268	\$ 7,938,249	\$ 9,219,550	\$10,162,283
Surplus/(Deficit)	\$ 3,056,251	\$ 3,942,770	\$ 1,383,712	\$ 2,974,225	\$ 3,526,022	\$ 2,833,400	\$ 2,755,932

GOVERNANCE

Legal Authority

The District operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, and recreation in the San Lorenzo Valley. In addition to the other powers provided by law, and pursuant to Section 31143, the San Lorenzo Valley Water District shall have all of the following powers and shall promptly and effectively exercise such powers as may be appropriate to ensure that onsite waste water disposal systems, as defined in Section 6952 of the Health and Safety Code, along the San Lorenzo River do not pollute the river, its tributaries, and ground water:

- a) To carry on technical and other investigations, examinations, or tests, of all kinds, make measurements, collect data, and make analyses, studies, and inspections pertaining to the water supply, use of water, water quality, nuisance, pollution, waste, and contamination of water within the district as such activities relate to the use of public, combined, or private onsite waste water disposal systems;
- b) To require all persons discharging from onsite wastewater disposal systems within the district to register the system with the district, and to charge annual registration fees in such amount as will defray all or a portion of the costs of exercising the powers provided in this article. Applications for permits for onsite wastewater disposal systems within the district to the County of Santa Cruz shall be referred to the district for the district's review and comment; and
- c) To adopt and enforce regulations for onsite waste water disposal systems within the district, after holding a public hearing on reasonable notice thereof, to control and enhance the quality of the ground and surface waters of the district, in order to eliminate the pollution, waste, and contamination of water flowing into, through, or originating within watercourses, both natural and artificial, within the district, to prevent contamination, nuisance, pollution, or otherwise rendering unfit for beneficial use the surface or ground water used or useful in the district, and to expend such amounts as are necessary to exercise such powers from the funds of the district. Such regulations shall not be in conflict with state law or county ordinances.

Article 9.5 of the Water Code includes further direction for SLVWD. Pursuant to Section 31143.1, the District shall immediately do all such acts as are reasonably necessary to secure compliance with any federal, state, regional, or local law, order, regulation, or rule relating to water pollution or discharges from onsite wastewater disposal systems within the area of the district. For such purpose, any authorized representative of the District, upon presentation of their credentials, or, if necessary under the circumstances, after obtaining an inspection warrant pursuant to Title 13 (commencing with Section 1822.50) of Part 3 of the Code of Civil Procedure, or with the permission of the owner, shall have the right of entry to any premises on which an onsite wastewater disposal system is located for the purpose of inspecting such system, including securing samples of discharges therefrom, or any records required to be maintained in connection therewith by federal, state, or local law, order, regulation, or rule.

Local Accountability & Structure

SLVWD is governed by a five-member Board of Directors, which are elected to four-year terms by the registered voters within the District's boundaries. The Board of Directors are responsible for the establishment of policy relative to the District's mission, goals, and operations. The current Board is as follows:

Table 7: Board of Directors

Board Member	Term of Office
Steve Swan, President	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
Lois Henry, Vice-President	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
Bob Fultz, Director	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
Lew Farris, Director	Appointed: May 1, 2019 Term Limit Ends: December 1, 2020
Rick Moran, Director	Appointed: August 1, 2019 Term Limit Ends: December 1, 2020

The District Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The San Lorenzo Valley Water District employs a full-time staff of 34 employees. The District's Board of Directors meets regularly, meetings are publicly noticed, and citizens are encouraged to attend. Board meetings are typically held on the first and third Thursday of each month at 6:30 p.m. The District's administrative offices are located in the Town of Boulder Creek in Santa Cruz County.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SLVWD continues to provide a large array of information on their website, which recently experienced a full revamp. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in SB 929, such as copies of LAFCO's services reviews.

Opportunities and Challenges

SLVWD is financially sound and has been operating in an efficient manner over the past several years. The District prepares for future expenses and projects by adopted long-range planning documents, such as Strategic Plans and Capital Improvement Programs (refer to **Appendix F and G**). However, there are always areas of improvement at the internal and external level. The following sections explores potential governance options that may be considered by the District. These options focus on SLVWD's current sewer responsibilities, the effects of the recent fires, and the status of failing water systems within and outside the District's jurisdictional boundary.

Bear Creek Estates Wastewater System

The San Lorenzo Valley Water District desires to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency. These steps include:

- Development of a rate-study that will establish operational and capital needs of the wastewater system;
- Implement a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system; and
- Coordination with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establishing a plan with a schedule and key milestones.

LAFCO Staff Recommendation: *LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. It is still unknown whether it is feasible for the County or another local service provider to assume responsibilities within this area. Therefore, LAFCO staff recommends that the District continue to discuss possible partnerships with the County. If an agreement is made, in which all affected parties agree in the transfer of responsibilities, a change of organization may be considered at that point.*

Recent Fires

The recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided to the affected communities. As SLVWD begins to address the aftermath and work through the recovery process, there will need to be much discussion and coordination among local agencies in order to maximize the limited resources available. It is important to recognize that while LAFCO may play an important role in the recovery process, it cannot and should not, encroach on the independent actions of each impacted agency. Any LAFCO actions must be collaborative, transparent and fully involve each impacted local agency. Therefore, it is staff's position that it may be premature to analyze the District's efforts since they are currently within the preliminary stage of recovery. It may be beneficial to highlight the District's progress sometime in late-2021. This will give the Commission, and more importantly the District, an opportunity to evaluate the damage and develop proper policies and procedures to address all the fire-related issues.

LAFCO Staff Recommendation: *LAFCO staff should continue to collaborate with the District and provide assistance when needed. LAFCO staff will provide the Commission a status update on the effects of the recent fires to the District's operations by November 2021.*

Failing Water Systems

One area that LAFCO can provide assistance now is addressing the failing mutual water companies (MWCs) near SLVWD. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 34 MWCs are located within or adjacent to the water district. **Figure 9** on page 22 identifies the location of each MWC in relation to SLVWD. **Tables 8 and 9** and **Figures 10 and 11**, on pages 23 to 26, also provide more information about the MWCs. At present, 14 MWCs are within the District's service area and 20 are located outside SLVWD's jurisdictional and sphere boundaries. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these MWCs may lead to coordination with SLVWD and possible annexation, if desired. It is LAFCO's understanding that two MWCs within the District's jurisdictional boundary have expressed interest transferring water responsibilities to SLVWD.

As a result of the recent fires, Forest Springs and Bracken Brae Country Club MWCs have been greatly impacted. These two MWCs are medium size water systems with approximately 15 to 199 connections. Big Basin Water, the privately-owned water company that operates these two water systems, has expressed interest in transferring water responsibilities to SLVWD through a purchase agreement. If the systems are sold to SLVWD, the District will be able to provide water service to the community without LAFCO action since Forest Springs and Bracken Brae Country Club MWCs are already within the District's jurisdictional boundary.

LAFCO Staff Recommendation: *LAFCO staff should coordinate with SLVWD to analyze possible annexations and/or sphere amendments to include any mutual water companies or other nearby water systems affected by the recent fires or can no longer provide adequate level of service.*

Figure 9: Map of Mutual Water Companies Within and Outside SLVWD

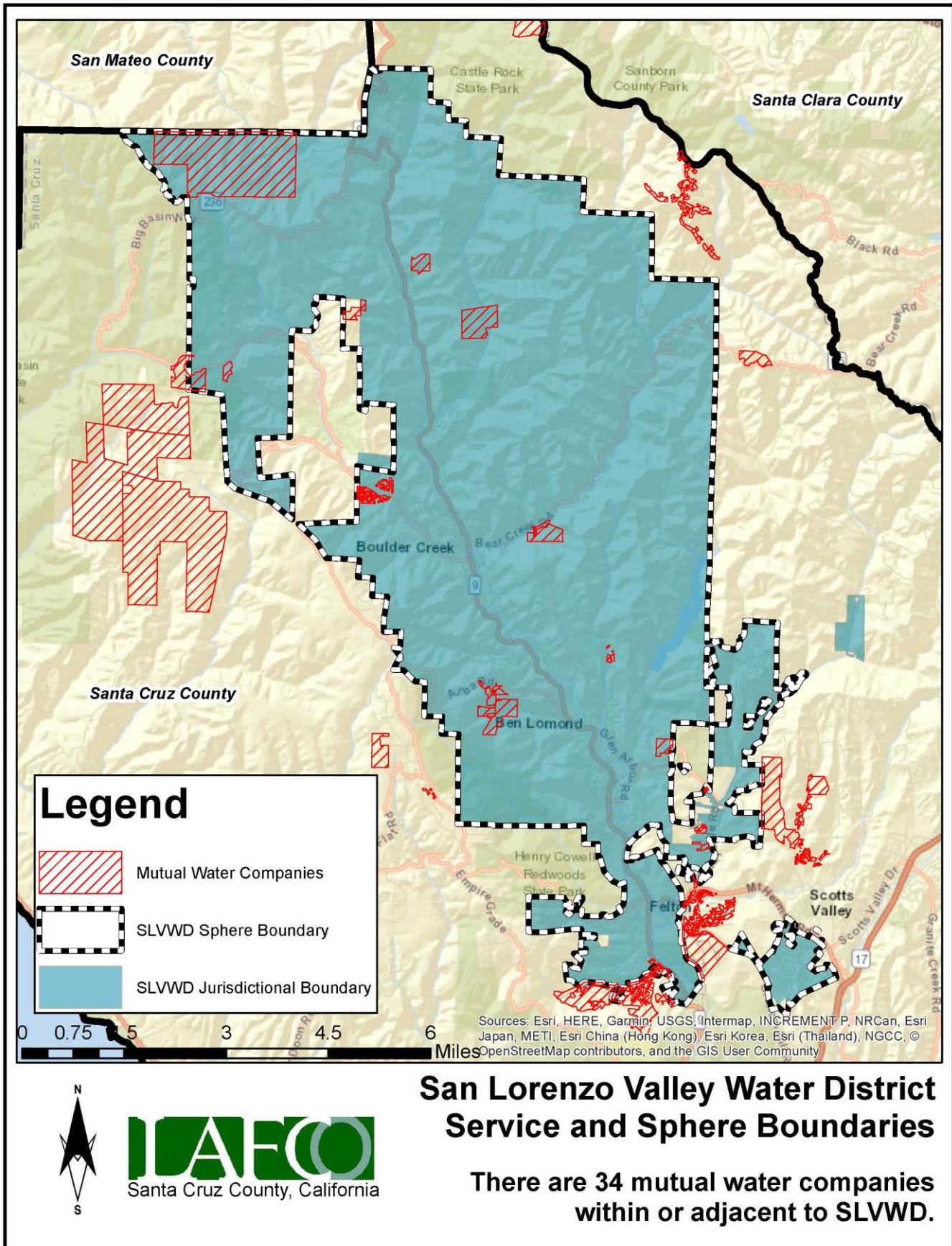


Table 8: List of Mutual Water Companies Within SLVWD

#	Water System Name	Type of Water System	Size (Square Miles)	Size (Acres)
Mutual Water Companies <u>WITHIN</u> San Lorenzo Valley Water District's Jurisdictional Boundary				
1	Love Creek Heights Mutual Water Assoc.	Small Water System (5 to 14 connections)	0.01	6.44
2	JB Ranch	Small Water System (5 to 14 connections)	0.02	9.82
3	Moon Meadows	Small Water System (5 to 14 connections)	0.01	8.66
4	Quail Hollow Circle	Small Water System (5 to 14 connections)	0.00	1.65
5	Waterman Gap	Small Water System (5 to 14 connections)	1.74	1110.67
6	Boulder Creek Scout Reservation	Medium Water System (15 to 199 connections)	0.10	63.47
7	Brackenbrae Country Club	Medium Water System (15 to 199 connections)	0.02	10.74
8	Camp Lindblad	Medium Water System (15 to 199 connections)	0.21	134.01
9	Forest Springs	Medium Water System (15 to 199 connections)	0.05	29.85
10	Quaker Center	Medium Water System (15 to 199 connections)	0.13	81.40
11	Sequoia Seminar	Medium Water System (15 to 199 connections)	0.08	50.87
12	Vista Robles Assoc.	Medium Water System (15 to 199 connections)	0.05	32.50
13	Ridgeview Estates, Inc.	Medium Water System (15 to 199 connections)	0.06	38.74
14	Exploring New Horizons	Medium Water System (15 to 199 connections)	0.03	17.03

Figure 10: Map of Mutual Water Companies Within SLVWD

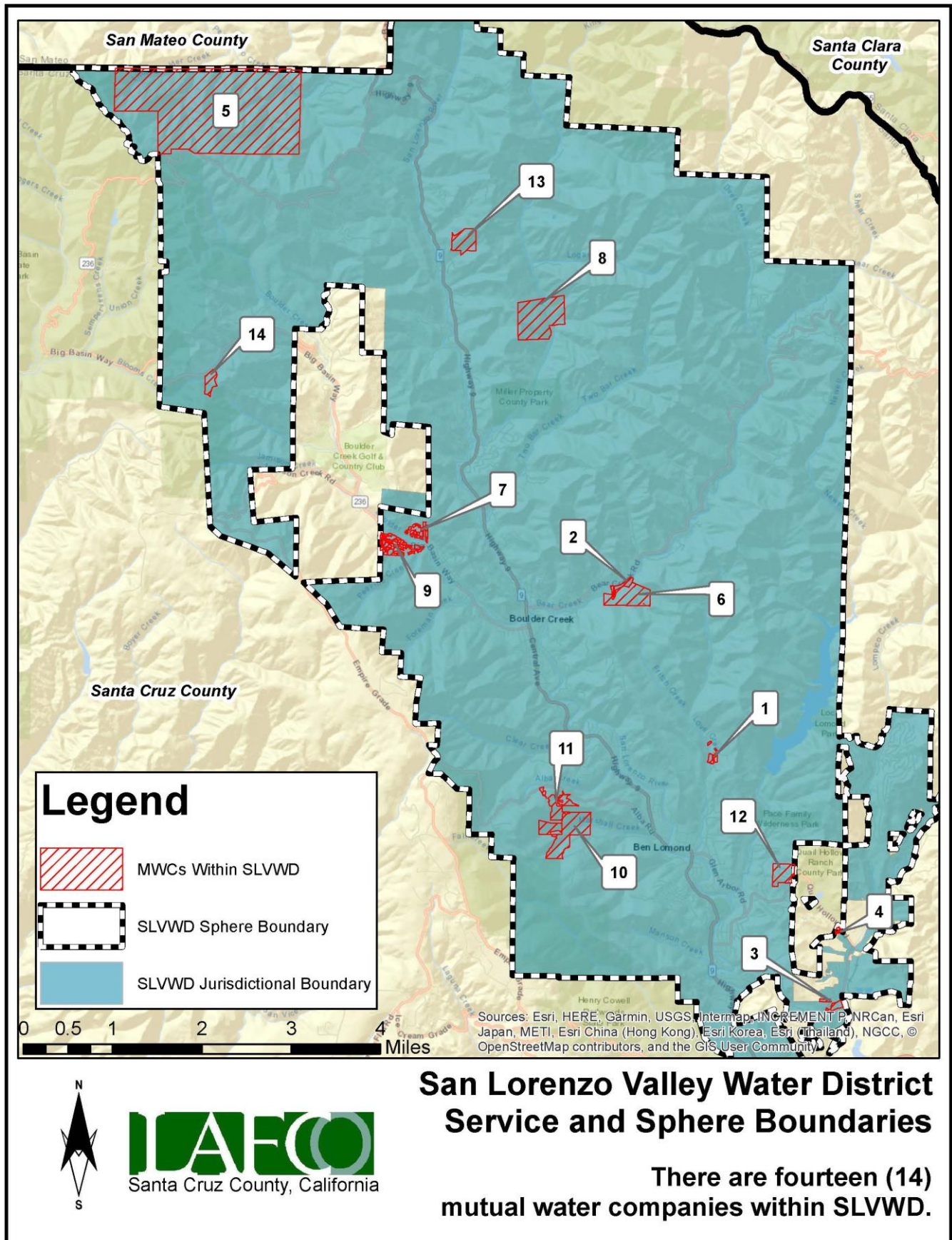
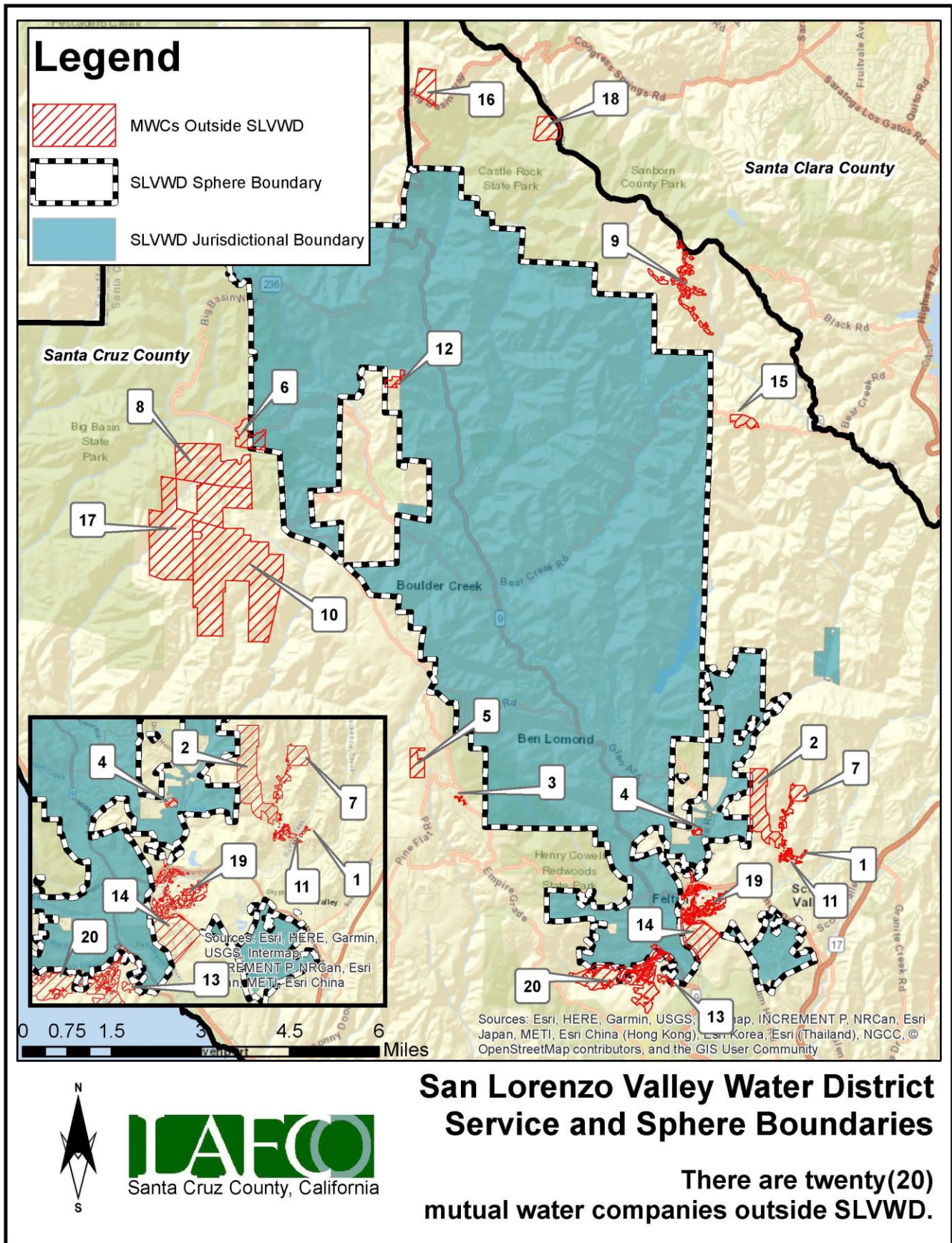


Table 9: List of Mutual Water Companies Outside SLVWD

#	Water System Name	Type of Water System	Size (Square Miles)	Size (Acres)
Mutual Water Companies <u>OUTSIDE</u> San Lorenzo Valley Water District's Jurisdictional Boundary				
1	Fernbrook Woods Water Company	Small Water System (5 to 14 connections)	0.01	8.24
2	Hidden Meadow MWC	Small Water System (5 to 14 connections)	0.37	236.27
3	Sky Ranch	Small Water System (5 to 14 connections)	0.01	3.37
4	Zayante Acres	Small Water System (5 to 14 connections)	0.01	7.91
5	Bosch Baha'I School	Medium Water System (15 to 199 connections)	0.10	66.97
6	Camp Hammer	Medium Water System (15 to 199 connections)	0.16	103.99
7	Fern Grove Club	Medium Water System (15 to 199 connections)	0.11	68.40
8	Hewlett Packard Campground	Medium Water System (15 to 199 connections)	0.73	469.73
9	Las Cumbres MWC	Medium Water System (15 to 199 connections)	0.17	109.37
10	Lockheed Martin Missles and Space	Medium Water System (15 to 199 connections)	2.07	1325.74
11	Mission Springs	Medium Water System (15 to 199 connections)	0.02	14.29
12	Pinecrest MWC	Medium Water System (15 to 199 connections)	0.05	29.61
13	River Grove Mutual Water Assoc.	Medium Water System (15 to 199 connections)	0.02	12.58
14	Roaring Camp	Medium Water System (15 to 199 connections)	0.26	164.06
15	David Bruce Winery	Medium Water System (15 to 199 connections)	0.07	45.65
16	Camp Chesebrough	Medium Water System (15 to 199 connections)	0.17	108.62
17	Lehi Park	Medium Water System (15 to 199 connections)	1.46	935.75
18	Los Altos Rod and Gun Club	Medium Water System (15 to 199 connections)	0.15	97.54
19	Mount Hermon Association	Large Water System (200+ connections)	0.16	103.21
20	Forest Lake Mutual Water Company	Large Water System (200+ connections)	0.50	321.36

Figure 11: Map of Mutual Water Companies Outside SLVWD



SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequently to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- The present and planned uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

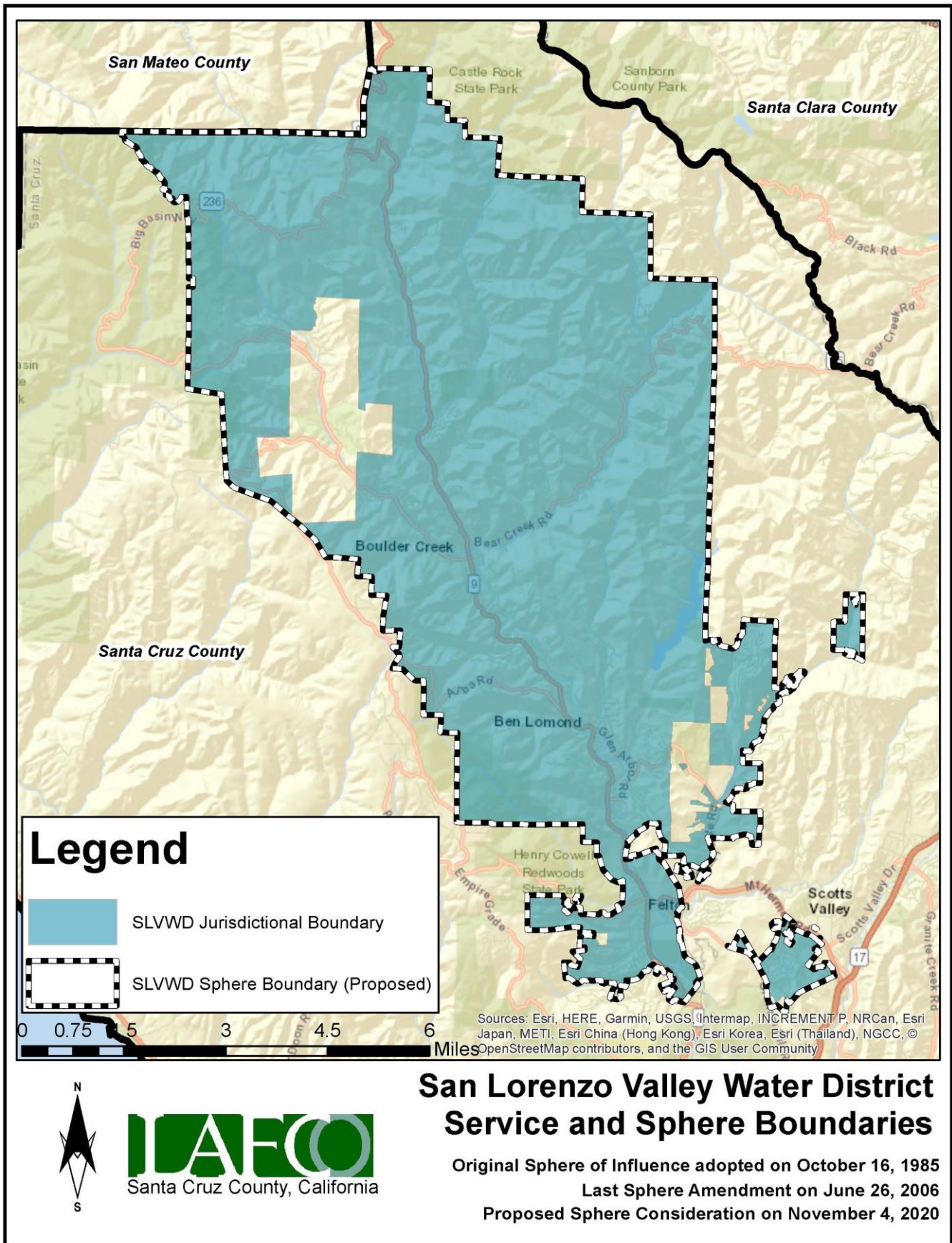
Current Sphere Boundary

Santa Cruz LAFCO adopted SLVWD's first sphere of influence on October 16, 1985. The current sphere excludes areas outside the District's jurisdictional boundary. The last sphere update occurred in August 2016 following the Lompico Reorganization. **Figure 1** on page 5 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.18 to 2,390 acres. These unserved islands are shown in **Appendix H**. LAFCO staff is recommending that the sphere boundary be expanded to include a total of approximately 3,300 acres of unserved islands, which should be annexed in the foreseeable future. **Figure 12** on page 28 shows the proposed sphere boundary.

Figure 12: Proposed District Sphere Map



DISTRICT SUMMARY

San Lorenzo Valley Water District	
Formation	California Water Code, section 30,000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Rick Rogers, General Manager
Employees	34 Full-Time Employees
Facilities	170 miles of pipeline, 39 tank sites, and 30 booster pump stations serving 36 pressure zones. The District also owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates (approximately 56 homes).
District Area	60 square miles
Sphere of Influence	Larger than the District (i.e. sphere boundary goes beyond the existing District's jurisdiction)
FY 2020-21 Budget	Total Revenue = \$12,918,215 Total Expenditure = \$10,162,283 Projected Net Position (Beginning Balance) = \$34,060,912
Contact Information	Mailing Address: 13060 Highway 9 Boulder Creek CA 95006 Phone Number: (831) 430-4636 Email Address: RRogers@slvwd.com Website: www.slvwd.com
Public Meetings	Meetings are typically held on the first and third Thursday of each month at 6:30 p.m.
Mission Statement	"Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."

SERVICE AND SPHERE REVIEW DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

SLVWD currently provides water service to a population of 19,900. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SLVWD will reach 21,000 by 2040.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SLVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

The County General Plan designates the San Lorenzo Valley principally for mountain residential, rural residential, and parks and recreational uses. The County General Plan anticipates dispersed infill development in both the rural and town areas, and does not designate any area for a concentration of new development.

4. Financial ability of agencies to provide services.

SLVWD is financially sound. The District has successfully kept costs below its revenue stream since 2014. Audited financial statements from Fiscal Years 2014 to 2019 indicate that the positive net balance has ranged from \$1.4 to \$3.9 million. As of June 30, 2019, the District is operating with a net position of approximately \$31 million.

5. Status of, and opportunities for, shared facilities.

SLVWD continues to explore for collaborative efforts to improve efficiencies. In 2016, LAFCO approved the reorganization between LCWD and SLVWD. This joint effort shared facilities and staff, maximized economies of scale, and eliminated duplicate service provisions.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

In 2018, the Grand Jury conducted a report analyzing the reorganization between LCWD and SLVWD. The District addressed the Grand Jury's concerns and implemented several actions to operate more efficiently as a public agency.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.

The present and planned land uses are based on the general plans from the County, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the five applicable general plans are a mix of urban, rural and mountain residential, agricultural, timber, public recreation, and open-space lands.

2. The present and probable need for public facilities and services in the area.

SLVWD has identified and prioritized its infrastructure needs in the 2017 Capital Improvement Plan. The principal needs are well replacements, storage tanks, distribution system upgrades, and interties. The SLVWD has further coordinated the CIP with their overall goals and operations in the 2016-2020 Strategic Plan.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SLVWD currently provides service to approximately 8,000 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. These sources are derived solely from rainfall within the San Lorenzo River watershed.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The 2016 reorganization between LCWD and SLVWD resulted in the formation of the Lompico Assessment District Oversight Committee. The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report and to serve as liaison for customers residing within the Lompico Assessment District boundaries. LADOC also informs the District and public at least annually concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015 by issuing a written report.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within the District's sphere boundary. That said, SLVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

APPENDICES

Appendix A: Focused Water Rate Study (2017)

Appendix B: Grand Jury Report (2018)

Appendix C: Lompico Assessment District Annual Report (2019)

Appendix D: Bear Creek Estates Wastewater System Analysis (2019)

Appendix E: Financial Sources (2015-2020)

Appendix F: Strategic Plans (2016)

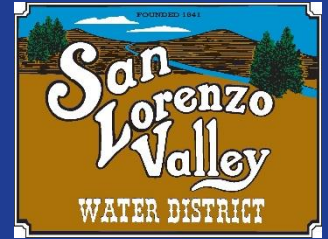
Appendix G: Capital Improvement Plan (2017)

Appendix H: List and Map of Unserved Islands

APPENDIX A:

SLVWD

Focused Water Rate Study (2017)



SAN LORENZO VALLEY WATER DISTRICT

FINAL Report for:

Focused Water Rate Study

(Includes Connection Fees & Sewer Rates)

June 2017

Welcome
TO
SAN LORENZO VALLEY
BOULDER CREEK · BROOKDALE · BEN LOMOND · FELTON

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose



www.nbsgov.com

This page left blank intentionally.



TABLE OF CONTENTS

Section 1. Executive Summary	1
Background and Purpose	1
Key Findings.....	2
Study Recommendations	2
Section 2. Overview of the Rate Study Methodology	3
Rate Design Criteria.....	4
Rate Structure Terminology	4
Section 3. Water Rate Design	6
Developing the Recommended Water Rate Design Alternative.....	6
Water Utility Revenue Requirements	8
Characteristics of Water Customers by Class.....	9
Cost of Service Analysis – Water	11
Current vs. Proposed Water Rate Structures.....	12
Comparison of Current and Proposed Monthly Water Bills	14
Section 4. Sewer Rate Design.....	16
Developing the Recommended Sewer Rate Design Alternative.....	16
Cost of Service Analysis – Sewer	16
Current vs. Proposed Sewer Rates	17
Section 5. Water Connection Fee Study	18
Background and Purpose	18
General Connection Fee Requirements	18
Facility Standards, Level of Service, and Deficiencies	18
Mitigation Fee Act and Required Findings	19
Connection Fee Methodology.....	19
Existing Connections and Projected Future Growth	20
Existing and Planned Future Assets	21
Adjustments to the Cost Basis.....	22
Calculated Connection Fees	22
Fee Updates.....	23
Water Connection Fee Findings Statements.....	24
Section 6. Recommendations and Next Steps	25
Consultant Recommendations	25
Next Steps.....	25
Section 7. Appendix A – Abbreviations & Acronyms.....	27
Section 8. Appendix B – Water Revenue-stabilization Rates & Summary Tables	29
Section 9. Appendix C – Sewer Rate Summary Tables	30
Section 10. Appendix D – Water Connection Fee Summary Tables	31

TABLE OF FIGURES

Figure 1. Primary Components of a Rate Study	3
Figure 2. Water Consumption History.....	8
Figure 3. Summary of Water Revenue Requirements.....	9
Figure 4. Summary of Water Reserve Funds	9
Figure 5. Water Consumption by Customer Class	10
Figure 6. Peaking Factors by Customer Class	10
Figure 7. Number of Accounts by Customer Class	11
Figure 8. Summary of Fixed and Variable Rate Revenue Requirements.....	11
Figure 9. Summary of Adjusted Rate Revenue Requirements by Customer Class.....	12
Figure 10. Current and Proposed Water Rates Fiscal Year 2016/17 – 2021/22.....	13
Figure 11. Proposed Water Stabilization Rates Fiscal Year 2017/18 – 2021/22	13
Figure 12. Monthly Water Bill Comparison for Residential Customers.....	14
Figure 13. Monthly Water Bill Comparison for Commercial Users	15
Figure 14. Summary of Sewer Revenue Requirements.....	16
Figure 15. Current and Proposed Sewer Rates Fiscal Year 2016/17 – 2021/22.....	17
Figure 16. Monthly Single-Family Sewer Bill Comparison	17
Figure 17. Meter Equivalence – Water.....	20
Figure 18. Projected Customer Growth – Water.....	21
Figure 19. Summary of Cost Basis for Future Water Customers.....	22
Figure 20. Costs Allocated to Future Water Customers & New Connection fees	23
Figure 21. Updated Water Connection Fees	23

Section 1. EXECUTIVE SUMMARY

Background and Purpose

BACKGROUND

Water rates for the San Lorenzo Valley Water District (District) were last reviewed in 2013 as part of a Water and Wastewater Charges Study. In February 2016, the District retained NBS to prepare a cost-of-service study that included both water and sewer rates¹. The results of that study, which were primarily the projected annual rate revenue requirements by customer class for the next five years, provided the background for a subsequent rate-design study.

In February 2017, the District engaged NBS to complete the rate design portion of the rate study for both water and sewer utilities by evaluating alternative rate structures, which is the focus of this report. Water connection fees were also evaluated in this study.

The District provides water service in the San Lorenzo Valley to the communities of Boulder Creek, Brookdale, Ben Lomond, Lompico, Zayante, Scotts Valley, Manana Woods, and Felton. The District's service area is approximately 60 square miles and includes almost 7,900 water customers. The District also provides sewer service to 55 customers within Bear Creek Estates.

PURPOSE

The overall purpose of this study is to develop proposed water rates, connection fees and proposed sewer rates for the small number of customers served by the District's sewer utility. This required thoroughly reviewing and confirming the District's broader rate-related goals and objectives, including policies related to financial parameters, conservation goals, customer bill impacts, and ensuring the new rates will provide long-term revenue stability.

The rates and fees developed in this study are intended to meet the requirements of Proposition 218 (or Prop 218)², commonly referred to as the "right to vote on new taxes" act, and were developed in a manner that is consistent with industry standards. This report documents the study and is intended to assist the District in its effort to communicate transparently with the residents and businesses it serves.

In developing proposed utility rates and connection fees, NBS and District staff worked cooperatively, and the District Board provided direction during the study, to develop the recommended rate and fee alternatives. The final study results were presented to the District Board at a public workshop on May 24, 2017, which approved the water and sewer rates, and water connection fees and directed staff to prepare public notices pursuant to Prop 218.

¹ Final Report: Enterprise Wide Cost of Service Financial Study, November 2016. Adopted by the Board of Directors January 2017.

² California Constitutional Provision, Article XIII D, Section 6.

Key Findings

REVENUE REQUIREMENTS AND PROJECTED RATES

The District's water and sewer utilities both need to complete ongoing rehabilitation and replacement projects while at the same time building and maintaining adequate reserve funds. Maintaining the financial integrity of the water utility was a key consideration in developing the proposed water rates. Similarly, stabilizing the financial health of the sewer utility was also a key consideration in developing the proposed sewer rates. Significant annual rate increases over the next five years are recommended for both the water and sewer utilities³, as follows:

- Water – 37 percent in FY 2017/18 (Year 1); 7 percent in Year 2; 6 percent in Year 3; and 5 percent in Years 4 and 5.
- Sewer – 20 percent annually, from FY 2017/18 through FY 2021/22.

WATER AND SEWER RATES

Due to the source and cost of the District's water supply, which make it difficult to establish a defensible cost basis for multiple volumetric tiers, the District elected to adopt a uniform (single-tier) rate design rather than continue with a more conservation-promoting multi-tiered rate design. Fixed monthly charges will continue to be based on meter sizes.

The current sewer rate design, which includes a monthly fixed service charge by account, was retained.

CONNECTION FEES

Connection fees were calculated for the water utility. These fees are charged to new customers connecting to the District's water system and are designed to place new customers on equal financial footing with current utility customers. Calculated connection fees for water are more than double the current adopted fees, and represent the maximum connection fee that the District could adopt.

Study Recommendations

NBS recommends the District take the following actions:

- Adopt the water and sewer five-year financial plans presented below.
- Adopt the recommended water and sewer reserve fund target balances.
- Adopt the recommended fixed monthly and uniform volumetric water rates (vs tiered rates).
- Adopt the recommended water connection fees.
- Adopt the recommended sewer rates.
- Conduct a legal review of the proposed rates.
- Proceed with Prop 218 noticing requirements and 45-day protest period.
- Assuming a successful Prop 218 process (that is, there is not a majority protest of the rates), adopt the rates summarized in this report. Connection fees are not subject to the Prop 218 process.

The next section discusses the general rate study methodology, followed by sections for the water rate study (Section 3), the sewer rate study (Section 4), and connection fees (Section 5).

3 More specifically, these are increases in the total rate revenue; the rates increases for each customer class reflect cost allocation factors that result in some rates being more or less than the annual increases noted here.

Section 2. OVERVIEW OF THE RATE STUDY METHODOLOGY

Comprehensive rate studies, whether for water rates or sewer rates, typically include three components: (1) preparation of a financial plan, which identifies the net revenue requirements for the utility; (2) analysis of the cost-of-service each customer class; and (3) the rate structure design. These steps are shown in Figure 1 and are intended to follow industry standards and reflect the fundamental principles of cost-of-service ratemaking embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges⁴, also referred to as Manual M1. This methodology also addresses requirements under Proposition 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the order they were performed for both utilities.

FIGURE 1. PRIMARY COMPONENTS OF A RATE STUDY



The District performed an Enterprise Wide Cost of Service Financial Study, which essentially completed the first two components (the financial plan and cost-of-service analyses), the results of which were adopted by the Board in January 2017.

As a result of this focused rate design study, rate increases – or more accurately, increases in the total revenue collected from rates – are recommended for each utility. Because the cost-of-service analysis defines revenue requirements separately for each customer class, not all rates are increased by exactly the same overall annual rate increase in the first year (i.e., in FY 2017/18, commonly called the “test year”). The remaining years in the five-year period (i.e., FY 2018/19 through FY 2021/22) are then adjusted in an across-the-board manner so that all rates are increase by exactly the annual percentage rate adjustment.

The District provided NBS with the necessary data, including historical, current, and projected revenues, expenditures, customer accounts, and water consumption, along with other operational and capital cost data that were essential for conducting this study.

⁴ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

Rate Design Criteria

It is important for utilities to send proper price signals to its customers about the actual cost of providing service. This objective is typically addressed through both the magnitude of the rates and the rate structure design. In other words, both the amount of revenue collected and the way in which it is collected from customers are important.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in a number of rate-setting manuals. For example, the foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of Public Utility Rates*⁵, which outlines pricing policies, theories, and economic concepts along with various rate designs. The other common industry standard is the aforementioned American Water Works Association's (AWWA) Manual M1.

The following is an abbreviated list of the rate structure objectives common to many utilities and their customers⁶, and which can be applied to water and sewer utilities:

- Rates should yield the necessary revenue in a stable and predictable manner.
- Rates should minimize unexpected changes to customer bills.
- Rates should discourage wasteful use and promote efficient uses.
- Rates should promote fairness and equity (i.e., cost based).
- Rates should avoid discrimination.
- Rates should maintain simplicity, certainty, convenience, feasibility, and freedom from controversy.
- Rates should comply with all applicable laws (in California, this specifically includes Prop 218).

Rate Structure Terminology

One of the most fundamental points in considering rate structures is the relationship between fixed and variable costs. The vast majority of water and sewer rate structures contain a fixed or minimum charge, and a volumetric charge.

The District's rate design criteria reflect the characteristics of the District's water and sewer utilities. Capital and operational reserve funding targets incorporated input from District staff and are intended to meet the utilities specific financial objectives. The following discussion describes general industry rate-study practices in California and principals that were reflected in the recommended rates.

FIXED CHARGES

Fixed charges can be called base charges, minimum monthly charges, fixed monthly meter charges, etc. Although fixed charges are typically a significant percentage of the utilities overall costs, utilities rarely collect 100 percent of their fixed costs through fixed charges. In general, customers prefer that charges include a volumetric component, as there is an inherent and widely recognized equity in a "pay-for-what-you-use" philosophy.

⁵ James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, *Principles of Public Utility Rates*, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), p. 383-384.

⁶ M1 Manual, AWWA, seventh edition, 2017, p. 105.

For a water utility, fixed charges typically increase by meter size. This is because a large portion of water utilities' costs are typically related to meeting capacity requirements and therefore reflecting the capacity demands of each meter size is important in establishing equitable fixed charges for customers. For example, a customer with a 2" meter may have a fixed meter charge that is eight times greater than the 5/8" meter charge based on the meter's maximum flow rate.⁷

VARIABLE (CONSUMPTION-BASED) CHARGES

In contrast, variable costs such as the cost of purchased water, electricity used in pumping water, and chemicals used in the water treatment facilities tend to change with the quantity of water produced. For water utilities, variable charges are generally based on metered consumption and charged on a dollar-per-unit cost (per 100 cubic feet, or hcf, in the District's case).

There are significant variations in the basic philosophy of variable charge rate alternatives. Under a uniform (single tier) water rate structure, the cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customer understanding and rate administration/billing.

KEY FINANCIAL ASSUMPTIONS

The following are the key assumptions used in the water and sewer rate analyses:

- **Funding Capital Projects** – The analysis for both utilities assumes:
 - Capital costs attributable to existing customers are funded with rate revenue.
 - Capital costs attributable to growth or expansion-related costs will be funded through connection fee revenue to the extent those revenues are available.
 - All capital projects listed in the financial plans are District projections.
- **Reserve Targets for Water and Sewer** – Reserves for operations and capital needs are set at levels established by District staff and adopted by the District Board. Reserve targets used in the analysis are as follows:
 - Operating & Maintenance Reserve – 180 days of O&M costs for water and 90 days for sewer.
 - Capital Rehabilitation and Replacement Reserve – \$2 million for water and 3 percent of net asset values for sewer.
- **Inflation and Growth Projections** – District-provided inflation and growth projections were applied equally to the water and sewer utilities:
 - General inflation is 2.65 percent annually.
 - Customer growth is 0.00 percent annually.
 - Labor cost inflation is 2.69 percent annually.
 - Energy cost inflation is 4.40 percent annually.
 - Chemical cost inflation is 5.00 percent annually.

The next two sections discuss the water and sewer rate studies in further detail.

⁷ These are typically referred to as "hydraulic capacity factors" that represent the relative capacity required in the water system. See American Water Works Association, *Water Meters – Selection, Installation, Testing and Maintenance, M6 Manual, Table 5-3*.

Section 3. WATER RATE DESIGN

Developing the Recommended Water Rate Design Alternative

The broader water rate study, including the cost-of-service analysis, was undertaken with a few specific objectives in mind, including:

- Generating sufficient additional revenue needed to meet projected funding requirements, particularly the costs of capital improvement projects,
- Providing revenue stability,
- In light of recent impacts from the drought and conservation efforts, evaluating and incorporating projected water consumption levels.

Although the previous cost-of-service study developed financial plans, NBS re-evaluated those plans and developed multiple additional financial plan scenarios and corresponding water rate alternatives as requested by District staff as a part of this focused water rate study. Each financial plan scenario provided different levels of CIP funding and projected reserve fund balances. All rate structure alternatives were developed using general industry standards and cost-of-service principles.

The District's Board of Directors selected the rate alternative recommended in this report at the May 24, 2017 special board meeting, noting that it provided the most favorable mix of cost-of-service results and the current rate structure. The following are the basic components included in the cost-of-service and/or rate design analysis:

- **Developing Revenue Requirements:** The water revenue requirements were projected based on the current annual budget and input from District staff. Revenue requirements were developed in the cost-of-service study and re-evaluated in the focused rate design study.
- **Developing Cost Allocations:** The cost-of-service study used these projected water revenue requirements to "functionalized" them into three categories: (1) fixed capacity costs; (2) variable (or volume-based) costs; and (3) customer service costs. Each of these functional costs has a distinct allocation factor used to determine revenue requirements by customer class.
- **Determining Revenue Requirements by Customer Class⁸:** As the next step in the cost-of-service analysis, revenue requirements for each customer class were determined based on allocation factors such as water consumption, capacity peaking factors, and number of accounts by meter size. For example, volume-related costs are allocated based on the water consumption for each class, while customer costs are allocated based on number of accounts.
- **Rate Design and Fixed vs. Variable Costs:** These revenue requirements by class are used to evaluate rate-design alternatives, which include determining how much revenue to collect from fixed charges versus variable rates. Fixed costs, such as capacity-related costs, billing, and general administrative costs, are typically collected through a fixed monthly charge, while variable costs such as pumping and purchased water costs are typically collected through volumetric charges. While this study determined that the District's fixed and variable costs are approximately 61 percent fixed and 39 percent variable⁹, industry practices provide flexibility regarding the actual

⁸ In the District's case, meter sizes serve as customer classes for the water utility.

⁹ A more strict "accounting-based" approach determined fixed/variable costs were closer to 82%/18%, respectively.

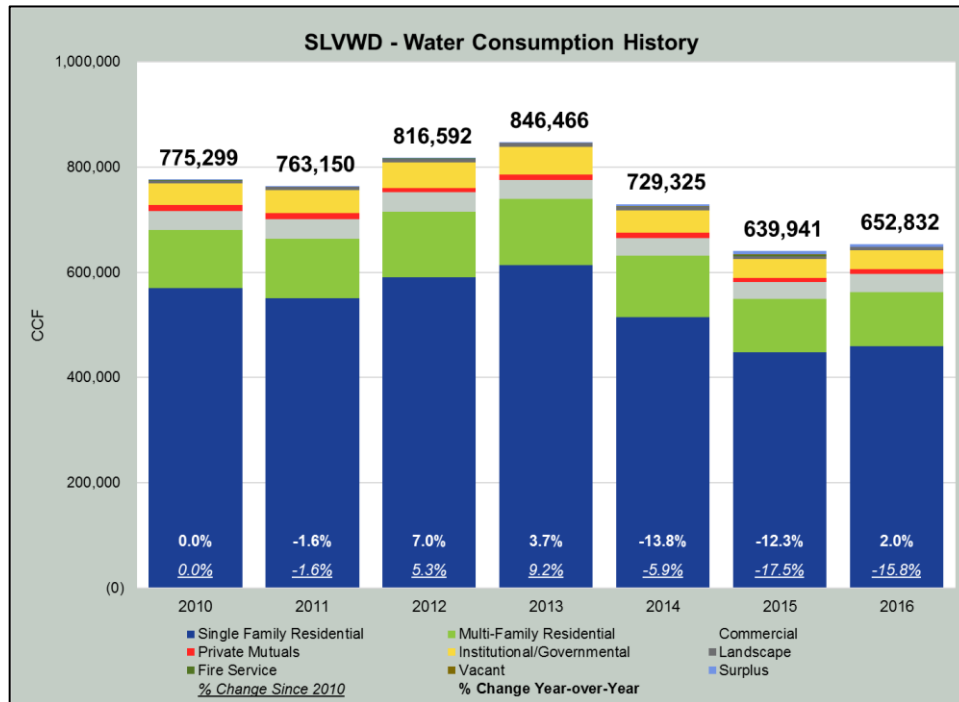
percentages collected from fixed vs. variable rates. After evaluating various combinations of fixed vs. variable costs, and based on direction from District staff and the District Board, a rate structure that recovers 30 percent from fixed charges and 70 percent from variable was selected¹⁰.

- **Elimination of the Drought Surcharge:** This study assumes the \$1.00/ccf drought charge currently in place will end when the proposed rates are implemented.
- **Revenue Stabilization Rates:** New revenue stabilization rates were developed as part of the study with the intent of stabilizing the District's variable rate revenue that may be effected by low water sales due to conservation or unusual weather patterns.
 - Once adopted through Prop 218, these rates can be implemented by Board of Directors on an as-needed basis.
 - Revenue Stabilization rates are reversible; when volumetric revenue losses subside, use of revenue stabilization rates would rescinded and the current volumetric rate (\$/CCF) would be used.
 - The District will provide adequate notice prior to implementation and rescission¹¹.
 - Although details are yet to be finalized, a key qualification for revenue stabilization rates to be implemented is the period and level of volumetric rate revenue losses (i.e., revenues below the expected revenue level). Higher volumetric rates, beginning with 10 percent increase would be implemented and, depending on the level of revenue losses, can be increased by additional increments of five percent but capped at 20 percent.
- **Water Conservation:** Minimal water conservation was included in projected water sales of 650,000 ccf for FY 2017/18, and is a consumption level the District is comfortable with for FY 2017/18. Figure 2 below shows the District's water consumption history for the last seven years.

¹⁰ The District's current revenue allocation is about 54 percent fixed and 46 percent variable.

¹¹ Details of proposed revenue stabilization rates and how they are implemented and rescinded are provided in Appendix B.

FIGURE 2. WATER CONSUMPTION HISTORY



Water Utility Revenue Requirements

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases typically consider the need to meet several objectives:

- **Meeting Operating Costs:** For Fiscal Years 2017/18 through 2021/22, the net revenue requirement (i.e., total annual O&M expenses, debt service, and rate-funded capital costs less non-rate revenues) is estimated to be approximately \$9.7 mil to \$11.4 mil. If no rate increases are implemented, current revenue is expected to be insufficient to cover these operating costs.
- **Maintaining Adequate Bond Coverage:** The District is required by its bond covenants for its 2012 water bonds to maintain debt-service coverage ratios of at least 1.15. The benefit of maintaining a higher coverage ratio is that it strengthens the District's credit rating, which can help lower the interest rates for future debt-funded capital projects, and in turn reduce interest payments for future debt issuances. This analysis assumes that the District will not be incurring any new debt. It is projected that with the recommended rate increases, the District will meet or exceed the 1.15 debt coverage ratio for existing debt through Fiscal Year 2021/22.
- **Maintaining Reserve Funds:** If no rate increases are implemented, reserves will be insufficient to fund ongoing water utility operations. Annual rate increases are necessary to meet reserve fund target levels. Based on the need to be responsive to unforeseen emergencies, District staff chose the following reserve targets:
 - **Operating Reserves** equal to 50 percent of the utility's annual operating expenses. This reserve target builds up to a six-month (or 180-day) cash cushion for normal operations. For Fiscal Year 2017/18, this is estimated to be \$1.9 million.

- **Capital Reserves** of \$2 million or 3 percent of net assets serves as a starting point for addressing longer-term capital needs. For Fiscal Year 2017/18 and into the near future, this is equal to \$2 million.
- **Debt Reserves** have a required reserve fund balance of almost \$500,000. The utility will have debt service obligations for many years to come; however, several obligations should be completed within the next 10 to 15 years.

Figure 3 summarizes the sources and uses of funds and net revenue requirements for the next five years, and includes the recommended annual rate increases. Figure 4 summarizes the projected reserve fund balances and reserve targets. A summary of the water utility's proposed 10-year financial plan, which is included in Appendix B – Water Rate Study Summary Tables, includes revenue requirements, reserve funds, revenue sources, proposed rate increases, and the District's capital improvement program.

FIGURE 3. SUMMARY OF WATER REVENUE REQUIREMENTS

Cost of Service Summary	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Sources of Water Funds						
Rate Revenue Under Prevailing Rates	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
Non-Rate Revenues	1,143,800	1,143,800	1,143,800	1,143,800	1,143,800	1,143,800
Interest Earnings	5,000	-	-	-	-	-
Total Sources of Funds	\$ 7,996,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440
Costs of Water Service						
Water Fund Expenses	\$ 7,567,612	\$ 7,969,789	\$ 8,282,159	\$ 8,502,813	\$ 8,729,059	\$ 8,961,692
Debt Service	1,000,751	1,000,751	899,339	797,926	395,840	291,041
Capital Expenses	1,678,988	1,862,385	1,918,257	2,116,934	2,180,442	3,299,649
Total	\$ 10,247,352	\$ 10,832,926	\$ 11,099,754	\$ 11,417,672	\$ 11,305,340	\$ 12,552,382
Surplus / (Deficiency)	\$ (2,250,912)	\$ (2,841,486)	\$ (3,108,314)	\$ (3,426,232)	\$ (3,313,900)	\$ (4,560,942)
Additional Revenue from Rate Increases (1)	-	2,533,627	3,190,315	3,792,593	4,324,604	4,883,217
Surplus (Deficiency) after Rate Increase	\$ (2,250,912)	\$ (307,859)	\$ 82,002	\$ 366,361	\$ 1,010,705	\$ 322,275
Projected Annual Rate Increase	0.00%	37.00%	7.00%	6.00%	5.00%	5.00%
Cumulative Rate Increases	0.00%	37.00%	46.59%	55.39%	63.15%	71.31%
Net Revenue Requirement (2)	\$ 9,098,552	\$ 9,689,126	\$ 9,955,954	\$ 10,273,872	\$ 10,161,540	\$ 11,408,582

1. Assumes new rates are implemented July 1, 2017.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

FIGURE 4. SUMMARY OF WATER RESERVE FUNDS

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Operating Reserve						
Ending Balance	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482
<i>Recommended Minimum Target</i>	<i>1,892,000</i>	<i>1,992,000</i>	<i>2,071,000</i>	<i>2,126,000</i>	<i>2,182,000</i>	<i>2,987,000</i>
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971
<i>Recommended Minimum Target</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>
Debt Reserve						
Ending Balance	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897
<i>Recommended Minimum Target</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>
Total Ending Balance	\$ 784,580	\$ 1,139,294	\$ 1,834,966	\$ 2,756,275	\$ 4,370,568	\$ 5,035,349
<i>Total Recommended Minimum Target</i>	<i>\$ 4,390,687</i>	<i>\$ 4,490,687</i>	<i>\$ 4,569,687</i>	<i>\$ 4,624,687</i>	<i>\$ 4,680,687</i>	<i>\$ 5,485,687</i>

Characteristics of Water Customers by Class

Water customer characteristics are used in the cost-of-service analysis for allocating costs to customer classes. The District's most recent customer class data includes the consumption data in Figure 5, peaking factors in Figure 6, and the total number of accounts in Figure 7.

FIGURE 5. WATER CONSUMPTION BY CUSTOMER CLASS

Development of the COMMODITY (Volumetric) Allocation Factor - Water Utility				
Customer Class	CY 2016 Volume (ccf) (1)	Conservation for Test Year (FY 2017/18)	Adjusted Volume with Conservation	Percent of Total Volume
Single Family Residential	459,680	0.4%	457,673	70.9%
Multi-Family Residential	102,921	0.4%	102,472	15.9%
Commercial	34,197	0.4%	34,047	5.3%
Private Mutuals	8,710	0.4%	8,671	1.3%
Institutional/Governmental	35,934	0.4%	35,777	5.5%
Landscape	6,901	0.4%	6,870	1.1%
Fire Service accounts	-	0.4%	-	0.0%
Vacant	382	0.4%	380	0.1%
Total	648,724	--	645,891	100%
Surplus Water accounts (2)	4,109	0.0%	4,109	0.6%
Grand Total	652,832	0.4%	650,000	101%

1. Consumption data is based on the SLVWD's billing data (February 2016 - January 2017).
2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

FIGURE 6. PEAKING FACTORS BY CUSTOMER CLASS

Development of the CAPACITY (MAX MONTH) Allocation Factor - Water Utility				
Customer Class	Average Monthly Use (ccf)	Peak Monthly Use (ccf) (1)	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	38,307	53,529	1.40	69.4%
Multi-Family Residential	8,577	10,872	1.27	14.1%
Commercial	2,850	3,745	1.31	4.9%
Private Mutuals	726	1,368	1.88	1.8%
Institutional/Governmental	2,994	5,940	1.98	7.7%
Landscape	575	1,571	2.73	2.0%
Fire Service accounts	0	0	0.00	0.0%
Vacant	32	83	2.61	0.1%
Total	54,060	77,107	1.43	100%
Surplus Water accounts (2)	342	972	2.84	1.2%
Grand Total	54,403	78,079	1.44	101%

1. Based on peak monthly data (peak day data not available).
2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

FIGURE 7. NUMBER OF ACCOUNTS BY CUSTOMER CLASS

Development of the CUSTOMER Allocation Factor - Water Utility		
Customer Class	Number of Meters (1)	Percent of Total
Single Family Residential	7,102	89.4%
Multi-Family Residential	513	6.5%
Commercial	201	2.5%
Private Mutuals	6	0.1%
Institutional/Governmental	53	0.7%
Landscape	14	0.2%
Fire Service accounts	-	0.0%
Vacant	58	0.7%
Total	7,947	100.0%
Surplus Water accounts (2)	15	0.2%
Grand Total	7,962	100.2%

1. Meter Count data is based on the SLVWD's billing data for January 2017.

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Cost of Service Analysis – Water

The District's previous cost-of-service study resulted in a study report at the end of 2016. While those results are not repeated here, they are summarized in Figure 8, and more detailed fixed and variable allocations are shown in Appendix B. Figure 8 only shows the fixed/variable percentages for the recommended rate design; other alternatives included 50/50 and 30/70 percent fixed/variable options.

FIGURE 8. SUMMARY OF FIXED AND VARIABLE RATE REVENUE REQUIREMENTS

Classification Components (1)	Adjusted Net Revenue Requirements (2017/18)	
	(30% Fixed / 70% Variable)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirements	\$ 9,381,267	100%

1. Surplus Water Net Revenue Requirements are excluded from total; rates are developed separately.

Based on the 30% fixed/70% variable results of the cost allocation process, Figure 9 summarizes the revenue requirement from each type of customer, with a total revenue requirement of \$9.38 million.

FIGURE 9. SUMMARY OF ADJUSTED RATE REVENUE REQUIREMENTS BY CUSTOMER CLASS

<i>Recommended Rate Alternative - 30% Fixed / 70% Variable)</i>						
Customer Classes	Classification Components				Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs (Variable Portion)	Capacity-Related Costs (Variable Portion)	Capacity-Related Costs (Fixed Portion)	Customer-Related Costs		
Single Family Residential	\$ 2,581,016	\$ 2,030,191	\$ 1,482,569	\$ 606,609	\$ 6,700,385	71.4%
Multi-Family Residential	577,882	412,354	301,126	43,817	1,335,180	14.2%
Commercial	192,008	142,028	103,718	17,168	454,922	4.8%
Private Mutuals	48,902	51,869	37,878	512	139,161	1.5%
Institutional/Governmental	201,762	225,275	164,509	4,527	596,072	6.4%
Landscape	38,745	59,564	43,497	1,196	143,002	1.5%
Fire Service accounts	-	-	-	-	-	0.0%
Vacant	2,143	3,148	2,299	4,954	12,544	0.1%
Total Net Revenue Requirement	\$ 3,642,457	\$ 2,924,429	\$ 2,135,597	\$ 678,783	\$ 9,381,267	100%
<i>Total Net Revenue Requirement by Classification Component</i>	<u>VARIABLE</u> \$6,566,887		<u>FIXED</u> \$2,814,380		\$9,381,267	

Current vs. Proposed Water Rate Structures

Besides merely providing the mechanism for collecting rate revenue from individual customers, water rate design presents an opportunity to consider broader rate-design objectives and policies, including revenue stability and water conservation.

During the rate-design analysis, District staff and NBS developed several water rate structure alternatives.

- **Current Rate Design/Customer Classes** – Preserving the current rate structure that maintains fixed monthly service charges by meter size was important to the District to maintain administrative efficiency and ease of billing.
- **Fixed/Variable Rate Alternatives:**
 - Rate Alternative #1: 70% fixed/30% variable
 - Rate Alternative #2: 50% fixed/50% variable (the current rate design)
 - Rate Alternative #3: 30% fixed/70% variable
- **Variable Rates:** As previously noted, based on Proposition 218 requirements and recent court cases, adopting a uniform volumetric rate was determined to be the most defensible volumetric rate structure¹².
- **Revenue Stabilization Rates:** To help the District respond to losses in volumetric rate revenue due to extraordinary conservation or unusual weather patterns, “revenue-stabilization rates” were developed.
- **Surplus Water:** Bulk water is sold directly to customers from a dedicated connection at the District’s office; customers must provide their own containers to fill. While District counsel confirmed that surplus water rates are not governed by Prop 218, a revised rate was calculated as part of this study.

¹² Although tiered rates were considered, it was the opinion of NBS, District staff, and the District’s legal counsel that uniform rates were the most defensible option.

Figure 10 compares the current and recommended rates for FY 2016/17 through 2021/22 (including surplus water rates). Cost-of-service adjustments are reflected in the FY 2017/18 rates; thereafter rate increases are applied on an across-the-board basis. Figure 11 shows the recommended revenue stabilization rates for FY 2017/18 through 2021/22 at various levels. Appendix B provides more detail on the development of the proposed water rates.

FIGURE 10. CURRENT AND PROPOSED WATER RATES FISCAL YEAR 2016/17 – 2021/22

Water Rate Schedule			Proposed Rates - 30% Fixed / 70% Variable				
			FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<i>Projected Increase in Rate Revenue per Financial Plan:</i>			37.00%	7.00%	6.00%	5.00%	5.00%
Fixed Service Charge							
Monthly Fixed Service Charges:							
5/8 inch	<i>per account</i>	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4 inch	<i>per account</i>	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1 inch	<i>per account</i>	\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1 1/2 inch	<i>per account</i>	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2 inch	<i>per account</i>	\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3 inch	<i>per account</i>	\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4 inch	<i>per account</i>	\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Surplus Water (1)	<i>per account</i>	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
Volumetric Charges for All Water Consumed							
Tier 1	<i>0 - 4 ccf</i>	\$3.81	--	--	--	--	--
Tier 2	<i>5 - 15 ccf</i>	\$4.97	--	--	--	--	--
Tier 3	<i>16 - 50 ccf</i>	\$5.96	--	--	--	--	--
Tier 4	<i>51+ ccf</i>	\$6.61	--	--	--	--	--
Drought Surcharge	<i>per CCF</i>	\$1.00	--	--	--	--	--
Flat Rate (Uniform Rate)	<i>per CCF</i>	\$4.64	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Surplus Water	<i>per CCF</i>	\$10.00	\$14.39	\$15.40	\$16.32	\$17.14	\$17.99

1. Per District policy, Surplus water accounts are charged the 1 1/2 inch meter monthly fee.

FIGURE 11. PROPOSED WATER REVENUE STABILIZATION RATES FISCAL YEAR 2017/18 – 2021/22

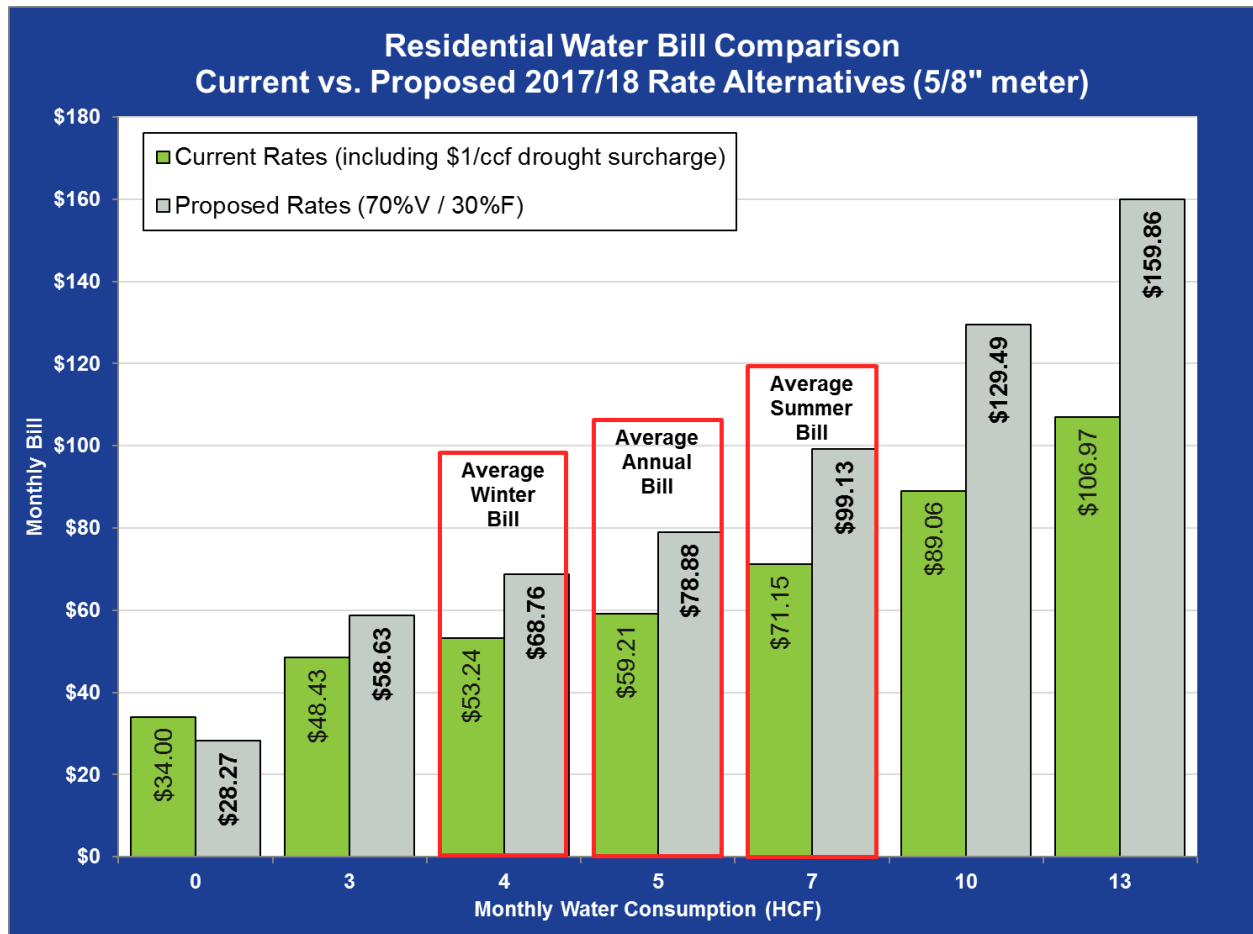
Water Rate Schedule	Proposed Revenue-Stabilization Volumetric Rates				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Volumetric Charges for All Water Consumed					
Flat Rate (Uniform Rate)	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Revenue Stabilization Rates for All Water Consumed					
10%	\$11.14	\$11.91	\$12.63	\$13.26	\$13.92
15%	\$11.64	\$12.46	\$13.20	\$13.86	\$14.56
20%	\$12.15	\$13.00	\$13.78	\$14.47	\$15.19

Comparison of Current and Proposed Monthly Water Bills

SINGLE-FAMILY WATER CUSTOMERS

Figure 12 compares monthly water bills under the current and proposed FY 2017/18 rates for single-family customers for a 5/8" inch meter – the most common meter size.

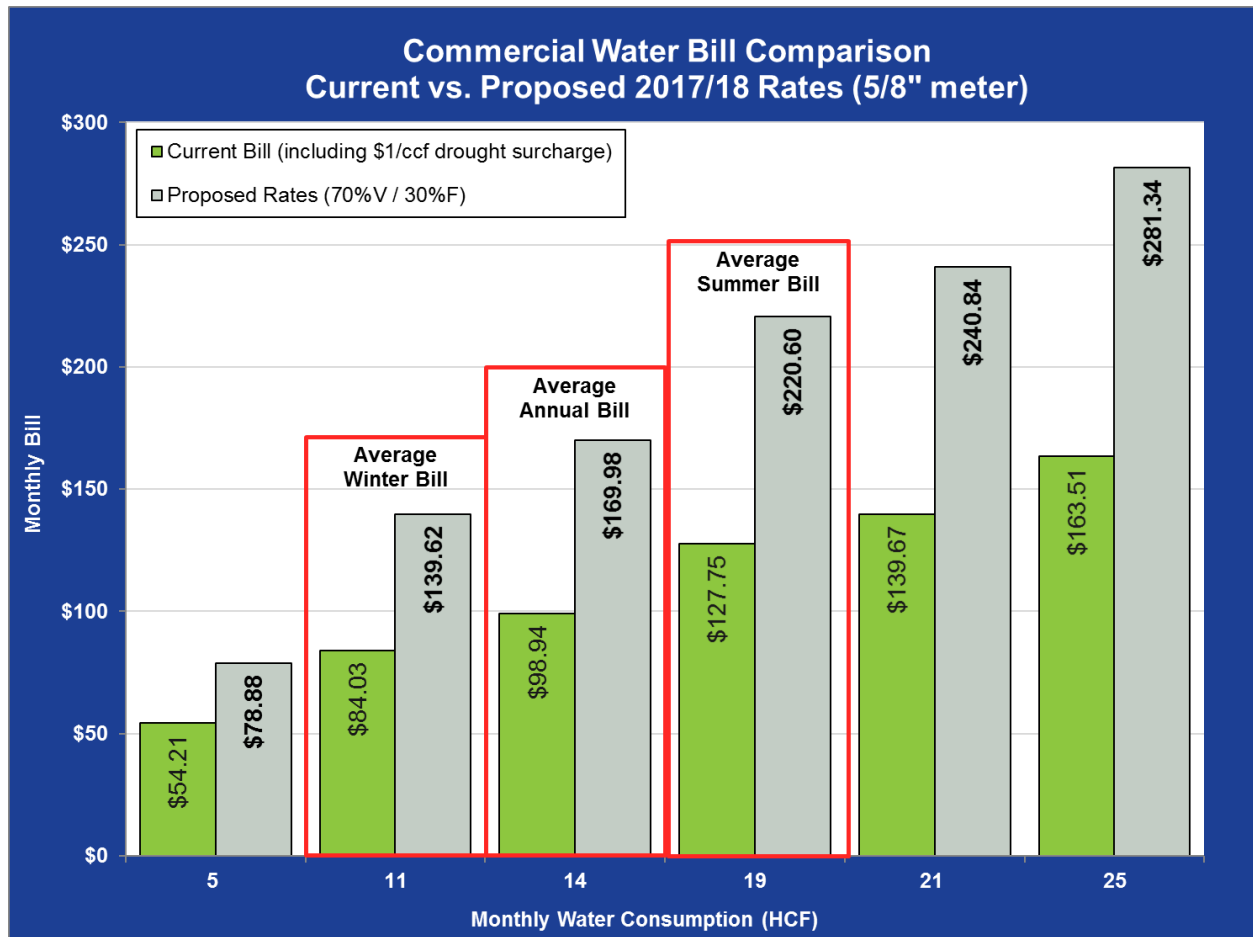
FIGURE 12. MONTHLY WATER BILL COMPARISON FOR RESIDENTIAL CUSTOMERS



COMMERCIAL WATER CUSTOMERS

Commercial customers are currently subject to the same fixed monthly charges by meter size and uniform volumetric rate as single-family customers; proposed rates follow the same rate structure. Figure 13 compares current and proposed FY 2017/18 monthly bills for commercial customers, also with a 5/8-inch meter at various levels of consumption.

FIGURE 13. MONTHLY WATER BILL COMPARISON FOR COMMERCIAL USERS



Section 4. SEWER RATE DESIGN

Developing the Recommended Sewer Rate Design Alternative

The District maintains a small wastewater system for a small residential area (55 total connections). Although the sewer rate study included objectives similar to those in the water rate study, the overriding concern was building and maintaining the financial health of the sewer utility.

The earlier cost-of-service study addressed sewer rate tasks were similar to those performed for the water rates, including developing a financial plan (revenue requirements), functional cost allocations, and revenue requirements by customer class. The rate design analysis then developed individual rates within customer classes. Detailed tables showing the systematic development of the analysis are presented in Appendix C – Sewer Rate Summary Tables.

Figure 14 summarizes the financial plan and net revenue requirements for the next five years, and indicates that annual net revenue requirements cannot be fully funded by current rate revenues. Although initial results indicated that the sewer utility needs a rate increase of 100 percent in FY 2017/18, 20-percent annual rate increases are recommended over the next five years to dampen the rate shock of a 100-percent increase.

FIGURE 14. SUMMARY OF SEWER REVENUE REQUIREMENTS

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Sources of Sewer Funds						
Rate Revenue Under Prevailing Rates	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Non-Rate Revenues	-	-	-	-	-	-
Total Sources of Funds	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Uses of Sewer Funds						
Operating Expenses	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010
Debt Service	-	-	-	-	-	-
Capital Expenses	63,880	65,796	67,770	69,803	71,898	74,054
Total Uses of Funds	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064
Surplus / (Deficiency) before Rate Increases	\$ (90,896)	\$ (96,226)	\$ (101,703)	\$ (107,332)	\$ (113,116)	\$ (119,064)
Additional Revenue from Rate Increases (1)	-	20,000	44,000	72,800	107,360	148,832
Surplus (Deficiency) after Rate Increase	\$ (90,896)	\$ (76,226)	\$ (57,703)	\$ (34,532)	\$ (5,756)	\$ 29,768
Projected Annual Rate Increase	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Cumulative Rate Increases	0.00%	20.00%	44.00%	72.80%	107.36%	148.83%
Net Revenue Requirement (2)	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064

1. Assumes new rates are implemented July 1, 2017.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from sewer rates.

A summary of the entire 20-year financial plan, showing revenue requirements, revenues, and recommended rate increases is presented in Appendix C, along with a summary of the District's capital improvement program.

Cost of Service Analysis – Sewer

The 2016 Cost of Service Study performed by NBS developed the cost of service analysis that fairly and equitably allocates annual revenue requirements to customer classes, although the District's sewer customers are all residential customers.

Current vs. Proposed Sewer Rates

Currently, the District's sewer rates consist of a fixed monthly base charge per account (\$149.00 per month). Figure 15 shows the current and proposed sewer rates through FY 2021/22. The proposed rates maintain the existing rate structure with a fixed monthly base charge only (i.e. no volumetric component).

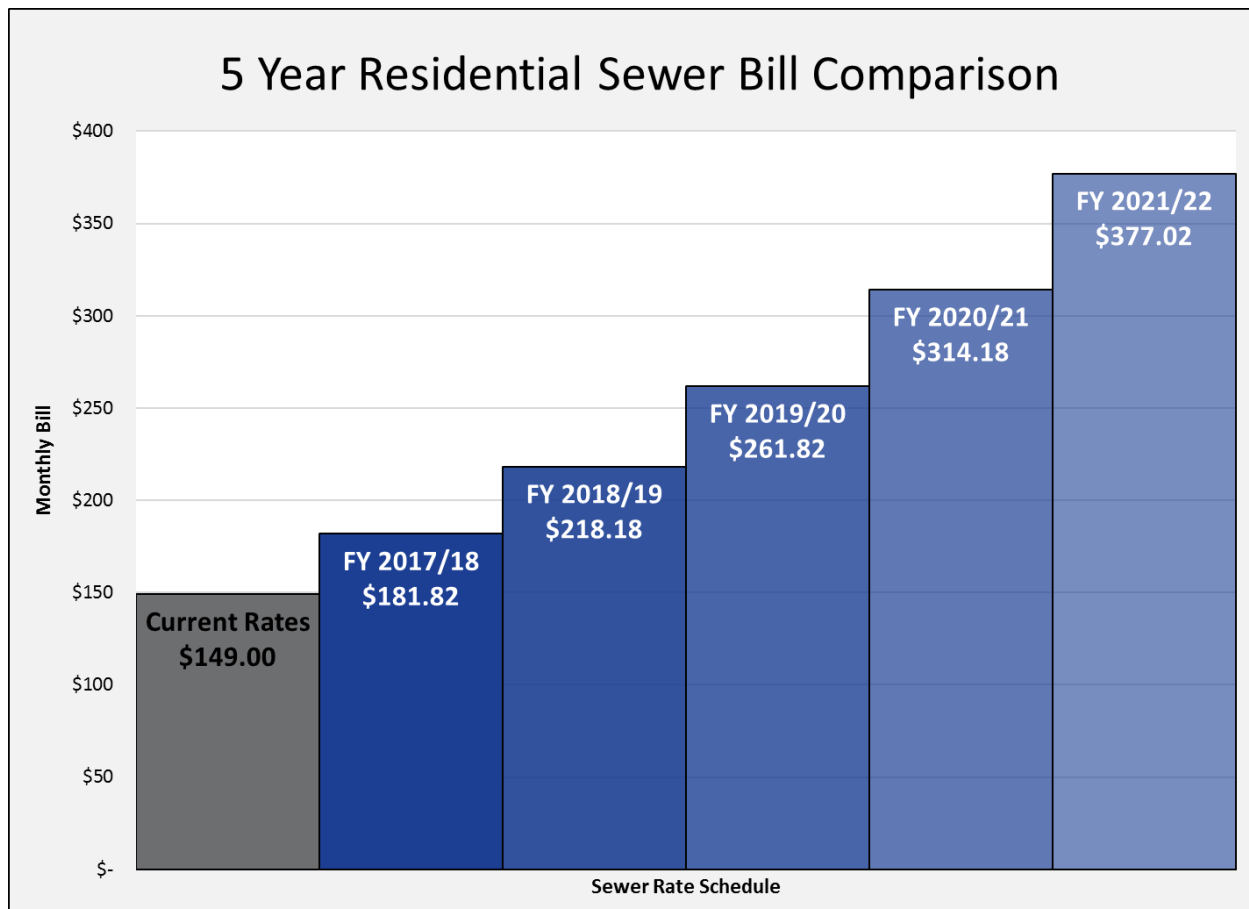
FIGURE 15. CURRENT AND PROPOSED SEWER RATES FISCAL YEAR 2016/17 – 2021/22

Sewer Rate Schedule	Current Rates	Proposed Rates				
		FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Projected Increase in Rate Revenue per Financial Plan:		20.00%	20.00%	20.00%	20.00%	20.00%
Monthly Fixed Service Charges:						
All Customers	\$149.00	\$181.82	\$218.18	\$261.82	\$314.18	\$377.02

SINGLE-FAMILY SEWER CUSTOMERS

Figure 16 compares typical single-family monthly sewer bills in under the current and proposed rates for the next five years.

FIGURE 16. MONTHLY SINGLE-FAMILY SEWER BILL COMPARISON



Section 5. WATER CONNECTION FEE STUDY

Background and Purpose

Connection fees are one-time fees intended to reflect the cost of existing infrastructure and planned improvements available to new services, and place new utility customers on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they then incur the obligation to pay the same service charges or water rates that existing customers pay.

The District is conducting a water connection fee study because the District's connection fees needed updating to comply with industry standards, and these fees need to reflect the cost of capital infrastructure required to serve new customers. The next few sections summarize the results of the analysis and presents the updated connection fees that are imposed on new or upsized connections.

General Connection Fee Requirements

Connection fees imposed by the District are subject to California's Mitigation Fee Act ("Act"), embodied in Government Code 66000 et seq., which the State Legislature passed, starting with Assembly Bill 1600 in 1989. The Act prescribes the means by which public agencies may impose development impact fees, including water connection fees. The connection fees presented herein are calculated with the intent of complying with the Act and are based on typical industry methodologies.

In its simplest form, connection fees (for utilities they are often also referred to as developer fees, capacity fees, or system development charges) are calculated by dividing the costs allocated to future development by the number of units of new development:

- Costs of planned future facilities and improvements required to serve new development are those that can reasonably be allocated to future development.
- The number of new units (i.e., growth) are those units projected to occur within the timeframe covered by the connection fee analysis.

Connection fee revenues may not be used for annual operations or maintenance of existing or new facilities. The cost of the public facilities analyzed do not include the operational costs of these facilities, which, over their useful life, may be quite substantial, and will be borne by customers connected to the system at the time of operation.

Another fundamental premise of connection fees is that the burden of the fees cannot exceed the actual cost of the public facilities needed to serve the development paying the fee, including costs associated with administering the fee program. In addition, fee revenues can only be used for their intended purposes and the Act has specific accounting and reporting requirements both annually and after every five-year period for the use of fee revenues.

Facility Standards, Level of Service, and Deficiencies

The words "standard" and "level of service" are used (at times interchangeably) to describe the level of investment in capital facilities that are needed to serve water and sewer customers. A standard is defined as the adopted policy, or benchmark, that the District currently provides or intends to achieve for any

particular facility. On the other hand, level of service (LOS) refers to the actual level of benefit that the current population experiences. Level of service may be different from the standard for a given facility. If the existing LOS is less than the standard, a deficiency exists for that facility.

New development alone cannot be required to improve the LOS provided by those facilities that serve both new and existing development¹³. State law limits connection fees to the cost of maintaining services for new development at the same LOS as existing development.

Mitigation Fee Act and Required Findings

The Mitigation Fee Act establishes requirements for imposing connection fees, including necessary funding for the ongoing administration of connection fee programs. It also requires local governments to document the following when adopting a connection fee:

- Identify the purpose of the fee.
- Identify the use of fee revenues.
- Determine a reasonable relationship exists between the fee's use and the type of development paying the fee.
- Determine a reasonable relationship exists between the need for the fee and the type of development paying the fee.
- Determine a reasonable relationship exists between the amount of the fee and the cost of the facility attributable to development paying the fee.

Together, these items constitute a “nexus study” when documented and presented in a report. This report provides the required documentation for the above findings and the determinations that establish the basis for the recommended fees. The following sections discuss the development of the water connection fees.

Connection Fee Methodology

Various methodologies have been and are currently used to calculate water connection fees. The most common are:

- The value of existing (historical) system assets, often called a “buy-in” methodology.
- The value of planned future improvements, also called the “incremental” or “system development” methodology.
- A combination of these two approaches.

This analysis uses the combination approach, which requires new customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements needed to provide them with capacity in the District’s water system. As a result, new customers connecting to the District’s water system would enter as equal participants with regard to their financial commitment and obligations to the utility.

In calculating the water connection fees, the replacement-cost-new-less-depreciation (RCNLD) value of existing system assets was used to calculate the buy-in component of the connection fee. The Handy

13 New development can, and often does fund facilities beyond those covered by connection fees through “developer agreements”, which are voluntarily and mutually agreed upon by new development and an individual utility. Developer agreements are outside the scope of this report, and not considered a part of the connection fee programs addressed herein.

Whitman Index of Public Utility Construction Costs¹⁴, which is a regionally specific construction cost index that tracks water utility construction costs, was used to estimate the replacement value of the existing system assets. We believe this is an accurate inflation index and appropriate for water utilities.

A detailed summary of the water utility's connection fee calculations is included in Appendix D – Water Connection Fee Study Summary Tables.

Existing Connections and Projected Future Growth

Larger meters have the potential to use more of the water system's capacity, compared to smaller meters. The potential capacity used is proportional to the maximum hydraulic flow through each meter size as established by the American Water Works Association (AWWA) hydraulic capacity ratios. The AWWA capacity ratios (also known as Flow Factors) used in this study are shown in the fourth column of Figure 17.

As an example, a 2-inch meter has a greater capacity, or potential peak demand than a 5/8-inch meter. A "hydraulic capacity factor" is calculated by dividing the maximum capacity or flow of large meters by the capacity of the base meter size, which is typically the most common residential meter size (in this case a 5/8-inch or 3/4-inch meter).

The flow factors shown in Figure 17 are the ratio of potential flow through each meter size compared to the flow through a 5/8-inch meter, which is the most common meter size for the District's water utility, and is used to compare the capacities of the larger meters. For example, the fourth column in Figure 17 shows the hydraulic capacity of a two-inch meter is 8 times that of a 5/8-inch meter. As a result, while there are currently 7,369 total water connections, there are 8,055 equivalent meter connections.

FIGURE 17. METER EQUIVALENCE – WATER

Meter Size	Existing Water Meters (1)	Meter Equivalence		Water Meter Equivalent Units
		Maximum Flow (gpm) (2)	Flow Factor for 5/8 or 3/4 inch Base Meter	
5/8 Inch	6,439	20	1.00	6,439
3/4 Inch	241	30	1.00	241
1 Inch	616	50	1.67	1,027
1 1/2 Inch	37	100	3.33	123
2 Inch	31	160	5.33	165
3 Inch	4	320	10.67	43
4 Inch	1	500	16.67	17
6 Inch	-	1,000	33.33	-
8 Inch	-	1,600	53.33	-
Total	7,369			8,055

1. Data is based on SLVWD billing data. Meter count is from February 2016.
2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 8".

¹⁴ The Handy-Whitman Index of Public Utility Construction Costs. Baltimore, MD: Whitman, Requardt and Associates, 2017.

The actual number of meters by size is multiplied by the corresponding flow factor to calculate the total number of equivalent meters, which is used as a proxy for the potential demand that each customer can place on the water system. A significant portion of a water system's peak capacity, and in turn, the utility's fixed capital costs are related to meeting system capacity requirements. Therefore, the connection fee for a new service will be proportional to the service's meter equivalents.

The state now requires fire suppression systems in all new single-family home construction with a minimum meter size of 1-inch. Although the expected use within single-family homes does not change because of this requirement, the District has a policy of charging all new connection fees based on actual meter size.

The District's capital improvement plan has a 20-year outlook (through Fiscal Year 2034/35), which is the basis for defining the costs of planned future capital assets. Based on the District's customer growth projections, there will be approximately 1.19 percent annual growth in the water system over the next 20 years. The result, as shown in Figure 18, is that the District expects 2,027 new 5/8-inch equivalent meters over the next twenty years, equivalent to 2.01 percent total growth during the same time.

FIGURE 18. PROJECTED CUSTOMER GROWTH – WATER

Demographic Statistics	Existing Total	Projected Service Total	Allocation Factors		Cumulative Change	
			Existing Services	Future Services	Number of Units	% Increase
SFR Meter Equivalent Units	8,055	10,082	79.9%	20.1%	2,027	25.2%

Existing and Planned Future Assets

The water utility's capital assets include existing assets and planned capital improvements (i.e., the buy-in and incremental assets). Existing assets are often valued using "book value" (i.e., original cost less depreciation). However, replacement costs provide a more accurate estimate of these asset values. Ideally, replacement values would reflect the actual field condition of the assets (i.e., whether they are behind or ahead of the depreciation curve based on actual condition rather than just the remaining years of expected life). Unfortunately, this information was not available for this study, and the estimated replacement-cost-new-less-depreciation or RCNLD value was developed as the cost basis for the new connection fees. A field assessment was performed as part of the Cost of Service Study completed in November 2016; planned capital improvements are based on this assessment.

For the purpose of this analysis, assets that have exceeded their useful life (as defined in the District's asset records) were considered to have no remaining value. The resulting RCNLD value of existing assets are about \$52 million; see Appendix D for full details.

Most of the RCNLD costs were allocated to existing users based on the 79.9 percent allocation factor shown in Figure 18 (and 20.1 percent allocation factor for future users). The resulting allocation of existing system assets to existing and future users is summarized in Figure; future customers are allocated \$10,474,476 of existing water assets.

As noted earlier, the District's capital improvement plans extend through 2035. The estimated cost of planned future improvements (in 2017 dollars) used to calculate the system development component of the

connection fee are also summarized in Figure 19; based on the 20.1 percent allocation factor, future customers were allocated \$11,446,715 of these future capital project costs.

Adjustments to the Cost Basis

Before the connection fees are developed, two adjustments were applied to the cost basis to account for existing cash reserves and outstanding debt. Existing cash reserves are treated as an asset, since existing customers contributed them and they are available to pay for capital and/or operating costs of the water utility. The cash reserves are, in a sense, no different from any other system asset. The existing cash 20.1 percent allocation factor is from Figure 18. The allocation of cash reserves to future users is \$521,778.

There was also a credit to the cost basis related to outstanding bonds. This credit was included because some existing assets were at least partially funded with revenue bonds that will be paid in future years by the “existing customers” at that time. Since new connections pay their share of existing asset values, including the remaining outstanding debt on those same assets would be double counting the asset values in the connection fees. Therefore, a credit is given in the connection fee calculation for the value of future principal, to avoid double-charging new customers for bond-funded assets. Figure 19 summarizes the \$1,003,901 credit provided to future users in the connection fee development.

Calculated Connection Fees

The sum of the existing and planned asset values (that is, the system buy-in and system development costs), along with the adjustments for existing cash reserves and outstanding principal payments, defines the total cost basis allocated to future customers. Figure 19 summarizes how this cost basis is developed.

FIGURE 19. SUMMARY OF COST BASIS FOR FUTURE WATER CUSTOMERS

System Asset Values Allocated to Future Development	
System Asset Values Allocated to Future Development	
<i>System Asset Values Allocated to New Development</i>	
Existing System Buy-In (2)	\$ 10,474,476
Future System Expansion (3)	<u>11,446,715</u>
Total: Existing & Future System Costs	\$ 21,921,191
<i>Adjustments to Cost Basis:</i>	
Cash Reserves	\$ 521,778
Outstanding Long-Term Debt (Principal) Allocated to Future Users	<u>(1,003,901)</u>
Total: Adjustments to Cost Basis	\$ (482,123)
Total Adjusted Cost Basis for New Development	\$ 21,439,068

The total adjusted cost basis is then divided by the number of future customers, measured in 5/8-inch meter equivalents, expected to connect to the system (that is, the 2,027 meter equivalents shown in Figure 18). This calculation is shown in Figure 20.

FIGURE 20. COSTS ALLOCATED TO FUTURE WATER CUSTOMERS & NEW CONNECTION FEES

Summary of Costs Allocated to Connection Fees	Adjusted System Cost Basis	Planned Additional EDU's	Maximum Connection Fee
Maximum Water Connection Per 5/8-inch meter	\$ 21,439,068	2,027	\$ 10,577

Based on the combined system buy-in and incremental connection fee methodology, and the assumptions used in this analysis, NBS has calculated the new connection fees for each meter size, as shown in Figure 21. The updated connection fees represent the maximum fee that the District could charge for new connections.

FIGURE 21. UPDATED WATER CONNECTION FEES

Meter Size	Equivalency Factor		Maximum Unit Cost (\$/EDU)	Updated Maximum Connection Fee Per Meter
	Maximum Continuous Flow (gpm) (1)	Equivalency to 5/8 or 3/4-inch Base Meter Size		
5/8 Inch	20	1.00	\$10,577	\$10,577
3/4 Inch	30	1.00	\$10,577	\$10,577
1 Inch	50	1.67	\$10,577	\$17,629
1 1/2 Inch	100	3.33	\$10,577	\$35,257
2 Inch	160	5.33	\$10,577	\$56,412
3 Inch	320	10.67	\$10,577	\$112,824
4 Inch	500	16.67	\$10,577	\$176,287
6 Inch	1,000	33.33	\$10,577	\$352,575
8 Inch	1,600	53.33	\$10,577	\$564,120

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 8", and Turbine Class II for 10" through 12" meters.

Fee Updates

This connection fee study and the recommended fees assume a given level of development activity over the study period based on the best available data. The development that actually occurs may result in both different impacts and fee revenues than those that are calculated in this study. For that reason, regular updates are recommended to adjust the connection fees to match the needs created by the rate of actual development.

Water Connection Fee Findings Statements

The new water connection fees calculated in this report are based on regulatory requirements and generally accepted industry standards, and are further documented in Appendix D. This study makes the following findings:

- The purpose of the District's water connection fee is to ensure that new and upsized connections reimburse and/or mitigate a reasonable portion of the District's planned capital investments. These investments benefit and/or are necessary to accommodate increased demand for water service.
- The District uses connection fee proceeds to fund capital investments in the water system, which include the future design and construction of planned facilities and partial payment of debt service related to capital improvements.
- All parcels seeking permission to connect to the District's water system are subject to the water connection fee, payment of which is a condition of connection approval. Figure 18 identifies the total number of projected future water customers.
- Connection fees for new water customers vary depending on the size of the water meter serving the connection. Meter size is generally proportionate to the demands a parcel places on the water utility system, specifically the peaking requirements related to the meter size.
- Figure 17 illustrates the equivalency factors differentiating meter sizes, based on their maximum continuous flow. Of the meters currently connected to the system, a majority are 5/8-inch or ¾-inch meters, representing an equivalency factor of 1.0, from which the number of equivalent meters for all larger meters is calculated.
- The District has made investments in water infrastructure, and plans to invest further in expanded and upgraded facilities. These investments make possible the availability and continued reliable provision of utility service of high quality water sufficient to meet demands of growth within the District's service area.
- Without capital investment in existing facilities, the water system capacity available to serve the needs of future connections would be uncertain. Without planned investments in future facilities, water service would not be sustainable at the level of service enjoyed by current users. The total value of planned water system assets that are attributable to serving future connections is identified in Figure 19.
- Connection fees are derived directly from the value of capital investments in existing and planned water facilities.
- Figure 20 identifies the water infrastructure cost per single-family equivalent dwelling unit (EDU) for a new connection, resulting in connection fee unit cost of \$10,577 per EDU.
- Upon payment of a connection fee, a new customer incurs the obligation to pay the same ongoing service rates as existing customers, regardless of the date of connection to the systems or the actual start of service. Connection fees ensure that, over time, ongoing service rates are not disproportionately burdened by the accommodation of system growth.

Section 6. RECOMMENDATIONS AND NEXT STEPS

Consultant Recommendations

This rate and connection fee study reflects input from District staff and the District Board and is intended to comply with general industry standards and State law, and specifically the requirements of Proposition 218 and the Mitigation Fee Act. Public hearings and protest balloting requirements are the next steps required to complete the adoption and implementation requirements for water and sewer rates. The District Board can directly adopt new connection fees, which are not subject to Proposition 218 requirements. As a part of this process, NBS recommends the District take the following actions:

- **Approve and Accept This Study Report:** NBS recommends the District Board formally approve and adopt this report and its recommendations. This will provide the documentation and administrative record necessary to adopt and implement these rates and connection fees.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Proposition 218 balloting requirements, the District Board should proceed with implementing the rate increases and rate structures recommended in this report for both utilities for the next five years (see Figure 10, Figure 11, and Figure 15). These rate increases are necessary to ensure the continued financial health of the District's water and sewer utilities.
- **Implement New Connection Fees:** Based on the analysis presented in this report, the District Board should implement the new connection fees recommended in this report, which are \$10,577 per 5/8-inch meter equivalent.
- **Adopt Reserve Fund Targets:** NBS recommends the District Board adopt and strive to meet the recommended reserve fund targets described in this report for each utility.

Next Steps

ANNUALLY REVIEW RATES AND REVENUE

Any time an agency adopts new utility rates, particularly when facing significant future capital costs, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements, particularly those related to capital improvement and repair and replacement costs that can significantly affect annual cash flows.

PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, including the District's operating budgets, capital improvement plans, customer account data, water consumption records, and other conditions and events projected to occur in the future. This information and these assumptions were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein or may

vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

Section 7. APPENDIX A – ABBREVIATIONS & ACRONYMS¹⁵

AAF	Average Annual Flow
AF	Acre Foot, equal to 435.6 HCF/CCF or 325,851 gallons
Alt.	Alternative
Avg.	Average
AWWA	American Water Works Association
BMP	Best Management Practice
BOD	Biochemical Oxygen Demand
CA	Customer
CAP	Capacity
CCF	Hundred Cubic Feet (same as HCF); equal to 748 gallons
CCI	Construction Cost Index
COD	Chemical Oxygen Demand
COM	Commodity
Comm.	Commercial
COS	Cost of Service
COSA	Cost of Service Analysis
CPI	Consumer Price Index
CIP	Capital Improvement Program
DU	Dwelling Unit
Excl.	Exclude
ENR	Engineering News Record
EDU	Equivalent Dwelling Unit
Exp.	Expense
FP	Fire Protection
FY	Fiscal Year (e.g., July 1st to June 30th)
FY 2016/17	July 1, 2016 through June 30, 2017
GPD	Gallons per Day
GPM	Gallons per Minute
HCF	Hundred Cubic Feet; equal to 748 gallons or 1 CCF
Ind.	Industrial
Irr.	Irrigation
LAIF	Local Agency Investment Fund
Lbs.	Pounds
MFR	Multi-Family Residential
MGD	Million Gallons per Day
MG/L	Milligrams per Liter
Mo.	Month
Muni.	Municipal
NH3	Ammonia
NPV	Net Present Value
N/A	Not Available or Not Applicable
O&M	Operational & Maintenance Expenses
Prop 13	Proposition 13 (1978) – Article XIII A of the California Constitution which limits taxes on real property to 1 percent of the full cash value of such property.
Prop 218	Proposition 218 (1996) – State Constitutional amendment expanded restrictions of local government revenue collections.
Req't	Requirement

15 This appendix identifies abbreviations and acronyms that may be used in this report. This appendix has not been viewed, arranged, or edited by an attorney, nor should it be relied on as legal advice. The intent of this appendix is to support the recognition and analysis of this report. Any questions regarding clarification of this document should be directed to staff or an attorney specializing in this particular subject matter.

Appendix A, continued

Res.	Residential
Rev.	Revenue
RTS	Readiness-to-Serve
R&R	Rehabilitation & Replacement
SFR	Single Family Residential
SRF Loan	State Revolving Fund Loan
SWRCB	State Water Resources Control Board
TSS / SS	Total Suspended Solids
V. / Vs. /vs.	Versus
WWTP	Waste Water Treatment Plant

Section 8. APPENDIX B – WATER REVENUE-STABILIZATION RATES & SUMMARY TABLES

DETAILS OF HOW REVENUE STABILIZATION RATES ARE IMPLEMENTED

Revenue-Stabilization Rate Trigger and Board Notification:

1. For background/informational purposes, District Manager (DM) will provide the District Board with the average units of water sales (by month) for the rolling previous three years, which will serve as the “baseline” against which current annual sales to date will be compared. District will include a revenue stabilization rate schedule in each budget year (and Proposition 218 Notices) indicating the volumetric rate for increases of 10%, 15%, and 20%. This information will be provided as a part of the budget package each year.
2. If DM determines that annual water sales (in units) to date is more than 10% below expected year-to-date levels (based on monthly averages over the previous three-years), DM will inform the Board. When informing the Board, DM will include expense reduction measures for consideration by the Board that will match the revenue gap. DM will also update the Board on current reserve levels. DM will also provide staff analysis of why the water sales gap is occurring and a six-month projection of anticipated water sales.

Board Action to Implement: Once so informed by DM, Board may:

- Order DM to implement all or part of the proposed expense reductions,
- Order DM to utilize reserves to meet all or part of the revenue gap,
- Order DM to implement revenue stabilization rates from the revenue-stabilization rate schedule* provided by the DM corresponding to the level of volumetric water sales deficit (10%, 15%, or 20%).

**Technical Note: the Revenue-Stabilization rate schedule will be the current uniform volumetric rate that is 10%, 15%, and 20% higher.*

Board Action to Rescind: Once the Board is informed by DM that volumetric water sales revenue has returned to expected levels*, the rate stabilization rates will be automatically rescinded and return to the previous adopted uniform volumetric rate.

**Technical Note: The expected year-to-date volumetric rate revenue is the three-year rolling average monthly water sales (in units) times the currently adopted uniform volumetric water rate. This monthly revenue schedule should be proportionally adjusted to match your budgeted volumetric revenue number.*

Proposed Revenue Stabilization Rates (Previously Shown in Figure 11):

Water Rate Schedule	Proposed Revenue-Stabilization Volumetric Rates				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Volumetric Charges for All Water Consumed					
Flat Rate (Uniform Rate)	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Revenue Stabilization Rates for All Water Consumed					
10%	\$11.14	\$11.91	\$12.63	\$13.26	\$13.92
15%	\$11.64	\$12.46	\$13.20	\$13.86	\$14.56
20%	\$12.15	\$13.00	\$13.78	\$14.47	\$15.19

Section 9. **APPENDIX C – SEWER RATE SUMMARY TABLES**

Section 10. **APPENDIX D – WATER CONNECTION FEE SUMMARY TABLES**

TABLE 1
FINANCIAL PLAN AND SUMMARY OF WATER COST REQUIREMENTS

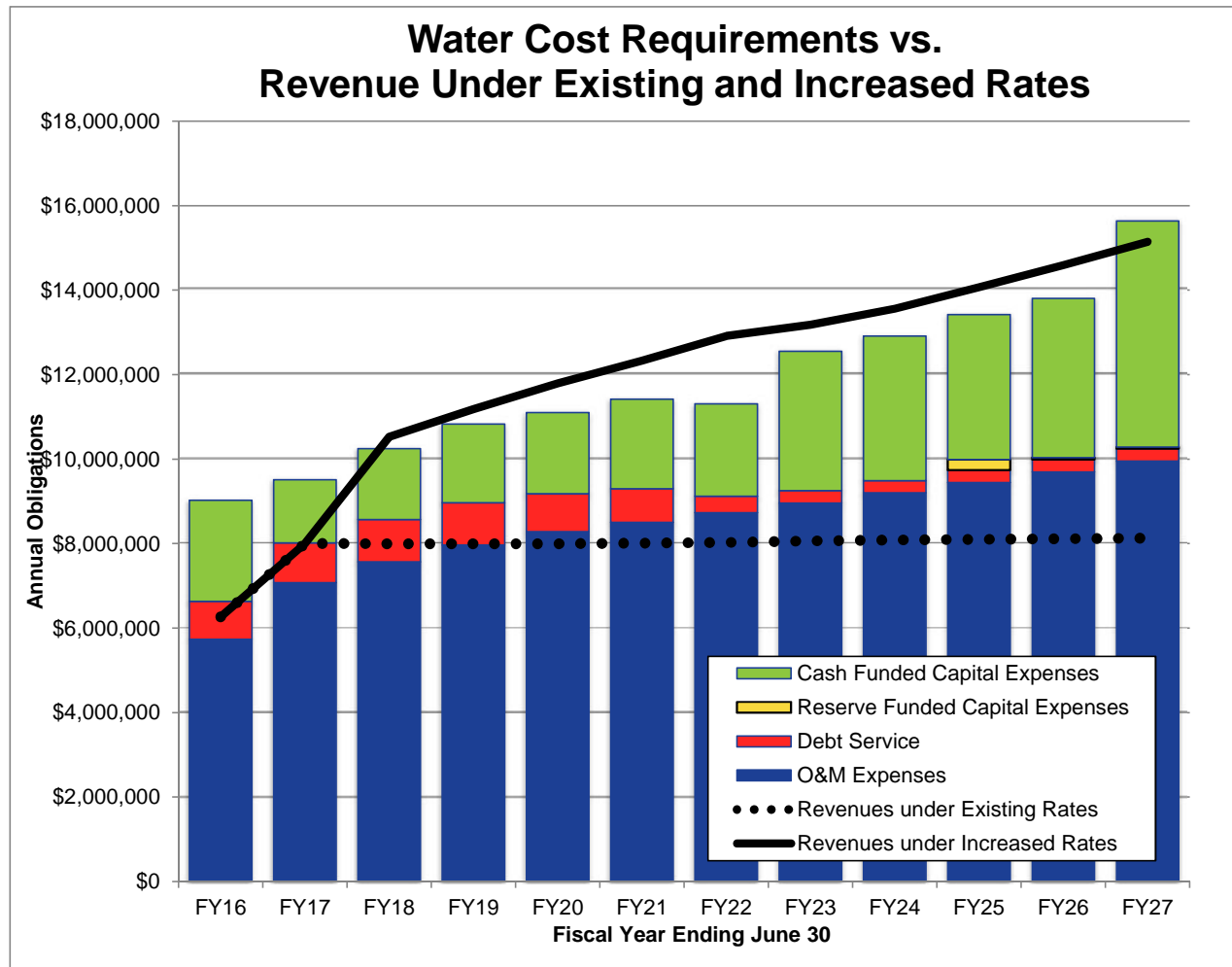
WATER REVENUE REQUIREMENTS SUMMARY	Actual	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Funds										
Water Rate Revenue: (1)										
Service & Usage Fees	\$ 5,575,000	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
Water Non-Rate Revenue:										
Property Taxes (2)	\$ 525,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000
Rental Revenue	32,500	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800
Investment Earnings	2,500	5,000	-	-	-	-	-	-	-	-
Gain/Loss on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Other Income	123,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
Interest Income	7,699	5,699	647	3,059	7,597	18,145	35,521	69,590	92,689	106,408
Grand Total: Sources of Funds	\$ 6,265,699	\$ 8,002,139	\$ 7,992,087	\$ 7,994,499	\$ 7,999,037	\$ 8,009,585	\$ 8,026,961	\$ 8,061,030	\$ 8,084,129	\$ 8,097,848
Uses of Funds										
Water Fund Operating Expenses (3):										
Administration	\$ 878,273	\$ 1,016,359	\$ 1,043,312	\$ 1,071,089	\$ 1,099,359	\$ 1,128,613	\$ 1,158,459	\$ 1,189,092	\$ 1,220,514	\$ 1,253,019
Finance	709,176	807,048	928,600	1,153,500	1,284,400	1,318,600	1,353,900	1,390,100	1,427,300	1,465,400
Engineering	168,642	279,531	287,000	294,600	302,400	310,400	318,500	326,800	335,200	343,800
Operations/Distribution	1,918,473	2,204,499	2,363,600	2,426,800	2,491,700	2,558,400	2,626,700	2,696,900	2,769,100	2,843,300
Watershed	467,133	619,422	636,000	652,800	670,000	687,600	705,600	724,400	743,700	763,500
Operations/Supply & Treatment	1,592,866	2,151,707	2,309,100	2,371,000	2,434,300	2,499,200	2,565,900	2,634,400	2,704,800	2,777,100
Subtotal: Operating Expenditures	\$ 5,734,563	\$ 7,078,566	\$ 7,567,612	\$ 7,969,789	\$ 8,282,159	\$ 8,502,813	\$ 8,729,059	\$ 8,961,692	\$ 9,200,614	\$ 9,446,119
Other Expenditures:										
Existing Debt Service	\$ 896,508	\$ 936,526	\$ 1,000,751	\$ 1,000,751	\$ 899,339	\$ 797,926	\$ 395,840	\$ 291,041	\$ 291,041	\$ 291,041
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses	2,397,525	1,500,000	1,678,988	1,862,385	1,918,257	2,116,934	2,180,442	3,299,649	3,419,826	3,427,845
Subtotal: Other Expenditures	\$ 3,294,033	\$ 2,436,526	\$ 2,679,740	\$ 2,863,137	\$ 2,817,595	\$ 2,914,859	\$ 2,576,281	\$ 3,590,690	\$ 3,710,867	\$ 3,718,886
Grand Total: Uses of Funds	\$ 9,028,596	\$ 9,515,093	\$ 10,247,352	\$ 10,832,926	\$ 11,099,754	\$ 11,417,672	\$ 11,305,340	\$ 12,552,382	\$ 12,911,481	\$ 13,165,004
plus: Revenue from Rate Increases (5)	-	-	2,533,627	3,190,315	3,792,593	4,324,604	4,883,217	5,117,834	5,476,798	5,969,776
Annual Surplus/(Deficit)	\$ (2,762,897)	\$ (1,512,954)	\$ 278,363	\$ 351,888	\$ 691,876	\$ 916,517	\$ 1,604,838	\$ 626,482	\$ 649,446	\$ 902,620
Water Net Revenue Requirements (Total Uses less Non-Rate Revenue)	\$ 8,337,897	\$ 8,360,594	\$ 9,102,904	\$ 9,686,067	\$ 9,948,357	\$ 10,255,727	\$ 10,126,018	\$ 11,338,992	\$ 11,674,992	\$ 11,914,796
Total Rate Revenue After Rate Increases	\$ 5,575,000	\$ 6,847,640	\$ 9,381,267	\$ 10,037,955	\$ 10,640,233	\$ 11,172,244	\$ 11,730,857	\$ 11,965,474	\$ 12,324,438	\$ 12,817,416
Projected Annual Rate Revenue Increase	0.00%	0.00%	37.00%	7.00%	6.00%	5.00%	5.00%	2.00%	3.00%	4.00%
Cumulative Increase from Annual Revenue Increases	0.00%	0.00%	37.00%	46.59%	55.39%	63.15%	71.31%	74.74%	79.98%	87.18%
Debt Coverage After Rate Increase	(0.18)	(0.25)	1.81	2.07	2.62	3.35	7.58	10.32	10.73	11.58

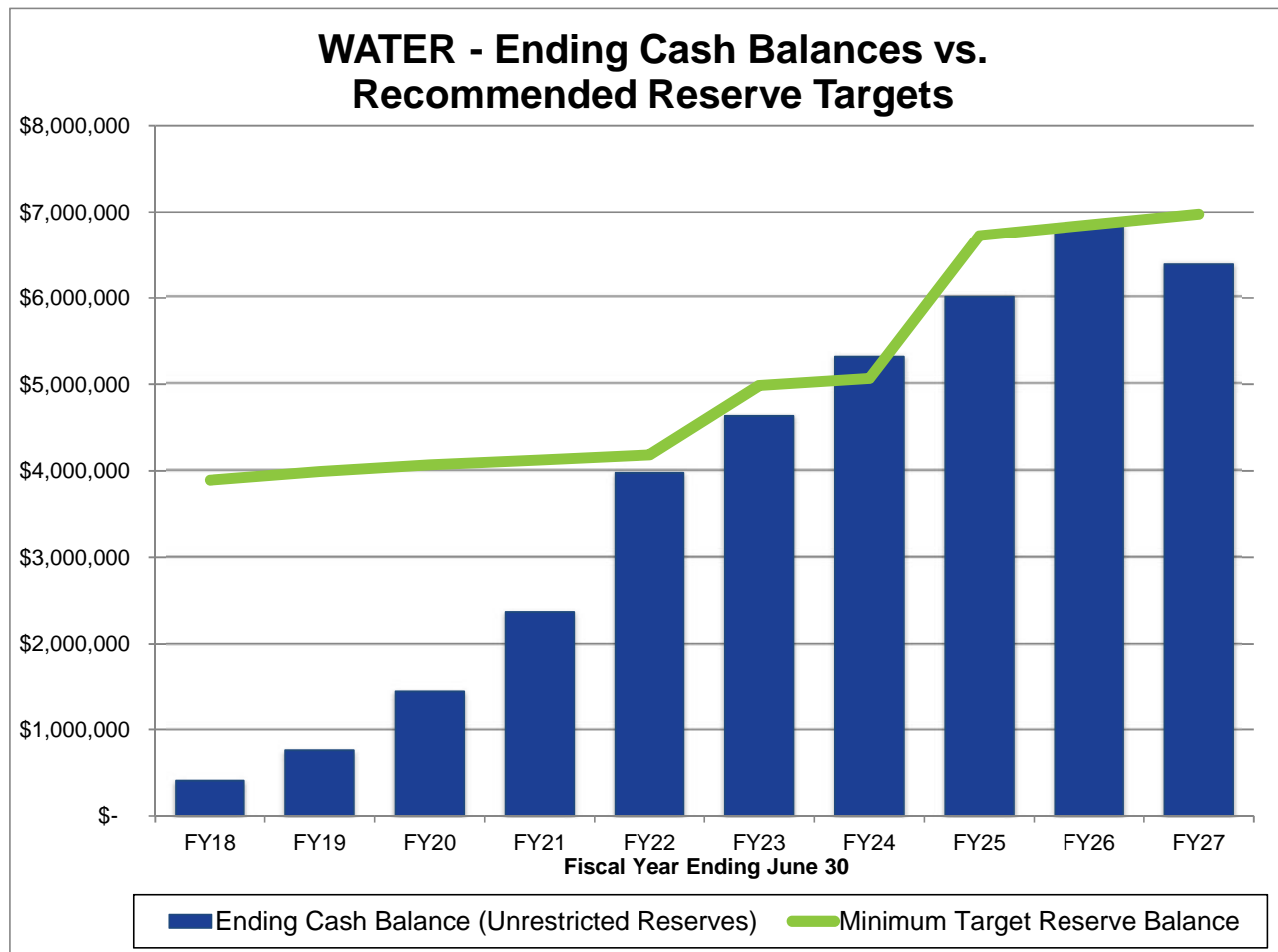
- Revenues are from the Final Trial Balance on June 30, 2015 from source file: SLVWD 2015 Working TB.xls and are actual revenues from FY 14/15.
- OLY Assessment (Property Tax) Revenue expected to increase after FY 2015/16.
- Expenses are from the FY 2015/16 Budget and from source file: FY1516 BUDGET FINAL.pdf. All projected expenses are rounded to the nearest \$100.
- Calculated as the Total Rate Revenue after Rate Increases less Total Uses of Funds and Non-Rate Revenues.
- Revenue from rate increases assumes an implementation date of July 1, 2017 for new rates.
For each year thereafter, the assumption is that new rates will be implemented on July 1st of each year.

TABLE 2
RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES - WATER	Actual	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash (1)	\$ 2,595,259	\$ 2,016,000								
Operational Reserve Fund										
Beginning Reserve Balance (2)	\$ 2,218,677	\$ 1,642,406	\$ 129,452	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482	\$ 3,067,000
Plus: Net Cash Flow (After Rate Increases)	(2,762,897)	(1,512,954)	278,363	351,888	691,876	916,517	1,604,838	626,482	649,446	902,620
Plus: Transfer in from Debt Reserve Surpluses	4,294	-	-	-	-	-	-	-	-	-
Plus: Transfer in from Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Less: Transfer out to Capital Replacement Reserve	-	-	-	-	-	(242,096)	(1,548,838)	-	(390,928)	-
Ending Operating Reserve Balance	\$ (539,926)	\$ 129,452	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482	\$ 3,067,000	\$ 3,969,620
Target Ending Balance (\$1.5M, then graduating to 6 months of O&M)	\$ 1,500,000	\$ 1,500,000	\$ 1,892,000	\$ 1,992,000	\$ 2,071,000	\$ 2,126,000	\$ 2,182,000	\$ 2,987,000	\$ 3,067,000	\$ 4,723,000
Capital Reserve Fund										
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971	\$ 2,253,418
Plus: Grant Proceeds	1,270,475	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	242,096	1,548,838	-	390,928	-
Plus: Interest Earnings	-	-	-	-	-	-	3,631	31,405	36,519	45,068
Less: Use of Reserves for Capital Projects	(1,270,475)	-	-	-	-	-	-	-	-	(253,418)
Less: Use of Reserves for Operating Reserve	-	-	-	-	-	-	-	-	-	-
Ending Capital Replacement Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971	\$ 2,253,418	\$ 2,045,068
Capital Replacement Reserve (\$2M or 3% of Net Assets)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Ending Balance - Excl. Restricted Reserves	\$ (539,926)	\$ 129,452	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,368,096	\$ 3,976,566	\$ 4,634,452	\$ 5,320,418	\$ 6,014,688
Min. Target Ending Balance - Excl. Restricted Reserves	\$ 3,500,000	\$ 3,500,000	\$ 3,892,000	\$ 3,992,000	\$ 4,071,000	\$ 4,126,000	\$ 4,182,000	\$ 4,987,000	\$ 5,067,000	\$ 6,723,000
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ (4,039,926)	\$ (3,370,548)	\$ (3,484,185)	\$ (3,232,297)	\$ (2,619,421)	\$ (1,757,904)	\$ (205,434)	\$ (352,548)	\$ 253,418	\$ (708,312)
Restricted Reserves:										
Debt Service Reserve Fund										
Beginning Reserve Balance (3)	\$ 376,582	\$ 373,594	\$ 374,891	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897	\$ 408,915
Plus: Reserve Funding from New Debt Obligations	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	1,307	1,296	1,874	2,826	3,796	4,792	5,823	6,895	8,018	8,178
Less: Transfer of Surplus to Operating Reserve	(4,294)	-	-	-	-	-	-	-	-	-
Ending Debt Reserve Balance	\$ 373,594	\$ 374,891	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897	\$ 408,915	\$ 417,093
Target Ending Balance	\$ 373,594	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687
Bond Project Fund										
Beginning Reserve Balance (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: SRF Loan Funding Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Less: Use of Bond & Loan Funds for Capital Projects	-	-	-	-	-	-	-	-	-	-
Ending Bond Project Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Interest Earnings Rate (4)	0.35%	0.35%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%

1. The beginning Cash balance is from June 2016 Liquid Assets report for FY 2015/16; beginning cash balance for FY 2016/17 confirmed via email.
2. Operating Reserve is comprised of Cash and SC County Fund for SLV.
3. Debt Reserve Fund is comprised of the Liberty Savings, Morgan Stanley accounts, SC County Fund - Lompico, and LAIF funds.
4. Historical interest earning rates were referenced on the CA Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2024 and phase into the historical 10 year average interest earnings rate.





SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER REVENUE FORECAST:

DESCRIPTION (1)	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WATER FUND REVENUES:											
7101 Water Sales											
WATER SERVICE FEES	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WATER USAGE FEES	1	-	-	-	-	-	-	-	-	-	-
BASIC SERVICE FEES	1	2,980,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000
WATER USAGE FEES	1	2,595,000	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640
Subtotal		\$ 5,575,000	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
7501 Property Taxes											
PROPERTY TAXES	1	\$ 525,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
ASSESSMENT REVENUE	1	-	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Subtotal		\$ 525,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000
7502 Rental Revenue											
MOBILE SERVICES LEASE FEES	1	\$ 15,500	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800
JOHNSON PROPERTY RENTS	1	17,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Subtotal		\$ 32,500	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800
7503 Investment Earnings											
LOMPICO LOAN - INTEREST	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST - WATER	1	2,500	5,000	-	-	-	-	-	-	-	-
INTEREST - FELTON LOAN RESERVE	1	-	-	-	-	-	-	-	-	-	-
REALIZED G/L - MSDW	1	-	-	-	-	-	-	-	-	-	-
UNREALIZED GAINS/LOSS - MSDW	1	-	-	-	-	-	-	-	-	-	-
INTEREST DIVIDEND - MSDW	1	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 2,500	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7504 Gain/Loss on Sale of Assets											
SALE OF SURPLUS PROPERTY	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LOSS ON SALE/ABAND FIXED ASSET	1	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7505 Other Income											
ACCT. ESTAB. CHARGES & PENALTY	1	\$ 75,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000
ASSESSMENT BOND - N.B.C.	1	-	-	-	-	-	-	-	-	-	-
SALE OF METERS	1	45,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
MISCELLANEOUS	1	-	-	-	-	-	-	-	-	-	-
REIMB. FOR MANANA WOODS	1	-	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
LOMPICO LOAN - PRINCIPAL	1	-	-	-	-	-	-	-	-	-	-
CSI - #34053 MANANA WOODS	1	-	-	-	-	-	-	-	-	-	-
CSI - # 34057 LYON WTP	1	-	-	-	-	-	-	-	-	-	-
CSI - #34058 KIRBY WTP	1	3,000	-	-	-	-	-	-	-	-	-
Subtotal		\$ 123,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000
GRAND TOTAL: REVENUE		\$ 6,258,000	\$ 7,996,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440

WATER REVENUE SUMMARY:

WATER REVENUES:											
RATE REVENUE:											
7101 Water Sales		\$ 5,575,000	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
OTHER REVENUE:											
7501 Property Taxes		\$ 525,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000
7502 Rental Revenue		32,500	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800
7503 Investment Earnings		2,500	5,000	-	-	-	-	-	-	-	-
7504 Gain/Loss on Sale of Assets		-	-	-	-	-	-	-	-	-	-
7505 Other Income		123,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
GRAND TOTAL: REVENUE		\$ 6,258,000	\$ 7,996,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: ADMINISTRATION - 01	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 243,062	\$ 257,045	\$ 263,900	\$ 271,000	\$ 278,300	\$ 285,800	\$ 293,500	\$ 301,400	\$ 309,500	\$ 317,800
DIRECTORS FEES	3	23,000	23,000	23,600	24,200	24,800	25,500	26,200	26,900	27,600	28,300
Subtotal		\$ 266,062	\$ 280,045	\$ 287,500	\$ 295,200	\$ 303,100	\$ 311,300	\$ 319,700	\$ 328,300	\$ 337,100	\$ 346,100
Benefits											
MEDICAL INSURANCE	3	\$ 47,074	\$ 29,915	\$ 30,700	\$ 31,500	\$ 32,300	\$ 33,200	\$ 34,100	\$ 35,000	\$ 35,900	\$ 36,900
DENTAL INSURANCE	3	5,800	3,159	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
VISION INSURANCE	3	481	590	600	600	600	600	600	600	600	600
LIFE INSURANCE	3	667	599	600	600	600	600	600	600	600	600
LONG TERM DISABILITY	3	1,258	1,285	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
PERS - RETIREMENT	3	17,520	1,465	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
FICA - SOCIAL SECURITY	3	10,506	126	100	100	100	100	100	100	100	100
WORKERS COMPENSATION	3	2,500	17,000	17,500	18,000	18,500	19,000	19,500	20,000	20,500	21,100
ASSISTANCE PROGRAM	3	38	33,014	33,900	34,800	35,700	36,700	37,700	38,700	39,700	40,800
OTHER PAYROLL CHARGES	3	1,217	10,512	10,800	11,100	11,400	11,700	12,000	12,300	12,600	12,900
MEDICARE RETIRED MEDICAL	3	3,593	3,227	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000
RETIRED MEDICAL	3	11,974	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
ANNUAL OPEB	3	35,000	40,000	41,100	42,200	43,300	44,500	45,700	46,900	48,200	49,500
Subtotal		\$ 137,628	\$ 142,892	\$ 146,700	\$ 150,600	\$ 154,500	\$ 158,700	\$ 162,900	\$ 167,100	\$ 171,400	\$ 176,000
TOTAL: PERSONNEL		\$ 403,690	\$ 422,937	\$ 434,200	\$ 445,800	\$ 457,600	\$ 470,000	\$ 482,600	\$ 495,400	\$ 508,500	\$ 522,100
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 140,000	\$ 285,200	\$ 292,800	\$ 300,600	\$ 308,600	\$ 316,800	\$ 325,200	\$ 333,800	\$ 342,600	\$ 351,700
LEGAL SERVICES	2	79,364	80,000	82,100	84,300	86,500	88,800	91,200	93,600	96,100	98,600
UTILITIES DISTRICT OFFICE	2	10,572	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700
AUTO ALLOWANCE	2	4,200	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
RENTALS/LEASES/PERMITS	2	754	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
FACILITIES MAINTENANCE	2	35,843	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
TELEPHONE/COMMUNICATIONS	2	24,177	18,000	18,500	19,000	19,500	20,000	20,500	21,000	21,600	22,200
OFFICE SUPPLIES (includes 5078)	2	8,224	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400
WATER CONSERVATION PROGRAM	2	338	-	-	-	-	-	-	-	-	-
EDUCATION PROGRAM	2	6,200	-	-	-	-	-	-	-	-	-
EMPLOYEE RECOGNITION PROGRAM	2	54	-	-	-	-	-	-	-	-	-
POSTAGE	2	12,062	13,000	13,300	13,700	14,100	14,500	14,900	15,300	15,700	16,100
SUBSCRIPTIONS/BOOKS	2	652	500	500	500	500	500	500	500	500	500
ADVERTISING	2	5,270	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,900
TRAINING, CONFERENCES & MEETINGS	2	14,510	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
MEMBERSHIPS & DUES (includes 5085)	2	40,388	40,000	41,100	42,200	43,300	44,400	45,600	46,800	48,000	49,300
INSURANCE - PROPERTY (SDRMA)	2	105,350	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600
LEGAL SETTLEMENTS	2	-	-	-	-	-	-	-	-	-	-
ELECTION FEES	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 487,958	\$ 608,900	\$ 625,000	\$ 641,600	\$ 658,500	\$ 675,800	\$ 693,500	\$ 711,800	\$ 730,600	\$ 750,000
TOTAL: MATERIALS & SERVICES		\$ 487,958	\$ 608,900	\$ 625,000	\$ 641,600	\$ 658,500	\$ 675,800	\$ 693,500	\$ 711,800	\$ 730,600	\$ 750,000
ADMINISTRATION OVERHEAD ALLOCATION TO SEWER (1.5%) (3)		(13,375)	(15,478)	(15,888)	(16,311)	(16,742)	(17,187)	(17,642)	(18,108)	(18,587)	(19,082)
TOTAL: ADMINISTRATION		\$ 878,273	\$ 1,016,359	\$ 1,043,312	\$ 1,071,089	\$ 1,099,359	\$ 1,128,613	\$ 1,158,459	\$ 1,189,092	\$ 1,220,514	\$ 1,253,019

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: FINANCE - 02	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 364,457	\$ 358,537	\$ 368,200	\$ 378,100	\$ 388,300	\$ 398,700	\$ 409,400	\$ 420,400	\$ 431,700	\$ 443,300
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	1,877	-	-	-	-	-	-	-	-	-
Subtotal		\$ 366,334	\$ 358,537	\$ 368,200	\$ 378,100	\$ 388,300	\$ 398,700	\$ 409,400	\$ 420,400	\$ 431,700	\$ 443,300
Benefits											
MEDICAL INSURANCE	3	\$ 66,000	\$ 68,945	\$ 70,800	\$ 72,700	\$ 74,700	\$ 76,700	\$ 78,800	\$ 80,900	\$ 83,100	\$ 85,300
DENTAL INSURANCE	3	9,452	6,859	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400
VISION INSURANCE	3	963	1,180	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
LIFE INSURANCE	3	1,187	1,199	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
LONG TERM DISABILITY	3	1,940	1,793	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
PERS - RETIREMENT	3	24,213	4,087	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
FICA - SOCIAL SECURITY	3	23,155	252	300	300	300	300	300	300	300	300
WORKERS COMPENSATION	3	2,600	24,468	25,100	25,800	26,500	27,200	27,900	28,600	29,400	30,200
ASSISTANCE PROGRAM	3	105	22,229	22,800	23,400	24,000	24,600	25,300	26,000	26,700	27,400
MEDICARE RETIRED MEDICAL	3	5,415	5,199	5,300	5,400	5,500	5,600	5,800	6,000	6,200	6,400
Subtotal		\$ 135,030	\$ 136,211	\$ 139,700	\$ 143,300	\$ 147,000	\$ 150,700	\$ 154,700	\$ 158,700	\$ 162,900	\$ 167,100
Additional Positions (4)											
Fully Loaded Cost of New Position #1	3	\$ -	\$ 100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400	\$ 123,600
Fully Loaded Cost of New Position #2	3	-	-	100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400
Fully Loaded Cost of New Position #3	3	-	-	-	100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300
Fully Loaded Cost of New Position #4	3	-	-	-	100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300
Fully Loaded Cost of New Position #5	3	-	-	-	-	100,000	102,700	105,500	108,300	111,200	114,200
Subtotal		\$ -	\$ 100,000	\$ 202,700	\$ 408,200	\$ 519,200	\$ 533,200	\$ 547,500	\$ 562,200	\$ 577,300	\$ 592,800
TOTAL: PERSONNEL		\$ 501,364	\$ 594,748	\$ 710,600	\$ 929,600	\$ 1,054,500	\$ 1,082,600	\$ 1,111,600	\$ 1,141,300	\$ 1,171,900	\$ 1,203,200
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 75,000	\$ 82,000	\$ 84,200	\$ 86,400	\$ 88,700	\$ 91,100	\$ 93,500	\$ 96,000	\$ 98,500	\$ 101,100
AUDIT SERVICES	2	20,000	24,000	24,600	25,300	26,000	26,700	27,400	28,100	28,800	29,600
EQUIP NON-CAP	2	2,929	-	-	-	-	-	-	-	-	-
OFFICE SUPPLIES (includes 5078)	2	14,410	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700
POSTAGE	2	39,473	35,900	36,900	37,900	38,900	39,900	41,000	42,100	43,200	44,300
TRAINING, CONFERENCES & MEETINGS	2	-	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
COLLECTION COSTS/BANK FEES	2	50,000	50,400	51,700	53,100	54,500	55,900	57,400	58,900	60,500	62,100
BAD DEBTS	2	6,000	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
Subtotal		\$ 207,812	\$ 212,300	\$ 218,000	\$ 223,900	\$ 229,900	\$ 236,000	\$ 242,300	\$ 248,800	\$ 255,400	\$ 262,200
TOTAL: MATERIALS & SERVICES		\$ 207,812	\$ 212,300	\$ 218,000	\$ 223,900	\$ 229,900	\$ 236,000	\$ 242,300	\$ 248,800	\$ 255,400	\$ 262,200
TOTAL: FINANCE		\$ 709,176	\$ 807,048	\$ 928,600	\$ 1,153,500	\$ 1,284,400	\$ 1,318,600	\$ 1,353,900	\$ 1,390,100	\$ 1,427,300	\$ 1,465,400

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: ENGINEERING - 03	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	2	\$ 117,871	\$ 106,553	\$ 109,400	\$ 112,300	\$ 115,300	\$ 118,400	\$ 121,500	\$ 124,700	\$ 128,000	\$ 131,400
OVERTIME WAGES	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 117,871	\$ 106,553	\$ 109,400	\$ 112,300	\$ 115,300	\$ 118,400	\$ 121,500	\$ 124,700	\$ 128,000	\$ 131,400
Benefits											
MEDICAL INSURANCE	2	\$ 15,812	\$ 16,681	\$ 17,100	\$ 17,600	\$ 18,100	\$ 18,600	\$ 19,100	\$ 19,600	\$ 20,100	\$ 20,600
DENTAL INSURANCE	2	1,517	1,365	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
VISION INSURANCE	2	196	205	200	200	200	200	200	200	200	200
LIFE INSURANCE	2	233	200	200	200	200	200	200	200	200	200
LONG TERM DISABILITY	2	424	533	500	500	500	500	500	500	500	500
PERS - RETIREMENT	2	8,555	19,819	20,300	20,800	21,400	22,000	22,600	23,200	23,800	24,400
FICA - SOCIAL SECURITY	2	7,359	6,606	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200
WORKERS COMPENSATION	2	700	607	600	600	600	600	600	600	600	600
ASSISTANCE PROGRAM	2	19	42	-	-	-	-	-	-	-	-
MEDICARE RETIRED MEDICAL	2	1,721	1,545	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
SPECIAL CLOTHING	2	1,020	675	700	700	700	700	700	700	700	700
ANNUAL OPEB	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 37,556	\$ 48,278	\$ 49,400	\$ 50,600	\$ 51,900	\$ 53,200	\$ 54,500	\$ 55,800	\$ 57,100	\$ 58,400
Additional Positions (4)											
Fully Loaded Cost of New Position #6	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Subtotal		\$ -	\$ 100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400	\$ 123,600
TOTAL: PERSONNEL		\$ 155,427	\$ 254,831	\$ 261,500	\$ 268,400	\$ 275,500	\$ 282,800	\$ 290,200	\$ 297,800	\$ 305,500	\$ 313,400
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 6,316	\$ 10,000	\$ 10,300	\$ 10,600	\$ 10,900	\$ 11,200	\$ 11,500	\$ 11,800	\$ 12,100	\$ 12,400
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
MAINT/OPERATIONS OF VEHICLES	2	1,910	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
SMALL TOOLS/MAINT & REPAIRS	2	-	-	-	-	-	-	-	-	-	-
EQUIP. NON-CAP	2	-	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
COMMUNICATIONS	2	3,028	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
OFFICE SUPPLIES	2	705	750	800	800	800	800	800	800	800	800
SUBSCRIPTIONS/BOOKS	2	-	250	300	300	300	300	300	300	300	300
TRAINING, CONFERENCES & MEETINGS	2	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
MEMBERSHIPS & DUES	2	1,256	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Subtotal		\$ 13,215	\$ 24,700	\$ 25,500	\$ 26,200	\$ 26,900	\$ 27,600	\$ 28,300	\$ 29,000	\$ 29,700	\$ 30,400
TOTAL: MATERIALS & SERVICES		\$ 13,215	\$ 24,700	\$ 25,500	\$ 26,200	\$ 26,900	\$ 27,600	\$ 28,300	\$ 29,000	\$ 29,700	\$ 30,400
TOTAL: ENGINEERING		\$ 168,642	\$ 279,531	\$ 287,000	\$ 294,600	\$ 302,400	\$ 310,400	\$ 318,500	\$ 326,800	\$ 335,200	\$ 343,800

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: OPERATIONS/DISTRIBUTION - 04		Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL												
Salaries												
REGULAR SALARIES	3	\$ 943,271	\$ 1,005,219	\$ 1,032,200	\$ 1,059,900	\$ 1,088,400	\$ 1,117,600	\$ 1,147,600	\$ 1,178,400	\$ 1,210,000	\$ 1,242,500	
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	40,986	36,000	37,000	38,000	39,000	40,000	41,100	42,200	43,300	44,500	
STANDBY WAGES	3	27,000	27,000	27,700	28,400	29,200	30,000	30,800	31,600	32,400	33,300	
Subtotal		\$ 1,011,257	\$ 1,068,219	\$ 1,096,900	\$ 1,126,300	\$ 1,156,600	\$ 1,187,600	\$ 1,219,500	\$ 1,252,200	\$ 1,285,700	\$ 1,320,300	
Benefits												
MEDICAL INSURANCE	3	\$ 210,860	\$ 205,918	\$ 211,400	\$ 217,100	\$ 222,900	\$ 228,900	\$ 235,000	\$ 241,300	\$ 247,800	\$ 254,500	
DENTAL INSURANCE	3	24,671	21,612	22,200	22,800	23,400	24,000	24,600	25,300	26,000	26,700	
VISION INSURANCE	3	3,326	3,752	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600	
LIFE INSURANCE	3	2,816	2,637	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	
LONG TERM DISABILITY	3	4,456	4,981	5,100	5,200	5,300	5,400	5,500	5,600	5,800	6,000	
PERS - RETIREMENT	3	65,025	135,291	138,900	142,600	146,400	150,300	154,300	158,400	162,700	167,100	
FICA - SOCIAL SECURITY	3	58,224	61,483	63,100	64,800	66,500	68,300	70,100	72,000	73,900	75,900	
WORKERS COMPENSATION	3	72,000	56,795	58,300	59,900	61,500	63,200	64,900	66,600	68,400	70,200	
ASSISTANCE PROGRAM	3	233	575	600	600	600	600	600	600	600	600	
MEDICARE RETIRED MEDICAL	3	14,374	14,576	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	
SPECIAL CLOTHING	3	10,196	8,910	9,100	9,300	9,500	9,800	10,100	10,400	10,700	11,000	
CERTIFICATIONS	3	460	750	800	800	800	800	800	800	800	800	
Subtotal		\$ 466,641	\$ 517,280	\$ 531,100	\$ 545,300	\$ 559,700	\$ 574,700	\$ 589,900	\$ 605,600	\$ 622,000	\$ 638,800	
Additional Positions (4)												
Fully Loaded Cost of New Position #7	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600	
Fully Loaded Cost of New Position #8	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	
Subtotal		\$ -	\$ 100,000	\$ 202,700	\$ 208,200	\$ 213,800	\$ 219,500	\$ 225,400	\$ 231,500	\$ 237,700	\$ 244,000	
TOTAL: PERSONNEL		\$ 1,477,898	\$ 1,685,499	\$ 1,830,700	\$ 1,879,800	\$ 1,930,100	\$ 1,981,800	\$ 2,034,800	\$ 2,089,300	\$ 2,145,400	\$ 2,203,100	
MATERIALS & SERVICES												
CONTRACT/PROFESSIONAL SERVICES	2	\$ 81,217	\$ 120,000	\$ 123,200	\$ 126,500	\$ 129,900	\$ 133,300	\$ 136,800	\$ 140,400	\$ 144,100	\$ 147,900	
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-	
UTILITIES	2	86,647	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600	
OPERATING SUPPLIES	2	70,463	90,000	92,400	94,800	97,300	99,900	102,500	105,200	108,000	110,900	
MAINT & OPERATIONS OF VEHICLES	2	92,660	78,000	80,100	82,200	84,400	86,600	88,900	91,300	93,700	96,200	
RENTAL/LEASES/PERMITS	2	7,701	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	
SMALL TOOLS-MAINT & REPAIRS	2	5,873	12,500	12,800	13,100	13,400	13,800	14,200	14,600	15,000	15,400	
EQUIPMENT NON-CAP	2	4,757	-	-	-	-	-	-	-	-	-	
SAFETY EQUIPMENT - MAINTENANCE	2	2,880	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	
FACILITIES MAINTENANCE	2	8,311	16,000	16,400	16,800	17,200	17,700	18,200	18,700	19,200	19,700	
COMMUNICATIONS & TELEMETERING	2	65,711	67,000	68,800	70,600	72,500	74,400	76,400	78,400	80,500	82,600	
OFFICE SUPPLIES (included 5078)	2	7,346	6,500	6,700	6,900	7,100	7,300	7,500	7,700	7,900	8,100	
SUBSCRIPTIONS/BOOKS	2	-	-	-	-	-	-	-	-	-	-	
TRAINING, CONFERENCES & MEETINGS	2	7,009	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600	
SPECIAL PROJECTS	2	-	-	-	-	-	-	-	-	-	-	
Subtotal		\$ 440,575	\$ 519,000	\$ 532,900	\$ 547,000	\$ 561,600	\$ 576,600	\$ 591,900	\$ 607,600	\$ 623,700	\$ 640,200	
TOTAL: MATERIALS & SERVICES		\$ 440,575	\$ 519,000	\$ 532,900	\$ 547,000	\$ 561,600	\$ 576,600	\$ 591,900	\$ 607,600	\$ 623,700	\$ 640,200	
TOTAL: OPERATIONS/DISTRIBUTION		\$ 1,918,473	\$ 2,204,499	\$ 2,363,600	\$ 2,426,800	\$ 2,491,700	\$ 2,558,400	\$ 2,626,700	\$ 2,696,900	\$ 2,769,100	\$ 2,843,300	

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: WATERSHED - 05	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 96,042	\$ 133,988	\$ 137,600	\$ 141,300	\$ 145,100	\$ 149,000	\$ 153,000	\$ 157,100	\$ 161,300	\$ 165,600
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 96,042	\$ 133,988	\$ 137,600	\$ 141,300	\$ 145,100	\$ 149,000	\$ 153,000	\$ 157,100	\$ 161,300	\$ 165,600
Benefits											
MEDICAL INSURANCE	3	\$ 19,832	\$ 25,043	\$ 25,700	\$ 26,400	\$ 27,100	\$ 27,800	\$ 28,500	\$ 29,300	\$ 30,100	\$ 30,900
DENTAL INSURANCE	3	830	2,979	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
VISION INSURANCE	3	98	458	500	500	500	500	500	500	500	500
LIFE INSURANCE	3	117	107	100	100	100	100	100	100	100	100
LONG TERM DISABILITY	3	271	670	700	700	700	700	700	700	700	700
PERS - RETIREMENT	3	7,998	17,988	18,500	19,000	19,500	20,000	20,500	21,100	21,700	22,300
FICA - SOCIAL SECURITY	3	5,609	8,307	8,500	8,700	8,900	9,100	9,300	9,500	9,800	10,100
WORKERS COMPENSATION	3	900	764	800	800	800	800	800	800	800	800
ASSISTANCE PROGRAM	3	19	42	-	-	-	-	-	-	-	-
MEDICARE	3	1,312	1,943	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700
SPECIAL CLOTHING	3	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 36,986	\$ 58,301	\$ 59,900	\$ 61,500	\$ 63,100	\$ 64,700	\$ 66,300	\$ 68,100	\$ 70,000	\$ 71,900
TOTAL: PERSONNEL		\$ 133,028	\$ 192,289	\$ 197,500	\$ 202,800	\$ 208,200	\$ 213,700	\$ 219,300	\$ 225,200	\$ 231,300	\$ 237,500
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 200,000	\$ 347,283	\$ 356,500	\$ 365,900	\$ 375,600	\$ 385,600	\$ 395,800	\$ 406,300	\$ 417,100	\$ 428,200
ROAD MAINTENANCE	2	5,000	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
OPERATING SUPPLIES	2	146	500	500	500	500	500	500	500	500	500
EQUIPMENT NON-CAP	2	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
COMMUNICATIONS & TELEMETERING	2	89	300	300	300	300	300	300	300	300	300
SUBSCRIPTIONS/BOOKS	2	-	300	300	300	300	300	300	300	300	300
TRAINING, CONFERENCES & MEETINGS	2	490	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
MEMBERSHIP & DUES	2	1,000	1,250	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
WATERSHED & DATA COLLECTION GRNTS	2	15,000	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
WATER CONSERVATION PROGRAM	2	97,080	26,000	26,700	27,400	28,100	28,800	29,600	30,400	31,200	32,000
EDUCATION GRANT PROGRAM	2	15,300	17,500	18,000	18,500	19,000	19,500	20,000	20,500	21,000	21,600
SPECIAL PROJECTS	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 334,105	\$ 427,133	\$ 438,500	\$ 450,000	\$ 461,800	\$ 473,900	\$ 486,300	\$ 499,200	\$ 512,400	\$ 526,000
TOTAL: MATERIALS & SERVICES		\$ 334,105	\$ 427,133	\$ 438,500	\$ 450,000	\$ 461,800	\$ 473,900	\$ 486,300	\$ 499,200	\$ 512,400	\$ 526,000
TOTAL: WATERSHED		\$ 467,133	\$ 619,422	\$ 636,000	\$ 652,800	\$ 670,000	\$ 687,600	\$ 705,600	\$ 724,400	\$ 743,700	\$ 763,500

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: OPERATIONS/SUPPLY & TREATMENT -08	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 670,578	\$ 815,280	\$ 837,200	\$ 859,700	\$ 882,800	\$ 906,500	\$ 930,800	\$ 955,800	\$ 981,500	\$ 1,007,900
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	48,909	30,000	30,800	31,600	32,400	33,300	34,200	35,100	36,000	37,000
STANDBY	3	4,000	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800
Subtotal		\$ 723,487	\$ 849,280	\$ 872,100	\$ 895,500	\$ 919,500	\$ 944,200	\$ 969,500	\$ 995,500	\$ 1,022,200	\$ 1,049,700
Benefits											
MEDICAL INSURANCE	3	\$ 38,402	\$ 117,981	\$ 121,100	\$ 124,400	\$ 127,700	\$ 131,100	\$ 134,600	\$ 138,200	\$ 141,900	\$ 145,700
DENTAL INSURANCE	3	6,048	12,099	12,400	12,700	13,000	13,300	13,700	14,100	14,500	14,900
VISION INSURANCE	3	876	2,460	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200
LIFE INSURANCE	3	919	1,958	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700
LONG TERM DISABILITY	3	1,665	4,083	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
PERS - RETIREMENT	3	45,623	120,171	123,400	126,700	130,100	133,600	137,200	140,900	144,700	148,600
FICA - SOCIAL SECURITY	3	43,222	52,343	53,700	55,100	56,600	58,100	59,700	61,300	62,900	64,600
WORKERS COMPENSATION	3	35,000	46,911	48,200	49,500	50,800	52,200	53,600	55,000	56,500	58,000
ASSISTANCE PROGRAM	3	82	433	400	400	400	400	400	400	400	400
MEDICARE RETIRED MEDICAL	3	10,661	12,373	12,700	13,000	13,300	13,700	14,100	14,500	14,900	15,300
SPECIAL CLOTHING	3	3,727	6,615	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200
CERTIFICATIONS	3	2,910	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Subtotal		\$ 189,135	\$ 378,927	\$ 388,900	\$ 399,300	\$ 409,900	\$ 420,900	\$ 432,300	\$ 443,900	\$ 455,800	\$ 468,000
Additional Positions (4)											
Fully Loaded Cost of New Position #9	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Fully Loaded Cost of New Position #10	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400
Subtotal		\$ -	\$ 100,000	\$ 202,700	\$ 208,200	\$ 213,800	\$ 219,500	\$ 225,400	\$ 231,500	\$ 237,700	\$ 244,000
TOTAL: PERSONNEL		\$ 912,622	\$ 1,328,207	\$ 1,463,700	\$ 1,503,000	\$ 1,543,200	\$ 1,584,600	\$ 1,627,200	\$ 1,670,900	\$ 1,715,700	\$ 1,761,700
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 114,335	\$ 150,000	\$ 154,000	\$ 158,100	\$ 162,300	\$ 166,600	\$ 171,000	\$ 175,500	\$ 180,200	\$ 185,000
CONTRACT SERVICES MANANA WOODS	2	-	-	-	-	-	-	-	-	-	-
OUTSIDE WATER ANALYSIS	2	76,946	75,000	77,000	79,000	81,100	83,200	85,400	87,700	90,000	92,400
LAB SUPPLIES	2	8,465	24,500	25,100	25,800	26,500	27,200	27,900	28,600	29,400	30,200
EQUIPMENT REPLACEMENT	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	242,913	275,000	282,300	289,800	297,500	305,400	313,500	321,800	330,300	339,100
CHEMICALS	2	28,579	35,000	35,900	36,900	37,900	38,900	39,900	41,000	42,100	43,200
OPERATING SUPPLIES	2	54,078	57,000	58,500	60,100	61,700	63,300	65,000	66,700	68,500	70,300
MAINTENANANCE/OPERATIONS OF VEHICLES	2	15,612	21,000	21,600	22,200	22,800	23,400	24,000	24,600	25,300	26,000
RENTAL/LEASES/PERMITS	2	100,000	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600
SMALL TOOLS-MAINTENANCE & REPAIRS	2	13	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
EQUIPMENT NON-CAP	2	208	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
FACILITIES MAINTENANCE	2	261	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100
COMMUNICATIONS & TELEMETERING	2	37,492	40,000	41,100	42,200	43,300	44,400	45,600	46,800	48,000	49,300
OFFICE SUPPLIES (included 5078)	2	1,089	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
SUBSCRIPTIONS/BOOKS	2	-	500	500	500	500	500	500	500	500	500
TRAINING, CONFERENCES & MEETINGS	2	253	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
OTHER HOUSEHOLD SUPPLIES	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 680,244	\$ 823,500	\$ 845,400	\$ 868,000	\$ 891,100	\$ 914,600	\$ 938,700	\$ 963,500	\$ 989,100	\$ 1,015,400
TOTAL: MATERIALS & SERVICES		\$ 680,244	\$ 823,500	\$ 845,400	\$ 868,000	\$ 891,100	\$ 914,600	\$ 938,700	\$ 963,500	\$ 989,100	\$ 1,015,400
TOTAL: OPERATIONS/SUPPLY & TREATMENT		\$ 1,592,866	\$ 2,151,707	\$ 2,309,100	\$ 2,371,000	\$ 2,434,300	\$ 2,499,200	\$ 2,565,900	\$ 2,634,400	\$ 2,704,800	\$ 2,777,100
GRAND TOTAL: WATER FUND OPERATING EXPENSES		\$ 5,734,563	\$ 7,078,566	\$ 7,567,612	\$ 7,969,789	\$ 8,282,159	\$ 8,502,813	\$ 8,729,059	\$ 8,961,692	\$ 9,200,614	\$ 9,446,119

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

NON-CASH ITEMS, EXCLUDED FROM ABOVE:

DESCRIPTION	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEPRECIATION											
DEPRECIATION TRANSPORTATION	1	\$ 880	\$ -	-	-	-	-	-	-	-	-
DEPRECIATION	1	1,084,474	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000
DEPRECIATION-PUMPING	1	11,430	-	-	-	-	-	-	-	-	-
DEPRECIATION-MAINTENANCE	1	554	-	-	-	-	-	-	-	-	-
DEPRECIATION EXPENSE (Bear Creek)	1	41,773	-	-	-	-	-	-	-	-	-
SUBTOTAL: DEPRECIATION		\$ 1,139,110	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000

FORECASTING ASSUMPTIONS, Shown for Reference Purposes Only

INFLATION FACTORS	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation (5)	2	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Labor Cost Inflation (6)	3	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Water Purchases	4	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Energy (7)	5	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Chemicals (8)	6	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	7	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenues are from the *Revenues.xls* and are estimated actual revenues for FY 2015/16, and FY 2016/17 Requested Budget amounts.
2. Expenses are from estimated actuals for FY 2015/16 and requested FY 2016/17 budget amounts from file: *WATER expenses.xls*.
3. 1.5 percent of Administration budget items are allocated to the sewer utility; per District staff, via email September 2016.
4. New Positions are recommendations found in the Staffing Study Report, prepared by DeLoach & Associates, Inc., August 2016.
5. Expected Inflation factors based on expense type from 5 year average from Bureau of Labor Statistics Data.
http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm
6. Labor cost inflation is based on the 5-year average annual change in the Quarterly Census of Employment and Wages (San Jose area, CA).
http://www.bls.gov/regions/west/news-release/2016/employmentcostindex_sanjose_20161031.htm
7. Estimated energy cost inflation provided by a University of California Davis report:
The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040," by Johnathan Cook, Ph.D., page 31, Table 7.
8. Inflation factor recently used by other California water agencies (e.g., City of Sunnyvale, City of Eureka, Humboldt CSD).

CAPITAL FUNDING SUMMARY - WATER

CAPITAL FUNDING FORECAST - WATER										
Funding Sources:	Actual	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grants	\$ 1,270,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	-	-	-	-	-	-	-	-	253,418
Rate Revenue	2,397,525	1,500,000	1,678,988	1,862,385	1,918,257	2,116,934	2,180,442	3,299,649	3,419,826	3,427,845
Total Sources of Capital Funds	\$ 3,668,000	\$ 1,500,000	\$ 1,678,988	\$ 1,862,385	\$ 1,918,257	\$ 2,116,934	\$ 2,180,442	\$ 3,299,649	\$ 3,419,826	\$ 3,681,263
Uses of Capital Funds:										
Total Project Costs	\$ 3,668,000	\$ 1,500,000	\$ 1,678,988	\$ 1,862,385	\$ 1,918,257	\$ 2,116,934	\$ 2,180,442	\$ 3,299,649	\$ 3,419,826	\$ 3,681,263
Capital Funding Surplus (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SRF Loan Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS

CIP Funding Choice	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1 Mid Flat Rate Increases (Limited CIP through Year 5; Reserves re	\$ 3,668,000	\$ 1,500,000	\$ 516,612	\$ 931,193	\$ 1,233,165	\$ 1,552,418	\$ 2,907,255	\$ 5,060,920	\$ 4,813,665	\$ 4,684,038
2 10-Year Phase In (CIP & Reserves at 100% by Year 10)	\$ 3,668,000	\$ 1,500,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836
3 5-Year Phase In (CIP & Reserves at 100% by Year 5)	\$ 3,668,000	\$ 1,500,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836
4 Rates with Phased-In CIP Spending (Reserves at 100% by Year 5)	\$ 3,668,000	\$ 1,500,000	\$ 1,678,988	\$ 1,862,385	\$ 1,918,257	\$ 2,116,934	\$ 2,180,442	\$ 3,299,649	\$ 3,419,826	\$ 3,681,263
5 Low Flat Rate Increases (Limited CIP through Year 5; with phased	\$ 3,668,000	\$ 1,500,000	\$ 129,153	\$ 266,055	\$ 411,055	\$ 423,387	\$ 436,088	\$ 3,202,524	\$ 3,936,649	\$ 4,711,939

CIP Funding Choice linked to choice made on <i>Assumptions</i> tab:	4
---	----------

1 Phased-In Funding Factors (Amounts foregone in any year are built back in over time, beginning in FY 2022/23.)	100.0%	100.0%	20.0%	35.0%	45.0%	55.0%	100.0%	100.0%	100.0%	100.0%
Remaining Annual CIP; added back in FY 2022/23 and beyond.			\$ 2,066,447	\$ 1,729,358	\$ 1,507,202	\$ 1,270,160	\$ -	\$ -	\$ -	\$ -
4 Phased-In Funding Factors (Amounts foregone in any year are built back in over time, beginning in FY 2022/23.)	100.0%	100.0%	65.0%	70.0%	70.0%	75.0%	75.0%	80.0%	85.0%	90.0%
Remaining Annual CIP; added back in FY 2022/23 and beyond.			\$ 904,071	\$ 798,165	\$ 822,110	\$ 705,645	\$ 726,814	\$ 598,895	\$ 462,646	\$ 317,684
5 Phased-In Funding Factors (Amounts foregone in any year are built back in over time, beginning in FY 2022/23.)	100.0%	100.0%	5.0%	10.0%	15.0%	15.0%	15.0%	25.0%	50.0%	75.0%
Remaining Annual CIP; added back in FY 2022/23 and beyond.			\$ 2,453,906	\$ 2,394,495	\$ 2,329,312	\$ 2,399,191	\$ 2,471,167	\$ 2,245,855	\$ 1,542,154	\$ 794,209

CAPITAL IMPROVEMENT PROGRAM - WATER

Water Capital Improvement Program Costs (in Current-Year Dollars) (1):

Project Description & ID	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Engineering: Other Capital Projects										
Interties 2, 3 & 4	\$ 2,855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fall Creek Fish Ladder Design	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Probation Tank Site Design	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Swim Tank Site Design	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Swim Tank Site Construction	\$ 324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Water Meters & Registers										
5888-1736 Replacement Meters	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Other Capital Projects										
5890-9901 Replacement Pumps & Motors	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5890-1202 Felton Heights Mutual Consolidation Project	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Supply & Treatment: Other Capital Projects										
5890-9906 Replacement Pumps & Motors	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SCADA Upgrade/Replacement Lyon	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lyon WTP Control Upgrade	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pasatiempo Well 6 Elect Upgrade	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Capital Expenditures										
Pipes	\$ -	\$ -	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400
Pump Stations	\$ -	\$ -	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000
Wells	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diversions	\$ -	\$ -	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
Admin/Operations Building	\$ -	\$ -	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476
Other	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: CIP Program Costs (Future-Year Dollars)	\$ 3,668,000	\$ 1,500,000	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

Water Capital Improvement Program Costs (in Future-Year Dollars) (2):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Engineering: Other Capital Projects										
-- Interties 2, 3 & 4	\$ 2,855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Fall Creek Fish Ladder Design	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Probation Tank Site Design	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Swim Tank Site Design	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Swim Tank Site Construction	\$ 324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Water Meters & Registers										
5888-1736 Replacement Meters	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Other Capital Projects										
5890-9901 Replacement Pumps & Motors	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5890-1202 Felton Heights Mutual Consolidation Project	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Supply & Treatment: Other Capital Projects										
5890-9906 Replacement Pumps & Motors	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- SCADA Upgrade/Replacement Lyon	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Lyon WTP Control Upgrade	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Pasatiempo Well 6 Elect Upgrade	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Capital Expenditures										
-- Pipes	\$ -	\$ -	\$ 1,096,381	\$ 1,129,273	\$ 1,163,151	\$ 1,198,046	\$ 1,233,987	\$ 1,271,007	\$ 1,309,137	\$ 1,348,411
-- Tanks (including 10% volume contingency)	\$ -	\$ -	\$ 571,032	\$ 588,163	\$ 605,808	\$ 623,982	\$ 642,702	\$ 661,983	\$ 681,842	\$ 702,297
-- Pump Stations	\$ -	\$ -	\$ 638,600	\$ 657,758	\$ 677,491	\$ 697,815	\$ 718,750	\$ 740,312	\$ 762,522	\$ 785,397
-- Wells	\$ -	\$ -	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016
-- Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Diversions	\$ -	\$ -	\$ 38,625	\$ 39,784	\$ 40,977	\$ 42,207	\$ 43,473	\$ 44,777	\$ 46,120	\$ 47,504
-- Admin/Operations Building	\$ -	\$ -	\$ 83,920	\$ 86,438	\$ 89,031	\$ 91,702	\$ 94,453	\$ 97,287	\$ 100,205	\$ 103,211
-- Other	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: CIP Program Costs (Future-Year Dollars)	\$ 3,668,000	\$ 1,500,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836

FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record (2)	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27

1. Capital project costs were provided by City Staff in source file: *VWHA_Capital_Asset_Cost_of_Service_9_02_16.pdf*.

2. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015 (3.0%). Source: *Engineering News Record website (http://enr.construction.com)*.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Debt Service

EXHIBIT 3

EXISTING DEBT OBLIGATIONS - WATER	Actual	Projected								
Annual Repayment Schedules:	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
2004 Refunding Water Revenue Bond, 2012 (1)										
Principal Payment	\$ 616,350	\$ 632,479	\$ 649,030	\$ 666,015	\$ 582,031	\$ 494,531	\$ 103,454	\$ -	\$ -	\$ -
Interest Payment	93,361	77,231	60,680	43,696	26,267	12,354	1,345	-	-	-
Subtotal: Annual Debt Service	\$ 709,710	\$ 709,710	\$ 709,710	\$ 709,710	\$ 608,298	\$ 506,885	\$ 104,799	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment) (2)	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance) (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008 Safe Drinking Water Loan (3)										
Principal Payment	\$ 139,174	\$ 142,556	\$ 146,026	\$ 149,577	\$ 153,215	\$ 156,938	\$ 160,758	\$ 164,668	\$ 168,673	\$ 172,772
Interest Payment	47,623	44,242	40,771	37,220	33,582	29,859	26,039	22,129	18,124	14,025
Subtotal: Annual Debt Service	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797
Coverage Requirement (\$-Amnt above annual payment) (4)	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817
Reserve Requirement (total fund balance) (4)	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
SWRCB State Revolving Fund Loan (5)										
Principal Payment	\$ -	\$ -	\$ 63,128	\$ 64,587	\$ 66,258	\$ 67,972	\$ 69,730	\$ 71,533	\$ 73,383	\$ 75,281
Interest Payment	-	40,019	41,116	39,657	37,986	36,272	34,514	32,711	30,860	28,962
Subtotal: Annual Debt Service	\$ -	\$ 40,019	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244
Coverage Requirement (\$-Amnt above annual payment)	\$ -	\$ 44,021	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668
Reserve Requirement (total fund balance)	\$ -	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092

1. Source file: *2012 Water Revenue Refunding Bond Payment Schedule.pdf* was provided by staff.
2. Coverage requirement is set to 115% of the maximum annual debt service; Source file: *Revenue Refunding Bond Bank of Nevada.pdf*, page 19, Section 5.13(a)(2).
No reserve fund requirement for refunding bond; Source file: *Revenue Refunding Bond Bank of Nevada.pdf*, page 19, Section 5.13(a)(3).
3. Source file: *Felton WTP SDWBL Loan.pdf* was provided by staff.
4. Coverage requirement is set to 115% of the maximum annual debt service. Reserve requirement equal to two years of annual payments. Source file: *Felton WTP SDWBL Loan.pdf*; Article B-6.
5. Source file: *OLY 2014CX108_San Lorenzo Valley Water District_Schedule.pdf* was provided by staff. Coverage requirement set at 110% and reserve requirement set at 120% of annual payment.

Existing Annual Debt Obligations to be Satisfied by Water Rates:

Existing Annual Debt Service	\$ 896,508	\$ 936,526	\$ 1,000,751	\$ 1,000,751	\$ 899,339	\$ 797,926	\$ 395,840	\$ 291,041	\$ 291,041	\$ 291,041
Existing Annual Coverage Requirement	\$ 1,030,984	\$ 1,075,004	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 329,485	\$ 329,485	\$ 329,485
Existing Debt Reserve Target	\$ 373,594	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Debt Service

EXHIBIT 3

FUTURE DEBT FINANCING ASSUMPTIONS:

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	0.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	30
Debt Reserve Funded?	Yes	Yes
Coverage Requirement (% above annual pmt)	20%	25%

FUTURE DEBT OBLIGATIONS:

Annual Repayment Schedules	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SRF Loan Funding										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Future Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Future Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Future Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL DEBT SERVICE:

Annual Obligations	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service	\$ 896,508	\$ 936,526	\$ 1,000,751	\$ 1,000,751	\$ 899,339	\$ 797,926	\$ 395,840	\$ 291,041	\$ 291,041	\$ 291,041
Annual Coverage Requirement	\$ 1,030,984	\$ 1,075,004	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 329,485	\$ 329,485	\$ 329,485
Total Debt Reserve Target	\$ 373,594	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Existing Water Rate Schedule

EXHIBIT 4

Current Water Rate Schedule:

Fixed Charges	Current Monthly
<i>Standard Meters:</i>	
5/8 inch	\$34.00
3/4 inch	\$34.00
1 inch	\$56.50
1 1/2 inch	\$114.00
2 inch	\$181.50
3 inch	\$341.00
4 inch	\$567.00
Surplus Water	\$114.00

Volumetric Charges (1)	Tier Thresholds	Current Rates
		Volumetric Charge
Tier 1	0 - 4 ccf	\$3.81
Tier 2	5 - 15 ccf	\$4.97
Tier 3	16 - 50 ccf	\$5.96
Tier 4	51+ ccf	\$6.61
Drought Surcharge	per CCF	\$1.00
Flat Rate	per CCF	\$5.64
Surplus Water	per CCF	\$10.00

1. CCF = Hundred Cubic Feet or 748 gallons.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: ADMINISTRATION - 01							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 263,900	\$ 105,560	\$ 131,950	\$ 26,390	40.0%	50.0%	10.0%
DIRECTORS FEES	\$ 23,600	\$ 9,440	\$ 11,800	\$ 2,360	40.0%	50.0%	10.0%
<i>Subtotal</i>	<i>\$ 287,500</i>	<i>\$ 115,000</i>	<i>\$ 143,750</i>	<i>\$ 28,750</i>	<i>40.0%</i>	<i>50.0%</i>	<i>10.0%</i>
Benefits							
MEDICAL INSURANCE	\$ 30,700	\$ 12,280	\$ 15,350	\$ 3,070	40.0%	50.0%	10.0%
DENTAL INSURANCE	\$ 3,200	\$ 1,280	\$ 1,600	\$ 320	40.0%	50.0%	10.0%
VISION INSURANCE	\$ 600	\$ 240	\$ 300	\$ 60	40.0%	50.0%	10.0%
LIFE INSURANCE	\$ 600	\$ 240	\$ 300	\$ 60	40.0%	50.0%	10.0%
LONG TERM DISABILITY	\$ 1,300	\$ 520	\$ 650	\$ 130	40.0%	50.0%	10.0%
PERS - RETIREMENT	\$ 1,500	\$ 600	\$ 750	\$ 150	40.0%	50.0%	10.0%
FICA - SOCIAL SECURITY	\$ 100	\$ 40	\$ 50	\$ 10	40.0%	50.0%	10.0%
WORKERS COMPENSATION	\$ 17,500	\$ 7,000	\$ 8,750	\$ 1,750	40.0%	50.0%	10.0%
ASSISTANCE PROGRAM	\$ 33,900	\$ 13,560	\$ 16,950	\$ 3,390	40.0%	50.0%	10.0%
OTHER PAYROLL CHARGES	\$ 10,800	\$ 4,320	\$ 5,400	\$ 1,080	40.0%	50.0%	10.0%
MEDICARE RETIRED MEDICAL	\$ 3,300	\$ 1,320	\$ 1,650	\$ 330	40.0%	50.0%	10.0%
RETIRED MEDICAL	\$ 2,100	\$ 840	\$ 1,050	\$ 210	40.0%	50.0%	10.0%
ANNUAL OPEB	\$ 41,100	\$ 16,440	\$ 20,550	\$ 4,110	40.0%	50.0%	10.0%
<i>Subtotal</i>	<i>\$ 146,700</i>	<i>\$ 58,680</i>	<i>\$ 73,350</i>	<i>\$ 14,670</i>	<i>40.0%</i>	<i>50.0%</i>	<i>10.0%</i>
TOTAL: PERSONNEL	\$ 434,200	\$ 173,680	\$ 217,100	\$ 43,420	40.0%	50.0%	10.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 292,800	\$ 146,400	\$ 146,400	\$ -	50.0%	50.0%	0.0%
LEGAL SERVICES	\$ 82,100	\$ 41,050	\$ 41,050	\$ -	50.0%	50.0%	0.0%
UTILITIES DISTRICT OFFICE	\$ 12,300	\$ 6,150	\$ 6,150	\$ -	50.0%	50.0%	0.0%
AUTO ALLOWANCE	\$ 4,300	\$ 2,150	\$ 2,150	\$ -	50.0%	50.0%	0.0%
RENTALS/LEASES/PERMITS	\$ 1,000	\$ 500	\$ 500	\$ -	50.0%	50.0%	0.0%
FACILITIES MAINTENANCE	\$ 15,400	\$ 7,700	\$ 7,700	\$ -	50.0%	50.0%	0.0%
TELEPHONE/COMMUNICATIONS	\$ 18,500	\$ 9,250	\$ 9,250	\$ -	50.0%	50.0%	0.0%
OFFICE SUPPLIES (includes 5078)	\$ 10,300	\$ 5,150	\$ 5,150	\$ -	50.0%	50.0%	0.0%
POSTAGE	\$ 13,300	\$ 6,650	\$ 6,650	\$ -	50.0%	50.0%	0.0%
SUBSCRIPTIONS/BOOKS	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
ADVERTISING	\$ 5,100	\$ 2,550	\$ 2,550	\$ -	50.0%	50.0%	0.0%
TRAINING, CONFERENCES & MEETINGS	\$ 15,400	\$ 7,700	\$ 7,700	\$ -	50.0%	50.0%	0.0%
MEMBERSHIPS & DUES (includes 5085)	\$ 41,100	\$ 20,550	\$ 20,550	\$ -	50.0%	50.0%	0.0%
INSURANCE - PROPERTY (SDRMA)	\$ 112,900	\$ 56,450	\$ 56,450	\$ -	50.0%	50.0%	0.0%
LEGAL SETTLEMENTS	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
ELECTION FEES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	<i>\$ 625,000</i>	<i>\$ 312,500</i>	<i>\$ 312,500</i>	<i>\$ -</i>	<i>50.0%</i>	<i>50.0%</i>	<i>0.0%</i>
ADMINISTRATION OVERHEAD ALLOCATION TO	\$ (15,888)	\$ (7,944)	\$ (7,944)	\$ -	50.0%	50.0%	0.0%
TOTAL: MATERIALS & SERVICES	\$ 609,112	\$ 304,556	\$ 304,556	\$ -	50.0%	50.0%	0.0%
TOTAL: ADMINISTRATION	\$ 1,043,312	\$ 478,236	\$ 521,656	\$ 43,420	45.8%	50.0%	4.2%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: FINANCE - 02							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 368,200	\$ -	\$ 184,100	\$ 184,100	0.0%	50.0%	50.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
OVERTIME WAGES	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 368,200	\$ -	\$ 184,100	\$ 184,100	0.0%	50.0%	50.0%
Benefits							
MEDICAL INSURANCE	\$ 70,800	\$ -	\$ 35,400	\$ 35,400	0.0%	50.0%	50.0%
DENTAL INSURANCE	\$ 7,000	\$ -	\$ 3,500	\$ 3,500	0.0%	50.0%	50.0%
VISION INSURANCE	\$ 1,200	\$ -	\$ 600	\$ 600	0.0%	50.0%	50.0%
LIFE INSURANCE	\$ 1,200	\$ -	\$ 600	\$ 600	0.0%	50.0%	50.0%
LONG TERM DISABILITY	\$ 1,800	\$ -	\$ 900	\$ 900	0.0%	50.0%	50.0%
PERS - RETIREMENT	\$ 4,200	\$ -	\$ 2,100	\$ 2,100	0.0%	50.0%	50.0%
FICA - SOCIAL SECURITY	\$ 300	\$ -	\$ 150	\$ 150	0.0%	50.0%	50.0%
WORKERS COMPENSATION	\$ 25,100	\$ -	\$ 12,550	\$ 12,550	0.0%	50.0%	50.0%
ASSISTANCE PROGRAM	\$ 22,800	\$ -	\$ 11,400	\$ 11,400	0.0%	50.0%	50.0%
MEDICARE RETIRED MEDICAL	\$ 5,300	\$ -	\$ 2,650	\$ 2,650	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 139,700	\$ -	\$ 69,850	\$ 69,850	0.0%	50.0%	50.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #1	\$ 102,700	\$ -	\$ 51,350	\$ 51,350	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #2	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #3	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #4	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #5	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 202,700	\$ -	\$ 101,350	\$ 101,350	0.0%	50.0%	50.0%
TOTAL: PERSONNEL	\$ 710,600	\$ -	\$ 355,300	\$ 355,300	0.0%	50.0%	50.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 84,200	\$ -	\$ 42,100	\$ 42,100	0.0%	50.0%	50.0%
AUDIT SERVICES	\$ 24,600	\$ -	\$ 12,300	\$ 12,300	0.0%	50.0%	50.0%
OFFICE SUPPLIES (includes 5078)	\$ 12,300	\$ -	\$ 6,150	\$ 6,150	0.0%	50.0%	50.0%
POSTAGE	\$ 36,900	\$ -	\$ 18,450	\$ 18,450	0.0%	50.0%	50.0%
TRAINING, CONFERENCES & MEETINGS	\$ 2,100	\$ -	\$ 1,050	\$ 1,050	0.0%	50.0%	50.0%
COLLECTION COSTS/BANK FEES	\$ 51,700	\$ -	\$ 25,850	\$ 25,850	0.0%	50.0%	50.0%
BAD DEBTS	\$ 6,200	\$ -	\$ 3,100	\$ 3,100	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 218,000	\$ -	\$ 109,000	\$ 109,000	0.0%	50.0%	50.0%
TOTAL: MATERIALS & SERVICES	\$ 218,000	\$ -	\$ 109,000	\$ 109,000	0.0%	50.0%	50.0%
TOTAL: FINANCE	\$ 928,600	\$ -	\$ 464,300	\$ 464,300	0.0%	50.0%	50.0%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: ENGINEERING - 03							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 109,400	\$ 49,230	\$ 54,700	\$ 5,470	45.0%	50.0%	5.0%
OVERTIME WAGES	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 109,400	\$ 49,230	\$ 54,700	\$ 5,470	45.0%	50.0%	5.0%
Benefits							
MEDICAL INSURANCE	\$ 17,100	\$ 7,695	\$ 8,550	\$ 855	45.0%	50.0%	5.0%
DENTAL INSURANCE	\$ 1,400	\$ 630	\$ 700	\$ 70	45.0%	50.0%	5.0%
VISION INSURANCE	\$ 200	\$ 90	\$ 100	\$ 10	45.0%	50.0%	5.0%
LIFE INSURANCE	\$ 200	\$ 90	\$ 100	\$ 10	45.0%	50.0%	5.0%
LONG TERM DISABILITY	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
PERS - RETIREMENT	\$ 20,300	\$ 9,135	\$ 10,150	\$ 1,015	45.0%	50.0%	5.0%
FICA - SOCIAL SECURITY	\$ 6,800	\$ 3,060	\$ 3,400	\$ 340	45.0%	50.0%	5.0%
WORKERS COMPENSATION	\$ 600	\$ 270	\$ 300	\$ 30	45.0%	50.0%	5.0%
ASSISTANCE PROGRAM	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MEDICARE RETIRED MEDICAL	\$ 1,600	\$ 720	\$ 800	\$ 80	45.0%	50.0%	5.0%
SPECIAL CLOTHING	\$ 700	\$ 315	\$ 350	\$ 35	45.0%	50.0%	5.0%
ANNUAL OPEB	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 49,400	\$ 22,230	\$ 24,700	\$ 2,470	45.0%	50.0%	5.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #6	\$ 102,700	\$ 46,215	\$ 51,350	\$ 5,135	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 102,700	\$ 46,215	\$ 51,350	\$ 5,135	45.0%	50.0%	5.0%
TOTAL: PERSONNEL	\$ 261,500	\$ 117,675	\$ 130,750	\$ 13,075	45.0%	50.0%	5.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 10,300	\$ 4,635	\$ 5,150	\$ 515	45.0%	50.0%	5.0%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MAINT/OPERATIONS OF VEHICLES	\$ 2,100	\$ 945	\$ 1,050	\$ 105	45.0%	50.0%	5.0%
SMALL TOOLS/MAINT & REPAIRS	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
EQUIP. NON-CAP	\$ 6,200	\$ 2,790	\$ 3,100	\$ 310	45.0%	50.0%	5.0%
COMMUNICATIONS	\$ 3,100	\$ 1,395	\$ 1,550	\$ 155	45.0%	50.0%	5.0%
OFFICE SUPPLIES	\$ 800	\$ 360	\$ 400	\$ 40	45.0%	50.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 1,200	\$ 540	\$ 600	\$ 60	45.0%	50.0%	5.0%
MEMBERSHIPS & DUES	\$ 1,500	\$ 675	\$ 750	\$ 75	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 25,500	\$ 11,475	\$ 12,750	\$ 1,275	45.0%	50.0%	5.0%
TOTAL: MATERIALS & SERVICES	\$ 25,500	\$ 11,475	\$ 12,750	\$ 1,275	45.0%	50.0%	5.0%
TOTAL: ENGINEERING	\$ 287,000	\$ 129,150	\$ 143,500	\$ 14,350	45.0%	50.0%	5.0%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: OPERATIONS/DISTRIBUTION - 04							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 1,032,200	\$ 670,930	\$ 309,660	\$ 51,610	65.0%	30.0%	5.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
OVERTIME WAGES	\$ 37,000	\$ 24,050	\$ 11,100	\$ 1,850	65.0%	30.0%	5.0%
STANDBY WAGES	\$ 27,700	\$ 18,005	\$ 8,310	\$ 1,385	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 1,096,900	\$ 712,985	\$ 329,070	\$ 54,845	65.0%	30.0%	5.0%
Benefits							
MEDICAL INSURANCE	\$ 211,400	\$ 137,410	\$ 63,420	\$ 10,570	65.0%	30.0%	5.0%
DENTAL INSURANCE	\$ 22,200	\$ 14,430	\$ 6,660	\$ 1,110	65.0%	30.0%	5.0%
VISION INSURANCE	\$ 3,900	\$ 2,535	\$ 1,170	\$ 195	65.0%	30.0%	5.0%
LIFE INSURANCE	\$ 2,700	\$ 1,755	\$ 810	\$ 135	65.0%	30.0%	5.0%
LONG TERM DISABILITY	\$ 5,100	\$ 3,315	\$ 1,530	\$ 255	65.0%	30.0%	5.0%
PERS - RETIREMENT	\$ 138,900	\$ 90,285	\$ 41,670	\$ 6,945	65.0%	30.0%	5.0%
FICA - SOCIAL SECURITY	\$ 63,100	\$ 41,015	\$ 18,930	\$ 3,155	65.0%	30.0%	5.0%
WORKERS COMPENSATION	\$ 58,300	\$ 37,895	\$ 17,490	\$ 2,915	65.0%	30.0%	5.0%
ASSISTANCE PROGRAM	\$ 600	\$ 390	\$ 180	\$ 30	65.0%	30.0%	5.0%
MEDICARE RETIRED MEDICAL	\$ 15,000	\$ 9,750	\$ 4,500	\$ 750	65.0%	30.0%	5.0%
SPECIAL CLOTHING	\$ 9,100	\$ 5,915	\$ 2,730	\$ 455	65.0%	30.0%	5.0%
CERTIFICATIONS	\$ 800	\$ 520	\$ 240	\$ 40	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 531,100	\$ 345,215	\$ 159,330	\$ 26,555	65.0%	30.0%	5.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #7	\$ 102,700	\$ 66,755	\$ 30,810	\$ 5,135	65.0%	30.0%	5.0%
Fully Loaded Cost of New Position #8	\$ 100,000	\$ 65,000	\$ 30,000	\$ 5,000	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 202,700	\$ 131,755	\$ 60,810	\$ 10,135	65.0%	30.0%	5.0%
TOTAL: PERSONNEL	\$ 1,830,700	\$ 1,189,955	\$ 549,210	\$ 91,535	65.0%	30.0%	5.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 123,200	\$ 80,080	\$ 36,960	\$ 6,160	65.0%	30.0%	5.0%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
UTILITIES	\$ 112,900	\$ 73,385	\$ 33,870	\$ 5,645	65.0%	30.0%	5.0%
OPERATING SUPPLIES	\$ 92,400	\$ 60,060	\$ 27,720	\$ 4,620	65.0%	30.0%	5.0%
MAINT & OPERATIONS OF VEHICLES	\$ 80,100	\$ 52,065	\$ 24,030	\$ 4,005	65.0%	30.0%	5.0%
RENTAL/LEASES/PERMITS	\$ 10,300	\$ 6,695	\$ 3,090	\$ 515	65.0%	30.0%	5.0%
SMALL TOOLS-MAINT & REPAIRS	\$ 12,800	\$ 8,320	\$ 3,840	\$ 640	65.0%	30.0%	5.0%
EQUIPMENT NON-CAP	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
SAFETY EQUIPMENT - MAINTENANCE	\$ 2,100	\$ 1,365	\$ 630	\$ 105	65.0%	30.0%	5.0%
FACILITIES MAINTENANCE	\$ 16,400	\$ 10,660	\$ 4,920	\$ 820	65.0%	30.0%	5.0%
COMMUNICATIONS & TELEMETERING	\$ 68,800	\$ 44,720	\$ 20,640	\$ 3,440	65.0%	30.0%	5.0%
OFFICE SUPPLIES (included 5078)	\$ 6,700	\$ 4,355	\$ 2,010	\$ 335	65.0%	30.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 7,200	\$ 4,680	\$ 2,160	\$ 360	65.0%	30.0%	5.0%
SPECIAL PROJECTS	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 532,900	\$ 346,385	\$ 159,870	\$ 26,645	65.0%	30.0%	5.0%
TOTAL: MATERIALS & SERVICES	\$ 532,900	\$ 346,385	\$ 159,870	\$ 26,645	65.0%	30.0%	5.0%
TOTAL: OPERATIONS/DISTRIBUTION	\$ 2,363,600	\$ 1,536,340	\$ 709,080	\$ 118,180	65.0%	30.0%	5.0%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: WATERSHED - 05							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 137,600	\$ 61,920	\$ 68,800	\$ 6,880	45.0%	50.0%	5.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 137,600	\$ 61,920	\$ 68,800	\$ 6,880	45.0%	50.0%	5.0%
Benefits							
MEDICAL INSURANCE	\$ 25,700	\$ 11,565	\$ 12,850	\$ 1,285	45.0%	50.0%	5.0%
DENTAL INSURANCE	\$ 3,100	\$ 1,395	\$ 1,550	\$ 155	45.0%	50.0%	5.0%
VISION INSURANCE	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
LIFE INSURANCE	\$ 100	\$ 45	\$ 50	\$ 5	45.0%	50.0%	5.0%
LONG TERM DISABILITY	\$ 700	\$ 315	\$ 350	\$ 35	45.0%	50.0%	5.0%
PERS - RETIREMENT	\$ 18,500	\$ 8,325	\$ 9,250	\$ 925	45.0%	50.0%	5.0%
FICA - SOCIAL SECURITY	\$ 8,500	\$ 3,825	\$ 4,250	\$ 425	45.0%	50.0%	5.0%
WORKERS COMPENSATION	\$ 800	\$ 360	\$ 400	\$ 40	45.0%	50.0%	5.0%
ASSISTANCE PROGRAM	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MEDICARE	\$ 2,000	\$ 900	\$ 1,000	\$ 100	45.0%	50.0%	5.0%
SPECIAL CLOTHING	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 59,900	\$ 26,955	\$ 29,950	\$ 2,995	45.0%	50.0%	5.0%
TOTAL: PERSONNEL	\$ 197,500	\$ 88,875	\$ 98,750	\$ 9,875	45.0%	50.0%	5.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 356,500	\$ 160,425	\$ 178,250	\$ 17,825	45.0%	50.0%	5.0%
ROAD MAINTENANCE	\$ 15,400	\$ 6,930	\$ 7,700	\$ 770	45.0%	50.0%	5.0%
OPERATING SUPPLIES	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
EQUIPMENT NON-CAP	\$ 1,000	\$ 450	\$ 500	\$ 50	45.0%	50.0%	5.0%
COMMUNICATIONS & TELEMETERING	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,100	\$ 1,395	\$ 1,550	\$ 155	45.0%	50.0%	5.0%
MEMBERSHIP & DUES	\$ 1,300	\$ 585	\$ 650	\$ 65	45.0%	50.0%	5.0%
WATERSHED & DATA COLLECTION GRNTS	\$ 15,400	\$ 6,930	\$ 7,700	\$ 770	45.0%	50.0%	5.0%
WATER CONSERVATION PROGRAM	\$ 26,700	\$ 26,700	\$ -	\$ -	100.0%	0.0%	0.0%
EDUCATION GRANT PROGRAM	\$ 18,000	\$ 8,100	\$ 9,000	\$ 900	45.0%	50.0%	5.0%
SPECIAL PROJECTS	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 438,500	\$ 212,010	\$ 205,900	\$ 20,590	48.3%	47.0%	4.7%
TOTAL: MATERIALS & SERVICES	\$ 438,500	\$ 212,010	\$ 205,900	\$ 20,590	48.3%	47.0%	4.7%
TOTAL: WATERSHED	\$ 636,000	\$ 300,885	\$ 304,650	\$ 30,465	47.3%	47.9%	4.8%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: OPERATIONS/SUPPLY & TREATMENT -08							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 837,200	\$ 418,600	\$ 418,600	\$ -	50.0%	50.0%	0.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
OVERTIME WAGES	\$ 30,800	\$ 15,400	\$ 15,400	\$ -	50.0%	50.0%	0.0%
STANDBY	\$ 4,100	\$ 2,050	\$ 2,050	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 872,100	\$ 436,050	\$ 436,050	\$ -	50.0%	50.0%	0.0%
Benefits							
MEDICAL INSURANCE	\$ 121,100	\$ 60,550	\$ 60,550	\$ -	50.0%	50.0%	0.0%
DENTAL INSURANCE	\$ 12,400	\$ 6,200	\$ 6,200	\$ -	50.0%	50.0%	0.0%
VISION INSURANCE	\$ 2,500	\$ 1,250	\$ 1,250	\$ -	50.0%	50.0%	0.0%
LIFE INSURANCE	\$ 2,000	\$ 1,000	\$ 1,000	\$ -	50.0%	50.0%	0.0%
LONG TERM DISABILITY	\$ 4,200	\$ 2,100	\$ 2,100	\$ -	50.0%	50.0%	0.0%
PERS - RETIREMENT	\$ 123,400	\$ 61,700	\$ 61,700	\$ -	50.0%	50.0%	0.0%
FICA - SOCIAL SECURITY	\$ 53,700	\$ 26,850	\$ 26,850	\$ -	50.0%	50.0%	0.0%
WORKERS COMPENSATION	\$ 48,200	\$ 24,100	\$ 24,100	\$ -	50.0%	50.0%	0.0%
ASSISTANCE PROGRAM	\$ 400	\$ 200	\$ 200	\$ -	50.0%	50.0%	0.0%
MEDICARE RETIRED MEDICAL	\$ 12,700	\$ 6,350	\$ 6,350	\$ -	50.0%	50.0%	0.0%
SPECIAL CLOTHING	\$ 6,800	\$ 3,400	\$ 3,400	\$ -	50.0%	50.0%	0.0%
CERTIFICATIONS	\$ 1,500	\$ 750	\$ 750	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 388,900	\$ 194,450	\$ 194,450	\$ -	50.0%	50.0%	0.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #9	\$ 102,700	\$ 51,350	\$ 51,350	\$ -	50.0%	50.0%	0.0%
Fully Loaded Cost of New Position #10	\$ 100,000	\$ 50,000	\$ 50,000	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 202,700	\$ 101,350	\$ 101,350	\$ -	50.0%	50.0%	0.0%
TOTAL: PERSONNEL	\$ 1,463,700	\$ 731,850	\$ 731,850	\$ -	50.0%	50.0%	0.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 154,000	\$ 77,000	\$ 77,000	\$ -	50.0%	50.0%	0.0%
CONTRACT SERVICES MANANA WOODS	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
OUTSIDE WATER ANALYSIS	\$ 77,000	\$ 38,500	\$ 38,500	\$ -	50.0%	50.0%	0.0%
LAB SUPPLIES	\$ 25,100	\$ 12,550	\$ 12,550	\$ -	50.0%	50.0%	0.0%
EQUIPMENT REPLACEMENT	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
UTILITIES	\$ 282,300	\$ 141,150	\$ 141,150	\$ -	50.0%	50.0%	0.0%
CHEMICALS	\$ 35,900	\$ 17,950	\$ 17,950	\$ -	50.0%	50.0%	0.0%
OPERATING SUPPLIES	\$ 58,500	\$ 29,250	\$ 29,250	\$ -	50.0%	50.0%	0.0%
MAINTENANANCE/OPERATIONS OF VEHICLES	\$ 21,600	\$ 10,800	\$ 10,800	\$ -	50.0%	50.0%	0.0%
RENTAL/LEASES/PERMITS	\$ 112,900	\$ 56,450	\$ 56,450	\$ -	50.0%	50.0%	0.0%
SMALL TOOLS-MAINTENANCE & REPAIRS	\$ 6,200	\$ 3,100	\$ 3,100	\$ -	50.0%	50.0%	0.0%
EQUIPMENT NON-CAP	\$ 15,400	\$ 7,700	\$ 7,700	\$ -	50.0%	50.0%	0.0%
FACILITIES MAINTENANCE	\$ 7,700	\$ 3,850	\$ 3,850	\$ -	50.0%	50.0%	0.0%
COMMUNICATIONS & TELEMETERING	\$ 41,100	\$ 20,550	\$ 20,550	\$ -	50.0%	50.0%	0.0%
OFFICE SUPPLIES (included 5078)	\$ 3,600	\$ 1,800	\$ 1,800	\$ -	50.0%	50.0%	0.0%
SUBSCRIPTIONS/BOOKS	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,600	\$ 1,800	\$ 1,800	\$ -	50.0%	50.0%	0.0%
OTHER HOUSEHOLD SUPPLIES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 845,400	\$ 422,700	\$ 422,700	\$ -	50.0%	50.0%	0.0%
TOTAL: MATERIALS & SERVICES	\$ 845,400	\$ 422,700	\$ 422,700	\$ -	50.0%	50.0%	0.0%
TOTAL: OPERATIONS/SUPPLY & TREATMENT	\$ 2,309,100	\$ 1,154,550	\$ 1,154,550	\$ -	50.0%	50.0%	0.0%
GRAND TOTAL: WATER FUND OPERATING EXP	\$ 7,567,612	\$ 3,599,161	\$ 3,297,736	\$ 670,715	47.6%	43.6%	8.9%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
Debt Service Payments							
2004 Refunding Water Revenue Bond, 2012 (1)	\$ 709,710	\$ -	\$ 709,710	\$ -	0.0%	100.0%	0.0%
2008 Safe Drinking Water Loan (3)	\$ 186,797	\$ -	\$ 186,797	\$ -	0.0%	100.0%	0.0%
SWRCB State Revolving Fund Loan (5)	\$ 104,244	\$ -	\$ 104,244	\$ -	0.0%	100.0%	0.0%
Future New Debt	\$ -	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%
Total Debt Service Payments	\$ 1,000,751	\$ -	\$ 1,000,751	\$ -	0.0%	100.0%	0.0%
Capital Expenditures							
Rate Funded Capital Expenses	\$ 1,678,988	\$ -	\$ 1,678,988	\$ -	0.0%	100.0%	0.0%
TOTAL REVENUE REQUIREMENTS	\$ 10,247,352	\$ 3,599,161	\$ 5,977,476	\$ 670,715	35.1%	58.3%	6.5%
Less: Non-Rate Revenues							
7501 Property Taxes							
PROPERTY TAXES	\$ (600,000)	\$ -	\$ (600,000)	\$ -	0.0%	100.0%	0.0%
ASSESSMENT REVENUE	\$ (360,000)	\$ -	\$ (360,000)	\$ -	0.0%	100.0%	0.0%
7502 Rental Revenue							
MOBILE SERVICES LEASE FEES	\$ (15,800)	\$ (5,549)	\$ (9,216)	\$ (1,034)	35.1%	58.3%	6.5%
JOHNSON PROPERTY RENTS	\$ (36,000)	\$ (12,644)	\$ (20,999)	\$ (2,356)	35.1%	58.3%	6.5%
7503 Investment Earnings							
LOMPICO LOAN - INTEREST	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
INTEREST - WATER	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
INTEREST - FELTON LOAN RESERVE	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
REALIZED G/L - MSDW	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
UNREALIZED GAINS/LOSS - MSDW	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
INTEREST DIVIDEND - MSDW	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
7504 Gain/Loss on Sale of Assets							
SALE OF SURPLUS PROPERTY	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
LOSS ON SALE/ABAND FIXED ASSET	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
7505 Other Income							
ACCT. ESTAB. CHARGES & PENALTY	\$ (72,000)	\$ (25,288)	\$ (41,999)	\$ (4,713)	35.1%	58.3%	6.5%
ASSESSMENT BOND - N.B.C.	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
SALE OF METERS	\$ (25,000)	\$ (8,781)	\$ (14,583)	\$ (1,636)	35.1%	58.3%	6.5%
MISCELLANEOUS	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
REIMB. FOR MANANA WOODS	\$ (35,000)	\$ (12,293)	\$ (20,416)	\$ (2,291)	35.1%	58.3%	6.5%
LOMPICO LOAN - PRINCIPAL	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
CSI - #34053 MANANA WOODS	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
CSI - # 34057 LYON WTP	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
CSI - #34058 KIRBY WTP	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
Interest Income (From Financial Plan)	\$ (647)	\$ (227)	\$ (378)	\$ (42)	35.1%	58.3%	6.5%
NET REVENUE REQUIREMENTS - WATER	\$ 9,102,904	\$ 3,534,378	\$ 4,909,884	\$ 658,642			
Allocation of Revenue Requirements	100.0%	38.8%	53.9%	7.2%			
<i>Net Revenue Req't. Check from Financial Plan \$ -</i>							

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water				
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer
	FY 2017/18	(COM)	(CAP)	(CA)
Classification of Expenses - Water, continued				
Adjustments to Classification of Expenses				
Adjustment for Current Rate Level:	Total	(COM)	(CAP)	(CA)
Test Year (FY 2017/18) Target Rate Revenue	\$ 9,381,267			
Projected Rate Revenue at Current Rates	\$ 5,575,000			
Test Year (FY 2017/18) Projected Rate Adjustment	37%			
Adjusted Net Revenue Req'ts	\$ 9,381,267	\$ 3,642,457	\$ 5,060,026	\$ 678,783
Percent of Revenue	100.0%	38.8%	53.9%	7.2%

Recommended Rate Alternative Net Revenue Requirements Allocation of 30% Fixed / 70% Variable	Total Rate Revenue Requirements FY 2017/18	Variable Costs	Fixed Costs	
		Commodity Related Costs	Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable (%)	100.0%	70.0%	22.8%	7.2%
Rate-Design Adjustments to Fixed/Variable (\$)	\$9,381,267	\$6,566,887	\$2,135,597	\$678,783
		70%	30%	
Variable Charges (Volumetric Rates)		70.0%		
Fixed Charges		30.0%		

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis

Development of the COMMODITY (Volumetric) Allocation Factor - Water Utility				
Customer Class	CY 2016 Volume (ccf) (1)	Conservation for Test Year (FY 2017/18)	Adjusted Volume with Conservation	Percent of Total Volume
Single Family Residential	459,680	0.4%	457,673	70.9%
Multi-Family Residential	102,921	0.4%	102,472	15.9%
Commercial	34,197	0.4%	34,047	5.3%
Private Mutuals	8,710	0.4%	8,671	1.3%
Institutional/Governmental	35,934	0.4%	35,777	5.5%
Landscape	6,901	0.4%	6,870	1.1%
Fire Service accounts	-	0.4%	-	0.0%
Vacant	382	0.4%	380	0.1%
Total	648,724	--	645,891	100%
Surplus Water accounts (2)	4,109	0.0%	4,109	0.6%
Grand Total	652,832	0.4%	650,000	101%

1. Consumption data is based on the SLVWD's billing data (February 2016 - January 2017).

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Commodity Related Costs: These costs are associated with the total consumption (flow) of water over a specified period of time (e.g. annual).

Development of the CAPACITY (MAX MONTH) Allocation Factor - Water Utility				
Customer Class	Average Monthly Use (ccf)	Peak Monthly Use (ccf) (1)	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	38,307	53,529	1.40	69.4%
Multi-Family Residential	8,577	10,872	1.27	14.1%
Commercial	2,850	3,745	1.31	4.9%
Private Mutuals	726	1,368	1.88	1.8%
Institutional/Governmental	2,994	5,940	1.98	7.7%
Landscape	575	1,571	2.73	2.0%
Fire Service accounts	0	0	0.00	0.0%
Vacant	32	83	2.61	0.1%
Total	54,060	77,107	1.43	100%
Surplus Water accounts (2)	342	972	2.84	1.2%
Grand Total	54,403	78,079	1.44	101%

1. Based on peak monthly data (peak day data not available).

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Capacity Related Costs: Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis

Development of the CUSTOMER Allocation Factor - Water Utility		
Customer Class	Number of Meters (1)	Percent of Total
Single Family Residential	7,102	89.4%
Multi-Family Residential	513	6.5%
Commercial	201	2.5%
Private Mutuals	6	0.1%
Institutional/Governmental	53	0.7%
Landscape	14	0.2%
Fire Service accounts	-	0.0%
Vacant	58	0.7%
Total	7,947	100.0%
Surplus Water accounts (2)	15	0.2%
Grand Total	7,962	100.2%

1. Meter Count data is based on the SLVWD's billing data for January 2017.

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Customer Related Costs : Costs associated with having a customer on the water system. These costs vary with the addition or deletion of customers on the system. Examples: Meter-reading, Postage and billing.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis

ALLOCATION OF WATER COST REQUIREMENTS:

Classification Components	Net Cost Requirements (2017/18)	
Commodity-Related Costs	\$ 3,642,457	38.8%
Capacity-Related Costs	5,060,026	53.9%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirement	\$ 9,381,267	100%

Unadjusted Net Cost Req'ts.

Total variable: 39%

Total fixed: 61%

Total: 100%

Allocation of Net Cost Requirements (Water) By Customer Class - FY 2017/18					
Customer Class	Cost Classification Components			Net Cost of Service Requirements	% of Net Cost of Service Requirements
	Commodity (1)	Capacity (2)	Customer (3)		
Single Family Residential	\$ 2,581,016	\$ 3,512,760	\$ 606,609	\$ 6,700,385	71.4%
Multi-Family Residential	577,882	713,481	43,817	1,335,180	14.2%
Commercial	192,008	245,746	17,168	454,922	4.8%
Private Mutuals	48,902	89,747	512	139,161	1.5%
Institutional/Governmental	201,762	389,784	4,527	596,072	6.4%
Landscape	38,745	103,062	1,196	143,002	1.5%
Fire Service accounts	-	-	-	-	0.0%
Vacant	2,143	5,447	4,954	12,544	0.1%
Total	\$ 3,642,457	\$ 5,060,026	\$ 678,783	\$ 9,381,267	100.0%

1. Commodity Costs are allocated based upon percentage of expected consumption.
2. Capacity Costs are allocated based upon Max Month Capacity Factor.
3. Customer Costs are allocated based upon Percentage of Total Accounts.

Current Water Rate Revenue Comparison								
Customer Class	Rate Revenue (CY 2016)				Total	% of Total	% of Net Cost of Service Requirements	Difference
	Fixed	Variable	Drought Surcharges	Lompico Surcharges				
						a	b	= b - a
Single Family Residential	\$ 2,825,755	\$ 2,031,782	\$ 458,832	\$ 92,113	\$ 5,408,484	77.2%	71.4%	-5.8%
Multi-Family Residential	370,760	417,935	102,936	188	891,819	12.7%	14.2%	1.5%
Commercial	113,491	158,672	34,197	-	306,360	4.4%	4.8%	0.5%
Private Mutuals	9,138	42,086	8,710	-	59,933	0.9%	1.5%	0.6%
Institutional/Governmental	61,405	166,862	36,306	-	264,573	3.8%	6.4%	2.6%
Landscape	10,212	32,018	6,901	-	49,131	0.7%	1.5%	0.8%
Fire Service accounts	-	-	332	-	332	0.0%	0.0%	0.0%
Vacant	24,074	1,689	382	-	26,145	0.4%	0.1%	-0.2%
Total	\$ 3,414,836	\$ 2,851,045	\$ 648,595	\$ 92,301	\$ 7,006,778	100.0%	100.0%	0.0%
	49%	41%	9%	1%	100%			

**SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation**

ALLOCATION OF WATER REVENUE REQUIREMENTS:

Classification Components (1)	Adjusted Net Revenue Requirements (2017/18)	
	(30% Fixed / 70% Variable)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Commodity-Related Costs (Fixed Share)	-	0.0%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirements	\$ 9,381,267	100%

1. Surplus Water Net Revenue Requirements are excluded from total; rates are developed separately.

Adjusted Net Rev. Req'ts.

70.0% total variable

30.0% total fixed

100%

58%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation

Allocation of Adjusted Net Revenue Requirements - FY 2017/18:

Recommended Rate Alternative - 30% Fixed / 70% Variable

Customer Classes	Classification Components					Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs (Variable Portion)	Capacity-Related Costs (Variable Portion)	Commodity-Related Costs (Fixed Portion)	Capacity-Related Costs (Fixed Portion)	Customer-Related Costs		
Single Family Residential	\$ 2,581,016	\$ 2,030,191	\$ -	\$ 1,482,569	\$ 606,609	\$ 6,700,385	71.4%
Multi-Family Residential	577,882	412,354	-	301,126	43,817	1,335,180	14.2%
Commercial	192,008	142,028	-	103,718	17,168	454,922	4.8%
Private Mutuals	48,902	51,869	-	37,878	512	139,161	1.5%
Institutional/Governmental	201,762	225,275	-	164,509	4,527	596,072	6.4%
Landscape	38,745	59,564	-	43,497	1,196	143,002	1.5%
Fire Service accounts	-	-	-	-	-	-	0.0%
Vacant	2,143	3,148	-	2,299	4,954	12,544	0.1%
Total Net Revenue Requirement	\$ 3,642,457	\$ 2,924,429	\$ -	\$ 2,135,597	\$ 678,783	\$ 9,381,267	100%
<i>Total Net Revenue Requirement by Classification Component</i>	<i>VARIABLE</i> \$6,566,887		<i>FIXED</i> \$2,814,380			\$9,381,267	
	39%	31%	0%	23%	7%	100%	

Customer Class	Rate Revenue - CY 2016		Recommended Rate Alternative - 30% Fixed / 70% Variable		
	Rate Revenue	% of Revenue	COS Rev. Req't	% of COS Rev. Req't.	% of 2015/16 vs. 2017/18
Single Family Residential	\$ 5,408,484	77.2%	\$ 6,700,385	71.4%	-5.8%
Multi-Family Residential	\$ 891,819	12.7%	\$ 1,335,180	14.2%	1.5%
Commercial	\$ 306,360	4.4%	\$ 454,922	4.8%	0.5%
Private Mutuals	\$ 59,933	0.9%	\$ 139,161	1.5%	0.6%
Institutional/Governmental	\$ 264,573	3.8%	\$ 596,072	6.4%	2.6%
Landscape	\$ 49,131	0.7%	\$ 143,002	1.5%	0.8%
Fire Service accounts	\$ 332	0.0%	\$ -	0.0%	0.0%
Vacant	\$ 26,145	0.4%	\$ 12,544	0.1%	-0.2%
Total	\$ 7,006,778	100.0%	\$ 9,381,267	100%	0.0%

**SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation**

Meter Equivalency Factors Used in Fixed Charges Calculations:

Meter Size	Standard Meters		Fire Meters	
	Meter Capacity (gpm) (1)	Equivalency to 5/8 inch	Meter Capacity (gpm) (2)	Equivalency to 5/8 inch
	<u>Displacement Meters</u>		<u>Displacement Meters</u>	
5/8 inch	20	1.00	20	1.00
3/4 inch	30	1.00	30	1.00
1 inch	50	1.67	50	1.67
1.5 inch	100	3.33	100	3.33
2 inch	160	5.33	160	5.33
	<u>Compound Class I Meters</u>		<u>Fire Service Type I & II Meters</u>	
3 inch	320	10.67	350	11.67
4 inch	500	16.67	700	23.33
6 inch	1,000	33.33	1,600	53.33
8 inch	1,600	53.33	2,800	93.33
	<u>Turbine Class II Meters</u>			
10 inch	4,200	140.00	4,400	146.67
12 inch	5,300	176.67	N/A	--

1. Per AWWA M-1, Table B-1.

2. Per AWWA M-6, Table 5-3.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation

CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY 2017/18:

Number of Meters by Class and Size (1)	FY 2017/18									Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	
Single Family Residential	6,622	242	234	2	2	-	-	-	-	7,102
Multi-Family Residential	430	4	63	7	8	1	-	-	-	513
Commercial	158	2	24	8	9	-	-	-	-	201
Private Mutuals	3	-	1	1	1	-	-	-	-	6
Institutional/Governmental	24	-	8	8	10	2	1	-	-	53
Landscape	8	-	3	2	1	-	-	-	-	14
Fire Service accounts	-	-	-	-	-	-	-	-	-	-
Vacant	52	3	3	-	-	-	-	-	-	58
Total Meters/Accounts	7,297	251	336	28	31	3	1	-	-	7,947
<i>Hydraulic Capacity Factor (2)</i>	<i>1.00</i>	<i>1.00</i>	<i>1.67</i>	<i>3.33</i>	<i>5.33</i>	<i>10.67</i>	<i>16.67</i>	<i>33.33</i>	<i>53.33</i>	
Total Equivalent Meters	7,297	251	560	93	165	32	17	-	-	8,415
Monthly Fixed Service Charges										
Customer Costs (\$/Acct/month) (3)	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	
Capacity Costs (\$/Acct/month) (4)	\$21.15	\$21.15	\$35.25	\$70.49	\$112.79	\$225.58	\$352.46	\$1,324.25	\$2,118.80	
Total Monthly Meter Charge	\$28.27	\$28.27	\$42.36	\$77.61	\$119.91	\$232.70	\$359.58	\$1,331.37	\$2,125.92	
Annual Fixed Costs Allocated to Monthly Meter Charges										
Customer Costs	\$ 678,783									
Capacity Costs	2,135,597									
Total Fixed Meter Costs	\$ 2,814,380									
Annual Revenue from Monthly Meter Charges										
Customer Charges	\$ 623,264	\$ 21,439	\$ 28,699	\$ 2,392	\$ 2,648	\$ 256	\$ 85	\$ -	\$ -	\$ 678,783
Capacity Charges	1,851,792	63,697	142,114	23,686	41,957	8,121	4,230	-	-	2,135,597
Total Revenue from Monthly Meter Charges	\$ 2,475,057	\$ 85,136	\$ 170,813	\$ 26,077	\$ 44,605	\$ 8,377	\$ 4,315	\$ -	\$ -	\$ 2,814,380

1. Meter by Class and Size are based on January 2017 customer billing data.
2. Source: AWWA Manual M1, "Principles of Water Rates, Fees, and Charges", Table B-2.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

**SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Revenue Check**

Fixed Charges Revenue Check:

Number of Meters by Class and Size	FY 2017/18								Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	
Single Family Residential	6,622	242	234	2	2	-	-	-	7,102
Multi-Family Residential	430	4	63	7	8	1	-	-	513
Commercial	158	2	24	8	9	-	-	-	201
Private Mutuals	3	-	1	1	1	-	-	-	6
Institutional/Governmental	24	-	8	8	10	2	1	-	53
Landscape	8	-	3	2	1	-	-	-	14
Fire Service accounts	-	-	-	-	-	-	-	-	-
Vacant	52	3	3	-	-	-	-	-	58
Total Meters/Accounts	7,297	251	336	28	31	3	1	-	7,947

Fixed Charges Revenue Check:

Recommended Rate Alternative - 30% Fixed / 70% Variable

Projected Revenue From Fixed Charges by Customer Class	FY 2017/18								Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	
Charges by Meter Size	\$28.27	\$28.27	\$42.36	\$77.61	\$119.91	\$232.70	\$359.58	\$1,331.37	
Revenue from Fixed Charges									
Single Family Residential	\$ 2,246,105	\$ 82,084	\$ 118,959	\$ 1,863	\$ 2,878	\$ -	\$ -	\$ -	\$ 2,451,887
Multi-Family Residential	\$ 145,851	\$ 1,357	\$ 32,027	\$ 6,519	\$ 11,511	\$ 2,792	\$ -	\$ -	\$ 200,058
Commercial	\$ 53,592	\$ 678	\$ 12,201	\$ 7,451	\$ 12,950	\$ -	\$ -	\$ -	\$ 86,872
Private Mutuals	\$ 1,018	\$ -	\$ 508	\$ 931	\$ 1,439	\$ -	\$ -	\$ -	\$ 3,896
Institutional/Governmental	\$ 8,141	\$ -	\$ 4,067	\$ 7,451	\$ 14,389	\$ 5,585	\$ 4,315	\$ -	\$ 43,947
Landscape	\$ 2,714	\$ -	\$ 1,525	\$ 1,863	\$ 1,439	\$ -	\$ -	\$ -	\$ 7,540
Fire Service accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ 17,638	\$ 1,018	\$ 1,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,180
Total Revenue - Fixed Charges									\$ 2,814,380

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Variable Rate Calculation

ALLOCATION OF WATER COST REQUIREMENTS:

Classification Components	Adjusted Net Revenue Requirements (2017/18)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Commodity-Related Costs (Fixed Share)	-	0.0%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirement	\$ 9,381,267	100%

PROPOSED VOLUMETRIC CHARGES FOR FY 2017/18:

Recommended Rate Alternative Net Revenue Requirements Allocation of 30% Fixed / 70% Variable

Customer Class	Number of Meters (1)	Water Consumption (ccf/yr) (1)	Commodity Assigned Costs	Capacity Assigned Costs	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/ccf)	Proposed Rate Structure
Single Family Residential	7,102	459,680	\$ 2,581,016	\$ 2,030,191	\$ 4,611,207	49.2%	\$10.12	Uniform
Multi-Family Residential	513	102,921	577,882	412,354	990,236	10.6%		Uniform
Commercial	201	34,197	192,008	142,028	334,036	3.6%		Uniform
Private Mutuals	6	8,710	48,902	51,869	100,771	1.1%		Uniform
Institutional/Governmental	53	35,934	201,762	225,275	427,036	4.6%		Uniform
Landscape	14	6,901	38,745	59,564	98,309	1.0%		Uniform
Fire Service accounts	-	-	-	-	-	0.0%		Uniform
Vacant	58	382	2,143	3,148	5,291	0.1%		Uniform
Total	7,947	648,724	\$ 3,642,457	\$ 2,924,429	\$ 6,566,887	70.0%		

1. Consumption data and number of meters is based on the SLVWD's billing data.

**SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Stabilization Rate Calculations**

ALLOCATION OF WATER COST REQUIREMENTS:

Classification Components	Adjusted Net Revenue Requirements (2017/18)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Commodity-Related Costs (Fixed Share)	-	0.0%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirement	\$ 9,381,267	100%

AVERAGE MONTHLY CONSUMPTION AT VARIOUS LEVELS OF CONSERVATION

Customer Class	Water Consumption (ccf/yr)	Average Annual Consumption at Various Conservation Levels				
		10%	15%	20%	25%	30%
Single Family Residential	459,680	413,712	390,728	367,744	344,760	321,776
Multi-Family Residential	102,921	92,629	87,483	82,337	77,191	72,045
Commercial	34,197	30,777	29,067	27,357	25,648	23,938
Private Mutuals	8,710	7,839	7,403	6,968	6,532	6,097
Institutional/Governmental	35,934	32,340	30,544	28,747	26,950	25,154
Landscape	6,901	6,210	5,865	5,520	5,175	4,830
Fire Service accounts	-	-	-	-	-	-
Vacant	382	344	324	305	286	267
Total	648,724	583,851	551,415	518,979	486,543	454,107

PROPOSED RATE STABILIZATION VOLUMETRIC CHARGES FOR FY 2017/18:

Recommended Rate Alternative Net Revenue Requirements Allocation of 30% Fixed / 70% Variable		Variable Rate (\$/ccf) at Various Levels of Conservation				
Customer Class	Total Target Rev. Req't from Vol. Charges	10%	15%	20%	25%	30%
Single Family Residential	\$ 4,611,207	\$11.25	\$11.91	\$12.65	\$13.50	\$14.46
Multi-Family Residential	990,236					
Commercial	334,036					
Private Mutuals	100,771					
Institutional/Governmental	427,036					
Landscape	98,309					
Fire Service accounts	-					
Vacant	5,291					
Total	\$ 6,566,887					

1. Consumption data and number of meters is based on the SLVWD's billing data.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Surplus Water Rate Calculation

PROPOSED SURPLUS WATER CHARGES FOR FY 2017/18 - FY 2021/22:

Calculated Average Cost of Water for Surplus Water Rates	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Total Target Rate Revenue	\$ 9,381,267	\$ 10,037,955	\$ 10,640,233	\$ 11,172,244	\$ 11,730,857
Estimated Water Consumption <i>(rounded down)</i>	652,000	652,000	652,000	652,000	652,000
Average Cost of Water (per CCF)	\$14.39	\$15.40	\$16.32	\$17.14	\$17.99

** Surplus water sales are not guaranteed. Rounded down to nearest 1,000.*

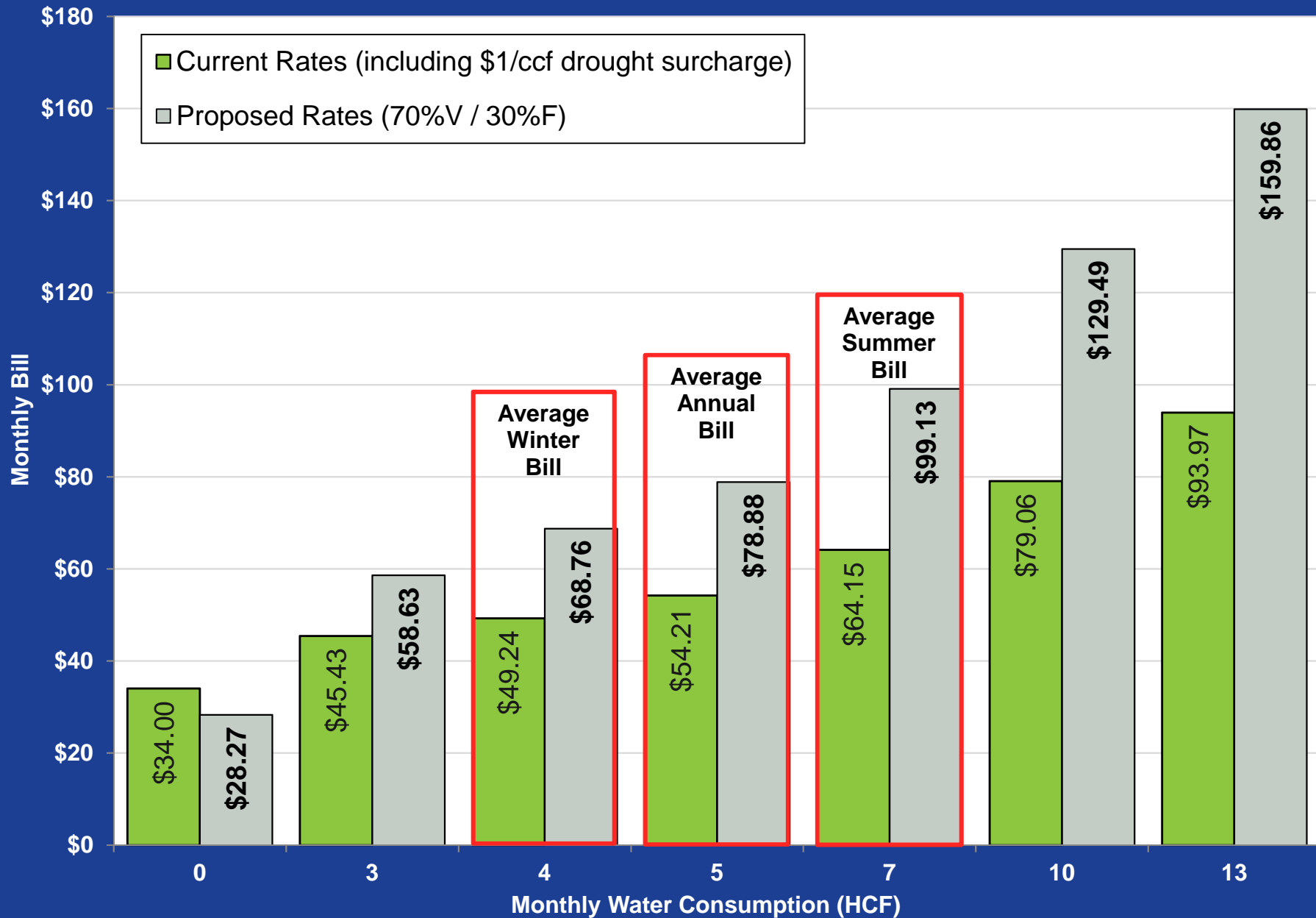
SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Proposed Rates

CURRENT VS. PROPOSED WATER RATES:

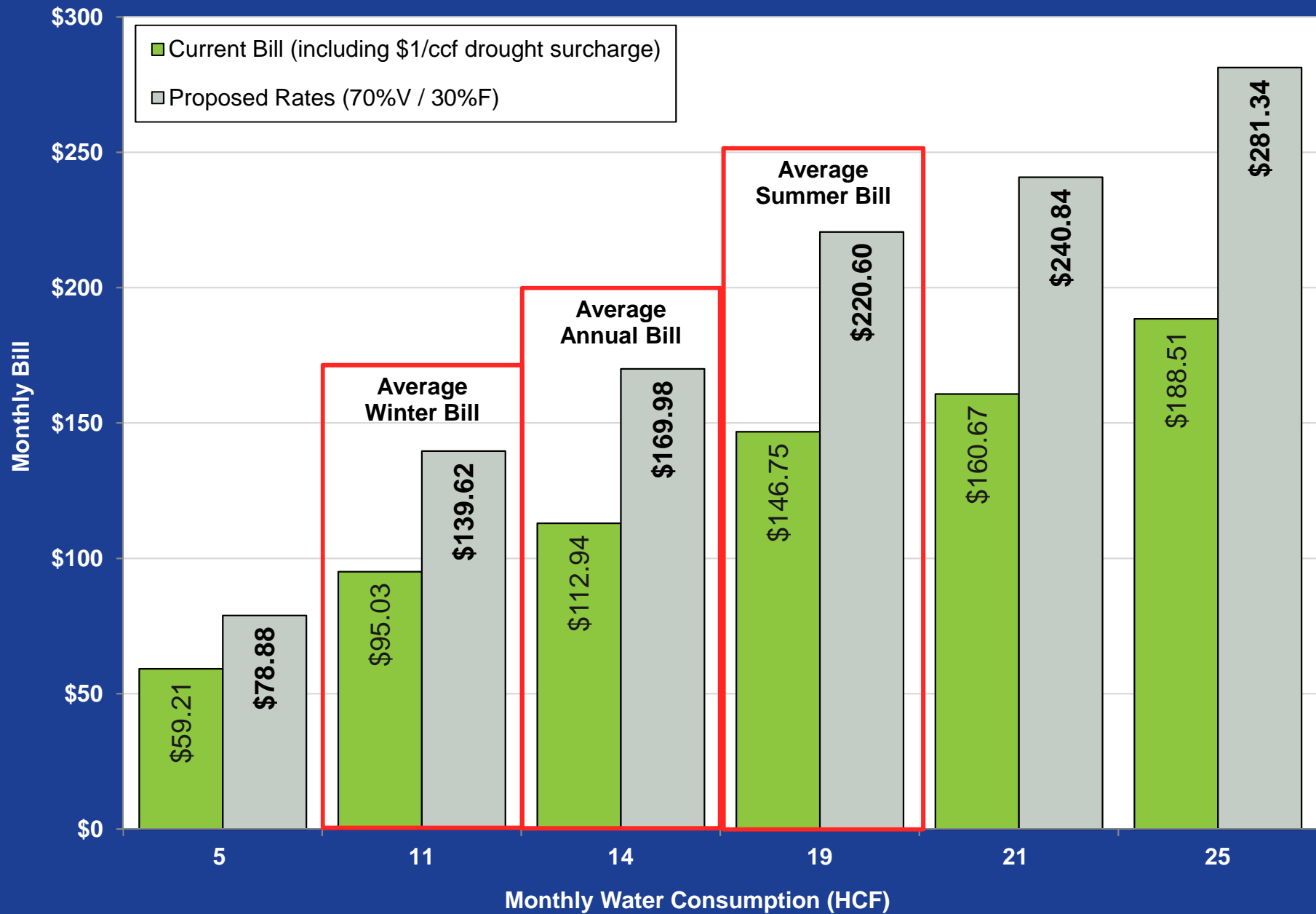
Water Rate Schedule		Current Rates	Proposed Rates - 30% Fixed / 70% Variable				
			FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
			37.00%	7.00%	6.00%	5.00%	5.00%
Fixed Service Charge							
Monthly Fixed Service Charges:	per account						
5/8 inch		\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4 inch		\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1 inch		\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1 1/2 inch		\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2 inch		\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3 inch		\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4 inch		\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Surplus Water (1)		\$114.00	\$1,331.37	\$1,424.57	\$1,510.04	\$1,585.54	\$1,664.82
Volumetric Charges for All Water Consumed							
Tier 1	0 - 4 ccf	\$3.81	--	--	--	--	--
Tier 2	5 - 15 ccf	\$4.97	--	--	--	--	--
Tier 3	16 - 50 ccf	\$5.96	--	--	--	--	--
Tier 4	51+ ccf	\$6.61	--	--	--	--	--
Drought Surcharge	per CCF	\$1.00	--	--	--	--	--
Flat Rate (Uniform Rate)	per CCF	\$4.64	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Surplus Water	per CCF	\$10.00	\$14.39	\$15.40	\$16.32	\$17.14	\$17.99
Rate Stabilization Rates for All Water Consumed							
10%	--	--	\$11.25	\$12.03	\$12.76	\$13.39	\$14.06
15%	--	--	\$11.91	\$12.74	\$13.51	\$14.18	\$14.89
20%	--	--	\$12.65	\$13.54	\$14.35	\$15.07	\$15.82
25%	--	--	\$13.50	\$14.44	\$15.31	\$16.07	\$16.88
30%	--	--	\$14.46	\$15.47	\$16.40	\$17.22	\$18.08

1. Per District policy, Surplus water accounts are charged the 1 1/2 inch meter monthly fee.

Residential Water Bill Comparison Current vs. Proposed 2017/18 Rate Alternatives (5/8" meter)



Commercial Water Bill Comparison Current vs. Proposed 2017/18 Rates (5/8" meter)



SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Customer Data

Water Consumption Data used for Water Rate Study Rates:					
Summary of Consumption by Class	Consumption (ccf/year)	meters*	Avg. ccf by Month		
			Annual	Summer	Winter
Single Family Residential	459,680	7,102	5.39	7.23	3.97
Multi-Family Residential	102,921	513	16.72	21.19	13.30
Commercial	34,197	201	14.18	18.63	11.35
Private Mutuals	8,710	6	120.97	227.93	60.82
Institutional/Governmental	35,934	53	56.50	112.07	26.65
Surplus Water accounts	4,109	15	22.83	64.80	4.20
Landscape	6,901	14	41.07	112.18	1.25
Fire Service accounts	-	-	-	-	-
Vacant	382	58	0.55	1.43	0.12
Lompico Booster Intertie (now closed)**	3,993	-	-	-	-
Total	656,825	7,962			

* Number of meters is per SLVWD billing data. Meter count is from January 2017.

** Emergency water sales prior to annexation; this will be excluded from consumption, and is shown here for reference purposes only.

CY 2016 Approximate Rate Revenue from Water Rates (1)					
Revenue by Customer Class	Fixed Charges	Variable Charges	Drought Surcharges	Lompico Surcharges	TOTAL
Single Family Residential	\$ 2,825,755	\$ 2,031,782	\$ 458,832	\$ 92,113	\$ 5,408,484
Multi-Family Residential	370,760	417,935	102,936	188	891,819
Commercial	113,491	158,672	34,197		306,360
Private Mutuals	9,138	42,086	8,710		59,933
Institutional/Governmental	61,405	166,862	36,306		264,573
Surplus Water accounts	9,462	41,086	4,109		54,657
Landscape	10,212	32,018	6,901		49,131
Fire Service accounts			332		332
Vacant	24,074	1,689	382		26,145
Lompico Booster Intertie (no	456	18,528	3,993		22,977
Total	\$ 3,424,754	\$ 2,910,659	\$ 656,697	\$ 92,301	\$ 7,084,411
Fixed vs. Variable %	48%	41%	9%	1%	100%

1. Rate Revenue For February 2016 - January 2017 from SLVWD billing data.

TABLE 1
FINANCIAL PLAN AND SUMMARY OF SEWER COST REQUIREMENTS (1)

SEWER COST REQUIREMENTS SUMMARY	Budget	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Funds										
SEWER REVENUES:										
Sewer Service Charge	100,088	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sources of Funds	\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Uses of Funds										
OPERATING EXPENSES (2):										
PERSONNEL	\$ 20,700	\$ 19,418	\$ 19,939	\$ 20,474	\$ 21,024	\$ 21,589	\$ 22,168	\$ 22,764	\$ 23,375	\$ 24,002
MATERIALS & SERVICES	112,770	107,598	110,490	113,458	116,504	119,630	122,842	126,142	129,526	133,006
Subtotal: Operating Expenses	\$ 133,470	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010	\$ 148,905	\$ 152,901	\$ 157,009
OTHER EXPENDITURES:										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses (3)	-	63,880	65,796	67,770	69,803	71,898	74,054	76,276	78,564	80,921
Subtotal: Other Expenditures	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
Total Uses of Water Funds	\$ 133,470	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064	\$ 225,181	\$ 231,465	\$ 237,930
Plus: Revenue from Rate Increases (4)	-	-	20,000	44,000	72,800	107,360	148,832	156,297	163,986	171,905
Annual Surplus/(Deficit) - w/o Rate Increases	\$ (33,381)	\$ (90,896)	\$ (96,226)	\$ (101,703)	\$ (107,332)	\$ (113,116)	\$ (119,064)	\$ (125,181)	\$ (131,465)	\$ (137,930)
Annual Surplus/(Deficit) - w/ Rate Increases	\$ (33,381)	\$ (90,896)	\$ (76,226)	\$ (57,703)	\$ (34,532)	\$ (5,756)	\$ 29,768	\$ 31,116	\$ 32,521	\$ 33,975
Net Cost Requirement (Total Uses less Non-Rate Revenue)	\$ 133,470	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064	\$ 225,181	\$ 231,465	\$ 237,930
Total Rate Revenue After Rate Increases	\$ 100,088	\$ 100,000	\$ 120,000	\$ 144,000	\$ 172,800	\$ 207,360	\$ 248,832	\$ 256,297	\$ 263,986	\$ 271,905
Projected Annual Rate Revenue Increase	0.00%	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%	3.00%	3.00%	3.00%
Cumulative Increase from Annual Revenue Increases	0.00%	0.00%	20.00%	44.00%	72.80%	107.36%	148.83%	156.30%	163.99%	171.91%
Debt Coverage After Rate Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. Revenue and expenses for FY 2015/16 through FY 2020/21 were provided by City Staff. Source File: 2016 Sanitation Fund Rate Analysis-2.xlsx.

2. Assumes annual inflation of 4%, beyond FY 2020/21 (file: 2016 Sanitation Fund Rate Analysis.xls).

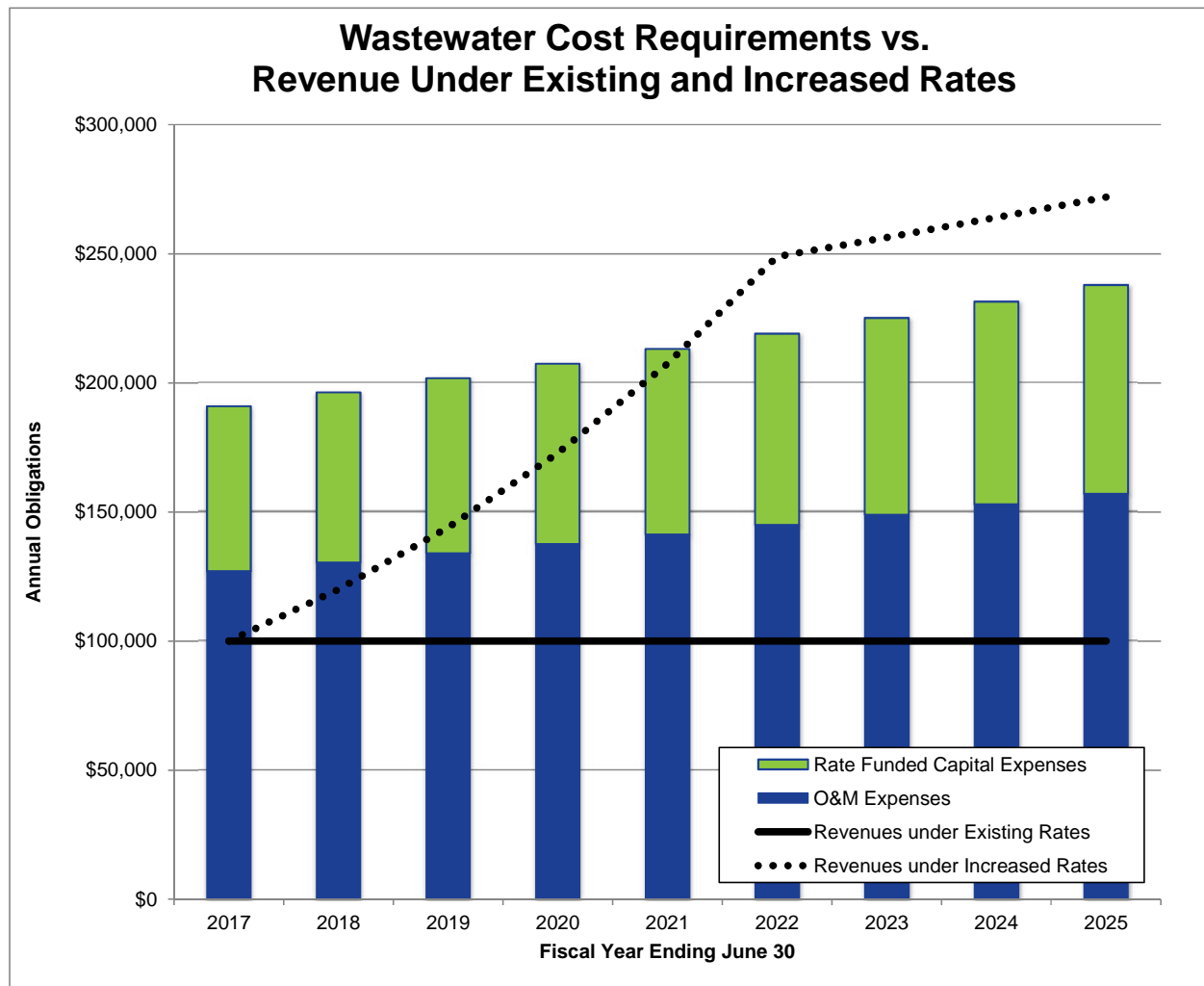
3. Assumes annual inflation of the 10 year average change in the Construction Cost Index for 2006-2015; applied to estimated future expenditures beyond FY 2020/21. Source: Engineering News Record website (<http://enr.construction.com>).

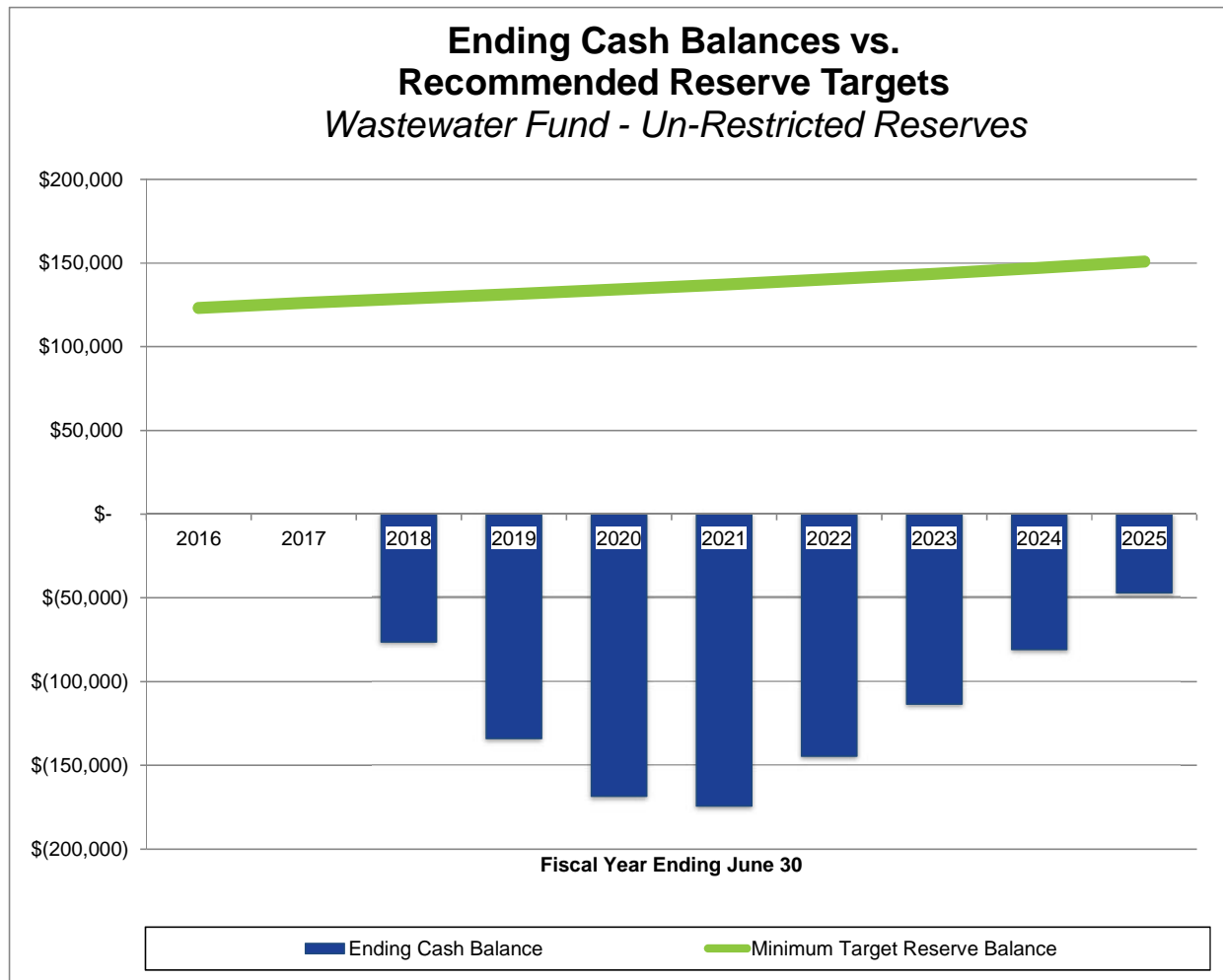
4. Assumes new rates are implemented July 1, 2017.

TABLE 2
SEWER RESERVE FUND SUMMARY, UN-RESTRICTED RESERVES

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES - SEWER	Budget		Projected							
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash (1)	\$ 33,381	\$ -								
Un-Restricted Reserves:										
Operating Reserve										
Beginning Reserve Balance	\$ 33,381	\$ 90,896	\$ -	\$ (76,226)	\$ (133,929)	\$ (168,460)	\$ (174,217)	\$ (144,449)	\$ (113,333)	\$ (80,813)
Plus: Net Cash Flow (After Rate Increases)	(33,381)	(90,896)	(76,226)	(57,703)	(34,532)	(5,756)	29,768	31,116	32,521	33,975
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Ending Operating Reserve Balance	\$ -	\$ -	\$ (76,226)	\$ (133,929)	\$ (168,460)	\$ (174,217)	\$ (144,449)	\$ (113,333)	\$ (80,813)	\$ (46,837)
Target Ending Balance (90 days of O&M)	\$ 33,400	\$ 31,800	\$ 32,600	\$ 33,500	\$ 34,400	\$ 35,300	\$ 36,300	\$ 37,200	\$ 38,200	\$ 39,300
Capital Rehabilitation & Replacement Reserve										
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Less: Use of Reserves for Capital Projects	-	-	-	-	-	-	-	-	-	-
Ending Capital Rehab & Replacement Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Balance (2)	\$ 89,778	\$ 94,503	\$ 96,205	\$ 97,994	\$ 99,882	\$ 101,888	\$ 104,030	\$ 106,336	\$ 108,841	\$ 111,593
Ending Balance - Excl. Restricted Reserves	\$ -	\$ -	\$ (76,226)	\$ (133,929)	\$ (168,460)	\$ (174,217)	\$ (144,449)	\$ (113,333)	\$ (80,813)	\$ (46,837)
Min. Target Ending Balance - Excl. Restricted Reserves	\$ 123,178	\$ 126,303	\$ 128,805	\$ 131,494	\$ 134,282	\$ 137,188	\$ 140,330	\$ 143,536	\$ 147,041	\$ 150,893
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ (123,178)	\$ (126,303)	\$ (205,031)	\$ (265,422)	\$ (302,743)	\$ (311,404)	\$ (284,779)	\$ (256,869)	\$ (227,853)	\$ (197,730)
Annual Interest Earnings Rate (3)	0.35%	0.35%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%

1. Total beginning cash is based on FY 2014/15 ending Fund Balance, as listed in Source File: 2016 Sanitation Fund Rate Analysis-2.xlsx.
2. The Capital Rehabilitation & Replacement Reserve target is set to the annual average of Capital Project expenditures (in future year dollars).
3. Historical interest earning rates were referenced on the CA Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2021 and phase into the historical 10 year average interest earnings rate.





**SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Operating Revenue and Expenses**

EXHIBIT 1

SEWER REVENUE FORECAST:

DESCRIPTION (1)	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SEWER REVENUE											
7102 Wastewater Service											
SEWER CHARGES	1	100,088	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL: REVENUE		\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

SEWER REVENUE SUMMARY:

SEWER REVENUE											
Other Revenues		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Service Charge		\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
TOTAL: REVENUE		\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

SEWER FUND OPERATING EXPENSE FORECAST (2):

DESCRIPTION - SEWER	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 15,000	\$ 15,000	\$ 15,403	\$ 15,816	\$ 16,241	\$ 16,677	\$ 17,125	\$ 17,585	\$ 18,057	\$ 18,542
OVERTIME WAGES	3	2,500	2,500	2,567	2,636	2,707	2,780	2,854	2,931	3,009	3,090
STANDBY WAGES	3	500	500	513	527	541	556	571	586	602	618
Subtotal		\$ 18,000	\$ 18,000	\$ 18,483	\$ 18,980	\$ 19,489	\$ 20,012	\$ 20,550	\$ 21,102	\$ 21,668	\$ 22,250
Benefits											
MEDICAL INSURANCE	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DENTAL INSURANCE	3	-	-	-	-	-	-	-	-	-	-
PERS - RETIREMENT	3	1,300	-	-	-	-	-	-	-	-	-
FICA - SOCIAL SECURITY	3	1,100	1,092	1,122	1,152	1,183	1,214	1,247	1,280	1,315	1,350
WORKERS COMPENSATION	3	-	-	-	-	-	-	-	-	-	-
MEDICARE RETIRED MEDICAL	3	300	325	334	343	352	362	372	381	392	402
SPECIAL CLOTHING	3	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 2,700	\$ 1,418	\$ 1,456	\$ 1,495	\$ 1,535	\$ 1,576	\$ 1,618	\$ 1,662	\$ 1,707	\$ 1,752
Additional Positions											
Fully Loaded Cost of New Position(s)	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL: PERSONNEL		\$ 20,700	\$ 19,418	\$ 19,939	\$ 20,474	\$ 21,024	\$ 21,589	\$ 22,168	\$ 22,764	\$ 23,375	\$ 24,002
MATERIALS & SERVICES											
ADMIN OVERHEAD ALLOCATION FROM WATER (3)	1	\$ 10,970	\$ 11,298	\$ 11,639	\$ 11,987	\$ 12,344	\$ 12,710	\$ 13,088	\$ 13,479	\$ 13,878	\$ 14,294
CONTRACT/PROFESSIONAL SERVICES	2	\$ 51,000	\$ 51,000	\$ 52,352	\$ 53,739	\$ 55,163	\$ 56,625	\$ 58,125	\$ 59,666	\$ 61,247	\$ 62,870
OUTSIDE WATER ANALYSIS	2	14,600	12,000	12,318	12,644	12,980	13,323	13,677	14,039	14,411	14,793
ADMINISTRATION OVERHEAD	2	4,000	-	-	-	-	-	-	-	-	-
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	7,000	7,000	7,186	7,376	7,571	7,772	7,978	8,189	8,406	8,629
OPERATING SUPPLIES	2	6,000	6,500	6,672	6,849	7,031	7,217	7,408	7,604	7,806	8,013
MAINT & OPERATIONS OF VEHICLES	2	500	500	513	527	541	555	570	585	600	616
RENTAL/LEASES/PERMITS	2	15,000	15,000	15,398	15,806	16,224	16,654	17,096	17,549	18,014	18,491
FACILITIES MAINTENANCE	2	500	500	513	527	541	555	570	585	600	616
COMMUNICATIONS & TELEMETERING	2	3,200	3,800	3,901	4,004	4,110	4,219	4,331	4,446	4,563	4,684
OFFICE SUPPLIES (included 5078)	2	-	-	-	-	-	-	-	-	-	-
POSTAGE	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 112,770	\$ 107,598	\$ 110,490	\$ 113,458	\$ 116,504	\$ 119,630	\$ 122,842	\$ 126,142	\$ 129,526	\$ 133,006
TOTAL: MATERIALS & SERVICES		\$ 112,770	\$ 107,598	\$ 110,490	\$ 113,458	\$ 116,504	\$ 119,630	\$ 122,842	\$ 126,142	\$ 129,526	\$ 133,006
GRAND TOTAL: SEWER EXPENSES		\$ 133,470	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010	\$ 148,905	\$ 152,901	\$ 157,009

**SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Operating Revenue and Expenses**

EXHIBIT 1

NON-CASH ITEMS, EXCLUDED FROM ABOVE:

DESCRIPTION	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEPRECIATION											
Depreciation Expense	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL: DEPRECIATION		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FORECASTING ASSUMPTIONS:

COST INFLATION FACTORS	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth	1	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation (4)	2	--	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Labor Cost Inflation (5)	3	--	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Water Purchases	4	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Energy (6)	5	--	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Chemicals (7)	6	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	7	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenues are from the Final Trial Balance on June 30, 2015 from source file: *SLVWD 2015 Working TB.xls* and are actual revenues from FY 14/15.

2. Expenses are from the FY 2015/16 Budget and from source file: *FY1516 BUDGET FINAL.pdf*. FY 2017/18 Expenses are from file: *SEWER expenses.xls*. All projected expenses are rounded to the nearest \$100.

3. 1.5 percent of Administration budget items are allocated to the sewer utility; per District staff, via email September 2016.

4. Expected Inflation factors based on expense type from 5 year average from Bureau of Labor Statistics Data.

http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm

5. Labor cost inflation is based on the 5-year average annual change in the Quarterly Census of Employment and Wages (San Jose area, CA).

http://www.bls.gov/regions/west/news-release/2016/employmentcostindex_sanjose_20161031.htm

6. Estimated energy cost inflation provided by a University of California Davis report:

The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040," by Johnathan Cook, Ph.D., page 31, Table 7.

7. Inflation factor recently used by other California water agencies (e.g., City of Sunnyvale, City of Eureka, Humboldt CSD).

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

CAPITAL FUNDING SUMMARY - SEWER

CAPITAL FUNDING FORECAST	Budget	Projected								
Sewer Funding Sources:	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-	-	-	-	-
Use of Future Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Rate Revenue	-	63,880	65,796	67,770	69,803	71,898	74,054	76,276	78,564	80,921
Total Sources of Capital Funds	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
Uses of Capital Funds:										
Total Project Costs	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
Capital Funding Surplus (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SRF Loan Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT PROGRAM - SEWER

Sewer Capital Improvement Program Costs (1):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pipes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ -	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200
Diversions	\$ -	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680
Admin/Operations Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Placeholder for Future Year Capital Projects</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: CIP Program Costs	\$ -	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880

Sewer Capital Improvement Program Costs (in Future-Year Dollars):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pipes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ -	\$ 19,200	\$ 19,776	\$ 20,369	\$ 20,980	\$ 21,610	\$ 22,258	\$ 22,926	\$ 23,614	\$ 24,322
Diversions	\$ -	\$ 44,680	\$ 46,020	\$ 47,401	\$ 48,823	\$ 50,288	\$ 51,796	\$ 53,350	\$ 54,951	\$ 56,599
Admin/Operations Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Placeholder for Future Year Capital Projects</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: Capital Improvement Program Costs (Future-Year Dollars)	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921

FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record(2)	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27

1. Capital project costs were provided by City Staff in source file: *VWHA_Capital_Asset_Cost_of_Service_9_02_16.pdf*.

2. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015 (3.0%). Source: *Engineering News Record website (http://enr.construction.com)*.

SEWER UTILITY EXISTING DEBT OBLIGATIONS	Budget	Projected								
Annual Repayment Schedules:	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grand Total: Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Existing Annual Debt Obligations to be Satisfied by Sewer Rates:

Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Current Sewer Rate Schedule:

Fixed Charges	Current Monthly
Sewer	\$149.00

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Sewer									
Budget Categories	Total Cost Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
PERSONNEL									
PERSONNEL									
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	56%	22%	22%	0%
REGULAR SALARIES	\$ 15,403	\$ 8,626	\$ 3,389	\$ 3,389	\$ -	56%	22%	22%	0%
OVERTIME WAGES	\$ 2,567	\$ 1,412	\$ 513	\$ 513	\$ 128	55%	20%	20%	5%
STANDBY WAGES	\$ 513	\$ 282	\$ 103	\$ 103	\$ 26	55%	20%	20%	5%
Subtotal	\$ 18,483	\$ 10,320	\$ 4,005	\$ 4,005	\$ 154	56%	22%	22%	1%
Benefits									
MEDICAL INSURANCE	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
DENTAL INSURANCE	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
PERS - RETIREMENT	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
FICA - SOCIAL SECURITY	\$ 1,122	\$ 617	\$ 224	\$ 224	\$ 56	55%	20%	20%	5%
WORKERS COMPENSATION	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
MEDICARE RETIRED MEDICAL	\$ 334	\$ 184	\$ 67	\$ 67	\$ 17	55%	20%	20%	5%
SPECIAL CLOTHING	\$ -	\$ -	\$ -	\$ -	\$ -	56%	22%	22%	0%
Subtotal	\$ 1,456	\$ 801	\$ 291	\$ 291	\$ 73	55%	20%	20%	5%
TOTAL: PERSONNEL	\$ 19,939	\$ 11,120	\$ 4,296	\$ 4,296	\$ 227	56%	22%	22%	1%
MATERIALS & SERVICES									
ADMIN OVERHEAD ALLOCATION FROM WATER (3)	\$ 11,639	\$ 6,401	\$ 2,328	\$ 2,328	\$ 582	55%	20%	20%	5%
CONTRACT/PROFESSIONAL SERVICES	\$ 52,352	\$ 28,793	\$ 10,470	\$ 10,470	\$ 2,618	55%	20%	20%	5%
OUTSIDE WATER ANALYSIS	\$ 12,318	\$ 6,775	\$ 2,464	\$ 2,464	\$ 616	55%	20%	20%	5%
ADMINISTRATION OVERHEAD	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
UTILITIES	\$ 7,186	\$ 3,952	\$ 1,437	\$ 1,437	\$ 359	55%	20%	20%	5%
OPERATING SUPPLIES	\$ 6,672	\$ 3,670	\$ 1,334	\$ 1,334	\$ 334	55%	20%	20%	5%
MAINT & OPERATIONS OF VEHICLES	\$ 513	\$ 282	\$ 103	\$ 103	\$ 26	55%	20%	20%	5%
RENTAL/LEASES/PERMITS	\$ 15,398	\$ 8,469	\$ 3,080	\$ 3,080	\$ 770	55%	20%	20%	5%
FACILITIES MAINTENANCE	\$ 513	\$ 282	\$ 103	\$ 103	\$ 26	55%	20%	20%	5%
COMMUNICATIONS & TELEMETERING	\$ 3,901	\$ 2,145	\$ 780	\$ 780	\$ 195	55%	20%	20%	5%
OFFICE SUPPLIES (included 5078)	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
POSTAGE	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
Subtotal	\$ 110,490	\$ 60,770	\$ 22,098	\$ 22,098	\$ 5,525	55%	20%	20%	5%
TOTAL: MATERIALS & SERVICES	\$ 110,490	\$ 60,770	\$ 22,098	\$ 22,098	\$ 5,525	55%	20%	20%	5%
GRAND TOTAL: SEWER EXPENSES	\$ 130,429	\$ 71,890	\$ 26,394	\$ 26,394	\$ 5,751	55%	20%	20%	4%

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Sewer, continued									
Budget Categories	Total Revenue Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
Debt Service Payments									
Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%
Future Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%
Total Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	0%
Capital Expenditures									
Rate Funded Capital Expenses	\$ 65,796	\$ 32,898	\$ 16,449	\$ 16,449	\$ -	50%	25%	25%	0%
TOTAL COST REQUIREMENTS	\$ 196,226	\$ 104,788	\$ 42,843	\$ 42,843	\$ 5,751	53%	22%	22%	3%
Less: Non-Rate Revenues									
SEWER REVENUE									
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	53%	22%	22%	3%
Sewer Service Charge	\$ -	\$ -	\$ -	\$ -	\$ -	53%	22%	22%	3%
NET SEWER COST REQUIREMENTS	\$ 196,226	\$ 104,788	\$ 42,843	\$ 42,843	\$ 5,751				
Allocation of Sewer Cost Requirements	100.0%	53.4%	21.8%	21.8%	2.9%				

Net Revenue Req. Check from Financial Plan \$ -

Classification of Expenses - Sewer, continued					
Adjustments to Classification of Expenses					
Adjustment to Current Rate Level:	Total	(VOL)	(BOD)	(TSS)	(CA)
FY 2017/18 Target Rate Revenue	\$120,000				
Projected Rate Revenue at Current Rates	\$100,000				
FY 2017/18 Projected Rate Increase	20.0%				
Adjusted Sewer Net Revenue Requirements	\$ 120,000	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517
<i>Percent of Revenue</i>		<i>53.4%</i>	<i>21.8%</i>	<i>21.8%</i>	<i>2.9%</i>

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Sewer Cost of Service Analysis

Development of the BASE CAPACITY Allocation Factor (1) - Sewer					
Customer Class	Number of Accounts	Monthly Average Consumption	Estimated Annual Volume Total (CCF)	Adjusted Annual Volume Total (CCF)	Percentage of Adjusted Volume
Residential	55	292	3,505	3,505	100.0%
Grand Total:	55		3,505	3,505	100.0%
<i>3,505 Flow (ccf/yr.)</i> <i>1.00 Flow Adj. Factor</i>					

1. Consumption data is based on SLVWD water customer data; several months of consumption have been approximated.

Development of the Strength Allocation Factor - Sewer									
Customer Class	Biochemical Oxygen Demand (BOD)					Total Suspended Solids (TSS)			
	Annual Flow (gallons)	Average Strength Factor (mg/l) (1)	Calculated BOD (lbs./yr.)	Adjusted BOD (lbs./yr.)	Percent of Total	Average Strength Factor (mg/l) (1)	Calculated TSS (lbs./yr.)	Adjusted TSS (lbs./yr.)	Percent of Total
Residential	2,621,915	200	4,373	4,373	100.00%	200	4,373	4,373	100.00%
Grand Total:	2,621,915		4,373	4,373			4,373	4,373	
<i>Target, from WWTP Data</i> <i>4,373 BOD (lbs./yr.)</i> <i>1.000 BOD Adj. Factor</i> <i>4,373 TSS (lbs./yr.)</i> <i>1.000 TSS Adj. Factor</i>									

1. Average strength factors for BOD and TSS are derived from the State Water Resources Control Board Revenue Program Guidelines, Appendix G.

Capacity Related Costs: Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.

Development of the Customer Allocation Factor - Sewer		
Customer Class	Number of Accounts	Percent of Total
Residential	55	100.00%
Grand Total:	55	100.00%

Allocation of FY 2017/18 Cost Requirements by Customer Class - Sewer						
Customer Class	Cost Classification Components				Net Cost-of-Service Requirements	% of Net Cost-of-Service Requirements
	Volume	Treatment		Customer Related		
		BOD	TSS			
Net Cost Requirements (1)	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517	\$ 120,000	--
	53.4%	21.8%	21.8%	2.9%	100.0%	
SINGLE FAMILY	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517	\$ 120,000	100.0%
TOTAL	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517	\$ 120,000	100%

1. Cost requirement for each customer class is determined by multiplying the requirement from each cost classification by the allocation factors for each customer class.

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Sewer Rates

Customer Class	Number of Accounts
Residential	55
Grand Total:	55

Customer Class	Number of Accounts	No. of Housing Equivalent Units ¹	Annual Billable Volume ² (ccf)	Annual Rev. Req't			
				Total	Fixed - Customer	Fixed (Treatment Strength)	Volumetric (Flow)
Residential	55	55	3,505	\$ 120,000	\$ 3,517	\$ 52,400	\$ 64,082
				100%	3%	44%	53%

Customer Class	100% Fixed Rates	Current Monthly Rates
Residential	\$ 181.82	\$ 149.00

Sewer Rate Schedule	Current Rates	Proposed Rates				
		FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		20.00%	20.00%	20.00%	20.00%	20.00%
Monthly Fixed Service Charges:						
All Customers	\$149.00	\$181.82	\$218.18	\$261.82	\$314.18	\$377.02

5 Year Residential Sewer Bill Comparison

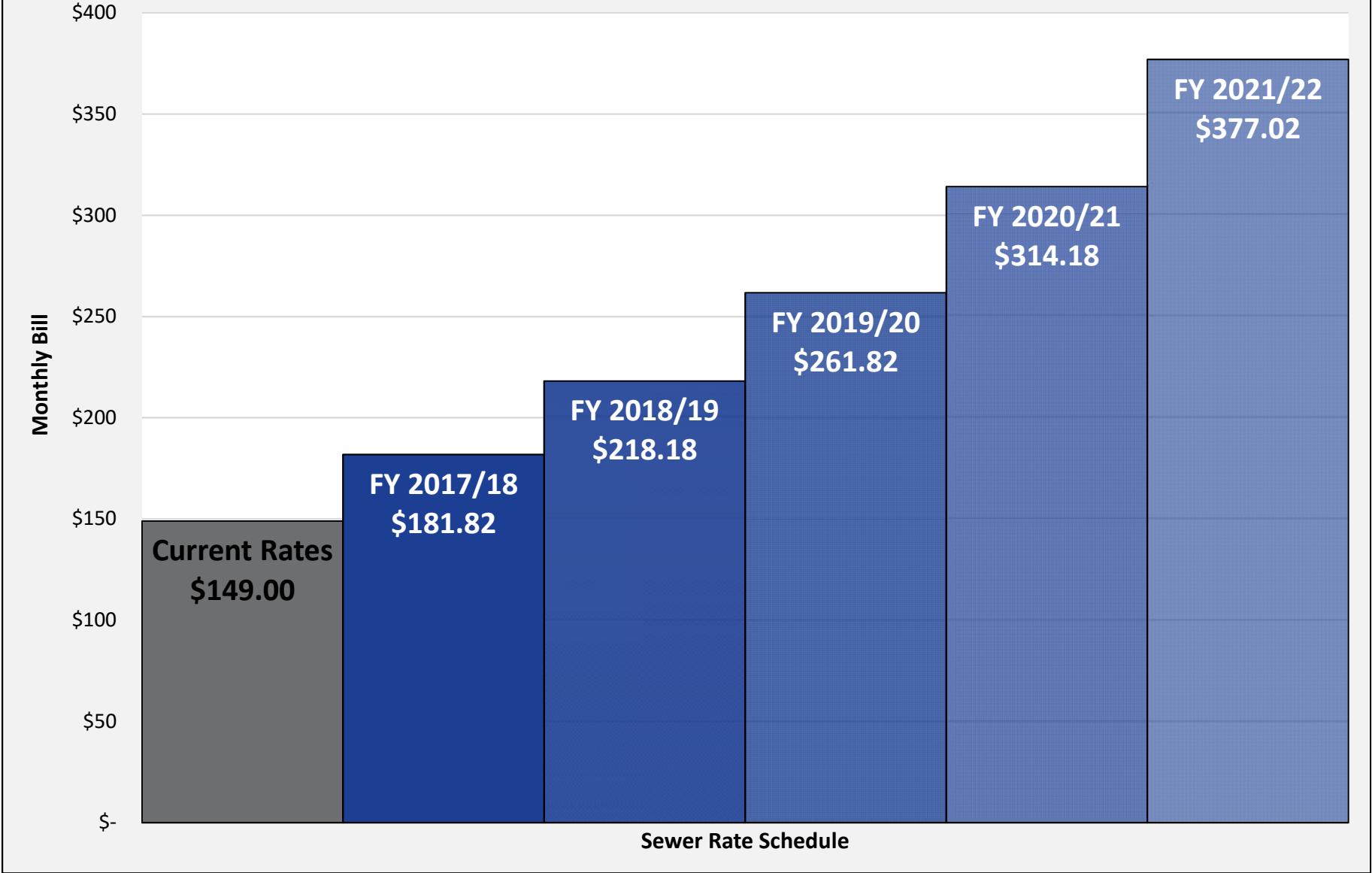


Exhibit Number	Pages	Function
1	<i>Not Printed</i>	Demographic Data and Projections
2		Summary of Existing Capital Facilities and Equipment for Consideration (System Buy-In)
3		Detail of Existing Capital Facilities and Equipment for Consideration (System Buy-In)
4		Cash Reserves and Debt Service Allocation
5		Planned Capital Facilities and Equipment for Consideration (System Development)
6	<i>Not Printed</i>	Updated Unit Cost Calculation
7		Updated Water Connection Fees
8		Inflation Factors from Handy-Whitman Index Used for Estimation of Existing System Asset Values

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Demographic Data and Projections

EXHIBIT 1

METER EQUIVALENT UNITS:

Meter Size	Existing Water Meters (1)	Meter Equivalence		Water Meter Equivalent Units
		Maximum Flow (gpm) (2)	Flow Factor for 5/8 or 3/4 inch Base Meter	
5/8 Inch	6,439	20	1.00	6,439
3/4 Inch	241	30	1.00	241
1 Inch	616	50	1.67	1,027
1 1/2 Inch	37	100	3.33	123
2 Inch	31	160	5.33	165
3 Inch	4	320	10.67	43
4 Inch	1	500	16.67	17
6 Inch	-	1,000	33.33	-
8 Inch	-	1,600	53.33	-
Total	7,369			8,055

1. Data is based on SLVWD billing data. Meter count is from February 2016.
2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 8".

EXISTING AND PROJECTED SERVICE NUMBERS:

Demographic Statistics	Existing Total	Projected Service Total	Allocation Factors		Cumulative Change	
			Existing Services	Future Services	Number of Units	% Increase
SFR Meter Equivalent Units	8,055	10,082	79.9%	20.1%	2,027	25.2%

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 2

Asset Category (1)	Original Values (1)		Asset Cost Less Depreciation	Replication Values (2)		System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%) (4)				Distribution of Cost Basis (\$)		
	Asset Cost	Depreciation to Date		Asset Cost	Depreciation to Date		Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
Water Fund													
Admin/Office Building	\$ 1,915,392	\$ 1,226,381	\$ 689,011	\$ 2,063,820	\$ 1,147,583	\$ 916,237	0.0%	79.9%	20.1%		\$0	\$ 732,027	\$ 184,210
Diversions	1,643,966	1,349,582	294,384	1,858,102	1,254,547	603,555	0.0%	79.9%	20.1%		0	482,210	121,345
Hydrants	17,333	11,919	5,414	48,596	34,487	14,110	0.0%	79.9%	20.1%		0	11,273	2,837
Land	5,074,098	-	5,074,098	22,096,913	-	22,096,913	0.0%	79.9%	20.1%		0	17,654,317	4,442,596
Meters	1,090,299	782,833	307,466	1,592,646	1,157,703	434,944	0.0%	79.9%	20.1%		0	347,498	87,446
Other	1,454,329	1,356,812	97,517	527,419	303,797	223,622	0.0%	79.9%	20.1%		0	178,663	44,959
Pipes	20,413,079	11,323,233	9,089,847	32,334,922	16,554,302	15,780,620	0.0%	79.9%	20.1%		0	12,607,918	3,172,702
Pump Stations	6,450,031	2,351,357	4,098,675	9,882,393	4,118,735	5,763,658	0.0%	79.9%	20.1%		0	4,604,871	1,158,786
Rolling Stock	662,164	563,085	99,079	326,649	223,623	103,025	0.0%	79.9%	20.1%		0	82,312	20,713
Tanks	3,067,699	2,823,352	244,347	12,871,568	12,012,360	859,208	0.0%	79.9%	20.1%		0	686,464	172,744
Tools	362,607	340,460	22,147	52,283	21,468	30,815	0.0%	79.9%	20.1%		0	24,620	6,195
Treatment	6,591,825	4,565,356	2,026,469	14,192,484	9,937,793	4,254,690	0.0%	79.9%	20.1%		0	3,399,283	855,408
Wells	1,605,663	787,916	817,747	2,303,912	1,286,583	1,017,329	0.0%	79.9%	20.1%		0	812,794	204,534
Total Capital Facilities & Equipmen	\$ 50,348,485	\$ 27,482,285	\$ 22,866,200	\$100,151,706	\$ 48,052,982	\$ 52,098,724	0.0%	79.9%	20.1%		\$0	\$ 41,624,248	\$ 10,474,476

1. The source of the original asset cost and depreciation to date is in the Asset Data and Acquired Date provided by District staff in source file: 2017.02.21-38575990-fa-asset listing.xls.
2. Replication values are calculated by escalating the original values (from District's fixed asset report) from service date to 2017 values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs, for Water Utility Construction in the Pacific Region. The percentage change in the asset cost is shown in column M of the Existing Assets Detail tab, labeled "Adjusted % of Original Value".
3. Cost basis for consideration is calculated as replication value less accumulated depreciation.
4. Refer to Exhibit 1: proportionate allocation between existing and future users.

ALLOCATION OF DEBT TO EXISTING AND FUTURE USERS:

Bond Issue	Outstanding Principal	% Allocation			Total	\$ - Allocation			Total	()
		Exclude from Analysis	Existing Users	Future Users		Exclude from Analysis	Existing Users	Future Users		
2004 Refunding Water Revenue Bond, 2012	\$ 3,127,540	0%	79.9%	20.1%	100%	\$ -	\$ 2,498,746	\$ 628,794	\$ 3,127,540	1
2008 Safe Drinking Water Loan	1,865,736	0%	79.9%	20.1%	100%	-	1,490,629	375,107	1,865,736	1
Grand Total	\$ 4,993,276	0%	79.9%	20.1%	100%	\$ -	\$ 3,989,375	\$ 1,003,901	\$ 4,993,276	

1. Outstanding bond principal is allocated to existing and future services based on projected growth in the system. See Demographics tab for detail.

ALLOCATION OF CASH RESERVES TO EXISTING AND FUTURE USERS:

Water Cash Reserves	Beginning Cash (1)	% Allocation			\$ - Allocation		
		Exclude from Analysis	Existing Users	Future Users	Exclude from Analysis	Existing Users	Future Users
Cash in Banks (Operating)	\$ 2,218,677	0%	79.9%	20.1%	\$ -	\$ 1,772,611	\$ 446,066
Cash with Fiscal Agent (Restricted Bond Funds)	\$ 376,582	0%	79.9%	20.1%	\$ -	\$ 300,870	\$ 75,712
Capacity Fees Held in Reserve	\$ -	0%	79.9%	20.1%	\$ -	\$ -	\$ -
Total Beginning Cash	\$ 2,595,259	0%	79.9%	20.1%	\$ -	\$ 2,073,481	\$ 521,778
Cash Net of Unspent Capacity Fees	\$ 2,595,259	0%	79.9%	20.1%	\$ -	\$ 2,073,481	\$ 521,778

1. The beginning Cash balance is from June 2016 Liquid Assets report.

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Water Planned Capital Facilities and Equipment for Consideration (System Development)

EXHIBIT 5

Facility / Equipment ¹	Current Cost Estimate (\$2017) ¹	External Funding	Year to be Completed	System Development Cost Basis for Consideration ²	% Allocation			Distribution of Cost Basis (\$)		
					Exclude from Analysis	Existing Services	Future Services	Exclude from Analysis	Existing Services	Future Services
Pipes	\$ 21,076,074	\$ -	2035	\$ 21,076,074	0%	79.9%	20.1%	\$ -	\$ 16,838,718	\$ 4,237,356
Tanks (including 10% volume contingency)	10,977,120	-	2035	10,977,120	0%	79.9%	20.1%	-	8,770,164	2,206,956
Pump Stations	12,276,000	-	2035	12,276,000	0%	79.9%	20.1%	-	9,807,904	2,468,096
Wells	4,590,000	-	2035	4,590,000	0%	79.9%	20.1%	-	3,667,178	922,822
Treatment	1,274,661	-	2035	1,274,661	0%	79.9%	20.1%	-	1,018,390	256,271
Diversions	1,147,500	-	2035	1,147,500	0%	79.9%	20.1%	-	916,795	230,705
Admin/Operations Building	2,493,162	-	2035	2,493,162	0%	79.9%	20.1%	-	1,991,910	501,252
Estimated FY 2016/17 CIP Expenditures	3,100,000	-	2017	3,100,000	0%	79.9%	20.1%	-	2,476,743	623,257
Total	\$ 56,934,517			\$ 56,934,517		79.9%	20.1%	\$ -	\$ 45,487,802	\$ 11,446,715

1. Capital project costs were provided by City Staff in source file: *VWHA_Capital_Asset_Cost_of_Service_9_02_16.pdf*.

2. Project costs are allocated to existing and future services based on projected growth in the system. See Demographics tab for detail.

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Unit Cost Calculation

EXHIBIT 6

DEVELOPMENT OF THE MAXIMUM CONNECTION FEE FOR A 5/8-INCH METER EQUIVALENT (or EDU):

System Asset Values Allocated to Future Development	
Projected Increase In Connections to the Water System	Customers
Increase in 5/8-inch Equivalent Meters (1)	2,027
System Asset Values Allocated to Future Development	
<i>System Asset Values Allocated to New Development</i>	
Existing System Buy-In (2)	\$ 10,474,476
Future System Expansion (3)	11,446,715
Total: Existing & Future System Costs	\$ 21,921,191
<i>Adjustments to Cost Basis:</i>	
Cash Reserves	\$ 521,778
Outstanding Long-Term Debt (Principal) Allocated to Future Users	(1,003,901)
Total: Adjustments to Cost Basis	\$ (482,123)
Total Adjusted Cost Basis for New Development	\$ 21,439,068
Maximum Water Connection Per 5/8 or 3/4-inch meter	\$ 10,577

Summary of Costs Allocated to Connection Fees	Adjusted System Cost Basis	Planned Additional EDU's	Maximum Connection Fee
Maximum Water Connection Per 5/8-inch meter	\$ 21,439,068	2,027	\$ 10,577

1. Refer to Exhibit 1 (Demographics) for growth projections.
2. Refer to Exhibits 2 and 3 for detail of existing assets.
3. Refer to Exhibit 5 for detail related to planned assets.

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Water Fee Classification and Calculation of Maximum Fee

EXHIBIT 7

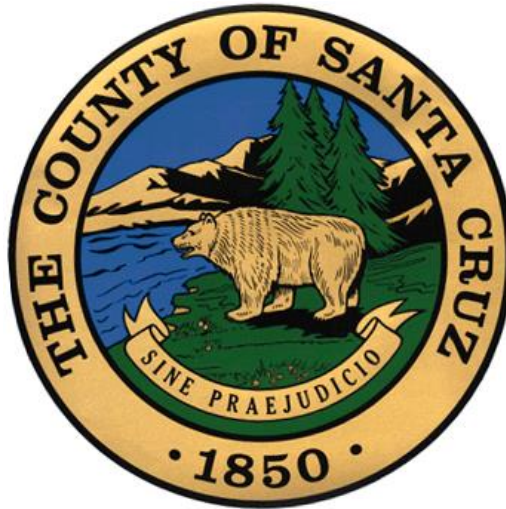
WATER CONNECTION FEES BASED ON METER SIZE:

Meter Size	Equivalency Factor		Maximum Unit Cost (\$/EDU)	Updated Maximum Connection Fee Per Meter
	Maximum Continuous Flow (gpm) (1)	Equivalency to 5/8 or 3/4-inch Base Meter Size		
5/8 Inch	20	1.00	\$10,577	\$10,577
3/4 Inch	30	1.00	\$10,577	\$10,577
1 Inch	50	1.67	\$10,577	\$17,629
1 1/2 Inch	100	3.33	\$10,577	\$35,257
2 Inch	160	5.33	\$10,577	\$56,412
3 Inch	320	10.67	\$10,577	\$112,824
4 Inch	500	16.67	\$10,577	\$176,287
6 Inch	1,000	33.33	\$10,577	\$352,575
8 Inch	1,600	53.33	\$10,577	\$564,120

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 8", and Turbine Class II for 10" through 12" meters.

APPENDIX B:

SLVWD Grand Jury Report (2018)



San Lorenzo Valley Water District

Encouraging the Flow of Information to the Public

Summary

Since mid-2016 the San Lorenzo Valley Water District (SLVWD or District) has struggled to address public concerns about a number of controversial issues. The administration of the Lompico surcharge and capital projects, use of glyphosate in the watershed, and a lawsuit involving a former Board member, were among the issues that drew sharp criticism from citizen groups and the press. The criticisms tested the capacity of the District's representatives to maintain productive and civil interactions with the community and, at times, with one another.

Although the Lompico surcharge has now been eliminated, other disputes and communication challenges remain. Issues such as the District's handling of legal matters, management of the Lompico Assessment District and capital projects, and support for the Lompico citizen oversight committee continue to be divisive. In addition, District changes to meeting practices in 2017 have reduced public access to the debate and decision-making process and compromised the community's understanding of the issues.

Better communication on difficult matters, an informed and effective Assessment District oversight committee, and an unwavering commitment to public access, will enable greater transparency and may restore trust and foster better relationships within the SLVWD community.

Role of the Grand Jury

A special note: The Grand Jury conducts all investigations in a confidential manner. Witnesses are admonished not to disclose their contacts with the Grand Jury. In the course of this investigation, however, several interested parties made public statements asserting that an investigation was underway, including speculation about the likely focus and outcome. Thus, it is appropriate to clarify the proper role of the Grand Jury, including its statutory limitations.

The primary function of a civil grand jury is to investigate the function of local government agencies, publish its findings, and recommend ways to improve governmental operations.^[1]

The Grand Jury has no power to remedy individual situations. It cannot vindicate the positions of aggrieved parties nor right past wrongs. The strength of a grand jury investigative report comes from informing the public about the practices of local governmental bodies, with the expectation that an informed public will ensure effective government.

Background

The Santa Cruz County Civil Grand Jury issued a report in 2014 regarding the San Lorenzo Valley Water District's lack of transparency in dealing with the public.^[2] In the wake of that report, the District made a number of positive changes to expand access to the workings of the District, including providing better information in its annual reports and arranging for Community Television of Santa Cruz County (CTV) to record video of all regular Board of Directors meetings. It also made notable organizational and administrative changes. It brought in new senior staff in 2015; it completed its annexation of the Lompico County Water District in 2016; and in the Fall of 2017, it obtained a significant increase in water rates, paving the way for a 10-year capital improvement program to upgrade infrastructure throughout the District.

Since 2016 the District has come under fire again for its lack of transparency. The key issues concern the administration of the conditions of the Lompico merger, as well as the District's handling of several controversial matters. The Grand Jury sought to understand public concerns and to investigate the District's current standards for accountability and transparency.

LCWD-SLVWD Merger

Financial problems, an aging infrastructure, and the threat of state intervention obliged the Lompico County Water District (LCWD) to look to SLVWD for help in 2013. After two years of complex negotiations, SLVWD agreed to annex LCWD if Lompico ratepayers would pass a bond issue to fund infrastructure improvements, and agree to pay a surcharge to cover extra costs related to integrating Lompico operations into SLVWD. The conditions were laid out formally in [Resolution 953-A](#), which all parties refer to as the “merger agreement.” Similarly, while the transaction is more correctly termed an annexation, all parties refer to it as the “merger.”

A bond issue to provide SLVWD with immediate funding for the Lompico infrastructure projects failed by a narrow margin in 2015. The parties then agreed to the formation of an assessment district as a “similar revenue instrument” which would collect the required funds over a 10-year period. In addition, the parties retained the requirement that SLVWD would create a “Lompico oversight committee.”^[3] The assessment district passed in a new ballot measure in March 2016, clearing the way for the merger on June 1, 2016.

By October 2016, Lompico ratepayers were already arguing that changed financial circumstances had reduced the need for the surcharge specified in Resolution 953-A. First, during the year between the failure of the bond initiative vote and the success of the assessment district vote, LCWD passed a significant rate hike, which put it in better financial shape than the merger agreement had contemplated.^[4] Second, SLVWD decided to immediately install a temporary supervisory control and data acquisition (SCADA) system and replace water meters. Those actions substantially reduced the financial burden of integrating and operating the Lompico service area by eliminating the need for workers to monitor water storage tank levels and read the meters in Lompico manually.^[5]

Lompico ratepayers requested a speedy review of the 5-year surcharge, with the goal of bringing the surcharge to an early end. For its part, the District asserted that it needed time to understand the Lompico audited financial statements and future demands. The surcharge review process began ten months later, in April 2017. Over the months of discussions about the surcharge, the public and the District traded accusations that the other was not listening. Civility declined.

While the surcharge involved several hundred thousand dollars over five years, an early controversy arose over a set of mapping charges for three Zayante parcels totalling just \$20,847.^{[6] [7] [8]} The charges were not part of the Lompico merger, but the District included them in the original computation of LCWD’s transferred liabilities anyway.^{[9] [10] [11]} Including these mapping charges meant that Lompico ratepayers would pay for them indirectly through the monthly surcharge. Later, in the course of forecasting whether the surcharge was still needed, the District removed the mapping charges, but did not publicize the change to concerned citizens. The surcharge issue eventually came to a resolution, but because of communication issues, like the Zayante mapping charges, mistrust and dialog problems remained.

Another condition of the merger, the 10-year Assessment District, provided \$2.75 million to fund a set of capital improvement projects specified in the accompanying Engineer's Report.^[12] It also provided for the collection of an additional \$183,000 for interest payments on anticipated loans taken against future Assessment District collections. The Engineer's Report lists the Lompico capital improvement projects and the estimated cost of each project. It contains few other details about the projects or their implementation.

Since the merger, District representatives and members of the public have raised financial issues not addressed in either the merger agreement or the Engineer's Report. These concerns include questions about what adjustments are possible under the Assessment District (AD) if some projects come in substantially over or under budget, or if the District obtains grants to fund any of the listed projects.^[13]^[14] Other questions have focused on the disposition of the funds collected over the years for loan interest if no loans are obtained.^[15] Still other financial concerns are centered on what would happen with the designated AD funds if a listed project is later determined to be unnecessary.^[16]

The construction timeline has been another area of concern. Public discussions and presentations before the merger had laid out the District's plans to start the Lompico projects shortly after the merger, with funding coming from loans taken out against the AD.^[17]^[18] After the merger however, the District staff investigated loan funding and reported back that it found fewer acceptable loan opportunities than it had anticipated. Instead, the District opted for pay-as-you-go construction funding for most years, with a possible bridge loan in years four through seven.^[19]^[20]

In September 2017 the District was successful in obtaining substantial increases in water rates for the next five years to fund capital improvements. This success allowed the District to update its Capital Improvement Program (CIP) to go forward on several critical, long-delayed pre-merger projects.

The new CIP, introduced in November 2017, specifies all District projects for the next 10 years, including all of the Lompico projects identified in the Assessment District Engineer's Report.^[21] The CIP assigns priority rankings to each project. Under this new plan, Lompico projects are still scheduled to be completed within 10 years, but have a lower priority for completion than a number of projects in other service areas.^[22]

Lompico ratepayers have expressed their concerns that the lower priority ranking of the Assessment District projects might lead to delays and higher construction costs, with a possible consequence that some of the AD projects might not be done.

Lompico Assessment District Oversight Committee (LADOC)

The LCWD-SLVWD merger agreement required the formation of a "bond oversight committee." To address that requirement, the District created an oversight committee, later named the Lompico Assessment District Oversight Committee (LADOC), consisting of five citizens from the Lompico service area. The responsibilities and boundaries of LADOC's role were the subject of early debate.

SLVWD updated its policy manual to add the new oversight committee.^[23] It then solicited applicants.^[24] The policy manual described the committee's role in broad terms:

The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property directly related to Assessment District 2016-1, the Lompico Service Area.^[25]

LADOC's opening meeting was August 23, 2016. At its second meeting, held on October 6, 2016, the committee decided to pursue several open questions and issues that appeared to fall under its purview. Less than two weeks later, at the October 16, 2016 Board of Directors meeting, the Board debated the reduction of LADOC's duties,^[26] by changing the description of its role to one which it said more closely resembled the wording of the merger agreement.^[27] At the next Board meeting, the SLVWD policy manual was amended to read:

The Committee shall be responsible to review matters of revenue and expenses directly related to Assessment District 2016-1 projects.^{[28] [29]}

District representatives refer to this one sentence description of the responsibilities of LADOC as the LADOC "charter."^[30] The responsibilities of LADOC continue to be the subject of discussion and disagreement.^[31]

Public Meetings and Other Communication Practices

SLVWD is responsible for setting the tone for communications with the public.^[32] The communication environment includes the policies and procedures for Board meetings and other interactions with the public. The communication environment also encompasses the care the District takes to provide an atmosphere conducive to public engagement.

Communication problems came to the forefront in 2017. The District received public criticism not only for its handling of several controversial matters, but also for its handling of the resulting public fallout. During the same period, the District also instituted changes to its meeting practices that had the effect of reducing public participation and understanding. Among other changes, the District switched from holding mostly regular meetings of the Board to holding mostly special meetings of the Board, which were far less likely to be video recorded by Community TV.^{[33] [34]} It also switched from detailed minutes to brief "action minutes."^[35]

Scope of Grand Jury Investigation

From July 2017 through April 2018, the Grand Jury looked into SLVWD interactions with the public in three broad areas:

- Assessment District 2016-1, including:
 - the planning and execution of the capital improvement projects for the Lompico service area pursuant to the LCWD-SLVWD merger agreement
 - the ranking and integration of Assessment District projects into the District-wide CIP plan
- Lompico Assessment District Oversight Committee (LADOC):
 - the responsibilities of the committee established to oversee the Assessment District collections and project expenditures
 - District support of the oversight committee
- the communication environment, including:
 - District practices related to public access, transparency, financial oversight, civility and decorum, and
 - handling of controversial matters

Methodology and Approach

The Grand Jury:

- conducted a series of interviews with individuals affiliated with SLVWD as well as with District ratepayers and others with relevant knowledge
- reviewed internal SLVWD documents and communications among SLVWD Board and staff, as well as SLVWD communications with the public
- reviewed agendas, minutes, meeting notes, and where available, videos and audios of the meetings of the SLVWD Board of Directors and its five committees
- attended meetings of the SLVWD Board and its committees
- reviewed documents and other materials related to the merger of LCWD and SLVWD
- reviewed SLVWD policy and procedure manuals, as well as resolutions and proposals concerning changes to these documents
- reviewed audited financial statements, forecasts, interim financial reports, bill lists, studies (e.g. water rates), and similar financial materials
- reviewed strategic plans, capital improvement project plans, requests for proposals (RFPs), engineering reports, [Gantt charts](#), and similar technical materials
- conducted online research about SLVWD, LCWD, and other local water districts, as well as research about assessment districts and oversight committees
- reviewed applicable California codes and regulations

Investigation

Assessment District 2016-1

In its investigation of the Assessment District (AD), the Grand Jury found notable differences in understanding among District representatives regarding the construction strategy for the AD's projects, including District plans in the event of project delays, cost differences, or possible changes in projects undertaken.

While the District recognizes that AD funds may be used only for the benefit of Lompico, understandings differ among decision makers on what flexibility exists under the AD as written. Varying interpretations of the Assessment District terms have, in several cases, led to conflicting assertions made to the Grand Jury or to the public, about:

- the process for changing or removing projects from the Engineer's Report list^[36]
- the possibility of reducing Assessment District collections in later years^[37]
- ending the Assessment District early^{[38] [39] [40]}
- whether the AD is collecting interest on a future loan^[41]
- whether obtaining a loan against the AD is required^[42]
- using the \$183,000 collected for loan interest for other AD expenses^[43]
- returning unused funds to the ratepayers^{[44] [45]}
- postponing the completion of Assessment District capital projects beyond ten years^[46]

The Grand Jury has found that, nearly two years after the merger, District representatives still communicate differing views of the AD and its projects. The varying interpretations have caused public concern, and warrant serious and sustained discussion.

Capital Improvement Program (CIP)

The District-wide Capital Improvement Program introduced in November 2017 has presented another communication challenge. The District used a priority rating system to rank each capital project, which resulted in a timetable for the execution of each project on the list. The CIP assumes, however, that there are no differences between Lompico and non-Lompico projects except for the funding source; that is, that the projects for which Lompico ratepayers pay an extra assessment have no special status. In contrast, Lompico ratepayers contend that they gave their vote to accept the Assessment District in exchange for the District's promise to complete the specific projects listed in the Engineer's Report in an expeditious manner.^[47]

The November 2017 Capital Improvement Program still meets expectations to do all AD projects and to do them within 10 years of the merger, but it also incorporates delays of five months to three years for several AD projects. (See Table A below.) The substantial increase in water rates, passed in September 2017, has allowed several pre-merger capital projects to go forward immediately. Now those projects and the AD projects must vie for the time and attention of the small professional staff who will manage the District strategy for permitting, planning, construction, and financing of multiple projects.

The following table, Table A, shows the original and changed estimated start dates for all of the Assessment District projects listed in the Engineer's Report.

Table A: Scheduled Start Dates for AD Projects in 2017 District Gantt Charts

Assessment District Projects ^[48]	Cost (\$)	Project Timeline (Gantt) 2/01/17 ^[49]	Project Timeline (Gantt-CIP) 11/16/17 ^[50]	Approximate Months early / (delayed)
Service Line and Meter Replacements	862,500			
Meters & Private PRVs		7/1/16	7/1/16	0
Laterals		4/3/17	4/3/17	0
Tank Replacement	682,500			
Lewis		1/18/17	11/13/17	(10)
Madrone		7/20/20	12/7/20	(5)
Kaski		7/10/23	6/19/23	1
PRV Replacement	358,000	4/3/17	1/1/18	(8)
Refurbish Mill Creek WTP	105,000	7/19/21	7/15/24	(36)
Distribution System Interconnection	301,000	7/17/17	8/6/18	(13)
SCADA System	441,000*	7/22/19	7/22/19	0

*Includes \$19,540 for a temporary SCADA, not addressed in the Engineer's Report, installed in 2016 ^[51]

Lompico Assessment District Oversight Committee (LADOC)

The parties to the merger of LCWD and SLVWD agreed to keep the original wording of the merger agreement, Resolution 953-A, to avoid renegotiations that would have delayed the merger. ^[52] ^[53] Instead, the stakeholders relied on one another to honor the intent of the merger agreement, even if the words did not fully match the actual elements of the merger. ^[54] ^[55]

A condition of the merger, Section 7(B) of Resolution 953-A, required the formation of a “bond oversight committee.” ^[56] A bond oversight committee has clearly recognized duties and responsibilities. The California Taskforce on Bond Accountability identifies guidelines for local agencies to follow ^[57] regarding the establishment and maintenance of “internal control systems to account for and report on the expenditure of funds.” ^[58]

By requiring the formation of a bond oversight committee, the merger agreement, in effect, required a formal control system to ensure fiduciary care of the funds collected. The parties agreed that the Assessment District was a “similar revenue instrument” to a bond. The Grand Jury found no evidence to suggest that the parties agreed to a lower standard of oversight and fiduciary care for the Assessment District than the accepted standards for oversight of the proceeds of a bond issue.

Guidelines, charters, and bylaws from a variety of organizations addressing both bonds^{[59] [60] [61]} and assessment districts^{[62] [63]} show oversight responsibilities and practices that reflect the same concerns for the fiduciary care of funds. The state Taskforce on Bond Accountability describes several responsibilities for bond oversight, including creating a transparent control environment; assessing, monitoring and mitigating risk; and maintaining internal controls to ensure that the agency is “properly receiving, managing, and disbursing bond funds.”^[64]

Creating the control environment is key to all of the oversight responsibilities. The control environment prescribes seating qualified people, providing them with appropriate policies and procedures to direct their efforts, and granting them the authority they need to perform the oversight role.

Experts on oversight committees advise that members of these committees receive training, along with others in their agency who will play a role in the administration of the funds.^{[65] [66]} LADOC members have not received formal training in assessment districts, or in other key areas, such as special district governance and meeting management.^[67] For the first 14 months of its existence, the committee also did not receive support from senior financial staff, who might have provided valuable guidance in the absence of relevant formal training.^[68]

The District policy manual describes LADOC’s responsibilities in one sentence, without supporting details. In contrast, expert groups provide detailed guidelines for oversight efforts.^[69]

Oversight Committee Duties and Support ^{[70] [71] [72] [73] [74]}

At minimum, adequate guidance and support for LADOC would include:

- Comprehensive orientation prior to beginning work
- Members handbook of key documents, including items such as a LADOC charter (description of duties), the Engineer’s Report, relevant resolutions,^{[75] [76] [77] [78]} relevant District policies and procedures, project descriptions, budgets and schedules, financial reports, minutes of prior meetings, guides to Brown Act and parliamentary procedures
- Regular meeting schedule, at least quarterly

Expected duties of the oversight committee would include:

- Tracking expenditures of assessment proceeds back to the capital improvement plan
- Actively reviewing and reporting on the proper expenditure of assessment money for the Lompico construction and replacement projects listed in the Engineer’s Report
- Maintaining a committee webpage with (1) detailed information about the progress of each project, (2) committee minutes, and (3) materials it has received
- Preparing and publishing an annual report for ratepayers

Expected duties of the District would include:

- Providing timely, comprehensive data to the oversight committee, including financial reports that display original budget, current budget, actual expenditures, budget balance, and approved commitments to projects to date across all fiscal years
- Providing technical and administrative assistance

As listed above, one of the expected duties of an oversight committee is the production of an annual report. LADOC did not produce such a report, nor did the Board request that LADOC produce one.

In April 2017 the Board received a staff memo indicating that it would be “appropriate for the full Board to periodically review progress” of LADOC and to “provide guidance regarding committee functions, goals and objectives.”^[79] Other communications indicated that senior staff declined to attend LADOC meetings beginning in April 2017.^[80] LADOC meeting notes and internal emails from April 2017, and subsequent Grand Jury interviews, confirm that LADOC sought more support from the Board and staff, but the District did not have the resolve to provide effective support.^[81] ^[82] ^[83] The Grand Jury also determined that opinions differ within the District concerning the utility of LADOC and its appropriate responsibilities as a standing committee.^[84]

In October 2017, the Board considered a staff memo proposing to restrict LADOC meetings and responsibilities further -- that is, to a once-a-year, after-the-fact review of AD project expenditures.^[85] While the Board did not accept the proposal, the ensuing debate made clear that the District has not granted LADOC the authority to perform the oversight role that Resolution 953-A required. The debate also illustrated the District’s lack of recognition that it has an obligation to support a fully functioning oversight committee.^[86]

In sum, the Grand Jury found that the lack of consensus about the role of LADOC, combined with insufficient training and lack of effective support, prevented LADOC from fulfilling its responsibilities in its first year of existence.

Public Meetings and Other Communications

Meeting practices are key communication elements. Policies and procedures that promote public understanding and participation in Board and committee meetings create a trust environment. Policies and procedures that tend to restrict public understanding and participation risk public complaints and a breakdown in civility and decorum in times of controversy.

The Grand Jury looked at meeting and communication practices of nearby water districts and compared them to SLVWD’s practices in 2016 and 2017. It found that in 2016, the District excelled in practices such as publishing comprehensive minutes and arranging for Community TV filming of regular Board meetings. Unfortunately, in 2017, both the written and electronic recording of District meetings took a step backwards.

Recording Board Proceedings – Videos and Published Minutes

In 2016 the District held 24 Board of Directors meetings – 21 regular Board meetings and four special Board meetings with limited agendas. Of those 24 meetings, Community Television of Santa Cruz County (CTV) recorded 19. In contrast, in 2017 the District held 30 Board of Directors meetings – 10 regular Board meetings and 20 special Board meetings. CTV recorded just 13 of the 30 Board meetings, mostly the regular Board meetings.

As Table B shows, CTV recorded only three of the 20 special Board meetings in 2017. Two of the unrecorded special meetings had multi-item agendas indistinguishable from regular meeting agendas. The relative lack of CTV coverage of special meetings reduced access to ratepayers who could not attend those meetings.

Table B: Regular and Special Board of Directors Meetings, 2016 and 2017

	2016	2017
Regular Board of Directors Meetings	21	10
-- Minutes Posted on SLVWD website	21	10
-- CTV Videos Posted on SLVWD website	18	9
-- CTV Videos Available at CTV	18	10
Special Board of Directors Meetings	4	20
-- Limited Agenda	4	15
-- Full (multi-item) Agenda	0	5
-- Minutes Posted on SLVWD website	3	19
-- CTV Videos Posted on SLVWD website	0	2
-- CTV Videos Available at CTV	1	3
Total Board of Directors Meetings	24	30
CTV Videos Available at CTV	19	13
% of Meeting Videos	79%	43%

In 2016 the District produced detailed minutes of the Board of Directors meetings. With the January 17, 2017 Board of Directors meeting, the District switched to “action minutes,” which do not provide any insight into the decisions because they omit the Board discussions and details of public input.

The 2017 elimination of detailed minutes, combined with the relative lack of CTV coverage of the numerous special meetings, reduced publicly available sources of information about District issues for all ratepayers not in attendance at the meetings.

Recording Board Proceedings -- Audio recordings

In late 2017, the District began recording audios of all Board and committee meetings. While the District currently has no written retention policy for audios, it informed the Grand Jury that it destroys all audios after 30 days pursuant to Government Code section 54953.5, subdivision (b). That section provides for a minimum retention period of 30 days; it does not *require* destruction of the media after 30 days or at any particular time in the future.^[87]

The Board of Directors meeting of November 9, 2017 illustrates the communication problems that the stated destruction practice creates.^[88] CTV did not record that meeting. The meeting included a discussion of proposed changes to rates and charges for the Bear Creek Wastewater Enterprise. In the absence of either a recording of the proceedings or detailed meeting minutes, ratepayers not in attendance are unable to access the important discussions that took place.

In the same November 9, 2017 meeting, an exchange among Board members arose over a procedural point addressed in the policy manual. The issue was whether an individual Board member could direct the District Manager to perform an administrative task, or if the task request required Board authorization. Two Board members asserted that Board authorization was not required; the remaining Board members did not challenge the assertion.^[89] The Grand Jury could verify this exchange on its copy of the audio. In the January 18, 2018 Board of Directors meeting, the procedural issue surfaced again. In this instance however, two other directors made the opposite assertion about policy; that is, that an individual Board member could *not* task the District Manager without Board authorization.^[90] Without a publicly-available recording of the November 9, 2017 meeting, interested parties cannot verify, or challenge with confidence, possible contradictory assertions or misstatements.

The District's stated destruction practice for audios implies that community members not only need to make a Public Records Request (PRR) for a recording, but need to make it within 30 days. Having to make a PRR creates an impediment to accessing the discussions and information from the meetings.

In February 2018, the Grand Jury observed that the District began a new project to embed the District's official audios in the pdf files of the action minutes which are posted on the SLVWD website. Unfortunately, the embedded recordings do not function consistently across browsers and devices. The current system leaves out the many users of unsupported devices. If the new system can be made more universally accessible, then it could make a positive contribution to public engagement.

Communication Environment

The approved policy manual for 2017 urges District representatives to "Establish and maintain an environment that encourages the open exchange of ideas and information between Board members, staff and the public that is positive, honest, concise, understandable, responsive and cost-efficient."^[91]

The November 2017 draft revised policy manual proposes similar language to encourage District representatives "(i) to use the Golden Rule (treating others as one would wish to be treated) as a guide in interactions with the media, the SLV community, District management and employees and other Board members and (ii) to speak candidly and forthrightly about the issues in front of the Board of Directors."^[92]

Both the current and proposed policy manuals clearly encourage civility. In routine meeting settings, District representatives do interact civilly with one another and with the public. In the past two years, however, the District has had to address a number of

difficult and controversial matters. Criticism from the public, at times harsh and personal, and disagreements among the District representatives, created lapses in decorum and civility in a number of public meetings as well as on social media.^{[93] [94] [95] [96]} These lapses have led, in turn, to public frustration, and the unwelcome prospect of continuing friction on issues of long-term concern to all parties.

Contentious matters that dominated 2017 and will be of ongoing concern include the following items:

Lompico Merger. After the June 2016 merger, the Lompico surcharge became a divisive issue for more than a year. Although the surcharge has ended, the administration of the Assessment District will be an ongoing activity for eight more years. The issues surrounding the administration and oversight of the Assessment District, especially the decisions necessary for successful completion of the required capital projects, are complex. While the District has the responsibility to create and execute the AD project strategy, transparency dictates regular and substantive communications about that strategy, including changes in timing, funding priorities, and regulatory hurdles.

Legal Fees. In each of the previous three fiscal years, legal fees were under \$100,000. In contrast, in the first four months of the 2017-2018 fiscal year, the District had already spent \$108,000 of its \$140,000 budget on legal fees, much of it related to a long-running set of legal actions involving a former Board member. In anticipation of additional litigation, the District raised its budget for legal fees by \$204,500, to a total of \$344,500.^{[97] [98]} Legal fees now represent a material portion of the District's annual budget for administrative professional services. The confidential nature of legal work means that the District has a continuing challenge to explain and justify expensive and controversial legal strategies to an inquiring public.^{[99] [100]}

Relationship with Citizen Groups and the Press. The local newspaper, along with other media outlets and citizen groups on social media, were critical of the comportment of District representatives at public meetings throughout 2017. The surcharge, the use of [glyphosate](#) in the watershed, and District spending on legal matters were especially controversial issues. While some critics may leave the scene, the District would be right to anticipate that the press, citizen groups, and new critics will continue to focus on difficult matters that have become contentious.^{[101] [102]}

Disagreements among District Representatives. The work of the District cannot proceed effectively without robust discussion. When District representatives fail to maintain civil interactions, however, the public may fear that its interests are at risk. Ratepayers expect discussions at public meetings to focus solely on outcomes, not on personal differences.^{[103] [104]}

Personal Expressions. District representatives have the right to put forth their personal views about SLVWD matters in public forums. The policy manual requires only that such expressions be clearly designated as an individual's opinions and not declarations of the District's official views. Regardless of whether that policy is followed, criticism of colleagues in social media may have a negative long-term impact on public perception of, and respect for, all representatives of the District.^[105]

Findings

- F1.** The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.
- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.
- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

Recommendations

- R1.** LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)
- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)
- R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role. (F1, F2)
- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)
- R5.** The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)
- R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)
- R7.** The District should record all Board and committee meetings, and post the recordings online for public access. (F3)
- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues. (F1, F3)

Required Response

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
San Lorenzo Valley Water District Board of Directors	F1 – F3	R1 – R8	90 Days August 29, 2018

Abbreviations and Definitions

- **CIP:** Capital Improvement Program (also called Capital Improvement Plan)
- **CTV:** Community Television of Santa Cruz County
- **Gantt Chart:** “A Gantt chart is a visual view of tasks scheduled over time.”^[105]
- **Glyphosate:** “Glyphosate is an herbicide. It is applied to the leaves of plants to kill both broadleaf plants and grasses.”^[106]
- **LADOC:** Lompico Assessment District Oversight Committee
- **LAFCO:** Local Agency Formation Commission for Santa Cruz County
- **LCWD:** Lompico County Water District
- **Resolution 953-A:** LAFCO resolution (also called the “merger agreement”) approving SLVWD’s annexation of LCWD (also called the “merger”)
- **SCADA:** Supervisory control and data acquisition system
- **SLVWD:** San Lorenzo Valley Water District, also referred to in this report as “the District”

Sources

References

1. Superior Court of California Santa Cruz Civil Grand Jury. “The Grand Jury Process.” Accessed March 21, 2018.
<http://www.santacruzcourt.org/divisions/jury/grand%20jury>
2. Santa Cruz County Grand Jury. June, 2014. “San Lorenzo Valley Water District, Time to Restore Trust between Voters and District.” Accessed May 15, 2018.
http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2014_final/SLV_Water_District.pdf
3. SLVWD. May 19, 2016. “Resolution No. 39 (15-16): Repeal and Replace Section 14 of the District 2015 Board Policy Manual to include a Lompico Oversight Committee.” Board of Directors Meeting Agenda, item 12a, p 100.
<http://www.slvwd.com/agendas/Full/2016/10-20-2016/2016.10.20.BoDAgenda%20with%20backup.pdf#page=155>

4. SLVWD. October 16, 2016. Board of Directors Meeting Minutes, p 6.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.10.20.16-approved.pdf#page=6>
5. Grand Jury interviews.
6. Freitas + Freitas. June 1, 2016. Final Invoice, LAFCO Map and Description for Merger, Job No. 16005. SLVWD Board of Directors Meeting Agenda, item 12a, p 60.
<http://www.slvwd.com/agendas/Full/2016/10-20-2016/2016.10.20.BoDAgenda%20with%20backup.pdf#page=115>
7. Freitas + Freitas. May 3, 2016. Progress Invoice, LAFCO Map and Description for Merger, Job No. 16005. SLVWD Board of Directors Meeting Agenda, item 12a, p 65.
<http://www.slvwd.com/agendas/Full/2016/10-20-2016/2016.10.20.BoDAgenda%20with%20backup.pdf#page=120>
8. Patrick M. McCormick. October 20, 2016. "Santa Cruz Local Agency Formation Commission Executive Officer's Report, Lafco No. 953 and 953-A Lompico Reorganization To The San Lorenzo Valley Water District," p 9. SLVWD Board of Directors Meeting Agenda, item 12a, p 91.
<http://www.slvwd.com/agendas/Full/2016/10-20-2016/2016.10.20.BoDAgenda%20with%20backup.pdf#page=146>
9. Lois Henry. March 16, 2017. "Fwd: maps" Email. SLVWD Board of Directors Meeting Agenda, item 13a, pp 32-33.
<http://www.slvwd.com/agendas/Full/2017/3-16-2017/2017.3.16.BoDAgenda%20with%20backup.pdf#page=140>
10. SLVWD. April 29, 2017. "Lompico Surcharge Analysis" spreadsheet, Bates number SLVWD_GJ_012159. Received September 13, 2017.
11. Grand Jury interviews.
12. Michael J. Freitas. March 22, 2016. "Assessment District No. 2016-01, Lompico County Water District, Santa Cruz, State of California, Engineering Report for Assessment District No. 2016-01, Merger with San Lorenzo Valley Water District, Lompico County Water District, County of Santa Cruz."
<http://slvwd.com/lompico/EngineersReport3-22-16.pdf>
13. SLVWD. October 26, 2016. Board of Directors Meeting Minutes, p 10.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.10.20.16-approved.pdf#page=10>
14. SLVWD. November 9, 2017. Board of Directors Meeting, audio recording, Bates number SLVWD_GJ_018549. Received December 1, 2017.
15. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
16. Grand Jury interviews.

17. District Manager. August 20, 2015. "Discussion and Possible Action Regarding Merger of SLVWD and Lompico County Water District." SLVWD Board of Directors Meeting Agenda, item 10c, pp 1-2.
<http://www.slvwd.com/agendas/Full/2015/8-20-2015/10c.pdf>
18. District Manager. August 6, 2015. "Discussion and Possible Action Regarding Merger of SLVWD and Lompico County Water District." SLVWD Board of Directors Meeting Agenda, item 10c, pp 1-33.
<http://www.slvwd.com/agendas/Full/2015/8-06-2015/10c.pdf>
19. District Manager. November 16, 2017. "Discussion and Possible Action Regarding Districts Capital Improvement Program, Ranking and Prioritizing." SLVWD Board of Directors Meeting Agenda, item 10b, p 2.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=103>
20. District Manager. November 16, 2017. "Discussion and Possible Action Regarding Districts Capital Improvement Program, Ranking and Prioritizing." SLVWD Board of Directors Meeting Agenda, item 10b, pp 55-56.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=156>
21. District Manager. November 16, 2017. "Discussion and Possible Action Regarding Districts Capital Improvement Program, Ranking and Prioritizing." SLVWD Board of Directors Meeting Agenda, item 10b, pp 1-69.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=102>
22. District Manager. November 16, 2017. "Discussion and Possible Action Regarding Districts Capital Improvement Program, Ranking and Prioritizing." SLVWD Board of Directors Meeting Agenda, item 10b, pp 10-12.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=111>
23. SLVWD. May 19, 2016. "Resolution No. 39..." (See [3.](#))
24. SLVWD. July 21, 2016. "San Lorenzo Valley Water District Accepting Applications Public Committee Members for the Lompico Oversight Committee." Board of Directors Meeting Agenda, item 12a, p 5.
<http://www.slvwd.com/agendas/Full/2016/07-21-2016/2016%207%2021%20BoDAgenda.pdf#page=189>
25. SLVWD. October 20, 2016. "Excerpt from Board of Directors Policy Manual 2016, Adopted December 9, 2015 Resolution No. 26 (15-16)." Board of Directors Meeting Agenda, item 12a, p 111.
<http://www.slvwd.com/agendas/Full/2016/10-20-2016/2016.10.20.BoDAgenda%20with%20backup.pdf#page=166>
26. SLVWD. November 3, 2016. Board of Directors Meeting Minutes, pp 5-7.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.11.3.16-approved.pdf#page=5>

27. SLVWD. October 26, 2016. Board of Directors Meeting Minutes, pp 12-13.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.10.20.16-approved.pdf#page=12>
28. SLVWD. November 3, 2016. "Resolution 13 (16-17): Repeal and Replacement of Section 14 of the District's 2015 Board Policy Manual to Include a Lompico Assessment District Oversight Committee." Draft. Board of Directors Meeting Agenda, item 12c, p 5.
<http://www.slvwd.com/agendas/Full/2016/11-03-2016/2016.11.3.BoDAgenda%20with%20backup.pdf#page=212>
29. SLVWD. November 3, 2016. "Resolution No. 13 (16-17): Repeal and Replace Section 14 of the 2015 Board Policy Manual to Include a Lompico Assessment District Oversight Committee." Resolutions for 2016/2017, p 18.
<http://www.slvwd.com/admin/2016-2017%20Resolutions%20List.pdf#page=18>
30. SLVWD. "Lompico Assessment District Oversight Committee 'LADOC'." Webpage. Accessed April 3, 2018.
http://www.slvwd.com/_Lompico.htm
31. District Manager. October 19, 2017. "Discussion and Possible Action Regarding a Post Assessment of the Lompico Merger and the Lompico Assessment District Oversight Committee Charter." SLVWD Board of Directors Meeting Agenda, item 10a, pp 1-2.
<http://www.slvwd.com/agendas/Full/2017/10-19-2017/BoD%20MEETING%2010.19.17%20with%20backup.pdf#page=17>
32. SLVWD. "Objective II; Communications." San Lorenzo Valley Water District Board Policy Manual 2017, p 1.
http://www.slvwd.com/BOD_Manual/2017%20Board%20Policy%20Manual.pdf#page=5
33. District Manager. December 15, 2016. "Board of Directors Meeting Dates 2017," SLVWD Board of Directors Meeting Agenda, p 130.
<http://www.slvwd.com/agendas/Full/2016/12-15-2016/2016.12.15.BoDAgenda.pdf#page=130>
34. SLVWD. December 15, 2016. Board of Directors Meeting Minutes, p 7.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.12.15.16-approved.pdf#page=7>
35. District Manager. February 16, 2017. "Board Input Regarding Recommendations From Jurassic Parliament Workshop." SLVWD Board of Directors Meeting Agenda, p 129.
<http://www.slvwd.com/agendas/Full/2017/2-16-2017/2017.2.16.BoDAgenda.pdf#page=129>
36. Grand Jury interviews.
37. Grand Jury interviews.

38. SLVWD. October 20, 2016. Board of Directors Meeting Minutes, pp 10-11.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.10.20.16-approved.pdf#page=10>
39. SLVWD. 2016. "San Lorenzo Valley Water District: SLVWD Meeting: 10-20-16." Community TV of Santa Cruz County (CTV) video, 105:45 (min:sec).
<http://vp.telvue.com/preview?id=T02695&video=293570>
40. Grand Jury interviews.
41. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
42. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
43. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
44. Grand Jury interviews.
45. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
46. Grand Jury interviews.
47. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
48. Michael J. Freitas. March 22, 2016. "Assessment District No. 2016-01, Lompico County Water District, Santa Cruz, State of California, Engineering Report for Assessment District No. 2016-01, Merger with San Lorenzo Valley Water District, Lompico County Water District, County of Santa Cruz," p 9.
<http://slvwd.com/lompico/EngineersReport3-22-16.pdf#page=11>
49. SLVWD. March 9, 2017. "Assessment District No. 2016-1: Gantt Chart." Notice of Lompico Assessment District Oversight Committee Meeting, p 4.
<http://slvwd.com/lompico/3.9.17%20LADOC%20with%20backup.pdf#page=4>
50. District Manager. Nov 16, 2017. "SLVWD CIP Draft." SLVWD Revised Board of Directors Meeting Agenda, item 10b, p 57.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=158>
51. District Manager. November 16, 2017. "Estimate of Cash Flow for AD16-1, Lompico Assessment District November 2017." SLVWD Board of Directors Meeting Agenda, item 10b, p 55.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=156>
52. SLVWD. October 20, 2016. Board of Directors Meeting Minutes, p 4.
<http://www.slvwd.com/agendas/minutes/2016/Minutes%20BoD.10.20.16-approved.pdf#page=4>
53. Grand Jury interviews.
54. SLVWD. October 20, 2016. "Resolution 8: Support of Merger Between San Lorenzo Valley Water District and Lompico County Water District." Board of Directors Meeting Agenda, p 151.
<http://www.slvwd.com/agendas/Full/2016/10-20-2016/2016.10.20.BoDAgenda%20with%20backup.pdf#page=151>

55. Grand Jury interviews.
56. Local Agency Formation Commission. August 6, 2014. "Making Determinations and Ordering Protest Proceedings of Territory Designated as the Lompico Reorganization LAFCO Resolution No. 953-A," section 7(B), p 2.
<http://santacruzlafco.org/Library/Res%20953-A%20Final%20for%20web.pdf#page=2>
57. Task Force on Bond Accountability. 2015. "Task Force Final Report," p 13. California Office of the State Treasurer.
http://www.treasurer.ca.gov/tfba/final_report.pdf#page=13
58. Mark Campbell. August 3, 2017. "Bond Accountability: How to Make it an Everyday Thing." California State Association of Counties.
<http://www.counties.org/csac-bulletin-article/bond-accountability-how-make-it-everyday-thing>
59. Task Force on Bond Accountability (TFBA). December 14, 2015. "Task Force Final Report." California Office of the State Treasurer.
http://www.treasurer.ca.gov/tfba/final_report.pdf
60. San Diego County Taxpayers Association (SDCTA). October 21, 2011. "Oversight Committee Best Practices." SDCTA.
<http://www.sdcta.org/assets/files/Board%20Approved%202011%20Oversight%20Committee%20Best%20Practices%20w.out%20Appendices.pdf>
61. California League of Bond Oversight Committees (CaLBOC). 2009. "Best Practices, Citizens' Bond Oversight Committee Operation Standards." San Mateo County Office of Education.
http://www.smcoe.org/assets/files/about-smcoe/superintendents-office/citizens-bond-oversight/BestPractices_5.09.pdf
62. City of San Diego. 2008. "North Park Maintenance Assessment District (NPMAD) Advisory Committee Bylaws." NPMAD, as amended March 10, 2008.
<https://npmaddotorg.files.wordpress.com/2012/08/mad-bylaws-amended-03-10-08.pdf>
63. Transportation Authority of Marin (TAM). 2011. "Citizen Oversight Committee Bylaws." TAM, as amended October 27, 2011.
<http://2b0kd44aw6tb3js4ja3jprp6-wpengine.netdna-ssl.com/wp-content/uploads/doc-reports/citizenss-oversight-committee/4444.pdf>
64. Campbell. 2017. "Bond Accountability..." (See [58](#).)
65. Campbell. 2017. "Bond Accountability..." (See [58](#).)
66. Little Hoover Commission. 2009. "Bond Spending: Expanding and Enhancing Oversight," pp xiii-xiv.
<http://www.lhc.ca.gov/sites/lhc.ca.gov/files/Reports/197/Report197.pdf#page=18>
67. Grand Jury interviews.
68. Grand Jury interviews.

69. CalBOC. 2009. "Best Practices..." (See [61.](#))
70. TFBA. 2015. "Task Force Final Report." (See [59.](#))
71. SDCTA. 2011. "Oversight Committee Best Practices." (See [60.](#))
72. CalBOC. 2009. "Best Practices..." (See [61.](#))
73. City of San Diego. 2008. "...Advisory Committee Bylaws." (See [62.](#))
74. TAM. 2011. "Citizen Oversight Committee Bylaws." (See [63.](#))
75. LAFCO. 2014. "...Resolution No. 953-A." (See [56.](#))
76. SLVWD. 2016. "Resolution No. 39..." (See [3.](#))
77. Lompico County Water District. December 9, 2015. "Resolution No. 2015-1: A Resolution Requesting Approval by the County of Santa Cruz of Proposed Resolution of Intention and Boundary map Under Section 10104 of the Streets and Highways Code of California." Resolution 300-2015, pp 13-14. Santa Cruz County Board of Supervisors.
http://sccounty01.co.santa-cruz.ca.us/BDS/Govstream2/Bdsvdata/non_legacy_2.0/Minutes/2015/20151215-676/PDF/035.pdf#page=13
78. Santa Cruz County Board of Supervisors. December 15, 2015. "Resolution No. 300-2015: Resolution Approving the Proposed Resolution of Intention and Boundary Map under Section 10104 of the Streets and Highways Code of California in and for the Lompico County Water District's Proposed Assessment District No. 2016-1." Resolution 300-2015, pp 4-5. Santa Cruz County Board of Supervisors.
http://sccounty01.co.santa-cruz.ca.us/BDS/Govstream2/Bdsvdata/non_legacy_2.0/Minutes/2015/20151215-676/PDF/035.pdf#page=4
79. District Manager. April 20, 2017. "Lompico Assessment District Oversight Committee." SLVWD Special Board of Directors Meeting Agenda, item 14e, p 1.
<http://www.slvwd.com/agendas/Full/2017/4-20-2017/2017.4.20.BoDAgenda.pdf#page=354>
80. District Manager. May 11, 2017. "Re: May 11th Meeting Agenda," Email. Notice of Lompico Assessment District Oversight Committee Meeting, p 126.
http://www.slvwd.com/lompico/LADOC%20Agenda%2005_11_2017.pdf#page=126
81. Grand Jury interviews.
82. District Manager. 2017. "Re: May 11th Meeting Agenda." (See [80.](#))
83. SLVWD. June 13, 2017. Notice of Lompico Assessment District Oversight Committee Meeting, pp 1-17.
<http://slvwd.com/lompico/6.13.17%20LADOC%20with%20backup.pdf>
84. Grand Jury interviews.
85. District Manager. 2017. "Discussion and Possible Action..." (See [31.](#))

86. SLVWD. October 19, 2017. "Post Assessment of the Merger with Lompico Water District and Conditions of Lafco Agreement." Board of Directors Meeting. CTV video discussion of Item 10a starts at 53:25 (min:sec).
<http://vp.telvue.com/preview?id=T02695&video=323585>
87. Cal Gov Code, Title 5, Div. 2, Part 1, Chap. 9. "Meetings." §54953.5(b). 2010. Accessed February 16, 2018.
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=54953.5.&lawCode=GOV
88. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
89. SLVWD. Nov. 9, 2017. Board of Directors Meeting, audio recording. (See [14.](#))
90. SLVWD. January 18, 2018. Board of Directors Meeting. CTV video recording, at approx. 218:44 (min:sec).
<http://vp.telvue.com/preview?id=T02695&video=329241>
91. SLVWD. December 15, 2016. "Objective II; Communications." Board Policy Manual 2017, p 1.
http://www.slvwd.com/BOD_Manual/2017%20Board%20Policy%20Manual.pdf#page=5
92. SLVWD. 2017. Draft Board Policy Manual, p 3 of the November 6, 2017, tracked-changes version.
<http://www.slvwd.com/agendas/OTHER/2017/11-8-2017%20Admin%20Mtg/2017%20Board%20Policy%20Manual.%20Revised.110617.docx>
93. Barry Holtzclaw. 2017. "Water district directors take gloves off." *Press Banner*, April 27, 2017.
http://www.goldenstatenewspapers.com/press_banner/water-district-directors-take-gloves-off/article_c99150e2-2bd0-11e7-8b14-e7638b4073c7.html
94. Barry Holtzclaw. 2017. "Shouting, kicking interrupt water hearing." *Press Banner*, September 29, 2017.
http://m.goldenstatenewspapers.com/press_banner/eedition/page-pb-cover/page_85ae7959-d335-5d41-a11f-fc7fd9c6de75.html
95. Direct observation by Grand Jury members attending the SLVWD Board of Directors Meeting on September 21, 2017.
96. Barry Holtzclaw. 2017. "Sheriff called to SLVWD meeting." *Press Banner*, June 22, 2017.
http://www.goldenstatenewspapers.com/press_banner/sheriff-called-to-slvwd-meeting/article_bf89d49a-578e-11e7-9273-4b702fc15453.html
97. District Manager. November 16, 2017. "FY1718 Budget Revision Request." SLVWD Board of Directors Revised Agenda, item 9a, pp 1-4.
<http://www.slvwd.com/agendas/Full/2017/11-16-2017/BoD%20MEETING%2011.16.17with%20backup.pdf#page=5>

98. SLVWD. November 16, 2017. Board of Directors Meeting Minutes, p 1.
<http://slvwd.com/agendas/minutes/2017/Minutes%20BoD.11.16.17%20-%20approved.pdf>
99. Barry Holtzclaw. 2017. "SLVWD won't release letter from Vierra." *Press Banner*, April 6, 2017.
http://www.goldenstatenewspapers.com/press_banner/slvwd-won-t-release-letter-from-vierra/article_ed0ee7aa-1af5-11e7-8ce0-5fbc1097aad2.html
100. Libby Leyden. 2018. "San Lorenzo Valley Water District considers lawsuit against director." *Press Banner*, January 31, 2018.
http://www.goldenstatenewspapers.com/press_banner/san-lorenzo-valley-water-district-considers-lawsuit-against-director/article_12879000-06fe-11e8-a68f-17d3356ceb0a.html
101. Holtzclaw. "Water district directors take gloves off." (See [93](#).)
102. Barry Holtzclaw. 2017. "Herbicide use in SLV under fire." *Press Banner*, April 20, 2017.
http://www.goldenstatenewspapers.com/press_banner/herbicide-use-in-slv-under-fire/article_e0d5ecbe-25fd-11e7-be1c-3b3285010955.html
103. Davis Campbell. 2015. "Why Governance is Important." Special District Board Member/Trustee Handbook, pp 3-4. California Special Districts Association. 2015-2016.
<https://www.altadenalibrary.org/sites/altadenalibrary.org/files/2015-2016-CSDA-Handbook-WEB.pdf#page=6>
104. Libby Leyden. 2018. "SLVWD wants to focus on upcoming projects and improvements, not lawsuits." *Press Banner*, April 30, 2018.
http://www.goldenstatenewspapers.com/press_banner/slvwd-wants-to-focus-on-upcoming-projects-and-improvements-not/article_36e37c80-4ca3-11e8-acc4-bfbf01d28c5c.html
105. Barry Holtzclaw. 2017. "Bruce Weaponizes Social Media." *Press Banner*, September 13, 2017.
http://www.goldenstatenewspapers.com/press_banner/bruce-weaponizes-social-media/article_a8647d82-9907-11e7-abd2-c7b69e678cfb.html
106. "What is a Gantt Chart?" ProjectManager.com. Accessed on May 4, 2018.
<https://www.projectmanager.com/gantt-chart>
107. Henderson et al. 2010. "Glyphosate General Fact Sheet." National Pesticide Information Center, Oregon State University Extension Services. Accessed on May 4, 2018.
<http://npic.orst.edu/factsheets/glyphogen.html>

Websites

Local Agency Formation Commission, Santa Cruz County:
<http://www.santacruzlafco.org/>

San Lorenzo Valley Water District: <http://www.slvwd.com/>



Completed Grand Jury Response - SLVWD

1 message

Holly Hossack <hhossack@slvwd.com>

Wed, Aug 22, 2018 at 9:48 AM

To: "grandjury@scgrandjury.org" <grandjury@scgrandjury.org>

Please find attached the completed Grand Jury Response from San Lorenzo Valley Water District. A hard copy will be mailed to the Honorable Judge John Gallagher.

Thank you,

Holly Hossack | Administrative Assistant/District Secretary

San Lorenzo Valley Water District | 13060 Highway 9 | Boulder Creek | CA | 95006

Office (831) 338-2153 | Direct (831) 430-4636 | Fax (831) 338-7986

hhossack@slvwd.com



SLVWD BoD-Approved Response to 2017-18 Grand Jury Report.pdf

95K



**The 2017–2018 Santa Cruz County Civil Grand Jury
Requires that the
San Lorenzo Valley Water District Board of Directors
Respond to the Findings and Recommendations
Specified in the Report Titled
San Lorenzo Valley Water District
Encouraging the Flow of Information to the Public
by August 29, 2018**

When the response is complete, please

1. Email the completed Response Packet as a file attachment to grandjury@scgrandjury.org, and
2. Print and send a hard copy of the completed Response Packet to

The Honorable Judge John Gallagher
Santa Cruz Courthouse
701 Ocean St.
Santa Cruz, CA 95060

Instructions for Respondents

California law PC §933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

Response Format

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
 - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefor.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
 - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
 - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report, or
 - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefor.

Validation

Date of governing body's response approval: **August 16, 2018**

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

F1. The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.

☒ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

Response explanation (required for a response other than **Agree**):

The San Lorenzo Valley Water District (District) and its Board of Directors (Board) appreciate the work of the Grand Jury and all of the diligence and time invested over the past term. We agree with the finding and believe “lack of effective communication” actually understates the nature of the broader Assessment District No. 16 (AD-16) concerns, which largely center on confusion about the mechanics of the assessment district and unaligned expectations. Much of the confusion relates to the unexpected direction the Lompico County Water District (Lompico) annexation took after the failure of the original attempt to approve a bond to finance it. We agree it is time to clear up the confusion and move forward with a clearer and broader consensus on the workings of AD-16 for the ratepayers in the assessment area.

Our plans to provide effective communications regarding AD-16 going forward are in our responses to R1 and R2. We have added a plan of action addressing the larger issue of AD-16 mechanics in our response to R6.

- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.

☒ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

Response explanation (required for a response other than **Agree**):

We appreciate the work of the Grand Jury in highlighting the lack of a detailed Charter for LADOC and the need to provide additional guidance, training, and support to LADOC committee members. In light of the bond/assessment distinction and commonly held misconceptions about assessment districts generally and the specific function of this oversight committee, a one sentence charter for LADOC is clearly insufficient for communicating the responsibilities of LADOC.

A challenge faced by the District in providing more structure for LADOC is the limited availability of precedent for the specific function of this oversight committee. Most of the precedent that is available is for bond oversight, especially school bond oversight, which is governed by detailed requirements set forth in Proposition 39 and the Education Code. Though LADOC originally was conceived of as a bond oversight committee, it is not exactly the same as a bond oversight committee, although many of the same best practices can be adapted or applied.

Our plan and commitment to create a more detailed Charter for LADOC is in our response to R3.

- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

☒ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

Response explanation (required for a response other than **Agree**):

We appreciate the work of the Grand Jury and agree with this finding because it highlights an unusual level of acrimony and strained relationships that exist within the District. These issues present significant challenges for all members of the community, including ratepayers, elected officials and staff.

We recognize that a high level of public engagement is desirable in light of public interest and concern regarding the District's activities. Over the past couple of years the District has experimented with a number of ways to try to improve community relations and engagement. These include contracting with Community TV to record regular Board meetings and making these recordings available online. Also, the District switched to action minutes, consistent with best practices, in response to numerous complaints from members of the public resulting from the District's former reliance on detailed meeting minutes.

Not all of the District's efforts to improve communications have been successful. In fact, most efforts have met with mixed reactions. A key challenge is that procedural changes to provide more equal and fair access to all members of the community may be perceived as limiting the participation of others. For example, limiting the time for each speaker at public meetings to three minutes per oral communication period helps to ensure that everyone who wishes to speak gets an equal opportunity to do so. Also, time limitations help prevent meetings from running so long into the night that meaningful attendance becomes prohibitive for some. On the other hand, time limits mean that people who wish to provide more detailed comments or to engage in back and forth dialogue may not have the opportunity to fully engage. There are reasonably held views on both sides of this issue, just as with many other communication challenges. Because of these kinds of challenges, at times the District has vacillated in terms of how best to facilitate communications.

There is no one-size-fits-all solution for these kinds of tensions. The District remains open to new ideas and is willing to experiment and try new things. The ultimate goal shared by all members of the Board is to maximize public engagement in a manner that is workable, legal and fair.

Our plan and commitment to address these issues in a manner that is responsive to the Grand Jury report is in our response to R7 and R8.

Recommendations

R1. LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to developing a process and format for a LADOC annual report.

The revised Charter and/or new Bylaws for LADOC (see response to R3) will describe the timeframe and process for producing an annual report. The contents of the annual report should be defined jointly by the District and LADOC.

As soon as possible within the next 6 months, staff will help jump start the process of implementing this recommendation by generating a template to help facilitate the first annual report, giving consideration to the California League of Bond Oversight Committees (CaLBOC) best practices for preparation of an annual report regarding school bond oversight. Staff may consider other relevant guidance and samples available from other sources. It will be up to LADOC to develop and write the substantive content of the report. Based on a cursory review of samples, it looks like oversight committee annual reports often have less than 10 substantive pages, such that writing the report need not be an onerous task for LADOC members.

- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to scheduling annual workshop-style meetings to review the LADOC annual reports, which will include discussion of current information about the timing, funding, and execution of AD-16 projects.

Upon completion by LADOC of its annual report, the District will make the report available on the LADOC page of the District's website. Also, the District will schedule a joint meeting of the Board and LADOC for the purpose of having LADOC present its report. The format will include a public-workshop style discussion with Q&A.

We will go further than the Grand Jury's recommendation by creating high-level project summaries for each discrete AD-16 project. Our goal is to post these summaries on the LADOC web page within the next year. The format and initial content should be reviewed and approved by the Board. The summaries will serve an informational function only. They will not create any new or additional commitments on the part of the District. The summaries will be living documents to be updated periodically as circumstances change.

We will also look into creating a role for designated Board and/or staff members to serve as a liaison with LADOC and its chairperson. The purpose of this new role would be to help improve communications and the flow of information between LADOC and the rest of the District.

We believe it is important to note that comments and questions about the implementation of AD-16 projects, including priority, timeline, bidding and design considerations etc., are within the purview of the Engineering Committee and ultimately the Board. We encourage members of the public to bring these types of issues to the Engineering Committee rather than LADOC.

- R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role. (F1, F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to creating a revised Charter that describes in more detail LADOC's responsibilities and its authority to fulfill its oversight role.

As soon as possible within the next 6 months we will revise the LADOC Charter to replace its current Charter. A draft will be presented to LADOC for its review and comment and to the Board for approval. The revised Charter will be more specific than the current Charter, keeping in mind that a Charter is intended to be a broad statement of purpose and authority, and the core purpose of a citizens' oversight committee to advise the public as to whether the assessment district funds are being managed in accordance with law.

We will go further than the Grand Jury's recommendation by including information in the Charter about LADOC membership, meetings, procedures and functions if such information is not provided by other documents such as the Board Manual or new LADOC Bylaws.

- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Our plan and commitment is described under R3 to produce a revised Charter as soon as possible within the next 6 months that defines the authority of LADOC to carry out its oversight responsibilities.

We are committed to making adequate professional, technical and administrative support available to LADOC from the District. The bond/assessment distinction presents a challenge because many of the professional resources that exist for bond oversight do not translate perfectly to non-bond assessment oversight. We believe the District has professional expertise up to the task of locating appropriate resources, adapting existing resources, or creating new materials as necessary.

R5. The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to improving the training regimen for Board members and creating one for public members of committees including LADOC.

As soon as possible within the next 6 months, we will make governance, meeting management, and Brown Act training available to all members of the Board and the District's public committee members. Within a year, we will evaluate and select a means of making such training available on a recurring or ongoing basis. For example, staff may consider creating tailored training materials for in-house use and reproduction versus hiring consultants and/or procuring online subscriptions, etc.

We will go further than the Grand Jury's recommendation by including government ethics training for public members of committees as part of the training regimen. Ethics training already is a required and made available for Board members.

- R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Our plan and commitment is described under R5 to make training on key topics available to all Board and public committee members, including LADOC members. For Board and LADOC members, we will have additional training about assessment districts.

The bond/assessment distinction presents a challenge because the formal training that exists for bond oversight does not translate perfectly for non-bond assessment district oversight. We believe the District has professional expertise up to the task of locating or adapting existing training, or creating new materials as necessary.

We will go further than the Grand Jury's recommendation by coming up with a mechanism for posing questions about, e.g., the implications of changes to AD-16 projects, and addressing them.

R7. The District should record all Board and committee meetings, and post the recordings online for public access. (F3)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We recognize that interested members of the public cannot always attend Board and committee meetings. Accordingly, we are committed to going above and beyond open meeting requirements by recording all Board and committee meetings and posting the recordings online to maximize public access.

As indicated in the Grand Jury report, the District has been experimenting with a technology solution that embeds links to audio recordings of public meetings into the action minutes. This is an elegant solution that couples the clarity of action minutes with detailed information about what was said during the proceedings. Notwithstanding some technical difficulties encountered by the District in rolling out this new technology, it is very close to being implemented. We believe that this can be done within 6 months to a year.

- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues.
(F1, F3)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe
(not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Our plan and commitment is described under R5 and R6 to make training on key topics available to all Board and public committee members. For all Board and committee members and senior staff, we will add training on how to communicate with the public on contentious issues.

A challenge is that the District has previously expressed interest in this type of training but did not locate appropriate resources. With additional effort, we believe that something can be located or adapted for this purpose. Ideally the training would be provided by someone familiar with the local community.

APPENDIX C:

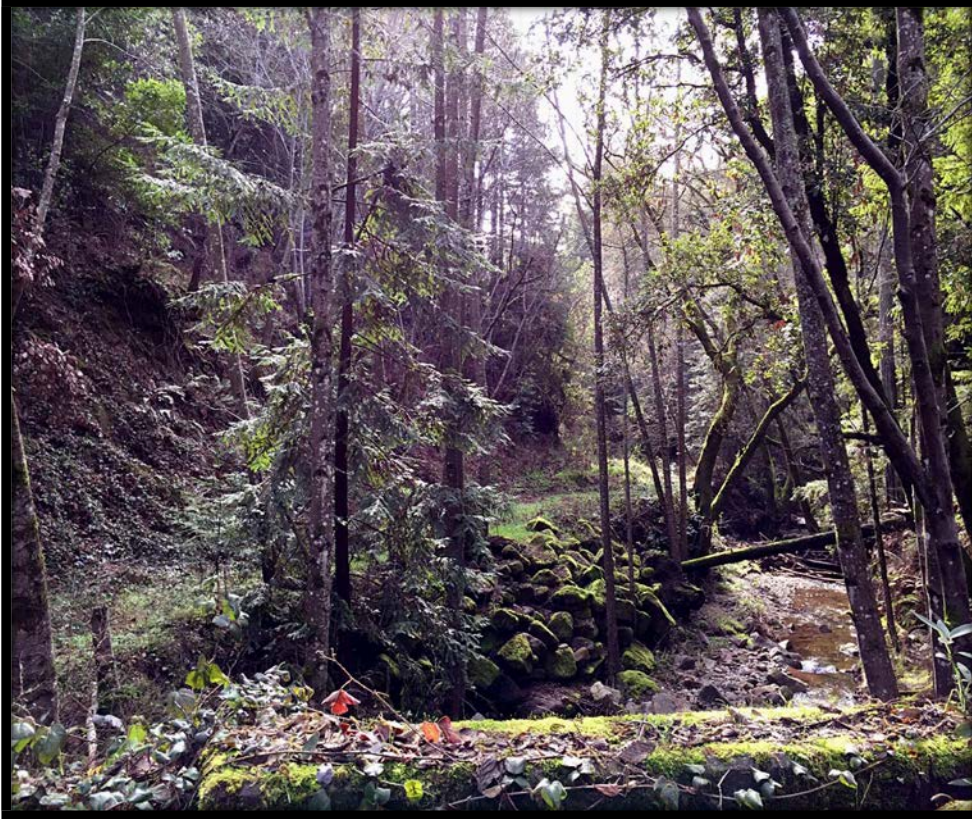
Lompico Assessment District Annual Report (2019)



The Lompico Assessment District Oversight Committee (LADOC), with the approval of the San Lorenzo Valley Water District (SLVWD) Board of Directors (BoD) is pleased to present the LADOC 2019 First Annual Report.

LOMPICO
ASSESSMENT
DISTRICT
OVERSIGHT
COMMITTEE-
LADOC

Toni Norton-
Chair, Mary Ann
LoBalbo-Vice
Chair, Debra
Loewen and
Norm Hagen



LOMPICO ASSESSMENT DISTRICT ANNUAL REPORT

2019

This report covers the time period from inception June 1, 2016 through June 30, 2019

TABLE OF CONTENTS

TABLE OF CONTENTS.....	1
LADOC CHARTER	2
LADOC CHARTER	3
BALANCE SHEET AND PROJECT STATUS	4
LETTER FROM THE LADOC CHAIR.....	5
BRIEF HISTORY of LOMPICO COUNTY WATER DISTRICT	6
WHAT IS AN ASSESSMENT DISTRICT? *.....	7
ENGINEER’S REPORT FOR LOMPICO ASSESSMENT DISTRICT	8
LOMPICO ASSESSMENT DISTRICT PROJECTS.....	9
DISTRICT MANAGER’S REPORT.....	11
LOMPICO ASSESSMENT DISTRICT FINANCIAL REPORT BUDGET & EXPENSES.....	13
SLVWD Capital Budgets – Lompico Projects.....	15
SERVICE LINE REPLACEMENTS.....	17
COMMITTEE ANALYSIS AND RECOMMENDATIONS	18
FREQUENTLY ASKED QUESTIONS	19
LOMPICO CITIZEN OVERSIGHT COMMITTEE - A HISTORY	21
GRAND JURY FINDINGS And RECOMMENDATIONS	23
PREVIOUS BOARD RESPONSE AUG 22, 2018.....	25
INVESTIGATION	27
TIMELINE REFERENCES AND RESOURCES.....	29



This report covers the time period from 6/1/2016 through 6/30/2019.

LADOC will strive to deliver the report each remaining year of the Assessment District term, which is scheduled to continue through June of 2025.

We are committed to meeting the following Annual Report guidelines as specified in the:

LADOC CHARTER:

1. A statement indicating whether the proposed Assessment District expenditures are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report.
2. A statement indicating whether the prior fiscal year Assessment District expenditures have been reviewed by LADOC and are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report. Said statement shall include an itemization and summary of the prior fiscal year Assessment District revenues and expenditures. Included in the itemization and summary shall be information about any loans related to completing the Assessment District projects (i.e., terms, interest and balances.)
3. Any other information LADOC deems as useful for furthering understanding of Assessment District revenue and expenses, projects, funding, history or purpose.
4. The Annual Report shall be based on the District Fiscal Year and will be completed as soon as possible after June 30, each year, using preliminary data.

The Lompico Assessment Oversight Committee, as of publishing date: February 2020

Toni Norton-Chair, Mary Ann LoBalbo-Vice Chair, Debra Loewen and Norm Hagen

Questions regarding the Annual Report may be directed to: LADOC@SLVWD.com

Staff Support: District Manager-Rick Rogers, Finance Manager-Stephanie Hill and District Secretary Holly Hossack.

San Lorenzo Valley Water District, 13080 Highway Nine, Boulder Creek, CA 95006

Board of Directors: Lois Henry-President, Bob Fultz-VP, Lew Farris-Director, Steve Swan-Director, Rick Moran-Director





LADOC CHARTER

LADOC MISSION STATEMENT

To serve as a Liaison between the Lompico Assessment District customers and the District. To strive to advocate for the community and obtain answers to questions and concerns regarding Lompico Assessment District expenditures and projects. Commitment to Excellence. LADOC is committed to applying the highest standards to public outreach, research and reporting, with excellent representation on behalf of AD-16 property owners, exemplifying the District's commitment to transparency and support.

LADOC PURPOSE

The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report, to serve as liaison for customers residing within the Lompico Assessment District boundaries, and to inform the Board and public at least annually concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015, by issuing a written report.

COMMITTEE ESTABLISHED

The Board of Directors (the "Board") of San Lorenzo Valley Water District (the "District") established the Lompico Assessment District Oversight Committee (LADOC, or the "Committee"), in accordance with Local Agency Formation Commission (LAFCO) resolution 953-A for annexation, also called the "merger" agreement. On May 4, 2016, Lompico property owners voted in favor of a 10-year assessment district (AD 2016-1) to generate \$2.75 million in revenue to repair, replace and upgrade infrastructure in the Lompico service area, as requirement for joining the District. The resolution was amended from a "bond" to an "assessment" for the revenue source and went into effect on June 1, 2016. The first five members of the Lompico Oversight Committee were seated on July 21, 2016 by Board action, in accordance with provisions of amendment to Section 15 of the Board Procedure Manual (May 19, 2016) and duties as amended on January 28, 2019 in an updated charter. Many of these changes were initiated due to recommendations outlined in the Grand Jury Report "Encouraging the Flow of Information to the Public" published May 31, 2018.

To view entire charter at: https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/uploads/ladoc_charter.pdf

BALANCE SHEET AND PROJECT STATUS

LOMPICO ASSESSMENT DISTRICT BALANCE SHEET					
Running Totals Since Inception	TOTAL	FY1819	FY1718	FY1617	FY1516
ASSESSMENT REVENUE	\$922,013	\$309,126	\$301,377	\$282,580	\$28,930
EXPENSES					
METER PROGRAM	-\$197,888			-\$197,888	
SCADA	-\$19,540			-\$19,540	
SCADA SURVEY	-\$8,257	-\$8,257			
SERVICE LINES	-\$43,982	-\$19,694	-\$24,288		
MAIN PRV	-\$36,820	-\$30,292	-\$6,528		
Lewis Tank	-\$23,242	-\$23,242			
Madrone Tank	-\$23,242	-\$23,242			
Kaski Tank	-\$23,242	-\$23,242			
NBS Administration Services*	-\$15,513	-\$4,593	-\$10,920		
	-\$391,726				
CASH BALANCE	\$530,287				
*Company that provides administrative services for Assessment Districts					
LOMPICO ASSESSMENT DISTRICT PROJECTS AND EXPENSES**					
ASSESSMENT DISTRICT PROJECTS	STATUS	Assessment Estimate	BID	Prelim work Total	
Install 3 New Bolted Steel Tanks		\$ 682,500			
Lewis Tank(s) – replace two	Engineering and consulting completed-awaiting RFQ response			\$ 23,242	
Madrone Tank(s) – replace two	Engineering and consulting completed			\$ 23,242	
Kaski Tank(s) -replace two	Engineering and consulting completed			\$ 23,242	
Refurbish Mill Creek WTP	Project cancelled - see details	\$ 105,000		\$ -	
Service Line and Meter Replacements		\$ 862,500			
Meter Program	Complete			\$ 197,888	
Service Line/Lateral	Ongoing - 38 replaced - see details			\$ 43,982	
Distribution System Interconnect	Ongoing - see details	\$ 301,000		\$ -	
SCADA System	Temporary- see details	\$ 441,000		\$ 27,797	
Remove and Replace Existing PRVs	In progress	\$ 358,000		\$	
6 PRV units on water mains	Expenses for consulting work. Awarded Bid for all \$468k Feb		x	\$ 36,820	

** Represents all Assessment revenue and expenses since inception of Lompico Assessment District. Please see Assessment District AD-16 Engineer's Report included for additional details regarding estimates.

LETTER FROM THE LADOC CHAIR

Dear Residents of the Lompico Assessment District and Customers of SLVWD,

It's been a tough three years, but finally we are on track for meeting our goal to deliver safe, reliable, clean water to the taps of Lompico Assessment District homes.

- Thanks to a grant provided by the State of California, we have an Intertie connected to SLVWD that consistently delivers the safe, clean water we need and deserve. As the District Manager will explain in his report, updates to the Intertie are still required to meet future flow requirements.
- Finally, there are specific plans and timelines in place to address all of the projects listed in the Assessment District Engineer's Report. You'll read the details in the District Manager report
- We have a District Manager that is extremely knowledgeable about the specific water needs of the entire San Lorenzo Valley, including Lompico. He is dedicated to completing the Assessment projects as quickly and efficiently as possible always with an eye to cost savings. DM Rick Rogers is also accessible, responsive and quick in addressing our concerns.
- Your LADOC Committee now has standing quarterly meetings with SLVWD Finance Director, Stephanie Hill and District Manager, Rick Rogers where we are provided with detailed financial reports updating us on the expenditures of the Assessment District funds and status regarding the Assessment Engineering Report projects. Under the direction of the previous District Manager, we were allowed minimal interaction with the SLVWD Finance Department, and were provided minimal financial information.
- We now have a SLVWD Board in place that understands and supports the terms of the Merger Agreement's requirement for an Oversight Committee. They willingly give us access to information, assistance from their staff and support our desire and responsibility to report back to the Lompico Assessment District Community.
- With the full support and approval of the Board, with no restrictions, our committee published both the Lompico Assessment District Oversight Committee (LADOC) Charter and the Assessment District First (ever!) Annual Report.

While I can't say all the recommended steps to support the Lompico Assessment District Oversight Committee (LADOC) listed in last year's May 2018 Grand Jury have been fulfilled, many have and I have confidence that we'll get there soon.

We welcome both the residents living in the Lompico Assessment District and all customers of San Lorenzo Valley Water District to attend our Quarterly Meetings that are held currently at the SLVWD Operations Building. We schedule additional meetings, as needed and try to hold them at the Zayante Fire Station, if the space is available. All meetings are posted on the SLVWD.com website and the public is always welcome.

I am certain you all join in our hope that the projects will be successfully completed, Lompico's Infrastructure will be safe and sound and the LADOC's responsibilities will be fulfilled!

Sincerely,

Toni Norton

Lompico Resident and LADOC Chair



BRIEF HISTORY of LOMPICO COUNTY WATER DISTRICT

Lompico County Water District was formed in 1963 by the community of Lompico Canyon, located within the watershed of San Lorenzo River in the Santa Cruz Mountains. In 1964, the 70 registered voters in Lompico approved a 1.5 million dollar water infrastructure bond. In 1974 the State of California set a moratorium limiting customer hookups to no more than 500, based on a limited water supply. The system was completed in 1978, and the last of the four series of 40-year bonds paid off in 2018.

The district's water sources were from Lompico Creek, a federally protected steelhead trout habitat, and half a dozen wells located in the low-yield Monterey aquifer.

After several earlier attempts, in response to recommendations by State and County agencies, Lompico resumed talks in 2010 with larger neighboring water district SLVWD as to the possibility of a merger. In 2015 Lompico County Water District (LCWD) was named by the State as one of 17 small water systems in danger of running out of water resources during the drought.



Thanks to an emergency grant from the State of California, an intertie was installed connecting LCWD to SLVWD. The emergency intertie has been converted to a full-time water supply for Lompico Canyon residents. Future upgrades will be funded via the Assessment District funds which became available, after a successful annexation and Assessment vote was completed in 2016.

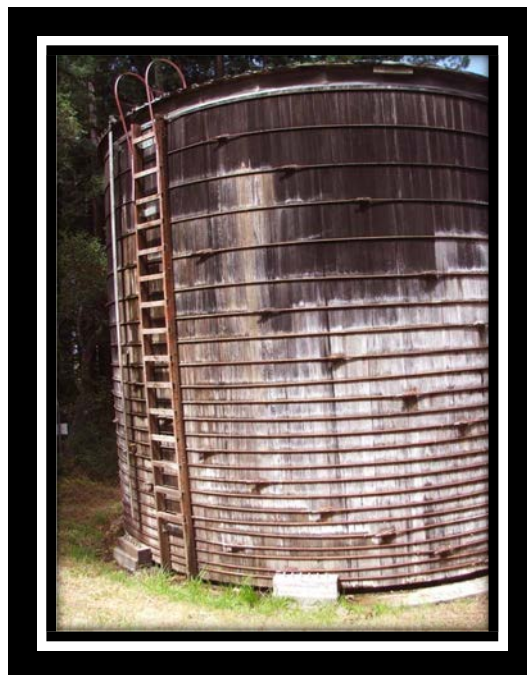
WHAT IS AN ASSESSMENT DISTRICT? *

.....and how much do we pay and for how long?

“Assessment districts have been in use in California for the past 150 years. Local agencies, including cities, counties, and special districts, may establish assessment districts for the purposes of financing all or a portion of the cost of certain public improvements and services. Each property within an assessment district is assessed an amount sufficient to cover the proportional cost of the special benefit that it receives from the improvements or services that are paid for by the assessment.”

“The proposed assessment must be supported by a detailed engineer’s report prepared by a registered professional engineer, which would, under Proposition 218 ... include identifying the parcels that will receive a special benefit from the improvements or services to be funded by the assessment, determining the proportionality of the special benefit among the parcels, and making certain the assessment levied upon a parcel is not greater than its proportionate share of the costs of the special benefit received.” *From the California Debt and Investment Advisory Commission, State Treasurer’s Office, www.treasurer.ca.gov/cdiac/

The Assessment amount for each improved parcel having a water meter in Lompico is \$587 a year for ten years, per the Engineer’s Report, calculated at 500 service connections. In addition, the Assessment District allowed the County to add a small fee to collect the revenue on property taxes, initially up to 2% of the annual installment.







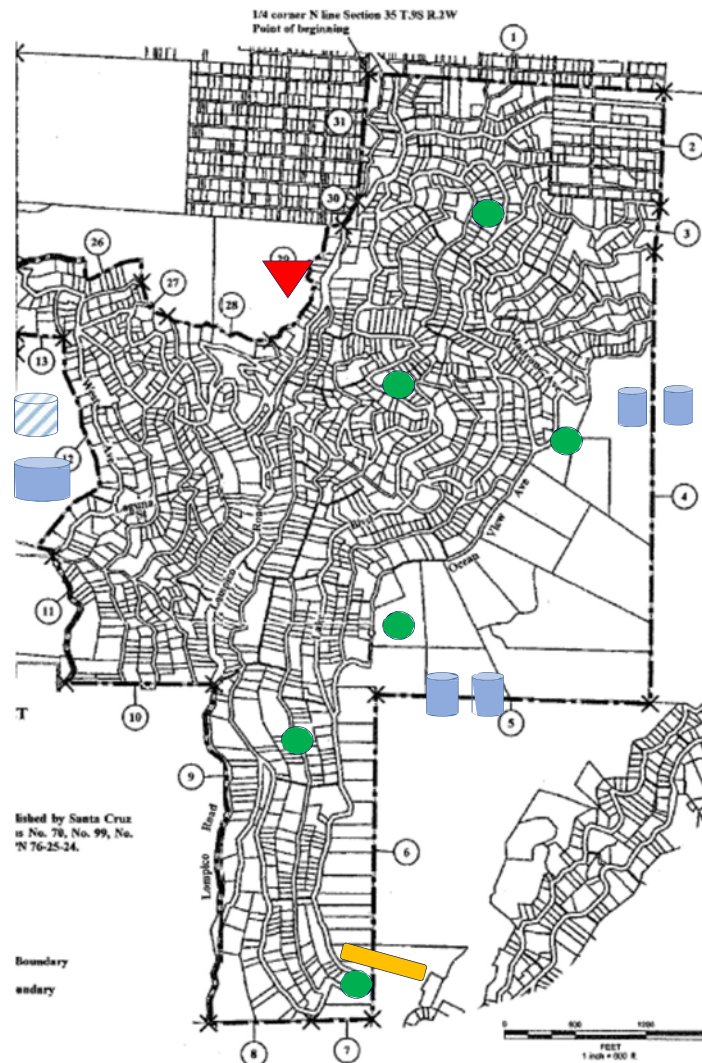
Current Lewis Tank

ENGINEER'S REPORT FOR LOMPICO ASSESSMENT DISTRICT

The Assessment required an Engineer's Report, describing its specific purpose:

Established a fund for construction projects in Lompico Six projects:

Replacement of 6 redwood tanks	\$682,500	3 sites	
Refurbish Mill Creek treatment plant	\$105,000		
Service line and meter replacement	\$862,500	System wide	
Distribution system Interconnection	\$301,000		
SCADA (automated control system)	\$441,000	System wide	
Replace PRVs (pressure reducing valves)	\$358,000	6 sites	
Total Construction	\$2,750,000		
Loan Interest	\$183,734		
Total Assessment	\$2,933, 734		



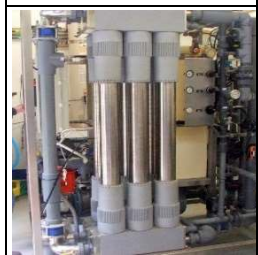
LOMPICO ASSESSMENT DISTRICT PROJECTS

Lompico Assessment District Projects Overview (Information provided by District Manager Rick Rogers)



Water Storage Tanks

Lompico currently has five redwood tanks in operation, for a total of 340,000 gallons of water in storage. Just prior to the merger a sixth redwood tank (Lewis 2) was taken out of service due to leakage. The assessment district provided funding for replacement of all six tanks. The tank locations are Kaski, Madrone, and Lewis. Capacity of the tanks at each location will be determined by computer modeling of the water system to ensure adequate water storage for fire or disaster. Total capacity for the six tanks will be at least 440,000 gallons of stored water. The redwood tanks will be replaced with steel nut & bolt design.



Mill Creek Water Treatment Plant



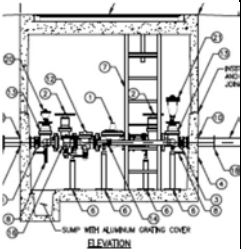
The assessment district provides funding for upgrading and repairs to the Mill Creek Water Treatment plant. The treatment plant is a MEMCOR pressurized, pre-engineered membrane system package water treatment plant. During pre-merger inspections the system was off line due to drought conditions, basically there was no water in Lompico Creek. The system also experienced maintenance and electrical control issues requiring extensive staff time.

Initial pre-merger planning was operating Lompico as a stand-alone water system requiring the use of all Lompico sources of supply. By the time the merger was finalized operations changed to operating Lompico as pressure zone, part of the North System and not utilizing Lompico sources of supply. Under these circumstances the treatment plant will not be needed.



Service Lines and Meters

The assessment district provides funding for replacing all (approximately 500) of Lompico Water meters and service lines. Existing service lines have been failing due to a poor quality Polybutylene material service lines. Polybutylene is a form of plastic resin that was used extensively in the manufacture of water supply piping from 1978 until 1995. We believe it was installed in at least 6 million homes. Due to the low cost of the material and ease of installation, polybutylene piping systems were viewed as "the pipe of the future" and were used as a substitute for traditional copper piping. It is believed that oxidants in the public water supplies, such as chlorine, react with the polybutylene piping and acetyl fittings causing them to scale and flake becoming brittle and resulting in failure. At the time of the merger it was estimated that 68 service lines had been replaced by Lompico Staff. The domestic water meters need to be replaced due to age and ability to retrofit to the District's meter reading software. The District selected the new Badger Meter with "Eye on Water" software that lets you connect to customer's water account to you see how much water you're using and can even alert you to possible leaks on your property. This can be done while you're on vacation using your smart phone.

	<p>Interconnection</p> <p>The assessment district provides for upgrading the existing Lompico/SLVWD Interconnection located at the end of Zayante Drive. During the planning stages of the merger an interconnection was required due to the ongoing lack of water supply in Lompico. The 2014 drought exacerbated already difficult water supply conditions for Lompico. Lompico Water was one of 17 water systems identified in California that could run out of water in 60-120 days. Funding assistance from the Governor's Office of Emergency Services was requested and approved to fund the construction of an emergency interconnection. The temporary intertie was only able to produce 80 gallons per minute instead of the engineered 150 gallons per minute, at a bare minimum, as funded to keep Lompico in water. The assessment district project provides funding for upgrading the booster pump to 150 GPM and replace existing undersized (2 inch) main line along Zayante Drive supplying water to the booster pump.</p>
	<p>Supervisory Control and Data Acquisition (SCADA)</p> <p>SCADA is a computer system for gathering and analyzing real time data. SCADA systems are used to monitor and control water tank levels, high/low level alarms, start/stop pumps or equipment with remote monitoring. Lompico's existing SCADA system had reached its life expectancy and was no longer functioning at the time of the merger. Staff was required to run the system by manual operations driving to each individual tank checking water levels several time a day. As part of the merger SLVWD purchased and installed a temporary SCADA system to reduce staff time operating the water system. The assessment district provides funding for a complete comprehensive SCADA system which would integrate into the District's main SCADA system. To reduce costs district staff have re-evaluated the temporary SCADA system and determined that this system will integrate into the District Main SCADA system and not require replacement. This is a substantial cost savings.</p>
	<p>Pressure Reducing Valve Stations (PRVs)</p> <p>Due to the step topography of the Lompico Canyon water pressure must be regulated to avoid high water pressure damage to mainlines, fire hydrants and customer plumbing. To provide water pressure throughout the Lompico Canyon are eight PRV Stations. The existing stations have reached their life expectancy and are no longer regulating pressure resulting in pressure spikes in excess of 150 PSI. With a change in the water tank replacement locations and increasing storage at key locations, one of the PRV stations will not be required, reducing the number of stations to be replaced to seven. The PRV sites are on Coleman Ave, Van Allen Rd, Edgewood Dr., Visitar St, Lake Blvd and Lakeview Ave.</p>

DISTRICT MANAGER'S REPORT



SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119

Office (831) 338-2153 • Fax (831) 338-7986

Website: www.slvwd.com

January 24, 2020

Lompico Assessment District Customers

After a long, tireless campaign by dedicated Lompicans concerned with water quality and quantity, on May 4, 2016, Lompico property owners voted approval of a 10-year assessment district (AD-2016-1) to generate \$2.75 million in revenue to repair, replace and upgrade infrastructure in Lompico and to consolidate with the San Lorenzo Valley Water District.

On June 1, 2016, the consolidation of Lompico County Water District (LCWD) was finalized and the San Lorenzo Valley Water District took over ownership and operations of the Lompico water district. Shortly after, as required by the assessment, on July 21, 2016, the District's Board of Directors created the Lompico Oversight Committee.

San Lorenzo Valley Water District, working with a group of LCWD Board of Directors and property owners facilitated a list of Capital Projects that the district required for a successful transition. The \$2.75 million project list consisted of the following projects:

- Replacement of all water storage tanks; Lewis, Kaski, and Madrone
- Repair and upgrade to the Mill Creek Surface Water Treatment Plant
- Replacement of all water meters and service lines
- Replacement of all SCADA Controls
- Upgrade of transmission water main to the Lompico Booster (SLV side)
- Replacement of all Pressure Regulating Stations (PRV valves)

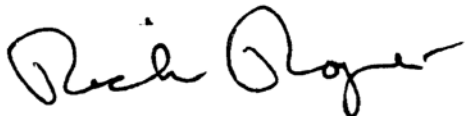
When the list of projects was developed the District was looking to operate the system as "stand-alone" with a separate water supply permit. As time went on circumstances changed and it was determined that we could consolidate Lompico into the San Lorenzo Valley Water District and operate as a pressure zone saving substantial operational costs, reducing the operational surcharge, and eliminating the need to repair and upgrade the Mill Creek Surface Water Treatment Plant.

Before consolidation and the last year of Lompico ownership, the San Lorenzo Valley Water Operational Staff worked very closely with Lompico staff learning operations. It needs to be stated that the Lompico Board of Directors and staff operated the Lompico system with pride and professionalism under circumstances that were not ideal. Field staff worked 7 days a week and Board members were performing as staff.

When SLVWD took over ownership the priorities were water quality and quantity. The District performed an aggressive main line flushing program which involved cleaning mainlines and removing sediment which was causing degraded water quality and not meeting state water quality standards. All Lompico water sources which were producing objectionable water quality were shut down. To ensure maximum water storage and monitoring alarms the District installed a temporary SCADA system within the first six months. Additionally, all water meters were changed out to configure into the District billing system.

The District is moving forward with the construction of projects. The PRV valve station will be completed by February 2020, and water tank replacement projects (6 tanks) is anticipated to begin construction Spring of 2020. After the total construction costs of the Lompico Tanks project are known, and the costs of the projects completed to date, the District and the Lompico Assessment District Oversight Committee will reevaluate total funds remaining and discuss moving forward with the methodology to complete the remaining projects. It is the goal of the District to complete the remaining assessment District projects by the end of the calendar year 2022.

The District has always believed that Lompico is part of the San Lorenzo Valley and belongs to be with the San Lorenzo Valley Water District. You are valued customers of the District and we look forward to providing you with exceptional water quality, quantity, and customer service.

A handwritten signature in black ink, appearing to read "Rick Rogers". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Rick Rogers, District Manager
San Lorenzo Valley Water District

LOMPICO ASSESSMENT DISTRICT FINANCIAL REPORT

BUDGET & EXPENSES

TRACKING ASSESSMENT FUNDS

Revenue is collected from Lompico property taxes by the County and held in a special account. Assessment funds may not be used for any purpose other than described in the Lompico projects AD-16 in the Engineer's Report.

SOURCE OF REPORT DATA

LADOC meets with the SLVWD Finance Director who presents a Quarterly Finance Report. Included is an itemization of revenue per quarter and to date with an itemization of ongoing expenses per project, including labor and materials. Reports may also include receipts and labor timecards. The LADOC charter allows committee members to request and review all relevant data sources.

Assessment Collection Management is contracted by SLVWD to a consultant, NBS Government Finance Group via their Special Finance District (SFD) Administration service, for tasks not included by the County when collecting the Assessment on property taxes. The cost for this service has been about \$1,150.00 per quarter, charged to the Assessment District.

NBS ADMINISTRATIVE SERVICES

Following Information provided upon request by SLVWD Finance Director: Main Assessment District Administration Services Provided by NBS:

DATA COLLECTION

NBS will gather and review data relevant to the administration of the district. Data will be obtained from various sources, including Water District records, Assessor's parcel maps, and County Assessor information and establish a database for the assessment district.

COST RECOVERY

NBS will identify all costs associated with the administration of the Assessment District and recover those costs through the levy process as outlined in §8682 and §8682.1 of the California Streets and Highways Code. These costs may include, but not be limited to Registrar/Transfer/Paying Agent fees, Arbitrage Rebate calculation fees, bank fees, and expenses of the Water District and its consultants related to the administration of the district.

ANNUAL ASSESSMENT LEVY

NBS will calculate the annual assessment levy for each parcel in the district and submit the amount for each parcel to the County in the format and medium (i.e. tape, diskette) required by the County Auditor-Controller.

RESUBMISSION OF REJECTS

NBS will research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection will be invoiced directly, with payment directed to the Water District.

MAINTAIN ASSESSMENT DISTRICT DATA

NBS will annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data will be maintained by NBS.

ANNUAL REPORT

NBS will provide a comprehensive Annual Report that will show a detailed listing of the amounts submitted to the County or directly billed for collection, details of delinquent assessments, fund analysis, paid off parcels and release of liens, all bond call activity, and assessed valuation information.

DELINQUENCY MONITORING

NBS will provide the Water District with a comprehensive list of delinquencies after each installment becomes due. This report will show delinquency percentage as well as a detailed list of each delinquent parcel.

PREPAYMENT CALCULATION/AMORTIZATION SCHEDULE

NBS will provide assessment prepayment calculations and amortization schedules to interested parties. The requester will pay the cost of this service; however, there will be no charge to the Water District or property owners.

RELEASE OF LIENS

NBS will prepare all documents required to release the liens of parcels that have prepaid the assessment.



SLVWD Capital Budgets – Lompico Projects

Capital Project Summary						
Fiscal Year 16-17	Planning /Design (8%)	CEQA(2%)	Construction (80%)	Contingency (10%)	2016-17 Total	Overall Project Total
Lompico Service Area			\$ 168,000	\$ 16,800	\$ 184,800	\$ 184,800
Lompico Service Area Tank Replacement	\$ 75,000				\$ 75,000	\$ 75,000
Lompico SCADA	\$ 2,500		\$ 25,000	\$ 2,750	\$ 30,250	\$ 30,250
Fiscal Year 2016/2017						
Water Enterprise Fund	\$ 3,025,850					
Lompico Assessment District	\$ 354,050					
Sewer Enterprise Fund	\$ 400,000					
Total	\$ 3,779,900					
#	Project					
	Fiscal Year 2017/2018	Funding Type	Spent in Prior FY	FY 17/18 Budget	Future FY Projection	Project Cost
20	Lompico Lewis Tank Replacement	Assessment District	\$ -	\$ 25,000	\$ 175,000	\$ 200,000
21	Lompico PRV Replacements	Assessment District	\$ -	\$ 50,000	\$ 150,000	\$ 200,000
#	Project					
	Fiscal Year 2018/2019	Funding Type	Spent in Prior FY	FY 18/19 Budget	Future FY Projection	Total Project Cost
30	Service Line Replacements	Lompico AD	\$25,000	\$150,000	\$489,600	\$664,600
31	PRV's	Lompico AD	\$50,000	\$90,000	\$218,000	\$358,000
32	Interconnection Booster	Lompico AD		\$45,000	\$256,000	\$301,000
33	Lewis Tank	Lompico AD		\$34,000	\$193,334	\$227,334
			\$75,000	\$319,000	\$1,156,934	\$1,550,934

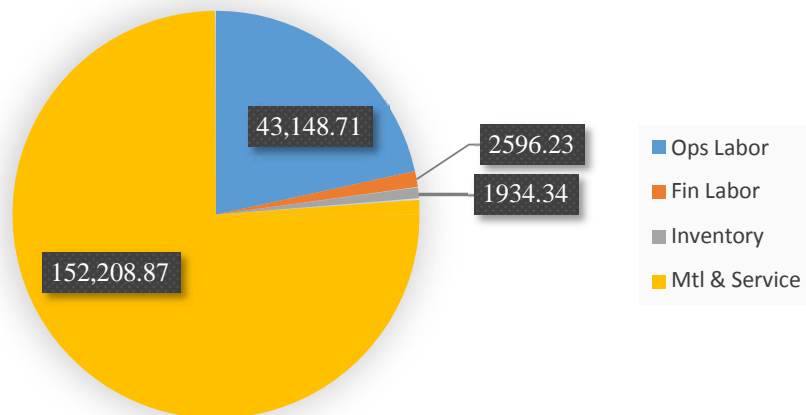


Loch Lomond

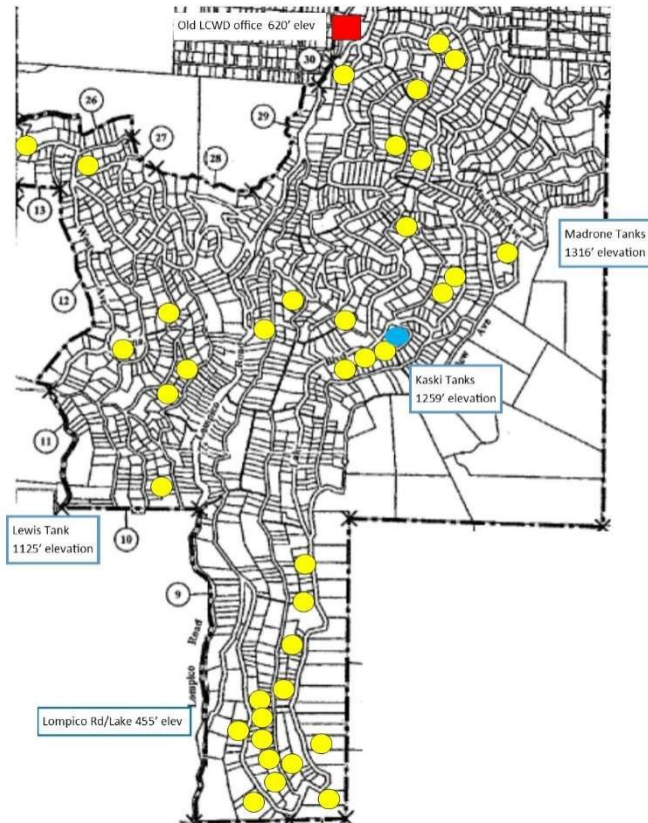
LOMPICO METER CHANGEOUT WORK ORDER #129

Labor & Overhead 22%	\$43,744.94	Operations Dept. \$41,148.71	Payroll \$ total per 5- pay periods Aug 17 to Oct 26, 2017 Labor \$27,728.24 OH \$13,420.47
		Finance Dept. \$2,596.23	80 hrs. @ \$23.88 Labor \$1,910.40; OH \$685.83
Materials 78%	\$154,143.21	\$1,934.34	Inventory
		\$152,208.87	Materials and Service: Rent vac truck \$1,843.94 5/8 meter w/lid approx. \$230 ea.
TOTAL	197,888.15	Average cost each	Installed at 500 meters is +-\$396.

Meter Replacement Cost



SERVICE LINE REPLACEMENTS



Original material replaced:

- Blue poly pipe - 36
- Copper pipe - 2

Locations

- West side - 8
- East side - 30
- 38% (14) are in Kaski zone (Visitar/Lake)

Cost:

Range of cost to replace ea.- \$635 to \$1610

Total cost for 38 replacements - \$43,982

=Average cost each \$1157



Clearwater Tank

COMMITTEE ANALYSIS AND RECOMMENDATIONS

Assessment District expenditures have been reviewed by LADOC and, to the best of our knowledge, are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report. The Annual Report presented includes an itemization and summary of all prior fiscal year Assessment District revenues and expenditures as provided by the district, from June 1, 2016 to June 30, 2019. For the time period of this report, no loans have been taken out for Assessment District projects.

Committee Recommendations:

- ❑ Committee and district are in agreement that a third party expert in Assessment Districts is needed, as well as training on assessments and oversight for members, staff and the board.
- ❑ That the district move forward on securing a loan, as recommended in the Assessment Engineer's Report, to expedite all projects being completed in a timely manner.
- ❑ SLVWD website includes an area for the AD with details on projects and ongoing updates on progress and expenses, per Grand Jury recommendation [district website in process of being redesigned]
- ❑ More frequent district website public reports or posts on AD finances, in addition to Annual Report.

Committee Commends:

- ❑ Current SLVWD staff and board for their support.
- ❑ Thank You to the 2017-18 Grand Jury for their investigation and recommendations, which have been instrumental in defining and supporting LADOC duties.



FREQUENTLY ASKED QUESTIONS

Following are responses from the District Manager (DM) posed by the committee and members of the public.

FAQ

1. What is the process for changing or removing projects from the Engineer's Report list?

Response from District Manager (DM): DM will recommend to SLVWD Board of Directors (BoD) that a change be made to Board Manual indicating SLVWD Staff will meet with the current LADOC for discussion and consideration before any decisions are made to change or update AD projects. **Committee note: answer subject to research findings on Assessment District management.**

2. Is there a possibility of reducing Assessment District collections in later years?

DM: "Doubtful based on current cost expectations"

3. Is there a possibility ending the Assessment District early?

DM: "Doubtful based on current cost expectations"

4. Is the AD is collecting interest on a future loan?

DM: "The Engineering cost estimates for Assessment District funding includes a line item titled SLVWD estimated loan interest. The amount is \$183,734. The District fully intends to take out one or more loans to complete the Assessment Projects and will make use of these funds."

Loan has been obtained as of late 2019

5. Do you anticipate returning any unused funds to the ratepayers?

DM: "Doubtful based on current cost expectations."

6. Do you anticipate postponing the completion of Assessment District capital projects beyond ten years?

DM: "We have every expectation that the Projects will be completed by the end of 2022."

7. Will SLVWD come back to Lompico ratepayers for more money if the original assessment no longer covers the cost to complete projects in the original plan?

DM: "No. There are no plans to ask the AD customers to cover any additional costs. That would require another vote by the Assessment District."

8. Can projects be dropped from the original Engineers report list? What is the process, and what happens to those funds?

DM: "SLVWD will consider all Engineering Report recommendations, but will make adjustments based on current needs and costs. However, all AD revenues will be spent solely for the benefit of the Lompico Service Area." **Committee note: answer subject to research findings on Assessment District management.**

9. If SLVWD does not intend to use the treatment plants, can they be sold and the money used for Assessment District projects, or returned to Lompico ratepayers?:

DM: District Manager recommends that any revenues generated by the sale of the former Lompico property be added to the Assessment District funds.

10. Will the district plan to sell the old growth redwood from replaced tanks?

DM: "No. The demolition and salvage value of the existing redwood tanks are part of the construction contract and will be the responsibility of the contractor."

11. Is the metal recycle payback value of removed materials (old meters, fittings, etc.) being put back in the Assessment District fund?

DM: District Manager recommends any revenue generated by the sale of the old materials be added to Assessment District funds.

12. Does the present intertie meet flow requirements of the State? (ref BOD agenda 9.20.18 item 13.1(page 229) Permit Change and Report from State Water Resources)

DM: "No, not currently. However, once the Lompico Tanks are replaced, which have an anticipated project completion date by the end of 2020 summer, Lompico will have the combined resource of the intertie, plus the fully utilized, completely updated, steel, non-leaking tanks. The present intertie mainline replacement is scheduled to be replaced summer of 2021."



Lewis Tank, Wood Stave Condition

LOMPICO CITIZEN OVERSIGHT COMMITTEE - A HISTORY

A Lompico Citizens Oversight Committee was an element proposed and approved by SLVWD to be included in LAFCO “merger” Resolution 953-A. The SLVWD board reviewed applications and appointed the first five Lompico members in July of 2016. The first meeting was held at the old LCWD office in August. The original description/purpose of the committee written by SLVWD staff and published in the SLVWD stated "The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the Assessment District facilities and property". This was revised in 2017 to include only assessment district fund and project oversight, and the name changed to LADOC, for Lompico Assessment District Oversight Committee.

The committee faced challenges of district support throughout 2017. At the October 19, 2017, meeting the District Manager proposed making the following changes to the Board of Directors Policy Manual impacting LADOC: redefine and differentiate LADOC as a "Public Committee" whose only purpose is to deliver and receive information, who therefore will have no need to produce and publish minutes, who will meet once annually at the time and place specified by the Board, the Board will appoint the Chair and Vice Chair of the LADOC. Fortunately, the October 19, 2017 meeting was well attended. Three LADOC members attended the meeting and spoke out against these egregious changes. Many members of public and all three public members of the other SLVWD Committees spoke out against the changes. Only one member of the Board spoke in favor of the changes and she also admitted that she had assisted the District Manager in preparing the recommendation. No action was taken on the proposal.

In the meantime, months earlier LADOC had approached and met with members of the Finance Committee to request assistance in developing the Finance Report which had been promised by the District Manager since the very first meeting. The Chair of LADOC met with the Chair of the Finance Committee (also a Board Director) and an agreement was struck for the LADOC to hold a meeting once Quarterly at the Boulder Creek Operations Building with both the Finance Director and a Board Member (preferably the Chair) in attendance to present the Lompico Assessment District Quarterly Finance Report. It was also agreed that LADOC could continue to meet as often as they deemed necessary to meet their obligations.

A series of resignations throughout 2018 resulted in lack of a quorum and irregular meetings. With the exception of one missed meeting, due to the lack of a quorum, LADOC has met regularly on a quarterly basis since November 2017, with greatly improved district support under the new District Manager and board of directors.

A new Charter was written by the committee in January 2019, and adopted by the Board, to meet the recommendations of a Grand Jury investigation and report released May 2018.

Members of the Committee 2016 to present:

April Crittenden	July 2016 – Feb 2018	Secretary 2016-2018
John Grunow	July 2016 – April 2018	
Lydia Hammack	July 2016 – June 2018	Chair Jan 2018-June 2018
*name withheld at member request	July 2016 – June 2018	Vice chair Jan 2018-June 2018
Toni Norton	July 2016 to present	Chair July 2016-Jan 2018; Nov 2018 to present
Andrew Rippert	April 2018 – June 2018	
Mary Ann LoBalbo	April 2018 to present	Vice Chair Nov 2018 to present
Jennifer Gomez	Sept 2018 to April 2019	
Dennis Lynch	Sept 2018 – Oct 2018	
John Wright	Sept 2018 to April 2019	
Debra Loewen	January 2019 to present	
Norm Hagen	August 2019 to present	



2017-18 GRAND JURY FINDINGS and RECOMMENDATIONS

San Lorenzo Valley Water District
“Encouraging the Flow of Information to the Public”
Published May 31, 2018

Summary

“Since mid-2016 the San Lorenzo Valley Water District (SLVWD or District) has struggled to address public concerns about a number of controversial issues. The administration of the Lompico surcharge and capital projects, use of glyphosate in the watershed, and a lawsuit involving a former Board member, were among the issues that drew sharp criticism from citizen groups and the press. The criticisms tested the capacity of the District’s representatives to maintain productive and civil interactions with the community and, at times, with one another. Although the Lompico surcharge has now been eliminated, other disputes and communication challenges remain. Issues such as the District’s handling of legal matters, management of the Lompico Assessment District and capital projects, and support for the Lompico citizen oversight committee continue to be divisive. In addition, District changes to meeting practices in 2017 have reduced public access to the debate and decision-making process and compromised the community’s understanding of the issues.”

“Better communication on difficult matters, an informed and effective Assessment District oversight committee, and an unwavering commitment to public access, will enable greater transparency and may restore trust and foster better relationships within the SLVWD community.”

Three Findings and Four Recommendations regarding Lompico,
see the complete Grand Jury Report Online:

www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2018_final/SLVWDAndThePublic.pdf



Madrone Tank Detail

F1	The lack of effective communication between the District and the community concerning the administration of the Assessment District has caused public concern regarding the timing and implementation of the Assessment District projects.
F2	The District has not provided adequate authority, guidance, training or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.
F3	Lack of effective District communication practices has reduced public access to the decision-making process and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.
R1	LADOC should produce an annual report detailing the status of the Assessment District revenues and expenditures (F1, F2)
R2	The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in-depth information to the public about the timing, funding, and execution of the AD projects. (F1, F3)
R3	The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role (F2, F2)
R4	The Board should ensure that LADOC receives adequate professional, technical and administrative support from the District, as well as the authority to carry out its oversight responsibilities (F2)
R5	The District should provide formal training for all LADOC citizen committee members in governance, meeting management and the Brown Act. (F2)



Madrone Tank

PREVIOUS BOARD RESPONSE AUG 22, 2018

F1-2-3 Cites “...confusion about the mechanics of the assessment district and unaligned expectations” and “...commonly held misconceptions about assessment districts generally...” leading to poor communications.

R1 “staff will help jump start the process... by generating a template to help facilitate the first annual report” within 6 months.

R2 “We believe it is important to note that comments and questions about the implementation of AD-16 projects, including priority, timeline, bidding and design considerations etc., are within the purview of the Engineering Committee and ultimately the Board. We encourage members of the public to bring these types of issues to the Engineering Committee rather than LADOC.”

R3 within 6 months we will revise the LADOC Charter to replace its current Charter. A draft will be presented to LADOC for its review and comment and to the Board for approval.

R4 We “believe the district has professional expertise up to the task of locating appropriate resources...” Within 6 months, we will make governance, meeting management, and Brown Act training available to all members of the Board and the District’s public committee members. Within a year, we will evaluate and select a means of making such training available on a recurring or ongoing basis. For example, staff may consider creating tailored training materials for in-house use and reproduction versus hiring consultants and/or procuring online subscriptions, etc.

R6 “training on key topics” We believe the District has professional expertise up to the task of locating or adapting existing training, or creating new materials as necessary.

Committee comment: While an Ad Hoc committee of two board members was created June 27, 2018 for the above, no actions were taken beyond writing the initial response to the Grand Jury.

Excerpts from Grand Jury report. Footnote [#] references are found in the Grand Jury report.
LCWD-SLVWD Merger

Financial problems, an aging infrastructure, and the threat of state intervention obliged the Lompico County Water District (LCWD) to look to SLVWD for help in 2013. After two years of complex negotiations, SLVWD agreed to annex LCWD if Lompico ratepayers would pass a bond issue to fund infrastructure improvements, and agree to pay a surcharge to cover extra costs related to integrating Lompico operations into SLVWD. The conditions were laid out formally in Resolution 953-A, which all parties refer to as the “merger agreement.” Similarly, while the transaction is more correctly termed an annexation, all parties refer to it as the “merger.”

A bond issue to provide SLVWD with immediate funding for the Lompico infrastructure projects failed by a narrow margin in 2015. The parties then agreed to the formation of an assessment district as a “similar revenue instrument” which would collect the required funds over a 10-year period. In addition, the parties retained the requirement that SLVWD would create a “Lompico oversight committee.”[3] The assessment district passed in a new ballot measure in March 2016, clearing the way for the merger on June 1, 2016.

Another condition of the merger, the 10-year Assessment District, provided \$2.75 million to fund a set of capital improvement projects specified in the accompanying Engineer's Report.[12] It also provided for the collection of an additional \$183,000 for interest payments on anticipated loans taken against future Assessment District collections. The Engineer's Report lists the Lompico capital improvement projects and the estimated cost of each project. It contains few other details about the projects or their implementation.

Since the merger, District representatives and members of the public have raised financial issues not addressed in either the merger agreement or the Engineer's Report. These concerns include questions about what adjustments are possible under the Assessment District (AD) if some projects come in substantially over or under budget, or if the District obtains grants to fund any of the listed projects. [13] [14] Other questions have focused on the disposition of the funds collected over the years for loan interest if no loans are obtained.[15] Still other financial concerns are centered on what would happen

with the designated AD funds if a listed project is later determined to be unnecessary.[16]

The construction timeline has been another area of concern. Public discussions and presentations before the merger had laid out the District's plans to start the Lompico projects shortly after the merger, with funding coming from loans taken out against the AD.[17] [18] After the merger however, the District staff investigated loan funding and reported back that it found fewer acceptable loan opportunities than it had anticipated. Instead, the District opted for pay-as-you-go construction funding for most years, with a possible bridge loan in years four through seven. [19] [20]

Lompico ratepayers have expressed their concerns that the lower priority ranking of the Assessment District projects might lead to delays and higher construction costs, with a possible consequence that some of the AD projects might not be done.

SLVWD updated its policy manual to add the new oversight committee.[23] It then solicited applicants.[24] The policy manual described the committee's role in broad terms: The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property directly related to Assessment District 2016-1, the Lompico Service Area.[25]

LADOC's opening meeting was August 23, 2016. At its second meeting, held on October 6, 2016, the committee decided to pursue several open questions and issues that appeared to fall under its purview. Less than two weeks later, at the October 16, 2016 Board of Directors meeting, the Board debated the reduction of LADOC's duties,[26] by changing the description of its role to one which it said more closely

resembled the wording of the merger agreement.[27] At the next Board meeting, the SLVWD policy manual was amended to read: The Committee shall be responsible to review matters of revenue and expenses directly related to Assessment District 2016-1 projects.[28] [29] District representatives refer to this one sentence description of the responsibilities of LADOC as the LADOC "charter." [30] The responsibilities of LADOC continue to be the subject of discussion and disagreement. [31]

INVESTIGATION

Assessment District 2016-1

In its investigation of the Assessment District (AD), the Grand Jury found notable differences in understanding among District representatives regarding the construction strategy for the AD's projects, including District plans in the event of project delays, cost differences, or possible changes in projects undertaken.

While the District recognizes that AD funds may be used only for the benefit of Lompico, understandings differ among decision makers on what flexibility exists under the AD as written. Varying interpretations of the Assessment District terms have, in several cases, led to conflicting assertions made to the Grand Jury or to the public, about:

- the process for changing or removing projects from the Engineer's Report list[36]
- the possibility of reducing Assessment District collections in later years[37]
- ending the Assessment District early[38] [39] [40]
- whether the AD is collecting interest on a future loan[41]
- whether obtaining a loan against the AD is required[42]
- using the \$183,000 collected for loan interest for other AD expenses[43]
- returning unused funds to the ratepayers[44] [45]
- postponing the completion of Assessment District capital projects beyond ten years[46]

The Grand Jury has found that, nearly two years after the merger, District representatives still communicate differing views of the AD and its projects. The varying interpretations have caused public concern, and warrant serious and sustained discussion.

The District-wide Capital Improvement Program introduced in November 2017 has presented another communication challenge. The District used a priority rating system to rank each capital project, which resulted in a timetable for the execution of each project on the list. The CIP assumes, however, that there are no differences between Lompico and non-Lompico projects except for the funding source; that is, that the projects for which Lompico ratepayers pay an extra assessment have no special status.

In contrast, Lompico ratepayers contend that they gave their vote to accept the Assessment District in exchange for the District's promise to complete the specific projects listed in the Engineer's Report in an expeditious manner. [47]

At minimum, adequate guidance and support for LADOC would include:

- Comprehensive orientation prior to beginning work
- Members handbook of key documents, including items such as a LADOC charter (description of duties), the Engineer's Report, relevant resolutions,[75] [76] [77] [78] relevant District policies and procedures, project descriptions, budgets and schedules, financial reports, minutes of prior meetings, guides to Brown Act and parliamentary procedures
- Regular meeting schedule, at least quarterly

Expected duties of the oversight committee would include:

- Tracking expenditures of assessment proceeds back to the capital improvement plan
- Actively reviewing and reporting on the proper expenditure of assessment money for the Lompico construction and replacement projects listed in the Engineer's Report
- Maintaining a committee webpage with (1) detailed information about the progress of each project, (2) committee minutes, and (3) materials it has received
- Preparing and publishing an annual report for ratepayers

Expected duties of the District would include:

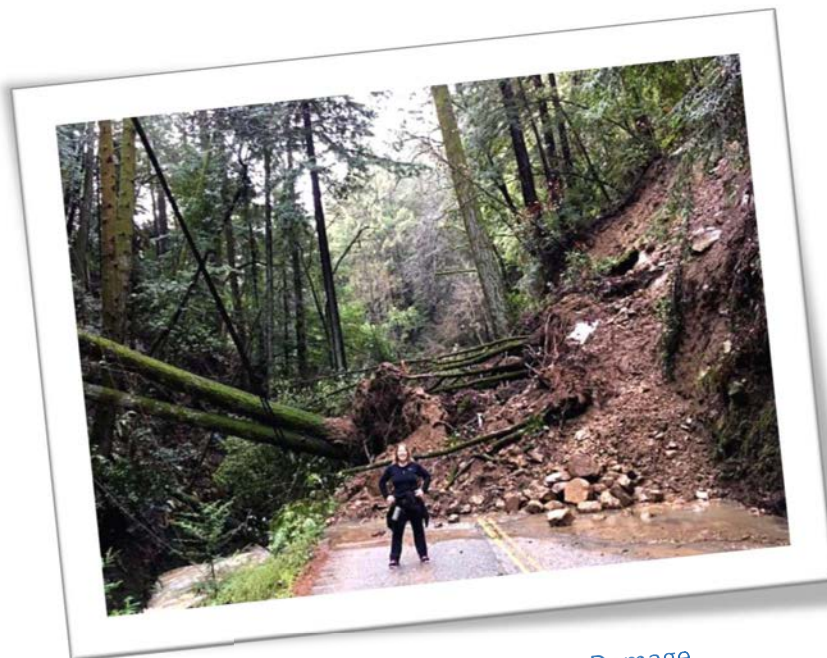
- Providing timely, comprehensive data to the oversight committee, including financial reports that display original budget, current budget, actual expenditures, budget balance, and approved commitments to projects to date across all fiscal years
- Providing technical and administrative assistance

LADOC meeting notes and internal emails from

April 2017, and subsequent Grand Jury interviews, confirm that LADOC sought more support from the Board and staff, but the District did not have the resolve to provide effective support. [81] [82] [83]



Lompico Park April 2006



2017 Lompico Road Storm Damage

TIMELINE REFERENCES AND RESOURCES

***Links listed valid as of Dec 2019 due to SLVWD updating website

1964 June 7	“\$1.5 Million Water Bond Issue Before Lompico’s 70 Voters” Santa Cruz Sentinel ; Library clipping file: Lompico ; Viewed on microfiche, California Room. Also may be found by title on https://cdnc.ucr.edu UCR Center for Bibliographical Studies and Research, California Digital Newspaper Collection.
2010 May	“Up a Creek without a Financial Paddle: The Lompico County Water District”, Grand Jury Report 2009-10. http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2010_final/Up_the_Creek.pdf
2010 July	Beginning of merger discussion between districts: SLVWD District Manager Jim Mueller; BOD consists of Jim Rapoza, Terry Vierra; Lompico County Water District board; Lois Henry, Bill Smallman, Rick Harrington, Chris Kilgus, and Rob Hansel.
2010 July 8	“Lompico Summary of Costs”, SLVWD announcement. “On July 8, 2010 Lompico County Water District held a meeting with representatives from the San Lorenzo Valley Water District to discuss and provide information relative to potential merger options for Lompico County Water District at the Zayante Fire Station.” https://sanlorenzocawater.pt7.civic-
2010 July 15	“Lompico Water considers merger with SLV”, Press Banner . “Jim Mueller, San Lorenzo Valley Water District’s general manager, presented his district’s evaluation of Lompico, including what a merger would cost customers.” http://www.goldenstatenewspapers.com/press_banner/news/lompico-water-considers-merger-with-slv/article_433d800b-7aa1-561f-bf80-fa6947c3abf2.html
2011 July 13	“Cash strapped Lompico to consider increases to water rates”, Santa Cruz Sentinel . “Meanwhile, talks are continuing with the larger San Lorenzo Valley Water District, which serves 7,300 connections. Lompico, which has approximately 500 connections, is seeking members of the community to sit on a citizen’s advisory committee to research and prepare information related to the potential merger, with those members chosen at next week’s meeting.” https://www.santacruzsentinel.com/2011/07/13/cash-strapped-lompico-to-consider-increases-to-water-rates/
2012 April 20	“SLV Water to assist Lompico”, SLV news slvnews.net “The San Lorenzo Valley Water District Board voted 5-0 to assist the Lompico County Water District by providing technical and contract management assistance for a pair of studies that will help determine the costs to replace tanks and install a connection between the two systems”

2012, June 28	<p>“Protecting Our Special Districts – is there any oversight?” Grand Jury 2011-12 final report.</p> <p>“Using the Lompico County Water District’s (LCWD) troubled history as a backdrop, the Grand Jury explored the boundaries and scope of oversight for independent special districts in Santa Cruz County.”</p> <p>http://www.co.santa-cruz.ca.us/Portals/0/County/CAO/press%20releases/06022016Lompico.pdf</p> <p>and 2011-12 continuity report follow-up “ LAFCO states that it lacks the funding and personnel to exercise the more “proactive” oversight, even for problem districts”</p> <p>https://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2012_final/Protecting_Our_Special_Districts.pdf</p>
2012 Aug 8	<p>“For tiny Lompico County Water District, a huge retirement bill”, Santa Cruz Sentinel.</p> <p>“The 494-hookup district has navigated years of rocky waters and criticism of sky-high water bills. Its former district manager was charged with falsifying water reports, and since his firing the district has operated with a secretary and three technicians, one part-time. Its annual payroll is a threadbare \$130,000.”</p> <p>https://www.santacruzsentinel.com/2012/08/08/for-tiny-lompico-county-water-district-a-huge-retirement-bill/</p>
2013 July 25	<p>“Potential Consolidation of Lompico and San Lorenzo Valley water districts”. Letter of Recommendation to Board of Supervisors from Health Services, Santa Cruz County.</p> <p>“Operation of the District has been subject to many challenges, including: inadequate water supply, lack of any potential new water sources, aging infrastructure, leaking water tanks, inadequate treatment facilities, management issues, and disagreements among the community about how best to govern. Lompico has the highest water rates in the County, which has posed a challenge to the many low and moderate income residents of the community.”</p> <p>http://sccounty01.co.santa-cruz.ca.us/bds/Govstream2/ASP/Display/SCCB_AgendaDisplayWeb.asp?MeetingID=599</p>
2013 Sept 23	<p>Water board President of the Year, California Special Districts Association, awarded to Lois Henry, Lompico County Water District: County Press Release</p> <p>https://patch.com/california/scottsvally/lompico-water-board-president-wins-state-honor</p>
2013 Dec 4	<p>Public Meeting at Zayante Fire Station, Presentation of Merger Options SLVWD-LCWD</p> <p>http://www.santacruzlafco.org/wp-content/uploads/2015/09/Lompico-Merger-Options.pdf</p>
2014- 2016	<p>Santa Cruz Local Agency Formation Commission (LAFCo) containing reports on Lompico County Water District. https://www.santacruzlafco.org/reports/</p> <p>Feb 2014 presentation on draft merger options:</p> <p>https://www.santacruzlafco.org/wp-content/uploads/2015/09/Lompico-Merger-Options-May-22-</p>
2014 Jan 30	<p>“California drought: communities at risk of running dry”, San Francisco Chronicle. State Department of Public Health lists Lompico County Water District among 17 small communities throughout the State likely to run out of water within 100 days; requirements to cut water use by 30% during the drought. https://www.sfgate.com/news/article/California-drought-communities-at-risk-of-5184906.php</p>

2014 Feb 4	<p>“What happens when a town runs out of water?” <i>Newsweek</i>. “For now, Lompico has enough water to limp by. But [LCWD Chair Lois] Henry says one of the town’s three wells has recently been cutting out, reducing even further the approximately 35 gallons per minute the district is able to pump to its 494 water hookups. The water supply is so precarious that, Henry says, Lompico is one water main break or major fire away from disastrously low levels.”</p> <p>https://www.newsweek.com/what-happens-when-town-runs-out-water-227929</p>
2014 Feb 14	<p>SLVWD-Lompico Intertie Agreement. Board of Directors agenda packet Feb 20, 2014.</p> <p>https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/agendas/220.pdf</p>
2014 April 18	<p>“Bad week as Lompico loses two of its three water wells to motor damage” <i>KION news</i>. “Not only is Lompico in a phase three rationing stage-- which means no water use between specified hours and no outdoor irrigation-- but with two out of their three wells went down.. ,it means we have a lot of work to do’ ”</p> <p>https://kion546.com/news/2014/04/19/bad-week-as-lompico-loses-two-of-its-three-water-wells-to-</p>
2014 May 4	<p>“Lompico emergency pipeline completed fears eased”, <i>Santa Cruz Sentinel</i>.</p> <p>http://www.santacruzsentinel.com/general-news/20140504/lompico-emergency-pipeline-completed-fears-eased</p>
2015 Feb	<p>Measure N: Bond Issue, Parcel Tax and Appropriations Limit Increase, Santa Cruz Community Facilities District No. 2</p> <p>https://ballotpedia.org/Santa_Cruz_County_Community_Facilities_District_No._2_(Lompico_Water)_Bond_Issue_Parcel_Tax_and_Appropriations_Limit_Increase_Measure_N_(February_2015)</p>
2015 Feb 27	<p>“Lompico water bond fails by one vote”, <i>Santa Cruz Sentinel</i>.</p> <p>“Of the 516 votes, 343 backed the measure — 66.47 percent — and 173 voted against it — 33.53 percent.” Total voter turnout was 69%, “which is a good turnout when it comes to elections but what happened to the other 31 percent of the people?” - Gail Pellerin, County Clerk, on why every vote counts. https://www.santacruzsentinel.com/2015/02/27/lompico-water-bond-fails-by-one-vote/</p>
2015 Aug 20	<p>SLVWD board memo to approve Lompico Assessment District and recommitting to merger. Board agenda packet. https://sanlorenzocawater.pt7.civic-</p>
2015 Aug 24	<p>Commentary on SLVWD-Lompico merger, Fifth District Supervisor Bruce McPherson on change to Assessment District for funding mechanism</p> <p>http://supervisorbrucemcpherson.org/san-lorenzo-valley-water-district-to-merge-with-the-lompico-water-district/</p>
2015 Nov 25	<p>County Board of Supervisors approve Lompico Assessment District</p> <p>With letter of recommendation from County Health Services, after failure of bond vote and granting of one year extension by LAFCo: “LCWD now proposes to form an assessment district within its boundaries, in order to finance the infrastructure upgrades required to complete the annexation to SLVWD. This financing method has broader support in the community than the CFD had, and is expected to be approved by Lompico property owners.”</p> <p>http://sceh.com/Portals/6/Env_Health/water_resources/WAC/WAC%20Meeting%202015%2012%209/J5.pdf</p>
2016 Jan 16	<p>The Board of Directors of the Lompico County Water District, Felton California accepts Preliminary Engineer's Report and Assessment. Link to Engineers Report:</p> <p>https://www.slvwd.com/sites/g/files/vyhlf1176/f/uploads/engineersreport3-22-16.pdf</p>

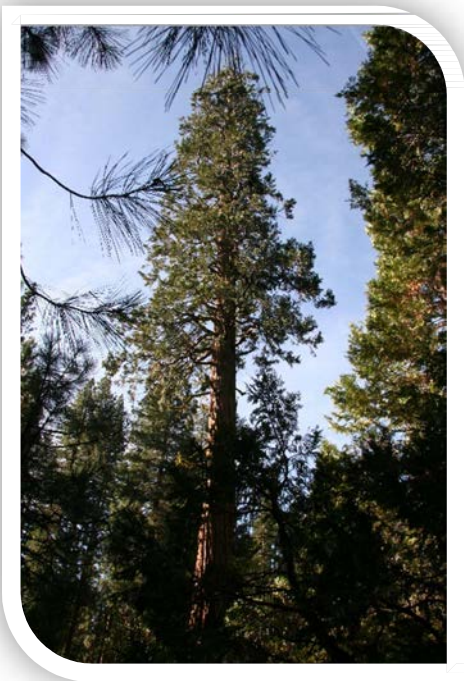
2016 Feb 15	Link to Measure N Voters Pamphlet-includes Pros and Cons of Merger https://www.votescount.com/Portals/16/feb15/mean.pdf
2016 March 16	Assessment District mail-in vote deadline
2016 March 17	“Assessment District vote count delayed”, Santa Cruz Sentinel . https://www.santacruzsentinel.com/2016/03/17/lompico-water-vote-count-stalled-until-may-4/
2016 May 5	“Lompico votes for merger with San Lorenzo Valley Water District” Santa Cruz Sentinel . “Dealing with increasing stringent state regulations was a challenge for Lompico, limited in revenue with 500 customers compared to 8,800 in the San Lorenzo Valley Water District.” “This is terrific, a tremendous ending to a three-year process,” said county Supervisor Bruce McPherson.” https://www.santacruzsentinel.com/2016/05/05/lompico-votes-for-merger-with-san-lorenzo-valley-water-district/
2016 June 1	“Lompico merger with San Lorenzo Valley Water District is complete”, Santa Cruz Sentinel . The Assessment District was “ <u>approved</u> by voters 287-74 on May 4...Lompico residents with one hookup will pay \$5,786 over 10 years, about \$48 per month, paying in property tax bills mailed twice a year.” “Applications are being sought for the five-member Lompico Oversight Committee.” https://www.santacruzsentinel.com/2016/06/01/lompico-merger-with-san-lorenzo-
2016 June 2	“Merger Official after Assessment District vote”, Santa Cruz County Press Release . “In May, 79.5 percent of District customers voted in favor of a merger.” http://www.co.santa-cruz.ca.us/Portals/0/County/CAO/press%20releases/06022016Lompico.pdf
2017 Mar 11	“SLV water should drop unfair Lompico surcharge”, Press Banner Commentary by B. Hollaway. https://www.ttownmedia.com/press_banner/slv-water-should-drop-%20unfair-lompico-
2017 May 11	District Manager Brian Lee informs LADOC he will no longer attend meetings, and says all further questions must be in writing to the board of directors. LADOC drafts first list of questions, included a request for a meeting with the Finance Manager to work together to design a monthly Finance Report and a quarterly meeting with Rick Rogers, the Director of Operations to obtain updates on Lompico Projects.
2017 Sept 7	“San Lorenzo Valley residents to pay most for water after rate increase”, Santa Cruz Sentinel . “According to water district staff, the increase is necessary to fund long-overdue replacement and repair of pipes, pumps and tanks throughout the widespread rural region. The district estimates the work to cost \$30 million over the next 10 years.” https://www.santacruzsentinel.com/2017/09/27/san-lorenzo-valley-residents-to-pay-most-for-water-after-rate-increase/
2017 Oct	LADOC chair memo to the Board of Directors: “The committee has been meeting for fifteen months and has not yet been provided with a report that would assist us in this task [review of expenses].”

2017 Oct 19	BOD meeting. District Manager and director Margaret Bruce propose to either eliminate the Lompico Assessment District Oversight Committee (LADOC) or reduce it to meeting “no more than once a year”.
2017 Nov	The first Lompico Assessment District Finance Report was delivered to the LADOC at the 11/15/2017 meeting and presented by Stephanie Hill the SLVWD Finance Director. The Board president Chuck Baughman was also in attendance to address LADOC questions and concerns.
2018 Jan	First financial reports received by LADOC at a meeting: included water meter change outs completed in June 2016, and a temporary SCADA (control system) installed in August of 2016.
2015, Feb 18	“Measured Hope”, Good Times “To bring the district back to good standing and make all necessary repairs to bring the water district’s equipment up to state requirements, the Santa Cruz County Board of Supervisors created a special all-mail ballot election to vote on a \$3.2 million bond measure, Measure N. The last day to vote is Tuesday, Feb. 24.” http://goodtimes.sc/santa-cruz-news/measured-hope/
2018 May 31	“Encouraging the Flow of Information to the Public”, Santa Cruz County Grand Jury report http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2018_final/SLVWDAndThePublic.pdf
2018 May 31	“San Lorenzo Valley Water District challenged by grand jury findings”, Santa Cruz Sentinel . “The San Lorenzo Valley Water District since 2016 has struggled to address divisive issues, management of Lompico Assessment District capital projects and support for the Lompico Citizen Oversight Committee, the Santa Cruz County civil grand jury reported Thursday.” https://www.santacruzsentinel.com/2018/05/31/san-lorenzo-valley-water-district-challenged-by-grand-jury-findings/
2018 June 27	Special meeting: SLVWD BOD agenda item 3a (pgs. 4-43) Presentation of Grand Jury report to the board and formation of an Ad Hoc committee of directors Baughman and Hayes, to draft a board response to the Grand Jury; Ad Hoc amended to fulfill changes proposed. https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/agendas/specbodagenda_6.27.18_with_closed_session.pdf
2018 Aug 22	SLVWD board grand jury response. The board “agreed” with all findings and responded to all recommendations with “has not been implemented but will be implemented in the future”. http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2018_final/SLVWDAndThePublic_BoD_Response.pdf
2018 Sept 20	BOD regular meeting, agenda item 13.1 SWRCB Permit Amendment [adding Lompico and Manana Woods to SLVWD system] and Supplemental Engineering Report on conditions in Lompico re: redwood tank replacements, water testing, minimum flow requirements of intertie. https://sanlorenzocawater.pt7.civic-
2018 Oct 25	“Familiar face to lead SLV”, Press Banner ; on appointment of Rick Rogers as District Manager, after serving as interim manager since Brian Lee resigned in August. https://www.townmedia.com/press_banner/news/a-familiar-face-to-lead-%20slvwd/article_1259c7e6-d87d-11e8-b959-6b5557a6560d.html

2018 Nov 29	<p>“Fultz, Henry, Swan elected to SLVWD BoD”, Press Banner. “[Lois] Henry, long-time resident of Lompico,” ...”served eight years on the board of directors of the Lompico Water District from 2008 to 2016 through the merger with SLVWD.</p> <p>https://www.ttownmedia.com/press_banner/news/a-familiar-face-to-lead-</p>
2019 March 21	<p>LADOC new charter detailing duties of the committee and district support was written by the committee in a series of workshops; approved and adopted by the Board on March 21. BOD agenda 3.21.19, New Business, item 5B (pages 118-125).</p> <p>https://www.slvwd.com/sites/g/files/vyhlif1176/f/agendas/bod_meeting_agenda_3.21.19_with_backup.pdf</p>
2019 April- July	<p>LADOC workshops on preparation of first Annual Report. Approved by the board on February 20, 2020 https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/agendas/bod_agenda_2.20.20_with_backup_0.pdf</p>



Used valve from PRV station



Redwoods



Memcor treatment plant Valve detail

APPENDIX D:

SLVWD

Bear Creek Estates Wastewater System Service Review (2019)

BEAR CREEK ESTATES WASTEWATER SYSTEM

District Overview

The Bear Creek Estates Wastewater System, operated by the San Lorenzo Valley Water District (SLVWD), provides wastewater collection and treatment for 56 parcels in a portion of Bear Creek Estates subdivision (units 3, 4, and 5). The Bear Creek Estates Wastewater Treatment plant is located at 15900 Bear Creek Road, Boulder Creek, California. It was initially constructed in 1985 as a septic tank treatment system. It was designed to treat a daily average flow of 12,000 gallons per day (GPD) and a peak wet weather flow of 32,500 gallons per day (GPD). The System consists of two (2) cast-in-place, underground concrete tanks, four (4) above ground trickling media filters, an influent pump station, an effluent pump station, and a 2.3-acre leach field. **Figure 11**, on page 31, is a vicinity map of the service area.

Sewer Provision History

The Bear Creek Estates subdivision was first developed between 1963 and 1965 and expanded in 1975. Residential units were historically on private septic systems, and approximately half the units remained on private septic systems during the conversion to the sewer system. A private developer constructed the District's wastewater collection system and septic disposal system in 1985. The Wastewater System was acquired by SLVWD when the development requested annexation into the District's water system.

Population & Growth

There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. The FY 2017-18 audit indicates that the District provides water service to approximately 7,900 customers within its service area. LAFCO staff estimates that the population within the Bear Creek Estates Wastewater System was approximately 183 in 2015. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the System's entire population in 2020 will be around 185.

Under the assumed population growth, the projected population for the Bear Creek Estates Wastewater System are as follows:

Table 4: Projected Population

	2020	2025	2030	2035	Growth Rate
Santa Cruz County (unincorporated)	136,891	137,896	139,105	140,356	1%
San Lorenzo Valley Water District	7,966	8,033	8,100	8,168	1%
Bear Creek Estates Wastewater System	185	186	188	189	1%

Source: AMBAG 2018 Regional Growth Forecast

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all “disadvantaged unincorporated communities” (DUC) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income.

In 2017, the California statewide median household income was \$67,169⁶, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in the County. Based on the criteria set forth by SB 244, staff’s analysis indicates that there are no areas in the Bear Creek Estates Wastewater System designated as a disadvantaged unincorporated community.

Services & Operations

The San Lorenzo Valley Water District owns, operates, and maintains a wastewater system in Boulder Creek’s Bear Creek Estates. Based on staff’s analysis, the System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments. An indirect allocation process is used based on number of overall customers to allocate indirect costs identified as being a shared benefit to all customers. The following are key highlights of the Bear Creek Estates Wastewater System:

- The system collects and treats domestic wastewater flow;
- The existing collection system consists of 19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations, and 56 laterals;
- From 2005 to 2013, the District completed several modifications aimed at achieving regulatory compliance and improved nitrogen removal efficiency. This resulted in the existing treatment septic system being modified to incorporate a 3-stage trickling filter system, new internal recirculation/splitter/ball valves, and new air blowers with high capacity disc diffusers in the clarifier tanks; and
- Due to high regulatory requirements, there is still significant improvements needed for the wastewater system.

Sewer Rates

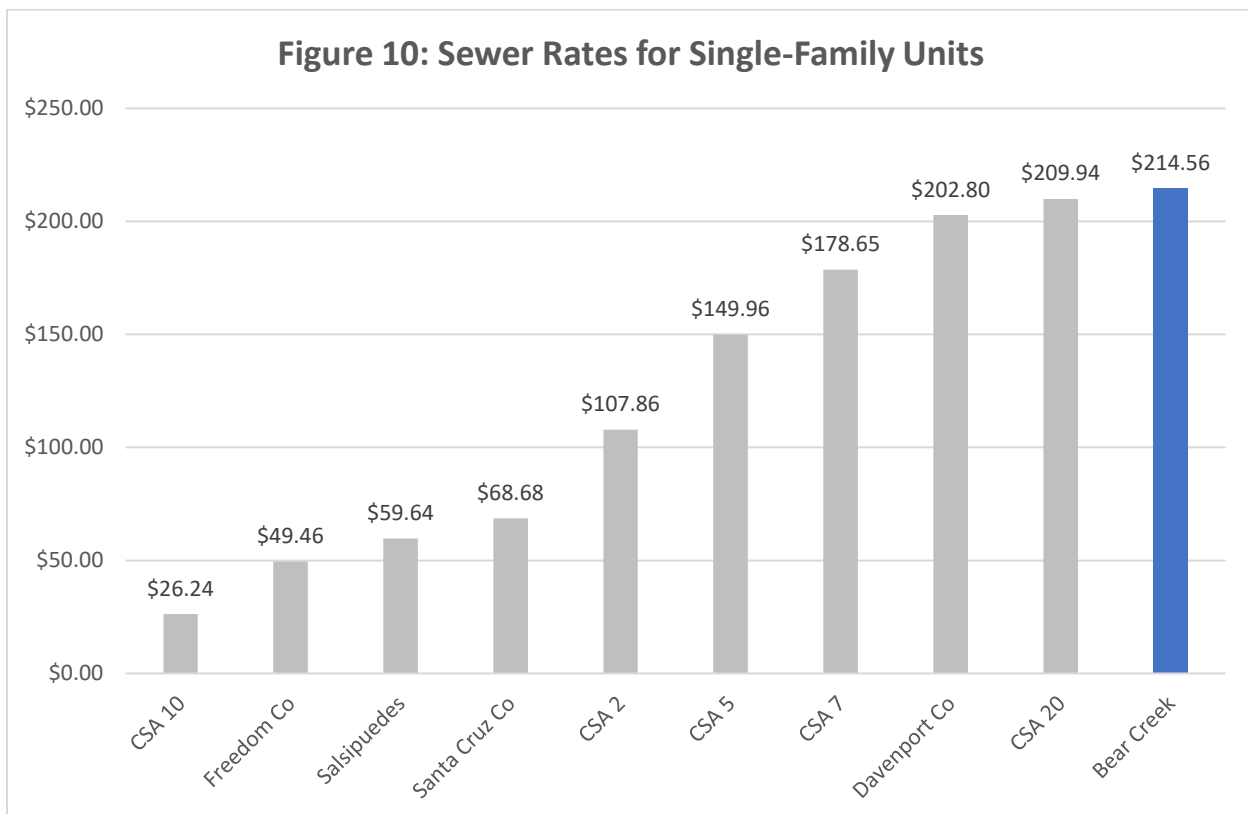
At present, the System’s annual sewer rates derive from single-family units in the Bear Creek Estates subdivision. **Table 5** shows the gradual increase in annual rates during the last several years. From 2013 to 2017, monthly sewer rates were \$149/month. In January 2019, the rates were raised to \$178/month. In January 2020, the rates are expected to increase to \$214.56/month.

⁶ 2013-2017 American Community Survey 5-year Estimates

Table 5: Annual Sewer Rates

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Bear Creek Estates	\$1,488.00	\$1,488.00	\$1,488.00	\$1,488.00	\$1,788.00	\$2,174.72	\$2,574.72
Change (\$)		\$0	\$0	\$0	\$300.00	\$357.60	\$429.12
Change (%)		0%	0%	0%	20%	20%	20%

When comparing the sewer rates with the other sanitation districts analyzed in this report, the Bear Creek Estates Wastewater System is ranked the highest in charges towards single-family units (\$214.56/month), as shown in the figure below.



California Central Coast Regional Water Quality Board Regulations

In 2005, the Central Coast Regional Water Control Board (Regional Board) issued new regulations requiring 50% reduction in total nitrogen (TN) in the wastewater discharge from the treatment plant. To comply with this new requirement, the District completed treatment upgrades in 2005, 2009, and 2013 to the existing treatment septic system by installing three new stage tricking filters, new internal recirculation/splitter/ball valves, and a new air blower with high-capacity disc diffusers in the clarifier tanks. Unfortunately, these modifications have not been successful.

In 2016, the Regional Water Board issued a Notice of Violation of the Waste Discharge Requirements to the District citing ongoing violations with insufficient total nitrogen reduction, since 2007, excess flow violations from inflow and infiltration into the District collection system during rain events, and unsatisfactory operator response for occasional

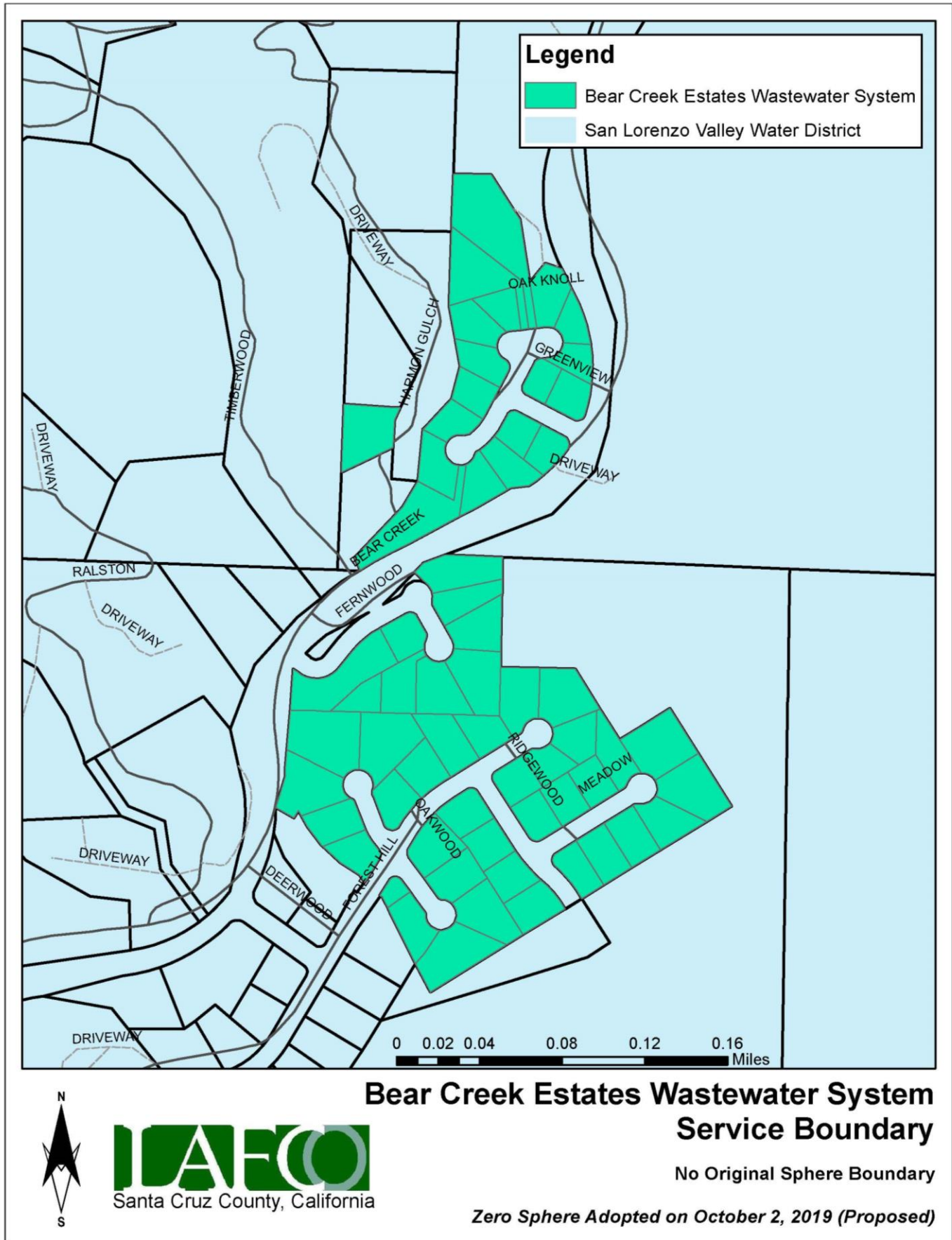
sanitary spills and runoffs from the system into Bear Creek. The Regional Board ordered the District to submit a certified engineering report by May 15, 2016, addressing the following: (1) Wastewater treatment plant modifications to ensure the denitrification process will reduce total nitrogen by 50%, and (2) Engineering controls to reduce inflow and infiltration during rain events. Evidence of Bear Creek Estates Wastewater Treatment Plant operators being properly trained in sanitary sewer and wastewater treatment plant spills.

The District prepared multiple reports investigating these items. Two technical memorandums and the 2018 Bear Creek Estates Wastewater Treatment Plant Wastewater Collection and Treatment System Improvements Report are available on the District website for review. The District's intent is to award a single contract to an engineering firm qualified to do the work. The selected firm will be expected to compile and review data, attend a kickoff meeting, evaluate three alternatives, prepare cost estimates for design and construction, and associated environmental/permitting costs.

The firm will be expected to submit a technical memorandum that includes descriptions of each of the identified alternatives, background, assumptions, and final recommendations. In response to a Request for Proposal on August 30, 2019, the District received three engineering proposals for the Bear Creek Estates Wastewater Alternate Analysis. The District has recently hired a District Engineer who will serve as Project Manager. The selected Engineering firm will be expected to coordinate with the District Engineer throughout the project. The final reports shall include assessment of alternatives and justification for final recommendations. The District anticipates that the study will be completed by Spring 2020.

Infrastructure improvements continues to be an ongoing issue for not only Bear Creek Estates Wastewater System, but rather, most of the sanitation districts throughout the County.

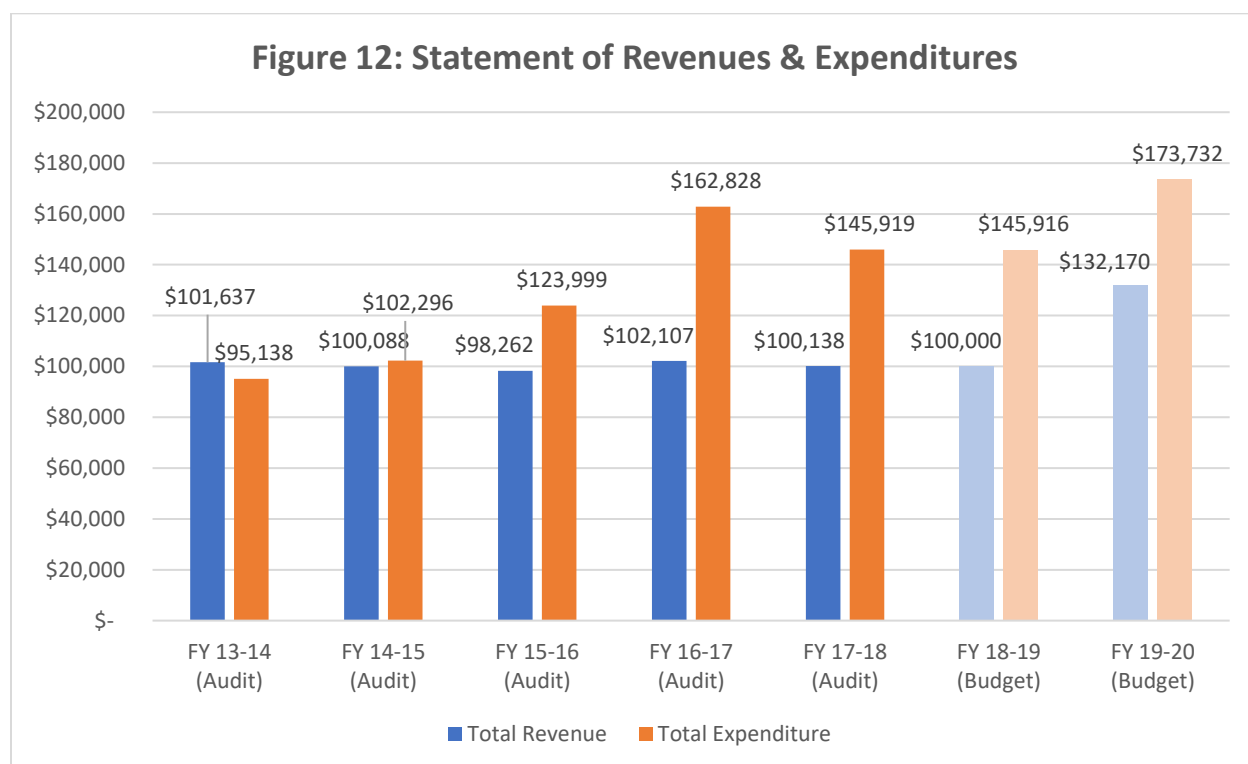
Figure 11: Bear Creek Estates Wastewater System's Vicinity Map



Finances

This section will highlight the System's audited financial performance during the most recent fiscal years. Fiscal Year 2017-18 is the latest audited financial statement available. A comprehensive analysis of the System's financial performance during the past 5 years is shown in **Tables 8** and **9**, on pages 35 and 36.

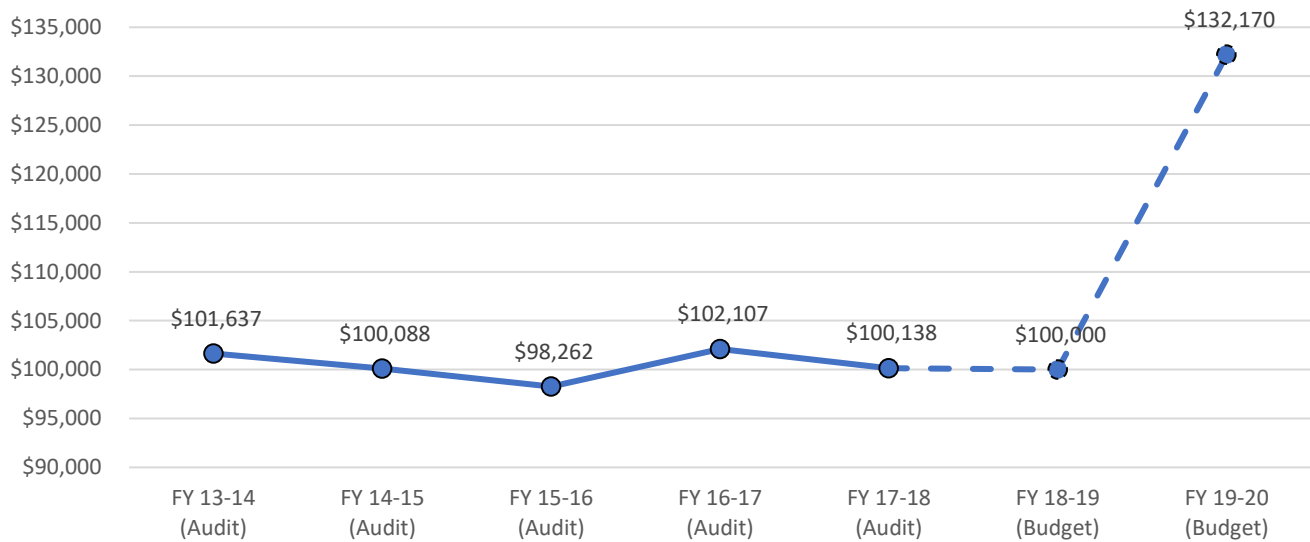
At the end of Fiscal Year 2017-18, total revenue collected was approximately \$100,000, representing a 2% decrease from the previous year (\$102,107 in FY 16-17). Total expenses for FY 17-18 were approximately \$146,000, which decreased from the previous year by approximately \$17,000 (\$162,828 in FY 16-17). As shown in **Figure 12**, the System's total revenues have been less than total expenditures each year since FY 14-15, resulting in a negative impact, ranging from \$2,200 to \$60,700, to the System's net position. Based on the two recently adopted budgets, LAFCO staff projects that this negative trend will continue.



District Revenues

The Bear Creek Estates Wastewater System's only source of revenue is from Wastewater Service Fees. On average, the System receives approximately \$100,450 each year in service fees. **Figure 13** highlights the fluctuation of total revenue received since 2013. The table shows a downward trend in revenues received during FY 13-14 to FY 15-16, and again, during FY 16-17 to FY 18-19. However, the current budget for FY 19-20 projects that the District will earn approximately \$132,000 in service fees. While the expected revenue is scheduled to increase, LAFCO staff projections indicate that total revenues will not cover total expenditures during FY 18-19 and FY 19-20.

**Figure 13: Total Revenue
(FY 13-14 to FY 19-20)**



District Expenditures

The Bear Creek Estates Wastewater System's total expenditures can be categorized into 4 budgetary groups: Salaries & Benefits, General & Administrative, Professional Services, and Operations & Maintenance. The figure below distinguishes the cost and percentage per category. The following pages provide a summary for each budgetary group. As shown below, Operations & Maintenance is the highest expenditure during FY 17-18.

Figure 13: FY 2017-18 Expenditure Breakdown

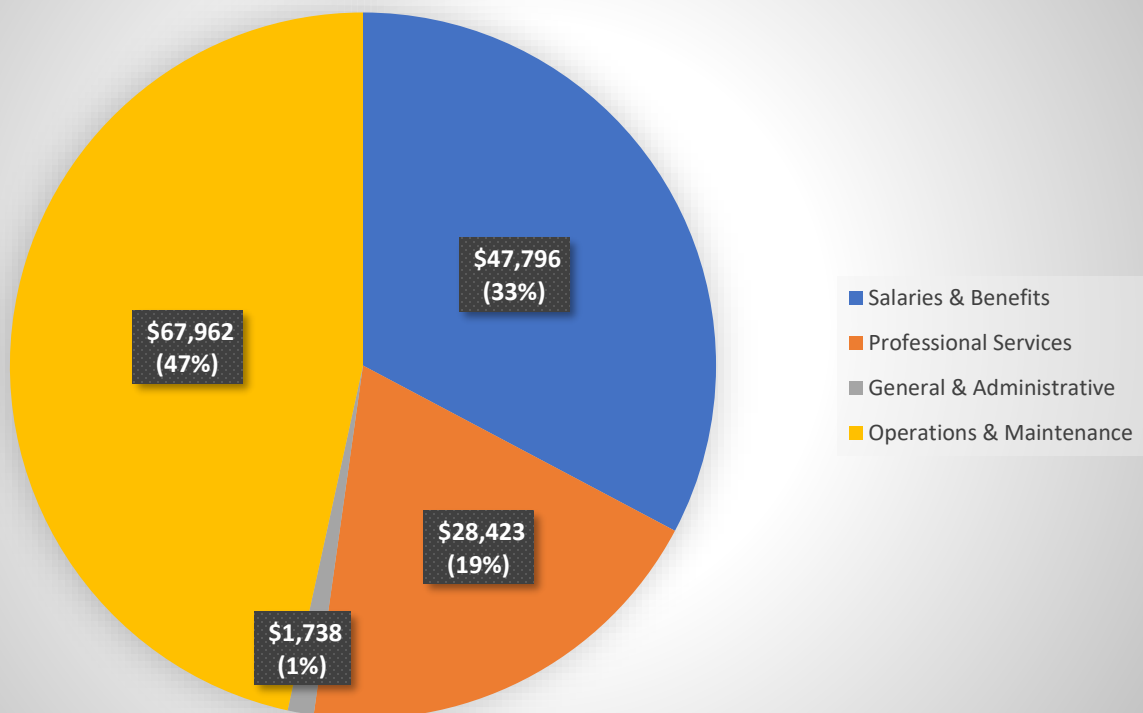


Table 6: FY-2017-18 Expenditure Review

Expenditures:	(\$)	(%)
Operations & Maintenance	\$67,962	47%
Salaries & Benefits	\$47,796	33%
Professional Services	\$28,423	19%
General & Administrative	\$1,738	1%
Total Expenditures	\$145,919	100%

Assets & Liabilities

The Bear Creek Estates Wastewater System, administered by the San Lorenzo Valley Water District, provides sewer services to 56 connections and has limited assets and liabilities. The following is an overview of the System's assets and liabilities:

- System Assets: As of June 30, 2018, the System has \$340,382 in total assets. The Bear Creek Estates Wastewater System has no current assets. The System's non-current assets are primarily capital assets.
- System Liabilities: As of June 30, 2018, the System has \$1,078 in total liabilities. The Bear Creek Estates Wastewater System has no long-term debt. Current liabilities are primarily Accounts Payable and Accrued Expense.

Fund Balance/Net Position

As of June 30, 2018, the total fund balance is approximately \$339,000. The fund balance has been declining moderately on an annual basis since 2014, as shown in the following table.

Table 7: Fund Balance/Net Position

	FY 13-14 (Audited)	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)
Net Position (Ending Balance)	\$473,751	\$471,543	\$445,806	\$385,085	\$339,304
Change in (\$) from previous year		-\$2,208	-\$25,737	-\$60,721	-\$45,781
Change in (%) from previous year		-0.47%	-5.46%	-13.62%	-11.89%

Table 8: Total Revenues & Expenditures

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)	FY 18-19 (Budget)	FY 19-20 (Budget)
REVENUE							
Wastewater Service	<u>\$101,637</u>	<u>\$100,088</u>	<u>\$ 98,262</u>	<u>\$102,107</u>	<u>\$100,138</u>	<u>\$ 100,000</u>	<u>\$132,170</u>
Total Revenue	\$101,637	\$100,088	\$ 98,262	\$102,107	\$100,138	\$ 100,000	\$132,170
EXPENDITURE							
Salaries and Benefits	\$ 12,954	\$ 7,213	\$ -	\$ -	\$ 47,796	\$ 43,020	\$ 56,667
Professional Services	\$ 5,406	\$ 21,500	\$ 33,791	\$ 66,751	\$ 28,423	\$ 64,747	\$ 75,772
Operational	\$ 10,620	\$ 2,453	\$ 12,285	\$ 18,319	\$ 16,116	\$ 23,014	\$ 25,026
Maintenance	\$ 280	\$ -	\$ -	\$ -	\$ 1,106	\$ 2,222	\$ 2,472
Facilities	\$ 8,769	\$ 8,608	\$ 15,486	\$ 8,403	\$ 8,384	\$ 11,128	\$ 12,248
General and Administrative	\$ 15,336	\$ 20,749	\$ -	\$ -	\$ 1,738	\$ 1,785	\$ 1,547
Overhead Adsorption	\$ -	\$ -	\$ 22,987	\$ 26,998	\$ -	\$ -	\$ -
Depreciation	<u>\$ 41,773</u>	<u>\$ 41,773</u>	<u>\$ 39,450</u>	<u>\$ 42,357</u>	<u>\$ 42,356</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditure	\$ 95,138	\$102,296	\$123,999	\$162,828	\$145,919	\$ 145,916	\$173,732
Surplus/(Deficit)	\$ 6,499	\$ (2,208)	\$ (25,737)	\$ (60,721)	\$ (45,781)	\$ (45,916)	\$ (41,562)
Net Position - Beginning	\$467,252	\$473,751	\$471,543	\$445,806	\$385,085	\$ 339,304	\$293,388
Net Position - Ending	\$473,751	\$471,543	\$445,806	\$385,085	\$339,304	\$ 293,388	\$251,826

Footnote: The District anticipates Depreciation to be approximately \$24,000/year for Fiscal Year 2018-19 and 2019-20.

Table 9: Total Assets & Liabilities

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)
ASSETS					
<u>Current Assets</u>					
Internal Balances	\$ (94,772)	\$ (55,207)	\$ (52,791)	\$ (115,762)	\$ (124,678)
<u>Non-Current Assets</u>					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets - not being depreciated	\$ 28,213	\$ 28,213	\$ 46,956	\$ 88,814	\$ 90,685
Capital Assets - being depreciated	<u>\$540,310</u>	<u>\$498,537</u>	<u>\$459,087</u>	<u>\$ 416,731</u>	<u>\$ 374,375</u>
Total Assets	\$473,751	\$471,543	\$453,252	\$ 389,783	\$ 340,382
LIABILITIES					
Current Liabilities	\$ -	\$ -	\$ 7,446	\$ 4,698	\$ 1,078
Non-Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	\$ -	\$ -	\$ 7,446	\$ 4,698	\$ 1,078
NET POSITION					
Net Investment in Capital Assets	\$568,523	\$526,750	\$506,043	\$ 505,545	\$ 465,060
Restricted for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>\$ (94,772)</u>	<u>\$ (55,207)</u>	<u>\$ (60,237)</u>	<u>\$ (120,460)</u>	<u>\$ (125,756)</u>
Total Net Position	\$473,751	\$471,543	\$445,806	\$ 385,085	\$ 339,304

Governance

The San Lorenzo Valley Water District currently owns and operates the Bear Creek Estates Wastewater System. The San Lorenzo Valley Water District is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, they are appointed by the County Board of Supervisors in lieu of conducting the election. The current Board is as follows:

Table 10: Board of Directors

Board Member	Title	Term of Office Expiration
Lois Henry	Board Chair	2022
Robert Fultz	Vice Chair	2022
Stephen Swan	Board Member	2022
Lew Farris	Board Member	2020
Rick Moran	Board Member	2020

The Board of Directors meet on the first and third Thursday of each month at 6:30 PM. Meetings are held at various locations throughout the San Lorenzo Valley. Public notice is provided through posting. The District contracts for independent audits.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. It outlines minimum website data requirements, including contact information, financial reports, and meeting agendas/minutes. The San Lorenzo Valley Water District has a website which consists of webpages for all operations, including the Bear Creek Estates Wastewater System. The website is currently in contract to be replaced with a new website with additional features, including ADA compliance.

In 2016, the District received the District Transparency Certificate of Excellence by the Special District Leadership Foundation (SDLF) of California in recognition of its outstanding efforts to promote transparency and good governance. In order to receive the award, a special district must demonstrate the completion of eight essential governance transparency requirements. The requirements include conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner. The San Lorenzo Valley Water District also fulfilled 15 website requirements including providing readily available information to the public such as board agendas, past minutes, current district budget and the most recent financial audit.

LAFCO staff believes that the Bear Creek Estates Wastewater System webpage provides useful information. However, it may be beneficial if the System's webpage is updated to identify past and future meeting dates and agenda materials (ex. staff reports, meeting minutes, etc.). Currently, it is difficult to determine when the next meeting date will occur.

LAFCO Staff Recommendation: *The District should consider updating how meeting dates and materials are displayed on the existing System webpage. The District should also include past and future LAFCO service reviews as additional resource materials.*

Capital Improvement Plan

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement projects scheduled for the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Overflows are prohibited, and
- All Sanitary Sewer Overflow (SSOs), with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

The San Lorenzo Valley Water District has adopted an Urban Water Management Plan, which includes a description of the existing location and capacity of the Wastewater System. It is LAFCO staff's understanding that the District does not have an adopted SSMP.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, to the San Lorenzo Valley Water District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the first year that the District has achieved this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and all applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only.

Opportunities & Challenges

The Bear Creek Estates Wastewater System is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Governance Structure Options

The San Lorenzo Valley Water District desires to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency. These steps include:

- Development of a rate-study that will establish operational and capital needs of the wastewater system;
- Implement a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system; and
- Coordination with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establishing a plan with a schedule and key milestones.

LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. It is still unknown whether it is feasible for the County or another local service provider to assume responsibilities within this area. Therefore, LAFCO staff recommends that the District continue to discuss possible partnerships with the County and other neighboring agencies. If an agreement is made, in which all affected parties agree in the transfer of responsibilities, a change of organization may be considered at that point.

Regional Collaboration

Several sanitation districts, including the Bear Creek Estates Wastewater System, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county. Such agreements may also lay the foundation for future changes of organization, including but not limited to annexations, consolidations, or mergers.

Sphere of Influence

LAFCO has established a sphere of influence for the San Lorenzo Valley Water District. Based on staff's analysis and research, it was determined that there is no sphere of influence for the Bear Creek Estates Wastewater System. Due to the ongoing financial constraints, in conjunction with SLVWD's interest in transferring sewer responsibilities to

another local agency, LAFCO staff recommends adopting a zero sphere of influence for the Bear Creek Estates Wastewater System, as shown below.

The Commission may adopt a “zero” sphere of influence (encompassing no territory) for an agency when the Commission has determined that the public service functions of the agency are either: nonexistent, no longer needed, or should be reallocated to some other agency of government. The adoption of a “zero” sphere indicates the agency should ultimately be dissolved and sewer responsibilities transferred to another local agency. Figure 16, on page 41, shows the adopted sphere of influence boundary for the entire San Lorenzo Valley Water District.

Figure 15: Proposed “Zero” Sphere of Influence

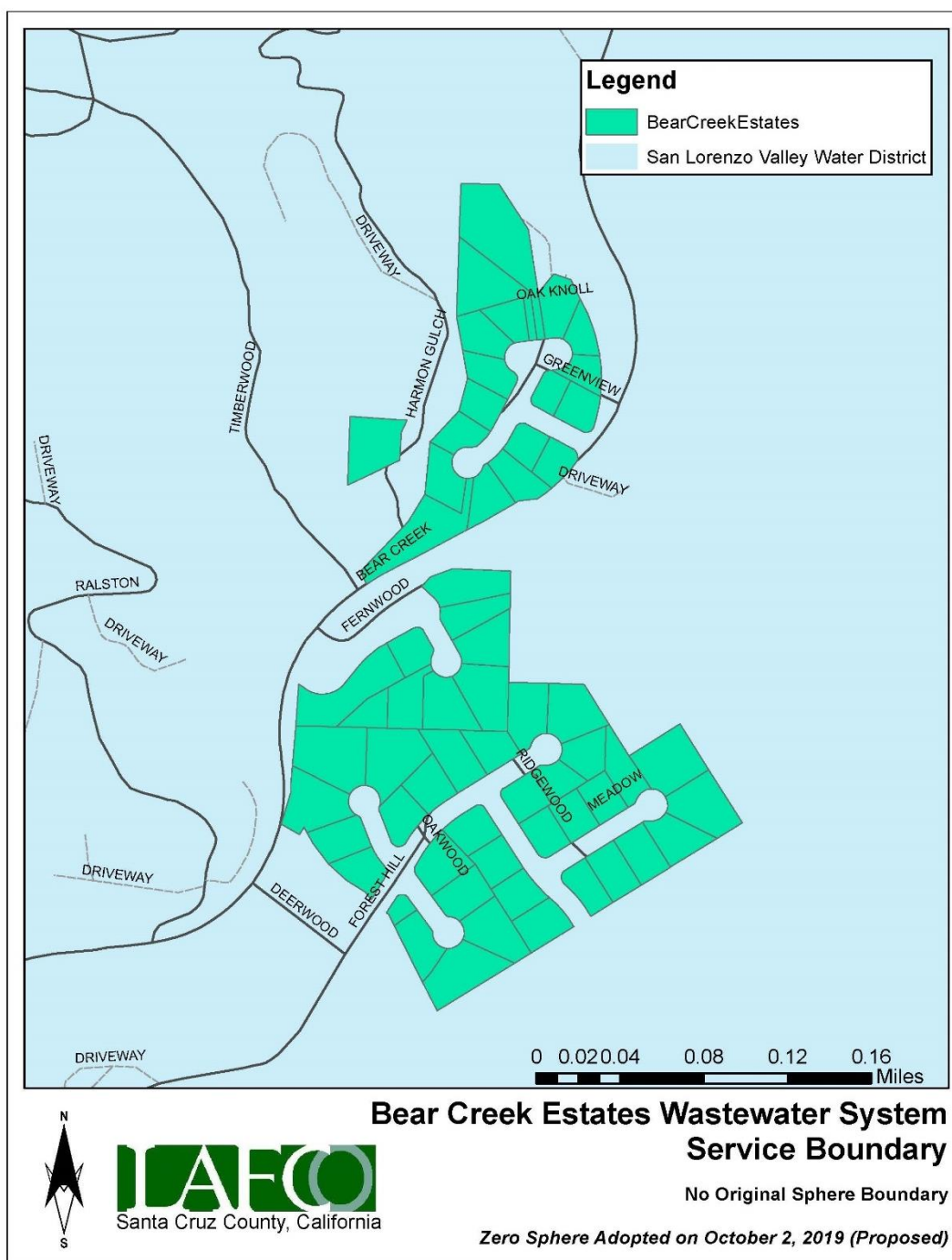
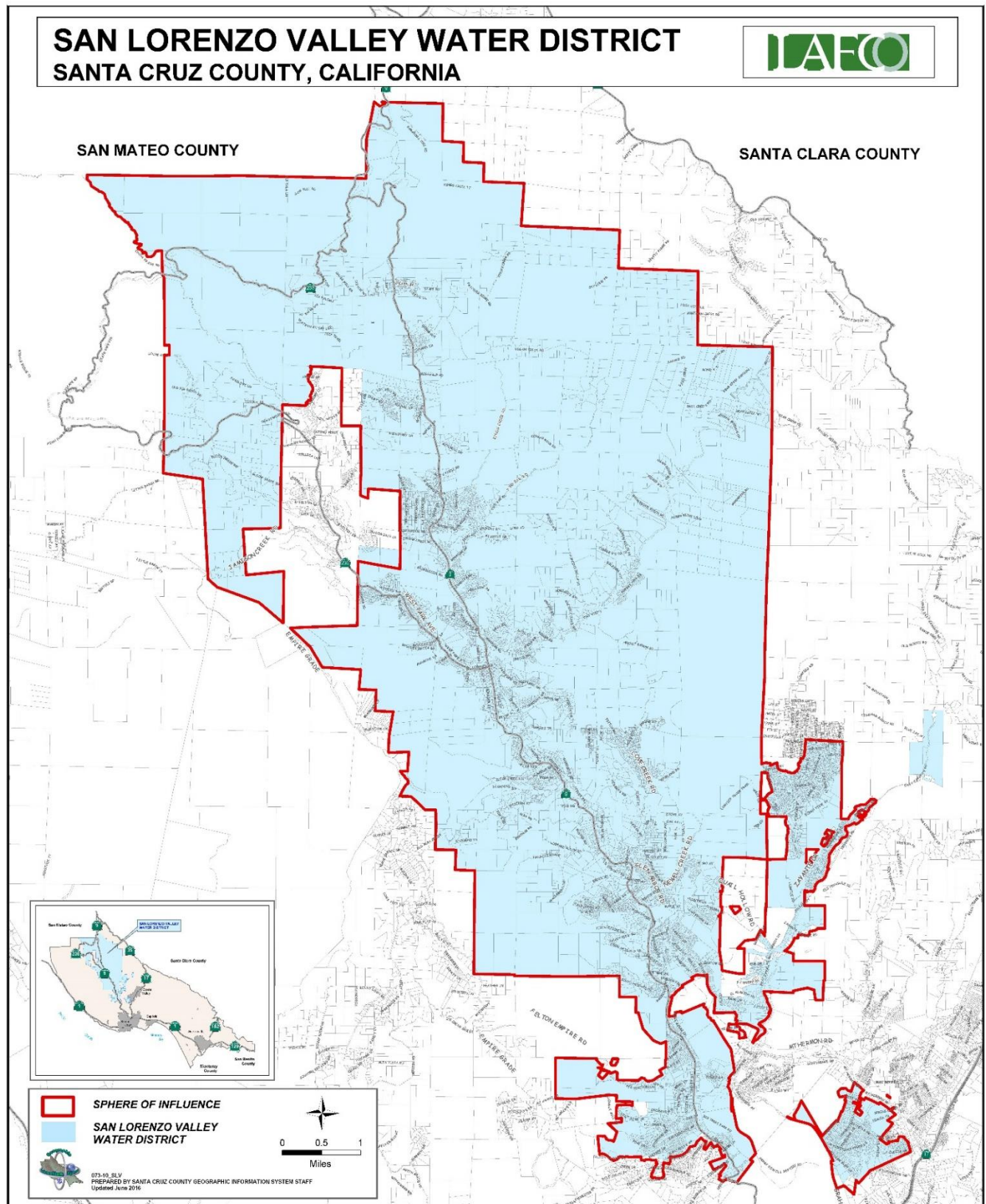


Figure 16: San Lorenzo Valley Water District's Current Sphere Map
 (No Sphere of Influence has been adopted for the Bear Creek Estates Wastewater System)



District Summary

Bear Creek Estates Wastewater System (San Lorenzo Valley Water District)	
Formation	California Water Code, section 30,000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Rick Rogers, General Manager
Employees	34 Full-Time Employees (entire SLVWD)
Facilities	19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations, and 56 laterals
District Area	18.44 acres (0.029 square miles)
Sphere of Influence	<p><i>Proposed Designation:</i> Zero Sphere of Influence</p> <p>The San Lorenzo Valley Water District's sphere is Slightly Larger than the District (i.e. sphere goes beyond existing jurisdictional boundary)</p>
FY 2019-20 Budget	<p>Total Revenue = \$132,170</p> <p>Total Expenditure = \$173,732</p> <p>Projected Net Position (Beginning Balance) = \$251,826</p>
Contact Information	<p>Mailing Address: 13060 Highway 9 Boulder Creek CA 95006</p> <p>Phone Number: (831) 430-4636</p> <p>Email Address: bod@slvwd.com</p> <p>Website: http://www.slvwd.com/ BearCreek.htm</p>
Public Meetings	Meetings are typically held on the first and third Thursday of each month at 6:30 p.m.
Mission Statement	"Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."

Service and Sphere Review Determinations

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act. The District was instrumental in addressing the determinations by responding to a survey sent by LAFCO in June 2019. **Appendix A** provides a copy of the District's survey response.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere of influence. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. The FY 2017-18 audit indicates that the District provides water service to approximately 7,900 customers within its service area. LAFCO staff estimates that the population within the Bear Creek Estates Wastewater System was approximately 183 in 2015. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the System's entire population in 2020 will be around 185.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

In 2017, the California statewide median household income was \$67,169⁷, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in the County. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas in the Bear Creek Estates Wastewater System designated as a disadvantaged unincorporated community.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

The San Lorenzo Valley Water District (SLVWD) was formed back in 1941 and provides water service to approximately 7,900 connections throughout the communities of Boulder Creek, Brookdale, Ben Lomond, Felton, Zayante, and southern Scotts Valley. Since the development of the Bear Creek Estates subdivision back in 1985, SLVWD has been providing sewer service to 56 connections under the governance of the Bear Creek Estates Wastewater System. This residential subdivision has approximately 183 residents and represents approximately 2% of the total population within the San Lorenzo Valley Water District. The District has expressed interest in transferring sewer service responsibilities to another local agency.

⁷ 2013-2017 American Community Survey 5-year Estimates

4. Financial ability of agencies to provide services.

The Bear Creek Estates Wastewater System has experienced an annual deficit over the past six years. Audited financial statements from Fiscal Years 2013 to 2018 indicate that the annual shortage has ranged from \$2,200 to \$60,000. As of June 30, 2018, the System is operating with a net position of approximately \$339,000 with no current assets or cash available. LAFCO staff projects that this negative trend will continue unless the System increases its overall revenue stream or decreases annual expenses.

5. Status of, and opportunities for, shared facilities.

Several sanitation districts, including the Bear Creek Estates Wastewater System, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county. Such agreements may also lay the foundation for future changes of organization, including but not limited to annexations, consolidations, or mergers.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement projects scheduled involving the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service and sphere review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.

The Bear Creek Estates Wastewater System's service area is built out with residential homes. There are no agricultural or open-space lands within the service area.

2. The present and probable need for public facilities and services in the area.

Due to the System's ongoing financial constraints, in conjunction with SLVWD's interest in transferring sewer responsibilities to another local agency, LAFCO staff recommends adopting a zero sphere of influence for the Bear Creek Estates Wastewater System.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The San Lorenzo Valley Water District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates. Based on staff's analysis, the System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments. The San Lorenzo Valley Water District desires to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

LAFCO staff is not aware of any social or economic communities of interest in the area. The Bear Creek Estates Wastewater System's service area is primarily single-family homes.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

APPENDIX E:

SLVWD

Financial Sources

(2015-2020)

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 5,237,534	-	5,237,534
Wastewater service	-	100,088	100,088
Charges and penalties	99,066	-	99,066
Other charges and services	42,202	-	42,202
	<u>5,378,802</u>	<u>100,088</u>	<u>5,478,890</u>
Total operating revenues			
Operating expenses:			
Salaries and benefits	3,421,201	7,213	3,428,414
Professional services	743,184	21,500	764,684
Materials and supplies	154,939	2,453	157,392
Vehicle and equipment maintenance	111,084	-	111,084
Building maintenance	39,433	-	39,433
Repairs	20,010	-	20,010
Collection fees and charges	53,443	-	53,443
Utilities and telephone	487,083	8,608	495,691
Insurance	54,488	-	54,488
Rentals and permits	110,924	16,749	127,673
Travel, meals and conferences	16,171	-	16,171
Auto allowance	1,276	-	1,276
Office expenses	278,575	4,000	282,575
	<u>5,491,811</u>	<u>60,523</u>	<u>5,552,334</u>
Total operating expenses			
Operating income (loss) before overhead absorption	(113,009)	39,565	(73,444)
Overhead absorption	24,644	-	24,644
	<u>(88,365)</u>	<u>39,565</u>	<u>(48,800)</u>
Operating income (loss) before depreciation expense			
Depreciation expense	(1,097,337)	(41,773)	(1,139,110)
	<u>(1,185,702)</u>	<u>(2,208)</u>	<u>(1,187,910)</u>
Operating loss	<u>\$</u>		

Continued on next page

See accompanying notes to the basic financial statements

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position, continued
For the Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Non-operating revenues (expenses):			
Property tax revenue	\$ 762,752	-	762,752
Investment earnings	(1,909)	-	(1,909)
Rental revenue	29,713	-	29,713
Interest expense	(127,850)	-	(127,850)
Gain on disposition of capital assets	34,499	-	34,499
Settlement and purchase agreements	145,257	-	145,257
Total non-operating revenues, net	<u>842,462</u>	<u>-</u>	<u>842,462</u>
Net loss before capital contributions	<u>(343,240)</u>	<u>(2,208)</u>	<u>(345,448)</u>
Capital contributions:			
Capital grants - other governments	2,287,233	-	2,287,233
Total capital contributions	<u>2,287,233</u>	<u>-</u>	<u>2,287,233</u>
Change in net position	<u>1,943,993</u>	<u>(2,208)</u>	<u>1,941,785</u>
Net position, beginning of period, as restated	<u>22,998,049</u>	<u>473,751</u>	<u>23,471,800</u>
Net position, end of period	<u><u>\$ 24,942,042</u></u>	<u><u>471,543</u></u>	<u><u>25,413,585</u></u>

See accompanying notes to the basic financial statements

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 6,145,076	-	6,145,076
Wastewater service	-	98,262	98,262
Meter sales, charges and penalties	194,444	-	194,444
Other charges and services	<u>18,399</u>	<u>-</u>	<u>18,399</u>
Total operating revenues	<u>6,357,919</u>	<u>98,262</u>	<u>6,456,181</u>
Operating expenses:			
Salaries and benefits	3,304,540	-	3,304,540
Professional services	834,427	33,791	868,218
Operational	398,057	12,285	410,342
Maintenance	183,215	-	183,215
Facilities	426,528	15,486	442,014
General and administrative	<u>352,510</u>	<u>-</u>	<u>352,510</u>
Total operating expenses	<u>5,499,277</u>	<u>61,562</u>	<u>5,560,839</u>
Operating income before overhead absorption	858,642	36,700	895,342
Overhead absorption	<u>42,624</u>	<u>(22,987)</u>	<u>19,637</u>
Operating income before depreciation expense	901,266	13,713	914,979
Depreciation expense	<u>(1,286,606)</u>	<u>(39,450)</u>	<u>(1,326,056)</u>
Operating loss	<u>(385,340)</u>	<u>(25,737)</u>	<u>(411,077)</u>

Continued on next page

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position, continued
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Non-operating revenues (expenses):			
Property tax/assessment revenues	\$ 610,634	-	610,634
Investment earnings	11,502	-	11,502
Rental revenues	43,922	-	43,922
Interest expenses	<u>(185,411)</u>	<u>-</u>	<u>(185,411)</u>
Total non-operating revenues, net	<u>480,647</u>	<u>-</u>	<u>480,647</u>
Net income (loss) before capital contributions	<u>95,307</u>	<u>(25,737)</u>	<u>69,570</u>
Capital contributions:			
Capital grants - other governments	<u>1,557,589</u>	<u>-</u>	<u>1,557,589</u>
Total capital contributions	<u>1,557,589</u>	<u>-</u>	<u>1,557,589</u>
Change in net position	1,652,896	(25,737)	1,627,159
Transfer in due to merger	1,009,192	-	1,009,192
Net position – beginning of year	<u>25,106,623</u>	<u>471,543</u>	<u>25,578,166</u>
Net position – end of year	\$ <u><u>27,768,711</u></u>	<u><u>445,806</u></u>	<u><u>28,214,517</u></u>

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 7,157,650	-	7,157,650
Wastewater service	-	102,107	102,107
Meter sales, charges and penalties	178,632	-	178,632
Other charges and services	7,741	-	7,741
Total operating revenues	<u>7,344,023</u>	<u>102,107</u>	<u>7,446,130</u>
Operating expenses:			
Salaries and benefits	4,498,595	-	4,498,595
Professional services	1,135,253	66,751	1,202,004
Operational	445,917	18,319	464,236
Maintenance	130,244	-	130,244
Facilities	490,997	8,403	499,400
General and administrative	314,979	-	314,979
Total operating expenses	<u>7,015,985</u>	<u>93,473</u>	<u>7,109,458</u>
Operating income before overhead absorption	328,038	8,634	336,672
Overhead absorption	101,681	(26,998)	74,683
Operating income (loss) before depreciation expense	429,719	(18,364)	411,355
Depreciation expense	(1,375,120)	(42,357)	(1,417,477)
Operating loss	<u>(945,401)</u>	<u>(60,721)</u>	<u>(1,006,122)</u>
Non-operating revenues (expenses):			
Property tax/assessment revenues	1,129,838	-	1,129,838
Investment earnings	13,858	-	13,858
Rental revenues	59,548	-	59,548
Interest expenses	(166,204)	-	(166,204)
Settlement and purchase agreements	10,000	-	10,000
Total non-operating revenues, net	<u>1,047,040</u>	<u>-</u>	<u>1,047,040</u>
Change in net position	<u>101,639</u>	<u>(60,721)</u>	<u>40,918</u>
Net position – beginning of year	<u>27,768,711</u>	<u>445,806</u>	<u>28,214,517</u>
Net position – end of year	<u>\$ 27,870,350</u>	<u>385,085</u>	<u>28,255,435</u>

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 8,983,340	-	8,983,340
Wastewater service	-	100,138	100,138
Meter sales, charges and penalties	128,305	-	128,305
Other charges and services	3,581	-	3,581
Total operating revenues	<u>9,115,226</u>	<u>100,138</u>	<u>9,215,364</u>
Operating expenses:			
Salaries and benefits	4,792,722	47,796	4,840,518
Professional services	1,390,856	28,423	1,419,279
Operational	304,760	16,116	320,876
Maintenance	142,608	1,106	143,714
Facilities	546,163	8,384	554,547
General and administrative	381,119	1,738	382,857
Total operating expenses	<u>7,558,228</u>	<u>103,563</u>	<u>7,661,791</u>
Operating income before overhead absorption	1,556,998	(3,425)	1,553,573
Overhead absorption	163,697	-	163,697
Operating income (loss) before depreciation expense	1,720,695	(3,425)	1,717,270
Depreciation expense	<u>(1,597,917)</u>	<u>(42,356)</u>	<u>(1,640,273)</u>
Operating income (loss)	<u>122,778</u>	<u>(45,781)</u>	<u>76,997</u>
Non-operating revenues (expenses):			
Property taxes	747,404	-	747,404
Assessment revenues	349,130	-	349,130
Investment earnings	23,040	-	23,040
Rental revenues	56,647	-	56,647
Interest expense	<u>(150,507)</u>	<u>-</u>	<u>(150,507)</u>
Total non-operating revenues, net	<u>1,025,714</u>	<u>-</u>	<u>1,025,714</u>
Net income (loss) before capital contributions	<u>1,148,492</u>	<u>(45,781)</u>	<u>1,102,711</u>
Capital contributions:			
Capital grants - other governments	434,908	-	434,908
Total capital contributions	<u>434,908</u>	<u>-</u>	<u>434,908</u>
Change in net position	<u>1,583,400</u>	<u>(45,781)</u>	<u>1,537,619</u>
Net position, beginning of year as previously stated	27,870,350	385,085	28,255,435
Prior period adjustment	<u>(704,110)</u>	<u>-</u>	<u>(704,110)</u>
Net position, beginning of year as restated	<u>27,166,240</u>	<u>385,085</u>	<u>27,551,325</u>
Net position, end of year	<u>\$ 28,749,640</u>	<u>339,304</u>	<u>29,088,944</u>

San Lorenzo Valley Water District
Combining Schedules of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>2019</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>2018</u>
Operating revenues:						
Water consumption sales	\$ 9,917,657	-	9,917,657	8,983,340	-	8,983,340
Wastewater service	-	111,820	111,820	-	100,138	100,138
Meter sales, charges, and penalties	99,464	-	99,464	128,305	-	128,305
Other charges and services	1,858	-	1,858	3,581	-	3,581
Total operating revenues	<u>10,018,979</u>	<u>111,820</u>	<u>10,130,799</u>	<u>9,115,226</u>	<u>100,138</u>	<u>9,215,364</u>
Operating expenses:						
Salaries and benefits	4,817,360	48,499	4,865,859	4,792,722	47,796	4,840,518
Professional services	1,008,868	28,744	1,037,612	1,320,856	28,423	1,349,279
Operational	360,737	15,211	375,948	304,760	16,116	320,876
Maintenance	152,752	1,140	153,892	142,608	1,106	143,714
Facilities	559,080	9,085	568,165	546,163	8,384	554,547
General and administrative	337,948	1,607	339,555	381,119	1,738	382,857
Total operating expenses	<u>7,236,745</u>	<u>104,286</u>	<u>7,341,031</u>	<u>7,488,228</u>	<u>103,563</u>	<u>7,591,791</u>
Operating income before overhead absorption	2,782,234	7,534	2,789,768	1,626,998	(3,425)	1,623,573
Overhead absorption	146,321	-	146,321	163,697	-	163,697
Operating income(loss) before depreciation expense	2,928,555	7,534	2,936,089	1,790,695	(3,425)	1,787,270
Depreciation expense	(1,521,804)	(42,001)	(1,563,805)	(1,597,917)	(42,356)	(1,640,273)
Operating income(loss)	<u>1,406,751</u>	<u>(34,467)</u>	<u>1,372,284</u>	<u>192,778</u>	<u>(45,781)</u>	<u>146,997</u>
Non-operating revenues(expenses):						
Property taxes	780,378	-	780,378	747,404	-	747,404
Assessment revenues	350,694	-	350,694	349,130	-	349,130
Investment earnings	86,733	-	86,733	23,040	-	23,040
Change in investment in Santa Margarita Groundwater						
Agency	(123,148)	-	(123,148)	(39,970)	-	(39,970)
Rental revenues	44,042	-	44,042	56,647	-	56,647
Interest expense	(153,662)	-	(153,662)	(150,507)	-	(150,507)
Loss on disposition of capital assets	(320,408)	-	(320,408)	-	-	-
Total non-operating revenues, net	<u>664,629</u>	<u>-</u>	<u>664,629</u>	<u>985,744</u>	<u>-</u>	<u>985,744</u>
Net income(loss) before capital contributions	<u>2,071,380</u>	<u>(34,467)</u>	<u>2,036,913</u>	<u>1,178,522</u>	<u>(45,781)</u>	<u>1,132,741</u>
Capital contributions:						
Capital grants - other governments	71,625	-	71,625	434,908	-	434,908
Total capital contributions	<u>71,625</u>	<u>-</u>	<u>71,625</u>	<u>434,908</u>	<u>-</u>	<u>434,908</u>
Changes in net position	<u>2,143,005</u>	<u>(34,467)</u>	<u>2,108,538</u>	<u>1,613,430</u>	<u>(45,781)</u>	<u>1,567,649</u>
Net position, beginning of year, as previously stated	28,779,670	339,304	29,118,974	27,870,350	385,085	28,255,435
Prior period adjustment	-	-	-	(704,110)	-	(704,110)
Net position, beginning of year, as restated	<u>28,779,670</u>	<u>339,304</u>	<u>29,118,974</u>	<u>27,166,240</u>	<u>385,085</u>	<u>27,551,325</u>
Net position, end of year	<u>\$ 30,922,675</u>	<u>304,837</u>	<u>31,227,512</u>	<u>28,779,670</u>	<u>339,304</u>	<u>29,118,974</u>

APPENDIX F:

SLVWD

Strategic Plan

(2016)

San Lorenzo Valley
Water District

2016 Strategic Plan
Approved 12/01/2016

Mission Statement

Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watershed; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Introduction

Acknowledgements

This Strategic Plan is a collaborative effort involving many individuals; Directors, public, staff and consultants. A most prominent ‘Thank You’ goes out from the District to Mr. Brent Ives, BHI Consulting. Mr. Ives provided key guidance during the creation of the 2015 Strategic Plan, the strong foundation of our District’s future efforts.

What is a Strategic Plan?

A Strategic Plan is the top level planning document for an organization to set clear direction over all operational aspects of its mission. It serves as a framework for decision making over a rolling five-year period. It is a disciplined effort to produce fundamental decisions that shape what a District intends to accomplish by selecting a rational and balanced course of action. At its highest level, this Strategic Plan seeks to strengthen and build upon opportunities while addressing areas of concern all aimed toward forecasting an optimized future condition. A large part of its intended use is to clarify the future for the Board, Staff, and the public.

The District has made a conscientious decision to actively review and adjust its Strategic Plan on a yearly basis. Each year the Board of Directors will review and update the Strategic Plan, where new items may be added and prioritized, completed work will be acknowledged and archived, and items may be removed or re-prioritized. The District recognizes that there are many plans and projects that will require more than five years to accomplish.

The District is committed to conducting the work of prioritizing, planning and implementing Strategic Plan projects in an inclusive and transparent manner. We welcome and encourage input from the entire San Lorenzo Valley Water District community.

This document will introduce each important strategic goal, actions and initiatives in each of the strategic elements.

Introduction

Strategic Elements

Strategic Elements represent the vital areas of the District's operation and management. Thorough analysis of each area assures that implementation fully supports the Mission and Vision in a comprehensive way, properly covering the District in all areas. As such, Strategic Elements are supportive of the foundational Mission and Vision statements of the District.

The Strategic Elements are as follows:

1. Water Management
2. Watershed Stewardship
3. Capital Facilities
4. Wastewater Management
5. Fiscal Planning
6. Public Affairs
7. Strategic Partners
8. Organizational Health/Personnel
9. Administrative Management

Introduction

Board Vision Statement

The San Lorenzo Valley Water District has committed to the following courses of action:

Every December 31st we will have:

- Completed a review of our 5-year Capital Improvement Program.
- Successfully connected with our communities.
- Cooperated with other agencies.
- Remained successful in watershed stewardship.

By December 31, 2016 we will have:

- Achieved water conservation levels such that we are in the top 10% of California Water Districts for conservation as a percentage of 2013 consumption levels,
- A Staffing Plan that will achieve appropriate service and maintenance levels by 2020.
- A Capital Improvement Program that is flexible and achievable, detailing projects and milestones.
- Successfully implemented a Water Audit and Loss Control Program reducing water loss through leakage

By December 31, 2017 we will have:

- A balanced budget that reflects Mission needs,
- A rate study of our wastewater system and a plan to fully fund required operations and maintenance. or we have transferred our wastewater responsibilities to another agency or JPA.

By December 31, 2018 we will have:

- We have completed the Probation Tank Replacement Project,

By December 31, 2019 we will have:

- Reduced our carbon footprint as well as maintained our commitment to compliance with AB-32.

By December 31, 2020 we will have:

- Completing environmental review, design, finance planning and construction-ready plans for utilizing Loch Lomond water.
- Adequate staffing at all levels as defined by the 2016 Staffing Plan.
- A redundant Quail Hollow Well Project.

Introduction

Accomplishments

In 2015 we:

- Achieved a yearly 24.9% reduction in water consumption compared to 2013 levels, placing SLVWD above the 90th percentile for state water district's conservation efforts in 2015.
- Reviewed our Capital Improvement Program, establishing prioritization of planned projects
- Reviewed and Re-Codified Ordinance 8 into four documents:
 - Rules and Regulations
 - Policies and Procedures
 - Schedule of Rates and Charges
 - Definitions
- Successfully connected with our communities through public budget meetings, CIP public meetings, workshops and symposiums, Social Media and Newsletters, and a variety of published opinion pieces and guest articles in local papers.
- Cooperated with other agencies through joint meetings with Scotts Valley Water District, collaborative efforts with the Fall watershed symposium, among others.
- Successfully implemented a water audit and loss control program, reducing our water loss through leakage by 60,000 gallons

In 2016 we:

- Completed the North-South Intertie Project.
- Completed both the 2010 the 2015 Urban Water Management Plans.
- Successfully transitioned Lompico County Water District into the District service area.
- Funded educational projects that enhance the understanding of the San Lorenzo River watershed or improve the watershed's environmental health.
- Collaborated with other agencies and local stakeholders on large landscape and water resource stewardship efforts across the San Lorenzo Watershed

1.0 Water Supply Management

Objective

To ensure water supplies of high quality and quantities are available for existing and future customers. We will do this by responsibly managing all water and watershed resources under the District's control, developing a diversified water supply, and by partnering with and/or influencing agencies that have an impact on the quantity and quality of current and supplemental water supplies available to the District.

5-Year Strategic Goals:

- 1.1 North - South Intertie
- 1.2 Redundant Quail Hollow Well
- 1.3 Water Sources
- 1.4 Water Audit and Loss Control Program
- 1.5 Felton Infrastructure and Source Water

1.0 Water Supply Management

1.1 North/South Intertie

Currently, the District is comprised of three totally independent water systems: the Northern Distribution System located in the San Lorenzo Valley (Boulder Creek, Brookdale, Ben Lomond, Lompico and Zayante), the Southern Distribution System located in the Scotts Valley area, and the Felton System located in Felton. These three independent water supply and distribution systems are interconnected through intertie pump stations. Currently, the pump stations are available for emergencies only. Free interconnection of the systems would allow for increased reliability and allow the South Distribution System to utilize surplus surface water from the Northern Distribution System during the winter months of normal rainfall years, managing the District's groundwater aquifers through conjunctive-use

Within five years, the District will undertake a CEQA review to utilize the North/South Intertie for enhanced water resource management activities such as the utilization of surface water as a water supply source in the Southern Distribution System for in-lieu groundwater aquifer recharge.

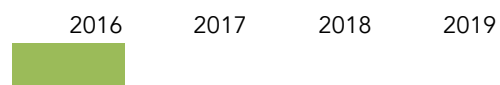
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2018

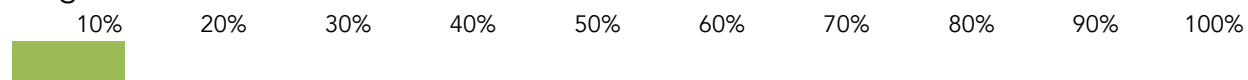
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/07/2016 – District staff is preparing budget costs for inclusion in the 16/17 budget year. District staff is analyzing water budgets for each of the three water systems to develop conceptual conjunctive use water transfer quantities.

Summer 2016 – District staff submitted a grant application, in conjunction with the County of Santa Cruz, to conduct appropriate CEQA Study required to lift 'emergency' restriction from intertie use.

1.2 Redundant Quail Hollow Well

1.0 Water Supply Management

The District always strives to properly manage the groundwater aquifers from which it draws. The District operates and maintains two (2) groundwater wells in the Quail Hollow area (Quail Hollow Well No. 4A and Quail Hollow Well No. 5A) of the District's Northern Distribution System. It is assumed that all work activities associated with the Quail Hollow Redundant Well Project would be funded as a budgeted capital outlay project in a future District Annual Budget. At this time, this project is assumed to be a "pay-as-you go" project funded by ongoing revenues received from District water sales and other fees and charges. It is estimated that it would take approximately 36 months to complete the proposed Quail Well Project (Design, CEQA, Permitting, and Construction).

SCHEDULED START YEAR: 2017

EST. COMPLETION YEAR: 2020

START DATE:

COMPLETION DATE:

Schedule:

2017 2018 2019 2020

Progress:

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

STATUS:

Not Started

1.0 Water Supply Management

1.3 Water Sources

The District owns source water rights on multiple streams within San Lorenzo Valley. Additionally, the District has an historical contractual allocation to purchase up to 313 acre-feet per year of raw water from Loch Lomond Reservoir which is owned and operated by the City of Santa Cruz. The District has not utilized Loch Lomond as a source of supply since the late 1970's. A number of project alternatives and accompanying steps exist to revitalize this source of water supply.

The District also owns and operates multiple wells within local groundwater basins. Historically, the groundwater basins utilized by the District have experienced overdraft and the current groundwater levels remain below historical norms.

Groundwater represents the District's only long-term water storage. Reduced groundwater levels cripple the District's ability to withstand prolonged drought events. Environmentally, lower groundwater levels inhibit groundwater contributions to stream flows.

The District desires to utilize winter flows from available stream diversions and available Loch Lomond water in a conjunctive fashion with available groundwater.

Short Term Goal: Diverting winter flows/Loch Lomond water for use in areas normally reliant on groundwater (South Zone and Manana Woods) provides in-lieu recharge of the groundwater basin.

Long Term Goal: Treatment and storage of available winter/Loch Lomond water in local groundwater basins.

Within the scope of this five-year plan, the District anticipates starting a conjunctive use project to achieve the short-term goal of in-lieu recharge, with steps such as environmental review, design, finance planning and completion of construction ready plans.

1.0 Water Supply Management

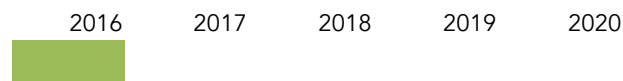
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

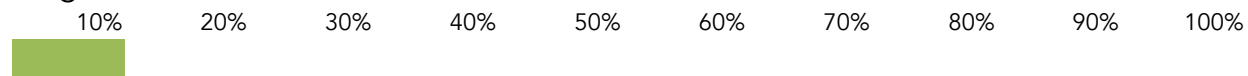
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/09/2016 - District staff is preparing budget costs for inclusion in the 16/17 budget year. District staff is analyzing water budgets for each of the three water systems to develop conceptual conjunctive use water transfer quantities.

Summer 2016 – In collaboration with the County Water Resources Department, staff has applied for grant funding to fund a conjunctive use plan which would include utilization of Loch Lomond to enhance stream flow in Fall Creek.

Fall 2016 – District staff is engaged in discussions with the City of Santa Cruz, Scotts Valley Water District and Soquel Creek Water District to discuss local projects viewed through a regional lens. District's use of Loch Lomond water is a part of the discussions.

1.0 Water Supply Management

1.4 Water Audit and Loss Control Program

To provide water service to customers the District conveys water through approximately 150 miles of various sizes and ages of water mains. Water loss through mainline leakage can be as high as 20 percent of total water production in an older distribution system such as the District's. To ensure that the District is using its water supplies efficiently, the District will implement a Water Audit and Loss Control program over the next five years that will, conduct a water audit to assess the efficiency of the water distribution system, perform leak detection, identify leaks throughout the distribution system and facilitate repairs, control apparent losses in metering and billing to recover missed revenues and develop approaches for short-term and long-term goal setting for the loss control program.

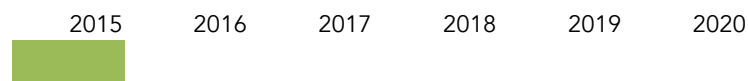
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2020

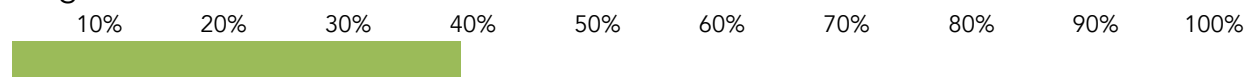
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/09/2016 – District conducted first round of leak detection in 2015. District inspected 150 miles of pipeline and repaired 59 previously unknown leaks totaling an estimated 111 gpm (58 MGY). Staff is anticipating a second round of leak detection in the 2017-18 budget year.

1.0 Water Supply Management

1.5 Infrastructure and Source Water

The District conveys water through approximately 180 miles of various sizes and ages of water pipe and appurtenant facilities, including stream/spring diversions, wells and potable water treatment plants.

District infrastructure and water sources are constrained and restricted due to age and deferred maintenance.

Within the next five years the District would like to develop an Infrastructure Master Plan Area that addresses replacement of infrastructure that has reached the end of its useful life.

Within the next five years the District would like to develop a Source Water Master Plan that provides clear goals and objectives to ensure safe and reliable sources of.

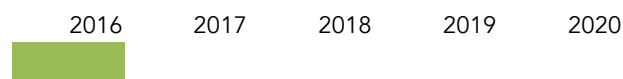
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

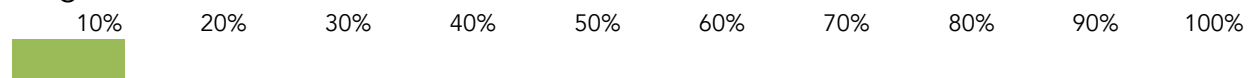
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/09/2016 – District staff is preparing budget costs for inclusion in the 16/17 budget year.

2.0 Watershed Stewardship

Objective:

To manage and protect the environmental health of the local aquifers and watersheds.

Summary of 5-year strategic goals:

2.1 Watershed Management Plan

2.2 Environmental Review of Impacts to San Lorenzo River Watershed

2.3 Climate Action Plan

2.4 Education Program

2.0 Watershed Stewardship

2.1 Watershed Management Plan

In 2006 the District began to prepare an update to the existing Watershed Management Plan from 1985 including changes in the districts land ownership and service area, changes in watershed conditions, advances in watershed science and habitat restoration, and changes in regulatory requirements. Over the next five years staff will evaluate and identify data gaps and complete the districts Watershed Management Plan.

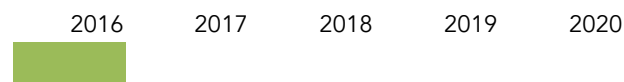
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2020

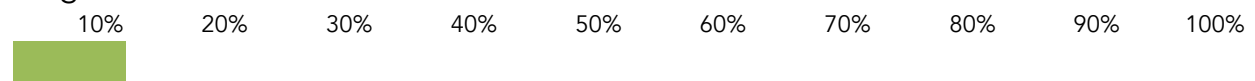
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

Summer 2016- Completed the Plan to Control Invasive Broom and Acacia on the Olympia Watershed

2.0 Watershed Stewardship

2.2 Environmental Review of Potential Impacts to the San Lorenzo River Watershed

Human-induced disturbances in the San Lorenzo River Watershed have altered hydrologic processes by increasing the magnitude and frequency of peak discharges and reducing summer base flows. Urban and rural development is a major source of erosion and sedimentation. Many current and historic human-induced impacts in the San Lorenzo River watershed cause or exacerbate erosion and sedimentation. These impacts to the San Lorenzo River watershed directly impact the San Lorenzo Valley Water District and its community. The District has a long history of watershed stewardship, providing environmental review and comments to proposed projects and plans, which impact the watershed. In the next five years, the District will continue to conduct environmental review on timber harvest, agriculture and development projects that impact the District's water sources and the San Lorenzo River Watershed.

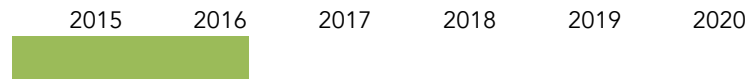
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

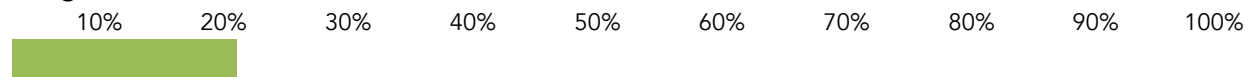
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS: 2016 – District has actively engaged in public discussions regarding the Mount Herman Activity Bike Park and the County Cannabis Cultivation Ordinance creation, timber harvest operations that impact District water resources.

2.0 Watershed Stewardship

2.3 Climate Action Plan

In 2008 the District Board approved a climate change resolution committing itself to meeting greenhouse gas emissions to AB32 standards. In addition, the resolution committed the District to addressing potential impacts of climate change in all of its planning documents.

In addition to maintaining the District's participation in the Climate Action Registry through regular emissions inventory reporting, the District will include consideration of additional climate change mitigation and adaptation measures in its ongoing operations, including such actions as: energy efficiency, fuel efficiency, encouraging water conservation, use or purchase of renewable energy generation, carbon sequestration, ongoing watershed stewardship and improved water supply resiliency.

Within five years, the District will have: evaluated the potential for and economic viability of additional renewable energy generation on District property, evaluated the potential costs and benefits of becoming 'carbon neutral' or 'carbon free' and if feasible, bringing forward a proposal to reach that goal. Within five years the District will have consulted with local and state experts on climate change impacts and will have incorporated appropriate adaptation considerations into our Watershed Management Plans.

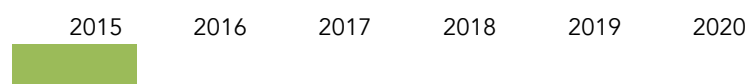
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

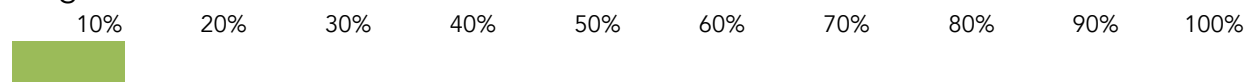
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS: 2016 – District has begun reviewing alternative energy options for the Bull/Bennett Pipeline. Staff has begun reviewing battery storage options to offset peak usage and reduce carbon footprint.

2.0 Watershed Stewardship

2.4 Education Program

To protect the District's water resources over the long term, it is important to raise awareness of water conservation, and watershed protection and stewardship among residents of and visitors to the San Lorenzo Valley River watershed. The mission of the District's Education Program is to provide funding for educational and other projects that enhance the understanding of the San Lorenzo River watershed or improve the watershed's environmental health. Over the next five years, the District will continue to implement both of the education grant programs: the "classic" program and the "data gaps" program, refining them as necessary. Additionally, the District and its Mission has a fascinating history, one that is relevant to today and the future. As such, it is important to share that story.

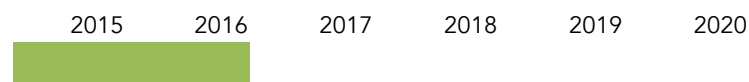
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

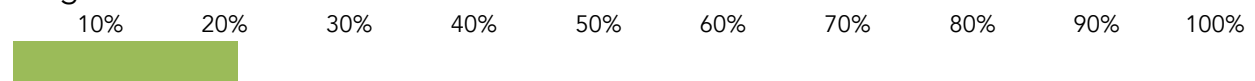
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 - Six Classic Watershed Education Grants are funded annually. Community members, teachers, and nonprofits received grants to fund educational programs which have successfully reached students in every public school in the San Lorenzo Valley.

Monthly newsletters with articles regarding water conservation, watershed stewardship and environmental activities and announcements are distributed to the community via email

3.0 Capital Facilities

Objective:

Properly managing our infrastructure through appropriate maintenance, yearly system condition review and assessment and timely replacement of facilities that have reached or exceeded the end of their service life.

Summary of 5-Year Strategic Goals:

3.1 Capital Improvement Program

3.0 Capital Facilities

3.1 Capital Improvement Program

The District has an ongoing Capital Improvement Program. The project planning and development process of the Capital Improvement Program was established to provide an orderly procedure for the identification, evaluation and prioritization of current and future capital needs of the San Lorenzo Valley Water District. The Capital Improvement Program has been utilized to guide the District's long and short-range planning process by matching identified needs, desired priorities and major capital expenditures. The 2010 Capital Improvement Program lists \$27,455,000 dollars of needed improvements. Over the next five years The 2010 Capital Improvement Program will be updated and progress will be published on the District's website describing the schedules for individual projects by activity, processing time frame and estimated costs for each of the on the projects that are anticipated to be completed over the five years.

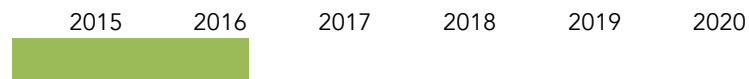
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

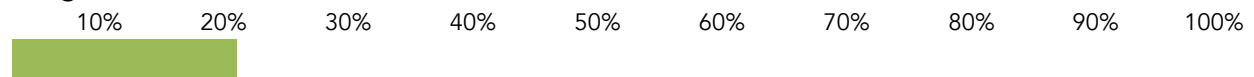
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS: 2016 – District published a ten-year Capital Improvement Plan, including project descriptions and individual project budgets.

4.0 Wastewater Management

Objective:

Properly managing our wastewater operation until the successful transition to a more appropriate entity is achieved. We will work with our wastewater customers and potential successor entities to find a beneficial solution.

Summary of 5-Year Strategic Goals:

4.1 Bear Creek Wastewater Collection and Treatment System

4.0 Wastewater Management

4.1 Bear Creek Wastewater Collection and Treatment System

The District currently owns and operates the Bear Creek Estates Wastewater System which provides wastewater collection and treatment service to approximately 54 single family residences. The District desires to transfer ownership and operation of the wastewater system to a more appropriate agency, such as the County of Santa Cruz, which could operate the system more efficiently. The District will continue to seek resolution of this matter with the County. In the next five years, specific steps toward this goal could include: conducting a rate-study that will establish operational and capital needs of the wastewater system, conduct a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system, establishing a community dialog with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establishing a plan with a schedule and key milestones.

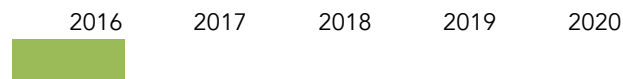
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

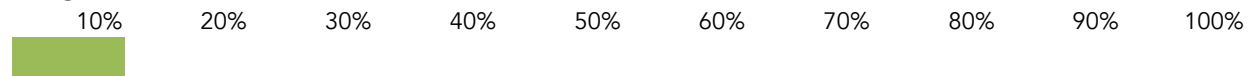
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District is completing a wastewater cost-of-service study.

5.0 Fiscal Planning

Objective:

To ensure the short and long-term fiscal vitality of the District. The District will forecast and plan income, reserves and expenditures and provide financial resources sufficient to fund on-going operations and the capital improvement program (CIP).

Summary of 5-Year Strategic Goals:

- 5.1 Fiscal Plan for Support of Strategy
- 5.2 Funding Infrastructure Replacement
- 5.3 Provide Support for Applying for and Securing Grants
- 5.4 Obtain the Comprehensive Annual Financial Report (CAFR) Award
- 5.5 Annual Review of the Reserve Fund Policy
- 5.6 Fiscal Transparency

5.0 Fiscal Planning

5.1 Fiscal Plan for support of Strategy

The District will continue to prepare and adopt annual balanced budgets, which reflect the mission of the District. The maintenance of this Strategic Plan will be integrated into the annual budgeting process. Additionally, it is anticipated that those goals, actions and/or initiatives outlined within this Plan will be reviewed and considered for funding as each annual budget is developed.

The District will conduct a multi-year rate study that will take into consideration as a minimum: continued fiscal impact of the drought, projected operational and staffing needs, conservation incentives, fixed rates vs. commodity rates, capital funding needs, and reserves.

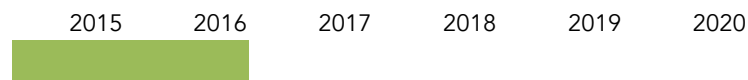
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

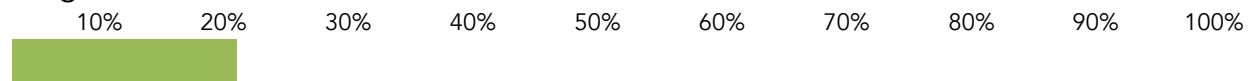
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District is completing a cost-of-service study.

5.0 Fiscal Planning

5.2 Funding Infrastructure Replacement

The District's ongoing fiscal planning activities will include periodic comprehensive analysis of the infrastructure needs of the District. These are generally outlined in the Capital Improvement Program (CIP). Each year during the budget development process, the capital improvement needs will be considered for inclusion within the upcoming budget for either full or incremental funding.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

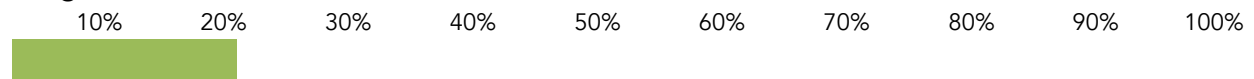
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – CIP projects were included in District's budget for the next fiscal year. District applied for two State Revolving Fund loans; one for Probation Tank Replacement project and one for Swim Tank Replacement project.

5.0 Fiscal Planning

5.3 Provide Fiscal Support for Applying for and Securing Grants

Securing grants for various projects within the District is a best practice and leverages District monies, and thus protects rates. The District will determine proper funding and assistance necessary to support an organized effort to seek out and secure grants as project specific revenues for the District.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

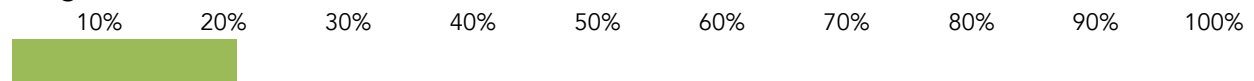
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District applied for two grants; one to conduct an analysis and to plan to conjunctively utilize water resources through the intertie project, to reduce aquifer overdraft and increase stream flow in Fall Creek and the San Lorenzo River during dry periods. The 2nd grant is a collaborative effort to enhance fish habitat in the San Lorenzo River. It includes provisions that would fund the Fall Creek Fish Ladder project, and a large wood project on District and City of Santa Cruz Watershed Property in the Upper Zayante Watershed. Staff anticipates an answer in November 2016.

5.0 Fiscal Planning

5.4 Obtain the Comprehensive Annual Financial Report (CAFR) Award

A Comprehensive Annual Financial Report is a set of financial statements comprising the financial report of the District that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). The CAFR may be considered a more thorough review of the District yearly budget. The Government Finance Officers Association (GFAO) provides a CAFR Award which is the highest form of recognition in the area of governmental accounting and financial reporting. The District's CAFR is evaluated and judged by an impartial panel of the GFOA to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story to its users. Within the next five years the District will earn the CAFR Award.

SCHEDULED START YEAR: 2017

EST. COMPLETION YEAR: 2017

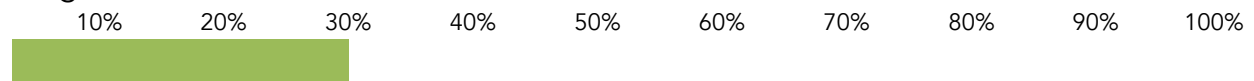
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

Fall 2016 – District has begun incorporating necessary changes to audit and budget process & documents for near-future CAFR.

5.0 Fiscal Planning

5.5 Annual Review of the Reserve Fund Policy

Adequate reserves for the District operations ensure that customers experience both stable rates for service and the security that the District can respond to emergencies, especially regarding water and wastewater quality issues. Adequate reserves ensure that the District will at all times have sufficient funding available to meet its operating, capital and debt service cost obligations, together with future debt or capital obligations, as well as any unfunded mandates, including costly regulatory requirements. The Reserve Fund Policy should be developed to clearly identify specific designated reserve funds, to clearly identify both reserve fund categories and purposes, and set target levels for reserves that are consistent with the District's mission statement, the uniqueness of the District, and the philosophy of the District's Board.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

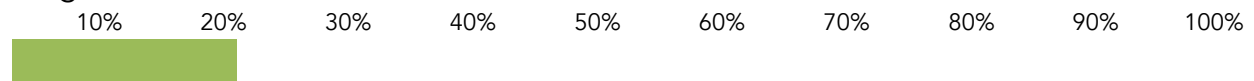
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District reviewed and updated its Reserve Fund Policy.

5.0 Fiscal Planning

5.6 Fiscal Transparency

Fiscal transparency is a bulwark ensuring appropriate governing and managing of a public agency. Rate payers have a right to review the financial transactions of the District. Within the next five years the District will adopt a Policy detailing the steps and actions the District will undertake to ensure fiscal transparency is available to the rate payers.

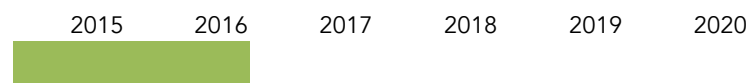
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

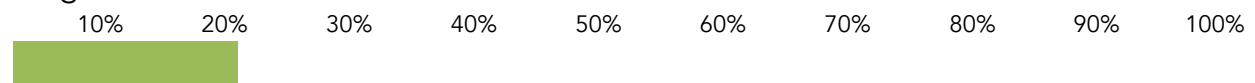
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS: Not started yet.

6.0 Public Affairs

Objective:

To show solid planning, long-range outlook and overall value to our customers. We will do this by being completely transparent and open in our business and decisions. We will identify and employ effective ways to receive input, educate and inform the public and proactively engage with a variety of local media outlets.

Summary of 5-Year Strategic Goals:

- 6.1 Survey Stakeholder Expectations and Understanding of District Issues
- 6.2 Increase Civic Understanding and Engagement
- 6.3 Technology Plan
- 6.4 SDLF Certificate of Transparency

6.0 Public Affairs

6.1 Survey Stakeholder Expectations and Understanding of District Issues

It is important to gauge stakeholder perceptions of the District on a regular basis, to determine how and if perceptions are changing, to improve our service and/or communications and to identify areas where our message is not getting through clearly. Every five years the District will conduct a customer survey such as it did in 2010 to determine what areas of information our customers were interested in and how they would like to receive the information and ask how we might be able to best serve them.

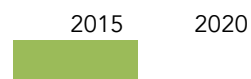
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2020

START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2015 – District conducted on-line/mail-in poll.

6.0 Public Affairs

6.2 Increase Civic Understanding and Engagement

It is critical that the public, especially our ratepayers, understand the issues that public water agencies face on both the global and local scale. Starting a conversation with ratepayers is a good way to engage them in understanding and solving problems. The Public Relations committee is intended to accomplish this. The outcome and advice of this committee will be considered by the Board of Directors for implementation.

Starting in fiscal 2015/16 the District will conduct a 'State-of-the-District' town hall meeting, presenting to the ratepayers in a concise and engaging manor the current issues impacting the District.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

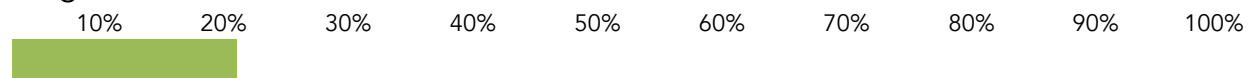
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2015 – District conducted a State-of-the-District meeting in October.

6.0 Public Affairs

6.3 Technology Plan

The District will prepare a Technology Plan that will outline procedures and policies the District will use to continue managing and refining its website (including such features as a calendar function, search capability, and providing more documentation and information resources) and its internet presence (such as Facebook, Twitter, etc.) to facilitate transparency, availability of information, open communications channels and providing useful information to District residents. Additionally, the Technology Plan will incorporate a replacement schedule to keep the District's electronic equipment (office computers, SCADA equipment, and radios) up to date.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

START DATE: 2017

COMPLETION DATE:

Schedule:



Progress:

10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
-----	-----	-----	-----	-----	-----	-----	-----	-----	------

STATUS: Not yet started.

6.0 Public Affairs

6.4 SDLF Certificate of Transparency

Within the next five years the District will obtain the Special District Leadership Foundation 'Certificate of Transparency' as a way to help ensure the public that the District is functioning in as transparent a manner as possible.

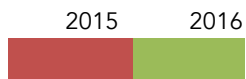
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2015

START DATE: 2015

COMPLETION DATE: 2016

Schedule:



Progress:



STATUS:

June 16, 2016 – District received the SSDLF Certificate of Transparency in June 2016.

7.0 Strategic Partners

Objectives:

To foster beneficial relationships with strategic partners to accomplish the goals of the District. We will do this by embracing strategic ties with other organizations, the legislature and agencies, working closely with regulators and participating in professional associations.

Summary of 5-Year Strategic Goals:

7.1 Develop Strategic Partnerships with Other Agencies

7.2 Through Active Participation, Establish Strong Ties with Regional Planning Groups

7.3 Work with Neighboring Agencies and Impacted Private Well Owners to develop a Groundwater Sustainability Agency (GSA)

7.0 Strategic Partners

7.1 Develop Strategic Partnerships with Other agencies

The San Lorenzo River Watershed is a shared resource. Various public agencies oversee how the resource is managed. As such, partnerships and our relations with these other agencies are important. The District will cultivate supportive and positive relationships with other agencies that may impact the District's operations and watershed stewardship efforts.

The Board President and District Manager will meet on a semi-regular basis with representatives from local agencies (including Scotts Valley, City of Santa Cruz, and County of Santa Cruz) to discuss topics of regional concern.

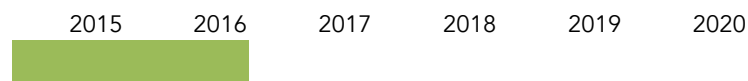
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

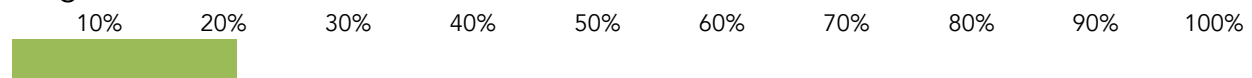
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District has engaged in regional discussion with representatives from local agencies to discuss topics of regional concern. District has jointly applied with the County on two grant applications. District has met with SWWD and City of Santa Cruz to discuss rate setting process.

Staff is actively collaborating with many groups and agencies to strategize and implement projects and plans which enhance environmental health, sustainability and stewardship in the San Lorenzo Valley. Those groups include but are not limited to:

7.0 Strategic Partners

- Santa Margarita Groundwater Sustainability Agency - Multi Agency Stakeholder group which oversees the sustainable management of our shared aquifer.
- Santa Cruz Mountains Stewardship Network – A multi-agency networks working together to enhance stewardship of large landscapes in the Santa Cruz Mountains
- Water Conservation Coalition- Collaboration of all water districts in Santa Cruz County and the County Water Resources, and Non-Profits to reduce water consumption regionally.
- San Lorenzo 2025- Multi-agency effort to enhance fish habitat in the San Lorenzo River.
- Santa Cruz Mountains Bioregional Council- Dedicated to the preservation and enhancement of regional biodiversity over time through education and dissemination of accurate scientific information and assistance in the planning and coordination and implementation of conservation efforts.
- Felton Library Friends – Community group planning the construction of the new Felton Library and the adjacent Nature Connection Play Area.

7.0 Strategic Partners

7.2 Through Active Participation, Establish Strong Ties with Regional Planning Groups

The District shares the water challenges and opportunities with other public agencies in the region and beyond. This makes the need for positive relations with regional planning groups important to the District. We will proactively seek to play an active role in such activities. Within the next five years the District will join and actively participate in various regional organizations or groups that meet on a semi-regular basis to discuss water related issues and topics of concern to the District.

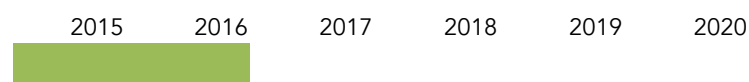
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

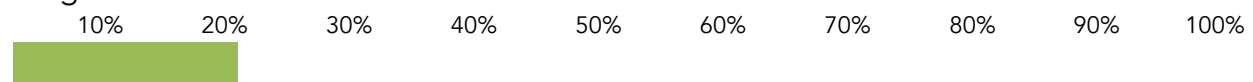
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District has participated in a number of regional group discussions, including:

- Santa Cruz Integrated Regional Water Management Group
- Santa Margarita Groundwater Advisory Group and Sustainable Groundwater Management Act (SGMA) Joint Powers Agency (JPA) formation sub-group.
- Regional Managers water source project review and collaboration summit.
- Regional Managers internship program collaboration summit.

7.0 Strategic Partners

7.3 Work with Neighboring Agencies and Impacted Private Well Owners to develop a Groundwater Sustainability Agency (GSA)

The District shares responsibility for managing the Santa Margarita Groundwater Basin with the County of Santa Cruz, the Scotts Valley Water District and private well owners within the Santa Margarita Groundwater Basin (SMGB). Since the State adoption of the Sustainable Groundwater Management Act (SGMA), the District has started work with our neighbors on developing a Groundwater Sustainability Agency (GSA).

The State defines a GSA as, "One or more local agencies that implement the provisions of SGMA."

The first step in developing a GSA occurred when the District partnered with the County and Scotts Valley Water District to submit a request to the State of California to redefine the boundaries of the SMGB. Prior to our request the State did not recognize SMGB as a medium or high priority basin due to what we believe are clerical errors in the State's defined boundary for the SMGB.

Further accelerated coordination between the District and our partners will be required if the State accepts our request to redefine the SMGB boundaries and adopts the SMGB as a medium priority basin. The formation of a GSA for State identified medium-priority basins is required by June 30, 2017, or two years from basin boundary adjustment, whichever comes later.

Within the next year and a half the District would like to finalize the formation of a GSA with our neighboring agencies and private well owners within the Santa Margarita Groundwater Basin.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

START DATE: 2015

COMPLETION DATE:

Schedule:



7.0 Strategic Partners

Progress:



STATUS:

2015 – District has begun working with Scotts Valley Water District and County of Santa Cruz in drafting the formation documents for future GSA Joint Powers Agency (JPA) for compliance with SGMA and management of our shared groundwater basin.

8.0 Organizational Health/ Personnel

Objectives:

To employ and retain a high quality, motivated workforce. We will do this by utilizing sound policies and personnel practices, offering competitive compensation and benefits, providing opportunities for training, development and professional growth, while ensuring a safe and secure workplace.

Summary of Strategic Goals:

8.1 Staffing Plan

8.2 Compensation and Benefits Benchmarking

8.3 FLSA Audit

8.0 Organizational Health/ Personnel

8.1 Staffing Plan

As the District grows and considers taking on a larger role in water stewardship within the Valley, staffing will need to be thoroughly considered and factored into the budgeting process. Management will assess the staffing needs of the District annually during the budget development process and as the need presents itself.

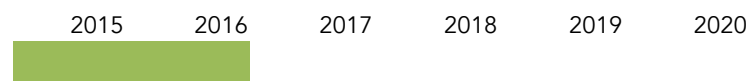
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

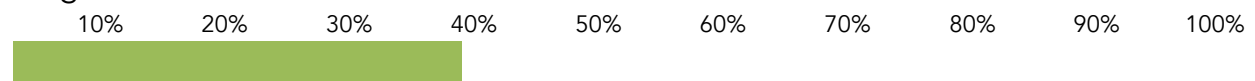
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Proposed staffing plan has been completed.

8.0 Organizational Health/ Personnel

8.2 Compensation and Benefits Benchmarking

Proper consideration for the total compensation for District employees is an important aspect of being effective and efficient with the public funds. The District will perform a comprehensive salary and benefits study to assure a proper baseline of compensation for District employees. It is anticipated that this study will be conducted by a qualified consulting firm.

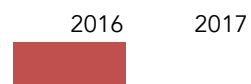
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2017

START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

STATUS: Not yet started.

8.0 Organizational Health/ Personnel

8.3 FLSA Audit

Every five years the District will conduct a Fair Labor Standards Act Audit to ensure that the District is remaining compliant with FLSA rules and regulations.

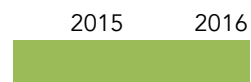
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2016

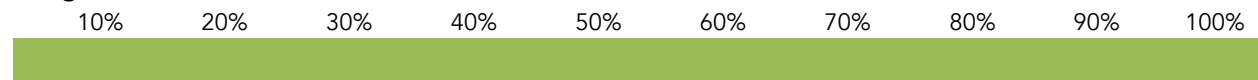
START DATE: 2015

COMPLETION DATE: 2016

Schedule:



Progress:



STATUS:

2016 – Staff, working in conjunction with Paychex (our payroll and HR consultant), conducted an internal FLSA Audit. Determination was that only one position (Board Secretary) was incorrectly assigned per FLSA rules and regulations.

9.0 Administrative Management

Objectives:

Our objective is to create, maintain and implement policies and procedures to ensure sound and efficient management of the District. We will conduct periodic review, refine and implement policies and procedures to ensure that the District Manager and Board have the tools necessary for successfully carrying out the Mission of the District.

Summary of Strategic Goals:

- 9.1 Update Ordinance 8
- 9.2 Board Development
- 9.3 Review Strategic Plan on an Annual Schedule

9.0 Administrative Management

9.1 Update Ordinance 8

Ordinance 8 is the primary source of the District's rules and regulations. Ordinance 8, originally adopted in 1970, has been amended and augmented on numerous occasions by various ordinances and resolutions since the date of adoption. The District will update Ordinance 8, either through a comprehensive review, rewrite and codification or by 'starting fresh', in order to ensure consistency and clear communication between District Board and staff and our customers. Due to the scope and breadth of this project, the District may engage an outside firm to assist with this effort.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2018

START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Ord 8 was repealed and replaced with four new documents; Rules and Regulations, Policies and Procedures, Standard Rates and Charges and Definitions. District has begun the process of review and updating individual components of these four documents.

9.0 Administrative Management

9.2 Board Development

It is a best practice of Boards to address their own development and to adopt best practices in their public role. As such, the Board will adopt clear training and orientation methods each year and plan an annualized calendar for Board development and for individual Board members. The Board will also consider and improve its Board Policies and Procedures Manual.

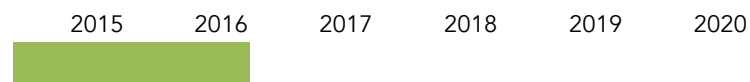
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

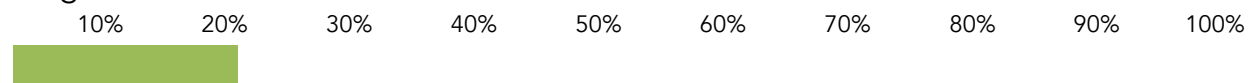
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Board members have attended local and regional water issues and professional development events such as those presented by ACWA. Board rescinded Ord 8, replacing it with four documents; Policies & Procedures, Rules & Regulations, Standard Rates & Charges and Definitions. Board updated the Board Policy Manual.

9.0 Administrative Management

9.3 Review Strategic Plan on an Annual Schedule.

To properly demonstrate commitment of the District in meeting its mission and vision, we will update this strategic plan annually, usually in February of each year.

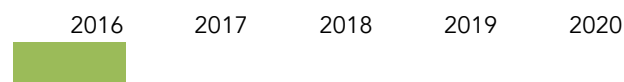
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

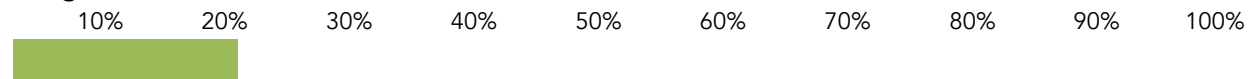
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Strategic Plan was reviewed and a final 2016 document was approved at the December 1, 2016 Regular Board Meeting.

San Lorenzo Valley Water District

Element	Start Year	Completion Year
1.0 Water Supply Management		
1.1 North/South Intertie	2015	2018
1.2 Redundant Quail Hollow Well	2017	2020
1.3 Loch Lomond Water	2016	2020
1.4 Water Audit and Loss Control Program	2015	2020
1.5 Felton Infrastructure and Source Water	2016	2020
2.0 Watershed Stewardship		
2.1 Watershed Management Plan	2015	2020
2.2 Environmental Review of Impacts to San Lorenzo River Watershed	2015	annually
2.3 Climate Action Plan	2015	annually
2.4 Education Program	2015	annually
3.0 Capital Facilities		
3.1 Capital Improvement Program	2015	annually
4.0 Wastewater Management		
4.1 Bear Creek Wastewater Change of Ownership	2016	2020
5.0 Fiscal Planning		
5.1 Fiscal Plan for support of Strategy	2015	annually
5.2 Funding Infrastructure Replacement	2015	annually
5.3 Provide Support for Applying for and Securing Grants	2015	annually
5.4 Obtain the Comprehensive Annual Financial Report (CAFR) Award	2017	2017
5.5 Annual Review of Reserve Fund Policy	2015	Annually
5.6 Fiscal Transparency	2016	On-going
6.0 Public Affairs		
6.1 Survey Stakeholders Expectations and Understanding of District Issues	2015 / 2020	2015/ 2020
6.2 Increase Civic Understanding and Engagement	2015	annually
6.3 Technology Plan	2015	annually
6.4 SDLF Certificate of Transparency	2015	2015
7.0 Strategic Partners		
7.1 Develop Strategic Partnerships with Other Agencies	2015	annually
7.2 Through Active Participation, Establish Strong Ties with Regional Planning Groups	2015	Annually
7.3 Work with Neighboring Agencies and Impacted Private Well Owners to develop a Groundwater Sustainability Agency (GSA)	2015	2017
8.0 Organizational Health/Personnel		
8.1 Staffing Plan	2015	annually
8.2 Compensation and Benefits Benchmarking	2016	2017
8.3 FLSA Audit	2016	2016
9.0 Administrative Management		
9.1 Update Ordinance 8	2015	2018

San Lorenzo Valley Water District

9.2 Board Development	2015	annually
9.3 Review Strategic Plan on a Regular Schedule	2015	annually

APPENDIX G:

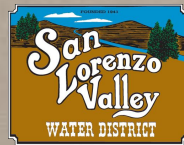
SLVWD

Capital Improvement Plan (2017)



SAN LORENZO VALLEY WATER DISTRICT

LONG RANGE CAPITAL IMPROVEMENT PLANNING



February 25, 2016

1

GOAL

Repeatable way to prioritize projects.



2

4

MEETINGS TO DATE

- May 9th, 2015
- June 25th, 2015
- September 23rd, 2015



3

RESULTS TO DATE

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure / Hardship of Failure	5	No				Yes
Water supply addition/protection/efficiency	5	No		Sustaining		Increasing
Fire Service / community safety - Does the project improve fire service	4	No			Storage	Flow
Environmental Stewardship - improve or 'fix' enviro issues	4	No				Yes
Water Quality - Does the project protect/improve our water quality	4	No				Yes
Estimated Cost - How much will the project cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250K	< \$100k
Cost savings / avoidance / ROI / net cost	3	No				Yes
Maintenance Cost / frequency of repair	3	No				Yes
Population Served - How many people/customers are impacted by the project	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

4

5

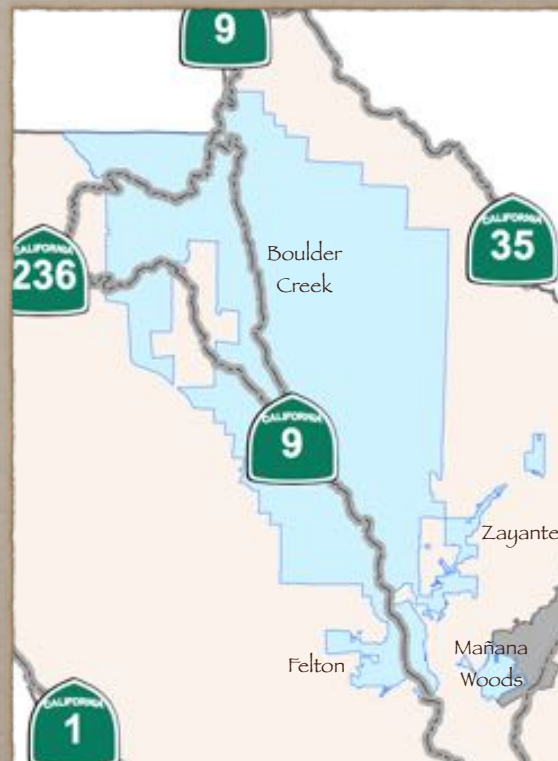
TONIGHT

Staff has ranked the existing 10 year list of Capital Improvement Projects based on Criteria developed by you, the customers/owners, during our last three meetings.



5

System at a Glance



6

SLVWD CAPITAL ASSETS (VERY ROUGH NUMBERS)

Facilities	Amount	Unit	Unit Price	Facility Value	Design Life (yrs)	Facility Value per Year
Pipelines, Services, FH	760,000	lineal feet	\$100.00	\$76,000,000	80	\$950,000
Tanks	8,400,000	gallons	\$1.50	\$12,600,000	60	\$210,000
Pump Stations	33	each	\$250,000	\$8,250,000	30	\$275,000
Wells	9	each	\$2,000,000	\$18,000,000	25	\$720,000
Treatment Plants	3	each	\$2,000,000	\$6,000,000	30	\$200,000
Diversions	7	each	\$500,000	\$3,500,000	50	\$70,000
Op/Admin Buildings	3	each	\$1,000,000	\$3,000,000	60	\$50,000
TOTAL/YR						\$2,475,000

7

CAPITAL COST

\$2,500,000 per year divided among 7,400 meters

\$338 per year

\$28 per month



8

7

RESULTS OF WORKSHOP EFFORTS

- 10-Year CIP 'shopping list'
- 5-Year Capital Improvement Plan
- 1-Year Fiscal Budget for Projects



9

Theoretical 5-Year CIP List

Project	Rank	Year 1	Year 2	Year 3	Year 4	Year 5
BullSpringPipe	127	x				
SanLorenzoWyBridgePipe	121	x				
HihnRdPipe	116	x				
LyonPipe	115	x				
BenetIntake	114	x				
LyonSCADA	105	x				
WorthLnPipe	101	x				
QuailHollowWell	99		x			
SequoiaRdPipe	98			x		
FairviewBooster	95			x		
BenetBooster	94			x		
FeltonAcresTankandBooster	92			x		
HillsideDrPipe	92			x		
RiverviewDrPipe	92			x		
EckleyBooster	92			x		
LochLomondSupply	91				x	x
HighlandTank	91					x
FallCreekFishLadder	90					x
TwoBarRdPipe	89					x
WestParkAvePipe	89					x
KingsCreekPipe	89					x
		\$2,205,000	\$2,500,000	\$1,565,000	\$4,000,000	\$2,120,000

10

NEXT

- ❖ List w/ rankings goes back to the Board for discussion
- ❖ Project Sheets need to be completed
- ❖ Cost-of-Service and Rate Studies need to be completed
 - Can/Should the District plan for a \$2.5M yearly Capital Budget?
- ❖ Board establishes a rolling 5-year CIP Plan
 - Reviewed yearly to adjust for changed conditions
- ❖ Review individual projects for upcoming year(s) during budget

11



QUESTIONS?

Tonight's Presentation and documents will be posted on the District's website tomorrow morning

12

Pipes, Pumps and Tanks (PPT)			
Project	Rank	Cost Est	Funding
Probation Tank	150	\$1,740,000	USDA
Swim Tank	150	\$678,000	USDA
BullSpringPipe	127	\$750,000	PayGo
SanLorenzoWyBridgePipe	121	\$150,000	PayGo
HihnRdPipe	116	\$90,000	PayGo
LyonPipe	115	\$450,000	PayGo
BenetIntake	114	\$495,000	PayGo
LyonSCADA	completed		
WorthLnPipe	101	\$120,000	PayGo
QuailHollowWell	99	SOS	
SequoiaRdPipe	98	\$120,000	PayGo
FairviewBooster	95	\$200,000	PayGo
BenetBooster	94	\$390,000	PayGo
LompicoInterconnection	94	\$301,000	AD 16-01
FeltonAcresTankandBooster	92	\$300,000	USDA
HillsideDrPipe	92	\$240,000	PayGo
RiverviewDrPipe	92	\$240,000	PayGo
EckleyBooster	92	\$75,000	PayGo
LochLomondSupply	91	SOS	
HighlandTank	91	\$225,000	PayGo
FallCreekFishLadder	90	SOS	
TwoBarRdPipe	89	\$450,000	PayGo
WestParkAvePipe	89	\$330,000	PayGo
KingsCreekPipe	89	\$315,000	PayGo
ScenicWyPipe	89	\$315,000	PayGo
ScenicWyPipe	89	\$315,000	PayGo
BlueRidgePipe	89	\$300,000	PayGo
BrackneyRdPipe	89	\$255,000	PayGo
BuenaVistaPipe	89	\$180,000	PayGo

Source of Supply (SOS) projects			Funding
Pasatiempo Well	150	\$ 1,000,000.00	USDA
QuailHollowWell	99	\$2,500,000	Pay Go
LochLomondSupply	91	\$4,000,000	Bonds???
FallCreekFishLadder	90	\$1,160,000	USDA
LompicoTreatment	78	\$105,000	AD 16-01
OlympiaWell	87	\$2,500,000	PayGo

Sum 10 year CIP List	
PayGo	\$22,617,500
AD 16-01	\$2,750,000
USDA	\$4,878,000
Bonds???	\$4,000,000
TOTAL	\$34,245,500

SanLorenzoWyPipe	89	\$180,000	PayGo
FireHouseBooster	89	\$150,000	PayGo
LockwoodLnPipe	89	\$100,000	PayGo
EchoTank	88	\$500,000	PayGo
ElSolyoTank	88	\$300,000	PayGo
OlympiaWell	87	SOS	
UpperBigBasinPipe	86	\$585,000	PayGo
OrmanRdPipe	86	\$300,000	PayGo
FeltonHeightsTank	86	\$150,000	PayGo
MananaBlueTank	completed		
QuailHollowBridge	83	\$60,000	PayGo
ElSolyoBooster	80	\$150,000	PayGo
QuailHollowPipe	79	\$1,480,000	PayGo
LompicoTreatment	78	SOS	
BrooksideDrPipe	77	\$405,000	PayGo
LorenzoAvePipe	77	\$330,000	PayGo
CaliforniaDrPipe	77	\$240,000	PayGo
ManzanitaRdPipe	77	\$240,000	PayGo
BlueRidgeTank	76	\$150,000	PayGo
BearCreekTank	76	\$125,000	PayGo
JuanitaWoodsPipe	74	\$360,000	PayGo
CasetaWyPipe	74	\$135,000	PayGo
PineStPipe	74	\$135,000	PayGo
McCloudTank	73	\$300,000	PayGo
BrookdaleTank	73	\$250,000	PayGo
BlairHydro	73	\$125,000	PayGo
FallCreekFootBridge	73	\$22,500	PayGo
LompicoSCADA	73	\$441,000	AD 16-01
ArdenWyPipe	71	\$240,000	PayGo
BlairTank	70	\$250,000	PayGo
RiversideGroveBooster	70	\$100,000	PayGo

RedwoodParkSCADA	70	\$50,000	PayGo
PineAvePipe	69	\$315,000	PayGo
LaritaAvePipe	68	\$345,000	PayGo
IreneDrPipe	68	\$330,000	PayGo
BandRdPipe	68	\$270,000	PayGo
ElSolyoAvePipe	68	\$135,000	PayGo
FoxCourtPipe	68	\$120,000	PayGo
KiplingAvePipe	68	\$120,000	PayGo
RiversideGroveTank	67	\$300,000	PayGo
LompicoTanks	67	\$682,500	AD 16-01
BarKingRdPipe	65	\$300,000	PayGo
LompicoPRVs	65	\$358,000	AD 16-01
IrwinBooster	61	\$60,000	PayGo
RidgeDrPipe	59	\$210,000	PayGo
WesternStatesBridgePipe	59	\$60,000	PayGo
WhittierManzanitaPipe	56	\$360,000	PayGo
LarkspurBridgePipe	55	\$60,000	PayGo
RiversideAvePipe	53	\$525,000	PayGo
RailroadAvePipe	53	\$315,000	PayGo
PineTank	52	\$300,000	PayGo
BearCreekBooster	52	\$75,000	PayGo
LompicoLinesMeters	46	\$862,500	AD 16-01

Project Name	ArdenWyPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
2	6
Final Score	71

Project Name	BandRdPipe
Estimated Project Cost	\$270,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
2	6
Final Score	68

Project Name	BarKingRdPipe
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
1	3
Final Score	65

Project Name	BearCreekTank
Estimated Project Cost	\$125,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
4	12
3	9
2	6
Final Score	76

Project Name	BearCreekBooster
Estimated Project Cost	\$75,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
5	15
3	9
2	6
Final Score	52

Project Name	BenetBooster
Estimated Project Cost	\$390,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	94

Project Name	BenetIntake
Estimated Project Cost	\$495,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
1	4
4	16
4	16
3	9
3	9
5	15
Final Score	114

Project Name	BlairHydro
Estimated Project Cost	\$125,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
4	12
3	9
1	3
Final Score	73

Project Name	BlairTank
Estimated Project Cost	\$250,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
4	16
4	12
3	9
5	15
Final Score	70

Project Name	BlueRidgePipe
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	BlueRidgeTank
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
4	12
3	9
2	6
Final Score	76

Project Name	BrackneyRdPipe
Estimated Project Cost	\$255,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	BrookdaleTank
Estimated Project Cost	\$250,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
4	16
4	16
3	9
1	3
5	15
Final Score	73

Project Name	BrooksideDrPipe
Estimated Project Cost	\$405,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
3	9
3	9
Final Score	77

Project Name	BuenaVistaPipe
Estimated Project Cost	\$180,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	89

Project Name	BullSpringPipe
Estimated Project Cost	\$750,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
4	16
4	16
2	6
3	9
5	15
Final Score	127

Project Name	CaliforniaDrPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	77

Project Name	CasetaWyPipe
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	74

Project Name	EchoTank
Estimated Project Cost	\$500,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
3	9
3	9
3	9
Final Score	88

Project Name	EckleyBooster
Estimated Project Cost	\$75,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
5	15
3	9
1	3
Final Score	92

Project Name	ElSolyoAvePipe
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
1	3
Final Score	68

Project Name	ElSolyoBooster
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
3	9
Final Score	80

Project Name	ElSolyoTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
3	9
3	9
3	9
Final Score	88

Project Name	FairviewBooster
Estimated Project Cost	\$200,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
3	9
Final Score	95

Project Name	FallCreekFishLadder
Estimated Project Cost	\$800,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
1	4
4	16
4	16
2	6
1	3
5	15
Final Score	90

Project Name	FallCreekFootBridge
Estimated Project Cost	\$22,500

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
5	15
1	3
2	6
Final Score	73

Project Name	FeltonAcresTankandBooster
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
3	9
Final Score	92

Project Name	FeltonHeightsTank
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
1	3
2	6
Final Score	86

Project Name	FireHouseBooster
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
1	4
4	12
3	9
5	15
Final Score	89

Project Name	FoxCourtPipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
1	3
Final Score	68

Project Name	HighlandTank
Estimated Project Cost	\$225,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
4	12
3	9
3	9
Final Score	91

Project Name	HihnRdPipe
Estimated Project Cost	\$90,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
4	16
4	16
5	15
3	9
5	15
Final Score	116

Project Name	HillsideDrPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	92

Project Name	IreneDrPipe
Estimated Project Cost	\$330,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
2	6
Final Score	68

Project Name	IrwinBooster
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
5	15
3	9
5	15
Final Score	61

Project Name	JuanitaWoodsPipe
Estimated Project Cost	\$360,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	74

Project Name	KingsCreekPipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	KiplingAvePipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
1	3
Final Score	68

Project Name	LaritaAvePipe
Estimated Project Cost	\$345,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
2	6
Final Score	68

Project Name	LarkspurBridgePipe
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
5	15
1	3
5	15
Final Score	55

Project Name	LochLomondSupply
Estimated Project Cost	\$4,000,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
5	20
4	16
1	4
1	3
1	3
5	15
Final Score	91

Project Name	LockwoodLnPipe
Estimated Project Cost	\$100,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
5	15
3	9
5	15
Final Score	89

Project Name	LorenzoAvePipe
Estimated Project Cost	\$330,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
3	9
3	9
Final Score	77

Project Name	LyonPipe
Estimated Project Cost	\$450,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
1	4
4	16
2	6
3	9
5	15
Final Score	115

Project Name	LyonSCADA
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
1	4
1	4
4	16
4	12
3	9
5	15
Final Score	105

Project Name	MananaBlueTank
Estimated Project Cost	\$200,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
4	12
1	3
3	9
Final Score	85

Project Name	ManzanitaRdPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	77

Project Name	McCloudTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
4	16
4	16
3	9
1	3
5	15
Final Score	73

Project Name	OlympiaWell
Estimated Project Cost	\$2,500,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
4	16
4	16
1	4
1	3
1	3
5	15
Final Score	87

Project Name	OrmanRdPipe
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
1	3
Final Score	86

Project Name	PineAvePipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
	0
1	4
4	16
3	9
3	9
2	6
Final Score	69

Project Name	PineStPipe
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	74

Project Name	PineTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
4	16
1	4
1	4
3	9
1	3
2	6
Final Score	52

Project Name	QuailHollowPipe
Estimated Project Cost	\$1,480,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
5	20
1	4
1	4
1	3
1	3
5	15
Final Score	79

Project Name	QuailHollowWell
Estimated Project Cost	\$2,500,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
4	16
4	16
4	16
1	3
1	3
5	15
Final Score	99

Project Name	QuailHollowBridge
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
5	15
1	3
5	15
Final Score	83

Project Name	RailroadAvePipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
3	9
1	3
1	3
Final Score	53

Project Name	RedwoodParkSCADA
Estimated Project Cost	\$50,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
1	4
5	15
3	9
3	9
Final Score	70

Project Name	RidgeDrPipe
Estimated Project Cost	\$210,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
4	12
1	3
2	6
Final Score	59

Project Name	RiversideGroveTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
4	16
4	16
3	9
1	3
3	9
Final Score	67

Project Name	RiversideAvePipe
Estimated Project Cost	\$525,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
2	6
1	3
2	6
Final Score	53

Project Name	RiversideGroveBooster
Estimated Project Cost	\$100,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
1	4
5	15
3	9
3	9
Final Score	70

Project Name	SanLorenzoWyPipe
Estimated Project Cost	\$180,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	89

Project Name	SanLorenzoWyBridgePipe
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
4	16
1	4
4	12
3	9
5	15
Final Score	121

Project Name	ScenicWyPipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	ScenicWySystem
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	92

Project Name	SequoiaRdPipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
4	12
Final Score	98

Project Name	TwoBarRdPipe
Estimated Project Cost	\$450,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	UpperBigBasinPipe
Estimated Project Cost	\$585,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
2	6
3	9
2	6
Final Score	86

Project Name	WesternStatesBridgePipe
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
5	15
1	3
1	3
Final Score	59

Project Name	WestParkAvePipe
Estimated Project Cost	\$330,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	WhittierManzanitaPipe
Estimated Project Cost	\$360,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
3	9
1	3
2	6
Final Score	56

Project Name	WorthLnPipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
5	15
Final Score	101

Project Name	RiverviewDrPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	92

Project Name	LompicoTanks
Estimated Project Cost	\$682,500

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
1	4
2	6
1	3
3	9
Final Score	67

Project Name	LompicoTreatment
Estimated Project Cost	\$105,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
1	4
1	4
4	16
4	12
1	3
3	9
Final Score	78

Project Name	LompicoLinesMeters
Estimated Project Cost	\$862,500

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
2	6
3	9
3	9
Final Score	46

Project Name	LompicoInterconnection
Estimated Project Cost	\$301,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
1	4
1	4
3	9
1	3
3	9
Final Score	94

Project Name	LompicoSCADA
Estimated Project Cost	\$441,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
4	16
1	4
4	16
3	9
3	9
3	9
	73

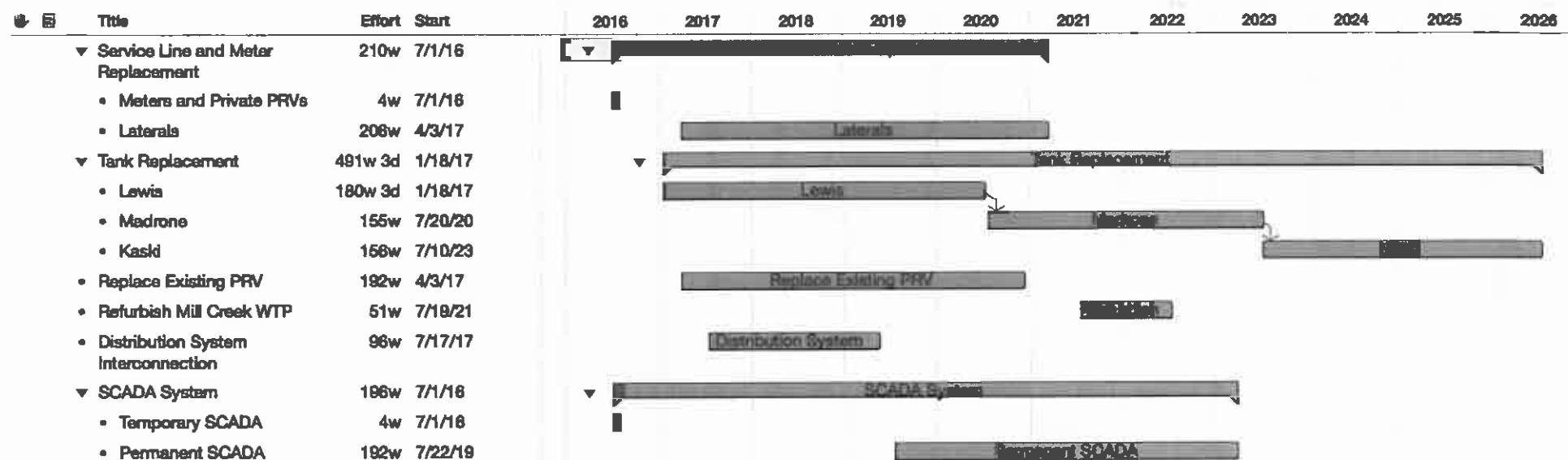
Project Name	LompicoPRVs
Estimated Project Cost	\$358,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
3	9
3	9
3	9
Final Score	65

Assessment District No. 2016-1

Overview Task Report Resource Report Earned Value Analysis Gantt Chart Resources Timeline Monte Carlo Simulation



Exported 2/1/17

Provided to the Lompico Assessment District Oversight Committee in February, 2017

Overview Task Report Resource Report Earned Value Analysis Gantt Chart Resources Timeline Monte Carlo Simulation

Task	Start	End	Duration	Completed	Dependencies	Total Cost	Assigned	Planned Start	Start Variance	Constraint Start	Planned End	End Variance	Constraint End
0) Assessment District No. 2016-1	7/1/16	7/3/26	522w 1d	< 1%		\$2,570,500.00		7/1/16	0h		7/3/26	0h	
1) Service Line and Meter Replacement	7/1/16	3/12/21	245w 1d	2%		\$683,000.00		7/1/16	0h	12/16/15	3/12/21	0h	
1.1) Meters and Private PRVs	7/1/16	7/28/16	4w	100%		\$179,000.00		7/1/16	0h		7/28/16	0h	
1.2) Laterals	4/3/17	3/12/21	206w	0%		\$504,000.00		4/3/17	0h	4/1/17	3/12/21	0h	
2) Tank Replacement	1/18/17	7/3/26	493w 3d	< 1%		\$682,500.00		1/18/17	0h		7/3/26	0h	
2.1) Lewis	1/18/17	7/3/20	180w 3d	1%		\$227,500.00		1/18/17	0h	1/18/17	7/3/20	0h	
2.2) Madrone	7/20/20	7/7/23	155w	0%	2.1	\$227,500.00		7/20/20	0h	7/20/20	7/7/23	0h	
2.3) Kaski	7/10/23	7/3/26	156w	0%	2.2	\$227,500.00		7/10/23	0h		7/3/26	0h	
3) Replace Existing PRV	4/3/17	12/4/20	192w	0%		\$358,000.00		4/3/17	0h	4/3/17	12/4/20	0h	
4) Refurbish Mill Creek WTP	7/19/21	7/8/22	51w	0%		\$105,000.00		7/19/21	0h	7/19/21	7/8/22	0h	
5) Distribution System Interconnection	7/17/17	5/17/19	96w	0%		\$301,000.00		7/17/17	0h	7/17/17	5/17/19	0h	
6) SCADA System	7/1/16	3/24/23	351w 1d	2%		\$441,000.00		7/1/16	0h		3/24/23	0h	
6.1) Temporary SCADA	7/1/16	7/28/16	4w	100%		\$25,000.00		7/1/16	0h		7/28/16	0h	
6.2) Permanent SCADA	7/22/19	3/24/23	192w	0%		\$416,000.00		7/22/19	0h	7/22/19	3/24/23	0h	

Provided to the Lompico Assessment District Oversight Committee in February, 2017

Exported 2/1/17

Estimate of Cash Flow for AD16-1, Lompico Assessment District
November 2017

*

AD 16-1	Est. Cost	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service Line and Meter Replacement	\$ 862,500	\$ 197,888	\$ 132,922	\$ 132,922	\$ 132,922	\$ 132,922	\$ 132,922				
Tank Replacement	\$ 682,500		\$ 45,500	\$ 91,000	\$ 91,000	\$ 45,500	\$ 91,000	\$ 91,000	\$ 45,500	\$ 91,000	\$ 91,000
Replace Existing PRV	\$ 358,000			\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750
Refurbish Mill Creek WTP	\$ 105,000									\$ 52,500	\$ 52,500
Distribution System Interconnection	\$ 301,000			\$ 75,250	\$ 75,250	\$ 150,500					
SCADA System	\$ 441,000	\$ 19,540		\$ 70,243	\$ 70,243		\$ 70,243	\$ 70,243		\$ 70,243	\$ 70,243
Interest	\$ 183,734										

Yearly Expenditure	\$ 2,933,734	\$ (217,428)	\$ (178,422)	\$ (414,166)	\$ (414,166)	\$ (373,672)	\$ (338,916)	\$ (205,993)	\$ (90,250)	\$ (258,493)	\$ (258,493)
Yearly Revenue	\$ 2,933,734	\$ 312,373	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262

Yearly Delta	\$ 94,946	\$ 112,840	(\$122,903)	(\$122,903)	(\$82,410)	(\$47,653)	\$ 85,269	\$ 201,012	\$ 32,769	\$ 32,769
Cash Balance	\$ 94,946	\$ 207,786	\$ 84,882	\$ (38,021)	\$ (120,432)	\$ (168,085)	\$ (82,816)	\$ 118,196	\$ 150,965	\$ 183,734

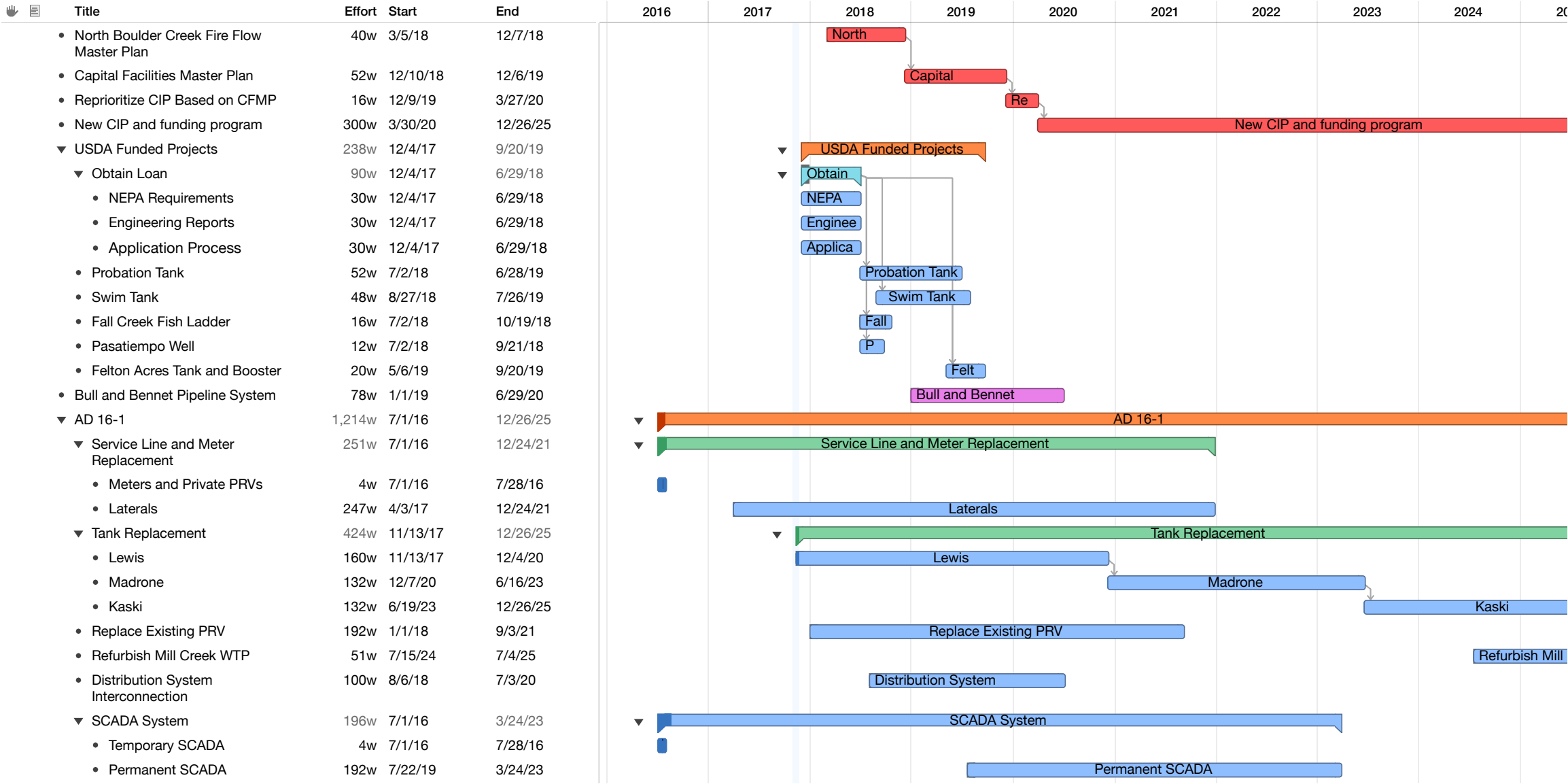
Government Loans (SRF or USDA*)		
Loan Amount	\$ 1,680,000	Of Const. Cost
Application Cost	\$ 70,000	5%
Pre-Engineering Cost	\$ 70,000	5%
Engineering Cost	\$ 140,000	10%
Construction Cost	\$ 1,400,000	

Cost to Apply	\$ 140,000
---------------	------------

* - For USDA Loans, Projects must be completed prior to loan disbursement

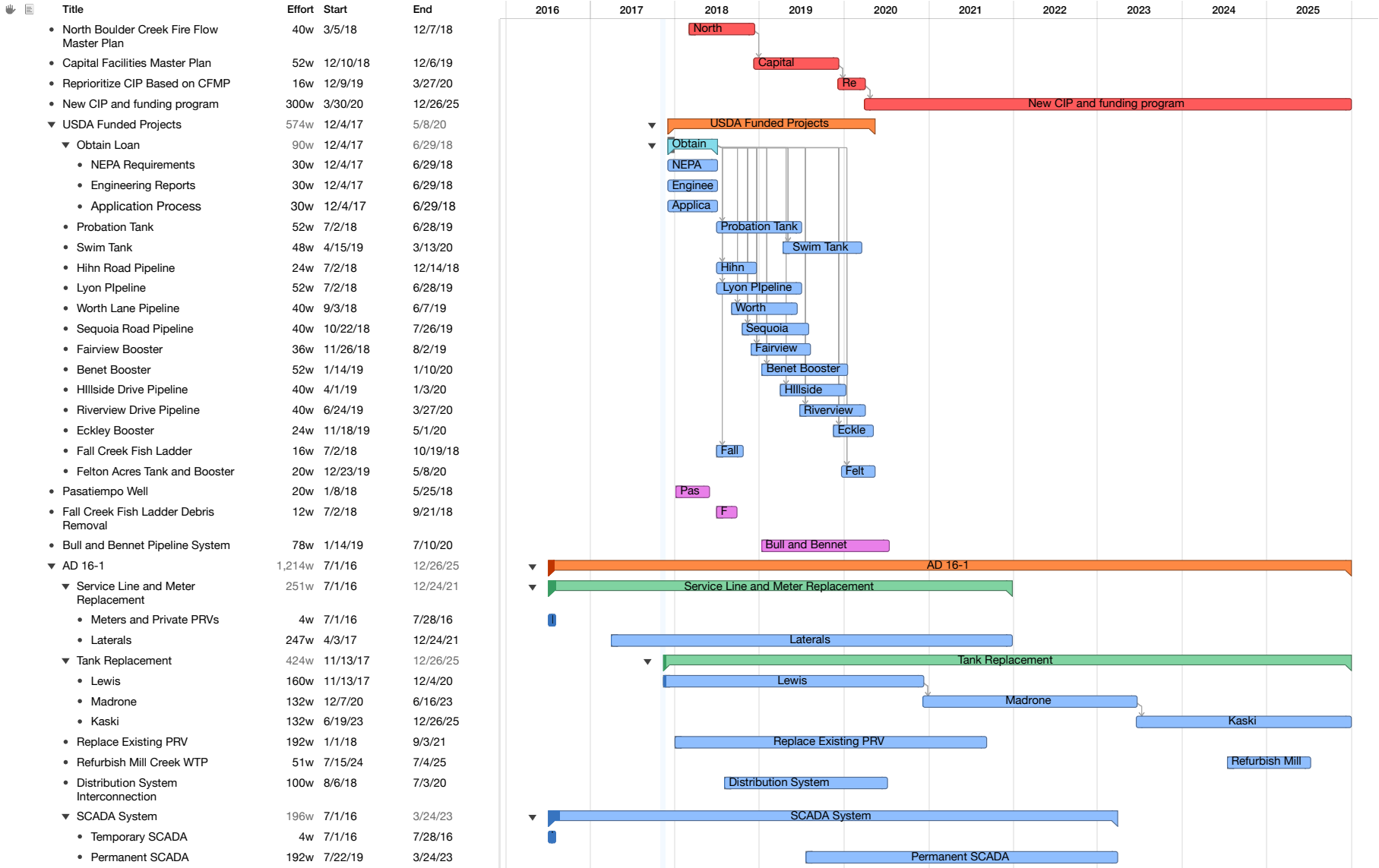
SRF Loans take approx 12 months to process

USDA Loans take approx 9 months to process



USDA Loan Projects	
Probation Tank (50%)	\$ 870,000
Swim Tank	\$ 678,000
Hihn Road Pipel	\$ 90,000
Lyon Pipe	\$ 450,000
Worth Lane Pipe	\$ 120,000
Sequoia Road Pipe	\$ 120,000
Fairview Booster	\$ 200,000
Bennet Booster	\$ 390,000
Felton Acres Tank and Booster	\$ 300,000
Hillside Drive Pipe	\$ 240,000
Riverview Drive Pipe	\$ 240,000
Eckley Booster	\$ 75,000
Fall Creek Fish Ladder	\$ 1,160,000
SUM TOTAL	\$ 4,933,000

[No Project Sheet for Probation, Swim or Eckley](#)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: HIHN ROAD WATER DISTRIBUTION
SYSTEM

PROGRAM: Water Supply - DISTRIBUTION
SYSTEM

PRIORITY: 116

PROJECT No.

District Contact: Brian Lee

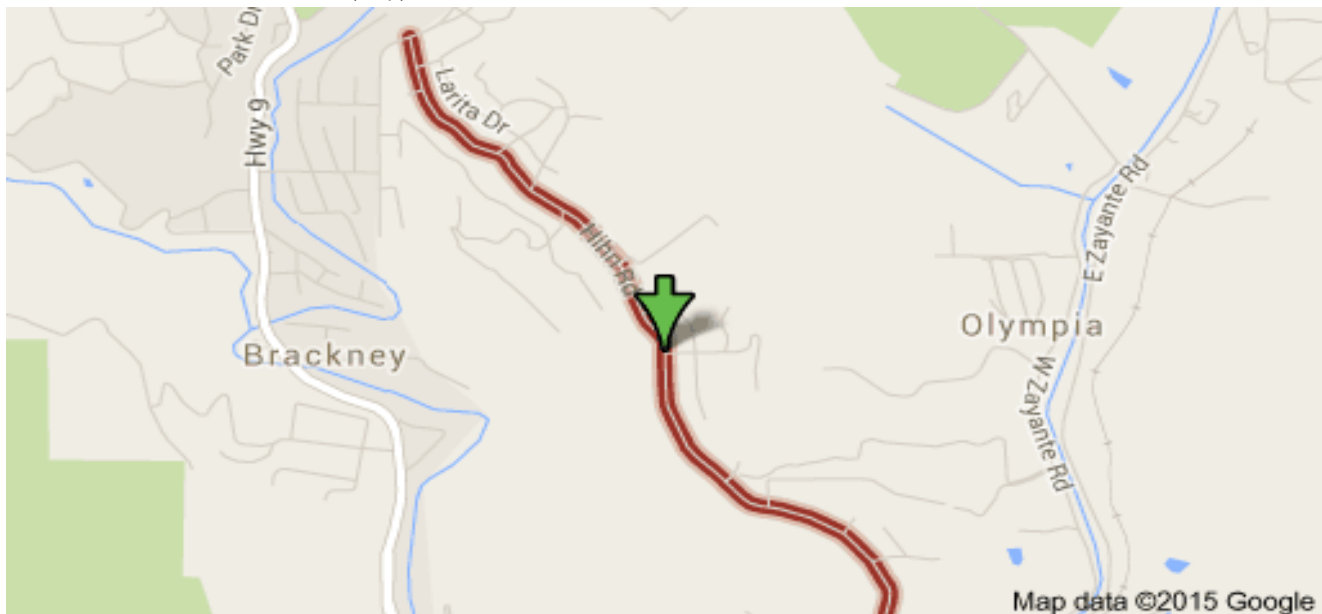
blee@slvwd.com

PROJECT DESCRIPTION

The Hihn Road Water Distribution System, located off Hihn Road in Ben Lomond, would be required in conjunction with the Desert Line Replacement Project. The Desert Line Replacement Project would allow the District to abandon the existing cross-country supply line commonly known as the "Desert Line". The "Desert Line" is an existing 6-inch asbestos cement water main installed above ground and traverses sensitive habitat. This project installation of 600 LF of six-inch water main, would extend water service from the higher elevation University Zone into a portion of the existing Quail Hollow Zone (Ridgeview Drive). Extension of the University Zone would provide adequate water pressure to the highest elevation homes in the vicinity of Ridgeview Drive which are currently being supplied water from the "Desert Line". The Hihn Road Water Distribution System project would transfer the water supply and distribution for approximately twelve (12) service connections from the Quail Zone to the University Zone.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

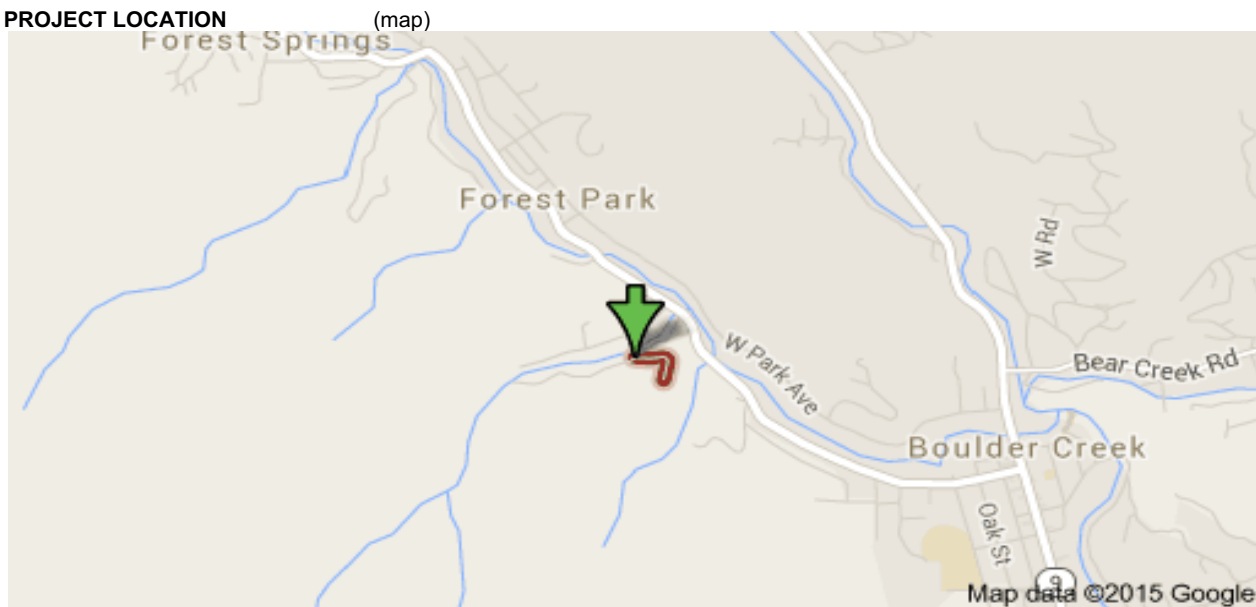
PROJECT	LYON ZONE WATER
PROGRAM	DISTRIBUTION SYSTEM Water Supply - DISTRIBUTION
PRIORITY	115
PROJECT No.	
District Contact	Brian Lee blee@slvwd.com

PROJECT DESCRIPTION

Construction of approximately 3,000 lineal feet of new 10-inch water main and appurtenances thereto. This project will replace the existing 6-inch water main along Highway 236 from Big Steel Water Storage Tank to Highway 9. The existing distribution system is outside the Highway 236 right-of-way and traverses under homes. Undersized water main is the source of flow capacity restriction between Big Steel, Brookdale and Reader Zones. This project is an estimate only and needs additional study to quantify project alternatives and costs.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

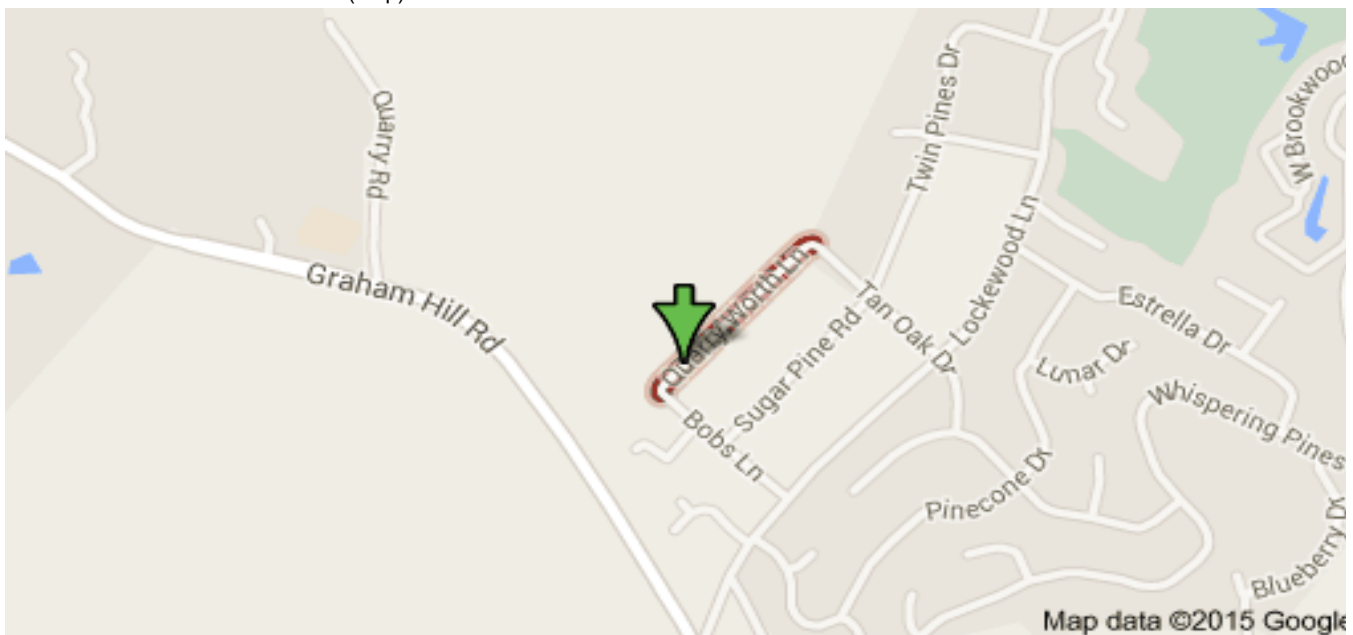
PROJECT: WORTH LANE WATER DISTRIBUTION
SYSTEM
PROGRAM: Water Supply - DISTRIBUTION
SYSTEM
PRIORITY: 101
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

PROJECT DESCRIPTION

Construction of approximately 800 lineal feet of new 6-inch water main and appurtenances thereto. The project will fill in a break in the distribution system from Worth Lane to Lockwood Lane creating a looped main line system. Undersize water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: SEQUOIA AVENUE WATER
DISTRIBUTION
PROGRAM: Water Supply - DISTRIBUTION
SYSTEM
PRIORITY: 98
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

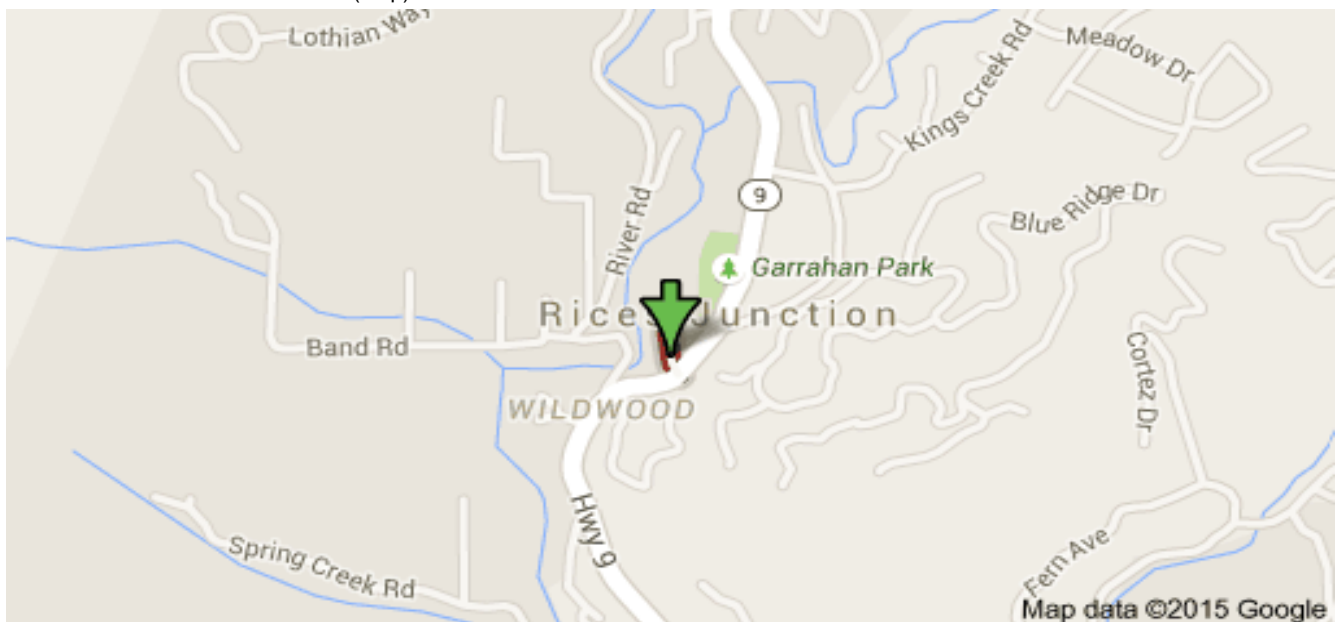
PROJECT DESCRIPTION

Construction of approximately 800 lineal feet of new 8-inch HDPE water main and appurtenances thereto. This project will replace existing 6-inch water main above ground cross-country between the Districts Reader Water Storage Tank and Sequoia Avenue providing a loop feed in the Reader Zone.

- * Bulit item 1
- * Bulit item 2
- * Bulit item 3

PROJECT LOCATION

(map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: FAIRVIEW BOOSTER PUMP STATION

PROGRAM: Water Supply - DISTRIBUTION

PRIORITY: 95

PROJECT No.

District Contact: Brian Lee
blee@slvwd.com



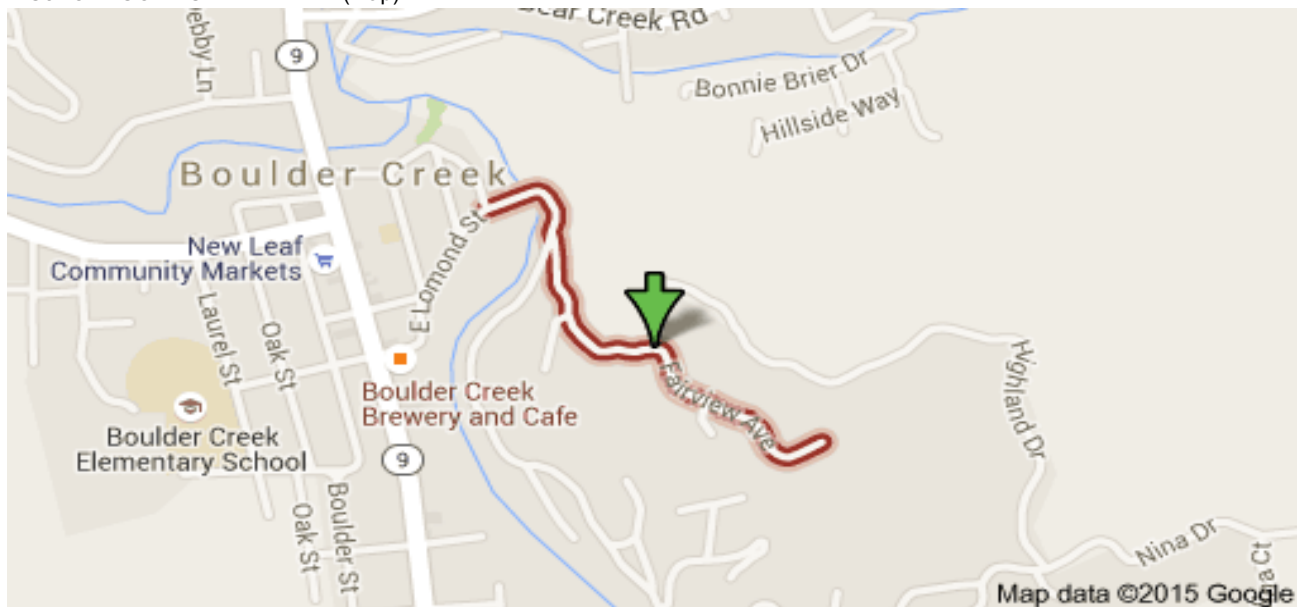
PROJECT DESCRIPTION

The Fairview Booster Pump Station is an existing simplex water booster pump station located on Fairview Drive in Boulder Creek. The Fairview Booster Pump Station provides water service to approximately sixty (60) service connections in the Highland Zone. This facility also supplies pass-through water to the Nina Zone. The Nina Zone has approximately eighty (80) additional service connections. The existing pump station is in poor condition. There is a long steep set of stairs going down to the station from Fairview Drive, making accessibility difficult. The existing wood-frame building requires complete replacement. The main electrical service and disconnect are located on a remote power pole. Due to its high elevation in the supply zone, this booster pump frequently experiences losses of suction supply. A loss of suction supply has caused overheating and pump failure on several occasions. As part of this project, the booster pump station will be relocated to a lower elevation to increase suction pressure.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

(map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: BENET BOOSTER PUMP
STATION
PROGRAM: Water Supply - PRODUCTION

PRIORITY: 94
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

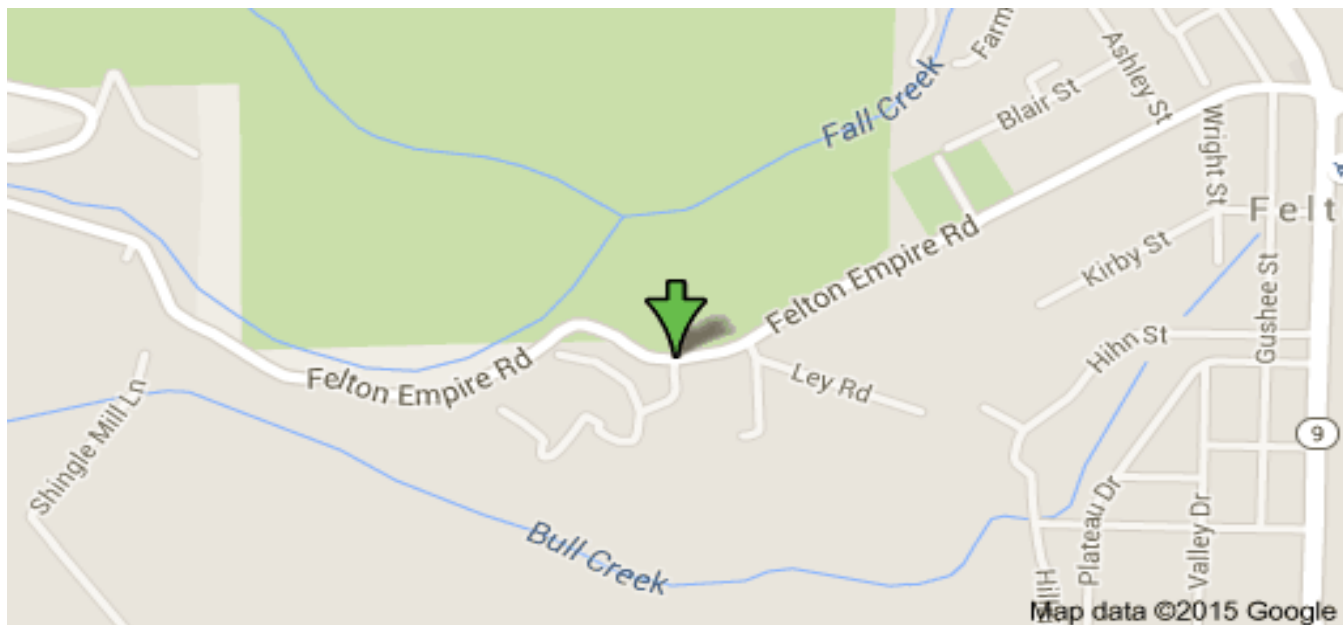


PROJECT DESCRIPTION

The Project consist of construction of a pumping station and the installation of approximately 4,200 lineal feet of new 4-inch HDPE pump-up transmission line, SCADA control, and appurtenances thereto. **Additional rights-of-way** for the pump station location may need to be obtained from private property owner prior to construction **Concern**

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: FELTON ACRES WATER STORAGE TANK
AND BOOSTER PUMP STATION

PROGRAM: Water Supply - DISTRIBUTION
SYSTEM

PRIORITY: 92

PROJECT No.

District Contact: Brian Lee
blee@slvwd.com

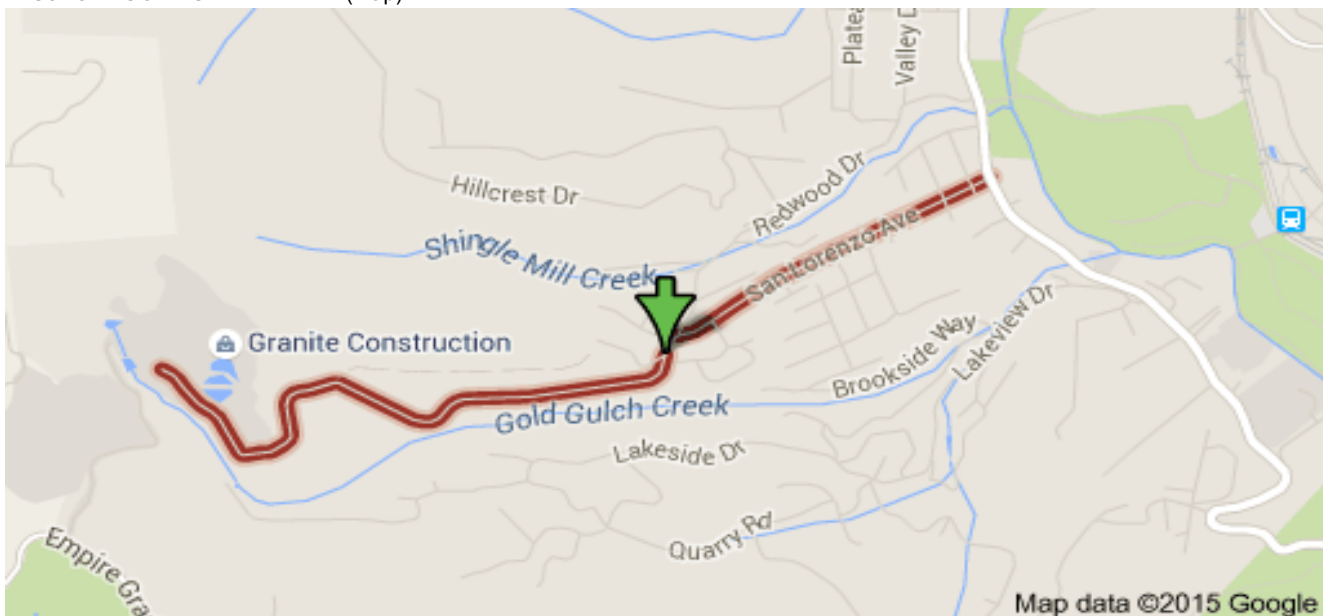


PROJECT DESCRIPTION

The Felton Acres Water Storage Tank and Booster Pump Station, located off San Lorenzo Avenue in Felton, is part of the water system acquired by the District in 2007 from the California-American Water Company. This facility provides water service to approximately two hundred (200) service connections in the Pine Zone. The existing storage tank consists of a 100,000 gallon redwood storage tank. The purpose of this tank is to provide a wet well for the booster pump station. The existing booster pump station, located adjacent to the water storage tank, pumps water to the Pine Tank. Two (2) 1,000 gallon steel pressure tanks are also located at this facility. The smaller tanks provide pressure system service for the Pine Zone. The redwood tank is greatly oversized for the purpose of a booster pump wet well. The redwood tank is leaking and is reaching its life expectancy. The booster pump station has reached its life expectancy and requires replacement. Further investigation is needed to understand the function of the two steel pressure tanks. The function of the two (2) pressure tanks may be eliminated by the installation of SCDA control between the Pine Tank and the Booster Pump Station.

- * Bulit item 1
- * Bulit item 2
- * Bulit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: HILLSIDE DRIVE WATER
DISTRIBUTION SYSTEM
PROGRAM: Water Supply - DISTRIBUTION
SYSTEM
PRIORITY: 92
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

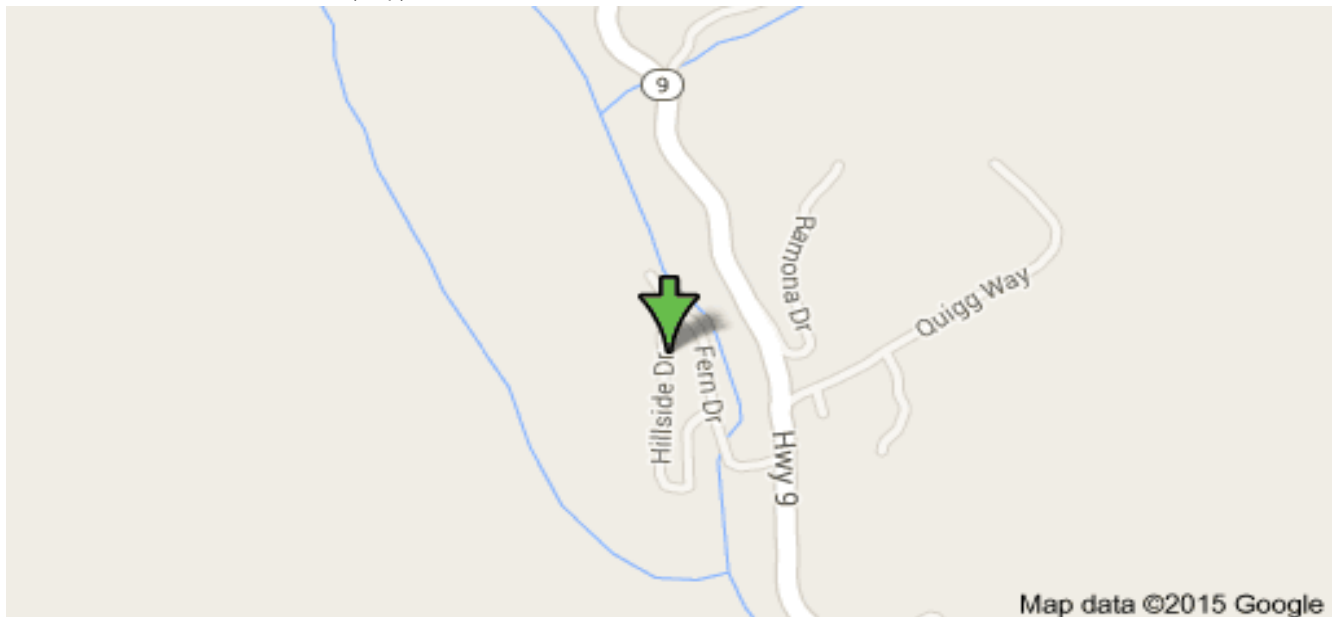
PROJECT DESCRIPTION

The Hillside Drive Water Distribution System, located off Hillside Drive in Boulder Creek, is part of the water distribution system acquired by the District in 1992 from the North Boulder Creek Improvement District Project (acquisition of San Lorenzo Woods Mutual Water Company and Park Mutual Water Company). The existing distribution system consists of 1,600 LF of 4- inch PVC water main which is installed in an area with geological instability. On-going ground movement has resulted in frequent damage to the existing water main. The Hillside Water Distribution System provides water service to approximately thirty (30) service connections in the North Boulder Creek Zone. The project would be installation of 1,600 LF of HDPE.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

(map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: RIVERVIEW DRIVE WATER DISTRIBUTION
SYSTEM

PROGRAM: Water Supply - DISTRIBUTION

PRIORITY: 92

PROJECT No.

District Contact: Brian Lee

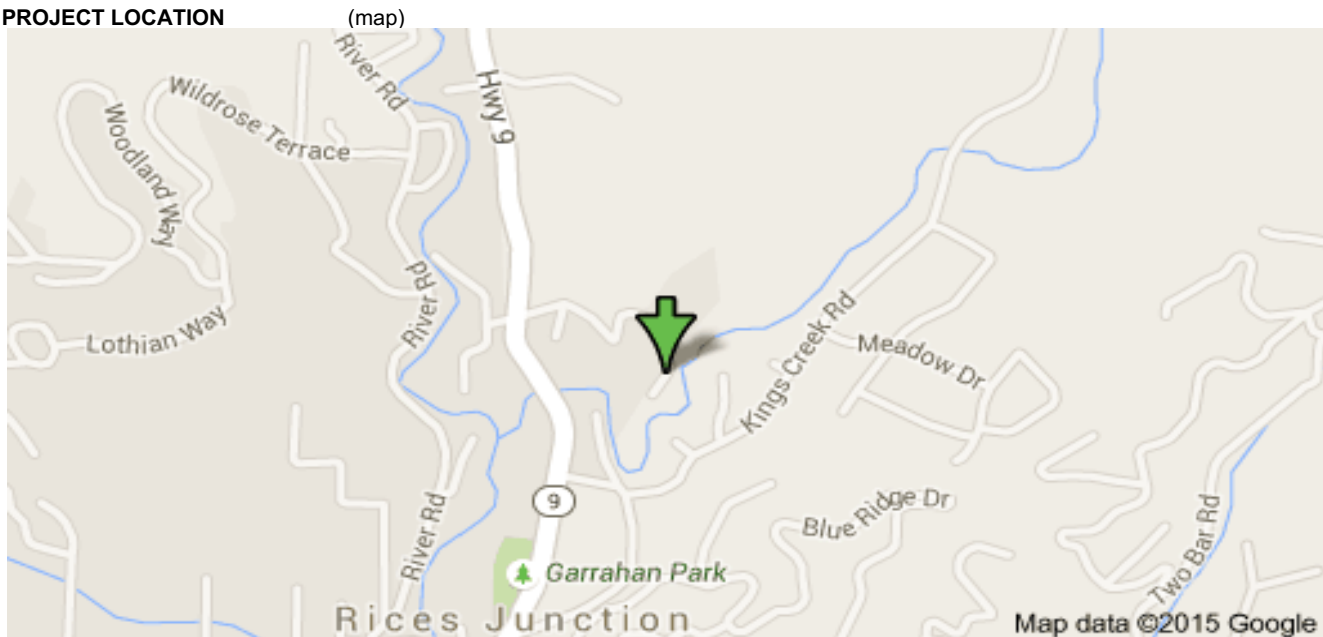
blee@slvwd.com

PROJECT DESCRIPTION

Construction of approximately 1,200 lineal feet of new 6-inch water main and appurtenances thereto. This project will replace the existing two-inch water main along Riverview Drive from Highway 9 to the Riverview Drive split. The project includes **Highway 9 bore and jack crossing**. Undersized water main is the source of intermittent low water pressure and inadequate fire flow capacity. **Concern**

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: FALL CREEK DIVERSION FACILITY

PROGRAM: Water Supply - SOURCE

PRIORITY: 90

PROJECT No.

District Contact: Brian Lee

blee@slvwd.com



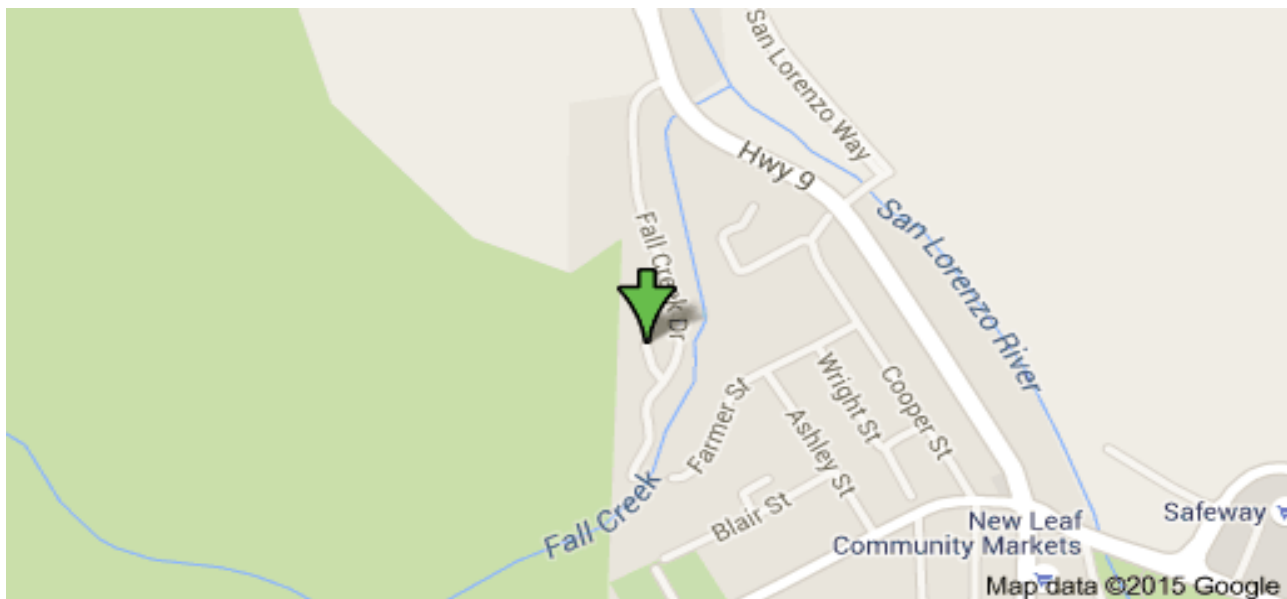
PROJECT DESCRIPTION

The Fall Creek Diversion Facility, located off Fall Creek Road in Felton, is part of the water system acquired by the District in 2007 from the California-American Water Company. This facility supplies raw water from Fall Creek to the Kirby Water Treatment Plant in Felton. The existing intake facilities consist of a concrete dam, two submersible pumps, and electrical supply. Currently, the downstream splash pans that protect the dam from erosion are in need of repair due to years of undermining from stream flows. In addition, the fish ladder is not in compliance with current fishery requirements and replacement is required.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

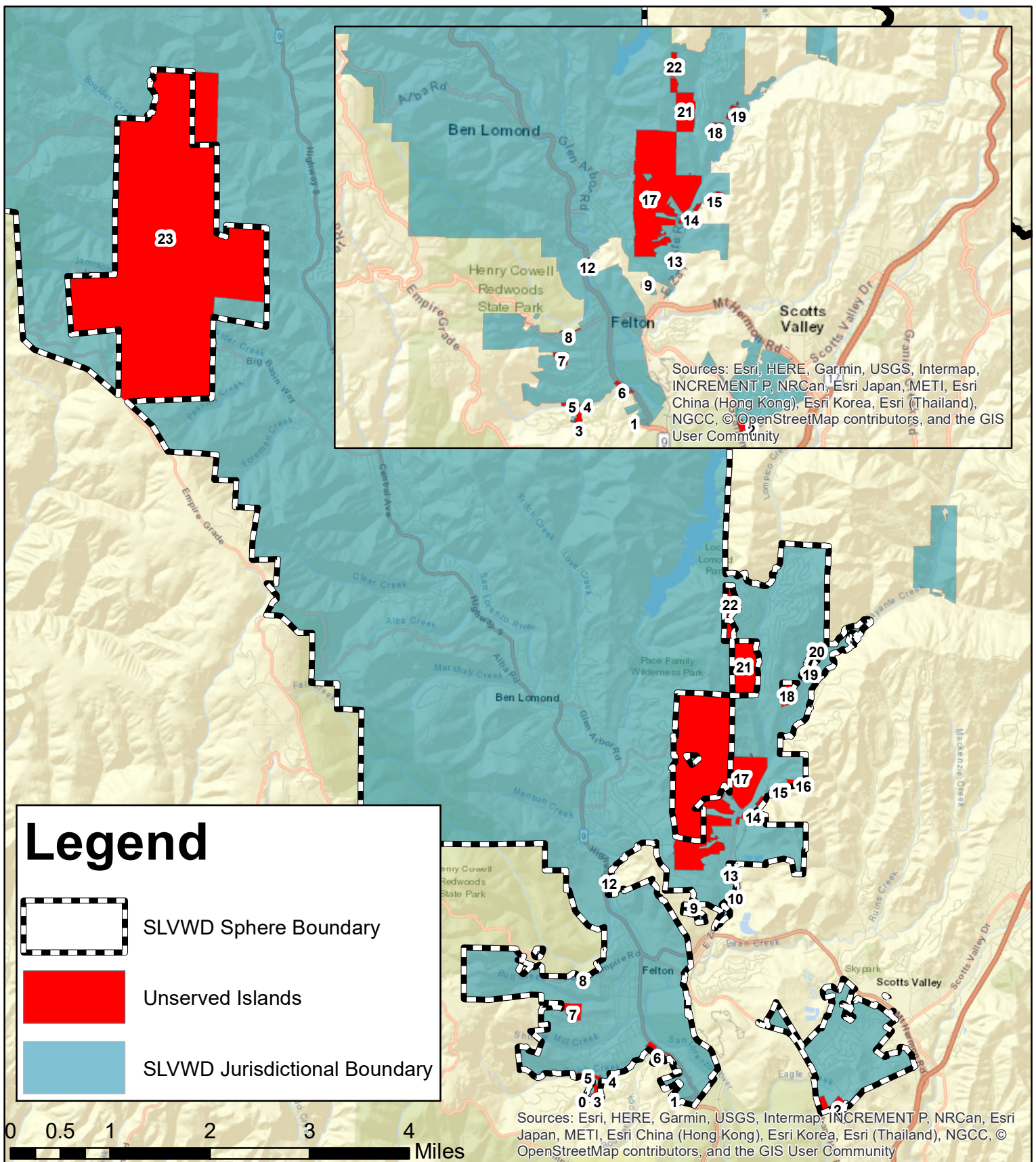
(map)



APPENDIX H:

SLVWD

Unserved Islands
(List & Map)



San Lorenzo Valley Water District Service and Sphere Boundaries

There are 24 unserved islands that should be within SLVWD's sphere and should be considered for annexation.

San Lorenzo Valley Water District

(Unserved Islands)

GIS ID	ACRES
0	0.39
1	1.10
2	23.38
3	8.65
4	0.55
5	9.21
6	11.31
7	17.92
8	2.81
9	0.33
10	0.27
11	0.18
12	0.89
13	1.36
14	11.44
15	4.38
16	3.56
17	662.92
18	13.30
19	7.82
20	1.01
21	101.17
22	21.51
23	2393.48
Total = 24	Total - 3299