



# **2019/2020 ANNUAL BUDGET**

**ADOPTED May 16, 2019  
RESOLUTIONS NO. 190501 & 190502**

# **VALLEY OF THE MOON WATER DISTRICT**

**2019/2020**

**Annual Operating & Capital Improvement Program Budget**

**Adopted: May 16, 2019 Resolutions No. 190501 & 190502**

## **BOARD OF DIRECTORS**

**Jon Foreman, President  
Jennifer LinFante, Vice President  
Bruce Adams  
Ron Prushko  
Steve Rogers**

**General Manager- Alan Gardner**

**Administration & Finance Manager/Board Secretary - Chris Petlock**

**Water System Manager - Matt Fullner**

**District Counsel - Bold, Polisner, Maddow, Nelson & Judson**

**District Auditor - Moss, Levy & Hartzheim**

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## **Introduction to Valley of the Moon Water District History**

Valley of the Moon Water District (District) was formed in 1960 through a special election under Water Code Section 30000 et seq. for the primary purpose of providing a dependable supply of potable water in the Valley of the Moon.

The service area covers approximately 7,545 acres and includes the unincorporated communities of Agua Caliente, Boyes Hot Springs, El Verano, Feters Hot Springs, Glen Ellen, Eldridge, and the Temelec area of Sonoma County.

The District began operations on June 1, 1962 with the acquisition of the assets of Sonoma Water and Irrigation Company and the Mountain Avenue Water System. In 1963, the District acquired the facilities of the Glen Ellen Water Company and annexed its service area.

Today, water is purchased from the Sonoma County Water Agency and delivered through an aqueduct running from the Russian River. The District also uses wells within the service area to augment its water supply.

District customers authorized purchase and improvement of existing facilities and procurement of Russian River water through the Sonoma Aqueduct with \$1,250,000 of voter-approved 30-year General Obligation bonds, which were issued in 1962. All District assets, including land, water rights, water production, distribution and storage facilities, are by law held in trust by the District for the benefit of all property owners and customers within the District.

## **Governing Board**

The Board of Directors of the Valley of the Moon Water District consists of five members who are elected officials. They each serve four-year terms, which are staggered with elections held during November of each even numbered year.

The Board of Directors sets the overall goals for the District and the policies to accomplish those goals. The Board appoints a General Manager who is charged with carrying out the policy direction of the Board. The Board also appoints a Counsel, Auditor, and Board Secretary. All persons appointed to these positions serve at the pleasure of the Board.

The Board performs its duties during regularly scheduled Board meetings held at 6:30 p.m. on the first Tuesday of each month. The Board may also schedule special meetings of the Board. The public is notified in advance of all regular and special meetings of the Board as well as any meetings of standing committees, as required by law.

The Board may appoint standing or ad hoc committees to assist it in developing policy. It may also confer with consultants or other experienced specialists in water resource management in determining appropriate policies of the District.

### **District Mission Statement**

It is the mission of the Valley of the Moon Water District to provide its customers with reliable, safe water at an equitable price and to ensure the fiscal and environmental vitality of the District for future generations.

### **District Goals**

- Ensure ethical behavior in the conduct of District business.
- Conduct District business in an open manner, providing information, reasons for decisions and access to the decision-makers.

## DECLARATION







## **Department Descriptions**

### **Board of Directors**

The Board of Directors oversees all District operations by hiring and setting goals for the General Manager. The five member Board adopts policies to guide the General Manager and District staff in providing efficient and effective services to present and future District customers.

### **Administration**

The General Manager is responsible for organizing, supervising and directing activities of the District and carrying out policies set by the Board of Directors to ensure that efficient and effective services are provided through the approved policies and budget.

The administrative staff consists of an Administration and Finance Manager, two full-time employees and one part-time employee. Responsibilities of this group include customer services, accounting, office services, human resources, risk management and public information.

Customer Service:	Billing, payments, and responding to water service related inquiries.
Accounting:	Accounts receivable, accounts payable, payroll, general ledger, financial statements, collections, audits, annual/periodic reports, and budgets.
Office Services:	Correspondence, report preparation, purchase orders, and meeting/travel coordination.
Human Resources:	Monitor employee agreements/compliance to agreements, recruitment and orientation of new hires, and employee evaluations.
Risk Management:	Contracts and Insurance.
Public Information:	Public notices, newsletters, website, news releases, and annual water quality report.

### **Operations & Maintenance**

The Operations and Maintenance Department consists of an Water System Manager, six Water Distribution System Operators, and one Meter Reader.

The Water System Manager coordinates the operation and maintenance of a 24-hour water delivery system; plans, assigns and directs personnel involved; trains employees in operations, procedures and safety equipment; sets up and modifies operating and preventive maintenance schedules; prepares requisitions for stock and material for operations and maintenance of plant and pipeline; participates in annual inventory; responds to, investigates and resolves inquiries and complaints from public about water usage.

The primary responsibility of this department is to assure the uninterrupted delivery of water by locating and fixing leaks, flushing lines, repairing mains and operating wells. The department also monitors water quality, inspects construction projects in progress, performs preventive maintenance and repairs of pressure reducing valves, water level control valves and storage reservoirs, and performs building and ground maintenance of District facilities.

## **Operations and Maintenance Budget Description**

The O&M budget for FY 2019-2020 at \$6,537,740 including a transfer of \$2,000,000 to the capital improvement program shows an increase of \$925,609 from the previous year's budget of \$5,606,831. The projected increase is due to increased funding to the CIP, increased water costs, and regulatory compliance (SWRCB permits, Sonoma County permits and paving).

The operating revenue for FY 2019/2020 is projected at \$6,507,037. This is an increase over 2018/2019 budgeted revenues of \$899,270. The increase in revenues is due to an increase in water sales of \$891,909 expected because of increased consumption and a change in rates with more reliance on fixed charges. The balance is from taking of discounts on Accounts Payable and other miscellaneous income the District receives through inspections and other activities. A five-year forecast model has been added to the the budget document to help with long range planning but is not part of the approved budget.

Included in the O&M Budget are the following expenses:

- Wholesale purchase of water
- Employee salaries and benefits
- Directors compensation
- Building, vehicle and equipment maintenance
- Attorney costs
- Engineering support
- Professional services and service contracts
- Fuel
- Utilities
- Public information and outreach
- Interest on loans
- Office supplies
- Small equipment and tools
- Regulatory fees
- Well operations
- Non capital maintenance to tanks, water mains and service lines
- Water conservation

**Valley of the Moon Water District**  
**Proposed Budget FY 19-20**

	Estimated Year End Actual 18-19	Approved Budget 18-19	Proposed Budget 19-20
<b>REVENUES</b>			
Interest Income	8,102	\$ 32,256	\$ 103,320
Gain on Sale of Assets	-	-	-
Operating Revenue	5,777,516	5,445,666	6,337,575
Customer Penalties & Fees	50,721	46,487	50,115
Misc. Income	43,445	94,260	25,641
Leak Adjustments	(3,634)	(10,902)	(9,613)
SDC Operating Revenue			-
<b>TOTAL REVENUE -----&gt;</b>	<b>5,876,149</b>	<b>5,607,767</b>	<b>6,507,037</b>
<b>EXPENSES</b>			
<b>Salaries:</b>			
O&M - Operating	535,470	671,747	719,360
Stand-By	29,887	28,432	28,432
Net O&M Operating Wages	565,357	700,179	747,792
Administration	462,618	442,530	474,498
<b>TOTAL SALARIES -----&gt;</b>	<b>1,027,975</b>	<b>1,142,709</b>	<b>1,222,290</b>
O&M -Transfer to Capital	(234,151)	(234,151)	(314,563)
<b>Net Operating Wages</b>	<b>793,824</b>	<b>908,558</b>	<b>907,727</b>
<b>Benefits:</b>			
O&M - Operating & Maintenance	121,076	158,762	113,879
Administration	86,249	90,140	90,140
Retirees	88,253	90,676	86,057
<b>TOTAL BENEFITS -----&gt;</b>	<b>295,578</b>	<b>339,578</b>	<b>290,077</b>
<b>Mandatory Costs:</b>			
<b>Workers Comp:</b>			
Operating & Maintenance	36,850	25,232	27,183
Acctg/Administration	5,656	4,049	4,030
<b>FICA/Medicare:</b>			
Operating & Maintenance	56,861	51,389	55,031
Administration	27,548	33,854	36,299
<b>District Portion/Retirement:</b>			
Operating & Maintenance	62,008	64,058	66,131
Administration	33,208	37,905	37,385
CalPERS Accrued Liability	139,875	139,017	210,301
<b>TOTAL MANDATORY COSTS ----&gt;</b>	<b>362,007</b>	<b>355,504</b>	<b>436,359</b>
<b>Travel, Training, Dues:</b>			
Operating & Maintenance	5,521	5,000	9,000
Administration	7,197	7,250	13,250
<b>TOTAL TRAVEL &amp; TRAINING -&gt;</b>	<b>12,718</b>	<b>12,250</b>	<b>22,250</b>
<b>Board of Directors:</b>			
Meeting Compensation	8,300	7,200	7,200
Travel & Training	2,500	7,000	7,000
<b>TOTAL BOARD EXPENSES ----&gt;</b>	<b>\$ 10,800</b>	<b>\$ 14,200</b>	<b>\$ 14,200</b>

**Valley of the Moon Water District**  
**Proposed Budget FY 19-20 (cont.)**

	Estimated Year End Actual 18-19	Approved Budget 18-19	Budget 19-20
<b>SERVICES &amp; SUPPLIES</b>			
Purchased Water	\$ 2,028,163	\$ 1,740,976	\$ 1,981,069
Safety & Clothing Allowance	4,774	7,000	9,900
Vehicle Maintenance	7,211	7,500	7,500
Election Costs	11,463	48,523	0
Employee Relations	2,403	3,000	3,000
Attorney Retainer	34,580	25,000	65,000
Engineering General Support	66,407	60,000	60,000
Misc. Expenses/Contributions	151,894	97,700	27,500
Advertising	60	1,000	4,000
Outside Services	32,106	24,080	25,284
Annual Audit	3,500	6,850	15,000
Bad Debts/Collections	8,074	5,000	5,000
Building Mtnc.	1,643	21,000	10,000
Dues and Subscriptions	5,300	5,300	18,100
Equipment Mtnc./Repairs	21,244	15,900	18,000
Fees (County/State)	16,228	12,000	46,100
Fuel	43,744	43,100	24,145
Bank Charges	20,803	18,000	39,074
Liability Ins. (Incl. Losses)	4,579	16,634	41,501
Postage	15,201	28,500	24,596
Public Information	18,918	24,596	7,500
Service Contracts	11,351	7,500	30,144
Office Supplies	45,965	44,125	7,800
Telephone-Internet	7,839	7,800	11,540
Small Tools & Equipment	9,807	11,540	8,057
Trash Disposal	14,567	18,750	4,800
Utilities - PG&E	38,230	4,800	124,500
Professional Services	97,655	124,500	43,300
Water Testing	65,097	55,000	38,850
Water Main Maintenance	31,652	42,000	11,165
Service Line Maintenance	3,201	11,165	9,602
Hydrant Repairs	4,431	9,602	7,000
Misc. System Maintenance	2,756	7,000	8,269
Wells Maintenance	5,147	8,269	5,435
Pump Maintenance	1,861	5,435	4,152
Storage Tank Maintenance	10,056	4,152	8,740
Water Conservation Program	5,629	8,740	6,500
Abandoned Projects	3,597	6,500	0
Interest Expense	51,436	68,904	68,904
Equipment Replacement	8,600	8,600	7,600
<b>TOTAL SERVICES &amp; SUPPLIES</b>	<u>2,908,570</u>	<u>2,666,041</u>	<u>2,838,628</u>
<b>TOTAL EXPENSES</b>	<u>4,383,497</u>	<u>4,296,131</u>	<u>4,509,240</u>
<b>REVENUES LESS EXPENSES</b>	<u>1,492,652</u>	<u>1,311,385</u>	<u>1,997,797</u>
<b>BUDGETED ALLOCATION TO CIP</b>	<u>(1,400,000)</u>	<u>(1,316,000)</u>	<u>(2,000,000)</u>
<b>TRANSFER (TO) FROM RESERVES</b>	<u>\$ (92,652)</u>	<u>\$ 4,615</u>	<u>\$ -</u>
<b>Transfer to Capital</b>	<u>-</u>	<u>-</u>	<u>(2,203)</u>

# Valley of the Moon Water District

# Five Year Forecast

	Proposed Budget 19-20	Forecast 20-21	Forecast 21-22	Forecast 22-23	Forecast 23-24
<b>REVENUES</b>					
Interest Income	103,320	103,320	103,320	103,320	103,320
Gain on Sale of Assets	-	-	-	-	-
Tier 1 Revenue	663,758	1,506,246	1,815,560	2,150,905	2,519,955
Tier 2 Revenue	2,339,154	1,690,189	1,499,566	1,324,617	1,263,685
COMMERCIAL	357,121	375,380	385,351	408,472	432,981
INSTITUTIONAL	164,288	170,472	175,015	185,515	196,646
MULTIFAMILY	943,237	1,013,397	1,042,723	1,105,287	1,171,604
IRRIGATION	121,732	138,030	144,678	153,359	162,560
FIRE LINES	956	1,003	1,051	1,114	1,181
Fixed Charge Revenue	1,747,329	2,018,231	2,296,062	2,433,826	2,579,856
<b>Operating Revenue</b>	<b>6,337,575</b>	<b>6,912,948</b>	<b>7,360,007</b>	<b>7,763,095</b>	<b>8,328,467</b>
Customer Penalties & Fees	50,115	51,869	53,684	55,563	57,508
Misc. Income	25,641	26,539	27,467	28,429	29,424
Leak Adjustments	(9,613)	(9,613)	(9,613)	(9,613)	(9,613)
SDC Operating Revenue	-	-	-	-	-
<b>TOTAL REVENUE -----&gt;</b>	<b>6,507,037</b>	<b>7,085,062</b>	<b>7,534,865</b>	<b>7,940,794</b>	<b>8,509,105</b>
		108.9%	106.3%	105.4%	107.2%
<b>EXPENSES</b>					
<b>Salaries:</b>					
O&M - Operating	719,360	744,538	775,808	802,961	835,749
Stand-By	28,432	29,427	30,457	31,523	32,626
Net O&M Operating Wages	<b>747,792</b>	<b>773,965</b>	<b>806,265</b>	<b>834,484</b>	<b>868,375</b>
Administration	474,498	492,951	510,204	528,061	550,240
<b>TOTAL SALARIES -----&gt;</b>	<b>1,222,290</b>	<b>1,266,915</b>	<b>1,316,469</b>	<b>1,362,546</b>	<b>1,418,615</b>
O&M -Transfer to Capital	(314,563)	(372,269)	(387,904)	(401,481)	(417,874)
<b>Net Operating Wages</b>	<b>907,727</b>	<b>894,647</b>	<b>928,565</b>	<b>961,065</b>	<b>1,000,741</b>
Benefits:		103.7%	103.9%	103.5%	104.1%
O&M - Operating & Maintenance	113,879	117,865	122,815	127,114	132,304
Administration	90,140	93,646	96,923	100,316	104,529
Retirees	86,057	88,818	91,644	95,173	98,504
<b>TOTAL BENEFITS -----&gt;</b>	<b>290,077</b>	<b>300,329</b>	<b>311,383</b>	<b>322,602</b>	<b>335,337</b>
		103.5%	103.7%	103.6%	103.9%
<b>Mandatory Costs:</b>					
<b>Workers Comp:</b>					
Operating & Maintenance	27,183	28,134	29,316	30,342	31,581
Acctg/Administration	4,030	4,186	4,333	4,484	4,673
<b>FICA/Medicare:</b>					
Operating & Maintenance	55,031	56,957	59,349	61,427	63,935
Administration	36,299	37,711	39,031	40,397	42,093
<b>District Portion/Retirement:</b>					
Operating & Maintenance	66,131	68,445	71,320	73,816	76,830
Administration	37,385	38,839	40,198	41,605	43,352
CalPERS Accrued Liability	210,301	250,000	250,000	250,000	250,000
<b>TOTAL MANDATORY COSTS ----&gt;</b>	<b>436,359</b>	<b>484,272</b>	<b>493,546</b>	<b>502,071</b>	<b>512,464</b>
		111.0%	101.9%	101.7%	102.1%
<b>Travel, Training, Dues:</b>					
Operating & Maintenance	9,000	9,315	9,641	9,978	10,328
Administration	13,250	13,714	14,194	14,691	15,205
<b>TOTAL TRAVEL &amp; TRAINING -&gt;</b>	<b>22,250</b>	<b>23,029</b>	<b>23,835</b>	<b>24,669</b>	<b>25,532</b>
		103.5%	103.5%	103.5%	103.5%
<b>Board of Directors:</b>					
Meeting Compensation	7,200	12,600	12,600	12,600	12,600
Travel & Training	7,000	7,245	7,499	7,761	8,033
<b>TOTAL BOARD EXPENSES -----&gt;</b>	<b>14,200</b>	<b>19,845</b>	<b>20,099</b>	<b>20,361</b>	<b>20,633</b>
		139.8%	101.3%	101.3%	101.3%

	Budget 19-20	Forecast 20-21	Forecast 21-22	Forecast 22-23	Forecast 23-24
<b>SERVICES &amp; SUPPLIES</b>					
Purchased Water (SCWA)	1,957,776	1,717,200	1,698,883	1,672,186	1,636,170
Purchased Water (Leased Wells)	23,293	96,433	124,760	154,952	187,105
<b>Total Purchased Water</b>	<b>1,981,069</b>	<b>1,813,633</b>	<b>1,823,643</b>	<b>1,827,139</b>	<b>1,823,275</b>
	114%	92%	101%	100%	100%
Safety & Clothing Allowance	9,900	10,258	10,665	11,039	11,493
Vehicle Maintenance	7,500	8,625	9,919	11,407	13,118
Election Costs	-	48,523	-	-	55,801
Employee Relations	3,000	3,109	3,232	3,345	3,483
Attorney Retainer	65,000	74,750	85,963	98,857	113,685
Engineering General Support	60,000	62,100	64,274	66,523	68,851
Misc. Expenses/Contributions	27,500	28,463	29,459	30,490	31,557
Advertising	4,000	4,140	4,285	4,435	4,590
Outside Services	25,284	26,169	27,085	28,033	29,014
Annual Audit	15,000	15,525	16,068	16,631	17,213
Bad Debts/Collections	5,000	5,175	5,356	5,544	5,738
Building Mtnc.	10,000	11,500	13,225	15,209	17,490
Dues and Subscriptions	-	-	-	-	-
Equipment Mtnc./Repairs	18,100	20,815	23,937	27,528	31,657
Fees (County/State)	18,000	18,630	19,282	19,957	20,655
Fuel	46,100	47,714	49,383	51,112	52,901
Bank Charges	24,145	24,990	25,865	26,770	27,707
Liability Ins. (Incl. Losses)	39,074	40,441	41,857	43,322	44,838
Postage	41,501	42,954	44,457	46,013	47,623
Public Information	24,596	25,457	26,348	27,271	28,225
Service Contracts	7,500	7,763	8,034	8,315	8,606
Office Supplies	30,144	31,199	32,291	33,421	34,591
Telephone-Internet	7,800	8,073	8,356	8,648	8,951
Small Tools & Equipment	11,540	13,271	15,262	17,551	20,184
Trash Disposal	8,057	8,339	8,631	8,933	9,245
Utilities - PG&E	4,800	4,968	5,142	5,322	5,508
Professional Services	124,500	128,858	133,368	138,035	142,867
Water Testing	43,300	49,795	57,264	65,854	75,732
Water Main Maintenance	38,850	44,678	51,379	59,086	67,949
Service Line Maintenance	11,165	12,840	14,766	16,981	19,528
Hydrant Repairs	9,602	11,042	12,698	14,603	16,794
Misc. System Maintenance	7,000	8,050	9,258	10,646	12,243
Wells Maintenance	8,269	9,510	10,936	12,577	14,463
Pump Maintenance	5,435	6,250	7,188	8,266	9,506
Storage Tank Maintenance	4,152	4,775	5,491	6,315	7,262
Water Conservation Program	8,740	10,050	11,558	13,292	15,286
Abandoned Projects	6,500	-	-	-	-
Interest Expense	-	-	-	-	-
Equipment Replacement	68,904	79,239	91,125	104,794	120,513
	7,600				
<b>TOTAL SERVICES &amp; SUPPLIES</b>	<b>2,838,628</b>	<b>2,771,670</b>	<b>2,807,050</b>	<b>2,893,261</b>	<b>3,038,142</b>
	106%	98%	101%	103%	105%
<b>TOTAL EXPENSES</b>	<b>4,509,240</b>	<b>4,493,791</b>	<b>4,584,477</b>	<b>4,724,028</b>	<b>4,932,849</b>
	105%	100%	102%	103%	104%
<b>REVENUES LESS EXPENSES</b>	<b>1,997,797</b>	<b>2,591,271</b>	<b>2,950,388</b>	<b>3,216,766</b>	<b>3,576,256</b>
<b>BUDGETED ALLOCATION TO CIP</b>	<b>(2,000,000)</b>	<b>(2,500,000)</b>	<b>(2,750,000)</b>	<b>(2,750,000)</b>	<b>(2,750,000)</b>
<b>TRANSFER (TO) FROM RESERVES</b>	<b>2,203</b>	<b>(91,271)</b>	<b>(200,388)</b>	<b>(466,766)</b>	<b>(826,256)</b>

## **Account Descriptions:**

**Purchased Water:** Water purchased from the Sonoma County Water Agency and leased wells.

**Safety & clothing allowance:** Safety & clothing allowance to field staff as per MOU.

**Vehicle maintenance:** All repair and maintenance costs to District vehicles, including SMOG tests and certification, tire repair/replacement and lube and oil changes as necessary.

**Employee Relations:** Expenses related to improving employee relations and team building.

**Attorney Retainer:** Attorney fees for service.

**Engineering General Support:** Includes update to Master Water Plan and other non-CIP specific services.

**Misc. expenses:** Includes tapes for board meetings, groundwater related expenses, etc.

**Advertising:** Public hearings, meetings, legal notices, employment openings.

**Outside services:** Alarm monitoring, answering service, billing service, janitorial, landscaping, tree trimming, pest control services, annual weed abatement at District owned properties, and Underground Service Alert services.

**Annual audit:** Annual financial statement audit and periodic consultation with District auditor.

**Bad debts:** All uncollectible closed customer accounts that are sent for collection. If collection is made, an entry is made to offset the amount.

**Building maintenance:** Maintenance and repairs to District owned facilities. Including, but not limited to slurry sealing parking lots, painting buildings, flooring, roofing and other necessary repairs.

**Customer adjustments:** The District has a policy to adjust customers' accounts when leaks occur. An average usage is established by the prior history and any overage is charged at a reduced rate during one billing cycle.

**Dues/subscriptions:** The District belongs to several water related associations and organizations. Membership in these organizations is very beneficial in that it keeps the District aware of changes in regulations, laws and current events in the water industry. Membership in ACWA enables the District to procure health benefits for employees and general liability, property and workers' compensation insurance through the ACWA Joint Powers Insurance Authority (JPIA). Subscriptions to newsletters, manuals, Water Code updates and other publications.

**Equipment maintenance:** All maintenance to equipment other than vehicles and buildings.

**Fees (county & state):** Any work done by the Drinking Water Program is charged to the District at an hourly rate. Payment of these charges is mandatory. Also included under this account are the Hazardous Materials Program fees assessed by the Sonoma County Emergency Services, LAFCO annual fees, annual sewer fees, and miscellaneous permits.

**Fuel:** Fuel for District vehicles including backhoes and various pieces of equipment.



**Bank Charges:** Fees for direct deposit, stop payments, wire transfers, and miscellaneous other expenses.

**Liability insurance:** Insurance for District owned facilities, including all buildings and structures, and also covers liability claims relating to District operations.

**Postage:** Postage for District correspondence and customer billing.

**Public information:** Materials and services included for Proposition 218 notification, annual water quality report & billing inserts.

**Service contracts:** Maintenance for handheld meter reader devices, copier and printer equipment, and computer system software, additions, maintenance and updates.

**Office supplies:** All supplies required for the operation of the District.

**Telephone/internet:** All telephone charges including cellular phones and internet.

**Tools & equipment:** Small tools, new and replacement.

**Trash disposal:** Weekly garbage pick-up and disposal.

**Utilities:** Gas & electricity for office, corporation building, pumps & booster stations.

**Professional services:** All non-engineering professional services, including but not limited to the Urban Water Management Plan required every five years, rate studies, etc.

**Water testing:** Water is tested from various locations throughout the District on a weekly basis. There are additional tests required periodically throughout the year.

**Water main maintenance:** Materials used in the repair and maintenance of main lines.

**Service line maintenance:** Materials used in the repair of service lines connecting mains to customer meters.

**Misc. system expenses:** Includes materials other than to repair water mains & service lines.

**Well maintenance:** Materials used in the repair & maintenance of wells.

**Pump maintenance:** Materials used in the repairs & maintenance of pumping equipment.

**Storage tank maintenance:** Materials used in the repairs & maintenance of storage tanks.

**Water conservation program:** Water conserving devices, educational programs, & compliance with the Best Management Practices (BMP).

**Interest expense:** Interest for loans.

**Equipment replacement:** Fixed assets items in the amount of \$5,000 and under.

## ***IV***

### ***FIVE YEAR CAPITAL IMPROVEMENT PROGRAM***

***CAPITAL PROJECT SUMMARY***

***~***

***REVENUE AND EXPENSE SUMMARY***

***2019/20 to FY 2023/24***

## **Capital Improvement Program Budget Description**

The District's five-year Capital Improvement Program (CIP) is updated annually. The updated CIP Program covers fiscal years 2019/2020 through 2023/2024. The basis for the plan is contained in four references. These are: 1. "The Master Water Plan" by Brelje & Race, April 2007; 2. "The Strategic Water Supply Plan", by John Olaf Nelson Water Resources Management, January 1999, 3. "The Master Plan for Groundwater Development and Management", by Luhdorff & Scalmanini, April 1999; and, 4. "The Water Storage Plan", by Brelje & Race, May 1999.

The Board of Directors by Resolution No. 190502 authorized the budget for the first year CIP (FY 2019/2020) for \$1,806,929. The projected CIP needs for FYs 2019/2020 through 2023/2024 have been reviewed by the Board and are considered best estimates at this time.

Significant projects in the CIP for FY 2019/2020 include:

- Completion of the Meter Replacement Program- Advanced Metering Infrastructure.
- Emergency Preparedness Program
- Gibson St., Riddle Rd Easement, Sobre Vista (near Lake Josephine), Brookview & Lomita Water Main Replacements Tank Recoating & Retrofit (Temelec-small tank)

The projections for subsequent fiscal years (2020/2021 through 2023/2024) are \$2,710,000, \$2,617,500, \$1,770,000 and \$1,480,011 respectively. Total projected CIP needs for the 5-year period, based on 2019 dollars is \$10,384,440.

### **A. SOURCES OF FUNDS FOR THE FIVE YEAR CAPITAL IMPROVEMENT PROGRAM**

#### **1. Available Fund Balance:**

Total available reserves are reported to the Board monthly. The reserves are determined, as shown below, by deducting the Contingency for Emergencies and the Board Designated Reserves from the Enterprise Fund balance.

Estimated Water Enterprise Fund balance 6/30/19	\$3,726,863
Add : Annual CIP Allocation	2,000,000
Add : Estimated Capacity & Front-Foot	21,000
Less: Board Designated Reserves: Operations & Maintenance	(1,000,000)
Less: Board Designated Reserves: Rate Stabilization Fund	(175,000)
Less: Board Designated Reserves: CIP	(880,000)
Estimated funding available for five year CIP	<u><u>\$3,692,863</u></u> <sup>1</sup>

<sup>1</sup> Amount to be adjusted with year-end close out.

## **2. Annual Revenue from Water Use and Service Charges:**

It is anticipated that the Board, through the annual budget process, will allocate funds each fiscal year to the Capital Improvement Program (CIP) from revenues derived from water usage and service charges. The proposed 5-year CIP assumes allocations of \$2,000,000 for FY 2019/2020, \$2,500,000 for FY 2020/2021, \$2,750,000 for FY 2021/2022, \$2,750,000 for FY 2022/2023 and \$2,750,000 for FY 2023/2024

## **3. Annual Revenue from Capacity Charges and Front Foot Charges:**

The District requires customers applying for water service to pay a Capacity Charge and if applicable, a Front Foot Charge. These charges are also used for funding the CIP. The estimated revenue for FY 2019/2020 is \$21,000.

Due to the unpredictability of Capacity and Front Foot Charges as a revenue source, a conservative estimate has been included for each fiscal year based largely on past experience. Capacity charges can only be used for capital improvements that add additional capacity – new pipelines, storage facilities, and wells, etc.

## **4. Other Sources of Funds:**

Other capital improvement funds may be obtained from outside sources, such as Federal, State or County grants, and or loans. These funds can be budgeted only after such sources are “firmed up”.

Additional sources of funds include developer-funded projects. Often District water mains must be installed or upgraded as part of new development projects. These projects are not identified in the CIP as they are unknown at this time and are neutral in terms of income versus expense and result in contributed infrastructure. These projects are booked by the District at the project cost, when completed and accepted then are reflected in the annual financial statement as “Contributions in Aid to Construction” and thereby become part of the District’s depreciable fixed assets.

Charges are also assessed at the time of connection for meters and service lines, fire hydrants, reduced pressure devices and any other materials and features needed to be supplied by the District to accommodate the new connection. These charges compensate the District for actual cash outlays including associated labor and overheads. Income from these charges is not included in the budget but is booked at the time of receipt as “Contributions in Aid to Construction”.

***B. RESERVES FOR UNANTICIPATED PROJECTS***

The Capital Improvement Program budget includes a project titled Unanticipated Capital Expenditures, which is funded for \$50,000. If this amount is not sufficient, with Board approval, it will be necessary to allocate additional funds from the District's Unallocated Reserves.

## CAPITAL REVENUE AND EXPENSE SUMMARY

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	TOTAL
<b>Rev:</b>						
<b>Beginning Fund Balance</b>	<b>\$ 1,671,863</b>	<b>\$ 1,267,664</b>	<b>\$ 983,889</b>	<b>\$ 1,078,889</b>	<b>\$ 1,986,389</b>	
Annual CIP Allocation	2,000,000	2,500,000	2,750,000	2,750,000	2,750,000	\$ 12,750,000
Front Foot Charges	21,000	23,000	25,000	25,000	25,000	\$ 119,000
Capacity Charges	70,000	75,000	80,000	80,000	85,000	\$ 390,000
Beginning Fund Balance + Total Revenues	3,762,863	3,865,664	3,838,889	3,933,889	4,846,389	
<b>Less:</b>						
Capital Improvement Projects	1,806,929	2,710,000	2,617,500	1,770,000	1,480,011	\$ 8,904,429
Debt Service - Westamerica (principal pmt)	189,923	197,520	205,421			\$ 592,864
Debt Service - I-Bank (principal pmt)	43,347	44,721	46,139	47,602	49,110	\$ 230,919
Total Expenditures	2,040,199	2,952,241	2,869,060	1,817,602	1,529,121	\$ 9,679,101
<b>Less:</b>						
Operations & Maintenance Reserves	110,000					\$ 110,000
Rate Stabilization Reserve Fund	125,000	100,000	100,000			\$ 325,000
CIP Reserves	220,000	(170,466)	(209,060)	129,899	129,900	\$ (29,627)
<b>Ending Fund Balance</b>	<b>\$ 1,267,664</b>	<b>\$ 983,889</b>	<b>\$ 1,078,889</b>	<b>\$ 1,986,389</b>	<b>\$ 3,187,367</b>	

**VALLEY OF THE MOON WATER DISTRICT**  
**Five year Capital Improvement Program**

CIP Proj #	Project Title	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Totals
9300	Meter Replacement Program	\$ 550,000		\$ -	\$ -	\$ -	\$ 550,000
2957	Equipment Replacement	\$ 35,000	\$ 175,000	\$ 100,000	\$ 175,000	\$ 60,000	\$ 545,000
2958	Emergency Preparedness Equipment:	\$ 275,000	\$ 95,000	\$ 1,325,000	\$ 600,000	\$ -	\$ 2,295,000
2966	Hillside Stabilization at Donald Tank & Booster	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
2967	Boyes Blvd. Bridge Pipeline Replacement	\$ -	\$ 175,000	\$ 200,000	\$ -	\$ -	\$ 375,000
2978	New Storage in Glen Ellen zone (Anticipated FEMA reimbursement shown in FY 19-20)	\$ 19,429		\$ -	\$ -	\$ -	\$ 19,429
6000	Polybutylene Service Replacements (Leak Response)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000
6002	Service Replacement Other Than Polybutylene	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000
6003	Planned Polybutylene Service Replacements	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000
8100	Valve Replacement Program	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000



**VALLEY OF THE MOON WATER DISTRICT**  
*Five year Capital Improvement Program*

CIP Proj #	Project Title	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Totals
9100	Unanticipated Capital Expenditures	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
TBD	Building Maintenance & Repair	\$ 25,000					\$ 25,000
TBD	Gibson St., Riddle Rd Easement, Sobre Vista (near Lake Josephine), Brookview & Lomita Water Main Replacements	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ 275,000
TBD	Bolli Tanks Recoating & Railing Retrofit	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000
5107	County of Sonoma Paving Projects requiring adjustments and or relocation of District facilities	\$ 57,500	\$ 60,000	\$ 62,500	\$ 65,000	\$ 65,000	\$ 310,000
TBD	PRV upgrade GE & Trinity - SS fittings	\$ 40,000	\$ -	\$ -	\$ -	\$ 1	\$ 40,001
TBD	New Well No. 9 Engineering	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
TBD	New Well No. 11 Engineering (construction to be loan financed)	\$ 150,000	\$ 750,000		\$ -	\$ 1	\$ 900,001
TBD	New Well No. 12 Engineering (construction to be loan financed)	\$ 75,000	\$ 750,000				
TBD	Next Phase(s) of Main Replacement	\$ -	\$ -	\$ 825,000	\$ 825,000	\$ 1,250,000	\$ 2,900,000
	<b>TOTAL CONSTRUCTION</b>	<b>\$ 1,806,929</b>	<b>\$ 2,710,000</b>	<b>\$ 2,617,500</b>	<b>\$ 1,770,000</b>	<b>\$ 1,480,011</b>	<b>\$ 10,384,440</b>

VALLEY OF THE MOON WATER DISTRICT

**Water Capacity Charges**

**AB 1600 Annual Report for FY 2017-18**  
**(connection fees collected and expended)**

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>Beginning Balance</b>	37,229	4,426	(112,488)	176,581	(509,504)
Connection Fees Collected	243,538	185,880	525,640	175,007	34,180
Interest Earned	560	539	1,524	891	174
<b>Funds Available</b>	281,327	190,845	414,677	352,478	(475,150)
Projects funded from connection fees	276,901	303,333	238,096	861,983	318,000
<b>Unexpended Balance</b>	4,426	(112,488)	176,581	(509,504)	(793,150)

**V**

***Statement of  
Investment Policy***

**Valley of the Moon Water District  
Annual Statement of Investment Policy  
Fiscal Year 2019/2020**

**PURPOSE**

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process and to organize and formalize investment-related activities. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The ultimate goal is to enhance the economic status of the Valley of the Moon Water District (District) while protecting its pooled cash.

The investment policies and practices of the District are based on state law and prudent money management. District moneys not required for immediate expenditure will be invested in compliance with governing provisions of law (Government Code Sections 53600 *et.al.*, SB 866 and SB564) and this policy. The District will maintain adequate cash availability and maximum yield on invested funds while insuring that the principal amount invested is protected from loss. The investment of bond proceeds is to be restricted by the provisions of relevant bond documents.

Investments will be made in a range of instruments to insure diversification of the District's portfolio and liquidity of assets in an emergency situation. Deposit of funds with the State Treasurer's Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code, or deposit of funds with the Sonoma County Pooled Investment Fund will satisfy this requirement. A policy of safety, liquidity, and yield will prevail at all times, with emphasis on safety.

**OBJECTIVE**

The District has a fiduciary responsibility to maximize the productive use of all the assets entrusted to its care and to invest and manage those public funds wisely and prudently. As such, the District shall strive to maintain the level of investment of all idle funds as near 100% as possible through projected cash flow determinations, investing in those investment vehicles deemed prudent and allowable under current legislation of the State of California and the regulations of the District.

It is the policy of the District to make investments based on the following specific objectives listed in order of priority:

1. Safety: The primary objective is to safeguard the principal of funds.
2. Liquidity: The secondary objective shall be to meet the liquidity needs of the District.
3. Yield: The third objective shall be to achieve a return on funds

## DEFINITION AND PROVISION OF THE GOVERNMENT CODE

The District's Board of Directors will act as the investment authority of the District. Collateral established as security for District funds will be those securities specified by law as eligible for collateral for deposits of local public agencies. Investment of District moneys not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided by law for the investment of public funds. Investments will be made in accordance with this policy.

## CASH FLOW AND AVAILABILITY

The District shall maintain, in the LAIF, or the Sonoma County Treasurer's Pooled Investment Fund, or Certificate of Deposits, money available for immediate use.

## PREFERRED INVESTMENT INSTRUMENTS

The District investment portfolio may include, but are not limited to, the following instruments:

- State Local Agency Investment Fund
- Sonoma County Pooled Investment Fund
- Certificates of Deposit purchased from banks or savings and loan institutions
- Passbook Savings Account
- Treasury Bills & Notes
- Additional instruments not specifically delineated in this policy require prior Board approval

## AMOUNTS TO BE INVESTED

The District will maintain a cash flow analysis for projection of needed funds. All funds not required for immediate use will be invested.

## GENERAL INVESTMENT & ACCOUNTING GUIDELINES

1. As far as possible, all money shall be deposited for safe-keeping in state or national banks or state or federal savings and loan association or may be invested as provided in Section 53635 of the government code.
2. Not more than 30 percent of the District funds shall be invested in any one single institution other than the following funds:
  1. The State Local Agency Investment Fund.
  2. The Sonoma County Pooled Investment Fund
3. All interest, including interest on the reserve for capital outlay, capital replacements, new connections, reserve for variation in water sales, and the general reserve, shall be credited to the appropriate funds.

4. Accounts shall be established and maintained in the District accounting records to record the surplus and inactive funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the Government Code.
5. Reserve fund account balances shall be maintained separately and shall reflect at all times the balance in each reserve fund in a manner consistent with generally accepted accounting practices.
6. Depositories having custody of the District funds shall be directed to forward copies of all correspondence concerning the District funds to the Valley of the Moon Water District, P.O. Box 280, El Verano, CA 95433.
7. Verification that moneys have been on deposit at all times and collateralized in amounts equal to or in excess of funds designated by the Board of Directors as reserve funds shall be made in the annual audit records.
8. The Board of Directors shall be delegated the authority and responsibility to invest or to reinvest funds of the Valley of the Moon Water District or to sell or exchange securities so purchased in accordance with Section 53607 of the Government Code.
9. The Board should, from time to time, determine which reserve funds are surplus and which are inactive.
10. No investments shall be made in financial futures or financial option contracts which are otherwise allowed pursuant to Section 53601.1 of the Government Code.

#### GUIDELINES BY TYPE OF INVESTMENT

Certificates of Deposit: Cash will be invested only in FDIC or FSLIC insured or fully collateralized certificates of deposit. Collateral for a given investment must be 110% of principle for government securities collateral and 150% of principal for first mortgage collateral. No more than \$250,000 of the District's portfolio shall be invested in any one institution. An institution must meet the following criteria to be considered by the District:

- The District will not invest in any institution less than four years old.
- The institution must maintain a net worth to asset ratio of at least 2.5%, and a positive earnings record.
- The bank or institution must be located in California.

State Local Agency Investment Fund: The investment with LAIF may not, by State regulations, exceed \$20 million.

Sonoma County Pooled Investment Fund: The investment with the County of Sonoma is subject to the County of Sonoma Investment Policy.

#### MATURITY OF INVESTMENT

With the exception of Treasury notes, the maturity of given investment will not exceed one year. Treasury notes may be purchased for a period not to exceed five years.

#### USE OF SECURITIES DEALERS AND BROKERS

All investments will be placed by or under the supervision of the Board of Directors, with appropriate financial advice, as necessary.

#### INVESTMENT REPORTS TO THE BOARD OF DIRECTORS

Each month, the General Manager shall furnish to the Board of Directors a detailed listing of investments, date of purchase, date of maturity, institution where investment was placed, and interest rate on investment, in accordance with Section 53646(b) of the Government Code.

RESOLUTION NO. 190501

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON WATER DISTRICT ADOPTING THE FISCAL YEAR 2019-2020 OPERATIONS AND MAINTENANCE BUDGET, THE ANNUAL STATEMENT OF INVESTMENT POLICY, AND THE ANNUAL AB 1600 REPORT**

*WHEREAS*, the Valley of the Moon Water District (District) is required to adopt a final operations and maintenance (O&M) budget and an annual statement of investment policy for the fiscal year 2019-2020; and

*WHEREAS*, the District desires to display its compliance with AB 1600 in the annual budget documents; and

*WHEREAS*, the Board of Directors of the District has conducted a public hearing and considered both a preliminary and a final operations and maintenance budget and an annual statement of investment policy for the fiscal year 2019-2020.

*NOW, THEREFORE, BE IT RESOLVED* that the final operations and maintenance budget packet in its entirety for fiscal year 2019-2020, the annual statement of investment policy, and the AB 1600 report are attached hereto and made a part hereof by reference, are hereby adopted.

THIS RESOLUTION PASSED AND ADOPTED THIS 16<sup>th</sup> DAY OF MAY, 2019, by the following votes:

Director Adams

Abst

Director Foreman

Aye

Director Linfante

Abst

Director Rogers

Aye

Director Prushko

Aye

By

[Signature]  
Board President

By

[Signature]  
Board Secretary

AYES

3

NOES

0

ABSENT

2

ABSTAIN

0

I HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the board of Directors of Valley of the Moon Water District, held on the 16<sup>th</sup> day of May, 2019, of which meeting all Directors were duly notified and at which meeting a quorum was present at all times and acting.

By

[Signature]  
Board Secretary



RESOLUTION NO. 190502

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON WATER DISTRICT ADOPTING THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2019-2020 THROUGH 2023-2024 AND APPROVING FUNDS FOR FISCAL YEAR 2019-2020 CAPITAL IMPROVEMENT PROGRAM BUDGET**

*WHEREAS*, it is desirable for the Valley of the Moon Water District (District) to have a five-year capital improvement program (CIP) to provide policy and procedural guidance for planning and accomplishing improvements to the District's water system and capital equipment; and

*WHEREAS*, staff has prepared such a CIP for the fiscal years 2019-2020 through 2023-24, and presented it to the Board of Directors, with recommendation to adopt the same.

*NOW, THEREFORE, BE IT RESOLVED* that the CIP for the fiscal years 2019-2020 through 2023-24, attached hereto and made a part hereof by reference is hereby adopted.

*BE IT FURTHER RESOLVED THAT* funding for fiscal year 2019-2020 CIP budget is hereby approved.

THIS RESOLUTION PASSED AND ADOPTED THIS 16<sup>th</sup> DAY OF MAY, 2019, by the following votes:

Director Adams	<u>Abst</u>	By <u>[Signature]</u>	Board President
Director Foreman	<u>Aye</u>	By <u>[Signature]</u>	Board Secretary
Director Linfante	<u>Abst</u>		
Director Rogers	<u>Aye</u>		
Director Prushko	<u>Aye</u>		
AYES <u>3</u>	NOES <u>0</u>	ABSENT <u>2</u>	ABSTAIN <u>0</u>

I HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the board of Directors of Valley of the Moon Water District, held on the 16<sup>th</sup> day of May, 2019, of which meeting all Directors were duly notified and at which meeting a quorum was present at all times and acting.

By [Signature]  
Board Secretary