

2023 BUDGET

Revenues and Sources of Funds Budget	2023 Budget
Revenue from Customers	\$ 51,926,000
Other Revenue	2,734,000
Total 2023 Revenue	\$ 54,660,000

Reserve Use	\$ -
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Total 2023 Revenues and Sources	\$ 54,660,000
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Operating Budget	2023 Budget
Board of Directors Total	\$ 99,000
Administrative Total	2,666,000
Finance Total	1,313,000
Customer Services Total	1,689,000
Field Operation Total	554,000
Production Total	7,546,000
Distribution Total	2,888,000
Field Services Total	1,545,000
Maintenance Total	727,000
Conservation Total	683,000
Environmental Compliance Total	889,000
Engineering Total	1,769,000
GIS/CAD Total	477,000
Human Resource Total	422,000
Information Technology Services Total	1,272,000
Community Outreach Total	321,000
Total Operating Budget	\$ 24,860,000

Capital Budget	2023 Budget
Capital Improvement Program (CIP)	
Meter Retrofit	\$ 5,000
Dist. Main Replacement	1,847,000
Well Replacement	13,899,000
Well Rehab. And Related Capital Costs	4,055,000
Other Re-occurring Annual Capital Costs	1,629,000
SCADA	266,000
Reservoir and Booster P.S.	337,000
Transmission Main	57,000
CIP Subtotal	\$ 22,095,000
Operating Capital Program (OCP)	
Operations	\$ 239,000
Vehicles/Fleet/Equipment	118,000
Information Technology	316,000
Maintenance	37,000
OCP Subtotal	\$ 710,000
Total Capital Budget	\$ 22,805,000

Debt Service Budget	\$ 6,995,000
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Total 2023 Costs	\$ 54,660,000
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Reserve Use	\$ -
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Capital Improvement Program (CIP) - Multi-Year Project Budget

Description	Actual 2021	Projected 2022	Budget * 2023	Forecast 2024	Forecast 2025	Forecast 2026	Total Project
Wells 81, 82, 83	\$ 100,756	\$ 5,341,393	\$ 6,146,500	\$ 8,298,250	\$ -	\$ -	\$ 19,886,899
Well 84	-	1,480,883	4,754,750	3,424,750	-	-	9,660,383
Q St Main Repl	266,153	866,417	1,558,000	3,325,000	4,370,000	4,370,000	14,755,570
Total Costs	\$ 366,909	\$ 7,688,693	\$ 12,459,250	\$ 15,048,000	\$ 4,370,000	\$ 4,370,000	\$ 44,302,852

* Included in the total CY2023 Capital Budget

Capital Improvement Program (CIP) Project	2023	2024
Meter Retrofit		
2023 Meter Retrofit (pending assessment of cross-District services)	X	
Dist. Main Replacement		
Watt Ave Main Replacement - From Antelope Rd to The Arbors	X	
MBP Main Replacement - Dudley Blvd.		X
MBP Main Replacement - Dudley/Peacekeeper	X	X
Small Improvement Projects	X	X
Auburn/Walnut Main Replacement		X
Winding Way Creek Crossing		X
Slippery Creek Main Replacement		X
Q Street Main Replacement	X	X
Well Replacement		
Well #80 - Walnut/Auburn (NSA) - Complete Pump Station Construction	X	
Wells #81, 82, 83 - Antelope N/Poker (NSA) - 3 Groundwater Wells & Pump Station Design/Construction	X	X
Well #84 (NSA) - Groundwater Well & Pump Station Design/Construction	X	X
Well #85 - Groundwater Well Design		X
Transmission Main		
Corrosion Control-Variou Protection and/or Cathodic Protection for existing trans. mains	X	X
Reservoir and Booster P.S.		
Walnut Tank - Condition Assessment/Plans for Re-coating ~ 15 years	X	
Antelope Reservoir - Interior/ Exterior Re-coating	X	
Reservoirs/Tanks Annual Repairs/Modifications As Needed	X	X
Hydropneumatic Tanks - Interior Re-coating	X	X
Capehart Tank - Condition Assessment/Plans for Re-coating ~ 15 years		X
Enterprise Reservoirs - Condition Assessment/Plans for Re-coating ~ 15 years		X
McCellan Tank 216 Reservoirs - Condition Assessment/Plans for Re-coating ~ 15 years		X
Watt/Elkhorn Reservoir		X
SCADA		
Upgrade Tesco PLC for Various Production Location	X	X
SCADA Upgrades	X	X
MCC Panel Upgrades	X	X
Well Rehab. And Related Capital Costs		
Well Rehabilitation/Repair/Upgrade - Various Wells 2023: Wells 25,47,68,69,70,74,N1,N30,N35,N38; 2024: Wells 20A, 33A,71,56A,N3,N5,N22,N24,N32	X	X
Condition Assessment - 2023: Wells 25, 33A, 74, 56A, N22, N24; 2024: Wells 20A, 71, 73, N3, N25, N32A	X	X
Preventive Maintenance - Various Production Wells	X	X
Pump to Waste Flow Meters	X	X

Capital Improvement Program (CIP) Project (continued)	2023	2024
Well Rehab. And Related Capital Costs (continued)		
Well Site Upgrades	X	X
Capacity & Water Quality Investigation - Various Wells	X	X
Well N35 Antelope North/PCE Treatment - Design/Build Delivery (Placeholder as estimated costs are not available)	X	
Destroy abandoned wells - 2023: 2 Wells; 2024: 4 Wells	X	X
Well sites demolition -6 Sites/ Year	X	X
Other Re-occurring Annual Capital Costs		
Adjust Valves Boxes For County Paving Projects	X	X
Right of Way/Easement Acquisitions	X	X
AMI Endpoints Replacements	X	X
Replace Obsolete Large Services (>3")	X	X
Replace Water Meters That Outlived Their Useful Life	X	X
Replace Valves, Hydrants & Services That Outlived Their Useful Life	X	X

Operating Capital Program (OCP) Projects For 2023	2023
Operations	
Facility Operations Plan - Antelope & Verner PRV Stations	X
Fluoride Pump Upgrades - Programing Improvement & Pumps Replacement	X
AMP Implementation: Work Management Program – Phase I/Data (Placeholder)	X
Hydrant Meters (11 Meters)	X
	X
Vehicles/Fleet/Equipment	
Vehicle Replacement - Truck # 50	X
Vehicle Replacement - Truck # 63	X
	X
Information Technology	
Hardware Refresh Program	X
Software Enhancements/Modules	X
	X
Maintenance	
HVAC/Roof/Building Repairs	X
Fence Replacement - Facilities: Well N8 and N3	X

2023 Approved Budget

October 17, 2022



Mission Statement

To deliver a high quality, reliable supply of water and superior customer service at the lowest responsible water rate.



Strategic Plan Goals

3

- Goal A:
 - Provide a High Quality Reliable Water Supply by Ensuring It Is Sustainable, Clean and Safe
- Goal B:
 - Optimize Operational and Organizational Efficiencies
- Goal C:
 - Ensure Fiscal Responsibility and Affordable Rates
- Goal D:
 - Maintain Excellent Customer Services
- Goal E:
 - Retain and Recruit a Qualified and Stable Workforce

2023 Budget Development Process

4

- June Board Meeting – 06/20/2022, 6:00 pm
 - Budget Preparation Timeline Approved
- August Board Meeting – 08/15/2022, 6:00 pm
 - Budget Assumptions Approved
- September Board Meeting – 09/15/2022, 6:00 pm
 - Status Report; Provide Direction to Staff
- October Board Workshop – 10/05/2022, 6:00 pm
 - First Draft Presentation; Provide Direction to Staff
- October Board Meeting – 10/17/2022, 6:00 pm
 - Final Draft Presentation; Budget Approved

2023 Budget Assumptions

5

Key Assumptions	2022 - Approved		2022 - Updated		2023 - Proposed	
1 Rate Increase (Approved via Prop 218)	Approved	3.00%	Updated	3.00%	Updated	3.00%
2 Change in SSWD Service Boundaries		None		None		None
3 Service Connections	Forecast	47,054	Forecast	47,054	Forecast	47,712
4 Water Production: (A)	Cost/AF	AF	Cost/AF	AF	Cost/AF	AF
a. Retail Water Production Forecast Based on 5 Year Average		32,000 AF		30,600 AF		31,000 AF
b. SSA Surface Water (City) (B)	\$ 120.00	2,700 AF	\$ 120.00	AF	\$ 120.00	AF
c. SSA Surface Water (Electrical Cost to Lift City's Water)	\$ 17.85	6,000 AF	\$ 17.85	AF	\$ 18.21	3,000 AF
d. SSA Groundwater (Variable costs)	\$ 127.82	8,000 AF	\$ 127.82	13,600 AF	\$ 135.35	11,000 AF
e. NSA Surface Water (H)	\$ 328.16	7,000 AF	\$ 297.54	6,300 AF	\$ 312.42	7,000 AF
f. NSA Groundwater (Variable costs)	\$ 114.44	11,000 AF	\$ 114.44	10,700 AF	\$ 120.10	10,000 AF
5 Water Transfer Sales			\$ 400	4,000 AF		
6 Investment Yield		1.29%		1.29%		1.28%
7 Variable Debt Interest Rate		3.86%		-		-
8 Electrical Cost Increase		1.50%		1.50%		2.00%
9 Directors' Compensation (I)	\$ 100.00		\$ 125.00	25.00%	\$ 138.13	5.00%
10 COLA (D)		5.60%		5.60%		8.30%
11 Merit Program		5.00%		5.00%		5.00%
12 Health Care Cost (F)		-2.08%		1.11%		7.65%
13 Tier 1 Pension Cost (Unfunded Lia, % of Salaries)	\$ 811,417	24.18%	\$ 811,417	24.18%	\$ 918,519	24.18%
14 Tier 2 Pension Cost (Unfunded Lia, % of Salaries)	\$ 33,648	18.08%	\$ 33,648	18.08%	\$ 41,466	18.06%
15 Tier 3 Pension Cost (Unfunded Lia, % of Salaries)	\$ 3,563	7.72%	\$ 3,563	7.72%	\$ 7,502	7.76%
16 Unfunded Liability Total Cost	\$ 848,627	15.92%	\$ 848,627		\$ 967,487	14.01%
17 New Hires		2		2		-
18 Prefunding of Post Retirement Benefits (G)		\$ 313,928		\$ 313,928		\$ 66,804
19 Retiree Benefit Payments		\$ 447,413		\$ 447,413		\$ 492,422
20 Reserve Uses for Swap Termination		\$ -		\$ 5,642,000		
21 Reserve Uses for Operation		\$ 4,705,000		\$ 1,285,500		
Footnotes:						
(A) SSA = South Service Area; NSA = North Service Area						
(B) City Rate at \$120/AF on a trial basis. Assume City will extend this trial rate (\$120.00) for 2023. Current contract						
(C) Starting 2021, Take-or-Pay contract reduced to 8,000 AF.						
(D) July West - Size Class B/C (2.5 million or less).						
(E) 20 Cities CCI Index, Source: ENR						
(F) Same as prior year, 100/90 Basic & Medicare Annuitants						
(G) Actuarially determined prefunding amounts.						
(H) 2023 Estimated increase of 5%/AF from 2022						
(I) 2023 Proposed increase of 5%						

2022 Projected Actual & Highlights

6

	Approved 2022 Budget (\$ Millions)	Projected 2022 Actual (\$ Millions)	Projected Unspent (\$ Millions)	Projected Unspent (%)
Operations & Maintenance Budget	\$ 23.81	\$ 23.07	\$ 0.74	3.1%
Capital Improvement Program	22.19	22.19	-	0.0%
Operating Capital Program	2.56	2.10	0.46	18.0%
Debt Service Budget (include SWAP Pmt)	13.15	12.78	0.36	2.8%
Total	\$ 61.71	\$ 60.14	\$ 1.57	2.5%

2022 Projected Results:

- Water Deliveries of 30,600 AF to Customers
- Source of Supply
 - 6,100 AF Surface Water from SJWD
 - 200 AF Surface Water from BOR – Section 215
 - 24,300 AF from SSWD Groundwater
- Update Asset Management Plan (AMP)
 - Water Meter AMP
- Water infrastructure asset replacements, production wells include:
 - Well 78, Butano - Complete construction of the pump station
 - Well 79, Verner/Panorama – Complete construction of the pump station
 - Well 80, Walnut – Begin work on the pump station
 - Wells 81/82/83, Antelope North – Begin work on the three wells and pump station design
 - Well 84, Antelope/Don Julio – Begin work on the well and pump station design

2022 Projected Actual & Highlights

7

2022 Projected Results (continued):

- Water infrastructure asset replacements, T&D include:
 - Construct the Greenberry Complex small main replacement project with about 190 services to be metered
 - Complete the Meter Retrofit Program with the completion of the Greenberry Complex project & the metering of a small number of services located throughout the District
 - Complete the design for the Watt Avenue Main Extension project & initiate construction
 - Complete the Building 251 Main Replacement project (McClellan Business Park)
 - Purchase materials for a portion of the Q Street Main Replacement project
 - Construct improvements to an intertie with Carmichael Water District
 - Construct improvements to three interties with Del Paso Manor Water District, (DPMWD) in a collaborative project with DPMWD
 - Begin design and environmental review for the Well N35 Antelope North PCE Treatment project
 - Conduct Condition Assessment of the Capehart elevated water storage tank
 - Continue ongoing process to acquire property for future well sites

2022 Projected Actual and Highlights

8

2022 Projected Results (continued):

- Operations, Customer Service and Administration:
 - Complete two year high-traffic valve PM program
 - Replace 1,000 old water meters that have outlived their useful life
 - Replace 7,000 endpoints that are failing or have outlived their useful life
 - Replace four vehicles that meet the criteria of the Fleet Asset Management Plan – On Order
 - Repaved Walnut corporation yard
 - Replaced fluoride pumps
 - New video monitoring security system and electric gate at Watt Elkhorn Reservoir
 - Refinanced \$48.3 million of outstanding debt to \$41.3 million, reducing future debt services costs by approx. \$3.1 million

2023 Goals

9

- Water Deliveries of 31,000 AF to Customers
- Source of Supply
 - 7,000 AF Surface Water for NSA
 - 3,000 AF Surface Water for SSA (no cost with Water Transfer credit from City of Sacramento)
 - 21,000 AF from SSWD Groundwater
- Water infrastructure asset replacements, production wells include:
 - Well 80, Walnut – Complete work on the pump station, bring well on line
 - Wells 81/82/83, Antelope North – Complete work on the three wells, complete work on pump stations design and begin its construction
 - Well 84, Antelope/Don Julio – Complete work on the well, pump station design and begin its construction
 - Well N35, Antelope North – Construction of GAC treatment of PCE contaminant
 - Continue performing maintenance and repair activities identified by Condition Assessment to bring off-line production wells back on line
 - Initiate the first year of the Multi-Year Contract with Kirby's Pump & Mechanical, Inc., to maintain existing wells
 - Continue ongoing process to acquire property for future well sites

2023 Goals

10

- Water infrastructure asset replacements, T&D include (cont.):
 - Complete the construction of Watt Avenue Main Extension project
 - Construct the Q Street Main Replacement project
 - Design the Dudley/Peacekeeper Main Replacement project
- Operations, Customer Service and Administration:
 - Replace 1,000 old water meters that have outlived their useful life
 - Complete the replacement of endpoints that are failing or have outlived their useful life (approx. 3,000)
 - Replace two vehicles that meet the criteria of the Fleet Asset Management Plan
 - Implement the use of paperless invoices and digital payment methods for increased convenience and efficiency and reduced environmental impact
 - Complete compensation study
 - Complete Regulation 3 fee study

2023 Budget

1st Draft vs Proposed & Approved

	1st Draft	GM Edits	2023 Approved Budget
Income From Customers	\$ 51,926,000	\$ -	\$ 51,926,000
Water Transfers	-	-	-
Total Other Income	2,734,000	-	2,734,000
Total Revenue	<u>\$ 54,660,000</u>	<u>\$ -</u>	<u>\$ 54,660,000</u>
Expenditures:			
Operations and Maintenance	24,944,000	(84,000)	24,860,000
Capital Improvement Program	27,324,000	(5,229,000)	22,095,000
Operating Capital Program	1,798,000	(1,088,000)	710,000
Debt Service (Forecast)	6,995,000	-	6,995,000
Total Costs	<u>61,061,000</u>	<u>(6,401,000)</u>	<u>54,660,000</u>
Change in Reserve Balance	(6,401,000)	6,401,000	-
Reserve Balance, Beginning of Year	40,799,815	-	40,799,815
Reserve Balance, End of Year	<u>\$ 34,398,815</u>	<u>\$ 6,401,000</u>	<u>\$ 40,799,815</u>

2023 Approved Budget

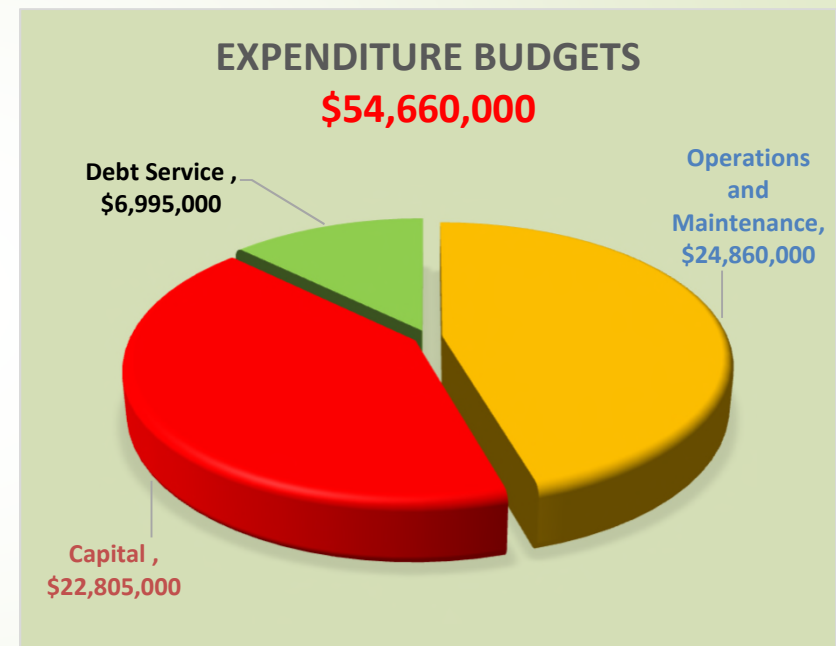
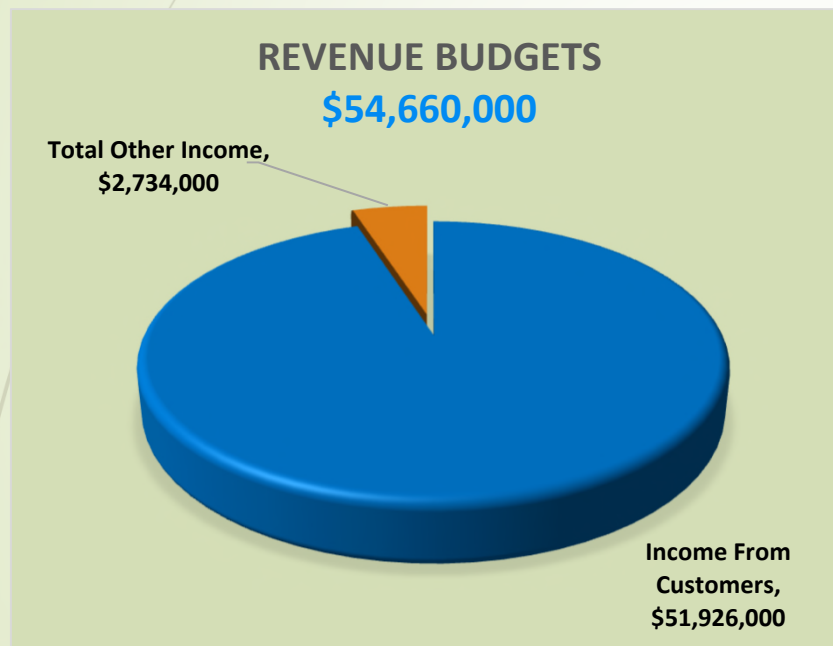
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	2022 Approved Budget	2022 Projected	2023 Approved Budget
Source Budgets:			
Income From Customers	\$ 49,957,000	\$ 50,320,872	\$ 51,926,000
Water Transfers	-	1,250,000	
Total Other Income	1,404,000	2,554,571	2,734,000
Reserve Use	10,347,000	6,016,984	-
Total Sources	\$ 61,708,000	\$ 60,142,427	\$ 54,660,000
Use Budgets:			
Operations and Maintenance	23,811,000	23,068,927	24,860,000
Capital	24,752,000	24,292,000	22,805,000
Debt Service (Forecast)	13,145,000	12,781,500	6,995,000
Reserve Funding	-	-	-
Total Uses	61,708,000	60,142,427	54,660,000
Reserve Balance:			
Change in Reserve Balance	(10,347,000)	(6,016,984)	-
Reserve Balance, Beginning of Year	46,816,799	46,816,799	40,799,815
Reserve (Cash) Balance, End of Year	\$ 36,469,799	\$ 40,799,815	\$ 40,799,815

Total Revenues vs Total Expenditures

2023 Approved Budget

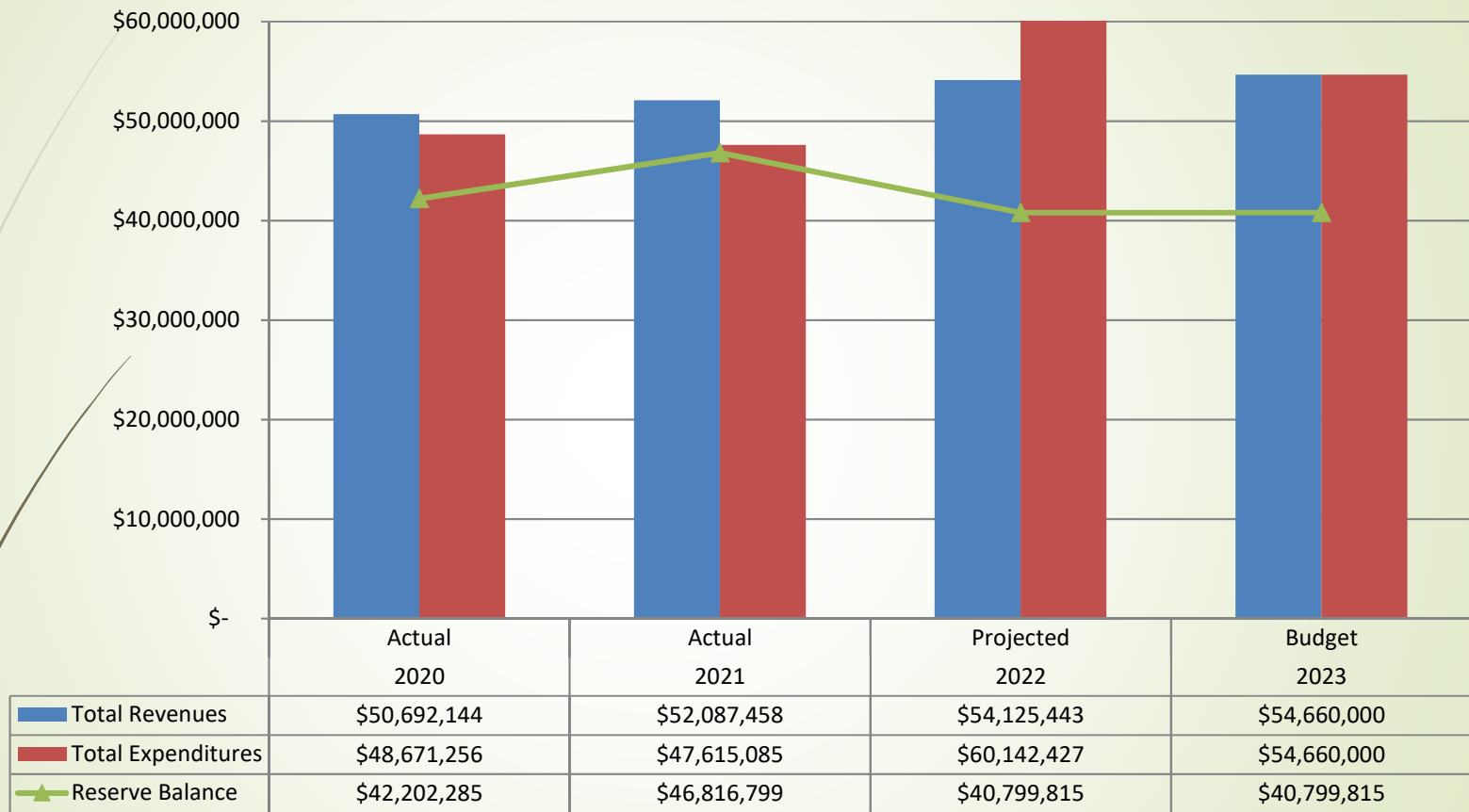
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2023 Proposes a balanced budget with no use of reserves planned

Total Revenues vs Total Expenditures 2020-2023

14



2020 Water usage up 11.0%, water transfer revenue \$0.9M, cost savings from not taking surface water
 2021 Water usage up 4.9%, capacity fees revenue \$1.2M, cost savings from not taking surface water
 2022 Revenue up including project water transfer revenue \$1.3M and capacity fees \$1.5M
 2023 Water usage projected to be comparable as 2022's, capacity fees \$1.0M, reserve balance projected to be lower than 2019 Rate Study plan, capital spending increase on production assets

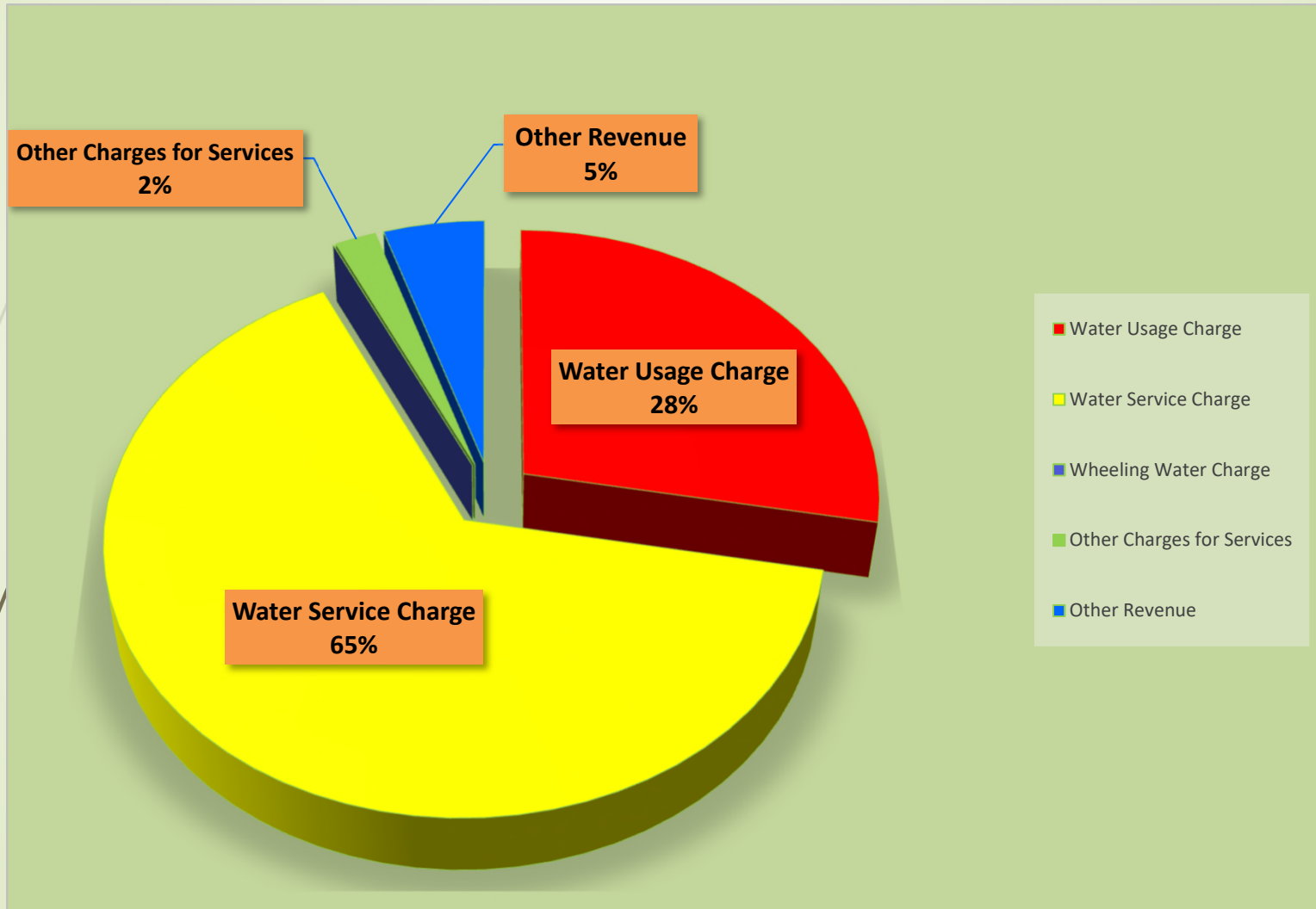
Total Revenues Detail

2020-2023

	2020	2021	2022	2023
	Actual	Actual	Projected	Budget
Water Sales Charge	\$ 15,948,172	\$ 15,391,966	\$ 14,711,028	\$ 15,248,000
Water Service Charge	31,177,081	33,167,169	34,520,182	35,556,000
Wheeling Water Charge	82,748	6,136	6,813	7,000
Other Charges for Services	523,531	408,004	1,082,848	1,115,000
Revenue From Customers	\$ 47,731,533	\$ 48,973,275	\$ 50,320,872	\$ 51,926,000
		-	-	-
Water Transfers	979,431	-	1,250,000	-
Interest and Investment Income	1,077,474	649,188	704,571	484,000
Other Income (Leases-Bldg, Cell Towers)	403,353	1,139,014	350,000	350,000
Capacity Fees	469,993	1,213,195	1,500,000	1,000,000
Grant Income	30,360	112,786	-	900,000
Other Revenue	\$ 2,960,611	\$ 3,114,183	\$ 3,804,571	\$ 2,734,000
Total Revenue	\$ 50,692,144	\$ 52,087,458	\$ 54,125,443	\$ 54,660,000

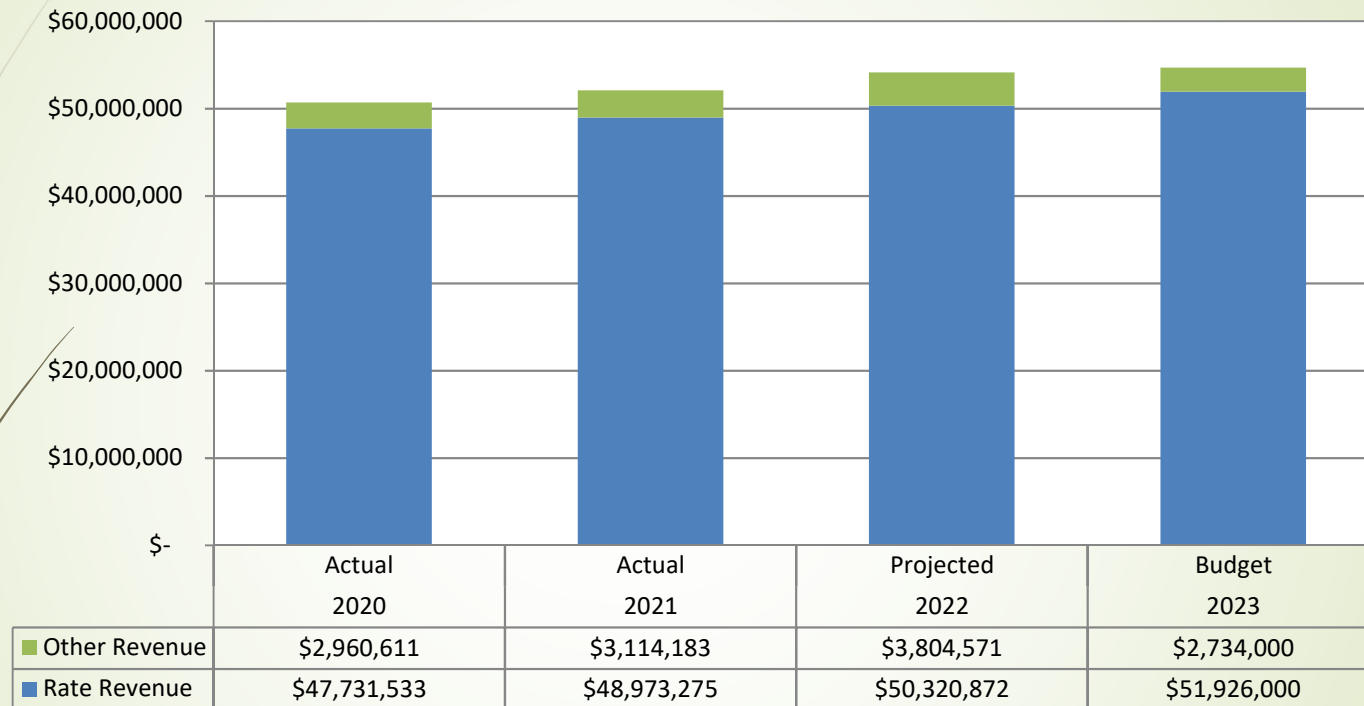
Total Revenues Detail

2023 Approved Budget



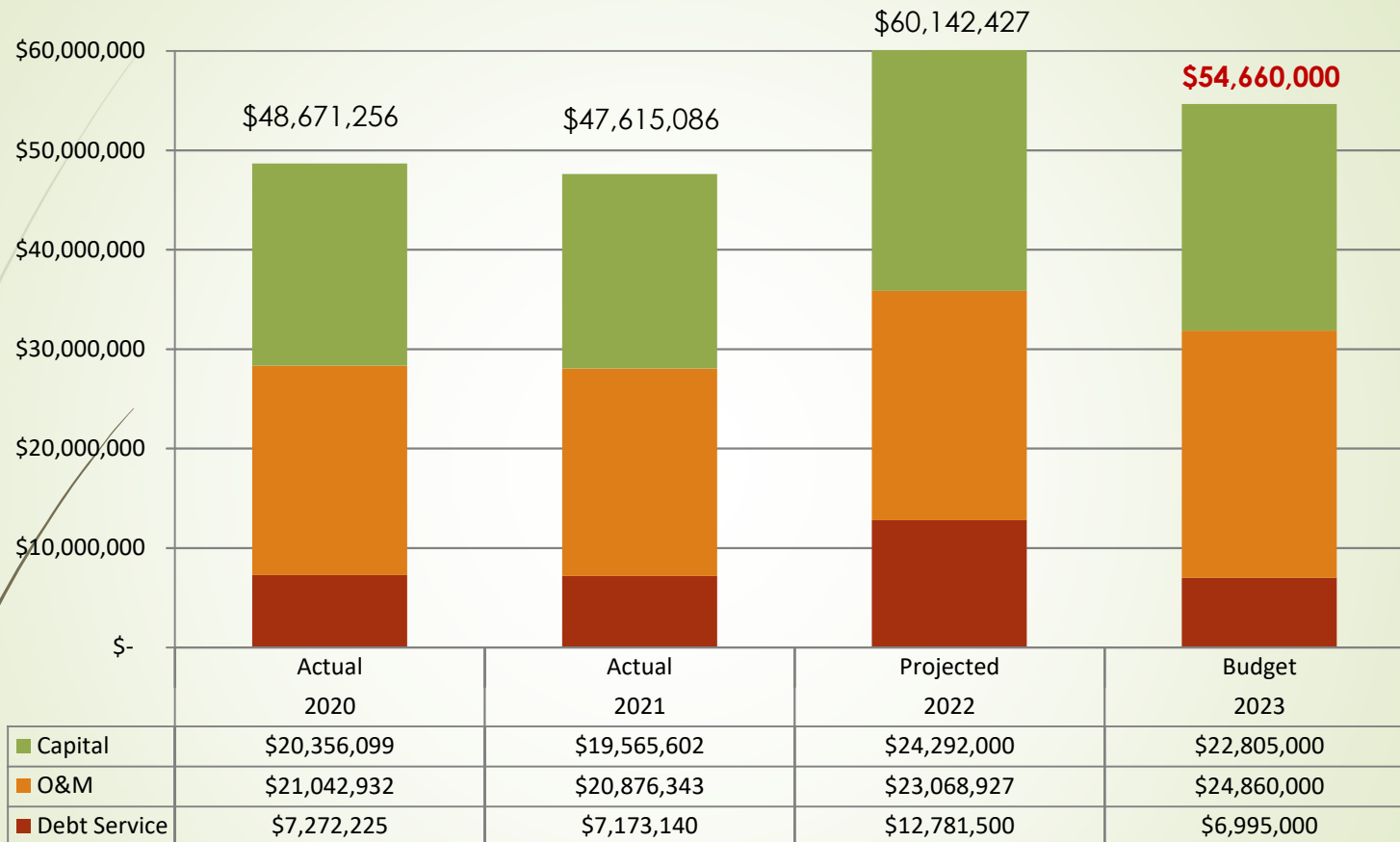
Total Revenues

2020-2023



Other revenue includes: interest, leases & rent, capacity fees, grants and other; 2020 includes \$0.9M for water transfer, approved 5.0% rate increase and 11% usage increase; 2021 approved 4% rate increase and 8.0% usage increase; 2022 approved 3% rate increase, projected lower water sales, \$1.3M water transfer, and \$1.0M capacity fee income; 2023 approved 3% rate increase, no increase in usage, \$1.0M projected capacity fees.

Total Expenditures 2020-2023



2020 O&M under budget due to unavailability of surface water (\$1.7M)

2021 O&M under budget due to unavailability of surface water (\$1.6M)

2022 Debt Service expenditures includes \$5.6M SWAP termination payment, capital budget increase (\$4.9M)

2023 O&M increases ~4%, capital expenditures decrease ~7.9% from 2022 budget

Reserve Balance Detail

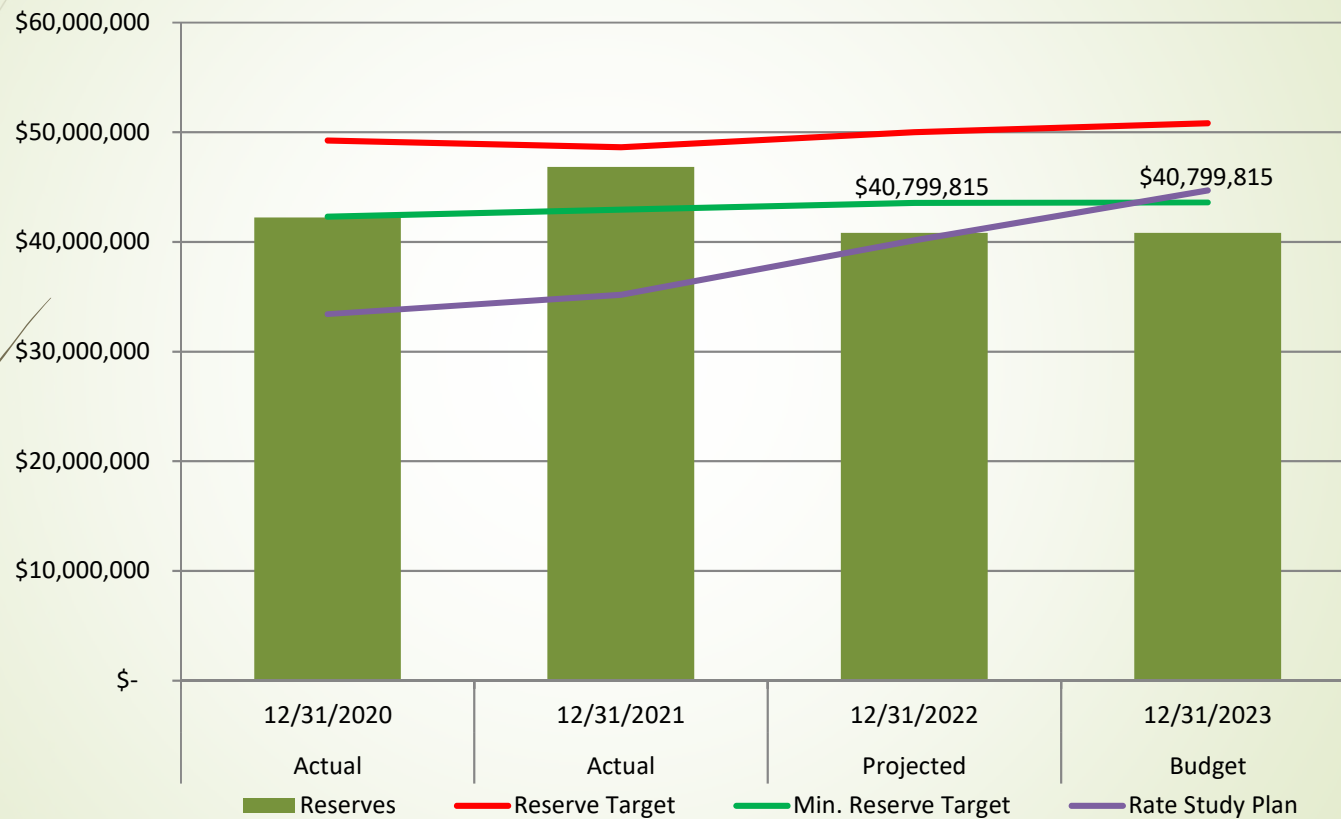
2020-2023

	<u>Actual</u> <u>12/31/2020</u>	<u>Actual</u> <u>12/31/2021</u>	<u>Projected</u> <u>12/31/2022</u>	<u>Budget</u> <u>12/31/2023</u>
Debt Service Reserve	\$ -	\$ -	\$ -	\$ -
Facilities Reimbursement	-	-	-	-
Emergency/Contingency	10,872,626	10,825,689	11,168,658	11,168,658
Operating	8,724,859	13,716,941	6,888,757	6,865,557
Rate Stabilization	5,548,400	5,217,769	6,186,000	6,099,200
Interest Rate Risk	-	-	-	-
Grant	500,000	500,000		
Well Property Acquisition	350,000	350,000	350,000	460,000
Capital Asset	16,206,400	16,206,400	16,206,400	16,206,400
TOTAL	<u>\$ 42,202,285</u>	<u>\$ 46,816,799</u>	<u>\$ 40,799,815</u>	<u>\$ 40,799,815</u>

Propose to increase Well Property Acquisition reserve fund to \$0.9M

Reserve Balance

2020-2023

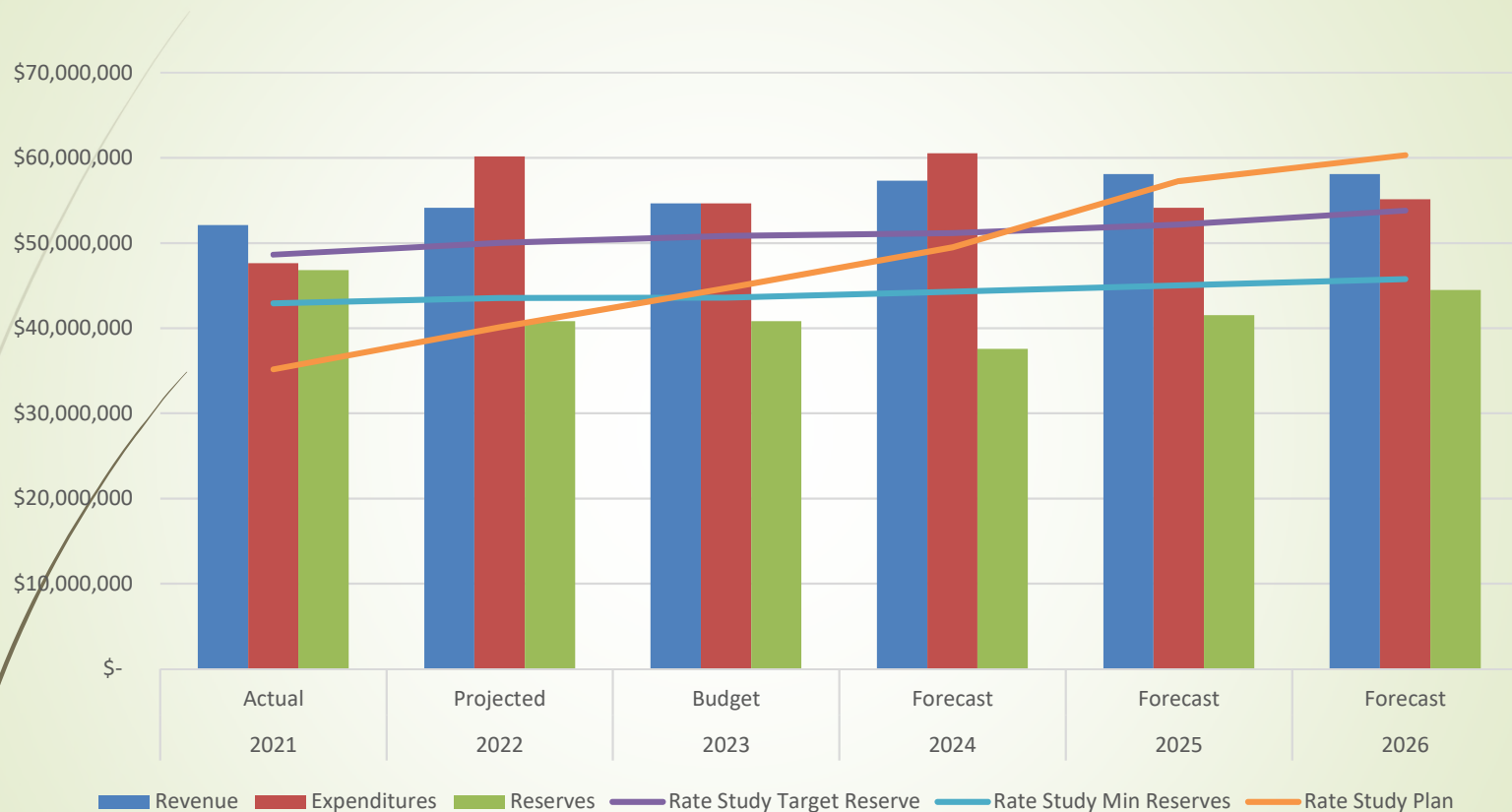


2022 Reserve balance at plan and below minimum target from 2019 Rate Study.
 2023 Reserve balance under plan and minimum target from 2019 Rate Study.

Revenues, Expenditures & Reserve

Trend and Forecast

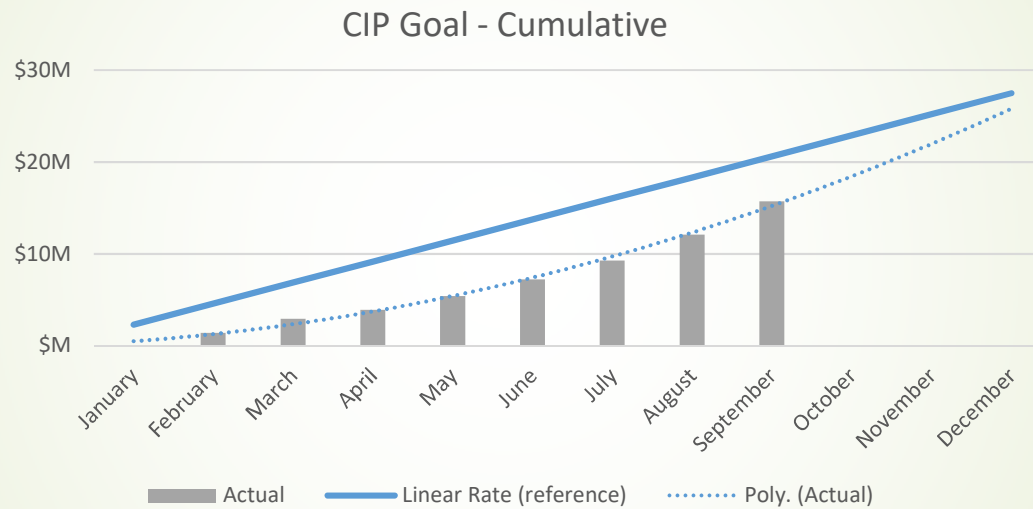
21



2023 Reserves forecast and target 40.8M vs 44.7M per 2019 rate study.
 2024 Reserves forecast and target 37.6M vs 49.5M per 2019 rate study.
 2025 No planned rate increase.
 2026 Planned first year of next rate study horizon (2026 – 2030)

Capital Budget

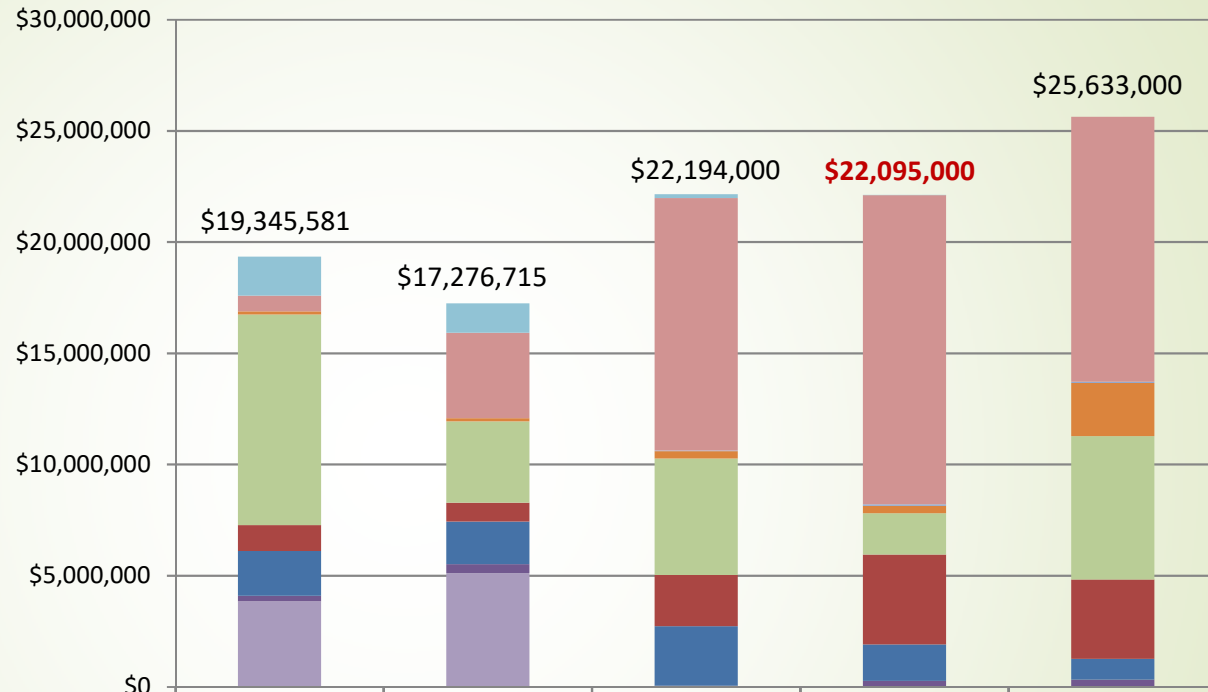
2022 3rd Quarter CIP Budget Update



CIP Project Costs

24

2023 Approved Budget & 2024 Forecast



	2020 Actual	2021 Actual	2022 Projected	2023 Budget	2024 Forecast
Meter Retrofit	1,759,921	1,323,258	177,000	5,000	-
Well Replacement	704,541	3,847,203	11,357,000	13,899,000	11,922,000
Transmission Main			33,500	73,000	57,000
Reservoir and Booster P.S.	139,036	138,710	325,000	337,000	2,385,000
Dist. Main Replacement	9,475,207	3,662,965	5,235,000	1,847,000	6,446,000
Well Rehab and Related Capital Costs	1,160,646	837,443	2,302,000	4,055,000	3,564,000
Other Re-Occurring Annual Capital Costs	2,011,109	1,925,360	2,675,000	1,629,000	945,000
SCADA	243,883	403,001	50,000	266,000	314,000
Rollover	3,851,238	5,105,275			

CIP Project Detail

Multi-Year Projects

Description	Actual 2021	Projected 2022	Budget 2023	Forecast 2024	Forecast 2025	Forecast 2026	Total Project
Wells 81, 82, 83	\$ 100,756	\$ 5,341,393	\$ 6,146,500	\$ 8,298,250	\$ -	\$ -	\$ 19,886,899
Well 84	-	1,480,883	4,754,750	3,424,750	-	-	9,660,383
Q Street Main Replacement	266,153	866,417	1,558,000	3,325,000	4,370,000	4,370,000	14,755,570
Total Multi-Year Costs	\$ 366,909	\$ 7,688,693	\$ 12,459,250	\$ 15,048,000	\$ 4,370,000	\$ 4,370,000	\$ 44,302,852

CIP Project Detail

Multi-Year Projects

Wells 81, 82, and 83 Antelope North/Poker

Project Status In Progress

Estimated Timeline: 2021 - 2024

What: Three 1,500 gpm wells (4,500 gpm total), building, chemical feed, generator

Why: Maintain sufficient groundwater supply

Need: Necessary to maintain adequate and redundant supply to meet Division of Drinking Water's (DDW's) Maximum Day Demand (MDD) and Peak Hour Demand (PHD)

Project Budget

	Design	Construction	Total	Descriptions
2021	\$ 100,756	\$ -	\$ 100,756	Initial planning and CEQA
2022	604,503	4,736,890	5,341,393	Continue design of pump station Construction of 3 groundwater wells
2023	646,000	5,500,500	6,146,500	Complete construction of groundwater wells. Complete design of pump station
2024	532,000	7,766,250	8,298,250	Complete construction of pump station Complete project
2021 - 2024	\$ 1,883,259	\$ 18,003,640	\$ 19,886,899	

CIP Project Detail

Multi-Year Projects

Well 84 Antelope /Don Julio

Project Status In Progress

Estimated Timeline: 2022 - 2024

What: 1,500 gpm well, building, chemical feed, generator

Why: Maintain sufficient groundwater supply

Need: Necessary to maintain adequate and redundant supply to meet Division of Drinking Water's (DDW's) Maximum Day Demand (MDD) and Peak Hour Demand (PHD)

Project Budget

	Design	Construction	Total	Descriptions
2022	\$ 240,445	\$ 1,240,438	\$ 1,480,883	Start design of pumpstation Start construction of groundwater well
2023	608,000	4,146,750	4,754,750	Complete construction of groundwater well Complete design of pump station Start construction of pump station
2024	218,500	3,206,250	3,424,750	Complete construction of pump station Complete project
2022 - 2024	\$ 1,066,945	\$ 8,593,438	\$ 9,660,383	

CIP Project Detail

Multi-Year Projects

Q Street Main Replacement

Project Status In Progress

Estimated Timeline: 2021 - 2026

What: Replace existing failing pipe

Why: Eliminate risk from existing pipe that has high amount of failures

Need: Recommendation to replace failing Distribution pipe per Condition Assessment of MRA 03B

Project Budget

	Design	Material	Construction	Total	Descriptions
2021	\$ 266,153	\$ -	\$ -	\$ 266,153	Engineering design and bid support
2022	116,417	750,000	-	866,417	Purchase materials for Phase 1 w/ budget augmentation
2023	66,500	47,500	1,444,000	1,558,000	Construct Phase 1 (County Paving Project area: Elkhorn Blvd)
2024	-	3,325,000	-	3,325,000	Purchase materials for remainder of project (no construction)
2025	38,000	33,250	4,298,750	4,370,000	Construction Phase 2
2026	38,000	33,250	4,298,750	4,370,000	Construction Phase 3 Complete project
2021 - 2026	\$ 525,070	\$4,189,000	\$ 10,041,500	\$ 14,755,570	

CIP Project Detail

Annual Projects Budget

Description	Budget 2023	Forecast 2024
Other Re-occurring Annual Capital Costs	\$ 1,629,000	\$ 945,000
Well Rehab. And Related Capital Costs	4,055,000	3,564,000
SCADA	266,000	314,000
Reservoir and Booster P.S.	337,000	2,385,000
Transmission Main	57,000	57,000
Well Replacement	2,997,750	199,000
Dist. Main Replacement	289,000	3,121,000
Meter Retrofit	5,000	-
Total CIP - Annual Projects Budget	\$ 9,635,750	\$ 10,585,000

Does not include multi-year projects

CIP Project Detail

Annual Projects Budget

Distribution Main Replacement	Budget 2023	Forecast 2024
	\$ 289,000	\$ 3,121,000
<u>2023/ 2024 Projects</u>		
Watt Ave Main Replacement - From Antelope Rd to The Arbors	95,000	-
MBP Main Replacement - Dudley Blvd.		1,620,000
MBP Main Replacement - Dudley/Peacekeeper	147,000	475,000
Small Improvement Projects	47,000	47,000
Auburn/Walnut Main Replacement		665,000
Winding Way Creek Crossing		285,000
Slippery Creek Main Replacement		29,000
Q Street Main Replacement		
	(Multi-year Budget)	

CIP Project Detail

Annual Projects Budget

Well Replacement	Budget 2023	Forecast 2024
	\$ 2,997,750	\$ 199,000
<u>2023/ 2024 Projects</u>		
Well #80 - Walnut/Auburn (NSA) - Complete Pump Station Construction	2,997,250	-
Well #85 - Groundwater Well Design		199,500
Wells #81, 82, 83 - Antelope N/Poker (NSA) - 3 Groundwater Wells & Pump Station Design/Construction	(Multi-year Budget)	
Well #84 (NSA) - Groundwater Well & Pump Station Design/Construction	(Multi-year Budget)	

CIP Project Detail

Annual Projects Budget

Well Rehab. And Related Capital Costs	Budget 2023	Forecast 2024
<u>2023/ 2024 Projects</u>	\$ 4,055,000	\$ 3,564,000
Well Rehabilitation/Repair/Upgrade - Various Wells 2023: Wells 25,47,68,69,70,74,N1,N30,N35,N38; 2024: Wells 20A, 33A,71,56A,N3,N5,N22,N24,N32	2,535,000	2,003,000
Condition Assessment - 2023: Wells 25, 33A, 74, 56A, N22, N24; 2024: Wells 20A, 71, 73, N3, N25, N32A	557,000	478,000
Preventive Maintenance - Various Production Wells	247,000	247,000
Pump to Waste Flow Meters	40,000	40,000
Well Site Upgrades	137,000	137,000
Capacity & Water Quality Investigation - Various Wells	195,000	209,000
Well N35 Antelope North/PCE Treatment - Design/Build Delivery (Placeholder as estimated costs are not available)	90,000	-
Destroy abandoned wells - 2023: 2 Wells; 2024: 4 Wells	131,000	327,000
Well sites demolition -6 Sites/ Year	123,000	123,000

CIP Project Detail

Annual Projects Budget

Reservoir and Booster P.S.	Budget 2023	Forecast 2024
<u>2023/ 2024 Projects</u>	\$ 337,000	\$ 2,385,000
Walnut Tank - Condition Assessment/Plans for Re-coating ~ 15 years	171,000	-
Antelope Reservoir - Interior/ Exterior Re-coating	24,000	-
Reservoirs/Tanks Annual Repairs/Modifications As Needed	47,000	48,000
Hydropneumatic Tanks - Interior Re-coating	95,000	95,000
Capehart Tank - Condition Assessment/Plans for Re-coating ~ 15 years	-	190,000
Enterprise Reservoirs - Condition Assessment/Plans for Re-coating ~ 15	-	171,000
McCellan Tank 216 Reservoirs - Condition Assessment/Plans for Re-	-	171,000
Watt/Elkhorn Reservoir	-	1,710,000

CIP Project Detail

Annual Projects Budget

SCADA	Budget 2023	Forecast 2024
<u>2023/ 2024 Projects</u>	\$ 266,000	\$ 314,000
Tesco PLC Upgrades - Various Production Locations	76,000	124,000
SCADA Upgrades	190,000	190,000
MCC Panel Upgrades	69,000	207,000

CIP Project Detail

Annual Projects Budget

Transmission Main	Budget 2023	Forecast 2024
<u>2023/ 2024 Projects</u>	\$ 57,000	\$ 57,000
Corrosion Control-Variou Protection and/or Cathodic Protection for existing transmission mains	57,000	\$ 57,000

CIP Project Detail

Annual Projects Budget

Other Re-occurring Annual Capital Costs	Budget 2023	Forecast 2024
<u>2023/ 2024 Projects</u>	\$ 1,629,000	\$ 945,000
Adjust valves boxes for county paving projects	238,000	238,000
Right of way/easement acquisitions (contingency)	14,000	14,000
AMI Endpoints Replacements	665,000	-
Replace obsolete large services (>3")	38,000	19,000
Replace water meters that outlived their useful life	294,000	294,000
Replace valves, hydrants and services that outlived their useful life	380,000	380,000

CIP Project Detail

Annual Projects Budget

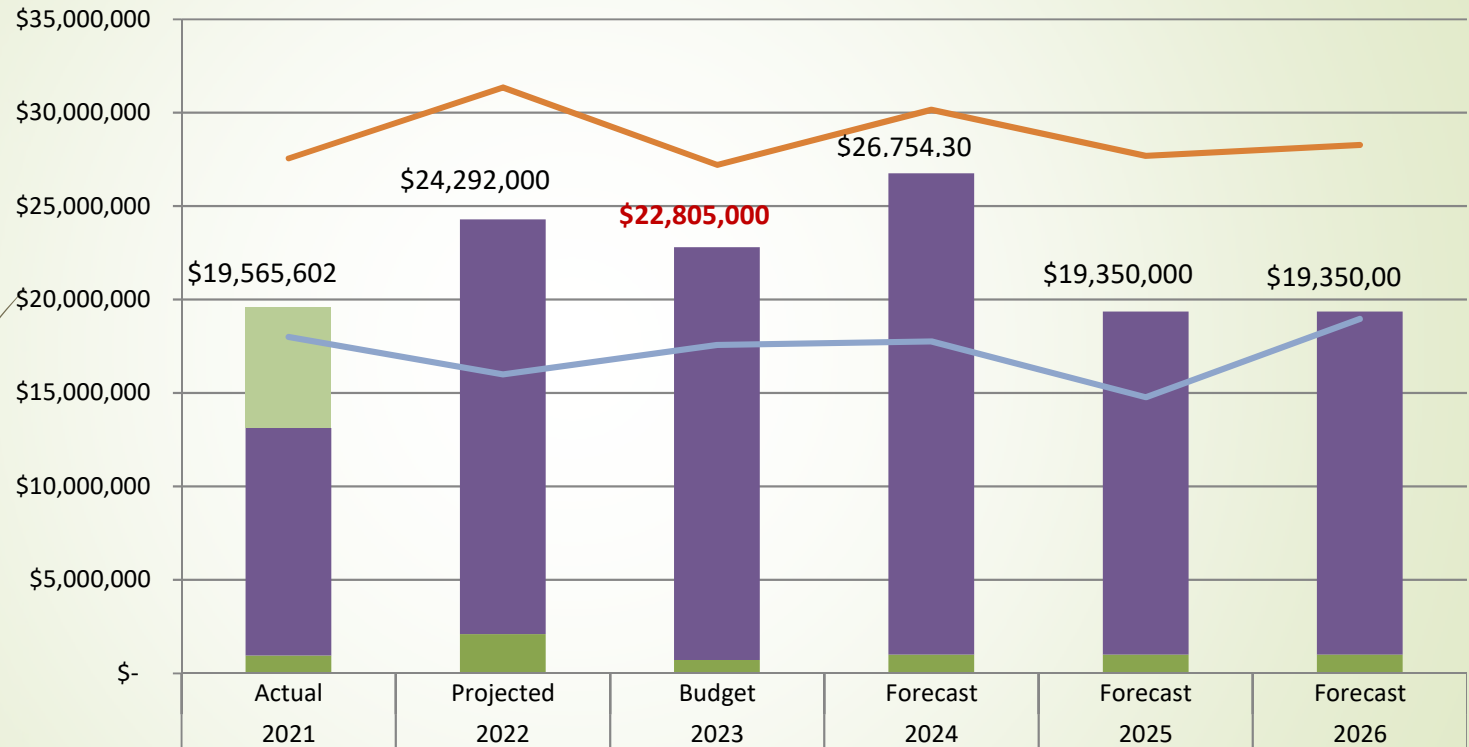
Meter Retrofit	Budget 2023	Forecast 2024
<u>2023/ 2024 Projects</u>	\$ 5,000	\$ -
2023 Meter Retrofit (pending assessment of cross-District services) Complete Retrofit Program	5,000	-

99.9% completed at the end of 2022. Only cross-District services remain.

Capital Costs

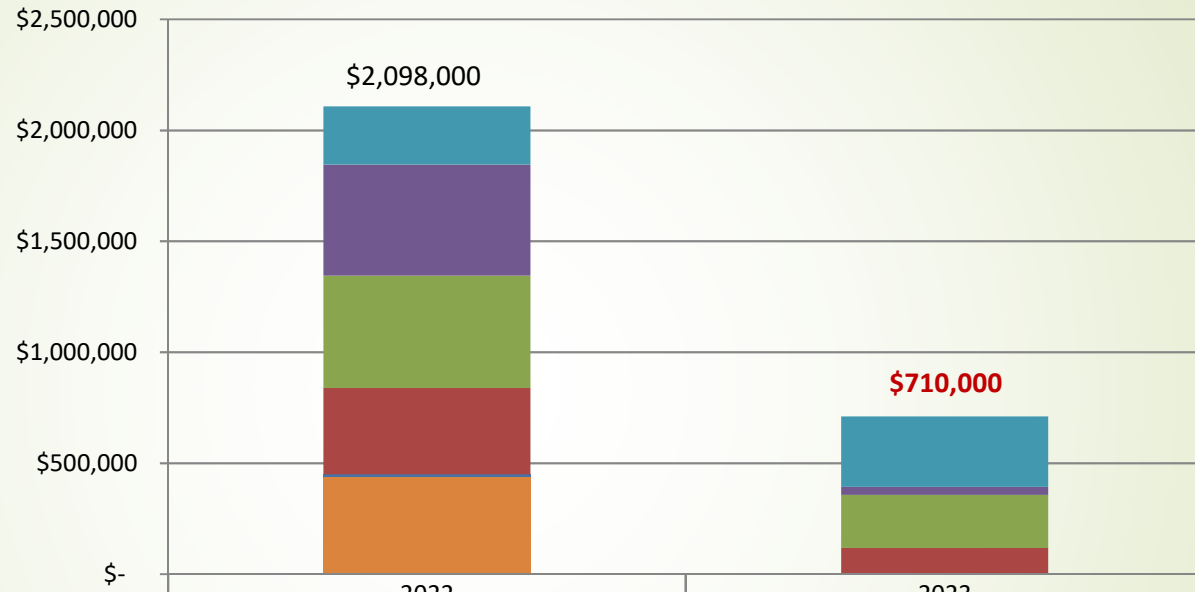
38

2023 Budget By Capital Program



Rollover	\$6,440,634					
CIP	\$12,171,440	\$22,194,000	\$22,095,000	\$25,754,000	\$18,350,000	\$18,350,000
OCP	\$953,528	\$2,098,000	\$710,000	\$1,000,000	\$1,000,000	\$1,000,000
WSMP (infl adj 2.5%)	\$27,564,448	\$31,354,612	\$27,212,684	\$30,165,071	\$27,702,300	\$28,270,373
Rate Study Capital Exp	\$18,005,000	\$15,995,000	\$17,571,000	\$17,771,000	\$14,780,000	\$18,971,000

OCP Project Costs 2023 Approved Budget



	2022 Projected	2023 Budget
Information Technology	\$262,000	\$316,000
Maintenance	\$501,000	\$37,000
Operations	\$506,000	\$239,000
Vehicles/Fleet/Equipment	\$389,000	\$118,000
Office Furniture/Equipment	\$9,836	\$-
Property Acquisitions	\$440,000	
Rollover		

Discussion of individual line items appear on subsequent pages.

OCP Project Detail

Operations Project Costs

Operations	Budget 2023
<u>2023 Projects</u>	<u>\$ 239,000</u>
Facility Operations Plan - Antelope & Verner PRV Stations	70,000
Fluoride Pump Upgrades - Programing Improvement & Pumps Replacement	88,000
AMP Implementation: Work Management Program – Phase I/Data (Placeholder)	50,000
Hydrant Meters (11 Meters)	31,000

OCP Project Detail

Vehicles/Fleet/Equipment

Vehicles/Fleet/Equipment	Budget 2023
<u>2023 Projects</u>	\$ 118,000
Vehicle Replacement - Truck # 50	59,000
Vehicle Replacement - Truck # 63	59,000

OCP Project Detail

Information Technology

Information Technology	Budget 2023
<u>2023 Projects</u>	<u>\$ 316,000</u>
Hardware Refresh Program	186,000
Software Enhancements/Modules	130,000

OCP Project Detail

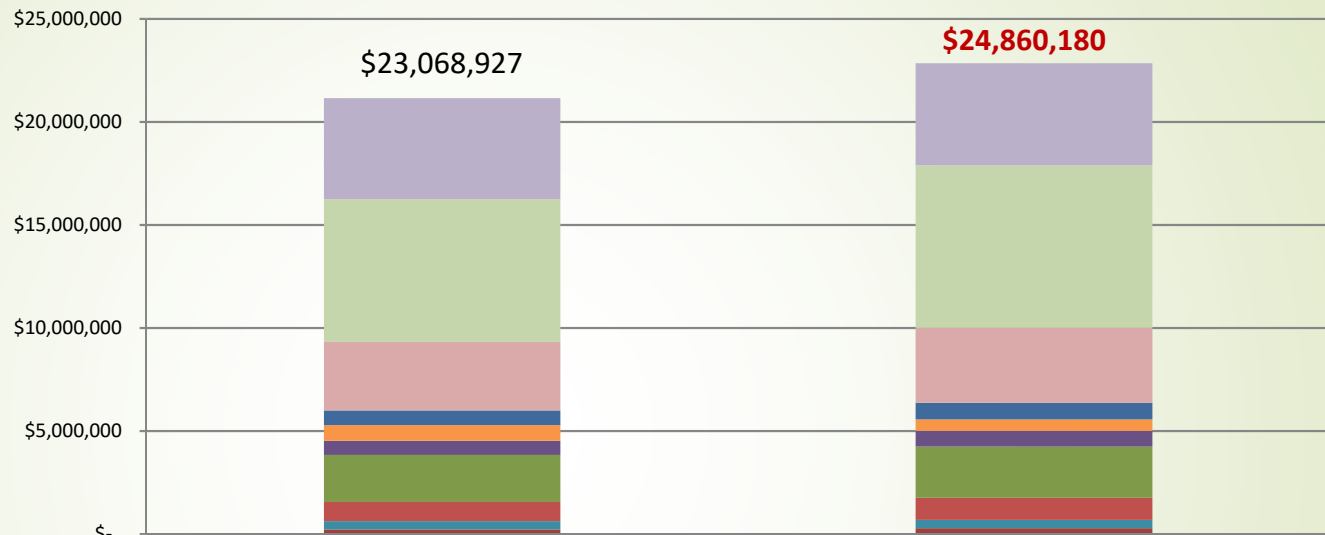
Maintenance

Maintenance	Budget 2023
<u>2023 Projects</u>	\$ 37,000
HVAC/Roof/Building Repairs	20,000
Fence Replacement - Facilities: Well N8 and N3	17,000

O&M Budget

O&M Expense Detail

2023 Budget - By Category

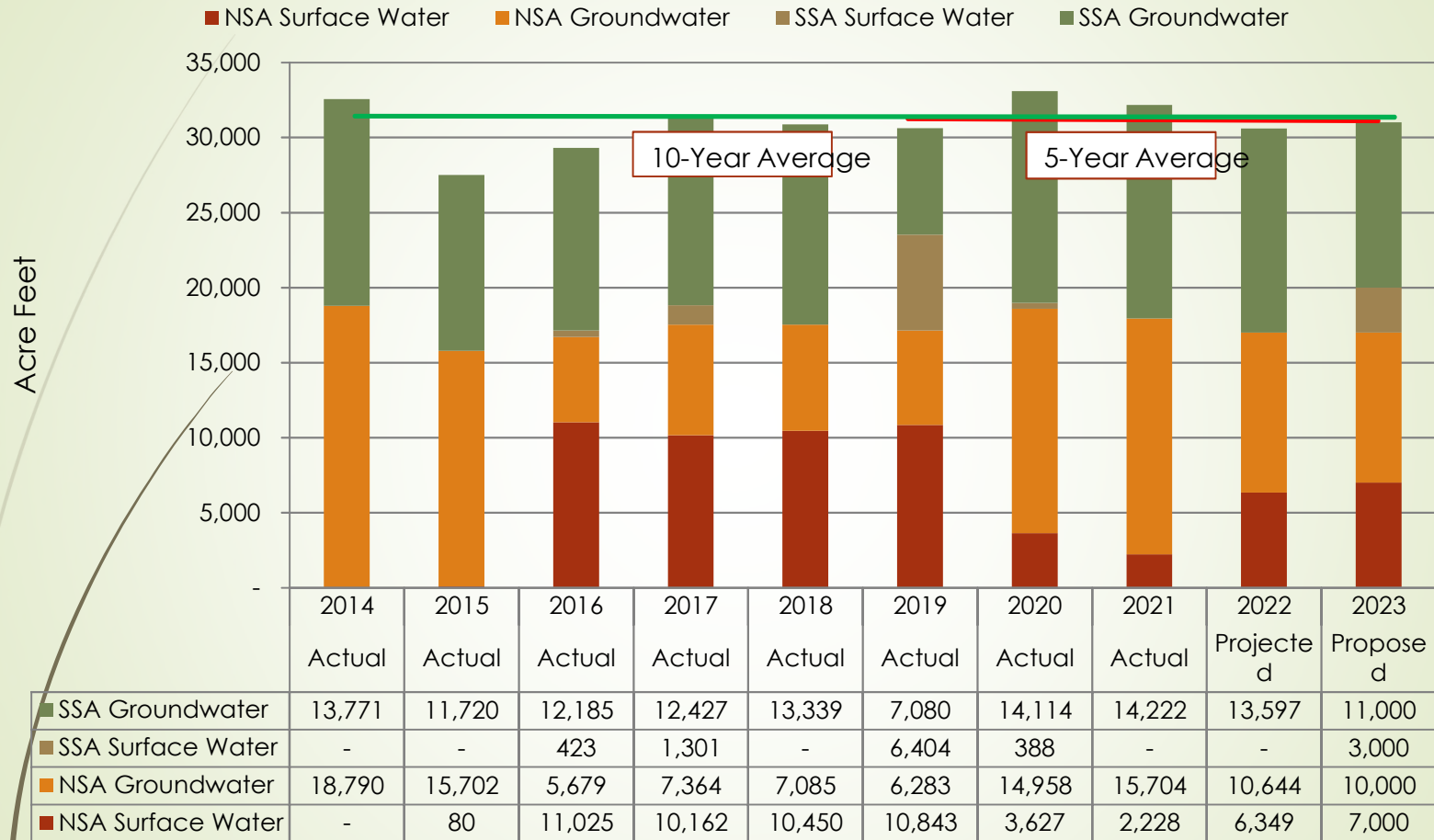


	Projected 2022	Budget 2023
WATER COSTS	\$4,920,133	\$4,954,806
SALARIES	\$6,920,962	\$7,902,500
EMPLOYEE BENEFITS	\$3,327,042	\$3,629,936
OTHER EMPLOYEE COSTS	\$719,652	\$803,252
OPEB	\$761,341	\$559,226
SUPPLIES	\$670,495	\$766,641
OUTSIDE SERVICES	\$2,291,740	\$2,484,040
LICENSES, PERMITS & FEES	\$937,843	\$1,071,648
BUILDING, EQUIP & VEHICLE O&M	\$393,300	\$413,700
OTHER GENERAL & ADMIN	\$211,491	\$262,962

Other Employee Costs includes Employer payroll taxes, training, employee teambuilding & communication, uniforms, temp help, employment recruiting costs, etc.

O&M Expense Detail

Water Production*



*Retail Water Production only (No wheeling water)

2021 Actual Production – 32,154 AF

2022 Budgeted Production – 32,000 AF; Projected Actual – 30,500 AF (SSWD Retail)

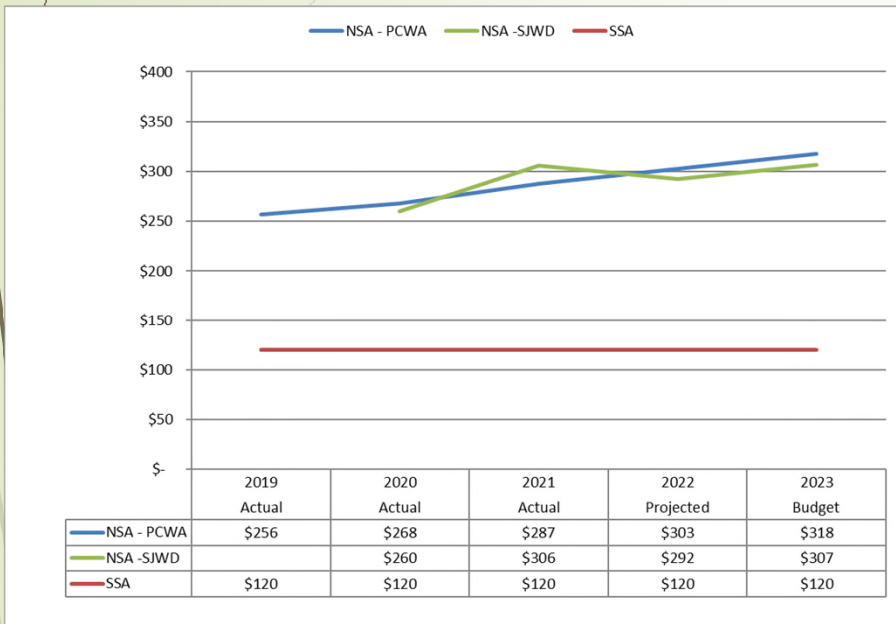
2022 Estimated Production – 31,000 AF (based on five year average)

Surface Water vs Groundwater Costs

47

Surface Water Costs (SW)

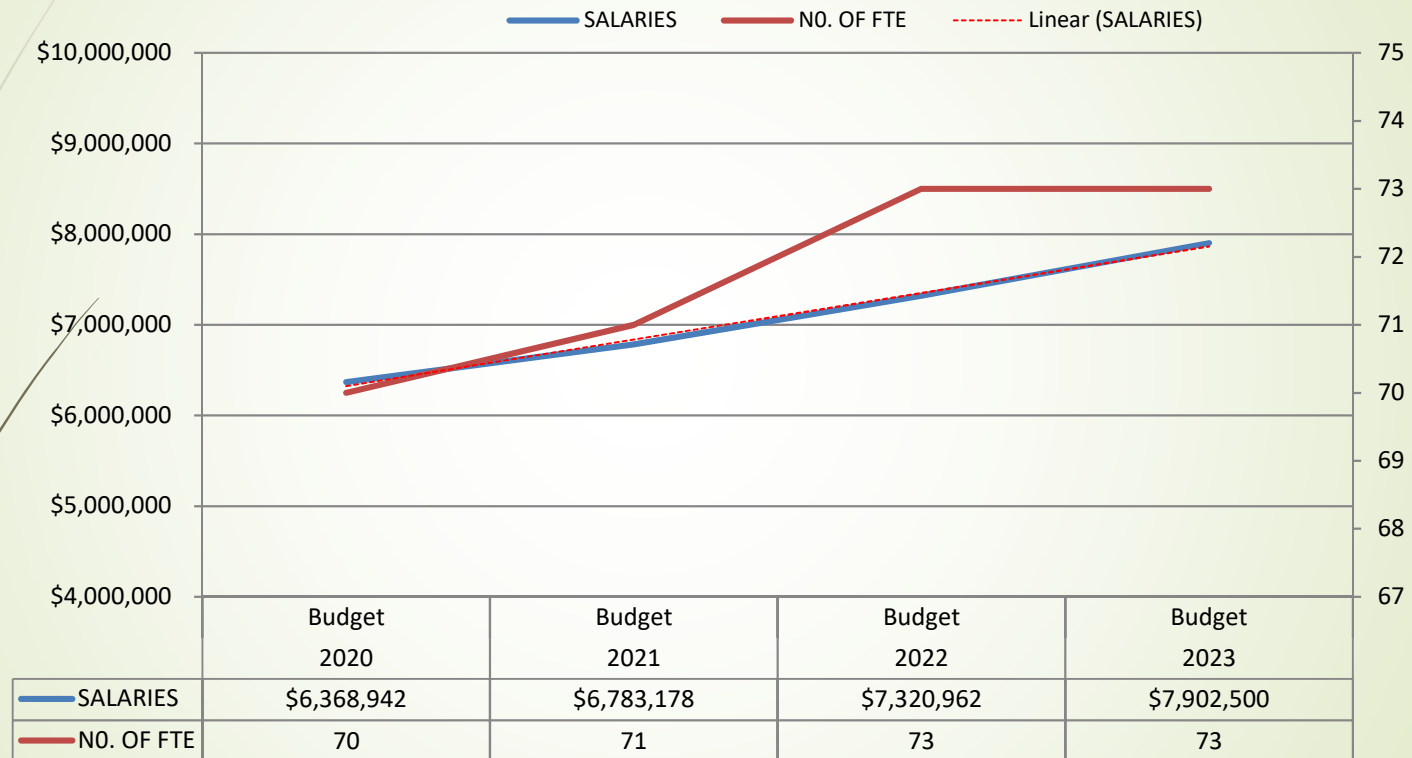
Variable Groundwater Costs (GW)



SSA - SW cost is \$120/AF with City of Sacramento on trial basis
 NSA –SW cost for 2023 expected to be \$318/AF with PCWA water and \$307/AF with SJWD
 SSA/NSA - GW costs increasing due to - increases in electricity and chemical costs
 SW = Surface Water; GW = Groundwater

O&M Expense Detail

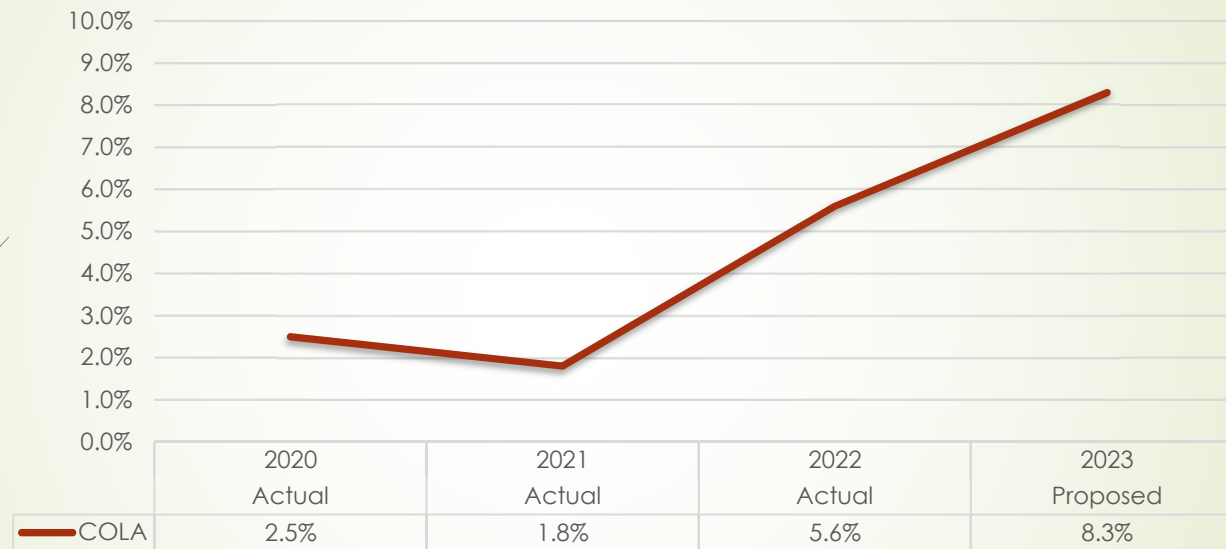
Salaries



2021 increase was 6.5% including one new FTE;
 2022 increase was 7.9% including two new FTEs;
 2023 increase is 7.9%;

O&M Expense Detail

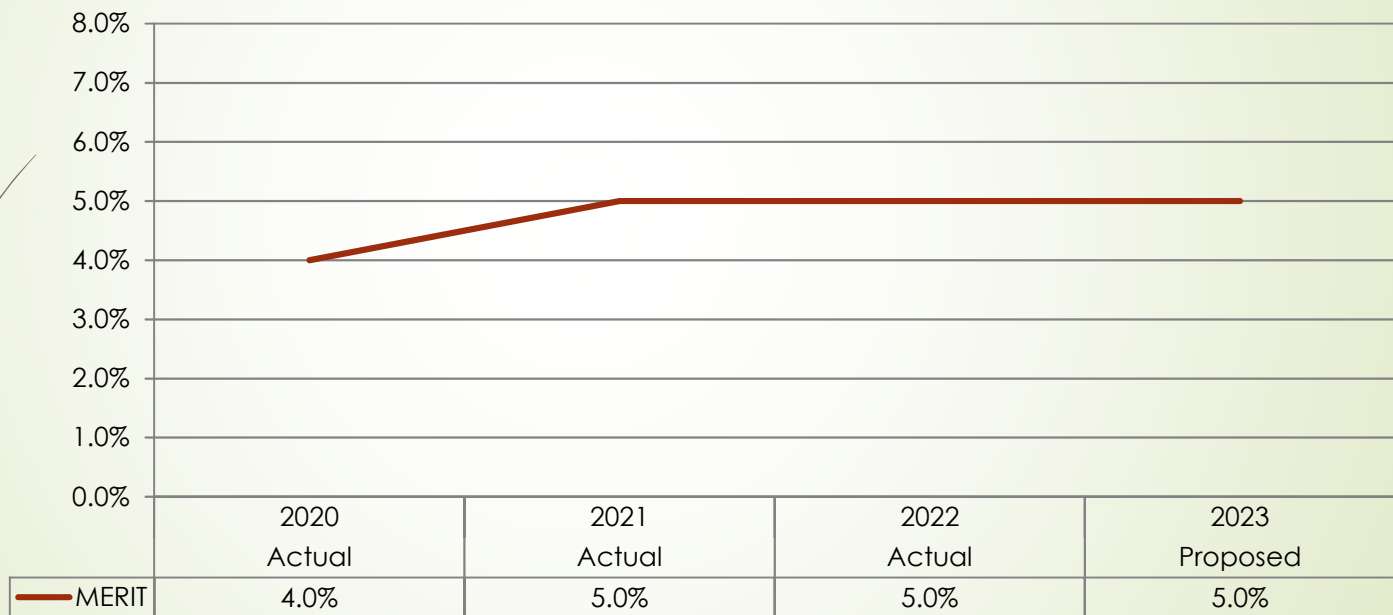
COLA



Per Policy PL – HR 003 Section 103.00, COLA is based on August Western Cities – B/C Index.

O&M Expense Detail

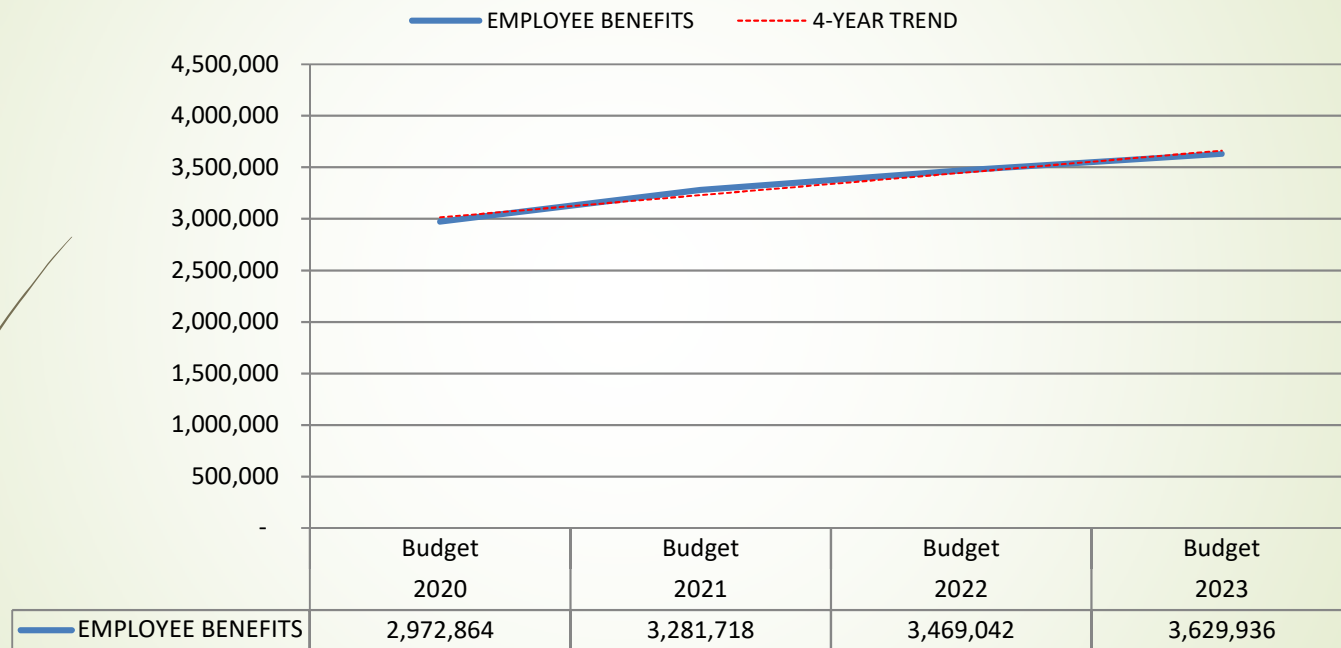
Merit



2023 1% increase equals ~\$65K

O&M Expense Detail

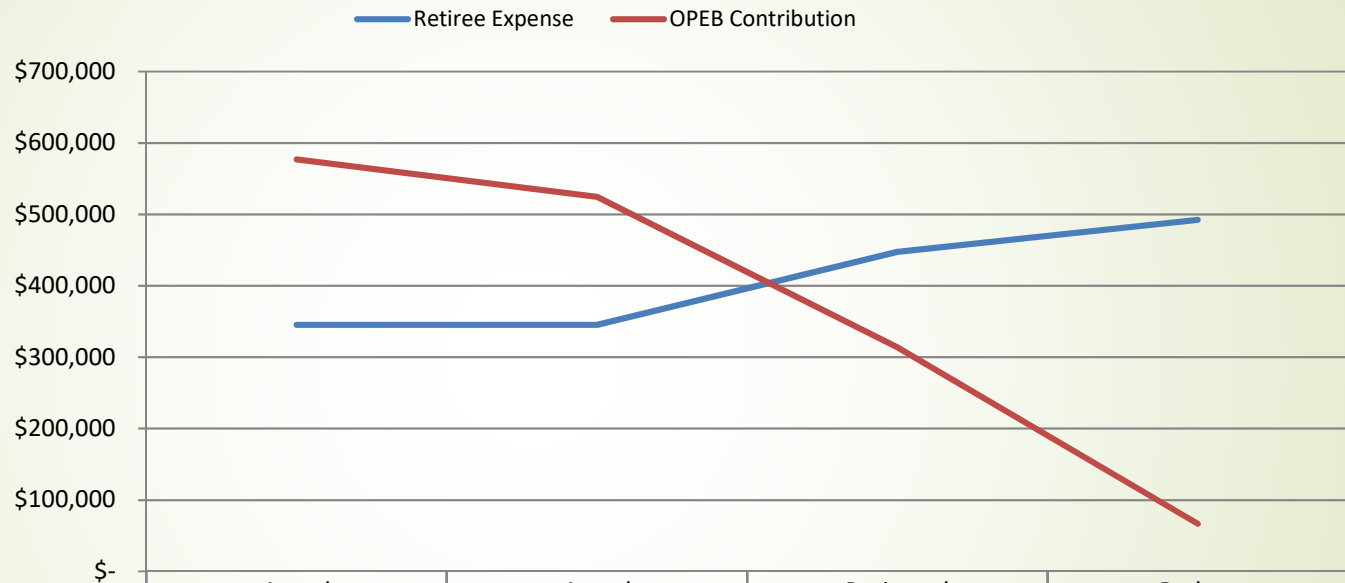
Employee Benefits



2022 increase 5.7% due primarily to increased pension and two new FTEs;
 2023 increase 4.6% due primarily to increased pension;
 Average increase from 2019-2022 is ~3.0% per filled FTE.

O&M Expense Detail

OPEB



	Actual 2020	Actual 2021	Projected 2022	Budget 2023
Retiree Expense	\$345,307	\$345,308	\$447,413	\$492,422
OPEB Contribution	\$577,046	\$524,715	\$313,928	\$66,804

2022 actuarial analysis allows reduction in total OPEB expense by ~\$109K
 2023 actuarial analysis allows reduction in total OPEB expense by ~\$202K

New Positions (Pending)

- Three new positions

O&M Expense Detail

2023 Budget - By Department

Department	Budget 2023
Board of Directors Total	\$ 99,000
Administrative Total	2,666,000
Finance Total	1,313,000
Customer Services Total	1,689,000
Field Operation Total	554,000
Production Total	7,546,000
Distribution Total	2,888,000
Field Services Total	1,545,000
Maintenance Total	727,000
Conservation Total	683,000
Environmental Compliance Total	889,000
Engineering Total	1,769,000
GIS/CAD Total	477,000
Human Resource Total	422,000
Information Technology Services Total	1,272,000
Community Outreach Total	321,000
Grand Total	\$ 24,860,000

Department budgets include all costs including salaries & benefits. Communication and Team Building budget increases \$4k.

Debt Service Budget

Debt Service Budget

	5-Year Low	5-Year High	5-Year Average	Budget 2023
Debt Service	\$ 6,994,892	\$ 7,272,225	\$ 7,157,018	\$ 6,996,915

Debt Service	Actual 2019	Actual 2020	Actual 2021	Projected 2022	Budget 2023
Principal	\$ 4,625,000	\$ 4,790,000	\$ 4,965,000	\$ 5,390,000	\$ 4,910,000
Interest	2,580,334	2,482,225	2,208,140	1,749,500	2,084,892
SWAP Termination				5,642,000	
Total Debt Service	\$ 7,205,334	\$ 7,272,225	\$ 7,173,140	\$ 12,781,500	\$ 6,996,915

2022 Refinance resulted in: 1) reduced risk, 2) reduced principal by ~\$7.0M,
 3) eliminated swap, and 4) debt service savings of \$3.1M (\$0.7M NPV)
 2023 Budget based on fixed rate debt schedules
 2023 – 2030 annual debt service ~\$7.0M

2023 Budget Summary

57

Source Budgets:		2022 Approved Budget	2022 Projected	2023 Proposed Budget
	Income From Customers	\$ 49,957,000	\$ 50,320,872	\$ 51,926,000
	Water Transfers	-	1,250,000	-
	Total Other Income	1,404,000	2,554,571	2,734,000
	Reserve Use	10,347,000	6,016,984	-
	Total Sources	\$ 61,708,000	\$ 60,142,427	\$ 54,660,000
Use Budgets:				
	Operations and Maintenance	23,811,000	23,068,927	24,860,000
	Capital	24,752,000	24,292,000	22,805,000
	Debt Service (Forecast)	13,145,000	12,781,500	6,995,000
	Reserve Funding	-	-	-
	Total Uses	61,708,000	60,142,427	54,660,000
Reserve Balance:				
	Change in Reserve Balance	(10,347,000)	(6,016,984)	-
	Reserve Balance, Beginning of Year	46,816,799	46,816,799	40,799,815
	Reserve (Cash) Balance, End of Year	\$ 36,469,799	\$ 40,799,815	\$ 40,799,815

Questions ?