

2024 BUDGET

Revenues and Sources of Funds Budget	2024 Budget
Revenue from Customers	\$ 55,082,000
Other Revenue	1,730,000
Grant Revenue	14,710,000
Total 2024 Revenue	\$ 71,522,000

Reserve Use	\$ -
--------------------	-------------

Total 2024 Revenues and Sources	\$ 71,522,000
--	----------------------

Operating Budget	2024 Budget
Board of Directors Total	\$ 151,000
Administrative Total	2,803,000
Finance Total	1,361,000
Customer Services Total	1,712,000
Field Operation Total	608,000
Production Total	8,914,000
Distribution Total	2,978,000
Field Services Total	1,681,000
Maintenance Total	787,000
Conservation Total	741,000
Environmental Compliance Total	972,000
Engineering Total	1,770,000
GIS/CAD Total	499,000
Human Resource Total	479,000
Information Technology Services Total	1,513,000
Community Outreach Total	276,000
Total Operating Budget	\$ 27,245,000

Capital Budget	2024 Budget
Capital Improvement Program (CIP)	
Dist. Main Replacement	\$ 1,650,000
Well Replacement	16,502,000
Well Rehab. And Related Capital Costs	4,723,000
Other Re-occurring Annual Capital Costs	2,680,000
Reservoir and Booster P.S.	980,000
Transmission Main	120,000
CIP Subtotal	\$ 26,655,000
Operating Capital Program (OCP)	
Operations	\$ 902,000
Vehicles/Fleet/Equipment	60,000
Information Technology	1,487,000
Maintenance	606,000
OCP Subtotal	\$ 3,055,000
Total Capital Budget	\$ 29,710,000

Debt Service Budget	\$ 6,995,000
----------------------------	---------------------

Total 2024 Costs	\$ 63,950,000
-------------------------	----------------------

Reserve Funding	\$ 7,572,000
------------------------	---------------------

Capital Improvement Program (CIP) - Multi-Year Project Budget

Description	Actual 2021	Actual 2022	Projected 2023	Budget * 2024	Forecast 2025	Total Project
Wells 81, 82, 83	\$ 100,756	\$ 5,430,110	\$ 7,196,500	\$ 8,798,000	\$ 4,400,000	\$ 25,925,366
Well 84	-	1,053,459	4,904,750	7,324,000	400,000	13,682,209
Total Costs	\$ 100,756	\$ 6,483,569	\$ 12,101,250	\$ 16,122,000	\$ 4,800,000	\$ 39,607,575

* Calendar Year 2024 approved spending limit and included in total 2024 Capital Budget

Capital Improvement Program (CIP) Project	2024	2025
Dist. Main Replacement		
Service Line Replacement - Butterball, MRA 5B - Alternatives Analysis	X	
Main Replacement - Auburn Blvd Bridge	X	
Main Replacement - MBP Dudley Blvd	X	X
Main Replacement - MBP Dudley/Peacekeeper	X	X
Main Replacement - MBP Patrol Urbani	X	X
Main Replacement - Auburn/Walnut (design only)		X
Main Replacement - Loehmann's Plaza (design only)		X
Small Distribution System Improvement Projects		X
Condition Assessment of MRAs		X
Well Replacement		
Wells #81, 82, 83 (NSA) - Pump Station Construction	X	X
Well #84 (NSA) - Pump Station Construction	X	X
Well #85 (Site TBD) - Groundwater Well (2024: CEQ and Initial Planning; 2025: Well Design and Construction)	X	X
Well #86 (Site TBD) - Groundwater Well (2025: Placeholder to Initiate CEQA)		X
Transmission Main		
Corrosion Control-Variou Protection and/or Cathodic Protection for existing trans. mains	X	X
Reservoir and Booster P.S.		
Enterprise Reservoir - Condition Assessment/Plans for Re-coating ~ 15 years	X	
McClellan Tank 216 - Condition Assessment/Structure Retrofit Design	X	X
Reservoirs/Tanks Annual Repairs/Modifications As Needed	X	X
Hydropneumatic Tanks - Interior Re-coating	X	X
Walnut Tank - Alternatives Analysis		X
Antelope Facility Soundwall - Design		X
Antelope Reservoir - Interior/ Placeholder Budget (\$1.8M)		X
Watt/Elkhorn Reservoir - Recoating Design/Construction (Placeholder Budget)	X	X
Well Rehab. And Related Capital Costs		
MCC Panel Upgrades - Purchase/Installation for 5 Facilities	X	
Well 18 Site Improvement - Driveway Access & Site Layout Modification	X	
Well 60 Pump Station Improvements	X	
Well Rehabilitation/Repair/Upgrade - KPM Projects - Labor Contract	X	X
Well Rehabilitation/Repair/Upgrade - KPM Projects - Non Labor Costs	X	X
Well N20 Equipping - 2024: MCC Design/Pump Selection; 2025: Construction	X	X
Well N35 Antelope North/PCE Treatment - 2024: Finish CEQA; 2025 Some Design	X	X
Booster Pump Maintenance/Repairs - Inspect 10 Booster Pumps/Year	X	X
Well 32A Pump Station Improvements		X
Well 73 VFD Retrofit - Retrofit the largest SSA Well to run on a VFD		X
Destroy abandoned wells - 2025: Wells 56 & 59		X
Well sites demolition - Contingency	X	X
Other Re-occurring Annual Capital Costs		
Adjust Valves Boxes For County Paving Projects	X	X
Right of Way/Easement Acquisitions	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 2024	2024
Operations	
Well Pump & Motor Standardization	X
GWAMP Implementation: Groundwater Well Performance Monitoring & Assessment, and Engineering Data Management	X
Design Standards for New Wells and their Pump Stations	X
CIP Roadmap for Well Capacity	X
BSAMP Implementation Plan	X
CIP Delivery Performance	X
Enterprise ClaVal pilotry	X
Confined space trailer	X
Hydrant Buddy's with accessory (3). In addition: Three custom manufactured key sets from PACE Supply.	X
Valve Nut Rx Kit and accessories.	X
SSWD ARV Enclosures Replacements (10)	X
Meganet Decommissioning Project 24 sites	X
Vehicles/Fleet/Equipment	
Vehicle Replacement - Truck # 59 - F150	X
Information Technology	
Hardware Refresh Program	X
Software Enhancements/Modules	X
SCADA Improvements	X
Maintenance	
HVAC/Roof/Building Repairs	X
Walnut Carpet Replacement (Upstairs)	X
Walnut Roof Replacement	X
Walnut Pavement Seal	X
Auburn Yard Improvements - 2024: Design and 2025: Construction	X
Well site fence/gate repairs	X

2024 Approved Budget

October 16, 2023



Mission Statement

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



Strategic Plan Goals

- 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

2024 Budget Development Process

4

- June Board Meeting – 06/19/2023, 6:00 pm
 - Budget Preparation Timeline Approved
- August Board Meeting – 08/21/2023, 6:00 pm
 - Budget Assumptions Approved
- September Board Meeting – 09/18/2023, 6:00 pm
 - Status Report; Provide Direction to Staff
- October Board Workshop – 10/02/2023, 5:00 pm
 - First Draft Presentation; Provide Direction to Staff
- October Board Meeting – 10/16/2023, 6:00 pm
 - Update Board; Provide Direction to Staff
- November Board Workshop – 11/06/2023, 6:00 pm (If necessary)
 - Second Draft Presentation; Provide Direction to Staff
- November Board Meeting – 11/20/2023, 6:00 pm
 - Final Draft Presentation; Approve Budget

2024 Budget Assumptions

5

Key Assumptions	2023 - Approved		2023 - Updated		2024 - Proposed	
Rate Increase (Approved via Prop 218)	Approved	3.00%	Approved	3.00%	Approved	3.00%
Service Connections	Forecast	47,712	Forecast	47,761	Forecast	47,784
Water Production: (A)	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>
a. Retail Water Production Forecast Based on 5 Year Average		31,000 AF		30,700 AF		31,000 AF
b. SSA Surface Water (City) (B)	\$ 120.00	AF	\$ 120.00	AF	\$ 120.00	4,000 AF
c. SSA Surface Water (City at NO Cost / 2020 Water Transfer)	\$ -	3,000 AF	\$ -	7,600 AF	\$ -	2,000 AF
d. SSA Surface Water (Electrical Cost to Lift City's Water)	\$ 18.21	3,000 AF	\$ 23.62	7,600 AF	\$ 24.80	6,000 AF
e. SSA Groundwater (Variable costs)	\$ 135.35	11,000 AF	\$ 168.88	5,700 AF	\$ 158.06	8,000 AF
f. NSA Surface Water (PCWA Water) (C, H)	\$ 318.02	3,000 AF	\$ 300.11	8,500 AF	\$ 355.70	4,000 AF
g. NSA Surface Water (BUREAU 215)			\$ 254.89	2,000 AF		AF
h. NSA Surface Water (SJWD Water)	\$ 306.81	4,000 AF	\$ 298.40	300 AF	\$ 355.55	4,000 AF
i. NSA Groundwater (Variable costs)	\$ 120.10	10,000 AF	\$ 160.25	6,600 AF	\$ 141.16	9,000 AF
Electrical Cost Increase		2.00%	132.64	2.00%	\$ 139.30	5.00%
Investment Yield		1.28%		2.40%		2.40%
Directors' Compensation (I)	\$ 131.00	5.00%	\$ 131.00	5.00%	\$ 136.00	3.60%
COLA (E)		8.30%		8.30%		3.60%
Merit Program		5.00%		5.00%		5.00%
Health Care Cost (F)		7.65%		7.65%		8.60%
Tier 1 Pension Cost (Unfunded Lia, % of Salaries)	\$ 918,519	24.18%	\$ 865,238	24.18%	\$ 827,576	26.24%
Tier 2 Pension Cost (Unfunded Lia, % of Salaries)	\$ 41,466	18.06%	\$ 36,796	18.06%	\$ 31,319	19.63%
Tier 3 Pension Cost (Unfunded Lia, % of Salaries)	\$ 7,502	7.76%	\$ 3,552	7.76%	\$ -	8.00%
Unfunded Liability Total Cost	\$ 967,487	14.01%	\$ 905,585	5.89%	\$ 858,895	-5.16%
Prefunding of Post Retirement Benefits (G)	\$ 66,804	-78.72%	\$ 66,804	-78.72%	\$ 55,366	-17.12%
Retiree Benefit Payments	\$ 492,422	10.06%	\$ 492,422	10.06%	\$ 518,879	5.37%

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
- (C) Starting 2021, Take-or-Pay contract reduced to 8,000 AF.
- (D) SJWD Treatment rate increase of 23.43%
- (E) July West - Size Class B/C (2.5 million or less).

- (F) Same as prior year, 100/90 Basic & Medicare Annuitants
- (G) Actuarially determined prefunding amounts.
- (H) 2024 PCWA/USBR estimated increase of 5%/AF from 2023
- (I) 2024 Proposed increase of 3.5%, same as COLA Increase

2023 Projected Actual & Highlights

6

	Approved 2023 Budget (\$ Millions)	Projected 2023 Actual (\$ Millions)	Projected Over (\$ Millions)	Projected Over (%)
Operations & Maintenance Budget	\$ 24.86	\$ 25.33	\$ (0.47)	-1.9%
Capital Improvement Program	22.81	24.01	(1.20)	-5.3%
Debt Service Budget	7.00	7.00	(0.00)	0.0%
Total	\$ 54.66	\$ 56.33	\$ (1.67)	-7.1%

2023 Projected Results:

- Water Deliveries of 30,700 AF to Customers
- Source of Supply
 - 8,500 AF Surface Water from PCWA
 - 300 AF Surface Water from SJWD
 - 2,000 AF Surface Water from BOR – Section 215
 - 7,600 AF Surface Water from City of Sacramento – **No Cost**/2020 Water Transfer Credit
 - 12,300 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 station design and begin its construction
 - Well 84, Antelope/Don Julio – Complete work on the well, pump station design and begin its construction

2023 Projected Actual & Highlights

7

2023 Projected Results (Continued):

- Water infrastructure asset replacements, production wells include(cont.):
 - 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
- Water infrastructure asset replacements, T&D include:
 - Complete the construction of Watt Avenue Main Extension 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

2024 Goals

8

- Water Deliveries of 31,000 AF to Customers
- Source of Supply
 - 4,000 AF Surface Water from PCWA
 - 4,000 AF Surface Water from SJWD
 - 2,000 AF Surface Water from City of Sacramento – **No Cost**/2020 Water Transfer Credit
 - 4,000 AF Surface Water from City of Sacramento – \$120 per AF / Pilot Program
 - 17,000 AF from SSWD Groundwater
- Asset Management Plans:
 - Initiate project to update the Transmission Main Asset Management Plan (AMP) and the Distribution Main AMP
 - Initiate Buildings and Structures AMP Implementation project
 - Continue Groundwater Well AMP Implementation project
 - Continue SCADA AMP Implementation project
- Water infrastructure asset replacements, production wells include:
 - Wells 81/82/83, Antelope North – Continue pump station construction
 - Well 84, Antelope/Don Julio – Continue pump station construction
 - Continue performing maintenance and repair activities identified by Condition Assessment to bring off-line wells back on-line

2024 Goals

9

- Water infrastructure asset replacements, T&D include (cont.):
 - Continue the Multi-Year Contract with Kirby's Pump & Mechanical, Inc., to maintain existing wells
 - Continue ongoing process to acquire property for future well sites
 - Prepare an alternatives analysis of Main Replacement Area (MRA) 5B to address failing service saddles
 - Construct a replacement pipeline for the City's new bridge over Arcade Creek at Auburn Boulevard and Winding Way
 - Design the Dudley/Peacekeeper Main Replacement project in McClellan Business Park
 - Design the Dudley Blvd. Main Replacement project in McClellan Business Park
 - Design the Patrol Urbani Main Replacement project in McClellan Business Park
 - Conduct Condition Assessment of Enterprise Reservoir
 - Conduct Condition Assessment of McClellan Tank 216
 - Prepare construction plans for re-coating of Watt/Elkhorn Reservoir
 - Adjust existing facilities as necessary to accommodate County/City roadway improvement projects
- Operations, Customer Service and Administration:
 - Replace 1,067 old water meters that have outlived their useful life
 - Replace one vehicle that meets the criteria of the Fleet Asset Management Plan
 - Initiate new Rate Study

2024 Proposed Budget

10

	2023 Approved Budget	2023 Projected	2024 Proposed Budget	2025 Forecast
Source Budgets:				
Income From Customers	\$ 51,926,000	\$ 53,478,812	\$ 55,082,000	\$ 55,082,000
Total Other Income	1,834,000	840,455	1,730,000	1,259,000
Grant Income	900,000	2,900,000	14,710,000	2,100,000
Reserve Use	-	-	-	-
Total Sources	\$ 54,660,000	\$ 57,219,267	\$ 71,522,000	\$ 58,441,000
Use Budgets:				
Operations and Maintenance	24,860,000	25,326,780	27,245,000	28,022,625
Capital	22,805,000	24,005,000	29,710,000	27,908,000
Debt Service (Forecast)	6,995,000	6,995,000	6,995,000	7,000,000
Reserve Funding	-	892,487	7,572,000	-
Total Uses	54,660,000	57,219,267	71,522,000	62,930,625
Reserve Balance:				
Change in Reserve Balance	-	892,487	7,572,000	(4,489,625)
Reserve Balance, Beginning of Year	42,034,033	42,034,033	42,926,520	50,498,520
Reserve Balance, End of Year	\$ 42,034,033	\$ 42,926,520	\$ 50,498,520	\$ 46,008,895
Reserve Minimum, 2019 Rate Study	\$ 43,592,000	\$ 43,592,000	\$ 44,301,000	\$ 45,027,000
Reserve Target, 2019 Rate Study	\$ 50,817,000	\$ 50,817,000	\$ 51,183,000	\$ 52,183,000

2024 Budget

1st Draft vs Proposed

	<u>1st Draft</u>	<u>GM Edits</u>	<u>2024 Proposed Budget</u>
Income From Customers	\$ 55,082,000	\$ -	\$ 55,082,000
Total Other Income	16,440,000	-	16,440,000
Total Revenue	<u>\$ 71,522,000</u>	<u>\$ -</u>	<u>\$ 71,522,000</u>
Expenditures:			
Operations and Maintenance	27,075,000	170,000	27,245,000
Capital Improvement Program	33,008,000	(6,353,000)	26,655,000
Operating Capital Program	6,120,000	(3,065,000)	3,055,000
Debt Service (Forecast)	6,995,000	-	6,995,000
Total Costs	<u>73,198,000</u>	<u>(9,248,000)</u>	<u>63,950,000</u>
Change in Reserve Balance	<u>(1,676,000)</u>	<u>9,248,000</u>	<u>7,572,000</u>
Reserve Balance, Beginning of Year	42,926,520	-	42,926,520
Reserve Balance, End of Year	<u>\$ 41,250,520</u>	<u>\$ 9,248,000</u>	<u>\$ 50,498,520</u>

2024 Budget vs Rate Study

(Effects of Grant Funding)

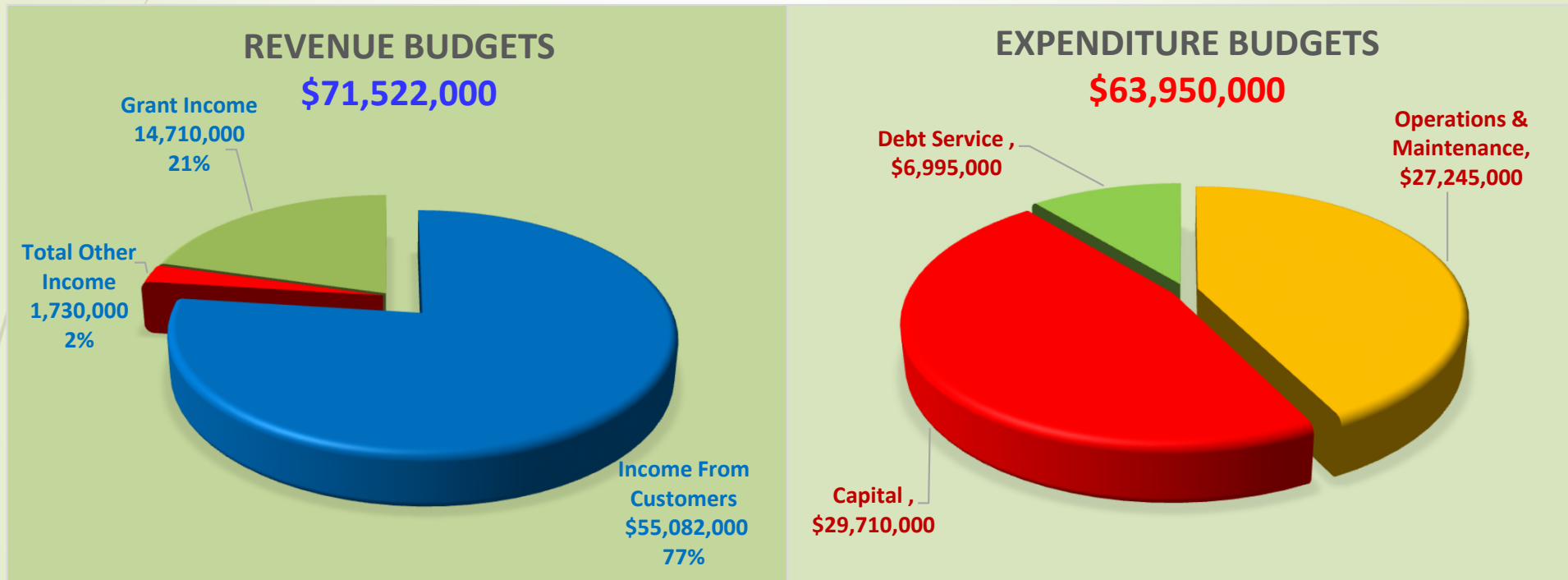
Description	2024 Per Rate Study	2024 Proposed Budget	2024 Proposed Budget less: Grant
Revenue from Rates	\$ 52,001,936	\$55,082,000	\$55,082,000
Other Revenue	2,372,119	1,740,000	1,740,000
Sub Total Revenue	54,374,055	56,822,000	56,822,000
DWR Grant		14,700,000	
Total Revenues	54,374,055	71,522,000	56,822,000
Operating	26,653,010	27,245,000	27,245,000
Capital	17,971,000	15,010,000	15,010,000
Debt Service	5,712,244	6,995,000	6,995,000
Sub Total Expenditures	50,336,254	49,250,000	49,250,000
(DWR Capital Funded)		14,700,000	14,700,000
Total Expenditures	50,336,254	63,950,000	63,950,000
Surplus/(Deficit)	4,037,801	7,572,000	-7,128,000
Variance	-0-	-0-	-0-
2024 Reserve Balance	\$ 49,491,303	\$50,498,520	\$35,798,520

Total effect of Grant Funds on reserve balance 2025: \$27,198,895

Total Revenues vs Total Expenditures

2024 Proposed Budget

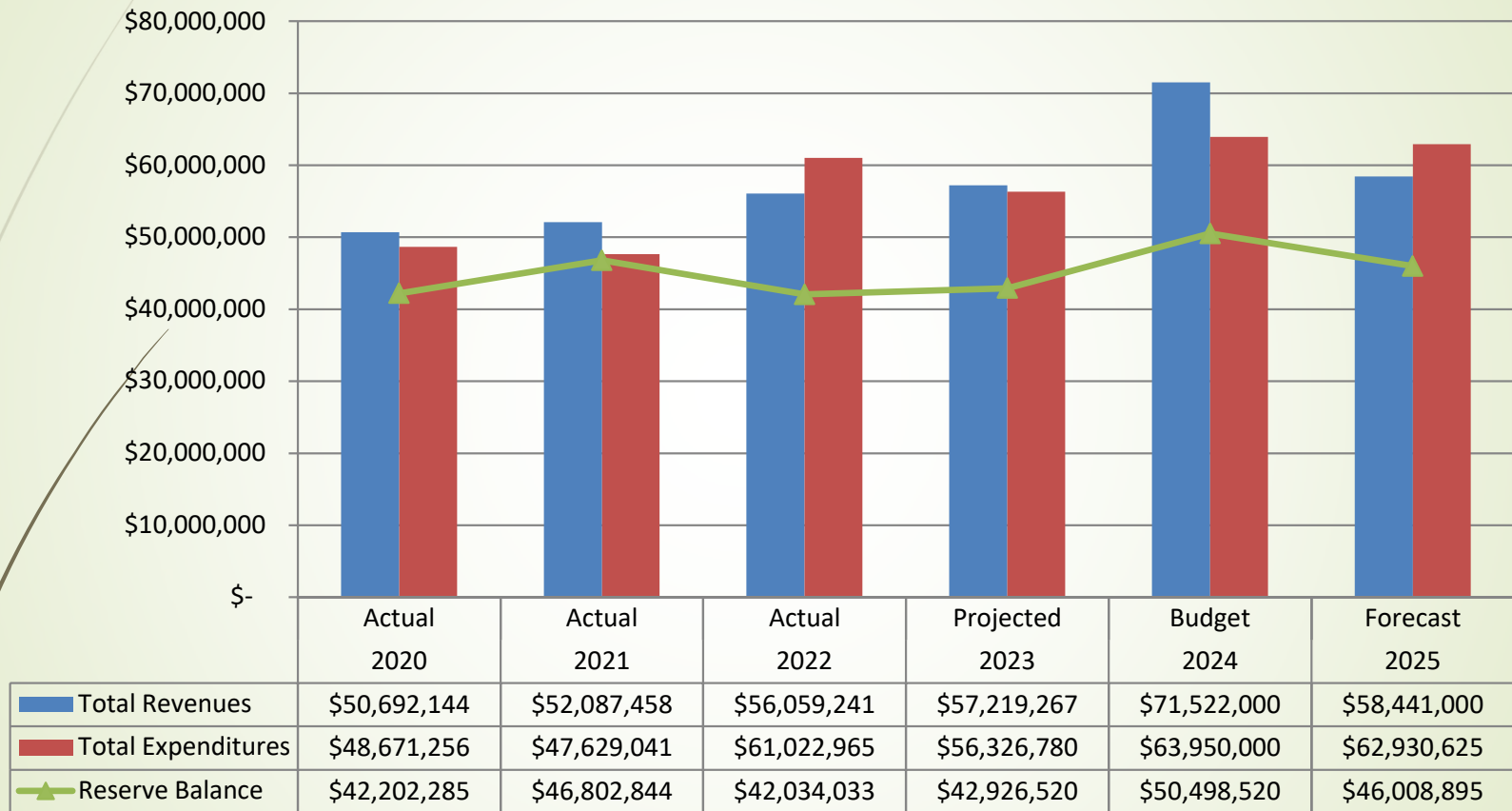
13



2024 Proposes a budget that will fund \$7.6 million to capital reserve for future capital expenditures

Total Revenues vs Total Expenditures 2020-2025

14



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 projected to be comparable to 2022's, capacity fees \$1.0M, \$2.9 grant income, reserve balance projected to be lower than 2019 Rate Study plan, capital spending increase on production assets
 2024 Grant revenue \$14.7M, reserve balance increases to near reserve target level from 2019 Rate Study

Total Revenues Detail

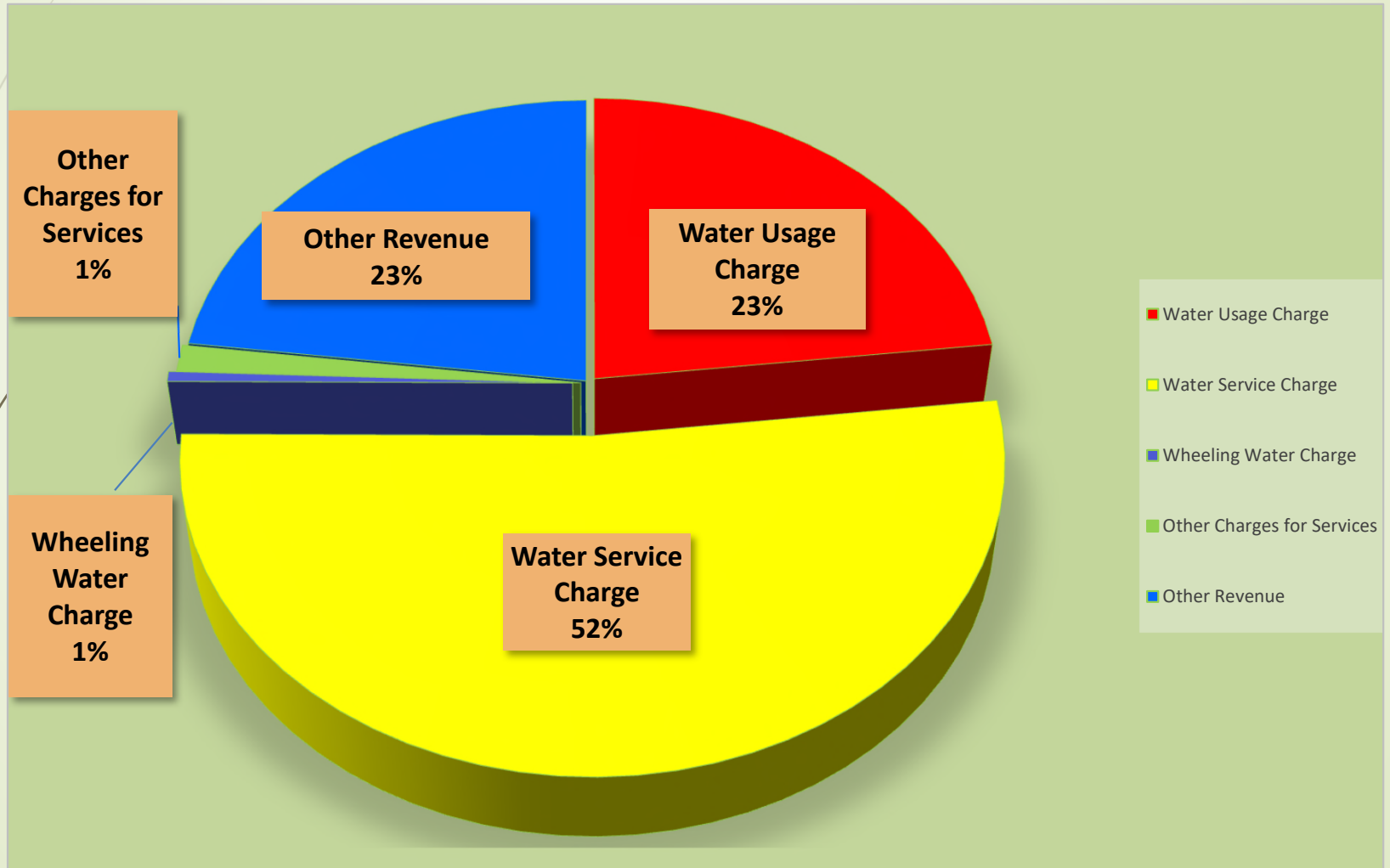
2020-2024

	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Projected	Budget
Water Usage Charge	\$ 15,948,172	\$ 15,391,966	\$ 15,545,075	\$ 16,099,434	\$ 16,582,000
Water Service Charge	31,177,081	33,167,169	34,920,697	36,050,505	37,132,000
Wheeling Water Charge	82,748	6,136	6,806	364,388	375,000
Other Charges for Services	523,531	408,004	1,137,823	964,485	993,000
Revenue From Customers	\$ 47,731,533	\$ 48,973,275	\$ 51,610,401	\$ 53,478,812	\$ 55,082,000
			-	-	-
Water Transfers	979,431	-	1,748,400	-	-
Interest and Investment Income	1,077,474	649,188	651,543	47,475	530,000
Other Income (Rental & Misc.)	403,353	1,139,014	368,325	342,980	200,000
Capacity Fees	469,993	1,213,195	1,680,572	450,000	1,000,000
Grant Income	30,360	112,786	-	2,900,000	14,710,000
Other Revenue	\$ 2,960,611	\$ 3,114,183	\$ 4,448,840	\$ 3,740,455	\$ 16,440,000
Total Revenue	\$ 50,692,144	\$ 52,087,458	\$ 56,059,241	\$ 57,219,267	\$ 71,522,000

Total Revenues Detail

2024 Proposed Budget

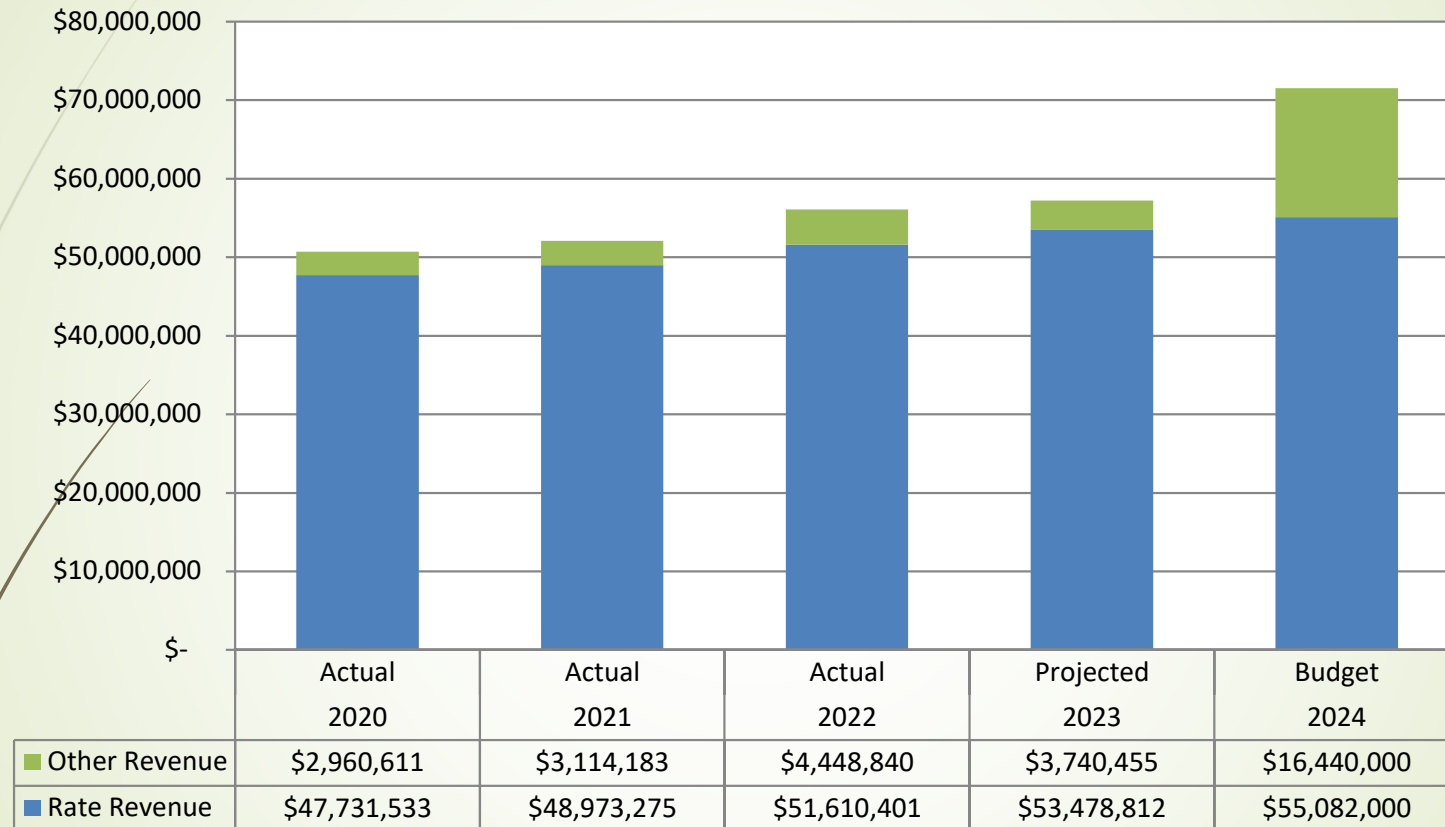
16



Total Revenues

2020-2024

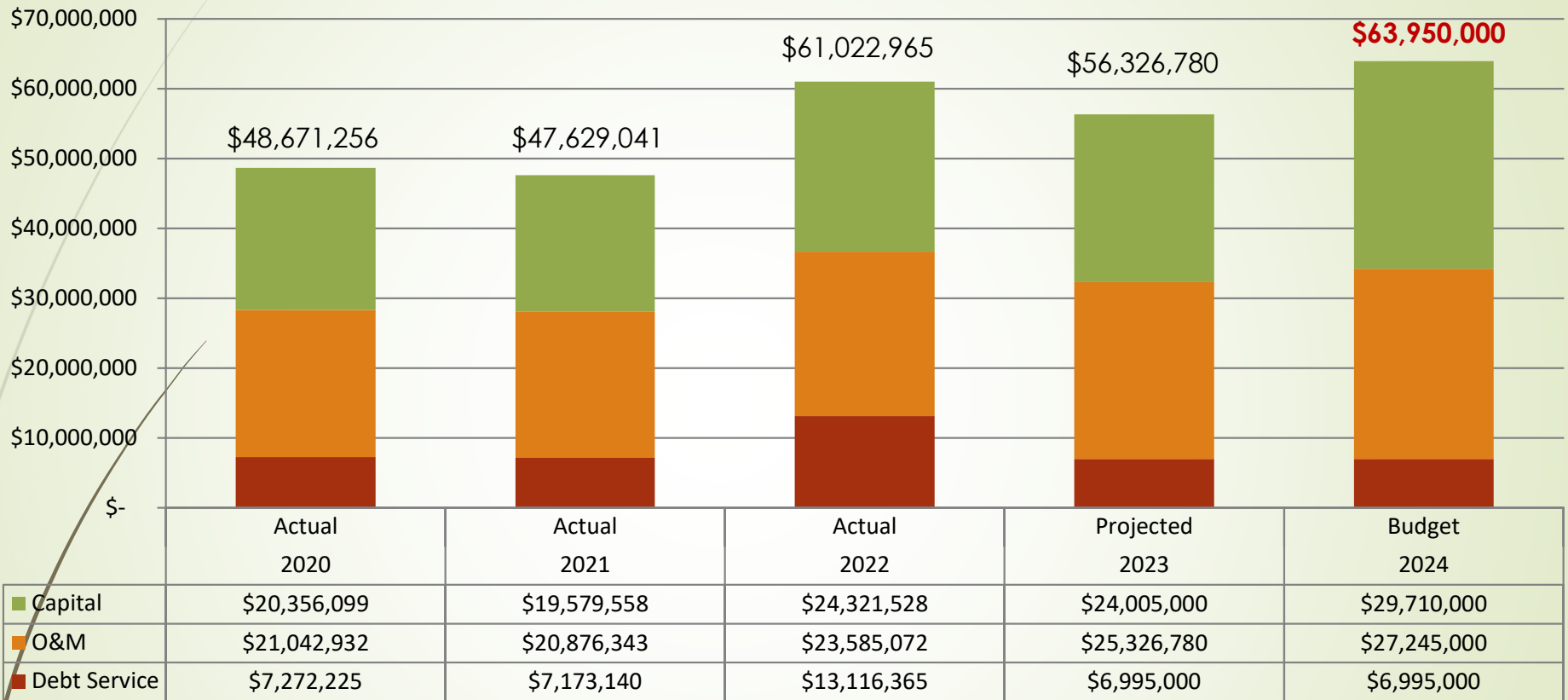
17



Other revenue includes interest, leases & rent, capacity fees, grants and other;
 2020 approved 5% rate increase, 11% usage increase and \$0.9M for water transfer;
 2021 approved 4% rate increase and 8.0% usage increase;
 2022 approved 3% rate increase, \$1.7M water transfer, and \$1.7M capacity fee income;
 2023 approved 3% rate increase, \$2.9M projected grant income;
 2024 approved 3% rate increase, \$14.7M projected Grant income and \$1.0M projected capacity fee income.

Total Expenditures 2020-2024

18



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 cost, capital budget increase (\$4.9M)

2023 O&M increases ~7.4% due to increase in surface water, capital expenditures decrease ~6.3% from 2022

2024 O&M increases ~7.5% from 2023 projection due to increase in surface water costs, capital expenditures increase 32.4% from 2023's due to utilization of \$14.7M DWR grant funds for new well construction

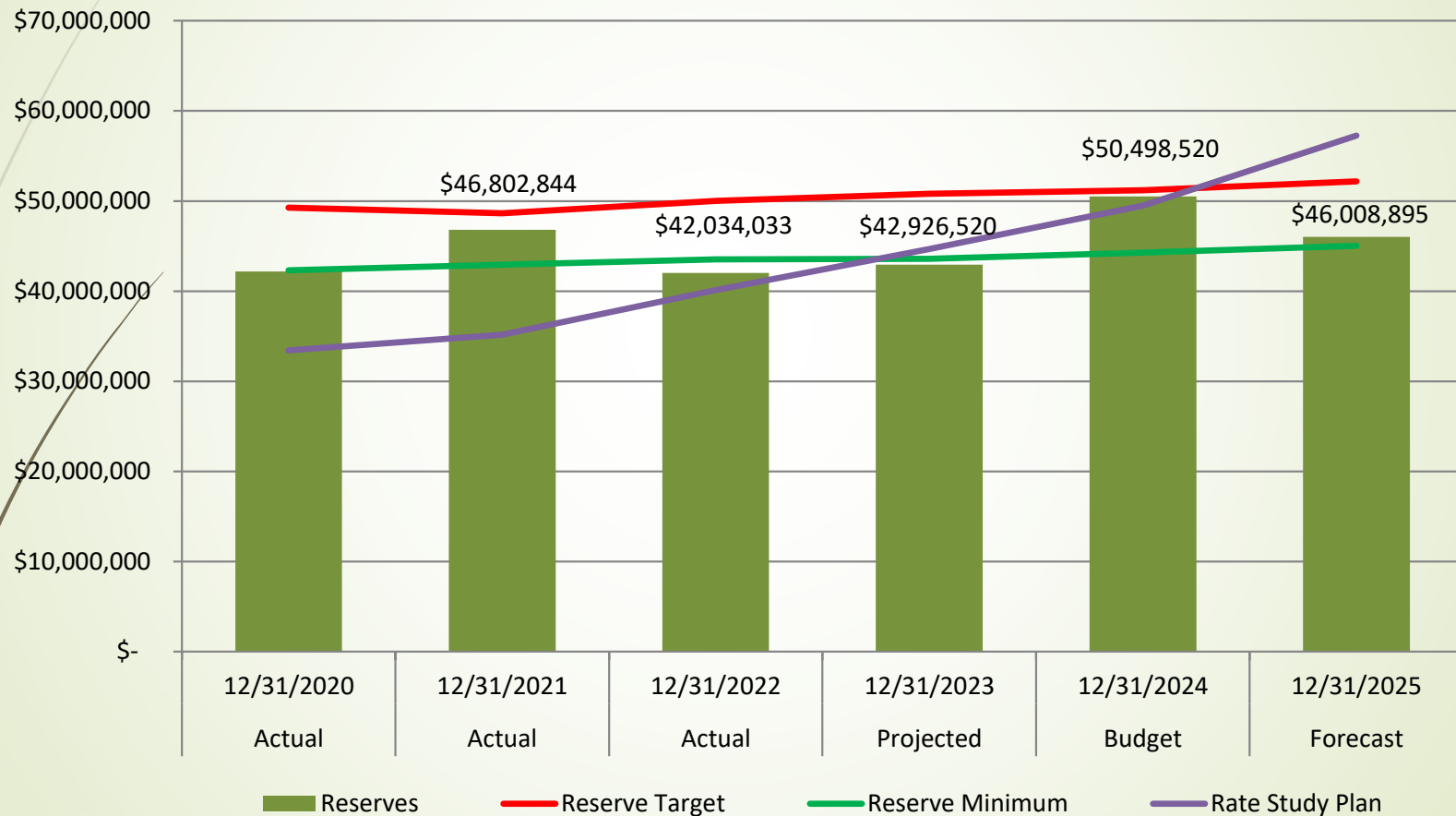
Reserve Balance Detail

2020-2025

	Actual	Actual	Actual	Projected	Budget	Forecast
	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2025</u>
Emergency/Contingency	\$ 10,872,626	\$ 11,168,658	\$ 11,168,658	\$ 11,425,552	\$ 11,425,552	\$ 11,425,552
Operating	8,724,859	12,771,000	7,940,945	7,150,138	15,142,168	10,770,043
Rate Stabilization	5,548,400	6,156,786	6,218,030	6,218,030	6,632,800	6,632,800
Interest Rate Risk	-	-	-	-	-	-
Grant	500,000	500,000	500,000	-	-	-
Well Property Acquisition	350,000	-	500,000	500,000	500,000	500,000
Capital Asset	16,206,400	16,206,400	15,706,400	17,632,800	16,798,000	16,680,500
TOTAL	<u>\$ 42,202,285</u>	<u>\$ 46,802,844</u>	<u>\$ 42,034,033</u>	<u>\$ 42,926,520</u>	<u>\$ 50,498,520</u>	<u>\$ 46,008,895</u>
Reserve Target	\$ 49,248,144	\$ 48,633,279	\$ 50,010,903	\$ 50,817,447	\$ 51,182,923	\$ 52,182,681
Reserve Minimum	\$ 42,300,057	\$ 42,931,961	\$ 43,546,743	\$ 43,592,003	\$ 44,301,038	\$ 45,026,578
Rate Study Plan	\$ 33,417,612	\$ 35,169,855	\$ 40,126,387	\$ 44,686,808	\$ 49,491,303	\$ 57,268,367

Reserve Balance

2020-2025



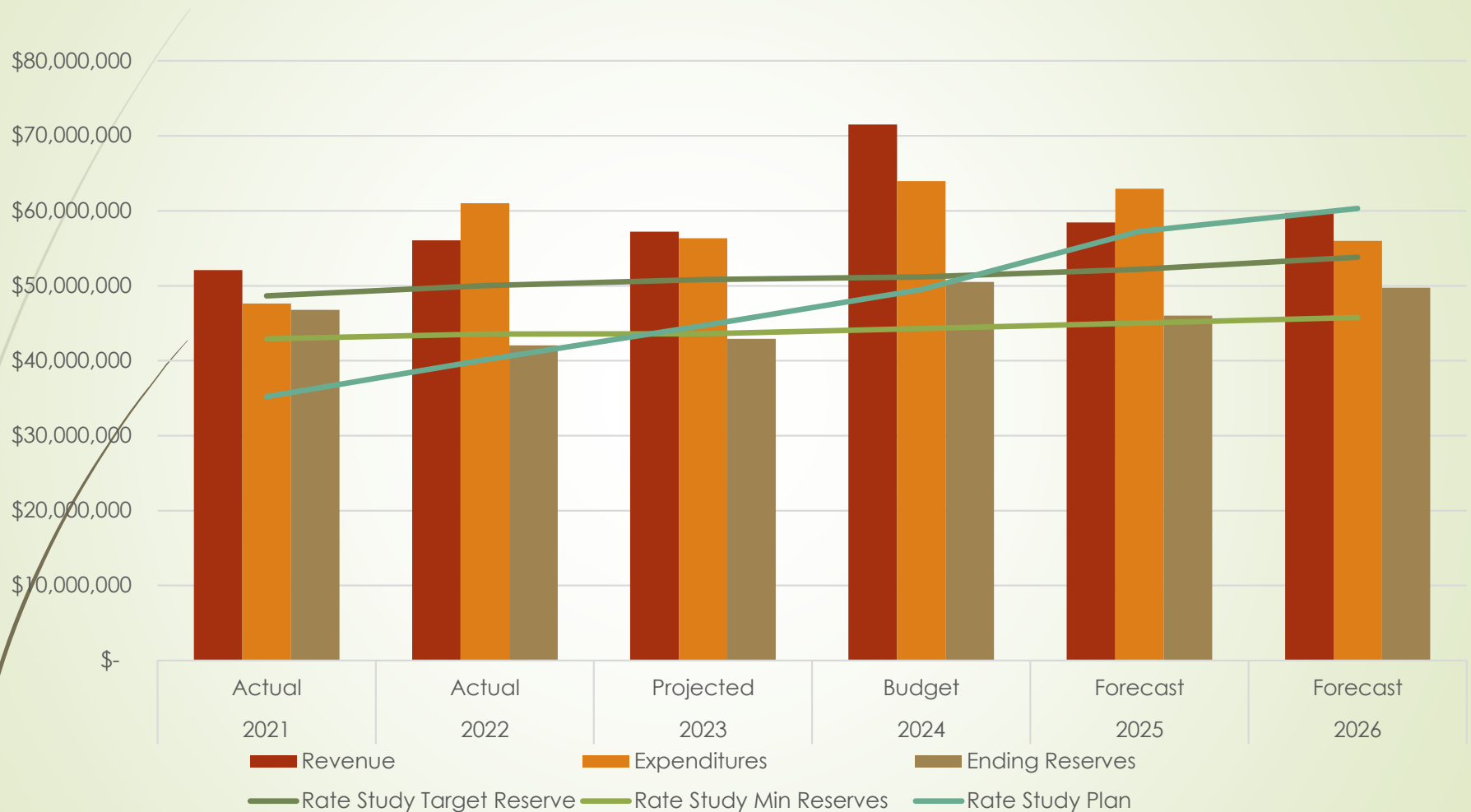
2024 Reserve balance at target from 2019 Rate Study.

2025 Forecasted reserve balance under target from 2019 Rate Study.

Revenues, Expenditures & Reserve

21

Trend and Forecast



2024 Reserves forecast \$50.5M and target \$51.2M vs \$49.5M per 2019 Rate Study.

2025 No planned rate increase and forecast at \$46.8M vs \$52.2 target per 2019 Rate Study

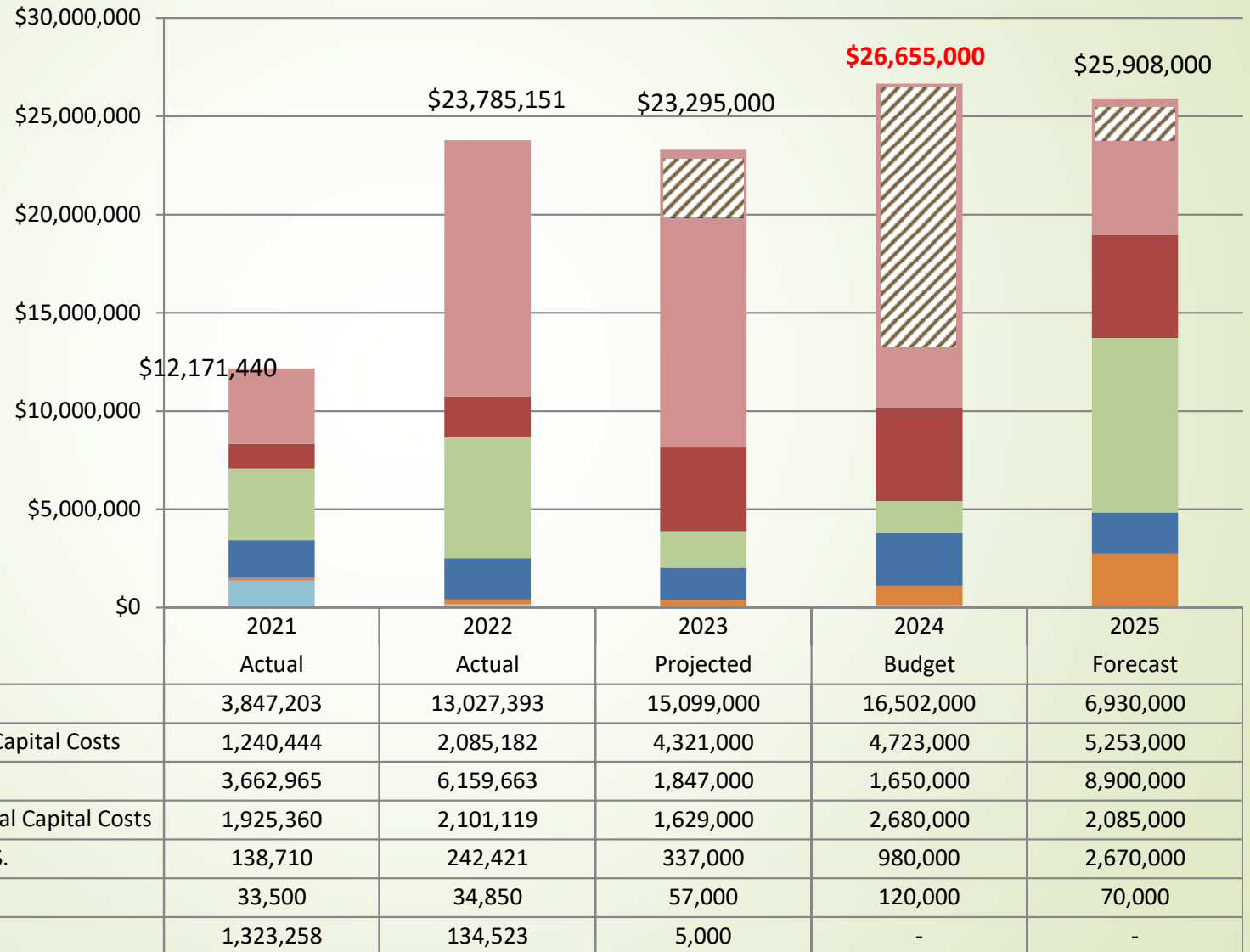
2026 Planned first year of next rate study horizon (2026 – 2030)

Capital Budget

CIP Project Costs

23

2024 Proposed Budget & 2025 Forecast



Funded by VA Early Funding Agreement

CIP Project Detail

24

CIP Annual Projects Budget	Budget 2024	Forecast 2025
Other Re-occurring Annual Capital Costs	\$ 2,680,000	\$ 2,085,000
Well Rehab. And Related Capital Costs	4,723,000	5,253,000
Reservoir and Booster P.S.	980,000	2,670,000
Transmission Main	120,000	70,000
Well Replacement	380,000	2,130,000
Dist. Main Replacement	1,650,000	8,900,000
Total CIP - Annual Projects Budget	\$ 10,533,000	\$ 21,108,000

CIP - Multi-Year Projects Budget		
Well 81, 82 & 83 Antelope North/Poker	8,798,000	4,400,000
Well 84 Antelope/Don Julio	7,324,000	400,000
Subtotal CIP - Multi-Year Projects Budget	\$ 16,122,000	\$ 4,800,000

\$ 26,655,000 \$ 25,908,000

CIP Project Detail

Multi-Year Projects Summary

Description	Actual 2021	Actual 2022	Projected 2023	Budget 2024	Forecast 2025	Total Project
Wells 81, 82, 83	\$ 100,756	\$ 5,430,110	\$ 7,196,500	\$ 8,798,000	\$ 4,400,000	\$ 25,925,366 *
Well 84	-	1,053,459	4,904,750	7,324,000	400,000	13,682,209
Total Costs	\$ 100,756	\$ 6,483,569	\$ 12,101,250	\$ 16,122,000	\$ 4,800,000	\$ 39,607,575

* Increase of ~\$100K above approved amount

CIP Project Detail

Multi-Year Projects Detail

Wells 81, 82, and 83 Antelope North/Poker

Project Status: In Progress

Estimated Timeline: 2021 - 2025

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			Descriptions
	Design	Construction	Total	
2021	\$ 100,756	\$ -	\$ 100,756	Initial planning and CEQA
2022	728,175	4,701,935	5,430,110	Continue design of pump station Construction of 3 groundwater wells
2023	646,000	6,550,500	7,196,500	Complete construction of groundwater wells. Complete design of pump station Start construction of pump station.
2024	540,000	8,258,000	8,798,000	Continue construction of pump station
2025	500,000	3,900,000	4,400,000	Complete construction of pump station
2021 - 2025	\$ 2,514,931	\$ 23,410,435	\$ 25,925,366 *	

* Increase ~\$100K above approved amount

CIP Project Detail

Multi-Year Projects

Well 84 Antelope/Don Julio

Project Status: In Progress **Estimated Timeline:** 2022 - 2025

What: 3,000 gpm well, building, chemical feed, and possible: Mn treatment

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			Descriptions
	Design	Construction	Total	
2022	\$ 158,537	\$ 894,922	\$ 1,053,459	Start design of pumpstation Start construction of groundwater well
2023	608,000	4,296,750	4,904,750	Complete construction of groundwater well Complete design of pump station Start construction of pump station
2024	602,000	6,722,000	7,324,000	Contiunue construction of pump station
2025	50,000	350,000	400,000	Complete construction of pump station
2022 - 2025	\$ 1,418,537	\$ 12,263,672	\$ 13,682,209	

CIP Project Detail

Annual Projects Budget

CIP Category Budget	Budget 2024	Forecast 2025
Other Re-occurring Annual Capital Costs	\$ 2,680,000	\$ 2,085,000
Well Rehab. and Related Capital Costs	4,723,000	5,253,000
Reservoir and Booster P.S.	980,000	2,670,000
Transmission Main	120,000	70,000
Well Replacement	380,000	2,130,000
Dist. Main Replacement	1,650,000	8,900,000
Total CIP - Annual Projects Budget	\$ 10,533,000	\$ 21,108,000

Does not include multi-year projects

CIP Project Detail

Annual Projects Budget

Distribution Main Replacement	Budget 2024	Forecast 2025
	\$ 1,650,000	\$ 8,900,000
<u>2024/ 2025 Projects</u>		
Service Line Replacement - Butterball, MRA 5B - Alternatives Analysis	250,000	*
Main Replacement - Auburn Blvd Bridge	700,000	
Main Replacement - MBP Dudley Blvd	300,000	4,650,000
Main Replacement - MBP Dudley/Peacekeeper	200,000	2,450,000
Main Replacement - MBP Patrol Urbani	100,000	900,000
Main Replacement - Auburn/Walnut (design only)		250,000
Main Replacement - Loehmann's Plaza (design only)		200,000
Small Distribution System Improvement Projects	100,000	100,000
Condition Assessment of MRAs		350,000
	\$ 1,650,000	\$ 8,900,000

* Costs are unknown until alternative analysis is complete

CIP Project Detail

Annual Projects Budget

Well Replacement	Budget 2024	Forecast 2025
	\$ 380,000	\$ 2,130,000
<u>2024/ 2025 Projects</u>		
Wells #81, 82, 83 (NSA) - Pump Station Construction		(Multi-Year Budget)
Well #84 (NSA) - Pump Station Construction		(Multi-Year Budget)
Well #85 (Site TBD) - Groundwater Well (2024: CEQ and Initial Planning; 2025: Well Design and Construction)	380,000	2,100,000
Well #86 (Site TBD) - Groundwater Well (2025: Placeholder to Initiate CEQA)		30,000
	\$ 380,000	\$ 2,130,000

CIP Project Detail

Annual Projects Budget

Well Rehab. and Related Capital Costs	Budget 2024	Forecast 2025
<u>2024/ 2025 Projects</u>	\$ 4,723,000	\$ 5,253,000
MCC Panel Upgrades - Purchase/Installation for 5 Facilities	45,000	-
Well 18 Site Improvement - Driveway Access & Site Layout Modification	115,000	-
Well 60 Pump Station Improvements	225,000	-
Well Rehabilitation/Repair/Upgrade - KPM Projects - Labor Contract	2,700,000	2,990,000
Well Rehabilitation/Repair/Upgrade - KPM Projects - Non Labor Costs	1,360,000	1,460,000
Well N20 Equipping - 2024: MCC Design/Pump Selection; 2025: Construction	150,000	250,000
Well N35 Antelope North/PCE Treatment - 2024: Finish CEQA; 2025 Some Design	20,000	100,000
Booster Pump Maintenance/Repairs - Inspect 10 Booster Pumps/Year	100,000	100,000
Well 32A Pump Station Improvements	-	150,000
Well 73 VFD Retrofit - Retrofit the largest SSA Well to run on a VFD	-	175,000
Destroy abandoned wells - 2025: Wells 56 & 59	-	20,000
Well sites demolition - Contingency	8,000	8,000
	\$ 4,723,000	\$ 5,253,000

CIP Project Detail

Annual Projects Budget

Reservoir and Booster P.S.	Budget 2024	Forecast 2025
<u>2024/ 2025 Projects</u>	\$ 980,000	\$ 2,670,000
Enterprise Reservoir - Condition Assessment/Plans for Re-coating ~ 15 years	180,000	-
McClellan Tank 216 - Condition Assessment/Structure Retrofit Design	180,000	200,000
Reservoirs/Tanks Annual Repairs/Modifications As Needed	70,000	70,000
Hydropneumatic Tanks - Interior Re-coating	300,000	300,000
Walnut Tank - Alternatives Analysis	-	100,000
Antelope Facility Soundwall - Design	-	150,000
Antelope Reservoir - Interior	-	150,000
Watt/Elkhorn Reservoir - Recoating Design/Construction	250,000	1,700,000
	\$ 980,000	\$ 2,670,000

CIP Project Detail

Annual Projects Budget

Transmission Main	Budget 2024	Forecast 2025
<u>2024/ 2025 Projects</u>	<u>\$ 120,000</u>	<u>\$ 70,000</u>
Corrosion Control - Cathodic Protection for existing transmission mains	120,000	\$ 70,000
	<u>\$ 120,000</u>	<u>\$ 70,000</u>

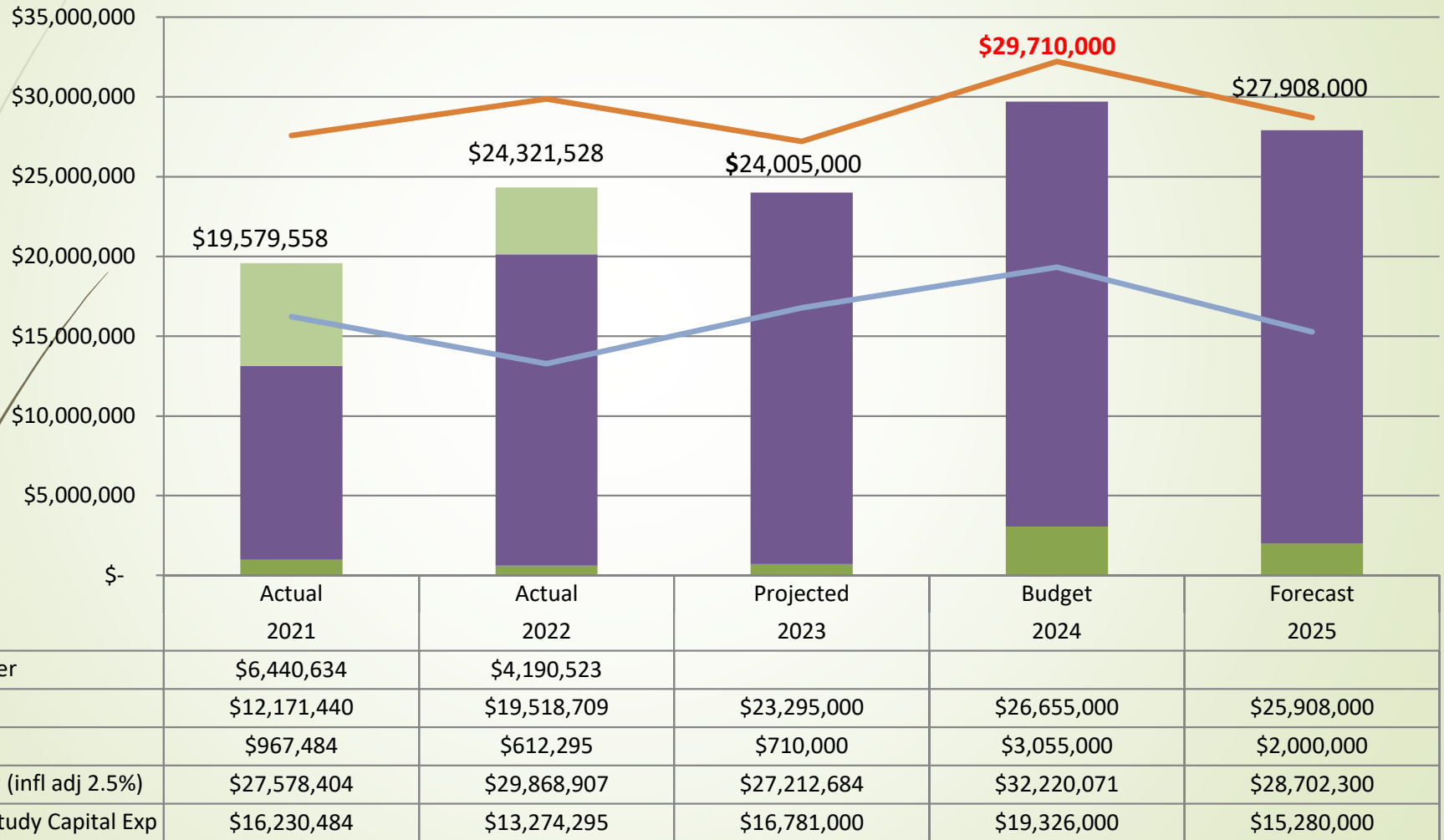
CIP Project Detail

Annual Projects Budget

Other Re-occurring Annual Capital Costs	Budget 2024	Forecast 2025
<u>2024/ 2025 Projects</u>	\$ 2,680,000	\$ 2,085,000
Adjust valves boxes for County/City paving projects	1,500,000	1,000,000
Right of way/easement acquisitions (contingency)	95,000	15,000
Replace obsolete large services (>3")	85,000	50,000
Replace water meters that outlived their useful life	300,000	320,000
Replace valves, hydrants and services that outlived their useful life	700,000	700,000
	\$ 2,680,000	\$ 2,085,000

Capital Costs

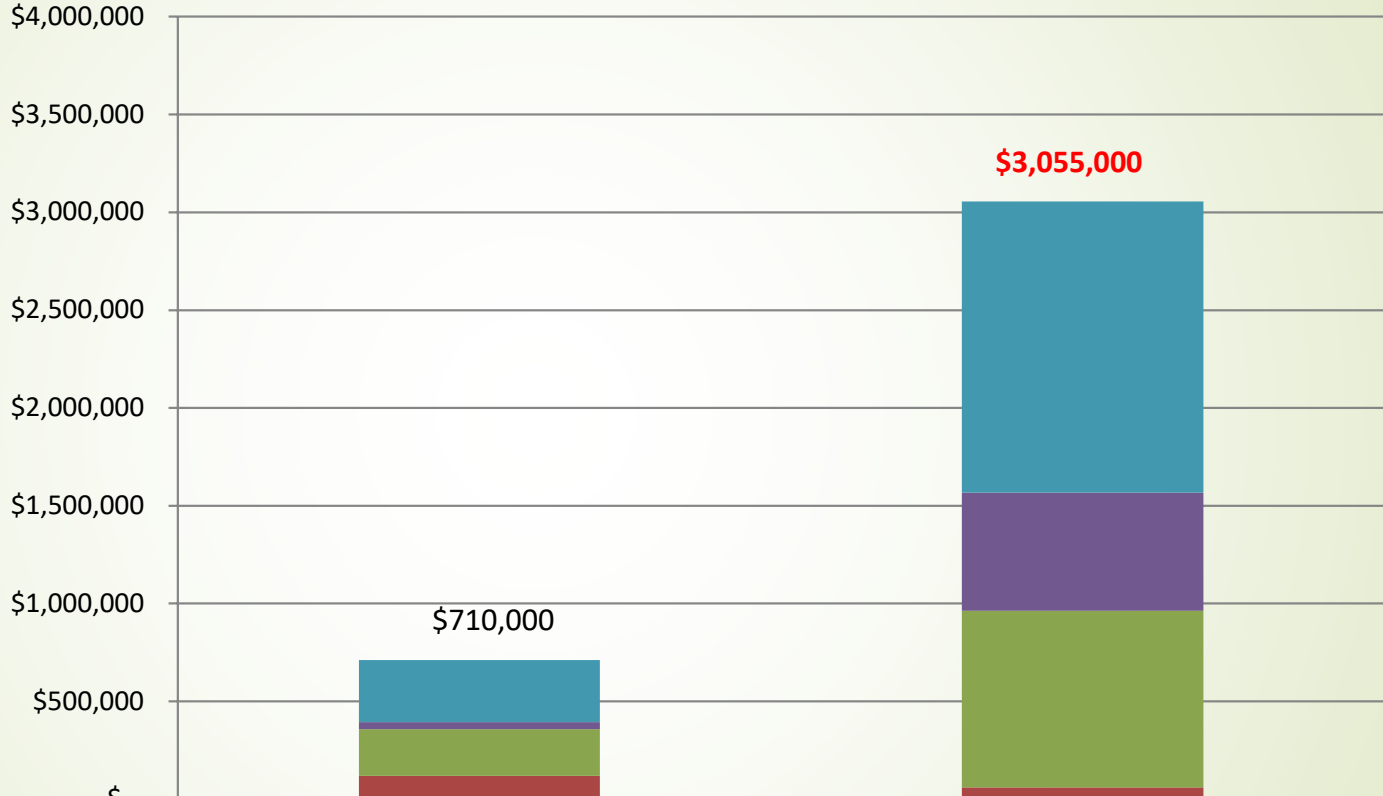
2024 Budget By Capital Program



OCP Project Costs

2024 Proposed Budget

36



	2023 Projected	2024 Budget
Information Technology	\$316,000	\$1,487,000
Maintenance	\$37,000	\$606,000
Operations	\$239,000	\$902,000
Vehicles/Fleet/Equipment	\$118,000	\$60,000

Discussion of individual line items appear on subsequent pages.

OCP Project Detail

Operations Project Costs

Operations	Budget 2024
<u>2024 Projects</u>	<u>\$ 902,000</u>
Well Pump & Motor Standardization	100,000
GWAMP Implementation: Groundwater Well Performance Monitoring & Assessment, and Engineering Data Management	100,000
Design Standards for New Wells and their Pump Stations	150,000
CIP Roadmap for Well Capacity	100,000
BSAMP Implementation Plan	100,000
CIP Delivery Performance	200,000
Enterprise ClaVal pilotry	21,000
Confined Space Trailer (Anticipate \$10K reimbursement from JPIA Risk Control Grant)	13,000
Hydrant Buddy's with accessory (3). In addition: Three custom manufactured key sets from PACE Supply.	20,000
Valve Nut Rx Kit and accessories.	11,000
SSWD ARV Enclosures Replacements (10)	17,000
Meganet Decommissioning Project 24 sites	70,000
	<u>\$ 902,000</u>

OCP Project Detail

Vehicles/Fleet/Equipment

Vehicles/Fleet/Equipment	Budget 2024
<u>2024 Projects</u>	<u>\$ 60,000</u>
Vehicle Replacement - Truck # 59	60,000
	<u>\$ 60,000</u>

OCP Project Detail

Information Technology

Information Technology	Budget 2024
<u>2024 Projects</u>	\$ 1,487,000
Hardware Refresh Program	186,000
Software Enhancements/Modules	101,000
SCADA Improvements	1,200,000
	\$ 1,487,000

OCP Project Detail

Maintenance

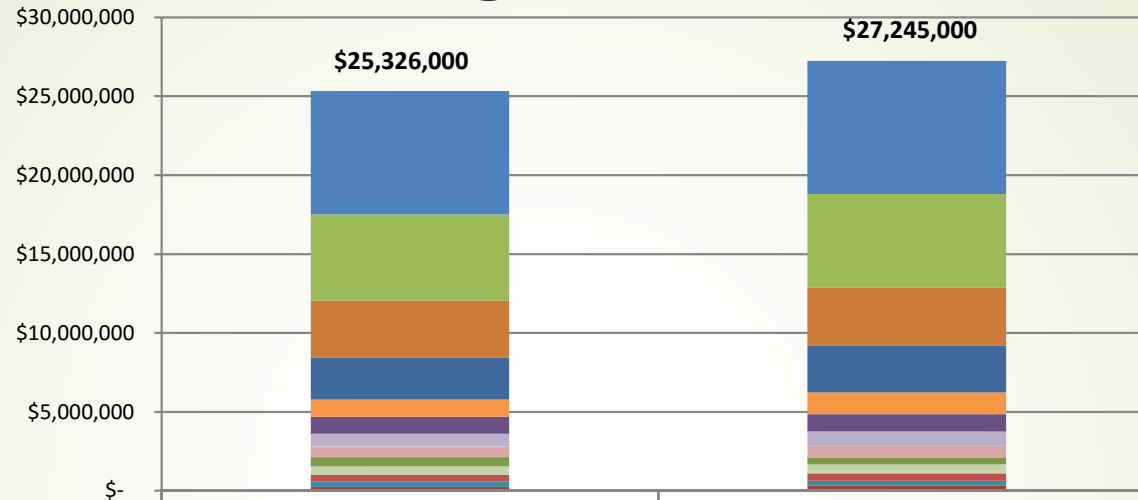
Maintenance	Budget 2024
<u>2024 Projects</u>	\$ 606,000
HVAC/Roof/Building Repairs	25,000
Walnut Carpet Replacement (Upstairs)	10,000
Walnut Roof Replacement	333,000
Walnut Pavement Seal	75,000
Auburn Yard Improvements - 2024: Design and 2025: Construction	120,000
Well site fence/gate repairs	43,000
	\$ 606,000

O&M Budget

O&M Expense Detail

42

2024 Budget - By Category



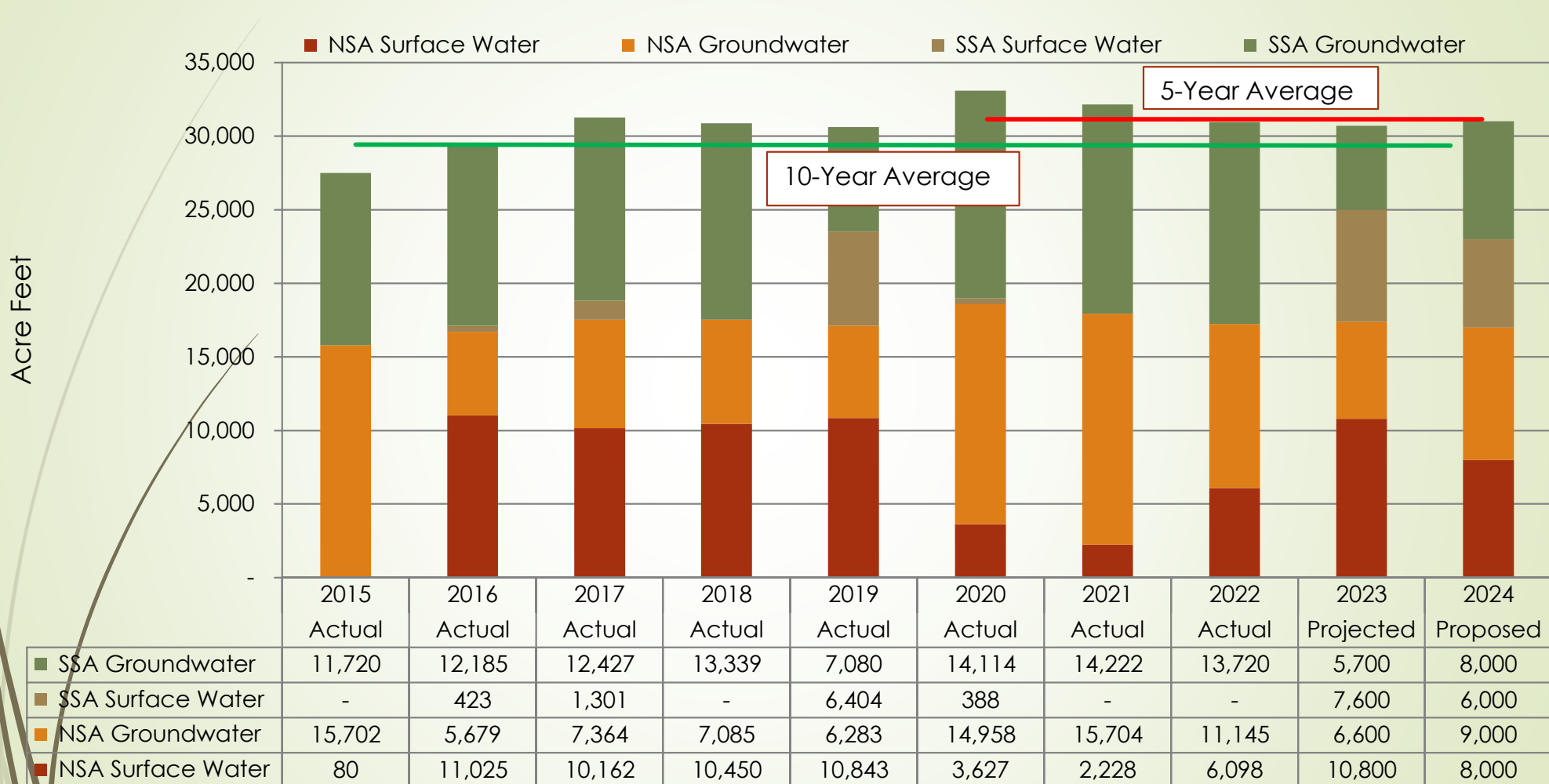
	Projected 2023	Budget 2024
SALARIES	\$7,826,500	\$8,432,229
WATER COSTS	\$5,451,242	\$5,944,051
EMPLOYEE BENEFITS	\$3,629,936	\$3,652,341
OUTSIDE SERVICES	\$2,634,040	\$2,980,258
LEGAL, FINANCE & INSURANCE	\$1,092,292	\$1,372,900
LICENSES, PERMITS & FEES	\$1,078,811	\$1,109,811
OTHER EMPLOYEE COSTS	\$803,252	\$853,887
SUPPLIES	\$661,641	\$786,203
POSTAGE, PRINTING & AD	\$587,170	\$439,376
OPEB	\$559,226	\$574,245
BUILDING, EQUIP & VEHICLE O&M	\$413,700	\$461,692
UTILITIES & COMMUNICATION	\$325,508	\$296,550
OTHER GENERAL & ADMIN	\$262,962	\$341,438
TOTAL	\$25,326,000	\$27,245,000

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

O&M Expense Detail

Water Production*

43



*Retail Water Production only (No wheeling water)

2022 Actual Production – 30,963 AF

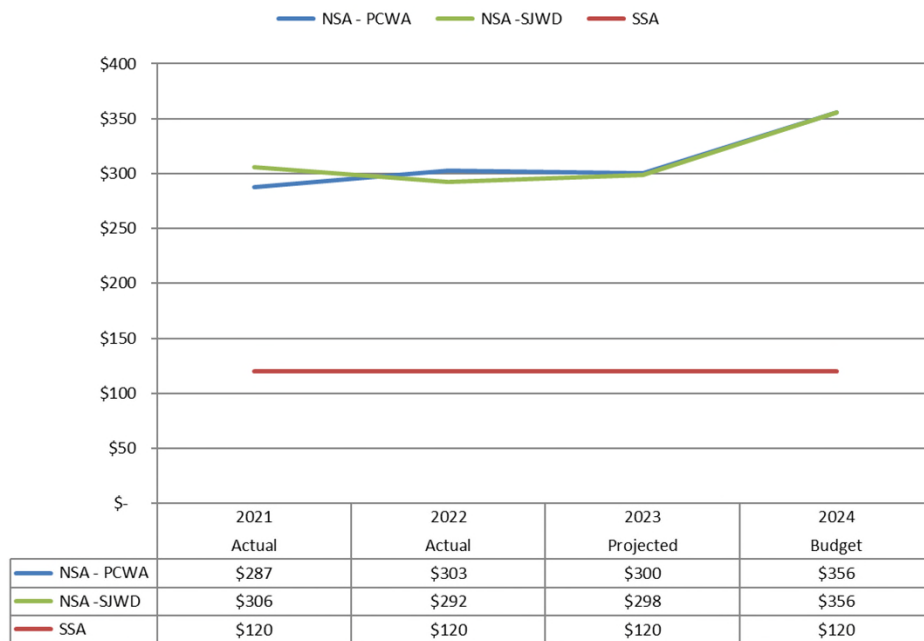
2023 Budgeted Production – 31,000 AF; Projected Actual – 30,700 AF (SSWD Retail)

2024 Estimated Production – 31,000 AF (based on five-year average)

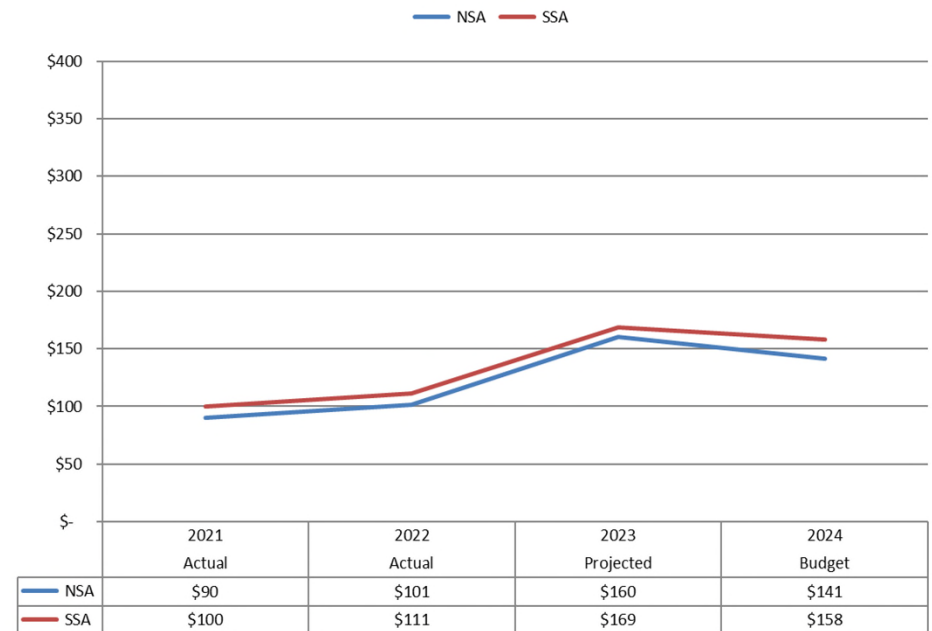
Surface Water vs Groundwater Costs

44

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 - \$300/AF with PCWA water and \$298/AF with SJWD

NSA -SW cost for 2024 - expected to be \$356/AF due to 23% increase in SJWD's treatment cost

GW costs for 2023 increasing because of increase in pumping costs: electricity and chemical

SW = Surface Water; GW = Groundwater

O&M Expense Detail

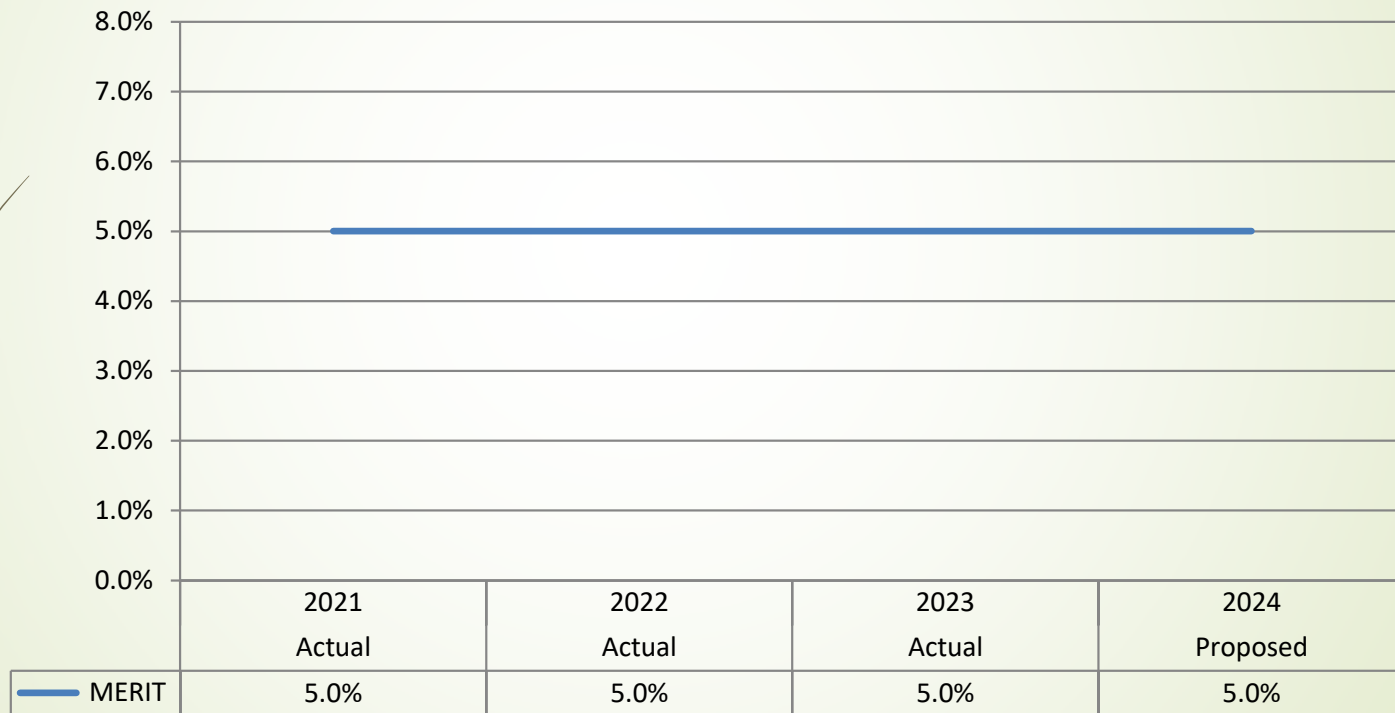
COLA



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

O&M Expense Detail

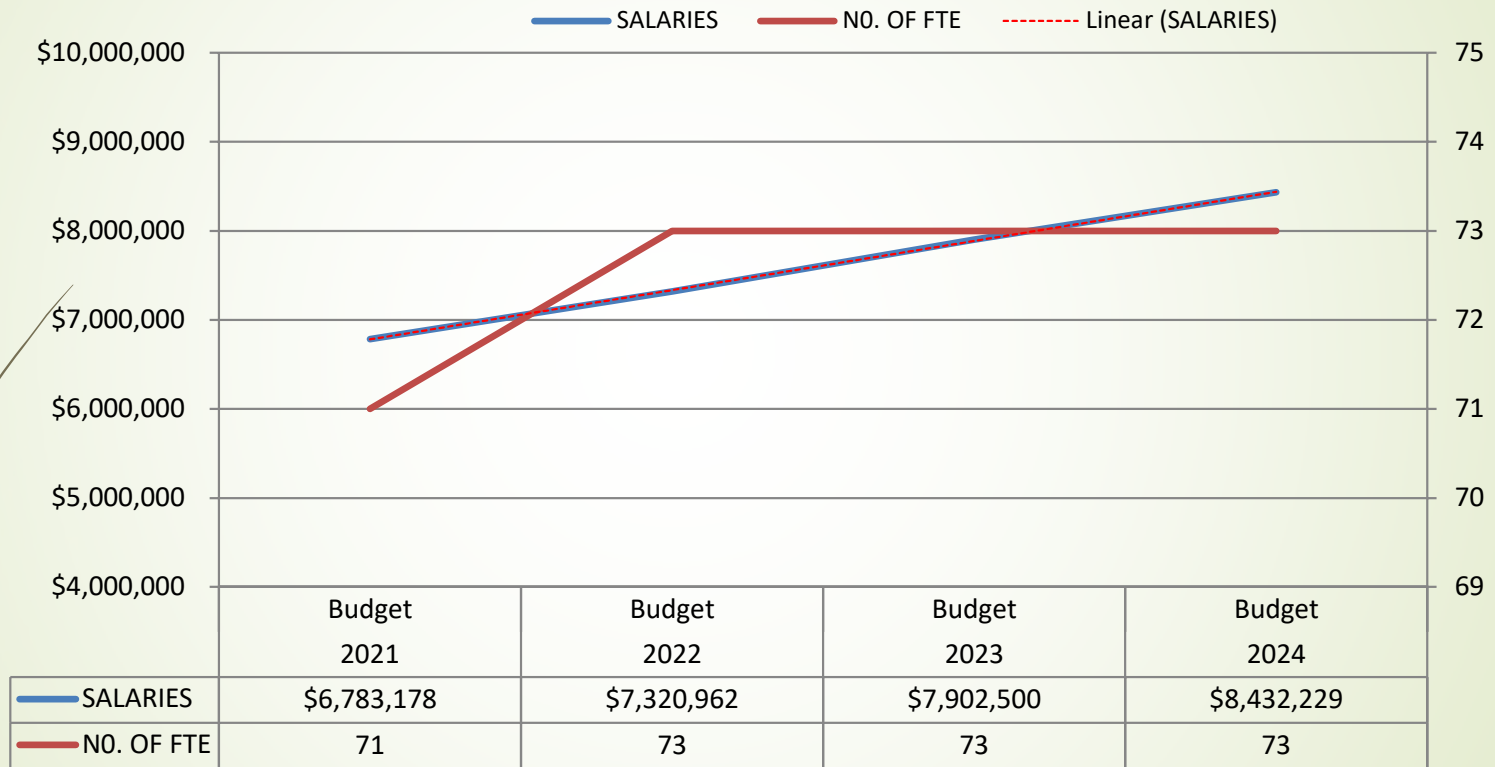
Merit



2024 1% increase equals ~\$72K

O&M Expense Detail

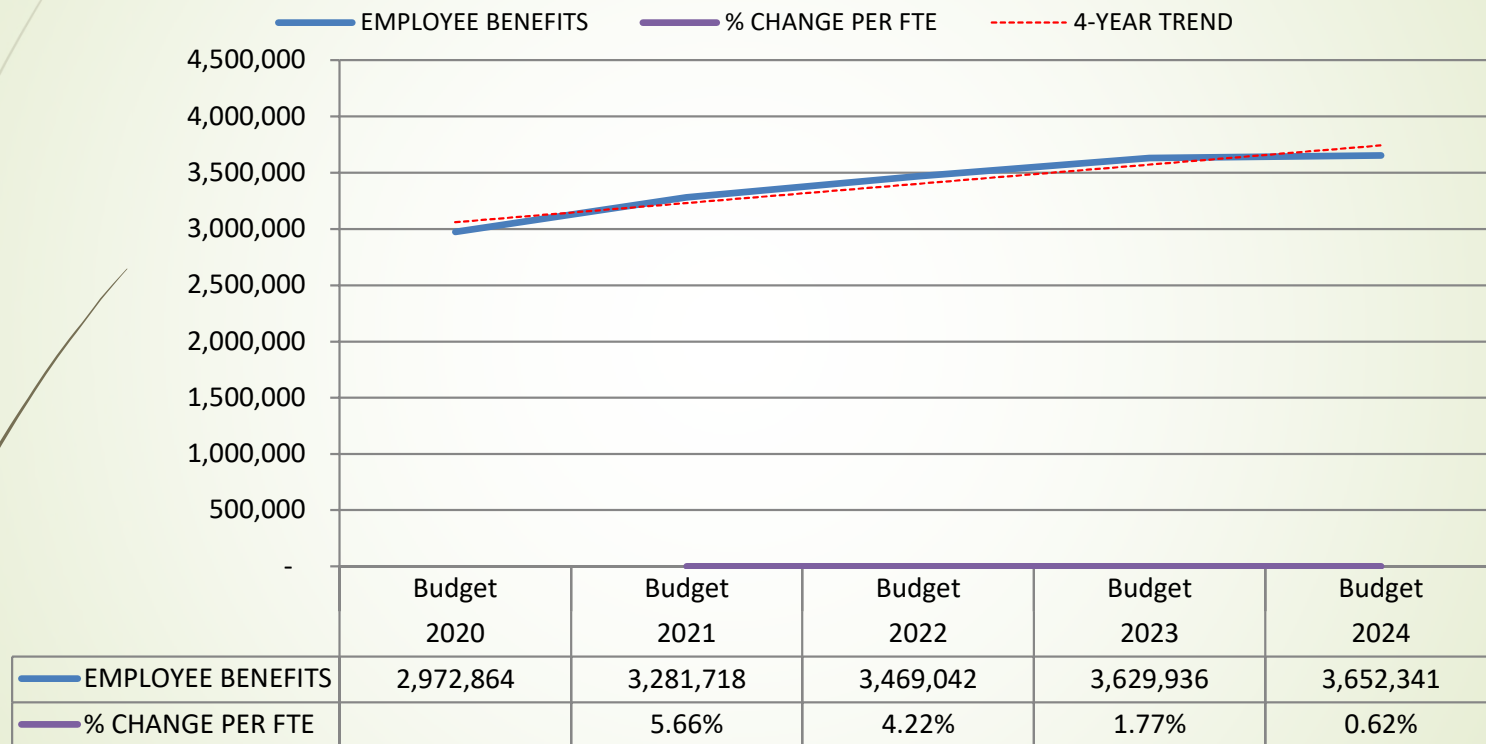
Salaries



2023 increase is 7.9% due to COLA and merit;
 2024 increase expected to be 6.7% due to COLA and merit;
 No new position costs included in this proposed budget

O&M Expense Detail

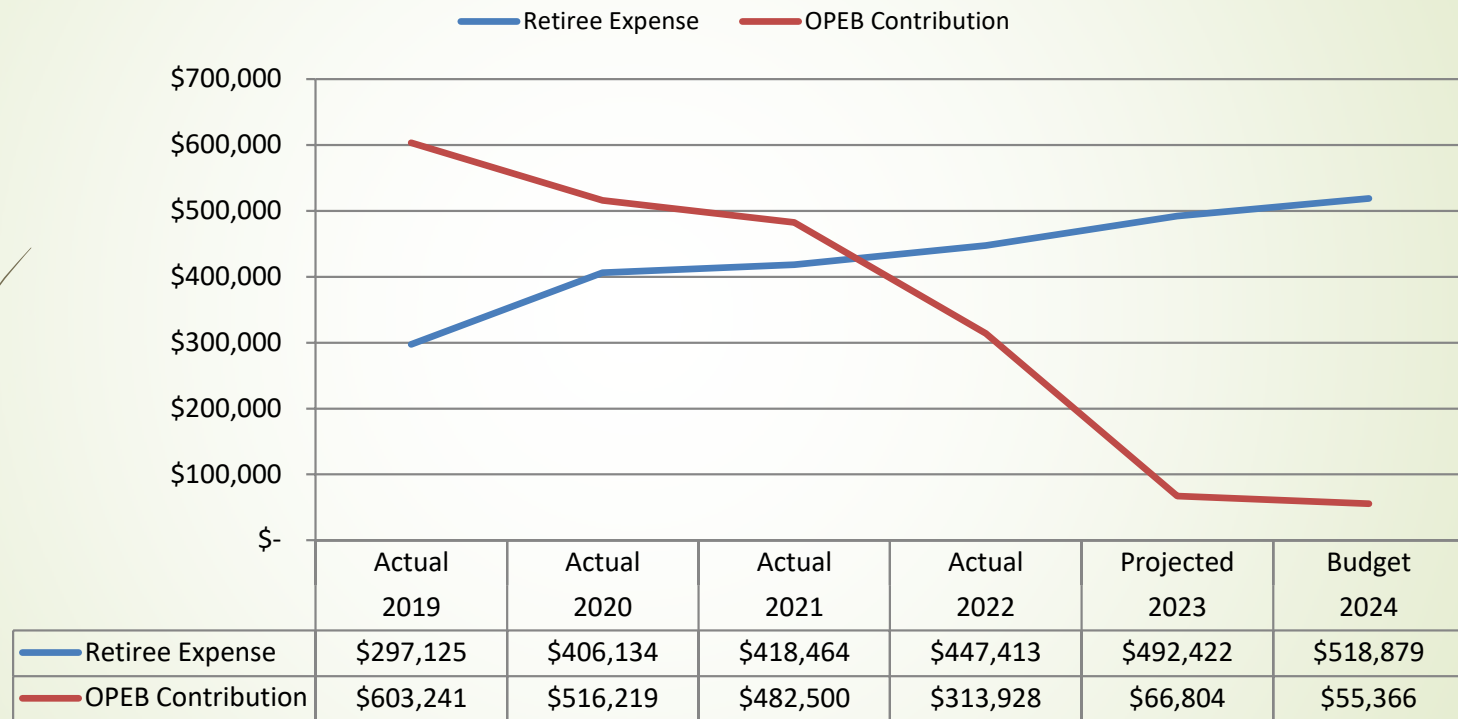
Employee Benefits



2022 increase 4% due primarily to increased pension and two new FTEs;
 2023 increase 1.77% due primarily to increased pension cost;
 2024 increase less than 1%

O&M Expense Detail

OPEB



Actuarial analysis shows OPEB contributions continue to decrease

New Position Requests

- 2024 six new positions requested by staff:

		<u>Min. Annual Cost</u>	<u>Max. Annual Cost</u>	<u>Proposed Budget</u>
1	Environmental Compliance Technician	\$121,000	\$143,000	\$132,000
2	Water Conservation Technician	\$118,000	\$139,000	\$129,000
3	GIS Technician	\$122,000	\$144,000	\$133,000
4	Accountant	\$128,000	\$151,000	\$140,000
5	Records Management Technician	\$112,000	\$133,000	\$123,000
6	Senior Inspector	\$137,000	\$164,000	\$151,000
		\$617,000	\$731,000	\$676,000

Annual Costs include taxes and benefits;
Proposed budget amounts are mid-range of the pay band

O&M Expense Detail

51

2024 Budget - By Department

Department	Budget 2024
Board of Directors Total	151,000.00
Administrative Total	2,803,000.00
Finance Total	1,361,000.00
Customer Services Total	1,712,000.00
Field Operation Total	608,000.00
Production Total	8,914,000.00
Distribution Total	2,978,000.00
Field Services Total	1,681,000.00
Maintenance Total	787,000.00
Conservation Total	741,000.00
Environmental Compliance Total	972,000.00
Engineering Total	1,770,000.00
GIS/CAD Total	499,000.00
Human Resource Total	479,000.00
Information Technology Services Total	1,513,000.00
Community Outreach Total	276,000.00
Grand Total	\$ 27,245,000

Department budgets include all costs including salaries & benefits.

Debt Service Budget

Debt Service Budget

	5-Year Low	5-Year High	5-Year Average	Budget 2024
Debt Service	\$ 6,995,000	\$ 7,272,225	\$ 7,128,117	\$ 6,995,000
	Actual	Actual	Projected	Budget
	2021	2022	2023	2024
Principal	\$ 4,965,000	\$ 5,390,000	\$ 4,910,000	\$ 5,010,000
Interest	2,208,140	1,815,219	2,085,000	1,985,000
SWAP Termination		5,642,000		
Total Debt Service	\$ 7,173,140	\$ 12,847,219	\$ 6,995,000	\$ 6,995,000

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)
 2024 Budget based on fixed rate debt schedules
 2023 – 2030 annual debt service ~\$7.0M

2024 Budget Summary

54

	2023 Approved Budget	2023 Projected	2024 Proposed Budget	2025 Forecast
Source Budgets:				
Income From Customers	\$ 51,926,000	\$ 53,478,812	\$ 55,082,000	\$ 55,082,000
Total Other Income	1,834,000	840,455	1,730,000	1,259,000
Grant Income	900,000	2,900,000	14,710,000	2,100,000
Reserve Use	-	-	-	-
Total Sources	\$ 54,660,000	\$ 57,219,267	\$ 71,522,000	\$ 58,441,000
Use Budgets:				
Operations and Maintenance	24,860,000	25,326,780	27,245,000	28,022,625
Capital	22,805,000	24,005,000	29,710,000	27,908,000
Debt Service (Forecast)	6,995,000	6,995,000	6,995,000	7,000,000
Reserve Funding	-	892,487	7,572,000	-
Total Uses	54,660,000	57,219,267	71,522,000	62,930,625
Reserve Balance:				
Change in Reserve Balance	-	892,487	7,572,000	(4,489,625)
Reserve Balance, Beginning of Year	42,034,033	42,034,033	42,926,520	50,498,520
Reserve Balance, End of Year	\$ 42,034,033	\$ 42,926,520	\$ 50,498,520	\$ 46,008,895
Reserve Minimum, 2019 Rate Study	\$ 43,592,000	\$ 43,592,000	\$ 44,301,000	\$ 45,027,000
Reserve Target, 2019 Rate Study	\$ 50,817,000	\$ 50,817,000	\$ 51,183,000	\$ 52,183,000

Questions ?