

Agenda
Sacramento Suburban Water District
Special Board Workshop

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, October 12, 2020
6:00 p.m.

In accordance with the California Department of Public Health’s and the Governor’s Executive Orders N-29-20 and N-33-20, the District’s boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

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Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Board concerning an agenda item either before or during the Board’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Pledge of Allegiance

Roll Call

Announcements

Public Comment

This is the opportunity for the public to comment on non-agenda items within the Board’s jurisdiction. Comments are limited to 3 minutes.

Items for Discussion and Action

- 1. First Draft 2021 Budget
Recommendation: Provide direction to staff regarding the first draft 2021 budget.

Adjournment

Upcoming Meetings

Monday, October 19, 2020, at 6:00 p.m., Regular Board Meeting
Tuesday, October 27, 2020, at 5:00 p.m., Facilities and Operations Committee Meeting

I certify that the foregoing agenda for the October 12, 2020, meeting of the Sacramento Suburban Water District Board of Directors was posted by October 9, 2020, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 1

Date: October 12, 2020

Subject: First Draft 2021 Budget

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Direct staff as appropriate.

Discussion:

Attached is the proposed Fiscal Year 2021 Budget – 1st Draft. This initial draft of the Budget is consistent with the estimated expenditures for 2021 as discussed in detail as part of the Comprehensive Water Cost of Service Study (Study) that was discussed with the Board and Public for much of 2019; culminating in a Public Hearing on October 16, 2019 where the rate study and related rates were accepted and approved by the Board.

Estimated 2021 expenditures from the Study versus those included in the attached Budget compare as follows:

	2021 Per Rate Study	2021 Proposed Budget
Revenue from Customers	\$ 49,393,138	\$ 48,886,080
Other Revenue	<u>1,089,186</u>	<u>2,094,000</u>
Total Revenue	<u>\$ 50,482,324</u>	<u>\$ 50,980,080</u>
Operations & Maintenance	\$ 23,603,539	\$ 23,063,675
Capital	17,989,000	19,001,000
Debt Service	<u>7,432,995</u>	<u>7,531,647</u>
Total Expenditures	<u>\$ 49,025,534</u>	<u>\$ 49,596,322</u>
Reserve Funding	\$ 1,456,790	\$ 1,383,758
Variance	\$ -0-	\$ -0-

The 2021 Budget and 2022 CIP projects are presented in the following order in the attached PowerPoint presentation:

1. District Goals and Budget Process
2. 2021 Key Assumptions
3. 2020 Highlights and 2021 Goals
4. Proposed 2021 Budget and 2022 CIP Projects

5. Total Revenue, Expense and Reserve Balance Analysis
6. Capital Budget
7. Operation & Maintenance (O&M) Budget
8. Debt Service Budget

As required by the District's Budget Policy (PL Fin-012), the proposed 2021 Budget is balanced (revenues equaling expenditures) when \$1,383,758 of reserves are funded. The reserve balance is projected to be \$40.8 million at the end of 2021. As discussed with the Board as part of the 2019 Study, if the proposed customer water rates are adopted as recommended by the Study, Reserves will start to be increased as part of balancing the Budget in 2021 and should continue through 2024.

Fiscal Impact:

If adopted as presented, the 2021 O&M budget would be \$23.0; the 2021 Capital budget would be \$19.0 million, and the 2021 debt service budget would be \$7.5 million. The total of all three budgets would be \$49.6 million. Revenues are projected to be \$51.0 million (if customer rates per the Study are adopted) resulting in a potential funding of reserves of \$1.4 million.

Strategic Plan Alignment:

Goal C – Ensure Fiscal Responsibility and Affordable Rates.

Attachments:

- 1 – 2021 Proposed Draft 1 Budget
- 2 – 2021 Budget Presentation

ATTACHMENT 1

2021 PROPOSED BUDGET

Revenue Budget	2021 Budget
Revenue from Customers	\$ 48,886,080
Other Revenue	2,094,000
Total 2021 Revenue	\$ 50,980,080

Operations and Maintenance Budget	2021 Budget
Board of Directors Total	\$ 51,912
Administrative Total	2,664,902
Finance Total	1,253,001
Customer Services Total	1,218,492
Field Operation Total	616,957
Production Total	7,885,939
Distribution Total	2,360,057
Field Services Total	1,526,552
Maintenance Total	703,902
Conservation Total	454,697
Environmental Compliance Total	626,035
Engineering Total	1,605,504
GIS/CAD Total	371,829
Human Resource Total	310,624
Information Technology Services Total	1,202,227
Community Outreach Total	211,044
Total O&M Budget	\$ 23,063,675

Capital Budget	2021 Budget
Capital Improvement Program (CIP)	
Meter Retrofit	\$ 2,000,000
Dist. Main Replacement	5,083,000
Well Replacement	4,620,000
Well Rehab. And Related Capital Costs	2,042,000
Other Re-occurring Annual Capital Costs	2,195,000
SCADA	785,000
Reservoir and Booster P.S.	345,000
Transmission Main	50,000
CIP Subtotal	\$ 17,120,000
Operating Capital Program (OCP)	
Property Acquisitions	\$ 700,000
Operations	459,500
Vehicles/Fleet/Equipment	310,000
Information Technology	286,500
Maintenance	120,000
Office Furniture/Equipment	5,000
OCP Subtotal	\$ 1,881,000
Total Capital Budget	\$ 19,001,000

Debt Service Budget	\$ 7,531,647
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Reserve Funding	\$ 1,383,758
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Total 2021 Costs	\$ 50,980,080
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ATTACHMENT 1 (Continued)

Capital Improvement Program (CIP) Project	2021	2022
Meter Retrofit		
Meter Retrofit Program (1,120 meters in 2021 and 50 meters in 2022)	X	X
Dist. Main Replacement		
Thor (Area 90B/C/D) - Paving	X	
ODS Main Remnants Replacement	X	
Arcade Creek Cross Repair	X	
U Street Improvement Project	X	
Main Looping Projects	X	
Slippery Creek Main Replacement	X	
CA & Risk Feasibility of HP Creek Crossing	X	
Greenberry Complex	X	X
Winding Way Creek Crossing	X	X
Small Improvement Projects	X	X
Q Street Main Rehab.-MRA 03B (contingent on Condition Assessment)	X	X
Elkhorn Main Repl. - MRA 03B (contingent on Condition Assessment)	X	X
MBP Main Repl. - MRA7D2 & 7D3 (contingent on Condition Assessment)	X	
MBP Main Repl. - MRA7D1 (contingent on Condition Assessment)		X
Watt Ave Main Repl.-MRA 03B (contingent on Condition Assessment)		X
TBD (contingent on Condition Assessment)		X
Well Replacement		
Well #78 - Butano/Cottage (SSA) - Pump Station Construction	X	
Well #79 - Verner/Panorama (NSA) - Pump Station Construction	X	
Well #80 - Walnut/Auburn (NSA) - Well Design & Construction	X	
Well #80 - Walnut/Auburn (NSA) - Pump Station Design		X
Transmission Main		
Corrosion Control-Variou s Protection and/or Cathodic Protection for existing trans. mains	X	X
Reservoir and Booster P.S.		
Enterprise Northrop Reservoirs/PS	X	
Walnut Tank & Watt/Elkhorn Reservoir	X	
Reservoir Operational Retrofit - Valves /Mechanical	X	X
Hydropneumatic Tanks Interior Coating	X	X
Tank 216 & Capehart Tank		X
SCADA		
Upgrade Marconi Building Electrical Component	X	
Upgrade Well Site Electrical Component - Well N8	X	
Reservoir Operational Retrofit - Antelope, and Watt/Elkhorn Reservoirs	X	
Upgrade Tesco PLC for 10 Sites each year	X	X
SCADA Upgrades		X
Well Rehab. And Related Capital Costs		
Well Rehabilitation/Repair/Upgrade - Various Wells	X	X
Condition Assessment (Wells 25C, 32A, & 76 in 2021; 68, N3, N22, & N38 in 2022)	X	X
Investigation - Wells 68 & 72	X	
Destroy abandoned wells - 2 wells in 2021 and 3 wells in 2022	X	X

ATTACHMENT 1 (Continued)

Capital Improvement Program (CIP) Project (continued)	2021	2022
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 meters (>3")	X	X
Replace water meters that outlived their useful life	X	X
Replace valves, hydrants and services that outlived their useful life	X	X

Operating Capital Program (OCP) Projects For 2021
Property Acquisitions
Wellsite Acquisitions
Operations
Fence Replacement - 3 Well Sites
Watt/Elkhorn Tree Repl & Irrigation Modification
Calibration of District's Hydraulic Model - Started in 2020
Update Urban Water Management Plan
Develop a Pipeline Condition Assessment Direct Method Guideline
Vehicles/Fleet/Equipment
Vehicle Replacement - Truck # 9, 42, 50, 57
Trailer Replacement - Vacuum Trailer for Meter PM
Equipment Replacement - 2020 John Deere 320G Skid Steer
Information Technology
Hardware Refresh Program
Software Enhancements/Modules
Maintenance
Customer Service Area Safety & Security Improvement
HVAC/Roof/Building Repairs

2021 Proposed Budget

Board Workshop
October 12, 2020

2021 Budget Development Process

- July Board Meeting – 07/20/20, 6:00 pm
 - Budget Preparation Timeline Approved
- August Board Meeting – 08/17/20, 6:00 pm
 - Approve Budget Assumptions; Provide Direction to Staff
- October Board Workshop – 10/12/20, 6:00 pm
 - First Draft Presentation; Provide Direction to Staff
- October Board Meeting – 10/19/20, 6:00 pm
 - Update Board; Provide Direction to Staff
- October Board Workshop – 10/26/20, 6:00 pm (If necessary)
 - Second Draft Presentation; Provide Direction to Staff
- November Board Meeting – 11/16/20, 6:00 pm
 - Budget Approved

2021 Budget Assumptions

Key Assumptions	2019		2020		2021	
	Actual	0.00%	Approved	5.00%	Proposed	4.00%
1 Rate Increase (Approved via Prop 218)		None		None		None
2 Change in SSWD Service Boundaries		None		None		None
3 New Service Connections (Growth)	Increase	0.52%	Increase	0.52%	Increase	0.52%
4 Water Production: (A)	Cost/AF	AF	Cost/AF	AF	Cost/AF	AF
a. Water Supply Forecast Based on 5 Year Average		30,610 AF		30,000 AF		31,400 AF
b. Water Loss %						7.10%
c. SSA Surface Water (City) (B)	\$ 120.00	2,604 AF	\$ 120.00	7,700 AF	\$ 120.00	3,500 AF
d. SSA Surface Water (City at NO Cost)	\$ -	3,800 AF			\$ -	6,500 AF
e. SSA Surface Water (Electrical Cost to Lift City's Water)	\$ 14.73		\$ 15.72		\$ 17.00	10,000 AF
f. SSA Groundwater (Variable costs)	\$ 128.23	7,079 AF	\$ 128.94	6,250 AF	\$ 133.84	3,700 AF
g. NSA Surface Water (PCWA Water) (C)	\$ 40.67	12,382 AF	\$ 36.94	12,000 AF	\$ 38.79	10,000 AF
h. NSA Surface Water (Bureau-PCWA Water)	\$ 23.40	12,382 AF	\$ 21.45	12,000 AF	\$ 22.52	10,000 AF
i. NSA Surface Water (SJWD Treatment-PCWA Water)	\$ 192.37	12,382 AF	\$ 209.68	12,000 AF	\$ 220.16	10,000 AF
j. NSA Surface Water (SJWD Water)					\$ 273.16	AF
k. NSA Groundwater (Variable costs)	\$ 102.42	6,283 AF	\$ 114.84	6,050 AF	\$ 116.17	7,700 AF
l. NSA Bureau 215 Water	\$ 265.40	AF	\$ 290.01	0	\$ 304.51	AF
m. NSA Wheel Water to Cal-AM (Cost)		1,539 AF		2,000 AF	\$ 281.47	2,000 AF
n. NSA Wheel Water to Cal-AM (Revenue)	\$ (371.26)	1,539 AF	\$ (385.48)	2,000 AF	\$ (400.89)	2,000 AF
5 Anticipated Outside Water Sales, Net	None	None	Unknown	Unknown	Unknown	Unknown
6 Investment Yield		2.00%		2.15%		2.00%
7 Variable Debt Interest Rate		3.86%		3.86%		3.86%
8 Electrical Cost Increase		2.00%		3.75%		4.50%
9 COLA (D)				2.30%		1.80%
10 Merit Program				4.00%		5.00%
11 Construction Inflation (E)		8.00%		1.70%		1.80%
12 Health Care Cost (F)		2.00%		6.40%		4.32%
13 Tier 1 Pension Cost (% of Salaries)	\$ 582,000	23.00%	\$ 657,862	23.77%	\$ 708,931	24.32%
14 Tier 2 Pension Cost (% of Salaries)	\$ 18,000	17.10%	\$ 22,998	17.66%	\$ 25,999	18.20%
15 Tier 3 Pension Cost (% of Salaries)	\$ 900	7.30%	\$ 5,403	7.34%	\$ 5,502	7.89%
16 New Hires		3		-		1
17 Prefunding of Post Retirement Benefits (G)		\$892,480		\$ 908,433		\$ 482,500
18 Retiree Benefit Payments (G)		\$ -		\$ -		\$ 418,464
19 Reserve Funds (Uses)		None		None		None
Footnotes:						
(A) SSA = South Service Area; NSA = North Service Area						
(B) City Rate at \$120/AF on a trial basis for 9,500 AF from Oct -2019 to Sept 2020. Assume City will extend this trial rate (\$120.00) for 2021. Current contract rate is \$500.68/AF.						
(C) Take-or-Pay contract for 2021 reduced to 8,000 AF.						
(D) District is now West - Size Class B/C (2.5 million or less). Previously District was classified as West - Class A						
(E) 20 Cities CCI Index, Source: ENR						
(F) Same as prior year, Western Health Advantage						
(G) Actuarially determined prefunding amount is \$482,497 in 2021 and does not include retiree premiums (2021 actuarial estimate \$450,254) which will be broken out separately (item 18).						

2020 Projected Actual and Highlights

	Approved 2020 Budget (\$ Millions)		Projected 2020 Actual (\$ Millions)		Projected Unspent (%)
Operations & Maintenance Budget	\$ 23.04		\$ 22.51		2.3%
Capital Improvement Program	19.57		19.57		0.0%
Operating Capital Program	1.23		1.23		0.0%
Debt Service Budget	7.43		7.29		1.8%
Total	\$ 51.26		\$ 50.60		1.3%

2020 Projected Results:

- Water Deliveries of 41,304 AF:
 - Comprised of 34,652 AF to Customers and Wheeled Water Deliveries of 152 AF and 6,500 AF to City of Sacramento (water transfer)
- Review and assess modified asset management plans:
 - Completed new Fleet Asset Management Plan
 - Completed update to Transmission Main Asset Management Plan
 - Completed Buildings and Structures Asset Management Plan
 - Completed Groundwater Well Asset Management Plan
- Water infrastructure asset replacements include:
 - Replace 4.9 miles of Distribution Main Lines (Thor, Naomi & Albatross), including approximately 247 Water Meters
 - Install (Retrofit) an additional 1,030 Water Meters
 - Replace 1,000 Old Water Meters that have outlived their useful life
 - Replace 7,500 Endpoints that have outlived their useful life or failed
 - Continue Design and Construction of Butano and Verner Wells; Begin work on Walnut Well
 - Destroy 4 Abandoned Well Sites
 - Continue Multi-Year Process to Acquire Property for Future Well Sites

2021 Goals

Budget Will Allow the District to Accomplish the Following:

- Water Deliveries of 33,400 AF
 - 31,400 AF to Customers
 - 2,000 AF Wheeled to Cal-American
- Source of Supply
 - 12,000 AF from PCWA (additional water available from SJWD)
 - 6,500 AF from City of Sacramento at no cost
 - 14,900 AF from SSWD Groundwater
- Complete update to the Urban Water Management Plan
- Water infrastructure asset replacements include:
 - Replace up to 0.75 miles of Distribution Main Lines
 - Complete ODS Main Replacement Program
 - SSA Well Rehabilitation
 - Install (Retrofit) an Additional 1,120 Water Meters
 - Replace 1,000 Old Meters and 10,000 Endpoints that have outlived their useful life
 - Continue work on Butano, Verner Well and Walnut Well
 - Destroy 2 Abandoned Well Sites
 - Continue Multi-Year Process to Acquire Property for Future Well Sites

2021 Proposed Budget Details

	2019 Actual	2019 Approved Budget	2020 Projected	2020 Approved Budget	2021 Proposed Budget
Water Sales Charge	\$ 13,250,822	\$ 13,304,000	\$ 15,434,804	\$ 13,871,000	\$ 14,907,912
Water Service Charge	30,651,108	31,063,000	31,539,585	32,117,000	32,801,168
Capital Facilities/Debt Repayment	-	-	-	-	-
Wheeling Water Charge	643,670	730,000	35,349	672,000	647,000
Other Charges for Services	1,133,375	1,074,000	527,304	1,183,000	530,000
Income From Customers	45,678,975	46,171,000	47,537,042	47,843,000	48,886,080
Water Transfers	42,578	-	906,642	-	-
Interest Income	1,076,124	932,000	975,000	974,000	789,000
Other Income (Leases, Cells, Etc.)	677,195	400,000	240,000	450,000	305,000
Facility Development Charges	287,209	300,000	450,000	300,000	300,000
Grant Income	351,969	275,000	50,000	500,000	700,000
Total Other Income	2,435,075	1,907,000	2,621,642	2,224,000	2,094,000
Reserve Use	2,286,756	1,793,000	441,405	1,193,000	-
Total Revenue	\$ 50,400,806	\$ 49,871,000	\$ 50,600,089	\$ 51,260,000	\$ 50,980,080
Expenditures:					
Operations and Maintenance	23,892,654	23,241,000	22,513,291	23,039,000	23,063,675
Capital	19,302,819	19,210,000	20,795,000	20,795,000	19,001,000
Debt Service (Forecast)	7,205,333	7,420,000	7,291,798	7,426,000	7,531,647
Reserve Funding	-	-	-	-	1,383,758
Total Costs	50,400,806	49,871,000	50,600,089	51,260,000	50,980,080
Budget Variance	-	-	-	-	-
Change in Reserve Balance	(2,286,756)	(1,793,000)	(441,405)	(1,193,000)	1,383,758
Reserve Balance	\$ 39,873,637	\$ 39,873,637	\$ 39,432,232	\$ 38,680,637	\$ 40,815,991

Total Revenues Vs Total Expenditures

2017-2019 Actual with 2020 Projected & 2021 Budget



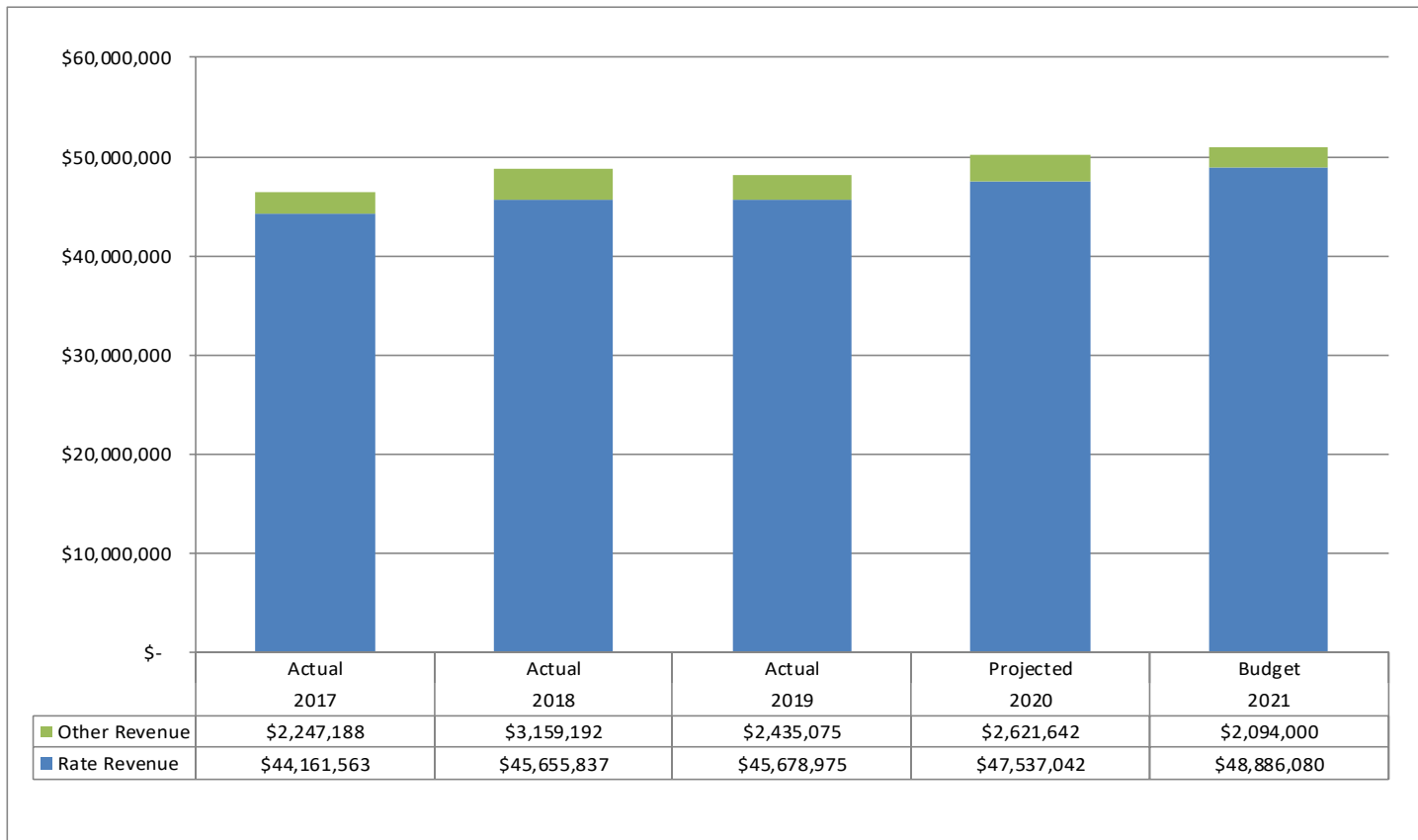
2018 Expenditures includes \$3.5 million 2009B refunding;

2019 expenditures includes \$2.6 MBP settlement;

2021 Reserve balance projected to increase as anticipated by the approved rate increase as planned in 2019 Rate Study.

Total Revenues

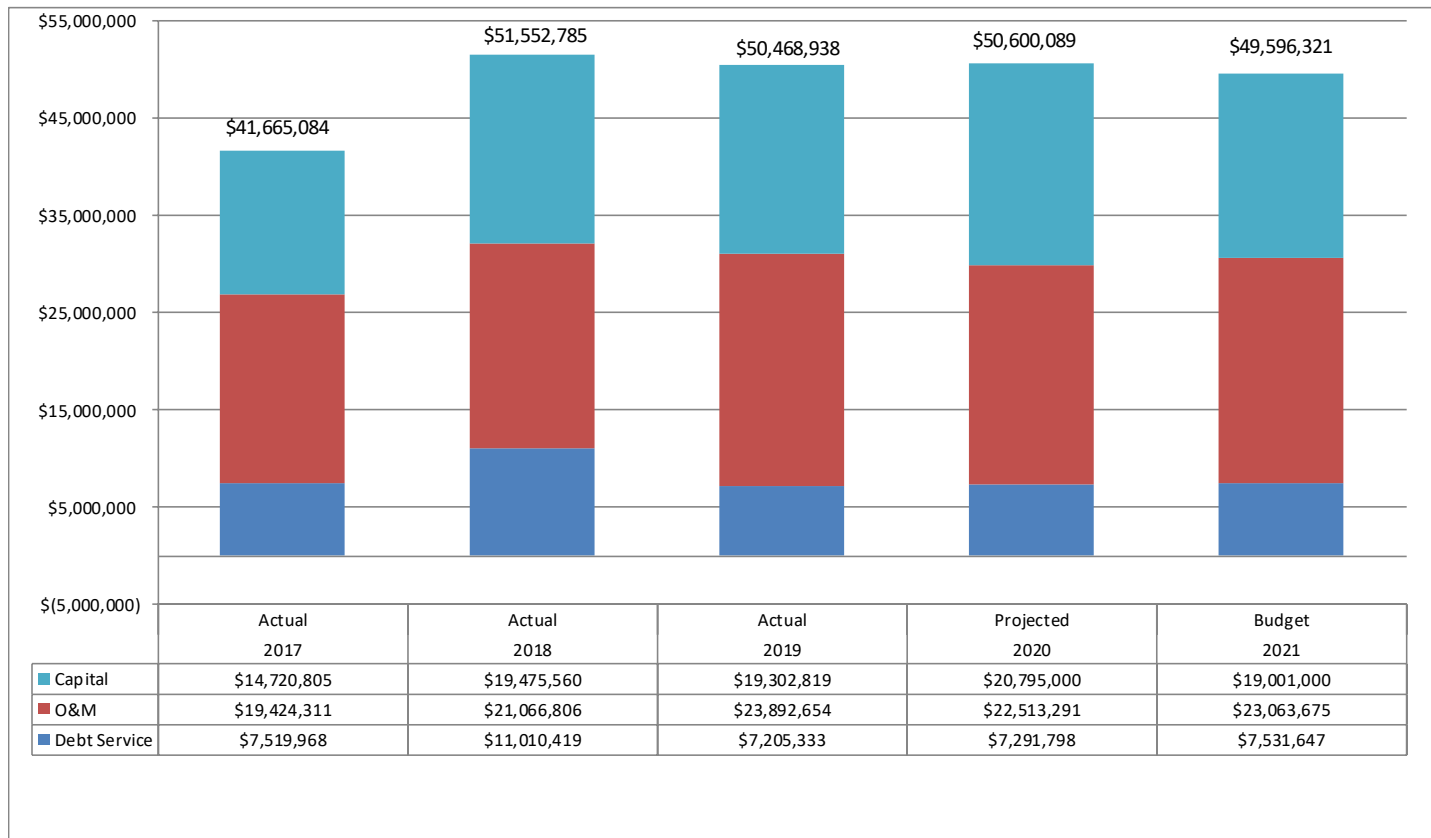
2017-2019 Actual with 2020 Projected & 2021 Budget



Other revenue includes: interest, leases & rent, facility development charges, grants and other; 2018 includes \$1.8M for water transfer and 4.0% rate increase; 2019 no rate increase; 2020 projected \$0.9M for water transfer, approved 5.0% rate increase and 11% usage increase; 2021 approved 4% rate increase.

Total Expenditures

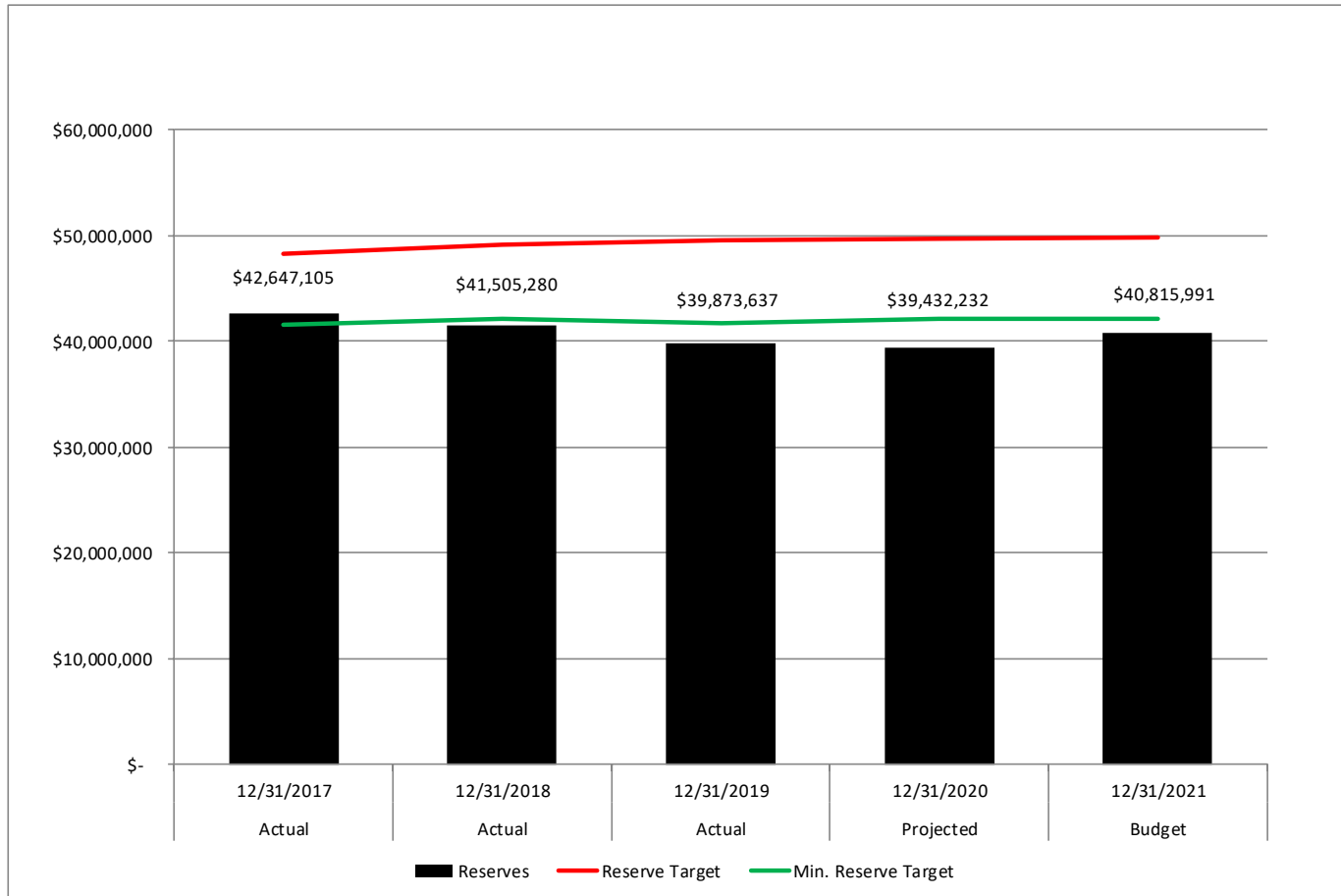
2017-2019 Actual with 2020 Projected & 2021 Budget



2018 Debt Service expenditures includes \$3.5 million 2009B refunding;
 2019 O&M expenditures includes \$2.6 MBP settlement;
 2020 O&M expenditures projected to be under budget due to unavailability of surface water.

Reserve Balance

2017-2019 Actual with 2020 Projected & 2021 Budget



2021 Reserve balance beginning to increase as planned in 2019 Rate Study.

Reserve Balance Detail

2017-2019 Actual with 2020 Projected & 2021 Budget

	Actual	Actual	Actual	Projected	Budget
	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Debt Service Reserve	\$ 3,548,170	\$ -	\$ -	\$ -	\$ -
Facilities Reimburseme	-	-	-	-	-
Emergency/Contingency	10,931,500	11,255,000	11,905,048	11,905,048	11,905,048
Operating	4,248,150.00	6,248,175.00	5,939,161.11	4,751,974.69	6,320,145.30
Rate Stabilization	5,976,000	5,044,500	4,656,400	5,402,181	5,217,769
Grant	210,000	-	-	50,000	700,000
Capital Asset	17,733,285	18,957,605	17,373,028	17,323,028	16,673,028
TOTAL	\$ 42,647,105	\$ 41,505,280	\$ 39,873,637	\$ 39,432,232	\$ 40,815,991
Reserve Target	\$ 48,317,715	\$ 49,072,754	\$ 49,518,303	\$ 49,649,903	\$ 49,793,506
Min. Reserve Target	\$ 41,584,250	\$ 42,164,930	\$ 41,726,390	\$ 42,165,080	\$ 42,144,676

Individual reserve account changes for 2019 and 2020 based on Reserve Policy approved on June 17, 2019; 2020 and 2021 rate increases are on track with financial plan to build back up the reserve's target level.

Budget Revisions

2021 Budget

Income From Customers	\$ 48,886,080	\$ -	\$ 48,886,080
Water Transfers	-	-	-
Total Other Income	2,094,000	-	2,094,000
Total Revenue	<u>\$ 50,980,080</u>	<u>\$ -</u>	<u>\$ 50,980,080</u>
Expenditures:			
Operations and Maintenance	23,414,834	(351,159)	23,063,675
Capital Improvement Program	17,557,726	(437,726)	17,120,000
Operating Capital Program	2,063,960	(182,960)	1,881,000
Debt Service (Forecast)	7,531,647	-	7,531,647
Total Costs	<u>50,568,167</u>	<u>(971,845)</u>	<u>49,596,321</u>
Change in Reserve Balance	<u>411,913</u>	<u>971,845</u>	<u>1,383,758</u>

Capital Budget

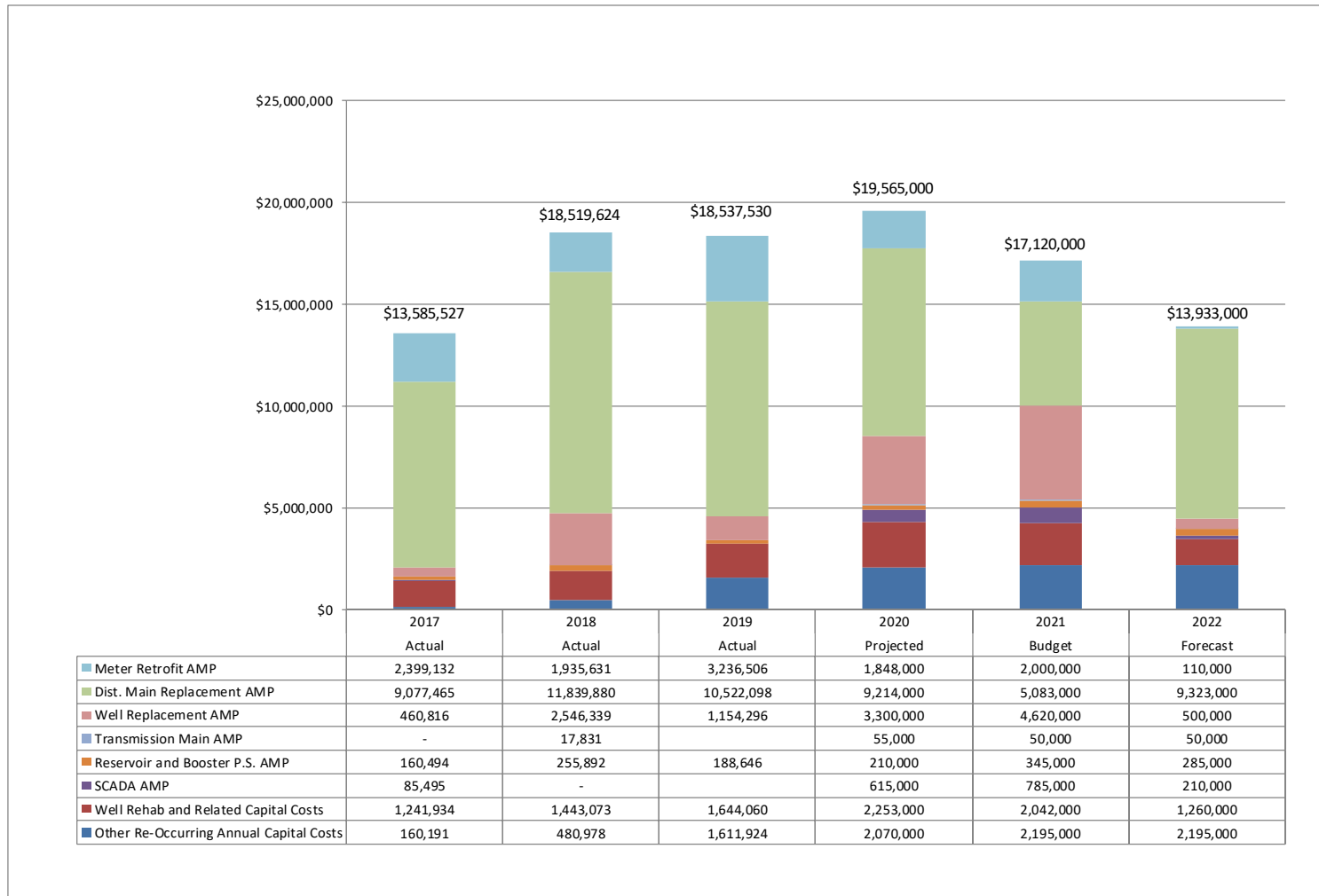
Capital Costs

2021 Proposed Budget By Capital Program



CIP Project Costs

2021 Proposed Budget & 2022 Forecast



CIP Project Detail

Distribution Main Replacement Costs

			Budget	Forecast
			2021	2022
2021/22 Projects			\$ 5,083,000	\$ 9,323,000
Thor (Area 90B/C/D) - Paving			X	
ODS Main Remnants Replacement			X	
Arcade Creek Cross Repair			X	
Greenberry Complex			X	X
U Street Improvement Project			X	
Winding Way Creek Crossing			X	X
Small Improvement Projects			X	X
Main Looping Projects			X	
Slippery Creek Main Replacement			X	
CA & Risk Feasibility of HP Creek Crossing			X	
Q Street Main Rehab.-MRA 03B (contingent on Condition Assessment)			X	X
Elkhorn Main Repl. - MRA 03B (contingent on Condition Assessment)			X	X
MBP Main Repl. - MRA7D2 & 7D3 (contingent on Condition Assessment)			X	
MBP Main Repl. - MRA7D1 (contingent on Condition Assessment)				X
Watt Ave Main Repl.-MRA 03B (contingent on Condition Assessment)				X
TBD (contingent on Condition Assessment)				X

CIP Project Detail

Well Replacement Costs

				Budget	Forecast
				2021	2022
2021/22 Projects				\$ 4,620,000	\$ 500,000
Well #78 - Butano/Cottage (SSA) - Pump Station Construction				X	
Well #79 - Verner/Panorama (NSA) - Pump Station Construction				X	
Well #80 - Walnut/Auburn (NSA) - Well Design & Construction				X	
Well #80 - Walnut/Auburn (NSA) - Pump Station Design					X

CIP Project Detail

Well Rehabilitation And Related Capital Costs

				Budget	Forecast
				2021	2022
2021/22 Projects				\$ 2,042,000	\$ 1,260,000
Well Rehabilitation/Repair/Upgrade - Various Wells				X	X
Condition Assessment (Wells 25C, 32A, & 76 in 2020; 68, N3, N22, & N38 in 2021)				X	X
Investigation - Wells 68 & 72				X	X
Destroy abandoned wells - 2 wells in 2020 and 3 wells in 2021				X	

CIP Project Detail

Meter Retrofit Costs

				Budget	Forecast
				2021	2022
<u>2021/22 Projects</u>				\$ 2,000,000	\$ 110,000
2021 Meter Retrofit Program (1,120 meters)				X	
2022 Meter Retrofit Program (50 meters)					X

CIP Project Detail

Other Annual Re-Occurring Capital Costs

				Budget	Forecast
				2021	2022
2021/22 Projects				\$ 2,195,000	\$ 2,195,000
Adjust valves boxes for county paving projects				X	X
Right of way/easement acquisitions				X	X
AMI Endpoints Replacements				X	X
Replace obsolete large meters (>3")				X	X
Replace water meters that outlived their useful life				X	X
Replace valves, hydrants and services that outlived their useful life				X	X

CIP Project Detail

Reservoir and Booster P.S. Costs

				Budget	Forecast
				2021	2022
<u>2021/22 Projects</u>				\$ 345,000	\$ 285,000
Enterprise Northdrop Reserviors/PS				X	
Reservoir Operational Retrofit - Valves /Mechanical				X	X
Hydropneumatic Tanks Interior Coating				X	X
Walnut Tank				X	
Watt/Elkhorn Reservoir				X	
Tank 216					X
Capehart Tank					X

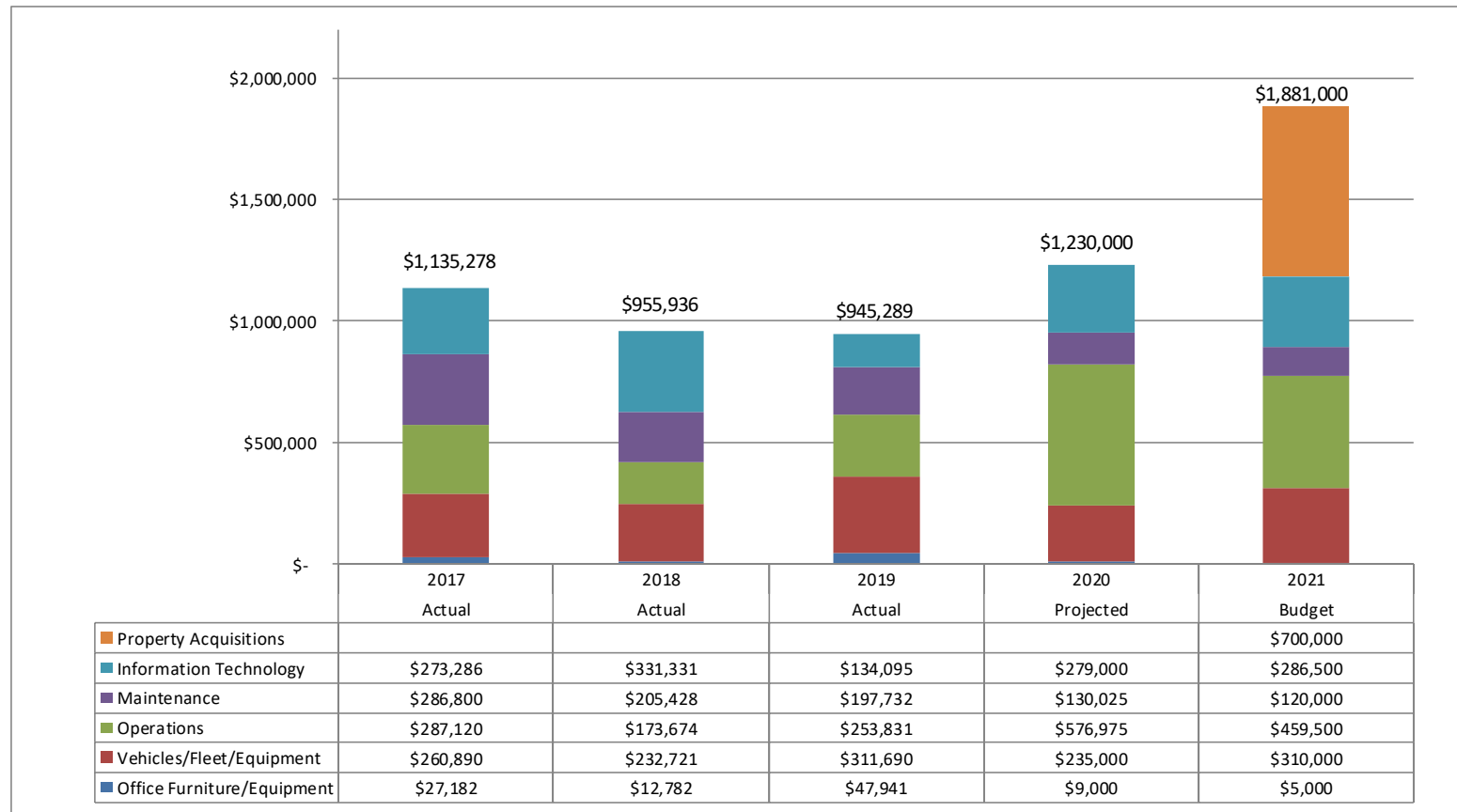
CIP Project Detail

SCADA Costs

				Budget	Forecast
				2021	2022
<u>2021/22 Projects</u>				\$ 785,000	\$ 210,000
Upgrade Marconi Building Electrical Component				X	
Upgrade Well Site Electrical Component - Well N8				X	
Reservoir Operational Retrofit - Antelope, and Wat/Elkhorn Reservoirs				X	
Upgrade Tesco PLC for 10 Sites each year				X	X
SCADA Upgrades					X

OCP Project Costs

2021 Proposed Budget



Discussion of individual line items appear on subsequent pages.

OCP Project Detail

Property Acquisition

			Budget
			2021
<u>2021 Projects</u>			\$ 700,000
Wellsite Acquisitions			

OCP Project Detail

Operations Project Costs

			Budget
			2021
<u>2021 Projects</u>			\$ 459,500
Fence Replacement - 3 Well Sites			
Watt/Elkhorn Tree Repl & Irrigation Modification			
Calibration of District's Hydraulic Model - Started in 2020			
Update Urban Water Management Plan			
Develop a pipeline Condition Assessment Direct Method Guideline			

OCP Project Detail

Vehicles/Fleet/Equipment

			Budget
			2021
<u>2021 Projects</u>			\$ 310,000
Vehicle Replacement - Truck # 9			
Vehicle Replacement - Truck # 42			
Vehicle Replacement - Truck # 50			
Vehicle Replacement - Truck # 57			
Trailer Replacement - Vacuum Trailer for Meter PM			
Equip. Replacement - 2020 John Deere 320G Skid Steer			

OCP Project Detail

Information Technology

			Budget
			2021
<u>2021 Projects</u>			\$ 286,500
Hardware Refresh Program			
Software Enhancements/Modules			

OCP Project Detail

Maintenance

			Budget
			2021
<u>2021 Projects</u>			\$ 120,000
Customer Service Area Safety & Security Improvement			
HVAC/Roof/Building Repairs			

O&M Budget

O&M Expense Detail

2021 Proposed Budget

By Category

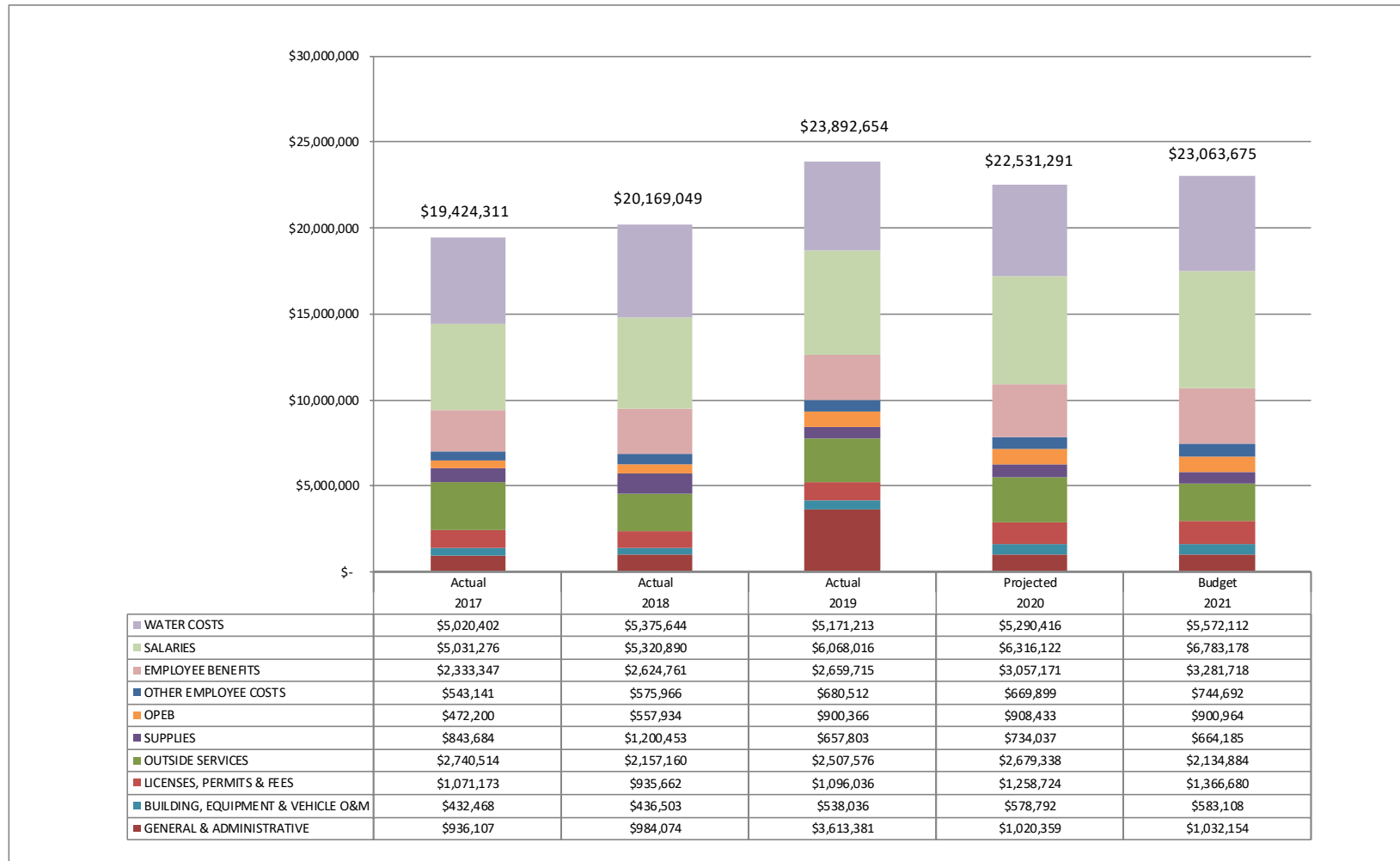
	2017 Actual	2018 Actual	2019 Actual	2020 Projected	2021 Budget
GENERAL & ADMINISTRATIVE	\$ 936,107	\$ 984,074	\$ 3,613,381	\$ 1,020,359	\$ 1,032,154
BUILDING, EQUIPMENT & VEHICLE O&M	\$ 432,468	\$ 436,503	\$ 538,036	\$ 578,792	\$ 583,108
LICENSES, PERMITS & FEES	\$ 1,071,173	\$ 935,662	\$ 1,096,036	\$ 1,258,724	\$ 1,366,680
OUTSIDE SERVICES	\$ 2,740,514	\$ 2,157,160	\$ 2,507,576	\$ 2,679,338	\$ 2,134,884
SUPPLIES	\$ 843,684	\$ 1,200,453	\$ 657,803	\$ 734,037	\$ 664,185
OPEB	\$ 472,200	\$ 557,934	\$ 900,366	\$ 908,433	\$ 900,964
OTHER EMPLOYEE COSTS	\$ 543,141	\$ 575,966	\$ 680,512	\$ 669,899	\$ 744,692
EMPLOYEE BENEFITS	\$ 2,333,347	\$ 2,624,761	\$ 2,659,715	\$ 3,057,171	\$ 3,281,718
SALARIES	\$ 5,031,276	\$ 5,320,890	\$ 6,068,016	\$ 6,316,122	\$ 6,783,178
WATER COSTS	\$ 5,020,402	\$ 5,375,644	\$ 5,171,213	\$ 5,290,416	\$ 5,572,112
TOTAL	\$ 19,424,311	\$ 20,169,049	\$ 23,892,654	\$ 22,513,291	\$ 23,063,675

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

O&M Expense Detail

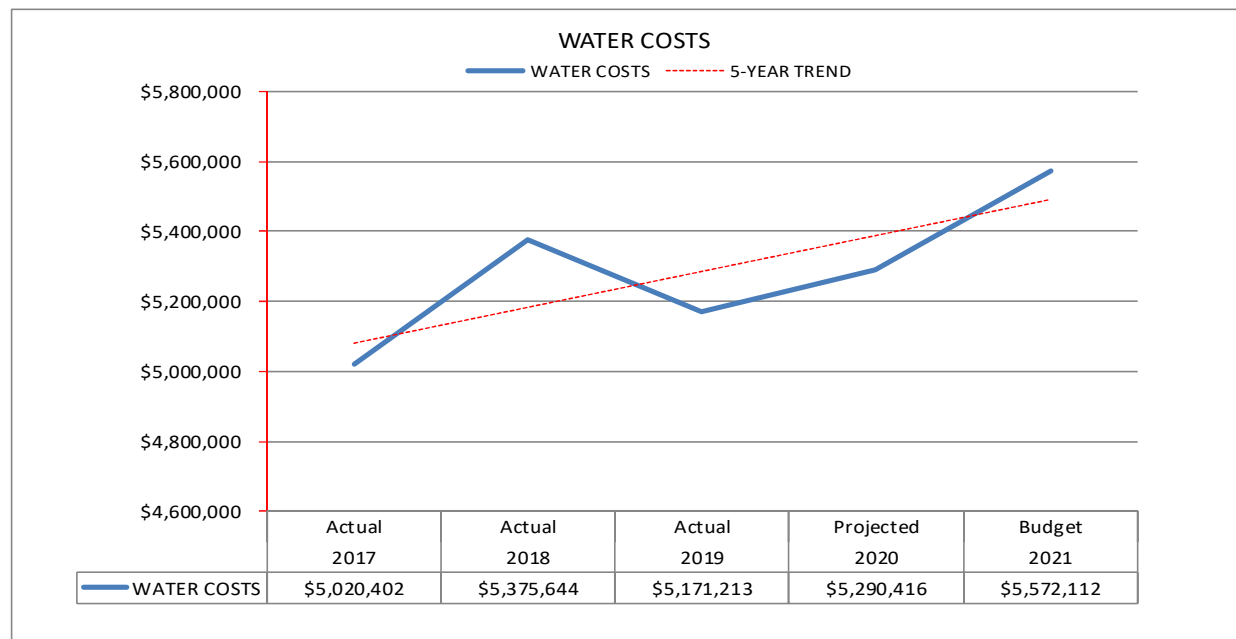
2021 Proposed Budget

By Category



O&M Expense Detail

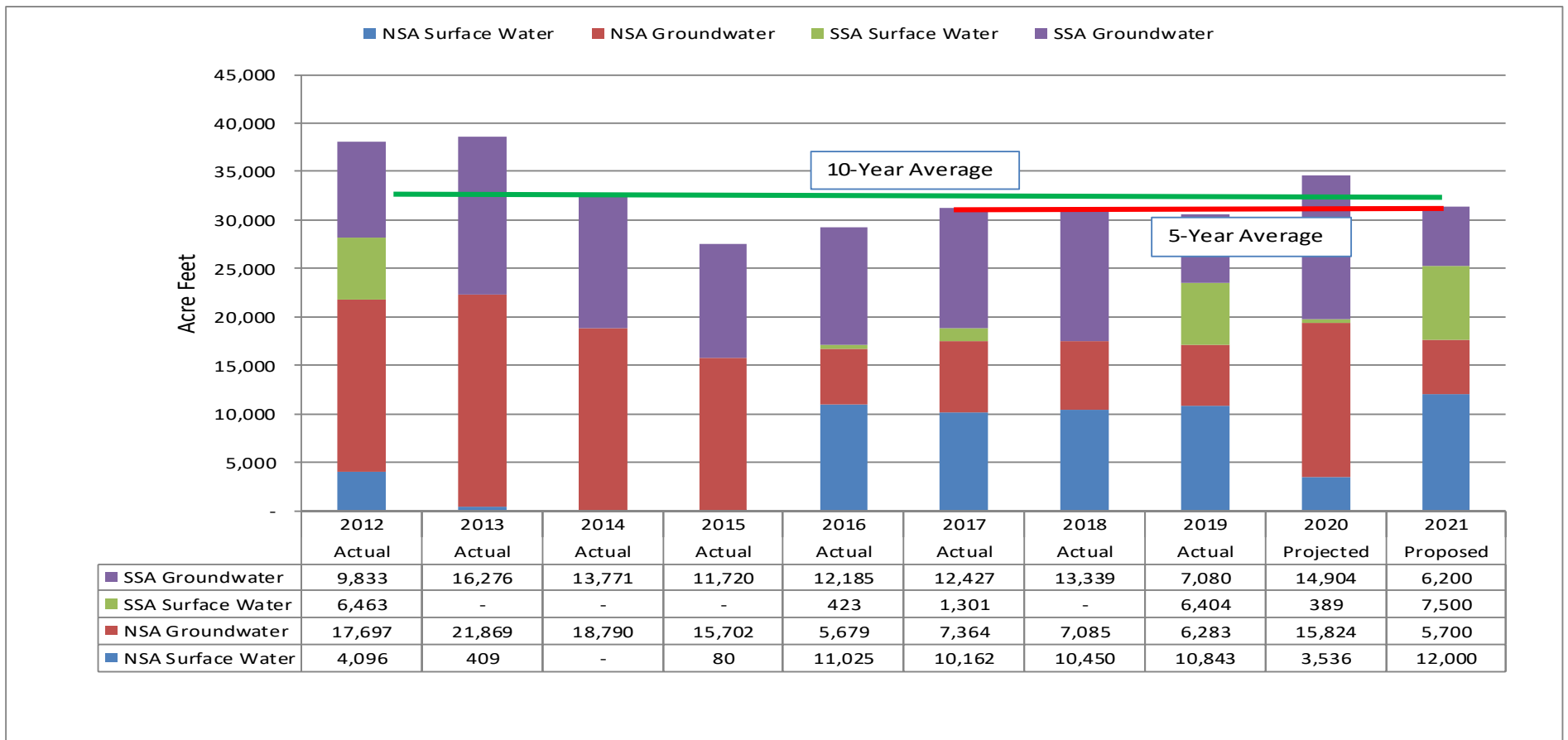
Water Costs



2019 water costs are less than 2018 and 2020 primarily due to 3,800 AF being supplied by City at no cost (credit from water transfer in 2018), and SW cost increase in 2020. 2020 increase due to 1) the purchase of 3,900 AF of SW from SJWD, 2) pumping 6,500 AF to City of Sacramento for water transfer and increase water usage from SSWD customers. 2021 increase includes 1) 12,000 AF of SW from PCWA and increase in SW cost. SW = Surface Water; GW = Groundwater

O&M Expense Detail

Water Production



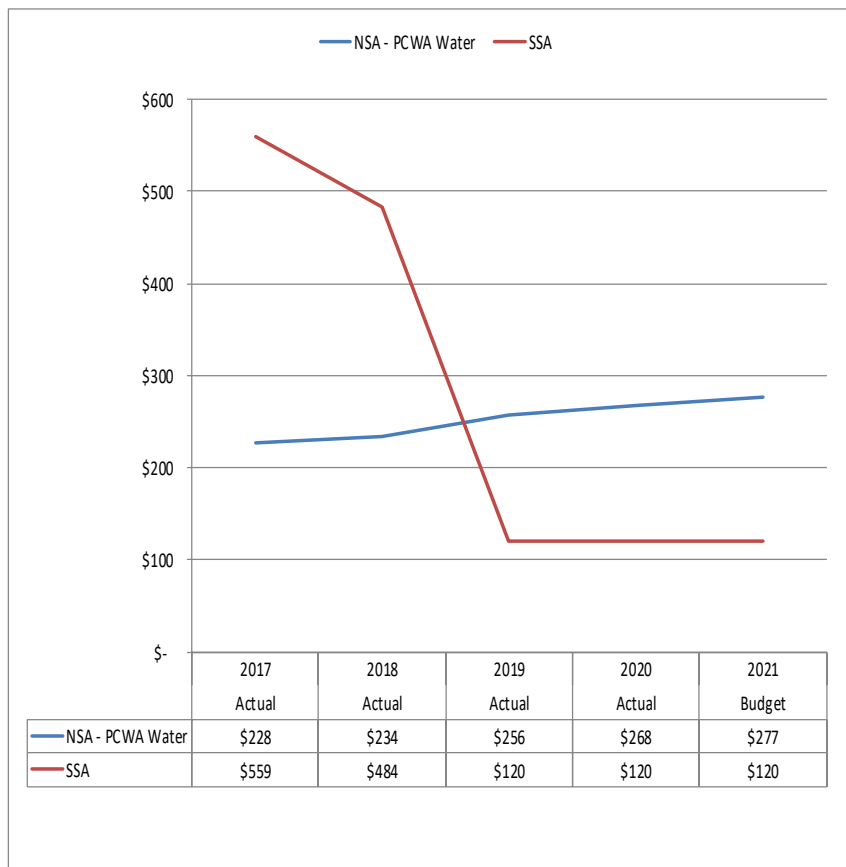
2019 Actual Production – 30,610 AF;

2020 Budgeted Production – 31,000 AF; Projected Actual – 34,653 AF (SSWD Retail);

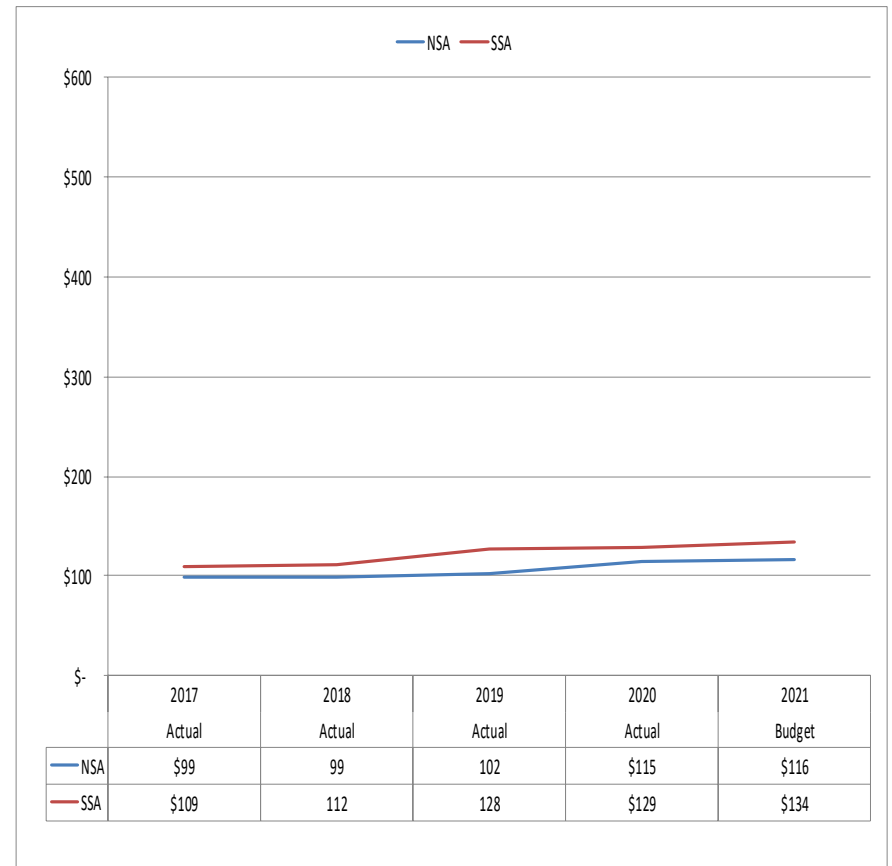
2020 Estimated Production – 31,400 AF (based on five year average)

Surface Water vs Groundwater Costs

Variable Surface Water Costs



Variable Groundwater Costs



SSA - SW cost is \$120/AF with City of Sacramento for 1 year trial basis (Oct. 2019 – Sept. 2020) up to 9,500 AF.

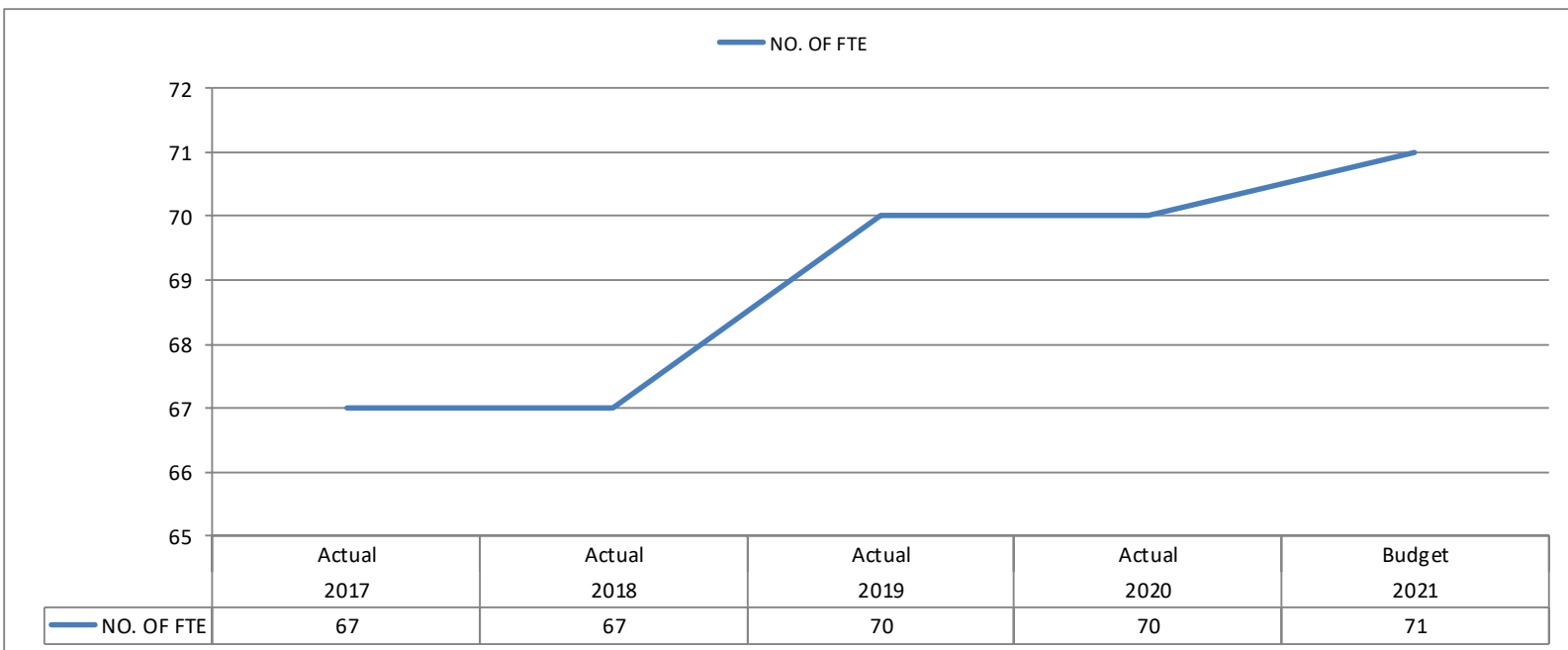
NSA –SW cost for 2020 expected to be \$277/AF, compared to \$256/AF in 2019.

SSA/NSA - GW costs increasing due to - 4.75% electricity cost increases.

SW = Surface Water; GW = Groundwater

O&M Expense Detail

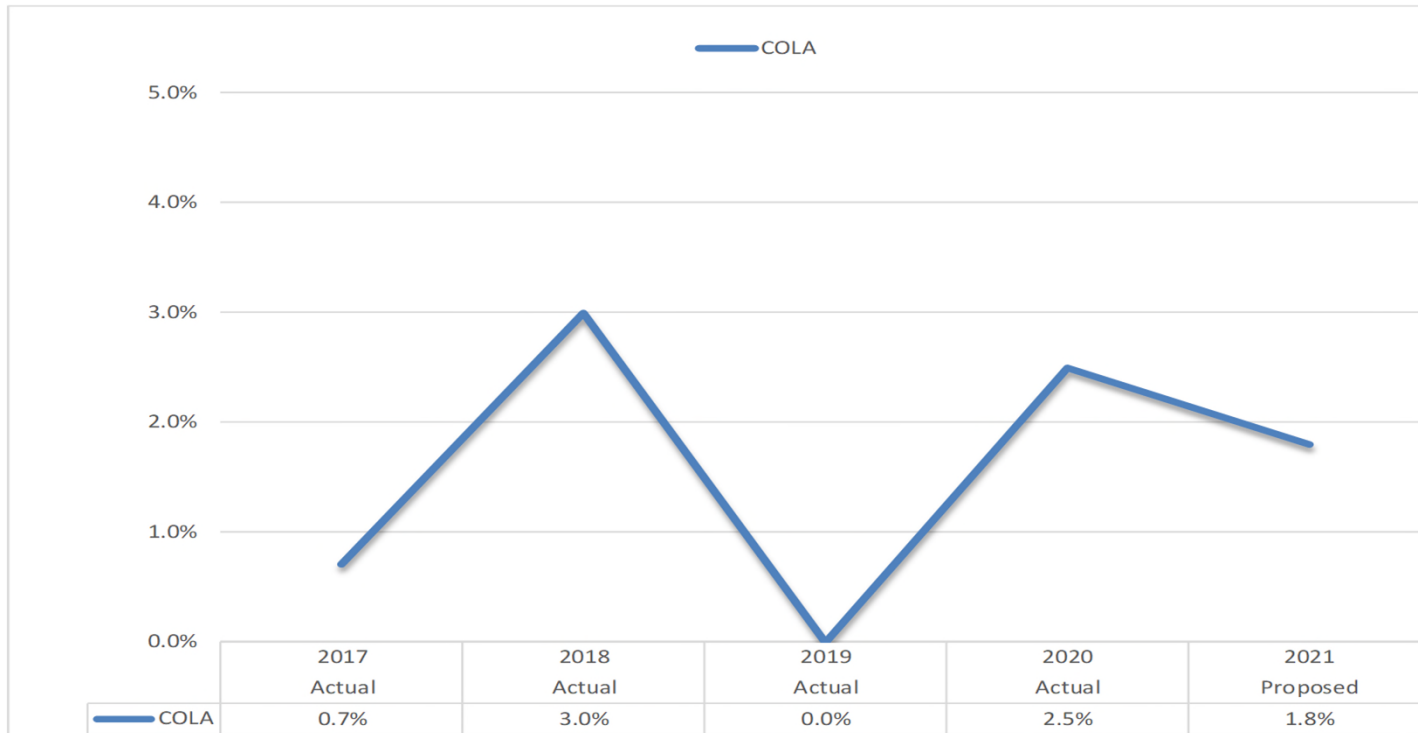
Number of FTE's



2021 propose one new position

O&M Expense Detail

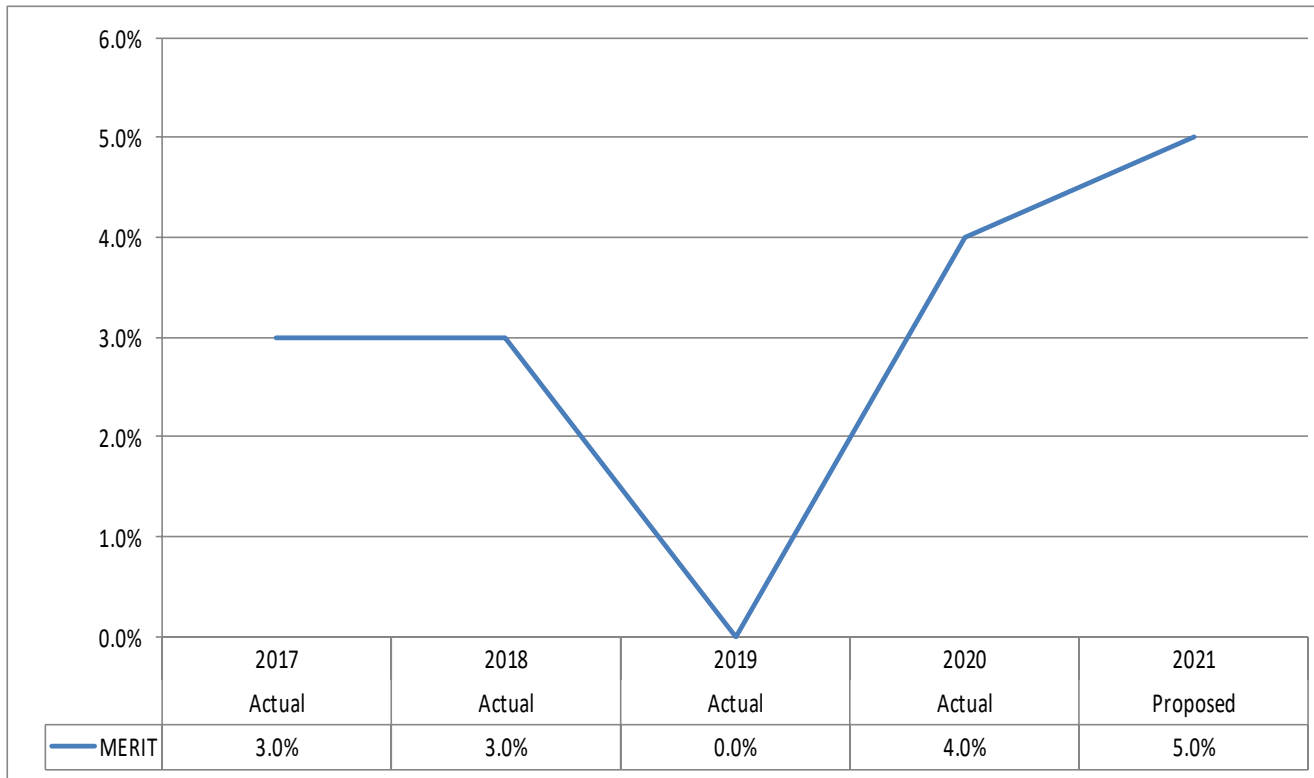
COLA



2019 no COLA was awarded; Salaries based on market median as per compensation study;
 2021 COLA is currently based on August Western Cities – B/C Index.

O&M Expense Detail

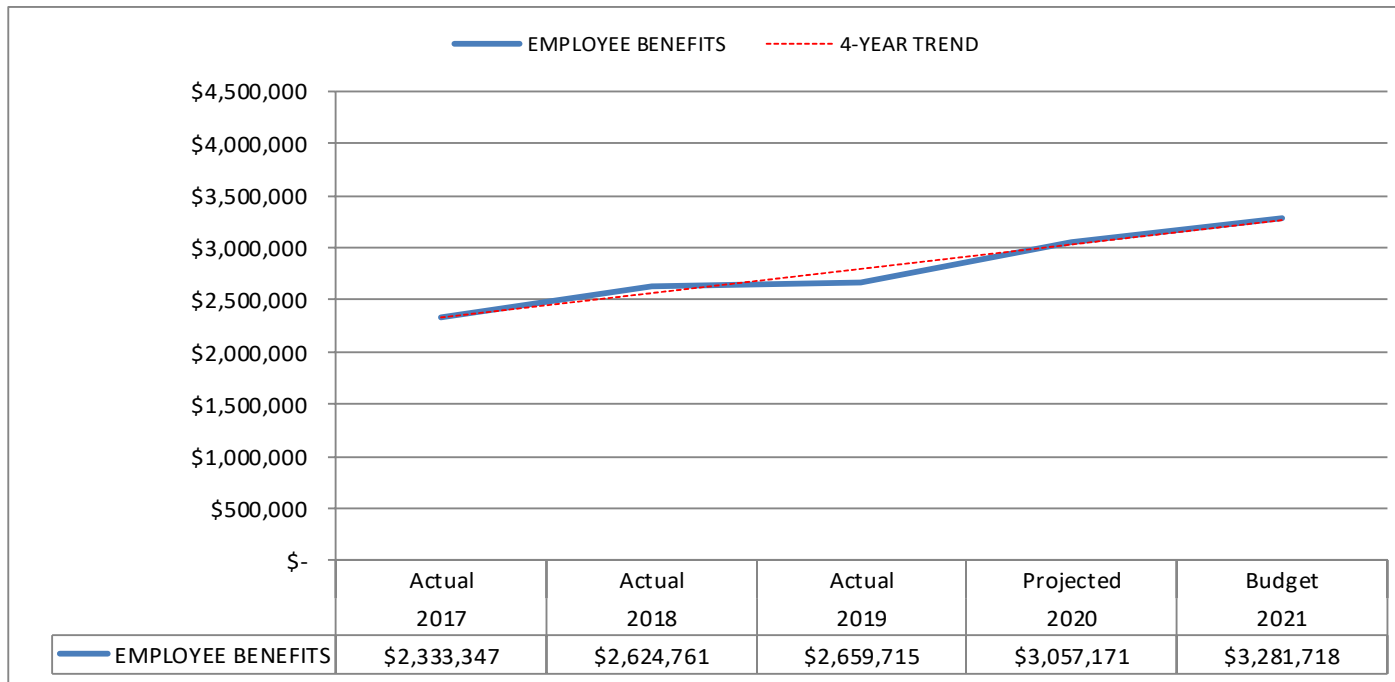
Merit



2019 no merit was awarded, Salaries based on market median as per compensation study;
2021 1% increase equals ~\$59K

O&M Expense Detail

Employee Benefits

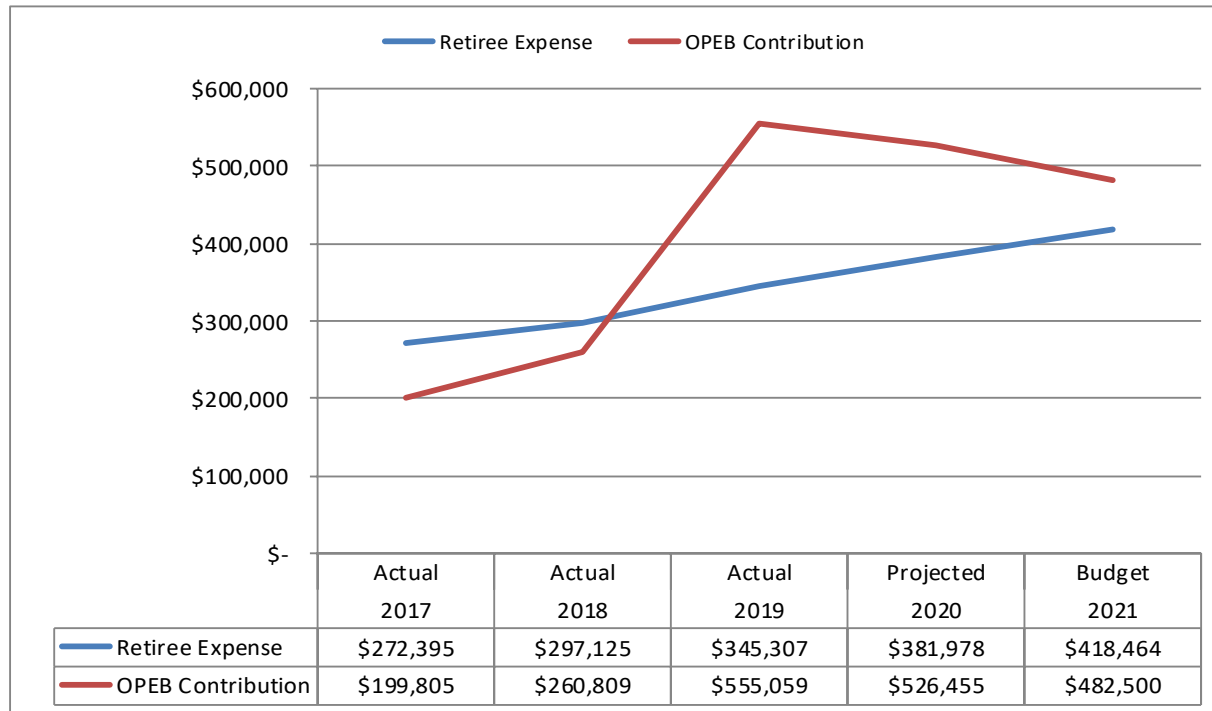


2021 increase 7% due primarily to increased pension and health care costs, addition of 1 budgeted FTEs and 1 vacant FTE filled;

Average increase from 2017-2021 is ~7.0% per filled FTE. FTE's from 65 to 71

O&M Expense Detail

OPEB



2018 increase due to a reduced discount rate (7.0% in 2015, 6.5% in 2018);
 2019 increase due to implementation of GASB 75 and new actuarial analysis;
 2021 new actuarial analysis allows reduction in prefunding by ~\$116K.

O&M Expense Detail

2021 Proposed Budget

By Department

Department	Proposed Budget 2021
Board of Directors Total	51,912.19
Administrative Total	2,664,901.66
Finance Total	1,253,001.33
Customer Services Total	1,218,492.49
Field Operation Total	616,956.75
Production Total	7,885,939.00
Distribution Total	2,360,057.15
Field Services Total	1,526,552.33
Maintenance Total	703,902.50
Conservation Total	454,696.73
Environmental Compliance Total	626,034.52
Engineering Total	1,605,504.20
GIS/CAD Total	371,829.36
Human Resource Total	310,623.64
Information Technology Services Total	1,202,226.77
Community Outreach Total	211,044.00
Grand Total	23,063,675.00

Department budgets include all costs including salaries & benefits.

Debt Service Budget

Debt Service Budget

	5-Year	5-Year	5-Year	Budget	
	Low	High	Average	2021	
	\$ 7,425,000	\$ 7,509,550	\$ 7,474,081	\$ 7,531,647	
	2017	2018	2019	2020	2021
Principal	\$4,060,000	\$ 4,425,000	\$4,625,000	\$4,790,000	\$4,965,000
Interest	3,449,550	3,037,249	2,650,000	2,636,000	2,566,647
Total Debt Service	\$7,509,550	\$ 7,462,249	\$7,275,000	\$7,426,000	\$7,531,647

2021 Budget assumes a variable interest rate of 3.86%.

2021 Proposed Budget Summary

	2019 Actual	2019 Approved Budget	2020 Projected	2020 Approved Budget	2021 Proposed Budget
Income From Customers	\$ 45,678,975	\$ 46,171,000	\$ 47,537,042	\$ 47,843,000	\$ 48,886,080
Water Transfers	42,578	-	906,642	-	-
Total Other Income	2,392,497	1,907,000	1,715,000	2,224,000	2,094,000
Reserve Use	2,286,756	1,793,000	441,405	1,193,000	-
Total Revenue	\$ 50,400,806	\$ 49,871,000	\$ 50,600,089	\$ 51,260,000	\$ 50,980,080
Budgets:					
Operations and Maintenance	23,892,654	23,241,000	22,513,291	23,039,000	23,063,675
Capital	19,302,819	19,210,000	20,795,000	20,795,000	19,001,000
Debt Service (Forecast)	7,205,333	7,420,000	7,291,798	7,426,000	7,531,647
Reserve Funding	-	-	-	-	1,383,758
Total Costs	50,400,806	49,871,000	50,600,089	51,260,000	50,980,080
Change in Reserve Balance	-	-	-	-	-
Reserve (Cash) Balance	\$ 39,873,637	\$ 39,873,637	\$ 39,432,232	\$ 38,680,637	\$ 40,815,991