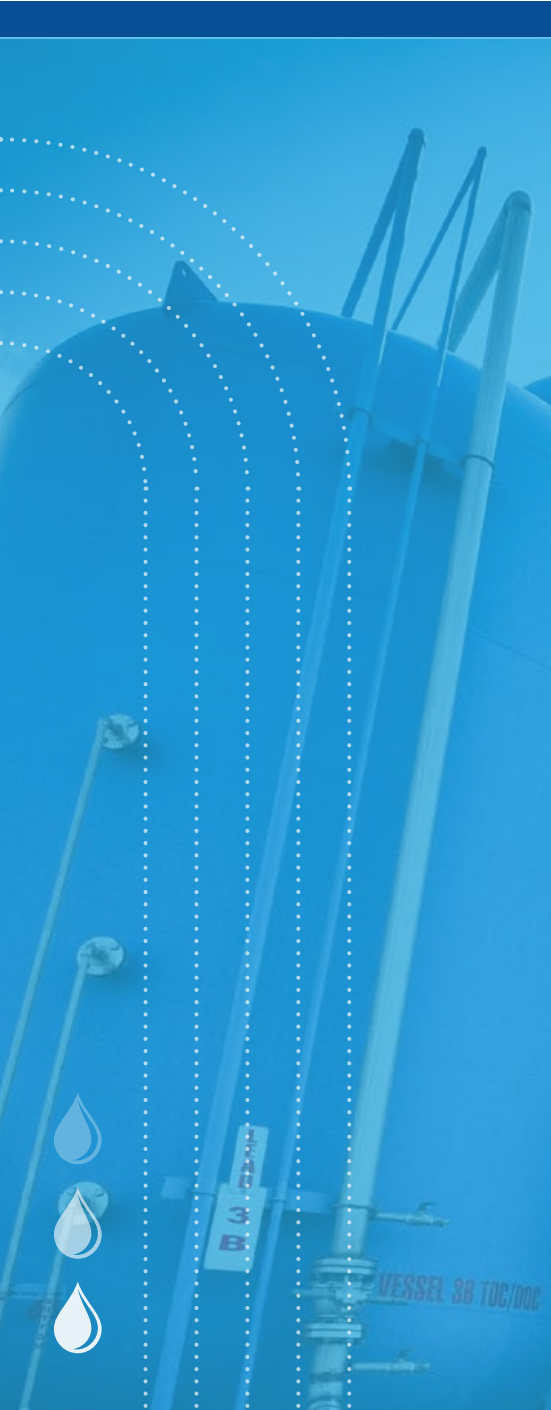




Budget

FISCAL YEAR
2021-2022



RIALTO, CALIFORNIA

CHANNING HAWKINS
President, District 4

KYLE CROWTHER
Vice President, District 1

DR. MICHAEL TAYLOR
Director, District 2

DR. CLIFFORD O. YOUNG SR.
Director, District 3

GREG YOUNG
Director, District 5

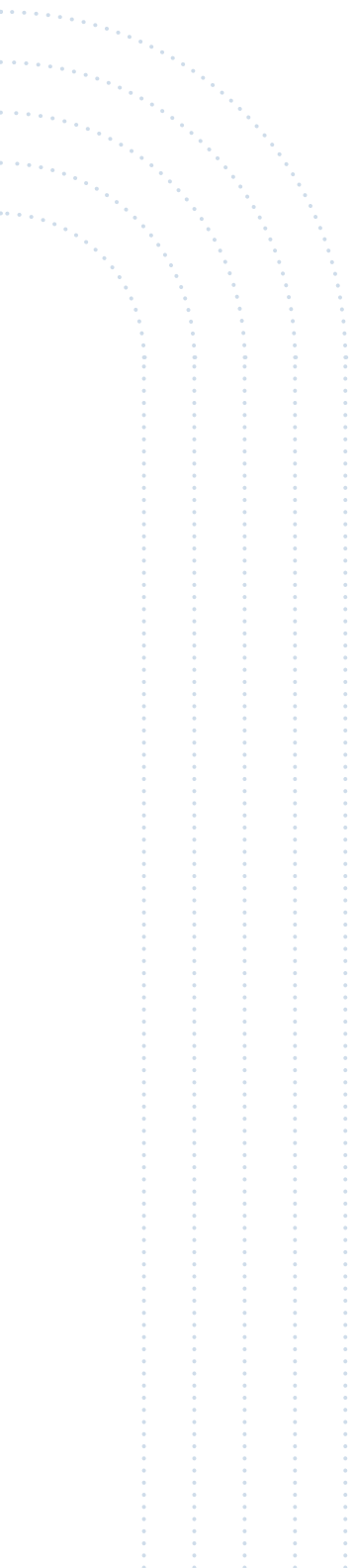
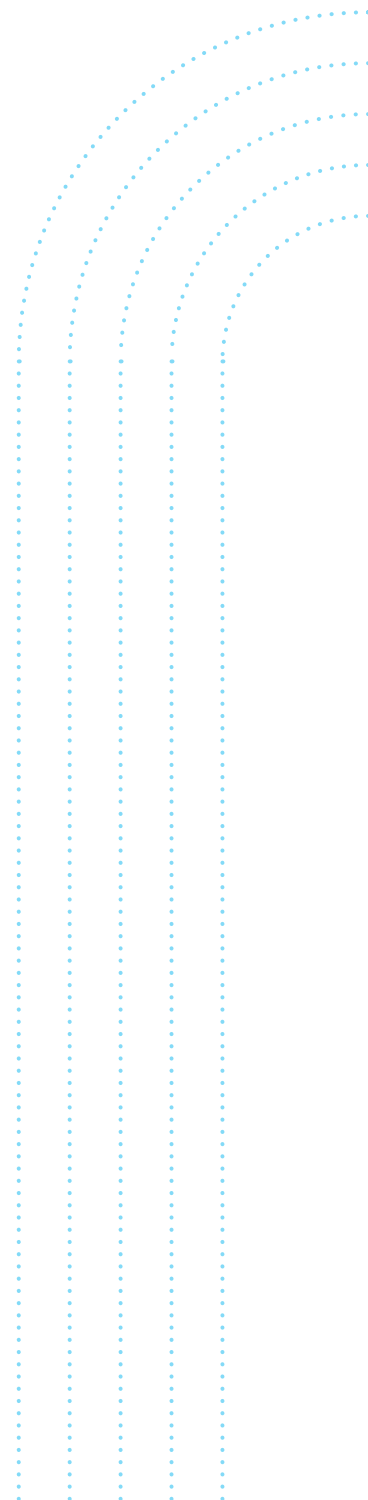
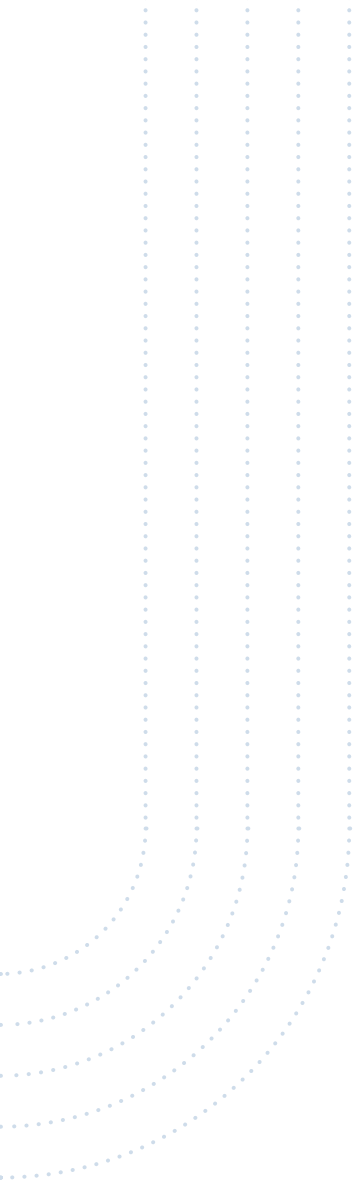


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TRANSMITTAL **letter**



GENERAL MANAGER'S BUDGET HIGHLIGHTS

TO THE BOARD OF DIRECTORS AND DISTRICT RATEPAYERS,

On behalf of the West Valley Water District (WVWD), I am pleased to present Fiscal Year (FY) 2021-22 Operating and Capital Budgets. The annual budget represents the District's mission of providing our customers with safe, reliable, and cost-effective drinking water while maintaining a strong financial position.

The proposed budget provides a comprehensive financial plan for the District that includes a forecast of operating and non-operating revenues and expenditures; financing of long-term capital improvement projects to support infrastructure needs; and funding for the repayment of long-term debt.

The District has a responsibility to deliver safe and reliable drinking water in the most cost-effective manner by maximizing operational efficiencies and seeking various cost saving measures.

CURRENT DROUGHT IN THE REGION

The U.S. Drought Monitor edition of June 3, 2021, demonstrates one-quarter of the Western United States in "exceptional" drought, the direst category. The District service area is in the "severe drought" category but this will not affect the District with meeting water demands. According to the Drought Risk Assessment (DRA), a new analysis required for the 2020 Urban Water Management Plan (UWMP), WVWD relies on groundwater basins with significant storage, available supplies do not vary on a monthly or seasonal basis. Projections in the DRA, indicates that regional water supplies are sufficient to meet the demands of WVWD, even during a 5-year drought. During a 5-year drought the District still has a 15% water surplus, see table below.

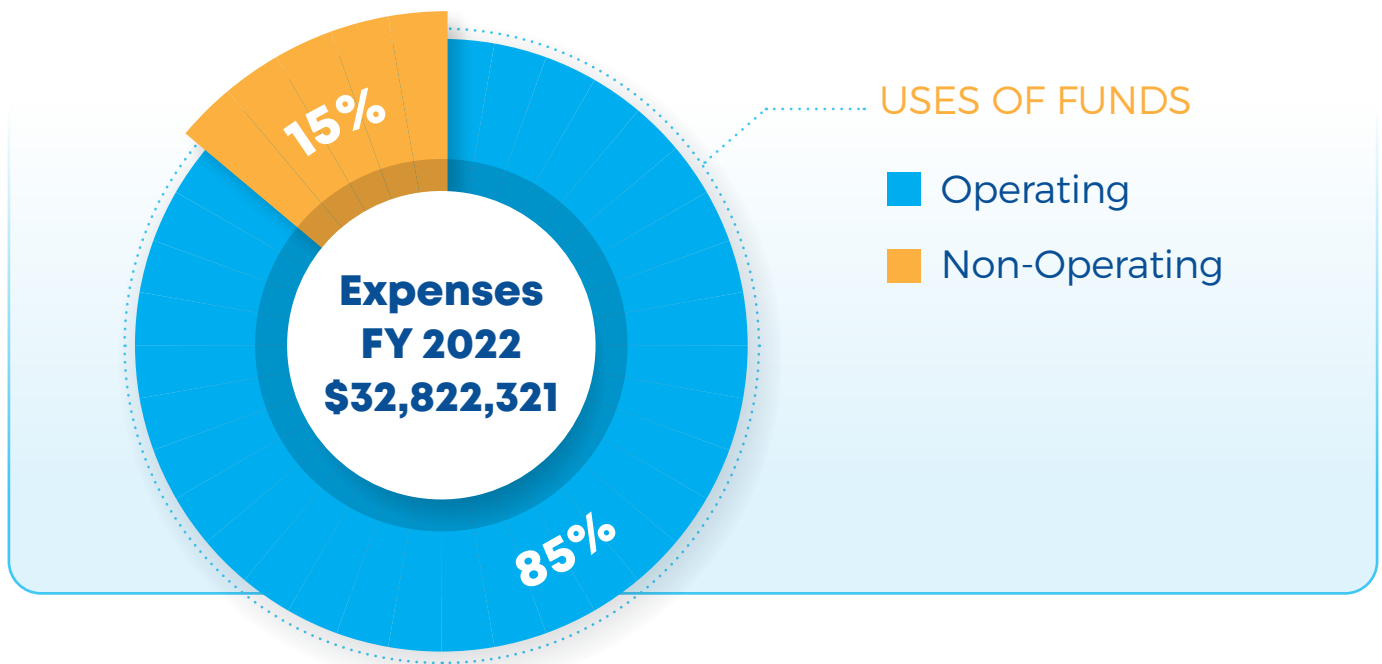
FIVE-YEAR DROUGHT RISK ASSESSMENT (AF)

2021	GROSS WATER USE	22,848
	TOTAL SUPPLIES	26,275
	SURPLUS	3,427
2022	GROSS WATER USE	23,587
	TOTAL SUPPLIES	27,125
	SURPLUS	3,538
2023	GROSS WATER USE	24,326
	TOTAL SUPPLIES	27,975
	SURPLUS	3,649
2024	GROSS WATER USE	25,066
	TOTAL SUPPLIES	28,825
	SURPLUS	3,759
2025	GROSS WATER USE	25,066
	TOTAL SUPPLIES	28,825
	SURPLUS	3,759

BUDGET HIGHLIGHTS

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt.

The District accounts for both the Operating Budget and Non-Operating (Capital) Budget in a single fund, since WWWD, only engages in one business-type activity. The Water Fund, accounts for potable water operations, debt service payments (principal and interest), and long-term water related capital improvement projects.



The total budget for FY 2021-22 is \$32.8 million with \$28 million (85%) in operating and \$4.8 million (15%) in capital and debt. The Operating Budget increased by \$2.6 million (10%) and the Non-Operating Budget increased by \$2.8 million (140%) as compared to the FY 2021 - 22 budget.

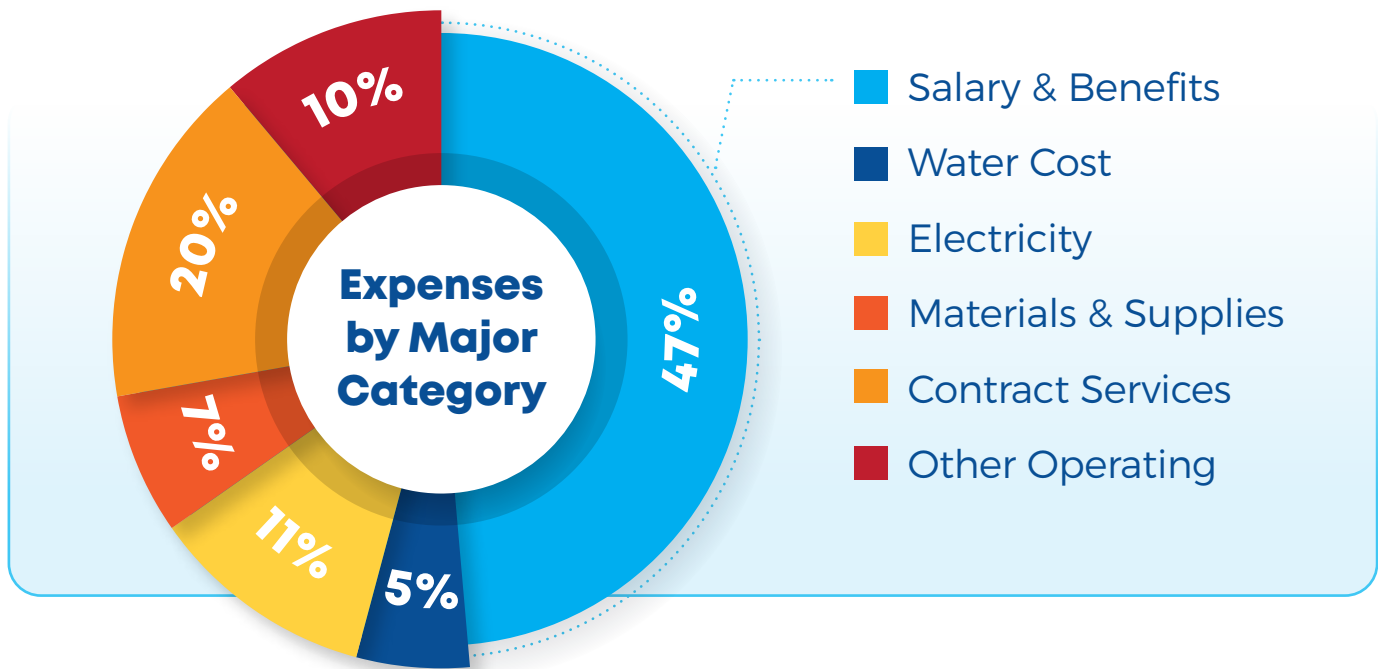
Budgetary changes are explained in more detail in the following sections.

OPERATING EXPENSE

Operating Expense consists of operating costs for water. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

BY TYPE

The total Operating Budget is \$28 million for FY 2021 - 22. Below is a graph of the operating expenses by major categories:



The graph above shows, the two largest expenditure types: (1) Salaries & Benefits (2) Contract Services. These two expenditure types, make up 67% of the operating expenses, are discussed below. The last expense discussed is Electricity, which consists of 11% of operating expenses.

SALARIES & BENEFITS

Personnel related costs represent the largest portion of the Operating Budget. The District continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the District's boundaries.

For FY 2021 - 22, an increase of \$1.3 million (10%) in salaries and benefits is included in the adopted budget. Merit (Step) increases for employees who have not reached the top step in their pay range, subject to annual performance evaluations drives this increase. When negotiations on a new MOU with employees resume, salaries are projected to change. Overall, benefits are expected to increase on average by 8% to \$4.3 million in FY 2021-22.

Staffing levels decreased below 2020 levels by twelve positions. Even though active connections increased by approximately 2% during the same time period.

CONTRACT SERVICES

The second largest operating expense is the cost of contract services. Contract services fund ongoing needs for outside services, and periodic needs for technical expertise in order to meet the District's goals and objectives.

ELECTRICITY

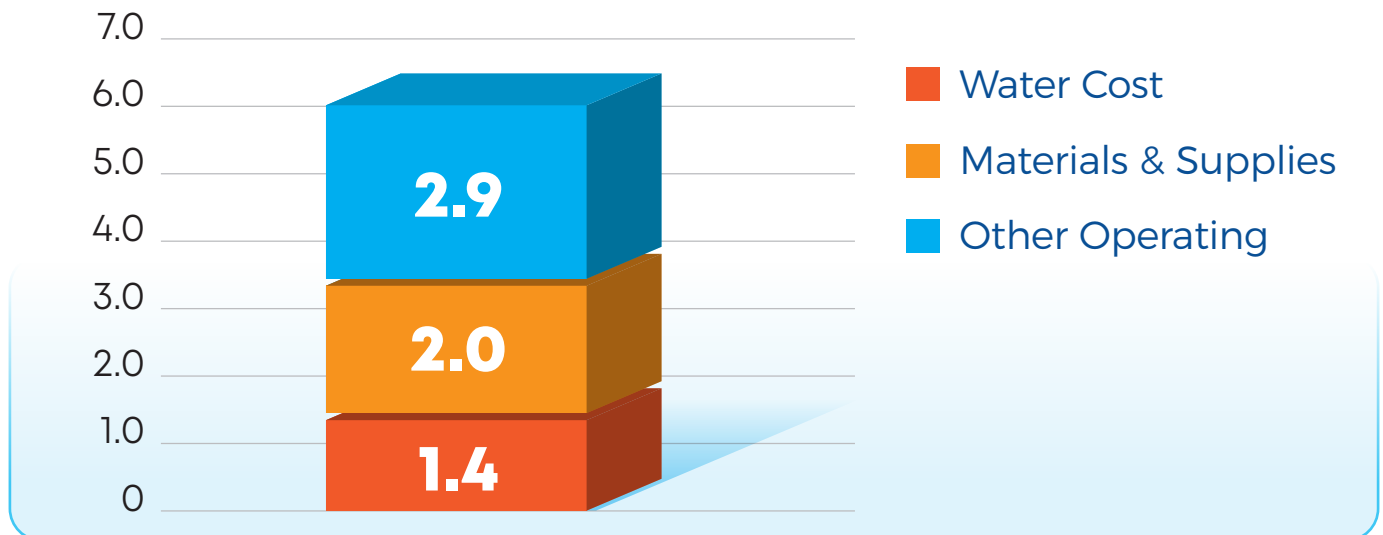
Electrical power is used to extract groundwater through wells, to treat imported water, surface water, and groundwater when necessary, and to distribute water throughout nine pressure zones within the District using booster pumps.

To mitigate electricity cost the District installed a hydroelectric generation facility at the Oliver P. Roemer Water Filtration Facility. Rates for electrical power have been increasing, overall causing an increase in electricity expense.

An increase of 8% or \$3 million in electricity is included in the FY 2021-22 adopted budget. During the next two years, electricity cost is expected to increase up to 14%.

OTHER OPERATING EXPENSES

The graph below displays expenditures by type for the remaining 22% of operating expenses:

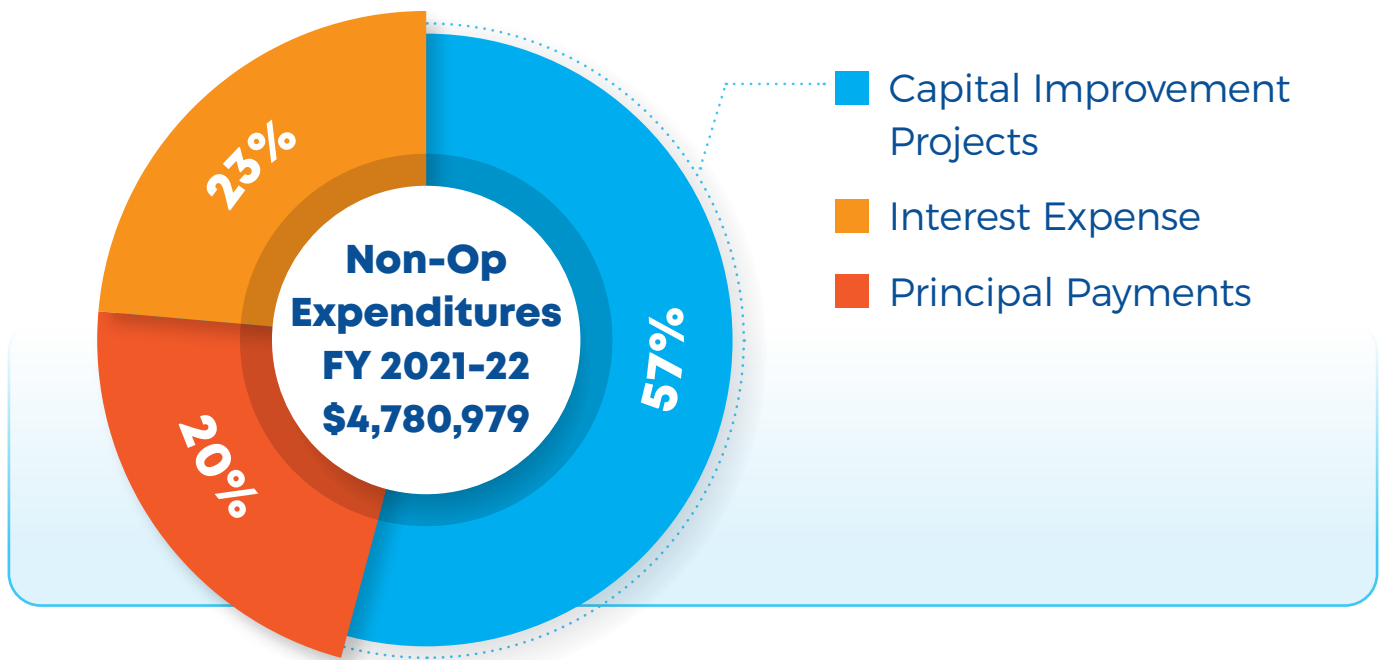


For this segment of the operating budget, other costs increased by 11% or \$1 million from FY 2020 - 21 to FY 2021-22. This increase was primarily due to the increase in other operating expenses and materials.

NON-OPERATING EXPENDITURES BUDGET

The Non-Operating Expenditures Budget for FY 2021 - 22 is \$4.8 million (15%). It consists of Capital Improvement Projects (CIP) for District infrastructure and the annual debt service payments on long-term debt.

The following is a graph of the Non-Operating Expenditures categorized by major types:



The largest non-operating expenditure is CIP. FY 2021 - 22 budget includes \$2.7 million for CIP expenditures from operating reserve.

As good stewards for our customers, the District is pursuing low interest loans such as State Revolving Fund (SRF) and Water Infrastructure Finance and Innovation Act (WIFIA) to fund the Oliver P. Roemer Water Filtration Facility expansion.

Below is a list of some of the major projects included in the CIP budget of FY 2021 - 22:

CIP BUDGET OF FY 2021-22 (IN MILLIONS)	
OPR WFF - 7.2 MGD TREATMENT PLANT EXPANSION	\$ 10.7
PUMP STATION 7-2 DESIGN & CONSTRUCTION	\$ 4.1
I-10 CEDAR AVENUE INTERCHANGE IMPROVEMENT PROJECT	\$ 2.5
BLOOMINGTON ALLEY WAY MAIN REPLACEMENT	\$ 2.4
ZONE 2 & 3 TRANSMISSION MAIN IN SANTA ANA AVENUE	\$ 1.5
OTHER SMALL PROJECTS	\$ 6.4
TOTAL CIP	\$ 27.6

Below is a brief description of the five largest projects:

OLIVER P. ROEMER (OPR) WATER FILTRATION FACILITY (WFF) – 7.2 MGD TREATMENT PLANT EXPANSION

Both Lytle Creek Surface water and State Water Project water are treated at the District’s Oliver P. Roemer Water Filtration Facility. The District is planning to expand the Oliver P. Roemer Water Filtration Facility to treat an additional 7.2 million gallons per day (MGD) of State Water Project water. This will increase the Roemer’s current capacity of 14.4 MGD to an ultimate of 21.6 MGD. This expansion is needed due to infrastructure replacement and upgrade needs, increased demands, to offset peak summer usage and to regain groundwater well supply lost due to various contaminants and lowering groundwater levels. The expansion will be constructed in phases, but the ultimate 16 MGD Roemer WFF design will be completed as part of the initial phase.

PUMP STATION 7-2 DESIGN & CONSTRUCTION

Pressure Zone 7 is north of Pressure Zone 6 in WVWD’s North System. Storage is provided by R7-1, R7-2, R7-3, and R7-4 Reservoirs on Lytle Creek Road. Water is boosted from the Lower Pressure Zones 4, 5, and 6 up to Pressure Zone 7 and stored in the four reservoirs. Currently there is one pump station, Pump Station 7-1, which boosts water supplies from Pressure Zone 6 up to the Zone 7 reservoirs. Pump Station 7-1 is the only booster pump station in Zone 7. Pump Station 7-2 is needed to supply future demands and provide redundancy in the event Pump Station 7-1 is out of service for maintenance or repair and in preparation for the increased development that is projected to occur in Pressure Zone 7.

I-10 CEDAR AVENUE INTERCHANGE IMPROVEMENT PROJECT

Approximately 2,600 linear feet of 12-inch water main and 1,300 linear feet of 8-inch water main will need to be replaced. On the Cedar Avenue bridge, the 8-inch water main is in a 16-inch steel casing and the 12-inch water main is in a 20-inch steel casing and as part of the bridge widening project, it will need to be replaced.

BLOOMINGTON ALLEY WAY MAIN REPLACEMENT

Waterlines, service laterals and valves serving the disadvantaged community of Bloomington are located within the rear alleyways of the homes. Over the course of many decades’ fences, buildings, etc. have been constructed within these alleyways limiting the District’s ability to read meters, locate shut off valves and perform regular and emergency maintenance. The service laterals and pipelines were originally installed in the 1930’s and 1940’s, and as they continue to age the amount of maintenance required on these facilities has increased. Leaks in this area of the district occur almost on a weekly basis prompting a quick response from District staff or contractors to repair. The District embarked on a five phase project that includes the construction of new waterlines, service laterals, and fire hydrants within the street right of way.

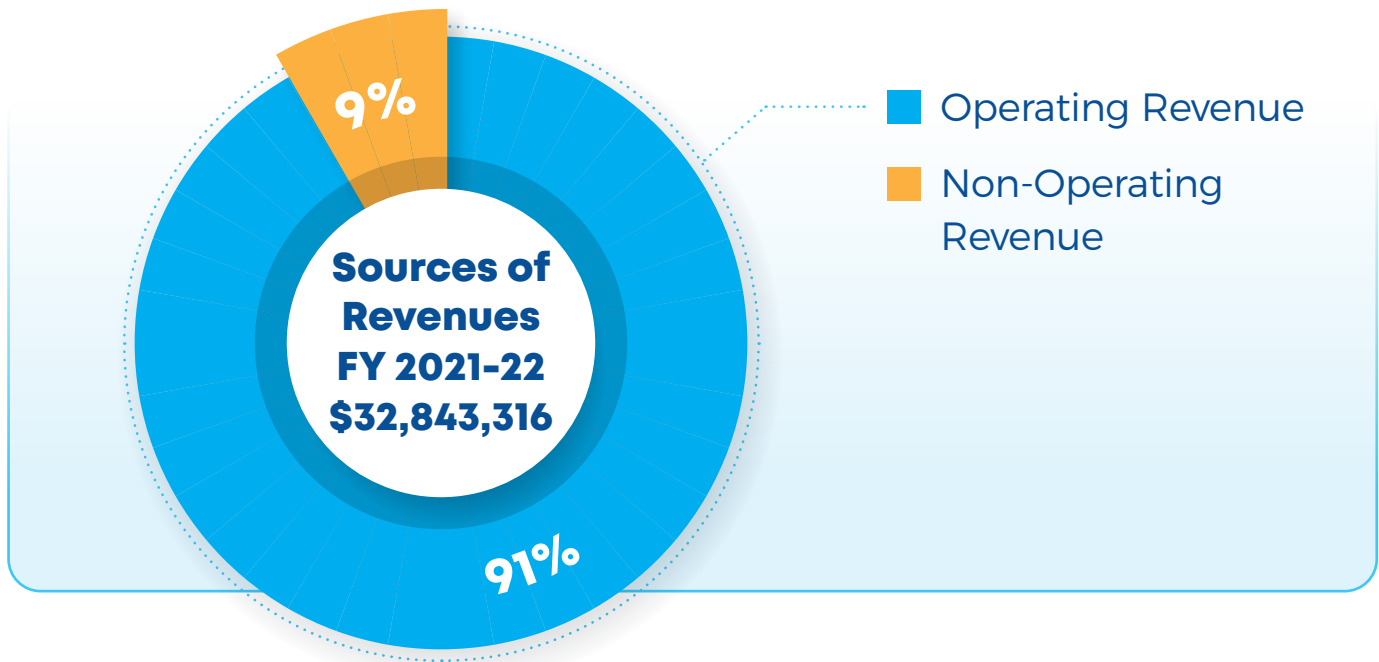
ZONE 2 & 3 TRANSMISSION MAIN IN SANTA ANA AVENUE

The pipelines in this area were constructed in the 1950’s, 60’s and 70’s and lack the required supplies for domestic and fire flow demands in Pressure Zone 2 and Zone 3. 12-inch, 16-inch, and 24-inch transmission mains along Santa Ana Avenue transmission mains are needed to improve water circulation for water quality and improve fire flow for the residences in the area.

A complete list of all planned CIP with detailed descriptions can be found in the [Capital Improvement Project Section](#) of this document.

SOURCES OF REVENUES

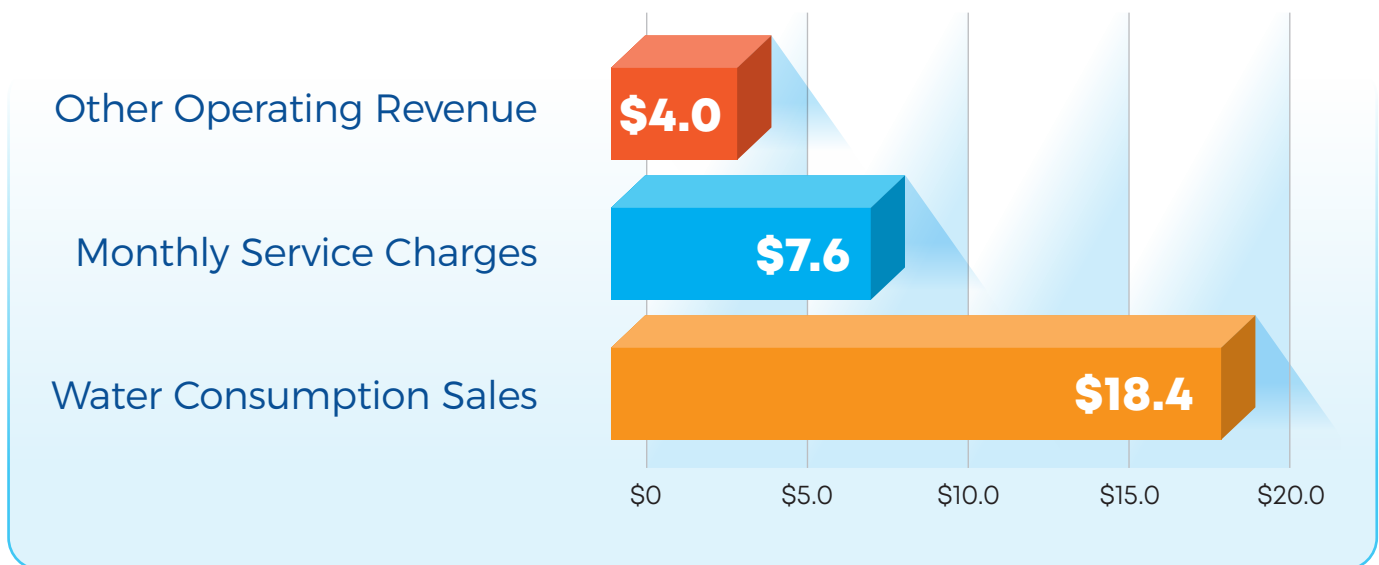
Total Revenue Budget is \$32.8 million for FY 2021 - 22. The main sources of revenue are Operating Revenues and Non-Operating Revenues.



OPERATING REVENUES BUDGET

The District's Operating Revenues consists of Water Consumption Sales, Monthly Service Charges, and Other Operating Revenue. The revenues are derived from monthly user fees from the District's drinking water customers. The District receives 91% of its revenues from consumption rates and user fees. The proposed Operating Revenues are \$30 million for FY 2021 - 22.

OPERATING REVENUES, FY 2021-22 - \$30,048,509



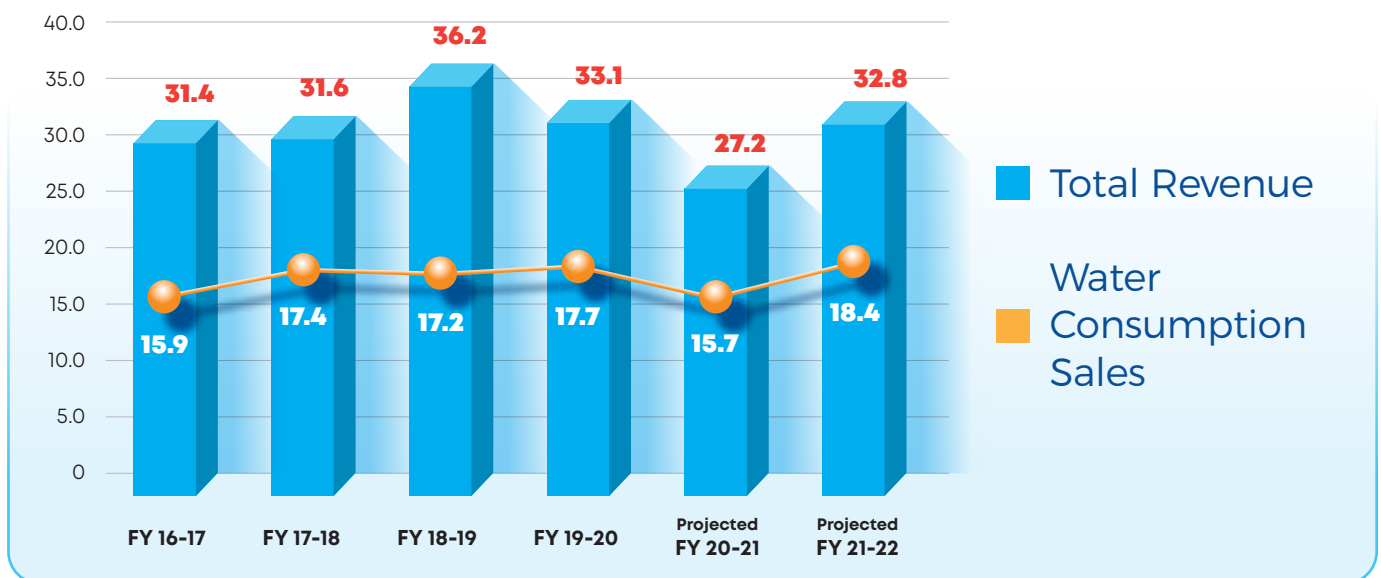
WATER CONSUMPTION SALES

The proposed Water Consumption Sales budget is \$18.4 million for FY 2021-22. This category is 56% of total revenues for FY 2021 - 22. The District produces potable water for sale as follows: single-family, commercial, landscape irrigation, fire service, multi-family, institutional, hydrant, industrial, agricultural irrigation, and wholesale water. All customers are billed monthly on the amount of water used, which is metered and measured in hundred cubic feet (HCF) units where 1 HCF is equal to 748 gallons.

The District bills for water consumption in three ascending rate tiers. The tiers are based on the amount of water used. Tier 1= 0-10 Units, Tier 2= 11-50 Units, and Tier 3= 51+ Units. The District's rate structure encourages customers to control water usage, complies with existing state laws, and helps the District comply with state mandates during drought and emergency conditions.

The projections for Water Consumption Sales are based on water sales in volume, and the tier rates that will be effective throughout the year. The graph below shows historical Water Consumption Sales with projections for FY 2020-21 and FY 2021-22. It also includes total revenues for prior fiscal years and projections for FY 2020-21 and FY 2021-22.

REVENUE HISTORY AND FORECAST (IN MILLIONS)

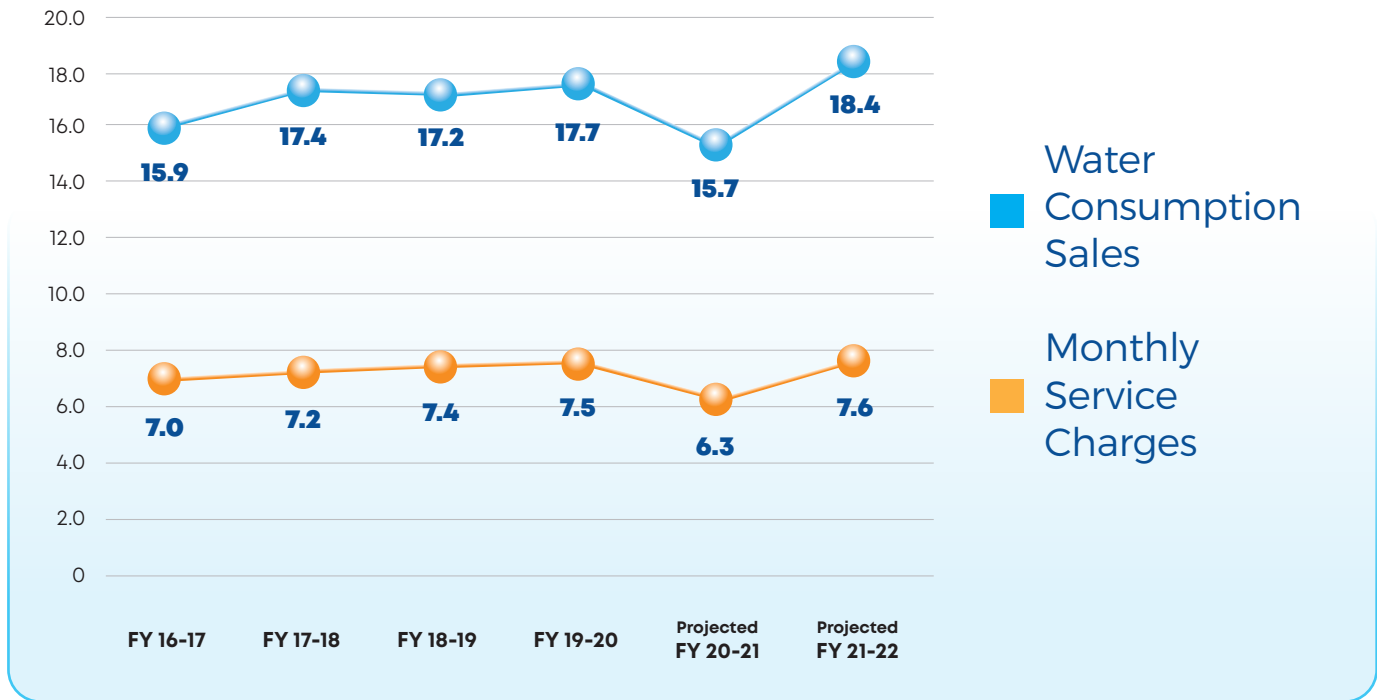


MONTHLY SERVICE CHARGES

The proposed Monthly Service Charges budget is \$7.6 million (23%) for FY 2021-22. The Monthly Service Charges consists of a fixed charge assessed to customers based on the size of the meter serving their property. This covers costs associated with meter reading, billing, customer service, and other administrative support functions.

Service rates are unchanged in FY 2021-22. Revenues are scheduled to increase as a result of District growth. The graph below shows Water Consumption Sales and Monthly Service Charges historical numbers with projections for FY 2020-21 and FY 2021-22.

WATER & SERVICE REVENUE (IN MILLIONS)



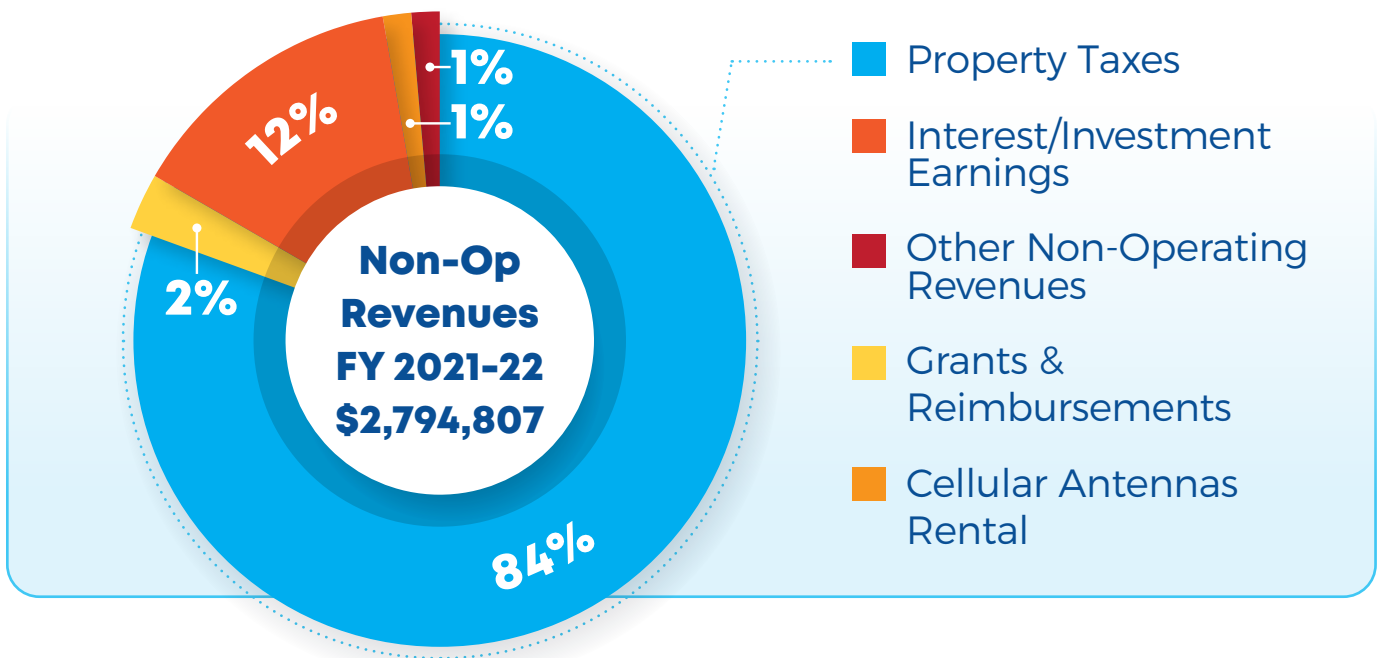
OTHER OPERATING REVENUES

The District’s other operating revenues are mostly derived from reimbursements from United Technologies Corporation (UTC) for the operation of the Fluidized Bed Reactor Treatment System (FBR), Baseline Feeder operations, delinquent charges, administration fees, and meter installation charges. The proposed Other Operating Revenues budget is \$4.0 million in FY 2021-22.

Reimbursements from UTC for the operation of FBR is 39% of Other Operating Revenues and Baseline Feeder operations consists of 17%. Delinquent charges are 11% of the category, and all other revenues are less than 10%.

NON-OPERATING REVENUES BUDGET

Property taxes is the largest category of Non-Operating Revenues; it makes 84% of the revenues total. The second largest category is interest and investment earnings which consists 12% of the revenues total. The proposed Non-Operating Revenues budget is \$2.8 million in FY 2021-22.



As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues including the sources shown in the above graph.

Property tax is received from the County of San Bernardino and County of Riverside and collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses. The Property Tax budget is \$2.3 million for FY 2021-22.

Other sources of revenue include interest and investment earnings, grants and reimbursements, and cellular antennas rental.

CONCLUSION

This budget reflects the Board's priorities, which are communicated to WWWD's staff through various meetings. The budget document serves as a road map to help guide WWWD toward its ultimate business model and mission statement. The content of the budget document continues to support the actionable steps toward WWWD's goals, both short-term and long-term.

This document also demonstrates WWWD's commitment to completing critical capital projects for current and future customers as well as WWWD's commitment to meet its financial obligations. Staff is confident that the financial framework outlined in the budget will allow WWWD to provide safe and reliable drinking water to its customers and communities.



Shamindra "Rickey" Manbahal

- General Manager

BOARD OF directors



Channing
HAWKINS

PRESIDENT, DISTRICT 4



Kyle
CROWTHER

VICE PRESIDENT, DISTRICT 1



Dr. Michael
TAYLOR

DIRECTOR, DISTRICT 2



Dr. Clifford O.
YOUNG, SR.

DIRECTOR, DISTRICT 3



Greg
YOUNG

DIRECTOR, DISTRICT 5

DISTRICT **management**

Shamindra "Rickey" **MANBAHAL**
GENERAL MANAGER

Van **JEW**
ASSISTANT GENERAL MANAGER

Naseem **FAROOQI**
DIRECTOR OF GOVERNMENT &
LEGISLATIVE AFFAIRS

Jose **VELASQUEZ**
DIRECTOR OF FINANCE

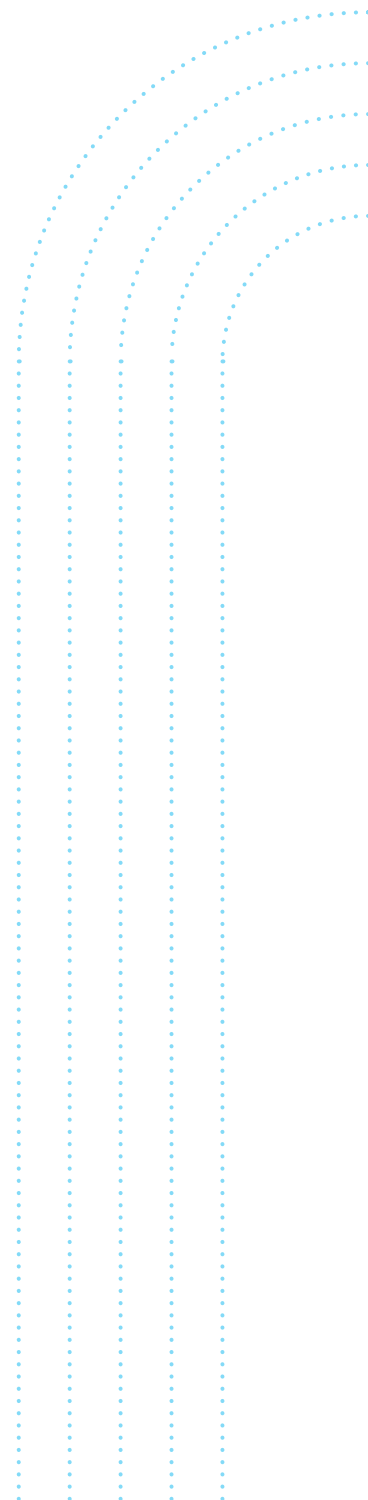
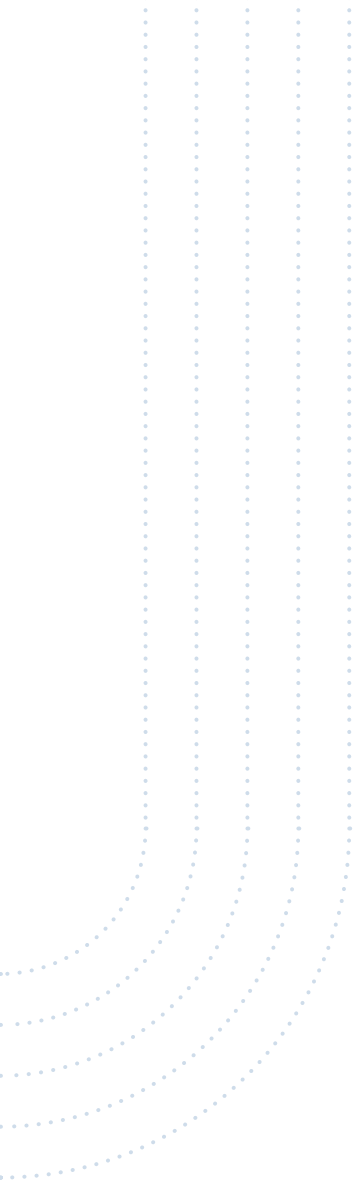
Haydee **SAINZ**
DIRECTOR OF HUMAN RESOURCES &
RISK MANAGEMENT

Linda **JADESKI**
DIRECTOR OF ENGINEERING

Jon **STEPHENSON**
DIRECTOR OF GENERAL SERVICES

Joanne **CHAN**
DIRECTOR OF OPERATIONS

Peggy **ASCHE**
BOARD SECRETARY



resolution

NO. 2021-12



**RESOLUTION NO. 2021-12
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE WEST VALLEY WATER DISTRICT
ADOPTING THE ANNUAL OPERATING AND CAPITAL IMPROVEMENT
BUDGET FOR 2021-2022**

WHEREAS, West Valley Water District is a public agency of the State of California, established under Division 12 of the Water Code of the State of California; and

WHEREAS, it has been the practice of West Valley Water District to adopt a budget for each fiscal year to serve as the annual financial plan; and

WHEREAS, it is the task of the General Manager to submit a budget for adoption by the Board of Directors:

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the West Valley water District does hereby resolve, determine and order as follows:

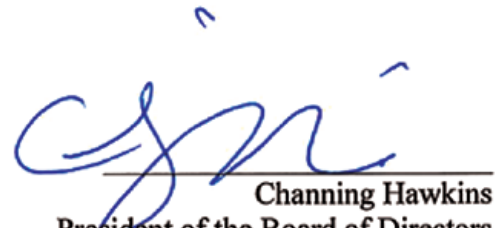
- Section 1** The Board of Directors desires to have a budget review process, which provides for Board of Directors participation and includes executive staff member comments in the development of the budget.
- Section 2** The Board of Directors desires to adopt a budget for each fiscal year that provides for adequate maintenance of infrastructure and orderly replacement of equipment.
- Section 3** The Board of Directors desires to adopt a budget where revenues are sufficient to meet expenses.
- Section 4** The Board of Directors hereby authorized the General Manager to present a budget to the Board of Directors for adoption prior to the beginning of each fiscal year.
- Section 5** The Board of Directors authorizes the General Manager, if the revenue of the proposed budget is not sufficient to meet expenses, to propose alternatives to balance the budget, including use of reserves or other methods, with Board approval.
- Section 6** The Board of Directors hereby establishes that additional funds may be considered for use during the fiscal year as needs arise with approval of the Board of Directors.
- Section 7** The Board of Directors hereby establishes that quarterly financial reports will be prepared by the Chief Financial Administration and Officer comparing actual revenues and expenses to budget amounts.

Section 8 The Board of Directors of the West Valley Water District does hereby adopt the Operations and Capital Improvement Budget for 2021-2022.

BE IT FURTHER RESOLVED that said Resolution shall be effective July 1, 2021.

ADOPTED, SIGNED, AND APPROVED THIS 3rd DAY OF JUNE 2021.

AYES:	DIRECTORS:	Michael Taylor, Clifford Young, Kyle Crowther, Channing Hawkins
NOES:	DIRECTORS:	Greg Young
ABSENT:	DIRECTORS:	None
ABSTAIN:	DIRECTORS:	None

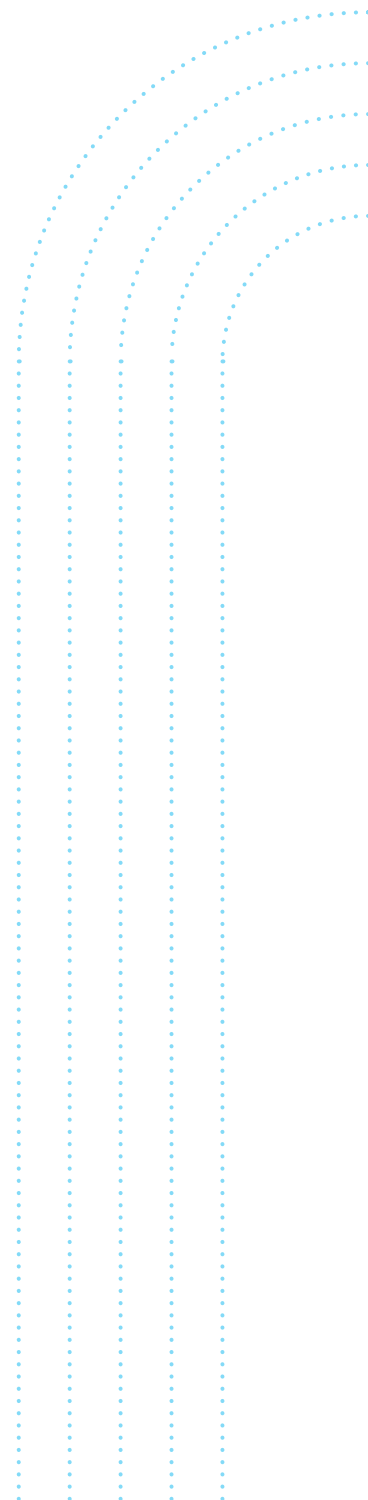
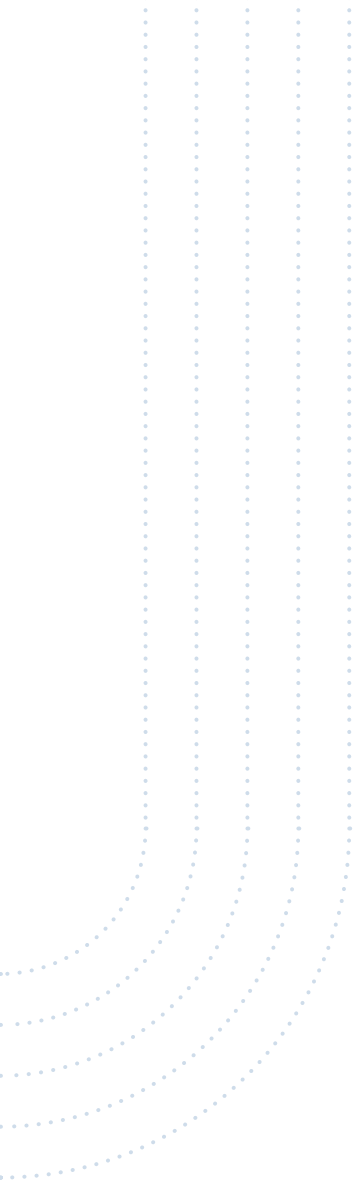


Channing Hawkins
President of the Board of Directors
West Valley Water District

ATTEST:



Peggy Asche
Board Secretary





BUDGET
overview



WHAT IS A BUDGET?

The budget document is the District's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

BUDGET GUIDE

The budget document is the District's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

BUDGET OVERVIEW

General information about the District such as: mission statement, vision, statement of values, District history, and organizational chart. This section also contains the demographics of the District along with current and projected economic conditions. It also includes statistics on the District's customers and future development.

FINANCIAL SUMMARY

Information about the District such as: budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the District's revenues and expenditures for the current budgeted fiscal year. The District prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

DEPARTMENT SUMMARIES

This section provides a summary of each department's operating expenditures and comprehensive information. The FY 2021-22 Budget is organized into the following departments:

- BOARD OF DIRECTORS
- ACCOUNTING
- ADMINISTRATION
- BILLING
- CUSTOMER SERVICE
- ENGINEERING
- GEOGRAPHIC INFORMATION SYSTEM
- HUMAN RESOURCES
- INFORMATION TECHNOLOGY
- METER READING
- PUBLIC AFFAIRS

- PURCHASING
- SOURCE OF SUPPLY & PRODUCTION
- TRANSMISSION & DISTRIBUTION
- WATER QUALITY
- WATER TREATMENT

EACH DEPARTMENT SECTION INCLUDES:

- **SERVICE WE PROVIDE:** THIS SECTION INCLUDES A BASIC DESCRIPTION OF THE RESPONSIBILITIES OF EACH DEPARTMENT.
- **PERSONNEL:** THIS SECTION IS THE CHAIN OF COMMAND FOR DEPARTMENT PERSONNEL.
- **SIGNIFICANT CHANGES:** THIS SECTION IDENTIFIES CAUSES OF SIGNIFICANT CHANGES TO DEPARTMENT FUNDING.
- **ACCOMPLISHMENTS:** THIS SECTION INCLUDES HIGHLIGHTS FROM FY 2021-22.
- **GOALS & OBJECTIVES:** THIS SECTION IDENTIFIES SPECIFIC GOALS AND OBJECTIVES FOR FY 2021-22.
- **KEY PERFORMANCE INDICATORS:** THESE TABLES PRESENT MEASURES THAT HELP THE DISTRICT DEFINE AND EVALUATE A DEPARTMENT'S PERFORMANCE.
- **DEPARTMENT BUDGET DETAIL:** THIS SECTION IS A BREAKDOWN OF THE PROGRAM EXPENDITURES BY CATEGORY OR LINE ITEM.

CAPITAL BUDGET & DEBT MANAGEMENT

This section is an overview of the District's Capital Improvement Projects for the FY 2021-22 Budget. It also includes a summary of the District's outstanding debt.

FINANCIAL POLICIES

This section includes a summary of the District's financial policies and practices, including the Investment Policy, Carryover Policy, Budget Policy, Reserve Policy, Debt Management Policy, and Procurement Policies and Procedures.

GLOSSARY

This final section provides definitions for general terms and acronyms used throughout the budget document.

STATEMENTS OF MISSION, VISION, VALUES

MISSION STATEMENT

West Valley Water District provides our customers with safe, high quality and reliable water service at a reasonable rate and in a sustainable manner.

VISION STATEMENT

West Valley Water District will continue to be a national model in the water industry for innovation, fiscal responsibility, sound conservation practices, and a relentless commitment to our employees and the communities we serve.

STATEMENT OF VALUES

INNOVATION

West Valley Water District encourages innovation, creativity and ingenuity as we constantly seek to strengthen our services, programs and practices to ensure our customers receive clean, high quality and reliable water service at a competitive rate.

EXCEPTIONAL CUSTOMER SERVICE

West Valley Water District demonstrates its daily commitment to exceptional service through respectful, and courteous interactions with our customers and by engaging in partnerships with the community and other agencies that further the public good.

EMPLOYEE DEVELOPMENT

As an agency that offers a diverse and transparent work environment, West Valley Water District encourages the personal and professional growth of our employees so that each can thrive and achieve their potential while earning a competitive compensation package.

INTEGRITY & TRANSPARENCY

West Valley Water District will maintain the highest standards of ethical and honest business practices in all our operations. We embrace transparency, openness and accountability to ensure clear communications with our customers and the public we have the privilege serving.

ENVIRONMENTAL STEWARDSHIP

West Valley Water District is dedicated to preserving and enhancing the environment by complying with all regulations and following sound environmental practices. West Valley Water District will continue to educate the public on the role and importance of conservation in protecting nature's most precious resource, water.

HISTORY & PROFILE

West Valley Water District serves approximately 88,000 people, spanning two counties in Southern California in a 29.5 square-mile area, including portions of the communities of Bloomington, Colton, Fontana, Rialto, San Bernardino, and Jurupa Valley.

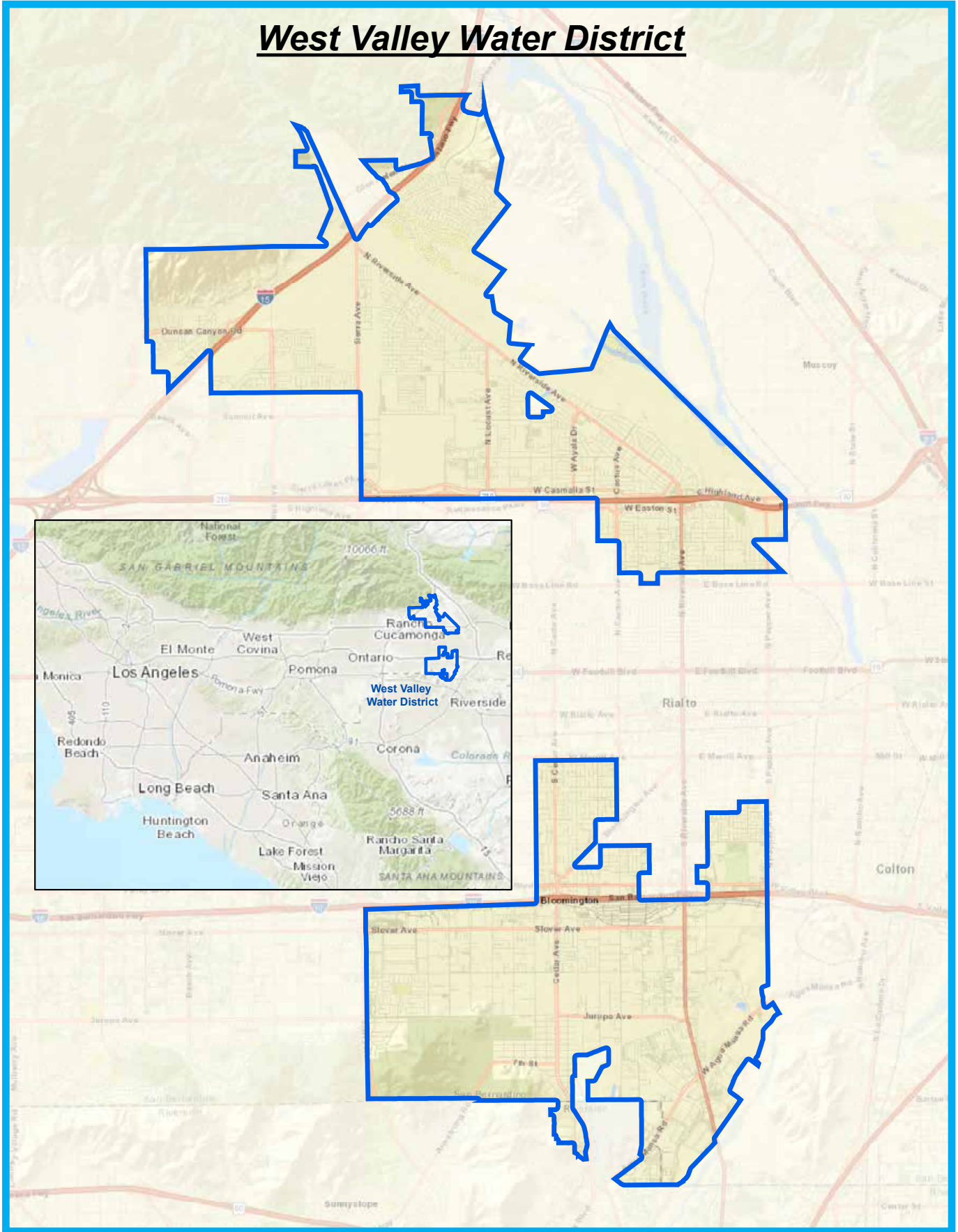
Our history began on February 28, 1952, when our forbearer, West San Bernardino County Water District, became the owner and operator of three local mutual water companies. This friendly acquisition saved the communities' water rights and assets from condemnation. It was in this acquisition that the District became the owner of water rights dating back to 1897. During those early years, the District supplied more water for agricultural purposes than for domestic use.

During the 1970's and 1980's, the District grew and homes, businesses and schools soon surpassed agricultural water use. There were other mergers where smaller water companies became a part of the District. By the end of the 1980's, our water facilities included 180 miles of pipeline, 12 reservoirs and 15 water wells. It was during this time that the District built its office and maintenance yard on Base Line Road in Rialto, where we are still located today.

In 1992, the District was a partner in building five miles of new pipeline to bring much needed water from the Bunker Hill Basin in San Bernardino to our area. Continuing the trend of working with our neighbors, in 1993, the District partnered with the City of Rialto to build a treatment facility for the water flowing from Lytle Creek. The Oliver P. Roemer Water Filtration Facility has been expanded twice and also accepts and treats State Project Water, which increases the amount of water available for our customers. In 2003, we changed our name to West Valley Water District.

Currently, we have five treatment plants, 360 miles of pipeline, 25 reservoirs, 23 wells, and approximately 23,000 service connections. Our customers continue to enjoy safe, affordable drinking water that is still less than a penny a gallon. The District looks forward to serving its customers and the community for many years to come.

West Valley Water District

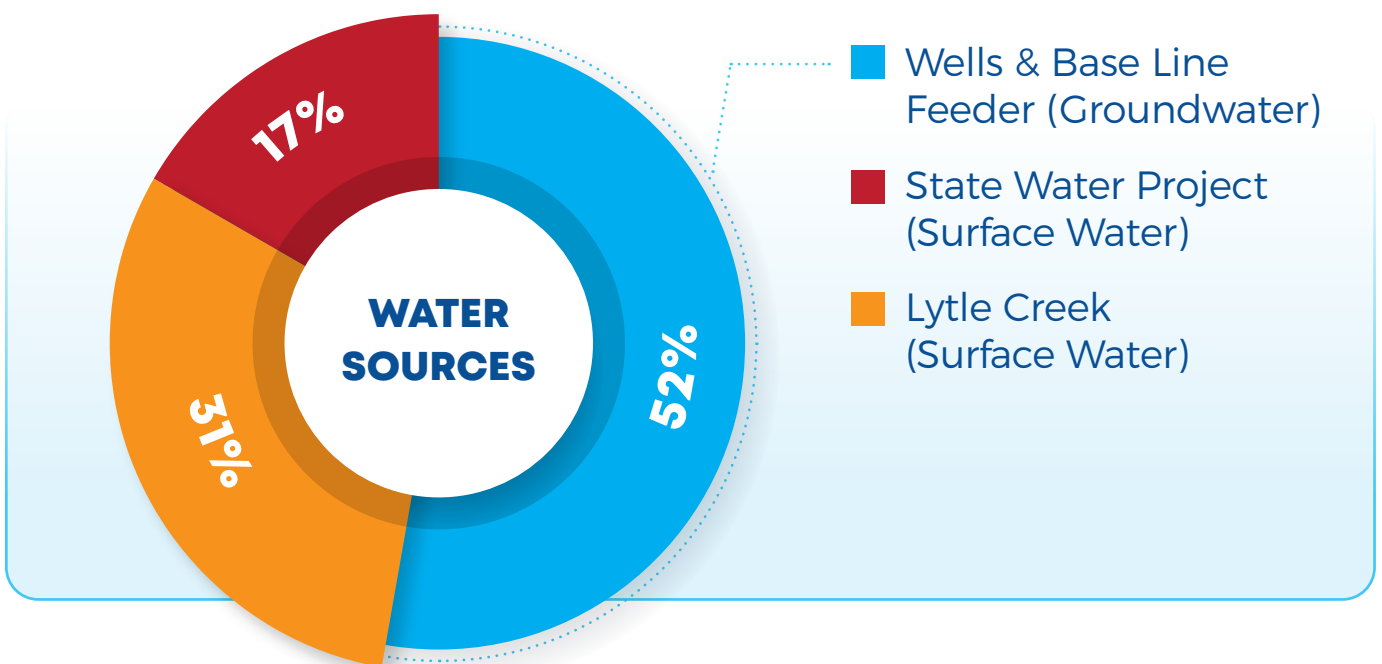


WATER SOURCES

The District obtains water from both local and imported sources to serve its customers. The local sources are divided into two categories, groundwater and surface water. Groundwater makes 35% of the District's water supply, the five local basins being used are: Chino Basin, Bunker Hill Basin, Lytle Creek Basin, North Riverside Basin, and Rialto-Colton Basin. Also, 17.3% of groundwater is purchased from San Bernardino Valley Municipal Water District (Valley District) through the Baseline Feeder Project. This water comes from local wells in the Bunker Hill Basin.

Local surface water accounts for 31.2% of water supply, the source is Lytle Creek in the San Bernardino Mountains. This water is treated through WWWD's Oliver P. Roemer Water Filtration Facility.

Imported water consists of 16.5% of water supply, the source is surface water purchased from the State Water Project through Valley District. This water is also treated through WWWD's Oliver P. Roemer Water Filtration Facility..



STATISTICAL/SUPPLEMENTAL INFORMATION

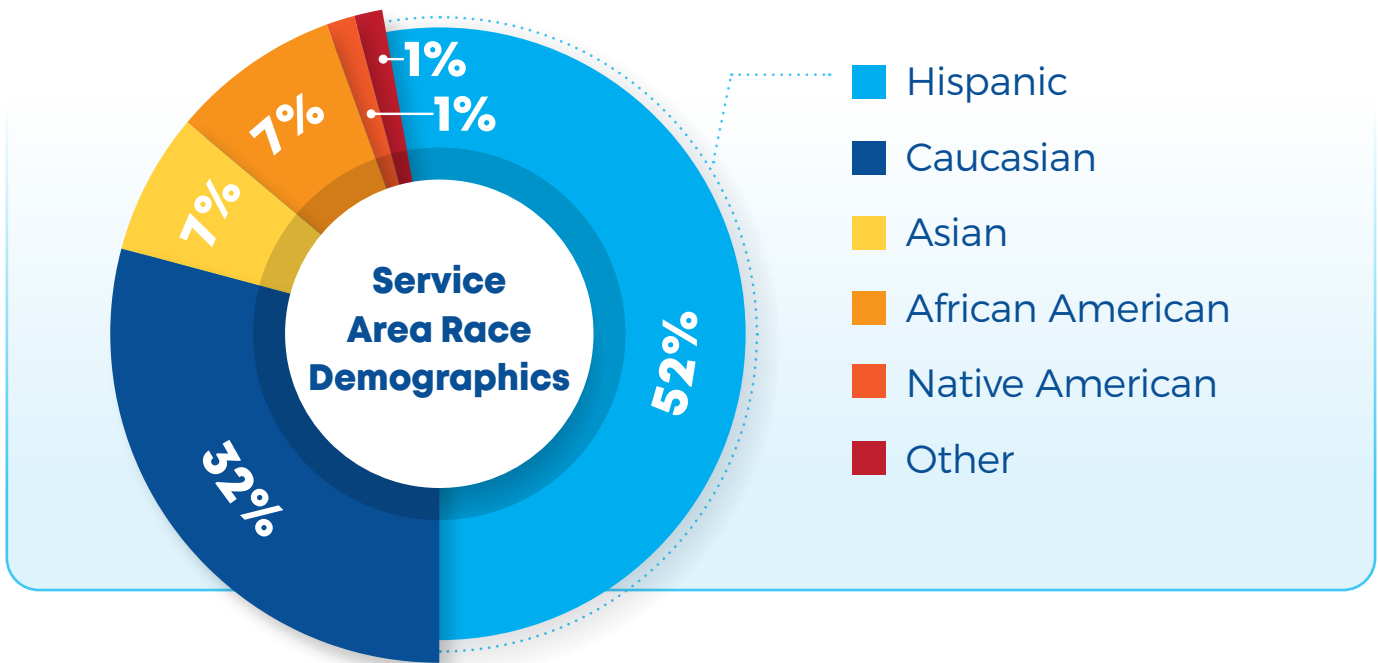
DEMOGRAPHICS

The three main cities that are located in the District’s service area are Colton, Fontana, and Rialto. The following reflects the demographics for the cities:

DEMOGRAPHICS			
	COLTON	FONTANA	RIALTO
POPULATION	54,118	213,000	104,553
PERSONS/HOUSEHOLD	3.51	4.04	3.98
MEDIAN AGE	28.4	28.7	28.3
PERCENTAGE WITH 4 YEAR DEGREE OR HIGHER	17.3	18.1	11.1
MEDIAN HOUSEHOLD INCOME	\$53,838	\$72,918	\$61,518

Source: State of California Department of Finance and United States Census Bureau

SERVICE AREA RACE DEMOGRAPHICS



Source: State of California Department of Finance

The cities are located in a Southern California area known as the Inland Empire. The Inland Empire (IE), is considered as one of the fastest growing regions in the United States. Per the Husing Economic Report of May 2021, single family home sales in the Inland Empire residential market broke out of their nine-year slump, moving up to 20,957 seasonally adjusted sales in first quarter 2021.

TEN PRINCIPAL TAXPAYERS

TAXPAYERS	TAXABLE ASSESSED VALUE	% OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CAL EDISON CO	\$5,431,987,751	2.21%
PROLOGIS LP	\$1,810,555,342	0.74%
SOUTHERN CA GAS CO	\$874,579,174	0.36%
MAJESTIC REALTY CO	\$770,530,755	0.31%
WATSON LAND CO	\$732,659,099	0.30%
TEACHER INSURANCE	\$670,119,074	0.27%
TARGET	\$619,940,231	0.25%
THRIFTY OIL	\$605,946,136	0.25%
WAL-MART	\$511,684,659	0.21%
HOMECOMING	\$465,820,634	0.19%
TOTAL	\$12,493,822,855	5.09%

Source: County of San Bernardino, Assessor and Auditor-Controller/Treasurer-Tax Collector, Property Tax Division

TEN LARGEST CUSTOMERS

CUSTOMER	WATER CONSUMED	PERCENTAGE OF TOTAL
RIALTO UNIFIED SCHOOL DISTRICT	205,323	2.84%
CITY OF RIALTO	144,256	1.99%
COLTON JOINT UNIFIED SCHOOL DISTRICT	119,427	1.65%
ROBERTON'S READY MIX	115,173	1.59%
MARYGOLD MUTUAL WATER COMPANY	113,795	1.57%
CITY OF FONTANA	100,159	1.38%
ARAMARK UNIFORM SERVICES	96,695	1.34%
TARGET	90,955	1.26%
LENNAR HOMES	84,329	1.16%
ROSENA RANCH COMMUNITY ASSOC.	77,112	1.07%
TOTAL	1,147,224	15.85%
TOTAL WATER CONSUMED (HCF)	7,238,771	100%

Source: West Valley Water District Accounting Department

SAN BERNARDINO COUNTY RAINFALL

Based on the historical data of 18,000+ U.S. weather stations for the period of time from 1980 to 2010, San Bernardino County had an average annual precipitation of 6.06 in which is below the state and nation. The average annual precipitation for the state of California was 22.97 in and for the U.S. it was 38.67.

The U.S. Drought Monitor edition of June 3, 2021, demonstrates one-quarter of the Western United States in “exceptional” drought, the direst category. San Bernardino County is in a “severe drought” category which will affect the water supply for the region.

LOCAL ECONOMIC CONDITIONS AND FORECAST

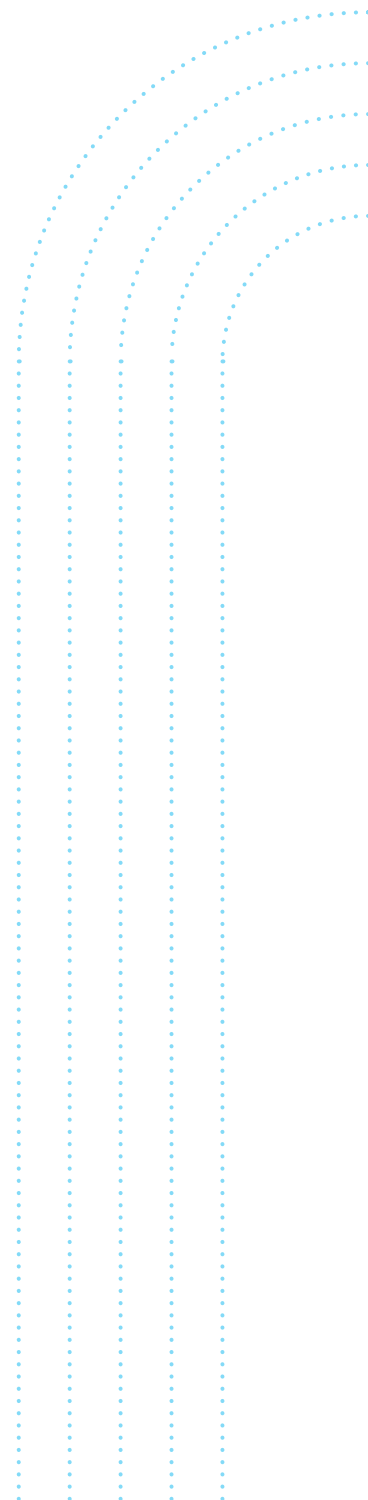
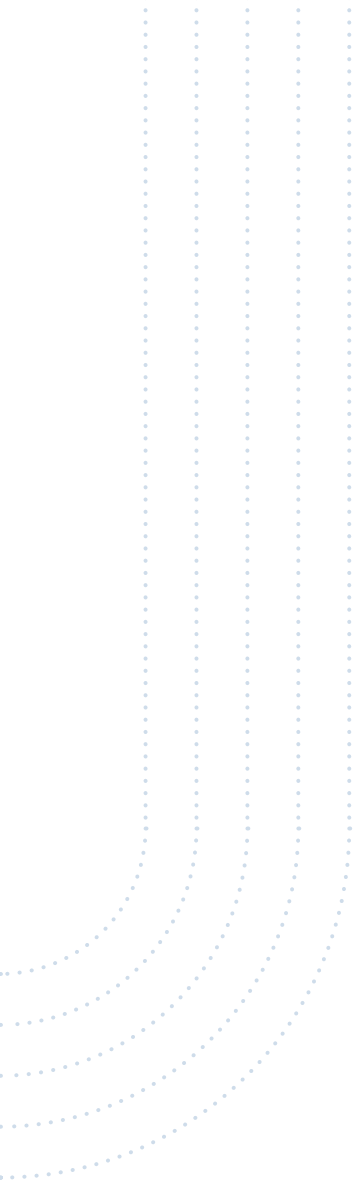
According to the Husing Economic Report (May 2021) in 2020, the Inland Empire economy was down 65,600 jobs due to the Covid-19 pandemic. The sectors with the largest job loss were: eating and drinking; retail and services; hotel and amusement. At the same time though, the logistics sector was up 21,100 jobs due to consumers switching to e-commerce during the Covid-19 lockdown. The Inland Empire has a strong presence of the logistics sector and growth is still projected for the sector.

As vaccinations increase, the State of California will ease restrictions and eventually fully open the economy. In 2021, the eating and drinking sector is projected to have a 15% increase in jobs, per the Husing Economic Report (May 2021). The same applies for the retail and services sector, once restrictions have been lifted jobs will be created in the sector. The Husing Economic Report (May 2021), estimates a 5% increase in jobs for the retail and services sector.

Overall, lifting restrictions in the Inland Empire will increase economic activity and create jobs in several sectors. In total, the Husing Economic Report (May 2021), projects an increase of 62,400 jobs or 4.15% to local firms and agencies in the Inland Empire.

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DISTRICT-WIDE
priorities



DISTRICT-WIDE PRIORITIES AND GOALS

PRIORITIES

1. Continue to deliver safe, reliable, high-quality water at an affordable price.
2. Nurture a culture that values our employees, customer service, innovation, integrity, excellence, transparency, and conservation.
3. Implement technologies that increase efficiency and enhance safety.
4. Plan and be prepared for anticipated significant housing growth in the District.
5. Further refine procedures to ensure the District safeguards ratepayer funds, operates efficiently, enhances transparency, and protects employees and District assets.

The following table provides a list of the Districts' priorities and goals being implemented in the Fiscal Year 2021-22, including the department(s) responsible for them.

PRIORITIES	DEPARTMENT	GOALS
1	Operations / Engineering / Administration	Successfully complete the Residential Lead and Copper Rule sampling
		Rebuilt four effluent booster pumps to increase the treatment capacity from 12 MDG to 14.4 MGD
		Repaired and or replaced 280 water services
		Acquire an underwater drone to replace expensive divers for underwater inspections
		Effectively locate and continue to replace worn out and inoperable valves
		Continue in District Fire Hydrant Upgrade Program and track upgrades
		Work with Management to develop the future phases of the AMI project to complete the entire District
2	Human Resources & Risk Management/ Public Affairs/ Finance	Cultivate strong working relationships with all Departments
		Keep ratepayers engaged by communicating successes and ongoing changes
		Educate the public about the benefits of WVWD via various communications strategies and tactics
		Improve communication between internal/external customers
3	General Services/ Engineering	Integrate district Technology services to provide a uniform Access control and maximize productivity
		Work with staff to develop video Security surveillance system to meet district needs
		Board room audio visual system upgrade to support Social media and to enhance public interaction
		Use standardized technologies and techniques to increase the efficiency in editing GIS
4	Engineering/ Operations	Identifying facilities required to support upcoming development for the 5-year CIP
		Explore new water supply projects and options to ensure a reliable water supply for the future
		Support and assist with the Oliver P. Roemer Expansion Project
		Oversee the replacement of the pipelines between Wells 1A, 2, 4A, and 5A and the 4-3 Reservoir
		Remove and replace the roof on the 2-1 Reservoir
5	Finance	Secure low-cost financing funding to support the District's capital improvement plan
		Provide accurate, reliable, and timely financial reporting to all District's stakeholders
		Maintain strong financial policies and management practices

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ORGANIZATIONAL CHART

BOARD

ADMINISTRATION

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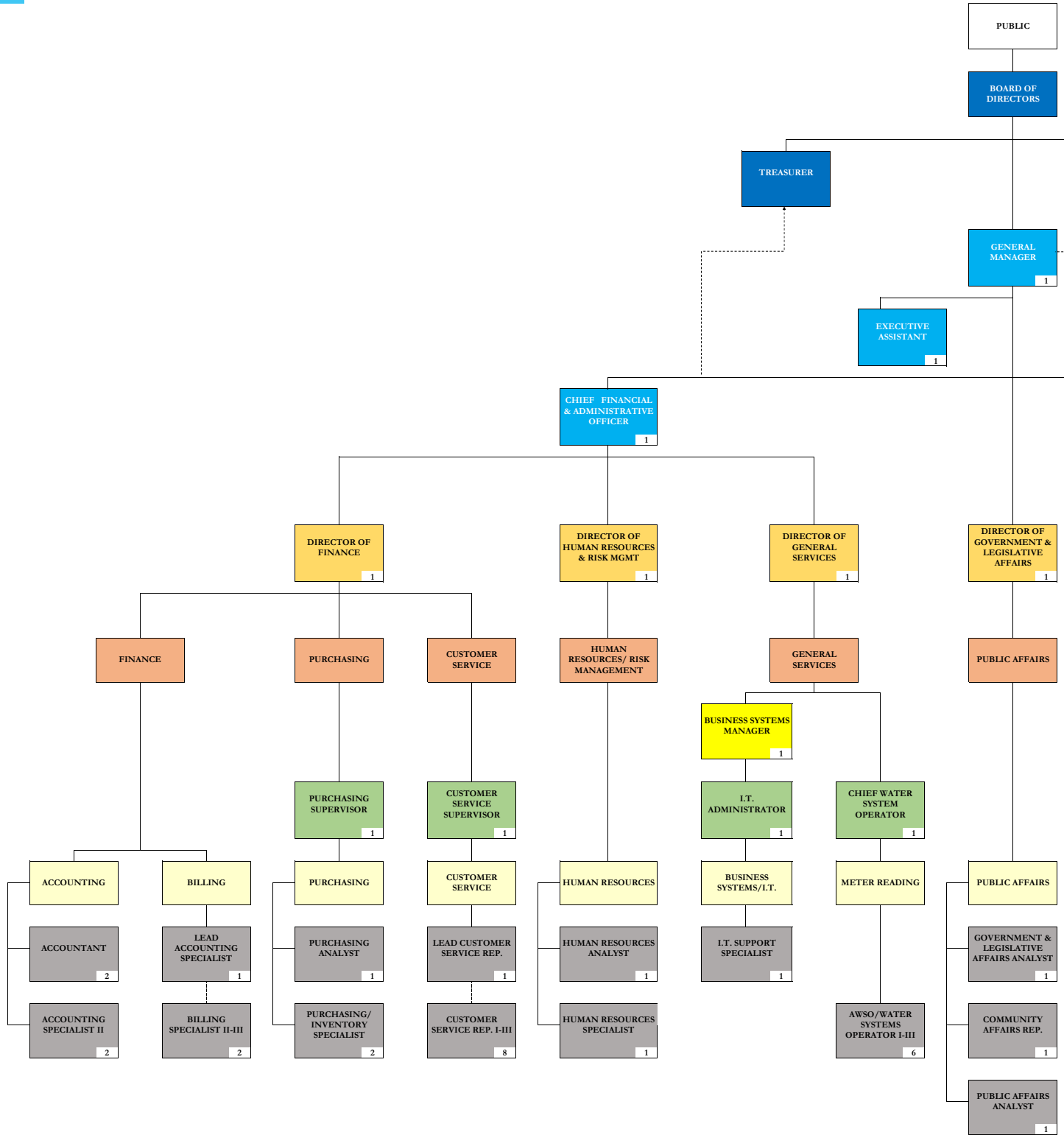
DEPT.

MGR.

SPVSR.

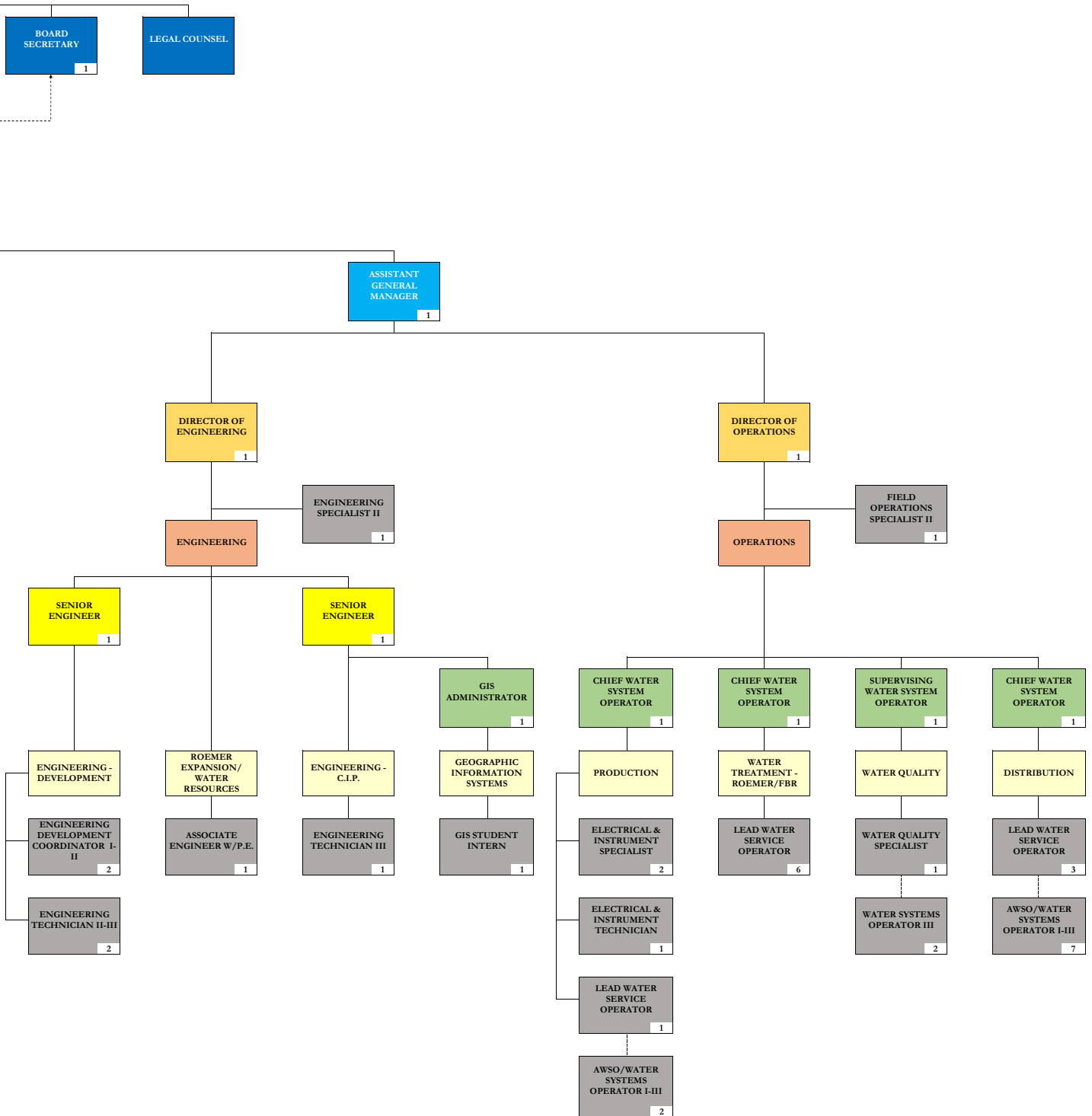
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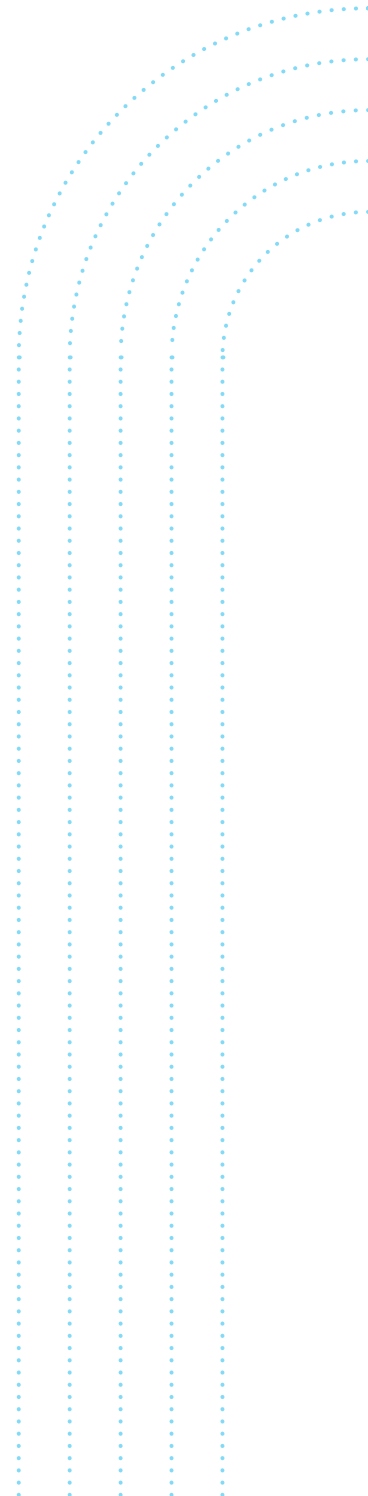
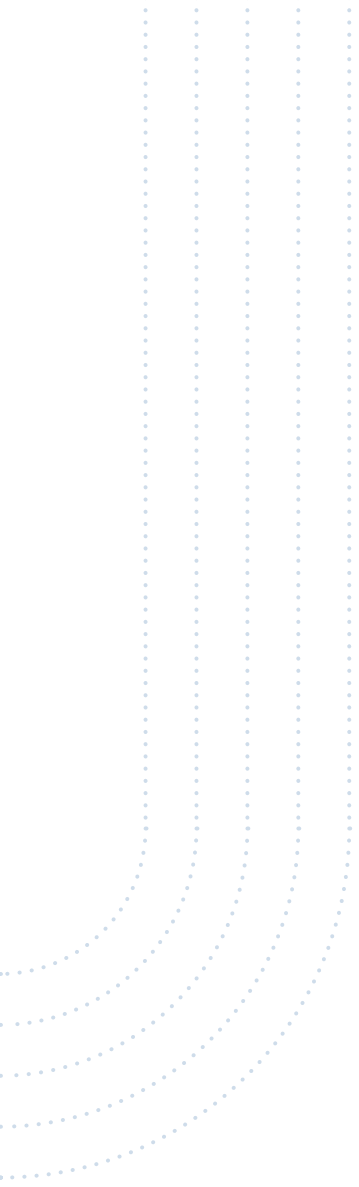
STAFF



Total Number of Employees = 87

WEST VALLEY WATER DISTRICT FISCAL YEAR 2021-2022 BUDGET







FINANCIAL
summary



BUDGET PROCESS

Each year the budget process initiates in January. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To assure reliable and high-quality service to the growing customer base, the District has committed to a number of strategies that drive the budgeting process. The strategies and assumptions used to develop the District's integrated budget are:

- *Accurate projections of capital budget needs, including maintenance and replacement.*
- *Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.*
- *Pursue low interest loans for capital development projects.*
- *Not projecting water rates increases over a six-year period.*

The Finance Department prepares the budget with the impute of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and weather. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

BUDGET CONTROL AND ADJUSTMENTS

In January of each year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department managers to Executive Management for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at a Mid-Year Budget Review in February.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board at a Mid-Year Budget Review.

CURRENT & PROPOSED BUDGET CYCLE CALENDAR

JUNE 3, 2021	FY 2021-22 Budget Adoption at Public Board Meeting
FEBRUARY 3, 2022	Mid-Year Budget Review at Board Meeting
MARCH 8, 2022	Budget Introduction Meeting to Distribute Worksheets to Management Staff
MARCH 10, 2022	Capital Outlay and Capital Improvement Program Planning Meeting
MARCH 24, 2022	Capital Outlay and Capital Improvement Project Requests Due to Finance

APRIL 4, 2022	Operating Departmental Budget Requests Due to Finance
APRIL 14, 2022	Proposed Goals, Objectives, and Accomplishments Due to CFAO/GM
APRIL 20, 2022	Operating and Capital Improvement Program Budget Review with Managers, CFAO, and General Manager
MAY 9-11, 2022	Meet with Committees to present FY2021-22 Budget and discuss proposed Departmental Goals, Objectives, Accomplishments and Revenue Projections.
MAY 25, 2022	FY 2022-23 Budget Complete with all Revisions
JUNE 2, 2022	FY 2022-23 Budget Presentation at Public Board Meeting
JUNE 8, 2022	Meet with Committees to Present Draft Budget for FY 2022-23
JUNE 16, 2022	FY 2022-23 Budget Adoption at Public Board Meeting

BASIS OF BUDGETING

The District's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. All District funds are categorized as proprietary funds, which are used to account for a government's business-type activity. There are two types of proprietary funds - enterprise funds and internal service funds. Both fund types use the same Generally Accepted Accounting Principles (GAAP), similar to businesses in the private sector. GAAP requires full accrual accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period incurred. Both enterprise and internal service funds recover the full cost of providing services (including capital costs) through fees and other revenues, and charges on those who use their services.

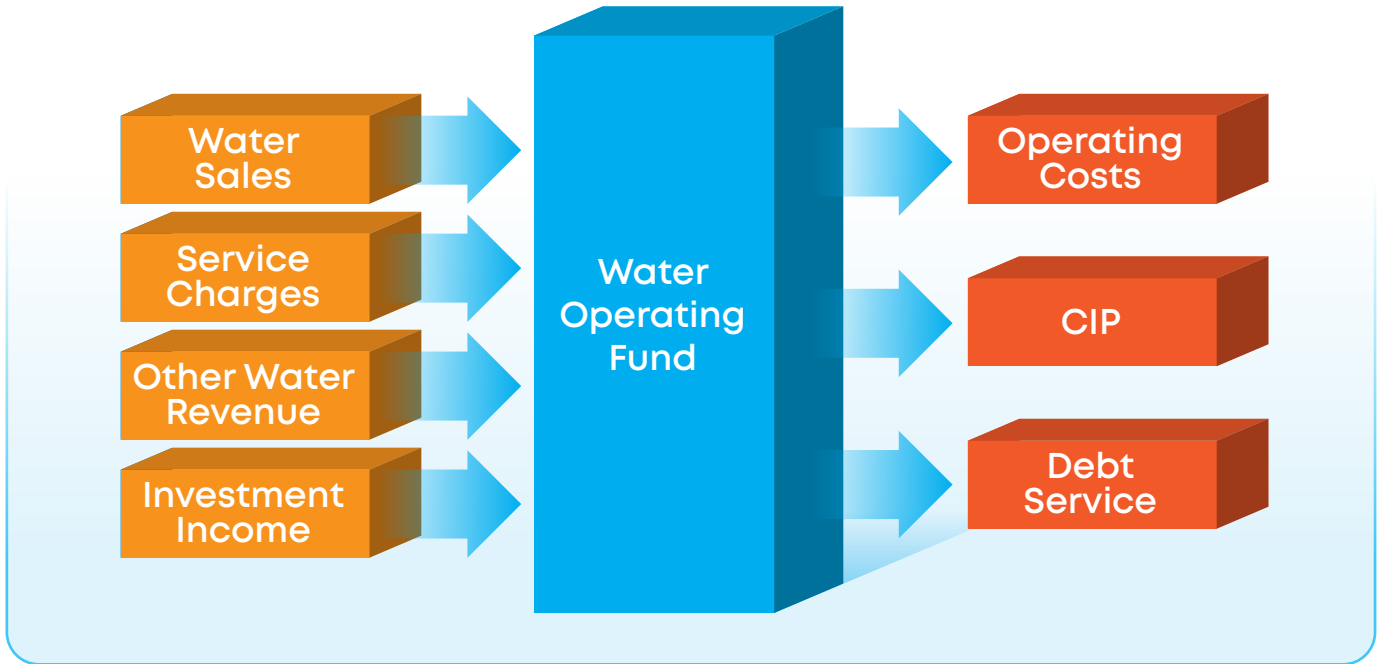
However, for budget purposes the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

- *Capital outlay is budgeted as an expenditure*
- *Contributions toward the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses*
- *Depreciation and amortization are not budgeted*
- *Principal and interest payments are reported as a current expense*

FUND STRUCTURE

GAAP requires special districts to account its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operations and capital needs.

West Valley Water District, uses a single Enterprise Fund that engages in a single business-type activity, the distributions of potable water. The District budgets services in a single business segment: Water. The Water Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.



BUDGET SUMMARY

The budget for FY 2022 is balanced and reflects the District's commitment to sustainable cost containment and fiscal responsibility. The District projects that it will receive \$32,843,316 in revenues and other funding sources during FY 2022. For expenditures it projects a total of \$32,822,321, which means the District is projecting a surplus of \$20,995 for FY 2022. The surplus amount is a transfer to the District's reserves.

The table below presents a summary of revenue by type, and expenditures by department except for interest, and is followed by a discussion of revenue and expenditures.

BUDGET SUMMARY	FY 2020-2021	FY 2021-2022
	Budget	Budget
REVENUES		
Water Consumption Sales	15,656,126	18,387,996
Monthly Service Charges	6,340,394	7,572,515
Other Operating Revenue	3,002,321	4,087,998
Other Non-Operating Revenue	2,151,320	2,794,807
Total Revenues	27,150,161	32,843,316
OPERATING EXPENSES		
Source of Supply	1,660,958	1,406,000
Production - Pumping	3,453,040	3,593,450
Water Quality Department	689,330	643,130
Water Treatment - Perchlorate	272,500	280,000
Water Treatment - FBR/FXB	1,872,843	1,824,240
Water Treatment - Roemer/Arsenic	1,854,960	2,121,850
Maintenance - Transmission and Distribution	2,322,909	2,490,500
Customer Service	1,156,520	1,236,300
Meter Reading	991,555	1,049,700
Billing	507,950	498,100
Administration	2,060,590	2,305,325
General Operations	2,232,094	3,446,536
Accounting	828,088	877,035
Engineering	1,414,710	1,688,985
Information Technology	1,145,298	1,204,675
GIS	227,200	252,550
Board of Directors	269,900	276,900
Human Resources/Risk Management	738,799	1,019,030
Purchasing	629,574	541,400
Public Affairs	1,027,136	1,255,136
Grants & Rebates	41,000	30,500
Interest Expense - Long-Term Debt	978,450	951,350
Total Expenditures	26,375,404	28,992,692
Debt Service	1,062,629	1,082,629
Operating Revenue to Fund CIP	-	2,747,000
Net Surplus (Deficit)*	(287,872)	20,995

*The net surplus amount is the amount that gets transfer to/(from) the reserve.

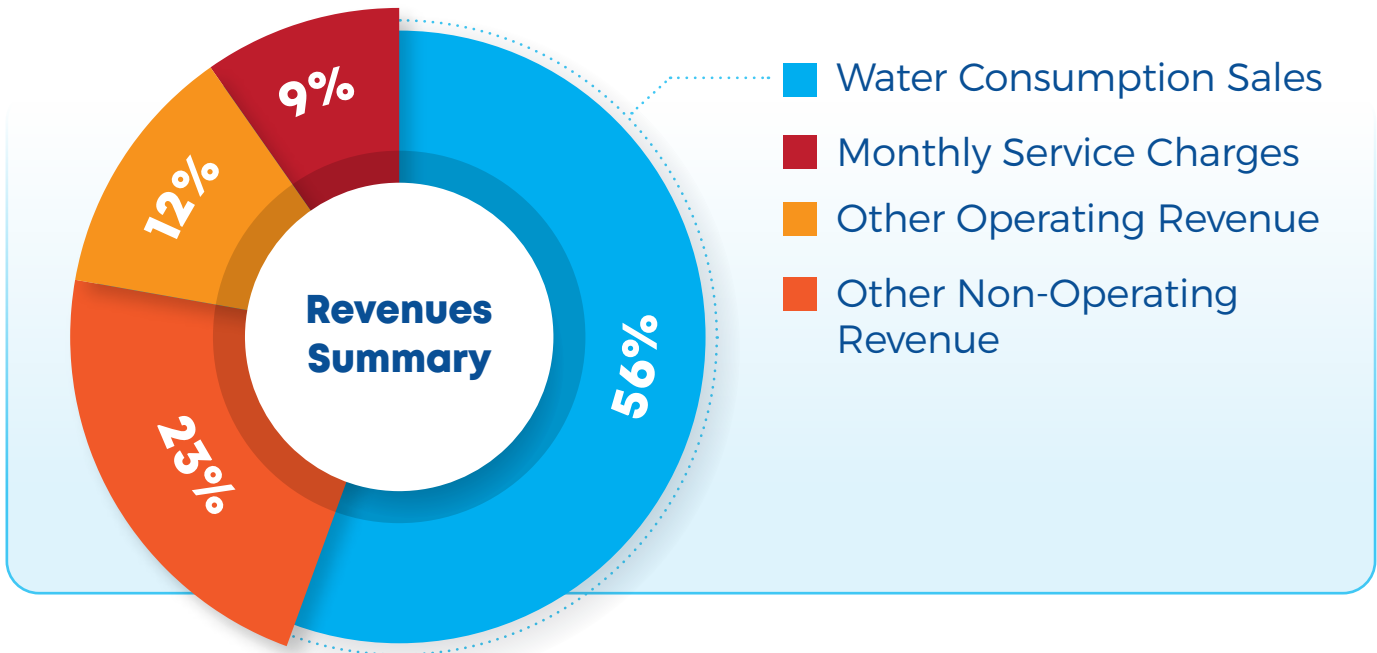
REVENUES SUMMARY

The District receives funding from a variety of sources: domestic water sales, property taxes, monthly domestic water service charges, investment income, rental income, assessments that support future development, and charges for miscellaneous services.

For fiscal 2022, the projected revenue total is \$32,843,316. Water consumption sales are 56% of total revenues in fiscal 2022. In addition, proceeds from monthly service charges are 23%. Other operating revenue proceeds are 12%, with other non-operating revenue at 9% of total revenues.

The District has three revenue categories based on rates:

- *Water Consumption Sales*
- *Monthly Service Charges*
- *Other Charges*

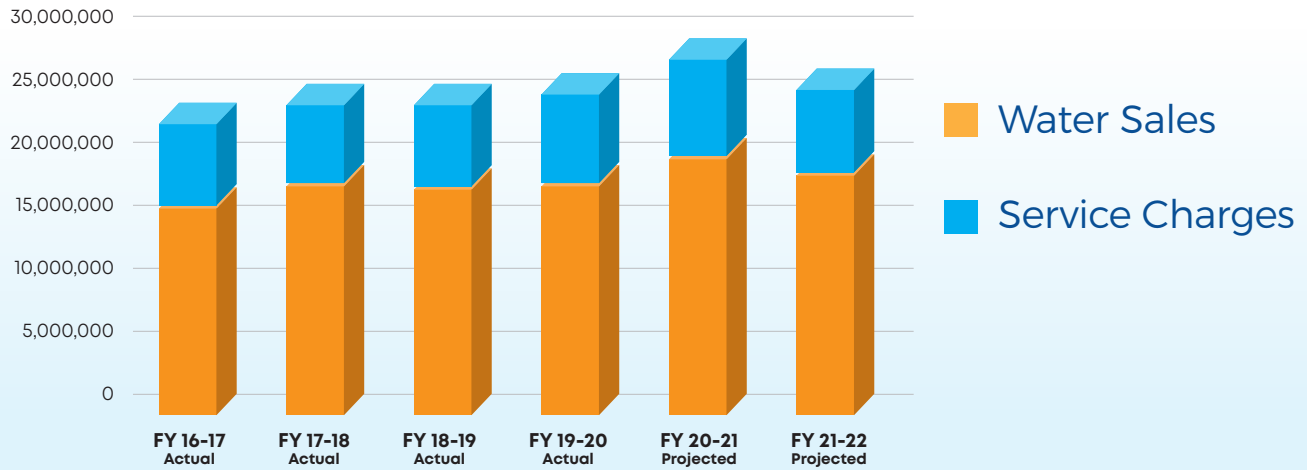


All customers are required to pay fixed monthly fees, service charges, based on the meter size. Also, penalties are charged to the District customer accounts when payments are delinquent.

The District will provide water service to approximately 23,000 potable customers by the end of FY 2022. 93 percent of the potable customers are residential and the remaining 7 percent are comprised of fire service, business, commercial, and agricultural.

The following graph shows consumption sales and service charges.

CONSUMPTION SALES AND SERVICE CHARGES



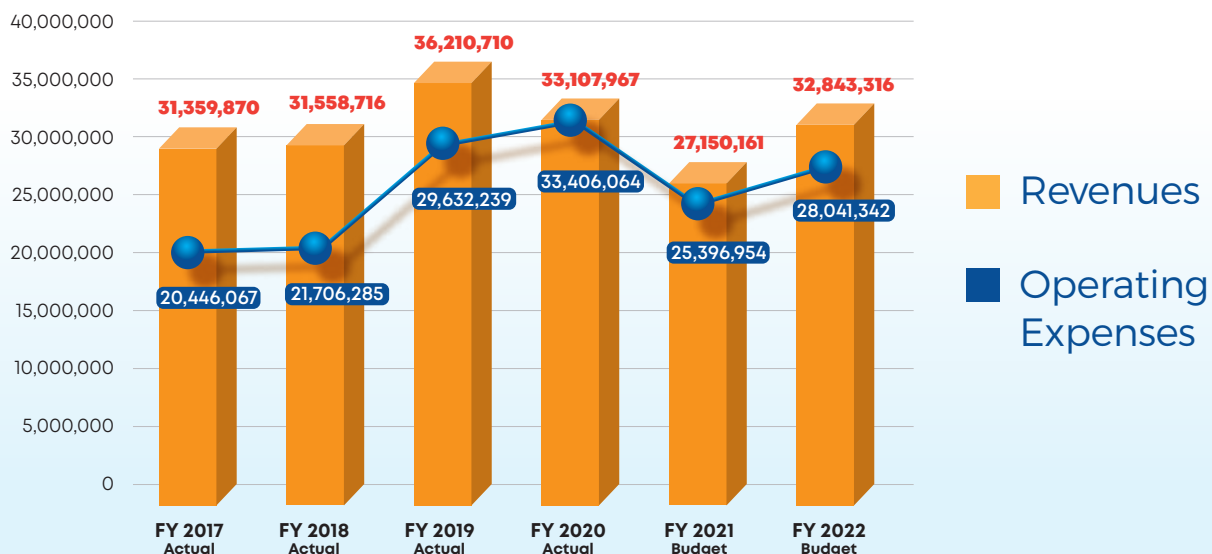
EXPENSES SUMMARY

The District prepares its annual budget based on operating expenses proposed by department managers, scheduled debt service payments, and capital expenditures prioritized in the District’s capital improvement plan.

For fiscal 2022, the projected expense total is \$32,822,321. The main operating expenses for the District are salary related expenses, contract services, and electricity. Total operating expenses are projected to increase at a rate of approximately 10%, in FY 2022 compared to FY 2021.

The graph below shows actual and budget total revenue amounts, at the same time it has actual and budget operating expenses amounts.

TOTAL REVENUE AND OPERATING EXPENSES



NET POSITION/ FUND EQUITY

The District operates a single water enterprise fund and does not have any governmental or non-major funds. Fund Equity is the difference between assets and liabilities reported in a proprietary fund. Fund Equity can be considered a measure of net worth. Also, for financial reporting purposes, Equity is reported as Net Position and classified in three distinct categories:

- *Net Position Invested in Capital Assets,*
- *Restricted Net Position, and*
- *Unrestricted Net Position.*

Net Position Invested in Capital Assets maintains a running balance of resources spent on the acquisition and construction of capital assets, less outstanding long-term debt, and net of depreciation of those capital assets over time. This classification of Net Position does not include spendable funds that are available for appropriation and is therefore not considered as part of the budget process.

Restricted Net Position includes unspent proceeds from issuance of long-term debt and developer paid capacity charges. These funds are available for appropriation for capital projects, but only as defined by contractual agreement with bondholders and other creditors, or by studies adopted by WVWD that state the purpose and amount of capacity charges to be collected from developers. Debt proceeds are used only for projects specifically stated in debt agreements, and capacity charges are used only for construction or projects that expand the capacity of the District's infrastructure or to pay debt on expansion projects that have already been built. Accordingly, appropriations from Restricted funds will appear in the District's capital budget.

Unrestricted Net Position is the residual after the balances in the other two classifications of Net Position have been determined. The District has the most flexibility in determining how Unrestricted Net Position may be appropriated, and the Governing Board has done so by establishing a Reserve Policy. The policy establishes three designations for Unrestricted Net Position, and has defined their purpose, order of priority for funding, target levels, and uses. There are also designations established for restricted net position when applicable. Designations currently being applied are:

- *Rate Stabilization Account*
- *Operating Reserve Account*
- *Emergency Account*
- *Water Banking Account*

WATER FUND				
	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 FORECAST	2021-22 BUDGET
TOTAL UNRESTRICTED FUND BALANCE	\$30,068,129	\$29,259,529	\$36,784,260	\$36,805,255
RESTRICTED FOR CAPITAL PROJECTS	\$10,699,965	\$13,462,143	\$14,164,802	\$17,564,802
NET INVESTED IN CAPITAL ASSETS	\$100,736,605	\$102,459,965	\$112,869,630	\$123,938,948
TOTAL FUND BALANCE	\$141,504,699	\$145,181,637	\$163,818,692	\$178,309,005

TOTAL REVENUE & EXPENSES

	FY 2020 Actual	FY 2021 Budget	FY 2021 Forecast	FY 2022 Budget
REVENUE (OPERATING):				
Water Consumption Sales	\$17,698,440	\$15,656,126	\$20,455,364	\$18,387,996
Monthly Service Charges	\$7,506,847	\$6,340,394	\$7,979,424	\$7,572,515
Other Operating Revenue	\$ 3,469,360	\$3,002,321	\$3,231,610	\$4,087,998
Total Operating Revenue	\$28,674,647	\$24,998,841	\$31,666,398	\$30,048,509
REVENUE (NON-OPERATING):				
Property Taxes	\$2,376,463	\$1,773,000	\$2,747,032	\$2,340,807
Grants and Reimbursements	\$100,330	-	\$114,713	\$50,000
Interst and Investment Earnings	\$1,910,670	\$337,500	\$19,823	\$350,000
Rental Revenue	\$34,754	\$30,000	\$35,591	\$35,000
Other Non-Operating Revenue	\$11,103	\$10,820	\$19,914	\$19,000
Total Non-Operating Revenue	4,433,320	2,151,320	2,937,073	2,794,807
Total Revenue	33,107,967	27,150,161	34,603,471	32,843,316
EXPENSES (OPERATING):				
Source of Supply	\$1,676,085	\$1,660,958	\$1,650,000	\$1,406,000
Production - Pumping	\$3,416,731	\$3,453,040	\$3,565,247	\$3,593,450
Water Quality Department	\$469,904	\$689,330	\$675,000	\$643,130
Water Treatment - Perchlorate	\$195,406	\$272,500	\$252,000	\$280,000
Water Treatment - FBR/FXB	\$1,550,337	\$1,872,843	\$1,852,000	\$1,824,240
Water Treatment - Roemer/Arsenic	\$1,750,651	\$1,854,960	\$1,780,000	\$2,121,850
Maintenance - Transmission and Distribution	\$3,055,618	\$2,322,909	\$2,315,000	\$2,490,500
Customer Service	\$937,792	\$1,156,520	\$1,051,114	\$1,236,300
Meter Reading	\$981,101	\$991,555	\$952,997	\$1,049,700
Billing	\$506,815	\$507,950	\$487,300	\$498,100
Administration	\$2,706,018	\$2,060,590	\$2,000,300	\$2,305,325
General Operations	\$2,893,764	\$2,232,094	\$2,619,579	\$3,446,536
Accounting	\$759,186	\$828,088	\$789,500	\$877,035
Engineering	\$1,528,008	\$1,414,710	\$1,350,800	\$1,688,985
Information Technology	\$1,045,536	\$1,145,298	\$1,021,030	\$1,204,675
GIS	\$89,662	\$227,200	\$200,300	\$252,550
Board of Directors	\$231,788	\$269,900	\$244,372	\$276,900
Human Resources/Risk Management	\$1,005,279	\$738,799	\$633,397	\$1,019,030
Purchasing	\$394,488	\$629,574	\$584,306	\$541,400
Public Affairs	\$1,729,927	\$1,027,136	\$1,000,100	\$1,255,136
Grants & Rebates	\$ 10,207	\$ 41,000	\$13,319	\$30,500
Total Operating Expenses	\$26,934,303	\$25,396,954	\$25,037,661	\$28,041,342

(Continued next page)

EXPENSES (NON-OPERATING):				
Interest Expense - Long-Term Debt	\$942,842	\$978,450	\$978,450	\$951,350
Total Non-Operating Expenses	\$942,842	\$978,450	\$978,450	\$951,350

Total Expenses	\$27,877,145	\$26,375,404	\$26,016,111	\$28,992,692
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Net Income Before Capital Contributions	\$5,230,822	\$774,757	\$8,587,360	\$3,850,624
Developer Contributions	\$1,466,836	-	-	-
Capacity Charges	\$3,451,041	-	\$1,927,932	\$3,400,000
Net Income Before Depreciation	\$10,148,699	\$774,757	\$10,515,292	\$7,250,624
Depreciation & Amortization	\$6,471,761	\$6,480,000	\$6,520,000	\$6,750,000
Income (Loss)	\$3,676,938	\$(5,705,243)	\$3,995,292	\$500,624

FISCAL YEARS 2020-21 & 2021-22 PROFORMA

	FY 2021 Budget	FY 2021 Forecast	FY 2022 Budget
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REVENUE (OPERATING):			
Water Consumption Sales	\$15,656,126	\$20,455,364	\$18,387,996
Monthly Service Charges	\$6,340,394	\$7,979,424	\$7,572,515
Other Operating Revenue	\$3,002,321	\$3,231,610	\$4,087,998
Total Operating Revenue	\$24,998,841	\$31,666,398	\$30,048,509

REVENUE (NON-OPERATING):			
Property Taxes	\$1,773,000	\$2,747,032	\$2,340,807
Grants and Reimbursements	-	\$114,713	\$50,000
Interest and Investment Earnings	\$337,500	\$19,823	\$350,000
Rental Revenue	\$30,000	\$35,591	\$35,000
Other Non-Operating Revenue	\$10,820	\$19,914	\$19,000
Total Non-Operating Revenue	\$ 2,151,320	\$ 2,937,073	\$2,794,807

Total Revenue	\$27,150,161	\$34,603,471	\$32,843,316
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EXPENSES (OPERATING):			
Source of Supply	\$1,660,958	\$1,650,000	\$1,406,000
Production - Pumping	\$3,453,040	\$3,565,247	\$3,593,450
Water Quality Department	\$689,330	\$675,000	\$643,130
Water Treatment - Perchlorate	\$272,500	\$252,000	\$280,000
Water Treatment - FBR/FXB	\$1,872,843	\$1,852,000	\$1,824,240
Water Treatment - Roemer/Arsenic	\$1,854,960	\$1,780,000	\$2,121,850
Maintenance - Transmission and Distribution	\$2,322,909	\$2,315,000	\$2,490,500
Customer Service	\$1,156,520	\$1,051,114	\$1,236,300
Meter Reading	\$991,555	\$952,997	\$1,049,700

Billing	\$507,950	\$487,300	\$498,100
Administration	\$2,060,590	\$2,000,300	\$2,305,325
General Operations	\$2,232,094	\$2,619,579	\$3,446,536
Accounting	\$828,088	\$789,500	\$877,035
Engineering	\$1,414,710	\$1,350,800	\$1,688,985
Information Technology	\$1,145,298	\$1,021,030	\$1,204,675
GIS	\$227,200	\$200,300	\$252,550
Board of Directors	\$269,900	\$244,372	\$276,900
Human Resources/Risk Management	\$738,799	\$633,397	\$1,019,030
Purchasing	\$629,574	\$584,306	\$541,400
Public Affairs	\$1,027,136	\$1,000,100	\$1,255,136
Grants & Rebates	\$ 41,000	\$13,319	\$30,500
Total Operating Expenses	\$25,396,954	\$25,037,661	\$28,041,342
Net Revenues	\$1,753,207	\$9,565,810	\$4,801,974
Less: Debt Service (Principal & Interest)	\$2,041,079	\$2,041,079	\$2,033,979
Less: Committed Capital Expenditure	\$ -	\$1,131,115	\$2,747,000
Transfer to/(from) Reserves	(\$287,872)	\$ 7,524,731	\$20,995
Net	\$ -	\$ -	\$ -

LONG-TERM FINANCIAL PLAN NARRATIVE

The long-term financial plan provides a forward-looking view of the District's operating funds, allowing district management and others to evaluate the long-term sustainability of the District's operating budget. It helps determine whether financial resources will be available to achieve the District's long-term goals and objectives, and to contribute to capital programs and reserve levels.

The District's long-term planning efforts have always included consideration of the age, condition, and efficiency of infrastructure used to deliver services to District customers, along with compliance with water quality regulations. But in recent years, the drought in California has raised the preservation and sustainability of water supplies, and water quality, as prominent issues in the planning of future operations. Based on these identified priorities, the District has developed goals that will have a significant impact on the District's operating budget over the next few years, including:

- *Cost recovery through development fees;*
- *Expansion of the Oliver P. Roemer Water Filtration Facility;*
- *Meet all water quality standards; and*
- *Replacement of aging pipelines and increased water storage capacity.*

The achievement of these goals is subject to certain assumptions but will remain a priority as they support the District Vision and Strategic Plan.

To build the budget for the upcoming fiscal year and to forecast 4 subsequent years, FY 2023 to FY2026. This financial forecast is designed to provide a general understanding of how revenues and expenditures are expected to influence the District. This forecast also highlights the funding of capital projects and expense amounts in each year. General inflators and historical trends were used for the estimates and the graph has footnotes.

The District must look at replacing existing aging and future infrastructure to service the needs of its customers. The Engineering Department looks at the service needs of all customers over the next five years and at the betterment, replacement, and expansion needs from now until ultimate build-out. The impact of the CIPs on the Operating Budget is addressed in the CIP section of this budget.

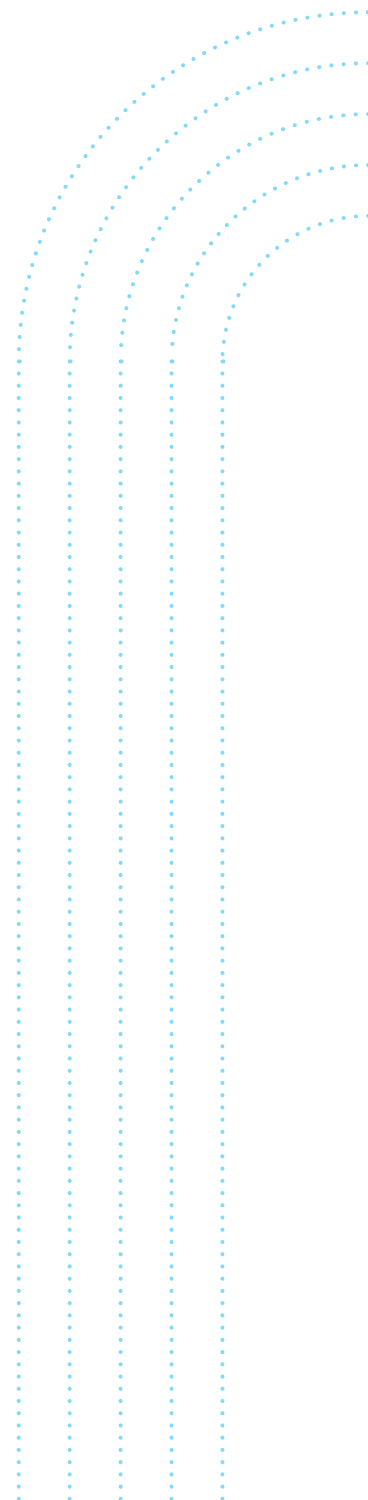
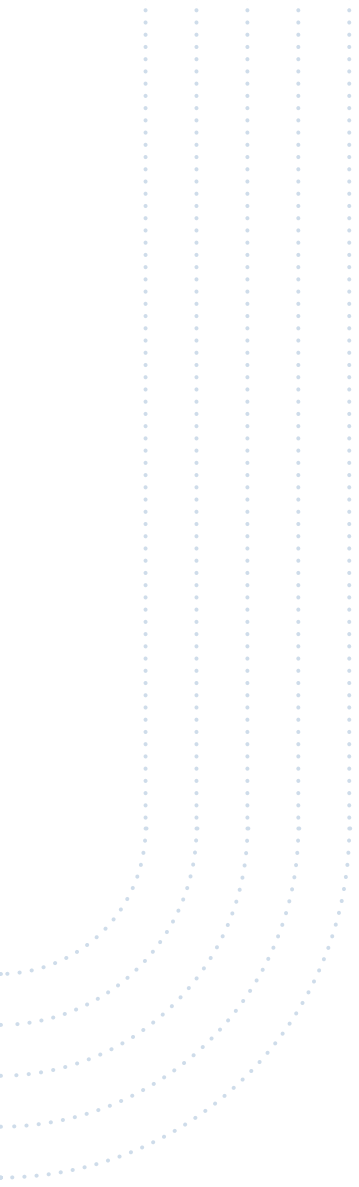
GENERAL FUND FORECAST

This forecast incorporates both cost increases for expenditures and growth projections for revenues. It also incorporates a projection of capacity charges of \$3.4 million annually. This plan outlines the water infrastructure needs until the District reaches build-out. The District also uses a long-term wage and benefit model as well as detailed cost of service studies. An analysis of long-term obligations has been completed in order to find the best fit for the District to balance current cash flow while stabilizing costs. Some of the cost saving measures include the advance funding of OPEB and inventory acquisition plan due to inflation and scarcity of materials. The CIP shown in the forecast will be funded by capacity charges, reimbursement agreements, and revenues from operations.

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2022	2023	2024	2025	2026
REVENUE:					
Water Consumption Sales ¹	\$18,387,996	\$19,031,576	\$19,697,681	\$20,387,100	\$21,100,648
Water Service Charges	\$7,572,515	\$7,837,553	\$8,111,867	\$8,395,783	\$8,689,635
Other Operating Revenue	\$4,087,998	\$4,231,078	\$4,379,166	\$4,532,436	\$4,691,072
Property Taxes ²	\$2,340,807	\$2,528,072	\$2,730,317	\$2,948,743	\$3,184,642
Grants and Reimbursements	\$50,000	\$50,250	\$50,501	\$50,754	\$51,008
Interest and Investment Earnings ³	\$350,000	\$353,500	\$357,035	\$360,605	\$364,211
Rental Revenue ⁴	\$35,000	\$35,875	\$36,772	\$37,691	\$38,633
Capacity Charges	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000
Gain on Sales of Capital Assets	-	-	-	-	-
Other Non-Operating Revenues	\$19,000	\$19,190	\$19,382	\$19,576	\$19,771
Total Revenue/ Sources	\$36,243,316	\$37,487,093	\$38,782,721	\$40,132,688	\$41,539,621
EXPENDITURES:					
Source of Supply ⁵	\$1,406,000	\$1,448,180	\$1,491,625	\$1,536,374	\$1,582,465
Pumping	\$2,180,250	\$2,245,658	\$2,313,027	\$2,382,418	\$2,453,891
Water Treatment	\$3,064,120	\$3,156,044	\$3,250,725	\$3,348,247	\$3,448,694
Transmission and Distribution	\$1,168,300	\$1,203,349	\$1,239,449	\$1,276,633	\$1,314,932
Customer Accounts	\$818,000	\$842,540	\$867,816	\$893,851	\$920,666
Public Affairs	\$624,636	\$643,375	\$662,676	\$682,557	\$703,033
General and Administrative	\$5,538,836	\$5,705,001	\$5,876,151	\$6,052,436	\$6,234,009
Wages and Benefits ⁶	\$13,241,200	\$13,903,260	\$14,598,423	\$15,328,344	\$16,094,761
Debt Service ⁷	\$2,033,979	\$2,090,000	\$4,011,129	\$4,010,129	\$4,010,129
Capital Expenditures/Replacement & Outlay	\$2,747,000	\$4,023,500	\$500,000	\$650,000	\$9,335,000
Total Expenditures	\$32,822,321	\$35,260,906	\$34,811,023	\$36,160,988	\$46,097,581

Unrestricted Funds	\$36,805,255	\$36,826,250	\$35,652,437	\$36,224,136	\$36,795,836
Restricted Funds	\$17,564,802	\$20,964,802	\$24,364,802	\$27,764,802	\$31,164,802
Change in Equity	\$3,420,995	\$2,226,187	\$3,971,699	\$3,971,700	\$(4,557,959)
Beginning Fund Equity	\$54,370,057	\$57,791,052	\$60,017,239	\$63,988,938	\$67,960,638
Ending Fund Equity	\$57,791,052	\$60,017,239	\$63,988,938	\$67,960,638	\$63,402,678

1. *Based on historic revenue growth trends. Also including an average customer growth rate of approximately 2.2% based on historical growth.*
2. *Based on an average historic growth rate of approximately 8% and district's service area expansion.*
3. *Earnings depend on the market performance and interest rates.*
4. *Based on an average historic growth rate of approximately 2.5%.*
5. *Operating expenses were based on historic expenditure growth trends. Also including an average customer growth rate of approximately 2.2% and inflation.*
6. *Based on a historic growth rate of 5%.7. Amounts are derived from the District's current debt amortization schedules. Debt may change in the future.*
7. *Amounts are derived from the District's current debt amortization period. Debt may change in the future.*



DEPARTMENT **summaries**

West Valley Water District

West Valley
Water



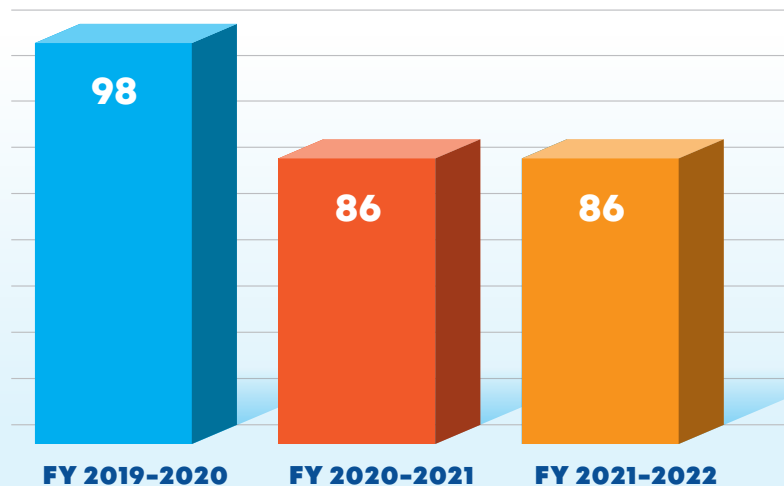
POSITION SUMMARY SCHEDULE

West Valley Water District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. The positions changes for FY 2021-22 include two additions: one Government & Legislative Affairs Analyst to the Public Affairs Department and one Engineering Technician III to the Engineering Department. The FY 2021-22 also includes two removals: one Planner from the Purchasing Department and one Assistant to Board Secretary from the Administration Department.

The table below summarizes the number of full-time personnel by Department. All authorized positions are funded in the proposed budget for FY 2021-22. Part-time positions are included in the department descriptions and not shown below.

DEPARTMENT		FY 2019-20	FY 2020-21	FY 2021-22
5210	WATER PRODUCTION	10	10	9
5310	WATER QUALITY	4	4	4
5350	FBR WATER TREATMENT PLANT	4	4	4
5390	ROEMER WATER TREATMENT PLANT	5	3	3
5410	TRANSMISSION & DISTRIBUTION	12	10	11
5420	ASSET MANAGEMENT	3	0	0
5510	CUSTOMER SERVICE	9	9	9
5520	METER READING	8	7	7
5530	BILLING	3	3	3
5610	ADMINISTRATION	7	7	5
5620	ACCOUNTING	5	5	5
5630	ENGINEERING	12	8	10
5640	BUSINESS SYSTEMS/IT	4	4	4
5645	GEOGRAPHIC INFORMATION SYSTEM	1	1	1
5660	HUMAN RESOURCES	3	3	3
5680	PURCHASING	4	5	4
5710	PUBLIC AFFAIRS	4	3	4
TOTAL		98	86	86

TOTAL AUTHORIZED POSITIONS



EMPLOYEE COMPENSATION

In accordance with the Board's Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

EMPLOYEE BENEFITS

Healthcare Benefits – All new, full-time, regular employees of the District on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The District pays 100% of employee's medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

LENGTH OF CONTINUOUS SERVICE	ANNUAL VACATION ALLOWANCE	PER PAY PERIOD ACCRUAL	MAXIMUM ALLOWED ACCRUED VACATION
After 1 Year	80 Work Hours	3.1 Work Hours	120 Work Hours
After 4 Year	120 Work Hours	4.6 Work Hours	180 Work Hours
After 9 Year	160 Work Hours	6.2 Work Hours	240 Work Hours
After 14 Year	200 Work Hours	7.7 Work Hours	300 Work Hours

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @ 55% program and the District pays the total cost of the member (employee) and employer contributions.

Deferred Compensation – Deferred Compensation Plan is available to those who wish to participate. The District will match the following contributions per pay period based on the employee's contribution as follows:

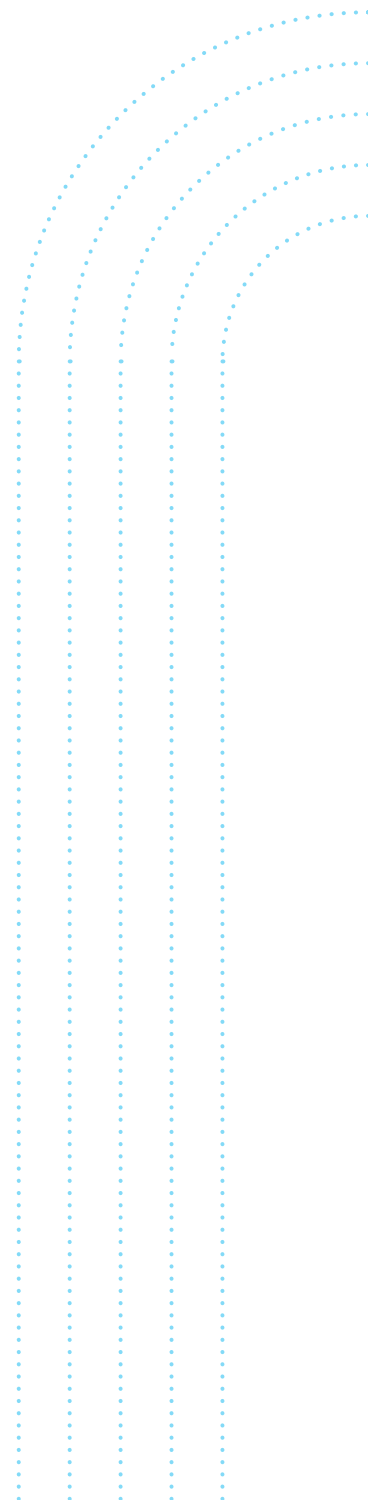
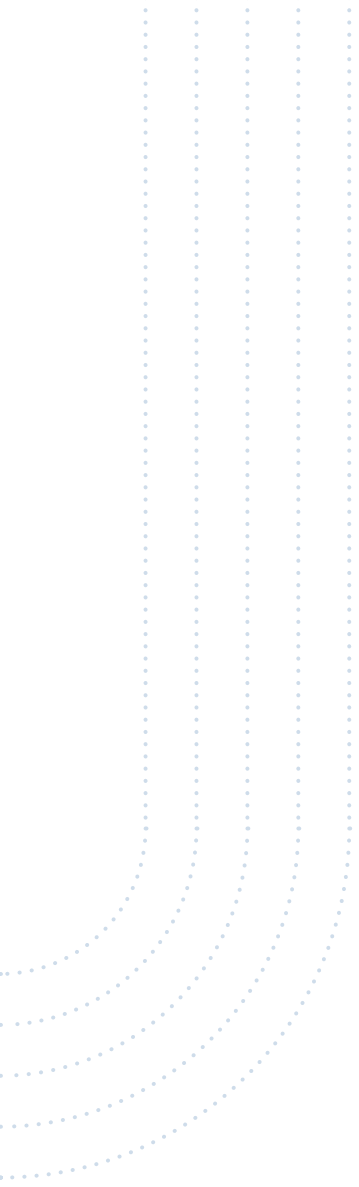
EMPLOYEE CONTRIBUTIONS	EMPLOYER MATCH
\$50 =	\$25
\$100 =	\$50
\$150 =	\$75

Holidays – Full-time employees are entitled to 12 designated holidays and 2 personal days per year.

Life Insurance – Becomes effective the first of the following month after sixty (60) days of employment. District pays total cost, including dependents. Coverage: Two-times annual salary up to a maximum of \$125,000.00.

Tuition Loan Program – Full-time, regular employees are eligible to receive up to \$5,000 per year through the loan program, which may be used for registration, books, and other related school expenses.

Additional Benefits – Other benefits available to eligible District employees include Short-Term & Long-Term Disability, and a 9/80 work schedule. District pays total cost, including dependents. Coverage: Two-times annual salary up to a maximum of \$125,000.00.



BOARD OF directors



Channing
HAWKINS

PRESIDENT, DISTRICT 4



Kyle
CROWTHER

VICE PRESIDENT, DISTRICT 1



Dr. Michael
TAYLOR

DIRECTOR, DISTRICT 2



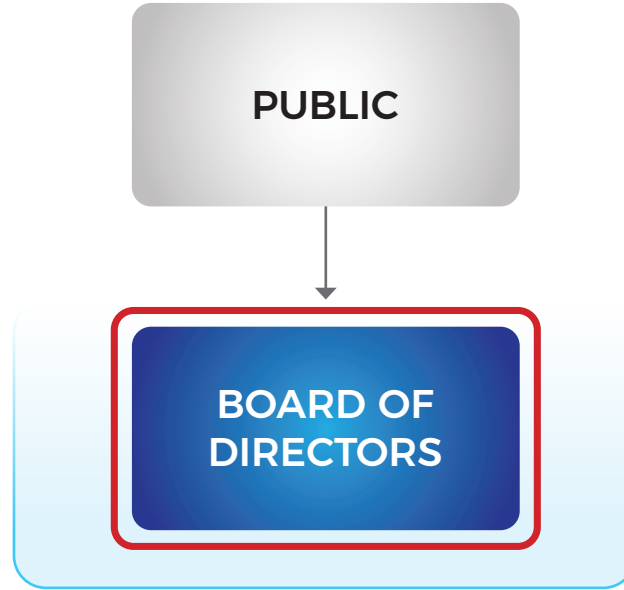
Dr. Clifford O.
YOUNG, SR.

DIRECTOR, DISTRICT 3



Greg
YOUNG

DIRECTOR, DISTRICT 5



SERVICES WE PROVIDE

The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District's property and resources, establishing policies, reviewing all District's operations and employing executive management.

PERSONNEL

- Board Director **5**
- Total Elected Officials 5**

SIGNIFICANT CHANGES

- No significant changes

FY 2020-21 ACCOMPLISHMENTS

- Received Government Finance Officers Association (GFOA) Certificate for Excellence in Financial Reporting for FY2019-20.
- The District was invited by the U.S. Environmental Protection Agency (EPA) to apply for an over \$24 million Water Infrastructure Finance and Innovation Act (WIFIA) loan for the Oliver P. Roemer Water Filtration Facility Expansion Project.
- Board of Directors adopted 10 major reforms crafted with staff and vetted by department managers that will deliver increased transparency, accountability, and savings for ratepayers.
- Board of Directors approved a partnership with Jewish Vocational Services (JVS) to create an Inland Empire Water Career Pathways Program (IEWCPP) that will help fill a critical skills gap and provide over a hundred jobs for local students and residents.
- Received the District Transparency Certificate of Excellence from the Special District Leadership Foundation (SDLF) in recognition of its outstanding efforts to promote transparency and good governance.

FY 2021-22 GOALS & OBJECTIVES

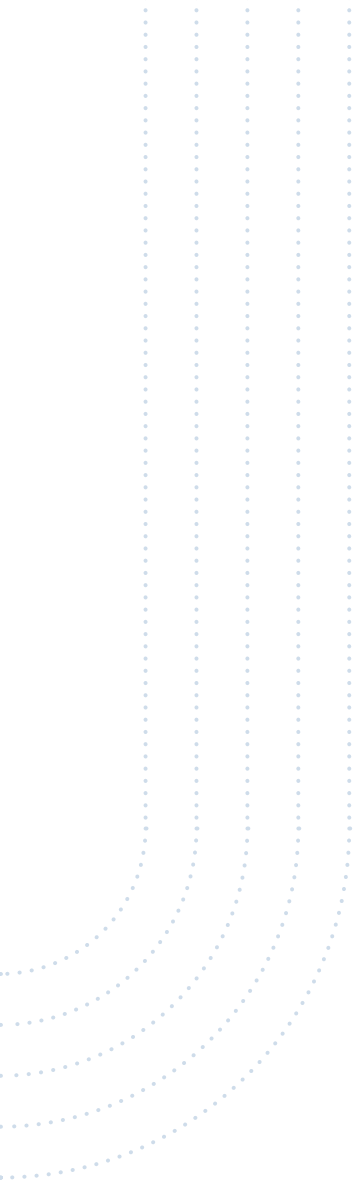
- Provide Organizational Direction and Set Expectations through Policy Decisions Consistent with the Five-Year Work Plan
- Make Financial Decisions that Result in Stability and Infrastructure Development
- Address Policy Related Decisions Related to the Oliver P. Roemer Water Filtration Expansion Project

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Constituently evaluate opportunities for additional regional and statewide leadership	Ongoing
Continue commitment to WWWD's values and adopted Board norms	Ongoing
Submit all documentation by deadlines pursuant to transparency policies	100%
Act on project related agenda items presented by staff	100%

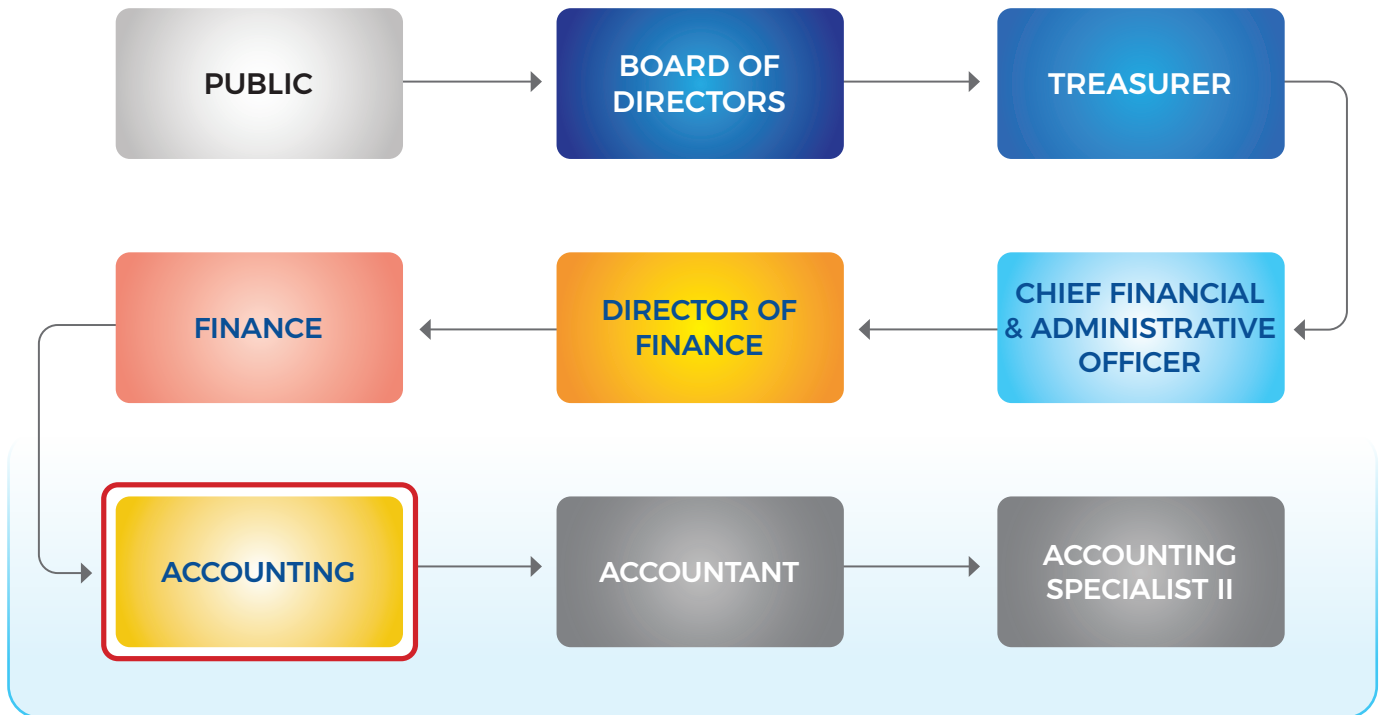
DEPARTMENT BUDGET DETAIL

BOARD OF DIRECTORS	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Part Time	85,929.22	104,400.00	55,351.54	106,700.00	2%
Benefits	102,668.71	110,300.00	89,973.97	116,200.00	5%
OPERATING EXPENSES:					
Professional Services / Other Consultants	31,010.85	32,700.00	18,375.00	31,500.00	-4%
Expenses / Training	250.00	3,000.00	2,500.00	3,000.00	0%
Operating Supplies / Miscellaneous	273.87	1,000.00	60.84	1,000.00	0%
Miscellaneous / Trans/Meals/Lodging	11,654.99	18,500.00	-	18,500.00	0%
DEPARTMENT TOTAL	231,787.64	269,900.00	166,261.35	276,900.00	3%



accounting





SERVICES WE PROVIDE

The Accounting Department ensures the District's conformance with modern finance, accounting theory and practices, and compliance with applicable state and federal laws. It also provides accountability and adequate control over the use of District funds.

PERSONNEL

- Director of Finance **1**
- Accountant **2**
- Accounting Specialist II **2**
- Total Full-Time Staff 5**

SIGNIFICANT CHANGES

- No significant changes

FY 2020-21 ACCOMPLISHMENTS

- Annual audit completed with no findings.
- Completed the transition to the new ERP system, Tyler Incode 10.
- Prepared supporting documentation for the WIFIA Loan.
- Completed OPEB Actuarial Report to comply with GASB 75.
- Received Government Finance Officers Association (GFOA) Certificate for Excellence in Financial Reporting for FY2019-20.
- Started providing quarterly revenues and expenditures reports to Board.

FY 2021-22 GOALS & OBJECTIVES

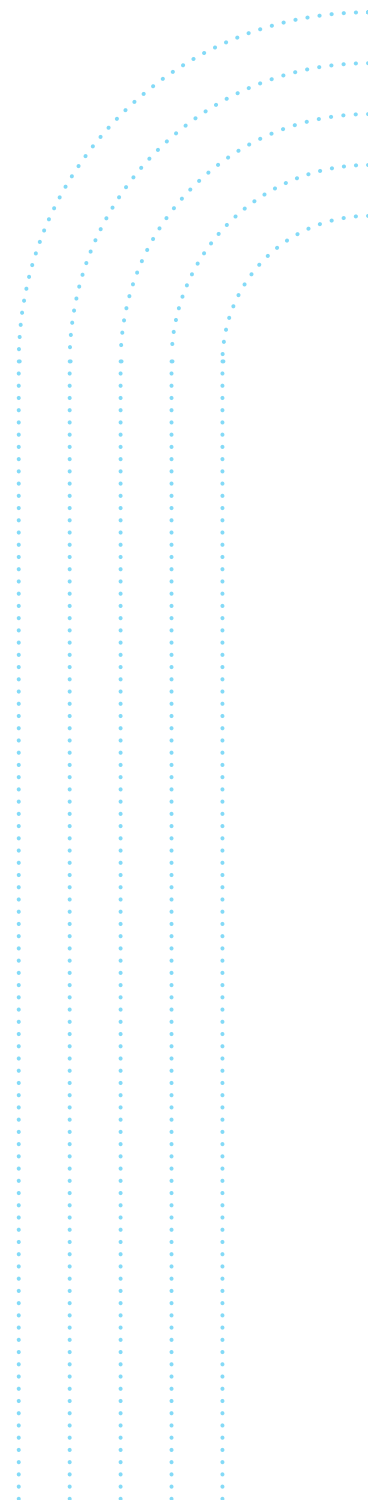
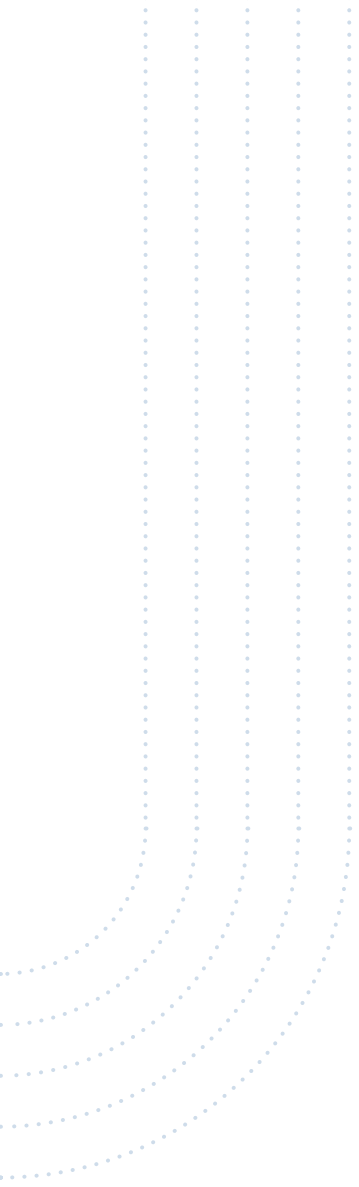
- Provide accurate, reliable, and timely financial reporting to all District's stakeholders.
- Secure low-cost financing funding to support the District's capital improvement plan requirements.
- Apply for the Distinguished Budget Presentation Award given by the Government Finance Officers Association (GFOA).
- Maintain strong financial policies and management practices to preserve and enhance the District's financial position.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Days to prepare and present the Annual Report after fiscal year end	182 days
Provide quarterly performance reports	4
Provide monthly budget vs actuals reports	12
Number of fiscal policies updated/enhanced and reviewed with the Board	2
Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for Annual Report	10
Consecutive years Certificate of Achievement for Excellence in Financial Reporting received for PAFR	1

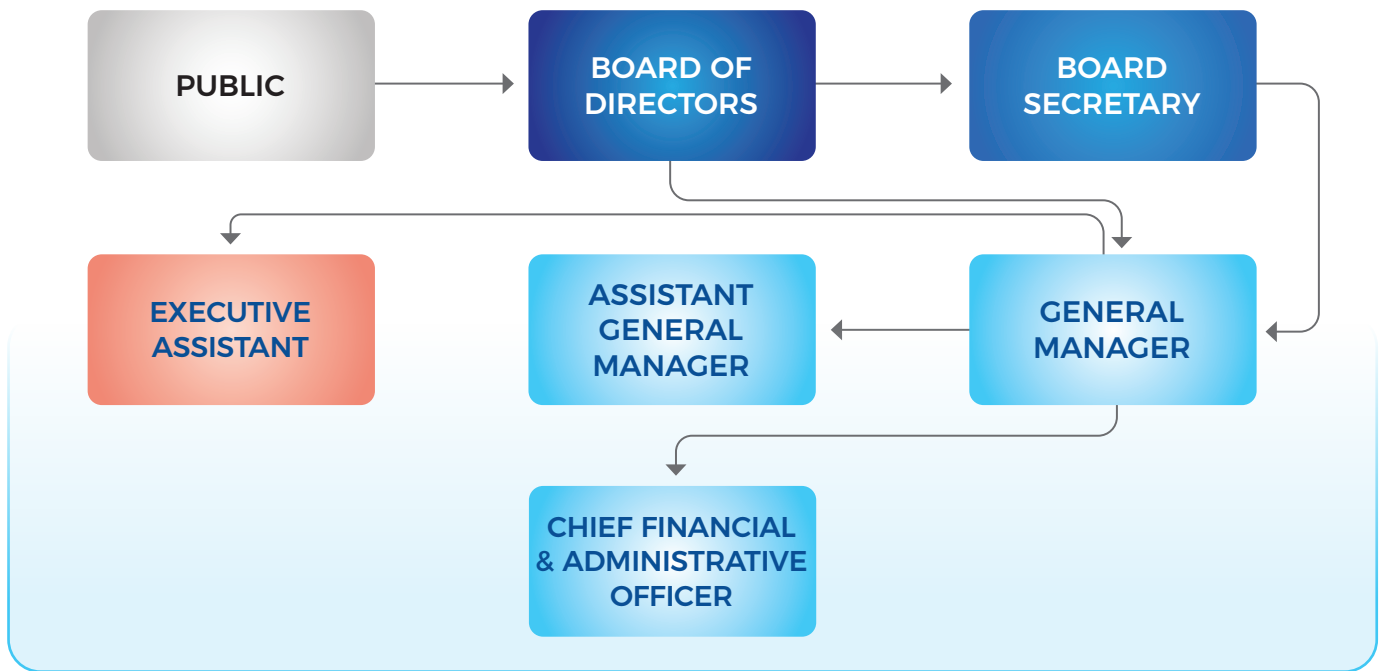
DEPARTMENT BUDGET DETAIL

ACCOUNTING	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	362,552.25	417,100.00	266,802.26	465,000.00	11%
Salaries & Wages / Overtime	15,531.50	10,000.00	4,327.48	10,000.00	0%
Salaries & Wages / Bilingual Compensation	1,608.56	1,950.00	1,147.00	2,600.00	33%
Benefits	234,395.00	247,900.00	142,950.12	240,300.00	-3%
OPERATING EXPENSES:					
Expenses / Training	2,496.04	3,000.00	200.00	3,000.00	0%
Operating Supplies / Uniforms	1,186.74	-	-	1,200.00	0%
Miscellaneous / Trans/Meals/Lodging	3,736.00	500.00	-	2,000.00	300%
Operating Supplies / Miscellaneous	369.95	500.00	70.02	500.00	0%
Miscellaneous / Bank Account Analysis	58,106.26	60,000.00	32,320.39	60,000.00	0%
Miscellaneous / Dues & Subscriptions	922.00	1,478.00	528.00	1,480.00	0%
Professional Services / Auditing	25,895.00	46,960.00	45,000.00	47,555.00	1%
Professional Services / Fiscal Agent	4,910.69	9,000.00	3,172.15	9,000.00	0%
Professional Services / Accounting Assistance	-	-	-	-	0%
Professional Services / Consultants	47,470.39	29,500.00	13,880.39	34,200.00	16%
Other Miscellaneous / County Tax Collection Fee	6.00	200.00	-	200.00	0%
DEPARTMENT TOTAL	759,186.38	828,088	510,397.81	877,035	6%



administration





SERVICES WE PROVIDE

The General Manager is responsible for carrying out day-to-day District operations, implementation of adopted policies, general oversight to interagency relations, legislative activities, and strategic planning. Administration is also responsible for implementing the District’s Vision, maintaining official records, promoting public trust, and implementing transparency. General Operations is responsible for efficiently operating and maintaining WWD’s Domestic Water and facilities to meet the needs of the District’s customers by providing exceptional customer service at a reasonable cost while protecting public health.

PERSONNEL

- General Manager 1
- Assistant General Manager 1
- CFAO 1
- Board Secretary 1
- Executive Assistant 1
- Total Full-Time Staff 5**

SIGNIFICANT CHANGES

- Chief Financial & Administrative Officer appointed General Manager.
- Executive Assistant was reclassified to Engineering Administration Specialist.

FY 2020-21 ACCOMPLISHMENTS

- Hired Assistant General Manager in December 2020.
- WWD & San Bernardino Valley Community College signed agreement to support water technology engineering program.

- Prepared supporting documentation for the WIFIA Loan.
- Received Government Finance Officers Association (GFOA) Certificate for Excellence in Financial Reporting for FY2019-20.

FY 2021-22 GOALS & OBJECTIVES

- Improve communication between internal/external customers.
- Upgrade board room electronics to communicate more effectively with the public.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Publish Open Meeting/Public Notices on or before statutory requirement	100%
Develop management workshops for directors/managers to better collaborate with staff	4
Continue to improve district wide policies and procedures to comply with current laws/regulations	3
Participate in Professional Development Opportunities	5

DEPARTMENT BUDGET DETAIL

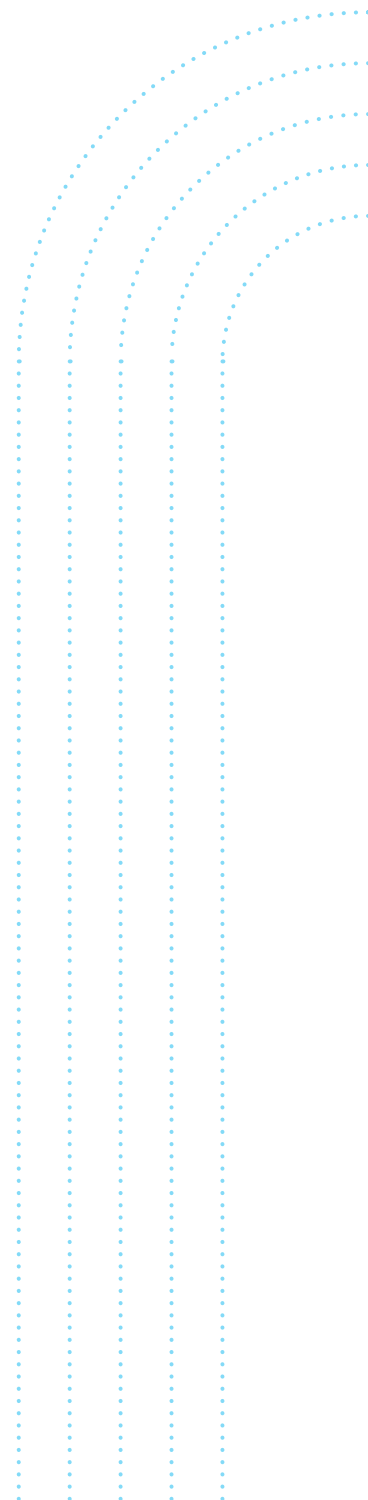
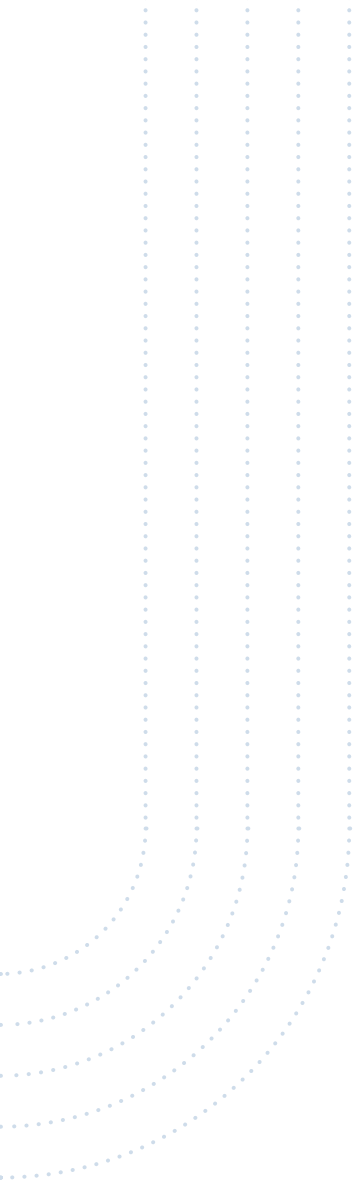
ADMINISTRATION	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	846,392.77	994,500.00	505,431.82	1,014,800.00	2%
Salaries & Wages / Overtime	26,161.20	7,000.00	8,865.04	7,000.00	0%
Salaries & Wages / Bilingual Compensation	-	700.00	300.00	700.00	0%
Salaries & Wages / Vehicle Allowance	10,183.00	12,200.00	6,090.75	14,400.00	18%
Benefits	309,287.62	323,000.00	152,912.76	375,300.00	16%
OPERATING EXPENSES:					
Expenses / Training	10,523.88	15,050.00	11,076.50	14,350.00	-5%
Operating Supplies / Uniforms	1,026.41	500.00	42.02	1,000.00	100%
Miscellaneous / Promotional Activities	10,639.72	3,000.00	-	3,400.00	13%
Miscellaneous / Printing	1,280.20	5,000.00	977.88	8,700.00	74%
Miscellaneous / Trans/Meals/Lodging	88,051.97	52,100.00	2,637.62	82,355.00	58%
Miscellaneous / Dues & Subscriptions	66,867.95	39,240.00	38,210.22	39,700.00	1%
Miscellaneous / Office Supplies	1,283.66	11,020.00	5,712.31	1,020.00	-91%
Miscellaneous / Recruitment	(265.80)	1,400.00	-	2,600.00	86%
Professional Services / Legal	1,123,787.48	555,880.00	267,450.71	700,000.00	26%
Professional Services / Other Consultants	210,797.47	-	136.00	-	0%
Miscellaneous / Election Expense	-	-	-	-	0%
Programs / Regional Programs	-	40,000.00	-	40,000.00	0%
DEPARTMENT TOTAL	2,706,017.53	2,060,590.00	999,843.63	2,305,325.00	12%

GENERAL OPERATIONS

GENERAL OPERATIONS	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Benefits	(41,000.00)	-	-	-	0%
OPERATING EXPENSES:					
Expenses / PERS-Pension	366,305.00	431,533.00	431,533.00	523,166.00	21%
Expense / State Unemployment Ins	17,102.25	32,467.00	23,057.57	21,000.00	-35%
Post Employment OPEB	581,400.28	359,444.00	-	1,338,257.00	272%
Professional Services / Telephone Answering Svc	8,919.17	7,000.00	6,780.17	8,000.00	14%
Professional Services / Alarm	34,258.29	35,000.00	15,722.98	34,800.00	-1%
Operating Supplies / Stationery & Office	64,400.36	35,000.00	16,814.66	35,000.00	0%
Operating Supplies / Gasoline & Oil	115,535.63	130,000.00	70,448.17	130,000.00	0%
Operating Supplies / Shop Supplies	67,129.82	91,000.00	25,456.23	50,000.00	-45%
Other Expenses / Furniture & Equipment	9,282.81	15,000.00	4,480.88	12,000.00	-20%
Utility Services / Electric	38,079.69	36,000.00	26,737.97	39,600.00	10%
Utility Services / Trash	30,267.13	25,000.00	16,316.85	30,000.00	20%
Utility Services / Water	2,693.73	2,800.00	1,631.72	3,180.00	14%
Utility Services / Gas	1,966.99	2,000.00	842.94	2,000.00	0%
Professional Services / Janitorial	68,575.13	115,000.00	69,636.48	100,000.00	-13%
Repair & Maintenance / Office Equipment	11,007.95	20,000.00	3,131.39	20,000.00	0%
Repair & Maintenance / Communication Equipment	7,860.00	10,000.00	-	10,000.00	0%
Repair & Maintenance / Vehicle	79,220.14	94,000.00	63,750.44	120,000.00	28%
Leasing / Vehicle	68,761.82	50,000.00	27,953.44	-	-100%
Miscellaneous / Insurance-Auto / Gen	304,350.35	276,000.00	126,412.94	480,000.00	74%
Communication Services / Telephone	123,604.90	120,000.00	67,216.97	87,800.00	-27%
Communication Services / Postage & Shipping	4,276.99	10,000.00	1,928.52	8,000.00	-20%
Outside Labor / Contractors/Labor & Contractors	-	-	-	-	0%
Improvements Projects / Cap Improvement Proj Exp	393,135.17	50,000.00	19,528.37	50,000.00	0%
Rentals / Equipment	1,994.37	5,000.00	1,735.28	20,000.00	300%
Repair & Maintenance / Structures & Improvements	46,398.48	38,000.00	21,711.23	40,000.00	5%
Repair & Maintenance / Major Equip & Gen Plant	17,773.38	20,000.00	8,318.71	25,000.00	25%
Repair & Maintenance / Tools	-	-	-	-	0%
Miscellaneous / Permits & Fees	120,956.91	191,850.00	115,851.13	208,733.00	9%
Bad Debt Expense / Water Related	13,599.19	30,000.00	(4,505.80)	50,000.00	67%
Litigation Loss / Litigation Loss	335,999.00	-	700,000.00	-	0%
Board Approved / Rate Rebate	(37.03)	-	279.90	-	0%
Board Approved / Rate Rebate	(54.06)	-	-	-	0%
DEPARTMENT TOTAL	2,893,763.84	2,232,094.00	1,862,772.14	3,446,536.00	54%

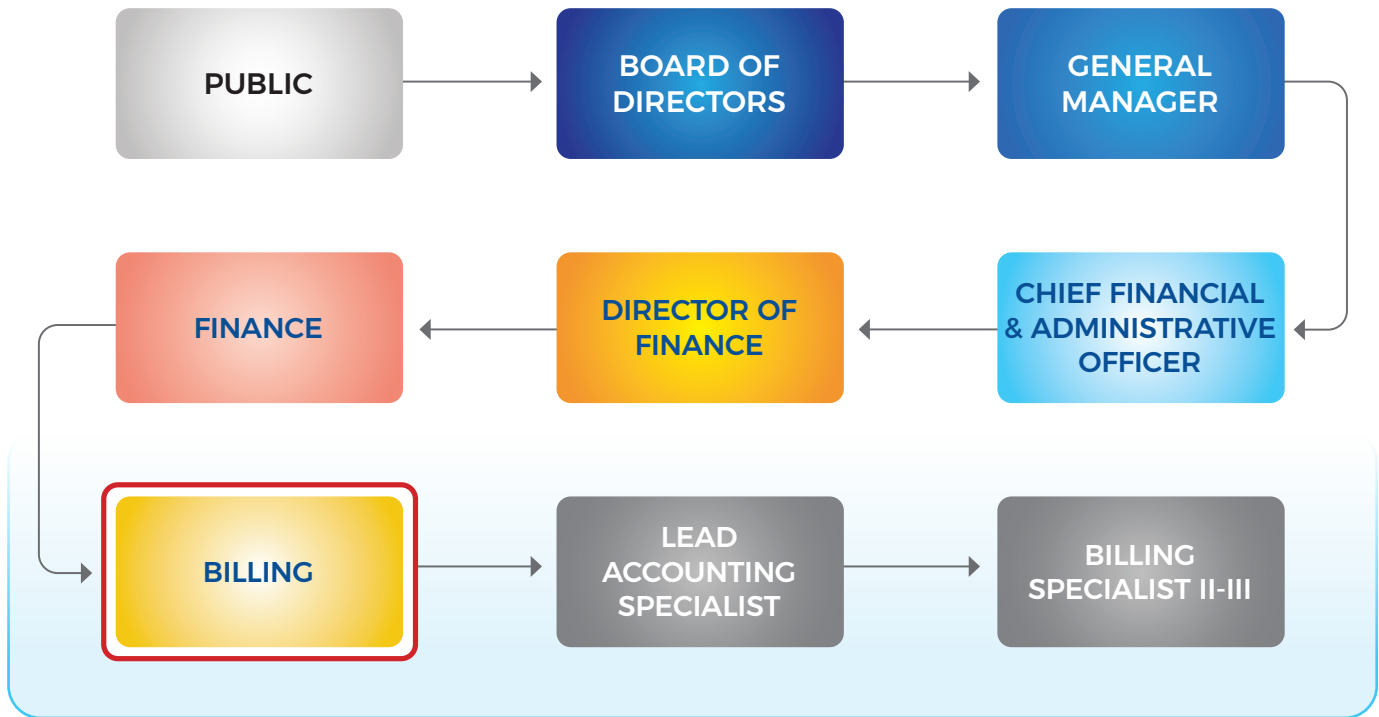
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billing





SERVICES WE PROVIDE

Billing is responsible for providing billing for water services, they coordinate the billing and receipting of approximately 20,000 accounts per month. Staff enters adjustments to customer accounts if needed, response to billing inquiries, and resolve customer concerns about service delivery through coordination with field personnel.

PERSONNEL

- Accounting Specialist Lead 1
- Billing Specialist III 1
- Billing Specialist II 1
- Total Full-Time Staff 3**

SIGNIFICANT CHANGES

- With an increase in postage rates, larger paper size for billing statements and reminders notices there has been an increase in postage and paper cost.
- No Delinquency processing due to COVID 19 pandemic.

FY 2020-21 ACCOMPLISHMENTS

- Developed a Billing Statement with larger font, that is easier to read giving our customers a better understanding of consumption use.
- The Ability to go paperless and email billing statements to customers.
- Implemented Tyler System.
- Took a customer friendly approach to COVID 19 effects by offering reasonable and flexible payment options.
- Adapted quickly to coronavirus pandemic by seamlessly transitioning to flexible schedules and strictly adhering to COVID 19 protocols while still providing quality service to our customers.

FY 2021-22 GOALS & OBJECTIVES

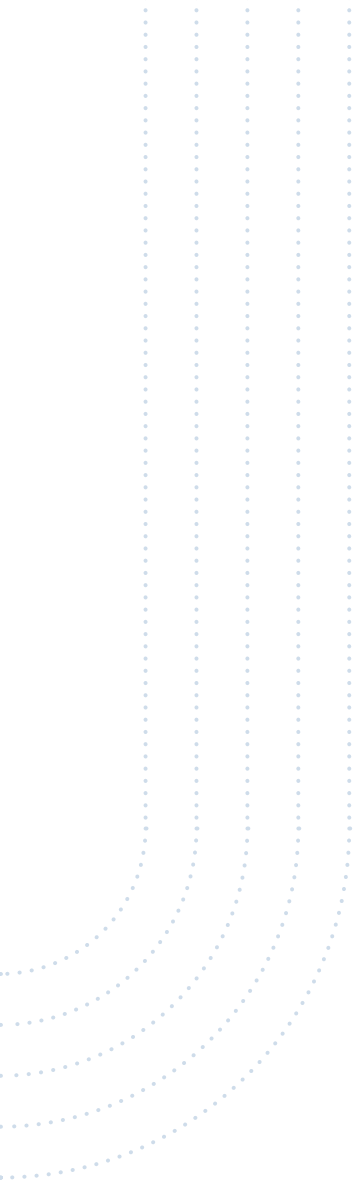
- Work with Meter Department to initiate implementation of AMR update o route for future transition to AMI reading network system.
- Develop Standard Operations Procedure manual to aide in accuracy of Regular Billing task and Adjustments.
- Work with Water Quality and Cross Connections Department to streamline a process for Fire Service Unauthorized Consumption monthly report to bill fees and fine charges.
- Work with Water Quality and Cross Connections Department on a process to input Backflow serial numbers from Tokay system integration into the Tyler system and develop a report for monthly quality to checks.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Provide monthly water audit data to General Services	12
Processes all customer billing adjustments	<20 days
Finalize implementation of Tyler Utility Billing delinquency process	100%
Maintain Assessor's Parcel Number (APN) rejection rate of 2% or less	100%

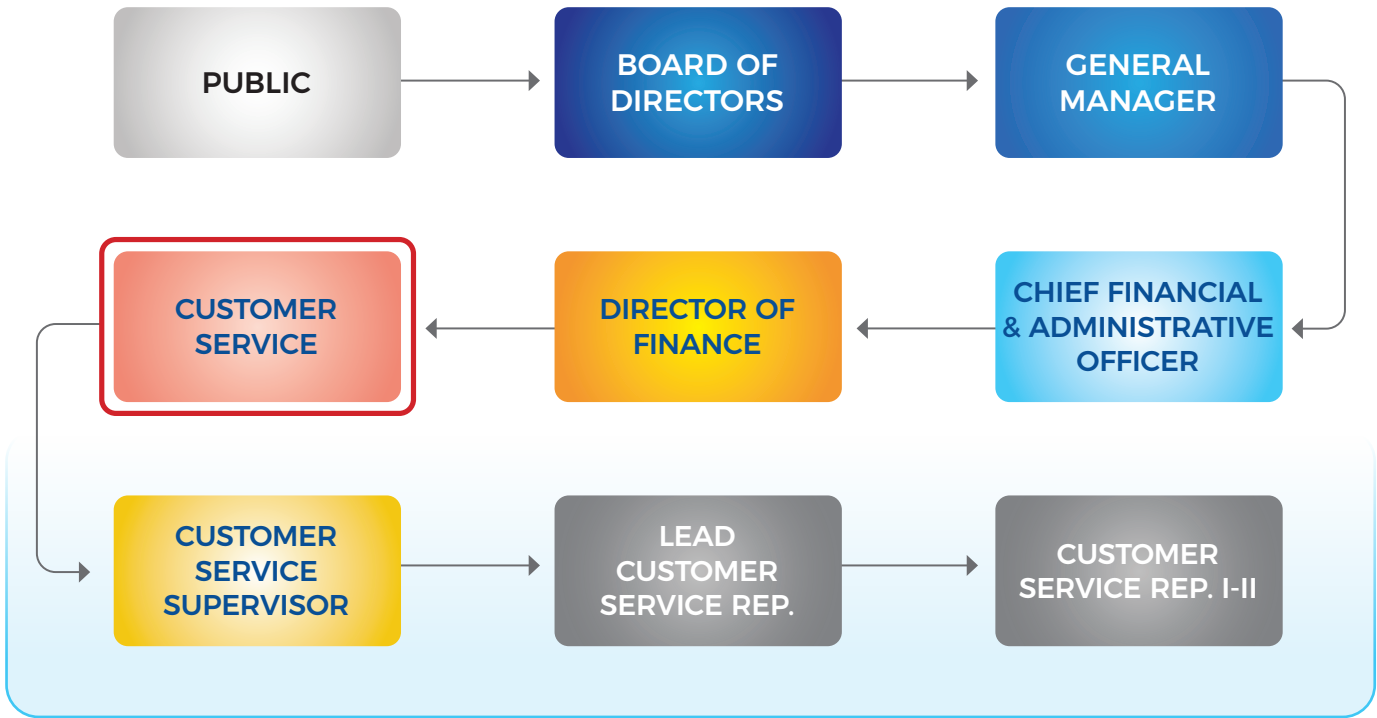
DEPARTMENT BUDGET DETAIL

BILLING	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	217,686.42	218,800.00	102,820.72	211,000.00	-4%
Salaries & Wages / Overtime	5,840.02	5,000.00	2,055.12	5,000.00	0%
Salaries & Wages / Bilingual Compensation	656.19	650.00	417.25	1,300.00	100%
Benefits	137,860.30	123,700.00	58,846.40	120,300.00	-3%
OPERATING EXPENSES:					
Expenses / Training	495.76	3,500.00	345.00	3,000.00	-14%
Professional Services / Other Consultants	-	1,500.00	-	1,500.00	0%
Operating Supplies / Uniforms	588.05	-	-	600.00	0%
Operating Supplies / Miscellaneous	474.23	1,000.00	662.00	1,000.00	0%
Outside Labor / Contractors/Printing	35,840.55	30,900.00	15,085.81	36,000.00	17%
Communication Services / Postage & Shipping	106,372.73	122,400.00	44,111.70	117,400.00	-4%
Miscellaneous / Trans/Meals/Lodging	1,000.29	500.00	-	1,000.00	100%
DEPARTMENT TOTAL	506,814.54	507,950.00	224,344.00	498,100.00	-2%



CUSTOMER
service





SERVICES WE PROVIDE

The Customer Service Department handles approximately 23,000 accounts. Customer Service provides assistance with payments, opening or closing accounts, account information, water consumption and more.

PERSONNEL

- Customer Service Supervisor 1
- Customer Service Lead 1
- Customer Service Representative II 1
- Customer Service Representative I 6
- Total Full-Time Staff 9**

SIGNIFICANT CHANGES

- Majority of the department had to telework from home and continued to provide excellent customer service to our ratepayers during the COVID-19 pandemic.

FY 2020-21 ACCOMPLISHMENTS

- Completed Tyler Utility Billing conversion.
- Hired two new employees to fully staff department.
- Installed Cisco Jabber to accommodate call center telecommuting needs.
- Completed conversion of general banking services for Lockbox and Bill Pay.

FY 2021-22 GOALS & OBJECTIVES

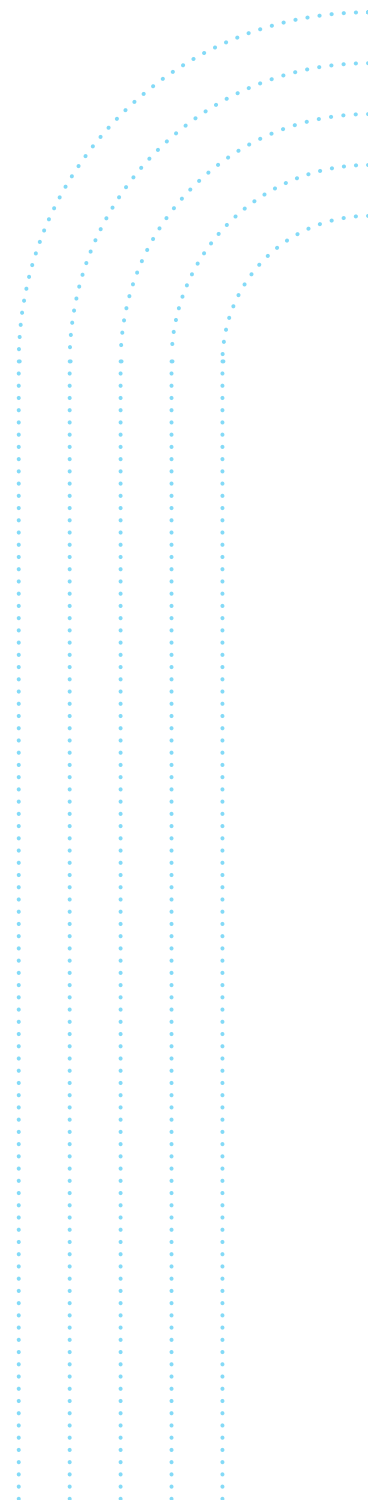
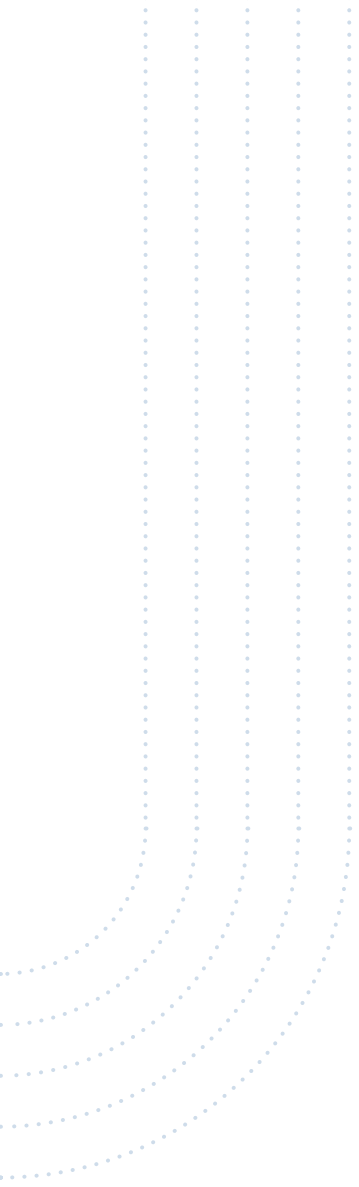
- Scan all customer water service applications and upload them in Tyler Content Manager (TCM).
- Develop an online water service application process.
- Streamline the payment plan process for customers due to the financial hardship affected by COVID-19.
- Create a process on how to monitor and utilize call center recordings.
- Increase automatic payment customers by 5% next fiscal year.
- Assist with the collections of aging Accounts Receivables.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Average Wait Time - Goal 3 minutes or less	Daily
Average Abandon Rate - Goal 5% or less	Daily
Cash Drawer Variance - no more than 2 per CSR	Monthly
Provide monthly reports to General Manager	12
Number of customer service training hours per employee	20

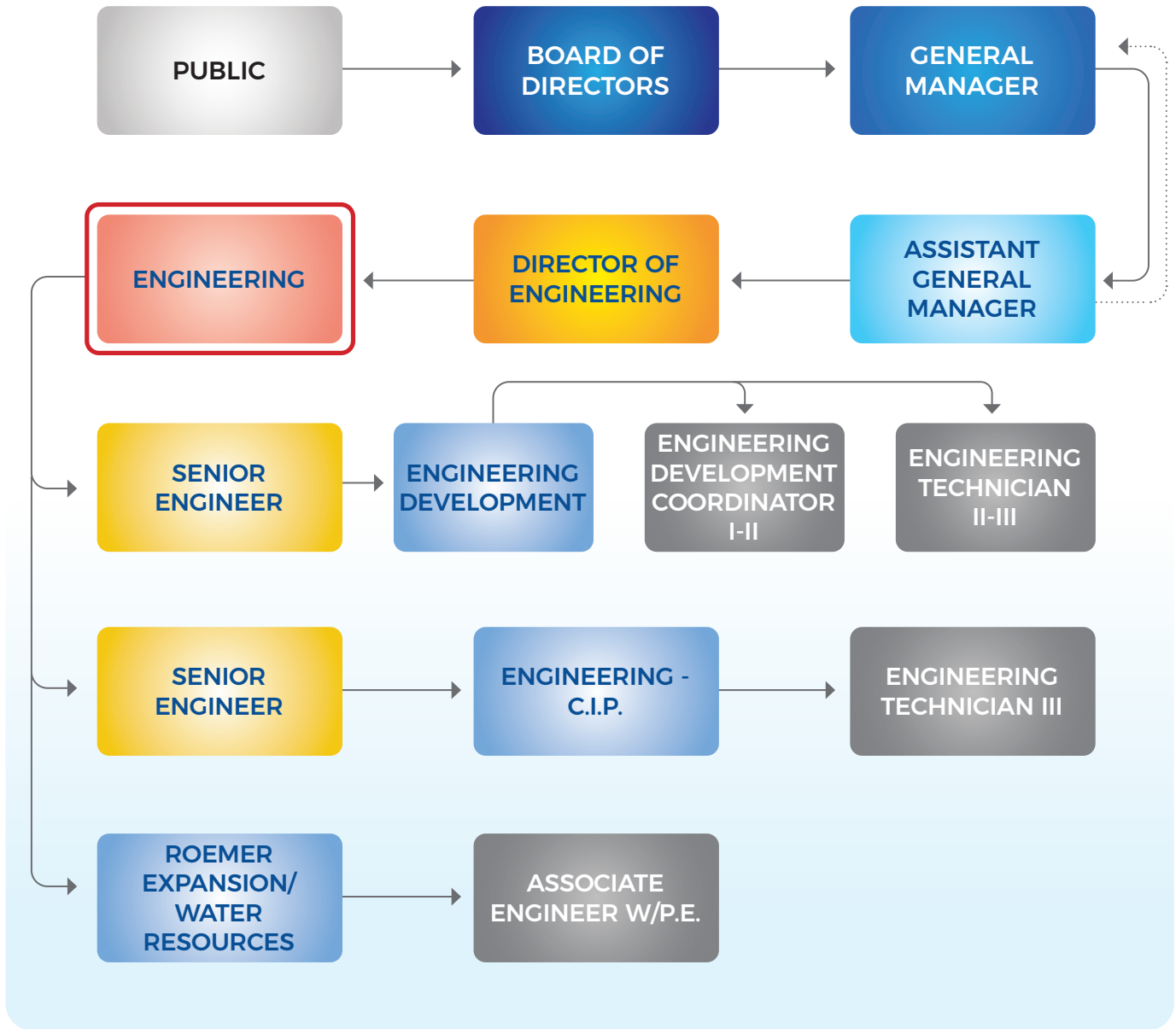
DEPARTMENT BUDGET DETAIL

CUSTOMER SERVICE	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	390,951.72	498,100.00	299,981.40	543,300.00	9%
Salaries & Wages / Overtime	18,936.00	10,000.00	1,493.43	10,000.00	0%
Salaries & Wages / On Call	-	-	-	-	0%
Salaries & Wages / Bilingual Compensation	1,613.83	2,600.00	840.75	1,300.00	-50%
Benefits	293,156.10	310,000.00	183,167.19	321,400.00	4%
OPERATING EXPENSES:					
Expenses / Training	4,170.04	5,000.00	100.00	5,000.00	0%
Professional Services / Armored Transport	6,252.28	9,500.00	4,658.96	8,000.00	-16%
Professional Services / Other Consultants	248.00	4,000.00	275.70	-	-100%
Operating Supplies / Uniforms	936.46	1,500.00	-	1,000.00	-33%
Operating Supplies / Miscellaneous	511.55	1,500.00	393.41	1,400.00	-7%
Equipment	-	3,500.00	-	3,500.00	0%
Outside Labor / Contractors/Labor & Contractors	31,000.82	139,920.00	107,752.84	160,900.00	15%
Outside Labor / Contractors / Remote Site Fees	5,993.00	170,400.00	125,733.32	180,000.00	6%
Miscellaneous / Bank Card Expense	183,918.00	500.00	-	500.00	0%
Miscellaneous / Trans/Meals/Lodging	104.47	-	-	-	0%
DEPARTMENT TOTAL	937,792.27	1,156,520.00	724,397.00	1,236,300.00	7%



engineering





SERVICES WE PROVIDE

The Engineering Department is responsible for strategic planning, the capital budget, water resources planning, support facilities planning, environmental services, quality control, construction, and developer designed and constructed facilities. It also coordinates assigned activities with other District departments and outside agencies and provides highly responsible and complex administrative and technical support to the District, General Manager, and the Board of Directors..

PERSONNEL

• Director of Engineering	1
• Senior Engineer	2
• Associate Engineer	1
• Development Coordinator II	1
• Development Coordinator I	1
• Engineering Technician III	2
• Engineering Technician II	1
• Engineering Administration Specialist	1
Total Full-Time Staff	10

SIGNIFICANT CHANGES

- Engineering Manager was reclassified to Director of Engineering.
- One Engineering Technician III position was added to the budget.
- Executive Assistant was reclassified to Engineering Administration Specialist.
- One Associate Engineer was promoted to Senior Engineer.

FY 2020-21 ACCOMPLISHMENTS

- Oliver P. Roemer Water Filtration Expansion Project
 - Evaluated Treatment Technologies.
 - Conducted a functional stress test on existing pre-treatment facilities to maximize operational capacity.
 - Developed 30% design documents.
 - Prepared a Design Build Firm Request for Proposal Package.
 - On boarded specialized Legal Counsel.
 - Successfully secured an invitation to apply for a Water Infrastructure Finance and Innovation Act loan through the Environmental Protection Agency for the construction of the Oliver P. Roemer Water Filtration Facility expansion.
- Participated in the development of the first Regional Integrated Urban Water Management Plan in the State of California.
- Finalized the Bunker Hill Well Siting Evaluation which assessed suitable sites for future production wells.
- Completed a Development Impact Fee Study to identify the funds needed to support the Capital Improvement Program costs for system expansion.

FY 2021-22 GOALS & OBJECTIVES

- Identifying facilities required to support upcoming development for the 5-year Capital Improvement Program.
- Explore new water supply projects and options to ensure a reliable water supply for the future.
- Participate in the formulation of a Basin Management Plan for the Rialto Basin Groundwater Council.

KEY PERFORMANCE INDICATORS

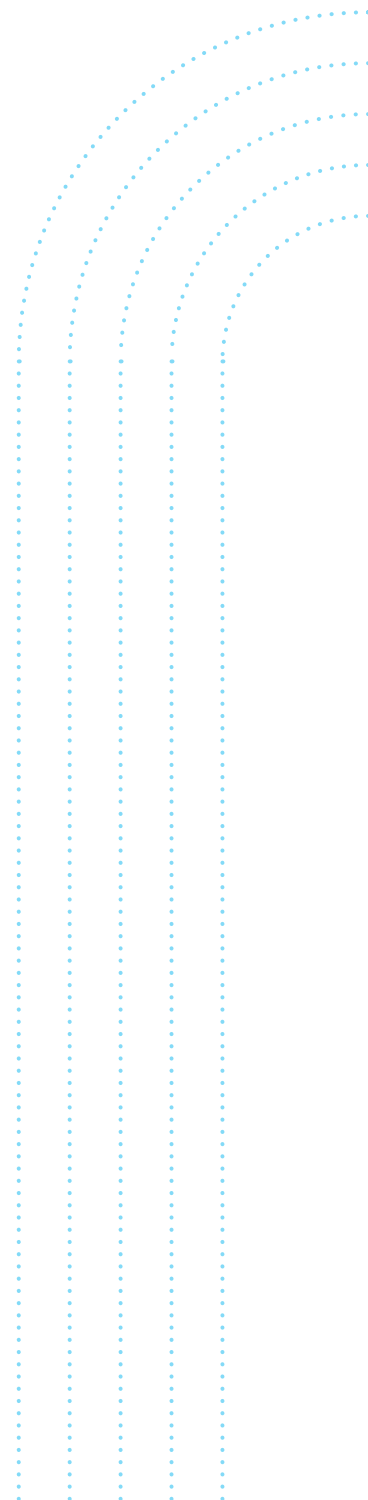
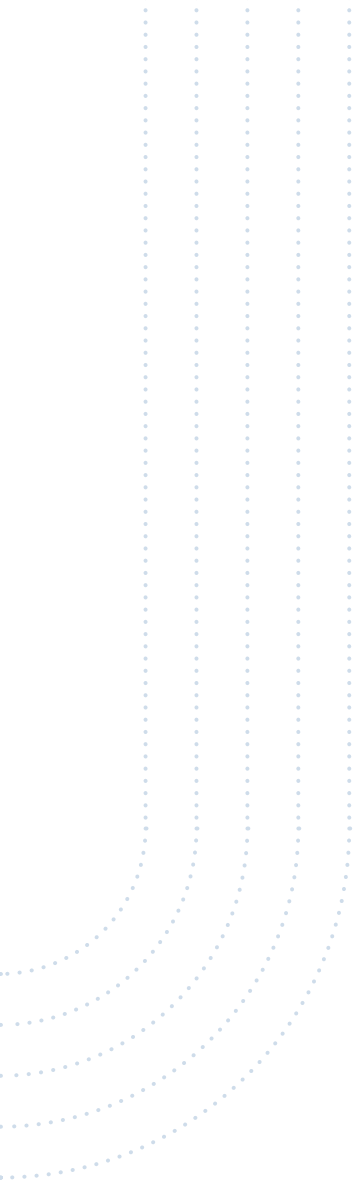
PERFORMANCE INDICATOR	TARGET
Design and construct water distribution/transmission pipeline in linear feet	7,200
Initiate fully funded CIP projects for current fiscal year	100%
Complete CIP phases scheduled for current fiscal year	100%
Issue capacity charges cost estimates in <2 days	100%
Complete development infrastructure plan reviews in <14 days	100%

DEPARTMENT BUDGET DETAIL

ENGINEERING	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	1,024,744.10	845,700.00	502,553.09	1,114,300.00	32%
Salaries & Wages / Part Time	9,177.45	-	-	-	0%
Salaries & Wages / Overtime	4,559.12	5,000.00	2,981.44	5,000.00	0%
Salaries & Wages / On Call	-	-	-	-	0%
Salaries & Wages / Bilingual Compensation	656.18	1,300.00	729.75	1,300.00	0%
Benefits	470,296.54	398,200.00	234,462.18	501,100.00	26%
OPERATING EXPENSES:					
Expenses / Training	8,370.94	5,710.00	967.83	6,685.00	17%
Operating Supplies / Uniforms	6,474.94	2,300.00	310.20	2,900.00	26%
Miscellaneous / Trans/Meals/Lodging	120.42	500.00	-	700.00	40%
Repair & Maintenance / Office Equipment	2,451.31	1,000.00	-	2,000.00	100%
Professional Services / Engineering	400.00	-	-	-	0%
Professional Services / Other Consultants	757.00	155,000.00	62,916.12	55,000.00	-65%
DEPARTMENT TOTAL	1,528,008.00	1,414,710.00	804,920.61	1,688,985.00	19%

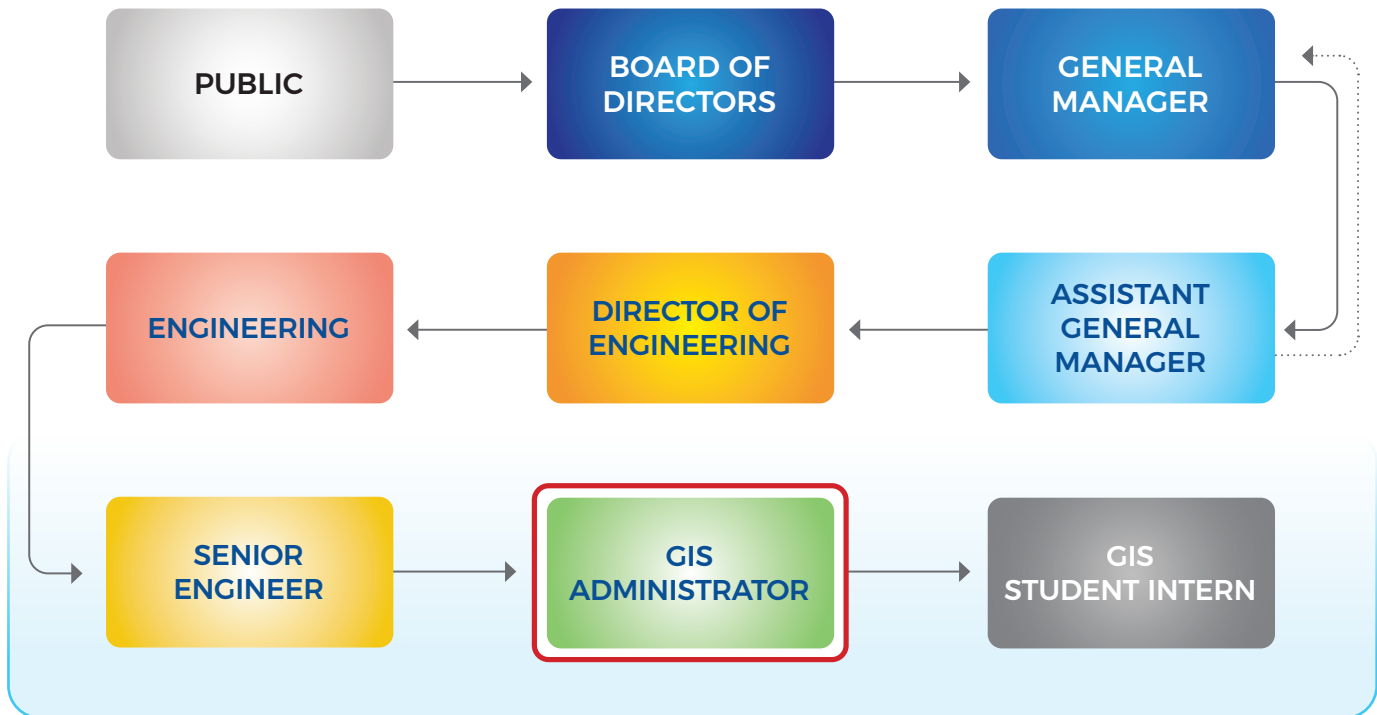
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GEOGRAPHIC *information* SYSTEMS





SERVICES WE PROVIDE

The GIS department, provides the following: technical and administrative support of the District's enterprise GIS and computer aided design systems. The department is also responsible for the data collection and data Quality Assurance/Quality Control of the District's facility data and land-based data. It also assesses the current GIS infrastructure with Engineering to meet the District's needs.

PERSONNEL

- *Geographic Information Systems Administrator* **1**

Total Full-Time Staff **1**

SIGNIFICANT CHANGES

- *In FY 2021, 11.4% was saved, primarily due to Professional Services/Programmer tasks being completed in-house; no outside consultant labor was used, which resulted in saving \$10,000.*
- *The Geographic Information System (GIS) Department was moved under the supervision of the Engineering Department.*

FY 2020-21 ACCOMPLISHMENTS

- *All new Development Projects, DIP, and Capital Improvement Projects, CIP, were edited in GIS and published through ArcGIS Online.*
- *A new Aerial Imagery, NearMap, was integrated with GIS. Its integration with ArcGIS Online was established.*
- *The new Electronic Positive Respond component of the USA Ticket GIS application was integrated to the GIS system.*
- *The new Meter Routes map was developed for the Meter Department to reflect the newly established routes for the field crew.*
- *A new Water System Facilities Wall Map was created and printed.*

FY 2021-22 GOALS & OBJECTIVES

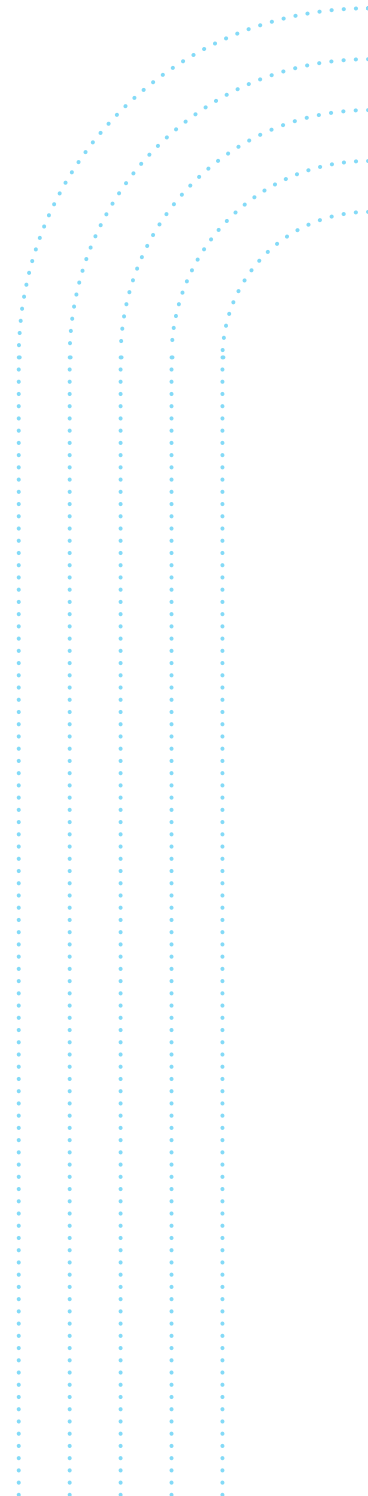
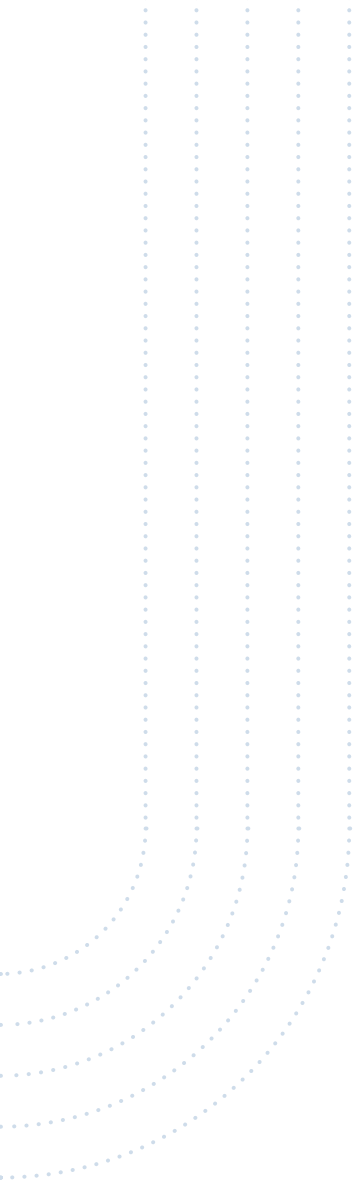
- Provide a GIS-based decision-making platform to be used by all departments.
 - The platform, dashboard, will visualize and summarize all field activity results such as flushed hydrants and wells, exercised valves, and repaired leaks.
- Use standardized technologies and techniques to increase the efficiency in editing GIS by acquiring and using CAD files for the new CIP and DIP projects from the developers.
- Develop a Portal on premises to increase system security and speed instead of relying on the cloud storage space that was provided by ERSI.
- Update the District's webpage content to increase customer engagement by providing more GIS maps and data related to ongoing maintenance and management projects within service areas.
- Hire a GIS Technician for the vacant position.
- Develop integration strategies to combine the GIS system with the existing systems, such as Billing and Water Quality tracking systems and Water Trax. Identify, prioritize, and implement integration initiatives with GIS and potential operational systems, such as Computerized Management and Maintenance Systems and asset inventories, Fleet Management System, Backflow and Fire Service recordings.
- Introduce and train field crews and office staff on newer GIS technologies to make their work environments more efficient and effective.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Customer meter size information in GIS	100%
Customer meter APN Number information in GIS	100%
Customer meter Serial Number information in GIS	100%
Hydrant Project Number information in GIS	100%
Hydrant installation year information in GIS	100%

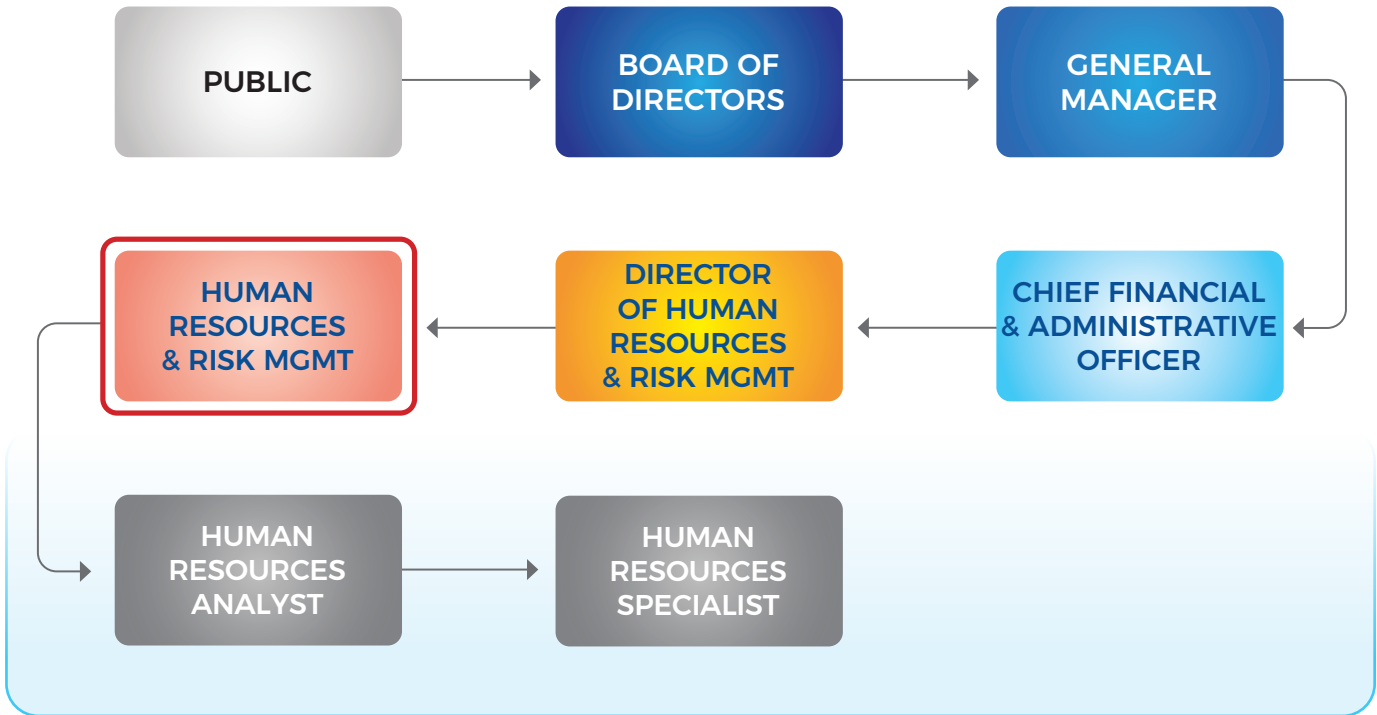
DEPARTMENT BUDGET DETAIL

GIS DEPARTMENT	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	76,068.23	91,400.00	64,500.42	100,700.00	10%
Salaries & Wages / Part Time	585.60	38,100.00	585.60	40,000.00	5%
Salaries & Wages / Overtime	-	-	-	-	0%
Benefits	9,451.97	28,800.00	21,093.92	40,100.00	39%
OPERATING EXPENSES:					
Expenses / Training	2,299.99	2,400.00	50.00	3,750.00	56%
Miscellaneous / Trans/Meals/Lodging	1,255.96	1,500.00	-	-	-100%
Miscellaneous / Computer Supplies & Maint	-	29,000.00	25,000.00	48,000.00	66%
Professional Services / Programmer	-	36,000.00	4,750.00	20,000.00	-44%
DEPARTMENT TOTAL	89,661.75	227,200.00	115,979.94	252,550.00	11%



HUMAN resources





SERVICES WE PROVIDE

The Human Resources Department manages functions, activities and personnel engaged in employment and compensation, training and employee development, employee benefits and workers’ compensation, human resource records and employee relations. Conducts human resources research studies and directs the maintenance of personnel files. It recruits, selects, and ensures the retention of qualified employees; develops, implements, and administers policies, procedures, collective bargaining contracts and employee programs.

PERSONNEL

- Director of Human Resources & Risk Management **1**
- Human Resources Analyst **1**
- Human Resources Specialist **1**
- Total Full-Time Staff **3****

SIGNIFICANT CHANGES

- The Human Resources and Risk Manager was reclassified to Director of Human Resources and Risk Management.

FY 2020-21 ACCOMPLISHMENTS

- Fully integrated/implemented NEOGOV Online Recruitment and Applicant Tracking System to allow full functionality from beginning to end of the recruitment process.
- Reviewed recruitment practices and established a best practice recruitment process, which consists of a hiring manager requesting recruitment, review of job description, collaborate s with the manager to establish the timeline (request to fill through onboarding the selected candidate). Recruitments to be completed within a 60-day timeframe.

- Completed ACWA-JPIA's Leadership Academy.
- Re-established Safety Committee meetings and luncheons to acknowledge efforts in safety.

FY 2021-22 GOALS & OBJECTIVES

- Continue to development positive employee relations, implement risk reduction strategies, benchmark best practices, and prioritize corrective measures.
- As the District evaluates the needs of its workforce HR will collaborate and effectively organize strategies in identifying proficiencies, explain values, assess current and future needs, and create an incremental, systematic reorganization to the table of organization to ensure the needs of the organization are met for long term stability. This includes succession planning.
- Conduct and complete a comprehensive classification and compensation study by the end of the calendar year (2021). The results will be shared with all stakeholders to discuss and determine how the results will be implemented. The study will provide critical information to assist in the organization's effort to maximize efficiencies and understand the operation of each department.
- Throughout the fiscal year, training will be provided to management. Training will focus on performance evaluations, handling disciplinary matters, OSHA required training, leave designation (i.e., FMLA, CFRA, PDL etc....), reasonable suspicion drug and alcohol testing training, as well as all other necessary training.
- Implement a new performance evaluation process through NEOGOV to streamline the process and ensure staff receives timely evaluations. The addition of this platform will complete the application process which includes recruitments, onboarding, and performance evaluations.
- Cultivate strong working relationships with all Departments to enable us to establish the organization's mission, vision, goals, and objectives collectively.

KEY PERFORMANCE INDICATORS

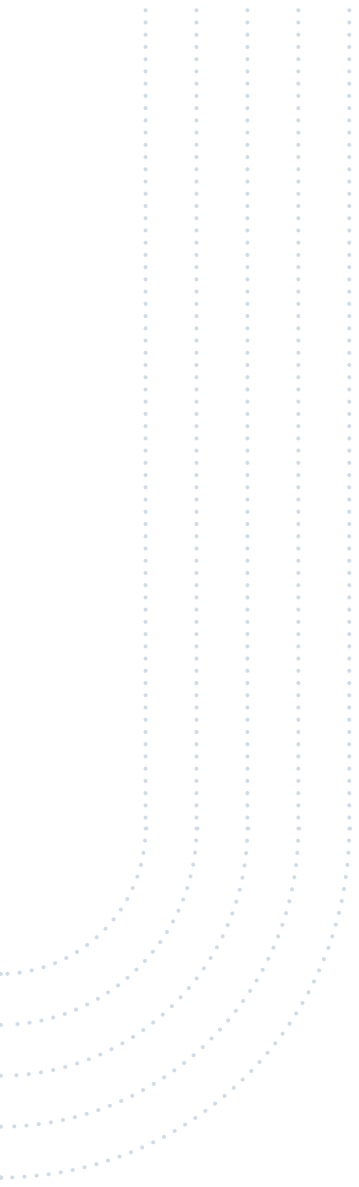
PERFORMANCE INDICATOR	TARGET
Percentage of annual non-retirement employee turnover	<5%
Annual performance appraisals completed in a timely manner	95%
New Hires	5
Recruitments	10
Average time to hire - total days	45

DEPARTMENT BUDGET DETAIL

HUMAN RESOURCES	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	509,333.79	300,320.00	216,247.53	391,200.00	30%
Salaries & Wages / Overtime	5,957.85	7,500.00	3,520.47	7,500.00	0%
Salaries & Wages / Bilingual Compensation	1,207.75	700.00	424.75	1,300.00	86%
Salaries & Wages / Vehicle Allowance	5,500.00	-	-	-	0%
Benefits	163,249.54	176,500.00	82,238.17	176,500.00	0%
OPERATING EXPENSES:					
Expenses / Training	25,968.08	31,730.00	6,292.16	53,880.00	70%
Miscellaneous / Trans/Meals/Lodging	1,412.59	1,500.00	-	8,250.00	450%
Operating Supplies / Recognition Supply	30,187.45	34,200.00	11,048.35	39,200.00	15%
Operating Supplies / Safety	20,564.05	15,200.00	8,219.55	19,700.00	30%
Operating Supplies / Miscellaneous	422.22	10,200.00	5,402.98	10,200.00	0%
Miscellaneous / Dues & Subscriptions	8,944.82	11,574.00	6,783.08	14,050.00	21%
Miscellaneous / Recruitment	11,519.02	33,375.00	30,013.29	51,250.00	54%
Miscellaneous / Employee Wellness Program	5,794.34	16,000.00	1,231.67	16,000.00	0%
Professional Services / Legal	-	-	-	50,000.00	0%
Professional Services / Other Consultants	215,217.93	100,000.00	12,121.60	180,000.00	80%
DEPARTMENT TOTAL	1,005,279.43	738,799.00	383,543.60	1,019,030.00	38%

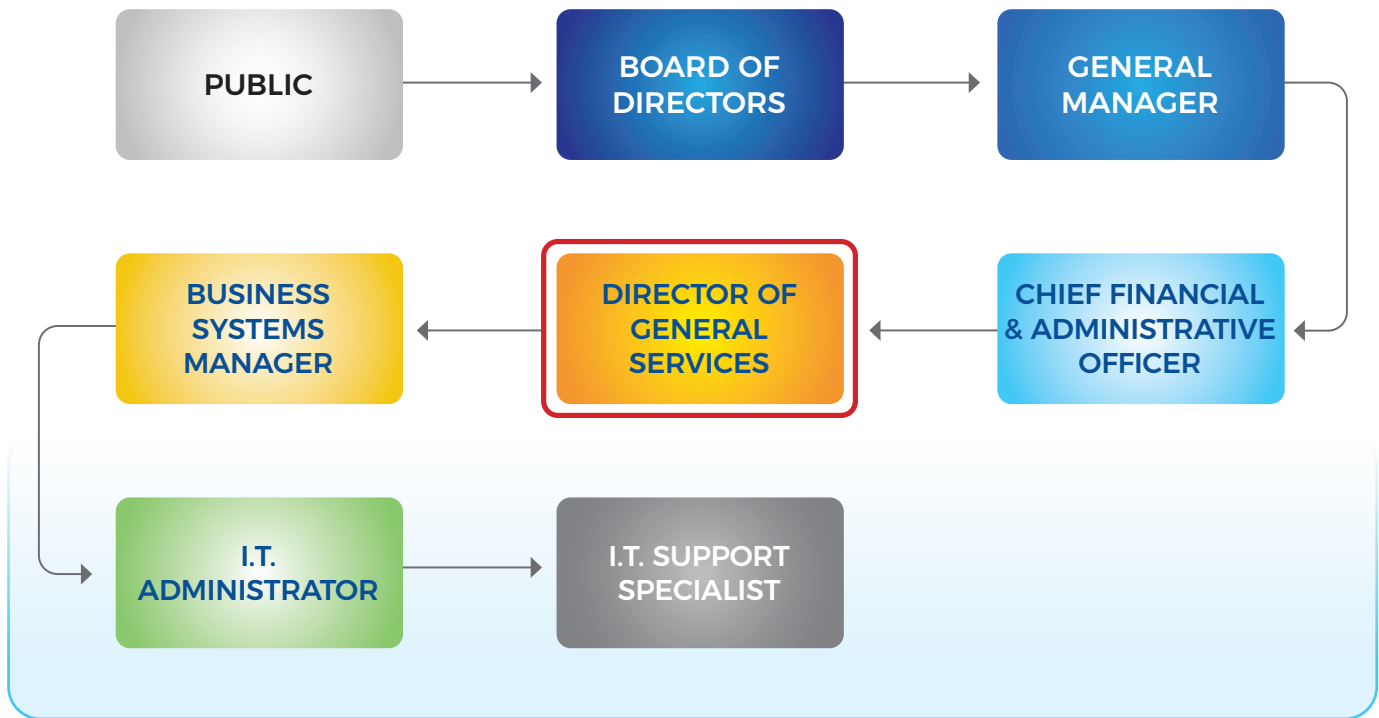
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INFORMATION technology





SERVICES WE PROVIDE

The IT Department is responsible for the development of specialized computer applications, workstation customization, installation and configuration of new and existing IT related equipment, server and network management, network security, voice networks, email, internet access, audio/visual equipment, and end-user support, with particular focus on the following functions and activities.

PERSONNEL

- Director of General Services 1
- Business Systems Manager 1
- Information Technology Administrator 1
- Information Technology Support Specialist 1
- Total Full-Time Staff 4**

SIGNIFICANT CHANGES

- The Geographic Information System (GIS) Department was moved under the supervision of the Engineering Department.

FY 2020-21 ACCOMPLISHMENTS

- Completed a project transition to a new, lower cost provider for internet services, (upgrading the bandwidth from 50 Mbps to 200 Mbps), and PRI service, (VoIP telephones).
- Implemented a new Inventory Control Module for Incode 10, which is the District's Enterprise Resource Planning (ERP) software.

- Completed the configuration, testing, and implementation of a new COVID-19 Delinquency Notice.
- Completed a project to implement Office 365, (upgraded desktop applications and e-mail hosting).
- Completed a project to implement Guest Wifi at the District headquarters.

FY 2021-22 GOALS & OBJECTIVES

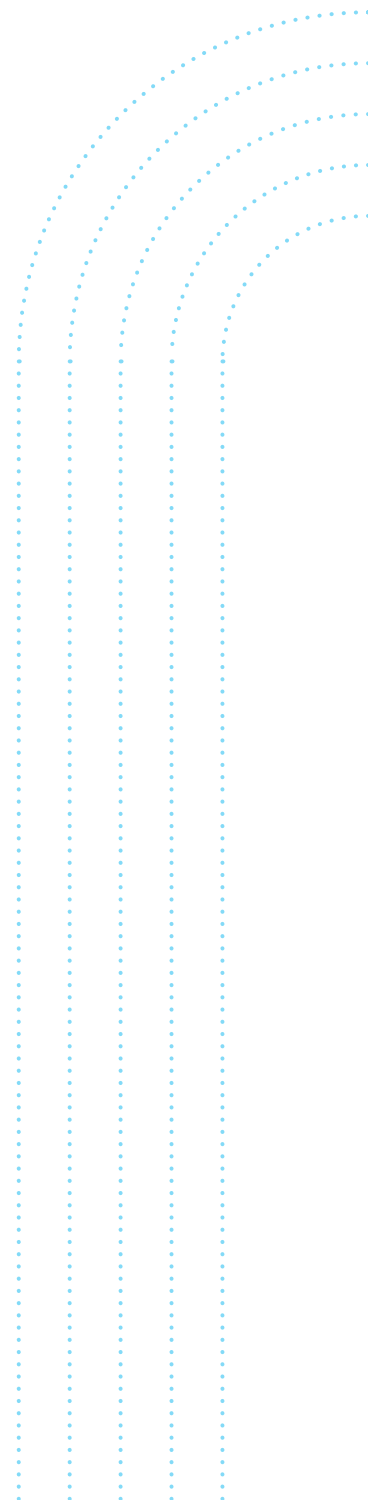
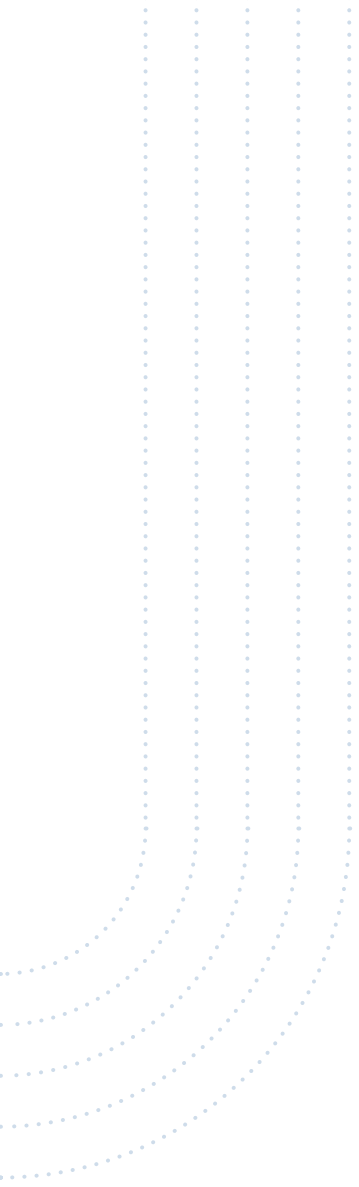
- Conduct Security Assessment & Vulnerability Analysis of District technology resources with guidelines from the EPA and ICWA.
- Work with staff to develop video Security surveillance system to meet district needs.
- Develop an Information Technology Strategic Plan online with district goal and objectives.
- Develop a 5yr Information Technology Capital Plan with focus on district long term objectives.
- Board room audio visual system upgrade to support Social media and to enhance public interaction.
- Upgrade and replace Romer Wireless bridge with latest technology to provide Fast secure connection between District headquarters and Romer facility.
- Integrate district Technology services to provide a uniform Access control and user experience and maximize productivity.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Maximize system availability	99%
Increase Cybersecurity awareness by providing quarterly training topics	4
Complete disaster recovery drill (system restoration, power outages, emergency)	1

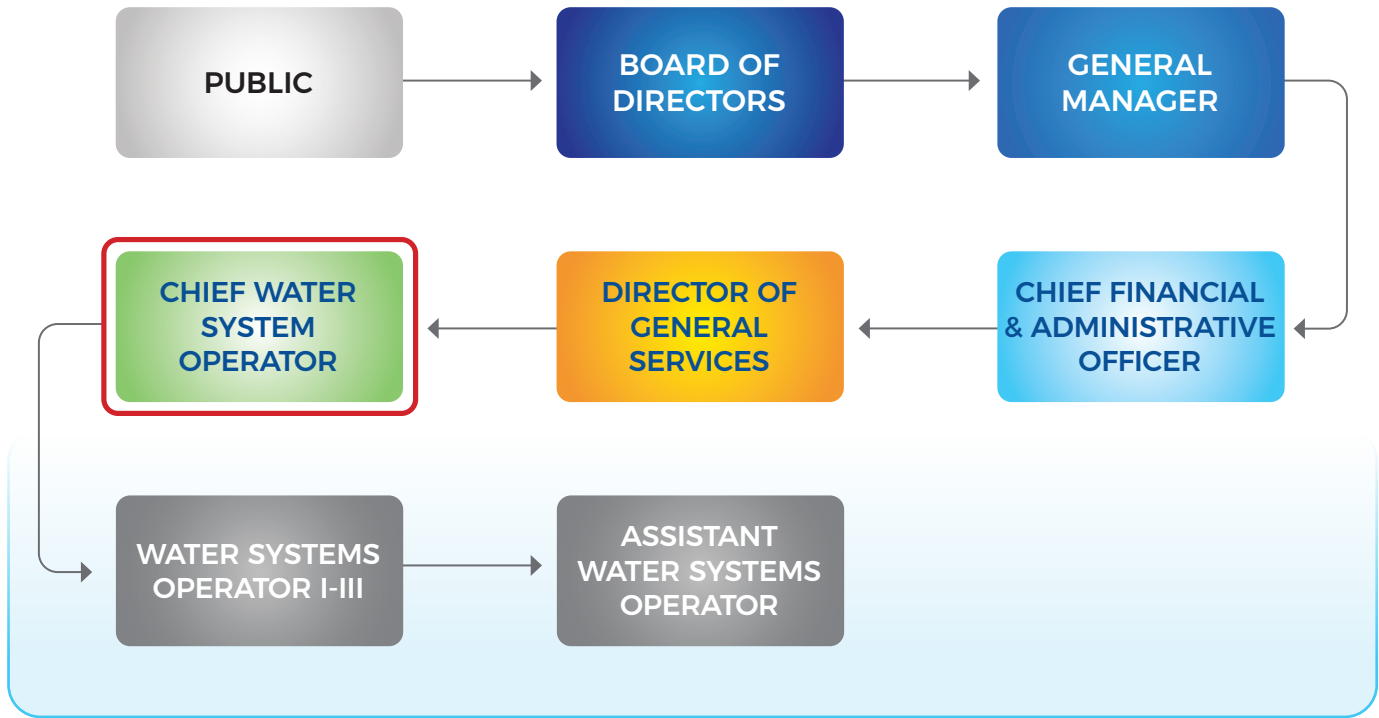
DEPARTMENT BUDGET DETAIL

INFORMATION TECHNOLOGY	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	434,295.03	510,500.00	326,944.78	577,100.00	13%
Salaries & Wages / Overtime	13,523.52	-	3,359.05	10,000.00	0%
Benefits	226,727.05	238,600.00	140,301.14	251,900.00	6%
OPERATING EXPENSES:					
Expenses / Training	-	3,200.00	-	4,000.00	25%
Miscellaneous / Trans/Meals/Lodging	165.00	844.00	130.00	280.00	-67%
Miscellaneous / Computer Supplies & Maint	130,809.90	84,200.00	20,520.44	59,400.00	-29%
Miscellaneous / High Speed Internet Ser	12,850.56	23,912.00	13,244.94	21,050.00	-12%
Professional Services / Programmer	6,353.00	37,500.00	4,946.00	46,600.00	24%
Repair & Maintenance / Contracts And Licensing	220,811.92	246,542.00	167,674.09	234,345.00	-5%
DEPARTMENT TOTAL	1,045,535.98	1,145,298.00	677,120.44	1,204,675.00	5%



METER reading





SERVICES WE PROVIDE

Meter Reading is responsible for reading all District meters monthly billing, responding to on-site customer meter-related requests, and customer service assistance. The department installs and maintains all meters for the District. Staff also responds to customer issues regarding meter accuracy, conducts site audits, and maintains records as required by various regulatory agencies.

PERSONNEL

- Chief Water Systems Operator **1**
- Water Systems Operator II **4**
- Water Systems Operator I **1**
- Assistant Water Systems Operator **1**
- Total Full-Time Staff **7****

SIGNIFICANT CHANGES

- No significant changes.

FY 2020-21 ACCOMPLISHMENTS

- Completed the project to replace all manually read meters by implementing an Automatic Meter Reading System (AMR).

FY 2021-22 GOALS & OBJECTIVES

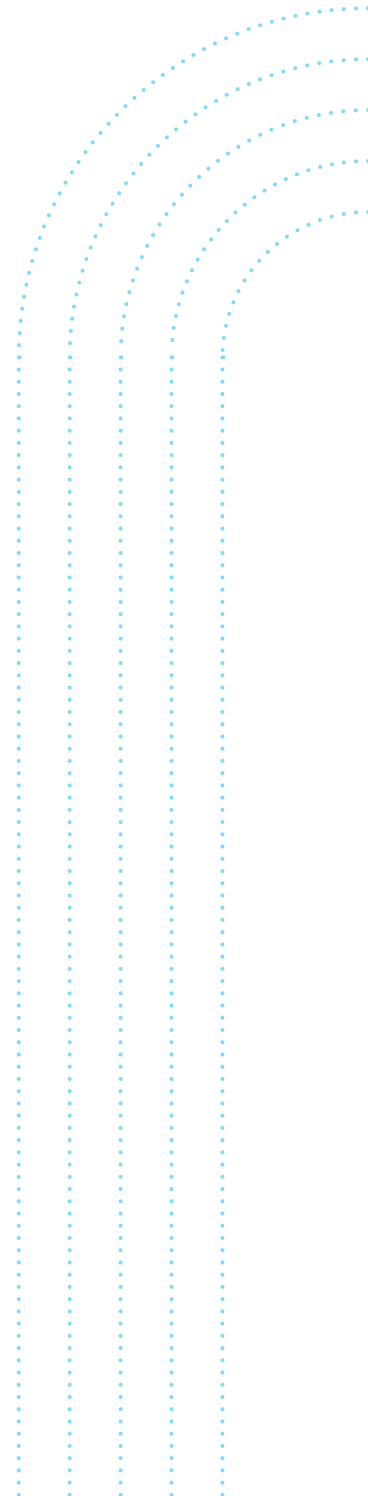
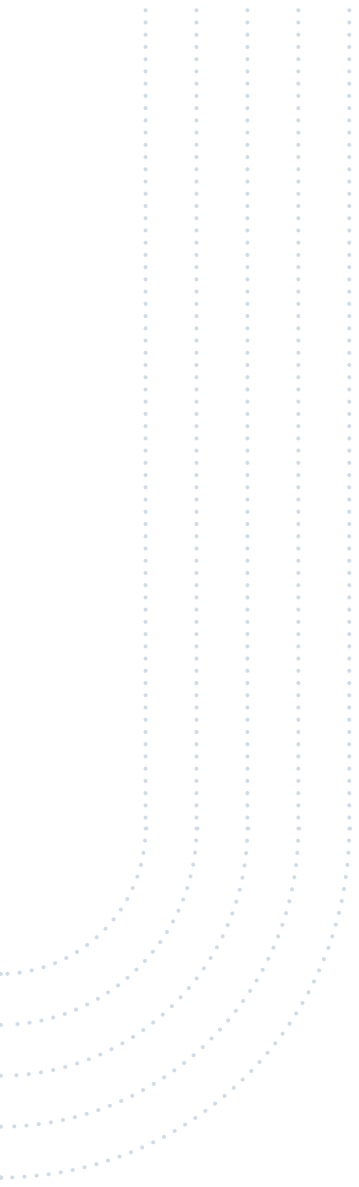
- Obtain training on the new AMI system, including the meters in the field and the computer program.
- Work with Management to develop the future phases of the AMI project to complete the entire District.
- Obtain education to provide useful feedback to customers on the benefits of AMI.
- Identify and document concerns with existing meter locations and resolve any issues prior to the account being scheduled for an AMI installation.
- Identify and coordinate with other departments, impacted by the transition to AMI.
- Develop Inspection Program for Facilities in AMI Areas that Are No Longer Read Manually.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Number of employees trained on the AMI project	7
Inspection program developed for facilities in AMI areas that are no longer read manually	1
Annual report on small meter testing	1
Number of large meters tested for accuracy	75%

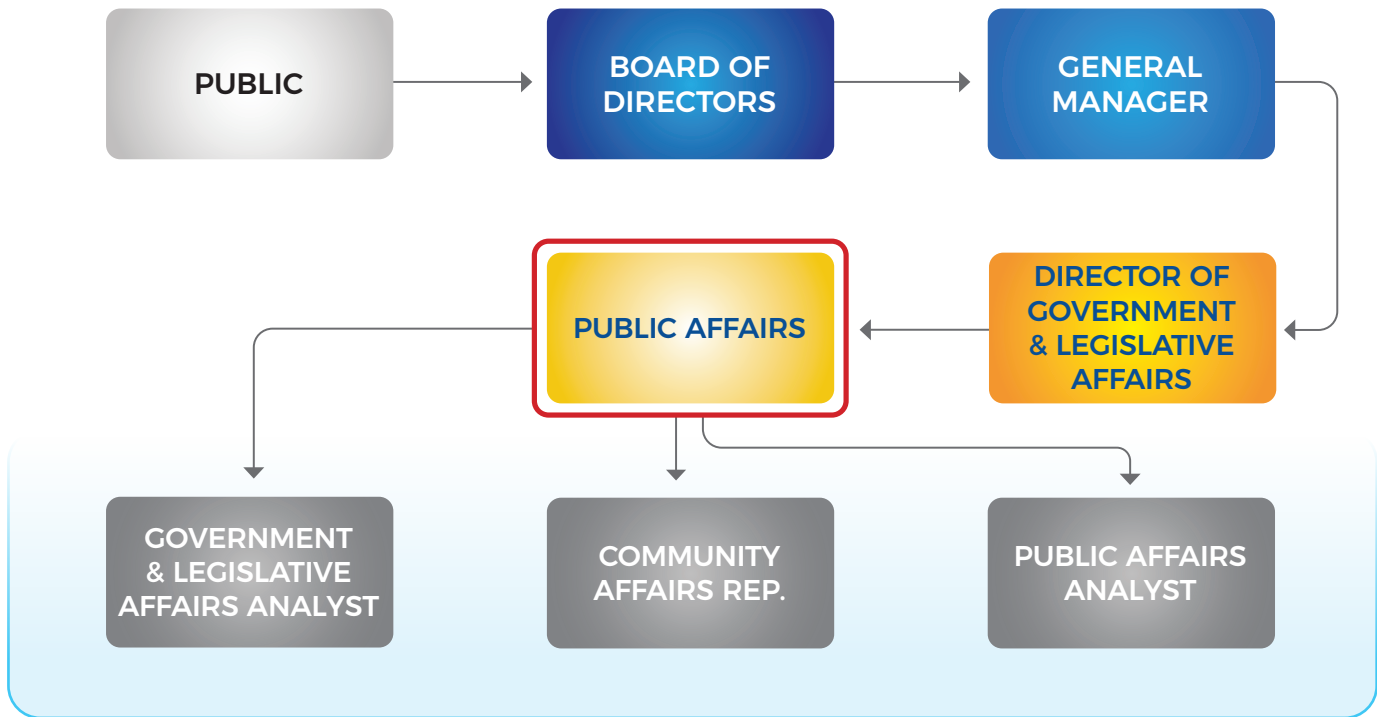
DEPARTMENT BUDGET DETAIL

METER READING	FY 2019-20 Actuals	FY 2020-21 Budget	YTD Actual As of 3/7/21	FY 2021-22 Proposed	% Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	443,204.73	432,500.00	273,684.39	486,000.00	12%
Salaries & Wages / Overtime	13,654.34	15,000.00	8,929.81	15,000.00	0%
Salaries & Wages / On Call	5,214.43	5,000.00	5,548.36	5,000.00	0%
Salaries & Wages / Bilingual Compensation	656.19	700.00	417.25	700.00	0%
Labor / Class A Drivers License	182.75	-	417.25	700.00	0%
Benefits	219,126.02	210,100.00	136,313.92	245,100.00	17%
OPERATING EXPENSES:					
Expenses / Training	1,639.86	1,055.00	270.00	1,800.00	71%
Operating Supplies / Uniforms	4,203.88	4,200.00	2,669.99	4,400.00	5%
Operating Supplies / Shop Supplies	9,080.25	11,000.00	3,530.06	6,000.00	-45%
Repair & Maintenance / Meters & AMR's	255,065.99	280,000.00	164,129.23	260,000.00	-7%
Miscellaneous / AMR Mtr Replacemnt Program	29,072.91	32,000.00	5,155.00	25,000.00	-22%
DEPARTMENT TOTAL	981,101.35	991,555.00	601,065.26	1,049,700.00	6%



PUBLIC affairs





SERVICES WE PROVIDE

The Public Affairs Department engages and informs the public and stakeholders through multi-media communications, promotes WWWD services, programs and key messages. It advocates the District's interests in the federal, state, and local legislative arenas. Also, it promotes and sustains effective communication between WWWD and partnering agencies to optimize public service.

PERSONNEL

- Director of Government & Legislative Affairs **1**
- Government & Legislative Affairs Analyst **1**
- Community Affairs Representative **1**
- Public Affairs Analyst **1**
- Total Full-Time Staff **4****

SIGNIFICANT CHANGES

- Public Affairs Manager was reclassified to Director of Government & Legislative Affairs.
- Government & Legislative Affairs Analyst position was added to the budget.

FY 2020-21 ACCOMPLISHMENTS

- Launching IWorks, a transformational career pathway program for water/wastewater utilities across the Inland Empire that can meet the industry's growing labor needs and improve its diversity and securing partners and funding to ensure the program's success.
- Secured nearly \$2 million in federal funds for career job training in the water and wastewater industry.
- Organizing and hosting WWWD's first annual State of the District event to communicate WWWD successes and plans to ratepayers.
- Conducting the annual conservation calendar contest that involved over 1,000 students across the region.

- *Organizing and implementing a successful Thanksgiving contactless food distribution event.*
- *Working with the Children's Fund to organize and run a PPE distribution event for at-risk communities that was featured heavily in local television and print news.*

FY 2021-22 GOALS & OBJECTIVES

- *Provide cohesion among WVWD leadership and staff through more organized and frequent internal and external communications.*
- *Keep ratepayers engaged by communicating successes and ongoing changes.*
- *Educate the public about the benefits of WVWD via various communications strategies and tactics.*

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Meet SWRCB conservation goal	Yes
Water workshops	6
Website redesign	1
Identify water and infrastructure bills and submit letters of support/opposition	5
Attend community events monthly and Earth Day celebration	13

DEPARTMENT BUDGET DETAIL

PUBLIC AFFAIRS	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	877,179.13	276,900.00	179,427.98	437,000.00	58%
Salaries & Wages / Overtime	16,977.69	14,000.00	2,483.09	14,000.00	0%
Salaries & Wages / Bilingual Compensation	231.81	700.00	-	-	-100%
Salaries & Wages / Vehicle Allowance	4,200.00	-	-	-	0%
Benefits	247,941.13	131,600.00	74,986.06	179,500.00	36%
OPERATING EXPENSES:					
Expenses / Training	3,051.48	18,516.00	9,710.00	9,196.00	-50%
Operating Supplies / Uniforms	6,941.45	1,000.00	444.18	1,000.00	0%
Postage & Shipping	14,725.92	12,000.00	-	12,000.00	0%
Miscellaneous / Printing	20,655.72	65,000.00	9,427.88	48,000.00	-26%
Miscellaneous / Trans/Meals/Lodging	3,680.35	1,500.00	-	15,500.00	933%
Miscellaneous / Dues & Subscriptions	3,802.00	15,920.00	5,500.00	6,440.00	-60%
Professional Services / Other Consultants	320,142.22	430,000.00	104,825.00	470,000.00	9%
Outside Labor / Contractors/Labor & Contractors	-	-	-	-	0%
Programs / Rebate	-	-	-	-	0%
Programs / Regional Conservation	-	-	-	-	0%
Sponsorships	4,849.00	10,000.00	-	20,000.00	100%
Outreach Programs	5,841.33	50,000.00	27,064.52	42,500.00	-15%
Education Programs / Supplies	-	-	-	-	0%
DEPARTMENT TOTAL	1,530,219.23	1,027,136.00	413,868.71	1,255,136.00	22%

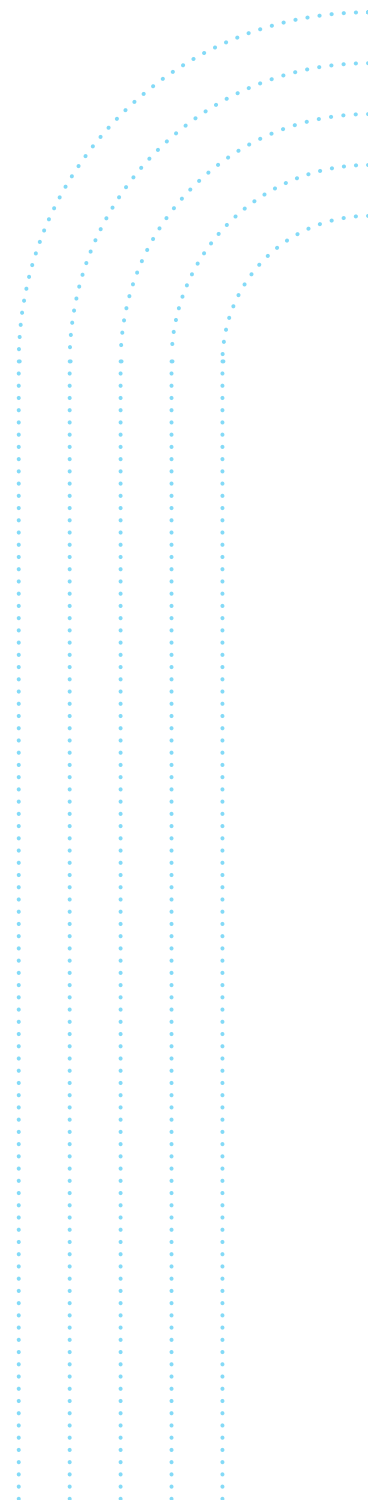
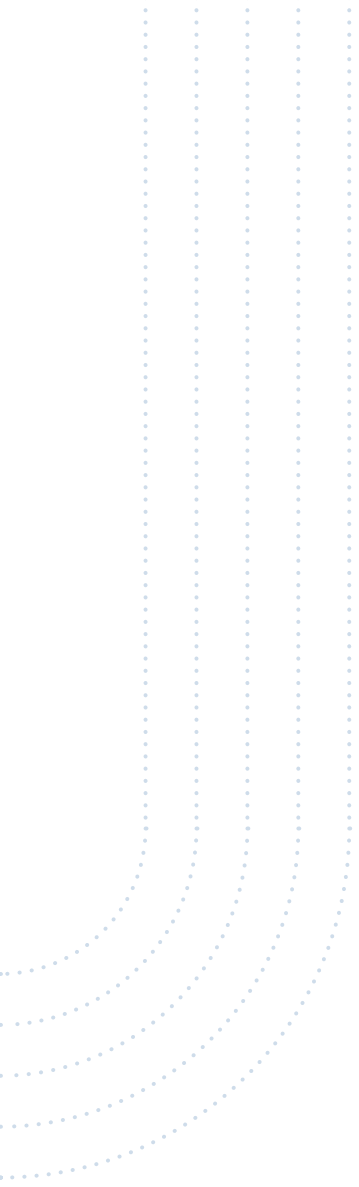
GRANTS & REBATES

Grants & Rebates was established to track conservation rebate program costs and any grant matching requirement costs (typically reimbursable costs) for water conservation and turf replacement projects.

GRANTS & REBATES	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
OPERATING EXPENSES:					
Professional Services / Other Consultants					0%
Programs / Rebate	10,206.63	41,000.00	10,035.24	30,500.00	-26%
Programs / Grants					0%
DEPARTMENT TOTAL	10,206.63	41,000.00	10,035.24	30,500.00	-26%

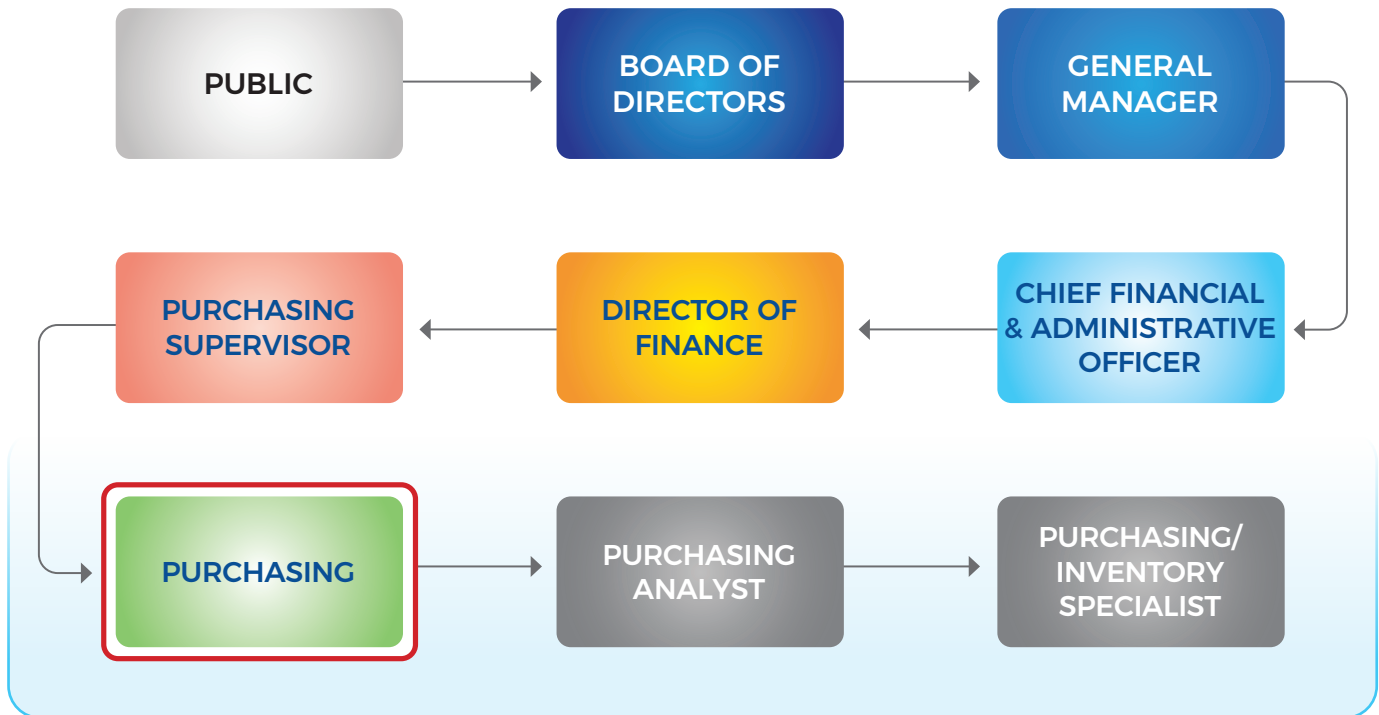
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purchasing





SERVICES WE PROVIDE

The Purchasing Department is responsible for procurement, contracts, warehousing and inventory, records, and the management of the District's energy use and resources. Also, it manages the general services such as copy center operations, tool room management, shipping and receiving, and service contract administration.

PERSONNEL

- Purchasing Supervisor **1**
- Purchasing Analyst **1**
- Purchasing/Inventory Specialist I **2**
- Total Full-Time Staff **4****

SIGNIFICANT CHANGES

- No significant changes.

FY 2020-21 ACCOMPLISHMENTS

- Beginning January 2021, Purchasing Department fully trained staff and implemented direct requisition in Tyler InCode 10 which helped streamline the purchasing process and helped serve as a repository of documents for the District.
- Complete the installation of GPS units on the remaining fleet to help the District better monitor and enhance employee safety and security while provide information to lower maintenance costs and improve vehicle utilization.
- Created a dedicated storeroom for Personal Protective Equipment (PPE) and weekly monitor it's supplies to ensure the District is providing employees a safe environment at work to be able to carry out the District's mission even during COVID-19.

- Conduct 20 Formal Solicitations working with Department Managers to ensure larger projects are being fairly administered to ensure fiscal responsibility and fairness to all vendors.
- On September 2020, a new and improved Purchasing Policy was adopted by the Board to better help the District procure goods and services and the most efficient manner while promoting transparency to the public.

FY 2021-22 GOALS & OBJECTIVES

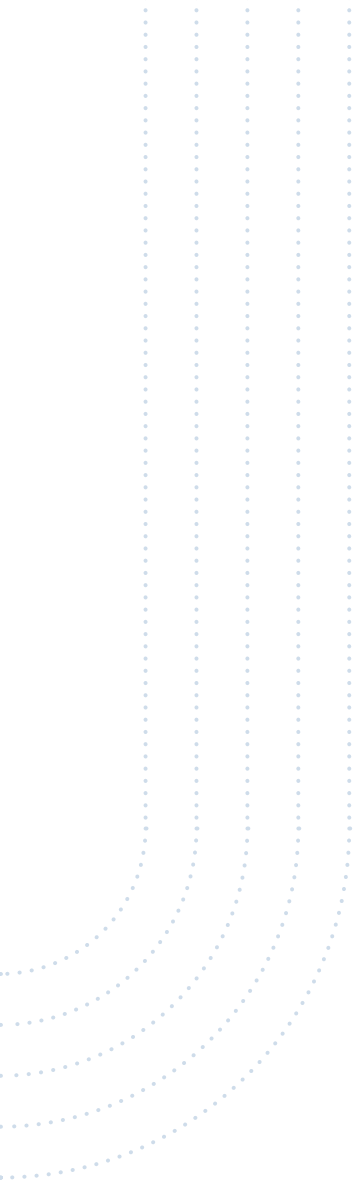
- Complete all training and fully implement the Inventory Module in Tyler InCode to assure better control of the parts room to ensure there is always supplies for our Field Staff to perform repairs in our system and minimize shrinkage.
- Develop and create an Inventory Policy to compliment the implementation of the Inventory Module to provide staff direction and assistance in maintaining the District's Inventory.
- Create written procedures manuals for daily Purchasing functions to better help staff perform their daily functions and help in cross training of the Department.
- Obtain the District's first Academic Excellence in Procurement (AEP) Award to better strengthen the trust in our Board of Directors and the Public that the District is adopting and carrying out nationally established best Purchasing Practices at West Valley.
- Resume Purchasing Training opportunities lost to COVID-19 pandemic to help build knowledge and networking opportunities to look for ways to improve our processes at the District and apply them to certifications related to Purchasing.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Days to complete District's First AEP award after fiscal year end	180 days
Develop and create inventory policy after implementation	90 days
Develop a training and path to certification for Department	365 days
Submit Purchase Order Report every 2nd board meeting of the month	12
Maintain inventory shrinkage at an acceptable minimum	Under \$20k

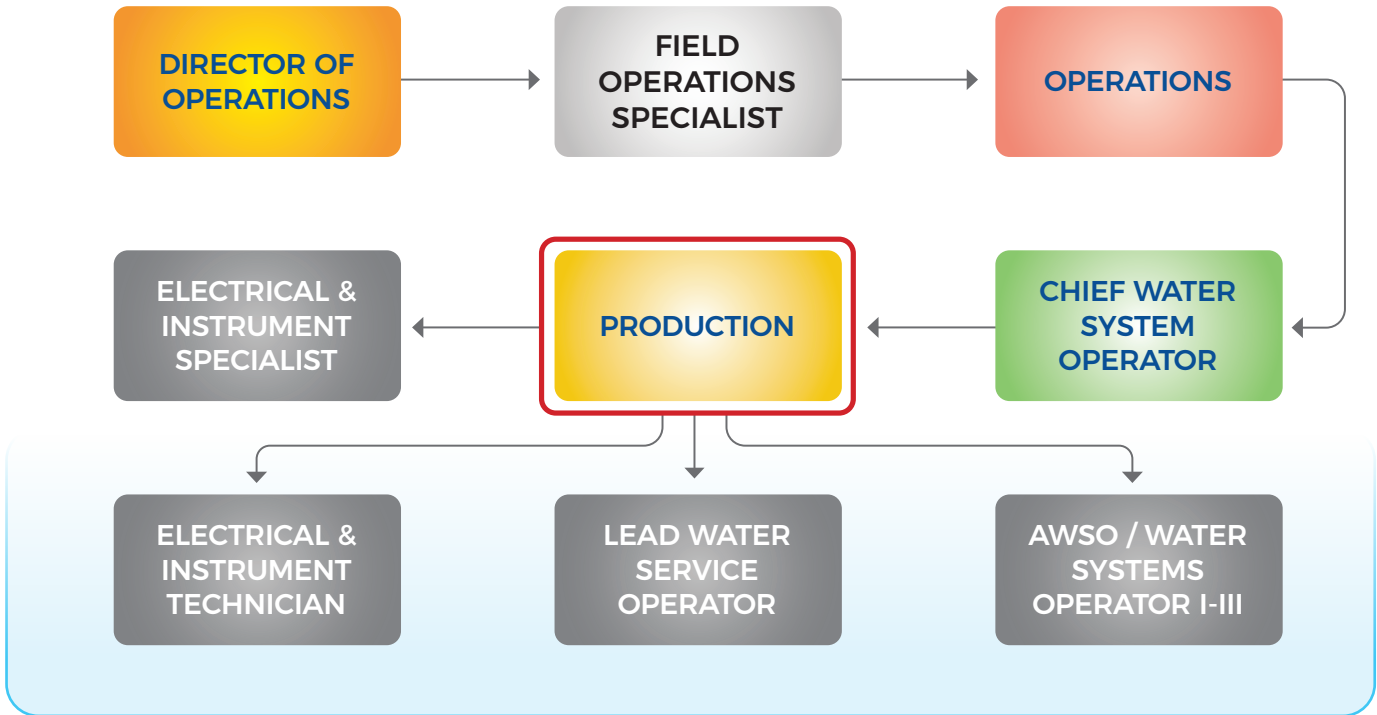
DEPARTMENT BUDGET DETAIL

PURCHASING	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	242,341.00	403,474.30	276,660.84	353,500.00	-12%
Salaries & Wages / Overtime	15,470.44	5,000.00	2,157.14	3,000.00	-40%
Salaries & Wages / Class A Drivers License	656.66	-	417.25	700.00	0%
Salaries & Wages / Bilingual Compensation	657.75	700.00	417.25	700.00	0%
Benefits	130,414.52	212,000.00	132,021.62	175,200.00	-17%
OPERATING EXPENSES:					
Expenses / Training	2,175.86	1,600.00	290.00	2,000.00	25%
Operating Supplies / Uniforms	1,223.23	2,400.00	839.69	1,600.00	-33%
Miscellaneous / Trans/Meals/Lodging	788.66	650.00	-	1,200.00	85%
Operating Supplies / Miscellaneous	-	2,000.00	-	2,000.00	0%
Miscellaneous / Dues & Subscriptions	760.00	1,750.00	-	1,500.00	-14%
DEPARTMENT TOTAL	394,488.12	629,574.30	412,803.79	541,400.00	-14%



SOURCE OF SUPPLY & **production**





SERVICES WE PROVIDE

The Source of Supply and Production Department is responsible for providing cost competitive, reliable, and environmentally compliant water. Activities performed by these production groups are broad in scope but are focused to achieve high reliability at a reasonable cost.

PERSONNEL

- Director of Operations 1
- Chief Water System Operator 1
- Electrical & Instrument Specialist 2
- Electrical & Instrument Technician 1
- Field Operations Specialist II 1
- Lead Water Systems Operator 1
- Water Systems Operator II 1
- Water Systems Operator I 1
- Total Full-Time Staff 9**

SIGNIFICANT CHANGES

- The addition of Well 41 producing and delivering water to the distribution system in Zone 2.

FY 2020-21 ACCOMPLISHMENTS

- Adjusted to new Edison Time Of Use On-Peak schedule for electrical cost optimization.
- Tested more than 20 production source meters for accuracy.
- 6 successful emergency generator deployments during Public Safety Power Shutoff events.

- Responded to numerous electrical emergencies for troubleshooting and repair, such as the diagnosis and replacement of the Automatic Transfer Switch at the OP Roemer Treatment Facility.
- Bi-annual Edison Efficiency Testing is currently underway for all in use pumping equipment.
- Complete replacement of 3 Soft Start motor drives.
- Supporting and assisting the Engineering Department on the Cedar Ave. Bridge Widening Project.
- Zone 8 Reservoir Mixers have been received and the Production Department is in the process of mobilizing for the installation. The project will be finished within this fiscal year.

FY 2021-22 GOALS & OBJECTIVES

- Remove and replace the roof on the 2-1 Reservoir.
- Acquire an underwater drone to replace expensive divers for underwater inspections in reservoirs.
- Support and assist the Engineering Department with the Oliver P. Roemer Expansion Project.
- Oversee the replacement of the pipelines between Wells 1A, 2, 4A, and 5A and the 4-3 Reservoir during the development in that area, to unsure strategic blending of those sources will be possible.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Perform upgrades to SCADA radios as recommended by consultant and/or staff	10/YR
Perform or schedule repairs recommended by reservoir inspection report	1/YR
Implement available SCADA software updates	100%
Perform repairs recommended from the electrical inspection report	100%

DEPARTMENT BUDGET DETAIL (Source of Supply)

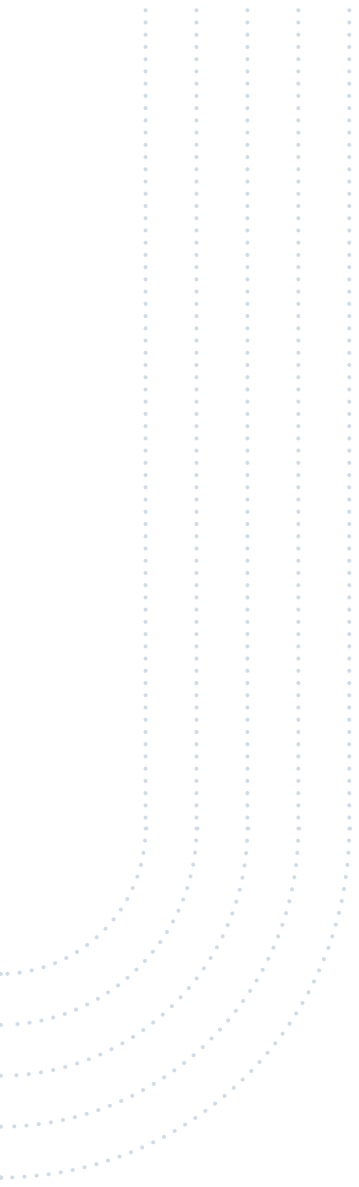
SOURCE OF SUPPLY	FY 2019-20 Actuals	FY 2020-21 Budget	YTD Actual As of 3/7/21	FY 2021-22 Proposed	% Change
OPERATING EXPENSES:					
Purchased Water / Muni	475,335.30	645,800.00	253,104.69	500,000.00	-23%
Purchased Water / State Project Water	547,585.19	730,166.00	452,730.87	618,000.00	-15%
Purchased Water / City of San Bernardino	197,772.70	194,992.00	153,717.54	200,000.00	3%
Purchased Water / Fontana Union	3,286.00	7,000.00	6,360.00	7,000.00	0%
Purchased Water / IEUA	438,156.62	58,000.00	22,304.00	56,000.00	-3%
Other Misc. / Chino Basin Watermaster	13,949.19	25,000.00	22,570.05	25,000.00	0%
DEPARTMENT TOTAL	1,676,085.00	1,660,958.00	910,787.15	1,406,000.00	-15%

DEPARTMENT BUDGET DETAIL (Production)

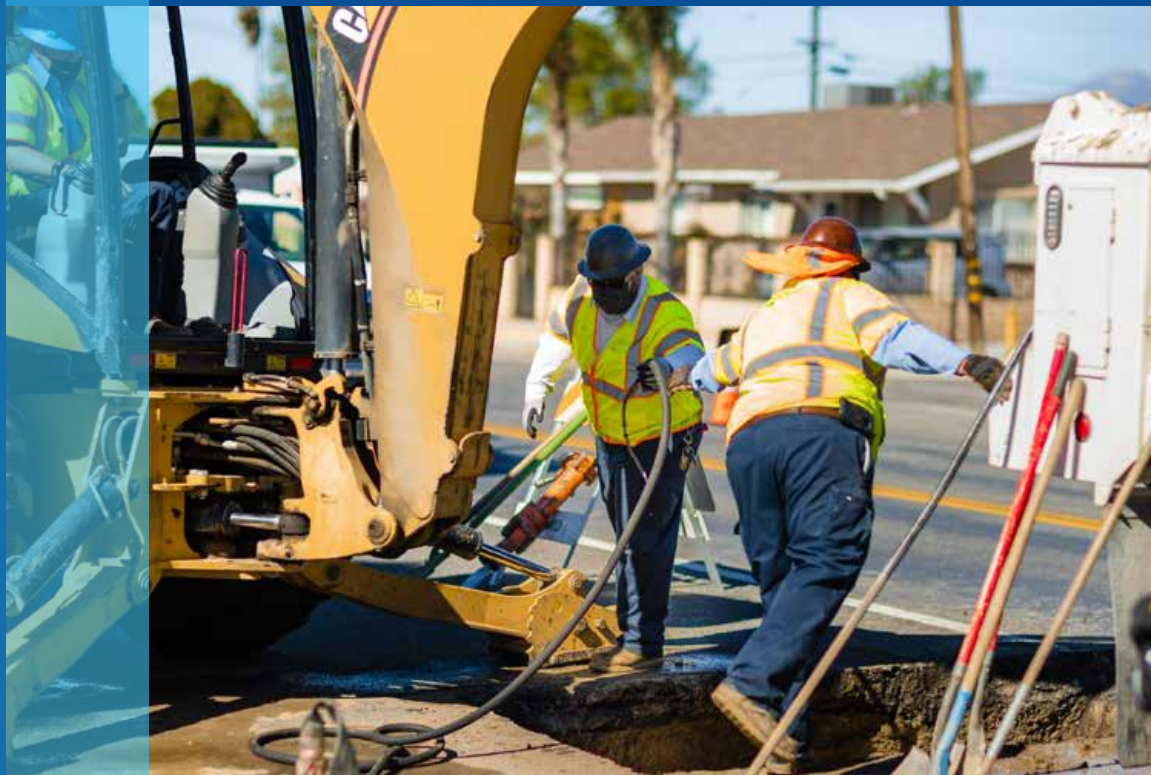
PRODUCTION	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	882,143.65	862,500.00	572,239.74	893,500.00	4%
Salaries & Wages / Overtime	54,347.52	50,000.00	38,067.05	50,000.00	0%
Salaries & Wages / On Call	3,107.19	4,500.00	750.48	4,500.00	0%
Benefits	542,832.16	488,800.00	329,448.79	465,200.00	-5%
OPERATING EXPENSES:					
Expenses / Training	15,023.36	5,190.00	365.00	4,800.00	-8%
Operating Supplies / Uniforms	3,105.49	2,600.00	2,715.18	4,000.00	54%
Miscellaneous / Trans/Meals/Lodging	-	-	-	-	0%
Meter Testing	-	12,000.00	-	12,000.00	0%
Professional Services / Lab Tests	1,806.75	7,500.00	3,034.00	5,000.00	-33%
Professional Services / Alarm	-	-	-	-	0%
Operating Supplies / Chemicals	60,582.24	60,000.00	39,349.10	65,000.00	8%
Repair & Maintenance / Structures / Facility	208,867.74	197,000.00	70,376.53	184,000.00	-7%
Outside Labor / Contractors/Telemetry	991.21	5,000.00	-	5,000.00	0%
Utility Services / Electric	1,643,511.48	1,750,000.00	1,345,530.68	1,900,000.00	9%
Utility Services / Water	412.18	450.00	274.40	450.00	0%
Miscellaneous / Permits & Fees	-	7,500.00	3,816.00	-	-100%
DEPARTMENT TOTAL	3,416,730.97	3,453,040.00	2,405,966.95	3,593,450.00	4%

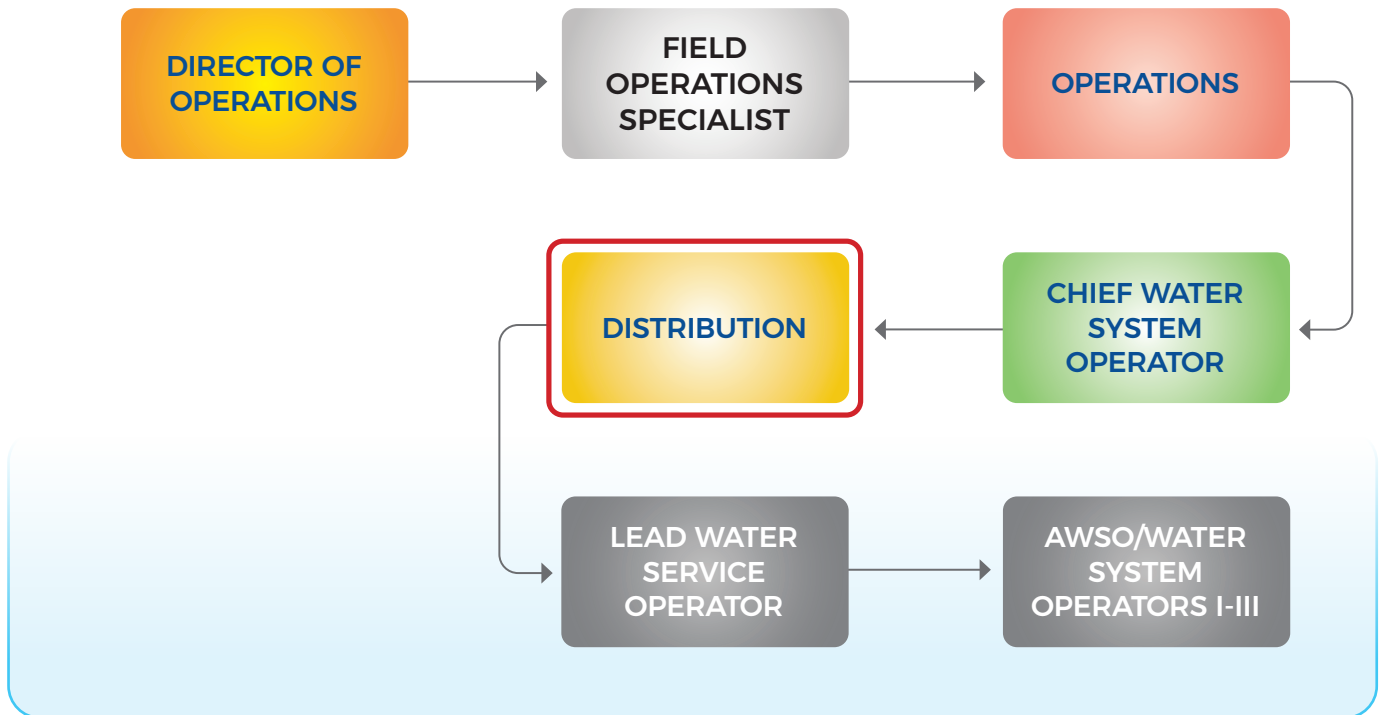
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TRANSMISSION & **distribution**





SERVICES WE PROVIDE

Transmission & Distribution is responsible for providing support with daily, emergency, and capital improvement projects.

PERSONNEL

- Chief Water Systems Operator 1
- Lead Water Systems Operator 1
- Assistant Water Systems Operator 3
- Water Systems Operator III 1
- Water Systems Operator II 1
- Water Systems Operator I 4
- Total Full-Time Staff 11**

SIGNIFICANT CHANGES

- New General Ledger Code (GL) for T&D for material needed to backfill. Previously GL was shared in General Operations 5615.

FY 2020-21 ACCOMPLISHMENTS

- Repaired and or replaced 280 water services.
- Completed fabrication on one industrial grade rock sifter needed to recycle useable excavated material which will assist in cost of disposal for District.
- Completed new Request for Proposal for annual as needed on call paving with assistance from Purchasing Department.

- Successfully completed numerous shutdowns, water highlines, abandonments, and flushing after completion for various Capital Improvement and New Development projects.
- Procured one 3500 HD Chevy two-yard dump truck.
- Recertified District for California Environmental Protection Agencies certificate for compliance of In Use Off Road Diesel Fueled Fleets.
- Successfully completed removal of overgrowth of weeds, shrubs and tree removal for Cactus Basin with assistance from contracted landscaper.
- Assisted Geographical Information System (GIS) Section in creating new tracking system for water service leaks, water main leaks, fire hydrant repair and combination air vacuum release repairs to use in conjunction with Arc GIS Software.
- Assist Water Quality Department by providing staff needed for Underground Service Locates when position was vacant.
- Began District Fire Hydrant Upgrade Program. Program retrofits/upgrades hydrants with Clow LBI400 check valve or Clow LP619 check valve in undeveloped residential areas with no curb and gutter system and where overhead power lines exist.

FY 2021-22 GOALS & OBJECTIVES

- Successfully and efficiently track and administer District Valve Exercise Program.
- Successfully track all repairs to Distribution System via Arc GIS Software on Apple iPads.
- Effectively locate and continue to replace worn out and inoperable valves within District Distribution System.
- Continue to readily replace or repair District water main leaks, hit fire hydrants/assets, and water service leaks.
- Increase training needed for all field staff in proper Trench Safety and Traffic Control Practices.
- Cross train Meter staff in service line leak repair, water main break repair, and basic water construction pipeline procedures to develop strong experienced employees for District On-Call After Hours rotation and how-to problem solve Water Distribution deficiencies within the District's System effectively.
- Train two more staff members in achieving their California Commercial Class A License. This will assist in efficiency of completed water leaks by eliminating Lead Water System Operators having to leave job site and hauling in and out excavated materials and keeping more experienced staff to complete workload.
- Continue in District Fire Hydrant Upgrade Program and track upgrades more efficiently via Arc GIS.

KEY PERFORMANCE INDICATORS

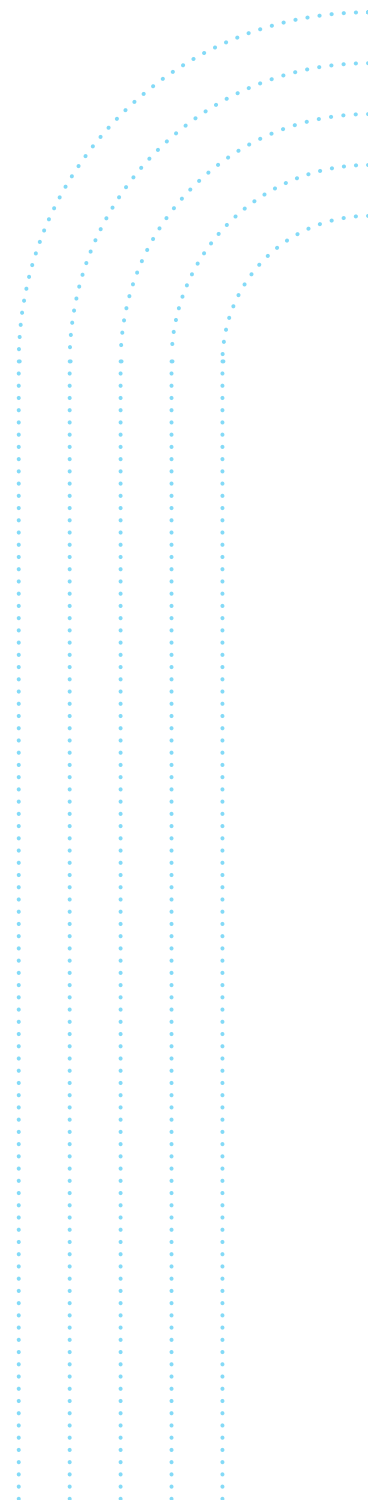
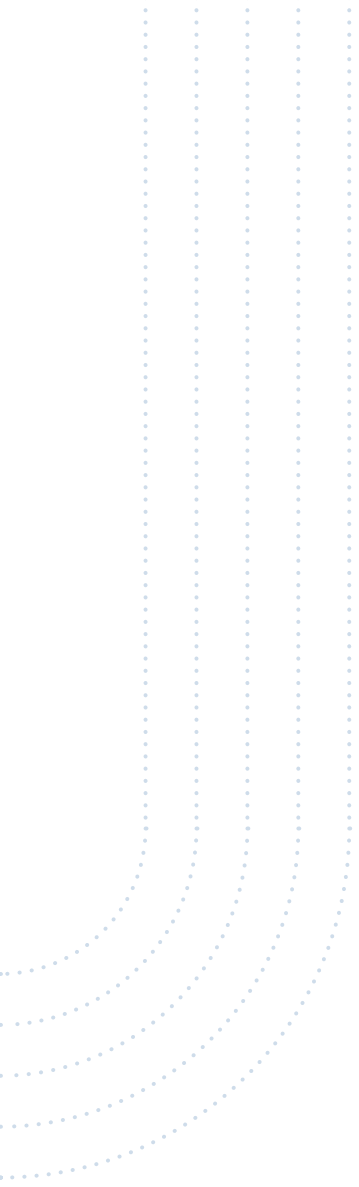
PERFORMANCE INDICATOR	TARGET
Track/administer District Valve Exercise Program	1960
Track repairs to District distribution system via Arc GIS	100%
Cross train meter staff in pipeline construction	1
Reduce completion time of District distribution leaks	Ongoing
Upgrade old fire hydrants needing break away check valves	50
Sift out native excavated material and recycle in backfilling of trench	100%

DEPARTMENT BUDGET DETAIL

TRANSMISSION & DISTRIBUTION	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	700,982.57	660,900.00	438,121.78	747,300.00	13%
Salaries & Wages / Overtime	90,710.67	80,000.00	34,728.16	80,000.00	0%
Salaries & Wages / On Call	19,681.86	20,000.00	13,466.79	20,000.00	0%
Salaries & Wages / Class A Drivers License	3,284.87	1,300.00	1,870.63	2,600.00	100%
Salaries & Wages / Bilingual Compensation	657.75	700.00	704.75	1,300.00	86%
Benefits	434,398.64	407,800.00	262,466.72	471,000.00	15%
OPERATING EXPENSES:					
Expenses / Training	10,983.37	2,209.00	1,351.53	2,100.00	-5%
Operating Supplies / Uniforms	4,943.28	5,000.00	3,673.69	9,200.00	84%
Repair & Maintenance / Domestic Mains	581,923.61	400,000.00	193,396.72	400,000.00	0%
Repair & Maintenance / Fire Hydrants	62,740.08	55,000.00	20,531.06	60,000.00	9%
Operating Supplies / Shop Supplies	-	-	-	25,000.00	0%
Repair & Maintenance / Facilities Repairs	25,741.43	50,000.00	9,608.27	35,000.00	-30%
Repair & Maintenance / Street Patching	595,168.40	500,000.00	363,725.45	525,000.00	5%
Repair & Maintenance / Tools	20,048.44	15,000.00	11,921.20	12,000.00	-20%
Outside Labor / Contractors	3,497.20	-	-	-	0%
Rentals / Equipment	13,247.44	40,000.00	4,169.54	15,000.00	-63%
Repair & Maint. / Structures & Improvements	72,823.00	85,000.00	45,224.36	85,000.00	0%
DEPARTMENT TOTAL	2,640,832.61	2,322,909.00	1,404,960.65	2,490,500.00	7%

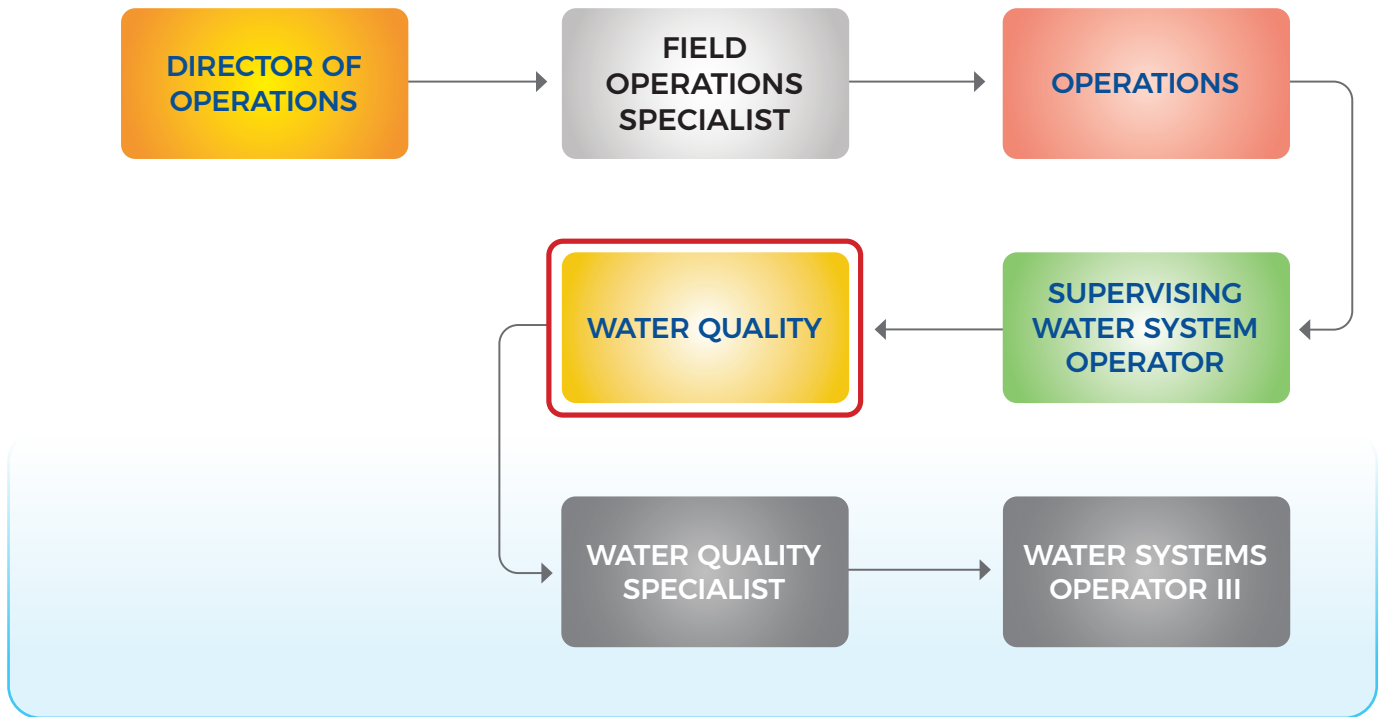
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WATER quality





SERVICES WE PROVIDE

The Water Quality Department develops water quality monitoring programs for the District’s water and implements reporting programs for the same. Surveys and tests new water treatment technologies to ensure District compliance with State and Federal Drinking Water Regulations.

PERSONNEL

- *Supervising Water Systems Operator* **1**
- *Water Quality Specialist* **1**
- *Water Systems Operator III* **2**
- Total Full-Time Staff** **4**

SIGNIFICANT CHANGES

- *Triennial sampling was completed.*
- *Added a WSO II to cross connection.*

FY 2020-21 ACCOMPLISHMENTS

- *Stayed on track even with our severe personnel shortage.*
- *Replaced worn and broken hydrant meters.*
- *Completed Triennial Well sampling as required by DDW.*
- *Completed 7,797 USA Tickets from 7/1/2020 – 3/31/2021.*
- *Approximately 1,700 Backflows tested.*
- *100% Compliance Sampling.*

FY 2021-22 GOALS & OBJECTIVES

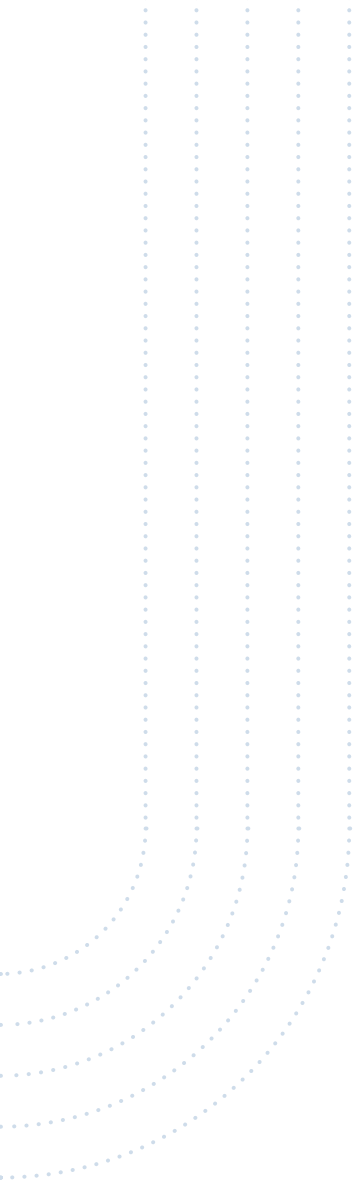
- Catch up on required training and CEUs for Water Quality Staff to maintain certification requirements.
- Successfully complete the Residential Lead and Copper Rule sampling.
- Hire replacement for the Water Quality Specialist position.
- Hire additional person for Cross Connection.
- Replace current Cross Connection vehicle with one more durable and suited for the job.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Distribution Sampling	2,850
Residential lead and copper sampling	30
Dead end hydrant flushing	250
Test backflows	1,700
Well Sampling	250

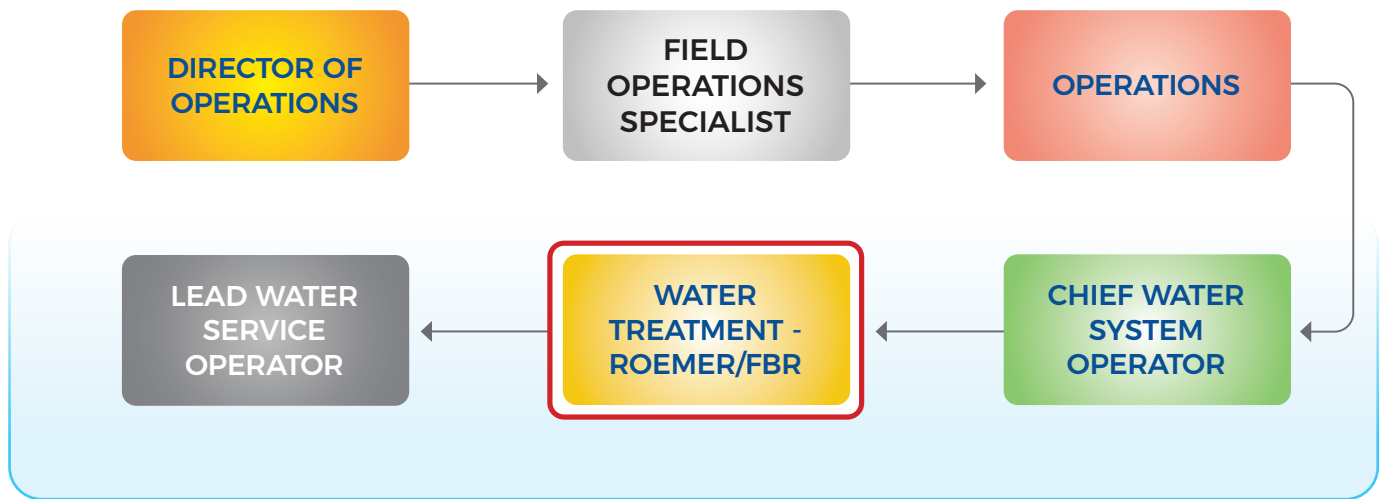
DEPARTMENT BUDGET DETAIL

WATER QUALITY	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	212,351.87	295,600.00	145,760.52	320,300.00	8%
Salaries & Wages / Overtime	12,448.38	13,000.00	4,725.60	13,000.00	0%
Salaries & Wages / On Call	2,206.50	3,100.00	2,886.89	3,100.00	0%
Benefits	155,194.14	166,600.00	81,921.70	195,700.00	17%
OPERATING EXPENSES:					
Expenses / Training	1,100.00	3,530.00	135.00	3,530.00	0%
Operating Supplies / Uniforms	1,138.29	2,500.00	768.49	1,500.00	-40%
Professional Services / Lab Tests	48,093.00	81,000.00	45,557.75	45,000.00	-44%
Outside Labor / Contractors	-	11,000.00	9,871.45	-	-100%
Operating Supplies / Chemicals	4,529.77	9,000.00	4,047.67	5,000.00	-44%
Repair & Maintenance / Structures / Facility	14,616.69	52,000.00	5,184.97	30,000.00	-42%
Repair & Maintenance / Equipment	18,225.12	52,000.00	897.09	26,000.00	-50%
DEPARTMENT TOTAL	469,903.76	689,330.00	301,757.13	643,130.00	-7%



WATER treatment





SERVICES WE PROVIDE

The Water Treatment Department is responsible for the treatment and delivery of potable water. The District uses various methods to treat three different sources of water supply.

PERSONNEL

- Chief Water System Operator **1**
- Lead Water Service Operator **6**
- Total Full-Time Staff **7****

SIGNIFICANT CHANGES

- Completion of the Perchlorate Treatment System at Well 41.

FY 2020-21 ACCOMPLISHMENTS

- Replaced Hydro Electric Power Plant bypass valve and reprogrammed the SCADA software.
- Replaced tachometer for Hydro pump #1.
- Adjusted to new Edison Time of Use On-Peak schedule for electrical cost optimization.
- Installed a sand filter for the plant IX treatment plant system.
- Submitted the Cactus Basin Annual Maintenance Report to California Fish and Wildlife.

FY 2021-22 GOALS & OBJECTIVES

- Top off granular active carbon media in both reactors.
- Built platform at well 11 and filter.
- Determine a suitable location on the effluent line leaving Well 41 for a chlorine analyzer and install.
- Remove and rebuilt four effluent booster pumps to increase the treatment capacity from 12 MDG to 14.4 MGD.
- Establish a new contract to remove and dispose of all treatment plant sludge.
- Remove and replace media from five GAC vessels forty thousand pound each.

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATOR	TARGET
Compliance with Federal and State regulations	100%
FBR - Maximize utilization of plant capacity through minimization of downtime and monitoring of raw water	2.9 MGD
Roemer - Maximize utilization of plant capacity through minimization of downtime and monitoring of raw water	13.5 MGD
Percentage of plant equipment and motors on preventative maintenance schedules	100%
Number of staff with T4 certification or higher	3

DEPARTMENT BUDGET DETAIL (Perchlorate)

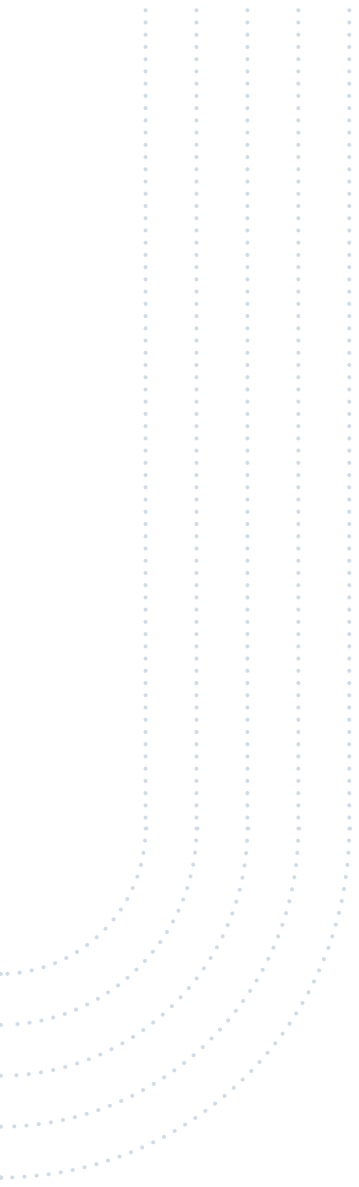
WATER TREATMENT PERCHLORATE	FY 2019-20	FY 2020-21	YTD Actual	FY 2021-22	%
	Actuals	Budget	As of 3/7/21	Proposed	Change
OPERATING EXPENSES:					
Professional Services / Other Consultants	-	2,500.00	-	-	-100%
Utility Services / Electric	154,116.07	175,000.00	110,594.17	200,000.00	14%
Professional Services / Lab Tests	12,169.75	20,000.00	14,684.51	25,000.00	25%
Operating Supplies / Chemicals	4,617.26	25,000.00	3,900.87	25,000.00	0%
Repair & Maintenance / Structures / Facility	14,529.42	30,000.00	-	30,000.00	0%
Repair & Maintenance / Chlorination Equipment	9,973.16	20,000.00	-	-	-100%
DEPARTMENT TOTAL	195,405.66	272,500.00	129,179.55	280,000.00	3%

DEPARTMENT BUDGET DETAIL (FBR)

WATER TREATMENT FBR	FY 2019-20 Actuals	FY 2020-21 Budget	YTD Actual As of 3/7/21	FY 2021-22 Proposed	% Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	423,116.49	370,400.00	225,589.23	409,100.00	10%
Salaries & Wages / Overtime	57,058.91	75,000.00	18,512.80	75,000.00	0%
Salaries & Wages / On Call	905.00	3,000.00	3,237.26	3,000.00	0%
Salaries & Wages / Class A Drivers License	-	-	-	700.00	0%
Salaries & Wages / Bilingual Compensation	657.75	700.00	417.25	700.00	0%
Benefits	238,007.42	200,600.00	116,153.33	223,400.00	11%
OPERATING EXPENSES:					
Expenses / Training	3,511.36	1,000.00	90.00	3,090.00	209%
Professional Services / Other Consultants	129,050.36	195,393.32	5,717.05	96,500.00	-51%
Professional Services / Misc Studies	64.08	10,000.00	-	10,000.00	0%
Operating Supplies / Uniforms	1,695.34	2,000.00	1,186.77	2,000.00	0%
Utility Services / Electric	216,401.31	262,000.00	55,699.25	262,000.00	0%
Communication Services / Telephone	-	10,000.00	1,469.65	-	-100%
Other Miscellaneous / District Cost	28,204.84	60,750.00	4,108.81	40,750.00	-33%
Professional Services / Lab Tests	37,205.71	50,000.00	16,047.00	50,000.00	0%
Operating Supplies / Chemicals	174,490.23	288,000.00	14,214.75	278,000.00	-3%
Operating Supplies / Resin Exchange	-	10,000.00	785.06	-	-100%
Repair & Maintenance / Structures / Facility	202,094.45	164,000.00	89,895.68	120,000.00	-27%
Repair & Maintenance / Chlorination Equipment	8,077.79	20,000.00	19,594.11	-	-100%
Equipment Rental	-	-	-	-	0%
Miscellaneous / Permits & Fees	29,762.42	150,000.00	648.60	250,000.00	67%
Miscellaneous / Trans/Meals/Lodging	33.84	-	-	-	0%
DEPARTMENT TOTAL	1,550,337.30	1,872,843.32	573,366.60	1,824,240.00	-3%

DEPARTMENT BUDGET DETAIL (Roemer/Arsenic)

WATER TREATMENT ROEMER/ARSENIC	FY 2019-20 Actuals	FY 2020-21 Budget	YTD Actual As of 3/7/21	FY 2021-22 Proposed	% Change
PERSONNEL EXPENSE:					
Salaries & Wages / Full Time	354,591.80	322,800.00	221,930.79	291,900.00	-10%
Salaries & Wages / Overtime	79,766.83	80,000.00	25,816.65	80,000.00	0%
Salaries & Wages / On Call	750.00	3,000.00	4,436.82	3,000.00	0%
Salaries & Wages / Class A Drivers License	1,305.30	1,300.00	834.50	700.00	-46%
Salaries & Wages / Bilingual Compensation	1,305.30	2,000.00	834.50	1,300.00	-35%
Benefits	219,917.30	187,000.00	133,652.00	184,200.00	-1%
OPERATING EXPENSES:					
Expenses / Training	1,321.72	2,360.00	705.00	2,350.00	0%
Professional Services / Other Consultants	12,549.77	83,500.00	23,519.11	56,500.00	-32%
Professional Services / Misc Studies	607.98	13,000.00	10,747.81	-	-100%
Operating Supplies / Uniforms	1,564.93	1,500.00	1,156.58	2,000.00	33%
Utility Services / Electric	538,259.46	540,000.00	398,904.89	550,000.00	2%
Utility Services / Trash	2,914.92	3,200.00	1,956.25	3,200.00	0%
Utility Services / Gas	471.79	700.00	241.65	700.00	0%
Professional Services / Janitorial	5,276.04	12,000.00	6,048.04	9,000.00	-25%
Communication Services / Telephone	8,857.85	12,000.00	1,618.59	3,500.00	-71%
Other Miscellaneous / District Cost	59,008.75	60,000.00	15,492.21	32,000.00	-47%
Professional Services / Lab Tests	22,799.55	25,000.00	17,417.75	31,500.00	26%
Professional Services / Sludge Disposal	3,263.04	35,000.00	8,737.88	440,000.00	1157%
Operating Supplies / Chemicals	200,821.06	200,600.00	115,340.52	210,000.00	5%
Repair & Maintenance / Structures / Facility	209,023.49	250,000.00	79,902.89	200,000.00	-20%
Repair & Maintenance / Chlorination Equipment	26,274.23	20,000.00	7,346.01	20,000.00	0%
Equipment Rental	-	-	-	-	0%
DEPARTMENT TOTAL	1,750,651.11	1,854,960	1,076,640.44	2,121,850	14%



CAPITAL BUDGET AND **debt management**

West Valley Water District

West Valley
Water



CAPITAL EXPENDITURE

Capital expenditure is comprised of Capital Improvement Projects (new system assets), Replacement and Rehabilitation Projects, and Capital Outlay (fleet and equipment). As shown below, the 5-year total expenditure is projected to be \$145,152,057.

Details of projects that will start during FY 2022, can be found in the following section under Capital Projects.

COMPLETED PROJECTS FISCAL YEAR 2020-21

CIP PROJECT DESCRIPTION	Project	Actual	Completed
	Budget	Cost	
COMPLETED PROJECTS:			
Relocation of Well 41 - Ion Exchange Vessels	217,206	191,307	September 2020
Water Main Replacements - Casmalia Street	323,954	303,856	November 2020
Analyzer - Automatic Transfer Switch Replacement at Roemer Plant	31,279	31,279	February 2021
Solar Powered Tank Mixers for Reservoirs 8-1 and 8-2	60,000	49,942	March 2021
Annual R/R - Meter Vault Lid Retro Fits	69,600	51,844	June 2021
Annual R/R - Meters and MXU's	224,256	223,348	June 2021
Alkalinity and TOC Analyzers at Roemer Plant	50,000	47,980	March 2021
Fluidized Bed Reactor Treatment Plant (FBR) Filters Rehabilitation	346,537	330,606	October 2020
Zone 7 PRV - New PRV on Lytle Creek Road	202,600	120,221	November 2020
1 New Work Truck for Operations	30,000	24,464	February 2021
1 New 2-Yard Dump Truck	52,500	49,578	January 2021

FISCAL YEAR 2021-22 CAPITAL BUDGET SUMMARY

FISCAL YEAR 2021-22 CAPITAL BUDGET SUMMARY	Amount
REPLACEMENT / REHABILITATION OF SYSTEM ASSETS:	
WELLS AND PUMPING EQUIPMENT REHABILITATION	
Well 18A Pipe Blending Project	400,000
Asbestos Abatement and Roof Replacement - Reservoir 2-1	400,000
Annual R/R - Wells and Pumping Equipment	50,000
WATER MAIN REPLACEMENT	
Bloomington Alley Way Main Replacement Phase 3B	2,400,000
Zone 3 Distribution Pipeline Replacement - 8" in Valley/Pomona	25,000
I-10 Cedar Avenue Interchange improvement project	2,500,000
SYSTEM APPURTENANCES REHABILITATION & REPLACEMENT	
Annual R/R - Meter Vault Lid Retro Fits	25,000
Annual R/R - Meters and MXU's	300,000
FACILITIES AND PLANTS REHABILITATION & REPLACEMENT	
Roemer Booster Pumps Rehabilitation	80,000
FXB Repurposing	650,000

Building "C" Improvements	40,000
Roemer GAC Vessel Media replacement	360,000
SUBTOTAL FOR REPLACEMENT / REHABILITATION OF SYSTEM ASSETS	7,230,000
NEW SYSTEM ASSETS	
SOURCE OF SUPPLY	
Oliver P. Roemer Water Filtration Facility Expansion Project - 7.2 MGD	10,660,000
Construct new well - Well 36A	300,000
Construct new IEUA area well	300,000
PUMPS AND BOOSTER PLANTS	
Pump Station 7-2 - Design & Construction	4,091,000
Emergency Generators Zone 5 Pump Station 5-2	275,000
PRESSURE REDUCING VALVES	
Zone 6 PRV - New PRV on Sierra Avenue	115,000
WATER MAINS	
Pepper Avenue @ I-10 Freeway Zone 2 - 24" Transmission Main Railway	889,000
Zone 2 & 3 Transmission Main - 12", 16" and 20" in Santa Ana Avenue	1,484,000
Zone 3A - 10" pipeline in Cactus Ave	35,000
Zone 7 - 16" Transmission main in Citrus Ave Tract 20224 Monterada	200,000
FACILITIES AND PLANTS	
Lord Ranch Facility	701,040
Wells 16 & 17 Water Treatment Scoping Study	50,000
SUBTOTAL FOR NEW SYSTEM ASSETS	19,100,040
CAPITAL OUTLAY	
CAPITAL OUTLAY - FLEET/EQUIPMENT	
Electrical panel upgrade - server room	15,000
Board Room Audio Visual Upgrade with Video Recording	90,000
Website Redesign	80,000
Vmware host server	45,000
Cisco VOIP Phone System Physical Sever Replacement	36,000
Wireless Bridge between Roemer Plant and Headquarters	36,000
Apollo Access Door Control Sysytem	15,000
UV Light Disinfectant Systems	334,850
Advanced Metering Infrastructure (AMI) - Data Collection Network	200,000
1 New Truck for Cross-Connection Staff	50,000
1 Hydro Excavator Vacuum Truck	415,000
SUBTOTAL FOR CAPITAL OUTLAY - FLEET/EQUIPMENT	1,316,850
GRAND TOTAL	27,646,890
CIP CONTINGENCY	399,795

FISCAL YEAR 2021-22 PROPOSED FUNDING

CIP FY 2021-22 PROPOSED FUNDING	Operating	Capacity	Reimbursement	WIFIA/SRF	Project
	Revenue	Charges	Agreements	Loans/ Revenue Bonds	Total
REPLACEMENT / REHABILITATION OF SYSTEM ASSETS:					
Well 18A Pipe Blending Project	\$400,000				\$400,000
Asbestos Abatement and Roof Replacement - Reservoir 2-1	\$400,000				\$400,000
Annual R/R - Wells and Pumping Equipment	\$50,000				\$50,000
Bloomington Alley Way Main Replacement Phase 3B			\$2,400,000		\$2,400,000
Zone 3 Distribution Pipeline Replacement - 8" in Valley/ Pomona	\$25,000				\$25,000
I-10 Cedar Avenue Interchange improvement project			\$2,500,000		\$2,500,000
Annual R/R - Meter Vault Lid Retro Fits	\$25,000				\$25,000
Annual R/R - Meters and MXU's	\$300,000				\$300,000
Roemer Booster Pumps Rehabilitation	\$80,000				\$80,000
FXB Repurposing			\$650,000		\$650,000
Building "C" Improvements	\$40,000				\$40,000
Roemer GAC Vessel Media replacement	\$360,000				\$360,000
NEW SYSTEM ASSETS					
Oliver P. Roemer Water Filtration Facility Expansion Project - 7.2 MGD				\$10,660,000	\$10,660,000
Construct new well - Well 36A		\$300,000			\$300,000
Construct new IEUA area well		\$300,000			\$300,000
Pump Station 7-2 - Design & Construction		\$4,091,000			\$4,091,000
Emergency Generators Zone 5 Pump Station 5-2			\$275,000		\$275,000
Zone 6 PRV - New PRV on Sierra Avenue		\$115,000			\$115,000
Pepper Avenue @ I-10 Freeway Zone 2 - 24" Transmission Main Railway		\$889,000			\$889,000
Zone 2 & 3 Transmission Main - 12", 16" and 20" in Santa Ana Avenue		\$1,484,000			\$1,484,000
Zone 3A - 10" pipeline in Cactus Ave	\$35,000				\$35,000
Zone 7 - 16" Transmission main in Citrus Ave Tract 20224 Monterada			\$200,000		\$200,000
Lord Ranch Facility		\$701,040			\$701,040
Wells 16 & 17 Water Treatment Scoping Study	\$50,000				\$50,000
CAPITAL OUTLAY - FLEET/EQUIPMENT					
Electrical panel upgrade - server room	\$15,000				\$15,000
Board Room Audio Visual Upgrade with Video Recording	\$90,000				\$90,000
Website Redesign	\$80,000				\$80,000
Vmware host server	\$45,000				\$45,000
Cisco VOIP Phone System Physical Sever Replacement	\$36,000				\$36,000
Wireless Bridge between Roemer Plant and Headquarters	\$36,000				\$36,000
Apollo Access Door Control System	\$15,000				\$15,000
UV Light Disinfectant Systems			\$334,850		\$334,850
Advanced Metering Infrastructure (AMI) - Data Collection Network	\$200,000				\$200,000
1 New Truck for Cross-Connection Staff	\$50,000				\$50,000
1 Hydro Excavator Vacuum Truck	\$415,000				\$415,000
GRAND TOTAL	\$2,747,000	\$7,880,040	\$6,359,850	\$10,660,000	\$27,646,890

CIP FIVE YEAR SCHEDULE

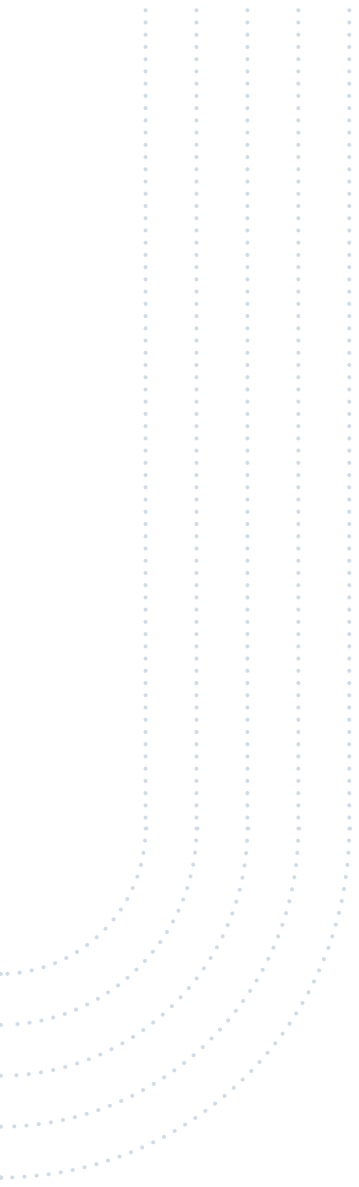
CIP FIVE YEAR SCHEDULE (FY 2022-26)	Year 1 FY 2021-22	Year 2 FY 2022-23	Year 3 FY 2023-24	Year 4 FY 2024-25	Year 5 FY 2025-26	5-Year Project Total
REPLACEMENT / REHABILITATION OF SYSTEM ASSETS:						
WELLS AND PUMPING EQUIPMENT REHABILITATION						
Annual R/R - Wells and Pumping Equipment	\$50,000					\$50,000
Well 18A Pipe Blending Project	\$400,000					\$400,000
Asbestos Abatement and Roof Replacement - Reservoir 2-1	\$400,000					\$400,000
Well 39 Rehab					\$9,335,000	\$9,335,000
WATER MAIN REPLACEMENT						
Bloomington Alley Way Main Replacement Phase 3B & 3C	\$2,400,000	\$2,800,000				\$5,200,000
Zone 3 Distribution Pipeline Replacement - 8" in Valley/Pomona	\$25,000	\$1,557,000				\$1,582,000
I-10 Cedar Avenue Interchange improvement project	\$2,500,000					\$2,500,000
Zone 3 Distribution Pipeline Replacement - 8" San Bernardino Blvd.			\$500,000			\$500,000
SYSTEM APPURTENANCES REHABILITATION & REPLACEMENT						
Connect Flush-to-Waste Pipe from Well 54 to Storm Drain in Fontana		\$575,000				\$575,000
Annual R/R - Meter Vault Lid Retro Fits	\$25,000					\$25,000
Annual R/R - Meters and MXU's	\$300,000					\$300,000
FACILITIES AND PLANTS REHABILITATION & REPLACEMENT						
Roemer Booster Pumps Rehabilitation	\$80,000					\$80,000
FXB Repurposing	\$650,000					\$650,000
Building "C" Improvements	\$40,000					\$40,000
Roemer Filter Rehabilitation and Media Replacement		\$450,000				\$450,000
Roemer GAC Vessel Media replacement	\$360,000					\$360,000
SUBTOTAL FOR REPLACEMENT / REHABILITATION OF SYSTEM ASSETS	\$7,230,000	\$5,382,000	\$500,000	\$ -	\$9,335,000	\$22,447,000
NEW SYSTEM ASSETS						
SOURCE OF SUPPLY						
Oliver P. Roemer Water Filtration Facility Expansion Project - 7.2 MGD	\$10,660,000	\$23,900,000	\$14,340,000			\$48,900,000
Property Investigation for Bunker Hill Wells and Pump Station			\$20,000			\$20,000
Construct new well - Well 43				\$200,000	\$2,800,000	\$3,000,000
Construct new well - Well 44				\$200,000	\$2,800,000	\$3,000,000
Construct new well - Well 36A	\$300,000	\$2,700,000				\$3,000,000
Construct new well - Well 40			\$250,000	\$2,750,000		\$3,000,000
Construct new IEUA area well	\$300,000	\$2,700,000				\$3,000,000
PUMPS AND BOOSTER PLANTS						
Lord Ranch 4-3 Pump Station		\$700,000				\$700,000
Pump Station 7-2 - Design & Construction	\$4,091,000					\$4,091,000
Bunker Hill Supply Pump Station				\$200,000	\$7,206,000	\$7,406,000
Emergency Generators Zone 5 Pump Station 5-2	\$275,000					\$275,000
PRESSURE REDUCING VALVES						
Zone 6 PRV - New PRV on Sierra Avenue	\$115,000					\$115,000
RESERVOIRS						
Reservoir 7-5 Site Investigation		\$60,000				\$60,000
Bunker Hill Aeration Tank				\$90,000	\$1,815,000	\$1,905,000
Reservoir 4-4			\$250,000	\$13,081,000		\$13,331,000
Reservoir 6-5		\$250,000	\$11,177,000			\$11,427,000

CIP FIVE YEAR SCHEDULE (Continued)

CIP FIVE YEAR SCHEDULE (FY 2022-26)	Year 1 FY 2021-22	Year 2 FY 2022-23	Year 3 FY 2023-24	Year 4 FY 2024-25	Year 5 FY 2025-26	5-Year Project Total
WATER MAINS						
Pepper Avenue @ I-10 Freeway Zone 2 - 24" Transmission Main Railway	\$889,000					\$889,000
Zone 2 & 3 Transmission Main - 12", 16" and 20" in Santa Ana Avenue	\$1,484,000	\$3,161,667				\$4,645,667
Zone 2 - Fire Flow Pipeline - Holly Street and Wilson Street - Design		\$60,000				\$60,000
Zone 7 - 18" Transmission main within future ROW from Citrus Ave to Lytle Creek Rd			\$906,000			\$906,000
Zone 3A - 10" pipeline in Cactus Ave	\$35,000	\$108,500				\$143,500
Zone 7 - 16" Transmission main in Citrus Ave Tract 20224 Monterada	\$200,000					\$200,000
Zone 7 - 18" Transmission main in Sequoia Ln from Sierra Ave to Citrus Ave		\$90,000	\$2,373,000			\$2,463,000
Bunker Hill Wells Field Transmission - Pipeline				\$220,000	\$5,897,000	\$6,117,000
FACILITIES AND PLANTS						
Lord Ranch facility	\$701,040					\$701,040
Property acquisition for Reservoir R3-4		\$523,000				\$523,000
Property acquisition for Reservoir R6-6		\$150,000				\$150,000
Property acquisition for Bunker Hill Supply - Wells, Pump station, and reservoir				\$650,000		\$650,000
Property acquisition for Well 40 - Treatment Equipment		\$80,000				\$80,000
Material Yard at Well 22 - South District Service Area		\$160,000				\$160,000
Wells 16 & 17 Water Treatment Scoping Study	\$50,000					\$50,000
SUBTOTAL FOR NEW SYSTEM ASSETS	\$19,100,040	\$34,643,167	\$29,316,000	\$17,391,000	\$20,518,000	\$120,968,207
CAPITAL OUTLAY - FLEET/EQUIPMENT						
SOURCE OF SUPPLY						
Electrical panel upgrade - server room	\$15,000					\$15,000
Board Room Audio Visual Upgrade with Video Recording	\$90,000					\$90,000
Website Redesign	\$80,000					\$80,000
Vmware host server	\$45,000					\$45,000
Cisco VOIP Phone System Physical Sever Replacement	\$36,000					\$36,000
Wireless Bridge between Roemer and HQ	\$36,000					\$36,000
Cisco ASA and Voice Router Upgrade		\$80,000				\$80,000
Data Domain Backup System Replacement		\$80,000				\$80,000
Document Management System		\$60,000				\$60,000
Security Camera System for the District Headquarters Site		\$50,000				\$50,000
Apollo Access Door Control System	\$15,000					\$15,000
UV Light Disinfectant Systems	\$334,850					\$334,850
Advanced Metering Infrastructure (AMI) - Data Collection Network	\$200,000					\$200,000
1 New Truck for Cross-Connection Staff	\$50,000					\$50,000
1 New 5-yard Dump Truck		\$150,000				\$150,000
1 Hydro Excavator Vacuum Truck	\$415,000					\$415,000
SUBTOTAL FOR CAPITAL OUTLAY - FLEET/EQUIPMENT	\$1,316,850	\$420,000	\$ -	\$ -	\$ -	\$1,736,850
GRAND TOTAL	\$27,646,890	\$40,445,167	\$29,816,000	\$17,391,000	\$29,853,000	\$145,152,057

CIP FIVE YEAR FUNDING SCHEDULE (FY 2022-26)

CIP FIVE YEAR FUNDING SCHEDULE (FY 2022-26)	Year 1	Year 2	Year 3	Year 4	Year 5	5-Year
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Project Total
Operating Revenue	\$2,747,000	\$4,023,500	\$500,000	\$650,000	\$9,335,000	\$17,255,500
Capacity Charges	\$7,880,040	\$9,721,667	\$14,976,000	\$16,741,000	\$20,518,000	\$69,836,707
Reimbursement AgreementS	\$6,359,850	\$2,800,000	\$-	\$-	\$-	\$9,159,850
WIFIA/SRF Loans/Revenue Bonds	\$10,660,000	\$23,900,000	\$14,340,000	\$-	\$-	\$48,900,000
TOTAL	\$27,646,890	\$40,445,167	\$29,816,000	\$17,391,000	\$29,853,000	\$145,152,057



The background is a blue-tinted collage. At the top, there are several interlocking gears of different sizes. Below the gears, a hand is shown from the bottom left, reaching upwards with fingers slightly spread. A network diagram with nodes and connecting lines is overlaid on the hand and gears. In the bottom right corner, there are three small, light blue water droplet icons.

CAPITAL projects

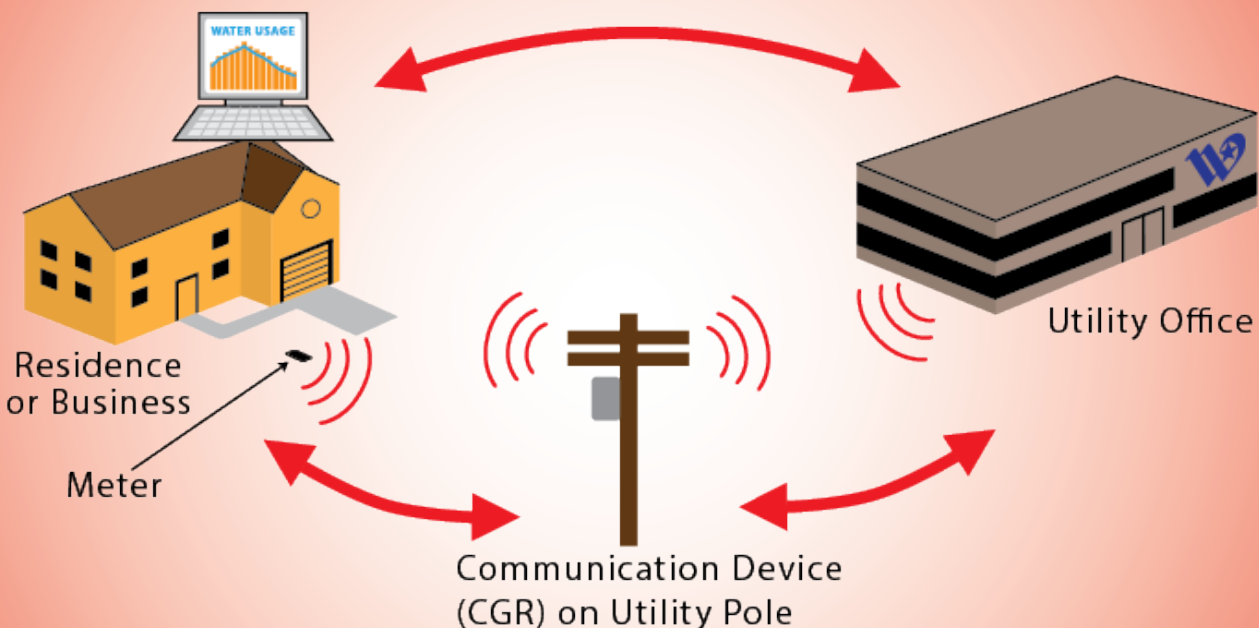


ADVANCED METERING INFRASTRUCTURE AMI - DATA COLLECTION NETWORK

PROJECT DESCRIPTION

This project involves the installation of an Advanced Metering Infrastructure Systems, (“AMI”), which enables two-way communication over a fixed network between the District and the metering endpoints. With an AMI system, the whole distribution network can be continuously monitored by hourly interval reads. This increased data collection capability can be used to help detect leaks, and to provide a foundation for analyzing usage patterns, (important for water conservation and water use efficiency). The meter reading for billing would be instantaneous compared to driving routes and collecting AMR reads on a laptop. Opening and closing reads could be obtained immediately without sending field staff. It increases meter reading efficiency, reduces overhead costs, and enhances customer service.

PROJECT TYPE Capital Outlay	DEBT SERVICE N/A
TOTAL PROJECT COST \$200,000	PROJECT MANAGER General Services
CAPITAL REQUESTS New Project	FUNDING SOURCE Operating Revenue
PRIOR YEARS' BUDGET N/A	



APOLLO ACCESS DOOR CONTROL SYSTEM

PROJECT DESCRIPTION

This project adds five (5) doors to the Existing Apollo Access Control System. The additions include one (1) Mag Lock to the administration area front door, three (3) electrified locksets to each of the executive office doors, one (1) electrified lockset to the stockroom, and one (1) electrified lockset to the SCADA room.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$15,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



ASBESTOS ABATEMENT AND ROOF REPLACEMENT RESERVOIR 2-1

PROJECT DESCRIPTION

The existing roof of Reservoir 2-1 is in poor condition. District staff continues to repair problem areas as identified. The project consists of removing and disposing of current roofing materials, notifying all required agencies for this project, obtaining an Asbestos Occupational Safety and Health Administration notice and a 14-day AMQD notification, and installing a new roof.

PROJECT TYPE

Replacement/ Rehabilitation

TOTAL PROJECT COST

\$400,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Operations

FUNDING SOURCE

Operating Revenue



BLOOMINGTON ALLEY WAY TRANSMISSION MAIN REPLACEMENT

PROJECT DESCRIPTION

Construct 7,000 LF of 8-inch, 12-inch, and 24-inch waterlines in 7th St. and 9th St. between Locust Ave. and Linden Ave., Maple Ave, and in Linden Ave. and in Cedar Ave. Relocate 130 service laterals and install fire hydrants, meters boxes, and meters.

Distribution mains, services and valves serving a portion of the community of Bloomington are located within the rear alleyways of the homes. Over the course of many decades, fences, buildings etc. have been constructed within these alleyways limiting the Districts ability to read meters, locate shut off valves and perform regular and emergency maintenance.

PROJECT TYPE
Replacement/ Rehabilitation

TOTAL PROJECT COST
\$5,200,000

CAPITAL REQUESTS
New Project

PRIOR YEARS' BUDGET
\$25,070

DEBT SERVICE
N/A

PROJECT MANAGER
Engineering

FUNDING SOURCE
Reimbursement Agreement



BOARD ROOM AUDIO AND VIDEO UPGRADE

PROJECT DESCRIPTION

This project upgrades the audio-visual system that was installed in the District’s Board room in 2007. The upgrade includes the replacement of the monitors at the dais, the microphones, the projector screen, the assistive listening system, and most of the core system hardware components. The upgrade also includes the installation of two cameras and the hardware necessary to enable the District to stream the meeting to multiple sources, such as Zoom, YouTube Live, and Facebook Live. This capability supports the District’s efforts to increase transparency and accessibility for public meetings.

PROJECT TYPE
Capital Outlay

DEBT SERVICE
N/A

TOTAL PROJECT COST
\$90,000

PROJECT MANAGER
General Services

CAPITAL REQUESTS
New Project

FUNDING SOURCE
Operating Revenue

PRIOR YEARS’ BUDGET
N/A



BUILDING “C” IMPROVEMENTS

PROJECT DESCRIPTION

Renovate workspace shared by Meters and Distribution staff in Building C.

PROJECT TYPE
Replacement/ Rehabilitation

TOTAL PROJECT COST
\$40,000

CAPITAL REQUESTS
New Project

PRIOR YEARS' BUDGET
N/A

DEBT SERVICE
N/A

PROJECT MANAGER
Operations

FUNDING SOURCE
Operating Revenue



CISCO PHONE SYSTEM SERVER REPLACEMENT

PROJECT DESCRIPTION

This project involves upgrading the two physical servers that support the District's Voice over IP (VoIP) phone system. One server is the primary controller for the call system and call manager. The second server is configured to serve as a backup unit if the first system fails. The existing servers were installed approximately eight (8) years ago and are approaching the end of their useful life.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$36,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



ELECTRICAL PANEL UPGRADE - SERVER ROOM

PROJECT DESCRIPTION

This project involves an upgrade to the electrical panel in the District's server room. The existing panel is at capacity and cannot accommodate the addition of any additional equipment.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$15,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



EMERGENCY GENERATORS ZONE 5

PROJECT DESCRIPTION

New Emergency Standby Generator for Pump Station 5-2.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$275,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Reimbursement Agreement



FXB REPURPOSING

PROJECT DESCRIPTION

With the FXB fully decommissioned, the District is looking into converting FXB equipment to an ion exchange system.

PROJECT TYPE
Replacement/ Rehabilitation

TOTAL PROJECT COST
\$650,000

CAPITAL REQUESTS
New Project

PRIOR YEARS' BUDGET
N/A

DEBT SERVICE
N/A

PROJECT MANAGER
Operations

FUNDING SOURCE
Reimbursement Agreement



HYDRO EXCAVATOR VACUUM TRUCK

PROJECT DESCRIPTION

West Valley Water District will no longer be able to spread treatment sludge at District's facilities. Hauling and disposal cost over \$700,000. With the Vac Truck, the District only pays for disposal, which is about \$200,000. Additionally, the Vac Truck will speed up job time excavating.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$415,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Operations

FUNDING SOURCE

Operating Revenue



I-10 CEDAR AVENUE INTERCHANGE IMPROVEMENT PROJECT

PROJECT DESCRIPTION

WVWD's water facilities are located within SBCTA's proposed improvements along Cedar Avenue between Bloomington Avenue and Orange Street. Approximately 2,600 linear feet of 12-inch water main and 1,300 linear feet of 8-inch water main will need to be replaced. On the Cedar Avenue bridge, the 8-inch water main is in a 16-inch steel casing and the 12-inch water main is in a 20-inch steel casing and as part of the bridge widening project, it will need to be replaced. WVWD has prior water rights and has existing agreements with the State of California. This Project will be funded by SBCTA and will be required to coordinate all Work with SBCTA for review and approval. A Caltrans permit and a UPRR permit will be required. Work requires relocating the existing water main, meters, valves, and a fire hydrant.

PROJECT TYPE

Replacement/ Rehabilitation

TOTAL PROJECT COST

\$2,500,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

\$380,652

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Reimbursement Agreement



LORD RANCH FACILITY GRADING AND SITE WORK

PROJECT DESCRIPTION

Design of site grading, paving, fencing, electric sliding gate, landscaping etc.

PROJECT TYPE New System Assets	DEBT SERVICE N/A
TOTAL PROJECT COST \$701,040	PROJECT MANAGER Engineering
CAPITAL REQUESTS New Project	FUNDING SOURCE Capacity Charges
PRIOR YEARS' BUDGET \$201,120	



METER VAULT LID RETRO FITS

PROJECT DESCRIPTION

This project involves the installation of traffic rated vault lids on large meter vaults. Vault lid failures occur throughout the year and replacement of the vault lids is necessary to ensure the public's safety. Staff anticipates approximately five (5) vault lids will be replaced during this budget cycle.

PROJECT TYPE

Replacement/ Rehabilitation

TOTAL PROJECT COST

\$25,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



METERS AND MXU'S FY2022

PROJECT DESCRIPTION

This project involves the installation of new, modernized water meters with AMR/AMI technology to replace aging, inefficient meters. New meters provide more efficient water metering and more accurate reporting of water sales to the State of California Department of Water Resources. Replacement of aging meters reduces the amount of "water loss" or the difference between metered deliveries and water produced. Efficient metering improves the District's reporting records and improves accuracy necessary to meet the State mandated water demand reduction requirements.

PROJECT TYPE

Replacement/ Rehabilitation

TOTAL PROJECT COST

\$300,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



NEW IEUA AREA WELL

PROJECT DESCRIPTION

The project consists of the design and construction of a new groundwater production well to support future demand in northern Fontana. The well would be drilled at a new facility on Knox Avenue. Design is planned for FY 2022 with construction to follow the next fiscal year. It is anticipated that this well located in the Rialto-Colton Groundwater Basin would produce around 1,000 GPM. This well would provide needed backup for Well 54 in the event it is out of service for repair or maintenance.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$3,000,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Capacity Charges



TRUCK FOR CROSS-CONNECTION STAFF

PROJECT DESCRIPTION

Provide proper vehicle for the job. The Truck will have higher carrying load capacity and be equipped with a crane.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$50,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Operations

FUNDING SOURCE

Operating Revenue



NEW WELL 36A

PROJECT DESCRIPTION

This project consists of the design and construction of a new groundwater production well to replace Well 36. The new well would be drilled at the District's Lord Ranch Facility out of any potential flood plain area within the District's fenced complex. Design is planned for FY 2022 with construction to follow the next fiscal year. It is anticipated that this well located in the Lytle Creek Groundwater basin would produce between 2,000 and 2,500 GPM.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$3,000,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Capacity Charges



OLIVER P. ROEMER PLANT EXPANSION

PROJECT DESCRIPTION

The District is planning to expand the Oliver P. Roemer Water Filtration Facility to treat an additional 7.2 million gallons per day (MGD) of State Water Project water. This will increase Roemer's current capacity of 14.4 MGD to an ultimate 21.6 MGD. Currently, the Roemer facility is operating near capacity during summer months when water demand is the highest. This expansion is needed due to infrastructure replacement and upgrade needs, increased demands, to offset peak summer usage and to regain groundwater well supply lost due to various contaminants and lowering groundwater levels. About 34% of the District's service area is undeveloped and the additional water treated at the Roemer expansion will help to provide a reliable long term water supply.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$48,900,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

\$3,080,347

DEBT SERVICE

Currently Applying to Loans

PROJECT MANAGER

Engineering

FUNDING SOURCE

Loans



PEPPER AVENUE @ I-10 FREEWAY ZONE 2- TRANSMISSION MAINS

PROJECT DESCRIPTION

Design of a 24-inch transmission main under the Union Pacific Railway, south of the 1-10 freeway at Pepper Avenue.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$889,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

\$17,647

DEBT SERVICE

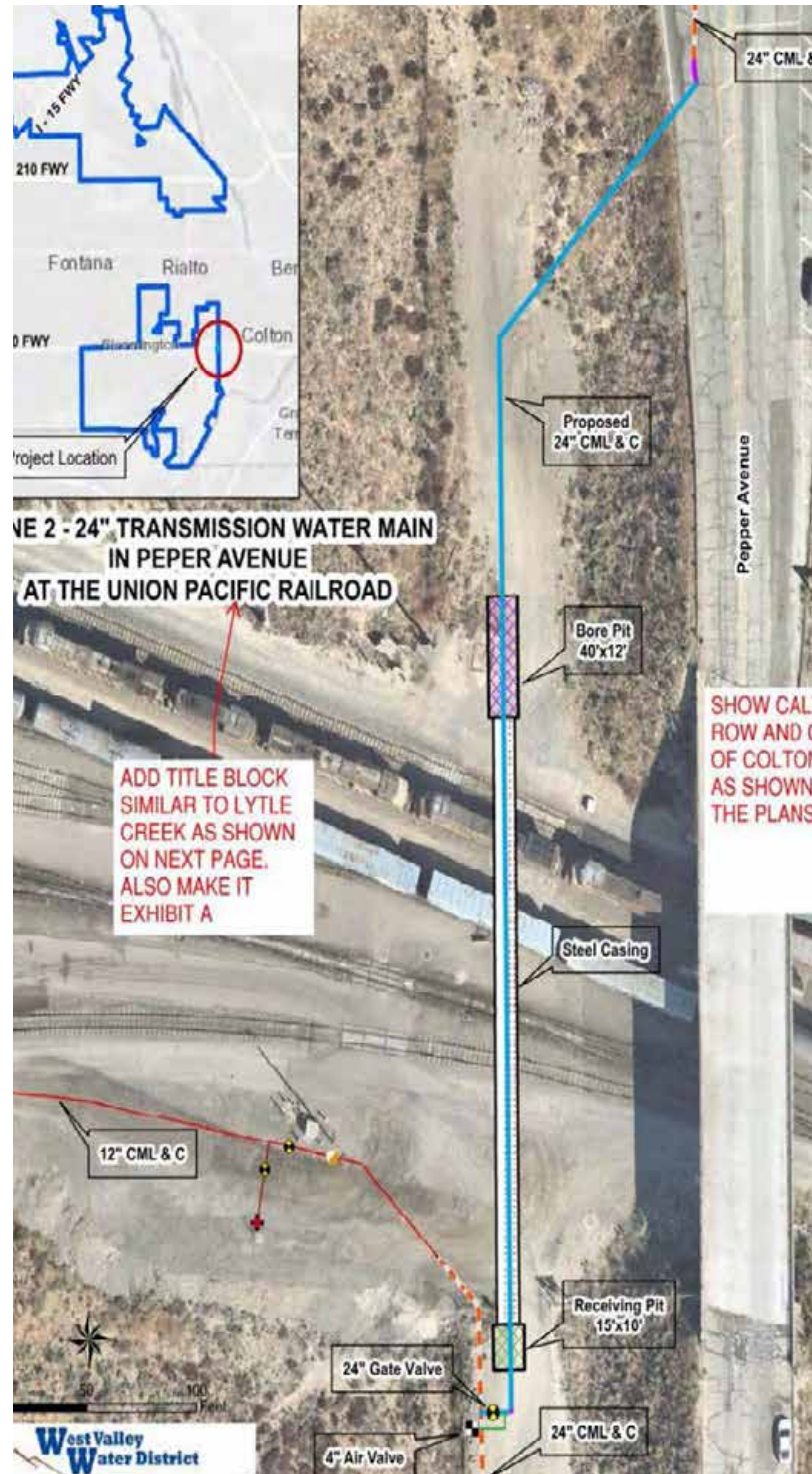
N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Capacity Charges

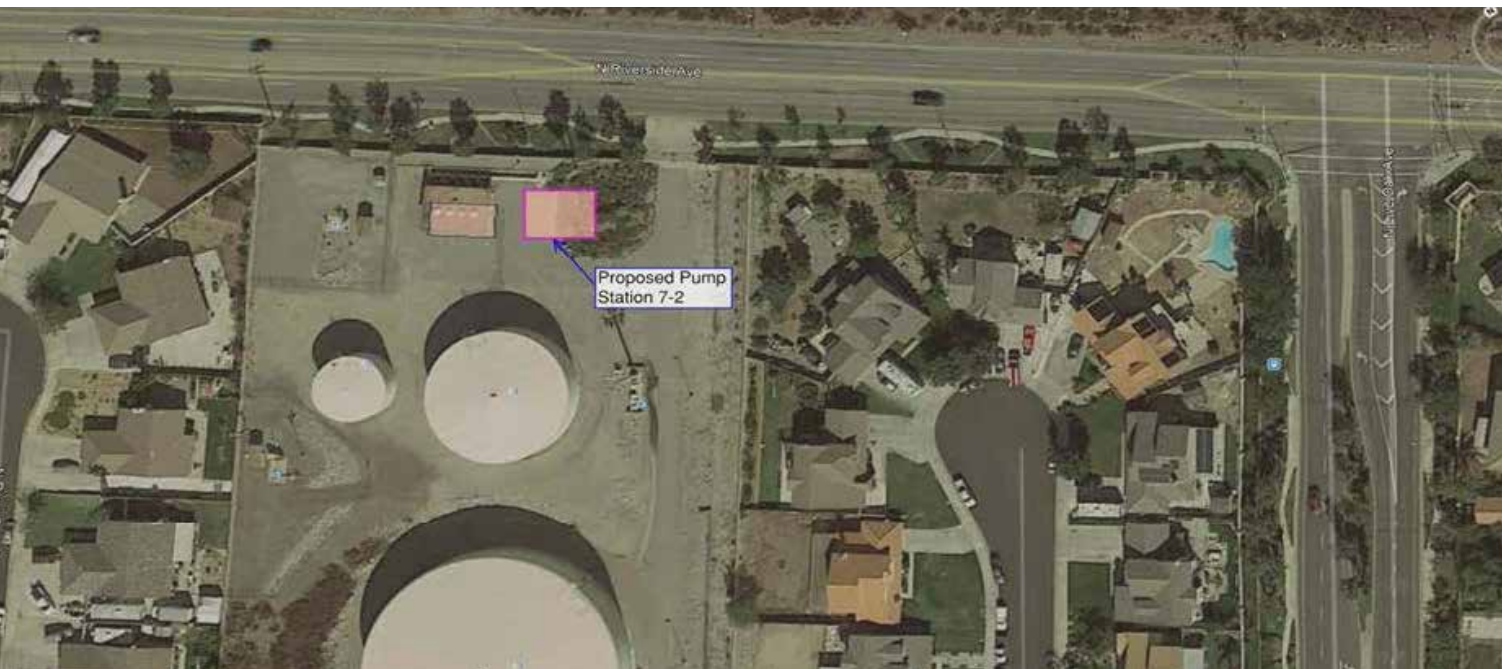


PUMP STATION 7-2

PROJECT DESCRIPTION

Pump Station 7-1 is the only booster pump station in Zone 7. Pump Station 7-2 is needed to supply future demands and provide redundancy in the event Pump Station 7-1 is out of service for maintenance or repair and in preparation for the increased development that is projected to occur in Pressure Zone 7.

<p>PROJECT TYPE New System Assets</p> <p>TOTAL PROJECT COST \$4,091,000</p> <p>CAPITAL REQUESTS New Project</p> <p>PRIOR YEARS' BUDGET \$93,035</p>	<p>DEBT SERVICE N/A</p> <p>PROJECT MANAGER Engineering</p> <p>FUNDING SOURCE Capacity Charges</p>
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ROEMER BOOSTER PUMPS REHAB

PROJECT DESCRIPTION

The rehabilitation of Roemer's Booster Pumps will increase production and reliability.

PROJECT TYPE
Replacement/ Rehabilitation

TOTAL PROJECT COST
\$80,000

CAPITAL REQUESTS
New Project

PRIOR YEARS' BUDGET
N/A

DEBT SERVICE
N/A

PROJECT MANAGER
Operations

FUNDING SOURCE
Operating Revenue



ROEMER GAC VESSEL MEDIA REPLACEMENT

PROJECT DESCRIPTION

West Valley Water District currently operates ten (10) pressurized vessels that contain granular activated carbon (GAC) at the Oliver P. Roemer Water Filtration Facility for total organic carbon (TOC) removal. TOC reacts with chlorine, a commonly used drinking water disinfectant, and forms disinfection byproducts in the distribution system. The goal of the GAC is to reduce the TOC levels to limit the levels of known and unknown disinfection byproducts which may have adverse health effects. GAC media in 5 vessels have reached the end of their life cycle and need to be replaced.

PROJECT TYPE

Replacement/ Rehabilitation

TOTAL PROJECT COST

\$360,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Operations

FUNDING SOURCE

Operating Revenue



UV LIGHT DISINFECTANT SYSTEMS

PROJECT DESCRIPTION

This project involves the installation of UVC Bacterial Disinfection Technology, which offers a solution for continuous surface and air disinfection. It would complement the pandemic related safety measures that are currently in place and would support the District's commitment to providing a safe environment for staff and for returning customers, (when the time is appropriate to re-open the Customer Service Foyer).

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$334,850

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services & Human Resources/
Risk Management

FUNDING SOURCE

Reimbursement Agreement



VMWARE HOST SERVER

PROJECT DESCRIPTION

This project involves replacing one of the VMWare hosts in the District's virtual server environment. VMWare hosts allow the District to use one physical server to create and run multiple virtual servers instead of implementing multiple physical servers.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$45,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



WEBSITE REDESIGN

PROJECT DESCRIPTION

This project involves redesigning the District's website. The existing website no longer best serves the needs of the District or its stakeholders. The website will be redesigned to support transparent communication between the District and the public, improve the delivery of services to customers, enhance data management, and follow industry best practices.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$80,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue



WELL 18A PIPE BLENDING PROJECT

PROJECT DESCRIPTION

Emergency project to blend water from Zone 3 to Zone 2 at the Well 18A plant site to reduce nitrate levels. Installation of Zone 3 distribution main with new 8-inch diameter ductile iron (DI) water main approximately 750 linear feet along Valley Boulevard and Sycamore Avenue.

PROJECT TYPE

Replacement/ Rehabilitation

TOTAL PROJECT COST

\$400,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Operating Revenue



WELL 16 & 17 WATER TREATMENT SCOPING STUDY

PROJECT DESCRIPTION

Evaluate the impact caused by 1, 2, 3-Trichloro propane (TCP), identify the solution to recover the stranded assets, and assess the capital and operation and maintenance needs to implement such solution.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$50,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Operations

FUNDING SOURCE

Operating Revenue



WELLS AND PUMPING EQUIPMENT FY22

PROJECT DESCRIPTION

Funding to address failures of pump equipment as they occur or planned rehabilitations.

PROJECT TYPE
Replacement/ Rehabilitation

TOTAL PROJECT COST
\$50,000

CAPITAL REQUESTS
New Project

PRIOR YEARS' BUDGET
N/A

DEBT SERVICE
N/A

PROJECT MANAGER
Operations

FUNDING SOURCE
Operating Revenue



WIRELESS BRIDGE BETWEEN ROEMER AND HQ

PROJECT DESCRIPTION

This project involves the installation of a wireless bridge between the Oliver P. Roemer Treatment Plant and the District Headquarters. The wireless bridge will be used to provide internet service, remote network accessibility, and secure connections for the District's SCADA system.

PROJECT TYPE

Capital Outlay

TOTAL PROJECT COST

\$36,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

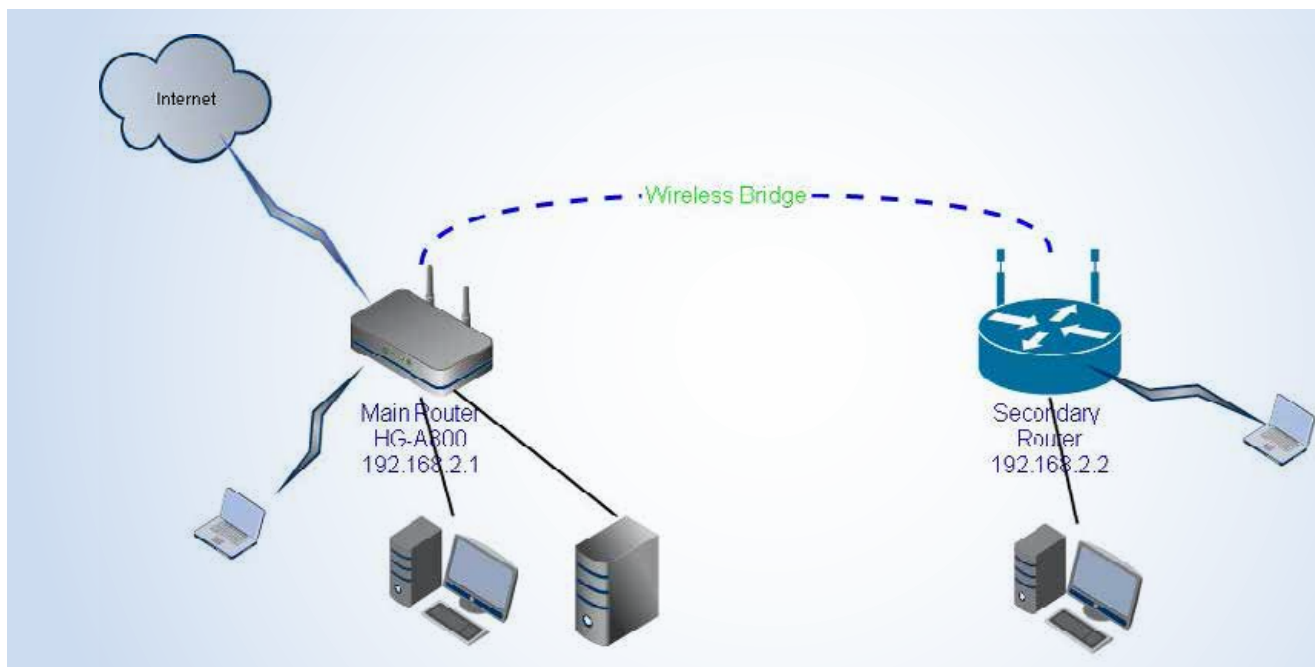
N/A

PROJECT MANAGER

General Services

FUNDING SOURCE

Operating Revenue

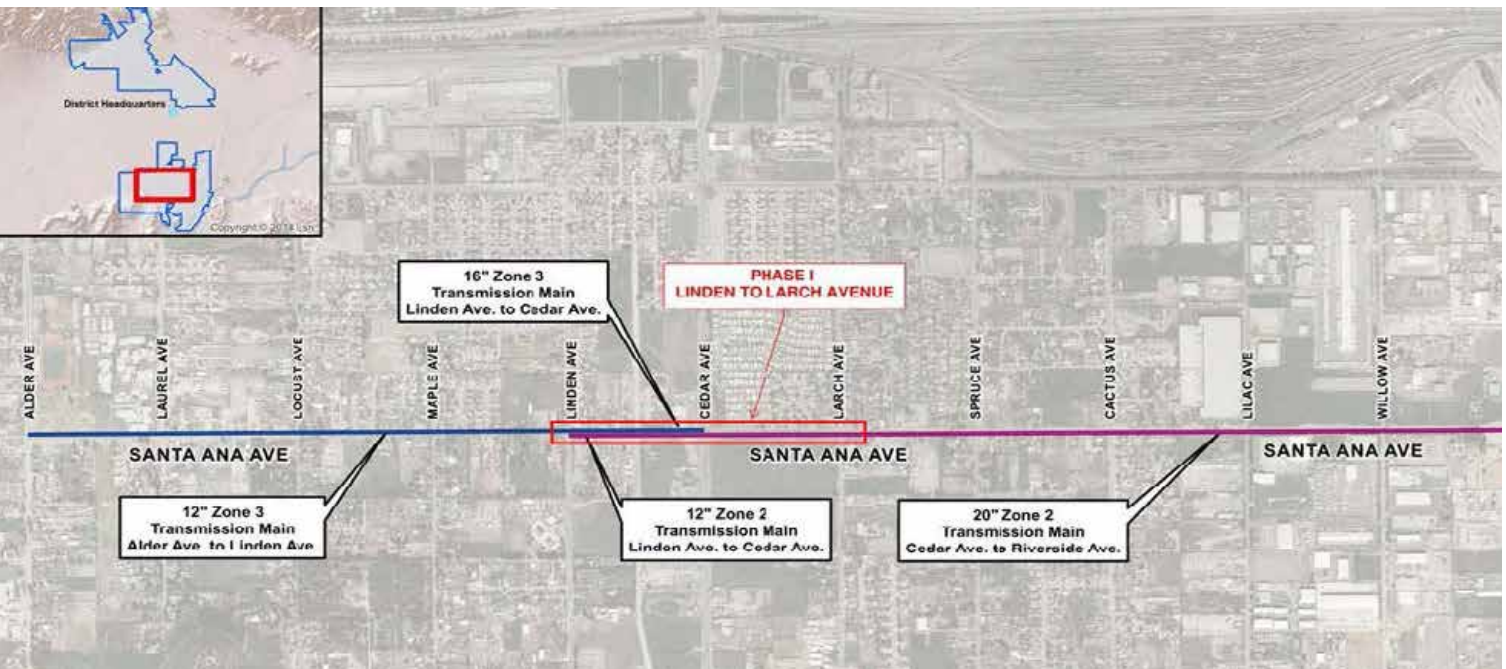


ZONE 2 & 3 TRANSMISSION MAINS

PROJECT DESCRIPTION

The pipelines in this area were constructed in the 1950's, 60's and 70's and lack the required supplies for domestic and fire flow demands in Pressure Zone 2 and Zone 3. 12-inch, 16-inch, and 24-inch transmission mains along Santa Ana Avenue transmission mains are needed to improve water circulation for water quality and improve fire flow for the residences in the area.

<p>PROJECT TYPE New System Assets</p> <p>TOTAL PROJECT COST \$4,645,667</p> <p>CAPITAL REQUESTS New Project</p> <p>PRIOR YEARS' BUDGET \$1,483,836</p>	<p>DEBT SERVICE N/A</p> <p>PROJECT MANAGER Engineering</p> <p>FUNDING SOURCE Capacity Charges</p>
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ZONE 3 DISTRIBUTION PIPELINE REPLACEMENT

PROJECT DESCRIPTION

Construction of new waterlines, services and fire hydrants within the street right of way includes the installation of approximately 9,400 lf of 8-inch diameter pipeline within Valley Boulevard, Vine Street, Lynwood Street, Larch Avenue, Pomona Avenue, Grove Place, Portola Avenue, Claremont Avenue, and Alameda Avenue.

PROJECT TYPE
Replacement/ Rehabilitation

TOTAL PROJECT COST
\$1,582,000

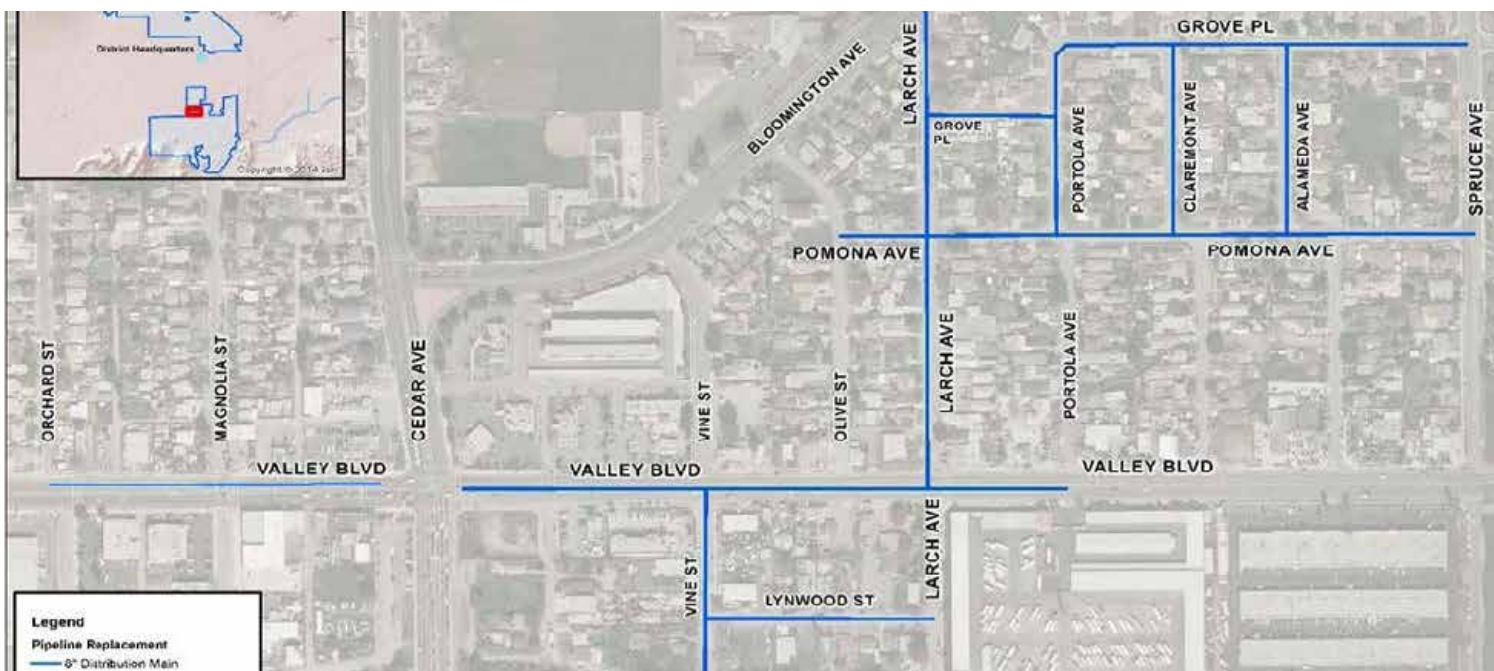
CAPITAL REQUESTS
New Project

PRIOR YEARS' BUDGET
\$5,321

DEBT SERVICE
N/A

PROJECT MANAGER
Engineering

FUNDING SOURCE
Operating Revenue



ZONE 3A- 10" PIPELINE IN CACTUS AVE

PROJECT DESCRIPTION

Construct a new 10-inch pipeline in Cactus Avenue from James Street to Alru Street.

PROJECT TYPE New System Assets	DEBT SERVICE N/A
TOTAL PROJECT COST \$143,500	PROJECT MANAGER Engineering
CAPITAL REQUESTS New Project	FUNDING SOURCE Operating Revenue
PRIOR YEARS' BUDGET N/A	



ZONE 6 PRV – NEW PRV ON SIERRA AVE

PROJECT DESCRIPTION

The Pressure Regulation Valve (PRV) is a control valve that reduces the upstream water pressure to a desired output pressure. This valve will assist as needed to provide the desired downstream pressure in the event of a fire flow event. This new PRV will be constructed when development occurs in the City of Fontana along Sierra Avenue. When completed, the PRV will assist in maintaining a reliable system pressure within the distribution system and better serve our customers.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$115,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

FUNDING SOURCE

Capacity Charges



ZONE 7- 16" TRANSMISSION MAIN IN CITRUS AVE

PROJECT DESCRIPTION

The new Monterada housing development in northern Fontana will be constructing a 16-inch pipeline in Citrus Avenue from Duncan Canyon Road north to the edge of the development. The District will fund a portion of the upsizing of the pipeline and be reimbursed when development occurs on the adjacent side of Citrus Avenue. Approximately 1,560 linear feet of 16-inch ductile iron pipe, 4 fire hydrants and appurtenances will be installed on the easterly side of Citrus Avenue.

PROJECT TYPE

New System Assets

TOTAL PROJECT COST

\$200,000

CAPITAL REQUESTS

New Project

PRIOR YEARS' BUDGET

N/A

DEBT SERVICE

N/A

PROJECT MANAGER

Engineering

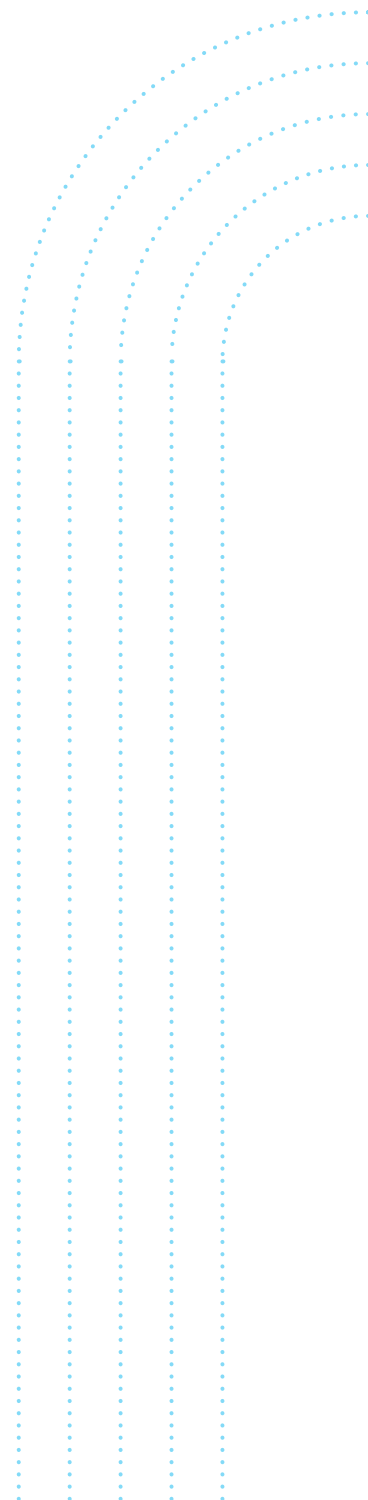
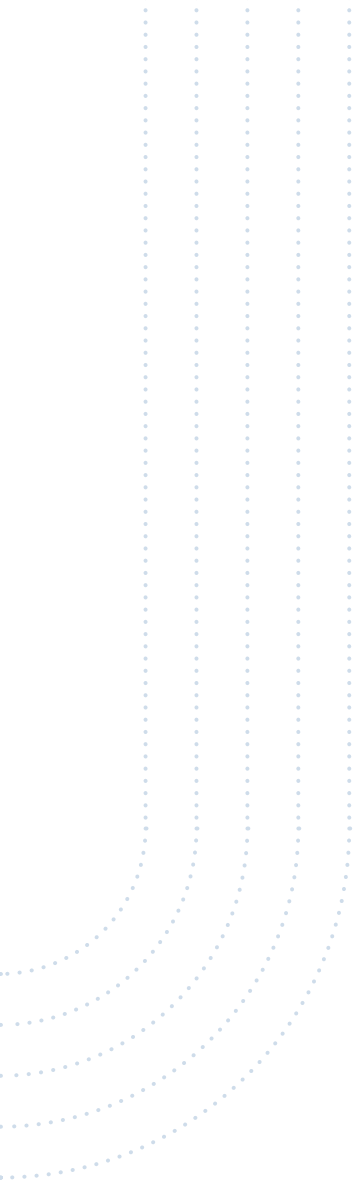
FUNDING SOURCE

Reimbursement Agreement



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The background features a dark blue gradient with faint, semi-transparent financial charts, including a candlestick chart at the top and a bar chart at the bottom. On the left, there are several concentric, dotted white arcs. On the right, there is a solid light blue square.

DEBT **management**



DEBT SUMMARY

The District has been successful in financing capital improvements through a combination of long-term and short-term financing plans. The District's primary debt management objective is to keep debt levels within available resources and within limits that will allow the District to meet the debt service coverage ratios required by the bond covenant.

The District's debt service payments in FY2021-22 will be \$1,958,979 on total outstanding debt of \$28,962,428 as of June 30, 2021.

TYPES OF DEBT

REVENUE BONDS

Revenue bonds are issued to finance the construction or upgrade of water facilities. Debt service is payable out of water system net revenue.

- **Series 2016A Refunding Revenue Bonds:** issued to provide funds, together with certain other moneys: (i) to prepay all amounts payable under the Series 2006D-2 Bonds installment purchase agreement between the District and California Statewide Communities Development Authority; and (ii) pay cost of issuance of the 2016A Bonds. The bonds were in the aggregate principal amount of \$22,035,000 with an interest ranging from 2% to 5% per annum. As of June 30, 2021, the outstanding balance of the financing was in the amount of \$20,215,000.

HYDROELECTRIC PLANT

An agreement with San Bernardino Valley Municipal Water District to finance and construct Roemer Hydroelectric Station. Debt service is payable out of water system net revenue.

- **Hydroelectric Plant:** In December 20, 2016, the District entered into an agreement with San Bernardino Valley Municipal Water District ("Valley District") to finance and construct Roemer Hydroelectric Station. In the agreement, the Valley District agreed to finance the cost of the project total amount of \$3,310,151 with the interest that the Valley District shall be revenue neutral in this financing arrangement. As of June 30, 2021, the outstanding balance of the financing was in the amount of \$2,316,851.

WATER PARTICIPATION RIGHTS CONTRACT PAYABLE

A water right is legal permission to use an amount of water by the District. California Water Code (Division 2) requires a water right if you take water from lake, river, stream, or creek, or from underground supplies.

- In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District. These rights entitle the District to purchase water from the Baseline Feeder system. The payment for the rights is calculated at 5,000-acre feet at \$90 per acre foot, per year, payable in monthly installments of \$26,794, until January 31, 2041. The annual amount is \$321,529, for usage fee. Purchased water is billed in addition to the minimum fee. As of June 30, 2021, the balance for future water rights payments was in the amount of \$6,430,577.

Below is a schedule of FY 2021-22 debt service payments:

DEBT ISSUE	PRINCIPAL	INTEREST	TOTAL
Series 2016A Refunding Revenue Bond	430,000	876,350	1,306,350
Hydroelectric Plant	331,100	75,000	406,100
Water Participation Rights	321,529	-	321,529
TOTAL	1,082,629	951,350	2,033,979

DEBT SCHEDULE

Below is a schedule of all outstanding debt:

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2023	\$1,092,629	\$863,300	\$1,955,929
2024	1,107,629	847,600	1,955,229
2025	1,127,629	829,000	1,956,629
2026	1,142,629	807,250	1,949,879
2027	1,167,629	782,125	1,949,754
2028-32	4,927,896	3,492,450	8,420,346
2033-37	5,407,645	2,661,000	8,068,645
2038-42	6,071,113	1,892,675	7,963,788
2043-47	5,835,000	1,050,300	6,885,300
Total	\$27,879,799	\$13,225,700	\$41,105,499

DEBT SERVICE COVERAGE

The District has no policy limitation, and there is no statutory limitation, on the amount of debt that may be issued by the District, however, bond covenants for the District's 2016 Revenue Bonds require an additional bonds test prior to issuing additional obligations payable from Net Operating Revenue. The test determines the amount of additional debt that may be issued by calculating the amount of net revenue available for additional debt service payments.

The Revenue Bond documents, as well as loan agreements with US Bank, require that the District maintain a debt coverage ratio equal to 1.2 or 120% of annual debt service.

The FY 2021-22 proposed operating budget provides the net revenue to debt ratios shown in the table on the following page:

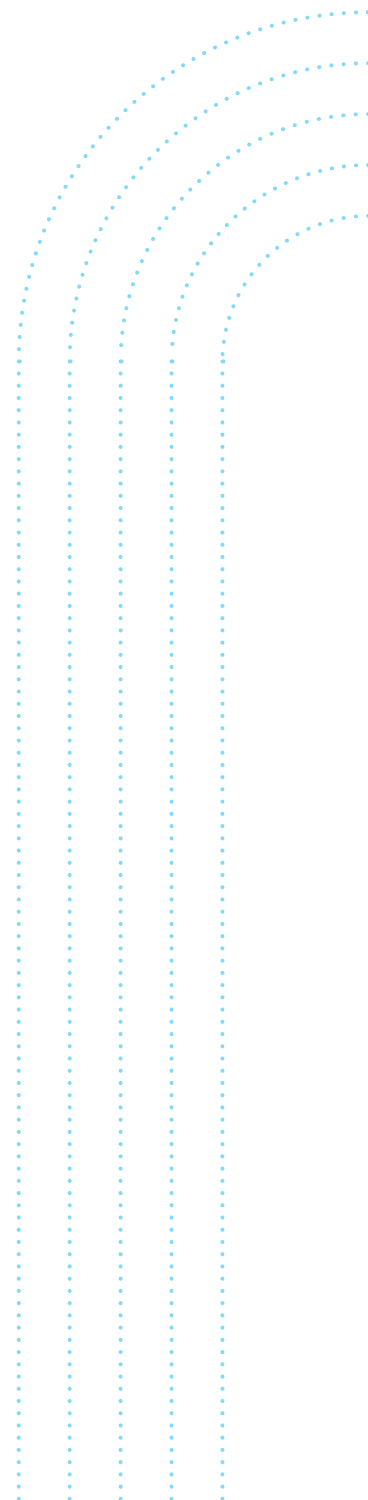
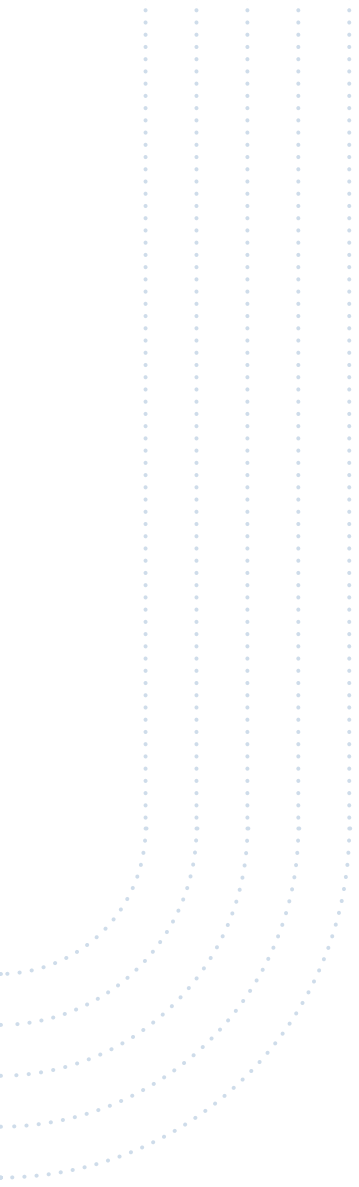
WATER FUND	TOTAL
REVENUE	
Sales & Services	25,960,511
Other Charges	4,087,998
Other Non-Operating	2,794,807
TOTAL REVENUES	32,843,316
OPERATING EXPENSES	
Departments	28,041,342
TOTAL OPERATING EXP.	28,041,342
NET REVENUE	4,801,974
BOND DEBT SERVICE	1,306,350
DEBT COVERAGE RATIO	3.68

BOND RATINGS

Credit risk is the risk that District creditors will suffer financial loss if the District fails to fulfill its obligation to make timely payments to holders of District debt. Risk is measured by the assignment of a rating to the District's bonds by a nationally recognized credit rating organization. Strong credit ratings provide benefits to District ratepayers in the form of reduced debt service costs. Practical financial management policies have resulted in a bond rating of AA- from Standard & Poor's. The rating was issued on December 14, 2016 and is considered a high quality, investment grade rating.

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FINANCIAL policies

POLICY



SUMMARY OF FINANCIAL POLICIES

The District has been successful in financing capital improvements through a combination of long-term Financial policies are used to establish similar goals and targets for the District's financial operation, allowing the Board and District officials to monitor how well the District is performing. The policies represent guidelines for evaluating both current activities and proposals for future programs. Approved financial policies provide a consistent approach to fiscal strategies, and enable the District to maintain its financial stability.

INVESTMENT POLICY

The purpose of this policy is to establish guidelines for the prudent investment of District funds in compliance with California Government Code (CGC) requirements. The guidelines assist the District to manage funds in a prudent and diligent manner, with an emphasis on safety of principle, liquidity, and financial return on principal. They also ensure proper controls and safeguards are in place.

GOALS

- *To invest public funds in a manner which will provide the highest investment return with the maximum security.*
- *To meet the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.*

BUDGET POLICY

The purpose of the policy is to promote sound financial management, which can lead to improvement in bond ratings, a lower cost of capital, provide assurance to the tax and rate payers that taxes and fees are being collected and spent per Board direction, and provide a minimum of unexpected impacts upon taxpayers, rate-payers and users of public services.

GOALS

- *The budget will provide adequate funding for maintenance and replacement of capital plant and equipment.*
- *Anticipate and address economic and fiscal risks to ensure the District lives within its means and has the resources to invest in its infrastructure, facilities, equipment, training and workforce.*
- *Ensure sufficient funding is available for current and future operating, capital, and debt service needs.*
- *Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.*
- *Protect the District's credit-worthiness and maintain and, if possible, improve the current bond rating(s).*
- *Ensure that the District's debt is consistent with the District's planning goals and objectives.*

CARRYOVER POLICY

This policy provides guidelines to develop projections for reserve requirements and plan for the use of an excess surplus for the current year. The excess surplus amounts are the Carryovers.

GOALS

- *Monitored funds' surpluses and deficits.*
- *Assess if CIP projects have Carryovers or if project should be closed out.*
- *Establishes automatic Carryovers such as contractual commitments and restricted donations.*

RESERVE POLICY

This policy establishes appropriate fund reserves by category, identified purpose for each category, appropriate target levels, funding sources, and conditions under which each is to be used and replenished. It is consistent with sound, prudent fiscal practices, compliant with legal requirements, and essential to ensure that the District can effectively address external variations.

GOALS

- *Adequately provide for economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.*
- *Meet cash flow requirements.*
- *Provide funding for contingencies and unforeseen operating or capital needs.*

DEBT MANAGEMENT POLICY

This policy establishes the conditions for the use of debt and creates procedures and policies that minimize the District's debt service and issuance costs, retain a high-quality credit rating, and maintain full and complete financial disclosure and reporting.

GOALS

- *Protect the District's credit-worthiness and if possible, improve the current bond rating(s).*
- *Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.*
- *Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.*

PROCUREMENT POLICIES & PROCEDURES

This policy establishes appropriate procedures for procurement of supplies, materials, equipment, and services, including construction and capital improvements, for District use and to relate the principals of applicable provisions of governing law and to District administrative policies.

GOALS

- *Comply with California Government Code Section 54202.*
- *Established bid thresholds and invoice authorization thresholds across all levels of leadership with authority.*
- *Prevents conflict of interest and unauthorized purchases.*

BUDGET/CARRYOVER/RESERVE/ DEBT MANAGEMENT POLICY

SECTION 1: PURPOSE

Financial policies such as this Budget/Carryover/Reserve/Debt Management policy, improve the District's fiscal stability by helping District officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies such as this one, promotes sound financial management, which can lead to improvement in bond ratings, a lower cost of capital, provide assurance to the tax and rate payers that taxes and fees are being collected and spent per Board direction, and provide a minimum of unexpected impacts upon taxpayers, rate-payers and users of public services.

SECTION 2: GENERAL POLICY

The guiding principles of the District's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure. The District's Budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units, and as a communications device for all significant budgetary issues, trends, and resource choices.

The budget process and format shall be performance-based and shall be focused on goals, objectives and performance indicators. The budget will provide adequate funding for maintenance and replacement of capital plant and equipment.

The budget process is intended to weigh all competing requests for District resources within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged. The District will endeavor to avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.

The District shall anticipate and address economic and fiscal risks to ensure the District lives within its means and has the resources to invest in its infrastructure, facilities, equipment, training and workforce to preserve and enhance community wellbeing.

SECTION 3: RESPONSIBILITY

At West Valley Water District (WVWD or the District) the following represent sets of responsibilities borne by various levels of District Board members, Staff, and management.

1) THE BOARD OF DIRECTORS ARE RESPONSIBLE FOR:

- *Approving the budget, which dictates spending by District government.*
- *Deciding the spending priorities for the next fiscal year by setting aside money for programs, projects, or services*
- *Shall avoid committing to new spending for operating or capital improvement purposes until an analysis of all current and future cost implications is completed and presented to it by the CFO.*
- *To endeavor to maintain the highest credit rating possible for the District*

- *Willingness to adjust rates when necessary*
- *To allow for sufficient training and resources for the District's management team's ability to quickly implement measures to respond to challenges.*
 - *This includes active participation in organizations to keep pace with Water sector issues, regulatory mandates, and technological advances*

2) THE CFO, OR DESIGNEE, SHALL BE RESPONSIBLE FOR:

- *Developing the Budget, including discussions and explanations of all assumptions, estimates, and calculations to the Board*
- *Financial forecasting*
- *Recommending and implementing approved strategies for Reserve maintenance*
- *Recommending to the GM and the Board, and then implementing an approved plan of action for Budget surpluses and deficits*
 - *Include performing a calculation of one day's (or applicable multiple thereof) worth of budgeted operating expenses*
- *Accumulating the data and preparing a list of Carryovers to be approved by the Board*
- *Posting the approved budget and all budget amendments to the financial system*
- *Posting approved budget transfers of appropriations to the financial system*
- *Performing transfers between reserve accounts in the financial system*
- *To endeavor to maintain the highest credit rating possible for the District*
- *Proactively identify and monitor long term financial liabilities, including unfunded pension obligations, and commit to taking actions to manage these commitments that prioritizes the District's long-term financial sustainability.*
- *To perform or facilitate debit issuance, interest payments, principal repayments, and other debt related activity. Also designing, implementing and evaluating the internal controls over debt related activity.*
- *Coordinating and analyzing debt requirements, including timing of debt, calculation of outstanding debt, debt limitation calculations and compliance, impact on future debt burdens, and revenue requirements.*
- *Preparing and presenting to the Board, interim revenue and expenditure trends to allow evaluation of potential discrepancies from budget assumptions.*
- *Perform and present to the Board, current and future cost implications for operating or capital improvement costs before the Board commits to new spending*
- *Perform quarterly reports to the Board of:*
 - *Budget vs Actual Variances*
 - *Transfers of appropriations*
 - *Transfers between reserve accounts*
 - *Reserve target level compliance*
- *Have a back-up protocol to ensure continuity and timeliness of operations during vacations and other leaves.*
- *Must actively participate in and support the implementation of the internal controls contained in this policy and all other policies, and immediately follow up if deviation is suspected, in order to avoid the appearance and existence of fraud, misappropriation of District assets, or of conflicts of interest.*

- *Additional responsibilities are stated in the remaining sections within this policy.*
- *The General Manager (GM), Chief Financial Officer (CFO), and District Department Heads, collectively, are responsible for:*
 - *Administering programs within the specific funding decisions contained in the budget*
 - *Participate in meeting policy goals, budget goals, and ensuring the long-term financial health of the District*
 - *Assistance with building the annual budget through participation in evaluation of long-term initiatives, short term initiatives, significant changes, goals and objectives, Capital expenditures, program-based budgeting that link resources with results.*
 - *Identify and evaluate immediate and long-term economic, social, and environmental impacts of all issues provided for community and Board consideration.*
 - *Strive to identify entrepreneurial solutions to recover costs of operating programs.*
 - *Conduct all business with transparency pursuant to applicable laws and regulations. This shall be done by proactively pursuing ways to make financial information publicly available, accessible, and easy to understand for all community members.*
 - *To fairly and honestly collect and supply sufficient information (when available) as appropriate, and as needed by the Finance Division to fairly and properly support financial assumptions, calculations, and estimates that will be used to prepare the annual budget, forecasts, reports, rate setting calculations, as well as other financial calculations.*
 - *Search for, obtain, and maintain appropriate grant funding to leverage District funds, when available*
 - *Quarterly, performance measurement reporting to the Board*
 - *To endeavor to maintain the highest credit rating possible for the District*
 - *Reviewing and approving the listing of Carryovers taken to the Board for approval for their respective departments, and approval over all departments by the GM.*
 - *The GM shall have authority to appropriate up to \$25,000 in case of emergencies*
 - *Have a back-up protocol to ensure continuity and timeliness of operations during vacations and other leaves.*
 - *Must actively participate in and support the implementation of the internal controls contained in this policy and all other policies, and immediately follow up if deviation is suspected, in order to avoid the appearance and existence of fraud, misappropriation of District assets, or of conflicts of interest.*
- *Additional responsibilities are stated in the remaining sections within this policy.*

SECTION 4: DEFINITIONS

OPERATING BUDGET—adopted annually, the operating budget is a detailed estimate of how much the District needs to spend in its fiscal year to meet its ongoing financial obligations and provide programs and services. It establishes a spending cap that management may not exceed without special authorization.

CAPITAL BUDGET— The capital budget is money set aside for buying or building fixed assets such as buildings, equipment, vehicles, water facilities, and land. Because capital construction normally takes place over more than one fiscal period, capital budgets are generally adopted on a project-length basis.

CAPITAL IMPROVEMENT PROJECTS - infrastructure or equipment purchases or construction which results in a capitalized asset and having a useful (depreciable life) of one year or more.

INDIRECT COSTS – Costs incurred for a common purpose not readily assignable to a cost center or user at the time services or goods are provided or delivered

PAY-AS-YOU-GO FINANCING - is defined as all sources of revenue other than District's debt issuance, i.e., Net Assets, contributions, developer contributions, grants, endowments, etc.

RESTRICTED FUNDS – Monies where restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use.

CAPITAL FUNDS – Monies that are utilized primarily to fund capital and asset costs, for both new and replacement projects.

LIQUIDITY FUNDS – Monies used to safeguard the financial flexibility and stability of WVWD and to maintain stable customer charges and rates from year to year. Liquidity may be funded from accumulated revenues and when appropriate available short-term liquidity arrangements.

CASH ACCOUNT(S) – Accounts used to track cash and/or cash equivalent assets for accounting or reporting purposes. For purposes of investment, the District may commingle unrestricted accounts and reserve funds, so long as the District's Investment Policy permits such.

SECTION 5: BUDGET DEVELOPMENT OVERVIEW

Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and program-based cost accounting that require every program to be justified annually as to how it will meet intended objectives. The process will include a diligent review of programs by staff, the CFO, the GM, and the Board. The District will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures or accruing future year's revenues. The District's balanced budget is to be adopted on a modified accrual basis. Non-cash items, such as investment adjustments to market value, depreciation, amortization, and bad debt expense are not budgeted. Multi-year capital projects are often budgeted on a full cost basis and the year-end active project budgets are continued to the next year until the completion of the project.

SECTION 6: PROGRAM BASED BUDGET

Utilization of a program budget format will provide a basis for evaluation of services as well as a way to evaluate impacts of potential increases or decreases in funding. Current operating expenditures will include all allowable overhead operating (indirect) costs. For the most part, these expenses will be charged to individual budget program elements through indirect cost allocation plan charges.

District staff shall strive to identify entrepreneurial solutions to recover costs of operating programs.

Building the program-based budget will entail the following procedures:

1) LONG-TERM INITIATIVES (5-YEAR FORESIGHT)

- Evaluate District's vision, mission, and values.
- Evaluate District's goals and objectives of the above.
- Evaluate District's prioritization of the above.
- Evaluate District's expected outcomes of the above.

2) SHORT-TERM INITIATIVES (1 TO 5-YEAR FORESIGHT)

- Evaluate short-term goals.
- Evaluate service level assumptions.
- Evaluate budget impact - revenues and expenditures.
- Evaluate staffing level changes.

3) SIGNIFICANT CHANGES (1 YEAR LOOK BACK)

- Evaluate specific issues and action causing significant changes.
 - > Policy issues
 - > Economic factors
 - > Regulatory issues
 - > Legislative challenges
- Evaluate emerging issues or change in priorities.

4) GOALS AND OBJECTIVES BY DEPARTMENT (1-YEAR FORESIGHT)

- Evaluate department goals and objectives.
- Evaluate how department goals are linked to overall District goals.
- Evaluate short-term objectives, measurable results to be achieved.
- Evaluate timeframes of achieving those objectives.

5) NET POSITION

- Define net position
- Prepare five-year historical trend.
- Prepare ten-year forecast.

6) CAPITAL EXPENDITURES

- Define capital expenditures.
- Summarize capital expenditures.
 - > Routine.
 - > Non-routine.
- Identify and match funding source.
- Explain how the District's current and future budget will be impacted.
 - > Financial impact.
 - > Non-financial impact.

7) PROGRAM – BASE BUDGET WILL LINK RESOURCES WITH RESULTS

- Identifying community needs for essential services
- Describing the programs required to provide the essential services
- Identifying the purpose of activities performed in delivering services

- *Establishing goals and objectives which define the nature and level of services required*
- *Identifying resources required to perform program activities and accomplish goals and objectives*
- *Staffing levels*
- *Program activity revenue and appropriations*

SECTION 7: REVENUE BUDGET DEVELOPMENT

While building the revenue budget, the following parameters will be followed:

- *Identifying community needs for essential services*
- *Describing the programs required to provide the essential*
- *Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting principles (GAAP). All non-restricted revenues will be deposited in the Operating Fund (or other designated fund as approved by the CFO) and appropriated by the Board.*
- *Current revenues will fund current expenditures and a diversified and stable revenue system will be developed and maintained to protect programs from short-term fluctuations in any single revenue source.*
- *The District will estimate its annual revenues by an objective, analytical process, wherever practical. The District will project revenues for the next year and will update this projection annually. Each existing and potential revenue source will be reexamined annually. In the case of assumptions uncertainty, conservative projections will be used.*
- *The District will investigate potential new revenue sources, particularly those that will not add to the burden of tax or rate-payers.*
- *Each year, the District will recalculate the full costs of activities supported by user fees/rates to identify the impact of inflation and other cost increases.*
- *Grant funding will be considered to leverage District funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, District resources will be substituted only after all program priorities and alternatives are considered.*
- *One-time revenue windfalls should be designated as a reserve or used for one-time expenditures. The funds are not to be used for on-going operations. To the extent such funds are not required for current expenditures, one-time expenditures and/or capital improvements such funds should be maintained as operating reserves or used to reduce debt.*
 - *For purposes of this policy, one-time revenue windfalls shall include:*
 - *Lump sum (net present value) savings from debt restructuring*
 - *CalPERS Rebates*
 - *Tax Revenue growth in excess of 5% in a single year*
 - *Sale of District-owned real estate*
 - *Pure unexpected revenues (i.e. litigation settlement)*
 - *Receipts from approved Development Fees*
 - *Contributions and Gifts*
 - *Any other revenues the Board may elect to designate as extraordinary*

SECTION 8: USER FEES/RATES

The process for changing user fees or rates will follow the User Rate policy # _____. All user fees and charges will be examined or adjusted every year and undergo a thorough review to determine the 100% direct and indirect cost of service recovery rate at least every four years. This shall include operations and maintenance, capital outlay and debt services costs. The Board will strive to obtain 100% cost recovery rates, but will reserve the right to recover less, as appropriate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the Board following public review, each year.

Any unfavorable balances in cost recovery will be brought to the Board's attention by the CFO and affected Department Head, and evaluated from a departmental, program, and goals perspective.

SECTION 9: EXPENDITURE BUDGET DEVELOPMENT

- *Each program will identify activities and the recommended expenditure appropriations to perform those activities*
- *Identify recurring vs. nonrecurring expenditures*
- *Identify general vs. restricted expenditures*
- *Expenditure appropriation increases to the budget shall not be allowed unless offset with ongoing additional revenues or reduction in services.*
- *Addition of personnel will only be requested to meet program initiatives and policy directives: after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition or transfer.*
 - *The CFO shall evaluate the fiscal impact of proposed changes in all salaries or retirement benefits to be provided to any employee or employee association and present to the Board.*
- *Capital equipment replacement will be accomplished through a life cycle funding mechanism and in some instances the use of a "rental" rate structure. The rates will be revised annually to ensure that charges to operating departments are sufficient for operation and replacement of vehicles and other capital equipment (fleet, computers, phones, and copier systems). The District shall endeavor to maintain adequate cash reserves to fund 100% replacement of certain capital equipment. Replacement costs will be based upon equipment life cycle financial analysis developed by each department and approved by the CFO. Non-capital equipment replacement will be accomplished through a life cycle funding mechanism developed by each department and implemented and approved by the CFO.*
- *Alternative means of service delivery will be evaluated by the CFO to ensure that quality services are provided to customers at the most competitive and economical cost. Departments, in cooperation with the GM and CFO, will identify all activities that could be provided by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed annually or on an "opportunity" basis.*
- *A ten-year Capital Improvement Plan (CIP) shall be developed and updated annually, including anticipated funding sources. The District staff shall maintain all its assets at a level adequate to protect the District's capital interest and to minimize future maintenance and replacement costs.*
 - *The total estimated cost calculations of CIPs shall include adequate costs of repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.*
 - *Proposed capital projects will be considered through the District budget development process and reviewed and prioritized by a cross-departmental team regarding accurate costing (design, capital, and operating) as well as the GM and CFO for overall consistency with the District's goals and objectives. The CFO will then identify financing sources for the highest-ranking projects.*

- > *The District shall determine the least costly financing method for all new projects*
- > *Pay-as-you-go financing is defined as all sources of revenue other than District's debt issuance, i.e., Net Assets, contributions, developer contributions, grants, endowments, etc. Pay-as-you-go financing should generally be considered as the preferred option. However, the potential for debt issuance that provides additional economic and/or strategic values could be considered as recommended by the CFO.*
 - *In the context of funding future capital facilities and maintaining and replacing existing assets, in each instance, the District will analyze the benefits and tradeoffs of utilizing pay- as-you-go and/or debt financing and determine the optimal funding strategy or combination of funding strategies. The analysis should consider WVWD's current and projected liquidity, and capital positions, as well as the impact of inflation, the cost of water and other factors on the operations of the District and its capital improvement program. WVWD may from time to time measure its liquidity position by calculating "days cash" or other appropriate calculation of liquidity and its capital positions, as measured by its debt to equity ratio or other appropriate calculation of capital position.*
- > *The District shall endeavor to apply restricted funds (i.e. existing Bond proceeds) to capital projects before using "unrestricted" funds.*
- > *Capital project budget book descriptions will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.*
- > *An inventory of the District's physical assets, their condition, and remaining useful life will be maintained by the Finance Division*
- *A systematic and rational methodology should be used to calculate the amounts allocated within an indirect cost allocation plan*
 - > *District management needs to be involved in the process and knowledgeable about the methodology used*
 - > *It is important that internal staff be aware of all applicable laws and regulations if the cost allocation is to be used as the basis for requesting reimbursement under a grant, for bond proceeds, for rate-setting, or for any other contractual or governmental regulation or restriction.*

SECTION 10: ACCRUING LIABILITIES

The CFO shall endeavor to maintain cash reserves sufficient to fully fund the net present value of accruing liabilities including self-insurance provisions, obligations to employees for vested payroll and benefits, and similar obligations as they are incurred, and to maintain the highest credit rating possible for the District. At a minimum they must be funded to 90%.

SECTION 11: FORECASTING

The forecast will be comprised of estimated operating costs and revenues as well as future capital improvement financing sources and uses. Balanced revenue and expenditure forecasts will be prepared by the CFO to examine the District's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be taken into consideration when preparing budget recommendations. The forecast will be updated annually and include a five-year outlook. The CFO will prepare and present these estimates to the Board at least once a year. The District's capital plan will be informed by the ten-year forecasting process.

The forecast shall factor in future increases in demand, expected rate increases, regulations, and infrastructure renovation and renewal needs.

SECTION 12: RESERVE POLICIES

RESERVE POLICY PURPOSE:

and future operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. West Valley Water District (“District” or “WVWD”) will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Reserve Funds (“Funds”) will be accumulated and maintained to allow the District to fund operating expenses and capital expenditures in a manner consistent with its Annual Operating and Capital Improvement Budgets and its long term Capital Improvement Program, respectively, and avoid significant customer rate fluctuations due to changes in cash flow requirements.

Through a variety of policy documents and plans, including the District’s Capital Improvement Program, master plan and strategic plan, the Board has set forth a number of long-term goals for the District. A fundamental purpose of the District’s policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so.

The Board of Directors of WVWD (“Board”) may designate specific fund accounts and maintain minimum fund balances consistent with statutory obligations that it has determined to be in the best interest of WVWD. The Policy directives outlined in this section are intended to ensure WVWD has sufficient funds to meet current and future needs. The Board will annually review the level of these funds.

RESERVE TRACKING PROCEDURES:

The District may maintain its liquidity and capital funds in separate, designated sub-accounts in a manner that ensures its financial soundness and provides transparency to its ratepayers. The account balances are considered the minimum necessary to maintain the District’s creditworthiness and adequately provide for:

- *Compliance with applicable statutory requirements*
- *Financing of future capital facilities and repair and replacement of existing assets*
- *Cash flow requirements*
- *Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy*
- *Contingencies or unforeseen operating or capital needs*

WVWD has established and will maintain the following primary cash (and/or equivalent) accounts (and any other related fund tracking mechanism if needed):

- **Restricted Cash Account(s)** – *comprised of Bond Proceeds, Community Facilities District monies, Developer and or Capacity Fees and Customer Deposits*
- **Capital Cash Account(s)** – *comprised of money set aside for Capital Projects, including those for General and Administrative Capital Projects*
- **Liquidity Cash Account(s)** – *monies set aside for Rate Stabilization, the Operating Reserve Account, the Emergency Account, and the Water Banking Account*

RESERVE MAINTENANCE:

The minimum established for each account represents the baseline financial condition that is acceptable to WVWD from risk and long-range financial planning perspectives. Maintaining reserves at appropriate

levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: fees and charges, water usage management, capital financing, investment of funds, and levels of capital expenditures.

RESERVE MAINTENANCE:

To establish and preserve its strong credit ratings, in every fiscal year WVWD will strive to maintain a Liquidity fund balance totaling a minimum of 365 days of budgeted operating expenses without regard to any Liquidity Facility.

The following represents the Districts target reserve levels by type:

1) Restricted Funds

A) Bond Proceeds Fund(s) – Bond proceeds funds are monies derived from the proceeds of a bond issue. Typically, they consist of construction fund monies, and a debt service reserve fund (“DSRF”). The use of these proceeds is restricted by conditions set forth in the respective legal bond documents. Typically, these funds are held by the Trustee in favor of the bond holders.

Target Level – The debt service reserve requirement is established at the time of the bond issue. This amount may be recalculated as the bonds are paid down. Any excess principal and/or interest earnings can be used to pay debt service on the appropriate bonds. The target level must appropriately respond to changes in interest rates for variable rate debt.

Events or Conditions Prompting the Use of the Fund(s) – As stipulated in the respective bond documents. Construction fund monies are expected to be spent on applicable projects, while DSRF can only be used to pay debt service or to pay down principal at maturity.

Review Dates for Balances – Reviewed by the Trustee and WVWD staff on a semi- annual basis at least 15 days prior to an interest payment date.

B) Customer and Development Deposits – Monies held on behalf of WVWD customers as required for their account or as cash bonds for development projects..

Target Level – Customer deposits required are based upon the process outlined in the District’s Water Service Regulations. Deposit requirements for development projects are also outlined in the District’s Water Service Regulations. The balance in this account will fluctuate depending on the number of utility customer deposits required and the number of development projects in process. Therefore, no minimum or maximum levels will be established.

2) CAPITAL RESERVE FUNDS

WVWD will strive to maintain minimum balances in the Capital Reserve Funds, net of any capacity fees, as of June 30, of any fiscal year equal to the amounts set forth below. The Capital Reserve Funds will consist of the following sub-accounts:

A) Capital Project Account – The Capital Project Cash Account is used for the funding of new capital assets or the rehabilitation, enhancement or replacement of capital assets when they reach the end of their useful lives.

Target Level – WVWD may set aside capital moneys for replacement funds on a project- by-project basis. The minimum target level WVWD will strive for is 100% of its then- current fiscal year from the Capital Improvement Budgets plus 80% of the amount estimated to be needed the following fiscal year. Failure to meet the minimum target level will not result in a violation of the policy. The maximum balance may be

determined upon the reasonable needs of the District as set forth in the Capital Improvement Program, the District's Master Plan Documents and Strategic Plan.

Events or Conditions Prompting the Use of the Fund(s) – Staff will recommend new assets to be constructed or assets to be rehabilitated, enhanced, or replaced during the annual budget preparation. As projects are approved, funds will be appropriated from reserve funds or available revenues.

Review Dates for Balances – Fund balances and projected improvement projects will be reviewed by staff and the Board during the preparation and approval of the annual budget and during the mid-year budget review process.

B) Administrative & General Account – The Administrative & General Account can be used to fund certain general, administration and overhead projects. Fleet Management, Building, Equipment, and Information Technology reserves will be maintained based upon life cycle replacement plans to ensure adequate net asset (fund balance) designation required for systematic replacement of fleet vehicles, building components and systems, computers and related equipment, and operational contingencies. Operating departments will be charged over the useful life of the asset used. The District shall endeavor to stabilize funding by building reserves equal to the anticipated replacement cost of each asset class at end of useful life..

Target Level – This Account has no specific target level for each component. However, WVWD shall seek to maintain a minimum balance equal to 5% of its annual operating expenses. Special projects can be funded on an as-needed or project-by-project basis.

Events or Conditions Prompting the Use of the Fund(s) – Improvement projects will be identified by staff and recommended to the Board during the preparation of the annual budget. As projects are approved, funds will be appropriated from available revenues.

Review Dates for Balances – Fund balances and projected improvement projects will be reviewed by staff and the Board during the preparation and approval of the annual budget and during the mid-year budget review process.

3) LIQUIDITY FUNDS

Liquidity Funds will be comprised of the following sub-accounts: The Rate Stabilization Reserve Account, the Operating Reserve Account, the Emergency Account, and the water banking account. The balance in the Liquidity Funds will fluctuate depending on the annual operating expenses. Further, the District will also incorporate an aggregate reserve goal since policy requirements and goals might fluctuate year over year. The total reserve goal of maintaining cash and equivalents shall be equal to the annual operating budgeted expenditures for the current fiscal year which is equivalent to 365 “days cash”:

A) Rate Stabilization Account – This fund is established to provide flexibility to the Board when setting rates to allow for absorbing fluctuations in water demand and smoothing out rate increases over a period of time.

Target Level – This fund shall be maintained at a minimum level equal to the lower of (1) a calculation of the difference between (a) the amount of revenue from the lowest year of historical water usage going back 25 years and (b) the amount of revenue from a typical year using current rates; or (2) 180 days of the budgeted total operating expenses.

Events or Conditions Prompting the Use of the Fund – This fund is intended to be used to defray any temporary unforeseen decreases in the sale of water. The Board, on a case by case basis, will determine the amount and timing for any use of the fund. If at the end of any fiscal year, moneys on deposit in all accounts or reserve funds are at or exceed their respective maximum amounts or levels, the District may consider rebating surplus amounts to its ratepayers.

Review Dates for Balances – Fund balances and projected improvement projects will be reviewed by staff and the Board during the preparation and approval of the annual budget and during the mid-year budget review process.

B) Operating Reserve Account – *The Operating Reserve Account is used for unanticipated operating expenses. This fund is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs.*

Target Level – *Funding shall be targeted at a minimum amount equal to 185 days of the District's budgeted total operating expenses.*

Events or Conditions Prompting the Use of the Fund – *Upon Board authorization, this fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses or decreases in revenues and unexpected increases in expenses.*

Review Dates for Balances – *Fund balances and target level will be reviewed by Staff and the Board during the preparation and approval of the annual budget and during the mid-year budget review process.*

C) Emergency Account – *The Emergency Account may be used to purchase water at any time or to begin repair of the water system after a catastrophic event, such as a severe earthquake, drought, or fire while interim, or long-term financing is being arranged or insurance claims are being processed. WVWD may use funds herein for either capital or operating purposes.*

Target Level – *Funding shall be targeted at a minimum equal to 1% of the net capital assets of the District's water system, a target level of 2% of the net capital assets and a maximum of 3% of the net assets of the water system, based on current Federal Emergency Management Agency (FEMA) guidelines.*

Events or Conditions Prompting the Use of the Fund – *The Board may designate use of this fund after establishing that conditions exist as called out in the definition and purpose of the fund.*

Review Dates for Balances – *Fund balances and target level will be reviewed by staff and the Board during the preparation and approval of the annual budget and during the mid- year budget review process.*

D) Water Banking Account – *The Water Banking Account can be used to fund the purchase of replenishment water for future use. The District will strive to maintain a minimum level equal to the cost of 1,000 acre-feet of water and a maximum amount equal to the cost of 10,000 acre-feet of water. The District will review annually the cost to purchase water.*

Target Level – *Funding shall be targeted at a minimum equal to the existing rate times 1,000 acre-feet of water and a maximum equal to the existing rate times 10,000 acre-feet of water.*

Review Dates for Balances – *Fund balances and target level will be reviewed by staff and the Board during the preparation and approval of the annual budget and during the mid- year budget review process.*

Self-Insurance Reserves (workers' compensation, other employment related matters) will be maintained at a level, which, together with purchased insurance policies, will adequately cover the District's property, liability, and health benefit risk. A qualified actuarial firm shall be retained and report on a bi-annual basis recommended appropriate funding levels. The District shall endeavor to maintain reserves equal to 90% of the estimated net present value of such liabilities.

Budget Reserves are presented in the Comprehensive Annual Financial Report (CAFR) in the Financial Statement section designated as Unrestricted Net Assets. The District's CAFR is available on the District's website at _____.

SECTION 13: BUDGET SURPLUSES AND DEFICITS

SURPLUSES

It is the intent of the District to use all surpluses generated to accomplish three goals:

- *Meet reserve policies*
- *Avoidance of future debt*
- *Reduction of outstanding debt*

Any surplus realized at year-end shall be used first to meet reserve policies as set forth in this policy. Excess surplus will then be used for the following purposes:

- *Capital replacement program*
- *Retirement or refinancing of existing debt*
- *Cash payments for capital improvements*
- *Rebate to rate-payers*

One-time revenue windfalls should be designated as a reserve or used for one-time expenditures. The funds are not to be used for on-going operations. To the extent such funds are not required for current expenditures, one-time expenditures and/or capital improvements such funds should be maintained as operating reserves or used to reduce debt.

For purposes of this policy, one-time revenue windfalls shall include:

- *Lump sum (net present value) savings from debt restructuring*
- *CalPERS Rebates*
- *Tax Revenue growth in excess of 5% in a single year*
- *Sale of District-owned real estate*
- *Pure unexpected revenues (i.e. litigation settlement)*
- *Receipts from approved Development Fees*
- *Contributions and Gifts*
- *Any other revenues the Board may elect to designate as extraordinary*

DEFICITS

It is the intent of the District to minimize all net asset (fund balance) deficits. The District will diagnose and communicate any fund balance deficits with the following recommendations to the Board:

- **Primary Treatments** – *treatments that are recommended as the first line of defense and should be considered as a first option. In many cases, these treatments not only provide immediate help but also improve the long-term prognosis.*
- **Treatment to Use with Caution** – *treatments that may be called for if the primary treatments are not sufficient. However, the side effects of these treatments could potentially worsen financial condition if used improperly.*

SECTION 14: DEBT MANAGEMENT POLICY

These Debt Management Policies are intended to comply with Government Code Section 8855(i), (j), and (k) effective on January 1, 2017, and shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- *Maintain the District's sound financial position.*
- *Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.*
- *Protect the District's credit-worthiness and maintain and, if possible, improve the current bond rating(s), in order to minimize borrowing costs and preserve access to credit.*
- *Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.*
- *Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.*

PURPOSES FOR WHICH DEBT MAY BE ISSUED

Long-term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.

A. Long-term debt financings are appropriate when the following conditions exist:

- *When the project to be financed is necessary to provide basic services.*
- *When the project to be financed will provide benefit to constituents over multiple years.*
- *When total debt does not constitute an unreasonable burden to the District and its taxpayers and ratepayers.*
- *When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.*

B. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. However, the District may consider issuance of debt for working capital purposes under specific circumstances if deemed advisable by the Board and CFO.

C. The District may use long-term debt financings subject to the following conditions:

- *The project to be financed must be approved by the Board.*
- *The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the infrastructure improvement, with the average (weighted) bond maturities at or below thirty years, unless otherwise authorized by the Board.*
- *The District estimates that sufficient revenues will be available to service the debt through its maturity.*
- *The District determines that the issuance of the debt will comply with the applicable state and federal law.*

Short-term Debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

TYPES OF DEBT

For purposes of these Debt Management Policies, “debt” shall be interpreted broadly to mean bonds, notes, certificates of participation, financing leases, or other financing obligations. The use of the term “debt” in these Debt Management Policies shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt in contravention of any statutory or constitutional debt limitation.

The following types of debt are allowable under these Debt Management Policies:

- *General obligation bonds, which are supported by property tax revenue which grows in proportion to the District’s assessed valuation and/or property tax rate increases, may be utilized if/when authorized by voters.*
- *Bond or grant anticipation notes.*
- *Lease revenue bonds, certificates of participation, and lease-purchase transactions.*
- *Other revenue bonds and certificates of participation.*
- *Tax and revenue anticipation notes.*
- *Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes.*
- *Tax increment financing to the extent permitted under state law.*
- *Purchase card debt*
- *Line of credit*
- *Construction loans*
- *Lease payments*

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of these Debt Management Policies.

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM AND BUDGET

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in these Debt Management Policies and to implement policy decisions incorporated in the District’s capital budget and the capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District’s public purposes.

The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its reserves.

New debt issues, and refinancing of existing debt, must be analyzed for compatibility within the District's overall financial planning and approved by the CFO. The review shall not be limited to cash flow analysis, potential for unexpected revenue surprises, and the maintenance of the District's bond ratings. Annual debt service shall not produce an inordinate impact upon future operations.

A ratio of current assets to current liabilities of at least 2/1 will be maintained to ensure the District's ability to pay short-term obligations.

Water rates will be set, at a minimum, to ensure the ratio of revenue to debt service meets the District's bond indenture requirement (generally a minimum of 120% of debt service). In addition, higher revenue to expense ratios may be needed to secure the District's bond rating, as determined by the CFO.

When calculating debt services coverage for internal purposes, the minimum pay-as-you-go capital expense will be considered a part of the operating costs to be covered by pre-debt service revenues. The District goal will be to maintain the required debt service coverage with this additional cost factored into the equation. Use of a 10-year budget projection, including capital project requirements, will provide assurance that all needs are considered by the CFO, the GM, Assistant GMs, and District Counsel as revenue requirements are considered.

POLICY GOALS RELATED TO PLANNING AND OBJECTIVES

The District is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

The CFO shall consult with a qualified Financial Advisor on an issue by issue basis to determine the appropriate method of sale to be used for debt issuance. Further, the CFO or designee shall be responsible for the solicitation and selection of professional services that are required to administer the District's debt program, which will follow the District's procurement policy. The financial advisor, bond and disclosure counsel, and trustee costs associated with bond issuance will be paid with bond proceeds. Eligible District staff costs related to issuance of long-term bonds may also be reimbursed from bond proceeds.

- *A financial advisor shall be used to assist in the issuance of the District's debt. The financial advisor shall provide the District with objective advice and analysis on debt issuance. This includes, but is not limited to monitoring market opportunities, structuring and pricing debt, and preparing official statements of disclosure.*
- *All debt issued by the District will include a written opinion by bond counsel affirming that the District is authorized to issue the proposed debt. The opinion shall include confirmation that the District has met all District and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.*

Bond counsel is also responsible for preparing all financing documents including Trust Indentures and Bond resolutions and assists in preparation of Official Statements. Disclosure Counsel shall be required to deliver a customary 10(b)-5 opinion on District offering documents. The Disclosure Counsel will work with District staff to draft all disclosure documents for a bond financing.

- *An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.*
- *A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. If there are unspent bond proceeds, funds will be held by a third part trustee.*
- *The District will maintain good communication with bond rating agencies about its financial condition. This effort will include providing periodic updates on the District's general financial condition, coordinating meetings, and presentations in conjunction with a new issuance. The District will continually strive to maintain its bond rating by improving financial policies, budgets, forecasts and the financial health of the District.*
- *Credit enhancements may be used to improve or establish a credit rating on a District debt obligation. Credit enhancements should only be used if cost effective.*
- *A debt refunding is a refinance of debt typically done to take advantage of lower interest rates.*
- *A current refunding is one in which the refunding bonds are issued no more than 90 days before the date upon which the refunded bonds will be redeemed.*
- *An advance refunding is one in which the refunding bonds are issued more than 90 days prior to the date upon which the refunded bonds will be redeemed. Advance refundings are used to refinance outstanding debt before the date the outstanding debt becomes due or callable. Internal Revenue Code §149(d)(3) provides that governmental bonds issued after 1985 may only be advanced refunded once over the life of a bond issuance. Changes to the Federal tax law enacted in 2017 prohibit the issuance of advance refunding bonds after December 31, 2017; however, it is possible this prohibition will be removed in the future.*
- *Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will require a minimum present value savings of 3%. This savings requirement for a refunding may be waived by the CFO upon a finding that such a refunding is in the District's overall best financial interest.*
- *The District will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage rebate. Arbitrage is the interest earned on the investment of the bond proceeds at a rate above the interest rate paid on the debt. If arbitrage occurs, the District may be required to pay the amount of the arbitrage to the Federal Government as required by Internal Revenue Service Regulation 1.148-11. The District will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the IRS regulation. For each bond issue not used within the established time frame, the recordkeeping shall include tracking investment earnings on bond proceeds, calculating rebate payments, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the outstanding debt.*
- *The District will comply with all covenants stated in the bond contract or equivalent*
- *The District will comply with all state reporting requirements for issuance of debt, including a report to the CDIAC of any proposed debt issuance no later than 30 days prior to the sale of any debt issue. The report shall include a certification by the issuer that it has adopted local debt policies concerning the use of debt and that the contemplated debt issuance is consistent with these policies. The District shall also submit a report to CDIAC of final sale no later than 21 days after sale of debt, by any method approved by the CDIAC. The report on final sale shall include a copy of the official statement for the issue or, if there is no official statement, the other disclosure documents and indenture.*
- *The District will meet secondary disclosure requirements in a timely and comprehensive manner, as stipulated by the SEC Rule 15c2-12. The CFO shall be responsible for providing ongoing disclosure information to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) system, the central depository designated by the SEC for ongoing disclosures by municipal issuers. The CFO is responsible*

for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies, including the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The District may also employ the services of firms that improve the availability of or supplement the District's EMMA filings.

- The proceeds of the bond sales will be invested until used for the intended project in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of safety. The District Investment Policy and the bond indentures govern objectives and criteria for investment of bond proceeds. The CFO or designee, or the bond trustees under the direction of the CFO or designee, will invest the bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.
- In certain cases, particularly for bond reserve funds, it may be fiscally prudent to invest funds using a forward delivery agreement or some other type of guaranteed investment contract. Such agreements should be obtained under a competitive bid process under consultation with the Financial Advisor.
- State and Local Government Securities (SLGS) are the preferred investment option rather than open market securities for escrows for refunded bonds to allow for better matching of settlement dates and fewer arbitrage regulation compliance issues.

INTERNAL CONTROL PROCEDURES

When issuing debt, in addition to complying with the terms of these Debt Management Policies, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings under SEC Rule 15c2-12 and Government Code Section 8855 (i), (j), and (k),
- Any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- The District's investment policies as they relate to the investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Proceeds of debt will be held either (a) by a third-party trustee, which will disburse such proceeds to the District upon the submission of one or more written requisitions, or (b) by the District, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the District.

- The District shall review its outstanding debt quarterly for the purpose of determining if the financial marketplace will afford the District the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue, a Present Value savings of three percent over the life of the respective issue, at a minimum, must be realistically attainable.
- The District will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- When the District finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the estimated useful life of the project.
- Whenever possible, the District will use special assessment, revenue, or other self-supporting bonds instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.
- The District will maintain good communications with bond rating agencies regarding its financial condition. The District will follow a policy of full disclosure on every financial report and borrowing prospectus.

SECTION 15: AFTER ADOPTION OF THE BUDGET

District staff shall strive to avoid returning to the Board for new or expanded appropriations. Exceptions may include emergencies, unforeseen impacts, mid-year adjustments or new opportunities.

The District, through the CFO and the Finance Department, will follow an aggressive, consistent, but sensitive policy of collecting revenues, with proper internal controls, to meet the needs of the District and follow all applicable state and federal laws.

The Board is to be provided with a quarterly budget report comparing actual versus budgeted revenue and expense activity. Significant deviations between budget and actual results are to be explained. This will create an opportunity to adjust revenue projections and make expenditure appropriation changes, if needed. Further, it also provides an opportunity to make budget transfers if necessary. Reserve account balance shall also be reviewed at this time for compliance with the reserve policy.

All fund designations and reserves will be evaluated at least annually by the CFO for long-term adequacy and use requirements in conjunction with development of the District's balanced ten-year financial plan.

PERFORMANCE MEASUREMENT

- *Every year, the District shall create a Strategic Plan that identifies the Strategic Priorities for the following year, with the goals to be achieved.*
- *Annually, each department shall develop departmental performance measures that support achieving successful results of those goals with the GM. Goals should be related to core services of the department and should reflect customer needs. The measures should be a mix of different types, including effectiveness, efficiency, demand and workload. Measures should have sufficiently aggressive goals to ensure continuous improvement.*
 - *Department Directors shall establish performance measures for each division or program within their department to monitor and project program performance.*
 - *Quarterly summaries of progress and departmental performance measures will be published and distributed.*

SECTION 16: TRANSFERS

TRANSFERS OF APPROPRIATIONS:

The CFO or Designee, upon request of the GM or Board, may transfer any unused balance or portion thereof from previously appropriated funds to augment existing appropriations as long as the transfer is within the same Budget Unit and/or CIP project. The CFO or designee shall notify the GM and the Board of any transfer of funds made pursuant to this section which exceeds ten percent (10%) of the original appropriation to which the transfer is made. No such transfer of funds shall be made to an appropriation which was previously reduced by action of either the GM or the Board in their review of the budget for the current or prior fiscal year.

District departments may need to request expenditure budget transfers under certain circumstances. It may be necessary to transfer funds from one activity or project to another to reflect realignment of priorities, duties, or reorganization. Transfers among objects of expenditure within a department also may be needed to adjust budget estimates to meet actual operating realities. The following represent restrictions on budget transfers:

- *Cumulative transfer requests to the Finance Department should not exceed ten percent (10%) of the original appropriation. Requests exceeding the threshold must be properly justified and approved by the CFO or designee.*
 - *The 10% threshold applies to the budget unit or CIP project to which that appropriation is being transferred.*
 - *For annual funds, the 10% calculation is based on the current fiscal year original appropriation and any Board-approved supplemental appropriation within budgetary control level.*
 - *For continuing funds such as capital projects, the 10% calculation is based on the total multi-year original appropriation and any Board-approved supplemental appropriation amounts (i.e., the total of original and supplemental appropriation for each fiscal year from year 1 through the current fiscal year). For projects funded by multiple funding sources, the 10% threshold is based on the total Board-approved appropriation of all funding sources. If multiple transfers were made during the year, the individual transfer as well as the cumulative transfer must not exceed the 10% threshold.*
- *Transfers must not be made to an appropriation reduced by action of either the GM or Board. If the GM or Board reduction was made to a specific object code, appropriations cannot be transferred to other object codes within the same object code grouping.*
 - *Exceptions to this guideline must be approved by the authority that reduced the appropriation.*
- *Appropriations carried forward from prior year(s) cannot be used for budget transfers.*
 - *Carryforward appropriations are not surplus and must be used for the purpose originally budgeted and approved for carryforward.*
- *The following types of budget transfers require additional approval from the GM and notification to the Board:*
 - *Transfers involving salaries*
 - *Transfers from professional services contracts to salaries require additional approval from the GM and the CFO*
 - *Transfers involving new equipment budget.*
 - *Equipment can only be purchased using appropriations specifically for equipment. Transfers of non-equipment budget for equipment purchases must be approved by the GM and CFO. Note that such transfers can only be from non-salary appropriations*
- *Transferring department budgets for services of other District departments to other spending categories requires approval from the requesting or performing department.*
- *If and when the budget transfer request is completely approved, the Finance Division is responsible to enter a budget transfer journal entry in the financial system.*
 - *Before entering the budget transfer into the finance software, Finance Division staff must:*
 - *Verify completeness of information and reasonableness of justification*
 - *Verify funding availability and appropriateness (e.g., budget carried forward from the previous fiscal year cannot be the funding source of a budget transfer)*
 - *Verify department certification on transfer is within the 10% threshold*
 - *Verify department certifications on transfer is not adding back to appropriation previously reduced by Board or GM*
 - *Verify the accurate use of the accounting codes, budget unit codes and object codes*
 - *Return to department if request is being rejected or requires substantial changes*
 - *Review data entry for accuracy of data based on approved budget transfer request.*

- *At fiscal year-end, the CFO shall notify the GM and the Board of any transfer of funds made which exceeds 10% of the original appropriation to which the transfer is made. If multiple transfers were made at different times of the year, the individual transfer as well as the cumulative transfers exceeding the 10% threshold will be reported.*

TRANSFERS OF RESERVES:

In the event the Liquidity cash account balance exceeds the established aggregate maximum (if applicable), excess monies will be transferred annually into the Capital cash account. On an as-needed basis, moneys from the Emergency Account of the Liquidity Fund can be moved to the Operating Reserve Account to pay for operating emergencies to supplement the Liquidity Funds. The Board shall approve any reallocation of reserve funds or any transfers among such funds.

SECTION 17: CARRYOVERS

On an annual basis, after the year-end audit has been completed, the CFO or designee shall produce a schedule of all fund surpluses and deficits, with projections of reserve requirements and plan for the use of an excess surplus for the current year. These will be Carryovers.

Automatic Carryovers include:

- *Contractual commitments*
- *Grant, restricted donation and capital project appropriations which are considered life-cycle appropriations*
- *June Board items*
- *All other appropriations shall lapse at year-end unless carried forward by Board action*

June Board items, and active/on-going CIP carryovers are automatic. CIP projects that are under construction, in the process of design and specification development or production of bid documents will automatically be carried over for both encumbered funds and unencumbered funds.

Carryovers that are not automatic: Projects that have been on the CIP list for multiple years that are not proceeding to design, bid or construction should provide a more detailed explanation of their status and a justification for the continuing need for the project funding. These projects will be closed out unless the department provides sufficient justification to keep them open. The justification should contain the information necessary to determine the status of the project and its continuing justification. Carryovers can only take place once the last invoices for the fiscal year have been paid and charged against the fiscal year that is ending. The Carryover Request forms will be closed on July 1st of every year. Any subsequent carryover requests will need to be taken to the Board by the requesting department.

PROCUREMENT POLICIES & PROCEDURES

PREFACE

OPEN AND TRANSPARENT

The District is committed to transparency and accountability and will strive to make businesses aware of all contracting opportunities available to them.

SECTION I: PURPOSE

The purpose of this policy is to establish guidelines and procedures for the cost effective and efficient purchasing and contracting of supplies, materials, equipment, labor and services, including construction and capital improvements, for West Valley Water District (the District) pursuant to California Government Code (CGC) Section 54201 et seq. This is also to encourage competition for public contracts and to aid the District in the efficient administration of public contracting, to the maximum extent possible, for similar work performed..

- *CGC Section 54202 requires every local agency to adopt policies and procedures, including bidding regulations, governing purchases of supplies, materials, and equipment and that said purchases shall be in accordance with duly adopted policies.*
- *CGC Section 54204 requires that if a local agency is other than a city or county, policies provided for in Section 54202 shall be adopted by means of a written rule or regulation, copies of which shall be available for public distribution.*

SECTION 2: GENERAL POLICY & OBJECTIVES

The general purchasing policy is as follows:

The District will procure goods and services in support of its administrative, operational, and capital improvement requirements. It is the intent of the District to engage in procurements that ensure it will receive goods and services of the appropriate quantity, of a satisfactory level of quality, delivered in a timely manner, and at a price that represents the best value to the District and its ratepayers. Furthermore, it will employ procurement processes that are fair and equitable and will allow providers of goods and services the greatest opportunity to participate and compete for the District's procurement engagements. Lastly, the policy will support management in cooperatively developing and executing sourcing strategies with the District's Departments for products and services that meet or exceed the District's requirements and to perform these services to the highest ethical and professional standards.

The general purchasing procedures used in the application of the general policy follow de-centralized procedures. The responsibility for the purchase of all products, materials, supplies, furniture, equipment, vehicles and services is divided among the Administration, Operations and Maintenance, Engineering, Human Resources/Risk Management, Customer Service, Information Technologies, Accounting, Billing and Water Conservation Departments. Although assigned different responsibilities, all core systems, methods, policies and procedures remain common. Shared responsibilities include overseeing the professional relationships between West Valley Water District and its vendors and contractors and insuring the highest ethical and professional standards.

Other objectives of this Purchasing policy that are valuable to the District include:

- *Assisting Departments in maintaining compliance to all District policies regarding contracting and purchasing.*
- *Assisting Departments involved in Federal and State grant agreements in maintaining compliance to applicable regulations.*
- *Providing leadership through contract negotiation, and vendor management.*
- *Promoting the use of small, disadvantaged and minority-owned businesses when possible.*
- *Supporting the District's commitment to environmental responsibility.*
- *Supporting the District's commitment to the local business community by supporting use of local businesses when possible.*

Applicability:

- *All purchases, agreements, services, leases, and/or contracts for materials, supplies, equipment, and other WVWD property shall be made in accordance with this Policy.*
- *Procurement practices shall comply with laws, regulations and guidelines of the State of California and the provisions of grant or funding agreements, if applicable*
- *Any employee affecting any procurement action outside of the policies and procedures established within this manual and without Board authorization to do so, may be subject to disciplinary action and/or termination.*
- *Splitting or separating of material, supply, service, lease, and equipment orders or projects for the expressed purpose of evading the requirements of this Policy is strictly prohibited.*

SECTION 3: PROCUREMENT AUTHORITY

Procurement Authority shall be exercised and performed by the Board of Directors. This authority includes both the authority to approve procurements and the authority to commit the District to procurements. The Board of Directors may delegate certain authorities to the District's management and staff. These delegated authorities shall be exercised and performed in accordance with applicable federal, state, and local laws, and the policies contained herein.

The Board authorizes the General Manager, or his/her authorized representative to exercise certain duties and responsibilities that are essential for the day-to-day operation of the District.

- *The General Manager (GM) may delegate the procurement of services and materials to those staff members given specific authority within this policy.*
- *The GM delegates the authority to act as the District's Purchasing Agent to the Chief Financial officer, or their designee.*
- *The GM delegates the authority to procure engineering, consulting and design, and construction service for Construction projects to the Directors of Engineering and Operations, or their designee.*
- *The GM delegates to Program Managers and Supervisors the authority to determine specifications of goods and services needed, to solicit proper bids, and to obtain proper approvals according to the Authorization Table.*

The Authorization table outlines who may approve and sign contracts and legally binding agreements with external parties that obligate the District. The Authorization Table shall also apply to all Capital Improvement Projects. Capital Improvement Projects shall employ competitive bidding whenever possible and all capital procurements that exceed the General Manager's authorization level must be approved by the Board of Directors.

For multiple year agreements, procurement authorization shall be determined by the maximum total dollar value that may be awarded over the duration of the contract, including any option years. If provided for in the original agreement, the Purchasing Agent may in its sole discretion, negotiate a reasonable price revision based on escalation during the option years, if any. Yearly renewals, if required (and noted in original Board Action Item), may then be authorized by the General Manager or his/her designee, regardless of the dollar amount.

Purchases to replenish WVWD's warehouse inventory may be approved by any authorized buyer up to the limit established by the Authorization Table.

WEST VALLEY WATER DISTRICT PURCHASING			
PURCHASE AMOUNT	PROCUREMENT	CONTRACT TYPE	APPROVAL LEVEL
\$0 - \$500	N/A	Not Applicable	Forepersons/ Stock Controller
\$501 - \$1,000	2 Verbal or Written Quotes	Purchase Order (PO)	Supervisor/ Board Secretary
\$1,001 - \$5,000	3 Written Quotes	Purchase Order (PO)	Departmental Manager/ Unit Manager
\$5,001 - \$10,000	3 Written Quotes	Purchase Order (PO)	Chief Financial Officer and/or Asst. General Manager
\$10,001 - \$25,000	3 Informal Bids/ proposals	Purchase Order & Short Form Contract if applicable	General Manager
\$25,001 - \$99,999	3 Informal Proposals/Bids	Professional Service Agreement/ Advertised Technical Proposal for Service, Purchase order & Contract and Bonds if Public Works	Board of Directors
\$100,000 +	3 Formal Request for Qualifications/ Proposals/Bids	Advertised Sealed Bids, Professional Service Agreement/ Advertised Sealed Technical Proposal for Service, Purchase Order & Contract and Bonds if Public Works	Board of Directors

SECTION 4: RESPONSIBILITIES

Purchasing Supervisor –The Purchasing Supervisor reports directly to the Chief Financial Officer of the District.

A. The Purchasing Supervisor's responsibilities include:

2. Administration of the Purchasing Policy.
3. Management of the administration of the purchasing policy within the District's Financial Software
4. Management of the District's online procurement software system
5. Review and process Purchase Requisitions
6. Review, process and issue Purchase Orders (PO)
7. Prepare and issue PO change orders

8. *Support the deployment and use of field inventory, office supplies and equipment*
9. *Assist with negotiation and execution of vehicle equipment leases for District vehicle fleet program*
10. *Review bid documents and bidding procedures.*
11. *Review all contracts*
12. *Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing.*
13. *Assist with evaluating and selecting suppliers and vendors*
14. *Supervise the receipt and inspection of all materials, supplies, equipment, and services purchased to ensure conformance with specification.*
15. *Conduct internal audits;*
16. *Provide Training for District staff on this policy.*

B) The Purchasing Supervisor's responsibilities include:

1. *Recommend revisions to purchasing procedures with respect to public contracting; and*
2. *Review all construction contracts.*
3. *Manage all Capital Projects during the bid and award cycle*
4. *Manage all construction contract bids during bidding including job walks, responding to RFI's, due diligence reviews of bidders, conduct public bid opening meetings and determination of lowest responsive, responsible bidder*
5. *Operate and maintain a centralized warehouse to efficiently manage commonly used supplies and materials*

C) Program Managers and Supervisors responsibilities shall include:

1. *Enter purchase requisitions into system.*
2. *Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to the District.*
3. *Prepare Requests for Proposals (RFP)*
4. *Prepare Requests for Bids (RFB)*
5. *To anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.*
6. *Identify, evaluate, and utilize purchasing methods which best meet the needs of the District (e.g. cooperative purchases, blanket purchase orders, contractual agreements, purchase cards, etc.)*
7. *Assist with evaluating and selecting suppliers and vendors*
8. *Develop staff reports for award of contracts for consideration by Board committee and Board of Director's meetings*
9. *Determine optimal ordering methods to meet requirements at lowest possible cost*
10. *Assist in reviewing and negotiating contracts*
11. *Provide for the fair and equitable treatment of vendors, suppliers, and contractors.*
12. *Supervise the receipt and inspection of all materials, supplies, equipment, and services purchased to ensure conformance with specification.*

13. *To notify vendors of purchase award when authorized by Purchasing Supervisor.*
14. *Sending a copy of the purchase order to the vendor, when applicable*
15. *Obtaining approvals according to the Authorization Table above.*
16. *Reconcile PO invoice discrepancies*
17. *Support the deployment and use of field inventory, office supplies and equipment*
18. *Assist with negotiation and execution of vehicle equipment leases for District vehicle fleet program*
19. *Schedule purchases and deliveries*
20. *Negotiate adjustments with vendors and suppliers*
21. *Assist in audits and reviews*

In the absence of the approver for a given request, authorization will be obtained by his/her appointee or the next highest authority in accordance with the Authorization Table.

At no time can purchases be “split” or otherwise billed separately to circumvent the spending authority.

With the exception of Board of Directors, authorized procurements, increases to previously authorized procurements are permitted if the increased procurements remain within the approver’s limit. Freight and sales tax are a cost of doing business and shall be included in the total cost of the procurement.

SECTION 5: EXCEPTIONS FROM CENTRALIZED PROCUREMENT

Purchasing Supervisor –The Purchasing Supervisor reports directly to the Chief Financial Officer of the District.

- A. Any purchase for supplies, materials, equipment and/or services, other than those exceptions listed below, shall not be made outside of the purchasing process without the approval of the CFO or designee.
- B. Any purchase made without issuance and approval of a purchase order will be deemed void and will be subject to non-payment. The individual employee responsible for creating the unauthorized obligation may be subject to disciplinary action and/or subject to termination.
- C. Purchases that are exempt from the centralized procurement process are limited to the following, and authorization for these transactions shall be in accordance with the approval limits and dollar thresholds set forth in this Policy. Please refer to the Authorization Table in Section 3.
 - a. *Advertisements*
 - b. *Agency Contribution*
 - c. *Annexation Expenses*
 - d. *Application Fees*
 - e. *Assessment District Expenses and Payment of Debt Service*
 - f. *Association Fees*
 - g. *Bank Charges and Fees*
 - h. *Board Lunches*
 - i. *Bond Transactions*

- j.** *Claims*
- k.** *Conferences*
- l.** *Court Reporting*
- m.** *Easements*
- n.** *Environmental Fees and Permits*
- o.** *Fees and Permits (City, County, State, & Agency)*
- p.** *Insurance Premiums*
- q.** *Leases or Purchase of Real Property*
- r.** *Medical Services*
- s.** *Memberships*
- t.** *Notices*
- u.** *P-Card Purchase (See P-Card Policy)*
- v.** *Payroll Expenses*
- w.** *Petty Cash*
- x.** *Postage*
- y.** *Purchase of Imported Water*
- z.** *Refunds (Constructions & Billing)*
- aa.** *Seminars*
- ab.** *Subscriptions and Software license maintenance*
- ac.** *Training (Offsite)*
- ad.** *Travel Expenses, Lodging, Meals & Transportation*
- ae.** *Utilities*

SECTION 16: TRANSFERS

TRANSFERS OF APPROPRIATIONS:

No member, officer, or employee of the District, or their designees or agents, and no public official who exercises authority over or responsibility with respect to purchasing during his or her tenure, or for one year thereafter, shall have any interest, direct or indirect, in any purchase, agreement or sub agreement, or the proceeds thereof, for any purchase or purchase agreement. The full Conflict of Interest Code of the West Valley Water District is incorporated herein by reference.

Employees must follow the Conflict of Interest Code adopted by the Board of Directors. Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against contractual conflicts of interest, and guidelines in the California Code of Regulations regarding accepting of gifts.

VENDOR GIFTS AND GRATUITIES:

The receiving of gifts and/or other symbols of appreciation may compromise the integrity of professional relationships and can lead to inappropriate business practices.

Subject to guidelines in the California Code of Regulations Section 89503, no officer, or employee, shall receipt or agree to receive, directly or indirectly, any compensation, reward, or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of WVWD's business, except as set forth below:

- A. Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a breakfast, luncheon, or dinner meeting or other meeting or a tour where the arrangements are consistent with the transaction of official business
- B. Acceptance of transportation, lodging, meals or refreshment, in connection with attendance at widely attended gatherings sponsored by industrial, technical or professional organizations; or in connection with attendance at public ceremonies or similar activities financed by non-governmental sources where the officer's or employee's participation on behalf of WVWD is the result of an invitation addressed to him or her in his or her official capacity and the transportation, lodging, meals or refreshment accepted is related to, and is in keeping with, his or her official participation.
- C. Purchase of items or entry fees at advantageous rates where such rates are offered to WVWD personnel as a class, such as discounts provided to government employees.
- D. Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, or other items of nominal value, not exceeding \$50.
- E. Acceptance of incidental transportation from a private organization provided it is furnished in connection with the performance of the officer's or employee's official duties and is of a type customarily provided by the private organization.
- F. Acceptance of commendations, certificates, or plaques for outstanding individual service or work on WVWD projects.
- G. A gift or gratuity, the receipt of which is prohibited under this section shall be returned to the donor within 30 calendar days. If return is not possible, the gift or gratuity shall be turned over to a public or charitable institution within 30 calendar days without being claimed as a charitable deduction and any other requirements for disposition of such gifts.

VENDOR GIFTS AND GRATUITIES:

- A. Employees of WVWD or their immediate relatives are NOT to utilize the employee's position with WVWD to solicit or utilize discounts, promotions, or other concessions from WVWD suppliers, vendors, or contractors to purchase supplies, equipment, tools, etc.
- B. Employees of WVWD or their immediate relatives are permitted to utilize discounts, promotions etc. offered to the general public by WVWD suppliers, vendors, or contractors.

CONTRACTS WITH WVWD EMPLOYEES OR ORGANIZATIONS OWNED BY THEM:

- A. Employees shall not knowingly award a contract, agreement, or purchase order to a WVWD employee or to a business concern or other organization owned or substantially controlled by one or more WVWD employees. This policy is intended to avoid any conflict of interest that might arise between the employees' interests and their WVWD duties and to avoid the appearance of favoritism or preferential treatment by WVWD towards its employees.
- B. The Board or General Manager may authorize an exception to this policy only if there is a most compelling reason to do so, such as when the WVWD's needs cannot reasonably be otherwise met.

ETHICAL PROCUREMENT PRACTICES:

- A.** It is the policy of WVWD to maintain good working relationships with its vendors suppliers, as well as the community at large. Every employee has the ability to influence the opinions of others through daily interaction with the business community. In personal contacts with vendors and suppliers, employees shall represent the best interests of WVWD by conducting business in a fair, equitable, and ethical manner.
- B.** WVWD subscribes to the following Principles and Standards of Ethical Supply management conduct:
 - a.** *Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications*
 - b.** *Avoid any personal business or professional activity that would create a conflict between personal interests and the interests of WVWD.*
 - c.** *Avoid soliciting or accepting money, loans. Credits, or preferential discounts and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence, supply management decisions.*
 - d.** *Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and government regulations*
 - e.** *Conduct supply management activities in accordance with state, national, and international laws, customs, and practices, WVWD policies, and these ethical principles and standards of conduct.*
 - f.** *Develop and maintain professional competence*

SECTION 7: UNAUTHORIZED PURCHASES

Purchase orders shall be issued prior to ordering supplies, equipment and services and not “after the fact” for work already done or materials already ordered. Except for emergencies, departmental purchases, or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without an authorized purchase order. Otherwise:

- A.** Such purchases are void and not considered an obligation of WVWD.
- B.** Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C.** The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract and may be subject to disciplinary actions.

SECTION 8: REVIEW AUDITS

Compliance with this policy is subject to review at any time by internal or external auditors. It is the responsibility of the WVWD staff member (and their manager) initiating the purchase to maintain records of bids, bid procedures followed, contracts, sole source forms, change orders, and authorization signatures.

SECTION 9: COMPETITIVE SOURCING

It is the policy of West Valley Water District to obtain competitive pricing, proposals or quotations on all products and services over \$500 used by the District. All proposals and quotations received will be evaluated on the basis of quality, service, compliance to specifications and price. All awards will be made

in the best interest of the District. Any or all proposals may be rejected at the discretion of West Valley Water District's Board of Directors.

The competitive sourcing process is required where the product or service can be obtained from more than one source. Unless approved for sole source procurement (see guidelines in Section 12) or otherwise covered under existing contracts, all requisitioned products or services exceeding \$501 or more individually, or as a system including multiple components, will be competitively sourced.

While participation in the competitive sourcing process favors obtaining quotes from as many qualified vendors as possible, at least two proposals are required for purchases exceeding \$501 and three quotes/proposals/bids are required for purchases over \$1,000 in adherence to the Authorization Table in Section 3 of this policy.

It is the policy of West Valley Water District to use whenever possible and practical, local, women-owned, minority-owned, disadvantaged, and small business vendors which are able to provide products and services of required quality on a timely basis at competitive prices.

Each Department shall maintain a list of qualified small business and diversity vendors.

Formal, written Requests for Proposal (RFP) should be used for competitive sourcing projects in accordance with the Authorization Table in Section 3. Sealed, hardcopy bids will be used when required by law, government contractual requirements, in accordance with the Authorization Table or at the discretion of the General Manager.

COMPETITIVE SOURCING METHODS

Competitive sourcing may be conducted using the following methods, the choice of which is primarily determined by the estimated dollar value of the product or service:

1. INFORMAL QUOTES

For purchases less than \$500, quotes may be obtained through an informal process (e.g. web browsing or phone calls) and documentation of the bids is recommended but not required. Although bid documents are not required, a requisition and purchase order may be issued to document the purchase if the staff member making the purchase wishes to do so. Since the purchase may be initiated without a Purchase Order, the accounts payable process will require that the invoice be signed by an authorized signor before payment is released. Please see the Accounts Payable/Check Request Policy number ____ for further details.

For purchases between \$501 and \$10,000 two to three written quotes must be obtained and a Purchase Order must be issued in accordance with the approval levels prescribed in the Authorization Table in Section 3 of this policy.

2. INFORMAL BIDS

For purchases of \$10,001 or more but less than \$25,000, a minimum of two quotes or bids are required in accordance with the Authorization Table in Section 3 of this policy. The bids must be documented and retained on file by the manager of the requesting department. The request for bids must be made in a consistent manner for all vendors meaning that all vendors must receive the same information regarding specifications and requirements of the product or service. The request must also be transmitted to the vendors in a consistent manner (e.g. mail, email, or verbal quote).

3. FORMAL BIDS

For purchases of \$25,001 or more, Bids/Proposals shall be solicited from a minimum of three vendors in accordance with the Authorization Table in Section 3 of this policy. A Request for Proposal (RFP) must be used to document the specifications and requirements of the product or service. The bids must be received from the vendors in written form and retained on file by the manager of the requesting department, or designee.

4. SEALED BIDS

For purchases of \$25,000 or more for Maintenance and Service agreements, Professional services, and for Equipment, Material and Supply Purchases, a formal RFP / sealed bid process is required, and contracts shall be awarded in a manner most beneficial to the District. A Request for Proposal (RFP) or Request for Bids (RFB) must be used to document the specifications and requirements of the product or service. Further, for purchases of \$100,000 or more for Construction and Capital Improvement Projects a formal RFP / sealed bid process is required, and contracts shall be awarded in a manner most beneficial to the District. Sealed bids must be publicly advertised. The District shall strive to obtain the best value in awarding contracts, service agreements, and purchase agreements. The following subsections specify certain procedures based on the following four categories:

- *Capital Improvement Projects*
- *Maintenance and Services Agreements*
- *Professional Services Agreements*
- *Equipment, Materials and Supplies Purchases*

5. CAPITAL IMPROVEMENT PROJECTS

Contracts, valued at \$100,000 or more, for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement, hereinafter referred to as "Capital Improvement Projects, (CIP)", shall be subject to the formal competitive bidding procedures set forth herein unless an exception exists or the Board of Directors determines it is not in the best interest of the District. Project-specific contracts covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement. As required by law, registration with the Department of Industrial Relations for prevailing wage regulations is required for all CIP bidders. [Additionally, the District shall require proof of the contractor/subcontractor registration before accepting a bid.] When the CIP is funded through a Federal Grant, the District must follow Federal procurement standards listed in the Code of Federal Regulations Sections 200.317 through 200.326 or as required by the grant document. After the proposals are received and evaluated, the contract(s) should be awarded to the contractor/ supplier(s) presenting the best combination of price, delivery, compliance to specifications, capacity to perform, and quality of service. For more information, please see Section 13 regarding Competitive Sealed Bidding.

Public projects as defined by the California Uniform Public Construction Cost Accounting Act (CUPCCA) (Section 22000 et seq. of the California Public Contract Code) shall follow the purchasing procedures as set forth in Section 22032 et seq. of the Public Contract Code. These procedures become effective upon adoption of the required resolution and ordinance by the Board.

1. The purchase or contract for public projects less than the amount specified in the CUPCCA may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order (Public Contract Code)

2. **The purchase or contract for public projects less than the amount specified in the CUPCCA may be let to contract by informal procedures as set forth in Section 22032 et seq. of the Public Contract Code.**
 - a. *A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.*
 - b. *Where a public project is to be performed, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with this section, and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified; provided, however:*
 - i. *If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the California Uniform Construction Cost Accounting Commission.*
 - ii. *If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.*
 - c. *All mailing of notices to contractors and construction journals pursuant to this section shall be completed not less than fourteen (14) calendar days before bids are due.*
 - d. *The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and shall state the time and place for the submission of bids.*
 - e. *The General Manager is authorized to award informal contracts pursuant to this section.*
6. **The purchase or contract for public projects greater than or equal to amount specified in the CUPCCA shall be authorized by Board of Directors and shall comply with the competitive bidding procedures set forth in this Policy.**

6. MAINTENANCE AND SERVICES AGREEMENTS

- a. *Contracts for maintenance or service agreements shall be approved by the Board if the total cost for the initial term of the agreement exceeds \$25,000.*
- b. *Project-specific contracts for maintenance and service agreements covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement. Contracts for maintenance and service agreements covered by this procedure shall be issued for an initial term of no more than 36 months. The GM/CEO, AGM, Director, or Department Manager may authorize a maximum of one extension of 24 months for maintenance and service agreements. Extensions to contracts or agreements valued at more than \$25,000, shall be approved by the Board of Directors. If an extension to a contract or maintenance agreement causes the total cost of all years to exceed \$25,000 (even though the original total cost of the agreement was less than \$25,000), the extension shall be approved by the Board.*
- c. *Before work commences or services are rendered, evidence of insurance as required by the contract or service agreement must be obtained, reviewed, and accepted by the Director, Manager or his/her designee. A copy of the certificate of insurance will be provided to the Purchasing Supervisor or designee.*

7. PROFESSIONAL SERVICES AGREEMENTS

A professional services agreement is an agreement between the District and a professional service provider. Professional service providers are those entities that provide advice, opinions, or technical expertise. Examples of professional service providers include accountants, actuaries, architects, attorneys, engineers, educational trainers, financial advisors, surveyors, etc. Depending upon the trade, these individuals may or may not hold professional licenses.

Professional services shall be selected on the basis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required. Please see Section 18 below for further information regarding Competitive Sealed proposals for Professional Services.

8. EQUIPMENT, MATERIALS, AND SUPPLIES PURCHASES

This procedure applies to purchases of heavy equipment, vehicles, materials, supplies and other tangible goods that are not associated with services or permanent attachment to real property.

- *Detailed specifications of the items must be provided to the bidders in writing.*
- *Brand standardization is allowable if deemed to be in the best interest of the District and documented.*
- *In purchasing equipment or supplies that need to be compatible with existing equipment, or to perform complex or unique functions, the requestor may limit bidding to a specific product type or a brand name product.*

SECTION 10: EXCEPTIONS TO COMPETITIVE SOURCING

There are circumstances when competitive sourcing is not required or practical. In these cases, a documented justification must accompany the Purchase Requisition, Purchase Order, and/or Payment Request. Examples of such situations are:

1. Emergency situations endangering the health and safety of District staff and its customers. When emergency conditions require the immediate purchase of supplies, materials, equipment, labor and services, staff members shall prepare and submit with the purchase requisition a memorandum reciting the facts which constitute the "emergency" situation. The General Manager shall provide the Board with a report summarizing all expenditures made and contracts executed in response to the emergency condition within 30 days of the emergency purchase.
2. Volunteer Projects -projects accomplished with volunteer help.
3. Purchases that meet sole source procurement requirements (See Section 12).
4. If a reasonable attempt has been made to obtain competitive quotes/responses and it has been determined that no additional suppliers, providers, contractors or consultants can be located.
5. If the District has a lack of response from suppliers, providers, contractors, consultants to a competitive solicitation.
6. When sufficient, satisfactory bids/proposals are not received, based on the District's sole discretion.
7. If dictated by law.
8. Requisitions for products or services less than \$500
9. Cooperative procurement arrangements with other agencies. When cooperative purchasing agreements are available with other public agencies (e.g. the State of California, counties, cities, schools or other special districts), or when another public agency has followed a process

substantially similar to that of the District's, the District may purchase goods or services at a price established by that agency through a competitive process. For utility related projects where the work needs to conform to the specifications of a public utility, the District may contract with vendor(s) selected by the public utility for such specific projects.

10. "Piggyback" purchases or leases, when the Purchasing Supervisor determines it is in the WVWD's best interest to utilize the contracts of other governmental agencies or non-profit governmental entities.
11. When the Purchasing Supervisor has determined that a negotiation with a vendor or supplier is in the best interest of the WVWD.

SECTION 11: EMERGENCY PURCHASES

Emergency purchases may be made without competitive bidding when time is of the essence and shall be made only for the following reasons:

- To preserve or protect life, health, or property, or
- Upon natural or declared disaster, or
- To forestall a shutdown of essential services

Since emergency purchases do not normally provide the District an opportunity to obtain competitive quotes, sound judgement shall be used in keeping such orders to an absolute minimum. In addition, the following requirements shall apply:

- The Acting Purchasing Supervisor shall be contacted as soon as possible for an advance purchase order number, which may be given verbally, to cover the emergency transaction. If unable to contact the Acting Purchasing Supervisor, then the employee should place the order and contact the Acting Purchasing Supervisor the next workday.
- A completed purchase requisition shall be submitted within two working days, or as soon as the information is available. All purchase requisitions for emergency purchases shall be approved electronically by the appropriate Supervisor, Manager, Director, and or General Manager.
- Documentation explaining the circumstances and nature of the purchase shall be submitted by the Supervisor, Manager, Director, and/or General Manager as follows:
 - I. Purchases less than \$5,000: Use standard purchasing procedures
 - II. Purchases in the amount of \$5,001 - \$25,000: require the approval of the General Manager. The General Manager may delegate the authority to approve emergency purchases less than \$25,000 to the Acting Assistant General Manager or to the Director of the Emergency Operations Center if any such facility is open during a declared disaster.
 - III. Purchases above \$100,000 require the approval of the Board of Directors, or of the Acting Board of Directors during a declared disaster.
 - IV. If the emergency purchases cause any budget line item to exceed the approved budget, it shall be the responsibility of the department requesting the purchase to obtain subsequent Board of Directors approval for reserve funding or to make a budget transfer to cover the purchase. Approvals for a budget transfer must be given by the appropriate Supervisor, Manager, Director, and/or General Manager as determined by the Authorization Table.
 - V. If the emergency purchase involves Force Account Work in association with a declared disaster (e.g. FEMA), detailed records of work must be documented including scope of work, daily staff time and equipment used. Depending on the scope of the disaster, Force Account Work may involve CIP.

SECTION 12: NON-COMPETITIVE (SOLE SOURCE) PROCUREMENT

The purchasing of materials, equipment, supplies and services costing \$500 or more individually or in aggregate should be by competitive sourcing regardless of the funding source. However, circumstances may dictate forgoing the competitive sourcing process and purchasing from one unique vendor for certain products or services. Such situations require documented justification, explaining the exceptional circumstances of the purchase. The documentation must show that an equitable evaluation has been made and that rejection of alternative vendors or solutions is based on objective and relevant criteria. Negotiations shall be conducted with the provider of the good or service to achieve the most favorable pricing terms of sale.

The General Manager or designee has the final responsibility for determining whether a Sole Source requisition meets the requirements of this policy.

Special signature approvals are required from the Department for all sole source requisitions prior to review and approval by the General Manager or designee.

Instances when sole source purchasing may be applicable include the following:

1. Property or services can be obtained only from a specific vendor (i.e., materials or equipment; one of a kind items, etc.).
2. Competitive sourcing is precluded because of the existence of patents, copyrights, and special processes, control of raw materials by vendors or similar circumstances.
3. Procurement of water or other utility services where it would not be practical or feasible to allow other vendors to provide such services.
4. Procurement of support services in connection with the assembly, installation or servicing of equipment or software of a highly technical or specialized nature.
5. Procurement of parts or components to be used as replacements in support of equipment manufactured by a particular supplier.
6. Procurement involving construction where a contractor is already at work on the site and it would not be practical to engage another contractor.
7. Procurement where only a single supplier in a market is licensed or authorized to service or sell a specific product line.
8. Procurement of compatible additions to existing equipment where a different manufacturer's equipment would be impractical for the specific need.
9. The supplier or products are specified and required by the funding agency of a grant or Federal/State contract.
10. Certain professional services may be designated as critical or sensitive in nature due to specific knowledge of the District's facilities or operations. These professional services may be exempted from bid procedures but will continue to be subject to the requirements of the Authorization Table. Sufficient documentation must be provided to fully explain why it is in the best interest of the District to use the specific professional services vendor. Examples of these sensitive professional services may include security systems, SCADA systems, consulting and engineering.

SECTION 13: COMPETITIVE SEALED BIDDING

The Board of Directors must approve contracts over \$25,000. All projects estimated to meet or exceed \$25,000 must go through the competitive sealed bid process, unless they are for construction contracts which will be for projects that meet or exceed \$100,000.

DEFINITION

Competitive sealed bidding is a method of procurement that requires:

- A. Issuance of an Invitation for Bids with a purchase description including acceptance criteria and all contractual terms and conditions applicable to the procurement, which can be advertised, on the District's website and in local newspaper or a contracted public bidding website when warranted.**
 - a.** *Advertisement must include Department of Industrial Relations and Contractor's State License Board minimum requirements of registration and active licensure, etc.*
 - b.** *Invitations must identify all evaluation factors and their relative importance*
 - c.** *Invitations must provide a general description of the goods or services needed*
 - d.** *Invitations must contain a statement that the District will receive sealed bids*
 - e.** *Invitations must contain a statement that that any or all bids may be rejected*
 - I.** *Proposals must be solicited from an adequate number of sources*
 - II.** *Public opening of bids at a pre-designated time and place when warranted.*
 - III.** *Unconditional acceptance of a bid without alteration or correction except as authorized in this manual or the Public Contract Code; and*
 - IV.** *Award to the responsive and responsible bidder who has submitted the lowest or most reasonable bid that meets the requirements and criteria set forth in the Invitation for Bids*

PUBLIC NOTICE

Adequate public notice of the Invitation for Bids shall be made in sufficient time, but not less than ten (10) calendar days prior to the opening of bids, by posting a copy of each Invitation for Bids on the District's bid calendar and website, contracted public bidding website, or in the newspaper when warranted.

If this information is used, the public notice must specify the place (if plans or specifications are not included in the solicitation) where plans and specifications are on file, and the time and place for receipt of bids. WVWD must publicly advertise the Invitation for Bids and publicly open all bids at the time and place prescribed in the Invitation.

Additionally, notice inviting sealed bids shall be distributed to prequalified bidders or other interested parties as may be deemed beneficial by the General Manager or his/her designee.

SPECIFICATION REQUIREMENTS

- A. Preparation of Specifications: Before procurement commences, the needed item or service must be clearly defined. Procurement specifications serve this purpose by identifying characteristics of the item or service with definitions, descriptions, and quantities. Specifications should describe**

the attributes of the item or service in such a way that the requirements can be clearly understood both internally and externally by vendors or contractors. Specifications:

- a. *Should not be prepared to exclude all but one type or kind, except where permitted by law.*
- b. *Should be clear, definite and concise to enable prospective suppliers a basis on which to submit bids.*
- c. *Should call only for features or for a level of quality required for the intended use, except in cases where such features or the level of quality are essential for some future consideration or result in an overall economic advantage to the District.*
- d. *Should preferably describe the performance requirements, rather than its formulation, description or design.*
- e. *Should be framed to permit free and full competition as is reasonably possible under the existing circumstances.*

B. RESTRICTIVE SPECIFICATIONS

Some latitude is permissible in specifying features of certain items. While it is not necessary to prepare specifications in a manner that every conceivable manufacturer could competitively bid, the District must be able to demonstrate a clear reason for any restrictive specifications.

C. OTHER CONSIDERATIONS

Specifications must state whether items other than cost will be considered in awarding the contract, e.g., results of product testing, length and terms of warranty provisions, reliability and maintenance costs, repurchase value, or residual value of the equipment after a specified number of years where the residual value can be objectively ascertained

WVWD specifications shall not be written so as to require a particular brand name, product, or a feature of a product, limited to one manufacturer, thereby precluding consideration of a product manufactured by another company, unless a finding is made, and described in the Invitation for Bids or Request for Proposal, that a particular material, product, thing, or service is designated by brand or trade name for any of the following purposes:

- *In order that a field test or experiment may be made to determine the product's sustainability for future use*
- *In order to match other products in use on a particular public improvement either completed or in the course of completion*
- *In order to obtain a necessary item that is only available from one source*
- *In order to respond to an emergency declared by the General Manager, Board of Directors, or State or Federal agencies.*

D. INAPPROPRIATE SPECIFICATIONS

- *Inappropriate specifications may be those which are overly restrictive; discourage competition; are unclear; or otherwise fail to comply with the Procurement Policy.*

VENDOR BIDDER'S LIST

GENERAL INFORMATION

The Purchasing Office maintains a list of known prospective suppliers who are available to furnish materials, professional and consultant services, and supplies that can meet the District's needs. In the case of written formal bids and informal quotations and for most transactions, the list (or record) of those bidders solicited will be in the solicitation file. In most cases, lists are maintained on a computer that enables identification of those suppliers that provide the item or service in question.

NEW SUPPLIERS

From time to time, purchases are made from suppliers whose names are not on existing bid lists and may never be on a list (because of infrequency of purchases, specialty items, etc.). As frequency increases or the demand requires, a new list may be established by the Purchasing Office.

REQUESTS TO BE ADDED TO BID LISTS

Companies may be added to existing or new bid lists based on requests from Departments or by the Purchasing Supervisor. All requests from suppliers may not necessarily result in being added to a bid listing.

DELETIONS FROM BID LISTS

Companies may be deleted from bid lists. Reasons for deletion are out of business, continual poor service, poor quality of goods furnished; default on previous purchase; failure to respond to three consecutive bid or quote invitations, or a supplier's request to be removed for any reason.

OFFICIAL RECORD OF BIDDERS

The master supplier number list and bid list is the reference resource used to prepare each record of bidders.

SECTION 14: INVITATION FOR BIDS

- A. If it becomes necessary to make changes in quantity, specifications, delivery schedules, opening dates, etc., or to correct a defective or ambiguous invitation, such changes shall be accomplished by an addendum to the Invitation for Bids. The fact that a change was mentioned at a pre-bid conference does not relieve the necessity for issuing an addendum. If an addendum is required that materially changes the solicitation, it must be sent a minimum of 72 hours before the time for bid opening, to everyone to whom invitations have been furnished and shall be displayed on WVWD's website or electronic bid system, if applicable.
- B. Before issuing a material addendum, the period of time remaining until the bid opening and the need to extend this period shall be considered. If less than 72 hours remain before bid opening, the time of bid opening shall be extended to allow bidders at least 72 hours to review addendum and submit or resubmit bids. Such extension must be confirmed in the addendum.
- C. Any information concerning an Invitation for Bids shall be furnished promptly to all prospective bidders as an addendum to the invitation if such information is necessary for bidders to submit bids.

- D. A pre-bid conference may be used, generally in a complex procurement, as a means of briefing prospective bidders and explaining complicated specifications and requirements to them as early as possible after the invitation has been issued and before the bids are opened. It shall never be used as a substitute for amending a defective or ambiguous invitation.
- E. All bond requirements must be stated in the notice inviting bids.

CANCELLATION OF INVITATION FOR BIDS

- A. The cancellation of an Invitation for Bids usually involved a loss of time, effort, and money spent by WVWD and bidders. Invitations should not be cancelled unless cancellation is in the public or WVWD's best interest. Considerations should be made if there is no longer a requirement for the supplies or services, or if the addenda to the Invitation for Bids would be of such magnitude that a new invitation is desirable.
- B. When an Invitation for Bids issued other than electronically is canceled, bids that have been received shall be returned unopened to the bidders and notice of cancellation shall be sent to all prospective bidders to whom invitations for bids were issued. When an invitation for bids issued electronically is cancelled a general notice of cancellation shall be posted electronically.

RELEASE OF PROCUREMENT INFORMATION

- A. Before Solicitation - Information concerning a proposed procurement shall not be released outside WVWD before solicitation except for long-range acquisition estimates in the annual budget.
- B. After Solicitation - Discussions with bidders regarding a solicitation shall be conducted and technical or other information shall be transmitted only by the Purchasing Supervisor or by other specifically authorized. Such personnel shall not furnish any information to a prospective bidder that alone or together with other information may afford an advantage over others.
- C. During Negotiations - Information contained in proposals shall not be released until negotiations have been completed and a recommendation is forwarded to the Board or other approving authority. Such information shall be transmitted only by the Purchasing division or by other specifically authorized.
- D. Confidential Information - If any information in a bid or proposal is claimed to be confidential by the bidder or proposer, and such information is clearly identified in the bid or proposal as confidential, along with a statement of the basis of the claim, then a copy of any Public Records Act request or other request for disclosure of the information will be sent to the bidder or proposer. At its sole cost and expense, the bidder or proposer may seek within the required timeframe for disclosure, to enjoin the production of the information it claims to be confidential. The bidder or proposer must defend, indemnify and hold harmless the WVWD for any costs associated with withholding the information.

FORM OF BID

To receive consideration, bids shall be made on the forms in the manner set forth in the Invitation for Bids.

- a. *Late bids, or late withdrawals, shall not be accepted.*
- b. *Each bid must be signed by an authorized representative of the supplier and include the legal name of the bidder.*
- c. *Bidders shall not change the bid form nor make additional stipulations on the bid form which are not consistent with the provisions of the specifications.*

SECTION 15: RECEIPT OF BIDS

All bids must be received sealed in an envelope prior to the time specified in the Invitation for Bids. Bids must not be left unattended and must be promptly time-stamped and deposited unopened in the respective bid folder. Late bids shall not be opened and shall not be considered under any circumstances. A late bid will be date-stamped and remain unopened in the bid file. A letter from the District will be sent notifying the bidder that the bid was received late and was not considered.

BID OPENING

The District Purchasing Supervisor or designee shall administer all bid openings and all bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the Invitation for Bids. The District assumes no responsibility over the confidentiality of bid information unless specifically stated otherwise in the Invitation for Bids.

CORRECTION OR WITHDRAWAL OF BIDS

In any request or decision involving a bid mistake, correction or withdrawal, purchasing staff shall consult with District Counsel. Except as otherwise specified in Section 5100 of the Public Contract Code, correction or withdrawal of inadvertently erroneous bids before or after bid opening may be permitted only if such correction or withdrawal is not prejudicial to the interest of the District or fair competition.

BID EVALUATION

Bids shall be evaluated based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability such factors as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Criteria affecting price shall be objectively measurable, such as discounts, transportation costs and life cycle or total ownership costs. The Invitation for Bids shall set forth the evaluation criteria to be used.

Examples of evaluation criteria that may be used include:

- a. *Adherence to all conditions and requirements of the bid specifications, including but not limited to current license and registration with the Department of Industrial Relations*
- b. *Total bid price, including any trade discounts or prompt pay discount of fifteen days or more.*
- c. *Appropriate insurance coverage limits with the District named as additionally insured*
- d. *Required performance bond capacity*
- e. *Local supplier preference - Local supplier preference would be when a supplier located within a certain distance from the District is given a preference such as 5%. That is, when considering low bidder, the local supplier could be up to 5% higher than the low bidder and still be awarded the contract.*
- f. *General reputation and experience of bidders based on references or prior performance*
- g. *Hourly rates for specified personnel*
- h. *Evaluation of the bidder's ability to service the District*
- i. *Financial responsibility of the bidder*
- j. *Needs and requirements of the District*
- k. *Experience with the products involved*

- l. Nature and extent of company data furnished upon request of the District*
- m. Quality of merchandise offered*
- n. Product appearances, workmanship, finish, taste, feel and result of product testing*
- o. Overall completeness of product line offered*
- p. Bidder's ability to meet delivery and stocking requirements*
- q. Delivery or completion date*
- r. Maintenance costs and warranty provisions*
- s. Repurchase value or residual value of equipment after specified number of years where the residual value can be objectively ascertained*
- t. Availability of product or service required*
- u. Compatibility with District's current equipment/products*
- v. Availability of sales representatives and/or service representatives*
- w. Maintainability and reliability*
- x. All other information as requested in the bid document*

The Purchasing Supervisor shall maintain complete and sufficient records of bid evaluations to ensure there is no abuse of the competitive bidding process. All reasons for making the award recommendation shall be made in writing by the Purchasing Supervisor and retained in the bid file.

SECTION 16: DETERMINING IF A BID IS RESPONSIVE

Cost is not the only determining factor when selecting the responsible successful bidder. In addition to price the following elements shall also be considered to determine if a bid is responsive:

- A.** A responsive bid is in substantial conformance with the requirements of the invitation to bid, including specifications and the District's contractual terms and conditions. Conformance may also include providing proof of insurance, completed forms, references, and all other information as requested in the bid document.
- B.** Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive.
- C.** The successful bidder must demonstrate the ability to fulfill a contract, including providing subsequent and continuing service. Staff may request proof of a prospective bidder's reliability, proof of financial resources, a list of current or previous customers, and other pertinent data. Such requests may also be taken after receipt of bids.
- D.** A bidder may be determined to be non-responsive if the bidder fails to furnish proof of qualifications when required.

Prior to finding a bidder not responsible, the Purchasing Supervisor, or designee, shall notify the bidder of any evidence reflecting upon the bidder's responsibility, afford the bidder an opportunity to rebut such adverse evidence, and permit the bidder to present evidence of qualification.

RELEASE OF PROCUREMENT INFORMATION

Consider the following to determine if a bidder is qualified.

A qualified bidder demonstrates the following characteristics:

- *Can provide product quality, fitness, and capacity for the required usage*
- *Has the ability, capacity, and skill to perform the contract or provide the service required*
- *Has the demonstrated character, integrity, reputation, judgement, experience, quality of performance and efficiency, particularly with reference to past purchases by the District or other public agencies*
- *Has the ability to perform within the required time*
- *Can meet all insurance and DIR requirements*

RESERVATION OF RIGHT TO REJECT BIDS AND RE-BID

Every bid must be carefully examined to determine whether it contains a material variance. Any bid that contains a material variance must be rejected. A test of material variance is a variance that gives the bidder a substantial benefit or advantage not enjoyed by the other bidders. Prior to any rejection for a material variance, District Counsel shall be consulted. The District may:

- a. *Reject an otherwise low bid when it is determined that another bid is more advantageous to the District.*
- b. *Reject a bid not accompanied by any required bid security or by other data required by the bidding documents.*
- c. *Reject a bid that is in any way incomplete, irregular, amplified, unqualified or otherwise not in compliance with the bid documents in all material respects.*
- d. *Reject a bid that fails to conform to the delivery schedule or permissible alternates stated in the invitation*
- e. *Reject a bid when the bidder imposes conditions that would modify requirements of the invitation or limit the bidder's liability to WVWD*
- f. *Reject a bid if WVWD determines that it is unreasonable as to price. Unreasonableness of price includes not only the total price of the bid, but the prices for individual line items as well.*
- g. *Waive any informality, irregularity, immaterial defects or technicalities, in any bids received.*
- h. *Cancel an Invitation for Bids or reject all bids because of the following reasons:*
 - I. *Inadequate or ambiguous specifications*
 - II. *Specifications have been revised*
 - III. *Supplies or services are no longer needed*
 - IV. *Change in District requirements*
 - V. *All bids deemed unreasonable*
 - VI. *Bids were not independently arrived at or were submitted in bad faith*
 - VII. *A determination is made that all the necessary requirements of the bid process have not been met*
 - VIII. *Insufficient competition*
 - IX. *For other reasons which indicate the cancellation or rejection of all bids is clearly in the best interest of the District*

The Purchasing Supervisor shall maintain complete and sufficient written records of bid rejections and cancellations to ensure that there is no abuse of the bidding process. All reasons for rejecting a bid shall be retained in the bid file.

MINOR INFORMALITIES OR IRREGULARITIES IN BIDS

A minor informality or irregularity is one that is merely a matter of form and not of substance. It also pertains to some immaterial defect in a bid or variation of a bid from the exact requirements of the invitation that can be corrected or waived without being prejudicial to other bidders. The defect or variation is immaterial when there is no effect on price, quantity, quality, or delivery. WVWD may give the bidder an opportunity to cure any immaterial deviation and waive the deficiency or reject the bid at WVWD's discretion.

MISTAKES IN BIDS

After the opening of bids, WVWD shall examine the low bid for mistakes. In cases of apparent mistakes and in cases where WVWD has reason to believe that mistake may have been made, the Purchasing Division shall request from the bidder a verification of the bid, calling attention to the suspected mistake.

The bid may be withdrawn if the bidder can establish to the satisfaction of the WVWD that:

- *A mistake was made, and*
- *The bidder gave WVWD written notice within (5) working days after the opening of the bids of the mistake, specifying in the notice in detail how the mistake occurred, and*
- *The mistake made the bid materially different that the bidder intended it to be, and*
- *The mistake was made in filling out the bid and not due to error in judgement or to carelessness in inspecting the contract documents.*

A bidder who claims a mistake or forfeits its bid security shall be prohibited from participating in further bidding on the project on which the mistake was claimed or security forfeited.

SECTION 17: CONTRACT AWARD

If the District decides to award a contract, the District generally must award the contract to the lowest responsible and responsive bidder whose bid best meets the requirements and criteria set forth in the Invitation for Bids. The District may award a contract based on bid evaluation criteria other than lowest bid price if the Invitation for Bids states the evaluation criteria that would be applied, and such award is in the best interest of the District. Notice of award will be sent by the Purchasing Supervisor to the successful bidder. In the event the successful bidder fails to perform, or such bidder's bid is authorized to be withdrawn, the District may award a contract to the next lowest responsible and responsive bidder that will best meet the needs of the District.

Recommendations for contract award for \$25,000 or more shall be submitted by the Department head of the initiating Department to the Board of Directors along with pertinent contract documents.

CANCELLATION OF CONTRACT AWARD

Failure on the part of the successful bidder within the time allowed to execute the contract, furnish an acceptable performance bond, or comply with any other requirement precedent to execution

of the contract shall be considered just cause for cancellation of the award and forfeiture of the bid security, not as a penalty, but in liquidation of certain damages sustained. Contract award may then be made to the next lowest responsible and responsive bidder, the call for bids re-advertised, or such the other action taken as deemed appropriate by the District.

SECTION 18: CONTRACT AWARD

The Board of Directors must approve professional or consultant services contracts over \$25,000. All projects estimated to meet or exceed \$25,000 must go through the competitive sealed proposal process.

DEFINITION

A competitive sealed proposal is an offer from a prospective supplier as a result of the method of procurement that involves, but is not limited to:

- a. *Solicitation of proposals through a request for proposal.*
- b. *A private opening of proposals that will avoid disclosure of offerors or contents to competing offers before and during the process of negotiation.*
- c. *Submission of cost or pricing data from the offeror where required.*
- d. *Discussions with responsible offerors whose proposals have been determined to be reasonably susceptible of being selected for award, unless such discussions are not required by the request for proposals or this manual.*
- e. *An award made to the responsible offeror whose proposal is determined in writing to be the most advantageous, considering evaluation factors set forth in the Request for Proposals.*

CONDITIONS FOR USE

Unless otherwise directed by law, this manual or by direction of the Board of Directors, contracts for consultant services estimated to cost \$25,000 or more should be awarded by the use of competitive sealed proposals.

Contracts for consultant services estimated to be less than \$25,000 may be awarded upon conclusion of informal interviews by representatives of the initiating Department and others, including Purchasing Services, as may be appropriate.

PUBLIC NOTICE

Public notice of the Request for Proposals shall, if applicable, be given in the same manner as provided in section 13 Competitive Sealed Bidding, Public Notice. Additionally, the RFQ/RFP shall be distributed to any interested consultant.

EVALUATION COMMITTEE

For competitive sealed proposals estimated to cost \$25,000 or more, an evaluation committee may be formed consisting of a representative of Purchasing Services and others appointed by the initiating Department head or the General Manager which will review all proposals and document all findings and recommendations. The evaluation committee may include persons who are not District employees but have experience or expertise to contribute. Such non-District employees shall abide by direction set forth by the General Manager or designee.

EVALUATION FACTORS

Award of a contract in response to a proposal shall be made to the responsible offeror whose proposal is determined to be the most advantageous to the District taking into consideration the evaluation factors set forth in the Request for Proposals.

The Request for Proposals may indicate the relative importance of evaluation factors. Following are representative evaluation criteria that may be considered by the Department head or Purchasing Supervisor when preparing a Request for Proposal:

- *Reputation and Experience.* Does the consultant have a reputation of being reliable, delivering on schedule, and performing tasks to the satisfaction of its clients? Does the consultant have sufficient experience in the kind of work required?
- *Capability and Availability of Staff.* Does the designated firm have the qualified and experienced staff needed to perform this job?
- *Understanding of the Problem.* Does the firm understand the issues, and has it developed a relevant and effective approach?
- *Proximity of the Firm.* Other factors being equal or relatively insignificant, the District shall strive to retain firms based in the local area.
- *Cost.* Whenever possible and appropriate, a firm fee or hourly rate should be secured as part of the proposal and considered in the evaluation process. In certain cases, the District may wish to hire the best qualified individual or firm if their proposed or negotiated price is within the budgeted amount for the contract.

AWARD PROCESS

Recommendations for contract award for professional consultant services for \$25,000 or more shall be submitted by the Department head of the initiating Department to the Board of Directors at its regular or special meeting for consideration, along with pertinent contract documents. The recommendation should include the following:

- a. *The services to be provided by a consultant or professional service contract.*
- b. *The method of compensating the consultant or the actual cost, if appropriate, and a statement indicating why the cost is reasonable.*
- c. *A summary of the competitive process used along with the reasons for recommending a particular consultant, particularly if that proposal was more costly than others.*

SECTION 19: VENDORS DIVERSITY & SMALL BUSINESS PROGRAM

West Valley Water District is committed to the principle of diversity and equal opportunity in all of its endeavors and applies this principle in its procurement activity with the objective of encouraging participation by qualified vendors categorized as: small, disadvantaged, veteran, minority or women-owned enterprises. The District believes that strengthening and expanding its supplier base in these business classifications not only contribute to lowering our operational costs, but also improves the overall health of the business community within which we exist. It is a practice of the District to actively identify and solicit qualified small, disadvantaged, veteran, minority or women-owned businesses and to provide and promote equal opportunities for such vendors within the District in order to promote vendor diversity.

SECTION 20: MODIFICATION TO PROFESSIONAL SERVICES AND CAPITAL PROJECTS

WVWD may issue change orders/task orders to purchase orders, contracts, or Blanket Purchase Orders as required to complete the original scope of work or procurement as necessary to meet WVWD's needs ("Change Orders").

The following guidelines apply to Change Orders in accordance with WVWD's procurement Authorization Table (See Section 3):

- *Under no circumstances shall an individual approve changes to a contract, purchase order, or Blanket Purchase Order in excess of that individual's procurement authority established in the Procurement Authorization Table (see Section 3).*
- *The monetary value of a Change Order should be evaluated to determine proper execution authority. If the monetary value of a Change Order exceeds an Approver's procurement authority, it must be approved by an Approver with a higher authority level in accordance with the Procurement Authorization Table.*
- *Change orders that affect the scope, terms, or duration of a contract or purchase order, but do not affect the agreement price, will be authorized by the original approval authority.*
- *A change order that requires a budget amendment that increases the adopted fiscal year budget, regardless of dollar amount must be approved by the Board.*
- *Taxes, shipping and handling may cause the purchase order to exceed the authorized amount. These items do require a change order.*
- *The change order form shall be used to change a quantity, description, size, unit price, amount, or scope of work of the Purchase order or Contract. It shall also be used to cancel a purchase order or contract and to correct errors in the original Purchase Order or Contract.*

All Change Orders for existing contracts for both professional services and construction, entered into by the District in an amount greater than \$25,000.00, shall be subject to the modification procedures contained in this policy. All Change Order approvals shall be in writing.

The General Manager's authorized representative, (Resident Engineer or Engineering Manager) may approve Plan Changes (but not Extra Work items) up to \$10,000.00. The representative would authorize work in writing to the contractor. All recommended plan changes must be reviewed and approved by the Assistant General Manager or General Manager. Contractor would proceed with work and identify percent complete in the next partial payment. Payment would be identified as pending Board approval, however the amount of work completed would be included in the partial payment total.

CUMMULATIVE CHANGE ORDERS

In no event can the General Manager approve Change Orders on any existing contract, which in the cumulative exceed \$25,000.00 contract value. Change Orders which in the cumulative exceed \$25,000.00 contract value, no matter what the amount of the Change Order, must be approved by the Board. Further, if there are requests for change orders that in total exceed \$25,000, then Board approval is also required.

REPORT TO THE BOARD

The General Manager, or his designated representative, shall make a monthly written report to the Board of Directors as to all Change Orders approved by the General Manager during the month, and of all possible future Change Orders which may appear probable prior to the next monthly report. At a minimum, the General Manager shall provide the Board with the name and nature of the contract, all Change Orders approved during that month, the reason for the Change Orders, the cumulative amount of the Change Orders for that contract, and any additional information the Board requests.

SECTION 21: NOTES AND EXCEPTIONS

In the absence of the approver for a given request, authorization will be obtained by his/her appointee or the next highest authority in accordance with the Authorization Table.

At no time can purchases be “split” or otherwise billed separately to circumvent the spending authority.

With the exception of Board of Directors authorized procurements, increases to previously authorized procurements are permitted if the increased procurements remain within the approver’s limit. Freight and sales tax are a cost of doing business and shall be included in the total cost of the procurement.

The Authorization Table shall apply to all purchases, including Capital Projects and Professional Services Contracts. Capital Projects shall employ competitive bidding and all capital procurements that exceed the General Manager’s authorization level must be approved by the Board of Directors. Professional Services Contracts shall employ competitive proposals solicited by the Request for Proposal (RFP) process.

At times, acquiring 3 written quotes may be a challenge depending on vendor type and availability. Staff will provide justification when 3 quotes cannot be obtained.

The Purchasing Supervisor reports directly to the Chief Financial Officer of the District or Designee.

SECTION 22: PROCEDURES

A. METHOD OF BIDDING

In most instances, the District uses the following methods of bidding:

- **Email/Fax/ or Letter Bids** - known as an “Informal Bid.”
- **Request for Quotation (RFQ)** – also known as an “Informal Bid.”
- **Request for Bids (RFB)** – also known as a “Formal Bid”. This is the preferred method of bidding and must be a Sealed Bid if project is expected to exceed \$25,000, and \$100,000 for construction and public works projects.
- **Request for Proposal (RFP)** – may be used for bidding of services or combination of services and supplies and must be a Sealed Proposal if project is expected to exceed \$25,000.
- **Request for Qualifications (RFQ’s)** – may be used for bidding to pre-qualify contractors or vendors for various disciplines and/or supplies, which must be a Sealed Proposal.

B. PURCHASE REQUISITIONS

Purchase Requisitions (Requisitions) communicate to the Procurement Division, in clear and explicit terms, the needs of the requestor. The requisitioning process also provides a mechanism for obtaining the approvals necessary to authorize the Procurement Division to proceed with the requisition.

A completed requisition will be routed electronically for authorization by the requestor and submitted to the Procurement division prior to attempting to obtain and goods, services, materials or equipment.

Purchase Requisitions are required for purchases over \$500.00. Vendor information, budget verification, general ledger account number and approval are required to create and issue Purchase Requisitions to vendors/contractors.

Upon receipt of a properly prepared requisition by Purchasing Supervisor, a requisition will normally be processed and completed within 10 business days for routine and 15 business days for complex acquisitions. It is the responsibility of the requisitioning Department to adequately plan in advance for their procurement needs and/or requirements. No purchase request will be broken into smaller units to avoid any provision of this Policy.

Prior to generation of Requisitions by staff that do not require a formal RFP/bid process, quote(s) must be obtained. If the requestor has received quotes, they are to be attached to the Requisition electronically or emailed to the Procurement division to evaluate or and move forward in the procurement of the goods or service.

In the absence of the designated approver for a given request, authorization will be obtained from his/her designee or the next highest authority in accordance with the Procurement Authorization Table.

C. CANCELLATION OF REQUISITION

The cancellation of a Departmental requisition shall require Department's notification to Purchasing.

- **Cancellation by the Department:** *Cancellation of a requisition by the Department should be on the basis of a written cancellation notice. Verbal cancellation may be accepted by Purchasing in order to suspend the purchasing process but should be followed up by written cancellation notice from the Department.*
- **Cancellation by Purchasing:** *Cancellation of a requisition initiated by Purchasing requires the written notification and concurrence of the Department.*
- **Cancellation by Purchasing as a "last resort":** *A last resort example would be the failure of Department to respond to an inquiry for additional information in a timely manner (failure to obtain a response after multiple attempts). Last resort cancellations do not require the Department's concurrence.*
- **Cancellation from the bid solicitation:** *When a requisition is cancelled during or after a bid solicitation process, Purchasing must cancel the items from the bid and indicate the reason(s) for the cancellation.*

D. PURCHASE ORDERS

Purchase Orders (PO) are contractual documents and are required for most purchases over \$500. Once sent to and accepted by a vendor bind the performance of both parties to the transaction. POs created from requisitions are processed using the District's accounting software. Once a PO has been approved, it is transmitted either by secure electronic means or by email or fax to the vendor.

The entire Purchase order amount is encumbered at the time of creation. Balances left on the Purchase Orders at the end of the fiscal year remain open in the finance system, but do not automatically carry over in the budget. Requisitioners are responsible for working with their finance liaison to process the required paperwork to ensure availability of funds in the next fiscal year.

Purchase Orders for multi-year contracts will remain open until projects are completed and the Purchasing Division is notified to close the Purchase order.

Procurement costs are expensed from the fiscal year budget in which the order was received, not from the fiscal year in which the Purchase Order was issued.

SECTION 23: BLANKET PURCHASE ORDERS

Blanket Purchase Orders (BPO) are contractual documents and should be issued for recurring purchases, such as office supplies, not valid for longer than one year, and shall always expire at the end of the fiscal year in which they were initiated.

Blanket purchase orders are used for the acquisition of assorted commodities or services from a known vendor for Departments that have predictable but varied program needs. The range of commodities or services covered by the blanket purchase order should be defined as narrowly as possible. Blanket purchase orders may not be used for the acquisition of equipment or appliances.

Blanket purchase orders are established with a maximum commitment dollar value. Requests for modification of this amount must be made in writing. Note that requests for increases will be reviewed by Purchasing and by the Chief Financial Officer, Assistant General Manager, or General Manager, as appropriate to ensure that funds are available before approval for the increase.

Requests for modification of contract documents must be approved by the Department head based on the amounts indicated in the Authorization Table. A Request to Increase the Dollar Amount of a Standard or Blanket Purchase Order Form or Change Order must state the reason for the change, as well as, refer to the PO number and the vendor/contractor involved. This policy particularly applies to those circumstances where increase in the dollar amount of the order is required. Revised POs will be issued to the vendor/contractor to confirm the authorized changes.

SECTION 24: COMPUTER PURCHASES

For initial personal computer purchases, the following items will be considered as one unit: System unit including disk-drive(s), emulation board, internal/external modems, memory expansion board, co-processor, expansion chassis, cables, additional chips, keyboard monitor and operating system software.

SECTION 25: LEASE / LEASE PURCHASE / RENTAL ORDERS (EQUIPMENT)

A lease is an agreement conveying the right to use property for a specified time and for a specific amount of money. In a true lease, the property being used remains the sole property of the lessor (vendor), and the lessee (District) builds no equity in the leased property. A lease/purchase agreement allows the lessee to build equity and purchase the property from the lessor for a nominal amount at the completion of the lease. The term of a lease is fixed in duration and generally not cancelable. A

rental agreement is similar to a lease in that the user does not build ownership in the asset. A rental agreement differs from a lease in the length of the agreement (usually less than one year) and the agreement can usually be cancelled by the renter prior to the end of the agreement without penalty.

SECTION 26: REAL PROPERTY

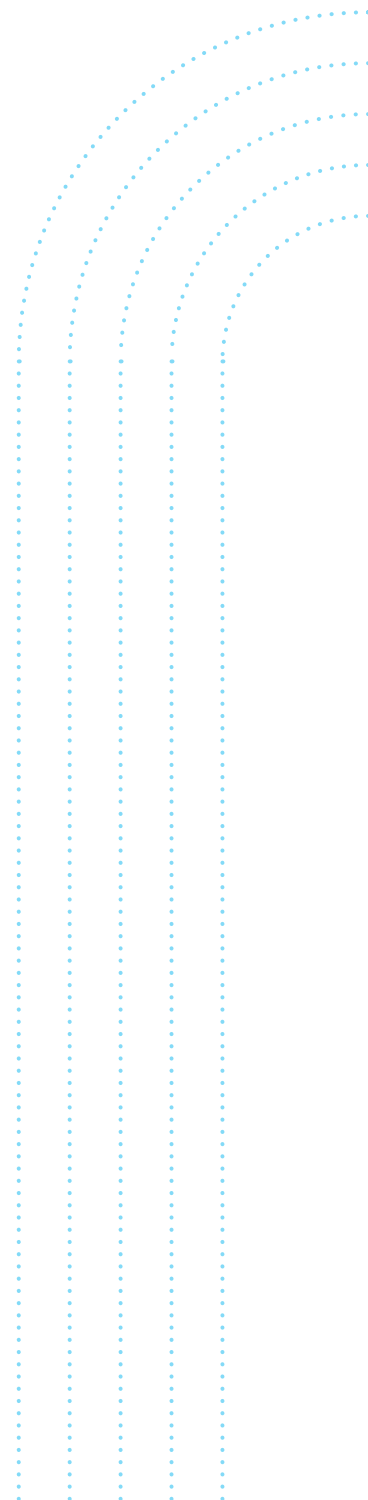
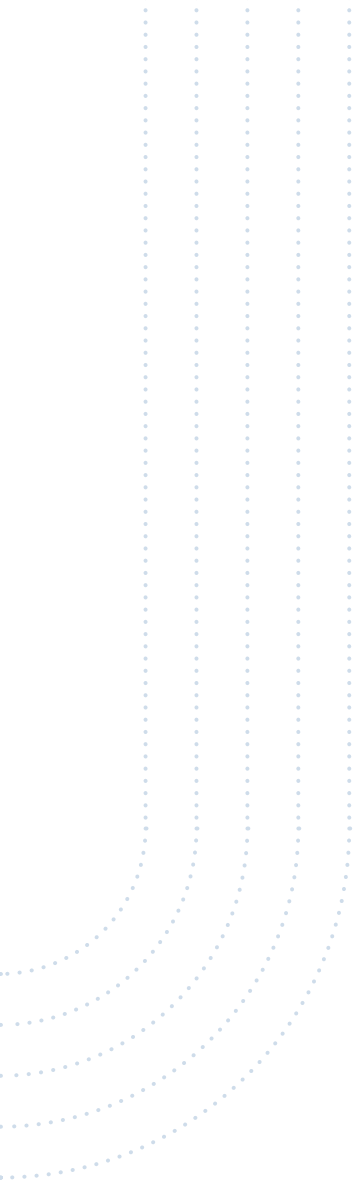
Board approval and authority to execute contractual documents is required for the sale, procurement, trade, exchange, surplus or otherwise acquisition, of any and all real property.

SECTION 27: PURCHASING CARDS

The District has established a Purchasing Card Program to provide expanded convenience and controls to low dollar purchases, and to establish a payment methodology that will support future procurement applications. The Purchasing Card is an institutional credit card designed to give controlled buying power directly to Departments thereby eliminating many check enclosed orders. See Purchasing Card procedures for further details.

SECTION 28: PETTY CASH DISBURSEMENTS & REPLENISHMENT

Please see West Valley Water District's Petty Cash Policy.



glossary



A

ACRE-FOOT (AF) – A unit of measurement equivalent to 325,900 gallons of water.

ACCRUAL BASIS ACCOUNTING – Under this accounting method, transactions are recognized when occurred, regardless of the timing of related cash receipts and disbursements.

ADOPTED BUDGET – The WWD Board approves the plan for the Agency's operations, which includes an estimate of expenditures and revenues for a given fiscal year.

AMORTIZATION – The process of spreading out a loan into a series of fixed payments over time; paying off the loan's interest and principal in different amounts each month, although the total payment remains equal each period.

APPROPRIATION – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

ASSET – A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

ASSET MANAGEMENT – Asset management is a strategic, comprehensive approach that involves systematic data collection and the analysis to provide WWD with a framework for making sound decisions each fiscal year. Asset managers must make decisions on when and how to inspect, maintain, repair, renew, and replace a diverse set of existing equipment in a cost-effective manner.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – ACWA was founded in 1910, representing and providing key services to members has been ACWAs most important charge. From legislation to regulatory activity, to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California's public water agencies. ACWAs involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their constituents.

AUDIT – An official inspection of an individual's or organization's accounts, typically by an independent body

B

BALANCED BUDGET – A budget in which revenues are equal to expenditures. Thus, neither a budget deficit nor a budget surplus exists. More generally, it is a budget that has no budget deficit, but could possibly have a budget surplus.

BOND – A written promise to pay a specified sum of money (called principal or face value), at a specified date or dates in the future (called maturity date(s)) along with periodic interest paid at a specified interest rate.

BOND COVENANT – A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution, or indenture. (Example: pledged revenues).

BUDGET – A plan of financial operation embodying an estimate of proposed expenditures for a given period, and the proposed means of financing them. Used without any modifier, the term usually indicated a financial plan for a single fiscal year.

BUDGETARY CONTROL – The control or management of a government in accordance with an approved budget to keep expenses within the limitations of available appropriations and available revenues.

BUDGET CALENDAR – The schedule of key dates, which the Agency follows in the preparation and adoption of the budget.

BUDGET DOCUMENT – The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating governing body.

BUDGET MESSAGE – A written explanation by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager's budget recommendations.

C

CaIPERS – California Public Employees Retirement System. An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

CALIFORNIA URBAN WATER CONSERVATION COUNCIL (CUWCC) – The CUWCC was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.

CAPITAL CAPACITY REIMBURSEMENT ACCOUNT (CCRA) – Accounts that are established and maintained by the contracting agencies, to which connection fees are deposited or credited, pursuant to the Regional Sewage Service Contract.

CAPITAL OUTLAY – Expenditures resulting in the acquisition of or addition to fixed assets having a useful life greater than one year.

CAPITAL PROJECT – Major construction, acquisition, or renovation which increases the useful life and value of the asset. It also includes non-routine capital expenditures (maintenance and repair) greater than or equal to \$5,000 which extends the asset's estimated useful life and capabilities. It is also sometimes referred to as capital expenditure.

CAPITAL IMPROVEMENT FUND – A fund used to account for costs incurred in acquisition, construction, and expansion of major capital facilities. It also includes expenditures for meeting the debt service obligations and the associated administrative costs.

CLEAN WATER ACT (CWA) – is the primary federal law in the United States governing water pollution. Its objective is to restore and maintain the chemical, physical, and biological integrity of the nation's waters by preventing point and nonpoint pollution sources, providing assistance to publicly owned treatment works for the improvement of wastewater treatment, and maintaining the integrity of wetlands.

CLEAN WATER STATE REVOLVING FUND (CWSRF) – Established in 1987 by the Clean Water Act, the program is part of the United States Environmental Protection Agency's Office of Wastewater Management and administered in California by the State Water Resources Control Board. The fund serves to finance "construction-ready" water and wastewater infrastructure projects.

COLA – Cost of living adjustments to employee wages.

CONJUNCTIVE USE – The planned use of groundwater in conjunction with surface water in overall management to optimize total water resources.

CONTINGENCY – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

D

DEBT SERVICE – Payment of current year portion of interest and principal costs incurred on long-term debt issued by the Agency.

DEPARTMENT – A basic organizational unit of government dealing with a specific subject. A department may be grouped into divisions, programs, activity groups, and/or activities. Also referred to as Business Area.

DEPARTMENT OF WATER RESOURCES (DWR) – DWR operates and maintains the State Water Project, including the California Aqueduct. The department also provides dam safety and flood control services, assists local water districts in water management and conservation activities, promotes recreational opportunities, and plans for future statewide water needs.

DISASTER RECOVERY PLAN – A written plan that describes how to recover systems and/or services in the event of a disaster.

E

ENTERPRISE FUND – A fund that provides goods or services to the public for a fee that makes the entity self-supporting. It basically follows GAAP as does a commercial enterprise. An example is a government- owned utility.

EXPENSES – Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charged presumed to benefit the current fiscal period.

F

FISCAL YEAR – A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position and the results of its operation. West Valley Water District operates on a fiscal year from July 1, through June 30.

FULL TIME EQUIVALENT (FTE) – The conversion of a part-time, temporary, or volunteer position to a decimal equivalent of a full-time position based on an annual amount of 2,080 hours worked.

FUND – A fiscal and accounting entity with a self-balancing set of accounts in which assets are recorded and segregated to carry on specific activities.

FUND BALANCE – Is used to describe the net position of the Agency's funds calculated in accordance with generally accepted accounting principles (GAAP). The Agency has historically maintained fund balance reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and have the ability to respond to unforeseen events. Fund balance are designated for specific purposes, as defined in the Agency's Reserve Policy.

FUND TRANSFER – Fund transfer required to maintain a given level of fund balance in accordance with Board policies and bond covenants.

G

GASB 34 – Statement No. 34 issued by the Governmental Accounting Standards Board (GASB) that was implemented by the Commission in FY 2001/02. GASB 34 established new financial standards for state and local governments. Under the new financial reporting model, governmental financial statements include basic financial statements that present both government-wide and fund financial statements and require supplementary information, including Management’s Discussion and Analysis.

GASB 45 – This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB 67 - The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, FINANCIAL REPORTING FOR DEFINED BENEFIT PENSION PLANS AND NOTE DISCLOSURES FOR DEFINED CONTRIBUTION PLANS, and No. 50, PENSION DISCLOSURES, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

GASB 68 - The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions in regards to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – Minimum standards and guidelines for financial accounting and reporting. GAAP encompasses the conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The GASB is the primary authoritative accounting and financial reporting standard-setting body on the application of GAAP to state and local governments.

GROUNDWATER – Water that occurs beneath the land surface and fills partially or wholly pore spaces of the alluvium, soil, or rock formation in which it is situated. It does not include water which is being produced with oil in the production of oil and gas or in a bona fide mining operation.

I

INTEREST – Revenue derived from the investment of idle cash and/or reserves.

L

LIABILITY – Probable future sacrifice of economic benefits, arising from present obligation of a particular entity to transfer assets or provide service to other entities in the future as a result of a past transaction or event.

M

METER EQUIVALENT UNIT (MEU) – a measurement expressed in terms of a ratio of rated meter capacity for each meter size relative to the size of a standard residential meter.

O

OPERATING BUDGET – Plans of current expenses and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

OPERATING EXPENSES – Proprietary fund expenses related directly to the fund's primary activities.

ORDINANCE – A law set forth by a governmental or legislative body.

P

PEPRA MEMBER – A new hire who has no prior membership in any California public retirement system prior to January 1, 2013; or who is rehired by a different CalPERS employer after a break in service of a greater than six months.

PROGRAM BUDGET – A budget wherein expenses are based primarily on the functions or activities of a government rather than based on specific items of cost, or specific departments.

PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS) – An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

Q

QUALITY – Measures the performance of assets to perform their function toward meeting regulatory and non-regulatory goals; these are often associated with water quality.

R

RESERVE – An account used to indicate that a portion of fund equity is restricted for a specific purpose, or not available for appropriation and subsequent spending.

REVENUE – Income generated by taxes, user charges, connection fees, investment income, bonds, and leases.

S

SALINITY – Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids – TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SERVICE LINE – Pipe from the common distribution main to provide water to individual customers for domestic or fire service.

STATE REVOLVING FUND (SRF) – The Federal Clean Water Act amendments of 1897 authorized the use of federal money to create an SFR loan program to replace the Federal Clean Water Grant program.

SRF loans are used for the construction and upgrade of publicly owned treatment works. SRF loans can also be used to support reclamation nonpoint source pollution, storm drainage, and estuary projects.

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – This is a joint authority of water allocation and water quality protection that provides comprehensive protection for California’s waters, enforcing the many uses of water, including the needs of industry, agriculture, municipal districts, and the environment. The SWRCB also administers SRF loans and grants.

T

TAXES – Compulsory charges levied by a government to finance services performed for the common benefit.

TANK – A vessel or container used to hold water or other liquid.

V

VALVE – A device to regulate or isolate the flow of water.

VAULT – An underground structure to house pumps, meters, etc.

W

WATER DISTRIBUTION – A network of pipe, pumps, and storage facilities to transport potable water from the source or treatment facility to the customer.

WATER METER – A device designed to accurately measure flow passing through it. Meters are of various types and materials, and function with accuracy within certain flow ranges.

WATER TREATMENT – Any process that intentionally alters and improves the chemical, biological, or physical characteristics of water.

WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA) – Administered by the Environmental Protection Agency, the federal credit program provides long term, low-interest funding for regionally and nationally significant water and wastewater infrastructure projects.

WELL – A subsurface source of water that is generally accessed through a drilled casing and pipe into the aquifer.

WORKING CAPITAL – The amount of cash and investments in a fund, plus the accounts receivable, less the accounts payable and amounts due to others in that fund. Also referred to as reserves.



**OUR MISSION IS TO PROVIDE OUR
CUSTOMERS WITH SAFE, HIGH QUALITY
AND RELIABLE WATER SERVICE
AT A REASONABLE RATE AND IN A
SUSTAINABLE MANNER.**



(909) 875-1804 • 855 W. Baseline Rd., Rialto, CA 92376



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