



# Scotts Valley Water District

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July 1, 2014

To the Honorable Directors of the Board:

The FY 2014-15 Adopted Budget demonstrates a District wide collaboration effort to allocate financial resources in a systematic and thoughtful process guided by the District's mission statement as follows:

*"To deliver a sustainable, high quality water supply in an environmentally responsible and sound financial manner while providing outstanding customer service"*

Throughout the first part of 2013-14, the Board and the Executive Team worked together to develop five strategic goals:

- Water Resource Management: Meet the current and future water supply needs of its customers;
- Infrastructure Integrity: Provide continual investment in its infrastructure;
- Financial Stewardship: Manage its financial resources in a responsible manner;
- Public Outreach: Foster relationships and communications with its stakeholders and the community; and
- Organizational Vitality: Commit to retaining the highest quality employees and board members.

Subsequently, in January 2014, the District's executive team met to develop the FY 2014-15 Strategic Work Plan, which became the basis for the 2014-15 Budget. The Proposed Operating Budget was submitted to the Finance Committee and the Proposed Projects Budget was submitted to the Engineering Committee on April 15, 2014 for initial review and comments. For a budget study session, the revised Proposed Projects Budget was submitted to the full Board on May 15, 2014 while the revised Proposed Operating Budget was submitted to the Finance Committee on May 27, 2014. The final Proposed Operating Budget and the Proposed Projects Budget are presented here for the Board's adoption.

The 2014-15 Budget Summary is presented in the following pages. For more details, please see the list of exhibits at the end of this document. The 2014-15 Adopted Budget document will be posted on the website by the end of August 2014.

## 2014-15 BUDGET SUMMARY:

### REVENUE

	2014-15 Budget	2013-14 Est. Actual	%	2013-14 Budget	%
Operating Revenue					
PW Usage and Meter Service	\$ 4,408,997	\$4,304,682	2.4%	\$4,111,665	7.2%
Recycled Water Usage	537,341	498,600	7.8%	522,700	2.8%
Misc. Operating Revenue	80,016	91,652	-12.7%	49,000	63.3%
Subtotal Operating Revenue	\$ 5,026,354	\$4,894,934	2.7%	\$4,683,365	7.3%
Non-Operating Revenue					
Property Taxes	694,174	700,000	-0.8%	714,000	-2.8%
Misc. Non-Operating Revenue	52,300	43,937	19.0%	64,000	-18.3%
Subtotal Non-Operating Revenue	\$ 746,474	\$ 743,937	0.3%	\$ 778,000	-4.1%
Capital Revenue					
Water Replenishment Impact Fee	323,695	315,800	2.5%	362,250	-10.6%
Water Service Connection – Capacity	258,736	252,425	2.5%	301,280	-14.1%
Grants	150,000	242,188	-38.1%	600,000	-75.0%
Subtotal Capital Revenue	\$ 732,431	\$ 810,413	-9.6%	\$1,263,530	-42.0%
<b>TOTAL REVENUE</b>	<b>\$ 6,505,259</b>	<b>\$6,449,284</b>	<b>0.9%</b>	<b>\$6,724,895</b>	<b>-3.3%</b>

### EXPENSE\*

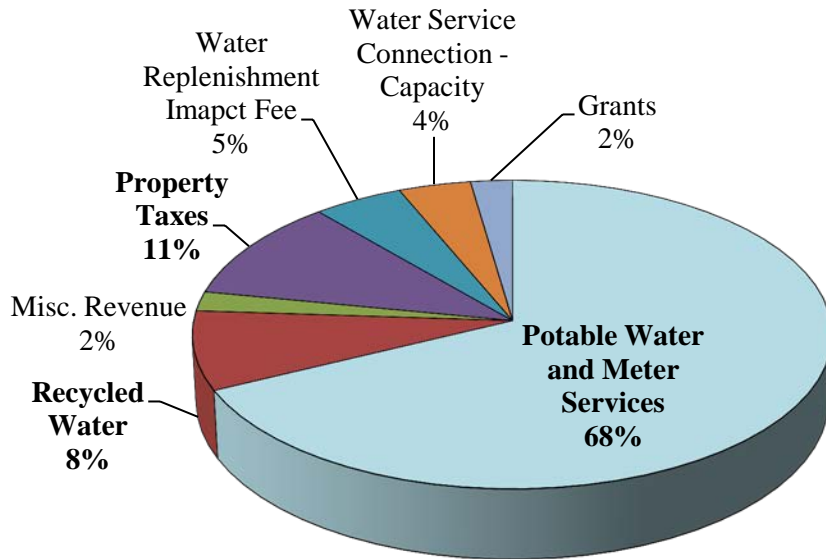
	2014-15 Budget	2013-14 Est. Actual	%	2013-14 Revised Budget	%
Operating Expense					
Administration (10)	\$ 622,958	632,353	-1.5%	541,795	15.0%
Water Use Efficiency (15)	318,322	-	N/A	-	N/A
Finance/Customer Service (20)	558,755	581,901	-4.0%	501,800	11.4%
Operations (30)	2,798,163	3,182,822	-12.1%	2,750,239	1.7%
Engineering (40)	316,728	176,950	79.0%	111,913	183.0%
Board (50)	133,468	95,725	39.4%	175,553	-24.0%
Total Operating Budget	\$ 4,748,394	\$4,669,751	1.7%	\$4,081,300	16.3%
Debt Service**	793,989	795,716	-0.2%	795,716	-0.2%
Project Budget	1,302,000	810,000	60.7%	2,509,000	-48.1%
<b>TOTAL EXPENSE</b>	<b>\$ 6,844,383</b>	<b>\$6,275,467</b>	<b>9.1%</b>	<b>\$7,386,016</b>	<b>-7.3%</b>

\* Includes Operating Budget, Debt Service and Projects.

\*\*Includes principal payments of \$495,000 at balance sheet accounts.

## 2014-15 BUDGET DEVELOPMENT:

Total Revenue Budget: \$6,505,259



### Where Money Comes From

Top three revenue sources are Potable Water and Meter Service (\$4.4 million / 68%), Property Taxes (\$0.7 million/11%) and Recycled Water Service (\$0.5 million/ 8%). Together they account for 87% of the total revenue.

#### Potable Water and Meter Service Revenue:

Factors impacting the revenue include but are not limited to the following:

- Economy: The District service area covers most of the City of Scotts Valley and several unincorporated neighborhoods.

The number of connections is closely impacted by the local economy and the City's economic development policy, especially the policy on housing development. Santa Cruz County's economy, though lagging behind California average and national average in several key economic indicators, continues to recover from the Great Recession. According to a recent local newspaper article, the local economy is showing signs of accelerated improvement, as more homes are being sold to tech commuters in Silicon Valley, a greater number of jobs open in tech and marketing sectors and employers are paying more to compete for talent.

- Weather: The first half of 2014 winter made history as one of the worst drought seasons in California. December 2013 billing and February 2014 billing showed usage increases of 9.4 MG (17.2%) and 8.9 MG (19.5%) over the same billing last year, respectively. Though not all increases were attributable to weather, it went without saying that winter 2014 outdoor usage increases were significant and atypical, defying the assumption of indoor use dominating winter months from November to April.

According to the third National Climate Assessment report released by the White House in early May, "Americans are noticing changes all around them: summers are longer and hotter, and extended periods of unusual heat last longer than any living American

has ever experienced. Winters are generally shorter and warmer.” Extreme weather events that have changed over that period include heat waves that have swept the West while similar bursts of cold weather have become less frequent. Though the District avoided the mandatory water rationing for summer 2014, it remains vulnerable if winter 2015 precipitation does not meet the target.

- Conservation and Water Use Efficiency Efforts: The District program has been instrumental in achieving demand reduction through workshops, mail inserts, media placement, home visits, rebates and incentives. The Rain Barrel Program in November 2013 resulted in sales of 90 cisterns and the Demand Reduction Program starting in May 2014 has resulted in requests for 300 low flow toilets and 25 landscape retrofits.
- Recycled Water: Scotts Valley boasts the only recycled water treatment plant (Tertiary Treatment Plant) in the North Santa Cruz County area. An ongoing policy to encourage businesses and multi-family residential developments to convert outdoor irrigation to recycled water has seen an average of 5 conversions annually since the inception of the Tertiary Treatment Plant in 2002.
- Meter Replacement: The District is systematically replacing old meters with technologically advanced meters for more accurate reads. In general, meters tend to slow down in volume reads as they age. Not only do new meters improve the accuracy of volume reads, they are also less labor intensive.
- Voluntary Usage Reduction for Summer 2014: In response to Governor Brown’s declaration of a drought emergency in January 2014, the District launched a voluntary usage reduction campaign with a goal of a system-wide reduction of 20% for summer 2014. Since it’s a voluntary program, it’s not certain how well the community will respond to the initiative. For budgeting purposes, staff factored in a 10% residential usage reduction compared with summer 2013 (from May to October 2013) usage and estimated a system-wide reduction of 3.1% for 2014-15.

In summary, potable water sales are likely to increase. 2014-15 Potable Water Service is projected with a growth of 2.6% based on the following:

- Growth in average number of accounts served: 2.5%
- Scheduled rate increases in December 2014: 3.7%
- Usage growth due to better meter reads from replacing old meters with new technology advanced meters: 0.5% (guesstimate)
- Usage reduction from conversion of 5 meters to recycled water meters: -1.0%
- Usage reduction due to stepped up conservation and water use efficiency efforts and a voluntary water usage reduction of 20%, system-wide, for summer 2014: -3.1%

#### Property Taxes:

2014-15 Property taxes of \$694,174 and admin fees of \$6,877 are provided by the County office.

### Recycled Water Usage:

Recycled Water Usage revenue is impacted by the following factors:

- Recycled Water Settlement Agreement with the City of Scotts Valley: The September 2013 agreement exempts the City of 16.5 million gallons of recycled water annually. Based on the 2012-13 usage, the estimated impact is a decrease of \$125,000 annually.
- Policy Requirement: District regulations require a separate recycled water service for irrigation purposes in a new development when it is economically feasible. So far, all but one recycled water connections have been conversions from potable water services. At the time of the budget preparation, staff had no knowledge of any projected new recycled water services - no usage from new meters is estimated for 2014-15.
- Conservation efforts and financial incentives: Rates are set at 80% of the potable water rates; meter service charge is free. Potable water conservation leads to an average of 5 meter conversions annually. 2012-13 actual usage from the last 5 conversions had a total of 2.6 million gallons or 4.0%. Assume 4.0% increases for 2014-15.
- Weather: Outdoor usage is highly correlated with weather. However, it is difficult to quantify the impact to the recycled water consumption from climate change. Leave it out of the projection.
- Scheduled rate increase of 3.77% in December 2014.

Year-to-date (YTD) 2013-14 actuals as of April 2014 indicated that the combined usage and rate increases were likely to be large enough to offset the negative impacts from the settlement agreement to end the fiscal year at the same level as FY 2012-13. The 2014-15 Recycled Water Usage revenue is projected to increase by 7.77% (4%+3.77%) over the 2013-14 estimated actual.

### Capital Revenue:

Capital Revenue of \$0.7 million includes Water Replenishment Impact Fee of \$0.3 million, Water Service Connection – Capacity of \$0.3 million and Capital Grant of \$0.1 million. Together they represent 11% of the total revenue.

Both Impact Fee and Connection Fee are collected from new water services only. For 2014-15, the number of new constructions is projected to be 45, based on submitted services applications, including but not limited to Woodside, Manor and Tansy. Grant revenue of \$0.1 million reflects the Intertie project funded by Prop 50.

Impact Fee and Connection Fee are budgeted under Capital Revenue because of their designated purposes as defined below:

Impact Fee: To fund water supply, recharge and conservation projects as needed to mitigate groundwater resource impacts caused by increased water demand of new development (water demand impacts); and the Fee is also to reimburse the District's incurred recycled water infrastructure costs, pay for future recycled water infrastructure costs, and pay the costs of such other capital facilities infrastructure needed for mitigating water demand impacts.

Connection Fee: To recover the costs for capacity in existing facilities or to fund future facilities that benefit new or expanded connections.

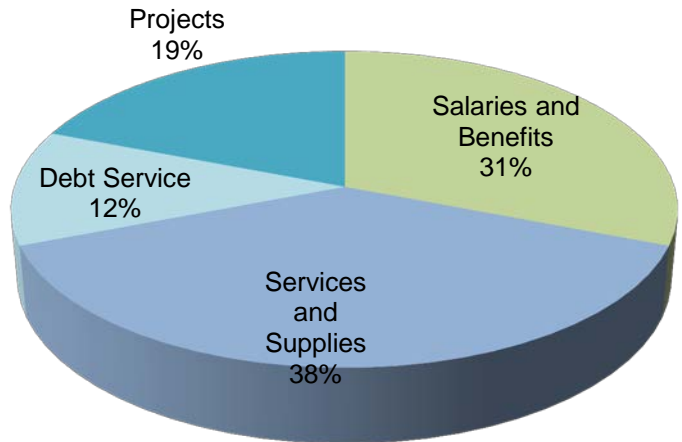
For eligible projects, Impact Fee and Connection Fee revenues will be applied after grant funds but before other District revenues.

**Total Expense Budget: \$6,844,383**

Budget by Major Object:

Salaries and Benefits	\$2,133,377
Services and Supplies	2,615,017
Debt Service*	<u>793,989</u>
Operating and Debt Service (DS)	\$ 5,542,383
Projects	<u>1,302,000</u>
<b>Total Budget</b>	<b>\$ 6,844,383</b>

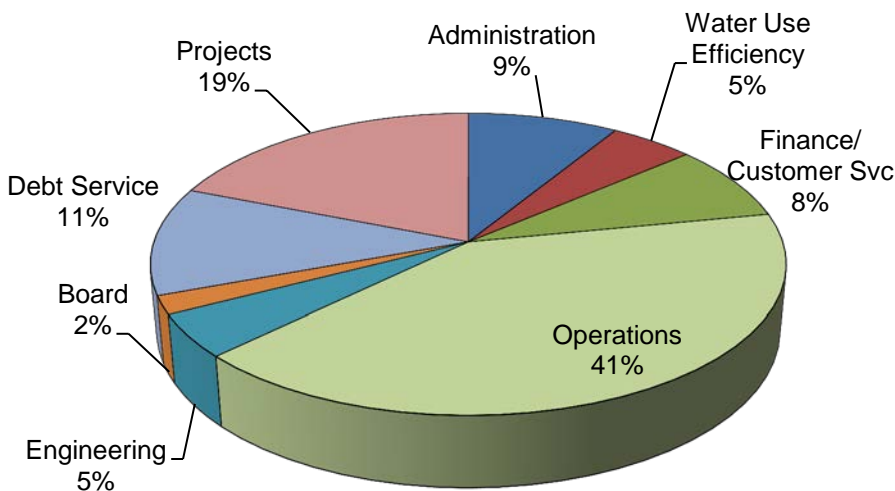
\* Includes principal payments of \$495,000 at balance sheet accounts.



**Expenses by Major Category**

Budget by Division:

Administration	\$ 622,958
Water Use Efficiency	318,322
Finance/CS	558,755
Operations	2,798,163
Engineering	316,728
Board	133,468
Debt Service	<u>793,989</u>
Operating and DS	\$ 5,542,383
Projects	<u>1,302,000</u>
<b>Total</b>	<b>\$ 6,844,383</b>



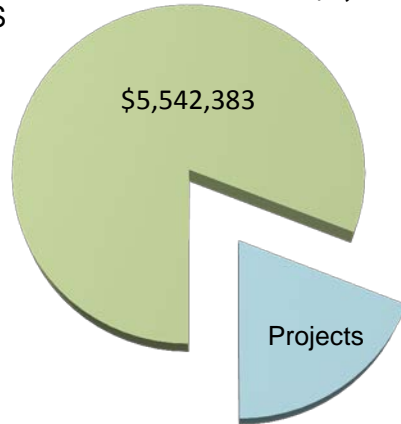
**Expenses by Division**

**Operating and DS Budget: \$5,542,383**

Salaries and Benefits	\$ 2,133,377
Services and Supplies	2,615,017
Debt Service	<u>793,989</u>
<b>Total</b>	<b>\$ 5,542,383</b>

Operating Budget and DS  
81%

**Total Expense Budget: \$6,844,383**



**Salaries and Benefits:**

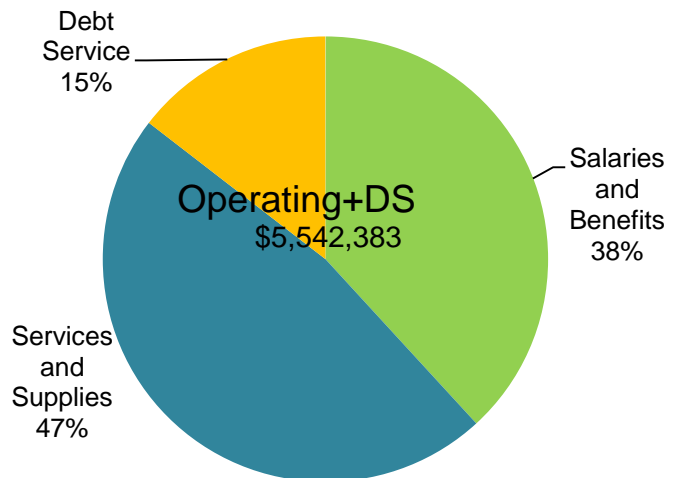
- FY 2014-15 is budgeted with 17.5 FTE positions. No change from 2013-14.
- Where applicable, hourly employees are budgeted with step increases and cost of living adjustments of 2.5%.
- Salaried employees are budgeted with 5% merit increases.
- Medical benefit increase of 7.5% is based on the average of the last three years; dental of 5%, vision of 2% and life insurance of 10% based on ACWA/JPIA's projections.
- Retirement benefit rates are based on the CalPERS Circular letters of October 2013 and November 2013.

**Services and Supplies:**

- The line item budget takes consideration of existing contracts and commitments, or it is estimated based on 2013-14 estimated actuals inflated with CPI increases of 3%;
- The line item budget also reflects reassessment of need based on the Work Plan and/or best business practice.

**Debt Service:**

<b>Interest:</b>	
2003 Bonds	\$ 33,643
2004 Bonds	116,333
2011 WFB	149,013
<b>Principal:</b>	
2003 Bonds	140,000
2004 Bonds	150,000
2011 WFB	<u>205,000</u>
<b>Total Debt Service:</b>	<b>\$793,989</b>



Operating Budget by Division:

Effective FY 2014-15, a new division “Water Use Efficiency” will track revenues and costs associated with water use efficiency and conservation initiatives and programs. The Division is budgeted with 1.0 FTE Water Use Efficiency Coordinator position transferred from the Administration Division and a Services and Supplies budget of \$230,500.

2014-15 Division Budget Summary:

Administration:			
Salaries and Benefits	\$	288,703	
Services and Supplies		334,255	
Total Administration	\$	622,958	FTE: 2.0
Water Use Efficiency			
Salaries and Benefits	\$	87,822	
Services and Supplies		230,500	
Total Water Use Efficiency	\$	318,322	FTE: 1.0
Finance/CS			
Salaries and Benefits	\$	349,908	
Services and Supplies		208,847	
Total Finance/CS	\$	558,755	FTE: 3.5
Operations			
Salaries and Benefits	\$	1,216,348	
Services and Supplies		1,581,815	
Total Operations	\$	2,798,163	FTE: 10.0
Engineering			
Salaries and Benefits	\$	82,128	
Services and Supplies		234,600	
Total Engineering	\$	316,728	FTE: 1.0
Board			
Salaries and Benefits	\$	108,468	
Services and Supplies		25,000	
Total Board	\$	133,468	
Debt Service			
Interest	\$	298,989	
Principal		495,000	
Total Debt Service	\$	793,989	
<b>Grand Total</b>	<b>\$</b>	<b>5,542,383</b>	<b>FTE: 17.5</b>

For line item details, please see Exhibit I.



## BUDGET CONTROL

The line item budget represents the best estimate based on the current operations at the time the budget was compiled. As the management team continues to improve operating efficiencies and employ best business practices, the actuals might not be in line with the budget put together months ago on a line item basis. The budget control therefore is set at the major category level (Salaries and Benefits and Services and Supplies) within a division.

Each Division Manager is responsible for his/her division budget. The General Manager is responsible for the District budget with authority to move budget between divisions.

## DEBT SERVICE COVERAGE RATIO

The 2004 Refunding Certificates of Participation requires the collected revenues sufficient in each fiscal year to provide net revenues equal to at least 1.20 times the sum of the amount of the Installment payments due in the fiscal year, and the aggregate amount of annual debt service or other payments due in such fiscal year with respect to outstanding parity obligations.

The following is the recap of the 2014-15 debt service coverage ratio calculations:

Debt Service Coverage Ratio			
Total Operating Revenue + Non-operating Revenue	5,872,828		
Less: Total Operating and Non-operating Expenses	(4,748,394)		
Net Revenue before Debt Service	1,124,434	A	
Less: Debt Service	(793,989)	B	
Revenue net of Debt Service	330,445		
Debt Service Coverage Ratio (A/B):	<b>1.42</b>	> required 1.2	

## EMPLOYEE ORGANIZATION MOU

The new Memorandum of Understanding (MOU) was approved on June 12, 2014. The 2014-15 Salaries and Benefits budget was prepared based on the prior MOU that expired 6/30/2014 with an understanding that the total of Salaries and Benefits budget would be kept the same. The year-end personnel related actuals might not be in line with the associated budgets.

## FUTURE CHALLENGES

CalPERS circular letter of April 26, 2013 announced the CalPERS Board of Administration's approval to change the CalPERS amortization and smoothing policies as follows:

### Before

- For 2014-15 contribution rates and priors
- Spread investment returns over a 15-year period; and
- Amortize and pay for experience gains and losses over a rolling 30-year period

### After

- Effective 6/30/2013 Actuarial Valuation for 2015-16 Contribution Rates
- Spread investment returns directly over a 5-year period; and
- Amortize and pay for experience gains and losses on a fixed 30-year period

Financial Impacts identified in the letter:

1. More rate volatility in normal years but a much reduced chance of very large increases in years when there are large losses;
2. Contribution rates in the near term will increase;
3. Long term contribution rates will be lower; and
4. Funding levels will be improved, which will reduce the funding level risk. The new methods will put member's plan to be fully funded in 30 years.

CalPERS circular letter of March 10, 2014 announced the actuarial assumption changes, as follows, from an experience study for year 1997 to 2011:

1. Men's longevity increased by 2 years;
2. Women's longevity increased by 1.5 years;
3. Lower rates of disability retirements; and
4. Members with longer service receive higher salary increases.

Longer life expectancy will account for the largest increase in rate. Local public agencies will reflect the assumption changes in 2016-17 with the cost spread over 20 years and the increases to be phased in over the first 5 years and ramped down over the last 5 years of the 20-year amortization period.

In the CSMFO Monterey Bay Chapter event on May 22, 2014, two CalPERS actuaries spoke on these changes and introduced new fixed payments to pay down the unfunded liability beginning 2015-16.

In summary, beginning 2015-16, the employer rates will be increased due to asset smoothing and amortization policy changes. Additionally, the District needs to pay a fixed amount towards unfunded liability. More details will be available in October 2014 when CalPERS issues 2015-16 actuarial reports. Beginning 2016-17, employer rates will further increase due to actuarial assumption changes primarily in life expectancy.

A comprehensive fee/rate study will be required in 2015-16 or 2016-17.

**PROJECTS:**

The Proposed 2014-15 Projects Budget includes an appropriation of \$1,302,000 and a rollover of \$1,331,000 from the unspent 2013-14 Projects budget for a total of \$2,633,000 as follows:

Category	Project	2014-15 Budget	2014-15 Rollover	2014-15 Total
Transmission Mains	Emergency Intertie w/ SLVWD	\$ 150,000	\$ -	\$ 150,000
Storage Tanks	McDorsa Tank Rehab	200,000	230,000	430,000
Booster Stations	Sand Hill BS Expansion/ PV Replacement	-	160,000	160,000
Booster Stations (BS)	Siltanen BS Noise Abatement	7,000	-	7,000
Booster Stations (BS)	Crescent BS Noise Abatement	7,000	-	7,000
Pressure Regulating Station (PRS)	Scotts Valley Drive TS Rehab/EI Pueblo PRV Water Exchange	-	-	-
Wells	Lompico Formation Production Well (11A Site)	-	630,000	630,000
Recycled Water Program	Pasatiempo Recycled-Potable Water Exchange Project	250,000	-	250,000
Groundwater Recharge Facilities	Transit Center Stormwater Retention System	-	250,000	250,000
Meters	Broken Valve Replacement	25,000	-	25,000
Meters	Meter Replacement 1"-4"	-	-	-
Meters	Retrofit Small Meters	52,000	-	52,000
District Facilities	Office Facility Upgrades	350,000	35,000	385,000
District Facilities	Electronic Security Access	10,000	-	10,000
District Facilities	Corporate Yard Modular Building	-	-	-
Technology Upgrades	SCADA Phase III	16,000	16,000	32,000
Technology Upgrades	Accounting & Utility Billing Software Replacement	160,000	-	160,000
Technology Upgrades	GIS Conversion	20,000	-	20,000
Vehicles/Equipment	Specialized Operations Vehicles	55,000	10,000	65,000
<b>Total:</b>		<b>\$ 1,302,000</b>	<b>\$ 1,331,000</b>	<b>\$2,633,000</b>

For details, please see Exhibit II. Budget control is set at the project level. A new project not listed above requires the Board’s review and approval through the agenda report process.

The following projects were projected to be completed by 6/30/2014. If they were not, they will continue in 2014-15 with the year-end budget balances rolled into the new fiscal year:

- Scotts Valley Drive Transfer Station Rehab and Expansion/EI Pueblo PRV Water Exchange
- Meter Replacement 1”-4”
- Corporate Yard Modular Building

## EXPENSE FUNDING

Guidelines to fund the 2014-15 Operating and Debt Service Budget:

- Recycled Water expenses (30-570-5xxxx) are funded by Recycled Water revenue
- Debt service for 2004 Bonds is funded by the Water Replenishment Impact Fee
- Grant eligible expenses are funded by associated grant revenue
- All other operating expenses are jointly financed by Potable Water (including miscellaneous revenues) and Recycled Water rate revenue with a split of 90/10. The split was determined by the ratio of each revenue to the combined total.

Funding of 2014-15 Operating and Debt Service Budget is summarized as follows:

<b>Funding Source</b>	<b>Amount</b>
Potable Water Rate	\$ 4,742,592
Recycled Water Rate	433,458
Impact Fee	266,333
Grants	100,000
<b>Total</b>	<b>\$ 5,542,383</b>

Funding for Projects Budget is determined by project nexus to each funding source. Funding for 2014-15 Projects is summarized as follows:

<b>Funding Source</b>	<b>2014-15 Budget</b>	<b>2014-15* Carry over</b>	<b>Total</b>
Potable Water Rates	\$ 926,500	\$ 713,500	\$1,640,000
Recycled Water Rates	59,500	4,500	64,000
Impact Fee	141,000	266,000	407,000
Connection Charges	125,000	347,000	472,000
Grants	50,000	-	50,000
<b>Total</b>	<b>\$ 1,302,000</b>	<b>\$1,331,000</b>	<b>\$2,633,000</b>

\* 2014-15 Carry over is the estimated unspent 2013-14 Projects Budget balance. The appropriated available funds will be reallocated for the following year. The Fund Balance calculation will be impacted by the carry over funds in 2014-15.

Combined Totals by Funding Source:

Funding Source	Operating	Projects	Total	2014-15 Revenue	Required from Reserves**
Potable Water Rate (incl. misc.)	\$4,742,592	\$1,640,000	\$6,382,592	\$5,235,487	\$ 1,147,105
Recycled Water Rate	433,458	64,000	497,458	537,341	(39,883)
Impact Fee	266,333	407,000	673,333	323,695	349,638
Connection Charge	-	472,000	472,000	258,736	213,264
Grants	100,000	50,000	150,000	150,000	-
<b>Total</b>	<b>\$5,542,383</b>	<b>\$2,633,000</b>	<b>\$8,175,383</b>	<b>\$6,505,259</b>	<b>\$ 1,670,124</b>

\*\* A positive amount represents revenue short of expense, requiring funds from the fund balance while a negative amount represents revenue in excess of expense, increasing the fund balance.

**FUND BALANCE**

Fund Balance is defined as funds readily available for new expenses and/or commitments. It is based on working capital, calculated as current assets minus current liabilities. The 2014-15 fund balance by 6/30/2015 is projected as follows:

Fund Balance 6/30/2013	\$ 6,101,106
Beginning Fund Balance 7/1/2013:	\$ 6,101,106
2013-14 Estimated Revenue Receipts	6,449,284
2013-14 Estimated Operating and DS Expenses	5,465,465
2013-14 Estimated Projects Expenses	810,000
<b>Estimated Fund Balance 6/30/2014</b>	<b>\$ 6,274,925</b>
Beginning Fund Balance 7/1/2014:	\$ 6,274,925
2014-15 Revenue Budget	6,505,259
2014-15 Operating and Debt Service Budget	5,542,383
2014-15 Carryover	1,331,000
2014-15 Projects Budget	1,302,000
<b>Estimated Fund Balance 6/30/2015</b>	<b>\$ 4,604,801</b>

The fund balance is projected to be \$4.6 million by 6/30/2015, a decrease of \$1.5 million from \$6.1 million on 6/30/2013. The decrease is primarily due to the assumption that the Projects budget of \$2.6 million (\$1.3 from carryover plus \$1.3 from new appropriations) will be fully spent by 6/30/2015.

I am deeply thankful of the Board's leadership and policy directions in the development of the 2014-15 Budget. The management team will report a status update on the execution and monitoring of the budget to bring accountability to the community on a regular basis.

Respectfully submitted,



Piret Harmon  
General Manager

Attachments:

- Exhibit I: FY 2014-15 Adopted Operating and Debt Service Budget
- Exhibit II: FY 2014-15 Adopted Projects Budget

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
Account Descriptions	2013-14 Budget	2013-14 Est. Actual	2014-15 Budget	Explanations
<b>REVENUE</b>				
<b>Operating Revenue</b>				
30-550-41100 - Operating Revenue - Customers	4,111,665	4,304,682	4,550,048	2014-15 projected increases of 5.7% based on the following: 1. Growth in No. of accounts: 100 or 2.5% - Based on the monthly average growth of 2013 over 2012; 2) Average rate increases of 3.77%; and 3) Average usage growth of 0.5% - Reflecting better meter reads due to aggressive efforts to replace old meters, partially offset by conservation efforts. 4) 5 conversions to recycled water meters and a reduction of 2,617,950 billable gallons, or -1.0%.
30-550-41110 Revenue loss from conservation initiatives			(141,052)	Projected 10% reductions on 2014-15 residential summer usage (July to Oct) is estimated to be 3.1% of total usage. The percentage is based on residential usage from July to October 2013 over the total usage from May 2013 to April 2014. The budget adoption staff report will recommend using reserves to make up the revenue losses from the voluntary reductions.
30-550-41200 - Bulk Water Sales	7,500	15,000	15,000	A conservative guesstimate
30-550-42100 - Water Service Connection	-	15,374	15,758	45 new connections; 2014-15 up by 2.5%
30-550-42120 - Meter - Fire Services	-	16,300	16,006	ENR index: 2.5% (based on July to July 2013); 45 units in 2014-15
30-550-43100 - Will Service Applications	-	2,052	2,052	YTD 2/28/2014: \$1564+122*4(1 each for the rest of 2013-14); 14-15 remains the same
30-550-43200 - Development Project Review	41,500	25,896	26,000	Need Eileen's and Troy's take; for now, use YTD 2/28/2014 \$20,896+\$5,000 as a placeholder; use 26,000 for 2014-15
30-550-47510 - Misc. Operating Revenue	-	1,230	1,200	Well drilling permits and others. YTD as of 2/28/2014: \$1,230.

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
30-570-41100 - Recycled Water Operating Rev	522,700	498,600	537,341	The CSV settlement agreement dampens the projections a little bit. For 2013-14 estimated actual, see "Recycled Water Revenue" tab for details; 2014-15 reflects the rate increases of 3.77%. 2014-15 also reflects 5 conversions from potable water meters for an estimated total of 2,617,950 gallons or 4.0%.
30-570-42100 - Recycled Water Service Connection	-	-	-	- Applicable to new connections only; so far, all have been conversions from potable water meters. Keep it \$0 for 2014-15.
30-570-47540 - Reimb Job Assignments (not grant funded)	-	15,800	4,000	Reimbursable labor costs for the Recycled Water Treatment Plant maintenance. 2013-14 is high due to one-time adjustment from the CSV settlement agreement.
<b>Subtotal Operating Revenue</b>	<b>\$ 4,683,365</b>	<b>\$ 4,894,934</b>	<b>\$ 5,026,354</b>	
<b>Non-Operating Revenue</b>				
20-000-41300 - Late Payment Penalty Fees	26,000	25,600	25,600	
20-000-46000 - Property Taxes	714,000	700,000	694,174	2014-15: County's projection: \$654,174+\$40,000(per Property Tax Manager Marianne's estimates of RDA residual distribution and others). County admin fees of \$6,877 are budgeted in Div 20.
20-000-47110 - Interest and Dividend	19,000	8,960	17,800	2013-14 is low due to a one-time correction of \$5,000.
20-000-47120 - Earned Interest - LAIF	6,000	5,877	5,900	Assuming interest rate stays steady
20-000-47520 - Misc. Non-Operating Revenue	13,000	3,500	3,000	2013-14 YTD included \$1,265 medicare part D subsidy, \$50 unemployment ins refund, \$379 Capital One closing refund on mileage program, \$37 cash found in the fire safe, \$11 scrap metal sales, etc. 2014-15 includes \$1,265 medicare part D reimb and \$1,772 Castle Co. lease amortization.
20-000-47530 - Unrealized gain	-	-	-	
<b>Subtotal Non-Operating Revenue</b>	<b>\$ 778,000</b>	<b>\$ 743,937</b>	<b>\$ 746,474</b>	



## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
<b>Capital Revenue</b>				
30-550-42130 - Water replenishment impact fee	362,250	315,800	323,695	ENR index: 2.5%; 45 units in 2014-15
30-550-42102 Water service connection - Capacity	301,280	252,425	258,736	45 new connections; 2014-15 up by 2.5%
20-000-45000 - Grant Receipts				
20-000-45210 - State Grant - Prop 50	-	200,000	50,000	Emergency Intertie
20-000-45220 - State Grant - Prop 84	600,000	42,188	100,000	Prev projection 138K, 100K is more realistic
<b>Subtotal Capital Revenue</b>	<b>\$ 1,263,530</b>	<b>\$ 810,413</b>	<b>\$ 732,431</b>	
<b>TOTAL REVENUE</b>	<b>\$ 6,724,895</b>	<b>\$ 6,449,284</b>	<b>\$ 6,505,259</b>	
<b>EXPENSE</b>				
<b>Cash Expense</b>				
10-000-51000 - PERSONNEL SERVICES - ADMIN				
10-000-51110 - Regular Full Time	248,260	243,600	212,100	2014-15 without 1.0 WUE Co-ord position
10-000-51111 - Regular Part Time (As-Needed)	-	-	-	Communications Specialist - budgeted in 52210
10-000-51114 - Overtime	-	-	-	
10-000-51115 - Seperation Pay	-	-	-	
10-000-51130 - Other pay	-	-	-	
10-000-51132 - Special Vacation Pay	-	-	-	
10-000-51133 - Special Sick Leave Pay	-	-	-	
10-000-51150 - Vehicle-phone-data allowance	2,880	2,880	2,880	GM: Car (2,400) and Phone (480)
10-000-51160 - Payroll Taxes	-	-	-	
10-000-51161 - Medicare	3,600	3,532	3,204	2014-15 without 1.0 WUE Co-ord position
10-000-51162 - Social Security Taxes (As-needed)	-	-	-	
10-000-51200 - PERS RETIREMENT	-	-	-	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
10-000-51201 - Retirement - 2.7 at 55	-			
10-000-51202 - Retirement - 2.0% at 55	37,934	37,225	33,028	2014-15 without 1.0 WUE Co-ord position
10-000-51203 - Retirement - PEPRA	-			
10-000-51206 - Retirement - Survivor Benefit	78	72	48	2014-15 without 1.0 WUE Co-ord position
10-000-51210 - Group Medical Insurance	25,269	22,350	16,354	2014-15 without 1.0 WUE Co-ord position
10-000-51211 - Cash-in-lieu	6,000	6,000	6,000	
10-000-51212 - Group dental insurance	2,727	2,700	2,352	2014-15 without 1.0 WUE Co-ord position
10-000-51213 - Vision insurance	633	640	450	2014-15 without 1.0 WUE Co-ord position
10-000-51220 - Other Post-Employment Benefits (OPEB)	5,768	4,961	4,493	Medical benefits for a retired GM
10-000-51221 - Life	521	700	642	2014-15 without 1.0 WUE Co-ord position
10-000-51230 - Unemployment Insurance	-	-		
10-000-51240 - Workers' compensation	5,195	2,208	1,902	2014-15 without 1.0 WUE Co-ord position
10-000-51250 - Tuition Reimbursement		-	5,250	New requests - individual max \$5,250/year (IRS)
<b>Total 10-000-51000 - PERSONNEL SERVICES - ADMIN</b>	<b>\$ 338,865</b>	<b>\$ 326,868</b>	<b>\$ 288,703</b>	
10-000-52000 - SERVICES - ADMIN				
10-000-52110 - Contractual Services	-	10,000	30,000	RWMF (\$15,000), LAFCO (10,000), County (\$2,000), Other (\$3,000) - agency contributions based on MOU or other requirements
10-000-52120 - Landscape Maintenance	7,200	14,500	-	2013-14 one time tree removal service at 4 Carbonero Way. 2014-15 Budget in Ops (30)

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
10-000-52210 - Outside Professional Services	-	80,000	47,500	Communication Specialist (\$40,000) and HR Consultant (\$7,500). Website development in 52231
10-000-52230 - IT Services	44,100	52,000	50,000	Use this line for Exceedio: Hard costs, soft costs, service. Other vendors or special projects - use 52210 in respective Division.
10-000-52231 - Web development and maintenance	-	605	40,605	Web hosting: annual subscription \$365+monthly \$20*12. Website development \$40,000. Annual water quality report of \$4,755 will be moved to Div 30.
10-000-52250 - Legal Expenses	35,000	35,000	30,000	Legal Counsel: 24,000 retainer + 6,000 special projects
10-000-52410 - Software licensing/maintenance	-	100	-	Nothing for 2014-15.
10-000-52420 - Equipment rental and maintenance	-	3,400	3,420	Copier lease - US Bankcorp \$276.4 monthly or \$3,320 annually
10-000-52510 - Travel/conference/meetings	4,000	8,000	12,000	GM 10,000 HR Specialist 2,000
10-000-52520 - Employee Training	750	1,500	4,000	Include in service day group training
10-000-52530 - Dues and memberships	7,000	13,448	15,000	ACWA \$10,470; CUEMA \$800; American Water Works \$603; CA Groundwater Asso \$375, Univ of S. CA/Purveyor Membership \$180, Waterreuse Foundation \$696, Underground Service Alert \$164 and GFOA \$160.
10-000-52540 - Employee Recognition	1,500	2,000	2,500	Holiday celebration, service anniversaries and various
10-000-52610 - Community Information	6,800	-	-	2013-14 costs to be moved to Div 30 for annual water quality report and 10-0-52231 for web development and maintenance.
10-000-52620 - Legal Advertising	4,500	1,300	2,000	Public notices
10-000-52630 - Advertising and Promotion	1,200		5,000	PR with community efforts

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
10-000-52660 - Recruitment	-	500	500	Pre-employment screening
10-000-52700 - Safety Expenses	1,480	-	1,000	General training, ergonomics upgrades
10-000-52725 - HR and Benefit processing fees (ADP)	-	1,200	2,000	Amount per a two-year contract with ADP signed 3/19/2014.
10-000-52810 - General Building and Office Maintenance	21,500	9,602	10,000	Janitorial \$554.66 monthly; pest control \$155x2; Stordoc (for document destruction) \$416 YTD; HVAC maintenance \$225 quarterly * 4+misc. maint of \$1,000
10-000-52950 - Contingency - Litigation	-	-	18,900	Contingency for litigation costs.
10-000-53810 - Sewer	10,800	333	350	Yard and Well 10 sewer charges will be moved to Div 30; Office discharge stays (\$55.46 bi-monthly).
10-000-53820 - Solid Waste	2,900	673	700	Admin office trash pickup \$112.2 bi-monthly; everything else will move to Div 30
10-000-53910 - Utilities - Electric	9,700	8,000	8,500	
10-000-53920 - Utilities - Telephone	30,600	30,000	30,000	Includes voice, data and cell phones
<b>Total 10-000-52000 - SERVICES - ADMIN</b>	<b>\$ 189,030</b>	<b>\$ 272,161</b>	<b>\$ 313,975</b>	
<b>10-000-53000 - SUPPLIES - ADMIN</b>				
10-000-53100 - Office supplies	13,900	12,000	12,000	
10-000-53300 - Office Equipment	-	13,000	2,000	Primarily technology equipment. 2013-14 included a TV screen, board room audio and visual equipment upgrades, UPS power backup, phone headsets, color printer for GM, etc.
10-000-53400 - Books and subscription	-	273	280	Santa Cruz Sentinel subscription \$280
10-000-53700 - Special Division Supplies	-	51	4,000	Public outreach and misc facility supplies

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
10-000-59800 - Furniture and Furnishings	-	8,000	2,000	FY 14: GM office furniture (\$4,733), half of the 18 office chairs (\$1,424), a small round table, etc. FY 15: New office furniture will be included in the HQ Office Remodel project. Leave in here miscellaneous exp (chair replacement, bookshelves etc) on as needed.
<b>Total 10-000-53000 - SUPPLIES - ADMIN</b>	<b>\$ 13,900</b>	<b>\$ 33,324</b>	<b>\$ 20,280</b>	
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>\$ 541,795</b>	<b>\$ 632,353</b>	<b>\$ 622,958</b>	
15-000-51000 - PERSONNEL SERVICES - WATER USE EFFICIENCY				
15-000-51110 - Regular Full Time	-	-	60,293	1.0 WUE Co-ord position from Admin
15-000-51114 - Overtime	-	-	4,500	
15-000-51150 - Vehicle-phone-data allowance	-	-	480	
15-000-51161 - Medicare	-	-	881	
15-000-51202 - Retirement - 2.0% at 55	-	-	10,873	
15-000-51206 - Retirement - Survivor Benefit	-	-	24	
15-000-51215 - Group Medical Insurance	-	-	9,374	
15-000-51212 - Group dental insurance	-	-	443	
15-000-51213 - Vision insurance	-	-	225	
15-000-51221 - Life	-	-	167	
15-000-51240 - Workers' compensation	-	-	562	
<b>Total 15-000-51500 - PERSONNEL SERVICES - WATER USE EFFICIENCY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,822</b>	
15-000-52000 - SERVICES - WATER USE EFFICIENCY				

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
15-000-52210 - Outside Professional Services	\$ -	\$ -	\$ 46,000	Ecology Action Contract
15-000-52510 - Travel/conf/meetings	-	-	2,000	
15-000-52515 - Employee Training	-	-	-	
15-000-52700 - Safety Expenses	-	-	500	PPE, general training, ergonomics
15-000-52640 - Water Efficiency Program	-	-	39,100	
<b>Total 15-000-52000 - SERVICES - WATER USE EFFICIENCY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,600</b>	
15-000-53000 - SUPPLIES - WATER USE EFFICIENCY	-	-	-	
15-000-53250 - Rebates	-	-	42,900	
15-000-53700 - Special Division Supplies	-	-	100,000	2014 Summer Water Reduction Program
<b>Total 15-000-53000 - SUPPLIES - WATER USE EFFICIENCY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 142,900</b>	
<b>TOTAL WATER USE EFFICIENCY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 318,322</b>	
20-000-51000 - PERSONNEL SERVICES - FINANCE/CS				
20-000-51110 - Regular full time	168,837	199,391	194,489	
20-000-51111 - Regular part time (as-needed)	15,700	31,352	22,378	
20-000-51114 - Overtime	-	3,600	4,000	
20-000-51115 - Seperation Pay	-	1,136	-	
20-000-51161 - Medicare	2,676	3,383	3,145	
20-000-51162 - Social Security (As-Needed)	973	1,944	1,387	
20-000-51200 - PERS Retirement	-	-	-	
20-000-51201 - Retirement - 2.7 at 55	13,184	15,421	14,738	
20-000-51202 - Retirement - 2.0 at 55	19,746	22,747	24,506	
20-000-51203 - Retirement - PEPPRA 2.0 at 62	-	346	-	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
20-000-51206 - Retirement - Survivor Benefit	78	81	73	
20-000-51210 - Group health insurance	26,052	30,571	29,153	
20-000-51211 - Cash-in-lieu	1,385	3,500	3,000	
20-000-51212 - Group dental insurance	1,286	2,389	2,151	
20-000-51213 - Vision insurance	633	709	671	
20-000-51220 - Other Post-Employment Benefits (OPEB)	40,373	40,163	41,700	
20-000-51221 - Life	432	426	434	
20-000-51230 - Unemployment insurance	-	21,150	-	
20-000-51240 - Workers' compensation	6,125	1,654	1,783	
20-000-51250 - Tuition reimbursement	-	1,000	6,300	An employee to take 21 units of accounting classes to meet CPA exam requirements. Total: \$300*21=\$6,300 for tuition plus test books of \$1,000. FY2015 in Div 10.
<b>Total 20-000-51000 - PERSONNEL SERVICES - FINANCE/CS</b>	<b>\$ 297,480</b>	<b>379,964</b>	<b>349,908</b>	
		358,814	97.52%	
20-000-52000 - SERVICES - FINANCE/CS				
20-000-52210 - Outside Professional Services	13,200	3,918	20,000	Asset Management Plan \$20,000 (remaining \$130,000 in Div 30)
20-000-52240 - Audit Services	25,000	24,000	25,000	
20-000-52260 - SVWD PFC Taxes	-	35	10	
20-000-52300 - Liability Insurance	60,000	67,381	69,400	
20-000-52400 - Property Insurance	20,000	13,800	14,200	
20-000-52410 - Software Licensing/Maintenance	-	11,494	11,900	
20-000-52420 - Equipment Rental and Maintenance	-	8,479	-	No more mailbox rental

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
20-000-52430 - Storage Rental	-	1,335	-	
20-000-52510 - Travel/conference/meetings	2,000	2,000	2,500	
20-000-52520 - Employee Training	880	1,000	1,500	
20-000-52530 - Dues and Memberships	-	-	-	GFOA \$160 to Div 10
20-000-52550 - Mailing and Courier Services	22,100	18,600	16,000	
20-000-52560 - Collection Agency Fees	800	383	360	
20-000-52700 - Safety Expenses	1,740	-	-	
20-000-52710 - Credit Card Processing Fees	2,100	21,000	21,000	
20-000-52720 - Payroll Processing and Time/Attendance	7,200	6,984	7,000	Payroll processing and Time/Attendance (per ADP two-year contract signed 3/19/2014)
20-000-52725 -				
20-000-52730 - ACH Processing Fees	3,000	377	400	
20-000-52740 - Bank Service Fees	18,700	1,000	1,000	
20-000-52745 - Fiscal Agent Fees	2,300	-	-	
20-000-52750 - New Account Setup	500	1,200	1,200	
20-000-52760 - PERS Admin Fees - Medical Ins	1,000	1,200	1,200	
<b>Total 20-000-52000 - SERVICES - FINANCE/CS</b>	<b>\$ 180,520</b>	<b>\$ 184,186</b>	<b>\$ 192,670</b>	
20-000-53000 - SUPPLIES - FINANCE/CS				
20-000-53200 - Postage	19,300	2,300	1,100	
20-000-53700 - Special Division Supplies	4,400	5,500	6,500	
20-000-59800 - Furniture and Furnishings	-	1,424	-	



## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
<b>Total 20-000-53000 - SUPPLIES - FINANCE/CS</b>	<b>\$ 23,700</b>	<b>\$ 9,224</b>	<b>\$ 7,600</b>	
20-000-59000 - OTHER EXPENSES - FINANCE/CS				
20-000-59110 - Interest Exp - 2003 Bonds	38,458	38,457	33,643	
20-000-59120 - Interest Exp - 2004 Bonds	121,583	121,581	116,333	
20-000-59130 - Interest Exp - 2011 WFB loan	155,675	155,675	149,013	
20-000-59200 - Property taxes and assessments	100	1,651	1,700	
20-000-52910 - County property tax admin fees	-	6,877	6,877	
<b>Total 20-000-59000 - OTHER EXPENSES - FINANCE/CS</b>	<b>\$ 315,816</b>	<b>\$ 324,242</b>	<b>\$ 307,566</b>	
20-000-90000 - Debt Service Principal Payments	\$ 480,000	\$ 480,000	\$ 495,000	
<b>TOTAL FINANCE/CS EXPENSES</b>	<b>\$ 1,297,516</b>	<b>\$ 1,377,615</b>	<b>\$ 1,352,744</b>	
30-000-51000 - PERSONNEL SERVICES - OPERATIONS				
30-000-51110 - Regular full time	734,351	764,473	707,923	
30-000-51111 - Regular part time (as needed)	39,000	4,778	-	
30-000-51114 - Overtime	-	65,075	41,000	
30-000-51115 - Seperation Pay	-	177,295	-	
30-000-51150 - Vehicle-phone-data allowance	1,440	1,030	3,360	Ops Mgr car \$2,400 + 2 phone allowances
30-000-51161 - Medicare	11,214	13,855	10,917	
30-000-51162 - Social Security (As-Needed)	2,418	296	-	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
30-000-51201 - Retirement - 2.7 at 55	143,870	129,826	109,997	
30-000-51202 - Retirement - 2.0 at 55	15,799	27,076	31,149	
30-000-51203 - Retirement - PEPRA	5,915	9,097	12,242	
30-000-51206 - Retirement - Survivor Benefit	234	263	242	
30-000-51210 - Group Medical Insurance	170,808	175,989	160,261	
30-000-51211 - Cash-in-lieu	-	1,500	3,000	
30-000-51212 - Group Dental Insurance	10,207	11,499	10,463	
30-000-51213 - Vision Insurance	2,111	2,377	2,250	
30-000-51220 - Other Post-Employment Benefits (OPEB)	69,209	90,669	95,807	
30-000-51221 - Life	2,595	2,363	2,084	
30-000-51230 - Unemployment insurance	-	-	-	
30-000-51240 - Workers' compensation	17,445	30,342	25,653	
<b>Total 30-000-51000 - PERSONNEL SERVICES - OPERATIONS</b>	<b>\$ 1,226,616</b>	<b>\$ 1,507,803</b>	<b>\$ 1,216,348</b>	
<b>30-000-52000 - SERVICES - OPERATIONS</b>				
30-000-52110 - Contractual Services	259,263	-	-	
30-000-52120 - Landscape Maintenance	14,100	20,355	23,414	2014-15 includes monthly \$1150*12*1.03 and unscheduled maintenance of \$1,000 + 8,200 from Admin (10)
30-000-52210 - Outside Professional Services	-	-	145,000	\$15,000 for Inspector, Geologist as needed; \$130,000 for Asset Management Plan.
30-000-52220 - Professional Engineering Services	-	-	-	All outside engineering services are budgeted in Div 40
30-000-52410 - Software licensing/maintenance	-	8,000	8,000	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
30-000-52420 - Equipment rental and maintenance	-	8,547	7,000	\$800 quarterly for radio maint and \$2,000 for misc. maint, \$134 monthly for portapotty at Orchard Run Treatment Plant.
30-000-52430 - Storage rental	1,900	1,430	-	No more offsite storage in 2014-15
30-000-52510 - Travel/conference/meetings	4,000	1,934	10,000	Troy 15K, DMcN 10K
30-000-52520 - Employee Training	2,500	3,271	15,000	Includes individual certifications
30-000-52530 - Dues and memberships	1,000	-	-	All moved to Div 10
30-000-52610 - Community Information	-	7,000	7,000	CCRs (annual water quality report) to customers - publish, print and mail expenses
30-000-52630 - Advertising and Promotion	-	1,359	500	
30-000-52640 - Water Efficiency Program	42,000	59,285	-	Budget moved to Div 15 in 2014-15.
30-000-52700 - Safety Expenses	4,960	5,900	8,000	Consultation and services for employee and work environment safety issues
30-000-52800 - Regulatory Oversight and Compliance	28,800	16,075	17,000	CDPH, Regional Board, HazMat
30-000-52910 - Vehicle Maintenance	13,700	15,000	15,000	
30-000-53600 - Uniform Laundering Services	6,700	2,500	2,500	Provided by Mission Linen
30-000-53810 - Sewer (Field Office)	-	333	350	Sewer discharge at the field office (\$55.46 bi-monthly)
30-000-53820 - Solid Waste	-	2,934	3,435	Dumpster (\$202.88 monthly) and CSC landfill as-needed basis
30-000-53940 - Pager Service	100	14	-	
<b>Total 30-000-52000 - SERVICES - OPERATIONS</b>	<b>\$ 379,023</b>	<b>\$ 153,936</b>	<b>\$ 262,199</b>	
30-000-53000 - SUPPLIES - OPERATIONS				

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
30-000-52920 - Vehicle Fuel Purchases	25,400	27,400	27,400	
30-000-53100 - Office Supplies	-	1,500	1,500	
30-000-53200 - Postage and Mailing Services	-	255	200	
30-000-53300 - Small tools and equipment	15,200	8,000	8,000	
30-000-53400 - Books and subscriptions	-	600	700	Subscription of AWWA standard equipment and water treatment.
30-000-53500 - Uniforms, Safety clothing and equipment	-	10,000	5,000	Excludes rain gear (every other year)
30-000-53700 - Special Division Supplies	-	11,100	11,100	
<b>Total 30-000-53000 - SUPPLIES - OPERATIONS</b>	<b>\$ 40,600</b>	<b>\$ 58,855</b>	<b>\$ 53,900</b>	
<b>30-550-55000 - POTABLE WATER</b>				
30-550-53810 - Wastewater Disposal	18,200	74,316	74,316	Well 10 sewer discharge (bi-monthly \$4886) and Orchard Run trucking svcs (average \$3,640; use \$3,750)
30-550-55110 - Water Treatment	131,600	100,000	100,000	Chemicals: \$73,000; tanks: \$27,000
30-550-55120 - Water Treatment/Testing - Lab	48,700	48,700	48,700	
30-550-55210 - Treatment Plant Maintenance	110,700	121,547	140,800	
30-550-55230 - Well Maintenance	38,500	50,000	50,000	
30-550-55240 - Tank and Reservoir Maintenance	18,500	20,000	20,000	
30-550-56100 - Main Maintenance and Repairs	63,100	65,000	65,000	Main flushing, valve maint, checking and testing. Budget per Troy's estimate (Word document)
30-550-56200 - Service Lateral Maintenance and Repairs	10,000	50,000	50,000	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
30-550-56310 - Pumps and Boosters	36,600	100,000	100,000	
30-550-56330 - Pumps - Electricity and Power	395,900	395,900	400,000	
30-550-56400 - Fire Hydrant Maintenance	5,100	5,100	5,100	
30-550-56500 - SCADA Maintenance	13,000	10,000	10,000	
30-550-56600 - Meter Maintenance	41,700	75,000	75,000	Meter replacement
<b>Total 30-550-55000 - POTABLE WATER</b>	<b>\$ 931,600</b>	<b>\$ 1,115,563</b>	<b>\$ 1,138,916</b>	
<b>30-570-57000 - RECYCLED WATER PROGRAM</b>				
30-570-52630 - Advertising and Promotion	-	-	-	If needed, budget in 30-000 in the future
30-570-53700 - Special Division Supplies	19,700	394	400	RW Signs etc
30-570-55210 - Treatment Plant Maintenance	140,800	33,314	113,500	SVWD: \$27,000; CSV: \$171,904 for 2013-14 and \$157,260 for 2014-15 (SVWD share: 55%). 2014-15: 27000+157260*55% = 113,500
30-570-56330 - Pumps - Electricity and Power	1,500	2,557	2,500	
30-570-56700 - Compliance and Permitting	6,600	6,600	6,600	Cross connection control testing; training onsite supervisors
30-570-56800 - Recycled Water Monitoring	3,800	3,800	3,800	Lab sampling
<b>Total 30-570-57000 - RECYCLED WATER PROGRAM</b>	<b>\$ 172,400</b>	<b>\$ 46,665</b>	<b>\$ 126,800</b>	
<b>OTHER EXPENSES</b>				

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
30-000-54100 - Contribution to Woodside CUDO	\$ -	300,000	-	2013-14 budget resided in the capital project budget (\$310,000).
<b>Total OTHER EXPENSES</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ -</b>	
<b>TOTAL OPERATIONS EXPENSES</b>	<b>\$ 2,750,239</b>	<b>\$ 3,182,822</b>	<b>\$ 2,798,163</b>	
<b>40-000-51000 - PERSONNEL SERVICES - ENGINEERING</b>				
40-000-51110 - Regular full time	47,882	35,900	51,071	
40-000-51111 - Regular Part Time (as-needed)	-	-	-	
40-000-51114 - Overtime	-	-	1,000	
40-000-51115 - Seperation Pay	-	-	-	
40-000-51130 - Other pay	-	-	-	
40-000-51132 - Special vacation pay	-	-	-	
40-000-51150 - Vehicle-phone-data allowance	-	-	480	
40-000-51161 - Medicare	694	520	747	
40-000-51162 - Social Security (As-Needed)	-	-	-	
40-000-51200 - PERS Retirement				
40-000-51202 - Retirement - 2.0 at 55	8,275	-	-	
40-000-51203 - Retirement - PEPPRA	-	4,490	6,384	
40-000-51206 - 4th Level Survivor Benefit	26	20	24	
40-000-51210 - Group Medical Insurance	16,956	9,700	20,124	
40-000-51211 - Cash-in-lieu	-	500	-	
40-000-51212 - Group Dental Insurance	854	1,080	1,476	
40-000-51213 - Vision insurance	211	170	225	
40-000-51221 - Life	90	70	121	
40-000-51230 - Unemployment insurance	-	-	-	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
40-000-51240 - Workers' compensation	1,835	800	476	
40-000-51250 - Tuition Reimbursement	-	6,000	-	Tuition and textbooks. FY2015 in Div 10.
<b>Total 40-000-51000 - PERSONNEL SERVICES - ENGINEERING</b>	<b>\$ 76,823</b>	<b>\$ 59,250</b>	<b>\$ 82,128</b>	
40-000-52000 - SERVICES - ENGINEERING				
40-000-52210 - Outside Professional Services	-	16,100	48,000	Project Manager - responsible for CIP and large Dev Projects (SA). Contra account to be created to move expenses to CIP/SA.
40-000-52211 - Outside Professional Services - Capitalizable Costs	-	-	(48,000)	
40-000-52220 - Professional Engineering Services	30,000	100,000	213,300	KJ \$210,100 (See Detail Contract Services) and C2G general consulting: \$100 (monthly retainer)*12+\$2,000 for misc.
40-000-52410 - Software licensing/maintenance	-	1,000	16,000	OpenCounter; GIS GeoViewer Online + 2 Mobile subscriptions
40-000-52510 - Travel/conference/meetings	-	-	2,000	
40-000-52520 - Employee Training	270	100	300	
40-000-52530 - Dues and Memberships	-	-	-	Moved to Admin
40-000-52630 - Advertising and Promotion	-	-	-	
40-000-52700 - Safety Expenses	520	-	1,000	
<b>Total 40-000-52000 - SERVICES - ENGINEERING</b>	<b>\$ 30,790</b>	<b>\$ 117,200</b>	<b>\$ 232,600</b>	
40-000-53000 - SUPPLIES - ENGINEERING				
40-000-53700 - Special Division Supplies	4,300	500	2,000	

## EXHIBIT I

<b>Scotts Valley Water District (SVWD)</b>				
<b>FY 2014-15 Adopted Operating and Debt Service Budget</b>				
<b>Account Descriptions</b>	<b>2013-14 Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>	<b>Explanations</b>
<b>Total 40-000-53000 - SUPPLIES - ENGINEERING</b>	\$ 4,300	\$ 500	\$ 2,000	
<b>TOTAL ENGINEERING EXPENSES</b>	<b>\$ 111,913</b>	<b>\$ 176,950</b>	<b>\$ 316,728</b>	
<b>50-000-51000 - DIRECTOR FEES AND BENEFITS</b>				
50-000-51161 - Medicare	1,044	793	580	
50-000-51162 - Social Security Tax	4,464	3,190	2,480	
50-000-51210 - Group Medical Insurance	40,452	22,950	37,942	
50-000-51212 - Group Dental Insurance	6,616	4,313	6,781	
50-000-51213 - Vision Insurance	1,055	713	1,125	
50-000-51220 - Other Post-Employment Benefits (OPEB)	23,600	13,013	18,914	
50-000-51221 - Life	322	212	321	
50-000-51240 - Workers Comp	-	951	325	
50-000-51261 - Director Fees	72,000	38,500	40,000	SVWD meetings 24,000; ACWA conf 4,000; events 10,000
<b>Total 50-000-51000 - DIRECTOR FEES AND BENEFITS</b>	<b>\$ 149,553</b>	<b>\$ 84,635</b>	<b>\$ 108,468</b>	
<b>50-000-52000 - SERVICES - BOARD</b>				
50-000-52510 - Travel/conference/meetings	26,000	11,065	25,000	5,000 per Director
50-000-52520 - Training	-	25	-	
<b>Total 50-000-52000 - SERVICES - BOARD</b>	<b>\$ 26,000</b>	<b>\$ 11,090</b>	<b>\$ 25,000</b>	
<b>TOTAL BOARD EXPENSES</b>	<b>\$ 175,553</b>	<b>\$ 95,725</b>	<b>\$ 133,468</b>	
<b>TOTAL OPERATING + DEBT SERVICE</b>	<b>\$ 4,877,016</b>	<b>\$ 5,465,465</b>	<b>\$ 5,542,383</b>	



**SCOTTS VALLEY WATER DISTRICT**  
**2014-15 ADOPTED PROJECTS BUDGET**

**EXHIBIT II**

PROJECTS: CAPITAL IMPROVEMENT AND MAINTENANCE

Category	Project Description	Funding Source	FY 13-14 Adopted	FY 13-14 Amended	FY 13-14 Est. Actual	FY 14-15 Carry over	FY 14-15 Budget	FY 14-15 Total	Comments
Transmission Mains	Emergency Intertie w/ SLVWD	Prop 50 Rate-PW		\$ 50,000	\$ 50,000	\$ -	\$ 150,000	\$ 150,000	SLVWD is the lead agency for construction. SVWD is grantee - budget for admin and eng consult expenses
Treatment Plants	Orchard Run WTP Backwash Decant Tank Replacement		\$ 58,000	\$ 58,000	\$ -				Low priority - suspended until further review
Storage Tanks	MacDorsa Tank Rehabilitation	Rate-PW	\$ 280,000	\$ 280,000	\$ 50,000	\$ 230,000	\$ 200,000	\$ 430,000	
Booster Stations (BS)	Sand Hill BS Expansion/ PV Replacement	80 Rate-PW, 20 ND-CC	\$ 170,000	\$ 170,000	\$ 10,000	\$ 160,000	\$ -	\$ 160,000	
	Siltanen BS Noise Abatement Improvements	Rate-PW					\$ 7,000	\$ 7,000	
	Crescent BS Noise Abatement Improvements	Rate-PW					\$ 7,000	\$ 7,000	
Pressure Regulating Stations (PRS)	Scotts Valley Dr Transfer Station Rehab and Expansion/EI Pueblo PRV Water Exchange	80 Rate-PW, 20 ND-CC	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	Project to be completed by 6/30/2014. If not, it will be rolled over to 2014-15.
Wells	Lompico Formation Production Well (11A Site)	50 Rate-PW, 50 ND-CC	\$ 640,000	\$ 640,000	\$ 10,000	\$ 630,000	\$ -	\$ 630,000	
Recycled Water Program	Blue Bonnet Lane Recycled Main Installation	ND-IF	\$ 230,000	\$ 230,000	\$ 230,000	\$ -	\$ -	\$ -	Project completed and closed out in 2013-14.
	Pasatiempo Recycled-Potable Water Exchange Project	50 ND-IF, 50 ND-CC					\$ 250,000	\$ 250,000	Budget is a placeholder - proceed if other funding sources become available
Ground Water Recharge Facilities	Woodside CUDO Stormwater Retention System	ND-IF	\$ 310,000	\$ 310,000	\$ -	\$ -	\$ -	\$ -	Actual of \$300,000 was recorded in the Operations Division. Project completed and closed out in 2013-14.
	Transit Center Stormwater Retention System	ND-IF/ Prop 84	\$ 270,000	\$ 270,000	\$ 20,000	\$ 250,000	\$ -	\$ 250,000	Grant funded. Proceed with either Transit or Town Center location. Matching fund of \$300,000 was charged to 30-0-54100 in 2013-14. Grant to be reimbursed at 75% of the eligible costs. Need to be included in the quarterly Grants Receivable JE.
	Other LID Stormwater Retention Systems	ND-IF					\$ -	\$ -	
Meters	Broken Valve Replacement	Rate-PW	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	
	Meter Replacement: 1" - 4"	Rate-PW	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	
	Retrofit Small Meters	Rate-PW					\$ 52,000	\$ 52,000	Goal to replace 10% of the system meters
District Facilities	Office Facility Upgrades	90 Rate-PW 10 Rate-RW	\$ 100,000	\$ 85,000	\$ 50,000	\$ 35,000	\$ 350,000	\$ 385,000	Budget is a placeholder - estimate to be available in May
	Electronic Security Access	90 Rate-PW 10 Rate-RW		\$ 15,000	\$ 15,000	\$ -	\$ 10,000	\$ 10,000	

**SCOTTS VALLEY WATER DISTRICT**  
**2014-15 ADOPTED PROJECTS BUDGET**  
 PROJECTS: CAPITAL IMPROVEMENT AND MAINTENANCE

EXHIBIT II

Category	Project Description	Funding Source	FY 13-14 Adopted	FY 13-14 Amended	FY 13-14 Est. Actual	FY 14-15 Carry over	FY 14-15 Budget	FY 14-15 Total	Comments
	Corp Yard Modular Building	90 Rate-PW 10 Rate-RW		\$ 170,000	\$ 170,000	\$ -	\$ -	\$ -	
Technology Upgrades	SCADA Phase 3 Upgrade	ND-IF	\$ 43,000	\$ 43,000	\$ 27,000	\$ 16,000	\$ 16,000	\$ 32,000	
	Accounting & Utility Billing Software Replacement	90 Rate-PW 10 Rate-RW				\$ -	\$ 160,000	\$ 160,000	Incl software and additional staff support for implementation phase
	GIS Conversion	90 Rate-PW 10 Rate-RW	\$ 23,000	\$ 23,000	\$ 23,000	\$ -	\$ 20,000	\$ 20,000	FY13-14 for data conversion, FY14-15 for additional software modules
Vehicles/ Equipment	Vehicle Replacement Program	90 Rate-PW 10 Rate-RW	\$ 40,000						Reduce the total number of vehicles by attrition.
	Specialized Operations Vehicles	90 Rate-PW 10 Rate-RW		\$ 40,000	\$ 30,000	\$ 10,000	\$ 55,000	\$ 65,000	FY13-14 for excavator, FY14-15 for dump truck
LEGEND: Rate-PW: Potable Water Sales Revenue			\$ 2,289,000	\$ 2,509,000	\$ 810,000	\$ 1,331,000	\$ 1,302,000	\$ 2,633,000	
Rate-RW: Recycled Water Sales Revenue									
ND-CC: New Development Connection Charges									
ND-IF: New Development Impact Fees									