

BUDGET

FISCAL YEAR 2017 - 2018



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BUDGET MESSAGE

To the Board of Directors of West Valley Water District:

I am pleased to present the Operating and Capital Improvement Budget for July 1, 2017 to June 30, 2018. The Fiscal Year (FY) 2017-18 Proposed Budget is balanced without rate increases, addressing the West Valley Water District's ("District") operating and capital improvement priorities for an aging infrastructure system.

Prior to adopting these budgets, a public workshop was held on June 5, 2017. The budget process this year was similar to last year's process utilizing modified zero-based budgeting principles for all departments and included both management and staff in the process.

FY 2017-18 Revenue Highlights

- Monthly Service charges reflect the projection of a 4.8% increase due to an increase in service connections. Due to new building codes, all new service requests on new construction require 1" service connections.
- Water Consumption Sales reflect a 23% reduction in consumption from 2013 base year.
- Contract Revenue reflects the annual reimbursement from United Technologies Corporation (UTC) to fund the Groundwater Wellhead System Treatment Project Fluidized Bed Reactor (FBR) plant. FBR cost reimbursement is capped at \$700,000 through December 31, 2017; however, effective January 1, 2018, actual operating costs for the FBR will be reimbursed per the terms of the UTC Agreement.
- Based on current projections, it is estimated that the District will have net revenues of \$5.5 million at the end of FY 2016-17. These net revenues include debt service and can be used to fund critical capital improvement projects next fiscal year.
- Overall, revenues are projected to increase by 5% for a total of \$26,829,073 in FY 2017-18.

Operational Budget Highlights

Personnel Salary and Benefits

Included in the proposed budget are recommendations made by the Employee Salary Committee and Human Resources Committee, and approved by the Board of Directors. These recommendations include a 2.5% Cost of Living Adjustment (COLA) for all employees, a limited employer match to the District's 457 Deferred Compensation Plan. These recommendations include the continuation of all current employee benefits and merit increases based on the existing salary schedule.

Source of Supply

Decreased as additional deliveries of State Water Project water were adjusted to reflect more realistic delivery schedules.



WEST VALLEY WATER DISTRICT

Production

Increased due to the addition of a full time Electrical and Supervisory Control and Data Acquisition System (SCADA) Technician position to address a long standing backlog of maintenance activities at all facilities and for succession planning.

Water Quality

Increased by 19% primarily due to the US Environmental Protection Agency (US EPA) mandated Fourth Unregulated Contaminant Monitoring Rule (UCMR-4), per the 1996 amendments to the Safe Drinking Water Act. Additionally, funding for the replacement of broken fire hydrant meters and various system blow-offs to support the distribution flushing program is included.

Water Treatment

Increased by 12% primarily due to the addition of the Fixed Bed (FXB) Perchlorate Treatment Plant line items in the budget. These are estimates until such time when actual operating costs can be quantified.

External Affairs / Conservation

Decreased by 40% primarily due to the transfer of rebate programs and grants to a new department unit titled Grants & Rebates (5020).

Engineering

Increased by 23.6% primarily due to the need to conduct a Capacity Fee Study upon conclusion of the 2017 Master Plan update later this year. A new full-time Assistant Engineer position was also added to bolster the Capital Improvement Plan (CIP) program.

Capital Improvement Plan Budget Highlights

Some notable accomplishments from FY 2016-17 included the procurement of two additional Granular Activated Carbon (GAC) lead-lag vessels that will allow the District to treat up to an additional 2,000 gallons per minute (2.9 million gallons per day) of State Water Project water at the Oliver P. Roemer Water Filtration Facility. This project is expected to be completed in Fall 2017. In addition, the District, in collaboration with Carollo Engineers under a design-build delivery contract, is in the final stages of the FXB Perchlorate Treatment Plant construction project, which will add 700 gallons per minute (1.0 MGD) of perchlorate removal capacity to the existing FBR capacity of 2.9 MGD, for a total plant capacity of 3.9 MGD. The District's portion of the FXB construction was funded by the Cleanup and Abatement Account (CAA) grant awarded to the District by the State Water Resources Control Board in 2016.

As noted above, net revenues are available to help supplement the CIP budget for FY 2017-18. The CIP totals \$7.98 million and includes \$2.2 million in new system infrastructure; \$4.16 million in repairs, rehabilitation, and system maintenance; and \$1.62 million in other projects. Some notable CIP projects are as follows:

Rehabilitation/Recoating of Reservoir 4-3 (\$1.13 million)

Reservoir 4-3 was taken out of service last year for maintenance and it was revealed that severe corrosion in the interior roof of the reservoir has occurred. Allowing this corrosion to continue will jeopardize the structural integrity of the reservoir. Recoating the interior and exterior of the reservoir will significantly extend the life of the asset.

Highland Avenue 30" Transmission Main – Pepper Ave to Oakdale Ave (\$1.45 million)

This project is a critical link to provide additional water supply from the Bunker Hill Groundwater Basin via the Baseline Feeder to the District's rapidly developing upper pressure zones. It will connect to the 30" Transmission Main at Pepper Avenue and the I-210 on and off ramp project, currently under construction.

Zone 3 Distribution Pipeline Replacement – 8" in Valley/Pomona (\$750,000)

This project will replace aging pipelines in the community of Bloomington. Pipelines in this area have repeatedly been repaired due to leaks. This project will improve circulation for water quality, fire flow, and will provide a more reliable service to our customers in the area.

Other Critical Projects

Funds various other critical projects such as the customer service foyer renovation, new enterprise system software, distribution and plant valve replacements, emergency generators the pumping stations for Zones 5 and 6, plastic service lateral replacements, filter media replacement, and other annual maintenance needs at District water infrastructure facilities.

Conclusion

In order to build upon the District's Mission, Vision, and Values adopted by the Board of Directors in April 2017, a Request for Proposal is scheduled to be brought forward in early FY 2017-18 to develop a districtwide strategic plan. The Strategic Plan will include goals and objectives as well as measures of success that will further inform investments made in the current and future fiscal years.

In closing, I would like to offer a special thank you to the West Valley Water District Board Finance Committee who worked thoroughly to help develop this budget. I also want to thank District staff for the countless hours and diligent work to provide you with this document.

Respectfully,



Matthew H. Litchfield, P.E.
GENERAL MANAGER



General Manager
MATTHEW H. LITCHFIELD, P.E.

EXECUTIVE STAFF

Assistant General Manager
GREG GAGE

Human Resources
Risk Manager
KAREN LOGUE

Chief Financial Officer
MARIE RICCI

External Affairs Manager
WENDY STRACK

Board Secretary
SHANAE SMITH



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Our History

West Valley Water District serves approximately 80,000 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. As defined by CalEnviroScreen, the majority of our service area is considered a Disadvantaged Community (DAC).

Our mission is to provide our customers with safe, high quality and reliable water service at a reasonable rate and in a sustainable manner. 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.

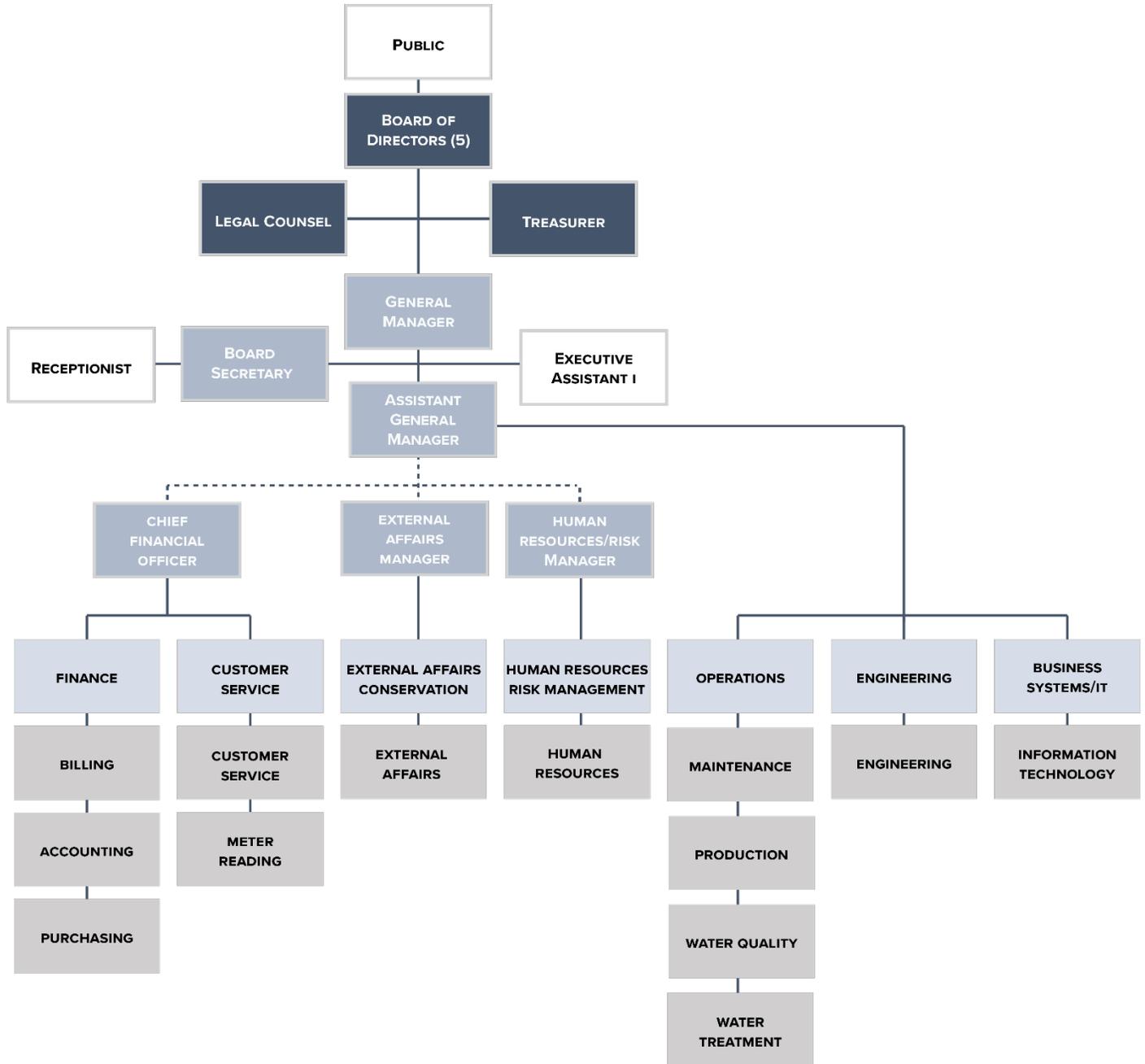
Currently, we have five treatment plants, 360 miles of pipeline, 25 reservoirs, 23 wells, and over 20,000 service connections. Last year, the District made environmental clean-up history, delivering clean drinking water to our customers using our \$23 million Groundwater Wellhead Treatment System, also known as a fluidized bed reactor (FBR), to remove perchlorate from previously contaminated supplies. Using innovative technologies, the District was able to create a safe and clean water supply that is delivered directly to customers, pioneering the future of water treatment.

This year, the District celebrated its 65th anniversary. 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 the next 65 years and beyond.



EXCELLENCE IN WATER QUALITY, RELIABILITY, AND INNOVATION

Organizational Structure



LEGEND



Vision • Mission • Values

Vision

The 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 community we serve.

Mission

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

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, prompt 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 of our operations. We embrace transparency, openness and accountability to ensure clear communications with our customers and the public we have the privilege of 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.



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**West Valley
Water District**

FINANCIAL SUMMARY

Operating Budget Summary

Account Description	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Revenue					
Water Sales	\$ 14,216,583	\$ 14,183,771	\$ 14,821,806	\$ 14,606,246	2.98%
Monthly Service Charges	6,739,031	6,931,947	6,943,706	7,266,820	4.83%
Recurring Revenue	969,560	960,950	833,029	1,104,825	14.97%
Contract Revenue	956,268	1,882,500	2,398,270	1,912,500	1.59%
Non-Recurring Revenue	296,858	29,600	39,435	318,600	976.35%
Subsidized Revenue	138,379	70,000	244,826	130,000	85.71%
Property Tax Collections	1,768,344	1,492,500	1,842,134	1,490,082	-0.16%
Total Revenue	25,085,021	25,551,268	27,123,206	26,829,073	5.00%

Department Expenditures					
Source of Supply	1,404,819	1,761,057	1,764,805	1,685,692	-4.28%
Production - Pumping	2,633,982	2,763,860	2,364,023	2,901,150	4.97%
Water Quality	354,249	399,969	366,245	475,880	18.98%
Water Treatment	1,851,071	3,523,579	3,238,850	3,950,892	12.13%
Maintenance - Transmission and Distribution	1,777,371	1,773,090	1,660,852	1,916,700	8.10%
External Affairs/Conservation	674,660	1,665,507	1,244,025	994,865	-40.27%
Grants & Rebates	-	-	-	497,100	N/A
Customer Service	619,580	814,533	693,940	815,430	0.11%
Meter Reading	807,800	771,533	691,103	806,010	4.47%
Billing	506,851	455,902	358,141	507,155	11.24%
Administration	2,055,810	2,148,216	1,833,284	2,042,295	-4.93%
Accounting	636,670	655,482	557,982	650,949	-0.69%
Engineering	702,267	1,018,914	870,255	1,259,880	23.65%
Information Technology	598,370	866,144	833,673	958,328	10.64%
Board of Directors	152,469	221,366	143,783	235,000	6.16%
Human Resources/Risk Management	388,863	562,638	483,740	615,929	9.47%
Purchasing	-	368,011	262,258	363,301	-1.28%
General Operations	4,304,334	1,892,078	1,646,811	1,792,461	-5.26%
Total Expenditures	19,469,167	21,661,879	19,013,770	22,469,017	3.73%

Debt Service	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Debt Service	\$ 2,489,176	\$ 2,001,667	\$ 2,294,168	\$ 2,123,929	6.11%
Total Expenditures Inc. Debt Service	21,958,342	23,663,546	21,307,938	24,592,946	3.93%

Net Revenue & Debt Svc. Coverage Ratio					
Total Revenue	25,085,021	25,551,268	27,123,206	26,829,073	5.00%
Total Expenditures including Debt Service	21,958,342	23,663,546	21,307,938	24,592,946	3.93%
Net Revenue	3,126,679	1,887,722	5,815,268	2,236,127	18.46%

Debt Service Coverage Ratio Calculation					
Series 2006D2 Bond Debt Service	2,128,528	1,643,814	1,643,814	-	-
Series 2016A Bond Debt Service	-	-	253,921	1,512,400	-
Total Debt Service	2,128,528	1,643,814	1,897,735	1,512,400	-
Debt Service Coverage Ratio⁽²⁾	2.47	2.15	4.06	2.48	-

Notes:

(1) Prepared on a modified accrual basis for budgetary purposes.

(2) Debt Service Coverage Ratio = (Net Revenue + Total Debt Service)/Total Debt Service

Budget Summary by Object

Object	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Salaries	\$ 4,905,302	\$ 6,162,052	\$ 5,889,944	\$ 6,771,050	9.88%
Benefits	2,534,725	3,845,842	2,747,869	3,744,300	-2.64%
Board Approved / Rate Rebate	2,547,492	-	(250)	-	-
Communication Services / Postage & Shipping	137,472	153,600	127,916	156,360	1.80%
Communication Services / Telephone	100,660	81,000	117,113	142,694	76.17%
Copying/Outside	-	1,000	-	-	-100.00%
Education Programs / Supplies	23,927	27,092	16,459	-	-100.00%
Equipment	-	6,000	1,800	2,000	-66.67%
Equipment Rental	-	1,000	-	1,000	0.00%
Expense / State Unemployment Ins.	17,053	18,000	10,292	9,000	-50.00%
Expense / Training	25,788	56,969	38,395	77,106	35.35%
Expenses / Training	25,559	28,270	14,435	31,370	10.97%
Hydro-Generation / Permit & Fees	11,734	-	-	-	-
Improvements Projects / CIP Exp.	51,850	25,000	-	25,000	0.00%
Leasing / Vehicle	124,323	80,000	125,201	96,000	20.00%
Maintenance/Lytle Creek Conservation	-	-	-	-	-
Meter Testing	439	-	-	8,000	-
Miscellaneous / Advertising	11,876	7,100	2,117	7,100	0.00%
Miscellaneous / AMR Meter Replacement Program	58,440	12,500	14,249	20,000	60.00%
Miscellaneous / Bank Account Analysis	29,284	36,000	36,401	30,000	-16.67%
Miscellaneous / Bank Card Expense	117,247	120,000	133,570	115,200	-4.00%
Miscellaneous / Computer Supplies & Maint.	114,515	94,400	86,474	63,495	-32.74%
Miscellaneous / Dues & Subscriptions	44,538	39,943	58,718	51,077	27.87%
Miscellaneous / Election Expense	58,916	-	-	120,000	-
Miscellaneous / Employee Wellness Program	2,061	20,400	18,144	19,200	-5.88%
Miscellaneous / High Speed Internet Service	9,440	12,237	10,103	11,100	-9.29%
Miscellaneous / Insurance-Auto / Gen	189,836	189,360	211,537	230,000	21.46%
Miscellaneous / Office	18,340	15,000	15,230	15,000	0.00%
Miscellaneous / Permits & Fees	235,804	163,612	225,546	193,127	18.04%
Miscellaneous / Printing	34,330	109,285	42,736	21,000	-80.78%
Miscellaneous / Promotional Activities	9,024	5,856	5,281	3,400	-41.94%
Miscellaneous / Recruitment	3,539	12,640	8,144	11,050	-12.58%
Miscellaneous / Sweep Fees	-	-	-	-	-
Miscellaneous / Trans/Meals/Convention	96,307	197,721	120,719	213,101	7.78%
OPEB	32,641	271,332	32,152	351,000	29.36%
Operating Supplies / Carbon Exchange	-	221,443	265,732	-	-100.00%
Operating Supplies / Chemicals	273,142	570,403	597,897	704,200	23.46%
Operating Supplies / Gasoline & Oil	92,334	100,800	85,451	101,000	0.20%
Operating Supplies / Miscellaneous	5,501	4,750	2,976	14,150	197.89%
Operating Supplies / Resin Exchange	137,845	153,000	-	185,900	21.50%
Operating Supplies / Safety	24,089	26,400	18,064	10,400	-60.61%
Operating Supplies / Safety Recognition Supply	18,045	24,200	22,926	34,000	40.50%
Operating Supplies / Shop Supplies	84,277	78,000	67,735	80,700	3.46%
Operating Supplies / Stationery & Office	80,217	54,960	80,174	67,720	23.22%
Operating Supplies / Uniforms	12,961	36,818	30,068	45,190	22.74%
Other Expenses / Furniture & Equipment	34,291	50,000	41,924	45,000	-10.00%
Other Miscellaneous / Chino Basin Watermaster	49,243	50,000	65,742	50,000	0.00%
Other Miscellaneous / County Tax Collection Fee	291	400	-	400	0.00%
Other Miscellaneous / District Cost	31,310	136,750	193,866	90,000	-34.19%
Outreach Programs	-	-	-	183,585	-
Outside Labor / Contractors / Remote Site Fees	7,043	7,260	6,724	7,200	-0.83%
Outside Labor / Contractors/Labor & Contractors	-	-	(1,190)	40,000	-

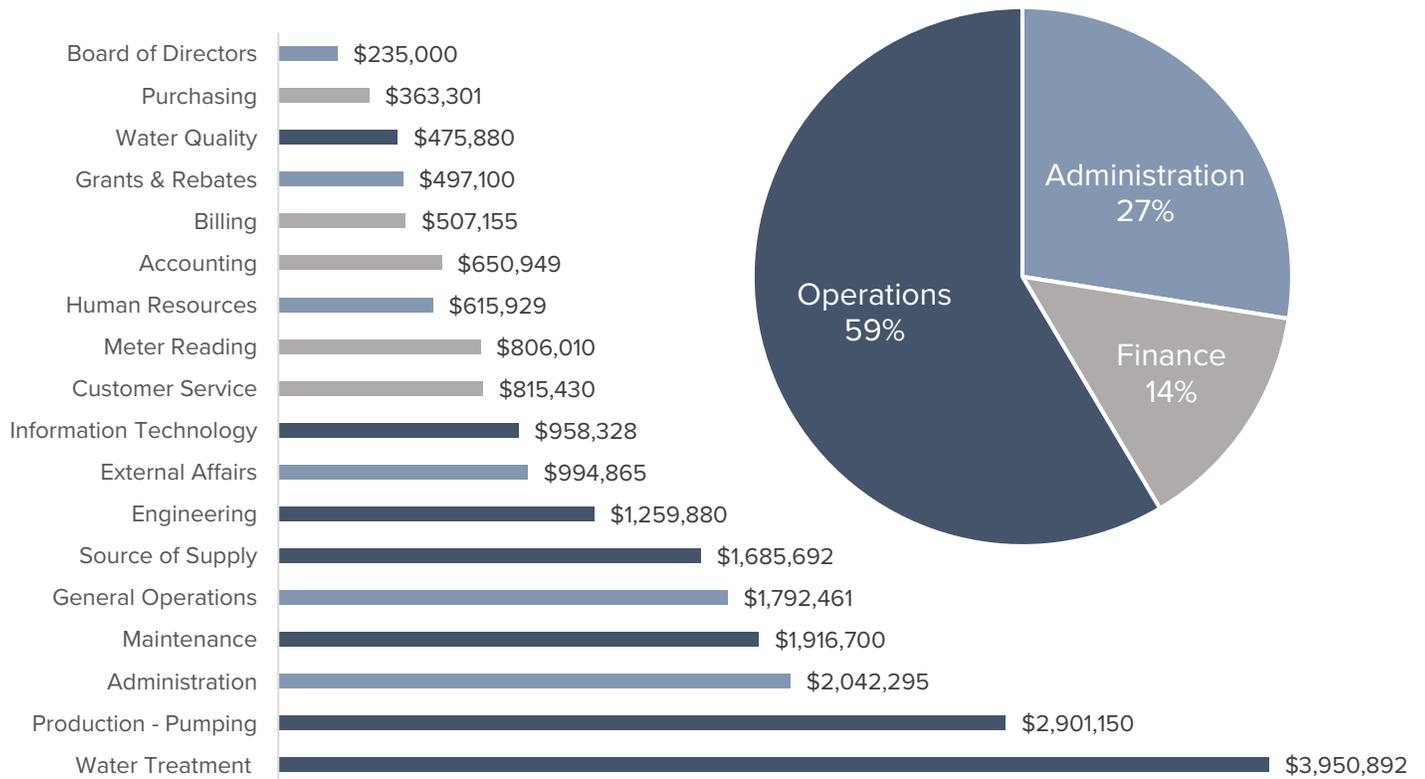
Budget Summary by Object

Continued

Object	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Outside Labor / Contractors/Printing	\$ 30,673	\$ 36,390	\$ 12,813	\$ 43,980	20.86%
Outside Labor / Contractors/Telemetry	6,635	20,000	-	20,000	0.00%
Postage	17,425	16,920	390	-	-100.00%
Professional Services / Accounting Assistance	30,968	15,000	3,973	-	-100.00%
Professional Services / Alarm	105,210	117,049	103,228	30,000	-74.37%
Professional Services / Armored Transport	4,962	4,500	(1,997)	3,000	-33.33%
Professional Services / Auditing	45,246	34,620	21,024	36,000	3.99%
Professional Services / Consultants	-	14,000	6,300	12,500	-10.71%
Professional Services / Engineering	3,396	33,738	49,387	30,000	-11.08%
Professional Services / Fiscal Agent	19,238	19,800	15,878	19,800	0.00%
Professional Services / Janitorial	38,101	35,608	44,939	43,900	23.29%
Professional Services / Lab Tests	114,137	151,849	151,202	231,362	52.36%
Professional Services / Legal	541,436	495,000	303,887	465,000	-6.06%
Professional Services / Misc. Studies	22,757	8,500	8,996	58,000	582.35%
Professional Services / Other Consultants	382,335	706,544	559,879	672,150	-4.87%
Professional Services / Programmer	702	20,000	5,222	40,300	101.50%
Professional Services / Sludge Disposal	13,988	72,000	31,465	50,300	-30.14%
Professional Services / Telephone Answering Svc	5,285	5,172	5,728	5,172	0.00%
Programs / Grants	-	-	-	327,600	-
Programs / Meter Replacement & Test	11,855	-	-	-	-
Programs / Rebate	197,775	434,550	405,164	109,500	-74.80%
Programs / Regional Conservation	24,714	2,500	3,000	-	-100.00%
Programs / Regional Programs	38,776	37,847	24,466	30,000	-20.73%
Purchased Water / City Of San Bernardino	74,198	71,040	68,611	70,800	-0.34%
Purchased Water / Fontana Union	5,512	4,000	4,452	4,000	0.00%
Purchased Water / Muni	499,059	626,392	626,000	626,392	0.00%
Purchased Water / State Project Water	775,108	1,003,625	1,000,000	932,500	-7.09%
Rentals / Equipment	3,441	7,500	7,760	26,508	253.44%
Repair & Maintenance / Chlorination Equipment	-	15,000	6,872	20,000	33.33%
Repair & Maintenance / Communication Equipment	4,992	8,400	6,019	8,400	0.00%
Repair & Maintenance / Contracts And Licensing	169,140	233,380	249,928	267,768	14.73%
Repair & Maintenance / Domestic Mains	801,915	330,000	466,493	330,000	0.00%
Repair & Maintenance / Equipment	21,305	2,000	2,981	28,300	1315.00%
Repair & Maintenance / Fire Hydrants	2,023	10,000	941	10,000	0.00%
Repair & Maintenance / Irrigation Mains	-	300	-	-	-100.00%
Repair & Maintenance / Major Equip & Gen Plant	6,468	7,500	31,736	4,200	-44.00%
Repair & Maintenance / Meters & Amr's	31,489	66,579	86,465	105,450	58.38%
Repair & Maintenance / Office Equipment	35,873	28,500	23,877	18,280	-35.86%
Repair & Maintenance / Reservoirs & Tanks	29,408	20,000	1,772	20,000	0.00%
Repair & Maintenance / Street Patching	120,921	222,000	233,458	250,000	12.61%
Repair & Maintenance / Structures & Improvements	50,493	64,520	93,835	48,320	-25.11%
Repair & Maintenance / Structures / Facility	406,346	179,881	374,622	166,570	-7.40%
Repair & Maintenance / Structures/Facility/Equip	-	4,000	-	-	-100.00%
Repair & Maintenance / Tools	7,587	13,750	15,841	52,000	278.18%
Repair & Maintenance / Vandalism Repairs	3,324	15,000	6,233	15,000	0.00%
Repair & Maintenance / Vehicle	81,228	104,200	124,599	61,200	-41.27%
Repair & Maintenance /Structures & Improvements	32,421	41,000	47,044	117,000	185.37%
Sponsorships	-	-	-	7,500	-
Utility Services / Electric	2,202,640	2,971,350	2,168,034	2,829,000	-4.79%
Utility Services / Gas	1,821	1,700	1,850	1,700	0.00%
Utility Services / Trash	21,148	17,640	18,380	18,840	6.80%
Utility Services / Water	2,642	2,640	2,639	2,550	-3.41%
Total	19,469,167	21,661,879	19,013,770	22,469,017	3.73%

Proposed FY 2017-18 Budget Per Division

The majority of the FY 2017-18 Budget resides in the Operations Division (\$13,148,522), followed by the Administration Division (\$6,177,650) and Finance Division (\$3,142,845).



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DEPARTMENT SUMMARIES

SOURCE OF SUPPLY

Source of Supply	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Operating Expenses					
Purchased Water / Muni	\$ 499,059	\$ 626,392	\$ 626,000	\$ 626,392	0.0%
Purchased Water / State Project Water	775,108	1,003,625	1,000,000	932,500	-7.1%
Purchased Water / City Of San Bernardino	74,198	71,040	68,611	70,800	-0.3%
Other Misc. / Chino Basin Watermaster	49,243	50,000	65,742	50,000	0.0%
Purchased Water / Fontana Union	5,512	4,000	4,452	4,000	0.0%
Repair & Maint. /Structures/Facility/Equip	-	4,000	-	-	-100.0%
Miscellaneous / Permits & Fees	1,700	2,000	-	2,000	0.0%
DEPARTMENT TOTAL - 5110	1,404,819	1,761,057	1,764,805	1,685,692	-4.3%

Significant Changes

- 4.3% reduction compared to FY 2016-17

Fiscal Year 2016-17 Accomplishments

- Purchased 1,250 acre-feet (AF) of additional State Water Project (SWP) water to “pre-fund” future Baseline Feeder replenishment obligations

Fiscal Year 2017-18 Goals and Objectives

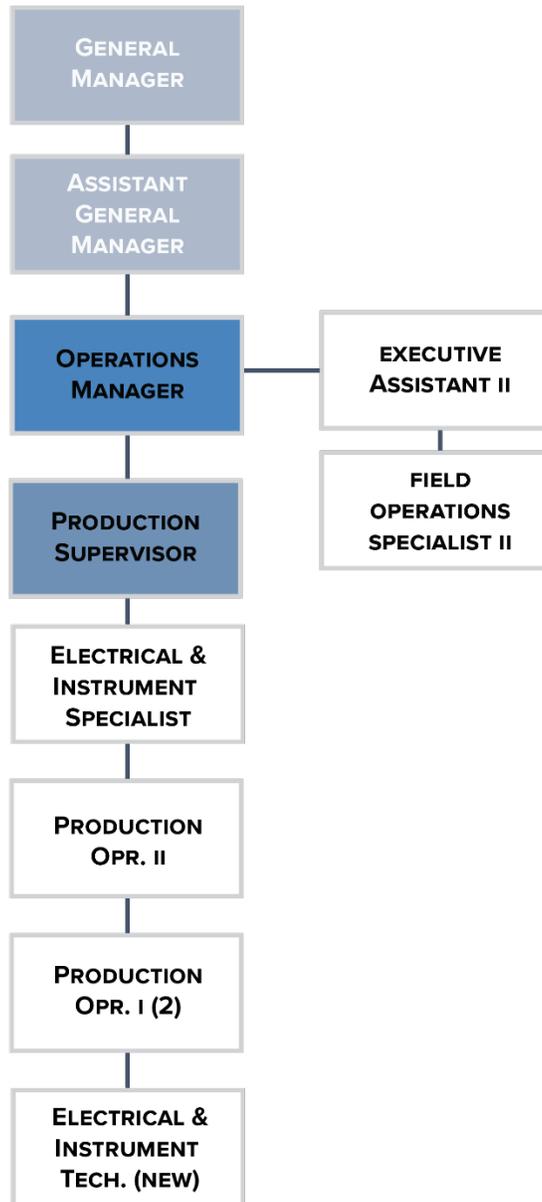
- Purchase 4,000 AF of SWP for delivery through the Oliver P. Roemer Water Filtration Facility
- Purchase 2,500 AF of replenishment water for replenishment in the Bunker Hill Groundwater Basin for future deliveries

Note: no staff assigned to department.

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PRODUCTION - PUMPING

Department Structure



LEGEND



PRODUCTION - PUMPING

Production - Pumping	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 329,451	\$ 493,722	\$ 491,222	\$ 702,000	42.2%
Salaries & Wages / Overtime	23,233	19,000	30,971	30,000	57.9%
Salaries & Wages / On Call	5,202	6,000	3,942	3,400	-43.3%
Benefits	194,397	285,807	247,767	429,260	50.2%
Operating Expenses					
Expenses / Training	3,729	2,000	804	7,200	260.0%
Operating Supplies / Uniforms	2,687	4,000	2,036	4,840	21.0%
Miscellaneous / Trans/Meals/Convention	856	-	-	-	0.0%
Meter Testing	439	-	-	8,000	0.0%
Professional Services / Lab Tests	1,882	4,000	1,485	3,500	-12.5%
Professional Services / Alarm	6,973	6,000	5,668	-	-100.0%
Operating Supplies / Chemicals	27,350	40,000	30,349	45,000	12.5%
Repair & Maint. / Structures / Facility	139,813	45,001	63,610	45,000	0.0%
Contractors/Telemetry	6,635	20,000	-	20,000	0.0%
Utility Services / Electric	1,890,009	1,835,350	1,484,478	1,600,000	-12.8%
Utility Services / Water	269	480	294	450	-6.3%
Miscellaneous / Permits & Fees	1,059	2,500	1,397	2,500	0.0%
DEPARTMENT TOTAL - 5210	2,633,982	2,763,860	2,364,023	2,901,150	5.0%

Significant Changes

- Requesting additional full-time Instrumentation Technician position to manage increased workloads for electrical, Supervisory Control and Data Acquisition (SCADA) system and telemetry repair and maintenance, and succession planning purposes
- Southern California Edison (SCE) Power costs - \$1.8 million budget: trending to land lower than projected for FY 2016-17, so potential to reduce
- Increase in chemical costs

Fiscal Year 2016-17 Accomplishments

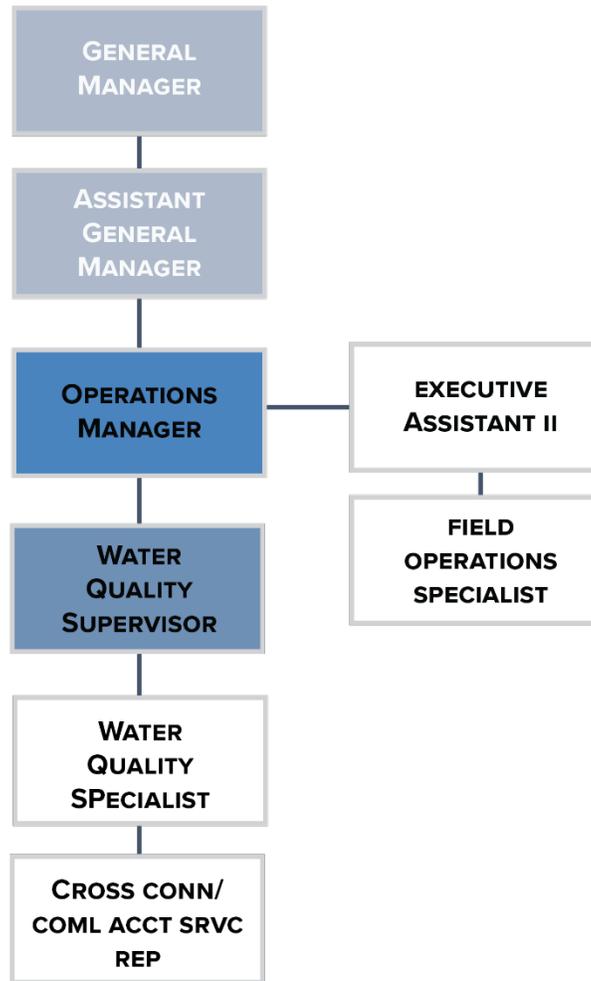
- Upgraded District's SCADA system for additional operator interface
- Developed and administered a reservoir cleaning, inspection, and maintenance program
- All reservoirs have started to be cleaned and inspected in accordance with the standards set by America Water Works Association (AWWA)

Fiscal Year 2017-18 Goals and Objectives

- Hire and utilize Instrument Technician for addressing deferred instrument and equipment maintenance and reducing maintenance service contracts on non-proprietary technologies

WATER QUALITY

Department Structure



LEGEND



WATER QUALITY

Water Quality	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 123,838	\$ 208,416	\$ 196,100	\$ 214,000	2.7%
Salaries & Wages / Overtime	1,990	2,000	7,555	7,200	260.0%
Salaries & Wages / On Call	9,519	8,000	2,013	2,200	-72.5%
Benefits	84,375	125,453	90,179	104,090	-17.0%
Operating Expenses					
Expenses / Training	11,318	2,000	4,276	2,400	20.0%
Operating Supplies / Uniforms	1,834	1,600	997	2,220	38.8%
Professional Services / Lab Tests	44,263	35,000	40,640	75,700	116.3%
Operating Supplies / Chemicals	46,032	4,000	2,707	7,200	80.0%
Repair & Maintenance / Structures / Facility	9,188	8,500	18,744	31,570	271.4%
Repair & Maintenance / Equipment	21,305	2,000	2,981	28,300	1315.0%
Miscellaneous / Trans/Meals/Convention	587	3,000	53	1,000	-66.7%
DEPARTMENT TOTAL - 5310	354,249	399,969	366,245	475,880	19.0%

Significant Changes

- 19.0% increase compared to FY 2016-17, primarily due to Fourth Unregulated Contaminant Monitoring Rule (UCMR-4) mandated sampling event
- Replacement of multiple fire hydrant meters that are in disrepair and require replacement
- Replacement of multiple blow offs to implement distribution flushing program

Fiscal Year 2016-17 Accomplishments

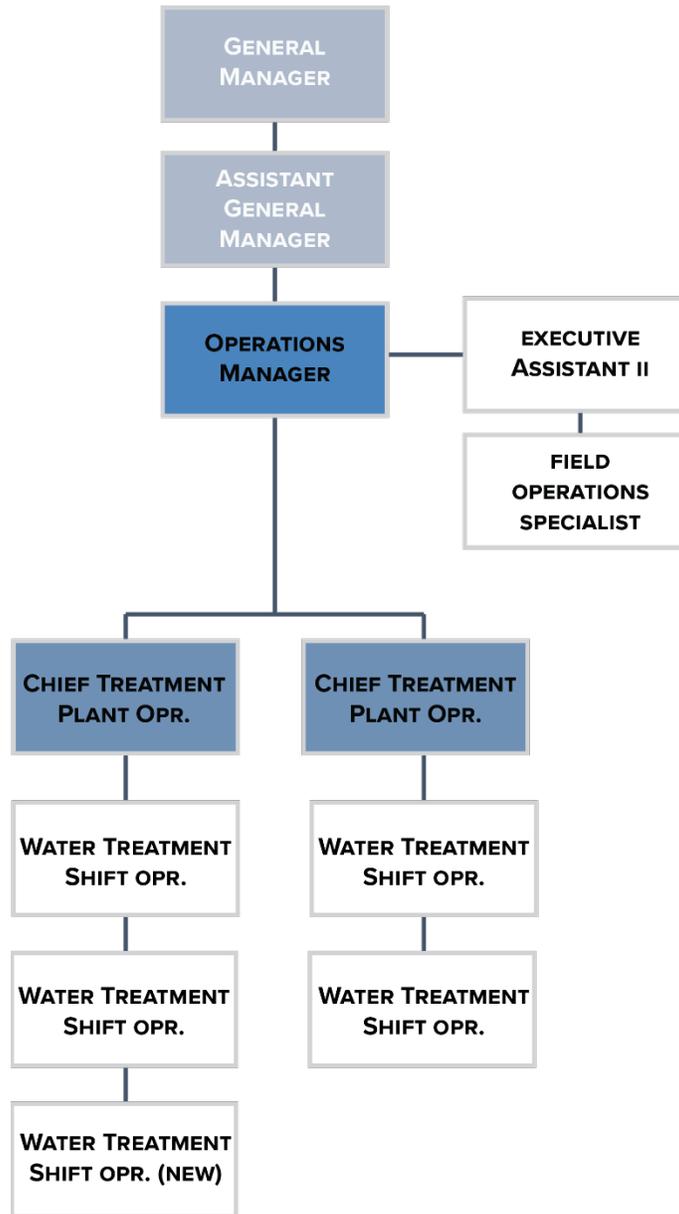
- Developed and implemented a flushing program not only to flush all dead-end water piping to improve water quality, but also to conduct a check up on the District's distribution system

Fiscal Year 2017-18 Goals and Objectives

- Maintain regulatory compliance and meet all regulatory reporting deadlines
- Develop sampling plan and schedule for the Fixed Bed (FXB) Perchlorate Treatment Plant
- Replace 17 fire hydrant meters

WATER TREATMENT

Department Structure



LEGEND



WATER TREATMENT

Water Treatment	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 515,064	\$ 482,582	\$ 513,631	\$ 608,000	26.0%
Salaries & Wages / Overtime	47,217	35,000	109,049	105,000	200.0%
Salaries & Wages / On Call	2,144	-	9,675	12,000	0.0%
Salaries & Wages / Class A Driver's License	-	650	180	1,000	53.8%
Benefits	208,533	299,678	275,496	378,200	26.2%
Operating Expenses					
Expenses / Training	-	4,200	5,955	7,000	66.7%
Professional Services / Other Consultants	30,900	167,655	123,265	287,750	71.6%
Professional Services / Misc. Studies	22,757	8,500	8,996	58,000	582.4%
Professional Services / Alarm	5,557	23,209	17,674	-	-100.0%
Operating Supplies / Uniforms	-	3,480	3,514	5,180	48.9%
Utility Services / Electric	274,423	1,100,000	658,789	1,197,000	8.8%
Utility Services / Trash	2,176	1,800	2,423	3,000	66.7%
Utility Services / Gas	343	500	292	500	0.0%
Professional Services / Janitorial	2,666	4,000	5,997	2,500	-37.5%
Communication Services / Telephone	7,581	6,000	8,863	8,400	40.0%
Other Miscellaneous / District Cost	31,310	136,750	193,866	90,000	-34.2%
Professional Services / Lab Tests	67,993	112,849	109,077	152,162	34.8%
Professional Services / Sludge Disposal	13,988	72,000	31,465	50,300	-30.1%
Operating Supplies / Chemicals	199,760	526,403	564,841	652,000	23.9%
Operating Supplies / Resin Exchange	137,845	153,000	-	185,900	21.5%
Operating Supplies / Carbon Exchange	-	221,443	265,732	-	-100.0%
Repair & Maint. / Structures / Facility	257,346	126,380	292,268	90,000	-28.8%
Repair & Maint. / Chlorination Equipment	-	15,000	6,872	20,000	33.3%
Equipment Rental	-	1,000	-	1,000	0.0%
Miscellaneous / Permits & Fees	11,734	18,500	30,930	30,000	62.2%
Miscellaneous / Trans/Meals/Convention	-	3,000	-	6,000	100.0%
Hydro-Generation / Permit & Fees	11,734	-	-	-	0.0%
DEPARTMENT TOTAL - 5320	1,851,071	3,523,579	3,238,850	3,950,892	12.1%

Significant Changes

- 12.1% increase compared to FY 2016-17, primarily due to increased operating costs that are anticipated as part of the Fixed Bed (FXB) Perchlorate Treatment Plant – this item is difficult to budget for until the plant is actually operated and estimates are included for six months of operations for the permitting and testing phase
- Anticipate the startup and operation of the FXB
- One Ion Exchange (IX) resin change out budgeted for either Well 18 or Well 42
- Increase in chemical costs and analyzer parts and service costs increases

Fiscal Year 2016-17 Accomplishments

- Oliver P. Roemer Water Filtration Facility (WFF) granular activated carbon (GAC) treatment change out
- Eliminated sludge disposal fees from the Groundwater Wellhead Treatment System, Fluidized Bed Reactor (FBR): \$25,200 for six months, resulting in a \$50,400 savings per year
- City of Rialto granted a temporary permit to allow discharges of FBR/FXB beginning June 2017 for six months for testing
- San Bernardino County Flood Control agreed to increase the discharge volume into Cactus Basin No. 2 from the Groundwater Wellhead Treatment System – anticipated approval in June 2017

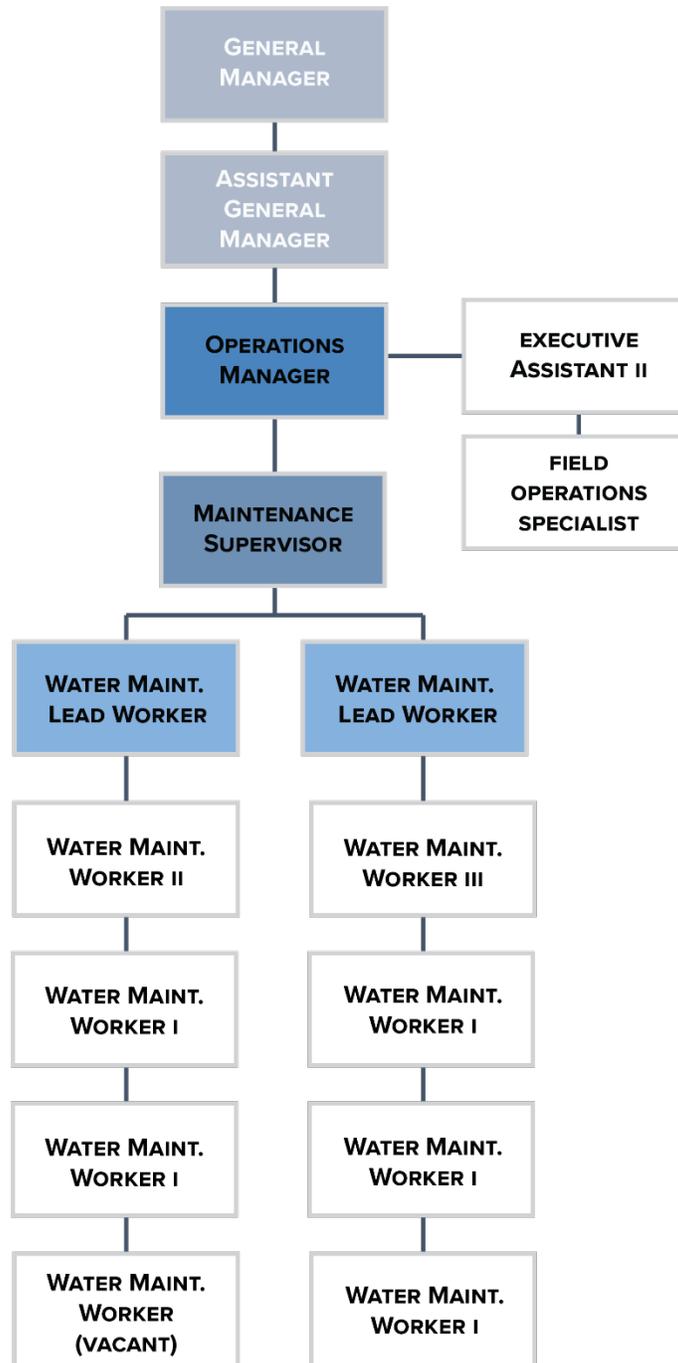
Fiscal Year 2017-18 Goals and Objectives

- FXB startup and operation
- Rehabilitate effluent pumps at the Oliver P. Roemer WFF to increase production from 10.4 million gallons per day (MGD) to 14.4 MGD
- Commission the Oliver P. Roemer WFF GAC Expansion project
- Replace existing security alarm provider with a new service
- Construction of the material bins in Vineyard and Linden plant sites to properly store and protect raw materials
- Replacement of analyzers, equipment and instruments as many have started failing and reached the end of their life cycle in all treatment plants
- Continue to rehabilitate system assets to increase reliability and maintain a positive public image

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MAINTENANCE - TRANSMISSION AND DISTRIBUTION

Department Structure



LEGEND



MAINTENANCE - TRANSMISSION AND DISTRIBUTION

Maintenance	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 469,754	\$ 628,475	\$ 538,944	\$ 643,000	2.3%
Salaries & Wages / Overtime	40,374	35,000	30,736	30,200	-13.7%
Salaries & Wages / On Call	4,049	5,000	10,748	7,650	53.0%
Salaries & Wages / Class A Driver's License	3,835	3,250	3,481	4,000	23.1%
Benefits	256,717	437,277	295,231	399,310	-8.7%
Operating Expenses					
Expenses / Training	2,179	2,400	1,720	2,400	0.0%
Operating Supplies / Uniforms	2,316	8,138	5,642	8,140	0.0%
Miscellaneous / Trans/Meals/Convention	1,086	1,500	166	6,500	333.3%
Repair & Maintenance / Reservoirs & Tanks	29,408	20,000	1,772	20,000	0.0%
Repair & Maintenance / Domestic Mains	801,915	330,000	466,493	330,000	0.0%
Repair & Maintenance / Irrigation Mains	-	300	-	-	-100.0%
Repair & Maintenance / Fire Hydrants	2,023	10,000	941	10,000	0.0%
Repair & Maintenance / Vandalism Repairs	3,324	15,000	6,233	15,000	0.0%
Repair & Maintenance / Street Patching	120,921	222,000	233,458	250,000	12.6%
Repair & Maintenance / Tools	7,049	11,250	15,183	52,000	362.2%
Rentals / Equipment	-	2,500	3,060	21,500	760.0%
Repair & Maint. /Structures & Improvements	32,421	41,000	47,044	117,000	185.4%
DEPARTMENT TOTAL - 5410	1,777,371	1,773,090	1,660,852	1,916,700	8.1%

Significant Changes

- 8.1% increase compared to FY 2016-17, primarily due to increased permitting costs for street cut permits. All cities now charging street cut permit fees and have adopted more stringent regulations requiring type 2 base and paving requirements, increasing material costs. Many tools and equipment are in need of replacement due to age and safety concerns.

Fiscal Year 2016-17 Accomplishments

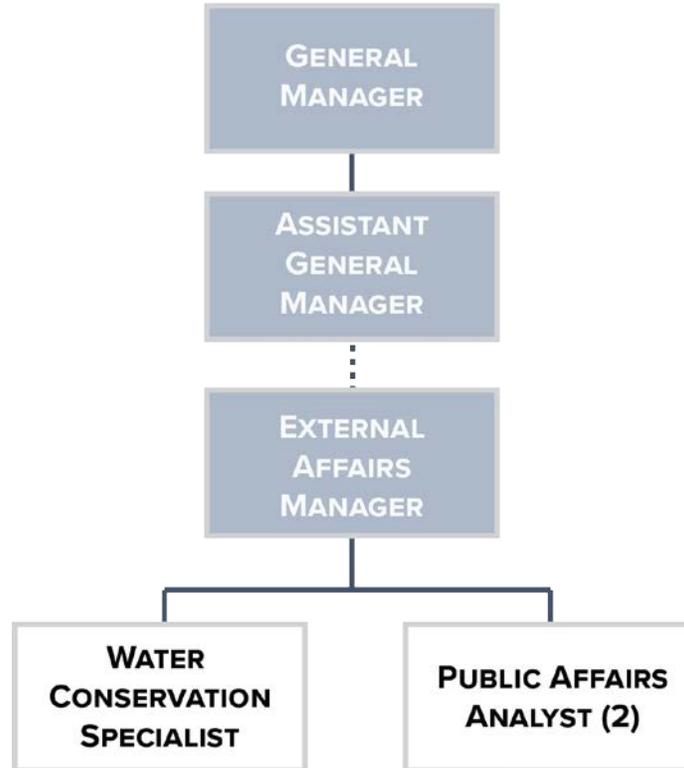
- Administered the valve exercise and replacement programs
- Developed and implemented a robust fire hydrant maintenance program
 - Addressing deferred maintenance tasks of 1,000 hydrants such as coating, missing caps and leaking hydrants in FY 2017-18
 - It is anticipated to have more than 2,000 hydrants completed by the end of the calendar year
- Utilize on-call contractors to repair service lateral leaks to free up staff to address deferred maintenance at well, booster station, and reservoir sites
- Revamped both the after hours on-call schedule and procedures to reduce response time and improve efficiency
- Implemented an emergency response functional exercise program

Fiscal Year 2017-18 Goals and Objectives

- Continue and expand the valve exercising program
- Develop routine maintenance schedules for all District facilities
- Assist Information Technology in the procurement of a work-order management system
- Additional functional exercises for emergency response improvement

EXTERNAL AFFAIRS

Department Structure



LEGEND



EXTERNAL AFFAIRS

External Affairs	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 230,142	\$ 419,506	\$ 299,308	\$ 389,000	-7.3%
Salaries & Wages / Part Time	13,000	-	-	-	0.0%
Salaries & Wages / Overtime	8,853	7,000	10,056	10,400	48.6%
Salaries & Wages / Bilingual Compensation	1,300	1,300	634	1,000	-23.1%
Benefits	89,561	221,534	107,882	157,110	-29.1%
Operating Expenses					
Programs / Rebate	197,775	434,550	405,164	-	-100.0%
Sponsorships	-	-	-	7,500	0.0%
Outreach Programs	-	-	-	183,585	0.0%
Programs / Regional Conservation	24,714	2,500	3,000	-	-100.0%
Miscellaneous / Printing	27,434	81,285	11,684	-	-100.0%
Postage	17,425	16,920	390	-	-100.0%
Education Programs / Supplies	23,927	27,092	16,459	-	-100.0%
Professional Services / Other Consultants	21,392	410,000	352,829	197,450	-51.8%
Expense / Training	399	1,500	773	4,980	232.0%
Miscellaneous / Trans/Meals/Convention	6,658	38,135	30,800	38,870	1.9%
Miscellaneous / Dues & Subscriptions	225	4,185	5,046	4,970	18.8%
Programs / Meter Replacement & Test	11,855	-	-	-	0.0%
DEPARTMENT TOTAL - 5010	674,660	1,665,507	1,244,025	994,865	-40.3%

Significant Changes

- 40% change compared to FY 2016-17, primarily due to Grants and Rebates Department establishment removing rebate costs and grant matching costs to focus on outreach efforts
- Elimination of Community Affairs Representative position
- Deletion of previous funds for professional services contracts in the areas of Federal Advocacy and Website Redesign

Fiscal Year 2016-17 Accomplishments

- Proposed District's first Draft Communications Master Plan
- Launched WaterSMART Turf Replacement Grant program and reached 50% complete with Water-Energy Community Action Network (WECAN) Turf Replacement Grant program
- Managed State Drought Reporting & Implementation Efforts, leading the transition to Self-Certification and "Post-Drought" Reporting
- Exceeded voluntary "Self-Certification" conservation rate by 7% to achieve a 22% cumulative water savings over 2013
- Surpassed 20 by 2020 Conservation Requirements by 28% in 2015 and 19% in 2020
- Revised and adopted the New Conservation Ordinance and moved the District to Stage 2 Water Savings to provide additional flexibility to customers while achieving water savings
- Nearing completion of Proposition 84 Institutional and Home Owner Association Turf Removal Program
- Created Annual Consumer Confidence Report Microsite, saving District funds over print and mail copies
- Administered 25 K-12 Water Conservation Education Programs, eight Adult Programs and three Conservation Community Gardens
- Initiated planning for the District's first teacher training workshop, which is being replicated in other areas
- Created and Distributed the District's first Quarterly Customer Newsletter – AquaTalk
- Enhanced Email Communications with customers, growing to over 11,000 emails
- Organized and participated in District and Community Events, including Fluidized Bed Reactor (FBR) tours and employee/public celebrations, National Night Out, Bloomington Community Health Fair, and Western Days

Fiscal Year 2016-17 Accomplishments Continued

- Modified turf replacement program requirements to better serve community
- Designed and drafted all District Bill Inserts & Bill Messages
- Boosted attendance at Landscape Classes by 117% over FY 2015-16
- Developed and launched first Customer Feedback Survey
- Continued Annual Conservation Calendar and Poster Contest, working with a new vendor to reduce printing costs by half
- Promoted significant growth in District Digital Engagement/ Social Media Accounts, including a 182% growth in Facebook
- Received 2017 California Association of Public Information Officials (CAPIO) Award of Excellence for Media Focused Messaging related to FBR Press Coverage
- 91 rebates totaling \$28,319.65 distributed to customers through Conservation Rebate Programs
- Completed Website Redesign Request for Proposals (RFP)
- Partnered with Colton Joint Unified School District to fund weather based irrigation controllers at schools in District service area
- Partnered with San Bernardino County on conservation landscaping in County owned rights-of-way
- Provided Communications and Outreach Support to District Departments including the Flushing Program, Water Valve Maintenance Program and Bloomington Alleyway Relocation
- Organized the District's Water Loss Audit, including collaborating with other departments to ensure accuracy of data
- Prepared, managed and executed contracts for on-call graphic design, website redesign, and grant writing services
- Measured effectiveness of District messaging to inform future efforts
- Secured membership on California Special Districts Association Legislative Committee
- Proposed revised scopes of work for advocacy services

Fiscal Year 2017-18 Goals and Objectives

- Enhance public understanding of and facilitate public input into the District's priorities and operations
- Maintain District brand identity, clearly articulating and aligning messaging with the District's adopted Mission Vision and Values leading to increased funding for District priorities, improved services to the community, and enhanced employee recruitment and retention
- Create an informational District video
- Redesign Customer Information Materials, including a new Customer Welcome Packet
- Develop an Annual District Open House Event
- Implement Website Redesign Project
- Continued data-informed research efforts through the second annual Customer Feedback Survey
- Development of District Style Guide and Brand Use
- Initiate Elected Official Tours & Briefings of District Facilities
- Advance State and Federal Legislative and Regulatory Advocacy programs
- Build Industry Coalition Participation
- Continue to provide communications support to District Departments
- Introduce Bilingual Landscape Classes in partnership with the City of Rialto
- Finalize completion of Proposition 84 Institutional and HOA Turf Removal Program
- Adopt District Communications Master Plan
- Complete Water Loss Audit by October 2017
- Hold first Teacher Training Day in Summer 2017
- Commence the District's first Community Sponsorship Program

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GRANTS & REBATES

Grants & Rebates	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Programs / Rebate	-	-	-	\$ 109,500	0.0%
Programs / Grants	-	-	-	327,600	0.0%
Professional Services / Other Consultants	-	-	-	60,000	0.0%
DEPARTMENT TOTAL - 5020	-	-	-	497,100	0.0%

Significant Changes

- New department unit: 100% of budget increase compared to FY 2016-17

Fiscal Year 2017-18 Goals and Objectives

- Established to track conservation rebate program costs and any grant matching requirement costs (typically reimbursable costs) – similar to Source of Supply Department
- Enhance customer eligibility for turf replacement rebates (WaterSMART and Water-Energy Community Action Network Grants) by providing supplemental irrigation support
- Grow grant funding resources for District project and programs
- Continue providing rebates directly to ratepayers
 - High-Efficiency Toilets
 - High-Efficiency Washing Machines
 - High-Efficiency Weather-Based Smart Irrigation Controllers
 - High Efficiency Irrigation Nozzles
 - Turf Replacement

Note: no staff assigned to department.

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CUSTOMER SERVICE

Department Structure



LEGEND



CUSTOMER SERVICE

Customer Service	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 277,626	\$ 375,716	\$ 342,020	\$ 404,000	7.5%
Salaries & Wages / Part Time	54,682	-	-	-	0.0%
Salaries & Wages / Overtime	1,933	6,500	3,891	3,000	-53.8%
Salaries & Wages / On Call	1,711	2,500	112	-	-100.0%
Salaries & Wages / Bilingual Compensation	1,615	2,600	2,394	3,000	15.4%
Benefits	145,718	281,957	204,272	269,230	-4.5%
Operating Expenses					
Miscellaneous / Bank Card Expense	117,247	120,000	133,570	115,200	-4.0%
Outside Contractors / Remote Site Fees	7,043	7,260	6,724	7,200	-0.8%
Professional Services / Armored Transport	4,962	4,500	(1,997)	3,000	-33.3%
Expenses / Training	5,385	6,350	567	6,650	4.7%
Equipment	-	6,000	1,800	2,000	-66.7%
Operating Supplies / Miscellaneous	-	500	-	1,500	200.0%
Miscellaneous / Trans/Meals/Convention	209	650	53	650	0.0%
Professional Services / Other Consultants	1,448	-	534	-	0.0%
DEPARTMENT TOTAL - 5510	619,580	814,533	693,940	815,430	0.1%

Significant Changes

- No significant changes noted

Fiscal Year 2016-17 Accomplishments

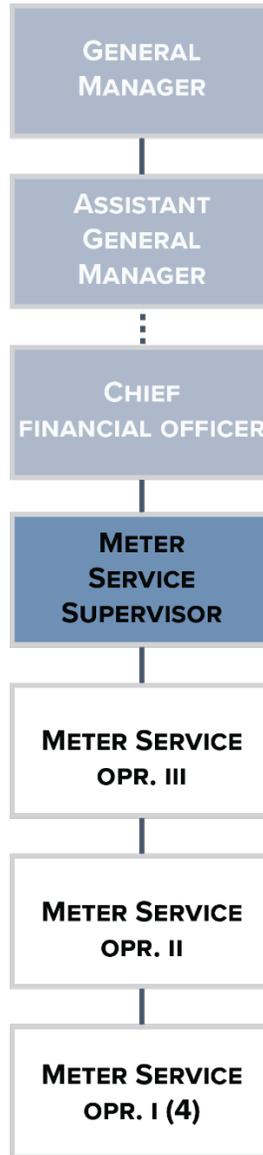
- Saved approximately \$36,000 per year from transferring credit card processing for customer payments from Bank of America to Chase
- Hired new employees to fully staff department
- Installed of new safe for improved security
- Decreased pickups for bank deposits from five days per week to twice a week
- Increased online payments by 12% since last year

Fiscal Year 2017-18 Goals and Objectives

- Assist Engineering with the customer service foyer renovation
- Improve customer response times for walk-ins and telephone calls
- Complete lockbox (Bill Pay and Creditron) and credit card transition from Bank of America to Chase Bank
- Increase online payment users by 5% next fiscal year
- Upgrade Cisco call center to web-based call center
- Improve After Hours Policy by changing the hours of operations
- Scan all customer water service applications in the Trident network
- Implement Customer Service training focusing on Microsoft Office and Telephone Etiquette

METER READING

Department Structure



LEGEND



METER READING

Meter Reading	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 465,633	\$ 440,300	\$ 396,678	\$ 430,000	-2.3%
Salaries & Wages / Part Time	15,600	-	-	-	0.0%
Salaries & Wages / Overtime	5,833	5,000	8,238	10,000	100.0%
Salaries & Wages / On Call	3,615	4,500	3,052	4,500	0.0%
Salaries & Wages / Bilingual Comp.	652	650	744	1,000	53.8%
Benefits	220,227	229,404	173,539	213,200	-7.1%
Operating Expenses					
Repair & Maintenance / Meters & AMRs	31,489	66,579	86,465	105,450	58.4%
Misc. / AMR Meter Replacement Program	58,440	12,500	14,249	20,000	60.0%
Expenses / Training	2,887	4,800	874	4,200	-12.5%
Operating Supplies / Uniforms	3,016	4,800	4,184	12,660	163.8%
Miscellaneous / Trans/Meals/Convention	410	3,000	3,080	5,000	66.7%
DEPARTMENT TOTAL - 5520	807,800	771,533	691,103	806,010	4.5%

Significant Changes

- 4.5% of budget increase compared to FY 2016-17, primarily due to meter transceiver unit (MXU) pro-rated costs when returned to the vendor for warranty replacement as well as increase in meter box lid replacements to decrease District liabilities

Fiscal Year 2016-17 Accomplishments

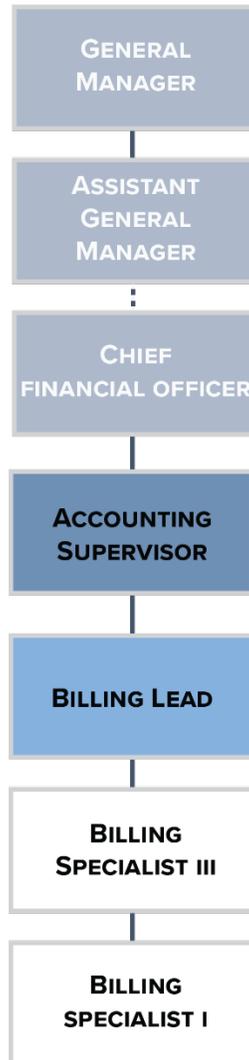
- Installed 1,500 new automatic meter reading (AMR) meters
- Improved meter reading yields approximately 4,000 meter reads per day through AMR truck reads versus manual reading of approximately 400 per day

Fiscal Year 2017-18 Goals and Objectives

- Adjust schedules to accommodate new after hours bill payment policy
- Install approximately 5,000 new AMR meters

BILLING

Department Structure



LEGEND



BILLING

Billing	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 259,408	\$ 193,522	\$ 169,405	\$ 191,000	-1.3%
Salaries & Wages / Overtime	1,692	2,000	460	2,000	0.0%
Salaries & Wages / Bilingual Compensation	-	-	330	1,000	0.0%
Benefits	135,101	118,665	86,533	118,090	-0.5%
Operating Expenses					
Communication Services / Postage & Shipping	77,645	93,600	86,086	144,360	54.2%
Outside Labor / Contractors/Printing	30,673	36,390	12,813	43,980	20.9%
Expenses / Training	61	6,520	239	1,520	-76.7%
Miscellaneous / Trans/Meals/Convention	129	555	83	555	0.0%
Operating Supplies / Miscellaneous	2,142	3,150	2,192	3,150	0.0%
Professional Services / Other Consultants	-	1,500	-	1,500	0.0%
DEPARTMENT TOTAL - 5530	506,851	455,902	358,141	507,155	11.2%

Significant Changes

- 11.2% increase compared to FY 2016-17

Fiscal Year 2016-17 Accomplishments

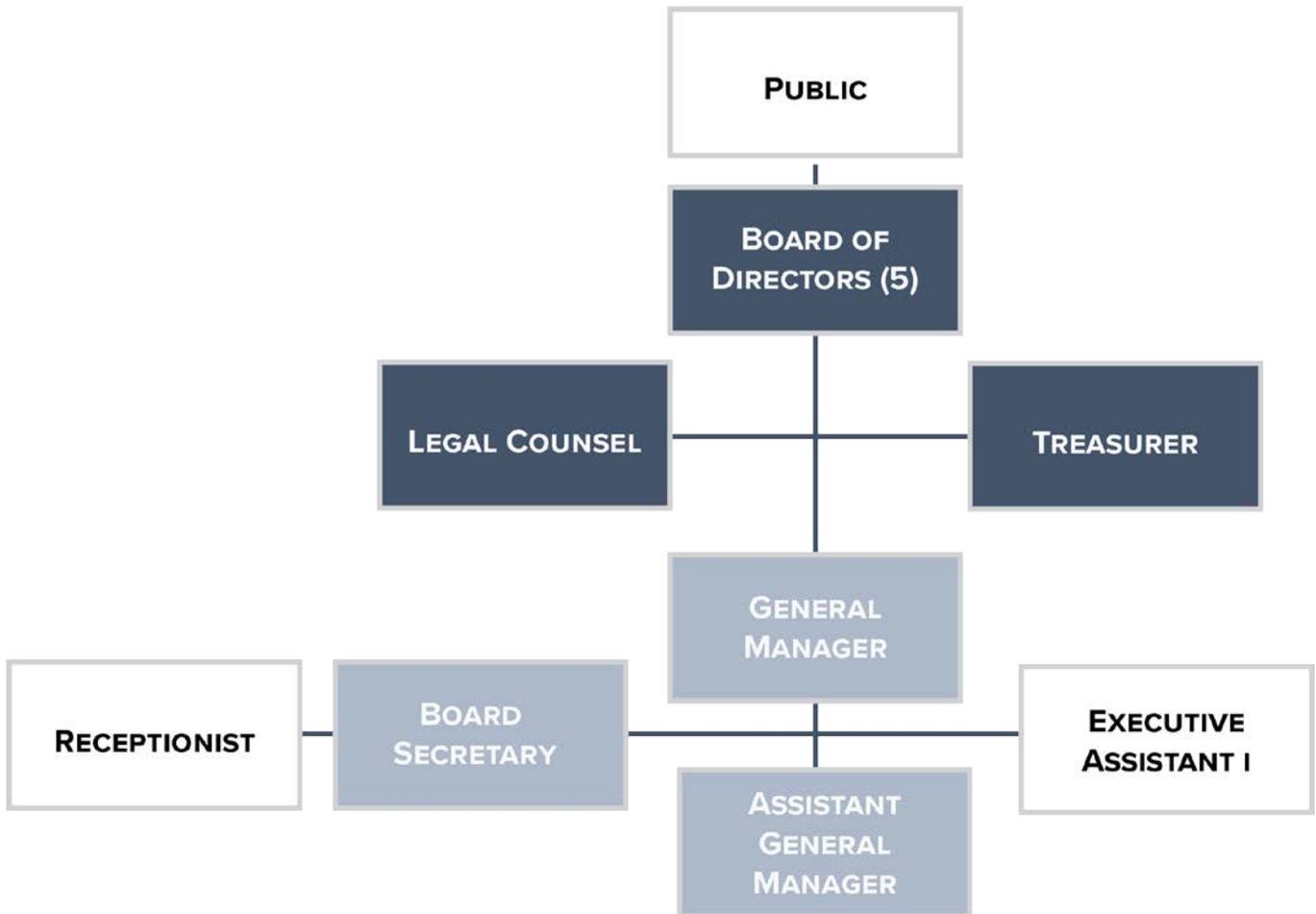
- Saved \$10,000 per year through an expanded contract with InfoSend for an additional 9,000 mailings done at bulk rate postage rates

Fiscal Year 2017-18 Goals and Objectives

- Streamline our processes to be proactive in anticipating the needs of those we work with
- Ensure all billing processes are completed on time and accurately
- Reduce number of customer disconnections by increasing number of courtesy reminder calls
- Increase utilization of paperless billing
- Establish a process to bill previous miscellaneous charges (Miscellaneous Accounts Receivable) that are customer account specific charges in the utility billing system

ADMINISTRATION

Department Structure



LEGEND



ADMINISTRATION

Administration	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 718,897	\$ 904,033	\$ 988,965	\$ 816,000	-9.7%
Salaries & Wages / Part Time	4,540	-	-	-	0.0%
Salaries & Wages / Overtime	2,981	-	66	-	0.0%
Salaries & Wages / Vehicle Allowance	-	-	5,100	6,000	0.0%
Benefits	257,540	451,157	265,333	350,170	-103.9%
Operating Expenses					
Professional Services / Legal	540,735	495,000	303,887	465,000	-6.1%
Programs / Regional Programs	38,776	37,847	24,466	30,000	-20.7%
Miscellaneous / Dues & Subscriptions	36,701	31,514	44,406	36,305	15.2%
Miscellaneous / Promotional Activities	9,024	5,856	5,281	3,400	-41.9%
Miscellaneous / Trans/Meals/Convention	67,765	109,290	71,831	109,850	0.5%
Miscellaneous / Printing	6,896	28,000	31,052	21,000	-25.0%
Miscellaneous / Office	18,340	15,000	15,230	15,000	0.0%
Professional Services / Other Consultants	277,965	50,000	63,527	50,000	0.0%
Expense / Training	3,031	5,919	6,481	2,320	-60.8%
Miscellaneous / Advertising	11,876	7,100	2,117	7,100	0.0%
Copying/Outside	-	1,000	-	-	-100.0%
Operating Supplies / Uniforms	2,176	6,500	5,542	10,150	56.2%
Miscellaneous / Election Expense	58,568	-	-	120,000	0.0%
DEPARTMENT TOTAL - 5610	2,055,810	2,148,216	1,833,284	2,042,295	-4.9%

Significant Changes

- Assistant General Manager appointed Interim General Manager in August 2016
- Interim General Manager appointed General Manager in November 2016

Fiscal Year 2016-17 Accomplishments

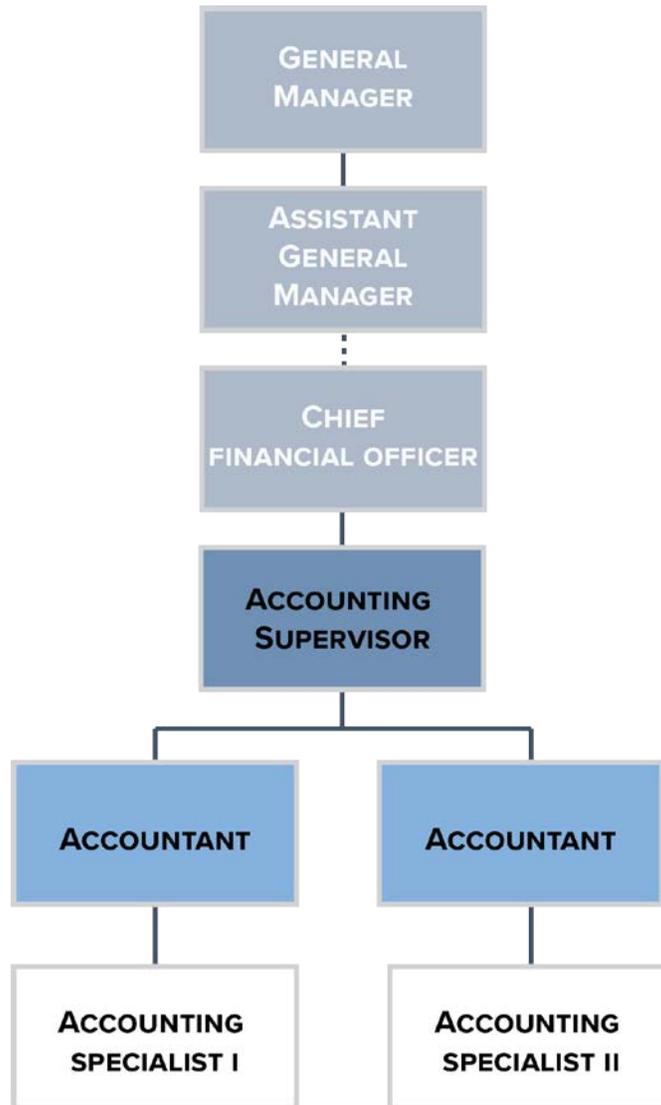
- Successfully administered and developed the reimbursement process for Groundwater Wellhead Treatment System, Fluidized Bed Reactor (FBR) operations with staff and United Technologies Corporation (UTC) staff
- Successfully administered Cleanup and Abatement Account reimbursements for the Fixed Bed (FXB) Perchlorate Treatment Plant construction
- Worked with Interim Chief Financial Officer on refinance of 2006D bonds and Standard & Poors credit rating
- Hired Chief Financial Officer in May 2017
- Hired Assistant General Manager in June 2017

Fiscal Year 2017-18 Goals and Objectives

- Work with the Board on the development and execution of key policies in pursuit of District Excellence in Transparency Certificate
- Begin work with the Board on a revised Strategic Plan
- Begin implementation of complete enterprise system change out to a new technology
- Transition day to day operational oversight responsibilities to the Assistant General Manager
- Continue to pursue additional groundwater supplies from Bunker Hill Groundwater Basin
- Reach settlement on outstanding litigation

ACCOUNTING

Department Structure



LEGEND



ACCOUNTING

Accounting	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 330,798	\$ 340,310	\$ 319,554	\$ 335,000	-1.6%
Salaries & Wages / Overtime	5,327	7,000	9,893	8,000	14.3%
Salaries & Wages / Bilingual Compensation	-	-	-	2,000	0.0%
Benefits	172,130	182,973	143,332	201,140	9.9%
Operating Expenses					
Professional Services / Auditing	45,246	34,620	21,024	36,000	4.0%
Miscellaneous / Bank Account Analysis	29,284	36,000	36,401	30,000	-16.7%
Professional Services / Fiscal Agent	19,238	19,800	15,878	19,800	0.0%
Professional Services / Consultants	-	14,000	6,300	12,500	-10.7%
Expense / Training	2,751	3,880	1,262	3,880	0.0%
Miscellaneous / Trans/Meals/Convention	109	291	54	291	0.0%
Other Miscellaneous / County Tax Collection Fee	291	400	-	400	0.0%
Miscellaneous / Dues & Subscriptions	529	1,008	311	938	-6.9%
Operating Supplies / Miscellaneous	-	200	-	1,000	400.0%
Professional Services / Accounting Assistance	30,968	15,000	3,973	-	-100.0%
DEPARTMENT TOTAL - 5620	636,670	655,482	557,982	650,949	-0.7%

Significant Changes

- -0.7% decrease compared to FY 2016-17, primarily due to decreased banking fees as a result of contracting with Chase Bank for general banking services

Fiscal Year 2016-17 Accomplishments

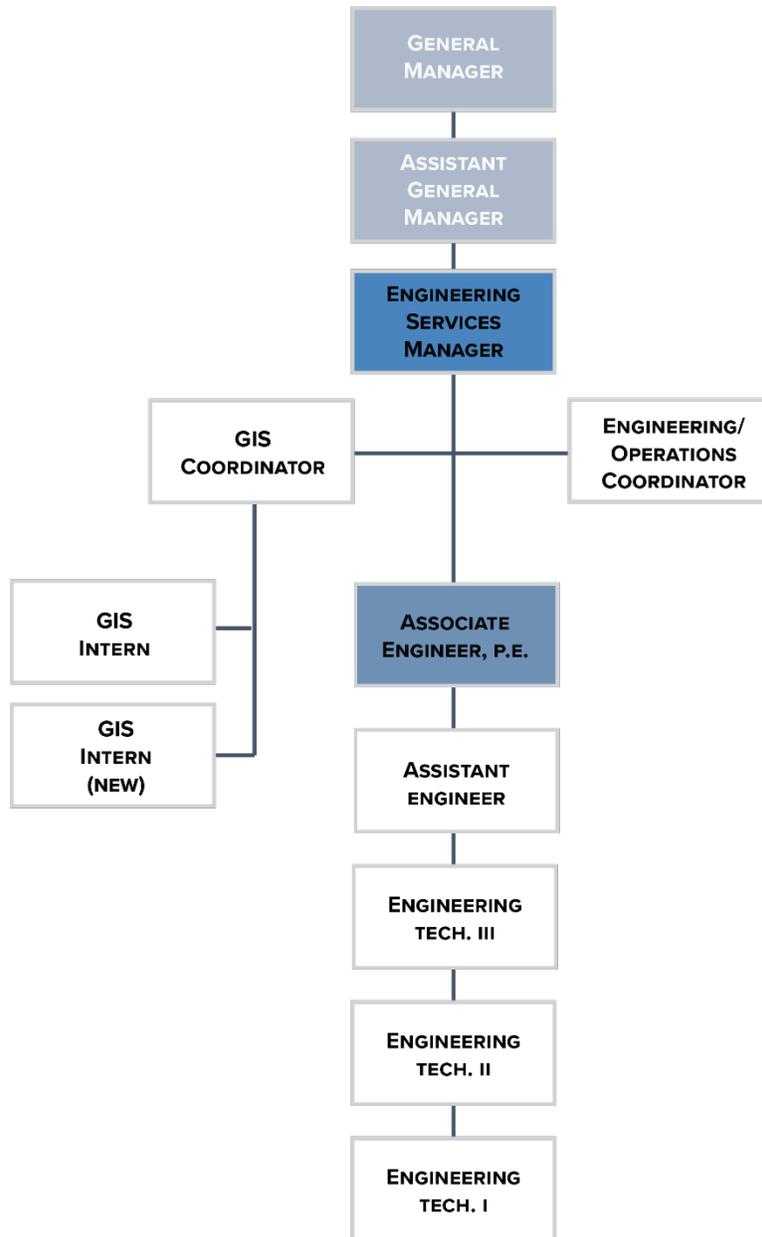
- Annual audit completed with no significant findings
- Changed auditing firms to a local, responsive firm
- Changed general banking services from Bank of America to Chase Bank
- New full-time Accountant added to assist in department workloads
- Assisted Administration with the United Technologies Corporation (UTC) reimbursement process for Groundwater Wellhead Treatment System, Fluidized Bed Reactor (FBR) operations costs
- Prepared supporting documents for Grant reimbursements
- Received Government Finance Officers Association (GFOA) Certificate for Excellence in Financial Reporting for FY 2015-16
- Implemented Affordable Care Act reporting and ensured District compliance with regulations

Fiscal Year 2017-18 Goals and Objectives

- Finish the transfer of banking from Bank of America to Chase Bank
- Implement a new Investment Policy that prioritizes risk management, liquidity and an increased rate of return on District cash balances
- Submit Comprehensive Annual Financial Report (CAFR) and annual budget for GFOA award consideration

ENGINEERING

Department Structure



LEGEND



ENGINEERING

Engineering	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 464,655	\$ 593,931	\$ 542,779	\$ 715,000	20.4%
Salaries & Wages / Part Time	-	18,667	7,834	74,000	296.4%
Salaries & Wages / Overtime	2,607	3,500	1,370	1,000	-71.4%
Salaries & Wages / On Call	5,793	5,000	4,203	-	-100.0%
Benefits	209,227	344,278	249,372	375,230	9.0%
Operating Expenses					
Professional Services / Engineering	3,396	33,738	49,387	30,000	-11.1%
Professional Services / Other Consultants	10,334	5,000	5,681	45,000	800.0%
Expense / Training	1,268	4,000	1,386	14,200	255.0%
Operating Supplies / Uniforms	932	8,300	8,153	2,000	-75.9%
Repair & Maintenance / Office Equipment	3,949	1,500	-	1,000	-33.3%
Miscellaneous / Trans/Meals/Convention	106	1,000	90	2,450	145.0%
DEPARTMENT TOTAL - 5630	702,267	1,018,914	870,255	1,259,880	23.6%

Significant Changes

- Added full-time Assistant Engineer position
- Professional Services has increased to include the preparation of a Capacity Charge Study once the 2017 Master Plan Update is complete

Fiscal Year 2016-17 Accomplishments

- Coordinated over 50 developer projects
- Completed Phase 3 design of the Bloomington Area Alley Water Main
- Constructed 24-inch Transmission Line in Pepper Avenue over the I-15 Freeway
- Finalized design of the new Hydro-Electric Plant at the Oliver P. Roemer Water Filtration Facility (WFF)
- Designed 30-inch Transmission Line in Highland Avenue from Pepper to Oakdale
- Completed Preliminary Feasibility Study of Artificial Recharge in the Bloomington Area
- Completed design of a 1.0 MG Aeration Reservoir at Lord Ranch
- Completed Peer Review for Developer Funded Water Improvements
- Completed Regional Urban Water Management Plan
- Awarded Contract for additional granular activated carbon (GAC) Vessels at the Oliver P. Roemer WFF
- Completed Phase 1 of the Valve Replacement Project
- Constructed 6,500 feet of 16-inch Transmission Pipe line in Glen Helen Parkway
- Converted 150 paper Atlas Maps into geographic information system (GIS)
- Created a centralized data repository in GIS
- Collected over \$1.3 million dollars in developer fees to support operations and Capital Improvement Projects
- Implemented a pre-qualified consultant and contractor process
- Initiated the Valve Turning global positioning system (GPS) Mobilization
- Worked with regional agencies to implement a Habitat Conservation Plan

Fiscal Year 2017-18 Goals and Objectives

- Complete the 2017 Water Master Plan Update
- Construct Hydro Electric Plant to offset electrical costs at the Oliver P. Roemer WFF
- Create a Hydraulic Water Model of the District's distribution system
- Prepare 5-year Capital Improvement Plan (CIP)
- Administer designs and deliver CIP projects as identified in the Capital Improvement Budget
- Prepare Capacity Charge Study
- Complete geohydrology assessment of Inland Valley Development Agency (IVDA) Wells and Reach Agreement on well purchase
- Complete the designs of various pipeline replacement projects
- Implement changes to the Customer Service and Administration Foyers
- Prepare water facilities feasibility study for new development
- Integrate GIS District wide – Asset Management and Field Based Solutions and workflows
- Implement Web Viewing in GIS
- Update District Standard Drawings and Specification
- Update District Water Service Rules and Regulations Schedule of Rates and Charges

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INFORMATION TECHNOLOGY

Department Structure



LEGEND



INFORMATION TECHNOLOGY

Information Technology	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 199,272	\$ 322,130	\$ 326,465	\$ 342,000	6.2%
Salaries & Wages / Overtime	17,984	14,269	15,727	15,000	5.1%
Benefits	87,078	167,728	139,754	175,090	4.4%
Operating Expenses					
Repair & Maintenance / Contracts And Licensing	169,140	233,380	249,928	267,768	14.7%
Miscellaneous / Computer Supplies & Maint.	114,515	94,400	86,474	63,495	-32.7%
Miscellaneous / High Speed Internet Service	9,440	12,237	10,103	11,100	-9.3%
Professional Services / Programmer	702	20,000	5,222	40,300	101.5%
Expense / Training	210	2,000	-	3,500	75.0%
Miscellaneous / Trans/Meals/Convention	30	-	-	75	0.0%
Contractors	-	-	-	40,000	0.0%
DEPARTMENT TOTAL - 5640	598,370	866,144	833,673	958,328	10.6%

Significant Changes

- 10.6% increase compared to FY 2016-17, primarily due to contract and licensing fee increases, computer supplies and maintenance, and additional consulting fees
- Annual contracts and licensing agreements have been increased due to annual price increases as well as the consolidation of all maintenance and licensing contracts under Information Technology (IT)
 - Significant enhancements/additions include: upgrade to water modeling software to support development of a new Water Master Plan, legislative management system, NeoGov, and the addition of an offsite backup solution
- FY 2016-17 Budget included one-time costs for supplies and equipment to support the addition of several new positions while the FY 2017-18 Proposed Budget reflects a reduction due to the elimination of these non-recurring costs
- Increased programming costs are included in the FY 2017-18 Proposed Budget to support an upgrade to the District's phone system and several security initiatives
- FY 2017-18 Proposed Budget includes one-time consulting costs to support the evaluation and selection of a new enterprise system

Fiscal Year 2016-17 Accomplishments

- Implemented an Access Control System at District headquarters
- Upgraded the District's internet service from 3 megabits per second (Mbps) with 2 T1 lines to 20 Mbps with a fiber connection
- Enhanced District cybersecurity by upgrading to a new state-of-the-art network firewall, and by implementing next generation endpoint protection
- Upgraded the display systems in the Board Room and Administration Conference Room
- Upgraded the District's Interactive Voice Response (IVR) system to meet Transport Layer Security (TLS) 1.2 specifications

Fiscal Year 2017-18 Goals and Objectives

- **Goal 1: Assess and evaluate technology solutions to improve District operations**
 - Objectives:
 1. Complete a draft I.T. Master Plan
 2. Identify an ideal enterprise system capable of meeting business process needs, the need for computerized maintenance management, field mobility requirements, and its requirements for systems integration

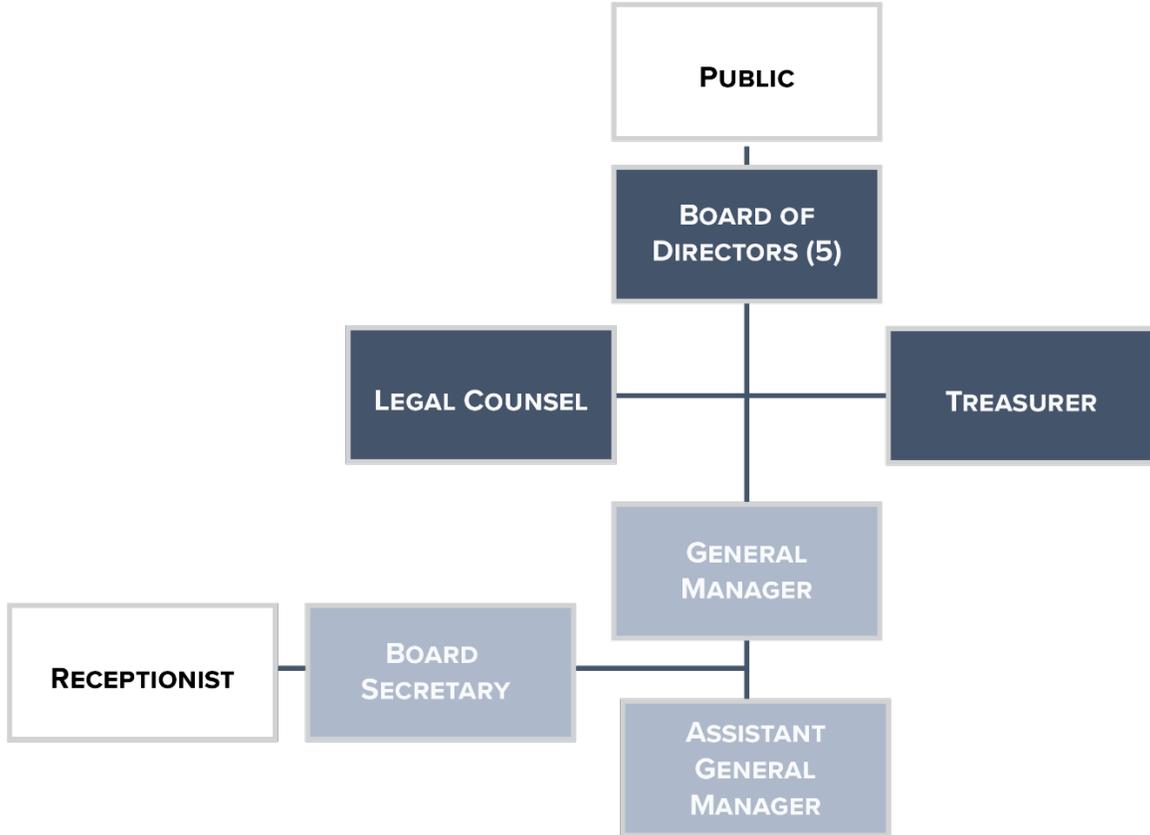
- **Goal 2: Improve decision support capabilities by developing business intelligence and by making information more accessible**
 - Objectives:
 1. Meet with executives, business unit managers, and supervisors to develop and document an understanding of the desired reporting and analytics
 2. Implement a document management system to consolidate historical and transactional documents into a central repository that will be easily accessible
 3. Work with the Operations staff to integrate data collected in the Supervisory Control and Data Acquisition System (SCADA) into other key information systems and processes

- **Goal 3: Maintain a secure and reliable technology infrastructure**
 - Objectives:
 1. Complete a comprehensive assessment of all technology assets and the related maintenance and support agreements
 2. Continue enhancements of the cyber security program
 3. Upgrade the District's Unified Communications System (UCS) to enhance call center features and reliability

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BOARD OF DIRECTORS

Department Structure



LEGEND



BOARD OF DIRECTORS

Board of Directors	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Part Time	\$ 48,279	\$ 88,200	\$ 55,692	\$ 88,000	-0.2%
Benefits	84,047	78,166	79,044	92,000	17.7%
Operating Expenses					
Miscellaneous / Trans/Meals/Convention	17,315	25,000	8,364	25,000	0.0%
Professional Services / Other Consultants	-	30,000	-	30,000	0.0%
Operating Supplies / Miscellaneous	2,480	-	37	-	0.0%
Miscellaneous / Election Expense	348	-	-	-	0.0%
Miscellaneous / Dues & Subscriptions	-	-	646	-	0.0%
DEPARTMENT TOTAL - 5650	152,469	221,366	143,783	235,000	6.2%

Significant Changes

- Revised Ordinance No. 84, Compensation and Policies Related to Board Activities

Fiscal Year 2016-17 Accomplishments

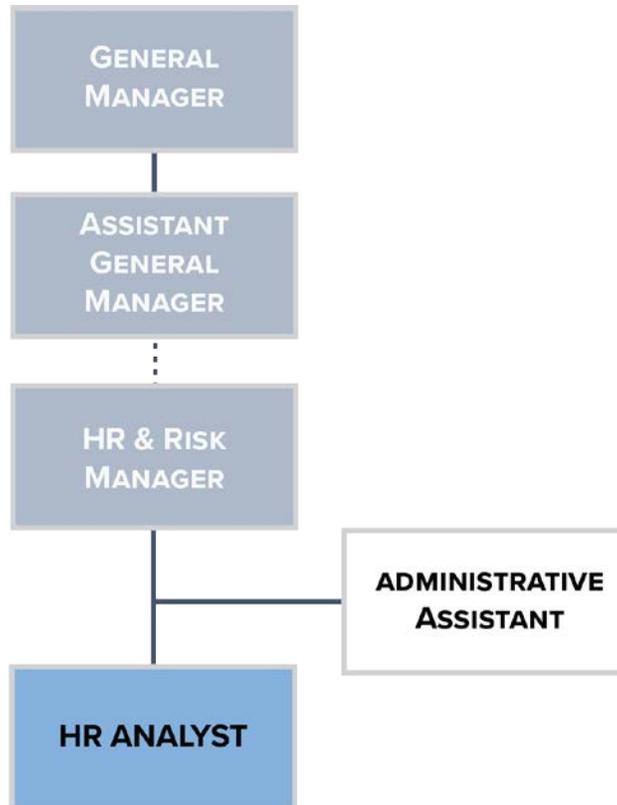
- Adopted a revised Vision, Mission & Values Statement
- Filled vacant Director position

Fiscal Year 2017-18 Goals and Objectives

- Begin strategic planning process with staff in furtherance of the revised Vision, Mission & Values Statement
- Pursue District Transparency Certificate of Excellence by the Special District Leadership Foundation (SDLF) in recognition of outstanding efforts to promote transparency and good governance

HUMAN RESOURCES

Department Structure



LEGEND



HUMAN RESOURCES

Human Resources	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	\$ 184,553	\$ 257,321	\$ 250,571	\$ 317,000	23.2%
Salaries & Wages / Overtime	-	2,000	-	-	-100.0%
Salaries & Wages / Bilingual Compensation	652	650	960	1,000	53.8%
Benefits	87,786	128,592	110,938	152,090	18.3%
Operating Expenses					
Professional Services / Legal	702	-	-	-	0.0%
Professional Services / Consultants	40,296	42,389	14,043	450	-98.9%
Miscellaneous / Trans/Meals/Convention Expense / Training	1,048	7,500	4,196	15,360	104.8%
Miscellaneous / Recruitment	18,130	37,000	27,389	46,075	24.5%
Supplies / Safety	3,539	12,640	8,144	11,050	-12.6%
Supplies / Safety Recognition Supply	24,089	26,400	18,064	10,400	-60.6%
Miscellaneous / Dues & Subscriptions	18,045	24,200	22,926	34,000	40.5%
Operating Supplies / Miscellaneous	7,083	2,846	7,618	8,204	188.3%
Misc. / Employee Wellness Program	879	700	747	1,100	57.1%
DEPARTMENT TOTAL - 5660	2,061	20,400	18,144	19,200	-5.9%
	388,863	562,638	483,740	615,929	9.5%

Significant Changes

- Hired new Human Resources & Risk Manager and Human Resources Analyst
- Reclassified Human Resources Administrative Assistant

Fiscal Year 2016-17 Accomplishments

- Human Resources (HR) Audit
 - Began implementation of consultant's 146 recommendations, including implementation of Veteran's preference into hiring process, procurement of NeoGov recruitment software, developed and implemented Holiday and Payroll Calendar for both 2016 and 2017
- Recruitment process
 - Redesigned process (screening, panels, job offer, physicals, job offer letter) to expedite recruitment process
 - Career Fairs – Began marketing West Valley Water District as an employer of choice in the Inland Empire
- Supervisor Training
 - Began implementation of supervisor training for all Leadership staff
- Wellness
 - Worked with Longevity Screening Company to conduct employee and family screenings in February and March 2017

Fiscal Year 2017-18 Goals and Objectives

- Employee Engagement and Retention
 - Onboarding Process – Redesign onboarding process to enhance new employee engagement
 - Employee recognition – Develop a robust recognition program to enhance employee engagement
 - Employee wellness – launch employee wellness committee
 - Classification and Compensation study – oversee review and implement
- Recruitment
 - Complete implementation of NeoGov recruitment software
- Employee and Supervisor Development
 - Develop robust staff cross-training program
 - Identify and communicate professional development opportunities for staff
 - Conduct Supervisor training on topics of Coaching, Generations in the Workplace, and Documenting Discipline, and continue to have District managers and supervisors attend trainings
- HR Operations
 - Continue with implementation of HR audit recommendations
 - Complete review and implementation of HR Policies and Procedures

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PURCHASING

Department Structure



LEGEND



PURCHASING

Purchasing	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Salaries & Wages / Full Time	-	\$ 214,352	\$ 173,927	\$ 229,000	6.8%
Salaries & Wages / Overtime	-	2,500	1,269	2,500	0.0%
Benefits	-	143,099	83,739	120,090	-16.1%
Operating Expenses					
Expense / Training	-	2,670	683	2,151	-19.4%
Miscellaneous / Trans/Meals/Convention	-	4,800	1,949	1,500	-68.8%
Miscellaneous / Dues & Subscriptions	-	390	691	660	69.2%
Operating Supplies / Miscellaneous	-	200	-	7,400	3600.0%
DEPARTMENT TOTAL - 5680	-	368,011	262,258	363,301	-1.3%

Significant Changes

- Purchasing Department created in FY 2016-17 to improve procurement procedures for significant cost savings
- -1.3% decrease compared to FY 2016-17, primarily due to reduction in traveling and training expenses

Fiscal Year 2016-17 Accomplishments

- Purchasing Supervisor hired to supervise the Department
- Implemented procurement procedures to comply with the adopted Purchasing Policy
- Began the constructing of the new offices for Purchasing staff
- Saved \$10,000 per year in maintenance costs by reviewing all maintenance contracts for District copiers
- Entered into Cooperative Purchasing Agreement to take advantage of piggy backing bids from other public agencies
- Completed office supplies warehouse and check out procedures to reduce expenditures

Fiscal Year 2017-18 Goals and Objectives

- Continue to seek and implement cost-saving measures for all purchases
- Refine and standardize the public works bidding process for District Capital Improvement Projects

GENERAL OPERATIONS

General Operations	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Personnel Expenses					
Benefits	\$ 32,641	\$ 271,332	\$ 32,581	\$ 351,000	29.4%
Expense / State Unemployment Ins	17,053	18,000	10,292	9,000	-50.0%
Expenses / PERS-Pension Classic	302,288	350,074	195,450	210,000	-40.0%
Operating Expenses					
Miscellaneous / Insurance-Auto / Gen	189,836	189,360	211,537	230,000	21.5%
Operating Supplies / Gasoline & Oil	92,334	100,800	85,451	101,000	0.2%
Leasing / Vehicle	124,323	80,000	125,201	96,000	20.0%
Professional Services / Alarm	92,680	87,840	79,886	30,000	-65.8%
Communication Services / Telephone	93,079	75,000	108,250	134,294	79.1%
Miscellaneous / Permits & Fees	221,311	140,612	193,219	158,627	12.8%
Utility Services / Electric	38,208	36,000	24,767	32,000	-11.1%
Operating Supplies / Shop Supplies	84,277	78,000	67,735	80,700	3.5%
Communication Services / Postage & Shipping	59,828	60,000	41,830	12,000	-80.0%
Operating Supplies / Stationery & Office	80,217	54,960	80,174	67,720	23.2%
Repair & Maint. / Structures & Improvements	50,493	64,520	93,835	48,320	-25.1%
Professional Services / Janitorial	35,435	31,608	38,942	41,400	31.0%
Repair & Maint. / Vehicle	81,228	104,200	124,599	61,200	-41.3%
Repair & Maint. / Major Equip & Gen Plant	6,468	7,500	31,736	4,200	-44.0%
Repair & Maint. / Office Equipment	31,924	27,000	23,877	17,280	-36.0%
Repair & Maint. / Communication Equipment	4,992	8,400	6,019	8,400	0.0%
Utility Services / Trash	18,972	15,840	15,957	15,840	0.0%
Professional Services / Telephone Answering Svc	5,285	5,172	5,728	5,172	0.0%
Rentals / Equipment	3,441	5,000	4,700	5,008	0.2%
Other Expenses / Furniture & Equipment	34,291	50,000	41,924	45,000	-10.0%
Utility Services / Water	2,373	2,160	2,345	2,100	-2.8%
Repair & Maintenance / Tools	537	2,500	658	-	-100.0%
Utility Services / Gas	1,478	1,200	1,558	1,200	0.0%
Contractors	-	-	(1,190)	-	0.0%
Board Approved / Rate Rebate	2,547,492	-	(250)	-	0.0%
Capital Improvement Projects Exp.	51,850	25,000	-	25,000	0.0%
DEPARTMENT TOTAL – 8110	4,304,334	1,892,078	1,646,811	1,792,461	-5.3%

Significant Changes

- Eliminated the Enterprise Lease Agreement with Enterprise Fleet Services for general fleet services
- Began the phase out of the alarm system lease agreement with Tyco

Fiscal Year 2016-17 Accomplishments

- Purchased additional fleet vehicles in lieu of continuing lease agreements due to the District's cash position
- Purchased new copy machines to replace aging machines and expensive maintenance agreements
- Reduced Public Employees' Retirement System (PERS) Pension Classic budget to match actual costs
- Updated District asset list for Joint Powers Insurance Authority (JPIA) insurance valuation

GENERAL OPERATIONS

Fiscal Year 2017-18 Goals and Objectives

- Continue to purchase leased vehicles to further reduce leasing expenses
- Continue to look for value added services for efficiencies and opportunities to reduced costs on general operating expenses, i.e., competitively procuring fuels and office supplies

Note: no staff assigned to department.

DEBT SERVICE

Debt Service	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Crestmore Heights Ad 97-1					
Bond Payable / Crestmore Heights	\$ 35,000	\$ 35,000	\$ 74,271	-	-100.0%
Crestmore Heights / Interest	4,119	1,324	633	-	-100.0%
Series 2006D2 Revenue Bonds					
Bonds Payable / Series 2006D	1,090,000	1,130,000	1,130,000	-	-100.0%
Long Term Debt / Interest	1,038,528	513,814	513,814	-	-100.0%
Baseline Feeder Contract Payable					
Liability / Water Part Right-Current	321,529	321,529	321,529	321,529	0.0%
Roemer Hydroelectric Plant					
Liability			-	290,000	0.0%
Series 2016A Bonds					
Bonds Payable / Series 2016A		-	-	595,000	0.0%
Long Term Debt / Interest		-	253,921	917,400	0.0%
Debt Service Total	2,489,176	2,001,667	2,294,168	2,123,929	6.1%
Total Expenditures Including Debt Service	21,958,342	23,663,546	21,307,938	24,594,346	3.9%

Net Revenue & Debt Ratio	FY 2015-16 Actual	FY 2016-17 Amended	FY 2016-17 Projected	FY 2017-18 Proposed	% Change
Total Revenue	\$ 25,085,021	\$ 25,551,268	\$ 27,123,206	\$ 26,829,073	5.0%
Total Expenditures Including Debt Service	21,958,342	23,663,546	21,307,938	24,594,346	3.9%
Net Revenue	3,126,679	1,887,722	5,815,268	2,234,727	18.4%

Significant Changes

- Refinanced 2006D Bonds to take advantage of competitive interest rates for long-term savings

Fiscal Year 2016-17 Accomplishments

- Final payment of \$40,000 for the Crestmore Heights assessment district was made by the District. This was as a result of a 1998 annexation in the Bloomington area.
- Centex Homes—Coyote Canyon Mello-Roos financing project. The District has held restricted funds that belonged to Centex Homes and the balance came to our General Fund in the amount of \$397,000.
- Cucamonga School District Mello-Roos bond issue close out is still in process and will result in General Fund revenue of approximately \$125,000.
- Bond Refinancing – District obtained a credit rating from Standard & Poors of AA-, enabling the District to refinance our bonds at a lower rate, resulting in cash flow savings for FY 2017-18 of approximately \$450,000. These savings will decrease over time, since we refinanced for a longer time period with a future escalating interest rate.

Fiscal Year 2017-18 Goals and Objectives

- District will begin to explore other financing options for large-scale Capital Improvement Projects (CIP) that will be identified in the 2017 Master Plan update



CAPITAL IMPROVEMENT PLAN



CAPITAL IMPROVEMENT PLAN

A capital improvement plan (CIP) is a community planning and fiscal management tool used to coordinate the location, timing and financing of capital improvements over a multi-year period. Capital improvements refer to major, non-recurring physical expenditures such as land, buildings, infrastructure and equipment that cost \$25,000 or more. Capital improvement projects are identified and prioritized based on the following criteria:

1. Safety, restoration of service, immediate obligation, Board directed, or critical system need.
2. System upgrades or requirements to maintain system reliability in the near future.
3. Need to meet the future growth of the system.

Capital Improvement Projects Completed in FY 2016-17

Year Adopted	Project Name	Project Budget	Project Actual
2017	Annual R/R - System Valve Replacement	\$ 156,000	\$ 99,927
2017	Annual R/R - Water Meter Replacement	308,000	257,379
2017	Annual R/R - Wells and Pumping Equipment	200,000	190,090
2017	Annual R/R - Booster Pumps	90,000	80,611
2017	Annual R/R - Cla-Vals	22,000	12,998
2017	Bloomington Alley Way Main Replacement Phase 3, 4 and 5 & Zone 2 24" Transmission Main	144,819	160,764
2017	Annual R/R - Fire Hydrant Replacement	50,000	50,500
2017	Annual R/R - Plastic Service Lateral Renewal Program	316,000	42,929
2017	Annual R/R - Plant Valve Replacement	40,000	30,110
2017	Annual R/R - Admin Office Furniture & Facilities	50,000	60,426
2017	Annual R/R - Yard Piping Recoating	50,000	48,942
2017	SCADA and Telemetry Programming Upgrades & Equipment Replacement	230,000	227,831
2017	Roemer WFF Security Upgrades	50,000	41,304
2017	Alarm System Upgrade for Keyless Entry - Administrations, Roemer, FBR & All Remote Sites	50,000	65,724
2017	Board Room & Administration Conference Room	19,000	18,764
2017	AC unit for server room	8,000	8,628
2017	Engineering Conference Room	19,000	10,156
2017	FBR Bioremediation Wellhead Treatment Project	120,000	86,702
	Total	1,922,819	1,493,785

Ongoing Capital Improvement Projects

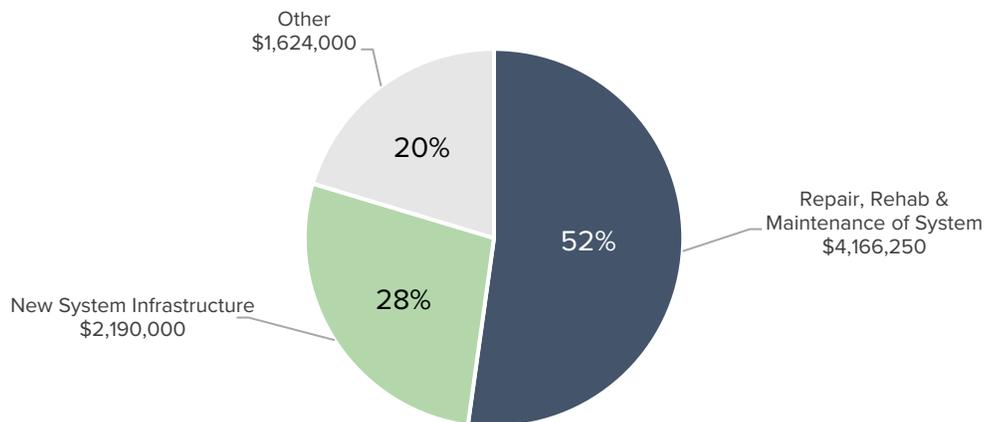
Year Adopted	Project Name	Project Budget	Project YTD
2014	Pepper Avenue @ I-10 Freeway Zone 2 - 24" Transmission Main - Construction	\$ 690,000	\$ 633,938
2015	Lord Ranch 1.0 MG Aeration Tank	9,500	56,455
2015	Lord Ranch 4-3 Pump Station	80,000	58,588
2015	Lord Ranch - Grading, Piping and Site Work	55,000	98,036
2015	Highland Avenue 30" Transmission Main - Pepper Avenue to Oakdale - Design	15,000	41,038
2016	Water System Geographical Information Systems (GIS) Application Upgrades - Phase I	300,000	113,024
2016	Oliver P. Roemer GAC Vessel Expansion	1,138,500	118,408
2017	Well Characterization Study - Abandoned Wells	245,000	245,000
2017	Annual R/R - SCADA & Metering to Non-Metered Pumps/Wells	28,000	1,431
2017	Pump Station & Well Buildings Rehabilitation	82,500	45,100
2017	Fixed Bed Reactor Design and Equipment Procurement	3,000,000	2,066,594
2017	Oliver P. Roemer Hydroelectric Plant	100,000	103,809
2017	Annual - Water System & Administration Security Upgrades	45,000	15,750
2017	Customer Service Foyer Renovation	100,000	5,661
Total		5,888,500	3,602,831

The CIP is a working document that is reviewed and updated by staff regularly to reflect changing community needs, priorities and funding opportunities.

Capital projects are categorized as follows:

1. **New Water Supply:** Facilities required to support new sources of water are funded from new supply fees or user rates.
2. **Expansion:** Facilities required to support new or future users are funded from capacity fees or user rates.
3. **Betterment:** Facilities required because of inadequate capacity or new requirements that benefit existing users are funded from rates, grants or loans.
4. **Replacement:** Facilities required to renew or replace existing facilities that have deteriorated or have exceeded their useful life are funded from user rates.

Capital Improvement Plan Distribution



Includes necessary expenditures to maintain, repair and replace infrastructure

\$7.98 million

FY 2017-18 Capital Improvement Plan

Replacement / Rehabilitation Of System Assets	Capital Revenues	Capacity Charges	Grants/ Reimbs.	Project Total
Source Of Supply				
Well Characterization Study - Abandoned Wells	TBD	-	-	-
Wells And Pumping Equipment Rehabilitation				
Annual R/R - Wells and Pumping Equipment	\$ 200,000	-	-	\$ 200,000
Pumps, Boosters, & Cla-Val Rehabilitation & Replacement				
Annual R/R - Booster Pumps	165,000	-	-	165,000
Annual R/R - Cla-Vals	50,000	-	-	50,000
Roemer Effluent Pump Replacement	200,000	-	-	200,000
Reservoir Rehabilitation				
Annual R/R - Reservoir Inspection, Cleaning, And Repairs.	250,000	-	-	250,000
Rehabilitate Both The Interior And Exterior of Reservoir 4-3	1,125,000	-	-	1,125,000
Reservoir R2-3 Site Upgrades & V-Ditch And Catch Basin Repairs.	50,000	-	200,000	250,000
Water Main Replacement				
Water Main Replacements - Unplanned	45,000	-	-	45,000
Zone 3 Distribution Pipeline Replacement - 8" in Valley/Pomona	750,000	-	-	750,000
System Appurtenances Rehabilitation & Replacement				
Annual R/R - Large Meter Vault Lid Replacement	15,000	-	-	15,000
Annual R/R - Water Meter Replacement	329,250	-	-	329,250
Annual R/R - System Valve Replacement	175,000	-	-	175,000
Annual R/R - Fire Hydrant Replacement	75,000	-	-	75,000
Facilities And Plants Rehabilitation & Replacement				
Annual R/R - Plant Valve Replacement	40,000	-	-	40,000
Annual R/R - Upgrade Plant Gates To Auto Openers	50,000	-	-	50,000
Annual R/R - Yard Piping Recoating	50,000	-	-	50,000
Roemer WFF - Filter Media Replacement	180,000	-	-	180,000
Roemer WFF - Valve Controller/Actuator Replacement	42,000	-	-	42,000
Annual R/R - Roemer Facilities	95,000	-	-	95,000
Pump Station & Well Buildings Rehabilitation	80,000	-	-	80,000
District Headquarters	130,000	-	-	130,000
Subtotal For Replacement / Rehabilitation Of System Assets	4,096,250	-	200,000	4,296,250
New System Assets				
Source Of Supply				
6.0 MGD Membrane Plant	-	200,000	-	200,000
Pumps And Booster Plants				
Lord Ranch 4-3 Pump Station	-	-	-	-
Pump Station 7-2 - Design	-	140,000	-	140,000
Emergency Generators Zone 5 & 6	400,000	-	-	400,000
Water Mains				
Highland Avenue 30" Transmission Main - Pepper Avenue to Oakdale - Design	-	1,450,000	-	1,450,000
Facilities And Plants				
Metal Storage Building and Materials Bins - Vineyard And Linden Plant Site	100,000	-	-	100,000
Annual - Water System & Administration Security Upgrades	161,000	-	-	161,000
Roemer WFF Security Upgrades	45,000	-	-	45,000
Alarm Upgrade For Keyless Entry - Administrations, Roemer, FBR & All Remote Sites	40,000	-	-	40,000
FBR Offices Construction	40,000	-	-	40,000
Fleet/Equipment				
Water Truck (2,000 Gallons)	75,000	-	-	75,000
Scissor Lift	31,000	-	-	31,000
Boom Lift	72,000	-	-	72,000
Flat Deck Trailer	10,000	-	-	10,000
Document Management/Archive System	135,000	-	-	135,000
Fail Over Server/ Disaster Recovery System	35,000	-	-	35,000
Customer Service Foyer Renovation	400,000	-	-	400,000
New Enterprise System Software	350,000	-	-	350,000
Subtotal For New System Assets	1,894,000	1,790,000	-	3,684,000
Total	5,990,250	1,790,000	200,000	7,980,250
Contingency				798,025

Replacement / Rehabilitation of System Assets Project Descriptions

Category	Description	Comments/Status
SOURCE OF SUPPLY		
Well Characterization Study - Abandoned Wells	Required to properly plan and design well head treatment on existing wells	Inland Valley Development Agency (IVDA) Well Purchase - TBD.
FBR Bioremediation Wellhead Treatment Project	FBR Perchlorate Treatment Plant - Start Up Phase after Division of Drinking water (DDW) Permit Issuance	Need to complete California Environmental Quality Act (CEQA) for weed abatement due to discharge to Cactus Basin 2.
WELLS AND PUMPING EQUIPMENT REHABILITATION		
Annual R/R - Wells and Pumping Equipment	Funding to address well failures as they occur or planned rehabilitations	Funding to address well failures as they occur or planned rehabilitations. Install an antenna tower at Well 42, \$18,000. The new warehouse is blocking signals.
PUMPS, BOOSTERS, & CLA-VAL REHABILITATION & REPLACEMENT		
Annual R/R - Booster Pumps	Rehabilitation of pumps with degraded efficiencies and bowls	Rehabilitation of pumps with degraded efficiencies and bowls. \$25,000 for 3 Roemer motors (Influent, Lytle Creek, Effluent); \$140,000 for field booster pumps.
Annual R/R - Cla-Vals	Rehabilitation of Cla-Val diaphragms and solenoids or other mechanical failures	Rehabilitation of Cla-Val diaphragms, solenoids or other mechanical failures. \$3,000/each, total of 16 clav-valves.
Roemer Effluent Pump Replacement	Replace Rialto Pumps 1 and 2	Replacement of failed Rialto Phase I Pumps with 2500 gallons per minute (GPM) pumps (2) Will improve plant output to 14.0 million gallons per day (MGD).
RESERVOIR REHABILITATION		
Annual R/R - Reservoir Inspection, Cleaning, and Repairs.		Concrete reservoir repairs, \$50,000. Reservoirs 4-1 and 4-2. The seepage seen on the exterior walls in the joints. Inspection, cleaning, and caulking leaks for 5 reservoirs, reservoirs smaller than 3 MG in storage capacity, \$30,000. Reroof reservoir 5-1, \$170,000.
Rehabilitate both the interior and exterior of reservoir 4-3.	Reservoir interior and exterior recoating on steel shell reservoirs. Stagger one reservoir every other year.	Estimated cost to rehabilitate interior is \$900,000 and recoat on the exterior is \$225,000. The interior coating system should be removed and re-lined due to blistering and delamination of the coatings on the structural steel that supports the roof. The exterior doesn't necessarily need work, though it is cost effective to recoat while we have the crew on site.
Reservoir R2-3 Site Upgrades & V-Ditch and Catch basin Repairs.	Repairs and upgraded to the reservoir site to prevent future damage due to drainage	Additional paving may be needed on the site access road to direct water run off into the repaired catch basin and v-ditch.
WATER MAIN REPLACEMENT		
Water Main Replacements - Casmalia	Replace water mains as needed as system leaks or main breaks occur	Funding to cover pipeline replacement. \$55,000 from carryover and \$45,000 new for a total of \$100,000.
Zone 3 Distribution Pipeline Replacement - 8" in Valley/Pomona	Zone 3 - 8" Distribution Pipeline in Pomona Avenue and Grove Place - Pipeline Replacement	Design and Construction - Replace aging infrastructure. Project Carry over - \$100,000 Design + \$216,000 from Service Lateral Replacement project, New \$750,000 Construction.

Replacement / Rehabilitation of System Assets Project Descriptions

Continued

Category	Description	Comments/Status
SYSTEM APPURTENANCES REHABILITATION & REPLACEMENT		
Annual R/R - Large Meter Vault Lid Replacement	Replace meter vault lids on large meters - reduce liability to District from injury claims	Placeholder for vault lids that require replacement to improve public safety
Annual R/R - Water Meter Replacement	Replace one book run per year with automatic meter reading (AMR) meters	Meter Department CI AMR project to complete routes 36, 51, and 58. 12-5/8" meters = \$1320. 1032-3/4" Meters = \$138,288. 8-1" meters = \$1,326. 1052 MXU's = \$142,020. 1052 Replacement lids = \$46,288.
Annual R/R - System Valve Replacement	Numerous valves in distribution system inoperable. Need to replace on an annual basis	Numerous valves in distribution system inoperable. Need to replace on an annual basis.
Annual R/R - Fire Hydrant Replacement	Replacement of hydrants that are damaged or non-functioning	Replace hydrants that are damaged or non-functioning. Rehabilitate existing 1,000 hydrants.
FACILITIES AND PLANTS REHABILITATION & REPLACEMENT		
Annual R/R - Plant Valve Replacement	Numerous in plant valves inoperable or disrepair	Replace the 10" Bailey valve at booster station 4-1, \$20,000. Replace the 24" butterfly valve at Reservoir 3A-1, current position is broken open, \$20,000.
Annual R/R - Upgrade Plant Gates To Auto Openers	Numerous access gates require automation for employee safety and efficiency	Install an actuator at Well 54, Reservoir 6-3 and Reservoir 6-4, \$16,000/each.
Annual R/R - Yard Piping Recoating	Well and pump station above ground piping that requires repainting	Paint Well Nos. 24, 4, 5, 23, and 1, 4-3 booster, and 2-3 booster stations.
Roemer WFF - Filter Media Replacement	Replace Trident Filter media as needed. Assume one every three years (6 Filters Total)	Sandblast & recoat Filter No. 4; remove & haul off old media; and replace with new media.
Roemer WFF - Valve Controller/Actuator Replacement		\$3,500 each, including parts/labor. 2 actuators/filter; need to change out 12 actuators.
Annual R/R - Roemer Facilities		Purchase and spread new gravel at the Roemer plant, \$20,000. \$36,000 to repave, and stripe parking lot including stall, handicap stalls, loading areas, directional arrows, and "Stop" stencils at the Roemer facilities. \$17,000 for the purchase of 4 new chlorine analyzers. Current analyzers are over 10 years old and started failing. \$22,000 for the purchase of 5 turbidimeters. They are over 10 years old. Plan to purchase the remaining 5 turbidimeters in FY2018/2019.
Pump Station & Well Buildings Rehabilitation	Pump station and chlorine equipment buildings are in need of repainting, roof and skylight repairs, and corroded chlorine storage doors need replacement	Repair or replace old fences at well sites, booster station, and reservoir sites. Repair buildings, i.e., chlorine doors, roofs, drywalls, and skylights. Booster stations 4-1, 5-1, 6-1, and zone 7 reservoir.
District Headquarters		Reroof the west end of Headquarters (HQs) and the warehouse due to multiple leaks, \$85,000. Repave, and stripe parking lot including stall, handicap stalls, loading areas, directional arrows, "Stop" stencils at the HQs, and enhance existing traffic plan, \$45,000.

New System Assets Project Descriptions

Category	Description	Comments/Status
SOURCE OF SUPPLY		
Oliver P. Roemer GAC Vessel Expansion	Expansion of Roemer GAC for Total Organic Carbon (TOC) removal from SWP source water and expand plant capacity	Remaining Invoices will be received in FY 2017/18. Site work, PM and inspection costs.
PUMPS AND BOOSTER PLANTS		
Lord Ranch 4-3 Pump Station	Lord Ranch 4-3 Pump Station (Design)	Station required to move Bunker Hill Groundwater to North System. Moved to FY 2018-19.
Pump Station 7-2 - Design	Design of Pump Station 7-2	Design of Pump Station 7-2. We only have one pump station serving this pressure zone.
Emergency Generators Zone 5 & 6	Two emergency generators	Standby diesel generators for emergency power at pump stations.
WATER MAINS		
Highland Avenue 30" Transmission Main - Pepper Avenue To Oakdale - Construction	4,200 LF of 30" Zone 4 Transmission Line in Highland from Pepper to Oakdale (Phase 1 of 3) - Design Completion	Estimate includes Phase 1 construction.
FACILITIES AND PLANTS		
Metal Storage Building And Materials Bins - Vineyard And Linden Plant Site	Storage facility for portable generator and other rolling stock north of the I-210. Storage bins for asphalt, base, sand and trench disposal material	Build material bins for asphalt, Type-2 base, sand and trench disposal material in linden yard and/or south shop.
Annual - Water System & Administration Security Upgrades	Fencing, Lighting and Hardening of Facilities to Improve Security.	\$130,000 - Replace existing security alarm provider to all District facilities. \$31,000 - Replace existing lights with LED lights at FBR and HQs.
Roemer WFF Security Upgrades	Add Windows to Plant and Security Camera Network	Replace existing fencing at the Roemer vacant lot and install new 2 sets of double doors, \$45,000.
Alarm System Upgrade For Keyless Entry - Administrations, Roemer, FBR & All Remote Sites	Eliminate keypad for code entry for seamless entry and electronic tracking for enhanced security and eliminate risk of departed employees	The next phase will install APACS at the remaining buildings at the headquarters site, (FBR and Building C). Installation at the Roemer Water Filtration Facility is being contemplated for FY 2018/19.
FBR Offices Construction		Construct offices in FBR, 2nd floor, to house the treatment staff members.
FLEET/EQUIPMENT		
Water Truck (2,000 Gallons)	Existing water truck is custom made, 1,500 gallon capacity and beyond its useful design life	Existing water truck reaches its end life cycle.
Scissor Lift		To transport and raise staff and tools to overhead work area. It as a larger deck so staff can run pipe and other tasks without constantly having to move the lift in small increments.
Boom Lift		To transport and raise staff and tools to overhead work area. Can get to places more than 4 ft. past an obstacle on the floor, e.g., changing light bulbs and ballasts at all District Facilities.
Flat Deck Trailer		Designed to tow the scissor lift and/or the boom lift by 1 staff member.
Document Management/Archive System	Document imaging for archiving documents	Implement a document management system and workflow solution to digitally store, retrieve, track, and manage documents, and to support the District's business functions. The initial phase will focus on the District's administrative documents such as contracts and historical records. Subsequent phases will include integration with existing systems to capture documents related to transactional data, and the development of automated workflows.
Fail Over Server/ Disaster Recovery System	The project will provide hardware redundancy. If the existing hardware was damaged in a disaster, staff would be able to restore backups to the fail over server.	Revised purpose: Instead of providing redundancy, spread the workload of the current virtual server environment for better performance.
Customer Service Foyer Renovation		Improve aesthetics, size and add customer window to walk in lobby for customer service enhancements
New Enterprise System Software		The District's current enterprise system, Naviline, is a DB2 database that runs on the IBM iSeries platform. Although it is a robust platform, the system was originally developed about 30 years ago. Many processes do not reflect contemporary best practices, and it supports relatively few application programming interfaces (APIs), (which is a barrier to successful integration with other systems). The water industry as well as the District's needs have evolved significantly since Naviline's original development. The project would implement a new enterprise system that better meets the District's needs and would integrate with other systems.



**West Valley
Water District**



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