

CUCAMONGA VALLEY WATER DISTRICT
RANCHO CUCAMONGA, CA

BUDGET

FISCAL YEARS 2021 & 2022



Cucamonga Valley®
Water District

Service Beyond Expectation

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BUDGET MESSAGE

TO THE BOARD OF DIRECTORS, CUSTOMERS, AND STAKEHOLDERS OF THE CUCAMONGA VALLEY WATER DISTRICT:

On behalf of the Cucamonga Valley Water District (CVWD/District), I am pleased to present for your consideration our Fiscal Years 2021-2022 Operating and Capital Improvement Budget. Since January 2020, our management team has worked diligently to develop a balanced budget for both Fiscal Years (FY) 2021 and 2022. Components of this budget have been presented to the Finance, Engineering, and Human Resources/Risk Management committees. The organizational priorities and goals have guided staff as this budget was developed.

DISTRICT OVERVIEW AND GOVERNANCE

The District was incorporated on March 25, 1955 under the provisions of Division 12 of the California Water Code. The District provides water, wastewater, and recycled water within its 46 square mile service area. The District serves a population of approximately 192,000 in the cities of Rancho Cucamonga and portions of the unincorporated area of the County of San Bernardino, and a portion of the cities of Fontana, Ontario, and Upland. The District's headquarters are located in the City of Rancho Cucamonga.

The District is governed by a five-member publicly elected Board of Directors that serve the customers with four-year overlapping terms. The General Manager/CEO is appointed by the Board to oversee the daily operations of the District. The Board is committed to addressing important decisions immediately in an open and transparent manner and has direct authority to raise rates and charges in compliance with Propositions 26 and 218.

DISTRICT-WIDE GOALS AND STRATEGIES

In 2012, the District redefined its Foundational Principles emphasizing **Water, Service, and People**. Our commitment is to utilize these foundational principles as a guide in our decision-making process, both in the short and long term. These guiding principles help us to secure a reliable water supply for our customers, provide **Service Beyond Expectation**, and allow our agency to attract and retain a quality workforce that supports our vision and values.

During 2017 a number of District-wide goals were developed in order to align the operating divisions with the Foundational Principles. In 2018 these goals were converted into action plans by the various teams in order to support the accomplishment of these goals. The planning efforts culminated in a Board Workshop presentation on January 30, 2018 in which all the managers gave a group presentation highlighting the action plans for their respective areas. In early 2020, these strategic goals were evaluated and reconfirmed. Performance Measures in each Division have been developed to quantify these work efforts. The progress on these Performance Measures are included in the Department Information section of this Budget. The following District-wide strategic goals have been established:

Water

1. CVWD maximizes the beneficial use of all of our water supplies while maintaining operational and financial flexibility.
2. CVWD recognizes the vital nature of water quality, supply, resiliency, and distribution reliability.
3. CVWD actively participates in the water policy arena to influence local, state, and federal regulations.

Service

1. CVWD staff has the necessary skills, abilities and technology to deliver Service Beyond Expectation.
2. CVWD's preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service.

People

1. CVWD has a resourceful, innovative and empowered pool of talent that supports the culture and values of the District.
2. Employees contribute to the development and implementation of the District's Vision, Goals and Action Plans.
3. Employees take ownership and embrace the District's Foundational Principles through their interactions and communications.

For a deeper look at the District's strategic goals, please refer to the Goals & Objectives section.

NOTABLE ACCOMPLISHMENTS

The District has completed the construction of a groundwater treatment plant that will allow production of potable water from the Cucamonga Basin at a cost that is very low in comparison to other sources. The treatment plant was designed by in-house engineering staff, utilizes cutting edge technology and received a \$2 million grant. The utility billing frequency was changed from bi-monthly to monthly in an effort to modernize the billing pattern, increase customer communication and reduce the carrying value of receivables. The automated meter reading system installation was completed which included transmitters attached to each water meter, data collection devices attached to light poles, and software for processing the data. A contract amendment was completed relating to water rights through Fontana Union Water Company (FUWC) that will lead to more revenue for the District through water production by FUWC. A financial software conversion to Tyler Munis was completed in order to support efficiency and improve document retention.

SHORT-TERM FACTORS INFLUENCING THE BUDGET

Prior to the Emergency Declaration associated with the COVID-19 pandemic, economic health in the District's service area was very strong and unemployment rates were near all-time lows. The District has estimated the financial impacts based on the first two months of the shutdown and the partial progress of re-opening actions by State and County officials. These impacts are estimated to reduce water consumption by approximately 6% and 4% for FY2021 and FY2022, respectively. Fiscal Year 2019 was the last of a four-year period in which water rates were increased by an extensive cost of service study that was completed in 2015. In early 2020, we began the process of completing a new cost of service study for the fiscal years 2021 through 2025. However, the process was deferred in consideration of the need to conduct a public hearing on rate changes. The process of re-designing rates will resume when the public can fully participate. The steps will also include Proposition 218 notices which will provide our rate payers with the opportunity to participate.

The District places a tremendous effort on capital improvement planning. Utilizing our water and wastewater master planning documents, projects are evaluated, prioritized, and scheduled. The total capital project investments in this Budget is approximately \$33 million and in accordance with the District's Debt Management Policy, the use

of debt is prudently reviewed and is limited to long-term projects that meet specific criteria. The District closely monitors its debt ratios. This year's capital budget is funded on a Pay-Go basis. Certain Water and Sewer projects are being funded with Developer Fee Reserves and Capital Reserves.

Since 2010 the District has put into place structural changes to limit the impact of rising wages and benefit expenses: a second CalPERS tier of 2% at 60 was implemented for new employees, the defined benefit retiree health care program was closed, employees now participate in cost-sharing for their pension, as well as other changes resulting in on-going savings to ratepayers. Since this time, pension expenses have increased as the CalPERS Board changed actuarial assumptions and made efforts to improve the funded status of the plan. In 2015, staff commenced a cost-benefit analysis of advanced repayments of the CalPERS unfunded liability. In 2016, the Board approved a funding plan and the District has implemented advanced discretionary payments over the subsequent five years. This plan was implemented in FY 2017 and the District has planned a \$1 million payment for FY 2021. The District has also planned and budgeted to make a sixth contribution in FY 2022. Based on our analysis, the first five years of this early repayment plan will save rate payers approximately \$12.5 million.

BUDGET PRIORITIES FOR FY 2021 & 2022

One of the most significant priorities in FY 2021 and FY 2022 is to maximize utilization of the newly constructed Nitrate Treatment facility. The cutting edge technology at this treatment plant will allow the District to produce more water from the Cucamonga groundwater basin. This is a local water resource that has a very low cost compared to purchasing imported water.

In addition to reducing operating costs by utilizing more local water, District staff have made it a priority to reduce any controllable operating costs as much as possible. These cost cutting decisions have resulted in various reductions in non-core expenses totaling approximately \$310,000 and \$300,000 in FY 2021 and FY 2022, respectively.

Another priority is to maintain the stability and sustainability of the District's operations throughout the entirety of the COVID19 pandemic as well as to be prepared for other types of emergencies. The District is committed to delivering water and sewer services and considers these services to be essential to the life and health of the residents.

SIGNIFICANT BUDGETARY ITEMS

OPERATING BUDGET

Overall, the budget is based on operating revenues of \$103,566,420 for FY 2021 and \$106,268,863 for FY 2022 for all funds, which reflects a decrease of 3% and an increase of 3%, respectively. Operating expenses are budgeted at \$81,963,084 for FY 2021 and \$85,429,753 for FY 2022 for all funds. These operating expenses have been reduced by 0.1% in FY 2021 and held to a 4% increase in FY 2022, including costs that are driven by outside agencies.

Water Fund operating revenues are budgeted to decrease by \$2.8 million for FY 2021. This projection of reduced operating revenues is based on the expectation that the negative economic impact of the pandemic will cause lower water consumption. Also, the projections are based on existing water tiered rates and meter charges without any adjustments. Operating revenues for the Water Fund have been projected to increase by \$1.6 million in FY 2022; however, this projection for FY 2022 is based on estimates of increased water usage and not on a change in water rates.

A pass-through agreement with the Inland Empire Utilities Agency (IEUA) is resulting in wastewater treatment revenues of about \$16 million in FY 2021 and about \$17 million in FY 2022. IEUA is the regional wastewater treatment agency for seven local agencies, including CVWD. IEUA's Board adopted a multi-year rate increase that is estimated to increase the pass-through revenues and expenses in FY 2022.

Of total operating expenses, the single-largest change in any category is the decreased cost of purchasing imported water within the Water Supply account. This category is projected to decrease by \$1 million from FY 2020 to FY 2022. Imported water is expected to provide 60% of the production mix in FY 2021 and 58% of the mix in FY 2022. The imported water production percentages include water purchased from Metropolitan Water District (MWD) through their Dry Year Yield program which allows the District to produce Chino Basin groundwater from the MWD storage account and receive a credit for operating costs. Groundwater production will be 35% of the mix in FY 2021 and 36% in FY 2022 resulting in net electricity expense of \$2 million for FY 2021 and \$2.2 million for FY 2022 after the MWD operating credit for the DYY program. The District's booster pumps which are required to move both imported and locally sourced water around the District will result in electricity costs of about \$2.3 and \$2.4 million for FY 2021 and FY 2022, respectively.

The Wages and Benefits category is budgeted to increase by \$975 thousand in FY 2021. This increase takes into consideration budgeted merit increases, a cost of living adjustment (COLA), an estimate of the impact of a total compensation study, as well as a contribution to the CalPERS Advance Repayment Program and additional actuarial-derived contributions to the Other Post-Employment Benefits and PARS. In FY 2022, Wages and Benefits are expected to increase by 4% including the factors listed above.

CAPITAL IMPROVEMENT BUDGET

New requests in the two-year total Capital Improvement Project (CIP) budget include Water Capital funding of approximately \$21.6 million, Sewer Capital funding of about \$10.2 million, and Recycled Water Capital funding of \$800,000. Notable Water Fund projects include Reservoir 5B-2 (\$4.8 million), and various waterlines (\$9.8 million). The Sewer Fund has large projects that include new sewer lines in 4th Street (\$2.9 million), in Haven (\$2.6 million), and siphon replacements in Center Avenue and at the Deer Creek Channel (\$2.3 million).

BUDGET OVERVIEW

The table below is a consolidated overview of the significant budgetary items for all funds:

| | 2020 Amended Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|-------------------------------------|---------------------------|----------------------|------------------------------|----------------------|------------------------------|
| Operating Revenues | | | | | |
| Water Sales & Services | \$56,611,594 | \$52,687,465 | (7%) | \$53,934,373 | 2% |
| Meter Charges | 23,935,363 | 24,093,460 | 1% | 24,271,117 | 1% |
| Water Sales to Other Agencies | 5,183,756 | 6,057,097 | 17% | 6,303,167 | 4% |
| Sewer Services | 4,801,761 | 4,649,578 | (3%) | 4,661,876 | 0% |
| Sewer Treatment Charge | 16,466,878 | 16,078,820 | (2%) | 17,097,750 | 6% |
| Total Operating Revenues | 106,999,352 | 103,566,420 | (3%) | 106,268,283 | 3% |
| Operating Expenses | | | | | |
| Wages & Director's Fees | 12,398,340 | 13,050,263 | 5% | 13,590,273 | 4% |
| Benefits | 6,944,835 | 8,268,108 | 19% | 8,679,384 | 5% |
| Outside Labor | 154,750 | 111,250 | (28%) | 111,250 | 0% |
| Professional Development | 544,333 | 465,774 | (14%) | 472,010 | 1% |
| Professional Services | 915,419 | 732,805 | (20%) | 736,651 | 1% |
| Personnel Costs | 287,615 | 296,785 | 3% | 306,350 | 3% |
| Insurance | 446,569 | 463,209 | 4% | 469,934 | 1% |
| Advertisements | 30,225 | 25,525 | (16%) | 25,525 | 0% |
| Elections | 700,000 | - | (100%) | - | 0% |
| Collections | 82,000 | 1,012,000 | 1,134% | 1,012,000 | 0% |
| Utilities | 5,711,457 | 5,926,849 | 4% | 6,082,956 | 3% |
| Materials & Supplies | 4,792,326 | 4,871,641 | 2% | 4,973,606 | 2% |
| Outside Services | 2,929,301 | 3,142,160 | 7% | 3,164,777 | 1% |
| Source of Supply | 29,181,467 | 26,951,947 | (8%) | 28,141,269 | 4% |
| Sewer Treatment Cost | 16,466,878 | 16,078,820 | (2%) | 17,097,750 | 6% |
| Miscellaneous | 497,034 | 565,948 | 14% | 566,018 | 0% |
| Total Operating Expenses | 82,082,549 | 81,963,084 | (0%) | 85,429,753 | 4% |
| Net Operating Revenue | 24,916,803 | 21,603,336 | (13%) | 20,838,530 | (4%) |
| Non-Operating Revenues | | | | | |
| Interest Income | 2,030,200 | 1,138,534 | (44%) | 871,400 | (23%) |
| Development Income | 5,504,543 | 6,512,352 | 18% | 6,794,352 | 4% |
| Outside CIP Funding | 450,000 | 1,037,280 | 131% | - | (100%) |
| Other Income | 1,294,408 | 723,277 | (44%) | 744,083 | 3% |
| Total Non-Operating Revenues | 9,279,151 | 9,411,443 | 1% | 8,409,835 | (11%) |
| Non-Operating Expenses | | | | | |
| Capital Improvement Projects | 12,672,000 | 15,597,280 | 23% | 17,222,000 | 10% |
| Annual Debt Service | 14,669,006 | 14,680,454 | 0% | 14,458,318 | (2%) |
| Debt Covenants | 2,783,415 | 2,783,085 | (0%) | 3,035,852 | 9% |
| Total Non-Operating Expenses | 30,124,421 | 33,060,819 | 10% | 34,716,170 | 5% |
| Change in Net Position | \$4,071,533 | \$(2,046,040) | (150%) | \$(5,467,805) | 167% |

CONCLUSION

The Cucamonga Valley Water District believes that its vision of [Water, Service, and People](#) provides a meaningful, deliberate, and proactive approach to managing our District and the precious resources entrusted to it. The District maintains transparency, responsiveness, and stewardship to our customers, stakeholders, and employees. The budget incorporates resources for the carefully-planned priorities established for FY 2021 and FY 2022.

I would like to thank the Board Committees who worked diligently to develop this budget and to the CVWD staff who have contributed to its development. Special thanks to the Finance staff including: Andrea Dutton, Senior Accountant; Jennifer Fillinger, Accounting Supervisor; Agnes Boros, Finance Manager; Chad Brantley, Director of Finance and Technology Services.

Respectfully submitted,



John Bosler
General Manager/CEO



DISTRICT MANAGEMENT

CARRIE GUARINO
Assistant General Manager

EDUARDO ESPINOZA
Director of Engineering Services

CHAD BRANTLEY
Director of Finance & Technology Services

ROB HILLS
Director of Operations



Board President
JAMES V.
CURATALO JR.



Vice President
RANDALL JAMES
REED



Director
LUIS CETINA



Director
MARK GIBBONEY



Director
KEVIN KENLEY

RESOLUTION NO. 2020-6-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CUCAMONGA VALLEY WATER DISTRICT ADOPTING THE BIENNIAL OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR THE FISCAL YEARS ENDING JUNE 30, 2021 AND JUNE 30, 2022

WHEREAS, the Cucamonga Valley Water District (“District”) is organized and operates pursuant to the County Water District Law commencing with Section 30000 of the California Water Code; and

WHEREAS, there has been presented to the Board of Directors a proposed Biennial Operating and Capital Improvement Budget For The Fiscal Years Ending June 30, 2021 & June 30, 2022 (“2021 & 2022 Budget”); and

WHEREAS, on June 23, 2020, the Board of Directors received and considered all comments regarding the proposed 2021 & 2022 Budget; and

WHEREAS, the proposed 2021 & 2022 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interests of the District to adopt said budget for the sound financial operation of the District.

BE IT HEREBY RESOLVED by the Board of Directors of the Cucamonga Valley Water District as follows:

1. The 2021 & 2022 Budget, as detailed in the budget document entitled “Budget Fiscal Years 2021 & 2022,” is hereby adopted. A copy of the 2021 & 2022 Budget is attached hereto and incorporated herein by reference.
2. The expenditure amounts designated for the Fiscal Years 2020-2021 and 2021-2022, pursuant to the 2021 & 2022 Budget, are hereby appropriated and may be expended by the departments or funds for which they are designated with the exception of certain Capital Improvement Projects in the Water Fund which will be deferred if economic conditions do not support their completion. These deferred projects are identified on the list attached hereto and incorporated herein by reference.
3. The current amount of the MWD Surcharge Rate pass-through, as established in Chapter 4.08.020 shall remain at \$0.29 effective 07/01/2020, and 07/01/2021.
4. The current amount of the Customer Assistance Program (CAP) shall remain the same at \$10.00 per monthly period effective 07/01/20120 and 07/01/2021.
5. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.
6. If any section, subsection, sentence, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid.
7. This Resolution will be effective immediately upon adoption.

Adopted this 23rd day of June, 2020.



James V. Curatalo Jr.
President, Board of Directors

Attest:



John Bosler
Secretary, Board of Directors

GOALS & OBJECTIVES

The District has developed a number of District-wide goals for FY2021 and FY2022 to align the operating divisions with the Foundational Principles of the District. Divisions are tasked with aligning their action plans to support these goals.

The following District-wide strategic goals have been established:

WATER

1. CVWD maximizes the beneficial use of all of our water supplies while maintaining operational and financial flexibility.
 - A. Maintain operational flexibility between imported water and groundwater, surface, and recycled water
 - B. Our rates ensure operational and capital needs are met and are fair to our customers
 - C. Protect, secure and obtain additional water rights as feasible
 - D. Encourage efficient water use practices with customers through education and new technology
 - E. Increase collaboration between District teams
2. CVWD recognizes the vital nature of water quality, supply, resiliency, and distribution reliability.
 - A. Continue to develop and implement adopted master plans, CIP Budget and Long-Term Financial Plans to anticipate current and future needs
 - B. Adhere to current and anticipated water quality regulations
 - C. Outreach to customers and stakeholders to address the results of investments and value of water
 - D. Use technology to maintain efficient asset management
3. CVWD actively participates in the water policy arena to influence local, state, and federal regulations.
 - A. Encourage employees and Board Members to stay informed of topics that impact our organization
 - B. Engage and actively participate with state and federal advocacy organizations
 - C. Actively build relationships with policy makers, stakeholders, and regulators

SERVICE

1. CVWD staff has the necessary skills, abilities and technology to deliver *Service Beyond Expectation*.
 - A. Employees are provided with training, professional development and leadership opportunities to successfully contribute to the organization
 - B. The District's culture fosters employee innovation and a *Service Beyond Expectation* standard:
 - i. Standardization of customer communications via Branding Guidelines
 - ii. Ongoing internal/external customer interaction training
 - iii. Explore the use of alternate modes to receive internal and external customer feedback
2. CVWD's preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service.

PEOPLE

1. CVWD has a resourceful, innovative and empowered pool of talent that supports the culture and values of the District.
 - A. Provide leadership, professional development and training programs
 - B. Continue to evaluate the recruitment process and retain quality talent
 - C. Focus on programs and practices that encourage unity
 - D. Provide programs that inspire multi-functional skill development that brings value to the District and to employees
 - E. Employees are empowered to contribute innovative ideas and are entrusted to participate through implementation
2. Employees contribute to the development and implementation of the District's Vision, Goals and Action Plans.
3. Employees take ownership and embrace the District's Foundational Principles through their interactions and communications.





INTRODUCTION



Introduction

BUDGET GUIDE

This budget document is the District’s biennial financial plan prepared by District Management and approved by the Governing Board. The financial plan serves as a policy document, operations guide, and as a means of transparent communication. The budget document is a comprehensive and balanced financial plan that features the key elements of the budget and the major changes and expectations to help users gain an understanding of the District’s financial status and future plans. To help readers navigate this document an outline of each of the major sections of the budget is included below.

BUDGET DOCUMENT SECTIONS

BUDGET MESSAGE

This section includes the District Officials, General Manager/CEO’s Budget Message, Strategic Goals and Strategies, Short-Term Organization-Wide Factors, Priorities and Issues, Budget Overview, Budget Resolution, and Goals & Objectives.

INTRODUCTION

The Introduction section includes the Budget Guide, History & Profile, Statistical Section, Organizational Structure, and District Philosophy.

FINANCIAL STRUCTURE, PROCESS, & POLICY

This section presents an in-depth District-Wide overview of the District’s financial structure, budget process, and significant policies.

FINANCIAL SUMMARIES

This section is a comprehensive summary of the District’s Operating Budget.

CAPITAL & DEBT

This section presents the Capital Improvement Projects and describes the District’s debt.

DEPARTMENT INFORMATION

This section provides comprehensive information for each department within the District including their operational budget. The Budget is organized into the following summary departments:

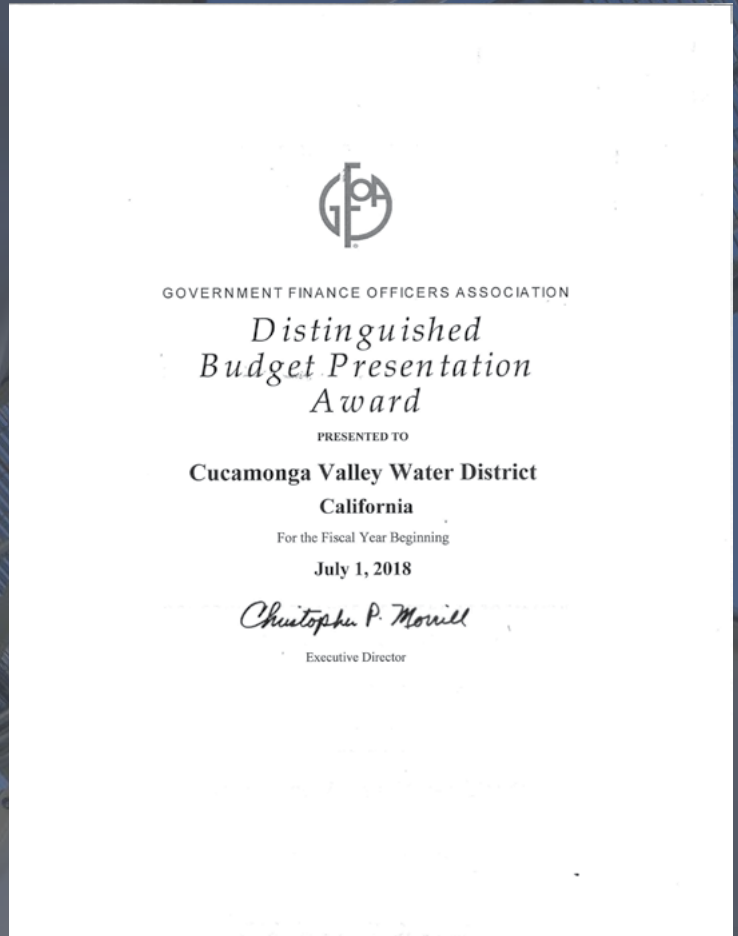
- Board of Directors
- Office of the General Manager
- Office of the Assistant General Manager
- Human Resources & Risk Management
- Government & Public Affairs
- Financial & Technology Administration
- Accounting & Purchasing
- Customer Service
- Information Technology
- General Services Administration
- Engineering Administration
- GIS
- Design & Construction
- Water Resources & Planning
- Development
- Industrial Waste
- Cross Connection
- Recycled Water
- Operations Administration
- Water Treatment
- Production & Telemetry
- Facilities
- Fleet
- Water Distribution
- Collection & Transmission

ACRONYMS & GLOSSARY

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

BUDGET AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) presented the award of Distinguished Budget Presentation Award to the Cucamonga Valley Water District for the biennial budget for the fiscal year beginning July 1, 2018. In order to receive this award a governmental unit must publish a budget document of the very highest quality that adheres to program standards. The award is valid for the length of the budget awarded only. The District has received this award every budget cycle since the fiscal year beginning July 1, 2007. We believe the 2021 & 2022 budget continues to meet the program requirements and will be submitted to the GFOA to determine its eligibility for another award.



The California Society of Municipal Finance Officers (CSMFO) recognizes those entities with highly professional budget documents with two levels of certificates. The first level is the "Meritorious Budget Award", which requires the entity to meet a very specific list of criteria defined by the CSMFO. The second level is the "Operating Budget Excellence Award", which requires the entity to meet an even higher criterion which effectively enhances the usability of the budget document. The award is valid for the length of the budget awarded only. The District has received this award every year since fiscal year 2006-2007. We believe the 2021 & 2022 budget continues to meet the program requirements and will be submitted to the CSMFO to determine its eligibility for another award.



HISTORY & PROFILE

HISTORY

RESPONDING TO GROWING WATER NEEDS

The area of Cucamonga Valley Water District, like most of Western San Bernardino County, has rapidly urbanized. The area's history, however, has not always indicated this direction. The peak agricultural production capability of the 1940's actually began nearly one hundred years earlier. Good climate, excellent soils and the abundant water supply prompted the early pioneers to develop a long successful agricultural era. The prosperity resulting from a thriving agricultural base attracted growth to the communities. The decline in the area's agricultural economy was replaced by a mixture of residential, commercial, industrial and logistical development.

Beginning in the late 1940's and continuing for about twenty years, most of Southern California experienced an extensive dry cycle. During this period rainfall was one-half of the prior averages. Prior to this dry period most of the water used within the Cucamonga area originated from collection systems constructed in the mountain canyons and from wells in the Cucamonga Basin. A small amount of water was produced from the Chino Basin to the south.

All water production was developed through the efforts of about twenty-five privately owned mutual water companies and a few individually owned wells. The continuing dry cycle was an extremely difficult period for most of the water companies. Pumps were lowered at regular intervals, some wells were abandoned, and new deeper wells were drilled. Many companies reduced the amount of water delivered to shareholders. Additional production from the Chino Basin began as a result of the lowered water table in the Cucamonga Basin.



CREATION OF THE DISTRICT

At the time drought conditions were plaguing the various water companies, a complaint was filed in the Superior Court by San Antonio Water Company (in Upland) to determine the water rights of all Cucamonga Basin users. This action solidified the local interests into a common defense, and resulted in annexations to Metropolitan Water District of Southern California (MWD) and to Chino Basin Municipal Water District (CBMWD), later renamed the Inland Empire Utilities Agency (IEUA), as well as the creation of Cucamonga County Water District (CCWD) in 1955.

During the drought cycle from 1940-1960 the Cucamonga Water Company (CWC), a mutual water company, was not able to provide adequate service to either its agricultural or residential customers. Several wells were unable to produce water because of the extreme low water levels in the groundwater basin. Additionally, CWD was unable to fund the purchase of necessary equipment to pump water from lower elevations.

As a result of these conditions, stockholders in the Cucamonga Water Company and the Cucamonga Basin Protective Association recognized the need to create a public agency that could raise sufficient funds to provide an adequate supply of water for the growing area. The Cucamonga County Water District was organized in March of 1955 under the provisions of Division 12 of the State Water Code, following an election within boundaries established by the San Bernardino Board of Supervisors.

Elected to the first five-member Board of Directors were Mr. Robert Nesbit, Mr. Galer Royer, Mr. John S. Ingalls, Mr. J.F. Grass Jr., and Mr. Harold B. Blatz. Mr. Nesbit served as a director continuously from 1955 until his death in 1981. The first meeting of the Board of Directors of the Cucamonga County Water District was called to order on March 25, 1955 at the Fire Hall in Alta Loma, California. The first order of business was to elect a president of the Board of Directors. The unanimous choice for this position was Robert Nesbit.

The following year, at the Board of Directors meeting of August 25, 1956, Norman Hixson was appointed as the district's first general manager, a position he held until 1972. At that time, the district occupied an area approximately 22,000 acres generally bounded on the west by the City of Upland, on the south by the City of Ontario, on the east by Etiwanda Avenue and on the north by the foothills of the San Gabriel Mountains. The service area included the unincorporated communities of Cucamonga, Alta Loma, and a part of Etiwanda.



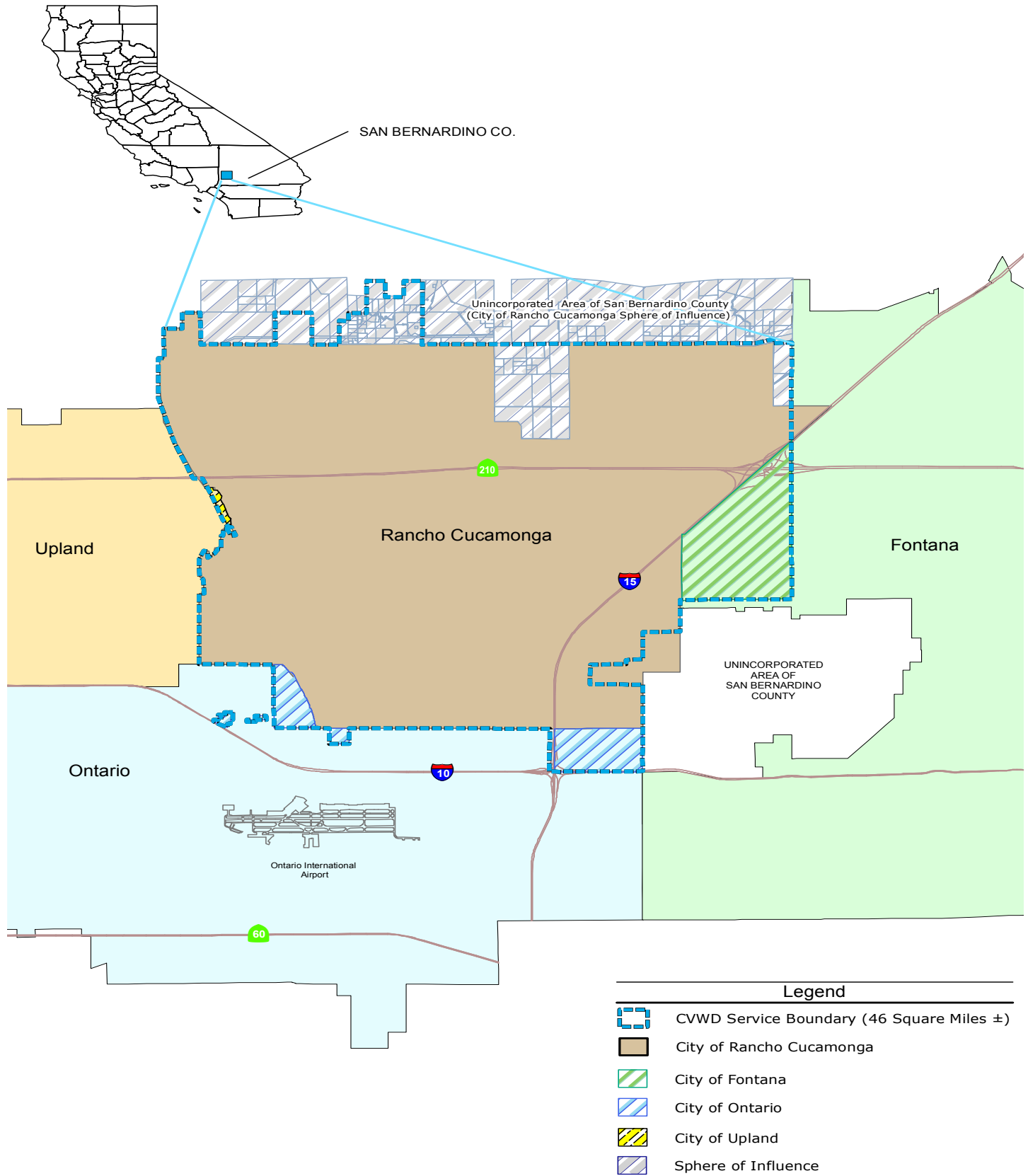
PROFILE

GOVERNMENT

Cucamonga Valley Water District is an independent California Special District and was incorporated on March 25, 1955. The District is governed by a five member Governing Board elected by voters at-large four-year overlapping terms. The Governing Board represents the public's interest as policy makers with regards to rate for service, policies, ordinances, and budget adoption. Appointed by the Governing Board, the General Manager/CEO is responsible for overseeing daily operations. The District is a rate-based organization that receives no tax-related revenue and operates in accordance with Division 12 of the California Water Code.

SERVICE AREA

The District provides water, wastewater, and recycled water services to a population of approximately 190,000 within its 46 square mile service area, which is located in the western area of San Bernardino County, California. The District encompasses the majority of the community of Rancho Cucamonga and portions of the cities of Fontana, Ontario, Upland, and some of the unincorporated areas of San Bernardino County.



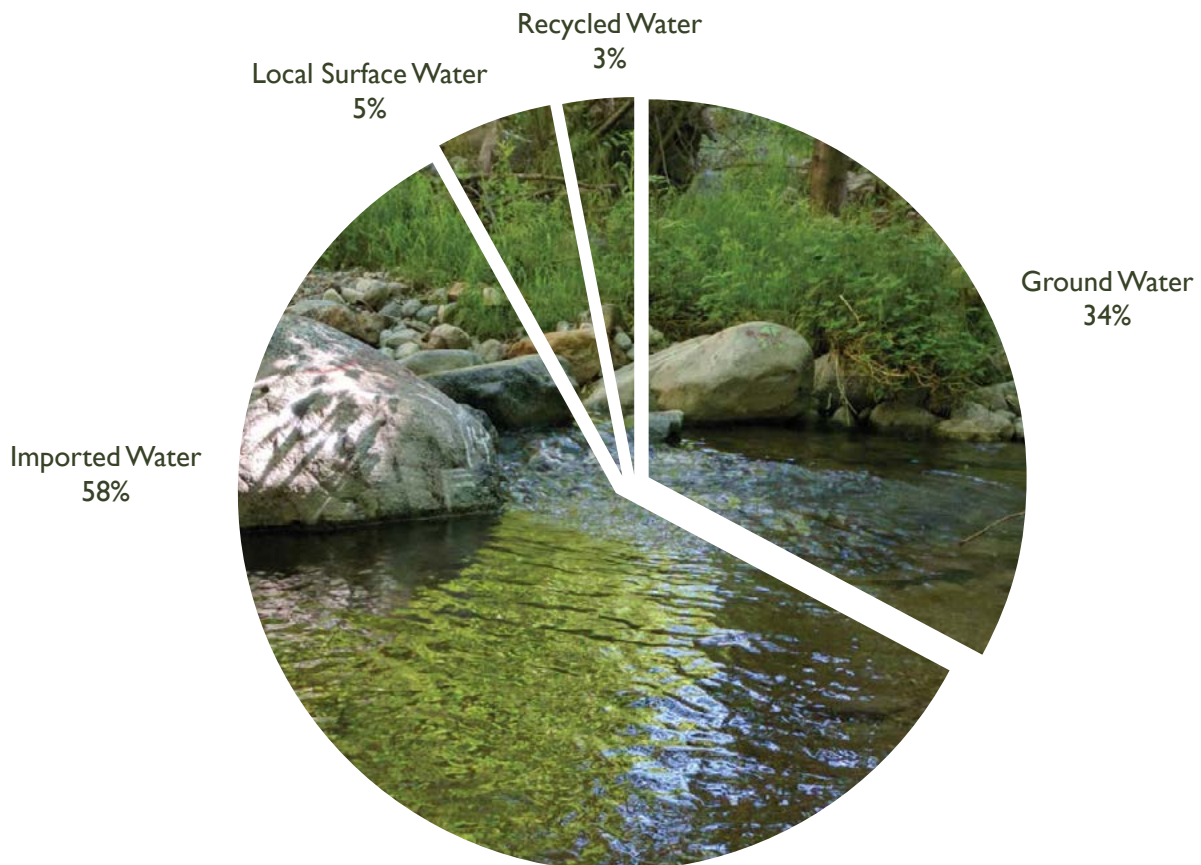
DISTRICT OFFICE

The Cucamonga Valley Water District Main Office is located at 10440 Ashford Street, Rancho Cucamonga, California 91730-2799.



WATER SOURCES

The District has several sources of water available including: imported water, groundwater, surface water, recycled water, and interconnection water.



IMPORTED WATER

Imported water is the District's most significant water supply and is purchased from IEUA, which is a member agency of MWD. Water is imported by MWD from the State Water Project through Lake Silverwood and is conveyed through the Rialto Feeder pipeline. The District has two active connections to untreated water, an 18-inch diameter connection, CB-7, and a 60-inch diameter connection, CB-16. CB7 is treated at the District's Royer-Nesbit Water Treatment Plant and CBI6 is treated at the District's Lloyd Michael Water Treatment Plant.

GROUNDWATER

The District has water rights in two groundwater basins that underlie the District's service area: Chino Basin and Cucamonga Basin. These water rights allow the District to pump groundwater out of the basins via District wells. The Chino Basin management is overseen by the Chino Basin Watermaster. The Basin has an established annual safe yield of 135,000 AF. The Cucamonga Basin does not have an official watermaster, but is shared by the District, the San Antonio Water Company, and the City of Upland, who are currently following the adjudicated 1958 Decree. The 1958 Decree allows the District the annual right to pump 15,471 AF.

SURFACE WATER

The District's canyon/surface water supplies come from streams, springs, and tunnels located within the northern area of the District. The District has rights to six sources of canyon water: Cucamonga Canyon, Day/East Canyon, Deer Canyon, Lytle Creek, Smith Canyon Group, and the Golf Course Tunnel. Currently, water is only utilized from three of the six sources: Cucamonga Canyon, Day/East Canyon, and Deer Canyon. The District's conveyance and collection systems enable the District to collect local surface water from precipitation falling in the San Gabriel Mountains that flows in local streams and canyons. The District estimates future storm water projections and makes two estimates: dry conditions and normal conditions. Under normal conditions the District predicts 4,540 AF annually of surface water capture, but that decreases to 2,270 AF annually under dry conditions. So although canyon/surface water is the most cost-effective supply, it only contributes between 3% and 9% of the District's annual water supply.

RECYCLED WATER

IEUA treats all wastewater from the District's service area at regional treatment plants according to Title 22 regulations set forth by the State Water Resources Control Board. Treated water is then available to the District as recycled water. The District provides recycled water for landscape irrigation purposes to parks, medians, parkways, schools, and other non-potable needs.

INTERCONNECTION

The District has system interconnections to the Fontana Water Company, City of Upland, and the City of Ontario, allowing for the purchase and sale of water with neighboring water agencies. The District has five interconnections with three neighboring agencies. The District only can receive and transfer water through the Fontana Water Company and the City of Upland connections. At the City of Ontario connection, the District cannot receive water, but can transfer water out of the service area. The District only transfers water through its interconnections when additional supplies are available. The District has only actively transferred water to the Fontana Water Company and City of Upland, with no significant impact on the District's supplies.

WATER DISTRIBUTION

Currently, the District manages a potable water system that includes 8 primary pressure zones, 29 groundwater wells, 35 water storage reservoirs, and tanks, 22 booster pumping stations, 3 imported water connections, 33 pressure reducing valves, and approximately 707 miles of pipeline. For water systems that have varied topography, such as the District, water distribution systems are typically divided into different hydraulic regions, known as pressure zones. The purpose of these pressure zones is to maintain adequate pressures throughout the distribution system in spite of varying topography. The District's service area ranges in elevation from approximately 998 feet above mean sea level in the southern portion service area to about 2,602 feet above mean sea level in the northern portion of the service area.

The District's water distribution system consists of eight different primary pressure zones, and seven subzones. The District's potable water distribution system contains 22 pumping stations that move water between pressure zones and one pumping station that moves water laterally within the same zone. Water distribution systems rely on stored water to help equalize fluctuations between supply and demand. Currently, the District's potable water system has 35 reservoirs. Since the District's wells and imported water supplies originate at the lower elevations of its distribution system, reservoirs are configured to be replenished from lower pressure zones. This is achieved by using booster pumping stations to pump water from the lower pressure zones to the higher pressure zones.

WASTEWATER COLLECTION & TREATMENT

The District's sewer system maintains approximately 37,000 sewer connections, covering 25,986 acres (40.6 square miles), and conveys an estimated average of 12.5 million gallons per day (MGD) of wastewater. The District collects wastewater and delivers it to the IEUA. IEUA treats wastewater and either recycles it for non-potable uses (such as landscaping and industrial uses) or disposes of the treated wastewater. IEUA provides recycled water back to agencies including the District, for distribution in their water service areas. The District is composed of six independent sewer sheds. The sewer sheds, and their related infrastructure systems of pipelines, lift stations, and siphons convey wastewater from the higher elevations in the northern part of the District sewer service area southerly and easterly towards IEUA Regional Water Reclamation Plant No. 1 and No. 4. The District's sewer system infrastructure consists of a gravity sewer collection system and two lift stations.



WATER CONSERVATION

In 2009 the California legislature passed SBx7-7 which requires a statewide 20% reduction in urban per capita water use by 2020. It requires that urban water retail suppliers determine baseline water use and set reduction targets according to specified requirements, and requires agricultural water suppliers prepare plans and implement efficient water management practices. A combination of a population and land-use-based demand forecasting was used to project future demands in the District's service area. Based on the District's evaluation of years 1995 to 2004, the maximum per capita water use was 289.3 gallons per capita per day. To achieve a 20% reduction by 2020 as written under SBx7-7, the average per capita demand target was set at 231 gallons per capita per day.

From 2012 to 2017, California experienced historic drought conditions. In April 2015 the State Water Board set conservation standards for each water supplier, and based on this reduction, the District was required to set a conservation target of 32% as compared to 2013. In FY 2016 the District set drought rates at Stage 6 – Severe Water Emergency requiring 35% conservation by all customers, but due to the District's water supply was able to move to Stage 1 – Encouraging Water Use Efficiency and No specific conservation requirement on July 1, 2016. On April 7, 2017 the Governor issued an Executive Order lifting the emergency drought declaration but reaffirmed the need for Californians to make water use efficiency a way of life. Since FY2019 the District has remained at Normal Conditions.

WATER QUALITY

The District's mission is to provide high quality, safe and reliable drinking water and wastewater services while practicing good stewardship of natural and financial resources. The District employs a variety of water treatment technologies depending on source water characteristics and water quality goals. The water from tunnels is groundwater quality and does not require treatment. All other water requires treatment at one of the District's three treatment plants before it can be introduced into the potable water supply. The District's Arthur H. Bridge Water Treatment Plant utilizes dual-stage pressure filtration followed by disinfection, while the Royer-Nesbit Water Treatment Plant and the Lloyd Michael Water Treatment Plant are conventional treatment plants. Additional improvements at the Lloyd Michael Water Treatment Plant allow for additional enhanced treatment processes such as granulated activated carbon filtration and ultraviolet irradiation.



STATISTICAL SECTION

CUSTOMER BASE

FY 20 Customer Base

Approximately 86% of the District's customer accounts are residential and within the City of Rancho Cucamonga. The majority of Rancho Cucamonga has been developed and customer increases have averaged less than 1% in the last 10 years.



10 LARGEST WATER CUSTOMERS

The District has a diverse customer base and the largest ten water service customers by consumption volume represented only 10.94% of total water sales revenue in FY 2019.

| Customer | 2019 Annual Usage (HCF) | % Of Total | FY 2019 Revenues | % Of Gross Water Sales & Meter Charges |
|--|-------------------------|----------------|----------------------|--|
| City of Rancho Cucamonga | 701,968 | 4.15% | \$ 2,861,163 | 3.52% |
| Etiwanda School District | 295,679 | 1.75% | 983,017 | 0.00% |
| City of Fontana | 244,311 | 1.44% | 812,481 | 1.00% |
| County of San Bernardino | 223,627 | 1.32% | 1,265,450 | 1.56% |
| Gerdau Ameristeel (Tamco) | 155,773 | 0.92% | 529,236 | 0.65% |
| Frito Lay | 131,735 | 0.78% | 479,228 | 0.59% |
| Chaffey College | 112,956 | 0.67% | 570,248 | 0.70% |
| Homecoming I at Terra Vista LLC | 101,958 | 0.60% | 634,117 | 0.78% |
| Alta Loma School District | 94,831 | 0.56% | 364,812 | 0.45% |
| Nestle Waters North America | 72,965 | 0.43% | 385,173 | 0.47% |
| Total | 2,135,803 | 12.61% | 8,884,925 | 10.94% |
| Total District Consumption (All Accounts) | 16,933,422 | 100.00% | \$ 81,244,260 | 100.00% |

10 PRINCIPAL EMPLOYERS IN CITY OF RANCHO CUCAMONGA

Below is a listing of the top ten employers within the city of Rancho Cucamonga where a majority of the District's service area is located.

| Employer | Number of Employees | Percentage of Total Employment |
|----------------------------------|---------------------|--------------------------------|
| Etiwanda School District | 2,387 | 2.55% |
| Chaffey Community College | 2,120 | 2.27% |
| Inland Empire Health Plan (IEHP) | 2,078 | 2.22% |
| Mission Foods | 950 | 1.02% |
| Alta Loma School District | 940 | 1.01% |
| City of Rancho Cucamonga | 761 | 0.81% |
| Amphastar Pharmaceutical | 657 | 0.70% |
| Mercury Insurance Company | 640 | 0.68% |
| Macy's | 625 | 0.67% |
| Central School District | 608 | 0.65% |

Source: City of Rancho Cucamonga June 2019 CAFR

DEMOGRAPHICS

The following are key demographics regarding the residents of Rancho Cucamonga and the surrounding region.

| Year | Rancho Cucamonga | | State of California | Riverside-San Bernardino-Ontario MSA | | Personal Income (thousands of dollars) |
|------|-------------------|----------------------|---------------------|--------------------------------------|------------------------|--|
| | Unemployment Rate | Population | Unemployment Rate | Unemployment Rate | Population | |
| 2010 | 10.3% | 165,269 | 12.2% | 14.4% | 4,242,562 | 127,927 |
| 2011 | 10.2% | 168,577 | 12.1% | 14.3% | 4,295,341 | 135,969 |
| 2012 | 9.2% | 169,866 | 10.7% | 12.6% | 4,336,162 | 139,872 |
| 2013 | 7.8% | 170,779 | 8.9% | 10.3% | 4,371,914 | 144,140 |
| 2014 | 6.2% | 171,795 | 7.3% | 8.4% | 4,418,731 | 152,653 |
| 2015 | 5.0% | 173,346 | 6.2% | 6.5% | 4,465,232 | 162,915 |
| 2016 | 4.9% | 174,316 | 5.7% | 6.6% | 4,516,744 | 170,614 |
| 2017 | 4.0% | 175,095 | 4.9% | 5.5% | 4,570,427 | 177,428 |
| 2018 | 3.1% | 175,086 | 4.2% | 4.1% | 4,622,361 ³ | 187,142 ³ |
| 2019 | 2.5% | 175,201 | 3.7% | 5.3% | N/A | N/A |
| 2020 | 3.6% ¹ | 175,522 ² | 5.6% ¹ | 5.3% ¹ | N/A | N/A |

Source: ¹ Preliminary rate through March 2020 (latest data available) from California State Employment Development Department

² May 2020 estimate using the 2010 census benchmark from California State Department of Finance

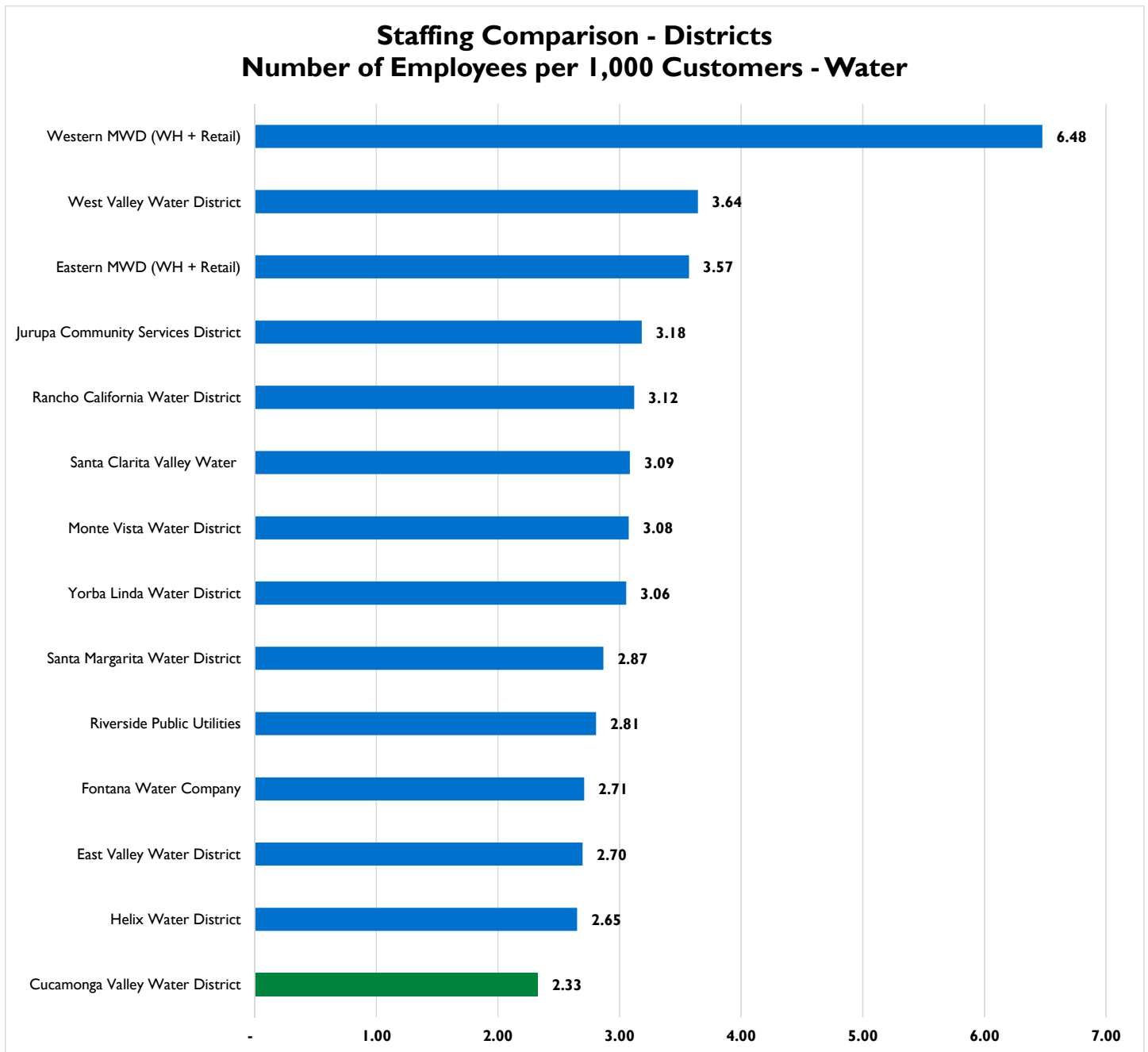
³ United States Bureau of Economic Analysis for the Riverside-San Bernardino-Ontario Metropolitan Service Area

CLIMATE

The District’s service area climate is a semi-arid, Mediterranean environment with mild winters, warm summers, and moderate rainfall, consistent with interior coastal Southern California. The usually mild climatological pattern is interrupted infrequently by periods of extremely hot weather or winter storms. The average temperature is 65 degrees Fahrenheit between 1981 and 2012, with an average annual rainfall of 15.0 inches as measured at the National Climatic Data Center Ontario International Airport Station.

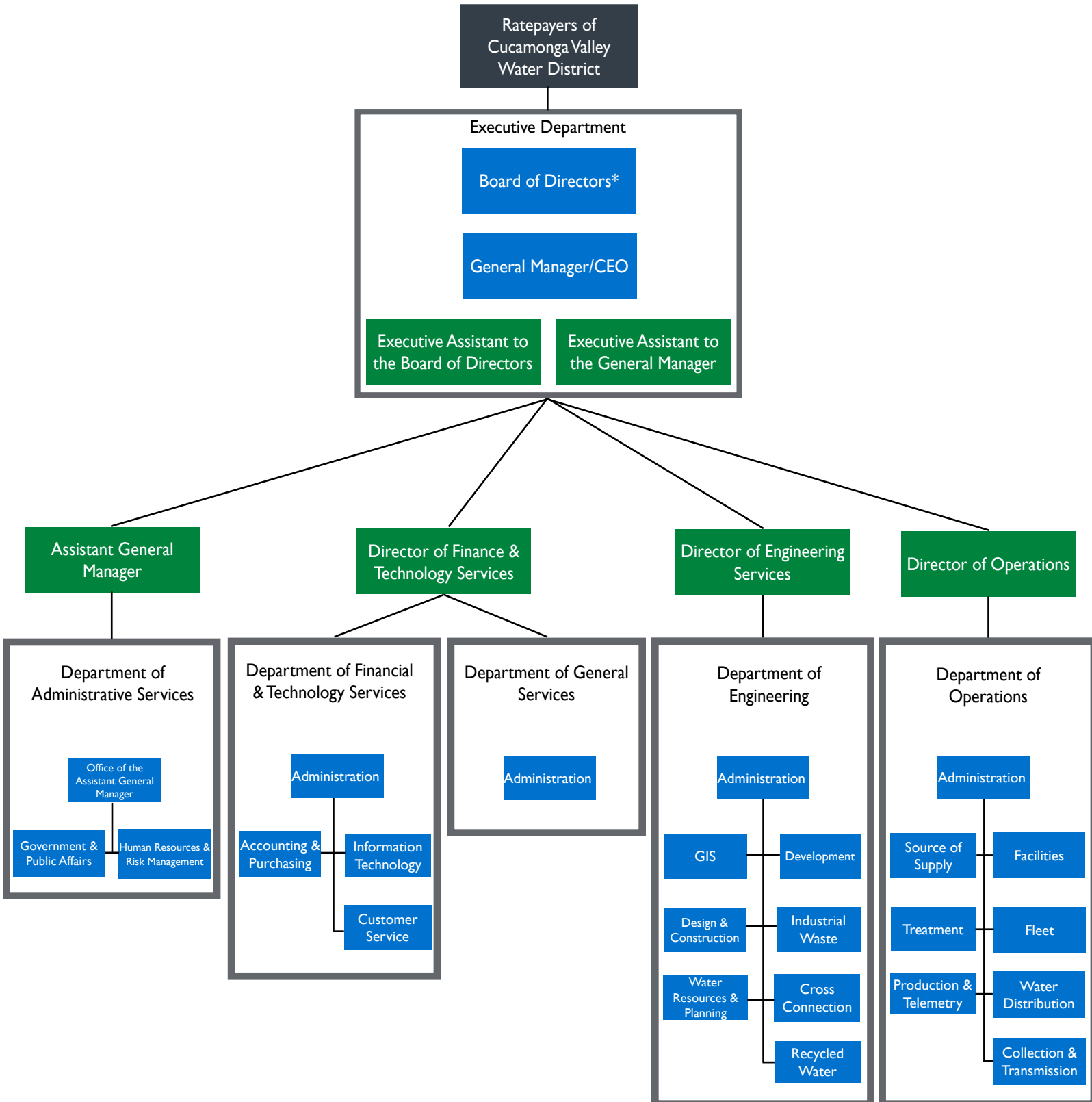
OTHER AGENCY COMPARISON

The following is a comparison of the number of employees per 1,000 water customers for the District and other local agencies.



ORGANIZATIONAL STRUCTURE

Presented below is an overview of the District's organizational structure.



Organizational Chart Key

- Ratepayers
- Executive
- Division
- Department

*Elected Officials

DISTRICT PHILOSOPHY

Providing high-quality water and first-class customer services has been at the core of the District’s philosophy from the beginning and will continue to drive District policy in the future. The District has an established culture and distinct set of values to ensure that top quality service is provided to the community. Accountability, reliability, and sustainability guide the District in all daily operations.

MISSION STATEMENT

To provide high quality, safe and reliable drinking water and wastewater services while practicing good stewardship of natural and financial resources.

VISION

Cucamonga Valley Water District is founded on people, service, and water. The District continually looks for innovative, solution-based ideas to improve efficiency and service to customers. Open communication gives employees and customers insight into the District’s business operations, and internal and external customer service provides Service Beyond Expectation.

VALUES

Accountability – We take ownership of our actions and look for solution based ideas to improve our effectiveness and service to customers.

Communication – We have an efficient system of outreach that provides employees and customers with knowledge and information that cultivates a two-way system of communication.

Customer Service – Our internal and external customer service is provided in a cooperative and collaborative approach, exceeding customer expectations.





FINANCIAL STRUCTURE, PROCESS, & POLICY

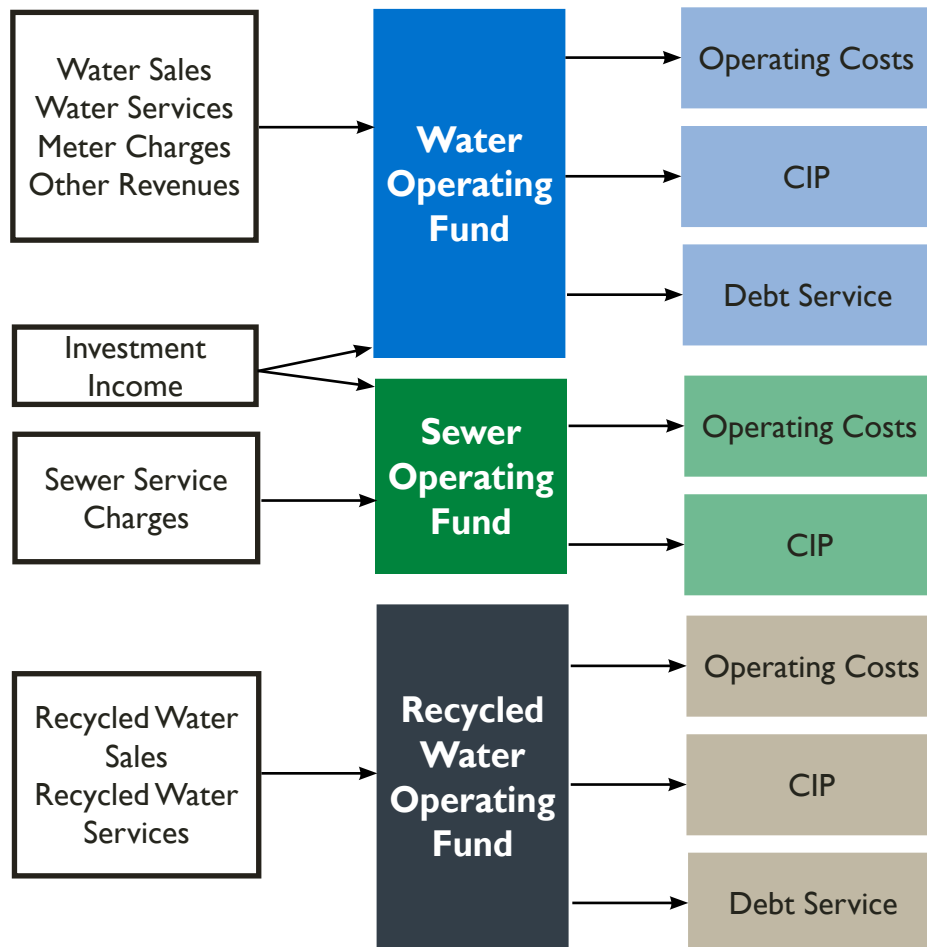
Financial Structure, Process, & Policy

FUND STRUCTURE

A California special district, CVWD, engages in three separate and distinct business-type activities, including:

1. Potable Water: Acquisition, treatment and distribution of potable water, and the construction, repair and replacement of related infrastructure
2. Sewer: Collection of domestic and industrial wastewater, and the construction, repair and replacement of conveyance facilities
3. Recycled Water: Acquisition and distribution of recycled water, and the construction, repair and replacement of related infrastructure

Accordingly, the District's budget is organized on the basis of three major enterprise funds - Water, Sewer, and Recycled Water.



Each enterprise fund is considered a separate budgetary and accounting entity, reported on a full accrual accounting basis with the exceptions noted in the Basis of Budgeting section of this document. Each fund is a separate fiscal entity with its own self balancing set of accounts. Rates and budgets are adopted for each fund to support the associated operating and capital costs. Each enterprise fund records cash and financial resources, together with all related liabilities and residual equity balances.

| Fund | Fund Type | Description | Included in Budget | Included in CAFR |
|-----------------------------|------------|--|--------------------|---|
| Water | Enterprise | Accounts for potable water operations, debt principal and interest, and long-term water related capital improvement projects | Yes | Consolidated Water Fund |
| Sewer | Enterprise | Accounts for sewer operations and long-term sewer related capital improvement projects | Yes | Consolidated Sewer Fund |
| Recycled Water | Enterprise | Accounts for recycled water operations and long-term recycled water related capital improvement projects | Yes | Consolidated Recycled Water Fund |
| Frontier Project Foundation | Fiduciary | Accounts for operations and related revenues of the Frontier Project Foundation, a nonprofit public benefit corporation | No | Yes, reported as separate Frontier Project Fund as a blended component unit |

FUND/DEPARTMENT RELATIONSHIP

The cost of operating expenses, including employee wages and benefits, are allocated to each division and department based on actual expenses as tracked by the District’s project accounting system, with allocation to the Water, Sewer, or Recycled Water Funds based on percentages determined by historical trends and service levels. District-wide expenses which are general in nature and not attributable to a particular project or department are allocated to the District’s General Services Department.

The following chart shows the relationship between the District’s departments and the enterprise funds that are charged for their activities.

| Division | Department | Water Fund | Sewer Fund | Recycled Water Fund |
|-------------------------------|---|------------|------------|---------------------|
| Executive | Board of Directors | X | X | |
| | Office of the General Manager | X | X | X |
| Administrative Services | Office of the Assistant General Manager | X | X | |
| | Human Resources & Risk Management | X | X | |
| | Government & Public Affairs | X | X | |
| Finance & Technology Services | Finance & Technology Administration | X | X | X |
| | Accounting & Purchasing | X | X | X |
| | Customer Service | X | X | X |
| | Information Technology | X | X | X |
| General Services | General Services | X | X | X |
| Engineering | Engineering Administration | X | X | X |
| | Geographic Information System (GIS) | X | X | X |
| | Design & Construction | X | X | X |
| | Water Resources & Planning | X | X | X |
| | Development | X | X | X |
| | Industrial Waste | | X | |
| | Cross Connection | X | X | X |
| | Recycled Water | | | X |
| Operations | Operations Administration | X | X | |
| | Source of Supply & Sewer Pass Through | X | X | X |
| | Treatment | X | | |
| | Production | X | | |
| | Facilities | X | X | |
| | Fleet | X | X | |
| | Water Distribution | X | | |
| | Collection & Transmission | | X | |

BASIS OF BUDGETING

The District's financial records are kept in accordance with Generally Accepted Accounting Principles (GAAP) for governmental enterprise funds. The District follows the GAAP requirement that enterprise funds use the full accrual basis of accounting. Consequently, revenues are recognized in the accounting period in which they are earned and operating expenses are recognized in the accounting period incurred. However, there are exceptions where the accrual basis is not conducive to effective presentation of the District's budget, in which case, GAAP is not followed. Therefore the Budget is a mix of accrual and cash basis accounting, which differs from the District's CAFR which is full accrual accounting in conformity with GAAP. Those exceptions are as follows:

- Compensated absence liabilities that are expected to be liquidated with current expendable financial resources are accrued as earned by employees (GAAP standard) as opposed to being expended when paid (budget procedure).
- Principal payments on Long Term Debt are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a Budget basis.
- Capital Outlay are capitalized on a GAAP basis, however, on a Budget basis, they are treated as expenses.
- Depreciation expense is recorded on a GAAP basis but is not contemplated on the Budget basis.
- Interest expenses are capitalized during construction on a GAAP basis, but are reported as an expense on a Budget basis.
- Pension expense is budgeted based on employer contribution rates assigned by CalPERS. For financial statement reporting, pension expense is recorded based on the change in the net pension liability in accordance with GASB.
- Other post-employment benefits (OPEB) is budgeted based on the District's anticipated fiscal year contribution. For financial statement reporting, OPEB expense is recorded based on the change in net OPEB liability in accordance with GASB.

The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are entirely financed by revenues derived from user charges. The District maintains a self-balancing set of accounts established to record the financial position and operating results that pertain to each activity.

BUDGET PROCESS

The budget reflects the direction of the District and is the District's communication tool to the public. The budget represents guidelines established to address the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to use financial resources for completing critical capital projects for current and future customers as well as the District's commitment to meet its financial obligations. Throughout the year executive management and the Board of Directors work closely to plan out the goals of the District that support the District mission, vision, and values.

The executive team then communicates the District's goals, priorities, and strategy to the managers. Managers have the task of connecting their department's goals to the District's goals and priorities and monitoring progress using key performance measures as outlined in the department summaries.

The Districts biennial budget process is outlined below:



BUDGET CALENDAR

| Date | Activity |
|-------------------|--|
| June 25, 2019 | Mid-term biennial budget review submitted to Board of Directors |
| January 31, 2020 | Deadline for submission of Capital Improvement Project requests from departments |
| February 28, 2020 | Deadline for submission of Operating Expenses from departments |
| February 28, 2020 | Deadline for submission of Wage & Benefit requests, including overtime, stand-by, submission of Personnel Requests, and Succession Planning from departments |
| March 4, 2020 | Mid-year budget review submitted to Finance Committee for review |
| May 5, 2020 | Capital Improvement Project Budget submitted to Engineering Committee for review |
| May 13, 2020 | Operating Expense and Revenue Budget submitted to Finance Committee for review |
| May 27, 2020 | Wage and Benefit Budget submitted to Human Resources / Risk Committee for review |
| June 10, 2020 | Biennial Operating and Capital Improvement Budget for Fiscal Years 2021 & 2022, submitted to Finance Committee for review |
| June 23, 2020 | Biennial Operating and Capital Improvement Budget for Fiscal Years 2021 & 2022, submitted to Board of Directors for review and adoption |

BUDGET CONTROL & AMENDMENT

Throughout the budget period management staff are responsible for monitoring their department’s budgets. Finance staff provide tools for managers to review their budgets at any time. In addition to the budget process, staff presents a monthly budget report to the Board for review and approval. This report updates the Board on the progress of all operating revenues and expense for all funds. The Finance Committee also undertakes a comprehensive mid-term and mid-year review of the District’s operating budget, which is then submitted to the full Board. If during the mid-year budget review or during the budget presentation to Finance Committee it is determined that a significant adjustment is needed, then finance staff will work with managers to prepare the request for the Board of Directors to approve. Managers may transfer funds between their division accounts in accordance with the District’s Reserve and Financial Benchmark Policy, which states:

CVWD adopts an Operating and Capital Improvement Budget on a biennial basis. Management staff will make every effort to stay within the allotted budget for each operating account and each capital project. Occasionally it may be necessary to transfer allotted funds within operating accounts or capital projects. These budget transfers may only be done within one of the three main categories; wages, operating expenses, or capital projects, not between categories. All budget transfers undergo Finance Review that ensures funding availability and adherence to policy before final processing. The authority for approving budget transfers without the use of reserve funds is listed in the following table:

| Review/Approval Level | Amount up to: |
|--|---------------|
| Department Managers/Directors | \$25,000 |
| Assistant General Managers | \$50,000 |
| Finance Committee & Board of Directors | \$50,000+ |

Budget transfers requiring the use of reserve funds less than \$50,000 may be approved by the GM/CEO or an AGM. Budget transfers requiring the use of reserve funds in excess of \$50,000 must be reviewed by the Finance Committee and approved Board of Directors.

In the event that the General Manager/CEO determines that an emergency exists requiring immediate action, the General Manager/CEO shall have the power, without prior Board action, to enter into contracts and agreements and expend funds on behalf of the District. An emergency, as defined by Chapter 3.08 of the Cucamonga Valley Water Code, is a “situation which makes competitive bidding impractical, or not in the best interest of the District, as determined by the General Manager/CEO or his/her designee.” If the emergency expense exceeds \$100,000, Board approval is required within 30 days.



FINANCIAL POLICIES

The District has been entrusted with the care of public funds and takes the stewardship of those financial resources to be one of the District's chief responsibilities. Financial policies are used by the Board and management to set the baseline standards for how the organization will be managed financially. These financial policies are designed to ensure the fiscal stability of the District and have been designed to provide guidance for the development and administration of the operating and capital budgets. The development of these financial policies is conducted in collaboration with the Board of Director's Committee process, as well as final review and adoption by the Board of Directors. The following policies are instrumental in understanding the District's fiscal strategies and the guidelines used to measure financial performance.

RELEVANT FINANCIAL POLICIES & PRACTICES

INTERNAL CONTROL STRUCTURE

District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

INVESTMENT POLICY

The Board of Directors annually adopts an investment policy that conforms to state law, District ordinances and resolutions, prudent money management, and the "prudent investor" standards. The objectives of the Investment Policy are safety, liquidity, and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, U.S. Agency and Treasury Securities, Money Market Funds, Negotiable Certificates of Deposit, Municipal Bonds, and Corporate Notes.

RISK MANAGEMENT

The District is a member of the Association of California Water Agencies / Joint Power Insurance Authority (Authority). The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The District participates in Property Loss, General Liability, Automobile Liability, Cyber Insurance, Workers' Compensation, Public Officials' and Employees' Errors and Omissions, and Fidelity Coverage.

PURCHASING POLICY

The District's purchasing policy defines the practices governing the procurement of supplies, materials, equipment and services, including construction and capital improvements, for District use and to relate the principals of applicable provisions of governing law and to District administrative policies. This policy is the written rule and regulation required by California Government Code Section 54202 and also serves as the District administrative procedure governing procurement activities. The policy does not allow for any conflicts of interest, or unauthorized purchases, and subjects all purchasing and accounts payable documentation to random internal and external audits. The District has established bid thresholds and invoice authorization thresholds across all levels of leadership with authority level increasing in proportion to invoice amount.

CAPITAL ASSETS POLICY

The Districts Capital Assets Policy ensures that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, GAAP, internal controls, and audit requirements. The District has defined capital assets as non-financial assets that are used in operations and have an initial useful life in excess of one year. The District's capitalization threshold is \$5,000. Assets are capitalized if the cost exceeds the capitalization threshold except for groups of similar assets such as water meters, computers, or printers when the total of the similar assets purchased during the year exceeds \$5,000. The District uses the straight-line method of depreciation for all depreciable fixed assets (land, intangible assets, and construction-in-progress are not depreciated). A half year of depreciation is recognized in the year the asset is placed into service and in the last year of estimated useful life. For more information refer to the Capital & Debt section of this document.

CREDITS & ADJUSTMENTS POLICY

The District's Credits and Adjustments Policy defines the limits on the actions that staff may take regarding the occasional waiving of fees or issuance of credits to customers and/or developers. This policy does not apply to adjustments or reversals for customer deposits, refunds, billing corrections, meter misreads, or CVWD equipment errors. The extent to which such adjustments or reversals may be granted are set forth in other provisions of the District Code.

BALANCED BUDGET

The most basic definition of a balanced budget is when total expenses are equal to total revenues. The District considers this a balanced budget, but also allows for the use of or addition to reserves to balance the budget. When expenses are less than revenues this creates a surplus which the District will allocate to reserves. When expenses are greater than revenues this creates a shortfall, which the District will then transfer from reserves to balance. When using reserves the District does so only to meet non-recurring obligations that are non-operating expenses. Additionally, reserves are reviewed to make sure the result will still leave the fund balance within acceptable levels as defined by the reserves policy.

CUSTOMER ASSISTANCE PROGRAM (CAP)

In 2015 the District implemented a program that assists low income customers with their monthly water bill. In the past, California's laws regulating the setting of utility rates restricted the District's ability to offer such a program. Recent legal opinions have provided a new alternative to offer a CAP. By pledging unrestricted revenue (e.g. rental income), the District may now implement the CAP. As a result, this program is not subsidized by other rate payers.

The CAP is limited to residential customers and is authorized through the budget adoption process. Customers must demonstrate a need for this financial assistance and follow the income thresholds established by the Public Utility Commission and the California Alternate Rates for Energy.

The CAP will result in fixed savings each month and will appear on the customer's next water bill following the application approval date. The CAP has limited funding and will be reviewed and approved biennially by the District's Board of Directors. For Fiscal Years 2021 & 2022 the District will pledge \$192,000 and \$198,000 per year, respectively, of unrestricted rental income to this program, thereby providing a monthly CAP of \$10.00.

RESERVES

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

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

The District has established and will maintain the following primary Funds and their respective sub-accounts:
RESTRICTED FUNDS: Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use.

1. Bond Proceeds Fund(s): Bond proceeds funds are monies derived from the proceeds of a bond issue.
2. Development Fees: Monies collected from development fees shall be separately accounted for.

LIQUIDITY FUNDS: Established to safeguard the financial flexibility and stability of the District and to maintain stable customer charges and rates from year to year.

1. Rate Stabilization Fund: This fund is established to provide flexibility to the Board with respect to the debt service coverage ratio in accordance with the terms of the Master Installment Purchase Agreement.
2. Water Banking: The Water Banking Account is used for the purchase of available water supplies.
3. Operating Reserve Account: The Operating Reserve Account is used for unanticipated operating expenses.
4. Customer Assistance Program Reserve Account: The Customer Assistance Program (CAP) was established to assist low-income households with their water utility costs through fixed savings on their utility statement. The CAP is funded by unrestricted cellular tower rental income and must be approved by the Board each year. Participation in this program varies each year and is not guaranteed. In order to fund unanticipated CAP participation from year-to-year, this reserve account will be established.

CAPITAL RESERVE FUNDS: These funds are utilized primarily to fund capital and asset costs, for both new and replacement projects.

1. Capital Project Account: The Capital Project Account is used for the funding of new capital assets or the replacement of capital assets when they reach the end of their useful lives.
2. Emergency Account: The Emergency Account may be used in the event of economic events that negatively impact either revenues or expenses, or causes a material decline in other reserve accounts; to purchase equipment and infrastructure at any time or to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged, State or Federal Assistance is obtained, or insurance claims are being processed. The District may use funds herein for either capital or operating purposes.
3. Administrative Capital Improvement Account: The Administrative Capital Improvement Account can be used to fund certain general, administration and overhead projects.
4. Local Water Resource Development Account: The Local Water Resource Development Account is used for the funding of the development, improvement, or acquisition of local water resource projects or efforts.

FINANCIAL BENCHMARKS

The District strives to maintain a strong credit profile in order to provide assurance to customers, bond holders, rating agencies and other stakeholders that the District proactively manages its financial resources and is financially sustainable. These benchmarks are evaluated on an annual basis and communicated to the Board of Directors. The District has set forth the following financial benchmark goals:

1. **Debt Ratio:**The Debt Ratio is a financial ratio that indicates the percentage of the District’s capital assets that are provided via debt financing. It is the District’s goal to maintain a Debt Ratio between 30 to 40 percent.
2. **Credit Rating:**The District’s debt is divided into the Senior Obligations (issues prior to 2012) and the Subordinate Obligations (2012 and later issues). The District’s debt rating on the Senior Obligations is “AA+” from Standard & Poor’s and “Aa2” from Moody’s Investor Services. The District’s debt rating on the Subordinate Obligation is rated “AA” from Standard & Poor’s and “AA” from Fitch Ratings.
3. **Number of Day’s Cash:**The District’s liquidity position has a large impact on the District’s credit rating. It is the District’s goal to maintain a level of Days Cash between 365 and 400 days.
4. **Capital Improvement Funding Levels:** In accordance with the District’s Debt Management Policy 8.5, the District will evaluate the benefits of utilizing Pay-Go and/or debt financing to determine the optimal funding strategy of capital improvements. It is the District’s goal to utilize a balanced approach to capital project funding at a level of 40% debt, 30% Pay-Go and 30% reserve funding.
5. **Debt Service Coverage:**The District is required to maintain a minimum debt service coverage ratio as set forth in the outstanding bond documents. It is the District’s goal to exceed the minimum coverage ratio with a goal of 2.25 times the annual debt service payment.

DEBT MANAGEMENT

The District’s debt management policy documents the District’s goals for the use of debt instruments and provides guidelines for the use of debt for financing District water, sewer and recycled water infrastructure and project needs. The District’s overriding goal in issuing debt is to respond to and provide for its infrastructure, capital projects and other financing needs while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District held debt proceeds and makes debt service payments, acting with prudence, diligence and attention to prevailing economic conditions.

The purpose of this debt management policy is to:

- Establish parameters for issuing debt
- Provide guidance to decision makers:
 - A. With respect to all options available to finance infrastructure, capital projects, and other financing needs
 - B. So that the most prudent, equitable and cost effective method of financing can be chosen
- Document the objectives to be achieved both prior to issuance and subsequent to issuance
- Promote objectivity in the decision-making process
- Facilitate the financing process by establishing important policy decisions in advance

The District will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt
- The federal and state laws which govern the eligibility of the debt for tax-exempt status
- The federal and state laws which govern the issuance of taxable debt
- The federal and state laws which govern disclosure, sale, and trading of the debt both before and subsequent to issuance.

The following principles outline the District’s approach to debt management:

- The District will issue debt only in the case where there is an identified source of repayment. Debt will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.
- The District will not issue debt to cover operating needs, unless specifically approved by the Board.
- Debt issuance for a capital project will not be considered unless such project has been incorporated into the District’s adopted Capital Improvement Budget or as otherwise approved by the Board.
- Each proposal to issue debt will be accompanied by an analysis that demonstrates conformity to this Policy. This analysis will address the purpose for which the debt is issued and the proposed debt structure.

EMPLOYEE COMPENSATION

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

EMPLOYEE BENEFITS

Cafeteria Style Benefits – All new, full-time, regular employees of the District on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. For executive staff, the District pays the greater of \$480.00 or 80% of employee's medical premium. If the District pays 80%, the employee is responsible for the remaining 20%. For mid-management and hourly employees, the District pays the greater of \$480.00 or 85% of employee's medical premium. If the District pays 85%, the employee is responsible for the remaining 15%. For those full-time, regular employees of the District with proof of health insurance coverage other than that offered by the District, \$480 per month is allotted as a cash benefit.

Vacation Time – Employees are entitled to 10 days after one full year of District service, graduating to a maximum of 25 days after 20 years of service. Employees can accumulate a maximum of 200 hours.

Sick Leave – Employees are entitled to 12 days per year with unrestricted accumulation.

CalPERS – Regular District employees hired before January 1, 2011, are enrolled under the 2.5% @ 55 retirement program. Regular District employees hired between January 1, 2011 and December 31, 2012, are enrolled under the 2.0% @ 60 retirement program. Effective January 1, 2019 and January 1, 2020 employees contribute 7% and 8% respectively toward the employee portion of CalPERS. It is the District's goal that employees will add an additional 1% each year until employees contribute their full portion. Also, in accordance with the Public Employees' Pension Reform Act, regular District employees hired on or after January 1, 2013, are enrolled under the 2.0% @ 62 retirement program with the employees paying their own portion of the plan.

Public Agency Retirement Services (PARS) – Regular District employees hired before January 1, 2011, are enrolled in a supplemental retirement benefit of 0.2% in addition to the CalPERS retirement benefit for eligible employees who complete at least 5 years of continuous full-time regular service with the District after July 1, 2003. The District pays the employee's portion.

Holidays – Full-time employees are entitled to 12 designated holidays and 3 personal days per year.

Life Insurance – Employees working 30 hours or more per week are covered by a District-paid life insurance policy of \$25,000. Additional insurance up to \$500,000 may be purchased at the employee's expense.

Tuition Loan Program – Full-time, regular employees are eligible to receive up to \$5,250 per year through the loan program, which may be used for registration, books, and other related school expenses.

Additional Benefits – Other benefits available to eligible District employees include an employee-paid Deferred Compensation Program, Short Term & Long Term Disability, and a 9/80 work schedule.

PENSION LIABILITIES

The District provides employees with a benefit package that includes pension, healthcare, workers' compensation, and disability insurance. In addition, eligible District retirees receive healthcare benefits known as Other Post-Employment Benefits (OPEB). In 2010 the District made several structural changes to reduce the retiree pension and health care benefits for employees hired after January 1, 2011. The changes will result in future savings; however, the programs for the existing retirees and vested employees have a significant future liability that is computed through actuarial valuations.

PARS

The District has enacted a plan to address the PARS long-term liability. In FY 2015, the District's Board of Directors authorized staff to make a contribution in the amount of the actuarially determined annual benefit payments, which amounted to \$180,000 in FY 2020 and is budgeted to remain the same for FY 2021 & 2022.

CalPERS

In FY 2016, the Board approved a 5-Year advance payment strategy to address the CalPERS liability. The District will make advanced payments of \$1 million each year for FY 2021 and FY 2022. This advance payment strategy will provide near-term operating expense savings. This strategy is estimated to save the District approximately \$12.5 million over the next 25 years.

OPEB

Currently, the District funds 100% of the actuarially determined contribution. The budget for FY 2021 is \$1,450,000 and for FY 2022 it is \$1,470,000.





FINANCIAL SUMMARIES



Financial Summaries

The subsequent tables present a summary of major operating revenues and expenses, as well as non-operating revenues and expenses, GAAP conversion, and estimated ending net position for all funds. Operating revenues have been presented by major type, operating expenses have been presented by function. The GAAP conversion strives to convert the budget cash basis ending fund balance to a GAAP full accrual ending fund balance. GAAP Conversion includes the cost of CIP, depreciation, principal portion of debt payments, and debt covenants. This allows the budget to be more comparable to the Annual Financial Statements. The funds have been consolidated into the three major funds Water, Sewer, and Recycled Water similar to the District's CAFR presentation.

The District strives for financial transparency while practicing good stewardship of financial resources.

FISCAL YEAR 2021

| | Water Fund | Sewer Fund | Recycled Water Fund | Total All Funds |
|-------------------------------------|----------------------|---------------------|---------------------|----------------------|
| Operating Revenues | | | | |
| Water Sales & Services | \$ 51,682,308 | \$ - | \$ 1,005,157 | \$ 52,687,465 |
| Meter Charges | 23,917,867 | - | 175,593 | 24,093,460 |
| Water Sales to Other Agencies | 6,057,097 | - | - | 6,057,097 |
| Sewer Services | - | 4,649,578 | - | 4,649,578 |
| Sewer Treatment Charge | - | 16,078,820 | - | 16,078,820 |
| Total Operating Revenues | 81,657,272 | 20,728,398 | 1,180,750 | 103,566,420 |
| Operating Expenses | | | | |
| Source of Supply | 26,365,800 | - | 627,147 | 26,992,947 |
| Pumping | 7,195,415 | - | - | 7,195,415 |
| Water Treatment | 5,774,988 | - | - | 5,774,988 |
| Transmission and Distribution | 3,323,036 | - | 166,619 | 3,489,655 |
| Collection and Transmission | - | 18,160,183 | - | 18,160,183 |
| Customer Accounts | 3,819,535 | 597,013 | 116,890 | 4,533,438 |
| General and Administrative | 12,894,346 | 2,700,863 | 221,250 | 15,816,458 |
| Total Operating Expenses | 59,373,120 | 21,458,059 | 1,131,906 | 81,963,084 |
| Net Operating Revenue | 22,284,153 | (729,661) | 48,844 | 21,603,336 |
| Non-Operating Revenues | | | | |
| Interest Income | 856,800 | 281,734 | - | 1,138,534 |
| Development Income | 5,609,000 | 813,352 | 90,000 | 6,512,352 |
| Outside CIP Funding | 537,280 | - | 500,000 | 1,037,280 |
| Other Income | 723,277 | - | - | 723,277 |
| Total Non-Operating Revenues | 7,726,357 | 1,095,086 | 590,000 | 9,411,443 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 11,286,280 | 3,661,000 | 650,000 | 15,597,280 |
| Annual Debt Service | 14,645,660 | - | 34,794 | 14,680,454 |
| Debt Covenants | 2,783,085 | - | - | 2,783,085 |
| Total Non-Operating Expenses | 28,715,025 | 3,661,000 | 684,794 | 33,060,819 |
| Change in Net Position | 1,295,485 | (3,295,575) | (45,950) | (2,046,040) |
| Conversion to GAAP | 9,737,474 | 1,661,000 | 539,537 | 11,938,011 |
| Net Position - Beginning | 248,606,981 | 75,912,831 | 4,660,623 | 329,180,435 |
| Net Position - Ending | \$259,639,940 | \$74,278,257 | \$5,154,210 | \$339,072,406 |

FISCAL YEAR 2022

| | Water Fund | Sewer Fund | Recycled Water Fund | Total All Funds |
|-------------------------------------|----------------------|---------------------|---------------------|----------------------|
| Operating Revenues | | | | |
| Water Sales & Services | \$ 52,882,176 | \$ - | \$ 1,052,197 | \$ 53,934,373 |
| Meter Charges | 24,085,765 | - | 185,352 | 24,271,117 |
| Water Sales to Other Agencies | 6,303,167 | - | - | 6,303,167 |
| Sewer Services | - | 4,661,876 | - | 4,661,876 |
| Sewer Treatment Charge | - | 17,097,750 | - | 17,097,750 |
| Total Operating Revenues | 83,271,108 | 21,759,626 | 1,237,549 | 106,268,283 |
| Operating Expenses | | | | |
| Source of Supply | 27,523,800 | - | 658,469 | 28,182,269 |
| Pumping | 7,474,382 | - | - | 7,474,382 |
| Water Treatment | 5,861,816 | - | - | 5,861,816 |
| Transmission and Distribution | 3,480,889 | - | 172,473 | 3,653,362 |
| Collection and Transmission | - | 19,275,466 | - | 19,275,466 |
| Customer Accounts | 3,894,437 | 605,368 | 120,799 | 4,620,604 |
| General and Administrative | 13,354,542 | 2,783,101 | 224,212 | 16,361,854 |
| Total Operating Expenses | 61,589,866 | 22,663,935 | 1,175,953 | 85,429,753 |
| Net Operating Revenue | 21,681,243 | (904,309) | 61,596 | 20,838,530 |
| Non-Operating Revenues | | | | |
| Interest Income | 656,400 | 215,000 | - | 871,400 |
| Development Income | 5,890,000 | 814,352 | 90,000 | 6,794,352 |
| Outside CIP Funding | - | - | - | - |
| Other Income | 744,083 | - | - | 744,083 |
| Total Non-Operating Revenues | 7,290,483 | 1,029,352 | 90,000 | 8,409,835 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 10,330,250 | 6,741,750 | 150,000 | 17,222,000 |
| Annual Debt Service | 14,423,524 | - | 34,794 | 14,458,318 |
| Debt Covenants | 3,035,852 | - | - | 3,035,852 |
| Total Non-Operating Expenses | 27,789,626 | 6,741,750 | 184,794 | 34,716,170 |
| Change in Net Position | 1,182,100 | (6,616,707) | (33,198) | (5,467,805) |
| Conversion to GAAP | 8,922,511 | 4,641,750 | 34,563 | 13,598,824 |
| Net Position - Beginning | 259,639,940 | 74,278,257 | 5,154,210 | 339,072,406 |
| Net Position - Ending | \$269,744,550 | \$72,303,300 | \$5,155,575 | \$347,203,425 |

BUDGET TRENDS - ALL FUNDS

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | | | | |
| Water Sales & Services | \$43,748,438 | \$56,611,594 | \$52,687,465 | \$53,934,373 |
| Meter Charges | 23,458,777 | 23,935,363 | 24,093,460 | 24,271,117 |
| Water Sales to Other Agencies | 5,203,816 | 5,183,756 | 6,057,097 | 6,303,167 |
| Sewer Services | 4,998,021 | 4,801,761 | 4,649,578 | 4,661,876 |
| Sewer Treatment Charge | 16,435,124 | 16,466,878 | 16,078,820 | 17,097,750 |
| Total Operating Revenues | 93,844,175 | 106,999,352 | 103,566,420 | 106,268,283 |
| Operating Expenses | | | | |
| Source of Supply | 28,135,887 | 29,221,467 | 26,992,947 | 28,182,269 |
| Pumping | 5,726,773 | 6,781,433 | 7,195,415 | 7,474,382 |
| Water Treatment | 5,385,758 | 5,833,716 | 5,774,988 | 5,861,816 |
| Transmission and Distribution | 2,825,974 | 3,225,867 | 3,489,655 | 3,653,362 |
| Collection and Transmission | 17,828,884 | 18,304,751 | 18,160,183 | 19,275,466 |
| Customer Accounts | 2,758,345 | 3,107,155 | 4,533,438 | 4,620,604 |
| General and Administrative | 13,919,785 | 15,608,160 | 15,816,458 | 16,361,854 |
| Total Operating Expenses | 76,581,406 | 82,082,549 | 81,963,084 | 85,429,753 |
| Net Operating Revenue | 17,262,770 | 24,916,803 | 21,603,336 | 20,838,530 |
| Non-Operating Revenues | | | | |
| Interest Income | 1,779,319 | 2,030,200 | 1,138,534 | 871,400 |
| Development Income | 4,156,390 | 5,504,543 | 6,512,352 | 6,794,352 |
| Outside CIP Funding | 2,156,825 | 450,000 | 1,037,280 | - |
| Other Income | 1,452,498 | 1,294,408 | 723,277 | 744,083 |
| Total Non-Operating Revenues | 9,545,032 | 9,279,151 | 9,411,443 | 8,409,835 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 21,975,473 | 12,672,000 | 15,597,280 | 17,222,000 |
| Annual Debt Service | 14,873,059 | 14,669,006 | 14,680,454 | 14,458,318 |
| Debt Covenants | 2,781,957 | 2,783,415 | 2,783,085 | 3,035,852 |
| Total Non-Operating Expenses | 39,630,489 | 30,124,421 | 33,060,819 | 34,716,170 |
| Change in Net Position | (12,822,687) | 4,071,533 | (2,046,040) | (5,467,805) |
| Conversion to GAAP | 20,597,659 | 9,040,299 | 11,938,011 | 13,598,824 |
| Net Position - Beginning | 308,293,631 | 316,068,603 | 329,180,435 | 339,072,406 |
| Net Position - Ending | \$316,068,603 | \$329,180,435 | \$339,072,406 | \$347,203,425 |

BUDGET TRENDS - WATER FUND

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | | | | |
| Water Sales & Services | \$ 42,948,253 | \$ 55,544,429 | \$ 51,682,308 | \$ 52,882,176 |
| Meter Charges | 23,311,934 | 23,772,928 | 23,917,867 | 24,085,765 |
| Water Sales to Other Agencies | 5,203,816 | 5,183,756 | 6,057,097 | 6,303,167 |
| Total Operating Revenues | 71,464,003 | 84,501,113 | 81,657,272 | 83,271,108 |
| Operating Expenses | | | | |
| Source of Supply | 27,658,023 | 28,560,017 | 26,365,800 | 27,523,800 |
| Pumping | 5,726,773 | 6,781,433 | 7,195,415 | 7,474,382 |
| Water Treatment | 5,385,758 | 5,833,716 | 5,774,988 | 5,861,816 |
| Transmission and Distribution | 2,823,917 | 3,087,713 | 3,323,036 | 3,480,889 |
| Customer Accounts | 2,349,324 | 2,506,788 | 3,819,535 | 3,894,437 |
| General and Administrative | 11,542,873 | 13,060,044 | 12,894,346 | 13,354,542 |
| Total Operating Expenses | 55,486,668 | 59,829,711 | 59,373,120 | 61,589,866 |
| Net Operating Revenue | 15,977,335 | 24,671,402 | 22,284,153 | 21,681,243 |
| Non-Operating Revenues | | | | |
| Interest Income | 1,380,255 | 1,605,400 | 856,800 | 656,400 |
| Development Income | 2,562,516 | 4,304,951 | 5,609,000 | 5,890,000 |
| Outside CIP Funding | 2,156,825 | - | 537,280 | - |
| Other Income | 1,443,682 | 1,294,408 | 723,277 | 744,083 |
| Total Non-Operating Revenues | 7,543,279 | 7,204,759 | 7,726,357 | 7,290,483 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 19,951,359 | 9,324,000 | 11,286,280 | 10,330,250 |
| Annual Debt Service | 14,838,288 | 14,634,499 | 14,645,660 | 14,423,524 |
| Debt Covenants | 2,781,957 | 2,783,415 | 2,783,085 | 3,035,852 |
| Total Non-Operating Expenses | 37,571,604 | 26,741,914 | 28,715,025 | 27,789,626 |
| Change in Net Position | (14,050,990) | 5,134,247 | 1,295,485 | 1,182,100 |
| Conversion to GAAP | 20,155,228 | 7,687,793 | 9,737,474 | 8,922,511 |
| Net Position - Beginning | 229,680,703 | 235,784,941 | 248,606,981 | 259,639,940 |
| Net Position - Ending | \$235,784,941 | \$248,606,981 | \$259,639,940 | \$269,744,550 |

BUDGET TRENDS - SEWER FUNDS

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues | | | | |
| Sewer Services | \$4,998,021 | \$4,801,761 | \$4,649,578 | \$4,661,876 |
| Sewer Treatment Charge | 16,435,124 | 16,466,878 | 16,078,820 | 17,097,750 |
| Total Operating Revenues | 21,433,145 | 21,268,639 | 20,728,398 | 21,759,626 |
| Operating Expenses | | | | |
| Collection and Transmission | 17,828,884 | 18,304,751 | 18,160,183 | 19,275,466 |
| Customer Accounts | 404,709 | 520,673 | 597,013 | 605,368 |
| General and Administrative | 2,176,849 | 2,345,405 | 2,700,863 | 2,783,101 |
| Total Operating Expenses | 20,410,442 | 21,170,829 | 21,458,059 | 22,663,935 |
| Net Operating Revenue | 1,022,703 | 97,810 | (729,661) | (904,309) |
| Non-Operating Revenues | | | | |
| Interest Income | 399,064 | 424,800 | 281,734 | 215,000 |
| Development Income | 1,577,928 | 1,170,000 | 813,352 | 814,352 |
| Other Income | 8,815 | - | - | - |
| Total Non-Operating Revenues | 1,985,807 | 1,594,800 | 1,095,086 | 1,029,352 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 2,021,488 | 2,748,000 | 3,661,000 | 6,741,750 |
| Total Non-Operating Expenses | 2,021,488 | 2,748,000 | 3,661,000 | 6,741,750 |
| Change in Net Position | 987,023 | (1,055,390) | (3,295,575) | (6,616,707) |
| Conversion to GAAP | 513,628 | 848,000 | 1,661,000 | 4,641,750 |
| Net Position - Beginning | 74,619,570 | 76,120,221 | 75,912,831 | 74,278,257 |
| Net Position - Ending | \$76,120,221 | \$75,912,831 | \$74,278,257 | \$72,303,300 |

BUDGET TRENDS - RECYCLED WATER FUND

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|-------------------------------------|--------------------|---------------------|--------------------|--------------------|
| Operating Revenues | | | | |
| Recycled Water Sales & Services | \$ 800,185 | \$ 1,067,165 | \$ 1,005,157 | \$ 1,052,197 |
| Meter Charges | 146,843 | 162,435 | 175,593 | 185,352 |
| Total Operating Revenues | 947,028 | 1,229,600 | 1,180,750 | 1,237,549 |
| Operating Expenses | | | | |
| Source of Supply | 477,864 | 661,450 | 627,147 | 658,469 |
| Transmission and Distribution | 2,057 | 138,154 | 166,619 | 172,473 |
| Customer Accounts | 4,312 | 79,694 | 116,890 | 120,799 |
| General and Administrative | 200,063 | 202,711 | 221,250 | 224,212 |
| Total Operating Expenses | 684,296 | 1,082,009 | 1,131,906 | 1,175,953 |
| Net Operating Revenue | 262,732 | 147,591 | 48,844 | 61,596 |
| Non-Operating Revenues | | | | |
| Development Income | 15,946 | 29,592 | 90,000 | 90,000 |
| Outside CIP Funding | - | 450,000 | 500,000 | - |
| Total Non-Operating Revenues | 15,946 | 479,592 | 590,000 | 90,000 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 2,626 | 600,000 | 650,000 | 150,000 |
| Annual Debt Service | 34,772 | 34,507 | 34,794 | 34,794 |
| Total Non-Operating Expenses | 37,398 | 634,507 | 684,794 | 184,794 |
| Change in Net Position | 241,280 | (7,324) | (45,950) | (33,198) |
| Conversion to GAAP | (71,197) | 504,506 | 539,537 | 34,563 |
| Net Position - Beginning | 3,993,358 | 4,163,441 | 4,660,623 | 5,154,210 |
| Net Position - Ending | \$4,163,441 | \$4,660,623 | \$5,154,210 | \$5,155,575 |

FUND BALANCE

The District operates three enterprise funds and does not have any governmental or non-major funds. Fund Balance is the difference between assets and liabilities reported in a proprietary fund. Fund Balance can be considered a measure of net worth.

The net position schedule below, illustrates the change in net position for each fund, presenting beginning net position, total revenue (increases) and expenditures (decreases), GAAP conversion, ending net position, and the dollar and percentage change. The GAAP conversion strives to convert the budget cash basis ending fund balance to a GAAP full accrual ending fund balance. This will make the budget more comparable to the Annual Financial Statements.

| | Beginning Fund Balance July 1 | Revenues & Other Sources | Expenses & Other Uses | GAAP Conversion | Ending Fund Balance June 30 | Increase / (Decrease) | % Change in Fund Balance |
|----------------------------|-------------------------------|--------------------------|-----------------------|-----------------|-----------------------------|-----------------------|--------------------------|
| Water Fund | | | | | | | |
| 2018-19 Actual | \$229,680,703 | \$79,007,282 | \$93,058,271 | \$20,155,228 | \$235,784,941 | \$6,104,238 | 3% |
| 2019-20 Amended Budget | 235,784,941 | 91,705,872 | 86,571,625 | 7,687,793 | 248,606,981 | 12,822,040 | 5% |
| 2020-21 Budget | 248,606,981 | 89,383,629 | 88,088,145 | 9,737,474 | 259,639,939 | 11,032,958 | 4% |
| 2021-22 Budget | 259,639,939 | 90,561,591 | 89,379,491 | 8,922,511 | 269,744,550 | 10,104,611 | 4% |
| Sewer Fund | | | | | | | |
| 2018-19 Actual | \$74,619,570 | \$23,418,952 | \$22,431,930 | \$513,628 | \$76,120,221 | \$1,500,651 | 2% |
| 2019-20 Amended Budget | 76,120,221 | 22,863,439 | 23,918,829 | 848,000 | 75,912,831 | (207,390) | (0%) |
| 2020-21 Budget | 75,912,831 | 21,823,484 | 25,119,058 | 1,661,000 | 74,278,257 | (1,634,574) | (2%) |
| 2021-22 Budget | 74,278,257 | 22,788,978 | 29,405,685 | 4,641,750 | 72,303,300 | (1,974,957) | (3%) |
| Recycled Water Fund | | | | | | | |
| 2018-19 Actual | \$3,993,358 | \$962,974 | \$721,694 | \$(71,197) | \$4,163,441 | \$170,083 | 4% |
| 2019-20 Amended Budget | 4,163,441 | 1,709,192 | 1,716,516 | 504,506 | 4,660,623 | 497,182 | 12% |
| 2020-21 Budget | 4,660,623 | 1,770,750 | 1,816,700 | 539,537 | 5,154,210 | 493,587 | 11% |
| 2021-22 Budget | 5,154,210 | 1,327,549 | 1,360,747 | 34,563 | 5,155,575 | 1,365 | 0% |

The District has three types of fund balance:

- Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- Restricted for Capital Projects - This component of fund balance consists of developer fees collected that are held until specifically utilized for capital projects.
- Unrestricted – This component of net position consists of net position that does not meet the definition of net investment in capital assets and is available for the District’s use. Unrestricted net position is designated by the District per the Reserve Policy.

| Water Fund | | 2018-19 Actual | 2019-20 Amended Budget | 2020-21 Budget | 2021-22 Budget |
|--|--|----------------------|------------------------|----------------------|----------------------|
| Unrestricted Fund Balance | | | | | |
| Capital | Facility & Equipment Replacement | \$4,978,250 | \$9,000,000 | \$10,000,000 | \$11,000,000 |
| | Emergency | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | Administrative | 100,000 | 100,000 | 100,000 | 100,000 |
| | Local Water Resource Development | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Liquidity | Operating | 1,062,370 | 11,176,190 | 12,083,103 | 12,991,544 |
| | Rate Stabilization | 10,310,722 | 10,310,722 | 10,310,722 | 10,310,722 |
| | Water Banking | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| | Customer Assistance Program Carry Over | 40,790 | 76,490 | 85,490 | 87,290 |
| Total Unrestricted Fund Balance | | 20,992,132 | 35,163,402 | 37,079,315 | 38,989,556 |
| Restricted For Capital Projects | | 9,294,136 | 10,599,087 | 13,208,087 | 16,098,087 |
| Net Invested in Capital Assets | | 205,498,673 | 202,844,492 | 209,352,537 | 214,656,907 |
| Total Fund Balance | | \$235,784,941 | \$248,606,981 | \$259,639,939 | \$269,744,550 |

The Water Fund is anticipating moderate increases in fund balance over the budget years. The funds increase reserves for Facility & Equipment Replacement and Operating Reserves.

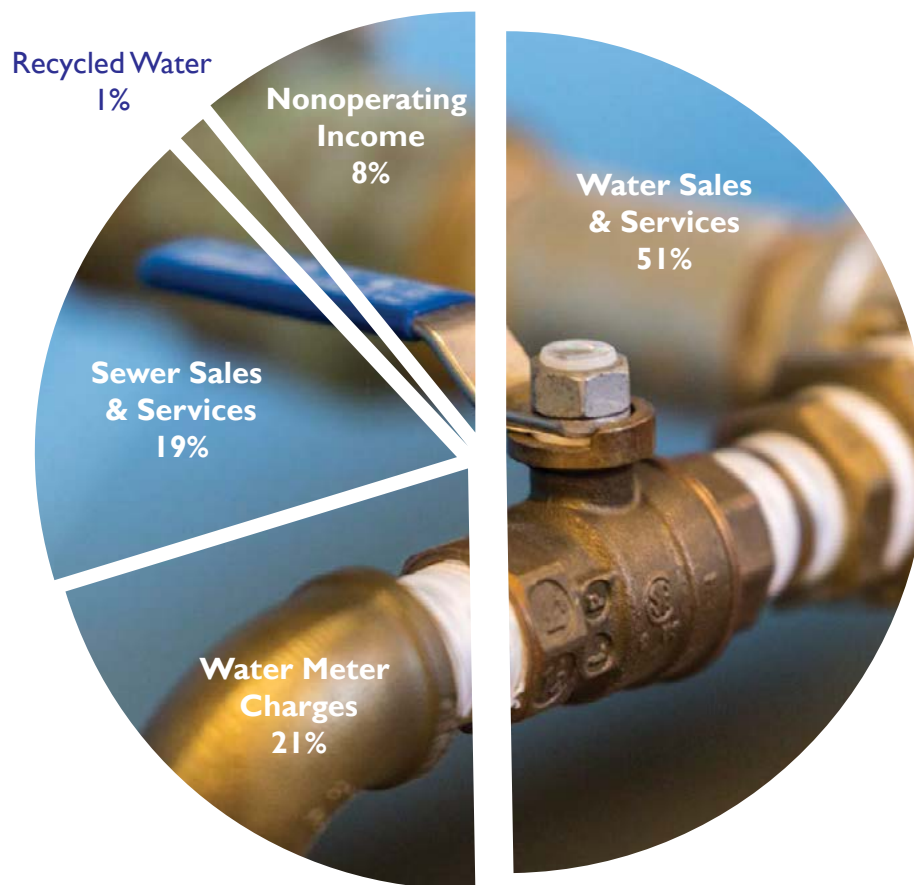
| Sewer Fund | | 2018-19 Actual | 2019-20 Amended Budget | 2020-21 Budget | 2021-22 Budget |
|--|----------------------------------|---------------------|------------------------|---------------------|---------------------|
| Unrestricted Fund Balance | | | | | |
| Capital | Facility & Equipment Replacement | \$20,000,000 | \$18,400,000 | \$17,760,000 | \$11,410,000 |
| | Emergency | 822,000 | 822,000 | 822,000 | 822,000 |
| | Administrative | 88,000 | 88,000 | 88,000 | 88,000 |
| Liquidity | Operating | 11,505,338 | 10,879,948 | 10,041,022 | 8,959,963 |
| Total Unrestricted Fund Balance | | 32,415,338 | 30,189,948 | 28,711,022 | 21,279,963 |
| Restricted For Capital Projects | | 2,604,194 | 3,774,194 | 1,957,546 | 2,771,898 |
| Net Invested in Capital Assets | | 41,100,689 | 41,948,689 | 43,609,689 | 48,251,439 |
| Total Fund Balance | | \$76,120,221 | \$75,912,831 | \$74,278,257 | \$72,303,300 |

The Sewer Fund is budgeting slight declines in reserves over the next several years. This was a planned strategy utilized to keep sewer rates at a moderate level while also maintaining healthy reserve levels.

| Recycled Water Fund | | 2018-19 Actual | 2019-20 Amended Budget | 2020-21 Budget | 2021-22 Budget |
|--|--------------|--------------------|------------------------|--------------------|--------------------|
| Unrestricted Fund Balance | | | | | |
| | Undesignated | \$(752,812) | \$(755,222) | \$(806,635) | \$(845,270) |
| Total Unrestricted Fund Balance | | (752,812) | (755,222) | (806,635) | (845,270) |
| Restricted For Capital Projects | | 313,736 | 343,328 | 383,328 | 423,328 |
| Net Invested in Capital Assets | | 4,602,517 | 5,072,517 | 5,577,517 | 5,577,517 |
| Total Fund Balance | | \$4,163,441 | \$4,660,623 | \$5,154,210 | \$5,155,575 |

The Recycled Water Fund is budgeting to increase reserves significantly over the next several years. This is due to increased capital improvement projects that are funded from grants. Unfortunately, the fund has all of its reserves restricted to capital assets or capital projects, which is causing unrestricted fund balance to be negative.

REVENUES



REVENUE SOURCES

The District receives 92% of revenues from user rates and charges on potable water, sewer services, and recycled water. Rates are adopted by the Board based on detailed cost of service studies performed for each service type. The District derives its authority for setting rates from §31000 of the California Water Code, and rate adjustments are adopted at public hearings conducted in accordance with requirements established by California Propositions 26 and/or 218.

The District has seven major revenue categories that are based on rates:

Water Fund

1. Meter charges are fixed charges assessed to customers monthly based on the size of the service connection/ meter to their property.
2. Water sales are based on the volume of water used by a customer during a billing period. Customer usage is tracked and charged on a tiered basis with rates increasing as usage increases. Water sales also include an MWD surcharge adjustment fee of \$0.29 per unit for FY 2021 and FY 2022 that the District collects as a pass-through.
3. Water services include charges for firelines, and various fees and penalties.

Sewer Fund

1. Sewer services are a fixed monthly charge for single family residences, and a combination of fixed and volumetric charges for commercial and multi-family customers.
2. Sewer treatment charges are established by, and the revenue remitted to IEUA, which is currently contracted to treat all wastewater generated by District customers.

Recycled Water Fund

1. Recycled water meter charges are fixed charges assessed to customers monthly based on the size of the service connection/meter to their property.
2. Recycled water services are based on the volume of water used by a customer during a billing period with a set price per hundred acre foot.

REVENUES BY FUND

The following table presents revenues and other sources by fund.

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | |
| Water Fund | \$79,007,282 | \$91,705,872 | \$89,383,629 | \$90,561,591 |
| Sewer Fund | 23,418,952 | 22,863,439 | 21,823,484 | 22,788,978 |
| Recycled Water Fund | 962,974 | 1,709,192 | 1,770,750 | 1,327,549 |
| Total Revenues | \$103,389,208 | \$116,278,503 | \$112,977,863 | \$114,678,118 |

REVENUES BY TYPE

The following table presents revenues and other sources by type.

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | | | | |
| Potable Water Sales & Services | \$42,948,253 | \$55,544,429 | \$51,682,308 | \$52,882,176 |
| Potable Meter Charges | 23,311,934 | 23,772,928 | 23,917,867 | 24,085,765 |
| Potable Water Sales to Other Agencies | 5,203,816 | 5,183,756 | 6,057,097 | 6,303,167 |
| Recycled Water Sales & Services | 800,185 | 1,067,165 | 1,005,157 | 1,052,197 |
| Recycled Water Meter Charges | 146,843 | 162,435 | 175,593 | 185,352 |
| Sewer Services | 4,998,021 | 4,801,761 | 4,649,578 | 4,661,876 |
| Sewer Treatment Charge | 16,435,124 | 16,466,878 | 16,078,820 | 17,097,750 |
| Total Operating Revenues | 93,844,175 | 106,999,352 | 103,566,420 | 106,268,283 |
| Non-Operating Revenues | | | | |
| Interest Income | 1,779,319 | 2,030,200 | 1,138,534 | 871,400 |
| Development Income | 4,156,390 | 5,504,543 | 6,512,352 | 6,794,352 |
| Outside CIP Funding | 2,156,825 | 450,000 | 1,037,280 | - |
| Other Income | 1,452,498 | 1,294,408 | 723,277 | 744,083 |
| Total Non-Operating Revenues | 9,545,032 | 9,279,151 | 9,411,443 | 8,409,835 |
| Total Revenues | \$103,389,208 | \$116,278,503 | \$112,977,863 | \$114,678,118 |

CUSTOMER BASE

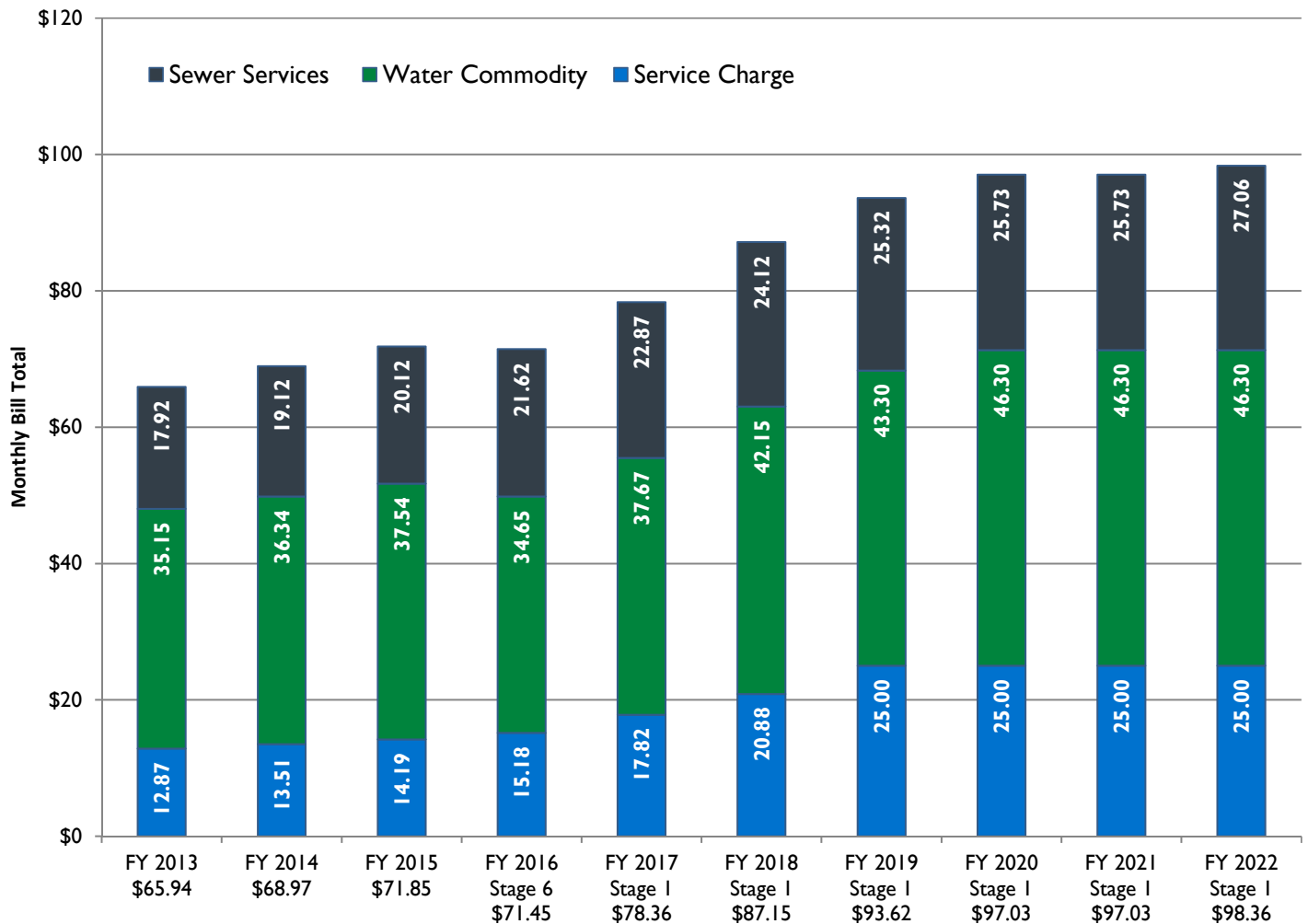
As revenues are driven by the District's customer base, the following table presents historical customer counts. Please note that recycled water customers have been included in total water customers. The total for recycled water customers was 140 for FY 2020.

Historical Customer Counts



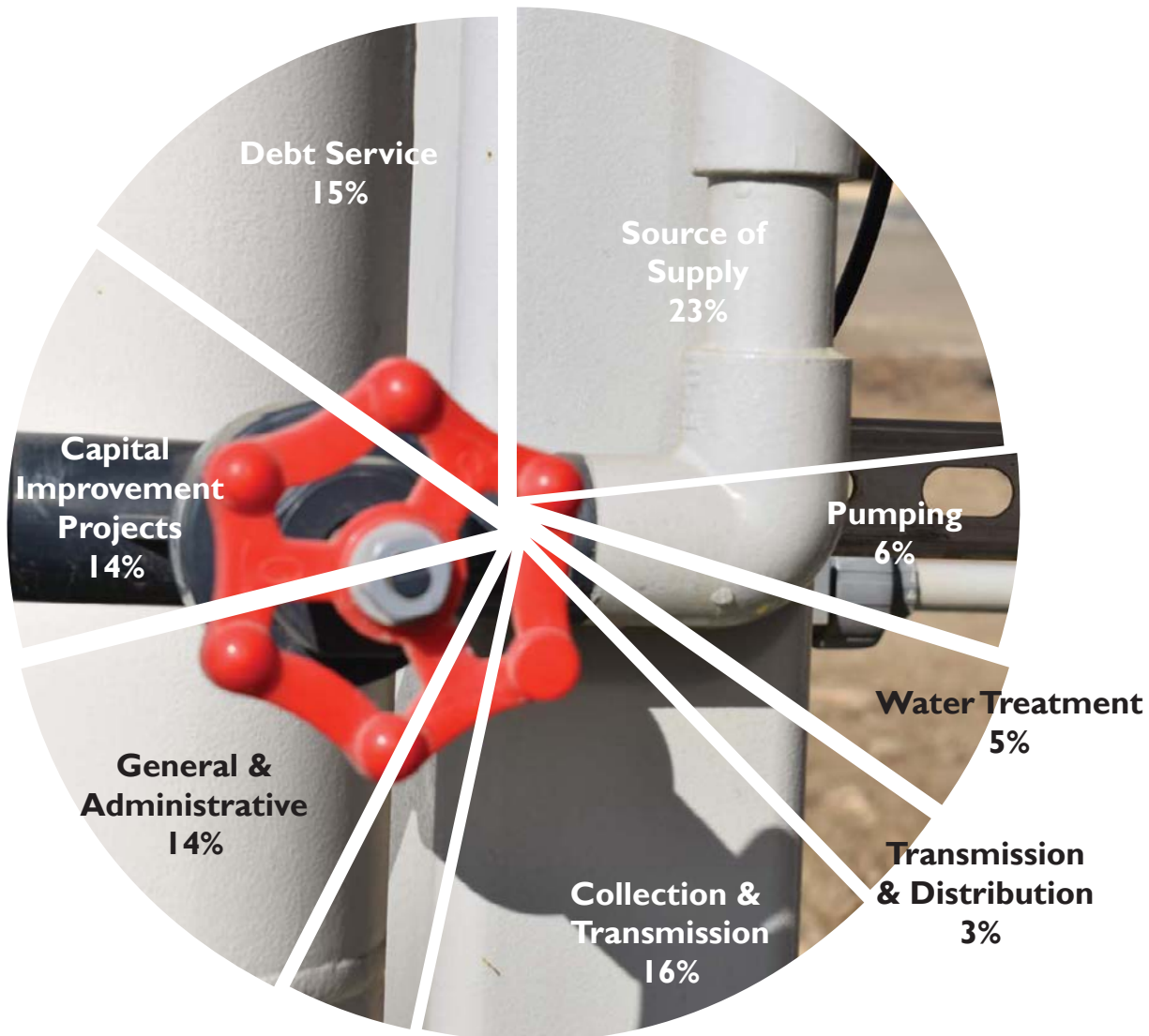
AVERAGE MONTHLY BILL

The District strives to make our services affordable while maintaining the District's vast infrastructure system. The following table shows the total monthly bill for a single family residential customer with a ¾ inch meter who is connected to the District's sewer system and who uses the average amount of water while following conservation expectations.



More information on rate development and revenue assumptions are highlighted in fund profiles in the following sections: Water Fund, Sewer Fund, and Recycled Water Fund.

EXPENSES



The District has seven major expense functions:

1. Source of Supply includes the cost of purchasing imported water from IEUA and assessments.
2. Pumping includes the cost of electricity incurred to move water throughout the District as well as staff wages and benefits.
3. Water Treatment includes the cost of operating the water treatment plants which include chemicals, water testing, wages, and benefits.
4. Transmission and Distribution include the operating costs for waterline maintenance and repairs, as well as staff wage and benefits.
5. Collection and Transmission include the IEUA sewer treatment fee that CVWD collects and remits back to IEUA. Additionally, operating costs for sewer line maintenance and repairs, as well as staff wage and benefits are included.
6. Customer Accounts include the cost of utility billing preparation and mailing, bad debt losses and collection service fees. Staff wages and benefits that support customer services functions are also included.
7. General and Administrative primarily include the cost of wages and benefits for the Executive, Administrative, Finance, Technology, and Engineering divisions as these roles support Operations staff.

EXPENSES BY FUND

The following table presents expenses and other uses by fund.

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Expenses | | | | |
| Water Fund | \$93,058,271 | \$86,571,625 | \$88,088,145 | \$89,379,492 |
| Sewer Fund | 22,431,930 | 23,918,829 | 25,119,059 | 29,405,685 |
| Recycled Water Fund | 721,694 | 1,716,516 | 1,816,700 | 1,360,747 |
| Total Expenses | \$116,211,895 | \$112,206,970 | \$115,023,903 | \$120,145,923 |

EXPENSES BY FUNCTION

The following table presents expenses and other uses by function.

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | 2022 Budget |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Expenses | | | | |
| Source of Supply | \$28,135,887 | \$29,221,467 | \$26,992,947 | \$28,182,269 |
| Pumping | 5,726,773 | 6,781,433 | 7,195,415 | 7,474,382 |
| Water Treatment | 5,385,758 | 5,833,716 | 5,774,988 | 5,861,816 |
| Transmission and Distribution | 2,825,974 | 3,225,867 | 3,489,655 | 3,653,362 |
| Collection and Transmission | 17,828,884 | 18,304,751 | 18,160,183 | 19,275,466 |
| Customer Accounts | 2,758,345 | 3,107,155 | 4,533,438 | 4,620,604 |
| General and Administrative | 13,919,785 | 15,608,160 | 15,816,458 | 16,361,854 |
| Total Operating Expenses | 76,581,406 | 82,082,549 | 81,963,084 | 85,429,753 |
| Non-Operating Expenses | | | | |
| Capital Improvement Projects | 21,975,473 | 12,672,000 | 15,597,280 | 17,222,000 |
| Annual Debt Service | 14,873,059 | 14,669,006 | 14,680,454 | 14,458,318 |
| Debt Covenants | 2,781,957 | 2,783,415 | 2,783,085 | 3,035,852 |
| Total Non-Operating Expenses | 39,630,489 | 30,124,421 | 33,060,819 | 34,716,170 |
| Total Expenses | \$116,211,895 | \$112,206,970 | \$115,023,903 | \$120,145,923 |

WATER FUND

The water fund accounts for the District's commitment to providing high quality, safe, and reliable drinking water while practicing good stewardship of natural and financial resources.

The following is a table of the District's Water Fund operating revenues and expenses:

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|---------------------------------|---------------------|---------------------|---------------------|------------------------|---------------------|------------------------|
| Operating Revenues | | | | | | |
| Water Sales & Services | \$42,948,253 | \$55,544,429 | \$51,682,308 | (7%) | \$52,882,176 | 2% |
| Meter Charges | 23,311,934 | 23,772,928 | 23,917,867 | 1% | 24,085,765 | 1% |
| Water Sales to Other Agencies | 5,203,816 | 5,183,756 | 6,057,097 | 17% | 6,303,167 | 4% |
| Total Operating Revenues | 71,464,003 | 84,501,113 | 81,657,272 | (3%) | 83,271,108 | 2% |
| Operating Expenses | | | | | | |
| Wages & Director's Fees | 9,424,761 | 9,973,147 | 10,455,223 | 5% | 10,892,443 | 4% |
| Benefits | 5,886,258 | 5,490,712 | 6,454,073 | 18% | 6,769,792 | 5% |
| Outside Labor | 82,038 | 93,400 | 65,200 | (30%) | 65,200 | 0% |
| Professional Development | 322,341 | 463,535 | 377,545 | (19%) | 382,622 | 1% |
| Professional Services | 678,977 | 824,546 | 577,732 | (30%) | 576,249 | (0%) |
| Personnel Costs | 189,508 | 248,639 | 239,693 | (4%) | 247,182 | 3% |
| Insurance | 276,900 | 312,099 | 346,156 | 11% | 352,881 | 2% |
| Advertisements | 20,409 | 30,225 | 25,525 | (16%) | 25,525 | 0% |
| Elections | - | 700,000 | - | (100%) | - | 0% |
| Collections | 34,017 | 66,000 | 959,600 | 1,354% | 959,600 | 0% |
| Utilities | 4,597,452 | 5,641,597 | 5,843,879 | 4% | 6,014,002 | 3% |
| Materials & Supplies | 4,032,962 | 4,483,463 | 4,555,354 | 2% | 4,647,945 | 2% |
| Outside Services | 1,946,523 | 2,573,037 | 2,683,755 | 4% | 2,709,042 | 1% |
| Source of Supply | 27,649,216 | 28,520,017 | 26,324,800 | (8%) | 27,482,800 | 4% |
| Miscellaneous | 345,307 | 409,294 | 464,585 | 14% | 464,583 | (0%) |
| Total Operating Expenses | 55,486,668 | 59,829,711 | 59,373,120 | (1%) | 61,589,866 | 4% |
| Net Operating Revenue | \$15,977,335 | \$24,671,402 | \$22,284,153 | (10%) | \$21,681,243 | (3%) |

WATER FUND REVENUES - OPERATING

RATES

The District bills customers on a monthly basis for water usage. To develop water rates, the District completed a detailed cost of service analysis with an independent consultant in 2015 which projected water rates for FY 2016 through 2019. The cost of service study evaluated the District's infrastructure needs, programs, and operations and maintenance costs to deliver and service potable water. The study then identified the required revenue necessary and allocated that revenue into the fixed meter charge and a four tiered commodities charges for water. In June 2015, the Board of Directors approved the rate study. A new cost of service study is in progress, however the prohibition of in-person public meetings associated with the COVID-19 emergency measures has impacted the implementation process of the rate study. The District will move forward with implementation of the new study when it is allowed to conduct a public hearing. The budget for operating revenues in FY 2021 through FY 2022 are calculated based current authorized rates with no changes.

In FY 2016 the District adopted Drought Stage 6, but in FY 2017 the District was able to set rates at the non-drought Normal Conditions – Encouraging Water Use Efficiency and no specific conservation requirement. The easing of drought restrictions was possible because the District self-certified the water supply available in a multi-year projection and was allowed to set its own conservation requirements. On May 14, 2019, the District revised its Water Supply Shortage Contingency Plan and expects to maintain rates at Normal Conditions for FY 2021 and FY 2022 based on available water supply. The MWD Surcharge is a pass-through adjustment based on charges imposed on the District that are set by MWD and IEUA. Rate increases enacted by MWD and IEUA result in a surcharge of \$0.29 per unit of water sold for FY 2021 and FY 2022, unless water rates are revised through the Public Hearing process supported by a complete cost of service study.

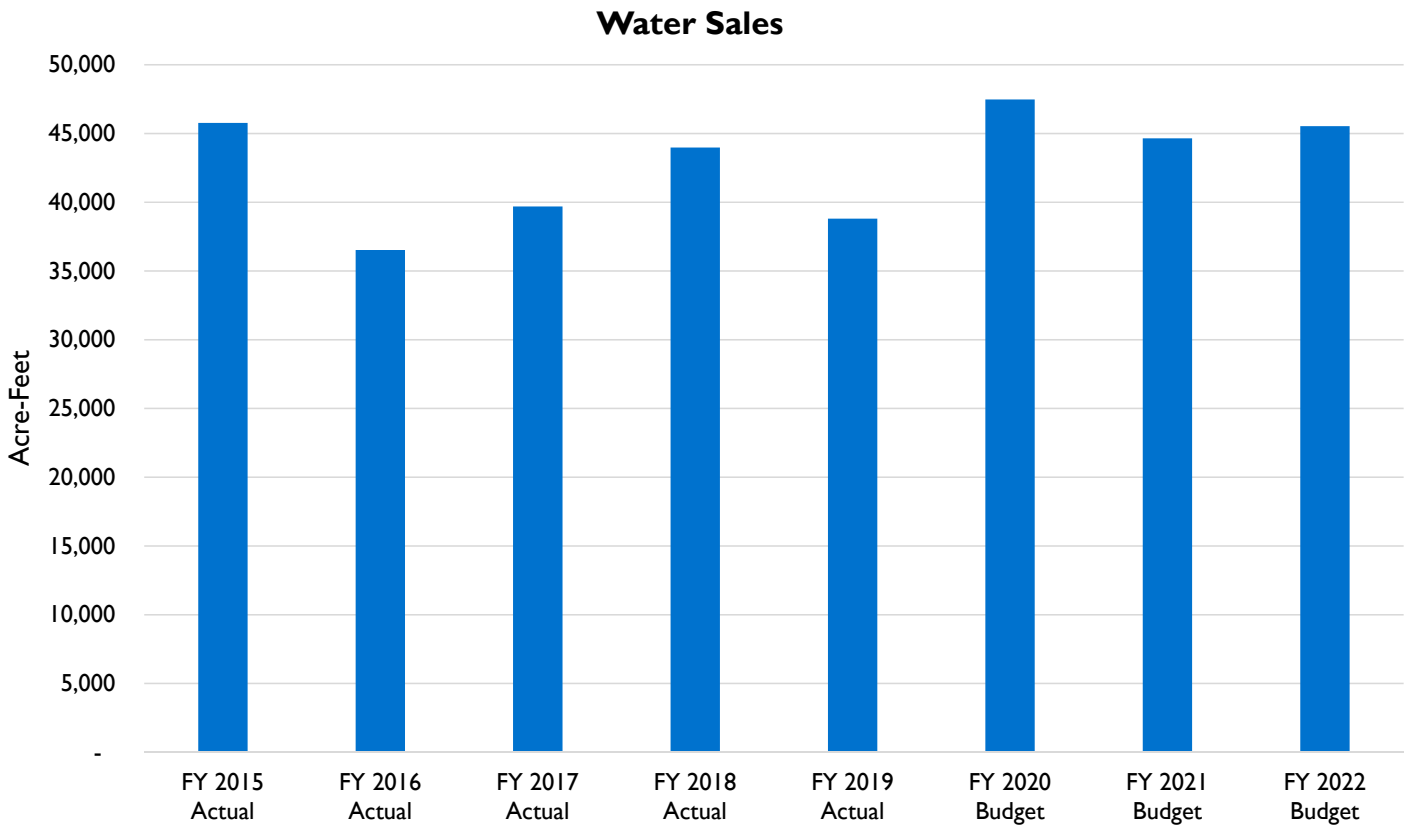
| Tiered Water Rate | 7/1/2015 | 7/1/2016 | 7/1/2017 | 7/1/2018 | 7/1/2019 | 7/1/2020 | 7/1/2021 |
|--------------------|-----------------|-------------|-------------|-------------|-------------|----------|----------|
| per hcf | Drought Stage 6 | Non-Drought | Non-Drought | Non-Drought | Non-Drought | Budgeted | Budgeted |
| Tier 1 | \$2.34 | \$1.60 | \$1.61 | \$1.62 | \$1.62 | \$1.62 | \$1.62 |
| Tier 2 | 2.55 | 2.13 | 2.14 | 2.16 | 2.16 | 2.16 | 2.16 |
| Tier 3 | 3.09 | 2.66 | 2.68 | 2.71 | 2.71 | 2.71 | 2.71 |
| Tier 4 | 5.68 | 3.03 | 3.05 | 3.07 | 3.07 | 3.07 | 3.07 |
| Construction Water | 5.34 | 4.63 | 4.65 | 4.70 | 4.70 | 4.70 | 4.70 |
| MWD Surcharge | 0.18 | 0.11 | 0.10 | 0.14 | 0.29 | 0.29 | 0.29 |

| Meter Charge by Size Meter | Bi-Monthly | Bi-Monthly | Bi-Monthly | Bi-Monthly | Monthly | Monthly | Monthly |
|----------------------------|------------|------------|------------|------------|-----------|----------|----------|
| | Effective | Effective | Effective | Effective | Effective | Budgeted | Budgeted |
| | 7/1/2015 | 7/1/2016 | 7/1/2017 | 7/1/2018 | 7/1/2019 | 7/1/2020 | 7/1/2021 |
| 5/8" x 3/4" | \$30.35 | \$35.64 | \$41.75 | \$50.00 | \$25.00 | \$25.00 | \$25.00 |
| 3/4" | 30.35 | 35.64 | 41.75 | 50.00 | 25.00 | 25.00 | 25.00 |
| 1" | 50.58 | 59.39 | 69.58 | 83.33 | 41.66 | 41.66 | 41.66 |
| 1-1/2" | 101.16 | 118.79 | 139.16 | 166.67 | 83.33 | 83.33 | 83.33 |
| 2" | 161.86 | 190.06 | 222.65 | 266.67 | 133.33 | 133.33 | 133.33 |
| 3" | 303.48 | 356.36 | 417.47 | 500.00 | 250.00 | 250.00 | 250.00 |
| 4" | 505.80 | 593.93 | 695.79 | 833.33 | 416.66 | 416.66 | 416.66 |
| 6" | 1,011.60 | 1,187.87 | 1,391.57 | 1,666.67 | 833.33 | 833.33 | 833.33 |
| 8" | 1,618.57 | 1,900.59 | 2,226.51 | 2,666.67 | 1,333.33 | 1,333.33 | 1,333.33 |
| 10" | 2,427.85 | 2,850.88 | 3,339.77 | 4,000.00 | 2,000.00 | 2,000.00 | 2,000.00 |
| 12" | 3,642.00 | 4,276.80 | 5,010.00 | 6,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |

CONSUMPTION

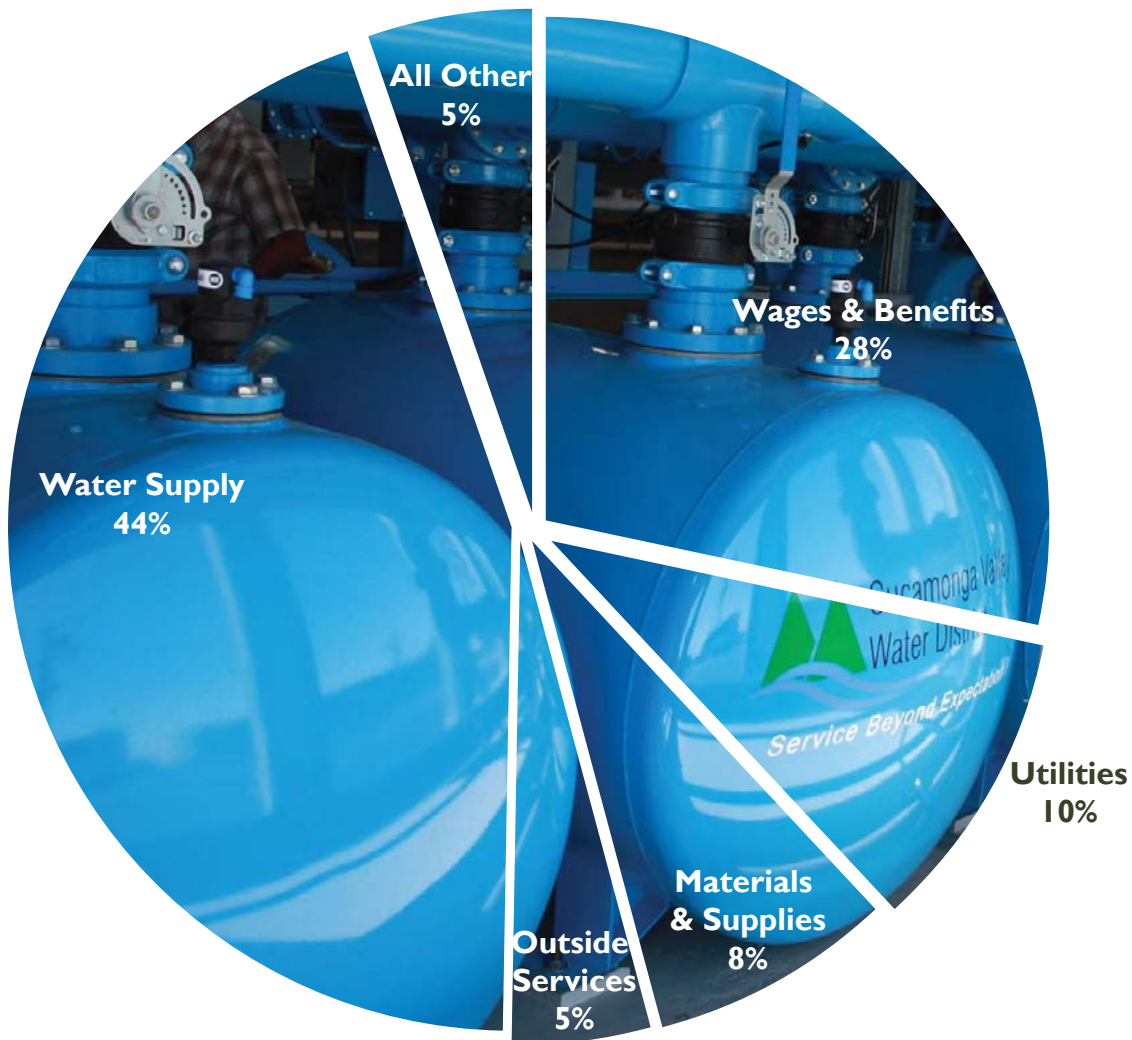
Another factor that greatly affects the calculation of the Water Fund’s revenues is the quantity of water sold. FY 2019 was a year with very high levels of precipitation and as such, customers were able to shut off outdoor watering during the winter and be more aggressive at conserving. For FY 2020 the District is anticipating rainfall to drop down to average levels. For FY 2021 and FY 2022 conservation expectations compared to FY 2020 have been set at 6% and 4%, respectively. Customer growth of 0.48% was calculated on the fixed meter charge, but not on consumption forecasts as the impact was deemed minimal.

The following table shows historic water sales measured in acre-feet (AF) :



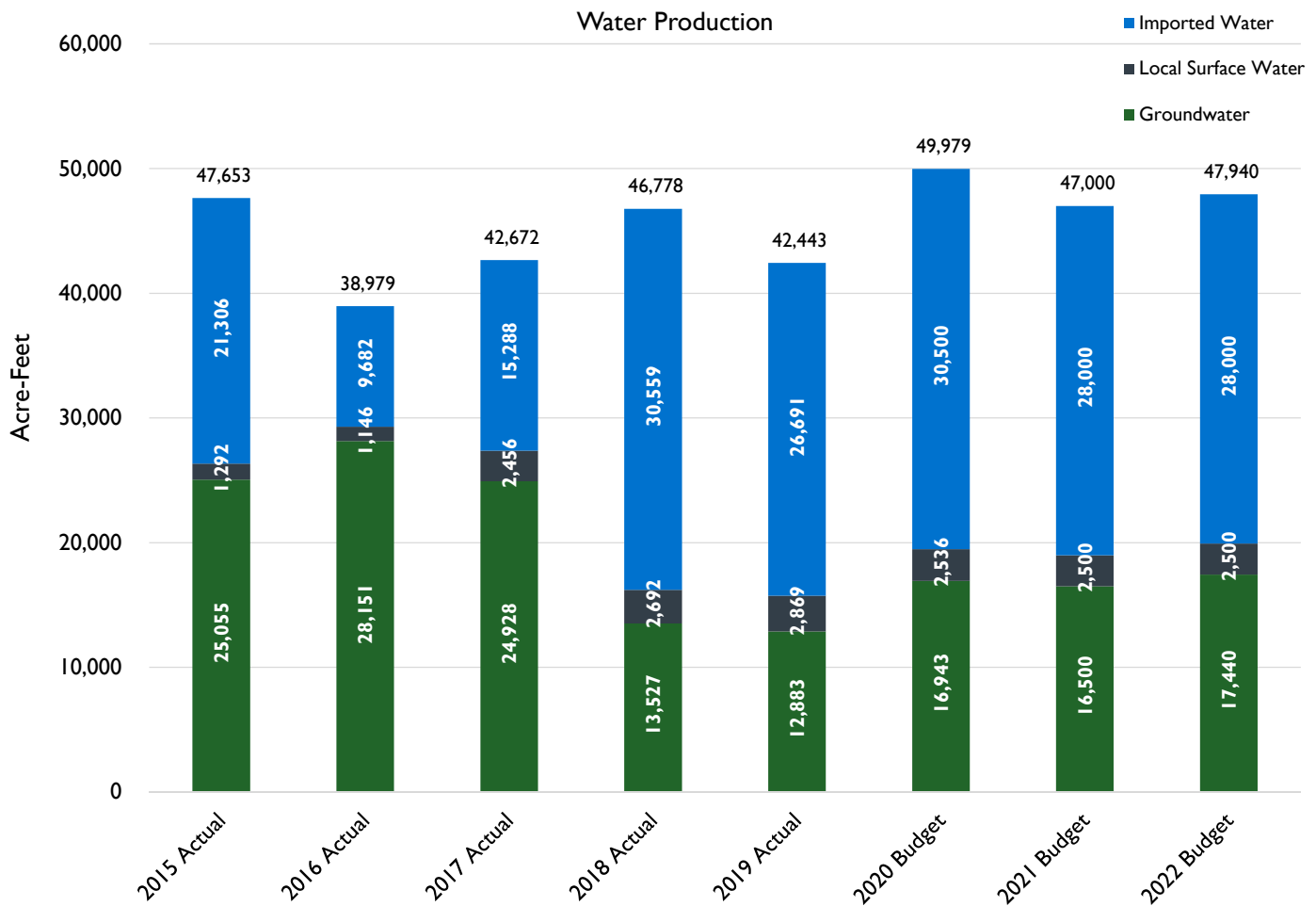
WATER FUND EXPENSES – OPERATING

The chart below indicates the allocation of costs within the Water Fund’s operating expenses:



The Water Fund is budgeting a 1% reduction in operating expenses for FY 2021 and a modest increase of 4% FY 2022. The majority of the Fund’s operating expense is for water supply, which is due to anticipated increases in the cost of imported water. The District purchases imported water from MWD through IEUA and staff are budgeting a rate increase of 3% and 4% for FY 2021 & 2022, respectively, per acre foot. Wages and benefits cost calculations include a 3% budgeted cost of living adjustment (COLA) considering the consumer price index and the employment cost index for the District’s region. However, Board action to approve the implementation of the COLA will be deferred to a later date when the economic impact of the COVID-19 emergency measures are known. An average merit increase of 4% was factored in for those employees who have not reached the top of their position’s salary range. Additionally, the cost of CalPERS retirement is dramatically increasing as the normal cost contribution rate rises from 9.756% in FY 2020 and 10.003% in FY 2021. Additionally, the CalPERS unfunded liability lump sum payment increases to \$1.7 million in FY 2021 and \$2.0 million in FY 2022, up from \$1.6 million in FY 2020. The District is not increasing the overall headcount between FY 2020 and FY 2022 but is reducing the number of part-time positions by one. Utility expenses are also anticipated to increase based on staff estimates of a 3% increase in electricity rates each year. All other operating costs are determined by division management and are based on historical results.

The table below illustrates historical production in acre-feet:



The Water Fund’s expense mix is heavily weighted towards the actual cost of producing potable drinking water, as mentioned on the previous page in regards to the water supply expense category. The District’s water supply is made up of three sources: imported water, groundwater, and local surface water. Imported water is the most costly source as this is purchased from MWD through IEUA. The District has budgeted an 8% reduction in the use of imported water and increased the use of Cucamonga Basin groundwater in the production mix for FY 2021 and 2022. Production estimates are based on a 6% and 4% conservation estimate for FY 2021 and 2022, respectively, and are tied to budgeted consumption/operating revenues.

SEWER FUND

The Sewer Fund accounts for all the activities related to wastewater collection and transmission.

The following is a table of the District's Sewer Fund operating revenues and expenses:

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|---------------------------------|--------------------|---------------------|--------------------|------------------------|--------------------|------------------------|
| Operating Revenues | | | | | | |
| Sewer Services | \$4,998,021 | \$4,801,761 | \$4,649,578 | (3%) | \$4,661,876 | 0% |
| Sewer Treatment Charge | 16,435,124 | 16,466,878 | 16,078,820 | (2%) | 17,097,750 | 6% |
| Total Operating Revenues | 21,433,145 | 21,268,639 | 20,728,398 | (3%) | 21,759,626 | 5% |
| Operating Expenses | | | | | | |
| Wages & Director's Fees | 2,037,531 | 2,188,443 | 2,346,099 | 7% | 2,441,265 | 4% |
| Benefits | 1,315,958 | 1,318,234 | 1,646,285 | 25% | 1,734,366 | 5% |
| Outside Labor | 32,124 | 61,350 | 41,550 | (32%) | 41,550 | 0% |
| Professional Development | 43,893 | 73,168 | 83,632 | 14% | 85,596 | 2% |
| Professional Services | 71,246 | 90,303 | 154,683 | 71% | 160,032 | 3% |
| Personnel Costs | 32,868 | 37,976 | 56,092 | 48% | 58,168 | 4% |
| Insurance | 105,039 | 134,470 | 117,053 | 0% | 117,053 | 0% |
| Advertisements | 19,883 | - | - | 0% | - | 0% |
| Collections | 4,893 | 16,000 | 52,400 | 228% | 52,400 | 0% |
| Utilities | 54,284 | 68,560 | 81,370 | 19% | 67,654 | (17%) |
| Materials & Supplies | 180,435 | 284,995 | 266,767 | (6%) | 275,851 | 3% |
| Outside Services | 287,513 | 351,162 | 441,095 | 26% | 440,025 | (0%) |
| Sewer Treatment Cost | 16,160,337 | 16,466,878 | 16,078,820 | (2%) | 17,097,750 | 6% |
| Miscellaneous | 64,437 | 79,290 | 92,213 | 16% | 92,225 | 0% |
| Total Operating Expenses | 20,410,442 | 21,170,829 | 21,458,059 | 1% | 22,663,935 | 6% |
| Net Operating Revenue | \$1,022,703 | \$97,810 | \$(729,661) | (846%) | \$(904,309) | 24% |

SEWER FUND REVENUES - OPERATING

RATES

The District changed its billing cycle from bi-monthly to monthly starting July 1, 2019. Customers are billed on a monthly basis for sewer service if connected to the District's sewer system. To develop sewer rates the District completed a detailed cost of service analysis in 2019 which projected rates for FY 2020 through FY 2024. The cost of service study evaluated the District's infrastructure needs, programs, and operations and maintenance costs to collect and transmit wastewater. The study then identified the required income necessary and allocated that income into the fixed sewer charge for residential customers and a volumetric charge for commercial customers. All single family residential customers are billed for one Equivalent Dwelling Unit (EDU), which is the standard measurement of wastewater discharged into the sewer collection and treatment system equal to the average discharge from a single-family unit. District schools are billed based on student head count. Commercial customers are billed based on a percentage of their potable water consumption.

In addition to the District's sewer charge, customer bills also include a sewer charge from the Inland Empire Utilities Agency (IEUA) for the treatment of wastewater. The District collects this fee on behalf of IEUA and remits all fees collected to IEUA. The Board adopted the 5-year pass-through provision for IEUA's treatment charge at the same time as the rate study. Only in those years that IEUA's Board adopts a rate increase, will CVWD pass that on to our customers.

A new cost of service study is to be conducted during FY 2024 and will affect rates effective July 1, 2024 for FY 2025. In order to calculate the budget for FY 2021 and FY 2022, staff utilize the pass-through rate based on the rates approved by action of the IEUA Board of Directors.

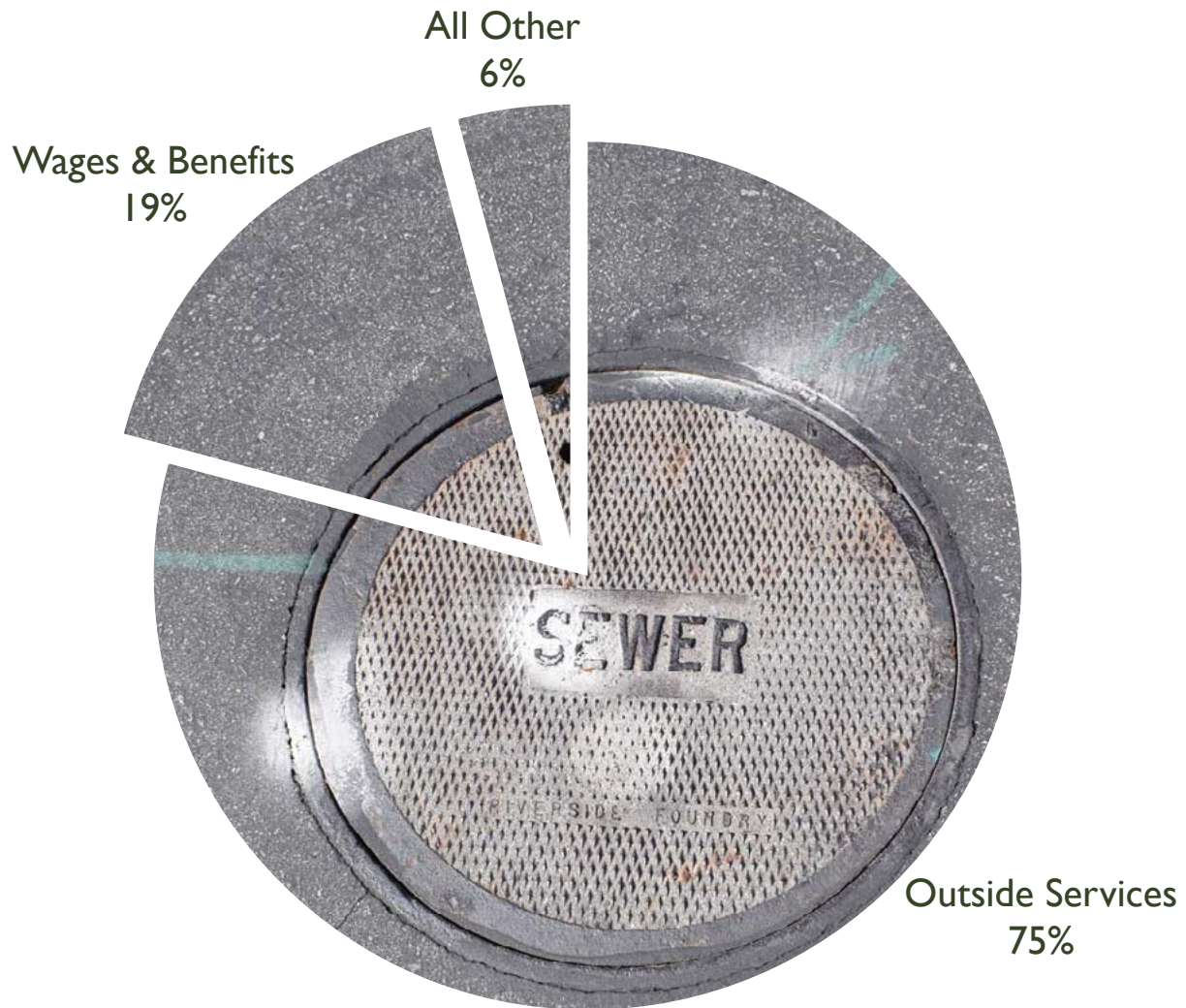
| Sewer Charges | Effective | Effective | Effective | Effective |
|-----------------------------|-----------|-----------|-----------|-----------|
| Monthly | 7/1/2018 | 7/1/2019 | 7/1/2020 | 7/1/2021 |
| Local CVWD | \$5.73 | \$5.73 | \$5.73 | \$5.73 |
| IEUA Treatment Pass-Through | 19.59 | 20.00 | 20.00 | 21.22 |

CONSUMPTION

When determining the revenues to budget for the Sewer Fund, historical EDUs from the prior year are utilized. This consumption history allows for taking into account minimal customer count increases and the variables of water consumption in commercial users. As such the District's portion of sewer revenues has a slight decrease of \$152 thousand or 3% in FY 2021 when compared to FY 2020. There is no change anticipated in the District's portion of sewer revenues in FY 2022 compared to FY 2021. Sewer treatment charges decreased a total of 2% when comparing FY 2021 to FY 2020 which is entirely attributed to the anticipated decrease in water consumption. Due to the COVID-19 crisis, IEUA Board of Directors deferred a fee increase that was to be implemented on July 1, 2020. This action will hold the IEUA Treatment rate at \$20.00 per EDU per month from 7/1/2020 to 6/30/2021. On July 1, 2021, the IEUA Treatment rate will be increased to \$21.22 per EDU per month. This change will result in a 6% increase in sewer treatment charges in FY 2022 compared to FY 2021.

SEWER FUND EXPENSES – OPERATING

The chart below indicates the allocation of costs within the Sewer Fund’s operating expenses:



The Sewer Fund expenses are increasing a total of 1% when comparing FY 2021 to FY 2020, which is related to inflation effects on operating expenses. There is a 6% increase in total Sewer Fund expenses from FY 2021 to FY 2022 which is primarily related to the increase of IEUA treatment charge. The majority of sewer costs are for the treatment of wastewater by IEUA, which is 75% of the fund’s expenses.

Other notable increases are related to wages and benefits which follow the same assumptions as the Water Fund (3.0% COLA, 4% merit, change in positions, increase cost of CalPERS). Due to the economic uncertainty during the COVID-19 epidemic, the District will defer the COLA increase for FY2021. All other operating costs are determined by division management and are based on historical results.

RECYCLED WATER FUND

The Recycled Water Fund accounts for the District's recycled water sales and services and has the District's smallest customer base and fund.

The following is a table of the District's Recycled Water Fund operating revenues and expenses:

| | 2019 Actual | 2020 Amended Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|---------------------------------|------------------|---------------------|------------------|------------------------|------------------|------------------------|
| Operating Revenues | | | | | | |
| Recycled Water Sales & Services | \$800,185 | \$1,067,165 | \$1,005,157 | (6%) | \$1,052,197 | 5% |
| Meter Charges | 146,843 | 162,435 | 175,593 | 8% | 185,352 | 6% |
| Total Operating Revenues | 947,028 | 1,229,600 | 1,180,750 | (4%) | 1,237,549 | 5% |
| Operating Expenses | | | | | | |
| Wages & Director's Fees | 143,174 | 236,750 | 248,941 | 5% | 256,565 | 3% |
| Benefits | 52,242 | 135,889 | 167,750 | 23% | 175,226 | 4% |
| Outside Labor | - | - | 4,500 | 100% | 4,500 | 0% |
| Professional Development | 499 | 7,630 | 4,597 | (40%) | 3,792 | (18%) |
| Professional Services | 328 | 570 | 390 | (32%) | 370 | (5%) |
| Personnel Costs | 573 | 1,000 | 1,000 | 0% | 1,000 | 0% |
| Advertisements | 318 | - | - | 100% | - | 100% |
| Utilities | 1,074 | 1,300 | 1,600 | 23% | 1,300 | (19%) |
| Materials & Supplies | 626 | 23,868 | 49,521 | 107% | 49,811 | 1% |
| Outside Services | 2,196 | 5,102 | 17,310 | 239% | 15,710 | (9%) |
| Source of Supply | 477,864 | 661,450 | 627,147 | (5%) | 658,469 | 5% |
| Miscellaneous | 5,402 | 8,450 | 9,150 | 8% | 9,210 | 1% |
| Total Operating Expenses | 684,296 | 1,082,009 | 1,131,906 | 5% | 1,175,953 | 4% |
| Net Operating Revenue | \$262,732 | \$147,591 | \$48,844 | (67%) | \$61,596 | 26% |

RECYCLED WATER FUND REVENUES - OPERATING

RATES

In 2005 the District adopted an ordinance to begin the sale and distribution of recycled water. The District switched to billing customers on a monthly basis for water usage as of July 1, 2019. To develop recycled water rates the District completed a detailed cost of service analysis in 2019 which projected recycled water rates for FY 2020 through 2024. The rate structure for the District’s recycled water charges is comprised of three components: (1) fixed monthly meter charge that is determined on the basis of the size of the meter serving the property; and (2) a commodity charge that is determined on the basis of the amount of recycled water delivered to a property; and (3) an IEUA Surcharge Rate per HCF. The meter charge is designed to recover the District’s fixed costs of providing recycled water service (e.g., capital replacement and debt repayment). The recycled water commodity charge is designed to recover the District’s costs of purchasing wholesale recycled water from IEUA and other operating costs (e.g. inspection, operations and maintenance, billing, customer service, and other related costs). The IEUA Surcharge is a pass-through adjustment based on charges imposed on the District that are set by IEUA. The 2019 Rate study estimated a 3% annual rate increases by IEUA. Currently actual IEUA rates are not projected to go higher than the 4%, this surcharge remains zero for FY 2021 and FY 2022.

The District’s recycled water rates are calculated based on the cost of providing recycled water to only those customers receiving that service. In order to budget for FY 2021 and FY 2022, staff estimated recycled water revenues based on the rates that were determined in the cost of service study as shown in the following table.

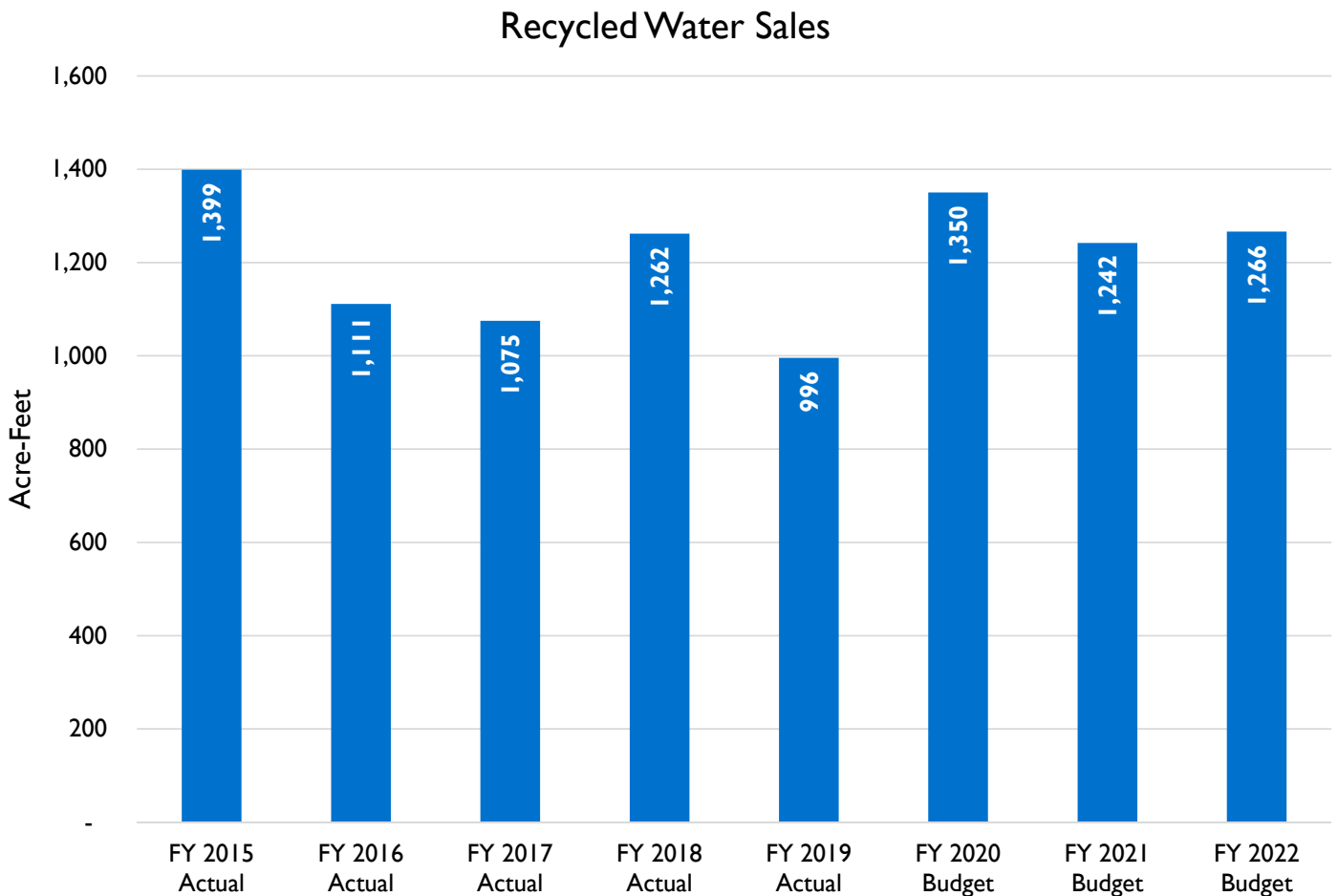
| Recycled Water Rate per hcf | Effective | Effective | Effective | Effective | Effective | Effective |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 7/1/2018 | 7/1/2019 | 7/1/2020 | 7/1/2021 | 7/1/2022 | 7/1/2023 |
| Domestic / Landscape | \$1.73 | \$1.78 | \$1.83 | \$1.88 | \$1.94 | \$2.00 |
| Construction Water | 3.46 | 1.78 | 1.83 | 1.88 | 1.94 | 2.00 |

| Monthly Meter Charge by Meter Size | Effective | Effective | Effective | Effective | Effective | Effective |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 7/1/2018 | 7/1/2019 | 7/1/2020 | 7/1/2021 | 7/1/2022 | 7/1/2023 |
| 1” | \$28.79 | \$29.66 | \$30.55 | \$31.47 | \$32.41 | \$33.38 |
| 1-1/2” | 57.42 | 59.14 | 60.92 | 62.74 | 64.63 | 66.57 |
| 2” | 91.90 | 94.66 | 97.50 | 100.43 | 103.44 | 106.54 |
| 3” | 172.43 | 177.60 | 182.93 | 188.42 | 194.07 | 199.90 |
| 4” | 287.45 | 296.07 | 304.95 | 314.10 | 323.53 | 333.23 |
| 6” | 574.72 | 591.96 | 609.72 | 628.01 | 646.85 | 666.26 |
| 8” | 919.59 | 947.18 | 975.59 | 1,004.86 | 1,035.01 | 1,066.06 |
| 10” | 1,379.47 | 1,420.85 | 1,463.48 | 1,507.39 | 1,552.61 | 1,599.19 |

CONSUMPTION

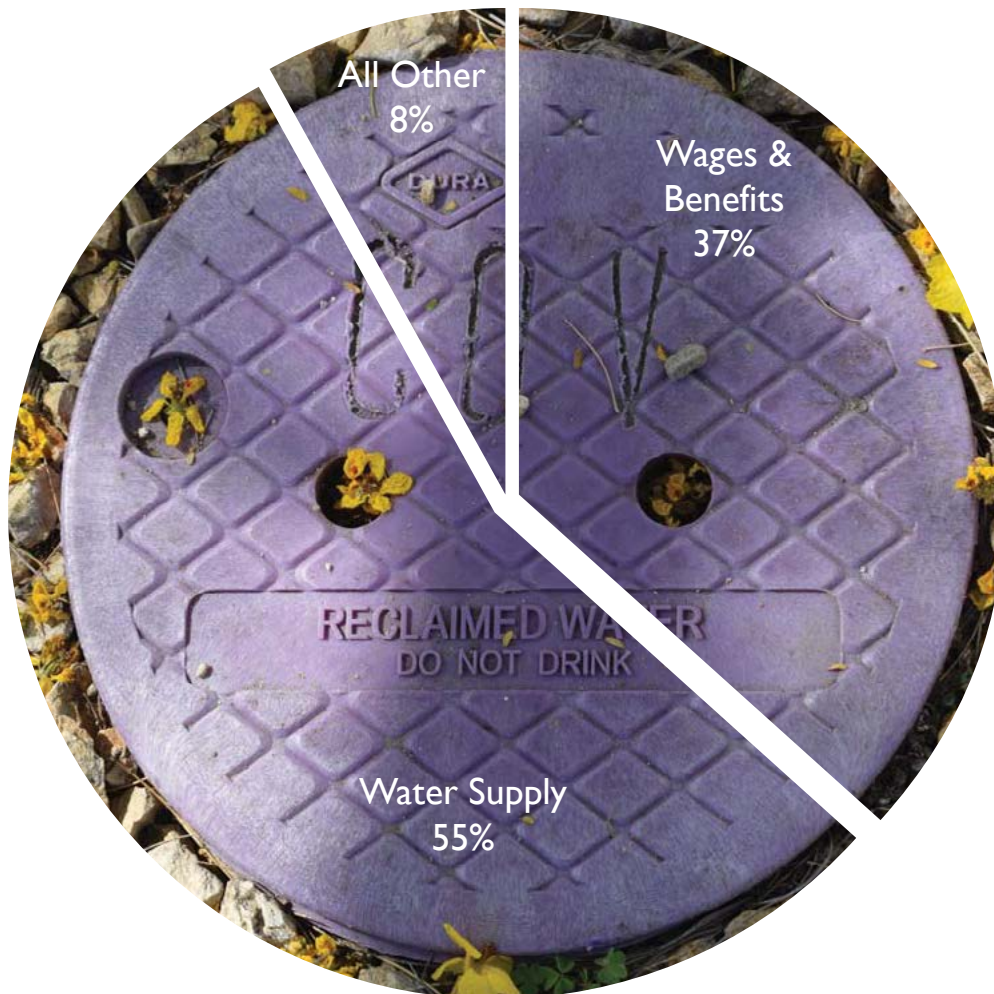
Another factor that greatly affects the calculation of the Recycled Water Fund’s revenues is the quantity of water sold. In FY 2016 the state-wide drought messaging led customers to believe that they should conserve, even though recycled water wasn’t under the same restrictions as potable water. The following year, FY 2017, had very high precipitation so consumption was further reduced since the majority of recycled water is used for landscape irrigation. FY 2018 experienced a rebound in recycled water sales but consumption declined in FY 2019 again. The District anticipates a slight increase in consumption through the end of FY 2020 but total revenues are expected to be under the budgeted amount. The District has projected a 6% increase in number of recycled water customers in both FY 2021 and FY 2022. Recycled water consumption for FY 2021 is projected to be 8% below the FY 2020 level which will result in an estimated 5% decrease in revenues. In FY 2022 recycled water consumption is projected to increase by 2% resulting in a 5% overall increase in revenues for FY 2022.

The following table shows the historical trends and future projections of recycled water consumption:



RECYCLED WATER FUND EXPENSES – OPERATING

The chart below indicates the allocation of costs within the Recycled Water Fund's operating expenses:



The Recycled Water Fund expenses are projected to increase by 5% in FY 2021 compared to FY 2020. This is the result of inflation related increases in wages and benefits, materials and services. The rising operating costs will be offset by a decrease in purchased recycled water, due to the decline in consumption. Operating expenses for FY 2022 are expected to increase by 4% primarily as a result of a slight increase in consumption and the related cost of purchasing recycled water from IEUA. The cost of purchasing recycled water accounts for 55% of total operating expenses. The District purchases recycled water from IEUA at a flat rate per acre foot. IEUA is expected to increase their recycled water cost from \$490/AF in FY 2020 to \$505/AF in FY 2021, and to \$520/AF in FY2022, a 3% increase.

Other notable increases are related to wages and benefits which follow the same assumptions as the Water Fund (3.0% COLA, 4% merit, total compensation study, pension costs). Due to the economic uncertainty during the COVID-19 emergency response, the District will defer action on the COLA to a later date. All other operating costs are determined by division management and are based on historical results.

LONG-RANGE FINANCIAL PLANS

The District has placed a significant effort in the creation of strategic objectives that help guide our organization into the future. These objectives help lead us through challenging times while keeping our focus and attention on our organization's mission and foundational principles. This attention to our future began in 2001 and is integral to our vision and policy framework. This allows the Board of Directors to focus at the policy level, while delegating the details of achieving goals to staff.

The four key elements of our organization's mission are Safety, Reliability, Quality and Stewardship. All work endeavors must be consistent with these elements. Each year the Board of Directors and Executive Staff review past accomplishments and discuss the upcoming year's goals, as well as longer-term strategic objectives. Once confirmed by the Board of Directors, these approved goals and objectives are included in the budget process, along with the corresponding funding levels. The strategic goals are outlined below with some of the key FY 2021 – FY 2022 work plan items:

- Financial Planning and Oversight – Advanced funding of pension liabilities, a five-year cost of service rate study for the water fund, and cyclical review of financial policies
- Service to our Customers – Complete the transition to new on-line payment software and upgrade the customer service web portal to provide water consumption data
- Information Technology – Upgrade the utility billing and database software to enhance and modernize functionality.
- Outreach to Customers and Stakeholders – Continue to educate customers about the smart use of water
- Investment in our Employees – Continue leadership development
- Reliability in Water Supply – Complete the construction and start up compliance procedures of the Cucamonga Basin wellhead treatment plant and assist in the development of the amended judgment and water supply strategy in the Cucamonga Basin.

FIVE-YEAR FUND FORECAST

The District has forecast three additional fiscal years beyond the biennial budget using a variety of techniques. The most prevalent being the use of the master plan documents. The Water Master Plan was completed in March 2017. This plan outlines the water infrastructure needs until the District reaches build-out. The District completed a long-term financial plan in association with the water rates study for FY 2021 to FY 2025. The District also uses a long-term wage and benefit model as well as detailed cost of service studies. Also, analyses of long-term obligations have been completed in order to find the best fit for the District to balance current cash flow while reducing costs. These cost savings measures include the advance funding of pension liabilities, and debt refunding. The District has no plans to issue additional debt obligations in the five-year time period shown. All CIP shown in the forecast will be funded on a Pay-Go basis.

The following tables and bar charts show the two budget years plus three additional projected years for each of the three major funds, and the assumptions used to determine the amounts in the projection years FY 2023 through 2025.

| | Projected Increased | Reasoning |
|-------------------------------|-------------------------|--|
| Water Fund | | |
| Operating Revenues | 4.5% | Based on rate projections in the Long Term Financial Model. Also including an average customer growth rate of approximately 0.3% based on historical growth. The District is near build-out. |
| Operating Expenses | | |
| Source of Supply | 4.5% | This category includes the District's cost of imported water, which has historically increased at this rate. Staff are projecting customer consumption to recover slowly from FY 2023 through FY2025. The District anticipates using more water from local sources to reduce costs. Plans can be modified in the event of a water supply shortage. |
| All Other Operating Expenses | 4.0% | Based on historic increases and other factors, such as inflation. |
| Non-Operating Revenues | | |
| Development Fees | Specifically identified | Amounts are specifically identified by engineering staff based on anticipated future development projects within the District. |
| Outside CIP Funding | Specifically identified | Staff have projected no debt issuances or grant funding in future years. |
| Other Income | 2.0% | Based on District history and the LAIF interest rate. |
| Non-Operating Expenses | | |
| Capital Improvement Projects | Specifically identified | Engineering determined amounts during the 5 year capital budget process in conjunction with the Water Master Plan. |
| Annual Debt Service | Specifically identified | Amounts are derived from the District's current debt amortization schedules and the District has no plans to issue new debt in the next 5 years. |
| Sewer Fund | | |
| Operating Revenues | | |
| Sewer Services | < 1% | Sewer Services are fees charged for the District's services. Staff are projecting no rate increases and less than 0.3% customer growth based on historic results. The District is near build-out. |
| Sewer Treatment Charges | 4.0% | Sewer Treatment Charges account for the District collecting IEUA's fees from our customers, which is then passed through to IEUA. Staff are anticipating 4% annual IEUA rate increases in FY 2023 - 2025. |
| Operating Expenses | | |
| Collection & Transmission | 4.0% | This category is the cost of passing through IEUA's sewer treatment charges. The rate increase is the same as the Sewer Treatment Charges revenue. |
| All Other Operating Expenses | 4.0% | Based on historic increases and other factors, such as inflation. |
| Non-Operating Revenues | | |
| Development Fees | Specifically identified | Amounts are specifically identified by engineering staff based on anticipated future development projects within the District. |
| Other Income | 2.0% | Based on District history and the LAIF interest rate. |
| Non-Operating Expenses | | |
| Capital Improvement Projects | Specifically identified | Engineering determined amounts during the 5 year capital budget process in conjunction with the Sewer Master Plan. |

| | Projected Increased | Reasoning |
|-------------------------------|-------------------------|--|
| Recycled Water Fund | | |
| Operating Revenues | | |
| Recycled Water Sales | 3.0% | Based on approved District rate increases. No assumed customer count increase in FY 2023- 2025. |
| Meter Charges | 3.0% | Based on approved District rate increases. No assumed customer count increase in FY 2023- 2025. |
| Operating Expenses | | |
| Source of Supply | 3.0% | This category includes the District's cost of recycled water, which has historically increased at this rate. Staff are projecting customer consumption holds steady. |
| All Other Operating Expenses | 4.0% | Based on historic increases and other factors, such as inflation. |
| Non-Operating Revenues | | |
| Development Fees | Specifically identified | Amounts are an average of historical results. |
| Outside CIP Funding | Specifically identified | Staff have budgeted grant funding in FY 2024 and 2025. |
| Non-Operating Expenses | | |
| Capital Improvement Projects | Specifically identified | Engineering determined amounts during the 5 year capital budget process. |
| Annual Debt Service | Specifically identified | Amounts are derived from the District's current debt amortization schedules and the District has no plans to issue debt in the next 5 years. |

WATER FUND

| | 2021 Budget | 2022 Budget | 2023 Projected | 2024 Projected | 2025 Projected |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | | | | | |
| Water Sales & Services | \$51,682,308 | \$52,882,176 | \$55,261,874 | \$57,748,658 | \$60,347,348 |
| Meter Charges | 23,917,867 | 24,085,765 | 25,169,624 | 26,302,258 | 27,485,859 |
| Water Sales to Other Agencies | 6,057,097 | 6,303,167 | 6,586,810 | 6,883,216 | 7,192,961 |
| Total Operating Revenues | 81,657,272 | 83,271,108 | 87,018,308 | 90,934,132 | 95,026,168 |
| Operating Expenses | | | | | |
| Source of Supply | 26,365,800 | 27,523,800 | 28,762,371 | 30,056,678 | 31,409,228 |
| Pumping | 7,195,415 | 7,474,382 | 7,773,357 | 8,084,292 | 8,407,663 |
| Water Treatment | 5,774,988 | 5,861,816 | 6,096,289 | 6,340,140 | 6,593,746 |
| Transmission and Distribution | 3,323,036 | 3,480,889 | 3,620,125 | 3,764,930 | 3,915,527 |
| Customer Accounts | 3,819,535 | 3,894,437 | 4,050,214 | 4,212,223 | 4,380,712 |
| General and Administrative | 12,894,346 | 13,354,542 | 13,888,723 | 14,444,272 | 15,022,043 |
| Total Operating Expenses | 59,373,120 | 61,589,866 | 64,191,079 | 66,902,534 | 69,728,919 |
| Net Operating Revenue | 22,284,153 | 21,681,243 | 22,827,229 | 24,031,598 | 25,297,249 |
| Non-Operating Revenues | | | | | |
| Interest Income | 856,800 | 656,400 | 669,528 | 682,919 | 696,577 |
| Development Income | 5,609,000 | 5,890,000 | 5,613,123 | 1,883,650 | 1,883,650 |
| Outside CIP Funding | 537,280 | - | - | - | - |
| Other Income | 723,277 | 744,083 | 758,965 | 774,144 | 789,627 |
| Total Non-Operating Revenues | 7,726,357 | 7,290,483 | 6,372,088 | 2,657,794 | 2,673,277 |
| Non-Operating Expenses | | | | | |
| Capital Improvement Projects | 11,286,280 | 10,330,250 | 9,440,750 | 8,852,000 | 7,420,000 |
| Annual Debt Service | 14,645,660 | 14,423,524 | 14,387,905 | 14,773,875 | 14,837,815 |
| Debt Covenants | 2,783,085 | 3,035,852 | 3,032,515 | 3,037,490 | 3,013,462 |
| Total Non-Operating Expenses | 28,715,025 | 27,789,626 | 26,861,170 | 26,663,365 | 25,271,277 |
| Change in Net Position | 1,295,485 | 1,182,100 | 2,338,146 | 26,027 | 2,699,249 |
| Conversion to GAAP | 9,737,474 | 8,922,511 | 8,138,557 | 8,084,984 | 6,849,057 |
| Net Position - Beginning | 248,606,981 | 259,639,940 | 269,744,550 | 280,221,253 | 288,332,264 |
| Net Position - Ending | \$259,639,940 | \$269,744,550 | \$280,221,253 | \$288,332,264 | \$297,880,570 |

SEWER FUND

| | 2021 Budget | 2022 Budget | 2023 Projected | 2024 Projected | 2025 Projected |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues | | | | | |
| Sewer Services | \$4,649,578 | \$4,661,876 | \$4,632,865 | \$4,648,617 | \$4,664,421 |
| Sewer Treatment Charge | 16,078,820 | 17,097,750 | 18,596,144 | 19,470,648 | 20,350,875 |
| Total Operating Revenues | 20,728,398 | 21,759,626 | 23,229,009 | 24,119,265 | 25,015,296 |
| Operating Expenses | | | | | |
| Collection and Transmission | 16,078,820 | 17,097,750 | 18,596,144 | 19,470,648 | 20,350,875 |
| Customer Accounts | 2,081,363 | 2,177,716 | 2,264,825 | 2,355,418 | 2,449,634 |
| General and Administrative | 597,013 | 605,368 | 629,583 | 654,766 | 680,957 |
| Total Operating Expenses | 2,700,863 | 2,783,101 | 2,894,425 | 3,010,202 | 3,130,610 |
| Net Operating Revenue | 21,458,059 | 22,663,935 | 24,384,976 | 25,491,033 | 26,612,076 |
| Non-Operating Revenues | (729,661) | (904,309) | (1,155,967) | (1,371,768) | (1,596,780) |
| Interest Income | | | | | |
| Development Income | 281,734 | 215,000 | 219,300 | 223,686 | 228,160 |
| Other Income | 813,352 | 814,352 | 859,352 | 493,365 | 493,365 |
| Total Non-Operating Revenues | 1,095,086 | 1,029,352 | 859,352 | 493,365 | 493,365 |
| Non-Operating Expenses | | | | | |
| Capital Improvement Projects | 3,661,000 | 6,741,750 | 3,865,250 | 4,464,000 | 3,386,000 |
| Total Non-Operating Expenses | 3,661,000 | 6,741,750 | 3,865,250 | 4,464,000 | 3,386,000 |
| Change in Net Position | (3,295,575) | (6,616,707) | (4,161,865) | (5,342,403) | (4,489,415) |
| Conversion to GAAP | 1,661,000 | 4,641,750 | 1,665,250 | 2,164,000 | 986,000 |
| Net Position - Beginning | 75,912,831 | 74,278,257 | 72,303,300 | 69,806,685 | 66,628,282 |
| Net Position - Ending | \$74,278,257 | \$72,303,300 | \$69,806,685 | \$66,628,282 | \$63,124,867 |

RECYCLED WATER FUND

| | 2021 Budget | 2022 Budget | 2023 Projected | 2024 Projected | 2025 Projected |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Revenues | | | | | |
| Recycled Water Sales & Services | \$1,005,157 | \$1,052,197 | \$1,123,330 | \$1,191,578 | \$1,226,726 |
| Meter Charges | 175,593 | 185,352 | 186,787 | 196,548 | 206,726 |
| Total Operating Revenues | 1,180,750 | 1,237,549 | 1,310,117 | 1,388,126 | 1,433,452 |
| Operating Expenses | | | | | |
| Source of Supply | 627,147 | 658,469 | 699,480 | 742,440 | 788,065 |
| Transmission and Distribution | 166,619 | 172,473 | 179,372 | 186,547 | 194,009 |
| Customer Accounts | 116,890 | 120,799 | 125,631 | 130,656 | 135,882 |
| General and Administrative | 221,250 | 224,212 | 233,180 | 242,508 | 252,208 |
| Total Operating Expenses | 1,131,906 | 1,175,953 | 1,237,663 | 1,302,151 | 1,370,164 |
| Net Operating Revenue | 48,844 | 61,596 | 72,454 | 85,975 | 63,288 |
| Non-Operating Revenues | | | | | |
| Development Income | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Outside CIP Funding | 500,000 | - | - | 35,000 | 1,620,000 |
| Total Non-Operating Revenues | 590,000 | 90,000 | 90,000 | 125,000 | 1,710,000 |
| Non-Operating Expenses | | | | | |
| Capital Improvement Projects | 650,000 | 150,000 | 150,000 | 185,000 | 1,770,000 |
| Annual Debt Service | 34,794 | 34,794 | 34,794 | 34,794 | 34,794 |
| Total Non-Operating Expenses | 684,794 | 184,794 | 184,794 | 219,794 | 1,804,794 |
| Change in Net Position | (45,950) | (33,198) | (22,340) | (8,819) | (31,506) |
| Conversion to GAAP | 539,537 | 34,563 | 29,588 | 59,614 | 1,629,639 |
| Net Position - Beginning | 4,660,623 | 5,154,210 | 5,155,575 | 5,162,823 | 5,213,618 |
| Net Position - Ending | \$5,154,210 | \$5,155,575 | \$5,162,823 | \$5,213,618 | \$6,811,751 |



CAPITAL & DEBT



Capital & Debt

CAPITAL EXPENSES

CAPITAL ASSETS

The District's Capital Assets Policy defines capital assets as non-financial assets that are used in operations and have an initial useful life in excess of one year. The District's capitalization threshold is \$5,000. Assets are capitalized if the cost exceeds the capitalization threshold except for groups of similar assets such as meters, computers, or printers when the total of the similar assets purchased during the year exceeds \$5,000. Employee wages and burden expenses related to implementing capital projects are tracked and then used to budget a portion of wages and burden for future capital projects.

Asset purchases are authorized through the Capital Improvement Project (CIP) Budgeting Process (except for emergency projects) which involves the following steps:

1. Need is identified – either a new asset is needed or an asset is in need of replacement or major repair
2. Manager who is responsible for operating the asset submits a Capital Project Request form during the CIP Budget process.
3. Funding source for the project is identified
4. Projects are reviewed by the Engineering Committee
5. Project funding is granted through approval of the Biennial Operating and Capital Improvement Budget by the Board of Directors

The source of funding for each project must be identified as part of the Capital Budgeting Process. Possible sources of funding include:

- Pay-Go – this source means that assets will be purchased with resources provided by the current year Operating Activities of the District
- Debt – this source can be used to fund large projects with useful lives of 30 years or more.
- Reserves – this source may only be used with Board approval.
- Grant or other outside source – this source may be used only if there is preliminary or guaranteed approval of the project.
- Carryover – this source may be used when a project was budgeted in the previous year but was not completed. If a carryover request is not submitted as part of the new CIP Budget, the project will be canceled and the funds will be reallocated to the CIP Reserve.

STRATEGIC PLANNING

Staff has incorporated the Board of Directors' Strategic Vision by evaluating and changing our planning and project life cycle structure. This process has assisted the Departments' approach in completing the approved budget, and implementing the District's planning strategies to ensure a reliable infrastructure and actively manage our water resources. Staff continuously seeks out innovative ways of working with private developers to construct new facilities, procure new site properties, and upgrade existing facilities. Staff has developed District master plans to prepare for more stringent water quality parameters, to identify projects to offset the increasing demands placed on our system, and to incorporate new conservation methods and implement the recycled water program. We look forward to improving methods of data capture and dissemination of information to other departments using GIS technology interfacing.

CIP GOALS

RELIABLE WATER SUPPLY

- Continue implementation of District's Water Supply Plan.
- Develop opportunities for more efficient use of groundwater rights within the Chino and Cucamonga Basins.
- Continued emphasis on recycled water recharge.
- Improve our treatment plant for optimizing canyon source of supplies.
- Implement water treatment plant improvements for water quality requirements.
- Improve well production and pump facility capability.

OPERATING PERFORMANCE

- We have developed a Water Supply Plan and are implementing it in coordination with our Board of Directors.
- We have enhanced our Technical Support capabilities through GIS and CAD to provide accurate maps, capture as-built drawings, and provide facility information to all departments of the District.
- Consistent communication and project planning with the District's Operations Department has led to improved utility coordination meetings with the various cities and utility agencies in our service area.
- Projects have been constructed that will enhance the District's distribution and collection systems in an effort to meet the needs of our customers and prepare for future growth.
- We continue developing new operating procedures to reduce maintenance costs and ensure dependable service to our customers.

CIP PRIORITIZATION

The CIP planning process includes preliminary scoping, cost estimating, prioritization and financial analyses. The proposed Capital Improvement Project Budget includes priority projects which conform with District's adopted master plans. The master plans prioritize projects based on urgency to mitigate existing deficiencies, increase water supply and distribution reliability.

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Water Fund Capital Projects | | | | | | |
| Source of Supply | | | | | | |
| Cucamonga Basin Management | \$ 225,000 | \$- | \$- | \$- | \$- | \$- |
| Canyon Mitigation | 140,000 | | | | | |
| Chino Basin Water Banking | | 10,000 | 10,000 | | | |
| 2021 Water Supply Master Plan | 80,000 | | | | | |
| 2020 Urban Water Management Plan | | 100,000 | | | | |
| Cucamonga Basin - Crosswall and Basin 6 Rehabilitation | | 500,000 | | | | |
| Tunnel Condition Assessment - Hermosa, Smith, Bee | | | 60,000 | | | |
| Water System Master Plan | | | | 300,000 | | |
| Watershed Sanitary Survey - 2021 Update | | | 30,000 | | | |
| CVWD-Jurupa Community Services District Supply Reliability Project | | 75,000 | | | | |
| Subtotal Source of Supply | 445,000 | 685,000 | 100,000 | 300,000 | - | - |
| Field Equipment | | | | | | |
| Overage Meter Replacement | | 300,000 | | | | |
| Upgrade Itron Collectors | | 21,000 | | | | |
| Subtotal Field Equipment | - | 321,000 | - | - | - | - |
| Office Equipment | | | | | | |
| Educational Activity Displays and Signage in the CVWD Lobby | | 10,000 | | | | |
| Desktop, Laptop, and Tablet Computer Replacements | | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| Enterprise Resource and Planning Software Upgrade - Phase 2 | | 325,000 | 347,500 | | | |
| Network Equipment Replacement - Firewall and Switches | | 60,000 | 36,000 | 36,000 | 36,000 | |
| Network Server & Backup Software Replacements | | 60,000 | 60,000 | 48,000 | 48,000 | |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|---|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Subtotal Office Equipment | - | 503,000 | 491,500 | 132,000 | 132,000 | 48,000 |
| Treatment | | | | | | |
| WTP Video Surveillance System Replacement | 250,000 | | | | | |
| Reservoir 3A Nitrate Wellhead Treatment Plant | 800,000 | | | | | |
| LWMWTP Basin Drain Valve Replacement | | 85,000 | | | | |
| LWMWTP Canyon Flowmeter | | 40,000 | | | | |
| LWMWTP Raw Water Channel Weir Plate Replacement | | 60,000 | | | | |
| LWMWTP Recycle Package Treatment Unit Recoating | | | 110,000 | | | |
| Subtotal Treatment | 1,050,000 | 185,000 | 110,000 | - | - | - |
| Pumps & Equipment | | | | | | |
| New Well #48 Chino Basin | 600,000 | 450,000 | | | | |
| New Cucamonga Basin Well | 2,900,000 | | | | | |
| General Booster Rehabilitation | | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| General Production Site Improvement | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| General Well Rehabilitation | | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| New Chino Basin Well | | | 100,000 | 2,000,000 | 800,000 | |
| Well 16 Site Improvements | | 60,000 | | | | |
| Well 24 Fiber Optic Communication Line | | 15,000 | | | | |
| Subtotal Pumps & Equipment | 3,500,000 | 1,075,000 | 650,000 | 2,550,000 | 1,350,000 | 550,000 |
| Reservoirs | | | | | | |
| Construct New Reservoir 3A | 1,780,000 | 800,000 | | | | |
| Reservoir 1 Replacement Project | 3,590,000 | | | | | |
| Reservoir 2C Land Subsidence Review | 115,000 | | | | | |
| Construct New Reservoir 5B-2 | 100,000 | 650,000 | 4,000,000 | | | |
| Construct New Reservoir 8B-3 | | | | 100,000 | 1,000,000 | |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reservoir IB-1 and IB-2 Tank Rehabilitation | | | 550,000 | | | |
| Reservoir 6C Tank Rehabilitation | | 50,000 | | | | |
| Seismic Risk Assessment and Mitigation Plan | | 200,000 | | | | |
| Subtotal Reservoirs | 5,585,000 | 1,700,000 | 4,550,000 | 100,000 | 1,000,000 | - |
| Telemetry | | | | | | |
| Booster Sequencing | 170,820 | | | | | |
| Control System Architecture Analysis and Design | 147,000 | | | | | |
| SCADA Radio Network Communication Towers | | 235,000 | | | | |
| Telemetry Networking Upgrades | | 537,280 | | | | |
| Subtotal Telemetry | 317,820 | 772,280 | - | - | - | - |
| Building Improvement | | | | | | |
| San Bernardino Lot Improvements | 345,000 | | | | | |
| LWMWTP Operations Building Membrane Roof Replacement | 65,000 | | | | | |
| Admin Building HVAC Controls Replacement | 150,200 | | | | | |
| LWMWTP Wilson Ave Frontage Roadway Improvements | | | | 800,000 | | |
| Admin Building HVAC Chiller Replacement | | 105,000 | | | | |
| Campus Facility Improvements | | 45,000 | 45,000 | | | |
| Campus Interior LED Lighting | | 11,250 | 11,250 | | | |
| Campus Interior Painting | | | 56,250 | | | |
| Campus Security Improvements (Cameras) | | 18,750 | 11,250 | 18,750 | | |
| Klusman Building Roof Replacement | | 112,500 | | | | |
| ELC Building Improvements | | 22,500 | 97,500 | | | |
| FP Building Maintenance & Improvements | | 15,000 | 112,500 | | | |
| LWMWTP Perimeter Fence Repair & Coating | | 40,000 | | | | |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Subtotal Building Improvement | 560,200 | 370,000 | 333,750 | 818,750 | - | - |
| Water Mains | | | | | | |
| New Water Main on 8th Street crossing the Cucamonga Channel | | | 275,000 | | | |
| Construct Transmission Main from Reservoir 5 to 5B | 580,000 | | | | | |
| Construct Waterline in Arrow Route from Hermosa Avenue to Haven Avenue | 10,000 | | | | 1,330,000 | |
| Construct Waterline in Archibald Avenue from Devon to Arrow | 30,000 | 735,000 | | | | |
| Construct Waterline in Baker Avenue from 8th Street to Princeton Street | | | | | 20,000 | 1,060,000 |
| Construct Waterline in Base Line from Linden Lane to Alta Cuesta | | | | | | 250,000 |
| Construct Waterline in Baseline Road from Haven Avenue to Deer Creek | | 890,000 | | | | |
| Construct Waterline in Candlewood Street from Archibald to Ramona | | 20,000 | 710,000 | | | |
| Construct Waterline in Catalpa Street West of East Avenue | | | | 20,000 | 650,000 | |
| Construct Waterline in Foothill Boulevard and Hellman Avenue | | | | 20,000 | 710,000 | |
| Construct Waterline in Garnet Street from Roberds Street to La Vine Street | | 800,000 | | | | |
| Construct Waterline in Hampshire Street, Malachite Avenue and Leucite | | 20,000 | 970,000 | | | |
| Construct Waterline on Pecan Avenue from Victoria Street to Carnesi Drive | | | | 20,000 | 1,070,000 | |
| Construct Waterline on Vineyard Avenue from Yale Street to 5th Street | | | | | | 192,000 |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|---|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Distribution System Valve & Mainline Repair | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| New Waterline in Victoria Street from Cable Creek Court to I5-Freeway | | | | | 370,000 | |
| Relocate Transmission Main from 4B to 5B | | | | 30,000 | 1,520,000 | |
| Water Service Lateral Replacement Program | | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Waterline between Amethyst & Kirkwood from 7th to 6th Street | | 1,970,000 | | | | |
| Waterline between Archibald Avenue & Amethyst Avenue from 7th to 6th Street | | | 30,000 | 2,030,000 | | |
| Waterline in 6th Street from Corona Avenue to Vineyard Avenue | | 600,000 | | | | |
| Waterline in Buena Vista Drive from Camino Norte to Alta Cuesta | | 20,000 | 830,000 | | | |
| Waterline in Devon Street, Jadeite Avenue and Klusman Avenue | | | 20,000 | 930,000 | | |
| Waterline in Helms Avenue from Devon Street to Friant Street | | | 20,000 | 730,000 | | |
| Waterline in Hermosa Avenue from Arrow Route to McKinley Street | | 20,000 | 620,000 | | | |
| Waterline in Ivy Lane & Scott Lane north of Palo Alto Street | | | | | | 500,000 |
| Waterline in La Grande Street from Hellman Avenue to Amethyst Avenue | | | | | 20,000 | 570,000 |
| Waterline in Malachite Avenue from Devon Street to Arrow Route | | | | | 20,000 | 830,000 |
| Waterline in Monte Vista Street from Hellman Avenue to Amethyst Avenue | | | | | 20,000 | 950,000 |
| Waterline in Friant Street and Calle Vejar between Hellman & Malachite Avenue | | | 20,000 | 1,160,000 | | |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Waterline in Klusman Avenue & Leucite Avenue between Devon Street & Calle Vejar | | | | | 20,000 | 1,070,000 |
| Waterline in Lomita Drive & La Mesa Drive from Hellman Avenue to Amethyst Avenue | | | | | 20,000 | 800,000 |
| Subtotal Water Mains | 620,000 | 5,675,000 | 4,095,000 | 5,540,000 | 6,370,000 | 6,822,000 |
| Total Water Fund Capital Projects | 12,078,020 | 11,286,280 | 10,330,250 | 9,440,750 | 8,852,000 | 7,420,000 |
| Sewer Fund Capital Projects | | | | | | |
| Office Equipment | | | | | | |
| Desktop, Laptop, and Tablet Computer Replacements | | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| Enterprise Resource and Planning Software Upgrade - Phase 2 | | 75,000 | 82,500 | | | |
| Network Equipment Replacement - Firewall & Switches | | 20,000 | 12,000 | 12,000 | 12,000 | |
| Network Server & Backup Software Replacements | | 20,000 | 20,000 | 16,000 | 16,000 | |
| Subtotal Office Equipment | - | 131,000 | 130,500 | 44,000 | 44,000 | 16,000 |
| Building Improvement | | | | | | |
| San Bernardino Lot Improvements | 345,000 | | | | | |
| Admin Building HVAC Controls Replacement | 65,800 | | | | | |
| Admin Building HVAC Chiller Replacement | | 35,000 | | | | |
| Campus Facility Improvements | | 15,000 | 15,000 | | | |
| Campus Interior LED Lighting | | 3,750 | 3,750 | | | |
| Campus Interior Painting | | | 18,750 | | | |
| ELC Building Improvements | | 7,500 | 32,500 | | | |
| FP Building Maintenance & Improvements | | 5,000 | 37,500 | | | |
| Campus Security Improvements (Cameras) | | 6,250 | 3,750 | 6,250 | | |
| Klusman Building Roof Replacement | | 37,500 | | | | |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Subtotal Building Improvement | 410,800 | 110,000 | 111,250 | 6,250 | - | - |
| Sewer Improvement | | | | | | |
| Replace Siphon in Hellman Avenue and 4th Street | 2,600,000 | | | | | |
| Reline Existing Sewer Line in 8th Street and I-15 Freeway | | | | 125,000 | | |
| Replace Existing Siphon in Sapphire Street and Banyan Street | 89,000 | | 800,000 | | | |
| Sewer Monitoring | 45,000 | | | | | |
| Replace Existing Siphon in 8th Street and Vineyard Avenue | 30,000 | | | 2,070,000 | | |
| Construct New Sewer Line in Calaveras Avenue and 9th Street | | 240,000 | | | | |
| Construct Sewer Line in 4th Street from Haven Avenue to Hermosa Avenue | | 30,000 | 2,840,000 | | | |
| Construct Sewer Line in Archibald Avenue from Main to Acacia | | | | 1,230,000 | | |
| Construct Sewer Line in Haven Avenue from Baseline to Church | | | | | 20,000 | 2,390,000 |
| Construct Sewer Line in Haven Avenue from Church to Foothill | | | | 20,000 | 2,090,000 | |
| Construct Sewer Line in Haven Avenue from Foothill to Arrow | | 2,630,000 | | | | |
| Construct Sewer Line in Hellman Avenue and 8th Street | | | 460,000 | | | |
| Construct Sewer Line in Lemon Avenue from Mayberry to Haven | | | | | 20,000 | 830,000 |
| Construct Sewer Line in Rochester Avenue from Church to Foothill | | | | 20,000 | 2,140,000 | |
| Reline Sewer Line in Vineyard Avenue from Foothill to 9th | | 330,000 | | | | |

| Project Title | Estimated Carry Over 2020 Budget | Budget Request 2021 | Budget Request 2022 | Budget Request 2023 | Budget Request 2024 | Budget Request 2025 |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Replace Existing Siphons in Center Avenue and 7th Street | | 20,000 | 1,180,000 | | | |
| Replace Siphon in Foothill Boulevard & Deer Creek Channel | | 20,000 | 1,070,000 | | | |
| Sewer System Relining & Manhole Rehab Program | | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Wastewater Master Plan Update | | | | 200,000 | | |
| Subtotal Sewer Improvement | 2,764,000 | 3,420,000 | 6,500,000 | 3,815,000 | 4,420,000 | 3,370,000 |
| Total Sewer Fund Capital Projects | 3,174,800 | 3,661,000 | 6,741,750 | 3,865,250 | 4,464,000 | 3,386,000 |
| Recycled Water Fund Capital Projects | | | | | | |
| Recycled | | | | | | |
| Recycled Water Master Plan | 150,000 | | | | | |
| New Recycled Water Pipeline on Village of Heritage | 460,000 | 500,000 | | | | |
| Construct Various Recycled Water Valves at Various Locations | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Etiwanda Creek Community Park Recycled Waterline | | | | | 35,000 | 1,620,000 |
| Recycled Water Retrofits | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Subtotal Recycled | 610,000 | 650,000 | 150,000 | 150,000 | 185,000 | 1,770,000 |
| Total Recycled Water Fund | 610,000 | 650,000 | 150,000 | 150,000 | 185,000 | 1,770,000 |
| Total Capital Projects | \$15,862,820 | \$15,597,280 | \$17,222,000 | \$13,456,000 | \$13,501,000 | \$12,576,000 |

IMPACT OF CAPITAL INVESTMENTS ON OPERATING BUDGET

The District takes into consideration the impacts that capital improvement projects have on the operating budget. Many of the District's CIPs are to replace or repair aging infrastructure to maintain system reliability. As the District systematically updates the infrastructure, savings are realized on energy as the technology improves and the District makes a concerted effort to realize the maximum savings possible. Some of the larger CIPs are to improve our access to local water sources by drilling wells and building treatment facilities. This allows the District more flexibility when planning the use of local sources within the water production mix. Projects are also identified for outside funding to be as a cost savings for the District. All CIP projects were reviewed and it was determined that none of these projects would result in a need for additional personnel.

The following table illustrates the impact on operating expenses and also any identified outside funding for the budget years.

| Project Title | FY 21 & 22 Total Operating Impact | FY 21 & 22 Outside Funding Amount | Outside Funding Source |
|--|---|---|------------------------------|
| Water Fund Capital Projects | | | |
| Overage Meter Replacement | \$ 300,000 | \$- | |
| Enterprise Resource and Planning Software Upgrade - Phase 2 | 30,000 | | |
| Network Equipment Replacement - Firewall & Switches | 8,000 | | |
| Network Server & Backup Software Replacements | 12,000 | | |
| WTP Video Surveillance System Replacement | 2,000 | | |
| Reservoir 3A Nitrate Wellhead Treatment Plant | 220,000 | | |
| New Well #48 Chino Basin | 51,000 | | |
| Campus Security Improvements (Cameras) | 200 | | |
| Telemetry Networking Upgrades | | 537,280 | Grant |
| Total Water Fund Capital Projects | 623,200 | 537,280 | |
| Sewer Fund Capital Projects | | | |
| Replace Siphon in Hellman Avenue and 4th Street | (57,000) | | |
| Replace Existing Siphon in Sapphire Street and Banyan Street | (57,000) | | |
| Replace Existing Siphon in 8th Street and Vineyard Avenue | (57,000) | | |
| Construct Sewer Line in Haven Avenue from Church to Foothill | (57,000) | | |
| Replace Existing Siphons in Center Avenue and 7th Street | (114,000) | | |
| Replace Siphon in Foothill Boulevard & Deer Creek Channel | (57,000) | | |
| Total Sewer Fund Capital Projects | (399,000) | - | |
| Recycled Water Fund Capital Projects | | | |
| New Recycled Water Pipeline on Village of Heritage | - | 500,000 | Grant |
| Total Recycled Water Fund Capital Projects | - | 500,000 | |
| Total Capital Projects | 224,200 | 1,037,280 | |

SIGNIFICANT CAPITAL PROJECTS

The largest projects for the budget period were identified and are highlighted in a detailed profile. Those projects are listed below.

| Project Title | Total Project Cost FY 19 - 22 | Total Project Cost FY 19 - 25 |
|---|----------------------------------|----------------------------------|
| Construct New Reservoir 5B-2 | \$4,750,000 | \$4,750,000 |
| Reservoir I Replacement Project | 3,590,000 | 3,590,000 |
| New Cucamonga Basin Well | 2,900,000 | 2,900,000 |
| Construct Sewer Line in 4th St from Haven Ave to Hermosa Ave | 2,870,000 | 2,870,000 |
| Construct Sewer Line in Haven Ave from Foothill to Arrow | 2,630,000 | 2,630,000 |
| Replace Siphon in Hellman Ave and 4th St | 2,600,000 | 2,600,000 |
| Construct New Reservoir 3A | 2,580,000 | 2,580,000 |
| New Chino Basin Well | 100,000 | 2,900,000 |
| Construct Sewer Line in Haven Ave from Baseline to Church | - | 2,410,000 |
| Construct Sewer Line in Rochester Ave from Church to Foothill | - | 2,160,000 |

CONSTRUCT NEW RESERVOIR 5B-2

Purpose: This project will increase storage capacity and distribution reliability in Zone 5. The new 3.0-MG reservoir will add enough capacity, in combination with other reservoirs in the zone, to meet peak day demands. In addition, a second reservoir will be constructed adjacent to the existing Reservoir 5B-1, located at 5196 Mayberry Avenue, which is a 1.0-MG welded steel tank, built in 1975. The 5B site is an integral component in the “B” boosting chain, which are booster and reservoir sites that are adjacent to Amethyst Avenue. This is a multi-year project with design expected to begin FY 2021.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$4,750,000 |
| FY 2020 Carryover: | \$100,000 |
| FY 2021 Cost: | \$650,000 |
| FY 2022 Cost: | \$4,000,000 |

Project Schedule:

Design will start in FY 2021 and construction in FY 2022.

Impact to Operational Budget:

There is no impact to annual operating budget.



RESERVOIR 1 REPLACEMENT PROJECT

Purpose: The existing concrete Reservoir 1 is near the end of its service life (built in 1957) and will require replacement. This project will construct a new 2-MG reservoir at the Reservoir 1 location. The new reservoir is the first of two proposed reservoirs that would add capacity and redundancy at this location. This is a multi-year project with construction expected to begin FY 2021. This project will carry over into FY 2022.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$3,590,000 |
| FY 2020 Carryover: | \$3,590,000 |
| FY 2021 Cost: | \$0 |
| FY 2022 Cost: | \$0 |

Project Schedule:

Design is nearly complete and construction expected to begin FY 2021.

Impact to Operational Budget:

There is no impact to annual operating budget.



NEW CUCAMONGA BASIN WELL

Purpose: The District's existing Well 26 was built in 1986 and has exceeded its useful service life. The well's historic production rate is 1,430 GPM and it is currently in limited service due to failing screens. This multi-year project will improve water supply reliability and much needed production capacity in Cucamonga Basin. Phase 1 of the work, which is ongoing, is developing CEQA for the project and bid documents for drilling. Phase 2, which is scheduled for FY2021, will drill and develop the well. Finally, Phase 3 will design and equip the well. This project will carry over into FY 2021 and FY 2022.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,900,000 |
| FY 2020 Carryover: | \$2,900,000 |
| FY 2021 Cost: | \$0 |
| FY 2022 Cost: | \$0 |

Project Schedule:

Drilling and developing the Well will start in FY 2021. Pipeline and well equipping will start in FY 2022.

Impact to Operational Budget:

This Well will replace a deteriorating Well 26 and will have a net zero impact to annual operating budget.



CONSTRUCT SEWER LINE IN 4TH ST FROM HAVEN AVE TO HERMOSA AVE

Purpose: A segment of an existing 24-inch sewer main in 4th Street from Haven Avenue to Hermosa Avenue is flowing near its capacity. Staff performed an analysis on the existing sewer main and determined that a new 24-inch sewer main is needed. This sewer main will also help to reduce the flow in the existing sewer main. Staff recommends to construct a new 30-inch sewer main to accommodate the current flow and future demands. The existing 24-inch sewer main will be abandoned in the future when its service life ends.

The project includes construction of approximately 2,750 linear feet of new 30-inch sewer main, modifying two (2) manholes, construction of eleven (11) new manholes, and three (3) laterals tie-overs. This request will fund the design in FY 2021 and construction in FY 2022.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,870,000 |
| FY 2020 Carryover: | \$0 |
| FY 2021 Cost: | \$30,000 |
| FY 2022 Cost: | \$2,840,000 |

Project Schedule:

Design will start in FY 2021 and construction in FY 2022.

Impact to Operational Budget:

There is no impact to annual operating budget.



CONSTRUCT SEWER LINE IN HAVEN AVE FROM FOOTHILL TO ARROW

Purpose: A segment of an existing 12-inch sewer main in Haven Avenue from Foothill Boulevard to Arrow Route is flowing near its capacity. This project will up-size the existing sewer line to a 15-inch in order to provide capacity for future growth and minimize risk of overflow. This project was identified in the 2017 Sewer Master Plan. This project will construct approximately 2,900 linear feet of new 15-inch sewer main, including eleven (11) new manholes.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,630,000 |
| FY 2020 Carryover: | \$0 |
| FY 2021 Cost: | \$2,630,000 |
| FY 2022 Cost: | \$0 |

Project Schedule:

Design will start in July 2020 and construction in November 2020.

Impact to Operational Budget:

There is no impact to annual operating budget.



CONSTRUCT SEWER LINE IN HELLMAN AVE AND 4TH ST

Purpose: Siphons require extensive maintenance and have added risk of overflow. The District has identified several siphons that can be reasonably replaced with a gravity system. These siphon replacements will provide greater reliability and lower maintenance costs. The sewer siphon on Hellman Avenue and 4th Street was built in 1970 to cross the Cucamonga Channel. This project will construct approximately 1,290 linear feet of 24 inch Vitrified Clay Pipe (VCP) and 890 linear feet of 12 inch VCP gravity sewer main to eliminate the existing siphon. A portion of new 12 inch VCP will cross beneath the Cucamonga Channel. The project was designed in FY2016; however, because the project is crossing under a channel there is a lengthy permitting process with the San Bernardino County Flood Control District and the Army Corps of Engineers that has delayed the project. The project will carry over into FY2021.

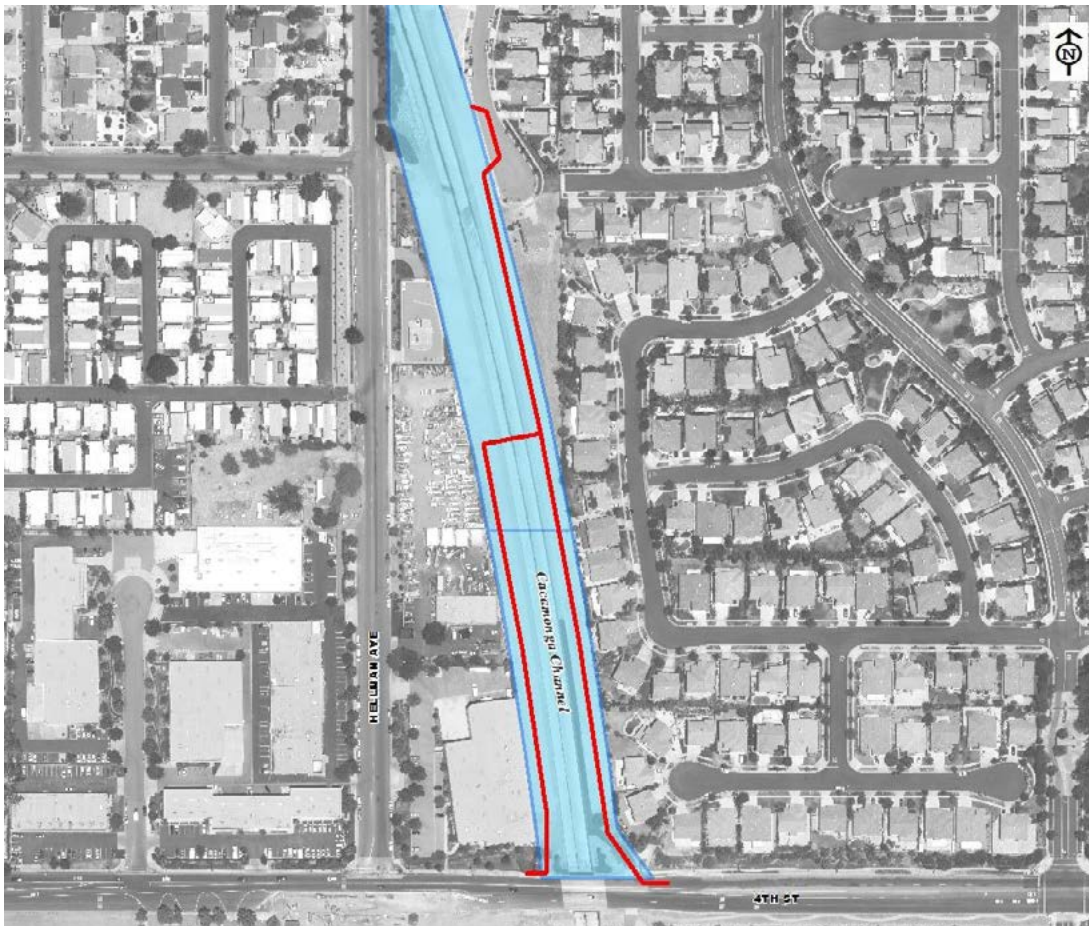
| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,600,000 |
| FY 2020 Carryover: | \$2,600,000 |
| FY 2021 Cost: | \$0 |
| FY 2022 Cost: | \$0 |

Project Schedule:

Construction will start in August 2020 and complete by February 2021

Impact to Operational Budget:

\$23,000 for personnel and \$34,000 for equipment maintenance will be saved.



CONSTRUCT NEW RESERVOIR 3A

Purpose: This project will improve water supply and distribution reliability in Zone 3A by replacing the existing reservoir that is nearing the end of its service life. The project will also increase storage in the zone by constructing storage with a greater volume than the previous reservoir. This is a multi-year project and is being delivered in two phases. Phase I of the work, which is complete, is design of new bolted steel reservoir. Phase 2 will start in September 2020, which is construction of new bolted steel tank. This project will carry over into FY 2021.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,580,000 |
| FY 2020 Carryover: | \$1,780,000 |
| FY 2021 Cost: | \$800,000 |
| FY 2022 Cost: | \$0 |

Project Schedule:

Construction will start in September 2020.

Impact to Operational Budget:

Once complete, potential savings of \$62,000

Consisting of:

- Annualized contractor cost savings of \$10,000
- Annual staff time savings of \$52,000



NEW CHINO BASIN WELL

Purpose: This project will improve water supply reliability by studying the development of a new well in Chino Basin, by acquiring an easement or property and construction of a new Chino Basin well. This is a multi-year project with design expected to begin FY 2022. Phase 1 of the work is to perform a study to locate a site that has a likelihood of good production and water quality based on the existing wells within the basin. Phase 2 will design, develop CEQA documents, and (if needed) acquire an easement or property on which to construct the new well facility. Phase 3 is well drilling, equipping, and construction of a pipeline.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,900,000 |
| FY 2020 Carryover: | \$0 |
| FY 2021 Cost: | \$0 |
| FY 2022 Cost: | \$100,000 |
| FY 2023 Cost: | \$2,000,000 |
| FY 2024 Cost: | \$800,000 |

Project Schedule:

Design will start in FY 2022 construction in FY 2023 and FY 2024.

Impact to Operational Budget:

There is no impact to annual operating budget.



CONSTRUCT SEWER LINE IN HAVEN AVE FROM BASELINE TO CHURCH

Purpose: A segment of existing 10-inch sewer main in Haven Avenue from Baseline Road to Church Street is flowing near its capacity. This project will upsize the existing sewer line to a 15-inch in order to provide capacity for future growth and minimize risk of overflow. This project was identified in the 2017 Sewer Master Plan. This project will construct approximately 2,800 linear feet of new 15-inch sewer main, including ten (10) new manholes.

| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,410,000 |
| FY 2020 Carryover: | \$0 |
| FY 2021 Cost: | \$0 |
| FY 2022 Cost: | \$0 |
| FY 2023 Cost: | \$0 |
| FY 2024 Cost: | \$20,000 |
| FY 2025 Cost: | \$2,390,000 |

Project Schedule:

Design will start in FY 2024 and construction in FY 2025.

Impact to Operational Budget:

There is no impact to annual operating budget.



CONSTRUCT SEWER LINE IN ROCHESTER AVE FROM CHURCH TO FOOTHILL

Purpose: A segment of an existing 10-inch sewer main in Rochester Avenue from Church Street to Foothill Boulevard is flowing near its capacity. This project will up-size the existing sewer line to a 12-inch in order to provide capacity for future growth and minimize risk of overflow. This project was identified in the 2017 Sewer Master Plan. This project will construct approximately 2,700 linear feet of new 12-inch sewer main, including nine (9) new manholes. This request will fund the design in FY 2023 and construction in FY 2024.

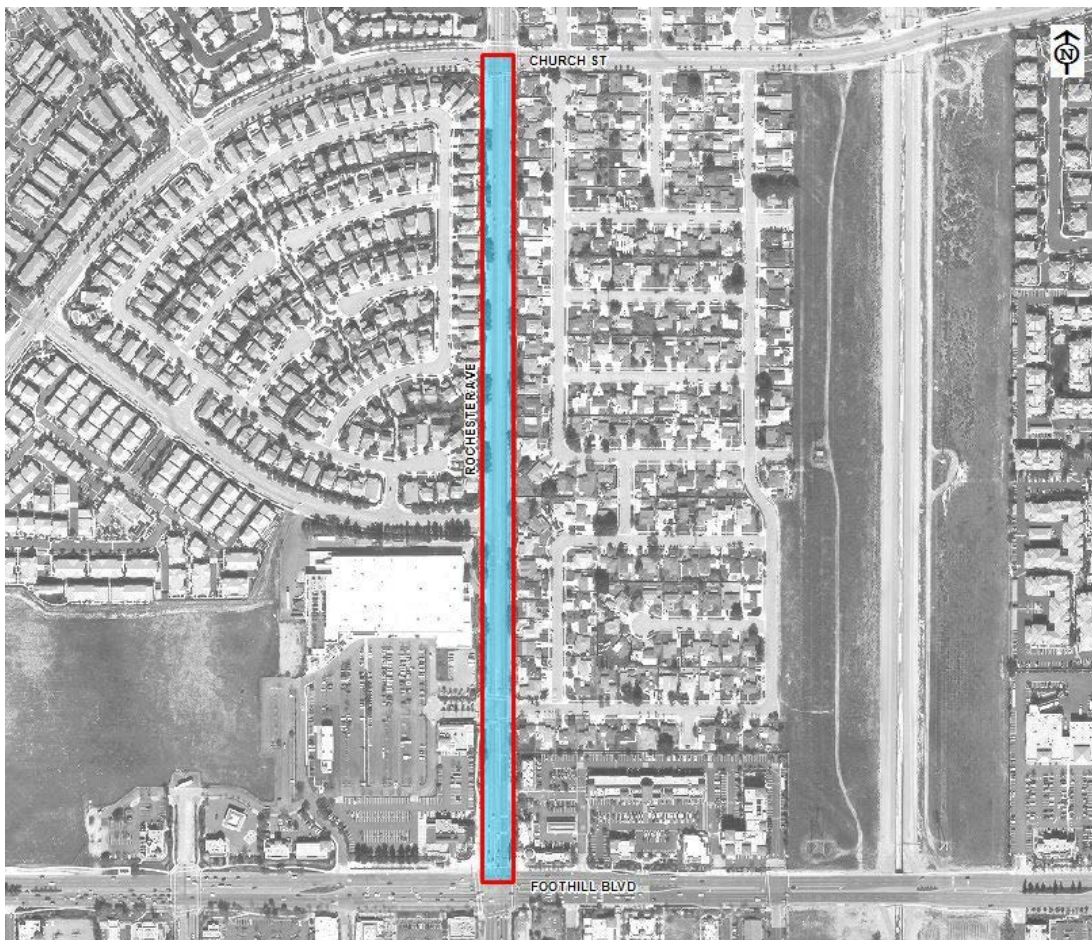
| | |
|----------------------------|-------------|
| Total Project Cost: | \$2,160,000 |
| FY 2020 Carryover: | \$0 |
| FY 2021 Cost: | \$0 |
| FY 2022 Cost: | \$0 |
| FY 2023 Cost: | \$20,000 |
| FY 2024 Cost: | \$2,140,000 |

Project Schedule:

Design will start in FY 2023 and construction in FY 2024.

Impact to Operational Budget:

There is no impact to annual operating budget.



DEBT

The District has established a debt management policy and the District has no plans to issue any new debt in FY 2021 or 2022.

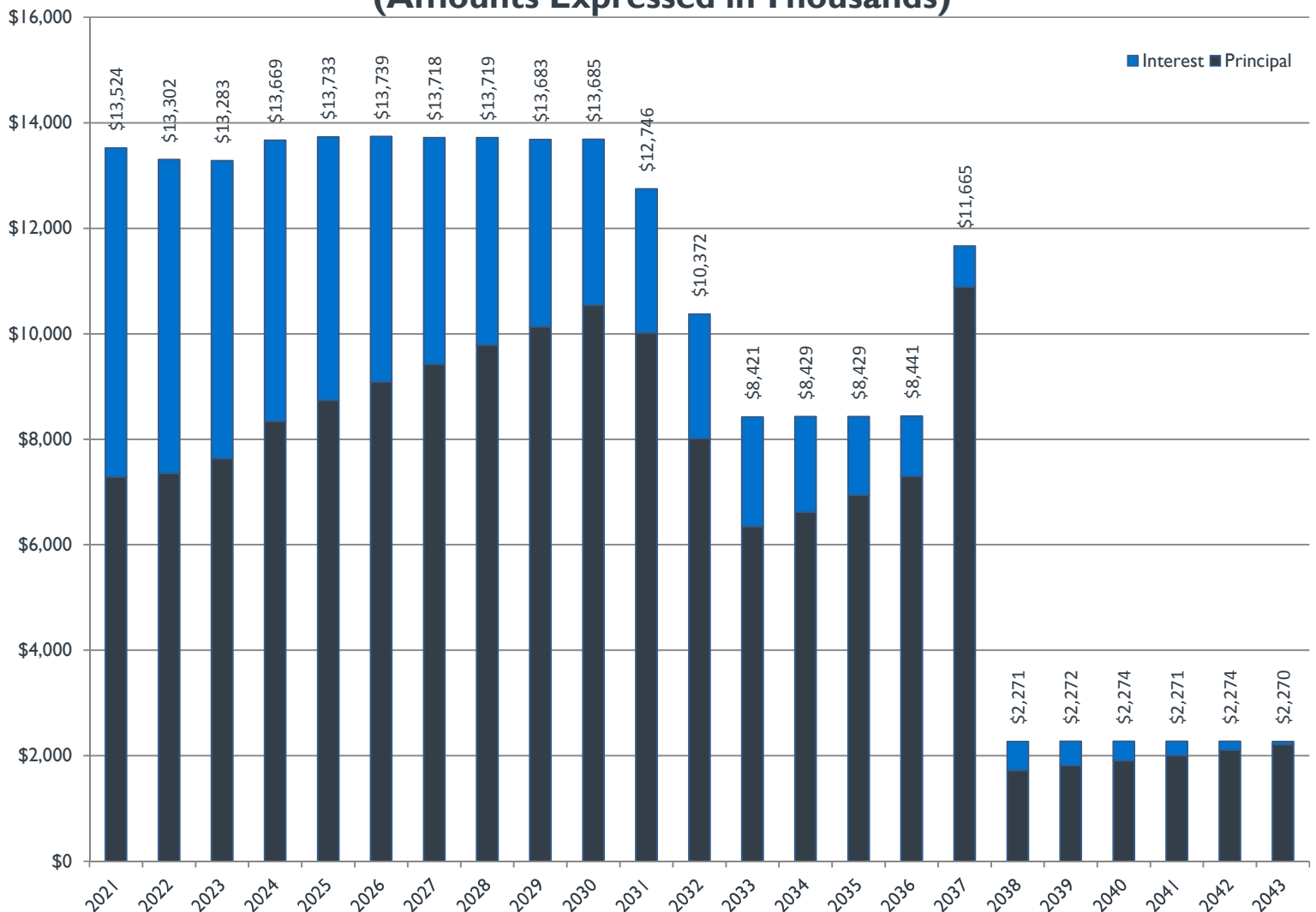
The table below summarizes the long-term bonds of the District’s Water Fund:

| Year of Issuance | Debt Ranking | Use of Proceeds | Principle Balance as of June 30, 2020 |
|------------------------|--------------|--|---------------------------------------|
| 2009 | Senior | Certificates of Participation that provided funds for the acquisition and construction of various capital improvements. | \$ 2,005,000 |
| 2009 | Senior | Interest-free Clean Renewable Energy Bonds that provided funds for the acquisition of a solar energy recovery system. | 87,857 |
| 2011 | Senior | Certificates of Participation that refunded bonds that originally provided funds for the acquisition and construction of various capital improvements. | 26,330,000 |
| 2012 | Subordinate | Revenue Bonds that provided funds for the acquisition and construction of various capital improvements. | 32,515,000 |
| 2014 | Subordinate | Revenue Bonds that provided funds for the acquisition and construction of various capital improvements and refunded bonds that originally provided funds for the acquisition and construction of various capital improvements. | 8,845,000 |
| 2016 | Subordinate | Revenue Bonds that refunded bonds that originally provided funds for the acquisition and construction of various capital improvements. | 18,655,000 |
| 2018A | Subordinate | Revenue Bonds that provided funds for the acquisition and construction of various capital improvements. | 9,710,000 |
| 2018B | Subordinate | Revenue Bonds that advance refunded the bonds that originally provided funds for the acquisition of water rights. | 58,125,000 |
| TOTAL BOND DEBT | | | \$ 156,272,857 |

Principal and interest payments on bonds are included in the table and graph below:

| Year(s) | Principal | Interest | Total |
|--------------|-----------------------|----------------------|-----------------------|
| 2021 | \$ 7,289,286 | \$ 6,234,706 | \$ 13,523,992 |
| 2022 | 7,354,286 | 5,947,520 | 13,301,806 |
| 2023 | 7,639,284 | 5,644,054 | 13,283,338 |
| 2024 | 8,345,000 | 5,324,308 | 13,669,308 |
| 2025 | 8,740,000 | 4,993,248 | 13,733,248 |
| 2026-2030 | 48,985,000 | 19,558,597 | 68,543,597 |
| 2031-2035 | 37,945,000 | 10,452,156 | 48,397,156 |
| 2035-2040 | 23,645,000 | 3,277,800 | 26,922,800 |
| 2041-2043 | 6,330,000 | 485,250 | 6,815,250 |
| Total | \$ 156,272,856 | \$ 61,917,639 | \$ 218,190,495 |

(Amounts Expressed in Thousands)



The District's credit risk is evaluated by credit rating agencies and is a strong indication of the District's ability to make debt payments, which effects the interest rate the District pays. The District's debt rating on the Senior Obligations is "AA+" from Standard & Poor's and "Aa2" from Moody's Investor Services. The District's debt rating on the Subordinate Obligation is rated "AA" from Standard & Poor's and "AA" from Fitch Ratings.

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the District. The District's future borrowing capacity is limited by the debt coverage ratio and additional debt limitations required by the existing bond covenants. The covenants on the senior obligations require the ratio to exceed 1.1 times coverage and the subordinate obligations require it to exceed 1.25 times coverage (net revenues/debt service).

As shown on the table of projected operating results for the Water Fund, the District is budgeting to meet its annual debt service and continue to increase net position.

In addition to bonds, the District has two capital leases entered in 2010, and 2015 for the purchase of equipment related to the District's fixed network retrofit and meter exchange program. Total principal and interest due in FY 2021 and 2022 is \$1,104,567 and the total outstanding balance as of June 30, 2020 is \$5,680,451.

The Recycled Water Fund is responsible for a loan payable to the State of California Revolving Fund through the IEUA for the construction of a recycled water pipeline. The principal and interest due in FY 2021 and FY 2022 is \$34,793 and the total outstanding balance as of June 30, 2020 is \$346,520.



DEPARTMENT INFORMATION

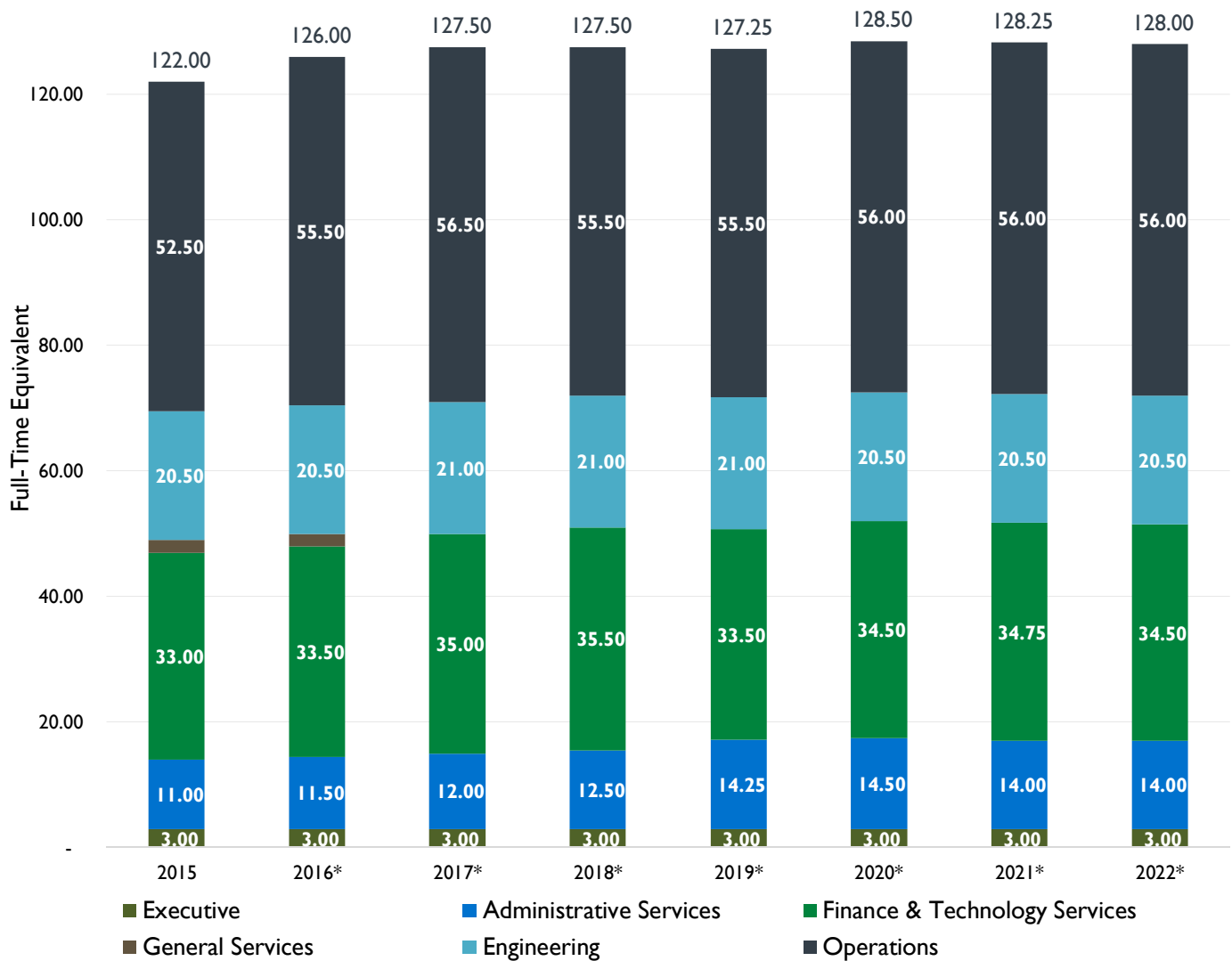


Department Information

POSITION SUMMARY SCHEDULE

The District's Vision focuses on People, Service and Water. The District is a servant-oriented organization. The District provides a high quality sustainable water supply, and none of this is possible without an innovative, self-managed staff that has pride of ownership for their work product providing exceptional customer service.

The table below indicates the total District headcount for the last ten years:



*Starting FY 2016 headcount totals include part-time employees, but do not include temporary labor.

The table below highlights the changes in personnel:

| Division | 2013 | 2014 | 2015 | 2016* | 2017* | 2018* | 2019* | 2020* | 2021* | 2022* | Change FY 20 & 21 | Change FY 21 & 22 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------|-------------------------|
| Executive | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | - | - |
| Administrative Services | 11.50 | 11.00 | 11.00 | 11.50 | 12.00 | 12.50 | 14.25 | 14.50 | 14.00 | 14.00 | (0.50) | - |
| Finance & Technology Services | 32.50 | 32.00 | 33.00 | 33.50 | 35.00 | 35.50 | 33.50 | 34.50 | 34.75 | 34.50 | 0.25 | (0.25) |
| General Services | 2.00 | 2.00 | 2.00 | 2.00 | - | - | - | - | - | - | - | - |
| Engineering | 19.50 | 19.50 | 20.50 | 20.50 | 21.00 | 21.00 | 21.00 | 20.50 | 20.50 | 20.50 | - | - |
| Operations | 52.50 | 53.50 | 52.50 | 55.50 | 56.50 | 55.50 | 55.50 | 56.00 | 56.00 | 56.00 | - | - |
| District Total | 121.00 | 121.00 | 122.00 | 126.00 | 127.50 | 127.50 | 127.25 | 128.50 | 128.25 | 128.00 | (0.25) | (0.25) |

*Starting FY 2016 headcount totals include part-time employees, but do not include temporary labor.

Changes in FY 2021:

Administrative Services: Decrease of 0.50

In FY 2020 both the Communication and Outreach department and the Legislative & Governmental Affairs departments had requested an intern position. During FY 2020 these two departments were merged together to become the Government & Public Affairs department. During the merge it was determined that only one intern was needed. This accounts for the 0.50 decrease in FTE for FY 21, as interns only work half the regular full time equivalent.

Finance & Technology Services: Increase of 0.25

In FY 2020 the Accounting department had a need for an intern to assist during an enterprise resource planning software implementation. That same intern was put on leave during the Coronavirus epidemic. The budget for FY 2021 accounts for the intern working until September 30, 2020 to conclude the internship.

Changes in FY 2022:

Finance & Technology Services: Decrease of 0.25

The Accounting department internship discussed previously in FY 2021 is concluded.

DEPARTMENTAL DESCRIPTIONS

The District sets the overall organization wide goals that support the District’s mission and strategic plan. The departments are the link that converts planning into action. Departments are overseen by a manager. Departments are organized into Divisions which are overseen by a Director. Each department summary that follows will be formatted as follows, if applicable:

- Description of Services Provided – a short overview and explanation of the services provided by the department
- Staffing – full-time and part-time positions budgeted for the department
- 2020 Accomplishments – Notable achievements accomplished
- 2021 & 2022 Goals & Objectives – The planned tasks of the department that support the overall District goals as outlined in the Goals & Objectives section.
- Performance Measures – Specific quantitative measures of work performed by the department that help the District assess the effectiveness and efficiency of the department.
- Operating Expenses – A summary of budget data by expense type of the current and past budget years
- Significant Changes – Highlights the proposed major changes in the upcoming budget

The budget is organized into the following summary departments:

Executive Division

- Board of Directors
- Office of the General Manager

Administration Division

- Office of the Assistant General Manager
- Human Resources & Risk Management
- Government & Public Affairs

Finance & Technology Division

- Financial & Technology Administration
- Accounting & Purchasing
- Customer Service
- Information Technology

General Services Division

- General Services Administration

Engineering Division

- Engineering Administration
- GIS
- Design & Construction
- Water Resources & Planning
- Development
- Industrial Waste
- Cross Connection
- Recycled Water

Operations Division

- Operations Administration
- Water Treatment
- Production & Telemetry
- Facilities
- Fleet
- Water Distribution
- Collection & Transmission



EXECUTIVE DIVISION

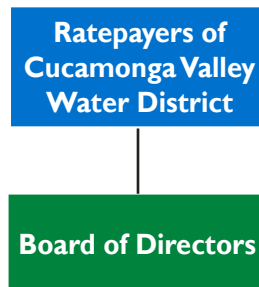


Board of Directors

DESCRIPTION OF SERVICES PROVIDED:

The Board of Directors provide direction and leadership for the District. The department prepares Board and Committee agenda packets and ancillary correspondence and is responsible for the creation and maintenance of all public records as a result of the business conducted by the Board of Directors. The Directors also serve as Trustees of the Frontier Project Foundation, a non-profit foundation established by the Cucamonga Valley Water District with a mission of demonstrating environmental sustainability. The Board of Directors also serve on the boards of the Cucamonga Valley Water District Financing Authority and the Cucamonga Public Facilities Corporation. The Fontana Union Water Company is a mutual water company for which the District is a majority shareholder. Currently, three Directors serve as regular Board Members, and one Director serves as an alternate.

STAFFING:



2019 & 2020 ACCOMPLISHMENTS:

1. CSDA Transparency Certificate of Excellence
2. Completion of AB 1234 Training
3. Maintained/obtained leadership roles on the following Boards:
 - Association of California Water Agencies
 - Association of San Bernardino County Special Districts
 - Local Agency Formation Commission for San Bernardino
 - Rancho Cucamonga Chamber of Commerce
 - Region 9 for the Association of California Water Agencies

2021 & 2022 GOALS & OBJECTIVES:

1. Develop, support, and advocate District policy initiatives at local, state, and regional levels.
2. Participate and provide leadership in regional and statewide advocacy and oversight organizations, including the Association of California Water Agencies, California Special Districts Association, Local Agency Formation Commission for San Bernardino County, and the Association of San Bernardino County Special Districts, as well as water resource management organizations.

PERFORMANCE MEASURES:

1. Continue commitment to CVWD's Foundational Principles, transparency, and adopted Board norms
2. Maintain active leadership roles in the regional and statewide organizations in which the Board currently serves
3. Consistently evaluate opportunities for additional regional and statewide leadership

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|-------------------|--------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | 250,233 | 275,673 | 239,704 | (13%) | 242,092 | 1% |
| Professional Development | 73,826 | 93,770 | 75,440 | (20%) | 73,690 | (2%) |
| Professional Services | 51,438 | 50,000 | 45,000 | (10%) | 45,000 | 0% |
| Personnel Costs | 129 | 850 | 1,000 | 18% | 1,000 | 0% |
| Advertisements | 548 | 600 | 1,000 | 67% | 1,000 | 0% |
| Elections | - | 700,000 | - | (100%) | - | 100% |
| Utilities | 2,842 | 2,400 | 4,200 | 75% | 2,400 | (43%) |
| Materials & Supplies | 2,041 | 1,750 | 1,650 | (6%) | 1,650 | 0% |
| Miscellaneous | 3,598 | 4,000 | 4,000 | 0% | 4,000 | 0% |
| Total | \$ 384,657 | \$1,129,043 | \$371,994 | (67%) | \$370,832 | (0%) |

SIGNIFICANT CHANGES:

There are no significant changes to report. Election costs vary based on the timing of elections.



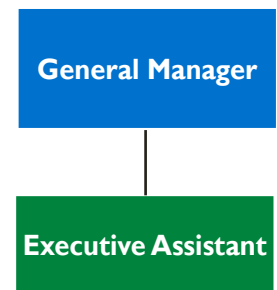
Office of the General Manager

DESCRIPTION OF SERVICES PROVIDED:

The General Manager/CEO is the liaison to the Board of Directors and oversees the day to day operations of the District. The General Manager/CEO provides leadership and initiates strategic planning to implement the goals and the vision of the Board of Directors. The Foundational Principles provide guidance in establishing long-term organizational goals and the General Manager/CEO utilizes the talent and skills of the entire staff to fulfill the organizational objectives. The General Manager/CEO also serves as President of the Fontana Union Water Company, a mutual water company managed by the District, and is the President of the Frontier Project Foundation, a non-profit corporation that seeks grant funding to conduct educational outreach programs.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------|---------|---------|---------|---------|
| General Manager / CEO | 1.00 | 1.00 | 1.00 | 1.00 |
| Executive Assistant | 2.00 | 2.00 | 2.00 | 2.00 |
| Total | 3.00 | 3.00 | 3.00 | 3.00 |



2019 & 2020 ACCOMPLISHMENTS:

- Obtained the position of Chairman of the Chino Basin Watermaster Appropriative Pool in order to provide leadership to the region on groundwater issues
- Participated in the IEUA member agencies group of General Managers to provide collaboration on water and sewer related issues in the region
- Assisted in the settlement of the San Bernardino Valley Municipal Water District lawsuit as well as the related insurance settlement for the benefit Fontana Union Water Company
- Secured payment of \$1.9 million from San Gabriel Valley Water Company relating to the adjustment of water rights stored in the Chino Basin that was derived from the Safe Yield Reset and the Desalter Replenishment Obligation administered by Chino Basin Watermaster
- Completed a revision to the agreement with San Gabriel Valley Water Company to secure the District’s rights to sell water produced through Fontana Water Company which will result in a significant increase in revenues

2021 & 2022 GOALS & OBJECTIVES:

1. Ensure alignment between the Board of Directors and staff to accomplish district wide goals.
2. Promote policies that secure our long-term financial stability.
3. Continue to seek out opportunities that ensures a diverse and resilient water supply.
4. Empower CVWD’s next generation of employees with development opportunities that promote our culture and values.
5. Provide a Customer First model of service to our ratepayers and stakeholders.

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$950,927 | \$911,183 | \$1,003,146 | 10% | \$1,066,363 | 6% |
| Professional Development | 22,179 | 47,570 | 18,395 | (61%) | 19,505 | 6% |
| Professional Services | 308,543 | 346,590 | 246,400 | (29%) | 247,050 | 0% |
| Personnel Costs | 8,339 | 3,100 | 1,300 | (58%) | 1,350 | 4% |
| Advertisements | 87 | - | - | 100% | - | 100% |
| Utilities | 2,896 | 3,100 | 3,000 | (3%) | 3,100 | 3% |
| Materials & Supplies | 5,145 | 1,050 | 1,020 | (3%) | 1,090 | 7% |
| Outside Services | 686 | 250 | 500 | 100% | 750 | 50% |
| Miscellaneous | 4,809 | 4,600 | 3,850 | (16%) | 3,900 | 1% |
| Total | \$1,303,611 | \$1,317,443 | \$1,277,611 | (3%) | \$1,343,108 | 5% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. Professional services have decreased related to legal fees and other consulting.



ADMINISTRATIVE SERVICES DIVISION

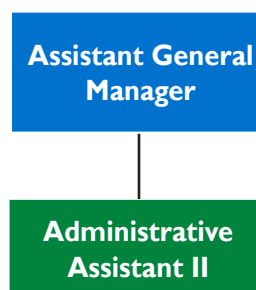
Office of the Assistant General Manager

DESCRIPTION OF SERVICES PROVIDED:

The Office of the Assistant General Manager provides support to the General Manager/CEO and the Board of Directors. In addition, leadership and coordination for the activities of the Administration department is provided. The Administration department oversees the organization's human capital initiatives, administers the risk management and safety programs, monitors state and federal legislation, and develops strategic communications with customers, stakeholders, and regional partners promoting the District's vision, mission and values.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------|---------|---------|---------|---------|
| Assistant General Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Administrative Assistant II | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 2.00 | 2.00 | 2.00 | 2.00 |



2019 & 2020 ACCOMPLISHMENTS:

- Organized and managed the transition to by-District elections under the California Voters Rights Act
- Coordinated the compliance with SB415, the even-year election cycle rule
- Updated the District's Water Supply Shortage Contingency Plan
- Worked on a team to update the Board of Director's Handbook
- Drafted a new Fraud Prevention Policy that was adopted by the Board
- Created a new Sponsorship Policy that was adopted by the Board
- Updated the employee's Vacation Policy incorporating IRS constructive receipt rules
- Compiled a water agency staffing efficiency comparison
- Completed the District's Workforce Analysis

2021 & 2022 GOALS & OBJECTIVES:

1. Our rates ensure operational and capital needs are met and are fair to our customers (Water 1B)
 - Update the District's Administrative Policy No. 1.8, Credits and Adjustments (July 2020)
 - Update the District's Administrative Policy No. 1.9, Customer Assistance Program (October 2020)
2. Employees are provided with training, professional development and leadership opportunities to successfully contribute to the organization (Service 1A)
 - Update the District's Administrative Policy No. 2.1, Board Travel and Employee Policy No. 4.8, Employee Travel and Conference (August 2020)
3. Encourage employees and Board Members to stay informed of topics that impact our organization (Water 3A)

- Update the District's Administrative Policy No. 2.9, Fraud Prevention (May 2021)
 - Expand Board and General Manager/CEO support role through attendance at stakeholder and advocacy meetings and events (Ongoing)
4. Increase collaboration between District teams (Water IE)
- Continue the collaboration with the Administration Department, streamlining communication with other departments (Ongoing)

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$553,624 | \$480,555 | \$576,392 | 20% | \$603,220 | 5% |
| Professional Development | 14,260 | 16,060 | 13,830 | (14%) | 13,380 | (3%) |
| Professional Services | 10,626 | - | 8,000 | 100% | 8,000 | 0% |
| Personnel Costs | 1,350 | 2,200 | 2,200 | 0% | 2,200 | 0% |
| Utilities | 1,047 | 1,140 | 1,595 | 40% | 1,095 | (31%) |
| Materials & Supplies | 184 | 1,780 | 1,500 | (16%) | 750 | (50%) |
| Outside Services | - | 400 | 400 | 0% | 400 | 0% |
| Miscellaneous | 301 | 500 | 500 | 0% | 500 | 0% |
| Total | \$581,393 | \$502,635 | \$604,417 | 20% | \$629,545 | 4% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.

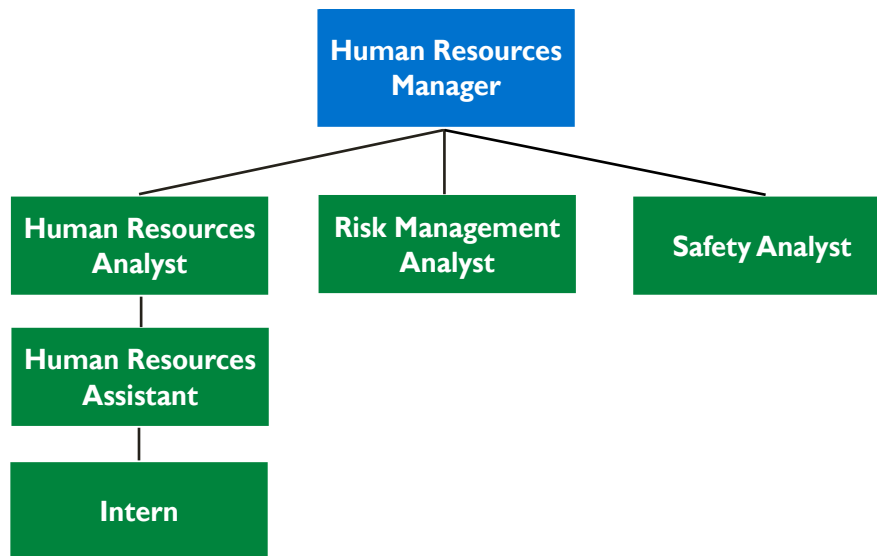
Human Resources & Risk Management

DESCRIPTION OF SERVICES PROVIDED:

Human Resources (HR) is responsible for ensuring that the District initiates and facilitates strategies for building a workforce which supports and enhances the organizational objectives and values. In addition to workforce development, the division is responsible for overseeing employee benefits, classification and compensation, policies and procedures, employee relations, administrative support, and employee development.

Risk Management promotes and provides a safe and secure work environment for employees. The risk management program includes employee safety and training programs, workers compensation, emergency management and disaster preparedness for the District.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---------------------------|-------------|-------------|-------------|-------------|
| Human Resources Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Human Resources Analyst | 1.00 | 1.00 | 1.00 | 1.00 |
| Human Resources Assistant | 1.00 | 1.00 | 1.00 | 1.00 |
| Risk Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 |
| Safety Analyst | 1.00 | 1.00 | 1.00 | 1.00 |
| Intern | 0.25 | 0.50 | 0.50 | 0.50 |
| Total | 5.25 | 5.50 | 5.50 | 5.50 |

2019 & 2020 ACCOMPLISHMENTS:

- Tyler Munis ERP Software Implementation – Human Capital Management (March 2019-December, 2019)
- 4th Year of Paperless Open Enrollment- Completely web-based; reduced printing and postage costs
- Completed review, amended and adopted seven policies from the Employee Personnel Manual
- Implemented the Board of Directors Employee Innovation Recognition Program
- Kicked off the Workforce Analysis (May 2019)
- Responded to 20 outside compensation and benefit survey requests
- Hosted two interns over two semesters via a partnership with San Bernardino Valley College
- Participated in seven college/career fairs
- Continued to manage the Work of Leaders leadership training
- Successfully hosted 2 Regional Leadership Group Meetings
- Coordinated mandatory Sexual Harassment (SBI 343) Training for all employees via Target Solutions
- Integrated job required certificates, contact hours, and safety competency on all Performance evaluations
- Assisted in the design and construction of East Canyon Safety Improvements for employee access
- Coordinated training for DOT Commercial License Program
- Implemented on-site respiratory testing
- Conducted hearing and noise Exposure Testing
- Hosted the biennial Employee Safety Expo
- Completed the Hazard Mitigation Project
- Implemented a standardized Drone Policy and Operating Procedures
- Manage the employee MyCERTS online certification and license program
- Developed the 2020 Employee Training Schedule
- Completed the ACWA/JPIA Risk Assessment (June 2019)
- Conducted Mandatory Active Threat Training for all District employees
- Prepared and submitted the FEMA Grant (HMPG)
- Completed Hazard Mitigation Plan Project (HMP); approved and adopted
- Coordinated with Facilities to design and install automatic gate and security cameras to secure Lot C and tie into Lenel
- Develop a comprehensive program to comply with Commercial Drivers License Drug & Alcohol clearing house

2021 & 2022 GOALS & OBJECTIVES:

1. Employees are provided with training, professional development and leadership opportunities to successfully contribute to the organization (Service IA)
 - Recruit and retain a diverse workforce to meet the needs of the organization (Ongoing)
2. Provide leadership, professional development and training programs (People IA)
 - Continue employee development programs, including the Employee Cross Training Program (ECT) and Leadership programs. Encourage collaboration at all levels (Ongoing)
3. Continue to evaluate the recruitment process and retain quality talent (People IB)
 - Reduce recruitment cycle time by 5% from approval request to sending an offer of employment (June 2021)
4. Focus on programs and practices that encourage unity (People IC)
 - Provide wellness programs and other employee events that promote a healthy workplace (Ongoing)
5. Provide programs that inspire multi-functional skill development that brings value to the District and to employees (People ID)
 - Develop a series of compliance training programs for FMLA, ADA, anti-harassment, non-discrimination, and interviewing/hiring practices (Ongoing)
 - Develop an HR compliance program including policy review, guidance (Ongoing)
6. Employees are provided with training, professional development and leadership opportunities to successfully contribute to the organization (Service IA)

- Coordinate biennial employee training on Active Threat Response and Mitigation (April 2021)
- Conduct annual inspection and support of maintenance program for East Canyon Safety Improvements (Ongoing)
- Establish a quarterly inspection program for the cloud-based stations for gas detectors District-wide (January 2021)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|--------|----------------|----------------|------------------|------------------|------------------|
| Average number of days to hire staff, from recruitment posting to the candidate's effective date of hire (start date) | 65 | 78 | 60 | 70 | 65 | 65 |
| Number of compensation and classification studies conducted | 25 | 27 | 20 | 20 | 20 | 20 |
| Percentage of annual performance evaluations completed | 90% | 93% | 95% | 95% | 95% | 95% |
| Number of work days lost per worker's compensation claim - | 0 | 3 | 0 | 0 | 0 | 0 |
| Number of ergonomic assessments completed | 10 | 5 | 5 | 5 | 5 | 5 |
| Percentage of employees who completed first-aid/CPR training | 100% | 100% | 100% | 100% | 100% | 100% |
| Percentage of employees utilizing Target Solutions online modules | 100% | 95% | 100% | 100% | 100% | 100% |
| Percentage of security camera monitored campus coverage | 100% | 100% | 100% | 100% | 100% | 100% |
| Number of key emergency operations center staff who completed CSTI emergency preparedness trainings | 100% | 100% | 100% | 100% | 100% | 100% |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$873,420 | \$913,468 | \$1,100,750 | 21% | \$1,198,522 | 9% |
| Professional Development | 38,749 | 49,120 | 44,771 | (9%) | 44,791 | 0% |
| Professional Services | 43,820 | 54,500 | 18,500 | (66%) | 18,500 | 0% |
| Personnel Costs | 143,905 | 173,440 | 184,055 | 6% | 191,220 | 4% |
| Advertisements | 2,548 | 600 | - | (100%) | - | 100% |
| Utilities | 71,858 | 70,525 | 79,990 | 13% | 79,990 | 0% |
| Materials & Supplies | 48,042 | 23,480 | 16,350 | (30%) | 16,350 | 0% |
| Outside Services | 55,436 | 61,700 | 60,680 | (2%) | 59,180 | (2%) |
| Miscellaneous | 309 | 1,200 | 1,000 | (17%) | 1,000 | 0% |
| Total | \$1,278,086 | \$1,348,033 | \$1,506,096 | 12% | \$1,609,553 | 7% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. The decrease in professional services in was due to a completed District hazard mitigation plan in FY 2020.



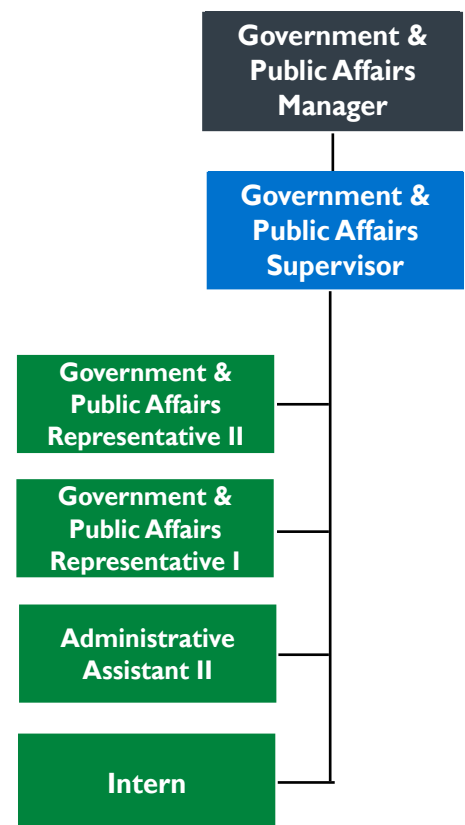
GOVERNMENT & PUBLIC AFFAIRS

DESCRIPTION OF SERVICES PROVIDED:

The Government and Public Affairs department is responsible for governmental & legislative affairs, community outreach, water-use efficiency and educational programs. In addition, the team is responsible for coordinating special events, and conducts outreach with customers, stakeholders, and legislative staff members. The team also develops a variety of multi-media materials and campaigns to provide information to our community through a variety of methods to help our customers learn about and understand our local water supply, infrastructure and related issues.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|-------------|-------------|-------------|-------------|
| Government & Public Affairs Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Government & Public Affairs Supervisor | - | - | 1.00 | 1.00 |
| Government & Public Affairs Representative I | 2.00 | 2.00 | 1.00 | 1.00 |
| Government & Public Affairs Representative II | - | - | 2.00 | 2.00 |
| Communication & Outreach Manager | 1.00 | 1.00 | - | - |
| Lead Community Outreach Representative | 1.00 | 1.00 | - | - |
| Administrative Assistant II | 1.00 | 1.00 | 1.00 | 1.00 |
| Government & Public Affairs Intern | 1.00 | 1.00 | 0.50 | 0.50 |
| Total | 7.00 | 7.00 | 6.50 | 6.50 |



2019 & 2020 ACCOMPLISHMENTS:

- Conducted annual State Legislative Board Briefing in Sacramento with the West Coast Advisors, the District's State advocacy firm
- Provided Board Member support for a number of events and issues with in-person attendance, talking points, letters, and other efforts with ACWA & CSDA for nominations and appointments
- Cucamonga Canyon Management Plan – Continued efforts with a coalition of agencies to develop a public access plan to the Cucamonga Canyon
- Through diligent legislative outreach efforts, received the ACWA Region 9 Outreach Award
- Hosted tours throughout the year of District facilities for a number of key stakeholders including elected officials and decision makers
- Advocated on behalf of the District at numerous regional work groups including IEUA
- Represented the District on various committees and at numerous meetings and hearings advocating on the District's behalf for critical policy and regulatory issues
- Completed six surveys using the FlashVote survey tool- survey topics included communication during emergencies, customer billing options, fall conservation, legislation, water service, and fall conservation
- Continued partnerships with the Inland Empire Resource Conservation District, the City of Rancho Cucamonga, and Arrowhead to educate over 1,200 students at the Environmental Learning Center
- Received two awards from the Public Relations Society of America-IE Chapter for "Pipeline Newsletter Re-design" and "Website Re-design"
- Completed the last half year of the CVWD Parkway Turf Replacement Rebate Program, with approximately 29 program participants
- Hosted the Water Savvy Garden Tour in April 2019 for 130 attendees who visited 12 residential sites throughout the community
- Continued implementing the District's branding guidelines and consider new internal and external branding opportunities, including a refresh of CVWD's website
- Hosted a successful Earth Day & Open House in April 2019 with 1,800 attendees and 50 participating vendors.
- Conducted a messaging workshop with the Board of Directors and executive staff for media inquiries, group presentations, and customer interactions
- Successfully implemented the monthly billing outreach campaign
- Hosted a Water Treatment Plant Tour for customers and stakeholders in fall 2019

2021 & 2022 GOALS & OBJECTIVES:

1. Our rates ensure operational and capital needs are met and are fair to our customers (Water 1B)
 - Advocate against additional fees/taxes placed on our customer's water bills by outside entities (Ongoing)
 - Coordinate the public outreach for the upcoming water rate studies (Ongoing)
2. Protect, secure and obtain additional water rights as feasible (Water 1C)
 - Advocate policies and regulations that protect or expand existing water rights (Ongoing)
 - Communicate infrastructure investments and Value of Water to stakeholders via newsletters, briefings, meetings and receptions (Ongoing)
 - Encourage water use efficiency through the website, social media, and general marketing. Use of example stories, testimonials and how-tos. (Ongoing)
 - Promote regional residential and commercial rebates programs (Ongoing)
 - Conduct the Water Savvy Garden Tour and Water Savvy Landscape Contest (Ongoing)
3. Increase collaboration between District teams (Water 1E)
 - Continue to collaborate with and be a resource to other departments (Ongoing)
 - Work with Customer Service and I.T. on outreach for new payment portal (Ongoing)
4. Outreach to customers and stakeholders to address the results of investments and value of water (Water 2C)
 - Provide outreach and education focused on the value of water relating to the cost of the infrastructure

- and providing a high quality water supply (Ongoing)
 - Continue outreach focused on the health and safety of our water and wastewater services (Ongoing)
 - Alternating Cucamonga Water Tour and Water Treatment Plant Tour (Ongoing)
5. Encourage employees and Board Members to stay informed of topics that impact our organization (Water 3A)
 - Provide tools such as briefing books, talking points, and updates to Board Members and employees to help them stay informed of important issues (Ongoing)
 - Actively engage stakeholders through meetings, newsletters, briefings, tours, and receptions (Ongoing)
 6. Actively build relationships with policy makers, stakeholders, and regulators (Water 3C)
 - Continue to build relationships with policy makers, legislators, regulators, and other key stakeholders (Ongoing)
 7. The District's culture fosters employee innovation and a Service Beyond Expectation standard (Service 1B)
 - Communicate legislative and regulatory issues both internally and externally (Ongoing)
 - Continue to implement the District's branding guidelines and consider new internal and external branding opportunities (Ongoing)
 - Continue to use social media, including Facebook, Twitter, Instagram, YouTube and NextDoor, to enhance two-way communication with customers (Ongoing)
 - Fully utilize SharePoint (internal employee website) to further engage employees (Ongoing)
 8. CVWD has a resourceful, innovative and empowered pool of talent that supports the culture and values of the District (People 1)
 - Provide leadership, professional development, and training opportunities to our team (Ongoing)
 - Empower team members so they are encouraged to contribute new ideas (Ongoing)
 - Practice leadership habits that encourage unity and collaboration (Ongoing)
 9. Employees take ownership and embrace the District's Foundational Principles through their interactions and communications (People 3)
 - Incorporate District's Foundational Principles into presentations and interactions with key stakeholders (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|---------|----------------|----------------|------------------|------------------|------------------|
| Contact made with legislators | 70 | 67 | 70 | 75 | 75 | 75 |
| Legislative Letters sent | 40 | 39 | 40 | 40 | 45 | 45 |
| Bills Tracked | 30 | 28 | 30 | 30 | 30 | 30 |
| Stakeholder tours provided | 6 | 7 | 8 | 4 | 7 | 7 |
| Increased participation in the District's Parkway Turf Removal Rebate Program | 75 | 29 | 0 | 0 | 0 | 0 |
| Increased participation in education programs by teachers and students | 2,200 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Improved social media presence: Number of Facebook Followers | 1,000 | 900 | 1,200 | 1,200 | 1,350 | 1,500 |
| Regular Engagement on NextDoor | 1 | 1 | 1 | 1 | 1 | 1 |
| Engagement through Flash Vote surveys: Number of Customers Enrolled | 1,500 | 1,275 | 2,000 | 0 | 0 | 0 |
| Number of site visits on a refreshed District Website | 100,000 | 166,575 | 170,000 | 170,000 | 175,000 | 175,000 |
| Number of Events/presentations at non-traditional community events | 15 | 19 | 20 | 20 | 20 | 20 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$866,968 | \$927,957 | \$986,153 | 6% | \$1,034,237 | 5% |
| Professional Development | 29,905 | 49,400 | 42,230 | (15%) | 42,230 | 0% |
| Professional Services | 78,450 | 58,000 | 66,072 | 14% | 66,072 | 0% |
| Personnel Costs | 673 | 2,000 | 1,700 | (15%) | 1,700 | 0% |
| Advertisements | 15,630 | 23,725 | 24,025 | 1% | 24,025 | 0% |
| Utilities | 3,876 | 4,500 | 6,400 | 42% | 6,400 | 0% |
| Materials & Supplies | 20,975 | 32,900 | 37,400 | 14% | 37,400 | 0% |
| Outside Services | 95,200 | 102,651 | 99,100 | (3%) | 99,100 | 0% |
| Miscellaneous | 16,423 | 10,799 | 9,000 | (17%) | 9,000 | 0% |
| Total | \$1,128,099 | \$1,211,932 | \$1,272,080 | 5% | \$1,320,164 | 4% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



FINANCIAL & TECHNOLOGY SERVICES DIVISION

Financial & Technology Services Administration

DESCRIPTION OF SERVICES PROVIDED:

Financial & Technology Services Administration department coordinates the activities for the department. The Director of Financial and Technology Services oversees investment activities, debt administration, rate-setting, as well as overall financial and budgetary oversight of the District. Other administrative duties of this division include employee relations and performance, strategic visioning, and goal setting.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|---------|---------|---------|---------|
| Director of Finance & Technology Services | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 1.00 | 1.00 | 1.00 | 1.00 |

**Director of Finance
& Technology
Services**

2019 & 2020 ACCOMPLISHMENTS:

- Planned and implemented the transition from bi-monthly to monthly utility billing.
- Completed a five-year rate study for the Sewer Fund and authorized the IEUA pass-through rate.
- Completed a five-year rate study for the Recycled Water Fund and authorized a new IEUA surcharge rate to protect the fund from the impact of IEUA rate changes.
- Provided support of Finance and Information Technology staff in the implementation of the software conversion to Tyler Munis Financial Module and Human Resources Module on time and under-budget.
- Maintained a credit rating of AA+ on the Senior Lien and AA on the new debt issuance from Standard & Poor's

2021 & 2022 GOALS & OBJECTIVES:

1. The District's culture fosters employee innovation and a Service Beyond Expectation standard (Service 1B)
 - Support implementation of the new online payment customer portal (August 2020)
2. Our rates ensure operational and capital needs are met and are fair to our customers (Water 1B)
 - Complete the financial model, rate study, and cost of service analysis for the Water Fund designing sustainable rates for the next five years (December 2021)
3. Employees are provided with training, professional development and leadership opportunities to successfully contribute to the organization (Service 1A)
 - Support the maintenance and effective use of the recently completed automated meter reading system through implementation of software analytics (June 2021)
 - Assist in selection of the software vendor for the utility module (June 2022)

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$254,939 | \$299,786 | \$373,310 | 25% | \$403,529 | 8% |
| Professional Development | 46,461 | 11,422 | 7,725 | (32%) | 12,176 | 58% |
| Professional Services | 41,558 | 165,760 | 149,980 | (10%) | 140,980 | (6%) |
| Personnel Costs | 2,474 | 700 | 500 | (29%) | 500 | 0% |
| Advertisements | 21,453 | 5,000 | - | (100%) | - | 100% |
| Utilities | 421 | 500 | 500 | 0% | 500 | 0% |
| Materials & Supplies | 254 | 1,760 | 1,760 | 0% | 1,760 | 0% |
| Outside Services | 225 | 400 | 400 | 0% | 400 | 0% |
| Miscellaneous | (42) | 500 | 500 | 0% | 500 | 0% |
| Total | \$367,742 | \$485,828 | \$534,675 | 10% | \$560,345 | 5% |

SIGNIFICANT CHANGES:

The role of the Department of Finance and Technology Services Administration remains unchanged. Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. Professional services costs have increased in fiscal year 2019 due to consulting services for the water rate study and the associated legal fees which are necessary every four years. The professional services costs are then decreased by the same amount in fiscal year 2020.



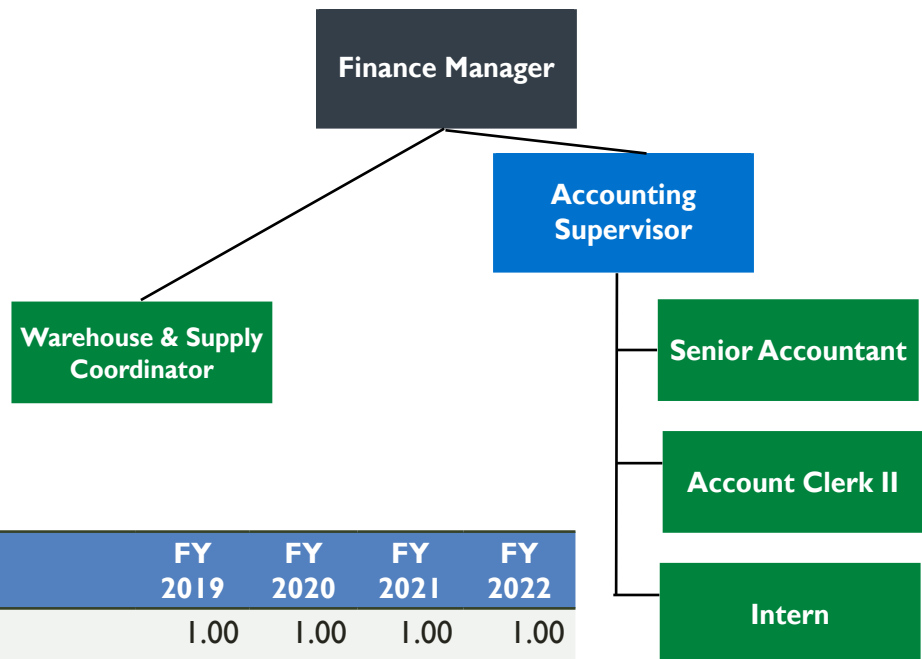
Accounting & Purchasing

DESCRIPTION OF SERVICES PROVIDED:

Accounting performs all financial related services for the District, which include general ledger functions, investment tracking, debt management, payroll and benefit processing, accounts payable, accounts receivable, customer billing, collection processing/referral, customer payment remittance processing, bank account reconciliation, monthly financial reporting, annual budget preparation, rate analysis/update, CAFR preparation, State controller’s report preparation, and Capital Improvement Program reporting.

Purchasing and warehouse administers the decentralized purchasing system for the District, including the operation of a full-service warehouse. The department is responsible for oversight of the procurement and purchase order process for all departments. This department provides enhanced supply management, a high level of accountability and value-added services. The department works to achieve cost savings and to stock adequate supplies in case of emergencies.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--------------------------------|-------------|-------------|-------------|-------------|
| Finance Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Accounting Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Senior Accountant | - | - | 1.00 | 1.00 |
| Accountant | 1.00 | 1.00 | - | - |
| Account Clerk II | 4.00 | 5.00 | 5.00 | 5.00 |
| Finance Intern | - | - | 0.25 | - |
| Warehouse & Supply Coordinator | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 8.00 | 9.00 | 9.25 | 9.00 |

2019 & 2020 ACCOMPLISHMENTS:

- Refined Long-Range Financial Plan and Financial Model
- Completed Water Rate Study – Implementation of new rates has been delayed due to COVID-19 pandemic
- Completed Sewer and Recycled Water rate studies and adopted new rates for FY2020 – FY2024
- Implemented new Tyler Munis ERP software for Accounting, Payroll, Purchasing and Fixed Asset management
- Updated and reviewed financial policies: Purchasing Policy, Operating Portfolio Investment Policy, PARS Investment Policy, Debt Management Policy, Credits and Adjustments Policy, Reserve & Financial Benchmark Policy, Capital Assets Policy, Employee Travel Policy and Board Member Travel Policy
- Created new financial policies: Conflict of Interest Code, Customer Assistance Policy, and Fraud Prevention Policy
- Installed 3 Emergency storage containers at strategic points throughout the District to provide essential inventory for crews in case of an emergency

2021 & 2022 GOALS & OBJECTIVES:

1. Our rates ensure operational and capital needs are met and are fair to our customers (Water 1B)
 - Finalize rate studies for water services, resulting in new rates for the next five Fiscal Years from 2021 to 2025 (October 2020)
2. Continue to develop and implement adopted master plans, CIP Budget and Long-Term Financial Plans to anticipate current and future needs (Water 2A)
 - Update Two-Year Budget document at time of adoption of new water rates (December 2020)
 - Update Two-Year Budget document at the one year mid-point (June 2021)
3. Employees are provided with training, professional development and leadership opportunities to successfully contribute to the organization (Service 1A)
 - Develop a PARS funding strategy based on actuarial reports due to changing investment environment. (July 2020)
 - Efficiently utilize warehouse space by maximizing inventory turnover (Ongoing)
4. The District's culture fosters employee innovation and a Service Beyond Expectation standard (Service 1B)
 - Maximize the usage of paperless ACH payments via an outreach effort with vendors (Ongoing)
 - Create a CAFR that meets/exceeds GFOA requirements. (December 2020 & December 2021)
5. Use technology to maintain efficient asset management (Water 2D)
 - Support emergency preparedness efforts with a warehouse inventory stocking strategy (Ongoing)
 - Maintain a master vendor contact listing for emergency preparedness efforts (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|--------------|----------------|----------------|------------------|------------------|------------------|
| GFOA Budget Award | | | | | | |
| CSMFO Budget Award | | | | | | |
| GFOA CAFR Award | | | | | | |
| Investment Income | \$1,809,900 | \$1,871,755 | \$1,830,200 | \$1,750,000 | \$1,140,000 | \$872,000 |
| Cash & Cash Equivalent Holdings | \$19 Million | \$14 Million | \$24 Million | \$20 Million | \$18 Million | \$25 Million |
| Actuarial Studies Completed | 0 | | 3 | 3 | | 3 |
| EFT % of Payments | 16.5% | 14% | 17.0% | 29.9% | 35.0% | 35.0% |
| EFT % of Payments \$ Amounts | 65.0% | 41% | 70.0% | 74.6% | 80.0% | 80.0% |
| Staff hours of Professional Training- Accounting | 180 | 140 | 180 | 140 | 160 | 160 |
| CPA's on Staff | 4 | 4 | 4 | 4 | 4 | 4 |
| Service Contracts Reviewed | - | 1 | 1 | 2 | 1 | 1 |
| Policies Updated | 3 | 14 | 3 | 1 | 8 | 3 |
| Meetings for Emergency Planning | 1 | 2 | 1 | 2 | 1 | 1 |
| Utilization of Purchase Orders | 300 | 308 | 300 | 156 | 160 | 160 |
| Utilization of Blanket Orders/ Contracts | 70 | 69 | 70 | 204 | 200 | 200 |
| P-Card Program Purchases | \$1 Million | \$1,024,000 | \$1 Million | \$850,000 | \$1 Million | \$1 Million |
| P-Card & Other Rebates | \$15,000 | \$14,940 | \$15,000 | \$13,000 | \$15,000 | \$15,000 |
| Hours of Professional Training - Purchasing | 80 | 48 | 80 | 32 | 20 | 20 |
| Inventory Turnover Ratio | 0.75 | 0.62 | 0.75 | 0.50 | 0.70 | 0.70 |
| Inventory Turnover Ratio | .70 | .78 | .80 | .58 | .75 | .75 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$1,044,209 | \$1,209,906 | \$1,183,933 | (2%) | \$1,174,252 | (1%) |
| Professional Development | 11,577 | 24,565 | 22,755 | (7%) | 21,055 | (7%) |
| Professional Services | 54,051 | 100,090 | 57,853 | (42%) | 70,049 | 21% |
| Personnel Costs | 1,862 | 2,300 | 2,600 | 13% | 2,600 | 0% |
| Advertisements | 344 | 300 | 500 | 67% | 500 | 0% |
| Collections | 38,910 | 82,000 | 1,012,000 | 1,134% | 1,012,000 | 0% |
| Utilities | 1,016 | 1,400 | 1,000 | (29%) | 1,700 | 70% |
| Materials & Supplies | 6,338 | 8,100 | 6,550 | (19%) | 6,550 | 0% |
| Outside Services | 36,539 | 35,600 | 56,600 | 59% | 56,600 | 0% |
| Miscellaneous | 330,745 | 395,000 | 470,500 | 19% | 470,800 | 0% |
| Total | \$1,525,591 | \$1,859,261 | \$2,814,291 | 51% | \$2,816,106 | 0% |

SIGNIFICANT CHANGES:

The Accounting Division added an Account Clerk II in FY 2020 because of the transition from bi-monthly to monthly billing. Additionally bank fees, which are included in the miscellaneous category also increased due to monthly billing. With the Coronavirus pandemic the District increased the budget for collections significantly in light of the uncertain times. Wages and benefits are budgeted to decrease with the conclusion of the internship position in September 2020. Other Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.

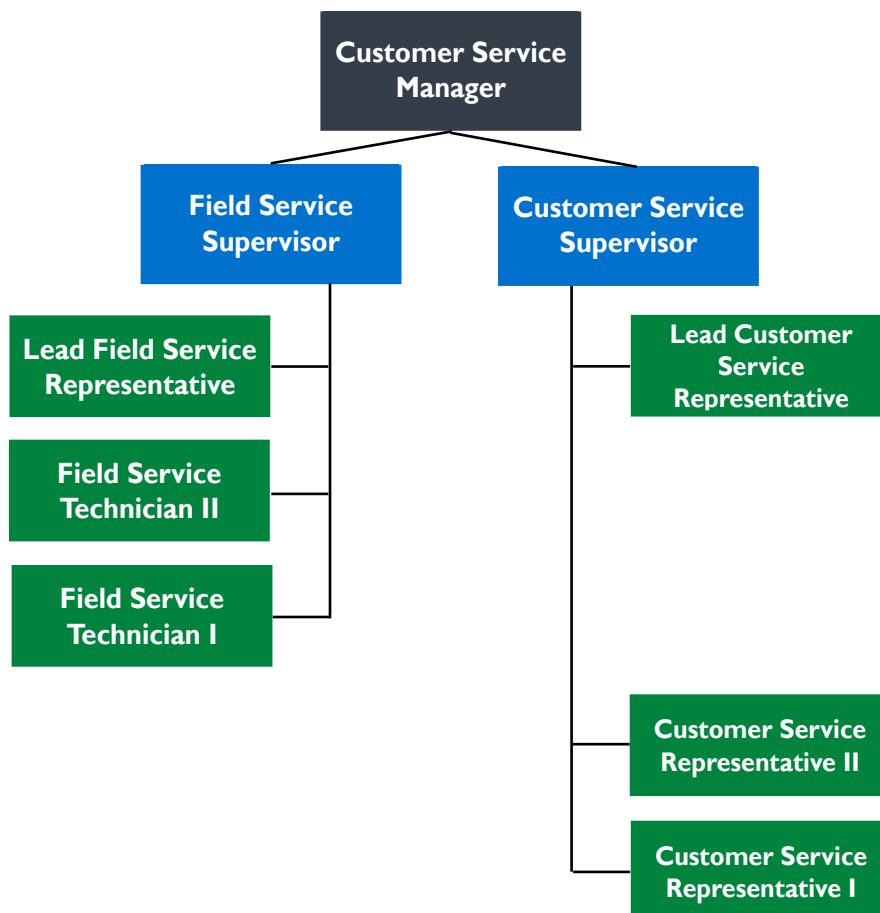


Customer Service

DESCRIPTION OF SERVICES PROVIDED:

This department is the first point of contact for our approximately 50,000 customers. We provide call center support (approximately 300 calls per day), walk-up counter payment service (approximately 100 per day), Interactive Voice Response/ Internet payment service, new account processing, and work order generation. The department also handles all field service requests that include turn on/off accounts, meter repairs, water consumption investigations and consultations, new meter installation, meter calibrations, and Fixed Network (FN) meter reading. Utilizing our Fixed Network system, we provide leak notification through our Water Watch Program (WWP) developed by our Field Service staff. The WWP allows us to assist our customers in locating leaks before they receive their next water bill. We also assist our customers with the programming of their sprinkler timers to further promote water efficiency. These services help us to be proactive and provide Service Beyond Expectations.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--------------------------------------|---------|---------|---------|---------|
| Customer Service Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Customer Service Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Customer Service Representative | 1.00 | 1.00 | 1.00 | 1.00 |
| Customer Service Representative II | 2.00 | 2.00 | 4.00 | 4.00 |
| Customer Service Representative I | 4.50 | 4.50 | 2.50 | 2.50 |
| Field Service Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Field Service Technician | 1.00 | 1.00 | 1.00 | 1.00 |
| Field Service Technician II | 1.00 | 1.00 | 5.00 | 5.00 |
| Field Service Technician I | 2.00 | 2.00 | 3.00 | 3.00 |
| Field Service Representative II | 3.00 | 3.00 | - | - |
| Field Service Representative I | 2.00 | 2.00 | - | - |
| Total | 19.50 | 19.50 | 19.50 | 19.50 |

2019 & 2020 ACCOMPLISHMENTS:

- Achieved a meter read effectiveness rate above 98% from the Fixed Network automated meter read project by completing the installation of data collection devices throughout the service area.
- Implemented the conversion from bi-monthly to monthly utility billing frequency.
- Completed a reorganization of the utility system billing routes to create logical geographic grouping of the routes into quadrants. This redesign improved efficiency of route reading, billing, and lock-off procedures in association with the transition to monthly utility billing.
- Revised and adopted ordinances to comply with changes required by California Senate Bill 998.
- Trained Field Service staff on reprogramming sprinkler timers and leak detection

2021 & 2022 GOALS & OBJECTIVES:

1. Encourage efficient water use practices with customers through education and new technology (Water ID)
 - Continue to utilize District’s leak detection equipment to assist customers in locating leaks (Ongoing)
 - Continue the employee cross training program with other departments (Ongoing)
 - Ongoing meter replacement project. Field Service will replace approximately 2,000 meters that are over 15 years old (January 2021)
 - Upgrade approximately 12 Fixed Network Collectors from 3G to 4G technology (July 2020)
 - Continue to survey the Districts meter boxes and lids for damage or safety issues (Ongoing)
 - Continue developing a residential “large user” outreach program and offer water audit services to improve water use efficiency (Ongoing)
2. The District’s culture fosters employee innovation and a Service Beyond Expectation standard (Service IB)
 - Continue to utilize the Fixed Network system and related customer interface technology to assist customers with water use efficiency (Ongoing)
 - Implement a Customer Service portal to allow our customer to view real time water consumption data to support water conservation (January 2021)
 - Assist in implementing the new online customer utility payment software (July 2020)
 - Continue to provide customers with detailed explanations of water usage both over the phone and in person (Ongoing)
3. Increase collaboration between District teams (Water IE)
 - Build a training area for the Field Service Team to learn leak detection skills (January 2021)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|--------|----------------|----------------|------------------|------------------|------------------|
| Call Monitoring - Screened Calls/Year | 300 | 300 | 300 | 300 | 300 | 300 |
| Consistent Coaching - One-on-One Meetings with Staff/Year | 96 | 96 | 96 | 96 | 96 | 96 |
| Completion of the Fixed Network Infrastructure and Customer Service Portal | 100% | 60% | 70% | 80% | 90% | 100% |
| Early Leak Identification through Water Watch Program - Detected Leaks/Year | 1,341 | 1,118 | 1,532 | 1,600 | 1,620 | 1,640 |
| Water Savings through Leak Detection - Acre Foot/Year | 174 | 179 | 199 | 210 | 215 | 220 |
| Select and Implement New ERP Software for Utilities to Replace Existing System | 100% | N/A | N/A | N/A | 50% | 100% |
| Hours of Training Attended by Employee/Year | 8 | 8 | 8 | 8 | 8 | 8 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$2,099,872 | \$2,115,105 | \$2,300,437 | 9% | \$2,421,108 | 5% |
| Outside Labor | 80,732 | 113,750 | 49,050 | (57%) | 49,050 | 0% |
| Professional Development | 10,851 | 18,700 | 19,940 | 7% | 21,920 | 10% |
| Professional Services | 1,575 | 2,500 | 2,500 | 0% | 2,500 | 0% |
| Personnel Costs | 8,290 | 13,100 | 13,300 | 2% | 13,300 | 0% |
| Utilities | 10,902 | 14,900 | 15,620 | 5% | 15,600 | (0%) |
| Materials & Supplies | 238,215 | 413,650 | 485,426 | 17% | 499,921 | 3% |
| Outside Services | 20,771 | 28,150 | 29,857 | 6% | 29,857 | 0% |
| Miscellaneous | 229 | 200 | 200 | 0% | 200 | 0% |
| Total | \$2,471,436 | \$2,720,055 | \$2,916,330 | 7% | \$3,053,456 | 5% |

SIGNIFICANT CHANGES:

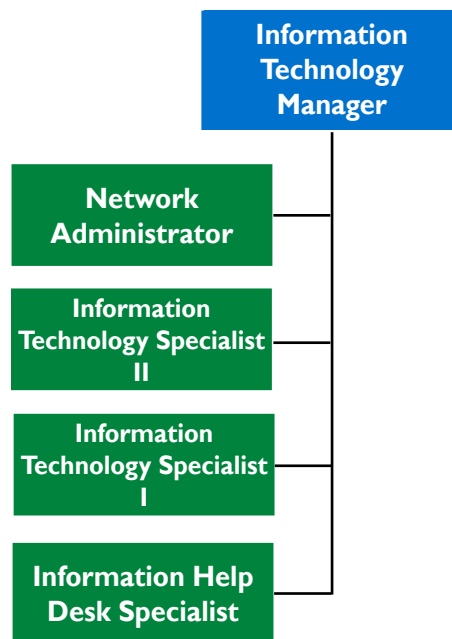
Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. The Customer Service department has a significant decrease in outside labor due to less need for temporary employees in fiscal year 2021 and remains unchanged for fiscal year 2022. Materials and supplies costs have slightly increased due to maintenance of the fixed network. All other costs are comparable.

Information Technology

DESCRIPTION OF SERVICES PROVIDED:

Information Technology (IT) provides comprehensive technology planning, development, integration, operation, maintenance, and support to all areas of the District to maximize efficiency. The department's primary responsibilities include day-to-day network center operation and the provision of a safe and secure network environment for centralized data libraries and equipment. Extended responsibilities include access control systems, audio-visual systems, data storage, database systems, disaster recovery, mobile devices, network intrusion prevention, printers, scanners, multi-function copiers, servers, workstations, software development, software implementation, telecommunications, telephone system, video surveillance security systems, WIFI, and Internet. In FY 2019 and FY 2020, the IT Help Desk received approximately 200 tickets per month.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Information Technology Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Network Administrator | 1.00 | 1.00 | 1.00 | 1.00 |
| Information Technology Specialist II | 1.00 | 1.00 | 1.00 | 1.00 |
| Information Technology Specialist I | 1.00 | 1.00 | 1.00 | 1.00 |
| Information Help Desk Specialist | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 5.00 | 5.00 | 5.00 | 5.00 |

2019 & 2020 ACCOMPLISHMENTS:

- Enterprise Resource and Planning (ERP) software upgrade - District selected Tyler's Munis as our ERP software vendor in October 2018. The Finance Module upgrade and data conversion (from AS400 database to Microsoft SQL database) went live in July 2019, HR & Payroll Module upgrade went live in February 2020, Asset Management & Facility Maintenance Service Order Module went live in March 2020, and we will continue to work on the Utility Module upgrade in the next two years.
- Fixed Network Project - Continue to assist Customer Service and support the MDM technical portion of this project
- Monthly Utility Billing - I.T. completed the following items in support of this project: A one-week workshop for planning and design project timelines; built an AS400/Naviline Test Environment for billing program tests; completed the installation of four additional phone lines to the IVR system (total 14 lines). IVR System enhancement will allow the District to avoid system delays when serving our customers.
- Wireless Network (WIFI) Upgrade - I.T. completed this project in April 2019. This upgrade provides faster communication speeds and a stronger WIFI signal range. Mobile device users at the District now experience significant improvements in performance.
- CVWD's Website Redesign - In order to make our website look more modern and make it easier for customers to use, I.T. Department worked with the Government and Public Affairs Department for several months to redesign our website, launching it in January 2019.
- Microsoft Software Assurance Agreement - This project has been completed in April 2019 and the agreement provides a new 3-Year Microsoft Software Assurance License Contract. It will allow the District to install a variety of Microsoft software such as Microsoft Windows Enterprise, Office Professional, SQL server, etc. through an enterprise management tool. The agreement also offers five days of advanced Microsoft Training and a 24/7 Microsoft Concierge Helpline for technical support at no additional cost. The total cost of this program is considerably less expensive than it would be through our normal procurement processes.
- Social Media Archive Service for Public Record Request – the Government and Public Affairs (GPA) Department was looking for a service to archive all posts on social media since social media posts are considered public records now. After three months of research and reference checks, I.T. and GPA selected ArchiveSocial as our social media archive solution. This archiving service connects directly to social networks such as Facebook and Twitter to capture and preserve the content on CVWD's pages, ensuring that I.T. and GPA staff can easily respond to records requests
- District's telephone system upgrade – I.T. replaced the outdated Nortel Telephone System with a new Avaya Voice on IP (VOIP) system and also replaced all telephone sets with the touch screen IP network desk phones.
- Call Center Software Upgrade to Enable Customer Service Tele-working - Since March 2020, as we have entered this unprecedented COVID-19 pandemic situation, I.T. Division worked with phone system vendor to upgrade our Customer Service call center for remote access. This upgrade was completed in two weeks and Customer Service representatives are able to work from home and answer customer calls using VPN secure remote access.

2021 & 2022 GOALS & OBJECTIVES:

1. Encourage efficient water use practices with customers through education and new technology (Water 1D)
 - Utilize the Fixed Network System and related customer interface technology to assist customers with water use efficiency. Itron System Analytics upgrade has been completed and we will upgrade Water Smart programming after we finish our Customer Online Portal upgrade. (FY 2021)
2. Use technology to maintain efficient asset management (Water 2D)
 - Phase III of the ERP software upgrade and implementation. Phase I upgrade of the Finance Module and data conversion from AS400 database to Microsoft SQL database has been completed. Phase II upgrade HR/Payroll and EAM Modules also went live in early 2020. I.T. is planning to complete Phase III, the Utility Module upgrade phase of the project, in the next two years. (FY2022)
3. Employees are provided with training, professional development and leadership opportunities to successfully

contribute to the organization (Service IA)

- Provide ongoing technical services and training to employees. IT Help Desk is expecting to receive more help tickets due to employees working from home. The FY2019 actual total requests were 2,438 and the estimate for FY2020 is 2,500. We are expecting to receive 2,600 Help Desk requests in FY2021 and FY2022. (Ongoing)
4. The District's culture fosters employee innovation and a Service Beyond Expectation standard (Service IB)
 - IT has regularly maintained technologies and anticipates additional upgrades including: ERP software, VOIP telephone system, audio / video equipment, SharePoint, Office 365, and mobile devices. (Ongoing)
 5. Employees are empowered to contribute innovative ideas and are entrusted to participate through implementation (People IE)
 - Continue to provide technology training for I.T. staff and all District employees. (Ongoing)
 - Encourage I.T. staff to contribute innovative ideas and research new opportunities. (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|--------|----------------|----------------|------------------|------------------|------------------|
| Help Desk Annual Service Tickets to Supporting increased I.T. Hardware and Software | 2,500 | 2,438 | 2,550 | 2,550 | 2600 | 2,600 |
| Data Center Total Data Size in Tera Bites | 42 | 40 | 41 | 41 | 42 | 43 |
| Total Internet Bandwidth in Mega Bites | 500 | 450 | 1,000 | 1,000 | 1100 | 1,250 |
| ERP Enterprise Software Upgrade in Phases | 1 | 1 | 2 | 2 | | 3 |
| Roll out Microsoft Office 2016 | 100% | 60% | 100% | 100% | | |
| Frontier Project Audio/ Visual Equipment Upgrade | 1 | 1 | | | | |
| Network Security Vulnerability Assessment | 1 | 1 | | | | |
| CVWD's Website Redesign | 50% | 50% | 100% | 100% | | |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$784,086 | \$825,417 | \$870,390 | 5% | \$913,140 | 5% |
| Professional Development | 9,569 | 44,600 | 32,700 | (27%) | 33,600 | 3% |
| Professional Services | 680 | - | 1,000 | 100% | 1,000 | 0% |
| Personnel Costs | 920 | 1,000 | 800 | (20%) | 900 | 13% |
| Utilities | 114,968 | 131,020 | 164,800 | 26% | 168,600 | 2% |
| Materials & Supplies | 84,860 | 105,250 | 75,100 | (29%) | 81,700 | 9% |
| Outside Services | 693,876 | 880,980 | 1,065,000 | 21% | 1,049,800 | (1%) |
| Miscellaneous | 82 | 400 | 300 | (25%) | 300 | 0% |
| Total | \$1,689,041 | \$1,988,667 | \$2,210,090 | 11% | \$2,249,040 | 2% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. The Information Technology department has an increase in utilities, specifically internet costs. As well as an increase in outside services costs due support services and the implementation and support of Invoice Cloud, a new customer billing interface. There is a savings in materials and supplies.



GENERAL SERVICES DIVISION



General Services Administration

DESCRIPTION OF SERVICES PROVIDED:

General Services Administration accounts for district-wide expenses that are general in nature and not attributed to a particular work category. General expenses are accumulated in this division to provide improved means of accounting and monitoring of certain utility expenses, insurance, general office supplies, District membership for industry organizations, and non-utility billing postage costs.

STAFFING/ACCOMPLISHMENTS/GOALS/PERFORMANCE MEASURES:

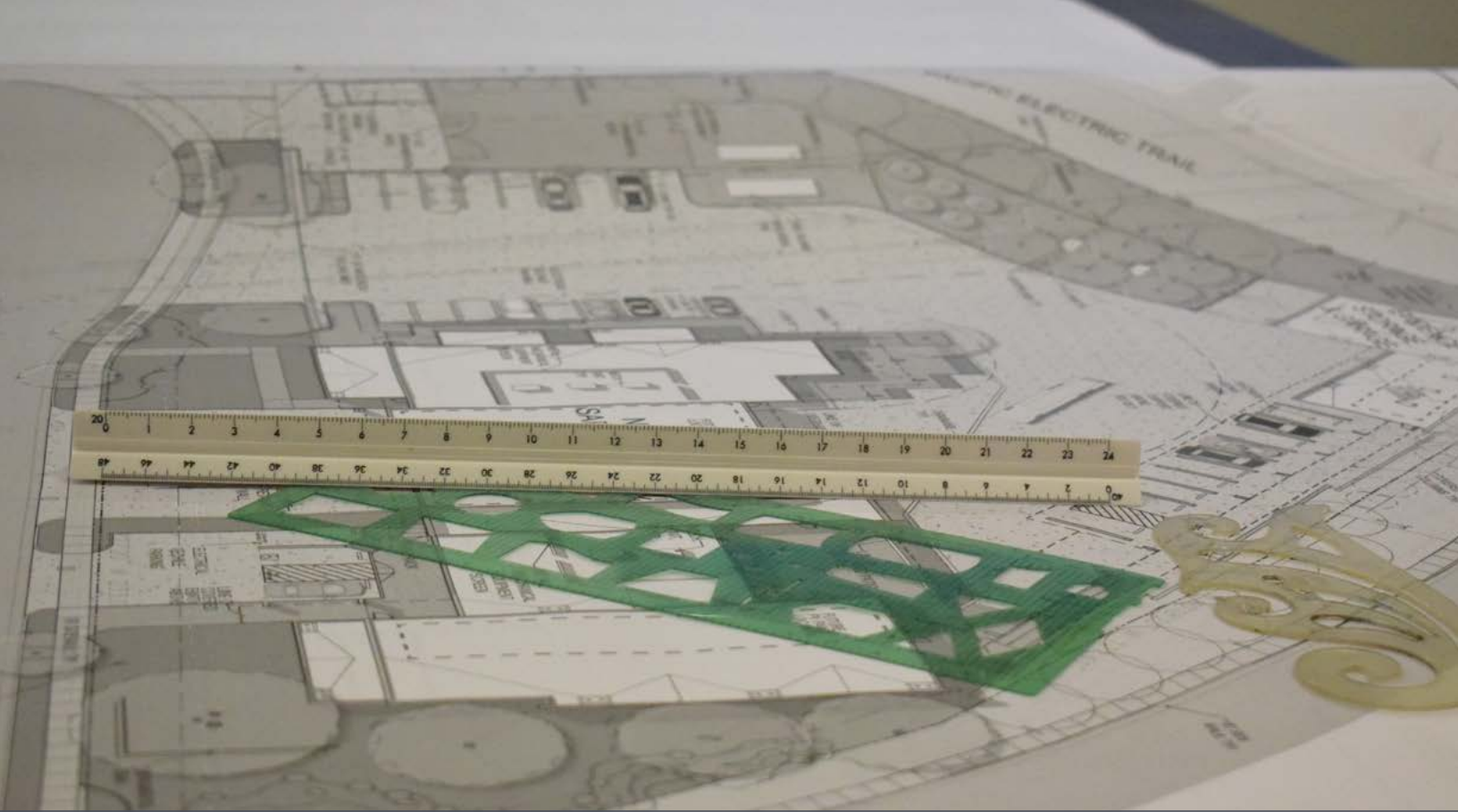
This department does not have any staffing allocated to it and only accounts for District-wide expenses; therefore, these items have not been listed.

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Professional Development | \$11,147 | \$55,876 | \$52,392 | (6%) | \$52,392 | 0% |
| Professional Services | 89,999 | 35,000 | 35,000 | 0% | 35,000 | 0% |
| Personnel Costs | 646 | 1,500 | 1,800 | 20% | 1,800 | 0% |
| Insurance | 381,939 | 446,569 | 463,209 | 4% | 469,934 | 1% |
| Utilities | 168,338 | 176,420 | 176,774 | 0% | 165,171 | (7%) |
| Materials & Supplies | 39,020 | 63,570 | 40,985 | (36%) | 40,985 | 0% |
| Outside Services | 20,779 | 2,000 | 2,900 | 45% | 2,900 | 0% |
| Miscellaneous | 8,740 | 5,185 | 6,998 | 35% | 7,018 | 0% |
| Total | \$720,609 | \$786,120 | \$780,058 | (1%) | \$775,200 | (1%) |

SIGNIFICANT CHANGES:

Materials & Supplies was reduced with anticipated savings on postage.



ENGINEERING DIVISION



Engineering Administration

DESCRIPTION OF SERVICES PROVIDED:

The Engineering Administration department coordinates the tasks and activities for the department and its staff. The Director of Engineering Services oversees the management of capital improvement projects, water resource management, the District’s Master Plans for water, sewer, recycled water, and water supplies, and all engineering and planning work. The Director actively participates in regional water and wastewater planning committees.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------|---------|---------|---------|---------|
| Director of Engineering | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 1.00 | 1.00 | 1.00 | 1.00 |

Director of Engineering

2019 & 2020 ACCOMPLISHMENTS:

- Oversee construction project of the transmission main of Well 48
- Oversee the design of Well 48 Well Equipping
- Oversee the construction project of the Well Field 3A Nitrate Treatment Plant
- Oversee design of Reservoir 1 Replacement
- Oversee construction of Replacing Existing Sewer Siphon at Hermosa Ave and 4th St.
- Oversee construction of Replacing Existing Sewer Siphon on Rochester Ave north of 6th St.
- State Water Resources Control Board (SWRCB) awarded \$ 2 million California Proposition 1 grant funding towards the nitrate treatment facility (NTF) at Well Field 3A. Oversee the submission process of Proposition 68 grant application for the maintenance of NTF and GAC facility. If the District is awarded the grant, it will have a value of up to \$2M to offset operational and maintenance costs. The planning department also submitted Clean Water State Revolving Fund (CWSRF) grant for the construction of recycled water line in Village of Heritage community.
- Completed an updated the Sewer System Management Plan (SSMP) and audit report as per SWRCB waste discharge requirement (WDR) permit
- Manage land acquisitions for the expansion of Reservoir 2 and 2A to meet the existing and future demand of pressure zone 2
- Actively participated in various Chino Basin Watermaster matters. Led the Storage Management Plan (SMP) subcommittee and coordinated with the Appropriate Pool members to discuss competing approaches to the basin storage with the goal of converging at a proposal that would be presented to the Watermaster. Participated in the 2020 Optimum Basin Management Plan Update (OBMPU) and Safe Yield Reset (SYR) workshops.
- Participated in the IEUA Regional Sewerage Program Policy and Technical Committee. District hosted a sub-group for the regional contract negotiations with contracting agencies and presented proposals with the

goal to recognize Recycled Water as valuable supply, and the agencies presented inputs to maximize their entitlement

2019 & 2020 GOALS & OBJECTIVES:

1. Increase collaboration between District teams (Water 1E)
 - Collaboration between various departments to deliver the Reservoir 3A project (February 2021)
2. Continue to develop and implement adopted master plans, CIP Budget and Long-Term Financial Plans to anticipate current and future needs (Water 2A)
 - Complete the construction of Reservoir 1 Replacement (December 2021)
 - Complete the Water Supply Master Plan (December 2020)
 - Complete Recycled Water Master Plan (June 2021)
 - Complete 2020 Urban Water Management Plan (July 2021)
3. Our rates ensure operational and capital needs are met and are fair to our customers (Water 1B)
 - Apply and secure grant for the Cucamonga Basin planning and remediation projects and recycled water related funding grants (December 2021)
4. The District's culture fosters employee innovation and a Service Beyond Expectation standard (Service 1B)
 - Collaborate with developers to assist and expedite their projects (Ongoing)

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$461,815 | \$383,184 | \$358,337 | (6%) | \$381,954 | 7% |
| Professional Development | 12,370 | 18,630 | 17,706 | (5%) | 19,131 | 8% |
| Professional Services | 17,334 | 35,979 | 30,500 | (15%) | 30,500 | 0% |
| Personnel Costs | 388 | 3,500 | 1,700 | (51%) | 1,500 | (12%) |
| Utilities | 1,010 | 4,160 | 4,100 | (1%) | 1,900 | (54%) |
| Materials & Supplies | 341 | 5,550 | 2,100 | (62%) | 2,100 | 0% |
| Outside Services | - | 1,500 | - | (100%) | - | 100% |
| Miscellaneous | 495 | 2,200 | 1,200 | (45%) | 1,200 | 0% |
| Total | \$493,753 | \$454,703 | \$415,643 | (9%) | \$438,285 | 5% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



Geographic Information System

DESCRIPTION OF SERVICES PROVIDED:

The Geographic Information Systems department is responsible for coordination and participation in database management for the Geographic Information System (GIS) and AutoCAD applications. This department updates and maintains GIS and AutoCAD databases for water, recycled water, and wastewater facilities from construction drawings to As-Built information; performs data capturing and conversion, data entry, and graphic editing activities; develops user friendly file management systems and completes geographic data analyses. This department utilizes professional Global Positioning System (GPS) equipment to collect geographical information in the field; locates District assets, resolves accuracy issues using GPS and integrates GPS data into GIS database. GIS viewing application provides accurate, accessible, and functional data to both the desktop and mobile devices within the District. GIS also functions as a helpful reporting tool and has asset management capabilities.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|------------------------------------|---------|---------|---------|---------|
| Water Resources & Planning Manager | - | 0.25 | 0.25 | 0.25 |
| GIS Technician II | 1.00 | 1.00 | - | - |
| GIS Technician I | 1.00 | - | - | - |
| GIS Analyst | - | - | 1.00 | 1.00 |
| Total | 2.00 | 1.25 | 1.25 | 1.25 |



2019 & 2020 ACCOMPLISHMENTS:

- Captured GIS data from 51 record drawings and updated the GIS data with the As-Built information
- In coordination with the Engineering Technicians and Finance team, entered meter information and created lid numbers for 64 meters in the financial software
- Implemented different modules of GIS based work order and maintenance system.
- Performed analysis and compiled data for various reports to the State, Regional Board and other local agencies
- Implemented Geoviewer forms for Engineering Inspectors to log the daily construction activities, food service permits, etc.
- Assisted Finance on compiling the customer addresses for Prop 218 notification as part of sewer and recycled water rate increase

2021 & 2022 GOALS & OBJECTIVES:

- I. Use technology to maintain efficient asset management (Water 2D)
 - Capture the water, sewer and recycled water plans and recorded drawings in GIS and also update the GIS data based on the redlines provided by the field crew (Ongoing)
 - Customize Geoviewer forms to expand the software to Customer Service and Field Service department (July 2020)
 - Continue to compile data as required for State and Regional Board reports (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|---------------------------|----------------|----------------|------------------|------------------|------------------|
| Record Drawings Scanned/Drafted | Varies as per Development | 142/51 | 44/44 | 50/50 | 50/50 | 50/50 |
| Maintain, Update and Print Water Atlas Pages | 275 | 275 | 275 | 275 | 275 | 275 |
| Maintain, Update and Print Sewer Atlas Pages | 251 | 251 | 251 | 251 | 251 | 251 |
| Number of Lid Numbers (Meters) created in Utility System Software | Varies as per Development | 64 | 69 | 75 | 75 | 75 |
| Review progress of action plans with team managers. | Ongoing | Not applicable | Ongoing | Ongoing | Ongoing | Ongoing |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$150,253 | \$169,016 | \$245,225 | 45% | \$264,871 | 8% |
| Professional Development | 2,693 | 5,600 | 4,600 | (18%) | 4,600 | 0% |
| Personnel Costs | 97 | 250 | 250 | 0% | 300 | 20% |
| Utilities | 179 | 600 | 600 | 0% | 1,800 | 200% |
| Materials & Supplies | 1,184 | 20,000 | 20,000 | 0% | 20,000 | 0% |
| Outside Services | 3,834 | 16,000 | 12,000 | (25%) | 12,000 | 0% |
| Total | \$158,240 | \$211,466 | \$282,675 | 34% | \$303,571 | 7% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



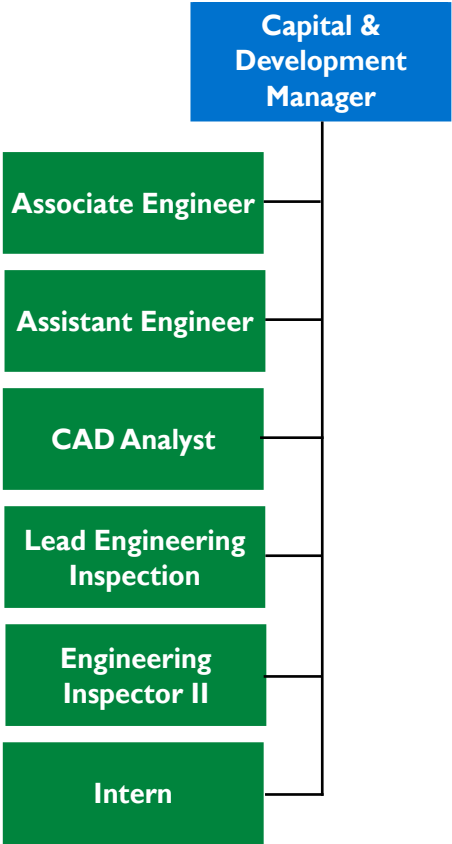
Design & Construction

DESCRIPTION OF SERVICES PROVIDED:

The Design and Construction department prioritizes and establishes schedules and methods for the design and construction of District’s Capital Improvement Projects. This department monitors and oversees engineering design activities, including those prepared by consultants; prepares and reviews engineering plans, cost estimates, labor proposals, agreements, public works contracts, and project specifications. This department implements construction management methods to manage contractors that are building the District’s capital improvements projects in the field.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------|---------|---------|---------|---------|
| Capital & Development Manager | 0.50 | 0.50 | 0.50 | 0.50 |
| Associate Engineer | 2.00 | 2.00 | 2.00 | 2.00 |
| Assistant Engineer | 1.00 | - | 1.00 | 1.00 |
| CAD Analyst | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Engineering Inspector | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Inspector II | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Intern | 0.50 | 0.50 | 0.50 | 0.50 |
| Total | 7.00 | 6.00 | 7.00 | 7.00 |



2019 & 2020 ACCOMPLISHMENTS:

- Completed construction of the transmission main of Well 48
- Completed design of Well 48 Well Equipping
- Completed construction of the Well Field 3A Nitrate Treatment Plant
- Received \$2 million California Proposition I grant funding towards the nitrate treatment at Well Field 3A
- Completed design of Reservoir I Replacement
- Completed design and construction of 8,300 linear feet of waterline
- Completed design and construction of 3,300 linear feet of sewer line
- Completed construction of Replacing Existing Sewer Siphon at Hermosa Ave and 4th St.
- Completed construction of Replacing Existing Sewer Siphon on Rochester Ave north of 6th St.

2021 & 2022 GOALS & OBJECTIVES:

- I. Maintain operational flexibility between imported water and groundwater, surface, and recycled water (Water 1A)
 - Complete the construction of Well 48 equipping, Chino Basin (October 2020)
 - Complete the drilling of New Cucamonga Basin well (June 2021)
 - Complete the construction of New Recycled Water Pipeline in the Village of Heritage (June 2021)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|--------|----------------|----------------|------------------|------------------|------------------|
| Design and Construct Water Distribution/Transmission Pipeline in Linear Feet | 4,356 | 2,768 | 2,555 | 5,589 | 13,050 | 8,150 |
| Design and Construct Gravity Sewer Main in Linear Feet | 5,311 | 25 | 441 | 3,245 | 5,582 | 6,970 |
| Replace Existing Siphons | 3 | 0 | 0 | 2 | 1 | 3 |
| Reline Existing Sewer Main in Linear Feet | 0 | 0 | 3,500 | 3,500 | 4,350 | 0 |
| Design and Construct Wellhead Treatment Plant (Multi-Year Project) | 100% | 70% | 98% | 95% | 99% | 100% |
| Design and Construct New Storage Reservoir (Multi-Year Project) | 1 | 0 | 1 | 0 | 1 | 2 |
| Drill/ Equip New Production Well (Multi-Year Project) | 1 | 0 | 1 | 0 | 1 | 1 |
| Existing Tank Rehabilitation | 1 | 0 | 1 | 1 | 1 | 1 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$1,565,134 | \$892,692 | \$1,043,503 | 17% | \$1,196,320 | 15% |
| Professional Development | 11,664 | 7,100 | 10,000 | 41% | 11,000 | 10% |
| Professional Services | 13,425 | 10,500 | 10,000 | (5%) | 10,000 | 0% |
| Personnel Costs | 934 | 3,000 | 1,700 | (43%) | 1,700 | 0% |
| Utilities | 6,249 | 8,000 | 7,000 | (13%) | 7,000 | 0% |
| Materials & Supplies | 6,314 | 9,366 | 7,450 | (20%) | 7,450 | 0% |
| Outside Services | 3,712 | - | 750 | 100% | 750 | 0% |
| Miscellaneous | 188 | 1,000 | 500 | (50%) | 200 | (60%) |
| Total | \$1,607,619 | \$931,658 | \$1,080,903 | 16% | \$1,234,420 | 14% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



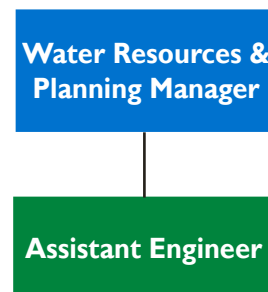
Water Resources & Planning

DESCRIPTION OF SERVICES PROVIDED:

The Geographic Information Systems department is responsible for coordination and participation in database management for the Geographic Information System (GIS) and AutoCAD applications. This department updates and maintains GIS and AutoCAD databases for water, recycled water, and wastewater facilities from construction drawings to As-Built information; performs data capturing and conversion, data entry, and graphic editing activities; develops user friendly file management systems and completes geographic data analyses. This department utilizes professional Global Positioning System (GPS) equipment to collect geographical information in the field; locates District assets, resolves accuracy issues using GPS and integrates GPS data into GIS database. GIS viewing application provides accurate, accessible, and functional data to both the desktop and mobile devices within the District. GIS also functions as a helpful reporting tool and has asset management capabilities.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|------------------------------------|---------|---------|---------|---------|
| Water Resources & Planning Manager | - | 0.75 | 0.75 | 0.75 |
| Assistant Engineer | - | 1.00 | 1.00 | 1.00 |
| Total | - | 1.75 | 1.75 | 1.75 |



2019 & 2020 ACCOMPLISHMENTS:

- Performed analysis and compiled data for various reports to the State, Regional Board and other local agencies

2021 & 2022 GOALS & OBJECTIVES:

- I. Use technology to maintain efficient asset management (Water 2D)
 - Capture the water, sewer and recycled water plans and recorded drawings in GIS and also update the GIS data based on the redlines provided by the field crew (Ongoing)
 - Customize Geoviewer forms to expand the software to Customer Service and Field Service department (July 2020)
 - Continue to compile data as required for State and Regional Board reports (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|--------|----------------|----------------|------------------|------------------|------------------|
| Water Production Monthly Report | 12 | 12 | 12 | 12 | 12 | 12 |
| Cucamonga Basin Annual SGMA Reporting | 1 | 1 | 1 | 1 | 1 | 1 |
| DDW Annual Drinking Water Reporting | 1 | 1 | 1 | 1 | 1 | 1 |
| NPDES Annual Report to the State | 1 | 1 | 1 | 1 | 1 | 1 |
| Urban Water Management Plan (Once every 5 years, year ending 0 and 5) | 1 | | | | 1 | |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$108,003 | \$253,902 | \$288,864 | 14% | \$311,357 | 8% |
| Professional Development | 423 | 3,900 | 3,790 | (3%) | 3,790 | 0% |
| Professional Services | - | 10,500 | 10,500 | 0% | 10,500 | 0% |
| Personnel Costs | 573 | 500 | 580 | 16% | 580 | 0% |
| Utilities | 1,074 | 1,875 | 2,600 | 39% | 2,000 | (23%) |
| Materials & Supplies | 549 | 3,966 | 2,300 | (42%) | 2,300 | 0% |
| Outside Services | - | - | 20,000 | 100% | 20,000 | 0% |
| Miscellaneous | 2,094 | 1,000 | 1,000 | 0% | 1,000 | 0% |
| Total | \$112,716 | \$275,643 | \$329,634 | 20% | \$351,527 | 7% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. Outside services rose to allow the department to pursue consulting for grant funding and projects.



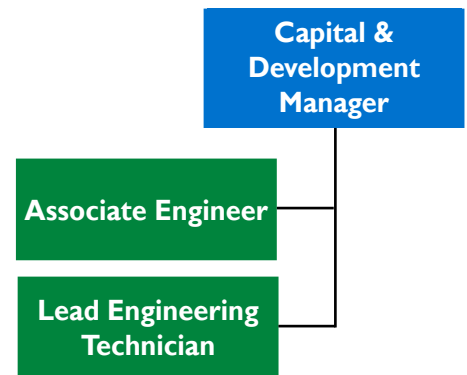
Development

DESCRIPTION OF SERVICES PROVIDED:

The Development department enforces and gains compliance of applicable District, local, regional, state and federal rules and best practices related to water, sewer and recycled water from residential, commercial and industrial developers. This is done by an application and plan check process for all new development projects and tenant improvements of existing developments.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------|---------|---------|---------|---------|
| Capital & Development Manager | 0.50 | 0.50 | 0.50 | 0.50 |
| Capital Projects Coordinator | 1.00 | 1.00 | - | - |
| Associate Engineer | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Engineering Technician | 2.00 | 2.00 | 2.00 | 2.00 |
| Total | 4.50 | 4.50 | 3.50 | 3.50 |



2019 & 2020 ACCOMPLISHMENTS:

- The Resort By Lewis – Initial phase completed with grand opening.
- Haven City Market Place Opened – Included 20 Tenant Improvements for new restaurants.
- 127 Completed Tenant Improvements-
 - Added 218 new EDUs
 - 1.5 EDUs of Industrial, and 217 EDUs of Commercial
- Development Projects-
 - 22 New Projects Submitted
 - 47 Projects Closed Out
 - 400 new Residential EDU

2021 & 2022 GOALS & OBJECTIVES:

1. Increase collaboration between District teams (Water IE)
 - Collaborate with other departments (GIS, Inspection, Accounting, Customer/Field Service, and IT) to improve the collection and sharing of data for new development projects and tenant improvements (Ongoing)
2. The District's culture fosters employee innovation and a Service Beyond Expectation standard (Service IB)
 - Team up with Accounting/Finance, Customer Service, and IT to update the process to collect development fees and streamline the process for new development projects (Ongoing)

3. Employees are empowered to contribute innovative ideas and are entrusted to participate through implementation (People IE)
- Collaborate with Developers to find unique solutions for projects which benefits the community (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|-------------|----------------|----------------|------------------|------------------|------------------|
| Design and Construct Wellhead Treatment Plant and Reservoir at 3A (Multi-Year Project) | 100% | 70% | 98% | 95% | 99% | 100% |
| Water Capacity Fee Collected | \$4,102,451 | \$2,525,022 | \$4,209,951 | \$2,500,000 | \$5,609,000 | \$5,890,000 |
| Sewer Capacity Fee Collected | \$1,209,000 | \$891,678 | \$1,130,000 | \$1,000,000 | \$813,352 | \$814,352 |
| Tenant Improvements Plan Checked | 100 | 110 | 100 | 100 | 100 | 100 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$470,390 | \$725,066 | \$840,537 | 16% | \$685,086 | (18%) |
| Professional Development | 2,074 | 3,300 | 5,050 | 53% | 4,250 | (16%) |
| Professional Services | - | 10,500 | 10,000 | (5%) | 10,000 | 0% |
| Personnel Costs | 1,520 | 1,000 | 1,000 | 0% | 1,000 | 0% |
| Utilities | 4,323 | 4,250 | 2,000 | (53%) | 4,000 | 100% |
| Materials & Supplies | 2,393 | 3,966 | 1,700 | (57%) | 1,700 | 0% |
| Outside Services | 2,096 | - | - | 100% | - | 100% |
| Miscellaneous | - | 1,000 | 500 | (50%) | 500 | 0% |
| Total | \$482,796 | \$749,082 | \$860,787 | 15% | \$706,536 | (18%) |

SIGNIFICANT CHANGES:

Wages and benefits increase in FY 2021 due to an employee retirement. That retired employee's position will be reclassified to the Design & Construction department, which decreases wages and benefits in FY 2022. Additionally Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



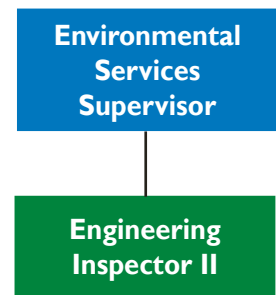
Industrial Waste

DESCRIPTION OF SERVICES PROVIDED:

The Industrial Waste department ensures compliance of commercial and industrial customers with the District’s pretreatment source control program, which protects the wastewater collection system. This department achieves its purpose through inspection, issuance, and renewal of permits for discharge of non-domestic wastewater into the sanitary sewer.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------------|---------|---------|---------|---------|
| Environmental Services Supervisor | 0.25 | 0.25 | 0.25 | 0.25 |
| Engineering Inspector II | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 1.25 | 1.25 | 1.25 | 1.25 |



2019 & 2020 ACCOMPLISHMENTS:

- Completed the inspections and issued permits for Food Service Establishment’s (FSE)
- Inspection completed for new industrial users and sampling performed per the pre-treatment guidelines

2021 & 2022 GOALS & OBJECTIVES:

1. Use technology to maintain efficient asset management (Water 2D)
 - Complete the FSE inspection form integration with Geoviewer and equipping the Engineering Technicians with on-site printing (December 2020)
2. CVWD’s preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
 - Complete the inspections of the FSEs and new industrial user sampling as per the pre-treatment guidelines (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|--------|----------------|----------------|------------------|------------------|------------------|
| Food Service Establishment Permits Issued | 125 | 125 | 125 | 125 | 125 | 125 |
| Food Service Establishment Inspections | 750 | 750 | 750 | 750 | 750 | 750 |
| Industrial User Sampling | 24 | 24 | 24 | 24 | 24 | 24 |
| Inspection of New Services | 24 | 24 | 24 | 24 | 24 | 24 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$206,573 | \$204,216 | \$255,920 | 25% | \$267,098 | 4% |
| Professional Development | - | 4,200 | 2,600 | (38%) | 2,600 | 0% |
| Personnel Costs | - | 1,000 | 1,000 | 0% | 1,000 | 0% |
| Utilities | 624 | 1,650 | 1,200 | (27%) | 1,200 | 0% |
| Materials & Supplies | - | 7,800 | 1,500 | (81%) | 1,500 | 0% |
| Outside Services | - | 5,000 | 5,000 | 0% | 5,000 | 0% |
| Total | \$207,198 | \$223,866 | \$267,220 | 19% | \$278,398 | 4% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



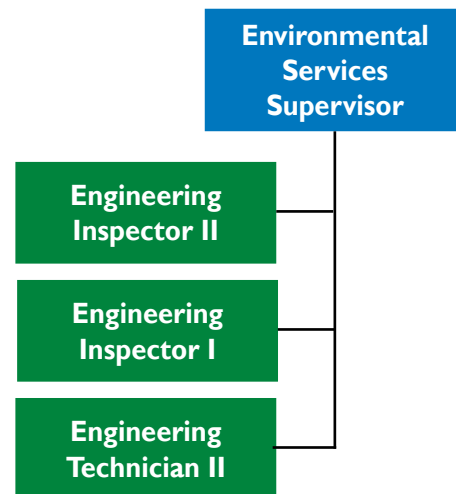
Cross Connection

DESCRIPTION OF SERVICES PROVIDED:

This department ensures compliance by commercial and industrial customers of the District’s Cross Connection Ordinance and the State of California Title 22. This department monitors and tests all private backflow prevention devices and inspects backflow installations. Additionally, this department also tests and repairs the City of Rancho Cucamonga and District backflow prevention assemblies and provides plan check review.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------------|---------|---------|---------|---------|
| Environmental Services Supervisor | 0.25 | 0.25 | 0.25 | 0.25 |
| Engineering Technician I | 1.00 | 1.00 | - | - |
| Engineering Technician II | - | - | 1.00 | 1.00 |
| Engineering Inspector I | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Inspector II | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 3.25 | 3.25 | 3.25 | 3.25 |



2019 & 2020 ACCOMPLISHMENTS:

- The new cross-connection software Tokay is fully implemented and the data from XC2 was transferred to the new software. Due to this effort, the software is an excellent repository of all the backflow devices data and seamlessly generates notices to the customers when the device testing is due.
- Completed and on schedule with the testing and repairs of the District’s and City’s backflow devices. Perform testing of City’s backflow devices and the District’s backflow devices.
- Completed monitoring backflow devices and sending testing notices.

2021 & 2022 GOALS & OBJECTIVES:

- I. CVWD’s preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
 - Complete the ongoing testing and repairs of the District’s and City’s backflow devices (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|--------|----------------|----------------|------------------|------------------|------------------|
| Monitoring of Annual Backflow Testing | 5,510 | 5,813 | 5,823 | 5,823 | 5,863 | 5,883 |
| Testing & Repairing District Backflow Devices | 100 | 91 | 91 | 93 | 93 | 93 |
| City Of Rancho Cucamonga Backflow Testing | 604 | 604 | 604 | 608 | 612 | 614 |
| City Of Rancho Cucamonga Backflow Repairs | 130 | 130 | 150 | 150 | 150 | 150 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$189,814 | \$461,178 | \$571,244 | 24% | \$597,624 | 5% |
| Professional Development | 1,172 | 4,300 | 5,500 | 28% | 6,300 | 15% |
| Personnel Costs | 222 | 3,000 | 3,000 | 0% | 3,000 | 0% |
| Utilities | 317 | 1,900 | 2,200 | 16% | 2,500 | 14% |
| Materials & Supplies | 12,784 | 6,600 | 13,000 | 97% | 13,000 | 0% |
| Outside Services | 346 | 2,000 | 2,000 | 0% | 2,000 | 0% |
| Total | \$204,655 | \$478,978 | \$596,944 | 25% | \$624,424 | 5% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



Recycled Water

DESCRIPTION OF SERVICES PROVIDED:

The Recycled Water department is responsible for converting customers from domestic water use to recycled water use when requested. The department also proactively seeks customers that would benefit from conversion to recycle water and assists in finding grants to help with the expenses of conversion. The department also implements a routine annual inspection of all recycled water services to ensure that no cross connections exist between the recycled water and domestic water systems. The department ensures compliance with Titles 17 and 22 of the State of California and the District’s own municipal code that governs all aspects of Recycled Water, including the preparation of engineering reports that are submitted to the California Department of Drinking Water for all direct use services.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------------|---------|---------|---------|---------|
| Environmental Services Supervisor | 0.50 | 0.50 | 0.50 | 0.50 |
| Total | 0.50 | 0.50 | 0.50 | 0.50 |

Environmental Services Supervisor

2019 & 2020 ACCOMPLISHMENTS:

- Completed recycled water shut-down testing for 72 sites and annual site inspections on 63 sites.
- Worked with IEUA and City of Fontana to identify the potable meters that possibly could be converted to recycled water meters and be connected to the Base Line Regional Recycled Waterline

2021 & 2022 GOALS & OBJECTIVES:

1. Maintain operational flexibility between imported water and groundwater, surface, and recycled water (Water 1A)
 - Expand opportunities to increase direct use of recycled water. Convert 180 AFY of Village of Heritage irrigation (Fontana) to recycled water (June 2022)
2. Continue to develop and implement adopted master plans, CIP Budget and Long-Term Financial Plans to anticipate current and future needs (Water 2A)
 - Complete Recycled Water Master Plan (June 2021)
3. CVWD’s preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
 - Complete the shutdown testing and annual testing for the recycled water sites (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|------------------------------------|--------|----------------|----------------|------------------|------------------|------------------|
| Recycled Water - Active Services | 135 | 135 | 138 | 145 | 155 | 165 |
| Cross-Connection Shut-Down Testing | 135 | 72 | 138 | 145 | 155 | 165 |
| Annual Site Inspections | 135 | 63 | 138 | 145 | 155 | 165 |
| Inspection of New Services | 24 | 24 | 24 | 24 | 24 | 24 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|----------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$1,981 | \$102,383 | \$124,055 | 21% | \$130,191 | 5% |
| Professional Development | - | 4,500 | 4,400 | (2%) | 3,600 | (18%) |
| Personnel Costs | - | 1,000 | 1,000 | 0% | 1,000 | 0% |
| Utilities | - | 1,300 | 1,600 | 23% | 1,300 | (19%) |
| Materials & Supplies | 76 | 13,118 | 12,400 | (5%) | 12,400 | 0% |
| Outside Services | - | 400 | 2,000 | 400% | 400 | (80%) |
| Miscellaneous | - | 4,500 | 4,500 | 0% | 4,500 | 0% |
| Total | \$2,057 | \$127,201 | \$149,955 | 18% | \$153,391 | 2% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



OPERATIONS DIVISION

Operations Administration

DESCRIPTION OF SERVICES PROVIDED:

Operations Administration provides leadership and coordination for the activities of the Operations department. The department is under leadership of the Director of Operations who oversees the management of Sewer Collection and Transmission, Facilities Maintenance, Fleet Maintenance, Production and Telemetry, Water Distribution, Water Treatment, and Water Quality. The Director of Operations actively guides the District's water resource utilization and allocation strategies and participates in regional water and wastewater planning.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------|---------|---------|---------|---------|
| Director of Operations | - | 1.00 | 1.00 | 1.00 |
| Assistant General Manager | 0.50 | - | - | - |
| Administrative Assistant II | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 1.50 | 2.00 | 2.00 | 2.00 |



2019 & 2020 ACCOMPLISHMENTS:

- Provided oversight and management of the final phase of construction activities at the Lloyd W. Michael Water Treatment Plant
- Provided direction and oversight of compliance with the Proposition I funding agreement related to the Nitrate Treatment Facility project
- Completed and submitted the technical documents required the Proposition I funding agreement related to the Nitrate Treatment Facility project
- Actively managed water resource strategies to realize the benefits of the Metropolitan Water District Dry Year Yield conjunctive use program

2019 & 2020 GOALS & OBJECTIVES:

1. Maintain operational flexibility between imported water and groundwater, surface, and recycled water (Water IA)
 - Actively guide the District's water resource utilization and allocation strategies (Ongoing)
2. Increase collaboration between District teams (Water IE)
 - Direct and oversee the Nitrate Treatment Facility project implementation (Ongoing)
 - Continue the collaboration between the Engineering and Operations departments; streamline communication and efficiency of department activities (Ongoing)

3. People 2 - October 2018
 - Develop a goal and action plan tracking system to strengthen accountability and effectiveness
4. Continue to develop and implement adopted master plans, CIP Budget and Long-Term Financial Plans to anticipate current and future needs (Water 2A)
 - Manage water, financial, and human resources to effectively navigate and thrive through extraordinary circumstances and events (Ongoing)
5. Encourage employees and Board Members to stay informed of topics that impact our organization (Water 3A)
 - Support and augment Board and General Manager/CEO participation at stakeholder and advocacy meetings and events (Ongoing)

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$226,509 | \$397,147 | \$517,254 | 30% | \$554,210 | 7% |
| Professional Development | 49 | 1,800 | 10,300 | 472% | 10,300 | 0% |
| Professional Services | 324 | 7,000 | 8,000 | 14% | 8,000 | 0% |
| Personnel Costs | 120 | 175 | 1,300 | 643% | 1,300 | 0% |
| Utilities | - | - | 2,620 | 100% | 1,700 | (35%) |
| Materials & Supplies | 825 | 1,775 | 4,500 | 154% | 4,500 | 0% |
| Miscellaneous | 2,855 | 6,000 | 4,000 | (33%) | 4,000 | 0% |
| Total | \$230,682 | \$413,897 | \$547,974 | 32% | \$584,010 | 7% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. Most all other categories have also increased to account for the goals and objectives of the Director of Operations, which wasn't previously budgeted in FY 2020.

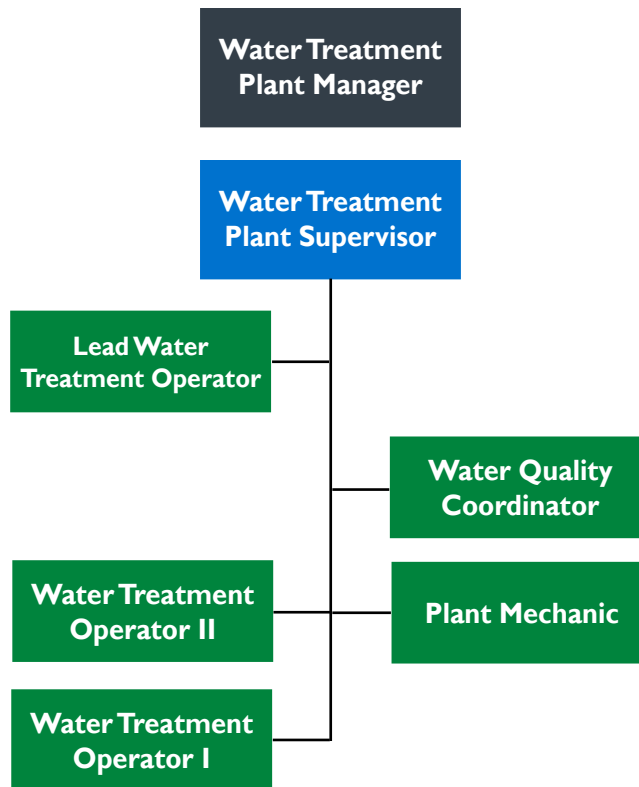


Water Treatment

DESCRIPTION OF SERVICES PROVIDED:

Water Treatment responsibilities include District-wide water quality monitoring, state and federal drinking water regulatory compliance, operation and maintenance of the newly constructed Nitrate Treatment Facility, and operation and maintenance of three surface water treatment facilities: the Lloyd W. Michael Treatment Plant, a 60 million gallon per day (MGD) enhanced-conventional treatment facility; the Royer-Nesbit Treatment Plant, an 11-MGD conventional treatment facility; and the Arthur H. Bridge Treatment Plant, a 3-MGD dual-stage pressure filtration treatment facility. Water sources include local ground water, local surface water, and imported surface water.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|----------------------------------|---------|---------|---------|---------|
| Water Treatment Plant Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Treatment Plant Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Quality Coordinator | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Water Treatment Operator | 3.00 | 3.00 | 2.00 | 2.00 |
| Water Treatment Operator II | 6.00 | 6.00 | 7.00 | 7.00 |
| Water Treatment Operator I | 2.00 | 2.00 | 2.00 | 2.00 |
| Plant Mechanic | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 15.00 | 15.00 | 15.00 | 15.00 |

2019 & 2020 ACCOMPLISHMENTS:

- Implemented asset management software for water treatment facilities and equipment
- Ensure compliance with current regulations and implement measures necessary to maximize local water resources
- Provided technical oversight, permitting, and staffing for 3A Nitrate Treatment & Reservoir project
- Completed several large capital improvement projects

2019 & 2020 GOALS & OBJECTIVES:

1. Maintain operational flexibility between imported water and groundwater, surface, and recycled water (Water 1A)
 - Implement water exchange agreements to maximize District water resource assets (Ongoing)
2. Increase collaboration between District teams (Water 1E)
 - Treatment and water operations staff communicate to adjust operations based on real-time system demands, limitations and production goals (Ongoing)
 - Collaborate on Reservoir 3A Nitrate Treatment & Reservoir project implementation (May 2020 – May 2022)
3. Adhere to current and anticipated water quality regulations (Water 2B)
 - Ensure compliance with current regulations and implement measures necessary to maximize local water resources (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|--------|----------------|----------------|------------------|------------------|------------------|
| Treatment Plant Filter Performance Turbidity Less Than or Equal to 0.3 NTU (Percent of Readings) | >95% | 100% | >95% | 100% | 100% | 100% |
| Compliance with Federal and State Regulations - Percentage of Days/Year | 100% | 100% | 100% | 100% | 100% | 100% |
| Total Acre Feet of Local Surface Water Produced | 2,500 | 2,869 | 2,500 | 4,553 | 2,500 | 2,500 |
| Total Acre Feet of Imported Water Produced | 28,000 | 26,691 | 30,500 | 28,000 | 28,000 | 28,000 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$2,285,346 | \$2,308,296 | \$2,269,048 | (2%) | \$2,298,476 | 1% |
| Professional Development | 12,930 | 15,850 | 16,100 | 2% | 16,100 | 0% |
| Professional Services | 2,657 | - | 1,000 | 100% | 1,000 | 0% |
| Personnel Costs | 8,482 | 15,100 | 19,800 | 31% | 20,400 | 3% |
| Utilities | 332,554 | 289,370 | 353,200 | 22% | 364,200 | 3% |
| Materials & Supplies | 2,525,236 | 2,795,250 | 2,731,200 | (2%) | 2,769,900 | 1% |
| Outside Services | 310,853 | 524,440 | 522,240 | (0%) | 533,140 | 2% |
| Miscellaneous | 3,010 | 4,530 | 4,600 | 2% | 4,600 | 0% |
| Total | \$5,481,067 | \$5,952,836 | \$5,917,188 | (1%) | \$6,007,816 | 2% |

SIGNIFICANT CHANGES:

Staff retirement and turnover have resulted in a decrease in FY 2021 and minor increase in FY 2022. Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. Materials and supplies primarily consists of the cost of chemicals for water treatment, with a decline in the production of imported water; the cost of chemicals likewise experiences a decline.



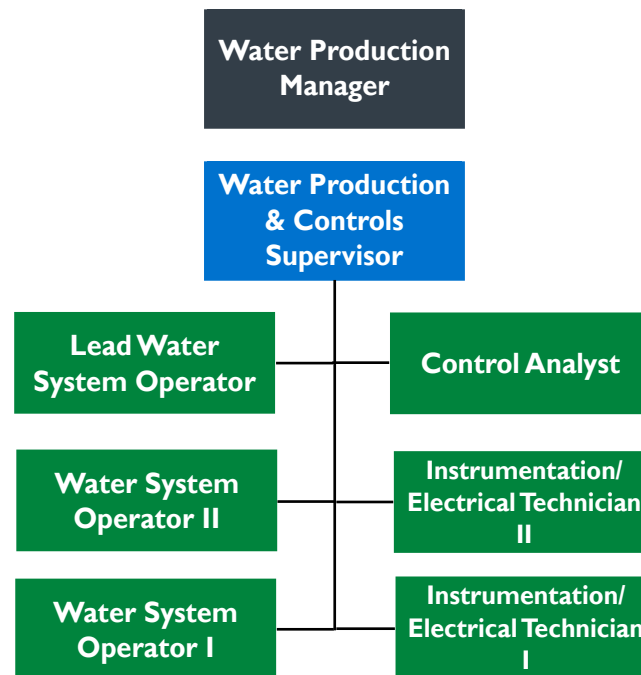
Production & Telemetry

DESCRIPTION OF SERVICES PROVIDED:

The Production department's responsibilities include water supply and operations. In addition, the department is responsible for daily monitoring, maintenance, and repair of the District's 29 groundwater wells, 70 boosters, 36 reservoirs, 9 chlorination stations, and 52 control valves.

Telemetry's responsibilities include industrial electrical, communications, and controls for the District's Water Treatment, Water Production, and Sewer Lift Stations. Such responsibilities consist of electrical design, implementation, and maintenance of electrical equipment ranging from marginal voltage Direct Current to 480 volts Alternating Current. Communications include Ethernet and serial networks utilizing wire, fiber optics, and wireless media. Controls focuses on the design, integration, development and implementation of controls systems which leverage technology to facilitate more effective and efficient operational strategies.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--|------------|------------|------------|------------|
| Water Production Manager | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Production & Controls Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Water System Operator | 1.00 | 1.00 | - | - |
| Water System Operator II | 2.00 | 2.00 | 4.00 | 4.00 |
| Water System Operator I | 1.00 | 1.00 | - | - |
| Controls Analyst | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Instrumentation Technician | - | - | 1.00 | 1.00 |
| Instrumentation/Electrical Technician II | 1.00 | 1.00 | - | - |
| Instrumentation/Electrical Technician I | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 9.00 | 9.00 | 9.00 | 9.00 |

2019 & 2020 ACCOMPLISHMENTS:

- Maintained efficiency supply and delivery of potable water with the implementation of the annual resource management strategy
- Increased safety by upgrading all of the District’s pressure regulating vault access covers.
- Completed the procurement of all Booster and Well flow meters.
- Completed a comprehensive inspection and cleaning of all District Reservoirs and rehabilitated reservoir 5A
- Completed the conditional assessment of the existing control system and began work to design a new system architecture
- Implemented live pressure monitoring at key pressure zones and integrated the data with our asset management system
- Increased energy reliability with annual emergency standby generator maintenance programs and upgrades to automatic transfer switches

2021 & 2022 GOALS & OBJECTIVES:

1. Maintain operational flexibility between imported water and groundwater, surface, and recycled water (Water IA)
 - Develop annual resource management strategy for production targets for groundwater, imported water and energy use (Ongoing)
2. Encourage efficient water use practices with customers through education and new technology (Water ID)
 - Transition landscape at production facilities to demonstrate efficient water use practices. (Ongoing)
3. Increase collaboration between District teams (Water IE)
 - Increase organizational knowledge base with cross training programs (Ongoing)
4. Continue to develop and implement adopted master plans, CIP Budget and Long-Term Financial Plans to anticipate current and future needs (Water 2A)
 - Complete the control system network detailed design (2021)
5. Use technology to maintain efficient asset management (Water 2D)
 - Implement asset management programs for preventative maintenance programs on motors and electrical equipment (2021)
6. Actively build relationships with policy makers, stakeholders, and regulators (Water 3C)
 - Continue to maintain a productive working relationship and open communications with state regulatory agencies (Ongoing)
7. The District’s culture fosters employee innovation and a Service Beyond Expectation standard (Service IB)
 - Provide technical training in the areas of: Cla-Val operations, industrial networking, programmable logic controllers, electrical safety, water treatment and water distribution (Ongoing)

8. CVWD’s preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
- Continue the implementation of preventative maintenance programs in order to improve mechanical reliability for wells, reservoirs, booster stations, and pressure regulating valves (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|---------|----------------|----------------|------------------|------------------|------------------|
| Installation of Power Meters on Each Booster Pump | 70 | 41 | 10 | 10 | 10 | 9 |
| Installation of Flow Meters on Each Booster Pump | 70 | 24 | 16 | 16 | 15 | 15 |
| Installation of Power Meters on Each Well | 21 | 21 | 0 | 0 | 0 | 0 |
| Installation of Flow Meters on Each Well | 21 | 8 | 5 | 5 | 5 | 3 |
| Decrease the Number of Motor Replacements | 1 | 2 | 1 | 1 | 1 | 1 |
| Maintain Overall Energy Cost per AF | \$135 | \$89 | \$135 | \$135 | \$146 | \$157 |
| Maintain overall cost per AF - Boosters | Ongoing | \$47 | \$47 | \$50 | \$55 | \$60 |
| Increase certification/education minimum T2, D2, and Electrical Certification Grade 2, and electrical certification | Ongoing | 5 | 3 | 6 | 8 | 8 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$1,483,197 | \$1,409,500 | \$1,675,515 | 19% | \$1,787,682 | 7% |
| Outside Labor | - | - | 7,500 | 100% | 7,500 | 0% |
| Professional Development | 30,946 | 30,120 | 22,000 | (27%) | 22,000 | 0% |
| Professional Services | 36,071 | 28,500 | 32,500 | 14% | 32,500 | 0% |
| Personnel Costs | 6,300 | 17,500 | 10,000 | (43%) | 10,300 | 3% |
| Utilities | 3,838,857 | 4,895,097 | 4,989,400 | 2% | 5,140,200 | 3% |
| Materials & Supplies | 325,783 | 352,420 | 430,750 | 22% | 442,900 | 3% |
| Outside Services | 245,145 | 295,970 | 270,300 | (9%) | 280,000 | 4% |
| Miscellaneous | 40,727 | 43,000 | 43,300 | 1% | 43,300 | 0% |
| Total | \$6,007,026 | \$7,072,107 | \$7,481,265 | 6% | \$7,766,382 | 4% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees. Utilities cost have increased due to the increased cost of electricity.

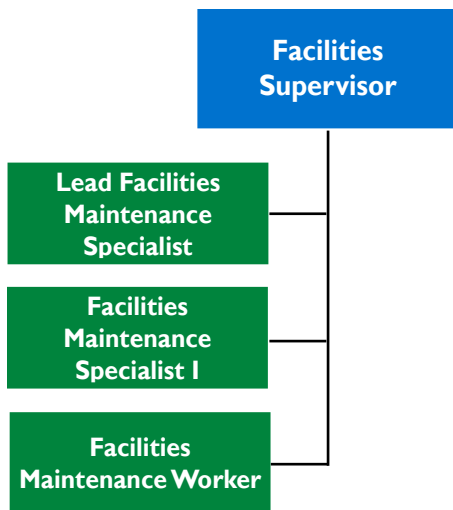


Facilities

DESCRIPTION OF SERVICES PROVIDED:

The Facility Maintenance department is responsible for the operation of building mechanical equipment, general building maintenance and repair, landscape, event setup, and other support activities as required. Physical facilities include the main Ashford campus, the District’s former headquarters, and District water treatment and production sites. The Facilities department is also responsible for logistical set-up for all District events, including the District’s bi-monthly Board of Director’s and committee meetings.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--|-------------|-------------|-------------|-------------|
| Facilities Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Facilities Maintenance Specialist | 1.00 | 1.00 | 1.00 | 1.00 |
| Facilities Maintenance Specialist I | 1.00 | 1.00 | 1.00 | 1.00 |
| Facilities Maintenance Worker | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 4.00 | 4.00 | 4.00 | 4.00 |

2019 & 2020 ACCOMPLISHMENTS:

- Retrofitted all exterior campus lighting with high efficiency LED fixtures
- Installed security lighting in front of main building
- In-house replacement of flooring in the administration building lunch room
- Implemented the District's new enterprise software program to manage and document department workflow

2021 & 2022 GOALS & OBJECTIVES:

- I. CVWD's preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
 - Perform daily maintenance and repair to District buildings and HVAC mechanical controls. Continue to provide preventative, corrective and emergency maintenance (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|--------|----------------|----------------|------------------|------------------|------------------|
| HVAC Preventative Maintenance in Number of Buildings | 32 | 32 | 32 | 32 | 32 | 32 |
| General and Thorough Inspection of All Campus Buildings (Exterior and Interior) Twice a Month and Generate Work Orders to Address Deficiencies | 24 | 24 | 24 | 24 | 24 | 24 |
| Setup Chairs and Tables for Board of Directors Meetings, Trainings, and Other Events (Number of Events Shown) | 235 | 200 | 240 | 240 | 240 | 240 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$471,768 | \$482,002 | \$555,528 | 15% | \$583,750 | 5% |
| Outside Labor | - | - | 6,400 | 100% | 6,400 | 0% |
| Professional Development | 536 | 2,650 | 2,750 | 4% | 2,800 | 2% |
| Personnel Costs | 7,137 | 6,000 | 7,500 | 25% | 7,800 | 4% |
| Utilities | 28,108 | 29,800 | 36,200 | 21% | 37,700 | 4% |
| Materials & Supplies | 81,817 | 84,350 | 96,300 | 14% | 99,300 | 3% |
| Outside Services | 163,809 | 201,790 | 234,733 | 16% | 242,700 | 3% |
| Miscellaneous | - | 2,000 | 1,000 | (50%) | 1,000 | 0% |
| Total | \$753,175 | \$808,592 | \$940,411 | 16% | \$981,450 | 4% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.

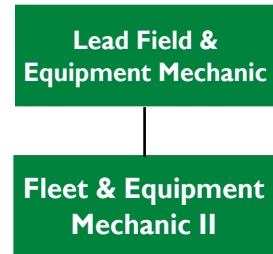


DESCRIPTION OF SERVICES PROVIDED:

Vehicle’s responsibilities include the maintenance and repair of the District’s vehicles and heavy equipment.

STAFFING:

| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---------------------------------|---------|---------|---------|---------|
| Lead Fleet & Equipment Mechanic | 1.00 | 1.00 | 1.00 | 1.00 |
| Fleet & Equipment Mechanic II | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 2.00 | 2.00 | 2.00 | 2.00 |



2019 & 2020 ACCOMPLISHMENTS:

- Regularly inspect vehicles on a quarterly schedule; identify and correct problems to ensure reliable, uninterrupted service
- Implement All Data Fleet Management Program to schedule maintenance and track all work performed.

2019 & 2020 GOALS & OBJECTIVES:

- I. CVWD’s preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service2)
 - Perform an average of 350 scheduled preventative maintenance inspections on District’s 100+ vehicles/ equipment in order to minimize service interruptions or equipment failure. (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|--|--------|----------------|----------------|------------------|------------------|------------------|
| Scheduled Preventative Maintenance Work Orders for Fleet and Equipment Repair (Unscheduled) Work Orders for Vehicles | 350 | 300 | 350 | 360 | 350 | 350 |
| | 250 | 291 | 250 | 288 | 300 | 300 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|------------------|------------------|------------------|------------------------|------------------|------------------------|
| Wages & Benefits | \$292,785 | \$299,793 | \$355,827 | 19% | \$372,310 | 5% |
| Professional Development | 596 | 2,400 | 2,300 | (4%) | 2,300 | 0% |
| Personnel Costs | 1,348 | 2,400 | 2,300 | (4%) | 2,400 | 4% |
| Utilities | 1,679 | 3,000 | 3,200 | 7% | 3,400 | 6% |
| Materials & Supplies | 325,426 | 356,450 | 389,000 | 9% | 401,800 | 3% |
| Outside Services | 156,419 | 158,650 | 158,700 | 0% | 163,800 | 3% |
| Total | \$778,253 | \$822,693 | \$911,327 | 11% | \$946,010 | 4% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.

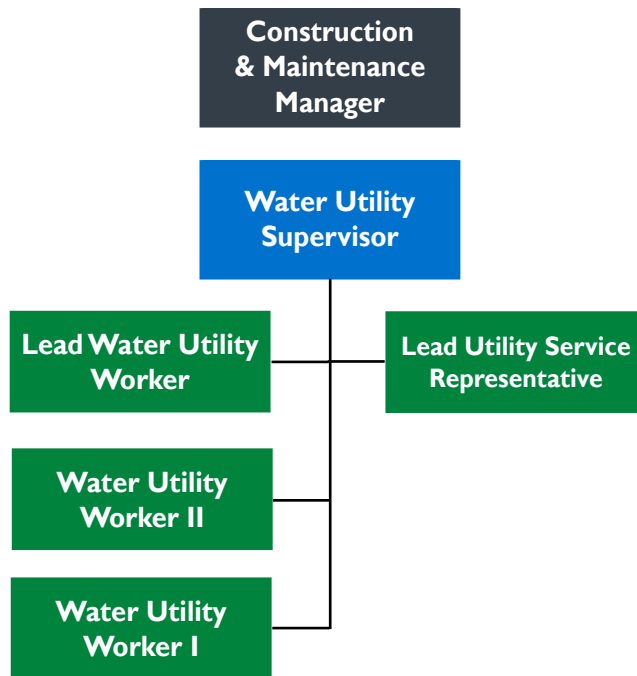


Water Distribution

DESCRIPTION OF SERVICES PROVIDED:

Water Distribution’s responsibilities include the maintenance and repair of the District’s water system infrastructure which includes mains, hydrants, valves, services, and implementation of preventative maintenance programs. The department strives to provide prompt turnaround times on all customer requests, exceptional customer service and responds 24 hours a day, 365 days a year to all water emergencies.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Construction & Maintenance Manager | 0.75 | 0.75 | 0.75 | 0.75 |
| Water Utility Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Utility Service Representative | 0.50 | 0.50 | 0.50 | 0.50 |
| Lead Water Utility Worker | 4.00 | 4.00 | 4.00 | 4.00 |
| Water Utility Worker II | 5.00 | 5.00 | 5.00 | 5.00 |
| Water Utility Worker I | 4.00 | 4.00 | 4.00 | 4.00 |
| Total | 15.25 | 15.25 | 15.25 | 15.25 |

2019 & 2020 ACCOMPLISHMENTS:

- Exercised 3,643 valves, replaced 435 water services, and 268 flushed dead end mains in FY2019
- Exercised 4,350 valves, replaced 478 water services, and 344 flushed dead end mains in FY2020 (estimated)

2021 & 2022 GOALS & OBJECTIVES:

1. CVWD's preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
 - Maintain and operate water distribution system, this includes exercising 7,000 valves and the replacement of 500 aged water service lines per year (Ongoing)
2. Use technology to maintain efficient asset management (Water 2D)
 - Water/Sewer Maintenance teams collaborate with GIS to ensure GeoViewer computerized maintenance management software data is accurate and representative of field conditions (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2017 Actual | FY 2018 Target | FY 2018 Estimate | FY 2019 Forecast | FY 2020 Forecast |
|-------------------------------------|--------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Valve Exercising Program | 7,000 | 3,643 | 7,000 | 4,350 | 7,000 | 7,000 |
| Service Replacement Program | 500 | 435 | 500 | 478 | 500 | 500 |
| Dead End/Blow-Off Valve Flushing | 1,500 | 268 | 1,500 | 344 | 1,500 | 1,500 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------------|--------------------|------------------------------|
| Wages & Benefits | \$1,969,513 | \$1,963,984 | \$2,069,805 | 5% | \$2,193,771 | 6% |
| Outside Labor | 1,307 | 8,000 | 15,300 | 91% | 15,300 | 0% |
| Professional Development | 13,320 | 20,600 | 19,100 | (7%) | 19,100 | 0% |
| Personnel Costs | 20,506 | 25,000 | 27,500 | 10% | 28,300 | 3% |
| Utilities | 10,891 | 14,500 | 14,500 | 0% | 15,100 | 4% |
| Materials & Supplies | 421,034 | 375,350 | 398,400 | 6% | 410,400 | 3% |
| Outside Services | 270,253 | 385,000 | 395,000 | 3% | 397,100 | 1% |
| Miscellaneous | 198 | 6,920 | 7,500 | 8% | 7,500 | 0% |
| Total | \$2,707,022 | \$2,799,354 | \$2,947,105 | 5% | \$3,086,571 | 5% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.

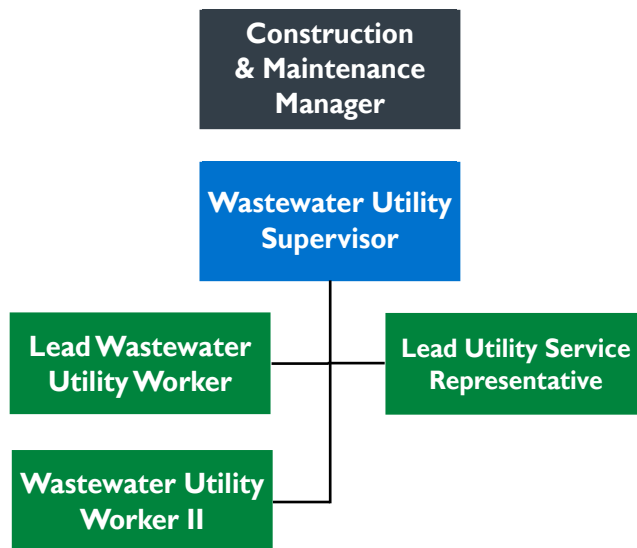


Collection & Transmission

DESCRIPTION OF SERVICES PROVIDED:

Collection & Transmission’s responsibilities include the maintenance and repair of the District’s sewer collection system infrastructure which includes sewer mains, sewer laterals, lift stations, and inverted siphons. This department implements the preventative maintenance programs to monitor wastewater flows and clean the system. The department’s mission is to ensure the entire collection system is clean and free-flowing at all times while providing protection to the environment and public health. The department provides 24 hour emergency response to sewer emergency calls.

STAFFING:



| Position | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Construction & Maintenance Manager | 0.25 | 0.25 | 0.25 | 0.25 |
| Wastewater Utility Supervisor | 1.00 | 1.00 | 1.00 | 1.00 |
| Lead Utility Service Representative | 0.50 | 0.50 | 0.50 | 0.50 |
| Lead Wastewater Utility Worker | 3.00 | 3.00 | 3.00 | 3.00 |
| Wastewater Utility Worker II | 4.00 | 4.00 | 4.00 | 4.00 |
| Total | 8.75 | 8.75 | 8.75 | 8.75 |

2019 & 2020 ACCOMPLISHMENTS:

- Completed two cycles of cleaning the entire sewer system, video inspection of 60 miles of sewer line, and inspection of over 8,000 manholes
- Consistently maintaining zero sanitary sewer overflows in the District's area of responsibility
- Active participation in organizations in the wastewater industry
- Continued training & developing staff in industry certifications and techniques

2021 & 2022 GOALS & OBJECTIVES:

1. CVWD's preventative maintenance program is the foundation for providing reliable: water, recycled water and wastewater service (Service 2)
 - Maintain and clean sewer mains with the goal of protecting the environment and public health, this includes the cleaning of 430 miles of sewer lines and inspection of 8,000 manholes each year (Ongoing)
2. Use technology to maintain efficient asset management (Water 2D)
 - Water/Sewer Maintenance teams to collaborate with GIS in continuing to improve the GeoViewer computerized maintenance management software (Ongoing)

PERFORMANCE MEASURES:

| Performance Measurement | Target | FY 2019 Actual | FY 2020 Target | FY 2020 Estimate | FY 2021 Forecast | FY 2022 Forecast |
|---|--------|----------------|----------------|------------------|------------------|------------------|
| Total Miles of Sewer Line Cleaned | 430 | 343 | 430 | 382 | 400 | 400 |
| Total Miles of Sewer Line Reviewed with Closed-Circuit Television | 75 | 30 | 75 | 30 | 70 | 70 |
| Number of Sanitary Sewer Overflows | 0 | 0 | 0 | 0 | 0 | 0 |

OPERATING EXPENSES:

| | 2019 Actual | 2020 Budget | 2021 Budget | % Change (FY21 - FY20) | 2022 Budget | % Change (FY22 - FY21) |
|--------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| Wages & Benefits | \$1,298,567 | \$1,331,766 | \$1,513,494 | 14% | \$1,588,494 | 5% |
| Outside Labor | 32,124 | 33,000 | 33,000 | 0% | 33,000 | 0% |
| Professional Development | 9,437 | 8,300 | 9,400 | 13% | 9,400 | 0% |
| Personnel Costs | 6,733 | 8,000 | 8,900 | 11% | 9,200 | 3% |
| Utilities | 8,682 | 11,100 | 9,200 | (17%) | 9,600 | 4% |
| Materials & Supplies | 58,069 | 96,075 | 86,300 | (10%) | 88,900 | 3% |
| Outside Services | 63,762 | 72,000 | 72,000 | 0% | 74,200 | 3% |
| Miscellaneous | - | 2,500 | - | (100%) | - | 100% |
| Total | \$1,477,373 | \$1,562,741 | \$1,732,294 | 11% | \$1,812,794 | 5% |

SIGNIFICANT CHANGES:

Wages and benefits have increased due to the placeholder COLA, which has been postponed due to the COVID-19 emergency and the resulting economic uncertainty. In addition the CalPERS unfunded liability payment, along with the advanced repayment of \$1 million to reduce the long-term liability is now included in FY2021 and FY2022 wages and benefits expenses. The pay down of this liability reflects not only active employees but also liabilities attributable to retirees.



ACRONYMS & GLOSSARY

ACRONYMS

| | |
|---------|--|
| AC | Air Conditioner |
| ACH | Automated Clearing House |
| AF | Acre-Foot or Acre-Feet |
| AFY | Acre-Feet per Year |
| ACWA | Association of California Water Agencies |
| ADA | Americans with Disabilities Act |
| AED | Automated External Defibrillator |
| AGM | Assistant General Manager |
| AHBWTP | Arthur H. Bridge Water Treatment Plant |
| AutoCAD | Automated Computer Aided-Design and Drafting |
| AV | Audiovisual |
| CAD | Computer-Aided Design |
| CalPERS | California Public Employees Retirement System |
| CBWM | Chino Basin Water Master |
| CBMWD | Chino Basin Municipal Water District |
| CCWD | Cucamonga County Water District |
| CIP | Capital Improvement Project |
| CAFR | Comprehensive Annual Financial Report. |
| CAP | Customer Assistance Program |
| CEO | Chief Executive Officer |
| CEQA | California Environmental Quality Act |
| Cla-Val | Automatic control valves |
| CMMS | Computerized Maintenance Management System |
| COLA | Cost of Living Adjustment |
| COP | Certificates of Participation |
| CPA | Certified Public Accountant |
| CPI | Consumer Price Index |
| CPR | Cardio-Pulmonary Resuscitation |
| CSDA | California Special Districts Association |
| CSMFO | California Society of Municipal Finance Officers |
| CSTI | California Specialized Training Institute |
| CVRA | California Voter's Right Act |
| CVWD | Cucamonga Valley Water District |
| CWC | Cucamonga Water Company |
| CWEA | California Water Environment Association |
| CWSRF | Clean Water State Revolving Fund |
| DDW | Division of Drinking Water |
| EAM | Enterprise Asset Management |
| ECT | Employee Cross Training Program |
| EDU | Equivalent Dwelling Unit |
| ELC | Environmental Learning Center |
| ERP | Enterprise Resource Planning |
| FDM | Field Deployment Manager |
| FY | Fiscal Year-End |
| FYE | Fiscal Year-End |
| FOG | Fats, Oils, and Grease |
| FMLA | Family and Medical Leave Act |

| | |
|--------|--|
| FN | Fixed Network |
| FP | Frontier Project |
| FSE | Food Service Establishment |
| FTE | Full-Time Equivalent |
| GAAP | Generally Accepted Accounting Principles |
| GAC | Ganular Activated Carbon |
| GASB | Governmental Accounting Standards Board |
| GFOA | Government Finance Officers Association |
| GIS | Geographical Information System |
| GM | General Manager |
| GPA | Government and Public Affairs |
| GPS | Global Positioning System |
| HCF | Hundred cubic feet |
| HR | Human Resources |
| HVAC | Heating, Ventilation, and Air Conditioning |
| IEUA | Inland Empire Utilities Agency |
| I.T. | Information Technology |
| IVR | Interactive Voice Response |
| JPA | Joint Powers Authority |
| JPIA | Joint Powers Insurance Authority |
| LAFCO | Local Agency Formation Commission |
| LAIF | Local Agency Investment Fund |
| LWMWTP | Lloyd W. Michael Water Treatment Plant |
| LMWTP | Lloyd W. Michael Water Treatment Plant |
| MDM | Mobile Device Management |
| MG | Million gallons |
| MGD | Million gallons per day |
| MWD | Metropolitan Water District of Southern California |
| N/A | Not Applicable |
| NPDES | National Pollutant Discharge Elimination System |
| NTF | Nitrate Treatment Facility |
| NTU | Nephelometric Turbidity Units |
| OBMPU | Optium Basin Management Plan Update |
| OPEB | Other Post-Employment Benefits |
| PARS | Public Agency Retirement Service |
| Pay-Go | Pay as You Go |
| PSI | Pounds per square inch |
| RFP | Request for Proposal |
| RTS | Readiness to Serve |
| SB | Senate Bill |
| SCADA | Supervisory Control and Data Acquisition |
| SCE | Southern California Edison |
| SGMA | Sustainable Groundwater Management Act |
| SOP | Standard Operating Procedure |
| SOW | Statement of Work |
| SQL | Structured Query Language |
| SSMP | Sewer System Management Plan |
| SWRCB | State Water Resources Control Board |
| SYR | Safe Yield Reset |
| TBD | To Be Determined |

| | |
|------|------------------------------------|
| UCR | University of California Riverside |
| USFS | United States Forest Service |
| UV | Ultra Violet |
| VCP | Vitrified Clay Pipe |
| VOIP | Voice Over Internet Protocol |
| VPN | Virtual Private Network |
| WDR | Waste Discharge Requirement |
| WTP | Water Treatment Plant |
| WWP | Water Watch Program |

GLOSSARY

Account – A systematic arrangement showing the effect of a business transaction. A separate account exists for each asset, liability, equity, revenue, and expense.

Accrual Basis of Accounting – The method of recording financial transactions in the accounting period in which revenues are earned and expenses are incurred, rather than only after cash is received or paid.

Automated Clearing House – electronic payment to vendors

Acre-Feet – The volume of water that would cover one acre to a depth of one foot. Equal to 325,851 gallons or 43,560 cubic feet of water.

Adoption – Formal action by the Board of Directors

Amortization – The paying off of debt in regular installments over a period of time.

App – Application software

Appropriation – The act of setting aside money for a specific purpose

Assets – Resources owned or held by an entity which have monetary value.

AutoCAD – Automated Computer Aided-Design and Drafting

Balanced Budget – A budget for which expenses are equal to income.

Budget – The District’s financial plan balancing proposed expenses for a certain period of time to the expected revenue for that same period.

Capital Expenses – Expenses which result in the acquisition of, or addition to, fixed assets, including land, buildings, improvements, machinery, and equipment.

Capital Improvement Project – An addition of a new pipeline or facility, a renovation or major maintenance to existing facilities, a major landscape improvement, land, or one-time major equipment purchase.

Computer Aided Design – The use of a wide range of computer-based tools that assist engineers, engineering technicians, and other design professionals in their design activities.

Certificates of Participation – A form of lease-purchase financing used to construct or acquire capital facilities and equipment.

Cla-Val – Automatic control valves

Comprehensive Annual Financial Report – The official annual report, including financial statements, statistical information, and extensive narration, which goes beyond the minimum financial reporting.

Debt – The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on long-term debt.

Depreciation – A portion of the cost of a fixed asset which is charged as an expense during a year, representing an estimate of the value of the asset used up during that year as a result of wear, deterioration, obsolescence, or action of the physical elements.

Enterprise Fund – A fund which accounts for the financing of a self-supporting enterprise for which a fee is charged to external users for goods or services.

Enterprise Resource Planning – is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources

Equivalent Dwelling Unit – A standard unit of measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

Expenses – An outflow of assets, not necessarily in cash, in exchange for materials or services received for the ordinary course of business.

Fiscal Year – A twelve-month period of time to which the annual budget applies and, at the end of which an entity determines its financial position and the results of its operations, in this case from July 1 to June 30.

Fixed Asset – A tangible item which provides benefit over more than one year, such as property, plant, and equipment.

Fixed Network – A wireless network technology which allows the remote collection of data from water meter devices.

Fund – A set of accounts used to account for a specific activity, such as a water system or sewer treatment plant.

Fund Balance/Net Position – The difference between the assets and liabilities for a particular fund at any given point in time.

Generally Accepted Accounting Principles – The uniform accounting principles, standards, and procedures for the presentation of financial reports. For local governments, GAAP is set by the Government Accounting Standards Board.

Geographical Information System – An information system integrating maps with electronic data.

Hundred cubic feet – Unit of measure of water volume equivalent to 748 gallons or 1/435.6 acre-feet.

Inland Empire Utilities Agency – A supplemental water supplier and regional wastewater treatment agency with domestic and industrial disposal systems and energy recovery/production facilities.

Metropolitan Water District of Southern California – Imports water from the Colorado River and Northern California Bay Delta and sells it at wholesale to its member agencies.

Operating Expenses – All costs associated with doing the day-to-day business of the District which are not considered capital improvements or debt repayments.

Public Agency Retirement Service – A supplemental retirement plan.

Projected – An estimate of revenues and/or expenses based on past trends, the present economic situation, and future financial forecasts.

Request for Proposal – is utilized by the District to solicit vendor bids

Reserves – Assets that are set aside in an account for a specific future use.

Resolution – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Southern California Edison – The primary electricity supply company for much of Southern California.

State Water Resources Control Board – An oversight board for the California Environmental Protection Agency.

Voice over IP – Is a methodology and group of technologies for the delivery of voice communications and multimedia sessions over Internet Protocol (IP) networks.

WIFI – a facility allowing computers, smartphones, or other devices to connect to the Internet or communicate with one another wirelessly within a particular area



Cucamonga Valley®
Water District

Service Beyond Expectation

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