CARMICHAEL WATER DISTRICT
BUDGET
FY 2017-2018

Approved: June 19, 2017
CARMICHAEL WATER DISTRICT
RESOLUTION 06192017-2

A RESOLUTION ADOPTING THE CARMICHAEL WATER DISTRICT (DISTRICT)
FISCAL YEAR (FY) 2017-2018 ANNUAL BUDGET AND SALARY BANDS,
CONTINUATION OF THE FIVE-YEAR WATER RATE SCHEDULE (INCLUDING
WATER SHORTAGE SURCHARGES), AND FEE SCHEDULE

BE IT RESOLVED, that the Board of Directors hereby adopts the Carmichael Water District
FY 2017-2018 Budget and Salary Bands, Water Rate Schedule, and Fee Schedule attached as Exhibit “A”
hereto. The Board of Directors further finds that the FY 2017-2018 Budget and Salary Bands, continuation of
the Five-Year Water Rate Schedule (including water shortage surcharges), and Fee Schedule are necessary to
meet operating expenses and maintain service within the District, including, but not limited to: 1) payment
of debt service for capital projects; 2) manage capital improvement program; 3) meet water efficiency and
regional planning goals; and 4) maintain prudent reserves. No expansion of service area is contemplated or
financed in this budget and salary bands, water rate schedule, fee schedule and previously adopted District
reserve policy.

PASSED AND ADOPTED by the Board of Directors by the following vote:

| Mark Emmerson  | Aye ✓ | Nay ☐ | Absent ☐ | Abstain ☐ |
| Ron Greenwood  | Aye ✓ | Nay ☐ | Absent ☐ | Abstain ☐ |
| Roy Leidy      | Aye ✓ | Nay ☐ | Absent ☐ | Abstain ☐ |
| Paul Selsky    | Aye ✓ | Nay ☐ | Absent ☐ | Abstain ☐ |
| John Wallace   | Aye ✓ | Nay ☐ | Absent ☐ | Abstain ☐ |

Board Totals: Ayes: 5 Nays: ☐ Absent: ☐ Abstain: ☐

Passed Unanimously: Yes ✓

Signed after its passage this 19th day of June 2017:

Mark Emmerson, President
Board of Directors

ATTEST: Steve Nugent, Secretary
BUDGET SUMMARIES
FY 2017-2018
# FY 2016-2017 vs. FY 2017-2018 Budget

**Budget Summary Projection**

(Includes 1/01/2017 & 1/01/2018 - Water Rate Increases)

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>FY 2016-2017</th>
<th>FY 2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>11,922,935</td>
<td>12,969,597</td>
<td>1,046,662</td>
</tr>
<tr>
<td>Total Revenue Requirement</td>
<td>11,936,507</td>
<td>12,862,789</td>
<td></td>
</tr>
<tr>
<td>Revenue in excess/(less than) proposed expenditures</td>
<td>(13,572)</td>
<td>106,808</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>FY 2016-2017</th>
<th>FY 2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>10,305,000</td>
<td>10,634,700</td>
<td>329,700</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>87,395</td>
<td>96,060</td>
<td>8,665</td>
</tr>
<tr>
<td>Aerojet/GSWC Capacity Payment</td>
<td>1,000,000</td>
<td>1,400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>GSWC Treat and Deliver</td>
<td>530,540</td>
<td>750,000</td>
<td>219,460</td>
</tr>
<tr>
<td>GSWC Capital Payment (20.5%)</td>
<td>-</td>
<td>51,250</td>
<td>51,250</td>
</tr>
<tr>
<td>GSWC Membrane Payment (20.5%)</td>
<td>-</td>
<td>37,587</td>
<td>37,587</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>11,922,935</td>
<td>12,969,597</td>
<td>1,046,662</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>O &amp; M</th>
<th>FY 2016-2017</th>
<th>FY 2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>3,031,459</td>
<td>3,149,501</td>
<td>118,042</td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>2,118,586</td>
<td>2,608,851</td>
<td>490,265</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>1,416,134</td>
<td>1,733,552</td>
<td>317,418</td>
<td></td>
</tr>
<tr>
<td>Total O&amp;M</td>
<td>6,566,179</td>
<td>7,491,904</td>
<td>925,725</td>
<td></td>
</tr>
</tbody>
</table>

| Capital | Administrative Services | 33,300 | 55,100 | 21,800 |
| Production | 625,000 | 270,000 | (355,000) |
| Distribution | 1,887,703 | 2,221,460 | 333,757 |
| Total Capital | 2,546,003 | 2,546,560 | 557 |

| Debt and Long Term Funding Liabilities | Bond Payment | 2,184,325 | 2,184,325 | - |
| Membrane Replacement | 200,000 | 200,000 | - |
| OPEB Liability Funding | 440,000 | 440,000 | - |
| Total Debt Service | 2,824,325 | 2,824,325 | - |

| Total Revenue Requirement | 11,936,507 | 12,862,789 | 926,282 |
| Difference = Excess (Less Than) | (13,572) | 106,808 |  | 

* CI Payment includes "actual" membrane replacements, WTP and Intake PSM

**Revenue:**

Excess = collection higher than comparison

(Less Than) = collection lower than comparison

**Expenditures:**

Excess = payments higher than comparison

(Less Than) = payments lower than comparison
## FY 2017-2018 Budget
### Budget Summary
(Rate Study Update vs. FY 2017-18 Proposed Budget)

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>Reed Group Projections</th>
<th>Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>12,853,300</td>
<td>12,969,597</td>
</tr>
<tr>
<td>Total Revenue Requirement</td>
<td>12,418,584</td>
<td>12,862,789</td>
</tr>
<tr>
<td>Revenue in excess/(less than) proposed expenditures</td>
<td>434,716</td>
<td>106,808</td>
</tr>
</tbody>
</table>

### REVENUE

<table>
<thead>
<tr>
<th>Item</th>
<th>Reed Group Projections</th>
<th>Proposed Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>10,634,700</td>
<td>10,634,700</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>88,600</td>
<td>96,060</td>
<td>7,460</td>
</tr>
<tr>
<td>Aerojet/GSWC Capacity Payment</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>-</td>
</tr>
<tr>
<td>GSWC Treat and Deliver</td>
<td>690,000</td>
<td>750,000</td>
<td>60,000</td>
</tr>
<tr>
<td>GSWC Capital Payment (20.5%)</td>
<td>40,000</td>
<td>51,250</td>
<td>11,250</td>
</tr>
<tr>
<td>GSWC Membrane Payment (20.5%)</td>
<td>-</td>
<td>37,587</td>
<td>37,587</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>12,853,300</strong></td>
<td><strong>12,969,597</strong></td>
<td><strong>116,297</strong></td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th>O &amp; M</th>
<th>FY 2017-2018</th>
<th>FY 2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>3,257,500</td>
<td>3,149,501</td>
<td>(107,999)</td>
</tr>
<tr>
<td>Production</td>
<td>2,461,700</td>
<td>2,608,851</td>
<td>147,151</td>
</tr>
<tr>
<td>Distribution</td>
<td>1,876,784</td>
<td>1,733,552</td>
<td>(143,232)</td>
</tr>
<tr>
<td><strong>Total O&amp;M</strong></td>
<td><strong>7,595,984</strong></td>
<td><strong>7,491,904</strong></td>
<td><strong>(104,080)</strong></td>
</tr>
</tbody>
</table>

| Capital                             |              |              |            |
| Administrative Services             | 74,000       | 55,100       | (18,900)   |
| Production                          | 80,000       | 270,000      | 190,000    |
| Distribution                        | 2,120,000    | 2,221,460    | 101,460    |
| **Total Capital**                   | **2,274,000** | **2,546,560** | **272,560** |

### Debt and Long Term Funding Liabilites

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2017-2018</th>
<th>FY 2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Payment</td>
<td>2,183,600</td>
<td>2,184,325</td>
<td>725</td>
</tr>
<tr>
<td>Membrane Replacement</td>
<td>140,000</td>
<td>200,000</td>
<td>60,000</td>
</tr>
<tr>
<td>OPEB Liability Funding</td>
<td>225,000</td>
<td>440,000</td>
<td>215,000</td>
</tr>
<tr>
<td><strong>Total Debt Service</strong></td>
<td><strong>2,548,600</strong></td>
<td><strong>2,824,325</strong></td>
<td><strong>275,725</strong></td>
</tr>
</tbody>
</table>

**Difference = Excess (Less Than)**

- **Revenue:**
  - Excess = collection higher than comparison
  - (Less Than) = collection lower than comparison

- **Expenditures:**
  - Excess = payments higher than comparison
  - (Less Than) = payments lower than comparison

* CI Payment includes "actual" membrane replacements, WTP and Intake PSM
District Revenue & Debt
Budget FY 2017-2018

The Carmichael Water District is an Irrigation District, founded in 1916, operating under the State of California Water Code. The District provides domestic water to an estimated service area population of 37,897 customers via approximately 11,693 water service connections in the Carmichael Water District service area.

Revenue:
The majority of the District's revenue comes from the water sales which are billed bimonthly to the District’s customers.

<table>
<thead>
<tr>
<th>District Revenue</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>10,305,000</td>
<td>10,634,700</td>
<td>329,700</td>
</tr>
<tr>
<td>Water Service Fees</td>
<td>15,500</td>
<td>15,500</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>5,200</td>
<td>5,200</td>
<td>-</td>
</tr>
<tr>
<td>Aerojet Testing Reimbursement</td>
<td>5,200</td>
<td>2,500</td>
<td>(2,700)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>6,700</td>
<td>6,700</td>
<td>-</td>
</tr>
<tr>
<td>COTP Revenue</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
</tr>
<tr>
<td>Facilities Fees</td>
<td>5,000</td>
<td>14,000</td>
<td>9,000</td>
</tr>
<tr>
<td>Backflow Testing Program Fees</td>
<td>29,795</td>
<td>32,160</td>
<td>2,365</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>10,392,395</strong></td>
<td><strong>10,730,760</strong></td>
<td><strong>338,365</strong></td>
</tr>
</tbody>
</table>

Below are the descriptions of each type of revenue:

**Water Sales:**
The water sales revenue was reduced in FY 2015-2016 due to the drought conditions and the State Water Resources Control Board (SWRCB) curtailment notices and requirements. The water sales for FY 2016-2017 and FY 2017-2018 are based on the Business Plan projections and restructured water rates effective January 1, 2017.

**Water Service Fees:**
Water service fees include the monies collected for fire hydrant usage, plan check fees / fire flow and construction improvement standards fees. Due to the condition of the economy the District is experiencing less development.

1. The fire hydrant use charges are the fees associated with construction water drawn from a hydrant and Sacramento County usage of hydrant water for sewer/storm drain clean out.
2. The plan check fees are the fees collected for review of the plans by District staff for any/all construction within the District service area.
3. The construction improvement standard fees are the fees collected for a copy of the District construction standards on CD and hard copy.

**Miscellaneous Revenue:**
Miscellaneous revenue includes the fees associated with pipeline repair for damage caused by outside contractors and invoiced by the District for associated repair costs.

**Aerojet Testing Reimbursement:**
The District's NDMA quarterly testing is completed at District facilities and Aerojet monitoring well locations and the District is reimbursed by Aerojet for this expense. This reimbursement
is recorded as miscellaneous revenue and then offset against the water quality testing at the end of the year.

**Interest Income:**
The interest income is the interest earned minus the change in market value on the District’s various investment accounts: LAIF interest, checking account interest, money market interest, CD’s, etc.

**California Oregon Transmission Pipeline (COTP) Revenue:**
The COTP revenue is the amount of revenue generated from the lease agreement for the District’s share of transmission capacity (1 MW) leased to SMUD.

**Facilities Fees:**
The facility fees are the fees collected per each unit of construction within the District and used for capacity development. Due to the condition of the economy the District is experiencing less development.

**Backflow Testing Fees:**
The backflow testing fees consist of the revenue generated from production staff testing backflow devices within the District.

**Outside Boundary Sales and Revenue – Aerojet/GSWC:**

<table>
<thead>
<tr>
<th>Outside Boundary Sales &amp; Revenue</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerojet/GSWC Capacity Payment</td>
<td>1,000,000</td>
<td>1,400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>GSWC Treat &amp; Deliver (FYE 2017 2500 AF/FYE 2018 5000 AF)</td>
<td>512,500</td>
<td>750,000</td>
<td>237,500</td>
</tr>
<tr>
<td>GSWC WTP/Intakes Annual Capital Contribution (20.5%)</td>
<td>18,040</td>
<td>51,250</td>
<td>33,210</td>
</tr>
<tr>
<td>GSWC Membrane Annual Contribution (20.5%)</td>
<td>-</td>
<td>37,587</td>
<td>37,587</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>1,530,540</td>
<td>2,238,837</td>
<td>670,710</td>
</tr>
</tbody>
</table>

The District negotiated to sell 4.5 MGD or 5000 AF of capacity rights to Golden State Water Company (GSWC). Aerojet Rocketdyne (AR) is purchasing the capacity for GSWC due to the loss of groundwater supply from contamination.

The second agreement is with GSWC: (a) for the cost to treat the 4.5 MGD that is being delivered to GSWC through the American River Pipeline Project which was funded by AR; and (b) GSWC’s portion (based on 20.5% capacity purchased) of the annual capital improvements to the Bajamont Water Treatment Plant, intake structures, and membrane replacements.

**Total District Revenue:**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>11,922,935</td>
<td>12,969,597</td>
<td>1,046,662</td>
</tr>
</tbody>
</table>
Debt and Long Term Funding Liabilities:
The District’s debt consists of the 2010 Certificates of Participation (COP) payments (refinancing of the 1999 COP’s). The long term funding consists of the annual funding of the membrane replacement fund and the OPEB liability trust fund.

<table>
<thead>
<tr>
<th>Debt and Long Term Funding Liabilities</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 COPs</td>
<td>2,184,325</td>
<td>2,184,325</td>
<td>-</td>
</tr>
<tr>
<td>Membrane Replacement</td>
<td>200,000</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td>OPEB Liability</td>
<td>440,000</td>
<td>440,000</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>2,824,325</td>
<td>2,824,325</td>
<td>-</td>
</tr>
</tbody>
</table>
BUDGETS BY DEPARTMENT
FY 2017-2018
ADMINISTRATIVE SERVICES
DEPARTMENT BUDGET
FY 2017-2018
Administrative Services Department Activities
Budget FY 2017-2018

Department Purpose and Scope of Activities:
The Administrative Services Department provides leadership, general administrative direction and policy implementation. This department's staff works across all departments/disciplines of the District providing as well as senior management providing direction and support. This fiscal year admin services incorporates the finance, billing and customer service activities into the department – combining prior financial service department with administrative services.

The major areas of responsibilities include:
- Board/Administrative Support
- Accounting and Inventory
- Billing and Collections
- Customer Service
- General Administration and Project/Staff Management
- Human Resources
- Communications Technology
- Public Outreach and Water Efficiency
- Engineering

Areas of focus:

Board/Administrative Support:
Administrative Services staff provides board support for a minimum of 12 board meetings (agendas, packets, minutes and correspondence), board workshops, committee meetings, conferences, town hall meetings and public hearings. Staff provides administrative support to all departments and general administration to all projects, departments and activities of the District.

General Administration and Project/Staff Management:
District administration and management consists of staff supervision, regulatory compliance, human resources, communications operations, public outreach, conservation, engineering, security and facility maintenance, and project management.

Human Resources:
The administrative services staff provides human resources expertise for the District and its employees including: payroll; benefits management and analysis; regulatory compliance; negotiations; OPEB; safety; emergency response; illness/injury assistance; training; and assistance.

Communications Technology:
The administrative services staff develops all communications technology requirements for the District. Staff maintains the District’s computer network to include: hardware (servers, workstations, laptops); software; printers; copiers; telecommunications; monitoring and risk assessment oversight; licensing; and maintenance.

Public Outreach and Water Efficiency:
Monitor consumer water usage to ensure compliance with District water conservation requirements per the Water Forum agreement, California Urban Water Conservation Council
agreement and the District’s Urban Water Management Plan; perform residential and commercial water audits; meter reading activities; enforce District efficiency ordinance rules; serve on committees to monitor and provide input on conservation requirement trends; provide and prepare information to customers; and attend seminars for public outreach events (schools/tradeshows); provide District’s response to media requests; update and maintain the District’s website; complete the composition of the District’s newsletter “Water Ways” and website writing in-house. All articles are researched, written and updated by the staff.

**Engineering**
Enforce the District’s standards and specifications for all construction and maintenance projects within the District through plan check and review and on-site inspections. Respond to fire flow and facility location requests. Maintain District’s base map and EDS/GIS database, gather GPS data, develop cost estimates for developer generated fees; and monitor Sacramento County improvement projects.

**Administrative Services Budget Categories:**

<table>
<thead>
<tr>
<th>Administrative Services</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>1,033,158</td>
<td>1,048,300</td>
<td>15,142</td>
</tr>
<tr>
<td>Taxes</td>
<td>77,713</td>
<td>86,277</td>
<td>8,564</td>
</tr>
<tr>
<td>Benefits</td>
<td>549,100</td>
<td>533,949</td>
<td>(15,151)</td>
</tr>
<tr>
<td>Retiree Medical</td>
<td>92,792</td>
<td>131,448</td>
<td>38,656</td>
</tr>
<tr>
<td>Board</td>
<td>218,750</td>
<td>210,000</td>
<td>(8,750)</td>
</tr>
<tr>
<td>Accounting</td>
<td>52,600</td>
<td>51,100</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Billing</td>
<td>121,900</td>
<td>111,900</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Communications Technology</td>
<td>146,959</td>
<td>143,289</td>
<td>(3,670)</td>
</tr>
<tr>
<td>Dues and Memberships</td>
<td>97,753</td>
<td>87,649</td>
<td>(10,104)</td>
</tr>
<tr>
<td>Facility Maintenance</td>
<td>100,911</td>
<td>154,720</td>
<td>53,809</td>
</tr>
<tr>
<td>Fees/Permits/Services</td>
<td>100,952</td>
<td>103,778</td>
<td>2,826</td>
</tr>
<tr>
<td>General</td>
<td>55,339</td>
<td>61,551</td>
<td>6,212</td>
</tr>
<tr>
<td>GIS/Engineering</td>
<td>46,346</td>
<td>71,650</td>
<td>26,304</td>
</tr>
<tr>
<td>Human Resources</td>
<td>36,645</td>
<td>71,890</td>
<td>35,245</td>
</tr>
<tr>
<td>Insurance</td>
<td>199,721</td>
<td>200,837</td>
<td>1,116</td>
</tr>
<tr>
<td>Outreach</td>
<td>101,820</td>
<td>81,163</td>
<td>(20,657)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,031,459</strong></td>
<td><strong>3,149,501</strong></td>
<td><strong>118,042</strong></td>
</tr>
</tbody>
</table>

**1.0 Personnel Allocation:**
Staffing level has increased by one with the addition of the District’s first in-house engineer. Additional restructure combines Admin and Financial Services.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>13</td>
<td>14</td>
</tr>
</tbody>
</table>

**2.0 Taxes:**

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA</td>
<td>72,071</td>
<td>80,201</td>
<td>8,130</td>
</tr>
<tr>
<td>Unemployment</td>
<td>5,642</td>
<td>6,076</td>
<td>434</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>77,713</strong></td>
<td><strong>86,277</strong></td>
<td><strong>8,564</strong></td>
</tr>
</tbody>
</table>
3.0 Benefits:
Benefits are employer paid expenses. These benefits are typical for the water industry and for an agency the size of Carmichael Water District.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>378,891</td>
<td>355,745</td>
<td>(23,146)</td>
</tr>
<tr>
<td>Dental</td>
<td>18,771</td>
<td>20,215</td>
<td>1,444</td>
</tr>
<tr>
<td>Vision</td>
<td>4,693</td>
<td>5,054</td>
<td>361</td>
</tr>
<tr>
<td>Life</td>
<td>7,063</td>
<td>5,972</td>
<td>(1,091)</td>
</tr>
<tr>
<td>PERS</td>
<td>124,242</td>
<td>137,333</td>
<td>13,091</td>
</tr>
<tr>
<td>Deferred Comp</td>
<td>15,440</td>
<td>9,630</td>
<td>(5,810)</td>
</tr>
<tr>
<td>Totals</td>
<td>549,100</td>
<td>533,949</td>
<td>(15,151)</td>
</tr>
</tbody>
</table>

4.0 Retiree Medical
Benefits in this department cover all District eligible retired employees’ benefits under the District’s retirement policy. The retiree medical expense has been broken out to its own category this fiscal year. The District started funding the OPEB reserve account in FY 2016-2017 and continues to pay the annual medical premiums annually. The District is starting to see staff retirements with two office staff during FY 2016-2017.

5.0 Board:
The board expenses are the District paid expenses that include: advertising for meeting/legal; board room; director’s travel and meetings (conference and travel expenses); director’s fees (board meeting and committee meeting fees); election expense; legal/services; and board meeting expenses and supplies.

6.0 Accounting:
Accounting covers all cost related to Audit expenses, bond arbitrage/admin fees, COTP, and all bank charges.

7.0 Billing:
Billing category covers all costs associated with statements; postage; payment processing fees; lien redemption fees; contract services (financial software support, special reporting and programming); and legal.

7.0 Communications Technology:
The communications technology costs cover: all licensing; network maintenance; system monitoring; risk assessment; backup operations; software upgrades; hardware repairs and supplies; telephone; internet; and equipment maintenance associated with operating the District.

8.0 Dues and Memberships:
The dues and memberships category covers the membership fees associated with participation in the following organization memberships: Association of California Water Agencies (ACWA); American Water Works Association (AWWA); Regional Water Authority (RWA) (General Membership, Regional Lobbying, and Powerhouse Science Center; Sacramento Groundwater Association (SGA); and Water Education Foundation (WEF).

9.0 Facility Maintenance:
The facility maintenance costs cover the District office facility: electrical; general building maintenance; HVAC/plumbing; janitorial, landscape; pest control; power; security; and utilities.
10.0 Fees/Permits/Services:
The administrative services fees and permits category covers engineering and fees/permits. Engineering Services: general engineering; fire flow; oncall services (for general services and Aerojet); and GIS. Fees/Permits: Local Agency Formation Commission (LAFCo) – Special District Assessment; Sacramento County - Special Assessments (Taxes); general fees (Annual Fees); and State Water Resources Control Board water rights fees.

11.0 General:
General expenses cover the day-to-day operations of the District’s administration: advertising (bid/legal notices); equipment maintenance and repairs; office supplies; books and subscriptions; postage; printing/duplicating; rental equipment; safety equipment; tools; training/certification; travel and meetings; uniforms; and vehicle maintenance.

12.0 GIS/Engineering:
GIS/Engineering costs for the District include: hardware; software maintenance and licensing; contracted services; equipment maintenance; and supplies and tools to operate and maintain the modeling, GIS/GPS, and mapping for the District.

13.0 Human Resources:
Human resources costs for the District include: advertising (employment ads); analysis (OPEB); exams and screenings; HR memberships/books; legal (personnel); and payroll processing.

14.0 Insurance:
The insurance costs cover the District’s auto/property/general liability insurance and worker’s compensation insurance.

15.0 Outreach:
The outreach category covers the costs associated with District wide public outreach and water information/education awareness to include: water waste/efficiency activities; development and distribution of the annual Consumer Confidence Report; Carmichael Chamber of Commerce; CUWCC; RWA Water Efficiency Program membership to assist in satisfying State mandated conservation activities; Irrigation Association Fees; outreach – events, school calendar contest program, poster awards; mentoring program – volunteers, interns; newsletters; billing inserts; website updates/maintenance; and public relations supplies. Compliance activities have increased the District’s need for water waste patrols and additional water efficiency staffing.
PRODUCTION
DEPARTMENT BUDGET
FY 2017-2018
Production Department Activities
FY 2017-2018

Department Purpose and Scope of Activities: The production department produces water to meet demands for domestic and fire protection use. The District has the capacity to produce approximately 23,000 acre feet of water per year. The average demand over the past three years has been 8,151 acre feet. The production department functions include preventive and corrective maintenance for all mechanical, electrical, chemical feed and SCADA systems. The department responds to water quality issues and maintains water quality through distribution system-flushing and the District’s Backflow program.

The department is responsible for compliance with the State Water Resources Control Board (SWRCB) Division of Drinking Water and the Environmental Protection Agency (EPA) water quality testing programs such as: Total Coliform Rule, Title 22, Lead and Copper, Groundwater Rule, Disinfection By-Product Rule (DBPR) and the Unregulated Contaminant Monitoring Rule (UCMR).

The production department operates the membrane filtration plant located on Bajamont Way. The Bajamont Water Treatment Plant (BWTP) continues to be the primary water production source. The production department utilizes groundwater to supplement production during seasonal high demand and has emergency interties available with Sacramento Suburban Water District, Fair Oaks Water District and Citrus Heights Water District through mutual aid agreements.

Areas of Focus:
- Compliance with federal and state water quality operations standards
- Sufficiently supply instantaneous demands to all services and maintain sufficient pressure
- Continue to supply a superior product to our customers
- Deliver 5000 acre feet per year of water from the BWTP to Golden State Water Company (GSWC)

Workload:

Annually maintain all mechanical, electrical, chemical feed and SCADA systems for:
- Four (4) active well facilities, one (1) standby well facility and three (3) inactive well sites
- One (1) Water Treatment Plant (WTP)
- Three (3) Ranney Collectors
- Two (2) reservoirs and pump stations
- Fifteen (15) chemical feed systems
- Required water quality testing
- Maintain flushing program
- Respond to approximately 100 water quality inquiries
- Backflow program – includes testing and site surveys
### Production Budget Categories:

<table>
<thead>
<tr>
<th>Production</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>480,283</td>
<td>555,780</td>
<td>75,517</td>
</tr>
<tr>
<td>Taxes</td>
<td>38,911</td>
<td>45,122</td>
<td>6,211</td>
</tr>
<tr>
<td>Benefits</td>
<td>196,362</td>
<td>232,299</td>
<td>35,937</td>
</tr>
<tr>
<td>Facilities Maintenance</td>
<td>21,500</td>
<td>24,400</td>
<td>2,900</td>
</tr>
<tr>
<td>Fees/Permits/Services</td>
<td>84,900</td>
<td>85,200</td>
<td>300</td>
</tr>
<tr>
<td>General</td>
<td>129,000</td>
<td>148,200</td>
<td>19,200</td>
</tr>
<tr>
<td>Power</td>
<td>1,094,250</td>
<td>1,415,050</td>
<td>320,800</td>
</tr>
<tr>
<td>Water Quality</td>
<td>20,500</td>
<td>27,200</td>
<td>6,700</td>
</tr>
<tr>
<td>WTP Maintenance</td>
<td>51,250</td>
<td>53,900</td>
<td>2,650</td>
</tr>
<tr>
<td>Well Site/Res Maintenance</td>
<td>21,650</td>
<td>21,700</td>
<td>50</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2,118,586</strong></td>
<td><strong>2,608,851</strong></td>
<td><strong>490,265</strong></td>
</tr>
</tbody>
</table>

### 1.0 Personnel Allocation:
The District is in the process of District-wide succession planning. Upon review of staffing in the Production department, management staff believes it is necessary to temporarily increase the staffing level in the department by one (1) operator. This temporary increase in staffing will allow the new entry level staff to be trained, gain industry and District knowledge, and gain water experience while the District prepares for potential retirements within the department.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2.0 Taxes:
Payroll taxes were included as a portion of the benefits category. It has been broken out as a separate category to reflect the true cost of payroll.

<table>
<thead>
<tr>
<th>Taxes</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA</td>
<td>30,036</td>
<td>34,459</td>
<td>4,423</td>
</tr>
<tr>
<td>Medicare</td>
<td>6,705</td>
<td>8,059</td>
<td>1,354</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2,170</td>
<td>2,604</td>
<td>434</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>38,911</strong></td>
<td><strong>45,122</strong></td>
<td><strong>6,211</strong></td>
</tr>
</tbody>
</table>

### 3.0 Benefits:
Benefits are employer paid expenses. These benefits are typical for the water industry and typical for an agency the size of Carmichael Water District.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>132,833</td>
<td>153,072</td>
<td>20,239</td>
</tr>
<tr>
<td>Dental</td>
<td>7,220</td>
<td>8,663</td>
<td>1,443</td>
</tr>
<tr>
<td>Vision</td>
<td>1,805</td>
<td>2,166</td>
<td>361</td>
</tr>
<tr>
<td>Life</td>
<td>2,484</td>
<td>2,847</td>
<td>363</td>
</tr>
<tr>
<td>PERS</td>
<td>41,849</td>
<td>49,465</td>
<td>7,616</td>
</tr>
<tr>
<td>PERS Unfunded</td>
<td>8,801</td>
<td>14,586</td>
<td>5,785</td>
</tr>
<tr>
<td>Deferred Comp</td>
<td>1,370</td>
<td>1,500</td>
<td>130</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>196,362</strong></td>
<td><strong>232,299</strong></td>
<td><strong>35,937</strong></td>
</tr>
</tbody>
</table>
4.0 Facility Maintenance:
The facility maintenance costs cover: electrical; general building maintenance; HVAC/plumbing; janitorial; landscape; pest control; security; and utilities.

5.0 Fees/Permits/Services:
This category is broken into the following primary sub-categories:

5.1 Services:
Services includes the production department SCADA/computer costs including all software programming, modifications and/or troubleshooting; proprietary specialized services associated with the plant membrane units performed by Evoqua.

5.2 Backflow:
Backflow testing is a district wide service provided by CWD certified testers. The costs consist of instrument calibration, software updates, and miscellaneous parts/tools.

5.3 Engineering and Consulting:
On-going work associated with water quality regulations and engineering services including: updates to the District’s Monitoring Plan, periodic Operations Plan review and other functions as needed.

5.4 Fees & Permits:
Annual permitting fees associated with water production including: SWRCB, National Pollution Discharge Elimination System (NPDES), Sacramento County Environmental Management, and Sacramento Metropolitan Air Quality.

6.0 General Production:
General production costs include: lab supplies/equipment, equipment repair and maintenance, miscellaneous, postage, purchased water, rental equipment, safety, supplies, tools, training/certification, travel/meetings, uniforms, chemicals and vehicle maintenance.

7.0 Power:
The power category identifies the electrical and natural gas energy costs associated with the water treatment plant, wells, booster stations and reservoirs.

8.0 Water Quality:
Water quality activities are broken out into the following categories:

8.1 Bacteriological Testing:
Bacteriological testing involves district wide sampling of the distribution system once a week. This testing occurs Wednesday of each week.

8.2 SWRCB/EPA Testing (Surface water and Groundwater):
SWRCB/EPA requirements consist of surface water and groundwater testing for inorganic, secondary standards, general mineral, VOC, SOC, gross alpha, nitrate, nitrite, NDMA, and perchlorate in accordance with Title 22 of the California Code of Regulations. Distribution system testing under the Stage 2 DBPR is completed quarterly.
8.3 Sacramento Regional County Sanitation District (SRCSD) Sampling:
Semi-annual testing of the tertiary backwash waste is required by SRCSD to maintain our sewer permit. This testing is required every April and October.

8.4 Aerojet NDMA production wells split sampling:
The split sampling with Aerojet is conducted quarterly on the four (4) production wells and annually on one (1) standby well for NDMA, perchlorate and VOC. Additionally, there is an annual test at each well for 1,4 Dioxane. This testing is reimbursed by Aerojet and is recorded as revenue which offsets the total expense of the testing.

8.5 National Pollution Discharge Elimination System (NPDES) Sampling:
The district is required to maintain a Low Threat NPDES permit for all flushing activities within the district boundaries. Sampling is required once per quarter in order to maintain this permit.

8.5.1 Flushing Program:
In the District, there are many dead end mains that require periodic, high velocity flushing to reduce sedimentation and taste and odor complaints. This activity requires the operator to valve off and directionally flush a section of water main until it runs clear and then reverse the process. This causes a scouring effect inside the water main cleaning off loose deposits.

8.6 Unregulated Contaminant Monitoring Rule UCMR
The EPA requires that all public water systems conduct assessment monitoring of unregulated contaminants every five years. The list of contaminants is provided by the EPA. CWD's next round of testing is scheduled to begin in December 2019.

8.7 Sanitary Survey:
This survey is required by SWRCB every five years to comply with regulations for all water suppliers using surface water sources. Work on the next Sanitary Survey will begin in 2017 and be completed in 2018.

9.0 Water Treatment Plant Maintenance:
The water treatment plant maintenance costs are broken out into the following categories: chemical feed; CMF (filtrate/solids/tertiary); compressors; generator; heat and air; raw water; treated water; and solids. Each category consists of individual components for complete accounting of each area.

10.0 Well Site Maintenance/Reservoir Maintenance/Ranney Collectors:
The well site maintenance costs are broken out into the following categories: controls; chemical feed; and site maintenance.

The reservoir (Dewey and LaVista) maintenance costs are broken out into the following categories: pumps; controls; generator; site maintenance; inspection; and cleaning.

The collector maintenance, sample stations, GET maintenance, and pressure station maintenance cover the costs associated with maintaining these sites.
DISTRIBUTION
DEPARTMENT BUDGET
FY 2017-2018
Distribution Department Activities
FY 2017-2018

Department Purpose and Scope of Activities:
The distribution department employees oversee the transmission and distribution functions that deliver adequate amounts of water for domestic and fire protection use to the District’s customers. Department operation and maintenance (O&M) functions include service line repair, water main repair, valve repair, fire hydrant repair, small (less than 2 inch) meter repair/change out and routine maintenance activities. The department is also responsible for Underground Service Alerts within the District’s boundary. Department capital budget incorporates the fixed asset (FA) addition functions include the following in-house services: large (3 inch and greater) meter installation/replacement, service line replacement, small water main replacement projects, main line valve replacement, and fire hydrant replacement.

Areas of Focus:
- Comply with Federal, State and County operation and safety codes.
- Deliver adequate water supply for domestic and fire protection use.
- Provide 24-hour emergency service.

Workload: Perform the work necessary for the following services and/or activities:
- 1200 Customer Assist.
- 1,550 Underground Service Alerts (USA).
- Maintenance and repair of the District’s system assets including:
  - 154 miles of active water main
  - 1,329 fire hydrants
  - 2,167 main line valves
  - 11,686 water meters (some locations have multiple meters)
  - 11,782 service line connections (some locations have 1 meter serving multiple connections – ex. condos)

System Replacements:
The system replacement and installation category is included in the capital budget as fixed assets. A service line replacement requires replacement of the water service line from the water main to the customer’s service connection known as the curb stop or point of connection, and may include the installation of a water meter. A water mainline replacement involves excavation, installation of water main, main line valves, pipe fittings and restraints, fire hydrants, service lines, road backfill material, concrete and/or paving. The replacement of mainline valves and hydrants require excavation, installation and backfill. The District has capitalized the replacement of large meters (3 inch and greater).

Underground Service Alert and Valve Locations:
An Underground Service Alert (USA) requires the location and marking of the District’s utilities for work to be completed at a location without disturbing or breaking the District’s water lines. USA’s are marked for District work, a contractor’s work or at a customer’s request for private work.
Distribution Operation and Maintenance Budget Categories:

<table>
<thead>
<tr>
<th>Distribution Totals</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel (O&amp;M at 69%)</td>
<td>387,284</td>
<td>466,655</td>
<td>79,371</td>
</tr>
<tr>
<td>Payroll Taxes (O&amp;M at 69%)</td>
<td>29,831</td>
<td>36,904</td>
<td>7,073</td>
</tr>
<tr>
<td>Benefits (O&amp;M at 69%)</td>
<td>192,619</td>
<td>252,443</td>
<td>59,824</td>
</tr>
<tr>
<td>Fees/Permits/Services</td>
<td>17,600</td>
<td>21,050</td>
<td>3,450</td>
</tr>
<tr>
<td>General</td>
<td>80,800</td>
<td>88,000</td>
<td>7,200</td>
</tr>
<tr>
<td>Infrastructure Repairs</td>
<td>335,500</td>
<td>469,000</td>
<td>133,500</td>
</tr>
<tr>
<td>Road Restoration</td>
<td>280,000</td>
<td>300,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Vehicle Maintenance</td>
<td>92,500</td>
<td>99,500</td>
<td>7,000</td>
</tr>
<tr>
<td>Totals</td>
<td>1,416,134</td>
<td>1,733,552</td>
<td>317,418</td>
</tr>
</tbody>
</table>

1.0 Personnel Allocation:
The District is in the process of District-wide succession planning. Upon review of staffing in the Distribution department, management staff believes it is necessary to temporarily increase the staffing level in the department by one (1) operator. This temporary increase in staffing will allow the new entry level staff to be trained, gain industry and District knowledge, and gain water experience while the District prepares for potential retirements within the department.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

The distribution department personnel labor category is broken out into two distinctive categories: Operations and Maintenance (O&M) and Planned System Maintenance (PSM). Distribution activities this fiscal year are projected to be 69% for O&M and 31% for PSM activities. The percentage allocation varies from year-to-year depending on PSM workload. The O&M portion of the budget also includes salaries associated with overtime, on-call, training and scheduled time off. Below is the allocation of salaries and percentages for those activities:

<table>
<thead>
<tr>
<th>Personnel</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (O&amp;M)</td>
<td>387,284</td>
<td>466,655</td>
<td>79,371</td>
</tr>
<tr>
<td>Salaries (Capital)</td>
<td>206,564</td>
<td>181,391</td>
<td>(25,173)</td>
</tr>
<tr>
<td>Total</td>
<td>593,848</td>
<td>648,046</td>
<td>54,198</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Personnel</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M</td>
<td>61%</td>
<td>69%</td>
</tr>
<tr>
<td>Capital</td>
<td>39%</td>
<td>31%</td>
</tr>
</tbody>
</table>

2.0 Taxes: O&M

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA</td>
<td>27,713</td>
<td>34,208</td>
<td>6,495</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2,118</td>
<td>2,696</td>
<td>578</td>
</tr>
<tr>
<td>Totals</td>
<td>29,831</td>
<td>36,904</td>
<td>7,073</td>
</tr>
</tbody>
</table>
3.0 Benefits: O&M
Benefits are employer paid expenses. The District’s benefits are typical for the water industry and typical for an agency of the size of Carnichael Water District.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>138,831</td>
<td>181,385</td>
<td>42,554</td>
</tr>
<tr>
<td>Dental</td>
<td>7,047</td>
<td>8,967</td>
<td>1,920</td>
</tr>
<tr>
<td>Vision</td>
<td>1,762</td>
<td>2,242</td>
<td>480</td>
</tr>
<tr>
<td>Life</td>
<td>1,996</td>
<td>2,443</td>
<td>447</td>
</tr>
<tr>
<td>PERS</td>
<td>40,723</td>
<td>55,016</td>
<td>14,293</td>
</tr>
<tr>
<td>Deferred Comp</td>
<td>2,260</td>
<td>2,390</td>
<td>130</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>192,619</strong></td>
<td><strong>252,443</strong></td>
<td><strong>59,824</strong></td>
</tr>
</tbody>
</table>

4.0 Fees/Permits/Services:
This category consists of fees/permits/services associated with regulatory agencies that oversee work performed within the county right-of-way, equipment, materials, storage and waste that the District generates. These agencies include Sacramento Air Quality Management District, County of Sacramento Environmental Department, Underground Service Alert (USA), Sacramento County Air Resources Board, and Sacramento County Municipal Services Agency. Also included are encroachment permit and site inspections, and the District's annual leak detection program.

5.0 General Distribution:
This budget category includes: maintenance and equipment repairs, maintenance wash rack, shop supplies, general building maintenance, rental equipment, safety, shipping and freight, tools, training, travel and meetings, printing and uniforms.

6.0 Infrastructure Repairs:
This budget category includes repairs and maintenance of the District’s water mains and service line connections. Typical maintenance includes box, lid and meter register replacements. The repairs category includes: service line repairs, mainline repairs, fire hydrant repairs, mainline valve repairs, meter and touch pad repairs/change outs, meter box and lid repairs, and general clean up as needed.

7.0 Road Restoration:
The road restoration category includes: paving, concrete, spoils removal, road materials and materials expense. The road materials category is a combination of the following: cutback, road base, sand, crushed rock and topsoil.

8.0 Vehicle Maintenance:
This budget category includes: oil and filter changes, tire replacements and electrical and mechanical malfunction repairs. The District’s vehicles and equipment are expensed according to their own unit number. Each vehicle and piece of large equipment is allocated its own account number for tracking purposes. Fuel for all District vehicles and equipment are also combined into this category along with the cost of maintaining the above ground fuel tanks.
CAPITAL BUDGET
(Formerly Planned System Maintenance – PSM)
FY 2017-2018
<table>
<thead>
<tr>
<th>Distribution:</th>
<th>Amount</th>
<th>Labor</th>
<th>Tax/Benefits</th>
<th>Materials</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FA - CWD In-house Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Line Replacements</td>
<td>115</td>
<td>104,243</td>
<td>73,557</td>
<td>115,000</td>
<td>292,800</td>
</tr>
<tr>
<td>Main Line Valve Replacements</td>
<td>10</td>
<td>20,317</td>
<td>14,336</td>
<td>20,000</td>
<td>54,653</td>
</tr>
<tr>
<td>Fire Hydrant Replacements</td>
<td>10</td>
<td>7,814</td>
<td>5,514</td>
<td>55,000</td>
<td>68,328</td>
</tr>
<tr>
<td>Large Diameter Meters (3-8 inch)</td>
<td>40</td>
<td>50,324</td>
<td>35,510</td>
<td>30,000</td>
<td>115,834</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>182,698</td>
<td>128,917</td>
<td>220,000</td>
<td></td>
<td>531,615</td>
</tr>
<tr>
<td>Total In-house Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>531,615</td>
</tr>
<tr>
<td>CIP - Mainline Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arden/Gary/Susan - Mainline Project</td>
<td>1,199,845</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Mainline Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,199,845</td>
</tr>
<tr>
<td>CIP - Sacramento County Impact Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FOB Improvement Project Phase 3 (Marconi-North)</td>
<td>330,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous County Projects</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total County Impact Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>430,000</td>
</tr>
<tr>
<td>FA - Transportation and Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacuum Excavator (14 years old)</td>
<td>60,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Vehicle and Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Total for Distribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,221,460</td>
</tr>
<tr>
<td>Production:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FA - WTP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WTP Caustic Tank Replacement</td>
<td>200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LaVista Tank Clean &amp; Inspection</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collector Restorations - Flood Damage</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>270,000</td>
</tr>
<tr>
<td><strong>Total for Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>270,000</td>
</tr>
<tr>
<td>Administrative Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle - New Pickup</td>
<td>25,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>30,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Administrative Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55,100</td>
</tr>
<tr>
<td><strong>Total for Administrative Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55,100</td>
</tr>
<tr>
<td><strong>Total - Capital Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,546,560</td>
</tr>
</tbody>
</table>
PAY/SALARY BANDS
FY 2017-2018
<table>
<thead>
<tr>
<th>NON-EXEMPT POSITIONS</th>
<th>Annual Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Minimum</td>
</tr>
<tr>
<td>Billing Specialist 1</td>
<td>35,360</td>
</tr>
<tr>
<td>Billing Specialist 2</td>
<td>43,680</td>
</tr>
<tr>
<td>Billing Supervisor</td>
<td>54,080</td>
</tr>
<tr>
<td>Billing Support Trainee</td>
<td>21,840</td>
</tr>
<tr>
<td>Billing Support 1</td>
<td>23,920</td>
</tr>
<tr>
<td>Billing Support 2</td>
<td>29,120</td>
</tr>
<tr>
<td>Distribution Operator 1</td>
<td>38,875</td>
</tr>
<tr>
<td>Distribution Operator 2</td>
<td>48,339</td>
</tr>
<tr>
<td>Distribution Operator 3</td>
<td>54,974</td>
</tr>
<tr>
<td>Engineer, Associate</td>
<td>61,818</td>
</tr>
<tr>
<td>Engineer, Senior</td>
<td>82,160</td>
</tr>
<tr>
<td>General Office Clerk</td>
<td>21,840</td>
</tr>
<tr>
<td>GIS Specialist</td>
<td>41,350</td>
</tr>
<tr>
<td>Inventory Specialist</td>
<td>48,318</td>
</tr>
<tr>
<td>Public Information Assistant</td>
<td>25,522</td>
</tr>
<tr>
<td>Staff Accountant</td>
<td>61,818</td>
</tr>
<tr>
<td>Treatment Operator 2</td>
<td>39,728</td>
</tr>
<tr>
<td>Treatment Operator 3</td>
<td>53,352</td>
</tr>
<tr>
<td>Treatment Operator 4</td>
<td>62,109</td>
</tr>
<tr>
<td>Water Efficiency Specialist</td>
<td>38,750</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXEMPT POSITIONS</th>
<th>Annual Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Minimum</td>
</tr>
<tr>
<td>Field Superintendent</td>
<td>75,379</td>
</tr>
<tr>
<td>Human Resources Coordinator</td>
<td>73,528</td>
</tr>
<tr>
<td>Information Technology Coordinator</td>
<td>66,955</td>
</tr>
<tr>
<td>Production Superintendent</td>
<td>80,080</td>
</tr>
<tr>
<td>Public Information Officer</td>
<td>65,728</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SR MANAGEMENT POSITIONS</th>
<th>Annual Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Minimum</td>
</tr>
<tr>
<td>Assistant General Manager</td>
<td>125,133</td>
</tr>
<tr>
<td>General Manager (contract $156,000)</td>
<td>149,210</td>
</tr>
</tbody>
</table>

Effective 7/1/2017
WATER RATES
FY 2017-2018
CARMICHAEL WATER DISTRICT
WATER RATE SCHEDULE – Approved November 14, 2016 – Effective January 1, 2017

Water Rates Structure for January 1, 2017 – December 31, 2020:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Water Use</td>
<td>$ 1.33</td>
<td>$ 1.40</td>
<td>$ 1.47</td>
<td>$ 1.54</td>
</tr>
<tr>
<td>Bimonthly Service Charge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/4&quot; meter</td>
<td>$ 49.38</td>
<td>$ 51.85</td>
<td>$ 54.44</td>
<td>$ 57.16</td>
</tr>
<tr>
<td>1&quot; meter</td>
<td>$ 75.48</td>
<td>$ 79.25</td>
<td>$ 83.21</td>
<td>$ 87.37</td>
</tr>
<tr>
<td>1 1/2&quot; meter</td>
<td>$ 140.71</td>
<td>$ 147.75</td>
<td>$ 155.14</td>
<td>$ 162.90</td>
</tr>
<tr>
<td>2&quot; meter</td>
<td>$ 218.98</td>
<td>$ 229.93</td>
<td>$ 241.43</td>
<td>$ 253.50</td>
</tr>
<tr>
<td>3&quot; meter</td>
<td>$ 401.62</td>
<td>$ 421.70</td>
<td>$ 442.79</td>
<td>$ 464.93</td>
</tr>
<tr>
<td>4&quot; meter</td>
<td>$ 662.55</td>
<td>$ 695.68</td>
<td>$ 730.46</td>
<td>$ 766.98</td>
</tr>
<tr>
<td>6&quot; meter</td>
<td>$ 1,314.85</td>
<td>$ 1,380.59</td>
<td>$ 1,449.62</td>
<td>$ 1,522.10</td>
</tr>
<tr>
<td>8&quot; meter</td>
<td>$ 2,097.60</td>
<td>$ 2,202.48</td>
<td>$ 2,312.60</td>
<td>$ 2,428.23</td>
</tr>
<tr>
<td>Condominium Living Units</td>
<td>$ 49.38</td>
<td>$ 51.85</td>
<td>$ 54.44</td>
<td>$ 57.16</td>
</tr>
<tr>
<td>MF Living Units w/Separate Meter</td>
<td>$ 49.38</td>
<td>$ 51.85</td>
<td>$ 54.44</td>
<td>$ 57.16</td>
</tr>
</tbody>
</table>

Bimonthly Fire Service Charges

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 36.11</td>
<td>$ 37.92</td>
<td>$ 39.82</td>
<td>$ 41.81</td>
</tr>
</tbody>
</table>

Notes:
(1) Water rates are all less than or equal to the rates previously approved in 2015.
(2) Multi-family (MF) includes duplexes, tripexes, fourplexes, and apartment complexes.

Water Shortage Surcharge Rate Structure

The following water shortage surcharge rate structure will be tied to District water shortage declarations requiring mandatory water conservation. The water shortage surcharges will be calculated as a percentage of the water usage rates in effect in a given year. The water shortage surcharges are temporary, lasting only during the period of water shortage and will incrementally increase water usage rates. Bimonthly service charges will be unaffected by the surcharges.

The table below presents the water shortage rate surcharge percentages, and illustrates how they would apply to the water rates for January 2017. The same surcharge percentages would apply to the increased rates in the water rate schedule above as adjusted in subsequent years.

Because the water shortage surcharge percentages were adopted by the Board of Directors in 2015 following the required rate notice and public hearing process, no additional process is required at this time or when surcharges would be implemented. The water shortage surcharge chart below shows water shortage surcharges applied to water rates for January 2017, for illustrative purposes. The percentages shown would be applied to any then-current water rates in future years.
## Water Shortage Surcharge

<table>
<thead>
<tr>
<th></th>
<th>Normal Supply</th>
<th>Water Alert</th>
<th>Water Warning</th>
<th>Water Crisis</th>
<th>Water Emergency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use Reduction Goals</td>
<td>None</td>
<td>1% to 20%</td>
<td>21% to 30%</td>
<td>31% to 40%</td>
<td>41% to 50%</td>
</tr>
</tbody>
</table>

| Water Shortage Surcharge (1) | None | None | 30% | 40% | 50% |

### Water Usage Rates, with Illustrated Surcharge Applied (2)

- **All Water Usage**
  - $1.33
  - $1.33
  - $1.73
  - $1.86
  - $2.00

### Bimonthly Service Charges (3)

- **All Meter Sizes**
  - Varies
- **No Change to Service Charges**

### Notes:

1. Water shortage surcharges are incremental increases in normal water usage rates applied during Water Warning, Water Crisis, and Water Emergency conditions declared by the Board of Directors.
2. This section shows water shortage surcharges applied to water rates for January 2017, for illustrative purposes. The percentages shown would be applied to any then-current water rates in future years.
3. No changes to the fixed bimonthly service charges are imposed on Water Shortage Surcharges during water shortages.
FEES
FY 2017-2018
CARMICHAEL WATER DISTRICT - Fee Schedule

Fee Schedule for Fiscal Year (FY) 2017-2018 is as follows:
All fees are reviewed and adjusted annually as part of the budget process as needed. All fees and related activities are subject to District rules, regulations and procedures.

BILLING & MISCELLANEOUS PROCESSING FEES

Billing: District may, in lieu of levying assessments, fix and collect charges for any service furnished by the District (Water Code 22280). District may refuse service to any land if outstanding charges for services already rendered have not been paid within a reasonable time (Water Code 22282.1). District may record a certificate of lien against a customer for past due charges (Water Code 25806). District established billing shut off procedures to be used in conjunction with the annual fee schedule.

The following are billing and miscellaneous processing fees:

1. Owner-Tenant/Management Billing Agreement: Charged to account per agreement. Property owner must sign agreement with District to send billing to tenant or property manager of property. Owner is ultimately responsible for payment of water service to property.
   a) Owner-Tenant/Management Billing Agreement = $20 per agreement

2. Tenant/User-AB2747 Billing Agreement: Charged to new Tenant/User’s account per agreement. Tenant/User under this agreement must agree to the terms and conditions of service, and meet the requirements of the District’s rules and tariffs.
   a) Tenant-AB2747 Billing Agreement = $50 per agreement

3. Overpayment Refund Request: Charged to account for each overpayment refund request. This charge is deducted from the credit for the fees associated with processing the refund check as opposed to a credit on customer’s billing account.
   a) Overpayment Refund Request = $30

4. Meter Re-read/Re-inspection Fee: Charged to account for customer generated re-read of meter at service address. This charge is per service address. If at any time a re-read is a District error, the account will not be charged a re-read fee.
   a) Re-read (with no Error – 1st re-read in 12 month period) = No Charge
   b) Re-read (with no Error – more than one (1) re-read within 12 month period) = $30 for first meter plus $10 for each additional meter

5. Meter Final/Closing Read Fee: Charged to account for request of a final/closing read of meter at service address. This charge is per occurrence.
   a) Final/Closing Read Fee = $30 for first meter plus $10 for each additional meter

6. Meter Test Fee: Charged to account for customer generated meter test. If at any time a meter is found to be reading inaccurately, the account will not be charged a test fee.

<table>
<thead>
<tr>
<th>Hourly Charges Per Employee</th>
<th>Per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Work Hours</td>
<td>$ 79</td>
</tr>
</tbody>
</table>
7. Maintenance Shut Off/Disconnection (fire or demolition): Charged to account for each water service fully disconnected from District due to fire or demolition.
   a) Shut Off/Disconnection Fee = $60
   b) Reconnection Fee = $30 at time of reconnection to the District’s system. Service upgrade, connection fees, and/or facilities fees may be required to reconnect due to regulatory requirements, system requirements, type of Service, etc.

**COLLECTIONS PROCESSING FEES**

Collections Process Fees - The District will assess collection fees for *processing activities* associated with billing processes as required.

The following are collections processing fees:

1. Payment Returns/Chargebacks: Charged to account for each returned payment from the bank for reason such as; process errors, invalid account number, closed account, fraudulent transactions, or non-sufficient funds (NSF).
   a) Payment Chargeback Fee = $35

2. Door Hanger Notification (48 hour, NSF, etc.): Charged to account for processing each collection.
   a) Door Hanger Fee = $30

3. Shut Off/Disconnection/Reconnection: Charged to account for processing each water service connection that is shut off, disconnected or reconnected from/to service.
   a) Shut Off/Disconnection Fee (non-payment/noncompliance) = $60
   b) Reconnection Fee during normal business hours = $30
   c) Reconnection Fee for after hours and weekends:
      (i) Reconnection fees for after hours and weekends will be based on the Field Service - Customer Assistance rates below at a two (2) hour minimum.
      (ii) Reconnection requires payment be received by the District by the start of the next business day.
          i. If payment has not been received at the District office, water will be shut off for non-payment and additional charges will apply (see 3a, 3b and 3c).
   d) Unauthorized Lock Removal or unauthorized Restoration = $75

**FIELD SERVICE WORK BY DISTRICT STAFF**

Customer Assistance - The District will provide assistance to customers for the temporary shut off of water service for private repairs. The fees/rates listed below shall be used when billing for work performed by District staff according to the property classification.

<table>
<thead>
<tr>
<th>Single Family Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly Charges Per Employee</strong></td>
</tr>
<tr>
<td>* After Hours/Weekend</td>
</tr>
<tr>
<td>* Holiday</td>
</tr>
</tbody>
</table>

* Total fees will be based on a minimum of two (2) hours compensation.
Multi-family, Apartment, Commercial, School, and Park

<table>
<thead>
<tr>
<th>Hourly Charges Per Employee</th>
<th>Per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Work Hours</td>
<td>$ 79</td>
</tr>
<tr>
<td>* After Hours/Weekend</td>
<td>$ 105</td>
</tr>
<tr>
<td>* Holiday</td>
<td>$ 159</td>
</tr>
</tbody>
</table>

* Total fees will be based on a minimum of two (2) hours compensation.

**Emergency Work** - The District will provide emergency response and assistance including but not limited to damage to District facilities. Work will be performed by District staff using District owned equipment. If equipment other than District owned equipment is needed to facilitate repairs or replacements, the Contractor/Developer or Responsible Party will be liable for the actual rental cost in addition to the District’s fees. Materials obtained or provided by the District shall be billed at cost plus 15% administrative fees. The fees/rates listed below shall be used when billing for work performed by District staff.

<table>
<thead>
<tr>
<th>Hourly Charges Per Employee/Vehicle</th>
<th>Per Employee</th>
<th>Per Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Work Hours</td>
<td>$ 79</td>
<td>$55</td>
</tr>
<tr>
<td>* After Hours/Weekend</td>
<td>$ 105</td>
<td>$55</td>
</tr>
<tr>
<td>* Holiday</td>
<td>$ 159</td>
<td>$55</td>
</tr>
</tbody>
</table>

* Total fees will be based on a minimum of two (2) hours compensation.

**Tamper Fee** – Cost associated with tampering, removal, or intentional damage to District facilities. Work will be performed by District staff using District owned equipment. If equipment other than District owned equipment is needed to facilitate repairs or replacements, the Contractor/Developer or Responsible Party will be liable for the actual rental cost in addition to the District’s fees. Materials obtained or provided by CWD shall be billed at cost plus 15% administrative fees. The fees/rates listed below shall be used when billing for work performed by District staff. Additional collection fees may be applicable.

<table>
<thead>
<tr>
<th>Hourly Charges Per Employee/Vehicle</th>
<th>Per Employee</th>
<th>Per Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Work Hours</td>
<td>$ 79</td>
<td>$55</td>
</tr>
<tr>
<td>* After Hours/Weekend</td>
<td>$ 105</td>
<td>$55</td>
</tr>
<tr>
<td>* Holiday</td>
<td>$ 159</td>
<td>$55</td>
</tr>
</tbody>
</table>

* Total fees will be based on a minimum of two (2) hours compensation.

**Meter Downsize:** District customers may request to voluntarily downsize their connection. This downsize opportunity is available to the first 100 connections that request the meter downsize during the fiscal year. Property owner must sign agreement with District to downsize and must agree to the terms and conditions of service.

**NEW CONSTRUCTION SERVICES**
The District will provide inspections for owner/developer initiated installation and connection of water services, water mains and fire hydrants. Invoiced Inspection and Plan Check/Fire Flow Fees shall remain valid for a period of twelve (12) months from invoice date. If fees are not paid within the twelve (12) month timeframe, the District has the right to recalculate the fees to include any applicable increase/decrease. If fees have been paid but construction has not been completed within the twelve (12) month timeframe, the District has the right to recalculate the fees to include any applicable increase/decrease. All fees are due prior to project approval.
Inspection - The fees/rates listed below shall be used when billing for inspections performed by District staff.

<table>
<thead>
<tr>
<th>Hourly Charges Per Employee</th>
<th>Per Employee</th>
<th>Per Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Work Hours</td>
<td>$ 84</td>
<td>$ 55</td>
</tr>
<tr>
<td>After Hours/Weekend</td>
<td>$ 114</td>
<td>$ 55</td>
</tr>
<tr>
<td>Holiday</td>
<td>$ 174</td>
<td>$ 55</td>
</tr>
</tbody>
</table>

Plan Check/Fire Flow Fees - The District will provide Plan Check and Fire Flow Analysis for new construction and remodel projects. Minimum Plan Check and Fire Flow Analysis Fees shall be paid in advance. All fees must be paid before final plan approval and signature by the District. Developments that require District review and approval shall be charged at the inspection fee rate, subject to the following minimums:

<table>
<thead>
<tr>
<th>Residential Developments</th>
<th>Residential Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lots</td>
<td>Description</td>
</tr>
<tr>
<td>1 - 5</td>
<td>With no mainline extension, frontage improvements, or fire hydrants</td>
</tr>
<tr>
<td>1 - 5</td>
<td>With mainline extension, frontage improvements, or fire hydrants</td>
</tr>
<tr>
<td>6 or &gt;</td>
<td>With mainline extension, frontage improvements, or fire hydrants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size in Square Feet</td>
</tr>
<tr>
<td>0 - 3,000</td>
</tr>
<tr>
<td>3,001 - 6,000</td>
</tr>
<tr>
<td>6,001 or &gt;</td>
</tr>
</tbody>
</table>

| Fire Flow Fees          | $ 618    |

Capital Facilities Fees - The capital facilities fee (CFF) is a capacity charge related to capacity in the water system, including supply, treatment, storage, and distribution and charged for connecting a new service to the water system. The capital facilities fees are based on the 2015 Business Plan and Water Rate Study by The Reed Group, Inc. and were calculated based on the system buy-in methodology whereby the fee represents a proportionate share of the current value of water system capacity.

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Capital Facilities Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/4&quot;</td>
<td>$ 4,561</td>
</tr>
<tr>
<td>1&quot;</td>
<td>$ 7,601</td>
</tr>
<tr>
<td>1.5&quot;</td>
<td>$ 15,203</td>
</tr>
<tr>
<td>2&quot;</td>
<td>$ 24,324</td>
</tr>
<tr>
<td>3&quot;</td>
<td>$ 45,608</td>
</tr>
<tr>
<td>4&quot;</td>
<td>$ 76,014</td>
</tr>
<tr>
<td>6&quot;</td>
<td>$ 152,028</td>
</tr>
<tr>
<td>8&quot;</td>
<td>$ 243,245</td>
</tr>
</tbody>
</table>

Note: The CFF is calculated as of the date that the CFF is paid and is valid for a period of twelve (12) months from date of payment. If, for any reason, the connection is not made and service commenced within twelve (12) months from the date of payment, the District has the right to recalculate the CFF and, if an increase results from such recalculation, such increased CFF shall be due and payable before connection is made or service is commenced, whichever is the earlier to occur. Once the CFF is paid,
provided it has not expired as described above, the CFF applies only to, and runs with the legal parcel for which it was paid, and therefore cannot be applied to any other parcel or property.

**HYDRANT METER DEPOSITS, RENTAL, AND USE CHARGES**

**Rates:** Monthly service charge and consumptive fees based on current year fee schedule for commercial use. New rates will apply annually in conjunction with current fee schedule. See the Fiscal Year Water Rate Schedule for applicable service charge and consumptive rates.

**Permit Fee:** Administrative fee charged for each permit application.
  a) Deposit = $100

**Equipment Deposit:** A deposit is required for loss or damage sustained to meter and related equipment.
  a) Deposit = $1750

**BACKFLOW FEES**

**Annual Test:** The District will provide an annual backflow test to customers as per Carmichael Water District’s Cross-Connection Control Program. Testing may require the District to have access to locked facilities. If access is not obtained or the customer is non-responsive, additional fees may apply. The fee per test is based on administrative and testing costs incurred. The same fee will be assessed regardless of the assembly size.
  a) Fee per Test: $60

**Repair:** When it is determined that a backflow protection assembly has failed the annual test, the customer will be notified in writing and given 30 days to repair or replace the assembly. The customer is responsible for all necessary repairs, including replacement of the assembly. By the end of the 30 day period, the assembly must be retested to ensure the assembly is returned to proper operating condition.

**Retest:** When the assembly has been repaired or replaced the customer will notify the District to retest the assembly. The District will provide **one re-test at no additional charge** to the customer.

**Failure to Respond, Repair or Replace:** If the compliance date has passed without response, repair or replacement of the failed assembly, the District will begin the standard water shut off process with applicable fees (48 hour Notification, Disconnection, Reconnection – see Collections section).
EXISTING RESERVE POLICY
POLICY TITLE: Reserve Policy

POLICY NUMBER: 7170

7170.10 The 2015-2065 Master Plan, Business Plan and Water Rate Study under the Financial Business Plan framework section, was the basis used for this policy.

7170.20 The District's Reserve Policy and Exhibit A will be reviewed and approved annually by the Board of Directors, as part of the budget and rate setting process.
CARMICHAEL WATER DISTRICT  
Reserve Policy – Exhibit A

Purpose  
The key to long-term financial stability is the ability to anticipate and prepare for significant financial obligations, to avoid and/or mitigate financial risk and to be able to respond responsibly and proactively to changing conditions and circumstances.

To achieve these goals, a portion of the District’s cash should be held in reserve for specified purposes. The District has certain contractual, legal and other requirements to reserve cash and/or District capital, including debt covenants to satisfy specific claims on District assets or the District’s earning capability. Managing financial risk and providing stable funding to meet the District’s long-term replacement and rehabilitation needs will assist the District in minimizing water rates over the long-term and help ensure continued reliable water service.

This policy establishes funds to minimize adverse annual impacts from anticipated and unanticipated District expenses to mitigate and minimize risk and provide a mechanism to help ensure funding for long-term capital improvement needs.

Reserve Structure  
The Reserve Structure is comprised of the following:

Unrestricted Reserves:  
- General Operating Fund – The General Operating Fund is the primary fund within the District. Most of the water system’s revenues, including water rate revenues, flow into the General Operating Fund and all operating and maintenance costs, including debt service payments, are paid out of this fund. Funds are also transferred from the General Operating Fund to the Capital Fund to help pay for capital projects intended for new and replacement facilities.

Board Designated Reserves:  
- Capital Funds - Established by action of the Board and designated for specific purposes. This fund is utilized to fund capital and asset costs, for both new and replacement projects.

Legally Restricted Reserves  
- 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.

Policy  

Unrestricted Reserves  

A. General Operating Fund – The following reserve is established consistent with the 2015 Business Plan, to be included within the District’s overall General Operating Fund.
1. **Operating Reserve**: The purpose of the Operating Reserve is to provide sufficient funds for working capital and cash flow purposes, as well as funds for continued operation in the event of unplanned operating and maintenance expenditures. The District should maintain water rates and other revenues at such levels to maintain, at the end of each fiscal year, a minimum Operating Reserve balance equal to 33 percent of budgeted operating and maintenance costs, including debt service. This end-of-year balance is intended to ensure adequate cash is available at the times that debt service payments are due, as well as to meet other ongoing cash flow needs throughout the year.

This fund contains all operating and non-operating revenues not specifically allocable to other funds which may be used for the general purposes of the District. All operating and non-operating expenses identified and approved in the budget process, are financed from this fund. The use of the Operating Reserve is at Staff’s discretion for the purpose of meeting the District’s financial obligations during each year.

The Board of Directors should annually ensure that water rates and other charges are sufficient to meet or exceed the Operating Reserve target minimum balance at the end of each fiscal year.

If at any time, during the course of normal operations, the Operating Reserve falls below 10 percent of budgeted operating and maintenance costs, including debt service, then the District should consider increasing the minimum year-end target amount, as well as prepare cash flow projections to verify that financial obligations will be met in the current year.

**Board Designated Reserves**

B. **Capital Fund Reserves** – The following reserves are established by action of the Board and designated for specific purposes. These funds are utilized to fund capital and asset costs, for both new and replacement projects consistent with the 2015 Business Plan. The Capital Fund Reserves contain three reserve components.

1. **Membrane Replacement Reserve**: This is established to provide funds for the periodic replacement of membrane filters at the District’s water treatment plant. Annual funding of this reserve is intended to reduce the financial impacts of large (concentrated) membrane purchases, and smooth rate increases. Moneys in the Membrane Replacement Reserve should be used, at staff’s discretion, only for purchase of new membrane filters at the District’s WTP.

2. **Water Treatment Plant (WTP) Replacement Reserve**: This is established to provide funds for eventual replacement of equipment, facilities and structures. Annual funding of this reserve is intended to reduce the financial impacts of future large WTP replacement costs, as well as reduce or eliminate the need for future long-term debt.
Moneys in the WTP Replacement Reserve should be used only for improvements, upgrades, or replacement of equipment, facilities, and structures at the District’s WTP, as approved by the Board of Directors.

3. **Capital Replacement Reserve:** This is established to provide funds in support of the District’s on-going capital replacement program and to minimize or avoid the need for future long-term debt.

   The District should seek to maintain an amount in the Capital Replacement Reserve sufficient to cover annual capital replacement program costs, as scheduled, with consideration of annual contributions to the reserve. Funds in the Capital Replacement Reserves should be used exclusively for capital projects planned and approved by the Board of Directors.

   The District should establish an annual transfer of funds from the General Operating Fund at a level sufficient to achieve the required target amount as identified in long-term financial planning analyses. Water capital facilities fee revenue can also be deposited into the Capital Replacement Reserve, and used for capital projects.

   Actual annual transfers should be determined based on near-term and long-term capital replacement needs, and not solely on immediate capital improvement project requirements.

**Legally Restricted Reserves**

C. **Debt-Related Funds and Reserves** – The District recognizes that borrowing long-term funds for the purpose of enhancing, improving or acquiring infrastructure and facilities may be necessary. When the District determines that borrowing is necessary to fund such asset acquisitions, all funds borrowed should be accounted for in accordance with the covenants, terms and conditions as set forth in the bond agreement, Certificate of Participation Official Statement (COP’s), Installment Sales Agreement or other similar documents.

   The following District reserve and fund categories are established to meet long-term debt covenants and to assist the District in its long-term debt obligations:

1. **Rate Stabilization Reserve Fund:** A Rate Stabilization Reserve Fund was established and should be maintained to provide funds for meeting the District’s debt service coverage requirement. The District may deposit surplus Net Revenues transferred from the General Operating Fund attributable to a fiscal year, or moneys derived from any other legally available source, into the Rate Stabilization Reserve Fund. The District may, at any time, withdraw moneys from the Rate Stabilization Reserve Fund and deposit such amounts into the General Operating Fund. For purposes of debt service coverage, moneys deposited into the Rate Stabilization Reserve Fund shall be deducted from Net Revenues and moneys withdrawn from the Rate Stabilization Reserve Fund shall be added to Net Revenues.
Use of the Rate Stabilization Reserve Fund may concurrently ensure financial and customer rate stability in responding to conditions including but not limited to:

a. Unforeseen operating and/or capital expenditures.
b. Revenue losses due to water shortages, drought or other conditions.
c. Natural or man-made disasters.
d. Major transmission or distribution main failures.

The 2015 Business Plan includes a water shortage financial analysis and recommends a multi-prong financial strategy, which includes using a portion of money available in the Rate Stabilization Reserve Fund to help mitigate the financial impacts of a water shortage and reduced water sales that create an unplanned financial deficit.

As described in the 2015 Business Plan, under water shortage conditions with mandatory water use restrictions, the Rate Stabilization Reserve Fund could be used in conjunction with water shortage rate surcharges.

Funding and usage of the Rate Stabilization Reserve Fund should be by action of the Board of Directors.

2. Debt Service Reserve Fund: A Debt Service Reserve Fund has been established and is used to maintain the Reserve Requirement, as required by existing COP’s and related documents. The Debt Service Reserve Fund is held and maintained by a Trustee for the District. Funding and usage of the Debt Service Reserve Fund should be consistent with debt covenants.

D. OPEB Reserve Trust Account – The District recognizes its commitments to employees for post-employment benefits and establishes an OPEB Reserve Trust Account, (held by an outside trustee). The district will begin annual funding until the unfunded liability is fully funded.

Conclusion

The 2015 Business Plan outlines the necessary reserves targets needed to meet current and future obligations. Maintaining, regularly updating, and adhering to an appropriately constructed reserve policy is a good business practice recognized by the Government Finance Officers Association, and is among the factors considered by the credit rating and investment community when assessing the credit-worthiness of the District. Therefore, the adequacy of the target reserves and/or annual contributions will be reviewed annually during the budgeting and rate setting process and may be revised as necessary.

Any additional revenue sources that become available may enable the District to:

a. Fund depleted or unfunded reserves; and
b. Reduce future rate increases when reserve targets are met.
# CARMICHAEL WATER DISTRICT
## FY 2016-2017 RESERVE REQUIREMENTS
### MAY 2017

*Per District Policy #7170 (Reserve Policy) adopted May 16, 2016, a portion of the District’s cash should be held in reserve for specified purposes. The below analysis of the District’s cash balances helps determine compliance with the policy and can be utilized as a factor in determining the long-term financial stability of the District:

### CASH RESERVE REQUIREMENTS

<table>
<thead>
<tr>
<th>Reserves</th>
<th>Target Amount as of 5-31-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted Reserves:</strong></td>
<td></td>
</tr>
<tr>
<td>Operating Reserve (33% of Budgeted O&amp;M Costs Including Debt Service)</td>
<td>$2,887,666</td>
</tr>
<tr>
<td><strong>Board Designated Reserves:</strong></td>
<td></td>
</tr>
<tr>
<td>Membrane Replacement Reserve (Membrane Bank Account Balance)</td>
<td>541,679</td>
</tr>
<tr>
<td>Capital Replacement Reserve (Facilities Fees Bank Account Balance)</td>
<td>189,954</td>
</tr>
<tr>
<td><strong>Legally Restricted Reserves:</strong></td>
<td></td>
</tr>
<tr>
<td>Rate Stabilization Reserve Fund (Calculated Portion of LAIF)</td>
<td>505,744</td>
</tr>
<tr>
<td>Debt Service Reserve Fund (COP Reserve and Installment Payment Accounts)</td>
<td>2,211,522</td>
</tr>
<tr>
<td>OPEB Reserve Trust Account (Bank Account Balance)</td>
<td>464,493</td>
</tr>
<tr>
<td><strong>TOTAL TARGETED CASH RESERVE REQUIREMENTS (5-31-17)</strong></td>
<td><strong>$6,801,057</strong></td>
</tr>
</tbody>
</table>

### CASH BALANCE

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount as of 5-31-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund (Unrestricted)</td>
<td>$3,254,399</td>
</tr>
<tr>
<td>LAIF (Unrestricted)</td>
<td>1,314,417</td>
</tr>
<tr>
<td>LAIF - Rate Stabilization (Board Designated)</td>
<td>505,744</td>
</tr>
<tr>
<td>Membrane Replacement (Board Designated)</td>
<td>541,679</td>
</tr>
<tr>
<td>Facilities Fees (Board Designated)</td>
<td>189,954</td>
</tr>
<tr>
<td>Debt Service (Legally Restricted)</td>
<td>2,211,522</td>
</tr>
<tr>
<td>OPEB Trust (Legally Restricted)</td>
<td>464,493</td>
</tr>
<tr>
<td><strong>TOTAL CASH BALANCE (5-31-17)</strong></td>
<td><strong>$8,482,207</strong></td>
</tr>
</tbody>
</table>

### CASH SURPLUS (SHORTFALL) | **$1,681,150**