

*Upper District*

# Budget

Fiscal Year 2020/21

June 10, 2020

# Staff Report

# Table of Contents

	<u>Page</u>
I. About Upper District	
A. District Profile	1
B. Vision, Mission and Core Values	4
C. Strategic Plan	4
D. Major Accomplishments	5
E. Financial Policies	9
II. Budget Process and Controls	10
III. Uses of Funds	
A. Purchased Water Costs	12
B. Capital Costs	13
C. Storm Water Capture Program	16
D. Recycling Operations	16
E. Water Use Efficiency	16
F. Education and Outreach	19
G. Water Quality and Supply	21
H. Administration	21
IV. Sources of Funds	
A. Water Sales	22
B. Upper District Standby Charge	24
C. MWD Standby Charge	24
D. Water Use Efficiency	25
E. Other Revenues/Reserves	25
V. Fund Balances	26
VI. Potential Future Capital Outlays	27
VII. Debt Service Coverage Ratio	28
VIII. 2019 Water Rates	29
IX. Budget Tables	30

# About Upper District

## District Profile

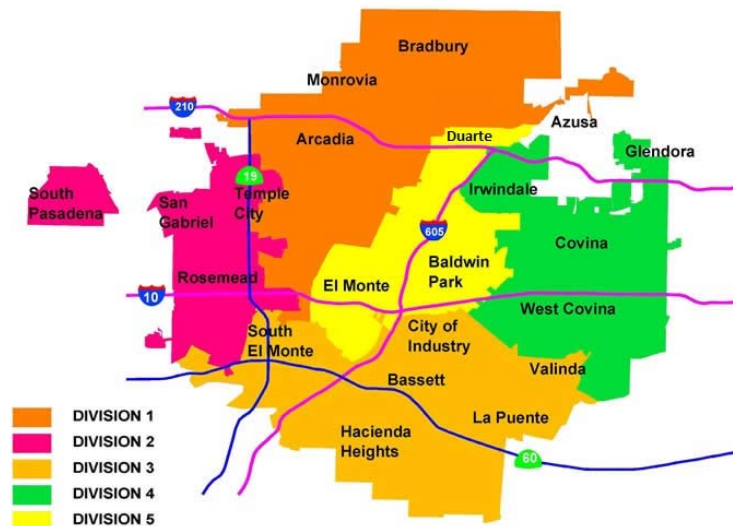
### History

Upper District, formed by voters in the San Gabriel Valley on December 8, 1959 to help solve water problems in the rapidly developing San Gabriel Valley, was later incorporated in 1960. On March 12, 1963, residents of the District voted to annex to the Metropolitan Water District of Southern California (Metropolitan), to provide supplemental water, first from the Colorado River and later the State Water Project, to replenish local groundwater supplies.

The Upper District played a vital role in determining water rights within the Main San Gabriel Basin by acting as plaintiff in the 1973 court case of the Upper San Gabriel Valley Municipal Water District, Plaintiff, v. City of Alhambra, et al, Defendants. This case brought about the creation of the Main San Gabriel Basin Watermaster (Watermaster) to administer and enforce provisions of the Judgment.

### Service Area

Five elected Directors, each serving a 4-year term and representing a designated geographic area within the Upper District's boundaries, govern the Upper District. Most of the water imported into the Upper District service area is used to replenish the Main San Gabriel Groundwater Basin. A small percentage is purchased by city water departments and private water utilities for direct sale to customers.



## Board of Directors



Division 1 – Director Dr. Anthony R. Fellow  
Representing all or parts of Arcadia, Bradbury,  
El Monte, Monrovia, Rosemead and Temple City



Division 2 – Director Charles M. Treviño  
Representing all or parts of Arcadia, Rosemead, San Gabriel,  
South Pasadena, South San Gabriel and Temple City



Division 3 – Director Ed Chavez  
Representing all or parts of Avocado Heights, Bassett, City of  
Industry, Hacienda Heights, La Puente, North Whittier, Spy  
Glass Hill, South El Monte, Valinda and West Covina

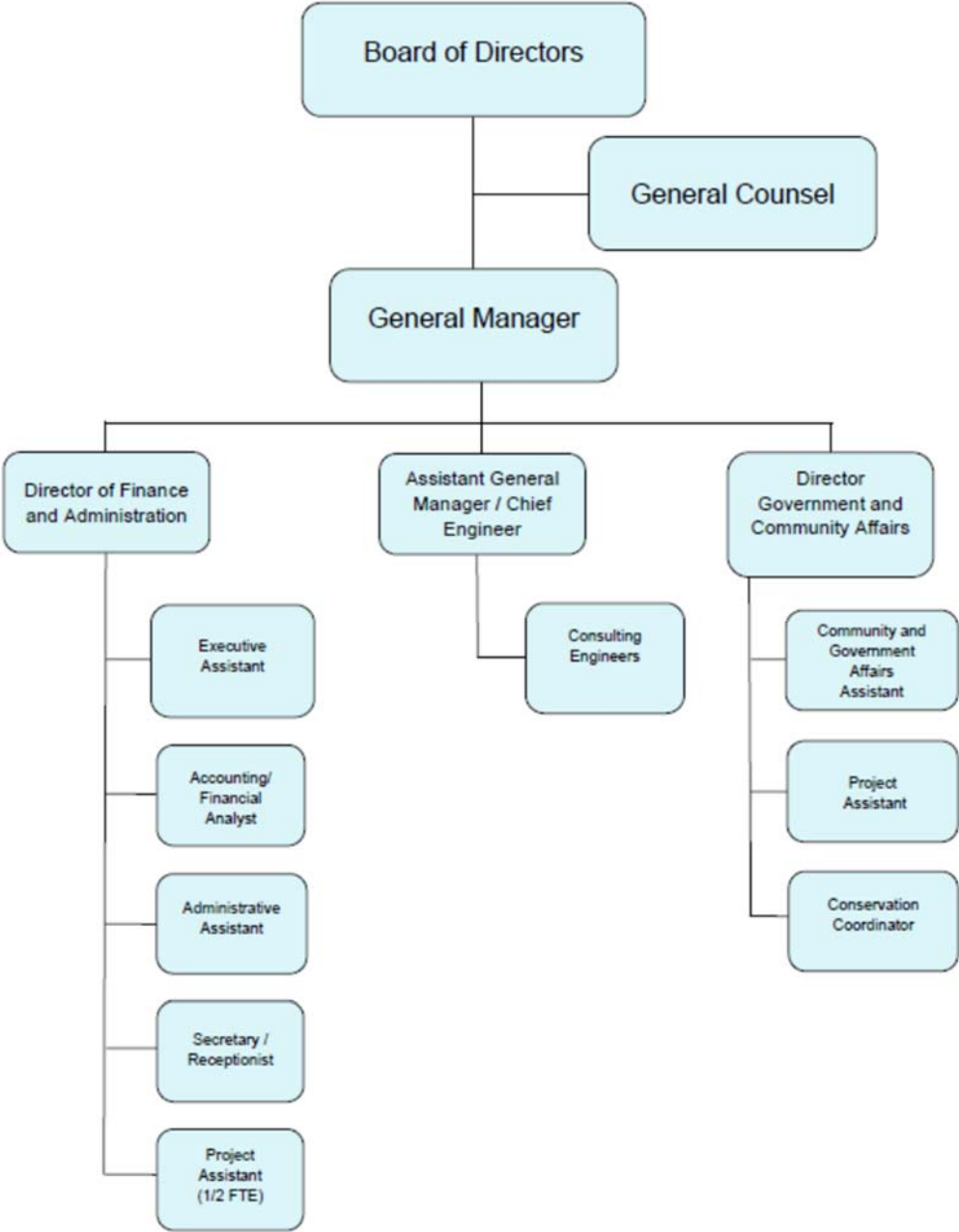


Division 4 – Director Alfonso Contreras  
Representing all or parts of Azusa, Baldwin Park, Covina,  
Glendora, Irwindale and West Covina



Division 5 – Director Jennifer Santana  
Representing all or parts of Baldwin Park, Duarte, El Monte and  
Irwindale

Organization Chart



As the chart above shows, Upper District has a relatively small workforce of 11.5 full-time equivalents (FTEs) working to implement Upper District’s program initiatives and goals. No additional positions are budgeted for fiscal year 2020/21.

## **Vision**

Upper District aims to support a high quality of life in the greater San Gabriel Valley by providing valued water services.

## **Mission**

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

## **Core Values**

The Upper District team, consisting of Board and staff, will embody the following core values in conducting the business of the district:

- Transparency – Our team will interact with all in a fair, open and honest manner.
- Professionalism – Our team will professionally, respectfully, and responsively serve the needs of its customers.
- Integrity – Our team will consistently adhere to high moral and ethical principles.
- Collaborative – Our team is collaborative, supporting each other's efforts, loyal to one another, and cares for each other both personally and professionally.
- Innovative – Our team will encourage and value the introduction of new ideas and methods.

## **Strategic Plan**

Upper District reassessed its mission, vision, goals and objectives and adopted a five-year strategic plan in March 2019 to provide a long-term perspective for service delivery and financial management.

Upper District's strategic plan is intended to be a living document and includes the following high-level goals: water reliability, financial integrity, workforce and governance, and community representation and engagement.

## Major Accomplishments

### Planning

In January 2013, Upper District's Board of Directors developed and approved the San Gabriel Valley's first Integrated Resources Plan (IRP), providing a roadmap to a diversified and sustainable water supply future. The IRP examines both demand-side and supply-side options, views water more holistically and interconnected, addresses multiple goals, and incorporates risks and uncertainties that may occur in the future.

Upper District is in the process of updating the District's IRP, in conjunction with Metropolitan's IRP update, to reflect the changing parameters and factors affecting the water supply portfolio. The District's updated IRP is expected to be completed in FY 2020/21.

### Imported Water

Upper District championed policies to support sustainable groundwater management and fair treatment of San Gabriel Valley ratepayers and taxpayers. During the unprecedented drought in California's history that started in 2012, Upper District managed to store additional supplies of water.

The cyclic storage agreement, executed by Upper District, Metropolitan and Watermaster and last amended in July 2017, allows Metropolitan to deliver water to the Main San Gabriel Basin (Basin) in advance of demand for water by Watermaster and Upper District. In November 2017, Upper District and Metropolitan executed a letter agreement setting a five-year payment schedule for the cyclic water delivered to the Basin during calendar year 2017 and 2018, totaling about 80,000 acre-feet. In September 2019, Upper District and Metropolitan executed a second letter agreement setting the five-year payment schedule for cyclic water delivered to the Basin in 2019 totaling about 104,000 acre-feet.

Upper District may consider future "pre-emptive" imported water deliveries while Metropolitan has supplies available and can affect deliveries. These future decisions may be economically viable utilizing District reserves and continue the vision of a "wet water"-based management solutions.



## Recycled Water

Upper District continued to advance the Indirect Reuse Replenishment Project (IRRP) to final design, permitting and environmental review discussions. The original full-scale IRRP included a pump station at the San Jose Creek Water Reclamation Plant and nine miles of 36" pipeline in a general alignment northbound along the San Gabriel River to the Santa Fe Spreading Grounds, just south of the 210/605 freeway interchange, with an estimated cost of \$65 million. The IRRP project has been placed on hold as the District evaluates the full availability of tertiary treated wastewater and alternative project configurations or partnerships regarding the regional, large-scale Advanced Treated Wastewater project, currently in "proof of concept" discussion.

Upper District is working with local water purveyors and property owners to increase the use of recycled water in the region. Upper District continues to support the efforts of retail water providers that are developing recycled water facilities in El Monte and South El Monte and in La Puente and Industry by providing services for environmental permitting, design, and grants.

## Stormwater

Upper District continued to assist the San Gabriel Valley Council of Governments in developing strategies toward reaching MS4 stormwater permit compliance issued by the Los Angeles Regional Water Quality Control Board. The SGV COG advanced four bills in the State Legislature to address issues related to storm water cleanup.

## Conservation

Upper District's dynamic public outreach programs continue to enhance the performance of its conservation rebate programs. During the last five years, rebate programs provided \$5.80 million to San Gabriel Valley residents for water efficient devices and turf removal, generating a lifetime water savings of about 11,497 acre-feet. In fiscal year 2019/20 Upper District staff provided public information booths at 80 community events.

Upper District's water use efficiency efforts have been an effective approach to conserving significant quantities of water. Since 1992, the Upper District's water use efficiency program has yielded close to 79,059 acre-feet (26 billion gallons) of lifetime water savings. Upper District's dynamic conservation efforts has already achieved a cumulative water savings of 6,637 acre-feet per year, surpassing its active conservation goal of 5,000 acre-feet by 2035 set forth in the Integrated Resources Plan.

In FY 2018/19 Upper District unveiled two new conservation programs utilizing MWD's member agency allocation funds. The Plant Voucher Pilot program and the Water Bottle Fill Station program are first of its kind conservation programs. The Plant Voucher Pilot program was announced to the residents in the Spring of 2019 and authorized the funding of 300 vouchers of \$250 value for drought tolerant plants at a local nursery.

The Water Bottle Fill Station Pilot program authorized 10 units to be installed throughout Upper District's service area. These units were installed at city facilities, libraries and school sites. The program was highly successful and in January 2020, the Board of Directors authorized an additional round of funding to create a cost sharing partnership with Upper District retailers.

While local areas experienced significant snow and rainfall in the past year, groundwater storage remains depleted in many areas due to the continued impact of the prolonged drought. Hydrologic conditions are subject to change and, while recent precipitation helped improve water supply conditions, the Upper District recognizes the need to continue building on its conservation efforts by emphasizing water efficient practices as a continued way of life for its residents and businesses.

### Education & Community Outreach

Upper District implements a variety of education programs including a "Water is Life" student art contest, Water Education Grant Program (WEGP), sponsorship of Solar Cup high school teams, and 4<sup>th</sup> - 6<sup>th</sup> Grade Sustainable Watershed Education Program. The WEGP offers teachers grants of up to \$1,000 for implementing water-related curriculum or projects. Sixteen WEGP applicants received a total of \$14,641 in grants for FY 2018/19 that directly involved 1,895 students. The 4<sup>th</sup>-6<sup>th</sup> Grade Sustainable Watershed Education Program served 9,795 students throughout the San Gabriel Valley. Public workshops covering water efficient landscaping, turf removal, and leak detection for both residents and businesses were offered. All classes were provided free of charge, with some of the classes also presented in Mandarin. A total of 257 individuals attended seven workshops hosted by the Upper District during FY 2018/19.

Upper District's Watershed Restoration Program, hosted in partnership with the U.S. Forest Service, actively engages volunteers with tree planting and clean-up efforts within the San Gabriel River watershed. During FY 2018/19, 227 volunteers contributed 908 volunteer hours, including the planting of 647 tree saplings and collecting 180 lbs. of garbage. Since the start of the program in 1991, approximately 13,500 volunteers have planted over 140,000 tree saplings

and collected over 4,865 lbs. of garbage. In January 2016, Upper District received a \$65,000 grant in Proposition 1 funds from the California Department of Fish & Wildlife (CDFW) to assist with program costs and extend watershed restoration efforts. The watershed work conducted as part of this grant was successfully completed during FY 2018/19 and brought to a close.

Continuing its partnership with the Los Angeles County Department of Parks and Recreation, Upper District hosted its annual WaterFest in October 2019 which drew over 25,000 participants. The educational event featured interactive booths, environmental displays, informative presentations, and free water-saving materials. The 2019 event was also the opening celebration for Upper District's 60<sup>th</sup> Anniversary. The event was held at the Arcadia County Park and included the participation of Assemblymember Ed Chau, L.A. County Supervisor Kathryn Barger's field staff, Senator Susan Rubio's field staff and Arcadia Mayor April Verlato were present to kick off the 60<sup>th</sup> Anniversary celebration. The Board of Directors also unveiled a commemorative 60<sup>th</sup> anniversary logo that will be used throughout the 2020 year to mark the agency's date of incorporation.

### Government Affairs

At the conclusion of the 2019 legislative year, Upper District's Board of Directors supported legislation that: advanced water use efficiency and conservation through local control; advocated for federal and state increased funding for the development of recycled water and desalination projects; and supported legislation that would have assisted cities in their efforts to meet stormwater capture mandates.

In February 2019, Upper District's Board of Directors adopted the 2019/20 Legislative Policy Principles which coincide with the start of the new legislative session. Upper District will continue to engage on issues that will advance the sustainability goals of the San Gabriel Watershed, and advocate positions that are consistent with Upper District's mission. Key policy issues include: CA Water Fix, stormwater and wastewater discharge, funding alternatives for safe drinking water for disadvantaged communities, water quality, recycled water, water efficiency standards and tax exemptions for water efficiency incentives.

## **Financial Policies**

### Investment Policy

Annually, the Board of Directors adopts an investment policy consistent with the requirements of the California Government Code. In order of priority, three fundamental criteria are followed by the Upper District in the investment program:

- (a) *Safety of Principal* - Investments shall be undertaken in a manner that first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio.
- (b) *Liquidity* - Investments shall be made so that the maturity date is compatible with cash flow needs and safety of principal.
- (c) *Return on Investment* - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

### Minimum Reserves

The primary operational risk Upper District is exposed to is a water system failure for an extended period (e.g. inability to deliver imported water after a catastrophic earthquake that damages the imported water system). To ensure its ability to support operations in the absence of cash flow from water sales for an extended period, the Board of Directors set the minimum operating reserves at \$4.26 million, equivalent to one year's worth of surcharge and net recycled water operating revenues.

# Budget Process and Controls

Budgets are often used as a performance tool for measuring accountability of public agencies to its stakeholders. Upper District annually adopts a budget not only as a management tool for planning and control purposes but also to demonstrate its commitment to fiscal responsibility and transparency. Upper District also uses the budget as a communication tool that shows how the District intends to allocate its resources in support of its mission, goals and objectives.

Developing and monitoring the budget is an ongoing process. Upper District conducts a series of budget workshops to encourage stakeholder participation and input prior to adoption of the final budget. Monthly financial statements showing budget-to-actual comparison and analysis are presented to management and the Board of Directors to facilitate review and assessment throughout the fiscal year.

## Timeline

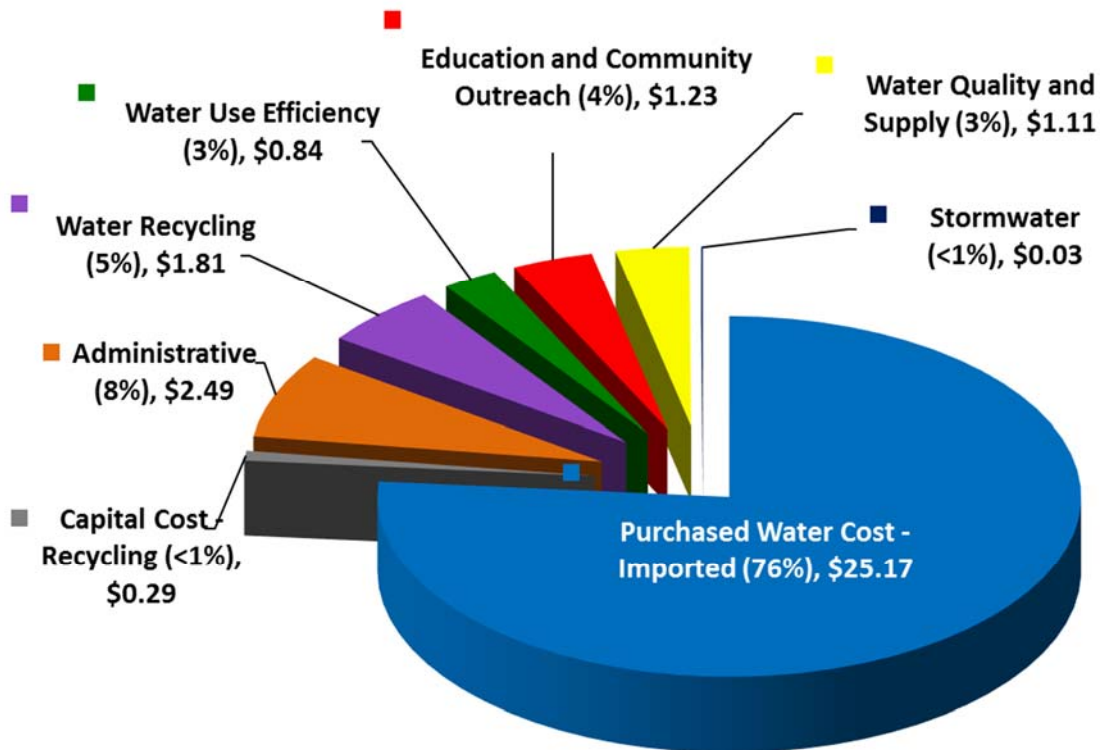
Upper District's budget process begins in December of each year and is a product of a comprehensive team effort between departments as shown on the following budget calendar:

- December                      Finance Department begins working with program managers to develop year-end projections for the current fiscal year.
- January                         Program managers update goals and objectives and develop proposed initiatives for the coming fiscal year.
- February                        Program managers present preliminary budgets to respective committees.
- March - April                 A consolidated draft of Upper District's proposed budget for the coming fiscal year is presented to the Administration and Finance Committee.
- April - May                     Proposed budget is presented to the producers. If needed, budget revisions are made prior to the 2<sup>nd</sup> presentation of the budget to the Administration and Finance Committee.
- May - June                      Staff presents next fiscal year's proposed budget and next calendar year's proposed water rates to the Board of Directors with a recommendation for adoption.

# Uses of Funds

Uses of funds for the proposed 2020/21 budget total \$32.96 million, about \$6.62 million lower than current year's budget of \$39.58 million. This includes reductions in certain administrative and program expenses totaling \$0.80 million in order to meet the minimum debt service coverage ratio without increasing the current surcharge on imported water sales of \$103 per acre-foot. Figure 1 illustrates the total uses of funds.

Figure 1. Uses of Funds



## Purchased Water Costs

### Imported Supplies

Under the current purchase order with Metropolitan, Upper District has the ability to purchase about 67,200 acre-feet per year of the less expensive Tier 1 water through 2024. FY 2020/21 budgeted sales consist of 3,000 acre-feet of Tier 1 treated water and 25,600 acre-feet of Tier 1 full service untreated water.

In April 2020, Metropolitan adopted its biennial budget for FY 2020/21 and 2021/22 along with the water rates and charges for calendar year 2021 and 2022. The budget and rates were approved along with a condition to revisit them no later than September 2020 to consider impacts resulting from the COVID-19 crisis. Metropolitan's Tier 1 treated water rate will increase from \$1,078 to \$1,104 per acre-foot. Tier 1 untreated water rate will increase from \$755 to \$777 per acre-foot effective January 1, 2021. From 2007 through 2021, the marginal cost of untreated water from Metropolitan increased from \$238 to \$777 (or 326%).

In May 2017, Watermaster approved the implementation of the water resource development assessment to purchase untreated imported water for stormwater augmentation (RDA II). The implementation of the RDA II assessment to purchase water is part of Watermaster's Drought Management Plan to address the rapidly declining Basin levels that threaten producers' ability to pump groundwater from the Basin. During 2017/18, Upper District delivered a total of 19,300 acre-feet of untreated water to meet Watermaster's order for RDA II water and various producers order for cyclic storage water. By the end of the current fiscal year, Upper District anticipates to deliver a total of 28,600 acre-feet of untreated water, or 6,500 acre-feet less than budget. Current year deliveries consist of 20,000 acre-feet RDA II water and pre-deliveries to producer cyclic storage accounts of about 8,600 acre-feet.

For FY 2020/21, anticipated untreated water deliveries total 25,600 acre-feet, or about 9,500 acre-feet less than the current year's budget. The combined effects of the lower untreated water deliveries for FY 2020/21 and the increase in Metropolitan's water rates in 2021 will reduce total purchased water cost for imported supplies by about \$6.25 million or about 22%.

Metropolitan imposes capacity charge to recover costs incurred in providing capacity within its distribution system. This charge is based on a three-year trailing peak day demand, measured in cubic foot per second (CFS) during the May 1 through September 30 period. The capacity charge aims to encourage Metropolitan sub-agencies to shift demands from the peak summer months. For calendar year 2021, Metropolitan used the three-year period ended December 31, 2019 and the peak summer demand that occurred on September 21, 2019 to levy the capacity charge. Metropolitan's capacity charge will increase from \$8,800 per CFS to \$10,700 per CFS effective January 1, 2021.

The Metropolitan also levies a Readiness-to-Serve (RTS) charge on its member agencies to pay for emergency and standby service. The RTS charge will increase from \$1.98 million to \$2.21 million in FY 2020/21.

In 2015, Upper District started pre-purchasing untreated water for storage in response to the rapidly falling Basin levels and lack of local precipitation. Upper District started FY 2019/20 with a little over 11,600 acre-feet of water held in storage and will end the fiscal year with about 8,000 acre-feet in storage after using about 3,600 acre-feet of water to meet current year's demand.

### Recycled Supplies

Recycled water demand is anticipated to range between 2,000 and 2,400 acre-feet for FY 2020/21. The combined effects of anticipated increases in per acre-foot cost of recycled water supplied by Central Basin Municipal Water District, Sanitation Districts of Los Angeles County (Sanitation Districts) and City of Industry will translate to an overall reduction in purchased recycled water cost of about 5% in FY 2020/21.

## **Capital Costs**

While significant permitting efforts for the Indirect Reuse Replenishment Project (IRRP) were performed, coordination and review efforts are anticipated to continue until a record of understanding may be established with the regulatory and permit agencies. For FY 2020/21, \$10,000 has been set aside for the remaining tasks. These efforts will allow for future discussions regarding the original and/or modified IRRP project.



## Recycled Water Programs

### *Direct Reuse*

The Direct Reuse Program provided for the phased construction of a recycled water distribution system used to provide water for irrigation purposes. The system includes over 20 miles of 4” to 24” pipelines; several pump stations and a 2-million-gallon reservoir. This system is anticipated to serve about three million gallons per day or 3,000 acre-feet per year, directly offsetting the need to import increasingly expensive imported water.

On June 19, 2015, South Hills High School (South Hills) began irrigating with recycled water. South Hills is the final site to be connected under the Package 3 and 4 Customer Retrofits Project, bringing total completed retrofits to 21. Opportunities to develop additional direct reuse facilities have been carefully studied. However, due to the success of water conservation efforts during the drought, indoor water use and therefore wastewater flows necessary to produce recycled water, are significantly lower than in previous years. The lack of available recycled water supplies in the Upper Area of the San Gabriel River Watershed calls for the delivery of recycled water from much lower in the watershed.

Upper District started the current fiscal year with total direct reuse capital assets of \$52.11 million with a net carrying value of \$43.67 million.

### *Prop 84 Recycled Water Projects*

Three projects submitted by Upper District as part of the Proposition 84 Round 3 Part 1 funding were among the Greater Los Angeles Integrated Regional Water Management Program (IRWMP) projects selected for grant funding: Rose Hills - up to \$0.50 million; San Gabriel Valley Water Company’s (SGVWC) South El Monte and El Monte Extension – up to \$1.28 million; and La Puente Valley County Water District (LPVCWD) – up to \$0.43 million.

Completed in May 2016, Rose Hills’ final retrofit site will increase the use of recycled water for irrigation purposes by about 600 acre-feet per year (AFY).

SGVWC completed construction of the South El Monte Project in November 2017, estimated to generate about 95 AFY of recycled water for irrigation. Subsequent to the approval of the wastewater change petition, the individual service connections were completed with full deliveries initiated in 2019.

LPVCWD has completed the design of the initial phase of its expansion project. Working with Upper District, LPVCWD is now in the final stages of its LRP application with Metropolitan.

Subsequent to the approval of the wastewater change petition, the LPVCWD Board of Directors awarded a construction contract in December 2019. Construction activities began in April 2020, with completion anticipated in early FY 2020/21.

#### *Whittier Narrows Pump Station*

Upper District and the Sanitation Districts evaluated the conditions of the pumps, motors, and electrical motor drives at the Whittier Narrows recycled water pump station. While the pumps and motors have been found to be operating normally, one of the four (4) variable frequency drives (VFD's) that power the pump motors has had electrical drive component failures. The District replaced all four variable frequency drives completing the construction project in FY 18/19. The FY 2020/21 budget includes \$0.10 million for additional component replacements of the Whittier Narrows Recycled Water Pump Station.

#### *Indirect Reuse Action Plan*

On December 6, 2011, the Board adopted an Indirect Reuse Action Plan (IRAP) which set forth 16 specific tasks to complete the Upper District's Indirect Reuse Replenishment Project (IRRP). Staff completed the first seven tasks to advance the project in 2014 and most of the environmental tasks during FY 2018/19. With the IRRP currently on hold, staff is contemplating a new task, Task 17- MWD Pipeline Alternative Study, to formally evaluate design and construction differentials in a comparative manner to the potential "Carson Initiative" from Metropolitan. This project, also called the Regional Recycled Water Program, aims to develop a new regional water source that can potentially provide 168,000 acre-feet of water per year.

Upper District was awarded four grants: two grants from the WasteReuse Research Foundation totaling \$490,000 toward Task 3 and 4, a USBR Title XVI grant for \$150,000 which partially offset the costs of the feasibility analysis required to qualify for federal funding under Title XVI, and \$150,000 from Metropolitan's FAF Program. In total, Upper District has successfully secured \$790,000 in grant funding toward the IRRP project so far.

#### New Headquarters

In 2011, Upper District relocated its offices from the El Monte property it previously owned to a leased commercial space in Monrovia. At the Board's direction, staff evaluated options for the El Monte property culminating in the sale of the property in December 2017.

During the 2018 strategic planning sessions, development of a strategy for a permanent office space for Upper District has been discussed and identified as a top priority. An architectural

firm was retained to prepare an architectural needs assessment and conceptual master plan for the District's headquarters.

In April 2020, the District successfully negotiated and completed the purchase of a commercial building located in Monrovia, California for \$3.53 million. Tenant transitions are in process and District staff is focusing on the design and construction of the required improvements. It is anticipated that these tasks will be completed over the next two fiscal years within a capital budget of \$3 million. None of this estimated amount has been included in the budget for FY 2020/21 budget pending finalization of the architectural design and plans for the renovation of the building.

## **Storm Water Capture Program**

Upper District will continue to work closely with Watermaster, LA County Flood Control District, the Army Corps and San Gabriel Valley cities to continue the development practical ways to clean up and capture storm water. Fiscal year 2020/21 budget includes storm water capture program expenses of \$0.03 million consisting of estimated staff time.

## **Recycling Operations**

Recycled water program expenses, excluding cost of purchased water, amount to about \$1.34 million for fiscal year 2020/21. This amount consists of State Revolving Fund (SRF) debt service amounting to \$0.79 million and engineering support and operation and maintenance expenses totaling \$0.55 million.

To keep overall service costs low and not unnecessarily duplicate resources, Upper District contracts with the producers to operate and maintain the recycled water system that provides irrigation water in their respective services areas.

Upper District's existing SRF debt of about \$9.22 million as of June 30, 2019 has a twenty-year term at zero percent nominal interest.

## **Water Use Efficiency**

The early decades of the Water Use Efficiency (WUE) Program focused heavily on indoor residential water use, principally through water efficient toilet (PHET/HET/ULFT) giveaways which resulted in the distribution of over 42,000 water efficient toilets. The WUE Master Plan

showed that Upper District's service area is well saturated with water efficient toilets (over 80%) and led to a shift in program emphasis toward outdoor water use efficiency.

Upper District continues to effectively leverage regional funding offered through Metropolitan's Member Agency Administered (MAA) allocation program. The MAA program offers funding for WUE programs administered directly by member agencies or their retailers. Stringent guidelines over the past few years have curtailed producer participation in utilizing MAA funding for implementing WUE programs. Recent changes to MAA funding guidelines offer more flexibility in program implementation and increased member agency and purveyor utilization of funds. For FY 2019/20 \$319,000 in MAA funding was utilized to leverage and expand Upper District and producer administered WUE programs.

During FY 2018/19, Upper District initiated a Water Filling Station Pilot Program which was primarily funded through Metropolitan's MAA allocation program. Installation of water bottle filling stations occurred at schools and other public high foot-traffic venues within the service area. The program raises awareness about sustainability, reduces the amount of disposable one-time use plastic bottles, and results in water savings from reduced plastic bottle production. Originally slated to provide 10 fill stations, the success of the program garnered substantial interest from the water producers resulting in co-funding partnerships and, subsequently, considerable expansion of the program during FY 2019/20 and into FY 2020/21 that will result in at least another 40 water fill stations to be provided.

The Upper District also successfully implemented its Residential Plant Voucher Program in FY 2018/19 which continued through FY 2019/20. The Residential Plant Voucher Program offered qualifying residents a voucher redeemable for up to \$250 worth of approved water efficient, climate-appropriate plants to help transform their yards into beautiful water efficient landscapes. The program was a unique approach to incentivizing and inspiring residents to transform their yards into climate-appropriate water efficient landscapes. A total of 282 vouchers were issued, of which 239 vouchers were claimed, providing homeowners with 3,708 plants from 208 water efficient varieties.

For FY 2020/21 the Upper District plans to conduct a new innovative WUE program called *6 for 60*, a direct installation program that offers qualifying residents an opportunity to choose a variety of water efficient items to be installed at their home, free of charge, by a licensed contractor. This cutting-edge program focuses on bringing water use efficiency to households within Upper District's underserved communities.

Upper District’s purveyors have the option to provide co-funding to increase rebate incentive amounts offered on water efficient devices received by their customers participating in the So Cal WaterSmart regional rebate program. Approximately \$12,000 in co-funding was provided by purveyors during FY 2019/20. Staff estimates approximately \$40,000 of rebate co-funding from Upper District purveyors for FY 2020/21.

It is important to note that the WUE budget remains highly dependent on outside funding. About \$400,000 is expected to come from Metropolitan’s MAA program to partially fund the District’s FY 2020/21 Water Use Efficiency Program expenses.

Table 1 summarizes the proposed budget and sources of funding for the FY 2020/21 Water Use Efficiency Program. Depending on further input from the producers, and consideration by the Board, the emphasis on how the budget allocates resources among the different WUE programs may change during the year.

**Table 1. Water Use Efficiency Program**

CATEGORY	FY 2020/21 Budget		
	Total Program Costs (TPC)	USGVMWD Cost (UDC) Portion	Other Agencies Costs (OAC) Portion
<b><u>Residential Programs</u></b>			
Member Agency Administered Programs	\$ 305,000	\$ 25,000	\$ 280,000
Regional Rebate Program	20,000	-	20,000
<b><u>Commercial/Industrial/Institutional (CII) Rebate Programs</u></b>			
Member Agency Administered Programs	80,000	20,000	60,000
Regional Rebate Program	20,000	-	20,000
<b><u>Landscape Programs</u></b>			
Landscape Retrofit/Water Surveys Program	30,000	30,000	-
Member Agency Administered Programs	60,000	-	60,000
Other Programs	-	-	-
<b><u>Salaries and Overhead</u></b>			
	325,500	325,500	-
<b>Total</b>	<b>\$ 840,500</b>	<b>\$ 400,500</b>	<b>\$ 440,000</b>

## Education and Outreach

The Education and Outreach Program provides resources to schools, cities, community groups and organizations interested in learning about water use efficiency, sustainable watershed management, as well as storm water capture and water treatment.

Upper District understands the need to continue promoting water efficient practices as a way of life for its residents and businesses. Upper District remains steadfast in its public awareness efforts about the importance of water conservation. However, the recent COVID-19 pandemic has changed the landscape for public outreach as the effects of social distancing requirements may cause reduced opportunities for engagement at city, school and community events. Projects for FY 2020/21 include continued education to community stakeholder and residents through new educational short videos, online landscaping courses and educational outreach. Upper District will continue its 60<sup>th</sup> Anniversary celebrations in FY 2020/21. The budget for FY 2020/21 also includes reductions to industry memberships and community/industry sponsorship funds.

Continuing education and outreach programs include: sustainable watershed and stormwater education for 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> grade students as well as extend curriculum offerings to 7<sup>th</sup> grade students; watershed restoration program; water education grant program for teachers; sponsorship of Solar Cup high school teams; “*Water is Life*” art contest; distribution of water efficient devices; public workshops and seminars; and public information/outreach. The impact of the COVID-19 pandemic has resulted in efforts to explore potential remote learning opportunities that might be offered as an option for schools as an alternate to onsite learning experiences during the 2020/21 school year.

The 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> grade sustainable watershed education program, successfully used by several other water agencies, includes interactive assembly-style lessons and classroom instruction for approximately 10,000 students focusing on water use efficiency, sustainable watershed management practices and storm water. The cost of this program is about \$129,000. This program is offered each year to schools within each of Upper District’s five divisions.

The advertising budget reflects print media presence outlined in the Community Outreach Plan which also meets the minimum requirements established in the Urban Water Management Plan.

Table 2 summarizes the proposed Education and Outreach Program Budget for FY 2020/21.

**Table 2. Education and Outreach Program**

CATEGORY	FY 2020/21 Budget
	Total Program Costs (TPC)
<b><u>Watershed Programs</u></b>	
Watershed Restoration Program	\$ 20,000
<b><u>Educational Programs</u></b>	
Water Awareness Youth Art Contests	10,000
4th - 6th Grade Water Education Program	129,000
Solar Cup	13,000
Memberships	125,000
Educational Materials/Grant Program	45,000
Educational Outreach Programs/Events	105,000
<b><u>Outreach and Information Programs</u></b>	
Public Workshops/Seminars	25,000
Conservation Devices/Items	40,000
Bottled Water Program	15,000
Community/Industry Sponsorships	35,000
Displays/Fairs/Presentations	2,500
Conferences/Meetings	6,500
Public Information	71,800
Technical Assistance	50,000
Legal/Financial	10,000
<b>Salaries &amp; Overhead</b>	525,800
<b>Total</b>	<b>\$ 1,228,600</b>

## **Water Quality and Supply**

The budget for FY 2020/21 includes associated consulting costs for imported water operations, planning and administration; water supply planning; and general engineering services for water quality and supply. It includes advocacy costs for legislative initiatives in Sacramento (\$0.22 million), costs associated with updating the District's Urban Water Management Plan (\$0.08 million) and the Integrated Resources Plan (\$0.10 million). The budget also includes salaries and overhead allocated to the program mostly related to district staff's legislative efforts.

## **Administration**

Administrative expenses for FY 2020/21 total \$2.49 million, a 5% increase from current year's budget mainly due to provision for biennial election costs of about \$0.26 million, budgeted for FY 2020/21 but not in the current fiscal year. Budget for FY 2020/21 also include the labor, materials, supplies and services necessary to provide general administrative support for the various programs. General administrative support includes day-to-day management, accounting operations, human resources, information technology, office administration, and board of directors support.

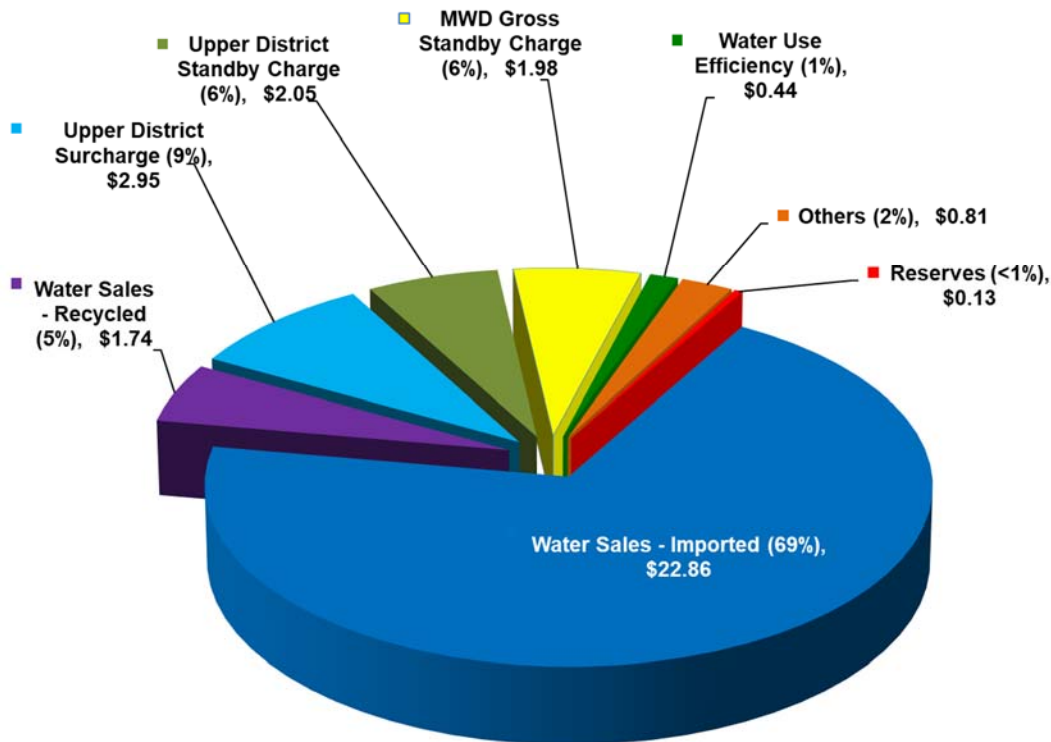
No additional positions are included in the proposed budget.



# Sources of Funds

Total sources of funds amount to \$32.96 million and are presented in Figure 2.

Figure 2. Sources of Funds



## Water Sales

Upper District delivers both imported water purchased from Metropolitan and recycled water purchased from the Sanitation Districts, City of Industry and Central Basin MWD.

### Imported Sales

Imported water sales account for the majority of Upper District’s deliveries with an expected sales volume of 28,600 acre-feet in 2020/21, 25% less than the current fiscal year’s budget of 38,100 acre-feet. This imported water sales is based largely on Watermaster’s estimated water purchases using RDA II funds for FY 2020/21. The sales estimate assumes an operating safe yield of 150,000 acre-feet, annual production of 185,000 acre-feet and continued use of RDA II

funds to purchase imported water for groundwater replenishment. The budget for FY 2020/21 further assumes that replacement water obligations, if any, would be fulfilled using water from producers' cyclic storage accounts.

It is estimated that the untreated water sales for FY 2020/21 will consist of 25,600 acre-feet of RDA water purchases by Watermaster. The 3,000 acre-feet of treated water sales for fiscal year 2020/21 consist of treated water provided to the City of Alhambra in accordance with the Alhambra Exchange Agreement. Imported water sales will generate a total of \$25.54 million, of which \$2.95 million consists of Upper District's surcharge. The balance is generated from the pass through of Metropolitan's rates.

Prior to 2013, Upper District's imported water sales volumes have historically been highly variable because of how the Main San Gabriel Basin used to be managed - taking advantage of plentiful local precipitation and an imported water system that used to be in surplus. In 2014, Watermaster started periodic pre-purchases of imported water to meet future replacement water obligations and build storage, greatly stabilizing Upper District's cash flows. On May 3, 2017, Watermaster approved its Drought Management Plan outlining the implementation of a stormwater augmentation program using RDA funds. Watermaster's RDA II program was developed to help manage Basin water supplies during sustained drought conditions and follows a five-year ramp up schedule. Planned RDA II deliveries are divided between the Responsible Agencies based on historical production in the Main Basin. Table 3 shows the estimated replacement and RDA II water deliveries through 2025.

**Table 3. Estimated Replacement and RDA II Water Deliveries**

Fiscal Year	RDA Water (in AF)	Replacement (in AF)	Total UD Share (in AF)
2020-21	25,600	0	25,600
2021-22	30,700	0	30,700
2022-23	29,300	0	29,300
2023-24	28,000	0	28,000
2024-25	26,800	0	26,800

### Recycled Sales

Recycled water demand is anticipated to range between 2,000 and 2,400 acre-feet for FY 2020/21. With the completion of the current direct reuse program, the recycled water distribution system includes over 20 miles of 4" to 24" pipelines, several pump stations, a 2-million-gallon reservoir and over 40 connections. Recycled water sales are based on uniform contract rates paid by Upper District's retail water provider customers set at 80% of

Watermaster’s replacement water assessment. FY 2020/21 revenues from sale of recycled water is estimated at about \$1.74 million.

## Upper District Standby Charge

To recover a portion of the costs for the recycled water program and water use efficiency program, a standby charge of \$10 per acre or portion thereof is levied on all parcels within Upper District’s service area. The standby charge will generate about \$2.05 million in revenues and provides funding to the water conservation and water recycling programs.

## MWD Standby Charge

Metropolitan levies a separate standby charge on behalf of Upper District to recover a portion of Metropolitan’s costs for ensuring a reliable water supply, including capital infrastructure for emergency and drought water storage, and imported water system conveyance capacity. The Metropolitan standby charge is netted against Metropolitan’s Readiness-to-Serve (RTS) charge, the charge that Metropolitan levies on its member agencies to pay for emergency and standby service. The Metropolitan standby charge, currently at \$9.27 per parcel, is estimated to generate about \$1.98 million in FY 2020/21. In the past, the standby charge sufficiently covered Metropolitan’s RTS charge. However, Metropolitan’s RTS charge increased significantly over the years and eventually surpassed the standby charge revenue beginning FY 2018/19. For FY 2020/21, the shortfall in standby charge revenue would be about \$0.23 million. The shortfall will continue to grow over the years. Upper District may have to start passing the standby charge shortfall through to the producers and Watermaster in order to fully recover Metropolitan’s RTS charge. Table 4 shows the projected net RTS charge through 2026 based on MWD’s 10-year forecast associated with its biennial budget for FY 2020/21 and 2021/22.

**Table 4. Projected Net Metropolitan Readiness-to-Serve Charge (in \$M)**

Fiscal Year	Ready-to-Serve Charge	Standby Charge Revenue	Net RTS Charge
2021/22	2.51	1.89	0.62
2022/23	2.58	1.89	0.69
2023/24	2.61	1.89	0.72
2024/25	2.69	1.89	0.80
2025/26	2.83	1.89	0.94

## **Water Use Efficiency**

The proposed budget assumes continued efforts to not only raise public awareness about the importance of water conservation but is also intended to bring a significant amount of direct rebate dollars back to the San Gabriel Valley through the [socialwatersmart.com](http://socialwatersmart.com) website, a regional water conservation rebate program. About \$400,000 of WUE revenues consist of MAA funding from Metropolitan.

## **Other Revenues**

Other revenues total \$0.81 million and include: interest, property tax allocations, RTS charge for USG-3, reimbursement from Main San Gabriel Basin Watermaster of Upper District's share in San Gabriel River Watermaster's budget, and credits received from Metropolitan's Local Resources Program for delivery of recycled water.

## **Reserves**

Due to low imported water sales, Upper District will need to draw about \$0.13 million from its reserves to fund a portion of its capital budget for FY 2020/21, excluding costs related to the new district building.

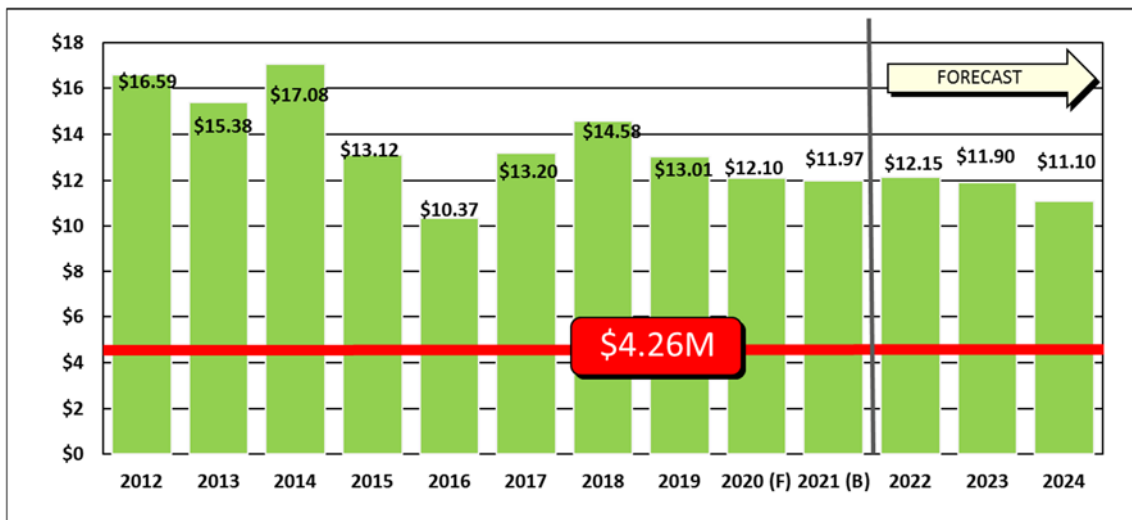
# Fund Balances

In 2015, the Board set Upper District’s minimum reserves at \$4.26 million, equivalent to one year’s worth of surcharge and net recycled water operating revenues to ensure the District’s ability to support operations in the absence of cash flows from water sales for an extended period.

The proposed budget for fiscal year 2020/21 shows a decrease in Upper District’s reserves amounting to \$0.13 million primarily due to lower imported water purchases by Watermaster and the producers. Figure 3 illustrates the trend in total unrestricted fund balances, net of any storage water, through 2020 as well as forecasted levels for the three years. From 2009 to 2020, total unrestricted fund balances would drop by about \$9.03 million. During this same period, increase in recycled water capital assets amount to \$42.18 million as Upper District built and expanded its direct reuse system and continued work on the IRRP. The reduction in fund balances during this period is much smaller than the growth of capital assets mainly due to net positive operating revenues in certain years as well as project funding received from various federal and state sources.

As Figure 3 shows and with a minimum reserve of \$4.26 million, Upper District will have about \$7.71 million available as of June 30, 2021 for purchasing additional storage water when available and/or capital expansion.

**Figure 3. Net Fund Balances (in \$ millions)**



## Potential Future Capital Outlays

The current IRP adopted in 2013 and last updated in 2017 identified the IRRP and Metropolitan's Regional Recycled Water Program as the best overall alternatives when all objectives, i.e. reliability, cost-effectiveness, feasibility and local control, are considered.

Upper District is in the process of updating the IRP, in conjunction with Metropolitan's IRP update, to reflect the changing parameters and factors affecting the water supply portfolio, as well as recent developments impacting the continued development of the IRRP. The District's updated IRP is expected to be completed in FY 2020/21.

# Debt Service Coverage Ratio

A critical financial ratio that Upper District must consistently maintain, demonstrating an ability to meet payment obligations in order to establish credit, is a debt service coverage ratio. Upper District is required per the loan agreements with the State to set rates and charges to generate sufficient net operating revenue in order to maintain a minimum debt service coverage ratio of 120%. However, in the financial market, a debt coverage of at least 150% is necessary to obtain an “AA” credit rating.

Total imported water sales of 28,600 acre-feet and Upper District’s surcharge unchanged at \$103 per acre-foot, combined with reductions in certain administrative and program expenses of about \$0.80 million, will result in a net operating revenue before debt service for FY 2020/21 of about \$0.95 million, sufficient revenues to meet the ratio required by the District’s existing SRF loan for FY 2020/21. Again, this assumes Watermaster’s continued use of RDA II funds to purchase imported water for groundwater replenishment.

**Table 5. Debt Service Coverage Ratios**

	Forecasted 2019-20 \$Millions	Budget 2019-20 \$Millions	Budget 2020-21 \$Millions
<b>Operating costs not including debt service</b>	\$ 36.76	\$ 38.45	\$ 31.88
<b>Less revenue offsets</b>	(4.79)	(5.07)	(4.87)
<b>Net operating costs funded from imported water sales</b>	31.97	33.38	27.01
<b>Operating revenues (water sales)</b>	33.11	35.11	27.96
<b>Operating revenues in excess/(short) of operating costs funded from water sales</b>	1.14	1.73	0.95
<b>Debt Service</b>			
<b>SRLF</b>	0.79	0.79	0.79
<b>Other</b>			
<b>Total Debt Service</b>	\$ 0.79	\$ 0.79	\$ 0.79
<b>Debt Service Coverage Ratio</b>	144%	219%	120%

# 2021 Water Rates

Upper District is not proposing an increase in its current surcharge of \$103 per acre-foot for calendar year 2021. This will be the 6<sup>th</sup> year that Upper District has kept the surcharge at this level. However, Upper District’s Tier 1 imported water rates will still increase by 2.20% and 2.56% for treated and untreated water, respectively, as Upper District passes through increases in Metropolitan’s rates to the producers and Watermaster. Table 6 shows the proposed rates effective January 1, 2020.

**Table 6. Upper District Rates**

	Effective 01/01/17	Effective 01/01/18	Effective 01/01/19	Effective 01/01/20	Proposed 01/01/21
<b>Full Service Treated Tier 1</b>					
MWD	979	1,015	1,050	1,078	1,104
Upper District Surcharge	103	103	103	103	103
Upper District Rate	1,082	1,118	1,153	1,181	1,207
<b>Full Service Treated Tier 2</b>					
MWD	1,073	1,101	1,136	1,165	1,146
Upper District Surcharge	103	103	103	103	103
Upper District Rate	1,176	1,204	1,239	1,268	1,249
<b>Full Service Untreated Tier 1</b>					
MWD	666	695	731	755	777
Upper District Surcharge	103	103	103	103	103
Upper District Rate	769	798	834	858	880
<b>Full Service Untreated Tier 2</b>					
MWD	760	781	817	842	819
Upper District Surcharge	103	103	103	103	103
Upper District Rate	863	884	920	945	922
Capacity Charge (per CFS)	\$ 8,000	\$ 8,700	\$ 8,600	\$ 8,800	\$ 10,700



# Budget Tables

## Upper San Gabriel Valley Municipal Water District 2020/21 Budget Summary

	ACTUAL FY 2017-18	ACTUAL FY 2018-19	FORECASTED FY 2019-20	BUDGET FY 2019-20	BUDGET FY 2020-21
Administrative	\$ 1,874,633	\$ 2,003,890	\$ 2,525,800	\$ 2,360,900	\$ 2,485,600
Water Use Efficiency	1,001,403	1,276,152	875,100	924,100	840,500
Education and Community Outreach	1,057,931	1,124,007	1,280,500	1,284,300	1,228,600
Water Recycling	2,604,540	1,575,849	2,158,600	1,958,200	1,807,500
Water Quality and Supply	726,570	743,219	1,035,200	1,320,200	1,113,600
Stormwater	21,720	22,704	23,600	23,600	25,000
Water Purchases	<u>19,543,571</u>	<u>33,419,356</u>	<u>29,652,000</u>	<u>31,373,300</u>	<u>25,168,000</u>
Total Operating Expenses	26,830,368	40,165,177	37,550,800	39,244,600	32,668,800
Operating Revenues	<u>27,281,194</u>	<u>43,390,502</u>	<u>37,901,200</u>	<u>40,183,000</u>	<u>32,826,700</u>
Net Reserve Activity from Operations (+/-)	<u>450,826</u>	<u>3,225,325</u>	<u>350,400</u>	<u>938,400</u>	<u>157,900</u>
Capital Expenditures	759,575	762,147	3,825,800	338,800	287,900
Capital Program Revenues	<u>1,687,415</u>	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Due to Capital Outlays (+/-)	<u>\$ 927,840</u>	<u>\$ (718,147)</u>	<u>\$ (3,825,800)</u>	<u>\$ (338,800)</u>	<u>\$ (287,900)</u>
Total Change in Fund Balances (+/-)	<u>\$ 1,378,666</u>	<u>\$ 2,507,178</u>	<u>\$ (3,475,400)</u>	<u>\$ 599,600</u>	<u>\$ (130,000)</u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
EXPENSE SUMMARY  
FISCAL YEAR 2017/18 THROUGH FISCAL YEAR 2020/21**

	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b><u>Administrative Expenses</u></b>					
<b>Personnel Expenses</b>					
Employee Salaries	1,445,787	1,389,736	1,511,000	1,511,000	1,585,000
Employee Benefits	286,203	310,983	328,000	339,000	339,000
Retired Employee Benefits	56,878	58,756	60,000	60,000	62,000
Employee Travel/Conference	30,130	42,004	50,000	60,000	40,000
<b>Sub Total</b>	<b>1,818,998</b>	<b>1,801,479</b>	<b>1,949,000</b>	<b>1,970,000</b>	<b>2,026,000</b>
<b>Director Expenses</b>					
Director Compensation	163,707	193,113	216,000	216,000	216,000
Director Benefits	87,940	119,101	140,000	141,000	141,000
Retired Director Benefits	65,211	45,687	45,000	58,000	42,000
Director Public Outreach	19,555	21,781	25,000	25,000	25,000
Director Travel/Conference	42,049	46,168	40,000	50,000	40,000
<b>Sub Total</b>	<b>378,462</b>	<b>425,850</b>	<b>466,000</b>	<b>490,000</b>	<b>464,000</b>
<b>Pension/OPEB Expense</b>					
CalPERS-Employees, Directors, Retirees	387,160	471,860	555,000	555,000	531,000
<b>Sub Total</b>	<b>387,160</b>	<b>471,860</b>	<b>555,000</b>	<b>555,000</b>	<b>531,000</b>
<b>Office Expenses</b>					
Office Supplies/Equipment	35,527	26,705	75,000	95,000	35,000
Equipment Operations & Maintenance	19,727	13,446	15,000	30,000	20,000
Computer Systems	43,069	54,647	50,000	50,000	55,000
Assessments	113,826	9,009	67,000	67,000	69,000
Meeting Expense	21,293	16,980	20,000	30,000	30,000
<b>Sub Total</b>	<b>233,442</b>	<b>120,787</b>	<b>227,000</b>	<b>272,000</b>	<b>209,000</b>
<b>Facility Expenses</b>					
Building Maintenance	3,969	2,670	3,000	3,000	8,000
Liability/Property Insurance	51,413	55,792	65,000	60,000	67,000
Office Lease	228,084	234,852	241,800	241,800	246,600
Telephone/Utilities	16,578	13,857	21,000	21,000	25,000
<b>Sub Total</b>	<b>300,044</b>	<b>307,171</b>	<b>330,800</b>	<b>325,800</b>	<b>346,600</b>
<b>Professional Services</b>					
Legal/Financial	86,332	63,568	88,000	88,000	88,000
Engineering	80,871	69,485	108,000	110,000	120,000
Auditor	25,542	16,817	30,000	37,000	37,000
Outside Services	40,862	96,378	100,000	100,000	70,000
Public Information/Outreach	1,080	-	3,000	3,000	3,000
<b>Sub Total</b>	<b>234,687</b>	<b>246,248</b>	<b>329,000</b>	<b>338,000</b>	<b>318,000</b>
<b>Other Expenses</b>					
Election Costs	-	163,495	258,900	-	258,800
<b>Sub Total</b>	<b>-</b>	<b>163,495</b>	<b>258,900</b>	<b>-</b>	<b>258,800</b>
<b>Allocation to Projects and Programs</b>					
Salaries/Overhead Allocated to Projects	(1,478,160)	(1,533,000)	(1,589,900)	(1,589,900)	(1,667,800)
<b>Sub Total</b>	<b>(1,478,160)</b>	<b>(1,533,000)</b>	<b>(1,589,900)</b>	<b>(1,589,900)</b>	<b>(1,667,800)</b>
<b>Total Administrative Expenses</b>	<b>1,874,633</b>	<b>2,003,890</b>	<b>2,525,800</b>	<b>2,360,900</b>	<b>2,485,600</b>
<b>Water Purchases/Revolving Expense</b>	<b>19,543,571</b>	<b>33,419,356</b>	<b>29,652,000</b>	<b>31,373,300</b>	<b>25,168,000</b>
<b>Program Expenses</b>					
Water Use Efficiency Program	1,001,403	1,276,152	875,100	924,100	840,500
Education and Community Outreach Program	1,057,931	1,124,007	1,280,500	1,284,300	1,228,600
Water Quality & Supply Program	726,570	743,219	1,035,200	1,320,200	1,113,600
Recycled Water Program	2,604,540	1,575,849	2,158,600	1,958,200	1,807,500
Stormwater Program	21,720	22,704	23,600	23,600	25,000
<b>Sub Total</b>	<b>5,412,164</b>	<b>4,741,931</b>	<b>5,373,000</b>	<b>5,510,400</b>	<b>5,015,200</b>
<b>Total Administrative/Operating/Program Expenses</b>	<b>26,830,368</b>	<b>40,165,177</b>	<b>37,550,800</b>	<b>39,244,600</b>	<b>32,668,800</b>
<b>Total Capital Outlays</b>	<b>759,575</b>	<b>762,147</b>	<b>3,825,800</b>	<b>338,800</b>	<b>287,900</b>
<b>TOTAL</b>	<b>27,589,943</b>	<b>40,927,324</b>	<b>41,376,600</b>	<b>39,583,400</b>	<b>32,956,700</b>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
ADMINISTRATIVE BUDGET**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>ADMINISTRATIVE EXPENSES</b>			
Personnel Expenses			
Employee Salaries	1,511,000	1,511,000	1,585,000
Employee Benefits	328,000	339,000	339,000
Retired Employee Benefits	60,000	60,000	62,000
Employee Travel/Conference	50,000	60,000	40,000
Sub Total	<u>1,949,000</u>	<u>1,970,000</u>	<u>2,026,000</u>
Director Expenses			
Director Compensation	216,000	216,000	216,000
Director Benefits	140,000	141,000	141,000
Retired Director Benefits	45,000	58,000	42,000
Director Public Outreach	25,000	25,000	25,000
Director Travel/Conference	40,000	50,000	40,000
Sub Total	<u>466,000</u>	<u>490,000</u>	<u>464,000</u>
Pension/OPEB Expense			
CalPERS-Employees, Directors, Retirees	555,000	555,000	531,000
Sub Total	<u>555,000</u>	<u>555,000</u>	<u>531,000</u>
Office Expenses			
Office Supplies/Equipment	75,000	95,000	35,000
Equipment Operations & Maintenance	15,000	30,000	20,000
Computer Systems	50,000	50,000	55,000
Assessments	67,000	67,000	69,000
Meeting Expense	20,000	30,000	30,000
Sub Total	<u>227,000</u>	<u>272,000</u>	<u>209,000</u>
Facility Expenses			
Building Maintenance	3,000	3,000	8,000
Liability/Property Insurance	65,000	60,000	67,000
Office Lease	241,800	241,800	246,600
Telephone/Utilities	21,000	21,000	25,000
Sub Total	<u>330,800</u>	<u>325,800</u>	<u>346,600</u>
Professional Services			
Legal/Financial	88,000	88,000	88,000
Engineering	108,000	110,000	120,000
Auditor	30,000	37,000	37,000
Outside Services	100,000	100,000	70,000
Public Information/Outreach	3,000	3,000	3,000
Sub Total	<u>329,000</u>	<u>338,000</u>	<u>318,000</u>
Other Expenses			
Election Costs	258,900	-	258,800
Sub Total	<u>258,900</u>	<u>-</u>	<u>258,800</u>
Allocation to Projects and Programs			
Salaries/Overhead Allocated to Projects	(1,589,900)	(1,589,900)	(1,667,800)
Sub Total	<u>(1,589,900)</u>	<u>(1,589,900)</u>	<u>(1,667,800)</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b><u>2,525,800</u></b>	<b><u>2,360,900</u></b>	<b><u>2,485,600</u></b>
<b>ADMINISTRATIVE AND OPERATING REVENUES</b>			
Interest	139,800	75,000	50,000
Sub Total	<u>139,800</u>	<u>75,000</u>	<u>50,000</u>
Other Administrative Revenues			
Taxes	425,000	425,000	425,000
Other Income	75,000	2,000	2,000
Sub Total	<u>500,000</u>	<u>427,000</u>	<u>427,000</u>
<b>TOTAL ADMINISTRATIVE AND OPERATING REVENUES</b>	<b><u>639,800</u></b>	<b><u>502,000</u></b>	<b><u>477,000</u></b>
<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>	<b><u>(2,525,800)</u></b>	<b><u>(2,360,900)</u></b>	<b><u>(2,485,600)</u></b>
<b>NET</b>	<b>(1,886,000)</b>	<b>(1,858,900)</b>	<b>(2,008,600)</b>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
WATER PURCHASES & REVOLVING FUND REVENUES**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>WATER PURCHASE EXPENSE</b>			
Tier 1 Treated	6,336,000	3,188,800	3,270,000
Tier 1 Untreated	20,790,100	25,658,100	19,328,000
MWD Capacity Charge	442,700	442,700	258,200
MWD Ready-to-Serve Charge	1,979,700	1,979,700	2,206,800
Sub Total	<u>29,548,500</u>	<u>31,269,300</u>	<u>25,063,000</u>
<b>REVOLVING EXPENSE</b>			
San Gabriel River Watermaster	103,500	104,000	105,000
Sub Total	<u>103,500</u>	<u>104,000</u>	<u>105,000</u>
<b>TOTAL WATER PURCHASES/REVOLVING FUND EXPENSES</b>	<u><u>29,652,000</u></u>	<u><u>31,373,300</u></u>	<u><u>25,168,000</u></u>
<b>IMPORTED WATER PURCHASE REVENUES</b>			
Water Rate Revenues			
Tier 1 Treated	6,336,000	3,188,800	3,270,000
Tier 1 Untreated	20,790,100	25,658,100	19,328,000
Upper Surcharge Tier 1 Treated	566,500	309,000	309,000
Upper Surcharge Tier 1 Untreated	3,075,600	3,615,300	2,636,800
Capacity Charge Revenue	185,100	185,100	258,200
Gross MWD Stand-by Charge - Revenue Reconciliation	1,980,000	1,978,100	1,978,100
MSGB Watermaster-Ready-to-Serve	75,600	75,600	75,600
<b>TOTAL WATER PURCHASE REVENUES</b>	<u>33,008,900</u>	<u>35,010,000</u>	<u>27,855,700</u>
Revolving/Other Revenue			
MSGB Watermaster-SG River Watermaster	103,500	104,000	105,000
<b>TOTAL REVOLVING FUND REVENUES</b>	<u>103,500</u>	<u>104,000</u>	<u>105,000</u>
<b>TOTAL WATER PURCHASE &amp; REVOLVING FUND REVENUES</b>	<u><u>33,112,400</u></u>	<u><u>35,114,000</u></u>	<u><u>27,960,700</u></u>
<b>WATER PURCHASE EXPENSES</b>	<u>(29,652,000)</u>	<u>(31,373,300)</u>	<u>(25,168,000)</u>
<b>NET</b>	3,460,400	3,740,700	2,792,700

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
WATER USE EFFICIENCY**

	<u>FY 2019-20 FORECASTED</u>	<u>FY 2019-20 BUDGET</u>	<u>FY 2020-21 BUDGET</u>
<b>WATER USE EFFICIENCY PROGRAM EXPENSES</b>			
Residential Programs			
Member Agency Administered Programs	300,000	349,000	305,000
Regional Rebate Program	10,000	10,000	20,000
Sub Total	<u>310,000</u>	<u>359,000</u>	<u>325,000</u>
Commercial/Industrial/Institution Programs			
Member Agency Administered Programs	50,000	50,000	80,000
Regional Rebate Program	5,000	5,000	20,000
Sub Total	<u>55,000</u>	<u>55,000</u>	<u>100,000</u>
Landscape/Other Programs			
Landscape Retrofit/Water Surveys Program	100,000	100,000	30,000
Member Agency Administered Programs	103,000	103,000	60,000
Other Programs	-	-	-
Sub Total	<u>203,000</u>	<u>203,000</u>	<u>90,000</u>
Allocation to Conservation Programs			
Salaries & Overhead	307,100	307,100	325,500
Sub Total	<u>307,100</u>	<u>307,100</u>	<u>325,500</u>
<b>TOTAL WATER USE EFFICIENCY EXPENSES</b>	<u><u>875,100</u></u>	<u><u>924,100</u></u>	<u><u>840,500</u></u>
<b>WATER USE EFFICIENCY REVENUES</b>			
Grants	-	-	-
MWD Member Agency Allocation	451,000	502,000	440,000
Sub Total	<u>451,000</u>	<u>502,000</u>	<u>440,000</u>
<b>TOTAL WATER USE EFFICIENCY REVENUES</b>	<u><u>451,000</u></u>	<u><u>502,000</u></u>	<u><u>440,000</u></u>
<b>WATER USE EFFICIENCY EXPENSES</b>	<u>(875,100)</u>	<u>(924,100)</u>	<u>(840,500)</u>
<b>NET</b>	(424,100)	(422,100)	(400,500)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
EDUCATION & COMMUNITY OUTREACH**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>EDUCATION &amp; COMMUNITY OUTREACH EXPENSES</b>			
Watershed Programs			
Natural Vegetation Restoration Program	20,000	20,000	20,000
Sub Total	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Educational Programs			
Water Awareness Youth Art Contests	10,000	10,000	10,000
Educational Activities	135,000	135,000	129,000
Solar Cup	17,500	17,500	13,000
Memberships	120,000	120,000	125,000
Educational Materials/Grant Program	65,000	65,000	45,000
Educational Outreach Programs/Events	120,000	120,000	105,000
Sub Total	<u>467,500</u>	<u>467,500</u>	<u>427,000</u>
Outreach and Information Programs			
Public Workshops/Seminars	15,000	25,000	25,000
Conservation Devices/Items	60,000	60,000	40,000
Bottled Water Program	15,000	15,000	15,000
Community/Industry Sponsorships	55,000	55,000	35,000
Displays/Fairs/Presentations	2,500	2,500	2,500
Conferences/Meetings	6,500	6,500	6,500
Public Information	75,000	76,800	71,800
Technical Assistance	50,000	50,000	50,000
Legal/Financial	18,000	10,000	10,000
Sub Total	<u>297,000</u>	<u>300,800</u>	<u>255,800</u>
Allocation to Conservation Programs			
Salaries & Overhead	496,000	496,000	525,800
Sub Total	<u>496,000</u>	<u>496,000</u>	<u>525,800</u>
<b>TOTAL EDUCATION &amp; COMMUNITY OUTREACH EXPENSES</b>	<u><u>1,280,500</u></u>	<u><u>1,284,300</u></u>	<u><u>1,228,600</u></u>
<b>EDUCATION &amp; COMMUNITY OUTREACH REVENUES</b>			
Educational Outreach Program/Events	-	-	-
Other	-	-	-
<b>TOTAL EDUCATION &amp; COMMUNITY OUTREACH REVENUES</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>EDUCATION &amp; COMMUNITY OUTREACH EXPENSES</b>	<u>(1,280,500)</u>	<u>(1,284,300)</u>	<u>(1,228,600)</u>
<b>NET</b>	(1,280,500)	(1,284,300)	(1,228,600)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
WATER QUALITY AND SUPPLY PROGRAM**

	<u>FY 2019-20 FORECASTED</u>	<u>FY 2019-20 BUDGET</u>	<u>FY 2020-21 BUDGET</u>
<b>WATER QUALITY AND SUPPLY PROGRAM EXPENSES</b>			
Engineering for Water Supply Projects	65,000	130,000	80,000
Legislative Consultant	234,000	234,000	215,000
Other Outside Services	10,000	10,000	10,000
Sub Total	<u>309,000</u>	<u>374,000</u>	<u>305,000</u>
Other Expenses			
Urban Water Management Plan/Related Studies	30,000	100,000	75,000
Integrated Resources Plan	100,000	200,000	100,000
Water Supply Reliability Plan/Emergency Preparedness	10,000	40,000	20,000
Basinwide Integrated Groundwater/Surface Water Model	-	20,000	-
Legal and Financial	6,000	6,000	6,000
Salaries & Overhead Allocation	580,200	580,200	597,600
Sub Total	<u>726,200</u>	<u>946,200</u>	<u>808,600</u>
<b>TOTAL WATER QUALITY AND SUPPLY EXPENSES</b>	<u><u>1,035,200</u></u>	<u><u>1,320,200</u></u>	<u><u>1,113,600</u></u>
<b>WATER QUALITY AND SUPPLY PROGRAM REVENUES</b>			
Interest	<u>60,000</u>	<u>40,000</u>	<u>20,000</u>
<b>TOTAL WATER QUALITY AND SUPPLY REVENUES</b>	<u><u>60,000</u></u>	<u><u>40,000</u></u>	<u><u>20,000</u></u>
<b>WATER QUALITY AND SUPPLY PROGRAM EXPENSES</b>	<u>(1,035,200)</u>	<u>(1,320,200)</u>	<u>(1,113,600)</u>
<b>NET</b>	(975,200)	(1,280,200)	(1,093,600)



**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
RECYCLED WATER REVENUES & EXPENSES**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>RECYCLED WATER EXPENSES</b>			
Water Purchases-Recycled Water	747,000	492,000	467,000
SWRCB Loan Repayment	791,000	791,000	791,000
Salaries & Overhead Allocation	47,200	47,200	50,000
Standby Charge Design/Implementation	18,000	18,000	18,500
Engineering - General	40,000	160,000	55,000
Lobbyist	90,000	90,000	90,000
Legal and Financial	8,000	5,000	8,000
Public Information	2,400	2,000	3,000
Operation and Maintenance Phase I/IIA	332,000	270,000	240,000
Operation and Maintenance Phase IIB	83,000	83,000	85,000
<b>TOTAL RECYCLED WATER EXPENSES</b>	<u>2,158,600</u>	<u>1,958,200</u>	<u>1,807,500</u>
<b>RECYCLED WATER REVENUES</b>			
Recycled Water Sales	392,000	492,000	467,000
Upper Recycled Water Surcharge Revenue	1,017,000	1,324,000	1,277,000
MWD LRP Credit	106,000	138,000	131,000
Parcel/Standby Charge	2,050,000	2,050,000	2,050,000
Prop 84 Passthrough Grant	43,000	-	-
Interest	20,000	15,000	-
<b>TOTAL RECYCLED WATER REVENUES</b>	<u>3,628,000</u>	<u>4,019,000</u>	<u>3,925,000</u>
<b>RECYCLED WATER EXPENSES</b>	<u>(2,158,600)</u>	<u>(1,958,200)</u>	<u>(1,807,500)</u>
<b>NET</b>	1,469,400	2,060,800	2,117,500

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
STORMWATER REVENUE & EXPENSE**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>STORMWATER EXPENSES</b>			
Salaries & Overhead Allocation	23,600	23,600	25,000
<b>TOTAL STORMWATER EXPENSES</b>	<u>23,600</u>	<u>23,600</u>	<u>25,000</u>
<b>STORMWATER REVENUES</b>			
Interest	-	-	-
<b>TOTAL STORMWATER REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>STORMWATER EXPENSES</b>	<u>(23,600)</u>	<u>(23,600)</u>	<u>(25,000)</u>
<b>NET</b>	(23,600)	(23,600)	(25,000)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
RATE STABILIZATION FUND BUDGET**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>RATE STABILIZATION FUND EXPENSES</b>			
Miscellaneous	-	-	-
<b>TOTAL RATE STABILIZATION FUND EXPENSES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>RATE STABILIZATION FUND REVENUES</b>			
Interest	10,000	6,000	4,000
<b>TOTAL RATE STABILIZATION FUND REVENUES</b>	<u>10,000</u>	<u>6,000</u>	<u>4,000</u>
<b>TOTAL RATE STABILIZATION FUND EXPENSES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET</b>	10,000	6,000	4,000

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
CAPITAL PROGRAM BUDGET**

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
<b>CAPITAL EXPENDITURES</b>			
Direct Reuse - Phase IIA	90,000	100,000	100,000
Indirect Reuse Replenishment Project	20,000	20,000	10,000
USG Connections	20,000	30,000	30,000
Legal and Financial	30,000	53,000	4,000
Salaries & Overhead Allocation	135,800	135,800	143,900
Sub Total	<u>295,800</u>	<u>338,800</u>	<u>287,900</u>
 Other Capital Outflows			
District Office Building	3,530,000	-	-
Sub Total	<u>3,530,000</u>	<u>-</u>	<u>-</u>
 <b>TOTAL CAPITAL OUTLAYS</b>	 <u><u>3,825,800</u></u>	 <u><u>338,800</u></u>	 <u><u>287,900</u></u>
 <b>CAPITAL PROGRAM INFLOWS</b>			
Income from Capital and Related Financing Activities	-	-	-
<b>TOTAL CAPITAL INFLOWS</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
 <b>CAPITAL OUTFLOWS</b>	 <u><u>(3,825,800)</u></u>	 <u><u>(338,800)</u></u>	 <u><u>(287,900)</u></u>
 <b>NET</b>	 <u><u>(3,825,800)</u></u>	 <u><u>(338,800)</u></u>	 <u><u>(287,900)</u></u>