



BUDGET

FISCAL YEAR
2023 / 2024



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Upper District

Budget

Fiscal Year 2023/24

June 14, 2023

Staff Report

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About Upper District

District Profile

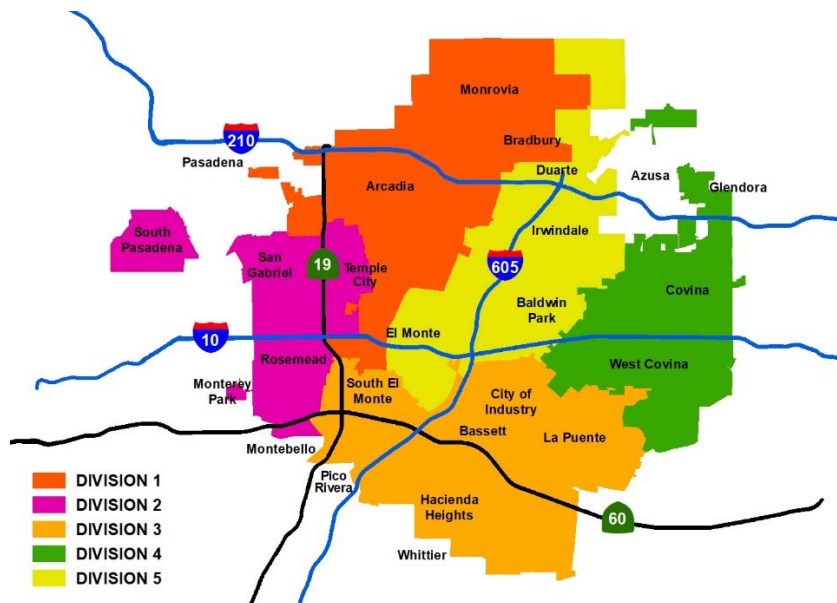
History

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, and Temple City



Division 2 – Director Charles M. Treviño
Representing all or parts of 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, South
El Monte, Valinda and West Covina

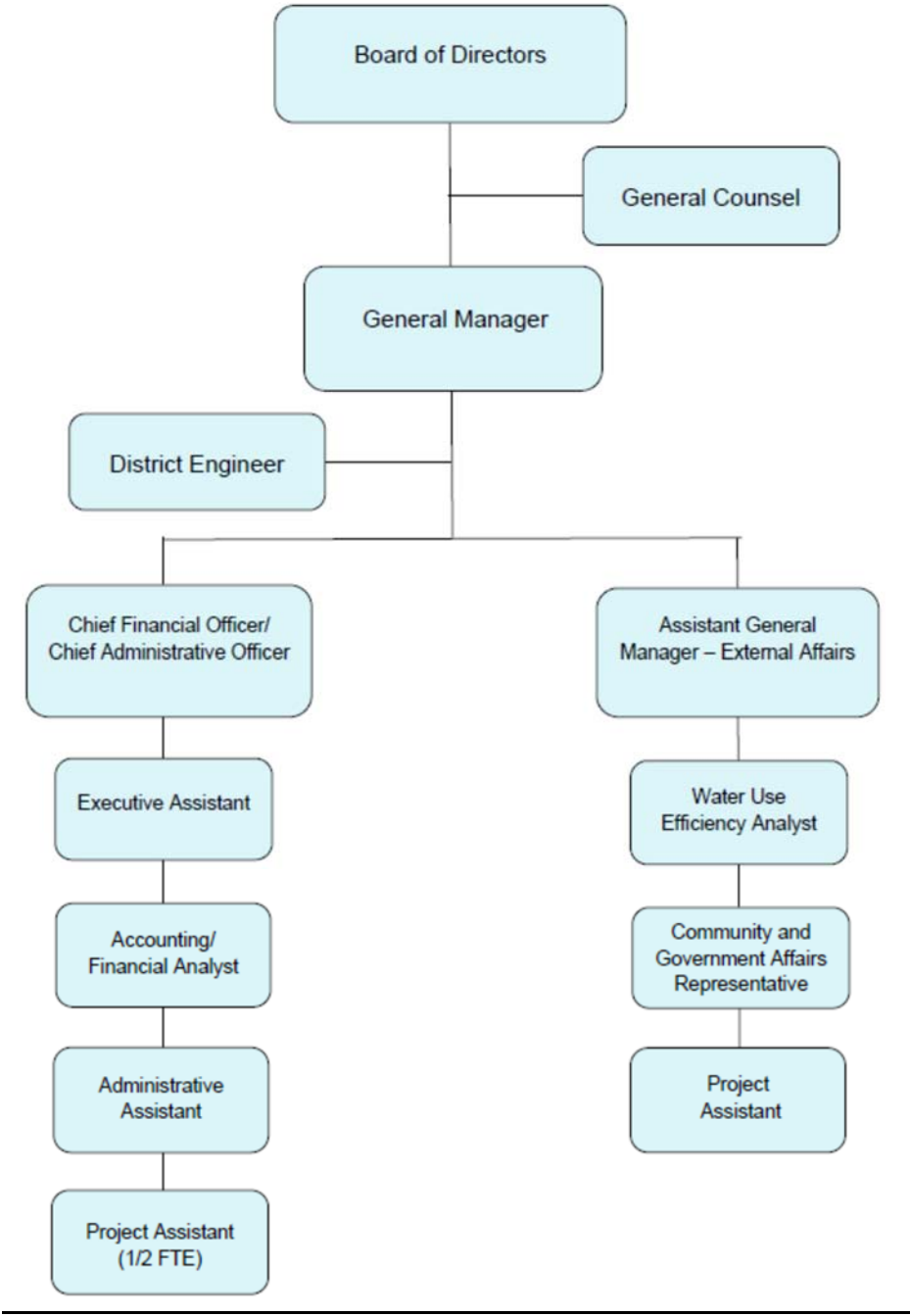


Division 4 – Director Katarina Garcia
Representing all or parts of Azusa, Covina, Glendora, and
West Covina



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 9.5 full-time equivalents (FTEs) working to implement Upper District’s program initiatives and goals. No additional positions are budgeted for fiscal year (FY) 2023/24.

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:

- Diversity - Our team will maintain an inclusive culture that is characterized by civility, respect, and consideration of all viewpoints and reflects the community we serve.
- 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.
- Integrity – Our team will consistently adhere to high moral and ethical principles.
- Professionalism – Our team will professionally, respectfully, and responsively serve the needs of its customers.
- Transparency – Our team will interact with all in a fair, open and honest manner.

Strategic Plan

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

Staff reviewed the strategic goals and objectives outlined in the 2019 Strategic Plan in March 2023. The review indicated 85 of the 93 objectives have been completed, six objectives are underway and the remaining two objectives have either been deferred or determined to be not a priority. A board retreat was held in April 2023 to update the strategic plan after seeking input from staff and the producers. Adoption of the 2023 Strategic Plan is scheduled in June 2023.

Major Accomplishments

Planning

Every five years, Upper District prepares and adopts an Urban Water Management Plan (UWMP) as required under the California Water Code. UWMPs are prepared by California's urban water suppliers to ensure adequate water supplies are available to meet existing and future water demands. Every urban water supplier that either provides over 3,000 acre-feet of water annually or serves more than 3,000 or more connections (either directly or indirectly) is required to assess the reliability of its water sources over a 20-year planning horizon considering normal, dry, and multiple dry years. Upper District's 2020 UWMP was adopted on June 10, 2020. The Department of Water Resources completed its review of the District's UWMP in May 2022 and determined its compliance with the California Water Code.

The Board adopted Upper District's Long Range Financial Plan (LRFP) to serve as a planning tool that helps identify prudent strategies and actions for long-term sustainability by ensuring sufficient financial resources are available to Upper District to achieve its mission. The LRFP provides guidance on the management of available resources, capital needs and service objectives.

Imported Water

Upper District championed policies to support sustainable groundwater management and fair treatment of San Gabriel Valley ratepayers and taxpayers.

Since 2015, Upper District has been pre-purchasing untreated water for storage. By the end of the fiscal year, the District will have about 6,000 acre-feet of water in its storage account. Upper District may consider future "preemptive" imported water deliveries while Metropolitan has supplies available and can accommodate deliveries. These future decisions may be economically viable utilizing District reserves and continue the vision of a "wet water"-based management solutions.

During calendar years 2017 and 2018, Metropolitan delivered water totaling 53,500 acre-feet to its cyclic account, to be purchased over a period of five years. Between calendar years 2019 and 2020, Metropolitan made additional deliveries of about 91,500 acre-feet of cyclic water, also payable over a period of five years. As of April 2023, Metropolitan has 24,100 acre-feet of water in its cyclic storage account.

As of April 2023, untreated water in MWD, Upper District and producer cyclic storage accounts represents about 13 feet of groundwater elevation at the Baldwin Park Key Well.

The new 10-year cyclic storage agreement executed by Upper District, Metropolitan and Watermaster in March 2022 provides much needed flexibility in moving water into the Main San Gabriel Basin (Basin) by allowing Metropolitan to deliver and store up to 200,000 acre-feet of water in advance of demand from Watermaster and Upper District. Working with Watermaster, Upper District placed a cyclic order in March 2023 for 125,000 acre-feet of untreated water to be delivered by Metropolitan between June and December 2023.

As California grappled with yet another historically dry year in 2022, Upper District worked closely with Metropolitan, Watermaster and the producers to develop potential short-term and long-term actions to reduce dependence on State Water Project (SWP) supplies.

A Quagga Mussel Control Plan was developed and submitted for approval by the Department of Fish and Wildlife and the Los Angeles Flood Control District as part of efforts to get Colorado River water (CRW) into the basin. The plan, which includes provisions for control and containment, post-delivery eradication, testing and monitoring, identified four sections of the San Gabriel River. Control methods and monitoring strategies have been developed for each section. This effort can potentially save up to 50 thousand acre-feet of SWP supplies annually.

Metropolitan launched its Reverse Cyclic Program (RCP) in 2022 as another strategy for preserving SWP supplies during low allocation years through deferment of deliveries to a future wet year. This program allowed member agencies to purchase imported water during calendar year 2022 for deferred delivery in future years at Metropolitan's discretion, but no later than five full calendar years from the date of purchase. In January 2023, Upper District executed a letter agreement with Watermaster regarding the 15,000 acre-feet of water purchased in December through Metropolitan's RCP. The letter provides for deferred billing of Upper District's surcharge and recognition of related water sales revenue in the year water is actually delivered by Metropolitan.

The prolonged drought in 2022 was followed by an exceptionally wet winter, bringing drought relief to the region. With reservoirs nearing capacity and the snowpack being one of the largest on record in California, the Department of Water Resources raised the SWP allocations to 100% in April 2023, a first since 2006. In March 2023, the Metropolitan board also rescinded the emergency conservation mandate imposed in 2022.

Recycled Water

The Direct Reuse Program provided for the phased construction of a recycled water distribution system used to provide water for irrigation purposes. Receiving over \$30 million in state and

federal funding, Upper District completed the final site to be connected under the Package 3 and 4 Customer Retrofits Project in June 2015. The direct reuse recycled water 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.

Recognizing the need to continue developing all feasible potential direct reuse recycled water projects, Upper District's Board of Directors approved a new project delivery model in 2015. Under this new approach, Upper District will act as the lead agency for CEQA, provide technical support services, and help finance the project by securing grant funds. The partner producer will finance the remaining balance of the project costs, construct, own and operate the project and pay Upper District's operating costs for recycled water and 80 percent of Upper District's surcharge.

The first three projects delivered under this model are the South El Monte Recycled Water Expansion Project with a project yield of 72 AFY, the Rose Hills Recycled Water Project with a projected yield of 600 AFY, and the La Puente Valley County Water District Recycled Water Project with a projected yield of 60 AFY. These projects are now complete and received \$2.17 million in Proposition 84 grant funds from the Department of Water Resources through Upper District.

Upper District works closely with local water purveyors and property owners to increase the use of recycled water in the region. The District also continued its support of Pure Water Southern California, Metropolitan's large-scale, regional advanced treated wastewater project currently in the environmental planning phase.

Stormwater

Stormwater capture facilities in the Upper San Gabriel River Watershed have substantial capacity for capture of precipitation that falls within the upper watershed. Facilities owned and operated by the Los Angeles County Flood Control District capture runoff in three reservoirs in San Gabriel Canyon and use the captured water to replenish the groundwater basin. These facilities capture over 95% of all rainfall in the upper watershed.

Upper District assisted 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 close to \$2 million to San Gabriel Valley residents for water efficient devices and turf removal, generating a lifetime water savings of about 3,550 acre-feet.

Upper District finalized the "Water Smart Home Program" which was a free first-of-its-kind direct install program targeted to disadvantaged communities (DAC) within the district boundaries. The program provided for the direct installation of water efficient irrigation products, WBICs, showerheads, FLUME devices, and leak kits filled with replacement products and materials at no cost to the participant. The average program cost of retrofit for a participant averaged \$1,100 per home. The individuals served through this program have benefitted greatly by reducing their water use and increased their knowledge in water efficiency and leak solutions. Through the course of the program, 163 homes were retrofitted with 7,162 devices.

Following the success of the "Water Smart Home Program," Upper District revamped the program to allow for a greater audience reach by introducing the "Water Smart Home Kit". The kit contains the same replacement devices and educational materials with the addition of a showerhead, shower start device, and toilet flapper. The educational materials included in the kit provide a QR code which links the user to the Upper District website containing educational videos for repair and replacement of devices. The program continues to focus on assisting DAC residents become more water efficient, but by removing some of the administrative costs of the program, Upper District is able to increase the number of potential homes that can benefit from this program. The launch of the new program aligned well with Upper District's emergency drought actions which called for a 20 percent reduction in water use.

Upper District also finalized its Water Bottle Fill Station Program in FY 2022/23 with 95 stations provided to city facilities, community centers, and school sites. The program has garnered enthusiastic support from participating sites and cost sharing partners.

Snow and rainfall levels remained below average during the past fiscal year and groundwater storage remained depleted in many areas due to the continued impact of dry 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), and its 4th-7th grade Sustainable Watershed Education Program. The WEGP offers teachers grants of up to \$1,000 for implementing water-related curriculum or projects. Twenty-four WEGP applicants received a total of \$24,661 in grants for FY 2022/23 that directly involved 2,564 students. Despite the ongoing impact of the Covid-19 pandemic, Upper District’s 4th-7th grade Sustainable Watershed Education Program is on track to serve well over 3,000 students throughout the San Gabriel Valley during the 2022/23 school year.

Educational public workshops were hosted online and free of charge. Topics covered an array of water efficient topics such as turf maintenance, composting, edible gardening, planter beds, drip irrigation, weed and pest management, firescaping, and leak detection. The online workshop series garnered high participation rates with close to 500 individuals attending 14 workshops hosted by the Upper District during FY 2022/23.

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. Upper District was pleased to be able to host two events once again in Spring 2023 after being unable to host volunteer events during due to the impact of the Covid 19 pandemic. 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.

After 2 years of cancellations due to the Covid 19 pandemic, Upper District held it’s annual WaterFest in 2022 which was to be held in partnership with the Los Angeles County Supervisor Kathryn Barger and the Los Angeles County Department of Parks and Recreation. The educational event typically features interactive booths, environmental displays, informative presentations, and free water-saving materials. The event was fun and engaging with over 50 exhibitors and approximately 1,500 participants.

Government Affairs

Both Congress and the State Legislature wrapped up their two year 2021-22 session. The two year session will go down in history as the COVID session, where both state and federal lawmakers focused on pandemic policies, remote meetings, protests, and wild budget swings. One of the most significant issues impacting California was the ongoing drought conditions in the West. In March, Governor Newsom called on water agencies to move to Level 2 of their Water Shortage Contingency Plans and in May the State Water Board adopted emergency regulations on water conservation.

Other significant policy issues impacting the state legislature and Congress were passage of historic plastic reduction legislation, a comprehensive climate package, energy legislation, and reproductive rights in the wake of the Supreme Court's decision on Roe v. Wade.

In January 2023, Upper District's Board of Directors adopted the 2023/24 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.

Finance and Administration

Upper District began prefunding Upper District's other post-employment benefit (OPEB) liability through the California Employers' Retiree Benefit Trust in 2014. As of the latest valuation with measurement date of June 30, 2022, Upper District's OPEB is 78% funded, having total trust assets of \$2.17 million. As of the quarter ended March 31, 2023, assets held in trust total \$2.25 million.

In June 2022, the Board authorized an additional discretionary payment of \$1 million to CalPERS to reduce Upper District's unfunded accrued liability related to pension. The Board also authorized participation in the California Employers' Pension Prefunding Trust Program with an initial trust funding of \$0.50 million. As of the quarter ended March 31, 2023, assets held in trust for prefunding pension liability total \$0.52 million.

The retirement of two long-time employees during fiscal year 2021/22 provided Upper District an opportunity to not only reduce staff by one FTE but also allow upward mobility for existing staff by using internal recruitment for one of the positions. Currently, the District has 9.5 FTEs working to implement its program initiatives.

Upper District continues to engage Watermaster and the producers in its annual rate setting process. Following a series of meetings and discussions with the producers and Watermaster, Upper District and Watermaster executed a minimum purchase agreement letter in December 2021 whereby Watermaster commits to purchase a set amount of water each fiscal year sufficient to meet the District's required debt coverage ratio and Upper District agrees to sell untreated sales in excess of the annual purchase commitment at cost. This letter agreement aims to address the variability of untreated water sales and the growing gap between the District's share of the RTS charge and the standby charge revenue collected by Metropolitan on Upper District's behalf. It also supports the overall management and sustainability of the basin

by increasing Watermaster and the producers' purchasing power during years when there is excess demand for replenishment water. Of the 41,000 acre-feet of untreated water sold in FY 2022/23, Upper District sold 9,700 acre-feet to Watermaster at cost pursuant to the minimum purchase agreement letter.

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.

Designated Reserve Policy

Upper District's adopted Designated Reserve Fund Policy sets prudent levels of reserve funds to provide financial resources not only during emergencies or planned capital projects but also for scheduled and unscheduled expenses such as operation and maintenance, debt service and stabilization of rates. The Reserve Fund Policy establishes the following six designated reserves, each with its own recommended minimum, target, and maximum levels: 1) Emergency Reserve; 2) Operating Reserve; 3) Pay-go Capital Improvement and Replacement Reserve; 4) Capital Reserve; 5) Revenue Stabilization Reserve; and 6) Water Banking Reserve.

Debt Management Policy

The District's Debt Management Policy aims to improve the quality of decision making, develop strategies using existing governing and planning documents, and support Upper District's financial needs by demonstrating a commitment to best practices in debt management, planning and execution. The Debt Management Policy provides up to date compliance procedures for existing rules and regulations in connection with the Internal Revenue Service, Municipal Securities Rulemaking Board and the Securities and Exchange Commission.

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.

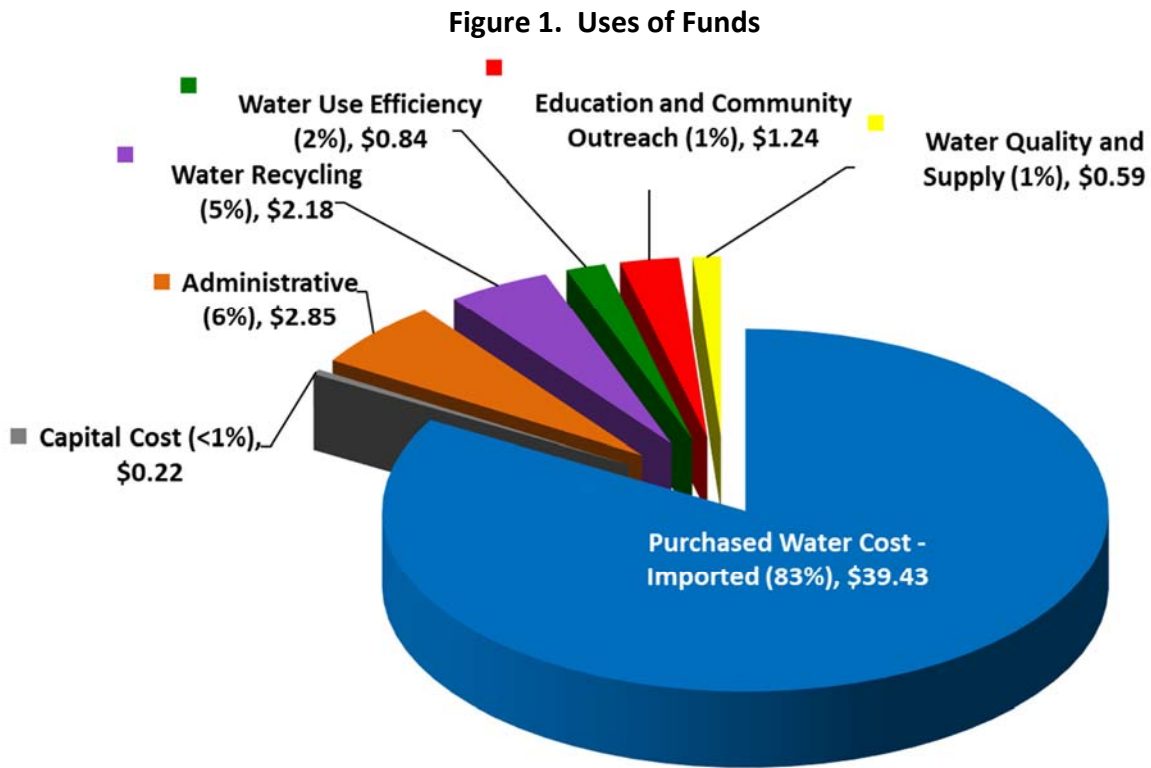
Timeline

Upper District's budget process begins in December of each year and is a product of a comprehensive team effort between departments as shown in 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 - March Program managers present preliminary budgets to respective committees.
- 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 2nd 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 2023/24 budget total \$47.39 million, \$8.63 million higher than current year's budget of \$38.76 million mainly due to an increase in imported water purchases. Cost reductions identified in prior years will be maintained and carried over into FY 2023/24. These includes savings from reduction in total FTE personnel and legislative consultants as well as avoided lease expenses. Figure 1 illustrates the total uses of funds.



Purchased Water Costs

Imported Supplies

Under the current purchase order with Metropolitan, Upper District can purchase up to 67,200 acre-feet per year of the less expensive Tier 1 water through 2024. FY 2023/24, budgeted sales consist of 3,000 acre-feet of Tier 1 treated water and 37,000 acre-feet of Tier 1 full service untreated water.

In April 2022, Metropolitan adopted its biennial budget for FY 2022/23 and 2023/24 along with the water rates and charges for calendar years 2023 and 2024. Metropolitan's Tier 1 treated water rate will increase from \$1,209 to \$1,256 per acre-foot effective January 1, 2024. Tier 1 untreated water rate will increase from \$855 to \$903 per acre-foot, also effective January 1, 2024. The increase in Metropolitan's water rates in 2024 along with higher untreated water sales will increase total purchased water cost for imported supplies by \$8.52 million or about 28%.

Watermaster implemented the water resource development assessment to purchase untreated imported water for stormwater augmentation (RDA II) as part of its Drought Management Plan to address declining basin levels that threaten producers' ability to pump groundwater from the basin. During 2021/22, Upper District delivered a total of 44,600 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 delivering a total of 41,000 acre-feet of untreated water to meet RDA and producer cyclic water orders. This is 11,000 acre-feet more than budget. The budget for FY 2023/24 assumes 37,000 acre-feet of untreated water purchases.

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 2024, Metropolitan used the three-year period ended December 31, 2022 and the peak summer demand that occurred on August 18, 2021 to levy the capacity charge. Metropolitan's capacity charge will increase from \$10,600 per CFS to \$11,200 per CFS effective January 1, 2024.

Metropolitan also levies a Readiness-to-Serve (RTS) charge on its member agencies to pay for emergency and standby service. This charge is based on a 10-year rolling average of firm

demand. Upper District's share of the RTS charge will increase from \$2.97 million to \$3.65 million in FY 2023/24.

Recycled Supplies

Recycled water demand is anticipated to be about 2,300 acre-feet for FY 2023/24. The combined effects of higher recycled water sales and 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 increase in purchased recycled water cost of about 34% in FY 2023/24.

Capital Costs

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 and in April 2020, the District successfully negotiated and completed the purchase of a commercial building located in Monrovia, California for \$3.53 million. Construction of the required improvements was substantially completed in November 2022.

Recycled Water Programs

Direct Reuse

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 areas in the watershed.

As of June 30, 2022, Upper District's investments in direct reuse capital assets total \$52.11 million with a net carrying value of \$40.45 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 72 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.

The La Puente Valley County Water District Project provides for conversion of approximately 60 AFY and will receive up to \$0.43 million in Proposition 84 funding. Construction of the new recycled water pipeline is complete, including the bridge crossing at Patriot Place and San Jose Creek and the connection to the City of Industry's recycled water transmission main. This project will also receive funding from Metropolitan's Local Resources Program.

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 2023/24 budget includes \$0.10 million for major repairs and evaluation of alternatives to improve reliability of the recycled water system. Discussions are underway to evaluate the feasibility of having a potable water backup connection to the Whittier Narrows Water Reclamation Plant.

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 2023/24 budget includes storm water capture program expenses consisting of estimated staff time.

Recycling Operations

Recycled water program expenses, excluding cost of purchased water, amount to about \$1.55 million for fiscal year 2023/24. This amount consists of State Revolving Fund (SRF) debt service amounting to \$0.79 million and engineering support and operation and maintenance expenses totaling \$0.76 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 amounting to \$7.31 million as of June 30, 2022 has a twenty-year term at zero percent nominal interest and will be fully paid in May 2033.

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 43,500 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. Since Metropolitan operates the MAA program on a 2-year cycle, the \$572,000 of MAA funding secured during FY 2020/21 remained in place in FY 2021/22 for implementing both Upper District and producer administered WUE programs. Over the course of the 2-year cycle, Upper District and its retailers were able to utilize \$549,808

in MAA funding for various programs throughout the service area. This marked the highest amount and utilization of MAA funds in over ten years. In FY 2022/23, there are six current MAA programs running with \$458,000 reserved of the \$572,000 allocated for the current 2-year cycle. Over \$170,000 of that reserved MAA funding will be reimbursed for program costs in FY 2022/23.

Upper District successfully finalized its Water Filling Station (WFS) Program which was primarily funded through Metropolitan's MAA allocation program in conjunction with several co-funding partners. Installation of water bottle filling stations occurred at a number of schools and other public high foot-traffic venues within the service area. The WFS 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. A total of 23 water fill stations were provided during FY 2019/20, another 19 installed during FY 2020/21, 39 installations provided during FY 2021/22, and 19 water fill stations were provided during FY 2022/23.

For FY 2021/22 the Upper District conducted a new innovative WUE program called *Water Smart Home*, 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. The program benefitted 163 homes FY 2021/22 with over 7,000 water efficient devices being directly installed for participants throughout the District.

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 \$70,000 in co-funding was provided by purveyors during FY 2022/23. Staff estimates approximately \$40,000 of rebate co-funding from Upper District purveyors for FY 2023/24.

It is important to note that the WUE budget remains highly dependent on outside funding. About \$0.55 million is expected to come from Metropolitan's MAA program to partially fund the District's FY 2023/24 Water Use Efficiency Program expenses.

Table 1 summarizes the proposed budget and sources of funding for the FY 2023/24 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 be adjusted during the year.

Table 1. Water Use Efficiency Program

CATEGORY	FY 2023/24 Budget		
	Total Program Costs	Upper District Funding	Funding from Other Agencies
Residential Programs			
Member Agency Administered Programs	\$ 335,000	\$ -	\$ 335,000
Regional Rebate Program	40,000	-	40,000
Commercial/Industrial/Institutional (CII) Rebate Programs			
Member Agency Administered Programs	210,000	-	210,000
Regional Rebate Program	-	-	-
Salaries and Overhead	251,300	251,300	-
Total	\$ 836,300	\$ 251,300	\$ 585,000

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. The continued impact of the COVID-19 pandemic altered the landscape for public outreach as the effects of social distancing requirements significantly reduced opportunities for engagement at city, school, and community events. Projects for FY 2022/23 include continued education to community stakeholder and residents through short educational videos, online landscaping courses, and educational outreach.

Continuing education and outreach programs include sustainable watershed and stormwater education for 4th, 5th, 6th and 7th 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 resulted in substantial efforts to offer remote learning opportunities that might be offered as an option for schools as an alternative to onsite learning experiences during the 2022/23 school year. This remote learning format will continue to be offered as an alternative to in-person activities for schools throughout the 2023/24 school year.

The sustainable watershed education program, successfully used by several other water agencies, includes interactive assembly-style lessons and classroom instruction for up to approximately 10,000 students. The curriculum focuses on water use efficiency, sustainable watershed management practices and storm water runoff prevention. The budget for this program is about \$60,000. 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 2023/24.

Table 2. Education and Outreach Program

CATEGORY	Total Program Costs
Watershed Programs	
Watershed Restoration Program	\$ 20,000
Educational Programs	
Water Awareness Youth Art Contests	11,000
4th - 6th Grade Water Education Program	60,000
Solar Cup	-
Memberships	135,000
Educational Materials/Grant Program	55,000
Educational Outreach Programs/Events	150,000
Outreach and Information Programs	
Public Workshops/Seminars	40,000
Conservation Devices/Items	40,000
Bottled Water Program	15,500
Community/Industry Sponsorships	35,000
Displays/Fairs/Presentations	5,000
Conferences/Meetings	7,000
Public Information	100,000
Technical Assistance	70,000
Legal/Financial	10,000
Salaries & Overhead	
Total	\$ 1,241,900

Water Quality and Supply

The budget for FY 2023/24 includes associated consulting costs for imported water operations, planning and administration; water supply planning; and general engineering services for water quality and supply. It also includes advocacy costs for legislative initiatives in Sacramento as well as salaries and overhead allocated to the program, mostly related to district staff's legislative efforts.

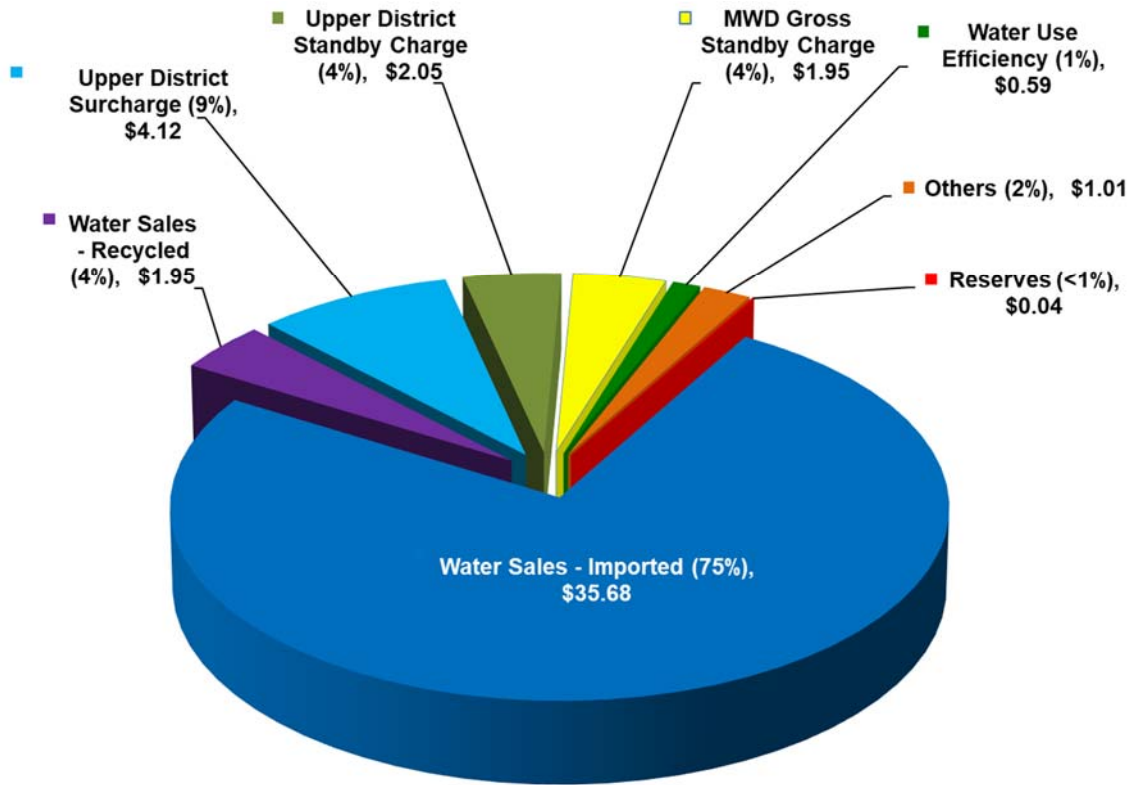
Administration

Administrative expenses for FY 2023/24 total \$2.85 million and 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 administrative support for the Board of Directors.

Sources of Funds

Total sources of funds amount to \$47.39 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

Revenue from imported water sales account for almost 84% of Upper District’s revenues or about \$39.80 million, of which \$4.12 million consists of Upper District’s surcharge. Treated water sales, estimated at 3,000 acre-feet for FY 2023/24, consist of water provided to the City of Alhambra in accordance with the Alhambra Exchange Agreement. Untreated water sales for FY 2023/24 is estimated at 37,000 acre-feet. The estimated untreated water sales for FY

2023/24 represent the minimum volume needed to generate sufficient revenue to meet District's coverage ratio.

Recycled Sales

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 2023/24 revenue from sale of recycled water is estimated at \$1.95 million based on a recycled water demand of about 2,300 acre-feet.

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 cover Upper District's share of the RTS charge. The RTS charge aims 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 standby charge collected by Metropolitan on behalf of Upper District is netted against the RTS charge. The Metropolitan standby charge, set at \$9.27 per parcel, is estimated to generate about \$1.95 million in FY 2023/24. In the past, the standby charge sufficiently covered Metropolitan's RTS charge. However, Metropolitan's RTS charge has increased significantly over the years and eventually surpassed the standby charge revenue beginning FY 2018/19. For FY 2023/24, the shortfall in standby charge revenue amounts to \$1.70 million. This shortfall will continue to grow over the years along with Metropolitan's projected increases in its RTS charge.

The purchase agreement letter between Upper District and Watermaster which set minimum water purchases per fiscal year provided a short term solution to this growing revenue gap. Staff will continue working with Watermaster and the producers to develop a viable, longer term solution.

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 website, a regional water conservation rebate program. About \$0.55 million of WUE revenues consist of MAA funding from Metropolitan.

Other Revenues

Other revenues total \$1.01 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

Upper District will need to draw about \$42,000 from its reserves to fund a portion of its capital budget for FY 2023/24.

Fund Balances

In November 2020, the Upper District adopted a formal designated reserve fund policy, setting prudent levels of reserve funds to provide financial resources not only during emergencies or planned capital projects but also for scheduled and unscheduled expenses. Six designated reserves, each with its own recommended minimum, target, and maximum levels, were established - 1) Emergency Reserve; 2) Operating Reserve; 3) Pay-go Capital Improvement and Replacement Reserve; 4) Capital Reserve; 5) Revenue Stabilization Reserve; and 6) Water Banking Reserve.

The proposed budget for fiscal year 2023/24 shows a slight decrease in Upper District’s reserves attributable to capital expenses related the recycled water project. Figure 3 illustrates the trend in total fund balances five years prior to 2024 as well as forecasted levels for the next three years. The minimum purchase agreement letter with Watermaster and the winding down of capital projects resulted in the stabilization of fund balances for the next three fiscal years.

Figure 3. Fund Balance (in \$ millions)



Debt Service Coverage Ratio

A critical financial ratio that Upper District must consistently maintain, demonstrating an ability to meet payment obligations 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 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 40,000 acre-feet and Upper District’s surcharge unchanged at \$103 per acre-foot will provide net operating revenue before debt service for FY 2022/23 of about \$1 million. This provides sufficient revenue to meet the ratio required by the District’s existing SRF loan for FY 2023/24.

Table 4. Debt Service Coverage Ratios

	Forecasted 2022-23 \$Millions	Budget 2022-23 \$Millions	Budget 2023-24 \$Millions
Operating costs not including debt service	\$ 45.39	\$ 37.20	\$ 46.38
Less revenue offsets	(4.95)	(4.89)	(5.42)
Net operating costs funded from imported water sales	40.44	32.31	40.96
Operating revenues (water sales)	42.22	33.31	41.93
Operating revenues in excess/(short) of operating costs funded from water sales	1.78	1.00	0.97
Debt Service			
SRLF	0.79	0.79	0.79
Other			
Total Debt Service	\$ 0.79	\$ 0.79	\$ 0.79
Debt Service Coverage Ratio	225% [▲]	127%	123%

2024 Water Rates

Upper District is not proposing an increase in its current surcharge of \$103 per acre-foot for calendar year 2024. This will be the 9th year Upper District has kept the surcharge at this level. However, Upper District’s Tier 1 imported water rates will still increase by 3.58% and 5.01% for treated and untreated water, respectively, as Upper District passes through increases in Metropolitan’s rates to the producers and Watermaster.

Table 5 shows the proposed rates effective January 1, 2024. Adopted rates for the prior four years are also presented.

Table 5. Upper District Rates

	Effective 01/01/20	Effective 01/01/21	Effective 01/01/22	Effective 01/01/23	Proposed 01/01/24
Full Service Treated Tier 1					
MWD	1,078	1,104	1,143	1,209	1,256
Upper District Surcharge	103	103	103	103	103
Upper District Rate	1,181	1,207	1,246	1,312	1,359
Full Service Treated Tier 2					
MWD	1,165	1,146	1,185	1,418	1,455
Upper District Surcharge	103	103	103	103	103
Upper District Rate	1,268	1,249	1,288	1,521	1,558
Full Service Untreated Tier 1					
MWD	755	777	799	855	903
Upper District Surcharge	103	103	103	103	103
Upper District Rate	858	880	902	958	1,006
Full Service Untreated Tier 2					
MWD	842	819	841	1,064	1,102
Upper District Surcharge	103	103	103	103	103
Upper District Rate	945	922	944	1,167	1,205
Capacity Charge (per CFS)	\$ 8,800	\$ 10,700	\$ 12,200	\$ 10,600	\$ 11,200

Budget Tables

Upper San Gabriel Valley Municipal Water District 2023/24 Budget Summary

	ACTUAL FY 2020-21	ACTUAL FY 2021-22	FORECASTED FY 2022-23	BUDGET FY 2022-23	BUDGET FY 2023-24
Administrative	\$ 3,305,657	\$ 3,160,332	\$ 2,374,500	\$ 2,530,400	\$ 2,848,200
Water Use Efficiency	469,939	679,001	419,400	809,300	836,300
Education and Community Outreach	884,857	968,889	1,200,100	1,215,600	1,241,900
Water Recycling	2,005,334	1,905,850	1,978,300	1,878,900	2,178,200
Water Quality and Supply	843,776	765,891	561,100	599,900	589,700
Stormwater	24,996	3,933	40,700	40,700	42,700
Water Purchases	<u>49,155,359</u>	<u>43,812,191</u>	<u>39,609,000</u>	<u>30,917,600</u>	<u>39,433,600</u>
Total Operating Expenses	56,689,918	51,296,087	46,183,100	37,992,400	47,170,600
Operating Revenues	<u>60,820,424</u>	<u>52,703,437</u>	<u>47,174,100</u>	<u>38,202,200</u>	<u>47,346,100</u>
Net Reserve Activity from Operations (+/-)	<u>4,130,506</u>	<u>1,407,350</u>	<u>991,000</u>	<u>209,800</u>	<u>175,500</u>
Capital Expenditures	391,838	1,796,609	1,959,800	772,000	217,000
Capital Program Revenues	-	-	-	-	-
Net Change in Cash Due to Capital Outlays (+/-)	<u>\$ (391,838)</u>	<u>\$ (1,796,609)</u>	<u>\$ (1,959,800)</u>	<u>\$ (772,000)</u>	<u>\$ (217,000)</u>
Total Change in Fund Balances (+/-)	<u>\$ 3,738,668</u>	<u>\$ (389,259)</u>	<u>\$ (968,800)</u>	<u>\$ (562,200)</u>	<u>\$ (41,500)</u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
EXPENSE SUMMARY
FISCAL YEAR 2020/21 THROUGH FISCAL YEAR 2023/24**

	FY 2020-21 ACTUAL	FY 2021-22 ACTUAL	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
<u>Administrative Expenses</u>					
Personnel Expenses					
Employee Salaries	1,527,379	1,320,707	1,325,000	1,416,000	1,455,000
Employee Benefits	310,985	269,179	270,000	278,000	288,000
Retired Employee Benefits	45,364	93,180	100,000	100,000	103,000
Employee Travel/Conference	6,369	14,768	30,000	50,000	50,000
Sub Total	1,890,097	1,697,834	1,725,000	1,844,000	1,896,000
Director Expenses					
Director Compensation	192,563	177,147	205,000	216,000	216,000
Director Benefits	145,111	145,041	140,000	170,000	155,000
Retired Director Benefits	32,885	27,812	30,000	32,000	33,000
Director Public Outreach	10,362	18,144	25,000	25,000	25,000
Director Travel/Conference	2,449	29,040	30,000	50,000	50,000
Sub Total	383,370	397,184	430,000	493,000	479,000
Pension/OPEB Expense					
CalPERS-Employees, Directors, Retirees	1,389,856	1,447,315	450,000	450,000	500,000
Sub Total	1,389,856	1,447,315	450,000	450,000	500,000
Office Expenses					
Office Supplies/Equipment	17,293	33,190	65,000	40,000	40,000
Equipment Operations & Maintenance	12,814	12,341	22,000	26,000	26,000
Computer Systems	48,647	43,528	53,000	60,000	60,000
Assessments	66,749	69,280	69,000	75,000	75,000
Meeting Expense	2,331	12,028	15,000	35,000	35,000
Sub Total	147,834	170,367	224,000	236,000	236,000
Facility Expenses					
Building Maintenance	9,001	8,594	30,000	45,000	45,000
Liability/Property Insurance	55,183	51,009	61,000	65,000	65,000
Office Lease	249,012	249,012	83,000	21,000	-
Telephone/Utilities	20,816	16,931	30,000	55,000	45,000
Sub Total	334,012	325,546	204,000	186,000	155,000
Professional Services					
Legal/Financial	102,455	99,587	105,000	105,000	112,000
Engineering	109,851	209,496	140,100	120,000	145,000
Auditor	29,085	29,900	30,000	30,000	31,000
Outside Services	44,205	35,863	55,000	55,000	55,000
Public Information/Outreach	-	644	3,500	3,500	3,500
Sub Total	285,596	375,490	333,600	313,500	346,500
Other Expenses					
Election Costs	542,688	212,000	212,000	212,000	500,000
Sub Total	542,688	212,000	212,000	212,000	500,000
Allocation to Projects and Programs					
Salaries/Overhead Allocated to Projects	(1,667,796)	(1,465,404)	(1,204,100)	(1,204,100)	(1,264,300)
Sub Total	(1,667,796)	(1,465,404)	(1,204,100)	(1,204,100)	(1,264,300)
Total Administrative Expenses	3,305,657	3,160,332	2,374,500	2,530,400	2,848,200
Water Purchases/Revolving Expense	49,155,359	43,812,191	39,609,000	30,917,600	39,433,600
Program Expenses					
Water Use Efficiency Program	469,939	679,001	419,400	809,300	836,300
Education and Community Outreach Program	884,857	968,889	1,200,100	1,215,600	1,241,900
Water Quality & Supply Program	843,776	765,891	561,100	599,900	589,700
Recycled Water Program	2,005,334	1,905,850	1,978,300	1,878,900	2,178,200
Stormwater Program	24,996	3,933	40,700	40,700	42,700
Sub Total	4,228,902	4,323,564	4,199,600	4,544,400	4,888,800
Total Administrative/Operating/Program Expenses	56,689,918	51,296,087	46,183,100	37,992,400	47,170,600
Total Capital Outlays	391,838	1,796,609	1,959,800	772,000	217,000
TOTAL	57,081,756	53,092,696	48,142,900	38,764,400	47,387,600

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
ADMINISTRATIVE EXPENSES			
Personnel Expenses			
Employee Salaries	1,325,000	1,416,000	1,455,000
Employee Benefits	270,000	278,000	288,000
Retired Employee Benefits	100,000	100,000	103,000
Employee Travel/Conference	30,000	50,000	50,000
Sub Total	<u>1,725,000</u>	<u>1,844,000</u>	<u>1,896,000</u>
Director Expenses			
Director Compensation	205,000	216,000	216,000
Director Benefits	140,000	170,000	155,000
Retired Director Benefits	30,000	32,000	33,000
Director Public Outreach	25,000	25,000	25,000
Director Travel/Conference	30,000	50,000	50,000
Sub Total	<u>430,000</u>	<u>493,000</u>	<u>479,000</u>
Pension/OPEB Expense			
CalPERS-Employees, Directors, Retirees	450,000	450,000	500,000
Sub Total	<u>450,000</u>	<u>450,000</u>	<u>500,000</u>
Office Expenses			
Office Supplies/Equipment	65,000	40,000	40,000
Equipment Operations & Maintenance	22,000	26,000	26,000
Computer Systems	53,000	60,000	60,000
Assessments	69,000	75,000	75,000
Meeting Expense	15,000	35,000	35,000
Sub Total	<u>224,000</u>	<u>236,000</u>	<u>236,000</u>
Facility Expenses			
Building Maintenance	30,000	45,000	45,000
Liability/Property Insurance	61,000	65,000	65,000
Office Lease	83,000	21,000	-
Telephone/Utilities	30,000	55,000	45,000
Sub Total	<u>204,000</u>	<u>186,000</u>	<u>155,000</u>
Professional Services			
Legal/Financial	105,000	105,000	112,000
Engineering	140,100	120,000	145,000
Auditor	30,000	30,000	31,000
Outside Services	55,000	55,000	55,000
Public Information/Outreach	3,500	3,500	3,500
Sub Total	<u>333,600</u>	<u>313,500</u>	<u>346,500</u>
Other Expenses			
Election Costs	212,000	212,000	500,000
Sub Total	<u>212,000</u>	<u>212,000</u>	<u>500,000</u>
Allocation to Projects and Programs			
Salaries/Overhead Allocated to Projects	(1,204,100)	(1,204,100)	(1,264,300)
Sub Total	<u>(1,204,100)</u>	<u>(1,204,100)</u>	<u>(1,264,300)</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>2,374,500</u>	<u>2,530,400</u>	<u>2,848,200</u>
ADMINISTRATIVE AND OPERATING REVENUES			
Interest	142,000	35,400	83,900
Sub Total	<u>142,000</u>	<u>35,400</u>	<u>83,900</u>
Other Administrative Revenues			
Taxes	500,000	500,000	500,000
Other Income	25,000	24,000	26,400
Sub Total	<u>525,000</u>	<u>524,000</u>	<u>526,400</u>
TOTAL ADMINISTRATIVE AND OPERATING REVENUES	<u>667,000</u>	<u>559,400</u>	<u>610,300</u>
ADMINISTRATIVE AND OPERATING EXPENSES	<u>(2,374,500)</u>	<u>(2,530,400)</u>	<u>(2,848,200)</u>
NET	(1,707,500)	(1,971,000)	(2,237,900)

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
WATER PURCHASE EXPENSE			
Tier 1 Treated	3,842,800	3,520,500	3,692,100
Tier 1 Untreated	32,345,600	23,970,000	31,635,000
MWD Capacity Charge	349,800	349,800	353,200
MWD Readiness-to-Serve Charge	2,972,300	2,972,300	3,648,300
Sub Total	<u>39,510,500</u>	<u>30,812,600</u>	<u>39,328,600</u>
REVOLVING EXPENSE			
San Gabriel River Watermaster	98,500	105,000	105,000
Sub Total	<u>98,500</u>	<u>105,000</u>	<u>105,000</u>
TOTAL WATER PURCHASES/REVOLVING FUND EXPENSES	<u><u>39,609,000</u></u>	<u><u>30,917,600</u></u>	<u><u>39,433,600</u></u>
IMPORTED WATER PURCHASE REVENUES			
Water Rate Revenues			
Tier 1 Treated	3,842,800	3,520,500	3,692,100
Tier 1 Untreated	32,345,600	23,970,000	31,635,000
Upper Surcharge Tier 1 Treated	339,900	309,000	309,000
Upper Surcharge Tier 1 Untreated	3,274,200	3,090,000	3,811,000
Capacity Charge Revenue	349,800	349,800	353,200
Gross MWD Stand-by Charge - Revenue Reconciliation	1,894,000	1,894,000	1,950,000
MSGB Watermaster-Ready-to-Serve	75,600	75,600	75,600
TOTAL WATER PURCHASE REVENUES	<u>42,121,900</u>	<u>33,208,900</u>	<u>41,825,900</u>
Revolving/Other Revenue			
MSGB Watermaster-SG River Watermaster	98,500	105,000	105,000
TOTAL REVOLVING FUND REVENUES	<u>98,500</u>	<u>105,000</u>	<u>105,000</u>
TOTAL WATER PURCHASE & REVOLVING FUND REVENUES	<u><u>42,220,400</u></u>	<u><u>33,313,900</u></u>	<u><u>41,930,900</u></u>
WATER PURCHASE EXPENSES	<u>(39,609,000)</u>	<u>(30,917,600)</u>	<u>(39,433,600)</u>
NET	2,611,400	2,396,300	2,497,300

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

	<u>FY 2022-23 FORECASTED</u>	<u>FY 2022-23 BUDGET</u>	<u>FY 2023-24 BUDGET</u>
WATER USE EFFICIENCY PROGRAM EXPENSES			
Residential Programs			
Member Agency Administered Programs	61,000	200,000	335,000
Regional Rebate Program	48,100	20,000	40,000
Sub Total	<u>109,100</u>	<u>220,000</u>	<u>375,000</u>
Commercial/Industrial/Institution Programs			
Member Agency Administered Programs	71,000	330,000	210,000
Regional Rebate Program	-	20,000	-
Sub Total	<u>71,000</u>	<u>350,000</u>	<u>210,000</u>
Allocation to Conservation Programs			
Salaries & Overhead	239,300	239,300	251,300
Sub Total	<u>239,300</u>	<u>239,300</u>	<u>251,300</u>
TOTAL WATER USE EFFICIENCY EXPENSES	<u><u>419,400</u></u>	<u><u>809,300</u></u>	<u><u>836,300</u></u>
WATER USE EFFICIENCY REVENUES			
MWD Member Agency Allocation/Rebate Funding	409,400	570,000	585,000
TOTAL WATER USE EFFICIENCY REVENUES	<u><u>409,400</u></u>	<u><u>570,000</u></u>	<u><u>585,000</u></u>
WATER USE EFFICIENCY EXPENSES	<u>(419,400)</u>	<u>(809,300)</u>	<u>(836,300)</u>
NET	(10,000)	(239,300)	(251,300)

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
EDUCATION & COMMUNITY OUTREACH EXPENSES			
Watershed Programs			
Natural Vegetation Restoration Program	15,000	20,000	20,000
Sub Total	<u>15,000</u>	<u>20,000</u>	<u>20,000</u>
Educational Programs			
Water Awareness Youth Art Contests	6,000	11,000	11,000
Educational Activities	40,000	100,000	60,000
Solar Cup	-	10,000	-
Memberships	135,000	130,000	135,000
Educational Materials/Grant Program	30,000	55,000	55,000
Educational Outreach Programs/Events	140,000	130,000	150,000
Sub Total	<u>351,000</u>	<u>436,000</u>	<u>411,000</u>
Outreach and Information Programs			
Public Workshops/Seminars	20,000	35,000	40,000
Conservation Devices/Items	40,000	40,000	40,000
Bottled Water Program	15,500	15,500	15,500
Community/Industry Sponsorships	30,000	35,000	35,000
Displays/Fairs/Presentations	2,500	2,500	5,000
Conferences/Meetings	8,000	6,500	7,000
Public Information	180,000	80,000	100,000
Technical Assistance	70,000	70,000	70,000
Legal/Financial	3,000	10,000	10,000
Sub Total	<u>369,000</u>	<u>294,500</u>	<u>322,500</u>
Allocation to Conservation Programs			
Salaries & Overhead	465,100	465,100	488,400
Sub Total	<u>465,100</u>	<u>465,100</u>	<u>488,400</u>
TOTAL EDUCATION & COMMUNITY OUTREACH EXPENSES	<u>1,200,100</u>	<u>1,215,600</u>	<u>1,241,900</u>
EDUCATION & COMMUNITY OUTREACH REVENUES			
Educational Outreach Program/Events	19,500	-	-
TOTAL EDUCATION & COMMUNITY OUTREACH REVENUES	<u>19,500</u>	<u>-</u>	<u>-</u>
EDUCATION & COMMUNITY OUTREACH EXPENSES	<u>(1,200,100)</u>	<u>(1,215,600)</u>	<u>(1,241,900)</u>
NET	(1,180,600)	(1,215,600)	(1,241,900)

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
WATER QUALITY AND SUPPLY PROGRAM EXPENSES			
Engineering for Water Supply Projects	33,200	42,000	32,000
Legislative Consultant	125,000	130,000	130,000
Other Outside Services	-	10,000	-
Sub Total	<u>158,200</u>	<u>182,000</u>	<u>162,000</u>
Other Expenses			
Integrated Resources Plan	-	10,000	-
Water Supply Reliability Plan/Emergency Preparedness	-	5,000	5,000
Legal and Financial	6,000	6,000	6,000
Salaries & Overhead Allocation	396,900	396,900	416,700
Sub Total	<u>402,900</u>	<u>417,900</u>	<u>427,700</u>
TOTAL WATER QUALITY AND SUPPLY EXPENSES	<u><u>561,100</u></u>	<u><u>599,900</u></u>	<u><u>589,700</u></u>
WATER QUALITY AND SUPPLY PROGRAM REVENUES			
Interest	31,600	31,600	75,200
TOTAL WATER QUALITY AND SUPPLY REVENUES	<u><u>31,600</u></u>	<u><u>31,600</u></u>	<u><u>75,200</u></u>
WATER QUALITY AND SUPPLY PROGRAM EXPENSES	<u>(561,100)</u>	<u>(599,900)</u>	<u>(589,700)</u>
NET	(529,500)	(568,300)	(514,500)

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
RECYCLED WATER EXPENSES			
Water Purchases-Recycled Water	529,000	465,000	624,000
SWRCB Loan Repayment	791,000	791,000	791,000
Salaries & Overhead Allocation	62,100	62,100	65,200
Standby Charge Design/Implementation	18,200	18,200	18,500
Engineering - General	20,000	45,000	52,500
Lobbyist	90,000	90,000	95,000
Legal and Financial	3,000	3,000	3,000
Public Information	5,000	5,000	5,000
Operation and Maintenance Phase I/IIA	330,000	273,000	361,000
Operation and Maintenance Phase IIB	130,000	126,600	163,000
TOTAL RECYCLED WATER EXPENSES	1,978,300	1,878,900	2,178,200
RECYCLED WATER REVENUES			
Recycled Water Sales	529,000	465,000	624,000
Upper Recycled Water Surcharge Revenue	1,121,000	1,098,000	1,323,000
Metropolitan Water District LRP Funds	107,000	106,000	128,000
Parcel/Standby Charge	2,050,000	2,050,000	2,050,000
Interest	13,200	6,000	14,300
TOTAL RECYCLED WATER REVENUES	3,820,200	3,725,000	4,139,300
RECYCLED WATER EXPENSES	(1,978,300)	(1,878,900)	(2,178,200)
NET	1,841,900	1,846,100	1,961,100

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

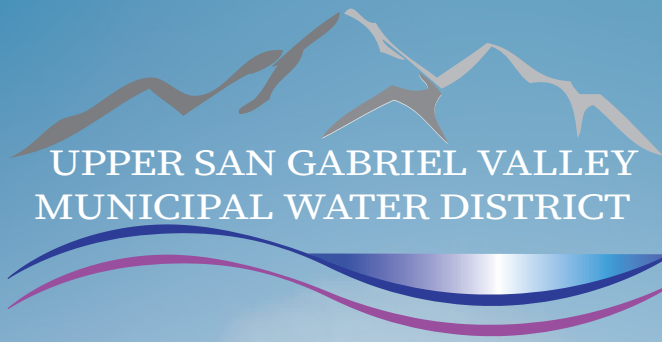
	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
STORMWATER EXPENSES			
Salaries & Overhead Allocation	40,700	40,700	42,700
TOTAL STORMWATER EXPENSES	<u>40,700</u>	<u>40,700</u>	<u>42,700</u>
STORMWATER REVENUES			
Interest	-	-	-
TOTAL STORMWATER REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
STORMWATER EXPENSES	<u>(40,700)</u>	<u>(40,700)</u>	<u>(42,700)</u>
NET	(40,700)	(40,700)	(42,700)

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
RATE STABILIZATION FUND EXPENSES			
Miscellaneous	-	-	-
TOTAL RATE STABILIZATION FUND EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>
RATE STABILIZATION FUND REVENUES			
Interest	6,000	2,300	5,400
TOTAL RATE STABILIZATION FUND REVENUES	<u>6,000</u>	<u>2,300</u>	<u>5,400</u>
TOTAL RATE STABILIZATION FUND EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>
NET	6,000	2,300	5,400

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

	FY 2022-23 FORECASTED	FY 2022-23 BUDGET	FY 2023-24 BUDGET
CAPITAL EXPENDITURES			
Direct Reuse	10,000	105,000	100,000
USG Connections	-	30,000	15,000
Legal and Financial	2,000	2,000	2,000
Sub Total	<u>12,000</u>	<u>137,000</u>	<u>117,000</u>
Other Capital Outflows			
District Office Building	1,947,800	635,000	100,000
Sub Total	<u>1,947,800</u>	<u>635,000</u>	<u>100,000</u>
TOTAL CAPITAL OUTLAYS	<u>1,959,800</u>	<u>772,000</u>	<u>217,000</u>
CAPITAL PROGRAM INFLOWS			
Interest	-	-	-
TOTAL CAPITAL INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL OUTFLOWS	<u>(1,959,800)</u>	<u>(772,000)</u>	<u>(217,000)</u>
NET	(1,959,800)	(772,000)	(217,000)



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