

2022-2023
ANNUAL BUDGET
ADOPTED 05/02/2022
RESOLUTIONS NO. 220501 & 220502

Valley of the Moon
Water District

Board of Directors

Steve Rogers, President
Jon Foreman, Vice President
Gary Bryant, Director
Colleen Yudin-Cowan, Director
Brooke Harland, Director

Staff

General Manager – Matt Fullner
Water System Manager – Brian Larson
Administration Manager – Amanda Hudson
Finance Manager – Oscar Madrigal
District Counsel – Burke, Williams & Sorensen, LLP
District Auditor – Harshwal, LLP

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I. Introduction to Valley of the Moon Water District

A. History

Valley of the Moon Water District (District) was formed in 1960 through a special election under Water Code Section 30000 et seq. for the primary purpose of providing a dependable supply of potable water in the Valley of the Moon.

The service area covers approximately 7,545 acres and includes the unincorporated communities of Agua Caliente, Boyes Hot Springs, El Verano, Feters Hot Springs, Glen Ellen, Eldridge, and the Temelec subdivision of Sonoma County.

The District began operations on June 1, 1962 with the acquisition of the assets of Sonoma Water and Irrigation Company and the Mountain Avenue Water System. In 1963, the District acquired the facilities of the Glen Ellen Water Company and annexed its service area.

Today, water is purchased from the Sonoma County Water Agency and delivered through an aqueduct running from the Russian River. The District also uses wells within the service area to augment its water supply.

District customers authorized purchase and improvement of existing facilities and procurement of Russian River water through the Sonoma Aqueduct with \$1,250,000 of voter-approved 30-year General Obligation bonds, which were issued in 1962. All District assets, including land, water rights, water production, distribution, and storage facilities, are by law held in trust by the District for the benefit of all property owners and customers within the District.

B. Governing Board

The Board of Directors of the Valley of the Moon Water District consists of five members who are elected officials. They each serve four-year terms, which are staggered with elections held during November of each even numbered year.

The Board of Directors sets the overall goals for the District and the policies to accomplish those goals. The Board appoints a General Manager who is charged with carrying out the policy direction of the Board. The Board also appoints a Counsel, Auditor, and Board Secretary. All persons appointed to these positions serve at the pleasure of the Board. The Board performs its duties during regularly scheduled Board meetings held at 6:30 p.m. on the first Tuesday of each month. The Board may also schedule special meetings of the Board. The public is notified in advance of all regular and special meetings of the Board as well as any meetings of standing committees, as required by law.

The Board may appoint standing or ad hoc committees to assist it in developing policy. It

may also confer with consultants or other experienced specialists in water resource management in determining appropriate policies of the District.

C. District Goals

- Ensure ethical behavior in the conduct of District business.
- Conduct District business in an open manner, providing information, reasons for decisions and access to the decision-makers.
- Please refer to the District's Strategic Plan for detailed goals and objectives, which informs and is appended to this budget.

II. Department Descriptions

A. Board of Directors

The Board of Directors oversees all District operations by hiring and setting goals for the General Manager. The five-member Board adopts policies to guide the General Manager and District staff in providing efficient and effective services to present and future District customers.

B. General Manager

The General Manager is responsible for organizing, supervising, and directing activities of the District and carrying out policies set by the Board of Directors to ensure that efficient and effective services are provided through the approved policies and budget.

C. Administration and Finance

During the fiscal year 2020-2021, the Board approved adoption of a new staffing model based on Phase One of a Staffing Study in the administrative and finance departments of the District. That study was followed up by an additional Staffing Study (Phase Two) focusing on the Field Operations. The second study also had implications on the administrative department. The administrative staff now consists of an Administration Manager and two fulltime Administrative Specialists or Senior, personnel. The finance department mirrors that scalable model with a Finance Manager and one fulltime Accounting Specialist or Senior, for a total of five full time employees in total.

Responsibilities of this group include customer services, accounting, office services, human resources, risk management, regulatory compliance, project administration, public information, and Board administration.

Customer Service: Billing, payments, conservation, and responding to water service related inquiries.

Accounting: Accounts receivable, accounts payable, payroll, general ledger, financial statements, collections, audits, inventory, actuarial, monthly/annual/periodic/management

reports & analysis, rates, budgets & forecasts.

Office Services: Correspondence, purchase orders, file maintenance/archiving, and meeting/travel coordination.

Human Resources: Monitor employee agreements/compliance to agreements, recruitment, CalPERS, retirees, and orientation of new hires, Workers Comp Administration, and employee evaluations.

Risk Management: Contracts and Insurance.

Compliance: Department of Water Resource Reporting, Urban Water Management Plan, Prop 218 Notices, Sanitation Reports, OSHA, and FEMA.

Project Administration: Request for Proposals writing & advertising, contract/agreement writing & review, notarization, contract compliance monitoring and file management, lien & retention management, quitclaim deeds, and recording.

Public Information: Public notices, newsletters, website management, social media, news releases, and annual Consumer Confidence Report.

Board Administration: Agenda preparation, staff reports, minutes preparation, Public Official ethics, harassment, financial interest compliance, tracking & reporting.

D. Operations & Maintenance

The Operations and Maintenance Department consists of a Water System Manager, eight Water Distribution/Treatment System Operators, and one Field Services Representative.

The Water System Manager coordinates the operation and maintenance of a 24-hour water delivery system; plans, assigns and directs personnel involved; trains employees in operations, procedures, and safety equipment; sets up and modifies the operating and preventive maintenance schedules; prepares requisitions for stock and material for operations and maintenance of plant and pipeline and in-house projects; participates in annual inventory; responds to, investigates and resolves inquiries and complaints from public about water usage.

The primary responsibility of this department is to assure the uninterrupted delivery of water by locating and fixing leaks, flushing lines, repairing mains, operating wells, and replacing aging infrastructure. The department also monitors water quality, inspects construction projects in progress, performs preventive maintenance and repairs of all water system facilities, and performs building and ground maintenance of District facilities.

III. Operations & Maintenance Budget

A. Operations & Maintenance Budget Description

The total revenue for FY 2022-2023 is projected to be \$7,490,324. The total O&M expenses are projected to be \$5,589,976. Total revenue less Operations & Maintenance (O&M) expenses is projected to be \$1,900,348 and will be transferred to the capital improvement plan (CIP). The remainder of the CIP budget is funded by undesignated reserves in the amount of \$717,808 which includes the anticipated capacity fees of \$123,262. The FY 2022-2023 O&M Budget is approximately 8.66% greater than the FY 2021-2022 year-end estimate.

The operating revenue (water rates and service charge) for FY 2022-2023 is projected to be \$7,359,813. This is an increase of \$719,707 from the FY 2021-2022 year-end estimated operating revenue. The FY 2022-2023 operating revenue projection is based on the 2022 Rate Study carried out by NBS.

B. 2022-2023 Operations & Maintenance Budget Display

Valley of the Moon Water District Proposed Budget FY 2022-2023	Approved Budget	Estimated Year End Actual	Proposed Budget
	2021-2022	2021-2022	2022-2023
Revenues			
Interest Income	\$ 53,000	\$ 25,000	\$ 27,540
Gain on Sale of Assets	-	-	-
Operating Revenue	6,640,106	6,640,106	7,359,813
Backflow Testing Revenue	-	-	50,584
Customer Penalties & Fees	22,932	22,932	50,000
Misc. Income	12,875	12,875	12,000
Leak Adjustments	(9,613)	(9,613)	(9,613)
Total Revenue	6,719,300	6,691,300	7,490,324
Expenses			
Salaries:			
O&M - Operating Wages	937,890	937,890	1,051,859
Stand-By	32,098	32,098	32,098
Net O&M Operating Wages	969,987	969,987	1,083,956
Administration	556,987	556,987	632,163
Total Salaries	1,526,975	1,526,975	1,716,119
Weighted Wages Transferred to Capital Projects	(571,852)	(571,852)	(642,687)
Net Operating Wages	955,123	955,123	1,073,433
Benefits:			
O&M - Operating & Maintenance	217,020	217,020	203,559
Administration	139,833	139,833	122,389
Retirees	75,044	75,044	65,175
Total Benefits	431,898	431,898	391,122

Valley of the Moon Water District Proposed Budget FY 2022-2023	Approved Budget	Estimated Year End Actual	Proposed Budget
	2021-2022	2021-2022	2022-2023
Mandatory Costs			
Workers Comp:			
Operating & Maintenance	24,338	24,338	56,511
Acct/Administration	3,122	3,122	7,436
FICA/Medicare:			
Operating & Maintenance	72,904	72,904	81,469
Administration	40,352	40,352	45,554
District Portion/Retirement:			
Operating & Maintenance	85,311	85,311	93,424
Administration	54,316	54,316	72,547
CalPERS Accrued Liability	217,969	217,969	260,000
Total Mandatory Costs	498,311	498,311	616,941
Travel & Training			
Operating & Maintenance	7,725	7,725	7,957
Administration	12,000	12,000	12,000
Total Travel & Training	19,725	19,725	19,957
Board of Directors:			
Meeting Compensation	30,000	30,000	31,560
Travel & Training	5,000	5,000	5,000
Total Board Expenses	35,000	35,000	36,560
Purchased Water			
Purchased Water	2,206,281	2,206,281	2,337,159
GSA Fee	-	-	25,000
Total Purchased Water	2,206,281	2,206,281	2,362,159

Valley of the Moon Water
District Proposed Budget FY
2022-2023

Approved
Budget

Estimated Year
End Actual

Proposed Budget

2021-2022

2021-2022

2022-2023

Services & Supplies

Safety & Clothing Allowance	14,265	14,265	20,760
COVID-19 Response	-	-	500
Vehicle Maintenance	7,000	7,000	8,600
Election Costs	-	-	60,245
Employee Relations	4,345	4,345	4,570
Legal Fees	65,000	65,000	82,000
Engineering General Support	3,600	-	3,600
Advertising	1,000	1,000	3,000
Outside Services	35,278	35,278	40,103
Outside Services BackFlow	0	-	50,584
Annual Audit	10,036	10,036	20,651
Bad Debts/Collections	12,000	12,000	12,000
Building MTNC.	9,000	9,000	6,000
Dues and Subscriptions	25,350	25,350	27,000
Equipment MTNC./Repairs	25,000	25,000	27,000
Fees (County/State)	52,793	52,793	60,000
Fuel	27,061	27,061	29,000
Bank Charges	30,443	11,500	12,000
Liability Ins. (Incl. Losses)	50,814	53,434	55,000
Postage	21,058	23,782	25,000
Public Information	7,861	7,861	8,000
Service Contracts	55,845	60,117	69,300
Office Supplies	8,151	8,151	12,900
Telephone-Internet	13,600	14,036	14,900
Small Tools & Equipment	8,450	8,450	15,891
Trash Disposal	5,458	5,658	5,700
Utilities - PG&E	170,876	149,811	160,300
Professional Services	131,518	131,518	115,800

Valley of the Moon Water District Proposed Budget FY 2022-2023	Approved Budget	Estimated Year End Actual	Proposed Budget
	2021-2022	2021-2022	2022-2023
Water Testing	39,338	39,338	36,000
Water Main Maintenance	11,000	93,679	35,000
Service Line Maintenance	5,000	8,746	10,300
Hydrant Repairs	4,000	3,813	4,000
Misc. System Maintenance	5,500	5,500	5,500
Wells Maintenance	6,000	11,716	8,100
Pump Maintenance	12,000	6,586	7,000
Storage Tank Maintenance	10,000	10,000	11,500
Water Conservation Program	34,500	34,500	19,000
Interest Expense	20,000	18,905	0
Equipment Replacement	6,000	3,027	3,000
Total Services & Supplies	949,140	998,257	1,089,804
Total Expenses	5,095,477	5,144,594	5,589,976
Revenues Less Expenses	1,623,823	1,546,706	1,900,348
O&M Allocation to CIP	(1,998,898)	(1,998,898)	(2,494,894)
Capacity Charges to CIP	-	-	(123,262)
Transfer to/from Undesignated Reserves	\$ (375,075)	\$ (452,192)	\$ (717,808)

IV. Account Descriptions:

Purchased Water: Water purchased from the Sonoma County Water Agency and leased wells.

Safety & Clothing Allowance: Personal protection and safety equipment, and personnel clothing allowance.

Vehicle Maintenance: All repair and maintenance costs to District vehicles, including SMOG tests and certification, tire repair/replacement, and lube and oil changes, as necessary.

Election Costs: Costs incurred by the District for the election of Directors.

Employee Relations: Expenses related to improving employee relations and team building.

Legal Fees: Attorney fees for service.

Engineering General Support: Includes updates to hydraulic modeling and non-CIP specific services.

Advertising: Public hearings, meetings, legal notices, employment openings.

Outside Services: Alarm monitoring, answering service, billing service, janitorial, landscaping, tree trimming, pest control services, annual weed abatement at District-owned properties, and Underground Service Alert services.

Annual Audit: Annual financial statement audit and periodic consultation with District auditor.

Bad Debts/Collections: All uncollectible closed customer accounts that are sent for collection. If collection is made, an entry is made to offset the amount.

Building Maintenance: Maintenance and repairs to District-owned facilities.

Leak Adjustments: District leak adjustment policy.

Dues and Subscriptions: Water-related association and organization memberships.

Equipment Maintenance & Repairs: All maintenance to equipment other than vehicles and buildings.

Fees (County/State): Any work done by the Drinking Water Program is charged to the District at an hourly rate. Also includes Hazardous Materials Program fees assessed by the Sonoma County Emergency Services, LAFCO annual fees, annual sewer fees, and miscellaneous permits.

Fuel: Fuel for District vehicles including backhoes and various pieces of equipment.

Bank Charges: Fees for direct deposit, stop payments, and wire transfers.

Liability Insurance: Insurance for District-owned facilities, including all buildings and structures, and covers liability claims relating to District operations.

Postage: Postage for District correspondence and customer billing.

Public Information: Materials and services including Proposition 218 notification, annual water quality report, and billing inserts.

Service Contracts: Maintenance for handheld meter reader devices, copier and printer equipment, computer system software, maintenance, and updates.

Office Supplies: All supplies required for the operation of the District.

Telephone-Internet: All telephone charges including cellular phones, data, and internet.

Small Tools & Equipment: Small tools, new and replacement.

Trash Disposal: Weekly garbage pick-up and disposal.

Utilities – PG&E: Gas and electricity for office, corporation building, pumps, and booster stations.

Professional Services: All non-engineering professional services, including but not limited to the Urban Water Management Plan required every five years, rate studies, etc.

Water Testing: Water is tested from various locations throughout the District weekly. There are additional tests required periodically throughout the year.

Water Main Maintenance: Materials used in the repair and maintenance of main lines.

Service Line Maintenance: Materials used in the repair of service lines connecting mains to customer meters.

Misc. System Expenses: Includes materials other than to repair water mains and service lines.

Well Maintenance: Materials used in the repair and maintenance of wells.

Pump Maintenance: Materials used in the repairs and maintenance of pumping equipment.

Storage Tank Maintenance: Materials used in the repairs and maintenance of storage tanks.

Water Conservation Program: Water-conserving devices, educational programs, and compliance with the Best Management Practices (BMP).

Interest Expense: Interest for loans.

Equipment Replacement: Fixed assets \$5,000 and under.

V. Capital Improvement Plan

A. Capital Improvement Plan Description

The District's five-year Capital Improvement Plan (CIP) is updated annually. The updated CIP covers fiscal years 2022-2023 through 2026-2027. The basis for the plan is "The Master Water Plan" by EKI, January 2019.

Resolution No. 220502 authorizes the budget for the first year of CIP (FY 2022-2023) for \$2,825,152, approximately \$233,996 of which was funded by a previous fiscal year. The projected CIP needs for fiscal years 2022-2023 through 2026-2027 have been reviewed by the Board and are considered best estimates at this time.

Significant projects in the CIP for FY 2022-2023 include:

- Installation of Solar and EV Plugs at shop/yard facility
- Glen Ellen Transmission and Fire Flow Improvement
- Park Well redrilling and
- Chestnut Exploratory Well drilling

B. 2022-2023 Capital Improvement Plan Display

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
Facilities and Maintenance Projects			-				
CIP - 3006	Install EV Plugs and Solar on Office/Shop	Solar on shop, office, and shade structure. Install EV plugs in yard and office parking for District EVs	205,260	-	-	-	-
CIP- 3008	Laundry facility, bigger shower and more lockers	Expand into the old meter test shop	30,789	-	-	-	-
CIP- 3009	Install meters at Chestnut and Donald Boosters	Install meters and slow close check valves at Chestnut and Donald Boosters	-	15,799	-	-	-
CIP- 3010	Manual transfer switches	Install a manual transfer switch and plug to be used with a tow-behind generator in case a stationary unit fails in an emergency. Estimated 5 sites will need the upgrade.	10,263	-	-	-	-
CIP - 3012	Replace GM Vehicle with an EV		46,184	-	-	-	-

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
CIP-3013	Replace #32 & #33 with F250 or F350 utility body trucks	Purchased at the same time, have higher mileage, and need to be replaced to maintain fleet reliability. With recent changes in operations, it is proposed that they be replaced with utility body trucks to increase flexibility in the fleet.	133,419				
CIP-3014	Verano Well Tow-Behind Generator	Provided Verano well is producing by 2023/2024, will be necessary to maintain consistent system performance during PSPSs and emergencies.	-	78,997	-	-	-
CIP-5107	County of Sonoma Paving Projects requiring adjustments and or relocation of District facilities	SONOMA COUNTY 2021 PAVEMENT PRESERVATION PROGRAM Craig Ave, Petaluma Ave, Verano Ave.	99,551	52,665	54,050	55,471	62,623
CIP-6001	New Services	Customer pays 100%	-	-	-	-	-
CIP-6004	All Service Replacements	All service replacements combined	61,578	31,599	32,430	33,283	-
CIP-8100	Valve Replacement Program	Valve Replacement Program	28,287	30,483	32,849	35,398	38,146
CIP-9300	Meter Replacement Program	Year 1 moving to supported software and shifting from a physical server to cloud based. AMI meters will need to be replaced beginning year 8.	37,460	-	-	-	-

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
CIP-2991	GPS Facilities	10,000 estimated assets to GPS locate approx. half completed as of 2022.	30,789	-	-	-	-
CIP-3017	Installation of generator at Donald Booster	Using a generator purchased in previous fiscal year. Installation cost only.	20,526	-	-	-	-
CIP-3019	Kearney site clean up	Fire preparedness and elimination of large trees that could potentially fall on critical pumping facility	102,630	-	-	-	-
TBD	Placeholder	vehicles/equipment etc.	-	59,046	167,135	187,485	238,254
Total Facilities and Maintenance Projects			806,736	268,589	286,463	311,637	339,023

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
Pipeline Projects			-				
CIP-2993 P-1	Steel Pipe Replacement	Replace all remaining steel water mains and convert steel laterals to customer service connections throughout distribution system as detailed by Figure 9-2. Mainlines and service lines separate. RFP sent 03/2020. Engineering 07/2020, Construction to begin Spring 2021.	15,395	-	-	-	-
CIP-2996 P-2	Glen Ellen Transmission and Fire Flow Improvement	Replace existing 6-inch and 8-inch steel and ACP water mains with new 10-inch and 12-inch PVC water mains, replace existing service connections, and replace existing fire hydrants. RFP sent 03/2020. Engineering 07/2020, Construction to begin Spring 2021.	626,043	-	-	-	-
CIP-3021	Pressure Zone 3D Fire Flow Improvement	Replace existing 4-inch ACP, PVC, and DIP water mains with new 8-inch PVC throughout PZ-3D, replace eight existing service connections, and replace one existing fire hydrants.	41,052	526,646			

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
CIP-3022	Altamira Middle School Fire Flow Improvement	Replace existing 6-inch and 8-inch PVC and ACP water mains with new 12-inch PVC water mains along Arnold Drive, replace existing 6-inch pipe with new 8 and 12-inch pipe adjacent to Altamira Middle School, replace 15 existing service connections, and replace three existing fire hydrants.	-	185,379	1,712,293	-	-
CIP-3023	Upper Sobre Vista Fire Flow Improvement	Replace existing 6-inch PVC and HDPE water mains with new 8-inch PVC water mains, and replace two existing fire hydrants.	-	-	108,099	887,539	-
CIP-3020	Warm Springs Road Fire Flow Improvement	Replace existing 6-inch PVC, ACP, and DIP water mains with new 8-inch and 10-inch PVC water mains, replace 47 existing service connections, and replace four existing fire hydrants. Priced for engineering and installation using inside staff.	-	-	-	221,885	1,138,601

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
TBD	Madrone 4" ACP Replacement (NOT IN 2019 WMP)	Replace existing 4-inch ACP water mains with new 8-inch PVC water mains, replace 78 existing service connections, and replace existing fire hydrants in theMadrone/Glenwood area. District to coordinate with Fire Department to determine if additional hydrants are needed. These hydrants would be funded by the Fire Department.	-	-	-	-	-
TBD	Trinity Oaks 4" ACP Replacement	Replace existing 4-inch ACP water mains with new 8-inch PVC water mains, replace 49 existing service connections, and replace six existing fire hydrants in the Trinity Oaks area. District to coordinate with Fire Department to determine if additional hydrants are needed. These hydrants would be funded by the Fire Department.	-	-	-	-	-
Total Pipeline Projects			682,490	712,025	1,820,393	1,109,423	1,138,601

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
Wells, Pumping, & Supply			-				
CIP-2987	Chestnut Exploratory Well	Develop a minimum 100gpm District owned Well.	230,918	1,263,950	-	-	-
CIP-2989	New Well No. 11 Redrill Park Engineering	Drilled next to & operated with existing well. Develop a minimum 100gpm District owned Well.	923,670	-	-	-	-
CIP - 3025	New source and booster meters	Installing new meters will be more accurate and assist in the District's goal of performing pump efficiency testing on all pumps proactively includes installing meters on un- metered pumps	-	52,665	-	-	-
CIP - 3026	VFDs on all well pumps	Install VFDs at Larbre, AC, Donald and Park - Mt has one (2020)	-	31,599	-	-	-
CIP- 3027	SDC - Glen Ellen Booster	Booster to be installed at SDC to boost water from lower zones into Glen Ellen for fire flow or other needed transfers	-	-	-	-	256,185
CIP- 3028	Trinity Well Clean- up	Remove building, replace or remove the fence (already inside of gated yard), place mulch on the site, abandon the main and relocate the service line and hydrant.	51,315	-	-	-	-
Total Wells			1,205,903	1,348,213	-	-	256,185

Project #	Project	Improvement Description	1	2	3	4	5
			2022/23	2023/24	2024/25	2025/26	2026/27
Tanks			-				
CIP-2986	Richards (Kearney) Tank Site	1 MG Tank Engineering year 5 construction year 6	-	-	-	-	455,440
CIP- 3029	Bolli Tanks Recoating & Railing/Solar Retrofit	Original interior coating is failing. Good time to add the required hand rails and add solar mounting brackets.	-	-	-	998,481	-
CIP-3030	Upgrade fall protection at all tanks per new OSHA requirements	All or most tanks will need a new fall protection device install on ladder.	71,841	-	-	-	-
CIP- 3031	Temelec 1M Tanks Recoating & Railing/Solar Retrofit	Recoat large Temelec and add railing and solar mounting brackets, small tank done in 2017	-	-	864,795	-	-
CIP-3032	Tank Site Solar upgrade	Right size the solar equipment and use industry standard batteries and enclosures. Engineered by professional and installed by VOM staff.	85,183	-	-	-	-
Total Tanks			157,024	-	864,795	998,481	455,440
		Total	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
		Total Water System Improvements:	\$2,852,152	\$2,328,828	\$2,971,650	\$2,419,542	\$2,189,250

VI. *Board Designated Reserves and Forecasted Funds available for the Capital Improvement Plan*

Valley of the Moon Water District		Forecasted Reserves				
	Estimated Year End Actual	Proposed Budget	Forecast	Forecast	Forecast	Forecast
	21-22	22-23	23-24	24-25	25-26	26-27
Revenue:						
Beginning Enterprise Fund Balance	\$3,954,869	\$3,643,843	\$3,107,036	\$ 3,232,000	\$ 3,432,000	\$ 3,618,000
Annual CIP Allocation	1,998,898	2,494,894	2,203,902	2,845,038	2,291,220	1,282,990
Capacity Charges	579,778	123,262	124,926	126,612	128,322	130,054
FEMA Reimbursement						776,206
Arrearage Funds	122,000					
Total	6,655,545	6,261,998	5,435,863	6,203,650	5,851,541	5,807,250
Less:						
Capital Improvement Plan	(1,998,898)	(2,618,155)	(2,328,828)	(2,971,650)	(2,419,542)	(2,189,250)
Debt Service - Westamerica (principal)	(205,251)	-	-	-	-	-
Debt Service - I-Bank (principal)	(355,361)	-	-	-	-	-
Transfer from Undesignated Reserves to O&M	(452,192)	(717,807)	(71,036)	-	-	-
Total Expenditures	(3,011,702)	(3,335,963)	(2,399,864)	(2,971,650)	(2,419,542)	(2,189,250)
Less Board Designated Reserves:						
Operations & Maintenance Reserve (3 Months Operations)	1,280,000	1,425,000	1,506,000	1,592,000	1,682,000	1,778,000
Rate Stabilization Reserve	550,000	610,000	660,000	710,000	770,000	830,000
Capital Improvement Plan	760,000	820,000	870,000	930,000	980,000	1,010,000
Total Board Designated Reserves	2,590,000	2,855,000	3,036,000	3,232,000	3,432,000	3,618,000
Undesignated Reserves available for Capital Improvement Plan	\$1,053,843	\$ 71,036	\$ (0)	\$ (0)	\$ (0)	\$ (0)

A. Annual Revenue from Water Use and Service Charges:

It is anticipated that the Board, through the annual budget process, will allocate funds each fiscal year to the Capital Improvement Plan (CIP) from revenues derived from water usage and service charges.

B. Other Sources of Funds:

Other capital improvement funds may be obtained from outside sources, such as Federal, State, or County grants, and/or loans. These funds can be budgeted only after such sources are “firmed up”.

Additional sources of funds include developer-funded projects. Often District water mains must be installed or upgraded as part of new development projects. These projects are not identified in the CIP as they are unknown at this time and are neutral in terms of income versus expense and result in contributed infrastructure. These projects are booked by the District at the project cost when completed and accepted then are reflected in the annual financial statement as “Contributions in Aid to Construction” and thereby become part of the District’s depreciable fixed assets.

Charges are also assessed at the time of connection for meters and service lines, fire hydrants, reduced pressure devices, and any other materials and features needed to be supplied by the District to accommodate the new connection. These charges compensate the District for actual cash outlays including associated labor and overhead. Income from these charges is not included in the budget but is booked at the time of receipt as “Contributions in Aid to Construction”.

VII. Investment Policy- Fiscal Year 2022-2023

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process and to organize and formalize investment-related activities. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The goal is to enhance the economic status of the Valley of the Moon Water District (District) while protecting its pooled cash.

The investment policies and practices of the District are based on state law and prudent money management. District moneys not required for immediate expenditure will be invested in compliance with governing provisions of law (Government Code Sections 53600 *et.al.*, SB 866 and SB564) and this policy. The District will maintain adequate cash availability and maximum

yield on invested funds while ensuring that the principal amount invested is protected from loss. The investment of bond proceeds is to be restricted by the provisions of relevant bond documents.

Investments will be made in a range of instruments to ensure diversification of the District's portfolio and liquidity of assets in an emergency. Deposit of funds with the State Treasurer's Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code, or deposit of funds with the Sonoma County Pooled Investment Fund will satisfy this requirement. A policy of safety, liquidity, and yield will always prevail, with emphasis on safety.

Objective

The District has a fiduciary responsibility to maximize the productive use of all the assets entrusted to its care and to invest and manage those public funds wisely and prudently. As such, the District shall strive to maintain the level of investment of all idle funds as near 100% as possible through projected cash flow determinations, investing in those investment vehicles deemed prudent and allowable under current legislation of the State of California and the regulations of the District.

It is the policy of the District to make investments based on the following specific objectives listed in order of priority:

1. Safety: The primary objective is to safeguard the principal of funds.
2. Liquidity: The secondary objective shall be to meet the liquidity needs of the District.
3. Yield: The third objective shall be to achieve a return on funds

Definition and Provision of the Government Code

The District's Board of Directors will act as the investment authority of the District. Collateral established as security for District funds will be those securities specified by law as eligible for collateral for deposits of local public agencies. Investment of District moneys not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided by law for the investment of public funds. Investments will be made in accordance with this policy.

Cash Flow and Availability

The District shall maintain, in the LAIF, or the Sonoma County Treasurer's Pooled Investment Fund, or Certificate of Deposits, money available for immediate use.

Preferred Investment Instruments

The District investment portfolio may include, but are not limited to, the following instruments:

- State Local Agency Investment Fund
- Sonoma County Pooled Investment Fund

- Certificates of Deposit purchased from banks or savings and loan institutions
- Passbook Savings Account
- Treasury Bills & Notes
- Additional instruments not specifically delineated in this policy require prior Board approval

Amounts to be Invested

The District will maintain a cash flow analysis for projection of needed funds. All funds not required for immediate use will be invested.

General Investment & Accounting Guidelines

1. As far as possible, all money shall be deposited for safekeeping in state or national banks or state or federal savings and loan associations or may be invested as provided in Section 53635 of the government code.
2. Not more than 30 percent of the District funds shall be invested in any one single institution other than the following funds:
The State Local Agency Investment Fund.
The Sonoma County Pooled Investment Fund
3. All interest, including interest on the reserve for capital outlay, capital replacements, new connections, reserve for variation in water sales, and the general reserve, shall be credited to the appropriate funds.
4. Accounts shall be established and maintained in the District accounting records to record the surplus and inactive funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the Government Code.
5. Reserve fund account balances shall be maintained separately and shall always reflect the balance in each reserve fund in a manner consistent with generally accepted accounting practices.
6. Depositories having custody of the District funds shall be directed to forward copies of all correspondence concerning the District funds to the Valley of the Moon Water District, P.O. Box 280, El Verano, CA 95433.
7. Verification that moneys have always been on deposit and collateralized in amounts equal to or more than funds designated by the Board of Directors as reserve funds shall be made in the annual audit records.
8. The Board of Directors shall be delegated the authority and responsibility to invest or to reinvest funds of the Valley of the Moon Water District or to sell or exchange securities so purchased in accordance with Section 53607 of the Government Code.
9. The Board should, from time to time, determine which reserve funds are surplus and which are inactive.
10. No investments shall be made in financial futures or financial option contracts which are otherwise allowed pursuant to Section 53601.1 of the Government Code.

Guidelines by Type of Investment

Certificates of Deposit: Cash will be invested only in FDIC or FSLIC insured or fully collateralized certificates of deposit. Collateral for a given investment must be 110% of principle for government securities collateral and 150% of principal for first mortgage collateral. No more than \$250,000 of the District's portfolio shall be invested in any one institution. An institution must meet the following criteria to be considered by the District:

The District will not invest in any institution less than four years old.

The institution must maintain a net worth to asset ratio of at least 2.5%, and a positive earnings record.

The bank or institution must be located in California.

State Local Agency Investment Fund: The investment with LAIF may not, by State regulations, exceed \$20 million.

Sonoma County Pooled Investment Fund: The investment with the County of Sonoma is subject to the County of Sonoma Investment Policy.

Maturity of Investment

Except for Treasury notes, the maturity of a given investment will not exceed one year.

Treasury notes may be purchased for a period not to exceed five years.

Use of Securities Dealer & Brokers

All investments will be placed by or under the supervision of the Board of Directors, with appropriate financial advice, as necessary.

Investment Reports to the Board of Directors

Each month, the General Manager shall furnish to the Board of Directors a detailed listing of investments, date of purchase, date of maturity, institution where investment was placed, and interest rate on investment, in accordance with Section 53646(b) of the Government Code.

VIII. Enabling Documents

A. RESOLUTION NO. 220501

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON WATER DISTRICT ADOPTING THE FISCAL YEAR 2022-2023 OPERATIONS AND MAINTENANCE BUDGET, THE ANNUAL STATEMENT OF INVESTMENT POLICY, AND BOARD DESIGNATED RESERVES

WHEREAS, the Valley of the Moon Water District (District) is required to adopt a final operations and maintenance (O&M) budget and an annual statement of investment policy for the fiscal year 2022-2023; and

WHEREAS, the Board of Directors of the District has created an ad hoc budget subcommittee and considered both a preliminary and final operations and maintenance budget; and

WHEREAS, the Board of Directors of the District set appropriate Board Designated Operating Reserve, Rate Stabilization Reserve, and Capital Reserve Policy levels reserves; and

WHEREAS, the Board of Directors has directed staff to create an annual statement of investment policy for the fiscal year 2022-2023.

NOW, THEREFORE, BE IT RESOLVED that the final operations and maintenance budget packet in its entirety for fiscal year 2022-2023, the annual statement of investment policy, Board Designated Operating Reserve, Rate Stabilization Reserve, and Capital Reserve Policy levels are attached hereto and made a part hereof by reference, are hereby adopted.

THIS RESOLUTION PASSED AND ADOPTED THIS 2ND DAY OF MAY 2022, by the following votes:

Director Rogers	<u>Aye</u>	By <u></u> Board President
Director Foreman	<u>Aye</u>	
Director Bryant	<u>Aye</u>	By <u></u> Board Secretary
Director Yudin-Cowan	<u>Aye</u>	
Director Harland	<u>Absent</u>	

Ayes: 4 Noes: 0 Absent: 1 Abstain: 0

I HEREBY CERTIFY that the foregoing Resolution was duly adopted at a meeting of the Board of Directors of Valley of the Moon Water District, held on the 2nd day of May 2022, of which meeting all Directors were duly notified and at which meeting a quorum was present at all times and acting.

By 
Board Secretary

B. RESOLUTION NO. 220502

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON WATER DISTRICT ADOPTING THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2022-2023 THROUGH 2026-2027 AND APPROVING FUNDS FOR FISCAL YEAR 2022-2023 CAPITAL IMPROVEMENT PLAN BUDGET

WHEREAS, it is desirable for the Valley of the Moon Water District (District) to have a five-year capital improvement plan (CIP) to provide policy and procedural guidance for planning and accomplishing improvements to the District's water system and capital equipment; and

WHEREAS, staff has prepared such a CIP for the fiscal years 2022-2023 through 2026-2027, and presented it to the Board of Directors, with recommendation to adopt the same.

NOW, THEREFORE, BE IT RESOLVED that the CIP for the fiscal years 2022-2023 through 2026-2027, attached hereto and made a part hereof by reference is hereby adopted.

BE IT FURTHER RESOLVED THAT funding for fiscal year 2022-2023 CIP budget is hereby approved.

THIS RESOLUTION PASSED AND ADOPTED THIS 2nd DAY OF MAY 2022, by the following votes:

Director Rogers

Aye

Director Foreman

Aye

Director Bryant

Aye

Director Yudin-Cowan

Aye

Director Harland

Absent

By Steve Rogers
Board President

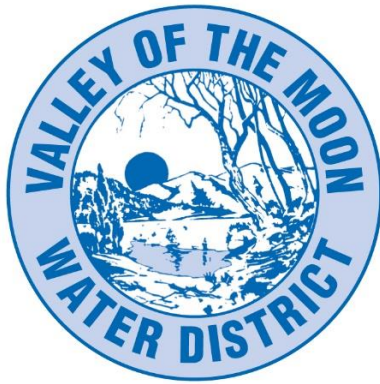
By W. Anderson
Board Secretary

Ayes: 4 Noes: 0 Absent: 1 Abstain: 0

I HEREBY CERTIFY that the foregoing Resolution was duly adopted at a meeting of the Board of Directors of Valley of the Moon Water District, held on the 2nd day of May 2022, of which meeting all Directors were duly notified and at which meeting a quorum was present at all times and acting.

By W. Anderson
Board Secretary

Valley of the Moon Water District



2022-2023 Strategic Plan



Valley of the Moon Water District

A Public Agency Established in 1962

19039 Bay Street · P.O. Box 280

El Verano, CA 95433-0280

Phone: (707) 996-1037

Fax: (707) 996-7615

Board of Directors

Steve Rogers – President

Jon Foreman – Vice-President

Colleen Yudin-Cowan

Gary Bryant

Brooke Harland

Officers

Matt Fullner – General Manager

Amanda Hudson – Secretary to the Board

Burke, Williams & Sorensen LLP – District Counsel

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Our Mission

It is the mission of Valley of the Moon Water District to provide our customers with safe, reliable drinking water and fire flow at an equitable price and to ensure the fiscal and environmental vitality of the District for future generations.



A Word from Our General Manager

As I draft this letter, the ongoing 2021-22 drought is showing no sign of letting up. After atmospheric river systems precipitated record-breaking rainfall in late October and December of 2021, many of us thought, and hoped, that the drought was behind us. Little did we know that the rain and snow would essentially shut off for the remainder of our typically wet winter. Valley of the Moon Water District (District) is very fortunate to have some of the most responsive and responsible customers around. When drought was declared and we implemented our Water Shortage Contingency Plan asking for 20% conservation, our customers met and exceeded our expectations. My sincere thanks to all our customers for your efforts in conserving our precious water resources.

As a result of the drought, the California Department of Water Resources (DWR) developed a grant entitled “2021 Urban and Multibenefit Drought Relief Grant Program”. These grant funds are targeted at the development of new water sources and hardening against drought. I am very happy to say, that under the leadership of the Board and with the assistance of staff and a consultant (EKI Environment and Water) the District sought and was awarded, nearly \$3 million for projects to develop new water sources and to help make our groundwater basin more sustainable for future generations.

Another way the District intends to harden against drought and other short and long-term emergencies is by utilizing the lakes and water treatment plant at the former Sonoma Developmental Center (SDC) site. The District is making steady headway on this front and is eagerly awaiting the adoption of a Specific Plan from the County of Sonoma. While we recognize that the acquisition and operation of the system is a long-range goal, we also understand that it is important to continually work with key players and decision-makers along the way to ensure the importance of that resource is not overlooked. These efforts will pay dividends for future water system supply and reliability after disaster; resiliency in short-term and long-term emergencies and added fire protection from the lakes and potable water supply for the entire valley.

Aside from drought, another hurdle the District has overcome in the past year is continuing to navigate the COVID-19 pandemic and all of the related staffing, logistics, and supply chain issues that go along with it. I am proud to say that the District has:

- Applied for and received nearly \$118,000 in state arrearage funds and was able to apply those funds to nearly 420 customer accounts, helping customers that were most directly impacted by the pandemic recover
- Successfully transitioned to Hybrid Board meetings to maximize Board and public access
- Protected staff and customers from workplace transmission of COVID-19 and took further steps to ensure that staff would continue to receive a paycheck if they were forced out of the workplace temporarily by COVID-19

I am also proud of our highly trained and certified operations staff and the relationship we have forged with our closest neighbor, the City of Sonoma. When the City asked if we could supply backup certified operators

to assist in key functions of their drinking water operation, we were more than happy to help. For several months now, the District has regularly supplied operators to the City to help with those key functions and to help keep safe, reliable water flowing for the whole valley.

Despite the challenges, the District has managed to continue supplying safe, reliable drinking water, timely leak response, excellent customer service, and has continued pressing forward on critical infrastructure upgrades. The District still faces many of the same challenges that its customers and businesses face, including high fuel prices, higher housing costs, general inflation, and supply chain disruptions, as well as others outlined later in this plan. However, the District is in a good position to take on these challenges. Our dedicated community, Board of Directors, and staff have shown that they have what it takes to overcome these obstacles and succeed in fulfilling our mission to our customers.

Sincerely,



Matthew J. ...

Service, Pride, Commitment.

MOTTO

Service, Pride, Commitment.

In less than ten years at the District, every employee but two have retired or moved on and have been replaced by a new employee. In order to make sure that all new staff was in alignment with the high level of dedication to our customers that the organization expects, staff held a meeting to discuss the topic. The meeting concluded by identifying the three words that, in staff's view, best encapsulate the meaning of their service at the District. Arranged by importance, the following motto was developed: **Service, Pride, Commitment**. Service comes first, both to the customer and each other as staff. Pride is second. Without pride in one's self and the work one does, quality and service will suffer. Third is commitment. Commitment to the customer, to one's co-workers, and one's self is required to ensure the core values will always be met. The Motto has become a mantra that staff can use to encourage each other to always provide the best possible service and quality in all that we do.



The District at a Glance

Valley of the Moon Water District is a Special District that was established in 1962 and consolidated several small water companies. The formation of the District helped pave the way for importing water from our wholesaler

Sonoma Water (then Sonoma County Water Agency). The high-quality water purchased from Sonoma Water is produced at the Russian River and is conveyed to the valley via an aqueduct system including storage tanks and booster pumps.

The District has a five-member Board of Directors and currently employs a total of 16 full-time employees. This diverse group brings many talents to the organization and is responsible for all aspects of its management and operations. This includes:

- In-house capital project management and installation
- Facility maintenance
- Emergency response
- Regulatory compliance
- Human resources
- Data analysis
- Financial and other planning efforts etc.

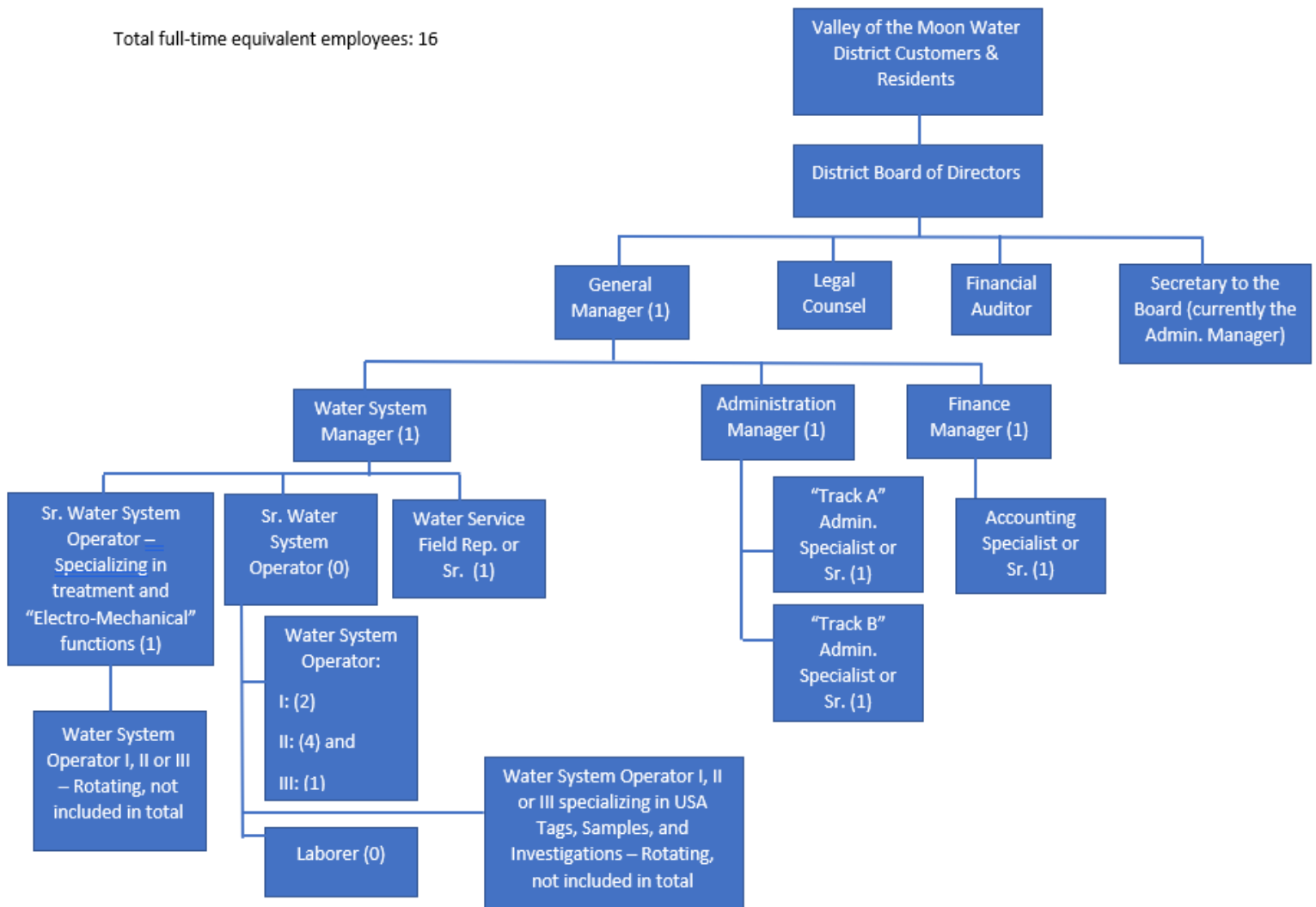
There are nearly 100 miles of main and 7,000 service connections in the District, representing a population of about 23,000 people served. Given the size of the District, it is quite complex with 13 pressure zones, 13 storage tanks, as well as numerous booster pump stations and groundwater wells.



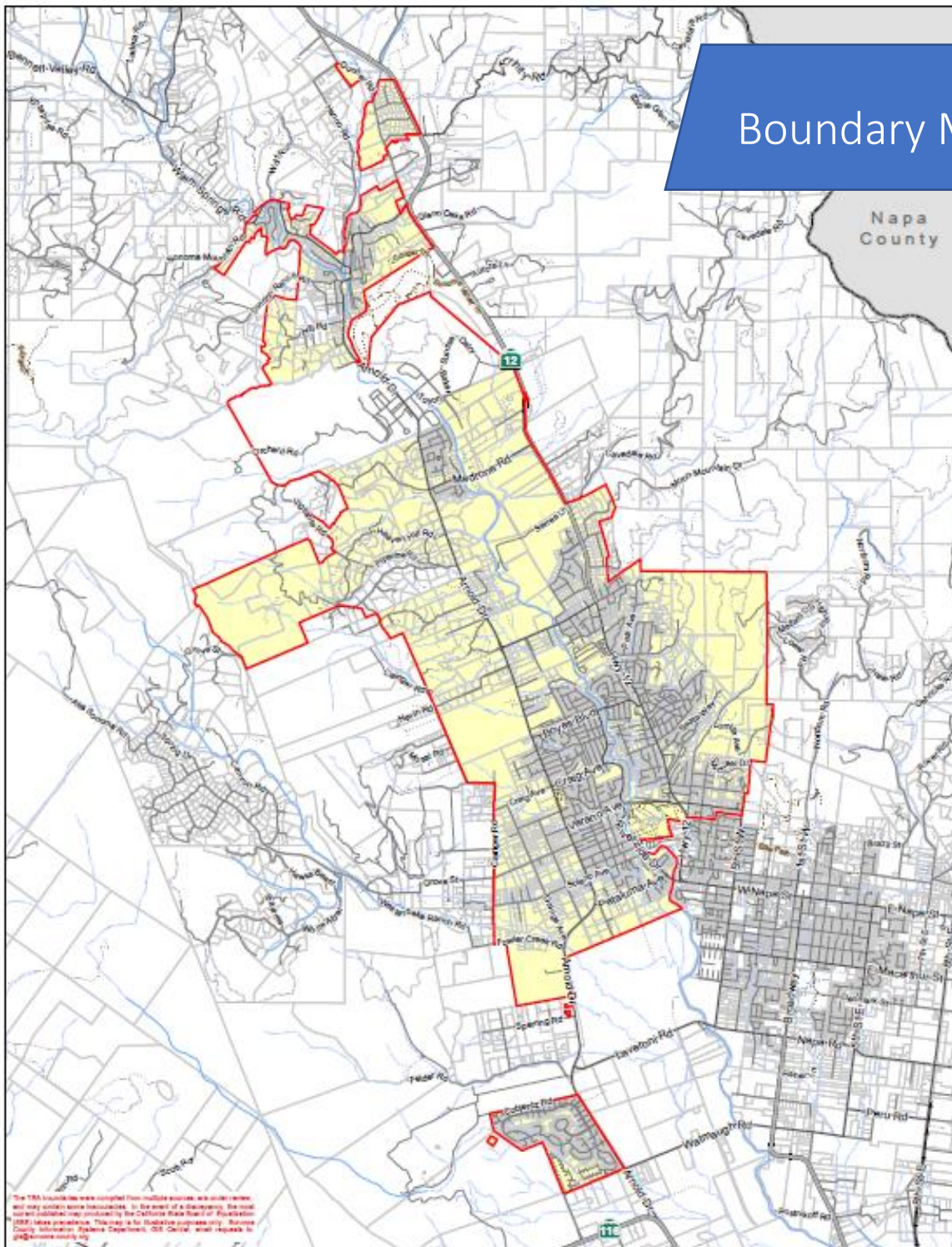
Organizational Structure

(updated after fiscal year '21-'22 staffing study)

Total full-time equivalent employees: 16



Boundary Map



 Valley of the Moon Water District
 VCONMD Sphere of Influence
 County of Sonoma GIS Parcel
 Freeway
 Highway
 Railway (Track)

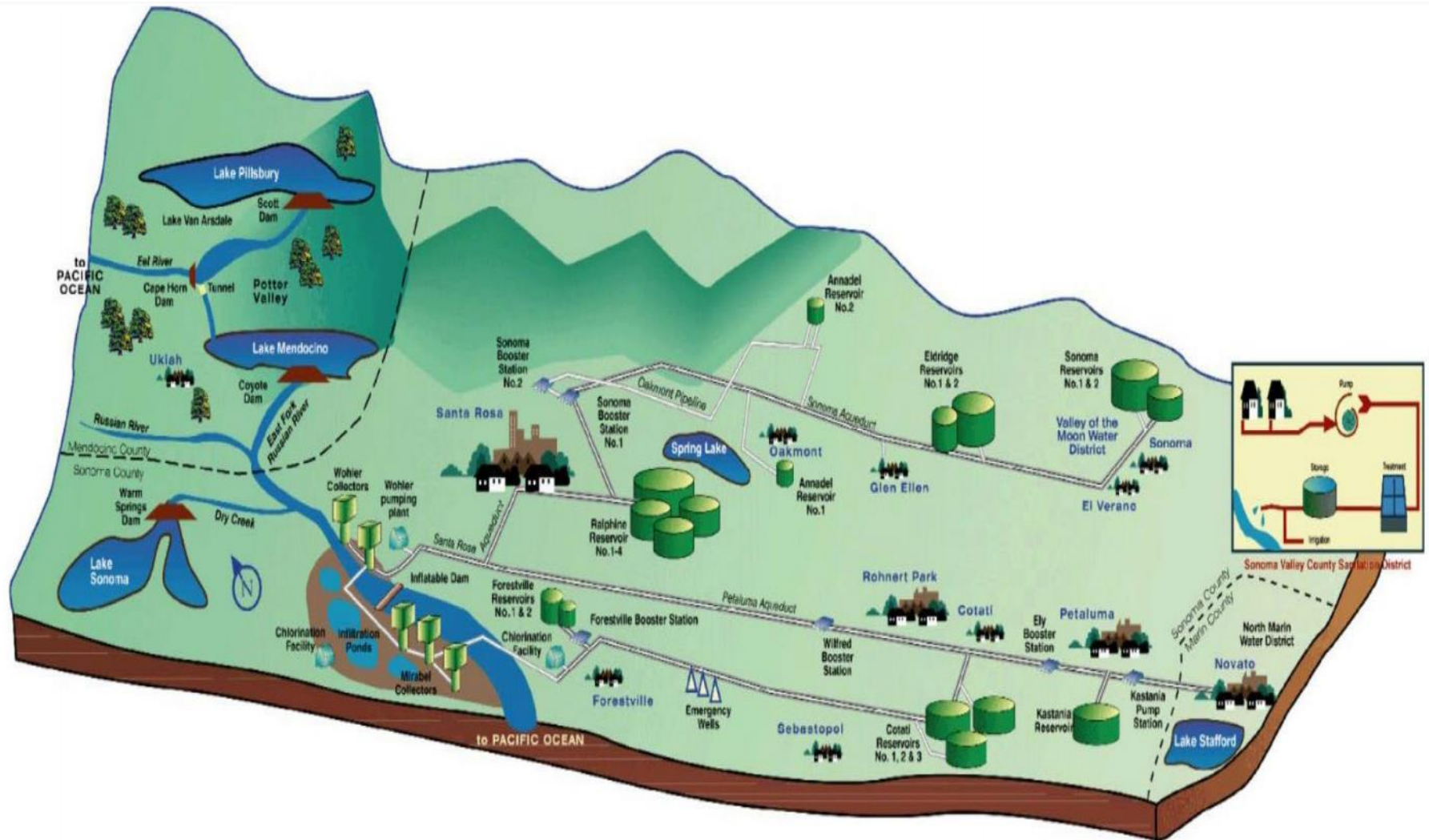
— Primary Rd
 — Secondary Rd
 — Interchange
 — Access Rd
 - - - Private Rd
 - - - Path
 — Perennial Stream
 — Intermittent Stream



LOCATION
REFERENCE

- **Author:**
LAPCD
- **Projection & Coordinate System:** Use California State Plane Coordinate System, Zone 3, NAD 83, US unit feet. Landmark California County boundary data have been reprojected from other coordinate systems and may not reflect actual ground positions.
- **Document Source and Date:**
See <http://www.lapcd.org/CDR/Projects/APCD>
www.DACDWWVW/mw/WWATCH.html
- **Data Source:**
Sonoma County Information Systems Department
600 Capitol Mall, 9th Floor
Assessment Year: Sonoma County Assessment, LAPCD

Where Does Our Water Come From?



Strategic Planning

The Strategic Planning process is intended to help decision-makers evaluate what the priorities of the District should be. The finished Strategic Plan is intended to encapsulate the overarching direction and goals that the District has for achieving success in those prioritized areas.

Each year the District evaluates its business, expected expenditures, and expected income in order to create a Capital Improvement Plan (CIP) and Operations and Maintenance (O&M) budget that will support the District in its effort to fulfill the Strategic Plan and Mission Statement.



Issues of Concern

Current and emerging issues facing the District help shape the direction of our strategic planning and overall goals as a community water system. By identifying key challenges and developing a plan for overcoming them, the District will be well-positioned for continued, reliable service for future generations. Some of the key challenges currently facing the District include:

1. Increasing regulations (CARB/BAAQMD, WRCB, NPDES reporting, etc.) and the extra staff and consultant time needed to comply
2. Loss of the only large-scale local water supply available to help respond in emergencies involving a loss, or partial loss, of the Sonoma Water aqueduct
3. The 2021/22 drought has caused unprecedented low storage levels in both Lake Sonoma and Lake Mendocino where 80% of the District's water comes from
4. Declining groundwater and possible future costs or restrictions from our local Groundwater Sustainability Agency (GSA)
5. Climate change and the need for renewable energy sources
6. Infrastructure:
 - a. Aging infrastructure and the required maintenance or replacement of items such as mains, service lines, wells, booster pump stations, and storage tanks
 - b. Undersized and inferior infrastructure and the needed upgrades to items like mains and booster pump stations (mainly for modern fire flow requirements)

Strategic Goals and Objectives

In order to address the Issues of Concern, the following Strategic Goals have been developed. These goals are in alignment with the District's Mission Statement and are designed to ensure that the District will have the ability to carry out its mission for future generations.

1. Investments in organizational health and employee relations
2. Development/redevelopment of local emergency water supply
3. Invest in solar, battery backup, and electric fleet vehicles where possible
4. Financial stability through proper rate-setting amidst the drought and regulatory environment
5. Infrastructure investment

Goal 1: Organizational Health and Employee Relations

The District values retaining good talent for daily operations, meeting the ever-increasing regulatory and reporting requirements as well as effective emergency response. Furthermore, the District is committed to providing a healthy work environment and equitable compensation for its employees. Making sure that the District has adequate, strategically selected staffing and staffing structure/organization, will ensure that there is enough internal talent to meet these demands.

Objective 1: Continue to work with represented staff and the union on the implementation of phase two of the staffing and organizational study. This study was conducted in 2021 and 2022 and focused mainly on the field-oriented tasks/duties of staff in order to determine possible weak points and design a staffing structure around the current and likely future needs of the District.

Objective 2: After the plan is put into practice, it will be necessary to check in periodically and make any adjustments that are warranted.

Objective 3: Continue to prioritize employee relations by holding regular safety meals and group lunches.

Status: The phase two study is complete. Management staff have already recruited the additional administrative, non-represented staff called out in the plan. The final details and implementation of the plan have yet to work their way through the union process and will take effect when appropriate. This may include a class and compensation study for one or more of the field-oriented new proposed positions.

Goal 2: Development of Local Emergency Water

In 2018, the Sonoma Developmental Center (SDC) began its “warm shutdown”. This included shutting down the surface water treatment plant (plant) at the site. Before shutting down, the plant had the capability of producing up to 1.8 million gallons of potable water per day, much more than the typical need of the SDC site. The District and SDC have had a metered emergency intertie between them since 2001. The loss of the production capability of the plant immediately put the entire Sonoma Valley at higher risk of water outages in the event of an emergency involving damage or depressurization of the Sonoma Water aqueduct. The City of Sonoma and the District worked together to install an intertie last year. However, the only other source of backup water available to the District or City of Sonoma are the municipal groundwater wells operated by the two utilities, none of which are high producing. With all of the District’s wells running, the local water supply is about 500 gallons per minute, or about one-third of the amount that would be needed in order to meet the demands of basic sanitation and fire flow for the District. It is therefore imperative that the District work to regain as much of the lost production capability as possible, as quickly as is feasible.

Objective 1: The District has been working with County of Sonoma planners through the SDC specific planning process as well as the engineering firms that are preparing the Condition Assessments and Water Supply Assessment to ensure that the water supply component of the project is a high priority. Much of the infrastructure needed to bring the plant back on-line, is still in usable condition, so it follows that when redevelopment gets underway, the plant should be rehabilitated and put back into use.

Objective 2: In the interim, the only other water source available is groundwater; the District has rehabilitated one of its older wells that was not producing as well as it once did, this work included installing a variable frequency drive (VFD) to moderate production from an aquifer that is feeling the stresses of the drought. The District is also in the process of installing infrastructure to produce water from two new leased groundwater sources and also plans to re-drill one well and install a new well on a property that is already owned by the District. These measures should nearly double the District’s local water production capability in the short term.

Status: The District remains in contact with planners and engineers/consultants at the County of Sonoma and will continue to seek the re-establishment of the local, sustainable surface water treatment plant at the SDC site. Future wells are planned as described above. The updated CIP budget will reflect the timing of the design and installation of these new sources.

Goal 3: Solar, Battery Backup and Electric Fleet Vehicles

In an effort to reduce the carbon footprint of the District as well as to provide a higher degree of reliability, the District plans to implement a program for the installation of solar and battery backup systems and replace aging fleet vehicles with electric (EV) and hybrid vehicles where possible. The addition and retrofit of solar and battery backup systems at key remote sites will help ensure communications and monitoring, even during emergency and PSPS power outages. The addition of solar on a larger scale at the District's main office facilities will help offset power used at high-energy demand sites, such as booster pumps and wells. The addition of EVs to the fleet means the District would be less dependent on fuel deliveries in order to carry out operations, thereby increasing the resiliency and reliability of the District and its ability to respond to emergencies, not to mention the inherent insulating effect from fuel prices.

Objective 1: Update the existing solar and battery backup systems at key remote sites in order to make them more resilient in low UV scenarios such as prolonged cloud or smoke conditions.

Objective 2: Install solar at the District's Yard/Shop/Office to offset energy use at locations that have pumps and other high-energy demand systems. These systems will also be used to charge the District's future EVs or plug-in-hybrids.

Objective 3: Begin replacing fleet vehicles with EVs, hybrids, and plug-in-hybrids where possible.

Status: Objective 1 began in the FY '21-'22 CIP plan. Unfortunately, due to the global supply chain issues resulting from the COVID-19 pandemic, only the pilot location supplies were obtained. The remaining supplies and installation will have to be scheduled and budgeted for in upcoming budget cycles. FY '22-'23 CIP plan includes the installation of the larger-scale solar facility and the purchase of the District's first EV.

Goal 4: Financial Stability

Financial stability is critical for any utility, especially water utilities, where health and safety are directly linked to the quality of the service. Setting proper rates amidst the drought, while recovering from the COVID-19 pandemic and in the ever-increasing regulatory environment can be a challenge. However, the District has been successful in doing exactly that with the help of its rate consultant (NBS). The District is very sensitive to the fact that many of our customers unexpectedly lost much of their income due to the pandemic and are in the process of recovering from those losses. The District even went as far as delaying the regular rate increases in both 2020 and 2021 in an effort to keep rates as low as possible, for as long as possible. Furthermore, the District was successful in obtaining approximately \$118,000 in state arrearage funds and applied those funds to 420 customer accounts. The new rates proposed for FY '22-'23 will result in an average residential water bill that is nearly flat with existing average bills. This is due to volumetric rates increasing slightly, while fixed charges come down slightly. Many residential customers will actually see a slight downtick in their bill the first year of the new five-year plan.

The District expects to see further negative financial implications with the advent of the 2021 drought. This drought has already resulted in unprecedented low storage levels in Lake Mendocino and Lake Sonoma, both of which feed into the Russian River where the District receives 80% of its water. There are likely to be mandatory restrictions on Russian River diversions again this year. The resulting restrictions will likely result in low water sales for the second year running, which in turn, would result in low revenue without a robust rate plan.

Objective 1: Continue to work with struggling customers and get them on payment plans or help them receive available state funds to cover their water bills. This will help ensure that they do not fall further behind, as well as ensure the District has the ability to continue funding its O&M and CIP budgets.

Objective 2: Assist customers in applying for any new relief funding that becomes available.

Objective 3: Given the proposed new rates, budget appropriately for the upcoming fiscal year's O&M and CIP plans.

Status: The District procured grant funds for COVID-19 relief that became available late in 2021. Furthermore, the District's O&M and CIP budgets have been carefully evaluated and tailored for the upcoming fiscal year. District staff and the Board Budget Subcommittee have meticulously reviewed all planned spending to ensure there is no waste while still meeting the essential needs of the organization, including planning for and investing in the future through its infrastructure.

Goal 5: Infrastructure Investment

As water infrastructure ages, leaks and other failures become more likely. To avoid costly repairs and inconvenient system downtime, it is important that infrastructure be maintained proactively when possible and replaced within service intervals when regular maintenance is not possible. The types of maintenance that can be performed on water mains is very limited. Additionally, with modern fire flow requirements, it is common for mains to become undersized before they begin to fail. Therefore, the replacement of mains with new right-sized mains is often the best option. Proactive replacement of service lines and mainline valves also helps maintain high levels of system reliability and flexibility. Our metering infrastructure also needs to be replaced every 15 to 20 years due to the battery life of the meters. Wells and booster pump stations are complex systems requiring a lot of regular maintenance and component replacement. Occasionally, booster stations become undersized and need to be upgraded for fire flow purposes as well. Storage tanks can last a very long time if maintained properly by regular cleaning, coating, and cathodic protection. The addition of new storage allows for more system flexibility and reliability, including possible fire flow benefits when tanks are strategically placed.

Objective 1: Continue to use the 2019 Water Master plan to develop the capital plan each year.

Objective 2: Use internal staff to install as much infrastructure as possible to keep costs low and value high. These projects will consist primarily of water main, service, and valve replacement. Hire engineering consultants and contractors to construct the more complex or specialized infrastructure such as wells, boosters, and storage tanks.

Status: The District has begun chipping away at the prioritized list of capital improvements identified in the Water Master Plan. Currently, the District is on year three of a fifty (plus) year project cycle. Future Water Master Plans will help keep the District focused on the biggest priorities as time goes on.