

2021-2022
ANNUAL BUDGET
ADOPTED 06/01/2021
RESOLUTIONS NO. 210601 & 210602

Valley of the Moon
Water District

Board of Directors

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

Staff

General Manager – Matt Fullner
Water System Manager – Brian Larson
Acting Administration & Finance Manager – Amanda Hudson
District Counsel- Bold, Polisner, Maddow, Nelson & Judson
District Auditor – Harshwal, LLP

<u>I.</u>	<u>INTRODUCTION TO VALLEY OF THE MOON WATER DISTRICT</u>	<u>4</u>
A.	HISTORY	4
B.	GOVERNING BOARD.....	4
C.	DISTRICT GOALS	5
<u>II.</u>	<u>DEPARTMENT DESCRIPTIONS</u>	<u>5</u>
A.	BOARD OF DIRECTORS	5
B.	GENERAL MANAGER	5
C.	ADMINISTRATION AND FINANCE	5
D.	OPERATIONS & MAINTENANCE.....	6
<u>III.</u>	<u>OPERATIONS & MAINTENANCE BUDGET</u>	<u>7</u>
A.	OPERATIONS & MAINTENANCE BUDGET DESCRIPTION	7
B.	2021-2022 OPERATIONS & MAINTENANCE BUDGET DISPLAY	8
<u>IV.</u>	<u>ACCOUNT DESCRIPTIONS:.....</u>	<u>11</u>
<u>V.</u>	<u>CAPITAL IMPROVEMENT PROGRAM</u>	<u>13</u>
A.	CAPITAL IMPROVEMENT PROGRAM DESCRIPTION.....	13
B.	2021-2022 CAPITAL IMPROVEMENT PROGRAM DISPLAY	14
<u>VI.</u>	<u>BOARD DESIGNATED RESERVES AND FORECASTED FUNDS AVAILABLE FOR THE CAPITAL IMPROVEMENT PROGRAM</u>	<u>21</u>
A.	ANNUAL REVENUE FROM WATER USE AND SERVICE CHARGES:	22
B.	ANNUAL REVENUE FROM CAPACITY CHARGES:	22
C.	OTHER SOURCES OF FUNDS:	22
<u>VII.</u>	<u>ANNUAL AB 1600 REPORT.....</u>	<u>23</u>
<u>VIII.</u>	<u>INVESTMENT POLICY- FISCAL YEAR 2021-2022.....</u>	<u>23</u>
<u>IX.</u>	<u>ENABLING DOCUMENTS.....</u>	<u>27</u>
A.	RESOLUTION NO. 210601.....	27
B.	RESOLUTION NO. 210602.....	28
<u>X.</u>	<u>APPENDIX: VALLEY OF THE MOON WATER DISTRICT STRATEGIC PLAN.....</u>	<u>29</u>

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, Fetters 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 in the administrative and finance departments of the District. The administrative staff will now consist of an Administration Manager and one fulltime Administrative Specialist or Senior Administrative Specialist. The finance department will mirror that model with a Finance Manager and one fulltime Accounting Specialist or Senior Accounting Specialist for a total of two full time employees in each department.

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, quit claim 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 Operations & Maintenance (O&M) budget for FY 2021-2022 at \$5,120,477, including a transfer of \$1,708,600 to the capital improvement program, shows a decrease of \$221,176 (4.1%) from FY 2020-2021 year-end estimate. The projected decrease is due to unforeseen circumstances causing FY 2020-2021 to run significantly over budget.

The operating revenue for FY 2021-2022 is projected to be \$6,630,493. This is a decrease of \$109,250 from the FY 2020-2021 year-end estimated operating revenue. The FY 2021-2022 operating revenue projection is based on delaying the regular rate increase until the second quarter of the fiscal year. Furthermore, water sales are projected to be lower than typical due to the historic drought that Sonoma County is currently experiencing.

B. 2021-2022 Operations & Maintenance Budget Display

Valley of the Moon Water District Proposed Budget FY 2021-2022	Approved Budget	Estimated Year End Actual	Proposed Budget
	2020-2021	2020-2021	2021-2022
Revenues			
Interest Income	105,805	52,741	53,000
Gain on Sale of Assets	-	-	-
Operating Revenue	7,015,482	6,739,743	6,630,493
Customer Penalties & Fees	50,473	22,373	22,932
Misc. Income	26,000	12,561	12,875
Leak Adjustments	(9,613)	(9,613)	(9,613)
Total Revenue	7,188,147	6,817,805	6,709,687
Expenses			
Salaries:			
O&M - Operating Wages	956,226	830,318	937,890
Stand-By	29,526	31,899	32,098
Net O&M Operating Wages	985,752	862,217	969,987
Administration	499,907	531,463	556,987
Total Salaries	1,485,659	1,393,680	1,526,975
Weighted Wages Transferred to Capital Projects	(608,485)	(637,220)	(571,852)
Net Operating Wages	877,174	756,460	955,123
Benefits:			
O&M - Operating & Maintenance	219,109	187,770	217,020
Administration	109,039	106,689	139,833
Retirees	78,704	69,531	75,044
Total Benefits	406,852	363,990	431,898
Mandatory Costs			
Workers Comp:			
Operating & Maintenance	31,500	23,234	24,338
Acct/Administration	4,600	3,281	3,122
FICA/Medicare:			
Operating & Maintenance	69,099	66,480	72,904
Administration	38,113	34,527	40,352
District Portion/Retirement:			
Operating & Maintenance	75,803	80,137	85,311
Administration	34,390	49,463	54,316

Valley of the Moon Water District Proposed Budget FY 2021-2022	Approved Budget	Estimated Year End Actual	Proposed Budget
	2020-2021	2020-2021	2021-2022
CalPERS Accrued Liability	210,500	210,500	217,969
Total Mandatory Costs	464,004	467,622	498,311
Travel & Training			
Operating & Maintenance	7,500	7,500	7,725
Administration	12,000	2,000	12,000
Total Travel & Training	19,500	9,500	19,725
Board of Directors:			
Meeting Compensation	17,500	28,000	30,000
Travel & Training	14,834	1,200	5,000
Total Board Expenses	32,334	29,200	35,000
Services & Supplies			
Purchased Water	2,390,814	2,514,994	2,206,281
Safety & Clothing Allowance	11,422	10,000	14,265
Vehicle Maintenance	8,800	6,800	7,000
Election Costs	16,307	-	-
Employee Relations	4,200	4,200	4,345
Legal Fees	75,000	200,621	65,000
Engineering General Support	10,000	1,300	3,600
Misc. Expenses/Contributions	25,000	25,000	25,000
Advertising	4,000	1,000	1,000
Outside Services	31,480	31,480	35,278
Annual Audit	9,650	9,650	10,036
Bad Debts/Collections	2,000	9,828	12,000
Building MTNC.	10,973	8,841	9,000
Dues and Subscriptions	26,801	31,272	25,350
Equipment MTNC./Repairs	15,300	25,000	25,000
Fees (County/State)	49,219	52,000	52,793
Fuel	23,975	26,272	27,061
Bank Charges	39,074	29,557	30,443
Liability Ins. (Incl. Losses)	41,501	48,384	50,814
Postage	23,236	20,727	21,058
Public Information	4,500	4,004	7,861
Service Contracts	55,754	52,236	55,845
Office Supplies	7,800	8,779	8,151
Telephone-Internet	11,540	13,685	13,600
Small Tools & Equipment	16,962	16,962	8,450
Trash Disposal	5,400	5,372	5,458
Utilities - PG&E	127,000	168,185	170,876
Professional Services	63,910	272,905	131,518

Valley of the Moon Water District Proposed Budget FY 2021-2022	Approved Budget	Estimated Year End Actual	Proposed Budget
	2020-2021	2020-2021	2021-2022
Water Testing	37,250	40,687	39,338
Water Main Maintenance	11,000	2,000	11,000
Service Line Maintenance	2,500	11,461	5,000
Hydrant Repairs	7,000	7,000	4,000
Misc. System Maintenance	5,430	5,430	5,500
Wells Maintenance	14,000	5,000	6,000
Pump Maintenance	7,000	8,000	12,000
Storage Tank Maintenance	8,000	2,000	10,000
Water Conservation Program	4,500	4,500	34,500
Abandoned Projects	-	-	-
Interest Expense	28,151	29,450	20,000
Equipment Replacement	5,000	300	6,000
Total Services & Supplies	3,241,449	3,714,882	3,180,420
Total Expenses	5,041,313	5,341,653	5,120,477
Revenues Less Expenses	2,146,833	1,476,151	1,589,210
Allocation to CIP	(2,100,000)	(2,100,000)	(1,708,600)
Transfer to/from Undesignated Reserves	46,833	(623,849)	(119,390)

IV. Account Descriptions:

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

Safety & Clothing Allowance: Personal protection equipment & 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.

Misc. Expenses/Contributions: Groundwater Sustainability Agency contribution.

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 Program

A. Capital Improvement Program Description

The District's five-year Capital Improvement Program (CIP) is updated annually. The updated CIP Program covers fiscal years 2021-2022 through 2025-2026. The basis for the plan is "The Master Water Plan" by EKI, January 2019.

Resolution No. 210602 authorizes the budget for the first year CIP (FY 2021-2022) for \$1,708,600. The projected CIP needs for fiscal years 2021-2022 through 2025-2026 have been reviewed by the Board and are considered best estimates at this time.

Significant projects in the CIP for FY 2021-2022 include:

- Completion of P-1 Steel Pipe Replacement
- Construction of two wellhouses, chlorine injection systems, SCADA, and security cameras at Larbre/Pedroncelli wells on Arnold
- New Well No. 11 redrill Park engineering
- WSA transition plan at SDC

B. 2021-2022 Capital Improvement Program Display

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
Facilities and Maintenance Projects							
CIP-3002	Zenner Hydrant Meters	Buy 5 at 2600 each	13,000				
CIP- 3003	Replace failing lids	Large lids on vaults - 5 are in bad shape/need to be replaced	25,000				
CIP- 3004	Better paving cutter		11,000				
CIP-3005	Non-metallic pipe locator	GPR Locator with GPS capability	22,000				
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		200,000			
CIP - 3007	Racks in Yard	Pipe and pallet racks for yard	20,000				
CIP- 3008	Laundry facility, bigger shower and more lockers	Expand into the old meter test shop		30,000			
CIP- 3009	Install meters at Chestnut and Donald Boosters	Install meters at Chestnut and Donald Boosters			10,000		
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.		10,000			
CIP- 3011	Replace Signs at Office/Yard	Replace/cover existing signs with new ones of the same or similar style	15,000				
CIP - 3012	Replace GM Vehicle with an EV			35,000			

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
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.	130,000				
CIP-3014	Verano Well Generator	Provided Verano well is producing by 2022/2023, will be necessary to maintain consistent system performance during PSPSs and emergencies.			75,000		
CIP-2957-13	CL2 Equipment	Install new CL2 pumps and CL2 monitoring equipment	30,000				
CIP-5107	County of Sonoma Paving Projects requiring adjustments and or relocation of District facilities	SONOMA COUNTY 2021 PAVEMENT PRESERVATION PROGRAM Greger St, Riverside Dr, Thomson Ave	40,000	50,000	50,000	50,000	50,000
CIP-3015	Caltrans Project on Hwy 12		50,000				
CIP-6001	New Services	Customer pays 100%					
CIP-6004	All Service Replacements	All service replacements combined	40,000	60,000	30,000	30,000	30,000
CIP-8100	Valve Replacement Program	Valve Replacement Program	25,000	27,563	28,941	30,388	31,907
CIP-9300	Meter Replacement Program	AMI meters will need to be replaced beginning year 9.					

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
CIP-3016	Repave corporate yard parking lot	Sealing contractor advised that the condition of the lot would not allow for additional sealing	100,000				
CIP-2991	GPS Facilities	10,000 estimated assets to GPS locate approx. 600 complete 2020.	20,000	30,000			
CIP-3017	Installation of generator at Donald Booster	Using a generator purchased in previous fiscal year. Installation cost only.		20,000			
CIP- 3018	Installation of generator at Main Office	Using a generator and transfer switch purchased in previous fiscal year. Installation cost only.	15,000				
CIP-3019	Park Ave, Hanna Tank Road & Kearney site clean up	Fire preparedness and elimination of large trees that could potentially fall on critical pumping facility	27,000	100,000			
Total Facilities and Maintenance Projects			583,000	562,563	193,941	110,388	111,907
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.	250,000				
CIP-2996 P-2	Glen Ellen Transmission and Fire Flow Improvement	Upsizing mains in downtown Glen Ellen with larger mains to accommodate higher fire flow.		610,000			

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
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 outside contractor.					200,000
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.		40,000	500,000		
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.			176,000	1,584,000	
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.				100,000	800,000
Total Pipeline Projects			250,000	650,000	676,000	1,684,000	1,000,000

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
Wells, Pumping, & Supply							
CIP-2949	Well No. 5A (Verano Well Replacement)	Contractor's work will occur in FY21/22. Remaining budget from FY20/21 to rollover. Additional funds may be needed pending results of zone testing.	105,000				
CIP-2983	New Larbre/ Pedroncelli Well(s) Private	Construction of District facilities, 2 Wellhouses & 2 chlorine injection systems, SCADA, security cameras at the Larbre/Pedroncelli wells on Arnold	300,000				
CIP-2987	Chestnut Exploratory Well	Develop a minimum 100gpm District owned Well.		225,000	1,200,000		
CIP-2989	New Well No. 11 Redrill Park Engineering	Drilled next to & operated with existing well. Develop a minimum 100gpm District owned Well.	225,000	900,000			
CIP - 3024	WSA/Transition Plan @ SDC	Understand the needs of the water system at SDC and what to plan for before the transition begins. May get CalOES funding for these studies which would offset the cost shown	100,000				
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			50,000		
CIP - 3026	VFDs on all well pumps	Install VFDs at Larbre, AC, Donald and Park - Mt has one (2020)			30,000		

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
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					225,000
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.		50,000			
Total Wells			730,000	1,175,000	1,280,000	-	225,000
Tanks							
CIP-2986	Richards (Kearney) Tank Site	1 MG Tank Engineering year 5 construction year 6				400,000	1,600,000
CIP-3001	Saddle Tank non-FEMA	Contractor not able to install in 20/21 fiscal year. Construction will be completed early 21/22.	30,000				
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.	-	900,000			
CIP-3030	Upgrade fall protection at all tanks per new OSHA requirements	All or most tanks will need a new fall protection device at about \$1200 each	15,600				
CIP- 3031	Temelec 1M Tanks Recoating & Railing/Solar Retrofit	Recoat large Temelec and add railing and solar mounting brackets, small tank done in 2017		-	800,000		

Project #	Project	Improvement Description	1	2	3	4	5
			2021/22	2022/23	2023/24	2024/25	2025/26
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.	100,000				
Total Tanks			145,600	900,000	800,000	400,000	1,600,000
		Total	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
		Total Water System Improvements:	\$1,708,600	\$3,287,563	\$2,949,941	\$2,194,388	\$2,936,907

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

Valley of the Moon Water District		Forecasted Reserves				
	Estimated Year End Actual 20-21	Proposed Budget 21-22	Forecast 22-23	Forecast 23-24	Forecast 24-25	Forecast 25-26
Revenue:						
Beginning Enterprise Fund Balance	\$4,843,582	\$3,954,869	\$4,480,296	\$3,760,131	\$3,181,080	\$3,456,025
Annual CIP Allocation	2,100,000	1,708,600	2,200,000	2,300,000	2,400,000	2,500,000
Capacity Charges	322,639	120,000	415,000	120,000	120,000	120,000
FEMA Reimbursement		776,206				
Total	7,266,221	6,559,675	7,095,296	6,180,131	5,701,080	6,076,025
Less:						
Capital Improvement Projects	(2,445,478)	(1,708,600)	(3,287,563)	(2,949,941)	(2,194,388)	(2,936,907)
Debt Service - Westamerica (principal)	(197,304)	(205,251)	-	-	-	-
Debt Service - I-Bank (principal)	(44,721)	(46,139)	(47,601)	(49,110)	(50,667)	(52,273)
Transfer from Undesignated Reserves to O&M	(623,849)	(119,390)				
Total Expenditures	(3,311,352)	(2,079,379)	(3,335,164)	(2,999,051)	(2,245,055)	(2,989,180)
Less Board Designated Reserves:						
Operations & Maintenance Reserve (3 Months Operations)	1,295,000	1,295,000	1,295,000	1,295,000	1,295,000	1,295,000
Rate Stabilization Reserve	555,000	555,000	555,000	555,000	555,000	555,000
Capital Improvement Program	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Board Designated Reserves	2,950,000	2,950,000	2,950,000	2,950,000	2,950,000	2,950,000
Undesignated Reserves available for Capital Improvement Plan	\$1,004,869	\$1,530,296	\$810,131	\$231,080	\$506,025	\$136,845

As shown in the above forecast, it is expected that the District will receive reimbursement funds from FEMA for work done in past fiscal years. If the funds are made available to the District early enough in the year, staff may request that the Board allocate those funds to move some CIP projects forward into the FY 2021-2022. Some possible candidate projects are: engineering for new wells, facility GPSing, solar and EV plugs, clearing additional brush and trees for fire protection, or a combination thereof.

The Forecasted Reserves includes the following debt service (principal) payments:

Westamerica Bank

The current outstanding balance is \$213,560 (principal: \$205,251, interest: \$8,309; original loan amount \$2,833,992). The annual debt service for this loan is estimated at \$213,560 annually through FY 2021-2022. The principal portion for FY 2021-2022 is \$205,251.

California Infrastructure Development Bank (I-Bank)

The current outstanding balance is \$400,591 (principal: \$355,361, interest: \$45,230; original loan amount \$810,000). The annual debt service for this loan is estimated at \$57,895 annually through FY 2027-2028. The principal portion for FY 2021-2022 is \$46,139.

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 Program (CIP) from revenues derived from water usage and service charges.

B. Annual Revenue from Capacity Charges:

The District requires customers applying for water service to pay a Capacity Charge. These charges are also used for funding the CIP. The estimated revenue for FY 2021-2022 is \$120,000.

Due to the unpredictability of Capacity as a revenue source, a conservative estimate has been included for each fiscal year based largely on experience. Capacity charges can only be used for capital improvements that add additional capacity – new pipelines, storage facilities, and wells, etc.

C. 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. Annual AB 1600 Report

VALLEY OF THE MOON WATER DISTRICT					
Water Capacity Charges					
AB 1600 Annual Report for FY 2019-2020					
(connection fees collected and expended)					
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beginning Balance	(112,488)	176,581	(509,504)	(793,150)	(1,183,865)
Connection Fees Collected	525,640	175,007	34,180	34,112	404,169
Interest Earned	1,524	891	174	174	2,057
Funds Available	414,677	352,478	(475,150)	(758,865)	(777,639)
Projects funded from connection fees	238,096	861,983	318,000	425,000	398,723
Unexpended Balance	176,581	(509,504)	(793,150)	(1,183,865)	(1,176,362)

VIII. Investment Policy- Fiscal Year 2021-2022

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 insure 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 safe keeping in state or national banks or state or federal savings and loan association 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 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.

RESOLUTION NO. 210601

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON WATER DISTRICT ADOPTING THE FISCAL YEAR 2021-2022 OPERATIONS AND MAINTENANCE BUDGET, THE ANNUAL STATEMENT OF INVESTMENT POLICY, BOARD DESIGNATED RESERVES, AND THE ANNUAL AB 1600 REPORT

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 2021-2022; and

WHEREAS, the District desires to display its compliance with AB 1600 in the annual budget documents; and

WHEREAS, the Board of Directors of the District has created an ad hoc budget subcommittee and considered both a preliminary and a 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 2021-2022.

NOW, THEREFORE, BE IT RESOLVED that the final operations and maintenance budget packet in its entirety for fiscal year 2021-2022, the annual statement of investment policy, Board Designated Operating Reserve, Rate Stabilization Reserve and Capital Reserve Policy levels and the AB 1600 report are attached hereto and made a part hereof by reference, are hereby adopted.

THIS RESOLUTION PASSED AND ADOPTED THIS 1st DAY OF JUNE 2021, by the following votes:

Director Rogers

Aye

Director Foreman

Aye

Director Bryant

Aye

Director Yudin-Cowan

Aye

Director Harland

Aye

By

Sept. Rogers
Board President

By

M. H. C.
Board Secretary

Ayes:

5

Noes:

0

Absent:

0

Abstain:

0

I HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the board of Directors of Valley of the Moon Water District, held on the 1st day of June, 2021, of which meeting all Directors were duly notified and at which meeting a quorum was present at all times and acting.

By

M. H. C.

Board Secretary

RESOLUTION NO. 210602

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON WATER DISTRICT ADOPTING THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2021-2022 THROUGH 2025-2026 AND APPROVING FUNDS FOR FISCAL YEAR 2020-2021 CAPITAL IMPROVEMENT PROGRAM BUDGET

WHEREAS, it is desirable for the Valley of the Moon Water District (District) to have a five-year capital improvement program (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 2021-2022 through 2025-2026, 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 2021-2022 through 2025-2026, attached hereto and made a part hereof by reference is hereby adopted.

BE IT FURTHER RESOLVED THAT funding for fiscal year 2021-2022 CIP budget is hereby approved.

THIS RESOLUTION PASSED AND ADOPTED THIS 1st DAY OF JUNE 2021, by the following votes:

Director Rogers Aye
Director Foreman Aye
Director Bryant Aye
Director Yudin-Cowan Aye
Director Harland Aye

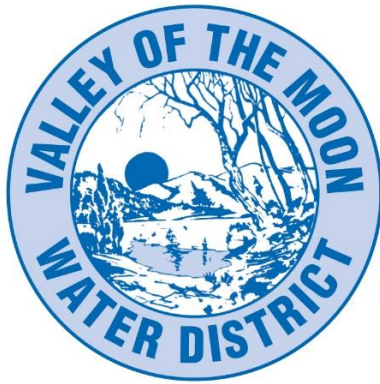
By 
Board President
By 
Board Secretary

Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

I HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the board of Directors of Valley of the Moon Water District, held on the 1st day of June, 2021, of which meeting all Directors were duly notified and at which meeting a quorum was present at all times and acting.

By 
Board Secretary

Valley of the Moon Water District



2021-2022 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

Officers
Matt Fullner - General Manager
Robert B. Maddow, Esq., District Counsel

Contents

Our Mission	1
A Word from Our Interim General Manager	2
Service, Pride, Commitment.....	3
The District at a Glance.....	4
Organizational Structure	5
Boundary Map	6
Where Does Our Water Come From?	7
Strategic Planning	8
Issues of Concern.....	9
Strategic Goals and Objectives	9
Goal 1: Organizational Health and Employee Relations.....	10
Goal 2: Development of Local Emergency Water	11
Goal 3: Backflow Testing Model	12
Goal 4: Financial Stability	13
Goal 5: Infrastructure Investment	14

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

2020 was a challenging year in many ways. From the COVID-19 pandemic and resulting closure of schools and businesses to the fires, power outages and civil unrest, our nation and local communities have been put to the test. Through it all however, our Sonoma Valley community has remained strong, and the staff at Valley of the Moon Water District (District) are no exception. Despite the challenges, District staff has managed to continue supplying safe, reliable drinking water, timely leak response, excellent customer service, and has continued pressing forward on critical infrastructure upgrades.

Several years ago, the District conducted a pilot program to determine if in-house staff could provide the necessary installation, and project management expertise to perform some kinds of capital projects with its own staff in favor of hiring outside contractors to do the work. The potential benefits of this model include installing new mains and services at a lower cost, significantly lower project engineering costs, better institutional knowledge among staff, and a slightly larger field staff that would be beneficial in responding to large-scale emergencies such as fires and earthquakes. The pilot program proved that the District's own staff could produce the quantity and quality of work needed to replace aging infrastructure and at a lower cost.

In 2019, the District filled two additional field positions and got to work on its in-house capital main replacement projects. Since that time, our own staff has replaced 6,400' of undersized or leak prone main and dozens of service lines, vastly increasing the reliability and fire flow capability of our water system.

The District still faces many challenges, such as the loss of our emergency backup local water supply (the Sonoma Developmental Center water treatment plant), the increasing severity and frequency of wildfires and this year's drought and resulting water shortages to name a few. 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,

A handwritten signature in blue ink, appearing to read "Matt Fullner", with a long horizontal flourish extending to the right.

Matt Fullner – General Manager

Service, Pride, Commitment.

MOTTO

Service, Pride, Commitment.

In less than ten years at the District, every employee but two has retired or moved on and has 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 encapsulates 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 to 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 15 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:

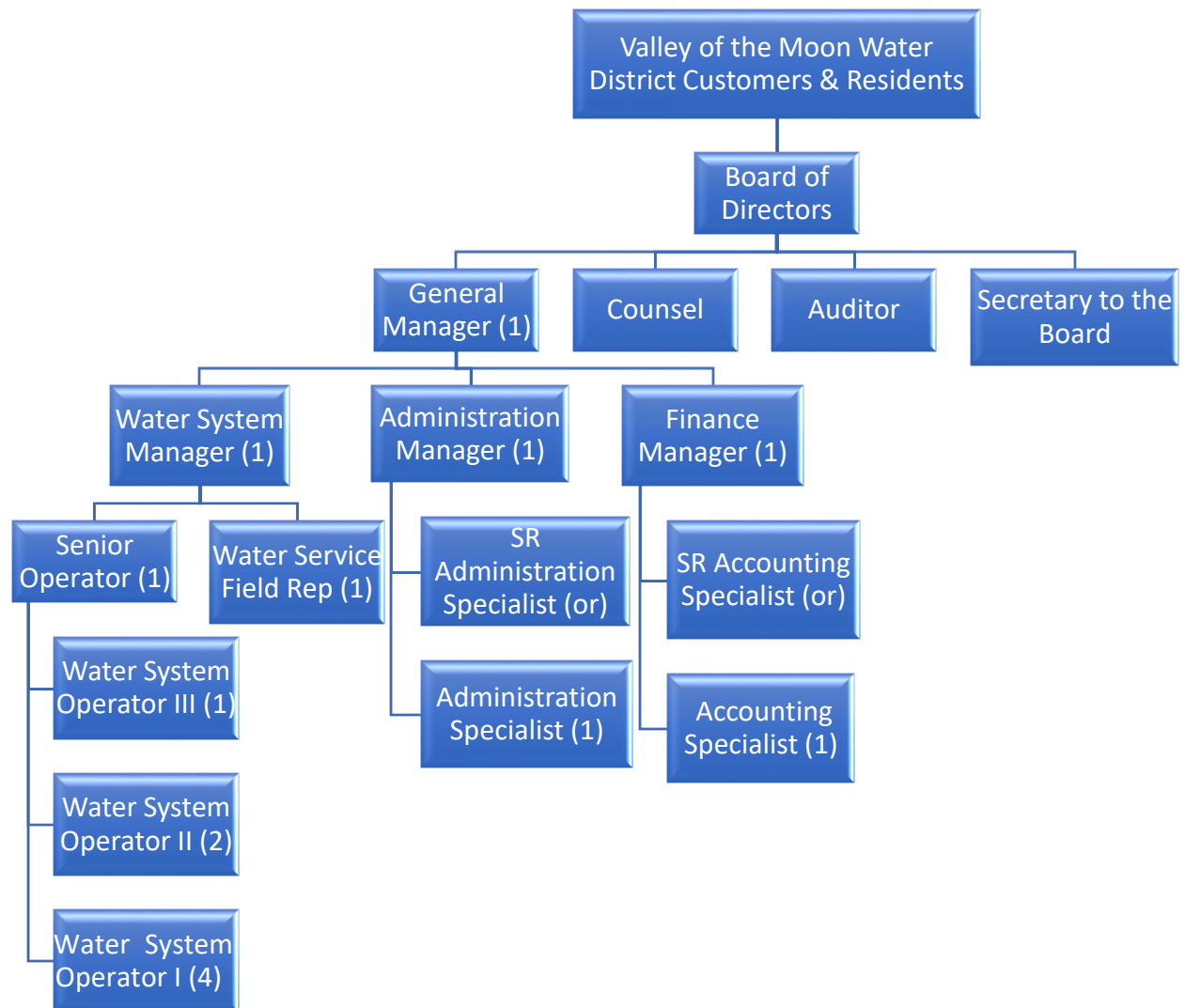
- In-house capital project management and installation
- Facility maintenance
- Emergency response
- Regulatory compliance
- Human resources
- Data analysis
- Financial and other planning efforts etc. etc.

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.

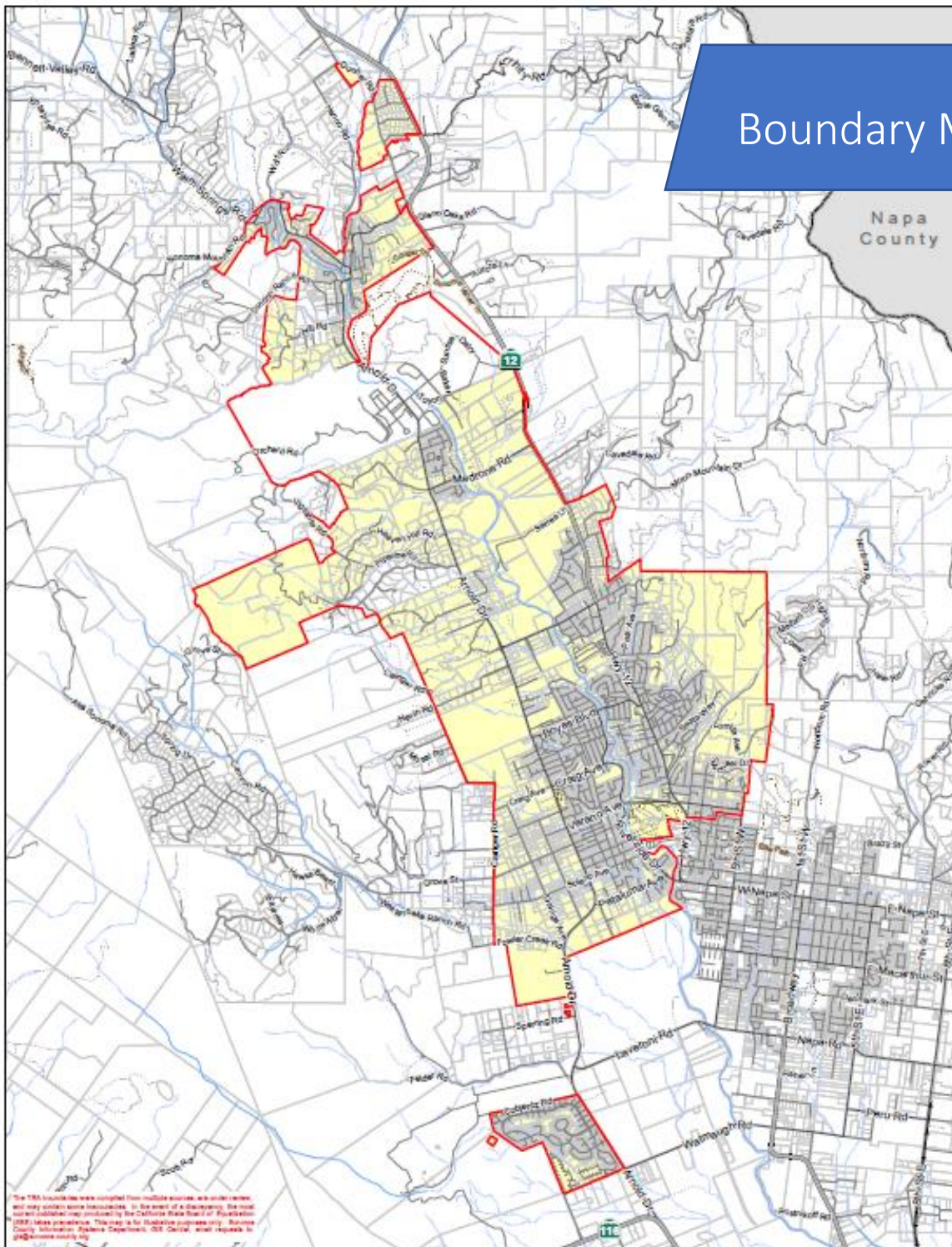


Organizational Structure

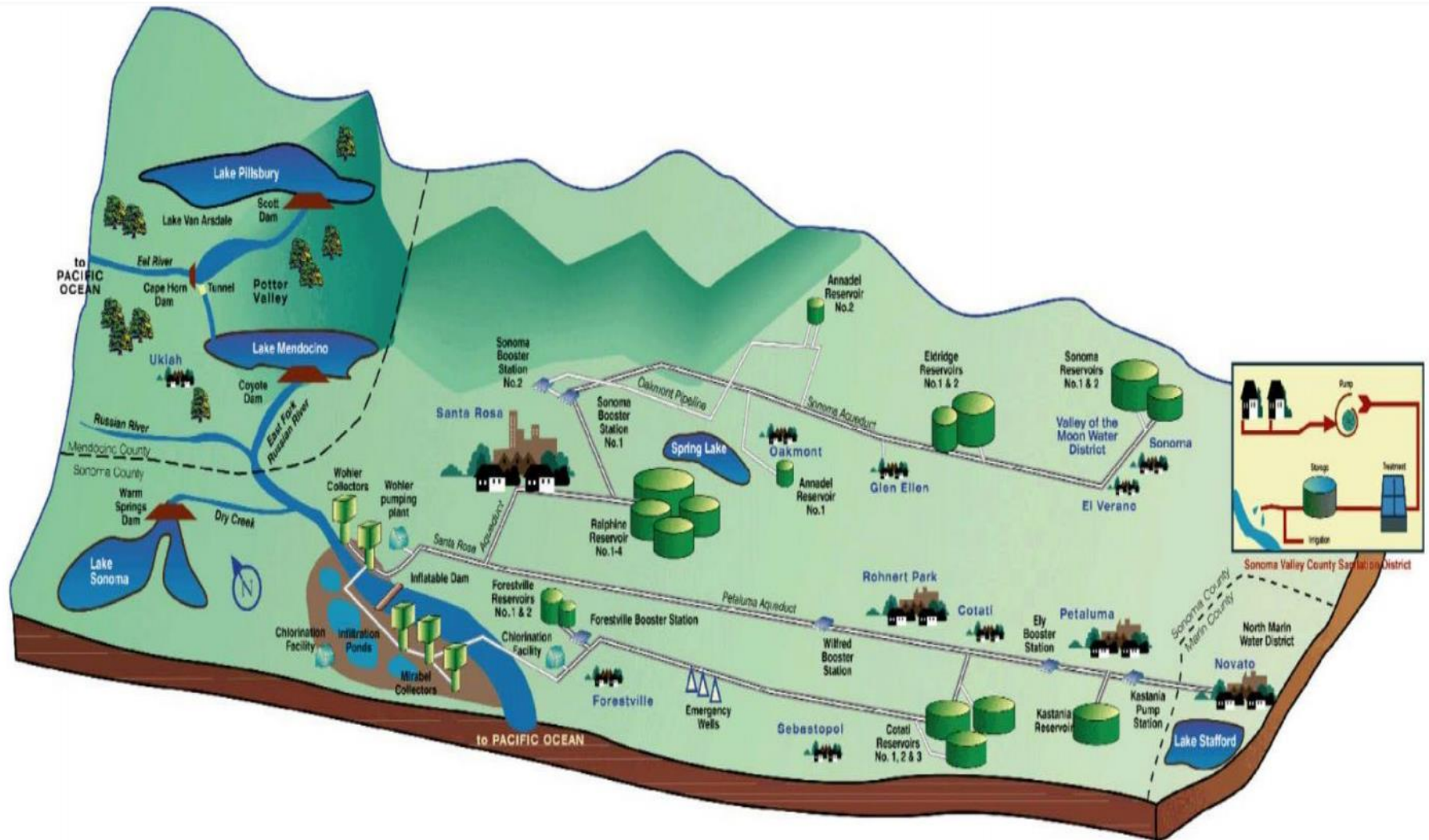
(updated after fiscal year '20-'21 staffing study)



Boundary Map



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 Program (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 facing the District at this time include:

1. Staffing needs of the District as the core duties of staff change based on the District's goals and requirements
2. Increasing regulations (CARB/BAAQMD, WRCB, NPDES reporting, etc.)
3. 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
4. The 2021 drought has caused unprecedented low storage levels in both Lake Sonoma and Lake Mendocino where 80% of the District's water comes from
5. Declining groundwater and possible future costs or restrictions from our local Groundwater Sustainability Agency (GSA)
6. Climate change and the need for renewable energy sources
7. COVID-19 impacts to rates and the CIP and O&M budgets
8. 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 amidst COVID-19 and the drought
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 phase two of the staffing and organizational study specific to field duties in order to determine possible weak points and design a staffing structure around the current and likely future needs of the District.

Objective 2: Put that plan into practice and make any adjustments needed.

Status: Phase one of the staffing study, focusing on the administrative functions, is complete. Management staff have begun the recruitment process for filling the new or empty positions immediately with a goal of having them filled at the beginning of this fiscal year ('21-'22). Phase two of the study, focusing on field operations including CIP projects, water treatment, and O&M maintenance and repairs is budgeted to occur in the upcoming fiscal year (after July 1st 2021). The final implementation of that plan may not occur until the following fiscal year depending on the findings.

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 only other source of backup water available to the District, is the District’s groundwater wells, 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. 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 intends to work with County of Sonoma planners through the SDC specific planning process 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 intends to rehabilitate one of its older wells that is not producing as well as it once did. The hope is to nearly double its production capability. The District is also pursuing the lease of two new groundwater sources and may also have the opportunity to drill a new well on property that is already owned by the District.

Status: The District has been in contact with planners at the County of Sonoma and will continue to seek the reestablishment of the local, sustainable surface water treatment plant at the SDC site. Future wells are planned as described above. The new CIP budget will reflect the timing of the design and installation of the 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 providing 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 hi-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.

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 smog 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 is already in the CIP plan for the '21-'22 fiscal year. The second and third objectives will be funded in subsequent years.

Goal 4: Financial Stability

The COVID-19 pandemic has caused untold financial damage to industries worldwide. The municipal water industry is no exception. As a result of the pandemic, here in California, municipal water purveyors are not permitted to turn off the water to homes and businesses that have not paid all or part of their water bills. This is leading to some customers “racking up” enormous unpaid bills. The District is very sensitive to the fact that many of our customers have unexpectedly lost much of their income due to the pandemic and 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. This, in part, has led to hundreds of thousands of dollars in budget shortfalls in fiscal year ‘20-‘21.

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 water use later in the year. This will result in lower water sales, which in turn, will result in lower revenue.

Objective 1: Work with struggling customers to get them on a payment plan as soon as possible. This will help ensure that they do not fall further behind effecting their ability to ever catch up, and the District’s ability to continue funding its O&M and CIP budgets.

Objective 2: Apply for any relief funding that becomes available to help our struggling customers.

Objective 3: Budget appropriately for the upcoming revenue decrease.

Status: The District has begun working with other local water purveyors to procure any Federal grant funds for COVID-19 relief that become available. The District is also engaged in calling our struggling customers and attempting to get each of them set up on a payment plan that they can manage. 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 reduced all planned spending as much as possible while still meeting the essential needs of the organization.

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, replacement of mains with new right-sized mains, is often the best option. Proactive replacement of service lines and mainline valves also help 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 two 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.