



Operating and Capital Budgets

Fiscal Year July 1, 2016 – June 30, 2017

Budget prepared by Ralph Felix, General Manager, District Staff, and District Engineer

6/13/2016

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LETTER OF TRANSMITTAL

June 13, 2016

Board of Directors
Rio Linda Elverta Community Water District

It is my pleasure to provide you with the Rio Linda/Elverta Community Water District's Fiscal Year 2016-2017 Operating and Capital Budgets. The budget document provides detailed information about the District's revenue and expenditure forecast for the next fiscal year and addresses the main points and major decisions made in compiling the budget.

The District's mission is achieved in part by annually reviewing its strategic goals and objectives. The goals and objectives are considered during the budget development process to provide the basis for prioritizing efforts, activities, needs, human resources, and financial resources.

Monitoring the budget and responding to unanticipated events is a continuous process. The District maintains a proactive response in performing a mid-year budget review if adjustments are required.

As we commence with the new fiscal year, we are faced with significant challenges that prioritize how we operate and forecast the Capital Improvement Program (CIP) budget. With the looming State of California mandated deadline of June 2020 for our wells to be in compliance with the new hexavalent chromium (Cr6) maximum contaminant level of 10 ppb, we conducted a new Prop 218 water rate study to determine what would be required in order to fund the mandated compliance measure. After conducting an assessment, we have determined that approximately 9.3 million would be required to treat wells 2A, 10, and 15 for Cr6 and to construct new wells 16 and 17 to replace wells 4, 6, 8A, and 11, which are cost prohibited for Cr6 treatment.

Along with a new Prop 218 water rate structure and Cr6 mitigation plan, staff is conducting a cost-benefit-analysis to determine the best possible financial options to undertake in order to supplement the CIP budget. Financial options, such as, Prop 1 Ground Water Funding, prop 84 IRWM, SRF funding, loans, and other grant funding opportunities will be considered conjunctively in the approximate goal amount of 2.3 million to help offset the 9.3 million cost.

In the interim, staff will continue to fund the Capital Improvement Fund with the Operating budget. It is expected that the District will meet or exceed its target fund balance on an annual basis. The target balance for the operating fund is defined as 6 months of annual operating expenses plus the annual debt service. The required debt service coverage for the outstanding debt obligations the District holds should be met in the years to come. With that said, debt service coverage is defined as net operating revenues (total revenues minus operating expenses) divided by debt service. The result is a minimum debt service coverage of 1.25 for each fiscal year. Therefore, staff will transfer 600,000 from the operating fund to the capital fund for contingency purposes to cover capital project costs as needed. The capital fund will also be funded by capacity fees from new connections to the water system.

In continuance of its proactive stance, the District will follow through in its collaboration with PCWA and other member agencies throughout the phases of the RiverArc project. Currently, consultant group ICF was awarded the contract and was provided a Scope of Work, which includes project scheduling,

monthly progress reporting, preparing an Environmental Constraints Report, and the provision of a Fee Schedule. The cost associated with this project for the given fiscal year is approximately 50,000.

Along with the RiverArc project, the District is required to contribute approximately 24,000 in administrative membership dues this fiscal year to the Sacramento Ground Water Authority (SGA) to remain in good standing. The SGA is a Joint Powers Authority (JPA) created to manage and maintain the long-term sustainable yield of the North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. It has been granted extensive powers and functions to accomplish its sustainable groundwater management mission. Along with SGA, other water association memberships for the District include SAWWA, RWA, ACWA, CSDA, AWWA, and CRWA. We can expect an increase in annual dues from these associations that range from 5% to 9% due to inflation.

As with inflation, the District will see an increase in Wages and Benefits of approximately 11,895 and 15,000 respectively due to the annual MOU wage agreement and premium increases in Obamacare. In addition, we have set aside 9,000 for the upcoming board of director's election year.

Besides miscellaneous inflation costs and the upcoming elections, the District has several information technology expenses in the field which needed to be consolidated into a new account called Field IT. The account will include the new AMI telemetry system, Tesco SCADA maintenance agreement, Inductive Automation Communications, and other IT services, which are already underway. The District estimates an expense of 26,360.

As you review the budget, you will notice that staff has created a more streamlined approach in presenting the budget with transparency in mind. You will also notice new Capital Improvement Fund categories including General, Connections, Chromium Mitigation & New Wells, and Vehicle Replacement. These measures were taken into account to show how projects will be funded.

In summary, the budget reflects the Board of Directors' priorities and strategic plans which are conveyed to staff. Hence, the budget is an instrument that guides staff in prioritizing its operations and capital improvement programs. The overall objective is to address the District's short-term and long-term goals, to use capital resources for completing critical capital projects for current and future customers, as well as, the District's commitment to meet its financial obligations, which ultimately fulfills the District's mission statement.

I would like to thank the Board of Directors for their leadership, support, and continued dedication in pragmatic fiscal management. I would also like to extend my appreciation to the District's staff and engineer for assisting in reaching the objectives for this year's budget. Most importantly, on behalf of our District's Board of Directors and staff, we would like to thank our valued customers, for whom it is an honor to serve.

Respectfully,

Ralph Felix

Ralph Felix
General Manager
Rio Linda/Elverta Community Water District

UNDERSTANDING THE BUDGET DOCUMENT

On an annual basis, the District's Board of Directors adopts a budget for the subsequent fiscal year. The budget is an instrument used by management to present the proposed plan of financial operations of the District to the Board of Directors. The budget incorporates Operating, Capital, and includes all supporting statements, details, summaries and other information deemed appropriate by the General Manager.

The budget is divided into several sections as follows:

INTRODUCTION This section contains a description of the District and its organizational structure and budget process.

OPERATING BUDGET This section describes the philosophy and process used to develop the operating budget.

CAPITAL BUDGET This section describes the philosophy and process used to develop the capital budget.

GLOSSARY This section contains a description of the District and its organizational structure and budget process.

Budgetary Control and Process

Budgetary Control

The District prepares budgets as a matter of policy and financial control. The budget is a financial plan detailing operating expenses, capital infrastructure investments, debt obligations, and designation of reserves. The following items are reviewed as part of preparing the budget:

- Assess current conditions and needs, including system quality and safety;
- Develop goals, objectives, policies, and plans based upon the assessment;
- Prioritize projects and develop work programs, based upon short-term and long-term cost effectiveness, and
- Implement plans, policies, and assess shortcomings.

Budget Process

The District follows an incremental budgetary process, which is prepared on a cash basis and is used as a management tool for projecting and measuring revenues and expenses. To commence the process, the Finance committee provides an extensive review of the proposed budget. After review, the District invites customers to a public hearing so that the District can provide budget information and receive feedback. Public hearings are designed to educate and inform customers about the District's financial operations and requirements. It is during this forum that the budget is adopted by Board of Directors.

To summarize, the district's guideline for its policy, procedures, and timeline involved in creating and approving the annual budget is outlined below.

PRELIMINARY BUDGET

Between April & May, the General Manager may create a preliminary budget and presents it to the Finance Committee no later than June to review and recommend any changes prior to the public hearing.

PUBLIC HEARING

On or before the regular Board meeting in July, the Board of Directors shall hold a public hearing on the proposed Budget.

ADOPTION

During or before the regular Board meeting in August, the Board of Directors shall adopt the budget.

DISTRICT PROFILE

District History and Service Description

The Rio Linda/Elverta Community Water District (RLECWD) was formed in 1948 after a public vote under County Water District Law (Water Code section 30000 et seq.). The District is governed by a Board of Directors that consists of five (5) members elected at large. The District includes the communities of Rio Linda and Elverta and encompasses approximately 17.8 square miles. The District has 10 full-time employees, a contracted engineer and an attorney.

The District water system consists of 11 wells and 61.72 miles of distribution mains. The overall system capacity is currently 14.4 MGD. The District pumps approximately 2110 acre-feet of water annually to its 4,618 customers with a daily average of approximately 1.9 million gallons.

To improve the water system and ensure the delivery of high quality drinking water to customers, the District constructed Well # 15 in 2012 and a 1.2 million gallon reservoir tank in 2014.

District Mission Statement

The mission of the Rio Linda/Elverta Community Water District is to provide, in a manner responsive to District customers, a water supply that is adequate, safe and potable (according to state and federal standards) and that meets both current and future needs.

District Officials

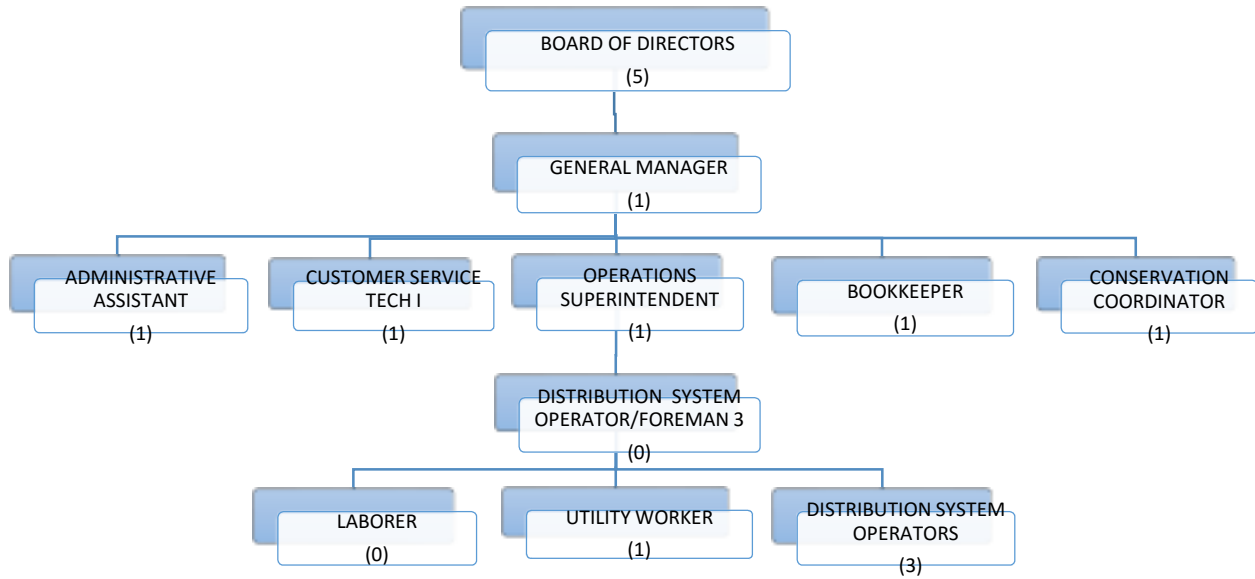
Board of Directors

- John Ridilla, President/Director
- Mary Harris, Vice President/Director
- Duane Anders, Director
- Brent Dills, Director
- Paul R. Green Jr., Director

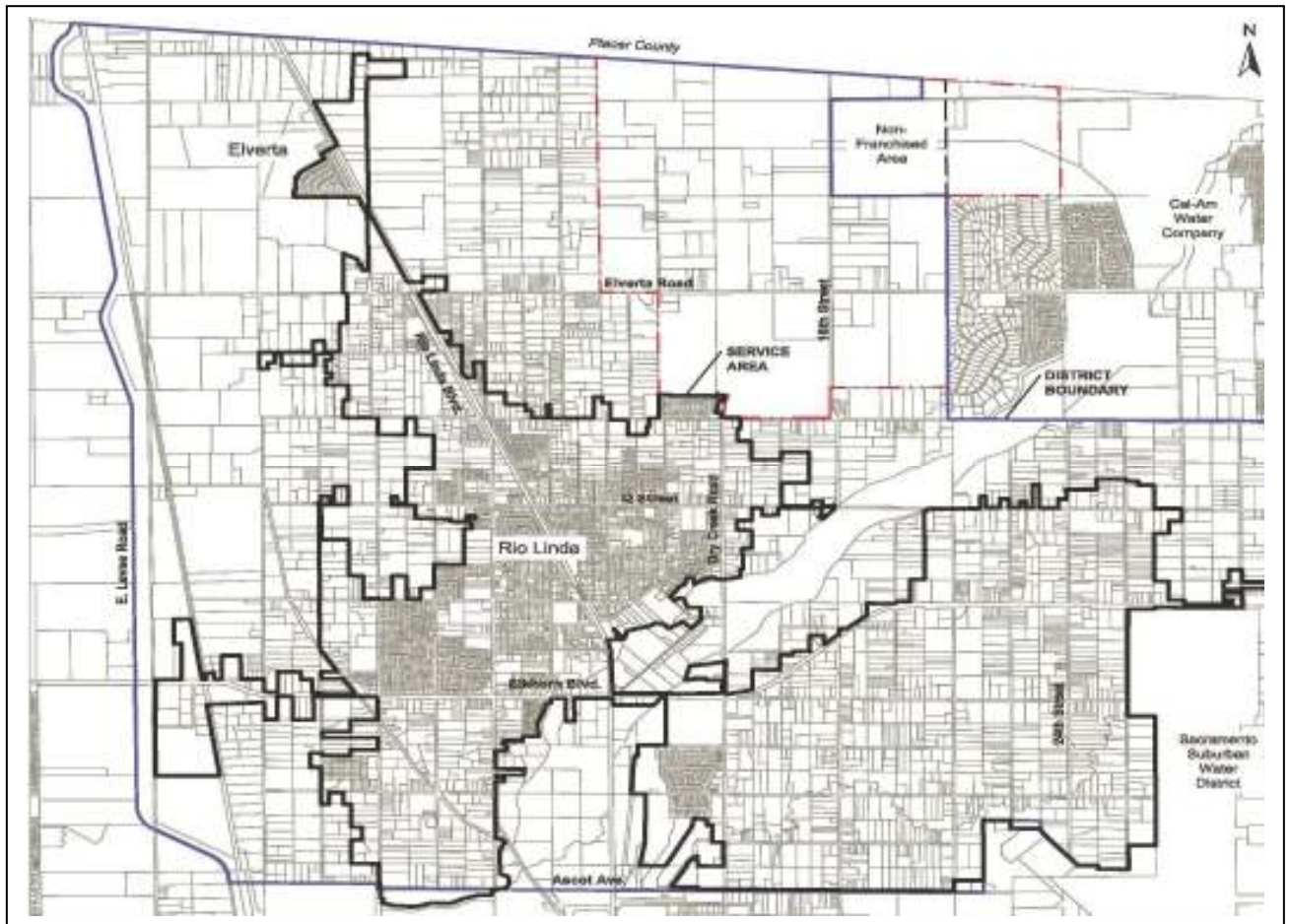
Appointed Official

- Ralph Felix, General Manager

Organizational Structure



Service Area



OPERATING BUDGET

The Operating Budget contains the prior fiscal year, current fiscal year, difference and an explanation of the differences between the two fiscal years. The budget is divided into the following categories:

OPERATING REVENUE – Includes both operating and non-operating revenue.

PROFESSIONAL, WAGE & BENEFITS, AND OFFICE OPERATION EXPENSE – The first and second Operating Expense categories are Officers, Auditor & Legal Fees and Wages & Benefits. A third category of Operating Expenses are Office Operations includes all general expense categories related to operating the office.

FIELD OPERATIONS – The fourth category of Operating Expenses includes all expenses related to field operations.

NON-OPERATING EXPENSES – Includes all expenses considered non-operating such as Debt Service expenses. The total Net Revenue follows.

OPERATING AND SURCHARGE FUND BALANCES – Reflects total beginning and ending fund balances.

Operating and Non-Operating Revenue

	2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
40000 OPERATING REVENUE				
40100 Water Service Rates				
40101 Basic Service Charge	\$1,686,110.00	\$1,791,611.00	\$105,501.00	Ord 2016-02; Water Rate Study Table 2.1
40102 Usage Charge	500,000.00	441,877.00	(58,123.00)	Ord 2016-02; Water Rate Study Table 2.1
40105 Backflow Charge	25,000.00	24,140.00	(860.00)	483 billable backflow devices @8.33 each
Total Water Service Rates	2,211,110.00	2,257,628.00	46,518.00	
40200 Water Services				
40201 Service App/New Location Fee	12,500.00	13,500.00	1,000.00	Average annual increase from prior FY
40202 Late Payment Fee	19,000.00	24,000.00	5,000.00	Average annual increase from prior FY
40203 Disconnect Tag Fee/NSF Fees	48,000.00	48,000.00	0.00	
40204 Termination/Reconnection	10,000.00	6,000.00	(4,000.00)	Average annual decrease from prior FY
40206 Fire Protection/Hydrant Meter	10,600.00	10,600.00	0.00	31 bills X \$56.61=\$1755X6=\$10,530
40209 Other Account Service Charges	2,000.00	2,000.00	0.00	
Total Water Services	\$102,100.00	\$104,100.00	\$2,000.00	

	2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
40300 Field Water Service Fees				
40301 Plan Check/Inspections/FireFlow	\$2,000.00	\$2,000.00	\$0.00	
40302 Service Install/Modification	10,000.00	10,000.00	0.00	
40303 Other Field Service Fees	1,000.00	2,000.00	1,000.00	Average annual increase from prior FY
Total Field Water Service Fees	13,000.00	14,000.00	1,000.00	
40400 Other Operating Revenue	4,000.00	4,000.00	0.00	
40450 Grant Revenue-Operating	0.00	10,000.00	10,000.00	RGA: Outdoor Water Efficiency Grant 50% Toilet & Washing Machine Rebates
TOTAL OPERATING REVENUE	2,330,210.00	2,389,728.00	59,518.00	
41000 NON-OPERATING REVENUE				
41110 Interest Revenue	6,800.00	400.00	(6,400.00)	Decrease reflects reallocating prior budget from Operating to Surcharge Budget
41120 Property Taxes & Assessments	60,000.00	70,000.00	10,000.00	Increase to adjust for prior two year average
41140 Other Non-Operating Revenue	2,500.00	2,000.00	(500.00)	Decrease to adjust prior FY average
TOTAL NON-OPERATING REVENUE	69,300.00	72,400.00	3,100.00	
TOTAL OPERATING & NON-OPERATING REVENUE	\$2,399,510.00	\$2,462,128.00	\$62,618.00	

Professional, Wage & Benefits, and Office Operations Expense

	2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
60010 OFFICERS, AUDITORS, & LEGAL FEES				
60011 General Counsel fees-Legal	\$75,000.00	\$60,000.00	(\$15,000.00)	Decrease to adjust prior FY average
60012 Auditor Fees	14,900.00	11,900.00	(3,000.00)	Decreased to remove GASB 45 fees
60014 Board of Director-Meeting Fees	14,000.00	14,000.00	0.00	
60015 Meetings & Conferences	10,000.00	10,000.00	0.00	
Total Officers, Auditor & Legal Fees	113,900.00	95,900.00	(18,000.00)	
60100 WAGES & BENEFITS				
60110 Salaries & Wages				
60111 Salary - General Manager	130,000.00	105,000.00	(25,000.00)	Prior FY included two General Managers
60112 Staff Regular Wages	454,991.00	466,886.00	11,895.00	Increase reflects annual Union MOU Decreased to the standard budget amount
60113 Contract Extra Help	14,000.00	5,000.00	(9,000.00)	
60114 Staff Standby Pay	18,250.00	18,250.00	0.00	
60115 Staff Overtime Pay	10,000.00	7,500.00	(2,500.00)	Decreased based on prior 3 FY actual avg.
Total Salaries & Wages	627,241.00	602,636.00	(24,605.00)	
60150 Employee Benefits & Expense				
60151 PERS Retirement	122,052.00	122,748.00	696.00	Increase to adjust for projected costs
60152 Workers Compensation	19,183.00	11,433.00	(7,750.00)	Estimated Annual Contribution Change
60153 Group Insurance	90,000.00	105,000.00	15,000.00	Prior FY Under Budgeted -Obamacare
60154 Retirees Insurance	21,750.00	21,750.00	0.00	
60155 Staff Training	2,500.00	2,500.00	0.00	
60156 Management Training	2,000.00	1,500.00	(500.00)	New GM contract
60157 Uniforms	4,500.00	4,500.00	0.00	
60158 Payroll Taxes	50,122.00	50,470.00	348.00	Increase to adjust for projected costs
60159 Payroll Services	540.00	550.00	10.00	Increased based on prior FY actual
Total Employee Benefits & Expense	312,647.00	320,451.00	7,804.00	
TOTAL WAGES & BENEFITS	\$939,888.00	\$923,087.00	(\$16,801.00)	

		2015-2016	2016-2017	DIFFERENCE	EXPLANATION
		BUDGET	BUDGET		
60200	OFFICE OPERATIONS				
60205	Bank and Merchant Fees	\$16,500.00	\$16,500.00	\$0.00	
	60210 Building Expenses				
60211	Office Utilities	6,600.00	7,000.00	400.00	Increased based on higher utility costs
60212	Janitorial	3,100.00	2,800.00	(300.00)	Decreased for prior FY monthly average
60213	Maintenance	7,500.00	7,500.00	0.00	
60214	Security	400.00	400.00	0.00	
	Total Building Expenses	17,600.00	17,700.00	100.00	
	60220 Computer & Equipment Maint.				
60221	Computer Systems	21,500.00	21,500.00	0.00	
60222	Office Equipment	4,500.00	4,868.00	368.00	Increased to adjust for new contracts
	Total Computer & Equipment Maint.	26,000.00	26,368.00	368.00	
60230	Office Expense	11,000.00	11,000.00	0.00	
60240	Postage and Delivery	19,000.00	19,000.00	0.00	
60250	Printing	6,200.00	6,200.00	0.00	
60260	Publishing	2,100.00	2,100.00	0.00	
60270	Telephone & Internet	5,500.00	5,500.00	0.00	
	60400 Conservation				
60401	Community Outreach	7,000.00	7,000.00	0.00	
60402	Contract Services (CUWCC)	2,515.00	2,635.00	120.00	Increase includes 2% annual dues increase
60403	Regional Conservation Program	4,579.00	4,808.00	229.00	Increase includes 5% annual dues increase
60404	Toilet Replacement Program	1,500.00	1,650.00	150.00	Increase includes projected increase
60405	Washing Machine Rebates	300.00	300.00	0.00	
60406	Other Conservation Programs	0.00	10,000.00	10,000.00	Water Efficiency Grant
	Total Conservation	15,894.00	26,393.00	10,499.00	
60420	Engineering Services	\$40,000.00	\$46,000.00	\$6,000.00	Increased for Cr6 & Well Projects

		2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
60430 Insurance					
60431	General Liability	\$30,000.00	\$20,686.00	(\$9,314.00)	Decrease due to lower premiums
60432	Property	5,500.00	7,132.00	1,632.00	Increase includes new Tank & Pump House
	Total Insurance	35,500.00	27,818.00	(7,682.00)	
60500 Water Memberships					
60501	SAWWA	430.00	430.00	0.00	
60502	Regional Water Authority	7,746.00	8,445.00	699.00	Increase includes 9% annual dues increase
60503	SGA	21,211.00	24,000.00	2,789.00	Increase includes 13% annual dues increase
60504	ACWA	7,910.00	7,910.00	0.00	
60505	CSDA	5,659.00	6,055.00	396.00	Increase includes 7% annual dues increase
60506	AWWA	98.00	225.00	127.00	Increase includes add'l staff membership
60507	CRWA	1,030.00	1,203.00	173.00	Increase includes 5% annual dues increase
	Total Water Memberships	44,084.00	48,268.00	4,184.00	
60550	Permits & Fees	30,000.00	35,000.00	5,000.00	Increased based on prior FY actual
60555	Subscriptions & Licensing	2,120.00	2,120.00	0.00	
60560	Elections	0.00	9,000.00	9,000.00	Current budget FY is an election year
60565	Uncollectable Accounts	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	2,000.00	425.00	(1,575.00)	Decreased based on prior 3 year FY average
TOTAL OFFICE OPERATIONS		\$275,498.00	\$301,392.00	\$25,894.00	

Field Operations

		2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
65000 FIELD OPERATIONS					
65005	Backflow Testing	\$17,500.00	\$3,000.00	(\$14,500.00)	Decreased to reflect testing performed by Staff
65010	Chemicals and Supplies	15,000.00	15,000.00	0.00	
65015	Construction Equipment Maint.	4,000.00	2,000.00	(2,000.00)	Decreased based on prior FY actual
65020	Field Communication	3,300.00	3,300.00	0.00	
65023	Field IT	0.00	26,360.00	26,360.00	New account for Field IT: Backflow, Tesco, Inductive Automation, Verizon & IT previously included in GL 60212
65025 Laboratory Services					
65026	Coliform Test and Non-Customer	4,000.00	4,000.00	0.00	
65027	Physical and Chemical Tests	15,500.00	19,000.00	3,500.00	Increased based on prior FY actual
65028	Lab Supplies	1,000.00	500.00	(500.00)	Decreased based on prior FY actual
Total Laboratory Services		20,500.00	23,500.00	3,000.00	
65030 Pumping					
65031	Maintenance	20,000.00	21,500.00	1,500.00	Increase to include Well Pressure Transmitters
65032	Electricity and Fuel	187,000.00	187,000.00	0.00	
Total Pumping		207,000.00	186,500.00	1,500.00	
65040	Safety Equipment	2,000.00	2,000.00	0.00	
65045	Shop Supplies	5,000.00	5,000.00	0.00	
66000 Transmission & Distribution					
66001	Distribution Supplies	47,000.00	37,000.00	(10,000.00)	Decreased based on prior FY actual Decreased as all Small Meter Replacements are a capitalized expense and not considered an Operating expense.
66002	Meter Maintenance	150,000.00	40,000.00	(110,000.00)	
66003	Tank Cleaning	0.00	0.00	0.00	No tank cleaning for current FY
66004	Contract Repairs	15,000.00	15,000.00	0.00	
Total Transmission & Distribution		\$212,000.00	\$92,000.00	(\$120,000.00)	

	2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
67000 Transportation				
67001 Fuel	\$15,500.00	\$12,000.00	(\$3,500.00)	Decreased based on prior FY actual
67002 Maintenance	4,000.00	6,000.00	2,000.00	Increase based on prior FY actual and future maintenance on older trucks
Total Transportation	19,500.00	18,000.00	(1,500.00)	
TOTAL FIELD OPERATIONS	505,800.00	398,660.00	(107,140.00)	
TOTAL OPERATING EXPENSE	\$1,835,086.00	\$1,719,039.00	(\$116,047.00)	
Non-Operating Expense				
NON-OPERATING EXPENSE	2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
21610 Sherrill Settlement	\$17,800.00	\$0.00	(\$17,800.16)	Sherrill Settlement Final Paid in 2015-16 FY
69010 Debt Service				
69100 Revenue Bond 2015				
69105 Revenue Bond 2015-Principle	210,000.00	124,776.00	(85,224.00)	Decrease per Loan Payment Schedule
69120 Interest	78,803.00	73,382.00	(5,421.00)	Decrease per Loan Payment Schedule
Total Revenue Bond 2015	288,803.00	198,158.00	(90,645.00)	
69125 AMI Meter Loan				
69130 Principle	0.00	46,078.00	46,078.00	New AMI Meter Program Loan
69135 Interest	0.00	12,436.00	12,436.00	New AMI Meter Program Loan
Total AMI Meter Loan	0.00	58,514.00	58,514.00	
69400 Other Non-Operating Expense	5,000.00	2,000.00	(3,000.00)	Decreased based on last two FY actual
Contingencies	0.00	0.00	0.00	
TOTAL NON-OPERATING EXPENSE	\$311,603.00	\$200,158.00	(\$111,445.00)	
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,146,689.00	\$1,919,197.00	(\$227,492.00)	
NET REVENUE (Revenue-Expense)	\$252,821.00	\$542,931.00	\$290,110.00	

Operating & Surcharge Fund Balances

	2015-2016 BUDGET	2016-2017 BUDGET	DIFFERENCE	EXPLANATION
OPERATING FUND BALANCE				
Operating Account Balance June 30	\$872,587.00	\$525,408.00		
Net Revenue	252,821.00	542,931.00		
Transfer to Capital Improvement Funds	(600,000.00)	(600,000.00)	0.00	
Transfers to Operating Reserve Funds	0.00	0.00	0.00	
Estimated Operating Fund Balance June 30	\$525,408.00	\$468,339.00		
SURCHARGE FUND BALANCE				
Surcharge Fund Balance June 30	\$1,660,645.00	\$583,384.00		
43010 Surcharge Revenue	522,000.00	523,374.00	1,374.00	Increase adjustment for 4591 Connections Increase due to prior FY allocated to
41110 Investment Revenue	0.00	10,000.00	10,000.00	Operating Revenue
69155 SRF Principle	(1,500,000.00)	(321,372.00)	1,178,628.00	Per Loan Payment Schedule
69160 SRF Interest	(200,000.00)	(139,983.00)	60,016.00	Per Loan Payment Schedule
69220 SRF Administration	(180.00)	(1,942.00)	(1,762.00)	Fidelity Investment Advisor Fees
Final JJM Disbursement	(153,798.00)	0.00	153,798.00	Previous FY Adjustment Only
Amount Due From SRF	254,717.00	0.00	(254,717.00)	Previous FY Adjustment Only
Estimated Surcharge Fund Balance June 30	\$583,384.00	\$653,461.00		

CAPITAL BUDGET

The Capital Budget is formatted to reflect the beginning and ending balance of each Capital Improvement Fund. Each fund will include the funding source and project expenditures. The funds are divided into the following groups:

GENERAL – Capital expenditures include those that are not grouped in the remaining following categories. All General Plant Assets expenditures will be included in this category with the exception of Vehicle Replacements. Funding sources may include Operating Fund Transfers and Investment Revenue.

CONNECTIONS – Capital project funded entirely by connection fees. Funding sources include Capacity Fee Revenue received by residential owners and developers.

CHROMIUM (CR6) MITIGATION & NEW WELLS – Capital projects that include all Cr6 mitigation and construction of new wells. The projects are funded by the new Surcharge 2 Rate and other sources such as loans and grants.

VEHICLE REPLACEMENT – Capital expenditures identified as General Plant Assets: Transportation Equipment. Funding sources may include Operating Fund Transfers and sale proceeds on disposals of transportation equipment.

TOTAL – The last column is the sum of all funding sources.

Capital Budget by Funds

	CAPITAL IMPROVEMENT FUNDS				
	GENERAL	CONNECTIONS	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
ESTIMATED BEGINNING BALANCE	618,056.00	57,570.00	319,352.00	12,997.00	1,007,975.00
FUNDING SOURCES					
Fund Transfers					
Operating Fund Transfers In	600,000.00				600,000.00
CIP Fund Intrafund Transfers					
Surcharge 2 Rate			213,000.00		213,000.00
Contributed Funding					
Capacity Fee Revenue		25,000.00			25,000.00
Contributed Facilities (Developers)		1,204,000.00			1,204,000.00
Grant Revenue			530,000.00		530,000.00
Loan Proceeds			2,315,000.00		2,315,000.00
Investment Revenue	275.00				275.00
Sale of Fixed Assets					
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	1,218,331.00	1,286,570.00	3,377,352.00	12,997.00	5,895,250.00

	GENERAL	CONNECTIONS	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
PROJECTS					
A · WATER SUPPLY					
A-1 · River Arc		50,000.00			50,000.00
A-2 · El Dorado County Water & Power-EDWAPA	25,000.00				25,000.00
A-3 · Well 10 - Cr6 Treatment			965,000.00		965,000.00
A-4 · Well 16			940,000.00		940,000.00
A-5 · Well 17			940,000.00		940,000.00
A-6 · Miscellaneous Pump Replacements	40,000.00				40,000.00
Total A · WATER SUPPLY	65,000.00	50,000.00	2,845,000.00		2,960,000.00
B · WATER DISTRIBUTION					
B-1 · System Valve Replacements	10,000.00				10,000.00
B-2 · Paving Replacements	25,000.00				25,000.00
B-3 · Service Replacements	15,000.00				15,000.00
B-4 · Large Meter Replacements	5,000.00				5,000.00
B-5 · Small Meter Replacements	180,000.00				180,000.00
Total B · WATER DISTRIBUTION	235,000.00				235,000.00
M · GENERAL PLANT ASSETS					
	0.00	0.00	0.00	0.00	0.00
Total M · GENERAL PLANT ASSETS	0.00	0.00	0.00	0.00	0.00
FO · PROJECTS FUNDED BY OTHERS					
FO-1 · ESP Planning		130,000.00			130,000.00
FO-2 · Northborough Well, Reservoir & Booster Station		550,000.00			550,000.00
FO-3 · ESP Well & Elevated Reservoir		410,000.00			410,000.00
TOTAL FO · PROJECTS FUNDED BY OTHERS		1,090,000.00			1,090,000.00
C · CONTINGENCY					
C-1 · Contingency (10% of Est A,B,M, & FO Projects)	30,000.00	114,000.00	284,500.00		428,500.00
TOTAL BUDGETED PROJECT EXPENDITURES	330,000.00	1,254,000.00	3,129,500.00		4,713,500.00
ESTIMATED ENDING BALANCE	888,331.00	32,570.00	247,852.00	12,997.00	1,181,750.00

Capital Budget Technical Memorandum

To: Ralph Felix, General Manager
From: Jim Carson, District Engineer
Subject: 2016/17 Capital Budget Descriptions
Date: June 8, 2016

The Technical Memorandum (TM) provides the revised budget descriptions for the proposed 2016/17 Rio Linda/Elverta Water District's (District) Capital Budget. The following are a list of the budget items along with their descriptions:

A · Water Supply

A-1 · River Arc Participation - 50,000

This budget item is for the District's portion of the 2016/17 River Arc Project Budget. The River Arc Project consists of six local water purveyors (Rio Linda / Elverta Community Water District, City of Sacramento, Sacramento County Water Agency, California American Water Company, Placer County Water Agency, and City of Roseville) that are working together to construct a surface water treatment plant that treats Sacramento River water and delivers treated water to the region. The District is participating in this project to bring supplemental surface water into the District to supply the current and future customers with a combination of ground and surface water. This is a long range project that is planned to be built within the next 10 to 20 years.

A-2 · El Dorado County Water & Power (2015/16 Carryover) – 25,000

This budget item is a carryover project from last year's capital budget. The cost was approved by the Board of Directors as part of a signed Memorandum of Understanding (MOU) between El Dorado Water and Power Authority (EDWAPA) and the District. The purpose of the MOU is for the District and EDWAPA to work together to put EDWAPA's surface water right to use by the District until EDWAPA has a need for them. The project is being administrated by EDWAPA.

A-3 · Well 10 Hexavalent Chromium (Cr6) Treatment – 965,000

This budget item is for the cost to upgrade Well 10 with Cr6 treatment. The project is being partially funded through a Proposition 84 Grant that is being administrated through the Regional Water Authority.

A-4 · Well 16 – Land Purchase, Monitoring Well, and Well Construction - 940,000

This budget item is being completed in parallel with the Well 17 project (Item A-5) and is detailed as follows:

- Purchase Well Site Land;
- Drill a monitoring well and take water quality samples to predetermine water quality;
- Drill a production well, pump test for well capacity, and take samples to determine well water quality.

Once the project well is constructed, tested and water quality determined, the above grade improvements will be designed as part of the 2017/18 Capital Budget. This project is planned to be completed by January 1, 2020 as part of a compliance requirement by the Division of Drinking Water (DDW).

A-5 · Well 17 – Land Purchase, Monitoring Well, and Well Construction - 940,000

This budget item is being completed in parallel with the Well 16 project (Item A-4) and is detailed as follows:

- Purchase Well Site Land;
- Drill a monitoring well and take water quality samples;
- Drill a production well, pump test for well capacity, and take samples to determine well water quality.

Once the project well is constructed, tested and water quality determined, the above grade improvements will be designed as part of the 2017/18 Capital Budget. This project is planned to be completed by January 1, 2020 as part of a compliance requirement by DDW.

A-6 · Miscellaneous Pump Replacements – 40,000

This budget item is for the replacement or upgrade of any well pump and/or motor that has failed throughout the budgeted year.

B · Water Distribution

B-1 · System Valve Replacements – 10,000

This budget item is to replace broken water system valves. These broken valves are being identified from the District’s valve exercising program.

B-2 · Paving Replacements – 25,000

This budget item is to pave sections of streets where the existing street paving has been cut into due to water service repairs or replacements.

B-3 · Service Replacements – 15,000

This budget item is to replace broken services that are leaking and require replacement throughout the budgetary year.

B-4 · Large Meter Replacements – 5,000

This budget item is to replace large water meters that are underreporting their water usage due to age.

B-5 · Small Meter Replacements – 180,000

This budget item is to replace small (residential) water meters that are underreporting their water usage due to age with new meters that are compatible with the District’s new AMI meter reading system.

FO · Projects Funded by Others

These projects are planned to be funded by the Elverta Specific Plan (ESP) and Northborough Developers.

FO-1 · Elverta Specific Plan – Water Supply and Planning – 130,000

This budget item is for the water supply planning required for the ESP Development. This budget item is funded by the ESP Development per a funding agreement between the District and the landowners.

FO-2 · Northborough Well, Reservoir and Booster Station – 550,000

This budget item is for the design and legal costs associated with the monitoring well, production well, reservoir, booster station, and other associated above grade appurtenances that are a part of the Northborough Well, Reservoir, and Booster Station Project. This budget item accounts for the District’s design and legal costs and does not include services during construction or labor compliance that will take place during construction. These costs will be added in a future budget year when construction starts.

FO-3 · ESP Well and Elevated Reservoir – 410,000

This budget item is for the design and legal costs associated with the monitoring well, production well, 0.5-MG elevated reservoir, and other associated above grade appurtenances that are a part of the ESP Well and Elevated Reservoir Project. This budget item accounts for the District’s design and legal costs and does not include services during construction or labor compliance that will take place during construction. These costs will be added in a future budget year when construction starts.

C · Contingency

C-1 · Contingency

This budget item accounts for the cost of unbudgeted projects that are not planned for in the capital budget. The budgeted cost is based on 10% of the total Capital Budget.

GLOSSARY

ACCRUAL BASIS The method of accounting whereby income and expense items are recognized as they are earned or incurred, even though they may not have been received or actually paid in cash.

ACWA Association of California Water Agencies

AMI Advanced Metering Infrastructure (AMI) is the new term coined to represent the networking technology of fixed network meter systems that go beyond Automated Meter Readers (AMR) into remote utility management. The meters in an AMI system are often referred to as smart meters, since they often can use collected data based on programmed logic.

ASSET A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events (i.e., cash receivables, equipment, etc.)

AWWA American Water Works Association

BEGINNING BALANCE The beginning balance is comprised of residual funds brought forward from the previous fiscal year.

BUDGET A financial plan showing authorized planned expenditures and their funding sources.

BUDGET PROCESS The schedule of key dates or milestones, which the District follows in the development, preparation, adoption, and administration of the budget.

CAPITAL ASSETS Long-lived tangible and intangible assets obtained or controlled as a result of past transactions, events or circumstances. Current District policy is to capitalize any asset cost of \$1,500 with a useful life or 2 years or more.

CAPITAL IMPROVEMENT PROGRAM (CIP) Authorized expenditures for tangible and long-term physical improvements or additions of a fixed or permanent nature.

CRWA California Rural Water Association

CSDA California Special Districts Association

FISCAL YEAR (FY) A 12 month period to which the annual budget applies and at the end of which a government determines its financial position and the results of its operations. For RLECWD the fiscal year is July through June 30.

FUND Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

HEXAVALENT CHROMIUM (Cr6) Refers to chemical compounds that contain the element **chromium** in the +6 oxidation state.

MOU Memorandum of Understanding agreement

OPERATING BUDGET An operating budget is a combination of known expenses, expected future costs, and forecasted income over the course of a year. Operating budgets are completed in advance of the accounting period, which is why they require estimated expenses and revenues.

OPERATING REVENUES AND EXPENSES Cost of goods sold and services provided to customers and the revenue thus generated.

PCWA Placer County Water Agency

PERS Public Employees Retirement System

PROPOSITION 218 Prop 218 amended the California Constitution to protect taxpayers by limiting the methods by which local governments can create or increase taxes, fees, and charges without taxpayer consent. Prop 218 requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees.

RWA Regional Water Authority

SAWWA Sacramento Area Water Works Association

SCADA Supervisory Control and Data Acquisition uses computer technology to monitor and control remote facilities such as pumps and reservoirs.

SGA Sacramento Ground Water Authority