

Tuolumne Utilities District

FY 2020 Operating Budget

Board of Directors

Bob Rucker, Board President

Ron Ringen, Board Vice President

Barbara Balen

Jeff Kerns

Ron Kopf



Edwin R. Pattison, General Manager

Erik Johnson, District Engineer
Don Perkins, Operations Manager

Steve Sheffield, Finance Director
Abby Parcon, Human Resources Director

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Tuolumne Utilities District Introduction

District Facilities and Service Areas

Tuolumne Utilities District (“TUD” or “District”) provides raw water, treated water, sewer, septage, and reclaimed water services to customers throughout Tuolumne County and in the City of Sonora. The District has approximately 13,620 residential, commercial, and wholesale treated water accounts and an additional 589 untreated or raw water accounts. Sewer service is provided to 6,184 residential and commercial accounts. In



Figure 1: Lyons Reservoir

addition, the District provides regional sewer services to subscriber agencies such as the Jamestown Sanitary District (reclamation) and the Twain Harte Community Services District (treatment and reclamation).

To provide these necessary services to our customers the District owns and operates 11 water systems and 5 wastewater systems. The water and wastewater systems are self-supporting enterprises and costs are accounted for separately under the water enterprise fund and the wastewater enterprise fund, respectively. The District also provides both retail and wholesale water and wastewater services to the community.

The District currently has an estimated treated water service population of approximately 28,997 with approximately 2,000 additional people served through wholesale service to the Muller Water Company, Sleepy Hollow Water Users Association, Sonora Meadows Mutual Water Company, and the Sonora Water Company.

An estimated 24,000 people benefit from the District’s wastewater collection, treatment, and/or reclamation service. Virtually every residence in the County that is not connected to public sewer relies on the District to process septage originating from septic tanks and from portable toilets.

Tuolumne County’s current population is estimated to be approximately 53,631. Since the District is the primary water and sewer service provider to the business and commercial centers of the County, nearly everyone in Tuolumne County benefits, in some degree, from the District’s services.

Raw Water System

Approximately 95% of the water the District distributes originates from the South Fork Stanislaus River and is impounded in PG&E’s Lyons and Strawberry (Pinecrest) Reservoirs. The District receives its water under



Figure 2: 1850's Era Ditch View

contract with PG&E. The contract dates to 1983, when PG&E sold the water system, except for water rights, to the County of Tuolumne, the precursor water purveyor to the District. The District was formed by action of Tuolumne County voters in 1992 and commenced operations as the county's largest purveyor of potable water and wastewater services in 1993. PG&E owns and operates a canal and flume system to convey water from Lyons Reservoir to the Phoenix Powerhouse. The District owns and operates a total of 70.4 miles of ditch, flume, pipe, and tunnel infrastructure that diverts water from the PG&E system at various locations. The District's raw water conveyance system serves a variety of customer types and uses, including agricultural/irrigation water, ditch domestic use, commercial and industrial, resale, and raw water supply to other treated water agencies such as the Twain Harte Community Services District. The system also supplies water to 15 of the District's own water treatment facilities. Raw water storage is provided in Phoenix Lake and an assortment of smaller impoundments.

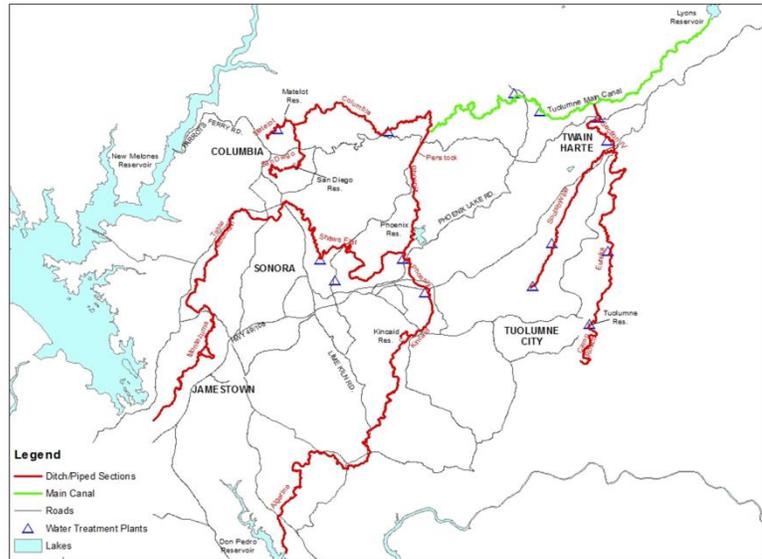


Figure 3: Ditch System Schematic

Treated Water System

The water system includes various water storage and conveyance facilities, transmission pipelines, treatment facilities, pump stations, and distribution pipelines. The District operates and maintains 7 water reservoirs, 15 treatment plants, 78 treated water storage tanks, 51 transfer and booster pump stations, and 330 miles of potable water distribution pipelines. In respect to the water enterprise fund the District, in addition to its retail customer base, provides wholesale water to the following entities: Muller Water Company, Sonora Meadows Water Company, Sonora Water Company, and the Sleepy Hollow Water Company and provides emergency backup water supply to some local mobile home parks. The District's Columbia Water System is also a water source to CalFire's Columbia Air Attack Base.

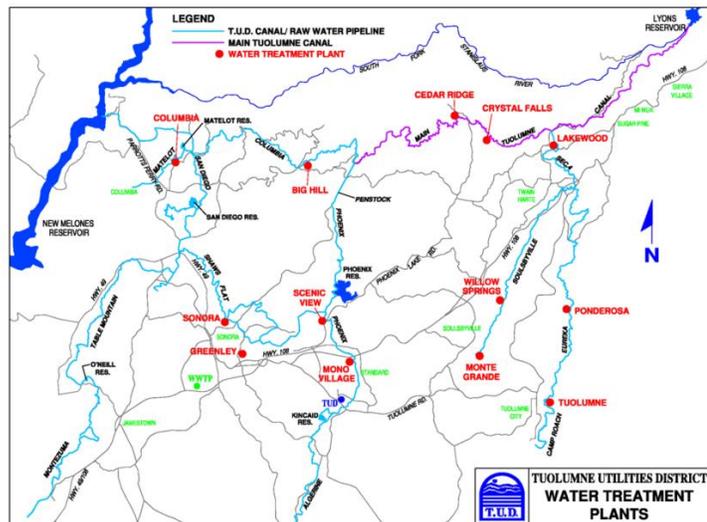


Figure 4: Treat Water System Schematic

Wastewater System

The wastewater system provides wastewater collection and treatment services, as well as reclaimed water distribution for agricultural uses. The collection system is composed of approximately 140 miles of pipeline ranging in size from 2-inch diameter up to 18-inch diameter and 30 sewer pumping stations. The District operates and maintains one primary level treatment facility and one secondary level regional treatment facility. Treated wastewater effluent is stored in Quartz Reservoir (1,616 acre-feet) and is distributed for agricultural uses on 672 acres of lands around the Jamestown area. The District is tasked with complying with State imposed Waste Discharge Requirements; other various permit requirements, and a consent decree. Currently, the District is in the final phase of conducting a video inspection of the entire collection system. Because of those inspections the District is engaged in an aggressive campaign of repairs, replacements, and pipeline rehabilitation.

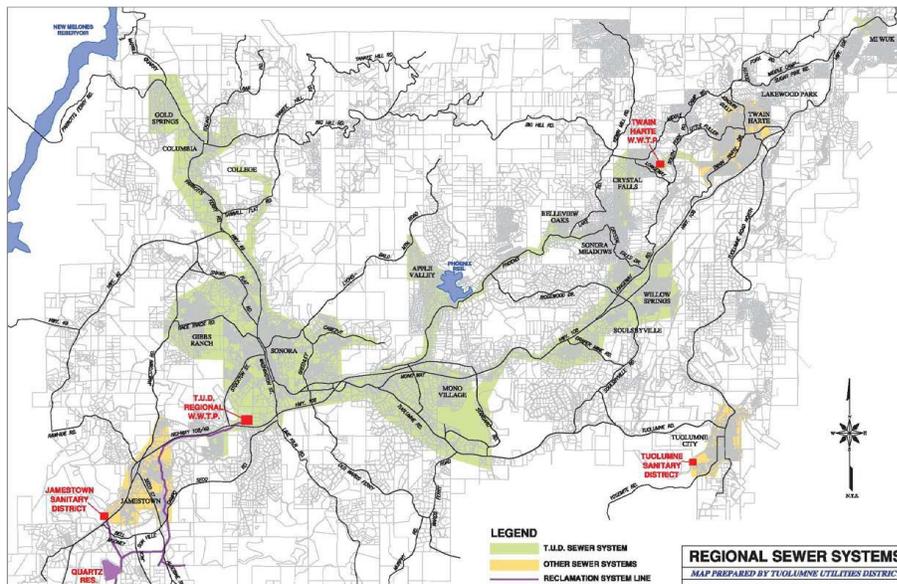


Figure 5: Sewer System Schematic

Date: May 21, 2019

Subject: Transmittal of Annual Budget for Fiscal Year 2020

Members of the Board of Directors and Customers of the District:

The Tuolumne Utilities District's ("District" or "TUD") annual budget presented to you allocates the necessary resources that continues to build the financial sustainability of the District, while carrying out the Board of Director's ("Board") mission of providing reliable, responsive utility services with dedicated customer service in a financially responsible manner.

Adoption of the budget is a key action taken by the Board and provides the necessary basis to pursue the District's Vision, Mission and Goals. The budget is the District's financial work plan, translated in expenditures and supported by revenues. It establishes the District's direction for the near term, and to the extent the decisions have continuing implications, it also establishes long term direction.

The proposed budget and the operational, programmatic and capital costs identified herein are possible as a result of the November 2015, Proposition 218 process in which the Board proposed a 5-year program of incremental rate increases for District customers to evaluate. The proposed rate increase was not protested by District customers and the Board approved the rate plan. The new rate structure was effective in January 2016 and is in full compliance with California statute and case law that regulates how rates are established, the rate structure itself, and how rates apply to users.

The budget prudently contemplates some manner of ongoing water conservation, born both of behavioral changes by customers because of the recent, significant drought, as well as, from likely mandates imposed upon the District and its customers by the State of California ("State") through the State Water Resources Control Board. Conservation, however, has a nominal effect on District expenses and does not typically reduce expenses in a significant way. The substantial majority of the District's expenses are fixed and occur regardless of the amount of water used or conserved. Accordingly, the new rate structure effective in January 2016 attempts to reconcile the ongoing expense of operating the water and wastewater systems through a more precise allocation of fixed and volumetric expenses calculated into the rate structure.

Operating Budget Summary

Attached you will find the proposed annual budget for Fiscal Year 2020 (FY 20) containing budgeted operational revenues and expenditures for each of TUD's funds. The total combined operating expense budget for FY 20 is \$18 million.

Basis of Budgeting

The Tuolumne Utilities District is a California Special District formed in 1992 under the laws of the State of California as a county water district.

The District's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of double entry accounts comprised of its assets, liabilities, fund equity, revenues, and expenses. Financial activities are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District utilizes the following funds:

Water Operating Fund

The water operating fund is used to account for water operations that are financed and operated in a manner consistent with law where the intent of the District is that the costs (expenses) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges.

Sewer Operating Fund

The sewer operating fund is used to account for wastewater operations that are financed and operated in a manner consistent with law where the intent of the District is that the costs (expenses) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges.

Board Strategic Plan

The Tuolumne Utilities District (TUD/District) 2019 Strategic Plan (Plan) was formed in early spring of 2019 by the District's Board of Directors and staff through a series of public workshops which facilitated public participation with the understanding that the Plan is to be a living document that will be reviewed regularly and revised as needed to better serve the District and Tuolumne County. The Plan was purposefully fashioned as a succinct, workable document so that it can be easily referenced to: generate focused goals, adopt comprehensive objectives, communicate values and develop a path to help establish the best use of our resources to accomplish District goals and objectives. This budget has been developed consistent with the Board's strategic goals as established in the Plan.

Revenues

The primary revenues include service charges, property taxes, debt service recovery, facilities capital charges, and other income. The District anticipates realizing approximately \$16.4 million in annual water revenue and approximately \$7.1 million in annual sewer revenue in FY 20.

Expenditures

Consistent with the type of service the District provides, the primary uses of expenditures in the District budget are personnel-related (salaries and benefits), materials and services. Total labor related budgeted expenditures are approximately \$11.6 million for FY 20. In FY 20, the District is not adding any additional positions. Non-labor expenses are budgeted overall at \$6.5 million in FY 20.

Reserves

The FY 20 budget proposes to continue establishing reserves in the Water Fund. Reserves act as a savings account that is to be used judiciously to help fund future infrastructure costs or meet expenses in difficult economic times. The Board made the establishment of reserves a central theme when approving the November 2015 rate increase program. Reserves serve as a prudent measure for special districts that build and maintain expensive infrastructure, such as the water treatment, storage and delivery systems owned and operated by TUD. Water and sewer infrastructure is expensive to build and maintain and the development and protection of adequate reserves is a best practice in the industry.

Notwithstanding this indisputable fact, the District is faced with a two-prong budgetary challenge regarding infrastructure: build new infrastructure and build reserves to support future costs. The budget does both, although the building of reserves is at a slower pace and will take time to save to the level that will adequately support the future replacement of infrastructure. The Board's November 2015 decision regarding rates emphasizes the more immediate replacement of existing infrastructure that is aging and deteriorated. Significant investment in new infrastructure remains a central theme in order to bring customers a greater level of long term reliability in their public water and sewer systems.

As to reserves, the budget proposes to save in FY 20 approximately \$1.2M into Water reserves and \$97k into the Water contingency fund. The FY 20 budget also proposes to place approximately \$513k in FY 20 into Sewer reserves and \$41k in FY 20 into the Sewer contingency fund.

Board of Directors

The Board of Directors sets forth the policy direction for the District. The Board works with other levels of government on water and wastewater policy matters important to the overall operation of the District and its customers. The Board budget includes the District's legal fees, open government costs for the Granicus video system, annual goal setting expense, dues related to water agency organizations, including the Association of California Water Agencies ("ACWA") and Mountain Counties Water Association. Funds are also budgeted for Board related travel to conferences or meetings related to water and wastewater advocacy.

Operations Department

The Operations Department consists of the water, wastewater, construction/maintenance and fleet divisions that address the District's field operations. Each division plays an integral role in producing and distributing water, collecting and processing wastewater, and maintaining, repairing and constructing water and wastewater infrastructure. Without these divisions the District could not properly serve its customers in an efficient and cost-effective manner.

Water Division

The water treatment budget includes all the materials and supplies necessary to safely produce treated water at the District's 15 treatment plants, including 3 groundwater sites. In addition to daily water production, various water tanks will be dive cleaned and inspected (DCI) according to a 5-year rotating schedule. DCI is integral to maintaining tank integrity and safe, clean water.

A significant portion of the water treatment budget includes regulatory compliance costs (\$208k), which includes routine lab testing and associated costs. The water treatment budget also includes fees paid to the State related to their regulatory oversight of water production and distribution (\$63k). The District employs a water regulatory compliance specialist that coordinates the testing, monitoring and regulatory compliance aspects of the District's water production, a critical function to maintaining public faith in the water system. Lab testing and continued state certification of the District's water supply stands as a testament to the District's commitment to provide safe, clean drinking water to our customers.

The District continues to monitor power use and avail itself to opportunities to reduce costs. Monitoring the District's water treatment plants and equipment through a complex supervisory control and data acquisition (SCADA) system is a significant and often unnoticed aspect of District operations. The District's SCADA system automates the collection of necessary data from far flung field locations reducing or eliminating the need to have personnel manually conduct the same data collection on a daily basis.

Treated Water & Raw Water Distribution

Each year the District undertakes the repair and maintenance of its 70+ mile, 1850's era, ditch system in order to deliver water to domestic and agricultural users that rely on raw water delivery for limited non-potable purposes. The ditch system represents a significant investment in raw water transmission by the District for its customers. Staff monitors and calibrates ditch water flows throughout the year and especially during the summer months to ensure reliability. Continual, year-round maintenance and upkeep is required to keep the ditch system service ready. Staff also maintains the Phoenix Lake dam which is owned by the District and annually inspected by the state Division of Safety of Dams. The District's rate structure adopted in November 2015, will not recover the full cost of maintaining the ditch system for raw water delivery. Notwithstanding this fact, the District's 5-year rate structure will gradually increase revenue recovery over the rate period. The District has made rate parity between

treated and raw water a priority, while also committing itself to the provision of all of its water delivery services at the lowest possible cost.

With respect to treated water, staff also maintains the distribution network ensuring that water distribution mains are maintained in working order. Water distribution staff performs routine maintenance including the conduct of a water main flushing program that helps maintain underground pipes over the long term. The District's flushing program is integral to maintain infrastructure in good working order and for the provision of clean drinking water.

Construction and Maintenance

The District's construction and maintenance ("C&M") crews handle day-to-day repairs and major construction on behalf of District customers. C&M staff plays a major role in implementing cost effective water and wastewater capital infrastructure for the District in addition to attending to approximately 850 repairs each year including responding 24/7/365 to water and sewer mainline and lateral breaks that require immediate attention. Repair and maintenance supply costs represent the largest portion of the non-labor operating costs for the Water Division at nearly \$310k in FY 20; additionally, maintenance supply costs in Sewer are budgeted at approximately \$143k in the budget. The District will respond to water line breaks and other infrastructure failures throughout the year, often magnified by inclement and freezing winter weather. In FY 18 the District responded to around 6,400 service requests, sometimes after hours, including weekends and holidays. The District's goal of improving infrastructure through an aggressive capital improvement program is intended to reduce these service requests over time.

Fleet and Facilities Division

The District's fleet and facilities division maintains the fleet vehicles and equipment that is necessary to the conduct of field operations in both water and wastewater. Fleet also maintains the District's heavy equipment used for mainline water and sewer services and other maintenance needs. The division works to maintain the fleet in a manner that wrings out every mile of useful life from vehicles, instead of basing replacement on a strict mileage setting or an age basis. This saves rate payer dollars over the long term. Division staff also provides various services to Water and Sewer divisions including welding and fabrication as needed.

Wastewater

The District operates the county's largest wastewater treatment plant, including 140 miles of sewer collection system, 30 sewer lift stations and treating approximately 1.3 million gallons of wastewater each day at the Sonora Regional Wastewater Treatment Plant ("SRWTP") that was originally constructed in the late 1970's. The District also operates the Twain Harte wastewater treatment facility and transfers that effluent by way of an interceptor line to the SRWTP for final processing. The District has undertaken the flushing and video inspection of the sewer collection system in order to direct maintenance and repair efforts over the last several years. Wastewater treatment is highly regulated by both the federal and state governments requiring that District operations adhere to mandated

standards. The District's Quartz reservoir is maintained by wastewater staff and provides reclaimed water to agricultural interests for production of hay and alfalfa as feed for cattle. These efforts, coupled with District owned spray fields, eliminated the need for the District to maintain a National Pollutant Discharge Elimination System ("NPDES") permit through the U.S. Environmental Protection Agency and state of California.

Engineering Department

The Engineering Department provides for the design of District infrastructure, including the development of design standards and construction of water and sewer infrastructure associated with new development. Engineering Department staff facilitates the process of establishing new service connections, including the conditions for extending service to new development and are charged with applying to various funding programs for loans and grants to offset fiscal impacts to District ratepayers. During the next fiscal year, Engineering will take a lead role in advancing design and implementation of the District's capital improvement program (CIP) projects. As noted previously, the District's CIP is forward thinking, aggressive and underscores the Board's goal of improving District infrastructure. In order to facilitate this aggressive schedule the Board approved on-call engineering services with several engineering firms to assist the District in the design and implementation of badly needed infrastructure improvements. Doing so is in the best interest of District customers and will more reasonably establish timeframes for the delivery of quality infrastructure.

Finance Department

The Finance Department provides financial management and accounting for the District, including the processing of utility billing for approximately 14,000 water accounts and 6,000 sewer accounts on a bi-monthly basis. The Finance Department includes information technology and the budget includes funding to continue support to administer the District's many high-tech systems.

Administration Department

Administration consists of the Human Resources & Risk Management division and the General Manager's Office, including public relations/information.

Human Resources & Risk Management

The Human Resources & Risk Management Division undertakes the recruitment and retention of District employees, including the management of all the necessary benefits related to employment, including labor relations, health insurance, retirement, workers compensation, safety and all other personnel practices related to the management of nearly 80 employees.

Pension Program

One of the components of the District’s personnel expenditures is the contribution to the District’s pension program, California Public Employee Retirement System (“CalPERS”). CalPERS is a multiple-employer public employee defined benefit pension plan and provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

The current CalPERS employer contribution rates and the rates for the next fiscal year are as follows:

Employee Group	Employer Contribution Rate	
	FY 19	FY 20
Tier I (Prior to 2012)	34.703%	32.673%
Tier II (Prior to 2013)	9.98%	10.938%
PEPRA (After 2013)	6.918%	7.108%

As of June 30, 2018, the District reported a net pension liability for its proportionate share in the amount of \$13,062,426. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The CalPERS actuarial determines the District’s required employer contribution for each fiscal year. The total minimum required employer contribution is the sum of the District’s employer normal cost rate plus the employer unfunded accrued liability contribution amount. As of the most recent actuarial valuation, the District’s funded ratio of its unfunded liability related to its pension plan was 73.8%.

Other Postemployment Benefits (OPEB)

The District has established a Retiree Health Benefits Plan (“OPEB Plan”) and participates in an agent multiple-employer defined benefit retiree healthcare plan. The OPEB Plan provides eligible employees who retire directly from the District, up to 100% contribution of the monthly CalPERS health insurance premiums for retiree medical coverage dependent on hire date and years of service.

On July 28, 2009, the District’s Board adopted a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. As to funding, the contribution requirements of plan members and the District are established, and may be amended, by the Board of Directors. The District’s Board of Directors adopted an annual prefunding contribution policy for a 10-year phase in to full Actuarially Determined Contribution (ADC), based on a percentage of the ADC, starting with 10% in fiscal year 2015 and increasing in 10% increments annually until 100% is achieved.

As of June 30, 2018, the District reported a net OEPB liability in the amount of \$10,014,000. The District’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017.

Capital Improvement Plan

The District will continue an aggressive capital improvement plan (CIP) during the budget term. The District's adoption of a 5-year, incremental rate increase was to address compelling infrastructure needs in the water and sewer system. Water system related CIP projects will total approximately \$6.2 million in FY 20. Sewer related CIP projects will total \$2.7 million in FY 20. The planned projects are consistent with the adopted CIP and in several cases, are the beginning phases of what are multi-year projects to substantially improve infrastructure and provide for greater reliability for District customers.

Summary

As noted in the discussion above, the District is implementing the last year of a multi-year rate increase designed to achieve both the operational and capital goals of the Board over a five-year period. This budget represents the District's priorities to invest in infrastructure improvements and its ability to meet customer expectations in the continued supply of safe, clean drinking water and the responsible treatment and disposal of wastewater.

The Board's vision for the District as a leading water and wastewater utility is both reasonable and achievable, but will take time to realize. The many under-sized, under-performing, and aging systems TUD inherited during its creation in 1992 will take a sustained, committed effort by the Board, staff, the community, and its partners to rebuild these systems toward the goal of reliability, efficiency, and resiliency in the face of climate change, drought, and threat of fire. The District's planning efforts over the last several years serve as a framework to discuss and prioritize projects to meet the vision and mission of the District as new information emerges: (1) Treated Water System Optimization Plan; (2) Strategic Plan Update; (3) Capital Improvement Plan Update; (4) Ditch Modernization Report; and (5) Regional Wastewater Treatment Plant Modernization and Regional Septage Receiving System Upgrade. These efforts highlight solutions to improve water supply reliability for all water users, potable and raw water, through consolidation of many of the small water treatment plants scattered across Tuolumne County into two regional water treatment plants, consolidation of water storage tanks into a strategic mesh of potable water storage facilities, strategically located off stream raw water storage facilities, along with many improvements to distribution lines, collection facilities, pumping plants and lift stations.

TUD's goal of water supply reliability could improve through acquisition of water rights, storage and conveyance facilities, and the operation of these facilities. Considering the long-term water supply contract between the TUD and the Investor-Owned Utility, Pacific Gas & Electric, and its ongoing bankruptcy due to recent fires, now may be the time to move toward acquisition of these facilities. Accomplishing this goal will be a herculean effort that will require the partnership of all Tuolumne County agencies, non-profits, the community, and its many partners. Lastly, TUD is committed to safety! Accomplishing the goals identified above requires the retention and recruitment of top talent committed to safety energetically working toward implementation of these priorities and to carry forth the Board's goal of operating the district in a financially sustainable manner. This budget supports a path forward toward these goals. Though it will take years, and successive budgets that focus on infrastructure investment, along with the building of reserves to meet future infrastructure costs, the Board's strong

vision in this regard will serve as a guide to staff and a commitment to our customers to operate the District in a financially responsible manner.

Respectfully submitted,

Edwin R. Pattison
General Manager



DEPARTMENT	FULL TIME POSITION	FY19	FY20
Non-Departmental	Communications Technician	1	1
	Construction/Maintenance Foreman	2	2
	Construction/Maintenance Superintendent	1	1
	Electrician/Instrumentation Technician	1	1
	Equipment Mechanic II	1	1
	Fleet Foreman	1	1
	Operations Manager	1	1
	Utility Worker I/II/III/IV	10	10
210 - Non-Departmental Total		18	18
Administrative	Customer/Public Relations Coordinator	1	1
	Executive Secretary/Board Clerk	1	1
	General Manager	1	1
	Human Resources Director	1	1
	Safety Compliance Coordinator	1	1
220 - Administrative Total		5	5
	Associate Engineer I/II	3	3
	District Engineer	1	1
	Engineering Services Technician	1	1
	Engineering Technician/Inspector	1	1
	GIS Technician	1	1
	Management Analyst	1	1
	Surveyor	1	1
230 - Engineering Total		9	9
Finance	Accounting Services Technician	1	1
	Administrative Services Technician I	1	1
	Customer Services Supervisor	1	1
	Customer Services Technician I	4	4
	Finance Director	1	1
	Information Technology and Systems Administrator	1	1
	Purchasing Agent	1	1
	Senior Accounting Assistant	1	1
	Warehouse Worker	1	1
240 - Finance Total		12	12
Water	Ditch Tender	4	3
	Meter Technician I/II	1	1
	Raw Water Foreman	0	1
	Regulatory Compliance Specialist	1	1
	Senior Meter Reader	1	1
	Systems Utility Technician	1	1
	Utility Worker I/II/III	8	6
	Water Distribution Foreman	0	1
	Water Distribution Superintendent	1	1
	Water Foreman	1	1
	Water Master	1	1
	Water Operator I/II/III	8	8
	Water Operator Trainee	0	1
Water Superintendent	1	1	
300's - Water Total		28	28
Sewer	Collections Superintendent	1	1
	Utility Worker I/II	6	5
	Wastewater Collections Foreman	0	1
	Wastewater Operator II/III	4	3
	Wastewater Treatment Foreman	0	1
	Wastewater Treatment Superintendent	1	1
400's - Sewer Total		12	12
GRAND TOTAL		84	84

TUD PAYROLL BUDGET 2020

DEPARTMENT:	#	POSITIONS					GROSS	OVERTIME	LABOR	TAXES	WORKER		RETIREE		MEALS &		TOTAL	PAYOUT
		BT	FT	PT	TT	NUM					COMP	PERS	HEALTH	INSURANCE	UNIFORMS			
BOARD	00	5	0	0	0	5	36,000	-	36,000	4,045	205	-	-	3,205	-	43,455	\$ -	
ADMINISTRATION	10	0	5	0	0	5	587,265	3,349	590,614	41,619	2,979	126,960	53,054	107,724	8,880	931,830	\$ -	
ENGINEERING	20	0	9	0	0	9	859,371	6,007	865,378	66,316	5,483	162,232	65,471	210,695	969	1,376,544	\$ -	
FINANCE	30	0	12	0	0	12	917,139	2,858	919,997	71,311	7,110	213,125	95,360	224,857	969	1,532,729	\$ -	
OPERATIONS	40	0	5	0	0	5	470,920	10,415	481,335	37,064	20,257	119,781	55,652	127,940	1,939	843,968	\$ -	
CONSTRUCTION/MAINTENANCE	50	0	13	0	0	13	891,572	79,056	970,628	77,622	47,929	248,503	118,959	237,631	6,300	1,707,572	\$ -	
RAW WATER CONVEYANCE	60	0	7	0	8	15	631,222	20,575	651,797	53,993	32,183	119,082	53,815	155,535	2,908	1,069,313	\$ -	
WATER DISTRIBUTION	65	0	9	0	0	9	551,425	28,571	579,996	46,826	23,808	138,040	63,630	244,051	4,846	1,101,197	\$ -	
WATER TREATMENT	70	0	12	0	0	12	857,050	73,409	930,459	74,289	45,945	191,498	84,111	255,636	5,816	1,587,754	\$ -	
SEWER COLLECTION	80	0	7	0	0	7	411,211	31,193	442,404	35,760	26,804	72,607	28,090	112,568	3,392	721,625	\$ -	
SEWER TREATMENT	85	0	5	0	8	13	429,124	20,714	449,838	36,723	27,256	82,793	34,908	78,227	2,423	712,168	\$ -	
Total		5	84	0	16	105	\$ 6,642,299	\$ 276,147	\$ 6,918,446	\$ 545,568	\$ 239,959	\$ 1,474,621	\$ 653,050	\$ 1,758,069	\$ 38,443	\$ 11,628,155	\$ -	
									Water	\$ 4,867,018	\$ 383,692	\$ 160,710	\$ 1,058,041	\$ 473,503	\$ 1,293,658	\$ 26,910	\$ 8,263,533	
									Sewer	2,051,428	161,876	79,249	416,580	179,547	464,411	11,533	3,364,622	
									Total	\$ 6,918,446	\$ 545,568	\$ 239,959	\$ 1,474,621	\$ 653,050	\$ 1,758,069	\$ 38,443	\$ 11,628,155	

TUOLUMNE UTILITIES DISTRICT
REVENUES - WATER

DESCRIPTION	BUDGET FY20
Service charges	\$ 15,195,833
Other revenue	48,509
Property Taxes	777,628
Debt service recovery charge	236,772
Investment income	45,706
Other income	75,218
Facilities capital charges	-
TOTAL WATER REVENUES	\$ 16,379,666

TUOLUMNE UTILITIES DISTRICT
REVENUES - SEWER

DESCRIPTION	BUDGET FY20
Service charges	\$ 6,098,216
Other revenue	361,753
Property Taxes	250,227
Investment income	411,353
Other income	800
Facilities capital charges	-
TOTAL SEWER REVENUES	\$ 7,122,349

The following are the different types of revenues that Tuolumne Utilities District receives:

Taxes

Property Taxes – Current Secured:

Ad valorem property taxes levied, collected and appropriated by the County to the District for all secured property within the Tuolumne Utilities District service areas. This tax is based on value, which is secured by a lien on real property. These taxes are subject to the 1% of market value limitations of Proposition 13.

Property Taxes – Current Unsecured:

Ad valorem property taxes levied, collected and appropriated by the County to the District for unsecured property.

Charges for Current Services

Charges or fees are imposed on the user for a specific service rendered based on the rationale that the benefiting party should bear the costs of the service rather than the general public. Major fees charged for a variety of services provided by the District are listed below:

Inspection Fees:

The charge shall be the actual cost to perform the inspection. A deposit of a percent (%) of the Engineer's estimate is to be paid by the owner prior to the District performing the inspection.

Plan Check Fees:

The charge shall be the actual cost to perform the plan check service. A deposit of a percent (%) of the Engineer's estimate is to be paid by the owner prior to the District performing the plan check service.

Concept Review Fees:

The concept review fee shall be collected by the District to review the conceptual plans and hydrological effects of extending District facilities to provide service.

Utility Revenue

The District reports its activities as an Enterprise fund. Enterprise funds are used to account for self-supporting activities that provide services on a user-charge basis. The District provides water treatment, water distribution, wastewater collection, treatment and disposal services to its customers. Users of these services pay utility fees, such as the following:

Water Service Charges:

These fees are collected to recover the cost of providing water to the District's residents and businesses.

Wastewater Service Charges:

These fees are collected to recover the cost of providing wastewater services to the District's residents and businesses.

Administrative (Delinquent Account) Fees:

Charges for returned checks and the collection of late payments on water and sewer related charges.

Fats, Oils, and Grease Charge:

This charge is collected on commercial establishments that produce fats, oils, and/or grease that needs to be removed prior to discharging into the sewer collection system. The revenue is used to fund a program to inspect and monitor the installation and operation of grease removal devices.

Turn-off Fees:

Fees assessed to customers when water service has been discontinued and the water meter turned-off due to a delinquent balance. This fee must be paid in order to restore water service.

Service Installation Charges:

The charge for a new service connection (install new meter, etc.) shall be the actual cost of the service installation. An estimate of the installation cost will be provided to the applicant prior to installing the service.

Reconnection Fees:

Fees assessed to customers to restore water service after service has been discontinued due to delinquent balance. This fee must be paid in order to restore water service.

Capacity Charges:

These fees are charged when a residential or commercial facility is connected to the District water or sewer system to directly pay for growth-related capital improvements or to pay for growth-related debt service.

Other Revenues

The District receives a variety of miscellaneous revenues over the course of the year that is used to reduce the impact on water and wastewater rates. The miscellaneous revenues are made up of items such as investment income, rental income, acceptance of septic hauler waste, and other sources. Each of these revenue sources are allocated to the water and wastewater utility based on the number of connections to the system.

Investment Income:

Interest earned on investment of District funds.

Miscellaneous Income:

Fees and charges for services not categorized elsewhere.

Sales of Surplus Vehicles and Equipment:

Monies received from the sale of vehicles and equipment owned by the District.

Rental Income:

Income received from rental of District property, equipment and buildings.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - BY DEPARTMENT

DEPARTMENT	EXPENSES BY FUND	BUDGET FY20
100	Board of Directors	\$ 149,555
210	Operations Non-Departmental	3,461,267
220	Administrative	1,807,514
230	Engineering	1,427,092
240	Finance	1,823,882
300	Water	6,473,077
400	Sewer	2,780,035
TOTAL EXPENSES		\$ 17,922,422

Personnel – costs associated with compensation paid to employees of the District. Labor costs includes regular pay, overtime, call-out standby, vacation, holiday, sick, jury duty, funeral leave; and all related expenses such as payroll taxes, retirement contributions, workers compensation, health, disability, and retirees' health insurance. These costs as budgeted include adjustments as provided under memoranda of understanding between the District and employee bargaining unit, overtime, and part-time/temporary employees.

Fixed Expenses – includes utilities, property and liability insurance, telephone, answering service, radio systems, facility repairs and maintenance, security, janitorial, and waste disposal.

Vehicle Maintenance & Fuel – includes vehicle repairs, maintenance, and fuel.

Chemicals and Supplies – consists of chemicals, repair parts, materials, meters, maintenance supplies, ditch supplies, small tools, office supplies, printing and publications, postage, shipping, safety supplies, and other materials used in the operations of District departments.

Equipment Rental & Maintenance – equipment rentals, materials and supplies related to equipment repairs and maintenance, as well as equipment purchases with value less than \$5,000.

Outside Services – comprised of services performed by outside consulting firms or individuals, legal fees, audit fees, actuarial fees, customer billing costs, regulatory compliance monitoring, sampling, permits, computer maintenance, advertising, pumping service, and other contractual services.

Travel, Meeting, & Membership – includes employee certifications, training, dues, memberships, directors and employees travel, subscriptions, employee physicals, and other miscellaneous employee recruitment and testing costs.

Additional Operating Expenses – includes public outreach and relations, safety, bank fees, credit card costs, among others.

Debt Service – is the cost of the principal and interest due during the fiscal year on debt issued by the Tuolumne Utilities District.

DEBT SCHEDULE

AGENCY	PROJECT	BALANCE	Fiscal Year 2019 PAYMENTS			BALANCE	Fiscal Year 2020 PAYMENTS			BALANCE
		6/30/2018	INT19	PRIN19	TOT19	6/30/2019	INT20	PRIN20	TOT20	6/30/2020
CA DWR	Columbia Water Acquisition	\$ 23,347	\$ 724	\$ 7,524	\$ 8,248	\$ 15,823	\$ 469	\$ 7,779	\$ 8,248	\$ 8,044
USDA	COP-COLUMBIA WATER	651,000	39,060	34,000	73,060	617,000	37,020	37,000	74,020	580,000
Lasalle 2005	Comstock Tank	115,238	4,813	56,267	61,080	58,971	2,109	58,971	61,080	-
CA DWR	Crystal Falls to Willow Springs	1,039,837	23,663	50,607	74,270	989,230	22,490	51,780	74,270	937,450
CA DWR	Railbed Road SRF	15,929	-	2,451	2,451	13,478	-	2,451	2,451	11,027
CA DWR	E Sonora Pipeline	1,488	31	1,488	1,519	-	-	-	-	-
CA DWR	Valle Vista Water Extension	14,611	457	5,695	6,152	8,916	259	5,893	6,152	3,023
Lasalle 2005	Chaparral Tank	115,238	4,813	56,267	61,080	58,971	2,109	58,971	61,080	-
CA DWR	Curtis Creek to Monte Grande	853,233	19,410	50,167	69,577	803,066	18,245	51,332	69,577	751,734
CA DWR	Monte Grande SRF	351,016	-	16,715	16,715	334,301	-	16,715	16,715	317,586
Lasalle 2007	West Ranch	423,561	19,284	98,434	117,718	325,127	14,472	103,246	117,718	221,881
Wells Fargo	Vac-Con Truck	191,819	3,395	59,229	62,624	132,590	2,163	60,461	62,624	72,129
USDA	1984 CWAD #2	185,097	9,255	51,000	60,255	134,097	6,705	54,000	60,705	80,097
Total		\$3,981,414	\$ 124,905	\$ 489,844	\$ 614,749	\$3,491,570	\$ 106,042	\$ 508,599	\$ 614,641	\$ 2,982,971
WATER			\$ 96,366	\$ 340,410	\$ 436,776		\$ 84,865	\$ 351,353	\$ 436,218	
SEWER			28,539	149,434	177,973		21,177	157,246	178,423	
TOTAL			<u>\$ 124,905</u>	<u>\$ 489,844</u>	<u>\$ 614,749</u>		<u>\$ 106,042</u>	<u>\$ 508,599</u>	<u>\$ 614,641</u>	

BUDGET RECAP	WATER FUND	SEWER FUND
	FY20	FY20
Inflows:		
Revenues	\$ 16,379,666	\$ 7,122,349
Outflows:		
Labor	(8,263,533)	(3,364,622)
Services and supplies	(3,841,843)	(1,837,783)
Debt service	(436,218)	(178,423)
Total outflows	(12,541,594)	(5,380,828)
Net before capital	3,838,072	1,741,521
Capital improvements	(6,232,008)	(2,672,028)
Net after capital	(2,393,936)	(930,507)
Reserves:		
Operating reserve	(1,216,432)	(512,588)
Contingency fund	(97,396)	(41,007)
Existing capital reserves	-	1,484,102
Total reserves	(1,313,828)	930,507
Planned financing	3,707,764	-
Net	\$ -	\$ -

TUOLUMNE UTILITIES DISTRICT
EXPENSES - BOARD OF DIRECTORS (#100)

EXPENSES BY CATEGORY	FY18	FY19	BUDGET
	ACTUAL	ADOPTED	FY20
Personnel	\$ 44,480	\$ 43,452	\$ 43,455
Fixed Expenses	638	625	1,653
Chemicals & Supplies	407	500	-
Outside Services	13,028	67,300	35,445
Travel, Meeting & Membership	61,582	67,655	69,002
TOTAL BOARD OF DIRECTORS EXPENSES	\$ 120,135	\$ 179,532	\$ 149,555

The Board of Directors sets the policy direction of the District. The Board interacts with elected officials representing city, county, state and federal governments, advocating for District customers including legislation that will enhance the efficacy of District operations. The Board is elected to four-year staggered terms in elections conducted in even years.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - OPERATIONS NON-DEPARTMENTAL (#210)

EXPENSES BY CATEGORY	FY18 ACTUAL	FY19 ADOPTED	BUDGET FY20
Personnel	\$ 2,905,230	\$ 2,533,961	\$ 2,551,540
Fixed Expenses	334,735	383,247	423,408
Vehicle Maintenance & Fuel	76,093	59,248	59,562
Chemicals & Supplies	88,858	86,199	100,501
Equipment Rental & Maintenance	70,873	53,898	59,240
Outside Services	93,497	19,334	3,091
Travel, Meeting & Membership	19,227	19,193	19,997
Additional Operating Expenses	204,499	215,782	243,928
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 3,793,012	\$ 3,370,862	\$ 3,461,267

Personnel Summary:	Actuals	Budget
Operations Non-Departmental (#210)	FY 19	FY 20
Full-Time Positions		
Communications Technician	1	1
Construction/Maintenance Superintendent	2	2
Construction/Maintenance Foreman	1	1
Electrician/Instrumentation Technician	1	1
Equipment Mechanic II	1	1
Fleet Foreman	1	1
Operations Manager	1	1
Utility Worker I/II/III/IV	10	10
TOTAL FULL-TIME POSITIONS	18	18

Operations Non-Departmental is an internal service department that provides field construction and maintenance services to both the Water and Sewer divisions. Budgeted expenses are separately allocated for accounting purposes based upon a specific allocation methodology. The department includes Operations Management and Construction/Maintenance budgeted items as well as other expenses such as property and liability insurance, etc.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - ADMINISTRATION (#220)

EXPENSES BY CATEGORY	FY18 ACTUAL	FY19 ADOPTED	BUDGET FY20
Personnel	\$ 941,234	\$ 892,900	\$ 931,830
Fixed Expenses	432	-	-
Chemicals & Supplies	5,893	6,850	7,245
Outside Services	140,998	150,160	808,500
Travel, Meeting & Membership	21,848	36,398	50,790
Additional Operating Expenses	1,535	8,139	9,149
TOTAL ADMINISTRATION EXPENSES	\$1,111,940	\$1,094,447	\$1,807,514

Personnel Summary:	Actuals	Budget
Administration (#220)	FY 19	FY 20
Full-Time Positions		
Customer/Public Relations Coordinator	1	1
Executive Secretary/Board Clerk	1	1
General Manager	1	1
Human Resources Director	1	1
Safety Compliance Coordinator	1	1
TOTAL FULL-TIME POSITIONS	5	5

The Administration Department includes the Human Resources & Risk Management Division, Public Relations, and the General Manager’s Office. Administration serves an internal service function and expenses are separately allocated between water and sewer for accounting purposes. Human Resources provides for labor relations, safety and risk program administration, undertakes the District’s recruitment and retention programs, administers the District’s responsibilities for retirement, healthcare, workers compensation and other employee related programs provided by the District or mandated by the state and federal governments. The general manager’s office provides leadership and administration for the District in accordance with policies set forth by the Board of Directors. The General Manager is the chief executive officer of the District and is responsible for directing all facets of District operations. The general manager’s executive secretary also serves as board clerk.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - ENGINEERING (#230)

EXPENSES BY CATEGORY	FY18 ACTUAL	FY19 ADOPTED	BUDGET FY20
Personnel	\$ 1,480,878	\$ 1,445,124	\$ 1,376,544
Fixed Expenses	660	-	623
Chemicals & Supplies	1,344	2,178	2,604
Outside Services	19,067	22,453	22,686
Travel, Meeting & Membership	8,034	9,878	24,158
Additional Operating Expenses	1,142	239	477
TOTAL ENGINEERING EXPENSES	\$ 1,511,125	\$ 1,479,872	\$ 1,427,092

Personnel Summary:	Actuals	Budget
Engineering (#230)	FY 19	FY 20
Full-Time Positions		
Associate Engineer I/II	3	3
District Engineer	1	1
Engineering Services Technician	1	1
Engineering Technician/Inspector	1	1
GIS Technician	1	1
Management Analyst	1	1
Surveyor	1	1
TOTAL FULL-TIME POSITIONS	9	9

The Engineering Department undertakes the design of District infrastructure and oversees all aspects of construction. The Engineering Department also applies for local, state and federal grant funding when available and ensures project compliance with granting authority requirements. Engineering provides surveying services to other District departments and monitors hydrological production of the District’s watershed for purposes of monitoring and calibrating the District’s response to hydrologic conditions. Engineering serves an internal service function and expenses are separately allocated between water and sewer for accounting purposes.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - FINANCE (#240)

EXPENSES BY CATEGORY	FY18	FY19	BUDGET
	ACTUAL	ADOPTED	FY20
Personnel	\$ 1,634,237	\$ 1,544,706	\$ 1,532,729
Chemicals & Supplies	57,121	58,928	60,460
Outside Services	148,893	170,980	211,335
Travel, Meeting & Membership	12,567	4,649	19,358
Additional Operating Expenses	428	-	-
TOTAL FINANCE EXPENSES	\$ 1,853,246	\$ 1,779,263	\$ 1,823,882

Personnel Summary:	Actuals	Budget
Finance (#240)	FY 19	FY 20
Full-Time Positions		
Accounting Services Technician	1	1
Administrative Services Technician I	1	1
Customer Services Supervisor	1	1
Customer Services Technician I	4	4
Finance Director	1	1
Information Technology and Systems Administrator	1	1
Purchasing Agent	1	1
Senior Accounting Assistant	1	1
Warehouse Worker	1	1
TOTAL FULL-TIME POSITIONS	12	12

The Finance Department administers the District’s financial affairs providing for the accounting of revenues and expenditures in accordance with law and the policies set forth by the Board. The Finance Department prepares periodic financial reports for review by the board and management and prepares the biennial budget in concert with the General Manager’s Office. Finance oversees utility billing functions of the District, providing customer service to ratepayers. Finance is responsible for payroll, accounts payable, banking, purchasing, inventory, and chemical delivery among other duties. The department also administers the information technology functions of the District. Finance serves an internal service function and expenses are separately allocated between water and sewer for accounting purposes.

TUOLUMNE UTILITIES DISTRICT
EXPENSES -WATER (#300)

EXPENSES BY CATEGORY	FY18 ACTUAL	FY19 ADOPTED	BUDGET FY20
Personnel	\$ 3,689,095	\$ 3,522,754	\$ 3,758,264
Fixed Expenses	449,746	396,094	519,049
Vehicle Maintenance & Fuel	136,362	149,133	172,100
Chemicals & Supplies	611,011	742,066	950,132
Equipment Rental & Maintenance	65,486	40,883	159,189
Outside Services	527,467	550,594	455,583
Travel, Meeting & Membership	8,459	7,470	8,287
<u>Additional Operating Expenses</u>	<u>1,931,413</u>	<u>22,279</u>	<u>14,255</u>
Debt Schedule - Principal	273,684	340,410	351,353
Debt Schedule - Interest	102,957	96,366	84,865
TOTAL WATER EXPENSES	\$ 7,795,680	\$ 5,868,049	\$ 6,473,077

Personnel Summary:	Actuals	Budget
Water (#300)	FY 19	FY 20
Full-Time Positions		
Ditch Tender	4	3
Meter Technician I/II	1	1
Raw Water Foreman	0	1
Regulatory Compliance Specialist	1	1
Senior Meter Reader	1	1
Systems Utility Technician	1	1
Utility Worker I/II/III	8	6
Water Distribution Foreman	0	1
Water Distribution Superintendent	1	1
Water Foreman	1	1
Water Master	1	1
Water Operator I/II/III	8	8
Water Operator Trainee	0	1
Water Superintendent	1	1
TOTAL FULL-TIME POSITIONS	28	28

The Water Operations Division provides for the distribution of raw water to the District’s water treatment plants and agricultural customers, and is responsible for the treatment and delivery of potable water to District residential, commercial and industrial customers through the District’s 15 water treatment plants. The Water Division treats and delivers approximately 1.25 billion gallons of water annually, ensuring that all state and federal water quality regulations are observed. Division staff performs ongoing maintenance activities on all aspects of the raw and potable water distribution system.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - SEWER (#400)

EXPENSES BY CATEGORY	FY18	FY19	BUDGET
	ACTUAL	ADOPTED	FY20
Personnel	\$ 1,426,762	\$1,407,898	\$1,433,793
Fixed Expenses	207,532	210,196	259,013
Vehicle Maintenance & Fuel	74,835	81,548	83,669
Chemicals & Supplies	260,506	259,668	241,221
Equipment Rental & Maintenance	107,820	91,973	70,885
Outside Services	488,008	210,876	498,007
Travel, Meeting & Membership	8,523	9,204	13,274
Additional Operating Expenses	39,210	1,706	1,750
Debt Schedule - Principal	144,847	149,434	157,246
Debt Schedule - Interest	35,676	28,539	21,177
TOTAL SEWER EXPENSES	\$ 2,793,719	\$2,451,042	\$2,780,035

Personnel Summary:	Actuals	Budget
Sewer (#400)	FY 19	FY 20
Full-Time Positions		
Collections Superintendent	1	1
Utility Worker I/II	6	5
Wastewater Collections Foreman	0	1
Wastewater Operator II/III	4	3
Wastewater Treatment Foreman	0	1
Wastewater Treatment Superintendent	1	1
TOTAL FULL-TIME POSITIONS	12	12

The Sewer Division operates the Sonora Regional Wastewater Treatment facility and the Twain Harte Wastewater Treatment facility treating a total of 1.3 million gallons per day. Sewer department staff maintains the sewer collection system throughout the District and manage the collection and distribution of 1,616 acre-feet of reclaimed water to agricultural customers from Quartz Reservoir each year.

TUOLUMNE UTILITIES DISTRICT
EXPENSES - SUMMARY

EXPENSES BY CATEGORY	FY18 ACTUAL	FY19 ADOPTED	BUDGET FY20
Personnel	\$ 12,121,916	\$ 11,390,795	\$ 11,628,155
Fixed Expenses	993,743	990,162	1,203,746
Vehicle Maintenance & Fuel	287,290	289,929	315,331
Chemicals & Supplies	1,025,140	1,156,389	1,362,163
Equipment Rental & Maintenance	244,179	186,754	289,314
Outside Services	1,430,958	1,191,697	2,034,647
Travel, Meeting & Membership	140,240	154,447	204,866
<u>Additional Operating Expenses</u>	<u>2,178,227</u>	<u>248,145</u>	<u>269,559</u>
Debt Schedule - Principal	418,531	489,844	508,599
Debt Schedule - Interest	138,633	124,905	106,042
TOTAL EXPENSES	\$ 18,978,857	\$ 16,223,067	\$ 17,922,422

