



AGENDA REPORT

San Dieguito Water District

MEETING DATE: June 21, 2023

GENERAL MANAGER: Isam Hireish

PREPARED BY: Mary Kazungu, Finance
Manager

DISTRICT SECRETARY: Pamela Antil

SUBJECT:

Adoption of Fiscal Year 2023-24 San Dieguito Water District Operating and CIP Budgets

RECOMMENDED ACTIONS:

Adopt:

1. Resolution No. 2023-07, titled “A Resolution of the Board of Directors of the San Dieguito Water District, Adopting the Fiscal Year 2023-24 San Dieguito Water District Operating and Capital Budget” (Attachment A).
2. Resolution No. 2023-11, titled “A Resolution of the Board of Directors of the San Dieguito Water District, Approving Position Titles and Pay Ranges for the San Dieguito Water District for Fiscal Year 2023-24 (Attachment B).

ENVIRONMENTAL CONSIDERATIONS:

The action being considered by the Board of Directors is exempt from the California Environmental Quality Act (CEQA) because it is not a “project” under Section 15378 (b) (5) of CEQA Guidelines. The action involves an organizational or administrative activity of government that will not result in the direct or indirect physical change in the environment.

This item is not related to the Climate Action Plan.

STRATEGIC PLAN:

This item relates to the Fiscal Responsibility Area of the District’s Strategic Plan.

FISCAL CONSIDERATIONS:

The information contained in this report will modify the District’s FY 2023-24 budget as outlined in the “Analysis” section of this report. The following is a summary of revenues and expenses as discussed in the report:

	FY 22/23	FY 23/24	%
Revenue Fund	Revised	Proposed	Change
Operating	\$ 21,457,106	\$ 21,070,642	-2%
Capital Replacement	100,000	100,000	0%
TOTAL	\$ 21,557,106	\$ 21,170,642	-2%
Expense Fund			
Operating	\$ 17,735,846	\$ 19,988,238	13%
Capital Replacement	3,215,000	2,450,000	-24%
Debt Service	1,408,944	1,411,000	0%
Fleet Replacement	274,583	511,500	86%
TOTAL	\$ 22,634,373	\$ 24,360,738	8%

BACKGROUND:

The San Dieguito Water District (District) Board of Directors (Board) adopts an Operating and Capital Budget which outlines the District’s revenue and expenditure plans over the following year and also provides a longer term look at the District’s capital program and overall financial plan over the following five years.

On June 16, 2021, the Board approved the FY 2021-22 and FY 2022-23 Operating and Capital Budget for the District. Subsequent adjustments were made to the FY 2022-23 budget as part of the FY 2022-23 Quarterly Budget Reports.

On April 26, 2023 a workshop was held to provide the Board with a full understanding of the big-ticket items impacting the District FY 2023-24 budget, as well future budget years. Three of the items have an impact on potable water purchase costs and are:

- Increase in water purchase costs due to the loss of local water from Lake Hodges Dam
- A potential 13.7 percent rate increase from the San Diego County Water Authority (SDCWA)
- Increased cost of emergency repairs to Lake Hodges Dam

Supply chain issues and rising transportation costs driven by higher fuel costs are also impacting the District in terms of:

- Inflationary price increases of materials, supplies, contracts and services

On May 17, 2023 staff introduced the FY 2023-24 budget based on Board direction from the April 26 workshop. After discussing, the Board directed staff to prepare a proposed FY 2023-24 budget with the assumption that the District would receive at least 500AF of local water, and a reduced CIP spend-down due to reduced Joint Facilities appropriations.

Included in the “Analysis” section of this report and in the accompanying attachments is the proposed Operating and Capital Budget for FY 2023-24 created per Board direction. In conjunction with this proposed budget, the District’s long-term capital program and overall financial plan are updated accordingly.

ANALYSIS:

District Revenues (All Funds):

Revenue Source	FY 2022-23	FY 2023-24	% Change
	Adopted	Proposed	
Property Taxes	\$ 1,169,859	\$ 1,228,351	5%
Potable Water Sales	13,108,278	12,677,292	-3%
Potable Meter Service Charges	4,697,453	4,560,461	-3%
Recycled Water Sales	756,207	838,331	11%
Recycled Meter Service Charges	94,500	109,548	16%
Pass Through Charges	817,915	809,060	-1%
Interest & Property Earnings	438,514	456,367	4%
Billing Fees	24,380	25,355	4%
Engineering Fees	330,000	340,878	3%
Other Revenue	20,000	25,000	25%
Capacity Fees (Capital)	100,000	100,000	0%
Investments (Debt Service)	-	-	0%
Total District Revenues	\$ 21,557,106	\$ 21,170,643	-2%

Property Taxes account for approximately 6 percent of operating revenue. Originally classified as an irrigation district, the District has maintained its rightful share of Property Tax revenue, even after becoming a subsidiary district of the City. The District has seen Property Tax revenues increase each of the last five years due to the continued strength of the local real estate market and increasing valuations. Due to this trend, the proposed Property Tax revenue projection shows a 5 percent increase in FY 2023-24.

Potable Water Sales are the District’s largest revenue source and account for approximately 58-61 percent of operating revenue. Potable Water Sales are a variable revenue source that is dependent upon many factors, including customer demand, weather, and legislative mandates. Although the Governor rescinded the mandatory 15 percent water consumption reduction, reduced customer consumption as well as the recent extremely wet weather have resulted in significant decreases in water sales. This reduction in water sales has placed tremendous strain on Potable Water Sales revenues.

The proposed Potable Water Sales revenue projection shows a 3 percent decrease over FY 2022-23. The decrease is in anticipation that water sales in the upcoming fiscal year will be lower as customers continue conservation efforts; and their demand also remains lower due to the substantial rainfall received this year throughout the state.

Potable Meter Service Charges are the next largest revenue source and make up roughly 21 percent of operating revenue. Potable water customers pay a bi-monthly service charge based upon the size of the potable water meter serving their property. Calculated from the District’s current base of 12,069 potable water meters and current rates, the proposed Potable Meter Service Charge projection shows a 3 percent decrease in FY 2023-24.

Recycled Water Sales comprise roughly 4 percent of operating revenue. A significant increase in sales is projected in FY 2023-24 as warmer weather picks up. The District is projecting 350 AF of sales in FY 2023-24. Based upon updated sales projections, the proposed Recycled Water Sales projection show an increase of 11 percent in FY 2023-24.

Recycled Meter Service Charges make up 0.5 percent of operating revenue. Recycled water customers pay a monthly service charge based upon the size of the recycled water meter

serving their property. Based upon current rates, the proposed Recycled Meter Service Charge projection shows a 16 percent increase in FY 2023-24.

Pass Through Charges comprise roughly 4 percent of operating revenue. Received in the form of Infrastructure Access Charges (IAC) from customer billings, these charges are adjusted every January 1 with customers being billed for the IAC based upon the size of the water meter serving their property. These revenues received are then passed through and paid in-kind to the San Diego County Water Authority (SDCWA) and have a corresponding amount on the expense side of the budget, essentially being a budget neutral item. Based upon current preliminary rate and charge estimates from SDCWA, the Pass-Through Charge projection is expected to decrease 1 percent in FY 2023-24.

Engineering Fees make up roughly 2 percent of operating revenue. Engineering Fees are derived from the District's Board-approved schedule of fees and charges and include cost recoverable services such as new meter installation fees, water availability letters, plan check fees, and job inspection fees. The District also receives revenue from the City for engineering services performed in support of development projects within District boundaries. Based upon current trends, staff is anticipating that Engineering Fee revenue will increase 3 percent in FY 2023-24.

Interest & Property Earnings comprise roughly 2 percent of operating revenue. Interest earnings are received on invested District funds and have been trending upwards in recent years as rates have improved slightly. Property earnings are received from the rental of District properties, cellular site leases, and income from electricity generation from the hydroelectric facility, which is shared with the Santa Fe Irrigation District (SFID). Improved rental terms with users of District property and renegotiated terms on several cellular site leases have led to increased revenue from property in recent years. The Interest & Property Earnings revenue projection shows a 4 percent increase in FY 2023-24.

Billing Fees and Other District Revenue, together account for approximately half percent of the District's operating revenue. Billing fees are derived from the District's Board-approved schedule of fees and charges and include such items as delinquency fees, return check charges and new account set up fees. As the District has been working towards more efficient billing and collections practices in recent years, revenue from these fees has declined as fewer customers have been delinquent in their accounts. Based upon current trends, Billing Fee revenue projection shows a 4 percent increase in FY 2023-24.

Other District Revenue is a small but largely unpredictable collection of miscellaneous revenues, including rebates, refunds, cost recovery from damage to District infrastructure, and other one-time sources. Based upon historical trends, Other District Revenue is projected to increase 25 percent in FY 2023-24.

Capacity Fee revenue is derived from the District's Capacity Fee Study, which sets an amount that customers must pay to "buy-in" to the water system when a new water meter is purchased. Based upon current development projections, the District's capacity fee revenue will remain flat at \$100,000 per year.

Operating Fund (531):

Category	FY 2022-23	FY 2023-24	% Change
	Revised	Proposed	
Salaries	\$ 2,528,020	\$ 2,564,535	1%
Benefits	1,670,040	1,779,444	7%
Potable Water Purchases	7,123,716	9,550,526	34%
Water Treatment	2,996,352	2,472,000	-17%
Recycled Water Purchases	619,850	643,650	4%
Materials and Supplies	550,420	603,515	10%
Contracts and Services	865,805	937,768	8%
Internal Cost Allocation	1,378,643	1,433,800	4%
Capital Outlay (Fixed Assets)	-	-	0%
Debt and Finance	3,000	3,000	0%
Total District Expenses	\$ 17,735,846	\$ 19,988,238	13%

The proposed budget provides salary and benefit costs for a staff of 27.0 Full Time Equivalent (FTE), including Administrative, Customer Service, Operations and Engineering staff. Staffing levels remained consistent at 24.0 FTE's from FY 2013-14 until FY2021-22 when a Principal Engineer was added to manage Water and Wastewater engineering projects as a result of the formation of the Utilities Department. For FY 2023-24, the budget includes 2 Utility Maintenance Technician field positions.

The current Memorandum of Understanding (MOU) with the Service Employees' International Union (SEIU) expires June 30, 2023. On June 21, 2023, staff will request the Board of Directors approval of Resolution No. 2023-09 for successor Memorandum of Understanding to be effective July 1, 2023.

Similar to SEIU, unrepresented employees' salary and benefit changes include the same annual base salary increases, the Juneteenth holiday, additional floating holiday and sick leave accrual of 4.15 hours per pay period and an annual sick leave cash out, is available with a minimum of 160 accrued hours of 2 to 1 up to 40 hours maximum.

The budget also includes additional funding for the City Manager to make market adjustments necessary for recruitment and retention of employees and managers in the unrepresented group due to the increasing turnover in this group.

Position Titles and Pay Ranges

The District is required by CalPERS to maintain an approved, publicly available pay schedule that identifies all positions and salary ranges.

Proposed Resolution No. 2023-11 (Attachment B) identifies all positions titles and pay ranges for the San Dieguito Water District for FY 2023-24.

The Water Master Plan completed in September 2021 identified several critical projects to be implemented to ensure the reliability of the water system. With pipelines nearing the end of their useful life, a robust CIP program and condition assessment program being developed by the District's Engineering Division, District Utility and Maintenance (U&M) staff will be critical in the implementation of these programs and additional staff will be needed to ensure its success. If approved, the 2 positions will assist in future meter exchanges/replacements as well as

alleviating the backlog of field tasks such as valve maintenance and replacement, line locates, increase in re-reading meters as older ones fail, shutdowns and flushing due to increased CIP projects, etc.

The FY 2023-24 Salary budget projection shows an increase of 1 percent due to the addition of the 2-field worker Utility Maintenance Technicians to assist with the meter re-reading and numerous other tasks associated with the District's aging infrastructure. Employee Benefits, including health coverage and other insurance costs, are projected to increase 7 percent during FY 2023-24.

The Potable Water Purchases category will experience the biggest increase, 34 per cent, in the District's budget due to the previously mentioned impacts, namely, increase in water purchase costs, loss of Lake Hodges local water, Lake Hodges Dam emergency repairs, and the potential 13.7 percent rate increase from the SDCWA. As of the preparation of this report, the SDCWA Board was considering 3 alternative rate increases that would minimize the impact to member agencies. District staff will return to the Board with amendments to the District budget once an alternative is selected, and the SDCWA budget is finalized and adopted.

To address the increased District costs resulting from the higher potable water costs and emergency repairs to Lake Hodges Dam for FY 2023-24 and future fiscal years, the District will need to conduct another cost of service study. The cost of service study will also address funding to replace aging District infrastructure, replenishing the rate stabilization reserve, and passing on future SDCWA rate increases without negatively impacting District revenues and reserves. Funding to conduct the study is included in the District's FY 2023-24 CIP budget.

Potable water purchases are the largest component of the District's operating budget and can range anywhere from 30 percent to 50 percent of the operating budget. The District has traditionally had two sources of potable water, local water from its share of rights to water from Lake Hodges, and imported water purchased from the San Diego County Water Authority (SDCWA). The District's budget and expenses for potable water can vary greatly depending on the ratio of local water used compared to imported water.

It is estimated that 3 percent of total potable water demand will be satisfied from SDCWA imported treated water each year. Imported treated water is used during times when the District's water treatment plant is unavailable, either due to planned maintenance or capital project work. The SDCWA imported treated water rate is anticipated to increase in CY 2024. Based upon the updated rate and volume projections, overall imported treated water costs are estimated to increase 9 percent in FY 2023-24.

SDCWA imported untreated water is estimated to account for approximately 88 percent of total potable demand in FY 2023-24. Untreated water is utilized when local water is not available. The SDCWA imported untreated water rate is also expected to increase in CY 2024. Due to the DSOD restriction on Lake Hodges Dam, local water may not be available for several years to come and reliance on more expensive imported untreated water will also increase. This is thus reflected in the large swings in estimated water purchase expenses. Overall, imported untreated water costs are estimated to increase 51 percent in FY 2023-24 as local water availability is expected to be greatly reduced.

The loss of local water is driven by the DSOD required emergency repairs to the Lake Hodges Dam. Cost of repairs increased significantly after new defects were found in 2022 and were determined to be of an emergency nature. With initial estimates of \$14.3 million, repair work began in May 2022 to seal the upstream face of the dam wall as well as to perform spillway repairs. As of the writing of this report, the cost of the emergency repairs has been revised down to about \$11 million. The District's share per the Amended Lake Hodges Agreement is \$1.17 million or 10.7 per cent. Staff will return to the Board with updates on final costs and how the repair costs will be paid.

Fixed costs from SDCWA are also estimated to increase in the next year. The District currently pays six distinct fixed charges (four directly to SDCWA and two pass-through charges to the Metropolitan Water District) for access to imported water. Fixed Charges are generally based upon each agency's historical average of purchases of imported water from SDCWA with that average amount being charged on a per acre-foot rate. The fixed costs included in this report are based on estimates and averages of prior years. Final fixed costs from SDCWA will also be included as amendments to the District budget once the SDCWA Board approves and adopts its budget.

Due to the difference in source water quality between local water and imported water, water treatment costs are generally more expensive when the District utilizes more local water and less expensive when more imported water is used. Overall, the Water Treatment projection shows a 17.5 percent decrease in FY 2023-24 reflecting the decrease in local water usage from the Lake Hodges Dam restrictions.

Recycled Water is purchased from the San Elijo Joint Powers Authority (SEJPA) to serve District customers. Recycled water purchases are projected to be 350 AF in FY 2023-24. In addition, a 4 percent increase on wholesale recycled water costs will occur on July 1, 2023 bringing the cost of recycled water to \$1,839 per AF from the current \$1,770 per AF.

Materials & Supplies expenses include, but are not limited to, such things as office supplies, billing materials, parts and materials for infrastructure repairs and maintenance, small equipment and tools, computer software and hardware, fuel, safety supplies, books, and postage. Many accounts in this category have been experiencing significant price increases as a result of supply chain issues compounded by higher fuel/transportation costs. Overall, the Materials & Supplies budget projection shows a 10 percent increase in FY 2023-24.

Contracts & Services expenses include, but are not limited to professional, technical, maintenance, and construction contracts, and such items as legal fees, insurance, utilities, banking fees, water conservation, marketing and outreach. Overall, the Contracts & Services budget projection shows an 8 percent increase in FY 2023-24.

The District pays an Internal Cost Allocation to the City for services provided in the areas of Finance, Fleet Maintenance, Human Resources, Information Technology, Risk Management, Records Management, and other support services. The District's Internal Cost Allocation budget projection shows a 4 percent increase in FY 2023-24.

Debt & Finance expenses is the smallest category in the operating budget and is related to collection service expenses on delinquent accounts and the writing off of uncollectible accounts. Due to improved collections efforts with the District's new collections vendor, the Debt & Finance budget projection remains flat in FY 2023-24.

Capital Replacement Fund (532):

District Capital Improvement Program (CIP): The District is proposing to appropriate funding to 9 capital projects in FY 2023-24 totaling \$2,450,000 with a reduced CIP. Appropriations are split between District projects (approximately 73.5 percent) and Joint Facilities projects (approximately 26.5 percent), which are for facilities that are jointly owned by the District and the Santa Fe Irrigation District. Projects shown without appropriations in the proposed budget will be continuing with carryover funds from prior years.

FY 2023-24 PROPOSED CAPITAL IMPROVEMENT PROGRAM

PROJECT #	PROJECT NAME	FY2022-23 REVISED	FY2023-24 PROPOSED
CW23A	Joint Facilities Master Plan Projects	\$ 1,500,000	\$ 500,000
CW23B	Joint Facilities Acquisitions	150,000	150,000
CW23C	Water Infrastructure Improvements	450,000	730,000
CW23D	Transmission Line Maintenance	150,000	150,000
CW23E	Meter Replacement & Automation	100,000	100,000
CW23F	SCADA Automation Upgrade	15,000	20,000
CW23G/X	Encinitas Valve Replacement	1,192,320	-
CW23H	Asbestos Pipe Repair	350,000	-
CW23J	Potable Re-Use Next Steps	82,454	-
CW23K	Lake Hodges Capital Repairs	500,000	500,000
TBD	System Condition Assessment	-	200,000
TBD	Water Rate Study	-	100,000
	Total Capital Improvement Program	\$ 4,489,774	\$ 2,450,000

Debt Service Fund (534): Debt Service expenses are proposed as follows:

Category	FY 2022-23 Revised	FY 2023-24 Proposed	% Diff from PY
Principal Payments	\$ 1,295,000	\$ 1,350,200	4.26%
Interest payments	110,744	56,100	-49.34%
Administrative Fees	3,200	4,700	46.88%
Total Debt Service	\$ 1,408,944	\$ 1,411,000	0.1%

The District is nearing the end of debt service payments on two bond issuances used to fund prior District and Joint Facilities capital projects.

The 2014 Water Revenue Refunding Bonds, which mature in FY 2023-24 and were used to fund District projects, have a final total principal and interest payment of \$770,200 in FY 2023-24.

The 2007 R.E. Badger Water Revenue Refunding Bonds, which mature in FY 2024-25 and were used to fund Joint Facilities projects, have a total principal and interest payment of \$636,100 in FY 2023-24. A final year payment of \$633,950 will be due in FY 2024-25. \$4,700 is budgeted as administrative costs for trustee fees and continuing disclosure compliance for both issuances.

Fleet Replacement Fund (535):

Proposed Purchase	Vehicle Replacing	FY 2022-23 Adopted	FY 2022-23 Revised	FY 2023-24 Proposed
	Unit 236 2004 Ford F-150 Truck	\$ 82,000	\$ -	\$ -
TBD	Unit 261 2009 Ford F-550 Truck	-	142,240	-
TBD	Unit 249 2009 GMC T6500 Utility Body			148,500
TBD	Unit 260 2008 S205 Bobcat Excavator			80,000
TBD	Unit 273 2010 S205 Bobcat	-	-	53,000
TBD	Unit 284 2012 Ford F-150			80,000
TBD	Unit 296 2013 ST Vacuum Trailer			150,000
Total Fleet Replacement		\$ 82,000	\$ 142,240	\$ 511,500

The District maintains a Fleet Replacement Fund to facilitate the planned replacement of vehicles and equipment. Currently, the District maintains a fleet of 14 vehicles and 10 pieces of equipment. Contributions to the fund are based upon a seven-year replacement schedule and the estimated replacement cost for each unit. In many cases, due to continuous maintenance and regular condition assessments, the District is able to extend the life of its vehicles beyond their scheduled replacement. Vehicles are only replaced once they have passed their useful lifespan and are no longer able to function safely or efficiently.

In FY 2023-24, 5 units (249, 260, 273, 284 and 296) are scheduled for replacement. The District is currently working with Fleet staff to evaluate which of these units must be replaced. With an annual transfer of \$109,904 from the Operating Fund, the District is projecting approximately \$0.6 Million remaining balance in the Fleet Replacement Fund at the end of FY 23-24 if all the proposed units are replaced.

Adjusted Projected Ending Available Net Position:

Based upon conservative projections from the District's FY 2022-23 3rd Quarter Budget Report, staff is anticipating a beginning FY 2023-24 net position balance of \$13,321,108. With the proposed revenue and expenses for FY 2023-24, staff is projecting an ending FY 2023-24 available net position of \$10,130,012, or a decrease of \$3,190,096. This available net position is then re-stated to ensure compliance with District Board-approved reserve policies and targets.

Fund Name	Beginning Balance*	Projected Revenue	Projected Expenses	Net Transfers	Current Year		Restated FY
					Net	Ending Balance	2023-24 Beg. Bal.
Operating Rate	\$ 3,327,739	\$ 21,070,642	\$ (19,988,238)	\$ (3,970,904)	\$ (2,888,500)	\$ 439,239	\$ 5,033,620
Stabilization Capital	2,670,860	-	-	-	\$ -	\$ 2,670,860	1,145,866
Replacement	6,319,387	100,000	(2,450,000)	2,450,000	\$ 100,000	\$ 6,419,387	3,350,000
Debt Service	-	-	(1,411,000)	1,411,000	\$ -	\$ -	-
Fleet							
Replacement	1,003,122	-	(511,500)	109,904	\$ (401,596)	\$ 601,526	601,526
TOTAL	\$ 13,321,108	\$ 21,170,642	\$ (24,360,738)	\$ -	\$ (3,190,096)	\$ 10,131,012	\$ 10,131,012

*As of FY22-23 3rd Quarter Report

The beginning FY 2023-24 available net position is anticipated to be modified after the fiscal year is completed and the District has final audited actual financial information, which will occur in November or December with the preparation of the District's FY 2022-23 Year-End Financial Report. Any modifications to the beginning available net position will also affect the projected ending net position, which would then be modified at the same time with the District's FY 2023-24 1st Quarter Budget Report.

Revisions to Interfund Transfers:

Interfund transfers have been included to ensure that reserve target levels and operating objectives are satisfied. Updated information and revisions to the transfers will be presented to the Board for discussion and approval during the quarterly processes.

The revised budget has been developed prior to the finalization of proposed CY 2024 rates and charges from the SDCWA. Staff will return to the Board in the first quarter FY 2023-24 report to request any adjustments that may be necessary after SDCWA finalizes its rates and charges to member agencies.

ATTACHMENTS:

- A. Resolution No. 2023-07 titled "A Resolution of the Board of Directors of the San Dieguito Water District, Adopting the Fiscal Year 2023-24 San Dieguito Water District Operating and Capital Budget".
- B. Resolution No. 2023-11 titled "A Resolution of the Board of Directors of the San Dieguito Water District, Approving Position Titles and Pay Ranges for the San Dieguito Water District for Fiscal Year 2023-24".

Exhibit 1. San Dieguito Water District Fiscal Year 2023-24 Operating and Capital Budget.

Exhibit 2. San Dieguito Water District Salary Schedule for FY 2023-24 Effective July 1, 2023.

RESOLUTION NO. 2023-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGUITO WATER DISTRICT ADOPTING THE FISCAL YEAR 2023-24 SAN DIEGUITO WATER DISTRICT OPERATING AND CAPITAL BUDGET

WHEREAS, each year the Board of Directors adopts an Operating Budget for the San Dieguito Water District with revenues and expenses for the upcoming year; and

WHEREAS, each year the Board of Directors adopts a Capital Budget for the San Dieguito Water District with appropriations for the upcoming year; and

WHEREAS, the Board of Directors desires to make provisions for a level of service commensurate with the needs of the San Dieguito Water District; and

WHEREAS, the Board of Directors has reviewed the proposed Fiscal Year 2023-24 Operating Budget; and

WHEREAS, the Board of Directors has reviewed the proposed Fiscal Year 2023-24 Capital Budget.

NOW, THEREFORE, BE IT RESOLVED that the Board of the Directors of the San Dieguito Water District does hereby adopt the annual Operating Budget with revenues and expenses for Fiscal Year 2023-24 as summarized in **Exhibit 1**; and

BE IT FURTHER RESOLVED that the Board of Directors of the San Dieguito Water District does hereby adopt the Capital Budget with appropriations for Fiscal Year 2023-24 as summarized in **Exhibit 1**.

PASSED, APPROVED AND ADOPTED this 21st day of June 2023, by the Board of Directors of the San Dieguito Water District.

Joy Lyndes, President

ATTEST:

Pamela Antil, Secretary to the Board

APPROVED AS TO FORM:

Tarquin Preziosi, General Counsel

CERTIFICATION: I, Kathy Hollywood, Board Clerk of the San Dieguito Water District, California, do hereby certify under penalty of perjury that the foregoing Resolution was duly adopted at a regular meeting of the Board on the 21st day of June, 2023 by the following vote:

AYES:

NOES:

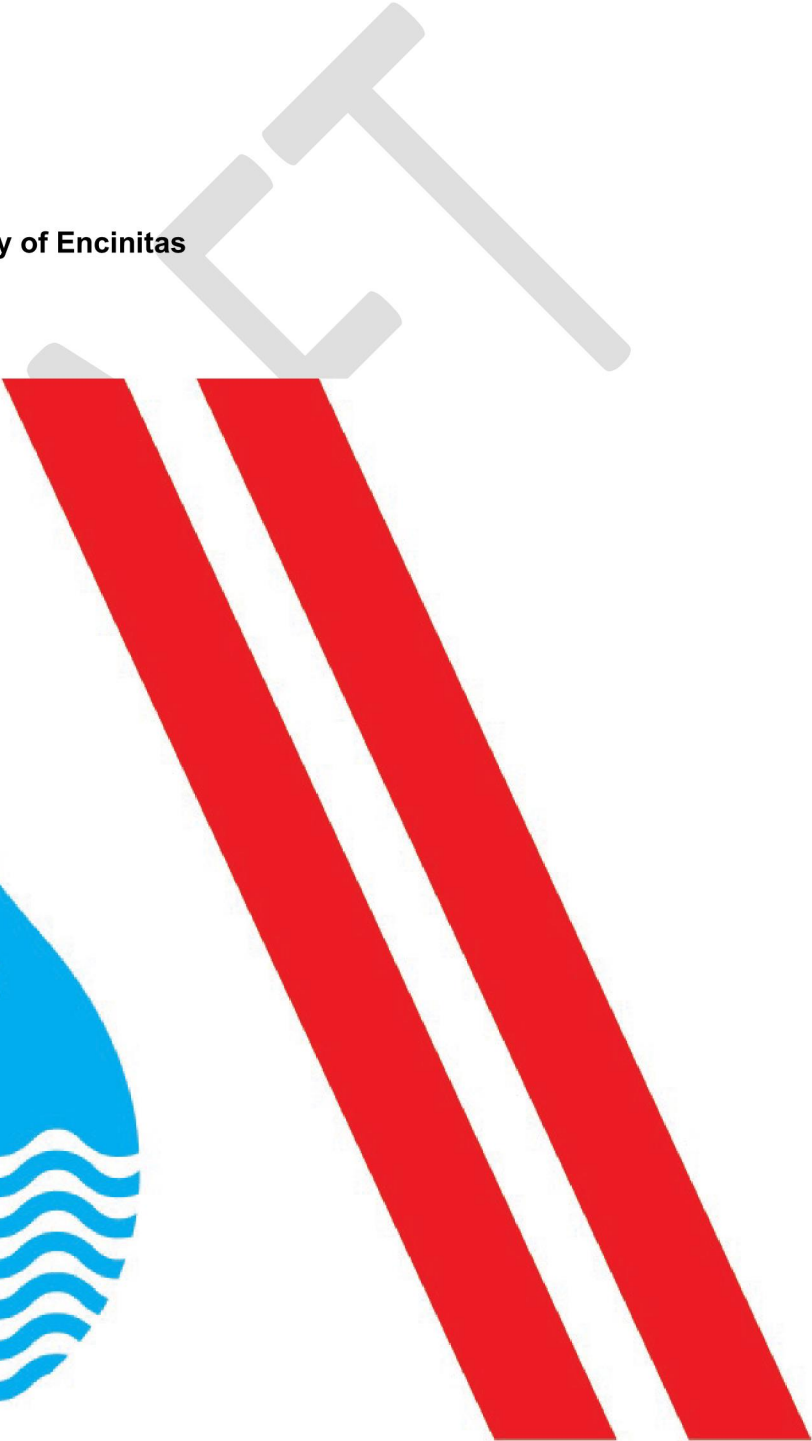
ABSENT:

ABSTAIN:

Kathy Hollywood, Board Clerk

San Dieguito Water District Fiscal Year 2023/24 Operating and Capital Budget Supplement

San Dieguito Water District
A Subsidiary District of the City of Encinitas



San Dieguito Water District

Fiscal Years 2023/24

Operating & Capital Budget Supplement

Board of Directors

Joy Lyndes, President

Tony Krantz, Vice President

Kellie Shay Hinze, Director

Bruce Ehlers, Director

Allison Blackwell, Director

District Management

Isam Hireh, General Manager

Habib Hariri, Principal Engineer

Christina Olson, Senior Engineer

Raul Gonzalez, Operations Manager

Mary Kazungu, Finance Manager

Document prepared by San Dieguito Water District Staff
with support of the City of Encinitas Finance Department

San Dieguito Water District

160 Calle Magdalena

Encinitas, CA 92024

Tel: 760-633-2650

www.sdwd.org

District Personnel and Organization

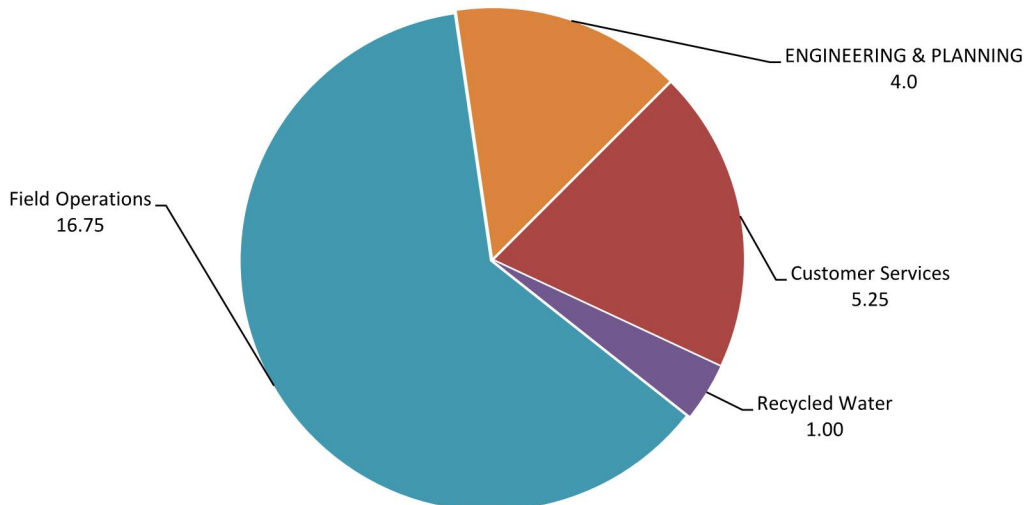
FY 2023/24 Proposed Position Summary by Classification (FTE's)

Classification Title	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Original	FY23/24 Proposed Change	FY 23/24 Proposed
General Manager/Director of Utilities	1.00	1.00	1.00	-	1.00
Principal Engineer	0.00	0.00	1.00	-	1.00
Senior Engineer	1.00	1.00	1.00	-	1.00
Water Operations Manager	1.00	1.00	1.00	-	1.00
Finance Manager II	1.00	1.00	1.00	-	1.00
Engineer I / II	1.00	1.00	1.00	-	1.00
Utility & Maintenance Field Supervisor	1.00	1.00	1.00	-	1.00
Utility & Maintenance Specialist I / II	6.00	6.00	6.00	-	6.00
Finance Analyst I / II / III	1.00	1.00	1.00	-	1.00
Water Resource Specialist	1.00	1.00	1.00	-	1.00
Program Coordinator	1.00	1.00	1.00	-	1.00
Utility & Maintenance Technician I / II / III / IV	6.00	6.00	6.00	2.00	8.00
Finance Technician I / II / III	2.00	2.00	2.00	-	2.00
Program Assistant I / II / III	1.00	1.00	1.00	-	1.00
District Total	24.00	24.00	25.00	2.00	27.00

FY 2023/24 Proposed Position Summary by Division (FTE's)

Division FTE's	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Original	FY23/24 Proposed Change	FY 23/24 Proposed
Administration	0.00	0.00	0.00	-	0.00
Customer Services	5.25	5.25	5.25	-	5.25
Water Purchases and Treatment	0.00	0.00	0.00	-	0.00
Recycled Water	1.00	1.00	1.00	-	1.00
Field Operations	14.75	14.75	14.75	2.00	16.75
Engineering and Planning	3.00	3.00	4.00	-	4.00
District Total	24.00	24.00	25.00	2.00	27.00

FY 2023/24 Proposed FTE by Division

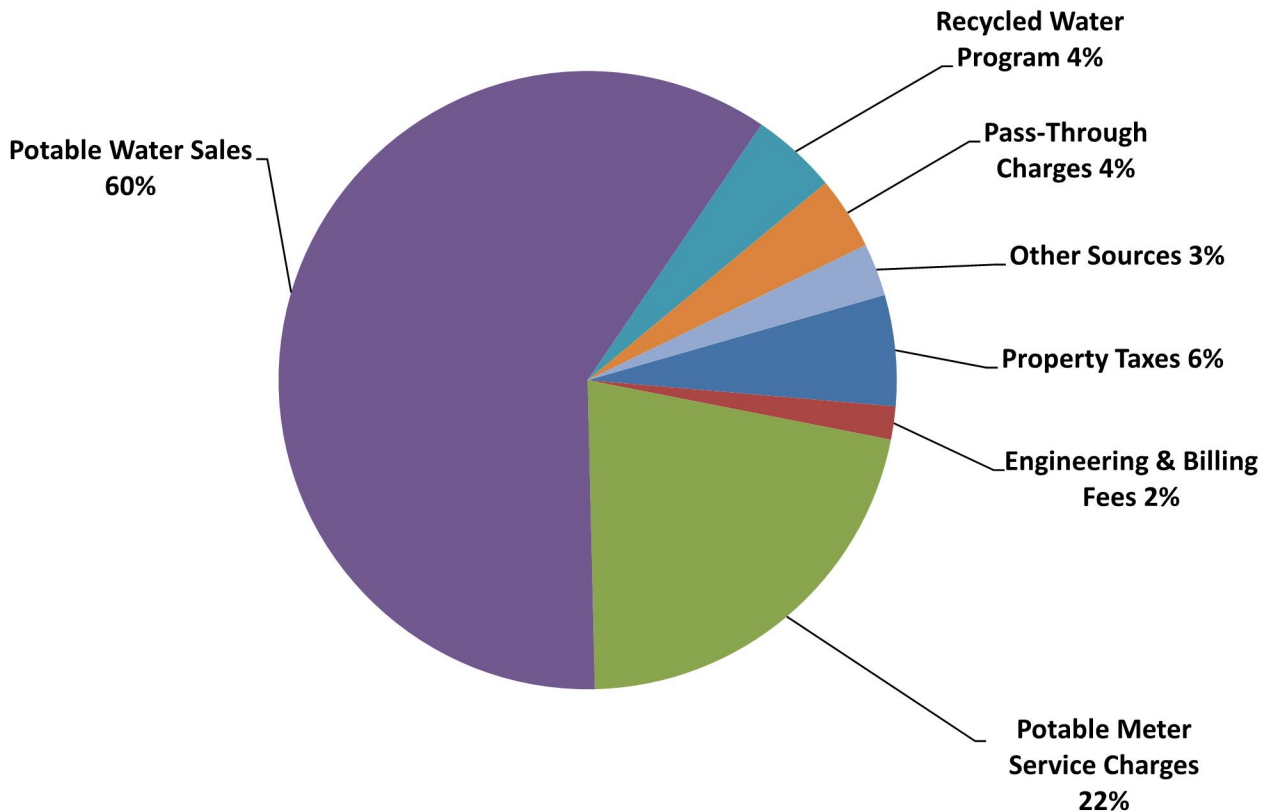


District Revenue

FY 2023/24 Proposed District Revenue Summary

Revenue Source	FY 20/21	Actual FY 21/22	Actual	FY 22/23 Adopted	FY 22/23 Revisions	FY 23/24 Proposed
Property Taxes	\$ 1,227,621	\$ 1,310,943		\$ 1,169,859	\$ -	\$ 1,228,351
Engineering Fees	312,021	313,230		330,000	-	340,878
Potable Water Meter Service Charges	4,352,715	4,331,404		4,697,453	-	4,560,461
Potable Water Sales	12,667,405	10,494,914		13,108,278	-	12,677,292
Recycled Water Meter Service Charges	104,023	107,132		94,500	-	109,548
Recycled Water Sales	840,143	876,925		756,207	-	838,331
Pass-Through Charges	738,584	777,942		817,915	-	809,060
Billing Charges	20,908	47,171		24,380	-	25,355
Investment Earnings	283,173	241,532		276,227	-	290,038
Income from Property	123,368	165,015		162,287		166,329
Other District Revenue	45,200	45,043		20,000	-	25,000
Capital Contributions	184,800	83,060		100,000	-	100,000
Total	\$ 20,899,961	\$ 18,794,312		\$ 21,557,106	\$ -	\$ 21,170,642

FY 2023/24 Proposed Revenue by Category



*Please note some rows/columns may not sum exactly due to excel rounding.

Operating Fund

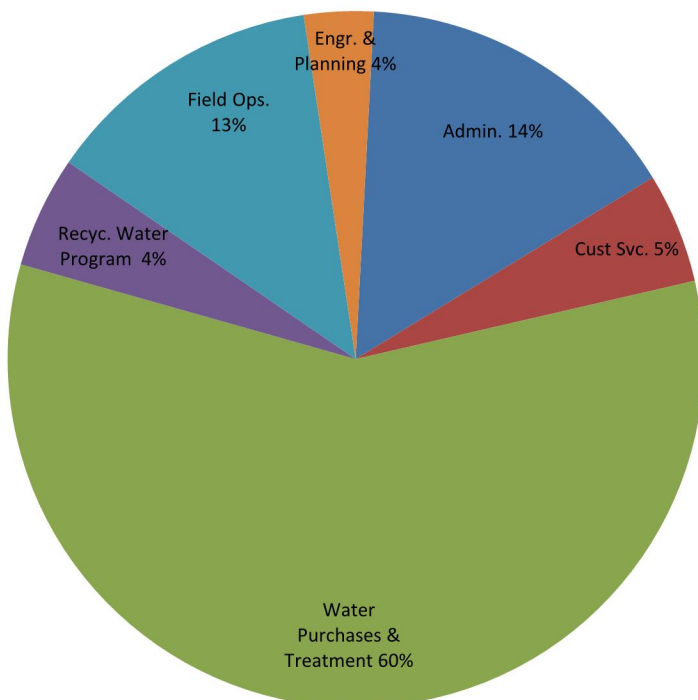
FY 2023/24 Proposed Operating Budget by Division

Division	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Adopted	FY22/23 Revisions	FY 23/24 Proposed
Administration	\$ 2,510,547	\$ 2,185,626	\$ 2,739,016	\$ -	\$ 2,797,528
Customer Services	743,682	755,783	974,983	-	958,582
Water Purchases & Treatment	9,206,067	9,558,080	10,210,140	-	12,022,526
Recycled Water Program	763,614	781,951	778,259	-	786,962
Field Operations	2,042,082	1,895,317	2,299,787	22,100	2,624,580
Engineering & Planning	500,859	425,069	801,641	-	798,060
Operating Budget Total	\$ 15,766,851	\$ 15,601,826	\$ 17,803,826	\$ 22,100	\$ 19,988,238

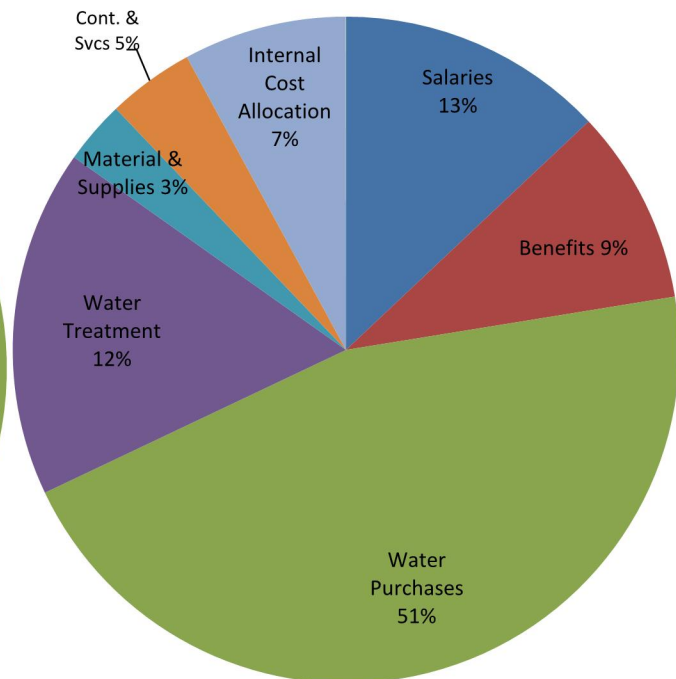
FY 2023/24 Proposed Operating Budget by Category

Category	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Adopted	FY22/23 Revisions	FY 23/24 Proposed
Salaries	\$ 2,108,232	\$ 2,039,866	\$ 2,528,020	\$ -	\$ 2,564,535
Benefits	1,549,644	1,129,415	1,670,048	-	1,779,444
Water Purchases	6,950,772	7,333,182	7,833,638	-	10,194,176
Water Treatment	2,886,039	2,881,108	2,996,352	-	2,472,000
Material & Supplies	413,364	413,994	528,320	22,100	603,515
Contracts & Services	499,776	471,134	865,805	-	937,768
Internal Cost Allocation	1,325,618	1,325,618	1,378,643	-	1,433,800
Capital Outlay (Fixed Assets)	32,487	7,485	-	-	-
Debt & Finance	919	24	3,000	-	3,000
Operating Budget Total	\$ 15,766,851	\$ 15,601,826	\$ 17,803,826	\$ 22,100	\$ 19,988,238

FY 23/24 Proposed Budget by Division



FY 23/24 Proposed Budget by Category



*Please note some rows/columns may not sum exactly due to excel rounding.

Capital Replacement Fund

FY 2023/24 Proposed CIP Schedule (by Project)

Project #	Project Title	Current Balance*	Adopted FY 22/23	Proposed FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
CW23A	Joint Facilities Master Plan Project	4,818,511	1,500,000	500,000	2,000,000	2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
CW23B	Joint Facilities Capital Acquisitions	277,328	150,000	150,000	150,000	150,000	\$ 150,000	\$ 150,000	\$ 150,000
CW23C	Water Infrastructure Improvements	568,487	450,000	730,000	600,000	600,000	\$ 600,000	\$ 600,000	\$ 600,000
CW23D	Transmission Line Maintenance	1,509,222	150,000	150,000	200,000	200,000	200,000	200,000	200,000
CW23E	Meter Replacement & Automation Progra	1,298,856	100,000	100,000	100,000	100,000	500,000	500,000	500,000
CW23F	SCADA Automation Upgrade Program	24,493	15,000	20,000	20,000	20,000	20,000	20,000	20,000
CW23G	Recycled Water Loan Retrofit Program	50,000	-	-	-	-	\$ -	\$ -	\$ -
CW23H	Asbestos Pipe Repair	350,000	350,000	-	350,000	500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
CW23J	Potable Re-Use Next Steps	82,454	-	-	-	-	\$ -	\$ -	\$ -
CW23K	Lake Hodges Capital Repairs	1,500,000	500,000	500,000	500,000	500,000	\$ 500,000	\$ 500,000	\$ 500,000
CW23X	Encinitas Valve Replacement	1,191,178	-	-	-	-	\$ -	\$ -	\$ -
TBD	Water Rate Study	-	-	100,000	-	-	\$ 100,000	\$ -	\$ -
TBD	System Condition Assessment	-	-	200,000	100,000	-	\$ -	\$ -	\$ -
Total		\$ 11,670,529	\$ 3,215,000	\$ 2,450,000	\$ 4,020,000	\$ 4,070,000	\$ 5,570,000	\$ 5,470,000	\$ 5,470,000

FY 2023/24 Proposed CIP Schedule (by Project Type)

Project Type	Current Balance	Adopted FY 22/23	Proposed FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
SDWD Infrastructure Projects	\$ 6,200,197	\$ 1,215,000	\$ 1,500,000	\$ 1,420,000	\$ 1,420,000	\$ 1,820,000	\$ 1,820,000	\$ 1,820,000
SDWD Consultant Services and Studies	374,493	350,000	300,000	450,000	500,000	1,100,000	1,000,000	1,000,000
Joint Facilities Projects and Capital Acquisitions	5,095,839	1,650,000	650,000	2,150,000	2,150,000	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000
Total	\$ 11,670,529	\$ 3,215,000	\$ 2,450,000	\$ 4,020,000	\$ 4,070,000	\$ 5,570,000	\$ 5,470,000	\$ 5,470,000

FY 2023/24 Proposed CIP Project Funding Source(s)

Funding Source	Current Balance	Adopted FY 22/23	Proposed FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
SDWD Capital Replacement Fund (Pay-Go)	\$ 11,670,529	\$ 3,215,000	\$ 2,450,000	\$ 4,020,000	\$ 4,070,000	\$ 5,570,000	\$ 5,470,000	\$ 5,470,000

*Current balance as of March 31, 2023 (FY 22/23 3rd Quarter Report)

**Please note rows/columns may not sum exactly due to Excel rounding.

Debt Service Fund

FY 2023/24 Debt Service Schedule

Fiscal Year 2023/24 Original Budget	Principal	Interest	Total
2007 R.E. Badger Water Refunding Bonds	\$ 595,200	\$ 41,000	\$ 636,200
2014 Water Revenue Refunding Bonds	755,000	15,100	770,100
Debt Administration Fees	-	-	4,700
Total	\$ 1,350,200	\$ 56,100	\$ 1,411,000

Fiscal Year 2024/25 Revised Budget	Principal	Interest	Total
2007 R.E. Badger Water Refunding Bonds	\$ 620,000	\$ 13,950	\$ 633,950
2014 Water Revenue Refunding Bonds	-	-	-
Debt Administration Fees	-	-	2,400
Total	\$ 620,000	\$ 13,950	\$ 636,350

Future Debt Service Schedule - 2007 R.E. Badger Water Refunding Bonds

Fiscal Year	Principal	Interest	Total
Prior Years (2006/07 through 2022/23)	\$ 6,490,000	\$ 3,130,040	\$ 9,620,040
2023/24	595,200	41,000	636,200
2024/25	620,000	13,950	633,950
	-	-	-
Total	\$ 7,705,200	\$ 3,184,990	\$ 10,890,190

Future Debt Service Schedule - 2014 Water Revenue Refunding Bonds

Fiscal Year	Principal	Interest	Total
Prior Years (2014/15 through 2022/23)	\$ 5,115,000	\$ 1,154,136	\$ 6,269,136
2023/24 FINAL PAYMENT	755,000	15,100	770,100
Total	\$ 5,870,000	\$ 1,169,236	\$ 7,039,236

*Please note some row/column totals may not sum exactly due to excel rounding.

Fleet Replacement Fund

FY 2023/24 Proposed Fleet Replacement Fund Revenue

Revenue Source	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Adopted	FY22/23 Revisions	FY 23/24 Proposed
Transfer from Operating Fund	\$ 283,384	\$ 116,263	\$ 137,350	\$ -	\$ 109,904
Vehicle Sales	-	-	-	-	-
Total	\$ 283,384	\$ 116,263	\$ 137,350	\$ -	\$ 137,350

FY 2023/24 Proposed Fleet Replacement Fund Expenses

Expenditure	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Adopted	FY22/23 Revisions	FY 23/24 Proposed
Vehicle/Equipment Purchases	\$ (50,056)	\$ (8,701)	\$ (132,354)	\$ (142,240)	\$ (511,500)
Total:	\$ (50,056)	\$ (8,701)	\$ (132,354)	\$ (142,240)	\$ (511,500)

FY 2023/24 Proposed Fleet Replacement Fund Balance

Transaction	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Adopted	FY22/23 Revisions	FY 23/24 Proposed
Beginning Fund Balance	\$ 910,272	\$ 1,143,600	\$ 1,251,162	\$ 1,256,158	\$ 1,113,918
Revenue (Transfer-In)	283,384	116,263	137,350	-	109,904
Revenue (Vehicle Sales)	-	-	-	-	-
Expenditures	(50,056)	(8,701)	(132,354)	(142,240)	(511,500)
Ending Fund Balance	\$ 1,143,600	\$ 1,251,162	\$ 1,256,158	\$ 1,113,918	\$ 712,322

FY 2023/24 Proposed Fleet Replacement Schedule

New Vehicle Information		Replaced Vehicle Information		
#	Vehicle Description	#	Vehicle Description	Purchase Cost
TBD	TBD	249	2009 GMC T6500 Utility Body	\$ 148,500
TBD	TBD	260	Unit 260 2008 S205 Bobcat Excavat	80,000
TBD	TBD	273	2010 S205 Bobcat	53,000
TBD	TBD	284	2012 Ford F-150	80,000
TBD	TBD	296	2013 ST Vacuum Trailer	150,000
Total				\$ 511,500

*Please note some rows/columns may not sum exactly due to excel rounding.

RESOLUTION 2023-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGUITO WATER DISTRICT APPROVING POSITION TITLES AND PAY RANGES FOR FISCAL YEAR 2023-24

WHEREAS, the Board of Directors of the San Dieguito Water District eliminates and creates positions of employment and approves reclassifications by Resolution including titles and pay ranges for all positions; and

WHEREAS, from May 2022 through March 2023, the San Diego Region inflation ranged from 5.3% to 8.3%; and

WHEREAS, since 2022 employees' medical insurance costs increased by 15% in the San Diego Region; and

WHEREAS, the calendar year 2022 employee turnover rate rose to 16.7% for employees of Service Employees International Union (SEIU) and 20.1% for unrepresented employees; and

WHEREAS, Board of Directors of the San Dieguito Water District is adopting the Position Titles and Pay Ranges for Fiscal Year 2023-24.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the San Dieguito Water District that the Position Titles and Pay Ranges as contained in the attached **Exhibit 2** are herewith adopted for Fiscal Year 2023-24.

PASSED, APPROVED AND ADOPTED this 21st day of June 2023, by the Board of Directors of the San Dieguito Water District, State of California.

Joy Lyndes, President

ATTEST:

Pamela Antil, Secretary to the Board

APPROVED AS TO FORM:

Tarquin Preziosi, General Counsel

CERTIFICATION: I, Kathy Hollywood, Board Clerk of the San Dieguito Water District,

ATTACHMENT B

California, do hereby certify under penalty of perjury that the foregoing Resolution was duly adopted at a regular meeting of the Board on the 21st day of June 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Kathy Hollywood, Board Clerk

**San Dieguito Water District
Salary Schedule for Fiscal Year 2023-24
Effective July 1, 2023**

Exhibit 2

Classification Title	HOURLY		MONTHLY	
	MIN.	MAX.	MIN.	MAX.
Director of Utilities / General Manager	69.5433	107.8841	12,054	18,700
Engineer I	42.7905	60.2107	7,417	10,437
Engineer II	45.8299	64.4874	7,944	11,178
Finance Analyst I	32.7729	43.9190	5,681	7,613
Finance Analyst II	36.0244	48.2762	6,244	8,368
Finance Analyst III	38.9533	54.8113	6,752	9,501
Finance Manager I	41.0156	57.7130	7,109	10,004
Finance Manager II	46.9306	69.3383	8,135	12,019
Finance Manager III	48.8944	72.2395	8,475	12,522
Finance Technician I	24.2793	30.9871	4,208	5,371
Finance Technician II	25.2544	33.8432	4,377	5,866
Finance Technician III	27.3799	36.6916	4,746	6,360
Principal Engineer	53.3178	78.7748	9,242	13,654
Program Assistant I	19.8159	25.2906	3,435	4,384
Program Assistant II	24.2793	30.9871	4,208	5,371
Program Assistant III	25.2544	33.8432	4,377	5,866
Program Coordinator	27.3799	36.6916	4,746	6,360
Senior Engineer	50.8578	75.1405	8,815	13,024
Utility & Maintenance Field Supervisor	35.3573	47.3822	6,129	8,213
Utility & Maintenance Specialist I	32.1660	43.1056	5,575	7,472
Utility & Maintenance Specialist II	35.3573	47.3822	6,129	8,213
Utility & Maintenance Supervisor I	36.8910	51.9094	6,394	8,998
Utility & Maintenance Supervisor II	38.9533	54.8113	6,752	9,501
Utility & Maintenance Technician I	24.2793	30.9871	4,208	5,371
Utility & Maintenance Technician II	25.2544	33.8432	4,377	5,866
Utility & Maintenance Technician III	27.3799	36.6916	4,746	6,360
Utility & Maintenance Technician IV	29.5049	39.5393	5,114	6,853
Water Operations Manager	46.9306	69.3383	8,135	12,019
Water Resource Specialist	41.0156	57.7130	7,109	10,004