

# Quartz Hill Water District

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Budget FY 22

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**QUARTZ HILL WATER DISTRICT  
BUDGET FY 2022  
TABLE OF CONTENTS**

**Table of Contents**

FISCAL YEAR 2022 BUDGET-EXECUTIVE SUMMARY ..... 5

QUARTZ HILL WATER DISTRICT ..... 7

Water Portfolio ..... 9

Chart of Accounts..... 10

Revenues..... 10

Expenses..... 10

Mission and Values ..... 12

Management and Staff ..... 13

FY 2020 Accomplishments ..... 13

Monitoring Performance Indicators/ Benchmarking..... 15

FY 2021 Objectives..... 16

Litigation Expenses..... 17

Operations Report ..... 18

FY 2020 System Indicators ..... 18

FY 2020 Administrative Staff Accomplishments ..... 18

FY 2020 Field Staff Accomplishments ..... 19

FY 2021 Field Staff Objectives..... 20

Conservation Department ..... 21

FY 2020 Accomplishments ..... 21

FY 2021 Objectives..... 22

Source of Funds..... 24

Comparison of Source of Funds ..... 24

Operating ..... 25

Non-Operating ..... 25

Source of Funds Summary ..... 26

How We Stack Up..... 27

Capacity Fees ..... 28

Use of Funds.....	29
Use of Funds by Type .....	29
Comparison of Use of Funds by Type .....	30
Use of Funds by Department .....	32
Uses of Funds Summary.....	33
New Assets.....	35
Description of Funds .....	36
Summary Budget Expenditure Request.....	38
Safety and Planning Documents .....	38
New Equipment .....	38
Replacement Equipment.....	38
New Capital Projects .....	39
Replacement Capital Projects .....	39
APPENDIXES .....	42
APPENDIX A Asset Management Policy .....	43
APPENDIX B California Water Code- Sections 370-374 .....	50
APPENDIX C Glossary .....	54
APPENDIX D Water Master Report .....	57

## Listing of Tables

TABLE 2 QHWD EXPANDED RATE COMPONENTS, FIRST TWO TABLES ARE RESIDENTIAL FIXED AND CONSUMPTION RATES TABLES THIRD AND FOURTH TABLE NON-RESIDENTIAL FIXED AND CONSUMPTION RATES,.....	8
TABLE 3 BENCHMARK AND INDICATORS FROM ACWA BENCHMARKING AND INDICATOR 2015 MANUAL.....	15
TABLE 4 ACTUAL REVENUES FROM ABOVE AND PROJECTED REVENUES.....	25
TABLE 6 CAPACITY FEE BY METER SIZE .....	28
TABLE 7 PHYSICAL METER COST .....	28
TABLE 8 EXPENSES BY CATEGORY.....	29
TABLE 9 EXPENSES BY CATEGORY.....	30
TABLE 10 LIST OF DEPARTMENTS AT QHWD.....	32
TABLE 11 CHART OF ACCOUNT SERIES FOR QHWD.....	32
TABLE 12 EXPANDED CHART OF ACCOUNTS WITH EXPENSES AND PREVIOUS YEAR'S DETAILS.....	33
TABLE 13 SUMMARY OF EXPENSES FOR QHWD BY DEPARTMENT.....	35
TABLE 14 QHWD CAPITAL IMPROVEMENT PROJECTS SUMMARY BY BUDGET YEAR .....	39

## Listing of Figures

FIGURE 1 GRAPHIC DEPICTING ALLOCATION METHODS AND PRACTICES. TAKEN FROM QHWD PROP 218 MAILER.....	8
FIGURE 2 MAP OF DISTRICT BOUNDARIES .....	11
FIGURE 3 FY '21 ANTICIPATED REVENUE BY PERCENTAGE.....	24
FIGURE 4 AVERAGE RESIDENTIAL BILL USING 16UNITS (PRODUCED BY RDN).....	27
FIGURE 5 FISCAL EXPENSES BY DEPARTMENT .....	29
FIGURE 6 FY '21 FISCAL USE OF FUNDS BY TYPE .....	30

# QUARTZ HILL WATER DISTRICT

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## FISCAL YEAR 2022 BUDGET-EXECUTIVE SUMMARY

*Quartz Hill Water District will be a responsible overseer of the resources, assets and natural environments entrusted to us in order to provide a high-quality water supply that is resilient, reliable and supplied at a fair and equitable rate. (Mission Statement)*

**FOR: QUARTZ HILL WATER DISTRICT CUSTOMERS AND STAKEHOLDERS**

**FROM: CHAD J. REED, GENERAL MANAGER**

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### Introduction

The Board of Directors and Quartz Hill Water District Staff are pleased to present the budget for FY 2022. Your continued interest in Quartz Hill Water District (QHWD) and the financial stability of the QHWD is appreciated.

The previous year can be summed up with one-word “COVID-19”. As a result of the worldwide pandemic numerous unprecedented events occurred that directly affected the bottom line of the District, from no “offs” for the entire FY21 to the office being closed to customers for several months. The Covid-19 and lock downs have affected operation at Quartz Hill Water District, and the effects of these unprecedented events will continue to be felt into FY ‘22 as well.

Since the rescinding of the drought surcharge prior to the start of FY 17 consumption has continued to steadily increase. However, during the 2020 calendar year the District used 4806 acre feet whereas during 2019 the District used only 4170 netting in a difference of nearly 500 acre feet. This also affects the bottom line of the district as our primary source of funding is water sales.

Over the past year there were several areas where the District was not able to fully perform financially. The first area was all disconnects, door tags, and late charges all of these were affected for all or most of the year. The saving grace that kept the District solvent was the higher than expected water sales. Due to the higher demand the District was still able to absorb the entire rate increase of the Antelope Valley East Kern (District’s wholesale water provider) which was 2.5%. During FY21 QHWD staff worked with RDN (Robert D Niehaus) staff to produce

a new 5 year rate study that has a comprehensive facilities replacement program and CPI program and is attached below in the rate study found at [WWW.QHWD.ORG](http://WWW.QHWD.ORG).

Quartz Hill Water District expects operating revenues for **FY'21** to be \$7.08 million with \$4.3 million operating expenses (Without Depreciation). Planned capital expenditures are expected to be \$706K and financial obligations for payment of principal and interest on debt was \$562K. Budgeted revenues were slightly less due to State imposed restrictions regarding shutting off services for non-payment and fees associated with these practices. Another financial pitfall was quarter 3 and 4 investments which returned historical lows. The expenses were slightly higher due to AVEK rate increase being 2.5% with no pass along being applied. Salary and benefit expense were slightly more when compared to FY '20.

The proposed budget is utilizing the new model provided by RDN and along with the historically proven capital improvement strategies. Quartz Hill Water District's Strategic Plan also identifies the Core Values exercised by the District and the Strategic Elements required to accomplish our Mission. These management Strategic Elements provides the framework for the remaining 2021 budget discussion and proposed FY '22 budget.

They are:

- Vision
- Respect
- Integrity
- Excellence
- Legacy

Quartz Hill Water District currently has two sources of water, which are the Antelope Valley Aquifer and the California State Water Project. The Antelope Valley Aquifer is considered the primary source for water. However, during wetter years the District tries to utilize the available State water since the ground water is a finite resource. During the past calendar year, Quartz Hill Water District used approximately 57% imported water and 43% ground water to protect this finite resource.

During FY '21 the following capital purchases and studies were made/performed:

- Replacement valves for the entire system
- 5-year Rate Analysis
- Compliance with the American Water Infrastructure Act
- Updated Urban Water Management Plan
- Updated the Water Shortage Contingency Plan

## QUARTZ HILL WATER DISTRICT

In 1954, Quartz Hill County Water District (name changed by Resolution 217 and recorded in January of 1980 to drop the word County) was founded when two Mutual Water Companies were combined. The names of the Mutual Water Companies were B.V Mutual Water Company (B.V.) and Belle Vue (Bel View) Mutual Water Company. At the time of the merger B.V had 54,166 feet of mains and 2 wells and the total system was appraised at \$94,000.00. Bel View also had an appraisal performed for the purpose of purchasing the Company and the appraisal reports 17,120 feet of mains and 1 well was present. The total system was appraised at \$23,500.00 in 1954.

Since this time, QHWD has grown and currently has over a half million feet of mains and 10 wells. During the previous audit year (Fiscal Year 2020), the distribution system and asset was valued over \$40 million. During the month of May 2020 QHWD staff billed 5782 accounts with 48 dormant for that billing cycle, which would equal 20,352 people served based off the average household size as determined by last census. QHWD currently obtains all of its potable water from two sources, the first is the Antelope Valley Aquifer and the second is Antelope Valley East Kern, our State Water Project provider.

In 2008, QHWD changed the billing practices from bi-monthly to monthly to help customers during those difficult economic times and help standardize billing practices across all utilities. During FY21 QHWD contracted with Robert D. Niehaus, INC to perform a multiply year rate analysis found at [WWW.QHWD.ORG](http://WWW.QHWD.ORG).

Per the Cost-of-Service Analysis, new rates were adopted, and the residential rate structure of 4 tiers was maintained with an increasing conservation block rate practice that was originally put into place by the Board of Directors in early 2009. Two components are used to derive this rate structure, namely the inside and outside allotment. The inside allotment is based on the number of occupants per dwelling unit and a base amount of water allotted for each person. It is assumed that 3 people reside at each home. The outside allotment is based on the total lot size determined by the Los Angeles County Assessor's office. Once the total annual allotment is determined, a monthly ET (evapotranspiration) rate (based on water demand and seasonality) then the plant factor and conversion factor to make it gallons is applied. The irrigable area was determined by RDN staff:

*estimated the actual landscape area of each customer parcel by matching two data sets: the parcel data from Los Angeles County Assessor's Office and the building footprints data from Los Angeles Regional Imagery Acquisition Consortium. The additional impervious surface area was estimated utilizing the Palmdale Water District's (PWD's)*

imagery data taken in 2019. The ratio of building footprint for each parcel and additional impervious area to building footprint are calculated and regressed by parcel size. The regression results are applied to the QHWD geospatial data to predict the impervious area ratio for QHWD parcels. The lower bound was imposed at 30 percent of the total parcel size to ensure the minimum allocation will not go below the threshold.

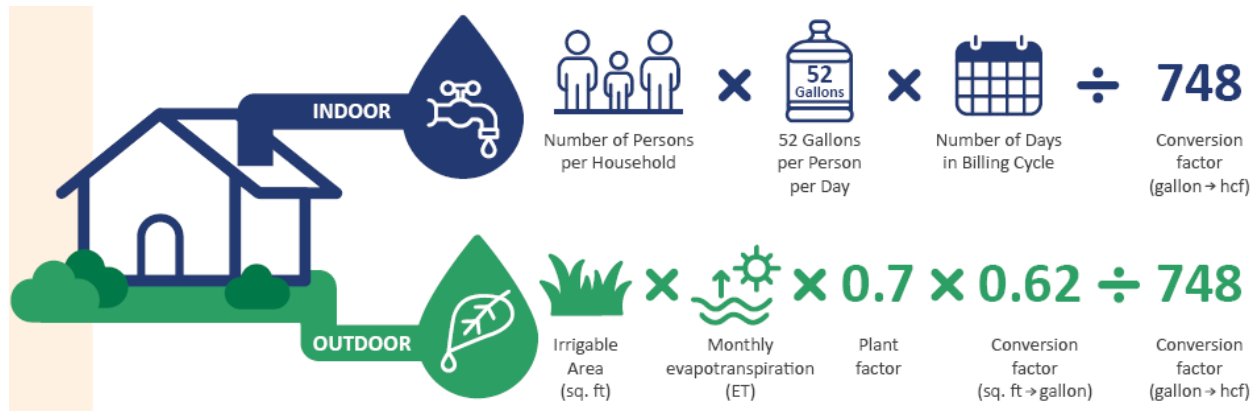


Figure 1 Graphic depicting allocation methods and practices. Taken from QHWD Prop 218 mailer.

The final piece of the calculation is the monthly Evapotranspiration rate the plant factor and conversion factor. All water rates are based on the actual cost that is associated with producing the water as denoted in the table below.

Table 1 QHWD Expanded Rate Components, first two tables are residential fixed and consumption rates tables third and fourth table Non-residential fixed and consumption Rates,

Fixed Charge Monthly						
Proposed Rates	Current	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Fixed Charge	\$29.95	\$30.03	\$30.33	\$30.64	\$30.94	\$31.25

Volumetric Charges per HCF						
Proposed Rates	Current	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Tier 1	\$1.17	\$1.12	\$1.13	\$1.14	\$1.14	\$1.15
Tier 2	\$1.56	\$1.52	\$1.53	\$1.55	\$1.56	\$1.58
Tier 3	\$2.95	\$2.61	\$2.63	\$2.66	\$2.68	\$2.71
Tier 4	\$5.59	\$3.87	\$3.91	\$3.95	\$3.99	\$4.03

Fixed Charge Monthly						
Proposed Rates	Current	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
3/4-in	\$26.42	\$31.07	\$31.38	\$31.70	\$32.01	\$32.34
1-in	\$26.42	\$31.07	\$31.38	\$31.70	\$32.01	\$32.34
1 1/2-in	\$88.07	\$62.17	\$62.79	\$63.41	\$64.05	\$64.69
2-in	\$140.92	\$94.06	\$95.00	\$95.95	\$96.91	\$97.88
3-in	\$308.29	\$274.79	\$277.54	\$280.32	\$283.12	\$285.95
4-in	\$528.49	\$540.58	\$545.98	\$551.44	\$556.96	\$562.53
6-in	\$1,101.03	\$859.52	\$868.11	\$876.80	\$885.56	\$894.42
8-in	\$1,585.47	\$1,231.62	\$1,243.93	\$1,256.37	\$1,268.94	\$1,281.63

Volumetric Charges per HCF						
Proposed Rates	Current	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Tier 1	\$1.24	\$1.00	\$1.01	\$1.02	\$1.03	\$1.04
Tier 2	\$1.40	\$1.22	\$1.23	\$1.25	\$1.26	\$1.27
Tier 3	\$2.08	\$2.54	\$2.56	\$2.59	\$2.61	\$2.64

As we head into another dry year where the Governor has already proclaimed a Drought State of Emergency in several different counties, QHWD has continued to work proactively in our Water Conservation Program that was created in 2009. Per our updated Urban Water Management Plan the reductions called out in SB7x-7, have been met or exceeded.

During the year where COVID-19 was so prevalent, QHWD has tried to participate in different outreach programs that promote conservation messages and reductions in consumption as permitted by the COVID-19 pandemic.

Our ongoing efforts are aimed at keeping customers on track for reduced usage through educated choices.

**Water Portfolio**

Quartz Hill Water District has always strived to prepare during the wet years for the historical multi-year droughts. The Board of Directors at Quartz Hill Water District have strived to utilize available resources and safeguard our finite resources. Some of the past efforts have included water purchased during wet years and stored in the Antelope Valley East Kern Western Water Bank facility as well as maximizing our state water deliveries and carrying over water stored with the Antelope Valley Water Master. As of January 1, 2021, (Water is calculated on a calendar year and not a fiscal year) Quartz Hill Water District has purchased from AVEK and stored 3550 acre feet of water however, with the 10% leave behind 3195 acre feet would be able to be recovered. Per the annual report provided by the AV Water Master Engineer (appendix D), Quartz Hill Water District has 3,730 acre feet of water as “carry-over” .

### **Chart of Accounts**

During the FY 15 Budget staff at Quartz Hill Water District created a new chart of accounts that conforms to the State of California's accepted form and practice as outlined in "State Controller's Uniform System of Accounts for Water Utility Districts 2000".

### **Revenues**

The District is funded through rates, fees and charges for services provided by Quartz Hill Water. Water rates pay for operations and maintenance expenses, repair, capital replacement and modifications to existing facilities and debt services.

### **Expenses**

In planning expenses, QHWD follows the Mission Statement to keep rates as low as good service will permit. This means QHWD will properly maintain its facilities and continue to seek ways to operate more efficiently.

Service Area

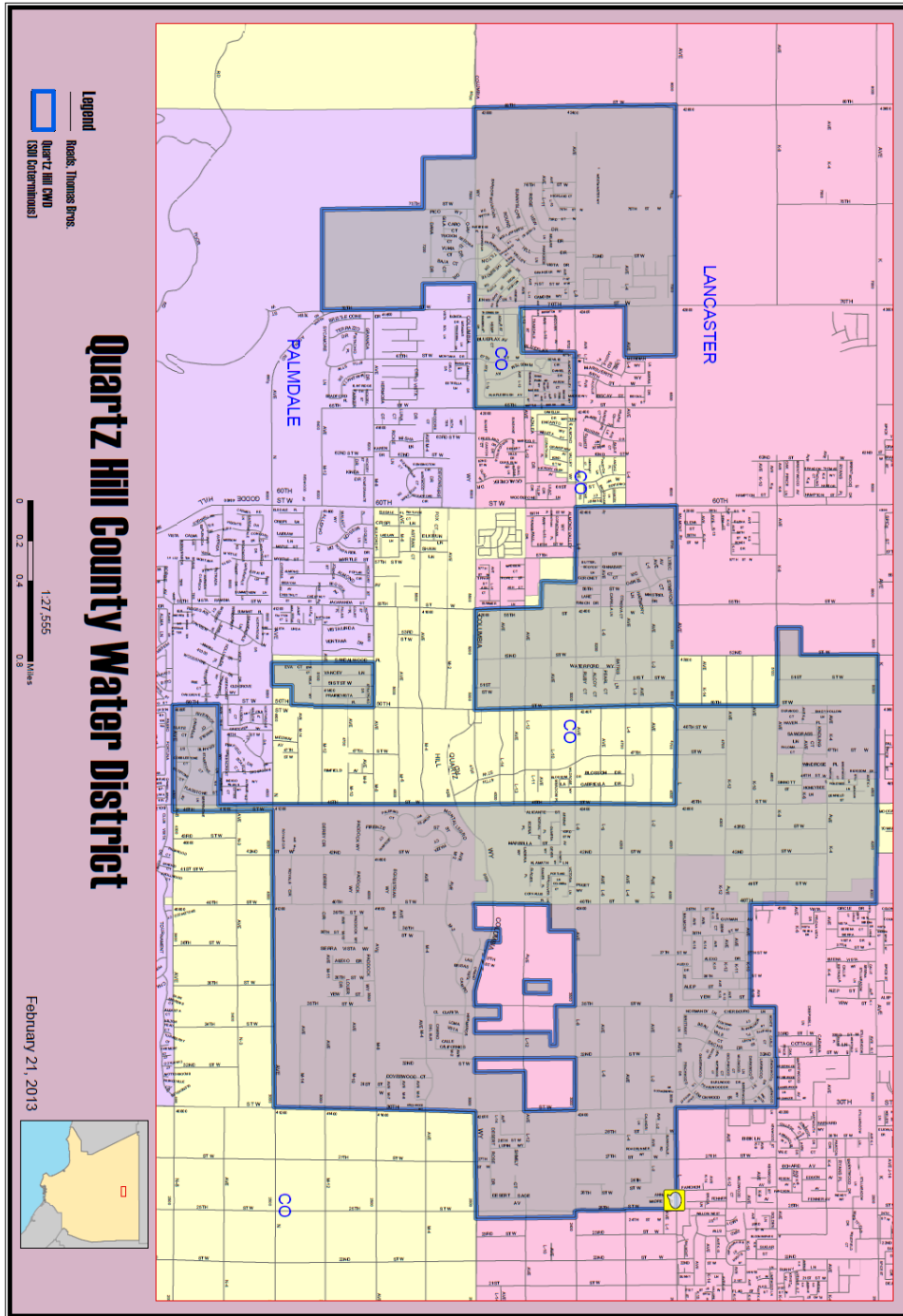


Figure 2 Map of District Boundaries

## Mission and Values

### **Mission Statement:**

Quartz Hill Water District will be a responsible overseer of the resources, assets and natural environments entrusted to us in order to provide a high-quality water supply that is resilient, reliable and supplied at a fair and equitable rate.

### **Core Values:**

**Vision:** Whether something will take five minutes, five years or five decades, we will take a proactive approach and we will take actions to be prepared. We will honor the history of Quartz Hill Water District in doing what those before us have done; free our minds to think of what can be possible and not be constrained by what has or has not worked in the past. We will be flexible, adaptable and prepared for what is possible.

**Respect:** We will listen, honor and value each other, our customers, our community and our environment. We will earn respect by acknowledging and validating the rich and diverse experiences of others and by always acting in a fair, thoughtful, inclusive, and non-judgmental manner.

**Integrity:** Our word is our bond. In all of our endeavors, we will act in the best interest of the public and our community with honesty, transparency and candor.

**Excellence:** In all that we do every day, there is only one standard – to perform flawlessly both as individuals and as teams in order to be the best in every aspect of our operations. Doing anything less than our best is disrespectful to our customers, our employees and our mission.

**Legacy:** Our future is based on our duty to pass on the heirloom of a secure, reliable, high-quality water operation for generations to come. We are steadfast in our commitment to mastering our craft and offering superior value to our customers.

*Our culture is a combination of these values, our experiences, our rich history and our common mission. These value statements are more than words; they are the ideas, aspirations and beliefs that guide us every day, lead us to the future and provide a measure against which we can hold ourselves accountable.*

## Management and Staff

The General Manager is the Chief Executive Officer for Quartz Hill Water District and reports directly to the Board of Directors (BOD). He carries out all other duties and responsibilities as assigned by the Board of Directors as it fulfills its obligations.

The General Manager executes the policies and decisions of the BOD and reviews and recommends to the BOD changes in rules and regulations with respect to all matters appropriate for its action.

In addition, the General Manager gives overall direction to employees and oversees the work necessary to provide an adequate supply of water to the residents of Quartz Hill. The General Manager represents the BOD in ongoing relationships with all levels of government, community organizations, and the public served, and recommends to the BOD a rate structure and other income producing procedures that will assure adequate sources of funds to meet operating and maintenance costs, finance of ongoing capital improvement programs, and the principal and interest payments on long-term debts.

During the past year several unprecedented events have occurred that have affected the District's fiscal position the Governor of California passed state of emergency where no water could be turned off for lack of payment. The following is a list of items that affected the bottom line of the District.

- No Disconnects or reconnects for the year **(\$33,449)**
- Late charges were waived for half of the year **(\$20,000)**
- No Door tags for the year **(\$5,000)**
- Legal settlement with Dormant Pumper Class **(\$200,000)**
- Higher than normal water sales **(\$344,133)**
- Bad returns from investments for Q3 and Q4 **(\$51,000)**
- More water needed to be procured during the year **(\$231,010)**

Throughout this past year staff has been able to stay dynamic and flexible with the nearly daily changes to the COVID-19 Protocol that have occurred throughout FY21.

## FY 2020 Accomplishments

The following goals/objective were accomplished during the FY '21 period:

- American Water Infrastructure Act (AWIA), *during 2018 United States Environmental Protection Agency put forth requirements for all water agencies that serve more than 3,300 connections to complete a detailed analysis and assess risk is several key ways.* During this year QHWD staff oversaw the entire process from procuring bids to completing the assessment. During this time QHWD staff met with the firm of Gary

Sturdivan and discussed all possible threats to the District from natural earthquakes to wildfires and manmade causes like cyber-attacks to physically breaching sites. All observed weaknesses have been addressed or are being addressed.

- Urban Water Management Plan (UWMP) Per the State Water Boards all years that end in a zero or five require the District to update the UWMP, this document addresses water availability over different drought conditions, and assess the current available sources of water. During the year the staff over saw all aspects of the updating of the document from procuring bids to review and public notice. The UWMP can be viewed on [www.qhwd.org](http://www.qhwd.org)
- Water Shortage Contingency Plan (WSCP) Per the State Water Boards all years that end in a zero or five require the District to update the WSCP. Usually, this document works in conjunction with the UWMP and dictates when conservation steps will be applied and what is involved in each step. During FY 21 the staff over saw all aspects of the updating of the document from procuring bids to review and public notice. The WSCP can be viewed on [www.qhwd.org](http://www.qhwd.org)
- Rate Analysis every five years or sooner the Board of Directors directs staff to review and update as needed the rate structure and rates. During FY21 staff oversaw and recommended to the Board of Directors potential changes and recommendations to the rate structure. During this process staff oversaw the 218 process which one objection was received out of the nearly 6K accounts. The proposed rates and study can be viewed at [www.qhwd.org](http://www.qhwd.org)
- During FY21 COVID-19 was in full swing and has affected all aspects of operations at QHWD. During this period of time, staff has attended weekly to bi-weekly county of Los Angeles briefing/meetings to stay current of changes and updates to the policies.
- Increased the use of Asset Management Software to greater capabilities
- All Sites “tour ready at all times” (This proved to be very beneficial during the COVID-19 shut down)
- Continue to cross train to improve staff readiness and competency
- Continue to utilize and learn Elements Software Package to ensure accurate and up-to-date asset schedule.

Management and Staff strategies that helped accomplish the accomplishments:

1. Weekly front office standup meetings and hired Office Supervisor to oversee office operations.
2. No significant findings on the Annual Water Audit and complied/implemented all suggestions.
3. Monthly Staff meetings so all staff can coordinate work efforts to ensure most efficient and best possible operations and results.

4. Complied with all State Mandated reporting and strategic planning documentation. UWMP/WSCP, AWIA and rate review.
5. All new staff crossed trained to ensure work order flow, conciseness, and thoroughness not dependent on specific available staff.
6. QHWD has utilized “Vector Solutions” training website provided by ACWA JPIA at no cost. This resulted in safety saving less down time in the field and more customized training.
7. QHWD staff has utilized additional financial checks to ensure best accounting practices are utilized:
  - a. All current accounting practices and procedures were reviewed to check for validity and segregation of duties to ensure the adequacy of internal controls over receipting, disbursements and safeguarding of assets.
  - b. Developed check list to ensure that all budgetary and financial items are checked in a systematic fashion.
  - c. Each Supervisor/Manager that oversees specific operations can work with accounting staff during the review process to ensure accuracy.
  - d. No material findings in annual audit

## Monitoring Performance Indicators/ Benchmarking

Table 2 Benchmark and Indicators from ACWA Benchmarking and Indicator 2015 Manual

Performance Indicator	Western USA (All Sizes)			QHWD	
	25th per.	Median	75th per.	Statistic #	Desirable
Customer accounts/Employee	292	385	595	<b>530</b>	High #
Cash Reserves (days)	60	186	336	<b>800</b>	High #
12-month water loss %	4.3	6.2	11.5	<b>4.14</b>	Low #
Service Affordability	.59%	.72%	.97%	<b>.615%</b>	Low #
Customer Service Complaints	1.29	2.88	13.94	<b>2.41</b>	Low #

## FY 2022 Objectives

The FY '22 Budget continues to support providing a safe, productive and rewarding work environment by funding employee related programs, asset maintenance and capital improvements. Machines and computers are great but one of the most important assets to the District is the staff and employees who are addressed in the related internal communications, training and education. These training and other programs will continue to improve the Districts overall readiness and ability to face whatever trials and disaster face the District. The Budget also affords for an aggressive preventative maintenance program to maintain our goal of “no unscheduled equipment down time.” During the previous 65 years of operation, QHWD has established a great reputation by being the first District in the region to implement conservation-based rates, rebates and utilize a local water bank to ensure water availability in one of the driest years on recorded history. The following goals will help QHWD maintain a level of excellence unmatched in the region:

- Update and improve Capital Improvement Projects program
- Continue to comply with AB555 State Mandated loss reporting
- No unscheduled equipment down time
- Continue to use Asset Management Software to greater capabilities
- All Sites “tour ready at all times”
- Continue to cross train to improve staff readiness and competency
- Organize, procure facilitation, and begin the process of updating QHWD strategic plan and vision
- Continue to utilize and learn Elements Software Package to ensure accurate and up-to-date asset schedule.

## Litigation Expenses

James W. M. Charlton  
Bradley T. Weeks  
Lisa A. Doran  
Rikka J. Fountain  
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June 2, 2021

Chad Reed  
Quartz Hill Water District  
5034 W Avenue L  
Quartz Hill CA 93536

RE: Pending or Threatened Litigation for Budget

Dear Mr. Reed:

There is no pending or threatened litigation against Quartz Hill Water District.

There are no unasserted possible claims or assessments that call for disclosure pursuant to Statement of Financial Accounting Standards ASC 450, Contingencies. Specifically, I have concluded that there is no loss contingency to disclose because I am unaware of any information that indicates it is probable that an asset had been impaired or a liability has been incurred.

The basis of my opinion is limited to my role as general counsel of Quartz Hill Water District. No amount is due for my services excepting what we have billed this month.

This opinion is effective as of the day of this letter.

Sincerely,

A handwritten signature in blue ink that reads 'Bradley T. Weeks'.

Bradley T. Weeks  
Attorney at Law

## Operations Report

The District's overall operations include the Administrative Department and Field Department.

The Field staff's primary duties include maintaining and repairing all infrastructure associated with the delivery of water, fleet vehicles, equipment, and other related facilities. This includes the District's 10 active ground water wells, 8 reservoirs, 6 booster stations, 17 pressure regulating stations and 2 hydro-pneumatic tanks. Other related task performed by the Field staff include: construction inspections, meter reading, customer service, working with Local, State, and Federal agencies to comply with drinking water regulations, optimize energy consumption, maintain pump efficiency and performing safety audits/training.

The Administrative Department's primary responsibility is overseeing the customer service and finance related aspects of the District. This includes customer service, accounts payable, payroll, bank reconciliation, financial reporting, auditing, internal controls, and fixed asset allocation. The customer service portion of the Administrative Department manages the day-to-day affairs for the water customers of the Quartz Hill Water District. This includes billing, meter reading, new service applications, customer complaints, payment processing, collections and records management. Water quality reporting/compliance to the California State Water Board is also performed by the Administrative staff.

### FY 2021 System Indicators

- 5,830 +/- Customer service connections
- 2122 system isolation valves
- 46 Cla-Valves
- 618 Fire hydrants
- 94 Miles (498,000 ft.) of pipeline ranging in size from 4"-24"
- 4784 Acre feet of water distributed (**1.56 billion gallons**)
- 10.3 million gallons of reservoir storage
- 120,000 kWh of Solar power produced

### FY 2021 Administrative Staff Accomplishments

- Staff have been persistent in keeping up with the ongoing CDC and State mandates on Covid-19 protocols within the workplace and when working with customers when needed.
- Covid-19 created a unique time for the District. Staff remained resilient throughout this time and maintained customer service as expected. The office phone lines and web pay remained open, with the exception of the lobby being closed.
- Complied with the California State Water Boards water quality regulations and reporting.

- Continued cross training of office staff in various areas (billing, cash handling, door tags and shutoffs) to enable the office to operate efficiently.
- Provided Administration staff with additional training to promote effective customer service practices to meet the changing needs of our customers.
- Administrative staff are continuing to update the District website ([www.qhwd.org](http://www.qhwd.org)) and the new payment portal. The website enables our customers to access their account information online at any time to view their bills and make payments via credit card. They can also perform other activities such as: address change requests, link more than one account and view their individual target allocation.

### **FY 2022 Administrative Staff Objectives**

- Provide a safe environment for staff and customers to engage in while adhering to Covid-19 protocols in place (and adapt if the CDC releases new protocol)
- Launch the Customer portal for user interface on monthly usage reports and history.
- Continue to provide Administrative Service staff with additional training/education to foster effective customer service practices to meet the changing needs of our customers.
- Cross training office personnel in various areas (billing, door tags and shutoffs) to maintain and/or improve the efficiency of the office.
- Cross training of field staff as to have additional resources when office staff are absent.
- Continue to maintain data entry of the meter change out information in a thorough and timely manner to ensure maintain billing accuracy and efficiency.
- Continue to coordinate with the field staff to ensure that all AMI meters are manually read at least once a year to ensure that the units are operating effectively.
- Continue to work on upgrades to the website to enable customers to access more information.
- Complete year-end audit and required financial reporting in a timely manner.
- Continue to provide technical and financial support to all departments.
- Continue to provide monthly financial reports to the General Manager and Board of Directors.
- Continue development of procedural documentation related to other financial related processes such as depreciation and account reconciliation.
- Continue improving on finance workflow schedule to better position the District for information requests related to the District's financial information.
- Complete Annual Water Quality Report accordingly and on schedule (CCR).
- Maintain all record keeping in accordance with the California State Water Board.

### **FY 2021 Field Staff Accomplishments**

- Covid-19, emergency response readiness while on "stay at home order"
- Promptly responded to emergency leaks and repaired to District standards, to minimizing water loss during this emergency drought.

- Replaced 10 mainline valves
- Completed the annual valve exercise and flushing program.
- Installed/replaced 1500+ AMI radio meters.
- Properly maintained electric motors and pumps, minimizing down time and customer service interruption.
- Actively sought prospect well sites.
- Continued annual safety training programs.
- 650+ underground utility markings requested, with roughly 500 requiring street markings.
- Remained compliant with CDPH sampling regulations.
- Addressed graffiti on District property swiftly.
- Continued to diligently install, upgrade, maintain and repair a wide variety of critical distribution equipment to ensure reliable and efficient operations of the distribution system.
- Planned and exercised the Districts emergency response program.
- Continue to refine distribution systems operational practices to reduce costs and optimize water quality.

#### **FY 2022 Field Staff Objectives**

- Replace 500+ AMI radio meters. Which will complete the remainder of the Districts automated meter reading system
- Replace 20+ mainline valves.
- Paint 250 fire hydrants
- Cla-Valve preventative maintenance.
- Continue to monitor pumping power cost and strategically set pumping schedules to maximize So Cal Edison power rates.
- Continue providing a safe workplace and conducting work practices safely.
- Maintain and monitor the District Solar field.
- Continue to develop the GIS map of the Districts infrastructure.
- Continue the annual valve exercising and flushing program.
- Uphold exceptional interdepartmental cooperation through clear communication and promote the understanding and respect of all staff's contributions towards our shared mission.
- Continue to improve, maintain, and repair distribution infrastructure and facilities to ensure reliable and efficient performance.
- Perform two emergency response scenarios including all District staff.
- Continue Operator Certification advancement and training.

## Conservation Department

The primary focus of our Water Conservation Program has been to meet the goals of our Urban Water Management Plan and comply with the required reduction originally assigned in SB7x-7. This past year, we had the additional challenges of maneuvering through the ever-evolving guidelines of Covid-19 restrictions. We continued to work diligently to further meet the reduction demands, such as those called out by the State Water Resource Control Board, SB606, AB1668 and more new regulatory requirements placed upon us. Since its inception, the idea of education and implementation for the customers to achieve success, have been our guiding objective. We work to create and disseminate information that will lead to effective conservation measures. These objectives have been met year after year through an ongoing public awareness campaign that includes flyers, billing inserts, special mailers, billboards, community events, education and outreach. Even faced with limitations presented by the Coronavirus and public restrictions, we maintain the same objectives.

### FY 2021 Accomplishments

- Ongoing customer contact campaign that included blast texts, automated phone calls and emails to each customer providing current information about regulations with the objective of promoting customer awareness, education and “Making Conservation a California Way of Life.”
- Bill inserts and envelope graphics that promote water efficiency, conservation tips, encourage customers to read information enclosed with bills that will keep them apprised as regulations change, events, programs, workshops, and more change.
- Monthly graphics on residential bills that are based on their actual consumption. This information, or on their website account, readily display target information, and the customer is easily able to monitor their current and past usage independently. This can assist them to best manage their water allocation.
- Meter specific outreach on locations that alarm ‘leak alert’, coupled with coaching customers, video assistance on our website and more, to help them determine where the problem may be.
- Utilization of a website tool that allows customers to calculate their own projected usage, based on our new billing schema. Factors include gallons per capita per day, lot size and irrigable areas. Customers can use this tool to stay conservation minded, aiming to remain in their lowest tiers. These factors are based on regulatory requirements, such as those in SB606 and AB1668.
- Designed and distributed promotional literature and water quality report that featured conservation tips to all our customers. This information is available to the entire community on our website.
- Developed an elementary school program that correlates to the State Standards and to

educating families how to be conservation minded, why water matters and where the water we provide comes from. Unfortunately, due to Covid-19 restrictions and school closures, we were not able to visit schools in person, but offered lesson planning assistance to teachers.

- Helped customers on the phone with efficient water use tips and tools, such as the waterlog.
- Offered customers the opportunity to come in for one-on-one help in understanding their water allocation, monthly percentages, and tiers on their bill.

### **FY 2022 Objectives**

As a result of the 'pause' Coronavirus placed on many of our contact plans, we will have similar objectives this year. A hard focus on smart technology this year will be a top priority. Using 'live time data' can be of assistance to customers on both ends of the usage spectrum. Targeting those using outdoor irrigation, with smart water use tools we can advise them of a leak alarm, demonstrated usage in consumption values and times, and even offer an app for self-monitoring. For customers that are not using irrigation water, but suddenly have an increase, or leak alarm, we can be proactive in reaching out to these customers. The savings in potential lost water is significant.

As in previous years, the ramping up of these same means found a receptive and inquisitive audience. Reminding our customer base that we are again in a drought state, use consistent education of water awareness, responsible water uses and minimized waste will be front and center. As always, we are diligent in our efforts to come up with additional avenues to reach the customer and ensure they do not lose sight of the ongoing requirements to keep usage down.

- Through ongoing efforts, see consistent results for customer water conservation, with emphasis on "Making Water Conservation a California Way of Life" (Executive Order B-40-17).
- Launch a new app for smart phones, tablets and online customer use. This will allow them to see their live water usage data, set their own alert notifications and monitor it as the month progresses.
- Using the benefits of our smart meters, and their report abilities, offering support through technology to educate and coach our community towards self-monitoring water usage.
- Maintain our diligent field efforts to ensure customers prevent water run-off, watering hardscape, watering within 48 hours of measurable rainfall, and "willful waste" is kept to a minimum or eliminated.
- Ongoing promotional literature and envelope carriers that feature conservation tips to all our customers.

- Resume school site visits, with emphasis on conservation education and why responsible use, individually and as a community is important.
- Plan, promote and carry out community events to ensure our information is reaching the widest range of customers.
- Maintain an open line of communication with our customers and local schools to ensure they are aware of the resources we offer, such as the water budget assistance, the use of a waterlog, conservation tips and educational items.
- Maintain good relationships with the other water agencies and landscapers in the community for ongoing the success.

## Source of Funds

### Comparison of Source of Funds

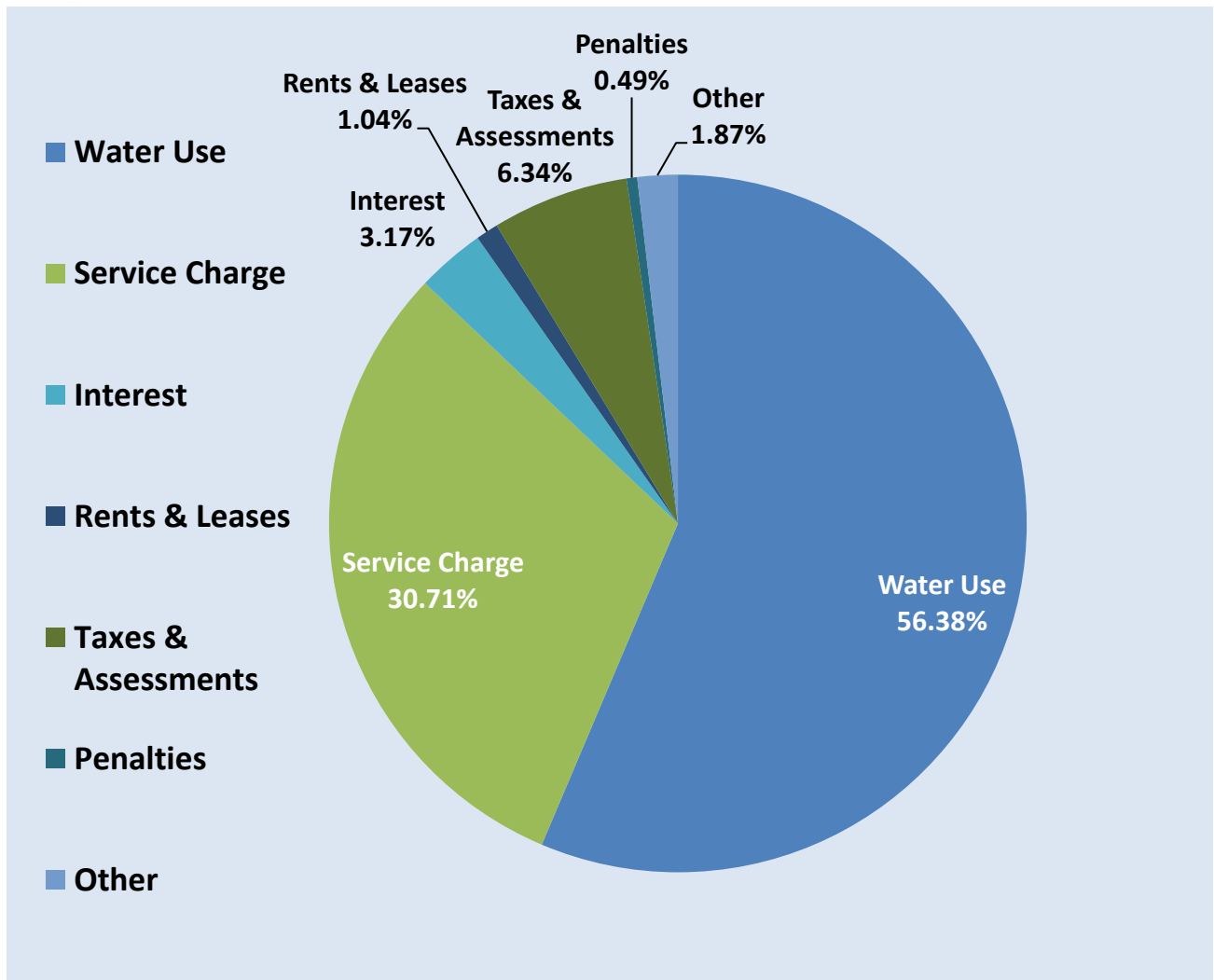


Figure 3 FY '21 Anticipated Revenue By Percentage

Revenues for FY'21 was less than expected when compared to FY'20 due to the following reasons. First, interest during the 3<sup>rd</sup> and 4<sup>th</sup> quarters was significantly less than the prior two quarters. The State of California suspended all termination of service for lack of payment. The saving grace for revenues was the higher-than-normal demand.

Table 3 Actual revenues from above and projected revenues

<b>Revenue</b>	Anticipated FY '21	Budget FY' 21	Proposed FY '22
Water Use	\$3,983,447	\$3,520,496	\$3,332,192
Service Charge	\$2,169,965	\$2,312,911	\$2,194,037
Interest	\$223,924	\$275,582	\$224,148
Rents & Leases	\$73,435	\$56,641	\$73,655
Taxes & Assessments	\$447,872	\$432,310	\$456,829
Penalties	\$34,695	\$58,966	\$35,025
Other	\$131,900	\$168,873	\$132,168
<b>Total</b>	<b>\$ 7,065,239</b>	<b>\$ 6,825,779</b>	<b>\$ 6,866,149</b>

\* Estimated actuals as of 6/4/21

## Operating

The operating costs are derived from two components that are charged on every bill the first is a flat service charge that is detailed in the rate study at [WWW.QHWD.ORG](http://WWW.QHWD.ORG). The second component of operating revenues is the amount of water in CCF (hundred cubic feet) that was used each month. The cost for one CCF is based on the cost of serving that unit of water Further details of how these charges were derived and maintained can be read in the rate study found at [WWW.QHWD.ORG](http://WWW.QHWD.ORG).

## Non-Operating

These funds are obtained from payments for services that Quartz Hill Water District renders on behalf of rate payers. Example of these include Property Taxes collected by Los Angeles County, interest revenue on cash and investments, door tags and rent collected for use of Quartz Hill Water District facilities and other such services.

## Source of Funds Summary

During FY'21 several large capital projects were constructed/procured and have been put into service these are:

- Finished Well 6a Arsenic Treatment Facility
- Valve replacement Program
- Media Replaced at Well 6A
- Meter Box lid replacement
- Created and funded OPEB trust with CALPERS CERBT

*For the fiscal year ending June 30, 2018, the Governmental Accounting Standards Board has required implementation of its Statement Number 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. During this past year QHWD staff and BOD has created an OPEB trust that will prefund part of the OPEB trust and allow the actuarial to use longer term investment returns for the calculation. Which should result in a lower OPEB liability being booked.*

## How We Stack Up

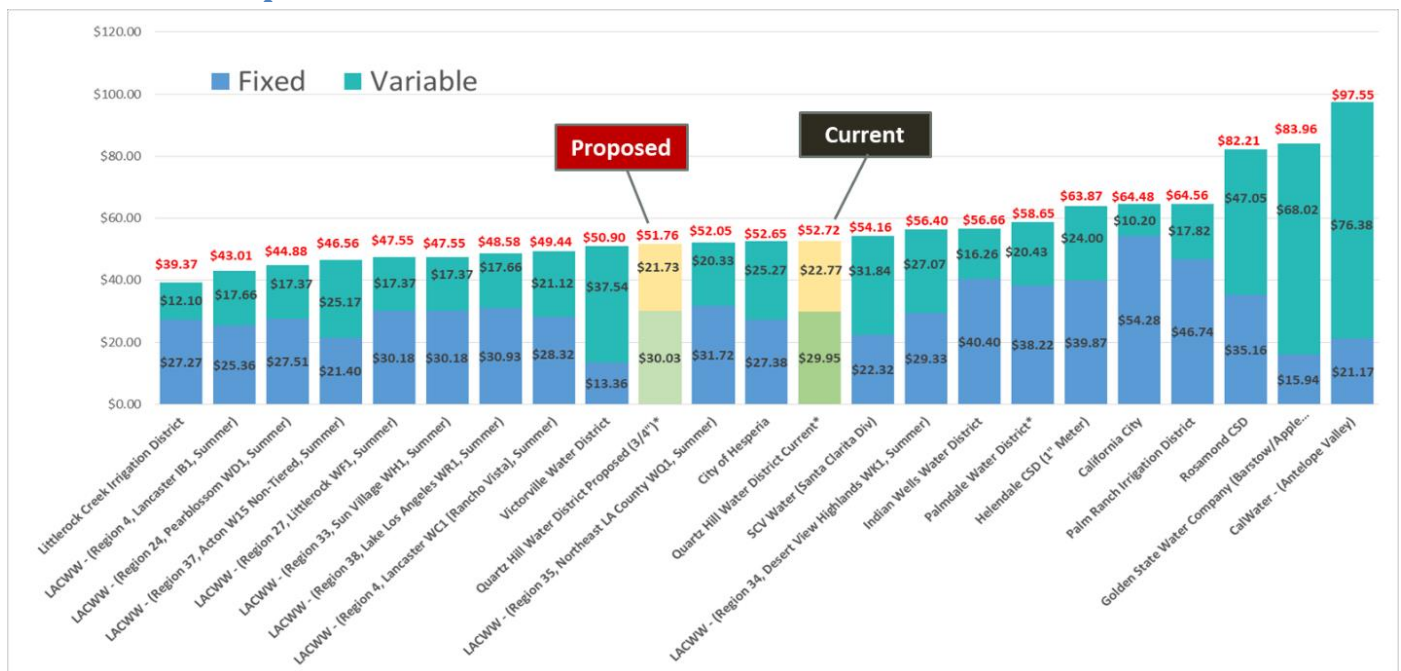


Figure 4 Average Residential Bill using 16units (Produced by RDN)

## Capacity Fees

Capacity Fees are for new water services in the District. The fees provide funds to build facilities needed to accommodate new development. These fees are as follows:

*Table 4 Capacity Fee by meter size*

Meter Size	Capacity Charge
.75"	\$4,903*
1"	\$9,806*
1.5"	\$14,709*
2"	\$24,515*
3"	\$39,224*
4"	\$83,351*
6"	\$161,799*
8"	\$259,859*

\*Plus, the cost of one (or more) share in Water Bank (rate at time paid) to be a Water Replenishment Fee. As the increment of meter size increases, so does the relative number of shares required for replenishment. As of September 2013, it was \$3348

**Meter Cost:** Effective July 13, 2006 Regular Board Meeting

*Table 5 Physical Meter Cost*

Meter Size	Cost
3/4"	\$275
1"	\$330
1-1/2"	\$510
2"	\$700

## Use of Funds

### Use of Funds by Type

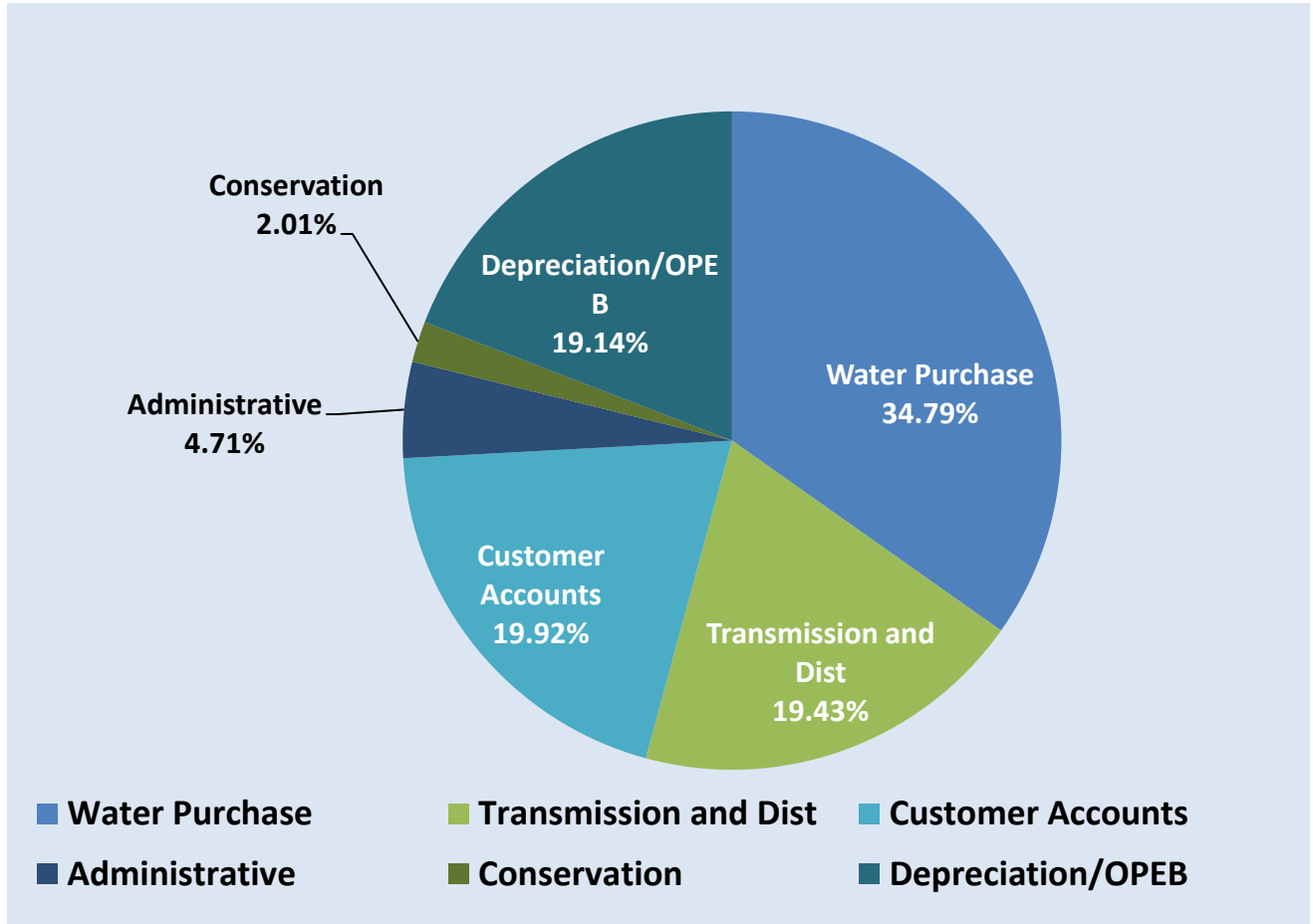


Figure 5 Fiscal Expenses by Department

Table 6 Expenses by Category

Department			
Department	Actual *	Previous Budget	Proposed Budget
Water Purchase	\$2,000,431	\$ 1,778,183	\$2,101,195
Transmission and Dist.	\$1,117,424.50	\$ 1,131,569	\$1,147,511.71
Customer Accounts	\$1,145,513.55	\$ 1,373,723	\$877,715.58
Administrative	\$270,837.26	\$ 316,072	\$277,888.39
Conservation	\$115,561.23	\$ 123,289	\$118,562.11
Depreciation/OPEB	\$1,100,395.00	\$ 1,030,395	\$1,170,395.00

\* Estimated actuals as of 6/4/21

### Comparison of Use of Funds by Type

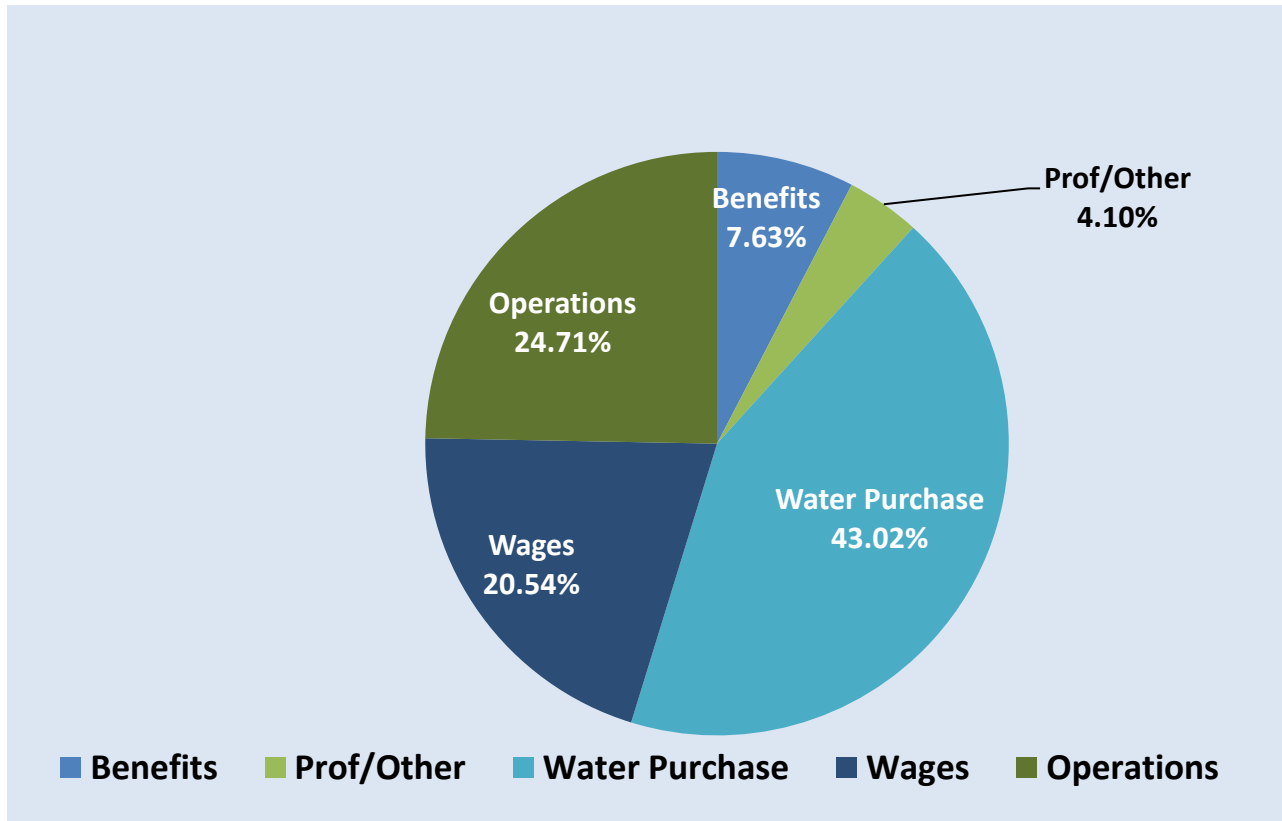


Figure 6 FY '21 Fiscal Use of Funds by Type

Table 7 Expenses by Category

### Expenses

	Anticipated*	Previous Budget	Proposed Budget
Benefits	\$355,000	\$ 375,000	\$364,254
Prof/Other	\$190,706	\$ 172,000	\$95,022
Water Purchase	\$2,000,431	\$ 1,773,901	\$2,101,195
Wages	\$954,867	\$ 1,060,890	\$979,757
Operations	\$1,148,764	\$ 1,336,345	\$982,645
Total	\$4,649,767	\$ 4,718,136	\$4,522,873

\* Estimated actuals as of 6/4/21

Covid-19 mandates were evident as we started FY '21 with the lower than normal revenues yet with everyone home higher than normal water demand. As is demonstrated in the over 600 acre feet increase over last calendar year. Some higher-than-normal expenses this year are as follows:

- Water Purchases from AVEK due to higher demand 16% over budget
- Water Chemical cost significantly higher with 6A coming online (\$17K over) or 117% overbudget
- Professional Services much higher than anticipated due to all the mandated studies
- Legal settlement with the dormant pumper class (\$200K)

Though there were some expenses that were higher than expected due to staff performing efficiently as detailed below, we are anticipating coming in under the projected expense budget by \$68K

Methods used to keep overall budget down

- Pumping more water during the ramp down process.
- Lower power cost due to Solar offsets
- Lower Wages due to fewer staff

## Use of Funds by Department

The following Departments have been created to follow the Chart of Accounts as proposed by the State of California and definitions for the accounts are provided in the document “State Controller’s Uniform System of Accounts for Water Utility Districts”.

*Table 8 List of Departments at QHWD*

<b>Departments</b>	
<b>Departments</b>	
<b>1</b>	<b>Water Purchases</b>
<b>2</b>	<b>Pumping Plant</b>
<b>3</b>	<b>Transmission &amp; Distribution</b>
<b>4</b>	<b>Customer Accounts</b>
<b>5</b>	<b>Administrative &amp; General</b>
<b>6</b>	<b>Non-Cash</b>
<b>7</b>	<b>Conservation</b>

For convenience in working with the new chart of accounts all accounts were organized into sub-categories that are denoted below. A definition for these categories are currently being developed/revised as need arises.

*Table 9 Chart of Account Series for QHWD*

<b>ACCOUNT SERIES</b>	
<b>50</b>	<b>Accounts related to the purchase of water from supplier</b>
<b>51</b>	<b>Expenses related to fuel/power for fleet vehicles</b>
<b>52</b>	<b>Expenses related to Water Quality/Treatment/Maintenance</b>
<b>55</b>	<b>Expenses related to Repairs to all departments within the District</b>
<b>56</b>	<b>Safety Training/Maintenance of Safety Equipment and Purchase of Safety Supplies</b>
<b>60</b>	<b>Salaries &amp; Wages and all accounts related to employee benefit costs</b>
<b>61</b>	<b>Finances-all accounts related to fees &amp; banking/bad debt &amp; misc cash expenses</b>
<b>62</b>	<b>Depreciation of Fixed assets &amp; Loan Amortizaiton expense</b>
<b>63</b>	<b>Education-Expenses related to continuting education/seminars/training</b>
<b>64</b>	<b>Insurance-All insurance related to the District</b>
<b>65</b>	<b>Office-Expenses for office supplies/utilities/postage &amp; miscellaneous</b>
<b>66</b>	<b>Professional services rendered/dues &amp; subscriptions</b>
<b>67</b>	<b>Conservation-all epenses related to promoting conservation</b>

## Uses of Funds Summary

Table 10 Expanded Chart of Accounts with Expenses and previous year's details

Account Number	Description	FY 2020-21	FY 2021-22
<b>SUMMARY</b>	<b>Revenues from rates</b>	<b>\$6,153,412</b>	<b>\$5,526,229</b>
	<b>Other operating revenues</b>	<b>\$49,408</b>	<b>\$78,679</b>
	<b>Non-operating revenues</b>	<b>\$704,207</b>	<b>\$710,419</b>
	<b>Total</b>	<b>\$6,907,028</b>	<b>\$6,315,327</b>
<b>Revenues from rates</b>			
	Water Sales - Residential	\$3,334,560	\$2,733,063
	Water Sales - Non-Residential	\$648,887	\$599,129
	Service Charge - Residential	\$2,020,466	\$2,042,896
	Service Charge - Non-Residential	\$149,499	\$151,141
	Revenues collected from fixed charges	35%	40%
<b>Other operating revenues</b>			
4700	Late Charges	\$40,687	\$41,094
4705	Clean & Show	\$200	\$200
4720	Fire Flow	\$1,300	\$1,300
4740	Door Tag Charge	\$0	\$0
4750	Set/Pick Up Hydrant Meter	\$180	\$180
4780	Lock Cut/Missing	\$1,250	\$1,250
4800	Door Tag/Disconnect/Reconnect Fee	\$4,136	\$33,000
4820	New Meter	\$1,210	\$1,210
4840	Unannexed Services	\$0	\$0
4140	Returned Check Fee	\$445	\$445
<b>Non-operating revenues</b>			
4000	Construction	\$0	\$0
4045	Water Bank	\$13,392	\$13,526
4060	Gain/Loss on Investments	\$110,699	\$110,810
4090	Dividend Revenues	\$2,141	\$2,143
4100	Interest Revenues	\$221,783	\$222,005
4110	Rents & Leases	\$73,435	\$73,655
4130	Taxes & Assessments	\$447,872	\$456,829
4135	Revenue-Will Serve Letter	\$3,000	\$3,009
	Credit Report	\$0	\$0

Miscellaneous	\$4,809	\$4,824
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\*Estimated actuals as of 06/05/2021

Account Number	Description	FY 2020-21	FY 2021-22
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<b>Summary</b>	<b>Op Expenses W/out Depreciation</b>	<b>\$4,649,767</b>	<b>\$4,522,872</b>
	<b>Depreciation</b>	<b>\$1,100,395</b>	<b>\$1,170,395</b>
		<b>8.9%</b>	<b>-2.7%</b>

5000	Water Purchase AVEK	\$1,707,668	\$1,795,917
5010	Water Purchase-Los Angeles County	\$4564.92	\$4,801
5100	Fuel Expense-Trucks	\$22535	\$23,382
5105	Fuel Expense-Equipment	\$1938	\$2,011
5200	Water Quality	\$40071	\$41,069
5210	Water Quality Chemical Purchases	\$31061	\$32,473
5305	Power - Pump	\$217065.62	\$226,935
5400	Small Tool Purchases	\$9385	\$9,477
5405	Small Equipment Purchase	\$0	\$0
5520	Repairs & Maintenance-System	\$229107	\$235,833
5525	Repairs & Maintenance-Operations Center	\$15434	\$15,887
5535	Repairs & Maintenance-Equipment	\$26500	\$27,278
5545	Repairs & Maintenance-Trucks	\$12477	\$12,843
5550	Repairs & Maintenance-Small Tools	\$337	\$347
5560	Equipment Rental	\$1189	\$1,201
5600	Safety Supplies	\$11717	\$11,831
5605	Safety Training/Compliance	\$975	\$999
6011	Director Compensation	\$0	\$0
6015	Director Expenses	\$0	\$0
6030	Wages	\$954867	\$979,757
6040	Payroll Tax Expense	\$66652	\$68,389
6070	Pension Expense	\$171451	\$175,920
6180	Bank Fees	\$81936	\$83,976
6190	AMI expense	\$20000	\$20,195
6330	Dues & Subscriptions	\$128958	\$132,168
6340	Education/Seminars/Training	\$1368.99	\$1,405
6405	Insurance-General Liability & Autos	\$29981	\$30,763
6410	Insurance-Property	\$14000	\$14,365
6415	Insurance-Employees	\$183549	\$188,334
6416	Insurance-Director	\$3583.97	\$3,619

6417	Insurance-Retiree	\$51759.13	\$53,108
6420	Insurance-Workers Compensation	\$19065.72	\$19,563
6500	Computer Expense	\$22398.94	\$22,618
6550	Office Expense	\$76934	\$78,849
6560	Postage	\$32283	\$33,087
6565	Utilities	\$18492	\$19,302
6575	Travel/Meals/Parking/Mileage	\$1355	\$1,389
6585	Trash Removal	\$1164.68	\$1,194
6595	Telephone	\$5944	\$6,092
6600	Public Relations	\$4682	\$4,799
6615	Accounting	\$21555	\$22,092
6625	Professional Services	\$156535	\$60,000
6626	Professional Fees-Other	\$0	\$0
6630	Legal Services	\$12616	\$12,930
6635	Legal Fees-Adjudication	\$230077	\$40,000
6645	Licenses & Permits	\$3143.2	\$3,221
6650	Security Expense	\$0	\$0
6675	Medical Expense	\$472.5	\$484
6700	Rebates-/Purchases - Conservation	\$1576.41	\$1,616
6715	Uniforms	\$1342	\$1,355

\*Estimated actuals as of 06/05/2021

Table 11 Summary of Expenses for QHWD by Department

<b>Department</b>			
Department	Actual *	Previous Budget	Proposed Budget
Water Purchase	\$ 1,791,772	\$ 1,778,183	\$ 1,994,000
Transmission and Dist.	\$ 1,069,736	\$ 1,131,569	\$ 1,169,593
Customer Accounts	\$ 1,371,078	\$ 1,373,723	\$ 1,460,123
Administrative	\$ 305,391	\$ 316,072	\$ 328,109
Conservation	\$ 123,862	\$ 123,289	\$ 129,808
Depreciation/OPEB	\$ 1,081,928	\$ 1,030,395	\$ 1,100,395

\*estimated actuals as of 06/05/2021

## New Assets

During FY 21 the following assets were added to QHWD:

- Meter Box lid replacement

- Valve replacement
- Hydrant replacement

The meter exchange and warranty work was concluded during FY21, as with any new project that is this large there were several small learning curves however the staff has figured out the problems and the system is working great.

Due to aging valves in the system, staff presented the Board of Directors with the option of replacing approximately 23 valves throughout the District per a year. This project allowed staff to perform preemptive work versus reactive work. This method of work is not only cheaper for the District (scheduled during regular shift) but also has a significantly better response with customers of QHWD so they can plan for outages as well as significantly less water is wasted when a valve goes till failure.

## **Description of Funds**

### ***Fund 01 Facilities Replacement***

All District owned asset(s) and available reserves are stored/housed in this fund. This Fund is used to replace existing asset(s) and repair existing asset(s). This Fund will also procure new equipment that is deemed necessary by the Board of Directors. All available funds in this Fund are unencumbered. The sources of funds for this Fund is from Taxes (Fund 05), and the Rate Structure (Fund 04)

### ***Fund 02 Emergency Replacement***

No long-term assets are stored in this Fund and only a sufficient amount of money will be stored in this Fund to address potential emergencies. The amount of cash is to be determined by the Board of Directors.

### ***Fund 03 Capacity***

No assets will be stored in this Fund and all money in this Fund is encumbered and can only be used on projects that effect the available capacity and future capacity. The source of funds for this Fund come from new customers hooking up to the District's water system.

### ***Fund 04 General Operations***

No Assets will be stored in this Fund and cash in this Fund is for the day/day running of the District. The source of funding for this Fund is from operating revenue and from some non-operating revenue sources.

### ***Fund 05 Property Taxes***

No Assets will be stored in this Fund and cash in this Fund should be moved biannually to Fund 01.

***Fund 06 Construction***

No assets will be stored in this Fund and the cash within this fund will be used for construction related projects.

***Fund 07 Conservation***

No assets will be stored in this Fund and the cash within this Fund will be used for conservation programs and public outreach.

***Fund 08 Water Bank***

The water in the water bank (asset) will be stored in this Fund and any additional monies collected with water replenishment fee.

## Summary Budget Expenditure Request

### Safety and Planning Documents

During FY '22 staff will be asking the Board of Directors to approve a third-party consultant to finish the American Water Infrastructure Act (AWIA) 2<sup>nd</sup> part which is due six months after complete the AWWA cybersecurity and AWIA compliance self-certification.

- Continue to update the Employee Handbook and policy manual.
- Continual training for all District sites and field personnel.
- Update and replace Confined Space Personal Protective Equipment (PPE).

### New Equipment

On several different occasions the District has needed a larger vacuum excavation equipment. This was as a direct result to the Ditch Witch equipment not being able to keep up with the amounts of water that occurred due to ageing infrastructure not achieving a drip tight shutdown. As this infrastructure is replaced the need for this equipment will increase. Over the past few years Edison has rumored on more than once occasion that they will have some significant increases to power cost. These increases have derived from the cost charged to Edison from past wildfires and power shutdowns due to high winds. So, District staff has reviewed Edison accounts and has determined which sites could utilize solar to offset set the rate increase.

- Vacuum Truck
- Solar array at the Operations Center
- Solar array at Well 5a
- TBA

### Replacement Equipment

During the budget process, it has become apparent that the following equipment is either missing/broken or ending its useful term of life. Staff will need to perform additional analysis to determine the order the request will be put forward to the Board of Directors and if the items will exceed the General Managers \$5000.00 spending allotment:

- SCADA Hardware and software (Approved by the BOD waiting for completion of work (\$363,410)
- Field Servicemen Truck (Replace Truck 4014 & 4017)
  - Both of these trucks are nearly 15 years old over 140K miles. Little items are starting to fail on these trucks and both have had increased maintenance issues associated with years of usage.
- TBA

## New Capital Projects

Capital Expenses are payments by a business for fixed assets, like buildings and equipment. Capital expenses are not used for ordinary day-to-day operating expenses of a business, like rent, utilities, and insurance.

Another way to consider capital expenses is that they are used to buy assets that have a useful life of more than one year.

I.E. (If you buy office supplies for your business, that purchase is an operating expense, because office supplies don't typically last more than one year). On the other hand, if computers are purchased for Board of Directors, it is expected that they will last longer than a year, so you are buying a short-term asset and that purchase is considered a capital expense.

- Solar array at Operations Centers (2022)
- Well 5A Solar Array (2018-2020)

## Replacement Capital Projects

- Valve and Hydrant Replacement (Ongoing)
- Meter Replacement (Ongoing)
- Rehab two wells (2022,2023)

The Distribution system of Quartz Hill Water District is the single largest asset on the book; for this reason, staff has and will continue to replace faulty and worn-out equipment to keep the entire system in an operable state at all times. During this past year, staff has primarily focused on valve/Hydrant Replacement and Meter Replacement to ensure a state of readiness and fiscal responsibility. However, during the rate analysis performed during FY 21 significant amount of time were put into developing a comprehensive CIP (Capital Improvement Plan) that details how much money needs to be put aside each year to address aging infrastructure and average historical breakage.

Table 12 QHWD Capital Improvement Projects summary by Budget Year

Project Expense Summary Budget Year Amount					
Description	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	2020	2021	2022	2023	2024
Tank	\$104,450	\$107,517	\$110,673	\$113,922	\$117,267
Water System	\$367,344	\$378,129	\$389,230	\$400,658	\$412,421
SCADA	\$65,400	\$67,320	\$69,297	\$71,331	\$73,425
Equipment	\$29,259	\$24,496	\$24,735	\$24,977	\$25,221
Trucks	\$44,132	\$45,790	\$47,510	\$49,295	\$51,147
Well	\$80,000	\$82,349	\$84,766	\$87,255	\$89,817

<b>Total CIP Expense</b>	<b>\$690,585</b>	<b>\$705,600</b>	<b>\$726,212</b>	<b>\$747,438</b>	<b>\$769,297</b>
4mill (Exterior)	\$6,000	\$6,176	\$6,357	\$6,544	\$6,736
4mill (Interior)	\$15,000	\$15,440	\$15,894	\$16,360	\$16,841
Tank 1 (Exterior)	\$3,000	\$3,088	\$3,179	\$3,272	\$3,368
Tank 1 (Interior)	\$8,750	\$9,007	\$9,271	\$9,544	\$9,824
Tank 2 (Exterior)	\$3,000	\$3,088	\$3,179	\$3,272	\$3,368
Tank 2 (Interior)	\$16,700	\$17,190	\$17,695	\$18,215	\$18,749
75th (Exterior)	\$4,250	\$4,375	\$4,503	\$4,635	\$4,772
75th (Interior)	\$7,500	\$7,720	\$7,947	\$8,180	\$8,420
Well 9a (Exterior)	\$1,500	\$1,544	\$1,589	\$1,636	\$1,684
Well 9a (Interior)	\$2,500	\$2,573	\$2,649	\$2,727	\$2,807
Well 5a (Exterior)	\$2,750	\$2,831	\$2,914	\$2,999	\$3,087
Well 5a (Interior)	\$7,500	\$7,720	\$7,947	\$8,180	\$8,420
Cal Prop Org (Exterior)	\$4,250	\$4,375	\$4,503	\$4,635	\$4,772
Cal Prop Org (Interior)	\$8,750	\$9,007	\$9,271	\$9,544	\$9,824
Cal Prop New (Exterior)	\$4,250	\$4,375	\$4,503	\$4,635	\$4,772
Cal Prop New (Interior)	\$8,750	\$9,007	\$9,271	\$9,544	\$9,824
Hydrant	\$37,624	\$38,729	\$39,866	\$41,036	\$42,241
Blowoff	\$5,720	\$5,888	\$6,061	\$6,239	\$6,422
Service Lateral	\$294,000	\$302,632	\$311,517	\$320,662	\$330,077
<b>Valve Replacement</b>	\$30,000	\$30,881	\$31,787	\$32,721	\$33,681
Sites	\$38,400	\$39,527	\$40,688	\$41,882	\$43,112
Software	\$26,000	\$26,763	\$27,549	\$28,358	\$29,190
User Terminals	\$1,000	\$1,029	\$1,060	\$1,091	\$1,123
Back Hoe	\$7,199	\$7,269	\$7,340	\$7,412	\$7,484
Loader	\$6,947	\$7,015	\$7,084	\$7,153	\$7,223
Ditch Witch	\$6,013	\$6,072	\$6,131	\$6,191	\$6,251
Valve Turner	\$2,100	\$2,121	\$2,141	\$2,162	\$2,183
Gannon	\$2,000	\$2,020	\$2,039	\$2,059	\$2,079
Misc Tools and hand tools	\$5,000	\$0	\$0	\$0	\$0
4027 Chevy Truck 2020	\$4,272	\$4,433	\$4,599	\$4,772	\$4,951
4024 Dodge	\$3,508	\$3,640	\$3,777	\$3,919	\$4,066
4022 Chevy Truck 2017	\$3,506	\$3,638	\$3,775	\$3,916	\$4,064
4019 Chevy Truck 2014	\$3,287	\$3,411	\$3,539	\$3,672	\$3,810
4017 Chevy Truck 2009	\$2,775	\$2,879	\$2,987	\$3,100	\$3,216
4018 Chevy Truck 2012	\$2,791	\$2,896	\$3,004	\$3,117	\$3,234
4020 Ford Edge 2016	\$3,500	\$3,631	\$3,768	\$3,909	\$4,056
4021 Ford Edge 2017	\$3,522	\$3,655	\$3,792	\$3,934	\$4,082
Dump Truck	\$5,595	\$5,805	\$6,023	\$6,250	\$6,484
Water Truck	\$4,810	\$4,990	\$5,178	\$5,372	\$5,574

Service Truck Peterbilt	\$6,565	\$6,812	\$7,068	\$7,333	\$7,609
Well	\$80,000	\$82,349	\$84,766	\$87,255	\$89,817

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## **APPENDIXES**

## APPENDIX A Asset Management Policy

Resolution 13-0612A

### RESOLUTION OF BOARD OF DIRECTORS OF QUARTZ HILL WATER DISTRICT ADOPTING A CAPITAL ASSET ACCOUNTING POLICY

WHEREAS, the auditors of Quartz Hill Water district have recommended the adoption of a uniform policy addressing the types of assets to be capitalized and the values at which such assets are capitalized, and

WHEREAS, the District's financial consultants have assisted in the preparation of a uniform policy in response to the recommendation from the District's auditors;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Quartz Hill Water District hereby adopts the Capital Asset Accounting Policy attached hereto as Exhibit "A".

ADOPTED this 20<sup>th</sup> day of June, 2013.

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Allen G. Flick, Sr., President of the Board  
Quartz Hill Water District

ATTESTED:

\_\_Signed Original in Office\_\_\_\_\_  
Debi Pizzo, Secretary of the Board  
Quartz Hill Water District

**Quartz Hill Water District Capital Asset Accounting Policy**  
**Appendix M Policies, Procedures, Rules, Regulations**

**Capital Asset Policy**

A. General—It is essential for both financial statement and cost accounting purposes that all departments of the Quartz Hill Water District follow a uniform policy with respect to the types of expenditures capitalized and the values at which expenditures are capitalized. When there is any doubt as to the proper treatment of possible capital expenditures, contact the Administrative Supervisor.

B. Capitalization Policy

1. Land. All land purchases, regardless of cost, are capitalized. When land is acquired with a building, an allocation should be made for each individually. Typically, a recent appraised value with specific amounts for land and structure can be used for this allocation. This ratio should be applied to the purchase price to determine the capitalized amount.
2. Buildings.
  - a. New buildings are capitalized at the sum of transactions deemed to be directly related to the construction of the building upon notification the building is completed and available for occupancy. \$5,000.
  - b. A renovation or building addition is capital when it enhances the use or efficiency of the building. This amount is generally capitalized over the remaining useful life of the building. If the building is fully depreciated, the renovation will be capitalized for 10-30 years based on input from accounting personnel or consultants, if necessary. The capitalized amount recognized is the total cost of the renovation/addition project less any movable equipment expense and other incidental expenses incurred during the project. Incidental expenses are deemed to be those which do not lend to the enhancement or extension of the building life (e.g., moving and storage costs).
  - c. Land Improvements. This category includes roads, curbs, walkways, parking lots Streetlights, landscaping, wells, irrigation systems, drainage systems, fences, boundary signs, directional signage, and similar items. Items in this category will be capitalized if they have capitalized value of at least \$5,000 and are durable.
  - d. Other Assets Attached to the Buildings. Items in this category will be capitalized if they have capitalized value of at least \$5,000 and are durable. Examples include building systems and fixed equipment. Building systems include such items as elevators, HVAC units, and fire prevention systems. Fixed equipment includes items physically attached to the building that are not utilized by the whole building.

- e. Movable Assets. This category includes vehicles, furniture, software, and equipment that are not a part of a building. Movable assets are capitalized at the invoiced cost, (plus any applicable transportation and installation charges) if they meet the following criteria:
  - i. Have capitalized value of \$5,000 or more;
  - ii. Are durable (an economic estimated useful life of more than one year);
  - iii. Are free standing and moveable (not permanently affixed to a building or structure).
- 3. Small and Attractive Assets. Assets valued at less than \$5,000 that are defined as high risk for theft. These assets are not normally consumed within one year. These assets may include items in one or more of the following categories:
  - a. Portable and marketable, either alone or as a component unit.
  - b. Assets that can be utilized for personal gain.
    - a. Assets repeatedly reported as lost and/or stolen within the industry and society.
- 4. Construction in Progress. Construction in progress accounts will be used as cost accumulation centers. Projects that accumulate costs that are non-capital expenditures.
- 5. Should be cleared out and expensed before the fiscal year is closed. Projects that accumulate costs that are capital expenditures will be categorized into the appropriate.
- 6. Capital asset classification and capitalized in the year the project is complete. Projects that primarily contain capital expenditures but have some non-capital items associated with the project will be capitalized and expensed as appropriated in the year the project is completed.
- 7. Amount to be capitalized. The costs values to be capitalized for capital assets are outlined below: (Please not these lists are examples and may not be all inclusive of appropriate items to capitalize.)
- 8. Land:
  - a. -Original contract price
  - b. -Brokers' commissions
  - c. -Legal fees for examining and recording title
  - d. -Cost of title guarantee insurance policies
  - e. -Cost of real estate surveys
  - f. -Cost of an option when it is exercised
  - g. -Special paving assessments
  - h. -Cost of razing an old building existing when the land is originally acquired
  - i. -Cost of cancellation of unexpired lease
  - j. -Payment of noncurrent taxes accrued on the land at date of purchase if payable
  - k. by Purchaser.
- 9. Buildings:

- a. -Original contract price or cost of construction
  - b. -Expenses incurred in remodeling, reconditioning or altering a purchased building to make it available for the purpose for which it was acquired.
  - c. -Cost of excavation or grading or filling of land for the specific building.
  - d. -Expenses incurred for the preparation of plans, specifications, blueprints, etc.
  - e. -Cost of building permits
  - f. -Payment of noncurrent taxes accrued on the building and date of purchase if payable by purchaser
  - g. -Architects' and engineers' fees for design and supervision.
  - h. -Costs of temporary buildings used during the construction period.
10. Machinery and equipment:
- a. -Original contract or invoice cost
  - b. -Freight, cartage, import duties, handling, and storage costs
  - c. -Specific in-transit insurance charges
  - d. -Sales, use, and other taxes imposed on the purchase.
  - e. -Costs of preparation of foundations and other costs in connection with making a proper site for the assets.
  - f. -Installation charges.
  - g. -Costs for reconditioning used equipment to make it usable for the purpose it was purchased.
11. Construction in progress:
- a. -Direct material
  - b. -Direct labor
  - c. -Direct professional services
  - d. -Permits and fees
  - e. -Internal labor costs incrementally identified to the specific project and appropriately tracked and documented.
12. Donated assets:
- a. Donated Capital Assets should be recorded at their estimated fair value at the time of acquisition.
13. Small and Attractive Assets:
- a. All assets costing less than \$5,000 do not meet the District's capitalization threshold policy, but are considered assets for the purpose of marking and identification, record keeping, and tracking. Exceptions to this policy are hydrants and water service, which have no cost threshold.
14. Amounts not to be capitalized – following are types of expenditures that should not be recorded as Capital Assets (not all inclusive):
- a. Costs relating to the removal or demolition of buildings, structures, equipment or other facilities. The two exceptions are as follows:
    - 1. The cost to remove or demolish a building, structure existing at the time of acquisition of land with the intention of removal or

demolition to accommodate its intended use (such cost is considered a part of the cost of the new capital projects).

- b. The cost of relocating a facility including the cost of relocating the personnel. The cost of equipment rearrangement within a facility or the transfer of individual assets from one location to another should also be expensed.
  - c. Administrative and executive salaries even though a portion of such salary costs are related to fixed asset acquisitions.
  - d. Costs incurred on assets that were not purchased, e.g., surveying, title searches, legal fees, and other expert services on land not purchased.
  - e. Extraordinary costs incidental to the construction of Capital Assets such as those due to strike, flood, fire or other casualties.
15. The cost of abandoned construction.
16. The costs of normal repairs and maintenance that do not add to the value or extend the lives of assets materially are not capitalized, but are shown as expenses in the year incurred.

#### E. Asset Types and Most Common Useful Lives:

##### **Type Classification Description Useful Life**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Plant and Facilities	20-75 Years
Furniture and Equipment	3-10 Years
Trucks and Automobiles	5 Years

##### **Capital Asset Definition of Terms**

The following definitions, which relate specifically to the accounting for capital assets, are presented below to afford a better understanding of the capital asset policy.

##### **Definitions for Capital Expenditures**

1. Newly acquired item.
2. Replacement of complete units.
3. Rebuilt equipment if the rebuilding project effectively restores to like-new condition and/or significantly extends the items useful life or markedly increases the items net book value.
4. Accessory equipment should be considered as a portion of the capitalized value of accessory equipment, which was purchased with the intent of using it interchangeably with two or more items, should be capitalized and recorded as a separate item of equipment.
5. Accessory equipment, which is acquired subsequent to the purchase of the parent item, must have the capitalization criteria applied to it separately. These criteria will determine if the item is to be expensed or capitalized.

### **Definitions for Non-Capital Expenditures**

1. Expenditures for repairs, maintenance or replacement of component parts which do not extend the unit's original life or significantly enhance its net value.
2. Expenditures incurred in demolishing or dismantling equipment including those expenditures related to the replacement of units or systems.
3. Expenditures incurred in connection with the rearrangement, transfer, or moving of capitalized items from one location to another, including expenditures incurred in dismantling, transporting, reassembling, and reinstalling such items in a new location.

Noncapital costs, such as those listed above, are expenses as incurred.

### **Moveable Assets**

Consists of vehicles and software, as well as furniture and equipment that are not part of the supporting structure of a building and that meet the specific criteria for capital assets.

### **Fixed Assets**

Fixed assets consist of land, land improvements, buildings, building systems, leasehold improvements, and fixed equipment including new construction, alterations and renovation projects that meet the specific criteria for fixed capital assets.

### **Depreciation**

Depreciation is the process of allocating the cost of a capital asset over a period of time benefitted by the use of that asset, rather than deducting the cost of the asset as an expense in the year of acquisition. A capital asset is depreciated over its estimated useful life, which is meant to be an indication of the number of year that an asset will be used for the purpose for which was purchased.

### **Accumulated Depreciation**

Accumulated depreciation equals the total amount of depreciation recognized for a capital asset since it was initially put in use.

### **Net Book Value**

Net book value represents the capitalized value of an item less Accumulated Depreciation.

### **Repairs and Maintenance**

Repairs and maintenance are costs to keep equipment operating for normal use that may be recurring and regular in nature. Such costs include the replacement of any existing parts of components and any repairs that do not extend the useful life of the existing asset. Any expenditure meeting the above guidelines will be treated as repairs and will not be capitalized by the property management system.

**Component Parts**

Component Parts are any part of a unit of equipment that cannot be used independently of the remaining piece of equipment. This definition will apply even though the component part may cost more than \$5,000 and have a useful life of more than one year. For property management purposes, component parts are not identified separately, but are capitalized with the system of which they are a part.

**District Constructed Assets**

Assets constructed by the District are made up of multiple components parts both above and below the capitalization threshold. The department generally uses a construction in progress account number to capture all the expenses related to the item. Upon completion, they collaborate with the General Manager, accounting staff or consultants to determine a description, in service date, estimated useful life and final capitalized amount for the item.

## APPENDIX B California Water Code- Sections 370-374

### CALIFORNIA WATER CODE

#### SECTION 370-374

(Copied from original posted at <http://www.leginfo.ca.gov/calaw.html>)

370. The Legislature hereby finds and declares all of the following:

(a) The use of allocation-based conservation water pricing by public entities that sell and distribute water is one effective means by which waste or unreasonable use of water can be prevented and water can be saved in the interest of the people and for the public welfare, within the contemplation of Section 2 of Article X of the California Constitution.

(b) It is in the best interest of the people of California to encourage public entities to voluntarily use allocation-based conservation water pricing, tailored to local needs and conditions, as a means of increasing efficient uses of water, and further discouraging wasteful or unreasonable use of water under both normal and dry-year hydrologic conditions.

(c) The Legislature intends that allocation-based conservation water pricing is an alternative method that can be used by public entities to encourage water users to conserve water, increase efficient uses of water, and further discourage waste of water. The Legislature does not intend to limit the discretion of public entities to evaluate and select among different methods for conserving water or to create a presumption that the election to not use a particular method is a waste or unreasonable use of water by the public entity.

(d) Nothing in this chapter is intended to limit, or dictate, the design of rate structures that public entities may use to promote conservation by water users.

(e) Nothing in this chapter directs, or otherwise compels, a public entity to use allocation based conservation water pricing.

371. For purposes of this chapter, the following terms have the following meanings:

(a) "Allocation-based conservation water pricing" means a retail water rate structure that meets all of the criteria in Section 372.

(b) "Basic charge" means a volumetric unit charge for the cost of water service other than any fixed costs that are recovered through meter charges or other fixed charges other than incremental costs that are recovered through conservation charges. A basic charge may include the cost of generally applicable conservation measures assumed in establishing basic use allocations.

(c) "Conservation charge" means a volumetric unit charge for incremental costs.

(d) "Incremental costs" means the costs of water service, including capital costs, that the public entity incurs directly, or by contract, as a result of the use of water in excess of the basic use allocation or to

implement water conservation or demand management measures employed to increase efficient uses of water, and further discourage the wasteful or unreasonable use of water, and may include any of the following:

- (1) Conservation best management practices, conservation education, irrigation controls and other conservation devices, and other demand management measures.
- (2) Water system retrofitting, dual plumbing and facilities for production, distribution, and all uses of recycled water and other alternative water supplies.
- (3) Projects and programs for prevention, control, or treatment of the run off of water from irrigation and other outdoor water uses. Incremental costs shall not include the costs of storm water management systems and programs.
- (4) Securing dry-year water supply arrangements.
- (5) Procuring water supplies to satisfy increments of water use in excess of the basic use allocations for the customers of the public entity, including supply or capacity contracts for water supply rights or entitlements and related energy costs for water delivery.

(e) "Public entity" means a city, whether general law or chartered, county, city and county, special district, agency, authority, any other municipal public corporation or district, or any other political subdivision of the state that provides retail water service and that is an urban water supplier, as defined in Section 10617.

372. A public entity may employ allocation-based conservation water pricing that meets all of the following criteria:

- (1) Billing is based on metered water use.
- (2) A basic use allocation is established for each customer account that provides a reasonable amount of water for the customer's needs and property characteristics. Factors used to determine the basic use allocation may include, but are not limited to, the number of occupants, the type or classification of use, the size of lot or irrigated area, and the local climate data for the billing period. Nothing in this chapter prohibits a customer of the public entity from challenging whether the basic use allocation established for that customer's account is reasonable under the circumstances. Nothing in this chapter is intended to permit public entities to limit the use of property through the establishment of a basic use allocation.
- (3) A basic charge is imposed for all water used within the customer's basic use allocation, except that at the option of the public entity, a lower rate may be applied to any portion of the basic use allocation that the public entity has determined to represent superior or more than reasonable conservation efforts.
- (4) A conservation charge shall be imposed on all increments of water use in excess of the basic use allocation. The increments may be fixed or may be determined on a percentage or any other basis,

without limitation on the number of increments, or any requirement that the increments or conservation charges be sized, or ascend uniformly, or in a specified relationship. The volumetric prices for the lowest through the highest priced increments shall be established in an ascending relationship that is economically structured to encourage conservation and reduce the inefficient use of water, consistent with Section 2 of Article X of the California Constitution.

(b) (1) Except as specified in subdivision (a), the design of an allocation-based conservation pricing rate structure shall be determined in the discretion of the public entity.

(2) The public entity may impose meter charges or other fixed charges to recover fixed costs of water service in addition to the allocation-based conservation pricing rate structure.

(c) A public entity may use one or more allocation-based conservation water pricing structures for any class of municipal or other service that the public entity provides.

373. (a) Revenues derived from allocation-based conservation water pricing shall not exceed the reasonable cost of water service including basic costs and incremental costs. This chapter does not limit the sources of funding for incremental costs to charges for water use.

(b) Revenues derived from allocation-based conservation water pricing shall not exceed the proportional cost of service attributable to the customer's parcel, as determined by giving consideration to all of the following:

(1) Customer classes established in consideration of service characteristics, demand patterns, and other factors.

(2) Basic use allocations.

(3) Meter size.

(4) Metered volume of water consumed.

(5) The public entity's discretionary allocation of incremental costs between and among the increments of water use subject to conservation charges, as permitted by paragraph (4) of subdivision (a) of Section 372 to meet the requirement of that section.

(c) In establishing the schedule of charges and metered volumes for the increments of water use subject to conservation charges, the public entity may also consider both of the following:

(1) Customer overuse characteristics, including ratios between overuse volumes and basic use allocations, variations in demand and consumption patterns, or other characteristics of overuse experienced by the public entity.

(2) The extent to which the pricing structure of the increments will be effective in minimizing or eliminating the need for other measures to curtail potential overuse.

374. (a) Allocation-based conservation water pricing under this chapter may be used on an ongoing basis and shall not require any finding of emergency or other water shortage conditions.

(b) The authority granted in this chapter is in addition to any other authority that a public entity has to use rate structure design to foster the conservation of water.

(c) The imposition and revision of rates and charges by a public entity under this chapter shall be subject to the procedures otherwise required by law for the public entity's water rates.

## APPENDIX C Glossary

- ACH** Automated Clearing House (ACH) is an electronic network for financial transactions in the United States. ACH processes large volumes of credit and debit transactions in batches. At the District, we are receiving bill payments for customers through Metavante.
- ACWA** Association of California Water Agencies – Association of California Water Agencies represents and provides key services to its members. From legislation, to regulatory activity, to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California’s public water agencies. ACWA’s involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their customers. (<http://www.acwa.com>)
- AWWA** American Water Works Association – Agency that is the authoritative resource on safe water, sharing knowledge on water resource development, water and wastewater treatment technology, water storage and distribution, and utility management and operations. AWWA provides knowledge, information and advocacy to improve the quality and supply of water in North America and beyond and advances public health, safety and welfare by uniting the efforts of the full spectrum of the water community. (<http://www.awwa.org>)
- BMP** A Best Management Practice (BMP) is a practice or combination of practices determined to be the most effective, practicable means for protecting natural resources.
- CalPERS** See PERS
- CAP** Capital Expense - Funds used by the District to acquire or upgrade physical assets such as property, industrial buildings or equipment. This type of outlay is made by the District to maintain or increase the scope of their operations. These expenditures can include everything from repairing a roof to building a brand new booster site.
- CDPH** California Department of Public Health – State agency that oversees and regulates the public drinking water systems. This includes the certification and licensing of water treatment and distribution system operators. (<http://www.cdph.ca.gov>)
- CEQA** California Environmental Quality Act - The California Environmental Quality Act is a California law (California Public Resources Code section 21000 et seq.) passed in 1970, shortly after the Federal Government passed the National Environmental Policy Act. CEQA does not directly regulate land uses, but instead requires development projects submit documentation of their potential environmental impact. (<http://ceres.ca.gov/ceqa>)
- CIF** Capital Improvement Fee – Capital improvement fees were established to provide funds for the construction of District facilities to meet water demands. These fees are collected from developers so they can contribute toward the cost of construction of these future facilities as specified by the District’s Master Plan.
- CSDA** California Special Districts Association – California Special Districts Association is the recognized voice for all special districts. CSDA provides advocacy, outreach and member services, while

educating policy makers and the public on the vital importance of local services provided by special districts in California. (<http://www.csda.net>)

- CUWCC The California Urban Water Conservation Council was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.
- DWR California Department of Water Resources – State agency that oversees the operation of the State Water Project (SWP). (<http://www.water.ca.gov>)
- DBP Disinfection By-Products are potentially toxic chemical compounds that are formed in extremely low concentrations during the disinfection of water supplies.
- EIR Environmental Impact Report – An EIR is a public document used by a government agency to analyze environmental effects of a proposed project. It also allows for the identification of alternatives and to disclose possible ways to reduce or avoid possible environmental damage.
- EIS Environmental Impact Study – See EIR
- EPA Environmental Protection Agency – The federal agency responsible for setting and enforcing water quality standards.
- ET Evapotranspiration, or "ET," is the combination of water that is lost from the soil through evaporation and through transpiration from plants as a part of their metabolic processes. "ET" is simply the amount of water needed by a particular plant, tree, or turf grass.
- GASB Governmental Accounting Standards Board – The Governmental Accounting Standards Board exists to establish and improve standards of state and local governmental accounting and financial reporting. By doing this, the result is useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports. (<http://www.gasb.org>)
- GIS Geographical Information System – Geographical information system captures, stores, analyzes, manages, and presents data that is linked to location. Technically, a GIS is a system, which includes mapping software and its application to remote sensing, land surveying, aerial photography, mathematics, photogrammetry, geography, and tools that can be implemented with GIS software.
- MOU Memorandum of Understanding is a document describing a bilateral or multilateral agreement between parties. It expresses a convergence of will between the parties, indicating an intended common line of action.
- MTBE Methyl tertiary-butyl ether (MTBE) is a chemical compound that is manufactured by the chemical reaction of methanol and isobutylene. MTBE is produced is almost exclusively used as a fuel additive in motor gasoline.
- O&M Operations and Maintenance – Operations and Maintenance are the activities related to the performance of routine, preventive, predictive, scheduled, and unscheduled actions aimed at

preventing equipment failure or decline with the goal of increasing efficiency, reliability, and safety.

OPEB Other Post-Employment Benefits – Other Post-Employment Benefits obligations are primarily for retiree health care costs but also can include other benefits such as insurance.

#### PERS/CalPERS

California Public Employees' Retirement System – The State retirement system covering Palmdale Water District employees and retirees. The retirement program provides retirement income levels dependent on age and length of participation.

SCADA Supervisory Control and Data Acquisition is a system that collects data from various sensors at a factory, plant or in other remote locations and then sends this data to a central computer, which then manages and controls the data.

SWC The State Water Contractors is a non-profit association of 27 public agencies from Northern, Central and Southern California that purchase water under contract from the California State Water Project. (<http://www.swc.org>)

SWP California State Water Project – Administered by the Department of Water Resources (DWR), the State Water Project is the nation's largest state-built water and power development and conveyance system. Its purpose is to deliver water, control flooding, generate power, provide recreational opportunities, and enhance habitats for fish and wildlife.

TTHM Trihalomethanes (THM) are a group of four chemicals that are formed along with other disinfection byproducts when chlorine or other disinfectants used to control microbial contaminants in drinking water react with naturally occurring organic and inorganic matter in water. The EPA is in charge of regulating the total trihalomethanes (TTHM) at a maximum allowable annual average in drinking water.

VOC Volatile Organic Compounds are ground-water contaminants of concern because of very large environmental releases, human toxicity, and a tendency for some compounds to persist in and migrate with ground-water to drinking-water supply wells.

## APPENDIX D Water Master Report

**Table 1 Exhibit 3 Non-Overlying Producers Water Available for Use in 2019**

September 9, 2019

Original Exhibit 3 Producers Public Water Suppliers	Production Right (AFY)	2019 Water Sources (AF)				
		2019 Rampdown	Unused Federal Reserve Right	Imported Water Return Flows for 2019	Carry Over Water for use in 2019	Transfers (Not Permanent)
	<i>Judgment</i>	<i>Agreed Upon</i>	<i>Allocated as per Judgment (6,278.73 AF)</i>	<i>Imported Water Use Table from AVEK</i>	<i>See 2018 Annual Report Table B-1</i>	<i>See 2018 Annual Report Appendix F</i>
Boron Community Services District	50.00	118.68	0.00	68.77	73.34	-
California Water Services Company	343.14	507.56	175.80	1.32	101.63	-
Desert Lake Community Services District	73.53	73.53	37.67	35.90	327.44	-
Littlerock Creek Irrigation District	796.58	1,212.32	408.12	0.00	0.00	-
Los Angeles County Waterworks District No. 40, Antelope Valley	6,789.26	6,789.26	3,478.41	9,782.54	11,343.65	-
North Edwards Water District	49.02	84.95	25.11	0.00	0.00	-
Palm Ranch Irrigation District <sup>1</sup>	465.69	885.55	238.59	7.68	0.00	2,850.00
Palmdale Water District <sup>2</sup>	2,769.63	2,769.63	1,418.99	3,798.05	5,904.19	100.00
Quartz Hill Water District	563.73	1,785.97	288.82	1,055.44	3,730.38	-
Rosamond Community Services District	404.42	2,080.06	207.20	5.02	371.65	-
<i>Transfer from eSolar Inc.; Red Dawn Suntower LLC - Exhibit 4</i>	150.00	150.00	0.00	0.00	-	-
West Valley County Water District	40.00	136.67	0.00	0.00	21,852.28	-
<b>Total<sup>3</sup></b>	<b>12,495.00</b>	<b>16,594.17</b>	<b>6,278.73</b>	<b>14,754.72</b>	<b>43,704.55</b>	<b>2,950.00</b>

1. In March 2019, a 2,850 AF one-time transfer to Palm Ranch ID was approved. A portion of this (114.17 AF) will be applied to its 2018 Replacement Water Assessment. The remainder will be available for use in 2019 (2,850-114.17=2,735.83 AF). Unused amounts will become Carry Over water.

2. In December 2018, a 100 AF one-time transfer to PWD was approved. This is also available for use in 2019. Unused amounts will become Carry Over water.

3. Production Right total of 12,495 AF does not include the 150 AF that RCSD received from an Exhibit 4 Party transfer (eSolar Inc.; Red Dawn Suntower LLC).

Table does not include rights to Stored Water.

Taken from: <https://avwatermaster.net/wp-content/uploads/2019/09/2019-Table-1-Exhibit-3-Water-Available-for-Use.pdf>