

# **PAJARO VALLEY WATER MANAGEMENT AGENCY PROPOSED PRELIMINARY BUDGET FISCAL YEAR 2018-2019**

## **Introduction**

Long-term groundwater overdraft has led to serious problems that threaten the vibrant economy of the Pajaro Valley. Seawater intrusion in the Pajaro Valley Groundwater Basin was first documented in 1953. In the coastal areas and throughout much of the Pajaro Valley groundwater basin, long-term overdraft conditions have caused groundwater levels to drop below sea level seasonally, creating a landward pressure gradient that causes seawater to flow into the freshwater aquifers. Seawater intrusion has elevated the chloride concentration in groundwater up to three miles inland from the coast, in some areas contaminating the groundwater to the point that it is unsuitable for use.

The Pajaro Valley Water Management Agency (PV Water or Agency) is a state-chartered water management district, formed in 1984, to manage groundwater resources and supplemental water supplies within the Pajaro Valley. In 2014, the Sustainable Groundwater Management Act (SGMA) became law, establishing a new structure in California that aims to give local agencies the means to manage groundwater basins in a manner that is sustainable. PV Water was listed in SGMA, and in 2015 the Board of Directors directed staff to file a notice of election to become the Groundwater Sustainability Agency (GSA) for the Pajaro Valley Groundwater Basin under the SGMA.

SGMA defines sustainable groundwater management as the “management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” SGMA defines undesirable results as any of the following:

- Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply
- Significant and unreasonable reduction of groundwater storage
- Significant and unreasonable seawater intrusion
- Significant and unreasonable degraded water quality
- Significant and unreasonable land subsidence
- Surface water depletions that have significant and unreasonable adverse impacts on the beneficial uses of surface water

SGMA requires critically-overdrafted, high and medium priority basins to be managed under a Groundwater Sustainability Plan (GSP) by January 31, 2020, and to achieve sustainability by 2040. The Department of Water Resources (DWR) Bulletin 118 – 2003 Update identifies 515 groundwater basins in the state: 43 are high priority and 84 are medium priority. The Pajaro Valley Basin is considered a critically-overdrafted, high priority basin.

PV Water developed a Basin Management Plan (BMP) in the early 1990s to stop groundwater overdraft and halt seawater intrusion. The BMP is updated periodically as needed. Most recently, the Board of Directors approved the BMP Update in spring 2014. A stakeholder committee evaluated 44 potential solutions and settled on a suite of seven projects and programs that are collectively projected to fulfill the Agency’s mission of balancing the groundwater basin and sustainably managing groundwater resources. Implementation of the projects and programs identified in the BMP Update formally commenced on July 1, 2015; at the time, Proposition 218 compliant new rates supporting BMP Update implementation went into effect. In January 2017, the Board of Directors approved an agreement for Basin Management Plan Implementation – Program Management Services. The agreement funds a team of engineers, environmental scientists, property rights experts, funding experts, and others to advance work on the proposed supplemental water facilities described in the capital projects section of the narrative.

The Fiscal Year 2018-2019 (FY18-19) budget funds the continued work of PV Water to fulfill its mission. The budget serves as a projection of PV Water finances for FY18-19. The budget narrative that follows describes key activities and important assumptions taken into account to develop the budget, including activities related to SGMA, the implementation of the BMP, and anticipated grant revenue.

### **Budget Organization**

The budget is organized by the following service expense groups:

- General Fund Agency Administration
- Facility Operations
- Basin Management
- Special Fund General Administration
- Grant Administration
- Conservation
- Special Revenue Fund Public Education & Outreach
- Capital Projects
- Debt Service Funds

Presented below is a summary of projected activities, budget assumptions, highlights by service, and a detailed budget for each of the service expense groups. A list of staff positions, salaries, benefits, and time commitment by service is included for each service group.

### **Revenues and Sources of Funds**

PV Water is funded through:

1. Management Fees collected on the tax rolls,
2. Augmentation Charges collected on groundwater pumped from the basin,
3. Delivered Water Charges for supplemental water delivered in the coastal zone through the Coastal Distribution System (CDS),
4. Grants, and
5. Other Revenue.

Management Fees are collected on the county tax rolls with residential parcel fees of \$18 per year and commercial parcels \$20 per year. Management Fee revenues are placed in the General Fund category. This budget includes projected revenues of \$384,000 in Management Fees.

PV Water collects Augmentation Charges from groundwater pumpers. The Augmentation Charges vary by zone – groundwater pumpers within the delivered water service area pay more than those located outside of this area. Table 1 lists the rates for FY18-19. Augmentation Fees are placed in the Special Revenue Fund category. This budget includes projected revenues of \$11.5 million in Augmentation Charge revenue based on 48,600 acre-feet of groundwater pumped.

Delivered Water Charges are collected from customers who purchase the Agency's supplemental water supply. The supplemental water supply is comprised of recycled water from the Watsonville Area Recycled Water Facility, Harkins Slough Managed Aquifer Recharge & Recovery Facility, from blend water from wells operated by the Agency, and the City of Watsonville's potable supply. The Delivered Water Charge is a flat rate of \$381 per acre-foot. Delivered Water Charges are placed in the Special Revenue Fund category. The budget includes projected revenues of \$1.83 million in Delivered Water Charges based on 4,800 acre-feet of delivered water.

**Table 1. Water Rates for Fiscal Year 2018-19**

<b>User Class</b>	<b>Cost of Service Rate (Unit Cost Per Acre Foot)</b>
Augmentation Charges:	
Metered Users - Outside Delivered Water Zone	\$231
Metered Users - Inside Delivered Water Zone	\$309
Unmetered Users (Rural Residential)*	\$109
Delivered Water Charge	\$381

*\*Rural residents are billed for an estimated 0.5 af/year water use.*

PV Water actively seeks State and Federal grants and low interest financing opportunities to support the planning and implementation of water supply projects and programs, basin monitoring, and basin modeling. When successful, these grant and loan funds reimburse eligible expenses incurred during the planning and implementation of those funded projects and programs. Reimbursements are placed in the fund category from which they were originally spent. The budget includes projected grant reimbursement revenues of \$1.1 million, primarily grant funding for the Coastal Distribution System and the Recycled Water Storage and Distribution Pump Station Improvements Project.

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**Summary by Service**  
**July 1, 2018 to June 30, 2019**

	General Funds (10)	Special Revenue Funds (20)						Capital Projects Fund (30)	Debt Service Funds (40)	FY 18-19 Proposed Budget	FY 17-18 Amended Budget	\$ Diff	% Diff
<b>Revenues and Sources of Funds</b>													
Management Fees	\$ 384,000									384,000	384,000	\$ -	0.0%
Delivered Water (4,800 A/F)				\$ 1,828,800						1,828,800	1,771,200	\$ 57,600	3.3%
Augmentation Charges (48,600 A/F)				\$ 11,578,410						11,578,410	10,760,400	\$ 818,010	7.6%
Grant Revenue				\$ 1,100,000						1,100,000	1,500,000	\$ (400,000)	-26.7%
Interest Income	\$ 10,000			\$ 40,000						50,000	35,000	\$ 15,000	42.9%
Other Revenue				\$ 35,000						35,000	35,000	\$ -	0.0%
<b>Total Revenue</b>	<b>\$ 394,000</b>			<b>\$ 14,582,210</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,976,210</b>	<b>\$ 14,485,600</b>	<b>\$ 490,610</b>	<b>3.4%</b>
	General Fund Agency Admin	Facility Operations	Basin Management	Special Revenue Fund General Admin	Grant Admin	Conservation	Special Revenue Fund Public Education & Outreach	Capital Projects	Debt Service	FY 18-19 Proposed Budget	FY 17-18 Amended Budget	\$ Diff	% Diff
<b>Expenditures</b>													
Salaries and Wages	27,845	699,637	240,974	681,863	55,240	54,045	54,966	213,439	-	2,028,008	1,948,718	79,290	4.1%
Conferences/Training	7,500	3,000	4,500	4,000	-	1,250	-	-	-	20,250	20,250	-	0.0%
Travel - Mileage - Meals - Lodging	14,000	1,000	9,500	7,500	2,000	1,250	-	-	-	35,250	35,250	-	0.0%
Bank Charges/Bond Fees	-	32,000	-	31,500	-	-	-	-	-	63,500	63,500	-	0.0%
Insurance	4,400	26,000	-	3,100	-	-	-	-	-	33,500	33,500	-	0.0%
Taxes/Fees	-	300	-	19,700	-	-	-	35,000	-	55,000	75,850	(20,850)	-27.5%
Legal Notices & Ads	750	-	500	1,000	-	-	-	2,000	-	4,250	4,250	-	0.0%
Dues & Subscription	23,150	24,500	1,000	2,000	-	-	-	-	-	50,650	50,650	-	0.0%
Office Expense/Supplies	6,000	7,000	-	15,000	1,000	10,000	5,000	-	-	44,000	44,000	-	0.0%
Postage	2,000	7,000	-	2,000	8,500	-	-	-	-	19,500	11,500	8,000	69.6%
Printing	2,000	1,000	1,000	8,500	-	-	15,000	-	-	27,500	27,500	-	0.0%
City Connection Water Charges	-	450,000	-	-	-	-	-	-	-	450,000	450,000	-	0.0%
Utilities	2,000	183,000	-	8,200	-	-	-	-	-	193,200	193,200	-	0.0%
Telephone/Communications	3,200	12,000	-	5,000	-	3,000	3,000	-	-	26,200	26,200	-	0.0%
Office Equipment Leases	1,000	6,000	-	7,300	-	-	-	-	-	14,300	14,300	-	0.0%
Well Leases	-	90,000	-	-	-	-	-	-	-	90,000	55,000	35,000	63.6%
Field Supplies/Equipment	-	25,000	15,000	-	-	-	-	50,000	-	90,000	42,000	48,000	114.3%
Elections	50,000	-	-	-	-	-	-	-	-	50,000	1,000	49,000	0.0%
LAFCO District Fees	17,000	-	-	-	-	-	-	-	-	17,000	16,810	190	1.1%
Collection Fee/Bad Debt	3,500	-	-	69,215	-	-	-	-	-	72,715	72,715	-	0.0%
Professional Services	55,000	78,000	1,060,000	25,000	150,000	200,000	45,000	2,307,001	-	3,920,001	3,665,000	255,001	7.0%
Vehicle Purchase	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Vehicle Maintenance	-	11,400	2,850	-	-	2,850	2,850	-	-	19,950	19,950	-	0.0%
Meters	-	15,000	-	-	-	-	-	-	-	15,000	5,000	10,000	200.0%
Meter Contractor	-	10,000	-	-	-	-	-	-	-	10,000	15,000	(5,000)	-33.3%
Water Sampling	-	52,000	40,000	-	-	-	-	-	-	92,000	88,000	4,000	4.5%
Other Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Legal Services	50,000	-	30,000	50,000	1,500	-	-	214,000	-	345,500	341,500	4,000	1.2%
Facilities Maintenance	53,000	8,000	-	3,500	-	-	-	-	-	64,500	64,500	-	0.0%
Information Technology	10,450	49,610	23,560	18,900	-	7,340	7,340	-	-	117,200	117,200	-	0.0%
Licensed Contractors	-	80,000	25,000	-	-	-	-	2,000,000	-	2,105,000	1,030,000	1,075,000	104.4%
COW Reimb O&M	-	1,900,000	-	-	-	-	-	-	-	1,900,000	1,900,000	-	0.0%
Special Projects Outreach	10,000	-	-	-	-	-	-	-	-	10,000	10,000	-	0.0%
Rebates	-	-	-	-	-	20,000	-	-	-	20,000	20,000	-	0.0%
Rebates - ReNeM	-	-	-	-	-	12,000	-	-	-	12,000	30,000	(18,000)	-60.0%
Land Following	-	-	-	-	-	-	-	-	-	-	200,000	(200,000)	-
Right of Way	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
DWR Note Payable	-	-	-	-	-	-	-	-	251,416	251,416	251,416	-	0.0%
2015 Bond Payment Principal	-	-	-	-	-	-	-	-	1,615,000	1,615,000	1,555,000	60,000	3.9%
2015 Bond Payment Interest	-	-	-	-	-	-	-	-	684,700	684,700	746,900	(62,200)	-8.3%
2016 Bond Payment Principal	-	-	-	-	-	-	-	-	415,000	415,000	405,000	10,000	0.0%
2016 Bond Payment Interest	-	-	-	-	-	-	-	-	389,412	389,412	401,563	(12,151)	0.0%
<b>Total Expenditures</b>	<b>\$ 342,795</b>	<b>\$ 3,771,447</b>	<b>\$ 1,453,884</b>	<b>\$ 963,278</b>	<b>\$ 218,240</b>	<b>\$ 311,735</b>	<b>\$ 133,156</b>	<b>\$ 4,821,440</b>	<b>\$ 3,355,528</b>	<b>\$ 15,371,502</b>	<b>\$ 14,052,222</b>	<b>\$ 1,319,280</b>	<b>9.4%</b>
<b>Total Revenue</b>										<b>14,976,210</b>	<b>14,485,600</b>	<b>\$ 490,610</b>	<b>3.4%</b>
<b>Excess of Revenues or (Deficit)</b>										<b>(395,292)</b>	<b>433,378</b>	<b>\$ (828,670)</b>	

**BUDGETED SALARY EXPENDITURES FISCAL 18-19**

		General Funds 10	Special Revenue Funds 20				Capital Projects Fund 30						
		OVERALL ALLOCATION											
Position	Total Salary & Benefits	Agency Administration		Admin/Grants Conservation Public Outreach		Facility Ops		Basin Management		Capital Projects			
		Total	Total	Total	Total	Total	Total	Total	Total				
		%	\$	%	\$	%	\$	%	\$	%	\$		
Includes 10% Allowance for Non-Exempt													
Agency Administration													
1 General Manager	254,664	2%	5,093	30%	76,399	10%	25,466	30%	76,399	28%	71,306		
2 Finance & Administrative Services Manager	191,097	2%	3,822	98%	187,275	0%	-			0%	-		
3 Financial Analyst	131,413	2%	2,628	98%	128,785	0%	-			0%	-		
4 Administrative Analyst	131,798	2%	2,636	98%	129,162	0%	-			0%	-		
5 Customer Service Rep	125,696	2%	2,514	98%	123,182	0%	-			0%	-		
6 Account Clerk	105,428	2%	2,109	98%	103,319	0%	-			0%	-		
Operations													
1 Water Meter Program Coordinator	143,839			0%	-	100%	143,839			0%	-		
2 Water System Operations Supervisor	185,884			0%	-	87%	161,719			13%	24,165		
3 Water System Operator	157,326			0%	-	100%	157,326			0%	-		
4 Vacant TBD	99,655	0%	-	4%	3,986	15%	14,948	31%	30,893	50%	49,828		
5 Operations-Maintenance Technician	143,268			0%	-	100%	143,268			0%	-		
6 Associate Hydrologist	147,540			8%	11,803	12%	17,705	51%	75,246	29%	42,787		
7 Water Conservation & Outreach Specialist	109,185	0%		66%	72,062	2%	2,184	13%	14,194	19%	20,745		
8 Water Resources Technician	92,171			11%	10,139	36%	33,182	48%	44,242	5%	4,609		
Total Staff Salaries/Benefits		2,018,965		18,802		846,114		699,637		240,974		213,439	
Board Members		9,043		9,043									
Total Salaries & Benefits		2,028,008		27,845		846,114		699,637		240,974		213,439	

## **General Fund Agency Administration Service Expense Group Summary**

The Agency Administration Service Expense Group includes activities related to the administration of the Agency and are paid from the General Revenue Fund. All Board expenses, as well as LAFCO, auditing services, and ACWA membership charges are paid from the General Revenue Fund. Allocation of Agency Administration costs that are not directly attributable to general services are made on a ratio of the general cost paid for through the General Revenue Fund as compared to the total Agency costs. The specific categories included within the Agency Administration Service are summarized below:

### **Office Administration**

Major functions included in this category are audit and accounting services, legal services, LAFCO fees, and memberships in professional organizations including but not limited to the Association of California Water Agencies (ACWA), the California Special Districts Association (CSDA), the Groundwater Resources Association (GRA), and WateReuse.

### **Board Support**

Functions included in this category are board and committee support including elections and board-related legal services, and agenda packet preparation, publication, and distribution.

### **Public Education & Outreach**

Special projects outreach for FY18-19 includes archiving historical plane artifacts that were unearthed during the Coastal Distribution System construction, and focused public outreach campaigns relating to extreme conditions, such as drought and El Niño.

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**Agency Administration Budget  
July 1, 2018 to June 30, 2019**

	<b>Office Admin</b>	<b>Board Support</b>	<b>Public Education &amp; Outreach</b>	<b>Total</b>
<b><u>Expenses</u></b>				
Salaries and Wages	10,714	16,112	1,019	27,845
Conferences/Meetings/Training	5,500	2,000		7,500
Travel/Mileage/Meals/Lodging	6,000	5,000	3,000	14,000
Bank Charges/Bond Fees				-
Insurance	4,400			4,400
Taxes				-
Legal Notices & Ads	750			750
Dues & Subscription	22,150		1,000	23,150
Office Expense/Supplies	6,000			6,000
Postage	2,000			2,000
Printing	2,000			2,000
Utilities	2,000			2,000
Telephone/Communications	3,200			3,200
Office Supplies/ Equipment	1,000			1,000
Elections		50,000		50,000
Legal Services	35,000	15,000		50,000
Professional Services	50,000		5,000	55,000
LAFCO District Fees	17,000			17,000
Collection Fee	3,500			3,500
Special Projects Outreach			10,000	10,000
Building Maintenance	53,000			53,000
Information Technology	10,450			10,450
<b>Total Expenses</b>	<b>\$ 234,664</b>	<b>\$ 88,112</b>	<b>\$ 20,019</b>	<b>\$ 342,795</b>

**BUDGETED SALARY EXPENDITURES FISCAL 18-19**

**General Funds - 10**

	<b>Position</b>	<b>Total Salary &amp; Benefits</b>
		Includes 10% Allowance for Non-Exempt
Agency Administration		
1	General Manager	254,664
2	Finance & Administrative Services Manager	191,097
3	Financial Analyst	131,413
3	Administrative Analyst	131,798
4	Customer Service Rep	125,696
5	Account Clerk	105,428
Operations		
1	Water Meter Program Coordinator	143,839
2	Water System Operations Supervisor	185,884
3	Water System Operator	157,326
4	Vacant TBD	99,655
5	Operations-Maintenance Technician	143,268
6	Associate Hydrologist	147,540
7	Water Conservation & Outreach Specialist	109,185
8	Water Resources Technician	92,171
Total Staff Salaries/Benefits		2,018,965
Board Members		9,043
Total Salaries & Benefits		2,028,008

<b>Agency Administration</b>							
Office Admin		Board Support		Public Outreach & Education		<b>Total</b>	
%	\$	%	\$	%	\$	%	\$
10%	509	70%	3,565	20%	1,019	100%	5,093
70%	2,675	30%	1,147	0%		100%	3,822
70%	1,840	30%	788	0%		100%	2,628
50%	1,318	50%	1,318	0%		100%	2,636
90%	2,263	10%	251	0%	-	100%	2,514
100%	2,109	0%		0%		100%	2,109
10,714		7,070		1,019		18,802	
		9,043				9,043	
10,714		16,112		1,019		27,845	



## **Facility Operations Service Expense Group Summary**

The Facility Operations Service Expense Group includes activities associated with the operation and maintenance of the Agency's supplemental water supply facilities. The specific categories included within the Facility Operations Service Group are summarized below, along with anticipated activities for the year.

### **Harkins Slough Managed Aquifer Recharge & Recovery Facility**

The facility has two parts: 1) the surface water diversion facilities on Harkins Slough, which includes diversion, treatment, and conveyance systems; and 2) recharge basin facilities, which are located on the San Andreas Terrace and include the percolation, monitoring, extraction of water, and the remote terminal units that house power and SCADA equipment. Major operational costs include utilities, water quality sampling, maintenance, and professional services that provide support for operational software and hardware [Supervisory Control and Data Acquisition (SCADA)], and electrical maintenance.

### **Coastal Distribution System (CDS)**

Facilities include more than 20 miles of sub-surface supplemental water conveyance pipeline located in the coastal area from the San Andreas Terrace through the Springfield Terrace to Elkhorn Slough. The CDS is capable of providing supplemental water to over 5,560 irrigated acres. Delivery of 4,800 acre-feet of supplemental water supply is projected this fiscal year. Major operational costs include utility costs, maintenance, and professional services for SCADA, lease expenses, water quality sampling, and electrical, meter & pipeline maintenance.

### **Supplemental Water (In-Basin)**

Supplemental Water Facilities include Blend Well 1 and Blend Well 2, the City of Watsonville's potable supply, and a pilot-project lease with the Harvest Drive Well. Supplemental water is blended with the recycled supply in order to both increase the volume of the supplemental water supply and to reduce the concentration of salts for agronomic irrigation needs. Major operational costs include utilities, leases (Blend Well 1 and the Harvest Drive Well are leased), SCADA, electrical, and pump maintenance.

### **Recycled Water Facility**

The Recycled Water Facility, operated by the City of Watsonville, was designed to produce up to 4,000 acre-feet per year of tertiary-treated, disinfected supply for distribution through the CDS. Expenses shown under this category are Operations and Maintenance (O&M) costs paid to the City of Watsonville for water produced at the plant plus fees and staff time. This year's budget includes \$1,900,000 in O&M costs to the City for an anticipated 3,500 acre feet of recycled water production based on demand survey. The recycled water will be blended with 1,300 acre feet of in-basin blend water.

### **Metering Program**

The Metering Program consists of maintaining and reading over 900 flow meters basin-wide on a quarterly basis. Staff use calibrated flow meters to measure groundwater extractions and water deliveries for billing purposes and to quantify water demand in the Pajaro Valley. Staff read over 60 turnout meters on a monthly basis.

**Facility Operations**  
**July 1, 2018 to June 30, 2019**

	Harkins Slough Facility	Coastal Distribution System	Supplemental Water (In-Basin)	Recycled Water Facility	Metering Program	Total
<b><u>Expenditures</u></b>						
Salaries and Wages	62,921	408,556	16,693	12,205	199,263	699,637
Conferences/Training		3,000				3,000
Travel		1,000				1,000
Bank Charges	8,000	8,000	8,000		8,000	32,000
Taxes	300					300
Insurance	6,500	6,500	6,500		6,500	26,000
Dues & Subscription	3,000	500	500	20,000	500	24,500
Office Exp/Supplies	1,500	2,500	1,500		1,500	7,000
Postage	1,750	1,750	1,750		1,750	7,000
Printing	250	250	250		250	1,000
Utilities	75,000	3,000	105,000			183,000
Telephone/Com	3,000	3,000	3,000		3,000	12,000
Office Equipment	1,500	1,500	1,500		1,500	6,000
Well Leases			90,000			90,000
Field Supplies/Equip	3,000	15,000	5,000		2,000	25,000
Professional Services	6,000	22,000	40,000	0	10,000	78,000
Meter Contractor					10,000	10,000
Building Maintenance	2,000	2,000	2,000		2,000	8,000
Information Tech	12,680	12,570	12,680	0	11,680	49,610
Facility Maintenance						-
Licensed Contractors	20,000	10,000	50,000			80,000
Vehicle Purchase	0	0	0		0	-
Vehicle Maintenance	2,850	2,850	2,850		2,850	11,400
Meters					15,000	15,000
City Connection Water		450,000				450,000
Water Sampling	12,000	40,000				52,000
COW RWF O&M				1,900,000		1,900,000
Other Fixed Assets						-
<b>Total Expenditures</b>	<b>222,251</b>	<b>993,976</b>	<b>347,223</b>	<b>1,932,205</b>	<b>275,793</b>	<b>3,771,447</b>

**BUDGETED SALARY EXPENDITURES FISCAL 18-19**

**Special Revenue Funds - 20**

Position	Total Salary & Benefits
	Includes 10% Allowance for Non-Exempt
Agency Administration	
1 General Manager	254,664
2 Finance & Administrative Services Manager	191,097
3 Financial Analyst	131,413
4 Administrative Analyst	131,798
5 Customer Service Rep	125,696
6 Account Clerk	105,428
Operations	
1 Water Meter Program Coordinator	143,839
2 Water System Operations Supervisor	185,884
3 Water System Operator	157,326
4 Vacant TBD	99,655
5 Operations-Maintenance Technician	143,268
6 Associate Hydrologist	147,540
7 Water Conservation & Outreach Specialist	109,185
8 Water Resources Technician	92,171
<b>Total Salaries &amp; Benefits</b>	<b>2,018,965</b>

Facility Operations												Total	
Harkins Slough		Coastal Distribution System		Supplemental Water (In-Basin)		Recycled Water Facility		Metering Program					
%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
2%	5,093	2%	5,093	2%	5,093	2%	5,093	2%	5,093	10%	25,466		
5%	7,192	40%	57,536	0%	-	0%	-	55%	79,112	100%	143,839		
6%	11,153	75%	139,413	2%	3,718	2%	3,718	2%	3,718	87%	161,719		
8%	12,586	83%	130,580	1%	1,573	0%	-	8%	12,586	100%	157,326		
5%	4,983	5%	4,983	3%	2,990	1%	997	1%	997	15%	14,948		
5%	7,163	40%	57,307	0%	-	0%	-	55%	78,797	100%	143,268		
5%	7,377	3%	4,426	1%	1,475	1%	1,475	2%	2,951	12%	17,705		
0%	-	0%	-	0%	-	0%	-	2%	2,184	2%	2,184		
8%	7,374	10%	9,217	2%	1,843	1%	922	15%	13,826	36%	33,182		
	<b>62,921</b>		<b>408,556</b>		<b>16,693</b>		<b>12,205</b>		<b>199,263</b>		<b>699,637</b>		

## **Basin Management Service Expense Group Summary**

The Basin Management Service Expense Group includes programs that inform and support water resources management of the basin. Hydrologic modeling, basin monitoring, planning on the local level and in collaboration with regional stakeholders/partners, and funding activities including grants, loans, and rate setting efforts. The specific programs included within the Basin Management Service Expense Group are summarized below.

### **Basin Modeling**

PV Water collaborated with the United States Geological Survey (USGS) to develop the Pajaro Valley Hydrologic Model (PVHM), under the guidance of a Technical Advisory Committee, between 2005 and 2010. The PVHM is the primary tool used to provide water budget information to help inform water resource planning efforts and to simulate water management scenarios in support of basin management planning efforts. The budget provides funding for the next phase of PVHM updates and improvements to assist staff with SGMA compliance, such as developing tools to help the PVHM "self-update," and easily produce water budget & change in groundwater storage information. Staff is in discussions with the USGS regarding a potential evaluation of land subsidence in the Pajaro Valley, and adding streamflow gages to supplement the two that already exist on the Pajaro River at Chittenden and Corralitos Creek at Green Valley. The proposed work would support PV Water's efforts to comply with SGMA and be an integral component of future planning efforts.

### **Basin Monitoring**

Monitoring the state of the Pajaro Valley Basin is key to the mission of the PV Water. The data collected through monitoring programs is how staff track changing conditions within the Basin that result from climate and weather variability to the effectiveness of the BMP projects and programs. Staff carefully monitor groundwater, surface water, water supply facilities, soils, and land use on a regular basis. The data collected track spatial and temporal changes to water quality, groundwater levels, and soil quality, and are used to update the PVHM. Staff are responsible for ensuring that the Agency complies with its numerous environmental permits and annual reporting requirements (Water Rights Permit, NPDES Permit, and Master Reclamation Permit, SGMA Annual Reporting); overseeing the water quality aspects of the Harkins Slough Facility; writing annual reports; and reviewing new well permit applications. Staff are also responsible for documenting current groundwater conditions to meet the requirements of over \$60 million in water resources construction grants awarded to the Agency. As noted above, staff are in discussions with the USGS regarding the installation, operation, and maintenance of new streamflow gages to support both modeling and basin monitoring programs. In particular, additional gages on the Pajaro River and Corralitos Creek would help staff answer SGMA related questions pertaining to "Surface Water and Groundwater Interactions."

Programs include:

- Groundwater monitoring involving semi-annual water level and quality monitoring of over 170 wells, and monthly water level monitoring.
- Seawater intrusion monitoring of wells located in and near the intruded zone.
- Surface water quality monitoring at approximately 40 sites.
- Hydrologic studies in the College Lake and Watsonville Slough Watersheds to support BMP proposed projects.

### **In-Basin Management**

The In-Basin Management section of the budget has historically provided funding primarily for the development of the Basin Management Plan (BMP). Most recently, the Board of Directors certified the BMP Update Environmental Impact Report and approved the BMP Update in the spring of 2014. In 2016, PV Water developed a BMP Implementation Plan Strategy. In December 2016, PV Water submitted the BMP Update, Agency Act, and other supporting documents to the DWR as an Alternative to a Groundwater Sustainability Plan (GSP). As of the writing of this narrative, DWR had not yet provided a response in regard to the Alternative submittal. Should DWR find the Alternative submittal not substantially compliant with GSP regulations, then PV Water will need to develop and submit a GSP by January 2020. It is not clear how much the development of a GSP may cost, but DWR has awarded PV Water with a \$1.5 million Proposition 1 Sustainable Groundwater Planning Grant to support both the GSP development and Basin Monitoring Network Improvements.

### **Regional Water Management**

PV Water, in partnership with San Benito County Water District (SBCWD) and Santa Clara Valley Water District (SCVWD), compose the Regional Water Management Group (RWMG) and lead the Integrated Regional Water Management (IRWM) efforts for the Pajaro River Watershed. The RWMG most recently updated and adopted the IRWM Plan in 2014. Work this fiscal year will include coordination meetings with SBCWD and SCVWD, potential pursuit of regional grant funding with the partners, and other water resource planning to maintain compliance with updated IRWM requirements. The IRWM Plan may undergo an update in this fiscal year, pending a decision by the RWMG.

### **Out-of-Basin Funding**

Out-of-Basin Funding efforts includes continued pursuit of Federal and State grants. Title XVI at the Federal level and Proposition 1 at the State level are the two significant opportunities, although others may exist. Over the course of the fiscal year, PV Water expects to receive \$1 Million from Proposition 1 Water Bond funds, which PV Water is eligible for because of the State Revolving Fund (SRF) financial agreement. This year's budget includes staff time and resources for grant writing, contracting and management of consultants.

### **In-Basin Funding**

PV Water is implementing the BMP Update as directed by the Board. The Cost of Service Report developed in 2014/15 to support the most recent Proposition 218 compliant rate setting effort (2015) anticipated that the BMP Implementation would be funded by a combination of revenue raised by the new rates and a portion of cash reserves as needed. To date, staff has not needed to draw on reserves to fund the BMP Implementation because of higher than anticipated grant revenue, and drought conditions, which have led to more revenue than anticipated from augmentation charge revenue and delivered water sales. A component of the BMP Implementation effort is to analyze PV Water's current rates with respect to anticipated capital projects expenditures; this work began in March 2018. Should the Board of Directors certify the Environmental Impact Report for the proposed College Lake Integrated Resources Management Project in winter 2019 and direct staff to proceed with project implementation, additional revenue will be necessary.

**Basin Management Budget  
July 1, 2018 to June 30, 2019**

	<b>Basin Modeling</b>	<b>Basin Monitoring</b>	<b>In-Basin Management</b>	<b>Regional Water Management</b>	<b>Out-of-Basin Funding</b>	<b>In-Basin Funding</b>	<b>Total</b>
<b>Expenditures</b>							
Salaries and Wages	53,846	90,281	50,170	15,190	16,297	15,190	240,974
Conf/Mtgs/Training	1,500	3,000					4,500
Travel/Mileage/Meals	1,000	2,000		500	4,000	2,000	9,500
Legal Notices & Ads				500		-	500
Dues & Subscription	-	1,000					1,000
Postage						-	-
Printing				1,000		-	1,000
Field Supplies		15,000					15,000
Elections						-	-
Legal Services			20,000			10,000	30,000
Professional Services	225,000	50,000	650,000	100,000	25,000	10,000	1,060,000
Information Tech	11,680	11,880					23,560
Vehicle Purchase		-					-
Vehicle Maintenance		2,850					2,850
Water Sampling		40,000					40,000
Other Fixed Assets							-
Licensed Contractor		25,000					25,000
<b>Total Expenditures</b>	<b>\$ 293,026</b>	<b>\$ 241,011</b>	<b>\$ 720,170</b>	<b>\$ 117,190</b>	<b>\$ 45,297</b>	<b>\$ 37,190</b>	<b>\$ 1,453,884</b>

**BUDGETED SALARY EXPENDITURES FISCAL 18-19**

**Special Revenue Funds - 20**

Position	Total Salary & Benefits
	Includes 10% Allowance for Non-Exempt
Agency Administration	
1 General Manager	254,664
2 Finance & Administrative Services Manager	191,097
3 Financial Analyst	131,413
4 Administrative Analyst	131,798
5 Customer Service Rep	125,696
6 Account Clerk	105,428
Operations	
1 Water Meter Program Coordinator	143,839
2 Water System Operations Supervisor	185,884
3 Water System Operator	157,326
4 Vacant TBD	99,655
5 Operations-Maintenance Technician	143,268
6 Associate Hydrologist	147,540
7 Water Conservation & Outreach Specialist	109,185
8 Water Resources Technician	92,171
<b>Total Salaries &amp; Benefits</b>	<b>2,018,965</b>

Basin Management													
Basin Modeling		Basin Monitoring		In-Basin Management Plan		Regional Water Management Plan		Out Of Basin Funding		In-Basin Funding (Rate Setting)		Total	
%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
5%	12,733	4%	10,187	10%	25,466	3%	7,640	5%	12,733	3%	7,640	30%	76,399
													-
													-
													-
													-
5%	4,983	5%	4,983	10%	9,966	5%	4,983	1%	997	5%	4,983	31%	30,893
													-
20%	29,508	20%	29,508	8%	11,803	1%	1,475	1%	1,475	1%	1,475	51%	75,246
1%	1,092	8%	8,735	1%	1,092	1%	1,092	1%	1,092	1%	1,092	13%	14,194
6%	5,530	40%	36,868	2%	1,843.42	0%	-	0%	-	0%	-	48%	44,242
	<b>53,846</b>		<b>90,281</b>		<b>50,170</b>		<b>15,190</b>		<b>16,297</b>		<b>15,190</b>		<b>240,974</b>

## **Special Fund General Administration**

### **Special Fund General Administration**

The Special Fund General Administration category holds expenses that are general in nature, including billing and collection costs.

### **Grant Administration**

Functions included in this category are grant applications, grant and contract management, and associated intergovernmental relations. The professional services in this category are largely grant reimbursable and include the following:

- Continued consultant services for the administration and reimbursement of the following grants: Proposition 84 (IRWM Implementation & Drought Emergency), and Proposition 1 (Recycled Water & Groundwater).
- Applying for new grants and supporting project activities, including grant compliance and team conference calls.

### **Conservation**

The conservation goal in the BMP Update makes up approximately 40% (5,000 AFY), of the overall proposed solution to eliminate 12,100 AFY of groundwater production. In August 2015, the Board of Directors approved the BMP Conservation Program after completion of a 1-year Pilot BMP Conservation Program. The program focuses on agricultural water conservation but also provides services for domestic conservation, which include graywater laundry to landscape rebates, rainwater catchment rebates, the home and garden water conservation tool kit, and water saving device give-a-ways used as both promotional and water conservation tools. The conservation program leverages numerous partners and their programs including the Resource Conservation District of Santa Cruz County (RCDSCC), the National Resources Conservation Service (NRCS), the Monterey County Resource Conservation District (RCDMC), UC Cooperative Extension, Water Conservation Coalition of Santa Cruz County, Community Water Dialogue, and private consultants.

PV Water is also pursuing implementation of a Recharge Net Metering Program. This five-year pilot program is designed to enhance groundwater recharge by 1,000 AFY within the Pajaro Valley Groundwater Basin by offsetting costs incurred by landowners for operation and maintenance of water collection and infiltration systems that are constructed on their land. These costs are commonly associated with loss of use of otherwise productive farmland and periodic maintenance of water conveyance and infiltration facilities. Recharge Net Metering participants benefit directly through the rebate program; they also benefit indirectly (along with other resource users and the regional hydrologic system) because MAR helps to improve and sustain the supply and quality of groundwater.

### **Education & Outreach**

Functions included in this category are annual reports, newsletters, participation in local educational fairs and events, website updates and maintenance, and development of social media content (such as Facebook).



**Special Fund General Administration  
July 1, 2018 to June 30, 2019**

	Special Revenue Funds (20)				
	Service				
	Special Fund General Administration	Grant Administration	Conservation	Public Education & Outreach	Total
<b>Expenditures</b>					
Salaries and Wages	681,863	55,240	54,045	54,966	846,114
Conferences/Training	4,000		1,250		5,250
Travel/Mileage/Meals/Lodging	7,500	2,000	1,250		10,750
Bank Charges/Bond Fees	31,500				31,500
Insurance	3,100				3,100
Taxes/Fees	19,700				19,700
Legal Notices & Ads	1,000				1,000
Dues & Subscription	2,000				2,000
Office Expense/Supplies	15,000	1,000	10,000	5,000	31,000
Postage	2,000	8,500			10,500
Printing	8,500			15,000	23,500
Utilities	8,200				8,200
Telephone/Communications	5,000		3,000	3,000	11,000
Office Equipment	7,300				7,300
Legal Services	50,000	1,500			51,500
Professional Services	25,000	150,000	200,000	45,000	420,000
Bad Debt	69,215				69,215
Collection Fee					-
Building Maintenance	3,500				3,500
Office Equipment					-
Furniture & Equipment					-
Information Technology	18,900		7,340	7,340	33,580
Vehicle Purchase					-
Vehicle Maintenance			2,850	2,850	5,700
Rebates General Conservation			20,000		20,000
Rebates - ReNeM			12,000		12,000
Land Fallowing			0		-
Other Fixed Assets					-
<b>Total Expenditures</b>	<b>\$ 963,278</b>	<b>\$ 218,240</b>	<b>\$ 311,735</b>	<b>\$ 133,156</b>	<b>\$ 1,626,409</b>

**BUDGETED SALARY EXPENDITURES FISCAL 18-19**

**Special Revenue Funds - 20**

	<b>Total Salary &amp; Benefits</b>
	Includes 10% Allowance for Non-Exempt
<b>Agency Administration</b>	
1 General Manager	254,664
2 Finance & Administrative Services Manager	191,097
3 Financial Analyst	131,413
4 Administrative Analyst	131,798
5 Customer Service Rep	125,696
6 Account Clerk	105,428
<b>Operations</b>	
1 Water Meter Program Coordinator	143,839
2 Water System Operations Supervisor	185,884
3 Water System Operator	157,326
4 Vacant TBD	99,655
5 Operations-Maintenance Technician	143,268
6 Associate Hydrologist	147,540
7 Water Conservation & Outreach Specialist	109,185
8 Water Resources Technician	92,171
<b>Total Salaries/Benefits</b>	<b>2,018,965</b>

Gen Admin Special Funds		Public Outreach & Education		Grant Administration		Conservation		Total	
%	\$	%	\$	%	\$	%	\$	%	\$
15%	38,200	5%	12,733	5%	12,733	5%	12,733	30%	76,399
88%	168,534	0%	-	10%	18,727	0%	-	98%	187,262
93%	122,353	0%	-	5%	6,439	0%	-	98%	128,793
93%	122,708	0%	-	5%	6,458	0%	-	98%	129,166
98%	123,182	0%	-	0%	-	0%	-	98%	123,182
98%	103,319	0%	-	0%	-	0%	-	98%	103,319
									-
0%	-	0%	-	0%	-	0%	-	0%	-
0%	-	0%	-	0%	-	0%	-	0%	-
0%	-	0%	-	0%	-	0%	-	0%	-
1%	997	1%	997	1%	997	1%	997	4%	3,986
0%	-	0%	-	0%	-	0%	-	0%	-
1%	1,475	2%	2,951	3%	4,426	2%	2,951	8%	11,803
1%	1,092	30%	32,756	5%	5,459	30%	32,756	66%	72,062
0%	-	6%	5,530	0%	-	5%	4,609	11%	10,139
	<b>681,860</b>		<b>54,966</b>		<b>55,240</b>		<b>54,045</b>		<b>846,111</b>

## **Capital Projects Service Expense Group Summary**

Following years of work and stakeholder engagement that occurred between 2010 and 2015, the Board of Directors certified the BMP Update Environmental Impact Report, approved the Basin Management Plan Update, and adopted Ordinances 2015-01 and 2015-02 adjusting PV Water's rate structure to fund implementation of the BMP Update. Staff are now working to implement the projects and programs described in the BMP Update and noted below. The portfolio of projects and programs described in the BMP Update are projected to halt seawater intrusion and stop groundwater overdraft in the Pajaro Valley.

- Conservation Program
- Increased production and deliveries from existing facilities
- Increased Recycled Water Storage
- Harkins Slough Facility Upgrades
- Watsonville Slough Diversion with Recharge Basins
- College Lake Integrated Resources Management Project
- Murphy Crossing with Recharge Basin (Not currently being implemented.)

In January 2017, the Board of Directors approved an agreement for Basin Management Plan Implementation – Program Management Services. The agreement funds a team of engineers, environmental scientists, property rights experts, funding experts, and others to advance work on the following three projects:

- Harkins Slough Facility Upgrades
- Watsonville Slough Diversion with Recharge Basins
- College Lake Integrated Resources Management Project

As documented in the scope of work, the BMP Program Management Services will include the following BMP implementation activities to be performed between March 2017 and June 2019:

- **Program Administration and Controls** including project and administrative support;
- **Planning and Engineering Support** including water rights applications and preliminary design for each of the BMP projects (College Lake Integrated Resources Management Project, Harkins Slough Facility Upgrades, and Watsonville Slough Diversion with Recharge Basins);
- **Environmental Review and Permitting** for each of the BMP projects including the environmental resource studies required to support the environmental documents, permits, and water rights;
- **Property Rights** including defining the property requirements for each of the BMP projects and securing rights to access;
- **Water Rights** for each of the BMP projects including preparing and submitting water rights applications and negotiating with State Water Resources Control Board as needed;
- **Public and Stakeholder Outreach** for the overall BMP program and individual project implementation; and
- **Funding** for the BMP projects including developing a funding strategy, monitoring and evaluating funding opportunities, and preparing and submitting funding applications as appropriate.

### **Recycled Water Facility Improvements**

In February 2017, the Board of Directors approved an agreement for professional service to produce biddable plans and specifications for Disk Filter Upgrades at the RWF. The Disk Filter Upgrades Project is part of PV Water's SRF financial agreement with the SWRCB; 35% of construction costs are reimbursable under Proposition 1 Recycled Water and 65% of the construction costs are eligible for a 1% financing agreement over 30 years. Funding for a Recycled Water Storage Project, SRF Phase III, is also included in the budget. This project

anticipates the construction of a 0.5 million-gallon tank that would bring the total storage capacity at the RWF to 3.0 million gallons. Constructing Phases II & III concurrently could result in cost savings and produce a more competitive bid package.

### Basin Monitoring Network Improvements

On April 4, 2018, DWR announced the final awards for the Proposition 1 Sustainable Groundwater Planning Grant program solicitation. The table listing final awards shows that DWR has awarded PV Water a \$1.5 million grant. PV Water's proposal included funding to support the development of a Groundwater Sustainability Plan, if necessary, and funding to support the for the construction of up to 16 new monitoring wells to enhance the Basin Monitoring Network.

Capital Projects July 1, 2018 to June 30, 2019							
	Basin Monitoring Improvements	Harkins Slough Facility Upgrades	College Lake Integrated Resources Management Project	Watsonville Slough Diversion with Recharge Basins	Recycled Water Facility Disk Filter Upgrade	Recycled Water Storage Project	Total
<b>Expenditures</b>							
Salaries and Wages	36,816	34,502	68,191	33,600	29,163	11,168	213,439
Insurance							-
Taxes/Fees				35,000			35,000
Legal Notices & Ads			2,000				2,000
Field Supplies	50,000						50,000
Professional Services	150,000	165,167	1,371,667	170,167	250,000	200,000	2,307,001
Other Fixed Assets							-
Legal Services		29,000	110,000	75,000			214,000
Licensed Contractors	1,000,000				800,000	200,000	2,000,000
<b>Total Expenditures</b>	<b>\$ 1,236,816</b>	<b>\$ 228,669</b>	<b>\$ 1,551,858</b>	<b>\$ 313,767</b>	<b>\$ 1,079,163</b>	<b>\$ 411,168</b>	<b>\$ 4,821,440</b>

**BUDGETED SALARY EXPENDITURES FISCAL 18-19**

**Special Revenue Funds - 30**

Position	Total Salary & Benefits
	Includes 10% Allowance for Non-Exempt
Agency Administration	
1 General Manager	254,664
2 Finance & Administrative Services Manager	191,097
3 Financial Analyst	131,413
4 Administrative Analyst	131,798
5 Customer Service Rep	125,696
6 Account Clerk	105,428
Operations	
1 Water Meter Program Coordinator	143,839
2 Water System Operations Supervisor	185,884
3 Water System Operator	157,326
4 Vacant TBD	99,655
5 Operations-Maintenance Technician	143,268
6 Associate Hydrologist	147,540
7 Water Conservation & Outreach Specialist	109,185
8 Water Resources Technician	92,171
<b>Total Salaries &amp; Benefits</b>	<b>2,018,965</b>

Capital Projects													
Basin Monitoring Improvements		Harkins Slough Facility Upgrades		College Lake Intergrated Resources Management Project		Watsonville Slough Diversion with Recharge Basins		Recycled Water Facility Disk Filter Upgrade		Recycled Water Storage Project		Total	
%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
2%	5,093	5%	12,733	12%	30,560	5%	12,733	2%	5,093	2%	5,093	28%	71,306
	-		-		-		-		-		-	0%	-
0%	-	2%	3,718	2%	3,718	2%	3,718	7%	13,012	0%	-	13%	24,165
	-		-		-		-		-		-	0%	-
5%	4,983	10%	9,966	12%	11,959	8%	7,972	10%	9,966	5%	4,983	50%	49,828
	-		-		-		-		-		-	0%	-
15%	22,131	4%	5,902	6%	8,852	4%	5,902	0%	-	0%	-	29%	42,787
0%	-	2%	2,184	12%	13,102	3%	3,276	1%	1,092	1%	1,092	19%	20,745
5%	4,609		-		-		-		-		-	5%	4,609
	<b>36,816</b>		<b>34,502</b>		<b>68,191</b>		<b>33,600</b>		<b>29,163</b>		<b>11,168</b>		<b>213,439</b>

## Debt Service Payments Service Expense Group Summary

The Debt Service Expense Group includes costs associated with payment of long-term balances as summarized below.

### Note payable - Department of Water Resources (DWR)

The Agency entered into a promissory note on June 15, 2005 with the DWR in the amount of \$3,511,446. The loan proceeds were used for the construction of components of the revised basin management plan. Principal and interest in the amount of \$251,415, with interest at 2.4% and, final payment on September 30, 2027.

### Bond Payable - 2015 Water Revenue Refunding Bonds

Water Revenue Refunding Bonds were issued in the amount of \$19,970,000 in 2015 primarily to refinance 1999 Certificate of Participation and two State Water Resources Control Board Loans that were used to construct facilities on Harkins Slough, the Coastal Distribution System, and Supplemental Wells. Principal and interest payments are due in fourteen semi-annual installments through March 1, 2029, at interest rates ranging from 3% to 5%. Total annual payment due is \$2.3 million. By refinancing the 1999 Certificate of Participation and two State Water Resources Control Board Loans, the Agency is saving \$253,985 in interest this fiscal year.

### Bond Payable - 2016 Water Revenue Refunding Bonds

Water Revenue Refunding Bonds were issued in the amount of \$11,435,000 in 2016 to refinance the City of Watsonville's 2007 Water Revenue Bonds for costs associated with the design and construction of the Recycled Water Facility. Principal and interest payments are due in fourteen semi-annual installments through March 1, 2036, at interest rates ranging from 2% to 5%. Total annual payment due is \$804,412. By refinancing these bonds in 2016, the Agency is saving \$1.4 million in interest this fiscal year.

<b>Debt Service</b>	
<b>July 1, 2018 to June 30, 2019</b>	
<b>Expenditures</b>	
<b>DWR Note Payable</b>	<b>251,416</b>
<b>2015 Bond Payment Principal</b>	<b>1,615,000</b>
<b>2015 Bond Payment Interest</b>	<b>684,700</b>
<b>2016 Bond Payment Principal</b>	<b>415,000</b>
<b>2016 Bond Payment Interest</b>	<b>389,412</b>
<b>Total Expenditures</b>	<b>\$ 3,355,528</b>

<b>BOND COVENANT TEST</b>	
Bond Principal	2,030,000
Bond Interest	1,074,112
Annual Payment	3,104,112
@ 110%	3,414,523
Water Service Revenue	13,407,210
Water Service O&M	7,194,535
Net Revenue	6,212,675
<b>Over Debt Covenant</b>	<b>2,798,152</b>

The Bond Covenant Test shows this budget satisfies the requirements of the bond debt covenant agreements in excess of \$2.8 million.