



# 2024 - 2025 ANNUAL BUDGET



## TABLE OF CONTENTS

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Transmittal Letter .....	Pages 1 – 4
Introductory Section	
2024 – 2025 Budget Summary .....	Pages 5 – 14
District Profile .....	Pages 15 – 21
Enterprise Budget Summaries	
Water System .....	Page 22
Wastewater Treatment System .....	Page 23
Recycled Water System .....	Page 24
Personnel Analysis .....	Pages 25 – 31
Capital Replacement & Refurbishment Program .....	Pages 32 – 40

## **Index of Tables**

Table 1. Summary of Financial Operations	Page 5
Table 2. Summary of Revenues	Page 6
Table 3. Summary of Expenses	Page 8
Table 4. Summary of Expenses by Type of Expense	Page 9
Table 5. Statements of Revenues, Expenses, and Changes in Net Position	Page 11
Table 6. Net Result from Operating Activities	Page 12
Table 7. Debt Service Coverage Calculations	Page 13
Table 8. Summary of Authorized Positions by Budget Unit	Page 14
Table 9. Profile of the El Toro Water District	Page 15
Table 10. Service Area and Population serve Information	Page 18
Table 11. Comparison of Economic Characteristics of District Residents	Page 18
Table 12. Education for Residents 25 or Older	Page 18
Table 13. Occupations	Page 19
Table 14. Unemployment & Workforce Participation Rate Comparison	Page 19
Table 15. Household Income	Page 20
Table 16. Water System – Operations & Maintenance Sources & Uses of Cash	Page 22
Table 17. Wastewater System – Operations & Maintenance Sources & Uses of Cash	Page 23
Table 18. Recycled Water System – Operations & Maintenance Sources & Uses of Cash	Page 24
Table 19. Personnel Expense Summary	Page 25
Table 20. Changes in Salary Costs	Page 26
Table 21. Changes in Other Salary and Benefit Expenses	Page 27
Table 22. Organization Chart	Page 28
Table 23. Compensation Plan – Salary Range Schedule – Non-Exempt	Pages 29 - 30
Table 24. Compensation Plan – Salary Range Schedule – Exempt	Page 31
Table 25. Ten Year Capital Improvement Program	Pages 32 - 40

## **Index of Charts**

Chart 1. Distribution of Revenues by Category	Page 7
Chart 2. Operating Expenses by Category	Page 10

**Principal Officials**  
On the Budget Approval Date of April 22, 2024

**PRESIDENT**  
Mark Monin

**VICE-PRESIDENT**  
Michael Gaskins

<b>BOARD OF DIRECTORS</b>		
Kathryn Freshley	Fred Adjarian	Kay Havens

**GENERAL MANAGER**  
Dennis Cafferty

<b>MANAGEMENT TEAM</b>	
Judy Cimorell	Director of Human Resources
Vishav Sharma	Chief Financial Officer
Scott Hopkins	Operations Superintendent
Mike Miazga	Information Technology Manager
Hannah Ford	Director of Engineering



*The mission of the El Toro Water District is to provide its customers with safe, adequate, and reliable water, sewer, and recycled water services in an environmentally and economically responsible manner. The District intends to accomplish this mission by efficiently and effectively managing its operations and maintenance activities and prudently and effectively investing in its capital assets.*

April 22, 2024

Presented for consideration is the Budget document for the El Toro Water District for Fiscal Year 2025, which begins July 1, 2024 and ends June 30, 2025. The District's budget provides a framework for achieving the strategic objectives established by the District Board and illustrates how the resources entrusted to the District by customers are utilized to provide effective, efficient, and high quality water, wastewater, and recycled water services. The core purposes of the District's annual budget include estimating the financial resources that will be available to the District during the budget period and authorizing a spending plan that utilizes those financial resources to support the District's services, programs, and projects. The Budget is developed and modified through an extensive review process that involves the Board of Directors and Staff and reflects a continued commitment by the District to deliver safe, reliable, and high quality services to customers.

The District remains committed to keeping rates as low as possible for customers but the cost increases that are happening in the economy are a severe challenge for achieving this goal. Last year the District published a three-year rate study and 218 Notice that identified a three-year rate plan to support its Operations and Maintenance and Capital budgets. After developing the 2024-25 draft budget and analyzing various scenarios, staff proposes the District continue to follow the path we created last year for the Operations and Maintenance and Capital rates.

The Metropolitan Water District approved budget identifies an 11% rate increase on the purchase of treated imported water instead of the expected seven percent increase when the rate study was prepared last year. In addition, similar cost pressures have contributed to rising O&M costs at the Baker Water Treatment Plant beyond those anticipated in the previous rate study. The cost of water supplies is passed on to the customers without adding any operations or capital charges. The increase in the cost of water is so significant that the staff is proposing a new rate study and 218 notice focused only on the portable water and recycled water commodity rates.

The process of developing the annual budget includes a thorough assessment of the external environment so the District can respond to challenges that may occur in a particular budget period.

The following examples of cost increases and decreases identify certain of the key drivers in the 2024-25 budget:

- Purchased water expense is projected to increase \$744,169 or 8.29 %;
- Electrical Power expense is projected to increase \$236,580 or 13.25%;
- SOCWA contract expense is projected to increase \$100,000 or 9.09%;
- Retiree Health Insurance cost is projected to increase \$50,000 or 16.67%;
- Chemical purchases (including treatment and laboratory chemicals) are projected to decrease by \$19,800 or (5.28%). This is largely due to the assumed decrease in sales of recycled water.

In contrast to these expenses, which are necessary for District operations, Staff has strived to limit increases in expenses that are to some extent controllable. Examples include:

- Personnel costs are relatively controlled with a total increase of \$310,069 from budget to budget or 3.02%. Employee turnover has allowed Staff to control the total increase with new employees coming in with lower costs than retiring employees and not filling three open positions in the fiscal year 2024-25. In addition, a

portion of estimated capitalized labor has been shifted to the capital budget thereby reducing the impact on O&M expense to \$109,631;

- Legal Services expenses remain stable in the 2024-2025 Budget;

### **Review of Accomplishments in the 2023 - 2024 Budget Period**

Throughout the 2023 - 2024 budget period, the District accomplished many of the objectives and projects incorporated into the 2023 - 2024 Budget plan, including:

#### **Significant Achievements & Projects**

- The District's continued its commitment to excellent financial management practices as demonstrated by the receipt of the Certificate of Achievement for Excellence in Financial Reporting for the FY 2022 Comprehensive Annual Financial Report, a national recognition of the District's financial reporting by the Government Finance Officers Association (GFOA) of the United States.
- The District procured an Enterprise Resource Management software system to integrate its financial operations from three different software systems into one system. The implementation of the system occurred towards the end of the 2022 fiscal year and continued into the 2024 fiscal year.
- The District utilized the 2022 Revenue Bond proceeds to continue capital improvement projects that will refurbish significant portions of the District's infrastructure, as described below.

#### **Infrastructure Improvements**

The District is dedicated to invest in its infrastructure improvement needs so that the community can rely on its Water, wastewater and Recycled water utility.

- The Water system 2024-2025 capital budget includes replacing pumps and motors at Cherry Booster Station. In addition, multiple other capital projects for the Water System are budgeted for 2024-2025 including the R-4 Reservoir Mixing System replacement, the Mouton/El Toro Cathodic Protection Study, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.
- The Wastewater treatment system 2024-2025 capital budget includes several significant projects, including final design for rehabilitation of the Aliso Creek Pump Station, the rehabilitation of the Grit Chamber and the rehabilitation of the Headworks and Secondary Clarifier No. 1 at the WRP. In addition, multiple other capital projects for the Wastewater System are budgeted for 2024-2025 including the Westline Main Switchboard Replacement, Freeway Electrical Equipment Replacement, Westline Generator Replacement, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.
- The Recycled water 2024-2025 capital budget includes additional tertiary filter disks and tertiary disinfection system optimization. Any additional revenue beyond these expenditures generated from the capital rate charges is being used to pay the debt service costs.

### **Goals and Objectives for the 2024 – 2025 Budget**

The 2024 – 2025 budget includes the following goals and objectives:

- Continue setting rates for operating activities that generate enough revenue to fully support operating expenses;
- Continue the process of increasing Capital Rates to generate additional Capital Facility revenue to fully fund the 2022 Revenue Bond debt service expenses from recurring revenue and to enhance investment in the District capital infrastructure which is necessary to provide reliable service;
- Establish a reliable, stable and predictable rate adjustment strategy that minimizes impact to customers;

- Generate a revenue plan to restore and maintain minimum reserve levels sufficient to fund legally restricted reserves, board mandated reserves and working capital requirements;
- Employ cost containment and reduction strategies and practices as appropriate to cost effectively maintain reliable service levels.

### **Assumptions Integrated into the 2024 – 2025 Budget**

The following budgetary assumptions are incorporated into the budget:

#### **Revenues**

- Potable water sales are based on the purchase of 7,000 acre-feet (AF) of water and delivery of 6,700 AF to customers;
- The potable water usage charge which funds the purchase of water from the Metropolitan Water District through the Municipal Water District of Orange County and the purchase of water from the Baker Water Treatment Plant will increase by approximately 26 cents effective July 1, 2024 and is supported by an independently prepared Cost of Service Study Report;
- The potable water service charge (Water System Operations & Maintenance "O&M") will increase by 3.9% effective July 1, 2024 as defined in the multi-year 218 Notice published in 2023;
- The wastewater service charge (Wastewater System Operations & Maintenance) will increase by 3.9% effective July 1, 2024 as defined in the multi-year 218 Notice published in 2023;
- The recycled service charge (Recycled Water System Operations & Maintenance "O&M") will increase by 3.9% effective July 1, 2024 as defined in the multi-year 218 Notice published in 2023;
- The recycled usage charge will increase by 24 cents effective July 1, 2024 and is supported by an independently prepared Cost of Service Study Report;
- Non-rate revenue includes shared maintenance of joint facilities with neighboring agencies, cellular communication site leases and other miscellaneous revenues;
- Property Tax Revenue increase of \$165,800 (14.35%) from \$1,155,000 to \$1,320,800. This change reflects the actual property tax revenue collection was better than projected in prior years;
- Investment income is projected to increase due to anticipated higher interest rates;
- Capital facility charges are designed to assist in covering the cost of the water, wastewater and recycled water capital improvement program during the fiscal year and will increase an average of 25% effective July 1, 2024 as defined in the multi-year 218 Notice published in 2023;
- Rate increases comply with all applicable state constitutional and statutory mandates.

#### **Expenses**

- Purchased water costs are affected by the increased rates charged by Metropolitan Water District of Southern California and Municipal Water District of Orange County and the increased operations and maintenance costs associated with the District's owned capacity in the Baker Water Treatment Plant;
- Energy (electrical power) costs have increased based on expected system operations, capital improvements and analysis of actual Southern California Edison rates and charges;
- SOCWA Operation costs for regional bio-solids and effluent disposal are projected to increase substantially based on the anticipated SOCWA 2024/25 budget;

- Personnel costs are projected to increase by only 3.02% as the District decided not to fill three full time positions during fiscal year 2024-25. Increases in medical premiums and the District's contributions to the employees 401(k) Retirement Savings Plan are included in the budget;
- Operating costs exclusive of purchased water, interest, labor and depreciation have increased by approximately 9.94% compared to the prior budget year.

### **Capital Replacement & Refurbishment Program**

- Staff has updated the ten-year Capital Improvement Program (CIP) to preserve water, sewer and recycled water infrastructure, meet regulatory requirements, and ensure continuous quality services are provided. Projected Water, Sewer and Recycled Water capital improvement expenses (projects and equipment) for budget year 2024 - 2025 total \$7.7 million. The 2024 – 2025 capital improvement expenses will be funded by revenue from the Capital Facilities charge combined with 2022 Revenue Bond proceeds and cash reserves accumulated in prior years.
- Revenue generated from the Recycled Water Capital Facilities charge amounts to \$227,377 and will be used to fund recycled water capital projects and to offset the cost of Recycled Water System debt service.

### **Reserves**

- The District maintains three categories of reserves: (1) Restricted Reserves are legally required to be held as the result of contractual agreement or legal requirement; (2) Committed Reserves are established by an action of the Board; and (3) Assigned Reserves are established by management for particular purposes.
- The Committed Reserves include (1) a Capital Construction Reserve, (2) a Rate Stabilization Reserve, (3) an Operating Reserve and (4) Working Capital. The current target reserve level for the Committed Reserves, established by Board policy, is \$9.3 million.
- The 2024 –2025 Budget continues the process of replenishing the Capital Construction, Rate Stabilization and Working Capital Reserves to the targets defined in the District Cash Reserve Policy.

### **Conclusion**

The 2024 – 2025 Budget is the result of considerable discussion and careful deliberation by the District's Board of Directors and Staff. The preparation, review and deliberation of the budget require a significant time commitment from the organization. The level of commitment demonstrated throughout this process by the Board of Directors and Staff is greatly appreciated by the General Manager and Chief Financial Officer and ensures the successful completion of the budget process. The Budget is optimistic about the future but conservative in its revenue estimates. Most of all, this Budget is the result of a process in which the opportunities and challenges facing the District have been carefully assessed, documented, and addressed to facilitate the accomplishment of the strategic objectives of the Board of Directors.

*Dennis Cafferty*

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Dennis Cafferty  
General Manager



## 2024 – 2025 Budget Summary

This section of the budget document provides a summary of the District’s financial operations, assuming the estimated revenues and expenses incorporated into the 2024 – 2025 Budget occur as forecast. Also presented is a summary of the number of authorized positions included in the 2024 – 2025 Compensation Plan. The charts and graphs in this section provide an overview of total revenues, expenses, and changes in the projected ending financial position for the District.

### Summary of 2024 – 2025 Budgeted Financial Information

The 2024 – 2025 Budget includes \$34,986,996 in estimated revenues and \$35,670,917 in budgeted expenses, resulting in an estimated Change in Net Position of negative \$683,921 for the 2024 - 2025 Budget Year. The Net Position of the District is forecast to equal \$61,710,156 at the end of the 2024 – 2025 fiscal year.

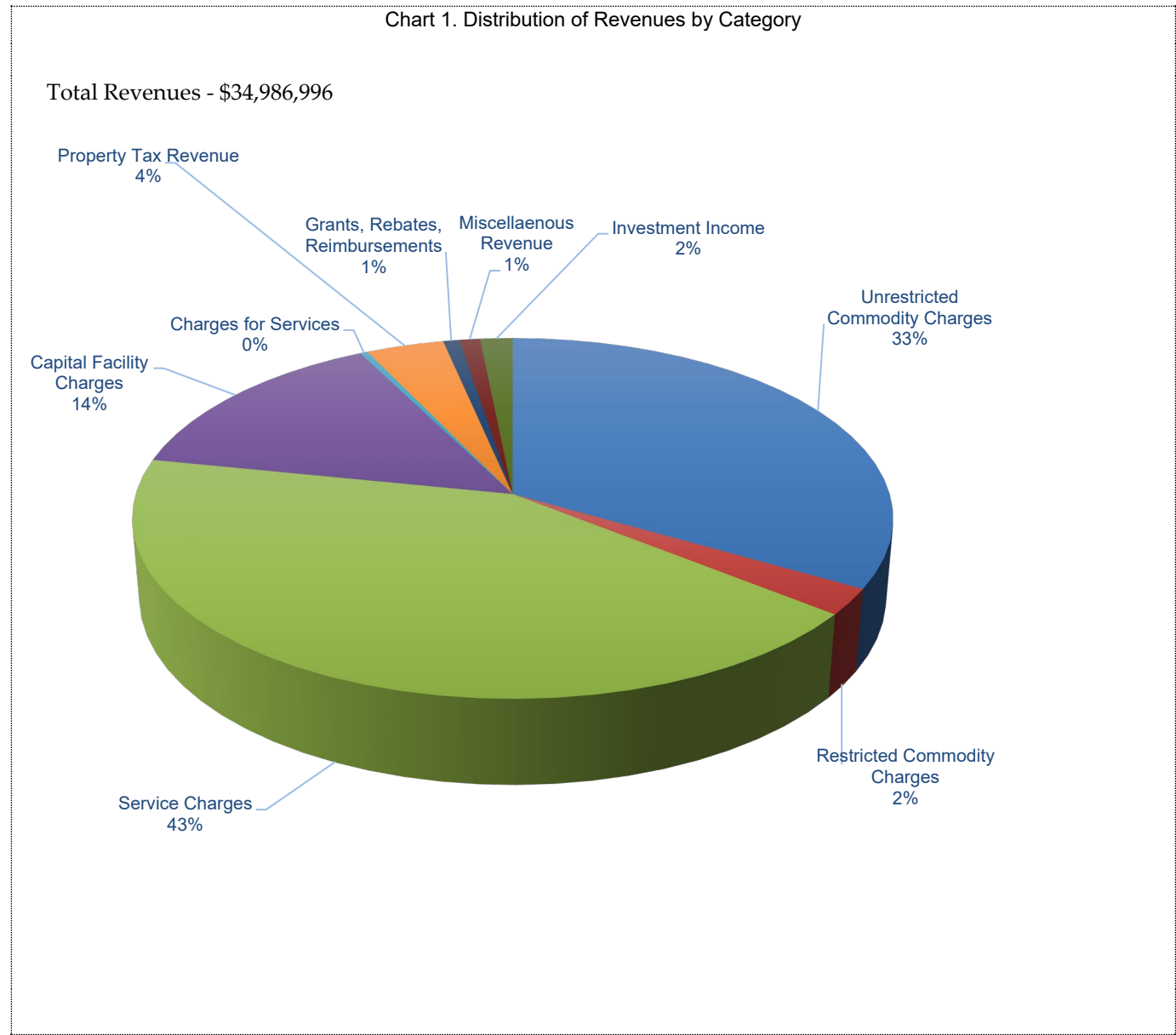
Table 1. Summary of Financial Operations							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	Budget % Change
<b>Revenues</b>							
Operating Revenues	26,709,978	27,700,177	26,410,680	31,121,400	30,195,222	32,817,796	5.45%
Non-operating Revenues	1,398,278	1,095,156	1,833,839	1,654,400	2,349,006	2,169,200	31.12%
Capital Grants, Investment Income & Contributions	8,708	166,008	9,937,033	-	43,660	-	-
<b>Total Revenues</b>	<b>28,116,964</b>	<b>28,961,341</b>	<b>38,181,553</b>	<b>32,775,800</b>	<b>32,587,887</b>	<b>34,986,996</b>	<b>6.75%</b>
<b>Expenses</b>							
Operating Expenses	29,244,286	30,078,953	31,297,686	31,930,860	31,813,765	33,563,112	5.11%
Non-operating Expenses	758,339	1,072,567	1,723,651	2,203,700	2,203,700	2,107,805	-4.35%
<b>Total Expenses</b>	<b>30,002,625</b>	<b>31,151,520</b>	<b>33,021,337</b>	<b>34,134,560</b>	<b>34,017,465</b>	<b>35,670,917</b>	<b>4.50%</b>
<b>Change in Net Position</b>	<b>(1,885,661)</b>	<b>(2,190,179)</b>	<b>5,160,216</b>	<b>(1,358,760)</b>	<b>(1,429,578)</b>	<b>(683,921)</b>	
<b>Beginning Net Position (July 1)</b>	<b>62,739,279</b>	<b>60,853,618</b>	<b>58,663,439</b>	<b>63,823,655</b>	<b>63,823,655</b>	<b>62,394,077</b>	
<b>Ending Net Position (June 30)</b>	<b>60,853,618</b>	<b>58,663,439</b>	<b>63,823,655</b>	<b>62,464,895</b>	<b>62,394,077</b>	<b>61,710,156</b>	
<b>Net Position (as of June 30)</b>							
Net Investment in Capital Assets	56,108,404	30,402,906	54,968,271				
Restricted - Capital Projects	2,895	26,797,887	-				
Restricted - Debt Service	2,270,150	-	-				
Unrestricted	2,472,175	1,462,646	8,855,384				
<b>Total Net Position</b>	<b>60,853,624</b>	<b>58,663,439</b>	<b>63,823,655</b>				

## Analysis of District Revenues

Total revenues in the 2024 – 2025 Budget are estimated to be \$34,986,996 an increase of \$2,211,196 (6.75%) compared to 2023 – 2024 budgeted revenues of \$32,775,800. The largest sources of revenue for the District in 2024 – 2025 include Commodity Charges at \$12,336,195 (37.58% of the total), Service Charges at \$15,020,423 (45.77% of the total) and Capital Facility Charges at \$5,009,153 (15.26% of the total). Amongst the three enterprise operations of the District, the Water Enterprise receives 48.10% of total revenues (projected at \$16,827,955 in 2024 – 2025), the Wastewater Enterprise receives 30.52% of total revenues (\$10,676,845), and the Recycled Water Enterprise receives 7.07% (\$2,473,274) of total revenues.

Table 2. Summary of Revenues							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	Budget % Change
Operating Revenues							
Usage Charges							
Water Commodity Charges (Unrestricted)	8,826,616	8,458,976	7,479,815	9,200,200	8,904,349	9,883,227	10.99%
Water Commodity Charges (Restricted)	744,946	753,428	667,170	826,900	843,920	826,917	-2.01%
Recycled Water Commodity Charges	1,898,113	2,012,144	1,189,709	1,962,000	1,581,030	1,626,051	2.85%
Service Charges							
Water System	3,805,648	4,177,676	4,228,718	4,691,400	4,650,859	4,870,491	4.72%
Wastewater System	7,549,752	8,042,358	8,659,162	9,350,200	9,248,336	9,684,429	4.72%
Recycled Water System	308,199	372,728	424,813	448,600	428,160	465,503	8.72%
Capital Facility Charges							
Water System	1,264,678	1,252,889	1,296,286	1,703,700	1,645,478	2,136,001	29.81%
Wastewater System	1,605,820	1,606,146	1,724,492	2,181,800	2,163,659	2,645,774	22.28%
Recycled Water System	134,773	146,847	131,774	208,400	171,991	227,377	32.20%
Charges for Services	120,050	112,110	5,498	125,000	125,000	125,000	0.00%
Miscellaneous Operating Revenues	115,173	33,806	299,496	52,200	42,845	51,200	19.50%
Grants, Rebates, Reimbursements	336,210	731,069	303,748	371,000	389,595	275,825	-29.20%
<b>Total Operating Revenues</b>	<b>26,709,978</b>	<b>27,700,177</b>	<b>26,410,680</b>	<b>31,121,400</b>	<b>30,195,222</b>	<b>32,817,796</b>	<b>8.69%</b>
Non-operating Revenues							
Property Taxes	1,097,589	1,121,298	1,184,149	1,155,000	1,152,087	1,320,800	14.64%
Investment Income	21,511	(259,747)	395,956	250,000	932,982	550,000	-41.05%
Miscellaneous Non-operating Income	279,178	233,605	189,438	249,400	263,937	298,400	13.06%
<b>Total Non-operating Revenues</b>	<b>1,398,278</b>	<b>1,095,156</b>	<b>1,769,543</b>	<b>1,654,400</b>	<b>2,349,006</b>	<b>2,169,200</b>	<b>-7.65%</b>
Capital Contributions	8,708	166,008	64,296	-	43,660	-	-100.00%
<b>Total Revenue</b>	<b>28,116,964</b>	<b>28,961,341</b>	<b>28,244,520</b>	<b>32,775,800</b>	<b>32,587,887</b>	<b>34,986,996</b>	<b>6.75%</b>
Allocation of Revenues							
Water System	13,599,330	13,566,105	12,850,082	14,845,600	14,853,408	16,001,038	7.73%
Water System - Restricted	744,946	753,428	667,170	826,900	843,920	826,917	-2.01%
Wastewater System	8,182,567	8,842,159	9,578,635	10,110,800	10,357,435	10,676,845	3.08%
Recycled Water System	2,584,850	2,793,767	2,060,377	2,898,600	2,551,995	2,473,043	-3.09%
Capital Improvement Program	3,005,271	3,005,882	3,152,552	4,093,900	3,981,128	5,009,153	25.82%
<b>Total Revenue</b>	<b>28,116,964</b>	<b>28,961,341</b>	<b>28,308,816</b>	<b>32,775,800</b>	<b>32,587,887</b>	<b>34,986,996</b>	<b>7.36%</b>

Presented in Chart 1 below is a visual depiction of the distribution of the major revenue sources for the District. The three largest categories of revenue comprise 90% of the District’s total revenues.



## Analysis of District Expenses

Total budgeted Operating and Non-operating expenses included in the 2024 – 2025 Budget equal \$35,670,917 an increase of \$1,536,357 (4.50%) from 2023 – 2024 budgeted expenses of \$34,134,560. Operating expenses are budgeted at \$33,563,112, comprise 94.09% of total expenses, and increase by \$1,632,252 (5.11%) from 2023 – 2024 budgeted expenses. Non-operating expenses are budgeted at \$2,107,805, or 4.35% of total expenses, and decrease \$95,895 (4.35%) from 2023 – 2024 budgeted expenses of \$2,203,700.

Table 3. Summary of Expenses							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	Budget % Change
<b>Operating Expenses</b>							
General & Administrative							
Administration	2,878,828	3,840,228	1,259,483	1,169,180	1,058,330	1,294,400	10.71%
Finance & Risk Management	-	-	1,348,002	1,322,700	1,245,622	1,420,217	7.37%
Human Resources	-	-	583,068	470,180	506,687	512,110	8.92%
Technology Services	-	-	784,876	767,300	623,120	869,275	13.29%
Public Relations & Conservation	-	-	473,720	542,300	446,993	590,950	8.97%
Customer Service	533,039	662,834	914,335	990,400	920,722	1,042,700	5.28%
Operations & Maintenance							
Engineering & Compliance	-	-	826,611	980,000	869,739	503,379	-48.63%
Operations Support	2,256,253	1,988,429	947,692	893,500	910,396	970,413	8.61%
Fleet Services	402,950	393,197	568,701	505,000	433,046	575,505	13.96%
Water Supply & Treatment	8,763,806	8,811,309	8,593,606	9,586,200	10,743,213	9,856,469	2.82%
Water Storage Operations	-	-	-	-	-	585,929	-
Water Treatment	47,884	54,839	-	-	-	-	-
Water Pumping Operations	841,888	1,065,350	707,517	766,400	770,962	823,180	7.41%
Water Transmission & Distribution	2,036,230	1,359,618	1,677,077	1,496,500	1,430,498	1,763,875	17.87%
Wastewater Pumping Operations	575,327	637,019	897,987	1,017,300	1,041,606	1,066,100	4.80%
Wastewater Collections	747,308	138,988	1,021,523	1,178,700	985,591	1,054,000	-10.58%
Wastewater Treatment	2,213,644	3,106,835	3,322,987	3,771,900	3,841,778	3,979,811	5.51%
Outside Treatment	1,311,087	1,300,348	-	-	-	-	-
Recycled Transmission & Distribution	15,380	6,624	270,497	250,800	235,059	380,400	51.67%
Tertiary Treatment	379,064	446,606	862,645	1,015,600	1,229,417	1,017,499	0.19%
Operating Capital Expenses							
Other Operating Expenses	1,896,043	1,978,952	1,817,796	300,000	148,687	350,000	16.67%
Depreciation & Amortization	4,345,555	4,287,777	4,419,562	4,906,900	4,372,300	4,906,900	0.00%
<b>Total Operating Expenses</b>	<b>29,244,286</b>	<b>30,078,953</b>	<b>31,297,686</b>	<b>31,930,860</b>	<b>31,813,765</b>	<b>33,563,112</b>	<b>5.11%</b>
<b>Non-operating Expenses</b>							
Interest Expense	758,339	1,072,567	1,723,651	2,203,700	2,203,700	2,107,805	-4.35%
<b>Total Non-operating Expenses</b>	<b>758,339</b>	<b>1,072,567</b>	<b>1,723,651</b>	<b>2,203,700</b>	<b>2,203,700</b>	<b>2,107,805</b>	<b>-4.35%</b>
<b>Total Expenses</b>	<b>30,002,625</b>	<b>31,151,520</b>	<b>33,021,337</b>	<b>34,134,560</b>	<b>34,017,465</b>	<b>35,670,917</b>	<b>4.50%</b>
<b>Allocation of Expenses</b>							
Water System	14,118,224	14,045,016	14,177,075	14,908,000	15,774,779	16,143,190	8.29%
Wastewater System	8,004,329	8,763,198	9,117,127	9,938,580	9,498,954	10,143,214	2.06%
Recycled Water System	880,134	1,004,010	1,766,125	1,877,380	2,019,045	2,019,808	7.59%
Other Operating Expenses	1,896,043	1,978,952	1,817,796	300,000	148,687	350,000	16.67%
Depreciation & Amortization	4,345,555	4,287,777	4,419,562	4,906,900	4,372,300	4,906,900	0.00%
Interest Expense	758,339	1,072,567	1,723,651	2,203,700	2,203,700	2,107,805	-4.35%
<b>Total Expenses</b>	<b>30,002,625</b>	<b>31,151,520</b>	<b>33,021,337</b>	<b>34,134,560</b>	<b>34,017,465</b>	<b>35,670,917</b>	<b>4.50%</b>

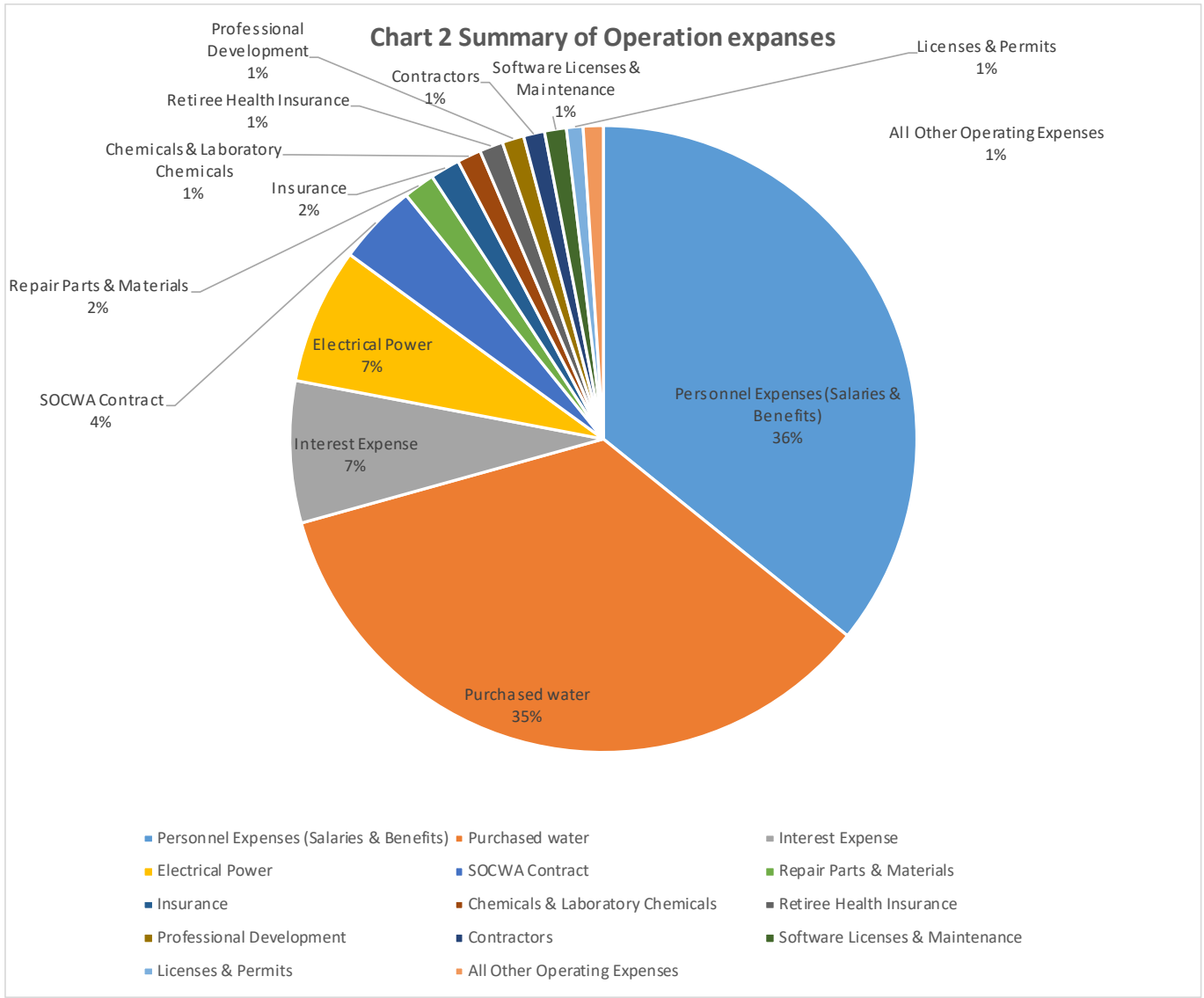


The majority of expenses (45.26%) are incurred by the Water System, primarily because the purchase of potable water for sale is a part of the Water System's operations. The Wastewater System incurs the second highest level of expenses (28.43%), third highest expense category is Depreciation & Amortization (13.75%), followed by Interest Expense (5.91%) and the Recycled Water System (5.66%). Other Operating Expenses include retiree health insurance premiums and any OPEB Charges (which are not budgeted).

Presented below, in Table 4, are Operating expense categories with totals greater than \$200,000 in 2024 – 2025). The largest expenses for the District include Personnel, the purchase of water for sale to customers, Electrical Power, and the SOCWA Contract. Combined, these four expenses equal \$23,447,740 and comprise 81.82% of total expenses for the District (excluding Interest Expense and depreciation).

Table 4. Summary of Operating Expenses Categories with Totals Greater than \$200,000							
	2020 - 2021	2021 - 2022	2022 - 2023	2023-2024	2024-25	Budget	% of Total
	Actual	Actual	Actual	Budget	Budget	% Change	24-25 Cash Outlays
Personnel Expenses (Salaries & Benefits)	8,584,969	8,877,731	9,930,544	10,259,060	10,369,695	1.08%	36.19%
Purchased water	8,559,821	8,641,026	7,960,081	9,096,800	9,856,469	8.35%	34.40%
Electrical Power	1,179,588	1,557,007	1,607,478	1,786,000	2,022,580	13.25%	7.06%
SOCWA Contract	972,231	986,679	969,500	1,100,000	1,200,000	9.09%	4.19%
Repair Parts & Materials	323,763	268,263	334,320	437,810	466,400	6.53%	1.63%
Insurance	335,462	337,816	358,565	378,000	441,722	16.86%	1.54%
Chemicals & Laboratory Chemicals	217,457	247,990	266,397	375,000	355,200	-5.28%	1.24%
Retiree Health Insurance	280,577	218,946	263,362	300,000	350,000	16.67%	1.22%
Professional Development	116,586	179,702	216,285	275,100	324,450	17.94%	1.13%
Contractors	290,050	345,000	96,671	271,500	312,800	15.21%	1.09%
Software Licenses & Maintenance	185,482	227,791	246,589	240,900	322,125	33.72%	1.12%
Licenses & Permits	155,084	169,120	215,114	200,500	245,660	22.52%	0.86%
All Other Operating Expenses	1,559,708	2,138,543	4,145,712	2,303,290	2,389,111	3.73%	8.34%
Total O&M Expenses	22,760,777	24,195,615	26,610,618	27,023,960	28,656,212	6.04%	100.00%
*Excludes Interest, Depreciation, Amortization, and OPEB Charges							

Presented in Chart 2 below are the District’s operating expenses by major category of expense. Personnel expenses are the largest category, followed by Commodity Purchased for Resale and then Interest expenses.



## Projected Statement of Revenues, Expenses, and Changes in Net Position

Portrayed in Table 5 below is a projected Statement of Revenues, Expenses, and Changes in Net Position for the District assuming the 2024 – 2025 Budget occurs as planned. The chart also includes Statements from prior years to serve as a comparison for the proposed 2024 – 2025 Budget.

Table 5. Statement of Revenues, Expenses, and Changes in Net position							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	% Change
<b>Operating Revenues</b>							
Commodity Supply Charges	\$ 11,469,675	\$ 11,224,548	\$ 9,336,693	\$ 11,989,100	\$ 11,329,298	\$ 12,336,195	2.90%
Service Provision Charges	11,663,599	12,592,762	13,312,692	14,490,200	14,327,354	15,020,423	3.66%
Capital Facilities Charges	3,005,271	3,005,882	3,152,552	4,093,900	3,981,128	5,009,153	22.36%
Charges for Services	120,050	112,110	5,498	125,000	125,000	125,000	0.00%
Other Operating Income	115,173	33,806	299,496	52,200	42,845	51,200	-1.92%
Grants, Rebates, & Reimbursements	336,210	731,069	303,748	371,000	389,595	275,825	-25.65%
<b>Total Operating Revenues</b>	<b>26,709,978</b>	<b>27,700,177</b>	<b>26,410,680</b>	<b>31,121,400</b>	<b>30,195,222</b>	<b>32,817,796</b>	<b>5.45%</b>
<b>Operating Expenses</b>							
General & Administrative	3,411,867	4,503,062	5,363,485	5,262,060	4,801,473	5,729,652	8.89%
Operations & Maintenance	19,590,821	19,309,162	19,696,843	21,461,900	22,491,306	22,576,560	5.19%
Other Operating Expenses	1,896,043	1,978,952	625,767	300,000	148,687	350,000	16.67%
Depreciation & Amortization	4,345,555	4,287,777	4,419,562	4,906,900	4,372,300	4,906,900	0.00%
Capital expenditure below the 25K			1,192,029				
<b>Total Operating Expenses</b>	<b>29,244,286</b>	<b>30,078,953</b>	<b>31,297,686</b>	<b>31,930,860</b>	<b>31,813,765</b>	<b>33,563,112</b>	<b>5.11%</b>
<b>Operating Income/(Loss)</b>	<b>(2,534,308)</b>	<b>(2,378,776)</b>	<b>(4,887,006)</b>	<b>(809,460)</b>	<b>(1,618,544)</b>	<b>(745,316)</b>	<b>-7.92%</b>
<b>Non-operating Revenues</b>							
Property Taxes	1,097,589	1,121,298	1,184,149	1,155,000	1,152,087	1,320,800	14.35%
Investment Earnings	21,511	(259,747)	395,956	250,000	932,982	550,000	120.00%
Capital grant & Investment Earnings			1,017,961				
Other Non-Operating Revenue	279,178	233,605	253,734	249,400	263,937	298,400	19.65%
Interest Expense	(758,339)	(1,072,567)	(1,723,651)	(2,203,700)	(2,203,700)	(2,107,805)	-4.35%
<b>Net Non-Operating Revenues</b>	<b>639,939</b>	<b>22,589</b>	<b>1,128,149</b>	<b>(549,300)</b>	<b>145,306</b>	<b>61,395</b>	<b>-111.18%</b>
<b>Net Income/(Loss) before Capital Contributions</b>	<b>(1,894,369)</b>	<b>(2,356,187)</b>	<b>(3,758,857)</b>	<b>(1,358,760)</b>	<b>(1,473,238)</b>	<b>(683,921)</b>	<b>-49.67%</b>
<b>Capital Contributions</b>							
Donations & Contributions (O&M)	8,708	166,008	64,296	-	43,660	-	-
Capital Contributions			8,854,776				
<b>Total Capital Contributions</b>	<b>8,708</b>	<b>166,008</b>	<b>8,919,072</b>	<b>-</b>	<b>43,660</b>	<b>-</b>	
<b>Change in Net Position</b>	<b>(1,885,661)</b>	<b>(2,190,179)</b>	<b>5,160,216</b>	<b>(1,358,760)</b>	<b>(1,429,578)</b>	<b>(683,921)</b>	
<b>Beginning Net Position</b>	<b>62,739,279</b>	<b>60,853,618</b>	<b>58,663,439</b>	<b>63,823,655</b>	<b>63,823,655</b>	<b>62,394,077</b>	
<b>Ending Net Position</b>	<b>\$ 60,853,618</b>	<b>\$ 58,663,439</b>	<b>\$ 63,823,655</b>	<b>\$ 62,464,895</b>	<b>\$ 62,394,077</b>	<b>\$ 61,710,156</b>	

Operating expenses of \$33,563,112 will exceed operating revenues of \$32,817,796 by \$745,316. This Operating Loss is primarily caused by the significant Depreciation expense the District incurs as a result of the capital infrastructure investments and equipment purchases that occurred in prior years and are needed to effectively provide service to customers. Non-operating expense will exceed Non-operating revenues by \$61,395, due to significant interest expense from the Baker Water Treatment Plant loan and the 2022 Revenue Bonds. The

revenues and expenses from operating and non-operating activities will result in a Net Loss of \$683,921 before Contributions which will cause a reduction in the District's Net Position for 2024 – 2025; the ending Net Position is projected to decrease to \$61,710,156.

Presented below in Table 6 below is a calculation of the net result from operations which provides an analysis of the financial result of operations if all capital investment related activities were removed from the Statement of Revenues, Expenses, and Changes in Net Position.

Table 6. Net Result from Operating Activities							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	% Change
Income/(Loss) before Contributions	(1,894,369)	(2,356,187)	(3,758,857)	(1,358,760)	(1,473,238)	(683,921)	-49.67%
Remove: Capital Facilities Charges	(3,005,271)	(3,005,882)	(3,152,552)	(4,093,900)	(3,981,128)	(5,009,153)	22.36%
Remove: Capital grant & Investment Earnings			1,017,961				
Remove: Depreciation	4,345,555	4,287,777	4,419,562	4,906,900	4,372,300	4,906,900	0.00%
Remove: Un-capitalized exp below 25,000			1,192,029	-	-	-	
Remove: Interest Expense	758,339	1,072,567	1,723,651	2,203,700	2,203,700	2,107,805	-4.35%
Remove: Restricted Revenue						626,917	
Recycled Net Revenue for Debt Service						425,582	
Net Result from Operations	204,254	(1,725)	1,441,794	1,657,940	1,121,633	2,374,130	
Depreciation - Capital Facilities Charges <sup>(2)</sup>	(1,340,284)	(1,281,895)	(1,267,010)	(813,000)	(391,172)	102,253	
Notes							
(1) this calculation is intended to portray the result of operations by removing those activities related to Capital Replacement & Refurbishment activities (Capital Charges, Interest, and Depreciation), and thereby illustrate total net revenues from operational activities.							
(2) This calculation illustrates that the Capital Facilities Charge will not provide sufficient funding to replace the District's capital facilities over time.							



## Debt Service Coverage

Presented in Table 7 below are debt service coverage calculations by fiscal year based on the District's actual financial results (20/21, 21/22 and 22/23 fiscal years) and annual budgets (fiscal years 23/24 and 24/25). Debt service coverage in 2022-23 was at the lowest point and the interest costs associated with the 2022 Revenue Bonds was the highest. However, the District's Ten-Year financial projection shows that debt service coverage will improve every year after 2022-2023 and will return to coverage levels calculated for fiscal years 2020-2021 and 2021-2022 in the next few years.

Table 7. Debt Service Coverage Calculation							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	Budget % Change
Commodity Supply Charges	11,469,675	11,224,548	9,336,693	11,989,100	11,329,298	12,336,195	2.90%
Service Provision Charges	11,663,599	12,592,762	13,312,692	14,490,200	14,327,354	15,020,423	3.66%
Capital Maintenance Charges	3,005,271	3,005,882	3,152,552	4,093,900	3,981,128	5,009,153	22.36%
Charges for Services	120,050	112,110	5,498	125,000	125,000	125,000	0.00%
Miscellaneous Operating Revenues	115,173	33,806	299,496	52,200	42,845	51,200	-1.92%
Grants, Rebates, Reimbursements	336,210	731,069	303,748	371,000	389,595	275,825	-25.65%
Property Taxes	1,097,589	1,121,298	1,184,149	1,155,000	1,152,087	1,320,800	14.35%
Investment Earnings	21,511	(259,747)	395,956	250,000	932,982	550,000	120.00%
Other Non-operating Revenue	279,178	233,605	601,897	249,400	263,937	298,400	19.65%
Rate stabilization fund			1,135,000				
Total Revenues	28,108,256	28,795,333	29,727,682	32,775,800	32,544,227	34,986,996	6.75%
Operation & Maintenance Expenses							
General & Administrative	3,411,867	4,503,062	5,363,485	5,262,060	4,801,473	5,729,652	8.89%
Operations & Maintenance	19,590,821	19,309,162	19,696,843	21,461,900	22,491,306	22,576,560	5.19%
Other Operating Expenses <sup>(1)</sup>	554,140	363,486		300,000	148,687	350,000	16.67%
Total Operation & Maintenance Expenses	23,556,828	24,175,710	25,060,328	27,023,960	27,441,465	28,656,212	6.04%
Net Revenues	4,551,428	4,619,623	4,667,354	5,751,840	5,102,762	6,330,784	10.07%
Debt Service Expenses							
North Line SRF Loan	258,145	258,146	258,146	-	-	-	-
Recycled Phase I SRF Loan	1,607,697	1,619,497	1,602,957				
Baker WTP Loan	677,951	677,951	677,755	677,600	677,600	677,600	0.00%
Recycled Phase II SRF Loan	409,046	409,046	409,047	-	-	-	-
2022 Revenue Bonds	-	-	1,294,325	3,564,000	3,335,000	3,333,000	-6.48%
Total Debt Service Costs	2,952,839	2,964,640	4,242,230	4,241,600	4,012,600	4,010,600	-5.45%
<b>Debt Service Coverage Ratio</b>	<b>1.54</b>	<b>1.56</b>	<b>1.10</b>	<b>1.36</b>	<b>1.27</b>	<b>1.58</b>	

Notes

(1) Excludes OPEB Charge which is a non-cash accounting charge.

## 2024 – 2025 Budget Authorized Positions

The 2024 – 2025 Budget authorizes 58 Full-Time Equivalent (FTE) employees; three authorized positions have been reduced from 2023-2024 Budget. Table 8 below illustrates the number of authorized FTE employees by Department.

Table 8. Summary of Authorized Positions by Budget Unit						
	Actual			Budget	Proposed Budget	Proposed Changes
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2024-2025
<b>Employees by Budget Unit</b>						
Administration	2	2	2	2	2	0
Finance & Risk Management	5	5	5	5	5	0
Human Resources	2	2	2	2	2	0
Technology Services	1	1	1	1	1	0
Community Relations & Conservation	1	1	2	2	2	0
Customer Service	7	7	7	7	7	0
Engineering	5	5	5	5	4	(1)
Operations Support Services	2	2	2	2	2	0
Pumping Operations	8	8	8	8	8	0
Fleet Operations	1	1	1	1	1	0
Transmission & Distribution	9	9	8	8	8	0
Electrical	2	2	2	2	2	0
Treatment Plant	10	10	10	10	9	(1)
Collections & Distribution	5	6	6	6	5	(1)
	60	61	61	61	58	(3)

## PROFILE OF THE EL TORO WATER DISTRICT

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### **History of the El Toro Water District**

#### **The Founding of El Toro Water District**

On August 12, 1959, a group of local landowners gathered around the kitchen table of Raymond Prothero, Sr., at 23572 South Prothero Drive in the community of El Toro (known today as Cornelius Drive in the city of Lake Forest) to discuss their concerns about the water supply. Water for both agricultural and domestic use was pumped from wells, and landowners feared that the existing supply would not support an increased population or an expanded agricultural area. They wanted to find a more reliable, predictable source of water.

One year later, in September 1960, the El Toro Water District (ETWD) was formed as a special district under the laws applicable to California water districts (Sections 34000 Et Seq of the Water Code of the State of California). Governed by a seven-member Board of Directors elected by landowners, the District's charge was to develop and implement policies that would meet the short and long range economic, water resource and environmental goals of the community. While the immediate need was to provide for its customers, ETWD had the wisdom and foresight to consider the greater Orange County area in their planning as well.

At the time of its inception, the total population of the District was only 125 people, and it encompassed 4,750 acres. Of that, 750 acres were devoted to citrus groves and other agricultural uses.

#### **Expansion Includes Aqueduct, Water Recycling Plant and El Toro Reservoir**

Shortly after formation, District leadership began to prepare for the anticipated growth of south Orange County. Given the lack of sustainable groundwater, ETWD knew they would have to maintain a critical dependence on imported water that originated hundreds of miles away. ETWD became a constituent agency of the Municipal Water District of Orange County (MWDOC), which entitled the district to receive imported water from the Colorado River and Northern California.

In addition, ETWD joined with a neighboring water district to form the Santiago Aqueduct Commission in order to secure imported water from the Colorado River. The commission obtained permission from the water supplier, Metropolitan Water District of Southern California, to build an aqueduct. The aqueduct would carry water from a pipeline adjacent to Irvine Park to the El Toro community. In 1961, exercising tremendous foresight and good planning, ETWD authorized a bond issue of \$1.9 million to finance its share of the construction costs for the aqueduct, a water filtration plant, a 232 mg reservoir, and expansion of the distribution system within the District.

ETWD established itself as a water-recycling pioneer in 1963 with the completion of the Water Recycling Treatment Plant in Laguna Woods. The plant was designed to treat approximately 1.5 million gallons of domestic wastewater each day. A small laboratory was situated inside the plant to analyze wastewater operations.

#### **Leisure World**

In 1963, Ross Cortese, president of the Rossmoor Corporation, identified about 3,500 acres of the Moulton Ranch to fulfill his vision to build a retirement community and call it Leisure World. Except for scattered dwellings and barns, the ranch was devoted largely to dry farming and cattle grazing. Those who lived in the homes on the ranch relied on water from deep wells and cesspools for sanitation. If Leisure World was to become a reality, Cortese knew he had to meet the requirements for water and sanitation.

Initially, the ETWD Directors, who were also ranchers, didn't share Cortese's vision for a large residential development. However, by January 1963 the Directors changed their minds when they learned that bond programs to bring MWD water into the area had boosted property tax bills to about \$18 for each \$100 assessed valuation – far higher than citrus growers or cattle ranchers could afford to pay.

ETWD and Rossmoor agreed that the District would continue to serve the ranchers by providing irrigation service for agriculture. Since ETWD was not interested in providing domestic water service, the Rossmoor Water Company was formed to serve domestic customers.

### **El Toro Reservoir**

In 1967 the construction of the 233-million gallon El Toro Reservoir was completed. The reservoir served many important needs, including meeting high water demand during hot summer days and wildfires, and emergency backup in the event of a pipeline break or other interruptions in water supplies. ETWD established a policy to maintain a 14-day emergency storage reserve to meet customer demands and fire flow requirements.

### **Constructing a Regional Sewer System**

By 1970 the need for a regional sewer system to dispose of treated effluent to the ocean was becoming increasingly evident. Around the same time, the California Clean Water Program was enacted which allowed certain public agencies to be eligible for joint federal-state construction grants.

Laguna Hills Sanitation, Inc., had been disposing of its treated effluent by irrigating the Leisure World golf course and by spraying vacant land. This latter option was becoming increasingly difficult as the amount of vacant land decreased. Unfortunately since Laguna Hills Sanitation, Inc. was a private corporation, it was ineligible for federal-state grants to provide other methods of effluent disposal. In 1972, the District joined five other public water districts and the City of Laguna Beach to form the Aliso Water Management Agency (AWMA). ETWD believed that it was in the best interest of the community to form a partnership to build a sewage sludge treatment and disposal facility.

Approximately three years later ETWD sold \$6.14 million of wastewater bonds to finance the District's share of the AWMA Regional Treatment Plant and an ocean outfall system. The AWMA (currently known as the South Orange County Wastewater Authority, SOCWA) Regional Treatment Plant is located near the Laguna Niguel Regional Park. The Aliso Creek Ocean Outfall is located in Laguna Beach. The construction of the plant was complete in 1982.

### **The Transition from Wholesale to Retail**

The Laguna Hills Utility Company, the parent company of the operating utilities, Laguna Hills Water Company (LHWC) and Laguna Hills Sanitation, Inc. (LHSI) approached the ETWD Board of Directors in August 1982 with a proposal that ETWD acquire the utility operations of LHWC and LHSI. If approved, this acquisition would transform ETWD from a water wholesaler to a retail water company. The Board of Directors carefully considered the proposal. They concluded that the residents of the District would benefit from this transition, providing that the assets of the utilities could be acquired at a fair price.

On September 12, 1983, ETWD signed the agreement to purchase both Laguna Hills Water Company and Laguna Hills Sanitation, Inc. for a sum of \$10.5 million. The amount would be paid with interest, in installments over a 30-year period. After approximately 24 years, ETWD had become a fully integrated water, sewer and recycled water retail operation.



## **Water Recycling Pioneer**

After three decades of service, and multiple expansion projects, portions of the Water Recycling Plant had reached the end of its useful life. ETWD embarked on a reconstruction and replacement project. The new plant was completed in 1998 at a cost of nearly \$14,000,000. The reconstruction project renewed the useful life of the plant for another 30 years and brought ETWD into compliance with applicable regulatory and environmental requirements. A new expanded laboratory was now equipped to perform sophisticated analysis of wastewater and drinking water, and the overall capacity of the plant increased to 6 million gallons per day. In 1999 the Water Recycling Plant was recognized by the industry as “Plant of the Year.”

## **Expansion Continues at El Toro Reservoir**

In an effort to expand emergency storage in south Orange County and reduce operating cost for ETWD, the District entered into an agreement in 2002 with neighboring water districts for joint use of the El Toro Reservoir. ETWD began a four phase project to expand the El Toro Reservoir capacity to 275 million gallons and enhance the ability of ETWD and neighboring agencies to meet their emergency storage requirements. By increasing the capacity by 52 million gallons, the enlarged reservoir would provide 124.5 million gallons to ETWD, 137.5 million gallons to Santa Margarita Water District and 13 million gallons to Moulton Niguel Water District. The expanded reservoir would serve more than 300,000 customers in the cities of Laguna Woods, Laguna Hills, Lake Forest, Mission Viejo, Aliso Viejo, Laguna Niguel, Dana Point, Rancho Santa Margarita, Ladera Ranch, Las Flores, San Juan Capistrano and San Clemente. The total water surface area expanded to approximately 20 acres.

In addition to laying 4,500 feet of pipeline to allow increased water use by the three partner agencies at once, the reservoir was enlarged to increase supply for regional use. The final phase of the project was to add a new floating cover and liner to the reservoir. The cover continues to assist ETWD in preserving the quality of the imported supply.

## **Recycled Water Expansion Project**

In 2012, the District began a comprehensive multi-phase Recycled Water Expansion Project that significantly increased the amount of recycled water produced for local irrigation. The project was completed in 2016 and greatly expanded the District’s ability to produce recycled water. By undertaking this project, the District saves precious imported drinking water (potable) for household consumption and sanitary uses.

The project constructed tertiary treatment facilities at the existing Water Recycling Plant to increase the treatment and delivery of recycled water for irrigation to approximately 1,400 acre feet per year. That’s the equivalent of covering the entire footprint of Laguna Woods Village with five inches of water or filling Angel Stadium nineteen times. Simultaneously, the District built a new recycled water distribution system for irrigation. Approximately 100,000 feet or 19 miles of recycled water pipeline was constructed beneath the roadways in portions of Laguna Woods and the northwest corner of Laguna Hills. This new distribution system is completely separate from the drinking water distribution system and used for irrigation only. In 2018 the District completed construction of the Phase II Recycled Water Distribution System Expansion Project which added another 5 miles of recycled water pipeline to serve additional users in the community of Laguna Woods.

The recycled water projects improve the environment by reserving drinking water resources for use inside homes and businesses, and provides environmentally responsible recycled water for outdoor use. The tertiary treatment facilities at the Water Recycling Plant produce a higher quality of treated water, diminish the amount of treated water discharged into the ocean and help to reduce the greenhouse gases that results from pumping imported water into the region.

## Location and Service Area Information

The El Toro Water District is located in Southern Orange County, approximately 45 miles south of downtown Los Angeles. The District encompasses the entirety of the City of Laguna Woods, and portions of the Cities of Aliso Viejo, Laguna Hills, Lake Forest, and Mission Viejo. The total service area of the District is approximately 5,430 acres or the equivalent of 8.5 square miles. Interstate 5 bisects the District with approximately half of the District's service area on each side of the Interstate.

Table 11. Comparison of Economic Characteristics of District Residents				
	Median Gross Rent*	Median Housing Value*	Per Capita Income*	Median Household Income*
El Toro Water District	\$2,060	\$430,793	\$36,549	\$67,605
Orange County	1,929	725,100	\$41,514	\$90,234
State of California	1,614	523,000	\$36,955	\$75,235
<b>Change in Economic Characteristics</b>				
ACS Years 2012-2016	\$1,753	\$321,335	\$32,539	\$57,156
ACS Years 2013-2017	\$1,856	\$355,093	\$33,513	\$60,390
ACS Years 2014-2018	\$1,959	\$410,421	\$34,849	\$63,762
ACS Years 2015-2019	\$2,060	\$430,793	\$36,549	\$67,605
Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Tables B19001, B25063, B25075				
*Interpolated value				

## Population Information

The District serves over 51,800 population.

**Educational, Employment, and Income Information** The 2015 – 2019 American Community Survey reported that approximately 46% of District residents age 25 or older have attained a bachelors or graduate degree, including approximately 17% who have a graduate or professional degree. This is much higher than California or national averages (34% and 32.2%, respectively). Another 30% of residents who are age 25 or older have attended some college or attained an Associate's degree. An estimated 92% of District residents

Table 12. Education for Residents Age 25 or Older				
	El Toro Water District	Orange County	State of California	United States
Less than 9th grade	3.63%	7.90%	9.20%	5.10%
9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	4.52%	6.60%	7.50%	6.90%
High school graduate (includes equivalency)	16.07%	17.20%	20.50%	27.00%
Some college, no degree	20.86%	19.90%	21.10%	20.40%
Associate's degree	9.12%	7.70%	7.80%	8.50%
Bachelor's degree	28.82%	26.00%	21.20%	19.80%
Graduate or professional degree	16.97%	14.50%	12.80%	12.40%
Percent high school graduate or higher	91.84%	85.30%	83.40%	88.10%
Percent bachelor's degree or higher	45.79%	40.50%	34.00%	32.20%
Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Table B15003				

age 25 or older have their high school diploma (or equivalent); this is also much higher than the State or National average (83.4% and 88.1% respectively).

The majority of District residents who are employed work in professional or service occupations, as illustrated in the Occupations table below.

<b>Table 13. Occupations</b>				
	El Toro Water District	Orange County	State of California	United States
Agriculture, forestry, fishing and hunting and mining	0.62%	0.75%	2.14%	1.80%
Construction	3.37%	6.61%	6.75%	6.60%
Manufacturing	9.88%	11.19%	8.71%	10.10%
Wholesale Trade	3.07%	3.41%	2.71%	2.60%
Retail Trade	12.62%	10.21%	10.16%	11.20%
Transportation and warehousing, and utilities	3.12%	3.83%	5.71%	5.40%
Information	2.28%	1.85%	2.84%	2.00%
Finance & insurance, real estate, rental & leasing	11.20%	8.49%	5.83%	6.60%
Professional, scientific, management, administrative	15.50%	14.15%	14.15%	11.60%
Educational services, health care, social assistance	20.93%	20.56%	21.16%	23.10%
Arts, entertainment, recreation, accommodation, food services	9.64%	10.65%	10.31%	9.70%
Other Services, except public administration	5.31%	5.28%	5.04%	4.90%
Public administration	2.46%	3.00%	4.49%	4.60%

Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Table C24030

Due to the composition of the population within the District's service area, the workforce participation tends to be much lower than the averages for the County, State, or Nation. This is to be expected since Laguna Woods comprises approximately 40% of the population in the District's service area and almost all of the residents of that community are retired. For the portion of the population in the District's service area who do participate in the workforce, the unemployment rate has averaged slightly higher than the averages for Orange County or the United States but slightly lower than the average for California.

<b>Table 14. Unemployment &amp; Workforce Participation Rate Comparison</b>					
	2015 5-Year ACS	2016 5-Year ACS	2017 5-Year ACS	2018 5-Year ACS	2019 5-Year ACS
<b>Unemployment Rate</b>					
El Toro Water District	6.0%	5.1%	4.6%	4.2%	4.0%
Orange County	5.0%	4.4%	3.8%	3.3%	3.0%
State of California	6.2%	5.5%	4.8%	4.2%	3.8%
United States	5.2%	4.7%	4.1%	3.7%	3.4%
<b>Workforce Participation Rate</b>					
El Toro Water District	52.0%	52.2%	52.4%	52.8%	53.1%
Orange County	66.0%	65.9%	65.7%	65.6%	65.6%
State of California	63.6%	63.4%	63.5%	63.5%	63.7%
United States	63.3%	63.5%	63.4%	62.9%	63.4%

Source: U.S. Census Bureau, 5-Year American Community Survey Estimates, Table B23025

The composition of the population within the District service area also impacts the estimated household income within the District's service area. According to the 2015 – 2019 American Community Survey, the median household income in the District was \$67,605, \$7,630 (10.14%) less than the median for California but \$4,762 (7.58%) higher than the national median. An estimated 10.27% of District households have incomes that exceeds \$200,000 per year; in comparison only 7.7% of United States households had this level of income in the 2015-2019 American Community Survey.

Table 15. Household Income				
	El Toro Water District*	Orange County	State of California	United States
Under \$10,000	6.43%	4.20%	4.80%	6.00%
\$10,000 to \$14,999	3.73%	2.70%	4.10%	4.30%
\$15,000 to \$24,999	9.14%	5.60%	7.50%	8.90%
\$25,000 to \$34,999	7.32%	6.00%	7.50%	8.90%
\$35,000 to \$49,999	11.82%	8.80%	10.50%	1.30%
\$50,000 to \$74,999	16.42%	14.60%	15.50%	17.20%
\$75,000 to \$99,999	11.71%	12.80%	12.40%	12.70%
\$100,000 to \$149,999	14.83%	18.60%	16.60%	15.10%
\$150,000 to \$199,999	8.33%	11.10%	8.90%	6.80%
\$200,000 or more	10.27%	15.50%	12.20%	7.70%
Median Household Income*	\$67,605	\$90,234	\$75,235	\$62,843
Mean Household Income*	\$84,000	\$122,488	\$106,916	\$88,607
Per Capita Income*	\$36,549	\$41,514	\$36,955	\$34,103
Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Table B19001				
*Interpolated value				

## Summary of the District

The District supplies residents with potable water, recycled water for irrigation purposes, and provides wastewater collection and treatment services. Information about District and its services can be found below.

General Information	
Date of Original Incorporation	September, 1960
Date of Integration into Retail Utility Operation	September 12, 1983
Form of Government	California Special District
Location and Size Information	
Geographic Location	45 Miles South of Downtown Los Angeles
Total Area of Incorporation	8.5 square miles
Facility Information	
Main Office and Warehouse Complex	1
Wastewater Treatment Plants	1
Water Reservoirs	6
Water Pump Stations	9
Wastewater Lift Stations	11
Enterprise Statistics	
Water System	
Miles of Water Main	170
Service Connections	9,514
Annual Potable Water Imports (MG*)	2,280
Sewer System	
Miles of Wastewater Collection Main	114
Service Connections	9,514
Annual Treated Sewage (MG*)	1,332
Recycled Water System	
Miles of Recycled Water Main	25
Service Connections	276
Annual Recycled Water Production (MG*)	450
*Millions of Ga	

## WATER SYSTEM

The mission of the Water Enterprise is to deliver potable water to customers for their daily living needs. The Water Enterprise accomplishes this mission by procuring treated water directly from the Municipal Water District of Orange County (MWDOC) through the Allen-McCulloch Pipeline and by partnering with the Irvine Ranch Water District in the Baker Water Treatment Plant which procures untreated water from MWDOC, treats the water, and distributes it to the participating agencies. Potable water is distributed to District customers through significant infrastructure assets that the District has invested in over many years, including the R6 Reservoir, 5 other smaller water reservoirs or storage facilities, 9 water pump stations, 170 miles of water main, and approximately 9,500 water service lines.

### **Budget Analysis**

As depicted in Table 16 below, expenses in the 2024-2025 Budget equal \$16,283,190, an increase of \$1,255,190, 8.357%, from the \$15,028,000 in expenses included in the 2023-2024 Budget. Revenues attributed to the Water System are projected to equal \$16,201,038, an increase of \$891,806 or 5.83% when compared to the \$15,309,231 included in the 2023-2024 Budget. As a result of the revenues and expenses included in the 2024-2025 Budget, the Water System is projected to consume \$82,152 of the Board Mandated Cash Reserves in 2024-2025.

Table 16. Water System - Operations & Maintenance Sources & Uses of Cash							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	Budget % Change
<b>Sources of Cash</b>							
<b>Operating Revenues</b>							
Commodity Supply Charge (Unrestricted)	8,826,616	8,458,976	7,479,815	9,200,200	8,904,349	9,883,227	7.42%
Service Provision Charge	3,805,648	4,177,676	4,228,718	4,691,400	4,650,859	4,870,491	3.82%
Charges for Services	120,050	112,110	5,498	125,000	125,000	125,000	0.00%
Miscellaneous Operating Income	115,173	33,806	198,825	294,631	19,260	31,000	-89.48%
Grant, Rebates, Reimbursements	22,015	31,814	469	-	6,616	-	-
<b>Non-operating Revenues</b>							
Property Taxes	439,036	448,512	473,659	460,000	460,837	528,320	14.85%
Investment Income	8,604	(92,575)	167,724	100,000	379,641	275,000	175.00%
Miscellaneous Non-operating Income	253,480	229,778	246,020	238,000	263,187	288,000	21.01%
Restricted Reserve Funding	100,000	100,000	200,000	200,000	200,000	200,000	
<b>Total Sources of Cash</b>	<b>13,690,622</b>	<b>13,500,097</b>	<b>13,000,729</b>	<b>15,309,231</b>	<b>15,009,748</b>	<b>16,201,038</b>	<b>5.83%</b>
<b>Uses of Cash</b>							
<b>Operating Expenses</b>							
General & Administrative	1,364,752	1,801,216	2,253,808	2,110,500	1,956,959	2,293,818	8.69%
Operations & Maintenance	12,753,472	12,243,800	11,923,267	12,797,500	13,817,819	13,849,372	8.22%
Other Operating Expenses	112,231	87,578	250,307	120,000	-	140,000	16.67%
<b>Total Uses of Cash</b>	<b>14,230,455</b>	<b>14,132,594</b>	<b>14,427,382</b>	<b>15,028,000</b>	<b>15,774,779</b>	<b>16,283,190</b>	<b>8.35%</b>
<b>Net Change In Cash</b>	<b>(539,833)</b>	<b>(632,497)</b>	<b>(1,426,654)</b>	<b>281,231</b>	<b>(765,031)</b>	<b>(82,152)</b>	

## WASTEWATER SYSTEM

The mission of the Wastewater System is to collect wastewater from District customers through service connections, transmit the wastewater to the Water Recycling Plant using lift stations and sewer mains, treat the wastewater, and then send the treated water to the recycled water treatment facilities or dispose of the remaining effluent or solids. To accomplish this mission, the Wastewater System has acquired and/or constructed significant infrastructure assets, including the Wastewater Treatment Plant, 11 wastewater lift stations, and 114 miles of sewer main. The Wastewater System treats a daily average of 3.7 million gallons of wastewater every day.

### **Budget Analysis**

As depicted in Table 17 below, expenses in the 2024-2025 Budget equal \$10,325,214, an increase of \$230,634, 2.28%, from the \$10,094,580 in expenses included in the 2023-2024 Budget. Revenues attributed to the Wastewater System are projected to equal \$10,676,845, an increase of \$566,045 or 5.61% when compared to the \$10,110,800 included in the 2023-2024 Budget. As a result of the revenues and expenses included in the 2023-2024 Budget, the Wastewater System is projected to contribute \$351,630 to the Board Mandated Cash Reserves in 2024-2025.

Table 17. Wastewater System - Operations & Maintenance Sources & Uses of Cash							
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Budget	Projected	Proposed	Budget
					Actual	Budget	% Change
<b>Sources of Cash</b>							
<b>Operating Revenues</b>							
Service Provision Charge	7,549,752	8,042,358	8,659,162	9,350,200	9,248,336	9,684,429	3.57%
Miscellaneous Operating Income	-	-	78,494	20,200	23,585	20,200	0.00%
Grant, Rebates, Reimbursements	28,617	358,439	-	-	8,486	-	-
<b>Non-operating Revenues</b>							
Property Taxes	570,746	583,086	615,578	600,000	599,087	686,816	14.47%
Investment Income	11,185	(145,041)	197,333	130,000	477,191	275,000	111.54%
Miscellaneous Non-operating Income	22,267	3,317	6,848	10,400	750	10,400	0.00%
<b>Total Sources of Cash</b>	<b>8,182,567</b>	<b>8,842,159</b>	<b>9,557,414</b>	<b>10,110,800</b>	<b>10,357,435</b>	<b>10,676,845</b>	<b>5.60%</b>
<b>Uses of Cash</b>							
<b>Operating Expenses</b>							
General & Administrative	1,774,164	2,341,598	2,659,052	2,729,480	2,462,073	2,977,629	9.09%
Operations & Maintenance	6,230,165	6,421,600	6,458,075	7,209,100	7,036,881	7,165,585	-0.60%
Other Operating Expenses	145,900	113,852	-	156,000	127,629	182,000	16.67%
<b>Total Uses of Cash</b>	<b>8,150,229</b>	<b>8,877,050</b>	<b>9,117,127</b>	<b>10,094,580</b>	<b>9,626,583</b>	<b>10,325,214</b>	<b>2.28%</b>
<b>Net Change In Cash</b>	<b>32,338</b>	<b>(34,891)</b>	<b>440,287</b>	<b>16,220</b>	<b>730,852</b>	<b>351,630</b>	



## RECYCLED WATER SYSTEM

The mission of the Recycled Water System is to further treat pre-treated wastewater from the wastewater treatment process until the water meets regulatory standards so that it can be used for irrigation purposes and then to distribute the recycled water to customers to use in irrigation. To accomplish this mission, the Recycled Water System has acquired and/or constructed significant infrastructure assets, including Tertiary Water Treatment facilities and 25 miles of recycled water distribution main. The Recycled Water System produces a daily average of 1.3 million gallons every day.

### **Budget Analysis**

As depicted in Table 18 below, expenses in the 2024-2025 Budget equal \$2,047,808, an increase of \$146,428, 7.70%, from the \$1,901,380 in expenses included in the 2023-2024 Budget. Revenues attributed to the Recycled System are projected to equal \$2,473,043, a decrease of \$425,557 or 14.68% when compared to the \$2,898,600 included in the 2023-2024 Budget. As a result of the revenues and expenses included in the 2024-2025 Budget, the Recycled System is projected to generate net cash of \$425,582. However, the Recycled System transfers all of the net cash generated from its operations to the Capital Improvement Fund to pay the debt associated with the original construction of the tertiary treatment facilities.

Table 18. Recycled Water System - Operations & Maintenance Sources & Uses of Cash

	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024		2024 - 2025	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	% Change
<b>Sources of Cash</b>							
Operating Revenues							
Commodity Supply Charge	1,898,113	2,012,144	1,189,709	1,962,000	1,581,030	1,626,051	-17.12%
Service Provision Charge	308,199	372,728	424,813	448,600	428,160	465,503	3.77%
Miscellaneous Operating Income	-	-	15,900	1,000	-	-	-100.00%
Grant, Rebates, Reimbursements	285,578	340,816	303,279	371,000	374,494	275,825	-25.65%
Non-operating Revenues							
Property Taxes	87,807	89,700	94,912	95,000	92,163	105,664	1123%
Investment Income	1,722	(22,131)	30,899	20,000	76,149	-	-100.00%
Miscellaneous Non-operating Income	3,431	510	866	1,000	-	-	-100.00%
<b>Total Sources of Cash</b>	<b>2,584,850</b>	<b>2,793,767</b>	<b>2,060,377</b>	<b>2,898,600</b>	<b>2,551,995</b>	<b>2,473,043</b>	<b>-14.68%</b>
<b>Uses of Cash</b>							
Operating Expenses							
General & Administrative	272,950	360,248	450,624	422,080	382,440	458,205	8.56%
Operations & Maintenance	607,184	643,762	1,315,501	1,455,300	1,636,605	1,561,603	7.30%
Other Operating Expenses	22,446	17,516	-	24,000	21,058	28,000	16.67%
<b>Total Uses of Cash</b>	<b>902,580</b>	<b>1,021,526</b>	<b>1,766,125</b>	<b>1,901,380</b>	<b>2,040,103</b>	<b>2,047,808</b>	<b>7.70%</b>
<b>Transfer Out</b>	<b>(1,096,018)</b>	<b>(1,682,270)</b>	<b>(1,772,241)</b>	<b>(969,150)</b>	<b>(555,725)</b>	<b>(425,582)</b>	
<b>Net Change In Cash</b>	<b>586,252</b>	<b>89,971</b>	<b>(1,477,989)</b>	<b>28,070</b>	<b>(43,833)</b>	<b>(346)</b>	

## Personnel Analysis

The District's mission is to provide high quality utility services to its customers and one of the foundations of this mission is having a sufficient number of high-quality staff members to operate the District's infrastructure and provide service to customers. This section includes an analysis of the District's personnel costs, which are a primary component of the District's fiscal operations because they comprise the largest expense for the District.

### Number of Employees

Personnel costs are a result of the total number of District employees. The District converts the number of full-time and part-time employees to full-time equivalency to accurately reflect the number of employees on the payroll. Full-time equivalency is equal to 2,080 hours for all employees.

The 2024-2025 Compensation Plan authorizes a total of 58 full-time positions, 5 elected officials, and no intern or temporary part-time position. Total staffing numbers decrease by 3 staff from the 2023-2024 budget.

The total budgeted cost for the District's workforce in 2024-2025 is budgeted at \$10,569,334 with salary expenses of \$7,699,826 comprising 72.85% of total costs and benefits of \$2,869,508 comprising the remaining 27.15% of costs. Fringe benefit cost increases were 8.86% in 2024-2025 due to health insurance and retirement benefit cost increases.

Presented below are the total personnel expenses for the 2024-2025 Fiscal Year.

Table 1. Changes in Other Salary Expenses and Benefit Expenses					
	FY 2024 Budget	FY 2025 Budget	Delta	% Change	% of Total Personnel Costs
<b>Salaries</b>					
Regular Salaries	7,052,336	7,001,277	(51,059)	-0.72%	66.24%
Overtime and On-Call Salaries	302,700	372,360	69,660	23.01%	3.52%
One-time Salary Payments <sup>(1)</sup>	188,402	220,769	32,367	17.18%	2.09%
Stipends & Allowances <sup>(2)</sup>	79,800	105,420	25,620	32.11%	1.00%
<b>Total Salaries</b>	<b>7,623,238</b>	<b>7,699,826</b>	<b>76,588</b>	<b>1.00%</b>	<b>72.85%</b>
<b>Benefits</b>					
Health Insurance <sup>(3)</sup>	1,216,944	1,266,729	49,785	4.09%	11.98%
Other Insurance <sup>(4)</sup>	195,584	215,019	19,435	9.94%	2.03%
Workers Compensation Insurance	129,100	167,772			
Retirement Benefits <sup>(5)</sup>	1,094,400	1,219,988	125,588	11.48%	11.54%
<b>Total Benefits</b>	<b>2,636,027</b>	<b>2,869,508</b>	<b>233,481</b>	<b>8.86%</b>	<b>27.15%</b>
<b>Total Personnel Expenses</b>	<b>10,259,265</b>	<b>10,569,334</b>	<b>310,069</b>	<b>3.02%</b>	
<b>Notes</b>					
(1) Includes Vacation Time Payouts and Top of Range one-time payments					
(2) Includes Automobile Allowances, Cell Phone Stipends, and Wellness Stipends					
(3) Includes employer paid Health, Dental, and Vision Insurance Premiums as well as Health Savings Account contributions					
(4) Includes employer paid Life Insurance, Long-term Care and Disability Insurance, and Workers Compensation					
(5) Includes employer contributions to the 401k plan, employer matches to the 401k/457b Plans, and Medicare					
(6) The total personnel cost of \$199,6394 is allocated to Capital projects and \$10,369,695 to Operations					

The table 2 presented below provides further analysis of the change in Regular Salary Costs. The base salary for 2024-2025 is \$7,001,277, 66.24% of total personnel costs. Merit salary increases for employees and keeping the three positions open in 2024-2025 add \$325,283 to budgeted salaries in 2024-2025, this assumes a CPI component to the merit increase of 3.5% and a performance adjustment component of 3%.

Table 2. Changes in Other Salary Expenses and Benefit Expenses					
	FY 2024 Budget	FY 2025 Budget	Delta	% Change	% of Total Personnel Costs
Analysis of Changes in Personnel Costs					
Regular Salary Changes					
Base Salary <i>(prior year ending salaries)</i>	6,500,306	7,052,336	552,030	8.49%	66.72%
Merit Increase <sup>(1)</sup>	545,171	325,283	(219,888)	-40.33%	3.08%
Additional Positions		(317,481)	(317,481)	N/A	-3.00%
Net Changes from Original Budget <sup>(2)</sup>	-	(53,818)	(53,818)	N/A	-0.51%
Additional Salary Adjustments	6,859	(5,043)	(11,902)	100.00%	-0.05%
Regular Salaries Total	7,052,336	7,001,277	(51,059)	-0.72%	66.24%
Notes					
(1) Salary increases occur on July 1 so the base salary is increased for the entire year.					
(2) The District is not hiring for three open positions that reduced actual salary expense for 2024-25					

The table below summarizes changes in additional salary related payments as budgeted for 2024-2025 and change in benefit expenses budgeted for 2024-2025.

Table 3. Changes in Other Salary Expenses and Benefit Expenses					
	FY 2024 Budget	FY 2025 Budget	Delta	% Change	% of Total Personnel Costs
Other Salary Changes					
Overtime Expenses	230,000	285,000	55,000	23.91%	2.70%
On-Call Expenses	72,700	87,360	14,660	20.17%	0.83%
Top of Range Payouts	76,417	95,947	19,530	25.56%	0.91%
Vacation Payouts	111,985	124,822	12,837	11.46%	1.18%
Car Allowance	43,200	45,000	1,800	4.17%	0.43%
Cell Phone Allowances	12,672	11,520	(1,152)	-9.09%	0.11%
Wellness Stipends <sup>(1)</sup>	18,928	17,400	(1,528)	N/A	0.16%
Class A / B Drivers Licenses		13,000			
Employee Education / Cert / Service Award	5,000	18,500	13,500	N/A	0.18%
Other Salary Changes	570,902	698,549	114,647	20.08%	6.61%
Benefit Changes					
Health Insurance	1,138,900	1,149,297	10,397	0.91%	10.87%
HSA Contributions	4,500	16,000	11,500	255.56%	0.15%
Dental Insurance	60,260	89,334	29,074	48.25%	0.85%
Vision Insurance	13,283	12,098	(1,185)	-8.92%	0.11%
Life Insurance	36,432	41,151	4,719	12.95%	0.39%
Long Term Care Insurance	17,900	8,960	(8,940)	-49.94%	0.08%
Disability Insurance	33,300	52,730	19,430	58.35%	0.50%
Employee Assistance Program		1,276	1,276	N/A	0.01%
Workers Compensation	129,100	167,772	38,672	29.95%	1.59%
State Unemployment Insurance	3,000	3,000	-	N/A	0.03%
401k/457b Contributions	1,094,400	1,219,988	125,588	11.48%	11.54%
Medicare Contributions	104,952	107,902	2,951	2.81%	1.02%
Other Salary Changes	2,636,027	2,869,508	233,481	8.86%	27.15%

Presented below are the positions authorized in the 2024 – 2025 Budget, organized by functional area.

Table 4 Position Organization Chart			
Department	Positions	Department	Positions
<b>Administration</b>		<b>Operations Support Services</b>	
General Manager	1	Operations Superintendent	1
Executive Assistant to Board & General Manager	1	Compliance Program Coordinator	1
Total	2	Total	2
<b>Finance &amp; Risk Management</b>		<b>Pumping Operations</b>	
Chief Financial Officer	1	Foreman	1
Accounting Supervisor	1	Crew Chief	1
Senior Accountant	1	Maintenance Worker II	1
Accounting Technician	1	Maintenance Worker II	-
Purchasing Agent	1	Maintenance Worker I	5
Total	5	Total	8
<b>Technology Services</b>		<b>Fleet Operations</b>	
Information Technology Manager	1	Senior Mechanic	1
Total	1	Total	1
<b>Human Resources</b>		<b>Transmission &amp; Distribution</b>	
Human Resources Director	1	Foreman	1
Office Assistant	1	Crew Chief	2
		Maintenance Worker II	2
		Maintenance Worker II	0
		Maintenance Worker I	3
Total	2	Total	8
<b>Community Relations &amp; Conservation</b>		<b>Electrical</b>	
Public Affairs Manager	1	Electrical Systems/SCADA Supervisor	1
Water Use Efficiency Analyst	1	Electrical Systems / SCADA Technician II	1
Total	2	Total	2
<b>Customer Service</b>		<b>Treatment Plant</b>	
Customer Service / Billing Supervisor	1	Chief Plant Operator	1
Customer Service Office Representative I	2	Truck Driver	2
CS Office Rep I / Human Resource Assistant	1	Waste Water Operator III	4
Crew Chief	1	Waste Water Operator II	-
Customer Service Field Representative II	1	Waste Water Operator I	-
Customer Service Field Representative I	1	Lab Supervisor	1
		Lab Technician II	1
Total	7	Total	9
<b>Engineering</b>		<b>Collections &amp; Distribution Crew</b>	
Engineering Director	1	Foreman	1
Senior Engineer	1	Crew Chief	1
Inspector	1	Collection Maintenance Worker II	1
Cross Connection Control Program Supervisor	1	Collections Maintenance Worker I	2
Total	4	Total	5
<b>Total Positions</b>	<b>58</b>		

The District's Compensation Plan includes a salary grade schedule for both non-exempt and exempt employees. Presented below as well as on the following page is the Compensation Plan for non-exempt employees for the 2024 - 2025 Budget. Salary grades that do not have any positions assigned to them are not displayed.

<b>Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt</b> <b>Effective Fiscal Year 2024/2025</b>					
	FY 2023/2024 Monthly Salary		FY 2024/2025 Monthly Salary		Percent of Increase
	Minimum	Maximum	Minimum	Maximum	
Salary Grade 1 Intern	\$3,081	\$4,641	\$3,189	\$4,327	3.5%
Salary Grade 2	\$3,737	\$5,083	\$3,867	\$5,261	3.5%
Salary Grade 3	\$4,188	\$5,696	\$4,334	\$5,894	3.5%
Salary Grade 4	\$4,311	\$5,865	\$4,462	\$6,070	3.5%
Salary Grade 5 Office Assistant Customer Service Office Representative I Billing Clerk I	\$4,443	\$6,040	\$4,598	\$6,252	3.5%
Salary Grade 6 Customer Service Field Representative I	\$4,577	\$6,223	\$4,737	\$6,441	3.5%
Salary Grade 7	\$4,709	\$6,408	\$4,874	\$6,632	3.5%
Salary Grade 8 Customer Service Office Representative II Administrative Assistant Billing Clerk II	\$4,855	\$6,602	\$5,024	\$6,833	3.5%
Salary Grade 9 Customer Service Office Representative Senior Billing Clerk Senior	\$4,997	\$6,800	\$5,172	\$7,038	3.5%
Salary Grade 10 Customer Service Field Representative II Collection Maintenance Worker I Maintenance Worker I Operator in Training	\$5,167	\$7,002	\$5,348	\$7,247	3.5%
Salary Grade 11 Billing Specialist	\$5,306	\$7,214	\$5,491	\$7,466	3.5%
Salary Grade 12 Laboratory Technician I	\$5,463	\$7,432	\$5,655	\$7,691	3.5%
Salary Grade 13 Mechanic Wastewater Plant Operator I	\$5,627	\$7,652	\$5,824	\$7,919	3.5%
Salary Grade 14 Administrative Assistant Senior Accountant / Insurance Administrator	\$5,795	\$7,884	\$5,999	\$8,160	3.5%
Salary Grade 15 Collections Worker II Maintenance Worker II	\$5,970	\$8,120	\$6,179	\$8,404	3.5%
Salary Grade 16 Customer Service Field Representative III Compliance Regulatory Coordinator I	\$6,149	\$8,361	\$6,363	\$8,655	3.5%
Salary Grade 17 Laboratory Technician II	\$6,334	\$8,614	\$6,555	\$8,914	3.5%

**Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt  
Effective Fiscal Year 2024/2025**

	FY 2023/2024 Monthly Salary		FY 2024/2025 Monthly Salary		Percent of Increase
	Minimum	Maximum	Minimum	Maximum	
Salary Grade 18	\$6,521	\$8,872	\$6,751	\$9,183	3.5%
Senior Accountant / Payroll					
Tractor - Trailer - Tanker Driver					
Waste Water Plant Operator II					
Salary Grade 19	\$6,728	\$9,148	\$6,962	\$9,468	3.5%
Inspector					
Engineering Associate					
Maintenance Worker III					
Collection Maintenance Worker III					
Salary Grade 20	\$6,928	\$9,422	\$7,170	\$9,750	3.5%
Compliance Regulatory Coordinator II					
Salary Grade 21	\$7,134	\$9,701	\$7,384	\$10,042	3.5%
Executive Assistant to General Manager & Board					
Senior Mechanic					
Salary Grade 22	\$7,349	\$9,995	\$7,607	\$10,345	3.5%
Accounting Supervisor					
Supervisor Billing/Office Customer Service					
Recycled Water Coordinator					
Electrical Systems / SCADA Technician III					
Purchasing Agent / Inventory Control					
Salary Grade 23	\$7,572	\$10,297	\$7,837	\$10,657	3.5%
Laboratory Technician III					
Wastewater Plant Operator III					
Water Use Efficiency Analyst					
Salary Grade 24	\$7,799	\$10,604	\$8,072	\$10,975	3.5%
Cross Connection Control Program Supervisor					
Salary Grade 25	\$7,999	\$10,921	\$8,279	\$11,303	3.5%
Crew Chief					
Public Relations Supervisor					
Salary Grade 26	\$8,273	\$11,252	\$8,564	\$11,645	3.5%
Accounting Manager / Auditor					
Industrial Waste Inspector					
Compliance Regulatory Coordinator III					
Salary Grade 27	\$8,521	\$11,586	\$8,818	\$11,991	3.5%
Laboratory Supervisor					
Salary Grade 28	\$8,774	\$11,931	\$9,080	\$12,349	3.5%
Foreman					
Salary Grade 29	\$9,037	\$12,290	\$9,353	\$12,720	3.5%
Salary Grade 30	\$9,298	\$12,645	\$9,624	\$13,089	3.5%
SCADA Supervisor					
Salary Grade 31	\$9,577	\$13,029	\$9,913	\$13,483	3.5%
Salary Grade 32	\$9,865	\$13,416	\$10,210	\$13,886	3.5%
Salary Grade 33	\$10,162	\$13,819	\$10,516	\$14,302	3.5%
Salary Grade 34	\$10,467	\$14,233	\$10,832	\$14,731	3.5%
Waste Water Chief Plant Operator					

**Table 5 Compensation Plan - Salary Range Schedule - Exempt  
Effective Fiscal Year 2024/2025**

	FY 2023/2024 Monthly Salary		FY 2024/2025 Monthly Salary		Percent of Increase
	Minimum	Maximum	Minimum	Maximum	
Salary Grade 41E Public Affairs Manager	\$8,771	\$12,280	\$9,078	\$12,710	3.5%
Salary Grade 44E Senior Engineer	\$10,446	\$14,626	\$10,811	\$15,138	3.5%
Salary Grade 45E Operations Superintendent Salary	\$11,073	\$15,504	\$11,460	\$16,046	3.5%
Grade 46E Information Technology Manager	\$11,737	\$16,434	\$12,148	\$17,009	3.5%
Salary Grade 48E Director of Engineering Director Human Resources	\$13,188	\$18,465	\$13,649	\$19,112	3.5%
Salary Grade 49E Chief Financial Officer	\$13,979	\$19,574	\$14,468	\$20,259	3.5%



## CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

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The District has significant infrastructure and capital assets that periodically need to be replaced or refurbished in order to be able to continue to provide services to the District's customers.

- Objectives
- Replace and refurbish District owned facilities to improve the ability of staff to provide services, including the Main Office Building, the Warehouse Complex, the Wastewater Recycling Plant (WRP), and various other buildings and properties owned by the District.
  - Maintain high quality water pump stations, reservoirs, and water mains, sewer lift stations and sewer mains, and recycled water facilities and mains by reconstructing or rehabilitating these infrastructure assets when necessary. Continuously improve the infrastructure in the District to respond to changing needs, challenges, and regulations.
  - Purchase new and replacement vehicles and equipment to support and enhance District operations.
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### **Overview**

The District is committed to the replacement and refurbishment of its facilities, infrastructure, and capital assets and has developed a multi-year Capital Replacement and Refurbishment program to guide the replacement and refurbishment process. The Program is updated in conjunction with the annual budget to reflect changing conditions and resources. One of the primary obligations of the District is the construction, reconstruction, rehabilitation, and maintenance of its facilities, infrastructure, and capital assets. The financial health of the District is greatly impacted by its ability to adequately maintain its capital assets and avoid the substantial financial and service impacts that results from deteriorated capital assets. The types of capital improvements undertaken by the District include:

- **Water System Projects** - The maintenance and improvement of the District's water system is an important component of the capital program. The capacity, structural integrity, and general condition of the reservoirs, storage facilities, pumps, water mains, and service lines are critical to the District's continued ability to supply its customers with clean, high quality drinking water and to provide adequate pressure for daily demands and fire suppression. Water system improvements include the construction or rehabilitation of any part of the water distribution system, including water mains, water main valves, water service lines, reservoirs, and storage facilities.

The 2024-2025 Capital Budget includes replacing pumps and motors at Cherry Booster Station. In addition, multiple other capital projects for the Water System are budgeted for 2024-2025 including the R-4 Reservoir Mixing System replacement, the Mouton/El Toro Cathodic Protection Study, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.

- **Wastewater Treatment System Projects** - The maintenance and improvement of the District's wastewater treatment system is another important component of the overall capital program. The Wastewater system collects wastewater from residences and businesses, utilizes mechanical and biological processes to metabolize and remove pollutants, and then discharges the effluent (the cleaned water) to either the Tertiary Treatment Plant (for recycled water) or to the Ocean Outfall pipeline where it is transported to the Pacific Ocean. The solids that remain after the treatment process are transported via truck to the South Orange County Wastewater Authority (SOCWA) for final treatment and disposal. Sanitary Sewer System Improvements include the construction, reconstruction, or rehabilitation of any part of the wastewater collection and treatment system, including sanitary sewer mains, sanitary sewer pumps, lift stations, and the WRP.

The 2024-2025 budget includes several significant projects, including final design for rehabilitation of the Aliso Creek Pump Station, the rehabilitation of the Grit Chamber and the rehabilitation of the Headworks and Secondary Clarifier No. 1 at the WRP. In addition, multiple other capital projects for the Wastewater System are budgeted for 2024-2025 including the Westline Main Switchboard Replacement, Freeway Electrical Equipment Replacement, Westline Generator Replacement, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.

- **Recycled Water System Projects** - The maintenance and improvement of the District's recycled water system is the final component of the capital program. The capacity, structural integrity, and general condition of the tertiary treatment facility, recycled water mains, and service lines are critical to the District's continued ability to supply its customers with high quality recycled water for irrigation purposes. Recycled water system improvements include the construction or rehabilitation of any part of the distribution system, including mains, main valves, and service lines.

The 2024-2025 budget includes additional tertiary filter disks and tertiary disinfection system optimization. Any additional revenue beyond these expenditures generated from the capital rate charges is being used to pay the debt service costs.

**Ten Year Capital Replacement & Refurbishment Program**  
**F.Y. 2024/25 - 2033/34**

NO.	DESCRIPTION	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	TOTAL	WATER	SEWER
<u>Source of Supply / Storage Projects</u>														
1	JRWSS Capital Budget	18,618	27,555	9,279	2,087	4,911	12,490	12,490	12,490	12,490	12,490	124,900	124,900	
2	Baker WTP Replacement Fund	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	562,000	562,000	
3	Direct Potable Reuse Feasibility Study	454,000										454,000	454,000	
3	Direct Potable Reuse Feasibility Study (Assumed Grant Funding)	(454,000)										(454,000)	(454,000)	
<b>Total Source of Supply / Storage Projects</b>		<b>74,818</b>	<b>83,755</b>	<b>65,479</b>	<b>58,287</b>	<b>61,111</b>	<b>68,690</b>	<b>68,690</b>	<b>68,690</b>	<b>68,690</b>	<b>68,690</b>	<b>686,900</b>	<b>686,900</b>	<b>0</b>
<u>Pumping (Water) Projects</u>														
1	Water Stations PLC Upgrade to Control Logix	25,000	26,000	27,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	288,000	288,000	
1	Water Stations PLC Upgrade to Control Logix (Carryover)	(25,000)	(26,000)	(25,734)								(76,734)	(76,734)	
2	R-6 Seepage Recovery Control Panel Rehabilitation									25,000		25,000	25,000	
3	R-4 Reservoir Interior Recoating							155,700	1,557,000			1,712,700	1,712,700	
4	R-5 Interior Recoating and Exterior Repair										146,900	146,900	146,900	
5	R-2 Exterior Recoating									29,200	292,000	321,200	321,200	
6	P-3 Pump Station Stationary Generator Project		75,500	755,000								830,500	830,500	
6	P-3 Pump Station Stationary Generator Project (Carryover)		(75,500)	(188,750)								(264,250)	(264,250)	
6	P-3 Pump Station Stationary Generator Project (Grant Funding)			(566,250)								(566,250)	(566,250)	
7	R-6 Reservoir Floating Cover and Liner Replacement Project										1,033,171	1,033,171	1,033,171	
8	R-6 Outlet Flow Meter Backup	9,000										9,000	9,000	
9	South Orange County Turnout Project	75,000				1,000,000	1,000,000	375,000				2,450,000	2,450,000	
10	Moulton Parkway/El Toro Road Cathodic Protection	145,000										145,000	145,000	
10	Moulton Parkway/El Toro Road Cathodic Protection (Carryover)	(81,340)										(81,340)	(81,340)	
11	Fire Flow Improvements at San Amadeo and Via Carrizo								90,000			90,000	90,000	
12	Fire Flow Improvements at Avenida Sevilla					48,500	449,100					497,600	497,600	
13	Fire Flow Improvements at Ronda Mendoza					127,000						127,000	127,000	
14	Fire Flow Improvements at Calle Sonora and Via Campo Verde										146,700	146,700	146,700	
<b>Total Pumping (Water) Projects</b>		<b>147,660</b>	<b>0</b>	<b>1,266</b>	<b>27,000</b>	<b>1,203,500</b>	<b>1,478,100</b>	<b>560,700</b>	<b>1,678,000</b>	<b>86,200</b>	<b>1,651,771</b>	<b>6,834,197</b>	<b>6,834,197</b>	<b>0</b>
<u>Pumping (Water) Equipment</u>														
1	Cherry Booster Station Pump & Motor Replacement	167,000										167,000	167,000	
2	Shenandoah Booster Station Pump & Motor Replacement		185,000									185,000	185,000	
3	New Handheld Meter Readers	14,500										14,500	14,500	
4	Water Station HMI Replacement	10,000	10,000	11,000	11,000	11,000	12,000	12,000	12,000	13,000	13,000	115,000	115,000	
4	Water Station HMI Replacement (Carryover)	(9,962)										(9,962)	(9,962)	
5	R-6 Chlorine and Ammonia Injection System Replacement			282,000								282,000	282,000	
6	Main PR Generator Replacement								62,000			62,000	62,000	
7	P-3 Motor Replacement			16,000								16,000	16,000	
8	R-5 Reservoir Mixing System Replacement					82,000						82,000	82,000	
9	R-4 Reservoir Mixing System Replacement	70,000										70,000	70,000	
10	R-1/R-2 Reservoir Mixing System Replacement										205,000	205,000	205,000	
11	Spare Tidal Wave Mixer			20,000								20,000	20,000	
12	PRV-19 Rehabilitation					22,000						22,000	22,000	
13	JTM PRV Inlet Isolation Valve Replacement			13,000								13,000	13,000	
14	Alscot Booster Station Electrical Equipment Replacement				90,250	270,750						361,000	361,000	
15	Spartan Booster Station Main Switchboard Retrofit					31,000						31,000	31,000	
16	P-1 Pump and Motor Replacement					148,000						148,000	148,000	
<b>Total Pumping (Water) Equipment</b>		<b>251,538</b>	<b>195,000</b>	<b>342,000</b>	<b>101,250</b>	<b>564,750</b>	<b>12,000</b>	<b>12,000</b>	<b>74,000</b>	<b>13,000</b>	<b>218,000</b>	<b>1,783,538</b>	<b>1,783,538</b>	<b>0</b>

**Ten Year Capital Replacement & Refurbishment Program**  
**F.Y. 2024/25 - 2033/34**

NO.	DESCRIPTION	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	TOTAL	WATER	SEWER
<u><i>Pumping (Sanitation) Projects</i></u>														
1	Sewer Stations PLC Upgrade to Control Logix	25,000	26,000	27,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	288,000		288,000
1	Sewer Stations PLC Upgrade to Control Logix (Carryover)	(25,000)	(26,000)	(27,000)	(27,000)	(13,295)						(118,295)		(118,295)
2	Aliso Creek Pump Station Rehabilitation Project	600,000		4,621,000	3,173,000							8,394,000		8,394,000
2	Aliso Creek Pump Station Rehabilitation Project (Revenue Bond)			(2,000,000)								(2,000,000)		(2,000,000)
2	Aliso Creek Pump Station Rehabilitation Project (Carryover)	(600,000)		(696,404)								(1,296,404)		(1,296,404)
3	4920 Lift Station Rehabilitation			12,000								12,000		12,000
4	Delta Lift Station Coating Rehabilitation						14,000					14,000		14,000
5	Delta Lift Station Wall Repair						58,000					58,000		58,000
6	Freeway Lift Station Coating Rehabilitation			42,000								42,000		42,000
7	Westline Lift Station Coating Rehabilitation										46,000	46,000		46,000
8	Mathis Lift Station Coating Rehabilitation										98,000	98,000		98,000
9	Veeh Lift Station Coating Rehabilitation										28,000	28,000		28,000
10	Westline Techite Replacement									160,200	1,602,000	1,762,200		1,762,200
10	Westline Techite Replacement (Grant Funding)										(1,321,650)	(1,321,650)		(1,321,650)
11	Northline Pipeline Repair Project		90,000									90,000		90,000
12	Northline Odor Control Project					126,000						126,000		126,000
<i>Total Pumping (Sanitation) Projects</i>		0	90,000	1,978,596	3,173,000	140,705	101,000	30,000	31,000	192,200	485,350	6,221,851	0	6,221,851
<u><i>Pumping (Sanitation) Equipment</i></u>														
1	Westline Main Switchboard Replacement	37,250	111,750									149,000		149,000
2	Freeway Electrical Equipment Replacement	263,362										263,362		263,362
2	Freeway Electrical Equipment Replacement (Carryover)	(110,000)										(110,000)		(110,000)
3	Veeh ATS and Main Switchboard Replacement			156,000								156,000		156,000
4	Veeh Pump Replacement					36,000						36,000		36,000
5	Westline Generator Unit 213 Replacement	267,000										267,000		267,000
6	Veeh Generator Unit 209 Replacement					262,000						262,000		262,000
7	Mathis Generator Unit 211 Replacement					156,800						156,800		156,800
8	La Paz Stabilization and Rehabilitation										340,000	340,000		340,000
8	La Paz Stabilization (Carryover)										(100,000)	(100,000)		(100,000)
9	4920 Electrical Equipment Replacement										120,000	120,000		120,000
10	Sewer Station HMI Replacement	10,000	10,000	11,000	11,000	11,000	12,000	12,000	12,000	13,000	13,000	115,000		115,000
10	Sewer Station HMI Replacement (Carryover)	(3,807)										(3,807)		(3,807)
<i>Total Pumping (Sanitation) Equipment</i>		463,806	121,750	167,000	11,000	465,800	12,000	12,000	12,000	13,000	373,000	1,651,356	0	1,651,356
<u><i>Treatment (Sanitation) Projects</i></u>														
1	Headworks and Secondary Clarifier No. 1 Rehabilitation	1,974,000	5,430,000	2,468,000								9,872,000		9,872,000
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(1,974,000)	(2,531,878)	(741,707)								(5,247,585)		(5,247,585)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Accumulated Capital)		(233,074)									(233,074)		(233,074)
2	Secondary Clarifier No. 3 and 4 Rehabilitation							823,000	2,119,000	5,675,000	899,000	9,516,000		9,516,000
2	Secondary Clarifier No. 3 and 4 Rehabilitation (Carryover)							(80,000)				(80,000)		(80,000)
3	RAS Pump Station Rehabilitation	24,800	248,000									272,800		272,800
4	RAS Pump and Motor Replacement						146,000					146,000		146,000
5	Grit Chamber Rehabilitation	1,046,502										1,046,502		1,046,502
5	Grit Chamber Rehabilitation (Carryover)	(148,599)										(148,599)		(148,599)
5	Grit Chamber Rehabilitation (Accumulated Capital)	(897,903)										(897,903)		(897,903)
6	OOPS MCC and Valve Rehabilitation Project	191,000										191,000		191,000
7	Holding Pond West Side Drainage					199,000	307,000					506,000		506,000
7	Holding Pond West Side Drainage (Carryover)					(68,250)						(68,250)		(68,250)
8	WRP Site Seal Coat										159,000	159,000		159,000
9	EPS Electrical Equipment Abandonment										65,000	65,000		65,000
10	Administration Building Pump Station Rehabilitation								364,000			364,000		364,000
11	Warehouse Roof Repair										65,000	65,000		65,000
12	Air Gap Pump Station Abandonment									63,000		63,000		63,000
13	Fine Screen Rehabilitation Project						667,300	4,124,000	2,832,000			7,623,300		7,623,300
14	Standby Blower Replacement	631,000										631,000		631,000
14	Standby Blower Replacement (Accumulated Capital)	(349,375)										(349,375)		(349,375)
<i>Total Treatment (Sanitation) Projects</i>		497,425	2,913,048	1,726,293	0	130,750	1,120,300	4,867,000	5,315,000	5,738,000	1,188,000	23,495,816	0	23,495,816

**Ten Year Capital Replacement & Refurbishment Program**  
**F.Y. 2024/25 - 2033/34**

ITEM:	DESCRIPTION	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	TOTAL	WATER	SEWER
<u><i>Treatment (Sanitation) Equipment</i></u>														
1	Aeration Basin Diffusers				284,000		801,000					1,085,000		1,085,000
2	DAF No. 1 MCC Replacement	149,000										149,000		149,000
2	DAF No. 1 MCC Replacement (Carryover)	(69,000)										(69,000)		(69,000)
3	Additional Tertiary Filter Disks	92,000										92,000		92,000
3	Additional Tertiary Filter Disks (Recycled Water Reserves)	(92,000)										(92,000)		(92,000)
4	Tertiary Disinfection Optimization Project	132,000										132,000		132,000
4	Tertiary Disinfection Optimization Project (Recycled Water Reserves)	(132,000)										(132,000)		(132,000)
5	WRP Unit 290 Radiator Replacement	150,000										150,000		150,000
6	Influent Pump Station Isolation Gate Actuator Replacement	15,000										15,000		15,000
7	Main Electrical Room GBI Retrofit						64,000					64,000		64,000
8	WRP Historian Configuration to Hach WIMS	30,000										30,000		30,000
<i>Total Treatment (Sanitation) Equipment</i>		275,000	0	0	284,000	0	865,000	0	0	0	0	1,424,000	0	1,424,000
<u><i>Outside Treatment (SOCWA)</i></u>														
1	SOCWA Capital Budget	269,944	170,571	1,828,855	3,586,777	2,362,780	2,633,131	1,740,114	297,051	90,579	2,986,287	15,966,089		15,966,089
1	Reserve Funding			(1,724,370)	(1,789,167)							(3,513,537)		(3,513,537)
1	Revenue Bond Funding	(269,944)	(170,571)	(104,485)								(545,000)		(545,000)
<i>Total Treatment (SOCWA)</i>		0	0	0	1,797,610	2,362,780	2,633,131	1,740,114	297,051	90,579	2,986,287	11,907,552	0	11,907,552
<u><i>Vehicles/Vehicle Equipment</i></u>														
1	Vehicle Replacement	133,900	64,000	148,000	169,000	174,000	179,000	148,000	190,000	1,332,000	323,000	2,860,900	1,430,450	1,430,450
1	Vehicle Replacement (Carryover)	(24,952)										(24,952)	(12,476)	(12,476)
2	Hydro Excavator	40,000									1,566,000	1,606,000	1,606,000	
3	F-550 w/ Valve Maintenance Skid	206,000										206,000	206,000	
4	Vactor Truck								369,000	1,107,000		1,476,000		1,476,000
5	Backhoe					169,000						169,000		169,000
6	SOCWA Hauling Trailer			317,000								317,000		317,000
7	New 275 kW Portable Generator									313,000		313,000	156,500	156,500
8	Electrical Vehicle Charger			67,000								67,000	33,500	33,500
<i>Total Vehicles/Vehicle Equipment</i>		354,948	64,000	532,000	169,000	343,000	179,000	148,000	559,000	2,439,000	2,202,000	6,989,948	3,419,974	3,569,974
<u><i>General Building Projects</i></u>														
1	Warehouse Backup Generator Unit 216 Replacement						344,000					344,000	172,000	172,000
2	Main Office Seal Coat					67,000						67,000	33,500	33,500
3	Administration Building Rehabilitation					524,000						524,000	262,000	262,000
<i>Total General Building Projects</i>		0	0	0	0	591,000	344,000	0	0	0	0	935,000	467,500	467,500

**Ten Year Capital Replacement & Refurbishment Program**  
**F.Y. 2024/25 - 2033/34**

ITEM:	DESCRIPTION	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	TOTAL	WATER	SEWER
<u><i>IT and EI&amp;C</i></u>														
1	System-Wide Security Access Panel Replacement	49,000	50,000	52,000								151,000	75,500	75,500
2	Office Phone System Replacement					56,000						56,000	28,000	28,000
3	Remittance Processing Equipment Update	20,000										20,000	10,000	10,000
4	Data Center Hardware Replacement					227,000						227,000	113,500	113,500
5	Documentum Replacement / Corporate Intranet Development	61,000										61,000	30,500	30,500
6	Radio Communications Conversion from Cellular					68,000	93,000	96,000				257,000	128,500	128,500
7	Water Distribution and Sewer Collection System SCADA Upgrade	20,000										20,000	10,000	10,000
7	Water Distribution and Sewer Collection System SCADA Upgrade (Carryover)	(20,000)										(20,000)	(10,000)	(10,000)
	<i>Total IT and EI&amp;C</i>	130,000	50,000	52,000	0	351,000	93,000	96,000	0	0	0	772,000	386,000	386,000
<u><i>Other Studies</i></u>														
1	Asset Management	100,000	80,000	80,000								260,000	130,000	130,000
1	Asset Management (Carryover)	(6,860)										(6,860)	(3,430)	(3,430)
2	Orange County Cross Connection Policy Handbook	20,000										20,000	20,000	0
3	Lead and Copper Rule Revisions Service Line Inventories	97,908										97,908	97,908	0
	<i>Total Other Studies</i>	211,048	80,000	80,000	0	0	0	0	0	0	0	371,048	244,478	126,570
<u><i>Contingency</i></u>														
1	Contingency	122,092	32,545	170,953	132,442	130,610	173,919	39,664	17,998	152,400	143,694	1,116,317	558,159	558,159
	<i>Total Contingency</i>	122,092	32,545	170,953	132,442	130,610	173,919	39,664	17,998	152,400	143,694	1,116,317	558,159	558,159
<u><i>Total Capital Budget</i></u>														
		2,528,335	3,630,098	5,115,587	5,753,589	6,345,006	7,080,140	7,574,168	8,052,739	8,793,069	9,316,792	64,189,523	14,380,746	49,808,777
<u><i>Total Capital Projects</i></u>														
		991,997	3,183,076	3,937,111	5,122,118	4,555,151	5,832,181	7,286,336	7,398,740	6,251,869	6,451,945	51,010,523	8,512,154	42,498,368
	WATER	417,479	131,891	149,484	118,398	1,592,764	1,762,270	639,306	1,751,190	192,990	1,756,384	8,512,154	8,512,154	
	SEWER	574,518	3,051,184	3,787,627	5,003,721	2,962,388	4,069,911	6,647,030	5,647,550	6,058,879	4,695,561	42,498,368		42,498,368
<u><i>Total Capital Equipment</i></u>														
		1,536,338	447,023	1,178,477	631,471	1,789,855	1,247,960	287,832	653,999	2,541,200	2,864,847	13,179,000	5,868,592	7,310,409
	WATER	647,535	260,136	518,238	218,861	859,903	191,480	143,916	173,500	717,100	2,137,924	5,868,592	5,868,592	
	SEWER	888,803	186,886	660,238	412,611	929,953	1,056,480	143,916	480,500	1,824,100	726,924	7,310,409		7,310,409
<u><i>Total Capital Budget</i></u>														
		2,528,335	3,630,098	5,115,587	5,753,589	6,345,006	7,080,140	7,574,168	8,052,739	8,793,069	9,316,792	64,189,523	14,380,746	49,808,777
	WATER	1,065,014	392,028	667,722	337,258	2,452,666	1,953,750	783,222	1,924,689	910,090	3,894,308	14,380,746	14,380,746	
	SEWER	1,463,321	3,238,071	4,447,865	5,416,331	3,892,340	5,126,391	6,790,946	6,128,050	7,882,979	5,422,484	49,808,777		49,808,777
<u><i>Total Capital Investment</i></u>														
		7,673,477	6,693,121	11,190,287	7,569,756	6,426,551	7,080,140	7,654,168	8,052,739	8,793,069	10,738,442	81,871,750		
<u><i>Capital Budget</i></u>														
		2,528,335	3,630,098	5,115,587	5,753,589	6,345,006	7,080,140	7,574,168	8,052,739	8,793,069	9,316,792	64,189,523		
	SOCWA Reserve	0	0	1,724,370	1,789,167	0	0	0	0	0	0	3,513,537		
	Accumulated Capital	1,247,278	233,074	0	0	0	0	0	0	0	0	1,480,352		
	Carryover	975,920	127,500	937,888	27,000	81,545	0	80,000	0	0	100,000	2,329,853		
	Recycled Reserves	224,000	0	0	0	0	0	0	0	0	0	224,000		
	Bond Funds	2,243,944	2,702,449	2,846,192	0	0	0	0	0	0	0	7,792,585		
	Grant Funding	454,000	0	566,250	0	0	0	0	0	0	1,321,650	2,341,900		

## 2024/25 CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

### Projects

#### Source of Supply / Storage Projects

1	JRWSS Capital Budget	18,618
2	Baker WTP Replacement Fund	56,200
3	Direct Potable Reuse Feasibility Study	454,000
3	Direct Potable Reuse Feasibility Study (Assumed Grant Funding)	(454,000)
<b>Total Source of Supply / Storage Projects</b>		<b>74,818</b>

#### Pumping (Water) Projects

4	Water Stations PLC Upgrade to Control Logix	25,000
4	Water Stations PLC Upgrade to Control Logix (Carryover)	(25,000)
6	R-6 Outlet Flow Meter Backup	9,000
7	South Orange County Turnout Project	75,000
8	Moulton Parkway/EI Toro Road Cathodic Protection	145,000
8	Moulton Parkway/EI Toro Road Cathodic Protection (Carryover)	(81,340)
<b>Total Pumping (Water) Projects</b>		<b>147,660</b>

#### Pumping (Sanitation) Projects

9	Sewer Stations PLC Upgrade to Control Logix	25,000
9	Sewer Stations PLC Upgrade to Control Logix (Carryover)	(25,000)
10	Aliso Creek Pump Station Rehabilitation Project	600,000
10	Aliso Creek Pump Station Rehabilitation Project (Carryover)	(600,000)
<b>Total Pumping (Sanitation) Projects</b>		<b>0</b>

#### Treatment (Sanitation) Projects

11	Headworks and Secondary Clarifier No. 1 Rehabilitation	1,974,000
11	Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(1,974,000)
12	RAS Pump Station Rehabilitation	24,800
13	Grit Chamber Rehabilitation	1,046,502
13	Grit Chamber Rehabilitation (Carryover)	(148,599)
13	Grit Chamber Rehabilitation (Accumulated Capital)	(897,903)
14	OOPS MCC and Valve Rehabilitation Project	191,000
15	Standby Blower Replacement	631,000
15	Standby Blower Replacement (Accumulated Capital)	(349,375)
<b>Total Treatment (Sanitation) Projects</b>		<b>497,425</b>

#### Outside Treatment (SOCWA)

16	SOCWA Capital Budget	269,944
16	SOCWA Capital Budget (Revenue Bond)	(269,944)
<b>Total Treatment (SOCWA)</b>		<b>0</b>

#### Other Studies

17	Asset Management	100,000
17	Asset Management (Carryover)	(6,860)
18	Orange County Cross Connection Policy Handbook	20,000
19	Lead and Copper Rule Revisions Service Line Inventories	97,908
<b>Total Contingency</b>		<b>211,048</b>

**Total Capital Projects**

**\$991,997**

#### **LEGEND**

WATER
SEWER
BOTH

### Equipment

#### Pumping (Water) Equipment

1	Cherry Booster Station Pump & Motor Replacement	167,000
2	New Handheld Meter Readers	14,500
3	Water Station HMI Replacement	10,000
4	Water Station HMI Replacement (Carryover)	(9,962)
4	R-4 Reservoir Mixing System Replacement	70,000
<b>Total Pumping (Water) Equipment</b>		<b>251,538</b>

#### Pumping (Sanitation) Equipment

5	Westline Main Switchboard Replacement	37,250
6	Freeway Electrical Equipment Replacement	263,362
6	Freeway Electrical Equipment Replacement (Carryover)	(110,000)
7	Westline Generator Unit 213 Replacement	267,000
8	Sewer Station HMI Replacement	10,000
8	Sewer Station HMI Replacement (Carryover)	(3,807)
<b>Total Pumping (Sanitation)</b>		<b>463,806</b>

#### Treatment (Sanitation) Equipment

9	DAF No. 1 MCC Replacement	149,000
9	DAF No. 1 MCC Replacement (Carryover)	(69,000)
10	Additional Tertiary Filter Disks	92,000
10	Additional Tertiary Filter Disks (Recycled Water Reserves)	(92,000)
11	Tertiary Disinfection Optimization Project	132,000
11	Tertiary Disinfection Optimization Project (Recycled Water Reserves)	(132,000)
12	WRP Unit 290 Radiator Replacement	150,000
13	Influent Pump Station Isolation Gate Actuator Replacement	15,000
14	WRP Historian Configuration to Hach WIMS	30,000
<b>Total Treatment (Sanitation) Equipment</b>		<b>275,000</b>

#### Vehicles / Vehicle Equipment

15	Vehicle Replacement	133,900
15	Vehicle Replacement (Carryover)	(24,952)
16	Hydro Excavator	40,000
17	F-550 w/ Valve Maintenance Skid	206,000
<b>Total Vehicles/Vehicle Equipment</b>		<b>354,948</b>

#### IT and EI & C

7	System-Wide Security Access Panel Replacement	49,000
8	Remittance Processing Equipment Update	20,000
9	Documentum Replacement / Corporate Intranet Development	61,000
10	Water Distribution and Sewer Collection System SCADA Upgrade	20,000
10	Water Distribution and Sewer Collection System SCADA Upgrade (Carryover)	(20,000)
<b>Total IT and EI &amp; C</b>		<b>130,000</b>

#### Contingency

11	Contingency	122,092
<b>Total Contingency</b>		<b>122,092</b>

**Total Capital Equipment**

**\$1,536,338**

**Total Capital Projects**

**991,997**

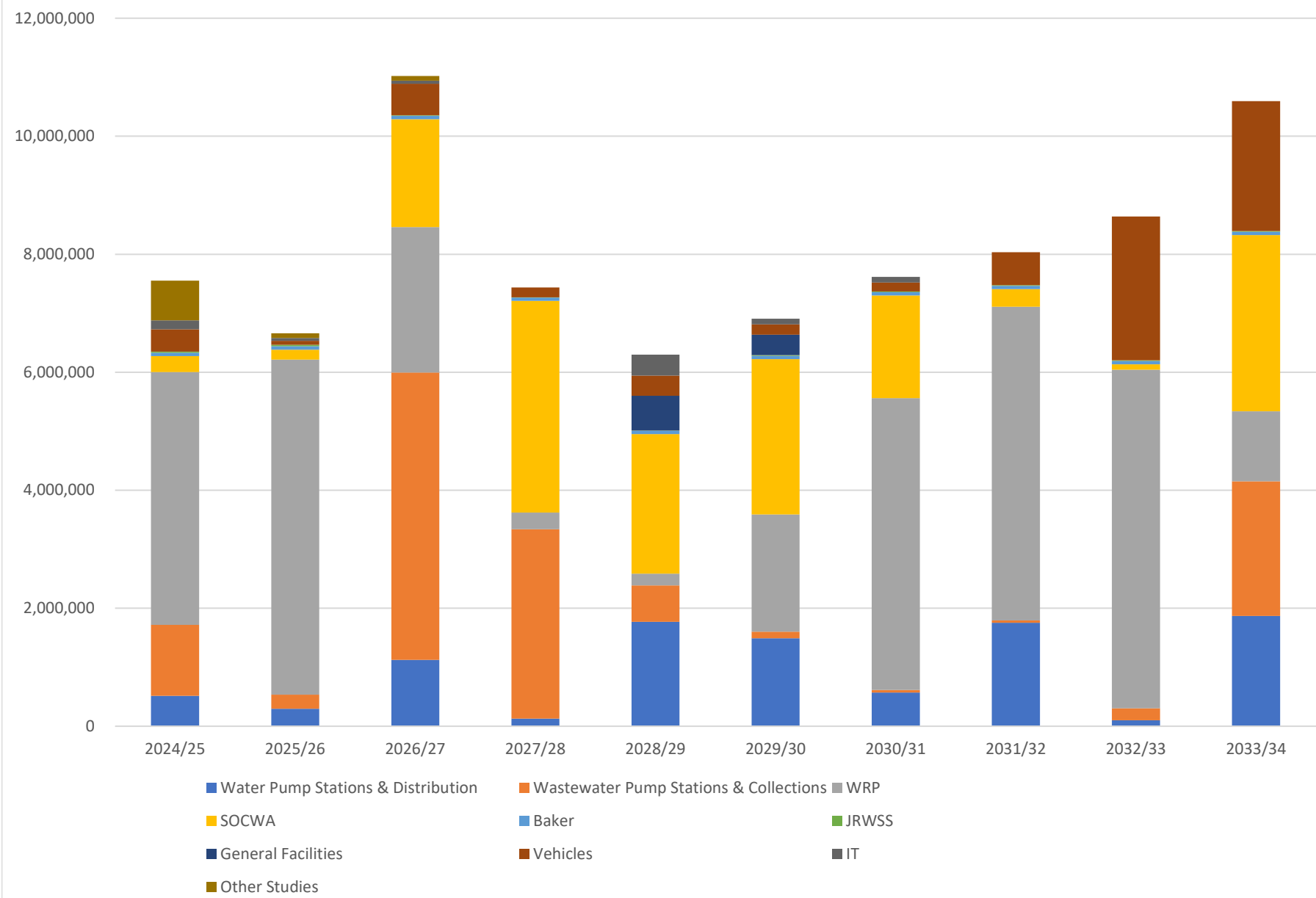
**Total Capital Equipment**

**1,536,338**

**Total Capital Budget**

**2,528,335**

Capital Expenditures by Category





## 10-Year Capital Funding Sources

