



Yucaipa Valley Water District

12770 Second Street, Yucaipa, California 92399 Phone: (909) 797-5117

Notice and Agenda of a Regular Meeting of the Board of Directors

Wednesday, June 1, 2016 at 6:00 p.m.

- I. **CALL TO ORDER** - Pledge of Allegiance
- II. **ROLL CALL**
- III. **PUBLIC COMMENTS** - At this time, members of the public may address the Board of Directors on matters within its jurisdiction. To provide comments on specific agenda items, please complete a speaker's request form and provide the completed form to the Board Secretary prior to the board meeting.
- IV. **CONSENT CALENDAR** - All matters listed under the Consent Calendar are considered by the Board of Directors to be routine and will be enacted in one motion. There will be no discussion of these items prior to the time the board considers the motion unless members of the board, the administrative staff, or the public request specific items to be discussed and/or removed from the Consent Calendar.
 - A. Minutes of Meetings
 - 1. Regular Board Meeting - May 18, 2016
 - 2. Board Workshop - May 24, 2016
- V. **STAFF REPORT**
- VI. **DISCUSSION ITEMS**
 - A. Identification and Declaration of Bad Debt for Calendar Year 2014 [[Director Memorandum No. 16-048 - Page 13 of 88](#)]
 - RECOMMENDED ACTION: That the Board authorizes the District staff to declare bad debt for Calendar Year 2014 in the amount of \$26,920.77.
 - B. Adoption of Resolution No. 2016-16 Establishing the Appropriation Limit for Fiscal Year 2016-17 [[Director Memorandum No. 16-049 - Page 14 of 88](#)]
 - RECOMMENDED ACTION: That the Board adopts Resolution No. 2016-16.

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Tysa Baeumel at (909) 797-5117 at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this agenda submitted to the Board of Directors after distribution of the board meeting packet are available for public inspection during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting material is also be available on the District's website at www.yvwd.dst.ca.us

- C. Renewal of Various Insurance Policies for Fiscal Year 2017 with Alteris Insurance Services [[Director Memorandum No. 16-050 - Page 32 of 88](#)]
RECOMMENDED ACTION: That the Board authorizes District staff to renew insurance coverage with Alteris for a sum not to exceed \$211,193.64.
- D. Consideration of the Operating Budget and Capital Improvement Plan for Fiscal Year 2017 [[Director Memorandum No. 16-051 - Page 52 of 88](#)]
RECOMMENDED ACTION: That the Board adopts the Fiscal Year 2017 Operating Budget and Capital Improvement Plan.

VII. BOARD REPORTS

- A. San Gorgonio Pass Regional Water Alliance - May 25, 2016
- B. Special Meeting at the Beaumont Cherry Valley Water District - May 26, 2016
- C. Reports by Board Members

VIII. DIRECTOR COMMENTS

IX. ANNOUNCEMENTS

- A. June 2, 2016 at 5:00 p.m. - Recycled Water Fill Station Training Session
- B. June 2, 2016 at 6:00 p.m. - Community Water Meeting
- C. June 4, 2016 at 9:00 a.m. - Recycled Water Fill Station Training Session
- D. June 7, 2016 at 4:00 p.m. - Board Workshop
- E. June 15, 2016 at 6:00 p.m. - Regular Board Meeting
- F. June 22, 2016 at 5:00 p.m. - San Gorgonio Pass Regional Water Alliance at the City of Banning
- G. June 28, 2016 at 4:00 p.m. - Board Workshop
- H. July 6, 2016 at 6:00 p.m. - Regular Board Meeting
- I. July 12, 2016 at 4:00 p.m. - Board Workshop
- J. July 20, 2016 at 6:00 p.m. - Regular Board Meeting
- K. July 26, 2016 at 4:00 p.m. - Board Workshop
- L. July 27, 2016 at 5:00 p.m. - San Gorgonio Pass Regional Water Alliance at the City of Banning
- M. August 3, 2016 at 6:00 p.m. - Regular Board Meeting

X. ADJOURNMENT

Consent Calendar



Yucaipa Valley Water District

MINUTES OF A REGULAR BOARD MEETING

May 18, 2016 at 6:00 P.M.

Directors Present:

Lonni Granlund, President
Jay Bogh, Vice President
Bruce Granlund, Director
Tom Shalhoub, Director

Staff Present:

Joseph Zoba, General Manager
Jack Nelson, Assistant General Manager
Jennifer Ares, Water Resource Manager
Bob Wall, Operations Manager
Brent Anton, Engineering Manager
Mike Kostelecky, Senior Plant Operator

Directors Absent:

Ken Munoz, Director

Consulting Staff Present:

David Wysocki, Legal Counsel

Registered Guests and Others Present:

Linda Shelton, Customer
David Duron, Customer
Dan Hancock, Customer
Leonard Stevenson, San Gorgonio Pass Water Agency

The regular meeting of the Board of Directors of the Yucaipa Valley Water District was called to order by Director Lonni Granlund at 6:00 p.m. at the Administrative Office Building, 12770 Second Street, Yucaipa, California.

CALL TO ORDER

Director Jay Bogh led the pledge of allegiance.

FLAG SALUTE

The roll was called and Director Jay Bogh, Director Bruce Granlund, Director Lonni Granlund, and Director Tom Shalhoub were present. Director Ken Munoz was absent.

ROLL CALL

There were no public comments.

PUBLIC COMMENTS

Director Jay Bogh moved to approve the consent calendar and Director Tom Shalhoub seconded the motion to approve the consent calendar.

CONSENT CALENDAR

A. Minutes of Meetings

1. Regular Board Meeting - April 20, 2016
2. Board Workshop - April 26, 2016
3. Board Workshop - May 11, 2016

B. Payment of Bills

1. Approve/Ratify Invoices for Board Awarded Contracts
2. Ratify General Expenses for April 2016

The motion was approved by the following vote:

Director Jay Bogh - Yes
Director Bruce Granlund - Yes
Director Lonni Granlund - Yes
Director Ken Munoz - Absent
Director Tom Shalhoub - Yes

General Manager Joseph Zoba discussed the following items:

- A special board meeting will be conducted on May 26, 2016 at 6:00 p.m. to discuss the implementation of an allocation plan in the San Gorgonio Pass area.
- The District staff will propose modifications to the operating budget at the next workshop regarding the installation of fiber optic cabling by Time Warner and a new process to account for services provided to District property.
- The District staff has completed the Regional Urban Water Management Plan that will be considered at a public hearing on June 15, 2016.
- The District staff is reviewing the new water conservation requirements issued by the State Water Resources Control Board. These regulations will require input from the two state water contractors that provide service to the District.

STAFF REPORT

DISCUSSION ITEMS:

Following a staff presentation by General Manager Joseph Zoba, Director Tom Shalhoub moved and Director Bruce Granlund seconded a motion to receive and file the unaudited financial report as presented.

The motion was approved by the following vote:

Director Jay Bogh - Yes
Director Bruce Granlund - Yes
Director Lonni Granlund - Yes
Director Ken Munoz - Absent
Director Tom Shalhoub - Yes

DM 16-043
UNAUDITED
FINANCIAL REPORT
FOR THE PERIOD
ENDING ON APRIL 30,
2016

Following a staff presentation by General Manager Joseph Zoba, Director Tom Shalhoub moved and Director Bruce Granlund to cast a vote for Gregory Young and submit a completed ballot to San Bernardino Local Agency Formation Commission.

The motion was approved by the following vote:

Director Jay Bogh - Abstain
Director Bruce Granlund - Yes
Director Lonni Granlund - Yes
Director Ken Munoz - Absent
Director Tom Shalhoub - Yes

DM 16-044
SELECTION OF A
CANDIDATE
REPRESENTING
SPECIAL DISTRICTS
ON THE LOCAL
AGENCY FORMATION
COMMISSION - SAN
BERNARDINO

Following a staff presentation by Engineering Manager Brent Anton, Director Bruce Granlund moved and Director Tom Shalhoub seconded a motion to approve Development Agreement No. 2016-04 as presented.

DM 16-045
CONSIDERATION OF
DEVELOPMENT
AGREEMENT NO.

The motion was approved by the following vote:

- Director Jay Bogh - Yes
- Director Bruce Granlund - Yes
- Director Lonni Granlund - Yes
- Director Ken Munoz - Absent
- Director Tom Shalhoub - Yes

2016-04 TO PROVIDE
WATER AND SEWER
FACILITIES AND
SERVICE TO THE
PRIVATE
DEVELOPMENT OF
PARCEL MAP 19647,
SFP-E, LLC
(ASSESSOR'S
PARCEL NUMBER
0318-131-05)

Following a staff presentation by Engineering Manager Brent Anton, Director Bruce Granlund moved and Director Jay Bogh seconded a motion to authorize the District staff to solicit construction bids for the installation of the fencing.

DM 16-046
AUTHORIZATION TO
SOLICIT BIDS FOR
SECURITY FENCING
FOR THE RECYCLED
WATER BOOSTER NB-
12.3 SITE

The motion was approved by the following vote:

- Director Jay Bogh - Yes
- Director Bruce Granlund - Yes
- Director Lonni Granlund - Yes
- Director Ken Munoz - Absent
- Director Tom Shalhoub - Yes

Following a staff presentation by General Manager Joseph Zoba and congratulatory comments from the Board of Directors, Director Tom Shalhoub moved and Director Bruce Granlund seconded a motion to adopt Resolution No. 2016-15.

DM 16-047
RECOGNITION OF
BOB WALL ON THE
OCCASION OF HIS
RETIREMENT FROM
THE YUCAIPA VALLEY
WATER DISTRICT

The motion was approved by the following vote:

- Director Jay Bogh - Yes
- Director Bruce Granlund - Yes
- Director Lonni Granlund - Yes
- Director Ken Munoz - Absent
- Director Tom Shalhoub - Yes

Reports by Board Members

- Director Tom Shalhoub reported on the meeting of the San Gorgonio Pass Regional Water Alliance held on April 27, 2016.
- Director Bruce Granlund reported on the special meeting at the Beaumont Cherry Valley Water District held on April 28, 2016.
- Director Tom Shalhoub reported on the special meeting of the San Gorgonio Pass Regional Water Alliance held on May 5, 2016.
- Director Bruce Granlund reported on the special meeting of the Board of Directors for Participation at the San Gorgonio Pass Water Agency Allocation Workshop held on May 10, 2016.

BOARD REPORTS &
DIRECTOR
COMMENTS

- Director Bruce Granlund and Director Lonni Granlund reported on the San Gorgonio Pass Water Agency meeting held on May 10, 2016.
- Director Tom Shalhoub reported on the San Bernardino Valley Municipal Water District meeting held on May 17, 2016.
- Director Tom Shalhoub reported on the Association of San Bernardino County Special Districts meeting held on May 16, 2016.
- Reports by Board Members

Director Lonni Granlund called attention to the announcements listed on the agenda.

ANNOUNCEMENTS

The meeting was adjourned at 6:40 p.m.

ADJOURNMENT

Respectfully submitted,

Joseph B. Zoba, Secretary

(Seal)

MINUTES OF A BOARD WORKSHOP

May 24, 2016 at 4:00 P.M.

Directors Present:

Lonni Granlund, President
Jay Bogh, Vice President
Bruce Granlund, Director
Ken Munoz, Director
Tom Shalhoub, Director

Staff Present:

Joseph Zoba, General Manager
Jack Nelson, Assistant General Manager
Vicky Elisalda, Controller
John Hull, Public Works Manager
Brent Anton, Engineering Manager
John Wrobel, Regulatory & Environmental Control
Manager
Jennifer Ares, Water Resource Manager
Mike Kostelecky, Senior Plant Operator
Ron McCall, Senior Plant Operator

Directors Absent:

None

Consulting Staff Present:

David Wysocki, Legal Counsel

Registered Guests and Others Present:

Larry Anderson, Customer
Richard Siegmund, Customer

- I. Call to Order - 4:00 p.m.
- II. Public Comments - The following comments were provided by individuals in the audience:
 - Larry Anderson discussed the Yucaipa Valley Water District Recycled Water Filling Station and requested additional hours of operation.
- III. Staff Report - General Manager Joseph Zoba discussed the following topics:
 - The Yucaipa Valley Water District will be offering training sessions for the use of recycled water on June 2, 2016 and June 4, 2016.
 - The Yucaipa Valley Water District will be conducting a community water meeting on June 2, 2016.
 - On Monday, May 23, 2016, the Yucaipa Valley Water District provided representatives of the Korean Water and Wastewater Works Association a tour of the Yucaipa Valley Regional Water Filtration Facility.
 - Information was provided regarding the amount of property taxes received by the Yucaipa Valley Water District from the dissolution of the City of Yucaipa redevelopment agency. Based on the Recognized Obligation Payment Schedules 12 through 16B, the Yucaipa Valley Water District received \$150,806.29.
- IV. Presentations
 - A. Overview of the California Drought and Yucaipa Valley Water District's Action Plan Related to the State Water Resources Control Board Water Conservation Restrictions [Workshop Memorandum No. 16-084] - General Manager Joseph Zoba provided an overview of the new water conservation regulations approved by the State Water Resources Control Board.

- B. Presentation of the Regional Water Allocation Agreement for Water Imported by the San Gorgonio Pass Water Agency and Suggested Water Policies for Future Service by Yucaipa Valley Water District [Workshop Memorandum No. 16-085] - General Manager Joseph Zoba provided information about the allocation agreement and how existing and proposed policies would work in the future.
 - C. Presentation of the Regional Urban Water Management Plan - Yucaipa Valley Water District [Workshop Memorandum No. 16-086] - General Manager Joseph Zoba provided an overview of the Regional Urban Water Management Plan.
- V. Capital Improvement Projects
- A. Status Report on the Construction of a 6.0 Million Gallon Drinking Water Reservoir R-12.4 - Calimesa [Workshop Memorandum No. 16-087] - Engineering Manager Brent Anton provided an overview of the drinking water reservoir construction project.
 - B. Status Report on the Construction of Future Recycled Water Pipelines throughout the Service Area of the Yucaipa Valley Water District [Workshop Memorandum No. 16-088] - General Manager Joseph Zoba provided information about proposed recycled water projects on the North Bench and in San Timoteo Canyon.
- VI. Administrative Issues
- A. Overview of the Operating Budget and Capital Improvement Plan for Fiscal Year 2017 [Workshop Memorandum No. 16-089] - General Manager Joseph Zoba provided an overview of the operating budget for Fiscal Year 2016-17.
 - B. Identification and Declaration of Bad Debt for Calendar Year 2014 [Workshop Memorandum No. 16-090] - Controller Vicky Elisalda provided information about the declaration of bad debt.
 - C. Review of Draft Resolution No. 2016-xx Establishing the Appropriation Limit for Fiscal Year 2016-17 [Workshop Memorandum No. 16-091] - Controller Vicky Elisalda provided an overview of the appropriation limitation.
 - D. Renewal of Insurance Policies for Fiscal Year 2017 [Workshop Memorandum No. 16-092] - Assistant General Manager Jack Nelson provided information about the proposed insurance renewal for Fiscal Year 2017.
- VII. Director Comments
- There were no additional director comments.
- VIII. Closed Session
- A. Personnel Matter: Evaluation of General Counsel (Government Code 54957(b))
Director Jay Bogh, Director Bruce Granlund, Director Lonni Granlund, Director Ken Munoz, and Director Tom Shalhoub were present in closed session with Legal Counsel David Wysocki and General Manager Joseph Zoba.
The Board of Directors and District staff reconvened out of closed session into open session but no reportable action was taken in closed session.
- IX. Adjournment - The meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Joseph B. Zoba, Secretary

Staff Report



Yucaipa Valley Water District

Discussion Items





Date: June 1, 2016

Prepared By: Peggy Little, Administrative Supervisor
Erin Anton, Administrative Clerk IV

Subject: Identification and Declaration of Bad Debt for Calendar Year 2014

Recommendation: That the Board authorizes the District staff to declare bad debt for Calendar Year 2014 in the amount of \$26,920.77.

The District actively pursues delinquent accounts, and in most cases is able to collect delinquent fees through a combination of shutting off the services provided, sending accounts to a collection agency, placing a lien on the property involved, and/or pursuing the claims through legal actions such as small claims court. In some cases, the District is unable to collect the money owed the District.

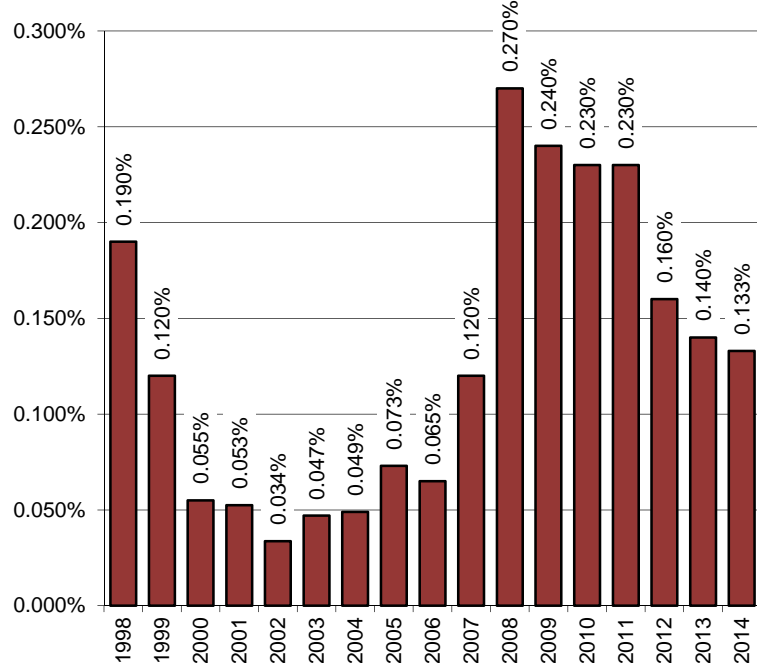
During the calendar year 2014, we did see a continued drop in foreclosures. The amount of bad debt due to foreclosures is \$8,407.61, which includes \$2,172.47 sewer only customers and \$6,235.14 water/sewer customers. This leaves account balances of \$18,513.16 that was not collected in the normal collection process.

As a proper accounting procedure, this bad debt must be accounted for on our financial statements; otherwise the debt remains as a liability on the District's annual audit.

District staff has compiled the list of uncollectible accounts for calendar year 2014, which amounts to \$26,920.77. Of this total, 31% of the bad debts are due to home foreclosures, and this trend will hopefully continue to decline for calendar year 2015.

Overall, the total amount of bad debt represents a loss of 0.133% for calendar year 2014 based on total water and sewer revenues.

Bad Debt as a Percentage of Annual Water and Sewer Revenues





Director Memorandum 16-049

Date: June 1, 2016

Prepared By: Vicky Elisalda, Controller

Subject: Adoption of Resolution No. 2016-16 Establishing the Appropriation Limit for Fiscal Year 2016-17

Recommendation: That the Board adopts Resolution No. 2016-16.

In 1979, Proposition 4 (the Gann Initiative) was approved adding Article XIII B to the State Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. This initiative was designed to constrain government expenditures by placing an annual limit on revenue and appropriation growth.

In June 1990, Proposition 111 amended Article XIII B, making changes in the base year upon which the appropriations limit is based, establishing new cost of living factors and new population factors for use by local governments, and increasing appropriations not subject to the limit (primarily qualified capital outlay projects). The financial constraints of Article XIII B apply to State, all cities, counties, special districts and all other political subdivisions.

The Yucaipa Valley Water District has completed the computation associated with the appropriation limitation for fiscal year 2016-2017 ("FY 2017"). Based on the attached calculation, the proposed adjustment to the District's appropriation limit includes an increase of 0.89% for the increase in non-residential assessed valuation of new construction and a weighted average increase of 1.34% for population change. These percentages have been used to calculate an increase in the appropriation limit from \$65,883,838 in FY 2016 to \$70,350,762 in FY 2017. This represents an overall increase of 6.78% to the appropriation limit. The District's annual appropriations are well below this limit.

RESOLUTION NO. 2016-16**RESOLUTION OF THE YUCAIPA VALLEY WATER DISTRICT
ESTABLISHING THE APPROPRIATION LIMIT FOR FISCAL YEAR 2016-17**

WHEREAS, Article XIII-B of the California Constitution provides that the State and each local government shall be subject to an appropriations limit, to govern the maximum amount of each entity's appropriations subject to limitation, in any fiscal year, as the same are defined in Article XIII-B; and

WHEREAS, California Government Code Section 7910 provides for the annual establishment by local jurisdictions of their appropriations limit for each fiscal year, and further provides that upon establishment of such appropriations limit any judicial action or proceeding to attack, review, set aside, void, or annul such action by the District must be commenced within forty-five (45) days of the effective date of the resolution establishing the appropriations limit; and

WHEREAS, documentation used in determining the appropriations limit has been made available to the public for a period of not less than fifteen (15) days prior to Board consideration of this resolution.

NOW THEREFORE, the Board of Directors of the Yucaipa Valley Water District does hereby resolve, determine and order as follows:

Section 1. That in accordance with Article XIII B of the California Constitution and Section 7910 of the Government Code of the State of California, the appropriation limit for the Fiscal Year 2016-17 for the Yucaipa Valley Water District is established as \$70,350,762.

Section 2. The adjustment factors for computation of the FY 2016-17 appropriation limitation have been identified in the calculation of the appropriation limit.

Section 3. That documentation used in the determination of such appropriation limit has been available to the public at least fifteen days prior to this meeting of the Board of Directors.

This Resolution is effective immediately upon adoption.

PASSED AND ADOPTED this 1st day of June 2016.

YUCAIPA VALLEY WATER DISTRICT

ATTEST:

Lonni Granlund, President Board of Directors

Joseph B. Zoba, General Manager



12770 Second Street, Yucaipa, California 92399

Appropriation Limit for the Yucaipa Valley Water District

Fiscal Year 2016-2017

Prepared by: Vicky Elisalda, Controller

Overview of Appropriation Limit

Introduction

In the 1970s soaring property values in California led to dramatic increases in property taxes, prompting a tax revolt that resulted in the passage of Proposition 13 in the June 1978 California primary. Proposition 13 reduced local property taxes by 57% and thereby slashed the revenue base for local governments and schools. Over the years the revenue loss has been made up by a varying mix of state funds and new revenue from specialized local fees and taxes, as well as by outright local budget cuts.

The California tax revolt did not end with Proposition 13. Seventeen months later, in November 1979, voters passed the Proposition 4, known as the Gann Amendment. Proposition 4 imposed a limit on most state and local government expenditures from tax sources. The limit is calculated annually according to a formula based on population and the cost of living. Under Proposition 4, excess revenues must be returned to the taxpayers.

Both Propositions 13 and 4 have been modified in the years since their passage. While weakened by the changes, Propositions 13 and 4 remain constraints on California state and local budgeting, and continue to be focal points in the public policy debate about California taxing and spending.

Summary of Proposition 4 and Related Voter Initiatives

Modern spending limits in California began in 1979 with the passage of Proposition 4 (Article XIII B of the California Constitution). Also called the Gann Initiative after its chief sponsor, Paul Gann, Proposition 4 places an appropriations limit on most spending from tax proceeds. The limit for each year is equal to the prior year's spending with upward adjustments allowed for changes in population and the cost of living. Most state and local government appropriations are subject to the limit. However, the law exempts certain appropriations from the limit including capital outlay, debt service and local government subventions. When the limit is exceeded, Proposition 4 requires the surplus to be returned to the taxpayers within two years. Appropriations in the two year period can be averaged before becoming subject to the excess revenue provisions of the Gann limit.

Voters approved the Gann limit in a November 1979 special election by a 74% margin. The late 1970s were a time of surplus state revenues in California, and voter exasperation at the inability of the legislature and the governor to agree on a plan to return the surplus to the taxpayers in the form of refunds or property tax relief helped fuel the tax revolt that led first to Proposition 13 and then to Proposition 4. With the Gann limit, voters took the matter of spending limits into their own hands, and ignored objections that spending limit formulas are an artificial constraint on policy making and hamper the government's ability to address citizen needs.

During the early 1980s, increases in population and the consumer price index outpaced the growth in state revenue, and the Gann limit was not reached. However, a surge in state revenues in 1987 caused the limit to be breached, and led to the first refund to taxpayers.

Voters have modified the Gann limit in a series of initiative measures. Proposition 99 (1988) and Proposition 10 (1998) exempted new tobacco taxes from the Gann limit. Proposition 98 (1988)

required public schools to receive a share of revenues exceeding the Gann limit. That share was changed to a flat 50% by Proposition 111 (1990). Proposition 111 also added three exemptions to the Gann limit: capital outlay spending, appropriations supported by increased gas taxes, and appropriations resulting from national disasters. Most significantly, Proposition 111 changed the formula used for calculating annual adjustments to the Gann limit. Under Proposition 111, the population factor is based on a weighted average of population and K-14 school enrollment growth (instead of population only), and the cost of living factor is based solely on California per-capita personal income growth (and no longer takes into account the Consumer Price Index).

The changes to the Gann limit formula under Proposition 111 substantially raised the Gann limit, making it less likely that the limit will be reached in the future. Many observers believe that in its current weakened state the Gann limit has ceased to be a meaningful constraint on state spending.

How the Appropriations Limit Works

Which Revenues Are Subject to Limit?

Article XIII B places a limit on appropriations from most, but not all, government revenue sources. The limit applies to appropriations from proceeds of taxes from both the general fund and special funds of government entities. Proceeds of taxes include tax revenues, interest earnings on invested tax revenues, and any revenues collected by a regulatory license fee or user charge in excess of the amount needed to cover the cost of providing the regulation, product, or service.

Which Appropriations Are Subject to Limit?

Appropriations for almost all government functions are subject to limitation under Article XIII B. However, there are some important exceptions. The original Proposition 4 provided that the following appropriations are not limited, even if made from proceeds of taxes:

- Subventions from the state to local governments and schools, the use of which is unrestricted (these subventions are not subject to the state's limit, but instead are counted as subject to the local entity's limit);
- Appropriations to pay for costs of complying with federal laws and court mandates;
- Payments for interest and redemption charges on pre-existing (i.e., pre-Proposition 4) or voter-approved bonded indebtedness;
- Withdrawals from previously appropriated reserve funds; and
- Refunds of taxes.

Proposition 111 excluded capital outlay from the appropriations limit. This change reflects the fact that while capital outlay appropriations are made during a single budget year, they reflect long-term investments that are utilized over a number of years. Appropriations directly related to an emergency, such as a fire, earthquake, or other natural disaster, were also excluded from the limit by Proposition 111. No reduction in future limits is required for appropriations made for these emergency purposes.

The "Base Year" Limit.

The first year that limits were in effect was FY 1980-81. The base year for determining the appropriations limit in FY 1980-81 was FY 1978-79. Actual appropriations in the FY 1978-79

fiscal year that had been financed by the proceeds of taxes were the starting point. Appropriations not subject to limitation were subtracted from that figure and this became the "base year" level of appropriations for computing all subsequent years' limits. Proposition 111 updated the base year for calculating the limit for each government entity to FY 1986-87. For fiscal years beginning with FY 1990-91, the limit for each entity is the FY 1986-87 limit adjusted annually as specified by Article XIII B as amended by Proposition 111.

Annual Adjustments to the Limit.

The appropriations limit for each year since FY 1980-81 is calculated by adjusting the base year limit for changes in the cost-of-living and population. Proposition 111, passed by the voters in June 1990, and revised each of the adjustment factors. Specifically, annual adjustments to limits, either upward or downward, are made as follows:

- Cost-of-Living.
 - State and schools are adjusted by the change in California per capita personal income.
 - Local agencies are adjusted by the change in California per capita personal income or the change in the local property tax roll due to the addition of new nonresidential construction.
- Population.
 - The State uses a population factor calculated by adding: (a) the change in the state's total population weighted by the percent of the budget spent on non-educational programs, and (b) the change in average daily attendance (ADA) for K-14 education weighted by the percentage of the budget spent on K-14 education.
 - Local agencies use a population factor that is the percentage change in the jurisdiction or in the county in which the jurisdiction is located. Special districts located in two or more counties may use the change in the county in which the district has the highest assessed valuation.
 - Counties. The population change for counties can be calculated by using one of three methods: (a) the percentage change in population within the county; (b) the percentage change in population for both the county itself and contiguous counties; or (c) the percentage change in population within the incorporated portion of the county.
 - K-14 Schools use the change in population is the percentage change in average daily attendance.
- Program Transfers. Limits of governmental entities are modified to reflect transfers of financial responsibility from one level of government to another. The limit of the new service provider is increased by the amount the former service provider's limit is reduced.
- Funding Transfers. Adjustments either upward or downward are made to account for transfers of program funding sources, for example from tax revenues (subject to limit) to fees (not subject to limit).

The level of appropriations actually made by a government entity in any year does not have any bearing on the calculation of the appropriations limit for the subsequent years. Each year's limit is computed based on the prior year's limit, not the prior year's appropriations.

If the governing body actually appropriates less money than what would be permitted by the limit, it has "room" under its limit, and the limit will be further adjusted the following year for cost-of-living and population changes. A government entity does not "lose" room under its limit for the future by appropriating less than the maximum permitted in any year.

Appropriations Permitted in Excess of the Limit.

Article XIII B sets forth two circumstances under which governments may make appropriations in excess of their limits:

- Emergency. Appropriations for declared emergencies do not count towards and may be made in excess of the limit. Proposition 111 removed the requirement that the limits for future years must be reduced over a three-year period so that there would be no total increase in allowable appropriations.
- Voter Approval. Article XIII B permits voters of a jurisdiction to authorize an increase in the appropriations limit. However, no voter-approved increase may be in effect for more than four years. At the end of the four-year period, either the voters must approve another increase or the limit must return to the level it would otherwise have been.

When Revenues Exceed the Appropriations Limit.

A government entity may receive revenues during a fiscal year that exceed its appropriations limit. Proposition 111 allows governments to average appropriations over a two year period before becoming subject to the excess revenue provisions of Article XIII B. In other words, a government entity can offset appropriations that exceeds its appropriations limit in one year of a two-year period by appropriating less than the limit in the other year. If, after taking this two year averaging into account, authority to appropriate is not provided by either an emergency declaration or voter approval, Article XIII B as amended by Propositions 98 and 111 sets forth a process for disposing of the excess State revenues:

- Education Programs. After the two-year averaging period, 50% of any excess revenues are transferred to the State School Fund for elementary, secondary and community college education. A portion of this excess revenue (25%) may effectively be built into the base used to calculate future funding required by Proposition 98 if the excess funds are used for a specified purpose. The transfer to education is not required if the state's average expenditure per student and average class size is equal to or exceeds that of the ten states with the best performance in these areas.
- Return of Excess. The 50% of excess revenues remaining after the transfer to education must be returned to taxpayers within the following two years. The return can be made through a reduction in the tax rate or as a fee reduction.

Sources:

- "Government Appropriations Limit: Article XIII B of the Constitution." In: *Revenue and Taxation Reference Book 2003*. Sacramento: Assembly Revenue and Taxation Committee, Chapter 5, January 2004, pp. 150-7.
- "Tax and Expenditure Limitation in California: Proposition 13 & Proposition 4", Institute of Governmental Studies, University of California at Berkeley (<http://www.igs.berkeley.edu/library/htTaxSpendLimits2003.html>)

Calculation of Appropriation Limitation

Appropriation Limit Calculation – Part I

Greater of California per capita income or increase in non-residential assessed valuation of new construction	1.0537
Population percentage change factor	x <u>1.0134</u>
Ratio of change	<u>1.0678</u>

Appropriation Limit Calculation – Part II

Ratio of change	1.0678
Prior year appropriation limit (2015-2016)	x <u>\$65,883,838</u>
Current year appropriation (2016-2017)	<u>\$70,350,762</u>

Computation of Appropriation Limitation

Adjustment Factors

Cost of Living Price Factor: The computation of the appropriation limitation involves the greater of the two cost of living factors:

Percentage change in per capita income ¹	<u>or</u>	Percentage change in local assessment roll due to addition of non-residential new construction ²
<u>5.37%</u>		0.89%

Population: The computation of the appropriation limitation involves the greater of the following factors for each county:

Growth within San Bernardino County ³	<u>or</u>	Growth within the City of Yucaipa
0.93%		<u>1.26%</u>
Growth within Riverside County ⁴	<u>or</u>	Growth within the City of Calimesa
1.26%		<u>1.86%</u>

The underlined factors above were used in calculating the District's appropriation limit for the fiscal year 2016-2017. The resolution adopted by the Board of Directors will specify these factors.

¹ State of California, Department of Finance correspondence dated May 2016 (Attachment A)
² Ms. Linda Santillano, Auditor-Controller Office, Property Tax Section, July 2015 (909) 382-3189
³ State of California, Department of Finance correspondence dated May 2016 (Attachment B-SB)
⁴ State of California, Department of Finance correspondence dated May 2016 (Attachment B-RIV)

Procedure for Administering Revenue and Taxation Code Section 2228(a)

The Revenue and Taxation Code, Section 2228(a) requires the following:

If a special district is located within a single county or within more than one city or any combination of cities and incorporated area within a single county, the annual percentage change in population for the district shall be that established for the county or the weighted average of the percentage change of each city and the unincorporated area.

If a special district is located within more than one county, the annual percentage change in population for the district shall be the weighted average of the percentage change of each county or city or unincorporated area within the district or any combination provided that the areas selected are mutually exclusive.

The State of California, Department of Finance has specified that the weights applied shall be the relative share of the assessed valuation (A.V.) of the district in each local agency.

Population Percentage Change Factor:

<u>Local Agency</u>	<u>Percentage Population Change</u>		<u>Assessed Valuation</u>	=	<u>Percentage Change x A.V.</u>
San Bernardino County	1.26%	x	5,755,111,674	=	72,514,407
Riverside County	1.86%	x	939,536,512	=	17,475,379
Total District			6,694,648,186		89,989,786

Weighted Average Percent Change:

$$\frac{\text{Total District (Percentage Change x A.V.)}}{\text{Total District Assessed Valuation}} = \frac{89,989,786}{6,694,648,186} = \underline{\underline{0.013442}}$$

Attachments



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 2016

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2016, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2016-17. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2016-17 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2016.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN
Director
By:

AMY COSTA
Chief Deputy Director

Attachment

May 2016

Attachment A

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2016-17 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2016-17	5.37

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2016-17 appropriation limit.

2016-17:

Per Capita Cost of Living Change = 5.37 percent

Population Change = 0.90 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.37 + 100}{100} = 1.0537$

Population converted to a ratio: $\frac{0.90 + 100}{100} = 1.0090$

Calculation of factor for FY 2016-17:

$$1.0537 \times 1.0090 = 1.0632$$

Fiscal Year 2016-17

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2015 to January 1, 2016 and Total Population, January 1, 2016

County City	Percent Change 2015-2016	--- Population Minus Exclusions ---		Total Population
		1-1-15	1-1-16	1-1-2016
San Bernardino				
Adelanto	1.13	32,489	32,856	33,497
Apple Valley	1.14	73,811	74,656	74,656
Barstow	0.73	23,777	23,950	24,360
Big Bear Lake	0.66	4,873	4,905	4,905
Chino	1.58	79,405	80,657	85,934
Chino Hills	1.08	78,022	78,866	78,866
Colton	0.66	53,000	53,351	53,351
Fontana	1.40	206,996	209,895	209,895
Grand Terrace	0.65	12,236	12,315	12,315
Hesperia	0.90	92,394	93,226	93,226
Highland	0.57	53,340	53,645	53,645
Loma Linda	0.73	24,405	24,582	24,649
Montclair	0.92	38,332	38,686	38,686
Needles	0.62	5,004	5,035	5,035
Ontario	1.01	168,177	169,869	169,869
Rancho Cucamonga	1.18	173,202	175,251	175,251
Redlands	0.48	68,040	68,368	68,368
Rialto	0.85	106,425	107,330	107,330
San Bernardino	0.76	212,305	213,922	215,491
Twentynine Palms	-0.15	18,039	18,012	26,138
Upland	0.68	75,265	75,774	75,774
Victorville	0.84	118,126	119,120	123,510
Yucaipa	1.26	53,109	53,779	53,779
Yucca Valley	0.65	21,144	21,281	21,281
Unincorporated	0.68	299,430	301,464	309,759
County Total	0.93	2,091,346	2,110,795	2,139,570

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2016-17

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2015 to January 1, 2016 and Total Population, January 1, 2016

County City	Percent Change 2015-2016	--- Population Minus Exclusions ---		Total Population
		1-1-15	1-1-16	1-1-2016
Riverside				
Banning	0.57	30,659	30,834	30,834
Beaumont	3.48	43,601	45,118	45,118
Blythe	0.70	13,937	14,034	19,813
Calimesa	1.86	8,138	8,289	8,289
Canyon Lake	0.69	10,608	10,681	10,681
Cathedral City	0.75	53,810	54,212	54,261
Coachella	0.90	45,001	45,407	45,407
Corona	0.82	163,317	164,659	164,659
Desert Hot Springs	0.88	28,794	29,048	29,048
Eastvale	3.84	60,825	63,162	63,162
Hemet	0.66	79,548	80,070	80,070
Indian Wells	1.42	5,336	5,412	5,412
Indio	1.59	86,683	88,058	88,058
Jurupa Valley	1.32	96,898	98,177	98,177
Lake Elsinore	3.16	58,997	60,861	61,006
La Quinta	1.69	39,311	39,977	39,977
Menifee	1.97	87,286	89,004	89,004
Moreno Valley	0.83	203,696	205,383	205,383
Murrieta	1.08	112,576	113,795	113,795
Norco	0.69	23,919	24,085	26,896
Palm Desert	1.02	48,835	49,335	49,335
Palm Springs	0.97	46,204	46,654	46,654
Perris	1.72	72,476	73,722	73,722
Rancho Mirage	0.84	17,920	18,070	18,070
Riverside	0.95	321,596	324,637	324,696
San Jacinto	1.21	47,087	47,656	47,656
Temecula	1.18	107,794	109,064	109,064
Wildomar	1.18	34,758	35,168	35,168
Unincorporated	1.16	359,889	364,054	364,413
County Total	1.26	2,309,499	2,338,626	2,347,828

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

DATE 07/23/2015
PAGE 7

COUNTY OF SAN BERNARDINO
PROPERTY INFORMATION SYSTEM
AGENCY PERCENTAGE CHANGE REPORT

PIP1112

AGENCY	NEW CONST INCREASE	TOTAL INCREASE	PERCENTAGE CHANGE
VICTOR VALLEY RDA - 1993	3,745,487.00	470,041,793.00	0.7968
VICTOR VALLEY UNION HIGH SCH DIST	7,460,832.00	631,623,385.00	1.1812
VICTORVILLE OLD/MIDTOWN RDA	77,429.00	367,736.00	21.0555
VICTORVILLE RDA BEAR VALLEY ROAD	2,098,913.00	17,460,222.00	12.0211
VICTORVILLE STREET LIGHT DISTRICT	2,009,621.00	201,943,028.00	0.9951
VICTORVILLE WATER DISTRICT	5,499,812.00	511,355,065.00	1.0755
WEST VALLEY MVCD	206,225,521.00	1,542,819,677.00	13.3667
WEST VALLEY WATER DISTRICT	21,340,247.00	420,766,886.00	5.0717
YERMO COMMUNITY SERVICES DISTRICT	906.00	2,151,614.00	0.0421
YUCAIPA RDA	296,848.00	4,639,528.00	6.3982
YUCAIPA VALLEY WATER DISTRICT	1,544,471.00	174,415,915.00	0.8855
YUCAIPA-CALIMESA JOINT UNIFIED	1,573,504.00	180,754,550.00	0.8705
YUCCA VALLEY RDA	12,289,730.00	31,745,763.00	38.7129
29 PALMS CEMETERY DISTRICT	4,466,051.00	22,239,995.00	20.0811

PI163
22:17:20

SAN BERNARDINO COUNTY AUDITOR-CONTROLLER
PROPERTY TAX DIVISION

11/06/15
PAGE 298

AGENCY NET VALUATIONS

ROLL YEAR: 2015

AGENCY: WW29 YUCAIPA VALLEY WATER DISTRICT

ADDRESS: P.O. BOX 730
YUCAIPA, CA 923990730

ACCT CODE	ACCT NAME	NET VALUE BEFORE RDA	RDA INCREMENT	NET VALUE AFTER RDA	HOME OWNERS EXEMPTION	TAX ROLL VALUE
DA01 DEBT SERVICE IMP 2						
	LOCAL SECURED	806,268,685	69,475,566	736,793,119	9,552,200	727,240,919
	SECURED UTILITY	0	0	0	0	0
	UNSECURED	15,505,213	7,298,991	8,206,222	0	8,206,222
	TOTAL	821,773,898	76,774,557	744,999,341	9,552,200	735,447,141
GA01 GENERAL TAX LEVY						
	LOCAL SECURED	3,830,322,260	161,630,788	3,668,691,472	56,687,721	3,612,003,751
	SECURED UTILITY	0	0	0	0	0
	UNSECURED	62,518,127	16,647,960	45,870,167	0	45,870,167
	TOTAL	3,892,840,387	178,278,748	3,714,561,639	56,687,721	3,657,873,918
GA02 GENERAL TAX LEVY IMP DIST A						
	LOCAL SECURED	2,258,590,210	79,108,061	2,179,482,149	36,374,226	2,143,107,923
	SECURED UTILITY	0	0	0	0	0
	UNSECURED	30,913,276	7,113,076	23,800,200	0	23,800,200
	TOTAL	2,289,503,486	86,221,137	2,203,282,349	36,374,226	2,166,908,123

DIST. NO.	DISTRICT NAME	LOCAL SECURED	TOTAL SECURED	UNSECURED	TOTAL VALUE
04-4875	CVWD IMP DIST 50	14,475,146	14,475,146		14,475,146
04-4850	MISSION SPRINGS WTR IMP 101	680,689,080	680,689,080	6,179,702	686,868,782
04-4851	MISSION SPRINGS WTR DIST	1,944,909,673	1,944,909,673	278,982,643	2,223,892,320
04-4852	MISSION SPRINGS WTR INF A	12,562,944	12,562,944	2,340,050	14,902,994
04-4853	MISSION SPRINGS WTR IMP B	136,295,753	136,295,753	90,021,809	226,317,562
04-4854	MISSION SPRINGS WTR IMP C	903,022	903,022	23,495,613	24,398,635
04-4855	MISSION SPRINGS WTR IMP 1	690,754,789	690,754,789	2,948,260	693,703,049
04-4856	MISSION SPRINGS WTR IMP 2	3,852,683	3,852,683	3,090,208	6,942,891
04-4857	DESERT HOT SPRGS CO WATER IMP DC				
04-4860	DESERT HOT SPRGS CO WTR IMP D				
04-4861	EAST BLYTHE COUNTY WATER	36,652,434	36,652,434	447,253	37,099,687
04-4866	MISSION SPRINGS WTR IMP G	1,278,469,115	1,278,469,115	9,272,630	1,287,741,745
04-4867	MISSION SPRINGS WTR IMP E	41,953,806	41,953,806	79,881	42,033,687
04-4868	MISSION SPRINGS WTR IMP F	123,933,568	123,933,568	40,246,730	164,180,298
DISTRICT VALUATIONS - AUDITOR FY15-16					
SBE LOCAL SECURED			TOTAL SECURED	UNSECURED	TOTAL VALUE
MISSION SPRINGS WTR IMP S		1,233,102,576	1,233,102,576	24,050,197	1,257,152,773
IDYLLWILD CO WATER		343,009,650	343,009,680	2,441,985	345,451,665
IDYLLWILD CO WATER IMP 1		133,552,693	133,552,699	2,915,090	136,467,789
HOME GARDENS CO WATER					
MURRIETA COUNTY WATER		117,482,490	117,482,490	699,639	118,182,129
CHIRIACO SUMMIT CO WATER		3,227,642	3,227,642	171,348	3,452,390
COACHELLA VAL IMP DSI 16 ANK 3					
CVWD WATER ASMT 65		71,020,836	71,020,836	10,204,190	81,225,026
FINE COVE CO WATER		204,507,676	204,507,676	130,069	204,637,744
PINYON PINES CO WATER		9,811,217	9,811,217		9,811,217
WEST VALLEY WATER		120,376,547	120,376,547	23,813,065	144,189,612
YUCAIPA VALLEY CO WATER ANK					
YUCAIPA VALLEY CO WTR		690,734,206	690,734,206	14,950,526	705,684,732
YUCAIPA VALLEY CO WTR IMP 1		249,802,306	249,802,306	7,745,331	257,547,637
YUCAIPA VALLEY CO WTR IMP 2		124,905,126	124,905,126	239,144	125,144,270
YUCAIPA VAL CO WTR IMP#1 ANK					
EDGEMONT COMM SERV DEBT SERVICE					
JURPEA COMMUNITY SRV IMP 2 DS		1,146,111,779	1,146,111,779	39,323,659	1,185,435,432
LA SIERRA COMMUNITY SRV DS		1,151,463,256	1,151,463,256	51,729,509	1,203,192,765
NORCO COMMUNITY SRV DS		2,550,965,041	2,550,965,041	57,836,919	2,608,801,960
RUBIDOUX COMMUNITY SRV DS		1,808,422,123	1,808,422,123	69,776,052	1,878,198,181
MURRIETA FIRE PROT DEBT SERVICE					
DESERT HOSPITAL DEBT SERVICE					
HEMET VAL HOSPITAL DEBT SERVICE					
HEMET VAL HOSPITAL DEBT SERV 2					
COACHELLA SANITARY DEBT SERVICE					
DISTRICT VALUATIONS - AUDITOR FY15-16					
SBE LOCAL SECURED			TOTAL SECURED	UNSECURED	TOTAL VALUE
HOME GARDENS SANI DEBT SERVICE					
VALLEY SANITARY DEBT SERVICE					
IDYLLWILD CO WTR DEBT SER		143,794,758	143,794,758	2,397,410	146,192,168
IDYLLWILD CO WATER IMP 1 DS		269,517	269,517		269,517
CABAZON CO WATER IMP DIST 1 DS					
EAST BLYTHE CO WATER DEBT SERV					
DESERT WATER AG		12,879,105,591	12,879,105,591	374,894,619	13,254,000,210
DESERT WTR AG SERVING		17,026,915	17,026,915		17,026,915



Date: June 1, 2016

Prepared By: Jack Nelson, Assistant General Manager

Subject: Renewal of Various Insurance Policies for Fiscal Year 2017 with Alteris Insurance Services

Recommendation: That the Board authorizes District staff to renew insurance coverage with Alteris for a sum not to exceed \$211,193.64.

The Yucaipa Valley Water District's current insurance policies, provided by Alteris Insurance Services, for property, liability, automobile, and equipment breakdown insurance coverage expire on June 30, 2016.

The District has obtained pricing of \$211,193.64 for the property liability, equipment breakdown, and automobile coverage (\$210,012.00) and privacy and network security coverage (\$1,181.64). This is an increase of \$11,327.00 from the prior fiscal year. The increase is related to additional vehicles recently purchased by the District and an increase in the District's total insured value, including the R-12.4, 6 million gallon drinking water reservoir and the sewer bridge. The privacy and security network coverage cost remains the same as last year.

Financial Consideration

The cost for property, liability, and automobile insurance will be equally split between the water and wastewater operating budget for Fiscal Year 2017.



INSURANCE PROPOSAL
Yucaipa Valley Water District

EFFECTIVE DATE
7/1/2016

PRESENTED BY:
Inland Counties Insurance Services, Inc. DBA Roberge & Fries Insurance Agency



PROGRAM MANAGER
www.alterisus.com
Alteris Insurance Services, Inc.
Agency License No. 3537131

PREMIUM SUMMARY

NOTE: This proposal is prepared from information supplied to us on the application submitted by your insurance broker. It may or may not contain all terms requested on the application. Proposed coverages are provided by the Alteris WaterPlus policy forms and are subject to the terms, exclusions, conditions and limitations of those policy forms. Actual policies should be reviewed for specific details. Specimen policies are available from your insurance broker.

PAGE	COVERAGE SECTION	PREMIUM
3-7	SECTION 1. PROPERTY (Property, Equipment Breakdown & Mobile Equipment)	\$ 69,585.00
8	SECTION 2. COMMERCIAL CRIME	\$ 1,800.00
9-10	SECTION 3. COMMERCIAL GENERAL LIABILITY	\$ 45,272.00
11	SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY (Wrongful Acts, Employment Practices & Employee Benefit Plans)	\$ 14,183.00
12	SECTION 5. BUSINESS AUTO	\$ 48,216.00
13	SECTION 6. COMMERCIAL EXCESS LIABILITY	\$ 29,707.00

TOTAL ANNUAL PREMIUM (excludes state-imposed taxes, surcharges, and fees)	\$ 208,763.00
TERRORISM PREMIUM	\$ 1,149.00
FULLY EARNED POLICY FEE	\$ 100.00
STATE-IMPOSED TAXES, SURCHARGES, AND FEES	\$ N/A
TOTAL AMOUNT DUE* *Payment is due in accordance with the producer agreement	\$ 210,012.00

NOTES:

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SECTION 1. PROPERTY*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Special Causes of Loss
- Proprietary
- Integrated

LIMITS:

Blanket Property: (Real Property & Business Personal Property) **\$99,534,921**

Blanket Coverage Extension:
 A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property. **\$2,000,000**

Equipment Breakdown / Boiler & Machinery: **Included**

Mobile Equipment(Scheduled): **\$1,362,304**

Mobile Equipment (unscheduled, maximum \$10,000 any one item): **\$15,000**

Mobile Equipment (borrowed, rented & leased): **N/A**

Earthquake: **N/A**
 (earth movement excluded)

Flood Zone AE: **N/A**

Flood Zone X: **N/A**
 (shaded/unshaded)

DEDUCTIBLES:

\$2,500	Property
\$1,000	Mobile Equipment
\$10,000	Equipment Breakdown (aboveground & less than 50 feet belowground)
\$10,000	Equipment Breakdown (greater than 50 feet belowground)
N/A	Earthquake (earth movement excluded)
N/A	Flood Zone X (per occurrence)
N/A	Flood Zone AE* (per occurrence)
N/A	Flood Zone AE* (per damaged structure / per occurrence)
N/A	Named Storm Wind/Hail* (per occurrence)
N/A	Named Storm Wind/Hail* (per damaged structure / per occurrence)

*the greater of the deductibles will be applied

POLICY HIGHLIGHTS:

- Blanket Policy Limits
- Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Broad Definition of Covered Property
- Proprietary Coverage Extensions

VALUATION:

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

INSURED: Yucaipa Valley Water District

EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SPECIAL COVERAGES:

- **New Locations Or Newly Constructed Property:**
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- **Utility Services – Direct Damage, Business Income & Expense:**
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense Expense.
- **Pollution Remediation Expenses:**
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the policy period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- **SCADA Upgrades:**
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- **Contract Penalties:**
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- **Contamination:**
Pays up to \$100,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- **Property In Transit:**
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- **Unintentional Errors:**
Pays up to \$100,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

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KEY DEFINITIONS

■ **Real Property:**

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- ✦ Aboveground piping;
- ✦ Aboveground and belowground penstock;
- ✦ Additions under construction;
- ✦ Alterations and repairs to the buildings or structures;
- ✦ Buildings;
- ✦ Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- ✦ Completed additions;
- ✦ Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- ✦ Fixtures, including outdoor fixtures;
- ✦ Glass which is part of a building or structure;
- ✦ Light standards;
- ✦ Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- ✦ Paved surfaces such as sidewalks, patios or parking lots;
- ✦ Permanently installed machinery and equipment;
- ✦ Permanent storage tanks;
- ✦ Solar panels;
- ✦ Submersible pumps, pump motors and engines;
- ✦ Underground piping located on or within 1000 feet of premises described in the Declarations;
- ✦ Underground vaults and machinery.

■ **Business Personal Property:**

The property you own that is used in your business including:

- ✦ Furniture and fixtures;
- ✦ Machinery and equipment;
- ✦ Computer equipment;
- ✦ Communication equipment;
- ✦ Labor materials or services furnished or arranged by you on personal property of others;
- ✦ Stock;
- ✦ Your use interest as tenant in improvements and betterments.
- ✦ Leased personal property for which you have a contractual responsibility to insure.

■ **Pollution Conditions:**

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

KEY DEFINITIONS *(continued)*

■ **Remediation Expenses:**

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions."

■ **Outdoor Property:**

Fixed or permanent structures that are outside covered real property including but not limited to:

- ✦ Historical markers or flagpoles;
- ✦ Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- ✦ Exterior signs not located at a premises;
- ✦ Fences or retaining walls;
- ✦ Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- ✦ Dumpsters, concrete trash containers, or permanent recycling bins;
- ✦ Hydrants; or
- ✦ Electric utility power transmission and distribution lines and related equipment owned by the insured.

■ **Equipment Breakdown:**

Direct damage to mechanical, electrical or pressure systems as follows:

- ✦ Mechanical breakdown including rupture or bursting caused by centrifugal force;
- ✦ Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- ✦ Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- ✦ Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- ✦ Loss or damage to hot water boilers or other water heating equipment;
- ✦ If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- ✦ None of the following are covered objects as respects to equipment breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the object;
 - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
 - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.

INSURED: Yucaipa Valley Water District

EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

PROPERTY SUBLIMITS:

Coverage	Limit
Accounts Receivable	\$500,000
Valuable Papers and Records	\$500,000
Contamination	\$100,000
Tools and Equipment Owned by Your Employees	\$5,000
Personal Effects and Property of Others	\$5,000
Outdoor Property (unscheduled)	\$25,000
New Locations or Newly Constructed Property	\$1,000,000
Business Personal Property at New Locations	\$1,000,000
Utility Services - Direct Damage	\$250,000
Utility Services – Business Income and Extra Expense	\$250,000
Dependent Business Premises	\$250,000
Property at Other Locations	\$250,000
Pollution Remediation Expense (specified cause of loss)	\$250,000
Pollution Remediation Expense (covered cause of loss)	\$100,000
Contract Penalties	\$100,000
SCADA Upgrades	\$100,000
Property in Transit	\$100,000
Backup/Overflow of Water from Sewer, Drain, Sump	\$100,000
Fine Arts	\$25,000
Limited Coverage for "Fungus", Wet Rot or Dry Rot	\$25,000
Trees, Shrubs & Plants (maximum \$1,000 any one item)	\$25,000
Indoor and Outdoor Signs (unscheduled)	\$25,000
Arson Reward	\$10,000
Fire Department Service Charge	\$5,000
Non-Owned Detached Trailers	\$5,000
Cost of Inventory or Adjustment	\$5,000
Patterns, Dies, Molds, Forms	\$2,500
Fire Protection Devices	\$1,000
Debris Removal	25% of scheduled limit
Ordinance or Law Provision	25% of scheduled limit

NOTES:

Premium is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

Earthquake and Flood Coverages are Excluded.

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SECTION 2. COMMERCIAL CRIME*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary
- Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
\$250,000	\$250,000	\$250,000	\$5,000	\$250,000	\$100,000	\$25,000	\$100,000

DEDUCTIBLE:

\$1,000 each claim

DESIGNATED EMPLOYEE BENEFIT PLAN(S):

POLICY HIGHLIGHTS:

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

NOTES:

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SECTION 3. COMMERCIAL GENERAL LIABILITY*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence
- Proprietary

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Per Occurrence	\$1,000,000
General Aggregate	\$3,000,000
Products & Completed Operations Aggregate	\$3,000,000
Personal & Advertising Injury Aggregate	\$1,000,000
Damage to Premises Rented to You	\$1,000,000
Medical Payments	\$10,000

DEDUCTIBLE:

None

POLICY HIGHLIGHTS:

- Duty to Defend
- Broad Definition of Insured
- Fellow Employee
- Per Location Aggregate
- Blanket Additional Insured Endorsement

OPTIONAL COVERAGES INCLUDED IN QUOTE:

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SPECIAL COVERAGES:

- **Water & Wastewater Testing Errors & Omissions:**
Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.
- **Failure To Supply:**
Coverage is provided for bodily injury or property damage arising out of the failure of any insured to adequately supply water.
- **Waterborne Asbestos:**
Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.
- **Contractual Liability - Railroads:**
Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- **Pollution:**
Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:
 - ▼ Potable water which you supply to others;
 - ▼ Chemicals you use in your water or wastewater treatment process;
 - ▼ Natural gas or propane gas you use in your water or wastewater treatment process;
 - ▼ Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
 - ▼ Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
 - ▼ Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
 - ▼ Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
 - ▼ Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
 - ▼ Sudden and accidental events that are neither expected nor intended by an Insured. However, no coverage is provided under this exception for petroleum underground storage tanks.

NOTES:

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence

DEFENSE COSTS:

- Outside the Limits of Liability

LIMITS:

Wrongful Acts	\$1,000,000	per act
Employment Practices (including third party discrimination)	\$1,000,000	per offense
Employee Benefit Plans	\$1,000,000	per offense
Injunctive Relief	\$5,000	per act
	\$3,000,000	aggregate limit

SPECIAL COVERAGES:

- Inverse Condemnation - Yes

RATING BASIS

- On file with underwriter
- Non auditable

DEDUCTIBLE

\$1,000 each claim including expenses

RETROACTIVE DATE:

POLICY HIGHLIGHTS:

- Duty To Defend
- Broad Definition of Named Insured including Past and Future Employees
- Outside Directorship
- Punitive Damages are Covered Where Insurable by Law
- No Intentional Acts, Assault & Battery or Bodily Injury Exclusions

NOTES:

EPL Deductible: \$2,500 deductible each claim including expenses.

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SECTION 5. BUSINESS AUTO*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- ISO Business Auto

PORTFOLIO:

	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	No Coverage	N/A
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$50,000
Owned Physical Damage – Comprehensive	2	ACV
Owned Physical Damage – Collision	2	ACV

DEDUCTIBLE:

Liability: None
 Comprehensive: \$500
 Collision: \$500

NOTES:

Please review the auto worksheets provided for coverage detail on a per vehicle basis.

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SECTION 6. COMMERCIAL EXCESS LIABILITY

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary
- Following Form

LIMITS:

\$5,000,000/\$5,000,000

RATING BASIS:

- On file with underwriter
- Non auditable

SCHEDULED UNDERLYING POLICIES:

Commercial General Liability - Yes
 Hired and Non-Owned Auto Liability - Yes
 Public Officials & Management Liability - Yes
 Wrongful Acts - Yes
 Employment Practices - Yes
 Employee Benefit Plans - Yes
 Owned Auto Liability - Yes
 Employer's Liability (minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000) - No
 Other:

NOTABLE EXCLUSION:

- Workers' Compensation

NOTES:

Employers' Liability subject to Allied World security requirements.

Please provide a copy of the current w/c dec for review, approval and inclusion of the EL into the Excess.

INSURED: Yucaipa Valley Water District
EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

OPTIONAL COVERAGE. PRIVACY 101*

YES **NO** *THIS SECTION IS INCLUDED IF MARKED WITH A "YES".

CARRIER:

- Allied World National Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating
- Issued on Surplus Lines / Nonadmitted Paper

FORM:

- Proprietary claims made policy. Defense inside the limits. A policy aggregate applies to all coverages. Coverage A and B have separate aggregate limits applicable to their respective coverage parts. Coverage C and D share an aggregate limit for their respective coverage parts.

LIMITS:

Privacy & Network Security Coverage:

Protects against any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by an Insured or Third Party Contractor, which results in a breach of the Insured's Network Security, the consequences of which are: 1. unauthorized access to, use of or tampering with a third party's Network; 2. the inability of an authorized third party to gain access to the Insured's services; 3. denial or disruption of Internet service to an authorized third party; 4. Identity Theft or credit/debit card fraud; 5. the transmission of Malicious Code; or 6. the unauthorized release of a third party's confidential and proprietary business. \$250,000

Notification & Credit Monitoring Costs Coverage:

Provides reimbursement to the Named Insured for the costs incurred by the Named Insured for notification to, and for credit monitoring of, any persons residing in the United States, including Employees, arising from a Privacy Wrongful Act, which takes place during the Policy Period. \$250,000

Data Forensic Coverage:

Covers the reasonable and necessary costs incurred by the Named Insured to retain a qualified forensics firm to investigate, examine and analyze the Named Insured's Network, to find the cause, source and extent of a Data Breach. 2.50%

Crisis Management Coverage:

Means the following amounts when incurred during, or within ninety (90) days prior to, a Material Event: 1. amounts for which the Named Insured becomes legally liable for those services performed by a public relations firm, crisis management firm or law firm selected by the Named Insured and approved in writing by the Insurer, to minimize potential harm to the Named Insured arising from a Material Event, including, without limitation, maintaining and restoring public confidence in the Named Insured, and providing advice to the Named Insured or any of its directors, officers, partners or Employees; and 2. amounts for which the Named Insured becomes legally liable for the reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, partners, Employees or the firm rendering services as referenced above. Crisis Management Expenses shall not include compensation, fees, benefits, overhead, or the charges or expenses of any Insured or any Third Party Contractor. 2.50%

RETENTION:

\$2,500 each claim including loss adjustment expenses

TOTAL AMOUNT DUE:

\$1,145.00 annual premium
~~**\$36.64**~~ surplus lines taxes and stamping fee
\$1,181.64

100% premium, taxes, and stamping fees due upon binding

NOTES:

Proposal is subject to signed D-1 from insured and completion of SLA-2 from broker.

Combined Tax/Stamping fee: 3.20%

Retroactive Date: 7/1/2012

INSURED: Yucaipa Valley Water District

EFFECTIVE DATE: 7/1/2016

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

IL U 001 09 03

CALIFORNIA UNINSURED MOTORISTS COVERAGE SELECTION/REJECTION

Applicant/Named Insured: Yucaipa Valley Water District
Company: Allied World Assurance Company, Inc.

California law permits you to make certain decisions regarding Uninsured Motorists Coverage. This document describes this coverage and the options available.

You should read this document carefully and contact us or your agent if you have any questions regarding Uninsured Motorists Coverage and your options with respect to this coverage.

This document includes general descriptions of coverage. However, no coverage is provided by this document. You should read your policy and review your Declarations Page(s) and/or Schedule(s) for complete information on the coverages you are provided.

A. Mandatory Offer Of Bodily Injury Uninsured Motorists Coverage

Please indicate your choices by initialing next to the appropriate item(s) below.

1. Selection Of Bodily Injury Uninsured Motorists Coverage

(Initials) _____	I select Bodily Injury Uninsured Motorists Coverage at limits equal to the limits of my Bodily Injury Liability Coverage (split limits) or Combined Single Limit for Liability Coverage.
-------------------------	--

2. Rejection Of Bodily Injury Uninsured Motorists Coverage

The California Insurance Code requires that we provide you with the following information:

"The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to delete the coverage completely or to delete the coverage when a motor vehicle is operated by a natural person or persons designated by name. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, which the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code".

(Initials)	I reject Bodily Injury Uninsured Motorists Coverage entirely.
_____	I delete Bodily Injury Uninsured Motorists Coverage only with respect to the following individuals:

	(Name of Excluded Driver(s))

3. Lower Limit(s) For Bodily Injury Uninsured Motorists Coverage

The California Insurance Code requires that we provide you with the following information:

"The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to agree to provide the coverage in an amount less than that required by subdivision (m) of Section 11580.2 of the Insurance Code but not less than the financial responsibility requirements. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, which the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code".

(Initials) _____

I reject Bodily Injury Uninsured Motorists Coverage at limits equal to my Bodily Injury Liability Coverage (split limits) or Combined Single Limit for Liability Coverage and I select the following lower limits.

(Choose one):

(Initials)	Split Limits	OR	(Initials)	Combined Single Limit
_____	\$ 15,000/30,000		_____	\$ 30,000
_____	20,000/40,000		_____	40,000
_____	25,000/50,000		_____	50,000
_____	30,000/60,000		_____	60,000
_____	50,000/100,000		_____	100,000
_____	100,000/300,000		_____	250,000
_____	250,000/500,000		_____	300,000
_____	500,000/1,000,000		_____	500,000
_____	\$ _____		_____	1,000,000
	(Other)		_____	\$ _____
				(Other)

B. Mandatory Offer Of Property Damage Uninsured Motorists Coverage

Uninsured Motorists Coverage may also include Property Damage Uninsured Motorists Coverage. Property Damage Uninsured Motorists Coverage provides insurance protection to an insured for compensatory damages for injury to or destruction of a covered auto caused by an automobile accident which an insured is legally entitled to recover from the owner or operator of certain types of uninsured motor vehicles. However, Property Damage Uninsured Motorists Coverage is available only:

1. If you have not rejected Bodily Injury Uninsured Motorists Coverage; and
2. For autos for which you have not purchased Collision Coverage.

Please indicate your choices by initialing next to the appropriate item(s) below.

(Initials) _____	I select Property Damage Uninsured Motorists Coverage at a limit of \$3,500 for each accident for the following vehicle(s): (Specify Year/Make/Model) _____ _____ _____
(Initials) _____ _____	I reject Property Damage Uninsured Motorists Coverage entirely. I delete Property Damage Uninsured Motorists Coverage only with respect to the following individuals: (Name of Excluded Driver(s)) _____ _____

Applicant's/Named Insured's Signature

Date

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

<input type="checkbox"/>	I hereby elect to purchase terrorism coverage for a prospective premium of \$1,149.00
<input type="checkbox"/>	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

	Allied World Assurance Company Insurance Company
Policyholder/Applicant's Signature Yucaipa Valley Water District	
Print Name	Policy Number
Date	

Disclosure -Terrorism Accept/Reject (12/07)

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Date: June 1, 2016

Prepared By: Joseph Zoba, General Manager
Vicky Elisalda, Controller
Peggy Little, Administrative Supervisor

Subject: Consideration of the Operating Budget and Capital Improvement Plan for Fiscal Year 2017

Recommendation: That the Board adopts the Fiscal Year 2017 Operating Budget and Capital Improvement Plan.

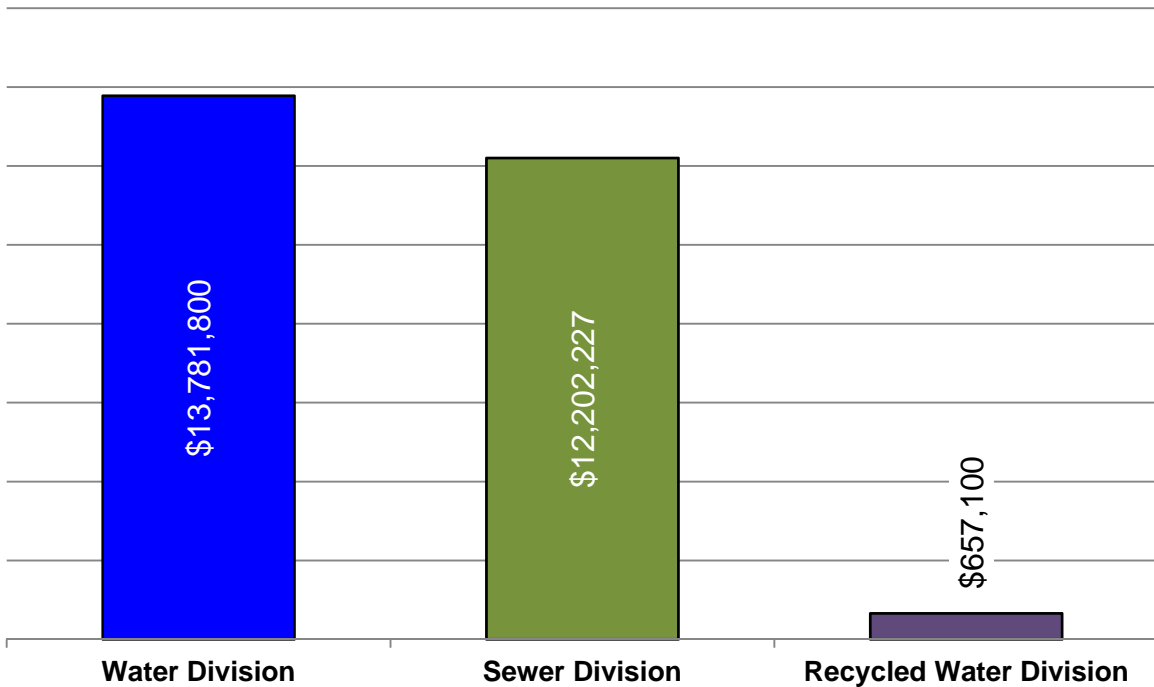
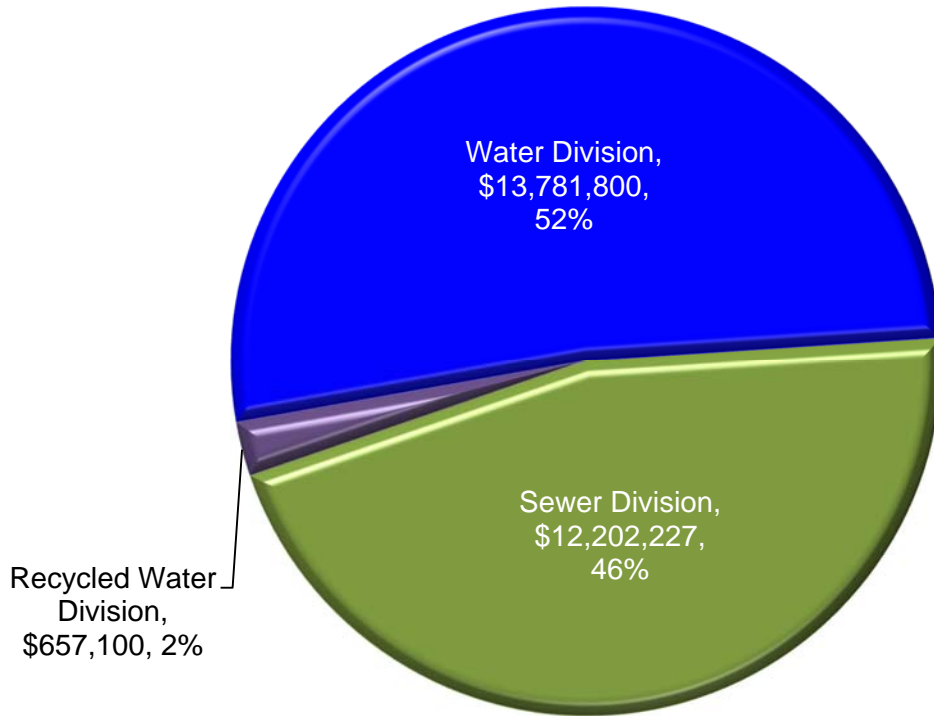
The Yucaipa Valley Water District conducted a budget workshop on Tuesday, April 26, 2016 to review the proposed operating budget for next year. During the budget workshop, the District staff provided a detailed overview of each individual line item for the water, sewer, and recycled water enterprise funds of the District. As discussed at the budget workshop and the regular board workshop on May 24, 2016, the District staff made the following changes to the operating budget that is presented for approval this evening:

- The following General Ledger Account Nos. have been increased based on the cost of installing fiber optic cables to three facilities resulting in enhanced broadband service to enable the implementation of redundant data servers, phone systems enhancements, mobile workforce programs, and other related services. Revenues have been increased accordingly.
 - 02-5-01-57040 - Water Division: YVRWFF - Crystal Creek Expense
 - 02-5-06-54025 - Water Division: Telephone & Internet
 - 03-5-06-54025 - Sewer Division: Telephone & Internet
- The District staff added the following General Ledger Account Nos. to each enterprise fund to track the inter-enterprise expenses related to water, sewer and recycled water service provided to each property. Based on the results of the new account tracking, budget expenses will be incurred during this fiscal year, but a line item budget expense will not be added until the next budget cycle. Each monthly unaudited financial report will provide year-to-date information about the ongoing expenses.
 - 02-5-06-54022 - Water Division: Utilities - YVWD Services
 - 03-5-06-54022 - Sewer Division: Utilities - YVWD Services
 - 04-5-06-54022 - Recycled Water Division: Utilities - YVWD Services

The Fiscal Year 2017 Operating and Capital Improvement Budget has been developed based on projections of a recovering economy coupled with a long-term drought which is expected to significantly reduce anticipated revenues.

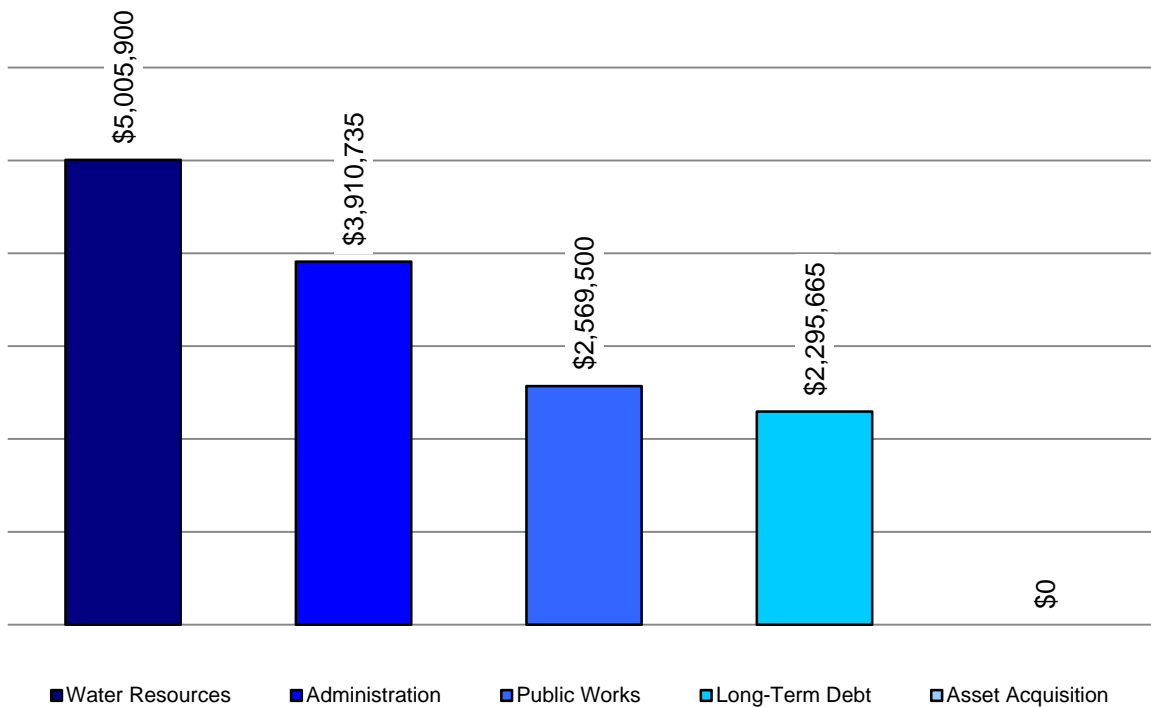
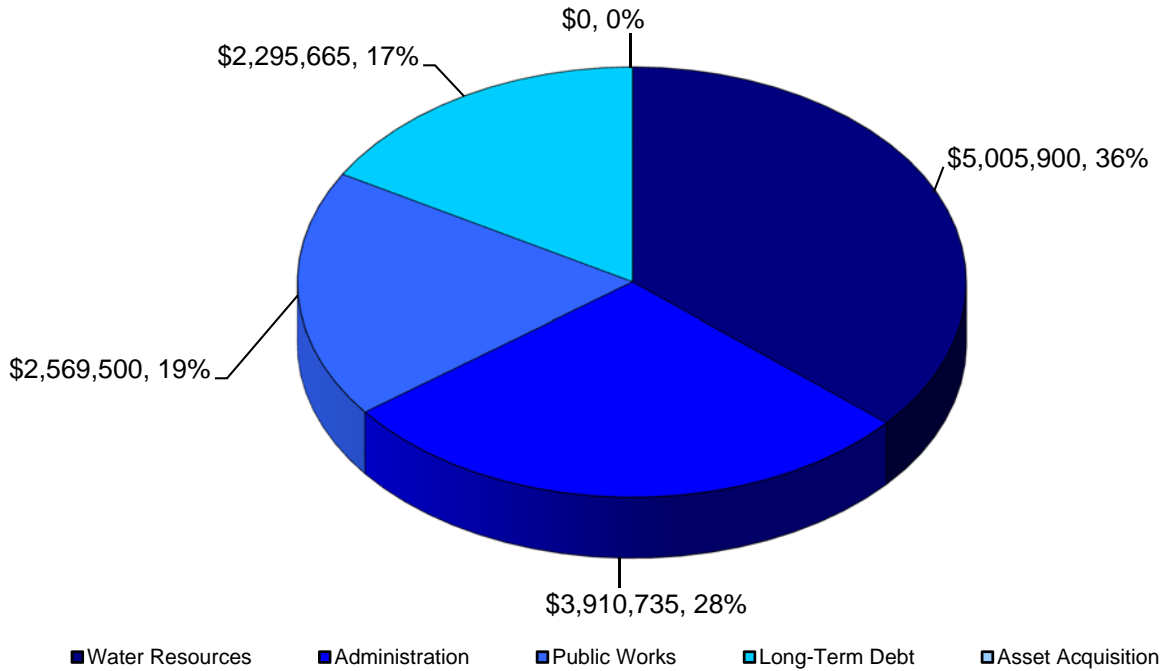
Budget Overview

The Fiscal Year 2016 operating budget totals \$26,641,127 (excluding capital improvement projects) distinguished by the following three enterprise funds.

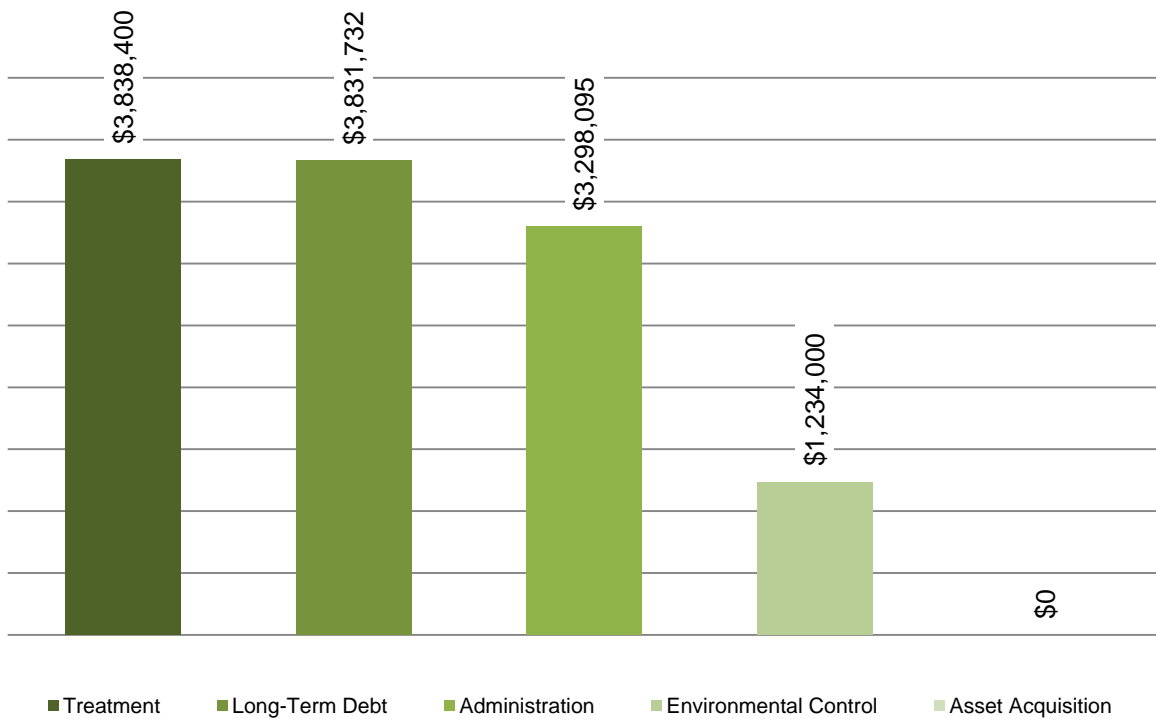
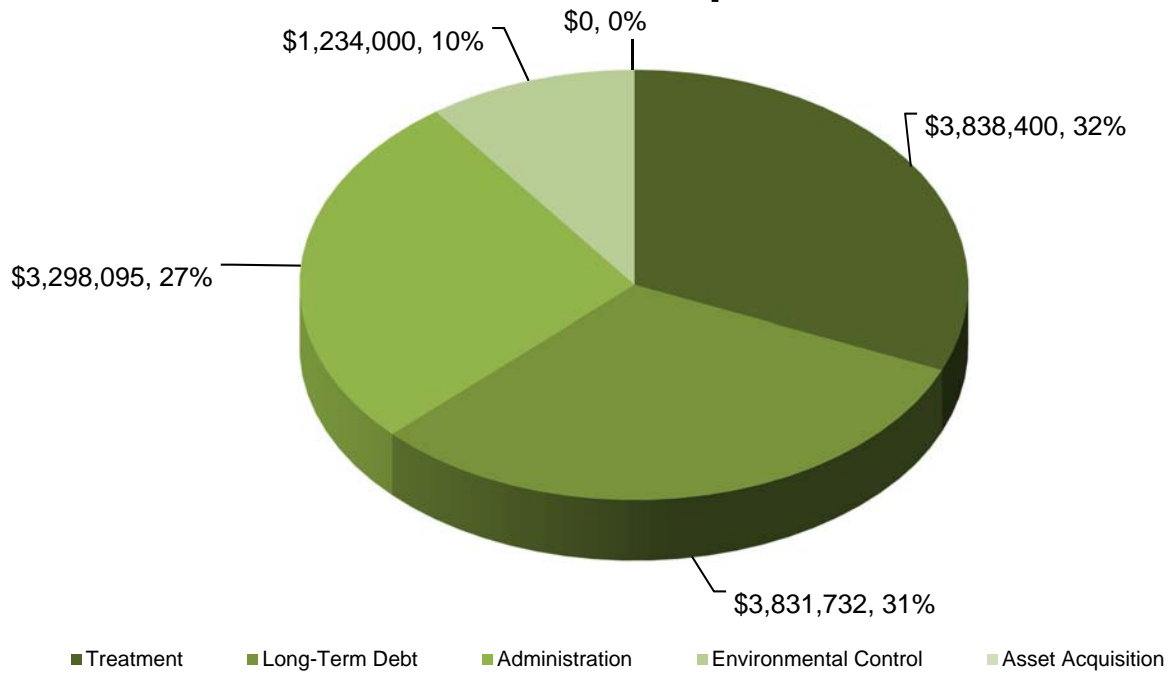


The departmental expenses for each of the enterprise funds are also provided below:

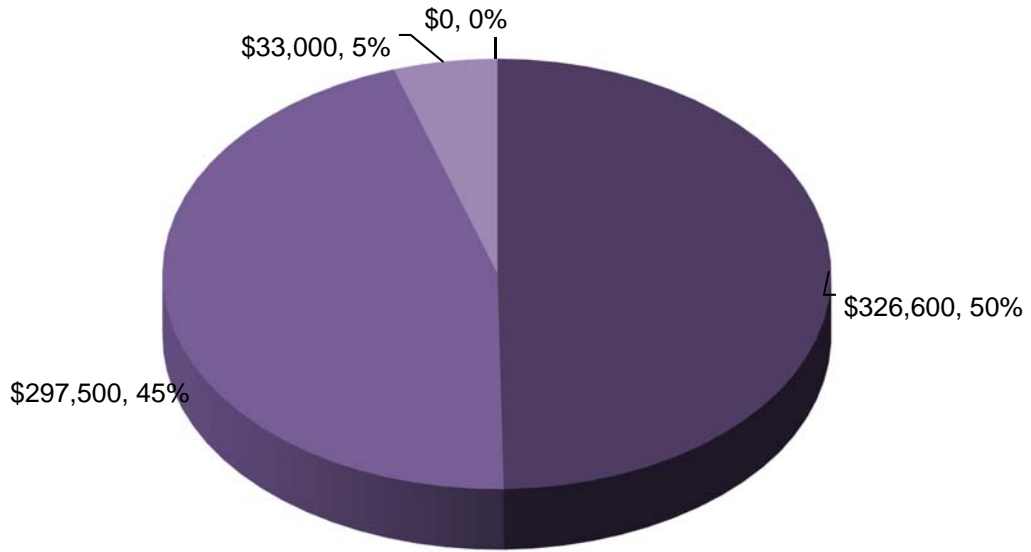
Water Division Expenditures



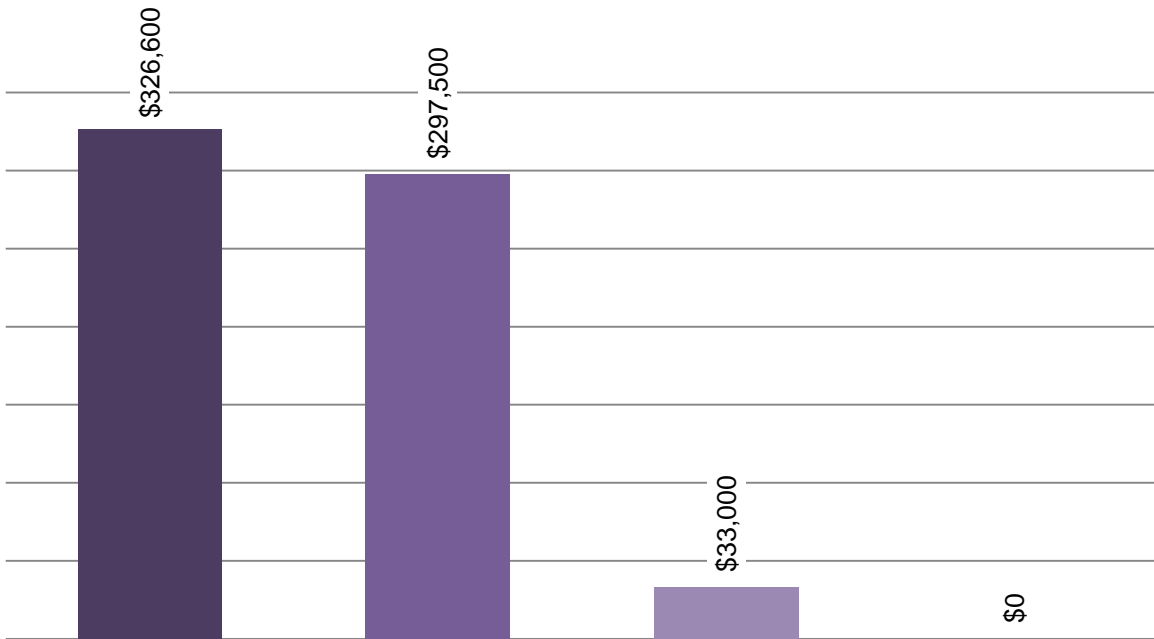
Sewer Division Expenditures



Recycled Water Division Expenditures



■ Labor and Benefits ■ Operational Expenses ■ Reserves & Infrastructure Replacement ■ Asset Acquisition



■ Labor and Benefits ■ Operational Expenses ■ Reserves & Infrastructure Replacement ■ Asset Acquisition

WATER DIVISION BUDGET

Fiscal Year 2017

OPERATING REVENUE:	<u>G/L Number</u>	<u>Adopted Budget Fiscal Year 2016</u>	<u>Adopted Budget Fiscal Year 2017</u>
Potable Water - Commodity Charge	02-40010	6,165,000	6,054,000
Construction Water - Commodity Charge	02-40011	20,000	20,000
Imported Water - San Gorgonio Pass W.A.	02-40012	250,000	250,000
Imported Water - San Bernardino Valley M.W.D.	02-40013	850,000	850,000
Potable Water - Commodity Multi-Unit Discount	02-40014	(130,000)	(105,000)
Water Wholesale Revenue	02-40015	70,000	237,600
Water Service Establishment Fee	02-40016	3,000	5,000
Potable Water - Service Demand Charge	02-41000	3,000,000	3,173,000
Fire Service Standby Fee	02-41001	25,000	30,000
Construction Water - Service Charge	02-41003	14,000	15,000
Potable Water - Service Charge Multi-Unit Discount	02-41005	(120,000)	(135,000)
Unauthorized Use of Water Charges	02-41010	2,000	2,000
Water Meter & Service Installation Charges	02-41110	35,000	65,000
Fire Flow Measurements & Reports	02-41112	3,500	3,500
Disconnection and Reconnection Charges	02-41113	130,000	125,000
Delinquent Payment Charges	02-41121	150,000	125,000
Management & Accounting Services	02-42123	160,000	160,000
Bad Debt Write-Off & Recovery	02-42124	(20,000)	(20,000)
Total Operating Revenue		10,607,500	10,855,100
NON-OPERATING REVENUE:			
Transfer - Reserve Fund to Asset Acquisition		-	-
Transfer - Dev. Impact Fees to 2004A Debt Service		-	-
Transfer - Rate Stabilization Fund to Water Division		-	-
Interest Earned	02-43010	15,000	30,000
Property Tax-Unsecured	02-43110	110,000	115,000
Property Tax-Secured	02-43120	2,400,000	2,500,000
Tax Collection-Prior	02-43130	15,000	20,000
Other Taxes	02-43140	185,000	160,000
Rental Income - Water Stock	02-49110	-	1,700
Miscellaneous Non-Operating Revenue	02-49150	80,000	100,000
Total Non-Operating Revenue		2,805,000	2,926,700
TOTAL WATER REVENUE		13,412,500	13,781,800

OPERATING EXPENSE			
Water Resource Department		5,050,200	5,005,900
Public Works Department		2,385,800	2,569,500
Administration Department		3,682,486	3,910,735
Long-Term Debt Obligations		2,294,014	2,295,665
Asset Acquisition		-	-
Total Operating Expense		13,412,500	13,781,800
TOTAL WATER EXPENSES		13,412,500	13,781,800

WATER DIVISION BUDGET

Fiscal Year 2017

WATER RESOURCE DEPARTMENT	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Labor	02-5-01-50010	884,000	935,000
Benefits	02-5-01-500xx	424,200	460,150
Repair & Maintenance - Structures	02-5-01-51003	275,000	200,000
Repair & Maintenance - Valves	02-5-01-51011	10,000	7,500
General Supplies & Expenses	02-5-01-51140	2,000	1,250
Power Purchases	02-5-01-51210	1,650,000	1,400,000
Electricity and Fuel	02-5-01-51211	5,000	5,000
Imported Water Purchases	02-5-01-51316	1,100,000	1,100,000
Licenses & Permits	02-5-01-54019	25,000	25,000
Laboratory Services	02-5-01-54110	75,000	75,000
Operation, Repair & Maintenance - YVRWFF	02-5-01-57040	600,000	797,000
Sub-Total Water Resource Department		5,050,200	5,005,900
PUBLIC WORKS DEPARTMENT			
Labor	02-5-03-50010	1,042,800	1,200,000
Benefits	02-5-03-500xx	707,000	683,500
Repair & Maintenance - Vehicles & Equipment	02-5-03-51001	150,000	160,000
Repair & Maintenance - Valves	02-5-03-51011	10,000	10,000
Repair & Maintenance - Pipelines	02-5-03-51010	275,000	225,000
Repair & Maintenance - Service Lines	02-5-03-51021	100,000	175,000
Repair & Maintenance - Fire Hydrants	02-5-03-51022	25,000	40,000
Repair & Maintenance - Water Meters	02-5-03-51030	75,000	75,000
General Supplies & Expenses	02-5-03-51140	1,000	1,000
Sub-Total Utility Services Department		2,385,800	2,569,500

WATER DIVISION BUDGET

Fiscal Year 2017

ADMINISTRATIVE SERVICES DEPARTMENT	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Labor	02-5-06-50010	705,000	750,000
Director Fees	02-5-06-50012	19,000	20,000
Benefits	02-5-06-500xx	377,236	381,000
Repair & Maintenance - Structures	02-5-06-51003	20,000	40,000
Safety Equipment & Supplies	02-5-06-51120	25,000	25,000
Petroleum Products	02-5-06-51125	125,000	100,000
Office Supplies	02-5-06-51130	30,000	30,000
General Supplies & Expenses	02-5-06-51140	30,000	30,000
Electricity	02-5-06-51211	28,000	30,000
Natural Gas	02-5-06-51213	3,000	3,000
Dues & Subscriptions	02-5-06-54002	10,000	16,500
Computer Expenses	02-5-06-54005	65,000	100,000
Postage	02-5-06-54010	6,000	5,000
Printing & Publications	02-5-06-54011	7,500	7,500
Education & Training	02-5-06-54012	15,000	15,000
Utility Billing Expenses	02-5-06-54013	180,000	150,000
Public Relations	02-5-06-54014	9,000	50,000
Travel Related Expenses	02-5-06-54016	10,000	10,000
Certifications & Renewals	02-5-06-54017	6,000	7,000
Meeting Related Expenses	02-5-06-54020	6,000	6,000
Waste Disposal	02-5-06-54024	2,750	2,500
Telephone & Internet	02-5-06-54025	42,000	92,000
Conservatin & Rebates	02-5-06-54099	-	250,000
Contractual Services	02-5-06-54104	65,000	80,000
Legal	02-5-06-54107	45,000	40,000
Audit & Accounting	02-5-06-54108	16,000	16,000
Professional Fees	02-5-06-54109	150,000	250,000
Reserve Funds	02-5-06-55500	200,000	209,235
Water Infrastructure Replacement	02-5-06-xxxxx	1,265,000	1,000,000
Insurance	02-5-06-56001	105,000	100,000
Regulatory Compliance	02-5-06-57030	55,000	25,000
Election Related Expenses	02-5-06-57090	-	10,000
Beaumont Basin Watermaster	02-5-06-57096	60,000	60,000
Sub-Total Administration Department		3,682,486	3,910,735

LONG-TERM DEBT	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Debt Service - Series 2004A Principal	02-5-40-57201	980,000	1,030,000
Debt Service - Series 2004A Interest	02-5-40-57402	1,314,014	1,265,665
Rate Stabilization Fund	02-5-40-57806	-	-
Sub-Total Long-Term Debt		2,294,014	2,295,665

ASSET ACQUISITION	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Water Department	02-5-40-57001	-	-
Utility Services Department	02-5-40-57003	-	-
Administration	02-5-40-57006	-	-
Sub-Total Asset Acquisition		-	-

SEWER DIVISION BUDGET

Fiscal Year 2017

OPERATING REVENUE:	<u>G/L Number</u>	<u>Adopted Budget Fiscal Year 2016</u>	<u>Adopted Budget Fiscal Year 2017</u>
Sewer Service Establishment Fee	03-40016	500	500
Sewer Service Demand Charge	03-41000	11,675,000	11,952,045
Sewer Service Demand - Multi-User Discount	03-41005	(200,000)	(200,000)
Sewer Lateral Installation	03-41110	1,000	2,500
Septage Pumping	03-41116	-	-
Penalty Late Charges	03-41121	150,000	150,000
Revenue-Other, Operating	03-42122	2,000	5,682
Bad Debt Write-Off & Recovery	03-41124	(20,000)	(20,000)
Total Operating Revenue		11,608,500	11,890,727
NON-OPERATING REVENUE:			
Reserve Fund Transfer - Asset Acquisition		-	-
Reserve Fund Transfer - Operational Expenses		-	-
Rate Stabilization Fund Transfer In		-	-
Interest Earned	03-43010	15,000	35,000
Property Tax-Unsecured	03-43110	10,000	10,000
Property Tax-Secured	03-43120	125,000	50,000
Tax Collection-Prior	03-43130	10,000	175,000
Other Taxes	03-43140	1,500	1,500
Misc. Non-Operating Revenue	03-49150	50,000	40,000
Total Non-Operating Revenue		211,500	311,500
TOTAL SEWER REVENUE		11,820,000	12,202,227
<hr/>			
OPERATING EXPENSE			
Treatment		3,789,816	3,838,400
Administration		3,151,840	3,298,095
Environmental Control		982,300	1,234,000
Debt Service		3,896,044	3,831,732
Asset Acquisition		-	-
Total Operating Expense		11,820,000	12,202,227
TOTAL SEWER EXPENSES		11,820,000	12,202,227

SEWER DIVISION BUDGET Fiscal Year 2017

TREATMENT	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Labor	03-5-02-50010	985,300	895,000
Benefits	03-5-02-500xx	541,900	542,400
Repair and Maintenance - Structures	03-5-02-51003	225,000	325,000
Automation Control	03-5-02-51010	65,000	65,000
Chemicals	03-5-02-51106	490,000	450,000
Propane	03-5-02-51111	5,000	5,000
Laboratory Supplies	03-5-02-51115	30,000	30,000
General Supplies & Expenses	03-5-02-51140	1,000	1,000
Utilities-Power Purchases	03-5-02-51210	830,000	850,000
Laboratory Services	03-5-02-54110	115,000	120,000
Sludge Disposal	03-5-02-57031	300,000	300,000
Brineline Operating Expenses	03-5-02-57034	201,616	255,000
Sub-total Treatment		3,789,816	3,838,400
ADMINISTRATION			
Labor	03-5-06-50010	660,000	700,000
Directors Fees	03-5-06-50012	19,000	20,000
Benefits	03-5-06-500xx	351,340	349,250
Safety Equipment	03-5-06-51120	10,000	10,000
Petroleum Products	03-5-06-51125	22,500	20,000
Office Supplies	03-5-06-51130	4,000	4,000
General Supplies & Expenses	03-5-06-51140	17,500	20,000
Dues & Subscriptions	03-5-06-54002	10,000	10,000
Management & Accounting Services	03-5-06-54003	160,000	160,000
Computer Expenses	03-5-06-54005	95,000	95,000
Printing & Publications	03-5-06-54011	1,500	5,500
Education & Training	03-5-06-54012	7,000	7,000
Public Relations	03-5-06-54014	7,500	7,500
Travel Related Expenses	03-5-06-54016	5,000	7,500
Certifications & Renewals	03-5-06-54017	5,000	7,000
Licenses & Permits	03-5-06-54019	50,000	60,000
Meeting Related Expenses	03-5-06-54020	5,000	5,000
Waste Disposal	03-5-06-54024	12,500	13,000
Telephone & Internet	03-5-06-54025	20,000	152,045
Drinking Water	03-5-06-54030	1,000	1,000
Contractual Services	03-5-06-54104	30,000	35,000
Legal	03-5-06-54107	45,000	45,000
Audit & Accounting	03-5-06-54108	16,000	16,000
Professional Fees	03-5-06-54109	150,000	150,000
Reserve Funds	03-5-06-55500	500,000	563,300
Sewer Infrastructure Replacement	03-5-06-xxxxx	800,000	700,000
Insurance	03-5-06-56001	105,000	100,000
Regulatory Compliance	03-5-06-57030	42,000	35,000
Sub-Total Administration		3,151,840	3,298,095

SEWER DIVISION BUDGET

Fiscal Year 2017

ENVIRONMENTAL CONTROL	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Labor	03-5-07-50011	310,000	465,000
Benefits	03-5-07-500xx	209,300	243,000
Repair and Maintenance - Structures	03-5-07-51003	270,000	270,000
General Supplies & Expenses	03-5-07-51140	1,000	1,000
Lift Station No. 1	03-5-07-51241	85,000	125,000
Lift Station No. 2	03-5-07-51242	15,000	16,000
Lift Station No. 3	03-5-07-51243	5,000	5,000
Lift Station No. 4	03-5-07-51244	20,000	40,000
Lift Station No. 8	03-5-07-51248	3,000	3,000
Professional Fees	03-5-07-54109	60,000	60,000
Laboratory Services	03-5-07-54110	4,000	6,000
Sub-Total Environmental Control		982,300	1,234,000
LONG-TERM DEBT			
Debt Service - Principal WRWRF Project	03-5-40-57202	2,097,629	2,147,975
Debt Service - Principal Brineline Project	03-5-40-57203	401,939	412,790
Debt Service - Principal WISE Project	03-5-40-57204	125,600	127,970
Debt Service - Principal R-10.3 Project	03-5-40-57205	36,663	37,495
Debt Service - Principal Crow Street & B-12.1	03-5-40-57206	18,357	13,795
Debt Service - Interest	03-5-40-57403	1,215,856	1,091,707
Debt Service - Rate Stabilization Fund	57006.03.06	-	-
Sub-Total Long-Term Debt		3,896,044	3,831,732
ASSET ACQUISITION			
Sewer Treatment Department	03-5-40-57002	-	-
Sewer Administration Department	03-5-40-57006	-	-
Environmental Control Department	03-5-40-57007	-	-
Sub-Total Asset Acquisition		-	-

RECYCLED WATER DIVISION

Fiscal Year 2017

OPERATING REVENUE:	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Recycled Water - Commodity Charge	04-40010	450,000	552,850
Construction Recycled Water - Commodity Chrg	04-40011	10,000	20,000
Recycled Water - Service Demand Charge	04-41000	42,500	50,000
Construction Recycled Water - Service Charge	04-41003	5,000	5,000
Meter/Lateral Installation	04-41110	1,500	2,000
Delinquent Payment Charges	04-41121	500	500
Revenue-Other, Operating	04-41122	250	250
	Total Operating Revenue	509,750	630,600
NON-OPERATING REVENUE:			
Transfer - Reserve Fund	--	-	-
Interest Earned	04-43010	8,000	7,500
Property Tax-Unsecured	04-43110	1,000	1,000
Property Tax-Secured	04-43120	15,000	15,000
Tax Collection-Prior	04-43130	1,000	1,000
Other Taxes	04-43140	1,000	1,000
Misc. Non-Operating Revenue	04-49150	1,500	1,000
	Total Non-Operating Revenue	27,500	26,500
TOTAL RECYCLED WATER REVENUE		537,250	657,100

RECYCLED WATER DIVISION

Fiscal Year 2017

OPERATING EXPENSES	G/L Number	Adopted Budget Fiscal Year 2016	Adopted Budget Fiscal Year 2017
Labor - Recycled Water	04-5-06-50010	226,630	275,000
Director Fees	04-5-06-50012	2,500	2,500
Benefits - Recycled Water	04-5-06-500xx	31,900	51,600
R&M - Structures	04-5-06-51003	50,000	20,000
R&M - Pipelines	04-5-06-51020	7,500	5,000
R&M - Service Lines	04-5-06-51021	15,000	5,000
R&M - Fire Hydrants	04-5-06-51022	5,000	2,500
R&M - Meters	04-5-06-51030	1,500	25,000
General Supplies and Expenses	04-5-06-51140	250	2,000
Utilities - Power Purchases	04-5-06-51210	77,720	85,000
Dues & Subscriptions	04-5-06-54002	4,000	6,500
Computer Expense	04-5-06-54005	5,000	7,500
Printing & Publications	04-5-06-54011	1,000	1,000
Education & Training	04-5-06-54012	3,500	4,000
Public Relations	04-5-06-54014	3,500	2,500
Travel & Meeting Related Expenses	04-5-06-54016	2,000	5,000
Certifications & Renewals	04-5-06-54017	250	1,000
Licenses & Permits	04-5-06-54019	2,500	35,000
Meeting Related Expenses	04-5-06-54020	250	1,000
	04-5-06-54025	750	1,000
Contractual Services	04-5-06-54104	1,500	3,500
Legal	04-5-06-54107	1,000	4,000
Audit & Accounting	04-5-06-54108	-	2,500
Professional Services	04-5-06-54109	25,000	25,000
Laboratory Services	04-5-06-54110	1,000	1,000
Reserve Funds	04-5-06-55500	8,000	8,000
Recycled Water Infrastructure Replacement	04-5-06-xxxxx	25,000	25,000
Regulatory Compliance	04-5-06-57030	25,000	40,000
Environmental Compliance	04-5-06-57040	10,000	10,000
	Total Operating Expense	537,250	657,100
TOTAL RECYCLED WATER EXPENSES		537,250	657,100



Chapter Five

Fiscal Year 2017

Capital Improvement Budget

Capital Improvement Program

A systematic, organized approach to planning capital facilities provides a number of benefits:

Using taxpayers' dollars wisely. Advance planning and scheduling of infrastructure may avoid costly mistakes. The effort put into deliberate assessment of the need for repair, replacement or expansion of existing infrastructure, as well as careful evaluation of the need and timing of new facilities can provide savings. Project timing may be improved to better use available personnel, expensive equipment and construction labor by scheduling related major activities over a longer period. Coordination of construction of several projects may affect savings in construction costs (a newly paved street may not have to be torn up to replace utility lines). Overbuilding or underbuilding usually can be avoided. Needed land can be purchased at lower cost well in advance of construction.

Focusing on community needs and capabilities. District projects should reflect the community's needs, objectives, expected growth and financial capability. With limitations for funding capital facilities, planning ahead will help assure that high priority projects will be built first.

Obtaining community support. Citizens tend to be more receptive toward projects which are part of a community-wide analysis. A high priority project which is part of an overall plan is less suspect as being someone's "pet project". Where the public participates in the planning of community facilities the citizens are better informed about the community needs and the priorities. A capital improvement program reduces the pressure on elected officials to fund projects which may be of low priority.

Encouraging economic development. Typically, a firm considering expansion or relocation is attracted to a community which has well planned and well managed facilities in place. Also, a capital improvement program allows private investors to understand a community's tax loads and service costs, and reflects the fact that the community has completed advance planning to minimize the costs of capital facilities.

More efficient administration. Coordination of capital improvements construction among city, county and special districts can reduce scheduling problems, conflicts and overlapping of projects. Also, work can be scheduled more effectively when it is known in advance what, where and when projects are to be undertaken. A capital improvements program allows a community to anticipate lead times necessary to conduct bond elections and bond sales, prepare design work and let contract bids.

Maintaining a stable financial program. Abrupt changes in the tax structure and bonded indebtedness may be avoided when construction projects are spaced over a number of years. Major expenditures can be anticipated, resulting in the maintenance of a sound financial standing through a more balanced program of bonded indebtedness. Where there is ample time for planning, the most economical methods of financing each project can be selected in advance. Keeping planned projects within the financial capacity of the community helps to preserve its credit and bond rating and makes the area more attractive to business and industry.

Federal and state grant and loan programs. A capital improvements program places the community in a better position to take advantage of federal and state grant programs, because plans can be made far enough in advance to utilize matching funds, both anticipated and

unanticipated. Most federal and state grant/loan programs either require prior facilities planning, or favor, in ranking applications, applicants which have conducted such planning.

The Yucaipa Valley Water District Capital Improvement Program is a planning tool used to identify projects and their corresponding costs. This program is necessary to provide for the orderly replacement and expansion of existing facilities; the construction of new facilities; and the development of project revenue and financing sources.

The Yucaipa Valley Water District Capital Improvements Program is a blueprint for planning the capital expenditures by coordinating planning, financial capacity and physical infrastructure construction.

The Capital Improvement Program is composed of two parts -- a capital budget and a capital program. The capital budget is the upcoming year's spending plan for capital items. The capital program is a plan for capital expenditures that extends five years beyond the capital budget.

Capital Improvement Program Summary

The Yucaipa Valley Water District Capital Improvement Program identifies those proposed projects to be undertaken by the District to improve services, upgrade facilities and replace physical plants. This report contains a summary of those projects. It should be noted that the cost estimates should only be used as a general guide. Actual costs may vary greatly based on such factors as when the project is built, specific design considerations, environmental mitigation, and actual construction bids.

Substantial financial resources will be needed to carry out the Capital Improvement Program. Revenue and expenditures over the next five-year period need to be reviewed in order to determine the District's ability to implement the Capital Improvement Program.

Criteria for Prioritizing Capital Improvement Projects

Capital Improvement Projects will be evaluated and prioritized by being placed into one of three categories. The three categories are as follows:

- **Critical**
 - ▶ Reduce Dependency on Imported Water
 - Well Construction
 - Maximize Local Water
 - Recycled Water Development
 - ▶ Regulatory Requirements
 - ▶ Contractual Obligations
- **Important**
 - ▶ Community Needs
 - ▶ Minimization of Operational Costs
 - ▶ System Reliability
- **Necessary**
 - ▶ Future Growth

Capital Improvement Categories

The District currently maintains several separate categories to better define capital improvement projects. These categories are used primarily to identify internal funding sources, but such categories can also be useful for assessing the importance of a particular project.

The District uses the following categories:

- Contractual Obligations
- Land Acquisition
- Recycled Water System Improvements
- Regulatory Requirements
- Sewer System Improvements
- Sewer Treatment Facility Construction/Improvements
- Water Source of Supply
- Water System Improvements
- Water Treatment Facility Construction/Improvements
- Water Well Construction
- Other

Purpose of Capital Improvement Program

By establishing the Capital Improvement Program, it becomes clear that the District must maximize revenue sources to support the construction of required facilities. The District's ability to obtain long-term financing for the Capital Improvement Program is largely dependent on the financial strength and revenue stream of the District. To keep this high investment grade rating for future projects, the District must maintain adequate fee structures and reserve funds.

Finally, it is imperative that the operating costs of the water, sewer and recycled water divisions remain fully self-supported by user fees in order to maximize other revenue sources for support of the Capital Improvement Program.

In the Fiscal Year 2014 Operating Budget, the water, sewer and recycled water divisions receive property taxes that are used to fund depreciation/reserves. This is consistent with a fiduciary approach that invests heavily in the replacement of aged infrastructure instead of subsidizing water and sewer rates. This approach will continue to make the water, sewer and recycled water operating funds self sufficient while investing in improving the efficiency of the District while providing for the orderly replacement and expansion of existing facilities. This fiduciary philosophy of investing in the replacement of old infrastructure greatly enhances the overall value of the District while improving the quality of life for our customers.

YUCAIPA VALLEY WATER DISTRICT CAPITAL IMPROVEMENT PROGRAM

Division: Water **Project Priority:** Necessary
Category: Water Storage **Construction Year:** FY 2015-6
Project Title: 6.0 MG Reservoir R-12.4 – Design and Construction

<u>COST BY TYPE</u>		<u>FUNDING SOURCE</u>	
Preliminary Engineering/Design	\$ 135,000	Reserves/Depreciation	
Environmental	\$ 50,000	Development Impact Fees	\$ 1,349,000
Right-of-Way/Land Acquisition	\$ 436,000	Federal Participation	
Labor, Equipment, Administration	\$ 50,000	State Participation	
Contract Construction	\$ 8,265,000	Bond Financing	
Construction Engineering	\$ 525,000	Local Matching	
Other: Environmental/Permitting/Misc	\$ 142,000	Other Funds	\$ 8,254,000
Total	\$ 9,603,000	Total	\$ 9,603,000

Description:

This project involves the construction of a new 6.0 million gallon water storage reservoir in Pressure Zone 12 to provide additional water storage to this zone in the Calimesa Area.

Justification:

The construction of this reservoir is necessary to augment the District's water storage capacity and fire flow capability.



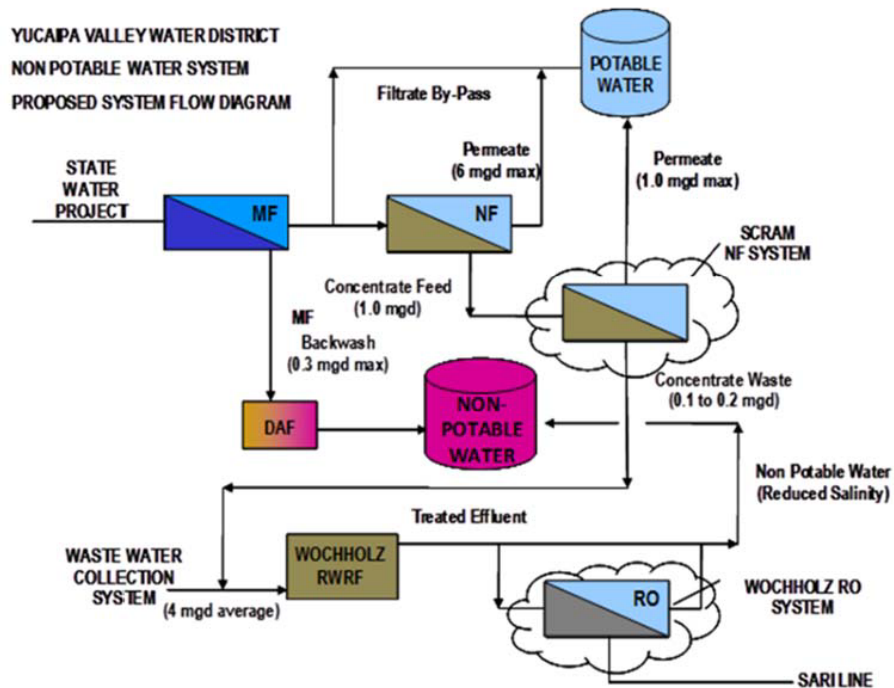
YUCAIPA VALLEY WATER DISTRICT CAPITAL IMPROVEMENT PROGRAM

Division: Water **Project Priority:** Important
Category: Water Source of Supply **Construction Year:** FY 2016
Project Title: Salinity Concentrate Reduction and Management Project at the Yucaipa Valley Regional Water Filtration Facility

<u>COST BY TYPE</u>		<u>FUNDING SOURCE</u>	
Preliminary Engineering/Design	\$ 175,000	Reserves/Depreciation	\$ 1,800,000
Environmental	\$ 0	Development Impact Fees	\$ 1,500,000
Right-of-Way/Land Acquisition	\$ 0	Federal Participation	
Labor, Equipment, Administration	\$ 50,000	State Participation	
Contract Construction	\$ 2,500,000	Bond Financing	
Construction Engineering	\$ 525,000	Local Matching	
Other: Environmental/Permitting/Misc	\$ 50,000	Other Funds	
Total		Total	
	\$ 3,300,000		\$ 3,300,000

Description:

The Yucaipa Valley Water District operates the Yucaipa Valley Regional Water Filtration Facility (YVRWFF) for production of drinking water. The drinking water filtration facility is designed for an ultimate capacity of 36 million gallons per day (mgd) using the latest membrane barrier technology for the removal of macro, micro and molecular constituents that are commonly found in surface water streams and lakes.



Today the filtration system consists of 13.6 mgd of microfiltration (MF) and 6.0 mgd of nanofiltration (NF) processes. The 6.0 mgd NF system capacity allows the District to provide up to 8.0 mgd of drinking water at a blend ratio of 75:25 NF:MF, which is needed to minimize formation of regulated disinfection by products. To increase the production capacity of the facility, an additional NF process should be installed.

The District staff has recognized a distinct benefit of increasing the nanofiltration capacity by 3 mgd with a concentrate recycle process to improve the productivity and efficiency of the system while reducing the volume of the backwash water produced at the facility. This system enhancement will increase the overall drinking water capacity of the facility from 8 mgd to 12 mgd while eliminating about 1.0 mgd of flow to the recycled water system.

The benefit of this project would be to: (1) increase the efficiency of drinking water produced from the filtration facility from 85% to 95%; (2) decrease the amount of recycled water produced from the drinking water facility; (3) enhance the protection of the drinking water supply from increased salinity excursions and an upward overall salinity trend from source water originating from the State Water Project (a recent salinity peak in early 2014 is shown below); and (4) maintain compliance with the Regional Water Quality Control Board Basin Plan objectives for the Yucaipa and Beaumont Management Zones.

Justification:

The construction of this reservoir is necessary to augment the District's water supply which will provide a direct benefit to the amount of water managed in local groundwater basins.



YUCAIPA VALLEY WATER DISTRICT CAPITAL IMPROVEMENT PROGRAM

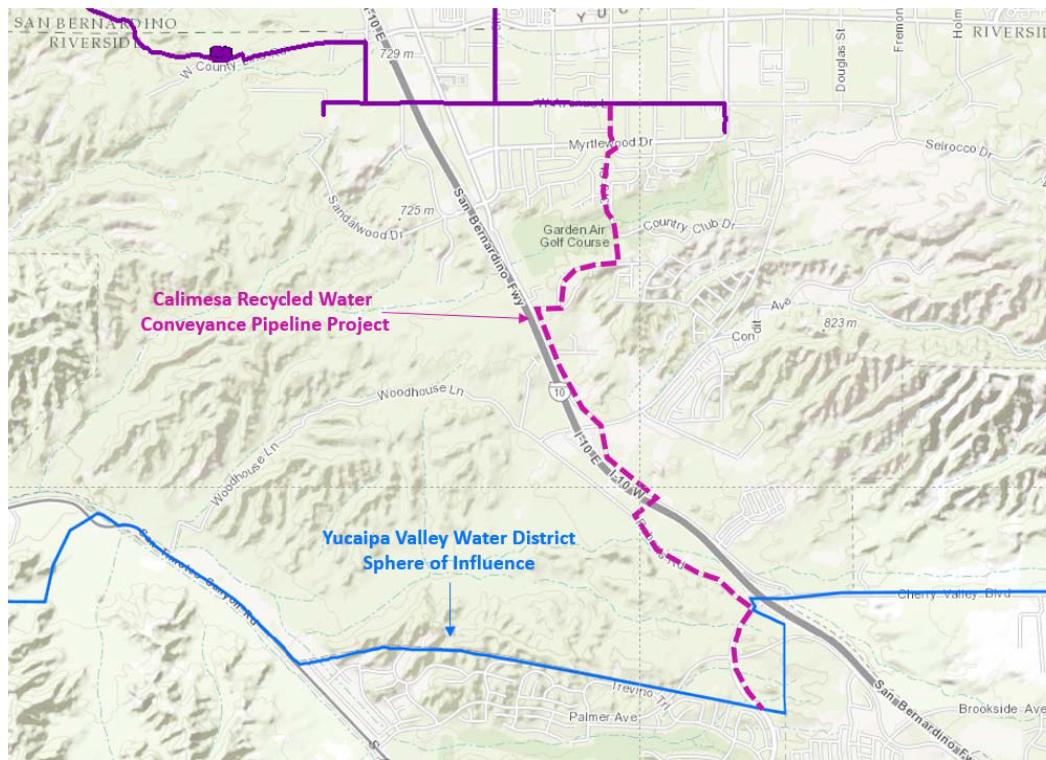
Division: Recycled Water
Category: System Improvements
Project Title: Second Street Pipeline Project

Project Priority: Important
Construction Year: FY 2016

<u>COST BY TYPE</u>		<u>FUNDING SOURCE</u>	
Preliminary Engineering/Design	\$ 150,000	Reserves/Depreciation	\$ 2,375,000
Environmental	\$ 0	Development Impact Fees	
Right-of-Way/Land Acquisition	\$ 0	Federal Participation	
Labor, Equipment, Administration	\$ 50,000	State Participation	
Contract Construction	\$ 4,000,000	Bond Financing	
Construction Engineering	\$ 425,000	Local Matching	
Other: Environmental/Permitting/Misc	\$ 50,000	Other Funds	\$ 2,300,000
Total		Total	
	\$ 4,675,000		\$ 4,675,000

Description:

The Calimesa Recycled Water Conveyance Pipeline Project that will consist of approximately 18,500 linear feet of 24” recycled water pipeline that will provide recycled water to the southern Calimesa service area and provide for an interconnection with Beaumont Cherry Valley Water District.



This pipeline will enable the District to reduce the amount of drinking water delivered to proposed projects in the City of Calimesa as well as provide an opportunity to exchange recycled water with the Beaumont Cherry Valley Water District. The collaborative operation of this recycled water system interconnection will reduce the long-term drought impacts of both communities and increase the protection of local groundwater resources.

YUCAIPA VALLEY WATER DISTRICT CAPITAL IMPROVEMENT PROGRAM

Division: All
Category: Other
Project Title: Master Planning Document

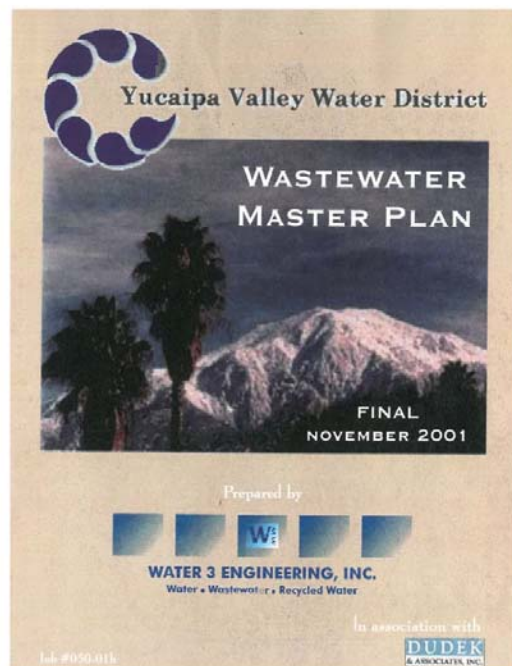
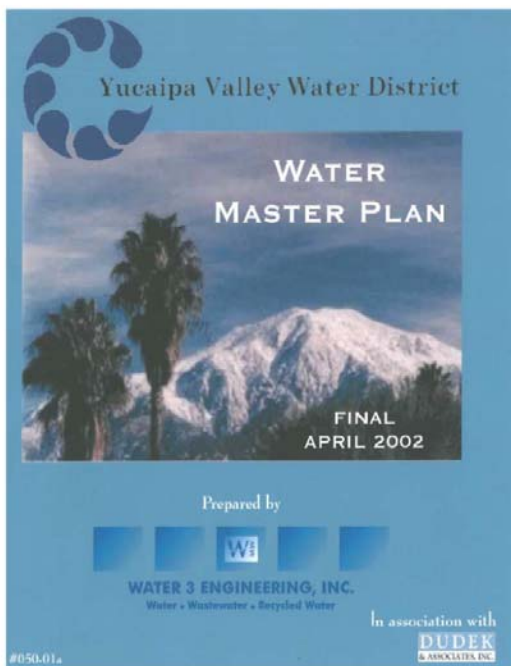
Project Priority: Necessary
Construction Year: Not Applicable

<u>COST BY TYPE</u>		<u>FUNDING SOURCE</u>	
Preliminary Engineering/Design	\$ 250,000	Reserves/Depreciation	\$ 250,000
Environmental		Development Impact Fees	
Right-of-Way/Land Acquisition		Federal Participation	
Labor, Equipment, Administration		State Participation	
Contract Construction		Bond Financing	
Construction Engineering		Local Matching	
Other: Environmental/Permitting/Misc		Other Funds	
Total		Total	
	\$ 250,000		\$ 250,000

Description:

The existing master plans for the Yucaipa Valley Water District were completed over ten years ago. These documents were extremely important and provided District staff with the necessary direction to focus on specific projects and programs to enhance our infrastructure.

Now would be an ideal time to update the future planning documents for the District to identify infrastructure deficiencies, priorities and anticipated funding necessary to keep our systems fully functional and operational.



Board Reports & Director Comments



Yucaipa Valley Water District



Administrative Committee Meeting

Wednesday, May 25, 2015 at 4:00 p.m.

Banning City Hall Council Chambers
99 East Ramsey Street, Banning, California 92220

1. Call to Order
2. Public Comments
3. Discussion Regarding the Future Plans, Goals and Objectives for the San Geronio Pass Regional Water Alliance
4. Comments by Administrative Committee Members
5. Adjournment



Notice and Agenda of a Regular Meeting Wednesday, May 25, 2016 at 5:00 p.m.

Banning City Hall Council Chambers
99 East Ramsey Street, Banning, California 92220

1. Call to Order
2. Public Comments
3. Approval of Minutes
 - a. Alliance Meeting Minutes - April 27, 2016
4. Discussion Items
 - a. Discussion Regarding Regional Water Resource Issues
 - b. Discussion Regarding Integrated Regional Water Management Planning
5. Annual Meeting Agenda Items
 - a. Memorandum of Understanding for the San Gorgonio Pass Regional Water Alliance
 - b. Election of Officers
 - c. Review of Future Plans, Goals and Objectives
6. Future Meeting Topics
7. Comments by Alliance Members
8. Announcements
 - a. Next Meeting Date: **Wednesday, June 22, 2016 at 5:00 pm**
9. Adjournment



Yucaipa Valley Water District

12770 Second Street, Yucaipa, California 92399 Phone: (909) 797-5117

Notice and Call of a Special Meeting at the Beaumont Cherry Valley Water District 560 Magnolia Avenue, Beaumont, California 92223

Thursday, May 26, 2016 at 6:00 p.m.

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Yucaipa Valley Water District will be held on Thursday, May 26, 2016, at 6:00 pm, at the Beaumont Cherry Valley Water District located at the address above.

The following business will be transacted and this document serves as the Agenda for this Special Meeting:

AGENDA

1. Call Meeting to Order
2. Welcome and Introductions
3. Public Comment - *At this time, members of the public may provide general comments. To provide comments on specific agenda items, please complete a speaker's request form and submit the completed form to the Board Secretary before that agenda item.*
4. Final Review of the Allocation Strategy for Imported Water within the San Gorgonio Pass Water Agency
 - a. Banning Heights Mutual Water Company
 - b. Beaumont Cherry Valley Water District
 - c. Cabazon Water District
 - d. City of Banning
 - e. High Valley Water District

Any person with a disability who requires accommodation in order to participate in this meeting contact the Beaumont Cherry Valley Water District at (951) 845-0159 at least 48 hours prior to the scheduled meeting.

- f. Mission Springs Water District
 - g. San Geronio Pass Water Agency
 - h. South Mesa Mutual Water Company
 - i. Yucaipa Valley Water District
- 5. Topics for Future Meetings
 - 6. Next Meeting Date and Time
 - 7. Adjournment

Director Comments



Yucaipa Valley Water District



FACTS ABOUT THE YUCAIPA VALLEY WATER DISTRICT

Service Area Size: 40 square miles (sphere of influence is 68 square miles)

Elevation Change: 3,140 foot elevation change (from 2,044 to 5,184 feet)

Number of Employees: 5 elected board members
62 full time employees

Operating Budget: Water Division - \$13,397,500
Sewer Division - \$11,820,000
Recycled Water Division - \$537,250
Total Annual Budget - \$25,754,750

Number of Services: 12,434 water connections serving 17,179 units
13,559 sewer connections serving 20,519 units
64 recycled water connections

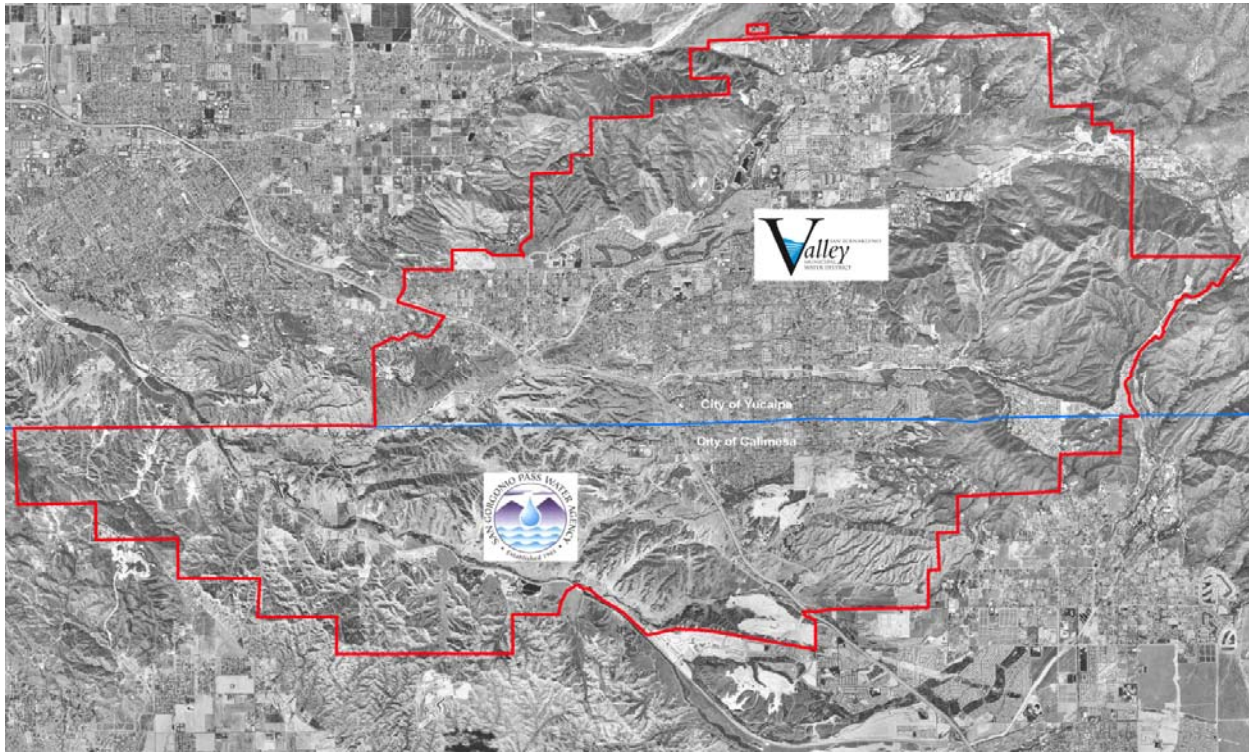
Water System: 215 miles of drinking water pipelines
27 reservoirs - 34 million gallons of storage capacity
18 pressure zones
12,000 ac-ft annual water demand (3.9 billion gallons)
Two water filtration facilities:
- 1 mgd at Oak Glen Surface Water Filtration Facility
- 12 mgd at Yucaipa Valley Regional Water Filtration Facility

Sewer System: 8.0 million gallon treatment capacity - current flow at 4.0 mgd
205 miles of sewer mainlines
5 sewer lift stations
4,500 ac-ft annual recycled water prod. (1.46 billion gallons)

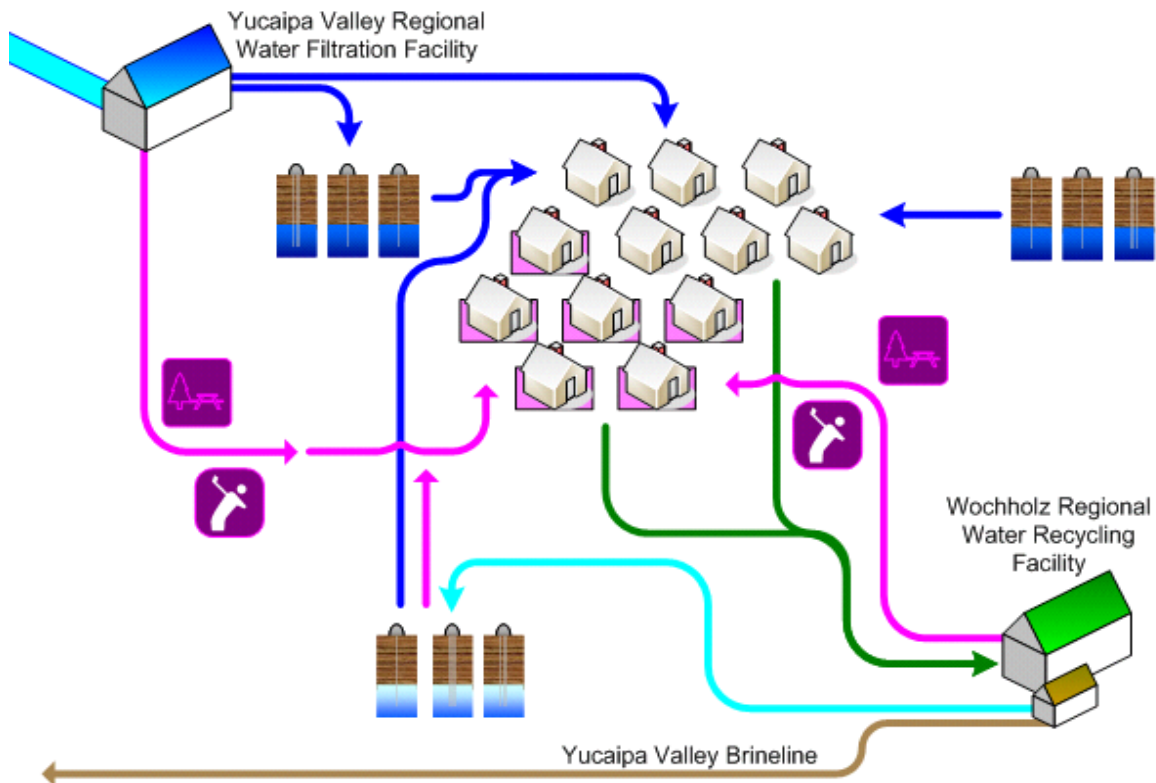
Recycled Water: 22 miles of recycled water pipelines
5 reservoirs - 12 million gallons of storage
1,200 ac-ft annual recycled demand (0.4 billion gallons)

Brine Disposal: 2.2 million gallon desalination facility at sewer treatment plant
1.108 million gallons of Inland Empire Brine Line capacity
0.295 million gallons of treatment capacity in Orange County

State Water Contractors: San Bernardino Valley Municipal Water District
San Gorgonio Pass Water Agency



Sustainability Plan: A Strategic Plan for a Sustainable Future: The Integration and Preservation of Resources, adopted on August 20, 2008.





THE MEASUREMENT OF WATER PURITY

One part per hundred is generally represented by the percent (%).
This is equivalent to about fifteen minutes out of one day.

One part per thousand denotes one part per 1000 parts.
This is equivalent to about one and a half minutes out of one day.

One part per million (ppm) denotes one part per 1,000,000 parts.
This is equivalent to about 32 seconds out of a year.

One part per billion (ppb) denotes one part per 1,000,000,000 parts.
This is equivalent to about three seconds out of a century.

One part per trillion (ppt) denotes one part per 1,000,000,000,000 parts.
This is equivalent to about three seconds out of every hundred thousand years.

One part per quadrillion (ppq) denotes one part per 1,000,000,000,000,000 parts.
This is equivalent to about two and a half minutes out of the age of the Earth (4.5 billion years).





GLOSSARY OF COMMONLY USED TERMS

Every profession has specialized terms which generally evolve to facilitate communication between individuals. The routine use of these terms tends to exclude those who are unfamiliar with the particular specialized language of the group. Sometimes jargon can create communication cause difficulties where professionals in related fields use different terms for the same phenomena.

Below are commonly used water terms and abbreviations with commonly used definitions. If there is any discrepancy in definitions, the District's Regulations Governing Water Service is the final and binding definition.

Acre Foot of Water - The volume of water (325,850 gallons, or 43,560 cubic feet) that would cover an area of one acre to a depth of 1 foot.

Activated Sludge Process – A secondary biological sewer treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen, and consume dissolved nutrients in the wastewater.

Annual Water Quality Report - The document is prepared annually and provides information on water quality, constituents in the water, compliance with drinking water standards and educational material on tap water. It is also referred to as a Consumer Confidence Report (CCR).

Aquifer - The natural underground area with layers of porous, water-bearing materials (sand, gravel) capable of yielding a supply of water; see Groundwater basin.

Backflow - The reversal of water's normal direction of flow. When water passes through a water meter into a home or business it should not reverse flow back into the water mainline.

Best Management Practices (BMPs) - Methods or techniques found to be the most effective and practical means in achieving an objective. Often used in the context of water conservation.

Biochemical Oxygen Demand (BOD) – The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

Biosolids – Biosolids are nutrient rich organic and highly treated solid materials produced by the sewer treatment process. This high-quality product can be used as a soil amendment on farm land or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

Catch Basin – A chamber usually built at the curb line of a street, which conveys surface water for discharge into a storm sewer.

Capital Improvement Program (CIP) – Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

Collector Sewer – The first element of a wastewater collection system used to collect and carry wastewater from one or more building sewer laterals to a main sewer.

Coliform Bacteria – A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere and is generally used as an indicator of sewage pollution.

Combined Sewer Overflow – The portion of flow from a combined sewer system, which discharges into a water body from an outfall located upstream of a wastewater treatment plant, usually during wet weather conditions.

Combined Sewer System– Generally older sewer systems designed to convey both sewage and storm water into one pipe to a wastewater treatment plant.

Conjunctive Use - The coordinated management of surface water and groundwater supplies to maximize the yield of the overall water resource. Active conjunctive use uses artificial recharge, where surface water is intentionally percolated or injected into aquifers for later use. Passive conjunctive use is to simply rely on surface water in wet years and use groundwater in dry years.

Consumer Confidence Report (CCR) - see Annual Water Quality Report.

Cross-Connection - The actual or potential connection between a potable water supply and a non-potable source, where it is possible for a contaminant to enter the drinking water supply.

Disinfection By-Products (DBPs) - The category of compounds formed when disinfectants in water systems react with natural organic matter present in the source water supplies. Different disinfectants produce different types or amounts of disinfection byproducts. Disinfection byproducts for which regulations have been established have been identified in drinking water, including trihalomethanes, haloacetic acids, bromate, and chlorite

Drought - a period of below average rainfall causing water supply shortages.

Dry Weather Flow – Flow in a sanitary sewer during periods of dry weather in which the sanitary sewer is under minimum influence of inflow and infiltration.

Fire Flow - The ability to have a sufficient quantity of water available to the distribution system to be delivered through fire hydrants or private fire sprinkler systems.

Gallons per Capita per Day (GPCD) - A measurement of the average number of gallons of water use by the number of people served each day in a water system. The calculation is made by dividing the total gallons of water used each day by the total number of people using the water system.

Groundwater Basin - An underground body of water or aquifer defined by physical boundaries.

Groundwater Recharge - The process of placing water in an aquifer. Can be a naturally occurring process or artificially enhanced.

Hard Water - Water having a high concentration of minerals, typically calcium and magnesium ions.

Hydrologic Cycle - The process of evaporation of water into the air and its return to earth in the form of precipitation (rain or snow). This process also includes transpiration from plants, percolation into the ground, groundwater movement, and runoff into rivers, streams and the ocean; see Water cycle.

Infiltration – Water other than sewage that enters a sewer system and/or building laterals from the ground through defective pipes, pipe joints, connections, or manholes. Infiltration does not include inflow. See *Inflow*.

Inflow - Water other than sewage that enters a sewer system and building sewer from sources such as roof vents, yard drains, area drains, foundation drains, drains from springs and swampy areas, manhole covers, cross connections between storm drains and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include infiltration. See *Infiltration*.

Inflow / Infiltration (I/I) – The total quantity of water from both inflow and infiltration.

Mains, Distribution - A network of pipelines that delivers water (drinking water or recycled water) from transmission mains to residential and commercial properties, usually pipe diameters of 4" to 16".

Mains, Transmission - A system of pipelines that deliver water (drinking water or recycled water) from a source of supply the distribution mains, usually pipe diameters of greater than 16".

Meter - A device capable of measuring, in either gallons or cubic feet, a quantity of water delivered by the District to a service connection.

Overdraft - The pumping of water from a groundwater basin or aquifer in excess of the supply flowing into the basin. This pumping results in a depletion of the groundwater in the basin which has a net effect of lowering the levels of water in the aquifer.

Peak Flow – The maximum flow that occurs over a specific length of time (e.g., daily, hourly, instantaneously).

Pipeline - Connected piping that carries water, oil or other liquids. See Mains, Distribution and Mains, Transmission.

Point of Responsibility, Metered Service - The connection point at the outlet side of a water meter where a landowner's responsibility for all conditions, maintenance, repairs, use and replacement of water service facilities begins, and the District's responsibility ends.

Potable Water - Water that is used for human consumption and regulated by the California Department of Public Health.

Pressure Reducing Valve - A device used to reduce the pressure in a domestic water system when the water pressure exceeds desirable levels.

Pump Station - A drinking water or recycled water facility where pumps are used to push water up to a higher elevation or different location.

Reservoir - A water storage facility where water is stored to be used at a later time for peak demands or emergencies such as fire suppression. Drinking water and recycled water systems will typically use concrete or steel reservoirs. The State Water Project system considers lakes, such as Shasta Lake and Folsom Lake to be water storage reservoirs.

Runoff - Water that travels downward over the earth's surface due to the force of gravity. It includes water running in streams as well as over land.

Sanitary Sewer System - Sewer collection system designed to carry sewage, consisting of domestic, commercial, and industrial wastewater. This type of system is not designed nor intended to carry water from rainfall, snowmelt, or groundwater sources. See *Combined Sewer System*.

Sanitary Sewer Overflow – Overflow from a sanitary sewer system caused when total wastewater flow exceeds the capacity of the system. See *Combined Sewer Overflow*.

Santa Ana River Interceptor (SARI) Line – A regional brine line designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River basin to the sewer treatment plant operated by Orange County Sanitation District.

Secondary Treatment – Biological sewer treatment, particularly the activated-sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

Supervisory Control and Data Acquisition (SCADA) - A computerized system which provides the ability to remotely monitor and control water system facilities such as reservoirs, pumps and other elements of water delivery.

Service Connection - The water piping system connecting a customer's system with a District water main beginning at the outlet side of the point of responsibility, including all plumbing and equipment located on a parcel required for the District's provision of water service to that parcel.

Sludge – Untreated solid material created by the treatment of sewage.

Smart Irrigation Controller - A device that automatically adjusts the time and frequency which water is applied to landscaping based on real-time weather such as rainfall, wind, temperature and humidity.

Special District - A political subdivision of a state established to provide a public services, such as water supply or sanitation, within a specific geographic area.

Surface Water - Water found in lakes, streams, rivers, oceans or reservoirs behind dams.

Total Suspended Solids (TSS) – The amount of solids floating and in suspension in water or sewage.

Transpiration - The process by which water vapor is released into the atmosphere by living plants.

Trickling Filter – A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in primary treated sewage as it trickles over them.

Underground Service Alert (USA) - A free service that notifies utilities such as water, telephone, cable and sewer companies of pending excavations within the area (dial 8-1-1 at least 2 working days before you dig).

Urban Runoff - Water from city streets and domestic properties that typically carries pollutants into the storm drains, rivers, lakes, and oceans.

Valve - A device that regulates, directs or controls the flow of water by opening, closing or partially obstructing various passageways.

Wastewater – Any water that enters the sanitary sewer.

Water Banking - The practice of actively storing or exchanging in-lieu surface water supplies in available groundwater basin storage space for later extraction and use by the storing party or for sale or exchange to a third party. Water may be banked as an independent operation or as part of a conjunctive use program.

Water cycle - The continuous movement water from the earth's surface to the atmosphere and back again; see Hydrologic cycle.

Water Pressure - Pressure created by the weight and elevation of water and/or generated by pumps that deliver water to the tap.

Water Service Line - The pipeline that delivers potable water to a residence or business from the District's water system. Typically the water service line is a 1" to 1½" diameter pipe for residential properties.

Watershed - A region or land area that contributes to the drainage or catchment area above a specific point on a stream or river.

Water Table - The upper surface of the zone of saturation of groundwater in an unconfined aquifer.

Water Transfer - A transaction, in which a holder of a water right or entitlement voluntarily sells/exchanges to a willing buyer the right to use all or a portion of the water under that water right or entitlement.

Water Well - A hole drilled into the ground to tap an underground water aquifer.

Wetlands - Lands which are fully saturated or under water at least part of the year, like seasonal vernal pools or swamps.

Wet Weather Flow – Dry weather flow combined with stormwater introduced into a combined sewer system, and dry weather flow combined with infiltration/inflow into a separate sewer system.





COMMONLY USED ABBREVIATIONS

AQMD	Air Quality Management District
BOD	Biochemical Oxygen Demand
CARB	California Air Resources Board
CCTV	Closed Circuit Television
CWA	Clean Water Act
EIR	Environmental Impact Report
EPA	U.S. Environmental Protection Agency
FOG	Fats, Oils, and Grease
GPD	Gallons per day
MGD	Million gallons per day
O & M	Operations and Maintenance
OSHA	Occupational Safety and Health Administration
POTW	Publicly Owned Treatment Works
PPM	Parts per million
RWQCB	Regional Water Quality Control Board
SARI	Santa Ana River Inceptor
SAWPA	Santa Ana Watershed Project Authority
SBVMWD	San Bernardino Valley Municipal Water District
SCADA	Supervisory Control and Data Acquisition system
SSMP	Sanitary Sewer Management Plan
SSO	Sanitary Sewer Overflow
SWRCB	State Water Resources Control Board
TDS	Total Dissolved Solids
TMDL	Total Maximum Daily Load
TSS	Total Suspended Solids
WDR	Waste Discharge Requirements
YVWD	Yucaipa Valley Water District