Fiscal Year 2014-2015

Operating & Capital Adopted Budget

Victor Valley Wastewater Reclamation Authority

Taking the Waste Out of Wastewater

Administration Office and Treatment Plant
20111 Shay Road
Victorville, CA 92394
(760) 246-8638
(760) 246-2898 Fax

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Table of Contents
Fiscal Year 2014-2015

Section I: Introduction and Overview

Victor Valley Wastewater Reclamation Authority
A Joint Powers Authority and Public Agency of the State of California
Administrative Offices
20111 Shay Road, Victorville, CA 92394
Telephone: (760) 246-8638
Fax: (760) 948-9897
e-mail: mail@vvwra.com

Budget Summary and Message from General Manager

Overview – Revenues and Expenses

This document includes the budget information for the fiscal year 2014-2015 (hereafter referred to as FY 2015) for Victor Valley Wastewater Reclamation Authority (VVWRA). The table of contents and glossary will help you locate information.

VVWRA uses enterprise accounting to account for two divisions, (1) Operations and Maintenance Fund for daily activities and (2) Capital Fund for capital projects. VVWRA provides wastewater processing services to four member agencies; City of Victorville, Town of Apple Valley, City of Hesperia and two areas of San Bernardino County Special Districts. Among the total operating revenue of $13.5 million budgeted for FY 2015, $12.1 million represents user fee revenue. We process wastewater, on the average, of 60% from City of Victorville, around 15% each from Town of Apple Valley and City of Hesperia and the remaining 10% from the two areas of San Bernardino County Special Districts. Other income includes septage processing fees, high strength surcharge, industrial pretreatment fees, and reclaimed water sales. The new surcharge rates for FY 2015 are shown at page 28. In addition, we estimated connection fee revenue of $2.0 million to fund existing facility repairs and replacements and the construction of new capital projects.

To address the capital project needs, we have included an $18.1 million grant from the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (Cal OES) and $30.2 million of proposed loans from the Clean Water State Revolving Fund (SRF). The total budgeted revenue is $65.6 million.

We have budgeted a total expense of $12.5 million for operations and maintenance expenses and $50.5 million for capital projects. Further, we have $2.1 million to repay the SRF loans. With total expenses of $65.1million, we predict the total budgeted surplus for FY 2015 is $0.5 million. It is our challenge to achieve a 'balanced' budget where the operating and capital revenues equal or exceed the total expenses.

Capital Projects and their Expenditures

VVWRA's capital improvement program in the next five years allows VVWRA to utilize cutting-edge technologies to continue providing quality wastewater treatment services to the service areas. The anticipated capital projects can be classified into four general categories: Wastewater Treatment, Interceptor, Energy Efficiency, and Information Technology. These projects are listed in the *Capital Projects and Debts at Section V* on pages 34 through 45 with the proposed funding through one of four sources: operating and capital cash reserve, State Revolving Fund loans and federal grants. These projects are listed in the order of priority, often overlapping several categories during the year.

Capital Projects and their Expenditures (Continued)

Wastewater Treatment Projects

VVWRA has started ground work for the construction of a laboratory and administration building to replace the old building as the one of top priorities. This project will be funded through VVWRA's capital cash reserve. This laboratory and administration building will allow VVWRA staff to utilize new technologies and testing methods to monitor the wastewater treatment process, as well as providing the staff with modern laboratory environment. The laboratory and administration building project is expected to be complete at the end of FY 2015.

With the completion of the Phase III-A regulatory upgrade project in August of 2013, VVWRA has taken a step ahead to continue regulatory compliance with its NPDES permit. In addition to this compliance effort, we have taken a historical step using innovative technology, the first of its kind in the United States, for a biogas renewable energy project that enables us to generate electricity from the biogas otherwise wasted. The construction for this project is scheduled during FY 2015.

To continue providing quality wastewater treatment services for the community, VVWRA will increase its wastewater treatment capacity by constructing two sub-regional water reclamation plants. The first and most critical project to reduce the hydraulic load on the Hesperia Interceptor will be the Hesperia Water Reclamation Plant (HWRP). This plant in the City of Hesperia will provide reclaimed water to residential communities and commercial businesses along the I-15 corridor. The second facility is the Apple Valley Water Reclamation Plant (AVWRP) located in the Town of Apple Valley. The AVWRP will provide reclaimed water to the town's public parks. In addition to a grant received from Bureau of Reclamation, United States Department of the Interior under Title 16, the majority of the HWRP and AVWRP construction costs will be financed through two SRF loans. The construction of these two sub-regional plants is expected to be complete in FY 2016.

Interceptor Projects

The majority of the wastewater from the surrounding cities in the service areas is transported to VVWRA's wastewater treatment plant through gravity interceptors. While VVWRA continues to upgrade its treatment facilities to handle the increased influent, we will also increase our influent transport capacities by constructing additional interceptors. VVWRA has begun constructing a permanent pipeline at the Upper Narrows of the Mojave River to replace the temporary bypass line. This project will be financed through FEMA, Cal OES grants and by an SRF loan. Another interceptor that VVWRA will construct during FY 2015 is the Nanticoke interceptor. This project will be financed through another SRF loan.

Energy Efficiency Projects

As a result of the Phase III-A ultraviolet treatment project coming online, VVWRA has been experiencing major increases in power consumption. We have planned a series of energy efficiency projects in order to alleviate the high cost of power consumption. For example, VVWRA has planned an initiating the Fat Oil and Grease treatment project in FY 2015. This project will be funded through the capital reserve fund. Both the design and construction of this project are expected to be completed within FY 2015.

Information Technology Projects

While continuing to provide the community with high quality wastewater services, VVWRA is also keeping up-to-date with new technologies by implementing a Computerized Maintenance Management System (CMMS) in its organization. A CMMS is computer software that connects all the different departments of the entity to function as one, rather than each of the departments going in different directions. This project will be funded through the operating cash reserve and is expected to be completed at the end of FY 2015.

Environmental and Regulatory

VVWRA is the regional sewer service provider, and as such, the State Water Code authorizes VVWRA to implement a regional reclaimed water permitting program similar to the existing Industrial Pretreatment Program. Once VVWRA has the Master Permit, it will be responsible for permitting and monitoring reclaimed water users. This effort will enable VVWRA to expedite the permitting process rather than relying on individual permits obtained through Lahontan Regional Water Quality Control Board, thus making our effort more efficient for our member agencies.

Debts – State Revolving Fund Loans

Given the state of the economy, a solution needs to be reached with the close cooperation of the member agencies. VVWRA must correct these fiscal issues (1) to have a sufficient cash reserve to meet the loan debt coverage ratio, (2) to implement the capital projects, (3) to identify a financing mechanism for the sub-regional facilities and (4) to address the interceptor capacity issues for the City of Hesperia and the Town of Apple Valley.

Based on the comments from the member agencies regarding how to fund reserves and the discussions on the adopted Financial Plan and associated fee structure, the user fee will be adjusted over the next four years starting FY 2015. The connection fee will also be adjusted in FY 2015 to fund the various construction projects. Reflecting member agencies' comments, our challenge includes **a balanced budget** where the operational expenses are covered by the user fees without relying on capital revenues. We have created the FY 2015 budget with this goal in mind.

Although there are no applicable legal debt limits for VVWRA other than maintaining the annual debt service amount per the SRF loan agreements, we are challenged with the financing for the construction of the Hesperia and Apple Valley facilities.

During the last few years we have experienced a reduction of connection fee income and higher operation costs. As a consequence, VVWRA has used the opportunity to spread out the implementation of its vital and required capital projects focusing on a long-term horizon.

Long Term Financial Plans

VVWRA utilizes a five year financial plan to identify future funding needs. Key cash flow assumptions include:

- Growth is projected at 500 Equivalent Dwelling Units (EDU) per year.
- Future operating costs are estimated to escalate at the annual rate of 3%.
- The projections also include (1) $500,000 to $1 million per year for future pay-as-you-go capital needs and (2) funding for repairs and replacements estimated at $250,000 per year through FY 2015 and $500,000 per year thereafter.
- We predict the majority of Apple Valley and Hesperia sub-regional plants will be funded by the SRF loans.
- VVWRA user charges for the next five years are projected to generate income from 1.1 to 1.2 times debt service coverage assuming 500 EDUs of annual growth. This coverage ratio is relatively low for financial planning purposes.

Long Term Financial Plans (Continued)

- The financial plan projects VVWRA's annual user charge that needs to be adopted in order to provide repayment security for anticipated debt issues. A new maximum rate needs to be adopted prior to obtaining financing for additional projects such as the sub-regional plants. VVWRA can phase in rates toward the maximum approved charge based on evaluation of annual finances and revise downward as construction bids are received.
- Estimated Rate Impact per EDU: The member agencies will also need to adopt rate adjustments to support the user charges adopted by VVWRA. The rates will need to be adopted to secure future repayments prior to debt issuance via the Proposition 218 process for the member agencies.
- In addition to the budgeted capital expenditures over the next five years, the financial plan also projects the various construction projects noted at the Section V, Capital Improvement Programs.

Conclusion

For FY 2015, VVWRA has sought a funding increase to pay for the sub-regional Water Reclamation Plants. The most significant financial issue to be addressed in FY 2015 is the financing of the sub-regional plants and the Upper Narrows replacement project as discussed above.

Logan Olds, General Manager

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Victor Valley Wastewater Reclamation Authority

California

For the Fiscal Year Beginning

July 1, 2013

Executive Director

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Section II: Financial Structure, Policy and Process

Victor Valley Wastewater Reclamation Authority

Governance

VVWRA is governed by a four-member Governing Board represented by an elected official of member agencies.

Board of Commissioners
As of June 30, 2014


Russ Blewett
Chair
City of Hesperia

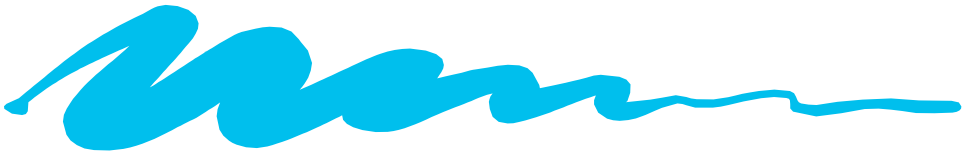

Jeffrey Rigney
Vice Chair
County of San Bernardino


Scott Nassif
Secretary
Town of Apple Valley


James Kennedy, CPA
Treasurer
City of Victorville

Prepared by:

Logan Olds – General Manager
Angela Valles – Director of Finance
Chieko Keagy, CPA – Accounting Supervisor
Xiwei Wang – Accountant I
Haik Seropian – Accounting Technician



The mission of
Victor Valley Wastewater Reclamation Authority

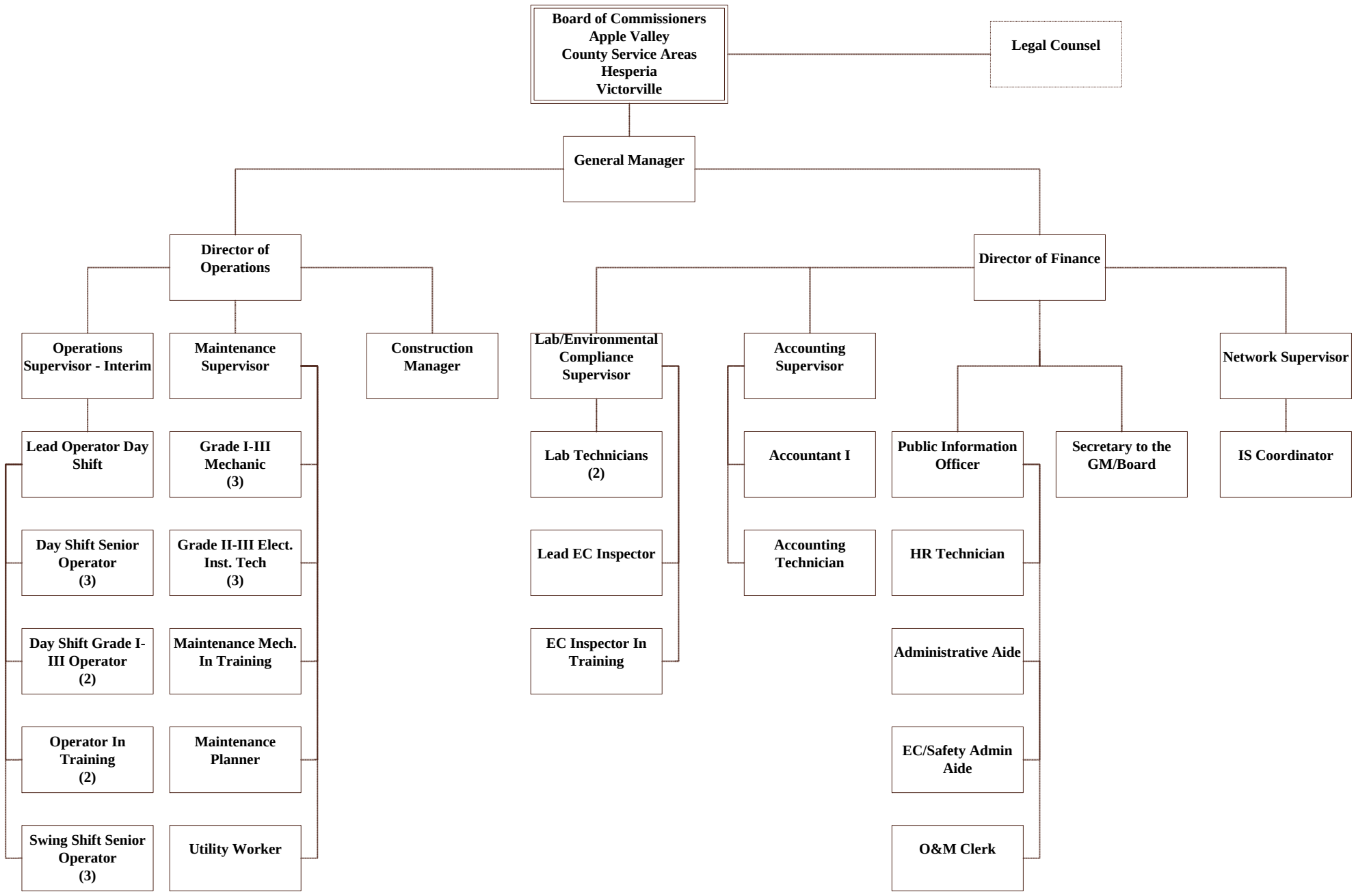
Is…
To cost-effectively provide professional, competent wastewater treatment, reclamation, recycling, and reuse,
To maintain the environment by providing clean effluent to the community,
To provide a service to our customers, and
To keep the public informed.

By…
Selecting quality employees,
Effectively communicating at all levels,
Providing effective training,
Encouraging participation in water and wastewater organizations,
Working together as a 'TEAM', and
Providing the budget for projects and personnel.

Motivated by…
Creating and maintaining a positive work environment,
Recognizing individual and group efforts, and
Providing competitive pay and benefits.

Measured by…
Meeting budgetary goals,
Meeting the standards for regulatory compliance,
The successful completion of projects,
Employee retention, and
A cooperative effort during emergencies.

Victor Valley Wastewater Reclamation Authority
Organization Chart
Fiscal Year 2014-2015



The Board consists of representatives from four member agencies.

Full time equivalent position

Legal services through contract

We are here to serve you.

The Victor Valley Wastewater Reclamation Authority conducts its businesses based on an **Enterprise Accounting System** that is an accrual accounting system, similar to a regular business accounting method, by recording revenues and expenses as incurred instead of recognizing transactions when cash is received or paid. The enterprise accounting system is established based on two funds, (1) Operations and Maintenance Fund and (2) Capital Fund. Our main revenues are fees generated from offering services to process wastewater and connection fees charged to connect to an existing system or to expand processing facilities. In addition to operations and maintenance expenses, we incur large sums of capital expenditures for construction and upgrading of facilities to fulfill member agencies' needs.

The main function of Operations and Maintenance is to receive wastewater from four member agencies and to process the wastewater then to discharge the cleaned water to the Mojave River. The main function for Capital is to improve and expand the infrastructure at VVWRA. Our utmost goal is to adhere to State and Federal rules and regulations with no overflow incidence. To support the **Operations** activities, we have **Maintenance** to perform repairs and maintenance of equipment, **Laboratory and Environmental Compliance** to enforce regulatory compliance including safety compliance, **Information Technology** to maintain computer integrity, **Finance** to compile and publish award-winning Comprehensive Annual Financial Reports (CAFR) and annual budgets and **Administration** to be in charge of personnel. To support capital projects, we have **Construction** to meet the member agency's expansion needs. The Board of Commissioners consists of four elected officials representing each member agency from the Town of Apple Valley, City of Hesperia, City of Victorville, and County of San Bernardino Two Service Areas.

Goals and objectives of each function

Here are goals and objectives of each function.

*The goal of **Operations** is to protect Victor Valley's environment and quality of life while creating reusable resources cost-effectively to the residents of the Victor Valley community.* The Operations provides effective and efficient advanced wastewater treatment, high-quality treated effluent that complies with 100% of all local, state and Federal requirements. Consistent with VVWRA's goals, the Operations' goal is summed up to improve water quality to protect the environment, wildlife and recreational uses of the waters from the nearby Mojave River and Downstream Mojave River Basin beneficial uses. VVWRA Operations staff is a highly dedicated group. The Operations department is staffed 24 hours a day 365 days per year by 12 highly trained wastewater treatment plant operators.

*The goal of **Maintenance** is to provide a high level of cost effective services to all customers in the service areas and all sections of the agency.* This cost effectiveness is accomplished through control of wasteful maintenance and operations practices and in the planning of all work activities. The maintenance department maintains the 300 plus acre wastewater treatment plant, in addition to two remote pump stations, vehicle fleet, portable auxiliary equipment and 40 miles of sewer pipeline. The maintenance department comprised of 10 highly skilled craftsmen who are responsible for maintaining the agency's capital assets worth of 149 million dollars, working effectively and efficiently to comply with local, state and Federal requirements.

Goals and objectives of each function (continued)

*The goal of **Laboratory and Environmental Compliance** (Lab/EC) is to ensure that the agency is in compliance with all local, state and Federal requirements.* The Lab/EC provides and coordinates all sampling, analysis and data reporting, under Environmental Laboratory Accreditation Program certification. The EC Department implements and enforces VVWRA's Industrial Pretreatment Program to prevent upset, interference and pass-through at the wastewater treatment facility, to ensure beneficial reuse of plant effluents and bio-solids, to protect the structure and integrity of the sewerage collection system, to ensure the safety of personnel working in the system and to protect the health and safety of the public and environment. The Lab/EC Department is staffed by skilled professionals, certified for Laboratory Analysis, Environmental Compliance Inspection, Collection System Maintenance, Industrial Pretreatment Plant Operation, Drinking Water Treatment and Drinking Water Distribution.

*The goal of **Information Technology** (MIS) is to provide VVWRA with the latest technologies and support, educating its users and promoting the new technology as an integral component of VVWRA's vision.* This effort includes implementation of computerized maintenance management systems that would keep track of the maintenance inventory more efficiently.

The MIS department envisions an electronic network capable of distributing voice and data technology to all VVWRA staff. In this vision, VVWRA staff becomes users of the global information network with direct access to information and resources around the world. All of our effort is dedicated to provide the operations, maintenance and administration personnel with electronic access to information and to enrich communication among them. To achieve our technological mission and materialize our vision, we are committed to employing all accessible and financially feasible technologies to support and educate all of our staff.

*The goal of **Finance** is to record approved revenues and expenses in a proper period based on the enterprise accounting and in compliance with the Commissioners-approved budget and to create the award-winning Comprehensive Annual Financial Reports.* In addition, its responsibilities include timely billing, fee collections, establishing and monitoring internal control systems, preparing award-winning budgets and various financial reports, and administration of general accounting including payroll.

*The goal of **Administration** is to ensure a fair and equitable employment selection process, as well as to maintain, administer and implement VVWRA's policies and programs.*

*The goal of **Construction** is to manage infrastructure construction projects to ensure that the scope of work is budgeted and completed to the appropriate quality standards in a safe manner to meet the member agencies' expansion and repair needs.*

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Victor Valley Wastewater Reclamation Authority
Budgeted Positions
Fiscal Year 2014 - 2015

Department	Position	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget
	Administration							
Administrative	Director of Administrative Services	0	1	1	0	0	0	0
Administrative	General Manager	1	1	1	1	1	1	1
Administrative	Administrative Aide	1	1	1	1	1	1	1
Administrative	Management Technician to General Manager	1	1	1	0	0	0	0
Administrative	Secretary - GM/Board	1	1	1	1	1	1	1
Administrative	Administrative Assistant	0	0	0	0	0	0	0
Administrative	Public Information Officer	0	0	0	1	1	1	1
Finance	Director of Finance	1	0	0	1	1	1	1
Finance	Accounting Supervisor	0	1	1	1	1	1	1
Finance	Accountant I	0	0	0	1	1	1	1
Finance	Account Technician	3	3	2	1	1	1	1
Finance	Purchasing Technician	1	1	1	0	0	0	0
Finance	Fiscal Clerk	0	0	0	1	1	0	0
Human Resource	Human Resource Technician	1	1	1	1	1	1	1
Human Resource	Director of Human Resource	1	0	0	0	0	0	0
Info System	Network Supervisor	1	1	1	1	1	1	1
Info System	IS Coordinator	1	1	1	1	1	1	1
Info System	Database Technician	1	0	0	0	0	0	0
Safety	Environmental Health Safety/Risk Coordinator	1	1	1	0	0	0	0
		15	14	13	12	12	11	11
	Operations							
Operations	Director of Operations	1	1	1	1	1	1	1
Operations	Operations Supervisor	1	1	1	1	1	1	1
Operations	Lead Operator	2	1	1	1	1	1	1
Operations	Operator I	2	2	2	3	2	2	2
Operations	Operator II	1	1	0	0	0	0	0
Operations	Operator III	4	4	4	3	5	5	5
Operations	Operator IV	1	1	1	2	0	0	0
Operations	Operator V	1	1	1	0	1	1	1
Operations	Operator-in-Training	0	1	2	2	2	2	2
Operations	Operator	0	0	0	0	0	0	0
Operations	Utility Worker	2	0	0	0	0	0	0
Operations	O&M Clerk	0	0	0	0	0	1	1
Lab/Env Comp	Lab & Environmental Compliance Supervisor	1	1	1	1	1	1	1
Lab/Env Comp	Lab Tech I	1	1	1	0	1	2	2
Lab/Env Comp	Lab Tech II	0	0	0	1	1	0	0
Lab/Env Comp	Lab Tech	0	0	0	0	0	0	0
Lab/Env Comp	Lead Environmental Compliance Inspector	1	1	1	0	1	1	1
Lab/Env Comp	Environmental Compliance Safety Admin Aide	1	1	1	1	1	1	1
Lab/Env Comp	Environmental Compliance Inspector-in-Training	0	1	1	1	1	1	1
Lab/Env Comp	Environmental Compliance Supervisor	1	1	1	0	0	0	0
		20	19	19	17	19	20	20
	Maintenance							
Maintenance	Maintenance Supervisor	1	1	1	1	1	1	1
Maintenance	Electrical / Instrumentation Tech	1	2	1	3	3	2	2
Maintenance	Electrical / Instrumentation Tech IV	0	0	0	0	0	1	1
Maintenance	Maintenance Planner	0	0	0	1	1	1	1
Maintenance	Mechanical Tech I	1	2	1	1	1	1	1
Maintenance	Mechanical Tech III	3	2	2	0	2	2	2
Maintenance	Plant Maintenance Tech IV	1	1	1	3	0	0	0
Maintenance	Lead Mechanic	0	0	1	0	0	0	0
Maintenance	Maintenance Mechanic	0	0	0	0	0	0	0
Maintenance	Maintenance Mechanic in Training	0	0	0	1	1	1	1
Maintenance	Utility Worker I	0	1	1	0	0	0	0
Maintenance	Utility Worker II	0	1	1	1	1	1	1
		7	10	9	11	10	10	10
	Construction							
Construction	Project Construction Manager	1	1	1	0	0	0	0
Construction	Construction & Energy Efficiency Manager	0	0	0	1	1	1	1
Construction	Construction Inspector	1	0	1	0	0	0	0
		2	1	2	1	1	1	1
	Total Department	44	44	43	41	42	42	42

Reserve Policy

The Reserve Policy establishes fund reserve balances to maintain adequate cash reserves to comply with a debt coverage requirement for State Revolving Fund (SRF) loans from State Water Resources Control Board and to handle the possible emergency expenditures in future. The Reserve Policy consists of three types of reserves: Operating Reserve, Capital Reserve, and SRF loan reserve. The reserve balances are to be revised annually with adoption of the budget.

The Operating Reserve is funded by operating revenue and equals to 10% of the budgeted total operating expenses for the prior fiscal year. In addition, the Operating Reserve also includes 1% of the sum of land improvements, plant and building and interceptors. The Capital Reserve is a targeted amount which is funded by non-operating income, such as connection fees and interest earned. The SRF loan reserve is funded by both operating and non-operating revenues in order to maintain sufficient funds to meet the agreement provision of maintaining one fiscal year's debt service payments.

Procurement Policy

The Procurement Policy lays the guidance for internal controls for the purchases of goods, services and capital expenditures required by VVWRA within the established limits. The policy requires two signatures on a check issued based on approved purchase orders.

Supervisors are each authorized to approve expenses up to a limit of $5,000 on any one order or contract. The Construction & Energy Efficiency Manager and the Department Directors are authorized to approve expenses up to a limit of $10,000 on any one order or contract. The General Manager is authorized to approve expenses up to a limit of $30,000 on any one order or contract. The VVWRA Board of Commissioners approves all expenses in excess of $30,000, except for certain recurring expenses such as utilities, process chemicals, permit fees, and other expenses as defined in the policy, and must approve all construction contract change orders. Generally, the selection of purchases of materials, supplies, equipment and contractual services having an estimated value of more than $2,000 should be considered based on a minimum of three quotes. Purchases of goods and services having an estimated value of more than $30,000 should be made through a competitive sealed bid process defined in the policy.

Investment Policy

The Investment Policy provides guidelines for the prudent investment of VVWRA's temporary idle cash with the primary objectives of safety, liquidity and yield under provisions of the California Government Code Section 53600.3. Authorized investments include California State Treasurer's Local Agency Investment Fund (LAIF); Investment Trust of California; San Bernardino County Local Agency Investment Fund; United States Treasury Bills, Notes and Bonds; insured Certificate of Deposits; and Money Market Mutual Funds. The majority of VVWRA's investments is in LAIF.

Other Policies

Debt Coverage:
VVWRA maintains a cash reserve at least equal to the annual debt payment amount required by State Water Resources Control Board for the existing SRF loans.

Revenues – Rate Ordinance:
VVWRA specifies user charges in Fee Ordinance to meet operation needs and most of reserve requirements. Further, the ordinance includes connection fees that are based on equivalent dwelling units.

Overhead Allocation to Project:
VVWRA records overhead expenses such as legal counsel, engineer consulting and audit fees as administration costs that are a part of the operation expenses.

Omnivore Project

Victor Valley Wastewater Reclamation Authority
Budget Preparation and Review Process
Fiscal Year 2014-2015

Basis of Budgeting

Victor Valley Wastewater Reclamation Authority (VVWRA) prepares its annual budget based on an accrual accounting method but excludes non-cash depreciation expense and includes loan proceeds and the related repayments to present the fund inflows and outflows. We have included the reconciliation of FY 2013 actual to FY 2013 Comprehensive Annual Financial Report at page 23.

Balanced Budget

A balanced budget is when VVWRA's operating revenues are equal to or exceed its operating expenses. The FY 2015 budget shows the balanced budget with a surplus for its operations and also for its capital fund.

Budget Process

VVWRA supervisory staff inputs budgetary estimates for the following year with their departmental goals① in mind at the beginning of the budgetary process. Based on these input, the Accounting Supervisor prepares the draft budget. The senior management including the General Manager reviews the draft budget. The General Manager predicts capital project costs based on the member agency's needs. The Finance Department incorporates the data in to the draft budget.

The draft budget is presented to the External and Internal Financial Committees that consist of the member agencies for their close review. The revised draft budget is presented to the Financial Committees again to incorporate further recommendations in a proposed budget. After the revisions, the proposed budget is presented to the Board of Commissioners. Any additional comments are incorporated in to the proposed budget. Then the Financial Committee finalizes the recommendations and the Committee presents the budget to the public hearing and Board for approval.

VVWRA reviews its performance at mid-year at around December or January and revises the budget accordingly to present the revised budget to the Board for approval in February. The approved budgets are posted at VVWRA's website.

① Please see pages 11 and 12 for the departmental goals.

the Mojave River

Discharge of Cleaned Water

Victor Valley Wastewater Reclamation Authority
Budget Preparation and Review Process
Fiscal Year 2014-2015

The following budget calendar shows our preparation and review process timeline.

Budget Calendar

Hold a budget Kickoff Meeting.	2/3/2014
Present the draft at Supervisors' meeting.	3/4/2014
Submit the 1st draft to General Manager for review.	3/13/2014
Discuss a preliminary staff review at Supervisors' meeting.	3/27/2014
Send draft changes to Accounting Supervisor.	4/1/2014
Present a budget executive summary to Internal Finance Committee.	4/23/2014
Revise the draft budget accordingly, if any revisions are called for.	4/26/2014
Circulate the budget draft to Board.	5/8/2014
Present the draft budget to External and Internal Finance Committee.	5/12/2014
Revise the draft if needed.	5/13/2014
Present the draft budget at the May Board meeting.	5/15/2014
Schedule the second External and Internal Finance Committee meeting if needed.	5/27/2014
Conduct the budget hearing and prepare for the adoption at Board Meeting.	6/19/2014
Conduct the second Budget Hearing and Adoption at Board Meeting, if needed.	6/27/2014
Apply for GFOA Distinguished Budget Presentation Award.	6/30/2014

Section III: Goals and Performance

Victor Valley Wastewater Reclamation Authority
Goals, Objectives and Strategies
Fiscal Year 2014-2015

Goals

The Victor Valley Wastewater Reclamation Authority (VVWRA) serves an arid region which has historically depleted its groundwater resources. For this reason, the effluent is valued for projects as diverse as groundwater replenishment, protecting riparian habitat and power plant cooling water. The energy stored in the organic matter delivered in the wastewater can also be used to provide heat and power for the operation of the wastewater treatment plant. Finally, the organic residual resulting from the treatment process can be beneficially reused in several ways, such as a soil amendment and energy for the manufacturing of cement thereby reducing greenhouse gas emissions. It is the goal of VVWRA to provide sustainable and cost effective solutions which benefit the communities we serve.

desert willow in bloom

Objectives

The objectives of VVWRA are met by pursuing four fundamental rules, General Manager's Rules, which guide the process by which staff evaluate the needs of the member agencies.

Rule #1: Treat the wastewater to the best means possible given the resources available.

VVWRA strives to optimize the wastewater treatment process, while at the same time utilizing the resources on hand in an efficient manner.

Rule #2: Obtain the resources to do #1.

VVWRA strives to establish rates, retain personnel, and procure equipment in a manner that supports Rule #1.

Rule #3: Manage liability.

It is every employee's responsibility to act in a professional manner and be mindful of safety protocols, thus avoiding potential liabilities.

Rule #4: Do not confuse governing authority with managerial authority.

The VVWRA Board determines the actions to be taken by the agency. The General Manager ensures that those actions are implemented.

By evaluating each issue to be addressed by these rules, the staff can prioritize the time and focus their energies on projects which will meet the goals of VVWRA.

Strategies

The two driving forces behind VVWRA's strategic plan relate to community growth and regulatory requirements. Each of these factors influences the resources required to address those issues. Additionally, the industry as a whole is changing with more focus on regional watershed-based decision making.

Through a series of capital projects, VVWRA endeavors to achieve the goal of providing sustainable and cost effective solutions to the surrounding communities. Capital projects such as Westside Plant Phase III-A and Omnivore projects allow VVWRA to improve and to expand the infrastructure at its current regional treatment facility to meet new regulatory requirements as well as to expand the plant's treatment capacity. To handle the increasing influent from the service areas, VVWRA is boosting its ability to transport wastewater by upgrading its sewer system capacity. VVWRA has already made significant progress by completing the construction of the Santa Fe interceptor to increase capacity in Hesperia's sewer collection system.

VVWRA will further its quest for sustainability by constructing additional sewer lines and Sub-regional water reclamation plants (WRPs) at different locations within the service areas. The Nanticoke Pump Station Bypass sewer line includes the construction of approximately 16,250 linear feet of 30" PVC sewer. It will eliminate the Nanticoke Pump Station and replace it with a gravity sewer to the existing Town of Apple Valley Otoe Pump Station. The construction of Hesperia and Apple Valley Sub-regional WRP allows VVWRA to have sufficient wastewater flow handling and to provide local water supplies. These WRPs represent the first step in preparing for the people, business, and industry that are both the cause and sustainers of regional growth. The sub-regional WRPs will reduce the overall load on the collection system by creating recycled water, which is a valuable and increasingly important resource in this region. Another benefit of locating the sub-regional WRPs farther up the watershed will result in reducing recycled water infrastructure and the subsequent energy costs of pumping the recycled water back up to the recycled water users.

Water is no longer viewed in simplistic terms of water and wastewater. There are now designer waters produced from recycled wastewater. The production of potable water can now include biological filtration and the public is more broadly aware of the direct injection of recycled water in to groundwater. VVWRA's strategic planning incorporates the elements of sustainability, innovation and successful marketing.

This is best exemplified in the building of the Wastewater Utility Brand publication which discusses how to transition from a traditional monopolistic public utility into an agency of creativity and foresight. Also given the fiscal constraints, it is important to consider opportunities to engage private partnerships and to diversify the revenue sources for a utility.

Therefore VVWRA's strategic plan incorporates integrated planning, successful marketing of the programs it pursues and partnerships with private industry.

Victor Valley Wastewater Reclamation Authority
Operations Performance Measure
Fiscal Year 2014-2015

Operations Performance

The following data shows the performance level during the last five years.

	2009	2010	2011	2012	2013
Removal Efficiency					
Biochemical Oxygen Demand	99.10%	99.20%	98.90%	98.90%	98.90%
Total Suspended Solids	99.72%	99.50%	99.30%	99.40%	99.40%
Ammonia Nitrogen	99.00%	99.50%	99.40%	99.70%	99.12%
Number of Active Basins					
Primary Treatment - Active Sedimentation Basins	6.00	6.00	6.00	6.00	6.00
Secondary Treatment – Active Aeration Basins	8.00	12.00	12.00	12.00	12.00
Wastewater Processed					
Percolation Ponds (MG)	1,579.00	1,379.98	1,722.10	1,408.88	2,341.36
Tertiary Treatment (MG)	2,877.00	3,393.58	3,136.04	3,377.37	2,208.64
Average Influent (MGD)	12.49	13.44	13.25	13.17	12.41
Total Effluent (MG)	4,456.00	4,773.56	4,858.14	4,786.25	4,550.00
Miscellaneous Operations					
Bio-solids Storage (Tons)	5,253.00	11,159.00	14,930.00	15,850.00	13,622.35
Septage Waste Received (MG)	2.29	3.31	2.49	2.15	2.83
Recycled Water Sold (MG)	124.84	70.38	71.19	5.56	29.52

Removal Efficiency: Removal efficiency refers to the average removal of biochemical oxygen demand, total suspended solids and ammonia nitrogen in the overall treatment of wastewater.

Active Basins: VVWRA utilizes sedimentation basins for primary treatment and aeration basins for secondary treatment. From calendar year 2009 to 2013, the number of sedimentation basins has remained at six (out of existing eight basins) and the number of aeration basins has increased from eight to twelve due to the increased wastewater flow from the member agencies.

Wastewater Processing: VVWRA uses percolation ponds for disposal of secondary effluent which allow the water to slowly seep into the soil. Tertiary treatment is the final level of treatment before the treated wastewater is discharged into the Mojave River.

Miscellaneous Operations: VVWRA operates a septage receiving facility, where the local septage haulers may dispose their waste at the facility for a fee. Recycled water is provided to Southern California Logistic Airport for irrigation of the Westwinds Golf Course and to the High Desert Power Plant for cooling water.

Victor Valley Wastewater Reclamation Authority
Overall Performance Measure
Fiscal Year 2014-2015

Overall and Functional Performance

We have achieved the following performance goals during FY 2014 and will strive to achieve them in future years.

Overall	
1. Treat the wastewater to the best means possible given the resources available.	✓
2. Obtain the resources to do #1.	✓
3. Manage liability.	✓
4. Do not confuse governing authority with managerial authority.	✓
Operations	
1. Continue to produce high-standard recycled water for industrial irrigation.	✓
2. Install an ultraviolet light treatment system.	✓
3. Maintain high wastewater removal efficiency.	✓
Maintenance	
1. Maintain accurate inventory count.	✓
2. Perform preventative maintenance on plant equipment.	✓
Construction	
1. Completed construction of Santa Fe Interceptors.	✓
2. Nearly completed construction of Phase III-A ultraviolet disinfection facility to comply with higher regulatory standards.	✓
Laboratory & Environmental Compliance	
1. Maintain accurate laboratory sampling and testing.	✓
2. Update regulatory compliance requirement reports.	✓
Information Technology	
1. Ensure the security and surveillance of the wastewater treatment plant.	✓
2. Maintain network connectivity and sufficient file storage.	✓
3. Maintain an emergency backup system.	✓
4. Implement asset management software.	✓
5. Implement the SCADA system.	✓
Finance	
1. Establish clear accounting of the reserve.	✓
2. Establish a paperless electronic purchase requisition system.	✓
3. Maintain a five year capital improvement plan.	✓
4. Develop a debt service coverage ratio.	✓
5. Maintain a long term financial plan.	✓
6. Upgrade existing financial reports.	✓
7. Ensure through monthly financial reviews that regular expenses are within the budgeted limit.	✓
Administrative	
1. Keep personnel files up to date.	✓
2. Develop agenda packages for monthly board meetings.	✓
3. Review and update the employee orientation handbook.	✓

Section IV: Financial Information and Trend Analyses

Victor Valley Wastewater Reclamation Authority
Consolidated Budget Statement of All Funds
Fiscal Year 2014-2015

Our goals, objectives and strategies are transformed into numbers for the budgets with a projection for the rest of FY 2014. The consolidated budget on this page shows all functions of the entire organization. The next page 23 demonstrates a reconciliation of FY 2013 actual to CAFR for the year ended June 30, 2013. The budget on page 24 is for the Operations and Maintenance Fund and the page 25 shows the budget for the Capital Fund.

	2013 Actual $2,528/MG	2014 Actual as of 3/31/14	2014 Projected to the Year End	2013 Budget $2,528/MG	2014 Budget $2,528/MG	2015 Budget $2,756/MG
Operations & Maintenance Fund Revenues						
User Charges	$ 10,539,119	$ 8,006,269	$ 10,675,025	$ 11,133,312	$ 11,133,312	$ 12,092,298
Adelanto User Charges	730,660	-	-	415,224	-	-
High Strength Waste Surcharges	210,977	20,308	27,077	90,000	90,000	10,000
Septage Receiving Facility Charges	190,261	252,842	337,123	160,000	160,000	405,000
Reclaimed Water Sales	9,555	15,816	21,088	7,000	2,000	7,000
Interest	-	18	24	15,000	15,000	-
Pretreatment Fees	45,296	38,436	51,248	40,000	30,000	40,000
Miscellaneous	42,061	12,156	16,208	12,000	14,700	14,200
	$ 11,767,929	$ 8,345,845	$ 11,127,793	$ 11,872,536	$ 11,445,012	$ 12,568,498
Capital Fund Revenues						
Connection Fees	$ 1,620,728	$ 1,133,827	$ 1,511,769	$ 1,715,000	$ 1,700,000	$ 2,040,000
Interest	23,236	13,546	18,061	-	-	12,000
Grant - FEMA/Cal-EMA	-	2,439,297	3,252,396	-	12,000,000	17,172,344
Grant - Water Recycling	-	-	-	-	-	1,166,676
Grant - SRF Forgiveness	3,000,000	-	-			-
Grant - Title 16	121,366	31,185	41,580	-	-	1,492,630
	$ 4,765,330	$ 3,617,855	$ 4,823,806	$ 1,715,000	$ 13,700,000	$ 21,883,650
Other Financing Sources						
SRF Loan Funding	$ 2,040,470	$ -	$ -	$ 5,500,000	$ 27,717,964	$ 30,174,871
	$ 2,040,470	$ -	$ -	$ 5,500,000	$ 27,717,964	$ 30,174,871
Total Revenues and Other Financing Sources	**$ 18,573,729**	**$ 11,963,700**	**$ 15,951,599**	**$ 19,087,536**	**$ 52,862,976**	**$ 64,627,019**
Operations and Maintenance Fund Expenses						
Personnel and Benefits	$ 4,035,776	$ 2,967,235	$ 3,956,315	$ 4,206,895	$ 4,437,930	$ 4,600,986
Maintenance	1,322,814	1,113,519	1,484,693	1,322,441	2,793,520	2,226,054
Operations	2,149,640	1,496,332	1,995,109	2,995,307	2,872,963	2,660,625
Administration	1,630,910	947,006	1,262,674	1,334,023	1,841,766	1,434,640
Construction	139,968	186,620	248,827	-	472,502	432,569
	$ 9,279,108	$ 6,710,712	$ 8,947,618	$ 9,858,666	$ 12,418,681	$ 11,354,874
Emergency Expenses						
Maintenance	$ 328,019	$ 134,859	$ 179,812	$ 224,979	$ 136,321	$ 636,102
Operations	727,835	452,466	603,288	1,125,625	906,512	473,400
FEMA Expenses	$ 1,055,854	$ 587,325	$ 783,100	$ 1,350,604	$ 1,042,833	$ 1,109,502
Expected FEMA/Cal-EMA Grants	(1,047,586)	(790,971)	(1,054,628)	(1,266,194)	(977,656)	(969,498)
	$ 8,268	$ (203,646)	(271,528)	$ 84,410	$ 65,177	$ 140,004
Capital Fund Expenses						
Personnel and Benefits	$ 350,937	$ 258,021	$ 344,027	$ 356,785	$ 392,309	$ 392,862
Maintenance	54,210	-	-	-	-	7,000
Operations	19,677	-	-	-	50,000	171
Administration	61,948	70,948	94,597	35,285	-	-
Construction	211,574	1,272,491	4,772,491	9,747,285	41,379,440	50,083,012
	$ 698,346	$ 1,601,460	$ 5,211,115	$ 10,139,355	$ 41,821,749	$ 50,483,045
Debt Services						
SRF Principal	$ 1,485,343	$ 909,852	$ 1,534,216	$ 890,546	$ 1,504,684	$ 1,565,775
SRF Interest	300,918	113,997	596,463	212,524	568,221	564,906
	$ 1,786,261	$ 1,023,849	$ 2,130,679	$ 1,103,070	$ 2,072,905	$ 2,130,681
Total Expenses and Debt Services	**$ 11,771,983**	**$ 9,132,375**	**$ 16,017,884**	**$ 21,185,501**	**$ 56,378,512**	**$ 64,108,604**
Total Agency Net Surplus or (Deficit)	**$ 6,801,746**	**$ 2,831,325**	**$ (66,285)**	**$ (2,097,965)**	**$ (3,515,536)**	**$ 518,415**

Note: Please see Personnel Expenses Allocations at page 26 and 27.

Victor Valley Wastewater Reclamation Authority
Reconciliation from Actual to CAFR for the Year Ended June 30, 2013
Fiscal Year 2014-2015

	2013 Actual on Page 22	Reconciliation to CAFR	2013 Per CAFR
Operating Revenues			
User Charges	$ 10,539,119	$ -	$ 10,539,119
Adelanto User Charges	730,660	-	730,660
High Strength Waste Surcharges	210,977	-	210,977
Septage Receiving Facility Charges	190,261	-	190,261
Reclaimed Water Sales	9,555	-	9,555
Pretreatment Fees	45,296	-	45,296
Miscellaneous	42,061	-	42,061
	$ 11,767,929	$ -	$ 11,767,929
Capital Revenues			
Connection Fees	$ 1,620,728	$ -	$ 1,620,728
Interest	23,236	-	23,236
Grant - FEMA/Cal-EMA	-	-	-
Grant - SRF Forgiveness	3,000,000		3,000,000
Grant - Title 16	121,366	-	121,366
	$ 4,765,330	$ -	$ 4,765,330
Other Financing Sources			
SRF Loan Funding	$ 2,040,470	$ (2,040,470)	$ -
	$ 2,040,470	$ (2,040,470)	$ -
Total Revenues and Other Financing Sources	**$ 18,573,729**	**$ (2,040,470)**	**$ 16,533,259**
Operating Expenses			
Personnel and Benefits	$ 4,035,776	$ -	$ 4,035,776
Maintenance	1,322,814	-	1,322,814
Operations	2,149,640	-	2,149,640
Administration	1,630,910	-	1,630,910
Construction	139,968	-	139,968
	$ 9,279,108	$ -	$ 9,279,108
Emergency Expenses			
Maintenance	$ 328,019	$ -	$ 328,019
Operations	727,835	-	727,835
FEMA Expenses	$ 1,055,854	$ -	$ 1,055,854
Expected FEMA/Cal-EMA Grants	(1,047,586)	-	(1,047,586)
	$ 8,268	$ -	$ 8,268
Depreciatin Expense	$ -	$ 5,760,766	$ 5,760,766
Capital Expenses			
Personnel and Benefits	$ 350,937	$ -	$ 350,937
Maintenance	54,210	-	54,210
Operations	19,677	-	19,677
Administration	61,948	-	61,948
Construction	211,574	-	211,574
	$ 698,346	$ -	$ 698,346
Debt Services			
SRF Principal	$ 1,485,343	$ (1,485,343)	$ -
SRF Interest	300,918	-	300,918
	$ 1,786,261	$ (1,485,343)	$ 300,918
Total Expenses with Debt Services	**$ 11,771,983**	**$ 4,275,423**	**$ 16,047,406**
Total Net Surplus or (Deficit)	**$ 6,801,746**	**$ (6,315,893)**	**$ 485,853**

Victor Valley Wastewater Reclamation Authority
Budget Statement of Operations and Maintenance Fund
Fiscal Year 2014-2015

	2013 Actual $2,528/MG	2014 Actual as of 3/31/14	2014 Projected to the Year End	2013 Budget $2,528/MG	2014 Budget $2,528/MG	2015 Budget $2,756/MG
Revenues						
User Charges	$ 10,539,119	$ 8,006,269	$ 10,675,025	$ 11,133,312	$ 11,133,312	$ 12,092,298
Adelanto User Charges	730,660	-	-	415,224	-	-
High Strength Waste Surcharges	210,977	20,308	27,077	90,000	90,000	10,000
Septage Receiving Facility Charges	190,261	252,842	337,123	160,000	160,000	405,000
Reclaimed Water Sales	9,555	15,816	21,088	7,000	2,000	7,000
Interest	-	18	24	15,000	15,000	-
Pretreatment Fees	45,296	38,436	51,248	40,000	30,000	40,000
Miscellaneous	42,061	12,156	16,208	12,000	14,700	14,200
	$ 11,767,929	**$ 8,345,845**	**$ 11,127,793**	**$ 11,872,536**	**$ 11,445,012**	**$ 12,568,498**
Expenses ①						
Personnel and Benefits	$ 4,035,776	$ 2,967,235	$ 3,956,315	$ 4,206,895	$ 4,437,930	$ 4,600,986
Maintenance	1,322,814	1,113,519	1,484,693	1,322,441	2,793,520	2,226,054
Operations	2,149,640	1,496,332	1,995,109	2,995,307	2,872,963	2,660,625
Administration	1,630,910	947,006	1,262,674	1,334,023	1,841,766	1,434,640
Construction	139,968	186,620	248,827	-	472,502	432,569
	$ 9,279,108	$ 6,710,712	$ 8,947,618	$ 9,858,666	$ 12,418,681	$ 11,354,874
Emergency Expenses						
Maintenance	$ 328,019	$ 134,859	$ 179,812	$ 224,979	$ 136,321	$ 636,102
Operations	727,835	452,466	603,288	1,125,625	906,512	473,400
FEMA OPERATING EXPENSES	$ 1,055,854	$ 587,325	$ 783,100	$ 1,350,604	$ 1,042,833	$ 1,109,502
Expected FEMA/Cal-EMA Grants	(1,047,586)	(790,971)	(1,054,628)	(1,266,194)	(977,656)	(969,498)
	$ 8,268	$ (203,646)	$ (271,528)	$ 84,410	$ 65,177	$ 140,004
Debt Services						
SRF Principal	$ 455,406	$ 9,523	$ 477,796	$ 9,281	$ 455,647	$ 486,883
SRF Interest	96,679	1,874	304,308	2,116	283,126	295,221
	$ 552,085	$ 11,397	$ 782,104	$ 11,397	$ 738,773	$ 782,104
Total Operations & Maintenance Expenses with Debt Services	**$ 9,839,461**	**$ 6,518,463**	**$ 9,458,194**	**$ 9,954,473**	**$ 13,222,631**	**$ 12,276,982**
Operations & Maintenance Net Surplus or (Deficit)	**$ 1,928,468**	**$ 1,827,382**	**$ 1,669,599**	**$ 1,918,063**	**$ (1,777,619)**	**$ 291,516**

Note: This statement includes a sub-fund of Repairs and Replacements.

① Please see detailed expense information at page 26.

Victor Valley Wastewater Reclamation Authority
Budget Statement of Capital Fund
Fiscal Year 2014-2015

	2013 Actual $3,750/EDU	2014 Actual as of 3/31/14	2014 Projected to the Year End	2013 Budget $3,750/EDU①	2014 Budget $3,750/EDU①	2015 Budget $4,000/EDU①
Revenues						
Connection Fees	$ 1,620,728	$ 1,133,827	$ 1,511,769	$ 1,715,000	$ 1,700,000	$ 2,040,000
Interest	23,236	13,546	18,061	-	-	12,000
Grant - FEMA/Cal-EMA	-	2,439,297	3,252,396	-	12,000,000	17,172,344
Grant - Water Recycling	-	-	-	-	-	1,166,676
Grant - SRF Forgiveness	3,000,000	-	-	-	-	-
Grant - Title 16	121,366	31,185	41,580	-	-	1,492,630
	$ 4,765,330	$ 3,617,855	$ 4,823,806	$ 1,715,000	$ 13,700,000	$ 21,883,650
Other Financing Sources						
SRF Loan Funding	$ 2,040,470	$ -	$ -	$ 5,500,000	$ 27,717,964	$ 30,174,871
	$ 2,040,470	$ -	$ -	$ 5,500,000	$ 27,717,964	$ 30,174,871
Total Capital Revenues and Other Financing Sources	**$ 6,805,800**	**$ 3,617,855**	**$ 4,823,806**	**$ 7,215,000**	**$ 41,417,964**	**$ 52,058,521**
Expenses						
Personnel and Benefits	$ 350,937	$ 258,021	$ 344,027	$ 356,785	$ 392,309	$ 392,862
Maintenance	54,210	-	-	-	-	7,000
Operations	19,677	-	-	-	50,000	171
Administration	61,948	70,948	94,597	35,285	-	-
Construction	211,574	1,272,491	4,772,491	9,747,285	41,379,440	50,083,012
	$ 698,346	$ 1,601,460	$ 5,211,115	$ 10,139,355	$ 41,821,749	$ 50,483,045
Debt Services						
SRF Principal	$ 1,029,937	$ 900,329	$ 1,056,420	$ 881,265	$ 1,049,037	$ 1,078,892
SRF Interest	204,239	112,123	292,155	210,408	285,095	269,685
	$ 1,234,176	$ 1,012,452	$ 1,348,575	$ 1,091,673	$ 1,334,132	$ 1,348,577
Total Capital Expenses with Debt Services	**$ 1,932,522**	**$ 2,613,912**	**$ 6,559,690**	**$ 11,231,028**	**$ 43,155,881**	**$ 51,831,622**
Capital Net Surplus or (Deficit)	**$ 4,873,278**	**$ 1,003,943**	**$ (1,735,884)**	**$ (4,016,028)**	**$ (1,737,917)**	**$ 226,899**

① EDU = Equivalent Dwelling Unit (245 gallons/day or 20 fixture units)

VVWRA will start the construction of sub-regional water reclamation plants in the City of Hesperia and the Town of Apple Valley during FY 2015. The construction costs of these plants are estimated as $38 million and $28 million, respectively. VVWRA is funding the majority cost of these projects through loans from State Revolving Fund by the State Water Resources Control Board (SWRCB) and the remaining through Title 16 and Water Recycling grants. The loans will not impact the current operating budget, for the loan repayment process begins one year after the completion of the plant construction. We predict the construction will complete at the end of June 2016.

The future impact of these capital projects on VVWRA's operating budget is significant, as the loan repayment liability will increase by over 100% during the loan terms. In order to maintain the required debt payment reserve level, VVWRA has raised the user charge and connection fee rates. This reserve level will enable us to comply with the SWRCB's debt coverage ratio requirement of 1.2 or better. The user charge will gradually increase by 9% per year from FY 2015 through 2017 and by 7% in FY 2018. Comparatively, the connection fee will increase by 6.7% in FY 2015 and remain the next three years. Please refer to the table below for the rate change.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
User Charge ($/MG)	$2,528.00	$2,756.00	$3,004.00	$3,274.00	$3,503.00
Connection Fee ($/EDU)	$3,750.00	$4,000.00	$4,000.00	$4,000.00	$4,000.00

These rates will also absorb the additional operation and maintenance costs at the water reclamation plants in future years.

Victor Valley Wastewater Reclamation Authority
Operations and Maintenance Fund – Expenses Other Than Emergency Expenses
Fiscal Year 2014-2015

	2013 Actual $2,528/MG	2014 Actual as of 3/31/2014	2014 Projected to the Year End	2013 Budget $2,528/MG	2014 Budget $2,528/MG	2015 Budget $2,756/MG
Personnel Expenses Allocations ①						
Allocation to Maintenance	$ 1,052,811	$ 741,809	$ 989,079	$ 1,098,755	$ 1,116,891	$ 1,046,443
Allocation to Operations	1,886,287	1,451,365	1,935,154	1,953,846	2,160,830	2,300,596
Allocation to Administrations	1,096,678	774,061	1,032,082	1,154,294	1,160,209	1,253,947
	$ 4,035,776	$ 2,967,235	$ 3,956,315	$ 4,206,895	$ 4,437,930	$ 4,600,986
Maintenance Expenses						
Maintenance Equipment	$ 683,749	$ 436,548	$ 582,064	$ 485,141	$ 679,467	$ 703,200
Instrumentation	202,959	264,026	352,035	409,000	659,203	568,214
Total Grounds Maintenance & Landscaping	223,989	308,843	411,791	183,300	966,750	488,790
Vehicle Repairs	63,122	53,952	71,936	47,000	96,600	141,100
Interceptor Sewer Maintenance	109,744	32,688	43,584	140,000	326,000	260,000
Maintenance Safety Equipment	22,450	13,556	18,075	50,000	50,000	54,000
Misc. Maintenance Expense	16,801	3,906	5,208	8,000	15,500	10,750
	$ 1,322,814	$ 1,113,519	$ 1,484,693	$ 1,322,441	$ 2,793,520	$ 2,226,054
Operations Expenses						
Process Chemicals	$ 426,702	$ 151,746	$ 202,328	$ 483,550	$ 373,900	$ 219,900
Utilities	1,005,070	820,746	1,094,328	1,718,564	1,586,566	1,548,400
Trash and Sludge	106,919	55,766	74,355	119,300	127,050	121,050
Fuel and Lubricants	186,596	80,926	107,901	104,000	98,800	113,000
Lab Supplies and Services	77,898	81,257	108,343	135,700	146,130	164,700
Outside Lab Services	154,009	100,135	133,513	137,250	182,650	187,400
Safety Equipment	30,567	16,336	21,781	38,961	71,385	90,876
Custodial Services and Supplies	43,973	26,717	35,623	46,782	46,782	59,299
Equipment Rental	22,472	21,335	28,447	23,500	32,200	46,300
Uniforms	33,211	23,872	31,829	27,500	35,500	20,000
Security	15,487	7,162	9,549	30,200	69,000	8,500
Permits	38,359	110,334	147,112	130,000	68,000	81,200
Misc. Operating Expense	8,377	-	-	-	35,000	-
	$ 2,149,640	$ 1,496,332	$ 1,995,109	$ 2,995,307	$ 2,872,963	$ 2,660,625
Administrations Expenses						
Telephone and Communications	$ 100,685	$ 84,297	$ 112,396	$ 99,760	$ 85,560	$ 96,500
Computer Supplies	65,156	45,323	60,431	122,000	62,000	45,000
Office Supplies	73,645	61,912	82,549	51,025	72,950	72,450
Travel, Meeting, Training	95,364	56,052	74,736	138,686	130,921	185,060
Employee and Community Events	11,796	11,821	15,761	14,860	36,640	14,609
Membership, Fees, Licenses	56,144	34,649	46,199	33,875	34,200	26,950
Professional Services	355,812	157,390	209,853	185,505	373,239	361,580
Legal Services and Fees	393,219	242,830	323,773	248,000	228,000	250,000
Temporary Labor	79,090	75,437	100,583	49,312	34,000	20,000
Bond & Liability Insurance	172,923	94,818	126,424	200,000	150,000	100,000
Finance Fees	106	69	92	-	-	-
Misc. Administration Expense	68,191	5,772	7,696	25,000	55,000	-
Permit Fees	104,835	28,269	37,692	110,000	195,500	224,000
Rent	53,944	48,367	64,489	56,000	61,150	38,491
Supplemental Environmental Project Payment	-	-	-	-	322,606	-
	$ 1,630,910	$ 947,006	$ 1,262,674	$ 1,334,023	$ 1,841,766	$ 1,434,640
Construction Expenses	$ 139,968	$ 186,620	$ 248,827	$ -	$ 472,502	$ 432,569
Total Operations and Maintenance Fund Expenses Before Emergency	**$ 9,279,108**	**$ 6,710,712**	**$ 8,947,618**	**$ 9,858,666**	**$ 12,418,681**	**$ 11,354,874**

① Please see Allocations of Personnel Expenses at page 27.

Victor Valley Wastewater Reclamation Authority
Allocations of Personnel Expenses
Fiscal Year 2014-2015

	2013 Actual $2,528/MG	2014 Actual as of 3/31/2014	2014 Projected to the Year End	2013 Budget $2,528/MG	2014 Budget $2,528/MG	2015 Budget $2,756/MG
Operations and Maintenance Salary Expenses						
Regular Salaries	$ 2,980,836	$ 2,198,329	$ 2,931,105	$ 3,056,043	$ 3,121,847	$ 3,247,663
Overtime	163,808	118,097	157,463	139,500	143,750	124,250
Call-Out Pay	29,944	29,330	39,107	23,900	32,000	33,000
Salaries Expense - Capital	(253,967)	(187,661)	(250,214)	(257,555)	(263,808)	(267,967)
	$ 2,920,621	$ 2,158,095	$ 2,877,461	$ 2,961,888	$ 3,033,789	$ 3,136,946
Operations and Maintenance Benefit Expenses						
Longevity	$ -	$ -	$ -	$ 34,193	$ 34,502	$ 29,975
Vehicle Allowance	-	-	-	-	-	12,046
Sick Leave Buy Back	7,116	-	-	25,965	35,000	35,000
Medicare	46,051	34,243	45,657	47,531	45,741	47,321
PERS / Health Insurance	347,838	244,475	325,967	287,710	288,638	294,754
Dental / Vision Insurance	20,814	18,136	24,181	27,708	27,797	27,807
Workers Comp Insurance	42,379	31,712	42,283	108,722	95,841	99,464
PERS / Retirement	619,724	471,615	628,820	725,194	768,311	804,519
Life Insurance	5,924	8,484	11,312	16,333	16,684	17,315
Unemployment Insurance	20,067	19,005	25,340	13,753	15,134	14,206
Disability Insurance	18,482	18,330	24,440	30,472	22,069	22,903
Misc Personnel Expense	17,968	33,500	44,667	26,656	6,425	7,125
OPEB Expense	65,762	-	-	-	176,500	176,500
Benefits Expense - Capital	(96,970)	(70,360)	(93,813)	(99,230)	(128,501)	(124,895)
	$ 1,115,155	$ 809,140	$ 1,078,854	$ 1,245,007	$ 1,404,141	$ 1,464,040
Capital Salary and Benefits Expenses						
Salaries	$ 253,967	$ 187,661	$ 250,214	$ 257,555	$ 263,808	$ 267,967
Benefits	96,970	70,360	93,813	99,230	128,501	124,895
	$ 350,937	$ 258,021	$ 344,027	$ 356,785	$ 392,309	$ 392,862
Total Personnel Expenses	**$ 4,386,713**	**$ 3,225,256**	**$ 4,300,342**	**$ 4,563,680**	**$ 4,830,239**	**$ 4,993,848**
Allocations of Personnel Expenses						
1. Allocations to Operations and Maintenance Fund						
To Maintenance Department	$ (1,052,811)	$ (741,809)	$ (989,079)	$ (1,098,755)	$ (1,116,891)	$ (1,046,443)
To Operations Department	(1,886,287)	(1,451,365)	(1,935,154)	(1,953,846)	(2,160,830)	(2,300,596)
To Administration (other departments except Construction)	(1,096,678)	(774,061)	(1,032,082)	(1,154,294)	(1,160,209)	(1,253,947)
	$ (4,035,776)	$ (2,967,235)	$ (3,956,315)	$ (4,206,895)	$ (4,437,930)	$ (4,600,986)
2. Allocation To Capital Fund						
To Construction Department	$ (350,937)	$ (258,021)	$ (344,027)	$ (356,785)	$ (392,309)	$ (392,862)
Personnel Expenses After Allocations	$ -	$ -	$ -	$ -	$ -	$ -

Victor Valley Wastewater Reclamation Authority
High Strength Surcharge
Fiscal Year 2014-2015

User Charges from Member Agencies	$ 12,071,280
Unit User Charge per MG	**$2,756.00**
Estimated Treatment Flow (MG)	4,380

	① Influent mg/l	Influent lbs/day	① Effluent mg/l	Effluent lbs/day	Removal lbs/day	Removal lbs/year	Percent of Cost	Removal Cost/lb	Unit Cost $
BOD	391.00	39,131	4.00	400	38,731	14,136,800	35.0%	$4,224,948	$0.2989
TSS	355.79	35,607	2.21	221	35,386	12,915,995	25.0%	$3,017,820	$0.2336
NH3	34.19	3,422	0.30	30	3,392	1,237,975	30.0%	$3,621,384	$2.9252
Annual Flow - MG per Day									
4,380 MG / 365 days		12.00					10.0%	$1,207,128	
							100.0%	$12,071,280	

	BOD $/lb	TSS $/lb	NH3 $/lb
Surcharge Rates:	**$0.2989**	**$0.2336**	**$2.9252**
Applied to Concentrations Above:	**200 mg/l**	**250 mg/l**	**20 mg/l**

FORMULAS

lbs/day = flow (mgd) x concentration (mg/l) x weight of water (8.34 lbs/gal)

BOD

Influent	(flow mgd) x (influent mg/l) x 8.34 lbs/gal = lbs/day
Effluent	(flow mgd) x (effluent mg/l) x 8.34 lbs/gal = lbs/day

TSS

Influent	(flow mgd) x (influent mg/l) x 8.34 lbs/gal = lbs/day
Effluent	(flow mgd) x (effluent mg/l) x 8.34 lbs/gal = lbs/day

NH3

Influent	(flow mgd) x (influent mg/l) x 8.34 lbs/gal = lbs/day
Effluent	(flow mgd) x (effluent mg/l) x 8.34 lbs/gal = lbs/day

REMOVAL

Per day:	Influent lb/day - Effluent lb/day = Removal lbs/day
Per year:	Removal lb/day x 365 = Removal lb/year

REMOVAL COST

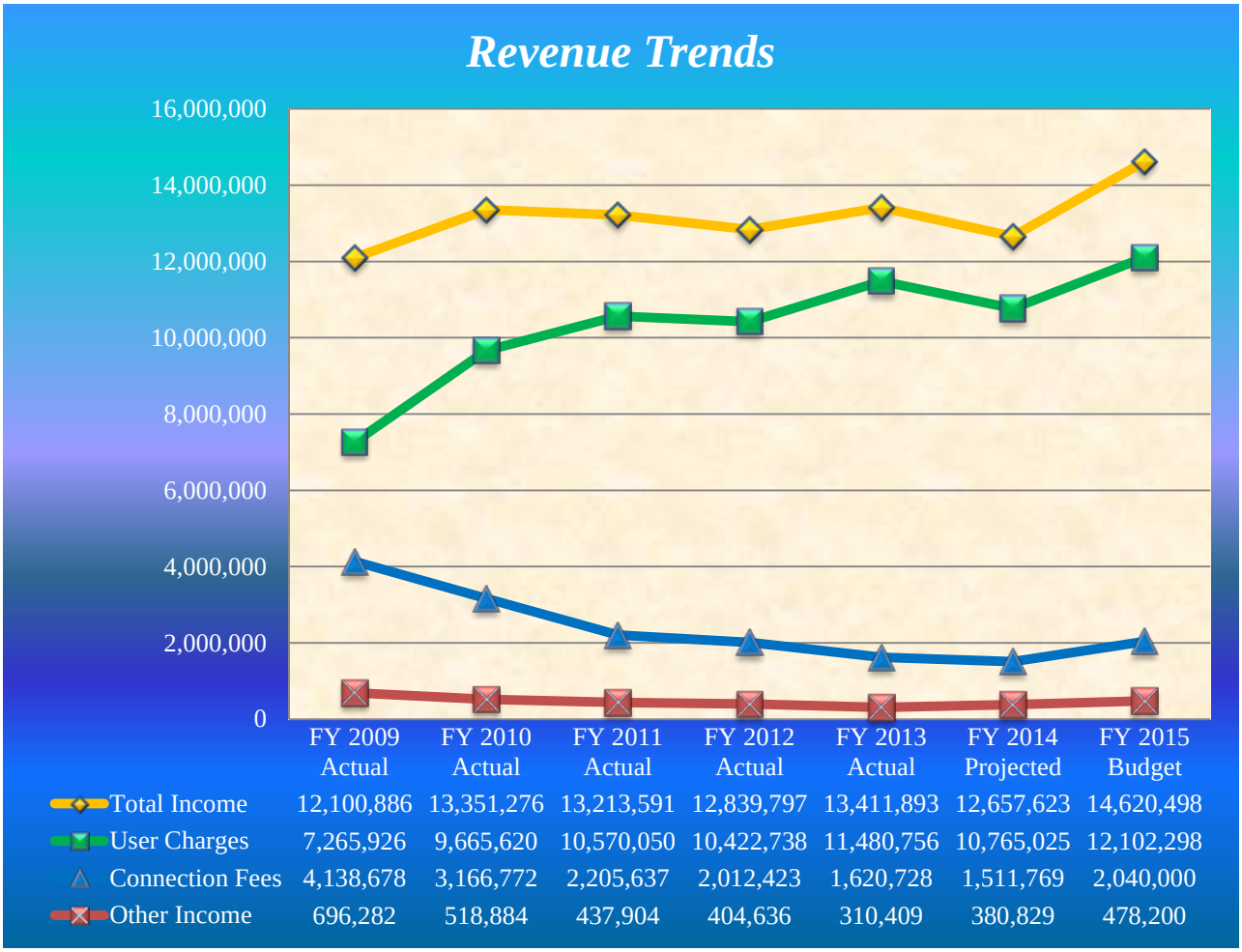
Per lb:	Total user cost x 35% = Removal cost/lb
Per unit:	Removal cost/lb / Removal lb/year

① From 2013 Annual Discharge Monitoring Report.

Victor Valley Wastewater Reclamation Authority
Revenue Trend Analysis
Fiscal Year 2014-2015

Revenue Analysis

Victor Valley Wastewater Reclamation Authority is recovering from the decrease of operating revenues since FY 2009. Connection fee revenues have decreased from $4.1 million in FY 2009 to a budgeted figure of $2.0 million in FY 2015 caused by fewer new housing developments in the service areas. In addition of the user fee and connection fee increase at the beginning of FY 2015, the overall revenues are expected to increase from $12.1 million in FY 2009 to $14.6 million in FY 2015.



	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2015 Budget
Total Income	12,100,886	13,351,276	13,213,591	12,839,797	13,411,893	12,657,623	14,620,498
User Charges	7,265,926	9,665,620	10,570,050	10,422,738	11,480,756	10,765,025	12,102,298
Connection Fees	4,138,678	3,166,772	2,205,637	2,012,423	1,620,728	1,511,769	2,040,000
Other Income	696,282	518,884	437,904	404,636	310,409	380,829	478,200

Source: VVWRA FY = Fiscal Year ended June 30

Other income includes high strength surcharges, septage charges, reclaimed water sales, industrial pretreatment permits, and interest income. Grants are excluded in this analysis during FY 2011 through FY 2015.

The economic downturn has made a significant impact on VVWRA's connection fee revenues. Due to slow increase in the quantity of wastewater from member agencies and increased operating costs, VVWRA adjusted its user charges and connection fees during FY 2015 to mitigate the impact of the revenue reduction and increased regulatory expenses. How to handle the substantial decline in connection fees is another hurdle to face in near future.

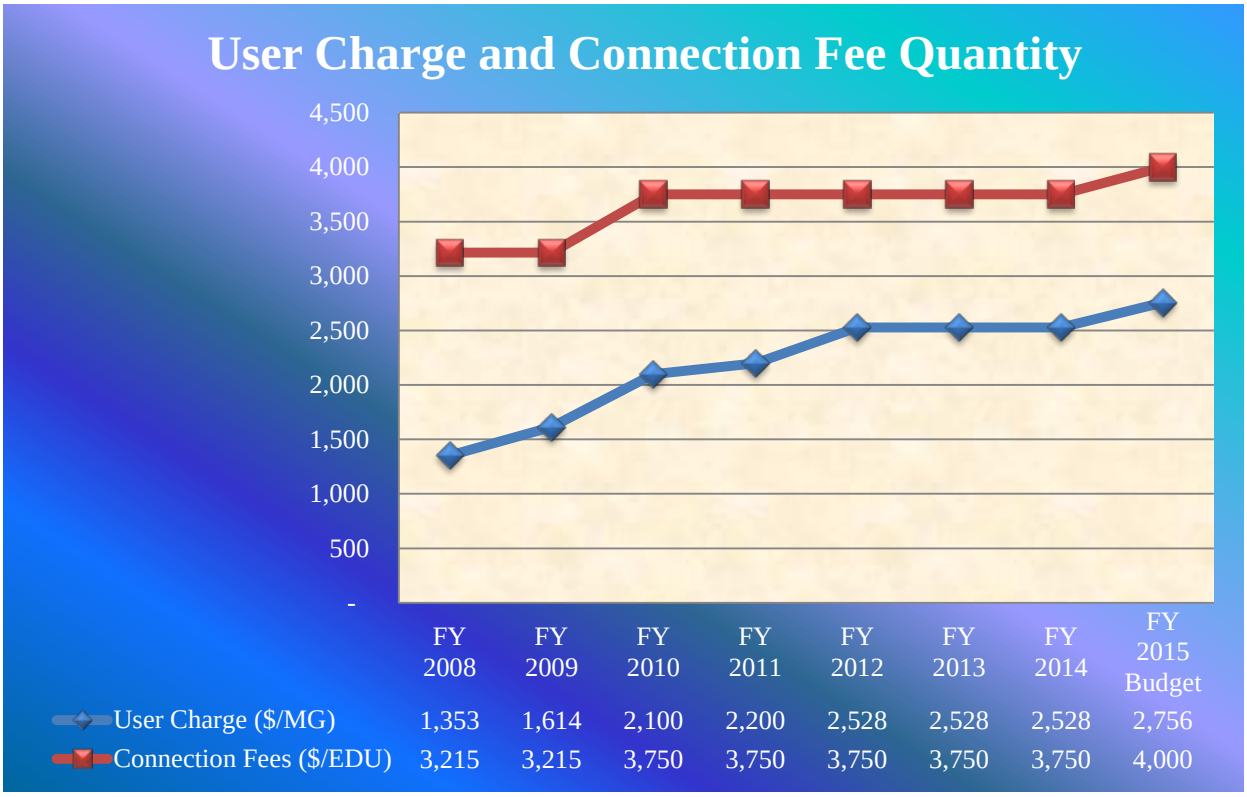
Victor Valley Wastewater Reclamation Authority
Revenue Trend Analysis
Fiscal Year 2014-2015

Revenue Analysis (Continued)

Both user charges and connection fees are determined multiplying quantity received by unit prices.

The connection fees are calculated based on sewage quantity discharged by a single family home for a period of twenty four hours. This single family home unit is referred to as one equivalent dwelling unit (EDU).

The Board of Commissioners reserves the right to change the rates of user charge and connection fee from time to time as necessary to fund its operations, maintenance, repairs, replacements, and expansion of the regional system.



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Budget
User Charge ($/MG)	1,353	1,614	2,100	2,200	2,528	2,528	2,528	2,756
Connection Fees ($/EDU)	3,215	3,215	3,750	3,750	3,750	3,750	3,750	4,000

Source: VVWRA FY = Fiscal Year ended June 30

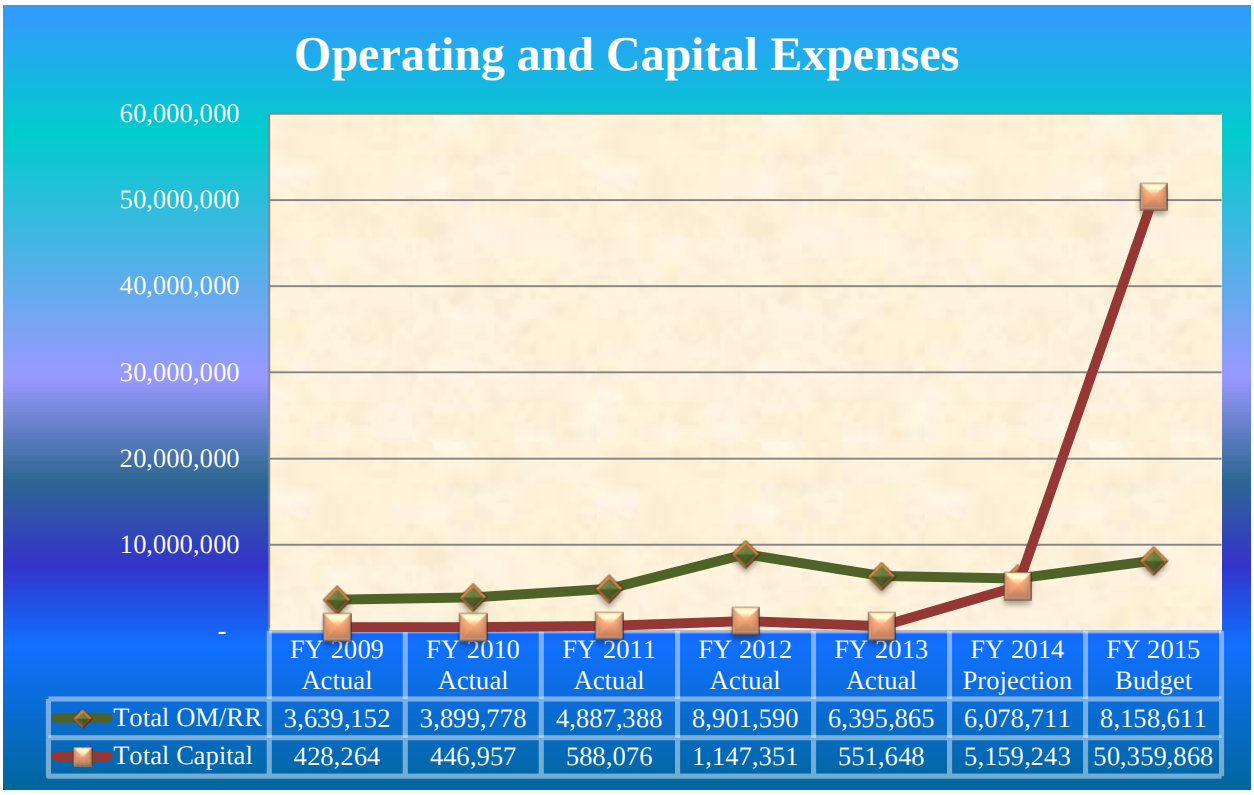
In order to fund various construction projects, VVWRA utilizes Clean Water State Revolving Fund (SRF). The SRF loans are to be paid back over 20 years with a relatively low interest rate. We have budgeted anticipated SRF loans of $30,174,871 for FY 2015 as other financing sources.

Victor Valley Wastewater Reclamation Authority
Expense Trend Analysis
Fiscal Year 2014-2015

Expense Analysis

Capital expenditures have remained at a steady level from FY 2009 to FY 2010 due to relatively low construction activities. Capital expenditures have risen slightly during FY 2011, when VVWRA constructed an emergency temporary pipeline over the Mojave River that was damaged during the December 2010 storm. Although this storm was declared as a natural disaster by President Obama in January 2011, the graph below does not reflect grants given or expected to be obtained from Federal Emergency Management Agency and California Office of Emergency Services. The capital expenditures continued to increase during FY 2012 due to the construction of an ultraviolet light disinfection facility for the regulatory compliance upgrade project. The FY 2013 capital expenditures came down almost to the level of 2011. The FY 2014 projected capital expenditures include $4.5 million construction costs of Upper Narrows replacement project and $500 thousand engineering cost for the sub-regional plants. For FY 2015 we have budgeted $50.4 million for construction of Phase III-B, Lab/Admin building, Nanticoke, Upper Narrow replacement and sub-regional projects. Please refer to page 42.

The years from FY 2009 to FY 2010 were a period of stability prior to the facility capacity expansions coming online. The FY 2011 operating expenses increased when these facilities started operations. The FY 2012 operating expense reflects emergency operation costs without offsetting it by grants. The operating expenses during FY 2013 through FY 2015 are due to an increase in electricity cost when VVWRA has replaced the chemical disinfection process with the ultraviolet disinfection process.



	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projection	FY 2015 Budget
Total OM/RR	3,639,152	3,899,778	4,887,388	8,901,590	6,395,865	6,078,711	8,158,611
Total Capital	428,264	446,957	588,076	1,147,351	551,648	5,159,243	50,359,868

Source: VVWRA - This graph excludes personnel costs. *FY = Fiscal Year ended June 30*

Victor Valley Wastewater Reclamation Authority
Expense Trend Analysis
Fiscal Year 2014-2015

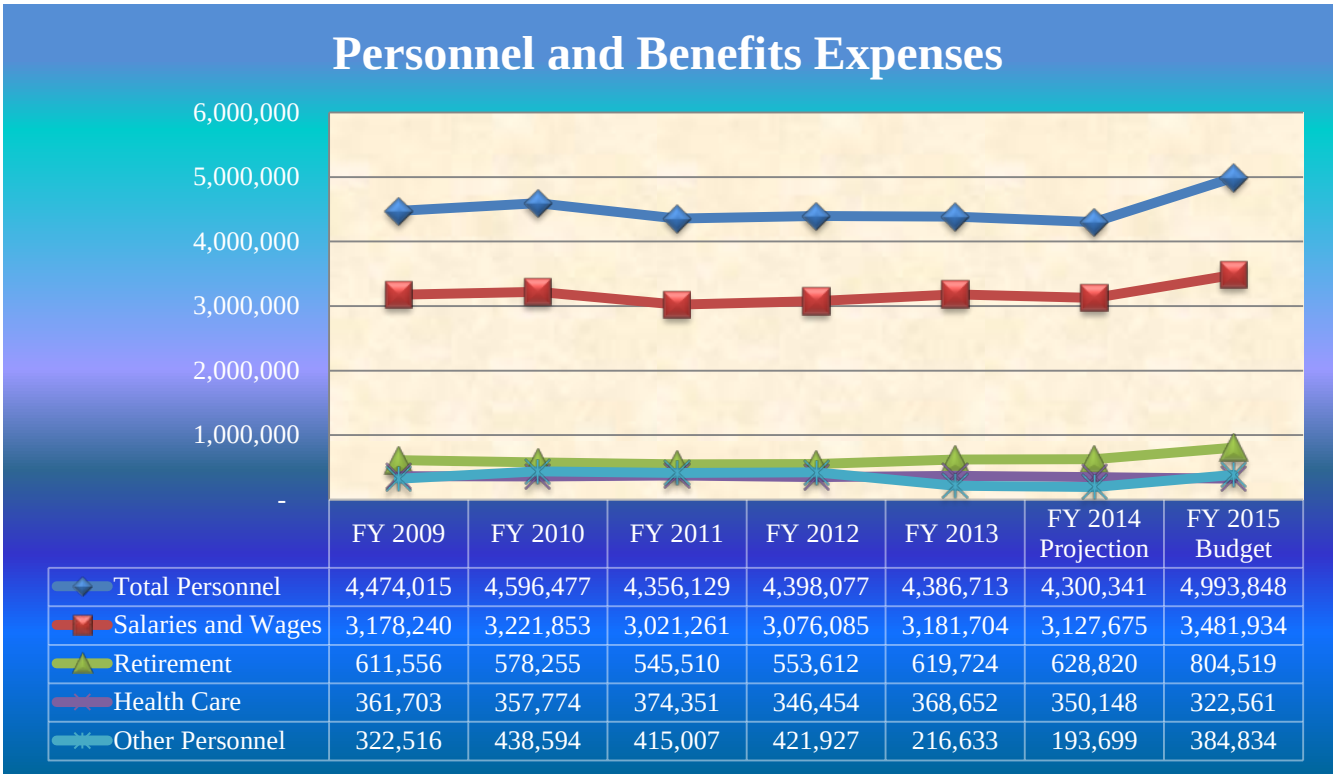
Expense Analysis (Continued)

Personnel costs have remained relatively stable from FY 2009 through FY 2014. Although personnel costs show stability over the six years, they are predicted to rise in FY 2015 including a 1.0% CPI addition and retirement contribution increase.

Cal PERS retirement cost has increased from $628,820 in FY 2014 to $804,519 in FY 2015 due to an adjusted rate by Cal PERS.

The health care cost has been kept at about the same level with slightly lower cost in FY 2015 budget utilizing a lower life insurance premium rate.

Other personnel costs include OPEB costs, Medicare, workers comp insurance, life insurance, unemployment insurance, disability insurance and miscellaneous personnel expense, such as payroll processing fees.

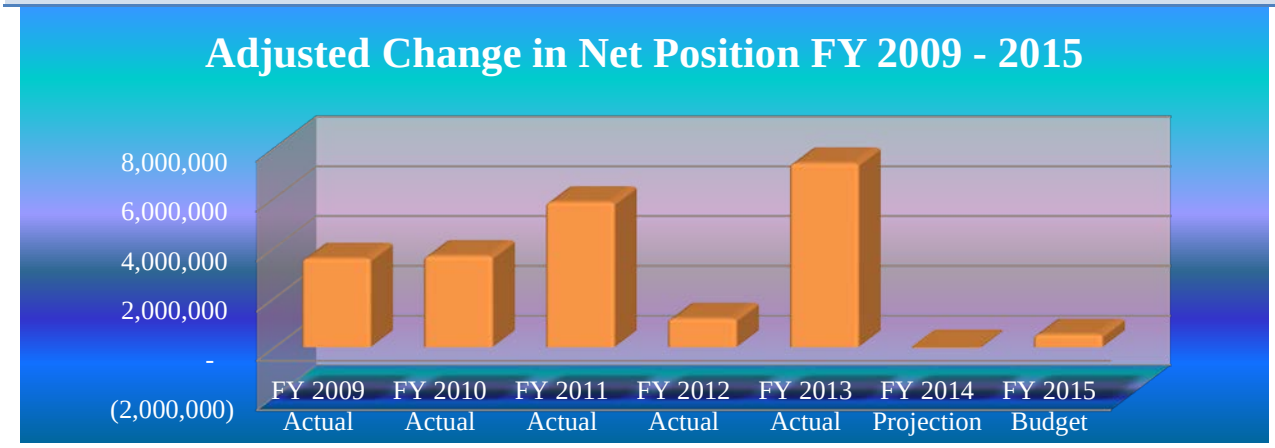


	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 Projection	FY 2015 Budget
Total Personnel	4,474,015	4,596,477	4,356,129	4,398,077	4,386,713	4,300,341	4,993,848
Salaries and Wages	3,178,240	3,221,853	3,021,261	3,076,085	3,181,704	3,127,675	3,481,934
Retirement	611,556	578,255	545,510	553,612	619,724	628,820	804,519
Health Care	361,703	357,774	374,351	346,454	368,652	350,148	322,561
Other Personnel	322,516	438,594	415,007	421,927	216,633	193,699	384,834

Source: VVWRA. FY = Fiscal Year ended June 30

Victor Valley Wastewater Reclamation Authority
History of Change in Net Position
Fiscal Year 2014-2015

FY = Fiscal Year	Beginning Net Position	Change in Net Position per CAFR *=Per Budget	Ending Net Position	Interest Amortization and Depreciations Expense	Adjusted Change in Net Position	Adjusted Ending Net Position
FY 2009 Actual	107,428,171	(902,795)	106,525,376	4,462,249	3,559,454	110,084,830
FY 2010 Actual	106,525,376	(2,000,490)	104,520,886	5,664,279	3,659,789	108,180,675
FY 2011 Actual	104,520,886	152,113	104,672,999	5,674,684	5,826,797	110,499,796
FY 2012 Actual	104,672,999	(4,456,740)	100,216,259	5,620,847	1,164,107	101,380,366
FY 2013 Actual	100,216,259	485,853	100,702,112	6,910,685	7,396,538	108,098,650
FY 2014 Projection	100,702,112	(66,284)*	100,635,828	-	(66,284)	100,569,544
FY 2015 Budget	100,635,828	518,415*	101,154,243	-	518,415	101,672,658



Source: VVWRA *FY = Fiscal Year ended June 30*

History of change in net position

VVWRA's change in net position, or the total revenues over total expenses, has decreased dramatically from FY 2009 to FY 2014. The decrease is due to the sharp decline of connection fee revenue from member agencies. The connection fee is a fee paid by a new system discharger (houses, businesses, etc.) for the costs of capacity in the regional wastewater system. VVWRA's connection fee revenue is directly related to the housing market growth in the service areas. VVWRA's connection fee revenue has decreased by 61%, from $4,138,678 in FY 2009 to $1,620,728 in FY 2013, while the operating expenses have increased by 21%, from $8,263,574① (without considering depreciation expense) in FY 2009 to $9,997,454① (without depreciation expense) in FY 2013. The FY 2014 and FY 2015 budgets reflect facility construction costs to fulfill regulatory compliance and other various construction projects to expand the capacity of facilities and pipelines. Please see detailed discussions on capital improvement projects anticipated during FY 2015 and beyond at page 34. To make the actual CAFR net position more comparative to budget net position, non-cash depreciation and amortized interest expenses were added back to FY 2009 through FY 2013 actual net position.

① CAFR operating expenses less depreciation expense.

Section V: Capital Projects and Debts

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs – Overview and Project Descriptions
Fiscal Year 2014-2015

Overview

The Capital Improvement Programs (CIP) on pages 37, 38, and 39 start with the new and continued capital projects funded in fiscal year (FY) 2013 budget. The presented budget includes a new format for the presentation of the CIP that more accurately allocates resources and prioritizes the projects in four categories. These project categories include Wastewater Treatment, Interceptor, Energy Efficiency, and Information Technology.

These pages include all the project details and cash outflows for five years starting FY 2013. These pages focus on the Projects, the Funds and the type of Project Financing. To further clarify the cash resources of VVWRA, the Cash Allocation on page 40 was developed based on the prior year cash balance from Comprehensive Annual Financial Report (CAFR). This sheet details the available cash in the capital and operating funds at the beginning of the FY 2014. Further, the Funding from State Revolving Funds (Reimbursement of Capital Cash Planning Expenses) on page 41 was created to identify projects to be expended during the planning phase. Our anticipation is that these expenditures could be reimbursed to us by the State Revolving Fund loans once the funding is approved. The following pages 42 and 43 summarize all the capital projects and related monthly cash flows for the projected years. Finally, the page 44 shows when our existing four State Revolving Fund loans mature with annual payment amounts and the page 45 describes how the funding will be applied during FY 2015 and FY 2016.

The capital expenditures include the CIP's, such as construction projects and major capital acquisitions that have an extended life. In some instances, these costs also include studies undertaken related to anticipated future capital projects. Generally, the capital expenditures include capital replacement projects that repair, replace or enhance existing facilities, equipment, or infrastructure, thus significantly expanding the life of or adding more capacity to the facilities that VVWRA owns.

In this budget, the term CIP is used to describe capital expenditures including projects that are in fact construction in progress. Capital expenditures for the CIP are separate from operating expenses. The operating expenses relate to the operations to provide wastewater services that are usually under $5,000 with less than one year of useful life.

To accomplish multiple goals in parallel, the prospective projects as listed below are ranked by priorities for each category. The level of priority of each project is determined by the individual timing of the project.

Project Descriptions

Wastewater Treatment	
1	Laboratory Replacement Project; Replacement of obsolete laboratory and former administration building. Construction delayed due to cash flow issues associated with the Upper Narrows Emergency and completion of Phase IIIA.
2	Digesters 4 & 5 Supernatant Line; Digesters 4 & 5 currently require pumping to withdraw solids and it has to be timed with influent pumping and gas production/withdrawal. Replacement with a gravity system will reduce costs and improve operational reliability.

3	Drying Beds Repair and Drainage; During the summer of 2012 a heavy rainstorm caused significant damage to the bio-solids drying beds.
4	Westside Plant Phase III-B Regulatory; The WDR permit adopted in 2012 for the percolation ponds and drying beds requires that the bio-solids equalization basins be lined with an impermeable material. The Permit includes a timeline for completion of the project.
5	Westside Plant Spill Containment System; Several instances have occurred which allowed partially treated wastewater to inadvertently enter the storm drain system. Not all of it was able to be returned to the headworks thus reportable spills occurred. This project will create a valve and pipeline to redirect flows from the storm water system to the backwash basin.
6	Ultraviolet (UV) Containment Structure; Swallows are entering in to the UV disinfection system channels and roof. As a result VVWRA is in risk of a fecal coliform violation of its NPDES permit. This project would enclose the UV building.
7	Waste Activated Sludge (WAS) line to decant tank; The WAS line to the decant tank would allow high ammonia waste to be nitrified and denitrified by creating an aerobic digester out of the decant tank.
8	Equipment Storage Facility; Existing equipment is currently stored in the open where wind, sun and rain damage it.
9	Hesperia Subregional Water Reclamation Plant; Construction of a new water reclamation plant in the City of Hesperia.
10	Town of Apple Valley Water Reclamation Plant; Construction of a new water reclamation plant in the Town of Apple Valley.
Interceptor	
11	Apple Valley Golf Course Pump Station; Construction of a pump station for the Town of Apple Valley Golf Course as compensation for the easement for the water reclamation plant and percolation ponds.
12	Upper Narrows Interceptor Replacement; Construction of a permanent pipeline to replace the temporary pipeline through the Upper Narrows.
13	Nanticoke Pump Station (PS) bypass Sewer; Construction of a gravity interceptor to replace the obsolete Nanticoke Pump Station.
14	Ossum Wash; The double barrel interceptor that crosses Ossum Wash requires lining to ensure its structural integrity.
15	Oro Grande crossing of Mojave River; Replacement or lining of the interceptor in the Mojave River serving Oro Grande.
16	Apple Valley Interceptor Realignment, Tao Road; Elimination of two 90 degree interceptor bends at Tao road with 45 degree bends to reduce odor generation.
17	Yates Road sampling station; The Town of Apple Valley is constructing the Nisqualli Bridge which requires that the road be widened. The existing metering site needs to be relocated to accommodate the enlarged roadway.
18	Apple Valley Odor Control; An odor study was performed by V&A engineering in 2009. Before it could be acted upon the Upper Narrows Emergency occurred. Due to FEMA requirements it is necessary to delay all activities with this project until the Upper Narrows Interceptor Replacement Project is completed.
19	Apple Valley Interceptor Realignment, Desert Knolls Wash; San Bernardino County Flood Control intends to reconstruct desert knolls wash which will require VVWRA to realign its manholes in that area. It is anticipated that this project will coincide with the odor control project since they occur in the same vicinity.
20	North Hesperia Relief Interceptor; If the Board chooses not to pursue construction of the Hesperia Subregional then VVWRA would construct this interceptor. The minimal funds allocated would be to initiate the environmental process. The design was completed as part of

	a settlement agreement with RBF Engineering. Planning costs would be paid for with Capital Cash Reserves and construction with an SRF loan. If the Hesperia Subregional is constructed it is not anticipated that this project would be built within the next ten years.
21	Spring Valley Lake Relief Interceptor; If the Board chooses not to pursue construction of the Hesperia Subregional then VVWRA would construct this interceptor. The minimal funds allocated would be to initiate the environmental process. The design was completed as part of a settlement agreement with RBF Engineering. Planning costs would be paid for with Capital Cash Reserves and construction with an SRF loan. If the Hesperia Subregional is constructed it is not anticipated that this project would be built within the next ten years.
Energy Efficiency	
22	Digester Biogas to Energy Project; Project with Anaergia to use biogas to produce power. Funds that would have been paid to SCE for electricity will instead be used to pay Anaergia. The original cost estimate was approximately four million dollars due to the addition of additional engine and Pillar blower it is now closer to six million dollars. Anaergia will be paid $734,000.00 annually.
23	Fats, Oils and Grease (FOG) Treatment Project; Currently all FOG is hauled to other locations outside of VVWRA's service area. VVWRA could accept this waste and use existing digestion capacity to generate tipping fees and biogas for power production.
24	Aeration Energy Efficiency Project; The exact method for financing is to be determined however SCE's On Bill Financing Program at 0% interest appears to be the best option. This project will improve the oxygen transfer efficiency of the facility and reduce energy consumption.
25	Omnivore Pilot Study; This project is designed to thicken digester waste and produce additional biogas. The entire project is funded by Anaergia and an Innovative Technology Grant from the California Energy Commission. The project is anticipated to cost 2.6M
Information Technology	
26	Computerized Maintenance Management; A computer software program to integrate maintenance, purchasing and finance activities.
27	Easement Book; VVWRA does not have good records pertaining to its easements and their locations. This project would identify all existing easements and identify them on a map.
28	VVWRA Facilities Database Project; VVWRA's records, as built drawings, specifications etc. are stored in multiple locations on paper. This project is intended to digitize those documents and create a format whereby they would be easily accessible.

Omnivore Project

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs - Expenditures by Projects
Fiscal Year 2014-2015

VVWRA's capital improvement programs in the five year range allow VVWRA to utilize cutting-edge technologies to continue providing quality wastewater treatment services to the service areas. The anticipated capital projects can be classified into four general areas: Wastewater Treatment, Interceptor, Energy Efficient, and Information Technology. This "CIP Expenditures by Project" shows the projects in a priority order for each category. These projects are to be funded through one of the four sources: operating cash reserve, capital cash reserve, State Revolving Fund and private funds. Such funding is grouped together on the following page 38.

Priority	Project Number	Project Title	Estimated Capital Cost		FY 2013 Budget	FY 2013 Revised	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget
			Total	VVWRA						
Wastewater Treatment Projects										
1	1	Laboratory Building Replacement Project	$ 2,100,000	$ 2,100,000	$ -	$ -	$ 2,100,000	$ -	$ -	$ -
2	2	Digesters 4 and 5 Supernatant Line	75,000	75,000	-	-	75,000	-	-	-
3	3	Drying Beds Repair and Drainage	850,000	850,000	-	-	850,000	-	-	-
4	4	Westside Plant Phase III-B Regulatory	1,000,000	1,000,000	-	-	600,000	400,000	-	-
5	5	Westside Plant Spill Containment System	250,000	250,000	-	-	-	250,000	-	-
6	6	UV Containment Structure	85,000	85,000	-	-	85,000	-	-	-
7	7	WAS Line to Decant Tank	50,000	50,000	-	-	-	50,000	-	-
8	8	Equipment Storage Facility	100,000	100,000	-	-	100,000	-	-	-
9	9	Hesperia Subregional Water Reclamation	30,000,000	30,000,000	29,682,904	317,096	9,213,065	18,156,780	2,313,065	-
9	10	TOAV Subregional Water Reclamation	30,000,000	30,000,000	29,669,285	330,715	9,212,092	18,145,104	2,312,092	-
10	11	Apple Valley GC Pump Station	250,000	250,000	-	-	-	250,000	-	-
			$ 64,760,000	**$64,760,000**	**$59,352,189**	**$ 647,811**	**$22,235,157**	**$37,251,884**	**$ 4,625,157**	**$ -**
Interceptor Projects										
1	12	Upper Narrows Interceptor Replacement	$ 16,000,000	$ 1,040,000	$ 1,000,000	$ 138,211	$ 1,040,000	$ -	$ -	$ -
2	13	Nanticoke PS Bypass Sewer	5,700,000	5,700,000	4,500,000	1,498	5,700,000	-	-	-
3	14	Ossum Wash	420,000	420,000	-	-	-	420,000	-	-
4	15	Oro Grande Crossing of Mojave River	600,000	600,000	-	-	100,000	500,000	-	-
5	16	Apple Valley Interceptor Realignment	60,000	60,000	60,000	60,000	-	-	-	-
6	17	Yates Road Sampling Station	75,000	67,500	-	-	67,500	-	-	-
7	18	Apple Valley Odor Control	650,000	650,000	-	-	-	100,000	50,000	500,000
8	19	Apple Valley Interceptor Realignment	300,000	300,000	-	-	-	100,000	50,000	150,000
9	20	North Hesperia Relief Interceptor	4,500,000	4,500,000	-	-	50,000	50,000	-	-
10	21	Spring Valley Lake Relief Interceptor	2,800,000	2,800,000	-	-	50,000	50,000	-	-
			$ 31,105,000	**$16,137,500**	**$ 5,560,000**	**$ 199,709**	**$ 7,007,500**	**$ 1,220,000**	**$ 100,000**	**$ 650,000**
Energy Efficiency Projects										
1	22	Digesters Biogas to Energy Project	$ 4,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	23	FOG Treatment Project	100,000	100,000	-	-	100,000	-	-	-
3	24	Aeration Energy Efficiency Project	2,500,000	2,500,000	-	-	100,000	2,400,000	-	-
4	25	Omnivore Pilot Study	3,000,000	-	-	-	-	-	-	-
			$ 9,600,000	**$ 2,600,000**	**$ -**	**$ -**	**$ 200,000**	**$ 2,400,000**	**$ -**	**$ -**
Information Technology Projects										
1	26	Computerized Maintenance Management	$ 100,000	$ 100,000	$ -	$ 20,000	$ 80,000	$ -	$ -	$ -
2	27	Easement Book	50,000	10,000	10,000	10,000	-	-	-	-
3	28	VVWRA Facilities Database Project	75,000	75,000	-	-	-	75,000	-	-
			$ 225,000	**$ 185,000**	**$ 10,000**	**$ 30,000**	**$ 80,000**	**$ 75,000**	**$ -**	**$ -**
			$105,690,000	**$83,682,500**	**$64,922,189**	**$ 877,520**	**$29,522,657**	**$40,946,884**	**$ 4,725,157**	**$ 650,000**

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs - Expenditures by Funds
Fiscal Year 2014-2015

Priority	Project Number	Project Title	Estimated Capital Cost Total	Estimated Capital Cost VVWRA	FY 2013 Budget	FY 2013 Revised	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget
Operation and Maintenance Fund include Repair and Replacement										
		Operation and Maintenance								
2	2	Digesters 4 and 5 Supernatant Line	$ 75,000	$ 75,000	$ -	$ -	$ 75,000	$ -	$ -	$ -
3	3	Drying Beds Repair and Drainage Improvements	850,000	850,000	-	-	850,000	-	-	-
5	5	Westside Plant Spill Containment System	250,000	250,000	-	-	-	250,000	-	-
7	7	WAS Line to Decant Tank	50,000	50,000	-	-	-	50,000	-	-
1	26	Computerized Maintenance Management System	100,000	100,000	-	20,000	80,000	-	-	-
2	27	Easement Book	50,000	10,000	10,000	10,000	-	-	-	-
3	28	VVWRA Facilities Database Project	75,000	75,000	-	-	-	75,000	-	-
			$ 1,450,000	**$ 1,410,000**	**$ 10,000**	**$ 30,000**	**$ 1,005,000**	**$ 375,000**	**$ -**	**$ -**
		Repair and Replacement								
3	14	Ossum Wash	$ 420,000	$ 420,000	$ -	$ -	$ -	$ 420,000	$ -	$ -
4	15	Oro Grande Crossing of Mojave River	600,000	600,000	-	-	100,000	500,000	-	-
5	16	Apple Valley Interceptor Realignment Tao Road	60,000	60,000	60,000	60,000	-	-	-	-
6	17	Yates Road Sampling Station	75,000	67,500	-	-	67,500	-	-	-
8	19	Apple Valley Interceptor Realignment Desert Knolls Wash	300,000	300,000	-	-	-	100,000	50,000	150,000
9	20	North Hesperia Relief Interceptor	4,500,000	4,500,000	-	-	50,000	50,000	-	-
10	21	Spring Valley Lake Relief Interceptor	2,800,000	2,800,000	-	-	50,000	50,000	-	-
3	24	Aeration Energy Efficiency Project	2,500,000	2,500,000	-	-	100,000	2,400,000	-	-
			$ 11,255,000	**$ 11,247,500**	**$ 60,000**	**$ 60,000**	**$ 367,500**	**$ 3,520,000**	**$ 50,000**	**$ 150,000**
Capital Fund										
		Capital Outlay								
1	1	Laboratory Building Replacement Project	$ 2,100,000	$ 2,100,000	$ -	$ -	$ 2,100,000	$ -	$ -	$ -
4	4	Westside Plant Phase III-B Regulatory Upgrades Project	1,000,000	1,000,000	-	-	600,000	400,000	-	-
6	6	UV Containment Structure	85,000	85,000	-	-	85,000	-	-	-
9	9	Hesperia Subregional Water Reclamation Plant	30,000,000	30,000,000	29,682,904	317,096	9,213,065	18,156,780	2,313,065	-
9	10	TOAV Subregional Water Reclamation Plant	30,000,000	30,000,000	29,669,285	330,715	9,212,092	18,145,104	2,312,092	-
10	11	Apple Valley GC Pump Station Replacement	250,000	250,000	-	-	-	250,000	-	-
7	18	Apple Valley Odor Control	650,000	650,000	-	-	-	100,000	50,000	500,000
1	12	Upper Narrows Interceptor Replacement Project	16,000,000	1,040,000	1,000,000	138,211	1,040,000	-	-	-
2	13	Nanticoke PS Bypass Sewer	5,700,000	5,700,000	4,500,000	1,498	5,700,000	-	-	-
1	22	Digesters Biogas to Energy Project	4,000,000	-	-	-	-	-	-	-
2	23	FOG Treatment Project	100,000	100,000	-	-	100,000	-	-	-
4	25	Omnivore Pilot Study	3,000,000	-	-	-	-	-	-	-
8	8	Equipment Storage Facility	100,000	100,000	-	-	100,000	-	-	-
			$ 92,985,000	**$ 71,025,000**	**$ 64,852,189**	**$ 787,520**	**$ 28,150,157**	**$ 37,051,884**	**$ 4,675,157**	**$ 500,000**
			$ 105,690,000	**$ 83,682,500**	**$ 64,922,189**	**$ 877,520**	**$ 29,522,657**	**$ 40,946,884**	**$ 4,725,157**	**$ 650,000**

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs - Expenditures by Project Financing
Fiscal Year 2014-2015

Financing	Priority	Project Number	Project Title	Estimated Capital Cost Total	Estimated Capital Cost VVWRA	FY 2013 Budget	FY 2013 Revised	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget
Operating Cash Reserve Projects											
Operating Cash Reserve	2	2	Digesters 4 and 5 Supernatant Line	$ 75,000	$ 75,000	$ -	$ -	$ 75,000	$ -	$ -	$ -
Operating Cash Reserve	3	3	Drying Beds Repair and Drainage Improvements	850,000	850,000	-	-	850,000	-	-	-
Operating Cash Reserve	5	5	Westside Plant Spill Containment System	250,000	250,000	-	-	-	250,000	-	-
Operating Cash Reserve	7	7	WAS Line to Decant Tank	50,000	50,000	-	-	-	50,000	-	-
Operating Cash Reserve	3	14	Ossum Wash	420,000	420,000	-	-	-	420,000	-	-
Operating Cash Reserve	4	15	Oro Grande Crossing of Mojave River	600,000	600,000	-	-	100,000	500,000	-	-
Operating Cash Reserve	5	16	Apple Valley Interceptor Realignment Tao Road	60,000	60,000	60,000	60,000	-	-	-	-
Operating Cash Reserve	6	17	Yates Road Sampling Station	75,000	67,500	-	-	67,500	-	-	-
Operating Cash Reserve	8	19	Apple Valley Interceptor Realignment Desert Knolls Wash	300,000	300,000	-	-	-	100,000	50,000	150,000
Operating Cash Reserve	1	26	Computerized Maintenance Management System	100,000	100,000	-	20,000	80,000	-	-	-
Operating Cash Reserve	2	27	Easement Book	50,000	10,000	10,000	10,000	-	-	-	-
Operating Cash Reserve	3	28	VVWRA Facilities Database Project	75,000	75,000	-	-	-	75,000	-	-
				$ 2,905,000	**$ 2,857,500**	**$ 70,000**	**$ 90,000**	**$ 1,172,500**	**$ 1,395,000**	**$ 50,000**	**$ 150,000**
Capital Cash Reserve Projects											
Capital Cash Reserve	1	1	Laboratory Building Replacement Project	$ 2,100,000	$ 2,100,000	$ -	$ -	$ 2,100,000	$ -	$ -	$ -
Capital Cash Reserve	6	6	UV Containment Structure	85,000	85,000	-	-	85,000	-	-	-
Capital Cash Reserve	4	4	Westside Plant Phase III-B Regulatory Upgrades Project	1,000,000	1,000,000	-	-	600,000	400,000	-	-
Capital Cash Reserve	8	8	Equipment Storage Facility	100,000	100,000	-	-	100,000	-	-	-
Capital Cash Reserve	7	18	Apple Valley Odor Control	650,000	650,000	-	-	-	100,000	50,000	500,000
Capital Cash Reserve	2	23	FOG Treatment Project	100,000	100,000	-	-	100,000	-	-	-
				$ 4,035,000	**$ 4,035,000**	**$ -**	**$ -**	**$ 2,985,000**	**$ 500,000**	**$ 50,000**	**$ 500,000**
State Revolving Fund Loan ①											
State Revolving Fund	9	9	Hesperia Subregional Water Reclamation Plant	$ 30,000,000	$ 30,000,000	$ 29,682,904	$ 317,096	$ 9,213,065	$ 18,156,780	$ 2,313,065	$ -
State Revolving Fund	9	10	TOAV Subregional Water Reclamation Plant	30,000,000	30,000,000	29,669,285	330,715	9,212,092	18,145,104	2,312,092	-
State Revolving Fund	10	11	Apple Valley GC Pump Station Replacement	250,000	250,000	-	-	-	250,000	-	-
State Revolving Fund	1	12	Upper Narrows Interceptor Replacement Project	16,000,000	1,040,000	1,000,000	138,211	1,040,000	-	-	-
State Revolving Fund	2	13	Nanticoke PS Bypass Sewer	5,700,000	5,700,000	4,500,000	1,498	5,700,000	-	-	-
State Revolving Fund	9	20	North Hesperia Relief Interceptor	4,500,000	4,500,000	-	-	50,000	50,000	-	-
State Revolving Fund	10	21	Spring Valley Lake Relief Interceptor	2,800,000	2,800,000	-	-	50,000	50,000	-	-
				$ 89,250,000	**$ 74,290,000**	**$ 64,852,189**	**$ 787,520**	**$ 25,265,157**	**$ 36,651,884**	**$ 4,625,157**	**$ -**
Other Funding Sources											
Anaergia	1	22	Digesters Biogas to Energy Project②	$ 4,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SCE On Bill Financing	3	24	Aeration Energy Efficiency Project③	2,500,000	2,500,000	-	-	100,000	2,400,000	-	-
CEC/Anaergia	4	25	Omnivore Pilot Study④	3,000,000	-	-	-	-	-	-	-
				$ 9,500,000	**$ 2,500,000**	**$ -**	**$ -**	**$ 100,000**	**$ 2,400,000**	**$ -**	**$ -**
				$ 105,690,000	**$ 83,682,500**	**$ 64,922,189**	**$ 877,520**	**$ 29,522,657**	**$ 40,946,884**	**$ 4,725,157**	**$ 650,000**

Notes

① The State Revolving Fund Loan program reimburses VVWRA for planning and design expenses which are initially paid out of Capital Cash Reserves.
② The funding source are monies currently paid to Southern California Edison (SCE) which will be used to pay Anaergia.
③ The funding source is to be determined and may be through the SCE "On Bill Financing" program at 0%.
④ The funding source is the California Energy Commission (CEC) Innovative Technologies grant and Anaergia.

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs - Cash Allocation
Fiscal Year 2014-2015

Funds	Cash Balance at Year End					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 *
Operations & Maintenance	$ -	$ 1,076,586	$ 2,434,128	$ 846,336	$ 2,784,952	$ 4,454,551
Capital	11,066,512	12,112,990	7,248,887	8,318,826	6,502,679	4,766,795
Total Cash	$ 11,066,512	$ 13,189,576	$ 9,683,015	$ 9,165,162	$ 9,287,631	$ 9,221,346

Cash Balances Projected at 6/30/2014	O&M	Capital	Entity-Wide
Cash Balance at 6/30/2013	2,784,952	6,502,679	9,287,631
Net Income Projected at 6/30/2014	1,669,599	(1,735,884)	(66,285)
Cash Balance Projected at 6/30/2014 *	4,454,551 ①	4,766,795 ②	9,221,346

Cash Balances Forecasted at 6/30/2015	O&M	Capital	Entity-Wide
Cash Balance at 6/30/2014 ① ②	4,454,551	4,766,795	9,221,346
O&M Required Reserve	(994,308)	-	(994,308)
R&R Required Reserve	(1,474,441)	-	(1,474,441)
	1,985,802	4,766,795	6,752,597
SRF Loan Reserves:			
SRF Loan Reserve - 9.5 MGD	(11,397)	(253,653)	(265,050)
SRF Loan Reserve - 11 MGD	-	(579,870)	(579,870)
SRF Loan Reserve - NAVI	-	(258,151)	(258,151)
SRF Loan Reserve - Phase III-A	(770,707)	(256,903)	(1,027,610)
SRF Loan Reserve - UNE	-	(151,420)	(151,420)
SRF Loan Reserve - Sub-Regionals	(483,415)	(309,069)	(792,484)
Total SRF Loan Reserves	(1,265,519)	(1,809,066)	(3,074,585)
Unassigned Cash Projected at 6/30/2014	**720,283**	**2,957,729**	**3,678,012**
Budgeted Surplus or (Deficit) at 6/30/2015 without Loan Reserves (Lines 18 - 21)	1,073,620	1,575,476	2,649,096
Unassigned Cash Forecasted at 6/30/2015	**1,793,903**	**4,533,205**	**6,327,108**

Notes:
We have set aside 1/2 of reserve over two years.
We have set aside 1/3 of reserve over three years.

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs -
Funding from State Revolving Funds
(Reimbursement of Capital Cash Planning Expenses)
Fiscal Year 2014-2015

Priority	Number	Project	Planning Expense	Estimated Capital Cost	
			YTD Actual Capital Cash ①	Total	VVWRA
9	9	Hesperia Subregional Water Reclamation Plant	$ 3,293,926	$ 30,000,000	$ 30,000,000
9	10	TOAV Subregional Water Reclamation Plant	2,452,193	30,000,000	30,000,000
10	11	Apple Valley GC Pump Station Replacement	-	250,000	250,000
1	12	Upper Narrows Interceptor Replacement Project	2,433,527	16,000,000	1,040,000
2	13	Nanticoke PS Bypass Sewer	342,397	5,700,000	5,700,000
9	20	North Hesperia Relief Interceptor	-	4,500,000	4,500,000
10	21	Spring Valley Lake Relief Interceptor	-	2,800,000	2,800,000
		Total	**$ 8,522,042**	**$ 89,250,000**	**$ 74,290,000**

Notes

① The State Revolving Fund loan will reimburse the VVWRA for planning expenses including design, environmental, and right of way.
The estimated capital costs are from State Revolving Fund Loan on page 39.

Omnivore Project

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs - Summary and Cash Flows
Fiscal Year 2014-2015

FY 2013 Priority	Project Number	Project Title	Project Financing	Estimated Capital Cost Total	Estimated Capital Cost VVWRA	FY 2013 April	FY 2013 May	FY 2013 June	FY 2014 July	FY 2014 August	FY 2014 September	FY 2014 October	FY 2014 November	FY 2014 December	FY 2014 January	July-January FY 2014	FY 2014 February	FY 2014 March	FY 2014 April	FY 2014 May	FY 2014 June	FY 2014
Wastewater Treatment Projects																						
1	1	Laboratory Building Replacement Project	Capital Cash Reserve	$ 2,100,000	$ 2,100,000											$ -				5,000	10,000	$ 15,000
																				Planning/Design		
2	2	Digesters 4 and 5 Supernatant Line	Operating Cash Reserve	75,000	75,000						10,000	35,000	30,000			75,000						75,000
											Planning/Design	Construction										
3	3	Drying Beds Repair and Drainage	Operating Cash Reserve	850,000	850,000	6,667	6,667	6,667	106,250	106,250	106,250	106,250	106,250	106,250		637,500						637,500
						Planning/Design			Construction													
4	4	Westside Plant Phase III-B Regulatory	Capital Cash Reserve	1,000,000	1,000,000												20,000	20,000	160,000	280,000	200,000	680,000
																	Planning/Design		Construction			
5	5	Westside Plant Spill Containment System	Operating Cash Reserve	250,000	250,000																	
6	6	UV Containment Structure	Capital Cash Reserve	85,000	85,000				5,000	5,000	37,500	37,500				85,000						85,000
									Planning/Design		Construction											
7	7	WAS Line to Decant Tank	Operating Cash Reserve	50,000	50,000																	
8	8	Equipment Storage Facility	Capital Cash Reserve	100,000	100,000						5,000	5,000	45,000	45,000		100,000						100,000
											Planning/Design		Construction									
9	9	Hesperia Subregional Water Reclamation	State Revolving Fund	30,000,000	30,000,000	10,000	10,000	10,000	5,398	5,398	5,398	5,398	10,000	500,000	800,000	1,331,592	1,200,000	2,400,000	2,800,000	1,513,065	1,513,065	10,757,722
						Planning/Design			Planning/Design					Construction					Construction			
9	10	TOAV Subregional Water Reclamation	State Revolving Fund	30,000,000	30,000,000	10,000	10,000	10,000	5,398	5,398	5,398	5,398	10,000	500,000	800,000	1,331,592	1,200,000	2,400,000	2,800,000	1,512,092	1,512,092	10,755,776
						Planning/Design			Planning/Design					Construction					Construction			
10	11	Apple Valley GC Pump Station	State Revolving Fund	250,000	250,000																	
				$ 64,760,000	**$ 64,760,000**																	
Interceptor Projects																						
1	12	Upper Narrows Interceptor Replacement	State Revolving Fund	$ 16,000,000	$ 1,040,000						11,556	11,556	11,556	11,556	11,556	57,780	11,556	11,556	11,556	11,556		104,004
											Construction						Construction					
2	13	Nanticoke PS Bypass Sewer	State Revolving Fund	5,700,000	5,700,000					10,000	10,000					20,000						20,000
										Finalize Right of Way												
3	14	Ossum Wash	Operating Cash Reserve	420,000	420,000					10,000	10,000	10,000	4,167	4,167	4,166	42,500	4,167	4,167	4,167	182,500	182,500	420,001
										Planning/Design							Planning/Design			Construction		
4	15	Oro Grande Crossing of Mojave River	Operating Cash Reserve	600,000	600,000					16,667	16,667	16,667	16,667	16,667	16,667	100,002	4,667	4,667	4,667	4,667	4,667	123,337
										Planning/Design							Planning/Design					
5	16	Apple Valley Interceptor Realignment Tao Road	Operating Cash Reserve	60,000	60,000					20,000	20,000	20,000				60,000						60,000
										Construction												
6	17	Yates Road Sampling Station	Operating Cash Reserve	75,000	67,500														22,500	22,500	22,500	67,500
																			Construction			
7	18	Apple Valley Odor Control	Capital Cash Reserve	650,000	650,000																	
8	19	Apple Valley Interceptor Realignment Desert Knolls Wash	Operating Cash Reserve	300,000	300,000																	
9	20	North Hesperia Relief Interceptor①	State Revolving Fund	4,500,000	4,500,000																	
10	21	Spring Valley Lake Relief Interceptor①	State Revolving Fund	2,800,000	2,800,000																	
				$ 31,105,000	**$ 16,137,500**																	
Energy Efficiency Projects																						
1	22	Digesters Biogas to Energy Project	Anaergia	$ 4,000,000	$ -	-	-	-	-	-	-	-	-	-	-							
						Planning/Design			Construction													
2	23	FOG Treatment Project	Capital Cash Reserve	100,000	100,000						10,000	10,000	20,000	20,000	20,000	80,000	20,000					100,000
											Planning/Design		Construction				Construction					
3	24	Aeration Energy Efficiency Project	SCE On Bill Financing	2,500,000	2,500,000													25,000	25,000	25,000	25,000	100,000
																		Planning/Design				
4	25	Omnivore Pilot Study	CEC/Anaergia	3,000,000	-	-	-	-	-	-	-	-	-	-								
						Planning/Design			Construction													
				$ 9,600,000	**$ 2,600,000**																	
Information Technology Projects																						
1	26	Computerized Maintenance Management	Operating Cash Reserve	$ 100,000	$ 100,000	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	46,662	6,666	6,666	6,666	6,666	6,666	79,992
						Planning/Design			Implementation/Installation								Implementation/Installation					
2	27	Easement Book	Operating Cash Reserve	50,000	10,000	3,333	3,333	3,333														
						Planning/Design																
3	28	VVWRA Facilities Database Project	Operating Cash Reserve	75,000	75,000																	
				$ 225,000	**$ 185,000**	$ 36,666	$ 36,666	$ 36,666	$ 128,712	$ 185,379	$ 254,435	$ 269,435	$ 260,306	$ 1,210,306	$ 1,659,055		$ 2,467,056	$ 4,872,056	$ 5,834,556	$ 3,563,046	$ 3,476,490	$ 24,180,832
				$ 105,690,000	**$ 83,682,500**																	

FY 2013	**$109,998**
Project Financing	
Operating Cash Reserve	$ 49,998
Capital Cash Reserve②	60,000
State Revolving Fund	-
Other	
	$ 109,998

June - January FY 2014	**$ 3,967,628**
Project Financing	
Operating Cash Reserve	$ 815,000
Capital Cash Reserve	489,444
State Revolving Fund	2,663,184
Other	
	$ 3,967,628

FY 2014	**$24,180,832**
Project Financing	
Operating Cash Reserve	$ 1,439,993
Capital Cash Reserve	1,290,525
State Revolving Fund	21,450,314
Other	
	$ 24,180,832

Note: Planning/Design includes Right of Way (ROW), Environmental, Design, and Legal Activities

① The timing of the construction of these facilities is dependent upon the decision to construct the sub-regionals.

② Capital Cash Reserve will fund SRF loan Planning/Design and be reimbursed in Construction Phase.

Victor Valley Wastewater Reclamation Authority
Capital Improvement Programs - Summary and Cash Flows
Fiscal Year 2014-2015

Project Title	FY 2015 July	August	September	October	November	December	January	February	March	April	May	June	FY 2015
Wastewater Treatment Projects													
Laboratory Building Replacement	100,000	350,000	200,000	200,000	200,000	147,857	147,857	147,857	147,857	147,857	147,857	147,857	$ 2,084,999
						Construction							
Digesters 4 and 5 Supernatant Line													
Drying Beds Repair and Drainage													
Westside Plant Phase III-B Regulatory	200,000	120,000											320,000
	Construction												
Westside Plant Spill Containment							15,000	15,000	40,000	100,000	40,000	40,000	250,000
							Planning/Design			Construction			
UV Containment Structure													
WAS Line to Decant Tank				10,000	20,000	20,000							50,000
				Planning/Desig	Construction								
Equipment Storage Facility													
Hesperia Subregional Water	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	1,513,065	18,156,780
						Construction							
TOAV Subregional Water Reclamation	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	1,512,092	18,145,104
						Construction							
Apple Valley GC Pump Station			120,000	65,000	65,000								250,000
			Construction										
Interceptor Projects													
Upper Narrows Interceptor Replacement													
Nanticoke PS Bypass Sewer	568,000	568,000	568,000	568,000	568,000	568,000	568,000	568,000	568,000	568,000			5,680,000
						Construction							
Ossum Wash													
Oro Grande Crossing of Mojave River	4,667	4,667	4,667	4,667	4,667	4,667	4,667	56,250	56,250	56,250	56,250	56,250	313,919
				Planning/Design						Construction			
Apple Valley Interceptor Realignment Tao Road													
Yates Road Sampling Station													
Apple Valley Odor Control								20,000	20,000	20,000	20,000	20,000	100,000
										Planning/Design			
Apple Valley Interceptor Realignment Desert Knolls Wash								20,000	20,000	20,000	20,000	20,000	100,000
										Planning/Design			
North Hesperia Relief Interceptor	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000			100,000
						Environmental (Design Complete)							
Spring Valley Lake Relief Interceptor	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000			100,000
						Environmental (Design Complete)							
Energy Efficiency Projects													
Digesters Biogas to Energy Project													
FOG Treatment Project													
Aeration Energy Efficiency Project	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
						Construction							
Omnivore Pilot Study													
Information Technology Projects													
Computerized Maintenance Management													
Easement Book													
VVWRA Facilities Database Project								6,250	6,250	6,250	6,250	6,250	75,000
								Planning/Design					
	$ 4,067,824	$ 4,237,824	$ 4,087,824	$ 4,042,824	$ 4,052,824	$ 3,935,681	$ 3,930,681	$ 4,022,264	$ 4,047,264	$ 4,107,264	$ 3,459,264	$ 3,459,264	$47,450,802

	FY 2016 July	August	September	October	November	December	January	February	March	April	May	June	FY 2016
Laboratory Building Replacement													$ -
Digesters 4 and 5 Supernatant Line													
Drying Beds Repair and Drainage													
Westside Plant Phase III-B Regulatory													
Westside Plant Spill Containment													
UV Containment Structure													
WAS Line to Decant Tank													
Equipment Storage Facility													
Hesperia Subregional Water	350,000	200,000	150,000	50,000	50,000								800,000
			Construction										
TOAV Subregional Water Reclamation	350,000	200,000	150,000	50,000	50,000								800,000
			Construction										
Apple Valley GC Pump Station													
Interceptor Projects													
Upper Narrows Interceptor Replacement													
Nanticoke PS Bypass Sewer													
Ossum Wash													
Oro Grande Crossing of Mojave River	56,250	56,250	56,250										168,750
		Construction											
Apple Valley Interceptor Realignment Tao Road													
Yates Road Sampling Station													
Apple Valley Odor Control	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,004
						Planning/Design							
Apple Valley Interceptor Realignment Desert Knolls Wash	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,004
						Planning/Design							
North Hesperia Relief Interceptor													
Spring Valley Lake Relief Interceptor													
Energy Efficiency Projects													
Digesters Biogas to Energy Project													
FOG Treatment Project													
Aeration Energy Efficiency Project	150,000	150,000	150,000	150,000									600,000
			Construction										
Omnivore Pilot Study													
Information Technology Projects													
Computerized Maintenance Management													
Easement Book													
VVWRA Facilities Database Project	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000
	Planning/Design			Implementation/Installation									
	$ 920,834	$ 620,834	$ 520,834	$ 264,584	$ 114,584	$ 14,584	$ 14,584	$ 14,584	$ 14,584	$ 14,584	$ 14,584	$ 14,584	$ 2,543,758

	FY 2017 July	August	September	October	November	December	January	February	March	April	May	June	FY 2017
Laboratory Building Replacement													$ -
Digesters 4 and 5 Supernatant Line													
Drying Beds Repair and Drainage													
Westside Plant Phase III-B Regulatory													
Westside Plant Spill Containment													
UV Containment Structure													
WAS Line to Decant Tank													
Equipment Storage Facility													
Hesperia Subregional Water													
TOAV Subregional Water Reclamation													
Apple Valley GC Pump Station													
Interceptor Projects													
Upper Narrows Interceptor Replacement													
Nanticoke PS Bypass Sewer													
Ossum Wash													
Oro Grande Crossing of Mojave River													
Apple Valley Interceptor Realignment Tao Road													
Yates Road Sampling Station													
Apple Valley Odor Control	100,000	150,000	100,000	50,000	50,000								450,000
			Construction										
Apple Valley Interceptor Realignment Desert Knolls Wash	37,500	37,500	37,500	37,500									150,000
			Construction										
North Hesperia Relief Interceptor													
Spring Valley Lake Relief Interceptor													
Energy Efficiency Projects													
Digesters Biogas to Energy Project													
FOG Treatment Project													
Aeration Energy Efficiency Project													-
Omnivore Pilot Study													
Information Technology Projects													
Computerized Maintenance Management													
Easement Book													
VVWRA Facilities Database Project													-
	$ 137,500	$ 187,500	$ 137,500	$ 87,500	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000

FY 2015	**$47,450,802**
Project Financing	
Operating Cash Reserve	$ 2,150,000
Capital Cash Reserve	8,748,918
State Revolving Fund	36,551,884
Other	
	$47,450,802

FY 2016	**$2,543,758**
Project Financing	
Operating Cash Reserve	$ 725,004
Capital Cash Reserve	218,754
State Revolving Fund	1,600,000
Other	
	$ 2,543,758

FY 2017	**$600,000**
Project Financing	
Operating Cash Reserve	$ 150,000
Capital Cash Reserve	450,000
State Revolving Fund	
Other	
	$ 600,000

Victor Valley Wastewater Reclamation Authority
Existing State Revolving Fund Loans by Maturities
Fiscal Year 2014-2015

The table below represents VVWRA's existing debt service payments through the Clean Water State Revolving Fund (SRF) loan. VVWRA will seek an additional $58.2 million loan funding from SRF to finance the construction of the sub-regional wastewater reclamation plants in FY 2015.

VVWRA Annual Debt Service

Fiscal Year	9.5 MGD Capital Improvements	11 MGD Expansion	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	UNE Replacement	**Total**
2013	$265,049	$579,870	$258,151	$969,835	$ -	**$2,072,905**
2014	265,049	579,870	258,151	1,027,610	-	**2,130,680**
2015	265,049	579,870	258,151	1,027,610	-	**2,130,680**
2016	265,049	579,870	258,151	1,027,610	149,371	**2,280,051**
2017	265,049	579,870	258,151	1,027,610	244,652	**2,375,332**
2018	265,049	579,870	258,151	1,027,610	244,652	**2,375,332**
2019	265,049	579,870	258,151	1,027,610	244,652	**2,375,332**
2020		579,870	258,151	1,027,610	244,652	**2,110,283**
2021		579,870	258,151	1,027,610	244,652	**2,110,283**
2022		579,870	258,151	1,027,610	244,652	**2,110,283**
2023			258,151	1,027,610	244,652	**1,530,413**
2024			258,151	1,027,610	244,652	**1,530,413**
2025				1,027,610	244,652	**1,272,262**
2026				1,027,610	244,652	**1,272,262**
2027				1,027,610	244,652	**1,272,262**
2028				1,027,610	244,652	**1,272,262**
2029				1,027,610	244,652	**1,272,262**
2030				1,027,610	244,652	**1,272,262**
2031				1,027,610	244,652	**1,272,262**
2032				1,027,610	244,652	**1,272,262**
2033					244,652	**244,652**
2034					244,652	**244,652**
2035					244,652	**244,652**

Victor Valley Wastewater Reclamation Authority
State Revolving Fund Loans for FY 2015 and FY 2016
Fiscal Year 2014-2015

VVWRA has utilized State Revolving Fund (SRF) loans through California State Water Resources Control Board to fund most capital projects. The construction of the projects below has been completed except Upper Narrows (UN) Replacement Project as of June 30, 2014.

FY 2015	9.5 MGD Capital Improvements	11 MGD Expansion	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	FY 2015 Total
SRF Loan Amount	$ 4,069,859	$ 11,430,726	$ 4,084,688	$ 15,581,563	$ 35,166,836
Annual Payment	$ 265,049	$ 579,870	$ 258,151	$ 1,027,610	$ 2,130,680
1. Operations	4.30%	0.00%	0.00%	75.00%	
Original Loan	$ 175,004	-	-	$ 11,686,172	
Principal	9,770	-	-	477,113	$ 486,883
Interest	1,627	-	-	293,594	295,221
Annual Payment	11,397	-	-	770,707	782,104
2. Capital	95.70%	100.00%	100.00%	25.00%	
Original Loan	$ 3,894,855	$ 11,430,726	$ 4,084,688	$ 3,895,391	
Principal	217,448	500,739	201,667	159,038	$ 1,078,892
Interest	36,205	79,131	56,484	97,865	269,685
Annual Payment	253,653	579,870	258,151	256,903	1,348,577
Total Principal	$ 227,218	$ 500,739	$ 201,667	$ 636,151	$ 1,565,775
Total Interest	$ 37,831	$ 79,131	$ 56,484	$ 391,459	$ 564,905
Annual Payment	$ 265,049	$ 579,870	$ 258,151	$ 1,027,610	$ 2,130,680

2016	9.5 MGD Capital Improvements	11 MGD Expansion	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	UN Replacement Project	FY 2016 Total
SRF Loan Amount	$ 4,069,859	$ 11,430,726	$ 4,084,688	$ 15,581,563	$ 4,000,000	$ 39,166,836
Annual Payment	$ 265,049	$ 579,870	$ 258,151	$ 1,027,610	$ 149,371	$ 2,280,051
1. Operations	4.30%	0.00%	0.00%	75.00%	0.00%	
Original Loan	$ 175,004	-	-	$ 11,686,172	$ -	
Principal	10,024	-	-	489,995	-	$ 500,020
Interest	1,373	-	-	280,712	-	282,085
Annual Payment	11,397	-	-	770,707	-	782,105
2. Capital	95.70%	100.00%	100.00%	25.00%	100.00%	
Original Loan	$ 3,894,855	$ 11,430,726	$ 4,084,688	$ 3,895,391	$ 4,000,000	
Principal	223,101	510,003	206,709	163,332	116,358	$ 1,219,502
Interest	30,551	69,867	51,442	93,571	33,013	278,444
Annual Payment	253,652	579,870	258,151	256,903	149,371	1,497,946
Total Principal	$ 233,126	$ 510,003	$ 206,709	$ 653,327	$ 116,358	$ 1,719,522
Total Interest	$ 31,924	$ 69,867	$ 51,442	$ 374,283	$ 33,013	$ 560,529
Annual Payment	$ 265,050	$ 579,870	$ 258,151	$ 1,027,610	$ 149,371	$ 2,280,051

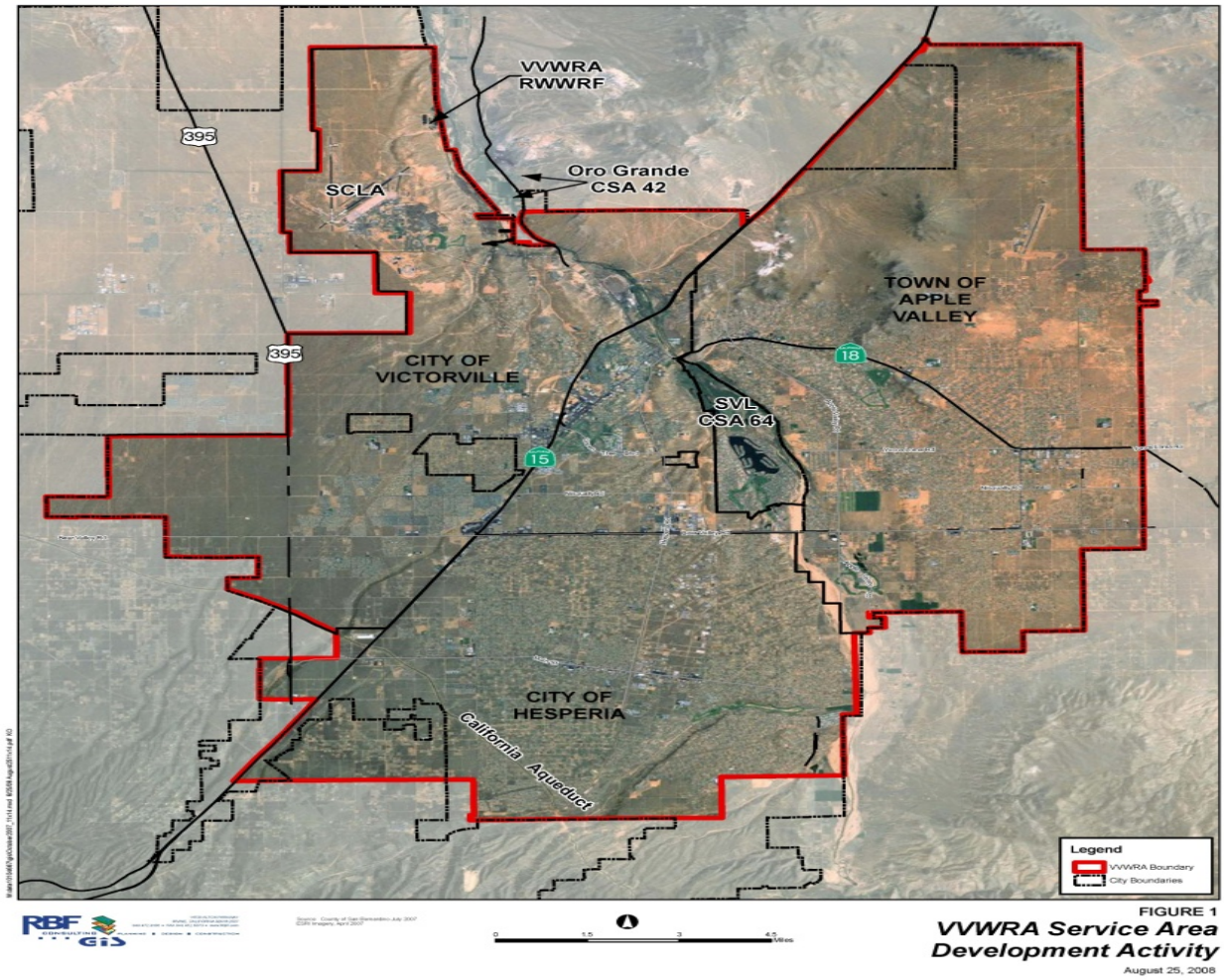
Section VI: History and Demographics

Victor Valley Wastewater Reclamation Authority
History and Demographics
Fiscal Year 2014-2015

History

Victor Valley Wastewater Reclamation Authority (VVWRA) was originally formed by the Mojave Water Agency to help meet the requirements of the federal Clean Water Act and provide wastewater treatment for the growing area. Our original treatment plant, with supporting pipelines and infrastructure, began operating in 1981, providing tertiary level treatment for up to 4.5 million gallons per day. VVWRA is now a joint powers public agency of the state of California handling 12.05 million gallons a day.

Over the years, VVWRA has completed treatment plant upgrades and several capacity increases. This regional treatment plant is currently capable of treating a portion of the flow to a tertiary level and the remaining flow to a secondary level for percolation. A majority of the highly treated wastewater is discharged into the Mojave River Basin and a smaller quantity is used to irrigate landscaping at the treatment plant and the nearby Westwinds Golf Course.



Provided by RBF Consulting, Inc.

Victor Valley Wastewater Reclamation Authority
History and Demographics
Fiscal Year 2014-2015

Governance

VVWRA is a quasi-governmental agency called a Special District of the State of California. It is not regulated by California Public Utilities Commission but governed by a Board of four Commissioners who are publicly elected for a four-year term from each member agency. Our affairs are bound by a joint powers agreement between VVWRA and member local government agencies consisting of City of Victorville, City of Hesperia, Town of Apple Valley and the County of San Bernardino Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake) for the purpose of construction, operation, and maintenance of sewer collection, transmission and treatment facilities within the region. The General Manager is responsible for carrying out the policies and ordinances approved by the Board (and by the community residents) and for overseeing the day-to-day operations of VVWRA.

San Bernardino County

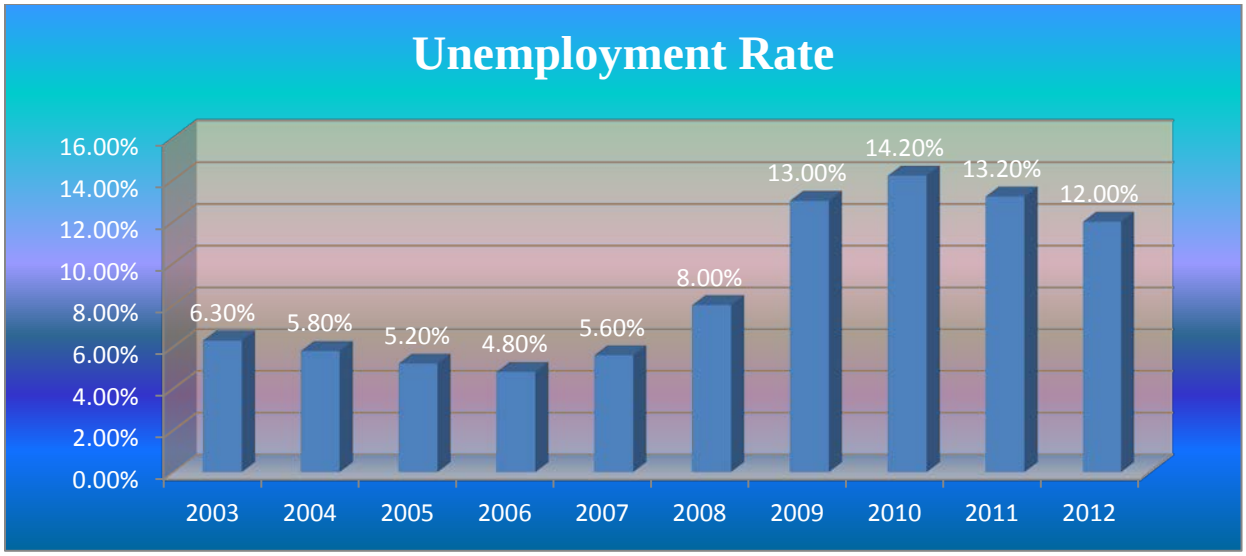
San Bernardino County is the largest county in the United States. According to the 2010 U.S. Census, the San Bernardino County has a population of 2,035,210. With an area of 20,160 square miles, the San Bernardino County is larger than the combined area of the four smallest states in the nation. Over 90% of this county is desert, while the remaining 10% is mountains and valleys that rest in the Inland Empire.

Demographics

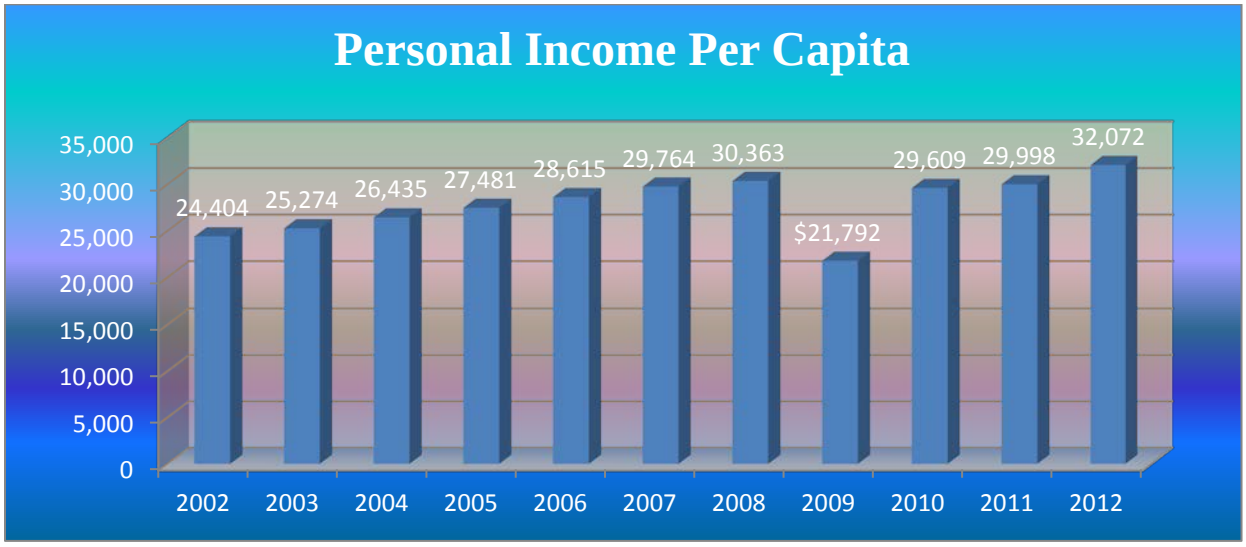
The service area has a population of 282,204 in 2012 with a slow and steady population growth from 2007 to 2012.

Unemployment in the San Bernardino County has risen from 8% in 2008 to 12% in 2012 due to the economic downturn that started in late 2008. The increased unemployment has also impacted the personal income per capita, which decreased from $30,363 in 2008 to $21,792 in 2009, then recovered to $32,072 in 2012.

Source: California Department of Finance and U.S. Census Bureau. Years are calendar years.



Source: State of California Employment Development Department (Data shown is for the County of San Bernardino.) Years are calendar years.



Source: State of California Employment Development Department (Data shown is for the County of San Bernardino.) Years are calendar years.

Sewer Overflow

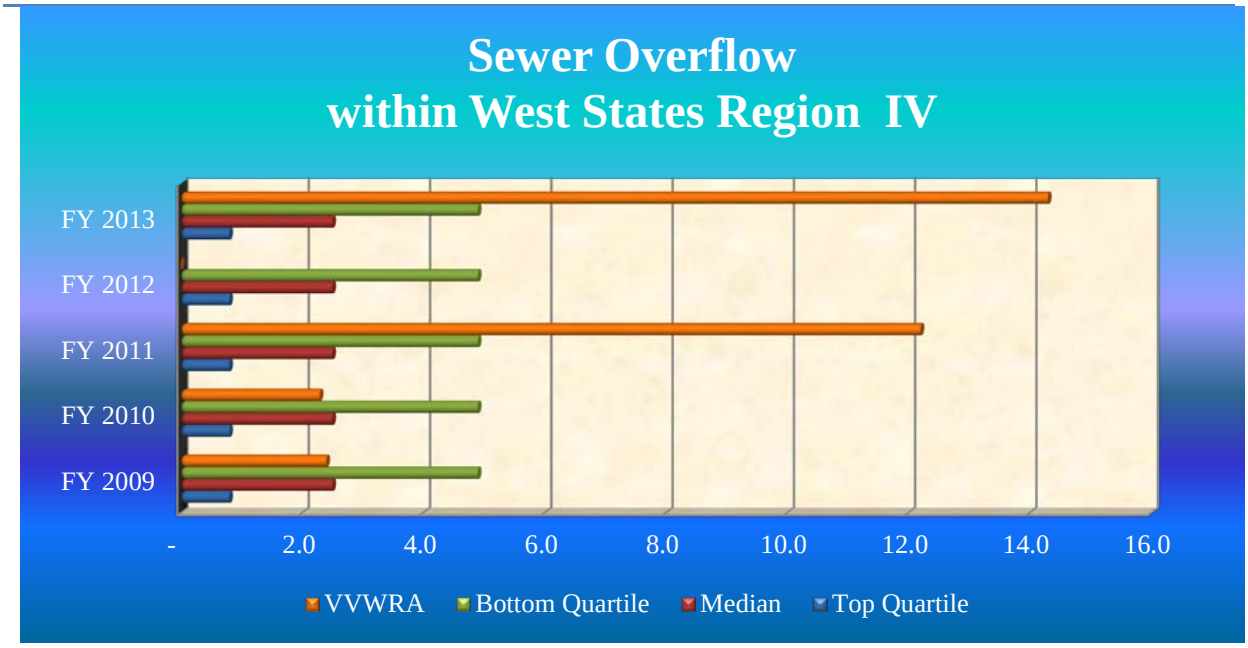
The sewer overflow rate is an indicator that tracks the condition and the effectiveness of the maintenance of the wastewater collection system.

San Bernardino County, including Upper and Lower Narrows of the Mojave River, experienced a severe rain storm during December 2010. President Obama declared this storm as a National Disaster on January 26, 2011. The flood and debris damaged pipelines that lead to an unexpectedly high sewer overflow rate of 12.2 for FY 2011. VVWRA installed an emergency temporary pipeline to divert the flow from the damaged pipeline. This rain storm caused unusual overflows including one at the "I" Avenue pipeline in the City of Hesperia. To remedy overflow in this area, VVWRA constructed the Santa Fe relief pipeline during FY 2012.

VVWRA had 6 reported spills at the Upper Narrows Emergency Bypass Sites during FY 2013 which resulted in a high sewer overflow rate of 14.3. VVWRA has initiated the construction of a permanent interceptor during March of FY 2014 to replace the temporary bypass line.

Sewer Overflow-West States Region IV Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2013	0.8	2.5	4.9	14.3
FY 2012	0.8	2.5	4.9	0
FY 2011	0.8	2.5	4.9	12.2
FY 2010	0.8	2.5	4.9	2.3
FY 2009	0.8	2.5	4.9	2.4

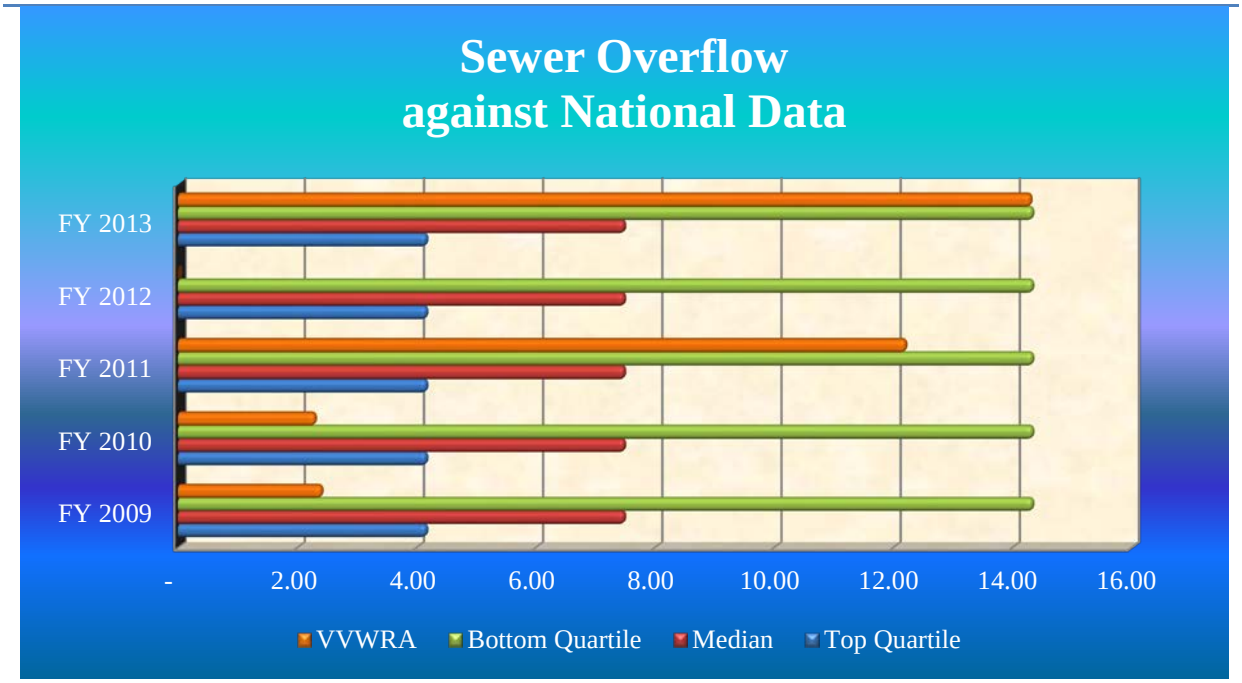


Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Victor Valley Wastewater Reclamation Authority
Performance Benchmarked against Industry
Fiscal Year 2014-2015

Sewer Overflow-National Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2013	4.16	7.48	14.33	14.30
FY 2012	4.16	7.48	14.33	0
FY 2011	4.16	7.48	14.33	12.20
FY 2010	4.16	7.48	14.33	2.30
FY 2009	4.16	7.48	14.33	2.40



Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

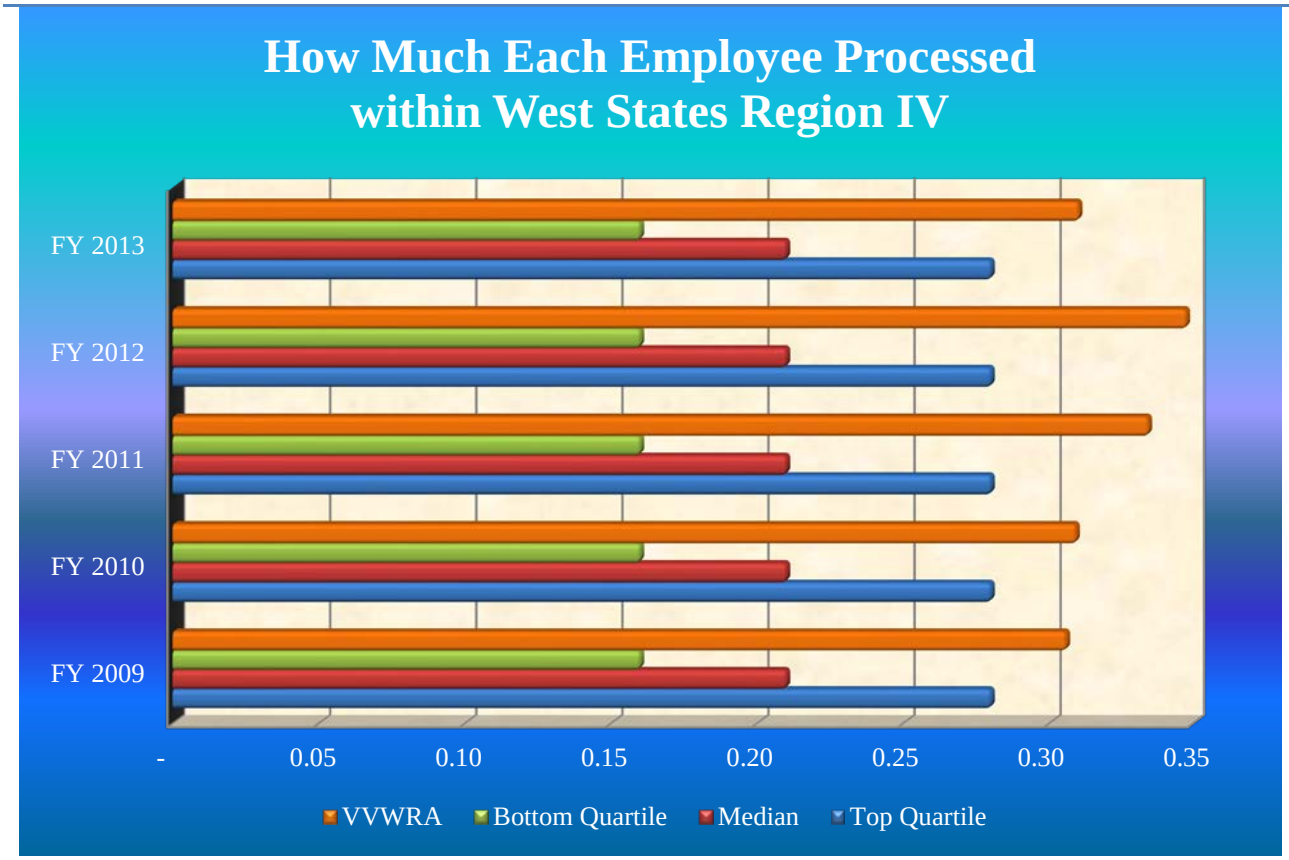
How Much Each Employee Processed

The quantity of wastewater processed by each employee has increased from 0.28 million gallons per day (MGD) FY 2009 to 0.31 MGD in FY 2013. This increase is not only due to the population growth in the service area, but also efficient operation as the actual number of personnel has decreased from 44 to 41 during FY 2008 and FY 2013.

Compared to West States Region IV, VVWRA has surpassed the top quartile at 0.28 MGD since FY 2011. Compared nationally, the quantity of wastewater processed by each employee has surpassed the median since FY 2009 and reached to the top quartile at 0.35 MGD in FY 2012, but has fallen to the median quartile in FY 2013.

How Much Each Employee Processed-West States Region IV Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2013	0.28	0.21	0.16	0.31
FY 2012	0.28	0.21	0.16	0.35
FY 2011	0.28	0.21	0.16	0.31
FY 2010	0.28	0.21	0.16	0.31
FY 2009	0.28	0.21	0.16	0.28

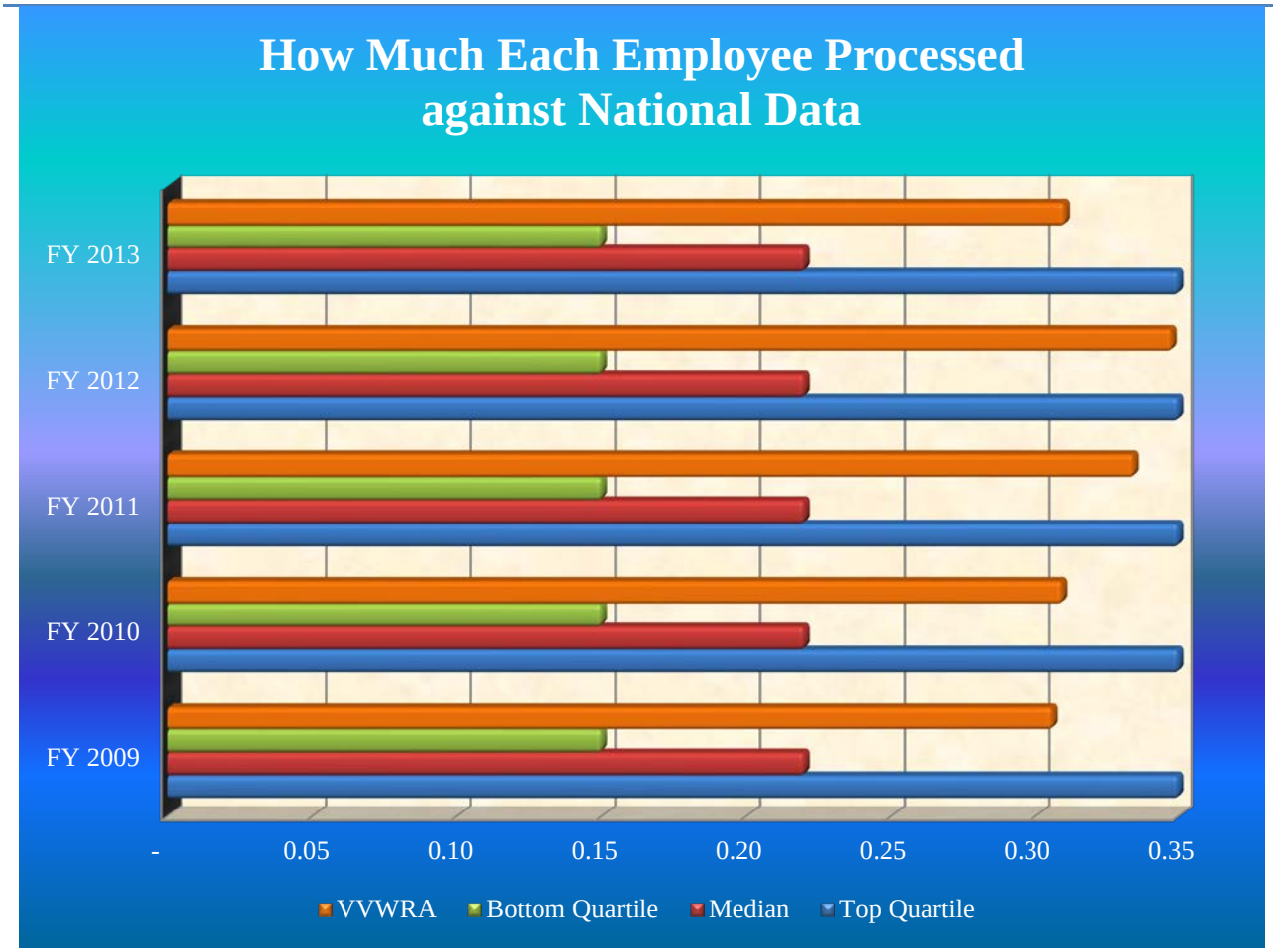


Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Victor Valley Wastewater Reclamation Authority
Performance Benchmarked against Industry
Fiscal Year 2014-2015

How Much Each Employee Processed-National Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2013	0.35	0.22	0.15	0.31
FY 2012	0.35	0.22	0.15	0.35
FY 2011	0.35	0.22	0.15	0.31
FY 2010	0.35	0.22	0.15	0.31
FY 2009	0.35	0.22	0.15	0.28



Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

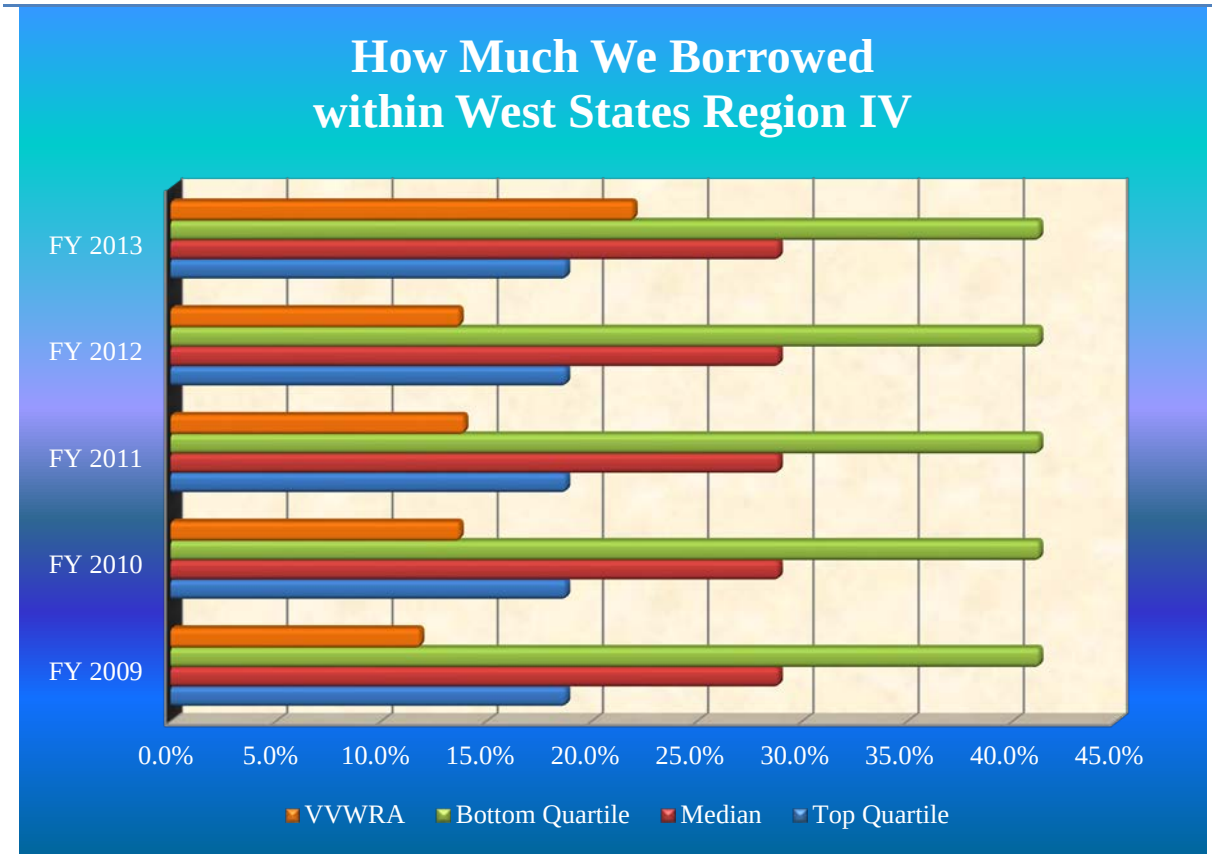
How Much We Borrowed

When you compare what you owe (liabilities) to what you have (assets), you will obtain a debt ratio. The debt ratio can be used to measure the health of a business. Lower value of debt ratio is favorable and a higher value indicates that a higher portion of the organization's assets are claimed by its creditors which means there is a higher risk in operation since the entity would find it difficult to obtain loans for new projects. VVWRA's debt ratio has increased from 11.86% in FY 2009 to 22.00% in FY 2013 due to the growth in the amount of State Revolving Fund loans for the construction projects.

VVWRA is performing better than the median quartile of the West States Region IV throughout FY 2009 to FY 2013. Compared nationally, VVWRA is ranked between median and top quartiles for these years.

How Much We Borrowed-West States Region IV Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2013	18.8%	28.9%	41.3%	22.00%
FY 2012	18.8%	28.9%	41.3%	13.73%
FY 2011	18.8%	28.9%	41.3%	13.96%
FY 2010	18.8%	28.9%	41.3%	13.73%
FY 2009	18.8%	28.9%	41.3%	11.86%

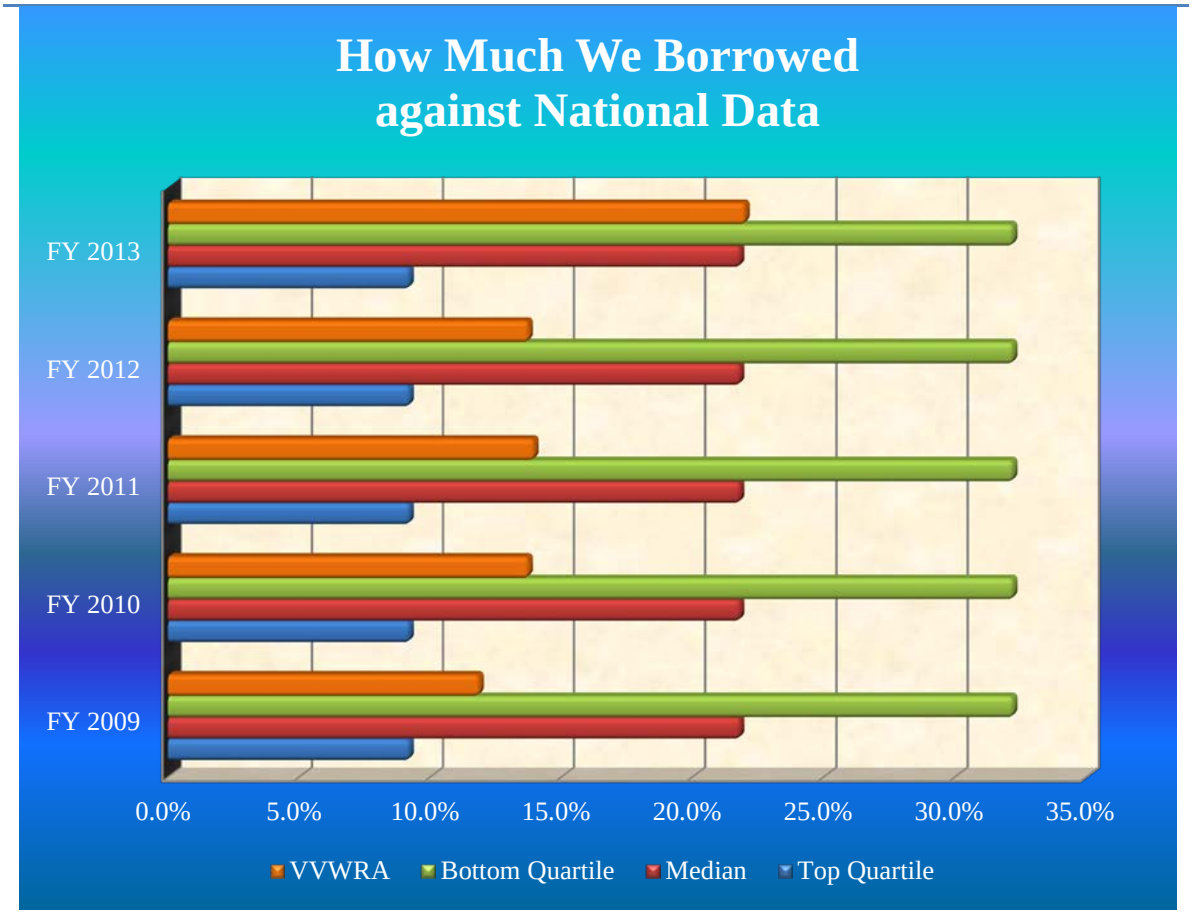


Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Victor Valley Wastewater Reclamation Authority
Performance Benchmarked against Industry
Fiscal Year 2014-2015

How Much We Borrowed-National Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2013	9.2%	21.8%	32.2%	22.00%
FY 2012	9.2%	21.8%	32.2%	13.73%
FY 2011	9.2%	21.8%	32.2%	13.96%
FY 2010	9.2%	21.8%	32.2%	13.73%
FY 2009	9.2%	21.8%	32.2%	11.86%



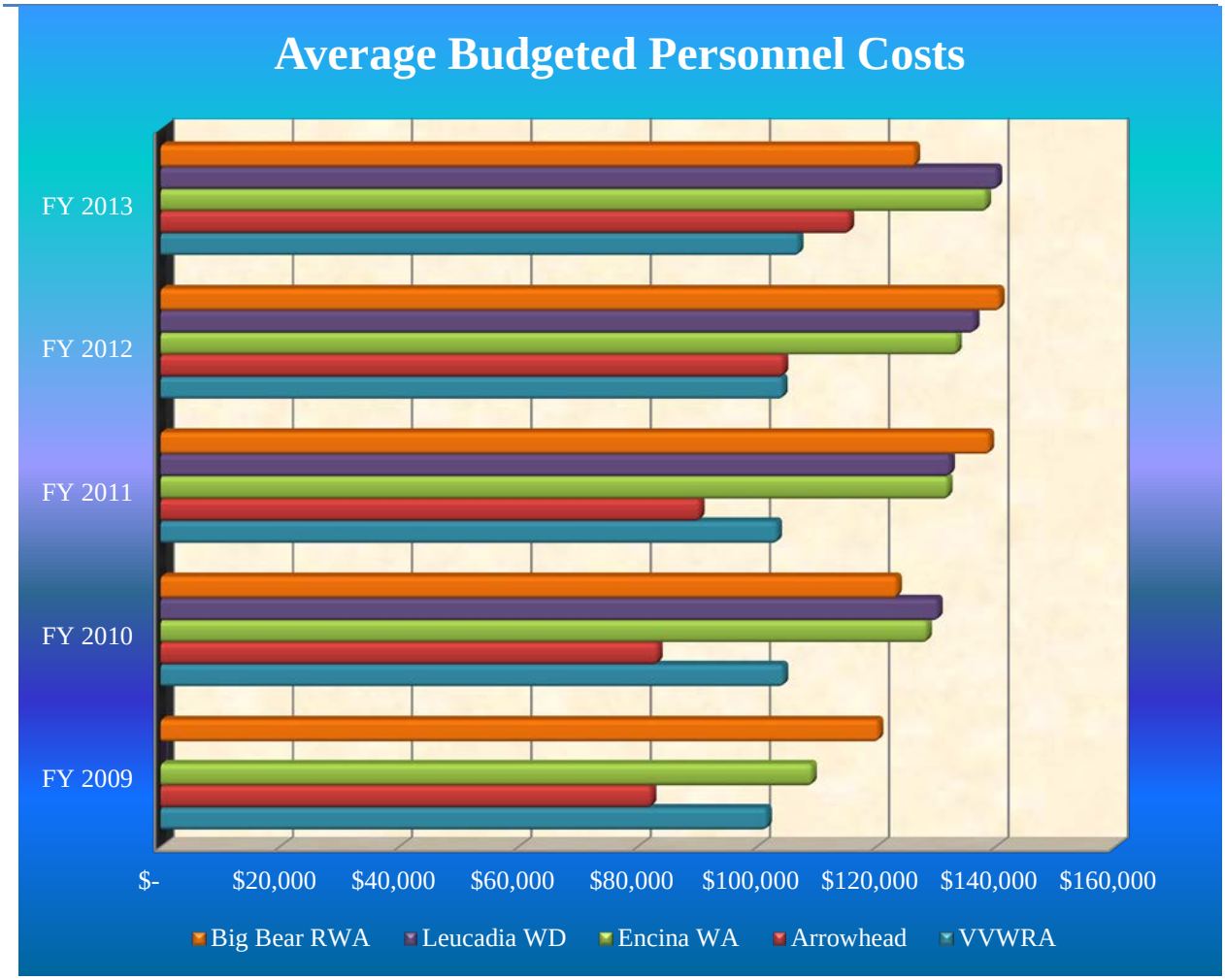
Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Average Budgeted Personnel Cost

Average budgeted personnel cost indicates the cost-effectiveness of an agency's overall personnel expense budget. It is calculated by dividing the total budgeted personnel costs by the total budgeted number of employees that the agency has within a fiscal year. VVWRA's average budgeted personnel costs have improved from median to the low end compared to other wastewater treatment agencies with similar size in the Southern California.

Average Budgeted Personnel Cost

	VVWRA	Arrowhead	Encina WA	Leucadia WD	Big Bear RWA
FY 2013	$ 106,993	$ 115,469	$ 138,421	$ 140,339	$ 126,547
FY 2012	$ 104,338	$ 104,435	$ 133,566	$ 136,517	$ 140,704
FY 2011	$ 103,416	$ 90,403	$ 132,012	$ 132,364	$ 138,986
FY 2010	$ 104,465	$ 83,383	$ 128,519	$ 130,355	$ 123,485
FY 2009	$ 101,682	$ 82,321	$ 109,250	N/A	$ 120,396



Source: 2007 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Section VII: Glossary

Victor Valley Wastewater Reclamation Authority
Glossary
Fiscal Year 2014-2015

Glossary	
Ammonia Nitrogen	The soluble ionized and unionized ammonia nitrogen component in wastewater that can be measured using the procedure described in the current edition of "*Standard Methods for the Examination of Water and Wastewater*" published by the American Public Health Association.
Biochemical oxygen demand (BOD)	The measure of decomposable organic material in wastewater as represented by the oxygen utilized as determined by the procedure described in the current edition of "*Standard Methods for the Examination of Water and Wastewater*" published by the American Public Health Association.
Cash Basis	Revenues and expenses are recognized when cash is received or paid out.
Connection Fee	A fee paid by a new discharger for the costs of capacity in the regional wastewater system.
Effluent	The liquid outflow discharged from the Publicly Owned Treatment Works (POTW) facility or the nondomestic wastewater discharged by industrial users to the POTW.
Enterprise accounting	Uses an accrual basis of accounting method to account for the activities of a government agency that provides goods or services to the public on a fee basis.
Enterprise Accounting System	An accrual accounting system that is similar to a regular business accounting method, where revenues and expenses are recorded when they incur. VVWRA employs two funds, (1) Operations and Maintenance Fund and (2) Capital Fund. Both of the funds employ the Enterprise Accounting System.
Interceptor	A pipeline that coveys wastewater from the sewer collection facilities of a Member Agency to the VVWRA's wastewater treatment facilities.
Member Agencies	The four government agencies who participate in the joint power agreement with VVWRA. They are the City of Victorville; Town of Apple Valley; Hesperia Water District; and County of San Bernardino Service Areas, #42 Oro Grande and #64 Spring Valley Lake.
MG	Million Gallons.
MGD	Million Gallons per Day.
POTW	The Publicly Owned Treatment Works is sewage treatment plants that are owned and usually operated by local government agencies.
Pretreatment	The reduction and elimination of pollutants or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into the POTW.
Reclaimed Water	Water that, as a result of waste treatment, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.
Septage	Any wastewater or sludge removed from cesspools, septic tanks, holding tanks, or chemical toilets that is trucked or hauled to the point of discharge.
SRF	State Revolving Fund.
Surcharge	An assessment, in addition to the service charge, which may be levied on those users whose waste are greater in strength than threshold concentration values established.
Total Suspended Solids	The insoluble solid matter suspended in wastewater that is separable by laboratory filtration in accordance with the procedure described in the current edition of "*Standard Methods for the Examination of Water and Wastewater*" published by the American Public Health Association.
Ultraviolet Disinfection	A non-chemical process whereby a pathogen, contained within the wastewater, is exposed to a dosage of ultraviolet radiation, resulting in the deactivation of the pathogen's DNA, such that the pathogen is unable to reproduce.
User	Any person who contributes, causes, or permits the contribution of wastewater into the POTW, including households, private residences, nonresidential users, and Member Agencies.
VVWRA	The Victor Valley Wastewater Reclamation Authority.
Wastewater	The domestic or nondomestic liquid wastes discharged from dwellings, or commercial buildings, industrial facilities, and institutions, together with any ground water, surface water, and storm water that may be present, whether treated or untreated, which is contributed into or permitted to enter the POTW.