Victor Valley Wastewater Reclamation Authority

Adopted Annual Budget FY 23/24

VVWRA • 20111 Shay Rd., Victorville, CA 92394 • (760) 246-8638 • fax (760) 246-2895

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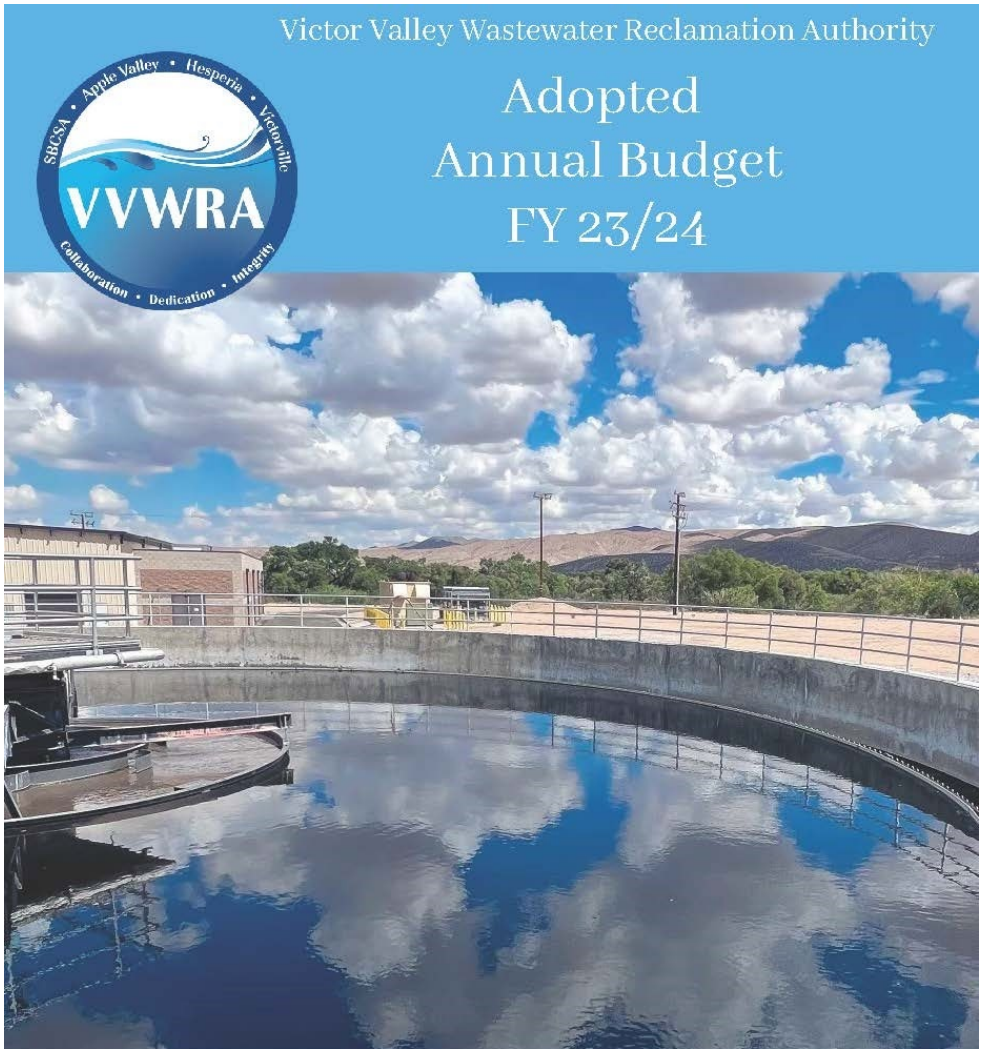
Victor Valley Wastewater Reclamation Authority
A Joint Powers Authority and Public Agency of the State of California
20111 Shay Road, Victorville, CA 92394
Telephone: (760) 246-8638
Fax: (760) 246-2898
e-mail: mail@vvwra.com

1 Budget Executive Summary

1.1 General Manager Budget Message



TO THE BOARD OF COMMISSIONERS AND MEMBER AGENCIES OF THE VICTOR VALLEY WASTEWATER RECLAMATOIN AUTHORITY: THE TOWN OF APPLE VALLEY, THE CITY OF HESPERIA, THE SAN BERNARDINO COUNTY SPECIAL DISRICTS, THE CITY OF VICTORVILLE, AND REGIONAL STAKEHOLDERS.

On behalf of the Victor Valley Wastewater Reclamation Authority (VVWRA or Authority), I am pleased to present for your consideration our Fiscal Years 2023-2024 Operating and Capital Budget. Preparation for these Budget calculations and supporting documents began on January 26, 2023. Preparing for my fourth budget season as the VVWRA General Manager, the staff and I evaluated the changes we made last fiscal year and discussed further changes to improve our budgeting process and reporting. We reaffirmed our primary goal to develop a balanced, more focused, and comprehensive budget. The team worked diligently together to evaluate the present budget structure to identify shortcomings and ambiguity. We collaboratively identified areas for further improvement to provide greater clarity with fewer line items, eliminating line-item duplications and more definitively separating department fiscal responsibility. We have also made a significant change to how we document and report our Capital Improvement Program (CIP), With the help of a consultant we developed a comprehensive list of projects for the next 25 plus years through 2050. We also developed more detailed sheets per project to provide the reader with more information on the project and our budget estimations.

VVWRA Mission Statement

"VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment and recycling."

There are three key VVWRA staff members who are fiscally responsible for developing the overall organizational budget. The Plant Superintendent, Brad Adams, manages thirty-two staff members, including Operators and Mechanics who are responsible for the operations of the regional and sub-regional facilities. He is responsible for developing the Operations portion of the fiscal year budget. The Director of Administration, Robert Coromina, manages sixteen employees who perform environmental compliance, information technology, electricians, human resources, and safety functions within the Authority. The Accounting Supervisor, Xiwei Wang oversees development of the overall budget with his staff of four employees. Mr. Coromina and Mr. Wang jointly develop the administrative portion of the fiscal year budget.

The VVWRA Budget Team

Darron Poulsen
General Manager

Brad Adams
Plant Superintendent

Robert Coromina
Director of Administration

In addition to developing two clear internal departments who are accountable for effective planning and budgeting, the number of line items was shortened to eliminate budgeting difficulties and overlap. The management team continues to improve their budgeting skills through a much clearer understanding of where they have budgeted funds for their regular operations instead of having to dive into multiple layers of line items and codes. The elimination and consolidation of certain line items have allowed the management team to further sharpen their pencils on the more general line items this budget year. Each manager went through the task of eliminating worst case scenarios from the individual line items and to budget as close to normal expected operating costs for every element of their budget. The projected worst case scenario funds were placed once again in one contingency fund that the directors and supervisors can draw upon, should any out of the ordinary situations arise. This process has eliminated additional funds from many line items that in the past had inflated budget numbers for the unknown situations that sometimes occur.

This last year saw the end of the COVID 19 Pandemic work protocols and work from home schedules. All VVWRA staff are working in the office as a regular practice now and we are getting back to some form of normalcy with regards to daily operations. We continued to grow our understanding and implementation for the Mission of the Authority, and we further dedicated ourselves to the core values of Collaboration, Dedication, and Integrity. In late 2022 the management team went through a training program evaluating our DISC profiles and learning how to have critical conversations. With the help of a facilitator, we went through a workbook and practiced scenarios on how to work together better. This critical conversation training was provided to all the staff to improve communication among all staff members. As a result of this training, we have developed an Organizational Agreement that our employees will need to read and sign, acknowledging their understanding of our organization's expectations on how we will implement our core values of Collaboration, Dedication, and Integrity The agreement details that every employee is responsible for assuring open lines of communication and mutual

respect for every employee. The agreement speaks to higher levels of professionalism, commitment, and continuous improvement. The VVWRA staff and the management team are committed to continuing our efforts in making a culture shift to value every employee equally at a higher level and to put our customers, the Member Agencies, first in all our decision and planning efforts.

The budget presented to you this June 22, 2023, provides for a surplus in revenues that will be used to fund our strategy of pay-as-you-go Capital projects. In this new budget we have successfully achieved our desired debt ratio coverage above 1.2. Lat year's (FY 2023) budget had a debt ratio of 1.43. We are proud to inform you that we project our debt overage ratio for FY 2024 to be 1.53. Operating revenues increased by 11% attributed to increases in wastewater flows, industrial waste fees, recycled water sales, and tipping fees for fat, oil, and grease and post-consumer food waste. Unfortunately, operating expenses also went up 12% mostly attributed to the higher cost of materials, chemicals, equipment, and services. In addition to those costs, the new fiscal year budget now includes the full operating costs of the Sub-Regional facilities that we expect to be fully online next fiscal year. The Sub-Regional facilities will require new operations staff and other increased costs in chemical, power, sampling, and maintenance. The team is excited to move forward with the operations of the Sub-Regional facilities serving our member agencies with recycled water.

The Victor Valley Wastewater Reclamation Authority is committed to the Mission Statement utilizing our Core Values as the guiding principles to achieve the desired goals in the coming fiscal year. The Authority strives to maintain transparency, responsiveness and good stewardship toward our Board of Commissioners, our Member Agencies, our stakeholders, and our employees. I would like to take this opportunity to thank the External Finance Committee made up of financial staff from the Member Agencies for input on the proposed budget. Also, I'd like to thank the Finance staff including Accounting Supervisor, Xiwei Wang; Lead Accountant, Kyle Parker; Accountant, Anne Mazzarella; and Management Analyst, Cyle Palazzo.

Respectfully Submitted

Darron Poulsen
VVWRA General Manger

1.2 Overview of Revenue Changes and Analysis

This document includes the budget information for the fiscal year ending June 30, 2024 (hereafter referred to as FY 2024) for Victor Valley Wastewater Reclamation Authority (VVWRA or Authority). This financial plan serves as a policy document, operation guide, and as a means of transparent communication. The budget document is a comprehensive and balanced financial plan that features the analytical elements of a fiscally responsible public Authority. The budget also provides an overview of department operations and relative statistics utilized to measure performance and the achievement of goals. The Authority has developed a thorough table of contents inclusive of six major sections and a glossary that will help the reader locate information.

VVWRA Digesters

For FY 2024, the Authority continues to utilize the newly created supplemental capital purchase line items for significant capital assets that need replacement on an as-needed basis within both the Operations/Maintenance and the Administrative departments. These assets are not normally critical to operations and can be budgeted only when funds are available. In previous VVWRA budgets, small capital projects or significant asset purchases, which could not use restricted connection fee dollars, were in the Repairs and Replacement Fund, which these supplemental capital line items have replaced in the individual funds. The Authority will track all significant projects, inclusive of services and assets, are now located in the Capital Improvement Plan and appropriate funding sources, user fee funds, or connection fee funds, accordingly. VVWRA accounts for these two fund sources, user fee funds and connection fee funds, using enterprise accounting practices and comprehensive accounting software. The VVWRA conducts its businesses based on an Enterprise Accounting System that is an accrual accounting system, like a regular business accounting method, by recording revenues and expenses as incurred instead of recognizing transactions when receiving or paying cash.

VVWRA provides wastewater treatment services to four member agencies: City of Victorville, City of Hesperia, Town of Apple Valley, and two areas of San Bernardino County Special Districts. The Authority treats and bills the total wastewater flow from the Member Agencies based on the approved flow allocation per member agency, on average of, 58.70% from the City of Victorville, 20.56% from the City of Hesperia, 15.54% from the Town of Apple Valley, and the remaining 5.20% from the two areas of San Bernardino County Special Districts. The Authority will bill this treatment process to the Member Agencies at a rate of $5,150 per million gallons of

flow (effective July 1, 2023) based on the percentage of flow allocation. Other operating income includes septage processing fees; tipping fees for anaerobically digestible materials, fats, oils, and grease; sludge flow; industrial pretreatment fees; reclaimed water sales; and high strength surcharge fees. The proposed total operating revenue for FY 2024 is projected to be $25.3 million. Including the payment of the debt service, the total proposed operating expense is $24.9 million, leaving $386,018 operating net surplus. Combined with $7.9 million of operating reserve reduced by $5.7 restricted reserve, we have $2.2 million for supplemental capital purchase and capital project use.

In addition to the user fee revenues, the Authority is also projecting the collection of $2.9 million in connection fee revenues, in addition to a grant revenue of $3.9 million. VVWRA collaborated with the Finance Staff at the Member Agencies to get more accurate projections of these numbers. The Member Agencies collect connection fees as development impact fees from developers who seek additional capacity and connection to the VVWRA system. The connection fee revenues are based on the connection fee rate of $4,679 per equivalent dwelling unit (EDU) that went into effect on December 1, 2019 and remains effective as of July 1, 2023. The use of connection fee revenues is restricted to capital projects that add capacity to the VVWRA assets that deliver, treat, and monitor wastewater. The Capital Projects section of this document explains further the use of the capital fund.

1.3 Overview of Operational Expenses

VVWRA has submitted a proposed Operating budget expense of $24.9 million consisting of $2.8 million in debt service, and $22.2 million for operations and maintenance expenses (including lease payments) for FY 2024. These expenses exclude non-cash items, such as depreciation expense. The Authority predicted the operating revenues and expenses based on the assumption that the Authority will continue operating both sub-regional plants in Apple Valley and City of Hesperia during FY 2024. These additional operations add extra expenses, but also add additional revenues from the sale of recycled water.

	O&M Fund	Capital Fund	Total
FY 2024 Reserve Beginning Balance	**$ 7,520,327**	**$ 6,881,564**	**$ 14,401,891**
Total Revenues	25,344,755	6,802,782	32,147,538
Total SRF Loan	(2,749,738)	(1,553,204)	(4,302,942)
Total Lease Payments	(165,000)	-	(165,000)
Total Operating Expense	(22,043,999)	-	(22,043,999)
FY 2024 Budget Surplus	**386,018**	**5,249,578**	**5,635,596**
Total Reserve	**7,906,345**	**12,131,142**	**20,037,487**
Total Restricted Reserve	(5,712,005)	(1,295,053)	(7,007,058)
Total Unrestricted Reserve	**2,194,340**	**10,836,089**	**13,030,429**
Total Capital Projects ①	(821,810)	(7,684,299)	(8,506,109)
Total Supplemental Capital Purchase	(1,302,369)	-	(1,302,369)
Available Unrestricted Reserve	**$ 70,161**	**$ 3,151,790**	**$ 3,221,951**
Total Restricted Reserve	**$ 5,712,005**	**$ 1,295,053**	**$ 7,007,058**

① Please refer to Section 6.2 for more details on Capital Projects.

We expect unrestricted operating reserve on June 30, 2024, would be $2.2 million that we have entirely applied to supplemental capital purchases as well as capital projects. A Capital section of this booklet explains these capital projects in greater detail.

Past budgets reported operational expenses as one department. To better account for the actual departments, each department head developed their own budget. The Plant Superintendent, Brad Adams, is responsible for his operations and maintenance department budget, managing thirty staff members, including operators and mechanics at the regional and sub-regional facilities. The Director of Administration, Robert Coromina, is responsible for his administration department budget, managing seventeen employees who perform environmental compliance, finance, IT and electrical work, human resources, and safety.

The two clear internal Departments have eliminated the complexity of budgeting, utilizing a contingency line item that each department manager could draw upon, should any out of the ordinary situations arise.

1.4 Capital Projects Strategy Update

The Renewable Natural Gas (RNG) project completed last year with our private partner Anaergia continues to shine as a positive inspiration in our industry. At the global Water Awards Ceremony in Berlin Germany, on May 9, 2023, VVWRA and Anaergia were recognized for the RNG project by winning the Global Water Award for Wastewater Project of the Year. Our state-of-the-art co-digestion and biogas upgrading facility at VVWRA is a public-private partnership between VVWRA, SoCal Biomethane, a subsidiary of Anaergia Inc. and Southwest Gas. The facility collects methane from the co-digestion of food waste and municipal sewage and converts it into renewable natural gas (RNG). The project, which was commissioned in 2022, treats 235,000 tons a year of food waste and biosolids, collecting 320,000 MMBtu of biomethane which is converted into RNG. The RNG is then injected into a Southwest Gas pipeline for commercial distribution. It is North America's largest privately financed co-digestion-to-biomethane project for pipeline injection at a wastewater treatment plant.

Established in 2006 by Global Water Intelligence, the Global Water Awards recognize the most important achievements in the international water industry within several categories, and reward those initiatives in the water, wastewater, and desalination sectors that are moving the industry forward through improved operating performance, innovative technology adoption, and sustainable financial models. Each year, the coveted Global Water Awards are presented at the Global Water Summit, the major business conference for the water industry worldwide. VVWRA competed against projects from Egypt, China, and Saudi Arabia.

In Fiscal Year 2021 the Authority completed the Interceptor Risk Assessment Analysis Repot. This project provided insight on the current condition and capacity of the Authority's interceptor piping system which conveys Member Agency wastewater to the regional plant. Due to the significant discoveries we identified in the Interceptor Risk Assessment regarding capacity concerns during wet weather, peak flow, conditions, the Authority awarded a contract with Dudek to begin an infiltration and inflow (I&I)

study during wet weather events. Reducing the I&I occurrence can mitigate capacity concerns. Last year Dudek and VVWRA staff began collaborative efforts with our Member Agencies to perform a region wide study on how to lower I&I. The Authority identified Smart Cover locations and installed equipment to provide critical data during storm weather events. During the last fiscal year, we gained significant knowledge on wet weather flow conditions due to several sizable rain events. By continuing this collaborative effort with our member agencies, the Authority is seeking to postpone or eliminate future costly pipeline projects identified in the Interceptor Risk Assessment study.

Another significant long-term project we continue to work on is the rehabilitation of our existing Administrative Building. The Authority's administrative staff are working from temporary construction trailers that they have leased for over ten years. The first phase of the project to remove existing contamination and the old SCADA system from the building was completed in fiscal year 2021-22. Last fiscal year the Board authorized staff to contract with Tom Steeno design to develop tentative designs for a new Lab Building, remodel designs for the Administrative Building, and a new Warehouse. Those concepts were presented and approved by the Board. As we move into fiscal year 2023-24, we are looking to develop construction drawings for these new structures that we can utilize to receive construction cost proposals. Our staff hopes to have construction cost estimates in early 2024 that we can use to identify necessary funding for construction in fiscal year 2024-25.

Capital planning is a critical part of the future success of the Authority. Assuring the necessary capacity and services provided by the Authority to its member agencies do not become an impediment to regional growth is a critical responsibility and necessity. A positive step in identifying the necessary capital planning for the future occurred last fiscal year when a long-term capital planning and funding study was awarded to the Dudek consulting firm. The study looked to build upon the interceptor risk assessment findings to meet capacity concerns through pipelines projects and now also consider treatment and operational capacity concerns for the future. The study is proposed to look into the future up to the year 2050 and identify all the possible projects necessary to meet capacity demands 27 years from now. Some of the work completed in that study is included in the capital budget analysis in this fiscal year 2023-24 Budget. The funding plan for these projects will be addressed in fiscal year 2023-24 along with a prosed rate study that will be presented to the Board for review and approval. Staff are gaining the necessary knowledge and experience to continue and sustain a comprehensive Capital Improvement Plan to protect and assure proper operations and capacity of all the VVWRA assets and facilities.

1.5 Debts – SRF Loans

The agency has conducted its financial planning for the five-year period, FY 2020 through FY 2024. Following the financial plan, the FY 2024 budget will result in a debt coverage ratio of 1.53,

which is above the desired value of 1.20 as specified in the loan agreements with the State Water Resources Control Board.

Although there are no applicable legal debt limits for VVWRA to adhere to, the agency has a contractual obligation of maintaining the annual debt service reserve to cover the following year SRF loan principal and interest payments. The agency conducted a rate study to keep the pay-as-you-go strategy for capital projects within these constraints.

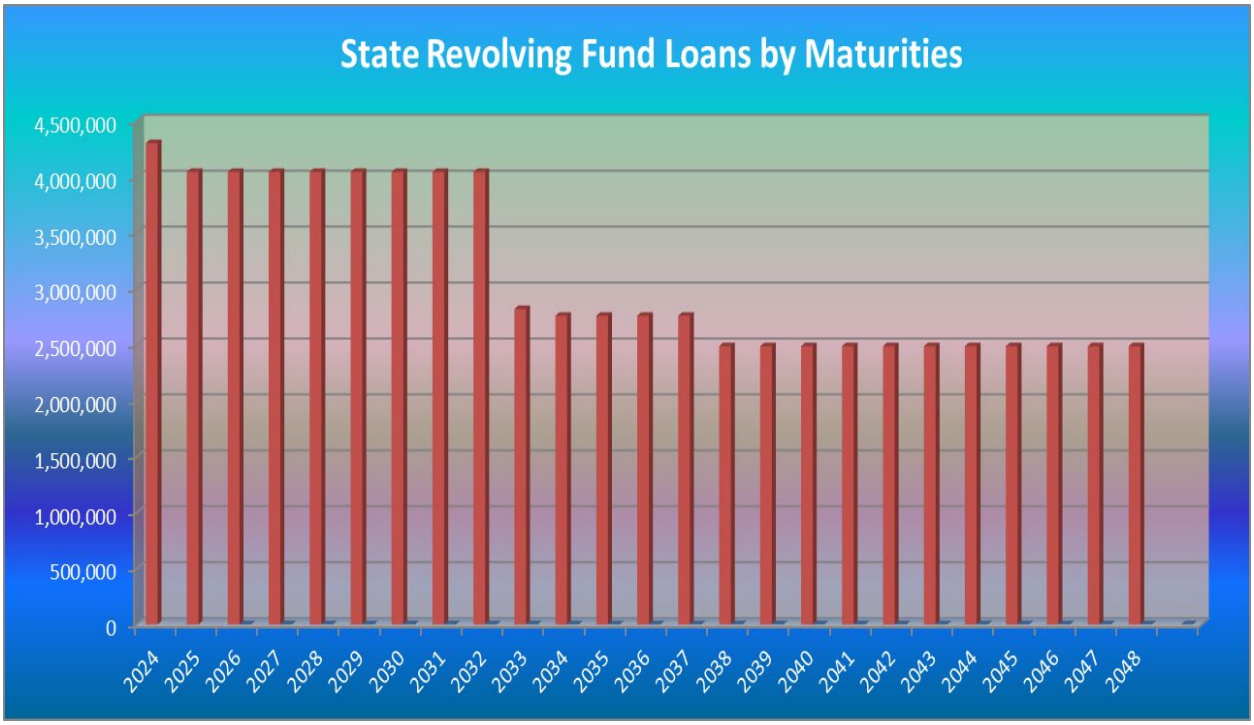
VVWRA's total debt service for FY 2024 is $4,302,942. Out of this amount, $2,749,738 comes from the user charge revenues and $1,553,204 derives from the connection fee revenues. VVWRA's debt service amount will decrease in future years as the agency continues to pay off debts. Please see the following pages for future loan payments.

Based on the Board consensus to pay back the loans timely, the Board has approved the user fee and connection fee rate adjustments during FY 2020. The new user fee was effective October 1, 2019, and will continue increasing by 8% annually throughout FY 2024. The adjusted connection fee rate was effective December 1, 2019, that will remain effective throughout FY 2024.

The table below and a bar graph at the following page present our debt service payments for the Clean Water State Revolving Fund (SRF) loans. As of July 1, 2023, the agency has six outstanding SRF loans. The law does not require the agency to maintain a legal debt limit as the agency is a special district but requires the agency to adhere to the debt coverage clauses specified in the loan agreements.

VVWRA Annual Debt Service							
Fiscal Year	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	Upper Narrows Replacement	Nanticoke Bypass	Apple Valley Sub-Regional	Hesperia Sub-Regional	**Total**
2024	258,151	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,302,940**
2025	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2026	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2027	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2028	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2029	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2030	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2031	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2032	-	1,027,610	257,745	271,633	1,024,951	1,462,850	**4,044,789**
2033	-	-	60,393	271,633	1,024,951	1,462,850	**2,819,827**
2034	-	-	-	271,633	1,024,951	1,462,850	**2,759,434**
2035	-	-	-	271,633	1,024,951	1,462,850	**2,759,434**
2036	-	-	-	271,633	1,024,951	1,462,850	**2,759,434**
2037	-	-	-	271,633	1,024,951	1,462,850	**2,759,434**
2038	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2039	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2040	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2041	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2042	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2043	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2044	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2045	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2046	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2047	-	-	-	-	1,024,951	1,462,850	**2,487,801**
2048	-	-	-	-	1,024,951	1,462,850	**2,487,801**
Total	**258,151**	**9,248,490**	**2,380,098**	**3,802,862**	**25,623,775**	**36,571,250**	**77,884,626**

After FY 2025 the repayment amount will be lowered to about $4.0 million and then after FY 2033, the payment amount will become near $2.8 million. The high repayment amounts will negatively impact both operations and capital projects throughout the years.



VVWRA Regional Plant Flag

VVWRA has utilized the SRF loans through California State Water Resources Control Board to fund most capital projects. The construction of the projects below was completed during the years before June 30, 2018. The following list shows two years of principal and interest repayments per Operations/Maintenance and Capital Funds.

2024	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	Upper Narrows Replacement Project	Nanticoke Bypass Project	Apple Valley Sub-Regional Project	Hesperia Sub-Regional Project	2024 Total
SRF Loan Amount	$ 4,084,688	$ 15,717,668	$ 4,286,380	$ 4,459,190	$ 26,455,229	$ 37,758,385	$ 92,761,540
Annual Payment	$ 258,151	$ 1,027,610	$ 257,745	$ 271,633	$ 1,024,951	$ 1,462,850	$ 4,302,940
Payment Date	February 13	June 30	December 31	June 30	February 28	February 28	
1. Operations	0.00%	75.00%	100.00%	75.00%	61.00%	61.00%	
Original Loan	$ -	$ 11,788,251	$ 4,286,380	$ 3,344,393	$ 16,137,690	$ 23,032,615	
Principal	$ -	$ 606,395	$ 216,632	$ 156,533	$ 487,527	$ 695,819	$ 2,162,906
Interest	$ -	$ 164,313	$ 41,113	$ 47,192	$ 137,693	$ 196,521	$ 586,832
Annual Payment	$ -	$ 770,708	$ 257,745	$ 203,725	$ 625,220	$ 892,340	$ 2,749,738
2. Capital	100.00%	25.00%	0.00%	25.00%	39.00%	39.00%	
Original Loan	$ 4,084,688	$ 3,929,417	$ -	$ 1,114,798	$ 10,317,539	$ 14,725,770	
Principal	$ 251,855	$ 202,132	$ -	$ 52,178	$ 311,697	$ 444,866	$ 1,262,728
Interest	$ 6,296	$ 54,771	$ -	$ 15,731	$ 88,034	$ 125,644	$ 290,476
Annual Payment	$ 258,151	$ 256,903	$ -	$ 67,909	$ 399,731	$ 570,510	$ 1,553,204
Total Principal	$ 251,855	$ 808,526	$ 216,632	$ 208,710	$ 799,224	$ 1,140,685	$ 3,425,634
Total Interest	$ 6,296	$ 219,084	$ 41,113	$ 62,923	$ 225,727	$ 322,165	$ 877,308
Annual Payment	$ 258,151	$ 1,027,610	$ 257,745	$ 271,633	$ 1,024,951	$ 1,462,850	$ 4,302,942

2025		Phase IIIA Regulatory Upgrades	Upper Narrows Replacement Project	Nanticoke Bypass Project	Apple Valley Sub-Regional Project	Hesperia Sub-Regional Project	2025 Total
SRF Loan Amount		$ 15,717,668	$ 4,286,380	$ 4,459,190	$ 26,455,229	$ 37,758,385	$ 88,676,852
Annual Payment		$ 1,027,610	$ 257,745	$ 271,633	$ 1,024,951	$ 1,462,850	$ 4,044,789
Payment Date		June 30	December 31	June 30	February 28	February 28	
1. Operations		75.00%	100.00%	75.00%	61.00%	61.00%	
Original Loan		$ 11,788,251	$ 4,286,380	$ 3,344,393	$ 16,137,690	$ 23,032,615	
Principal		$ 622,768	$ 220,747	$ 159,507	$ 492,402	$ 702,777	$ 2,198,201
Interest		$ 147,940	$ 36,998	$ 44,218	$ 132,818	$ 189,563	$ 551,537
Annual Payment		$ 770,708	$ 257,745	$ 203,725	$ 625,220	$ 892,340	$ 2,749,738
2. Capital		25.00%	0.00%	25.00%	39.00%	39.00%	
Original Loan		$ 3,929,417	$ -	$ 1,114,798	$ 10,317,539	$ 14,725,770	
Principal		$ 207,589	$ -	$ 53,169	$ 314,815	$ 449,314	$ 1,024,887
Interest		$ 49,313	$ -	$ 14,739	$ 84,916	$ 121,196	$ 270,164
Annual Payment		$ 256,902	$ -	$ 67,908	$ 399,731	$ 570,510	$ 1,295,051
Total Principal		$ 830,357	$ 220,747	$ 212,676	$ 807,217	$ 1,152,091	$ 3,223,088
Total Interest		$ 197,253	$ 36,998	$ 58,957	$ 217,734	$ 310,759	$ 821,701
Annual Payment		$ 1,027,610	$ 257,745	$ 271,633	$ 1,024,951	$ 1,462,850	$ 4,044,789

1.6 Environmental and Regulatory Changes

Current and future regulations have a significant effect on VVWRA's financial planning. The VVWRA currently operates one regional wastewater plant located in the City of Victorville and two water reclamation plants (WRP) located in the City of Hesperia and the Town of Apple Valley.

VVWRA faces a greater need for capital funding than ever before to pay for new infrastructure, system expansions, renewal, and replacement of existing facilities, as well as to meet increasingly stringent environmental regulations and compliance requirements.

The regional wastewater plant is regulated by both a National Pollutant Discharge Elimination System (NPDES) permit issued under the authority of the Federal Clean Water Act (CWA) and a waste discharge requirement (WDR) issued by the State of California. WDR permits regulate the WRP's. All three facilities produce disinfected tertiary recycled water available for member agencies' use. Under the NDPES and WDR permits, VVWRA manages several environmental programs.

Pretreatment program:

The CWA covers non-domestic sources of wastewater that discharge directly to a publicly owned treatment works (POTW) like the VVWRA. Such discharges may be federally regulated or regulated by VVWRA's pretreatment ordinance, which VVWRA enforces in cooperation with member agencies under authority derived from the CWA.

VVWRA plants are not designed to treat most toxic or non-conventional pollutants that are present in industrial waste. Consequently, discharges from both industrial and commercial sources can cause problems at these plants and can have detrimental effects on the water quality of the Mojave River.

The undesirable effects of those discharges can be prevented by using treatment techniques or management practices to reduce or eliminate the discharge of the contaminants. The act of treating wastewater before discharge to a POTW is commonly referred to as pretreatment. The National Pretreatment Program, published in 40 CFR Part 403, provides the regulatory basis to require nondomestic dischargers to comply with pretreatment standards to ensure that the goals of the Clean Water Act (CWA) are attained. The objectives of the National Pretreatment Program are stated in 40 CFR 403.2, as follows:

- Prevent the introduction of pollutants into a POTW that will interfere with the operation of the POTW, including interference with its use or disposal of municipal sludge.
- Prevent the introduction of pollutants into a POTW that will pass through the treatment works or otherwise be incompatible with such works.

- Improve opportunities to recycle and reclaim municipal and industrial wastewaters and sludges.

Recycled water program:

To augment and optimize its water recycling capabilities, VVWRA has elected to design and construct satellite scalping plants within the wastewater collection system to produce disinfected tertiary recycled water closer to the end-users and thereby minimize overall production and distribution costs. VVWRA is the recycled water program administrator.

Due to the proximity to the former George Air Force base, VVWRA works closely with the Air Force to monitor the plume of pollutants for a superfund site located nearby.

As federal and state grant funding programs continue to be reduced and/or eliminated, VVWRA continues to focus more attention on planning for the funding of future capital needs and finding alternative sources for capital funding.

1.7 Overview Conclusion

During the year ended June 30, 2023, the Authority was recognized for its forward thinking and green philosophy by being recognized for the RNG project that was awarded the Global Water Wastewater Project of the year. The Authority is proud to be the first wastewater treatment plant in California to digest both food waste and municipal waste activated sludge to produce RNG and to be setting the standard for other wastewater plants to follow.

Staff continues to improve on our budgeting process and find ways to improve transparency and effectiveness in our operations. The last few years have seen significant increases in commodity prices for chemicals and materials, far above our anticipated projections. We are also seeing higher prices for energy and necessary services, which are also driving our operating budget higher. The ramifications of COVID and the impact it had on manufacturing and energy cost are still present, causing stress and higher than anticipated costs. The rate increases put in place over three years ago to grow revenues for capital projects by generating revenues above operating expenses were predominantly used up to cover these higher costs. The Authority is not generating enough revenues today above operating expenses to sufficiently cover necessary capital projects. The capital planning and funding study, scheduled to be completed in June 2023, will be a valuable tool next fiscal year to help with a rate study which will provide the Authority with a better road map in the future to assure we are meeting the capacity and service needs of our member agencies. Overall, the VVWRA Budget Team is excited to share the fiscal planning for the FY 2024 budget and looks forward to working with the Board to get approval and implement the FY 2024 budget.

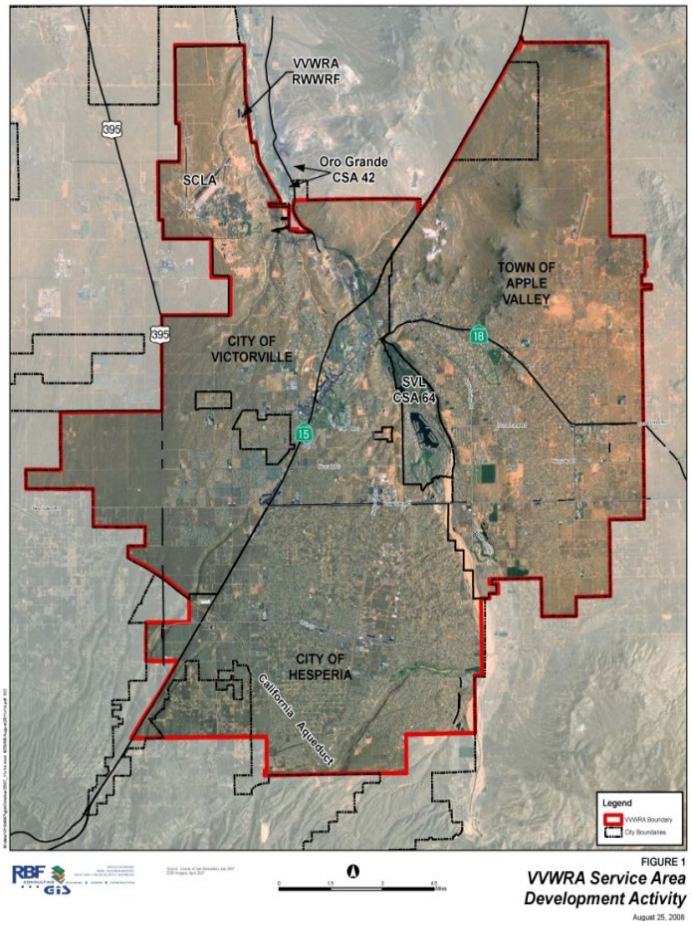
2 History and Governance

2.1 History of VVWRA

The Mojave Water Agency originally formed the Victor Valley Wastewater Reclamation Authority to help meet the requirements of the Federal Clean Water Act and provide wastewater treatment for the region. The original treatment plant, with supporting pipelines and infrastructure, began operating in 1981 to provide tertiary level treatment for up to 4.5 million gallons (MGD) per day to discharge into the Mojave River to replenish the aquifer. The current operations at the regional treatment plant treat 12 MGD. The VVWRA operates as a Special District of the State of California which operates under a Joint Powers Authority (JPA) agreement between the member agencies, the City of Victorville the City of Hesperia, the Town of Apple Valley, and the County of San Bernardino Service Areas 42 and 63.

Over the years, VVWRA has completed treatment plant upgrades and several capacity increases. The 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, while a smaller quantity is sold to Victorville power plant and American Organics.

In FY 2020, the Authority completed construction on the sub-regional treatment plants in the Town of Apple Valley and the City of Hesperia. These facilities started their operations during FY 2022 and treated between .5 and .75 MGD. The effluent recycled water will be sold to these Member Agencies to provide an additional revenue stream and relieve capacity at the regional plant.



VVWRA Service Area

2.2 Local Demographics

The service area has a population of 312,230 in 2022 with a slow but steady population growth in recent years.

Unemployment in the San Bernardino County is 4.1% in 2022, a significant decrease compared to 9.4% in 2020 and 7.4% in 2021. This is mainly due to the lifted restrictions caused by the global pandemic.

The figures below represent data for the County of San Bernardino based on information from State of California Employment Development Department.

Figure 2-1: Population Growth

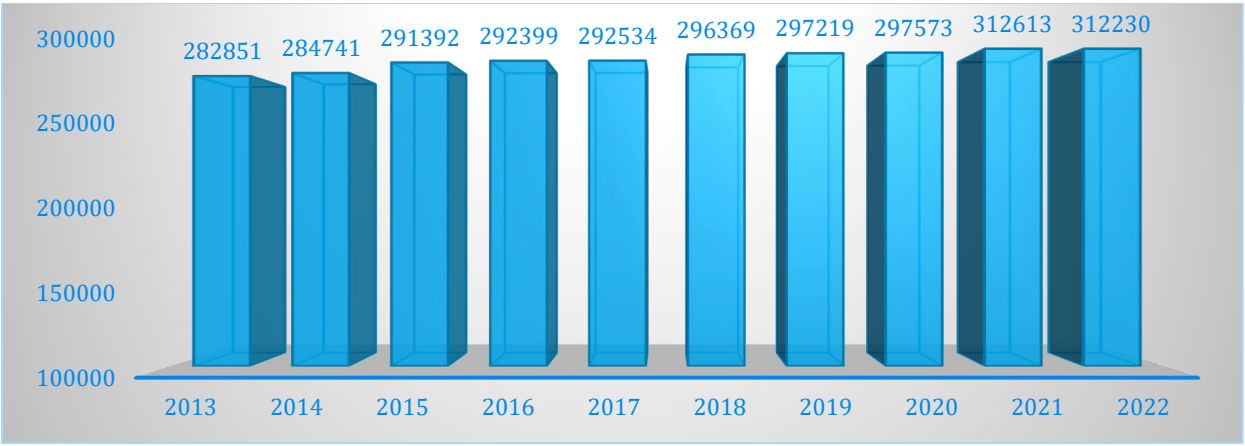


Figure 2-2: Unemployment Rate

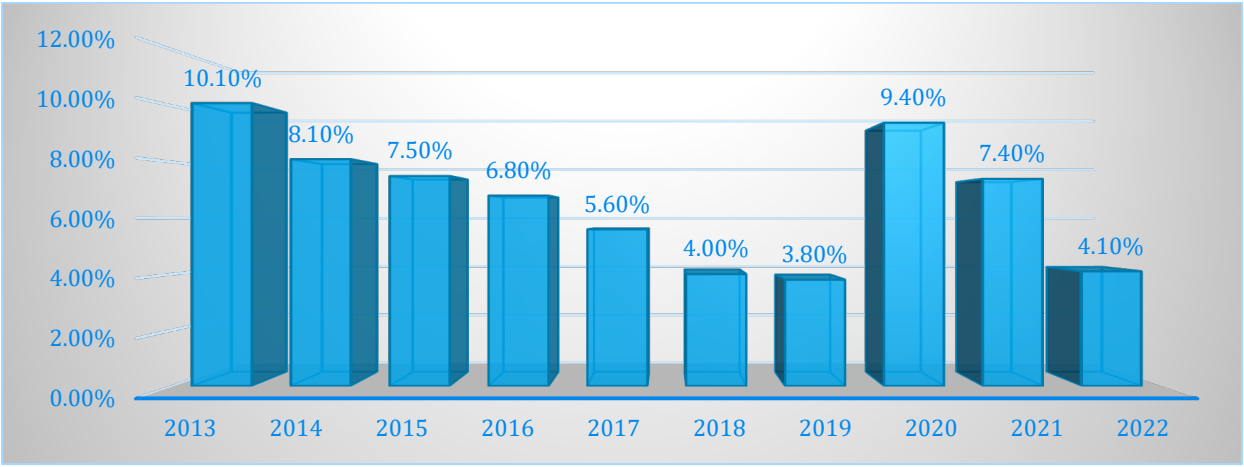
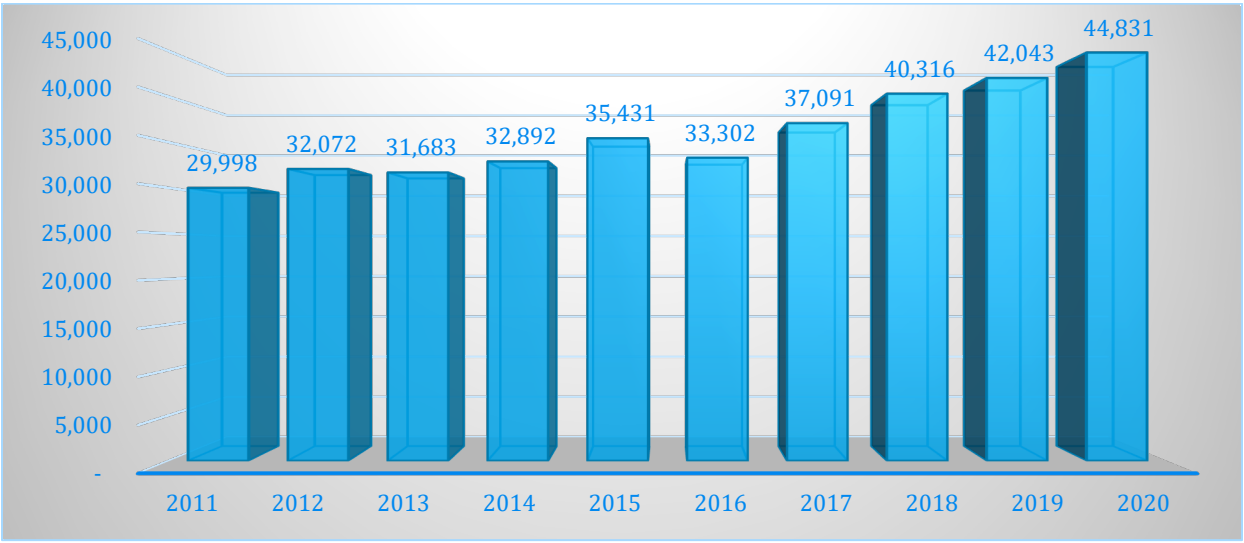


Figure 2-3: Personal Income Per Capita



2.3 Description of Governance

VVWRA is a quasi-governmental agency called a Special District of the State of California. California Public Utilities Commission does not regulate special districts, but the Authority's Board of Commissioners governs the Authority. The publicly elected commissions represent each Member Agency for a four-year term. A joint power agreement (JPA) binds the affairs between VVWRA and Member Agencies. The Board of Commissioners are responsible for approving policies and ordinances in accordance with the purpose detailed in the JPA agreement. These policies and ordinances become enactive upon the board approval. The General Manager then puts them into practice by setting the vision and goals of the organization in collaboration with the board to achieve the desired outcomes detailed in the Mission Statement of the VWRA.

2.4 Board Member Pictures and Agency Names

The Board of Commissioners governs VVWRA representing each of the four Member Agencies.

Board of Commissioners

As of July 1, 2023

Scott Nassif

Chair

Town of
Apple Valley

Debra Jones

Vice-Chair

City of
Victorville

Larry Bird

Secretary

City of
Hesperia

Paul Cook

Treasurer

County of
San Bernardino

3 Organizational Mission and Structure

3.1 Community Involvement and Member Agency Collaboration

As a joint power authority, the VVWRA's primary goal is to provide the essential service of collecting, treating, and recycling wastewater for the benefit of the Member Agencies and the communities they serve. Through the JPA agreement the Board of Commissioners, the VVWRA General Manager and the staff strive to set and achieve goals to provide sustainable and cost-effective solutions to deliver these necessary services for the benefit of the communities they serve. The VVWRA serves an arid region which has historically depleted its groundwater resources. For this reason, processed wastewater is valuable for projects, such as replenishing groundwater, protecting riparian habitat, and generating power plant cooling water. The Authority can use the energy stored in the organic matter delivered in the wastewater to provide heat and power to operate the wastewater treatment plant. The agency added a new recovery service to its operations last year through a public / private partnership with SoCal Biomethane. VVWRA now receives post-consumer food waste for digestion and renewable gas production which is put on the natural gas grid for residential and commercial use. Finally, VVWRA can also use the organic residual resulting from the treatment process to amend soil quality and to reduce greenhouse gas emissions.

There are two primary concerns that drive the Authority's long-term planning and mission. It is vitally important that the Authority work with the Member Agencies to plan for community growth and to monitor the environmental and regulatory requirements. This cooperative effort is to find out what and how much resources we require to address issues. Additionally, the industry is changing with more focus on regional watershed-based decision making.

As a joint power authority, the VVWRA's primary goal is to provide the essential service of collecting, treating, and recycling wastewater for the benefit of the Member Agencies and the communities they serve. Through the JPA agreement the Board of Commissioners, the VVWRA General Manager and the staff strive to set and achieve goals to provide sustainable and cost-

effective solutions to deliver these necessary services for the benefit of the communities they serve.

The VVWRA plays a vital role in the region to protect public health, producing recycled water for irrigation use, recharge of the aquifer, and sustaining a part of the local Mojave River habitat.

3.2 VVWRA Mission Statement

The Board approved the existing Mission statement in April of 2020 that VVWRA staff developed. The Mission Statement is meant to provide purpose and guidance to the Authority's essential services of collecting, treating, and recycling wastewater for the benefit of the Member Agencies and the communities they serve. During this last fiscal year, the VVWRA leadership team continued their efforts to make an internal cultural change focusing on improving the employee morale and committing to a renewed commitment to better serve the Member Agency's needs.

VVWRA Mission Statement

"VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment and recycling."

3.3 VVWRA Core Values

As a public agency, VVWRA has a responsibility to its member agencies and the communities they serve to strive to achieve the vision detailed in the mission statement. The mission statement provides purpose and guidance to the organization, but to achieve the desired vision it is imperative that core values be instilled to help align the organization to a common purpose and the achievement of common goals. VVWRA operates with three Core Values:



Collaboration

VVWRA focuses on building and supporting teamwork. By working together, we can support our staff and partners in the fulfillment of the respective visions. The value to the organization is to educate staff to distinguish between cooperation and collaboration. Cooperation is a group of staff working together with a different set of goals, while collaboration is everyone working together towards a common goal.

Dedication

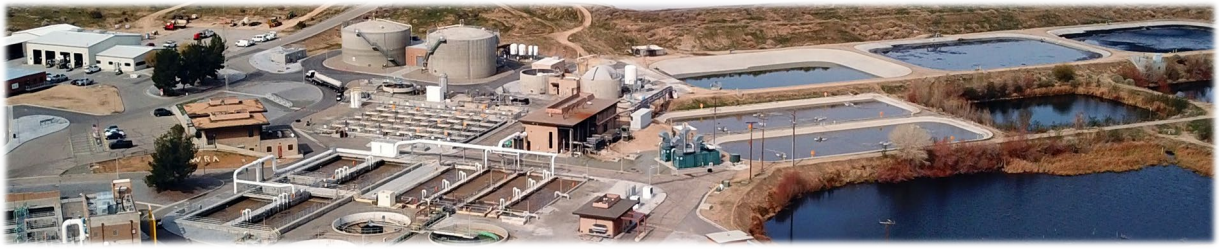
Dedication is a quality we look for in our staff. As an organization, we are dedicated to working with our Member Agencies to create a symbiotic relationship which benefits us all. To meet this value, we must cultivate an environment which generates passion, loyalty, and a shared vision. By being dedicated to our purpose, we can ensure the positive future for the communities and residents we serve.

Integrity

Integrity is a term that carries a lot of weight. This is a quality of having strong moral principles and ethical conduct. It carries with it a sense of accountability to our Member Agencies. Honesty, forthrightness, and doing the right thing for the right reasons all define integrity. It is of the utmost importance to hold ourselves to this standard if we are to request it of others.

In June of 2023, as part of the service awards ceremony, the VVWRA leadership team nominated and awarded staff who best represented the Core Values during the current year operations. In addition to awarding staff who best represented our Core Values we also acknowledged all our employees for completing the Crucial Conversation training that was given to all employees during FY 2023. At the ceremony every employee received their copy of the Code of Conduct we developed to identify how we will apply our Core Values in our regular communication and work efforts with every staff member. The Code of Conduct agreement was signed by every employee, their Supervisor, their Director, and the General Manager in a unified acceptance of these values and conduct.

3.4 VVWRA Model for Efficient Wastewater Utility Management



In the application of the core values, VVWRA has adopted ten operational attributes to operate and manage the Authority in an effective and efficient manner. These attributes describe desired outcomes that are applicable to the mission and goals of VVWRA. They comprise a comprehensive framework related to operations, infrastructure, customer satisfaction, effective leadership, employee valuation, financial responsibility, sustainability, and natural resource stewardship. VVWRA's attributes of an effective managed utility include:

1. Regulatory Compliance

VVWRA's core mission is to protect public health and the environment for our communities by providing high-quality wastewater-treatment services in an effective, efficient, and responsive manner. We fulfill this mission by producing tertiary treated effluent and biosolids that meet or exceed regulatory requirements.

2. Member Agency Support and Satisfaction

VVWRA seeks to provide reliable, responsive, and affordable services in line with the service levels as set by our Member Agencies. VVWRA will strive to be a resource and positive partner with the Member Agencies in how we communicate and perform outreach, how we operate and sustain facilities for our Member Agencies needs and how we collaboratively plan our capital projects with our Member Agencies to meet the growing needs of our region.

Outreach and Communications - Working in collaboration with the Member Agencies, VVWRA will utilize a mix of evolving communication technologies to convey common messaging in support of our mutual goals. The messaging and outreach from VVWRA will seek to focus on regional matters that impact VVWRA and its Member Agencies. All messaging will emphasize VVWRA's role and services to the Member Agencies and the communities we

serve. VVWRA and the Member Agencies will actively promote and appreciation of the value of wastewater services and water's role in the social, economic, public, and environmental health of the community.

Operational Support – VVWRA will support operational needs by sustaining and operating vital waste disposal facilities for sewer and storm water operations performed by the operational units of the Member Agencies. Other Member agency desired services that VVWRA will operating include receiving local septage fats, oils, and grease (FOG) hauler materials. As demand for these services grows. VVWRA will be mindful to plan accordingly to assure the long-term sustainability and growth of the facilities necessary to process these materials that are in line with the desires of the Member Agencies. Another significant and important service is the delivery of recycled water. VVWRA will work diligently to assure a reliable delivery of recycled water for the benefit of the Member Agencies and to assure regulatory requirements are met. The Authority will strive to sustain a collaborative approach to the Member Agency needs and regularly seek feedback for the benefit of VVWRA and the Member Agencies.

Capital Project Planning – VVWRA will actively engage and seek input from the Member Agencies in all capital and development projects that will affect VVWRA facilities and Member Agency collection systems. Regular communication and positive working relationships will be sustained to improve working relationships where VVWRA and Member Agencies openly share and collaborate on projects for their mutual benefit and the benefit of the communities we serve.

3. Financial Responsibility and Transparency

VVVWRA understands and plans for the full life-cycle cost of utility operations through an open and transparent budgeting process and the development of a comprehensive Capital Improvement Program. All staff members will value and follow necessary purchasing policies as dictated by the VVWRA Board to assure the highest levels of operational and financial integrity. VVWRA staff will make every effort to establish and maintain an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues. The development of rates will seek to be consistent with Member Agency expectations and acceptability, but adequate to recover operational costs, provide for reserves, and plan and invest for future capital needs. With Board support and approval, staff will always seek funding sources to keep operational and capital costs down. A strong emphasis by VVWRA staff and consultants will be put towards acquiring grants and seeking smart public or private partnerships to help fund projects which will be presented to the Board for final approval. As part of the VVWRA commitment to fiscal responsibility staff will strive to sustain the necessary debt coverage requirements and annually report in the budget the Government Finance Officers Association (GFOA) required information. All efforts will be done in an open and transparent process in accordance with policies established by the Board.

4. Operational Optimization

By optimizing operations, VVWRA staff, ensures reliable, sustainable, and cost-effective performance in their service to public health and environmental protection. This is accomplished through the effective use of data acquired from automated and smart systems and performance monitoring of processes. VVWRA's highly technical staff is up to date on regulatory trends and technological developments in our industry, which make it possible to anticipate and support timely adoption of process improvements and expansions.

5. Employee and Leadership Development

VVWRA recruits, develops, and retains a workforce that is competent, self-motivated and safety focused. Employee development establishes an organization dedicated to continual learning, improvement, and innovation. Ensures employee institutional knowledge is retained, transferred, and improved upon over time. VVWRA understands the need for an effective, goal driven management staff and emphasizes and invests in opportunities for professional and leadership development. Employees at VVWRA are dedicated to delivering high level performance and are always looking for opportunities to expand their knowledge and/or improve their abilities to ensure this goal is met.

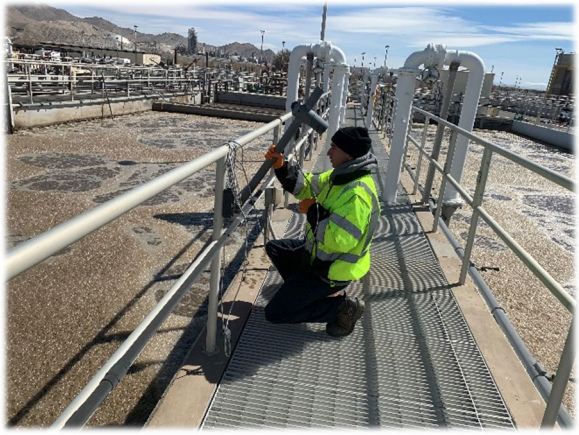
6. One Team One Vision

It is essential that all VVWRA staff members are dedicated to the effective and efficient operation of VVWRA facilities for the benefit of our Member Agencies, our staff, and the communities we serve. Every person plays a role in achieving this goal and, as such, all positions are equally valued and important. From the General Manager to the newest intern, it is imperative that staff know and understand their job expectations and the priority of goals for the organization. The workload to achieve the desired goals of VWRA and the Member Agencies is the responsibility of every staff member. To achieve the highest levels of effectiveness and efficiency, it is imperative that all staff members are committed to the Core Values. There must be a common level of dedication to work together as a team to achieve goals, to achieve proper levels of operation, and to achieve the highest levels of customer service to our Member Agencies, to our staff and with the priorities and goals of the VVWRA and the Member Agencies.

7. Asset Management and Strategic Capital Planning

VVWRA is committed to a sound Asset Management and Strategic Capital Planning process. We make sure that planned maintenance can be conducted and capital assets (pumps, motors, pipes, etc.) can be repaired, replaced, or upgraded on time and on budget. The VVWRA has put in place best practices to manage infrastructure capital assets and minimize the total cost of owning and operating these assets while delivering the desired service levels.

8. Commitment to Excellence



VVWRA's commitment to excellence is shown in how we manage operations, infrastructure, and investments to support the economic, environmental and health of its community. By reviewing the relevance of operating procedures, performing in depth, staff driven and third party training, and investing in our employee improvement program VVWRA shows our dedication to employing the highest level staff and providing the most productive and enjoyable work environment. Collaboration with partners such as public and private utilities, vendors, local governments, and regulatory bodies we provide an effort to efficiently and cost effectively complete projects or overcome challenges faced by VVWRA, its member agencies and/or the environment. Spreading the message, the collaboration, dedication, and integrity through posts on social media, industry publications, and internal newsletters shows VVWRA's commitment to these core values.

9. Sustainability Focus

VVWRA has established several sustainability goals that reflect our community priorities:

- Reduce energy cost**:** We routinely invest in more energy efficient equipment or explore operational changes that can enhance energy optimization.
- Preserve critical ecological areas like the Mojave River: Our effluent meets the most stringent regulatory requirement, while we work with other regional agencies to reduce nutrient loadings to the regional watershed.
- Ensure a sustainable workforce: VVWRA has implemented steps to ensure a safe workplace, knowledge retention, and new knowledge through training.

10. Communication to Assure Stakeholder Understanding and Support

Communication and trust play an essential role in the success of this model for effective wastewater utility management. Positive and honest communication between VVWRA staff and the Board, between operational teams at VVWRA and the Member Agencies and internal communication within VVWRA are necessary to assure the clarity of goals and expectations. Effective communication is an integral element of success within an organization; it promotes team building, increases innovation, increases efficiency, and loyalty. VVWRA staff will seek to utilize positive and effective communication practices to assure that ideas, thoughts, knowledge, and information are shared to assure the purpose of the communication is fulfilled in the best possible manner. Communicated information will be confirmed by the sender to assure the receiver has properly interpreted the message to assure the best possible outcome. These positive communication principles will be practiced by VVWRA staff to assure Member Agencies and internal staff have a strong understanding of the goals and expectations of the organization. The communication will focus on building trust to gain support for the necessary actions to best serve the Member Agencies and the customers we serve.

Keys to Management Success

The keys to management success at VVWRA represent frequently used management approaches that help managers be positively impactful in their roles to represent and apply the core values to achieve the attributes of an effective wastewater utility. They create a supportive framework for a utility as it works towards the outcomes outlined in the attributes. Change starts at the top and it is a requirement of VVWRA leaders that they strive to improve the Authority's operations through their effective leadership. The Keys to Management Success are as follows:

Leadership

The goals of a leader must be focused on the overall health and success of the organization. We must provide motivation, inspiration, and an environment of trust. We use these skills to impart a sense of importance and understanding to our managers and staff. One inevitable fact of leadership is, we set the example, and as such must endeavor to practice our core values without compromise. We do this by demonstrating an unwavering resolve in our all our actions and decision making. We must hold ourselves accountable and allow others to do the same. We must allow others to succeed and plan for the future while being the champions for the organization. We not only provide the vision for the organization but develop the culture in which we operate. We must plan for our future while providing for our present. By demonstrating a high level of integrity in all our actions, we set the standard for all internal and external stakeholder interactions and expectations. We have a responsibility to our staff to insure we are providing the environment and tools they need to accomplish our organizational goals. Furthermore, we

have a responsibility to our Member Agencies to provide reliable service and sound fiscal responsibility through transparency and open communication.

As the leaders we must maintain a level of excellence in our day to day operations and understand that these ideals must carry over to our partners. We must show that our Member Agency's goals are just as important as our own. We demonstrate this by building a partnership with them through collaboration and dedication to a shared vision

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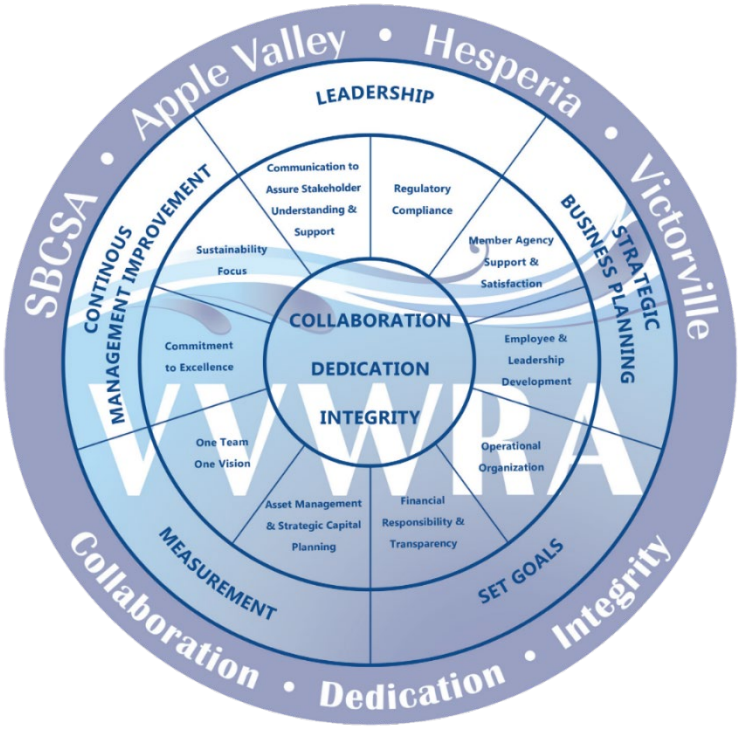


Strategic Business Planning

Strategic business planning directs and helps to achieve balance and cohesion across the efficient wastewater utility management (EWUM) ten attributes of an effectively managed utility. A VVWRA strategic business planning will provide a framework for decision making by:

- Assessing current conditions and conducting a strengths, weaknesses, opportunities, and threats (SWOT) analysis;
- Characterizing a range of possible and likely future conditions that may occur based regulatory requirements, deteriorating infrastructure, and growth
- Assessing underlying causes and effects of future conditions

- Establishing goals, vision, objectives, strategies, and underlying organizational values to overcome these future operational conditions

The EWUM model will provide a platform to develop a successful strategic business planning strategy process that will be dynamic and adaptable, allowing VVWRA to capitalize on new and emerging opportunities. It will be made more robust by engaging with the Board, Member Agencies, and staff. VVWRA will utilize a strong planning procedure that will identify specific implementation steps that will move operations from its current level of performance to achieving its vision.

VVVWRA staff will regularly deploy strategic planning principles to take a longer-term view of organizational goals and operations and establish a clear vision and mission. Planning efforts will be driven by clearly communicated objectives, measurement efforts, financial viability, and operational priority. Carefully developed strategic plans will clearly define current conditions, goals, and specific directives to staff to stimulate change, increase engagement, and support for improvement efforts.

Goal Setting

Goal setting is an important part of establishing a successful model for efficient wastewater utility management (EWUM). SMART goals which are specific, measurable, attainable, realistic, and timely are necessary to define a clear vision of the target goal and the path to attain them. Goals encourage people to think about the meaning of their work and how it connects directly to the bigger picture. VVWRA will regularly set short- and long-term SMART goals to

help achieve the desired goals of the Board, the staff and Member Agencies. These goals will be properly developed and communicated to the staff to provide focus and direction to help individuals stay on track and accountable for delivering the necessary efforts they are responsible for to achieve the goal. VVWRA will focus on being a Get-It-Done organization by assuring goals are properly developed, measured and delivered in a timely manner.

Measurement

"If you can't measure it, you can't improve it."

Peter Drucker

VVWRA has put in place a performance measurement system to track key performance indicators. VVWRA has identified areas in which to improve its operational reliability and efficiency; financial policies and procedures; and capital improvement plans. Part of our ongoing effort is to track those improvements and make sure that when change occurs that it is incorporated into our organizational structure. Benchmarking is a measurement tool used to track the Authority's progress towards achieving its goals. The process encourages transparency, innovation, and accountability.

We rely on AWWA Utility Benchmarking tool to measure VVWRA's performance and given our increasing role as a part of the broader water solution locally and statewide, we follow the three actions set forth by the California Water Plan Update of 2005.

- Use water efficiently
- Protect water quality
- Manage water in ways that protect and restore the environment

VVWRA is actively pursuing these three goals within its service areas and within its organizational culture. To attain these goals, the Capital Improvement Plan (CIP) includes three elements in each project to improve and meet (1) the capacity, (2) the proper performance efficiency, and (3) the regulatory needs for wastewater treatment for its Member Agencies. As any good steward of our limited resources would do, we regularly conduct benchmarking analysis to identify areas where VVWRA could improve its operation. The primary objective is to create a performance measurement system to evaluate and improve the Authority's operational efficiency. Four indicators were chosen and are tracked, which provide a broad perspective on the operational efficiency of VVWRA, these include:

- Sewer Overflow Rate: the purpose of this indicator is to provide "…a measure of collection system piping condition and the effectiveness of routine maintenance by quantifying the number of sewer overflows per 100 miles of collection piping."
- Million Gallons per Day (MGD) of Wastewater Processed per Employee: This is a measure of employee productivity and includes all staff.
- Operations and Maintenance Cost per Million Gallons Processed: This represents the total operations and maintenance costs (without depreciation) divided by the volume processed during the year.
- Debt Ratio: It quantifies the utilities level of indebtedness.

Continual Improvement Management

Continual improvement management falls into two categories at VVWRA; Capital Improvement and Employee Improvement. Managing of capital improvements include the determination of necessary improvements to critical infrastructure, assessing treatment process performance and efficiency, and evaluation of new technologies. On-site training, establishing "SMART" goals, regular evaluations, SOP audits and internal analysis and when appropriate external benchmarking, are some of the continual improvement tools used by VVWRA regarding employee improvement.

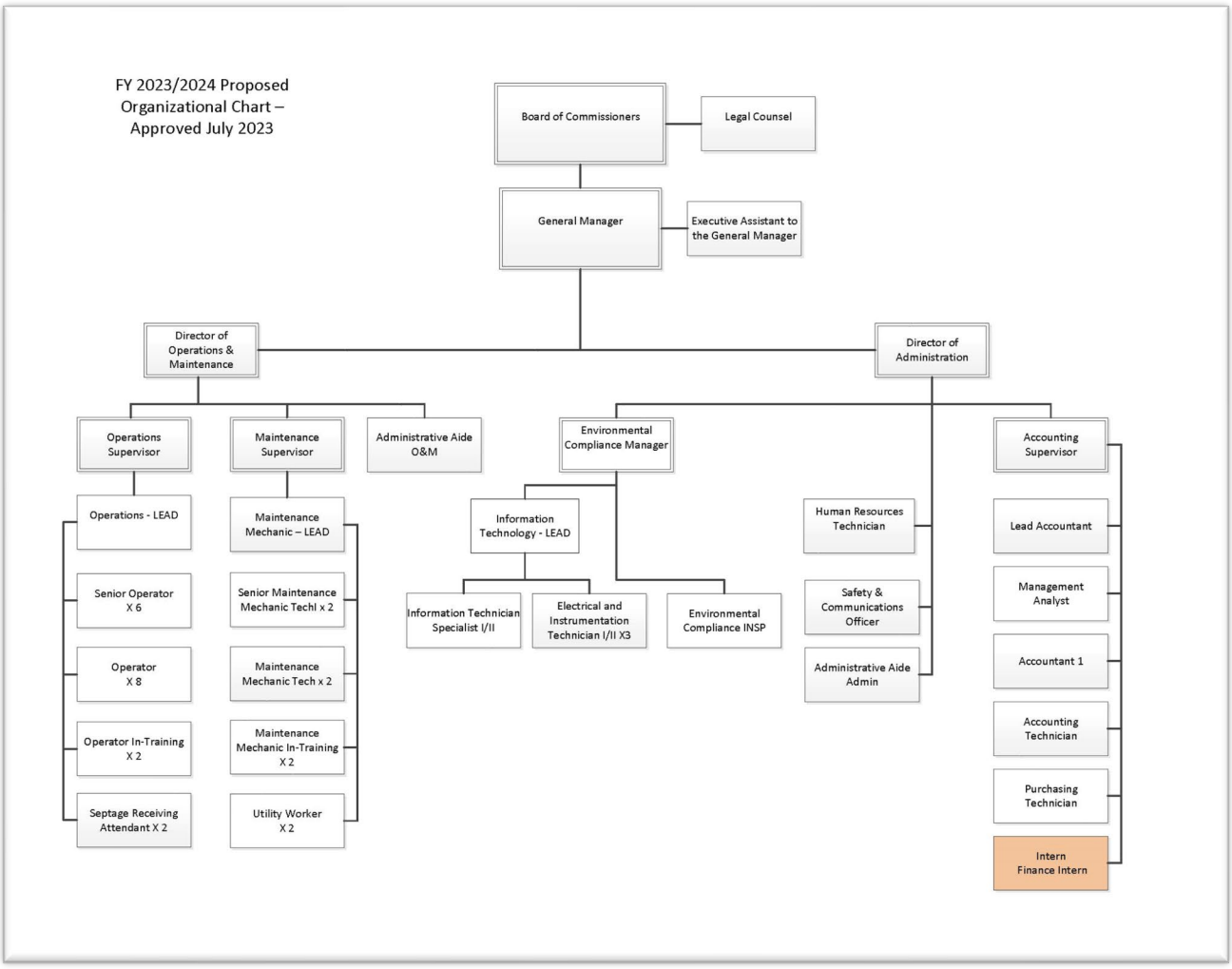
Continual improvements to VVWRA infrastructure and processes play a central role in effective utility management and are necessary to ensure proper treatment and to maintain regulatory compliance. To ensure treatment goals are always met, VVWRA defines roles and responsibilities to staff members at all levels to derive clear accountability for conducting condition and performance assessments. During evaluation of improvements we look at the

feasibility of current assets meeting future process goals and objectives, consulting with experts when necessary, and the return on investment potential of new technologies. Adherence to VVWRA's procurement policy, efficient budgeting practices, the seeking of grants and other sources of funding, not only ensure timely implementation of these upgrades, but shows VVWRA's devotion to the responsible use of public funds.

VVWRA is committed to the personal and professional growth of all employees. VVWRA utilizes regular evaluations of employees, setting of realistic and attainable performance goals. VVWRA's management team assesses the effectiveness of management processes, techniques, and best practices, which they frequently review to develop a continually improving yet constant work environment. VVWRA invests in employee improvement. Funding of higher education, access to industry seminars, comprehensive trainings, and incentives for certification achievements are policy and work practices that VVWRA provides to staff to help develop their "best self."

Whether improvements are for upgrading infrastructure or for betterment of personnel; VVWRA's core values of collaboration, dedication, and integrity are the driving force behind the procedures and activities that allow VVWRA to produce the highest-level staff, provide the most satisfying, up to date, and productive workplace. These things allow VVWRA to fulfill our obligations to our member agencies, regulatory bodies, rate payers and the environment.

3.5 Organizational Chart



3.6 Budgeted Positions

Administration Positions

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General Manager	1	1	1	1	1
Director of Administration	1	1	1	1	1
Controller	1	1	1	1	0
Accounting Supervisor	0	0	0	1	1
Project Construction Manager	1	0	0	0	0
Management Analyst	0	0	0	1	1
Asset Management Technician	1	1	1	0	0
Purchase Technician	0	0	0	1	1
Business Applications Manager	1	1	1	0	0
Environmental Compliance Manager	0	0	0	1	1
Administrative Aide – Admin	0	0	0	1	1
Lead Accountant	0	0	0	1	1
Accountant I	1	1	1	1	1
Accounting Technician	0	1	1	1	1
Finance Intern	0	0	0	1	1
Regulatory Compliance Inspector in Training	0	1	1	0	0
Environmental Compliance Inspector	1	1	1	1	1
Executive Assistant to the GM	0	1	1	1	1
Human Resource Technician	1	1	1	1	1
Information Technology Coordinator	1	1	1	0	0

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Information Technology Technician	1	1	1	0	0
Information Technology – Lead	0	0	0	1	1
Information Technician Specialist I/II	0	0	0	1	1
Electrical and Instrumentation Tech I/II	0	2	2	2	3
Electrical and Instrumentation Intern	0	0	1	0	0
Safety and Communications Officer	1	1	1	1	1
Secretary - GM/Board	1	0	0	0	0
Senior Accountant	1	1	1	1	0
Total Positions - Administration	**14**	**17**	**18**	**21**	**20**

Operations

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Plant Superintendent	0	1	1	1	0
Director of Operations and Maintenance	0	0	0	0	1
Operations/Maintenance Manager	1	0	0	0	0
Operations Supervisor	0	1	1	1	1
Operations Lead	1	0	0	1	1
Administrative Aide – Ops	0	0	0	0	1
Operator-in-Training	0	0	1	1	2
Operator	6	5	6	8	8
Senior Operator	6	6	6	6	6
Operator Intern	0	0	2	0	0
Septage Receiving Attendant	1	1	2	2	2

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Positions - Operations	**15**	**14**	**19**	**20**	**22**

Maintenance

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Maintenance Supervisor	0	1	1	1	1
Maintenance Mechanic Lead	1	0	0	1	1
Maintenance Mechanic	5	0	0	0	0
Maintenance Mechanic Tech in Training	0	0	1	2	2
Maintenance Mechanic Tech	0	2	3	2	2
Mechanical Tech III	1	0	0	0	0
Senior Maintenance Mechanic Tech	0	2	2	2	2
Utility Worker II	1	1	1	2	2
Total Positions – Maintenance	**8**	**6**	**8**	**10**	**10**

4 Department Overview and Performance Measures

4.1 Operations and Maintenance Department Overview

The Operations Department's main goal is to protect the environment, wildlife and recreational uses of the Mojave River and Downstream Mojave River Basin. By cost-effectively treating incoming wastewater to the highest level, this water can be returned to the environment directly to the Mojave River, or through groundwater rejuvenation via percolation ponds. This effluent is also sold as recycled water, to offset potable water use in the area. The Operations department provides high-quality treated effluent that complies with all local, State, and Federal requirements.

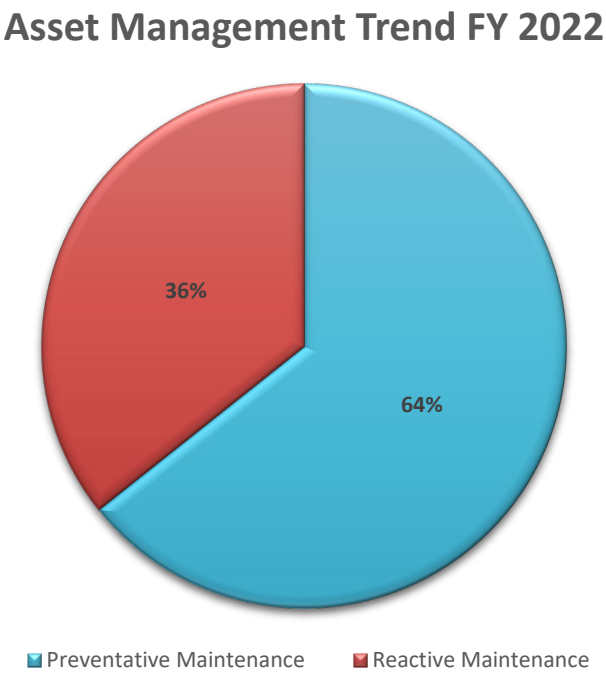
The following data shows the performance level during the last five years.

Description	Fiscal Year Ending June 30				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Removal Efficiency[1]					
Biochemical Oxygen Demand	98.87%	98.70%	98.32%	98.37%	98.62%
Total Suspended Solids	99.41%	99.46%	99.29%	99.41%	99.45%
Wastewater Processed					
Total Effluent Flow (MG)	4,003.17	3,965.47	4,093.50	4,147.33	4,646.85
Total Flow to Percolation Ponds (MG)	1,927.97	2,523.49	1,995.41	2,249.24	2,030.51
Total Flow to Mojave River (MG)	2,265.15	1,425.04	2,071.15	1,883.31	2,706.11
Average Influent (MGD)	10.65	10.59	10.80	10.93	11.27
Recycled Water					
Total Recycled Water Sold (MG)	9.69	9.69	17.71	11.40	8.74
Recycled Water Sold to Victorville (MG)	7.25	7.25	9.73	4.05	4.17
Recycled Water Sold to Hesperia (MG)	0.00	0.00	0.00	0.04	11.62
Recycled Water Sold to Apple Valley (MG)	0.00	0.00	0.00	0.00	0.00
Recycled Water Sold to A.O. (MG)	3.81	3.81	9.23	9.20	7.79
Material Received					

Total Septage Received (MG)	6.64	6.66	6.75	7.24	9.30
Total ADM Received (MG)	6.36	5.89	3.50	0.01	3.44
Total FOG Received (MG)	1.04	.69	.87	.73	.41

1: Removal efficiency refers to the average removal percentage of certain waste through the treatment process.

The goal of the Maintenance department is to provide the top quality, cost-effective services that are required to operate VVWRA's treatment facilities, lift stations, and collection system. Maintenance is also responsible for maintaining a fleet of standard vehicles, heavy equipment, off road vehicles, and golf carts. VVWRA has just under 200 million dollars of capital assets. Using a preventive maintenance approach to maintaining these assets, staff greatly reduces the higher costs of reactive repairs.



Preventive maintenance: Planned maintenance, also referred to as scheduled maintenance, is a proactive strategy where maintenance and inspections of equipment and other assets are scheduled at regular intervals to ensure that equipment is operating correctly to minimize breakdown and downtime levels.

Reactive maintenance: Often referred to as breakdown maintenance or corrective maintenance, is very much a reactive strategy where repairs are performed at the point when equipment fails. This maintenance results in unplanned downtime and damaged equipment.

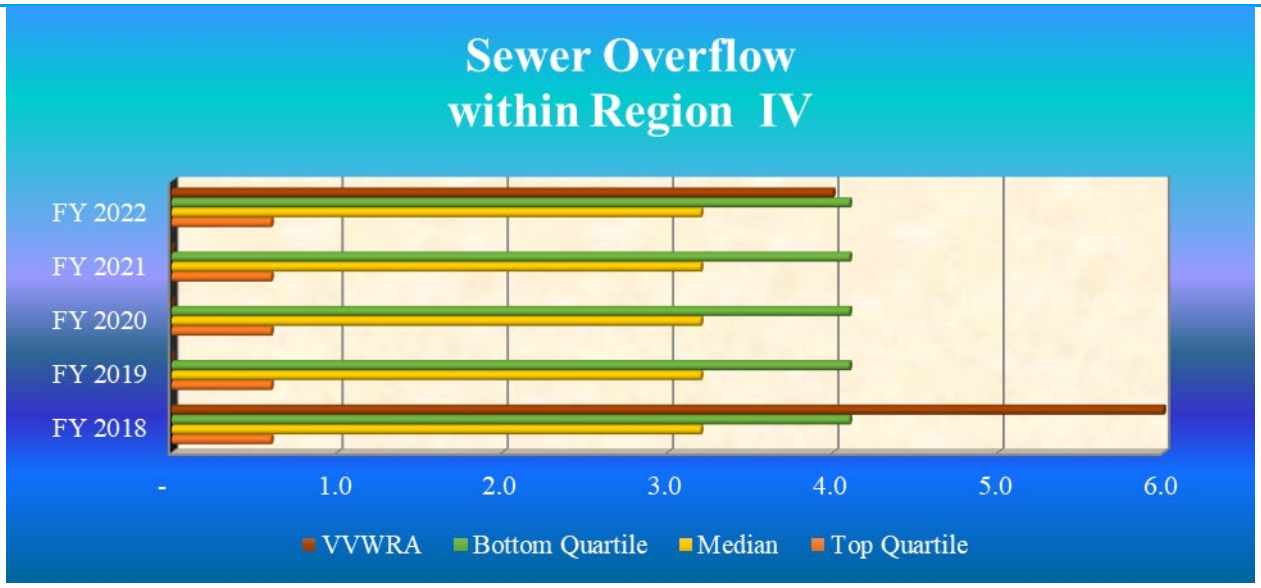
4.2 Operational Statistics Benchmarked Against Industry

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

VVWRA had two sanitary sewer overflows during year ended June 30, 2022. VVWRA places below median quartile both in the West States and nationally.

Sewer Overflow-West States Region IV Benchmark

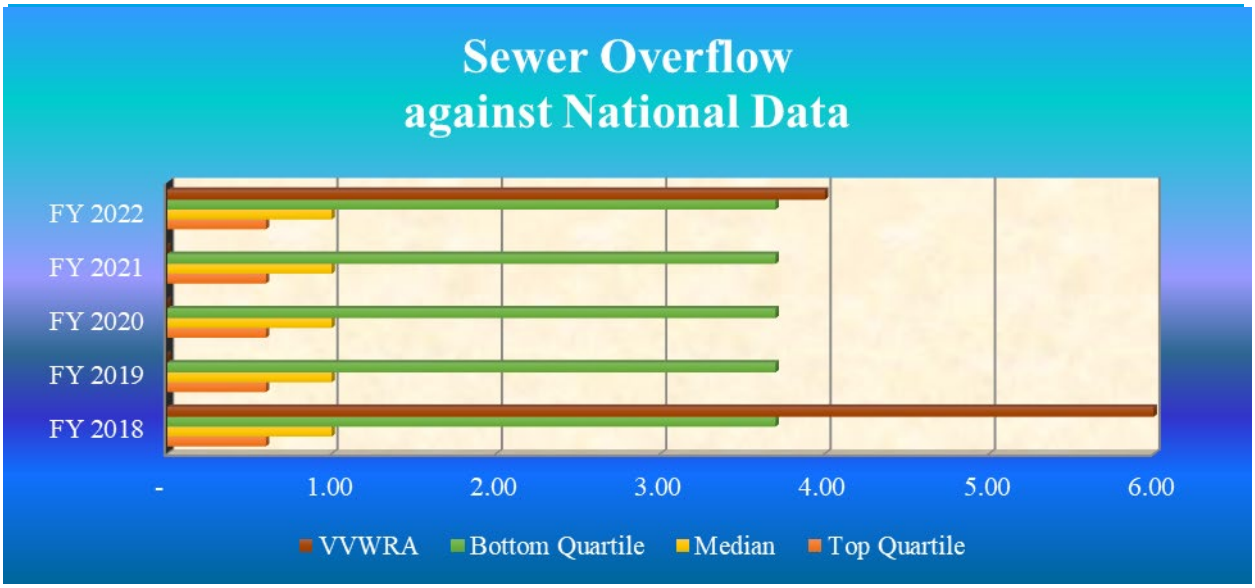
	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2022	0.60	3.2	4.1	4.00
FY 2021	0.60	3.2	4.1	0.00
FY 2020	0.60	3.2	4.1	0.00
FY 2019	0.60	3.2	4.1	0.00
FY 2018	0.60	3.2	4.1	6.00



Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Sewer Overflow-National Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2022	0.60	1.00	3.70	4.00
FY 2021	0.60	1.00	3.70	0.00
FY 2020	0.60	1.00	3.70	0.00
FY 2019	0.60	1.00	3.70	0.00
FY 2018	0.60	1.00	3.70	6.00



Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

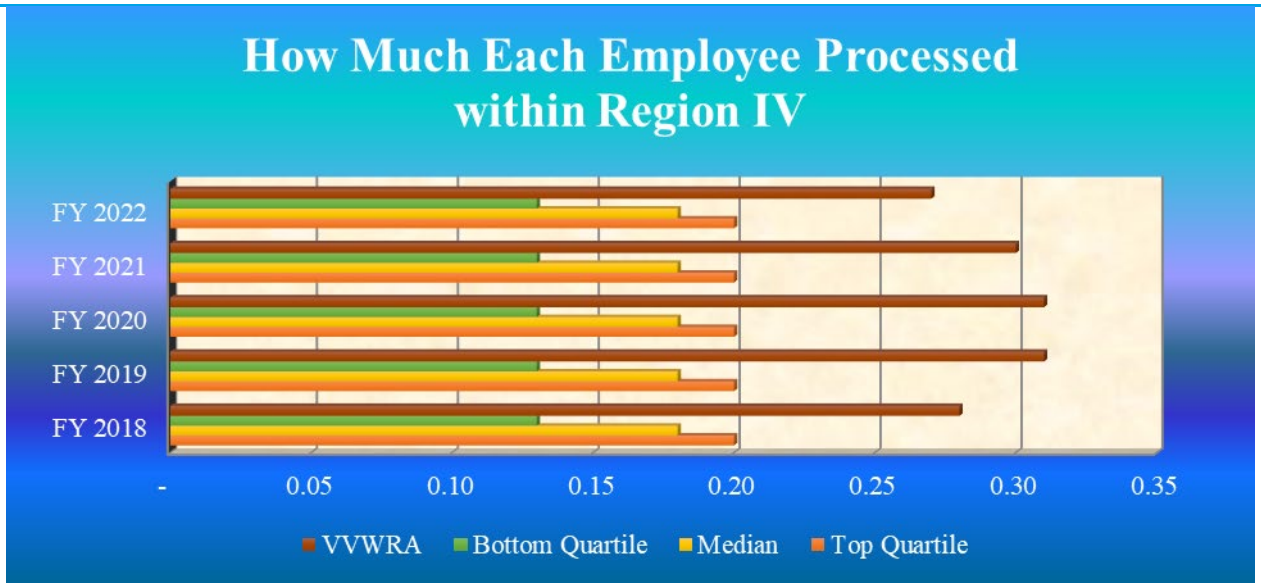
How Much Each Employee Processed

The quantity of wastewater processed by each employee has decreased from 0.28 MGD in FY 2018 to 0.27 MGD in FY 2022. The total amount of wastewater that VVWRA has processed is 4,265 MG in FY 2022. The total number of employees that VVWRA employed has increased from 38 in FY 2018 to 43 in FY 2022 during the comparative period per ACFR's.

Compared to Region IV states, VVWRA has almost continuously remained at the top quartile since FY 2018. Compared nationally, the quantity of wastewater processed by each employee has surpassed the median since FY 2018.

How Much Each Employee Processed-Region IV Benchmark

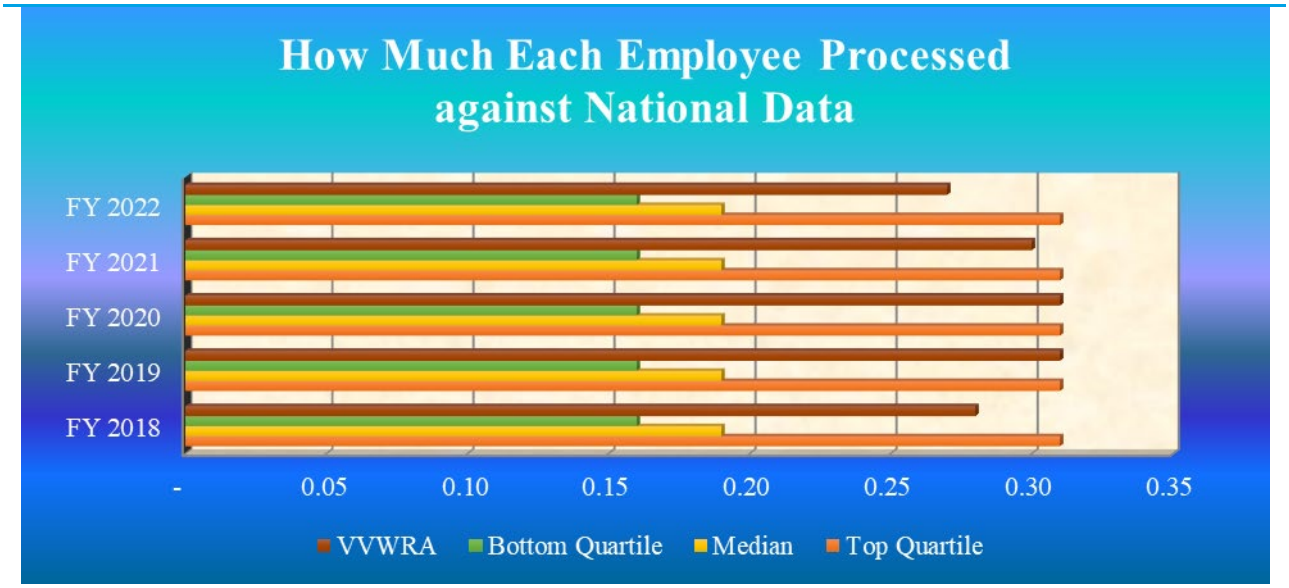
	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2022	0.20	0.18	0.13	0.27
FY 2021	0.20	0.18	0.13	0.30
FY 2020	0.20	0.18	0.13	0.31
FY 2019	0.20	0.18	0.13	0.31
FY 2018	0.20	0.18	0.13	0.28



Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

How Much Each Employee Processed-National Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2022	0.31	0.19	0.16	0.27
FY 2021	0.31	0.19	0.16	0.30
FY 2020	0.31	0.19	0.16	0.31
FY 2019	0.31	0.19	0.16	0.31
FY 2018	0.31	0.19	0.16	0.28



Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

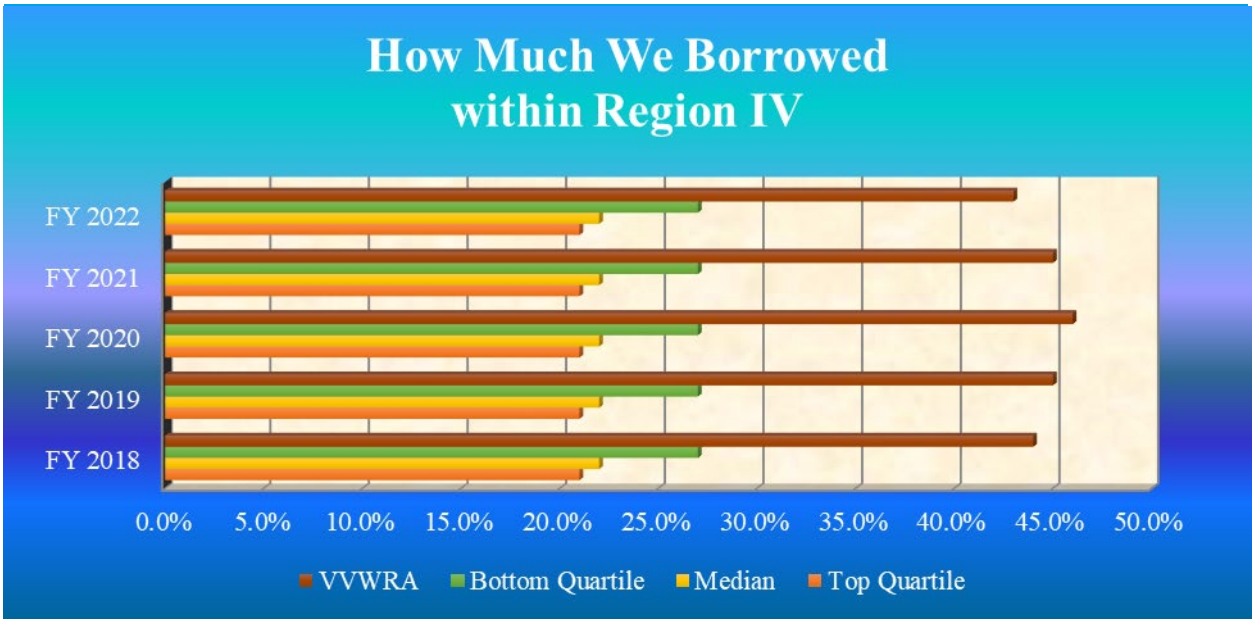
How Much VVWRA Borrowed

When you compare what you owe (liabilities) to what you have (assets), you will obtain a debt ratio. This ratio can be used to measure the health of a business. Lower value of the 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 decreased from 44.00% in FY 2018 to 43.00% in FY 2022 due to the decrease in the amount of State Revolving Fund loans for the construction projects.

VVWRA is ranked below the bottom quartile of the Region IV states from FY 2018 to FY 2022. Compared nationally, VVWRA is ranked below median quartiles for the same period.

How Much We Borrowed-Region IV Benchmark

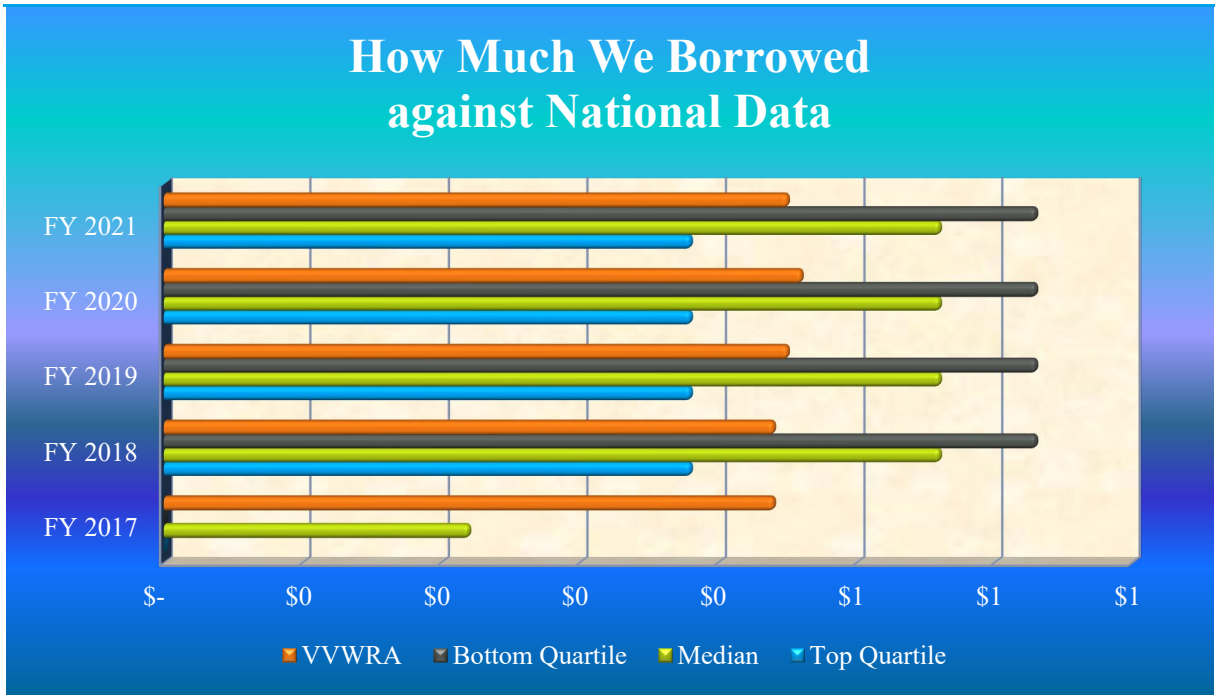
	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2022	21.0%	22.0%	27.0%	43.0%
FY 2021	21.0%	22.0%	27.0%	45.0%
FY 2020	21.0%	22.0%	27.0%	46.0%
FY 2019	21.0%	22.0%	27.0%	45.0%
FY 2018	21.0%	22.0%	27.0%	44.0%



Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

How Much We Borrowed-National Benchmark

	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2022	38.0%	56.0%	63.0%	43.0%
FY 2021	38.0%	56.0%	63.0%	45.00%
FY 2020	38.0%	56.0%	63.0%	45.00%
FY 2019	38.0%	56.0%	63.0%	44.00%
FY 2018	38.0%	56.0%	63.0%	44.00%



Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

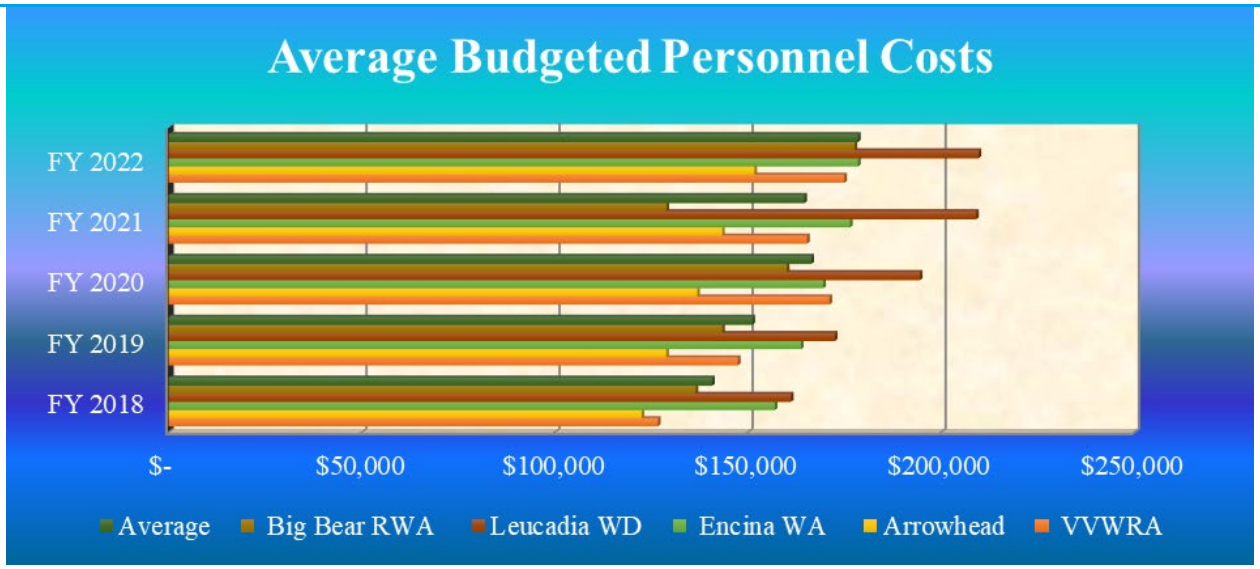
Average Budgeted Personnel Cost

Average budgeted personnel cost indicates the cost-effectiveness of an agency's overall personnel budget. Such an indicator is calculated by dividing the total budgeted personnel costs by the total budgeted number of employees for 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 Southern California.

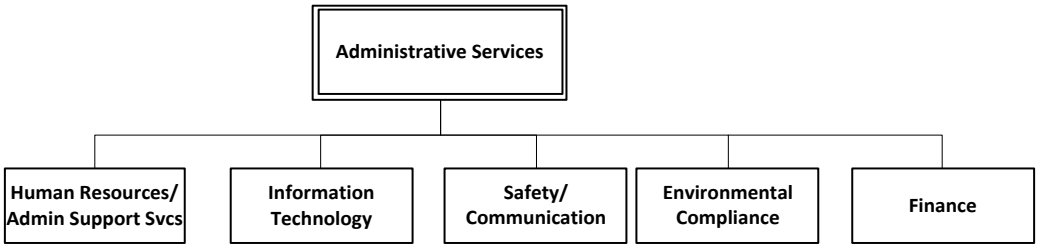
Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

Average Budgeted Personnel Cost

	VVWRA	Arrowhead	Encina WA	Leucadia WD	Big Bear RWA
FY 2022	$ 174,949	$ 151,675	$ 178,499	$ 209,723	$ 177,602
FY 2021	$ 165,331	$ 143,318	$ 176,423	$ 209,080	$ 170,935
FY 2020	$ 171,098	$ 136,876	$ 169,508	$ 194,532	$ 160,059
FY 2019	$ 147,403	$ 128,841	$ 163,731	$ 172,493	$ 143,344
FY 2018	$ 126,681	$ 122,463	$ 156,933	$ 161,137	$ 136,475



4.3 Administrative Department Overview and Statistics



The Administrative department is responsible for the oversight of the Human Resources, Information Technology (MIS), Environmental Compliance, Safety & Communications, Construction Management, and Finance. The Department is directly responsible for providing support for both internal and external customers maintaining the integrity of the organization, its budget and financial statements.

The Human Resources department contributes to Authority goals through the enchantment and support of Authority operations. By providing administrative services and the development of effective HR systems the Human Resources department contributes to the Authority's overall strategy by basing its consideration on human capital, authority capabilities, readiness, and the development of HR practices as strategic differentiators.

The Safety department is responsible for the health and wellbeing of the staff, contractors, and visitors for all the Authorities facilities. This is accomplished by diligently reviewing safety standards and monitoring changes in all safety related areas of responsibility.

Under the guidance of the Administrative Director, both department work in conjunction with each other to continuously evaluate and implement current trends and training to enhance the skills, abilities, and safety of all staff members.

The goal of Environmental Compliance and Management Information System (EC/MIS) is to ensure that the agency is in compliance with all environmental laws and regulations, providing VVWRA with the latest technologies and support, educating the users and promoting the new technology as an integral component of VVWRA's vision. This effort includes implementation of computerized maintenance management systems (CMMS) that keep track of the maintenance inventory more efficiently and of Supervisory control and data acquisition (SCADA) systems that provide many advantages including automation, increased reliability, reduced costs, improved worker safety and improved utilization. The EC department implements and enforces VVWRA's Industrial Pretreatment Program to prevent upset, interference, and pass-through at the wastewater treatment facilities, ensure beneficial reuse of plants effluents and biosolids, protect the structure and integrity of the sewerage collection system, ensure the safety of personnel working in the system and protect the health and safety of the public and environment. The EC department is also

responsible for the following environmental programs: Air permits management, Recycled water programs administration and enforcement and drinking water system. The EC/MIS department is staffed by skilled professionals, certified for Environmental Compliance Inspection, Collection System Maintenance, Industrial Pretreatment Plant Operation, Drinking Water Treatment and Drinking Water Distribution.

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 our effort provides 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, the staff is committed to employ all accessible and financially feasible technologies to support and educate all the staff.

The Administrative Services department works collaboratively with our Board of Commissioners, member, and regulatory agencies to ensure our visions are aligned with the best interests of the constituents in our service areas.

Human Resources / Administrative Support FY 2022	
Positions Hired	9
Evaluations Completed	24
Overtime Cost	$25,727
Board Meeting held	10
Board Action Items	47
Board Presentations	8
Public Hearings	5

Regulatory Compliance FY 2022	
Septage Volume Received	7.24 million Gallons
FOG and ADM Volume Received	0.76 million Gallons
Number of Industrial Permit inspections completed	13
Number of Industrial Permit sampling collected	13
Sewer Interceptors Cleaned (Miles)	14.5
Sanitary Sewer overflows	1
Information Technology FY 2022	
Desktop systems replaced	22
Servers replaced/implemented	3

Safety/Communications FY 2022	
Number of Recorded Injuries	1

Number of days on Workers Comp	365
Near Miss	0
Safety training hours	594
Facebook Followers	1,541
Community Outreach FY 2022	
Press Releases	2
Published Articles	3
Purple Pipe published	3

The goal of the Finance Department is to maintain sound financial accountability and integrity of the organization. Based on this concept, the department's responsibilities include establishing and monitoring internal control systems as an independent unit and preparing annual budgets and various financial reports including the Annual Comprehensive Financial Report. The agency utilizes an enterprise accounting system to administer general accounting and payroll. To improve operational performance, the finance department has implemented accounting, budgeting, and payroll software programs during the year ended June 30, 2020. Among various improved features, the new software has enabled us to maintain fund balances, capital projects, depreciation records, real-time payroll entries, and a budget that controls purchase and directly connects to general ledger. In addition, the Finance department has skilled professionals with certifications as certified public accountants.

The Finance Department has achieved its goal of presenting financial projections and results in an easy-to-understand format that has led VVWRA to win the Government Finance Officers Association awards. The awards won are:

1. Budgets: Distinguished Budget Presentation Award in the years beginning July 1, 2012 through July 1, 2022 and

2. Financial Reporting: Certificate of Achievement for Excellence in Financial Reporting for the years ended June 30, 2010 through June 30, 2022.

The Administrative Department strives to set goals and objectives to support Authority staff and to serve the needs of the member agencies.

4.4 Finance Policies

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 covers three types of reserves: Operations and Maintenance reserve, Repairs and Replacement reserve, SRF loan reserve. The reserve balances are to be revised annually with adoption of the budget.

The Operations and Maintenance Reserve is funded by operating revenue and equals to 10% of the budgeted total operating expenses for the prior fiscal year. In addition, the Repairs and Replacement Reserve includes 1% of the sum of land improvements, buildings, and interceptors. The SRF loan reserve is funded by both operating and non-operating revenues to maintain a sufficient reserve to meet the agreement provision of maintaining one fiscal year's debt service payments.

The Operations and Maintenance Reserve is $ 1.96million and the Repairs and Replacement Reserve is $1 million as of March 31, 2023. The SRF loan reserve for the year ending June 30, 2023, is $4.3 million.

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 and a wire transfer issued based on approved purchase orders.

Department Directors are authorized to approve expenses up to a limit of $50,000 on any one order or contract. The General Manager is authorized to approve expenses up to a limit of $75,000 on any one order or contract. The VVWRA Board of Commissioners approves all expenses above $75,000, 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 $5,000 should be considered based on a minimum of three quotes. Purchases of goods and services having an estimated value of more than $75,000 should be made through a competitive sealed bid process defined in the policy.

Most of our construction contracts fall in this category. Such contracts are awarded through public bids.

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 Cal TRUST.

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 specified as:

1. The financing agreement shall pledge the net revenue of the recipient for repayment of the proposed SRF financing agreement. This pledged revenue source shall be subject to lien and pledge as security for the obligation.

2. The recipient shall establish a restricted reserve fund, held in the recipient's fund, equal to one year's debt service prior to the construction completion date of the project. The reserve fund shall be maintained for the full term of the finance agreement and shall be subject to lien and pledge as security for the obligation.

3. The recipient shall establish rates and charges sufficient to generate net revenues of at least 1.2 times the total annual debt service.

The annual debt principal payment is $3.43 million and interest portion is $0.88 million, the total of $4.30 million for FY2024 budget year (the year ending June 30, 2024).

Revenues – Rate Ordinance:

VVWRA specifies fees in Fee Ordinances to meet operation needs and most of reserve requirements. The fees, such as connection fees, user charges, high strength surcharges, and septage receiving fees are posted at https://www.vvwra.com/departments/finance/fee-schedule and updated each year. The connection fees are designed to fund capital projects.

Septage Receiving Station

These connection and user fees were determined with discussions with the member agencies to reflect ideas recommended by a five-year financial plan. Due to drastic decline in our service-area housing market demand in recent years, the revenues from connection fees seem not sufficient to support the capital projects. To supplement the funding of the capital projects, VVWRA has obtained federal and state grants in addition to the SRF loans.

Overhead Allocation to Project:

VVWRA records overhead expenses such as legal counsel, engineering consulting, and audit fees as administration costs that are a part of the operation expenses. The personnel costs are also allocated between Operations and Non-Operations departments.

Renewable Natural Gas Project

4.5 Budget Preparation Process

Basis of Budgeting

Victor Valley Wastewater Reclamation Authority (VVWRA) employs a fiscal year beginning July 1. VVWRA prepares its annual budget based on an accrual accounting method (which recognizes revenues and expenses when they incur) excluding non-cash depreciation expense but including loan proceeds and the related repayments to present the fund inflows and outflows. We have included the reconciliation of FY 2022 actual to FY 2022 Annual Comprehensive Financial Report later in the document.

Balanced Budget

A balanced budget is when VVWRA's overall revenues are equal to or exceed its overall expenses. The FY 2024 budget shows a balanced budget that will be allocated to capital projects.

Budget Process

VVWRA managerial staff inputs budgetary estimates for the following year with their departmental goals in mind at the beginning of the budgetary process. Based on these inputs, the Finance Department 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 into 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 into the proposed budget. Then the Financial Committee finalizes the recommendations and the Committee presents the budget to the public hearing and Board for approval.

The Mojave River

VVWRA reviews and compares its performance to the budget at a mid-year point at around January. If any amendments are necessary, the finance staff revises the budget accordingly then present the revised budget to the Board for approval in February. The approved budgets are posted at VVWRA's website.

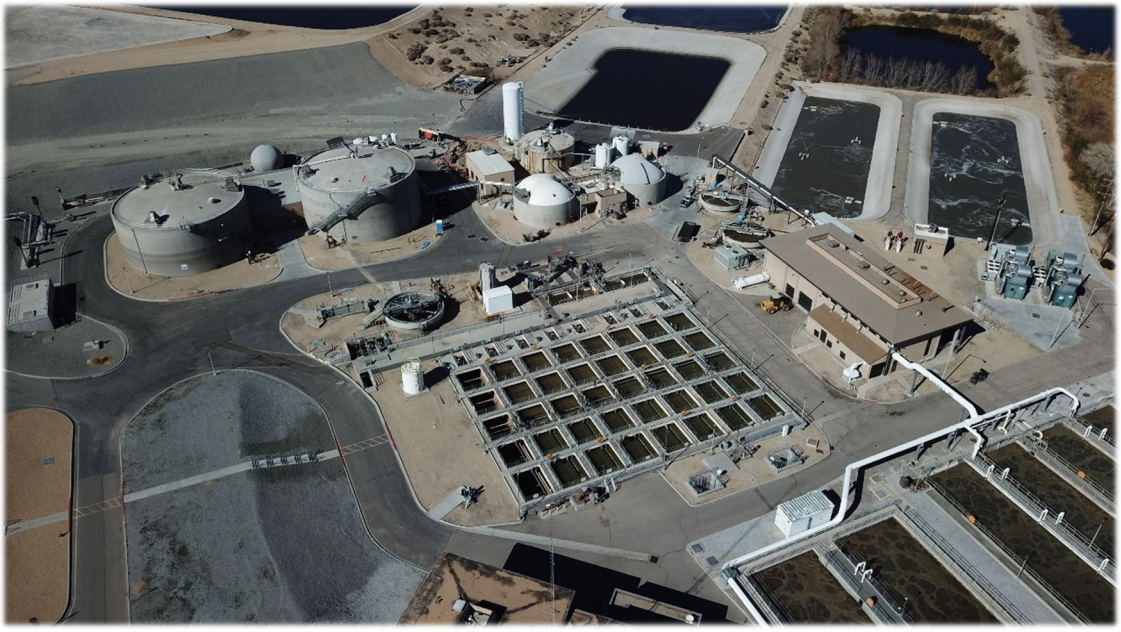
Budget Calendar

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

VVWRA BUDGET PLANNING – FY2023	REQUIRED BY DATE
Budget Kickoff Meeting	01/26/23
Update actual numbers and prepare for new budget cycle	02/24/23
Present the budget draft at Managers' meeting	03/08/23
Present the first draft budget to General Manager (GM) for review	03/22/23
Hold a preliminary staff budget review meeting with Supervisors and GM	03/22/23
Provide the draft changes to Accounting Supervisor	04/12/23
Finalize the draft budget	04/19/23
Present the budget recommendations to Internal and External Finance Committee	05/03/23
Present the second recommendations to Internal and External Finance Committee	05/10/23
Place a public notice on local newspaper to invite public participation	05/09/22
Circulate the budget document to the Board	05/17/23
Board Meeting - Present the budget	05/18/23
Board budget hearing and adoption	06/15/23
The second Board budget hearing and adoption	06/22/23
Apply for GFOA Award for Excellence in Budget Reporting.	06/30/23

Our budget activities are summarized as:

1. Initiate the budget.
2. Prepare a draft budget based on managers' input.
3. Present the draft to Internal and External Finance Committee.
4. Publish a public hearing notice on local newspaper to invite public participation.
5. Present the budget to the Board of Commissioners.
6. Propose any budget amendments, if applicable, when the staff reviews the performance and budget at around January.



VVWRA Regional Plant

4.6 GFOA Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Victor Valley Wastewater Reclamation Authority
California

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morrill

Executive Director

5 Financial Information Operations

5.1 Consolidated Operating Budget Statement of All Funds

	2022 Actual $4,414/MG	2022 Budget $4,414/MG	2023 Actual as of 3/31/2023	2023 Projected to the Year End	2023 Budget $4,768/MG	2024 Budget $5,150/MG
Operations & Maintenance Fund Revenues						
User Charges	$ 18,815,525	$ 17,699,907	$ 15,273,926	$ 20,365,235	$ 20,129,066	$ 22,597,016
Allocate Resource to Repairs and Replacements Fund	-	-	-	-	-	-
VVIWWTP Sludge	107,888	144,000	140,046	186,728	144,000	144,000
High Strength Waste Surcharges	16,096	38,400	17,637	23,516	38,400	12,000
ADM FOG Tipping Fee Revenue	166,202	605,000	386,388	515,184	960,000	416,667
Septage Receiving Facility Charges	870,748	671,767	640,661	854,215	645,240	960,000
Reclaimed Water Sales	26,032	228,552	44,378	59,171	110,644	97,703
Interest	5,150	-	870	1,160	-	-
Pretreatment Fees	58,275	115,000	45,875	61,167	55,150	55,150
Miscellaneous	31,765	14,220	109,186	145,581	222,220	2,220
Settlement Revenue	-	440,000	-	-	440,000	440,000
Biomethane Land Lease	104,340	-	-	-	-	500,000
FOG	-	-	122,549	-	144,000	120,000
Grant - FEMA CalOES Grant	-	-	-	-	-	-
	$ 20,202,021	$ 19,956,846	$ 16,781,516	$ 22,211,957	$ 22,888,720	$ 25,344,756
Other Operating Financing Sources						
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
Capital Fund Revenues						
Connection Fees	$ 2,635,922	$ 1,174,731	$ 1,726,422	$ 2,301,896	$ 3,342,782	$ 2,842,782
Interest	(221,132)	80,000	244,010	325,347	60,000	60,000
Grant - Cal Recycle	-	-	-	-	-	3,900,000
Grant - Other	-	-	-	-	-	-
	$ 2,414,790	$ 1,254,731	$ 1,970,432	$ 2,627,243	$ 3,402,782	$ 6,802,782
Other Capital Financing Sources						
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenues and Other Financing Sources	**$ 22,616,811**	**$ 21,211,577**	**$ 18,751,948**	**$ 24,839,200**	**$ 26,291,502**	**$ 32,147,538**
Operations and Maintenance Fund Expenses						
Personnel and Benefits	$ 7,522,816	$ 5,966,267	$ 5,172,857	$ 6,914,890	$ 7,160,432	$ 8,280,257
Maintenance	2,481,215	3,507,600	2,138,501	3,528,841	3,854,345	4,854,728
Operations	3,971,404	4,066,284	3,312,162	4,944,716	5,076,702	5,069,565
Administration	1,773,636	2,271,087	1,868,917	2,424,431	2,427,436	3,355,450
Contingency and Construction	638,905	517,529	-	500,000	619,203	649,000
	$ 16,387,976	$ 16,328,767	$ 12,492,437	$ 18,312,878	$ 19,138,118	$ 22,209,000
Capital Fund Expenses						
Personnel and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance	-	-	-	-	-	-
Operations	-	-	-	-	-	-
Administration	-	-	(2,054)	(2,054)	-	-
Contingency and Construction	465,671	-	-	-	-	-
	$ 465,671	$ -	$ (2,054)	$ (2,054)	$ -	$ -
Debt Services						
SRF Principal	$ 3,889,139	$ 3,889,139	$ 2,880,422	$ 3,371,096	$ 3,371,096	$ 3,425,634
SRF Interest	981,072	993,671	624,692	931,846	931,846	877,308
	$ 4,870,211	$ 4,882,810	$ 3,505,114	$ 4,302,942	$ 4,302,942	$ 4,302,942
Total Expenses and Debt Services	**$ 21,723,858**	**$ 21,211,577**	**$ 15,995,497**	**$ 22,613,766**	**$ 23,441,060**	**$ 26,511,942**
Total Agency Net Surplus or (Deficit)	**$ 892,953**	**$ -**	**$ 2,756,451**	**$ 2,225,434**	**$ 2,850,442**	**$ 5,635,596**

Our goals, objectives and strategies are transformed into numbers for the budgets with a projection for the rest of FY 2023. The consolidated budget on the previous page shows all functions of the entire organization. The section 5.2 demonstrates a reconciliation of FY 2022 actual to ACFR for the year ended June 30, 2022. The section 5.3 describes a budget for the Operations and Maintenance Fund, and the section 5.6 shows a budget for the Capital Fund.

VVWRA Regional Plant

5.2 Reconciliation from Actual to ACFR for FY Ending June 30, 2022

	2022 Actual	Reconciliation to ACFR	2022 Per ACFR
Operating Revenues			
User Charges	$ 18,815,525	$ -	$ 18,815,525
Adelanto User Charges	107,888	-	107,888
High Strength Waste Surcharges	16,096	-	16,096
Septage Receiving Facility Charges	870,748	-	870,748
ADM FOG Tipping Fee Revenue	166,202	-	166,202
Reclaimed Water Sales	26,032	-	26,032
Pretreatment Fees	58,275	-	58,275
Grant - FEMA/Cal-OES	-	-	-
Grant - Proposition 1	-	-	-
Biomethane Land Lease	104,340	-	104,340
Miscellaneous	36,915	-	36,915
	$ 20,202,021	$ -	$ 20,202,021
Capital Revenues			
Connection Fees	$ 2,635,922	$ -	$ 2,635,922
Interest	(221,132)	-	(221,132)
Grant - FEMA/Cal-OES	-	-	-
Grant - CEC Microgrid	-	-	-
	$ 2,414,790	$ -	$ 2,414,790
Other Financing Sources			
SRF Loan Funding	$ -	$ -	$ -
	$ -	$ -	$ -
Total Revenues and Other Financing Sources	**$ 22,616,811**	**$ -**	**$ 22,616,811**
Operating Expenses			
Personnel and Benefits	$ 7,522,816	$ -	$ 7,522,816
Maintenance	2,481,215	-	2,481,215
Operations	3,971,404	-	3,971,404
Administration	1,773,636	-	1,773,636
Contingency and Construction	638,905	-	638,905
	$ 16,387,976	-	$ 16,387,976
Depreciation Expense	$ -	$ 11,327,015	$ 11,327,015
Capital Expenses			
Personnel and Benefits	$ -	$ -	$ -
Maintenance	-	-	-
Operations	-	-	-
Administration	-	-	-
Contingency and Construction	465,671	-	465,671
	$ 465,671	$ -	$ 465,671
Debt Services			
SRF Principal	$ 3,889,139	$ (3,889,139)	$ -
SRF Interest	981,072	-	981,072
	$ 4,870,211	$ (3,889,139)	$ 981,072
Total Expenses with Debt Services	**$ 21,723,858**	**7,437,876**	**$ 29,161,734**
Total Net Surplus or (Deficit)	**$ 892,953**	**$ (7,437,876)**	**$ (6,544,923)**

5.3 Budget Statement of Operations and Maintenance Fund

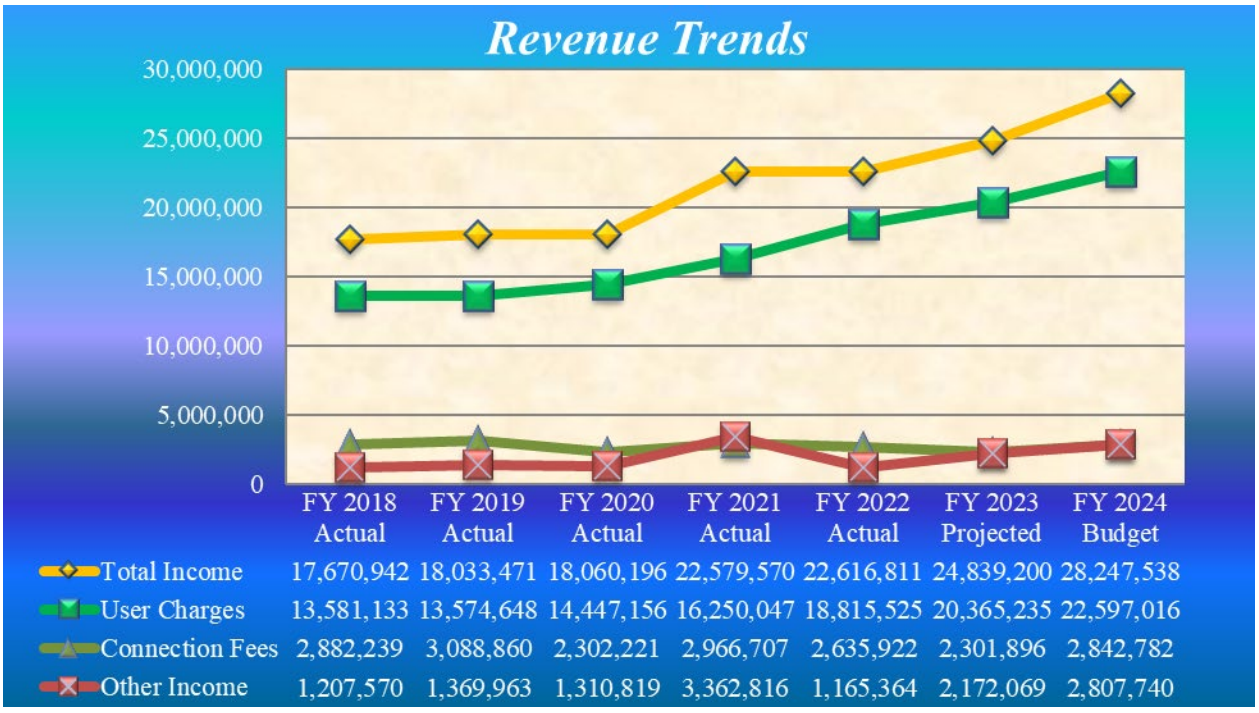
	2022 Actual $4,414/MG	2022 Budget $4,414/MG	2023 Actual as of 3/31/2023	2023 Projected to the Year End	2023 Budget $4,768/MG	2024 Budget $5,150/MG
Revenues						
User Charges	$ 18,815,525	$ 17,699,907	$ 15,273,926	$ 20,365,235	$ 20,129,066	$ 22,597,016
Allocate Resource to Repairs and Replacements Fund	-	-	-	-	-	-
VVIWWTP Sludge	107,888	144,000	140,046	186,728	144,000	144,000
High Strength Waste Surcharges	16,096	38,400	17,637	23,516	38,400	12,000
ADM FOG Tipping Fee Revenue	166,202	605,000	386,388	515,184	960,000	416,667
Septage Receiving Facility Charges	870,748	671,767	640,661	854,215	645,240	960,000
Reclaimed Water Sales	26,032	228,552	44,378	59,171	110,644	97,703
Interest	5,150	-	870	1,160	-	-
Pretreatment Fees	58,275	115,000	45,875	61,167	55,150	55,150
Miscellaneous	31,765	14,220	109,186	145,581	222,220	2,220
Settlement Revenue	-	440,000	-	-	440,000	440,000
Biomethane Land Lease	104,340	-	-	-	-	500,000
FOG	-	-	122,549	-	144,000	120,000
Grant - FEMA CalOES Grant	-	-	-	-	-	-
	$ 20,202,021	**$ 19,956,846**	**$ 16,781,516**	**$ 22,211,957**	**$ 22,888,720**	**$ 25,344,756**
Other Financing Sources						
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Revenues and Other Financing Sources	**$ 20,202,021**	**$ 19,956,846**	**$ 16,781,516**	**$ 22,211,957**	**$ 22,888,720**	**$ 25,344,756**
Expenses						
Personnel and Benefits	$ 7,522,816	$ 5,966,267	$ 5,172,857	$ 6,914,890	$ 7,160,432	$ 8,280,257
Maintenance	2,481,215	3,507,600	2,138,501	3,528,841	3,854,345	4,854,728
Operations	3,971,404	4,066,284	3,312,162	4,944,716	5,076,702	5,069,565
Administration	1,773,636	2,271,087	1,868,917	2,424,431	2,427,436	3,355,450
Contingency and Construction	638,905	517,529	-	500,000	619,203	649,000
	$ 16,387,976	$ 16,328,767	$ 12,492,437	$ 18,312,878	$ 19,138,118	$ 22,209,000
Debt Services						
SRF Principal	$ 2,094,337	$ 2,094,337	$ 1,353,282	$ 2,128,289	$ 2,128,289	$ 2,162,906
SRF Interest	655,401	655,401	391,084	621,449	621,449	586,832
	$ 2,749,738	$ 2,749,738	$ 1,744,366	$ 2,749,738	$ 2,749,738	$ 2,749,738
Total Operations & Maintenance Expenses with Debt Services	**$ 19,137,714**	**$ 19,078,505**	**$ 14,236,803**	**$ 21,062,616**	**$ 21,887,856**	**$ 24,958,738**
Interfund Loan from the Capital Fund	-	-	-	-	-	-
Operations & Maintenance Net Surplus or (Deficit)	**$ 1,064,307**	**$ 878,341**	**$ 2,544,713**	**$ 1,149,341**	**$ 1,000,864**	**$ 386,018**

Please see next page for Operations and Maintenance Fund expenses in detail.

	2022 Actual $4,414/MG	2022 Budget $4,414/MG	2023 Actual as of 3/31/2023	2023 Projected to the Year End	2023 Budget $4,768/MG	2024 Budget $5,150/MG
Personnel Expenses Allocations						
Allocation to Operations and Maintenance	4,664,146	3,529,899	3,207,171	4,287,232	4,439,468	5,133,759
Allocation to Administrations	2,858,670	2,436,368	1,965,686	2,627,658	2,720,964	3,146,498
	$ 7,522,816	$ 5,966,267	$ 5,172,857	$ 6,914,890	$ 7,160,432	$ 8,280,257
Maintenance Expenses						
Maintenance Equipment	$ 782,819	$ 1,020,000	$ 883,299	$ 1,300,000	$ 1,418,024	$ 1,709,083
Instrumentation	571,721	755,000	463,967	850,000	920,541	928,700
Total Grounds Maintenance & Landscaping	895,027	1,399,100	612,815	1,100,000	1,159,100	1,709,600
Vehicle Repairs	119,439	190,000	119,289	200,000	215,000	208,500
Interceptor Sewer Maintenance	107,468	120,000	33,485	44,647	120,000	120,000
Maintenance Safety Equipment	3,152	8,500	7,372	9,829	6,680	6,680
Misc. Maintenance Expense	1,589	15,000	18,274	24,365	15,000	172,165
	$ 2,481,215	$ 3,507,600	$ 2,138,501	$ 3,528,841	$ 3,854,345	$ 4,854,728
Operations Expenses						
Process Chemicals	$ 521,565	$ 640,000	$ 363,293	$ 750,000	$ 860,000	$ 750,000
Utilities	2,607,873	2,287,259	2,215,647	2,954,196	2,692,052	3,159,052
Trash and Sludge	51,527	-	47,525	250,000	440,000	210,000
Fuel and Lubricants	82,624	85,000	119,369	159,159	150,000	100,000
Lab Supplies and Services	27,626	25,000	20,368	27,157	30,000	20,000
Outside Lab Services	317,690	517,000	205,306	350,000	421,000	391,000
Safety Equipment	141,754	250,025	181,894	242,525	202,250	195,000
Custodial Services and Supplies	45,207	88,000	31,182	41,576	64,800	66,000
Equipment Rental	90,626	55,500	58,906	78,541	68,000	36,200
Uniforms	39,814	28,000	34,543	46,057	28,000	64,000
Security	17,415	30,500	29,631	39,508	120,600	72,313
Permits	27,683	60,000	4,498	5,997	-	6,000
Misc. Operating Expense	-	-	-	-	-	-
	$ 3,971,404	$ 4,066,284	$ 3,312,162	$ 4,944,716	$ 5,076,702	$ 5,069,565
Administrations Expenses						
Telephone and Communications	$ 185,527	$ 327,500	$ 159,632	$ 200,000	$ 214,455	$ 228,455
Computer Supplies	70,058	79,000	51,055	68,073	109,000	115,586
Office Supplies	45,683	66,200	87,319	100,000	85,500	154,100
Travel, Meeting, Training	54,133	157,350	80,290	107,053	139,831	194,600
Employee and Community Events	37,873	35,696	16,896	22,528	43,000	98,800
Membership, Fees, Licenses	38,325	65,650	38,124	50,832	58,855	70,288
Professional Services	153,426	475,400	195,380	260,507	316,500	574,930
Legal Services and Fees	427,841	300,000	403,643	500,000	340,000	550,000
Temporary Labor	18,367	23,500	44,538	59,384	25,000	50,000
Bond & Liability Insurance	433,940	265,000	380,110	506,813	525,000	616,691
Finance Fees	2,223	-	-	-	-	-
Misc. Administration Expense	(3,099)	-	(4,972)	(6,629)	-	-
Permit Fees	262,376	272,000	258,623	344,831	377,000	387,000
Vehicle Lease Program	20,039	100,000	104,984	139,979	140,000	150,000
Lease Expenses	26,924	103,791	53,295	71,060	53,295	165,000
	$ 1,773,636	$ 2,271,087	$ 1,868,917	$ 2,424,431	$ 2,427,436	$ 3,355,450
Contingency and Construction	$ 638,905	$ 517,529	$ -	$ 500,000	$ 619,203	$ 649,000
Total Operations and Maintenance Fund Expenses Before Emergency	**$ 16,387,976**	**$ 16,328,767**	**$ 12,492,437**	**$ 18,312,878**	**$ 19,138,118**	**$ 22,209,000**

5.4 User Fee Revenue Trend Analysis

The Victor Valley Wastewater Reclamation Authority has been recovering from the decreased operating revenues since FY 2018. We have used connection fee revenue $2.8 million for FY 2024 budget to reflect the connection fee rate of $4,679 per Equivalent Dwelling Unit (EDU) at 608 EDUs. To further mitigate the impact of the reduced revenues, we have increased the user charge rate from $4,678 per million gallons (MG) in FY 2023 to $5,150 per MG in FY 2024.



	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Total Income	17,670,942	18,033,471	18,060,196	22,579,570	22,616,811	24,839,200	28,247,538
User Charges	13,581,133	13,574,648	14,447,156	16,250,047	18,815,525	20,365,235	22,597,016
Connection Fees	2,882,239	3,088,860	2,302,221	2,966,707	2,635,922	2,301,896	2,842,782
Other Income	1,207,570	1,369,963	1,310,819	3,362,816	1,165,364	2,172,069	2,807,740

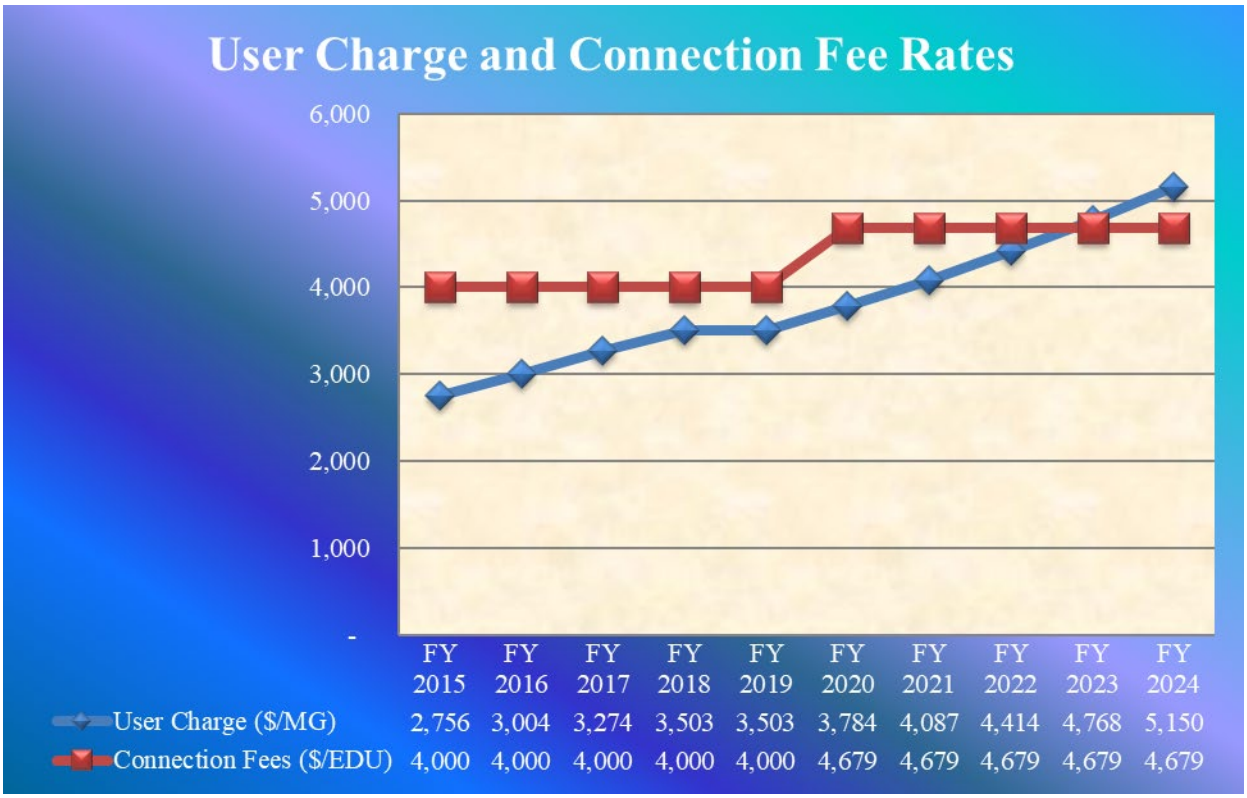
Source: VVWRA *FY = Fiscal Year ended June 30*

The other income includes high strength surcharges for high contents of certain chemical, reclaimed water sales from the processed water, industrial pretreatment permits charged to businesses, and interest income. Grants are excluded in this revenue analysis for the period from FY 2018 to FY 2024.

We have determined user charges and connection fees by multiplying the quantity expected to receive by unit prices. The four member agencies determined these rates be incorporated in the revenue ordinances to absorb the operating and construction costs. The graph on the next page shows rate changes up to FY 2024 based on the five–year financial plan.

We have calculated the connection fees 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 EDU.

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



Source: VVWRA FY = Fiscal Year ended June 30

This page shows high strength surcharge rates for FY 2024 and the calculation worksheet.

Worksheet

User Charges from Member Agencies	$ 22,597,016
Unit User Charge per MG	**$5,150.00**
Estimated Treatment Flow (MG)	4,388

	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	314.00	31,481	0.00	0	31,481	11,490,517	35.0%	$7,908,956	$0.6883
TSS	467.00	46,820	0.00	0	46,820	17,089,399	25.0%	$5,649,254	$0.3306
NH3	32.00	3,208	0.00	0	3,208	1,171,008	30.0%	$6,779,105	$5.7891
Annual Flow - MG per Day									
		12.02	MGD				10.0%	$2,259,702	
							100.0%	$22,597,016	

	BOD $/lb	TSS $/lb	NH3 $/lb
Surcharge Rates:	**$0.6883**	**$0.3306**	**$5.7891**
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

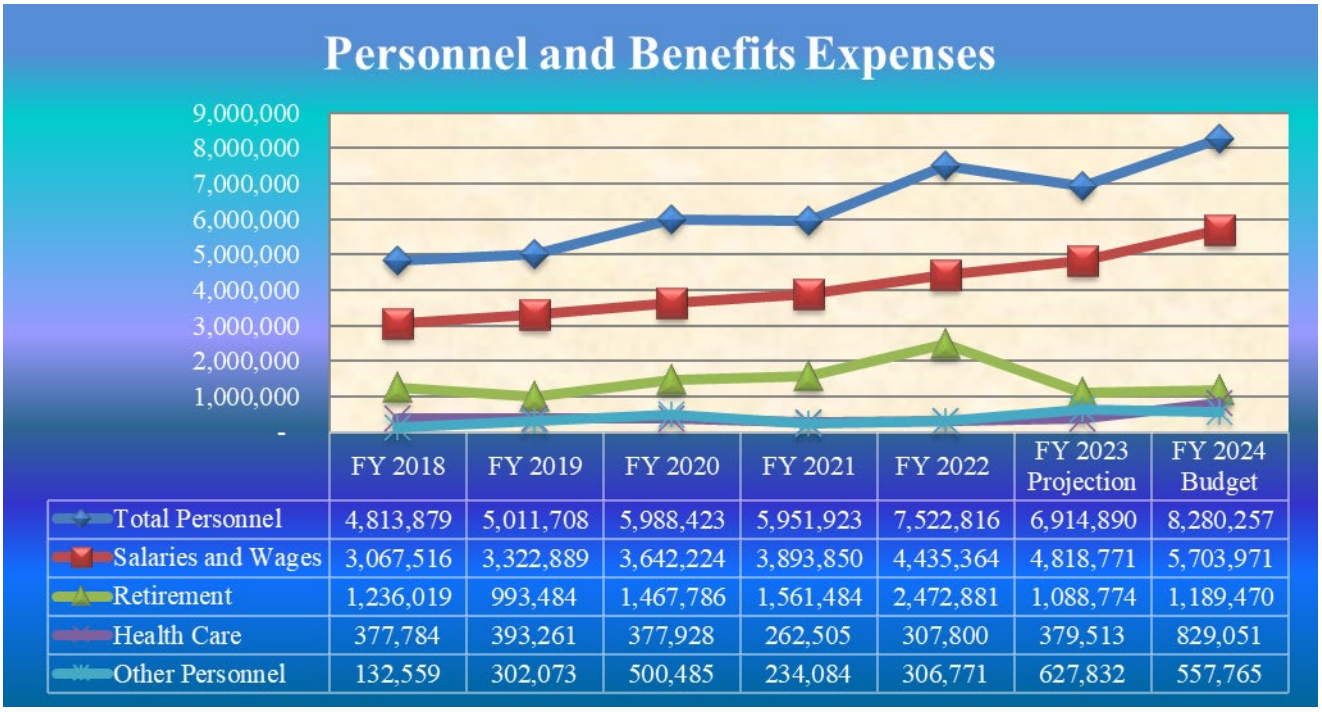
① Fiscal year basis. From VVWRA Wastewater Data Program (OPS10 in FY 2022)

5.5 Allocations of Personnel Expenses

	2022 Actual $4,414/MG	2022 Budget $4,414/MG	2023 Actual as of 3/31/2023	2023 Projected to the Year End	2023 Budget $4,768/MG	2024 Budget $5,150/MG
Operations and Maintenance Salary Expenses						
Regular Salaries	$ 4,188,781	$ 4,092,735	$ 3,386,657	$ 4,515,543	$ 4,899,154	$ 5,377,971
Overtime	246,583	264,560	227,421	303,228	264,560	326,000
Call-Out Pay	-	-	-	-	-	-
	$ 4,435,364	$ 4,357,295	$ 3,614,078	$ 4,818,771	$ 5,163,714	$ 5,703,971
Operations and Maintenance Benefit Expenses						
Longevity	$ -	$ -	$ -	$ -	$ -	$ -
Vehicle Allowance	-	-	2,492	3,323	-	-
Sick Leave Buy Back	-	-	-	-	-	-
Medicare	64,140	62,995	55,538	74,051	73,467	77,576
Social Security Expense	-	-	368	491	-	-
PERS / Health Insurance	307,800	450,000	284,635	379,513	475,002	829,051
Dental / Vision Insurance	-	-	-	-	-	-
Workers Comp Insurance	165,790	62,000	237,583	316,777	280,000	392,050
PERS / Retirement	382,468	956,633	895,459	1,088,774	1,088,774	1,189,470
PERS / Retirement - GASB 68	1,184,497	-	-	-	-	-
PERS / Retirement-EUL	537,667	-	-	-	-	-
Life Insurance	36,714	39,814	27,674	36,899	39,775	24,224
Unemployment Insurance	21,681	19,530	36,587	21,700	21,700	22,134
Disability Insurance	15,493	15,000	16,178	21,571	15,000	36,781
Misc Personnel Expense	2,953	3,000	2,265	3,020	3,000	5,000
OPEB Expense	368,249	-	-	150,000	-	-
	$ 3,087,452	$ 1,608,972	$ 1,558,779	$ 2,096,119	$ 1,996,718	$ 2,576,286
Capital Salary and Benefits Expenses						
Salaries	$ -	$ -	$ -	$ -	$ -	$ -
Benefits	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -
Total Personnel Expenses	**$ 7,522,816**	**$ 5,966,267**	**$ 5,172,857**	**$ 6,914,890**	**$ 7,160,432**	**$ 8,280,257**
Allocations of Personnel Expenses						
1. Allocations to Operations and Maintenance Fund						
To Operations and Maintenance	(4,664,146)	(3,529,899)	(3,207,171)	(4,287,232)	(4,439,468)	(5,133,759)
To Administration	(2,858,670)	(2,436,368)	(1,965,686)	(2,627,658)	(2,720,964)	(3,146,498)
	$ (7,522,816)	$ (5,966,267)	$ (5,172,857)	$ (6,914,890)	$ (7,160,432)	$ (8,280,257)
2. Allocation To Capital Fund						
To Construction	$ -	$ -	$ -	$ -	$ -	$ -
Personnel Expenses After Allocations	$ -	$ -	$ -	$ -	$ -	$ -

The personnel costs have remained stable with a slight increase over the years and a jump during FY 2022 when more staff was employed in anticipation of operating those two plants in Hesperia and Apple Valley. However, the personnel costs declined in FY 2017 through FY 2019 to reflect 1/3 lay-off during FY 2017 under the scenario where the agency will not operate those two plants without a sufficient operating fund. The FY 2024 total personnel budget reflects an increase in the total number of employees and Consumer Price Index adjustments.

Other personnel costs include OPEB costs, Medicare, workers comp insurance, life insurance, unemployment insurance, and disability insurance. We have eliminated other personnel expense of payroll processing fees by switching processing payroll internally.



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 Projection	FY 2024 Budget
Total Personnel	4,813,879	5,011,708	5,988,423	5,951,923	7,522,816	6,914,890	8,280,257
Salaries and Wages	3,067,516	3,322,889	3,642,224	3,893,850	4,435,364	4,818,771	5,703,971
Retirement	1,236,019	993,484	1,467,786	1,561,484	2,472,881	1,088,774	1,189,470
Health Care	377,784	393,261	377,928	262,505	307,800	379,513	829,051
Other Personnel	132,559	302,073	500,485	234,084	306,771	627,832	557,765

Source: VVWRA. FY = Fiscal Year ended June 30

5.6 Budget Statement of Capital Fund

	2022 Actual $4,679/EDU ①	2022 Budget $4,679/EDU ①	2023 Actual as of 3/31/2023	2023 Projected to the Year End	2023 Budget $4,679/EDU ①	2024 Budget $4,679/EDU ①
Revenues						
Connection Fees	$ 2,635,922	$ 1,174,731	$ 1,726,422	$ 2,301,896	$ 3,342,782	$ 2,842,782
Interest	(221,132)	80,000	244,010	325,347	60,000	60,000
Grant - Cal Recycle	-	-	-	-	-	3,900,000
Grant - Other	-	-	-	-	-	-
	$ 2,414,790	$ 1,254,731	$ 1,970,432	$ 2,627,243	$ 3,402,782	$ 6,802,782
Other Financing Sources						
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Revenues and Other Financing Sources	**$ 2,414,790**	**$ 1,254,731**	**$ 1,970,432**	**$ 2,627,243**	**$ 3,402,782**	**$ 6,802,782**
Expenses						
Personnel and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance	-	-	-	-	-	-
Operations	-	-	-	-	-	-
Administration	-	-	(2,054)	(2,054)	-	-
Contingency and Construction	465,671	-	-	-	-	-
	$ 465,671	$ -	$ (2,054)	$ (2,054)	$ -	$ -
Debt Services						
SRF Principal	$ 1,794,802	$ 1,794,802	$ 1,527,140	$ 1,242,807	$ 1,242,807	$ 1,262,728
SRF Interest	325,671	338,270	233,608	310,397	310,397	290,476
	$ 2,120,473	$ 2,133,072	$ 1,760,748	$ 1,553,204	$ 1,553,204	$ 1,553,204
Total Capital Expenses with Debt Services	**$ 2,586,144**	**$ 2,133,072**	**$ 1,758,694**	**$ 1,551,150**	**$ 1,553,204**	**$ 1,553,204**
Interfund Loan to the Operations & Maintenance Fund	-	-	-	-	-	-
Capital Net Surplus or (Deficit)	**$ (171,354)**	**$ (878,341)**	**$ 211,738**	**$ 1,076,093**	**$ 1,849,578**	**$ 5,249,578**

Impact of Capital Project Funding on Operations

The agency has six outstanding Clean Water State Revolving Fund loans from the California State Water Resources Control Board (SWRCB) with $92.76 million outstanding as of June 30, 2024, whose annual payments become due throughout the year. The principal payment due for FY 2024 is $3.43 million and the corresponding interest due is $.88 million. The agency has considered the operation portion of these debt payments is $2.16 million and the corresponding interest of $.59 million for FY 2024. In addition to the actual payments, the loan agreements require that VVWRA set up a loan reserve to cover one-year payment of principal and interest for all the loans that would bind some of user fees and connection fees. Additional constrain on the operation revenues is that SWRCB sets a legal binding on user and collection fees in case of a default. Further, the loan agreements require the agency maintain debt coverage ratio of 1.2 throughout the year. To comply, the member agencies have agreed to rate increases over the period of five years that are a basis for the five-year financial plan.

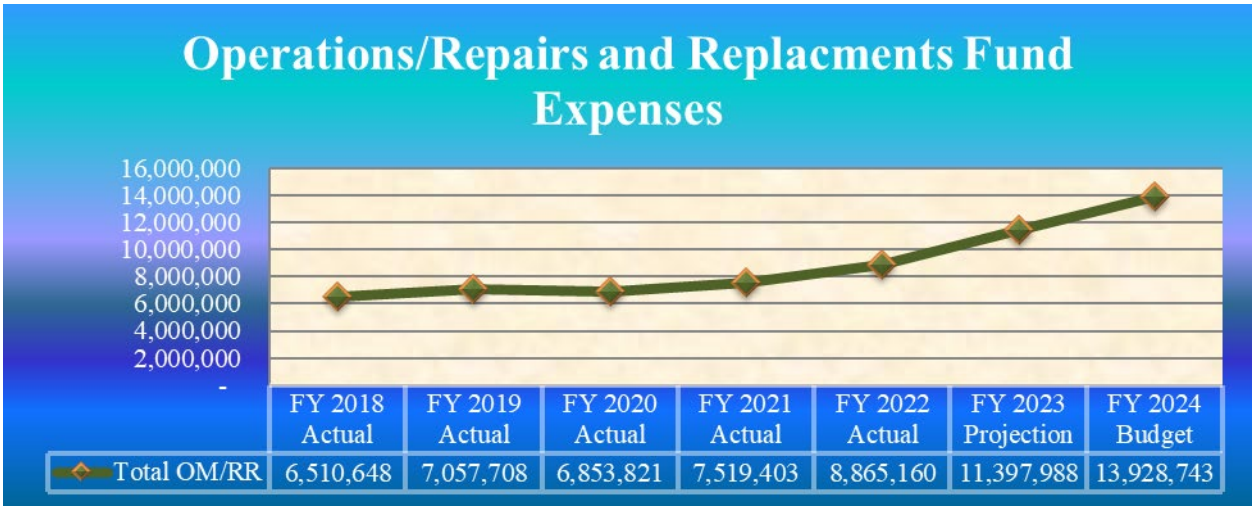
5.7 Department Supplemental Capital Purchases

Supplemental Capital	
Description	**FY 2024 Budget Amount**
Grit Classifiers x2	$134,000
Headworks Compactor	$125,369
Rodding Trailer	$69,000
Enclosed Godwin Pumps x2	$178,000
Primary Parts	$205,000
SCLA Pumps	$85,000
Service Water Pumps	$40,000
Aqua Diamond Backwash Pump Spare	$12,000
EQ Pump	$310,000
Admin CarryAll Cart	$14,000
New GMI Frames and Lids	$130,000
Total	**$1,302,369**

During FY 2022, the Authority eliminated the Repairs and Replacements Fund and rolled the reoccurring regular operational expenses into the Operations and Maintenance Fund. Significant capital assets that need replacement on an as-needed basis are now within the Operations and Maintenance Fund as supplemental capital purchases. These assets are not normally critical to operations and can be budgeted only when funds are available. The list of supplemental purchases requested for FY 2024 are presented in the list above

5.8 Operational Overview of Expenses

The operations expenses were at about the same level from FY 2018 to FY 2021. Up to FY 2021, such costs have been kept low forced by a low cash flow level. FY 2024's expenses have increased significantly when necessary repairs and replacements can no longer wait without causing an alarming level of loss in pipeline and equipment integrity. In addition, these expenses continue to show the high electricity costs for the UV system throughout the period.



Regional Plant Receiving Station

5.9 Historical Comparison of Operational Revenues to Expenses

The following graphs show actual revenues and expenses during the last ten years.

	Operating Revenues		
June 30	Total Operating Revenues	Total Non-Operating Revenues	Total Revenues
2022	$ 20,034,734	$ 2,866,106	$ 22,900,840
2021	17,167,525	8,079,931	25,247,456
2020	15,457,755	3,109,947	18,567,702
2019	14,649,380	3,665,387	18,314,767
2018	14,696,537	5,317,638	20,014,175
2017	13,655,631	9,797,819	23,453,450
2016	12,305,439	14,416,430	26,721,869
2015	11,850,841	27,703,303	39,554,144
2014	11,134,994	8,091,504	19,226,498
2013	10,666,666	5,864,532	16,531,198

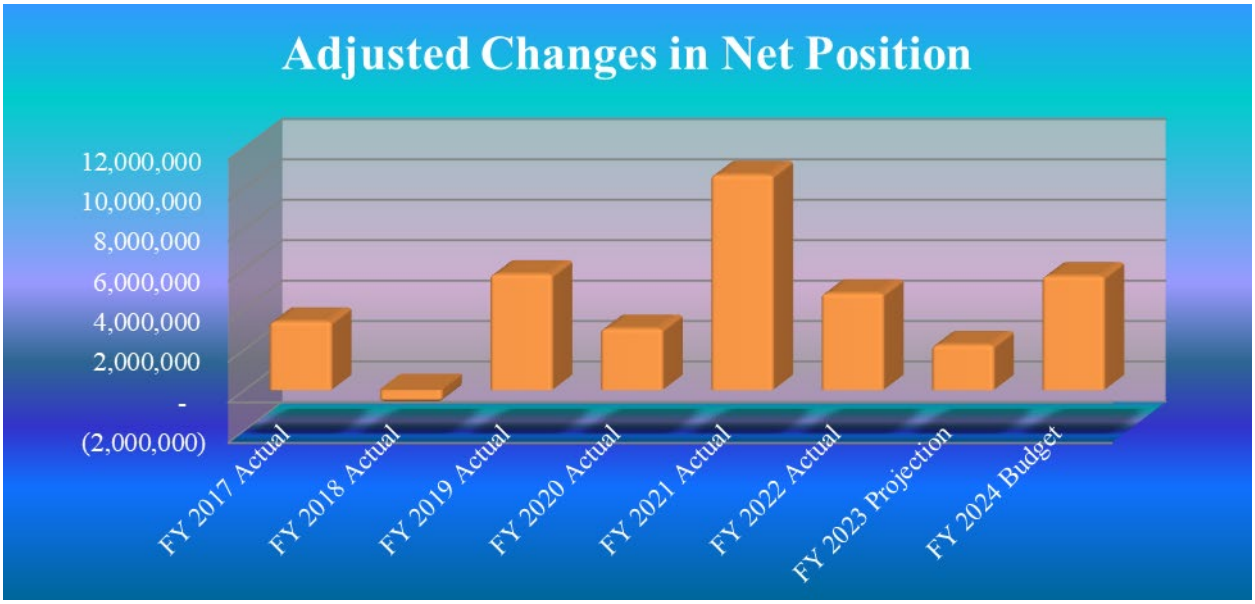
	Operating Expenses						Total Non-Operating Expenses	Combined Expenses
June 30	Personnel	Maintenance	Operations	Administration	Depreciation	Total Operating Expense		
2022	$ 7,522,816	$ 2,481,215	$ 3,971,404	$ 2,924,297	$ 11,327,026	$ 28,226,758	$ 1,219,005	$ 29,445,763
2021	5,951,923	1,905,014	3,481,013	2,181,361	11,225,596	24,744,907	1,086,729	25,831,636
2020	5,988,422	1,808,505	3,176,174	2,478,592	11,565,945	25,017,638	2,735,887	27,753,525
2019	5,011,708	1,880,448	2,928,704	2,162,267	11,519,264 *	23,502,391	1,255,633 *	24,758,024
2018	4,813,879	1,654,791	2,877,169	1,783,254	9,429,914 *	20,559,007	1,937,435 *	22,496,442
2017	4,435,790	1,936,625	2,444,093	2,087,840	7,900,370	18,804,718	1,555,468	20,360,186
2016	5,090,845	1,892,127	2,359,892	1,831,796	6,645,579	17,820,239	1,214,952	19,035,191
2015	4,610,511	1,902,719	1,865,289	1,734,702	6,788,528	16,901,749	1,335,646	18,237,395
2014	4,475,438	1,647,896	2,183,544	1,784,021	6,612,402	16,703,301	1,535,497	18,238,798
2013	4,386,713	1,377,024	2,169,317	2,044,400	5,760,766	15,738,220	1,356,772	17,094,992

5.10 Changes in Net Position and Reserves

The table below shows adjusted changes in net position. The graph below shows the fluctuation of adjusted changes in net position during FY 2018 through FY 2024, or the total revenues over total expenses. Connection fee revenues have decreased from $3,088,860 in FY 2019 to $2,302,221 in FY 2020 and increased to $2,635,922 in FY 2022. The decrease is mostly due to the sharp decline of connection fee revenues from member agencies. On the other hand, the operating expenses have increased by 52%, from $11,129,093 in FY 2018 to $16,899,732 in FY 2022. Grant revenues are recorded in ACFR but most of related construction costs are recorded in a construction in progress, excluded from expenses. For fair comparison purpose, the above actual net positions from FY 2018 to 2022 are adjusted by adding back the grant related capitalized expenses and adding non-cash depreciation and amortized interest expenses. Please see detailed discussions on capital improvement projects anticipated during FY 2024 at sections 6.1, 6.2, and 6.3.

FY = Fiscal Year	Beginning Net Position	Changes in Net Position per ACFR *=Per Budget	Ending Net Position	Grants CIP/Interest Amortization and Depreciations Expense	Adjusted Changes in Net Position	Adjusted Ending Net Position*
FY 2018 Actual	129,766,933	(3,500,967)	126,265,966	2,849,811	**(651,156)**	129,115,777
FY 2019 Actual	126,265,966	(6,443,257)	119,822,709	12,173,196	**5,729,939**	131,995,905
FY 2020 Actual	119,822,709	(9,185,823)	110,636,886	12,219,064	**3,033,241**	122,855,950
FY 2021 Actual	110,636,886	(584,180)	110,052,706	11,225,596	**10,641,416**	121,278,302
FY 2022 Actual	110,052,706	(6,544,923)	103,507,783	11,327,026	**4,782,103**	114,834,809
FY 2023 Projection	103,507,783	2,225,434*	105,733,217	-	**2,225,434**	105,733,217
FY 2024 Budget	105,733,217	5,635,596*	111,368,813	-	**5,635,596**	111,368,813

**Note: Adjusted Ending Net Position = Beginning Net Position + Adjusted Changes in Net Position*



Source: VVWRA FY = Fiscal Year ended June 30

6 Financial Information Capital Projects

6.1 Capital Improvement Program FY 2024

Introduction

The Victor Valley Wastewater Reclamation Authority Wastewater Plants in Victorville, Hesperia and Apple Valley are the largest advanced wastewater treatment facilities in the high desert. The regional plant in Victorville has been treating the high desert community wastewater and protecting public health and the environment without interruption since 1978. The sub regional plants in Hesperia and Apple Valley come online in 2018. The discharge of clean wastewater into the Mojave River contributes to diverse and thriving wildlife ecosystems.

Much of the VVWRA's infrastructure is functioning well beyond its intended use. A 10-year Capital Improvement Program (CIP) is needed to continue modernizing and refurbishing this large public infrastructure so that its critical work can continue. Homes and businesses in High Desert Region need a modern, reliable, state-of-the-art treatment plant to ensure a high quality of life and thriving economy. The CIP is rebuilding VVWRA infrastructure and updating treatment processes with innovative, efficient new technologies. The first phase of the CIP is a 10-year plan that will begin in 2024, with a budget of $8.5 million.

Capital Improvement Program (CIP) Process

The CIP is prepared as part of the annual budget and in accordance with VVWRA's Strategic Plan. During the budget process, VVWRA staff worked closely with Dudek engineers to identify the capital projects needed to carry out the goals of the Authority and determine cost estimates and how resources will be allocated to accomplish the work.

Management of the CIP can be summarized by the following process:

Development and update of the CIP represents the Project Identification stage of the CIP process. The following sections further define each stage of the CIP delivery process.

Project Identification

CIP projects are identified to address a need, typically associated with one of three priority triggers:

1. **Growth**: Improvements are required to provide service to a growing population and/or businesses, driven by an increase in the number of customer connections.

2. **Regulatory**: Improvements are required to meet current and/or future regulatory requirements related to effluent water quality, recycled water, air quality, codes and standards updates, and other regulatory factors.
3. **Asset Failure**: Improvements are required to address a risk of asset or facility failure due to condition, obsolescence, changing conditions, and other factors that affect the performance and reliability of operating equipment and facilities.

When a project need is identified, staff will develop a preliminary project concept and description, cost estimate, identify funding sources, priority/schedule considerations, and incorporate the project into the CIP. Projects are developed and prioritized to meet member agencies expectations for reliability and water quality, existing and emerging regulatory requirements, and public safety taking into consideration the age, condition, and criticality of each asset and facility.

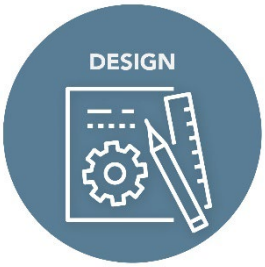
Based on the CIP schedule and available funding, the project will eventually advance to the planning stage.

Planning

All CIP projects require planning to further evaluate and confirm the project scope of work, schedule, evaluate alternatives, and document and address environmental, permitting, and design criteria. Depending on the facility needs, size, complexity, and schedule requirements, staff will work closely with consultant engineers and other industry experts to effectively plan projects in the CIP. This process typically begins with VVWRA staff either completing the required planning internally for smaller, simple projects or working with consultants to prepare technical studies, alternatives analyses, cost estimates, environmental documentation, and/or other planning work required to support the subsequent design and construction of improvements. These planning efforts will either be included as part of a larger design and construction CIP project, or as a standalone CIP project.

The planning stage also includes funding. VVWRA staff will seek grant funding or special financing opportunities in addition to allocating funds from user charges or connection fees to complete the project.

Design



Following the planning stage, VVWRA staff will contract with a qualified consultant to prepare engineering design plans, specifications, and estimates for the construction of facility improvements to address the project needs. Staff review progress submittals and provide Operations and Maintenance input into the design, which helps increase the project success rate and extends the lifecycle of the project.

Environmental documentation, permitting, and special funding agreements, as applicable, will also be completed and/or finalized during the design stage of the project when project-specific details are confirmed.

Construction

Upon completion of project design bid documents, VVWRA staff will advertise the project with a public bid by qualified contractors. Depending on the funding sources for the project, special provisions may be included in the bid documents. VVWRA administrates the project during the construction with the support of construction managers, inspectors, and engineers who review the contractor's work to verify that the work completed is of a high quality and the correct materials and equipment are installed.

Alternative Project Delivery Methods

In some cases, alternative project delivery methods may be utilized by VVWRA staff if the traditional project delivery process is unable to satisfy the needs of the project, or the alternative delivery method provides unique advantages over a traditional process. Examples of project delivery methods may include:

- Design-Build: Design-Build is a delivery method where the Design and Construction of a project are completed by a single Contractor and Engineer team working together. Advantages of this delivery method can include a faster delivery schedule; however, trade-offs can include less control for VVWRA on the finished product.
- Public-Private-Partnership (P3): P3 projects are a delivery method where the agency (VVWRA) enters an agreement with a private entity to provide the full project delivery, including planning, design, construction, financing, operation, and maintenance of the new facilities. An example of P3 delivery method is VVWRA's ongoing relationship with Anergia.

Capital Projects Pay as You Go Strategy

Regional Plant Digesters

In FY 2024 VVWRA staff continues to build upon the pay as you go Capital Improvement Program (CIP) started in FY 2020. Careful consideration and analysis were put into the development of the proposed capital project list being presented in the FY 2024 budget. Required and unrestricted reserve balances were presented as part of the operating and capital budgets this FY to more accurately show where and how excess reserves and funding proposed capital projects. Utilizing these funds, the VVWRA team has specifically allocated dollars to fully fund and partially fund the proposed capital projects. The projects are diverse in scope and cost. Smaller maintenance projects as well as specific capacity improvement projects are proposed to be fully funded. Larger maintenance and capacity related projects have been partially funded to potentially allow for preliminary studies or design work to be completed. The total proposed funding for the capital projects in FY 2024 includes $0.8 million maintenance projects and $6.7 million capacity related capital projects. These projects will be funded by the FY 2024 revenues and unrestricted operation and capital cash reserves.

The new rates put in place in 2020 were designed with a pay-as-you-go strategy for capital projects. Anticipated revenues above operating expenses and debt payments were supposed to develop several million dollars for capital projects. Unexpected higher inflation and COVID issues caused much of the increased revenues to be used for normal operating expenses and it did not fund as many projects as expected. In the proposed FY 2024 budget all available funds above debt service, operational expense, and mandatory reserves are now being allocated or left in unrestricted reserves to fund the desired capital projects. The new Capital Improvement Program (CIP) being developed as part of the Capital Project and Funding Study, designed to look into future projects through 2050, will be reviewed and approved by the Board in fiscal year 2024. It is imperative that a comprehensive strategy be developed and implemented to assure the Authority meets all the service and capacity goals of the Member Agencies.

Funding Opportunities

To fund the CIP, VVWRA has identified several funding sources.

1. Users Fees and/or Connection Fees

2. Clean Water State Revolving Fund (CWSRF) administered by the State Water Resources Control Board Division of Financial Assistance: Funding application is comprised of four separate applications (General, Environmental, Financial and Technical), supporting documents are required for the four applications. Typically takes 20-24 months to obtain approval.
3. Title XVI Water Reclamation and Reuse Program - Water SMART: Water Recycling and Desalination Planning administered by the United States Bureau of Reclamation
    a. Typically takes 9-12 months to obtain approval.
    b. The VVWRA project under the Title XVI feasibility study would be per the Reclamation Manual Directives and Standards (D&S), Title XVI Water Reclamation and Reuse Program and Desalination Construction Program Feasibility Study Review Process (WTR 11-01) (Reclamation Feasibility Study D&S).
    c. Once this approved USBR then the project could apply for funding for construction under the Title XVI WIIN Program.
4. Water Infrastructure Finance and Innovation Act (WIFIA) administered by the United States Environmental Protection Agency
    a. VVWRA should submit a complete application within 1 year of invitation to apply for due diligence by US EPA to begin.
    b. EPA will complete Credit Due Diligence, Legal Due Diligence and Technical Due Diligence.
    c. The VVWRA project under the Title XVI feasibility study would be per the Reclamation Manual Directives and Standards (D&S), Title XVI Water Reclamation and Reuse Program and Desalination Construction Program Feasibility Study Review Process (WTR 11-01) (Reclamation Feasibility Study D&S).
    d. Once this approved USBR then the project could apply for funding for construction under the Title XVI WIIN Program.
5. Water Recycling Funding Program - Planning Grant administered by the State Water Resources Control Board Division of Financial Assistance:
    a. VVWRA should submit a complete application within 3 months before issuance of an RFP to complete the Recycled Water Feasibility Study.
    b. VVWRA might want to change the scope of work to match U.S. Bureau of Reclamation Manual WTR 11-01.
    c. The effort to complete the grant is minor.

Feasibility and Development

During the planning phases for most large public works projects, VVWRA undertakes feasibility and development studies to complete project scoping, find project alternatives and complete conceptual designs.

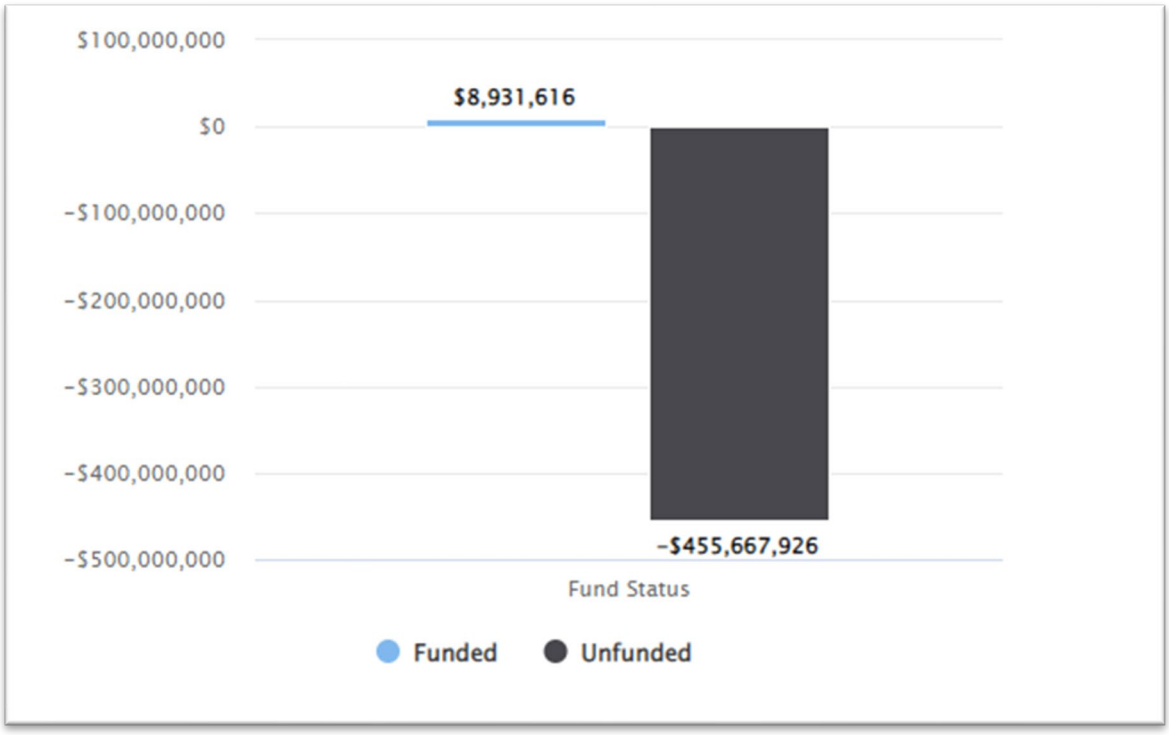
Currently VVWRA is completing or planning several feasibility studies:

Study	Estimated date of completion
Potable Connection to the City of Victorville Feasibility Study by Dudek	6/30/2023
Regional Plant Ultraviolet Disinfection System Upgrade Feasibility Study	12/30/2024
Regional Plant Emergency Power Feasibility Study	6/30/2023
Mojave Basin One Water Project Feasibility Study	6/30/2024
Recycled Water Master Plan	6/30/2024

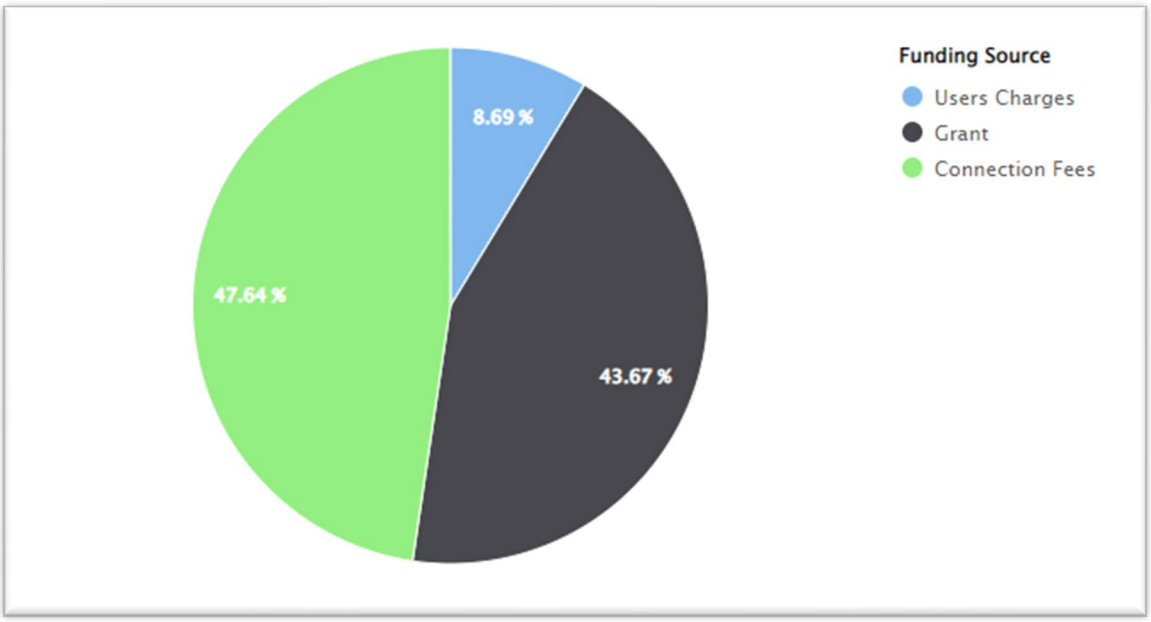
Projects Obligations Balance

Category	2024 Funding	2025 Funding	2026 Funding	2027 Funding	2028 Funding	2029 Funding	2030 Funding	2031 Funding	2032 Funding	2033 Funding	Total Funding	Total Expenditures	Funding Balance
Collection Systems Projects													
Hesperia Parallel Interceptor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,114,000	$ (44,114,000.00)
Lower Narrows Lift Station	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,554,000	$ (60,554,000.00)
Oro Grande Pump Station Relocation Project	$ 117,161	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 216,773	$ 5,350,107	$ (5,133,334.00)
Ossum Wash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,185,000	$ (1,185,000.00)
Regional Inflow and Infiltration Study	$ 155,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 210,000	$ 210,000	$ -
Rehabilitation of South Apple Valley Manholes Hwy 18	$ 242,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 242,000	$ 2,050,000	$ (1,808,000.00)
Upper Narrows Parallel Interceptor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,417,000	$ (60,417,000.00)
Collection Systems Projects Total	**$ 514,161**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 668,773**	**$ 173,880,107**	**$ (173,211,334.00)**
Facility Projects													
Admin Building Design and Rehabilitation and New Lab Building	$ 130,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 235,000	$ 2,944,000	$ (2,709,000.00)
Mojave Narrows Resource Recovery Facility	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 275,678,202	$ (275,678,202.00)
Regional Plant Generator Upgrade	$ 318,148	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 415,148	$ 2,936,999	$ (2,521,851.00)
Regional Plant New Warehouse and Campus Redesign	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,370,000	$ (1,370,000.00)
Regional Plant Potable Connection to City of Victorville	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 124,700	$ 2,840,000	$ (2,715,300.00)
Regional Plant Stormwater Spill Containment System	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 800,000	$ (800,000.00)
UV Generator Tie-in to South Percolation Pond Pump Station	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 549,000	$ (549,000.00)
Facility Projects Total	**$ 548,148**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 774,848**	**$ 287,118,201**	**$ (286,343,353.00)**
Recycled Water Projects													
Mojave Basin One Water Project	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ 100,000	$ -
Recycled Water Master Plan	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 300,000	$ (300,000.00)
Recycled Water Projects Total	**$ 100,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 100,000**	**$ 400,000**	**$ (300,000.00)**
Technology Projects													
IT Disaster Recovery Total Solution	$ 136,850	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 136,850	$ 136,850	$ -
Network Stabilization & Fiber Upgrades	$ 166,457	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 166,457	$ 187,978	$ (21,521.00)
PLC Replacement Project Phase 5	$ 600,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000	$ 600,000	$ -
Regional Plant MCC Modernization	$ 259,493	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 259,493	$ 3,610,992	$ (3,351,499.00)
Servers Virtualization Project	$ 120,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 120,000	$ 120,000	$ -
Sophos Endpoint Protection	$ 36,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 36,000	$ 36,000	$ -
Technology Projects Total	**$ 1,318,800**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,318,800**	**$ 4,691,820**	**$ (3,373,020.00)**
Treatment Process Projects													
Cal Recycle Grant Project ADM Improvements	$ 3,900,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,900,000	$ 3,900,000	$ -
Regional Filter Effluent Channel Pump Station	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 224,000	$ (224,000.00)
Regional Plant AquaDiamond® filters Coating	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 500,000	$ (500,000.00)
Regional Plant DAFTs 1&2 Coating	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 500,000	$ (500,000.00)
Regional Plant Headworks Replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,426,500	$ (18,426,500.00)
Regional Plant Side Stream Treatment	$ 1,300,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,300,000	$ 1,300,000	$ -
Regional Plant Ultraviolet Channels Coating	$ 450,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 450,000	$ 450,000	$ -
Regional Plant UV Upgrade Project	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,201,875	$ (2,201,875.00)
Septage Receiving Station Relocation	$ 375,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 475,000	$ 475,000	$ -
Treatment Process Projects Total	**$ 6,025,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,125,000**	**$ 27,977,375**	**$ (21,852,375.00)**
Total	**$ 8,506,109**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 8,987,421**	**$ 494,067,503**	**$ (485,080,082.00)**

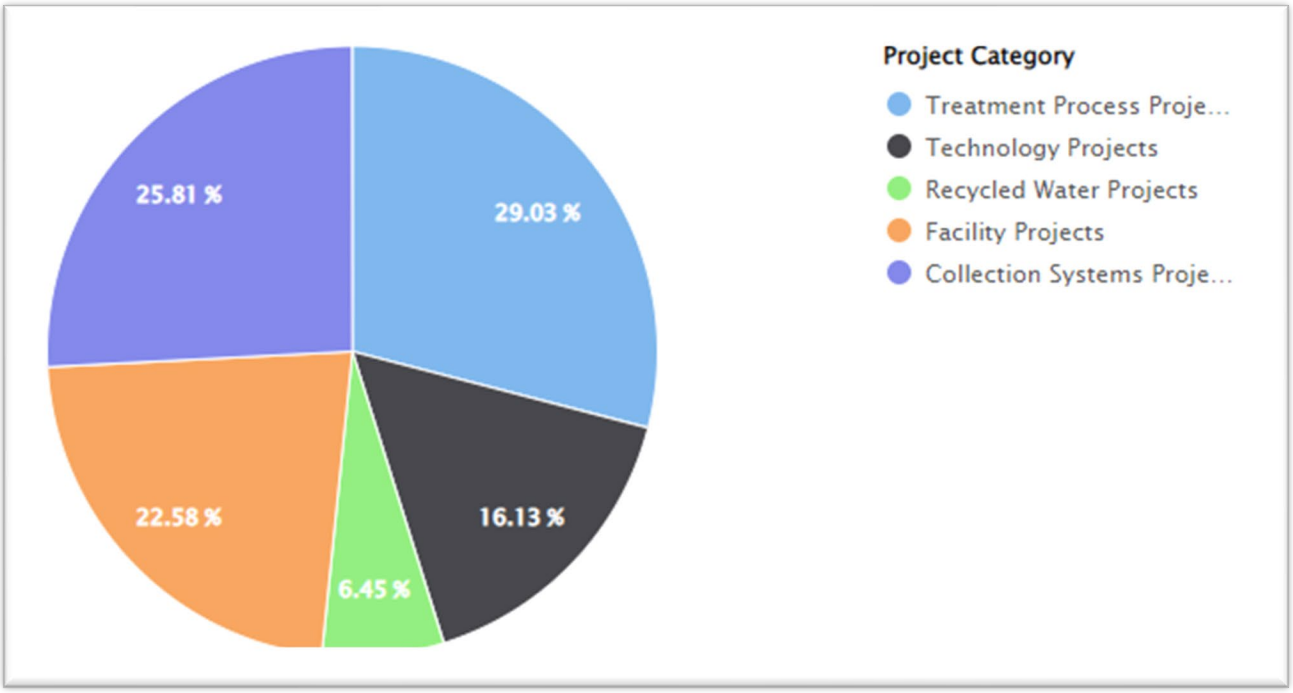
Funded vs. Unfunded



Projects by Funding Source



Number of Projects by Category



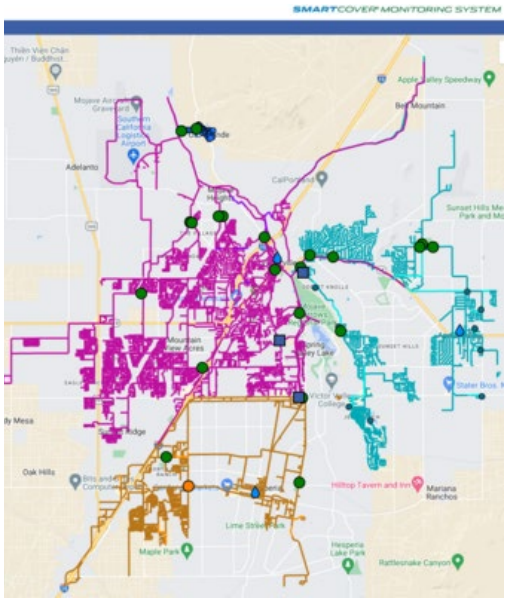
6.2 Capital Project Details Sheets

Category	2024 Funding	Total Expenditures	Funding Balance	Funding Status
Collection Systems Projects				
Regional Inflow and Infiltration Study	$ 155,000	$ 210,000	$ -	Fully Funded
Oro Grande Pump Station Relocation Project	$ 117,161	$ 5,350,107	$ (5,133,334)	Partially Funded
Rehabilitation of South Apple Valley Manholes Hwy 18	$ 242,000	$ 2,050,000	$ (1,808,000)	Partially Funded
Hesperia Parallel Interceptor	$ -	$ 44,114,000	$ (44,114,000)	Unfunded
Lower Narrows Lift Station	$ -	$ 60,554,000	$ (60,554,000)	Unfunded
Ossum Wash	$ -	$ 1,185,000	$ (1,185,000)	Unfunded
Upper Narrows Parallel Interceptor	$ -	$ 60,417,000	$ (60,417,000)	Unfunded
Collection Systems Projects Total	**$ 514,161**	**$ 173,880,107**	**$ (173,211,334)**	
Facility Projects				
Admin Building Design and Rehabilitation and New Lab Building	$ 130,000	$ 2,944,000	$ (2,709,000)	Partially Funded
Regional Plant Generator Upgrade	$ 318,148	$ 2,936,999	$ (2,521,851)	Partially Funded
Regional Plant Potable Connection to City of Victorville	$ 100,000	$ 2,840,000	$ (2,715,300)	Partially Funded
UV Generator Tie-in to South Percolation Pond Pump Station	$ -	$ 549,000	$ (549,000)	Unfunded
Mojave Narrows Resource Recovery Facility	$ -	$ 275,678,202	$ (275,678,202)	Unfunded
Regional Plant New Warehouse and Campus Redesign	$ -	$ 1,370,000	$ (1,370,000)	Unfunded
Regional Plant Stormwater Spill Containment System	$ -	$ 800,000	$ (800,000)	Unfunded
Facility Projects Total	**$ 548,148**	**$ 287,118,201**	**$ (286,343,353)**	
Recycled Water Projects				
Mojave Basin One Water Project	$ 100,000	$ 100,000	$ -	Fully Funded
Recycled Water Master Plan	$ -	$ 300,000	$ (300,000)	Unfunded
Recycled Water Projects Total	**$ 100,000**	**$ 400,000**	**$ (300,000)**	
Technology Projects				
IT Disaster Recovery Total Solution	$ 136,850	$ 136,850	$ -	Fully Funded
PLC Replacement Project Phase 5	$ 600,000	$ 600,000	$ -	Fully Funded
Servers Virtualization Project	$ 120,000	$ 120,000	$ -	Fully Funded
Sophos Endpoint Protection	$ 36,000	$ 36,000	$ -	Fully Funded
Network Stabilization & Fiber Upgrades	$ 166,457	$ 187,978	$ (21,521)	Partially Funded
Regional Plant MCC Modernization	$ 259,493	$ 3,610,992	$ (3,351,499)	Partially Funded
Technology Projects Total	**$ 1,318,800**	**$ 4,691,820**	**$ (3,373,020)**	
Treatment Process Projects				
Cal Recycle Grant Project ADM Improvements	$ 3,900,000	$ 3,900,000	$ -	Fully Funded
Regional Plant Side Stream Treatment	$ 1,300,000	$ 1,300,000	$ -	Fully Funded
Regional Plant Ultraviolet Channels Coating	$ 450,000	$ 450,000	$ -	Fully Funded
Septage Receiving Station Relocation	$ 375,000	$ 475,000	$ -	Fully Funded
Regional Filter Effluent Channel Pump Station	$ -	$ 224,000	$ (224,000)	Unfunded
Regional Plant AquaDiamond® filters Coating	$ -	$ 500,000	$ (500,000)	Unfunded
Regional Plant DAFTs 1&2 Coating	$ -	$ 500,000	$ (500,000)	Unfunded
Regional Plant Headworks Replacement	$ -	$ 18,426,500	$ (18,426,500)	Unfunded
Regional Plant UV Upgrade Project	$ -	$ 2,201,875	$ (2,201,875)	Unfunded
Treatment Process Projects Total	**$ 6,025,000**	**$ 27,977,375**	**$ (21,852,375)**	
Total	**$ 8,506,109**	**$ 494,067,503**	**$ (485,080,082)**	

PROJECT # R146

PROJECT NAME: Regional Inflow and Infiltration Study

Department:	Environmental Compliance
Project Year:	2021
Project Type:	Improvements
Project Category:	Collection Systems Projects
Cost Estimate:	$155,000
Location:	Interceptors



Project Description:

During the development of the Risk Assessment Analysis on the VVWRA interceptor lines, which was completed in FY 20-21 it was determined that a regional I&I study followed by mitigation measures could gain significant capacity in the interceptor system. This study will be a collaboration of VVWRA with all Member Agencies to evaluate where improvements can be made in the Member Agency's Collection systems to lessen I&I impacts on the VVWRA interceptor system and to gain greater capacity during significant rain events.

Project Justification:

Capacity within the interceptor during storm events

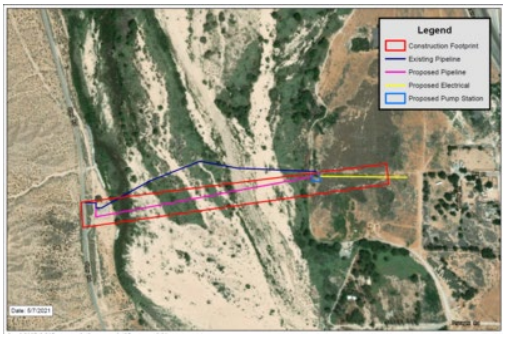
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$155,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$155,000
Total	**$155,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$155,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Project Management	$155,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$155,000
Total	**$155,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$155,000**

PROJECT # C126

PROJECT NAME: Oro Grande Pump Station Relocation Project

Department:	Engineering and Construction
Project Year:	2023
Project Type:	Infrastructure
Project Category:	Collection Systems Projects
Cost Estimate:	$5,250,495
Location:	Interceptors



Project Description:

The new pipeline will replace the existing Oro Grande gravity interceptor. The existing pipeline runs across the Mojave River with several manholes out in the channel. The replacement would put a pump station on the Oro Grande side (east side) of the river and a force main installed in a micro-tunneled pipe below the river. There would be no manholes and the pipe would be below the scour depth of the river to minimize the risk of failure and spill.

Project Justification:

Asset Failure

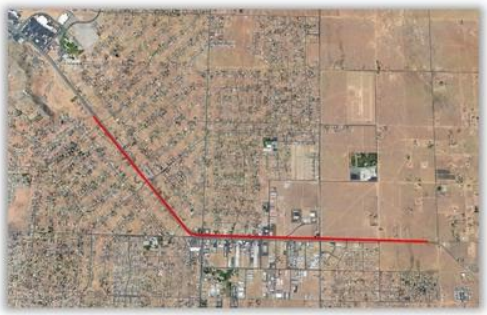
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$117,161	$0	$0	$0	$0	$0	$0	$0	$0	$	$117,161
Total	**$117,161**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$117,161**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$66,667	$66,667	$0	$0	$0	$0	$0	$0	$0	$133,334
Construction	$0	$2,000,000	$2,000,000	$0	$0	$0	$0	$0	$0	$0	$4,000,000
Construction Management	$0	$500,000	$500,000	$0	$0	$0	$0	$0	$0	$0	$1,000,000
Design Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Design Engineering	$117,161	$0	$0	$0	$0	$0	$0	$0	$0	$0	$117,161
Total	**$117,161**	**$2,566,667**	**$2,566,667**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$5,250,495**

PROJECT # TBD

PROJECT NAME: Rehabilitation of South Apple Valley Manholes Hwy 18

Department:	Environmental Compliance
Project Year:	2024
Project Type:	Improvements
Project Category:	Collection Systems Projects
Cost Estimate:	$2,050,000
Location:	Interceptors



Project Description:

In 2019, VVWRA performed a CCTV condition assessment of 61 manholes along Highway 18 in Apple Valley, the results show severe corrosion of a large number of manholes due to high Sewer Gas H2S, this project will repair or replace any damaged manholes in order to continue maintaining this important interceptor.

Project Justification:

Manholes Severely Corroded

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$242,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$242,000
Total	**$242,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$242,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$0	$20,000	$0	$0	$0	$0	$0	$0	$0	$20,000
Construction	$242,000	$0	$1,758,000	$0	$0	$0	$0	$0	$0	$0	$2,000,000
Construction Management	$0	$0	$30,000	$0	$0	$0	$0	$0	$0	$0	$30,000
Total	**$242,000**	**$0**	**$1,808,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,050,000**

PROJECT # TBD

PROJECT NAME: Hesperia Parallel Interceptor

Department:	Engineering and Construction
Project Year:	2035
Project Type:	Infrastructure
Project Category:	Collection Systems Projects
Cost Estimate:	$44,114,000
Location:	Interceptors

Project Description:

During the development of the Risk Assessment Analysis on the VVWRA interceptor lines, which was completed in FY 20-22, three major pipeline projects were recommended for future construction to deal with capacity issues in the VVWRA interceptor system. The third project identified was a parallel pipe installation upstream of the Upper Narrows by-pass. A new parallel pipe would need to be installed starting above the interconnection point with CSA 64 and run to the beginning of the Upper Narrows project.

Project Justification:

Growth

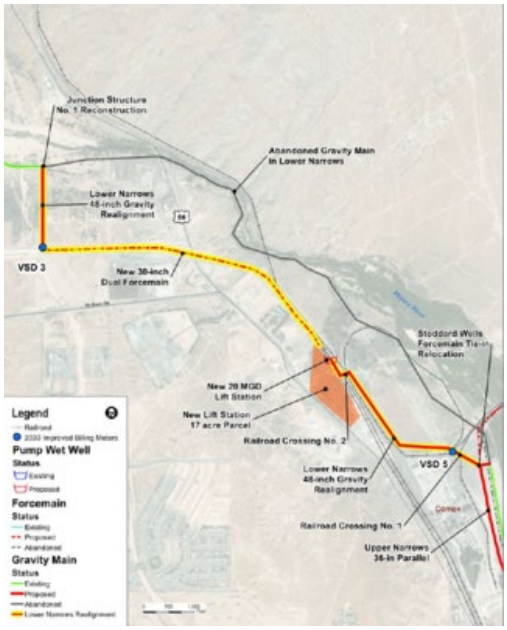
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$0	$0	$0	$0	$0	$161,000	$161,000	$161,000	$161,000	$644,000
Construction	$0	$0	$0	$0	$0	$0	$0	$0	$16,100,000	$16,100,000	$32,200,000
Construction Management	$0	$0	$0	$0	$0	$0	$0	$0	$3,220,000	$3,220,000	$6,440,000
Design Engineering	$0	$0	$0	$0	$0	$0	$2,415,000	$2,415,000	$0	$0	$4,830,000
Total	**$0**	**$0**	**$0**		**$0**	**$0**	**$2,576,000**	**$2,576,000**	**$19,481,000**	**$19,481,000**	**$44,114,000**

PROJECT # TBD

PROJECT NAME: Lower Narrows Lift Station

Department:	Engineering and Construction
Project Year:	2031
Project Type:	Infrastructure
Project Category:	Collection Systems Projects
Cost Estimate:	$33,813,000
Location:	Interceptors



Project Description:

During the development of the Risk Assessment Analysis on the VVWRA interceptor lines, which was completed in FY 20-22, three major pipeline projects were recommended for future construction to deal with capacity issues in the VVWRA interceptor system. The first, and most environmentally critical project, is the relocation and upsizing of the existing interceptor currently located within the lower narrows. To mitigate the environmental concerns a new pump station will need to be built to convey the wastewater around the lower narrows area and reconnect back to the VVWRA interceptor system at the beginning of the double barrel pipeline on Turner Road.

Project Justification:

Growth

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$0	$0	$0	$0	$0	$0	$221,000	$221,000	$221,000	$663,000
Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,100,000	$22,100,000
Construction Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,420,000	$4,420,000
Design Engineering	$0	$0	$0	$0	$0	$0	$0	$3,315,000	$3,315,000	$0	$6,630,000
Total	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	**$3,536,000**	**$3,536,000**	**$26,741,000**	**$33,813,000**

PROJECT # C127

PROJECT NAME: Ossum Wash

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Rehabilitation
Project Category:	Collection Systems Projects
Cost Estimate:	$1,185,000
Location:	Interceptors

Project Description:

The double barrel interceptor that crosses Ossum Wash requires lining to ensure its structural integrity.

Project Justification:

Asset Failure

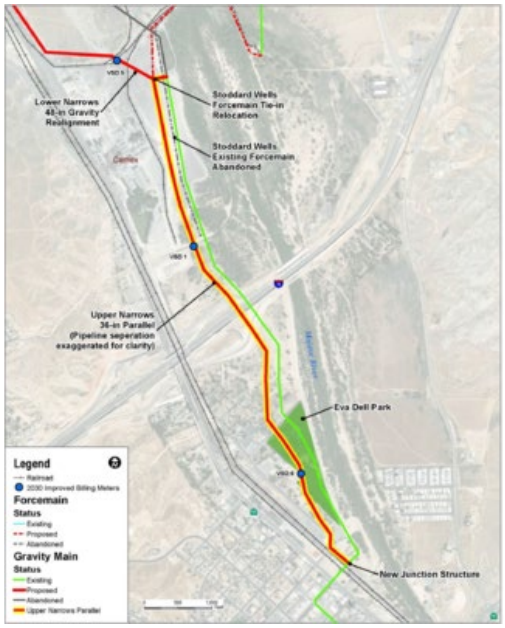
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$910,000	$0	$0	$0	$0	$0	$0	$0	$910,000
Construction Management	$0	$0	$150,000	$0	$0	$0	$0	$0	$0	$0	$150,000
Design	$0	$125,000	$0	$0	$0	$0	$0	$0	$0	$0	$125,000
Total	**$0**	**$125,000**	**$1,060,000**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,185,000**

PROJECT # TBD

PROJECT NAME: Upper Narrows Parallel Interceptor

Department:	Engineering and Construction
Project Year:	2033
Project Type:	Infrastructure
Project Category:	Collection Systems Projects
Cost Estimate:	$60,417,000
Location:	Interceptors



Project Description:

During the development of the Risk Assessment Analysis on the VVWRA interceptor lines, which was completed in FY 20-22, three major pipeline projects were recommended for future construction to deal with capacity issues in the VVWRA interceptor system. The second most critical project is the construction of a parallel line beginning at the ending point of the Upper Narrows project and running a second parallel pipeline connecting the lower narrows project.

Project Justification:

See above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$0	$0	$0	$0	$0	$220,500	$220,500	$220,500	$220,500	$882,000
Construction	$0	$0	$0	$0	$0	$0	$22,050,000	$22,050,000	$0	$0	$44,100,000
Construction Management	$0	$0	$0	$0	$0	$0	$0	$0	$4,410,000	$4,410,000	$8,820,000
Design Engineering	$0	$0	$0	$0	$0	$0	$3,307,500	$3,307,500	$0	$0	$6,615,000
Total	**$0**	**$0**	**$0**		**$0**	**$0**	**$25,578,000**	**$25,578,000**	**$4,630,500**	**$4,630,500**	**$60,417,000**

PROJECT # R149

PROJECT NAME: Admin Building Design and Rehabilitation and New Lab Building

Department:	Administration
Project Year:	2022
Project Type:	Buildings
Project Category:	Facility Projects
Cost Estimate:	$2,839,000
Location:	Regional Plant

Project Description:

The original administrative building has not been used as an office space for VVWRA staff since 2007. This project will look to fund the necessary clean-up and demolition of the internal walls of the facility. Other funds will be used to develop a feasibility study for future repurposing the building for a new administrative and laboratory facility. New laboratory facility must be completed in order to begin refurbishment of current building.

Project Justification:

End of Life

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$130,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$130,000
Users Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$	$0
Total	**$130,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$130,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$21,500	$0	$0	$0	$0	$0	$0	$0	$0	$21,500
Construction	$0	$2,150,000	$0	$0	$0	$0	$0	$0	$0	$0	$2,150,000
Construction Management	$0	$537,500	$0	$0	$0	$0	$0	$0	$0	$0	$537,500
Design Engineering	$130,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$130,000
Total	**$130,000**	**$2,709,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,839,000**

PROJECT # R147

PROJECT NAME: Regional Plant Generator Upgrade

Department:	Electrical and Instrumentation
Project Year:	2023
Project Type:	Equipment
Project Category:	Facility Projects
Cost Estimate:	$2,839,999
Location:	Regional Plant

Project Description:

The Main Switch Board (MSB) upgrade will include an Automatic Transfer Switch (ATS) which would increase power transfer reliability, uptime and improved performance during normal operational tests and outages. The upgrade of the generator up to 1.2 Mega-watt will allow a true emergency generator redundancy, allow a greater capacity, increase reliability and uptime.

Project Justification:

End of Life

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$170,488	$0	$0	$0	$0	$0	$0	$0	$0	$	$170,488
Users Charges	$147,660	$0	$0	$0	$0	$0	$0	$0	$0	$	$147,660
Total	**$318,148**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$318,148**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$13,333	$13,333	$13,333	$0	$0	$0	$0	$0	$0	$39,999
Construction	$0	$0	$1,000,000	$1,000,000	$0	$0	$0	$0	$0	$0	$2,000,000
Construction Management	$0	$0	$200,000	$200,000	$0	$0	$0	$0	$0	$0	$400,000
Planning	$100,000	$300,000	$0	$0	$0	$0	$0	$0	$0	$0	$400,000
Total	**$100,000**	**$313,333**	**$1,213,333**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,839,999**

PROJECT # R157

PROJECT NAME: Regional Plant Potable Connection to City of Victorville

Department:	Engineering and Construction
Project Year:	2023
Project Type:	Infrastructure
Project Category:	Facility Projects
Cost Estimate:	$2,840,000
Location:	Regional Plant

Project Description:

This project will look to address the potable water concerns that exist at the VVWRA regional plant. Today the regional plant utilizes two onsite water wells for its potable source of supply. This water, though used as a potable supply, is not drinkable due to existing water quality issues. In addition to the poor quality of water, VVWRA staff is asked to treat this supply and delivery as if it were a small rural water system because this water is also delivered to our land lease partners, American Organics and Anaergia. These operational tasks are burdensome and take up a good amount of time that should be spent on VVWRA core operations. Other projects to treat this water have been evaluated and have shown to be costly and add more complexity to the operation of the system. This proposed project would look to connect the VVWRA regional plant with a potable water pipeline from the City of Victorville. This solution would provide a drinkable potable supply and would eliminate VVWRA staff operations to operate this small rural water system

Project Justification:

See Above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$100,000
Total	**$100,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$100,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$0	$20,000	$20,000	$0	$0	$0	$0	$0	$0	$40,000
Construction	$0	$0	$2,000,000	$0	$0	$0	$0	$0	$0	$0	$2,000,000
Construction Management	$0	$0	$400,000	$0	$0	$0	$0	$0	$0	$0	$400,000
Design Engineering	$100,000	$300,000	$0	$0	$0	$0	$0	$0	$0	$0	$400,000
Total	**$100,000**	**$300,000**	**$2,420,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,840,000**

PROJECT # TBD

PROJECT NAME: UV Generator Tie-in to South Percolation Pond Pump Station

Department:	Electrical and Instrumentation
Project Year:	2023
Project Type:	Improvements
Project Category:	Facility Projects
Cost Estimate:	$471,000
Location:	Regional Plant

Project Description:

This project will allow backup power from the UV generator to keep the Aqua Diamond Filters and the South Percolation Pond Pump Station energized during power interruptions at the plant. These areas have been identified as the most overflow-prone areas of the plant when there is no power. This will allow operations to keep the filters clean during an outage, so they will not back up and overflow. It also gives staff the ability to send tertiary water to the south perc ponds to avoid overflow during extended power outages.

Project Justification:

See Above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$3,000
Design Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Design Engineering	$0	$468,000	$0	$0	$0	$0	$0	$0	$0	$0	$468,000
Total	**$0**	**$471,000**	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$471,000**

PROJECT # TBD

PROJECT NAME: Mojave Narrows Resource Recovery Facility

Department:	Engineering and Construction
Project Year:	2026
Project Type:	Infrastructure
Project Category:	Facility Projects
Cost Estimate:	$275,678,202
Location:	VVWRA Service Area

Project Description:

This project was identified during the risk assessment and capacity study done on the VVWRA interceptor system. It was determined that future capacity needs for both treatment and pipe capacity could be addressed by another regional facility treatment plant located near the main interceptor that receives flow from the City of Hesperia, the City of Victorville, and the Spring Valley Lake County area. This proposed facility would need to be built in the Mojave Narrows County Regional Park. This location would have the potential to provide recycled water to a different region of the service area while addressing pipeline and treatment capacity needs that will likely occur due to the future growth of the VVWRA Member Agencies.

Project Justification:

Growth

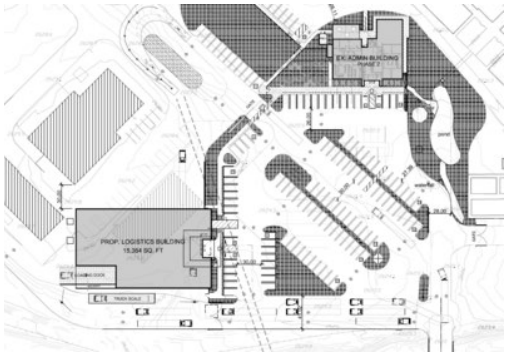
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$0	$573,886	$573,886	$573,886	$573,886	$573,886	$573,886	$573,886	$0	$4,017,202
Construction	$0	$0	$0	$0	$0	$50,215,000	$50,215,000	$50,215,000	$50,215,000	$0	$200,860,000
Construction Management	$0	$0	$0	$0	$0	$10,043,000	$10,043,000	$10,043,000	$10,043,000	$0	$40,172,000
Design Engineering	$0	$0	$10,043,000	$10,043,000	$10,043,000	$0	$0	$0	$0	$0	$30,129,000
Other	$0	$0	$500,000	$0	$0	$0	$0	$0	$0	$0	$500,000
Total	**$0**	**$0**	**$11,116,886**		**$10,616,886**	**$60,831,886**	**$60,831,886**	**$60,831,886**	**$60,831,886**	**$0**	**$275,678,202**

PROJECT # TBD

PROJECT NAME: Regional Plant New Warehouse and Campus Redesign

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Improvements
Project Category:	Facility Projects
Cost Estimate:	$1,370,000
Location:	Regional Plant



Project Description:

This project will look to address the security concerns that currently exist at the VVWRA regional plant. The core operations of the facility are completely accessible to outsiders who are not vetted to enter the critical and dangerous operations of the VVWRA regional plant. To assure the safety of the staff and the facility assets it will be necessary to create very specific spaces for the public and secure areas to conduct our normal operations. This project will look to complete that task by working in conjunction with the commissioning of the new Administration Building. New fencing and gates will need to be installed to allow access to the building for the public, but not allow anyone to enter the operational area of the regional plant without permission.

Project Justification:

Growth

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$10,000	$10,000	$0	$0	$0	$0	$0	$0	$0	$0	$20,000
Construction	$0	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$1,000,000
Construction Management	$0	$200,000	$0	$0	$0	$0	$0	$0	$0	$0	$200,000
Design Engineering	$150,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$150,000
Total	**$160,000**	**$1,210,000**	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,370,000**

PROJECT # TBD

PROJECT NAME: Regional Plant Stormwater Spill Containment System

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Rehabilitation
Project Category:	Facility Projects
Cost Estimate:	$800,000
Location:	Regional Plant

Project Description:

After several stormwater permit violations, VVWRA decided to upgrade and enlarge the regional plant stormwater pump station and install an Motor operated valve (MOV) to minimize any discharges to the Mojave River by pumping most stormwater to the backwash basin and subsequently to the headworks for treatment.

Project Justification:

Regulatory

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$800,000	$0	$0	$0	$0	$0	$0	$0	$800,000
Planning	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	**$0**	**$0**	**$800,000**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$800,000**

PROJECT # TBD

PROJECT NAME: Mojave Basin One Water Project

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Improvements
Project Category:	Recycled Water Projects
Cost Estimate:	$0
Location:	VVWRA Service Area

Project Description:

The Mojave Basin One Water Project will seek to connect a new VVWRA recycled water line to a pipeline owned and operated by the Mojave Water Agency. This connection will allow recycled water to be discharged at multiple locations north of the VVWRA property to the extent of the MWA pipeline which ends north of Barstow.

Project Justification:

This project is necessary to improve the Mojave Basin management and operations to sustain water levels in the Centro and Baja zones. By changing the VVWRA discharge locations this concept will help mitigate high ground water concerns at the regional plant.

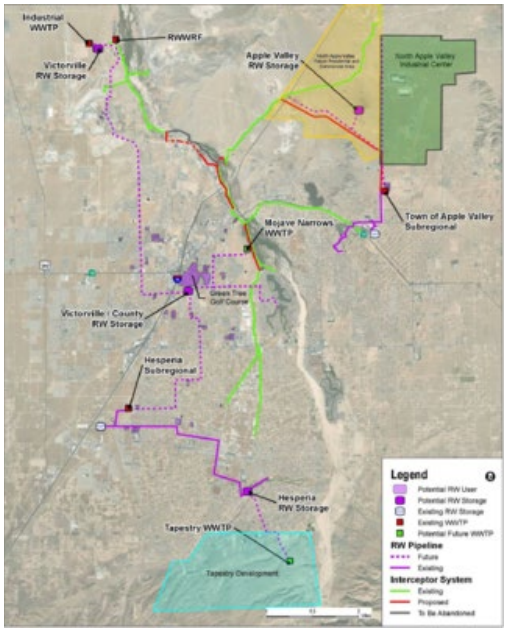
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$100,000
Total	**$100,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$100,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Planning	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$100,000
Total	**$100,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$100,000**

PROJECT # TBD

PROJECT NAME: Recycled Water Master Plan

Department:	Engineering and Construction
Project Year:	2026
Project Type:	Infrastructure
Project Category:	Recycled Water Projects
Cost Estimate:	$300,000
Location:	VVWRA Service Area



Project Description:

This project will specifically focus on developing a long-range plan to implement a regional recycled water system. The benefit of a regional approach to delivering recycled water is to assure a higher level of service and assurance of availability of the recycled water. This project will work in conjunction with the future regional and subregional facilities that will add treatment capacity and future sources of recycled water to create redundant sources for a reliable recycled water system.

Project Justification:

See Above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Design Engineering	$0	$0	$300,000	$0	$0	$0	$0	$0	$0	$0	$300,000
Total	**$0**	**$0**	**$300,000**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$300,000**

PROJECT # TBD

PROJECT NAME: IT Disaster Recovery Total Solution

Department:	Management Information Systems
Project Year:	2024
Project Type:	Improvements
Project Category:	Technology Projects
Cost Estimate:	$136,850
Location:	Regional Plant

Project Description:

Currently, VVWRA uses Barracuda Backup Solutions, this solution no longer meets VVWRA IT needs ,The new solution uses The Arcserve® 9000 Appliance Series which is the first and only mean to neutralize ransomware attacks on backup data, deliver effective disaster recovery (DR) and restore data - an all-in one data protection strategy recommended during an IT audit in 2022.

Project Justification:

Growth

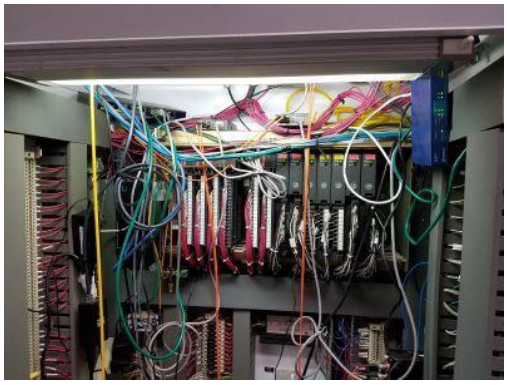
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$136,850	$0	$0	$0	$0	$0	$0	$0	$0	$	$136,850
Total	**$136,850**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$136,850**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Equipment Purchases	$136,850	$0	$0	$0	$0	$0	$0	$0	$0	$0	$136,850
Total	**$136,850**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$136,850**

PROJECT # R138

PROJECT NAME: PLC Replacement Project Phase 5

Department:	Management Information Systems
Project Year:	2024
Project Type:	Improvements
Project Category:	Technology Projects
Cost Estimate:	$600,000
Location:	Regional Plant



Project Description:

The following projects will be implemented in 2024 HEX RIO, UV and SPPS Power Split, Otoe Deragger Additions, and Vision to Mobile SCADA Perspective

Project Justification:

See above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$480,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$480,000
Users Charges	$120,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$120,000
Total	**$600,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$600,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$600,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$600,000
Total	**$600,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$600,000**

PROJECT # R153

PROJECT NAME: Servers Virtualization Project

Department:	Management Information Systems
Project Year:	2023
Project Type:	Improvements
Project Category:	Technology Projects
Cost Estimate:	$120,000
Location:	Regional Plant

Project Description:

VVWRA currently relies on sixteen physical servers to operate its reclamation plants, pump stations, and needed software applications. To maintain these physical servers and provide reliable services at all times, the staff must continuously upgrade hardware and software, purchase costly extended warranties and maintain large battery backups during power outages. Consolidating physical hardware via server virtualization will eliminate underutilized independent physical servers. Resulting in higher availability irrespective of hardware or software system layer as well as: These are the key benefits of server virtualization: • Improved security and protection of valuable data and reduced IT hardware costs, Business continuity solutions, reduced IT footprint and improved service levels and Improved application quality.

Project Justification:

See above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$82,800	$0	$0	$0	$0	$0	$0	$0	$0	$	$82,800
Users Charges	$37,200	$0	$0	$0	$0	$0	$0	$0	$0	$	$37,200
Total	**$120,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$120,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$120,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$120,000
Total	**$120,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$120,000**

PROJECT # TBD

PROJECT NAME: Sophos Endpoint Protection

Department:	Management Information Systems
Project Year:	2023
Project Type:	Equipment
Project Category:	Technology Projects
Cost Estimate:	$36,000
Location:	Regional Plant

Project Description:

Sophos endpoint security stops ransomware, phishing, and advanced malware attacks in their tracks. Sophos combines the industry's leading malware detection and exploit protection with extended detection and response (XDR) to secure your entire ecosystem. Powerful AI using deep learning along with managed threat detection services will future-proof your organization against both new and old threats, and Sophos MDR provides advanced cybersecurity services from a team of Sophos experts 24/7

Project Justification:

See Above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$36,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$36,000
Total	**$36,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$36,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Equipment Purchases	$36,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$36,000
Total	**$36,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$36,000**

PROJECT # R148

PROJECT NAME: Network Stabilization & Fiber Upgrades

Department:	Management Information Systems
Project Year:	2023
Project Type:	Improvements
Project Category:	Technology Projects
Cost Estimate:	$166,457
Location:	Regional Plant

Project Description:

In the past 20 years, The Authority has seen unprecedented assets growth; the Authority now owns and operates three reclamation plants and three lift stations. The Information Technology (IT) network infrastructure to support such growth needs to be upgraded and modernized to achieve the following:

1. Meet EPA Cybersecurity Best Practices for the Wastewater Sector
2. Improved reliability and uptime
3. Meet business and organizational changes
4. Meet regulatory mandates
5. Achieve industry performance standards
6. Address changing technology and replace legacy IT solutions

Project Justification:

Growth

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$145,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$145,000
Users Charges	$21,457	$0	$0	$0	$0	$0	$0	$0	$0	$	$21,457
Total	**$166,457**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$166,457**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$166,457	$0	$0	$0	$0	$0	$0	$0	$0	$0	$166,457
Total	**$166,457**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$166,457**

PROJECT # TBD

PROJECT NAME: Regional Plant MCC Modernization

Department:	Electrical and Instrumentation
Project Year:	2025
Project Type:	Rehabilitation
Project Category:	Technology Projects
Cost Estimate:	$3,601,499
Location:	Regional Plant

Project Description:

The Motor Control Center (MCC) A was installed as part of the original plant design. It operates critical functions in the Old Blower Building. Due to its age and lack of replacement parts, it is now time to replace the MCC. Within the project scope, a contractor will replace multiple components which are outdated and no longer supported and electrical buckets which no longer meet NEC standards. Replacing the MCC operations will gain bucket space and increase ampacity to meet today's demands as well as a future expansion if necessary. The Motor Control Center (MCC) EB was installed as part of the original plant design. It operates other critical functions in the Old Blower Building. Due to its age and lack of replacement parts, it is now time to replace the MCC. Within the project scope, a contractor will replace multiple components which are outdated and no longer supported and electrical buckets which no longer meet NEC standards. Replacing the MCC operations will gain bucket space and increase ampacity to meet today's demands as well as future expansion if necessary.

Project Justification:

See above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$250,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$250,000
Users Charges	$9,493	$0	$0	$0	$0	$0	$0	$0	$0	$	$9,493
Total	**$259,493**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$259,493**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$16,333	$16,333	$16,333	$0	$0	$0	$0	$0	$0	$48,999
Construction	$0	$0	$1,225,000	$1,225,000	$0	$0	$0	$0	$0	$0	$2,450,000
Construction Management	$0	$0	$306,250	$306,250	$0	$0	$0	$0	$0	$0	$612,500
Design Engineering	$9,493	$490,000	$0	$0	$0	$0	$0	$0	$0	$0	$499,493
Total	**$9,493**	**$506,333**	**$1,547,583**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,610,992**

PROJECT # R156

PROJECT NAME: Cal Recycle Grant Project ADM Improvements

Department:	Operations and Maintenance
Project Year:	2023
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$3,900,000
Location:	Regional Plant

Project Description:

Cal Recycle Grant Project ADM Improvements

Project Justification:

Cal Recycle Grant Project ADM Improvements

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Grant	$3,900,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$3,900,000
Total	**$3,900,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,900,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$86,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$86,000
Construction	$3,814,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,814,000
Total	**$3,900,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,900,000**

PROJECT # R155

PROJECT NAME: Regional Plant Side Stream Treatment

Department:	Operations and Maintenance
Project Year:	2023
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$1,300,000
Location:	Regional Plant

Project Description:

Build a side stream treatment for gravity belt thickener centrate

Project Justification:

Operations Performance

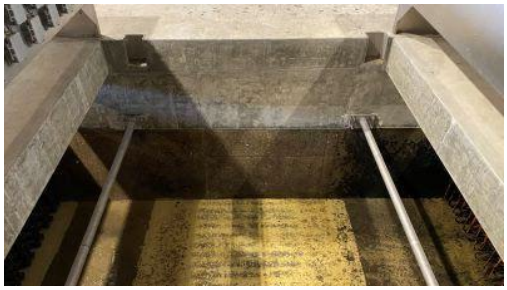
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$1,300,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$1,300,000
Total	**$1,300,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,300,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$1,300,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,300,000
Total	**$1,300,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,300,000**

PROJECT # TBD

PROJECT NAME: Regional Plant Ultraviolet Channels Coating

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Rehabilitation
Project Category:	Treatment Process Projects
Cost Estimate:	$450,000
Location:	Regional Plant



Project Description:

The concrete surfaces in these structures need to be coated to extend their working life. This project was identified three years ago and has been repeatedly delayed due to more critical issues. The concrete surfaces are being broken down at the air/water surface interface and need to be addressed.

Project Justification:

Asset Failure

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$450,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$450,000
Total	**$450,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$450,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$450,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$450,000
Total	**$450,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$450,000**

PROJECT # R151

PROJECT NAME: Septage Receiving Station Relocation

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$375,000
Location:	Regional Plant

Project Description:

Relocate the Septage Receiving Station to the old biosolids storage pad.

Project Justification:

Process improvement

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$375,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$375,000
Total	**$375,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$375,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$375,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$375,000
Design Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	**$375,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$375,000**

PROJECT # TBD

PROJECT NAME: Regional Filter Effluent Channel Pump Station

Department:	Operations and Maintenance
Project Year:	2024
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$224,000
Location:	Regional Plant

Project Description:

Currently we use the godwin pump to move filtered effluent from the effluent filter channel to recycled water storage tank. The godwin pumps cannot be used as a stationary pump for long periods of time. Also having the pump in its current location restricts traffic and makes the pump unavailable for other emergencies. This project will install a submersible pump in the effluent channel and pump into underground piping to the recycled water tank.

Project Justification:

Regulatory

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$154,000	$0	$0	$0	$0	$0	$0	$0	$0	$154,000
Construction Management	$0	$30,000	$0	$0	$0	$0	$0	$0	$0	$0	$30,000
Design	$40,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$40,000
Total	**$40,000**	**$184,000**	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$224,000**

PROJECT # TBD

PROJECT NAME: Regional Plant AquaDiamond® filters Coating

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Rehabilitation
Project Category:	Treatment Process Projects
Cost Estimate:	$500,000
Location:	Regional Plant

Project Description:

The concrete aggregate is starting to show on the walls of the AquaDiamond Filters. To assure proper operations of the filters the walls need to be coated to protect the future performance of the filters.

Project Justification:

Asset Failure

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$500,000	$0	$0	$0	$0	$0	$0	$0	$500,000
Total	**$0**	**$0**	**$500,000**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$500,000**

PROJECT # TBD

PROJECT NAME: Regional Plant DAFTs 1&2 Coating

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Rehabilitation
Project Category:	Treatment Process Projects
Cost Estimate:	$500,000
Location:	Regional Plant

Project Description:

DAFTs 1 and 2 are severely corroded and need to be rehabilitated.

Project Justification:

Asset Failure

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$500,000	$0	$0	$0	$0	$0	$0	$500,000
Total	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$500,000**

PROJECT # TBD

PROJECT NAME: Regional Plant Headworks Replacement

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Rehabilitation
Project Category:	Treatment Process Projects
Cost Estimate:	$18,426,500
Location:	Regional Plant

Project Description:

The existing headwork is the original installation from 1980. The concrete has deteriorated to an extent that stops plates used to isolate for service cannot be full installed and makeshift sandbag walls must be used to limit leakage. It is intended to analyze the extent of required repairs. Evaluate options to improve the situation and present budgetary concepts to evaluate in-place repair versus new location installation.

Project Justification:

Asset Failure

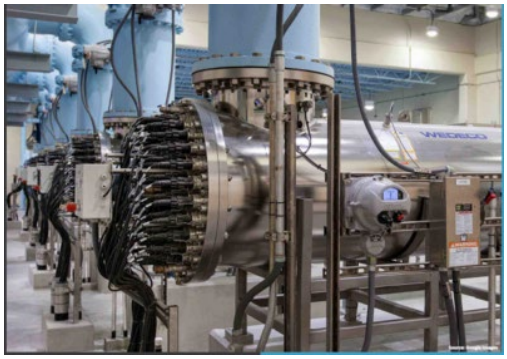
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Administration and Legal	$0	$67,250	$67,250	$67,250	$67,250	$0	$0	$0	$0	$0	$269,000
Construction	$0	$0	$0	$6,725,000	$6,725,000	$0	$0	$0	$0	$0	$13,450,000
Construction Management	$0	$0	$0	$1,345,000	$1,345,000	$0	$0	$0	$0	$0	$2,690,000
Design Engineering	$0	$1,008,750	$1,008,750	$0	$0	$0	$0	$0	$0	$0	$2,017,500
Total	**$0**	**$1,076,000**	**$1,076,000**		**$8,137,250**	**$0**	**$0**	**$0**	**$0**	**$0**	**$18,426,500**

PROJECT # TBD

PROJECT NAME: Regional Plant UV Upgrade Project

Department:	Engineering and Construction
Project Year:	2024
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$2,201,875
Location:	Regional Plant



Project Description:

This project goal is to upgrade the regional plant's current WEDECO TAK55 Ultraviolet Disinfection System to WEDECO LBX, the work will start with a feasibility study that will produce recommendations on the best approach to upgrade the current configuration.

Project Justification:

See above

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Total											

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$400,000	$0	$0	$0	$0	$0	$0	$0	$0	$400,000
Equipment Purchases	$0	$1,725,335	$0	$0	$0	$0	$0	$0	$0	$0	$1,725,335
Planning	$76,540	$0	$0	$0	$0	$0	$0	$0	$0	$0	$76,540
Total	**$76,540**	**$2,125,335**	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,201,875**

7 Conclusion

7.1 Budget Conclusion

The Victor Valley Wastewater Reclamation Authority is committed to satisfying the Mission Statement utilizing our approved and proven Core Values and our Model for Efficient Wastewater Utility Management as the road map to achieving those goals in the coming fiscal year. The Authority strives to maintain transparency, responsiveness and stewardship toward our Board of Commissioners, our Member Agencies, our stakeholders, and our employees. I would like to take this opportunity to thank the external Finance Committee made up of financial staff from the Member Agencies for input on the proposed budget. Also, I'd like to thank the Finance staff including Accounting Supervisor, Xiwei Wang; Lead Accountant, Kyle Parker; Accountant, Anne Mazzarella; and Management Analyst, Cyle Palazzo.

The budget presented to the Board this June 15, 2023, provides for a surplus in revenues that will be used to fund a new strategy of pay-as-you-go Capital projects. This new budget exceeds our desired debt ratio coverage of 1.2. Last year's budget had a debt ratio of 1.43. The budget we are asking you to approve has a 1.53 debt ratio. Overall operating expense increases were offset by greater projected revenues, and we have fully budgeted 16 capital projects.

In conclusion, the VVWRA staff is proud to submit this proposed budget document for consideration by the Board of Commissioners. The team has worked diligently to develop a new budget format and to deliver a plan that is accurate and well thought out. With the Board's approval of this budget, the VVWRA staff is excited to move forward with the designed plan to achieve the fiscal and operational goals as set by the Board, the Member Agencies, and the VVWRA team of employees.

8 Glossary of Terms

8.1 Glossary of Terms

Term	Definition
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 like 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 funds employ the Enterprise Accounting System.
Interceptor	A pipeline that conveys 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.
Industrial 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.
High Strength 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.
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.
Post-Consumer Food Waste	Organic food waste discarded by customers/guests/students/patients/visitors after the food has been sold or served. Typically sent to landfills. Under Senate Bill 1383, 75% of organics sent to landfills must be diverted to digestion facilities by 2025. This is processed and received by VVWRA for digestion and the production of Renewable Natural Gas (RNG) as a secondary revenue source.
RNG	RNG stands for Renewable Natural Gas which today is produced by VVWRA's private partnership with Anaergia as a result of receiving Post-Consumer Food Waste.
GIS	GIS stands for Geographic Information System which is a mapping system that identifies the current VVWRA pipeline assets and future facility assets.
PLC	PLC stands for Programmable Logic Controllers which are connected to specific operational assets that provide remote or pre-programed operations.
SCADA	Supervisory control and data acquisition (SCADA) is a system of software and hardware elements that allows industrial organizations to: •Control industrial processes locally or at remote locations •Monitor, gather, and process real-time data •Directly interact with devices such as sensors, valves, pumps, motors, and more through human-machine interface (HMI) software

	•Record events into a log file VVWRA uses Ignition SCADA made by Inductive automation.
CMMS	CMMS stands for Computerized Maintenance Management System that receives, processes and stores reactionary and preventative maintenance work orders that are completed by staff to assure proper operations of the VVWRA assets.