Victor Valley Wastewater Reclamation Authority

Adopted Annual Budget FY 24/25

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Victor Valley Wastewater Reclamation Authority
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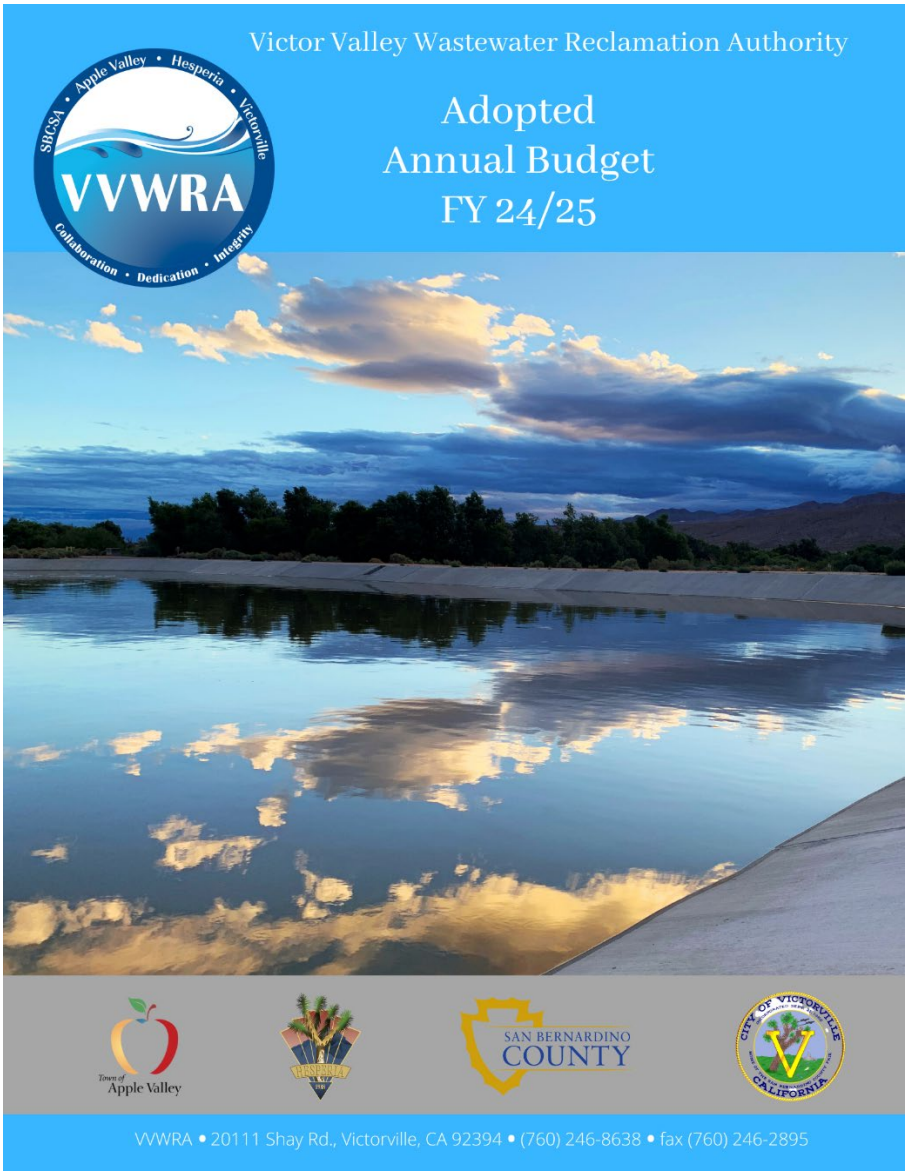
1 Budget Executive Summary

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 2024-2025 Operating and Capital Budget. Preparation for these Budget calculations and supporting documents began on February 5, 2024. Preparing for my fifth 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.

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."

Three key VVWRA staff members are fiscally responsible for developing the overall organizational budget. The Director of Operations and Maintenance, Brad Adams, manages thirty 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 Administrative Services, Robert Coromina, manages nineteen employees who perform the environmental compliance, information technology, electricians, human resources, and safety functions within the Authority. The Accounting Supervisor, Xiwei Wang oversees the development of the overall budget with his staff of five employees. Mr. Coromina, Mr. Latif Laari, and Mr. Wang jointly develop the administrative portion of the fiscal year budget.

The VVWRA Budget Team

Darron Poulsen
General Manager

Brad Adams
Director of Operations and Maintenance

Robert Coromina
Director of Administrative Services

Over the last year, we continued improving our Capital Improvement Program (CIP) planning and reporting. During our improvement efforts, we identified several critical projects that have the potential to greatly impact our near-term future budgets. In the next five to seven years the VVWRA regional plant will likely reach a limit on treatment plant permitted capacity, which will require the construction of a second regional plant. In addition to the need for a new treatment plant, several other critical assets like the potable water supply to the plant, the headworks, and the backup generators will also need to be repaired or replaced to ensure proper operations in the future. With these projects in mind, VVWRA staff engaged a rate consultant to identify the necessary revenue needed to fund these future projects for the next five years. The first draft of the rate study was completed in January 2024. VVWRA engaged the finance personnel from the member agencies and the members of the Internal Finance Committee made up of two of the VVWRA commissioners. During these meetings, staff presented the findings of the CIP strategy and the new rates necessary to fund these critical projects. The rate study draft was presented to the Board in March 2024. Between the March meeting and the April Board meeting, the rate study presentation was also given at the council meetings for the City of Hesperia, the City of Victorville, and the Town of Apple Valley.

At the April 25, 2024, VVWRA Board meeting staff prepared a resolution and the appropriate ordinance changes, for the necessary public hearings, to approve the desired rate study. At that meeting, questions arose regarding the source of funding for the proposed new treatment plant as well as the treatment capacity sizing of the new treatment plant. The Board unanimously voted that they needed more information on this topic before they could consider approving the rate study. The action was taken to table the rate study until the study could be discussed with the developer industry, the BIA, and the City Managers. The rate consultant has been given an amended set of numbers for capital projects and have also been asked to calculate the new treatment plant funding using multiple variations of user fees and connection fees. In addition to this work VVWRA staff funded over one million dollars in the proposed new budget to perform a

feasibility study of the proposed new treatment plant. These findings and future rate analysis will take place over the next few months. The impact of this delay has made it necessary to develop the FY 2024-25 operating budget with zero increases to the user and connection fees.

The budget presented to you this June 20, 2024, utilized the calculated mid-year budget developed in February 2024 to determine starting reserve levels and projected operating expenses for this FY 2024-25 proposed budget. Due to the normal operating cost increases and the lack of any user fee increase, many cuts had to be made to develop this balanced budget. The proposed budget does not include any capital projects utilizing user fee funds, desired large supplemental capital purchases have been pushed out at least a year, the contingency funds were not funded, and the desired addition of new employees was also removed from the budget. By making these cuts, staff were able to develop an operating budget based on projected revenues and the use of unrestricted user fee reserve of $919,975 to cover the necessary operating expenses. By making all these cuts, staff were able to develop a balanced budget with a debt ratio coverage of 1.2, which is our required minimum debt ratio coverage value.

The Victor Valley Wastewater Reclamation Authority is committed to the Mission Statement and 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; Accounting Technician, Charlene Villalvazo; 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, 2025 (hereafter referred to as FY 2025) for Victor Valley Wastewater Reclamation Authority (VVWRA or Authority). This financial plan serves as a policy document, an operation guide, and 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.

For FY 2025, the Authority utilizes a 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. The Authority tracks all significant projects, inclusive of services and assets in the Capital Improvement Plan (CIP). Within the CIP VVWRA accounts for the appropriate funding sources, either user fees or connection fee funds, using enterprise accounting practices and a comprehensive accounting software. The VVWRA conducts its businesses based on an Enterprise Accounting System that is an accrual accounting system method. This accounting method records revenues and expenses as incurred instead of recognizing transactions when receiving or paying cash.

VVWRA provides wastewater treatment services to four member agencies: the City of Victorville, the City of Hesperia, the 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, 59.77% from the City of Victorville, 18.00% from the City of Hesperia, 16.82% from the Town of Apple Valley, and the remaining 5.40% 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, 2024) 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 2025 is projected to be $26.5 million. Including the payment of the debt service, the total proposed operating expense is $27.5 million, leaving $919,975 operating net deficit which is covered by the unrestricted operating reserve.

Combined with $6.8 million of operating reserve reduced by $6.0 million restricted reserve, we have $803,264 remaining in the unrestricted operating reserve.

In addition to the user fee revenues, the Authority is also projecting the collection of $2.8 million in connection fee revenues, in addition to a grant revenue of $150,000. 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, 2024. 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 section on Capital Projects of this document explains further the use of the connection fee funds.

1.3 Overview of Operational Expenses

VVWRA has submitted a proposed Operating budget expense of $27.5 million consisting of $2.7 million in debt service, and $24.6 million for operations and maintenance expenses (including lease payments) for FY 2025. 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 2025. These additional operations add extra expenses, but also add additional revenues from the sale of recycled water.

	User Charge Fund	Connection Fee Fund	Total
FY 2025 Reserve Beginning Balance	**$ 7,697,169**	**$ 3,899,035**	**$ 11,596,204**
Total Revenues	26,527,436	3,055,393	$ 29,582,830
Total SRF Loan	(2,749,738)	(1,295,051)	$ (4,044,789)
Total Lease Payments	(129,862)	-	$ (129,862)
Total Operating Expense	(24,567,812)	-	$ (24,567,812)
Transfer from Unrestricted Reserve	919,975	-	$ 919,975
FY 2025 Budget Surplus	**-**	**1,760,342**	**$ 1,760,342**
Total Reserve	6,777,193	5,659,376	$ 12,436,569
Total Restricted Reserve	(5,973,929)	(1,295,053)	$ (7,268,982)
Total Unrestricted Reserve	**803,264**	**4,364,323**	**$ 5,167,587**
Total Capital Projects ①	-	(3,706,473)	$ (3,706,473)
Total Supplemental Captial Purchase	-	-	$ -
Available Unrestricted Reserve	**$ 803,264**	**$ 1,952,903**	**$ 2,756,167**
Total Restricted Reserve	**$ (5,973,929)**	**$ (1,295,053)**	**$ (7,268,982)**

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

We expect unrestricted operating reserve on June 30, 2025, would be $803,264 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 30 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 fourteen employees who perform the 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 was further enhanced during this last fiscal year with the cooperation of our private partner Anaergia. A CalRecycle grant for $3.9 million dollars was awarded to VVWRA to add capacity to existing digesters and new equipment to remove grit and trash from the food waste deliveries. Our state-of-the-art co-digestion and biogas upgrading facility at VVWRA in partnership with SoCal Biomethane, a subsidiary of Anaergia Inc. and Southwest Gas continues to be recognized as a positive example of how our industry can play a vital role in lessening greenhouse gas emissions. The collaborative project 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.

In fiscal year 2023, the RNG project was recognized in Berlin Germany as the winner of the Global Water Award for Wastewater Project of the Year. The accolades celebrating the benefits of the RNG project continued this past fiscal year. On August 10, 2023, The California Association of Sanitation Agencies (CASA) recognized the VVWRA RNG project with the Award of Excellence in Innovation and Resiliency. On December 5, 2023, The High Desert Air Quality

Management District (MDAQMD) selected VVWRA for the Exemplar Award for excellence in the control of our prevention in air pollution. The California Water Environment Association (CWEA) awarded the VVWRA RNG project the Engineering Achievement Award on April 11, 2024. 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 in fiscal year 2023-24 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, identified in fiscal year 2021, to meet capacity concerns through future pipeline projects and increases to wastewater treatment capacity concerns in the future. The study evaluated the necessary projects to meet the projected growth up to the year 2050. Some of the more critical projects identified in the near term included:

- The installation of a new potable water line from the City of Victorville to replace VVWRA's onsite water wells.
- The repair and replacement of the headworks assets
- The installation of a new Oro Grande lift station and new force main piping under the Mojave River
- The installation of material to protect the interceptor pipeline in the Ossum wash to prevent it from washing out during a storm event.
- The rehabilitation of the old Administrative Building to replace the existing temporary office trailers.
- The construction of the Mojave Basin One Water project to relocate VVWRA's and the City of Victorville's IWWTP recycled water discharge and disposal location to a more strategic and beneficial location in the Mojave Basin.

All the projects identified above are important to sustain current operations at VVWRA. The pending, and more critical project, is identifying the additional wastewater treatment capacity solution needed before the existing capacity limit is reached at the current regional plant. Per the direction of the Board and the Member Agency staff members, this project will require some extensive work to justify the location, size, and cost of this project to ensure the correct solution is implemented to serve the future needs of the region. A future rate study to evaluate the connection fee rate will also have to be done in conjunction with the feasibility study for this project.

As we move into a new fiscal year, we are budgeting over one million dollars towards the feasibility study to evaluate the future wastewater treatment capacity solution. This study will play an important role in helping develop a funding plan for both the smaller operational projects and the larger treatment capacity solution. These rate studies for both the user fees and connection fees will be developed for the Board's review and approval during the next fiscal year.

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 2025 budget will result in a debt coverage ratio of 1.2, which is at the desired value of a 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.

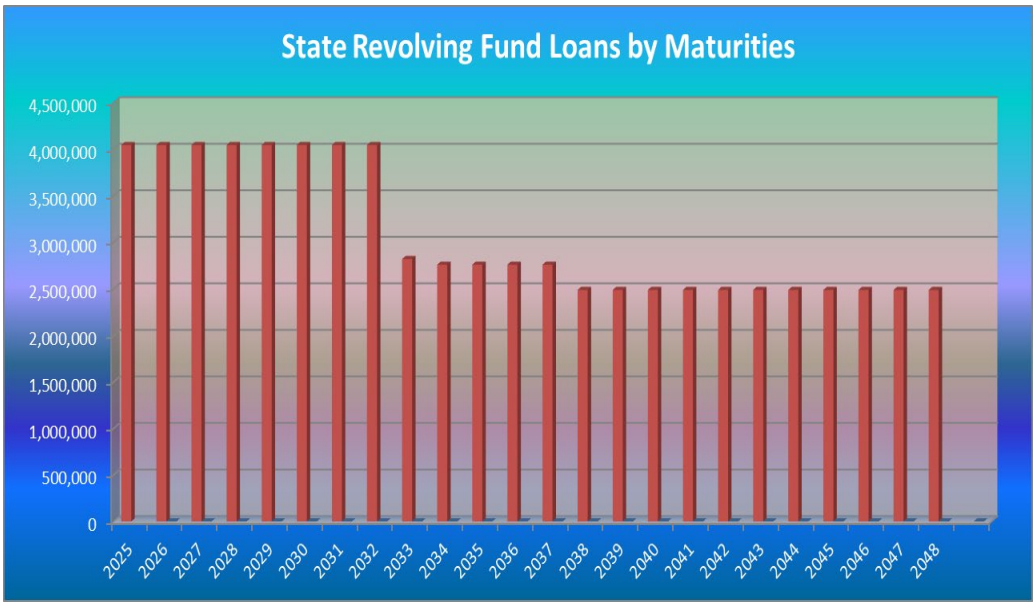
VVWRA's total debt service for FY 2025 is $4,044,789. Out of this amount, $2,749,738 comes from the user charge revenues and $1,295,051 derives from the connection fee revenues. VVWRA's debt service amount will decrease in future years as the agency continues to pay off debts. Please see the following pages for future loan payments.

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, 2024, the agency has five 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	Phase IIIA Regulatory Upgrades	Upper Narrows Replacement	Nanticoke Bypass	Apple Valley Sub-Regional	Hesperia Sub-Regional	Total
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	**8,220,880**	**2,122,353**	**3,531,229**	**24,598,824**	**35,108,400**	**73,581,686**

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



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 User Charge and Connection Fee Funds.

VVWRA Regional Plant Flag

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. User Charge Fund	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	$ 702,776	$ 2,198,200
Interest	$ 147,940	$ 36,998	$ 44,218	$ 132,818	$ 189,563	$ 551,537
Annual Payment	$ 770,708	$ 257,745	$ 203,725	$ 625,220	$ 892,339	$ 2,749,737
2. Connection Fee Fund	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	$ 449,315	$ 1,024,888
Interest	$ 49,313	$ -	$ 14,739	$ 84,916	$ 121,196	$ 270,164
Annual Payment	$ 256,902	$ -	$ 67,908	$ 399,731	$ 570,511	$ 1,295,052
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

2026	Phase IIIA Regulatory Upgrades	Upper Narrows Replacement Project	Nanticoke Bypass Project	Apple Valley Sub-Regional Project	Hesperia Sub-Regional Project	2026 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. User Charge Fund	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	$ 639,582	$ 224,942	$ 162,537	$ 497,326	$ 709,803	$ 2,234,190
Interest	$ 131,126	$ 32,803	$ 41,188	$ 127,894	$ 182,535	$ 515,546
Annual Payment	$ 770,708	$ 257,745	$ 203,725	$ 625,220	$ 892,338	$ 2,749,736
2. Connection Fee Fund	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	$ 213,194	$ -	$ 54,179	$ 317,963	$ 453,809	$ 1,039,145
Interest	$ 43,709	$ -	$ 13,729	$ 81,768	$ 116,702	$ 255,908
Annual Payment	$ 256,903	$ -	$ 67,908	$ 399,731	$ 570,511	$ 1,295,053
Total Principal	$ 852,776	$ 224,942	$ 216,716	$ 815,289	$ 1,163,612	$ 3,273,335
Total Interest	$ 174,834	$ 32,803	$ 54,917	$ 209,662	$ 299,238	$ 771,454
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, 2024, the Authority was recognized for its forward-thinking and green philosophy by being recognized for the RNG project which was recognized as an innovative project by numerous wastewater industry organizations. 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 finding 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 costs are still present, causing stress and higher than anticipated costs. The rate increases put in place over four years ago, to grow revenues for capital projects by generating revenues above operating expenses, were predominantly used to cover these higher costs. The Authority is not generating enough revenues today above operating expenses to sufficiently cover necessary capital projects. The pending treatment capacity solution feasibility study and the correlating rate studies are scheduled to be completed in a few months. Once these new rates are approved by the Board they will provide the Authority with a better road map in the future to ensure 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 2025 budget and looks forward to working with the Board to get approval and implement the FY 2025 budget.

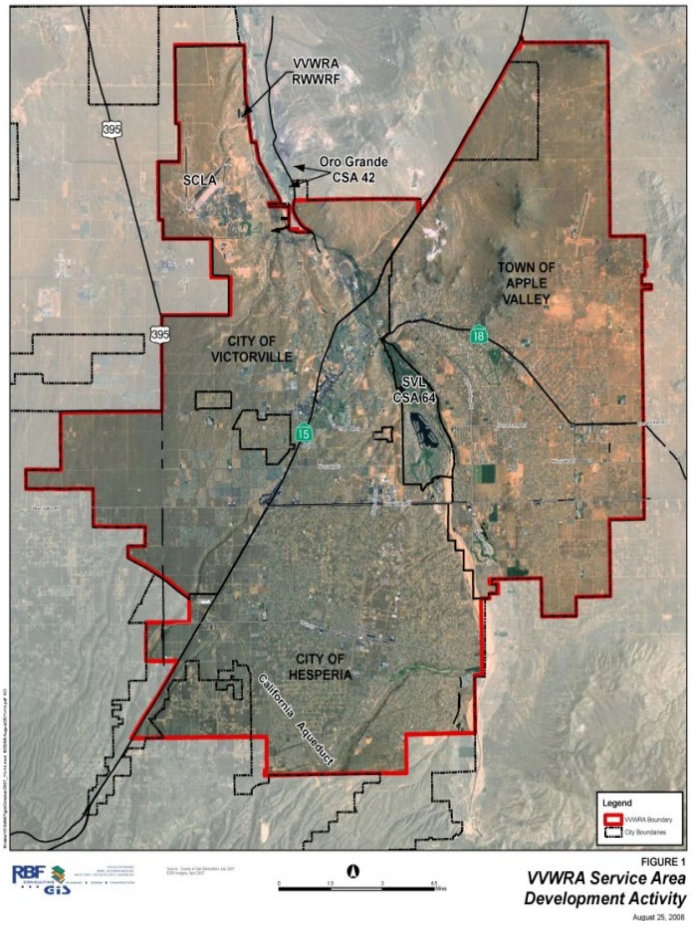
2 History and Governance

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 315,497 in 2023 with a slow but steady population growth in recent years.

Unemployment in the San Bernardino County is 4.7% in 2023, which is a slight increase from 2022's 4.1% unemployment rate, but overall, still a significant decrease compared to 9.4% in 2020 and 7.4% in 2021.

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

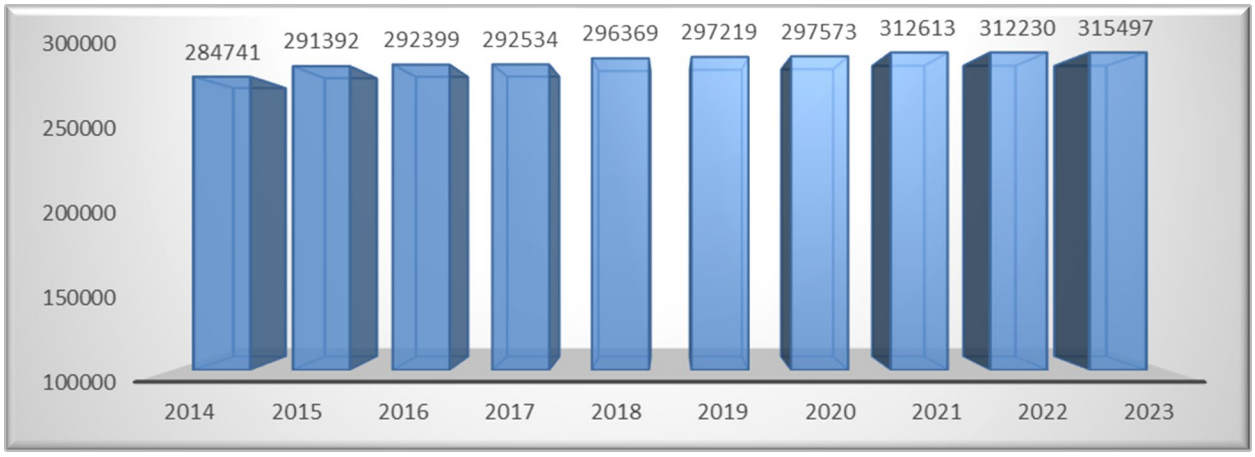


Figure 2-2: Unemployment Rate

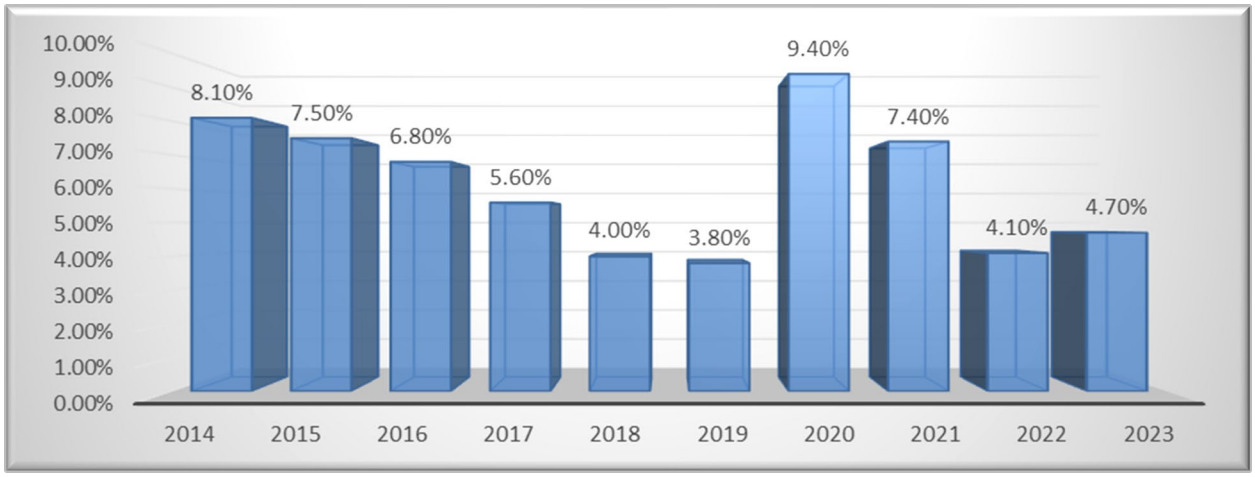
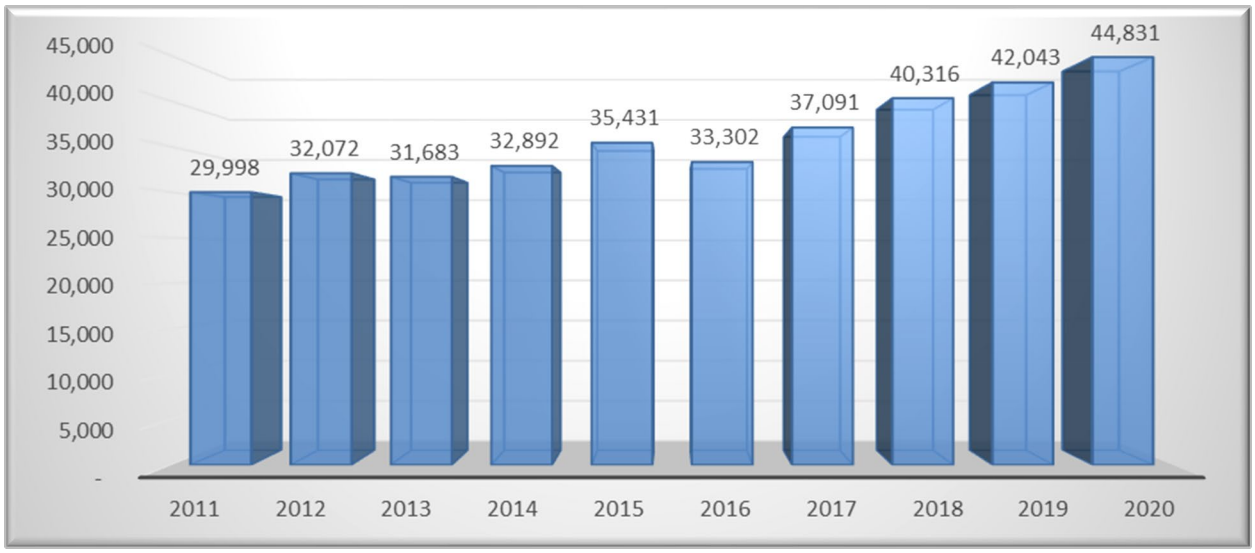


Figure 2-3: Personal Income Per Capita



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, 2024

Debra Jones

Chair

City of Victorville

Larry Bird

Vice-Chair

City of Hesperia

Paul Cook

Secretary

County of San Bernardino

Scott Nassif

Treasurer

Town of Apple Valley

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. The VVWRA serves an arid region that has historically depleted its groundwater resources. For this reason, the processed wastewater is valuable for projects, such as replenishing groundwater, protecting riparian habitats, 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 in 2023 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. VVWRA can also use the organic residual resulting from the treatment process to amend soil quality and reduce greenhouse gas emissions.

Two primary concerns drive the Authority's long-term planning and mission. The Board as well as the VVWRA and Member Agency staff members must work together to identify appropriate solutions to plan for and deal with community growth and to monitor the environmental and regulatory requirements. Additionally, the industry is changing with more focus on regional watershed-based decision-making, and as such the Board the VVWRA, and Member Agency staff members need to work with other regional watershed partners like the Mojave Water Agency and the County Flood Control to help meet regional water resource needs.

Hesperia Wastewater Reclamation Plant

The VVWRA plays a vital role in the region in protecting public health, producing recycled water for irrigation use, recharging 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

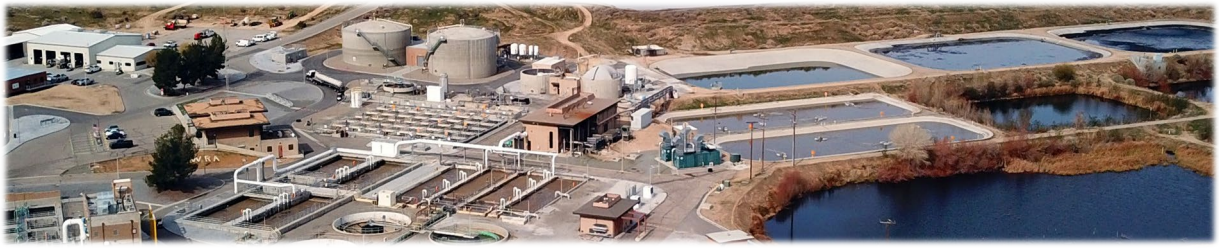
Dedication is a quality we look for in our staff. As an organization, we are dedicated to working with our Member Agencies to create a symbiotic relationship that benefits us all. To meet this value, we must cultivate an environment that generates passion, loyalty, and a shared vision. By being dedicated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

In June of 2024, 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's operations.

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 VVWRA 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, 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

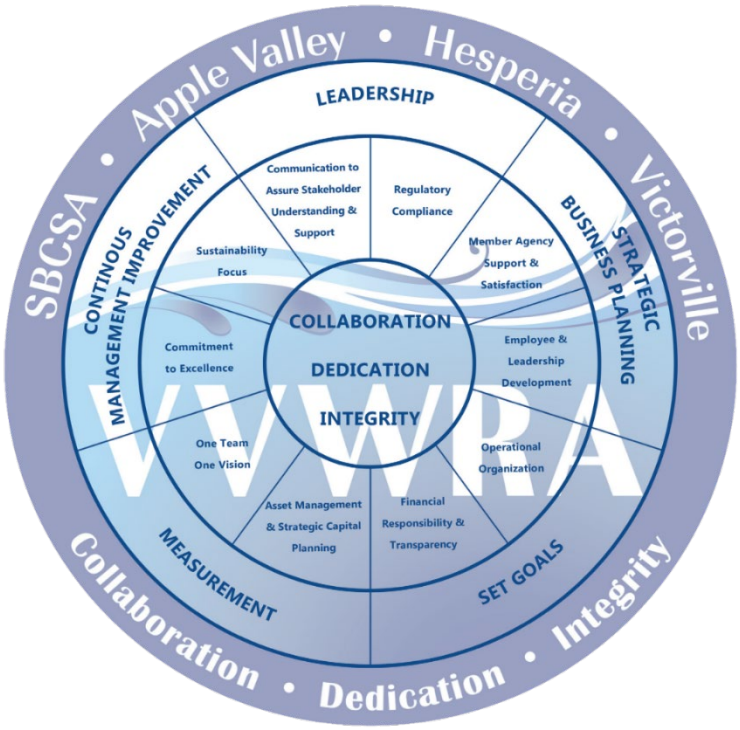
Communication and trust play an essential role in the success of this model for effective wastewater utility management. Positive and honest communication between VVWRA staff and the Board, operational teams at VVWRA and the Member Agencies, and internal communication within VVWRA are necessary to assure 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 achieve 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 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.

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 on 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

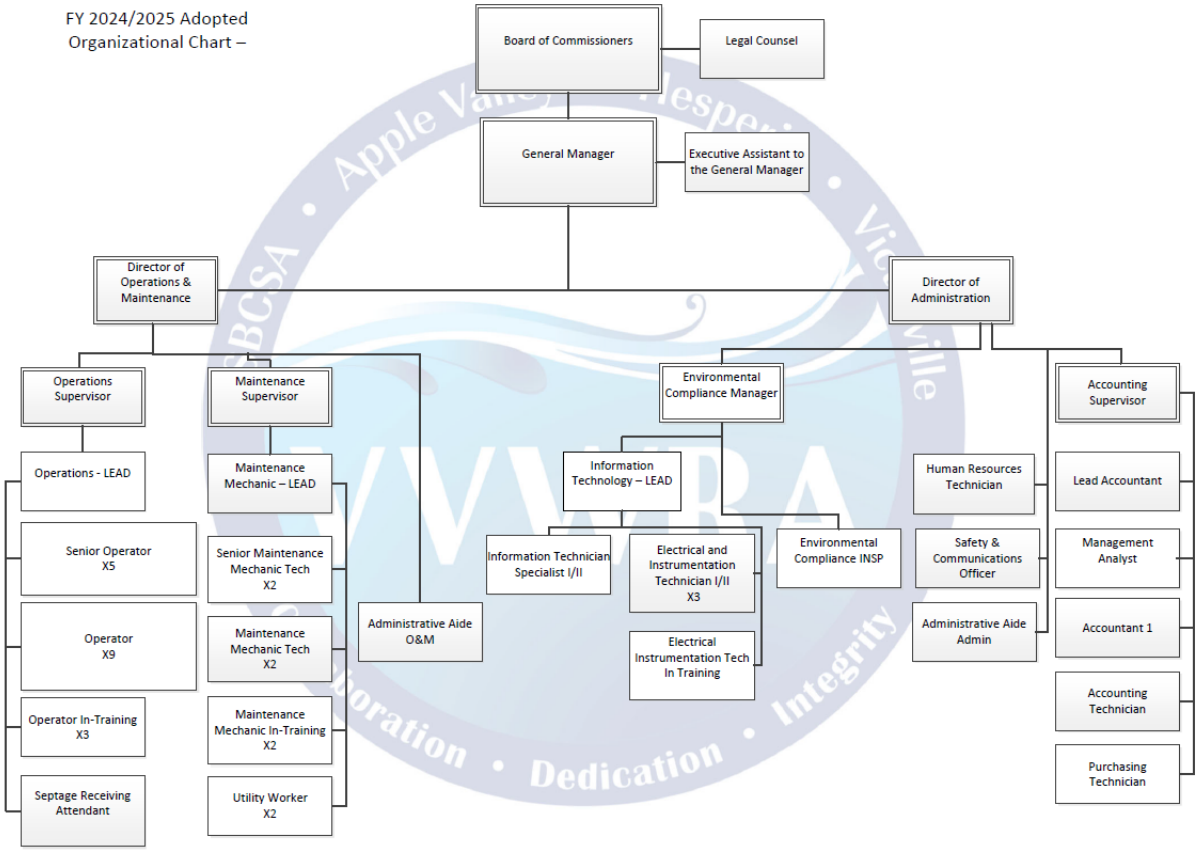
benchmarking, are some of the continual improvement tools used by VVWRA regarding employee improvement.

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 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Manager	1	1	1	1	1
Director of Administration	1	1	1	1	1
Controller	1	1	1	0	0
Accounting Supervisor	0	0	1	1	1
Management Analyst	0	0	1	1	1
Asset Management Technician	1	1	0	0	0
Purchase Technician	0	0	1	1	1
Business Applications Manager	1	1	0	0	0
Environmental Compliance Manager	0	0	1	1	1
Administrative Aide – Admin	0	0	1	1	1
Lead Accountant	0	0	1	1	1
Accountant I	1	1	1	1	1
Accounting Technician	1	1	1	1	1
Finance Intern	0	0	1	1	0
Regulatory Compliance Inspector in Training	1	1	0	0	0
Environmental Compliance Inspector	1	1	1	1	1
Executive Assistant to the GM	1	1	1	1	1
Human Resource Technician	1	1	1	1	1
Information Technology Coordinator	1	1	0	0	0
Information Technology Technician	1	1	0	0	0

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Information Technology – Lead	0	0	1	1	1
Information Technician Specialist I/II	0	0	1	1	1
Electrical and Instrumentation Tech I/II	2	2	2	3	3
Electrical and Instrumentation Tech in Training	0	0	0	0	1
Electrical and Instrumentation Intern	0	0	1	0	0
Safety and Communications Officer	1	1	1	1	1
Senior Accountant	1	1	1	1	0
Total Positions - Administration	**17**	**18**	**21**	**20**	**20**

Operations

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Director of Operations and Maintenance	0	0	0	1	1
Plant Superintendent	1	1	1	0	0
Operations Supervisor	1	1	1	1	1
Operations Lead	0	0	1	1	1
Administrative Aide – Ops	0	0	0	1	1
Operator-in-Training	0	1	1	2	3
Operator	5	6	8	8	9
Senior Operator	6	6	6	6	5
Operator Intern	0	2	0	0	0
Septage Receiving Attendant	1	2	2	2	1
Total Positions - Operations	**14**	**19**	**20**	**22**	**22**

Maintenance

DESCRIPTION	FISCAL YEAR ENDING JUNE 30				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Maintenance Supervisor	1	1	1	1	1
Maintenance Mechanic Lead	0	0	1	1	1
Senior Maintenance Mechanic Tech	2	2	2	2	2
Maintenance Mechanic Tech I/II	2	3	2	2	2
Maintenance Mechanic in Training	0	1	2	2	2
Utility Worker	1	1	1	2	2
Total Positions – Maintenance	**6**	**8**	**10**	**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.

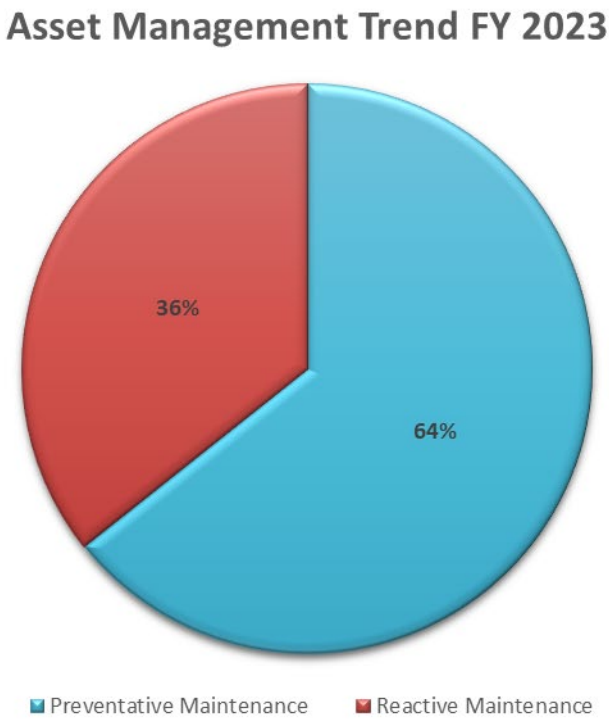
The following data shows the performance level during the last five years.

Description	Fiscal Year Ending June 30				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Removal Efficiency[1]					
Biochemical Oxygen Demand	98.70%	98.32%	98.37%	98.62%	98.57%
Total Suspended Solids	99.46%	99.29%	99.41%	99.45%	99.47%
Wastewater Processed					
Total Effluent Flow (MG)	3,965.47	4,093.50	4,147.33	4,646.85	4,221.60
Total Flow to Percolation Ponds (MG)	2,523.49	1,995.41	2,249.24	2,030.51	1,745.64
Total Flow to Mojave River (MG)	1,425.04	2,071.15	1,883.31	2,706.11	2,475.97
Average Influent (MGD)	10.59	10.80	10.93	11.27	11.25
Recycled Water					
Total Recycled Water Sold (MG)	9.69	17.71	11.40	8.74	14.45
Recycled Water Sold to Victorville (MG)	7.25	9.73	4.05	4.17	4.52
Recycled Water Sold to Hesperia (MG)	0.00	0.00	0.04	11.62	93.77
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	9.23	9.20	7.79	9.93
Material Received					

Total Septage Received (MG)	6.66	6.75	7.24	9.30	7.73
Total ADM Received (MG)	5.89	3.50	0.01	3.44	14.17
Total FOG Received (MG)	.69	.87	.73	.41	1.41

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 over 300 million dollars of capital assets. Using a preventive maintenance approach to maintaining these assets, staff greatly reduce 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.

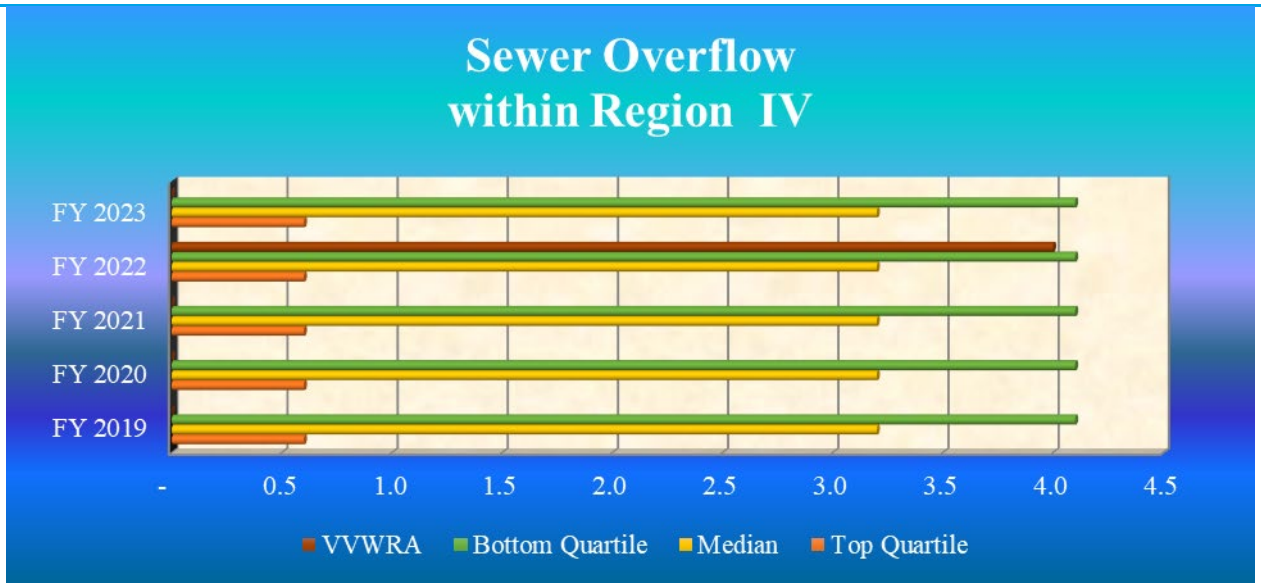
4.2 Operational Statistics Benchmarked Against Industry

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

VVWRA had zero sanitary sewer overflows during year ended June 30, 2023. VVWRA places above top quartile both in the West States and nationally.

Sewer Overflow-West States Region IV Benchmark

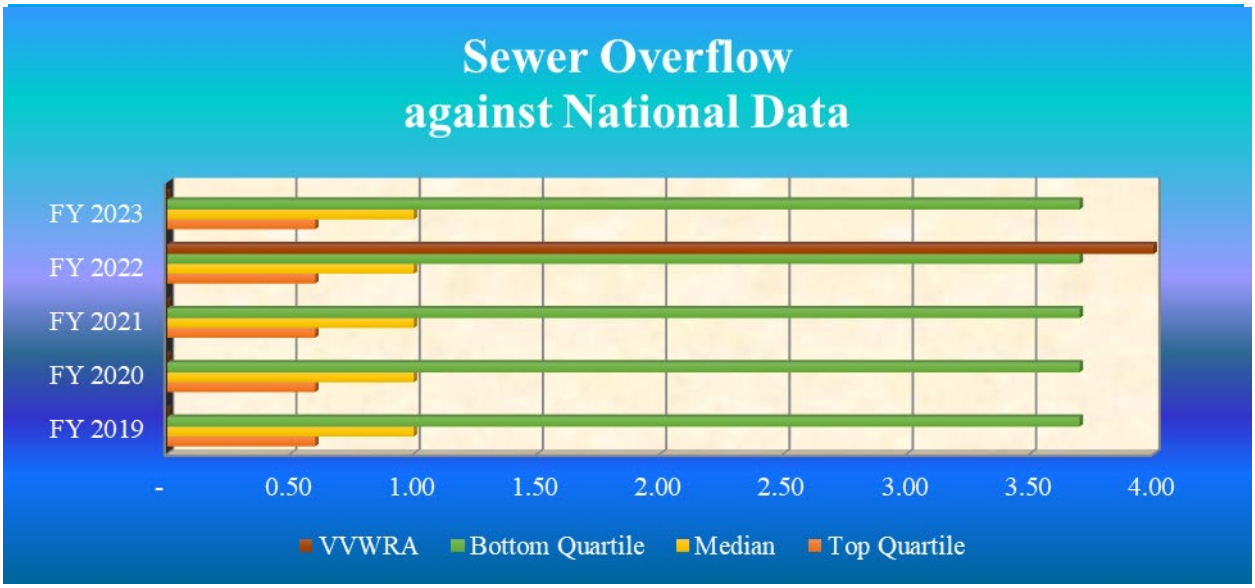
	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2023	0.60	3.2	4.1	0.00
FY 2022	0.60	3.2	4.1	4.00
FY 2021	0.60	3.2	4.1	0.00
FY 2020	0.60	3.2	4.1	0.00
FY 2019	0.60	3.2	4.1	0.00



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 2023	0.60	1.00	3.70	0.00
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



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

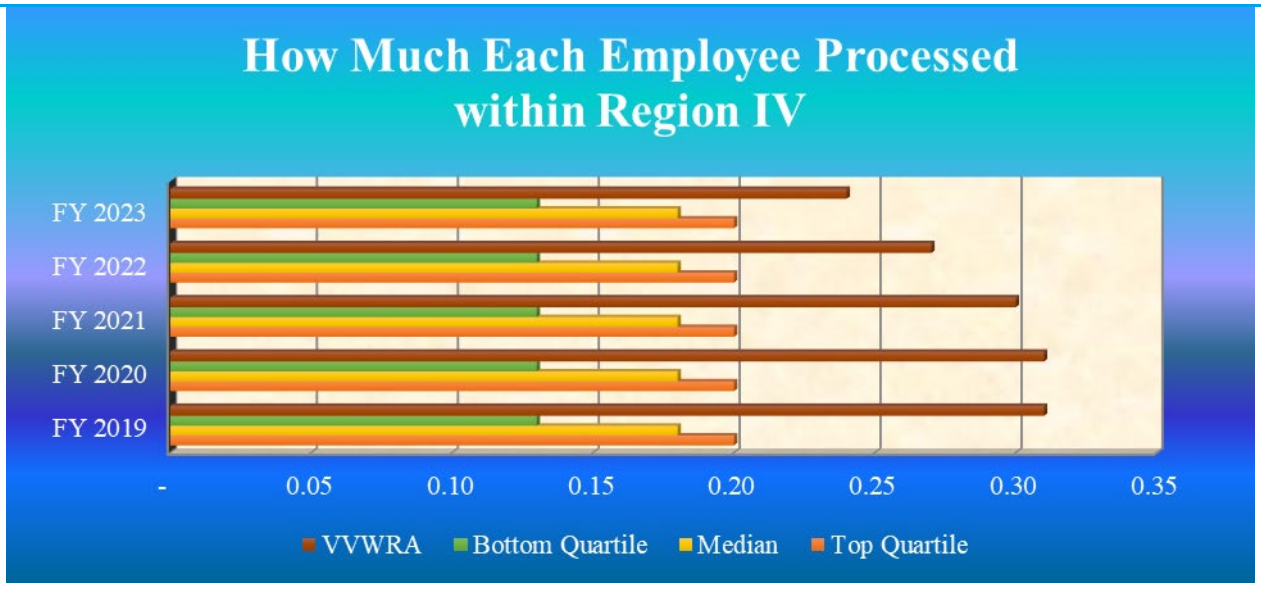
How Much Each Employee Processed

The quantity of wastewater processed by each employee has decreased from 0.31 MGD in FY 2019 to 0.24 MGD in FY 2023. The total amount of wastewater that VVWRA has processed is 4,314 MG in FY 2023. The total number of employees that VVWRA employed has increased from 34 in FY 2019 to 45 in FY 2023 during the comparative period per ACFR's.

Compared to Region IV states, VVWRA has almost continuously remained at the top quartile since FY 2019. Compared nationally, the quantity of wastewater processed by each employee has surpassed the median since FY 2019.

How Much Each Employee Processed-Region IV Benchmark

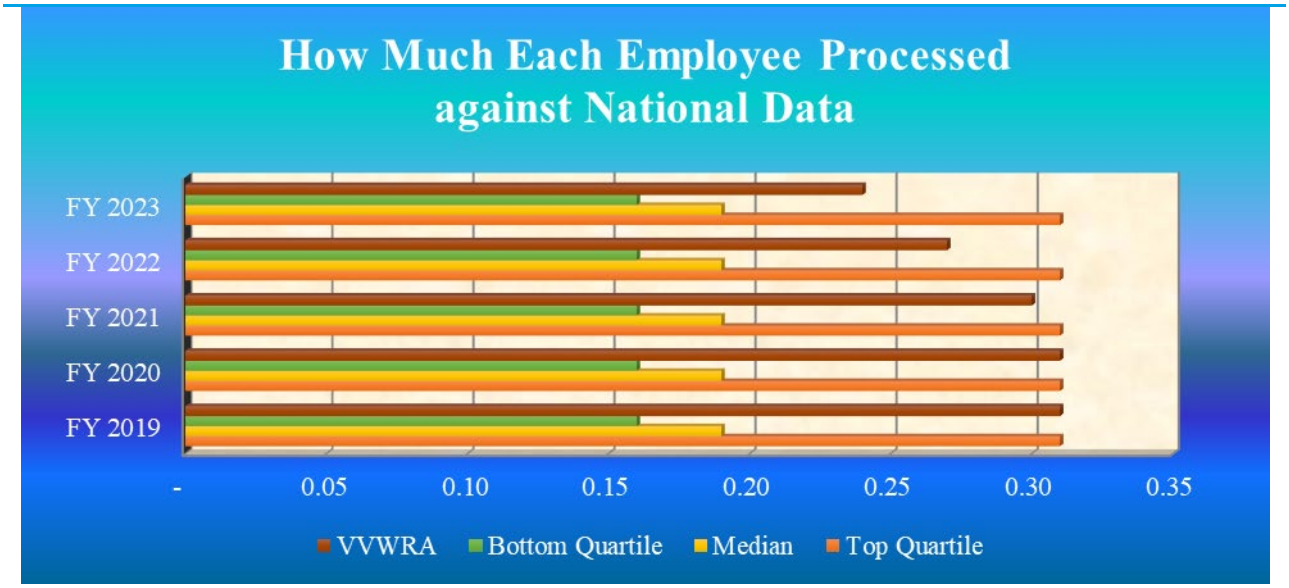
	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2023	0.20	0.18	0.13	0.24
FY 2022	0.20	0.18	0.13	0.27
FY 2021	0.20	0.18	0.13	0.30
FY 2020	0.20	0.18	0.13	0.31
FY 2019	0.20	0.18	0.13	0.31



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 2023	0.31	0.19	0.16	0.24
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



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

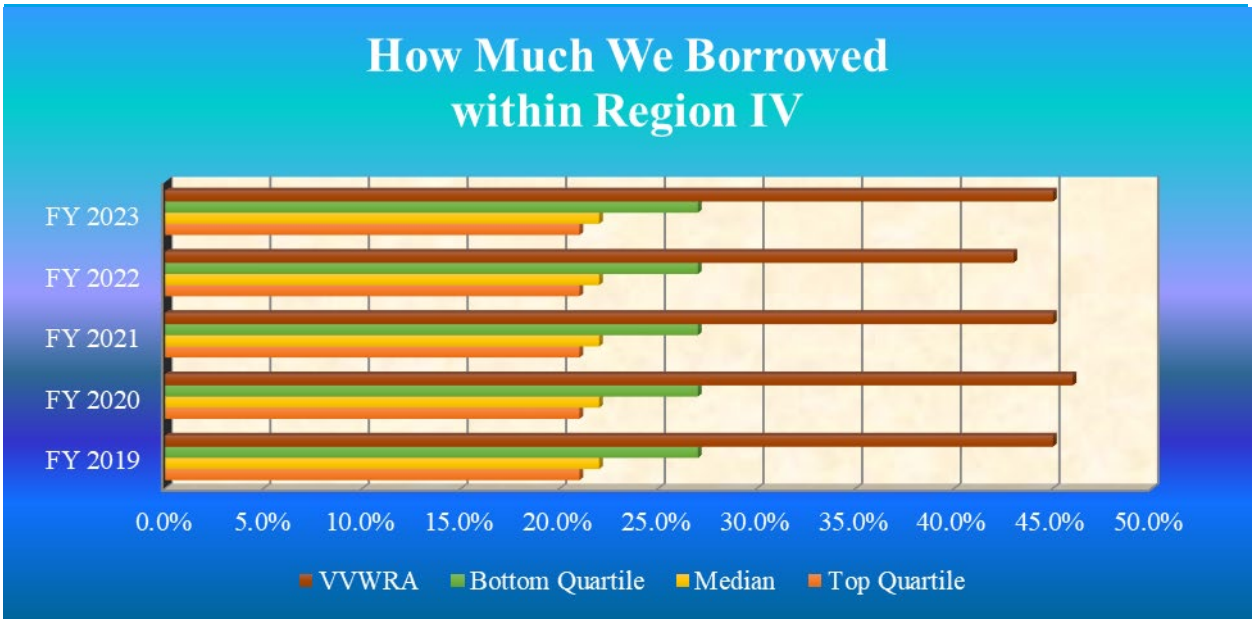
How Much VVWRA Borrowed

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 stayed the same from 45.00% in FY 2019 to 45.00% in FY 2023.

VVWRA is ranked below the bottom quartile of the Region IV states from FY 2019 to FY 2023. Compared nationally, VVWRA is ranked below median quartiles for the same period.

How Much We Borrowed-Region IV Benchmark

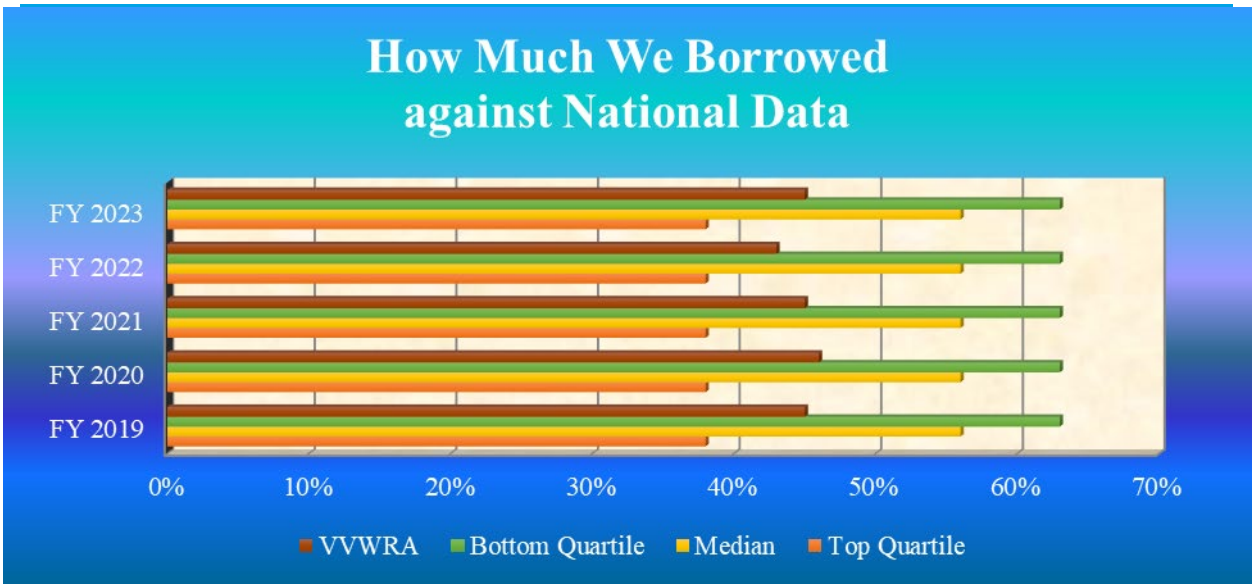
	Top Quartile	Median	Bottom Quartile	VVWRA
FY 2023	21.0%	22.0%	27.0%	45.0%
FY 2022	21.0%	22.0%	27.0%	43.0%
FY 2021	21.0%	22.0%	27.0%	45.0%
FY 2020	21.0%	22.0%	27.0%	46.0%
FY 2019	21.0%	22.0%	27.0%	45.0%



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 2023	38.0%	56.0%	63.0%	45.00%
FY 2022	38.0%	56.0%	63.0%	43.00%
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%



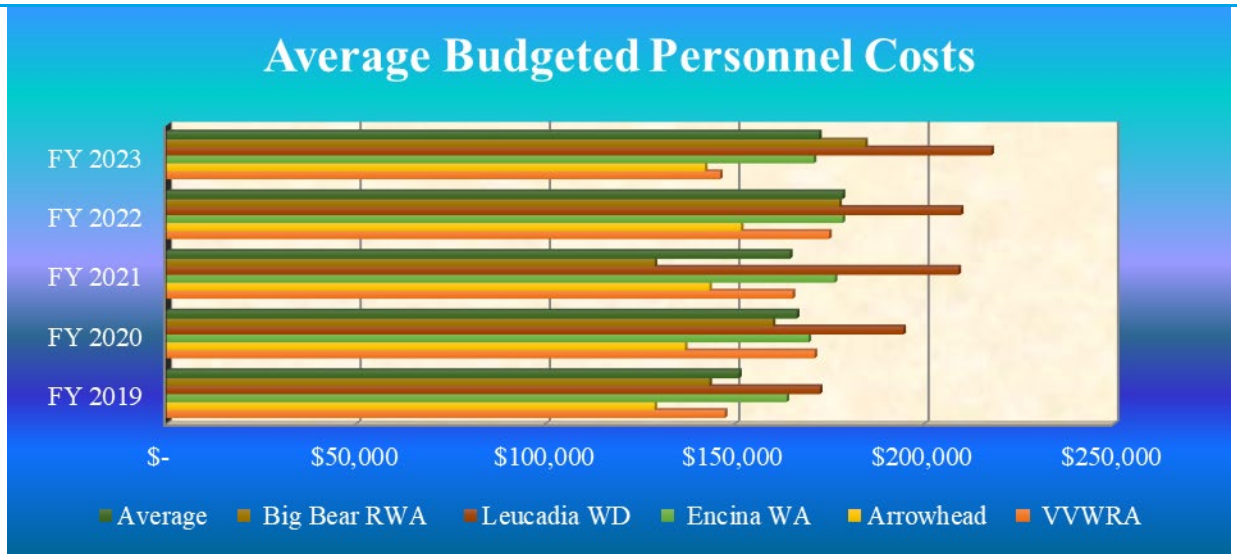
Source: 2019 American Water Works Association Benchmarking analysis *FY = Fiscal Year ended June 30*

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.

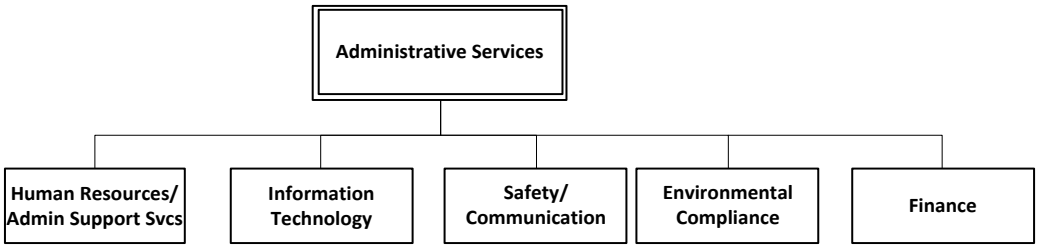
Average Budgeted Personnel Cost

	VVWRA	Arrowhead	Encina WA	Leucadia WD	Big Bear RWA
FY 2023	$ 146,131	$ 142,162	$ 170,901	$ 217,763	$ 184,475
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



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

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, 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 Authority's facilities. This is accomplished by diligently reviewing safety standards and monitoring changes in all safety related areas of responsibility.

Under the guidance of the Director of Administrative Services, both departments 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 compliant 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, ensures beneficial reuse of plants effluents and biosolids, protects the structure and integrity of the sewerage collection system, ensures 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 2023	
Positions Hired	7
Evaluations Completed	42
Overtime Cost	$7,084.96
Board Meeting held	11
Board Action Items	45
Board Presentations	5
Public Hearings	3

Regulatory Compliance FY 2023	
Septage Volume Received	7.17 million Gallons
FOG and ADM Volume Received	12.30 million Gallons
Number of Industrial Permit inspections completed	14
Number of Industrial Permit sampling collected	11
Sewer Interceptors Cleaned (Miles)	3.9
Sanitary Sewer overflows	0
Information Technology FY 2023	
Desktop systems replaced	14
Servers replaced/implemented	2

Safety/Communications FY 2023	
Number of Recorded Injuries	1
Number of days on Workers Comp	365
Near Miss	0
Safety training hours	594
Facebook Followers	1,677
Community Outreach FY 2023	
Press Releases	3
Published Articles	7
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, 2023 and

2. Financial Reporting: Certificate of Achievement for Excellence in Financial Reporting for the years ended June 30, 2010 through June 30, 2023.

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 six types of reserves: Operating Reserve, Emergency Operating Reserve, SRF Loan User Charge Reserve, SRF Loan Connection Fee Reserve, Excess Operating Reserve, and Excess Connection Fee Reserve. The reserve balances are to be revised annually with adoption of the budget.

The Operating Reserve serves as a buffer to mitigate potential insufficient revenues or unanticipated expenditure during the fiscal year. It provides financial flexibility and helps maintain VVWRA's service without disruption. The Operating Reserve is funded by monies collected from the User Charge Fund. The minimum Operating Reserve equals 10% of the adopted budgeted total operating expenses excluding debt services for the prior fiscal year.

The Emergency Operating Reserve is monies that are set aside to address significant and unexpected events or emergencies that may arise. The Emergency Operating Reserve ensures the serviceability of VVWRA's infrastructure in an emergency to serve the needs of the Member Agencies and to maintain the rate stability of VVWRA. The Emergency Operating Reserve is funded by monies collected from the User Charge Fund.

The SRF Loan User Charge Reserve is a contractually restricted reserve that is funded by User Charge Fund monies. This reserve fund ensures that the "User Charge portion" of a SRF loan will be repaid from User Charge Fund revenue. This reserve will remain restricted, segregated and fully identifiable and in compliance with VVWRA's financial obligations and covenants.

The SRF Loan Connection Fee Reserve is a contractually restricted reserve that is funded by Connection Fee fund monies. This reserve fund ensures that the "Connection Fee portion" of a SRF loan will be repaid from Connection Fee Fund revenue. This reserve will remain restricted, segregated and fully identifiable and in compliance with VVWRA's financial obligations and covenants.

The Excess Operating Reserve is funded by excess monies from the total reserve in the User Charge Fund. This reserve is used to fund capital supplemental purchases and capital projects in the User Charge Fund.

The Excess Connection Fee Reserve is funded by excess monies from the total reserve in the Connection Fee Fund. This reserve is used to fund capital projects in the Connection Fee Fund.

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.

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.vvwraca.gov/departments/finance/fee-schedule and updated each year. The connection fees are designed to fund capital projects.

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.

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 2023 actual to FY 2023 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 2025 budget shows a balanced budget that will be allocated to capital projects.

Budget Process

VVWRA managerial staff input 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.

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.

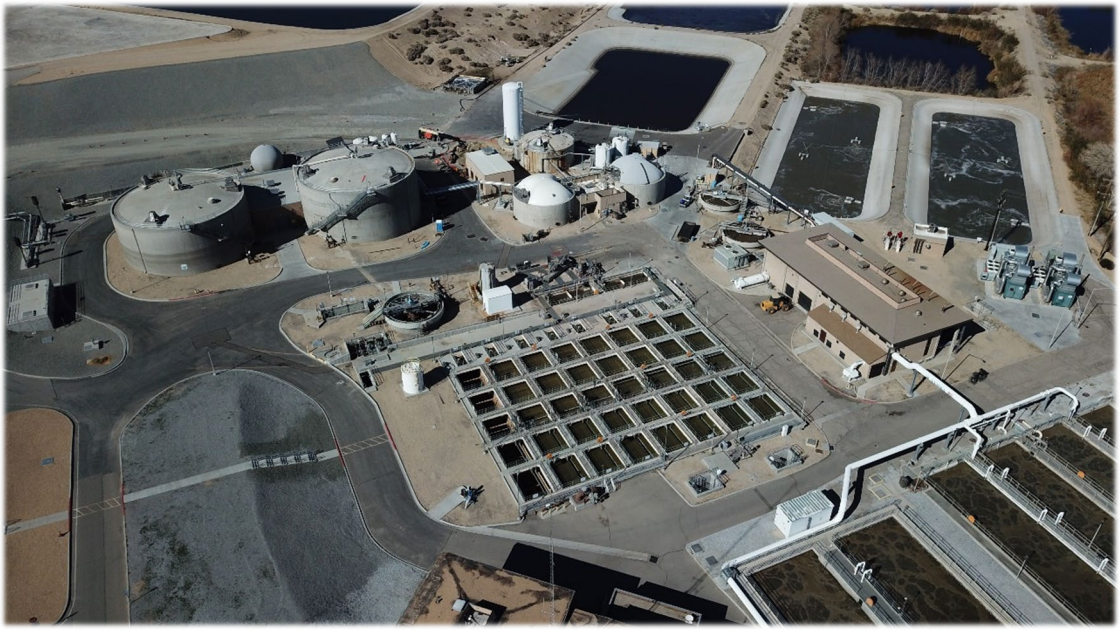
Budget Calendar

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

VVWRA BUDGET PLANNING – FY2025	REQUIRED BY DATE
Budget Kickoff Meeting	01/10/24
Update actual numbers and prepare for new budget cycle	02/28/24
Present the budget draft at Managers' meeting	03/12/24
Present the first draft budget to General Manager (GM) for review	03/13/24
Hold a preliminary staff budget review meeting with Supervisors and GM	03/27/24
Provide the draft changes to Accounting Supervisor	04/03/24
Finalize the draft budget	04/18/24
Present the budget recommendations to Internal and External Finance Committee	05/06/24
Present the second recommendations to Internal and External Finance Committee	05/13/24
Place a public notice on local newspaper to invite public participation	05/16/24
Circulate the budget document to the Board	05/14/24
Board Meeting - Present the budget	05/16/24
Board budget hearing and adoption	06/20/24
The second Board budget hearing and adoption	06/27/24
Apply for GFOA Award for Excellence in Budget Reporting.	06/30/24

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.



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, 2023

Christopher P. Morrill

Executive Director

5 Financial Information Operations

5.1 Consolidated Operating Budget Statement and Fund Balance Summary

	2023 Actual $4,768/MG	2023 Budget $4,768/MG	2024 Actual as of 3/31/2024	2024 Projected to the Year End	2024 Original Budget $5,150/MG	2024 Revised Budget $5,150/MG	2025 Budget $5,150/MG
User Charge Fund Revenues							
User Charges	$ 20,580,968	$ 20,129,066	$ 15,897,774	$ 23,907,032	$ 22,597,016	$ 23,606,207	$ 24,196,363
VVIWWTP Sludge	166,918	144,000	110,247	146,996	144,000	144,000	144,000
High Strength Waste Surcharges	36,302	38,400	5,213	6,951	12,000	12,000	12,000
ADM FOG Tipping Fee Revenue	592,358	960,000	282,013	376,017	416,667	282,013	-
Septage Receiving Facility Charges	912,752	645,240	773,620	1,031,493	960,000	960,000	960,000
Reclaimed Water Sales	65,041	110,644	40,248	53,664	97,703	97,703	97,703
Interest	6,489	-	693	924	-	-	-
Pretreatment Fees	56,023	55,150	43,550	58,067	55,150	55,150	55,150
Miscellaneous	28,223	222,220	190,103	190,103	2,220	2,220	2,220
Settlement Revenue	-	440,000	-	-	440,000	440,000	440,000
Biomethane Land Lease	105,913	-	-	-	500,000	327,419	500,000
FOG	181,624	144,000	72,227	-	120,000	106,889	120,000
Grant - FEMA CalOES Grant	-	-	-	-	-	-	-
	$ 22,732,611	$ 22,888,720	$ 17,415,688	$ 25,771,247	$ 25,344,756	$ 26,033,601	$ 26,527,436
Other Operating Financing Sources							
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Connection Fee Fund Revenues							
Connection Fees	$ 2,455,340	$ 3,342,782	$ 1,049,861	$ 2,500,000	$ 2,842,782	$ 2,842,783	$ 2,842,783
Interest	253,504	60,000	272,126	362,835	60,000	60,000	62,610
Grant - Cal Recycle	699,150	-	2,066,030	2,754,707	3,900,000	3,900,000	150,000
Grant - Other	-	-	-	-	-	-	-
	$ 3,407,994	$ 3,402,782	$ 3,388,017	$ 5,617,542	$ 6,802,782	$ 6,802,783	$ 3,055,393
Other Connection Fee Fund Financing Sources							
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenues and Other Financing Sources	**$ 26,140,605**	**$ 26,291,502**	**$ 20,803,705**	**$ 31,388,789**	**$ 32,147,538**	**$ 32,836,384**	**$ 29,582,829**
User Charge Fund Expenses							
Personnel and Benefits	$ 5,918,603	$ 7,160,432	$ 5,573,660	$ 8,014,527	$ 8,280,257	$ 8,280,257	$ 8,786,293
Maintenance	3,147,505	3,854,345	2,177,235	4,505,854	4,854,728	4,541,696	5,319,979
Operations	4,535,689	5,076,702	3,386,391	4,772,459	5,069,565	5,860,837	7,034,665
Administration	2,429,762	2,427,436	1,892,535	3,130,993	3,355,450	3,474,259	3,556,736
Contingency	330,471	619,203	258,877	500,000	649,000	249,863	-
	$ 16,362,030	$ 19,138,118	$ 13,288,698	$ 20,923,833	$ 22,209,000	$ 22,406,912	$ 24,697,673
Connection Fee Fund Expenses							
Personnel and Benefits	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-
Administration	(2,054)	-	(2,054)	(2,054)	-	-	-
Contingency and Construction	180,606	-	-	-	-	-	-
	$ 178,552	$ -	$ (2,054)	$ (2,054)	$ -	$ -	$ -
Debt Services							
SRF Principal	$ 3,371,096	$ 3,371,096	$ 2,880,422	$ 3,425,634	$ 3,425,634	$ 3,425,634	$ 3,223,088
SRF Interest	921,101	921,101	475,961	877,308	877,308	877,308	821,701
	$ 4,292,197	$ 4,292,197	$ 3,356,383	$ 4,302,942	$ 4,302,942	$ 4,302,942	$ 4,044,789
Total Expenses and Debt Services	**$ 20,832,779**	**$ 23,430,315**	**$ 16,643,027**	**$ 25,224,721**	**$ 26,511,942**	**$ 26,709,854**	**$ 28,742,462**
Transfer from User Charge Fund Reserves	$ -	$ -	$ -	$ -	$ -	$ -	$ 919,975
Total Agency Net Surplus or (Deficit)	**$ 5,307,826**	**$ 2,861,187**	**$ 4,160,678**	**$ 6,164,068**	**$ 5,635,596**	**$ 6,126,530**	**$ 1,760,342**

User Charge Fund Balance	FYE 06/30/24 Revised Budget	FYE 06/30/25 Adopted Budget
User Charge Fund Reserve Beginning Balance	**8,959,325**	**7,697,169**
User Charges	23,606,208	24,196,363
Septage Receiving Facility Charges	960,000	960,000
Other Revenues	1,467,395	1,371,073
Total Revenues	**26,033,603**	**26,527,436**
SRF Loan/Lease	(2,914,738)	(2,879,600)
Revenues after Loans	**23,118,865**	**23,647,836**
Total Operating Expense	(22,241,912)	(24,567,812)
Transfer from Reserve	-	919,975
Fiscal Year Budget Surplus (Deficit)	**876,953**	**-**
Total Reserve	**9,836,278**	**7,697,169**
Restricted Reserves	(5,712,005)	(5,973,929)
Reserve Available for Capital Projects and Capital Purchase	**4,124,273**	**803,264**
Capital Purchase	(1,155,757)	-
Capital Projects	(1,786,510)	-
Unused Budget for Rollover	803,157	-
Fiscal Year Net Use of Unrestricted Reserves	**(983,353)**	-
Fiscal Year Ending Reserve	**7,697,169**	**6,777,193**

Connection Fee Fund Balance	FYE 06/30/24 Revised Budget	FYE 06/30/25 Adopted Budget
Connection Fee Fund Reserve Beginning Balance	**5,576,170**	**3,899,035**
Connection Fees - Victorville	1,750,000	1,750,000
Connection Fees - Apple Valley	467,900	467,900
Connection Fees - Hesperia	543,000	543,000
Connection Fees - CSA 64 Spring Valley Lake	81,883	81,883
Other Revenues	3,960,000	212,610
Total Revenues	**6,802,782**	**3,055,393**
SRF Loan	(1,553,204)	(1,295,051)
Fiscal Year Budget Surplus (Deficit)	**5,249,578**	**1,760,342**
Total Reserve	**10,825,748**	**5,659,376**
Restricted Reserves	(1,553,204)	(1,295,053)
Reserve Available for Capital Projects	**9,272,544**	**4,364,323**
Capital Projects	(7,684,299)	(3,706,473)
Unused Budget for Rollover	757,586	-
Fiscal Year Net Use of Unrestricted Reserves	(6,926,713)	(3,706,473)
Fiscal Year Ending Reserve	**3,899,035**	**1,952,903**

Our goals, objectives and strategies are transformed into numbers for the budgets with a projection for the rest of FY 2024. The consolidated budget on the previous page shows all functions of the entire organization. The section 5.2 demonstrates a reconciliation of FY 2023 actual to ACFR for the year ended June 30, 2023. The section 5.3 describes a budget for the User Charge Fund, and the section 5.6 shows a budget for the Connection Fee Fund.

VVWRA Regional Plant

5.2 Reconciliation from Actual to ACFR for FY Ending June 30, 2023

	2023 Actual	Reconciliation to ACFR	2023 Per ACFR
User Charge Fund Revenues			
User Charges	$ 20,580,968	$ -	$ 20,580,968
Adelanto User Charges	166,918	-	166,918
High Strength Waste Surcharges	36,302	-	36,302
Septage Receiving Facility Charges	912,752	-	912,752
ADM FOG Tipping Fee Revenue	773,982	-	773,982
Reclaimed Water Sales	65,041	-	65,041
Pretreatment Fees	56,023	-	56,023
Grant - FEMA/Cal-OES	-	-	-
Grant - Proposition 1	-	-	-
Biomethane Land Lease	105,913	-	105,913
Miscellaneous	34,712	-	34,712
	$ 22,732,611	$ -	$ 22,732,611
Connection Fee Fund Revenues			
Connection Fees	$ 2,455,340	$ -	$ 2,455,340
Interest	253,504	-	253,504
Grant - FEMA/Cal-OES	699,150	-	699,150
Grant - CEC Microgrid	-	-	-
	$ 3,407,994	$ -	$ 3,407,994
Other Financing Sources			
SRF Loan Funding	$ -	$ -	$ -
	$ -	$ -	$ -
Total Revenues and Other Financing Sources	**$ 26,140,605**	**$ -**	**$ 26,140,605**
Operating Expenses			
Personnel and Benefits	$ 5,918,603	$ -	$ 5,918,603
Maintenance	3,147,505	-	3,147,505
Operations	4,535,689	-	4,535,689
Administration	2,429,762	-	2,429,762
Contingency and Construction	330,471	-	330,471
	$ 16,362,030	-	$ 16,362,030
Depreciation Expense	$ -	$ 11,555,695	$ 11,555,695
Connection Fee Fund Expenses			
Personnel and Benefits	$ -	$ -	$ -
Maintenance	-	-	-
Operations	-	-	-
Administration	(2,054)	9	(2,045)
Contingency	180,606	-	180,606
	$ 178,552	$ -	$ 178,561
Debt Services			
SRF Principal	$ 3,371,096	$ (3,371,096)	$ -
SRF Interest	921,101	-	921,101
	$ 4,292,197	$ (3,371,096)	$ 921,101
Total Expenses with Debt Services	**$ 20,832,779**	**8,184,599**	**$ 29,017,387**
Total Net Surplus or (Deficit)	**$ 5,307,826**	**$ (8,184,599)**	**$ (2,876,782)**

5.3 Budget Statement of User Charge Fund

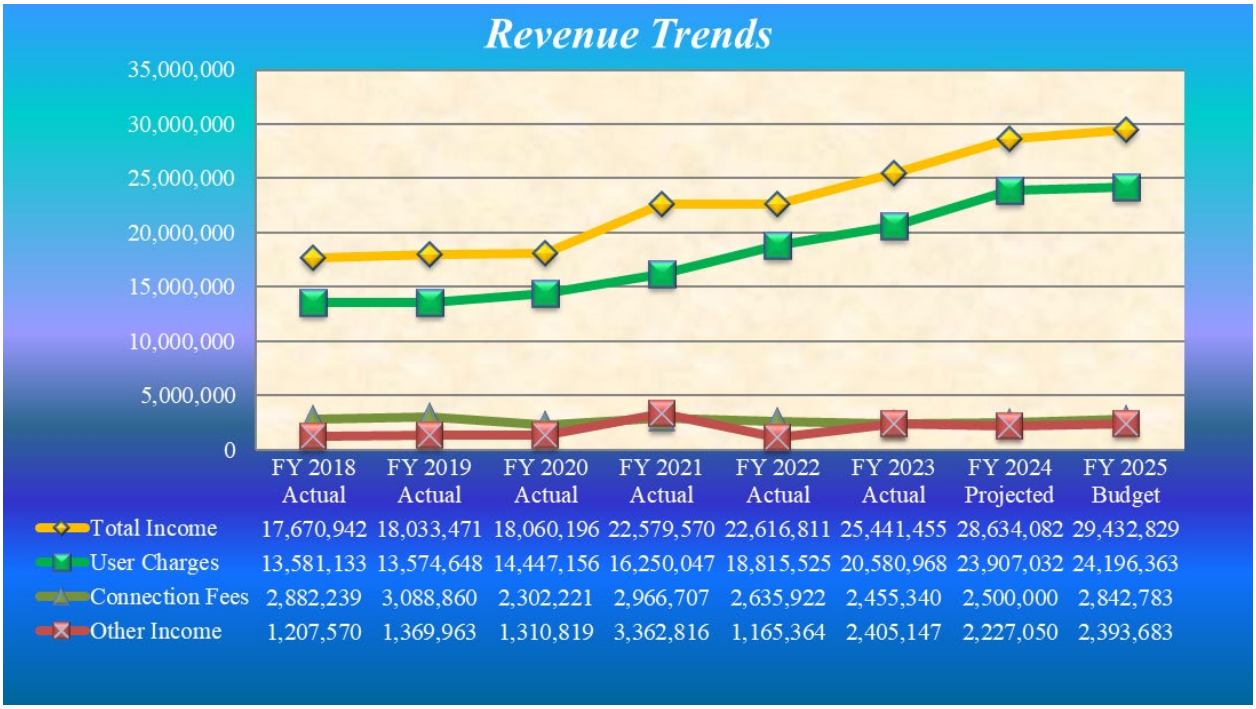
	2023 Actual $4,768/MG	2023 Budget $4,768/MG	2024 Actual as of 3/31/2024	2024 Projected to the Year End	2024 Original Budget $5,150/MG	2024 Revised Budget $5,150/MG	2025 Budget $5,150/MG
Revenues							
User Charges	$ 20,580,968	$ 20,129,066	$ 15,897,774	$ 23,907,032	$ 22,597,016	$ 23,606,207	$ 24,196,363
VVIWWTP Sludge	166,918	144,000	110,247	146,996	144,000	144,000	144,000
High Strength Waste Surcharges	36,302	38,400	5,213	6,951	12,000	12,000	12,000
ADM FOG Tipping Fee Revenue	592,358	960,000	282,013	376,017	416,667	282,013	-
Septage Receiving Facility Charges	912,752	645,240	773,620	1,031,493	960,000	960,000	960,000
Reclaimed Water Sales	65,041	110,644	40,248	53,664	97,703	97,703	97,703
Interest	6,489	-	693	924	-	-	-
Pretreatment Fees	56,023	55,150	43,550	58,067	55,150	55,150	55,150
Miscellaneous	28,223	222,220	190,103	190,103	2,220	2,220	2,220
Settlement Revenue	-	440,000	-	-	440,000	440,000	440,000
Biomethane Land Lease	105,913	-	-	-	500,000	327,419	500,000
FOG	181,624	144,000	72,227	-	120,000	106,889	120,000
Grant - FEMA CalOES Grant	-	-	-	-	-	-	-
	$ 22,732,611	**$ 22,888,720**	**$ 17,415,688**	**$ 25,771,247**	**$ 25,344,756**	**$ 26,033,601**	**$ 26,527,436**
Other Financing Sources							
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total User Charge Fund Revenues and Other Financing Sources	**$ 22,732,611**	**$ 22,888,720**	**$ 17,415,688**	**$ 25,771,247**	**$ 25,344,756**	**$ 26,033,601**	**$ 26,527,436**
Expenses							
Personnel and Benefits	$ 5,918,603	$ 7,160,432	$ 5,573,660	$ 8,014,527	$ 8,280,257	$ 8,280,257	$ 8,786,293
Maintenance	3,147,505	3,854,345	2,177,235	4,505,854	4,854,728	4,541,696	5,319,979
Operations	4,535,689	5,076,702	3,386,391	4,772,459	5,069,565	5,860,837	7,034,665
Administration	2,429,762	2,427,436	1,892,535	3,130,993	3,355,450	3,474,259	3,556,736
Contingency	330,471	619,203	258,877	500,000	649,000	249,863	-
	$ 16,362,030	$ 19,138,118	$ 13,288,698	$ 20,923,833	$ 22,209,000	$ 22,406,912	$ 24,697,673
Debt Services							
SRF Principal	$ 2,128,289	$ 2,128,289	$ 1,353,282	$ 2,162,906	$ 2,162,906	$ 2,162,906	$ 2,198,201
SRF Interest	621,449	621,449	302,530	586,832	586,832	586,832	551,537
	$ 2,749,738	$ 2,749,738	$ 1,655,812	$ 2,749,738	$ 2,749,738	$ 2,749,738	$ 2,749,738
Total User Charge Fund Expenses with Debt Services	**$ 19,111,768**	**$ 21,887,856**	**$ 14,944,510**	**$ 23,673,571**	**$ 24,958,738**	**$ 25,156,650**	**$ 27,447,411**
Interfund Loan from the Connection Fee Fund	-	-	-	-	-	-	-
Transfer from User Charge Fund Reserves	-	-	-	-	-	-	**919,975**
User Charge Fund Net Surplus or (Deficit)	**$ 3,620,843**	**$ 1,000,864**	**$ 2,471,178**	**$ 2,097,676**	**$ 386,018**	**$ 876,951**	**$ -**

Please see next page for User Charge Fund expenses in detail.

	2023 Actual $4,768/MG	2023 Budget $4,768/MG	2024 Actual as of 3/31/2024	2024 Projected to the Year End	2024 Original Budget $5,150/MG	2024 Revised Budget $5,150/MG	2025 Budget $5,150/MG
Personnel Expenses Allocations							
Allocation to Operations and Maintenance	3,669,534	4,439,468	3,455,669	4,969,007	5,133,759	5,133,759	5,447,502
Allocation to Administrations	2,249,069	2,720,964	2,117,991	3,045,520	3,146,498	3,146,498	3,338,791
	$ 5,918,603	$ 7,160,432	$ 5,573,660	$ 8,014,527	$ 8,280,257	$ 8,280,257	$ 8,786,293
Maintenance Expenses							
Maintenance Equipment	$ 1,149,818	$ 1,418,024	$ 771,064	$ 1,656,596	$ 1,709,083	$ 1,672,996	$ 1,775,790
Instrumentation	640,327	920,541	456,263	724,395	928,700	1,015,433	988,953
Total Grounds Maintenance & Landscaping	1,025,249	1,159,100	769,934	1,654,901	1,709,600	1,380,922	2,144,571
Vehicle Repairs	229,048	215,000	131,275	196,913	208,500	213,500	263,500
Interceptor Sewer Maintenance	68,747	120,000	42,023	113,035	120,000	120,000	40,000
Maintenance Safety Equipment	7,827	6,680	3,222	4,833	6,680	6,680	-
Misc. Maintenance Expense	26,489	15,000	3,454	155,181	172,165	132,165	107,165
	$ 3,147,505	$ 3,854,345	$ 2,177,235	$ 4,505,854	$ 4,854,728	$ 4,541,696	$ 5,319,979
Operations Expenses							
Process Chemicals	$ 550,298	$ 860,000	$ 388,462	$ 582,693	$ 750,000	$ 750,000	$ 1,620,000
Utilities	2,978,801	2,692,052	2,412,461	3,216,615	3,159,052	3,909,052	3,979,152
Trash and Sludge	76,675	440,000	126,014	250,000	210,000	137,371	340,000
Fuel and Lubricants	136,260	150,000	64,021	85,361	100,000	100,000	100,000
Lab Supplies and Services	26,486	30,000	40,461	53,948	20,000	65,000	75,000
Outside Lab Services	325,412	421,000	179,590	350,000	391,000	360,901	371,000
Safety Equipment	156,357	202,250	39,902	53,203	195,000	210,000	250,000
Custodial Services and Supplies	42,664	64,800	27,159	36,212	66,000	76,000	100,000
Equipment Rental	89,672	68,000	65,653	87,537	36,200	126,200	58,000
Uniforms	45,788	28,000	31,027	41,369	64,000	54,000	75,000
Security	102,778	120,600	11,641	15,521	72,313	72,313	66,513
Permits	4,498	-	-	-	6,000	-	-
Misc. Operating Expense	-	-	-	-	-	-	-
	$ 4,535,689	$ 5,076,702	$ 3,386,391	$ 4,772,459	$ 5,069,565	$ 5,860,837	$ 7,034,665
Administrations Expenses							
Telephone and Communications	$ 215,604	$ 214,455	$ 136,965	$ 205,448	$ 228,455	$ 247,593	$ 253,484
Computer Supplies	90,277	109,000	36,168	104,252	115,586	115,586	177,614
Office Supplies	99,163	85,500	107,440	161,160	154,100	181,771	114,500
Travel, Meeting, Training	109,162	139,831	98,535	187,803	194,600	194,600	185,651
Employee and Community Events	27,527	43,000	26,853	80,280	98,800	98,800	98,700
Membership, Fees, Licenses	50,279	58,855	41,155	61,733	70,288	70,288	65,160
Professional Services	387,354	316,500	179,267	518,901	574,930	574,930	523,280
Legal Services and Fees	506,233	340,000	266,673	400,010	550,000	591,000	550,000
Temporary Labor	61,993	25,000	66,542	99,813	50,000	75,000	75,000
Bond & Liability Insurance	505,498	525,000	396,109	594,164	616,691	616,691	773,425
Finance Fees	-	-	-	-	-	-	-
Misc. Administration Expense	34,451	-	(4,972)	(4,972)	-	-	-
Permit Fees	298,034	377,000	304,010	405,347	387,000	393,000	428,060
Vehicle Lease Program	23,812	140,000	107,927	143,903	150,000	150,000	182,000
Lease Expenses	20,375	53,295	129,863	173,151	165,000	165,000	129,862
	$ 2,429,762	$ 2,427,436	$ 1,892,535	$ 3,130,993	$ 3,355,450	$ 3,474,259	$ 3,556,736
Contingency	$ 330,471	$ 619,203	$ 258,877	$ 500,000	$ 649,000	$ 249,863	$ -
Total User Charge Fund Expenses	**$ 16,362,030**	**$ 19,138,118**	**$ 13,288,698**	**$ 20,923,833**	**$ 22,209,000**	**$ 22,406,912**	**$ 24,697,673**

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 2025 budget to reflect the connection fee rate of $4,679 per Equivalent Dwelling Unit (EDU) at 608 EDUs. We are currently working on a new financial plan, the user charge rate remains the same until the VVWRA Board of Commissioners adopts the new financial plan.



	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Projected	FY 2025 Budget
Total Income	17,670,942	18,033,471	18,060,196	22,579,570	22,616,811	25,441,455	28,634,082	29,432,829
User Charges	13,581,133	13,574,648	14,447,156	16,250,047	18,815,525	20,580,968	23,907,032	24,196,363
Connection Fees	2,882,239	3,088,860	2,302,221	2,966,707	2,635,922	2,455,340	2,500,000	2,842,783
Other Income	1,207,570	1,369,963	1,310,819	3,362,816	1,165,364	2,405,147	2,227,050	2,393,683

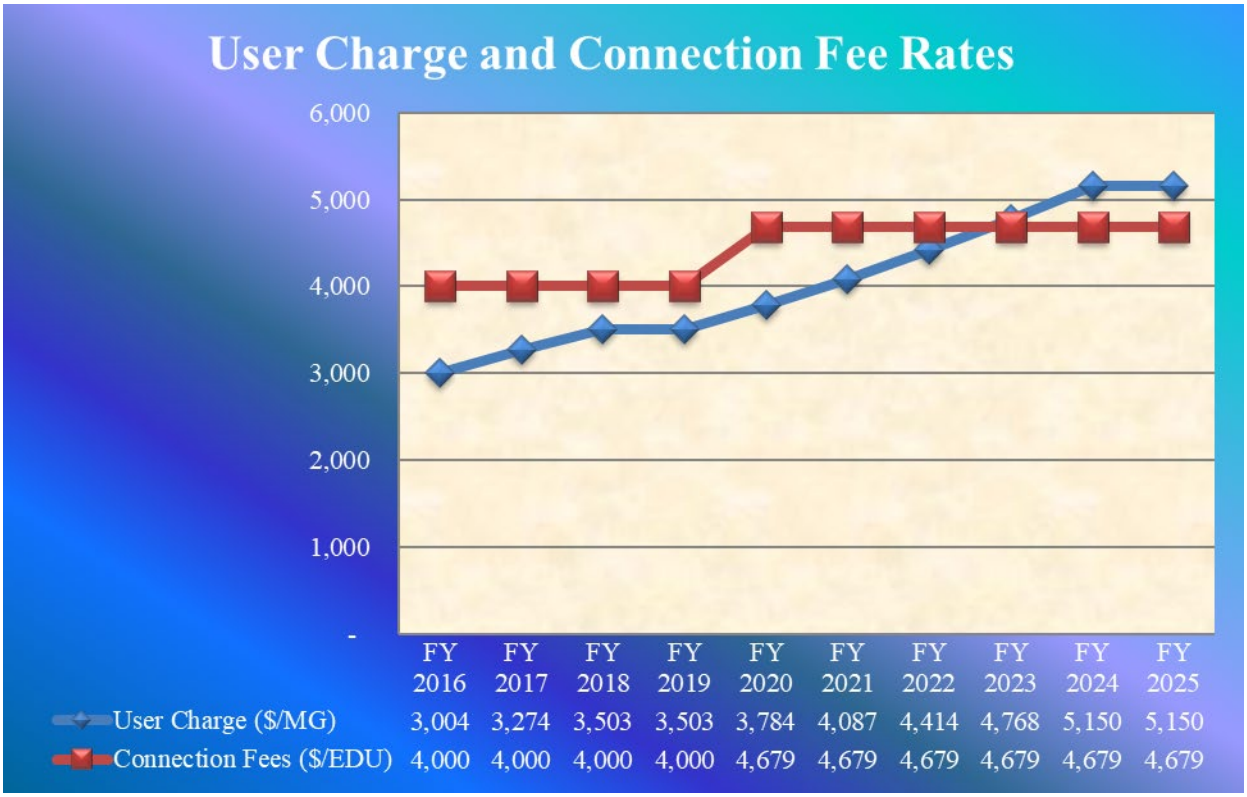
Source: VVWRA *FY = Fiscal Year ended June 30*

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 2025.

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 2025.

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.



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
User Charge ($/MG)	3,004	3,274	3,503	3,503	3,784	4,087	4,414	4,768	5,150	5,150
Connection Fees ($/EDU)	4,000	4,000	4,000	4,000	4,679	4,679	4,679	4,679	4,679	4,679

Source: VVWRA FY = Fiscal Year ended June 30

This page shows high strength surcharge rates for FY 2025 and the calculation worksheet.

Worksheet

User Charges from Member Agencies	$ 24,196,363
Unit User Charge per MG	**$5,150.00**
Estimated Treatment Flow (MG)	4,698

	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	343.00	36,822	0.00	0	36,822	13,440,116	35.0%	$8,468,727	$0.6301
TSS	463.00	49,705	0.00	0	49,705	18,142,198	25.0%	$6,049,091	$0.3334
NH3	32.00	3,435	0.00	0	3,435	1,253,888	30.0%	$7,258,909	$5.7891
Annual Flow - MG per Day									
		12.87	MGD				10.0%	$2,419,636	
							100.0%	$24,196,363	

	BOD $/lb	TSS $/lb	NH3 $/lb
Surcharge Rates:	**$0.6301**	**$0.3334**	**$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

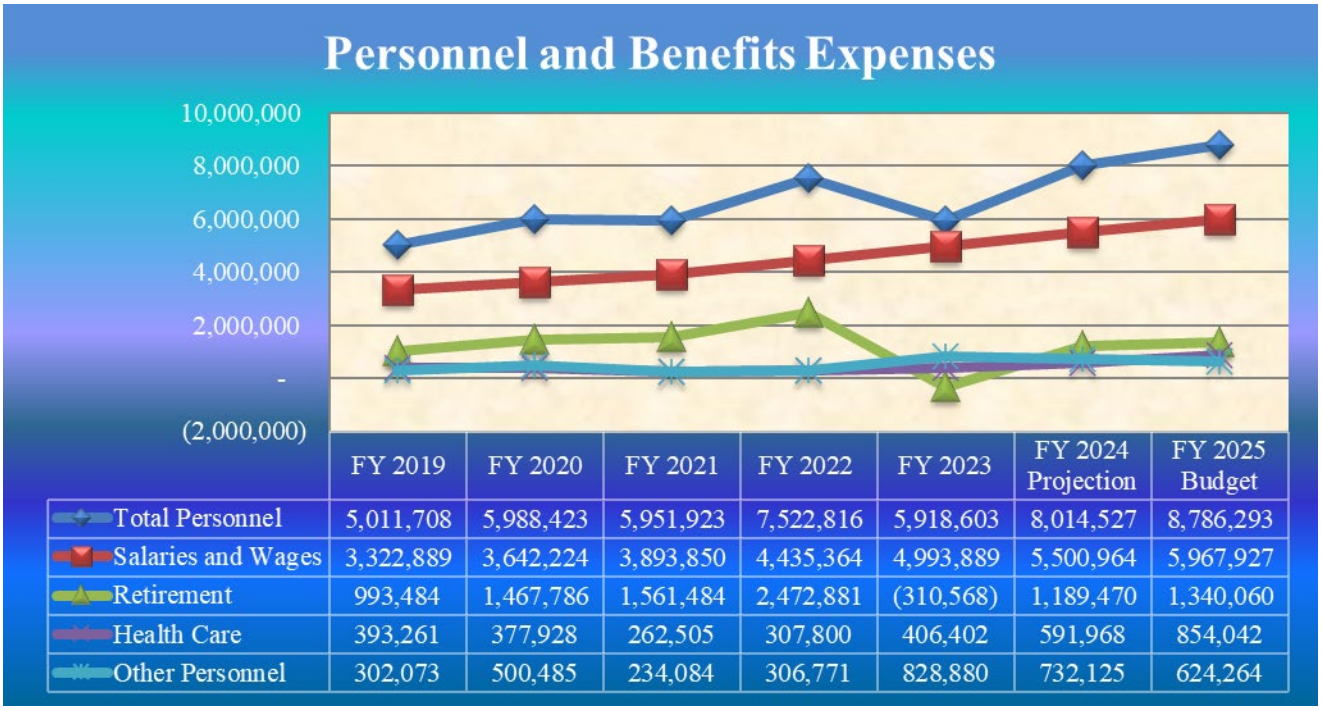
① Fiscal year basis. From VVWRA Wastewater Data Program (OPS10 in FY 2023)

5.5 Allocations of Personnel Expenses

	2023 Actual $4,768/MG	2023 Budget $4,768/MG	2024 Actual as of 3/31/2024	2024 Projected to the Year End	2024 Original Budget $5,150/MG	2024 Revised Budget $5,150/MG	2025 Budget $5,150/MG
User Charge Fund Salary Expenses							
Regular Salaries	$ 4,710,239	$ 4,899,154	$ 3,480,482	$ 5,220,723	$ 5,377,971	$ 5,377,971	$ 5,677,927
Overtime	283,650	264,560	186,827	280,241	326,000	326,000	290,000
Call-Out Pay	-	-	-	-	-	-	-
	$ 4,993,889	$ 5,163,714	$ 3,667,309	$ 5,500,964	$ 5,703,971	$ 5,703,971	$ 5,967,927
User Charge Fund Benefit Expenses							
Longevity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Vehicle Allowance	8,723	-	15,369	20,492	-	-	-
Sick Leave Buy Back	-	-	-	-	-	-	-
Medicare	76,342	73,467	54,376	72,501	77,576	77,576	82,975
Social Security Expense	1,483	-	60	80	-	-	-
PERS / Health Insurance	406,402	475,002	394,645	591,968	829,051	829,051	854,042
Dental / Vision Insurance	-	-	-	-	-	-	-
Workers Comp Insurance	344,220	280,000	289,266	385,688	392,050	392,050	445,487
PERS / Retirement	1,098,363	1,088,774	1,065,601	1,189,470	1,189,470	1,189,470	627,473
PERS / Retirement - GASB 68	(1,408,931)	-	-	-	-	-	-
PERS / Retirement-EUL	-	-	-	-	-	-	712,587
Life Insurance	33,848	39,775	19,974	26,632	24,224	24,224	28,139
Unemployment Insurance	39,436	21,700	26,112	22,134	22,134	22,134	22,134
Disability Insurance	15,563	15,000	38,453	51,271	36,781	36,781	40,529
Misc Personnel Expense	2,862	3,000	2,495	3,327	5,000	5,000	5,000
OPEB Expense	306,403	-	-	150,000	-	-	-
	$ 924,714	$ 1,996,718	$ 1,906,351	$ 2,513,563	$ 2,576,286	$ 2,576,286	$ 2,818,366
Connection Fee Fund Salary and Benefits Expenses							
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Benefits	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Personnel Expenses	**$ 5,918,603**	**$ 7,160,432**	**$ 5,573,660**	**$ 8,014,527**	**$ 8,280,257**	**$ 8,280,257**	**$ 8,786,293**
Allocations of Personnel Expenses							
1. Allocations to User Charge Fund							
To Operations and Maintenance	(3,669,534)	(4,439,468)	(3,455,669)	(4,969,007)	(4,439,468)	(5,133,759)	(5,447,502)
To Administration	(2,249,069)	(2,720,964)	(2,117,991)	(3,045,520)	(2,720,964)	(3,146,498)	(3,338,791)
	$ (5,918,603)	$ (7,160,432)	$ (5,573,660)	$ (8,014,527)	$ (7,160,432)	$ (8,280,257)	$ (8,786,293)
2. Allocation To Connection Fee 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 were employed in anticipation of operating two plants in Hesperia and Apple Valley. The FY 2025 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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Projection	FY 2025 Budget
Total Personnel	5,011,708	5,988,423	5,951,923	7,522,816	5,918,603	8,014,527	8,786,293
Salaries and Wages	3,322,889	3,642,224	3,893,850	4,435,364	4,993,889	5,500,964	5,967,927
Retirement	993,484	1,467,786	1,561,484	2,472,881	(310,568)	1,189,470	1,340,060
Health Care	393,261	377,928	262,505	307,800	406,402	591,968	854,042
Other Personnel	302,073	500,485	234,084	306,771	828,880	732,125	624,264

Source: VVWRA. FY = Fiscal Year ended June 30

5.6 Budget Statement of Connection Fee Fund

	2023 Actual $4,679/EDU①	2023 Budget $4,679/EDU①	2024 Actual as of 3/31/2024	2024 Projected to the Year End	2024 Original Budget $4,679/EDU①	2024 Revised Budget $4,679/EDU	2025 Budget $4,679/EDU①
Revenues							
Connection Fees	$ 2,455,340	$ 3,342,782	$ 1,049,861	$ 2,500,000	$ 2,842,782	$ 2,842,783	$ 2,842,783
Interest	253,504	60,000	272,126	362,835	60,000	60,000	62,610
Grant - Cal Recycle	699,150	-	2,066,030	2,754,707	3,900,000	3,900,000	150,000
Grant - Other	-	-	-	-	-	-	-
	$ 3,407,994	$ 3,402,782	$ 3,388,017	$ 5,617,542	$ 6,802,782	$ 6,802,783	$ 3,055,393
Other Financing Sources							
SRF Loan Funding	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Connection Fee Fund Revenues and Other Financing Sources	**$ 3,407,994**	**$ 3,402,782**	**$ 3,388,017**	**$ 5,617,542**	**$ 6,802,782**	**$ 6,802,783**	**$ 3,055,393**
Expenses							
Personnel and Benefits	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-
Administration	(2,054)	-	(2,054)	(2,054)	-	-	-
Contingency	180,606	-	-	-	-	-	-
	$ 178,552	$ -	$ (2,054)	$ (2,054)	$ -	$ -	$ -
Debt Services							
SRF Principal	$ 1,242,807	$ 1,242,807	$ 1,527,140	$ 1,262,728	$ 1,262,728	$ 1,262,728	$ 1,024,887
SRF Interest	299,652	299,652	173,431	290,476	290,476	290,476	270,164
	$ 1,542,459	$ 1,542,459	$ 1,700,571	$ 1,553,204	$ 1,553,204	$ 1,553,204	$ 1,295,051
Total Connection Fee Expenses with Debt Services	**$ 1,721,011**	**$ 1,542,459**	**$ 1,698,517**	**$ 1,551,150**	**$ 1,553,204**	**$ 1,553,204**	**$ 1,295,051**
Interfund Loan to the User Charge Fund	-	-	-	-	-	-	-
Connection Fee Fund Net Surplus or (Deficit)	**$ 1,686,983**	**$ 1,860,323**	**$ 1,689,500**	**$ 4,066,392**	**$ 5,249,578**	**$ 5,249,579**	**$ 1,760,342**

Impact of Capital Project Funding on Operations

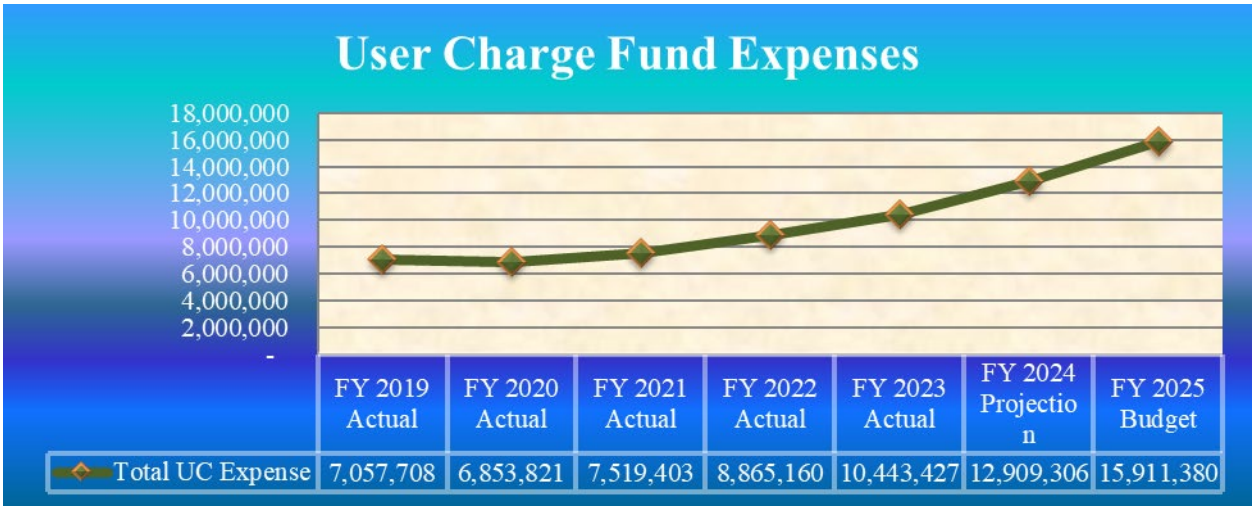
The agency has five outstanding Clean Water State Revolving Fund loans from the California State Water Resources Control Board (SWRCB) with $88.68 million outstanding as of June 30, 2025, whose annual payments become due throughout the year. The principal payment due for FY 2025 is $3.22 million and the corresponding interest due is $.82 million. The agency has considered the User Charge portion of these debt payments is $2.19 million and the corresponding interest of $.55 million for FY 2025. 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 constraint on the user charge fund 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 to maintain debt coverage ratio of 1.2 throughout the year.

5.7 Department Supplemental Capital Purchases

During FY 2022, the Authority eliminated the Repairs and Replacements Fund and rolled the reoccurring regular operational expenses into the User Charge Fund. Significant capital assets that need replacement on as-needed basis are now within the User Charge Fund as supplemental capital purchases. These assets are not normally critical to operations and can be budgeted only when funds are available. There are no supplemental purchases available for FY 2025.

5.8 Operational Overview of Expenses

The operations expenses (excluding personnel expense) were at about the same level from FY 2019 to FY 2021. Up to FY 2021, such costs have been kept low forced by a low cash flow level. FY 2025's expenses have increased significantly when necessary repairs and replacements can no longer wait without causing 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.



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
2023	$ 22,526,945	$ 3,544,228	$ 26,071,173
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

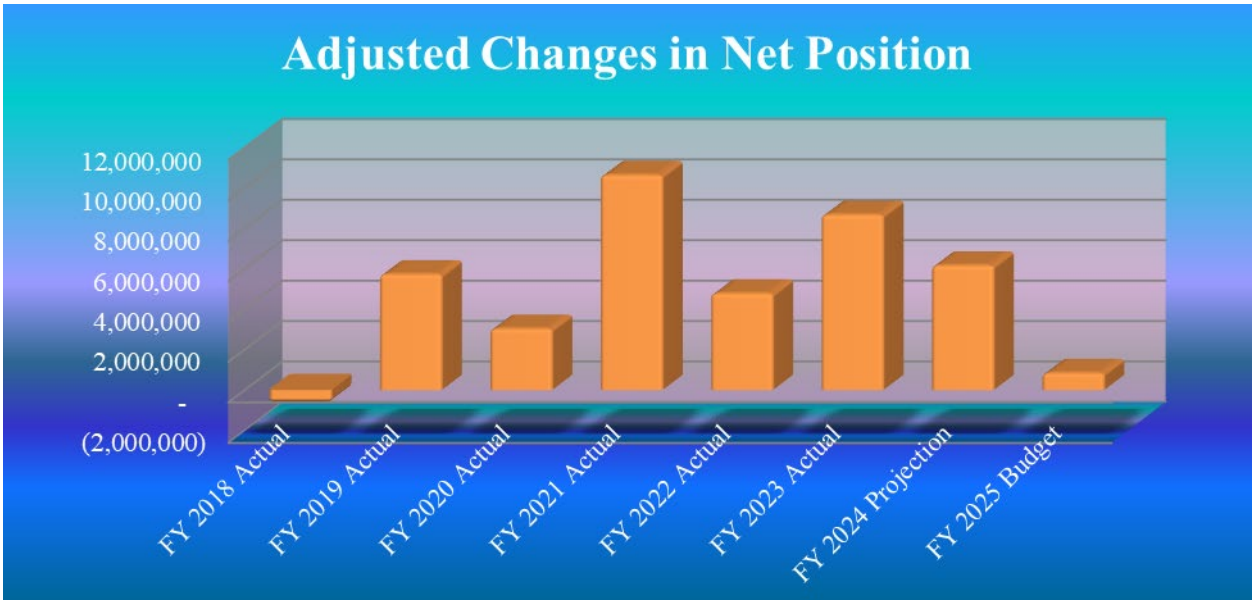
	Operating Expenses						Total Non-Operating Expenses	Combined Expenses
June 30	Personnel	Maintenance	Operations	Administration	Depreciation and Amortizatio	Total Operating Expenses		
2023	$ 5,918,603	$ 3,147,505	$ 4,535,689	$ 2,844,351	$ 11,555,695	$ 28,001,843	$ 946,112	$ 28,947,955
2022	7,522,816	$ 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

The table below shows adjusted changes in net position. The graph below shows the fluctuation of adjusted changes in net position during FY 2019 through FY 2025, 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 $2,455,340 in FY 2023. 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 37%, from $11,983,127 in FY 2019 to $16,446,148 in FY 2023. 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 2019 to 2023 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 2025 in sections 6.1, 6.2, and 6.3.

FY = Fiscal Year	Beginning Net Position	Changes in Net Position per CAFR *=Per Budget	Ending Net Position	Grants CIP/Interest Amortization and Depreciations Expense	Adjusted Changes in Net Position	Adjusted Ending Net Position*
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 Actual	103,507,783	(2,876,782)	100,631,001	11,555,695	**8,678,913**	112,186,696
FY 2024 Projection	100,631,001	6,164,068	106,795,069	-	**6,164,068**	106,795,069
FY 2025 Budget	106,795,069	1,760,342	180,555,411	-	**1,760,342**	108,555,411

**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 2025

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.

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 five 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.
4. **End of Life:** Improvements are required to address assets that are nearing their end of usage.
5. **Operations Performance:** Improvements are required to increase the efficiency of wastewater treatment processes

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.

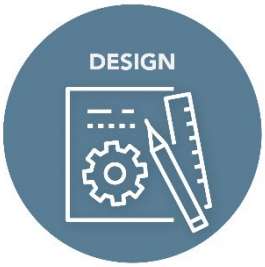
Based on the CIP schedule and available funding, the project will eventually advance to the planning stage.

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 2025 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 2025 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 2025 includes $3.7 million capacity related capital projects. These projects will be funded by the FY 2025 revenues and unrestricted connection fee 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 2025 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 2025. 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.

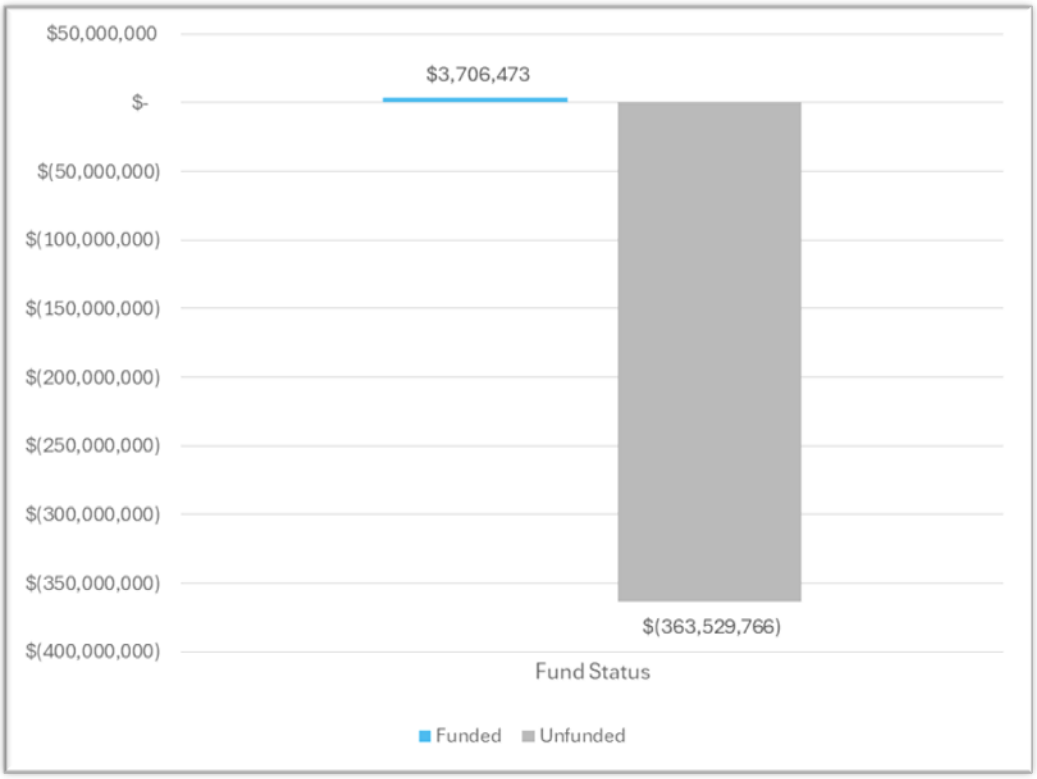
Currently VVWRA is completing or planning several feasibility studies:

Study	Estimated date of completion
Potable Connection to the City of Victorville Feasibility Study by Dudek	03/01/2025
Mojave Basin One Water Project Feasibility Study	03/01/2025
Mojave Narrows Resource Recovery Facility/Hesperia Parallel Interceptor Feasibility Study	03/01/2025

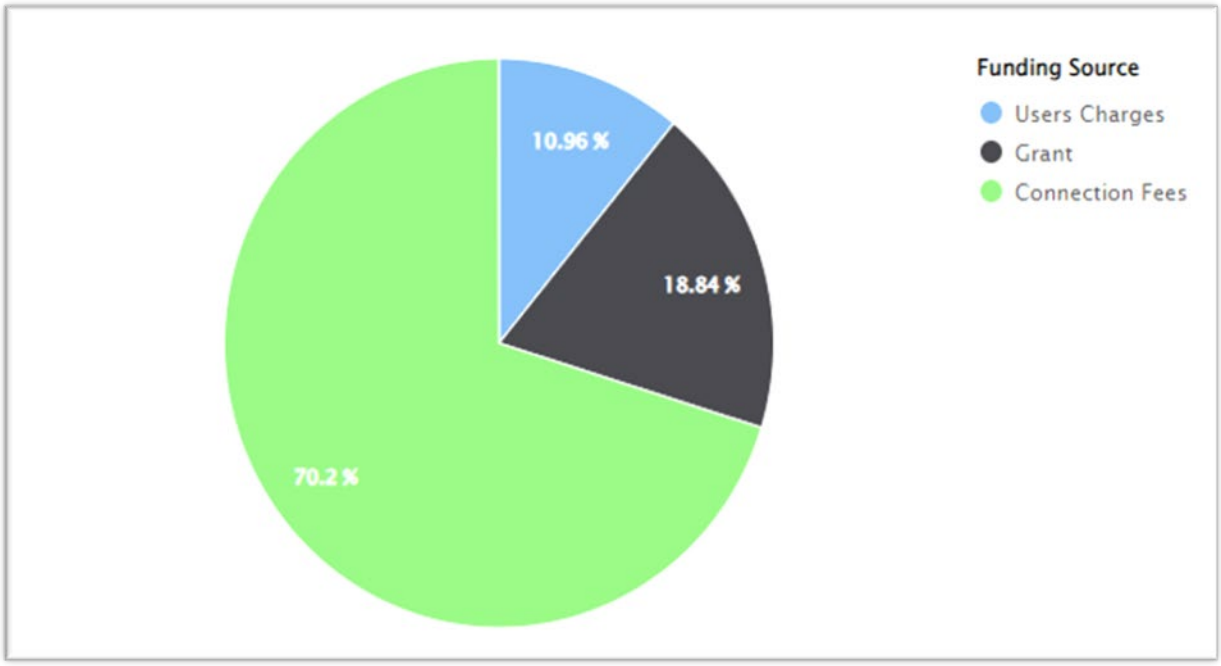
Projects Obligations Balance

Category	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Funding Total	Total Expenditures
Collection Systems Projects												
Oro Grande Pump Station Relocation Project	$ 117,161	$ 30,000	$ 5,220,495	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,367,656	$ 5,367,656
Ossum Wash	$ -	$ -	$ 400,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 400,000	$ 400,000
Rehabilitation of South Apple Valley Manholes Hwy 18	$ -	$ -	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ -	$ -	$ -	$ 2,500,000	$ 2,500,000
Collection Systems Projects Total	**$ 117,161**	**$ 30,000**	**$ 6,120,495**	**$ 500,000**	**$ 500,000**	**$ 500,000**	**$ 500,000**	**$ -**	**$ -**	**$ -**	**$ 8,267,656**	**$ 8,267,656**
Facility Projects												
Admin Building Design and Rehabilitation and New Lab Building	$ 215,400	$ -	$ 1,280,000	$ 1,920,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,415,400	$ 3,520,400
Mojave Narrows Resource Recovery Facility/Hesperia Parallel Int	$ -	$ 1,352,700	$ -	$ 27,567,821	$ 27,567,820	$ 73,063,287	$ 73,063,287	$ 73,063,287	$ -	$ -	$ 275,678,202	$ 275,678,202
New Parking Areas	$ 148,700	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 148,700	$ 148,700
Regional Plant Emergency Power Replacement Project	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 36,129,108
Regional Plant Existing Emergency Power Generator Controls Rep	$ -	$ -	$ 800,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 800,000	$ 800,000
Regional Plant New Warehouse and Campus Redesign	$ 17,000	$ -	$ -	$ 350,000	$ 1,000,000	$ -	$ -	$ -	$ -	$ -	$ 1,367,000	$ 1,367,000
Regional Plant Potable Connection to the City of Victorville	$ 199,510	$ -	$ -	$ 539,000	$ 2,961,000	$ -	$ -	$ -	$ -	$ -	$ 3,699,510	$ 3,724,210
Facility Projects Total	**$ 580,610**	**$ 1,352,700**	**$ 2,080,000**	**$ 30,376,821**	**$ 31,528,820**	**$ 73,063,287**	**$ 73,063,287**	**$ 73,063,287**	**$ -**	**$ -**	**$ 285,108,812**	**$ 321,367,620**
Recycled Water Projects												
Mojave Basin One Water Project	$ 83,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 83,000	$ 83,000
Recycled Water Master Plan	$ -	$ -	$ 300,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 300,000	$ 300,000
Recycled Water Projects Total	**$ 83,000**	**$ -**	**$ 300,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 383,000**	**$ 383,000**
Technology Projects												
PLC Replacement Project Phase 5	$ 500,490	$ 373,773	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 874,263	$ 874,263
Regional Plant MCC Modernization	$ 250,000	$ -	$ 1,070,000	$ 920,000	$ 920,000	$ 920,000	$ 920,000	$ -	$ -	$ -	$ 5,000,000	$ 5,000,000
Technology Projects Total	**$ 750,490**	**$ 373,773**	**$ 1,070,000**	**$ 920,000**	**$ 920,000**	**$ 920,000**	**$ 920,000**	**$ -**	**$ -**	**$ -**	**$ 5,874,263**	**$ 5,874,263**
Treatment Process Projects												
Cal Recycle Grant Project ADM Improvements	$ 3,943,220	$ 950,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,893,220	$ 5,972,000
Regional Filter Effluent Channel Pump Station	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 224,000
Regional Plant Headworks Repair	$ -	$ -	$ 1,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,000,000	$ 1,000,000
Regional Plant Headworks Replacement	$ -	$ -	$ -	$ -	$ 5,500,000	$ 7,250,000	$ 7,250,000	$ -	$ -	$ -	$ 20,000,000	$ 20,000,000
Regional Plant Side Stream Treatment	$ 1,847,700	$ 1,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,847,700	$ 2,847,700
Septage Receiving Station Relocation	$ -	$ -	$ -	$ -	$ -	$ 1,200,000	$ -	$ -	$ -	$ -	$ 1,200,000	$ 1,300,000
Treatment Process Projects Total	**$ 5,790,920**	**$ 1,950,000**	**$ 1,000,000**	**$ -**	**$ 5,500,000**	**$ 8,450,000**	**$ 7,250,000**	**$ -**	**$ -**	**$ -**	**$ 29,940,920**	**$ 31,343,700**
Total	**$ 7,322,181**	**$ 3,706,473**	**$ 10,570,495**	**$ 31,796,821**	**$ 38,448,820**	**$ 82,933,287**	**$ 81,733,287**	**$ 73,063,287**	**$ -**	**$ -**	**$ 329,574,651**	**$ 367,236,239**

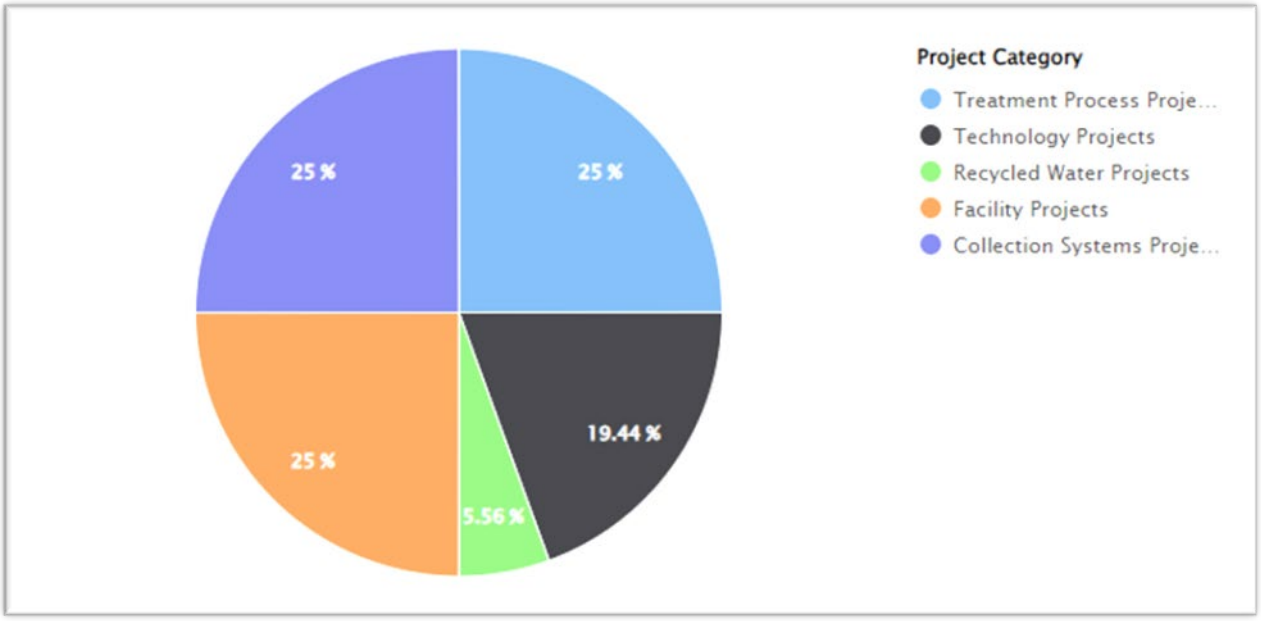
Funded vs. Unfunded



Projects by Funding Source



Number of Projects by Category



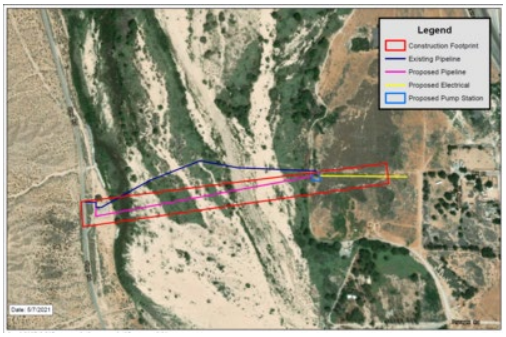
6.2 Capital Project Details Sheets

Category	Total Funding	Total Expenditures	Funding Status for FY 2025	Project Trigger
Collection Systems Projects				
Oro Grande Pump Station Relocation Project	$ 30,000	$ 5,367,656	Partially Funded	Asset Failure
Ossum Wash	$ -	$ 400,000	Unfunded	Asset Failure
Rehabilitation of South Apple Valley Manholes Hwy 18	$ -	$ 2,500,000	Unfunded	Asset Failure
Collection Systems Projects Total	**$ 30,000**	**$ 8,267,656**		
Facility Projects				
Mojave Narrows Resource Recovery Facility/Hesperia Parallel Interceptor	$ 1,352,700	$ 275,678,202	Partially Funded	Growth
Admin Building Design and Rehabilitation and New Lab Building	$ -	$ 3,520,400	Unfunded	End of Life
New Parking Areas	$ -	$ 148,700	Unfunded	Growth
Regional Plant Emergency Power Replacement Project	$ -	$ 36,129,108	Unfunded	End of Life
Regional Plant Existing Emergency Power Generator Controls Replacement	$ -	$ 800,000	Unfunded	Asset Failure
Regional Plant New Warehouse and Campus Redesign	$ -	$ 1,367,000	Unfunded	Growth
Regional Plant Potable Connection to the City of Victorville	$ -	$ 3,724,210	Unfunded	Regulatory
Facility Projects Total	**$ 1,352,700**	**$ 321,367,620**		
Recycled Water Projects				
Mojave Basin One Water Project	$ -	$ 83,000	Unfunded	Operations Performance
Recycled Water Master Plan	$ -	$ 300,000	Unfunded	Growth
Recycled Water Projects Total	**$ -**	**$ 383,000**		
Technology Projects				
PLC Replacement Project Phase 5	$ 373,773	$ 874,263	Fully Funded	Operations Performance
Regional Plant MCC Modernization	$ -	$ 5,000,000	Unfunded	End of Life
Technology Projects Total	**$ 373,773**	**$ 5,874,263**		
Treatment Process Projects				
Cal Recycle Grant Project ADM Improvements	$ 950,000	$ 5,972,000	Fully Funded	Operations Performance
Regional Plant Side Stream Treatment	$ 1,000,000	$ 2,847,700	Fully Funded	Operations Performance
Regional Filter Effluent Channel Pump Station	$ -	$ 224,000	Unfunded	Regulatory
Regional Plant Headworks Repair	$ -	$ 1,000,000	Unfunded	Asset Failure
Regional Plant Headworks Replacement	$ -	$ 20,000,000	Unfunded	Asset Failure
Septage Receiving Station Relocation	$ -	$ 1,300,000	Unfunded	Operations Performance
Treatment Process Projects Total	**$ 1,950,000**	**$ 31,343,700**		
Total	**$ 3,706,473**	**$ 367,236,239**		

PROJECT # TBD

PROJECT NAME: Oro Grande Pump Station Relocation Project

Department:	Engineering and Construction
Project Year:	2026
Project Type:	Infrastructure
Project Category:	Collection Systems Projects
Cost Estimate:	$5,367,656
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	$30,000	$2,720,495	$0	$0	$0	$0	$0	$0	$	$2,867,656
Grant	$0	$0	$2,500,000	$0	$0	$0	$0	$0	$0	$	$2,500,000
Total	**$117,161**	**$30,000**	**$5,220,495**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$5,367,656**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$30,000	$5,220,495	$0	$0	$0	$0	$0	$0	$0	$5,250,495
Design Engineering	$117,161	$0	$0	$0	$0	$0	$0	$0	$0	$0	$117,161
Total	**$117,161**	**$30,000**	**$5,220,495**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$5,367,656**

PROJECT # C127

PROJECT NAME: Ossum Wash

Department:	Engineering and Construction
Project Year:	2026
Project Type:	Rehabilitation
Project Category:	Collection Systems Projects
Cost Estimate:	$400,000
Location:	Interceptors

Project Description:

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

Project Justification:

Asset Failure

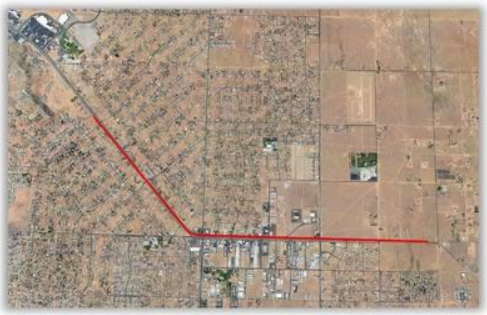
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$0	$0	$400,000	$0	$0	$0	$0	$0	$0	$	$400,000
Total	**$0**	**$0**	**$400,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$400,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$380,000	$0	$0	$0	$0	$0	$0	$0	$380,000
Design	$0	$0	$20,000	$0	$0	$0	$0	$0	$0	$0	$20,000
Total	**$0**	**$0**	**$400,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$400,000**

PROJECT # TBD

PROJECT NAME: Rehabilitation of South Apple Valley Manholes Hwy 18

Department:	Environmental Compliance
Project Year:	2026
Project Type:	Improvements
Project Category:	Collection Systems Projects
Cost Estimate:	$2,500,000
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
Users Charges	$0	$0	$500,000	$500,000	$500,000	$500,000	$500,000	$0	$0	$	$2,500,000
Total	**$0**	**$0**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$0**	**$0**	**$0**	**$2,500,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$500,000	$500,000	$500,000	$500,000	$500,000	$0	$0	$0	$2,500,000
Total	**$0**	**$0**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$0**	**$0**	**$0**	**$2,500,000**

PROJECT # TBD

PROJECT NAME: Mojave Narrows Resource Recovery Facility/Hesperia Parallel Interceptor

Department:	Engineering and Construction
Project Year:	2027
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
Connection Fees	$0	$1,352,700	$0	$21,783,717	$22,054,256	$58,450,630	$58,450,630	$58,450,630	$0	$	$220,542,563
Grant	$0	$0	$0	$5,784,104	$5,513,564	$14,612,657	$14,612,657	$14,612,657	$0	$	$55,135,639
Total	**$0**	**$1,352,700**	**$0**	**$27,567,821**	**$27,567,820**	**$73,063,287**	**$73,063,287**	**$73,063,287**	**$0**	**$0**	**$275,678,202**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$22,054,257	$22,054,256	$58,450,630	$58,450,630	$58,450,630	$0	$0	$219,460,403
Design Engineering	$0	$0	$0	$5,513,564	$5,513,564	$14,612,657	$14,612,657	$14,612,657	$0	$0	$54,865,099
Other	$0	$1,352,700	$0	$0	$0	$0	$0	$0	$0	$0	$1,352,700
Total	**$0**	**$1,352,700**	**$0**	**$27,567,821**	**$27,567,820**	**$73,063,287**	**$73,063,287**	**$73,063,287**	**$0**	**$0**	**$275,678,202**

PROJECT # R149

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

Department:	Administration
Project Year:	2026
Project Type:	Buildings
Project Category:	Facility Projects
Cost Estimate:	$3,415,400
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	$85,400	$0	$1,280,000	$1,920,000	$0	$0	$0	$0	$0	$	$3,285,400
Total	**$215,400**	**$0**	**$1,280,000**	**$1,920,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,415,400**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$1,280,000	$1,920,000	$0	$0	$0	$0	$0	$0	$3,200,000
Design Engineering	$215,400	$0	$0	$0	$0	$0	$0	$0	$0	$0	$215,400
Total	**$215,400**	**$0**	**$1,280,000**	**$1,920,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,415,400**

PROJECT # R164

PROJECT NAME: New Parking Areas

Department:	Operations and Maintenance
Project Year:	2024
Project Type:	Improvements
Project Category:	Facility Projects
Cost Estimate:	$148,700
Location:	Regional Plant

Project Description:

Paving for two new parking areas at the regional facility.

Project Justification:

Will provide parking for all staff and visitors. Can enhance safety by providing a stable and even surface, reducing the risk of slips, trips, and vehicle damage. Additionally, it improves overall aesthetics, making the workplace more inviting and professional

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$148,700	$0	$0	$0	$0	$0	$0	$0	$0	$	$148,700
Total	**$148,700**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$148,700**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$148,700	$0	$0	$0	$0	$0	$0	$0	$0	$0	$148,700
Total	**$148,700**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$148,700**

PROJECT # R147

PROJECT NAME: Regional Plant Emergency Power Replacement Project

Department:	Electrical and Instrumentation
Project Year:	2030
Project Type:	Equipment
Project Category:	Facility Projects
Cost Estimate:	$36,129,108
Location:	Regional Plant

Project Description:

The Victor Valley Wastewater Reclamation Authority (VVWRA) Regional Wastewater Reclamation Plant's 480-volt (V) distribution system was initially constructed in 1980, with most of the original equipment manufactured in 1979. Expansions and other work modified and added electrical equipment in 2000,2004, 2005, 2006 2009, 2011, and 2014. The main plant has two standby power generators. these generators are cumbersome, do not synchronize, require manual operator involvement and load shedding, and need to be replaced to back up existing and planned future loads that will be added to the system.

The goal of this project is to replace the regional plant electrical system's existing standby generators with one larger generator that will meet current and future needs of the plant the main goals will be maintainability, reliability/dependability, safety, and ease of operation.

Project Justification:

End of Life

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

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$0	$0	$0	$36,129,108	$0	$0	$0	$36,129,108
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$36,129,108**	**$0**	**$0**	**$0**	**$36,129,108**

PROJECT # TBD

PROJECT NAME: Regional Plant Existing Emergency Power Generator Controls Replacement

Department:	Electrical and Instrumentation
Project Year:	2027
Project Type:	Equipment
Project Category:	Facility Projects
Cost Estimate:	$800,000
Location:	Regional Plant

Project Description:

VVWRA Regional Plant currently has a paralleling switchgear in service that controls the Main breaker and two Generator breakers. The controls were installed in 2001 and are nearing the end of their useful life. This project will update the control system to prevent a possible failure that could result in significant fines, and in 2030, we plan on replacing both generators with a reliable and state-of-the-art power solution.

Project Justification:

Unreliable equipment

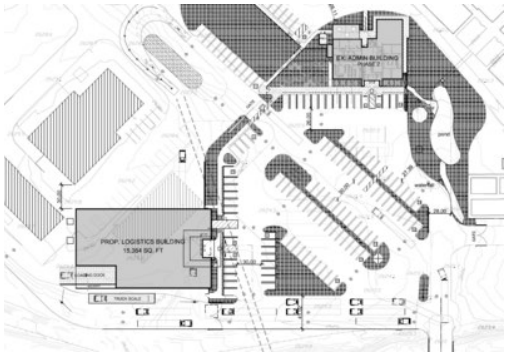
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$0	$0	$800,000	$0	$0	$0	$0	$0	$0	$	$800,000
Total	**$0**	**$0**	**$800,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$800,000**

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
Total	**$0**	**$0**	**$800,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$800,000**

PROJECT # TBD

PROJECT NAME: Regional Plant New Warehouse and Campus Redesign

Department:	Engineering and Construction
Project Year:	2027
Project Type:	Improvements
Project Category:	Facility Projects
Cost Estimate:	$1,367,000
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
Connection Fees	$17,000	$0	$0	$350,000	$1,000,000	$0	$0	$0	$0	$	$1,367,000
Total	**$17,000**	**$0**	**$0**	**$350,000**	**$1,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,367,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$0	$1,000,000	$0	$0	$0	$0	$0	$1,000,000
Design Engineering	$17,000	$0	$0	$350,000	$0	$0	$0	$0	$0	$0	$367,000
Total	**$17,000**	**$0**	**$0**	**$350,000**	**$1,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,367,000**

PROJECT # R157

PROJECT NAME: Regional Plant Potable Connection to City of Victorville

Department:	Engineering and Construction
Project Year:	2027
Project Type:	Infrastructure
Project Category:	Facility Projects
Cost Estimate:	$3,699,510
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	$149,510	$0	$0	$0	$0	$0	$0	$0	$0	$	$149,510
Grant	$0	$0	$0	$141,310	$858,690	$0	$0	$0	$0	$	$1,000,000
Users Charges	$50,000	$0	$0	$397,690	$2,102,310	$0	$0	$0	$0	$	$2,550,000
Total	**$199,510**	**$0**	**$0**	**$539,000**	**$2,961,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,699,510**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$431,200	$2,368,800	$0	$0	$0	$0	$0	$2,800,000
Design Engineering	$199,510	$0	$0	$107,800	$592,200	$0	$0	$0	$0	$0	$899,510
Total	**$199,510**	**$0**	**$0**	**$539,000**	**$2,961,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,699,510**

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:	$83,000
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.

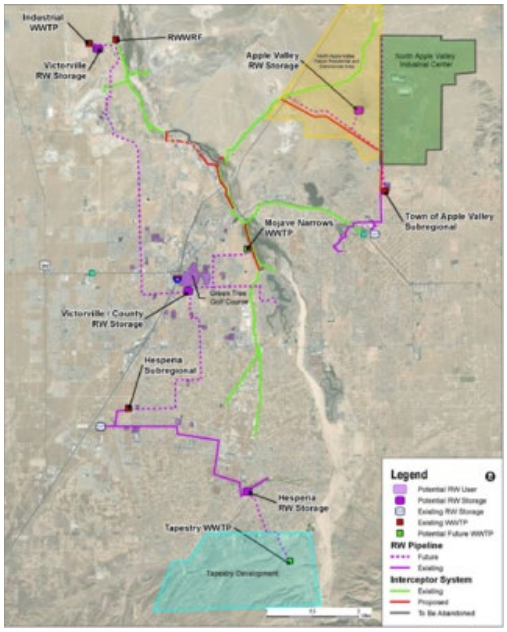
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Connection Fees	$83,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$83,000
Total	**$83,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$83,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Planning	$83,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$83,000
Total	**$83,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$83,000**

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

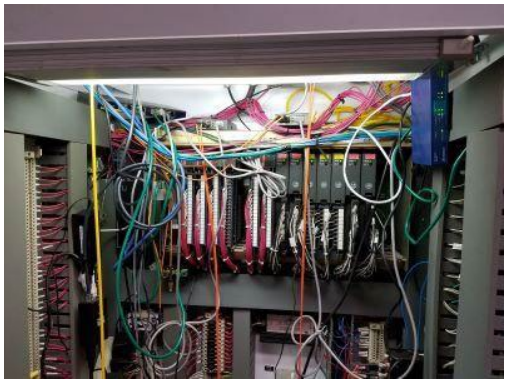
Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Grant	$0	$0	$300,000	$0	$0	$0	$0	$0	$0	$	$300,000
Total	**$0**	**$0**	**$300,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$300,000**

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**	**$0**	**$300,000**

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:	$874,263
Location:	Regional Plant



Project Description:

The following projects will be implemented in 2024 HEX RIO, 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	$430,490	$373,773	$0	$0	$0	$0	$0	$0	$0	$	$804,263
Users Charges	$70,000	$0	$0	$0	$0	$0	$0	$0	$0	$	$70,000
Total	**$500,490**	**$373,773**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$874,263**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$500,490	$373,773	$0	$0	$0	$0	$0	$0	$0	$0	$874,263
Total	**$500,490**	**$373,773**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$874,263**

PROJECT # TBD

PROJECT NAME: Regional Plant MCC Modernization

Department:	Electrical and Instrumentation
Project Year:	2026
Project Type:	Rehabilitation
Project Category:	Technology Projects
Cost Estimate:	$5,000,000
Location:	Regional Plant

Project Description:

An Electrical System Condition Assessment will be performed in FY 24 and will provide the condition assessment report. Schneider Electric will complete the selected engineering assessment on the electrical distribution systems based on a walkthrough of all facilities. The assessment will be tailored toward equipment condition with recommendations for warranted upgrade/replacement and a comprehensive maintenance program outline for the following facilities. The Regional Plant, the Oro Grande Pump Station, the Hesperia Water Reclamation Subregional Plant, and the Hesperia Pump Station. The Apple Valley Water Reclamation Subregional Plant and the OTOE Pump Station, this assessment will also identify and provide long-term maintenance solutions, determine critical sites and provide prioritization, yield a Timeline for Capital Improvements, provide priority of recommended replacements and provide Arch Flash and coordination Studies requirements.

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	$0	$0	$1,070,000	$920,000	$920,000	$920,000	$920,000	$0	$0	$	$4,750,000
Total	**$250,000**	**$0**	**$1,070,000**	**$920,000**	**$920,000**	**$920,000**	**$920,000**	**$0**	**$0**	**$0**	**$5,000,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Prelim Design/Planning	$250,000	$0	$1,070,000	$920,000	$920,000	$920,000	$920,000	$0	$0	$0	$5,000,000
Total	**$250,000**	**$0**	**$1,070,000**	**$920,000**	**$920,000**	**$920,000**	**$920,000**	**$0**	**$0**	**$0**	**$5,000,000**

PROJECT # R156

PROJECT NAME: Cal Recycle Grant Project ADM Improvements

Department:	Operations and Maintenance
Project Year:	2024
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$4,893,220
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
Connection Fees	$892,370	$800,000	$0	$0	$0	$0	$0	$0	$0	$	$1,692,370
Grant	$3,050,850	$150,000	$0	$0	$0	$0	$0	$0	$0	$	$3,200,850
Total	**$3,943,220**	**$950,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$4,893,220**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$3,943,220	$950,000	$0	$0	$0	$0	$0	$0	$0	$0	$4,893,220
Total	**$3,943,220**	**$950,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$4,893,220**

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:	$2,847,700
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	$1,425,000	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$	$2,425,000
Users Charges	$422,700	$0	$0	$0	$0	$0	$0	$0	$0	$	$422,700
Total	**$1,847,700**	**$1,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,847,700**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$1,847,700	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$2,847,700
Total	**$1,847,700**	**$1,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,847,700**

PROJECT # TBD

PROJECT NAME: Regional Filter Effluent Channel Pump Station

Department:	Operations and Maintenance
Project Year:	2025
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
Users Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$	$0
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

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	$0	$40,000	$0	$0	$0	$0	$0	$0	$0	$0	$40,000
Total	**$0**	**$224,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$224,000**

PROJECT # TBD

PROJECT NAME: Regional Plant Headworks Repair

Department:	Operations and Maintenance
Project Year:	2026
Project Type:	Rehabilitation
Project Category:	Treatment Process Projects
Cost Estimate:	$1,000,000
Location:	Regional Plant

Project Description:

In 2023, VVWRA conducted a physical assessment of the headworks flowmeter upstream and downstream chambers. Severe corrosion was found, categorized as grade 5 under the MACP standards, requiring immediate repair. This project will fund the coating of these chambers and replacement of any damaged gates.

Project Justification:

Asset Failure

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$0	$0	$1,000,000	$0	$0	$0	$0	$0	$0	$	$1,000,000
Total	**$0**	**$0**	**$1,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,000,000**

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

PROJECT # TBD

PROJECT NAME: Regional Plant Headworks Replacement

Department:	Engineering and Construction
Project Year:	2028
Project Type:	Rehabilitation
Project Category:	Treatment Process Projects
Cost Estimate:	$20,000,000
Location:	Regional Plant

Project Description:

The existing headworks were installed at the regional plant in 1980. it has reached the end of its useful life, several condition assessments were conducted over the years and show that exposure to wastewater and hydrogen sulfide caused the headworks to corrode and suffer structural damage, compromising their performance and safety. The goal of this project is to replace the headworks to meet the regulatory needs of the regional plant.

Project Justification:

Asset Failure

Funding Sources	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Users Charges	$0	$0	$0	$0	$5,500,000	$7,250,000	$7,250,000	$0	$0	$	$20,000,000
Total	**$0**	**$0**	**$0**	**$0**	**$5,500,000**	**$7,250,000**	**$7,250,000**	**$0**	**$0**	**$0**	**$20,000,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$0	$4,400,000	$5,800,000	$5,800,000	$0	$0	$0	$16,000,000
Design Engineering	$0	$0	$0	$0	$1,100,000	$1,450,000	$1,450,000	$0	$0	$0	$4,000,000
Total	**$0**	**$0**	**$0**	**$0**	**$5,500,000**	**$7,250,000**	**$7,250,000**	**$0**	**$0**	**$0**	**$20,000,000**

PROJECT # R151

PROJECT NAME: Septage Receiving Station Relocation

Department:	Engineering and Construction
Project Year:	2029
Project Type:	Improvements
Project Category:	Treatment Process Projects
Cost Estimate:	$1,200,000
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	$0	$0	$0	$0	$0	$600,000	$0	$0	$0	$	$600,000
Connection Fees	$0	$0	$0	$0	$0	$600,000	$0	$0	$0	$	$600,000
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,200,000**	**$0**	**$0**	**$0**	**$0**	**$1,200,000**

Expenditures	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Construction	$0	$0	$0	$0	$0	$600,000	$0	$0	$0	$0	$600,000
Design Engineering	$0	$0	$0	$0	$0	$600,000	$0	$0	$0	$0	$600,000
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,200,000**	**$0**	**$0**	**$0**	**$0**	**$1,200,000**

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; Accounting Technician, Charlene Villalvazo; and Management Analyst, Cyle Palazzo.

The budget presented to the Board this June 20, 2024, 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 meets our desired debt ratio coverage of 1.2. Last year's budget had a debt ratio of 1.67. The budget we are asking you to approve has a 1.2 debt ratio. Overall operating expense increases were supplemented by unrestricted operating reserve, and we have fully budgeted 6 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.