



Mission Springs Water District

FISCAL YEAR 2022-23

OPERATING & CAPITAL BUDGET

Board of Directors
Russ Martin, President
Nancy Wright, Vice President
Randy Duncan, Member
Ivan Sewell, Member
Steve Grasha, Member

Arden Wallum, General Manager



Adopted June 20, 2022

Mission Statement

Mission Springs Water District has one simple mission:
Provide, protect, and preserve our most
valuable resource...water.

Board of Directors



Nancy Wright,
Vice President



Russ Martin, President



Randy Duncan, Director



Steve Grasha, Director



Ivan Sewell, Director

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GENERAL MANAGER'S MESSAGE

June 20, 2022

To the Board of Directors:

As a public agency tasked with serving our community's water and wastewater needs, it is vital that Mission Springs Water District (MSWD or District) looks ahead and builds the framework for future success while remaining focused on the day-to-day needs of the customers we proudly serve.

We have witnessed a resurgence of growth in our service territory in the past few years. According to 2020 U.S. Census data, Desert Hot Springs was the fastest-growing city in the Coachella Valley. Our District now provides service to more than 44,000 residents in and around the Desert Hot Springs area, and if projections are correct, we are on track to shatter this record in the years to come.

Responding to this, we took a closer look at how customers are represented on our Board of Directors and adopted new district maps this year. While our new maps did not change dramatically, they do reflect the population changes to ensure each District covers roughly the same number of residents.

We know that left unchecked, growth can cause problems for public agencies. The District works to minimize costs for all customers through sound fiscal management. The Board of Directors took the first steps by passing balanced budgets in 2021, 2022, and 2023. This ensures MSWD will maintain adequate reserves while only collecting enough revenue to cover expenses as we are not allowed to make a profit. We are also looking at long-range projections through a 10-year budgetary process and recently completed a class and compensation study to ensure our employee pay and benefits structure is in-line with local industry peers.

Years in the making, the timing is now right for the District to move forward with constructing a new Regional Water Reclamation Facility. Funded primarily by grants and low-interest loans, the plant will treat an additional 1.5 million gallons of wastewater per day, allowing homes currently using septic to connect to the wastewater system. The facility will also support the addition of tertiary treatment in the future, which could provide recycled water to enhance water conservation efforts. The District broke ground on this monumental project earlier this month and is on track to complete construction in Fall 2023.

This project, coupled with other capital improvement projects underway, sets the stage for enhanced groundwater protection and the continued delivery of our award-winning water. Recognized for being some of the best-tasting H₂O in the world, our water meets and exceeds all current federal and state regulatory requirements, and we are well prepared should any new standards get adopted.

Other ways we are building for the future include investing in technological advancements that will directly benefit our customers. Over the past year, MSWD launched a new website and Customer Connect portal. The website provides a wealth of information about the District, along with water conservation suggestions and details about applying for rebates. The Customer Connect portal offers detailed insight into each customer's water consumption. The portal is a free service to our customers, and we encourage everyone to sign up. We are also harnessing new technology in other areas as well. For example, we have added GPS tracking to all District vehicles, allowing us to stay ahead of maintenance needs, and in offices, we are migrating from traditional paper documents to digital formats.

Some of this transition has been the result of the COVID-19 pandemic. This unique period taught us important lessons about working together, supporting family, friends, and our customers to overcome unprecedented challenges. MSWD helped our customers during this time by suspending water shutoffs due to non-payment. While the state moratorium on shutoffs ended at the beginning of 2022, the MSWD Board of Directors gave customers additional time before resuming our state-regulated disconnection policy in April 2022. We also applied for and received state-funded grants and encouraged customers to utilize payment plans and take advantage of the many outside resources available. Since July 1, 2021, these efforts have provided more than \$1.3 million in assistance to our customers.

Looking at these accomplishments and what lies ahead, MSWD sees a brighter future and improved services for our customers as we work to provide, protect, and preserve our most precious resource: water.



Budget Highlights

The operating budget for fiscal year (FY) 2023 is approximately \$22.6 million. There is an additional \$87.2 million in capital improvements proposed for a total budget of approximately \$109.8 million. This is a significant increase in total budget expenses when compared to FY 2022. The increase is in the capital improvements budget with an addition of approximately \$56.6 million over FY 2022. Also, MSWD staff continues to monitor the impacts of the COVID-19 pandemic (pandemic) on District operations and will make any necessary changes to the budget as part of the mid-year budget evaluation.

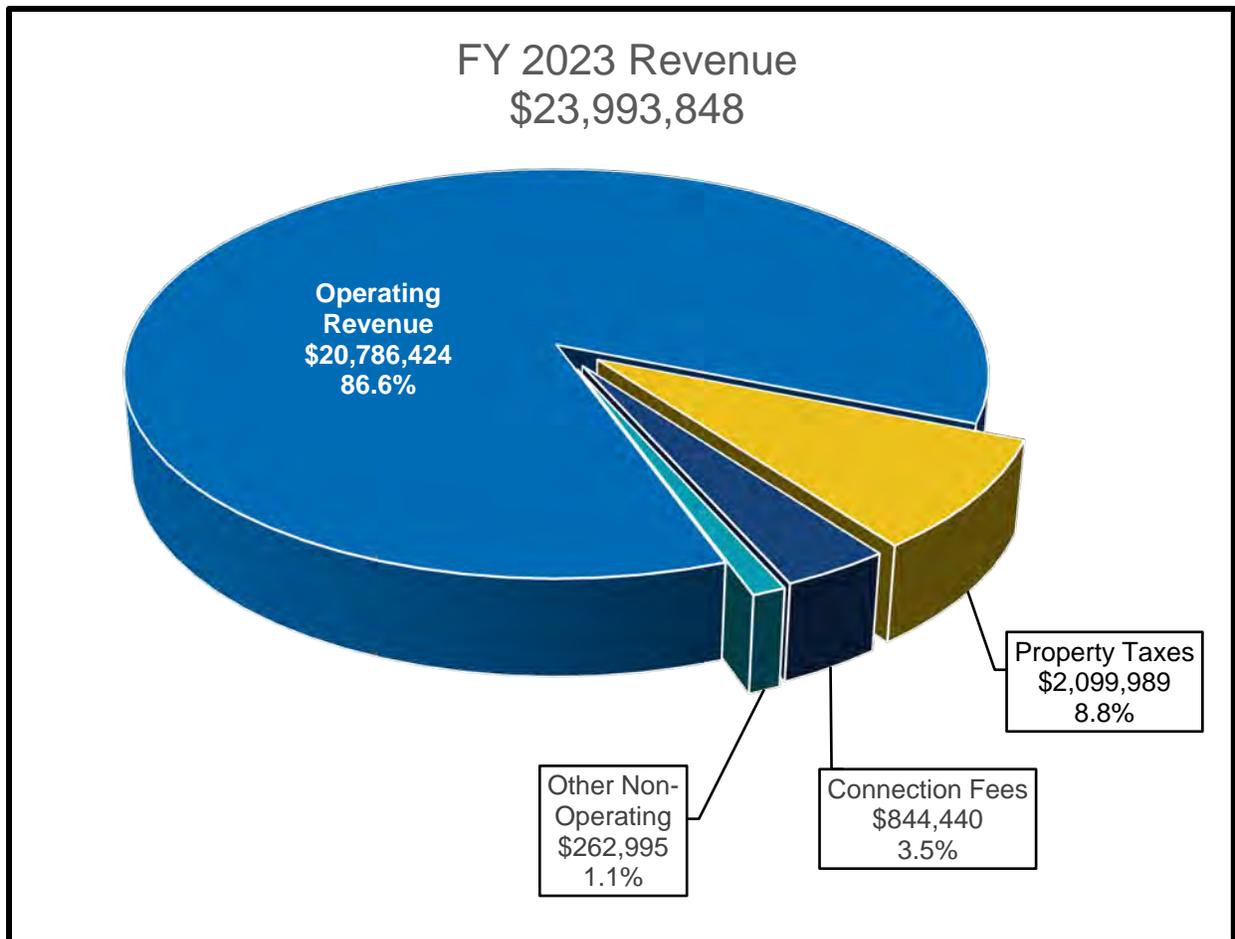
	Budget FY 2023	Budget Change	Budget FY 2022	Budget Change	Budget FY 2021
Operating Budget					
Operating Revenue	\$20,786,424	\$799,270	\$19,987,154	\$488,187	\$19,498,967
Operating Expenses	\$22,625,941	\$1,498,180	\$21,127,761	\$2,849,967	\$18,277,794
Operating Income	(\$1,839,517)	(\$698,910)	(\$1,140,607)	(\$2,361,780)	\$1,221,173
Expenses					
Operating Expenses	\$22,625,941	\$1,498,180	\$21,127,761	\$2,849,967	\$18,277,794
Capital Improvement Projects	\$87,180,394	\$56,591,045	\$30,589,349	(\$9,166,069)	\$39,755,418
Total Budget	\$109,806,335	\$58,089,225	\$51,717,110	(\$6,316,102)	\$58,033,212



Revenues

MSWD receives funding from a variety of sources: domestic water sales, wastewater service charges, water and sewer connection fees, property taxes, grants, investment income, rental property, cellular tower leases, solar power generation, and charges for miscellaneous services.

For FY 2023, the Operating Revenue and Non-Operating Revenue budgets amounted to \$20,786,424 and \$3,207,424, respectively, for a Total Revenue budget of \$23,993,848. Additional significant sources of funding are grants expected for capital improvement projects. These state and federal grants have allowed MSWD to adopt a budget that includes capital improvements with no projected fee or rate increases for its services.

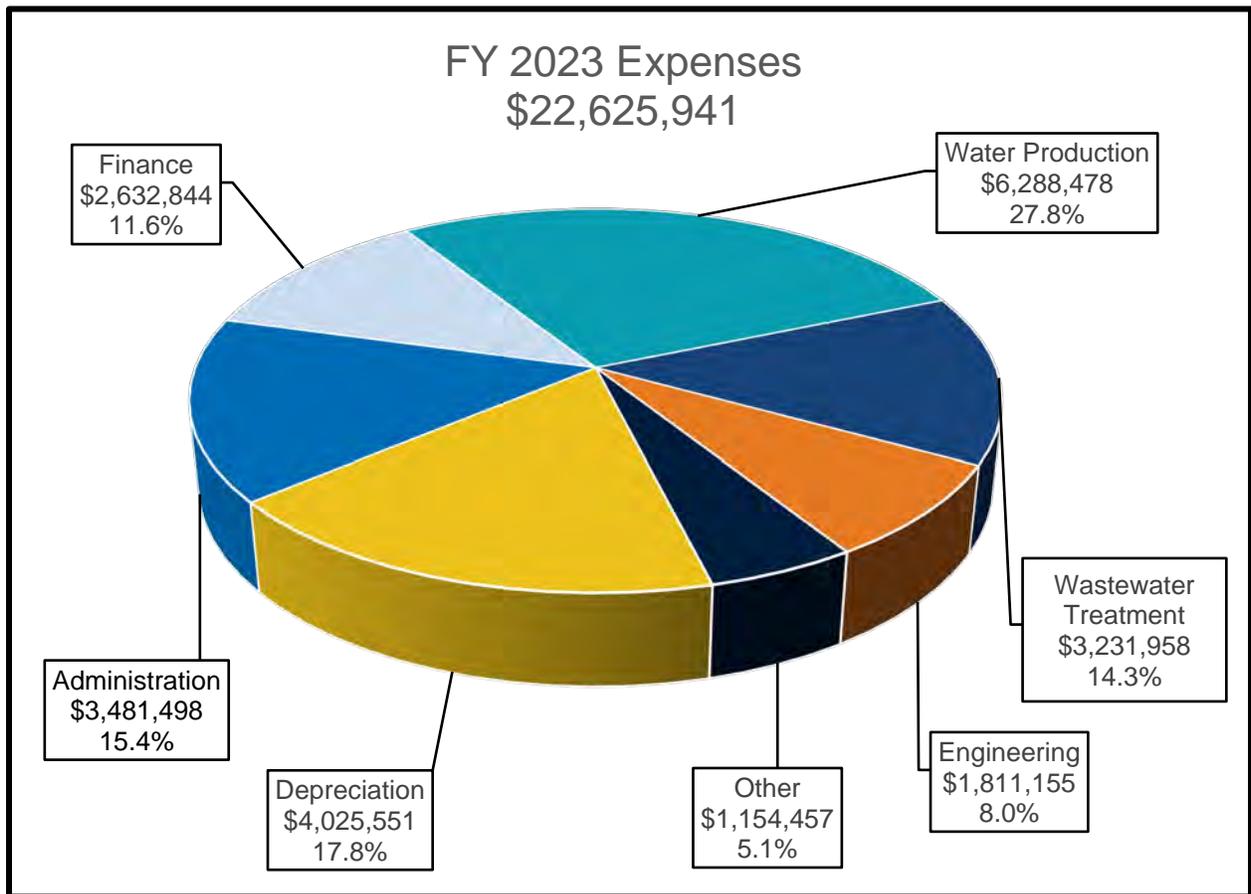


Expenses

Operating expenses for FY 2023 are constant as part of the budget process of approximately \$22,625,941. This represents an increase over FY 2022 of approximately \$1,498,000. To remain competitive with nearby agencies, the District has completed a

classification and compensation study, which resulted in recommended changes in employee classifications. It also recommended an increase in salaries for field staff making up most of the increase in expenses over prior year.

There is also \$87,180,394 in capital improvement expenses made up primarily by the construction of the Regional Water Reclamation Facility and the new Administration Building. In response to the pandemic, MSWD substantially reduced its non-grant funded capital improvement program in FY 2022, and all other expenses were reduced.



Financial Stability

MSWD continues to maintain strong reserves through prudent and conservative money management practices, despite a volatile financial market. The District maintains a Capital Reserve Fund of approximately \$30.7 million as of April 30, 2022. While the FY 2023 budget was adopted with no rate increases, future budgets may require rate increases to ensure reserve targets and expenses are met.

In Conclusion

Mission Springs Water District maintains a commitment to customers, stakeholders, and employees by adhering to its seven core values: professionalism, accountability, respect, integrity, servant attitude, excellence, and stewardship. This budget addresses the priorities established for FY 2023.

I would like to express my appreciation to the management team and staff who worked diligently in developing a budget that reflects the needs of MSWD and its customers. A special note of thanks to the Finance Department for their excellence in gathering, analyzing, and presenting information clearly and accurately. We are confident that this budget reflects the policies and direction of the Board of Directors and provides the financial plan for a successful year.

Respectfully submitted,



Arden Wallum
General Manager/Chief Engineer



BUDGET RESOLUTION

RESOLUTION NO. 2022-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF MISSION SPRINGS WATER DISTRICT ADOPTING THE OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2022-2023 AND ESTABLISHING CONTROLS ON CHANGES IN APPROPRIATIONS FOR THE VARIOUS FUNDS

WHEREAS, the Board of Directors of the Mission Springs Water District has reviewed a preliminary budget for FY 2022-2023 and has made any desired changes therein; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of Mission Springs Water District as follows:

Section 1: That the Board of Directors approves and adopts the operating budget for the fiscal year beginning July 1, 2022 and ending June 30, 2023, as presented in "Departmental Budgets."

Section 2: That the Board of Directors approves and adopts the capital budget presented in the attached "Capital Budget and Continuing Appropriations" for the fiscal year beginning July 1, 2022 and ending June 30, 2023.

Section 3: That the following controls are hereby placed on the use and transfer of budgeted funds:

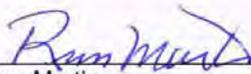
- a. The General Manager is responsible for keeping expenditures within budget allocations for positions, salaries, operational expenses and capital acquisitions and may adopt budget policies as necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board or General Manager as described herein.
- b. The General Manager may exercise discretion in administration of the budget to respond to changed circumstances, provided that any single modification in excess of \$50,000 shall require approval by the Board.
- c. The Department Heads may exercise discretion in administration of the budget within a single department to respond to changed circumstances, provided that any single modification in excess of \$5,000 shall require approval by the General Manager.
- d. No transfers will be made between the operational and capital budgets.
- e. Except as provided by Section 3(b) herein, the Board must authorize any increase in the overall operating budget, capital budget, salary budget, and number of authorized permanent personnel positions above the level identified in the final operating and capital budget. The General Manager may authorize the hiring of temporary or part-time staff as necessary, within the limits imposed by the available funds in the operating and capital budget.

Section 4: That authorization is made for any carry over or continuing appropriations for the capital budget.

Section 5: That the Secretary is authorized and directed to forward a certified copy of this Resolution to the Riverside County Auditor.

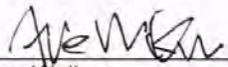
ADOPTED this 20th day of June 2022, by the following vote:

Ayes: Duncan, Martin, Sewell, Wright
Noes: Grasha
Abstain:
Absent:



Russ Martin
President of Mission Springs Water District
and its Board of Directors

ATTEST:



Arden Wallum
Secretary of Mission Springs Water District
and its Board of Directors

PROFILE OF THE MISSION SPRINGS WATER DISTRICT

Formation of the Mission Springs Water District

In 1953, the Desert County Water District was established by a vote of the residents of 246 to 9 and was later renamed to the Mission Springs Water District (MSWD or District). MSWD is a County Water District under Subsection 30000 et seq. of the California Water Code.

MSWD is governed by a five-member, publicly elected Board of Directors. Directors are elected concurrent with the general elections every even-numbered year in their specific division. Director's terms are four-years. The election of Directors alternates between three seats and two seats, respectively, every two years.



MSWD has statutory authority over water supply and provides water services to residential and commercial customers.

Blended Component Unit

In April of 1985, the Mission Springs Water District Improvement Corporation (Corporation) was created by a joint exercise of powers agreement for the purpose of acquiring, constructing, rehabilitating, financing and refinancing, or providing for the sale of leasing of public capital improvements. The Corporation is governed by a board composed of the District's Board of Directors. The corporation has issued debt which is secured solely from installment payments payable under and installment purchase agreement entered into by the District and the Corporation. All accounts and funds created and established pursuant any instrument or agreement to which the Corporation is a party, and any interest earned and accrued thereon, shall incur to the benefit of the District. Separate financial statements are not prepared for the Corporation. It is reported as a blended component unit.

Fund Classification

The District is comprised of the following major enterprise funds:

General Fund – Used to account for activities associated with supporting the administration of the District.

Water Fund – Used to account for activities associated with serving 13,480 water accounts, of which 95% are residential customers.

Sewer Fund – Used to account for activities associated with providing sewage collection, treatment, and disposal services to 9,364 customer accounts, of which 97% are residential customers.

Property Taxes

The County of Riverside (County) bills and collects property taxes on behalf of the District and numerous assessment districts. The District’s current year tax collection is received through periodic apportionments from the County. The County’s tax calendar is from July 1 to June 30 each year. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Service Area

Located in Riverside County, California, MSWD initially covered an area of one square mile in 1953. Today, MSWD covers an area of about 135 square miles including the City of Desert Hot Springs, and the unincorporated areas of North Palm Springs, Whitewater, and Bonnie Bell serving a population of over 44,000 residents.



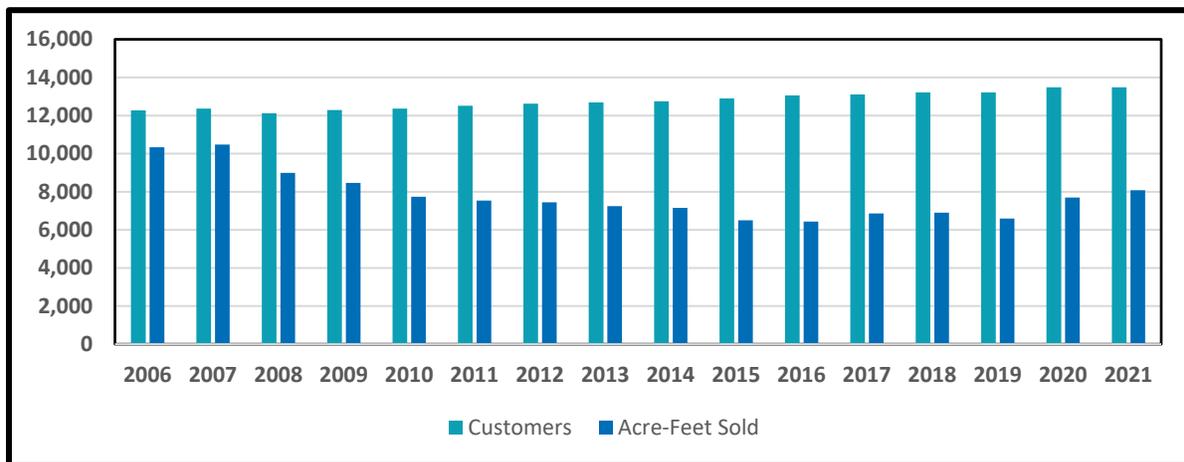
Water Service

Within the initial one square mile covered by MSWD, it began with about 100,000 feet of pipelines, five water wells, and two reservoirs. MSWD expanded rapidly, and absorbed parts of the Coachella Valley County Water District, the West Palm Springs Village and San Geronio Mutual Water Company systems, and the Dos Palmas Mutual Water Company. Today, MSWD includes more than 1.25 million feet of pipelines, 13 water wells, 12 booster stations, and 24 reservoirs.

The distribution system includes three separate and distinct community systems including West Palm Springs Village, Village Crest, and Desert Hot Springs. The largest system is the greater Desert Hot Springs service area.

MSWD’s sole source of supply for its 13,480 water accounts is groundwater. MSWD produces groundwater from the Mission Creek Subbasin, San Geronio Pass Subbasin, and Garnet Hill Subarea of the Indio Subbasin, in the greater Coachella Valley Groundwater Basin. The quality of the groundwater is remarkably high and has been awarded an unprecedented 10 medals, including best tasting municipal water in the world, at the International Water Tasting Competition in Berkely Springs, West Virginia.

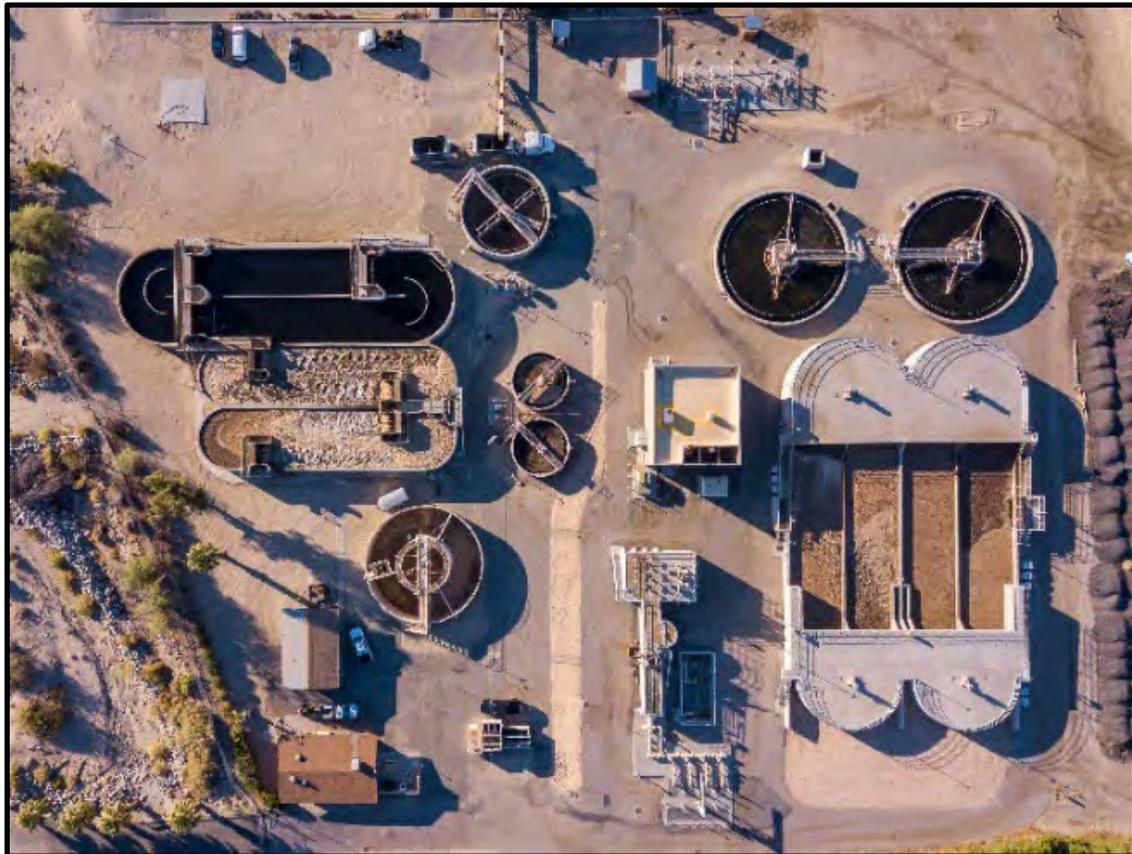
For over 65 years, MSWD has been managing groundwater through conservation, groundwater protection projects, and general stewardship of its multi-award-winning water resource. The District is, and has always been, committed to a sustainable future both in water supply and finance. As the state requires ongoing, and possibly increased regulations, through Conservation and the Sustainable Groundwater Management Act (SGMA), MSWD has responded to ensure compliance both now and in the future. Over the last 14 years, MSWD has already witnessed the beneficial effects of these efforts as total annual water consumption decreased while the total number of customers has increased as shown in the chart below.



Wastewater Service

MSWD currently serves 9,364 sewer connections. Wastewater is treated at the Horton Wastewater Treatment Plant and the Desert Crest Wastewater Treatment Plant. MSWD treats about 2 million gallons per day (MGD) prior to discharging effluent in an environmentally sustainable manner. MSWD is also currently constructing a new Regional Water Reclamation Facility. This facility will be the largest capital project in the coming years and will serve as the long-term central wastewater treatment and reclamation facility for the region.

The District’s Groundwater Quality Protection Plan (GQPP) began in 1996 and has been highly successful to date. Over \$22 million of grant funds have been secured by the District for this program which has made over 4,500 parcels sewer service ready. This includes the abatement of over 2,800 septic tanks and the installation of over 33 miles of sewer lines. The pursuit of these grant funds continues today for the disadvantaged communities served by the District. The GQPP is ongoing and a significant part of the FY 2023 capital improvement program.



Summary of Authorized Positions

On July 1, 2016, MSWD began a reorganization process. The organizational structure was adjusted to meet current operational and fiscal needs. This effort is ongoing and includes positional/staffing changes, changes in corporate culture, greater integration of its mission, vision, and values of the organization, a customer experience overhaul, and streamlining of policies and procedures. This fiscal year, MSWD will be adding one key position to support the growth of the District, and this new position is a Wastewater Treatment Plant Operator II. In addition, MSWD has conducted a class and compensation study resulting in adjustments to several position titles for the fiscal year beginning July 1, 2022. These adjustments and 53 funded full-time equivalent (FTE) positions are reflected in the current budget.

Budgeted Department and Title	FY 2021 Adopted	FTE Changes	FY 2022 Adopted	FTE Changes	FY 2023 Adopted
EXECUTIVE					
General Manager & Chief Engineer	1	0	1	0	1
Executive Assistant	1	0	1	0	1
Sub-Total Budgeted FTEs	2	0	2	0	2
ADMINISTRATION					
Assistant General Manager	1	0	1	0	1
Programs and Public Affairs Manager	1	0	1	0	1
Human Resources Manager	1	0	1	0	1
Office Specialist I/II	1	0	1	0	1
Sub-Total Budgeted FTEs	4	0	4	0	4
<u>Innovation & Technology:</u>					
Innovation & Technology Manager	0	1	1	0	1
Sub-Total Budgeted FTEs	0	1	1	0	1



Budgeted Department and Title	FY 2021 Adopted	FTE Changes	FY 2022 Adopted	FTE Changes	FY 2023 Adopted
FINANCE					
Director of Finance and Accounting	1	0	1	-1	0
Director of Finance	0	0	0	1	1
Sub-Total Budgeted FTEs	1	0	1	0	1
<u>Accounting:</u>					
Accounting Manager	1	0	1	0	1
Accountant	0	0	0	1	1
Senior Accounting Technician	1	0	1	-1	0
Accounting Technician	1	0	1	0	1
Purchasing and Warehouse Specialist	1	0	1	0	1
Sub-Total Budgeted FTEs	4	0	4	0	4
<u>Customer Service:</u>					
Customer Service Manager	1	0	1	0	1
Senior Customer Service Representative	0	0	0	1	1
Customer Service Representative I/II	4	0	4	-1	3
Field Service Supervisor	1	0	1	0	1
Field Service Representative II/ Backflow Specialist	0	0	0	1	1
Field Service Representative I/II	3	0	3	-1	2
Sub-Total Budgeted FTEs	9	0	9	0	9



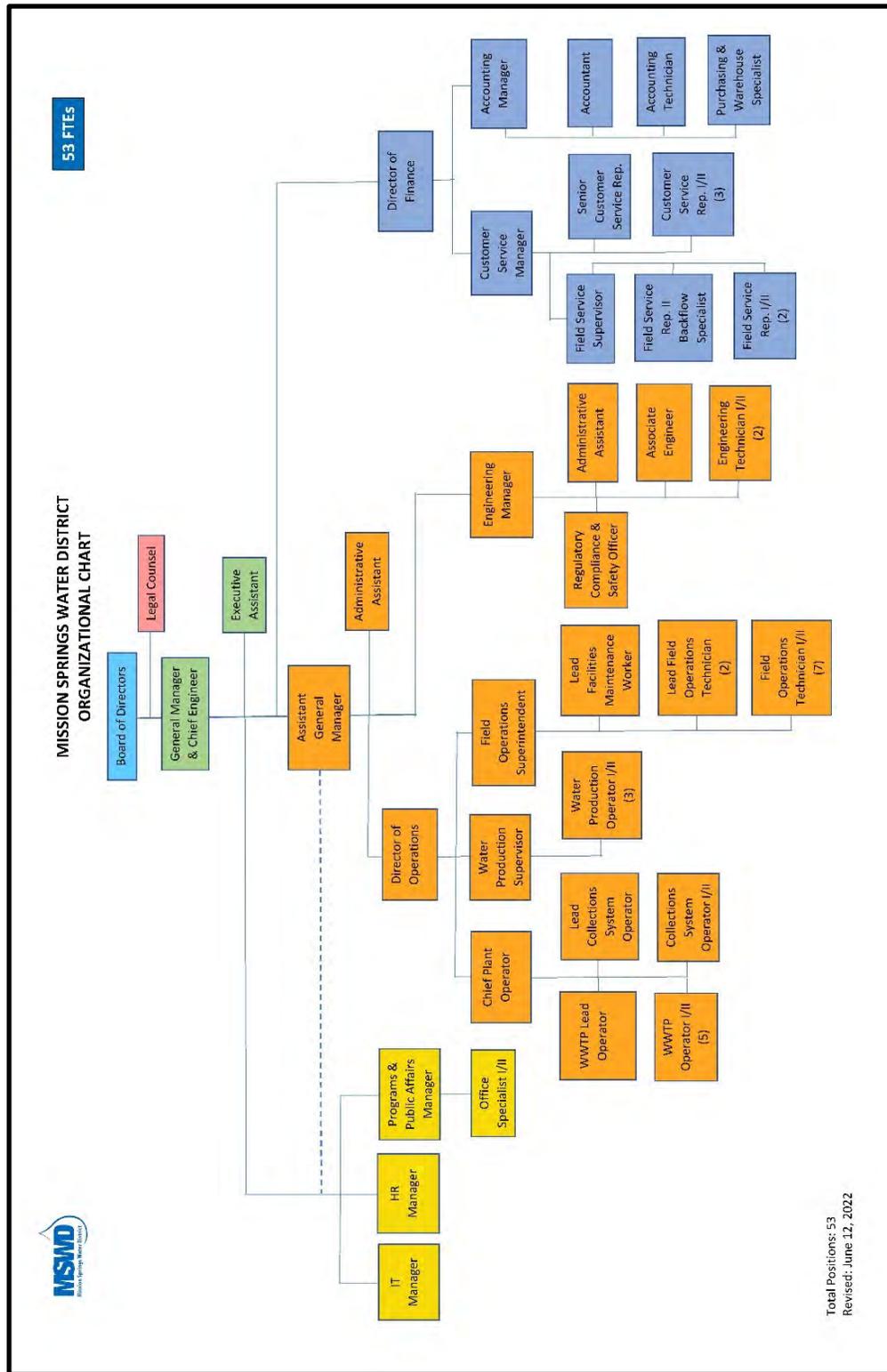
Budgeted Department and Title	FY 2021 Adopted	FTE Changes	FY 2022 Adopted	FTE Changes	FY 2023 Adopted
OPERATIONS					
Director of Engineering & Operations	1	0	1	-1	0
Director of Operations	0	0	0	1	1
Sub-Total Budgeted FTEs	1	0	1	0	1
<u>Engineering:</u>					
Engineering Manager	0	1	1	0	1
Associate Engineer	1	0	1	0	1
Engineering Technician I/II	2	0	2	0	2
Administrative Assistant	0	1	1	0	1
Sub-Total Budgeted FTEs	3	2	5	0	5
<u>Field Operations:</u>					
Field Operations Manager	1	0	1	-1	0
Regulatory Compliance & Safety Officer	0	0	0	1	1
Administrative Assistant	1	0	1	0	1
Sub-Total Budgeted FTEs	2	0	2	0	2
<u>Construction & Maintenance:</u>					
Field Operations Superintendent	0	0	0	1	1
Maintenance Superintendent	1	0	1	-1	0
Lead Facilities Maintenance Worker	0	0	0	1	1
Facilities Maintenance Lead	1	0	1	-1	0
Lead Field Operations Technician	2	0	2	0	2
Field Operations Technician I/II	7	0	7	0	7
Sub-Total Budgeted FTEs	11	0	11	0	11



Budgeted Department and Title	FY 2021 Adopted	FTE Changes	FY 2022 Adopted	FTE Changes	FY 2023 Adopted
OPERATIONS					
<u>Water Production:</u>					
Water Production Supervisor	0	0	0	1	1
Water Production Foreperson	1	0	1	-1	0
Water Production Operator I/II	3	0	3	0	3
Sub-Total Budgeted FTEs	4	0	4	0	4
<u>Wastewater Treatment:</u>					
Chief Plant Operator	1	0	1	0	1
WWTP Lead Operator	1	0	1	0	1
WWTP Operator I/II	4	0	4	1	5
Sub-Total Budgeted FTEs	6	0	6	1	7
<u>Wastewater Collections:</u>					
Collection System Lead Operator	1	0	1	-1	0
Lead Collection System Operator	0	0	0	1	1
Collection System Operator I/II	1	0	1	0	1
Sub-Total Budgeted FTEs	2	0	2	0	2
Total Budgeted FTEs	49	3	52	1	53



Organizational Chart



BUDGET OVERVIEW

General Budget Overview

The District operates under the authority of the California Water Code. It maintains and prepares its financial statements and budgets using the accrual basis of accounting as prescribed by Generally Accepted Accounting Principles (GAAP) and reporting standards applicable to California governmental agencies. MSWD makes an allocation of all general and administrative costs to the water district, sewer district, and to capital improvements based on a percentage of labor hours. The allocations are made monthly.

The Board of Directors approves an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various departments. Budgets are prepared annually using the zero-base method. The Board of Directors may approve supplemental budget requests. The General Manager (GM) may transfer funds between general ledger accounts within the operating budgets if the total budget is not affected.

Budget Process

MSWD's streamlined 10-step budget process is summarized below as:

1. **Initiate the Budget.** MSWD managerial staff inputs budgetary estimates for the following year with their departmental goals in mind at the beginning of the budgetary process.
2. **Prepare a draft budget.** Based on these inputs, the Finance Department prepares the draft budget.
3. **Finalize Employee Requests.**
4. **Present Employee Requests to Human Relations Committee.**
5. **Present the draft budget to the GM for review and comment.**
6. **Present the draft budget to the Board of Directors at workshop.**
7. **Present the GM recommended budget to the Board of Directors at Study Session.**
8. **Present the amended GM recommended budget to the Board of Directors at Board Meeting for approval.**
9. **Apply for Government Finance Officers Association (GFOA) Award for Excellence in Budget Reporting.**
10. **Propose any budget amendments.** Staff reviews the performance and budget in January, and if any amendments are necessary, a revised budget will be submitted to the Board of Directors in February. The approved budgets are posted on MSWD's website.

Budget Schedule

The following budget calendar shows the District’s preparation and review process timeline for FY 2023. This year, the process included a Class and Compensation process which condensed certain dates to obtain Board of Directors guidance and input.

MSWD Budget Planning Fiscal Year 2023	Required By Date
Employee Request Meeting	03/08/2022
Budget Kickoff Meeting	03/31/2022
Update actual numbers and prepare for new budget cycle	04/01/2022
Budget worksheet distributed to managers and supervisors	04/07/2022
Budget worksheet completed by managers and supervisors	04/25/2022
Finance staff budget review meetings with managers, supervisors, and GM	05/03/2022 – 05/20/2022
Special Meeting - Present Consultant’s Classifications and Compensation recommendations and Employee Request staff recommendations to Human Relations Committee/Board of Directors	05/23/2022
Finalize the draft budget	05/31/2022
Budget Workshop - Present draft budget to Board of Directors for review and comment	06/01/2022
Report to staff which Employee Request items will be presented to the Board of Directors as part of the budget	06/09/2022
Board Study Session - Present GM Revised Budget to Board of Directors for review and comment	06/16/2022
Board Meeting - Present GM Recommended budget to Board of Directors for adoption	06/20/2022
Apply for GFOA Award for Excellence in Budget Reporting	07/10/2022



Financial Policies and Resolutions

Every June, the Board of Directors adopts the three budget resolutions that guide District operations for the following fiscal year. The Operating and Capital Budget establishes controls on changes in appropriations for the various funds. The District adopts its appropriations limit for the fiscal year in compliance with the requirements established by the Constitution of the State of California. Finally, the Board approves and adopts the employee classification and compensation plan indicating the number of positions approved for each classification and assigning titles for those positions. This is done for the efficient and effective operation of the District.

The Board of Directors also approves and implements the policies and resolutions that drive all financial decision making for the District.

Reserve Policies

Resolution No. 95-10

This resolution establishes a Wastewater Capital Reserve Fund.

Resolution No. 95-20

This resolution establishes a Water Capital Reserve Fund.

Resolution No. 95-21

This resolution establishes an Internal Services (General Fund) Capital Reserve Fund.

Resolution No. 2013-01

This resolution establishes a bidding and contract procedures policy. The purpose of this resolution is to establish guidelines for competitive bidding for any project. It goes on to identify the types of projects and approval amounts for each.

Minor Project

A project or service required by the District which is estimated by the General Manager to cost \$75,000 or less, and which may be awarded and negotiated by the General Manager, in contract or purchase order form.

Intermediate Project

A project or service required by the District which is estimated by the General Manager to cost more than \$75,000 but less than \$150,000 to complete.

Major Project

A project or service required by the District which is estimated by the General Manager to cost \$150,000 or more to complete.

Investment Policies

The District's investment policies outline the guidelines required to be used in effectively managing the District's available cash in accordance with the California Government Code. To address interest rate risk, the District's existing policy limits the maturity of investments to five years. To mitigate credit risks associated with its investments, the District's investment policy limits investments to large institutions and requires diversification to ensure that failure of one issuer will not significantly affect the District's cash flow.

Policy No. 2017-1 - Investment Policy

The purpose of this investment policy is to provide guidelines for the prudent investment of the District funds in conformance with California Government Code and other legal requirements governing the investment of public funds.

Resolution No. 2017-10

The purpose of this resolution is to authorize the District to join with other public agencies as a participant of the Investment Trust of California, carrying on business as CalTrust. The District is a voluntary participant in CalTrust, which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. As of April 30, 2022, the District's investment in CalTrust is \$30,227,427, of which \$2,549,787 was invested in the Liquidity funds pool, \$6,398,368 in the Short-term pool, and \$21,279,272 in the Medium-term pool.

Resolution No. 2018-15

The purpose of this resolution is to establish a policy for procurement and disbursement of district funds. It provides for a procurement system of quality and integrity; provides for the fair and equitable treatment of all persons or firms involved in purchasing by the District; ensures that supplies and services are procured efficiently, effectively, and at the most favorable prices available to the District; promotes competition in contracting; and ensures that MSWD purchasing actions are in full compliance with applicable Federal standards, State, and local laws. All other policies and resolutions involving procurement fall within this resolution.

Policy No. 2009-1

The purpose of this policy is to establish consultant/vendor invoice processing guidelines. Department supervisory staff are authorized to obligate the District for necessary costs and expenses required to fulfill the goals of the adopted budgets authorized by the Board of Directors.

Policy No. 2010-3

The purpose of this policy is to establish petty cash disbursement/replenishment guidelines. It is the purpose of this policy to outline provisions for the disbursement and replenishment of the petty cash fund established at \$200.

Policy No. 2011-1

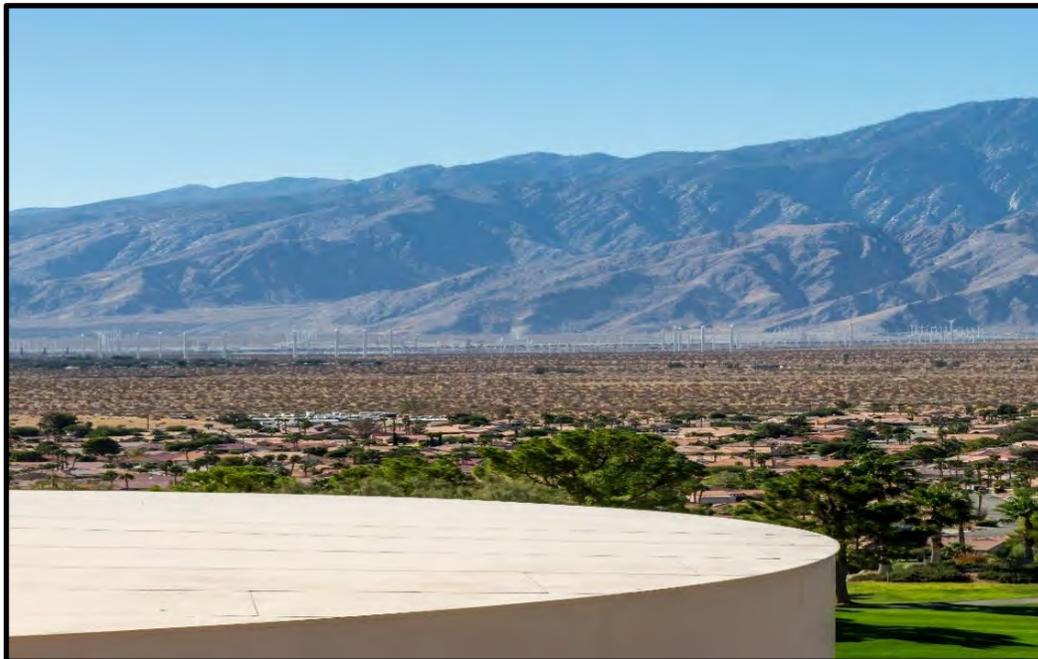
The purpose of this policy is to establish the use of District credit card guidelines. This policy supersedes Policy 95-2. The issuance of credit cards assists the Finance Department in keeping an accurate record of charges incurred by each individual assigned a card. This system provides management with a check and balance method on budgeting items such as seminars, conferences, travel and training plus individual charges of necessary District materials and supplies.

Resolution No. 2018-02

The purpose of this resolution is to establish designated officers for disbursement of District funds and authorize to sign checks, drafts and transfers with all active bank accounts of the District. These officers may act in a fiduciary capacity for the District.

Resolution No. 2017-11

The purpose of this resolution is to establish and adopt a debt management policy of the District. Senate Bill No. 1029 was passed by the California State Legislature in August 2016 and became law on September 12, 2013 requiring local agencies such as MSWD to adopt comprehensive written debt management policies reflecting local, state and federal laws and regulations.



FINANCIAL SUMMARIES

Budget Summary

The expense operating budget for FY 2023 is approximately \$22.6 million and is accompanied by \$87.2 million in capital improvements for a total budget of approximately \$109.8 million. This is a significant increase in total budget expenses when compared to FY 2022. The increase can be directly attributed to the construction of the Regional Water Reclamation Facility and the new Administration Building. The Regional Water Reclamation Facility is expected to be completed in FY 2024.

	Budget FY 2023	Budget Change	Budget FY 2022	Budget Change	Budget FY 2021
Operating Budget					
Operating Revenue	\$20,786,424	\$799,270	\$19,987,154	\$488,187	\$19,498,967
Operating Expenses	\$22,625,941	\$1,498,180	\$21,127,761	\$2,849,967	\$18,277,794
Operating Income	(\$1,839,517)	(\$698,910)	(\$1,140,607)	(\$2,361,780)	\$1,221,173
Expenses					
Operating Expenses	\$22,625,941	\$1,498,180	\$21,127,761	\$2,849,967	\$18,277,794
Capital Improvement Projects	\$87,180,394	\$56,591,045	\$30,589,349	(\$9,166,069)	\$39,755,418
Total Budget	\$109,806,335	\$58,089,225	\$51,717,110	(\$6,316,102)	\$58,033,212



Net Income Summary

The Net Income for FY 2023 is approximately \$26.0 million, which is significantly higher than FY 2022. The increase can be directly attributed to the use of state and federal grants for the construction of the Regional Water Reclamation Facility and the new Administration Building.

	Budget FY 2023	Budget Change	Budget FY 2022	Budget Change	Budget FY 2021
Operating Revenues	\$20,786,424	\$799,270	\$19,987,154	\$488,187	\$19,498,967
Operating Expenses (Before Depreciation Expense)	\$18,600,390	\$1,411,077	\$17,189,313	\$2,767,822	\$14,421,491
Net Operating Income (Loss)	\$2,186,034	(\$611,807)	\$2,797,841	(\$2,279,635)	\$5,077,476
Depreciation Expense	(\$4,025,551)	(\$87,103)	(\$3,938,448)	(\$82,145)	(\$3,856,303)
Non-Operating Revenue/(Expense)	\$28,262,603	\$18,704,291	\$9,558,312	(\$2,831,318)	\$12,389,630
Net Income	\$26,423,086	\$18,005,381	\$8,417,705	(\$5,193,098)	\$13,610,803



Summary of Revenue by Operating Fund

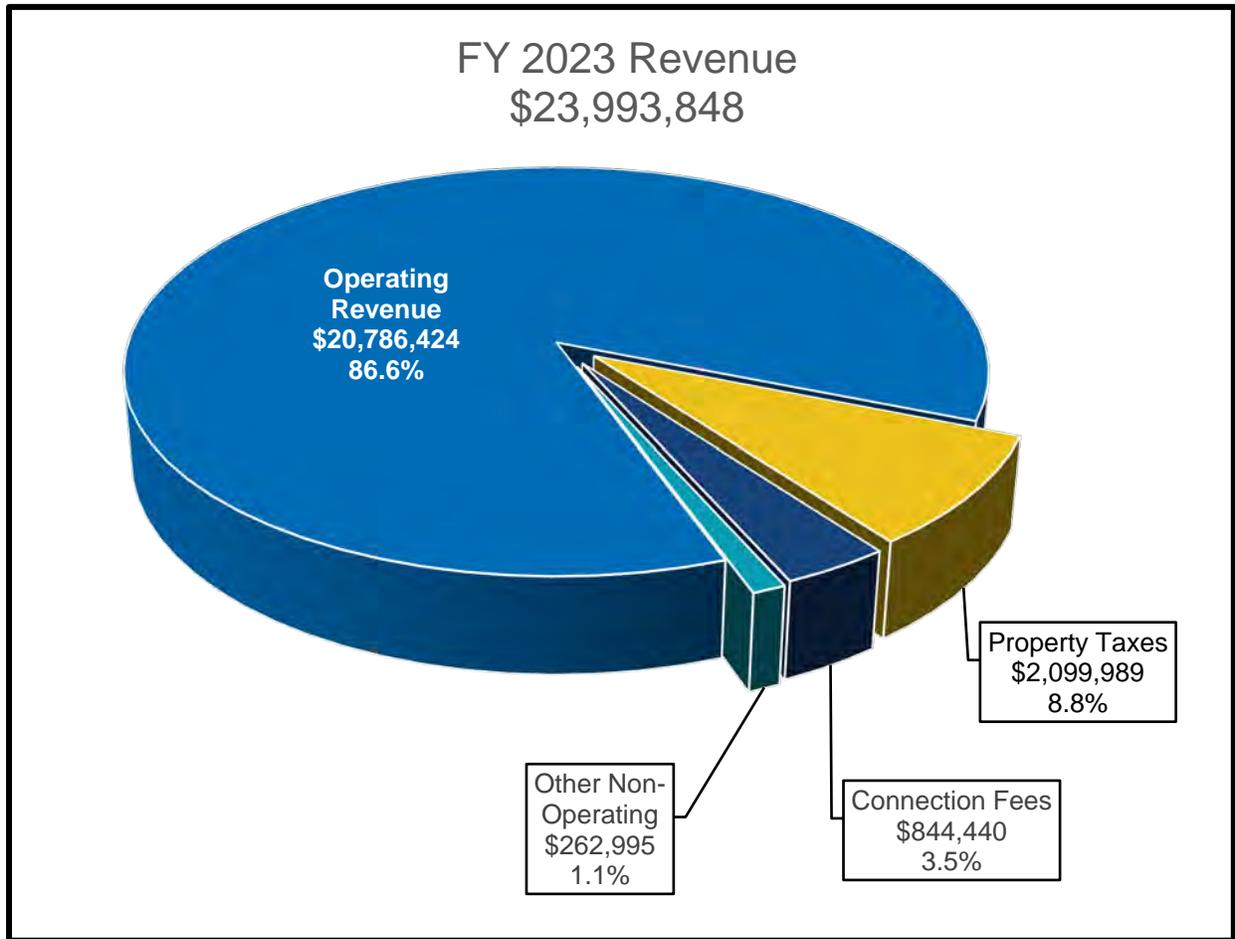
MSWD receives funding from a variety of sources: domestic water sales, wastewater service charges, connection fees, property taxes, grants, investment income, rental property, cellular tower leases, solar power generation, and charges for miscellaneous services.

For FY 2023, the Operating Revenue budget equals \$20,786,424, and the Non-Operating Revenue budget equals \$28,078,595, for a Total Revenue budget of \$48,865,019. A significant source of funding is the use of grants for capital improvement projects, which have been obtained from both state and federal agencies and have allowed MSWD to adopt a budget that includes no fee or rate increases for any of its services.

Revenue Source	FY 2023 Total	General District	Water District	Sewer District
Operating Revenue				
Base Service Charge	\$2,886,840	\$0	\$2,886,840	\$0
Water Consumption	\$9,171,804	\$0	\$9,171,804	\$0
Meter Installations	\$73,800	\$0	\$73,800	\$0
Sewer Service	\$7,320,000	\$0	\$0	\$7,320,000
Other Operating Revenue	\$1,081,716	\$0	\$1,081,716	\$0
Standby Charges	\$248,244	\$0	\$235,476	\$12,768
Fats, Oils, and Grease Fees	\$4,020	\$0	\$0	\$4,020
Gain (Loss) from Asset Disposal	\$0	\$0	\$0	\$0
Sub-Total Operating Revenue	\$20,786,424	\$0	\$13,449,636	\$7,336,788
Non-Operating Revenue				
Connection Fees	\$844,440	\$0	\$664,440	\$180,000
Property Taxes	\$2,099,989	\$968,640	\$708,996	\$422,353
Investment Income	\$574,959	\$68,511	\$79,560	\$426,888
Unrealized Gains/Losses	(\$311,964)	(\$54,240)	(\$128,880)	(\$128,844)
Interest Expense	(\$226,358)	\$0	(\$19,272)	(\$207,086)
Grants	\$25,097,529	\$0	\$5,324,709	\$19,772,820
Sub-Total Non-Operating Revenue	\$28,078,595	\$982,911	\$6,629,553	\$20,466,131
Total Revenue	\$48,865,019	\$982,911	\$20,079,189	\$27,802,919

Total Revenue for Fiscal Year 2023

For FY 2023, the Operating Revenue equals \$20,786,424, and the Non-Operating Revenue equals \$3,207,424, for a Total Revenue of \$23,993,848.



Summary of Revenue by Year

MSWD receives funding from a variety of sources: domestic water sales, wastewater service charges, connection fees, property taxes, grants, investment income, rental property, cellular tower leases, solar power generation, and charges for miscellaneous services.

For FY 2023, Operating Revenue and net Non-Operating Revenue amounted to \$20,786,424 and \$28,078,595, respectively, for a combined total revenue of \$48,865,377. FY 2023 Operating Revenue increased minimally compared to FY 2022. However, FY 2023 Non-Operating Revenue increased significantly compared to FY 2022 mainly due to the increase in the use of grants for capital improvement projects, in particular the Regional Water Reclamation Facility and the new Administration Building.

Revenue Source	FY 2023	FY 2022	FY 2021
Operating Revenue			
Base Service Charge	\$2,886,840	\$2,861,400	\$2,565,407
Water Consumption	\$9,171,804	\$9,126,200	\$9,240,950
Meter Installations	\$73,800	\$13,680	\$13,680
Sewer Service	\$7,320,000	\$7,125,000	\$6,751,500
Other Operating Revenue	\$1,081,716	\$609,030	\$666,730
Contributed Infrastructure	\$0	\$0	\$
Standby Charges	\$248,244	\$248,244	\$257,100
Fats, Oils, and Grease Fees	\$4,020	\$3,600	\$3,600
Gain (Loss) from Asset Disposal	\$0	\$0	\$0
Sub-Total Operating Revenue	\$20,786,424	\$19,987,154	\$19,498,967
Non-Operating Revenue			
Connection Fees	\$844,440	\$516,953	\$516,953
Property Taxes	\$2,099,989	\$1,517,480	\$1,500,698
Investment Income	\$574,959	\$513,057	\$758,517
Unrealized Gains/Losses	(\$311,964)	(\$29,148)	\$394,164
Interest Expense	(\$226,358)	(\$248,256)	(\$265,377)
Grants	\$25,097,529	\$7,288,226	\$9,486,115
Sub-Total Non-Operating Revenue	\$28,078,595	\$9,558,312	\$12,656,447
Total Revenue	\$48,865,377	\$29,545,466	\$32,155,414

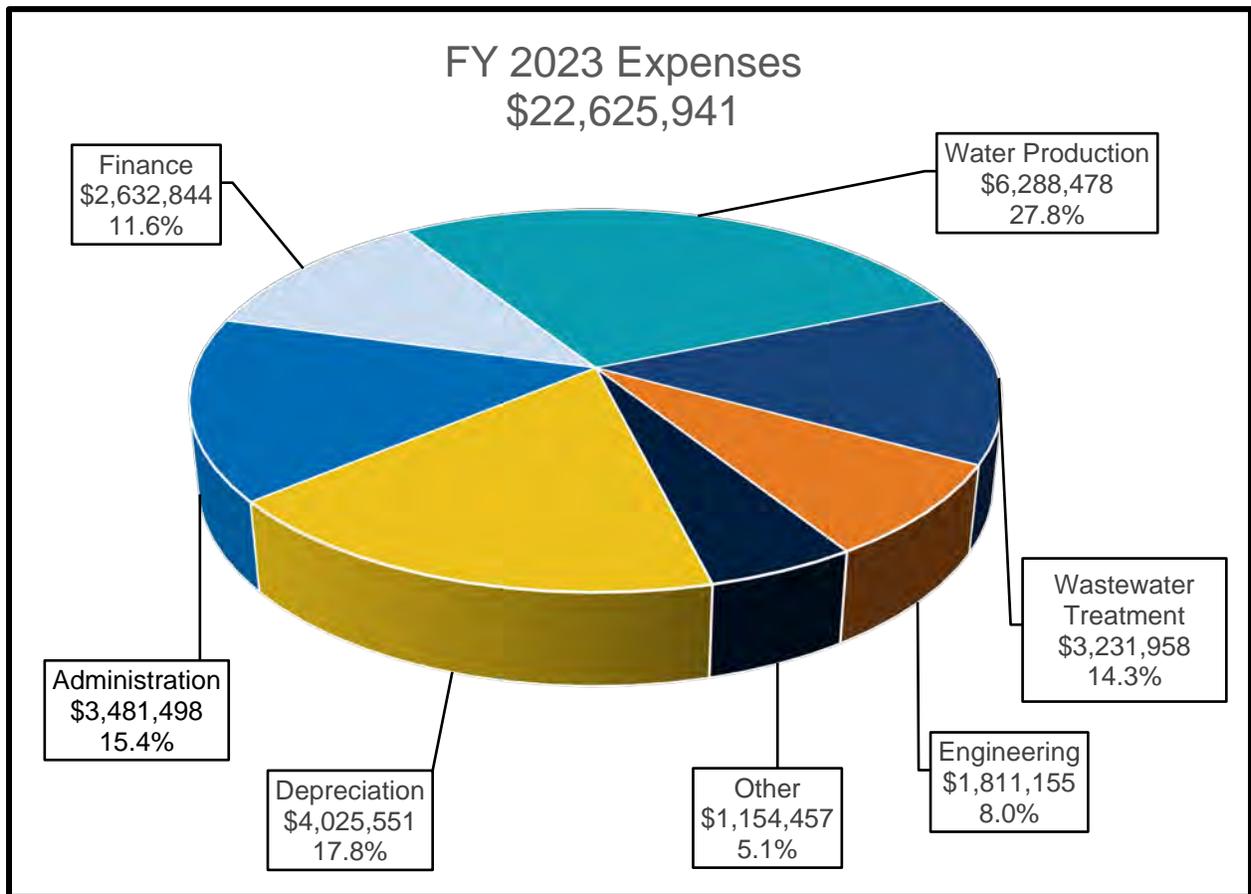
Operating Fund Revenue Over Expenditures by Fund

The following table provides a breakdown of operating revenue and expenditures by fund for FY 2023. The table shows a Net Operating Loss of \$1,839,517 for FY 2023.

	Combined District's Total Funds	Operating Funds		
		General District	Water District	Sewer District
Operating Revenues	\$20,786,424	\$0	\$13,446,636	\$7,336,788
Operating Expenses				
Customer Accounts	\$2,096,048	\$402,036	\$1,694,012	\$0
Buildings and Grounds	\$155,360	\$155,360	\$0	\$0
Vehicle Maintenance	\$488,084	\$488,084	\$0	\$0
Central Services	\$780,891	\$780,891	\$0	\$0
Administration	\$2,318,107	\$2,318,107	\$0	\$0
Information Technology	\$1,096,512	\$1,096,512	\$0	\$0
Board of Directors	\$399,776	\$399,776	\$0	\$0
Public Affairs	\$770,665	\$594,325	\$176,340	\$0
Human Resources	\$382,500	\$382,500	\$0	\$0
Engineering	\$1,811,155	\$940,476	\$607,426	\$263,253
Accounting	\$536,796	\$536,796	\$0	\$0
Pumping	\$3,317,755	\$0	\$3,317,755	\$0
Transmission & Distribution	\$2,327,279	\$0	\$2,327,279	\$0
Collections	\$512,448	\$0	\$0	\$512,448
Treatment	\$2,059,312	\$0	\$0	\$2,059,312
Disposal	\$660,198	\$0	\$0	\$660,198
Other	\$0	\$0	\$0	\$0
Depreciation	\$4,025,551	\$275,046	\$2,069,977	\$1,680,528
Capital Labor and Costs	\$0	\$0	\$0	\$0
Administrative Costs Allocated	(\$1,112,496)	(\$8,369,909)	\$5,033,753	\$2,223,660
Total Operating Expense	\$22,625,941	\$0	\$15,226,542	\$7,399,399
Net Operating Loss	(\$1,839,517)	\$0	(\$1,776,906)	(\$62,611)

Total Expenses for Fiscal Year 2023

The operating budget for FY 2023 is approximately \$22,625,941. In addition, there is also \$87,180,394 in capital improvements which equals a total budget of approximately \$109,806,355. This is a significant increase in total budget expenses when compared to FY 2022 due primarily to the construction of the Regional Water Reclamation Facility and the new Administration Building. MSWD substantially reduced its non-grant funded capital improvement program, and all other expenses were decreased or held to costs in the FY 2022 budget.



Operating Fund Revenue Over Expenditures by Year

The following table provides a breakdown of operating revenue and expenditures by fund for FY 2023. The table shows a Net Operating Loss of \$1,839,517 for FY 2023, which is slightly higher compared to FY 2022.

	FY 2023	FY 2022	FY 2021
Operating Revenues	\$20,786,424	\$19,987,154	\$19,498,967
Operating Expenses			
Customer Accounts	\$2,096,048	\$1,616,216	\$1,383,744
Buildings and Grounds	\$155,360	\$166,586	\$176,236
Vehicle Maintenance	\$488,084	\$360,242	\$401,580
Central Services	\$780,891	\$675,775	\$701,573
Administration	\$2,318,107	\$2,588,014	\$3,178,870
Information Technology	\$1,096,512	\$957,030	\$487,068
Board of Directors	\$399,776	\$361,788	\$367,384
Public Affairs	\$770,665	\$707,264	\$562,027
Human Resources	\$382,500	\$341,322	\$224,500
Engineering	\$1,811,155	\$2,244,367	\$717,038
Accounting	\$536,796	\$376,040	\$374,412
Pumping	\$3,317,755	\$3,010,938	\$2,168,709
Transmission & Distribution	\$2,327,279	\$1,982,282	\$1,733,526
Collections	\$512,448	\$487,488	\$436,440
Treatment	\$2,059,312	\$1,799,005	\$1,299,230
Disposal	\$660,198	\$586,364	\$526,912
Other	\$0	\$0	\$0
Depreciation	\$4,025,551	\$3,938,448	\$3,856,303
Capital Labor and Costs	\$0	\$0	\$0
Administrative Costs Allocated	(\$1,112,496)	(\$1,071,408)	(\$770,892)
Total Operating Expense	\$22,625,941	\$21,127,761	\$17,824,660
Net Operating Income (Loss)	(\$1,839,517)	(\$1,140,607)	\$1,674,307

Summary of Expenditures by Year

The following table provides a breakdown of operating expenses by year. The table shows a slight increase in operating expenses in FY 2023 compared to FY 2022.

Operating Expenses	FY 2023	FY 2022	FY 2021
Salaries and Wages	\$4,795,173	\$4,268,359	\$3,797,893
Employee Benefits	\$928,302	\$817,481	\$770,702
Fringe Benefits	\$2,686,731	\$2,504,084	\$2,351,043
PERS – Prior year costs	\$0	\$0	\$453,134
Materials and Supplies	\$1,926,622	\$1,579,186	\$1,544,764
Outside Services	\$4,015,731	\$4,025,900	\$3,512,943
Groundwater Replenishment Fees	(\$130,668)	(\$145,176)	(\$129,498)
Utilities	\$1,849,999	\$1,499,998	\$1,100,001
Director's Fees	\$60,000	\$60,000	\$60,000
Engineering	\$42,000	\$42,000	\$42,000
Insurance	\$191,040	\$221,304	\$176,640
Audit	\$66,000	\$48,000	\$31,000
Rate Study	\$72,000	\$0	\$0
Legal	\$720,000	\$750,000	\$1,100,000
Fixed Assets	\$2,051,157	\$2,202,684	\$0
Depreciation	\$4,025,551	\$3,938,448	\$3,856,303
Standby Reports	\$19,380	\$16,145	\$15,300
Dues and Subscriptions	\$68,907	\$60,402	\$57,827
Training and Conferences	\$254,152	\$214,294	\$220,274
Amortization and Cost of Debt Insurance	\$184,008	\$0	\$1,440
Groundwater Management	\$20,000	\$20,000	\$20,000
Other Expenses	\$76,360	\$76,060	\$68,360
General District Allocation	(\$1,112,496)	(\$1,071,408)	(\$770,892)
Total Operating Expenses	\$22,809,949	\$21,127,761	\$18,279,234

Summary of Expenditures by Division

Board of Directors

The Mission Springs Water District is governed by a Board of Directors consisting of five elected members. The Board meets the third Monday of every month at the District's Administration Building located at 66575 Second Street in the City of Desert Hot Springs, California. The Board's activities relate to the governing of the District, establishing policy through approval of the budget, resolutions and ordinances, and participating in community affairs, intergovernmental relations, and participation at selected water organization activities. Salaries and benefits included in this division represent the staff needs to manage and support the Board of Directors.

FY 2023 Operating Expenses	
Salaries and Wages	\$89,220
Employee Benefits	\$14,808
Fringe Benefits	\$53,748
Materials and Supplies	\$1,200
Outside Services	\$134,000
Director's Fees	\$60,000
Training and Conferences	\$46,800
Total Operating Expenses	\$399,776



Administration

Administration is responsible for the overall day-to-day management of the District. Daily management includes the planning, control, direction, and evaluation of the District's programs and resources. Administration staff researches and prepares recommendations for consideration by the Board on issues facing the District. Vested in Administration is the primary responsibility for assuring that Board policies are properly administered. The operating cost of Administration goes toward conservation, legal services, water resource activities, training, professional memberships, policies, procedures, analysis and reporting of goals and outcomes of the District.

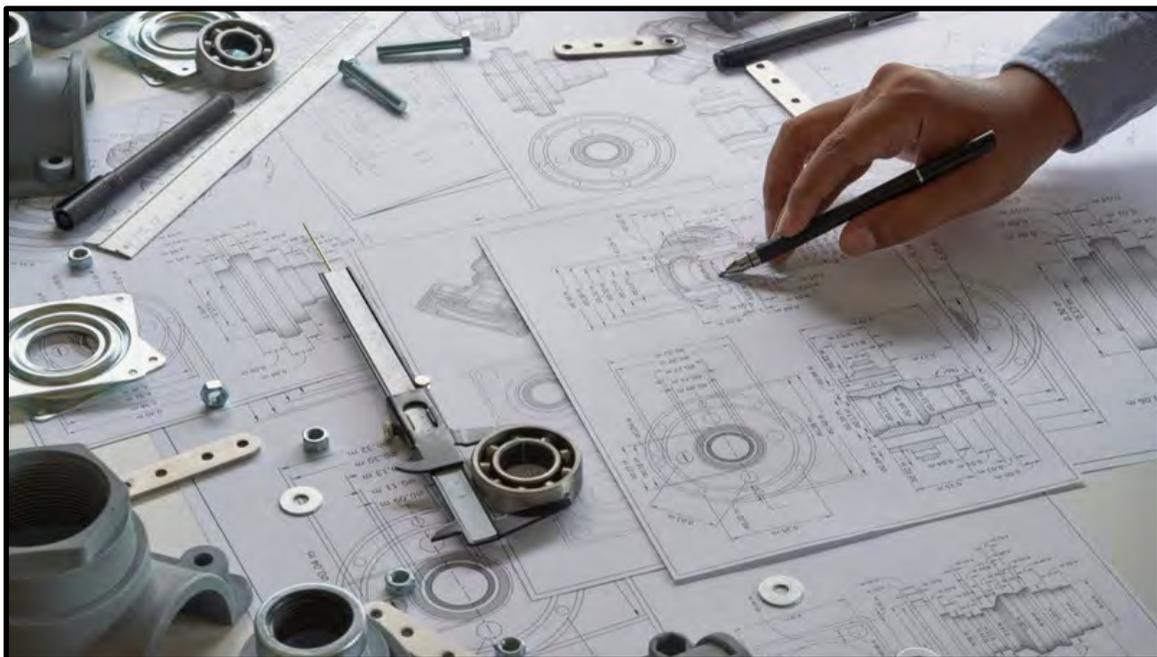
FY 2023 Operating Expenses	
Salaries and Wages	\$823,581
Employee Benefits	\$142,482
Fringe Benefits	\$481,791
Materials and Supplies	\$94,872
Outside Services	\$738,572
Utilities	\$45,619
Insurance	\$191,040
Legal	\$720,000
Fixed Assets	\$67,421
Dues and Subscriptions	\$60,912
Training and Conferences	\$115,208
Total Operating Expenses	\$3,481,498



Engineering & Water Resources

The Engineering and Water Resources division is responsible for designing and building water infrastructure improvements to ensure adequate water supply and pressure for the current and future needs of the District.

FY 2023 Operating Expenses	
Salaries and Wages	\$243,660
Employee Benefits	\$46,608
Fringe Benefits	\$149,988
Materials and Supplies	\$5,950
Outside Services	\$494,070
Engineering	\$42,000
Fixed Assets	\$787,679
Dues and Subscriptions	\$3,020
Training and Conferences	\$6,180
Other Expenses	\$32,000
Total Operating Expenses	\$1,811,155



Finance

The Finance and Customer Service divisions establish new water services, records customer water consumption, generates utility statements, handles customer service inquiries, and maintains accurate account records. Responsibilities include: budget preparation and development, accounting, auditing, financial reporting, debt management, and revenue collection.

FY 2023 Operating Expenses	
Salaries and Wages	\$857,076
Employee Benefits	\$215,472
Fringe Benefits	\$554,208
Materials and Supplies	\$4,300
Outside Services	\$317,928
Audit	\$66,000
Rate Study	\$72,000
Fixed Assets	\$500,000
Dues and Subscriptions	\$100
Training and Conferences	\$34,400
Other Expenses	\$11,360
Total Operating Expenses	\$2,632,844



Innovation and Technology

The Innovation and Technology (IT) division was formally established in FY 2021-22 and is responsible for the administration and coordination of the District’s computer systems, including the Geographic Information System (GIS), and Supervisory Control and Data Acquisition (SCADA). The IT division provides ongoing support for future planning, employee technical training, and coordinates related services with contract consultants. Information system supported by IT include: telephones, cell phones, radio communication systems, voice-mail, routers, switches, VPN, and firewalls. IT also maintains internet and intranet connections including the monitoring and security of the District’s computer network data traffic.

FY 2023 Operating Expenses	
Salaries and Wages	\$130,728
Employee Benefits	\$18,300
Fringe Benefits	\$77,004
Materials and Supplies	\$32,400
Outside Services	\$479,076
Fixed Assets	\$351,000
Training and Conferences	\$8,004
Total Operating Expenses	\$1,096,512



Public Outreach

The Public Outreach division is responsible for public outreach, news/media inquiries, education, and management of the District’s conservation programs.

FY 2023 Operating Expenses	
Salaries and Wages	\$124,620
Employee Benefits	\$20,760
Fringe Benefits	\$75,120
Materials and Supplies	\$163,900
Outside Services	\$315,400
Dues and Subscriptions	\$2,325
Training and Conferences	\$15,540
Groundwater Management	\$20,000
Other Expenses	\$33,000
Total Operating Expenses	\$770,665



Water Operations

Water Operations is responsible for water treatment, storage, production, pumping, and distribution systems. Responsibilities include maintenance of the water production system including: 13 wells, 24 storage tanks, and 12 booster stations.

Water Operations also provides customers with high quality potable water. The distribution system requires a team effort of daily operation and regular maintenance to ensure a reliable and consistent water supply. Water Operations maintains and replaces: service lines, valves, and fire hydrants. This also includes meter readers which read approximately 13,480 meters per month using manual and automated meter reading technology.

FY 2023 Operating Expenses	
Salaries and Wages	\$1,408,308
Employee Benefits	\$276,348
Fringe Benefits	\$747,996
Materials and Supplies	\$1,373,000
Outside Services	\$776,535
Groundwater Replenishment Fees	-\$130,668
Utilities	\$1,529,182
Fixed Assets	\$273,057
Standby Reports	\$16,200
Training and Conferences	\$18,520
Total Operating Expenses	\$6,288,478



Wastewater Operations

Wastewater Operations is responsible for the wastewater collections, treatment, and disposal systems. Responsibilities include maintenance of the wastewater system including: 2 treatment plants, 125.1 miles of sanitary sewer lines, and 2,384 manholes.

FY 2023 Operating Expenses	
Salaries and Wages	\$1,117,980
Employee Benefits	\$193,524
Fringe Benefits	\$546,876
Materials and Supplies	\$251,000
Outside Services	\$760,150
Utilities	\$275,198
Fixed Assets	\$72,000
Standby Reports	\$3,180
Dues and Subscriptions	\$2,550
Training and Conferences	\$9,500
Total Operating Expenses	\$3,231,958



Debt Service Fund Detail

The District has approximately \$9 million in outstanding long-term debt. Most of this debt is related to the Groundwater Quality Protection Program which has been expanding the District’s sewer collection system and converting septic systems in the area for over 18 years. This debt is secured by assessment districts (not sanitary sewer rates) passed by local voters and the District uses collections from those assessments to service these debt payments.

The following is a summary of the long-term debt and the amounts expected to be paid in FY 2023:

Long-Term Debt	Beginning Balance	Paid in FY 2022	Ending Balance	Due in FY 2023
Special Assessment Bonds – Assessment District #4	\$8,000	\$4,000	\$4,000	\$4,000
Special Assessment Bonds – Assessment District #7	\$58,000	\$13,000	\$45,000	\$14,000
COP – U.S. Department of Agriculture – 2001	\$245,901	\$7,900	\$238,001	\$8,205
Installment Sale Agreement – City National Bank – 2017	\$1,474,548	\$249,031	\$1,225,517	\$256,305
Installment Sale Agreement – Hollman Capital Corporation	\$227,732	\$14,979	\$212,753	\$15,614
SWRCB – Assessment District #12, Phase IV	\$3,388,171	\$227,970	\$3,160,201	\$232,986
Installment Sale Agreement – City National Bank – 2013	\$891,330	\$55,868	\$835,462	\$58,183
Installment Sale Agreement – BBVA Compass Bank – 2014	\$2,027,615	\$116,271	\$1,911,344	\$120,910
Total Long-Term Debt	\$8,321,297	\$689,019	\$7,632,278	\$710,203

Assessment District #4 Special Assessment Bonds, Series R-1

On February 15, 1983, the District issued special assessment bonds for \$88,200 for the construction of District improvements. The interest rate on the bonds is 11.375% per annum. Interest on the bonds is payable semi-annually on January 2 and July 2. Principal matures July 2 of each year through 2022.

Assessment District #7 Special Assessment Bonds

On February 28, 1985, the District issued special assessment bonds for \$222,200 to aid in financing a sewage collection system for Assessment District #7. The interest rate on the bonds is 7.25% per annum. Interest on the bonds is payable semi-annually on January 2 and July 2. Principal matures July 2 of each year through 2024.

Certificates of Participation – United States Department of Agriculture

On July 3, 2001, the District entered into a loan agreement with the U.S.D.A. and a Certificate of Participation (COP) was issued for \$348,000 to improve waterlines in Improvement District “E”. The interest rate on the COP is 4.50% per annum. Interest on the COP is payable semi-annually on February 1 and August 1. Principal matures February 1 of each year through 2041.

Assessment District #12, Phase I and Phase II – Refinance

On June 26, 2006, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$2,200,000. The proceeds from this contract were used to purchase Assessment Districts #12 bonds totaling \$1,630,024. The bond proceeds were used for Assessment District #12, Phase I costs.

On September 21, 2007, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$1,600,000. The proceeds from this contract were used to purchase Assessment Districts #12 bonds totaling \$1,329,530. The bond proceeds were used for Assessment District #12, Phase II costs.

On December 22, 2017, the District entered into a loan agreement with City National Bank in the amount of \$2,395,013. The proceeds from this contract were used to pay off the Phase I and II La Salle National Bank loans in the amount of \$1,309,488 and \$1,019,315, respectively. The interest rate on the loan agreement is 2.90% per annum. Principal and interest on the bonds is payable semi-annually on March 21 and September 21. Principal matures through September 21, 2027.

Mission Creek – 80 Acres

On June 21, 2013, the District entered into an installment sales agreement with Holman Capital Corporation in the amount of \$328,000. The proceeds were used to purchase 80 acres of land for future water system improvements. The interest rate on the installment sales agreement is 4.19% per annum. Interest on the bonds is payable semi-annually on June 7 and December 7. Principal matures on June 7 and December 7 of each year through June 7, 2033.

State Water Resources Control Board – State Revolving Fund Assessment District #12, Phase IV

In August 2012 (and later amended in January 2013), the District entered into a financing agreement with the State Water Resources Control Board (SWRCB) for a total amount of \$9,957,921 for the purpose of financing Assessment District #12, Phase III costs. This program is a loan from the Clean State Revolving Fund (SRF) of which 50% of the principal amount was forgiven. This was made possible through Federal Environmental Protection Agency funds granted to SRF. The interest rate on the loan is 2.2% with principal and interest payments due annually on January 31 beginning in 2015, final payment is due January 31, 2034.

Assessment District #12, Phase V

On December 19, 2013, the District entered into an installment sales agreement with City National Bank in the amount of \$1,215,000. The proceeds were used to purchase Assessment District #12 bonds totaling \$1,096,329 for Phase V costs. The interest rate on the installment sales agreement is 4.10% per annum. Interest on the bonds is payable semi-annually on March 2 and September 2. Principal matures on March 2 and September 2 of each year through 2029.

Assessment District #12, Phase VI

On November 1, 2014, the District entered into an installment sales agreement with BBVA Compass Bank in the amount of \$2,700,000. The proceeds were used to purchase Assessment District #12 bonds totaling \$2,582,000 for Phase VI costs. The interest rate on the installment sales agreement is 3.95% per annum. Interest on the bonds is payable semi-annually on March 2 and September 2. Principal matures on March 2 and September 2 of each year through 2029.



CAPITAL IMPROVEMENTS

For financial reporting purposes, a capital item is defined as an individual item with a cost of at least \$10,000 and an estimated useful life of more than one year. Each year as part of the budgetary process, the District's staff contemplates capital needs for the coming fiscal year in conjunction with any capital plans that are in place. These annual analyses are based on facts known at the time of the preparation of the budget. The District's capital items include water and sewer infrastructure, facilities, equipment, and fleet.



The District's ongoing capital program represents improvements and/or replacements of critical infrastructure in both the water and sewer systems. District staff continually monitor system conditions and propose projects annually that will minimize system breakdown and increase system efficiencies. District vehicles and equipment are also part of the capital program. Because capital projects often span more than one fiscal year, appropriations of funds are carried over from one fiscal year to the next until the projects are completed. Funding for capital projects come from a variety of sources including rates, loans, grants, and assessment districts.

Summary of Reserve

Over the past several years, and because of the 2016 rate action, the District's reserves have stabilized. The Board and staff continue to monitor these levels to ensure the financial stability of the District in the future. These reserves enable the District to properly maintain and replace its necessary infrastructure as well as create an emergency reserve against external circumstances.

MSWD continues to maintain financial stability and strong reserves through prudent and conservative money management practices, despite volatile financial markets.

The District converted its treasury holdings to CalTrust. CalTrust has provided significantly better total investment returns for the District since joining in 2017. While complying with California Government Code 53601 and 53605, CalTrust seeks to attain as high a level of current income as is consistent with preservation of principal and aligned with the public agency funds guidepost of Safety, Liquidity, and Yield. The District holds cash reserves for various



purposes, the largest of which is a Capital Reserve Fund of approximately \$30 million as of April 30, 2022 as shown in the table below.

Wells Fargo	Fund Total
Operating Cash Account	\$16,099,000
CalTrust	
Liquidity Fund	\$2,550,000
Short-Term Fund	\$6,398,000
Medium-Term Fund	\$21,279,000
Sub-Total CalTrust	\$30,227,000
Total District Cash	\$46,326,000

Equipment Replacement Program

The District maintains an Equipment Replacement Fund. Currently, there are four pieces of equipment that need replacement during FY 2023 totaling \$580,000. These four items are in support of the Water District Fund. Funds expended on equipment replacement projects in the current year will be spent on projects approved by the Board of Directors in previous years (continuing appropriations) as well as the current year. Continuing appropriations from FY 2022 total \$178,000, and additional equipment added during FY 2023 total \$402,000, for a total of \$580,000 in the FY 2023 Budget as shown in the table below.

Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund in FY 2023 Budget
Potable Water Truck	\$178,000	\$0	\$178,000	\$178,000
New 2022 John Deere 310 Backhoe	\$0	\$156,000	\$156,000	\$156,000
2022 Ford F-650 Diesel Dump Truck	\$0	\$129,000	\$129,000	\$129,000
New 2022 Harlo Forklift	\$0	\$117,000	\$117,000	\$117,000
Total Operating Expenses	\$178,000	\$402,000	\$580,000	\$580,000

Capital Improvement Program Summary

The District maintains a 5-year Capital Improvement Program. Currently, there are 40 projects in the Capital Improvement Program totaling \$127,085,275. Funds expended on capital projects in the current year will be spent on projects approved by the Board of Directors in previous years (continuing appropriations) as well as the current year. Continuing appropriations from FY 2022 total \$89,725,534 and additional projects added during FY 2023 total \$37,360,000. However, only \$87,180,394 will be funded from the FY 2023 Budget as shown in the table below.

Total Continuing Appropriations from FY 2022 Budget	\$89,725,534
Total Capital Projects added for FY 2023 Budget	\$37,360,000
Final Capital and Continuing Appropriations for FY 2023 Budget	\$127,085,275
Funded Projects for FY 2023 Budget	\$87,180,394

Of the \$87,180,394 to be funded during FY 2023, it is expected that \$25,097,529 will be funds collected from Assessment Districts and Grants, \$33,898,560 from low-interest loans, and only \$28,184,305 from the District's Capital Reserve Fund as shown in the table below.

Budgeted Cash Outflow Related to Capital Projects	\$87,180,394
Expected Proceeds from Assessment Districts and Grants	(\$25,097,529)
Expected Proceeds from Low-Interest Loans	(\$33,898,560)
Expected Net Cash Outflow Related to Capital Projects	\$28,184,305

Of the 40 projects in the 5-year Capital Improvement Program, there are two projects totaling \$16,554,039 for the General District, 26 projects totaling \$13,791,295 for the Water District, and there are 12 projects totaling \$56,835,060 for the Sewer District.

Budgeted Cash Outflow Related to Capital Projects	\$87,180,394
2 Projects Benefiting the General District Fund	\$16,554,039
26 Projects Benefiting the Water District Fund	\$13,791,295
12 Projects Benefiting the Sewer District Fund	\$56,835,060

Capital Improvement Program Projects

The District maintains a 5-year Capital Improvement Program. Currently, there are 40 projects in the Capital Improvement Program totaling \$127,085,275. Funds expended on capital projects in the current year will be spent on projects approved by the Board of Directors in previous years (continuing appropriations) as well as the current year. Continuing appropriations from FY 2022 total \$89,725,534 and additional projects added during FY 2023 total \$37,360,000. However, only \$87,180,394 will be funded from the FY 2023 Budget for the 40 individual capital projects as shown in the table below.

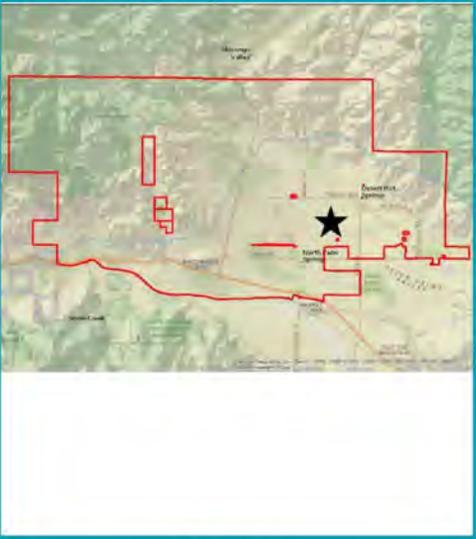
Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund in FY 2023 Budget
Well #42	\$4,600,000	\$0	\$4,600,000	\$2,190,000
1530 Zone Redbud Tank #2	\$80,000	\$0	\$80,000	\$9,292
I-10 & Indian Sewer Collection System	\$602,000	\$0	\$602,000	\$7,332
Well & Booster SCADA Enhancement	\$30,000	\$0	\$30,000	\$4,482
Regional Wastewater Reclamation Facility	\$51,000,000	\$0	\$51,000,000	\$37,900,000
GQPP Area M-2 (AD #15)	\$6,250,000	\$4,000,000	\$10,250,000	\$6,810,000
Conveyance Line from LS to RWRP	\$3,300,000	\$5,000,000	\$8,300,000	\$8,040,000
Chromium 6 Compliance Study	\$200,000	\$0	\$200,000	\$185,511
HWWTP Influent Pump Station Odor Control	\$730,000	\$0	\$730,000	\$499,565
Booster Pump Rehabilitation Program	\$150,000	\$0	\$150,000	\$107,882
Modular Enclosure – Chlorine Equipment & Well Sites	\$124,180	\$0	\$124,180	\$50,000
Electrical Panel/Motor Rehabilitation (3 Sites)	\$633,404	\$0	\$633,404	\$600,000
Terrace Reservoir #1	\$754,343	\$0	\$754,343	\$720,000

Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund in FY 2023 Budget
Terrace Reservoir #2	\$814,461	\$0	\$814,461	\$780,000
Terrace Reservoir #3	\$361,363	\$0	\$361,363	\$330,000
Vista Reservoir Rehabilitation	\$975,427	\$0	\$975,427	\$849,000
Well 22 Rehabilitation	\$100,000	\$560,000	\$660,000	\$610,000
HWWTP Above Ground Piping & Appurtenance Rehabilitation	\$150,000	\$0	\$150,000	\$100,000
HWWTP SCADA Upgrades	\$129,008	\$0	\$129,008	\$100,000
GQPP Area A & G Design & Engineering	\$1,600,000	\$0	\$1,600,000	\$1,195,820
New Administration Building	\$5,500,000	\$27,800,000	\$33,300,000	\$16,450,000
2020 Water CIP Pipeline Replacement	\$2,264,975	\$0	\$2,264,975	\$700,000
Sewer System Collections	\$750,000	\$0	\$750,000	\$540,184
Horton North Building Improvements	\$150,000	\$0	\$150,000	\$95,000
Well & Reservoir Site Security Cameras	\$225,075	\$0	\$225,075	\$225,075
Emergency Backup Generator Well 27/31	\$411,002	\$0	\$411,002	\$400,000
Emergency Backup Generator Well 32	\$300,331	\$0	\$300,331	\$290,780
Emergency Backup Generator Well 37	\$330,331	\$0	\$300,331	\$290,898
Filtration for HWWTP	\$1,500,000	\$0	\$1,500,000	\$1,400,000
GQPP Area D3-1 Sewer Design	\$156,000	\$0	\$156,000	\$147,159
Portable Booster/Transfer Pump	\$180,000	\$0	\$180,000	\$180,000

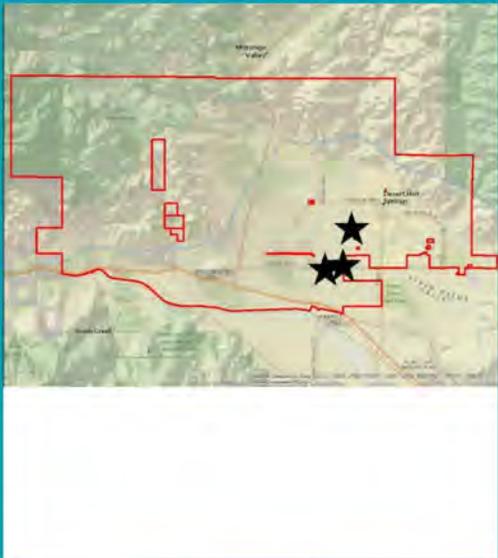
Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund in FY 2023 Budget
Trailer Mounted Portable Generators	\$537,375	\$0	\$537,375	\$537,375
Reservoir Rehabilitation Program Design FY 2022	\$120,000	\$0	\$120,000	\$120,000
Well Rehabilitation Program Design FY 2022	\$120,000	\$0	\$120,000	\$120,000
Administration Office Repairs (Drywall & Painting)	\$135,000	\$0	\$135,000	\$104,039
Pierson Blvd Slurry Seal Project	\$183,000	\$0	\$183,000	\$183,000
Riverside County Mountain View Resurfacing Project	\$33,000	\$0	\$33,000	\$33,000
Well 35 Equipment Installation	\$2,700,000	\$0	\$2,700,000	\$2,700,000
Well 34 Rehabilitation	\$475,000	\$0	\$475,000	\$475,000
Well 34/35 Intertie	\$1,100,000	\$0	\$1,100,000	\$1,100,000
Total	\$89,725,275	\$37,360,000	\$127,085,275	\$87,180,394



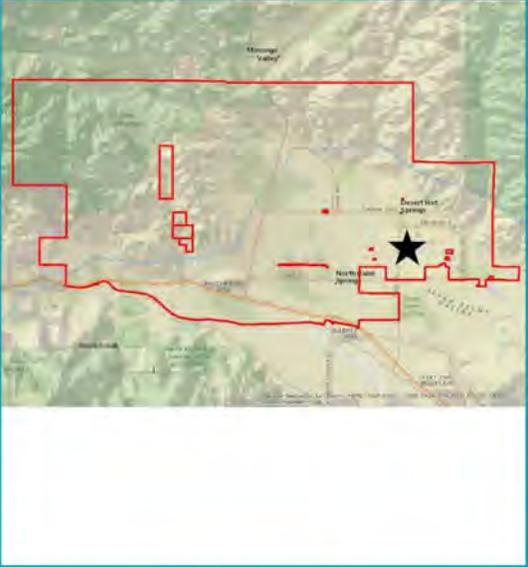
Capital Improvement Program Project Information

 Capital Improvement Project Information Mission Water District – New Administrative Building	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: New Administrative Building	ESTIMATED SCHEDULE: DESIGN: To be completed by 12/2022 CONSTRUCTION: 02/2023 – 02/2024
Job Number: 11621	FUNDING SOURCE: MSWD Funds, State Funds, Grant Funds
PROJECT TYPE: Facility Improvements	PROJECT MANAGER: E. Weck
	CIP ACCOUNT NO.: 101 General Fund
PROJECT DESCRIPTION: Mission Springs Water District strives to provide the best quality water and wastewater service to its customers. Over the past several decades, Mission Springs Water District has grown and seeks to construct a new Administrative Building to allow the District to grow and continue to provide service to its customers.	
PROJECT BUDGET (FY 22/23): DESIGN: \$1,700,000 CONSTRUCTION: \$14,750,000 TOTAL: \$16,450,000	

 Capital Improvement Project Information Conveyance Line Construction	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Conveyance Line Construction	ESTIMATED SCHEDULE: DESIGN: 06/2022 CONSTRUCTION: 11/2022 – 8/2023
Job Number: 11426	FUNDING SOURCE: MSWD Funds State Funds
PROJECT TYPE: Wastewater Construction	PROJECT MANAGER: E. Weck / S. Ledbetter
	CIP ACCOUNT NO.: 301 Sewer Fund
PROJECT DESCRIPTION: MSWD's new West Valley Conveyance Line is one of three concurrent projects that will provide wastewater flows to the District's new Regional Water Reclamation facility. The West Valley Conveyance Line project includes a force main from the existing Dos Palmas lift station at Dillon Road and Avenida Manzana to Little Morongo Road and Dillon Road. From there, a gravity line will bring flows down to the new plant.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$7,100,000 INSPECTION/CONSTRUCTION ENGINEERING: \$940,000 TOTAL: \$8,040,000	

 Capital Improvement Project Information Emergency Generator Backup – Various Well Locations	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Emergency Generator Backup – Wells	ESTIMATED SCHEDULE: DESIGN: 03/2023 CONSTRUCTION: 06/2023 – 12/2023
Job Number: 11666	FUNDING SOURCE: MSWD Funds State Funds
PROJECT TYPE: Emergency Preparedness	PROJECT MANAGER: E. Weck / S. Ledbetter
CIP ACCOUNT NO.: 201 Water Fund	
PROJECT DESCRIPTION: Part of MSWD’s emergency response plan, this project will add fixed base generators with automatic transfer switches at four well sites. Currently, in the design process, the generators will minimize water delivery impacts to our customers in the event of a power outage or Public Safety Power Shutoff by Southern California Edison.	
PROJECT BUDGET (FY 22/23): DESIGN: \$100,000 CONSTRUCTION: \$300,000 TOTAL: \$400,000	

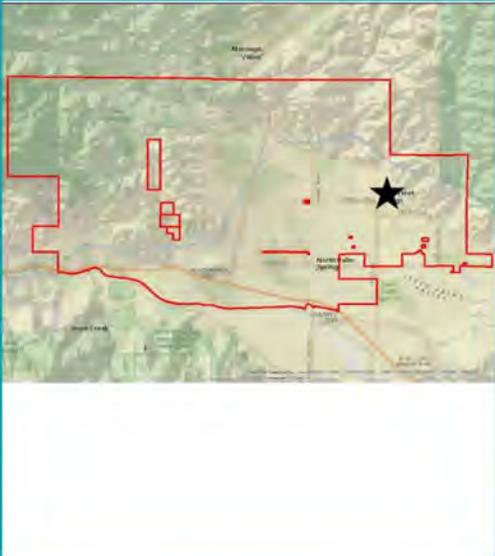
 Capital Improvement Project Information North Building Facility Improvements	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: North Building Facility Improvements	ESTIMATED SCHEDULE: DESIGN: 06/2022 CONSTRUCTION: 06/2022-08/2022
JOB NUMBER: 11661	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Wastewater/Facility Improvements	PROJECT MANAGER: E. Weck/L. Boyer
	CIP ACCOUNT NO.: 301 Sewer Fund
PROJECT DESCRIPTION: Repair of roof, and installation of heating/air conditioning at the Horton Wastewater Treatment facility. Construction of new bathroom and remodel of existing bathroom at the North Building.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$90,000 INSPECTION/CONSTRUCTION ENGINEERING: \$5,000 TOTAL: \$95,000	

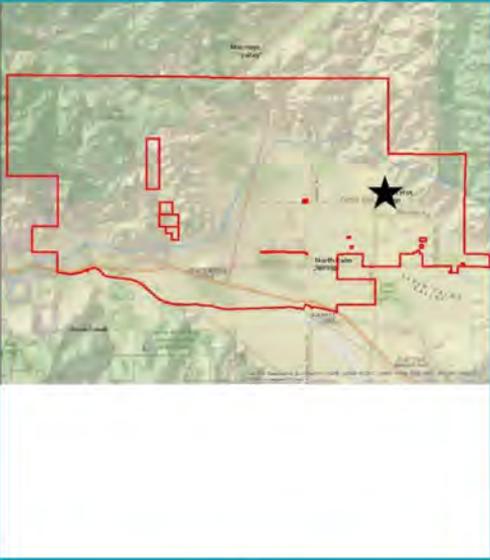
		Capital Improvement Project Information Horton Wastewater Treatment Plant Upgrade – Piping/Appurtenances Rehabilitation	
		VICINITY MAP 	
LOCATION		LIMITS OF PROJECT	
PROJECT TITLE: HWWTP Upgrade – Piping/Appurtenances		ESTIMATED SCHEDULE: DESIGN: 03/2023 CONSTRUCTION: 12/2023 – 06/2024	
Job Number: 11613		FUNDING SOURCE: MSWD Funds	
PROJECT TYPE: Horton Wastewater Facility Improvements		PROJECT MANAGER: E. Weck/S. Ledbetter	
		CIP ACCOUNT NO.: 301 Sewer Fund	
PROJECT DESCRIPTION: The Horton Wastewater Treatment Plant currently has above ground pipes and appurtenances needing maintenance and rehabilitation.			
PROJECT BUDGET (FY22/23): DESIGN: \$100,000 TOTAL: \$100,000			

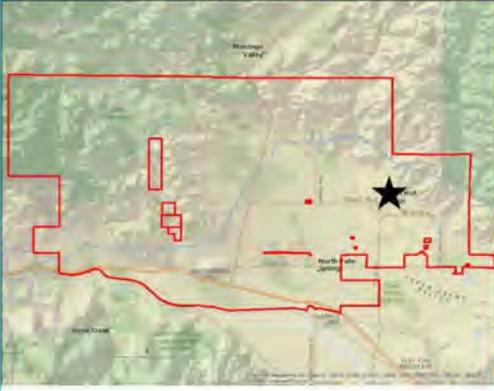
 Capital Improvement Project Information Horton Wastewater Treatment Plant Upgrade – Tertiary Filtration	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: HWWTP Upgrade – Filtration	ESTIMATED SCHEDULE: DESIGN: 03/2022 CONSTRUCTION: 08/2023 – 06/2023
Job Number: 11689	FUNDING SOURCE: MSWD Funds PROJECT MANAGER: E. Weck/S. Ledbetter
PROJECT TYPE: Horton Wastewater Facility Improvements	CIP ACCOUNT NO.: 301 Sewer Fund
PROJECT DESCRIPTION: The Horton Wastewater Treatment Plant has experienced problems with poor infiltration rates in the percolation ponds due to the high concentration of suspended solids in the secondary effluent. The new WWTP Tertiary Effluent Filters will increase the pond efficiency as a reduction of the suspended solids concentration in the secondary effluent.	
PROJECT BUDGET (FY22/23): CONSTRUCTION: \$1,260,000 INSPECTION/CONSTRUCTION ENGINEERING: \$140,000 TOTAL: \$1,400,000	

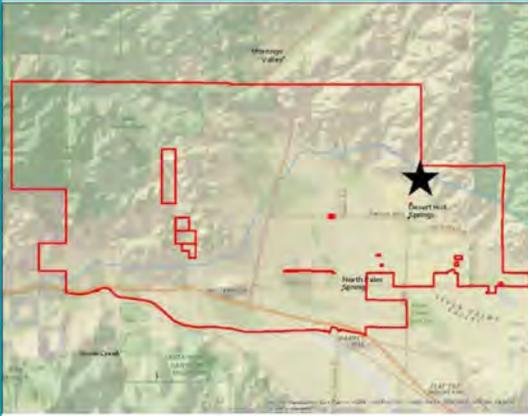
 Capital Improvement Project Information M-2, Septic to Sewer Construction	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: M-2 Septic to Sewer Construction	ESTIMATED SCHEDULE: DESIGN: 09/2022 CONSTRUCTION: 01/2023 – 01/2024
Job Number: 11426	FUNDING SOURCE: Assessment District 15 Proceeds State Grant Funds
PROJECT TYPE: Septic tank abatement / Assessment District	PROJECT MANAGER: E. Weck/S. Ledbetter CIP ACCOUNT NO.: 301 Sewer Fund
PROJECT DESCRIPTION: The West Valley Collection System (Sub Area M2-1) will connect 318 parcels to the MSWD sewer system and abate over 182 on-site septic systems. The West Valley Collection System is one of three projects that comprise the Regional Water Reclamation Facility project.	
PROJECT BUDGET (FY 22/23): DESIGN: \$60,000 CONSTRUCTION: \$5,500,000 INSPECTION/CONSTRUCTION ENGINEERING: \$1,250,000 TOTAL: \$6,810,000	

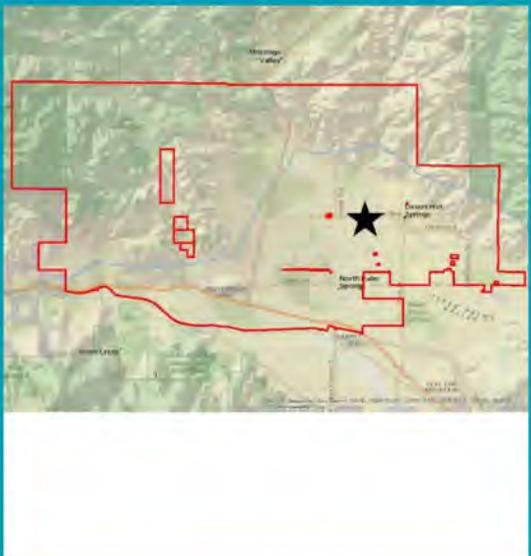
 FY 2022-2023 Capital Improvement Project Information Regional Wastewater Treatment Facility	
 <p>LOCATION</p>	 <p>VICINITY MAP</p> <p>LIMITS OF PROJECT</p>
<p>PROJECT TITLE: Regional Wastewater Treatment Facility</p>	<p>ESTIMATED SCHEDULE: DESIGN: 07/2021 CONSTRUCTION: 04/2022 – 12/2023</p>
<p>Job Number: 11424</p>	<p>FUNDING SOURCES: MSWD Funds State Water Board Funds</p>
<p>Project Type: Wastewater Treatment Facility</p>	<p>PROJECT MANAGER: S. Ledbetter/E. Weck</p> <p>CIP ACCOUNT NO.: 301 Sewer Fund</p>
<p>PROJECT DESCRIPTION: The project will construct a new 1.5 million gallon per day sequence batch reactor wastewater treatment plant. Project includes new operations and administration building that will house a solids processing area, chemical storage area, maintenance, electrical room, and blower room.</p>	
<p>PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$35,000,000 INSPECTION/CONSTRUCTION ENGINEERING: \$2,900,000 TOTAL: \$37,900,000</p>	

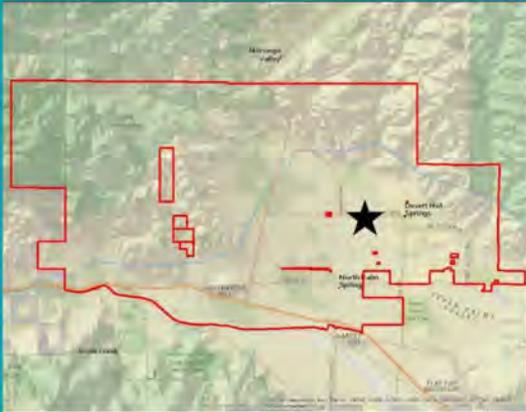
 Capital Improvement Project Information Terrace Reservoir 1	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Terrace Reservoir 1	ESTIMATED SCHEDULE: DESIGN: 03/2021 CONSTRUCTION: 01/2023 – 01/2024
Job Number: 11607	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Reservoir Tank Rehabilitation	PROJECT MANAGER: E. Weck / S. Ledbetter
	CIP ACCOUNT NO. 201 Water Fund
PROJECT DESCRIPTION: District staff has identified required rehabilitation and maintenance of the Terrace Reservoirs site to enhance safety and operations and maintenance activities of the three existing reservoirs.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$576,000 INSPECTION/CONSTRUCTION ENGINEERING: \$144,000 TOTAL: \$720,000	

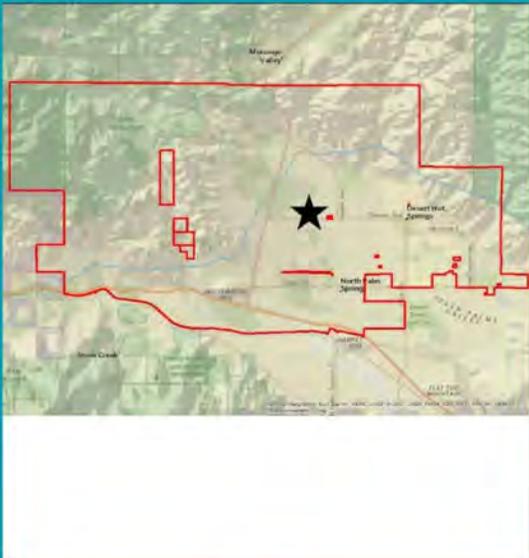
 Capital Improvement Project Information Terrace Reservoir 2	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Terrace Reservoir 2	ESTIMATED SCHEDULE: DESIGN: 03/2021 CONSTRUCTION: 01/2023 – 01/2024
Job Number: 11608	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Reservoir Tank Rehabilitation	PROJECT MANAGER: E. Weck / S. Ledbetter CIP ACCOUNT NO. 201 Water Fund
PROJECT DESCRIPTION: District staff has identified required rehabilitation and maintenance of the Terrace Reservoirs site to enhance safety and operations and maintenance activities of the three existing reservoirs.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$625,000 INSPECTION/CONSTRUCTION ENGINEERING: \$144,000 TOTAL: \$782,000	

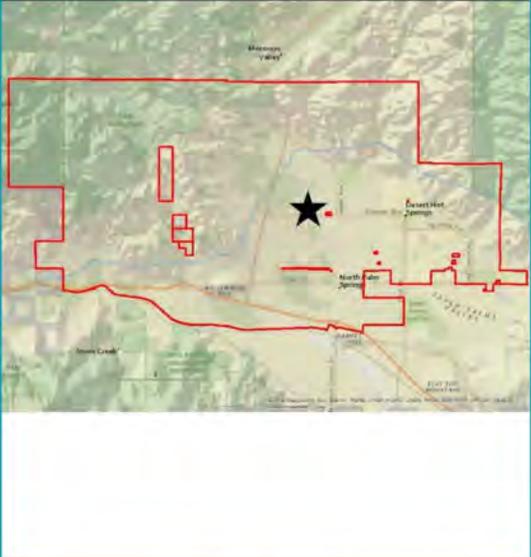
 Capital Improvement Project Information Terrace Reservoir 3	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Terrace Reservoir 3	ESTIMATED SCHEDULE: DESIGN: 03/2021 CONSTRUCTION: 01/2023 – 01/2024
Job Number: 11609	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Reservoir Tank Rehabilitation	PROJECT MANAGER: E. Weck / S. Ledbetter CIP ACCOUNT NO. 201 Water Fund
PROJECT DESCRIPTION: District staff has identified required rehabilitation and maintenance of the Terrace Reservoirs site to enhance safety and operations and maintenance activities of the three existing reservoirs.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$264,000 INSPECTION/CONSTRUCTION ENGINEERING: \$66,000 TOTAL: \$330,000	

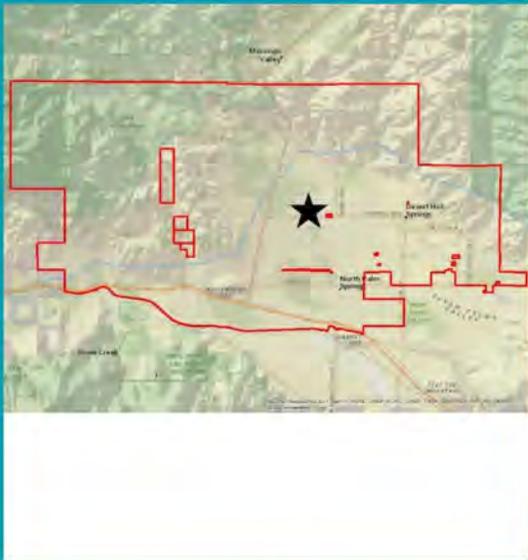
 Capital Improvement Project Information Vista Reservoir Rehabilitation	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Vista Reservoir Rehabilitation	ESTIMATED SCHEDULE: DESIGN: 05/2021 CONSTRUCTION: 01/2023 – 06/2023
Job Number: 11610	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Reservoir Rehabilitation/Upgrade	PROJECT MANAGER: E. Weck / S. Ledbetter
	CIP ACCOUNT NO. 201 Water Fund
PROJECT DESCRIPTION: Rehabilitation of existing 300,000 gallon reservoir.	
PROJECT BUDGET (FY 22/23): DESIGN: \$170,000 CONSTRUCTION: \$679,000 TOTAL: \$849,000	

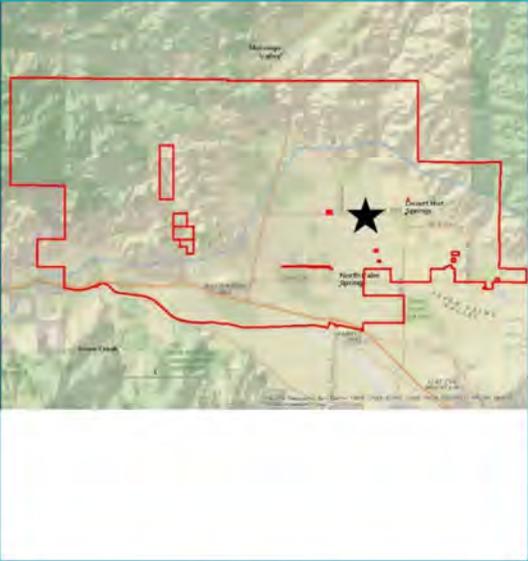
 Capital Improvement Project Information Well 22 Rehabilitation	
 <p style="text-align: center;">LOCATION</p>	 <p style="text-align: center;">VICINITY MAP</p> <p style="text-align: center;">LIMITS OF PROJECT</p>
<p>PROJECT TITLE: Well 22 Rehabilitation</p>	<p>ESTIMATED SCHEDULE: DESIGN: 06/2023 CONSTRUCTION: 12/2023 – 06/2023</p>
<p>Job Number: 11611</p>	<p>FUNDING SOURCE: MSWD Funds</p>
<p>PROJECT TYPE: Reservoir Rehabilitation/Upgrade</p>	<p>PROJECT MANAGER: E. Weck / S. Ledbetter</p>
	<p>CIP ACCOUNT NO.: 201 Water Fund</p>
<p>PROJECT DESCRIPTION: Well 22 needs maintenance and rehabilitation. Well improvements include new discharge piping, and outlet systems, electrical panels and new pump improvements.</p>	
<p>PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$550,000 INSPECTION/CONSTRUCTION ENGINEERING: \$60,000 TOTAL: \$610,000</p>	

 Capital Improvement Project Information Well 24 Rehabilitation and Electrical Panel Upgrade	
	
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Well 24 Rehabilitation & Electrical Panel	ESTIMATED SCHEDULE: DESIGN: 07/2021 CONSTRUCTION: 12/2022 - 12/2022
Job Number: 11602	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Well Rehabilitation/Upgrade	PROJECT MANAGER: E. Weck/S. Ledbetter
	CIP ACCOUNT NO.: 201 Water Fund
PROJECT DESCRIPTION: This project will supply and install new motor auxiliary panel for existing SCADA at new location on south fence line. Construct new concrete pad for MCC, meter main and SCADA. Install new conduit to pump base and make motor connections.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$550,000 INSPECTION/CONSTRUCTION ENGINEERING: \$60,000 TOTAL: \$610,000	

 Capital Improvement Project Information Well 34/35 Intertie	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Well 34/35 Intertie	ESTIMATED SCHEDULE: DESIGN: 12/2022 CONSTRUCTION: 03/2023 – 07/2023
Job Number: 11743	FUNDING SOURCE: Developer Funded
PROJECT TYPE: Well Rehabilitation/Upgrade	PROJECT MANAGER: E. Weck
	CIP ACCOUNT NO.: 201 Water Fund
PROJECT DESCRIPTION: 18-inch water main along Karen Avenue connecting Well 34 and Well 35.	
PROJECT BUDGET (FY 22/23): DESIGN: \$100,000 CONSTRUCTION: \$1,000,000 TOTAL: \$1,100,000	

		Capital Improvement Project Information Well 34 Rehabilitation	
		VICINITY MAP 	
LOCATION		LIMITS OF PROJECT	
PROJECT TITLE: Well 34 Rehabilitation		ESTIMATED SCHEDULE: DESIGN: 07/2022 CONSTRUCTION: 09/2022 – 2/2023	
Job Number: 11742		FUNDING SOURCE: Developer Funded	
PROJECT TYPE: Well Rehabilitation/Upgrade		PROJECT MANAGER: E. Weck	
		CIP ACCOUNT NO.: 201 Water Funds	
PROJECT DESCRIPTION: Rehabilitation of Well 34 will include chemical treatment, brushing, and bailing of casing pipe; and other necessary enhancements.			
PROJECT BUDGET (FY 22/23): DESIGN: \$25,000 CONSTRUCTION: \$450,000 TOTAL: \$475,000			

 <h3 style="margin: 0;">Capital Improvement Project Information</h3> <h4 style="margin: 0;">Well 35 Equipment Installation</h4>	
	<h4 style="background-color: #0070C0; color: white; padding: 5px;">VICINITY MAP</h4> 
LOCATION	LIMITS OF PROJECT
<p>PROJECT TITLE: Well 35 Equipment Installation</p>	<p>ESTIMATED SCHEDULE: DESIGN: 09/2022 – 01/2023 CONSTRUCTION: 01/2023 – 07/2023</p>
<p>Job Number: 11741</p>	<p>FUNDING SOURCE: Developer provided deposit</p>
<p>PROJECT TYPE: Well Rehabilitation/Upgrade</p>	<p>PROJECT MANAGER: E. Weck / S. Ledbetter</p>
<p>CIP ACCOUNT NO.: 201 Water Fund</p>	
<p>PROJECT DESCRIPTION: Well 35 was drilled as part of the original development of Skyborne. This project will provide the pump, motor, shelter, and all necessary electrical equipment to bring Well 35 into operation.</p>	
<p>PROJECT BUDGET (FY 22/23): DESIGN: \$100,000 CONSTRUCTION: \$2,600,000 TOTAL: \$2,700,000</p>	

 Capital Improvement Project Information Well 42 Construction	
	VICINITY MAP 
LOCATION	LIMITS OF PROJECT
PROJECT TITLE: Well 42 Construction	ESTIMATED SCHEDULE: DESIGN: 09/2020 CONSTRUCTION: 01/2021 – 01/2023
Job Number:	FUNDING SOURCE: MSWD Funds
PROJECT TYPE: Well Construction	PROJECT MANAGER: E. Weck
	CIP ACCOUNT NO.: 201 Water Fund
PROJECT DESCRIPTION: Currently, under construction, the well will provide an additional water source for MSWD's 1240 and 1400 pressure zones.	
PROJECT BUDGET (FY 22/23): CONSTRUCTION: \$2,190,000 INSPECTION/CONSTRUCTION ENGINEERING: \$200,000 TOTAL: \$2,390,000	

STRATEGIC PERFORMANCE AND ACCOMPLISHMENTS

Mission Statement, Vision, and Core Values

In 2014, MSWD initiated a formal strategic planning effort by developing a Mission Statement, an accompanying Vision Statement, and a set of Core Values for the District.

Mission Statement

Mission Springs Water District has one simple mission: Provide, protect, and preserve our most valuable resource... water.

Vision for Mission Springs Water District

MSWD is a leader and innovator in the water industry.

MSWD employees are highly qualified, innovative, and continuously functioning at the highest levels of teamwork and performance excellence.

MSWD maintains a culture of responsibility while providing the highest levels of customer service.

MSWD has the foresight to anticipate the future and is adaptable and resilient to overcome any challenge it faces.

The Seven Core Values of Mission Springs Water District

Values are the pillars upon which an organizational culture is built. Values must be intrinsic to the individuals who make up the organization. Values must surpass “concepts” and translate into guiding convictions that are embraced first by leadership then passed through to every level of the organization by example. We live by the values of:

Professionalism: MSWD employees conduct themselves with professionalism. Professionalism describes the standards of conduct, performance, knowledge and skill necessary to perform our specific role within the organization.

Accountability: MSWD employees take ownership of our decisions and accept responsibility for our actions. We are accountable to the public we serve.

Respect: We respect all people on the basis of their human worth. In order to earn respect we must first give respect.

Integrity: MSWD employees operate with the highest degree of integrity. We are honest and hold ourselves to consistent moral principles and ethical standards.

Servant Attitude: MSWD employees consider the other person as more important than one’s self. This Servant Attitude considers the impacts of our actions on others and the organization before self.

Excellence: MSWD employees strive for excellence and are conscious of our performance at all times. We are committed to continuous learning and innovation ensuring that our services exceed expectations.

Stewardship: Stewardship embodies the ethical behavior of accepting responsibility and management of a resource – water. We operate the District as a public trust as stewards of this precious resource.



Strategic Plan

As a result of the 2014 strategic planning effort, MSWD has developed a Strategic Plan that will serve as a guidance document for the District over a five-year period (2017-2022). The 2017 Strategic Plan is intended to achieve several objectives, including to: clearly define the purpose of the organization, create a roadmap for aligning activities and resources to achieve an agreed upon purpose, build consensus within the organization through enhanced communication, and allow the agency to convey long-range plans to its customers, stakeholders, elected officials, and other constituents.

There were five-steps in the development of MSWD’s 2017 Strategic Plan.

1. **Data collection and review.**
2. **Workshop.** The Board of Directors and Strategic Planning team conducted a workshop to review the Mission Statement, Vision Statement, and Core Values for the District. At the workshop, the group conducted an influence modeling exercise to identify agencies and stakeholders that could impact the development of the Strategic Plan or could be impacted by the development of the Strategic Plan. After careful consideration the Board of Directors approved 5 Strategic Goals and each goal is defined to reflect the future state of the District.
3. **New Objective and Goals.** Staff review the approved 5 Strategic Goals and establish levels of service and clarify future roles.
4. **Analysis.** Staff conducts a Strength, Weakness, Opportunities, and Threats (SWOT) Analysis and Gap Analysis for each of the five Strategic Goals. Identify projects and programs in support of achieving the 5 Strategic Goals.
5. **Prepare Strategic Plan.** Prepare a final Strategic Plan document with an action plan. Prioritize projects and programs in support of achieving the 5 Strategic Goals. For planning purposes, projects and programs were ranked with the following priorities:
 - Priority A – Projects or programs that need to be initiated or completed in the first 1-2 years
 - Priority B – Projects or programs that need to be initiated or completed within 2-5 years
 - Priority C – Projects or programs that extend beyond 5 years

MSWD has made significant progress implementing projects and programs in support of achieving the objectives of the Strategic Goals.



Strategic Goal 1 – Water Supply

MSWD meets the current and future water supply needs of its customer base. Implementation of this goal will include strategies and programs designed to develop new water resources and conserve existing resources.

No.	Priority	Project Description	Department Assigned
1	A	Develop an integrated water supply plan to identify and evaluate alternatives to diversifying the District’s existing water supply and decrease reliance on imported water. The plan should include a financial impact analysis and delivery options.	Administration
2	A	Conduct a feasibility study and cost analysis providing additional treatment options for imported water supplies from the Colorado River to alleviate future concerns with increased levels of Total Dissolved Solids (TDS).	Engineering
3	A	Coordinate with the Coachella Valley Water District and Desert Water Agency on an evaluation to enhance existing hydrologic studies of the groundwater basins the District relies on for current and future production. The evaluation will consider issues such as aquifer storage potential, groundwater quality, and the location of geologic faults, storage capability and groundwater movement. Approval of the evaluation study is contingent on completion of the SGMA process.	Administration Engineering
4	A	Evaluate opportunities with the Agua Caliente Indian Reservation to access groundwater within the Indio and San Gorgonio Pass Subbasins.	Administration
5	A	Initiate discussions with the Desert Water Agency and other wholesale and retail water providers, as well as private parties of interest to formulate a regional groundwater management structure and strategy. Options include: formulation of a joint powers agency, adjudication, or other management/political body. Identify strategies and agreements for imported water, production rights, enhancing groundwater quality, and fees and budget administration.	Administration
6	B	Modify existing water distribution system to incorporate production of groundwater from the Indio and San Gorgonio Pass Subbasins directly into the District’s system.	Engineering
7	B	Review and update the District’s Urban Water Management Plan to include additional analysis of multiple dry-year drought conditions.	Engineering Conservation

8	C	Evaluate opportunities for expanded use of recycled water including direct reuse and recharge into existing aquifers.	Engineering
9	A	Participate on negotiations for final determination of the Ground Sustainability Agency for subbasins within the District’s service area, which include the San Gorgonio Pass Subbasin, the Mission Creek Subbasin, the Indio Subbasin, and the Desert Hot Springs Subbasin.	Administration



Strategic Goal 2 – Infrastructure

MSWD provides continuous investment in its infrastructure systems to ensure the treatment and distribution of existing and future water and wastewater supplies as well as maintaining and improving its facilities and operational support systems.

No.	Priority	Project Description	Department Assigned
1	A	Conduct project design and construction to expand wastewater treatment capacity at the MSWD Regional Wastewater Treatment Plant by 1.5 million gallons per day (MGD).	Engineering
2	A	Update existing water and wastewater master plans.	Engineering
3	A	Conduct an analysis of staffing and workload allocation for infrastructure and maintenance operations to determine staffing needs based on industry standards. Identify opportunities for privatization of specific routine maintenance functions to augment staffing levels.	Engineering Operations
4	A	Identify and record easements for water and sewer utility purposes in those areas where they are currently missing.	Engineering
5	A	Develop a Technology Plan that incorporates all aspects of the District’s internal and external technology including field operational technology.	Administration Operations
6	A	Conduct a financial and operational analysis of the impact of future residential and commercial development based on the Cities of Desert Hot Springs’ and Palm Springs’ General Plan.	Finance Engineering
7	A	Conduct an evaluation of alternative energy opportunities including cost and feasibility for each alternative.	Engineering
8	A	Conduct an evaluation and cost analysis for renovation of the current administration and annex facilities. The evaluation should include space planning and opportunities for internal growth, public access and accessibility, ADA compliance, office ergonomics, and furniture.	Finance Engineering Administration
9	A/B	(A) Expand utilization of the current Geographic Information System for operational and facility use. (B) The system can be expanded to also include a customer database utilized by the Customer Service Department.	Engineering Customer Service
10	B	Conduct an analysis of the infrastructure needs and financial cost impacts to operate and maintain the Improvement District and develop a separate water rate structure for this area.	Engineering Finance

11	B	Conduct analysis of available capacity within the current water system with future water demand projections to forecast time of demand need. Incorporate results in UWMP updates and Water Master Plan update.	Engineering
12	C	Evaluate options for relocation of existing water infrastructure within inaccessible areas of the District for ease of maintenance.	Engineering Operations
13	C	Pipeline replacement project for all galvanized piping within the water distribution system. Incorporate project in Master Plan update.	Engineering Operations
14	C	Evaluate vendor options for automating the inventory management system for purchasing, receiving, and warehouse operations. Develop cost estimates for future capital budget allocation.	Finance



Strategic Goal 3 – Financial Management

MSWD practices stewardship of its financial resources in a responsible manner to ensure the current and future reliability of its operations.

No.	Priority	Project Description	Department Assigned
1	A	Convert the manual check signature process to an 'electronic' signature format including approval criteria established by the Board of Directors.	Administration Finance
2	A	Automate the employee payroll structure and eliminate the manual entry of time and project numbers.	Finance Administration Human Resources
3	A	Conduct a review of the employee performance evaluation process and the number of individual pay-range step increases allocated to employees based on employee tenure and the correlation to the evaluation process. Options include reducing the number of steps or establishing a median pay scale for each job classification.	Finance Accounting
4	A	Update current accounting software interface.	Finance Accounting
5	A	Modify the vendor contract and material procurement and approval process to include authorization at the executive staff level (Director of Finance and Administration and Director of Engineering and Operations).	Finance Administration
6	A	Conduct a customer experience and needs assessment to gauge customer interaction and service level experience.	Finance Customer Service
7	A	Modify the budget document preparation process to include additional financial detail designed to increase customer confidence and knowledge of the District's financial management practices.	Finance
8	A	Develop and implement a customer education program designed to educate customers on water and sewer rates, capital spending requirements, and budgeting.	Finance Public Relations Customer Service
9	B	Implement changes to budget and revenue management to fully fund the reserve policy by 2020.	Administration Finance
10	B	Develop an asset management and replacement component of the Financial Master Plan.	Finance Accounting

Strategic Goal 4 – Public and Political Outreach

Develop opportunities to positively influence outcomes favorable to MSWD. Developing strategic alliances and partnerships as well as fostering better relationships with other political entities and members of the public accomplish this goal.

No.	Priority	Project Description	Department Assigned
1	A	Develop a comprehensive public relations strategy and master plan of activities and programs. Components of the plan shall include the overall goal of the program, staffing and resource needs, budget requirements and role and responsibility of the Board of Directors and staff for implementation.	Administration Public Relations
2	A	Develop a crisis communication protocol for use in natural disasters, emergencies, and interruptions in water supply. The protocol should include the role of the District’s Emergency Operations Center (EOC) and the role of the Board of Directors and staff in communicating with the public, the media, and other elected officials.	Administration Public Relations Engineering Operations
3	A	Develop a staff engagement and training program to fully integrate the District’s Mission, Vision, and Values throughout the organization. Employees as ambassadors of the organization are the program objectives.	Administration Public Relations
4	A	Update the District website.	Administration Public Relations
5	A	Develop a Board Handbook or Guidelines. Components to consider include: role, relationship, and responsibility of the Board of Directors and staff, standards of performance, and expectations of public office.	Administration
6	A	Communicate the goals and objectives of the 2017 Strategic Plan to all District employees. Provide updates on progress at least semi-annually.	Administration Finance Engineering Public Relations
7	A	Develop a strategy to position the Board of Directors as regional water leaders including elevating their public and professional profiles within the region. The Board of Directors is a resource for the District and the water industry.	Administration Public Relations

Strategic Goal 5 – Organizational Development

MSWD is committed to hiring, training, and retaining the highest quality employees while providing them with the tools and organizational structure to grow in their personal and professional development.

No.	Priority	Project Description	Department Assigned
1	A	Modify the employee performance evaluation process to incorporate employee input into performance measures and alignment with the District’s core values.	Human Resources Administration Finance Engineering
2	A	Develop an organization-wide succession plan allowing employees the opportunity for professional growth, cross-training, and preparation for succession and temporary assignments to maintain continuity and operational effectiveness.	Human Resources Finance Engineering Operations
3	A	Enhance and strengthen the existing organizational culture through promotion of District vision and core values. Develop individual employee development plans to promote personal and professional growth.	Administration Human Resources Engineering Operations Finance
4	A	Develop a comprehensive employee development and training program that is initiated during the on-boarding process when first hired and continues throughout employment with the District. Create an individual professional growth program for each District employee. Department supervisors and managers will monitor the program.	Human Resources Finance Engineering Operations Administration
5	A	Develop a comprehensive supervisor development and training program for existing managers and supervisors as well as employees aspiring to supervisory positions. The program will provide education and skill development in the following areas: conducting an employee performance evaluation, agency policies and procedures, expectations of leadership, administration of the employee discipline and development process, and developing individual employee improvement plans.	Human Resources Finance Engineering Operations Administration
6	A	Develop a program and role for the Board of Directors in supporting and enhancing the development of a professional staff. Program to include the allocation of resources for an employee recognition program in coordination with performance metrics and the District’s core values.	Administration Human Resources

Annual Performance

The District monitors annual performance using eight performance measures. These performance measures include number of miles of sanitary sewer cleaned, number of segments of sanitary sewer recorded using a closed circuit television camera, number of fire hydrants flushed, number of blow-offs flushed, number of air/vacuum valves inspected, number of water system valves exercised, number of service lines replaced, and number of new service lines installed as. Results of the annual performance for each performance measure over the last five years are shown in the table below.

Activity	2018	2019	2020	2021	2022	Total
Sanitary Sewer Cleaned (miles)	23,078	27,378	50,694	169,582	357,174	627,906
Sanitary Sewer CCTV'd (segments)	3,929	2,533	18,496	33,729	22,279	80,966
Fire Hydrants Flushed	169	537	626	417	619	2,368
Blow-Offs Flushed	640	297	258	290	284	1,769
Air/Vacuum Valves Inspected	139	173	167	189	4	672
Water System Valves Exercised	867	2,723	1,135	1,681	1,390	7,796
Service Lines Replaced	209	188	133	84	142	756
New Service Lines Installed	88	73	92	150	195	598



Annual Accomplishments by Division

Administration

Strategic Goal 5 – Organizational Development

During the last fiscal year, the Administration Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 5 – Organizational Development.

Class and Compensation Study

Staff has completed a Class and Compensation Study and implemented the recommended results of the study to enhance and strengthen the organization, improve succession planning, and promote personal and professional growth.

Finance

Customer Service

Strategic Goal 2 – Infrastructure

During the last fiscal year, the Customer Service Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 2 – Infrastructure.

Advanced Metering Infrastructure

Completed the Advanced Metering Infrastructure (AMI) meter changeout program from Master Meter to Neptune to integrate with the new customer portal, hosted by WaterSmart. Completed the U.S. Bureau of Reclamation grant requirements associated with this project and received \$300,000 in grant funding. Launched the new Customer Portal on May 2, 2022.

Strategic Goal 3 – Financial Management

During the last fiscal year, the Customer Service Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 3 – Financial Management.

Integrated new payment system reducing district cost by at least \$50,000 to \$60,000 annually.

Utilized new Neptune 360 program to catch leaks, high bills, and water waste by monitoring usage and reaching out to the properties resulting in a consistent decline in high bill service calls.

Focus on team development and education within the customer service department. Achievements this year from various employees: two Bachelor's Degrees, one Accounting Certificate, and one Cross Connection Specialist Certification.

Flexibility and consistent focus on providing excellent customer service and serving the public through the COVID-19 Pandemic and closures, as well as during the start of disconnections in April 2022.

Working with various programs for customer bill assistance such as United Lift and United Way, stayed on top of new program development from state funding, and enrolled in the new LIWAP program resulting in the following:

- The United Way – Customer Bill Assistance Program continues to be utilized by customers, assisting 161 accounts since July 1, 2021
- United Lift – Has assisted customers by paying \$93,887 on customer accounts since July 1, 2021
- LIWAP Care Program (Riverside County Program) – Launching in June 2022, this program will provide customers a one-time payment towards their water and/or sewer bill up to \$2,000. This program will only run through August 2023.
- State Arrearages Program – This one-time payment was applied to eligible accounts January 24th, 2022 totaling \$1,253,914. The Director of Finance and Administration completed and processed the application, and Customer Service worked to provide information and applying payment to accounts.

Total bill assistance to customers since July 1, 2021, to present totals \$1,363,901.

Finance and Accounting

Strategic Goal 2 – Infrastructure

During the last fiscal year, the Finance and Accounting Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 2 – Infrastructure.

Finance Software Upgrades

Made several upgrades in the Finance software for better reporting and integration with new programs and software brought upon by the new customer portal where we also provide additional payment options to customers. Additionally, there is an increase in the need for data stored in the finance system that is important as we continue to make improvements. This data is essential in the decision making for all departments.

Laserfiche is another program we have made several improvements to create a better workflow and save time and effort. This is now integrated with the finance software to pull data to make it easier for employees to run the following forms:

- Budget Transfer requests
- Overtime forms
- New job requests
- Performance Evaluations
- Employee Change of Status Forms

Strategic Goal 3 – Financial Management

During the last fiscal year, the Finance and Accounting Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 3 – Financial Management.

Effectively processed over 4,000 transactions including checks, credit cards, wire transfers, ACH payments for invoices and payroll totaling approximately \$26,000,000 of which approximately \$7,800,000 was for capital assets, vehicles, and improvements. Processed 17 Debt payments during the year:

Successfully completed the State Controller's Financial reporting for FY 2020-2021. Successfully completed the State Controller's Salary reporting for Calendar Year 2021.

Successfully completed the quarterly Federal and State payroll reporting.

Provided a 2021 supplemental W2 report to all employees highlighting the benefits paid by the District on behalf of each employee.

Effectively utilized the FY 2022 budget without the need for additional requests during the mid-year budget review process.

Converted Accounts Payable payments to go through Wells Fargo in their Payment Manager program. Wells Fargo will now make check, credit card, and ACH payments on behalf of the District allowing for a savings in having to print checks, make copies, and mail out to vendors. The Accounting Technician will be saving about 10 hours per month with this process. This resulted in a major cleanup of all District vendors.

Since changing our billing to allocate the credits being collected from the solar plant, the SCE bills have been wrong or presented with missing data. Accounting performed an audit this year of the SCE invoices correcting the current months going forward, and will be doing an audit for previous months.

Accounting worked with Customer Service to perform a major customer account cleanup for accounts that were delinquent as well as customers on sewer that will be sent to the property taxes for the annual sewer collections and delinquent accounts.

Finance hired a temporary employee to help during the six months the District did not have a permanent Director of Finance where the Accounting Manager stepped up on an interim basis.

In December 2021, the Accounting Manager was officially offered, and accepted, the Director of Finance position.

28 new reimbursable jobs were requested and created by Accounting in the year.

Purchasing struggled through the year with limited inventory of new meters and meter boxes to keep up with the high demand of new customer service connections.

The Accounting Department moved offices to the modular when Engineering moved to the Annex to make room for administrative staff and not enough office space in the main building. Customer Service is currently occupying the lobby to maintain the required social distance per COVID restrictions.

Customer Service and Accounting participated and completed the required information for the Class and Compensation Study, resulting in changes to employee job descriptions.

Director of Finance attended the CSDA conference in Monterrey.

Director of Finance attended the ACWA conference in Sacramento.

Accounting worked with Human Resources to implement the California 80-hour Supplemental Sick Leave that was additional to the normal sick leave each employee gets from the District. The State renewed the sick leave for an additional 80 hours in March 2022 that was retroactive to January 1, 2022, and in effect through September 30, 2022.

Worked with Customer Service to finalize the delinquent accounts that went to the county property tax collections for the following reasons:

- Closed Accounts – \$42,665.78
- Service Fee Accounts – \$391,570.46
- No Payment Over 90-Day Accounts – \$246,414.22
- Sewer Back Charged Accounts – \$120,980.55

Accounting and Finance worked with Public Relations on the new website to ensure that all information related to Accounting and Customer Service was accurate.

Finance worked with the auditors on new accounting pronouncements that will affect the District's financial statements for FY 2021-2022, they are:

- GASB 84 – Fiduciary Activities
- GASB 87 – Leases
- GASB 96 – Subscription-Based Information Technology Arrangements

During the last year, grant receipts amounted to \$1,200,000.

The District prepaid the Unfunded Liability payment required for FY 2021-2022 in July 2021 for a total of \$512,249 saving the District over \$25,000 due to the investment earnings during the whole year as opposed to making monthly payments.

Sewer prepayments for FY 2021-2022 amounted to \$599,617 with a final amount going to the tax rolls of \$5,792,201.

The District took back managing the groundwater program, and was refunded \$13,351 that was previously paid to manage the program for FY 2022.

Accounting Staff attended the following trainings:

- Updates to form W-4 – Employee's Withholding Certificate
- 1099s – Collection of Tax Form
- W2 – Changes in Wage and Tax Statement for COVID pay
- COVID pay changes

Finance began the process to update the Procurement Policy to better reflect current procedures and to tighten internal controls to prevent and detect fraud.

Finance updated the grant information for the annual Washington D.C. brochure on groundwater protection used by Public Affairs.

Engineering and Water Resources

Engineering

Strategic Goal 2 – Infrastructure

During the last fiscal year, the Engineering Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 2 – Infrastructure.

Water and Wastewater System Comprehensive Master Plan Update

Staff continued to work with Michael Baker International (MBI) to prepare an updated model for the water and sewer system. MBI conducted field calibration testing on the water and wastewater systems. With calibrated models, MBI and staff can verify current and future infrastructure needs. MBI was to have the Master Plans completed prior to the FY 2022-23 budget process, however, the project has been delayed. Staff has asked for a recovery schedule prior to authorizing future work.

Well 42 Project

Construction has been on-hold for most of FY 2021-22 due to revisions to the well pumping and electrical equipment. The Contractor has been unable to provide submittals for these two key pieces of equipment to MSWD for approval. Of note, the Contractor is being delayed by the manufacturers who prepare the equipment submittals. Construction will likely be on-hold into the third quarter of 2023 while the equipment submittals are processed and the equipment is ordered, fabricated, and delivered to the site for construction and installation.

Well 22 Rehabilitation

TKE Engineering has begun preparing the final design package. The rehabilitation of Well 22 is expected to begin in the fourth quarter of 2022.

Backup Generators for Well Sites 27-31, 32 and 37 Projects

Engineering and production staff have been reviewing the most beneficial locations for fixed and portable generator locations prior to advertising for project. This project will be designed in FY 2022-23 with the installation of generators to start in early second quarter of 2023.

Desert Willows Community Water Line Replacement

The Van Dyke Corporation completed construction Desert Willows Community Water Line Replacement in FY 2021-22. The Notice of Completion was presented for acceptance at the January 2022 Board of Directors meeting.

AD-18 – GQPP Sewer Project Areas “H” & “I”

Staff and consultant (TKE Engineering) continued coordination with one property owner regarding a required pipeline/utility easement. MSWD provided the proposed sewer easement to the property owner for approval. Staff expects approval of the revised alignment in the coming weeks and proceeding with appraisal, formal easement documents and acquisition. Staff placed the final design on hold until the easement is finalized as it will impact the final design.

Horton Odor Control Project

Change orders for both the construction manager and the contractor have been issued due to material delivery delays from supply chain issues. This project is to be completed in the third quarter of 2022.

Horton Effluent Filtration System

TKE Engineering is continuing work on the 100% design submittal, specifically the added shade structure, wind break, and maintenance scaffolding system. Staff expects to receive the updated plan set in the third quarter of 2022.

Horton Chopper Pumps Project

The four (4) chopper pumps have been installed and are in operation. A Notice of Completion will be taken to the Board in the third quarter of 2022.

Water Resources**Strategic Goal 1 – Water Supply**

During the last fiscal year, the Water Resources Department has successfully implemented the following programs, projects, and events in support of the District's Strategic Goal 1 – Water Supply.

Coachella Valley Regional Water Management Group

The Coachella Valley Regional Water Management Group (CVRWMG) implements the Integrated Regional Water Management (IRWM) Plan in the Coachella Valley IRWM Region of the Colorado River Funding Area.

Due to ongoing drought concerns, the CVRWMG agencies will be implementing the Water Shortage Contingency Plan – Stage 2 in June 2022.

The CVRWMG issued a Call for Projects under the Urban and Multi-Benefit Drought Relief Grant Program – Under-Represented Communities and Tribal Set Aside. There is a total of \$1.8 million in funding available for projects. Staff submitted an application for the Well 22 Rehabilitation Project and was also part of the CV Water Counts conservation application. The CVRWMG received three proposals and scored them based on the Coachella Valley IRWM project criteria and the California Department of Water Resources' (DWR's) program criteria. The CVRWMG met and voted to fund the CV Water Counts project, the highest scoring project, at the requested amount. The remaining grant funding will be split between MSWD's Well 22 Rehabilitation Project and Coachella Valley Water District's (CVWD's) Valley View Mobile Home Park Water Consolidation Project, based on prorated scoring and project needs.

The CVRWMG and other Colorado River Funding Area regions (San Gorgonio Pass and Mojave) have agreed on the cost share for the upcoming Proposition 1 Round 2 IRWM Implementation and Drought Relief grant funding. The cost share will be based on 40% equal split and 60% based on disadvantaged community (DAC) population for each IRWM Region.

The CVRWMG is continuing to evaluate options to prepare a water conservation technical study.

Mission Creek Subbasin Sustainable Groundwater Management Act Compliance

The final 2022 Alternative Plan Update for the Mission Creek Subbasin was adopted by the Groundwater Sustainability Agencies (GSAs) and submitted to DWR for review. DWR will complete a review of the plan and an additional public comment period.

The final Mission Creek Subbasin Annual Report for Water Year 2021 was submitted to DWR for review and approval.

CVWD is contracting with the U.S. Geological Survey (USGS) to conduct a land subsidence study and analysis for the Mission Creek Subbasin. MSWD, CVWD, and Desert Water Agency (DWA) finalized a cost share agreement to share the total cost of the study (1/3 each).

San Gorgonio Pass Subbasin Sustainable Groundwater Management Act Compliance

The final 2022 Groundwater Sustainability Plan for the San Gorgonio Pass Subbasin was adopted by the GSAs and submitted to DWR for review. DWR will complete a review of the plan and an additional public comment period.

The final San Gorgonio Pass Subbasin Annual Report for Water Year 2021 was submitted to DWR for review and approval.

Indio Subbasin Sustainable Groundwater Management Act Compliance

The final 2022 Alternative Plan Update for the Indio Subbasin was adopted by the GSAs and submitted to DWR for review. DWR will complete a review of the plan and an additional public comment period.

The final Indio Subbasin Annual Report for Water Year 2021 was submitted to DWR for review and approval.

Salt and Nutrient Management Plan

The Salt and Nutrient Management Plan (SNMP) agencies in the Coachella Valley submitted the Groundwater Monitoring Program Workplan to the Regional Water Quality Control Board (Regional Board) and was approved. The SNMP agencies also submitted the SNMP Development Plan to the Regional Board and was approved. CVWD, on behalf of the SNMP Agencies, submitted the first SNMP Monitoring Annual Report to the Regional Board.

The SNMP Agencies completed interviews with both of the prospective consultants proposing to complete the SNMP Update. The SNMP Agencies anticipate awarding a contract to one of the firms in May.

Staff continues to coordinate with CVWD on the Technical Support Services grant application with DWR to construct monitoring wells within the Mission Creek and Desert Hot Springs Subbasins.

Hexavalent Chromium (Chromium 6) Maximum Contaminant Level

The State Water Resources Control Board (SWRCB) has circulated a Notice of Preparation of a Draft Program Environmental Impact Report (EIR) Adoption of a Regulation for the Hexavalent Chromium Maximum Contaminant Level for public comment. Staff provided public comment to the SWRCB on April 29, 2022. Some of the key points of the letter;

- In order to comply with the proposed maximum contaminant level (MCL) of 10 ppb, MSWD will have no choice but to implement SBA IX treatment as the approved BAT by the SWRCB. At the proposed MCL, five (5) of the nine (9) MSWD wells may be impacted.
- Based on costs provided by the SWRCB, capital costs for treatment, land, buildings, and well replacement may be \$32,000,000 to \$40,000,000. This cost estimate includes costs to acquire additional land necessary for SBA IX wellhead treatment installations. It also includes the costs of additional new well drilling and wellhead treatment to replace existing wells above the proposed MCL that do not have adequate property to build BAT treatment facilities.
- MSWD's estimates annual operations and maintenance cost to range from \$1,200,000 and up to \$2,000,000 per year to support additional full-time employees for treatment facility maintenance and operations. MSWD will be required to contract out with vendors to effectively manage, treat, and dispose the hazardous brine waste produced by the SBA IX wellhead treatment. This hazardous waste management will require expensive trucking offsite and possibly out of state.

Innovation and Technology

The Innovation and Technology Department (IT) continues to work with staff and vendors to achieve technological enhancement and meet innovation goals established by the MSWD Board of Directors. Below are project highlights and summaries for FY 2021-22

Strategic Goal 2 – Infrastructure

During the last fiscal year, the IT Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 2 – Infrastructure.

Cybersecurity Improvements

Staff continues to work with security professionals to protect MSWD infrastructure from cyber-attacks and penetrations. IT has completed or is working on the following items related to cybersecurity;

- All Wi-Fi access points on District properties have been upgraded.
- District network is going through a micro-segmentation. Micro-segmentation is a method of creating zones in data centers and cloud environments to isolate workloads from one another and secure them individually.
- Cloud backups have been upgraded with stricter password and device policies
- Multi-factor authentication (MFA) is being added to all software packages. MFA adds a layer of protection to the sign-in process. When accessing accounts or apps, users provide additional identity verification, such as scanning a fingerprint or entering a code received by phone.
- Arctic Wolf security measures was installed in April 2022. Arctic Wolf provides 24/7 continuous security monitoring, a system that uses artificial intelligence and a dedicated team to look for security anomalies and assist in taking corrective or proactive action.
- Computers and servers are being upgraded.
- Desktop and laptop or “office/remote users” are being migrated to only laptops to reduce the number of access points into the District’s infrastructure.

SharePoint Migration and Setup Employee Intranet

The SharePoint migration will help the District in cleaning up the current servers by removing files have been archived, and reorganize the file structure and access. Once the SharePoint Migration is complete, IT will establish a SharePoint-based employee intranet, giving employees easy access to forms, applications, files, and information.

Laserfiche Automation

In a continuing effort to go paperless, IT and Accounting have been working together to eliminate all paper forms and rubber stamps. To do this, staff has been developing which replace paper or PDFs which are printed and saved. The Laserfiche forms can be programmed into workflows to save staff effort, minimize mistakes, and improve our timing and efficiency.

UniData Server Upgrade and Rocket Multivalue Integrations

The new UniData server will allow the District to upgrade its UniData platform to be compatible with all the features current and future UniData integrations. To install this new server, IT and their integrator will set up a test version of the current server, upgrade the server, and then verify our applications still work properly. Following the server upgrade, a Multi-value Integration Server (MVIS) application will be installed on the UniData server. MVIS will allow external applications to read and write data to our financial database in real-time. IT staff will focus on integrating Laserfiche, Nobel Systems, WaterSmart, and PayNearMe with the MVIS to enhance the field staff’s work order management system and customer service’s customer portal.

Nobel Systems Integration with Unidata

Nobel Systems will integrate field staff’s work order management system, timesheets, inventory with UniData. In December 2021, IT staff entered into an agreement with Nobel Systems to develop a backflow module to better track backflow testing inspections and repairs; and pretreatment module to better track Fats, Oils, and Grease pretreatment units.

WaterSmart Customer Portal

The WaterSmart Customer Portal went live in May 2022. WaterSmart includes advanced metering infrastructure information from its meters along with billing and conversation data. Customers can make payments via WaterSmart using the PayNearMe online platform.



Public Relations

Strategic Goal 4 – Public and Political Outreach

During the last fiscal year, the Public Relations Department has successfully implemented the following programs, projects, and events in support of the District’s Strategic Goal 4 – Public and Political Outreach.

Desert Hot Springs State of the City, Business Awards and Exposition, Thursday, October 21, 2021

Community and business leaders from across the Caochella Valley gathered to hear a review of the city’s economic activity during the past year, as well as future development updates from Desert Hot Springs’ Mayor Scott Matas. A proud sponsor, members of the MSWD Board of Directors and key staff attended the close to sold-out event.

Friends of the Desert Hot Springs Library Fall Book Sale, Friday and Saturday, October 22 and 23, 2021

MSWD is a proud supporter of the Friends of the Library, an organization dedicated to providing resources to the new state-of-the-art Desert Hot Springs library that recently opened.

Food Now Thanksgiving Food Drive, November, 2021

During the month of November, MSWD employees donated non-perishable food items and cash to support Food Now’s annual Thanksgiving Food Drive benefiting residents in the Desert Hot Springs area.

Bella Vista Elementary Thanksgiving Food Drive, November, 2021

Supporting local students and their families during the Thanksgiving holiday, the District provided insulated MSWD-branded grocery bags to be used as part of Bella Vista Elementary’s Thanksgiving Food giveaway. More than 50 families received food items and gift cards prior to the Thanksgiving holiday.



Desert Valley Builder’s Association 14th Annual Golf Event, Friday, November 19, 2021

Supporting the region’s builders and developers, MSWD had a presence at the DVBA’s annual golf event, held this year at the Classic Club in Palm Desert. MSWD branded water was distributed to all participants.



Association of California Water Agencies Fall Conference, November 30 - December 2, 2021

Members of the Board, along with senior management, recently attended the ACWA fall conference in Pasadena. A premier event for water industry professionals to learn and connect, the event keynote was State Water Resources Control Board Vice Chair Dorene D’Adamo who spoke about water issues affecting agricultural and urban water agencies across the state.

Desert Hot Springs Women’s Club Black & White Charity Dinner, Saturday, December 4, 2021

MSWD directors and management joined with city officials and Desert Hot Springs residents to raise scholarship money for local students during the annual Desert Hot Springs Women’s Club Black and White Charity Dinner held recently at the Miracle Springs Resort and Spa. The sold-out event drew almost 200 participants.

MSWD Employee Appreciation Luncheon, Wednesday, December 8, 2021

Management and staff joined together to celebrate another successful year for #TeamMSWD during the District’s Annual Employee Appreciation event. Compliments of the MSWD Board of Directors and General Manager Wallum, employees were treated to a special lunch and holiday-themed activities.

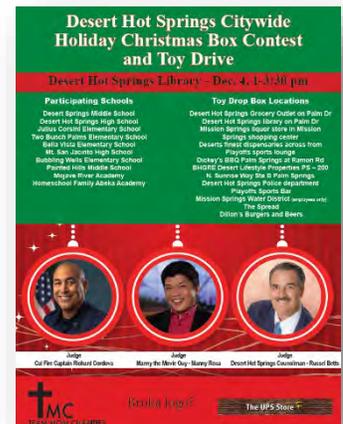


City of Desert Hot Springs Parade of Lights, Saturday, December 11, 2021

#TeamFrosty MSWD made the final preparations on its Frosty the Snowman themed float. Members of the Board of Directors, staff, and their families participated in the event. To bring awareness to the toy drive, Team Mom Charities hosted a series of Holiday Events at the new Desert Hot Springs Library and had collection boxes located throughout the community.

Team Mom Charities Toy Drive – Now through December 23, 2021

MSWD employees collected toys this year for Team Mom Charities, which is working with our local Desert Hot Springs schools to identify families in need of presents this holiday season.



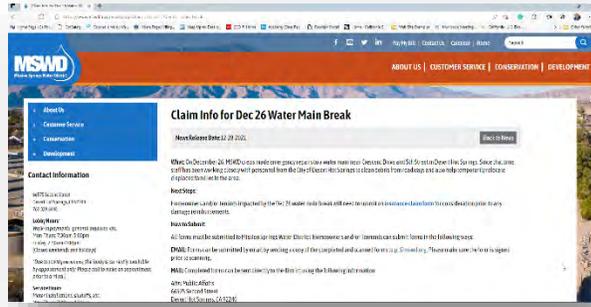
Community Outreach: December 26, 2021 Water Main Leak

In the early hours of December 26, 2021, MSWD crews made emergency repairs to a water main near Crescent Drive and 5th Street in Desert Hot Springs caused by Tamarisk tree roots that had grown into the utility easement. MSWD staff responded quickly and efficiently during the incident, and the distribution system and our water supply were not compromised.

The morning of the incident, the Public Affairs team coordinated with the Desert Hot Springs City Manager's office, media, and impacted residents. MSWD prioritized communicating with the public and taking care of the affected families. In addition, we continued to provide resources and solutions as new situations arose.

The Public Affairs set up a claims process for impacted homeowners and tenants, and we created a special webpage with claim information. In addition, we reached out directly to anyone identified as having damage the night of the leak. Finally, our claims manager canvassed the area visiting homes and residents in the area.

To date, we had seven families that were displaced due to the leak. This included five families from the apartment complex that were relocated the night of the leak and two families that identified a need for temporary housing after additional inspections were completed following the incident.



Throughout all of this, we tried to keep these families as local as possible, keeping in mind transportation, childcare, pets, and other specific needs. Unfortunately, hotel availability in Desert Hot Springs was very limited.

As a result, we leaned on local hoteliers asking them to rearrange reservations to accommodate our families; this included Miracle Springs Hotel and Spa, the Desert Hot Springs Spa Hotel, Aqua Soleil, as well as some Palm Springs hotels when it was absolutely necessary.

MSWD's liability carrier retained National Insurance Housing, which specializes in finding temporary housing in situations such as this. Since each family's needs were different, they worked individually with each family to locate a temporary housing solution that best fit their needs and aligned with the timeline for the restoration of their residence.

As we head into the spring planting season, the Public Affairs team will remind customers to evaluate their landscaping for potential hazards to utilities, including Tamarisk trees, and be mindful of any new plantings' location and water usage.

FoodNow Charity Golf Classic, February 12, 2022

Held at Mission Lakes Country Club, the event raised funds for FoodNow, which provides residents with food assistance and support services designed to strengthen families and build a healthy community. MSWD provided water and was a Tee Sponsor of the almost sold-out event.



Desert Hot Springs Women's Club Fashion Show & Fundraising Event, March 6, 2022

Since 1953, the Desert Hot Springs Women's Club has enriched the city by fundraising, providing scholarships, and performing community service. MSWD is a proud sponsor of the annual fashion show.



Palm Springs Air Museum Fundraising Dinner, Friday, March 25, 2022

Honoring the men and women pioneers of aviation, this year's event included a special tribute in memoriam to Phil Hixon, Chairman Emeritus and one of the Palm Springs Air Museum founders.

Desert Hot Springs Rotary Big Hearts Awards Ceremony, Thursday, March 31, 2022

The Desert Hot Springs Rotary presents the Big Heart Awards annually to honor individuals and local businesses for doing good in our community. This year's MSWD Person of the Year was Executive Assistant Dori Petee, who serves as a Rotarian and also works tirelessly to support the Desert Hot Springs community.



Senior Inspiration Awards Luncheon, Thursday, March 31, 2022

Honoring seniors from each of the Coachella Valley cities and the County of Riverside, the event celebrated the accomplishments of some of our most-valued community members.



Desert Hot Springs Little League Opening Ceremony, Saturday, March 26, 2022

The Desert Hot Springs Little League is dedicated to building character and providing fair and challenging activities to our Desert Hot Springs youth. Once again, MSWD is a proud sponsor of the league.



2022 Earth Day Celebration at Cabot's Pueblo Museum, Saturday, April 23, 2022

MSWD partnered with Cabot's Pueblo Museum for a FREE Earth Day celebration. More than 130 attendees learned about the inspiring life of Cabot Yerxa and the origins of Desert Hot Springs. In addition, the MSWD booth was busy throughout the day, answering a variety of water-related questions.



Multicultural Children's Day, Desert Hot Springs Library, Saturday, April 30, 2022

MSWD was proud to participate in the Desert Hot Springs Multicultural Children's Day held at the Desert Hot Springs Library. Our MSWD booth was bustling throughout the day. More than 1,000 children and adults passed through the booths enjoying activities and programming from all of the vendors.



Desert Hot Springs High School REAL Program Tour & Video Entry

On Friday, April 29, 2022, MSWD hosted students from the Desert Hot Springs High School REAL Academy (Renewable Energy Academy of Learning) to tour the Allan L. Horton Wastewater Treatment Plant and the Mission Creek Preserve. They videotaped and heard from experts at each location who spoke about the aquifer and the importance of protecting our groundwater. The students will be taking what they learned and creating a short Public Service Video shown at a regional REAL competition at the end of May 2022.



DesertHot Springs Clean Up Program Partnership

On April 20, 2022, Earth Day, the Desert Hot Springs cleanup committee and MSWD joined forces to help a senior, disabled resident clean up his property. Volunteers removed dead plants, garbage, old pottery, and other items from around his property. MSWD also sponsored an evaporative cooler inspection at home to promote proper cooler maintenance and water efficiency. The cleanup effort received local media coverage from both KMIR and KESQ.



Portal Communications Plan

In preparation for the May 2022 portal release, the Public Affairs Team put together a communications plan that includes e-blasts, bill inserts, how to and promotional videos, paid social media and bus shelter advertising. Designed for computers and mobile devices, the CustomerConnect water portal provides a wealth of information and insights about water use. It's now easier than ever for customers to pay bills, set and receive leak alerts, identify water waste, and access usage and account information instantly from anywhere.



Water 101 Presentations

Starting in March 2022, MSWD will be offering Water 101 classes to community leaders who want to learn more about water, the lifeblood of our region. We are excited to provide a series of comprehensive courses that will cover MSWD's history, use, and management of this precious resource, along with how we fit into the larger Coachella Valley and State water systems.

The Public Affairs Office is reaching out to local clubs, HOAs, and the city to invite leaders and community influencers to participate. Meetings during March, April, May, and June 2022 will be held on the fourth Thursday of each month between 6-7 p.m. at the new Desert Hot Springs Library.

Redistricting Outreach

During February 2022, the Public Affairs team encouraged residents to participate in the redistricting process by reviewing and providing comments on our draft division maps. In addition, information was presented on the District's Social Media accounts and our website at www.mswd.org/redistricting.



Awards

The Berkeley Springs International Water Tasting, the World's most prestigious, recently awarded Mission Springs Water District a Bronze Medal, bringing the District's total medal count to 10 since it first entered the annual contest in 1997.

The event featured more than 100 waters, spanning five different continents. The municipal water category was a battle of previous champions, with Village of Montpelier Ohio taking Gold, Metropolitan Water District of Southern California taking Silver, and MSWD winning Bronze.



The District has won the most medals of any municipal participant, including the best tasting water in the world in 2020.

MSWD Medal Count	Year	Ranking
1	1997	Silver
2	1999	Gold
3	2001	Silver
4	2003	Bronze
5	2004	Gold
6	2008	Silver
7	2011	Silver
8	2018	Bronze
9	2020	Gold
10	2022	Bronze

MSWD Digital Advertising

The District featured four Google and Facebook/Instagram ads promoting disconnection help, Fix-a-Leak Week and Protecting Your Pipes from Fats, Oils, and Grease (FOG). The Fix-a-Leak ad on Google had a nice click thru rate above 1% and generated nearly 500 clicks. The FOG video campaigns had over 10,000 views across Facebook, Google, and YouTube and generated nearly 200 link clicks.

Customer Newsletter

Each month, a new edition of Water Matters was included in our customer billing statements. Newsletter stories included disconnection/payment assistance information, continued drought conservation, toilet/turf rebates, the availability of FREE conservation kits, and MSWD calendars.

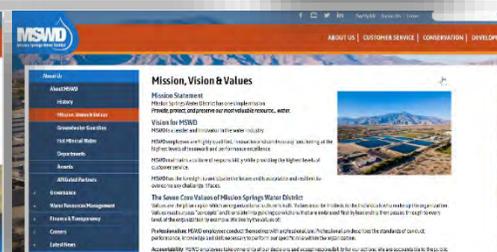


Conservation

In total, we received 18 requests for conservation kits, and we expect to add to this during the remainder of spring. In April, we received two new requests for conservation kits and have distributed 86 since the beginning of the year.

Website Launch

The new MSWD website launched following the Board of Directors Study Session on Wednesday, November 10, 2021. The new user-friendly site has undergone a complete redesign and is now a “one-stop shop” for customers and regional partners alike. Key features of the site include enhanced navigation and mobile friendly design.



Calendar Drawing Contest

MSWD launched a children’s drawing contest in October 2021, soliciting artwork from local students that illustrate water conservation and groundwater protection. K-12 students throughout the District were encouraged to participate. The Public Affairs team promoted the contest through our local schools, social media, and in our Fall customer newsletter. Twelve winners received an Amazon gift card and had their artwork showcased in the District’s 2022 calendar. The deadline for submission was November 15, 2021. A copy of the entry form is included in Appendix D, additional information is available on the District’s website at www.mswd.org/drawingcontest.



Regional Water Reclamation Plant Billboard

As part of our on-going efforts to communicate important activities and initiatives of the District, MSWD has secured billboard space near the intersection of Dillon Road and Palm Drive. The new billboard prominently displays a rendering of the new Regional Water Reclamation Plant currently under development.



New Billboard

In January 2022, the MSWD billboard on Palm Drive received new vinyl and was moved to the southeast corner of Dillon Road and Palm Drive. Messaging on the board reminds residents of the District's commitment to protecting groundwater and MSWD's value to our community.



MSWD Video Series

MSWD's Public Affairs team worked with one of our local Marketing/Communications firms to develop a series of informational videos that will be showcased on our website and shared on social media during the next year. Topics include a range of water-related interests, including conservation, groundwater protection, and MSWD history, to name a few. These videos feature comments from staff and/or one or two members of the Board. The Public Affairs team reached out directly to each Board member to schedule individual videotaping sessions during the month of November 2021. Following are links to the first three videos produced:

Understanding Your Bill: <https://youtu.be/f7odWbh7I8I>

Value of Water: <https://youtu.be/4lDqiztG61Y>

Emergency Preparedness: https://youtu.be/VkMug-eR_WM

Desert Hot Springs Library Partnership

General Manager Wallum, members of the Board, and the Public Affairs team met with Desert Hot Springs library staff to discuss opportunities to showcase water in the new library. We are planning to develop different age-appropriate programming, including a monthly story hour for young children, a hands-on activity-based learning program for teens/tween and a series of evening water talks meetings for adults who are interested in learning more about topical issues related to water and wastewater treatment. Additional update on this exciting new project will be shared as they become available.

Toilet Rebates

In total, we received 29 applications with a total of 77 toilets. The total rebate amount paid to customers was \$6,954.28. According to the [EPA](#), each replaced toilet represents as much as 13,000 gallons of water savings per year.

Turf Rebates

We have received dozens of Turf Rebate applications with the total rebates paid for FY 2022 totaling \$5,900.

Water Bottle Program

There were a total of 486 cases of water donated to local events during FY 2022 as part of the District’s Water Bottle Program.

Date Supplied	Requests Filled	Event or Purpose	# Cases Requested
7/12/2021	City of DHS	Council/Commission Meetings	25
7/21/2021	Team Mom Charities	Keep it Kind Campaign for the Homeless	5
8/4/2021	DHS Police Dept	Traffic accidents, crime scenes,	6
8/19/2021	City of DHS	City Hall walk-in guest	25
8/24/2021	City of DHS	Clean-up Com/Clean-up Day	2
8/25/2021	PS High School	Varsity Football-DHS students	10
9/1/2021	PS High School	JV Football-DHS students	10
9/8/2021	DHS High School	Medically need students, diabetic students, etc.	10

9/14/2021	City of DHS	Council/Commission Meetings	25
10/1/2021	DHS Little League	Fall Baseball	10
10/5/2021	DHS High School	PSA Community Service/ Security at Football games	5
10/21/2021	DHS Library	Book Sale	2
10/26/2021	City of DHS	Council/Commission Meetings/Walk-in Guest	25
11/5/2021	Miracle Springs Hotel	Road Scholar Hiking Program	4
11/16/2021	Desert Valley's Builders Assn	DVBA Annual Golf Tournament	6
11/16/2021	DHS Police Dept	Traffic accidents, crime scenes,	6
11/18/2021	DHS Police Dept	PD Thanksgiving Com. Dinner	5
11/29/2021	City of DHS	Council/Commission Meetings/Walk-in Guest	25
11/30/2021	Friends of DHS Library	Dec. mtg & Annual mtg	3
12/2/2021	Team Mom Charities	City Photos w/Santa	10
12/9/2021	Team Mom Charities	Citywide #2 Photos w/Santa	5
12/21/2021	Team Mom Charities	Citywide Toy Drive	10
1/7/2022	Cabot Yerxa Elem. School	Classrooms	10
1/26/2022	Quail Valley Park	37th Anniversary Event	8

2/1/2022	DSHS Public Safety Academy	PSA Project	5
2/3/2022	City of DHS	Council/Commission Meetings/Walk-in Guest	25
2/10/2022	Food Now	Charity Golf Tournament	8
2/19/2022	DHS VFW	Veteran's Family Appreciation Day	4
3/2/2022	Cabot's Pueblo Museum	Greater CVCOG Mixer	3
3/3/2022	City of DHS	Council/Commission Meetings/Walk-in Guest	25
3/5/2022	Diversity DHS	LGBTQ+ Town Hall	4
3/7/2022	Friends of DHS Library	Authors Series	3
3/8/2022	Bella Vista Elementary School	School Track Meet	20
3/9/2022	Paletteers Art Club	Annual Paletteers Award Luncheon	2
3/11/2022	DSHS Public Safety Academy	Special event	15
3/12/2022	29 Palms Marine Base - Nancy Carter	Heart to Heart Luncheon-Military	11
3/12/2022	DHS Little League	Opening Day Ceremony	10
3/16/2022	Mission Lakes CC	Women's Golf Tournament	4
3/17/2022	DHS Historical Society	Lecture/Talk on the History of DHS	2
3/18/2022	DHS High School	Fashion Show	10

3/24/2022	Cabot's Pueblo Museum	Greater P.S. Mixer	6
3/29/2022	Pueblo Unido CDC	Community Investment Golf Tournament	5
3/31/2022	DHS Rotary	Big Heart Awards Dinner	10
4/7/2022	Friends of the Library	Book Sale Event	4
4/19/2022	City of DHS	Council/Commission Meetings/Walk-in Guest	25
4/21/2022	VFW Post 1534	PTSD & Suicide Awareness 22 Mile Walk	12
4/23/2022	DHS Women's Club	BBQ	6
4/30/2022	DHS Library	Multicultural Children's Day Festival	15
Total Cases			486

Water Operations

The District's Water Operations is committed to protecting our most valuable resource, water. In 2021, the COVID-19 pandemic continued to bring on challenges for the District. The District had many staff who developed symptoms, or had come in contact with someone who was COVID-19 positive, forcing them to stay home. During this time, we continued to proceed with our maintenance programs and ensure our work and projects stayed on track. Projects such as the Risk and Resilience study and Emergency Response Plan were completed in June 2021 and December 2021. The Hazard Mitigation Plan (HMP) was determined to be eligible for final approval by the Federal Emergency Management Agency (FEMA) in March 2022, pending adoption of the HMP by the MSWD Board, which was done at the March 2022 Board meeting. On May 20, 2022, FEMA determined the HMP to be in conformance with the Code of Federal Regulations and officially completed the approval. This plan approval now ensures MSWD continued eligibility for funding under FEMA's Hazard Mitigation Assistance Programs and many other programs through FEMA.

Construction and Maintenance

Strategic Goal 1 – Water Supply

During the last fiscal year, the Construction and Maintenance Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 1 – Water Supply.

Staff along with the Water Production Department assisted Engineering and their consultant working on the water and sewer master plans. Field crews worked with MBI on performing fire flows and watching the SCADA system while MBI collected the required data for the master plans.

Strategic Goal 2 – Infrastructure

During the last fiscal year, the Construction and Maintenance Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 2 – Infrastructure.

Staff assisted the Customer Service Department with the installation of a new 4-inch DCDA for the fire sprinkler system at the Administration Building that did not pass the annual testing.

Staff worked with the Production Department to replace two 6-inch gate valves for Boosters No. 3 and 4 at the Terrace Reservoir that were not operating properly.

Staff installed a new set of valves and tee in front of Wells 27/31 to aid in the ease of switching direction of water flow to allow Well 31 to pump water towards the Valley View Reservoir.

Staff replaced two key 12-inch valves on a pumping line on Dillon Road. This replacement will ensure minimal customers are affected by a water line shutdown in the future. Staff worked with the Water Production team to replace a non-operating air compressor for the Gateway Hydro-Tank.

As part of efforts to clean up and secure the Kerr Property also known as Airport Well, the Construction and Maintenance crew worked on scrapping and loading 40-yard trash containers in an effort to clean up the site. Staff loaded 12 trash containers and had them hauled away to a local dump site.

Staff used tractors to grade and clean around the perimeter fencing at the District's Well 33 solar field.

Staff continues the use of the new Computerized Maintenance Management System (CMMS), which allows paperless tracking of all work orders. Prior to implementing the

CMMS system, tracking work orders was labor intensive and did not allow easy access to labor, material, and equipment costs. This program allows staff to manage workorders much more efficiently, eliminate paperwork, and enhance productivity. More importantly, the program allows staff to track all work, run analytical reports for labor and costs associated with repairs, allowing focus on planned preventative maintenance, thus facility downtime is minimized.

Operational Highlights

Staff flushed 365 blow-offs as part of the annual blow-off maintenance program. This program is a requirement of the state health department and a good water quality measure for dead end mains and areas that are known for low flows or minimal water consumption.

Staff exercised 1,603 ground valves as part of the ground valve maintenance program.

Staff serviced/maintained 588 fire hydrants as part of the fire hydrant maintenance program.

Staff replaced 201 poly service lines with copper, this number is up from last year.

Staff serviced air-vacuum valves under the Air-Vacuum Program.

Staff installed 240 new water services.

Staff completed 31 Cla-Val annual maintenance services.

Staff completed 4,405 underground service alert line location tickets.

Water Production

Strategic Goal 1 – Water Supply

During the last fiscal year, the Water Production Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 1 – Water Supply.

The Production Department is responsible for the monthly water quality analysis that is performed throughout the year in the three public water systems Mission Springs Water District operates and maintains. Staff is responsible for taking the water samples, reviewing the results, and submitting the analysis monthly reports to the State Water Resources Control Board (SWRCB) by the 10th of every month. In 2021, staff collected approximately 1,100 samples of which approximately 700 samples are routine samples required by the District annually. Of the 1,100 samples taken, 3,192 analyses were completed for various constituents to ensure our water is safe to provide to the public. Some examples of constituents tested in 2021 included Total Trihalomethanes (TTHM -

Disinfectant residuals), Haloacetic Acids (HAA5 – Disinfection Byproducts), Nitrates, Total Coliform, and Escherichia Coli (E-Coli) amongst others.

In June 2020, the District joined a demand response program through Enersponse, a third-party company that works directly with Southern California Edison (SCE) to help minimize drastic events on the power grid. The demand response program is a measure to call on end-use customers to reduce their electric demand during periods of power shortages or grid instability in an effort to prevent power outages and help balance out demands. Agencies receive a call to participate 24 hours prior to an event. Participants are paid ongoing payments to reduce electricity usage throughout the year. In 2021, MSWD earned \$6,768 (this does not include the last quarter of 2021) for participating in this program.

In 2020, the SCE PSPS program sent out six event warning notifications which resulted in approximately 100 hours of standby time. Staff mobilized generators to various sites, two out of the six notifications in the event power was to be shut-off. Fortunately, the District was not affected by any of the PSPS events.

Staff continued to oversee the landscape work at the District's 36 sites. Each year staff advertises a request for bids for annual landscape service through PlanetBids. In the second quarter of 2021, staff advertised and received five bids for this service. So-Cal Land Maintenance was the lowest responsive bidder and was awarded a contract in June 2021.

Each month, staff is responsible for sounding the groundwater levels at 13 potable water wells and seven monitoring wells throughout the District's service area. Staff evaluates the data received which includes static water levels, pumping water levels (for operational wells), and drawdown on each well. In 2021, water levels on average held steady with no major declines noted. Well 26 in the ID-E area and Well 34 in MSWD's main system saw the most decline out of the 20 sites we monitor. Both sites saw a decline of approximately eight feet and six feet, respectively. In 2020, Well 26 held steady throughout the year and did not show a decline, whereas Well 34 has shown an improvement in 2021 from the previous year.

In 2020, the Cla-Val program became a multi-department program between Construction and Maintenance and Water Production. Staff from both departments work together on the maintenance and operations of the 82-pressure sustaining/pressure reducing valves, altitude valves, and pressure relief valves in the system. This multi-department effort has continued into 2021 and has been very efficient. Annually, staff goes through these valves ensuring proper operation and maintenance is up to date.

The Production Department had several projects in 2021-2022 that helped improve the overall operations and quality of the water system and the District as a whole. The following is a list of key projects staff undertook:

Well 26 Rehabilitation

Early in 2021, Well 26 underwent a full rehabilitation from the well casing and equipment. Well 26 had experienced downhole equipment failure and was immediately taken out of service. Once the project was completed, the performance and efficiency improved from an average GPM of 232 with an efficiency of 36.6% to 524 GPM and an overall efficiency of 69.8%. This project will show an overall savings of \$8,061 annually in energy cost.

Well 24 Electrical Panel Upgrade

This project kicked off in September of 2021 and is currently still under construction. This project is proposed to do a full removal and replacement of the existing electrical panel and motor control center. Well 24 is currently the only well providing water to the 1400 Annandale Zone and is an essential well to the District. This project will bring the site up to today's standards for safety and efficiencies. Due to COVID-19, material procurement has delayed the progress of this project. The anticipated completion is slated for August 2022.

Well 34 Inspection and Rehabilitation

In mid-2021, Well 34 was taken offline due to a decrease in water production which has fallen below 600 GPM. At the time the well was taken offline, it was only producing an average of 467 GPM. Staff contracted with a well contractor to pull and inspect the downhole equipment and the well casing. A full report was provided to the District showing the equipment deterioration and significant scaling on the well casing. Staff has been working on a full rehabilitation for this well and is anticipated to begin construction in early 2022.

Airport Well Site – Kerr Property Perimeter Fencing

This project encompassed securing the 21 acres owned by the District on 15th Street between Little Morongo and West Drive. This site has been used by transients parking motor homes and used as a dump site. By installing a post and cable fence around the property, staff is able to keep the site clean and keep squatters off of our property.

Worsley Reservoir Repairs

In May 2021, the Worsley Reservoir suffered damage to the center vent and the aluminum hand railing system on the top of the reservoir due to high winds. Staff immediately contacted a contractor and had them mobilize to make the necessary repairs.

Well 22 Rehabilitation Project

With summer weather hitting the District early this year, staff is utilizing the on-call contractor to perform the needed rehabilitation to get the well back up and running. Legend Pump has been given the task order to brush and bail, and install the needed equipment and motor, to get Well 22 back in service. This is just a portion of the work slated for this site. The remaining site work will be done once plans are completed and the project is bid out.

In April 2022, the State Water Resources Control Board (SWRCB) conducted the tri-annual Sanitary Survey for the Mission Springs Water District public water system. District staff along with our Water Resource Engineer from SWRCB visited all reservoir, well, and booster sites in the system over a three-day period. The SWRCB is also meeting with staff to go over record keeping, SCADA, distribution system, and customer service.

Early into the new year, staff worked with JPIA to perform infrared/thermal imaging on all our electrical panels, motors, and control centers. The intent of infrared inspections is to identify excess heat on electrical apparatus and detect electrical issues such as loose connections, faulty fuses, defective breakers, damaged switches, and overloaded or imbalanced circuits prior to failure. JPIA produced a report for the District to work off of and prioritize the repairs needed.

Operational highlights

Completed the 2022 annual CCR report for 2021, and completed the 2021 annual CCR report for 2020.

Completed the annual well extraction reports for our three public water systems.

Completed the annual CASGEM reporting.

Completed the Electronic Annual Report (EAR) for 2020 and 2021.

Completed the Annual Water Loss Audit.



Wastewater Operations

Strategic Goal 1 – Water Supply

During the last fiscal year, the Wastewater Operations Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 1 – Water Supply.

On April 12, 2022, the Colorado River Basin Regional Water Quality Control Board adopted new Waste Discharge Requirements (WDR) for the Horton WWTP. Staff including the GM, AGM, and Director of Operations were present at the Board meeting and spoke on the requirements. The Board unanimously approved the WDR with recommended modifications made by MSWD staff.

Strategic Goal 2 – Infrastructure

During the last fiscal year, the Wastewater Production Department has successfully implemented the following programs and projects in support of the District's Strategic Goal 2 – Infrastructure.

The Regional Water Reclamation Facility went out to bid in May 2021 and received bids in July 2021. A total of five bids were received and an award of contract was given to the contractor in late 2021. Official construction began on April 4, 2022. The contractor has begun clearing, grubbing, and excavation work. The District has set up a groundbreaking ceremony for June 10, 2022.

The Collections staff inspected over 9.9 miles of sewer mainline. The inspections completed by District staff were routine inspections. Each inspection is for the mainline pipe connecting from manhole to manhole.

Collections staff also jetted and cleaned 66.3 miles of sewer mainline that included 1,326 segments of pipe. Staff was able to clean the entire Desert Crest system with the help of an outreach program to residents notifying them of when the crew was to be in the area cleaning. The mainline jetting and cleaning program are routine maintenance programs to prevent sewer overflows. The typical yearly expectation of footage cleaned is 20 miles which was exceeded by the Collections staff.

During the initial phase of the COVID-19 pandemic, smart cover monitoring manhole covers were installed at five key locations within the sewer collection system to monitor the flow in the mainlines. Staff receives notifications from the smart covers if there are any issues such as high levels in the manhole and tampering of the lids. To date, staff has received 25 notifications from the smart covers which has aided in preventing a sewer system overflow occurrence.

With staff working at minimal coverage during the team split for COVID-19, a few major projects were undertaken by staff. Projects included: installation of a new submersible pump for the belt filter press, replacement of the gear reducer on the sludge loading screw conveyor, replacement of bearings for the belt filter press, replacement of the belts for the belt filter press, and replacement of motors for the Desert Crest WWTP RAS pump, clarifier #1, and the vortex grit removal unit.

Throughout most of 2020, staff has struggled with the percolation rates of our ponds. Staff has worked diligently moving water around from pond to pond, cleaning, and performing the required maintenance on each pond. In 2021, staff put more focus and attention to the treatment process of the wastewater plant. Adjusting the treatment process and running the belt filter press more frequently instead of a few times a week has made some tremendous improvement at the plant and in the percolation ponds. Today, we have been able to maintain the use of three or four ponds at a time leaving the flexibility of four or five ponds empty in case they are needed.

During collection system cleaning and CCTV operations, staff found a section of eight-inch sewer line that was damaged and compromised on Acoma Ave. Due to the severity of the damage, staff immediately contacted two contractors for pricing on an emergency repair. TryCo General Engineering was awarded the work to replace 150 feet of eight-inch sewer main. During the excavation, the contractor removed large sections of tree roots that had wrapped and damaged the existing sewer main.

Staff began the chopper pump replacement project in the influent pump station at the Horton WWTP. Staff contracted with Vaughan Industrial Repairs to perform the installation and replacement of the four pumps. The project was completed in early May 2022. The new chopper pumps will allow rags and other materials to be ground up prior to entering the treatment process allowing for a more consistent treatment process.

In May 2022, AToM Engineering mobilized to the Horton WWTP to begin construction and installation of the plants Odor Control System. This project is anticipated to be completed by July 2022. Staff completed the laboratory assessment through Environmental Laboratory Accreditation Program (ELAP). ELAP is a global requirement that all labs conform with to implement a sustainable accreditation program that ensures laboratories generate environmental and public health data of known, consistent, and document quality. This process requires MSWD to revise the Horton WWTP's Laboratory Quality Assurance Manual. Revision three is effective as of April 7, 2022.

Operational Highlights

Aeration Tank No. 3 was taken out of service to allow inspection and cleaning of Clarifier No. 3. Once inspected and cleaned, both the aeration tank and clarifier were put back into service.

Brushes for the algae sweep system on Clarifiers No. 4 and 5 were both replaced.

The air condition system to the electrical building at the Horton WWTP was replaced to protect the electrical panels that operate the facility.

Staff removed and replaced failing bearings on Aerators No. 1, 2, and 4.

Variable Frequency Drive (VFD) to Influent Pump No. 4 was removed and replaced.

Staff has gone through both WWTPs and evaluated safety concerns as they relate to staircases, ladders, and walking platforms. New safety chains, fall arrest systems, and signages have been installed throughout both facilities.

Maintenance on the belt filter press was completed which included installation of new belts, injectors, and other necessary parts to ensure proper operation is maintained.

Staff removed the channel auger from the headworks for the replacement of the cleaning brush and then put it back into service. A complete inspection of the equipment was also completed at this time.

Staff started a “Wastewater Training” program within the department. These trainings are intended to get all the operators on the same page, so that staff is operating equipment more proficiently and have more accurate data from sampling.

Operation on the belt filter press produced 4,177.03 wet tons of sludge that totaled 168 trailers. The improvements to the entire treatment process allowed us to send out a total of 21 less trailers than 2020, with a savings of almost \$32,000 for the year.



APPENDICES

Appendix A – List of Acronyms

ACWA – Association Of California Water Agencies

AF – Acre-Foot (1 AF = 325,851 gallons)

AMI – Advanced Metering Infrastructure

CCTV – Closed Circuit Television

CIP – Capital Improvement Program

COP – Certificate Of Participation

CMMS – Computerized Maintenance Management System

CSDA – California Special Districts Association

CVRWMG – Coachella Valley Regional Water Management Group

CVWD – Coachella Valley Water District

DAC – Disadvantaged Community

DWA – Desert Water Agency

DWR – Department of Water Resources

EIR – Environmental Impact Report

EOC – Emergency Operations Center

FEMA – Federal Emergency Management Agency

FOG – Fats, Oils, Grease

FTE – Full-Time Equivalent (number of employees)

FY – Fiscal Year

GAAP – Generally Accepted Accounting Principles

GASB – Government Accounting Standards Board

GFOA – Government Finance Officers Association

GIS – Geographic Information System

GM – General Manager

GPM – Gallons Per Minute

GPS – Global Positioning System

GQPP – Groundwater Quality Protection Program

GSA – Groundwater Sustainability Agency

HMP – Hazard Mitigation Plan

IRWM – Integrated Regional Water Management

IT – Innovation and Technology

MCL – Maximum Contaminant Level

MGD – Million Gallons Per Day

MSWD – Mission Springs Water District

SCADA – Supervisory Control and Data Acquisition

SCE – Southern California Edison

SGMA – Sustainable Groundwater Management Act

SNMP – Salt and Nutrient Management Plan

SRF – State Revolving Fund

SWOT – Strength, Weakness, Opportunity, Threat

SWRCB – State Water Resources Control Board

TDS – Total Dissolved Solids

USGS – United State Geological Survey

UWMP – Urban Water Management Plan

WDR – Waste Discharge Requirements

WWTP – Wastewater Treatment Plant

Appendix B – Glossary

Accrual Basis of Accounting – The basis of accounting under which transactions are recognized when they occur, regardless of timing of cash receipts and disbursements.

Adopted Budget – The official budget as approved by the Board of Directors at the start of each fiscal year.

Amended Budget – The adopted budget as amended by the Board of Directors through the course of the fiscal year.

Assets – Resources owned or held by the District that have monetary value.

Balanced Budget – A budget in which planned expenditures do not exceed planned funds available.

Board – Comprised of the District’s five elected Directors with a rotating president, collectively acting as the legislative and policy-making body of the District.

Bond – A security whereby an issuer borrows money from an investor and agrees and promises, by written contract, to pay a fixed principal sum on a specified date (maturity date) and at a specified rate of interest.

Budget – A financial plan, for a specified period, of operations that matches all planned revenues and expenditures with the services provided to the residents of the Mission Springs Water District service area.

Capital Budget – A budget which focuses on capital project to implement the Capital Improvement Program.

Capital Expense – An acquisition or an improvement (as distinguished from a repair) that will have a life of more than one year and costs more than \$10,000.

Capital Improvement Program – A plan for the capital improvements to be implemented each year over a number of years to meet capital needs arising from the assessment of long-term needs. It sets forth the estimated cost for each project and specifies the resources required to finance the projected expenditures.

Capital Improvement Project – The budget unit to group activities and costs necessary to implement specific capital improvement and/or acquisition. A project can include the construction, acquisition, expansion, replacement, or rehabilitation of a physical facility or improvement. Project often include planning and design, land acquisition, and project management costs related to such facilities and improvements.

Charges for Services – Revenue from charges for all activities of the District.

Contract Services – The costs related to services performed for the District by individuals, businesses, or utilities.

Debt Service Fund – A fund established to account for the accumulation of resources for, and the payment of, long-term debt principle and interest.

Department – A major organization group of the District with overall management responsibility for an operation or a group of related operations within a functional area.

Division – A major administrative organizational unit of the District with overall management responsibility for one or more activities.

Encumbrance – The commitment of appropriated funds to purchase an item or service.

Expenditures/Expenses – Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

Fiscal Year – A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position, the results of its operations, and adopts a budget for the coming year. The District's fiscal year is from July 1 to June 30.

Fixed Assets – Equipment costing \$10,000 or more, including tax, with a useful life longer than one year, and not qualifying as a capital improvement project. Includes automotive equipment, office equipment, office furniture, acquisitions, landscaping improvement, etc.

Fund – An independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves, and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance – The equity (assets minus liabilities) of governmental fund and fiduciary fund types.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards of, and guidelines for, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures.

Goals – Broad, general statements of each division's desired community of organizational outcomes.

Government Accounting Standards Board – The independent organization that establishes and improves standards of accounting and financial reporting for U.S., state, and local governments.

Infrastructure – The accumulated pipelines and storage facilities of the District, including meters, valves, pumps, and other appurtenances.

Interest Earnings – The earnings from available funds invested during the year in U.S. Treasury Bonds, government agencies, and Certificates of Deposit.

Liabilities – Present obligations of the District arising from past events.

Materials and Supplies – Expendable materials and operating supplies necessary to conduct department activity.

Operating Transfer – A transfer of revenues from one fund to another fund.

Operating Budget – The annual budget and process that provides a financial plan for the operation of government and the provision of services for the year; excluded from the operating budget are capital projects, which are determined by a separate, but interrelated process.

Payroll Expenses – Compensation paid to, or on behalf of, District employees for salaries and wages, overtime, and benefits.

Program – An activity or set of activities that provides a particular service to the citizens.

Public Hearing – The portions of open meetings held to present evidence and provide information on both sides of an issue.

Reserve Fund – Prudent fiscal management tools with flexibility to continually adapt to change, ensure continued operational solvency, and preserve adequate levels of services.

Resolution – An order of a legislative body requiring less formality than an ordinance or statute.

Revenue – Moneys that the District receives as income such as payments for water consumption, shared revenues, and interest income.