



San Juan Water District
Fiscal Year 2010 – 2011
Wholesale Budget Summary

Prepared by the Finance and Administrative Service Department
Under the Direction of the General Manager and Assistant General Manager



“Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.”

Elected Officials

Dave Peterson, President/Director
Ted Costa, Vice President/Director
Ken Miller, Director
Pamela Tobin, Director
Bob Walters, Director

Appointed Officials

Shauna Lorange, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Marcia L. Schnapp, Finance & Administrative Services Manager
Rick Hydrick, Operations Manager
William Sadler, Water Treatment Plant Manager
Judy Johnson, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager



TABLE OF CONTENTS

Mission Statement and Board of Directors	i
Letter of Transmittal	1-3
Organization Chart	4
Wholesale Budget for Fiscal Year 2010-11	
Board Resolution 10-13 Adopting Retail Budget for FY2010-11.....	6-7
Wholesale Budget – Exhibit A	
Wholesale Operating Budget	10-13
Wholesale Capital Improvement Program	15
District Debt Obligations	17
District Projected Reserve Balances	19
Wholesale Budget – Exhibit B	
Water Rates, Usage and Connection Fees Highlights	21
Wholesale Water Rates and Usage	22
Wholesale Connection Fees	23



Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

We are pleased to present to you the Fiscal Year 2010-2011 Budget for the San Juan Water District ("District"). Over the years, we have made and will continue to make improvements to the budget format. The intent is to provide a user-friendly document that conveys the dedication as well as the goals and accomplishments of the District Board of Directors ("Board") and staff.

The Budget Process

The District's official budget process begins each year with a Manager's meeting to establish the overall District goals and provide a basic timeline. Any guidelines from the Board are discussed at this time to set the parameters. Subsequently, the Finance & Administrative Services Manager provides the Division and Department Managers with their respective projected personnel budgets and the current fiscal year's adopted budget compared to the current fiscal year's projected actual expenses. The managers then prepare draft budgets and submit them for compilation.

The proposed budget is then reviewed by all Division and Department Managers to determine whether:

- ✓ District goals will be met within the budget;
- ✓ all necessary items have been included;
- ✓ revenues will be sufficient to cover projected expenses.

Typically, a summary of the proposed budget is reviewed with the Finance Committee in March and/or April. The proposed budget is then discussed with the Board of Directors in April/May and the draft document is distributed to the Board. The Finance & Administrative Services Manager presents the proposed wholesale budget and rates to the Board in May and the proposed retail budget and rates in June. The District holds the public hearings for wholesale budget/rates in May and retail budget/rates in June at which time the rate consultant is available for questions. The wholesale budget/rates and retail budget/rates are anticipated to then be adopted by the end of June.

Budgetary Control and Budget Format

District management uses the approved budget as the tool for ensuring adequacy of District resources in meeting District needs and assessing planned versus actual activities throughout the fiscal year. The General Manager controls the budget at the operating level.

The budget has been prepared using a program budget format versus a line item detail format to provide the most valuable information to the reader on all of the District's major areas of service: Wholesale Operations, Retail Operations, and Non-Operating Activities. The budget is further broken down by program area: Administrative & General, Conservation, Customer Service, Engineering, Pumping & Telemetry, Source of Supply, Transmission, and Water Treatment. The program area budget places the focus on overall District operations, leaving District management responsible for day-to-day operations and expenses.

Once the budget has been approved, staff distributes the budget into detailed accounts for entry into the District's accounting system. The line item detail has been provided for reference purposes only.

Funds

The District operates a single enterprise fund, which is segregated into non-operating activities, wholesale operations and retail operations.

Investment Policy and Investments

The District's current Investment Policy was developed and approved in accordance with California Government Code Section 53600. This Policy is reviewed and approved annually, and was last approved by the Board in December 2008.

Authority for the investment program has been delegated to the General Manager or his/her designee. The District is currently authorized to invest in the following instruments, as allowed under the Investment Policy (see the Investment Policy for specific restrictions):

- \$ United States Treasury Securities maturing in five years or less;
- \$ Agencies of the Federal Government;
- \$ Obligations of the State of California and any Local Agency within the state;
- \$ Banker's Acceptances;
- \$ Commercial Paper;
- \$ Certificates of Deposit;
- \$ State of California Local Agency Investment Fund;
- \$ Medium-term notes or Corporate issues maturing in five years or less;
- \$ Mutual funds; and
- \$ Interest bearing, FDIC-insured checking and savings accounts.

Accounting System and Controls

The District utilizes project cost accounting in the Microsoft Dynamics SL Solomon Professional 6.5 financial information system to record financial transactions throughout the year. At the end of the fiscal year, June 30, the District prepares a Comprehensive Annual Financial Report ("CAFR") containing financial statements and other financial

and operational information. An independent auditing firm audits this report, as well as District records and documentation, each year and reports its findings to the Board.

State-of-the-State

In November 2004, in order to protect local revenues from being transferred to the State, the voters passed Proposition 1A. The proposition went into effect in 2006. Prior to Prop 1A taking effect, in 2005 and 2006, the State of California took \$2,110,000 in the District's local property revenues and shifted them to education. Subsequent to Prop 1A becoming law, the proposition allows the State to "borrow" up to 8% of property tax revenues in any 3 year period. The State must repay those monies fully before being able to "borrow" again. In addition, the State may only "borrow" twice in any 10-year period.

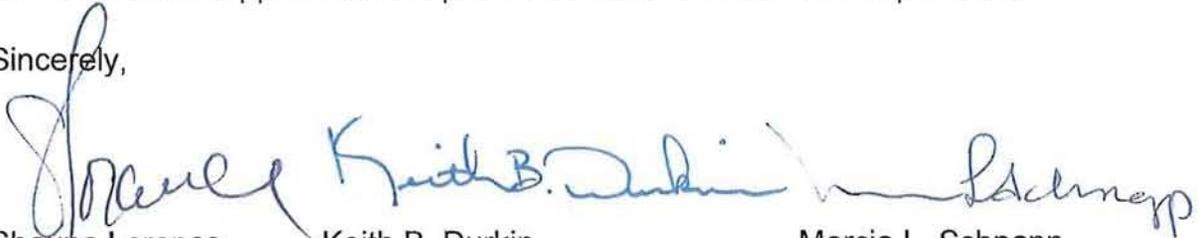
In FY2009-10, due to the 2008 recession, and in order to help balance a burgeoning budget deficit, the State did borrow 8% of the District's property tax revenues under Prop 1A. Since then, the State's budget has yet to be balanced. It is unknown what the potential impact on the State's continuing deficit will be on the District and all other local public agencies going forward. Staff continues to monitor this issue and will communicate any changes as they arise.

In Summary

We hope this budget provides useful information on the District's operations to readers.

We would like to thank the District's Management Team for their diligence in preparing and managing their budgets. We would also like to thank the Board of Directors for their continued support of the important services that the District provides.

Sincerely,



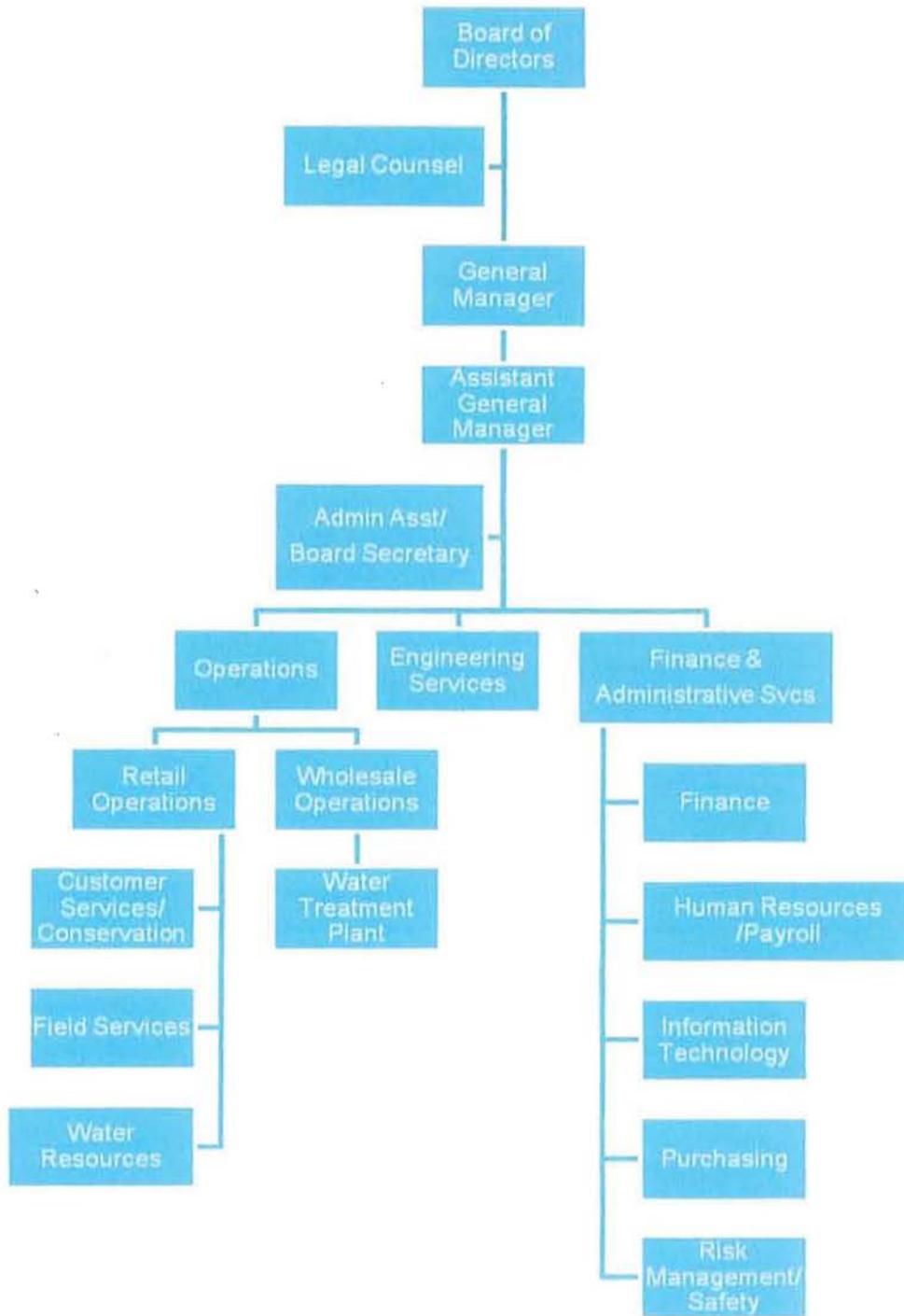
Shauna Lorance
General Manager

Keith B. Durkin
Assistant General Manager

Marcia L. Schnapp
Finance & Administrative
Services Manager

Organization Chart

San Juan Water District
Functional Organization



FISCAL YEAR 2010-11
WHOLESALE BUDGET

RESOLUTION NO. 10-13

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE NON-OPERATING, CAPITAL IMPROVEMENT PROGRAM,
WHOLESALE BUDGET, RATES AND FEES FOR THE FISCAL YEAR 2010-2011**

WHEREAS, District staff has prepared a budget for the fiscal year 2010-2011 that estimates operating and maintenance, capital improvement program, debt service and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2010-2011 budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including maintaining prudent reserves; and

WHEREAS, staff has determined that the District's wholesale water rates and wholesale capital facilities (connection) fees need to be adjusted for fiscal year 2010-2011 to account for the increased costs for providing such services.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

1. The Board of Directors finds that the Non-Operating, Capital Improvement Program and Wholesale budgets as proposed by staff fairly and accurately represents the estimated expenses and revenues of the District for the fiscal year beginning on July 1, 2010 and ending on June 30, 2011 and that the budget adequately ensures that the District will be able to cover its expenses and maintain prudent reserves, and on that basis the Board hereby adopts the District's fiscal year 2010-2011 budget (with any revisions that the Board may deem prudent as a condition of adopting said budget). A copy of the fiscal year 2010-2011 District budget is attached as "Exhibit A" and made a part of this Resolution.

2. The Board of Directors finds that the proposed Wholesale Water Rates and Wholesale Capital Facilities (Connection) Fees for fiscal year 2010-2011 are fair, equitable and ensure that the persons and entities receiving such services will pay the District's full costs of providing such services, and on that basis the Board hereby adopts the proposed rates and fees for the 2010-2011 fiscal year (with any revisions that the Board may deem prudent as a condition of adopting said rates and fees). The fiscal year 2010-2011 Wholesale Water Rates and Wholesale Capital Facilities (Connection) Fees are shown on "Exhibit B", which is attached to and made a part of this Resolution.

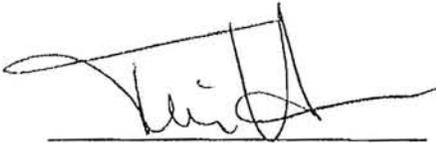
3. The General Manager and staff are directed to take all actions necessary to implement and follow the fiscal year 2010-2011 budget shown in Exhibit A and to impose and collect the rates and fees shown in Exhibit B, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 9th day of June 2010, by the following vote:

AYES:	DIRECTORS:	Costa, Miller, Tobin, Walters
NOES:	DIRECTORS:	Peterson
ABSENT:	DIRECTORS:	



DAVE PETERSON
President, Board of Directors

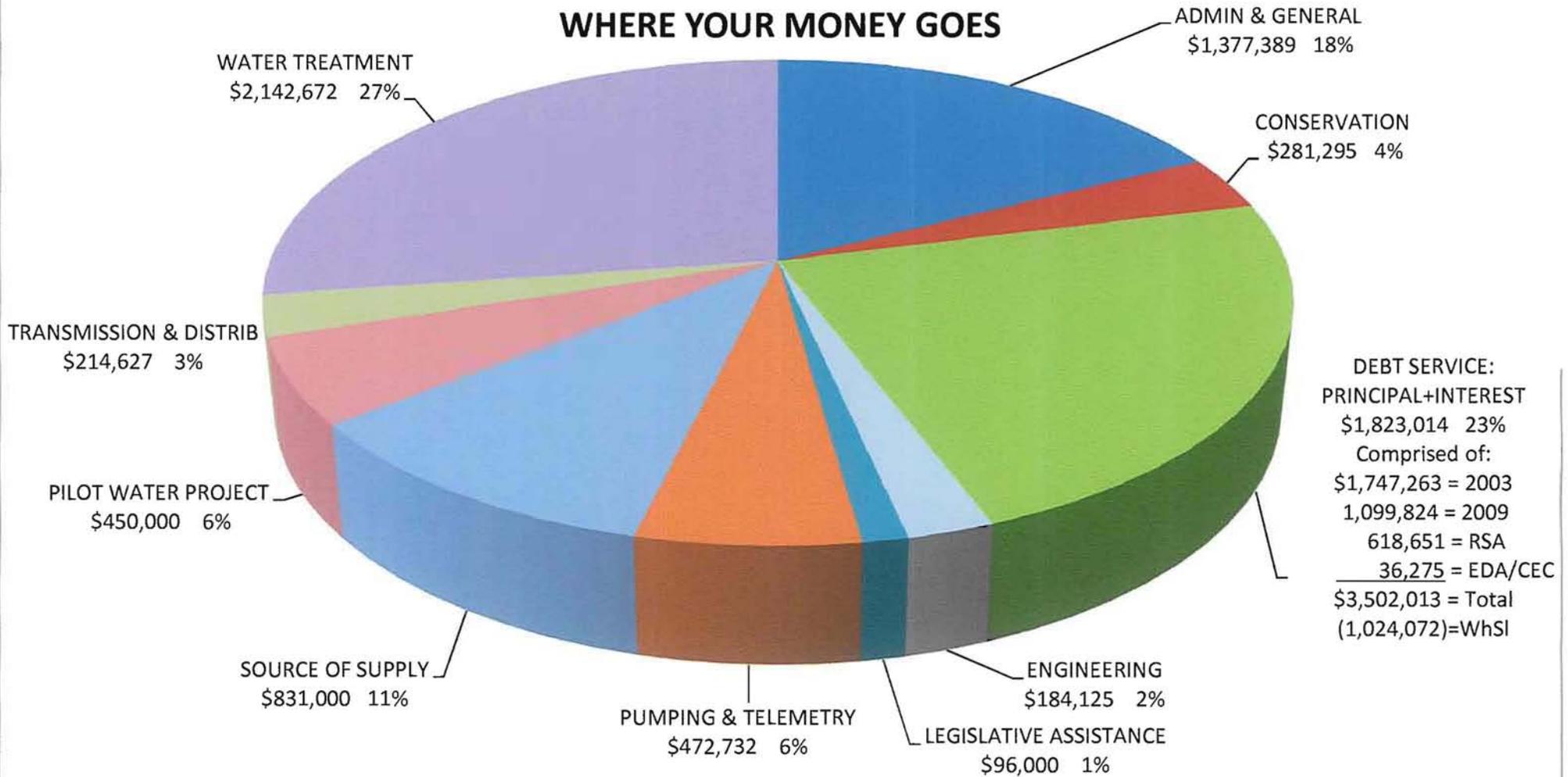


TERI HART
Secretary, Board of Directors

EXHIBIT A
FISCAL YEAR 2010-2011
WHOLESALE BUDGET
OPERATING, NON-OPERATING AND CAPITAL
IMPROVEMENT

FISCAL YEAR 2010-11
WHOLESALE OPERATING BUDGET

SAN JUAN WATER DISTRICT FY2010-11 WHOLESAL BUDGET WHERE YOUR MONEY GOES



SAN JUAN WATER DISTRICT OPERATING BUDGET FOR FISCAL YEAR 2010-2011	Wholesale Dept 01 07/01/09- 06/30/10 Budget	Wholesale Dept 01 07/01/09- 03/31/10 Actual	Wholesale Dept 01 07/01/09- 06/30/10 Projected Yr End	Wholesale Dept 01 07/01/10- 06/30/11 Bd Approved Budget
OPERATING REVENUE				-
CITRUS HEIGHTS WATER DISTRICT	2,478,927	1,468,233	1,796,914	1,998,364
CITY OF FOLSOM	369,364	222,516	291,365	314,900
FAIR OAKS WATER DISTRICT	1,622,473	1,133,604	1,537,595	1,705,887
ORANGEVALE WATER COMPANY	610,761	423,393	574,421	641,331
CITY OF ROSEVILLE			-	-
SAC SUBURBAN	312,895	190,428	253,904	-
GRANITE BAY GOLF CLUB	14,475	6,021	8,028	10,000
INTERDEPARTMENTAL SJWD RSA	2,942,526	1,766,756	2,167,136	2,411,484
PILOT WATER PROJECT				500,000
TOTAL WHOLESALE WATER REVENUES	8,351,421	5,210,951	6,629,364	7,581,966
WATER SALES - RETAIL			-	-
OTHER REVENUES	1,000		-	
TOTAL OPERATING REVENUES	8,352,421	5,210,951	6,629,364	7,581,966
EXPENSES				
SOURCE OF SUPPLY				
WATER CHARGED TO RETAIL AREA (RSA)			-	-
PCWA WATER	330,000	225,000	300,000	309,000
BUREAU RECLAMATION CVP WATER	215,762	26,937	35,916	200,000
WHEELING	178,559	139,597	186,129	200,000
WATER FORUM	29,196		-	30,000
BUREAU PUMPING (WAPA ENERGY)	82,102	54,280	72,373	80,000
ENERGY ASSESSMENTS/COT	2,000	90	120	2,000
OTHER	11,000	7,119	9,492	10,000
PUMPING & TELEMETRY	552,593	345,100	460,133	472,732
WATER TREATMENT	2,253,631	1,554,712	2,072,950	2,142,672
TRANSMISSION & DISTRIBUTION	168,959	140,552	187,403	214,627
CUSTOMER SERVICE		25,573	34,097	-
CONSERVATION	243,288	175,006	233,341	281,295
ENGINEERING	209,312	29,892	39,857	184,125
ADMINISTRATION & GENERAL	1,523,355	986,122	1,314,829	1,498,389
OVERHEAD COST ALLOCATION (CREDIT)	(20,000)	(154,681)	(206,241)	(200,000)
INTEREST EXPENSE			-	-
OPEB EXPENSE		105,375	140,500	175,000
PILOT WATER PROJECT				450,000
TOTAL OPERATING EXPENSES	5,779,757	3,660,674	4,880,899	6,049,840
INCOME (LOSS) FROM OPERATIONS - BEFORE DEPREC	2,572,664	1,550,277	1,748,465	1,532,126

SAN JUAN WATER DISTRICT OPERATING BUDGET FOR FISCAL YEAR 2010-2011	Wholesale Dept 01 07/01/09- 06/30/10 Budget	Wholesale Dept 01 07/01/09- 03/31/10 Actual	Wholesale Dept 01 07/01/09- 06/30/10 Projected Yr End	Wholesale Dept 01 07/01/10- 06/30/11 Bd Approved Budget
INCOME (LOSS) FROM OPERATIONS - PREVIOUS PAGE	2,572,664	1,550,277	1,748,465	1,532,126
NON OPERATING REVENUES				
TAXES	850,000	492,223	656,297	850,000
INTEREST INCOME	626,459	228,260	304,346	175,000
CONNECTIONS AND ANNEXATIONS				-
OTHER	141,013	245,605	327,473	271,000
TOTAL NON-OPERATING REVENUES	1,617,472	966,087	1,288,116	1,296,000
NON OPERATING EXPENSES				
COP PAYMENTS FROM AGENCIES-WHOLESALE	(1,026,187)	(769,640)	(1,026,187)	(1,024,072)
COP PAYMENTS FROM SJWD RSA - RETAIL DEBT	(545,127)	(408,609)	(544,812)	(654,927)
BOND/NOTE INTEREST - 2009 COP NEW MONIES	1,008,478	756,359	1,008,478	2,470,738
BOND/NOTE INTEREST - 2003 COP NEW MONIES	452,674	339,506	452,674	
BOND INTEREST DIRECT/REFUNDING PORTION - 2003	338,389	253,792	338,389	
CEC/EDA INTEREST (RETAIL ONLY)	10,605	7,954	10,605	10,290
OTHER MISCELLANEOUS EXPENSES	55,000	64,505	86,007	103,033
TOTAL NON OPERATING EXPENSES	293,832	243,865	325,154	905,061
NET INCOME (LOSS) B4 CAP CONTRIBS AND DEPREC	3,896,304	2,272,499	2,711,428	1,923,065
OTHER CASH SOURCES (USES)				
FINANCING SOURCES (USES)				
PRINCIPAL PAYMENT - EDA Loan	(20,396)	(15,297)	(20,396)	(20,396)
PRINCIPAL PAYMENT - CEC Loan	(5,274)	(3,956)	(5,274)	(5,589)
PRINCIPAL PAYMENT - 2003 COP	(960,000)	(720,000)	(960,000)	(985,000)
PRINCIPAL PAYMENT - 2009 COP	(405,000)	(303,750)	(405,000)	(10,000)
OTHER FINANCING SOURCES (USES)	(1,390,670)	(1,043,003)	(1,390,670)	(1,020,985)
NET SOURCES (USES) TO (FROM) RESERVES	2,505,634	1,229,497	1,320,758	902,080
AMOUNTS TO RESERVES				
CAPITAL CONTRIBUTION REVENUE		1,136,265	1,515,020	1,500,000
CIP RESERVE	(2,205,634)	(2,065,761)	(2,535,777)	(2,102,080)
KOKILA RESERVOIR				
HINKLE RESERVOIR	(50,000)	(50,000)	(50,000)	(50,000)
EMERGENCY RESERVE				-
PERS STABILIZATION	(100,000)	(100,000)	(100,000)	(100,000)
CONNECTION RESERVE				
NET SURPLUS (DEFICIT)	150,000	150,000	150,000	150,000

SAN JUAN WATER DISTRICT - COMPARISON OF ACTUAL TO BUDGET

Category	Actual FY 2008-09	Budgeted FY 2009-10	Projected FY 2009-10	Proposed FY 2010-11	Change From FY 2009-10 Budget	Change From FY 2009-10 Projected
Wholesale:						
Salaries/Benefits	2,358,729	2,718,724	2,477,469	2,533,492	-6.81%	2.26%
Less: Overhead Costs Allocated to Capital Projects	(80,971)	(15,000)	(206,241)	(200,000)		
Net Salaries/Benefits	2,277,758	2,703,724	2,271,227	2,333,492	-13.69%	2.74%
Services/Supplies	2,150,948	2,212,414	1,799,400	2,260,348	2.17%	25.62%
Water Supply	769,582	848,619	604,030	831,000	-2.08%	37.58%
Expenses Before Pilot Water Project	5,198,288	5,764,757	4,674,657	5,424,840	-5.90%	16.05%
Pilot Water Project (reimbursed through revenues)	-	-	-	450,000		
Total Expenses	5,198,288	5,764,757	4,674,657	5,874,840	1.91%	25.67%
Difference: Projected FY09-10 vs Budget FY10-11				1,200,183		

Major Differences from Projected FY09-10 to Proposed FY10-11

- 1) Salaries & Benefits: Pay-for-Performance re-instated, plus increases in Benefits Costs 56,023
 - a) Only 9 months salary/benefits for Finance/Admin Mgr in FY0910 = \$45K difference

- 2) Services/Supplies 460,948
 - a) Additional Legislative Consulting Costs = \$96K (6/7ths recovered thru non-oper revenues)
 - b) Assumes increased chemical costs (+\$70K); Engineering (+\$150K); OPEB (+\$35K)
 - c) Assumes weather patterns revert back to FY0809 vs wet year of FY0910

- 3) Source of Supply - using FY0809 Actual due to weather pattern 226,970
 - a) Add'l \$164K for Bureau Water Costs (Projected = \$36K vs Proposed = \$200K)
 - b) \$30K for Water Forum

- 4) Addition of Pilot Water Project (fully recovered through operating revenues) 450,000

Total Major Differences from Projected FY2009-10 vs. Budget FY2010-11 1,193,941

WHOLESALE “CIP”
(CAPITAL IMPROVEMENT PROJECTS)

San Juan Water District
Wholesale CIP
BUDGET FY 2010-2011

Project	2010 Balance to Carryforward	2011 New Amts	2011 Total Budget Amt
<u>District-Wide:</u>			
Network Software and Hardware	-	22,000.00	22,000.00
District Fiber Optic Upgrade (50/50 split - Wholesale/Retail)	8,100.00		8,100.00
Admin Office Rewire (50/50 split - Wholesale/Retail)	3,275.00		3,275.00
Administration Building Roof (36/64 split - Wholesale/Retail)	11,880.00		11,880.00
District-wide Current CIP	23,255.00	22,000.00	45,255.00
Engineering for Treated Water Piping to Hinkle Reservoir	125,000.00		125,000.00
Engineering Services Current CIP	125,000.00	-	125,000.00
<u>Wholesale/Water Treatment Plant:</u>			
Chemical Feed-Chlorine Containment (\$2.7M)			-
Storage Building Roof and Walls	400,000.00		400,000.00
Raw Water Supply-Parallel USBR Pipeline	1,000,000.00		1,000,000.00
Hydraulic Improvements-Raw Water Pipe	-		-
Hydraulic Improvements-Tube Settlers/Sed	-		-
Hydraulic Improvements-Settled Channel	-		-
Transmission Pipeline Design-Fair Oaks 40"	(58,292.04)	378,267.54	319,975.50
Water Treatment Plant Roof Repairs	77,210.16	20,000.00	97,210.16
SCADA System Upgrade (RSA portion/pays = \$100,000; see RSA CIP)	600,000.00	200,000.00	800,000.00
Additional Projects for 2011			-
Treated Water Piping to Hinkle Reservoir	-	2,800,000.00	2,800,000.00
Relocate CTP Connection		3,200,000.00	3,200,000.00
24-inch GBPS Pipeline (RSA portion/pays 100% - \$331,000; see RSA CIP)		331,000.00	331,000.00
CTP Valve Actuator Repairs	-	150,000.00	150,000.00
Truck-mounted Powered Valve Actuator	-	5,000.00	5,000.00
Alum Tanks Secondary Containment	-	125,000.00	125,000.00
Filter leak repairs	-	230,000.00	230,000.00
Filter Valve Replacement	-	80,000.00	80,000.00
Chlorination Equipment	-	40,000.00	40,000.00
Solar Project	-	5,800,000.00	5,800,000.00
Sub-Total Wholesale Water Treatment Plant Projects	2,018,918.12	13,359,267.54	15,378,185.66
Total Capital Improvement Program Budget	2,167,173.12	13,381,267.54	15,548,440.66
<u>Capital Improvement Program Summary:</u>			
District-wide	23,255.00	22,000.00	45,255.00
Engineering Services	125,000.00	-	125,000.00
Wholesale/Water Treatment	2,018,918.12	13,359,267.54	15,378,185.66
Total Capital Improvement Program Budget	2,167,173.12	13,381,267.54	15,548,440.66

FISCAL YEAR 2010-11
SAN JUAN WATER DISTRICT
DEBT OBLIGATIONS

Debt Obligations	FY 09/10	FY 09/10	FY 09/10	FY 10/11	FY 10/11	FY 10/11
2003 COP Issue	Interest	Principal	Total	Interest	Principal	Total
Refunding Portion	92,600.00	540,000.00	632,600.00	76,400.00	555,000.00	631,400.00
Direct Portion	245,789.00	147,798.00	393,587.00	241,355.02	151,317.00	392,672.02
New Portion	452,674.00	272,202.00	724,876.00	444,507.48	278,683.00	723,190.48
Total	791,063.00	960,000.00	1,751,063.00	762,262.50	985,000.00	1,747,262.50
2009 COP Issue	Interest	Principal	Total	Interest	Principal	Total
Wholesale Portion	645,426.00	259,200.00	904,626.00	1,093,424.00	6,400.00	1,099,824.00
Retail Portion	363,052.00	145,800.00	508,852.00	615,051.00	3,600.00	618,651.00
Total	1,008,478.00	405,000.00	1,413,478.00	1,708,475.00	10,000.00	1,718,475.00
Total Payments Due	Interest	Principal	Total	Interest	Principal	Total
Wholesale	1,436,489.00	1,219,200.00	2,655,689.00	1,855,686.50	991,400.00	2,847,086.50
Retail	363,052.00	145,800.00	508,852.00	615,051.00	3,600.00	618,651.00
Total	1,799,541.00	1,365,000.00	3,164,541.00	2,470,737.50	995,000.00	3,465,737.50
Retail Only - Other Debt	Interest	Principal	Total	Interest	Principal	Total
EDA	9,691.00	20,396.00	30,087.00	9,691.00	20,396.00	30,087.00
CEC	914.00	5,274.00	6,188.00	599.00	5,589.00	6,188.00
Total Retail - Other Debt	10,605.00	25,670.00	36,275.00	10,290.00	25,985.00	36,275.00

DISTRICT RESERVE BALANCES

SAN JUAN WATER DISTRICT
RESERVES BALANCES

	<u>Projected</u> <u>June 30, 2010</u>	<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
		<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
Restricted - Debt Service		2,875,697	1,851,037	4,726,734
Operating		3,115,862	1,865,715	4,981,577
PERS		256,978	256,978	513,956
Compensated Absences+EE Restricted		326,234	411,918	738,152
Developer/Cust Deposits		-	50,000	50,000
Connection		25,103	2,399,510	2,424,613
Rate Stabilization		1,000,000	-	1,000,000
CIP - General		5,572,193	4,293,997	9,866,190
CIP - COPs		8,935,429	5,900,000	14,835,429
Hinkle Reserve		2,255,129	-	2,255,129
Kokila Reserve		-	326,738	326,738
Hydraulic/Raw Water Pipeline		276,305	-	276,305
Vehicle		50,000	50,000	100,000
Emergency CIP		-	584,007	584,007
Total		24,688,930	17,989,900	42,678,830

	<u>Projected</u> <u>June 30, 2011</u>	<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
		<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
Restricted - Debt Service		2,875,697	1,851,037	4,726,734
Operating		-	-	-
PERS		3,265,862	1,879,921	5,145,783
PERS		356,978	356,978	713,956
Compensated Absences+EE Restricted		326,234	411,918	738,152
Developer/Cust Deposits		-	50,000	50,000
Connection		25,103	2,449,510	2,474,613
Rate Stabilization		1,000,000	-	1,000,000
CIP - General (includes \$331K+\$100K from RSA)		1,492,261	2,096,699	3,588,960
CIP - COPs		-	5,500,000	5,500,000
Hinkle Reserve		2,305,129	-	2,305,129
Kokila Reserve		-	336,738	336,738
Hydraulic/Raw Water Pipeline		276,305	-	276,305
Vehicle		50,000	50,000	100,000
Emergency CIP		-	584,007	584,007
Total		11,973,569	15,566,808	27,540,377

EXHIBIT B
WATER RATES AND CONNECTION FEES

Wholesale Budget Highlights

The Wholesale water rates include a Board approved rate increase of 8% effective January 1, 2011, to cover operations and maintenance increases, as well as funding the capital improvement program.

Note: This increase was adopted by the Board of Directors on June 9, 2010.

Wholesale Water Rate Study

In 2008, the District contracted with the Reed Group, Inc. to update the Wholesale Water Rate Study and Financial Plan due to increasing capital program needs in order to determine water rates required to fund operations and the capital improvement program over the next ten years. This update of the financial plan was completed in June 2008 and accepted by the Board. The plan determined that a bond financing was necessary for projects, including hydraulic improvements and the raw water pipeline. The first wholesale rate increase resulting from that update was implemented on January 1, 2009. In addition, the debt financing was completed in order to fund the capital projects in 2009 as well.

In 2010, the District has once again contracted with the Reed Group, Inc. to update the Wholesale Water Rate Study and Financial Plan. That process is due to take place in late summer of 2010. Until that process is complete, this budget is prepared using the recommended rates from the 2008 Financial Plan for budgetary purposes. It is up to the discretion of the Board to adopt rates as part of the budget process. The following table represents the Board approved rate increase effective January 1, 2011, as well as the 2008 Financial Plan recommended rate increases from 2012 through 2014:

2011	2012	2013	2014
8%	5%	2%	2%

The 2008 study also included a new wholesale water connection fee that is assessed to new connections for purposes of "buying into" the system. This places new customers on par with existing customers. Effective July 1, 2010, this fee will increase by 2.18% as indexed to the 20 Cities Construction Cost Index ("CCI"). The following schedule lists the fee by meter size that is collected from each retail agency and is, in turn, submitted to San Juan Water District:

Wholesale Connection Fees

Meter Size	Capacity Factor	FY0910	FY1011
¾" Meter	0.60	\$ 337	\$ 344
1" Meter	1.00	\$ 560	\$ 572
1 ½" Meter	2.00	\$ 1,121	\$ 1,145
2" Meter	3.20	\$ 1,793	\$ 1,832
3" Meter	6.40	\$ 3,585	\$ 3,663
4" Meter	10.00	\$ 5,602	\$ 5,724
6" Meter	25.00	\$ 14,004	\$ 14,309
8" Meter	36.00	\$ 20,166	\$ 20,606
10" Meter	58.00	\$ 32,490	\$ 33,199
12" Meter	86.00	\$ 48,175	\$ 49,226

Water Rates and Usage - Actual FY0910 Vs. Budget FY1011

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FY2009-10

Water Usage by Agency	Uniform Commodity Rate Jul-Dec	Uniform Commodity Rate Jan-Jun	Actual Vol (In A.F.) Jul-Sep '09	Actual Vol (In A.F.) Oct-Dec '09	Actual Vol (In A.F.) Jan-Mar '10	Projected Vol (In A.F.) Apr-Jun '10	FY0910 Projected Annual Commodity Charge	Annual Service Charge	Annual Debt Service Charge (2003 COPs) New Money	Annual Debt Service Charge (2009 COPs)	Total	Effective Water Rate	Annual Debt Service Charge (2003 COPs) Refunding & Direct
Citrus Heights Water District	\$77.71	\$86.25	5,204.39	1,920.33	1,218.91	2,669.29	\$ 889,019	\$ 351,341	\$ 252,329	\$ 304,226	\$ 1,796,914	\$ 163.16	
Fair Oaks Water District	\$77.71	\$86.25	4,902.54	1,914.62	1,093.12	3,446.79	\$ 921,328	\$ 241,505	\$ 185,424	\$ 189,338	\$ 1,537,595	\$ 135.39	\$ 235,644
Orange Vale Water Company	\$77.71	\$86.25	2,036.03	737.12	491.82	984.89	\$ 342,868	\$ 79,031	\$ 56,903	\$ 95,619	\$ 574,421	\$ 135.16	\$ 104,442
City of Folsom	\$157.12	\$162.37	581.08	256.48	164.66	358.13	\$ 216,483	\$ 31,147	\$ 14,063	\$ 29,672	\$ 291,365	\$ 214.18	\$ 98,397
Sub-Total Wholesale			12,724.04	4,828.55	2,968.51	7,459.10	\$ 2,369,699	\$ 703,024	\$ 508,719	\$ 618,855	\$ 4,200,296		\$ 438,483
San Juan Water District, RSA	\$115.19	\$127.86	6,221.71	1,503.33	1,092.38	2,774.69	\$ 1,384,291	\$ 280,916	\$ 216,158	\$ 285,771	\$ 2,167,136	\$ 186.95	\$ 587,704
Total			18,945.75	6,331.88	4,060.89	10,233.79	\$ 3,753,990	\$ 983,940	\$ 724,877	\$ 904,626	\$ 6,367,432		\$ 1,026,187

FY2010-11

Water Usage by Agency	Uniform Commodity Rate Jul-Dec	Uniform Commodity Rate Jan-Jun	Budgeted Vol (A.F.) Jul-Sep '10	Budgeted Vol (A.F.) Oct-Dec '10	Budgeted Vol (A.F.) Jan-Mar '11	Budgeted Vol (A.F.) Apr-Jun '10	FY1011 Budgeted Annual Commodity Charge	Annual Service Charge	Annual Debt Service Charge (2003 COPs) New Money	Annual Debt Service Charge (2009 COPs)	Total	Effective Water Rate	Annual Debt Service Charge (2003 COPs) Refunding & Direct
Citrus Heights Water District	\$86.25	\$95.74	5,204.39	1,920.33	1,218.91	2,669.29	\$ 986,763	\$ 389,988	\$ 251,743	\$ 369,871	\$ 1,998,365	\$ 181.46	
Fair Oaks Water District	\$86.25	\$95.74	4,902.54	1,914.62	1,093.12	3,446.79	\$ 1,022,631	\$ 268,071	\$ 184,992	\$ 230,193	\$ 1,705,886	\$ 150.20	\$ 235,197
Orange Vale Water Company	\$86.25	\$95.74	2,036.03	737.12	491.82	984.89	\$ 380,565	\$ 87,725	\$ 56,770	\$ 116,251	\$ 641,310	\$ 150.90	\$ 104,244
City of Folsom	\$162.37	\$180.24	581.08	256.48	164.66	358.13	\$ 230,223	\$ 34,574	\$ 14,030	\$ 36,074	\$ 314,900	\$ 231.48	\$ 98,168
Sub-Total Wholesale			12,724.04	4,828.55	2,968.51	7,459.10	\$ 2,620,181	\$ 780,357	\$ 507,535	\$ 752,389	\$ 4,660,462		\$ 437,609
San Juan Water District, RSA	\$127.86	\$141.93	6,221.71	1,503.33	1,092.38	2,774.69	\$ 1,536,577	\$ 311,817	\$ 215,655	\$ 347,434	\$ 2,411,483	\$ 208.03	\$ 586,463
Total			18,945.75	6,331.88	4,060.89	10,233.79	\$ 4,156,758	\$ 1,092,174	\$ 723,190	\$ 1,099,823	\$ 7,071,945		\$ 1,024,072

SAN JUAN WATER DISTRICT
 FY 2010-2011 BUDGET WORKSHEETS
 WHOLESALE CONNECTION FEES
 EFFECTIVE JULY 1st

Wholesale Connection Fees

Meter Size	Capacity Factor	FY0910	FY1011
3/4" Meter	0.60	\$ 337	\$ 344
1" Meter	1.00	\$ 560	\$ 572
1 1/2" Meter	2.00	\$ 1,121	\$ 1,145
2" Meter	3.20	\$ 1,793	\$ 1,832
3" Meter	6.40	\$ 3,585	\$ 3,663
4" Meter	10.00	\$ 5,602	\$ 5,724
6" Meter	25.00	\$ 14,004	\$ 14,309
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10" Meter	58.00	\$ 32,490	\$ 33,199
12" Meter	86.00	\$ 48,175	\$ 49,226

Calculation:

CC Index @ May 2010	8761
CC Index @ May 2009	8574
Difference	187
% Change	2.18%

Note: These fees are indexed utilizing the 20 Cities Construction Cost Index (CCI) as recommended in the Financial Plan.