



SCOTTS VALLEY WATER DISTRICT

AGENDA PACKET

**REGULAR BOARD MEETING
03/12/20 at 7:00 p.m.**

**Santa Margarita Community Room
2 Civic Center Drive
Scotts Valley, California**

BOARD OF DIRECTORS

Wade Leishman, President

Bill Ekwall, Vice President

Chris Perri, Director

Danny Reber, Director

Ruth Stiles, Director

Noelle Downing, Associate Director

Annie Finch Associate Director

Piret Harmon, General Manager

Water Industry Acronyms

AF – Acre Foot	RWQCB – Regional Water Quality Control Board
AFY – Acre Foot per Year	SCWD – Santa Cruz Water Department (City of)
ACWA – Association of California Water Agencies	SDWA – Safe Drinking Water Act
ACWA JPIA – ACWA Joint Powers Insurance Authority	SGMA – Sustainable Groundwater Management Act
AWWA – American Water Works Association	SLVWD – San Lorenzo Valley Water District
BMP – Best Management Practices	SMGWA – Santa Margarita Groundwater Agency
CCR – Consumer Confidence Report	SqCWD – Soquel Creek Water District
CD – Certificate of Deposit	SWRCB – State Water Resources Control Board
CEQA - California Environmental Quality Act	TP – Treatment Plant
CSDA – California Special District Association	
DHS - Department of Health Services	
DWR – Department of Water Resources	
EIR – Environmental Impact Report	
EPA – Environmental Protection Agency	
GASB – Governmental Accounting Standards Board	
IRWM – Integrated Regional Water Management	
JPA – Joint Powers Agreement	
LAIF – Local Agency Investment Fund	
LAFCO – Local Agency Formation Commission	
LID – Low Impact Development	
MCL – Maximum Containment Level	
MGD – Million Gallons per Day	
MGY – Million Gallons per Year	
MOU – Memorandum of Understanding	
O&M – Operations and Maintenance	
PERS – Public Employees Retirement System	
PHG – Public Health Goal	
PPB – Parts Per Billion	
PRV – Pressure Relief Valve	
PVC Pipe – Polyvinyl Chloride Pipe	
RWMF – Regional Water Management Foundation	
RFP – Request for Proposals	
ROW – Right-of-way	



SCOTTS VALLEY WATER DISTRICT

BOARD OF DIRECTORS
PRESIDENT Wade Leishman
VICE PRESIDENT Bill Ekwall
Chris Perri
Danny Reber
Ruth Stiles

ASSOCIATE DIRECTORS
Noelle Downing
Annie Finch

GENERAL MANAGER
Piret Harmon

Board of Directors

Regular Meeting

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

03/12/20 7:00 p.m.

Agenda

1. Convene

- 1.1. Call to Order and Roll Call
- 1.2. Pledge of Allegiance and Invocation
- 1.3. Closed Session Report (No closed session on 02/13/20)
- 1.4. Additions/Deletions to the Agenda
- 1.5. Oral Communications

2. Administrative

2.1. Approval of Minutes

2/13/20 Regular Board Meeting

2.2. Committee and other Agency Meeting Reports

Executive & Public Affairs Committee 02/24/20

Finance & Personnel Committee 02/25/20

Interagency Committee 03/05/20

Water Resources & Engineering Committee 02/24/20

Santa Margarita Groundwater Agency (SMGWA) Board 2/27/20

2.3. SMGWA Board Appointment

Recommendation: Appoint Director Ekwall as Alternate Director to the Santa Margarita Groundwater Agency Board of Directors.

2.4. Committee Assignments

2.5. Presentations

Communications and Community Outreach, Midyear Update
Jennifer Murray, Miller Maxfield

3. Consent

3.1. [Leak Adjustment Appeal 4865 Scotts Valley Drive](#)

Recommendation: Grant an exception to the five-year waiting period and approve a one-time leak adjustment credit for 4865 Scotts Valley Drive.

3.2. [Leak Adjustment Appeal 417 Southwood Drive](#)

Recommendation: Deny an exception to the five-year waiting period and do not approve the leak adjustment credit for 417 Southwood Drive.

4. Public Hearings (None)

5. Business

5.1. [Annual Groundwater Report, Water Year 2019](#)

Recommendation: Accept the Water Year 2019 Annual Groundwater Report.

5.2. [Annual Financial Report for Fiscal Year Ended 06/30/19](#)

Recommendation: Accept the Scotts Valley Water District Annual Financial Report for Fiscal Year Ended 06/30/19.

5.3. [Strategic Goals Management Objectives](#)

Recommendation: Approve the Management Objectives that support the District's Strategic Goals in the next 2-year timeframe.

5.4. [2020 Water Supply Outlook](#)

Recommendation: Receive information.

5.5. [Policy P100-15-2 Water Management Strategies for Demand Reduction](#)

Recommendation: Adopt Resolution No. 02-20 revising Policy P100-15-2 and rescinding Resolution No. 02-15.

6. Staff Reports

6.1. Legal

District Counsel - oral

6.2. Administrative

General Manager - oral

6.3. Finance

Financial Reports

6.4. Operations

Operations Report - oral

[Production, Demand and Rainfall Data through 02/29/20](#)

[Leak Adjustment Program Report 07/01/19 through 01/31/20](#)

7. Directors Reports

Travel and Meetings
ACWA and ACWA/JPIA Updates
Other

8. Written Correspondence

ACWA Groundwater Committee Meeting Notes: Montgomery & Associates 02/11/20

9. Community Relations

Newsletter Scotts Valley Water District

10. Closed Session (None)

11. Report on Closed Session and Additional Items (None)

12. Future Items

Draft FY 2021 Workplan (April)
2020 Water Supply Outlook

13. Meetings and Event Calendar

Regular Board Meetings
Santa Margarita Community Room
04/09/20
05/14/20
06/11/20

Committee Meetings
District Conference Room
03/16/20 Executive & Public Affairs
03/17/20 Finance & Personnel
03/16/20 Water Resources & Engineering
06/04/20 Interagency

Santa Margarita Groundwater Agency Board

Regular Board Meetings
Scotts Valley City Council Chambers
03/26/20
04/23/20
05/28/20

Association of California Water Agencies (ACWA) Events

05/05/20 – 05/08/20 Spring Conference Monterey

12/01/20 – 12/04/20 Fall Conference Indian Wells

Conferences/Trainings/Workshops/Webinars

03/15/20 – 03/17/20 WaterReuse Annual Conference San Francisco

06/10-20 – 06/11/20 3rd Annual Groundwater Sustainability Agencies Summit Sacramento

14. Adjourn

The next regular meeting of the Scotts Valley Board of Directors is scheduled for 04/09/20 at 7:00 p.m. in the Santa Margarita Community Room, 2 Civic Center Drive, Scotts Valley, California.

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT WILL MAKE AVAILABLE FOR PUBLIC REVIEW ANY PUBLIC RECORDS FURNISHED TO THE BOARD OF DIRECTORS AT THE SAME TIME SUCH RECORDS ARE FURNISHED TO THE BOARD OF DIRECTORS. **SUCH RECORDS SHALL BE AVAILABLE AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS.**

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE SCOTTS VALLEY WATER DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THE DISTRICT'S PUBLIC MEETING PLEASE MAKE SUCH A REQUEST TO THE DISTRICT OFFICE AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 A MINIMUM OF THREE (3) WORKING DAYS PRIOR TO THE SCHEDULED MEETING. ADVANCE NOTIFICATION WITHIN THIS GUIDELINE WILL ENABLE THE DISTRICT TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY.

Scotts Valley Water District
Board of Directors
Regular Meeting
Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California
02/13/20 7:00 p.m.
Minutes

1. Convene

1.1 Call to Order and Roll Call

President Leishman called the meeting to order at 7:00 p.m. in the Santa Margarita Community Room, 2 Civic Center Drive, Scotts Valley, California.

Directors

Bill Ekwall

Wade Leishman

Chris Perri

Ruth Stiles

Staff

Bob Bosso, Legal Counsel

Piret Harmon, General Manager

Nick Kurns, Finance and Customer Service Manager

David McNair, Operations Manager

Nick Wallace, Administrative Office Assistant

Absent

Danny Reber

Associate Directors

Noelle Downing

Annie Finch

Audience

None

1.2 Pledge of Allegiance and Invocation

Director Ekwall led the pledge of allegiance; Director Perri provided the invocation.

1.3 Closed Session Report

None.

1.4 Additions/Deletions to the Agenda

None.

1.5 Oral Communications

None.

2. Administrative

2.1 Approval of Minutes

10/11/19 Special Board Meeting / Strategic Vision Planning Workshop

12/12/19 Regular Board Meeting

01/09/20 Regular Board Meeting

MOTION carried to approve the minutes of the 10/11/19 Special Board Meeting/Strategic Vision Planning Workshop; 12/12/19 Regular Board Meeting; and the 01/09/20 Regular Board Meeting/Strategic Vision Planning Workshop by unanimous voice vote with Director Reber absent.

2.2 Committee and Other Agency Meeting Reports

Executive & Public Affairs Committee

None.

Finance & Personnel Committee 01/14/20

There was nothing further to add to the written report.

Interagency Committee

None.

Water Resources & Engineering Committee 01/20/20

There was nothing further to add to the written report.

Santa Margarita Groundwater Agency (SMGWA) Board 12/11/19 and 01/22/20

In addition to the written reports, Director Stiles reported that Director Perri was re-elected as Board Chair and that Lois Henry of SLVWD was re-elected as Vice Chair.

Director Perri reported on the general status of SMGWA grant awards, tentative plans for the funding and cooperation with other constituent agencies.

2.3 Committee Assignments

President Leishman announced the committee assignments.

The Board determined that Associate Directors may attend and be compensated for one committee meeting per month for the purpose of Board development and education. In addition, the Finance - Personnel and the Water Resources - Engineering Committee may authorize its Community Members to attend and be compensated for a meeting or event.

2.4 Presentations

District Projects Status Update FY2020 – David McNair, Operations Manager

Operations Manager McNair presented the District projects mid-year update and responded to questions from the Board. A copy of the presentation is posted on the District website www.svwd.org.

Development Nexus with Water Management – Piret Harmon, General Manager

General Manager Harmon presented the development nexus with future water use

and responded to questions from the Board. A copy of the presentation is posted on the District website www.svwd.org.

3. Consent

3.1 Mission, Values, Vision and Strategic Goals

MOTION carried to approve the revisions to the District Mission, Values, Vision, and Strategic Goals statement by unanimous voice vote with Director Reber absent.

4. Public Hearings

None.

5. Business

5.1. Strategic Vision Planning: SWOT Analysis and Priorities

General Manager Harmon reported on updated strategic goals priorities resulting from the October and January Strategic Planning Sessions and responded to questions from the Board.

The Board reviewed and provided comments on the SWOT analysis and the prioritization of the District's proposed strategic goals.

5.2 Employee Handbook

General Manager Harmon provided the staff report and responded to questions from the Board and Staff.

MOTION carried to approve the revisions to the Mission, Values, Vision and Strategic Goals; Worker's Compensation; and Paid Family Leave sections of the Scotts Valley Water District Employee Handbook by unanimous voice vote with Director Reber absent.

5.3 Cash Reserves Policy and Investments Policy

General Manager Harmon provided the staff report and responded to questions from the Board.

MOTION carried to update policy P200-17-2 Cash Reserves by unanimous voice vote with Director Reber absent.

MOTION carried to adopt Resolution No. 01-20 revising Policy P200-14-1 by unanimous roll call vote with Director Reber absent.

6. Staff Reports

6.1 Legal

District Counsel Bosso reported on inquiries regarding and clarifications of SB 998 requirements.

6.2 Administration

The General Manager's report is appended.

6.3 Finance

Financial Reports 07/01/19 through 12/31/19

The financial reports were received without comment.

6.4 Operations

Operations Report

Operations Manager McNair reported that he will be doing a system tour for our new Associate Board and Committee members; the tertiary plant has been down for 2 weeks, the hydraulic modeling project and systemwide masterplan is moving along, and Engineering Technician Brody Knutson attend a week long class on operating the hydraulic model.

Production, Demand and Rainfall Reports through 01/31/20

The production, demand and rainfall reports were received without comment.

Leak Adjustment Program Report 07/01/19 through 12/31/19

The leak adjustment program report was received without comment.

Development Project Status Report through 12/31/19

The report was received without comment.

7. Directors Reports

Individual Directors Reports

Director Stiles reported on an upcoming webinar.

Director Perri announced that he will attend San Lorenzo Valley Water District's Probation tank opening ceremony.

8. Written Correspondence

Letter of Support City of Santa Cruz Grant Application for CA Resilience Challenge: SVWD 01/20/20

Water Resources Management Status Report 2019: Santa Cruz County 01/20/20

Green Business Certification: County of Santa Cruz 12/03/19

ACWA Groundwater Committee Meeting Notes: Montgomery & Associates 12/03/19

The written communications were accepted without comment.

9. Community Relations

Save Money and Water: The Scotts Valley i-Meter: Press Banner 12/27/19
Newsletter Scotts Valley Water District 01/29/20

The community relations items were accepted without comment.

10. Closed Session

None.

11. Report on Closed Session and Additional Business

None.

12. Future Items

Annual Groundwater Report (March)
Audited Annual Financial Report for Fiscal Year Ended 06/30/19 (March)
Communications and Community Outreach Program Mid-Year Update (March)

13. Meetings and Event Calendar

Regular Board Meetings
Santa Margarita Community Room
03/13/20
04/09/20
05/14/20

Committee Meetings
District Conference Room
02/24/20 Executive & Public Affairs
02/25/20 Finance & Personnel
02/24/20 Water Resources & Engineering
03/05/20 Interagency

Santa Margarita Groundwater Agency Board

Regular Board Meetings
Scotts Valley City Council Chamber
02/27/20
03/26/20
04/23/20

Association of California Water Agencies (ACWA) Events

[05/05 - 05/08/20 ACWA Spring Conference, Monterey](#)
12/01/20 – 12/04/20 Fall Conference, Indian Wells

Conferences/Trainings/Workshops/Webinars

03/15/20 – 03/17/20 WaterReuse Annual Conference, San Francisco

06/10-20 – 06/11/20 3rd Annual Groundwater Sustainability Agencies Summit, Sacramento

14. Adjourn Meeting

The meeting adjourned at 8:56 p.m.

Approved:

Attest:

Wade Lieshman, Board President

Piret Harmon, Board Secretary

DRAFT

STAFF REPORT – General Items

Scotts Valley Water District

Date: February 13, 2020

To: Board of Directors

From: General Manager

1. Scotts Valley Water District joined other WaterReuse member agencies requesting Senator Feinstein and Congressman Calvert's assistance in securing at least \$50 million for Title XVI-WIIN (Water Infrastructure Improvements for the Nation) program in FY 2021. Title XVI is the only active federal program with a focus on water recycling the Western US. Since 1992 53 projects have been authorized by Congress under Title XVI and an estimated 431,000 acre-feet of water was recycled through Title XVI projects in 2018.
2. I attended ACWA Business Development Committee meeting in Sacramento yesterday. The committee's purpose is to support ACWA mission and vision by generating and sustaining non-dues revenue. Among other ideas the committee is considering Agency Certificate of Excellence (ACE) program.
3. Contract updates (>\$25,000)
 - a. Kennedy Jenks Consultants \$41,400 amendment to agreement for additional engineering services related to the changes in the scope of design and remobilization for Orchard Run Water Treatment Plant Improvements project.
 - b. Kennedy Jenks Consultants \$30,000 to provide engineering and planning services to support an evaluation of alternatives for continued and expanded use of recycled water.
 - c. Kennedy Jenks Consultants \$49,600 to develop a conceptual system to treat water from a future New Formation Well and investigate the feasibility of constructing the new well and treatment system at two alternative sites.
4. SLVWD Board of Directors has proposed a joint dinner with SVWD. Possible date – March 11, 2020.



SCOTTS VALLEY WATER DISTRICT

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Executive and Public Affairs Committee Meeting

02/24/20 4:00 p.m.

District Conference Room

2 Civic Center Drive, Scotts Valley, CA 95066

Meeting Report

1. Convene

The meeting convened at 4:02 p.m. in the District Conference Room, 2 Civic Center Drive, Scotts Valley, California.

Members: Director Leishman and Director Ekwall

Staff: General Manager Piret Harmon and Administrative Office Asst. Nick Wallace

Others: Bill Maxfield, Miller Maxfield

2. Discussion Items

2.1 Digital Board Meeting Pilot Review

The committee reviewed the digital access pilot project and discussed technical limitations, scripting and future software options. Soft launch was confirmed for April with invitees being from the current outreach distribution list.

2.2 Community Outreach and Communications Update

The Committee received an update from District's Communications Consultant Bill Maxfield on current community relations activities and discussed the current activities on Facebook, Instagram and Nextdoor.

3. Oral Communications

The Committee discussed future Interagency Committee efforts including other agencies

4. Future Agenda Items

Quarterly Communications / Public Outreach Update

5. Adjourn

The meeting adjourned at 5:22 p.m.



SCOTTS VALLEY WATER DISTRICT

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Water Resources - Engineering Committee

02/24/2020 10:00 a.m.

District Conference Room

2 Civic Center Drive, Scotts Valley, California

Meeting Report

1. Convene

The meeting convened at 10:00 a.m. in the District Conference, 2 Civic Center Drive, Scotts Valley California.

Present: Director Stiles, Director Reber, and Community Member Kelly Krotcov.

Staff: General Manager Piret Harmon, Finance and Customer Service Manager Nick Kurns, Operations Manager David McNair, Water Use Efficiency Coordinator LeAnne Ravinale, Administrative Office Assistant Nick Wallace

Others: John Franich, Amrit Grewal and Director Ekwall (observer)

2. Discussion Items

2.1 Leak Adjustment Appeal 4865 Scotts Valley Drive

The Committee recommends that the Board allow an exception to the five-year waiting period and grant a leak adjustment credit of 50% on the condition that the owner remove all toilets in unoccupied units at 4865 Scotts Valley Drive.

2.2 Leak Adjustment Appeal 417 Southwood Drive

The Committee recommends that the Board deny the request for exception to the five-year waiting period and not grant a leak adjustment credit for 417 Southwood.

2.3 Leak Adjustment Program Report 07/01/19 through 01/31/20

The Committee reviewed and discussed the report.

2.4 2019 Annual Groundwater Report

The Committee received a presentation from General Manager Harmon. The presentation included information on aquifer conditions, groundwater pumping, water quality and environmental compliance activities.

2.5 Water Supply Outlook Water Year 2020

General Manager Harmon presented rainfall data and groundwater supply outlook for the remainder of WY2020. The Committee discussed the supply outlook and requested that staff present this information to the Board at its next meeting.

2.6 Policy P100-15-2 Water Management Strategies for Demand Reduction The committee reviewed and discussed the revisions to the policy and by consensus recommends Board approval.

3. Oral Communications

None

4. Future Agenda Items

New Formation Well

Acquisition of Monitoring Wells from Aviza Property

Urban Water Management Plan Update

5. Adjourn

The meeting adjourned at 11:38 a.m.



SCOTTS VALLEY WATER DISTRICT

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Finance and Personnel Committee
02/25/20 4:00 p.m.
District Conference Room
2 Civic Center Drive, Scotts Valley, California
Meeting Report

1. Convene

The meeting convened at 4:02 p.m. in the District Conference Room, 2 Civic Center Drive, Scotts Valley, California.

Present: Director Leishman, Director Perri and Community Member Callahan

Staff: General Manager Piret Harmon, Finance and Customer Service Manager Nick Kurns and Administrative Office Assistant Nick Wallace

Others: None

2. Discussion Items

2.1 Financial Reports for period ending 01/31/20

The Committee reviewed and discussed the financial reports.

2.2 FY 2021 Budget Assumptions

Finance Manager Kurns presented projected and historical financials along with the anticipated conditions for the Fiscal Year (FY) 2021 period.

The Committee recessed at 4:21 p.m.

The Committee meeting resumed at 4:33 p.m.

The Committee reviewed and accepted the budget assumptions, requested that staff share it with other Directors by request, and to present the draft operating budget to the Committee at its May meeting to facilitate ample review prior to Board adoption in June.

3. Oral Communications

None

4. Future Agenda Items
 - Workers comps Benefits Review/Update (Mar)
 - Qualifying Medical Needs Rate Policy Update
 - Customer Account Types
 - Proposed FY 2021 Operating and Capital Budget
5. Adjourn
 - The meeting adjourned at 5:23 p.m.



Santa Margarita Groundwater Agency

To: Scotts Valley Water District Board of Directors
Date: March 12, 2020
Subject: Santa Margarita Groundwater Agency Board of Directors Meeting Summary
Meeting date: February 27, 2020

This report serves as notification that the Santa Margarita Groundwater Agency (SMGWA) conducted a regularly scheduled Board of Directors Meeting on February 27, 2020 at 5:30 p.m. The meeting was held in the Scotts Valley City Council Chambers at 1 Civic Center Dr. Scotts Valley CA, 95066.

The meeting's Agenda Packet is viewable [here](#).

The SMGWA Board of Directors conducted the following activities:

1. Approved the January 23, 2020 Board of Directors meeting minutes. (Item 2.1)
2. Received information regarding SGMA Sustainable Management Criteria and definitions within. (Georgina King, Montgomery & Associates) (Item 4.1.2)
3. Received information on water quality standards, State and Federal water policy, and example language used by other Groundwater Sustainability Agencies for drafting statements of significant and unreasonable conditions. (Georgina King, Montgomery & Associates, John Ricker, County of Santa Cruz, Rosemary Menard, City of Santa Cruz) (Item 4.1.2)
4. Directed staff to compile a draft statement of Significant and Unreasonable Conditions affecting groundwater quality with the assistance of Editorial Reviewers, and to submit it to the Board at a future meeting. (Item 4.1.2)
5. Received a report on information relating to Board Alternate participation in regular meetings pursuant to the Agency's JPA and the Brown Act. (Item 5)
6. The Mid County Groundwater Agency Groundwater Sustainability Plan is being posted on the Sustainable Groundwater Management Act portal <https://sgma.water.ca.gov/portal/gsp/all> on 2/19/20. That started a 75 day public comment period for their plan.
7. Received an update on the hiring of an intern and an upcoming contract change order with Montgomery & Associates of approximately \$108,000. (Item 5)

The audio recording of the meeting is accessible [here](#).

Submitted by,

Nicholas Wallace
Administrative/Office Assistant
Santa Margarita Groundwater Agency



2020 COMMITTEE ASSIGNMENTS

<u>Committee</u>	<u>Focus Area</u>	<u>Members</u>
Executive and Public Affairs	General Manager evaluation; succession planning (GM and Board); other items that do not fit within the defined boundaries of other committees.	Wade Leishman Bill Ekwall Alternate: Danny Reber <i>President and Vice President</i> <i>Alternate: Past President</i>
3 rd Monday 4 p.m.	Community relations; communication strategy and outreach; public information.	
Finance and Personnel	Fiscal (incl. investment and purchasing) policies; financial reports; annual audit; internal audit, rates, fees and charges; operating budget; grants. New positions; wage and benefit adjustments; potential disciplinary actions; training and safety programs; ethics and discrimination issues; MOU contract.	Wade Leishman Chris Perri Barbara Callahan, Community Member 1 st Alternate: Ruth Stiles 2 nd Alternate: Danny Reber 3 rd Alternate: Bill Ekwall <i>President serves on the Finance and Personnel Committee</i>
3 rd st Tuesday 4 p.m.		
Water Resources and Engineering	Water supply augmentation projects; water resource issues; water use efficiency; water quality; conservation programs. Capital and maintenance projects (infrastructure and facilities); property acquisition and disposition; standard specifications; CIP budget.	Ruth Stiles Danny Reber Kelly Krotcov, Community Member 1 st Alternate: Bill Ekwall 2 nd Alternate: Chris Perri 3 rd Alternate: Wade Leishman
3 rd Monday 10 a.m.		
Interagency	Provide a unified source of information on community related matters and support effective interagency relationships	Danny Reber Alternate: Chris Perri
Santa Margarita Groundwater Agency (SMGWA) Board		Chris Perri Ruth Stiles Alternate: Bill Ekwall (PROPOSED)
ACWA Joint Powers Insurance Authority (ACWA/JPIA) Board		Chris Perri 1 st Alternate: Bill Ekwall 2 nd Alternate: Piret Harmon
ACWA Committee: Energy		Chris Perri
ACWA Committee: Groundwater		Chris Perri Derrick Williams
ACWA Committee: Membership		Chris Perri
ACWA Committee: Business Development		Piret Harmon
ACWA Committee: Local Government		Piret Harmon

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20

To: Board of Directors

Item: Consent 3.1

Subject: **Leak Adjustment Appeal 4865 Scotts Valley Drive**

Reason: Complies with District Administrative Code Section 1.20.010 District Designation

SUMMARY

Recommendation: Grant an exception to the five-year waiting period and approve a one-time leak adjustment credit for 4865 Scotts Valley Drive.

Fiscal Impact: If granted, the customer will receive a 50% credit (\$1,756.00) that will be applied to their account.

Previous Related Action: On 02/24/20 the Water Resources and Engineering Committee reviewed the appeal and recommended the Board grant an exception to the five-year waiting period and approve one-time leak adjustment credit of 50%.

In 02/08/17, the customer received a leak adjustment credit of \$752.00.

BACKGROUND

The District's current Leak Adjustment Program was approved in September 2016. Among other stipulations, the program specifies that a leak adjustment credit will be granted not more than once in any five-year period per account.

A standing item, Leak Adjustment Report has been added to the Water Resources and Engineering Committee meeting agenda to create an efficient method for customers to appeal the decision by staff of a leak adjustment credit.

DISCUSSION

The owner had a leak occur in an upstairs toilet at their commercial account during the August 2019 billing cycle. i-Meter technology had not been installed at this location and the high usage notification was made after the bi-monthly meter reading was completed. The toilet has been removed, i-Meter technology installed, and the customer has registered on WaterSmart portal.

Submitted,

Piret Harmon

General Manager

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20

To: Board of Directors

Item: Consent 3.2

Subject: **Leak Adjustment Appeal 417 Southwood Drive**

Reason: Complies with District Administrative Code Section 1.20.010 District Designation

SUMMARY

Recommendation: Deny an exception to the five-year waiting period and do not approve a leak adjustment credit for 417 Southwood Drive.

Fiscal Impact: There is no fiscal impact associated with this action.

Previous Related Action: On 02/24/20, the Water Resources and Engineering Committee reviewed the appeal and recommended that the Board deny a one-time leak adjustment.

On 12/22/16, the customer received a leak adjustment credit of \$1,387.00.

BACKGROUND

The District's current Leak Adjustment Program was approved in September 2016. Among other stipulations, the program specifies that a leak adjustment credit will be granted not more than once in any five-year period per account.

A standing item, Leak Adjustment Report has been added to the Water Resources and Engineering Committee meeting agenda to create an efficient method for customers to appeal the decision by staff of a leak adjustment credit.

DISCUSSION

On 11/25/19, the residential customer noticed a leak in the irrigation system. Their landscaper was called and made initial repairs the same day. The customer found it was still leaking on the next day and due to heavy rains, was unable to have it repaired for two more days. Since the leak occurred, i-Meter technology has been installed and the customer has registered on WaterSmart portal 01/15/20.

Submitted,

Piret Harmon

General Manager

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20

To: Board of Directors

Item: Business 5.1

Subject: **Annual Groundwater Report, Water Year 2019**

Reason: Supports SVWD's Groundwater Management Plan adopted in 1994 (AB3030)

SUMMARY

Recommendation: Accept the Water Year 2019 Annual Groundwater Report.

Fiscal Impact: None.

Previous Related Action: On 04/11/19 the Board accepted the 2018 Annual Report Groundwater Management Plan.

BACKGROUND

The purpose of the annual groundwater report to provide a management-level summary of groundwater-related activities and issues that occurred in the District during the year. Each year the report is presented to the Board, distributed to local agencies and made available to the public at the District office and on the website.

The District has been producing the annual groundwater reports since 1994. The format of the report has changed over time to meet the evolving needs of the District. The odd year reports are concise summaries focused on District operations whereas the even year reports provide a more regional assessment.

DISCUSSION

Rainfall in Water Year (WY) 2019 was 43.7 inches, which is 104% of average rainfall. Since the drought that ended in WY 2015, rainfall has been a cumulative 23 inches above normal, mainly due to an extremely wet year in WY 2017. This cumulative above-average rainfall is only 42% of the cumulative 55-inch rainfall deficit that occurred over the drought.

Groundwater pumped by the District in WY 2019 was 1,215 acre-feet, which is 4 acre-feet more than WY 2018. Since WY 2003, the District's groundwater production has declined by over 900 acre-feet (about 42%). The District derives nearly all of its potable groundwater supply from the

Lompico and Butano aquifers. In WY 2019, approximately 58% of District's groundwater production was from the Lompico aquifer and 42% was from the Butano aquifer.

The District maintains a number of ongoing activities to support the sustainable management of the groundwater resource including water use efficiency program, recycled water program, and water audit and loss control program. In WY 2019, recycled water deliveries were approximately 174 acre-feet. Since WY 2002, approximately 2,490 acre-feet of recycled water has been delivered for use. This cumulative recycled water use equates to banking a volume of groundwater that was pumped cumulatively by the District in WY 2018 and WY 2019.

Groundwater elevations in all aquifers in the Scotts Valley Groundwater Management Area are generally higher than what has been experienced over the past 10 years. The District does not pump groundwater from the Santa Margarita aquifer but continues to monitor its levels. In WY 2019, Monterey Formation groundwater levels in the southern portion of the District increased almost 5 feet and Lompico aquifer static levels at the District's production wells rose 9 - 18 feet. Despite the increase in Butano aquifer pumping in WY 2019 due to the Orchard Well coming online, groundwater levels within the Butano aquifer pumping center have only shown a very slight decline with levels in the northernmost portion of the District experiencing 4 feet of increase over the past six years.

Submitted,

Piret Harmon
General Manager

Enclosed: Annual Groundwater Report, Water Year 2019

January 27, 2020

Annual Report - Water Year 2019
Scotts Valley Water District
Groundwater Management Plan

Prepared for:

Scotts Valley Water District
2 Civic Center Drive, Scotts Valley CA 95066

Prepared by:

Montgomery & Associates
1970 Broadway, Suite 225
Oakland, CA 94612

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1 EXECUTIVE SUMMARY

The Scotts Valley Water District (SVWD or District), located in Santa Cruz County, serves water to residents and businesses within an area of approximately 5.5 square miles that includes most of the City of Scotts Valley as well as some unincorporated areas north of the City. Groundwater from the Santa Margarita Groundwater Basin (SMGB) is the sole source of potable water supply for the District.

SVWD formally adopted its Groundwater Management Plan in 1994 under Assembly Bill 3030 (AB3030). Annual reports describing the groundwater conditions in the Scotts Valley area and the District's management programs have been prepared since 1994.

Slightly Above-Average Rainfall in Water Year 2019

Rainfall in Water Year (WY) 2019 at the District's weather station at El Pueblo Yard was 43.7 inches, which is 104% of average rainfall at that station. WY2019 is one of five of the past twelve years with above average precipitation. Since the drought that ended in WY2015, rainfall has been a cumulative 23 inches above-average, mainly due to an extremely wet year in WY2017. This cumulative above-average rainfall is only 42% of the cumulative 55-inch rainfall deficit that occurred over the drought.

District Groundwater Pumping Continues to be Substantially Less than Historical Pumping
Groundwater pumped by SVWD in WY2019 was 1,215 acre-feet, which is only four acre-feet more than WY2018 (Table ES-1). The District's groundwater pumping is now just under 900 acre-feet less than in WY2003 (approximately 42% of WY2003 pumping). SVWD sources all of its potable groundwater supply from the Lompico and Butano aquifers. In WY2019, approximately 58% of SVWD's groundwater pumping was from the Lompico aquifer and almost 42% was from the Butano aquifer.

SVWD maintains a number of ongoing activities to support the sustainable management of its groundwater resource including water use efficiency activities, recycled water program, and water audit and loss control program. In WY2019, recycled water deliveries were approximately 174 acre-feet. Since WY2002, approximately 2,490 acre-feet of recycled water has been delivered for non-potable use. Total recycled water deliveries since 2002 equate to banking a volume of groundwater that was pumped cumulatively by SVWD in WY2018 and WY2019.

Table ES-1. WY2010 to WY2019 Total SVWD Groundwater Pumping and Recycled Water Usage (in acre-feet)

Aquifer	Historical Maximum	WY2010	WY2011	WY2012	WY2013	WY2014	WY2015	WY2016	WY2017	WY2018	WY2019
Groundwater	2,100 (1997)	1,357	1,292	1,351	1,400	1,376	1,133	1,139	1,242	1,211	1,215
Recycled Water	200 (2013)	134	163	184	200	199	184	195	162	196	174
Total Water Supply	2,096 (2003)	1,491	1,455	1,535	1,600	1,575	1,317	1,334	1,404	1,407	1,389

Santa Margarita Aquifer and Monterey Formation Groundwater Levels Remain either Stable or Increasing

The two shallowest formations in the Scotts Valley area, the Santa Margarita aquifer and Monterey Formation, have stable and increasing groundwater level trends, respectively. The District does not pump groundwater from the Santa Margarita aquifer but continues to monitor its groundwater levels. In general, the Santa Margarita aquifer in the District’s service area has stable groundwater levels with temporary increases in response to wet years. For example, WY2017 was a very wet year that caused a temporary increase in groundwater levels, that has since declined slightly. The Monterey Formation, is not a major aquifer in the Scotts Valley area, and is pumped minimally by the District (12 acre-feet over the past three years) and other pumpers. It has experienced an overall gradual increase in groundwater levels since WY2014. In WY2019, Monterey Formation groundwater levels in the southern portion of the District service area at SVWD Well #9 increased almost five feet.

Lompico Aquifer Groundwater Levels are Increasing

Even though the Lompico aquifer is the District’s primary producing aquifer, over the past two years there has been an overall increasing trend in groundwater levels in the main pumping areas around SVWD Well #10, and Wells #11A and #11B where the 150-200 foot decline in groundwater levels historical occurred. Static groundwater levels in WY2019 rose between 9 and 18 feet at these production wells. At SVWD Well #10 in the southern portion of the District’s service area there has been an approximately 25-foot increase in levels over the past two years. Increases at SVWD Wells #11A and #11B in the central portion of the District’s service area, have also been observed over the past year. These increases likely resulted from reduced pumping but also the cumulatively above-average rainfall since the end of the drought in WY2015. Cumulatively greater than average rainfall has recharged the Lompico aquifer particularly in the area of SVWD Well #10A where the Lompico aquifer is directly beneath the Santa Margarita aquifer.

Butano Aquifer Groundwater Levels

Despite the increase in Butano aquifer pumping in WY2019 due to the Orchard Well coming online as a replacement for SVWD Well #7A, groundwater levels within the Butano aquifer pumping center (Orchard Well and Well #3B) have only shown a very slight decline of a foot or two. However, it is difficult to measure accurately from the hydrographs due to fluctuating data measured during pumping. In the northernmost portion of the District, at the Stonewood Well located approximately two miles north of the Butano aquifer pumping center, Butano aquifer groundwater levels have experienced increased around four feet over the past six years.

Groundwater Quality in District Wells Meets Drinking Water Standards

Groundwater quality in SVWD's production wells is good. Iron and manganese treatment ensures that the concentrations of these constituents in delivered water is below the secondary maximum contaminant level. Volatile organic compounds (VOC) are below detectable levels in all production wells, except SVWD Wells #9 and #11A which continue to have detections of VOCs below their respective maximum contaminant levels.

SVWD is being informed about remediation activities at regulated environmental compliance sites within the District boundaries. These sites have introduced primarily VOCs into the groundwater.

- The Watkins-Johnson Superfund site remediation is moving towards closure but still needs to complete the source control component of the remedial action to ensure protectiveness over the long-term. The site is currently designated as open-remediation for residential use due to existing soil gas plumes of benzene, TCE, PCE, arsenic and cadmium in soils. A draft Focused Feasibility Study proposing potential remediation alternatives including soil excavation was submitted to the USEPA in January 2019.
- The Scotts Valley Dry Cleaners site continued operation of the soil vapor extraction and air sparging systems in their current configuration. These are remediation systems for the unsaturated soils above the groundwater table so no groundwater is extracted, only soil vapor. Their consultant is also recommending researching environmental data and past use history of the former nearby airport to assess potential source(s) for the elevated PCE and TCE concentrations detected in their distal sampling location. Groundwater remediation systems at this site have been shut down since 2015.

2 INTRODUCTION

2.1 Annual Report Format

An annual report is a key part of implementing the GWMP. The annual report evaluates and documents progress on meeting the GWMP goals and BMOs, and identifies any concerns that should be monitored or addressed. This annual report is a management-level summary of groundwater conditions and groundwater management activities conducted by the District during Water Year (WY) 2019. The annual report is presented to the SVWD Board of Directors, distributed among local agencies and stakeholders, and made available to the public at the SVWD office and website.

The District has been producing annual reports since 1994. The format of the annual report has evolved over time to meet the needs of the District. Starting in 2013, the format of the annual reports began following a two-year cycle with a more comprehensive report provided in even years. Based on past experience, there are only incremental year-to-year changes in the basin; therefore, the two-year cycle provides a more cost-effective approach to accomplish the objectives of the annual report.

The odd year annual reports (2013, 2015 and 2017) are concise summaries focused on District operations whereas the even year annual reports (2014, 2016 and 2018) provide a more regional assessment that includes an evaluation of data from neighboring water districts and private suppliers, an assessment of water quality issues, an assessment of Basin conditions and the results from of the updated basin wide groundwater model.

In order to evaluate groundwater conditions within the context of California's climate cycle, data in the annual report are typically reported over a water year defined as the period from October 1 through September 30 of the following year. This period captures the cause and effect relationship on groundwater conditions of the typical rainy winter season followed by low rainfall and higher pumping during the summer.

2.2 District Overview

The Scotts Valley Water District (SVWD or District) was formed under the County Water District Law, specifically California Water Code Section (CWC§) 30321, and received certification from the California Secretary of State in 1961. SVWD covers an area of about 5.5 square miles (Figure 1) in northern Santa Cruz County, and is located approximately five miles inland from the Monterey Bay. SVWD provides water to a majority of the residents and businesses in and around the City of Scotts Valley. Groundwater is the sole source of potable water supply for SVWD, so careful management is necessary to sustain the resource.

SVWD has been actively managing groundwater since the early 1980's; with the goal of increasing water supply reliability and protecting local water supply sources. In 1983, SVWD instituted a Water Resources Management Plan to monitor and manage water resources in the Scotts Valley area. In 1994, SVWD formally adopted a Groundwater Management Plan ([GWMP], Todd Engineers, 1994) in accordance with Assembly Bill 3030 (AB 3030), also known as the Groundwater Management Act (CWC §10750 *et seq.*).

2.3 Groundwater Management Goals and Objectives

The overall purpose of the GWMP is to provide a planning tool that helps guide the District in managing the quantity and quality of its groundwater supply, and to comply with the requirements of AB3030. The main goal of the GWMP is to better manage the sole source aquifers serving the community's drinking water. The goal of the SVWD GWMP is stated as:

“By implementation of a groundwater management plan for Scotts Valley, SVWD hopes to preserve and enhance the groundwater resource in terms of quality and quantity, and to minimize the cost of management by coordination of efforts among agencies.”

Development of Basin Management Objectives (BMOs) are required for the GWMP under CWC §10753.7(a)(1) as a systematic process to support groundwater basin management. The BMOs for SVWD are currently summarized as:

- Encouraging public participation through an annual report of groundwater management activities and its presentation at one or more public meetings.
- Coordinating with other local agencies.
- Continued monitoring and evaluation of groundwater conditions.
- Implementing groundwater augmentation projects.
- Investigating groundwater quality and preventing groundwater contamination.

These BMOs continue to guide the SVWD groundwater management program and serve as the major objectives of groundwater management for the District.

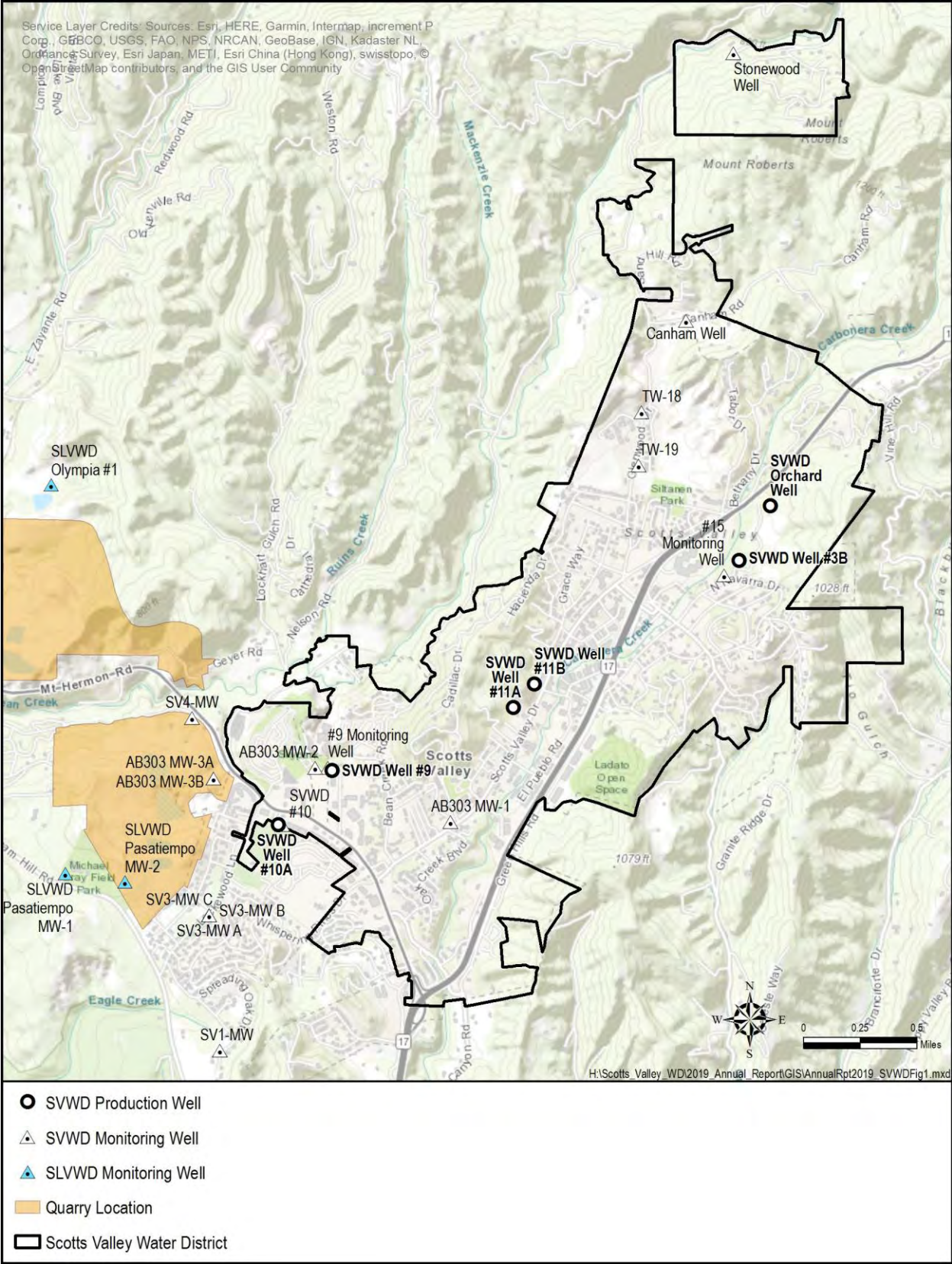


Figure 1. Scotts Valley Water District with Key Well Locations

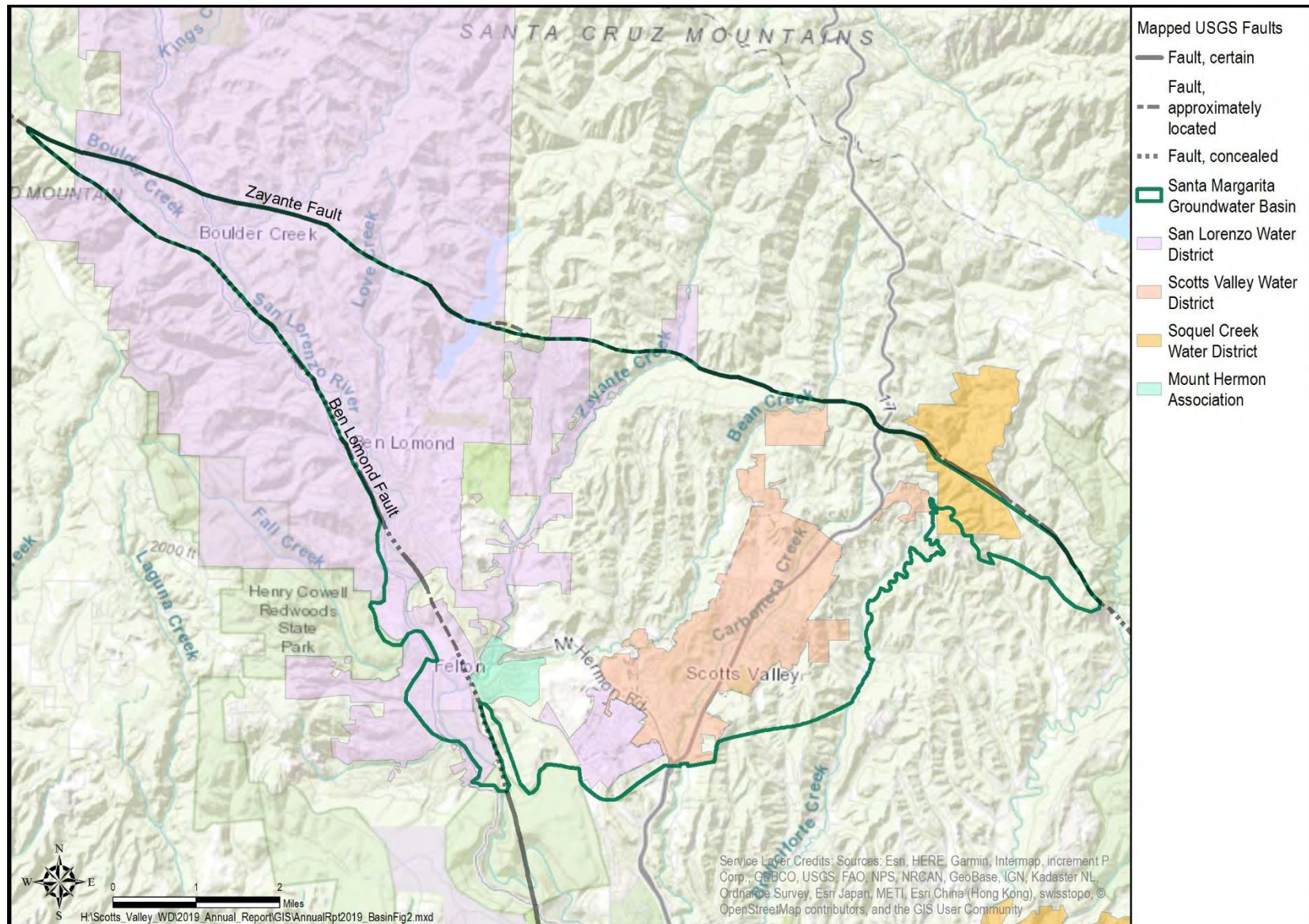


Figure 2. Santa Margarita Groundwater Basin and Water Districts

2.4 Water Year 2019 Groundwater Management Activities

SVWD continues to support the sustainable management of groundwater resources in the SMGB to maintain a safe and reliable water supply for District customers. Groundwater management programs conducted by the District to meet BMOs include the following:

- **Water Use Efficiency Program:** The District continues to conduct numerous activities to encourage water use efficiency among customers, coordinating public outreach activities, issuing monetary rebates to customers, and implementing best water use efficiency management practices. The District's focus has been on water loss control, leak detection and notification for customers, and water meter change-outs. A more detailed description of SVWD's water use efficiency activities can be found on the water use efficiency section of the District's website at: <http://www.svwd.org/water-use-efficiency>.
- **Recycled Water Program:** Recycled water is used in lieu of groundwater for certain non-potable uses, mainly landscape irrigation. This augments the groundwater supply and helps meet overall supply resiliency goals. Recycled water usage represents an equivalent reduction in groundwater pumping. The District encourages the use of recycled water in-lieu of potable when practical and feasible. SVWD's recycled water program has resulted in the majority of bulk water customers accessing recycled water for non-potable uses, and all new developments that are constructed near the recycled water transmission mains are required to use recycled water for irrigation. The Recycled Water Fill Station that was established in 2015 in response to the drought where City residents were eligible to receive up to 250 gallons of free recycled water per day for permitted uses was discontinued in WY2019 due to reduced demand and interest. The program operated for a few months in WY2015 and then for an additional three full seasons (WY2016 through WY2018). During that time total of 320,684 gallons (almost 1 acre-foot) of recycled was provided to the community.
- **Low Impact Development (LID) Projects:** LID projects include implementing stormwater best management practices to retain and infiltrate stormwater that would otherwise be diverted to the storm drain system. Infiltrated stormwater recharges shallow groundwater. SVWD has been involved in three LID projects to date:
 1. As part of a Prop 84 grant match, the District worked with a local developer to install a stormwater recharge facility at the Woodside HOA along Scotts Valley Drive.
 2. An earlier grant-funded project installed a below-ground infiltration basin at the Scotts Valley Library.

3. SVWD teamed up with the County of Santa Cruz as a sub-grantee for the Proposition 84 grant on retrofitting the existing parking lot at the Scotts Valley Transit Center to include a LID system.
- Regional Intertie Project: The Emergency Intertie between SVWD and San Lorenzo Valley Water District (SLVWD) was completed in 2016 as a solution for enhancing supply reliability. The intertie was not activated in WY2019. In the future, the intertie could be converted to a permanent intertie to support conjunctive use in the basin.
 - Santa Margarita Groundwater Agency (SMGWA): Development of the Santa Margarita Basin Groundwater Sustainability Plan (GSP) per the Sustainable Groundwater Management Act (SGMA) started in March 2019. The District, as a member agency of the SMGWA, is represented on the SMGWA board by two appointed Board members and one alternate Board member. District staff provides administrative support to the SMGWA and the District's General Manager, Piret Harmon, is the SMGWA's Authorized Representative as defined by SMGWA By-laws.
 - Santa Margarita Basin Groundwater Model: The Santa Margarita Groundwater Basin model that was originally developed in 2006 by ETIC for the District and updated a number of times since is being updated and improved by the SMGWA's GSP consultant for use in GSP development.
 - Santa Margarita Groundwater Basin ASR Project: In 2017, the groundwater model was used to evaluate a proposed City of Santa Cruz aquifer storage and recovery (ASR) project. The modeling is being used to identify benefits or detriments to the basin resulting from the proposed ASR project. This project is ongoing, and additional modeling took place in WY2019.
 - Purified Recycled Water Recharge Project: In February 2017, the District completed the Facilities Planning Report for Santa Margarita Groundwater Basin Recycled Water Groundwater Replenishment Program (Kennedy Jenks 2017). In WY2019, the District started making plans for an environmental impact report (EIR) preparation for a groundwater replenishment project using advanced treated purified wastewater. This work has been put on hold temporarily while the District is addressing the issues around the source of wastewater and brine discharge for the project.
 - SVWD Data Collection: The District continues to monitor groundwater per the Groundwater Management Monitoring Plan to assess groundwater conditions in its service area. The primary monitored components are groundwater levels, groundwater pumping, precipitation, and groundwater quality.
 - CASGEM Program: The District continues to provide groundwater elevation data to Santa Cruz County Environmental Health Services for submission to DWR as part of the

California Statewide Groundwater Elevation Monitoring (CASGEM) program. The CASGEM program will be replaced by the monitoring network that is to be developed for the GSP, as thus groundwater levels will be included in GSP annual reports from January 2022 onwards in place of CASGEM.

- Stakeholder Outreach: The District facilitates public participation in groundwater management through meetings of the SVWD Board of Directors and making its annual reports available through its website. SVWD was an active participant in the Santa Margarita Groundwater Basin Advisory Committee (SMGBAC), which was dissolved with the formation of the SMGWA. SVWD is also a member agency of the Regional Water Management Foundation and a signatory to the Santa Cruz Integrated Regional Water Management Plan (IRWMP).
- Regional Water Supply MOA: In 2017 The District entered into a Memorandum of Agreement with SLVWD, City of Santa Cruz and County of Santa Cruz to explore and evaluate potential projects for the conjunctive use of surface and groundwater resources in the Santa Margarita basin and San Lorenzo River watershed.

3.1 Background

The groundwater supply assessment in this section provides a summary of the WY2019 precipitation, groundwater pumping, and recycled water use data to give an overview of the factors affecting the volume of groundwater in the SMGB. The assessment for the 2019 Annual Groundwater Report summarizes data from only District operations. The 2020 Annual Groundwater Report will provide a regional groundwater supply assessment including an assessment of the change in the volume of groundwater in aquifer storage over the past two years

3.2 Precipitation Summary

Precipitation is the primary source of groundwater recharge through both direct percolation of rainfall through the soil and infiltration of runoff through streambeds. Therefore, evaluating annual precipitation is a key component of understanding water supply trends and groundwater conditions. Average annual precipitation at the District's El Pueblo Yard weather station in Scotts Valley is 42 inches based on measurements collected since 1947 (Figure 3). Since 1947, the highest annual rainfall in Scotts Valley was 86.2 inches in WY1983, and the lowest annual rainfall was 19.9 inches in WY1976. For WY2019, precipitation was 43.7 inches, or about 104% of average (Figure 3). Due to the mountainous nature of the Basin, precipitation varies across the District's service area can vary up to 8 inches, with increasing precipitation in a westerly direction. For example, in Felton, average annual precipitation is approximately 4-5 inches greater than in central Scotts Valley.

WY2019 is one of five of the past twelve years with above average precipitation. The cumulative rainfall deficit over the twelve-year period from October 2006 through September 2019 is 48 inches below average. Since the end of drought (September 2015), rainfall is a cumulative 23 inches above average. This above average rainfall is only 42% of the cumulative 55-inch rainfall deficit that occurred during the drought.

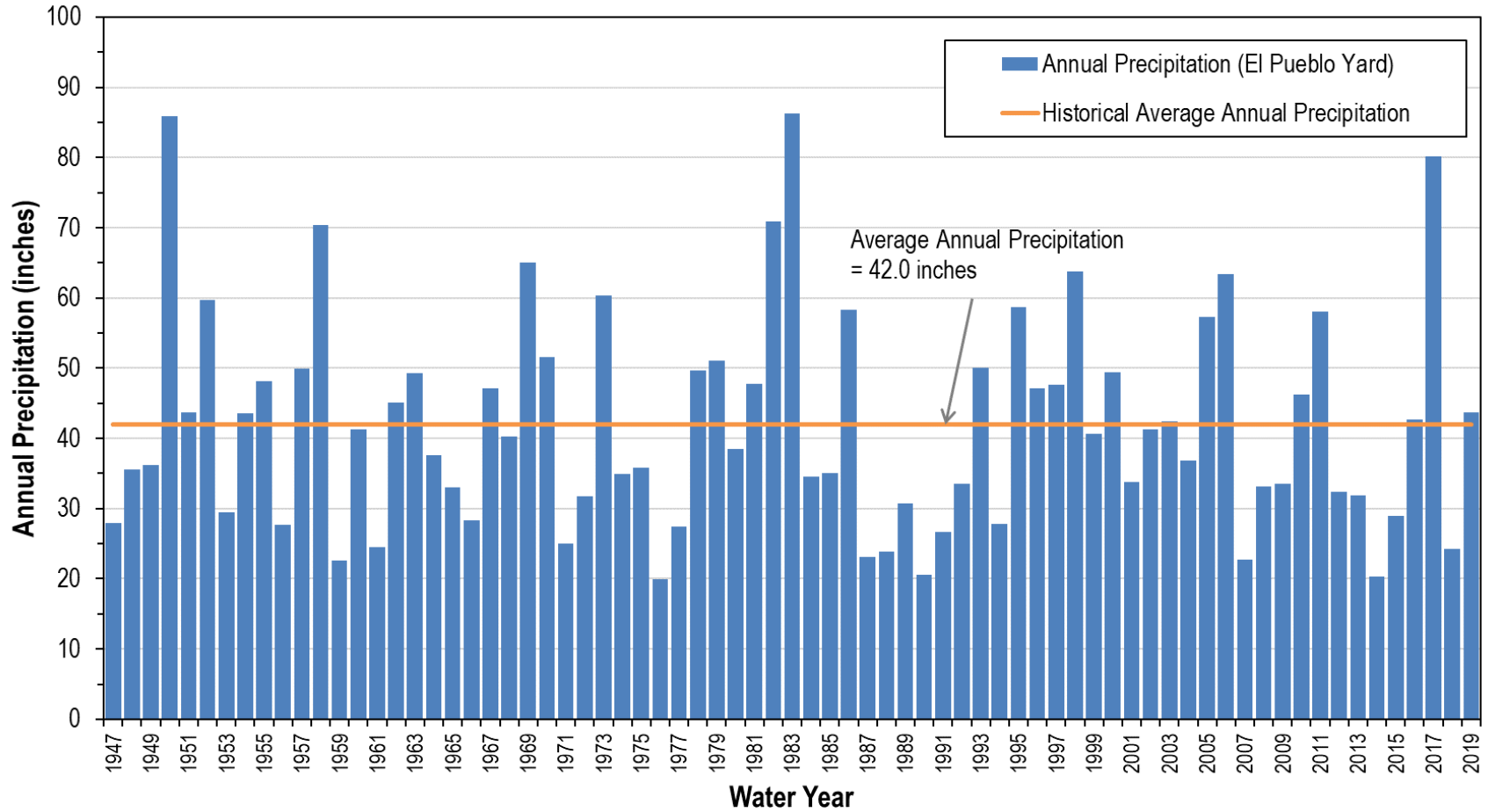


Figure 3. Annual Precipitation for Scotts Valley Water District's El Pueblo Yard by Water Year

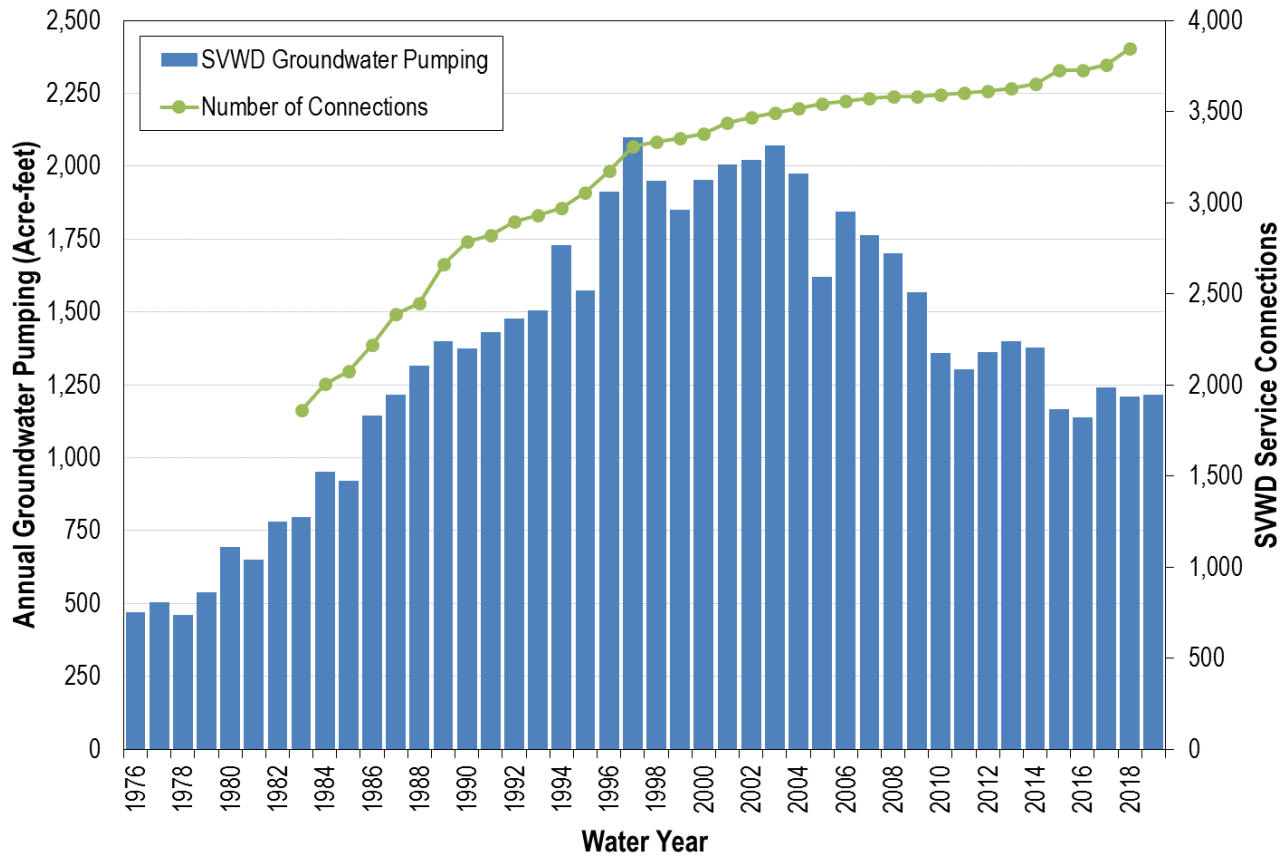


Figure 4. Annual SVWD Groundwater Pumping Volumes and Service Connections

3.3 SVWD Groundwater Pumping

SVWD currently operates five production wells: #3B, Orchard, #10A, #11A, and #11B. The locations of these wells are shown in Figure 1. Groundwater production by well varies seasonally and annually to meet changing local water demand and allow for well maintenance activities. Annual pumping in WY2019 was 1,215 acre-feet, which is similar to the previous two years' pumping (Table 1). In WY2019, SVWD wells Orchard, #10A, and #11B were the highest-producing wells, and provided 97% of SVWD's potable supply (Table 1).

Many SVWD wells have limited capacity for various reasons, including:

- SVWD Well #9 is perforated entirely in the poorer-quality and lower-yielding Monterey aquifer (Kennedy/Jenks, 2016).
- SVWD Well #11A's capacity is likely reduced because of limited saturated aquifer thickness, local variations in aquifer properties, and suboptimal well design (Feeney, 2015).

All wells are currently operated substantially below their historical maximum annual extraction volumes.

Table 1. WY2010 to WY2019 SVWD Groundwater Pumping by Well (in acre-feet)

SVWD Well	Historical Maximum	WY2010	WY2011	WY2012	WY2013	WY2014	WY2015	WY2016	WY2017	WY2018	WY2019
#3B	409	150	226	143	208	273	160	257	167	337	7
#7A	991	427	312	501	368	335	236	281	354	destroyed	
Orchard	-	-	-	-	-	-	-	-	-	200	843
#9	426	3	3	4	35	23	0	2	6	4	2
#10A	544	357	362	378	391	429	374	331	333	371	234
#11A	152	20	1	13	59	19	39	22	34	39	28
#11B	683	400	397	323	339	298	324	246	348	260	101
Total	2,077 (2003)	1,357	1,292	1,351	1,400	1,376	1,133	1,139	1,242	1,211	1,215

In WY2019, over 99 percent of SVWD groundwater pumping was derived from the Lompico and Butano aquifers (Table 2). Groundwater pumped from the Lompico and Butano aquifers accounts for 58 and 42 percent of total WY2019 SVWD pumping, respectively. Current pumping from each aquifer is substantially less than historical maximum pumping.

Groundwater pumping by SVWD in WY2019 was 1,215 acre-feet (Table 1), which is only four acre-feet more than WY2018. Note that this annual report reports actual groundwater pumped from the Basin, while SVWD frequently reports groundwater production and demand for other occasions. Production is the volume of groundwater pumped minus any process water that is not put into the distribution system. Demand is production plus/minus change in storage volumes. Production volumes are therefore less than the groundwater pumping volumes reported in this annual report. In comparison to groundwater pumped, in WY2019, production volumes that account for process water were 1,110 acre-feet, which is less than WY2018's production of 1,146 acre-feet.

Although WY2018 and WY2019 had slightly more pumping than WY2015 and WY2016, groundwater pumped is less than what was pumped prior to the drought. WY2019 pumping continues an overall decreasing groundwater pumping trend over the past 15 years.

The aquifers SVWD relies on are currently being pumped well below their historical maximum annual pumping volumes (Table 2). Annual groundwater pumping from the Lompico aquifer has declined noticeably since WY2014. WY2019 pumping from the Lompico aquifer is 47% of the pumping high of 1,483 acre-feet in WY2003. Similarly, WY2019 pumping in the Butano aquifer is 69% of the pumping high of 735 acre-feet in WY1997. The amount of Butano aquifer pumping increased in WY2019 due to the Orchard Well being the primary producing well for SVWD over the year (Table 1).

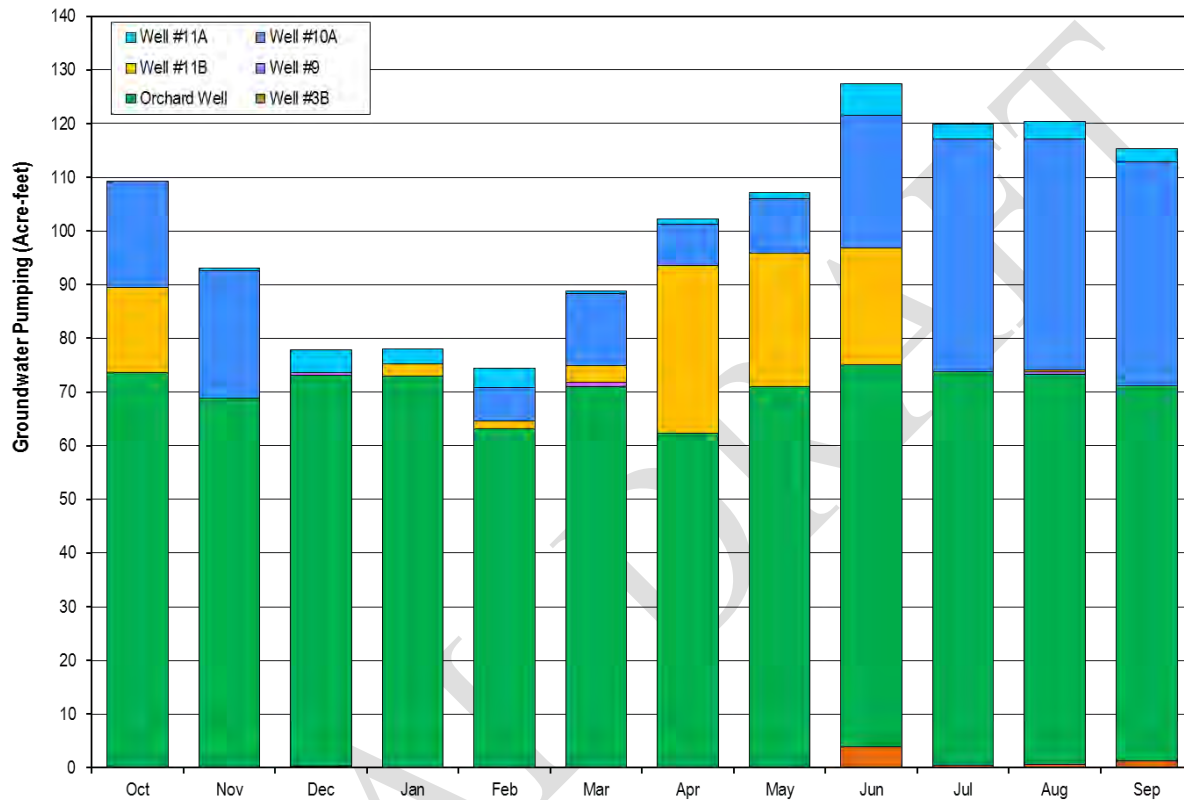
Table 2. WY2010 to WY2019 SVWD Groundwater Pumping by Aquifer and Recycled Water Usage (in acre-feet)

Aquifer	Historical Maximum	WY2010	WY2011	WY2012	WY2013	WY2014	WY2015	WY2016	WY2017	WY2018	WY2019
Monterey	426 (1984)	3	3	4	35	23	0	2	6	4	2
Lompico	1,483 (2003)	1,009	969	964	1,020	989	896	814	923	884	703
Butano	735 (1997)	346	320	383	345	365	237	323	312	322	510
Groundwater	2,100 (1997)	1,357	1,292	1,351	1,400	1,376	1,133	1,139	1,242	1,211	1,215
Recycled Water	200 (2013)	134	163	184	200	199	184	195	162	196	174
Total Water Supply	2,096 (2003)	1,491	1,455	1,535	1,600	1,575	1,317	1,334	1,404	1,407	1,389

SVWD Wells #10, #10A, #11A and #11B produce exclusively from the Lompico aquifer, whereas SVWD Wells #3B, #7A, and the Orchard Well which is #7A's replacement, are screened across both the Lompico and Butano aquifers. Based on results of the groundwater model (Kennedy/Jenks, 2015), 60% of the groundwater pumped from SVWD Wells #3B, #7A, and the Orchard well is from the Butano aquifer and 40% is from the Lompico aquifer. This pumping distribution has been applied for past pumping (Table 2), so the values may differ from past annual reports.

The revised geologic interpretation has SVWD Well #9 screened completely within the Monterey Formation rather than the Santa Margarita aquifer (Kennedy Jenks, 2016a). This change is reflected on Table 1. The maximum estimated groundwater pumped from the Monterey Formation was 426 AF in WY1984 when groundwater levels were about 200 feet higher. Due to low groundwater levels and low yield, SVWD Well #9 is not a consistently active production well. Only 0.2% of the SVWD's total groundwater pumped was pumped from the Monterey Formation.

Groundwater pumping is highest in the dry season months of May through October and lowest in the wetter months of December through March due primarily to seasonal changes in outdoor use (Figure 5). The timing of increased outdoor water use typically shifts with the amount of springtime precipitation. If March through May rainfall is above average, outdoor water usage tends to be below-average, whereas below-average spring rain tends to increase outdoor water



use. To assess changes in SVWD water use trends, a comparison of the District’s recent monthly groundwater pumped is compared to average groundwater pumped from earlier periods when water use was higher. The results are shown on Figure 5.

Figure 5. SVWD Groundwater Pumping by Month for WY2019

Figure 6 shows four historical average monthly groundwater extraction rates. The first period represents the period of highest historical water use from WY1997 through WY2004, when the average annual groundwater pumped was about 1,980 acre-feet. The second period presents the period of declining groundwater extraction from WY2005 to WY2011, when the average annual groundwater pumped was about 1,630 acre-feet. The third period covers the recent drought from WY2012 through WY2015 when the average annual groundwater pumped was about 1,330 acre-feet. The fourth period includes the four years since the drought (including WY2019) where the average annual groundwater pumped has been about 1,200 acre-feet. Monthly pumping volumes for the four periods are included on Figure 6 as separate vertical bars.

FINAL DRAFT

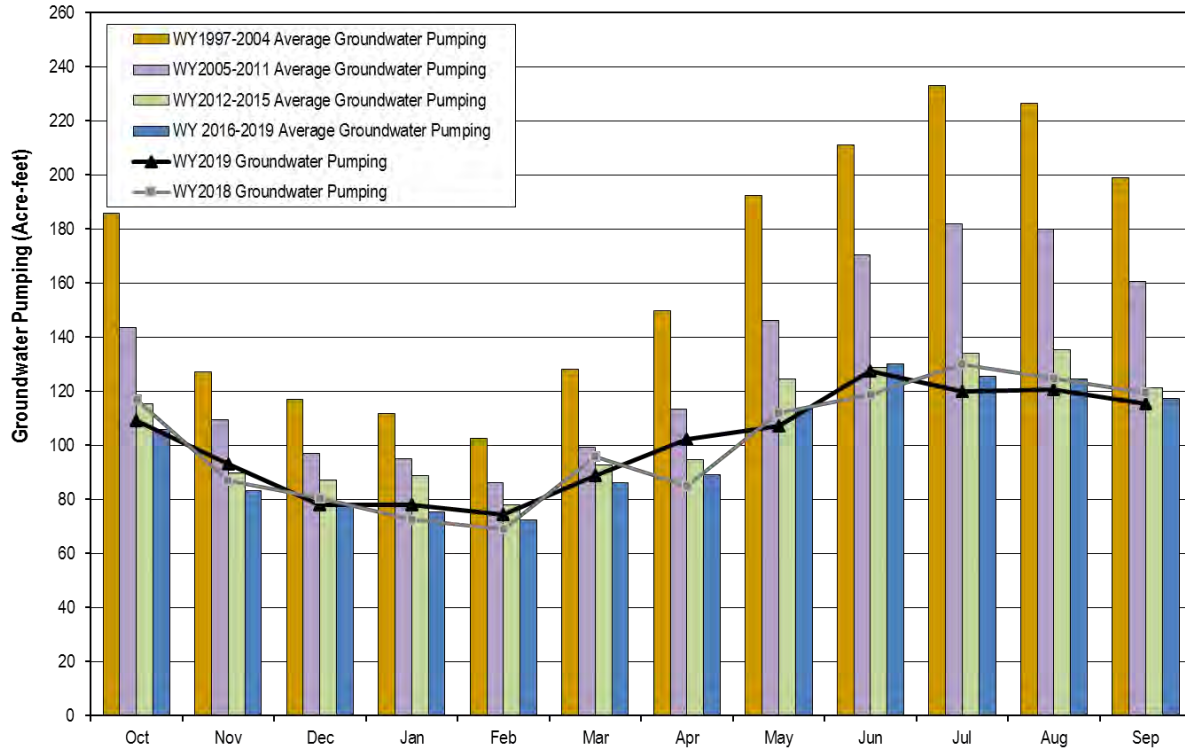


Figure 6. SVWD Monthly Groundwater Pumping Comparison

Comparing historical averages to average monthly groundwater pumping for WY2016 through WY2019, monthly groundwater pumped is well below pre-drought historical averages, and even below monthly pumping during the recent drought (except for the month of June). Monthly pumping differences are most pronounced during the summer months of May through October. The difference between the maximum and minimum monthly pumping in WY2019 is 53 acre-feet, while in 1997 it was 133 acre-feet. This indicates that water use efficiency measures focused on reducing outdoor water usage, primarily landscape irrigation, have been very effective.

SVWD maintains a number of ongoing programs to support the sustainable management of its groundwater resource including the use of recycled water, water use efficiency and water loss reduction programs as discussed in Section 2.4. These programs have contributed to reduced water demands that results in less groundwater pumping. Other factors that can influence water demand include variations in the weather, economic conditions, and the number and type of customers.

3.1 Recycled Water Use

Recycled water deliveries show a general increasing trend through Water Year 2013 but thereafter have not increased at the same rate but have hovered between 162 and 199 acre-feet per year. Deliveries in WY2019 decreased to approximately 174 acre-feet from 196 acre-feet in WY2018 (Table 3 and Figure 7). The Recycled Water Program has issued a total of 56 permits for recycled water use, excluding renewals (Figure 7).

Table 3. WY2010 to WY2019 SVWD Groundwater Pumping by Aquifer and Recycled Water Usage (in acre-feet)

Aquifer	Historical Maximum	WY2010	WY2011	WY2012	WY2013	WY2014	WY2015	WY2016	WY2017	WY2018	WY2019
Groundwater	2,100 (1997)	1,357	1,292	1,351	1,400	1,376	1,133	1,139	1,242	1,211	1,215
Recycled Water	200 (2013)	134	163	184	200	199	184	195	162	196	174
Total Water Supply	2,096 (2003)	1,491	1,455	1,535	1,600	1,575	1,317	1,334	1,404	1,407	1,389

There is a strong correlation between rainfall and recycled water deliveries, with wet years such as Water Years 2017 and 2019 having reduced recycled water demand (Table 3 and Figure 7). Other reasons for decreased demand could be due to recycled water customers replacing their landscapes or improving their irrigation practices as a consequence of the drought and associated efforts to use water more efficiently.

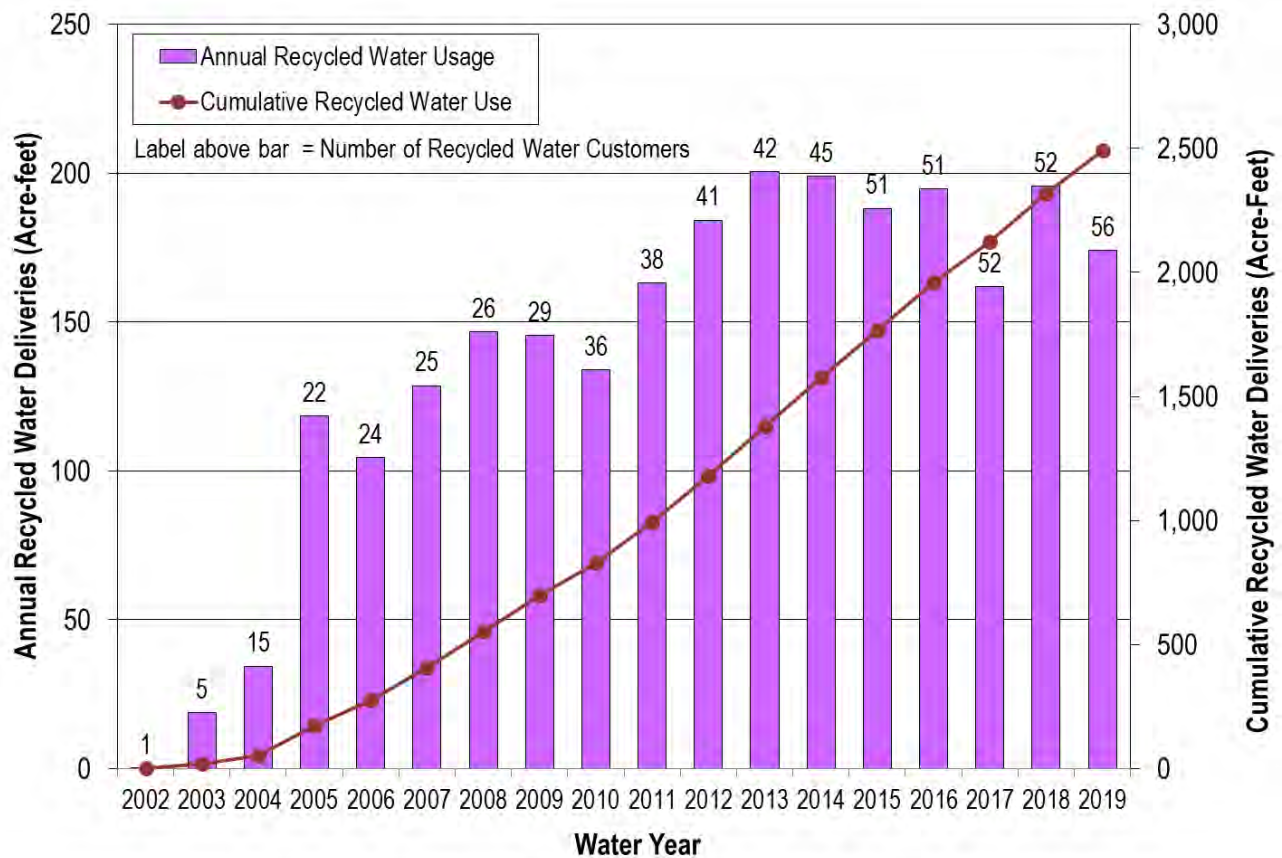


Figure 7. Annual and Cumulative Recycled Water Usage

The Recycled Water Program has issued 56 permits in total, with one new permit issued in WY2019 (Figure 7). From WY2002 through WY2019, approximately 2,492 acre-feet of recycled water has been delivered to customers (Figure 7). The cumulative use of the Recycled Water is equivalent to 205% of the District’s groundwater pumping in WY2019. Since recycled water is used in lieu of pumped groundwater, we assume that an equivalent volume of groundwater has remained in the SMGB and is available to support future water supply needs.

The Regional Water Quality Control Board permit for recycled water use includes a Monitoring and Reporting Program (MRP), which requires effluent monitoring and system performance monitoring. The MRP Order No. 01-067 details recycled water monitoring requirements, standard observations, distribution system inspections, and reporting requirements.

The presence of nitrate in recycled water has been noted in effluent samples, which is typical of treated wastewater. USEPA has established a primary drinking water MCL of 10 milligrams per liter (mg/L) for nitrate reported as nitrogen (nitrate as N). Nitrate in the City’s recycled water during WY2019 ranged from 1.1 to 2.8 mg/L, with an average of 1.84 mg/L (City of Scotts Valley, 2020). Nitrogen removal efficiency at the plant ranged from 58% to 76%.

4 SVWD GROUNDWATER QUALITY

SVWD monitors water quality at its groundwater production wells for the constituents required by the Safe Drinking Water Act and under Title 22 of the California Code of Regulations. Groundwater is sampled from the SVWD production wells for inorganic minerals, trace metals, total dissolved solids (TDS), pH, volatile organic compounds (VOCs), and methyl-tert-butyl ether (MTBE). Results of water quality analysis are reported to the California Department of Drinking Water (CDDW).

4.1 Groundwater Quality and Treatment

Under the Safe Drinking Water Act, the U.S. Environmental Protection Agency (USEPA) and CDDW have set primary maximum contaminant levels (MCL) associated with public health risks as drinking water standards for various chemicals and constituents. These include industrial chemicals including VOCs and MTBE, and naturally occurring constituents such as arsenic. Secondary MCLs (SMCL) exist for constituents that are not defined as public health risks but require treatment for taste, odor, and other aesthetic issues. Table 4 provides a summary of the constituents of concern for untreated groundwater in SVWD production wells. In WY2019, natural-occurring constituents that require treatment (arsenic, iron, manganese, sulfate and TDS) remained within their respective historical ranges. SVWD Well #11A had several arsenic concentrations detected below the MCL. SVWD Well #11B had two detections of arsenic below the MCL and one concentration at the MCL of 10 µg/L. Arsenic is removed to drinking water standards as part of iron and manganese treatment.

Historically, the VOCs tetrachloroethene (PCE), trichloroethylene (TCE) and cis-1,2-dichloroethylene (cis-1,2-DCE) along with MTBE have been detected in low concentrations in SVWD Well #9. Since Well #9 has not pumped much over the past several years, a sample has not been collected from the well for some time. However, in WY2019, a sample was collected and it showed that there are still detections of cis-1,2-DCE, TCE, and MTBE that are below their respective MCLs. Low detection of chlorobenzene, cis-1,2-DCE, and TCE were also found in SVWD Well #11A below their respective MCLs.

SVWD treats groundwater extracted from wells to reduce concentrations of certain constituents that are above or approaching MCLs or SMCLs. In addition, the District treats groundwater for hydrogen sulfide for aesthetic reasons, even though this is not a regulated compound. SVWD treats groundwater at four water treatment plants (WTPs) prior to distribution. Table 5 summarizes the treatment processes at four District groundwater treatment plants. By applying the appropriate treatment technology, the District is able to deliver potable water that meets regulatory standards and is safe to drink.

Table 4. WY2019 Summary of Key Water Quality Constituents in Raw Groundwater

SVWD Well	VOCs	MTBE	Arsenic	Chromium- 6	Iron & Manganese	Sulfate	TDS
#3B	ND	ND	ND	ND	Above SMCL	Below SMCL	Above SMCL
Orchard Well	ND	ND	ND	ND	Below SMCL	Below SMCL	Below SMCL
#9	Below MCL	Below MCL	ND	ND	Below SMCL	Above SMCL	Above SMCL
#10A	ND	ND	ND	ND	Above SMCL	Below SMCL	Below SMCL
#11A	Below MCL	ND	Below MCL	ND	Above SMCL	Below SMCL	Above SMCL
#11B	ND	ND	At MCL	ND	Above SMCL	Below SMCL	Below SMCL

Notes: ND – not detected in any samples collected in WY2017; NS – Not Sampled
 Above MCL or SMCL – At least one sample in WY2017 exceeded respective primary MCL or secondary MCL
 Below MCL or SMCL – Constituent detected in levels below respective primary MCL or secondary MCL

Table 5. Summary of Water Treatment Processes Applied by SVWD

Water Treatment Plant	SVWD Wells	Aquifer	Chemicals of Concern	Treatment Type
Orchard Run	#3B Orchard Well	Butano & Lompico	Iron, manganese, and hydrogen sulfide	Air stripper, chlorination, dual media filtration, and sequestering agent
SVWD Well #9	#9	Monterey	Sulfate, VOCs, and hydrogen sulfide	Chlorination and granular activated carbon (GAC) filtration
SVWD Well #10	#10 #10A	Lompico	Iron, manganese, VOCs, and hydrogen sulfide	Air stripper, chlorination, dual media filtration, sequestering agent, and standby GAC filtration
El Pueblo	#11A #11B	Lompico	Iron, manganese, and arsenic	pH adjustment, chlorination, dual media filtration, and sequestering agent

4.2 Environmental Compliance Sites

To protect its potable water supplies and more effectively manage the groundwater basin, SVWD stays informed about local environmental compliance sites within the District's groundwater management area where groundwater quality has been impacted by pollution or chemical spills. Currently active environmental remediation sites within the District include the following sites:

- Watkins-Johnson Superfund site at 440 Kings Village Road,
- Scotts Valley Dry Cleaners Site located at 272 Mount Hermon Road, and
- King's Cleaners site at 222 Mount Hermon Road.

The Watkins-Johnson Superfund site remediation is moving towards closure but still needs to complete the source control component of the remedial action to ensure protectiveness over the long-term. The site is currently designated as open-remediation for residential use due to existing soil gas plumes of benzene, TCE, PCE, arsenic and cadmium in soils. A draft Focused Feasibility Study proposing potential remediation alternatives including soil excavation was submitted to USEPA in January 2019.

In WY2019, The Scotts Valley Dry Cleaners site continued operation of the soil vapor extraction and air sparging systems in their current configuration. These are remediation systems for the unsaturated soils above the groundwater table so no groundwater is extracted, only soil vapor. Their consultant is also recommending researching environmental data and past use history of the former nearby airport to assess potential source(s) for the elevated PCE and TCE concentrations detected in their distal sampling location. Groundwater remediation systems at this site have been shut down since 2015. There is a request to transfer some of Watkins Johnson monitoring wells to Scotts Valley Dry Cleaners (Pratt Company) to assume access and responsibility, although no agreement has been finalized yet. There has also been an ongoing request by the District to take over two Watkins Johnson monitoring wells located on City owned land. Due to the City's desire to sign off on these wells, it is looking unlikely these wells can be acquired by the District.

No remedial actions had occurred at the Kings Cleaners site over the past several years. The County of Santa Cruz Environmental Health Division (EHD) took over the oversight responsibilities for this site from the RWQCB in April 2017. EHD issued the responsible party, Ow Properties, with a Notice of Intent to Open Remedial Action Case under the Voluntary Cleanup Program. This Notice of Intent is based on documents on the GeoTracker website that show that PCE and related chemicals may be present in subsurface soils vapor, and possibly subsurface soil, at concentrations above applicable health-based screening levels. CSCEHD has also requested that a work plan for further investigation to characterize the chemical

concentrations in soil, soil gas, and indoor air be developed with conclusions and recommendations regarding the conditions, potential risks to human health and the environment, and the remedial actions needed.

More detailed information for these sites is available from the State Water Resources Control Board (SWRCB) GeoTracker website at <https://geotracker.waterboards.ca.gov/> and the Department of Toxic Substances Control (DTSC) Envirostor web site at www.envirostor.dtsc.ca.gov/public.

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5 ASSESSMENT OF GROUNDWATER CONDITIONS

5.1 Groundwater Level Monitoring

As part of the GWMP, the District collects groundwater level data from its production wells and monitoring wells including:

- Monthly measurements from all active and inactive SVWD production wells (Figure 1 and Table 6),
- Monthly and semi-annual measurements from 14 operational monitoring wells (Figure 1 and Table 6), and
- Measurements recorded every 15 minutes with electronic data transducers from 14 operational monitoring wells.

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Table 6. SVWD Wells Used for the Groundwater Management Monitoring Program

Well Name	Status	Top of Casing Elevation (feet msl)	Primary Producing Formation for Production Wells / Screened Interval for Monitoring Wells	Screen Interval Depth (feet bgs)
SVWD Production Wells – Measurements taken monthly for both static and dynamic levels				
SVWD Well #3B	Active	672.47	Butano	700-730, 880-1050, 1180-1370, 1400-1670
SVWD Orchard Well	Active	723	Butano	705-784, 805-1063, 1084-1455
SVWD Well #9 (to be destroyed in FY2020)	Inactive	528.14	Monterey	155-195, 315-355
SVWD Well #10 (to be destroyed in FY2020)	Inactive	510.85	Lompico	190-220, 240-270, 325-355
SVWD Well #10A	Active	512.00	Lompico	280-380, 400-450
SVWD Well #11A	Active	602.60	Lompico	399-419, 459-469, 495-515
SVWD Well #11B	Active	587.95	Lompico	348-388, 423-468, 500-515
SVWD Monitoring Wells - Key Indicator Wells – Measurements taken monthly				
#15 Monitoring Well ²	Active	660	Lompico, Butano	700-1100
#9 Monitoring Well ²	Active	528	Monterey	N/A
SVWD Monitoring Wells - Measurements taken semi-annually				
SVWD AB303 MW-1 ^{1,2}	Active	561.07	Santa Margarita	114-124
SVWD AB303 MW-2 ²	Active	524.22	Lompico	705-715, 810-850
SVWD AB303 MW-3A ^{1,2}	Active	522.69	Lompico	630-680
SVWD AB303 MW-3B ^{1,2}	Active	522.11	Santa Margarita	120-125
Canham Well ²	Active	782.78	Butano	1,281-1,381
Stonewood Well ²	Active	898.54	Butano	799-859
SV1-MW (filled with sand)	Inactive	704.3	Santa Margarita	60-80
SV3-MW A ²	Active	584.65	Santa Margarita	60-80
SV3-MW B ²	Active	584.65	Santa Margarita	100-110
SV3-MW C ²	Active	584.65	Lompico	150-160
SV4-MW ²	Active	447.79	Santa Margarita	50-60
TW-18 ^{1,2}	Active	715.03	Santa Margarita	285-345
TW-19 ^{1,2}	Active	659.49	Lompico	960-1060

Notes: ¹Groundwater level measurement data submitted to DWR CASGEM Program

²Equipped with electronic data transducer

feet msl = elevation in feet relative to mean sea level

feet bgs = depth in feet below ground surface

5.1.1 Water Year 2019 Groundwater Levels in Production Wells

Historical groundwater levels collected and reported for production wells include both pumping (dynamic) and non-pumping (static) conditions. Monitoring dynamic and static groundwater levels provides a means for evaluating well performance. If well efficiency declines over time, this may be indicated by increasing differences between static and dynamic groundwater levels, thereby demonstrating the well is in need of maintenance. Static and dynamic hydrographs for active SVWD production wells are shown in Figure 8 through Figure 12.

Furthermore, when groundwater levels decline below the top of the well screen, there is a potential to reduce well efficiency from air entrapment, mineral precipitation, biofouling, or corrosion resulting in lower pumping rates and higher operating costs. Analysis of dynamic and static groundwater levels in active production wells show the following for WY2019:

- SVWD Well #3B: both the dynamic and static groundwater levels are above the top of the upper well screen. The difference between dynamic and static groundwater levels has remained fairly consistent.
- SVWD Orchard Well: because this well has been pumping almost continuously since it was put into operation in May 2018, there is only one static level recorded. However, because the Orchard Well is new and constructed with stainless steel casing and screen, no maintenance should be required for several years.
- SVWD Well #10A, #11A, and #11B: both the dynamic groundwater levels and static groundwater levels for SVWD Well #10A and #11A are currently above the top of the upper well screen. SVWD Well #10A had a slight drop in dynamic pumping levels around 2013 but those lower levels have recovered since and are now above the top of its upper well screen during pumping. Since 2004, SVWD Well #11B has pumping levels below the bottom of its upper well screen. The difference between dynamic and static groundwater levels in all three wells has remained fairly consistent. Static and pumping groundwater levels in SVWD Well #10A increased over the two years (Figure 10, while static and pumping groundwater levels in SVWD Well #11A and #11B have increased over the past year (Figure 11 and Figure 12, respectively).

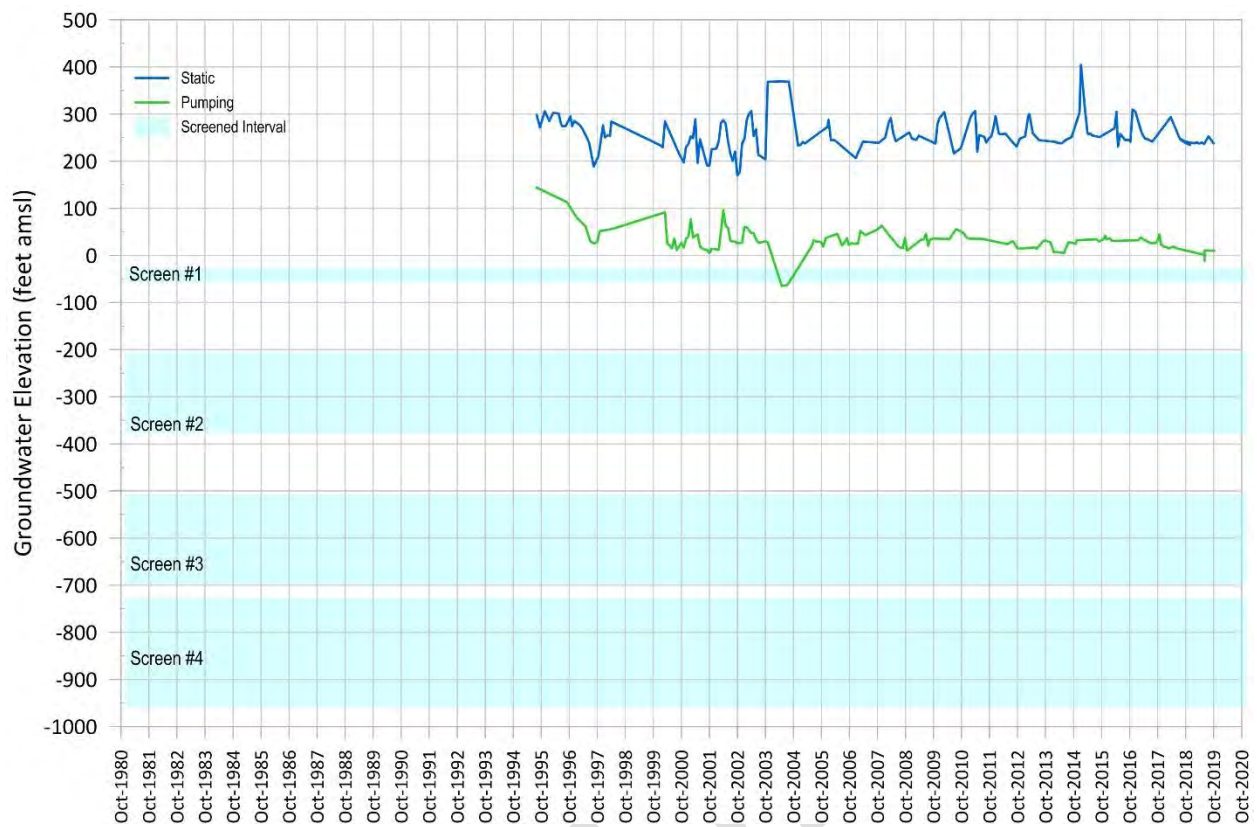


Figure 8. SVWD Well #3B Comparison of Groundwater Level and Screens

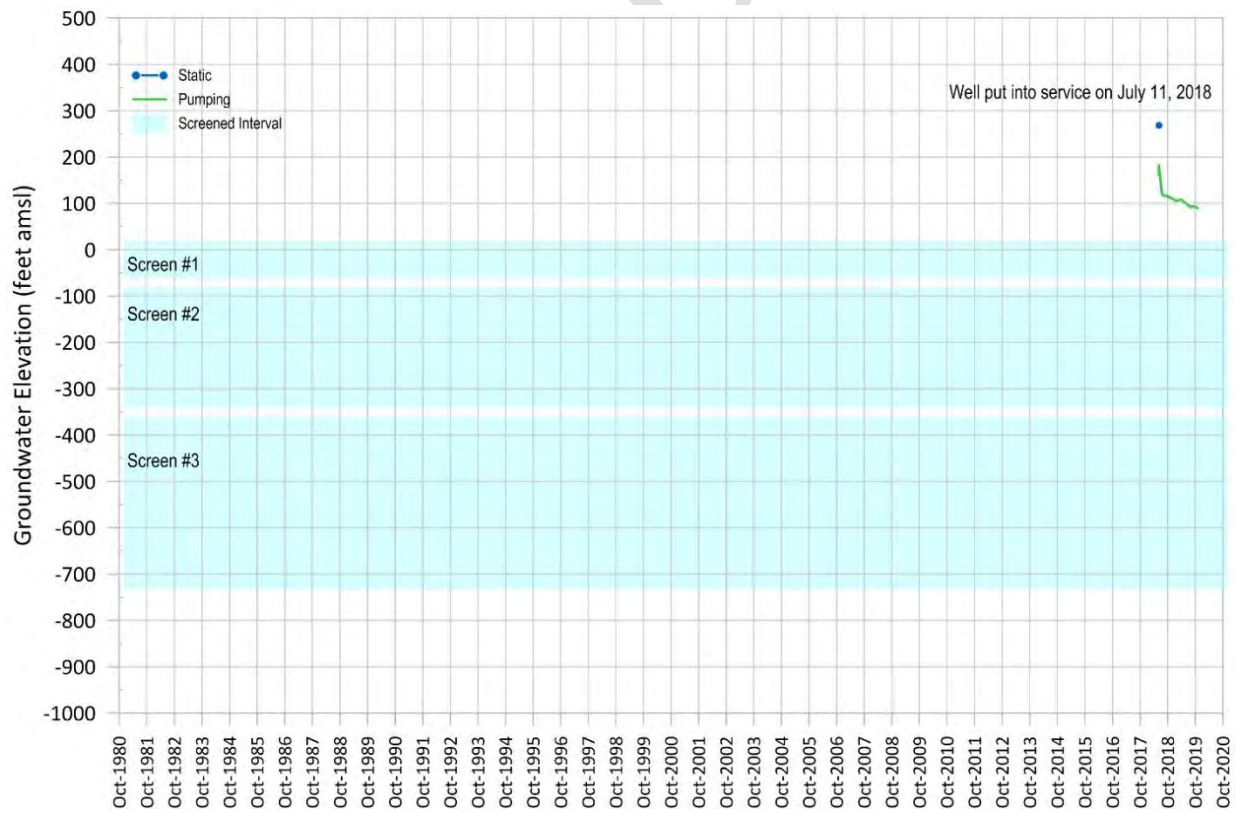


Figure 9. SVWD Orchard Well Comparison of Groundwater Level and Screens

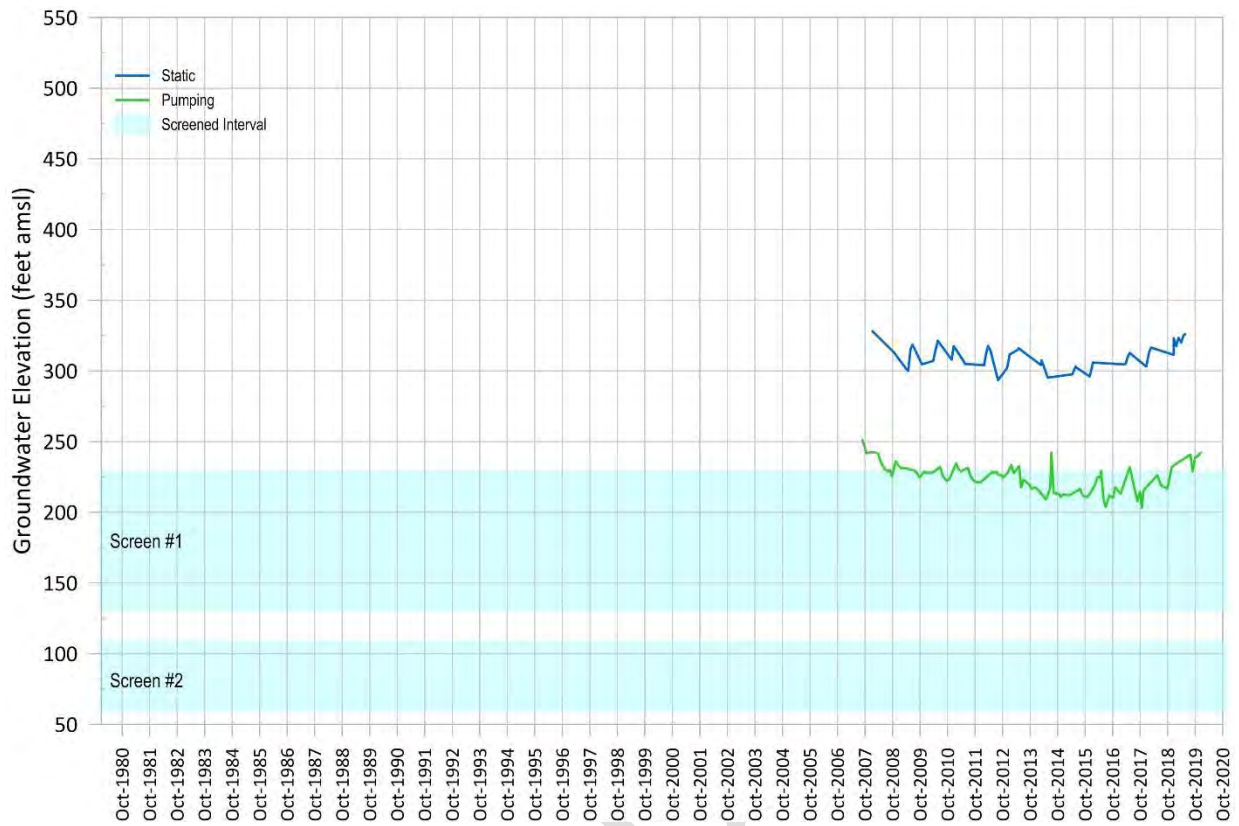


Figure 10. SVWD Well 10A Comparison of Groundwater Level and Screens

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Figure 11. SVWD Well #11A Comparison of Groundwater Level and Screens

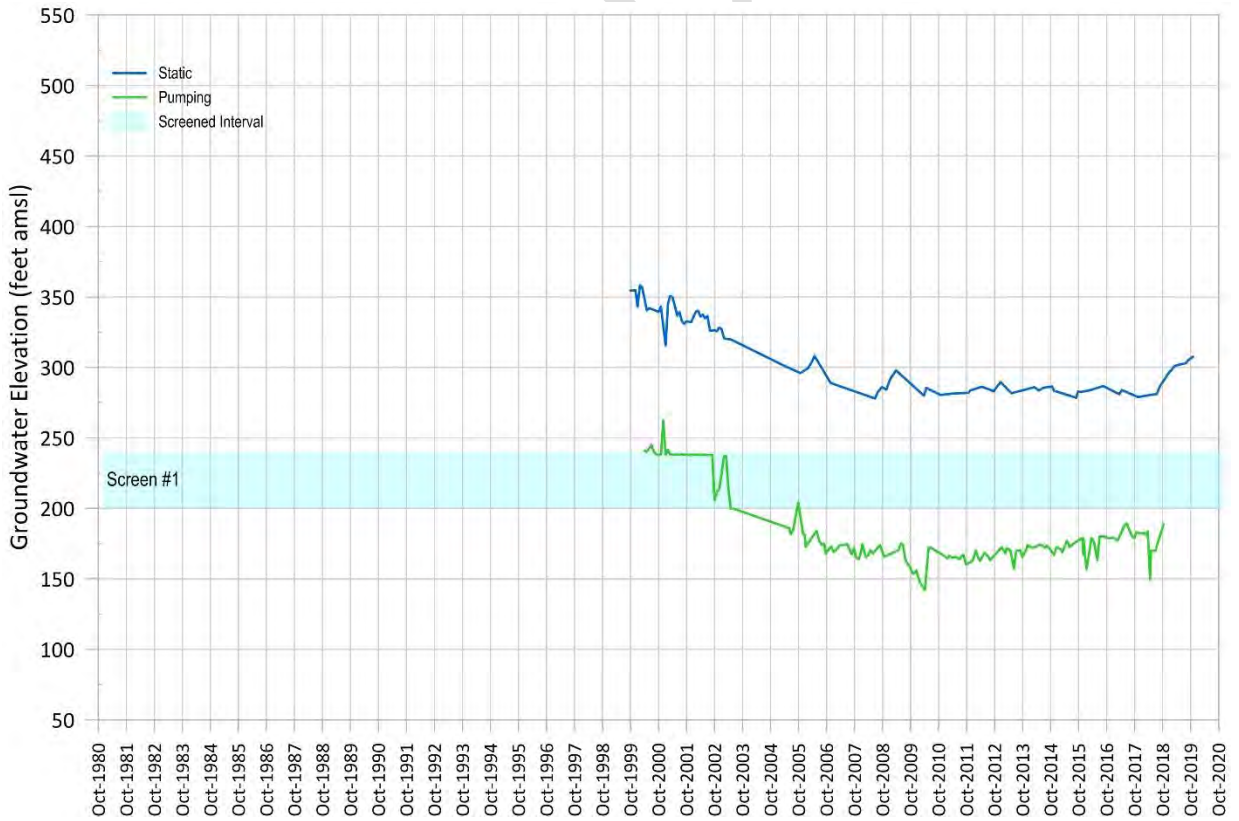


Figure 12. SVWD Well #11B Comparison of Groundwater Level and Screens

5.1.2 Water Year 2019 Groundwater Levels in Monitoring Wells

In WY2019, groundwater level data collected from 14 monitoring wells shown in Table 6 were evaluated to determine year-to-year changes. Groundwater level data are compiled into the District's groundwater management database. The following subsections summarize the observed groundwater level changes for each aquifer during WY2019.

5.1.2.1 Santa Margarita Aquifer

Transducer and measured data from monitoring well TW-18, and SLVWD Pasatiempo MW-2 (Figure 13) show relatively stable groundwater levels over time. Most recently, in monitoring well TW-18 there has been a very slight one foot increase over the past two years. Since SLVWD's Pasatiempo MW-2 groundwater level increase in 2017 when there was record rainfall in Scotts Valley, groundwater levels have been falling but are still 12 feet from elevations experienced during the most recent drought (Water Years 2012 through 2015).

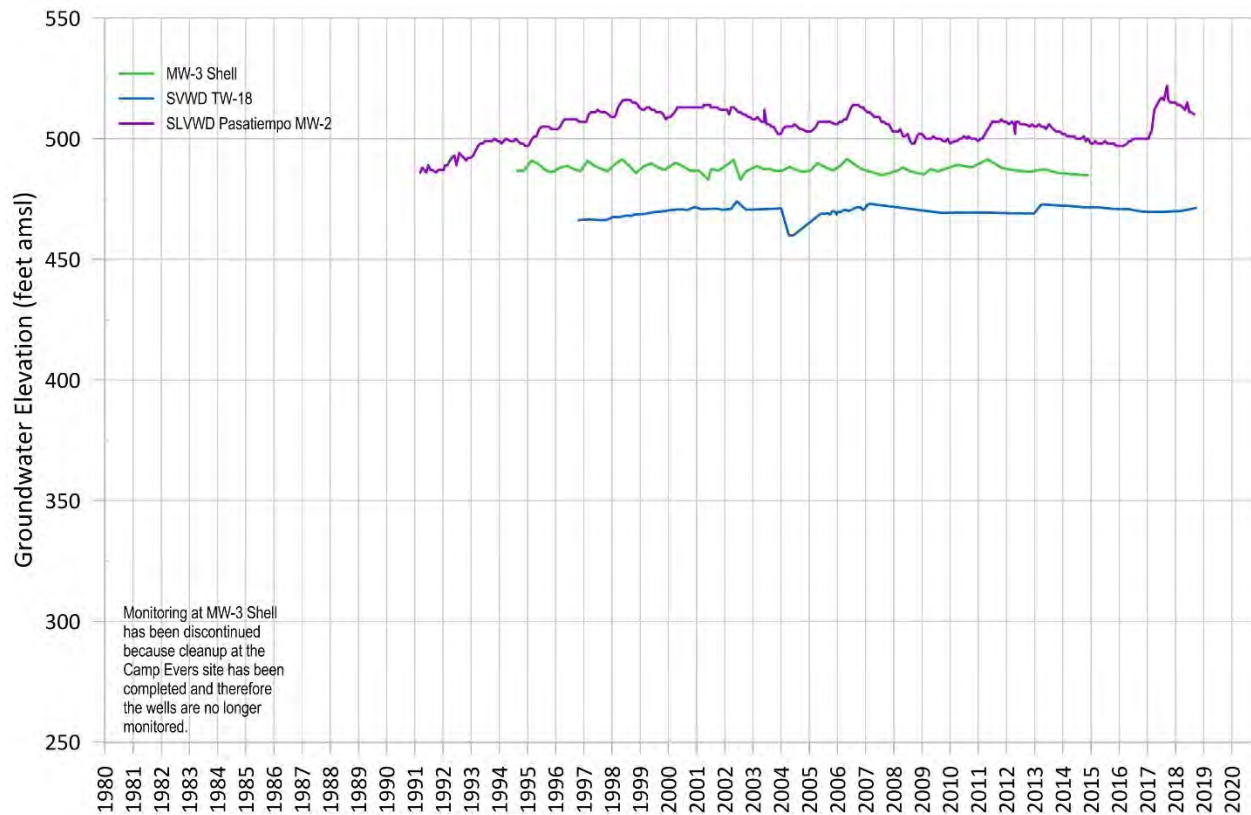


Figure 13. Santa Margarita Aquifer Hydrographs for Monitoring Wells

5.1.2.2 Monterey Formation

Groundwater is not produced from the Monterey Aquifer by SVWD, nor are there any active wells that monitor groundwater levels other than SVWD #9. Figure 14 shows groundwater levels in this well have been increasing since 2014. Almost 50 feet of recovery have taken place since 1998.



Figure 14. Monterey Formation Hydrographs for Monitoring Wells

5.1.2.3 Lompico Aquifer

Transducer and measured data from monitoring well TW-19, in the northern portion of the District, show groundwater levels have historically been variable. There has been approximately 20 feet of groundwater level rise in this well over the past five years, with about 10 feet occurring in WY2019 (Figure 15). It should be noted that there have been past difficulties with measuring groundwater elevations at this well and thus the data plotted on the hydrographs may be compromised. It is recommended that the well's integrity be evaluated in the field along with its transducer settings, and groundwater levels be measured by more than one method to confirm the true groundwater level.

Other Lompico monitoring wells, such as SVWD Well #10, have similar increasing trends in the central portion of the District. Production well, SVWD #11A, has static groundwater levels that

have increased 24 feet over the past four years, with 12 feet occurring in WY2019 feet (Figure 11).

The SVWD #10 (previously a production well and now a monitoring well) hydrograph, representing the Lompico aquifer in the southern portion of the District, shows an increase in groundwater levels of about two feet in WY2019 (Figure 15).

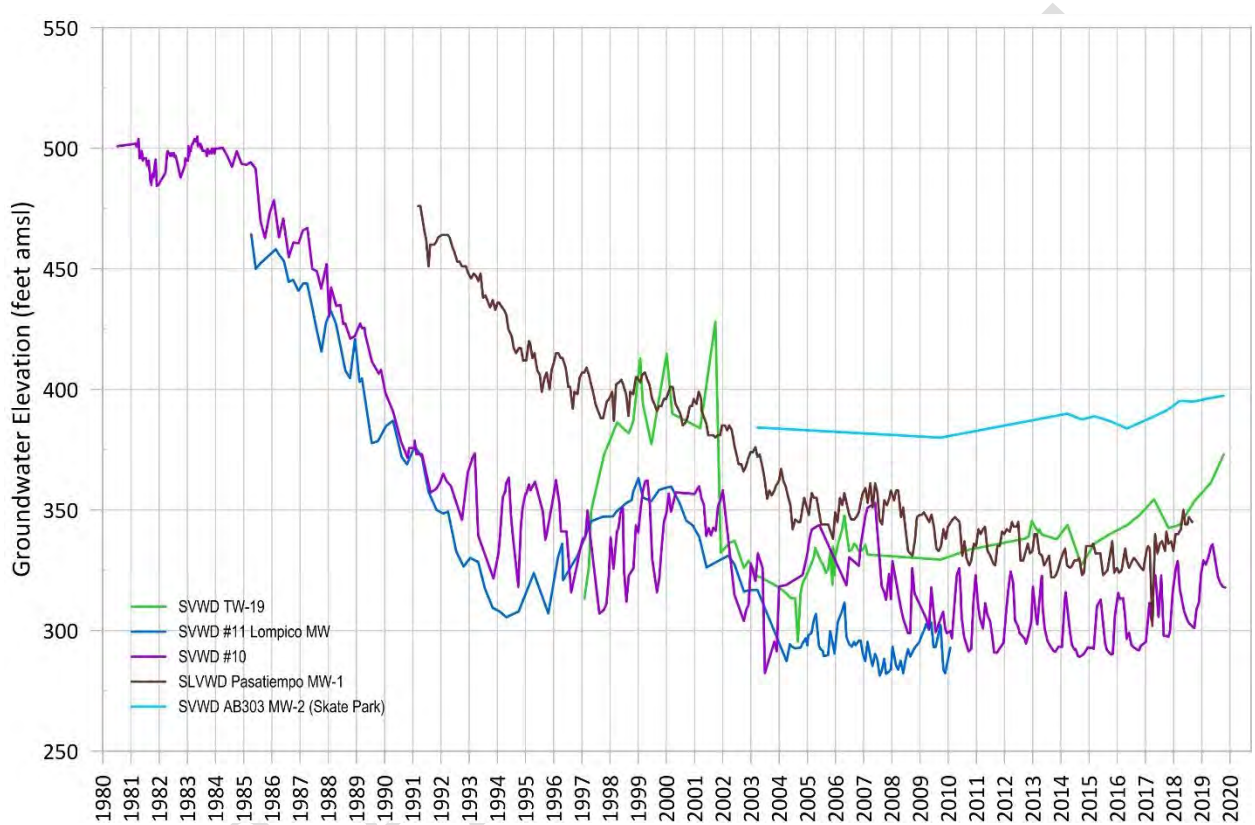


Figure 15. Lompico Aquifer Hydrographs for Monitoring Wells

5.1.2.4 Butano Aquifer

The only monitoring wells screened exclusively in the Butano aquifer are the Stonewood and Canham monitoring wells (Figure 1). The Canham well is located approximately 0.9 miles northeast of the District's Butano production wells (Wells #3B and Orchard Well) groundwater level decreased by about one foot in WY2019 (Figure 16). Over the past five years it has declined two feet. The Stonewood well is located two miles away from the Butano production wells and is located within the area where the Butano aquifer outcrops at the surface. Figure 16 shows that groundwater levels in the Stonewood well have increased gradually by four feet over the past six years.

The only other wells screened in the Butano aquifer are SVWD #3B, #7B, and the Orchard Well. These wells, however, are also screened in the Lompico aquifer and therefore the groundwater levels measured in them are composite levels that do not represent the Butano aquifer (Figure 17). Since these are actively pumped wells, it is difficult to determine trends from their hydrographs because of the large fluctuations caused by pumping (Figure 17). It is recommended that a dedicated monitoring well be constructed near the Butano production wells to monitor groundwater levels in this important aquifer that supplies 37% of the District's water supply.

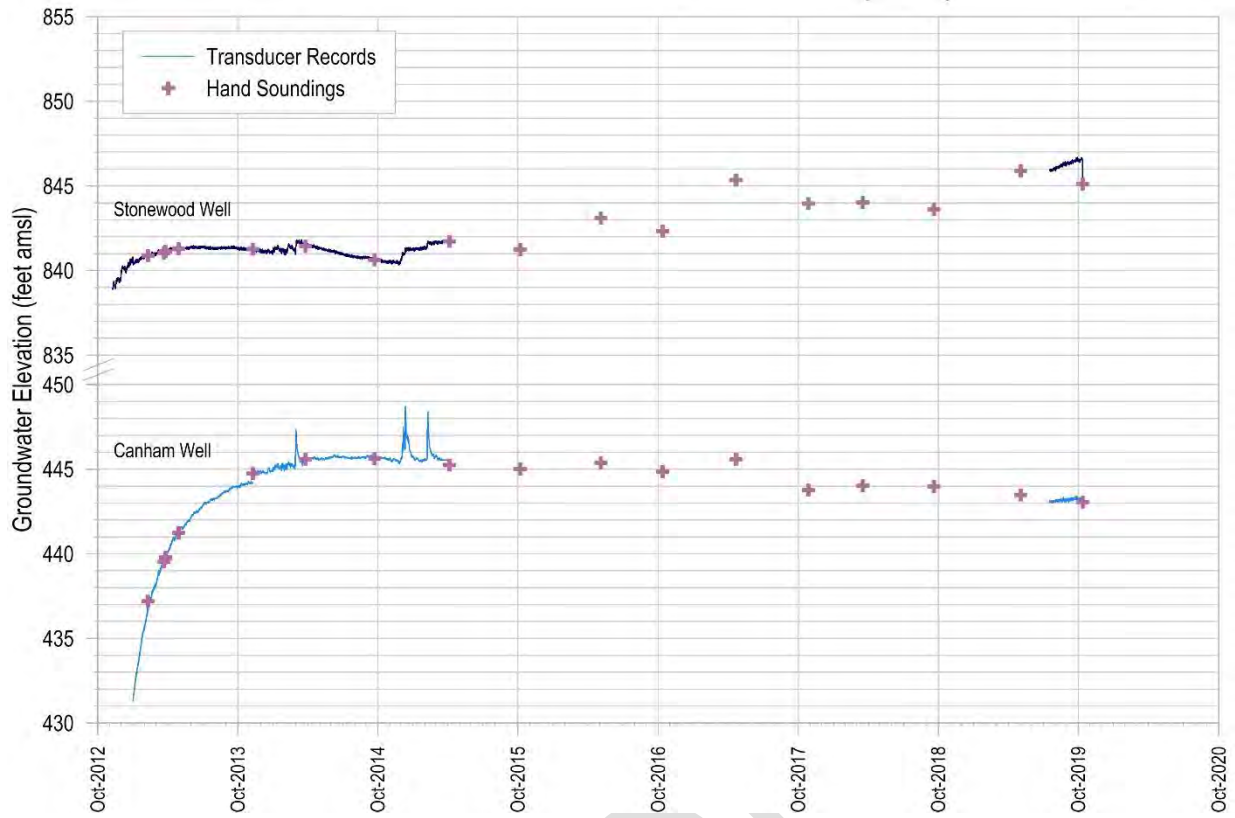


Figure 16. Butano Aquifer Hydrographs for Monitoring Wells

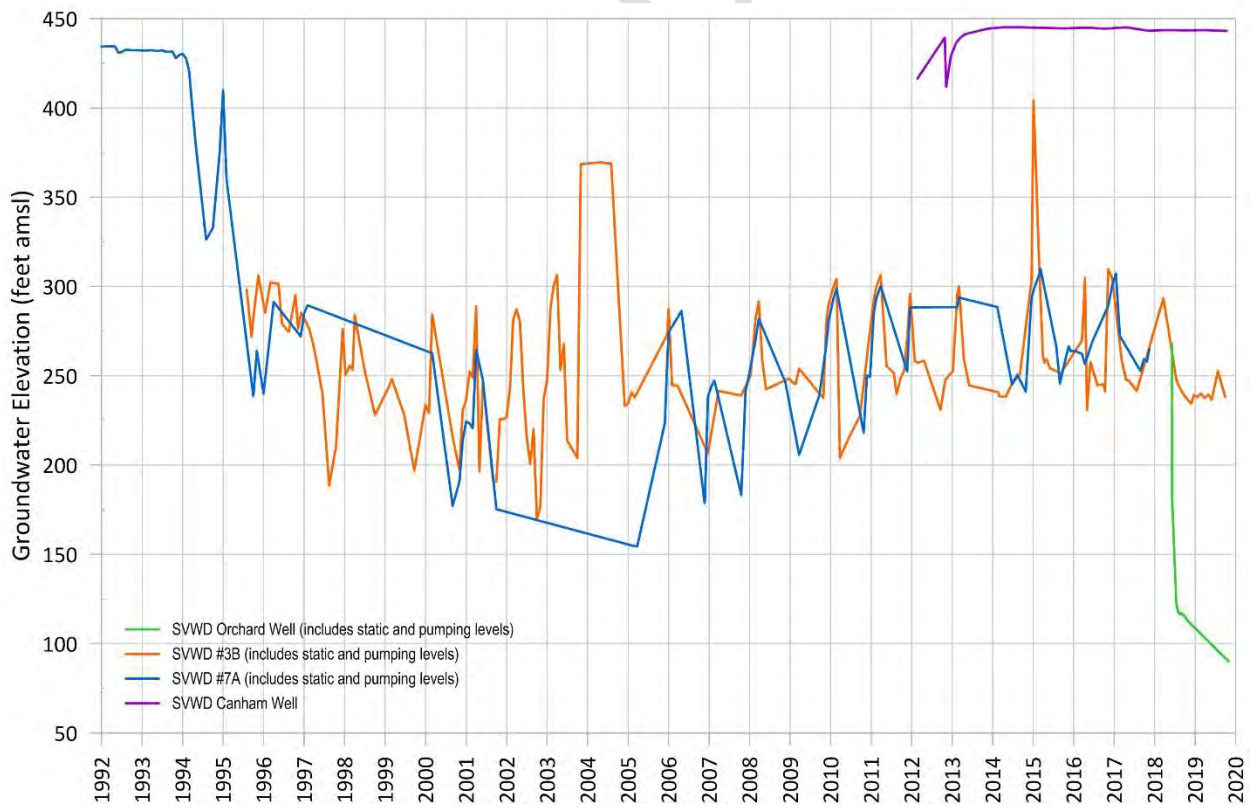


Figure 17. Lompico/Butano Aquifer Hydrographs for Production Wells

5.2 Aquifer Conditions

5.2.1 Santa Margarita Aquifer

The Santa Margarita aquifer is the shallowest aquifer in the SMGB, and is usually the first aquifer to be impacted by changing hydrologic conditions. The District currently does not pump groundwater from the Santa Margarita aquifer. In general, the Santa Margarita aquifer in the District's service area has stable groundwater levels with temporary increases in response to wet years. In WY2019, groundwater levels in the Santa Margarita aquifer decreased slightly, potentially because rainfall was not much above average.

Groundwater conditions are also affected by the geologic complexity within the SMGB. Along the southeastern margin of the SMGB underneath Scotts Valley, the Santa Margarita aquifer is in direct contact with the underlying Lompico aquifer. In these areas, the Santa Margarita aquifer remains unsaturated, as it has since the 1980s when groundwater levels in the Lompico aquifer declined. Elsewhere, the Santa Margarita aquifer overlies the Monterey Formation that hydraulically separates it from the deeper Lompico aquifer. Historic groundwater levels in these areas have remained relatively stable over time, demonstrating that groundwater levels in the Santa Margarita aquifer respond independently from changes in the Lompico aquifer in locations where the Monterey Formation is present.

5.2.2 Monterey Formation

The Monterey Formation is primarily composed of mudstone, shale, and siltstone. This composition makes the Monterey Formation a regional aquitard that separates the Santa Margarita and Lompico aquifers. However, the gradational geologic transition from the underlying Lompico sandstone means that the lower Monterey Formation contains several sandstone interbeds that can locally produce groundwater.

As noted in Section 2.3, the revised geologic interpretation for SVWD Well #9 is that it is screened completely within the Monterey Formation (Kennedy/Jenks, 2016). SVWD Well #9 experienced over 200 feet of groundwater level decline during the 1980's and early 1990's that diminished its water supply potential significantly (Figure 14). Groundwater levels in SVWD Well #9 have risen slowly since WY2006, with a temporary decline occurring around WY2013, likely in response to the increased pumping in the Monterey Formation during this time (Table 1). Since WY2014, there has been a gradual increase in groundwater levels in Well #9, but groundwater levels are still about 150 feet below elevations prior to 1980 (Figure 14). In WY2019, groundwater levels in the southern portion of the District service area at SVWD Well #9 increased almost 5 feet.

5.2.3 Lompico Aquifer

The Lompico aquifer is the primary producing aquifer in the SMGB and provides a large percentage of the municipal water supply in the Scotts Valley area. In WY2019, approximately 58% of the District's groundwater pumping was from the Lompico aquifer (Table 2). Long-term pumping from this aquifer has contributed to groundwater level declines underling the central portion of the District. Combined pumping at SVWD Wells #11A and #11B in WY2019 was 170 acre-feet less than in WY2018, and the least pumping at these wells since WY2013. Away from the pumping center, groundwater levels have increased by up to 12 feet.

The Lompico aquifer in the southern portion of the District's service area at SVWD Well #10 (Figure 1) had a nine foot increase in groundwater levels during WY2019. Groundwater levels in this inactive production well are influenced by pumping in the nearby SVWD Well #10A. The amount of pumping from SVWD Well #10A in WY2019 was approximately 100 acre-feet less than pumped annually over the previous ten years (Table 1). The nine-foot groundwater level increase may have resulted primarily from reduced pumping but also the slightly above-average precipitation during WY2019. This is consistent with the geologic interpretation of the Lompico aquifer being in direct contact with the overlying Santa Margarita aquifer in the southern portion of the SMGB. This direct contact between the two aquifers allows recharge to more rapidly increase groundwater levels in the southern portion of the Lompico aquifer.

5.2.4 Butano Aquifer

The Butano aquifer is a significant water-producing aquifer in the SMGB for SVWD, accounting for approximately 42% of groundwater pumped by SVWD in WY2019. During the first few years of pumping from this aquifer (WY1993 to WY1995), groundwater levels in SVWD Well #7A (now replaced by the Orchard Well) declined nearly 200 feet relative to pre-pumping levels. However, since SVWD Well #7A was completed in both the Lompico and Butano aquifers, it is unclear whether this drop in groundwater levels reflects conditions in the Butano aquifer or the similar observed decreases in the Lompico aquifer. From 1996 to 2006, static groundwater levels at SVWD Well #3B and #7A fluctuated seasonally within an elevation range of 200 to 300 feet above mean sea level (amsl). With decreased pumping since 2006, groundwater levels have increased slightly, and the seasonal range in groundwater elevations is typically between 250 and 300 feet amsl (Figure 17).

With increased pumping from the Orchard Well in WY2019 there has been a slight decline in groundwater levels over the year, although it is difficult to measure accurately from the hydrographs due to the fluctuating data measured during pumping. With increasing distance from the pumping center caused by SVWD's Well #3B and Orchard Well pumping, groundwater levels are less affected by pumping. The Canham Well located approximately 0.9 miles north of the pumping center has had a two foot decline in groundwater levels over the past five years. In the

northernmost portion of the District, the Stonewood Well located approximately two miles from the pumping center, experienced increased groundwater levels in the Butano aquifer of around four feet over the past six years.

6 RECOMMENDATIONS

Based on an evaluation of the quality of groundwater level data collected by the District and M&A over the past few years, this year's annual report contains some recommendations for improving groundwater level data collected and relied upon for assessing the health of the portion of the Basin pumped by the District.

1. Review and verification of the District's pressure transducer data collection program. This is an important recommendation because the District is currently expanding its program to all monitoring and production wells. Together with District staff, M&A will visit each deployed data logger to verify its deployment details, condition and configuration. If appropriate, the transducers will be reconfigured and reprogramed to establish a new baseline, data collection frequency and program settings. M&A will assist District staff with data download and processing procedures to ensure the data collected is barometrically compensated and quality checked.
2. Inconsistent groundwater levels measured in monitoring well TW-19 requires that the well be evaluated in the field along with its transducer settings and configuration, and groundwater levels be measured by more than one method to confirm its true groundwater level. Most of this work can be completed at part of recommendation #1.
3. A monitoring well completed only in the Butano aquifer should be constructed near the Butano production wells to monitor groundwater levels in that aquifer.

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8 ACRONYMS

AMI.....	Automated Metering Infrastructure
amsl.....	above mean sea level
ASR.....	aquifer storage and recovery
bgs.....	below ground surface
BMO	Basin Management Objectives
BMP	best management practice
CASGEM	California Statewide Groundwater Elevation Monitoring
CDDW	California Division of Drinking Water
DCE.....	dichloroethylene
DWR.....	California Department of Water Resources
GAC.....	granular activated carbon
GPD.....	gallons per day
gpm	gallons per minute
GAC.....	granulated activated carbon
GSA.....	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
GWMP	Groundwater Management Plan
GWRA	Groundwater Reporting Area
IRWMP	Integrated Regional Watershed Management Plan
JPA.....	Joint Powers Agreement
LID.....	low impact development
LTCP.....	Low-Threat Closure Policy
MCL.....	maximum contaminant level
mg/L.....	milligrams per liter
MHA	Mount Hermon Association
MRP	Monitoring and Reporting Program
MTBE	methyl-tert-butyl ether
NPDES.....	National Pollutant Discharge Elimination System
NPL.....	National Priorities List
O&M.....	operations and maintenance
PCE.....	tetrachloroethene
RACR.....	Groundwater Remedial Action Completion Report
RWQCB	Central Coast Regional Water Quality Control Board
SCMGB.....	Santa Cruz Mid-County Groundwater Basin
SGMA.....	Sustainable Groundwater Management Act
SLVWD	San Lorenzo Valley Water District
SMCL.....	secondary maximum contaminant level
SMGB	Santa Margarita Groundwater Basin

SMGBACSanta Margarita Groundwater Basin Advisory Committee
SMGWASanta Margarita Groundwater Agency
SVWD.....Scotts Valley Water District
SWRCB.....State Water Resources Control Board
TCEtrichloroethylene
TDStotal dissolved solids
µg/L.....micrograms per liter
USEPA.....United States Environmental Protection Agency
UWMPUrban Water Management Plan
VOCvolatile organic compounds
WTPwater treatment plant
WYWater Year

FINAL DRAFT

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20

To: Board of Directors

Item: Business 5.2

Subject: **Annual Financial Report for Fiscal Year Ended 06/30/19**

Reason: Complies with Government Auditing Standards

SUMMARY

Recommendation: Accept the Scotts Valley Water District Annual Financial Report for Fiscal Year Ended 06/30/19.

Fiscal Impact: None.

Previous Related Action: On 11/19/19, the Finance and Personnel Committee reviewed the Draft Annual Financial Statements for Fiscal Year 2019.

On 12/12/19, the Board received the Draft Annual Financial Statements for Fiscal Year 2019.

BACKGROUND

Generally accepted accounting principles (GAAP) provide the criteria for the development of annual financial reports. GAAP mandates that annual financial reports include a complete set of basic financial statements, including accompanying note disclosures, as well as certain required supplementary information. The District's Annual Financial Report complies with GAAP, as well as accounting requirements set by the Governmental Accounting Standards Board (GASB). This report was prepared by District staff and audited by an external firm certified by the American Institute of Certified Public Accountants (AICPA).

DISCUSSION:

Nigro & Nigro PC, the District's independent auditor, audited the financial statements. In the opinion of the independent auditor, the financial statements present fairly the financial position, the respective changes in financial position, and cash flows for the subject year in accordance with GAAP.

Submitted,

Piret Harmon

General Manager

Enclosed: Annual Financial Report for the Fiscal Year Ended June 30, 2019



SCOTTS VALLEY
WATER DISTRICT

Scotts Valley Water District
Annual Financial Report
For the Fiscal Year Ended June 30, 2019



Ratepayer dollars at work – Orchard Run Water Treatment Plant

Mission Statement

The mission of the Scotts Valley Water District is to deliver a sustainable, high quality water supply in an environmentally responsible and sound financial manner while providing outstanding customer service.

**Scotts Valley Water District
Board of Directors as of June 30, 2019**

<u>Name</u>	<u>Title</u>	<u>Elected / Appointed</u>	<u>Current Term</u>
Danny Reber	President	Elected	12/16 - 11/20
Wade Leishman	Vice President	Elected	12/18 - 11/22
Bill Ekwall	Director	Elected	12/18 - 11/22
Chris Perri	Director	Elected	12/16 - 11/20
Ruth Stiles	Director	Elected	12/18 - 11/22

**Scotts Valley Water District
Piret Harmon, General Manager
2 Civic Center Drive
Scotts Valley, California 95066
(831) 438-2363 – www.svwd.org**

SCOTTS VALLEY WATER DISTRICT
For the Fiscal Year Ended June 30, 2019
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STATISTICAL SECTION SCHEDULES

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December 12, 2019

**To the Honorable Board of Directors of the Scotts Valley Water District
and Members of the Community**

It is our pleasure to submit the Annual Financial Report for the Scotts Valley Water District (District) for the fiscal year ended June 30, 2019 (FY 2019). District staff prepared this financial report following guidelines set forth by the Governmental Accounting Standards Board (GASB). The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. I believe that the data presented is accurate in all material respects. This report is designed in a manner that helps to enhance your understanding of the District's financial position and activities.

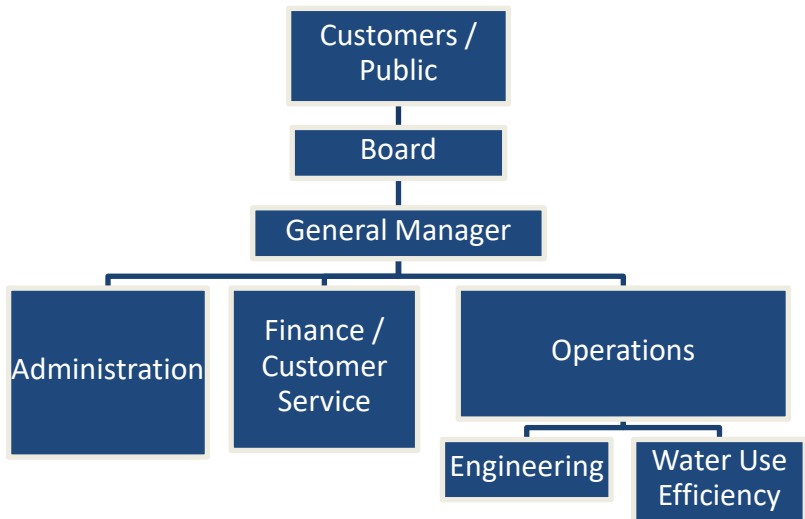
This report is organized into six sections: (1) Introductory, (2) Financial, (3) Required Supplementary, (4) Supplemental Information, (5) Other Independent Auditors Reports, and (6) Statistical. The Introductory section offers general information about the District's organizational and water system, the economic environment, and current District activities. It also offers a summary of significant financial results as well as the major initiatives and accomplishments. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A) of the District's financial statements, and the District's audited financial statements with accompanying notes. The Required Supplementary section, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB). The Supplemental section contains selected financial information in greater detail than presented in the District's financial statements in accordance with the District's internal fund structure. The Statistical section is presented in compliance with the 2016 Certificate of Participation's debt covenant requirements.

Generally Accepted Accounting Principles (GAAP) requires that the management provides a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A is located immediately following the Independent Auditor's Report.

District Structure and Leadership

The Scotts Valley Water District is an independent special district, which operates under the authority of Division 12: County Water District Act of the California Water Code. The District was formed in 1961 and is governed by a five-member Board of Directors, elected at-large from within the District’s service area. The General Manager administers the day-to-day operations of the District in accordance with policies established by the Board of Directors. The District employs 19 regular employees organized in three divisions: Administration, Operations, and Finance. The District’s Board of Directors meets on the second Thursday of each month. The public is duly notified of these meetings and is encouraged to attend.

The District’s organization chart is presented by position at the end of this letter. The organization’s department structure is presented below:



The District provides water service to approximately 4,300 connections, covering most of the City of Scotts Valley and several unincorporated neighborhoods. The City of Scotts Valley, covers approximately six square miles, is located north of the City of Santa Cruz on Highway 17 in Santa Cruz County.

There were no changes to the organizational chart in FY 2019.

District Services

Residential customers represent approximately 91% of the District’s customer base and consume approximately 66% of the potable water produced annually by the District. The District currently has a total of six groundwater wells with a maximum production capacity of 1,400 gallons per minute. Additionally, the District is the sole permitted distributor of the recycled water from the Tertiary Treatment Plant of the City of Scotts Valley. As of June 30, 2019, there were 65 recycled water connections with an annual demand of 58 million gallons, of which 43.3 million was billable consumption.

The Districts potable water connection portfolio increased by 37 accounts in FY 2019, as shown below.

Potable Domestic Water Connections (excludes Fire Service Connections)

3,790 connections as of 6/30/2019:

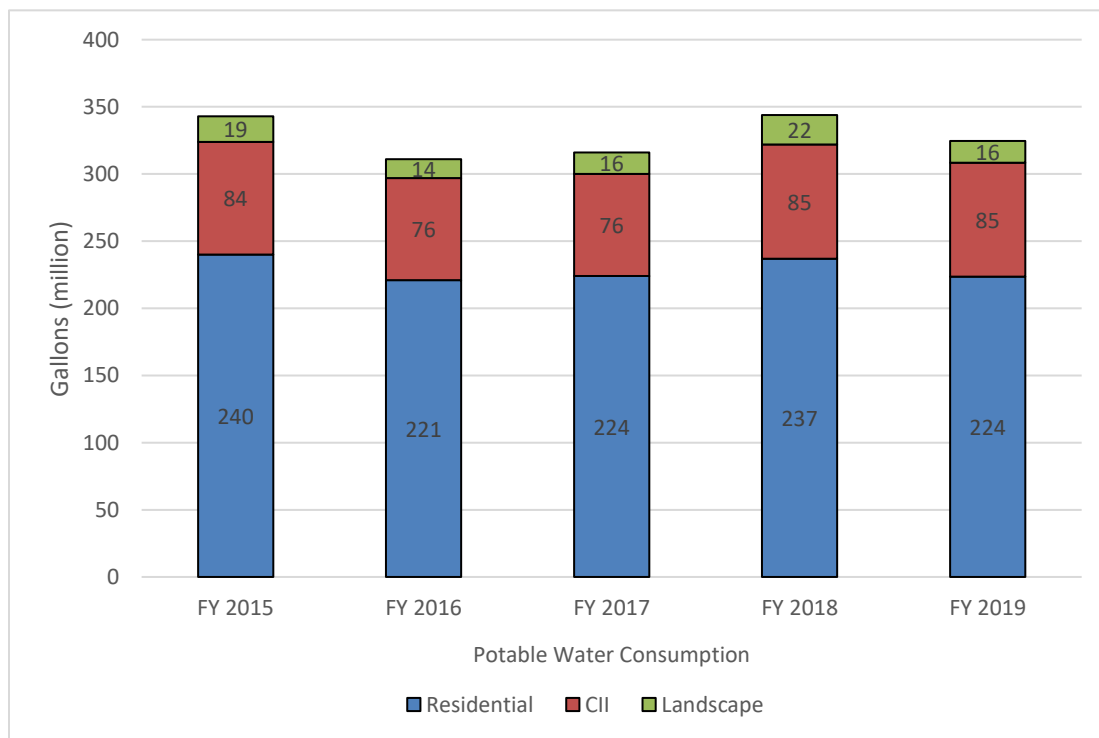
	6/30/2018	6/30/2019	Incr/(Decr)
Residential	3,379	3,417	38
CII*	290	290	0
Landscape	84	83	(1)
	<u>3,753</u>	<u>3,790</u>	<u>37</u>

* CII: Commercial, Industrial and Institutions

Potable Water Consumption

Total potable water consumption decreased by 20 million gallons (MG), equal to 5.7%, with residential and landscape customers as the primary drivers for the decrease. Residential consumption decreased by 13 MG (5.7%), CII was flat (0%), and Landscape consumption decreased by 6 MG (27%). Landscape demand experienced the greatest percentage increase due to a higher elasticity of demand. One factor that is impacting the overall consumption trend is the District’s increasingly effective water use efficiency initiatives.

Five-year history of potable water consumption (in million gallons) is presented below:

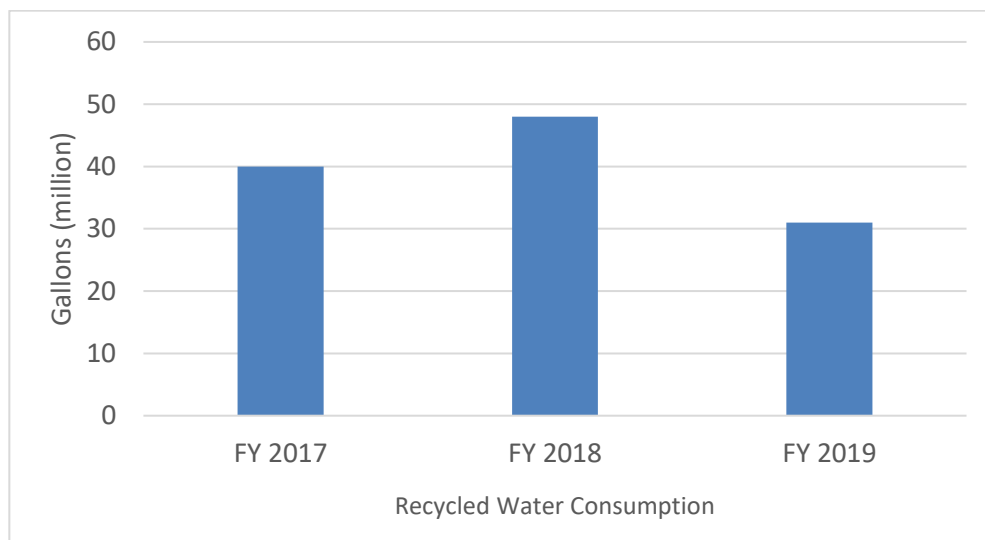


Recycled Water

Scotts Valley boasts the only recycled water treatment plant (Tertiary Treatment Plant) in the North Santa Cruz County area. The District's goal to use the recycled water wherever feasible by installing recycled irrigation services at new development projects and converting existing potable landscape connections to recycled water has resulted in the total number of recycled water connections reaching 65 since the inception of the Tertiary Treatment Plant in 2002. About 14% of the total annual system demand is fulfilled using recycled water.

Recycled Water Consumption

Total recycled water consumption decreased by 16 million gallons (MG), or 34%, in FY 2019. Three-year history of recycled water consumption (in million gallons) is presented below:



Water Rates and District Revenues

In the Prop 218 public hearing on December 12, 2016, the Board established a new rate structure, setting rates and fees for potable and recycled water as well as fees for new connections for a five-year period (2016-2020). Fiscal Year 2019 was the third year of the rate schedule. The District implemented the scheduled rate increases of 10% in December of 2018.

Water Use Efficiency Programs

The District demonstrates its commitment to water use efficiency by offering rebates, educational workshops, home inspections, and consultations. In FY 2019, the District submitted timely monthly demand reports to the State; completed self-certification assessment as required by the State Water Resources Control Board (SWRCB); incentivized the retrofitting of 18,240 square feet of turf and 6,800 square feet of high-volume spray irrigation; added a new rebate for pressure regulating valves; promoted alternative water supply sources of greywater, rainwater, and downspout diversion; and provided 66 house calls to help detect leaks and distribute water-saving devices.

Local Economic Condition and Outlook

According to data from the State Employment Development Division, Santa Cruz County's average unemployment rate was 4.2% in June 2019, a 0.3% decrease from the same period last year. The county's unemployment rate was equal to the statewide average of 4.2% in June 2019.

The number of service connections is impacted by the local economy and driven by the City of Scotts Valley economic development policies, especially the land use policy. The city has a population of approximately 12,082 according to a May 2019 news release by the State Department of Finance, an increase of 4.3% from 11,580 per the 2010 census. The number of households grew from 4,426 in the 2010 census to an estimated 4,541 in 2019, an increase of 2.6%. As the city's remaining buildable space is limited, growth in population and the number of households is likely to remain moderate.

The City's Planning Department has reviewed and approved several large commercial and residential developments. Development projects resulted in 43 new connections to the system in FY 2019 generating Capacity Buy-In fee revenue of approximately \$669K. New units in the Grove development by City Ventures and the Pinnacles development on Lundy Lane accounted for the majority of revenue from new connections.

Major Planned Initiatives and Significant Projects

Water supply reliability and the District's aging water infrastructure continue to be primary concerns. The District is committed to water use efficiency and to the pursuit of cost-effective methods of preserving the aquifer while providing quality water service to customers.

As a member of the Santa Margarita Groundwater Agency (SMGWA), the District continues work on the development of a Groundwater Sustainability Plan (GSP) in compliance with the 2014 Sustainable Groundwater Management Act (SGMA). This District also continues work on a multi-year initiative to modernize the District's meter technology. Work is underway to implement Automated Metering Infrastructure (AMI) technology with the installation of new meters for all District customers.

In 2018 the District completed the construction of Orchard Run Well, a new replacement well located at the Orchard Run Water Treatment Plant (WTP). In FY 2019 the District initiated design work on the Orchard Run WTP Water Quality Improvements project with construction scheduled in 2020. Also in FY 2020, the District replaced a section of recycled water main at the Whispering Pines intersection.

FY 2019 Accomplishments

The activities of the District are driven by its Mission, Vision and Strategic Goals. Notable accomplishments in each of the Strategic Goal areas are presented below:

Water Resource Management:

1. Completed construction of the replacement Whispering Pines recycled water main.
2. Executed a contract to initiate the Environmental Impact Review (EIR) for the Purified Recycled Water Recharge (PRW) project. Initiated engineering work to explore options for dealing with brine discharge and source water reliability. Conducted financial analysis on project funding scenarios.
3. Operated the Recycled Water Fill Station three days each week through October of 2018.
4. Lead administrative support for SMGWA, secured grant funding for the Groundwater Sustainability Plan, and supported the facilitation of timely board meetings.

5. Performed bench testing of 50 residential water meters to inform the District's annual water loss report.
6. Processed approximately 160 leak adjustments (total water loss of over 6.7 million gallons per year) and created a process for tracking/reporting the data.
7. Promoted water use efficiency goals with a successful comprehensive rebate program.

Infrastructure Integrity:

1. Rebuilt the Northridge Pressure Reducing Valve (PRV) Station. These improvements eliminated the need for PRV Station #3 and 400 ft of main line.
2. Completed video condition assessment of Well 3B. The assessment concluded that no rehabilitation work is required at this time.
3. Completed Geotech report and design work for the Bethany Tank Rehabilitation project.
4. Installed 889 meters as part of the District's annual meter replacement program; installed Automated Metering Infrastructure (AMI) equipment on 830 meters.
5. Evaluated and selected a customer platform that provides enhanced features and improved user experience for customers. Executed a contract with WaterSmart and coordinated implementation of the portal, integrating with District computer systems.
6. Completed system data and Geographic Information System (GIS) graphic enhancements to the Mobile Maintenance Management System.
7. Completed Audio/Visual equipment improvements in the Community Room.
8. Completed 90% of the installation of a new Polo Ranch Pump Station.

Financial Stewardship:

1. Completed the FY 2018 Audited Financial Report by December 2018, which included enhancements to the statistical section to meet debt covenant requirements. Identified the required criteria for achieving the CAFR GFOA Excellence in Financial Reporting award.
2. Facilitated that budget development process to incorporate an elevated level of Board input into the production of a balanced FY 2020 recommended budget. The budget that was approved by the Board in June resulted in increased operating expenditures of only 2.9% above the FY 2019 budget and very strong debt coverage ratio.
3. Compiled and presented financial data for the Board to approve December 2018 rate changes.
4. Posted quarterly financial reports that include enhanced graphical and visual aids
5. Reviewed all financial policies and recommended that a detailed review of the Investment Policy be added to the FY 2020 work plan.

Public Outreach:

1. Launched the District's Instagram account with the goal of extending community outreach to diverse stakeholder groups.
2. Administered the process of maintaining current, relevant and creative content on District's website by reviewing and updating it regularly.
3. Presented at the Granite Creek Homeowner's Association, City of Scotts Valley State of the City Address, and Santa Cruz County Business Council Board meetings.
4. Coordinated a 3-part Education Series for SMGWA.
5. Produced and printed a guide that provides a snapshot of District information
6. Increased Public Affairs Committee involvement through quarterly meetings on public outreach activities

7. Convened Interagency Committee meetings to develop a public outreach strategy and action plan for growth-focused topics
8. Represented the County water agencies at the RWMF Board and Steering Committee. Conducted investigative talks about potential regional water supply project opportunities.
9. Active participation in Association of California Water Agencies (ACWA) and ACWA-JPIA committees and initiatives. Selected as the ACWA 2018 Outreach winner for Region 5. Director participation at the CUEMA Leadership Summit; General Manager was a speaker/moderator at numerous public events.

Organizational Vitality:

1. Lead streamlined and smooth negotiations with the Employees Union resulting in a 4-year contract that incorporated several mutually beneficial and innovative new terms.
2. Assistant General Manager conducted a comprehensive compensation survey, including compiling data from 20+ public utilities.
3. Completed a review and reorganization of the Employee Handbook and employment practices.
4. Devised an unprecedented process for board evaluation including formulating Board Development Guidelines that were incorporated into Board Best Practices. Conducted a comprehensive board compensation survey and review of current board compensation elements.
5. Strong participation by employees and directors for volunteer work at the SV Art Wine & Beer Festival, Scotts Valley Education Foundation's Touch-a-Truck, and Scotts Valley Farmers Market.
6. Completed the Service Order archives clean-up project. Developed a draft Records Retention Policy. Made progress on electronic file reorganization
7. Coordinated a non-work event for Santa Cruz water agencies' employees.
8. Assistant to the General Manager represented the District on Scotts Valley Chamber of Commerce Workforce Development Committee. Recruited a high school student as a summer intern in customer service.

Internal Control Structure

The District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also warrants that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

District's Board of Directors approves an operating and capital budget annually, prior to each new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District are consistent with the accrual basis of accounting and the financial statement basis.

Each division manager is responsible for his/her division budget; the General Manager is responsible for the overall District budget.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the “prudent person” standards. The objective of the Investment Policy is safety, liquidity, and yield. District funds are invested in the State Treasurer’s Local Agency Investment Fund (LAIF), and savings and checking accounts.

Reserve Policy

On June 8, 2017, the Board established a policy setting guidelines on cash reserves that support the District’s long-term financial health and operational stability. The Board authorized the target cash reserve level to be the aggregate total of the targets for the following individual reserve categories:

- 1) Operating Reserve: to provide working capital to support the operation, maintenance, and administration of the District ensuring that cash flow needs of normal operations are met.
- 2) Rate Stabilization Reserve: to bridge the temporary revenue shortfall resulting from reduced consumption associated with declining water sales or unexpected increase in short-term operation and maintenance expenses.
- 3) Emergency Reserve: to allow the District to provide uninterrupted service in the event of a fiscal emergency, natural disaster, or major facility failure.
- 4) Capital Reserve: to provide funds for repair, replacement, or improvement of District’s infrastructure assets.
- 5) Debt Service Reserve: to ensure adequate funds for full and timely payment of debt obligations.

Following these established criteria, the District’s reserve target for this fiscal year was calculated to be \$4.28 million. As of June 30, 2019, the District’s cash balance was \$2.5 million, or approximately 59% of the target. The year-end balance was designated as follows:

	FYE 6/30/2019
Operating	\$ 795,700
Rate Stabilization	535,100
Emergency	306,300
Capital	552,500
Debt Service	329,500
Total	<u>\$ 2,519,100</u>

Independent Audit and Financial Reporting

The State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Nigro & Nigro, PC has conducted the audit of the District’s financial statements for FY 2019. Their unmodified Independent Auditor’s Report appears in the Financial Section.

Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The purpose of the Authority is to arrange and administer insurance programs for the pooling of self-insured losses and to purchase excess insurance coverage, as necessary.

Excellent Customer Service with a Strong Connection to the Community

Customer Service is the face of the organization. The District's staff has a strong local connection and a broad knowledge of the District water services and programs. We strive to provide excellent customer service while continuously evaluating processes and streamlining offerings.

Other References

More information is contained in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgement

Preparation of this report was accomplished by the combined efforts of the District staff. I appreciate the dedication and professionalism that our staff members bring to the District. I would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Scotts Valley Water District's fiscal policies.

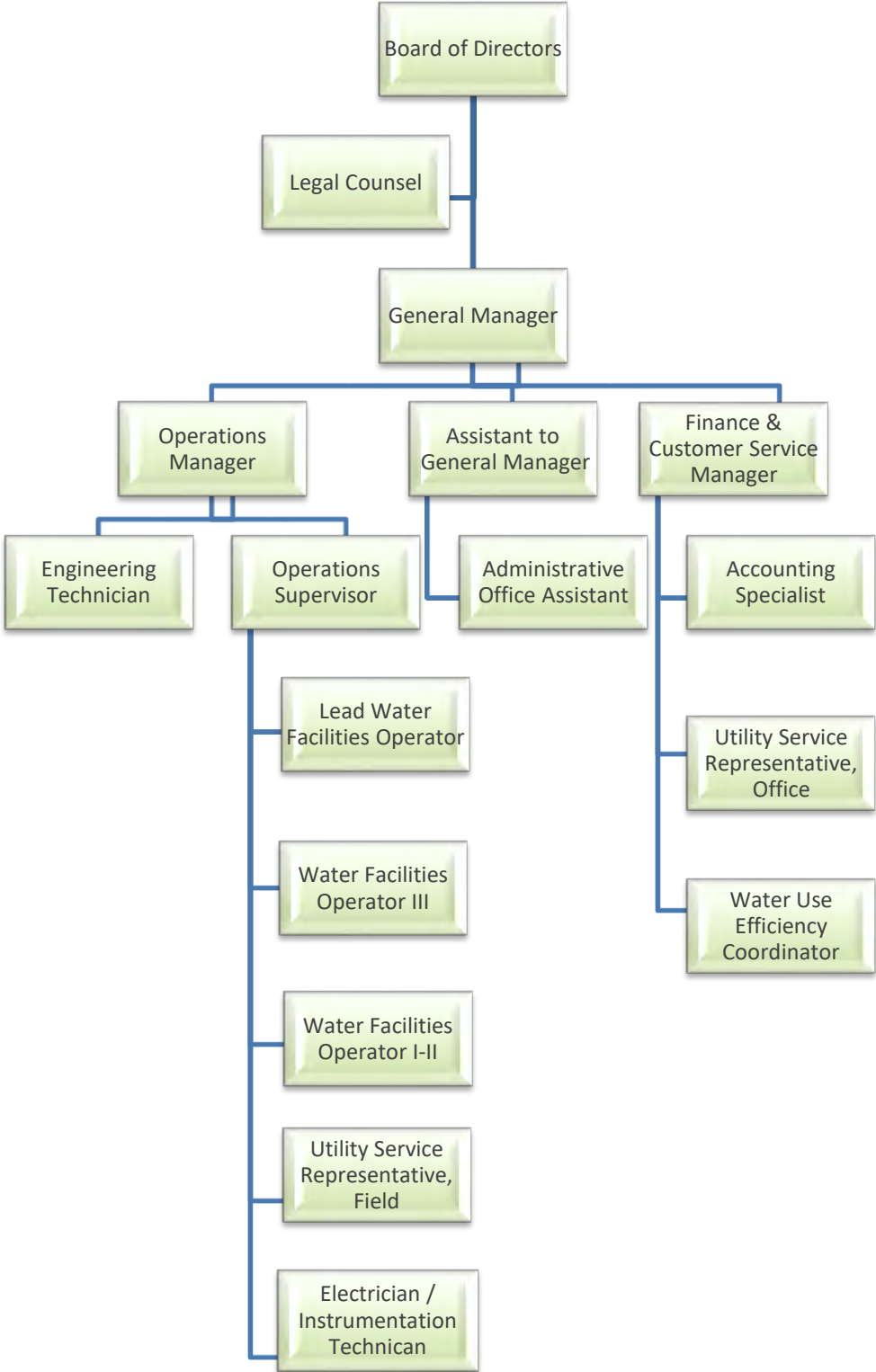
Respectfully submitted,



Piret Harmon
General Manager

**Scotts Valley Water District
Organizational Chart**

**As of
June 30, 2019**



Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
Scotts Valley Water District
Scotts Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Scotts Valley Water District (District), which comprise the balance sheet as of June 30, 2019, the related statement of revenues, expenses and changes in net position and statement of cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Combining Balance Sheet and Combining Statement of Revenues, Expenses and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 1, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Management's Discussion and Analysis

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Management's Discussion and Analysis (MD&A) offers readers of Scotts Valley Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2019. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 11.2% or \$1,723,972 from \$15,366,587 to \$17,090,559, primarily due to a \$906,233 increase in operating net income resulting from a \$378,505 increase in operating revenues and a \$527,718 decrease in operating expenses plus depreciation.
- The District's total operating and non-operating revenues increased 5.5% or \$370,438 from \$6,729,115 to \$7,099,553, primarily from increases in water sales and water service charges due to the rate increase for the fiscal period.
- The District's total expenses decreased 9.8% or \$576,536 from \$6,440,999 to \$5,810,217, primarily from a \$266,920 reduction in operating expenses of and a \$260,798 decrease in depreciation expense.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial stability of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate net position and credit worthiness. The other required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments for the fiscal period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did funds come from, what was funds used for, and what was the change in funds balance during the reporting period.

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes to it. The District's net position is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, non-financial factors such as changes in economic conditions, population growth, zoning and the regulatory landscape needs to be taken into consideration when measuring the District's financial health.

Condensed Balance Sheets

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Assets:			
Current assets	\$ 4,507,120	\$ 3,398,451	\$ 1,108,669
Non-current assets	1,115,847	944,984	170,863
Capital assets, net	21,642,425	21,800,708	(158,283)
Total assets	<u>27,265,392</u>	<u>26,144,143</u>	<u>1,121,249</u>
Deferred outflows of resources	<u>834,538</u>	<u>656,179</u>	<u>178,359</u>
Total assets and deferred outflows of resources	<u>\$ 28,099,930</u>	<u>\$ 26,800,322</u>	<u>\$ 1,299,608</u>
Liabilities:			
Current liabilities	\$ 1,208,084	\$ 1,081,468	\$ 126,616
Non-current liabilities	9,589,006	10,168,744	(579,738)
Total liabilities	<u>10,797,090</u>	<u>11,250,212</u>	<u>(453,122)</u>
Deferred inflows of resources	<u>212,281</u>	<u>183,523</u>	<u>28,758</u>
Net position:			
Net investment in capital assets	16,974,413	16,664,117	310,296
Unrestricted (Deficit)	116,146	(1,297,530)	1,413,676
Total net position	<u>17,090,559</u>	<u>15,366,587</u>	<u>1,723,972</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 28,099,930</u>	<u>\$ 26,800,322</u>	<u>\$ 1,299,608</u>

As noted earlier, net position may serve over time as a useful indicator of an agency's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$17,090,559 as of June 30, 2019.

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (99.3% as of June 30, 2019) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal year 2019, the District showed a positive balance in its unrestricted net position of \$116,146.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Total operating revenues	\$ 6,025,665	\$ 5,647,160	\$ 378,505
Total operating expenses	<u>(4,630,007)</u>	<u>(4,896,927)</u>	<u>266,920</u>
Operating income before depreciation	1,395,658	750,233	645,425
Depreciation expense	<u>(1,085,254)</u>	<u>(1,346,052)</u>	<u>260,798</u>
Operating income (loss)	310,404	(595,819)	906,223
Total non-operating revenues(expenses), net	978,932	883,935	94,997
Capital contributions	<u>434,636</u>	<u>515,963</u>	<u>(81,327)</u>
Change in net position	1,723,972	804,079	919,893
Net position:			
Beginning of year	<u>15,366,587</u>	<u>14,562,508</u>	<u>804,079</u>
End of year	<u>\$ 17,090,559</u>	<u>\$ 15,366,587</u>	<u>\$ 1,723,972</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

The District's net position increased 11.2% or \$1,723,972 from \$15,366,587 to \$17,090,559, primarily due to a \$906,233 increase in operating net income resulting from a \$378,505 increase in operating revenues and a \$527,718 decrease in operating expenses plus depreciation.

The following table presents the detailed breakdown of the information presented in the condensed summary.

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Total Revenues

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 4,052,051	\$ 3,933,192	\$ 118,859
Water service	1,927,303	1,671,070	256,233
Other fees and charges	46,311	42,898	3,413
Total operating revenues	<u>6,025,665</u>	<u>5,647,160</u>	<u>378,505</u>
Non-operating:			
Property taxes	975,085	923,894	51,191
Investment earnings	35,893	22,574	13,319
Other non-operating revenues	62,910	135,487	(72,577)
Total non-operating	<u>1,073,888</u>	<u>1,081,955</u>	<u>(8,067)</u>
Total revenues	<u>\$ 7,099,553</u>	<u>\$ 6,729,115</u>	<u>\$ 370,438</u>

The District's total operating and non-operating revenues increased 5.5% or \$370,438 from \$6,729,115 to \$7,099,553, primarily from increases in water sales and service charges due to the rate increase for the fiscal period.

Total Expenses

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	99,307	163,709	(64,402)
Pumping	466,512	445,655	20,857
Water treatment	293,069	304,122	(11,053)
Recycled water	434,404	480,855	(46,451)
Transmission and distribution	1,849,596	1,917,154	(67,558)
Finance, customer service and conservation	649,335	713,891	(64,556)
General and administrative	837,784	871,541	(33,757)
Total operating expenses	<u>4,630,007</u>	<u>4,896,927</u>	<u>(266,920)</u>
Depreciation expense	1,085,254	1,346,052	(260,798)
Non-operating expenses:			
Change in investment in SMGA - JPA	-	54,246	(54,246)
Interest expense	94,956	143,774	(48,818)
Total non-operating	<u>94,956</u>	<u>198,020</u>	<u>(103,064)</u>
Total expenses	<u>\$ 5,810,217</u>	<u>\$ 6,440,999</u>	<u>\$ (630,782)</u>

The District's total expenses decreased 9.8% or \$576,536 from \$6,440,999 to \$5,810,217, primarily from a \$266,920 reduction in operating expenses of and a \$260,798 decrease in depreciation expense.

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Capital Assets

The following provides a summary comparison of the District's capital assets at year end.

Capital assets:	Balance June 30, 2019	Balance June 30, 2018
Non-depreciable assets	\$ 1,078,608	\$ 733,176
Depreciable assets	43,321,358	42,739,819
Accumulated depreciation	<u>(22,757,541)</u>	<u>(21,672,287)</u>
Total capital assets, net	<u>\$ 21,642,425</u>	<u>\$ 21,800,708</u>

At the end of fiscal year 2019, the District's investment in capital assets amounted to \$21,642,425, (net of accumulated depreciation). The District's investment in capital assets includes land, transmission and distribution systems, tanks, pumps, buildings, equipment, vehicles and construction-in-process. See Note 8 for further capital asset information.

Debt Administration

The following provides a summary comparison of the District's long-term debt at year end.

Long-term debt:	Balance June 30, 2019	Balance June 30, 2018
Loan payable	<u>\$ 5,136,591</u>	<u>\$ 5,596,621</u>

In 2019, long-term debt decreased by \$460,030, due to regular principal payments on the District's loan payable. See Note 10 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONTACTING THE DISTRICT

This financial report is designed to provide the District's customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Contact the District's General Manager, Piret Harmon (pharmon@svwd.org or 831-600-1902) with any questions.

Basic Financial Statements

SCOTTS VALLEY WATER DISTRICT

Balance Sheets

June 30, 2019 (With Comparative Information as of June 30, 2018)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>June 30, 2019</u>	<u>Restated June 30, 2018</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,519,128	\$ 1,494,192
Accrued interest receivable	7,098	7,509
Accounts receivable, net (Note 4)	1,404,967	1,314,663
Property taxes receivable	49,824	54,828
Other receivables	52,053	59,258
Notes receivable (Note 5)	173,019	161,639
Inventory – materials and supplies	232,601	211,827
Prepaid expenses	68,430	94,535
Total current assets	4,507,120	3,398,451
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 3)	516,092	511,799
Notes receivable (Note 5)	267,745	392,431
Investment in Santa Margarita Groundwater Agency – JPA (Note 6)	40,754	40,754
Prepaid contribution to the Santa Margarita Groundwater Agency – JPA (Note 7)	291,256	-
Capital assets – not being depreciated (Note 8)	1,078,608	733,176
Capital assets – being depreciated, net (Note 8)	20,563,817	21,067,532
Total non-current assets	22,758,272	22,745,692
Total assets	27,265,392	26,144,143
Deferred outflows of resources:		
Deferred amounts related to net OPEB obligation (Note 12)	153,549	-
Deferred amounts related to net pension liability (Note 11)	680,989	656,179
Total deferred outflows of resources	834,538	656,179
Total assets and deferred outflows of resources	\$ 28,099,930	\$ 26,800,322
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 494,579	\$ 445,496
Customer deposits for services	166,905	98,311
Accrued interest payable (Note 3)	47,513	51,769
Long-term liabilities – due within one year:		
Compensated absences (Note 9)	30,508	25,862
Loan payable (Note 3 and 10)	468,579	460,030
Total current liabilities	1,208,084	1,081,468
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 9)	91,522	77,585
Loan payable (Note 10)	4,668,012	5,136,591
Net OPEB obligation (Note 12)	2,758,814	2,848,438
Net pension liability (Note 11)	2,070,658	2,106,130
Total non-current liabilities	9,589,006	10,168,744
Total liabilities	10,797,090	11,250,212
Deferred inflows of resources:		
Deferred amounts related to net pension liability (Note 11)	212,281	183,523
Total deferred inflows of resources	212,281	183,523
Net position:		
Net investment in capital assets (Note 13)	16,974,413	16,664,117
Unrestricted (Deficit) (Note 14)	116,146	(1,297,530)
Total net position	17,090,559	15,366,587
Total liabilities, deferred inflows of resources and net position	\$ 28,099,930	\$ 26,800,322

The notes to financial statements are an integral part of this statement.

SCOTTS VALLEY WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2019**(With Comparative Information for the Fiscal Year Ended June 30, 2018)*

	<u>June 30, 2019</u>	<u>Restated June 30, 2018</u>
Operating revenues:		
Water sales	\$ 4,052,051	\$ 3,933,192
Water service	1,927,303	1,671,070
Other fees and charges	46,311	42,898
Total operating revenues	<u>6,025,665</u>	<u>5,647,160</u>
Operating expenses:		
Source of supply	99,307	163,709
Pumping	466,512	445,655
Water treatment	293,069	304,122
Recycled water	434,404	480,855
Transmission and distribution	1,849,596	1,917,154
Finance, customer service and conservation	649,335	713,891
General and administrative	837,784	871,541
Total operating expenses	<u>4,630,007</u>	<u>4,896,927</u>
Operating income before depreciation	1,395,658	750,233
Depreciation expense	<u>(1,085,254)</u>	<u>(1,346,052)</u>
Operating income (loss)	<u>310,404</u>	<u>(595,819)</u>
Non-operating revenues(expenses):		
Property taxes	975,085	923,894
Change in investment in Santa Margarita Groundwater Agency – JPA (Note 6)	-	(54,246)
Investment earnings	35,893	22,574
Interest expense	(94,956)	(143,774)
Other non-operating revenues	62,910	135,487
Total non-operating income	<u>978,932</u>	<u>883,935</u>
Change in net position before capital contributions	<u>1,289,336</u>	<u>288,116</u>
Capital contributions:		
Capacity buy-in fee	669,772	623,461
Capacity buy-back	(235,856)	(108,218)
Local capital grant	720	720
Total capital contributions	<u>434,636</u>	<u>515,963</u>
Change in net position	1,723,972	804,079
Net position:		
Beginning of year – as restated (Note 15)	<u>15,366,587</u>	<u>14,562,508</u>
End of year	<u>\$ 17,090,559</u>	<u>\$ 15,366,587</u>

SCOTTS VALLEY WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2019**(With Comparative Information for the Fiscal Year Ended June 30, 2018)*

	<u>June 30, 2019</u>	<u>Restated June 30, 2018</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 6,074,070	\$ 5,698,369
Cash paid to employees for salaries and wages	(1,834,410)	(1,650,005)
Cash paid to vendors and suppliers for materials and services	(2,997,297)	(2,998,158)
Net cash provided by operating activities	<u>1,242,363</u>	<u>1,050,206</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	980,089	930,590
Net cash provided by non-capital financing activities	<u>980,089</u>	<u>930,590</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(926,971)	(2,346,822)
Proceeds from capacity buy-in fee	669,772	623,461
Payments for capacity buy-back	(235,856)	(108,218)
Proceeds from local capital grant	720	720
Proceeds from notes receivable	113,306	161,784
Principal paid on long-term debt	(460,030)	(452,927)
Interest paid on long-term debt	(99,212)	(112,153)
Net cash (used in) capital and related financing activities	<u>(938,271)</u>	<u>(2,234,155)</u>
Cash flows from investing activities:		
Investment in Santa Margarita Groundwater Agency	-	(95,000)
Prepaid contribution to the Santa Margarita Groundwater Agency - JPA	(291,256)	-
Investment earnings	36,304	22,985
Net cash (used in) investing activities	<u>(254,952)</u>	<u>(72,015)</u>
Net increase (decrease) in cash and cash equivalents	1,029,229	(325,374)
Cash and cash equivalents:		
Beginning of year	<u>2,005,991</u>	<u>2,331,365</u>
End of year	<u>\$ 3,035,220</u>	<u>\$ 2,005,991</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 2,519,128	\$ 1,494,192
Restricted - cash and cash equivalents	516,092	511,799
Total cash and cash equivalents	<u>\$ 3,035,220</u>	<u>\$ 2,005,991</u>

SCOTTS VALLEY WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2019**(With Comparative Information for the Fiscal Year Ended June 30, 2018)*

	<u>June 30, 2019</u>	<u>Restated June 30, 2018</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income(loss)	\$ 310,404	\$ (595,819)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation	1,085,254	1,346,052
Other non-operating revenues	62,910	135,487
Change in assets - (increase)decrease:		
Accounts receivable, net	(90,304)	(208,693)
Other receivables	7,205	124,361
Inventory – materials and supplies	(20,774)	(51,213)
Prepaid expenses	26,105	(1,190)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB obligation	(153,549)	-
Deferred amounts related to net pension liability	(24,810)	(199,358)
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	49,083	92,796
Customer deposits for services	68,594	54
Compensated absences	18,583	(961)
Net OPEB obligation	(89,624)	114,046
Net pension liability	(35,472)	323,751
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net pension liability	28,758	(29,107)
Total adjustments	<u>931,959</u>	<u>1,646,025</u>
Net cash provided by operating activities	<u>\$ 1,242,363</u>	<u>\$ 1,050,206</u>

Notes to the Financial Statements

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

Scotts Valley Water District (District) was created in 1961 by a vote of the people within the proposed District. It is formed by under the County Water District Act with the purpose of providing water for domestic, commercial, municipal and firefighting purposes. Beginning in 1962, the District acquired and consolidated several small mutual water supply systems. The District is located six miles north of the City of Santa Cruz, along State Highway 17 and covers approximately six square miles including most of the incorporated area of the City of Scotts Valley (City) and a portion of the unincorporated area north of the City.

The financial statements of the District include the financial activities of the District as well as transactions made by the fiscal agent under authority granted by the District in various resolutions authorizing the issuance of revenue bonds, and the Scotts Valley Water District Public Facilities Corporation, a component unit. The District is incorporated as a water district in the State of California and is exempt from federal income and state franchise taxes under Internal Revenue Code Section 115 and corresponding California Revenue and Taxation Code provisions.

The Scotts Valley Water District Public Facilities Corporation (Public Facilities Corporation), a California nonprofit corporation, was formed in April 1997, to finance the construction of a one million gallon per day reclaimed water treatment plant and related distribution system. The Public Facilities Corporation was dissolved on June 8, 2018. As of June 30, 2018, the assets and liabilities of the Public Facilities Corporation were distributed properly, resulting in a zero balance.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, where the intent of the District is that the costs of providing goods and services (including depreciation expense) on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

Operating revenues are those revenues that are generated from the primary operating activities of the District. The District reports the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operating activities of the District. All other expenses are reported as non-operating expenses.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Investments recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Receivables and Allowance for Doubtful Accounts

Accounts receivable consist of amounts owed by customers for good provided and services rendered. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Inventory – Materials and Supplies

These items consist of pipes and meters that are used for the repairs and maintenance of the District's transmission and distribution system. These items are stated at the lower of cost or net realizable value, using the first-in first-out method for inventory valuation.

5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of contribution. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

7. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. Also, the statement of net position reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time.

8. Compensated Absences

The District's employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination.

9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Scotts Valley Water District Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

11. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Grant Funding

Grants for operations and capital improvements are included in their respective non-operating and capital contribution sections of the statement of revenues, expenses and changes in net position. Grant funds are claimed on a reimbursement basis and receivables are recorded as the related obligations are incurred.

F. Capital Contributions

Capital contributions represent cash and/or capital asset additions contributed to the District by outside parties.

G. Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents were classified on the balance sheet as follows:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash and cash equivalents	\$ 2,519,128	\$ 1,494,192
Restricted – cash and cash equivalents	516,092	511,799
Total cash and cash equivalents	\$ 3,035,220	\$ 2,005,991

Cash and cash equivalents as of June 30th consisted of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Petty cash	\$ 328	\$ 250
Demand deposits held with financial institutions	2,374,775	1,362,576
Local Agency Investment Fund (LAIF)	660,117	643,165
Total cash and cash equivalents	\$ 3,035,220	\$ 2,005,991

Demand Deposits with Financial Institutions

At June 30, 2019 and 2018, the carrying amount of the District's demand deposits were \$2,374,775 and \$1,362,576, respectively, and the financial institution's balance were \$2,447,733 and \$1,518,299, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secures deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State’s cash flow and strengthen the financial security of local public agencies. PMIA’s policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District’s investment in this pool is reported at an amount based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2019, and 2018, the District held \$660,117 and \$643,165 in LAIF, respectively.

NOTE 3 – RESTRICTED – CASH AND CASH EQUIVALENTS

Restricted – cash and cash equivalents as of June 30th consisted of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Restricted – cash and cash equivalents	\$ 516,092	\$ 511,799
Accrued interest payable	\$ (47,513)	\$ (51,769)
Loan payable – current portion	(468,579)	(460,030)
Total	<u>\$ -</u>	<u>\$ -</u>

The restricted – cash and cash equivalents balance on the balance sheet at June 30, 2019 and 2018 were cash holdings by the District’s financial institution for the July 1, 2019 and 2018 loan payments, respectively.

SCOTTS VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of an allowance for doubtful accounts consisted of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Accounts receivable	\$ 1,404,967	\$ 1,330,584
Allowance for doubtful accounts	-	(15,921)
Total accounts receivable, net	\$ 1,404,967	\$ 1,314,663

For the fiscal year ended June 30, 2019, the District changed its method of customer account write-off from the allowance method to the direct-write-off method.

NOTE 5 – NOTES RECEIVABLE

Changes in notes receivable amounts for the fiscal year ended June 30, 2019, were as follows:

<u>Notes Receivable</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
City of Scotts Valley – Recycled Water System	\$ 459,070	\$ -	\$ (151,639)	\$ 307,431	\$ 153,019	\$ 154,412
City of Scotts Valley – Installment Note	95,000	-	(10,000)	85,000	10,000	75,000
Vineyards HOA – Installment Note	-	50,000	(1,667)	48,333	10,000	38,333
Total notes receivable	\$ 554,070	\$ 50,000	\$ (163,306)	\$ 440,764	\$ 173,019	\$ 267,745

Changes in notes receivable amounts for the fiscal year ended June 30, 2018, were as follows:

<u>Notes Receivable</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
City of Scotts Valley – Recycled Water System	\$ 609,342	\$ -	\$ (150,272)	\$ 459,070	\$ 151,639	\$ 307,431
City of Scotts Valley – Installment Note	100,000	-	(5,000)	95,000	10,000	85,000
Vineyards HOA – Installment Note	6,512	-	(6,512)	-	-	-
Total notes receivable	\$ 715,854	\$ -	\$ (161,784)	\$ 554,070	\$ 161,639	\$ 392,431

City of Scotts Valley – Recycled Water System

On September 4, 2013, the District entered into a Recycled Water Supply Use, Maintenance and Operation Agreement (Agreement) setting forth terms and conditions for the Recycled Water System in Scotts Valley. The Agreement was amended on April 20, 2016, reducing the District’s entitlement to recycled water produced by the City. In exchange, the City agreed to pay the District \$758,169 over five (5) annual payments with annual interest rate of 0.91% each year commencing on June 1, 2017. At June 30, 2019 and 2018, the balance of the City’s obligation to the District amounted to \$307,431 and \$459,070, respectively.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 5 – NOTES RECEIVABLE (continued)

City of Scotts Valley – Recycled Water System (continued)

Future principal and interest payments on the note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 153,019	\$ 2,798	\$ 155,817
2021	154,412	1,405	155,817
Total	307,431	\$ 4,203	\$ 311,634
Current	<u>(153,019)</u>		
Long-term	<u>\$ 154,412</u>		

City of Scotts Valley – Installment Note

The City of Scotts Valley (City) entered into an agreement with the District on June 4, 1997, for the construction of the water main extension into the Gateway South Assessment District (Project). Total cost of the extension amounted to \$277,000. The owner of the Project contributed \$112,000 and the City contributed, as a result of the District’s bond issuance, \$165,000.

Terms of the installment note call for principal payable semi-annually on January 1st and July 1st of each year maturing in 2027, with variable annual interest rates ranging from 5.3% to 7%. At June 30, 2019 and 2018, the balance of the note with the City regarding the Installment Note amounted to \$85,000 and \$95,000, respectively. Future principal and interest payments on the note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 10,000	\$ 4,800	\$ 14,800
2021	5,000	4,350	9,350
2022	5,000	4,050	9,050
2023	10,000	3,600	13,600
2024	10,000	3,000	13,000
2025	10,000	2,400	12,400
2026	10,000	1,800	11,800
2027	10,000	1,200	11,200
2028	15,000	450	15,450
Total	85,000	\$ 25,650	\$ 110,650
Current	<u>(10,000)</u>		
Long-term	<u>\$ 75,000</u>		

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 5 – NOTES RECEIVABLE (continued)

Vineyards HOA – Installment Note

On May 15, 2019, the District entered into a Memorandum of Understanding with the Vineyards Homeowners Association (Association) where the District agreed to loan the Association \$50,000 for installation of backflow protection devices on the Association’s premises. The Association will make 60 monthly payments of \$833.33 plus interest at the LAIF rate of return. Future principal and estimated interest payments on the note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Estimated Interest</u>	<u>Total</u>
2020	\$ 10,000	\$ 975	\$ 10,975
2021	10,000	750	10,750
2022	10,000	525	10,525
2023	10,000	275	10,275
2024	<u>8,333</u>	<u>55</u>	<u>8,388</u>
Total	48,333	<u>\$ 2,580</u>	<u>\$ 50,913</u>
Current	<u>(10,000)</u>		
Long-term	<u>\$ 38,333</u>		

NOTE 6 – INVESTMENT IN SANTA MARGARITA GROUNDWATER AGENCY – JPA

On June 1, 2017, the Scotts Valley Water District, San Lorenzo Valley Water District, and the County of Santa Cruz (Members) entered into a joint powers agreement creating the Santa Margarita Groundwater Agency (Agency). The purpose of the Agency is to prepare a Groundwater Sustainability Plan (Plan) by January 31, 2022 and continue implementing the Plan over the next 20-yr period.

The term of the agreement with the Members shall remain in effect until terminated by unanimous written consent of all Members, except during the outstanding term of any Agency indebtedness. Upon termination of the agreement, the assets shall be distributed in proportion to the contributions of each Member agency.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 6 – INVESTMENT IN SANTA MARGARITA GROUNDWATER AGENCY – JPA (continued)

For the fiscal year ended June 30, 2018, the District contributed \$95,000 to the Agency and held a \$40,754 net position investment in the Agency after operations concluded for that year.

- A. **Entity** Santa Margarita Groundwater Agency
- B. **Purpose** To pool member resources and realize the advantages of local groundwater sustainability through an agency
- C. **Participants** 3 member agencies
- D. **Governing board** Eleven representatives appointed by members
- E. **District payments for FY 2018:**
 - Contribution** \$95,000
- F. **Condensed financial information** June 30, 2018
 - Audit dated** December 20, 2018

Statement of net position:	<u>June 30, 2018</u>	<u>District Share</u>
Total assets	\$ 165,562	\$ 87,380
Total liabilities	88,343	46,626
Net position	<u>\$ 77,219</u>	<u>\$ 40,754</u>
Statement of revenues, expenses and changes in net position:		
Total revenues	\$ 180,000	\$ 95,000
Total expenses	(102,781)	(54,246)
Change in net position	77,219	40,754
Beginning – net position	-	-
Ending – net position	<u>\$ 77,219</u>	<u>\$ 40,754</u>
G. District's share of year-end financial position	<u>100.00%</u>	<u>52.78%</u>

NOTE 7 – PREPAID CONTRIBUTION TO THE SANTA MARGARITA GROUNDWATER AGENCY – JPA

For the fiscal year ended June 30, 2019, the District contributed \$291,256 to the Agency; however, the annual audit of the Agency had not been completed as of the date of this report. Therefore, the District is recording the contribution of \$291,256 as a prepaid contribution to the Agency on the balance sheet.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 8 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2019, were as follows:

Description	Balance July 1, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 650,697	\$ -	\$ -	\$ 650,697
Construction-in-process	82,479	926,971	(581,539)	427,911
Total non-depreciable assets	733,176	926,971	(581,539)	1,078,608
Depreciable assets:				
Water rights – recycled water	5,267,834	-	-	5,267,834
Water treatment	5,521,874	-	-	5,521,874
Recycled water system	2,468,076	-	186,791	2,654,867
Source of supply – wells	6,593,506	-	83,853	6,677,359
Transmission and distribution system	8,868,055	-	-	8,868,055
Reservoirs and tanks	6,358,503	-	-	6,358,503
Pumping	1,848,229	-	-	1,848,229
Buildings and improvements	1,605,999	-	2,061	1,608,060
Infrastructure	2,396,536	-	167,623	2,564,159
Equipment and tools	982,199	-	-	982,199
Office equipment	223,499	-	31,647	255,146
Transportation	605,509	-	109,564	715,073
Total depreciable assets	42,739,819	-	581,539	43,321,358
Accumulated depreciation:				
Water rights – recycled water	(1,700,615)	(102,004)	-	(1,802,619)
Water treatment	(4,625,719)	(65,827)	-	(4,691,546)
Recycled water system	(743,060)	(64,383)	-	(807,443)
Source of supply – wells	(3,136,265)	(154,712)	-	(3,290,977)
Transmission and distribution system	(5,602,154)	(184,432)	-	(5,786,586)
Reservoirs and tanks	(2,981,980)	(168,490)	-	(3,150,470)
Pumping	(944,717)	(86,677)	-	(1,031,394)
Buildings and improvements	(560,022)	(62,494)	-	(622,516)
Infrastructure	(94,761)	(93,465)	-	(188,226)
Equipment and tools	(780,617)	(27,027)	-	(807,644)
Office equipment	(116,782)	(34,022)	-	(150,804)
Transportation	(385,595)	(41,721)	-	(427,316)
Total accumulated depreciation	(21,672,287)	(1,085,254)	-	(22,757,541)
Total depreciable assets, net	21,067,532	(1,085,254)	581,539	20,563,817
Total capital assets, net	\$ 21,800,708	\$ (158,283)	\$ -	\$ 21,642,425

In fiscal year 2019, major capital assets additions amounted to \$926,971 and depreciation expense amounted to \$1,085,254.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 8 – CAPITAL ASSETS AND DEPRECIATION (continued)

Changes in capital assets for the fiscal year ended June 30, 2018, were as follows:

Description	Balance July 1, 2017	Additions	Deletions/ Transfers	Balance June 30, 2018
Non-depreciable assets:				
Land	\$ 641,798	\$ 8,899	\$ -	\$ 650,697
Construction-in-process	209,372	2,337,923	(2,464,816)	82,479
Total non-depreciable assets	851,170	2,346,822	(2,464,816)	733,176
Depreciable assets:				
Water rights – recycled water	5,267,834	-	-	5,267,834
Water treatment	5,521,874	-	-	5,521,874
Recycled water system	2,468,076	-	-	2,468,076
Source of supply – wells	5,609,973	-	983,533	6,593,506
Transmission and distribution system	8,868,055	-	-	8,868,055
Reservoirs and tanks	6,358,503	-	-	6,358,503
Pumping	1,417,075	-	431,154	1,848,229
Buildings and improvements	1,605,999	-	-	1,605,999
Infrastructure	2,249,690	-	146,846	2,396,536
Equipment and tools	982,199	-	-	982,199
Office equipment	223,499	-	-	223,499
Transportation	569,166	-	36,343	605,509
Total depreciable assets	41,141,943	-	1,597,876	42,739,819
Accumulated depreciation:				
Water rights – recycled water	(1,598,611)	(102,004)	-	(1,700,615)
Water treatment	(4,549,701)	(76,018)	-	(4,625,719)
Recycled water system	(681,012)	(62,048)	-	(743,060)
Source of supply – wells	(3,540,833)	(462,372)	866,940	(3,136,265)
Transmission and distribution system	(5,417,722)	(184,432)	-	(5,602,154)
Reservoirs and tanks	(2,813,490)	(168,490)	-	(2,981,980)
Pumping	(872,855)	(71,862)	-	(944,717)
Buildings and improvements	(497,528)	(62,494)	-	(560,022)
Infrastructure	(34,085)	(60,676)	-	(94,761)
Equipment and tools	(753,590)	(27,027)	-	(780,617)
Office equipment	(83,790)	(32,992)	-	(116,782)
Transportation	(349,958)	(35,637)	-	(385,595)
Total accumulated depreciation	(21,193,175)	(1,346,052)	866,940	(21,672,287)
Total depreciable assets, net	19,948,768	(1,346,052)	2,464,816	21,067,532
Total capital assets, net	\$ 20,799,938	\$ 1,000,770	\$ -	\$ 21,800,708

In fiscal year 2018, major capital assets additions amounted to \$2,346,822 and depreciation expense amounted to \$1,346,052.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 9 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the fiscal year ended June 30, 2019, was as follows:

<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 103,447	\$ 103,115	\$ (84,532)	\$ 122,030	\$ 30,508	\$ 91,522

Changes in compensated absences amounts for the fiscal year ended June 30, 2018, was as follows:

<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 104,408	\$ 98,339	\$ (99,300)	\$ 103,447	\$ 25,862	\$ 77,585

NOTE 10 – LOAN PAYABLE

Changes in loan payable for the year ended June 30, 2019, was as follows:

<u>Notes Receivable</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2016 Loan Payable	\$ 5,596,621	\$ -	\$ (460,030)	\$ 5,136,591	\$ 468,579	\$ 4,668,012

Changes in loan payable for the year ended June 30, 2018, was as follows:

<u>Notes Receivable</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2016 Loan Payable	\$ 6,049,548	\$ -	\$ (452,927)	\$ 5,596,621	\$ 460,030	\$ 5,136,591

2016 – Loan Payable

In December 2016, the District entered into a loan payable agreement of \$6,049,548 with JPMorgan Chase Bank to provide funds to prepay the 2004 and 2011 outstanding debt balances. Terms of the agreement provide for principal payable semi-annually on January 1st and July 1st at the rate of 1.85% per annum.

SCOTTS VALLEY WATER DISTRICT*Notes to Financial Statements**June 30, 2019 (With Comparative Information as of June 30, 2018)***NOTE 10 – LOAN PAYABLE (continued)****2016 – Loan Payable (continued)**

Future principal and interest payments on the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 468,579	\$ 90,692	\$ 559,271
2021	567,298	81,111	648,409
2022	662,832	69,732	732,564
2023	671,991	57,385	729,376
2024	685,320	44,830	730,150
2025	697,811	32,036	729,847
2026	714,404	18,973	733,377
2027	467,752	8,038	475,790
2028	200,604	1,855	202,459
Total	5,136,591	\$ 404,652	\$ 5,541,243
Current	(468,579)		
Long-term	\$ 4,668,012		

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	June 30, 2019	June 30, 2018
Pension related deferred outflows	\$ 680,989	\$ 656,179
Net pension liability	2,070,658	2,106,130
Pension related deferred inflows	212,281	183,523

Qualified employees of the District are covered under a multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS), or "The Plan".

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

A. General Information about the Pension Plan

The Plan

The District contracts with CalPERS to provide retirement benefits for its employees in the following Plans:

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to July 1, 2011	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	52+
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates – FY 2018	12.014%	8.418%	6.533%
Required employer contribution rates – FY 2017	11.973%	8.377%	6.555%

Plan Description, Benefits Provided, and Employees Covered

The District participates in a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 and 2015 Annual Actuarial Valuation Reports. The Annual Actuarial Valuation Reports and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2018 (measurement date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	2	9	7	18
Transferred and terminated members	9	2	3	14
Retired members and beneficiaries	20	1	-	21
Total plan members	31	12	10	53

At June 30, 2017 (measurement date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	2	9	6	17
Transferred and terminated members	10	1	2	13
Retired members and beneficiaries	19	1	-	20
Total plan members	31	11	8	50

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

A. General Information about the Pension Plan (continued)

Plan Description, Benefits Provided, and Employees Covered (continued)

CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for retirement upon attainment of age 50 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for retirement upon attainment of age 52 with at least 5 years of service. The retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average pay rate during and consecutive three-year period.

Members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2017 and 2016 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

SCOTTS VALLEY WATER DISTRICT*Notes to Financial Statements**June 30, 2019 (With Comparative Information as of June 30, 2018)*

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**A. General Information about the Pension Plan (continued)****Contribution Description (continued)**

Contributions for the year ended June 30, 2019, were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 119,476	\$ 93,228	\$ 37,779	\$ 250,483

Contributions for the year ended June 30, 2018, were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 100,062	\$ 78,092	\$ 29,053	\$ 207,207

Employer contributions rates may change if Plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any employer paid member contributions or situations where members are paying a portion of the employer contribution.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following tables show the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan:

Changes in the net pension liability for the fiscal year ended June 30, 2019, are as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2017 (Measurement Date)	\$ 9,356,867	\$ 7,250,737	\$ 2,106,130
Balance as of June 30, 2018 (Measurement Date)	\$ 9,715,791	\$ 7,645,134	\$ 2,070,657
Change in Plan Net Pension Liability	\$ 358,924	\$ 394,397	\$ (35,473)

Changes in the net pension liability for the fiscal year ended June 30, 2018, are as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2016 (Measurement Date)	\$ 8,740,633	\$ 6,958,254	\$ 1,782,379
Balance as of June 30, 2017 (Measurement Date)	\$ 9,356,867	\$ 7,250,737	\$ 2,106,130
Change in Plan Net Pension Liability	\$ 616,234	\$ 292,483	\$ 323,751

For the years ended June 30, 2019 and 2018 pension expense was \$284,805 and \$114,047, respectively.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016 and 2015). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2018 and 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2018 and 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018 fiscal year and the 2017 fiscal year).

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

As of June 30, 2019 and 2018, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$2,070,658 and \$2,106,130, respectively.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share percentage of the net pension liability for the June 30, 2018, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	
Measurement Date	June 30, 2018	June 30, 2017	
Percentage of Risk Pool Net Pension Liability	0.054943%	0.053427%	0.001516%
Percentage of Plan (PERF C) Net Pension Liability	0.021488%	0.021237%	0.000251%

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District’s proportionate share percentage of the net pension liability for the June 30, 2017, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year	Fiscal Year	
	Ending June 30, 2018	Ending June 30, 2017	
Measurement Date	June 30, 2017	June 30, 2016	
Percentage of Risk Pool Net Pension Liability	0.053427%	0.051308%	0.002119%
Percentage of Plan (PERF C) Net Pension Liability	0.021237%	0.020598%	0.000639%

The total amount of \$250,483 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflow: Deferred Inflows of Resources of Resources	
Pension contributions made after the measurement date	\$ 250,483	\$ -
Difference between actual and proportionate share of employer contributions	-	(127,391)
Adjustment due to differences in proportions	104,761	-
Differences between expected and actual experience	79,447	(27,035)
Differences between projected and actual earnings on pension plan investments	10,237	-
Changes in assumptions	236,061	(57,855)
Total Deferred Outflows/(Inflows) of Resources	\$ 680,989	\$ (212,281)

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The total amount of \$207,207 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 207,207	\$ -
Difference between actual and proportionate share of employer contributions	-	(113,656)
Adjustment due to differences in proportions	-	(27,930)
Differences between expected and actual experience	-	(41,937)
Differences between projected and actual earnings on pension plan investments	88,302	-
Changes in assumptions	360,670	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 656,179</u>	<u>\$ (183,523)</u>

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2019, will be amortized to pension expense in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2020	\$ 193,698
2021	102,344
2022	(59,193)
2023	(18,624)
Total	<u>\$ 218,225</u>

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2018, will be amortized to pension expense in future periods as follows:

Amortization Period	Deferred
Fiscal Year Ended June 30	Outflows/(Inflows)
	of Resources
2019	\$ (3,970)
2020	200,769
2021	107,364
2022	(38,714)
Total	\$ 265,449

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016, total pension liability. The June 30, 2017, total pension liability and the June 30, 2016, total pension liability were based on the following actuarial methods and assumptions:

<p>Actuarial Cost Method</p> <p>Actuarial Assumptions:</p> <p>Discount Rate</p> <p>Inflation</p> <p>Salary Increases</p> <p>Mortality Rate Table</p> <p>Post Retirement Benefit Increase</p>	<p>Entry Age Normal in accordance with the requirement of GASB Statement No. 68</p> <p>7.15%</p> <p>2.75%</p> <p>Varies by Entry Age and Service</p> <p>Derived using CalPERS' Membership Data for all Funds.</p> <p>Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter</p>
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All other actuarial assumptions used in the June 30, 2017 and 2016, valuations were based on the results of an actuarial experience study for the years 1997 to 2011.

Discount Rate

The discount rate used to measure the total pension liability for PERF B was 7.15%. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	0.90%
	<u>100.0%</u>		

¹ An expected inflation of 2.5% is used for years 1-10.

² An expected inflation of 3.0% is used for years 11+.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Changes in the discount rate for the year ended June 30, 2019, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate +
	1%	Discount	1%
	6.15%	Rate 7.15%	8.15%
CalPERS – Miscellaneous Plan	<u>3,384,924</u>	<u>\$ 2,070,658</u>	<u>\$ 985,752</u>

Changes in the discount rate for the year ended June 30, 2018, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate +
	1%	Discount	1%
	6.15%	Rate 7.15%	8.15%
CalPERS – Miscellaneous Plan	<u>3,393,138</u>	<u>\$ 2,106,130</u>	<u>\$ 1,040,207</u>

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

D. Payable to the Pension Plans

At June 30, 2019 and 2018, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2019 or 2018, respectively.

NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	June 30, 2019	June 30, 2018
OPEB related deferred outflows	\$ 153,549	\$ -
Net other post-employment benefits obligation	2,758,814	2,848,438

A. General Information about the OPEB Plan

Plan description

The District's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides benefits for all employees covered by the Plan's as listed below. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. Effective January 1, 2015, the District participates in a retiree benefits program through Association of California Water Agencies (ACWA/JPIA). The District does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided

The District offers medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District's Plan provider. The contribution requirements of Plan members and the District are established in the Memorandum of Understanding with Scotts Valley Water District Employees Union AFSCME Local 101 AFL-CIO (Union).

The District pays 100% of the premiums for employee only or employee plus one coverage up to the non-Medicare rates for the Account Based Health Plan (HDHP) and similar Medicare rates for post-65 coverage. Mixed two-party contracts where either the retiree or other covered party is on Medicare will also be subject to the non-Medicare maximum. The benefits include medical, dental, and vision. The District pays 100% of the cost for dental and vision coverage.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

A. General Information about the OPEB Plan (continued)

Employees covered by benefit terms

At June 30, 2018 and 2017 (Measurement Dates), the following employees were covered by the benefit terms:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inactive plan members or spouses currently receiving benefits	18	18
Inactive plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>1</u>	<u>1</u>
Total	<u><u>19</u></u>	<u><u>19</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$2,758,814 and \$2,848,438 were measured as of June 30, 2018 and 2017, respectively, and were determined by an actuarial valuation as of that date. These amounts were reported as of June 30, 2019 and 2018, respectively.

Payable to the OPEB Plan

At June 30, 2018 and 2017, respectively, the District had no outstanding amount of contributions required to the OPEB plan.

B. Net OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Valuation Date	N/A	N/A
Experience Study	3.50%	3.40%
Discount rate	2.75%	2.75%
Inflation	3.00%	3.00%
Salary increases	3.50%	3.40%
Investment rate of return	4.0 percent	4.0 percent
Healthcare cost trend rates		

The mortality assumptions are based on the 2014 CalPERS Active and Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table and the 2009 CalPERS 2.5%@55 Rates for Miscellaneous Employees.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

B. Net OPEB Liability (continued)

Actuarial assumptions (continued)

The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table. CalPERS periodically studies the mortality, retirement and turnover assumptions for participating agencies and establishes tables that are appropriate for each pool.

Discount Rate

The discount rates used to measure the total OPEB liability were 3.50% and 3.40% for the fiscal years ended June 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. The discount rate used historic 27-year real rates of return for each asset class along with an assumed long-term inflation assumption to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. The Bond Buyer 20 Bond Index was used.

C. Changes in the Net OPEB Liability

Changes in the Net OPEB Liability for June 30, 2019, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2018 (Measurement date July 1, 2017)	\$ 2,848,438	\$ -	\$ 2,848,438
Changes for the year:			
Service cost	18,631	-	18,631
Interest	94,606	-	94,606
Changes in assumptions	(33,754)	-	(33,754)
Employer contributions	-	169,107	(169,107)
Benefit payments	(169,107)	(169,107)	-
Net changes	(89,624)	-	(89,624)
Balance at June 30, 2019 (Measurement date June 30, 2018)	\$ 2,758,814	\$ -	\$ 2,758,814

Changes in the Net OPEB Obligation for June 30, 2018, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2017 (Measurement date July 1, 2016)	\$ 2,878,309	\$ -	\$ 2,878,309
Changes for the year:			
Service cost	18,018	-	18,018
Interest	96,029	-	96,029
Employer contributions	-	143,918	(143,918)
Benefit payments	(143,918)	(143,918)	-
Net changes	(29,871)	-	(29,871)
Balance at June 30, 2018 (Measurement date June 30, 2017)	\$ 2,848,438	\$ -	\$ 2,848,438

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Sensitivity of the et OPEB liability to changes in the discount rate for the fiscal year ended June 30, 2018:

Plan's Net OPEB Liability/(Asset)		
Discount Rate	Current	Discount Rate
1% Decrease	Discount Rate	1% Increase
2.5%	3.5%	4.5%
\$ 3,127,070	\$ 2,758,814	\$ 2,453,463

Sensitivity of the net OPEB liability to changes in the discount rate for the fiscal year ended June 30, 2017:

Plan's Net OPEB Liability/(Asset)		
Discount Rate	Current	Discount Rate
1% Decrease	Discount Rate	1% Increase
2.4%	3.4%	4.4%
\$ 3,236,926	\$ 2,848,438	\$ 2,527,886

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates for June 30, 2018:

Trend Rate	Healthcare Cost	Trend Rate
1% Decrease	Trend Rates	1% Increase
5.0%	6.0%	7.0%
\$ 2,432,756	\$ 2,758,814	\$ 3,148,234

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates for June 30, 2017:

Trend Rate	Healthcare Cost	Trend Rate
1% Decrease	Trend Rates	1% Increase
5.0%	6.0%	7.0%
\$ 2,530,823	\$ 2,848,438	\$ 3,227,803

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$79,483. At June 30, 2019, the District reported deferred outflows of resources related to OPEB for plan contributions subsequent to the measurement date of \$153,549. The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of the net OPEB liability will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>
OPEB contributions made after the measurement date	<u>\$ 153,549</u>

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$114,047.

NOTE 13 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets component of net position was calculated at June 30th as follows:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 1,078,608	\$ 733,176
Capital assets – being depreciated, net	20,563,817	21,067,532
Note payable – non-current portion	<u>(4,668,012)</u>	<u>(5,136,591)</u>
Total net investment in capital assets	<u>\$ 16,974,413</u>	<u>\$ 16,664,117</u>

NOTE 14 – UNRESTRICTED NET POSITION

As of June 30, 2018, the District had an unrestricted net position deficit of (\$1,297,530). Due to the nature of the deficit from the implementation of GASB Statements No. 68 (net pension liability) and No. 75 (net OPEB obligation) in the prior fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension and net OPEB obligations funding requirements for future periods to reduce its deficit position.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 15 – PRIOR PERIOD ADJUSTMENT

For the fiscal year ended June 30, 2018, the District restated its net position to account for its investment in the Santa Margarita Groundwater Agency and to write-off the deferred loss on the defeasance of long-term debt as follows:

Restatement - Prior Period Adjustment	Balance
Net position:	
Beginning of year – as previously stated	<u>\$ 15,362,004</u>
Adjustments:	
Investment in Santa Margarita Groundwater Agency	40,754
Deferred loss on defeasance of long-term debt	<u>(36,171)</u>
Total Prior Period Adjustment	<u>4,583</u>
End of year – as restated	<u><u>\$ 15,366,587</u></u>

NOTE 16 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the program. Eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors. The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little involvement and does not perform the investing function for this program, the assets and related liabilities are not shown on the accompanying financial statements.

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 17 - RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing pool that provides insurance coverage and related services.

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of June 30, 2018 - 384 member districts
D. Governance	Nine representatives employed by members
E. District payments for FY 2019:	
Property/Liability policy	\$55,299
Workers' compensation policy	\$31,028
F. Condensed financial information	September 30, 2018
Audit dated	March 22, 2019

Statement of financial position:	Sept 30, 2018
Total assets	\$ 188,344,217
Deferred outflows	1,098,315
Total liabilities	100,820,701
Deferred inflows	2,156,227
Net position	\$ 86,465,604
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 176,339,229
Total expenses	(165,196,299)
Change in net position	11,142,930
Beginning - net position	75,322,674
Ending - net position	\$ 86,465,604
G. Member agencies share of year-end financial position	Not Calculated

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2019 (With Comparative Information as of June 30, 2018)

NOTE 17 – RISK MANAGEMENT POOL (continued)

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At June 30, 2019, the District participated in the liability, property, and workers compensation programs of the ACWA/JPIA as follows:

- Property coverage of \$150 million, per occurrence, with liability limits varying by property. Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$150 million, subject to a deductible between \$500 and \$5,000 depending on the type of property. Property coverage includes flood coverage with various deductibles and earthquake coverage with deductibles of 5% per unit of insurance, \$75,000 minimum.
- Liability coverage of \$5 million, per occurrence, with self-insurance and additional excess coverage layers up to \$60 million.
- Crime coverage: Limit of coverage \$100,000 with a deductible of \$1,000.
- Workers Compensation of \$2 million each accident or each employee.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2019, 2018, and 2017. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2019, 2018, and 2017.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Required Supplementary Information

SCOTTS VALLEY WATER DISTRICT

*Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2019*

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	June 30, 2018¹	June 30, 2017¹	June 30, 2016¹	June 30, 2015¹	June 30, 2014¹
District's Proportion of the Net Pension Liability	0.214880%	0.021237%	0.020598%	0.017960%	0.021380%
District's Proportionate Share of the Net Pension Liability	\$ 2,070,657	\$ 2,106,130	\$ 1,782,379	\$ 1,233,015	\$ 1,329,971
District's Covered Payroll	\$ 1,591,177	\$ 1,458,545	\$ 1,272,122	\$ 1,332,329	\$ 817,020
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	130.13%	144.40%	140.11%	92.55%	162.78%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.69%	77.49%	79.61%	84.83%	83.03%

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

SCOTTS VALLEY WATER DISTRICT

*Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2019*

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	2018-19¹	2017-18¹	2016-17¹	2015-16¹	2014-15¹	2013-14¹
Actuarially Determined Contribution ²	\$ 250,483	\$ 207,207	\$ 176,792	\$ 157,182	\$ 75,314	\$ 141,599
Contribution in Relation to the Actuarially Determined Contribution ²	(250,483)	(207,207)	(176,792)	(157,182)	(575,314)	(141,599)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ -
District's Covered Payroll ³	\$ 1,722,451	\$ 1,591,177	\$ 1,458,545	\$ 1,272,122	\$ 1,332,329	\$ 817,020
Contributions as a Percentage of Covered Payroll	14.54%	13.02%	12.12%	12.36%	5.65%	17.33%

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

SCOTTS VALLEY WATER DISTRICT*Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019***Last Ten Fiscal Years**

Fiscal Year - Measurement Date	June 30, 2018	June 30, 2017
Total OPEB liability		
Service cost	\$ 18,631	\$ 18,018
Interest	94,606	96,029
Changes of assumptions	(33,754)	-
Benefit payments	(169,107)	(143,918)
Net change in total OPEB liability	(89,624)	(29,871)
Total OPEB liability - beginning	2,848,438	2,878,309
Total OPEB liability - ending	\$ 2,758,814	\$ 2,848,438
 Plan fiduciary net position		
Contributions - employer	\$ 169,107	\$ 143,918
Benefit payments	(169,107)	(143,918)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	\$ -	\$ -
 District's net OPEB liability	\$ 2,758,814	\$ 2,848,438
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
 Covered-employee payroll	\$ 1,591,177	\$ 1,458,545
 District's net OPEB liability as a percentage of covered-employee payroll	173.38%	195.29%

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

Supplementary Information

SCOTTS VALLEY WATER DISTRICT
Combining Balance Sheets
For the Year Ended June 30, 2019

	Water Fund	Recycled Water Fund	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 2,507,648	\$ 11,480	\$ 2,519,128
Accrued interest receivable	4,211	2,887	7,098
Accounts receivable, net	1,346,985	57,982	1,404,967
Property taxes receivable	49,824	-	49,824
Other receivables	51,220	833	52,053
Notes receivable	-	173,019	173,019
Inventory – materials and supplies	232,601	-	232,601
Prepaid expenses	68,430	-	68,430
Total current assets	4,260,919	246,201	4,507,120
Non-current assets:			
Restricted – cash and cash equivalents	313,165	202,927	516,092
Notes receivable	-	267,745	267,745
Interagency due (to)/from	888,040	(888,040)	-
Investment in SMGA – JPA	40,754	-	40,754
Prepaid contribution to the SMGA – JPA	291,256	-	291,256
Capital assets – not being depreciated	1,077,289	1,319	1,078,608
Capital assets – being depreciated, net	15,063,446	5,500,371	20,563,817
Total non-current assets	17,673,950	5,084,322	22,758,272
Total assets	21,934,869	5,330,523	27,265,392
Deferred outflows of resources:			
Deferred amounts related to net OPEB obligation	138,194	15,355	153,549
Deferred amounts related to net pension liability	612,891	68,098	680,989
Total deferred outflows of resources	751,085	83,453	834,538
Total assets and deferred outflows of resources	\$ 22,685,954	\$ 5,413,976	\$ 28,099,930

SCOTTS VALLEY WATER DISTRICT
Combining Balance Sheets (continued)
For the Year Ended June 30, 2019

	<u>Water Fund</u>	<u>Recycled Water Fund</u>	<u>Total</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 476,623	\$ 17,956	\$ 494,579
Customer deposits for services	160,097	6,808	166,905
Accrued interest payable	28,831	18,682	47,513
Long-term liabilities – due within one year:			
Compensated absences	27,576	2,932	30,508
Loan payable	284,334	184,245	468,579
Total current liabilities	<u>977,461</u>	<u>230,623</u>	<u>1,208,084</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	82,727	8,795	91,522
Loan payable	2,832,548	1,835,464	4,668,012
Net OPEB obligation	2,482,933	275,881	2,758,814
Net pension liability	1,863,593	207,065	2,070,658
Total non-current liabilities	<u>7,261,801</u>	<u>2,327,205</u>	<u>9,589,006</u>
Total liabilities	<u>8,239,262</u>	<u>2,557,828</u>	<u>10,797,090</u>
Deferred inflows of resources:			
Deferred amounts related to net pension liability	<u>191,053</u>	<u>21,228</u>	<u>212,281</u>
Total deferred inflows of resources	<u>191,053</u>	<u>21,228</u>	<u>212,281</u>
Net position:			
Net investment in capital assets	13,308,187	3,666,226	16,974,413
Unrestricted (Deficit)	<u>947,452</u>	<u>(831,306)</u>	<u>116,146</u>
Total net position	<u>14,255,639</u>	<u>2,834,920</u>	<u>17,090,559</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 22,685,954</u>	<u>\$ 5,413,976</u>	<u>\$ 28,099,930</u>

SCOTTS VALLEY WATER DISTRICT

Combining Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2019

	Water Fund	Recycled Water Fund	Total
Operating revenues:			
Water sales	\$ 3,605,178	\$ 446,873	\$ 4,052,051
Water service	1,897,729	29,574	1,927,303
Other fees and charges	46,186	125	46,311
Total operating revenues	5,549,093	476,572	6,025,665
Operating expenses:			
Source of supply	99,307	-	99,307
Pumping	466,512	-	466,512
Water treatment	293,069	-	293,069
Recycled water	-	434,404	434,404
Transmission and distribution	1,849,596	-	1,849,596
Finance, customer service and conservation	649,335	-	649,335
General and administrative	837,784	-	837,784
Total operating expenses	4,195,603	434,404	4,630,007
Operating income before depreciation	1,353,490	42,168	1,395,658
Depreciation expense	(897,417)	(187,837)	(1,085,254)
Operating income (loss)	456,073	(145,669)	310,404
Non-operating revenues(expenses):			
Property taxes	975,085	-	975,085
Investment earnings	26,519	9,374	35,893
Interest expense	(57,619)	(37,337)	(94,956)
Other non-operating revenues	62,910	-	62,910
Total non-operating income (loss)	1,006,895	(27,963)	978,932
Change in net position before capital contributions	1,462,968	(173,632)	1,289,336
Capital contributions:			
Capacity buy-in fee	597,298	72,474	669,772
Capacity buy-back	(42,590)	(193,266)	(235,856)
Local capital grant	720	-	720
Total capital contributions	555,428	(120,792)	434,636
Change in net position	2,018,396	(294,424)	1,723,972
Net position:			
Beginning of year – as restated	12,237,243	3,129,344	15,366,587
End of year	\$ 14,255,639	\$ 2,834,920	\$ 17,090,559

Other Independent Auditors' Reports

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Scotts Valley Water District
Scotts Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Scotts Valley Water District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Scotts Valley Water District's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scotts Valley Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scotts Valley Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Scotts Valley Water District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scotts Valley Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walnut Creek, California
December 12, 2019

Statistical Section

Scotts Valley Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	Fiscal Year		
	2010	2011	2012
Changes in net position:			
Operating revenues	\$4,901,099	\$4,250,660	\$4,259,848
Operating expenses	(4,696,743)	(4,788,593)	(4,988,127)
Operating income (loss)	204,356	(537,933)	(728,279)
Non-Operating revenues (expenses)			
Property Taxes Ad-Valorem	594,308	587,622	671,550
Investment earnings	39,811	32,644	23,755
Interest expense	(499,139)	(490,223)	(448,525)
Other non-operating revenues	53,681	6,407	61,262
Other non-operating expenses	(19,928)	(206,158)	0
Total non-operating revenues(expenses), net	168,733	(69,708)	308,042
Net income before capital contributions	373,089	(607,641)	(420,237)
Capital contributions	0	0	222,608
Changes in net position	373,089	(607,641)	(197,629)
Net position, beginning of period	19,617,795	19,990,884	19,383,243
Prior period adjustments	0	0	(691,460)
Net position, end of period	19,990,884	19,383,243	18,494,154
Net position by component			
Net investment in capital assets	13,251,270	12,680,808	12,417,790
Debt service (restricted):	1,046,120	1,035,458	923,723
Unrestricted	5,693,494	5,666,977	5,152,641
Total net position	19,990,884	19,383,243	18,494,154

Scotts Valley Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
\$4,938,212	\$5,144,598	\$4,499,859	\$4,048,964	\$4,549,738	\$5,647,160	\$6,025,665
(5,631,438)	(6,468,628)	(5,067,252)	(5,692,368)	(5,613,137)	(6,242,979)	(5,715,261)
(693,226)	(1,324,030)	(567,393)	(1,643,404)	(1,063,399)	(595,819)	310,404
752,395	710,237	724,433	775,679	839,095	923,894	975,085
27,119	13,336	24,848	39,106	25,159	22,574	35,893
(394,049)	(378,240)	(361,513)	(417,796)	(703,031)	(143,774)	(94,956)
0	20,025	40,610	498,070	8,468	81,241	62,910
(166,319)	0	0	0	0	0	0
219,146	365,358	428,378	895,059	169,691	883,935	978,932
(474,080)	(958,672)	(139,015)	(748,345)	(893,708)	288,116	1,289,336
363,956	435,964	399,554	335,704	803,279	515,963	434,636
(110,124)	(522,708)	260,539	(412,641)	(90,429)	804,079	1,723,972
18,494,154	18,530,080	16,366,105	16,626,644	16,214,003	14,562,508	15,366,587
146,050	(1,641,267)	0	0	(1,561,066)	0	0
18,530,080	16,366,105	16,626,644	16,214,003	14,562,508	15,366,587	17,090,559
12,539,862	11,822,421	12,154,452	13,665,884	14,790,579	16,664,117	16,974,413
924,515	918,709	932,329	749,404	0	0	0
5,065,703	3,624,975	3,539,863	1,798,715	(228,071)	(1,297,530)	116,146
18,530,080	16,366,105	16,626,644	16,214,003	14,562,508	15,366,587	17,090,559

**Scotts Valley Water District
Operating Revenues by Source
Last Ten Fiscal Years**

Fiscal Year	Water Sales (Potable Water)	Water Sales (Recycled Water)	Service Charges (Potable & Recycled Water)	Other	Total Operating Revenue
2010	\$3,742,524	\$222,611	*	\$935,964	\$4,901,099
2011	3,627,572	247,454	*	375,634	4,250,660
2012	3,785,723	375,404	*	98,721	4,259,848
2013	4,014,392	496,296	*	427,524	4,938,212
2014	4,295,924	205,584	306,189	336,901	5,144,598
2015	2,350,163	317,926	1,566,851	264,919	4,499,859
2016	2,242,642	382,366	1,348,590	75,366	4,048,964
2017	2,646,488	352,298	1,497,782	53,170	4,549,738
2018	3,478,119	455,073	1,671,070	42,898	5,647,160
2019	3,605,178	446,873	1,927,303	46,311	6,025,665

* FY 2010-2013 : Service Charges revenue included in Water Sales

**Scotts Valley Water District
Non-Operating Revenues
Last Ten Fiscal Years**

Fiscal Year	Investment Income	Property Taxes	Interest Expense	Other Income & Expenses, net	Net Non- Operating Revenue / (Expense)
2010	\$39,811	\$594,308	(\$499,139)	\$33,753	\$168,733
2011	32,644	587,622	(490,223)	(199,751)	(69,708)
2012	23,755	671,550	(448,525)	61,262	308,042
2013	27,119	752,395	(394,049)	(166,319)	219,146
2014	13,336	710,237	(378,240)	20,025	365,358
2015	24,848	724,433	(361,513)	40,610	428,378
2016	39,106	775,679	(417,796)	498,070	895,059
2017	25,159	839,095	(703,031)	8,468	169,691
2018	22,574	923,894	(143,774)	81,241	883,935
2019	35,893	975,085	(94,956)	62,910	978,932

**Scotts Valley Water District
Operating Expenses by Acitivity
Last Ten Fiscal Years**

Fiscal Year	Source of Supply	Pumping	Water Treatment	Recycled Water	Transmission & Distribution	Water Use Efficiency	Finance & Customer Service*	General & Admin*	Total Operating Expenses
2010	\$94,431	\$446,322	\$243,951	\$223,760	\$372,504	\$151,743	\$95,443	\$1,986,334	\$3,614,488
2011	49,954	468,721	290,566	173,896	394,669	103,478	101,673	2,100,075	3,683,032
2012	129,253	491,664	298,334	174,198	505,509	61,644	97,550	2,151,340	3,909,492
2013	121,208	430,450	276,543	194,924	457,427	79,150	92,089	2,811,993	4,463,784
2014	666,853	602,886	588,134	76,682	1,082,962	430,989	217,062	1,780,005	5,445,573
2015	1,638	478,911	558,991	102,152	1,129,053	202,521	188,335	1,522,036	4,183,637
2016	97,655	524,177	688,601	546,568	776,096	241,892	207,833	1,695,591	4,778,413
2017	150,614	536,653	660,704	472,105	797,494	158,507	192,925	1,706,288	4,675,290
2018	163,709	445,655	304,122	480,855	1,917,154	**	713,891	871,541	4,896,927
2019	99,307	466,512	293,069	434,404	1,849,596	**	649,335	837,784	4,630,007

* Finance included in General & Admin for the period FY 2010 through FY 2017

** Water Use Efficiency included in Finance & Customer Service for the period FY 2018 through FY 2019

**Scotts Valley Water District
Customers by Type
Last Ten Fiscal Years**

As of June 30	Single Family Residential	Multi Family Residential	Commercial / Institutional	Fire Service	Landscape - Potable	Landscape - Recycled	Bulk Water	Total
2010	3,122	118	287	360	80	54	1	4,022
2011	3,128	118	289	371	80	58	1	4,045
2012	3,177	118	289	381	82	60	1	4,108
2013	3,192	118	289	399	82	62	1	4,143
2014	3,193	118	289	400	82	62	1	4,145
2015	3,240	118	291	400	82	62	2	4,195
2016	3,239	117	284	403	81	62	6	4,192
2017	3,244	117	287	412	84	63	18	4,225
2018	3,262	117	290	419	84	64	20	4,256
2019	3,300	117	290	442	83	67	17	4,316

**Scotts Valley Water District
Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Refunding Bonds	Certificates of Participation	Notes Payable	Private Placement	Total Debt	Total Debt per Capita
2010	1,455,000	8,425,000	0	0	9,880,000	\$853.20
2011	1,325,000	8,245,000	0	0	9,570,000	\$825.14
2012	1,195,000	3,125,000	5,120,000	0	9,440,000	\$807.04
2013	1,060,000	2,980,000	4,935,000	0	8,975,000	\$760.85
2014	925,000	2,830,000	4,740,000	0	8,495,000	\$711.24
2015	785,000	2,680,000	4,535,000	0	8,000,000	\$659.14
2016	0	2,520,000	4,325,000	0	6,845,000	\$561.30
2017	0	0	0	6,049,548	6,049,548	\$496.03
2018	0	0	0	5,596,621	5,596,621	\$458.93
2019	0	0	0	5,136,591	5,136,591	\$425.14

**Scotts Valley Water District
Debt Service Coverage
Last Ten Fiscal Years**

Fiscal Year	Total Revenues	Operating Expenses	Net Available Revenues	Principal	Interest	Total Debt Service	Coverage Ratio
2010	\$5,588,899	\$3,614,488	\$1,974,411	\$263,897	\$499,139	\$763,036	2.58757
2011	4,877,333	3,683,032	1,194,301	268,897	490,223	759,120	1.57327
2012	5,016,415	3,909,492	1,106,923	477,025	448,525	925,550	1.19596
2013	5,717,726	4,463,784	1,253,942	480,000	394,049	874,049	1.43464
2014	5,888,196	5,445,573	442,623	480,000	378,240	858,240	0.51573
2015	5,289,750	4,183,637	1,106,113	495,000	361,513	856,513	1.29141
2016 *	5,361,819	4,778,413	583,406	788,351	268,352	1,056,703	0.55210
2017 *	5,422,460	4,675,290	747,170	445,881	175,881	621,762	1.20170
2018	6,674,869	4,896,927	1,777,942	452,927	143,774	596,701	2.97962
2019	7,099,553	4,630,007	2,469,546	460,030	94,956	554,986	4.44974

* Does not include principal and interest related to the defeasance of the 2004 Refunding Certificates of Participation and 2011 Wells Fargo Bank Loan.

**Scotts Valley Water District
Population Estimates - City of Scotts Valley
2011-2019 with 2010 Benchmark***

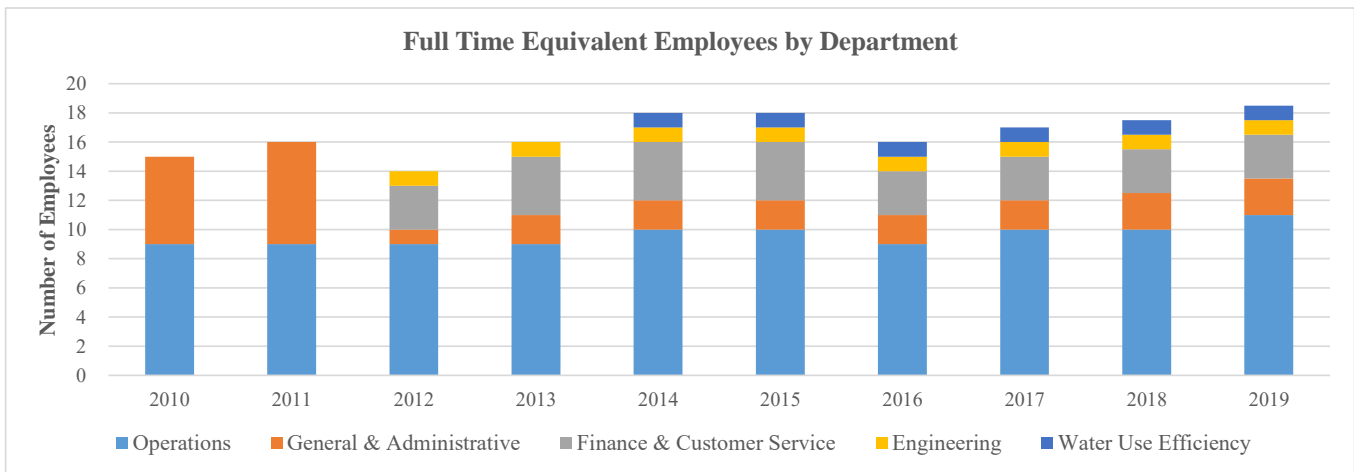
	Santa Cruz County Scotts Valley**
April 1, 2010	11,580
January 1, 2011	11,598
January 1, 2012	11,697
January 1, 2013	11,796
January 1, 2014	11,944
January 1, 2015	12,137
January 1, 2016	12,195
January 1, 2017	12,196
January 1, 2018	12,195
January 1, 2019	12,082

* Data source for 2010 is the 2010 U.S. Census, while data for 2011-2019 are from California Department of Finance.

** The District Service Area includes most of the incorporated area of the City of Scotts Valley as well as a portion of the unincorporated area north of the City.

**Scotts Valley Water District
Full Time Equivalent Employees by Department
Last Ten Fiscal Years**

Fiscal Year	Operations	General & Administrative	Finance & Customer Service	Engineering	Water Use Efficiency	Total
2010	9	6	0	0	0	15
2011	9	7	0	0	0	16
2012	9	1	3	1	0	14
2013	9	2	4	1	0	16
2014	10	2	4	1	1	18
2015	10	2	4	1	1	18
2016	9	2	3	1	1	16
2017	10	2	3	1	1	17
2018	10	2.5	3	1	1	17.5
2019	11	2.5	3	1	1	18.5



**Scotts Valley Water District
Direct and Overlapping Debt
As of June 30, 2019**

	Debt Outstanding	Estimated Percentage Applicable⁽¹⁾	Estimated Share of Direct and Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Cabrillo Joint Community College District	\$ 101,080,130	5.295%	5,352,193
Scotts Valley Unified School District	42,425,000	56.428%	23,939,579
Scotts Valley Water District	-	100.000%	-
Santa Cruz Library Facilities Community Facilities District No. 2016-1	20,920,000	5.897%	1,233,652
City of Scotts Valley Community Facilities District No. 97-1	3,140,000	81.725%	2,566,165
Total Direct and Overlapping Tax and Assessment Debt			33,091,589
Overlapping General Fund Debt:			
Santa Cruz County General Fund Obligations	66,595,159	5.334%	3,552,186
Santa Cruz County Office of Education Certificates of Participation	8,515,993	5.334%	454,243
Scotts Valley Unified School District Certificates of Participation	9,790,000	56.428%	5,524,301
City of Scotts Valley Certificates of Participation	5,910,588	81.725%	4,830,428
City of Scotts Valley Pension Obligation Bonds	2,335,000	81.725%	1,908,279
Total Overlapping General Fund Debt			16,269,437
Overlapping Tax Increment Debt (Successor Agency)	12,050,000	99.617%	12,003,849
Total Direct Debt			-
Total Overlapping Debt			61,364,875
Combined Total Debt			61,364,875 ⁽²⁾
2018-19 Assessed Valuation:	2,284,037,059		
Ratios to 2018-19 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt		1.35%	
Total Direct Debt		0.00%	
Combined Total Debt		2.51%	
Ratios to Redevelopment Successor Agency Incremental Valuation			750,446,528
Total Overlapping Tax Increment Debt		1.60%	

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the District divided by the District's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage and non-bonded capital lease obligations.

**Scotts Valley Water District
Assessed Valuations - Santa Cruz County
2013-2019**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2013	\$ 1,690,236,305	-	\$ 69,943,436	\$ 1,760,179,741
2014	1,741,335,638	-	65,219,381	1,806,555,019
2015	1,850,583,702	-	69,765,255	1,920,348,957
2016	1,977,106,591	-	74,898,080	2,052,004,671
2017	2,078,152,308	-	84,632,026	2,162,784,334
2018	2,196,063,260	-	87,973,799	2,284,037,059
2019	2,340,152,176	-	103,841,992	2,443,994,168

2018-19 Total Local Secured Assessed Valuation Breakdown

<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Total Local Secured Property</u>
\$ 1,898,444,239	\$ 278,789,156	\$ 114,946,290	\$ 47,972,491	\$ 2,340,152,176

2018-19 Assessed Valuation of Redevelopment Agency Project Area Within the District

<u>Project Area</u>	<u>Total Assessed Valuation</u>	<u>Base Year Valuation</u>	<u>Incremental Valuation</u>
Scotts Valley	1,166,858,682	416,412,154	750,446,528

Typical Total Tax Rate per \$100 of Assessed Valuation (TRA 08117)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Scotts Valley Unified School District	0.048489	0.045875	0.041027	0.075224	0.051200	0.083657	0.068688
Cabrillo Community College District	0.040482	0.040468	0.036941	0.036693	0.032597	0.024250	0.021023
Total All Property	<u>1.088971</u>	<u>1.086343</u>	<u>1.077968</u>	<u>1.111917</u>	<u>1.083797</u>	<u>1.107907</u>	<u>1.089711</u>

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20
To: Board of Directors
Item: Business 5.3
Subject: **Strategic Goals Management Objectives**
Reason: Complies with Board Best Practices

SUMMARY

Recommendation: Approve the Management Objectives that support the District's Strategic Goals in the next 2-year timeframe.

Fiscal Impact: No direct impact.

Previous Related Action: On 02/13/14, the Board adopted the District's Mission and Vision Statement, Core Values and Strategic Goals.

On 02/13/20, the Board approved revisions to the District Mission, Values, Vision and Strategic Goals.

BACKGROUND

At the recent strategic planning workshops, the Board reviewed the Mission, Core Values, Vision and Strategic Goals that were adopted in 2014 and slightly revised in 2017. The main focus was on considering any potential changes in the context of the utilities industry and economic drivers around us, including changes in technology and in consumer behavior. They discussed trends that could be turned into economic opportunities in the future trying to imagine not only how the District will operate in the future but how the industry will evolve and how new partnerships will emerge.

The Executive Team and the Board conducted a Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis. The analysis was used to rank initiatives and assign priorities based on expected benefits, resource availabilities, internal capabilities and external drivers.

DISCUSSION

The staff used the final prioritization ranking to develop updated management objectives by ensuring that all Priority A (1-2 years) focus areas are captured in at least under one of the strategic vision goals.

Submitted,

Piret Harmon
General Manager

Enclosed: SVWD Strategic Plan – Priorities
 SVWD Strategic Goals Management Objectives

SVWD Strategic Plan - Priorities		A: <2 years B: 3-5 years C: 6-10 years	
2/13/2020			
	Focus Areas	Priorities	Mgmt Objectives
GOAL 1: WATER RESOURCE MGMT	Demand management/ water use efficiency	A	1.3
	Conjunctive use capability	A	1.2
	Reoperation of existing waste water treatment plant	A	1.1
	Regional water reuse capability	B	
	Collaborative approaches for regional water resources	C	
	Ability to capture rainfall	C	
GOAL 2: WATER SYSTEM INTEGRITY	Continuous investments in facilities	A	2.1
	Continuous technology utilization	A	2.2
	Integrated information and data systems	A	2.2
	Additional production well	A	2.3
	Expanded recycled water system for potable use	A/B	2.3
	Improved pressure management	B	
	Diversification of energy sources	B	
	Partnerships, mergers, acquisitions	B/C	
Exploration of alternative energy (microgrid)	C		
GOAL 3: FINANCIAL STEWARDSHIP	Revenue generation from diverse sources: rates, fees, grants, debt, capital contributions	A	3.3
	Seamless customer experience (no friction)	A	3.1
	Integrated data management optimization	A	3.2
	Cost sharing and partnering opportunities	B	
	Innovative rate and payment structures	C	

SVWD Strategic Plan - Priorities		A: <2 years	
2/13/2020		B: 3-5 years	
		C: 6-10 years	
	Focus Areas	Priorities	Mgmt Objectives
GOAL 4: COMMUNITY ENGAGEMENT	Creative outreach approaches and use of technology	A	4.1
	Maximizing the benefits from memberships in SMGWA, Interagency Committee, Regional Water Mgmt Foundation, ACWA	A	4.3
	Youth involvement and education	A	4.2
	Full utilization of the customer engagement portal	A	4.1/3.1
	Conversion from paper to digital communications	A	4.1/3.2
	Investments in community by participation	A	4.1
	Personal involvement in community organizations and activities	B	
	Personalized and customized messaging	C	
	Involvement in State and Federal legislative issues	C	
GOAL 5: ORGANIZATIONAL VITALITY	Joint events with other organizations	A	5.3
	Regular educational opportunities, including leadership training	A	5.1/5.3
	Internships	A	5.3
	Board relationship/connection to staff	A	5.2
	Board mentoring opportunities	A	5.2
	Succession planning and career paths	A/ B	5.1
	MOU negotiations as an opportunity to meet the needs of workforce	B	
	Customized benefit options	B	
	Performance based pay	B	
	Diversification of staffing/contracting strategies	C	

Mission (WHAT)

Scotts Valley Water District delivers a sustainable high-quality water service in an environmentally responsible and financially sound manner.

Core Values (HOW)

Scotts Valley Water District (SVWD) is:

- Innovative
- Efficient
- Adaptable
- Collaborative
- Approachable

Vision (WHY)

Scotts Valley Water District is a results-driven, data-oriented public agency that provides effective actions, superior customer service and visionary leadership.

Strategic Goals

1. **Water Resource Management:** SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.
 - 1.1 Pursue the potential of wastewater for beneficial uses
 - 1.2 Identify and implement conjunctive use projects in the region
 - 1.3 Optimize the efficient use of water
2. **Water System Integrity:** SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.
 - 2.1 Maintain all assets within their useful life threshold
 - 2.2 Utilize technology and innovative solutions for improving operational efficiencies
 - 2.3 Optimize the redundancy and effectiveness of the system and facilities
3. **Financial Stewardship:** SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.
 - 3.1 Provide seamless customer experience
 - 3.2 Exploit integrated data management for maximum efficiency and transparency
 - 3.3 Design and manage balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves
4. **Community Engagement:** SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.
 - 4.1 Use creative approaches and technology for engaging the community
 - 4.2 Increase youth involvement and education on water matters
 - 4.3 Identify, develop and strengthen strategic alliances, both private and public
5. **Organizational Vitality:** SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.
 - 5.1 Provide meaningful and feasible career growth tools and opportunities
 - 5.2 Cultivate productive work conditions and positive workforce culture
 - 5.3 Support continuous training and knowledge transfer

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20
To: Board of Directors
Item: Business 5.4
Subject: **2020 Water Supply Outlook**
Reason: Supports District Mission

SUMMARY

Recommendation: Receive information.

Fiscal Impact: The impact is unknown at this time.

Previous Related Action: On 04/12/18 the Board established Stage 1 Water Supply Conditions for Water Year 2018.

On 02/24/20 the Water Resources and Engineering Committee received a report on 2020 Water Supply Outlook and directed staff to present the report to the board.

BACKGROUND

The District's Water Shortage Contingency Plan (WSCP) is included in its 2015 Urban Water Management Plan. The Water Shortage Contingency Plan stipulates a four-stage demand reduction plan with the amount of rainfall in a given year or series of years being the basis for defining the stages of action. The stages of action were evaluated based on the results of the numerical model in support of the overall management of the groundwater basin. In addition to the precipitation-based triggers, the plan suggests groundwater level adjustment to the triggers. For all stages, the spring groundwater levels are collected and evaluated relative to historic lows between 2003 and 2013. Demand reduction stages may be adjusted up or down based on this evaluation.

The Scotts Valley area, similarly to the rest of the State of California, experienced an extended period of drought in 2012 through 2015 when the cumulative rainfall reached 67% of the average. WY 2017 received 190%, WY 2018 57% and WY 2019 104% of the average precipitation levels.

DISCUSSION

While the first 3 months of the water year showed the signs of a normal rainfall year with 30% of average precipitations at the end of December, the trend changed drastically in the months of January and February. Just slightly over 2 inches of rain was measured in January and no precipitation at all occurred in February.

Total rainfall amount of 14.31 inches for the period of 10/1/19 to 2/29/20 is about 34% of the average and indicates a Stage 3 of the demand reduction plan. 21 inches total rainfall for the water year would transition us from Stage 3 to Stage 2 and 25.5 inches to Stage 1. Respective demand reduction targets are presented in the following table. As a reference, WY 2018 potable system demand was 1,130 acre feet (AF) and WY 2019 1,109 AF what is 21% lower than WY 2013 demand.

WATER SUPPLY CONDITION - AS OF FEBRUARY 29, 2020													
		Average Rainfall	Rainfall (inches)				Rainfall (percent of average)				Cumulative		Single Year
			2017	2018	2019	2020	2017	2018	2019	2020	3-year	2-year	
Stage 1	Cumulative rainfall over 2 years < 80% of average and/or Single year rainfall < 75% of average	42.18	80.14	24.26	43.72	14.31	190%	58%	104%	34%		69%	34%
Stage 2	Cumulative rainfall over 2 years < 70% of average and/or Single year rainfall < 60% of average	42.18	80.14	24.26	43.72	14.31	190%	58%	104%	34%	65%	69%	34%
Stage 3	Cumulative rainfall over 3 years < 50% of average and/or Single year rainfall < 50% of average	42.18	80.14	24.26	43.72	14.31	190%	58%	104%	34%	65%	69%	34%
Stage 4	precipitation with groundwater levels below historic low range	42.18	80.14	24.26	43.72	14.31	190%	58%	104%	34%	65%		

DEMAND REDUCTION CALCULATION

System demand reduction is based on a baseline of average demand from the last 5 years where precipitation was >80% of average

			Target (AF)
Stage 1	Demand reduction	10%	1068
Stage 2	Demand reduction	15%	1009
Stage 3	Demand reduction	20%	950
Stage 4	Demand reduction	25%	890

2019 Annual Groundwater Report, which is presented to the board at this meeting as a separate agenda item, presents the groundwater level data as of 09/30/19. According to the Water Shortage Contingency Plan, the spring groundwater levels are collected and evaluated relative to historic lows between 2003 and 2013. Demand reduction stages may be adjusted up or down based on this evaluation. The staff has scheduled this work for late March-early April. We will continue monitoring the precipitation conditions and updating the Board on the water supply outlook. Staff recommends that the Board decides on the course of action for the remainder of the year either at its April or May meeting.

Submitted,

Piret Harmon
General Manager

AGENDA REPORT

Scotts Valley Water District

Date: 03/12/20

To: Board of Directors

Item: Business 5.5

Subject: **Policy P500-15-2 Water Management Strategies for Demand**

Reason: **Reduction** Supplements the Water Shortage Contingency Plan

SUMMARY

Recommendation: Adopt Resolution No. 02-20 revising Policy P500-15-2 and rescinding Resolution No. 02-15.

Fiscal Impact: None associated with this action.

Previous Related Action: On 06/09/11, the Board approved the Scotts Valley Water District 2010 Urban Water Management Plan (UWMP).

On 01/08/15, the Board adopted Resolution No. 02-15 establishing the Policy on Water Management Strategies for Demand Reduction.

On 06/09/16, the Board approved the Scotts Valley Water District 2015 UWMP that included the District's Water Shortage Contingency Plan.

On 02/24/20, the Water Resources and Engineering Committee reviewed and recommended for Board approval revisions to Policy P100-15-2 Water Management Strategies for Demand Reduction.

BACKGROUND

The District has established a four-stage demand reduction plan to be invoked during declared water supply shortages. The conservation stages vary depending on the causes, severity, and anticipated duration of the water supply shortage.

Stage 1: 10% demand reduction, voluntary measures

Stage 2: 15% demand reduction, mandatory measures

Stage 3: 20% demand reduction, mandatory measures

Stage 4: 25% demand reduction, mandatory measures

Priorities for use of available water, based on the California Water Code, are:

- Health and Safety: indoor residential, sanitation, fire protection
- Commercial, Industrial and Governmental: maintain jobs and economic base
- Existing Landscaping: especially trees and shrubs
- New Demand: projects with permits when shortage declared

DISCUSSION

The District's existing Water Shortage Contingency Plan that is incorporated into the 2015 Urban Water Management Plan does not provide detail on specific allocation methods for various customer categories in water supply shortages.

To complement the UWMP, the District adopted a policy for water management strategies for demand reduction in January 2015. This policy is now revised to align with 2015 UWMP and to take into account more recent potable system demand figures.

The primary reduction measures used in Stage 1 are to notify all customers of the water shortage, promote water use efficiency and to prohibit uses defined as non-essential.

Customer reduction goals for Stage 2 through Stage 4 are established by determining the demand mix of each respective customer category and evaluating it against the usage priorities: 1) health/safety, 2) business and industrial, 3) irrigation and other outdoor. At each level of shortfall, public health and sanitation usage is afforded the highest priority by cutting back on the interior usage the least. The importance of water in protecting the area's employment base is acknowledged through proportionately modest cutbacks to the commercial sector. Irrigation and other outdoor uses are cut back the most.

Different allocation percentages are used for summer and winter season, mainly to account for the changes in irrigation patterns. District can choose the applicability of water shortage plan either for summer period only or extend it to the whole year.

UWMPs are required to be updated every 5 years. The 2020 UWMPs are due to the Department of Water Resources July 1, 2021. At that time, the District will review and, if necessary, revise Policy P500-15-2 Water Management Strategies for Demand Reduction.

Submitted,

Piret Harmon
General Manager

Enclosed: Resolution No. 02-20
Policy P500-15-2 Water Management Strategies for
Demand Reduction

RESOLUTION No. 02-20
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SCOTTS VALLEY WATER DISTRICT
REVISING SCOTTS VALLEY WATER DISTRICT POLICY P500-15-2 WATER
MANAGEMENT STRATEGIES FOR DEMAND REDUCTION AND RESCINDING
RESOLUTION No. 02-15

WHEREAS:

1. Scotts Valley Water District's Water Shortage Contingency Plan is incorporated in the 2015 Urban Water Management Plan (UWMP);
2. Scotts Valley Water District Board of Directors established its initial policy on Water Management Strategies for Demand Reduction by Resolution No. 02-15 on January 8, 2015;
3. This policy complements the District's UWMP by creating an allocation system for reduction goals for different customer groups based on the unique usage characteristics of each group.

THEREFORE BE IT RESOLVED by the Board of Directors of the Scotts Valley Water District that it hereby:

1. Revises Scotts Valley Water District Policy P500-15-2 Water Management Strategies for Demand Reduction, effective immediately;
2. Rescinds Resolution No. 02-15 in its entirety.

PASSED AND ADOPTED this 12th day of March 2020, by the following vote:

AYES:

NOES:

ABSENT:

Wade Leishman, President
Board of Directors

Attest: _____
Piret Harmon, General Manager



Policy

Policy No.: P100-15-2	Type of Policy: Water Use Efficiency
Policy Title: Water Management Strategies for Demand Reduction	
Policy Description: Supplement to Water Shortage Contingency Plan - 2015 Urban Water Management Plan (UWMP) Chapter 8	
Adopted Date: 03/12/20	Rescinded Resolution Date: 01/08/15
Adoption Resolution No.: 02-20	Rescinded Resolution No: 02-15
Next Review Date: 07/01/21	

It is the policy of the Board of Directors of Scotts Valley Water District that:

A ~~four~~three stage demand reduction plan will be invoked during declared water shortages. The conservation stages vary depending on the causes, severity, and anticipated duration of the water supply shortages.

Stage 1: 10% demand reduction, voluntary measures

Stage 2: 15% demand reduction, mandatory measures

Stage 3: 20% demand reduction, mandatory measures

Stage 4: 25% demand reduction, mandatory measures

An allocation criterion has been developed for each major customer category. Different demand reduction goals are established for summer and winter season, mainly to account for the changes in irrigation patterns. In case of the declared water shortage, the Board of Directors determines the applicability of water shortage plan either for summer period only or extend the demand reduction to the whole year. Respective reduction goals are presented in Table 1 and Table 2.

~~Pursuant to the 2010 UWMP, the allocation method for residential customer categories is a hybrid of per capita and percentage reduction. Separate allocation targets are established for different customer categories. The specific allocation methods are determined based on the severity of the shortage. All other customers will be required to reduce their consumption by the respective percentage. Individual customer allotments are based on a five-year period or as much data are available. No allotment may be greater than the amount used in the most recent year of the five-year base period or as many years~~

as data are available unless the Board of Directors authorizes an exception based on the extenuating circumstances presented by a customer.

Table 1: Allocations in the summer months (May 1 - October 31)

Potable Consumption	Stage 2	Stage 3	Stage 4
	%	%	%
Residential – Single Family	80%	75%	70%
Residential – Multi Family	90%	85%	80%
Commercial	95%	90%	85%
Landscape	70%	50%	50%
Total Consumption	82%	76%	73%
Total Reduction	18%	24%	27%

Table 2: Allocations in the winter months (November 1 – April 30)

Potable Consumption	Stage 2	Stage 3	Stage 4
	%	%	%
Residential – Single Family	90%	85%	80%
Residential – Multi Family	90%	85%	80%
Commercial	95%	90%	85%
Landscape	80%	75%	50%
Total Consumption	93%	88%	82%
Total Reduction	7%	12%	18%

The total estimated annual cumulative reduction in Stage 2 is **13%**, in Stage 3 **20%**, and in Stage 4 **24%**.

To achieve the demand reduction in Single Family Residential category in Stage 2, Stage 3 and Stage 4, the Board of Directors may authorize per capita allocations that are presented in Table 3. The approach provides a base allocation for a family of three and an additional amount per person for larger households.

Table 3: Single Family Residential budget allocations

Potable Consumption	Stage 2	Stage 3	Stage 4
	GPCD	GPCD	GPCD
May 1 – October 31 SFR Per Capita Usage	54	50	47
November 1 – April 30 SFR Per Capita Usage	42	40	38

Table 1: Allocations in the summer months (May 1—October 31)

Potable Consumption	No Reduction		Stage 2 (15% Reduction)		Stage 3 (20% Reduction)	
	%	MG	%	MG	%	MG
Residential—Single Family	100%	157.7	80%	126.2	75%	118.3
Residential—Multi-Family	100%	16.2	90%	14.6	85%	13.8
Commercial	100%	46.4	95%	44.0	90%	41.7
Landscape	100%	19.6	70%	13.7	50%	9.8
Total Consumption	100%	239.9	83%	198.5	77%	183.6
Total Reduction			17%	41.4	23%	56.3

Table 2: Allocations in the winter months (November 1—April 30)

Potable Consumption	No Reduction		Stage 2 (15% Reduction)		Stage 3 (20% Reduction)	
	%	MG	%	MG	%	MG
Residential—Single Family	100%	100.6	90%	90.6	85%	85.5
Residential—Multi-Family	100%	13.4	90%	12.0	85%	11.3
Commercial	100%	37.4	95%	35.5	90%	33.7
Landscape	100%	6.9	80%	5.5	75%	5.2
Total Consumption	100%	158.3	91%	143.7	86%	135.8
Total Reduction			9%	14.6	14%	22.5

The total estimated annual cumulative reduction in Stage 2 is 56 MG (14%) and in Stage 3 79MG (20%).

To achieve the demand reduction in Single-Family Residential category in Stage 2 and Stage 3, the Board of Directors may authorize per-capita allocations that are presented in Table 3. The approach provides a base allocation for a family of three and an additional amount per person for larger households.

Table 3: Single-Family Residential budget allocations

Potable Consumption	No Reduction		Stage 2		Stage 3	
	GPCD	MG	GPCD	MG	GPCD	MG
May 1—October 31 SFR Per Capita Usage	90	157.7	70	122.9	65	114.2
November 1—April 30 SFR Per Capita Usage	59	100.6	55	96.6	50	87.6

STAFF REPORT - Finance

Scotts Valley Water District

Date: 3/12/20
To: Board of Directors
From: General Manager
Item: Staff Reports 6.3
Subject: **Financial Reports 07/01/19 through 1/31/20**

Summary

Fiscal Year-to-Date (YTD) figures reflect the period of 07/01/19 through 1/31/20. YTD revenues total \$5.2 M and expenses total \$3.8 M.

Revenue

January is the seventh month of the fiscal year and the first month of the January-February potable water billing period. YTD potable water sales revenue is \$2.6 M, water services revenue is \$1.2 M, and new connections revenue is \$396 K. Total YTD revenue in the potable water fund is \$4.8 M, equal to 57% of the budget and 15% higher than the same period last year.

YTD recycled water sales revenue is \$332 K, water services revenue is \$22 K, and revenue from new connections of \$16 K. Total YTD revenue of \$371 K in the recycled water fund equals 47% of the budget, which is 3% lower than for the same period of last fiscal year.

Expenses

Combined operating expenses YTD are below budget, with expenses of \$3.1 M representing 55% of the budget. Project expenditures total \$229 K and the debt service principal payment of \$468K has been made.

Fund Balance

Cash reserves at the end of January were approximately \$4.4 M with another \$0.9 M booked in Accounts Receivable.

Enclosed

Budget Status Balance 07/01/19 – 1/31/20
Budget Status Revenue 07/01/19 – 1/31/20
Budget Status Expense 07/01/19 – 1/31/20
Projects Expense 07/01/19 – 1/31/20
Balance Sheet 1/31/20
Check Register 1/01/20 – 1/31/20
Investment Summary – 1/31/20

Budget Status - Balance



Period: 07/01/19 - 1/31/20

FY Remain: 42%

	FY 2019 YTD Actual	FY 2020 YTD Actual	FY 2020 vs. FY 2019	YOY % change	FY 2020 Budget	FY 2020 Remaining Balance	%
Period: 07/01/19 - 1/31/20 (7 months)							
Potable Water - Fund 01							
Water Sales & Services (R10, R20)	\$ 3,483,617	\$ 3,815,590	\$ 331,973	10%	\$ 6,127,742	\$ 2,312,152	38%
New Connections (R25)	\$ 229,634	\$ 406,215	\$ 176,581	77%	\$ 1,468,132	\$ 1,061,917	72%
Other Revenue (R30, R40)	\$ 491,938	\$ 615,635	\$ 123,697	25%	\$ 940,352	\$ 324,717	35%
Potable Water Total	\$ 4,205,189	\$ 4,837,441	\$ 632,251	15%	\$ 8,536,226	\$ 3,698,785	43%
Recycled Water - Fund 02							
Water Sales & Services (R10, R20)	\$ 343,087	\$ 354,043	\$ 10,956	3%	\$ 535,301	\$ 181,258	34%
New Connections (R25)	\$ 36,317	\$ 15,978	\$ (20,339)	-56%	\$ 90,869	\$ 74,891	82%
Other Revenue (R30, R40)	\$ 2,550	\$ 664	\$ (1,887)	-74%	\$ 170,617	\$ 169,954	100%
Recycled Water Total	\$ 381,954	\$ 370,685	\$ (11,269)	-3%	\$ 796,787	\$ 426,102	53%
TOTAL REVENUE	\$ 4,587,143	\$ 5,208,125	\$ 620,982	14%	\$ 9,333,013	\$ 4,124,888	44%
Expenses - Fund 01 and Fund 02 Combined							
Salaries & Benefits (E01)	\$ 1,621,676	\$ 1,703,136	\$ 81,460	5%	\$ 2,912,312	\$ 1,209,176	42%
Services & Supplies (E03-E80)	\$ 1,284,107	\$ 1,435,388	\$ 151,280	12%	\$ 2,746,154	\$ 1,310,766	48%
Project Expenses	\$ 521,138	\$ 228,589	\$ (292,549)	-56%	\$ 4,412,000	\$ 4,183,411	95%
Debt Service - Principal	\$ 460,030	\$ 468,579	\$ 8,549	2%	\$ 460,030	\$ (8,549)	-2%
TOTAL EXPENSES *	\$ 3,886,951	\$ 3,835,691	\$ (51,260)	-1%	\$ 10,530,496	\$ 6,694,805	64%
NET REVENUE	\$ 700,192	\$ 1,372,434	\$ 672,242		\$ (1,197,483)	\$ (2,569,917)	
Period: 07/01/19 - 1/31/20 (7 months)							
Total Revenue	\$ 4,587,143	\$ 5,208,125	\$ 620,982	14%	\$ 9,333,013	\$ 4,124,888	44%
Total Expenses *	\$ 3,886,951	\$ 3,835,691	\$ (51,260)	-1%	\$ 10,530,496	\$ 6,694,805	64%
Net Revenue	\$ 700,192	\$ 1,372,434	\$ 672,242		\$ (1,197,483)		
Period: 07/01/19 - 12/31/19 (6 months)							
Total Revenue	\$ 3,681,771	\$ 4,189,494	\$ 507,723	14%	\$ 9,333,013	\$ 5,143,519	55%
Total Expenses *	\$ 3,404,925	\$ 3,364,695	\$ (40,230)	-1%	\$ 10,530,496	\$ 7,165,801	68%
Net Revenue	\$ 276,846	\$ 824,800	\$ 547,954		\$ (1,197,483)		

* Expense totals do not include depreciation expense

Budget Status - Revenue



Period: 07/01/19 - 1/31/20

FY Remain: 42%

Fund 01	Potable Water	FY 2019 YTD Actual	FY 2020 YTD Actual	FY 2020 vs. FY 2019	YOY % change	FY 2020 Budget	FY 2020 Remaining Balance	%
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	\$ 1,376,386	\$ 1,474,086	\$ 97,700	7%	\$ 2,321,579	\$ 847,493	37%
01-000-41102	Residential Consumption - MF	\$ 91,457	\$ 100,392	\$ 8,935	10%	\$ 167,537	\$ 67,145	40%
01-000-41103	CII Consumption - Commercial	\$ 635,447	\$ 691,882	\$ 56,435	9%	\$ 1,231,742	\$ 539,860	44%
01-000-41106	CII Consumption - Other	\$ 60,089	\$ 90,523	\$ 30,434	51%	\$ -	\$ (90,523)	
01-000-41105	Irrigation Consumption	\$ 227,754	\$ 261,522	\$ 33,768	15%	\$ 324,929	\$ 63,407	20%
01-000-41200	Other - Bulk Water	\$ 25,904	\$ 19,436	\$ (6,467)	-25%	\$ 16,000	\$ (3,436)	-21%
	R10 Sub Totals:	\$ 2,417,036	\$ 2,637,841	\$ 220,805	9%	\$ 4,061,787	\$ 1,423,946	35%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 17,680	\$ 16,080	\$ (1,600)	-9%	\$ 27,260	\$ 11,180	41%
01-000-42100	Standby Basic Meter Charge	\$ 1,013,366	\$ 1,122,737	\$ 109,371	11%	\$ 1,975,029	\$ 852,292	43%
01-000-42121	Standby FP Basic Meter Charge	\$ 28,011	\$ 32,508	\$ 4,497	16%	\$ 50,397	\$ 17,889	35%
01-000-43300	Other Operating Revenue	\$ 7,525	\$ 6,425	\$ (1,100)	-15%	\$ 13,269	\$ 6,844	52%
	R20 Sub Totals:	\$ 1,066,582	\$ 1,177,750	\$ 111,168	10%	\$ 2,065,955	\$ 888,205	43%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ 3,178	\$ 6,189	\$ 3,011	95%	\$ 12,093	\$ 5,904	49%
01-000-42102	Other Capacity Fee	\$ 223,271	\$ 396,764	\$ 173,493	78%	\$ 1,448,187	\$ 1,051,423	73%
01-000-42120	Other FP Meter Fee	\$ 1,340	\$ 2,512	\$ 1,172	87%	\$ 4,946	\$ 2,434	49%
01-000-43100	Other Will Serve	\$ 500	\$ 750	\$ 250	50%	\$ 788	\$ 38	5%
01-000-43200	Other Dev Proj Review	\$ 1,345	\$ -	\$ (1,345)	-100%	\$ 2,118	\$ 2,118	100%
	R25 Sub Totals:	\$ 229,634	\$ 406,215	\$ 176,581	77%	\$ 1,468,132	\$ 1,061,917	72%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ 464,353	\$ 524,791	\$ 60,438	13%	\$ 920,746	\$ 395,955	43%
01-000-47110	Interest & Dividend	\$ 2,979	\$ 16	\$ (2,963)	-99%	\$ 4,869	\$ 4,853	100%
01-000-47120	Interest - LAIF	\$ 7,452	\$ 17,052	\$ 9,600	129%	\$ 11,737	\$ (5,315)	-45%
01-000-47520	Misc. Non-Operating Revenue	\$ 16,434	\$ 73,776	\$ 57,342	349%	\$ 3,000	\$ (70,776)	-2359%
	R30 Sub Totals:	\$ 491,218	\$ 615,635	\$ 124,417	25%	\$ 940,352	\$ 324,717	35%
R40	Non-Operating Revenue - Grants							
01-000-45260	Local Grant - ACWA JPIA	\$ 720	\$ -	\$ (720)	-100%	\$ -	\$ -	
	R40 Sub Totals:	\$ 720	\$ -	\$ (720)	-100%	\$ -	\$ -	
	Fund 01 Revenue:	\$ 4,205,189	\$ 4,837,441	\$ 632,251	15%	\$ 8,536,226	\$ 3,698,785	43%
	Fund 01 Rev Excl Grants & Cap Contributions	\$ 4,204,469	\$ 4,837,441	\$ 632,971	15%	\$ 8,536,226	\$ 3,698,785	43%

Budget Status - Revenue



Period: 07/01/19 - 1/31/20

FY Remain: 42%

		FY 2019 YTD Actual	FY 2020 YTD Actual	FY 2020 vs. FY 2019	YOY % change	FY 2020 Budget	FY 2020 Remaining Balance	%
Fund 02	Recycled Water							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 313,466	\$ 327,961	\$ 14,496	5%	\$ 465,177	\$ 137,216	29%
02-000-41200	Other - Bulk Water	\$ 15,165	\$ 3,821	\$ (11,344)	-75%	\$ 25,000	\$ 21,179	85%
	R10 Sub Totals:	\$ 328,631	\$ 331,783	\$ 3,152	1%	\$ 490,177	\$ 158,394	32%
R20	Operating Revenue - Water Services							
02-000-42100	Standby Basic Meter Charge	\$ 14,356	\$ 22,261	\$ 7,904	55%	\$ 45,124	\$ 22,863	51%
02-000-43300	Other Operating Revenue	\$ 100	\$ -	\$ (100)	-100%	\$ -	\$ -	-
	R20 Sub Totals:	\$ 14,456	\$ 22,261	\$ 7,804	54%	\$ 45,124	\$ 22,863	51%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ 448	\$ 327	\$ (121)	73%	\$ -	\$ (327)	-
02-000-42102	Other Capacity Fee	\$ 35,869	\$ 15,651	\$ (20,218)	-56%	\$ 90,869	\$ 75,218	83%
	R25 Sub Totals:	\$ 36,317	\$ 15,978	\$ (20,339)	-56%	\$ 90,869	\$ 74,891	82%
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ 2,550	\$ 664	\$ (1,887)	-74%	\$ 7,598	\$ 6,935	91%
02-000-47560	Reduction of RW Entitlement	\$ -	\$ -	\$ -	-	\$ 163,019	\$ 163,019	100%
	R30 Sub Totals:	\$ 2,550	\$ 664	\$ (1,887)	-74%	\$ 170,617	\$ 169,954	100%
	Fund 02 Revenue:	\$ 381,954	\$ 370,685	\$ (11,269)	-3%	\$ 796,787	\$ 426,102	53%
	Fund 02 Rev Excl Grants & Cap Contributions	\$ 381,954	\$ 370,685	\$ (11,269)	-3%	\$ 796,787	\$ 426,102	53%
Revenue Totals:		\$ 4,587,143	\$ 5,208,125	\$ 620,982	14%	\$ 9,333,013	\$ 4,124,888	44%
Revenue Total Excl Grants & Cap Contributions		\$ 4,586,423	\$ 5,208,125	\$ 621,702	14%	\$ 9,333,013	\$ 4,124,888	44%

Budget Status - Expense



Period: 07/01/19 - 1/31/20

FY Remain: 42%

		FY 2019 YTD Actual	FY 2020 YTD Actual	FY 2020 vs. FY 2019	YOY % change	FY 2020 Budget	FY 2020 Remaining Balance	%
Fund 01 and Fund 02 Combined								
Dept	Administration							
E01	Salaries & Benefits (2.5 FTE)	\$ 316,664	\$ 367,908	\$ 51,244	16%	\$ 571,864	\$ 203,956	36%
E03	General & Admin - Services	\$ 157,123	\$ 169,834	\$ 12,712	8%	\$ 326,074	\$ 156,240	48%
E05	General & Admin - Supplies	\$ 12,317	\$ 14,458	\$ 2,142	17%	\$ 17,550	\$ 3,092	18%
E10	Source of Supply	\$ 127,567	\$ 148,521	\$ 20,954	16%	\$ 381,821	\$ 233,300	61%
	Dept 100 Sub Totals:	\$ 613,671	\$ 700,722	\$ 87,052	14%	\$ 1,297,309	\$ 596,587	46%
				Includes 1.0 FTE Admin Office Assistant (offset by Non-Operating Revenue)				
Dept	Finance/Customer Service							
E01	Salaries & Benefits (4 FTE)	\$ 233,753	\$ 319,257	\$ 85,504	37%	\$ 537,783	\$ 218,526	41%
E03	General & Admin - Services	\$ 103,474	\$ 94,825	\$ (8,649)	-8%	\$ 205,303	\$ 110,478	54%
E05	General & Admin - Supplies	\$ -	\$ 200	\$ 200		\$ 9,000	\$ 8,800	98%
E35	Customer Accounts	\$ 55,510	\$ 104,272	\$ 48,762	88%	\$ 180,138	\$ 75,866	42%
E70	Other	\$ 499	\$ 1,008	\$ 509	102%	\$ 1,000	\$ (8)	-1%
E80	Debt Service - Interest	\$ 47,443	\$ 43,083	\$ (4,360)	-9%	\$ 86,358	\$ 43,275	50%
	Dept 200 Sub Totals:	\$ 440,678	\$ 562,644	\$ 121,967	28%	\$ 1,019,582	\$ 456,938	45%
				FY 20 includes W.U.E. Coordinator & Services/Supplies				
Dept	Operations							
E01	Salaries & Benefits (11 FTE)	\$ 892,893	\$ 904,434	\$ 11,541	1%	\$ 1,589,424	\$ 684,990	43%
E03	General & Admin - Services	\$ 89,156	\$ 126,668	\$ 37,513	42%	\$ 192,400	\$ 65,732	34%
E05	General & Admin - Supplies	\$ 17,219	\$ 16,270	\$ (950)	-6%	\$ 30,500	\$ 14,230	47%
E07	General Production	\$ 53,971	\$ 74,763	\$ 20,792	39%	\$ 86,100	\$ 11,337	13%
E10	Source of Supply	\$ 1,992	\$ 111,827	\$ 109,835	5514%	\$ 130,000	\$ 18,173	14%
E15	Pumping	\$ 211,823	\$ 274,816	\$ 62,993	30%	\$ 386,930	\$ 112,114	29%
E20	Water Treatment	\$ 158,824	\$ 153,132	\$ (5,692)	-4%	\$ 448,000	\$ 294,868	66%
E25	Transmission & Distribution	\$ 77,414	\$ 52,943	\$ (24,472)	-32%	\$ 134,100	\$ 81,157	61%
E35	Conservation	\$ -	\$ -	\$ -		\$ 2,000	\$ 2,000	100%
E70	Other	\$ 116,781	\$ 21,619	\$ (95,162)	-81%	\$ -	\$ (21,619)	
	Dept 300 Sub Totals:	\$ 1,620,073	\$ 1,736,471	\$ 116,398	7%	\$ 2,999,454	\$ 1,262,983	42%
Dept	Engineering							
E01	Salaries & Benefits (1 FTE)	\$ 52,348	\$ 52,894	\$ 546	1%	\$ 95,241	\$ 42,347	44%
E03	General & Admin - Services	\$ 26,544	\$ 22,174	\$ (4,370)	-16%	\$ 90,210	\$ 68,036	75%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 1,000	\$ 1,000	100%
	Dept 400 Sub Totals:	\$ 78,892	\$ 75,068	\$ (3,824)	-5%	\$ 186,451	\$ 111,383	60%
Dept	WUE/Conservation							
E01	Salaries & Benefits	\$ 59,538	\$ -	\$ (59,538)	-100%	\$ -	\$ -	
E03	General & Admin - Services	\$ 4,138	\$ -	\$ (4,138)	-100%	\$ -	\$ -	
E05	General & Admin - Supplies	\$ 16,512	\$ -	\$ (16,512)	-100%	\$ -	\$ -	
	Dept 500 Sub Totals:	\$ 80,188	\$ -	\$ (80,188)	-100%	\$ -	\$ -	
Dept	Board of Directors							
E01	Salaries & Benefits (7)	\$ 66,480	\$ 58,642	\$ (7,837)	-12%	\$ 118,000	\$ 59,358	50%
E03	General & Admin - Services	\$ 5,726	\$ 4,975	\$ (751)	-13%	\$ 22,820	\$ 17,845	78%
E05	General & Admin - Supplies	\$ 76	\$ -	\$ (76)	-100%	\$ 850	\$ 850	100%
	Dept 900 Sub Totals:	\$ 72,282	\$ 63,618	\$ (8,664)	-12%	\$ 141,670	\$ 78,052	55%

Budget Status - Expense



Period: 07/01/19 - 1/31/20

FY Remain: 42%

		FY 2019 YTD Actual	FY 2020 YTD Actual	FY 2020 vs. FY 2019	YOY % change	FY 2020 Budget	FY 2020 Remaining Balance	%
Summary								
E01	Salaries & Benefits	\$ 1,621,676	\$ 1,703,136	\$ 81,460	5%	\$ 2,912,312	\$ 1,209,176	42%
E03	General & Admin - Services	\$ 386,160	\$ 418,477	\$ 32,317	8%	\$ 836,807	\$ 418,330	50%
E05	General & Admin - Supplies	\$ 46,124	\$ 30,928	\$ (15,196)	-33%	\$ 58,900	\$ 27,972	47%
E07	General Production	\$ 53,971	\$ 74,763	\$ 20,792	39%	\$ 86,100	\$ 11,337	13%
E10	Source of Supply	\$ 129,559	\$ 260,348	\$ 130,789	101%	\$ 511,821	\$ 251,473	49%
E15	Pumping	\$ 211,823	\$ 274,816	\$ 62,993	30%	\$ 386,930	\$ 112,114	29%
E20	Water Treatment	\$ 158,824	\$ 153,132	\$ (5,692)	-4%	\$ 448,000	\$ 294,868	66%
E30	Conservation	\$ -	\$ -	\$ -		\$ 2,000	\$ 2,000	100%
E25	Transmission & Distribution	\$ 77,414	\$ 52,943	\$ (24,472)	-32%	\$ 134,100	\$ 81,157	61%
E35	Customer Accounts	\$ 56,009	\$ 104,272	\$ 48,263	86%	\$ 181,138	\$ 75,858	42%
E70	Other	\$ 116,781	\$ 22,627	\$ (94,154)	-81%	\$ -	\$ (21,619)	
E80	Debt Service - Interest	\$ 47,443	\$ 43,083	\$ (4,360)	-9%	\$ 86,358	\$ 43,275	50%
	Purchase Order Carryover					\$ 14,000		
District Expense Total:		\$ 2,905,783	\$ 3,138,523	\$ 232,740	8%	\$ 5,658,466	\$ 2,505,943	44%
Fund 01 and 02 Combined								
E01	Salaries & Benefits	\$ 1,621,676	\$ 1,703,136	\$ 81,460	5%	\$ 2,912,312	\$ 1,209,176	42%
E03-E80	Services & Supplies	\$ 1,284,107	\$ 1,435,388	\$ 151,280	12%	\$ 2,732,154	\$ 1,296,766	47%
	Purchase Order Carryover					\$ 14,000		
District Expense Total:		\$ 2,905,783	\$ 3,138,523	\$ 232,740	8%	\$ 5,658,466	\$ 2,505,943	44%

Projects - Expense



Period: 07/01/19 - 1/31/20

FY Remain: 42%

		FY 2020 YTD Actual	FY 2020 Budget	FY 2020 Remaining Balance	%
Fund 01 and Fund 02 Combined					
Project	Description				
C15016	Accounting & UB S/W Replacement	\$ -	\$ 20,000	\$ 20,000	100%
C15021	Purified Recycled Water Recharge	\$ 4,182	\$ 525,000	\$ 520,818	99%
C16023	Orchard Run WTP Improvements	\$ -	\$ 2,200,000	\$ 2,200,000	100%
C16024	Bethany Tank Rehabilitation	\$ 21,258	\$ 200,000	\$ 178,742	89%
M17011	Meter Replacement Program	\$ 90,401	\$ 150,000	\$ 59,599	40%
C17011	AMI Technology for Meters	\$ 65,674	\$ 200,000	\$ 134,326	67%
C17018	Specialized Operations Vehicle	\$ 3,650	\$ 230,000	\$ 226,350	98%
C18035	Sequoia Tank Rehabilitation	\$ 4,684	\$ 400,000	\$ 395,316	99%
C19020	El Pueblo WTP Improvements	\$ -	\$ 100,000	\$ 100,000	100%
C19030	Hacienda Pump Station Improvements	\$ 10,740	\$ 100,000	\$ 89,260	89%
C20010	Main Replacement Program - PW	\$ 1,107	\$ 150,000	\$ 148,893	99%
C20040	Administrative Building Improvements	\$ 26,893	\$ 50,000	\$ 23,107	46%
tbd	FY 20 Vehicle Replacement Program	\$ -	\$ 37,000	\$ 37,000	100%
tbd	Treatment Facility for New Production Well	\$ -	\$ 50,000	\$ 50,000	100%
Projects Expense Totals:		\$ 228,589	\$ 4,412,000	\$ 4,183,411	95%

Balance Sheet



Fund 01 and Fund 02 Combined

	1/31/19	1/31/20
Assets		
Cash	\$2,476,988	\$4,393,793
Investment	\$308,937	\$0
Accrued Interest	\$1,494	\$13,283
A/R Customer-Water	\$798,537	\$905,547
A/R - Other	\$167,710	\$259,482
Interfund Loan Receivable	\$368,440	\$888,040
Inventory	\$211,827	\$232,601
Prepaid Expense	\$51,914	\$63,200
Note Receivable	\$392,431	\$229,412
JPA Investment	\$0	\$332,010
Land & Right-of-ways	\$650,697	\$650,697
Construction-in-progress	\$595,412	\$656,500
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$37,471,983	\$38,053,522
Depreciation/Amortization	(\$21,672,284)	(\$22,757,538)
Loss on Defeasance of Debt	\$36,171	\$0
Deferred Pension Outflows	\$656,179	\$680,989
Deferred OPEB Liability	\$0	\$153,549
	\$27,784,269	\$30,022,920
Liabilities		
A/P & Accrued Expenses	\$9,620	\$2,661
Accrued Interest Payable	\$0	\$2,000
Customer Deposits	\$53,000	\$70,210
Interfund Loans	\$368,440	\$888,040
LT Liabilities Due in 1 Yr	\$25,862	\$30,508
Unearned Revenue	(\$74,231)	\$68,053
Long-term Liabilities	\$10,168,744	\$9,589,006
Deferred Pension Inflows	\$183,523	\$212,281
	\$10,734,958	\$10,862,759
Fund Balance		
Investment in Capital Assets	\$16,664,117	\$16,974,413
Unrestricted Net Position	(\$1,297,530)	\$116,146
	\$15,366,587	\$17,090,559
Total Liabilities and Fund Balance:	\$26,101,545	\$27,953,318
Total Retained Earnings:	\$1,682,724	\$2,069,602
Total Fund Balance and Retained Earnings:	\$17,049,311	\$19,160,161
Total Liabilities, Fund Balance, and Retained Earnings:	\$27,784,269	\$30,022,920

Scotts Valley Water District
AP Check Register
January 2020

Vendor Name	Check Date	Check No.	Check Amount	Description
ACWA/JPIA	1/10/2020	28355	\$ 38,111.99	EE and Retiree Benefits - Feb 2020
AFLAC	1/10/2020	28356	\$ 380.18	EE Self-Funded Supplemental Benefits - Dec 2019
AFLAC	1/24/2020	28413	\$ 570.27	EE Self-Funded Supplemental Benefits - Jan 2020
AFSCME COUNCIL 57	1/24/2020	28414	\$ 564.33	Union Dues - Feb 2020
ANDERSON & CO	1/24/2020	28415	\$ 3,024.38	Customer Rebate - Lawn Replacement
BADGER METER	1/10/2020	28357	\$ 12,338.37	Meter Purchases - Qty: 90
BADGER METER	1/10/2020	28357	\$ 8,926.17	AMI Endpoints - Qty: 90
BADGER METER	1/10/2020	28357	\$ 59.63	Cell Charge for RW Meter Reads - Dec 2019
BADGER METER	1/10/2020	28357	\$ 2,856.90	Cell Charge for PW Meter Reads - Dec 2019
BATTERIES PLUS BULBS #314	1/10/2020	28358	\$ 243.27	Southwood Tank Battery
BATTERIES PLUS BULBS #314	1/10/2020	28358	\$ 11.72	Key Battery
BATTERIES PLUS BULBS #314	1/10/2020	28358	\$ 218.42	Mt Roberta Tank Battery
BAYSIDE EQUIPMENT COMPANY	1/10/2020	28359	\$ 1,398.01	Generator Rental @ Sandhill Booster - 11/9-12/5
BAYSIDE EQUIPMENT COMPANY	1/10/2020	28359	\$ 1,248.51	Generator Rental @ Hacienda Booster - 11/9-12/20
BRENNTAG PACIFIC INC	1/24/2020	28416	\$ 5,631.03	Water Treatment Chemicals
BULLOCK SUSAN	1/10/2020	28361	\$ 50.00	Customer Rebate - Pressure Regulator
CITY OF SCOTTS VALLEY	1/24/2020	28417	\$ 320.00	Bacti Samples - Dec 2019
CITY OF SCOTTS VALLEY	1/24/2020	28418	\$ 24,405.51	Tertiary Treatment Plant Expenses - Q1 FY2020
CIVIL CONSULTANTS GROUP INC	1/24/2020	28419	\$ 2,000.00	Hacienda PS Improvements Task 2: Planning Coordination
CIVIL CONSULTANTS GROUP INC	1/24/2020	28419	\$ 5,600.00	Hacienda PS Improvements Task 1: Surveying
CIVIL CONSULTANTS GROUP INC	1/24/2020	28419	\$ 1,340.00	Hacienda PS Improvements Task 3: Piping Plan
CIVIL CONSULTANTS GROUP INC	1/24/2020	28419	\$ 500.00	Hacienda PS Improvements Task 5: Road Improvements
CIVIL CONSULTANTS GROUP INC	1/24/2020	28419	\$ 1,300.00	Hacienda PS Improvements Task 4: Enclosure & Interior Plans
CIVIL CONSULTANTS GROUP INC	1/10/2020	28362	\$ 840.00	Bethany 2nd Tank Addition Task 3: Oversee Geotech / Geologist
COUNTY OF SANTA CRUZ	1/10/2020	28363	\$ 307.50	Landfill Waste - Dec 2019
CRIVELLO SHEELAGH	1/10/2020	28364	\$ 100.00	Customer Rebate - Toilet
CSMFO	1/24/2020	28420	\$ 110.00	Annual CSMFO Membership - Kurns
DASSELS PETROLEUM	1/10/2020	28365	\$ 929.35	Vehicle Fuel - Dec 2019
DAVIS LYNN	1/24/2020	28421	\$ 1,238.25	Customer Rebate - Pressure Regulator
DELOACH & ASSOCIATES INC	1/24/2020	28422	\$ 2,180.00	Strategic Planning Workshop Facilitation
DITTERT LASZLO	1/24/2020	28423	\$ 1,104.00	Customer Rebate - Lawn Replacement / Low Volume Irrigation
EUROFINS EATON ANALYTICAL	1/10/2020	28366	\$ 3,815.00	Lab Testing for Water Quality
EXCEEDIO	1/10/2020	28367	\$ 983.00	Managed Services: SCADA - Jan 2020
EXCEEDIO	1/10/2020	28367	\$ 5,320.10	Managed Services: HaaS/SaaS/ITaaS - Jan 2020
EXCEEDIO	1/10/2020	28367	\$ 9.81	Display Cable
EXCEEDIO	1/24/2020	28425	\$ 5,320.10	Managed Services: HaaS/SaaS/ITaaS - Feb 2020
EXCEEDIO	1/24/2020	28425	\$ 983.00	Managed Services: SCADA - Feb 2020
GALLI PAUL	1/24/2020	28426	\$ 729.88	Customer Rebate - Lawn Replacement
GRAINGER	1/24/2020	28427	\$ 283.53	Treatment Plant Maint - Eye Wash Station
GRANITE CONSTRUCTION CO	1/24/2020	28428	\$ 734.44	Crushed Rock & Asphalt - El Pueblo WTP Parking
GRANITE ROCK COMPANY	1/10/2020	28368	\$ 164.04	Small Tools - Asphalt Lute
GREEN WASTE RECOVERY INC	1/10/2020	28369	\$ 135.18	Quarterly Trash Service - 2 Civic Ctr
GREEN WASTE RECOVERY INC	1/10/2020	28369	\$ 254.53	Trash Service - El Pueblo - Dec 2019
GUTTERPATROL & WINDOWSHINE	1/24/2020	28429	\$ 2,175.00	Roof Gutter & Downspout Cleaning - Glenwood, Bethany, MacDorsa Tanks
HACH COMPANY	1/24/2020	28430	\$ 1,314.31	Chlorine Analyzer Repair
HAYASHI BILL	1/10/2020	28370	\$ 50.00	Customer Rebate - Pressure Regulator
HEALTH EQUITY INC	1/24/2020	28431	\$ 38.35	HSA Admin Fees - Dec 2019
HEALTH EQUITY INC	1/24/2020	28431	\$ 41.30	HSA Admin Fees - Jan 2020
ICON CLOUD SOLUTIONS LLC	1/10/2020	28371	\$ 120.12	Phone Service - OPS - Jan 2020
ICON CLOUD SOLUTIONS LLC	1/10/2020	28371	\$ 346.97	Phone Service - Jan 2020
ICONIX WATERWORKS (US) INC	1/10/2020	28372	\$ 39.78	Main Maint - Gaskets
ICONIX WATERWORKS (US) INC	1/10/2020	28372	\$ 121.75	Service Line Maint - Couplings
ICONIX WATERWORKS (US) INC	1/10/2020	28372	\$ 3,370.96	Main Maint - Combo Air Release Valves
ICONIX WATERWORKS (US) INC	1/24/2020	28432	\$ 802.69	Gear Operator - Orchard Booster Pump
INDEPENDENT CONSTRUCTION	1/10/2020	28373	\$ 2,000.00	Refund Deposit - PW Bulk Meter
INDEPENDENT ELECTRIC SUPPLY	1/10/2020	28374	\$ 1,081.67	Electrical Supplies - Generator Install @ 2 Civic Ctr
INFOSEND	1/10/2020	28375	\$ 297.44	UB Past Due Printing & Mailing - Nov 2019
INFOSEND	1/24/2020	28433	\$ 640.04	UB Inserts Printing & Mailing - Dec 2019
INFOSEND	1/24/2020	28433	\$ 1,765.60	UB Statements Printing & Mailing - Dec 2019
JACKSON LYNN	1/10/2020	28376	\$ 330.00	Landscape Maint - 2 Civic Ctr - Dec 2019
JOHN SEMSEN LANDSCAPING CO	1/10/2020	28377	\$ 2,000.00	Refund Deposit - RW Bulk Meter
KBA DOCUMENT SOLUTIONS LLC	1/10/2020	28378	\$ 275.99	Copier Maint & Printing Costs - Dec 2019
KBA DOCUSYS INC	1/10/2020	28379	\$ 394.18	Copier Lease - Dec 2019
KETELSEN SHANNAN	1/24/2020	28434	\$ 469.35	Customer Rebate - Lawn Replacement
LARRY'S AUTO CARE	1/10/2020	28380	\$ 150.00	Vehicle Maint - Smog Checks - Truck #8 9 12
LAS ANIMAS CONCRETE	1/10/2020	28381	\$ 372.16	Main Maint - Sand Slurry
LAUNCH BRIGADE	1/10/2020	28382	\$ 75.00	Add'l Website Maint - Calendar Instructions
LAW OFFICE OF ROBERT E BOSSO	1/10/2020	28383	\$ 3,000.00	Legal Counsel Services - Dec 2019
MCAIR DAVID	1/24/2020	28435	\$ 65.32	T - ACWA Fall Conf - McNair - Mileage & Per Diem

Scotts Valley Water District
AP Check Register
January 2020

Vendor Name	Check Date	Check No.	Check Amount	Description
MILLER MAXFIELD INC	1/10/2020	28384	\$ 2,975.00	Communication / Public Outreach Services - Dec 2019
MISSION UNIFORM SERVICE	1/10/2020	28385	\$ 398.39	Uniform Laundering & Rental Service - Dec 2019
MONRO INC	1/10/2020	28386	\$ 29.50	Vehicle Maint - Flat Repair - Truck #11
MONRO INC	1/10/2020	28386	\$ 29.50	Vehicle Maint - Flat Repair - Truck #20
MONTGOMERY & ASSOCIATES INC	1/24/2020	28436	\$ 400.00	GW Elevation Data Collection - Dec 2019
MONTGOMERY & ASSOCIATES INC	1/24/2020	28436	\$ 3,239.00	2019 Annual GW Report - Dec 2019
MORRISON DON	1/10/2020	28387	\$ 10.00	UB Refund Check 006429-000
MUETING TERESA	1/24/2020	28437	\$ 495.35	UB Refund Check 006179-000
NAPA AUTO PARTS	1/10/2020	28388	\$ 10.60	Vehicle Maint - Taillights - Truck #11
NAPA AUTO PARTS	1/10/2020	28388	\$ 24.01	Spill Absorbant
NAPA AUTO PARTS	1/10/2020	28388	\$ 32.56	Vehicle Maint - Windshield Wipers - Truck #2
NAPA AUTO PARTS	1/10/2020	28388	\$ 85.45	Small Tools - Impact Socket
NATIONWIDE RETIREMENT SOLUTIONS	1/10/2020	28389	\$ 2,708.86	IRS 457 Plan - Payroll Date 1/3/2020
NATIONWIDE RETIREMENT SOLUTIONS	1/10/2020	28390	\$ 4,293.48	IRS 457 Plan - Payroll Date 12/20/19
NATIONWIDE RETIREMENT SOLUTIONS	1/24/2020	28438	\$ 2,508.86	IRS 457 Plan - Payroll Date 1/17/2020
OLIVE SPRINGS QUARRY	1/10/2020	28391	\$ 105.07	Main Maint - Pavement Mix
OTTEM ERIK	1/10/2020	28392	\$ 50.00	Customer Rebate - Pressure Regulator
PACIFIC GAS & ELECTRIC	1/10/2020	28393	\$ 1,309.98	Electricity - 2 Civic Ctr - Dec 2019
PACIFIC GAS & ELECTRIC	1/10/2020	28393	\$ 31,991.22	Electricity - PW - Dec 2019
PACIFIC GAS & ELECTRIC	1/10/2020	28393	\$ 107.54	Electricity - RW - Dec 2019
PALACE BUSINESS SOLUTIONS	1/24/2020	28439	\$ 341.30	Office Supplies - Calendar, Pens, White Out, Hanging Files & Folders
PAPE MATERIAL HANDLING	1/24/2020	28440	\$ 205.36	Vehicle Maint - Forklift Service
PAPE MATERIAL HANDLING	1/24/2020	28440	\$ 1,381.29	Vehicle Maint - Backhoe Thermostat Repair
PAPE MATERIAL HANDLING	1/24/2020	28440	\$ 566.48	Vehicle Maint - Backhoe Service
PAPE MATERIAL HANDLING	1/24/2020	28440	\$ 516.90	Vehicle Maint - Excavator Service
PAPE MATERIAL HANDLING	1/24/2020	28440	\$ 317.28	Vehicle Maint - Air Compressor Trailer Service
PERRI CHRISTOPHER	1/24/2020	28441	\$ 1,643.80	Director Medical - Jan 2020
PETERSON CATERPILLAR	1/10/2020	28395	\$ 1,059.45	Generator Maint - Monte Fiori Pump Station
PETERSON CATERPILLAR	1/10/2020	28395	\$ 15.89	Finance Charge
REBER DANIEL	1/24/2020	28442	\$ 2,044.39	Director Medical - Jan 2020
RICHARDS LINDA	1/24/2020	28443	\$ 50.00	Customer Rebate - Pressure Regulator
RIVERSIDE LIGHTING	1/10/2020	28396	\$ 83.74	Fuses - Orchard Run WTP Comp
SALINAS PUMP CO	1/24/2020	28444	\$ 20,405.37	Pull Inspect & Recondition Motor - Orchard Run Booster Pump
SANTA CRUZ COUNTY TAX COLLECTOR	1/10/2020	28397	\$ 370.79	FY2020 Property Taxes (2nd Pymt) - Parcel #09712112
SANTA CRUZ COUNTY TAX COLLECTOR	1/10/2020	28397	\$ 129.03	FY2020 Property Taxes (2nd Pymt) - Parcel #09512114
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28398	\$ 79.06	Meter Maint - Pliers & Sprayer
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28398	\$ 82.78	Treatment Plant Maint - Graffiti Remover & Trash Bags
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28398	\$ 10.76	Well Sounding - Misc Supplies
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28398	\$ 33.88	Tank Maint - Temporary Fence @ Bethany Tank
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28398	\$ 45.61	Main Maint - Concrete
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 25.65	Finance Charge
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 242.50	Small Tools - Hex Key, Pry Bar, Step Stool, Hammer, Diesel Sprayer, Hole Tamper
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 21.57	WUE Supplies - Frost Blanket
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 50.81	Misc Supplies - Generator Install @ 2 Civic Ctr
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 112.38	Office & Kitchen Supplies - OPS
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 243.66	Treatment Plant Maint - Compressor Install Supplies
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 73.32	Safety Supplies - Flashlight, Gloves
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 114.59	Valve Repair / Sump Cleaning Supplies
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 24.80	Window Coverings @ RW Fill Station
SCARBOROUGH LUMBER & BUILDING SUPPLY	1/10/2020	28399	\$ 234.08	OPS Supplies - Aerator, Gaskets, Batteries, Grease, Lumber, Fittings
SCOTTS VALLEY BANNER - VALLEY PRESS	1/10/2020	28400	\$ 265.00	SV Banner Ad - Board Vacancy
SCOTTS VALLEY BANNER - VALLEY PRESS	1/10/2020	28400	\$ 252.00	SV Banner Ad - I-Meters 12/6
SCOTTS VALLEY BANNER - VALLEY PRESS	1/10/2020	28400	\$ 260.00	SV Banner Ad - SMGWB
SCOTTS VALLEY BANNER - VALLEY PRESS	1/24/2020	28445	\$ 234.00	SV Banner Ad - I-Meters 1/17
SHRED IT	1/10/2020	28401	\$ 119.15	Document Destruction - Dec 2019
SOIL CONTROL LAB	1/10/2020	28402	\$ 582.00	Water Quality Testing
SPRINGBROOK SOFTWARE LLC	1/24/2020	28447	\$ 193.00	Web Payment Transaction Fees - Dec 2019
STEVENSON LANDSCAPING	1/10/2020	28403	\$ 855.00	Landscaping at Misc Locations - Dec 2019
STILES RUTH	1/24/2020	28448	\$ 821.90	Director Medical - Jan 2020
SWRCB-DWOCP	1/10/2020	28404	\$ 90.00	D3 Cert - DeBrito
SWRCB-DWOCP	1/10/2020	28405	\$ 90.00	T3 Cert - DeBrito
SYCAL ENGINEERING INC	1/24/2020	28449	\$ 2,395.00	Engineering Services for SCADA - Dec 2019
UNITED SITE SERVICES	1/24/2020	28450	\$ 183.01	Portable Toilet Rental - Orchard Run WTP - Jan 2020
UNITED SITE SERVICES	1/24/2020	28450	\$ 660.68	Bethany Tank Rehab - Fence Rental - Delivery & Setup Costs
UNITED SITE SERVICES	1/10/2020	28406	\$ 186.20	Portable Toilet Rental - 229 Mt Hermon - Dec 2019
UNITED SITE SERVICES	1/10/2020	28406	\$ 183.01	Portable Toilet Rental - Orchard Run WTP - Dec 2019
UNIVERSAL BUILDING SERVICES	1/10/2020	28407	\$ 355.00	Janitorial Service - El Pueblo - Dec 2019
UNIVERSAL BUILDING SERVICES	1/10/2020	28407	\$ 437.00	Janitorial Service - 2 Civic Ctr - Dec 2019
UNIVERSAL BUILDING SERVICES	1/24/2020	28451	\$ 99.48	Bathroom Supplies - OPS

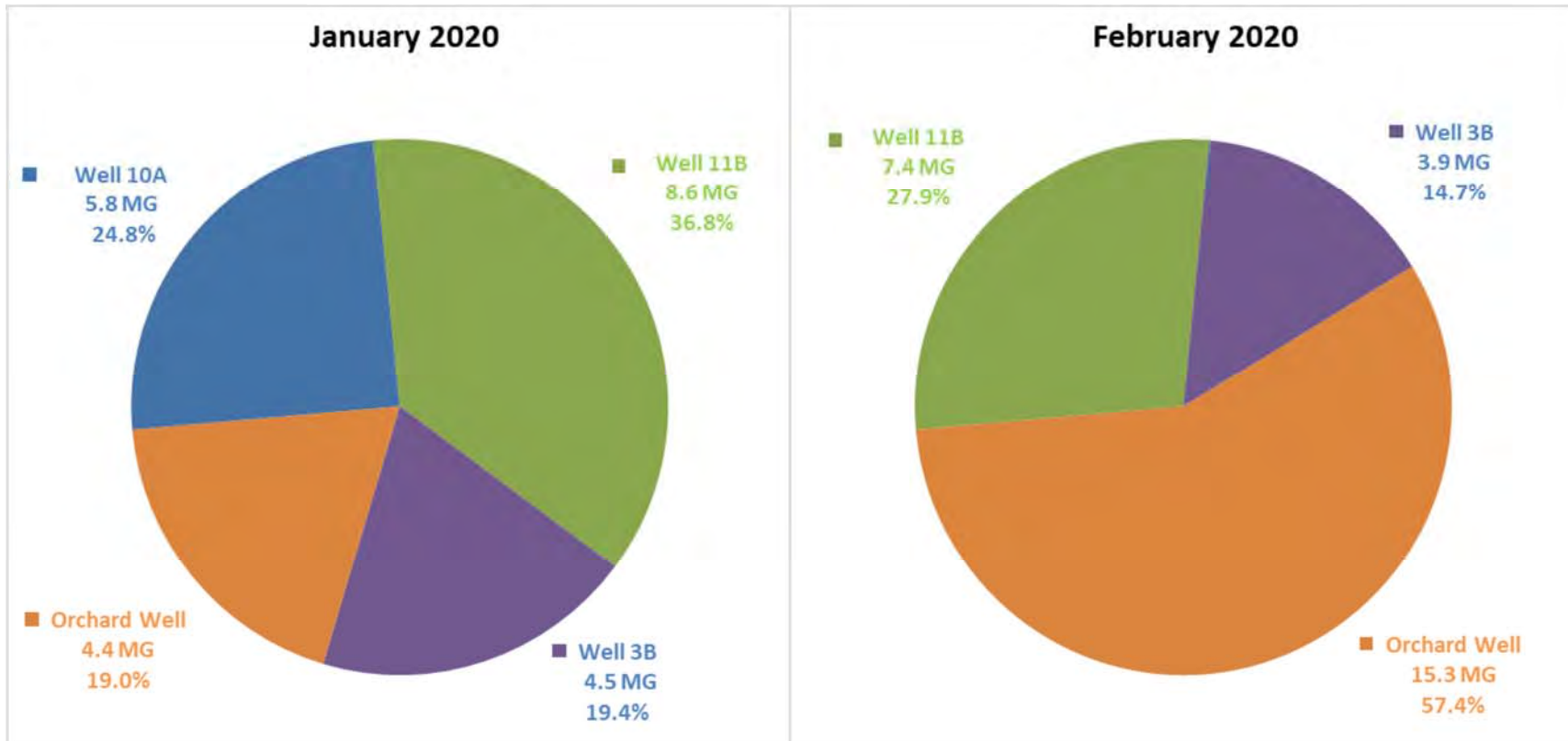
Scotts Valley Water District
 AP Check Register
 January 2020

Vendor Name	Check Date	Check No.	Check Amount	Description
USABUEBOOK	1/24/2020	28452	\$ 1,059.83	Main Maint - Pressure Data Loggers
USABUEBOOK	1/24/2020	28452	\$ 833.61	Water Sampling Supplies & Eye Wash Faucets
USABUEBOOK	1/10/2020	28408	\$ 700.18	Treatment Plant Maint - Submersible Transmitter
VALERO MARKETING & SUPPLY CO	1/10/2020	28409	\$ 199.79	Vehicle Fuel - Dec 2019
VAN DER STEEN JAN	1/10/2020	28410	\$ 24,895.00	Retaining Wall Construction - El Pueblo WTP
VAN DER STEEN JAN	1/10/2020	28410	\$ 4,680.00	Fence Installation - El Pueblo WTP
VERIZON WIRELESS	1/24/2020	28453	\$ 312.00	Cell Phones / Tablets - Jan 2020
WATERSYSTEMS CLEANING	1/10/2020	28411	\$ 7,290.00	Treatment Plant Maint - Fume / Ammonia Scrubber Service
WILSON SCOTT	1/24/2020	28454	\$ 1,070.25	Customer Rebate - Lawn Replacement
WOLF MICHAEL J	1/10/2020	28412	\$ 518.92	Meter Bench Testing
			\$ 289,130.28	

Legend:

Abbreviation:	Meaning:
PW	Potable Water
RW	Recycled Water
WW	Waste Water
WTP	Water Treatment Plant
EE	Employee
ER	Employer
CO	Change Order
TO	Task Order
SA	Service Application
FY	Fiscal Year
OPS	Operations
Eng	Engineering
Adm	Administration
Fin	Finance
WUE	Water Use Efficiency
ENR	Engineering News Record
ACWA	Association of California Water Agencies
LID	Low Impact Development
UB	Utility Billing
AMI	Advanced Metering Infrastructure
PS	Pump Station

Well Production

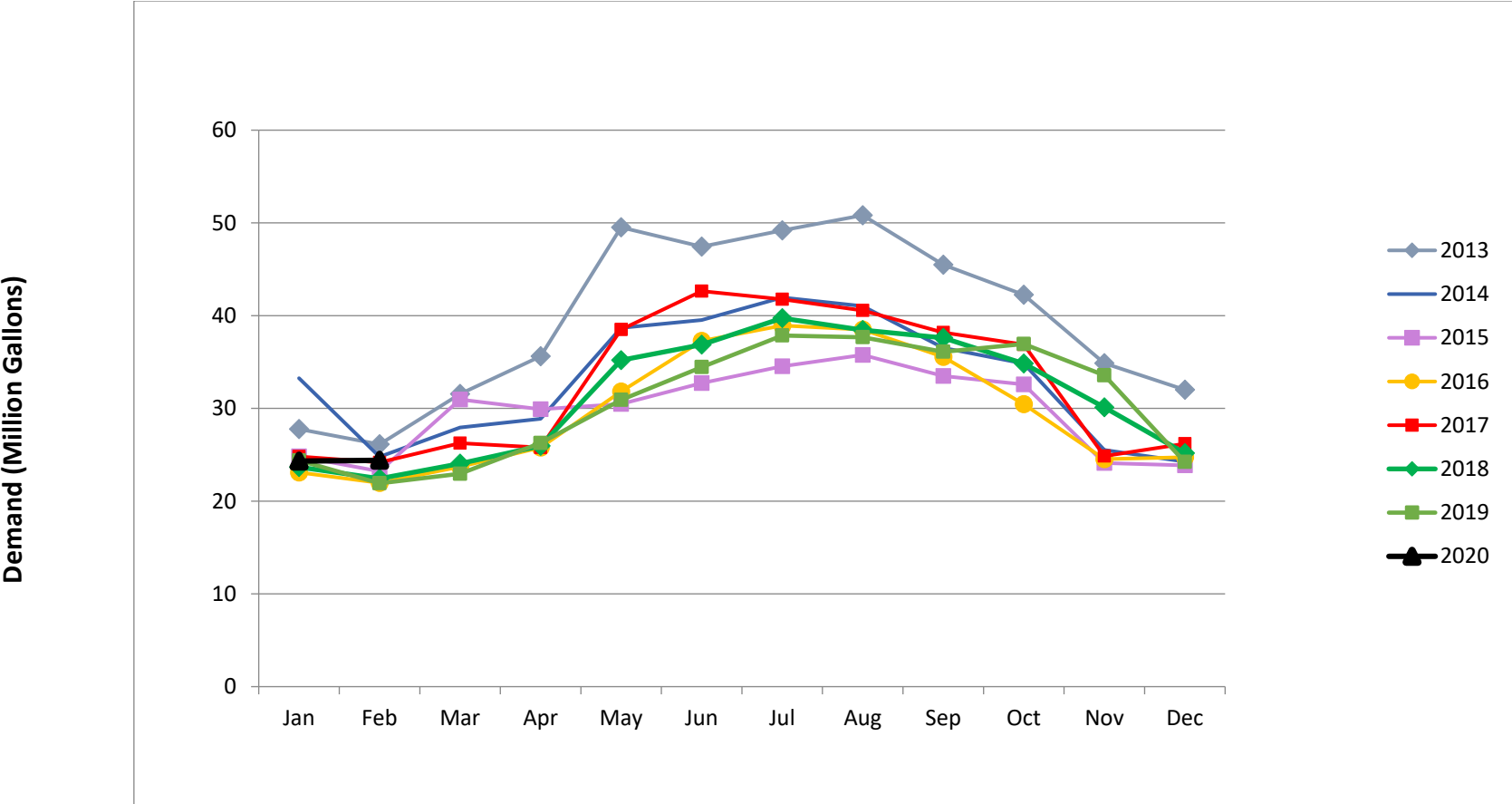


Total Production (Million Gallons)

January 2020	23.3 MG	4.12% decrease from December
February 2020	26.6 MG	3.30% increase from January

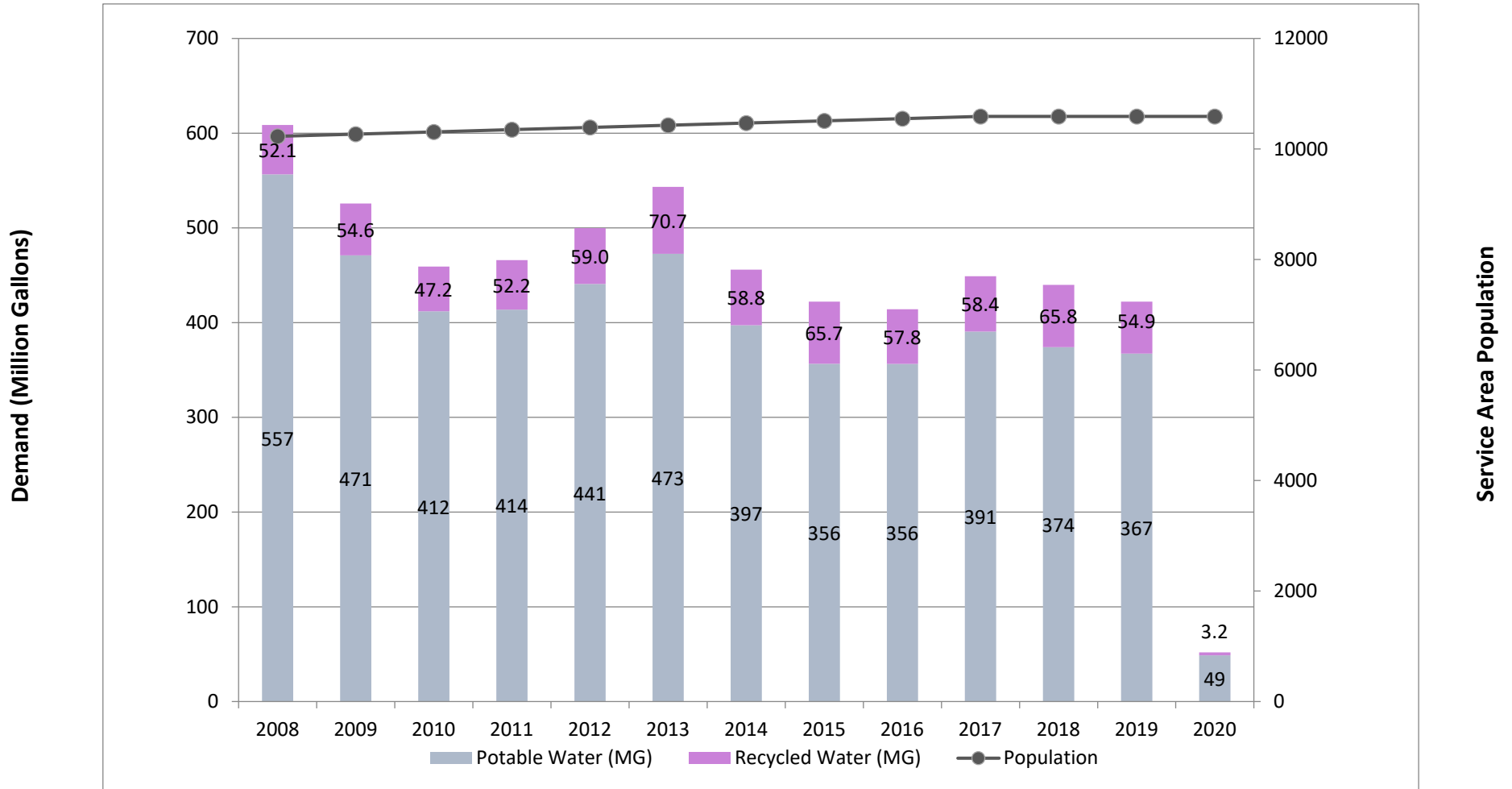
Production is Water Pumped +/- Water used for Well Maintenance Activities

Potable Water Demand



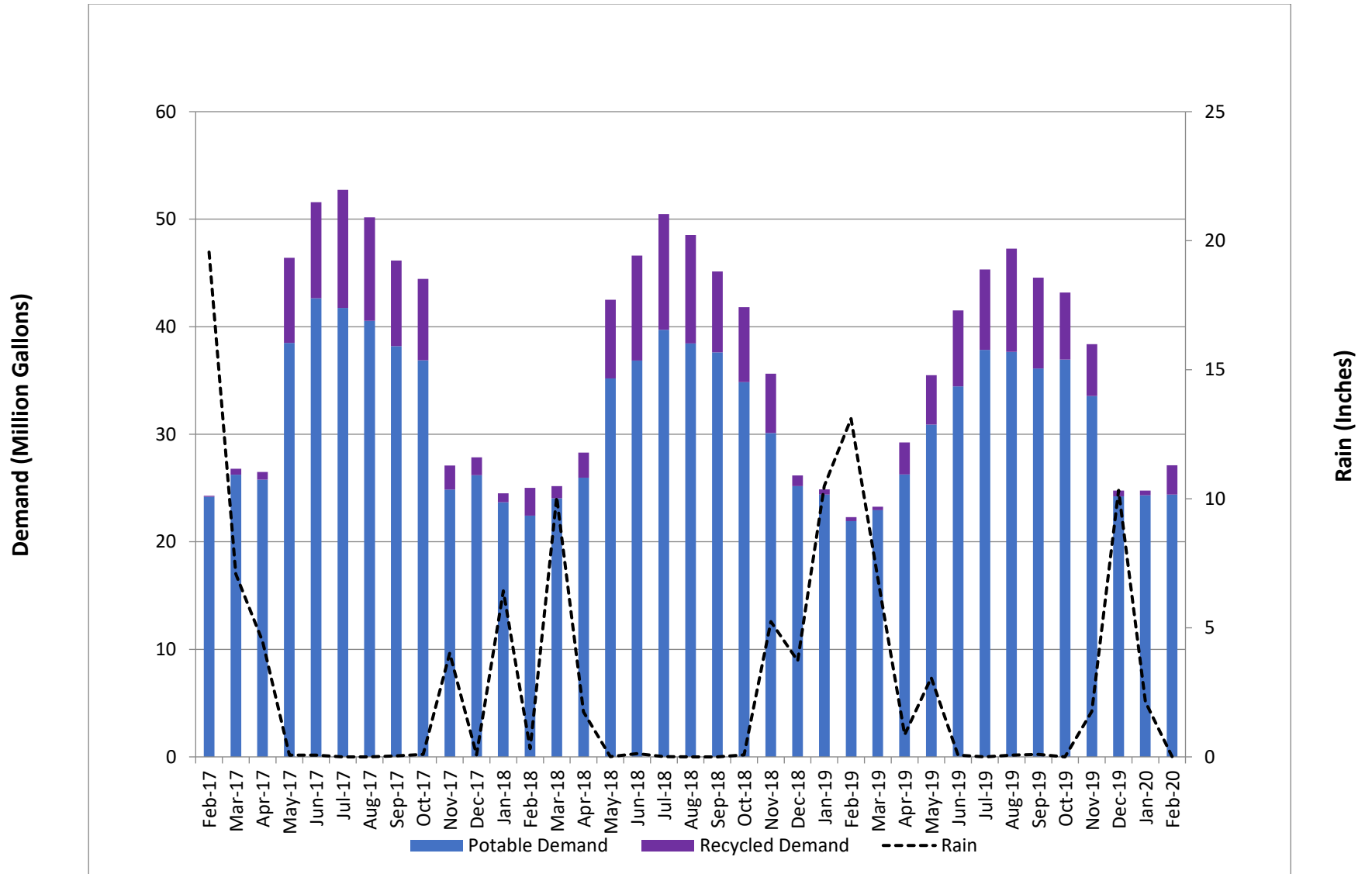
Demand is Production +/- Change in Storage

Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand vs. Rainfall



Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand

Potable												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average
Jan.	27,190,550	23,129,510	31,165,560	27,764,580	33,252,872	24,822,615	23,085,736	24,789,618	23,674,051	24,389,215	24,319,853	26,144,015
Feb.	24,924,790	25,004,280	26,813,840	26,124,132	24,779,862	23,217,640	21,968,896	23,490,314	22,427,754	21,923,206	24,401,667	24,097,853
March	28,930,820	26,079,310	29,752,014	31,559,240	27,946,154	30,953,420	23,910,892	25,837,232	24,042,592	22,948,490	-	27,196,016
April	27,503,270	30,993,238	29,234,622	35,621,370	28,875,831	29,909,260	28,400,861	25,447,561	25,967,700	26,263,989	-	28,821,770
May	37,704,720	40,456,736	43,581,989	49,525,756	38,675,936	30,478,823	31,995,591	38,043,826	35,200,764	30,913,334	-	37,657,748
June	47,344,250	38,237,371	46,553,850	47,432,970	39,525,236	32,726,825	36,842,416	42,310,983	36,867,578	34,451,160	-	40,229,264
July	49,625,170	46,417,190	48,634,940	49,192,762	41,957,386	34,544,613	38,892,200	41,757,891	39,728,472	37,857,926	-	42,860,855
Aug.	49,668,620	45,665,550	48,939,190	50,820,800	41,020,790	35,765,167	38,541,952	40,076,059	38,756,447	37,674,398	-	42,692,897
Sept.	46,781,040	43,700,350	42,936,210	45,489,360	36,533,116	33,498,030	35,653,167	38,190,535	37,610,582	36,106,611	-	39,649,900
Oct.	37,889,760	34,771,130	37,982,466	42,248,672	34,840,142	32,589,534	30,517,556	36,888,905	34,839,533	36,940,583	-	35,950,828
Nov.	18,604,914	28,853,908	28,714,236	34,868,300	25,524,197	24,110,286	24,338,656	24,864,436	30,112,415	33,566,905	-	27,355,825
Dec.	15,762,610	30,451,180	26,428,050	32,013,140	24,261,522	23,866,862	24,379,124	26,194,926	25,169,209	24,225,007	-	25,275,163
Total	471,060,380	411,930,514	413,759,753	440,736,967	472,661,082	397,193,044	356,483,075	358,527,047	387,892,285	374,399,297	48,721,520	450,161,099

Recycled												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average
Jan.	62,000	496,000	2,139,000	620,000	3,019,613	635,420	862,984	156,267	838,172	493,100	450,147	888,428
Feb.	0	1,120,000	2,352,000	2,268,000	1,248,862	1,545,957	1,813,868	94,521	2,589,717	366,055	2,714,767	1,464,886
March	620,000	620,000	1,054,000	2,723,665	1,579,882	4,231,231	972,360	544,666	1,141,831	322,464	-	1,381,010
April	570,000	3,450,000	1,470,000	5,436,705	4,163,175	4,720,887	4,381,911	713,802	2,333,176	2,969,672	-	3,020,933
May	5,301,000	6,448,000	7,843,000	9,248,455	8,409,175	6,686,359	6,909,436	7,908,386	7,306,666	4,584,239	-	7,064,472
June	8,250,000	6,150,000	9,420,000	9,801,903	9,135,056	7,488,534	9,639,221	8,940,094	9,739,276	7,067,867	-	8,563,195
July	10,013,000	4,936,000	9,610,000	9,394,766	9,911,697	9,935,422	10,841,389	10,981,309	10,744,706	9,461,005	-	9,582,929
Aug.	8,680,000	9,207,000	10,199,000	9,875,446	8,542,111	10,471,389	8,767,020	9,618,897	10,078,073	9,594,307	-	9,503,324
Sept.	8,070,000	8,610,000	7,680,000	8,288,391	6,176,224	9,092,727	8,287,511	7,957,562	7,522,571	8,451,961	-	8,013,695
Oct.	4,681,000	4,185,000	4,960,000	6,537,840	5,282,253	7,233,408	3,956,097	7,557,695	6,967,548	6,228,883	-	5,758,972
Nov.	570,000	1,740,000	1,920,000	4,029,769	1,131,988	2,817,778	1,053,779	2,234,592	5,514,338	4,805,871	-	2,581,812
Dec.	403,000	2,201,000	341,000	2,453,395	236,228	1,119,017	529,158	1,670,966	994,336	544,650	-	1,049,275
Total	51,635,000	47,220,000	49,163,000	58,988,000	70,678,335	58,836,264	65,978,129	58,014,734	58,378,757	65,770,410	3,164,914	53,438,868

Demand is Production +/- the Change in Storage

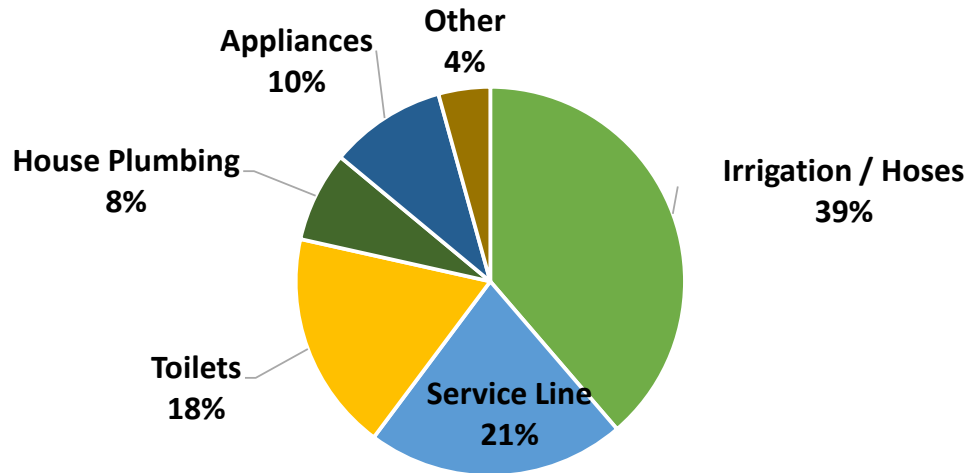
Rainfall
El Pueblo Weather Station

	WATER YEAR	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	TOTAL	% of Ave
High Year	1981-82	0.14	11.20	5.90	28.80	6.88	8.26	8.40	0.03	0.00	0.00	0.04	1.28	70.93	168%
	1982-83	5.35	10.50	7.74	13.90	18.00	19.90	7.80	0.98	0.00	0.00	0.17	1.91	86.25	205%
	1983-84	1.70	12.70	12.90	0.54	2.49	2.62	1.13	0.02	0.18	0.01	0.00	0.25	34.54	82%
	1984-85	2.80	13.80	2.95	1.72	4.20	7.92	0.73	0.11	0.15	0.09	0.02	0.54	35.03	83%
	1985-86	1.12	7.14	2.62	7.38	22.40	15.00	0.48	0.83	0.00	0.00	0.00	1.30	58.27	138%
	1986-87	0.03	0.05	2.47	4.51	9.06	6.31	0.70	0.00	0.02	0.00	0.00	0.00	23.15	55%
	1987-88	1.19	2.30	10.70	4.58	0.68	0.00	3.13	1.07	0.16	0.00	0.00	0.00	23.81	56%
	1988-89	0.19	5.90	8.89	2.06	1.39	10.60	0.67	0.08	0.03	0.00	0.03	0.83	30.67	73%
	1989-90	3.53	1.58	0.01	3.42	3.69	2.13	0.16	5.79	0.00	0.00	0.12	0.15	20.58	49%
	1990-91	0.50	0.24	1.65	0.61	5.39	17.19	0.51	0.06	0.40	0.00	0.02	0.07	26.64	63%
1991-92	2.37	1.46	5.42	3.03	15.30	4.65	0.45	0.00	0.82	0.00	0.05	0.00	33.55	80%	
1992-93	3.41	0.20	11.54	18.51	10.22	3.17	1.37	0.96	0.68	0.00	0.00	0.00	50.06	119%	
1993-94	0.73	2.74	5.52	3.51	9.72	0.68	2.75	2.10	0.01	0.00	0.00	0.05	27.81	66%	
1994-95	1.79	8.29	4.78	23.88	0.65	13.62	3.79	0.89	1.04	0.01	0.00	0.00	58.74	139%	
1995-96	0.00	0.32	10.03	13.52	11.35	5.14	2.38	4.31	0.03	0.00	0.00	0.00	47.08	112%	
1996-97	2.89	6.95	22.43	12.33	0.17	1.50	0.58	0.16	0.12	0.00	0.54	0.00	47.67	113%	
1997-98	0.68	10.12	4.06	14.21	21.81	6.17	2.85	3.65	0.01	0.00	0.01	0.17	63.74	151%	
1998-99	1.02	9.11	1.85	9.25	11.08	5.22	2.58	0.03	0.36	0.00	0.02	0.14	40.66	96%	
1999-00	0.35	5.69	0.53	18.02	17.57	2.77	2.69	1.01	0.18	0.00	0.20	0.40	49.41	117%	
2000-01	5.14	1.38	0.94	8.68	10.65	4.05	2.67	0.00	0.07	0.00	0.00	0.16	33.74	80%	
2001-02	1.13	9.93	16.45	4.97	2.69	4.66	0.52	0.90	0.00	0.00	0.05	0.00	41.30	98%	
2002-03	0.00	5.80	21.40	2.77	2.95	2.54	5.75	1.09	0.16	0.00	0.00	0.00	42.46	101%	
2003-04	0.19	3.93	17.55	4.44	9.69	1.19	0.65	0.07	0.00	0.06	0.00	0.11	37.88	90%	
2004-05	7.24	3.25	14.39	8.30	7.20	10.01	3.79	2.13	0.94	0.02	0.00	0.08	57.35	136%	
2005-06	0.19	2.84	21.73	6.55	5.26	15.29	10.44	1.01	0.01	0.00	0.01	0.00	63.33	150%	
2006-07	0.25	3.30	5.67	0.89	9.24	0.30	2.17	0.46	0.00	0.10	0.01	0.33	22.72	54%	
2007-08	1.93	0.52	5.50	17.59	6.96	0.36	0.35	0.00	0.00	0.01	0.00	0.04	33.26	79%	
2008-09	1.59	4.80	4.38	1.80	15.28	3.47	0.52	1.42	0.01	0.00	0.00	0.26	33.53	80%	
2009-10	9.70	0.33	5.21	11.37	8.66	4.35	5.41	1.17	0.00	0.01	0.07	0.00	46.28	110%	
2010-11	3.92	5.13	15.36	1.97	10.59	13.40	0.75	3.42	3.40	0.00	0.04	0.02	58.00	138%	
2011-12	2.93	3.41	0.15	6.80	2.75	11.97	4.09	0.02	0.20	0.02	0.00	0.02	32.36	77%	
2012-13	1.61	11.32	13.25	1.31	0.47	2.66	0.43	0.01	0.11	0.00	0.00	0.70	31.87	76%	
Low Year	2013-14	0.01	0.87	0.78	0.05	11.52	4.02	2.02	0.01	0.02	0.09	0.01	0.92	20.32	48%
	2014-15	0.44	4.36	16.52	0.00	4.69	0.47	2.13	0.19	0.04	0.00	0.03	0.02	28.89	69%
	2015-16	0.07	2.54	6.67	16.20	1.16	14.26	1.18	0.35	0.00	0.00	0.00	0.22	42.65	101%
	2016-17	8.66	3.29	10.77	26.13	19.56	7.09	4.47	0.06	0.07	0.00	0.00	0.04	80.14	190%
	2017-18	0.10	4.02	0.08	6.43	0.56	10.07	2.85	0.01	0.13	0.01	0.00	0.00	24.26	57%
	2018-19	0.08	5.24	3.72	10.49	13.11	6.91	0.86	3.07	0.07	0.00	0.07	0.10	43.72	104%
	2019-20	0.00	1.76	10.33	2.14	0.01	-	-	-	-	-	-	-	14.24	34%
Cumulative 2019-2020		0.08	1.84	12.17	14.31	14.32	-	-	-	-	-	-	-	14.24	
Monthly Average 1981-2019		1.97	4.91	7.96	8.43	8.29	6.58	2.48	0.99	0.25	0.01	0.04	0.27	42.18	
Cumulative Ave 1981-2019		1.97	6.88	14.84	23.28	31.57	38.15	40.62	41.61	41.86	41.87	41.91	42.18	42.18	

Leak Adjustment Program Report FY 2020

	RES Requests	CII Requests	Approved	Denied	Appeals	Reason Denied	Total Adjust Credit	Total Excess Use (gallons)
JUL	1	1	2	0	0		\$774	71,847
AUG	9	0	8	1	0	> 5 years since last adjustment	\$4,889	324,089
SEPT	20	5	23	2	0	> 5 years since last adjustment	\$6,197	443,527
OCT	6	1	6	1	0	> 5 years since last adjustment	\$2,320	190,767
NOV	11	0	10	1	1	> 5 years since last adjustment	\$4,143	275,777
DEC	29	1	23	4	1	5 yrs(2), No repair(1), No increase(1)	\$11,828	842,502
JAN	6	1	7	0	0		\$1,745	128,201
FEB								
MAR								
APR								
MAY								
JUN								
Total	82	9	79	9	2		\$31,897	2,276,710

Sources of Leaks



ACWA GROUNDWATER COMMITTEE MEETING NOTES

February 11, 2020

DWR-SGMA Implementation Updates

Taryn Ravazzini, Deputy Director at DWR, opened her remarks with commenting that the SGMA Office has to run the program concurrently for planning and assisting the 2022 GSP development process, and providing implementation assistance to the 2020 GSPs; all while reviewing the GSPs received by January 31st, 2020.

Recap on 2020 GSP Submittals (Craig Altare, GSP Review Section Lead)

- 46 GSPs were submitted by 1/31/2020
 - 43 GSPs are from the 18 critically overdrafted (COD) subbasins
 - 3 GSPs are from non COD subbasins
 - 1 Alternative was submitted by Borrego Springs (due to a new adjudication action)
- DWR has posted 24 GSPs so far, for the 75 day public comment period
- The remaining GSPs are scheduled to be posted by February 19th; an e-mail notifying interested parties will be sent to the SGMA list-serve
- The evaluation and assessment process is starting; needs to be completed within 2 years of submittal
 - DWR is planning on a progressive release with review of simpler GSPs completed sooner than 2 years.
 - Basins with multiple, coordinated GSPs will probably take the full 2 years.
- See joint [DWR/State Board Factsheet](#) on the GSP submittal and evaluation process.
- Annual reports are due April 1 in the year after the GSP has been submitted; it covers information from the prior water year (e.g. October 1, 2018 through September 20,2019, for the first annual report for 2020 GSPs)
 - Multi-GSP basins can submit a single basinwide annual report or individual reports for each submitted GSP
 - DWR acknowledges that there will probably be quite a few data gaps in the first annual report because the GSP probably wasn't adopted until after the WY 2019 reporting period., Data gaps are especially expected for comparing progress to reaching sustainability criteria
 - DWR will develop and provide additional resources (FAQ and template for data upload in February annual reporting system for the GSP reporting system in early March)
 - Since the annual reports are mostly data and progress towards meeting sustainability goals, the DWR review will be short and check-list driven; DWR is not anticipating to provide extensive review comment reports on these.
 - DWR will reach out if it has any concerns about progress towards sustainability.

- Questions on how DWR will handle public comments received on submitted GSPs:
 - DWR will consider each comment during the GSP review; but no formal responses will be provided
 - Taryn: DWR intends to keep communicating with interested parties and conduct meetings with NGOs, water management groups (such as ACWA) to receive further input as needed. DWR will post comments received out of public comment period but is not obligated to consider in its review. SGMA relates to other issues such as land use and therefore will need to work with other agencies and governments.

Communications and Engagement: Past and Future Activities (Keith Wallace, C&E Section Lead)

- Recap of January workshops:
 - January, in Paso Robles, attended by more than 70 people
 - January 9th in Clovis, attended by approximately 100 people
 - A [video recording](#), [DWR's presentation slides](#), and [SWRCB's presentation slides](#) from the Clovis workshop are available.
- Planned 2020 events:
 - Spring workshops, similar to the January ones, by this time geared towards the non-COD basins and located in Northern CA
 - Summer Groundwater Summit: discuss statewide groundwater policies and nexus with the Water Resilience Portfolio
 - Two additional Forums to create a venue for SGMA practitioners to exchange ideas (late Summer and Fall).
- Funding:
 - There are roughly \$100 million left in Prop 68 grant funding for GSP implementation that will be released in early 2021.

Q&A

- What happens if one GSA does not sign an intra-basin coordination agreement?
 - Then, the basin is not meeting statutory requirement. DWR will need to coordinate with SWRCB about next steps.
- What happens if one GSA does not adopt the GSP that covers the entire basin?
 - DWR will evaluate if adopting GSAs can implement GSP for the entire basin.
- How will DWR treat NGO letters like the one issued December 18, 2019?
 - DWR will review and consider letter in light of its responsibilities.
- How big is DWR's staff dedicated to SGMA?
 - SGMO has 30 staff plus 40 from District offices. There is a big request for governor's budget to support.

ACWA Talk: Groundwater Accounting and Trading Platform

Eric Averett, Rosedale-Rio Bravo Water Storage District

Key take-aways:

- See waterbudget.rrbwsd.com
- Platform was primarily developed to answer the question by landowners “How much can I pump?”
- Developed a landowner web-based dashboard integrating real-time evapotranspiration data by APN and calculates the available water budget for that property
- This is an open-source platform that can be copied and recreated by anyone; very low development cost
- Developed over 1 year with landowners input
- The Manager’s dashboard allows to input District allocations to calculate water available to landowner; also includes other water sources
- This tool is to help the District management area to stay in balance per their GSP
- Groundwater pumping allotment Pro-rata per acre assigned to APNs. Allocation component includes native yield, project water, stored water, and reconciliation (unused water that is reallocated).
- The demand calculations are directly linked to the free Open ET data for consumptive use so pumping does not have to be metered.
- Also includes historical data for comparison to previous years demand
- This first pilot application is about to become live; landowners will have their own login
- Includes a water market transaction scheme (not yet live)
 - To buy and sell water; like “Craigslist for water”
 - District is not liable for this, only develops some rules based on water availability within the District and acts as facilitator for the transactions that occur between willing landowners

Newsom Administration’s Draft Water Resilience Portfolio (Cindy Tuck, ACWA Deputy Executive Director)

- ACWA prepared comment letter in advance of draft, with most comments addressed in draft document
- Comment letter on draft is on [website](#).
- Positives in document include amount of discussion on groundwater and proposal for resilience water bond
- Water bond is \$4.75 billion, including \$395 million for CODs implementation of SGMA. Would like to add \$300 million for groundwater.
- Committee members suggested more flexibility in who can receive awards, such as not limiting to CODs.

Groundwater Resources Association Updates (Abigail Madrone, President)

Upcoming Events:

- [GROUNDWATER MONITORING - MEASUREMENTS, MANAGEMENT AND APPLICATIONS CONFERENCE](#)
 - Tuesday, Mar 3, 2020 8 a.m. - Wednesday, Mar 4, 2020 5 p.m
 - Monterey Tides
- [LAW & LEGISLATION FORUM](#)
 - Wednesday Mar 11, 2020
 - The Sutter Club, Sacramento
 - The GRA/CGC 2020 Groundwater Law and Legislation Forum will be an interactive day of learning and discussions regarding the most current legal and legislative issues affecting California groundwater. You will hear from California legislators regarding groundwater concerns on the horizon in the new California Legislative Session, and have the opportunity to network with your peers in the California groundwater space.
 - This event occurs the day before the ACWA Legislative Symposium, at the same venue
- [CALIFORNIA FOCUSED PFAS CONFERENCE](#)
 - April 29, 2020
 - Sterling Hotel, Sacramento
 - This one-day symposium will be unlike any other PFAS event you've ever attended and is a "must-attend" event for anyone working groundwater projects in California.
- [THIRD ANNUAL GROUNDWATER SUSTAINABILITY SUMMIT](#)
 - Wednesday, Jun 10, 2020 8 a.m. - Thursday, Jun 11, 2020 5 p.m.
 - Hilton Sacramento Arden West
 - This year's Summit will be an opportunity to celebrate a significant milestone with the first round of GSP submittals (due at the end of January) and to exchange information, ideas and best practices for successful GSP development and implementation.
 - Lisa Porta with M&A and GRA Director, is chairing this conference; please contact her with questions or input at lporta@elmontgomery.com.
- [THIRD ANNUAL WESTERN GROUNDWATER CONGRESS](#)
 - Monday, Sep 14, 2020 8 a.m. - Wednesday, Sep 16, 2020 5 p.m.
 - Los Angeles Marriott Burbank Airport Hotel
 - You'll find three full day sessions dedicated to Water Resources, SGMA, Contaminants and a myriad of Special Topics related to the furtherance of GRA's vision of Sustainable Groundwater for All.
- Find a local branch near you to get involved with local practitioners; find out more at <https://www.grac.org/>



Get to know Noelle and Annie, the new Junior Associate Board Members

Annie Finch and Noelle Downing joined the District's Board of Directors as Junior Associates this year. Learn more about these two dynamic, involved young people in this short Q&A.

District: What is your connection to Scotts Valley?

Annie: I grew up in Scotts Valley. My family moved into our home when I was 5 years old. I continue to live and work in the community. I am currently employed as a Front Desk Agent at the Four Points Santa Cruz, Scotts Valley.

Noelle: I was born in Santa Cruz and attended Scotts Valley Middle and High schools. I stayed in the area as I went to Cabrillo College and later transferred to San Jose State University.



District: Why are you excited to serve as a Junior Associate Board Member?

Annie: Political science became a passion for me during my college education, and the focus of my coursework in this subject was environmental political theory. I am

excited to experience the operations of a special district, an aspect of local government, and to learn and discuss SVWD's policies, drawing on my academic knowledge.

Noelle: I am passionate about water conservation as without water, there is no community. By serving on the board, I hope to help the community steer towards long-term prosperity. I look forward to making the community a better place.

District: What do you think are our area's most significant water issues?

Annie: California's water resources are and will continue to be greatly impacted by climate change. Droughts and disasters have already forced our community to reconsider how we use water resources. Scotts Valley is also a growing community. It is imperative that we consider what is required to maintain a sustainable, affordable water supply with demand increasing with development.

Noelle: Scotts Valley gets its water from the ground. The Central Valley has had severe subsidence in some parts, and I am concerned the same could occur in our community as this would make it difficult to recharge the aquifers in the future. Scotts Valley is also growing rapidly and even with knowledge about how to cut back on water (use) as well as water-saving appliances, there are still a lot of demands for our most precious resource and I am concerned they will not be able to be met in the future.

District: What do you hope to accomplish in your year on the Board?

Annie: More than anything, I hope to learn skills and information from the experienced voices on the board and in the water district. I also hope that I will be able to offer a different perspective as a voice for the youth living and working in the community. We will be the ones to inherit the results of hard work and challenges facing SVWD now, and I want to play a role in shaping that.

Noelle: During my year on the board, I hope to continue to urge the community to use water smartly. Even when we are not currently in a drought, it is always looming.

Thank you for your service, Annie and Noelle!

Fixing the drip: how our staff resolved a long-standing issue for one neighborhood

We were able to solve a water mystery in the Northridge neighborhood last year. Water was seeping out of the ground for years and, despite several leak repairs, the water kept dripping. We opted to abandon about 400 feet of problematic water main

and move the service line, which resolved the issue!

