
ACTION ITEMS, continued

7. PROPOSED FISCAL YEARS 2023-24 AND 2024-25 OPERATIONS, MAINTENANCE, AND RESTORATION PROJECT BUDGET – CRAIG / TOBAR / LIN / CLARY

Recommendation: That the Commission review and approve the proposed Fiscal Years 2023-24 and 2024-25 Operations, Maintenance and Restoration Project Budget as presented.

OTHER BUSINESS

8. GENERAL MANAGER REPORT – COOK

9. ENGINEER REPORT – BURTON

10. MWDOC REPORT

11. ATTORNEY REPORT

12. COMMISSIONER COMMUNICATIONS

Commissioners may discuss meetings, communications, correspondence, or other items of general interest relating to matters within the Commission’s jurisdiction. There will be no voting or formal action taken.

13. ADJOURN

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Santiago Aqueduct Commission in connection with a matter subject to discussion or consideration at an open meeting of the Commission are available for public inspection in the District’s office, 15600 Sand Canyon Avenue, Irvine, California. If such writings are distributed to members of the Commission less than 72 hours prior to the meeting, these writings will be available from the IRWD District Secretary at the same time as they are distributed to Commission members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The IRWD Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

MINUTES OF THE QUARTERLY REGULAR MEETING
OF THE SANTIAGO AQUEDUCT COMMISSION

December 15, 2022

The quarterly meeting of the Santiago Aqueduct Commission (“SAC”) was duly noticed and was held at 8:30 a.m. on December 15, 2022 at the Board Room of the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California. Chairman CHADD called the meeting to order at 8:31 a.m. ALLISON BURNS recorded the Minutes of the meeting.

COMMISSIONERS PRESENT

JOHN WITHERS, Irvine Ranch Water District (“IRWD”); DON CHADD, Trabuco Canyon Water District (“TCWD”); SANDRA JACOBS, Santa Margarita Water District (“SMWD”); SHERRY WANNINGER, Moulton Niguel Water District (“MNWD”); and CHARLES BUSSLINGER, Municipal Water District of Orange County (“MWD OC”).

Also present: PAUL COOK, General Manager, IRWD; CHERYL CLARY, Treasurer, IRWD; KEVIN BURTON, Engineer, IRWD; ALLISON BURNS, General Counsel/Secretary; DIANE SQUYRES, Administrative Secretary, IRWD; JESSICA CRAIG, IRWD; MALCOLM CORTEZ, Assistant Engineer, IRWD; EILEEN LIN, Assistant Treasurer, IRWD; JAVIER TOBAR, IRWD; BARBARA MOURANT, IRWD; MATT COLLINGS, MNWD; ALEX MURPHY, IRWD; and FERNANDO PALUDI, TCWD.

COMMUNICATIONS

1. Pledge of Allegiance – The Commission recited the Pledge of Allegiance.
2. Public Comments – No public comments.
3. Determine the need to discuss and/or take action(s) on item(s) introduced that came to the attention of the Commission subsequent to the agenda being posted:
No new items needed.

ACTION ITEMS

4. MINUTES OF REGULAR COMMISSION MEETING, JUNE 16, 2022

Recommendation: That the Minutes of the June 16, 2022, meeting of the Santiago Aqueduct Commission be approved as presented.

WITHERS moved the item as presented, second by JACOBS and passed unanimously.

5. 2021-22 FINANCIAL REPORT

- a. Ratify Disbursement Resolution No. 713 dated June 2022.
- b. Ratify Disbursement Resolution No. 714 dated June 2022.
- c. Ratify Disbursement Resolution No. 715 dated September 2022.
- d. Ratify Disbursement Resolution No. 716 dated November 2022
- e. Receive and file Financial Statement dated November 30, 2022.

Recommendation: That the Commission ratify Disbursement Resolutions Nos. 713 through 716 and receive and file the Financial Statement dated November 30, 2022, for the Santiago Aqueduct Commission.

CLARY – June, September, November disbursements for ratification.

WITHERS moved the item as presented, second by JACOBS and passed unanimously.

JACOBS – Which components of ACWA JPIA insurance is Santiago Aqueduct Commission in?

CLARY– Just general liability because SAC has no employees.

JACOBS – Does Santiago Aqueduct Commission have a representative on the Board?

COOK – WITHERS is the representative and CHADD is the alternate.

JACOBS – 11/30/22 How is there a decrease in FMV of investments if they are a capital asset (Section 5.e)?

LIN – The change has to do with the change in balance of investments with LAIF.

WITHERS – Due to risings interest rates.

LIN – The interest rate is set by the State.

The item was duly moved, seconded, and passed unanimously.

6. FISCAL YEAR 2021-2022 FINANCIAL REPORT – CRAIG/TOBAR/LIN/CLARY

Recommendation: That the Commission receive and file the Fiscal Year 2021-2022 Financial Report for Santiago Aqueduct Commission.

CLARY – before the Board for consideration is the annual audit for Fiscal Year 2021-22 and related items

Davis Farr, LLP performed the audit.

Three Exhibits:

- Exhibit A. FY 2021-22 Financial Report
- Exhibit B. Auditor Communication
- Exhibit C. Report on Internal Control over Financial Reporting

CRAIG presented the audit results. The Auditor issued a clean opinion on the financial statements.

CRAIG reviewed the several documents provided to the Board:

Exhibit A: Audited financials. Pages A-1 through A-18

Page A-10: Total assets increased by approximately \$910,000 due primarily to capital expenditures for the Baker Pipeline Project.

Page A-10: Total liabilities decreased by approximately \$50,000 due primarily to a reduction of accrued repair costs from the prior year relating to fire damage to the SAC pipeline.

Page A-11: Total revenues decreased by approximately \$10,000. Operating revenues increased \$61,000 due to an increase in member agency charges to fund the current fiscal year's maintenance expenses; prior years maintenance expenses were paid from cash reserves. Non -operating revenues decreased approximately \$71,000 due to a reduction of an insurance claim reimbursement in the prior year.

Operating expenses decreased approximately \$2400 from the prior fiscal year. Increases in cathodic protection and monitoring, general and administrative and depreciation expenses were more than offset by a decrease in contract labor.

Pages A-13 through A-18: Footnotes to the Audited Financial Statements

Exhibit B – Auditor Communications: There were no significant difficulties encountered during the audit and no disagreements with management.

Exhibit C – Internal controls over Financial Reporting: The audit did not identify any deficiencies in internal control that were considered to be a material weakness.

JACOBS – Exhibit B – Significant risks to B-2 – no leases identified. Santa Margarita identified the same per GASB 87. Telecom leases – are they Santiago Aqueduct Commission or Irvine Ranch Water District?

LIN – Irvine Ranch Water District

CLARY – This is the auditor's standard disclosure; staff requested that the auditor remove it; the auditor declined and said it's considered standard disclosure with the adoption of a new accounting standard.

WANNIGER moved the item as presented, second by JACOBS and passed unanimously.

REPORTS

7. GENERAL MANAGER'S REPORT – COOK

COOK – Holiday greetings. Tomorrow is Barbara Mourant's last day, retiring after 15 years. Thanks to her.

8. ENGINEER REPORT – BURTON

BURTON –

Baker Pipeline Relocation in Irvine Regional Park. At the June meeting, the last component of the Baker Pipeline relocation was habitat restoration along the 300-foot Santiago Creek Crossing. The plantings are now all in the ground, which is good timing with all the rain. The planting contract included 3 months of watering and weeding, which will end in February 2023. A final capital project reconciliation will be prepared. Staff will then commence the five-year monitoring phase, which will be part of the operating budget at an estimated cost of \$60,000 per year. This amount

will be included in the budget starting next year. Photos of the restoration are available. This project came in right on budget. No member owes more; no one will receive a refund.

Cathodic Protection. Staff performed the twice-yearly monitoring of cathodic protection. The pipeline was down for two months, but is now fully protected.

Baker Pipeline Relocation in Orange Heights. SAC has a longstanding agreement with the Irvine Company (from 2004) and the project has started and stopped several times – most recently in 2016. Irvine Company put the project out to bid but has informed staff that it is now on hold again. Irvine Company is working on permitting issues with Caltrans, but if the housing market slows, Irvine Company could shelve the project again. None of this results in any cost to Santiago Aqueduct Commission.

CHADD – Is monitoring in house or contracted out?

BURTON – Contracted out; hand watering operation. Staff visits occasionally.

JACOBS – How many acres?

BURTON – One-quarter to one-half acre.

JACOBS – Can we use dry packs? Same molecules as watering without hand watering.

BURTON – Labor is driving water truck, attaching a hose.

JACOBS – If MET cuts off allocations, what water will be used?

BURTON – SAC will use lake water. Water use is reduced substantially after planting. Weeding is most of the work.

9. MWDOC REPORT

BUSSLINGER –

CLEANUP ITEM: Upper feeder expansion valve during shutdown. All agencies reduced demand on Diemer plant.

Tuesday, MET's Board declared a drought emergency, called for conservation. This action sets the stage for the water allocation plan if there is no improvement. Director THOMAS is attending Colorado River Waters Conference in Las Vegas. Bureau of Reclamation has indicated the lower basin states need to cut 2- to 4-million-acre feet of demand per year. Could have curtailment of both major sources for Southern California.

Metropolitan only entitled to one million acre-feet from the Colorado River. Proposed cuts are a huge amount of water. If all lower basin states cut 100%, it still will not solve the problem.

Law of the river that has governed expires in 2026. A lot is going on right now. MWDOC is preparing for negotiations. Past 2040, things look shaky. It is time to make decisions now.

10. ATTORNEY REPORT

BURNS – Happy holidays!

11. COMMISSIONER COMMUNICATIONS

Commissioners may discuss meetings, communications, correspondence, or other items of general interest relating to matters within the Commission's jurisdiction. There will be no voting or formal action taken.

JACOBS – Merry Christmas; glad to be here.

MWDOC – None

WITHERS – None

CHADD – Merry Christmas, happy new year, happy holidays. Thank you IRWD for a stellar job.

12. ADJOURN

CHADD adjourned the meeting at 8:57 a.m.

Respectfully submitted,

Allison E. Burns, Secretary

Note: This page is intentionally left blank.

SANTIAGO AQUEDUCT COMMISSION
DISBURSEMENT RESOLUTION NO. 717

February 2023

RESOLVED by Santiago Aqueduct Commission that items shown below be approved for payment and charges to the Contracting Agencies and to holders of capacity rights in the Santiago Aqueduct Commission in accordance with the policy with respect to standby charges, water surcharges and operation and maintenance costs adopted by this Commission on April 10, 1963: That the Contracting Public Agencies and other holders of capacity rights in said Santiago Aqueduct be called upon to pay this Commission for their respective shares of such items, and payments, such items and the distribution thereof are as follows:

OPERATIONS, MAINTENANCE AND BAKER PIPELINE CHARGES

1	AT&T Charges for Nov - Jan 2023	535.76
2	Southern Calif Edison Charges for Nov - Jan 2023	648.17
3	Stradling Yocca Carlson & Rauth Charges for legal fees	672.00
4	DavisFarr Charges for Auditing	5,000.00
5	Micheal Baker Charges for Cathodic Protection Monitoring	16,496.76
6	Irvine Ranch Water District Baker Pipeline Operation (Oct - Dec 2022) Baker Pipeline Maintenance (Oct - Dec 2022)	4,515.82 3,849.99
7	TOTAL DISBURSEMENT RESOLUTION NO. 717	<u>\$ 31,718.50</u>

Note: This page is intentionally left blank.

Santiago Aqueduct Commission
Statement of Net Position
February 28, 2023


ASSETS	Unaudited
Current assets:	
Cash and investments	\$ 269,513
Receivables:	
Interest receivable	<u>893</u>
Total receivables	<u>893</u>
Total current assets	<u>270,406</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	1,079,725
Capital assets, not being depreciated	<u>125,415</u>
Total noncurrent assets, net	<u>1,205,140</u>
TOTAL ASSETS	<u><u>1,475,546</u></u>
LIABILITIES	
Current liabilities:	
Account payable	<u>102,444</u>
TOTAL LIABILITIES	<u>102,444</u>
NET POSITION	
Investment in capital assets	1,205,140
Unrestricted for water services	167,962
TOTAL NET POSITION	<u><u>\$ 1,373,102</u></u>

Santiago Aqueduct Commission

Statement of Revenues, Expenses and Changes in Net Position

For the Period Ended February 28, 2023

	Unaudited
OPERATING REVENUES	
Water surcharge	\$ 13,131
Member charges	69,425
Total operating revenues	<u>82,556</u>
OPERATING EXPENSES	
Contract labor	1,500
Equipment usage	283
Utilities	1,570
Landscape	10,941
Cathodic protection monitoring and maintenance	34,709
Telemetry alarm	1,250
General and administrative:	
Audit	5,000
Insurance	7,740
Legal	1,306
Administration management	15,400
Other	1,017
Depreciation	14,713
Total operating expenses	<u>95,429</u>
Operating income (loss)	<u>(12,873)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,600
Increase (decrease) in fair value of investments	(1,078)
Total nonoperating revenues (expenses)	<u>522</u>
Increase (decrease) in net position	(12,351)
NET POSITION AT BEGINNING OF YEAR	<u>1,385,453</u>
NET POSITION AT END OF FEBRUARY	<u>\$ 1,373,102</u>

March 16, 2023
Prepared by: J. Craig / J. Tobar / E. Lin
Submitted by: C. Clary
Approved by: Paul A. Cook 

SANTIAGO AQUEDUCT COMMISSION

PROPOSED FISCAL YEARS 2023-24 AND 2024-25 OPERATIONS, MAINTENANCE, AND RESTORATION PROJECT BUDGET

SUMMARY:

This year staff proposes that the Santiago Aqueduct Commission continue with a two-year budget cycle, which is consistent with the budget cycles several cities and water districts have adopted.

BACKGROUND:

Operations Budget:

The Operations budget includes the labor and administrative costs associated with operating, monitoring, and reading the meters for water deliveries of the Baker Pipeline. It is funded by a surcharge on each acre-foot (AF) of water delivered. The surcharge per AF for each year is shown in Exhibit “A”, page A-3.

Staff recommends an increase from the current FY 2022-23 surcharge of \$.99 per AF to \$1.09 per AF in FY 2023-24 and then to \$1.12 per AF in FY 2024-25. The proposed increase from FY 2022-23 results primarily from inflation. The surcharge increases slightly to \$1.12 per AF in FY 2024-25 also primarily due to inflation. Expected deliveries of water to member agencies of 31,228 AF for each of the two fiscal years.

In accordance with past practice, depreciation is excluded from the FY 2023-24 and FY 2024-25 budgets based on the Commission’s approach to financing future capital expenditures on a pay-as-you-go basis. Each member agency sets aside funding for future capital projects, which will be funded by cash calls to the member agencies on an as-needed basis.

Maintenance Budget:

The Maintenance budget includes the cost of maintaining the pipeline and the administrative costs associated with both maintenance of the pipeline and administration of the Commission. As shown in Exhibit “A”, pages A-1 and A-2, the proposed budget for FY 2023-24 and FY 2024-25 reflects an increase of \$13,190 and \$1,640, respectively. The increase in FY 2023-24 and FY 2024-25 is due primarily to increased inflation.

Restoration Project Budget (for Reach 1U):

The Restoration Project budget includes site monitoring, watering, and weeding land care and IRWD staff time. As shown in Exhibit “A”, pages A-1 and A-2, the proposed budget for FY 2023-24 and FY 2024-25 reflects \$70,600 and \$70,900, respectively. The increase in

FY 2024-2025 is due primarily to inflation. Funding for the restoration project was discussed in the Dec 15, 2022, Baker Pipeline Relocation through Santiago Creek Project Update.

The proposed FY 2023-24 and FY 2024-25 Operations, Maintenance and Restoration Project budget is provided as Exhibit “A”. The assumptions used to prepare the budget are included as Exhibit “B”.

FISCAL IMPACTS:

Fiscal impacts to the participating agencies are shown in Exhibit “A”, page A-3.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as define in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

That the Commission review and approve the proposed Fiscal Years 2023-24 and 2024-25 Operations, Maintenance and Restoration Project Budget as presented.

LIST OF EXHIBITS:

- Exhibit “A” – Proposed FY 2023-24 and FY 2024-25 Operations, Maintenance and Restoration Project (Reach 1U) Budget
- Exhibit “B” – Proposed Budget Assumptions

EXHIBIT "A-1"
SANTIAGO AQUEDUCT COMMISSION
Baker Pipeline
Proposed Budget 2023-24

	FY 2021-22 Actual				FY 2022-23 (as of February 28, 2023)				Approved FY 2022-23 Budget			Proposed FY 2023-24 Budget				Increase/(Decrease)				%	
	Oper.	Maint.	Cyn Fire	Capital Proj	Total	Oper.	Maint.	Capital Proj	Total	Oper.	Maint.	Total	Oper.	Maint.	Landscape Project	Total	Oper.	Maint.	Landscape Project		Total
Contract Labor and Equipment																					
1 Contract Labor	\$ 3,718	\$ 801			\$ 4,519	\$ 1,500			\$ 1,500	\$ 4,400	\$ 5,800	\$ 10,200	\$ 4,500	\$ 1,400		\$ 5,900	\$ 100	\$ (4,400)		\$ (4,300)	-42.2%
2 Equipment Usage	474				474	283			283	400	350	750	800	90		890	400	(260)		140	18.7%
3 Administration/Management	15,300	15,300			30,600	7,700	7,700		15,400	15,400	15,400	30,800	16,200	16,200		32,400	800	800		1,600	5.2%
Outside Services																					
4 Telemetry Alarm System/Underground Alert	2,120				2,120	1,250			1,250	2,100		2,100	2,225			2,225	125	-		125	6.0%
5 Depreciation ⁽¹⁾	5,206				5,206	14,713			14,713			-				-	-			-	
6 Utilities		1,868			1,868		1,570		1,570		3,000	3,000		3,200		3,200		200		200	6.7%
7 Cathodic Protection Sys Maintenance/Upgrade		8,462	\$ 39,837		48,299		18,213		18,213		3,000	3,000		10,000		10,000		7,000		7,000	233.3%
8 Cathodic Protection Sys Monitoring		24,187			24,187		16,496		16,496		26,000	26,000		30,000		30,000		4,000		4,000	15.4%
9 Maintenance - Landscape		10,290			10,290		10,940		10,940		7,200	7,200		11,500		11,500		4,300		4,300	59.7%
10 SAC Baker Pipeline Relocation Project				\$ 910,179	910,179			125,415	125,415			-				-				-	
11 Landscape Project Reach 1U					-				-						\$ 70,600	70,600			\$ 70,600	70,600	100%
Adminstration																					
12 General Liability Insurance	3,391	3,391			6,782	3,870	3,870		7,740	3,625	3,625	7,250	4,175	4,175		8,350	550	550		1,100	15.2%
13 Legal	1,394	1,394			2,789	653	653		1,306	2,000	2,000	4,000	2,000	2,000		4,000	-	-		-	0.0%
14 Bank Charges	537	537			1,074	509	508		1,017	550	550	1,100	1,000	1,000		2,000	450	450		900	81.8%
15 Audit	2,500	2,500			5,000	2,500	2,500		5,000	2,500	2,500	5,000	3,050	3,050		6,100	550	550		1,100	22.0%
16 Total Operations & Maintenance	\$ 34,639	\$ 68,730	\$ 39,837	\$ 910,179	\$ 1,053,387	\$ 32,978	\$ 62,450	\$ 125,415	\$ 220,843	\$ 30,975	\$ 69,425	\$ 100,400	\$ 33,950	\$ 82,615	\$ 70,600	\$ 187,165	\$ 2,975	\$ 13,190	\$ 70,600	\$ 86,765	86.4%

Note:

⁽¹⁾ No depreciation will be charged for all fixed assets including the Pipeline Relocation Project in the current or future budgets based on the prior Board's discussion of financing future capital expenditures on a pay-as-you-go basis.

EXHIBIT "A-2"
SANTIAGO AQUEDUCT COMMISSION
Baker Pipeline
Proposed Budget 2024-25

	FY 2021-22 Actual					FY 2022-23 (as of February 28, 2023)				Proposed FY 2023-24 Budget				Proposed FY 2024-25 Budget				Increase/(Decrease)				
	Oper.	Maint.	Silverado Cyn Fire	Capital Proj	Total	Oper.	Maint.	Capital Proj	Total	Oper.	Maint.	Landscape Project	Total	Oper.	Maint.	Landscape Project	Total	Oper.	Maint.	Landscape Project	Total	%
Contract Labor and Equipment																						
1 Contract Labor	\$ 3,718	\$ 801			\$ 4,519	\$ 1,500			\$ 1,500	\$ 4,500	\$ 1,400		\$ 5,900	\$ 4,600	\$ 1,400		\$ 6,000	\$ 100	\$ -		\$ 100	1.7%
2 Equipment Usage	474				474	283			283	800	90		890	800	90		890	-	-		-	0.0%
3 Administration/Management	15,300	15,300			30,600	7,700	7,700		15,400	16,200	16,200		32,400	16,800	16,800		33,600	600	600		1,200	3.7%
Outside Services																						
4 Telemetry Alarm System/Underground Alert	2,120				2,120	1,250			1,250	2,225			2,225	2,300			2,300	75	-		75	3.4%
5 Depreciation ⁽¹⁾	5,206				5,206	14,713			14,713				-				-				-	
6 Utilities		1,868			1,868		1,570		1,570		3,200		3,200		3,400		3,400		200		200	6.3%
7 Cathodic Protection Sys Maintenance/Upgrade		8,462	\$ 39,837		48,299		18,213		18,213		10,000		10,000		10,000		10,000		-		-	0.0%
8 Cathodic Protection Sys Monitoring		24,187			24,187		16,496		16,496		30,000		30,000		30,000		30,000		-		-	0.0%
9 Maintenance - Landscape		10,290			10,290		10,940		10,940		11,500		11,500		12,000		12,000		500		500	4.3%
10 SAC Baker Pipeline Relocation Project				\$ 910,179	910,179			125,415	125,415				-				-				-	
11 Landscape Project Reach 1U											\$ 70,600		70,600			\$ 70,900	70,900				300	0.4%
Adminstration																						
12 General Liability Insurance	3,391	3,391			6,782	3,870	3,870		7,740	4,175	4,175		8,350	4,320	4,320		8,640	145	145		290	3.5%
13 Legal	1,394	1,394			2,789	653	653		1,306	2,000	2,000		4,000	2,060	2,060		4,120	60	60		120	3.0%
14 Bank Charges	537	537			1,074	509	508		1,017	1,000	1,000		2,000	1,030	1,030		2,060	30	30		60	3.0%
15 Audit	2,500	2,500			5,000	2,500	2,500		5,000	3,050	3,050		6,100	3,155	3,155		6,310	105	105		210	3.4%
16 Total Operations & Maintenance	\$ 34,639	\$ 68,730	\$ 39,837	\$ 910,179	\$ 1,053,387	\$ 32,978	\$ 62,450	\$ 125,415	\$ 220,843	\$ 33,950	\$ 82,615	\$ 70,600	\$ 187,165	\$ 35,065	\$ 84,255	\$ 70,900	\$ 190,220	\$ 1,115	\$ 1,640	\$ 300	\$ 3,055	1.6%

Note:
⁽¹⁾ No depreciation will be charged for all fixed assets including the Pipeline Relocation Project in the current or future budgets based on the prior Board's discussion of financing future capital expenditures on a pay-as-you-go basis.

EXHIBIT "A-3"
SANTIAGO AQUEDUCT COMMISSION
Baker Pipeline
Proposed 2023-24 and 2024-25 Surcharge and Allocation

	Proposed FY 2023-24 Budget				Proposed FY 2024-25 Budget			
	Operating	Maintenance	Landscape Project ⁽¹⁾	Total	Operating	Maintenance	Landscape Project ⁽¹⁾	Total
1 Contract Labor	\$ 4,500	\$ 1,400		\$ 5,900	\$ 4,600	\$ 1,400		\$ 6,000
2 Equipment Usage	800	90		890	800	90		890
3 Administration/Management	16,200	16,200		32,400	16,800	16,800		33,600
4 Telemetry Alarm System	2,225			2,225	2,300			2,300
5 Depreciation				-				-
6 Utilities		3,200		3,200		3,400		3,400
7 Cathodic Prot Sys Maintenance		10,000		10,000		10,000		10,000
8 Cathodic Prot Sys Monitoring		30,000		30,000		30,000		30,000
9 Maintenance-Landscape		11,500		11,500		12,000		12,000
10 SAC Landscape Special Budget for Reach 1U			\$ 70,600	70,600			\$ 70,900	70,900
11 General Liability Insurance	4,175	4,175		8,350	4,320	4,320		8,640
12 Legal	2,000	2,000		4,000	2,060	2,060		4,120
13 Bank Charges	1,000	1,000		2,000	1,030	1,030		2,060
14 Audit	3,050	3,050		6,100	3,155	3,155		6,310
15 Total	\$ 33,950	\$ 82,615	\$ 70,600	\$ 187,165	\$ 35,065	\$ 84,255	\$ 70,900	\$ 190,220

**Proposed FY 2023-24 and
FY 2024-25**

Member Agencies	Proposed Acre Feet	Capacity per Linear Foot	Reach 1U % ⁽¹⁾			
16 East Orange County Wtr District		2.58%	\$ 2,131	\$ 6,728	\$ 8,859	
17 Irvine Ranch Wtr Dist (NonBaker and Baker Project)	7,200	30.68%	\$ 7,828	25,346	35,858	69,032
18 Santa Margarita Wtr Dist (Baker Project)	8,454	22.28%	9,191	18,407	9,425	37,023
19 Trabuco Canyon Wtr Dist (NonBaker and Baker Project)	3,778	13.71%	4,107	11,327	5,754	21,188
20 El Toro Wtr Dist (Baker Project)	3,342	8.54%	3,633	7,055	3,565	14,253
21 Moulton Niguel Wtr Dist (Baker Project)	8,454	22.21%	9,191	18,349	9,270	36,810
22 Total	31,228	100.00%	\$ 33,950	\$ 82,615	\$ 70,600	\$ 187,165

		Reach 1U % ⁽¹⁾			
		\$ 2,174	\$ 6,757	\$ 8,931	
	\$ 8,085	25,850	36,010	69,945	\$ 8,085
	9,492	18,772	9,465	37,729	9,492
	4,242	11,551	5,778	21,571	4,242
	3,753	7,195	3,580	14,528	3,753
	9,493	18,713	9,309	37,515	9,493
	\$ 35,065	\$ 84,255	\$ 70,900	\$ 190,220	\$ 35,065

23 Proposed Surcharge per Acre Foot	\$ 1.09	\$ 1.12
--	----------------	----------------

Note:

⁽¹⁾ SAC Landscape Budget- Reach 1U Percentage		FY 2023 - 24	FY 2024 - 25
24 East Orange County Water District	9.53%	\$ 6,728	\$ 6,757
25 Irvine Ranch Water District	50.79%	35,858	36,010
26 Santa Margarita Water District	13.35%	9,425	9,465
27 Trabuco Canyon Water District	8.15%	5,754	5,778
28 El Toro Water District	5.05%	3,565	3,580
29 Moulton Niguel Water District	13.13%	9,270	9,309
30 Total	100.00%	\$ 70,600	\$ 70,900

Note: This page is intentionally left blank.

EXHIBIT “B”
SANTIAGO AQUEDUCT COMMISSION
PROPOSED BUDGET FY 2023-24
OPERATIONS & MAINTENANCE ASSUMPTIONS

CONTRACT LABOR AND EQUIPMENT

OPERATIONS

1. Annual Meter Reading Expense

Contract Labor

3 hours per month required

Assume 10% contingency (rereads, access issues, etc)

36 hours per year required

Meter reader at \$34.48 per hour rate

36 hours X \$34.48 per hour = \$1,241 direct cost

Add 150% overhead per agreement or \$1,862

Total direct and overhead labor expense: \$3,103

Equipment Usage

36 hours X \$19.19 per hour (Medium Duty Vehicle) = \$691

However, staff does not always charge usage amount use - \$600

Total Annual Meter Reading Expense: \$3,703

2. System Operations

Contract Labor

1 hours per month or 12 hours per year required – System review/
changes/reports and respond to system problems in the field

12 hours X \$45.68 per hour = \$548 per year direct cost

Add 150% overhead per agreement or \$822

Total direct and overhead labor expense: \$1,370

Equipment Usage

12 hours X \$19.19 per hour (Medium Duty Vehicle) = \$230

However, staff does not always charge usage amount use - \$200

Total Annual System Operations Expense: \$1,570

TOTAL OPERATIONS EXPENSE

CONTRACT LABOR: \$4,473 – Rounded \$4,500

EQUIPMENT USAGE: \$800 – Rounded \$800

MAINTENANCE

1. Meter Maintenance

Contract Labor

6 hours per year required – Test and calibrate all active SAC Meters

6 hours X \$39.52 per hour = \$237 direct cost

Add 150% overhead per agreement or \$356

Total direct and overhead expense: \$593

Equipment Usage

6 hours X \$19.19 per hour (Medium Duty Vehicle) = \$115

However, staff does not always charge usage amount use - \$50

Total Annual Meter Maintenance Expense: \$643

2. Air Vac Valve / Valve Maintenance

Contract Labor

4 hours per year required – Locate, exercise all SAC valves – includes structures maintenance

4 hours X \$39.52 per hour = \$158 direct cost

Add 150% overhead per agreement or \$237

Total direct and overhead expense: \$395

Equipment Usage

4 hours X \$19.19 per hour (Medium Duty Vehicle) = \$77

However, staff does not always charge usage amount use - \$20

Total Annual Valve Maintenance Expense: \$415

3. Maintenance and Repairs Contingency

Contract Labor

4 hours X \$39.52 per hour = \$158 direct cost

Add 150% overhead per agreement or \$237

Total direct and overhead expense: \$395

Equipment Usage

4 hours X \$19.19 per hour (Medium Duty Vehicle) = \$77

However, staff does not always charge usage amount use - \$20

Total Annual Maintenance and Repairs Contingency: \$415

TOTAL MAINTENANCE EXPENSE

CONTRACT LABOR: \$1,383 – Rounded \$1,400

EQUIPMENT USAGE: \$90 – Rounded \$90

ADMINISTRATION/MANAGEMENT

Administration and management of the SAC Commission activities includes a number of responsibilities. Among the responsibilities are: Preparation of all Commission agendas, scheduling of meetings, management of SAC contracts (Liability insurance, engineering fees, consultant management, legal counsel), accounting and treasury functions, and communications with outside entities. This includes payment for services provided by the General Manager.

This is a fixed fee, 1/12th to be paid quarterly. The annual budgeted fixed fee shall be \$32,400.

OUTSIDE SERVICES

From time to time, the Commission will require outside services such as engineering assistance, audit services, contract repair beyond the scope as defined under maintenance, or capital improvements to the SAC system. These are brought to the Commission on a case by case basis or included in the annual budget.

Outside Services are included in the proposed 2023-24 budget as follows:

Operations

1. Telemetry Alarm System/Underground Alert - \$2,225

Maintenance

1. Utilities – Electrical power for cathodic protection stations - \$3,200
2. Cathodic Protection System Maintenance – \$10,000
3. Cathodic Protection System Monitoring – Provide corrosion services for the monitoring of the cathodic protection system for the Baker Pipeline: total budget\$30,000
4. Landscape - \$11,500
5. Landscape Project – \$70,600

ADMINISTRATION

The proposed administration includes the following:

1. General Liability Insurance - \$8,350
2. Legal – Attendance and preparation of minutes for Commission meetings. Budget assumes 3 meetings of the Commission - \$4,000
3. Bank Charges - \$2,000
4. Audit – Annual audit fee by independent CPA - \$6,100

SANTIAGO AQUEDUCT COMMISSION
PROPOSED BUDGET FY 2024-25
OPERATIONS & MAINTENANCE ASSUMPTIONS

CONTRACT LABOR AND EQUIPMENT

OPERATIONS

1. Annual Meter Reading Expense

Contract Labor

3 hours per month required

Assume 10% contingency (rereads, access issues, etc)

36 hours per year required

Meter reader at \$35.31 per hour rate

36 hours X \$35.31 per hour = \$1,271 direct cost

Add 150% overhead per agreement or \$1,907

Total direct and overhead labor expense: \$3,178

Equipment Usage

36 hours X \$19.19 per hour (Medium Duty Vehicle) = \$691

However, staff does not always charge usage amount use – \$600

Total Annual Meter Reading Expense: \$3,778

2. System Operations

Contract Labor

1 hours per month or 48 hours per year required – System review/
changes/reports and respond to system problems in the field

12 hours X \$47.19 per hour = \$566 direct cost

Add 150% overhead per agreement or \$849

Total direct and overhead labor expense: \$1,415

Equipment Usage

12 hours X \$19.19 per hour (Medium Duty Vehicle) = \$230

However, staff does not always charge usage amount use – \$200

Total Annual System Operations Expense: \$1,615

TOTAL OPERATIONS EXPENSE

CONTRACT LABOR: \$4,593 – Rounded \$4,600

EQUIPMENT USAGE: \$800 – Rounded \$800

MAINTENANCE

1. Meter Maintenance

Contract Labor

6 hours per year required – Test and calibrate all active SAC Meters

6 hours X \$40.83 per hour = \$245 direct cost

Add 150% overhead per agreement or \$367

Total direct and overhead expense: \$612

Equipment Usage

6 hours X \$19.19 per hour (Medium Duty Vehicle) = \$115

However, staff does not always charge usage amount use - \$50

Total Annual Meter Maintenance Expense: \$662

2. Air Vac Valve / Valve Maintenance

Contract Labor

4 hours per year required – Locate, exercise all SAC valves – includes structures maintenance

4 hours X \$40.83 per hour = \$163 direct cost

Add 150% overhead per agreement or \$245

Total direct and overhead expense: \$408

Equipment Usage

4 hours X \$19.19 per hour (Medium Duty Vehicle) = \$77

However, staff does not always charge usage amount use - \$20

Total Annual Valve Maintenance Expense: \$428

3. Maintenance and Repairs Contingency

Contract Labor

4 hours X \$40.83 per hour = \$163 direct cost

Add 150% overhead per agreement or \$245

Total direct and overhead expense: \$408

Equipment Usage

4 hours X \$19.19 per hour (Medium Duty Vehicle) = \$77

However, staff does not always charge usage amount use - \$20

Total Annual Maintenance and Repairs Contingency: \$428

TOTAL MAINTENANCE EXPENSE

CONTRACT LABOR: \$1,428 – Rounded \$1,400

EQUIPMENT USAGE: \$ 90 – Rounded \$90

ADMINISTRATION/MANAGEMENT

Administration and management of the SAC Commission activities includes a number of responsibilities. Among the responsibilities are: Preparation of all Commission agendas, scheduling of meetings, management of SAC contracts (Liability insurance, engineering fees, consultant management, legal counsel), accounting and treasury functions, and communications with outside entities. This includes payment for services provided by the General Manager.

This is a fixed fee, 1/12th to be paid quarterly. The annual budgeted fixed fee shall be \$33,600.

OUTSIDE SERVICES

From time to time, the Commission will require outside services such as engineering assistance, audit services, contract repair beyond the scope as defined under maintenance, or capital improvements to the SAC system. These are brought to the Commission on a case by case basis or included in the annual budget.

Outside Services are included in the proposed 2024-25 budget as follows:

Operations

1. Telemetry Alarm System/Underground Alert - \$2,300

Maintenance

1. Utilities – Electrical power for cathodic protection stations - \$3,400
2. Cathodic Protection System Maintenance – \$10,000
3. Cathodic Protection System Monitoring – Provide corrosion services for the monitoring of the cathodic protection system for the Baker Pipeline: total budget\$30,000
4. Landscape - \$12,000
5. Landscape Project - \$70,900

ADMINISTRATION

The proposed administration includes the following:

1. General Liability Insurance - \$8,640
2. Legal – Attendance and preparation of minutes for Commission meetings. Budget assumes 3 meetings of the Commission - \$4,120
3. Bank Charges - \$2,060
4. Audit – Annual audit fee by independent CPA - \$6,310