



Hydroelectric Facility - SDG&E Power Purchase Agreement

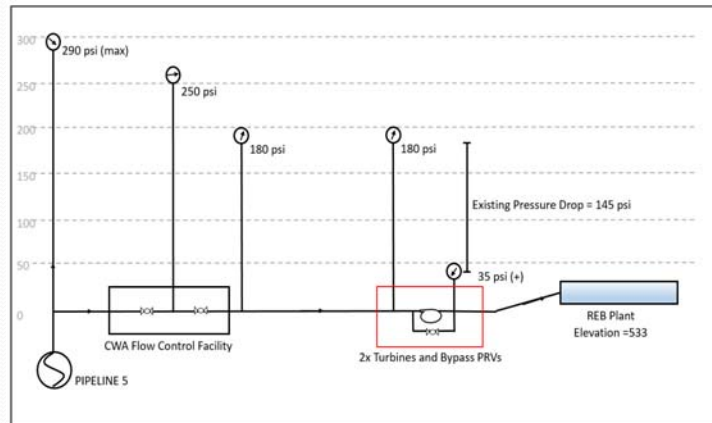


Board of Directors
February 21, 2019

The District jointly owns and operates a Hydroelectric Facility located on the RE Badger Water Filtration Plant property



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Existing Hydroelectric Facilities

- Utilizes excess pressure from the CWA Imported Raw Water Aqueduct
- Built in 1987 – Facility is 32 years old

Existing Hydroelectric Facility



- Two Turbine/Generator Sets
 - 885kW
 - 600kW
- The Existing 32 Year Old Turbine/Generator Sets and Support Equipment Are Nearing The End Of Their Useful Lives

A March 2016 Study Determined Replacement Of The Hydroelectric Facility Was Not Cost Effective

Key Factors

- **SFID must have the flexibility to use more cost effective Local Water**
 - The hydroelectric facilities utilize imported raw water
 - This limits power sales options to the “As-Available” category (As opposed to higher value Peak Demand category)
- **Water conservation has reduced projected water demands**
 - Reduces flow through the turbine generators
- **A new hydroelectric facility would cost approximately \$4.7 million**
 - The estimated payback period is at least 16 years

The Original 1987 SDG&E Power Purchase Agreement Expired in July 2017

A new SDG&E Generating Facility Interconnection Agreement was initiated in July 2017

This more simplistic agreement does not accommodate the sale of excess power, but allows SFID to utilize power from the existing aging hydroelectric facility to serve the R.E. Badger Water Filtration Facility

- *Annual cost of energy used by the RE Badger Plant = \$37,000*
- *Annual SDG&E standby charge for power generators = (\$31,000)*
- *Net Annual Positive Revenue = \$6,000*

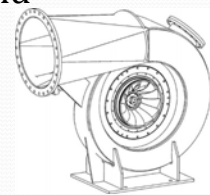
The Potential Estimated Annual Revenue For The Sale of Excess Hydroelectric Power is Approximately \$53,000

However:

- The Cost For Any Refurbishment Of The Existing Aging Facilities Must Be Low Compared To The Potential Revenue
- Terms for a new Power Purchase Agreement
 - Must not include fees, charges, or other requirements that offset revenue potential.
 - Must not limit the use of local water.
 - Must not require a long duration.

Proposed Approach to Keep Turbine/Generator Equipment Refurbishment Costs Low

- Due to decreased demand projections, one 600kW Turbine/Generator will accommodate future flow projections
- The second Turbine/Generator and support equipment will be taken out of service and used as parts for the remaining working Turbine Generator



Recommended Seven Year SDG&E “As Available” Power Purchase Agreement

- Essentially SDG&E’s “Standard” 7 year Contract for smaller (less than 20 mW) power generating facilities.
- Includes edits that eliminate \$30,000 in annual SDG&E scheduling fees.
 - Edited Standard Agreement requires approval by the Public Utilities Commission.
- SFID must install a California Independent System Operator (CAISO) electrical meter (at an estimated cost of \$15,000)
- “As Available” designation enables SFID to use local water whenever available

Questions

FY 2019 MID-YEAR BUDGET

Board of Directors
February 21, 2019



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FY19 Mid-Year - Overview

- Staff is not requesting any modification to the current year budget.
- Projections are through six months (December 31, 2018)
- Overall level of revenue and expenditures are trending in-line with the FY19 Adopted Budget;
- Water sales and purchases are currently tracking at budgeted levels, though recent rain events could change projections;
- Capital improvement program expenditures are anticipated to end FY19 down approximately 81% from projected expenditures included in the FY19 Adopted Budget;



FY19 Mid-Year – Water Sales / Purchases

SFID Total Water Production / Consumption (Acre Feet)

Source	FY18 Actual	FY19 Adopted Budget
Local Water	4,635.5	1,720.0
Imported Water	5,846.5	8,198.4
Total - Potable	10,482.0	9,918.4
Recycled Water	568.1	450.0
Total - All Water	11,050.1	10,368.4

SFID Total Water Production / Consumption (Acre Feet)

Source	FY18 Through P.6	FY19 Through P.6	Variance
Local Water	2,441.8	950.2	(1,491.6)
Imported Water	3,432.5	4,626.3	1,193.8
Total - Potable	5,874.3	5,576.5	(297.8)
Recycled Water	311.6	270.0	(41.6)
Total - All Water	6,185.9	5,846.5	(339.4)

- Purchases and sales of water are projected to meet FY19 Adopted Budget volume levels – marginal increase in revenue and expenditures;
- Total potable water production / consumption through December 2019 is approximately 5% lower than FY18 levels;
- Local water (Lake Hodges) measurement showed 1,000 AF of District available supply as of January 1, 2019 with 950.2 AF already utilized;
- Recent rain events are anticipated to increase this available supply.

FY19 Mid-Year – Other Revenues

- The District is projected to receive approximately \$630,000 in revenues above budgeted levels outside of water sales, which are mainly comprised of the following approximate amounts:
 - \$250,000 in interest income based on investment portfolio performance;
 - \$165,000 in property tax revenues due to higher than anticipated assessed value growth & supplemental receipts;
 - \$75,000 in capacity fee revenue from district activity.

FY19 Mid-Year – Department Budgets

- Anticipated salary savings of approximately \$214,000 due to vacancies maintained for a period of time

Administrative Expenditures

- Anticipated to end the fiscal year approximately \$180,000 or 22% above budgeted levels due primarily to:
 - Additional expenditures for General Manager recruitment services;
 - Higher than anticipated legal services rendered to the District by Best Best & Krieger;
 - Higher than anticipated consultant service and mailing expenditures for the District cost-of-service;

Engineering Expenditures

- Anticipated to have approximately \$55,000 or 32% savings as compared to budget in FY19
 - Consulting budget savings due to variability in District projects

FY19 Mid-Year – Department Budgets

Operations & Maintenance Expenditures

- Anticipated to have approximately \$250,000 or 15% savings as compared to budget in FY19
 - Consulting budget savings due to variability in District projects

Joint Facility Expenditures

- Anticipated to meet current budget
 - Water treatment costs continue to vary depending on what the current blend of water is being imported by the SDCWA (i.e. Colorado River or state project), in addition to any increase in treatment based on additional utilization of local water beyond 1,720 AF

FY19 Mid-Year – Capital Budget

Capital Budget

- Capital budget consists of two separate components:
 1. Capital Acquisition Program
 - Funds the purchase and procurement of equipment that has a value of \$7,500 or greater and has a useful life of more than twelve month
 2. Capital Improvement Program

Capital Acquisition Program

- Anticipated to be approximately \$133,000 or 10% lower than budgeted amounts due primarily to the joint facility roof repair / replacement project still being assessed for proper scope by staff – anticipated budget request for FY20

FY19 Mid-Year – Capital Budget

Capital Improvement Program

SFID PROJECTS	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED EXPENDITURES	VARIANCE
Glencrest Pipeline Relocation	\$ 75,000	\$ 32,600	\$ (42,400)
Phase 4 AMI	\$ 1,150,000	\$ 1,145,000	\$ (5,000)
Sub-Total: District Projects	\$ 1,225,000	\$ 1,177,600	\$ (47,400)

JOINT FACILITY PROJECTS	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED EXPENDITURES	VARIANCE
Clearwell Seismic Improvements	\$ 1,145,000	\$ 55,181	\$ (1,089,819)
Washwater Tank Seismic Improvements	\$ 1,562,200	\$ 139,759	\$ (1,422,441)
Mechanical Dewatering Improvements	\$ 4,074,000	\$ 360,071	\$ (3,713,929)
Guardrail Improv. at San Dieguito Reservoir	\$ 500,000	\$ 19,859	\$ (480,142)
San Dieguito Dam Concrete Refurbishment	\$ 588,000	\$ 38,502	\$ (549,499)
Sub-Total: Joint Facility Projects	\$ 7,869,200	\$ 613,371	\$ (7,255,829)
TOTAL CAPITAL PROGRAM	\$ 9,094,200	\$ 1,790,971	\$ (7,303,229)

- District capital projects are projected to be at or near the budgeted expenditure level;
- Joint facility projects are being bid in later fiscal year 2019, expenditures will occur between FY20 and FY21, instead of FY19 and FY20

FY19 Mid-Year – Fiscal Impact

The FY19 Budget projected a utilization of Capital Improvement & Replacement and Rate Stabilization reserves of \$4,071,028 and \$1,403,148, respectively. Based on the revised operating revenues / expenditures and capital spend, the District is projected to utilize \$552,915 in Capital Improvement Fund balance and make a contribution of \$761,855 to reserves (shown as rate stabilization in mid-year summary).

FY19 Mid-Year – Sources of Funds

SOURCES OF FUNDS				
OPERATING REVENUES	FY 2019 Budget	FY 2019 Projected	\$ Change Bgt to Proj	% Change Bgt to Proj
Potable Water Sales	\$ 20,535,055	\$ 21,185,289	\$ 650,234	3%
Recycled Water Sales	705,672	676,269	(29,403)	-4%
Base Meter Fees	5,507,426	5,519,421	11,995	0%
Hydroelectric Revenue	30,000	30,000	-	0%
SDWD Local Water Reimbursement	74,993	74,993	-	0%
SDWD Treatment Reimbursement	2,463,105	2,463,105	-	0%
Misc Operating Revenue	122,000	279,901	157,901	129%
Total Operating Revenue	\$ 29,438,251	\$ 30,228,978	\$ 790,727	3%
NON-OPERATING REVENUES				
Capacity Charges	\$ 75,000	\$ 150,000	\$ 75,000	100%
Interest Income	185,500	436,633	251,133	135%
Property Tax	2,300,000	2,467,192	167,192	7%
SDWD Capital Reimbursement	3,609,395	451,987	(3,157,408)	-87%
Misc Non-Operating Revenue	143,977	236,819	92,842	64%
Total Non-Operating Revenue	\$ 6,313,872	\$ 3,742,631	\$ (2,571,241)	-41%
OTHER SOURCES OF FUNDS				
Transfers from Rate Stabilization Fund	\$ 1,403,148	\$ -	(1,403,148)	-100%
Transfers from Capital Improvement Fund	4,071,028	552,915	(3,518,113)	-86%
Transfers from Operating Fund	-	-	-	-
Total Other Sources of Funds	\$ 5,474,176	\$ 552,915	\$ (4,921,261)	-90%
TOTAL FUNDS AVAILABLE	\$ 41,226,298	\$ 34,524,524	\$ (6,701,774)	-16%

FY19 Mid-Year – Uses of Funds

USES OF FUNDS				
OPERATING EXPENSES	FY 2019 Budget	FY 2019 Projected	\$ Change Bgt to Proj	% Change Bgt to Proj
Imported Water Purchases	\$ 11,839,560	\$ 12,078,528	\$ 238,968	2%
Local Water Purchases	100,757	100,757	-	0%
Recycled Water Purchases	712,348	684,900	(27,448)	-4%
Salary & Benefits	7,638,575	7,424,479	(214,096)	-3%
Salary & Overhead Capitalization	(198,290)	(92,885)	105,405	-53%
Administrative Expense	809,063	987,889	178,826	22%
Engineering Expense	175,170	119,778	(55,392)	-32%
Operations & Maintenance	1,730,700	1,477,037	(253,663)	-15%
Joint Facilities	3,886,640	3,886,640	-	0%
Capital Contribution (Equal to Depreciation)	2,800,000	2,800,000	-	0%
Total Operating Expenses	\$ 29,494,523	\$ 29,467,123	(27,400)	0%
CAPITAL EXPENDITURES				
Capital Acquisitions	\$ 1,290,700	\$ 1,157,700	\$ (133,000)	-10%
Capital Improvements	9,094,200	1,790,971	(7,303,229)	-80%
Total Capital Expenditures	\$ 10,384,900	\$ 2,948,671	\$ (7,436,229)	-72%
LONG TERM DEBT EXPENSES				
Long Term Debt Service - 1999 Bonds	\$ 1,346,875	\$ 1,346,875	\$ -	0%
Total Long-Term Debt Expenses	\$ 1,346,875	\$ 1,346,875	\$ -	0%
RESERVE CONTRIBUTION				
Transfer to Rate Stabilization Fund	\$ -	\$ 761,855	\$ 761,855	-
Total Reserve Contribution	\$ -	\$ 761,855	\$ 761,855	-
TOTAL USE OF FUNDS	\$ 41,226,298	\$ 34,524,524	\$ (6,701,774)	-16%

Questions?



Automated Metering Phase 4 Project J-1900 Status



**BOARD OF DIRECTORS MEETING
FEBRUARY 21 , 2019**

SFID Automated Metering Phases 1-3

***Total Number of District Meters = 7,539
(potable, fire, recycled)***

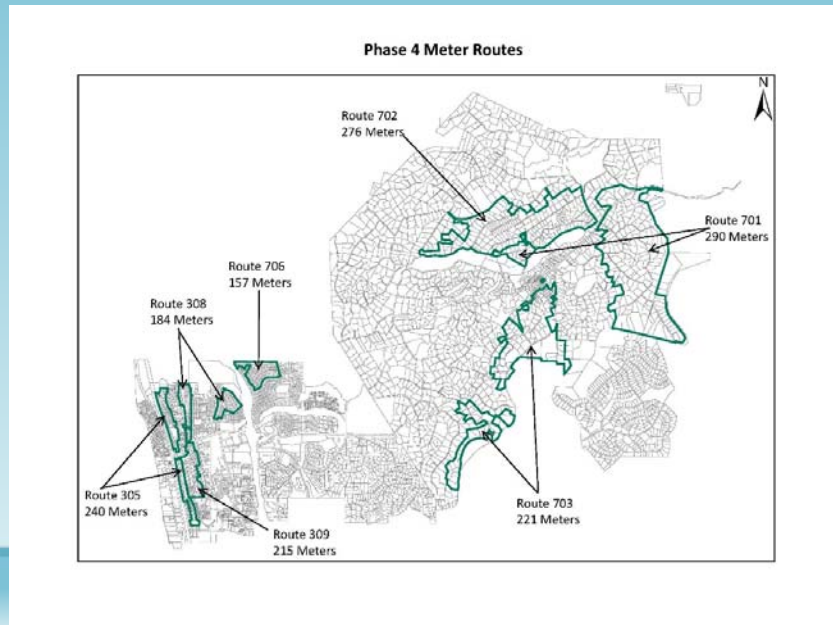
***Completed Phases 1-3 = 2,529 Meters,
Plus:***

- **Antennae Base Stations = 3**
- **Billing Software Integration**
- **Internal O&M Analytical Software**
- **Customer Portal Software**

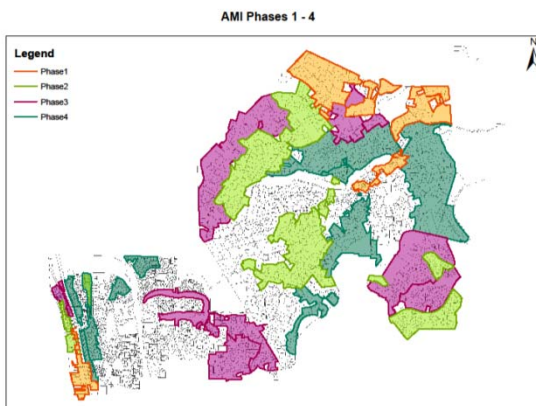




Automated Metering Phase 4 Project Replaces 1,577 Meters



Overall SFID Automated Metering Program Summary



Total Number of District Meters = 7,539
(potable, fire, recycled)

Follow Completion of Phase 4 = 4,106 Meters, Including:

- Antennae Base Stations = 3
- Billing Software Integration
- Internal O&M Analytical Software
- Customer Portal Software

Remaining Meter Installs After Phase 4 = 3,433
(Phases 5&6)

- Will also require an additional antennae or repeater equipment

Schedule for Phases 5 & 6

- July 2019 – June 2020
- July 2020 – June 2021

Comparing Automated Metering Program actual costs to the \$5,395,000 budget established in FY 17

AMI Project	FY	Number of Meters	Budget
Phase 1&2	17	1,334	\$1,195,000
Phase 3	18	1,195	\$1,000,000
Phase 4	19	1,577	\$1,150,000
Phase 5	20	1,716	\$1,150,000
Phase 6	21	1,717	\$900,000
Total		7,539	\$5,395,000

Comparing Automated Metering Program actual costs to the \$5,395,000 budget established in FY 17

AMI Project	FY	Number of Meters	Budget	Updated Estimate	Variance
Phase 1&2	17	1,334	\$1,195,000	\$1,084,000	(\$111,000)
Phase 3	18	1,195	\$1,000,000	\$824,000	(\$176,000)
Phase 4	19	1,577	\$1,150,000	\$1,050,000	(\$100,000)
Phase 5	20	1,716	\$1,150,000	\$1,250,000	100,000
Phase 6	21	1,717	\$900,000	\$1,250,000	\$350,000
Total		7,539	\$5,395,000	\$5,458,000	\$63,000



SFID's My Water Use Customer Portal

Once your Automated Meter is Installed - It's Free and Easy!

Just log on to <http://www.sfidwater.org/mywateruse> and after a few simple setup steps, start tracking your hourly, daily, monthly, and annual water usage in several formats.

- You will have the ability to:
 - Set up alerts for notification of when you exceeded a daily, weekly, or bi-monthly threshold that you choose.
 - Compare water usage data with the previous month, previous year, your average, or past weather information.
 - Add several accounts to keep track of all your water usage, all in one place.
 - Export your water usage data to an excel document or pdf.

By monitoring your water usage, you now have the tools to be more efficient with your water

QUESTIONS