



## **2015 ANNUAL REPORT**

Prepared by Roland Gross, General Manager/Secretary

This report is a review of operational, maintenance and financial activities that began on January 1 of this year. A cooperative team effort toward the implementation of objectives and improved communications hallmarks our successes. This year's accomplishments are testimony to the commitment of the Board, staff and employees to achieve these goals.

### ***GENERAL...***

Replacement of mortar joint concrete pipe continued per the Board's directive. Prices for electricity and insurance rates remain high and are being adjusted into the general budget. There was no income from Friant Power Authority. The water management software and invoicing programs have been in use since March 1, 2008. The web site was updated. The customer information portal allows customers to access their water and billing information via the Internet.

This year's construction work includes completion of The 3 line main reservoir which is part of a new junction box gate automation project of the 3 line scheduled for 2016. The terminal reservoir on the 9 line has relocated to the North West corner of Famoso road and Wallace road. The new reservoirs run on solar power. Several meters and line gates were replaced or rehabilitated during the winter shut down period. There has been a noticeable reduction in the number of leaks our crews are responding to repair. This is attributed to the replacement of original mortar joint pipe.

Environmentalists, United States and Friant Water Authority are moving forward with restoration of a full flowing San Joaquin River. The settlement legislation is part of a larger omnibus environmental bill that was signed into law. New or additional storage in the upper San Joaquin River is being studied by state and federal agencies. The Temperance Flat Dam

and Reservoir concept received federal funding for additional studies. The governor's new water bond, including funds for new surface storage, was approved by the voters.

### ***BOARD & ADMINISTRATION...***

William Carlisle retired from SSJMUD as General Manager on May 31, 2015 the board of directors appointed Roland Gross as General Manager.

Expectation is to continue improving operations and communications. The combined effort of Board and management has provided the basis of positive relations with customers and employees. Results:

- ❖ The District takes responsibility for its actions and obligations.
- ❖ District policy is applied on a consistent basis.
- ❖ Peer districts respect SSJMUD's direction and successes.
- ❖ Better service and faster response time play key roles in improved customer service.
- ❖ The public's image of the District improved.
- ❖ The Board is better informed on local issues.
- ❖ Utilization of new technology.
- ❖ Completed Annexation #3.

The Board successfully negotiated a new 9d Repayment Contract with the United States. The contract was signed by Don Glaser, Regional Director for the Bureau of Reclamation, on November 24, 2010. Funding for the payoff of debt owed to the United States was secured from Bank of America and included extra money to pay for the new Elmo East Pipeline Project. The loan from Bank of America was funded by money in the District's reserve account. Final payment to the United States was done on December 6, 2010.

The payment to Bank of America comes from revenues received from water sales and after receiving a 0% allocation the district had no water to sale and the district turned to the growers asking for support of a proposition 218 election to help stabilize the budget. On June 8, 2015 the growers voted in supported for the Proposition 218 by a 94% margin. The Payments to Bank of America are now part of the fixed budget, revenues coming from land assessments rather than water sales.

### **WATER MANAGEMENT...**

The allocation for 2015 was an unprecedented 0% again:

- SSJMUD federal supply 0%, 0 AF
- Private well pumping was necessary this year.
- SSJMUD transferred in 3,291 AF from other sources with prices reaching \$1300 AF.
- No District supply water was transferred out.
- SSJMUD helped convey the grower's well water using district facilities and was able to convey 8,275 AF of grower's well water to their fields.

### **MAINTENANCE & CONSTRUCTION ACTIVITY...**

Maintenance personnel perform a large number of services throughout the district. Notable is activities relating to repairing leaks, gates, vents and meters. Statistics to date:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2010</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
□ Air vents repair/replace	36	8	20	46	15	14	13	20	27	20
□ Air vents, new	19	50	27	2	7	24	10	0	0	4
□ Gate repair/replace	11	20	11	8	26	12	11	9	14	25
□ Leaks	103	57	85	51	63	65	41	38	20	19
□ Meter repair/replace	124	108	71	34	43	20	12	37	2	16
□ Meters, new	12	38	45	43	12	1	6	0	10	10
□ Pipe replacement (K')	17	35	34	47	11	28	8	.5	11	2
□ Miscellaneous painting over graffiti ( <i>32 gallons</i> ) and repaint turnout numbers										
□ Repair or replace barricades around gates and vents										
□ Service vehicles and equipment										
□ Cleaned yard and general plant maintenance										
□ Coordinate abandonment of deliveries and pipelines with developers										
□ Painted all the East side pumping plants.										
□ Constructed 2 new reservoirs										

### **OPERATIONS...**

Pumping plants and SCADA systems are our most innovative and successful projects. Pump and motor maintenance was minimal and several plants are being painted. New motor control panels have been installed at S-2, S-9 and S-11 to conform to regulations for 4-wire, 3-phase electric power.

The preventative maintenance program eliminated nuisance shut downs of individual pumps and stations. This area of operations is responsible for improved reliability to customers and reduced operating costs.

The automated gate on the #3 Mainline was removed after several years of successful testing and construction of the new reservoir location was completed. This will be an on-going project which should start in early 2016.

We continue to evaluate the pumping plant automated systems. Upgrades intended to detect and treat periodic problems were added to the software programs. Most of these changes are done in house thus eliminating expensive consultant time. The True Point Solutions software has reduced invoicing time to one day. The server was upgraded to include additional data storage and backup.

2015 has been a difficult year with 0% water allocation were the SSJMUD's ditchriders main focus was to convey the growers own well water using the districts facilities. The districts billing system was never designed for this type of water accounting which required most of the billing be done manually.

### ***FINANCE...***

The budget for FY 2015-2016 contained the usual categories of expenditures. The 0% water allocation created a deficit problem when money needed to be collected with water rates was not available. Water costs continue to rise as the Bureau of Reclamation makes increases in the water-marketing component of the cost of service rate. The District's investments are in two separate accounts. Replacing the Rabobank Money Market Accounts are investments through Wealth Management. These investments are primarily government treasury bonds. Regular banking activity was moved from Rabobank to Bank of the Sierra, which has a branch in Delano. In addition to checking and savings accounts, three CD's were set up for funds that had been in Money Market accounts that yield considerably more in interest that what was earned from Rabobank. Bank of the Sierra also provided a check scanner so customer payments can be banked without actually going into the local branch. SSJMUDs' pro-rata share of the Friant Power Authority excess revenue is \$0.

Power bills from both PG&E and Southern California Edison increased for SSJMUD as they have for everyone in the respective service areas. Under normal circumstances, SSJMUD is exempt from paying the Competitive Transition Charge or "CTC". Beginning in 2001, the wholesale charge for electric power on the open market exceeded the price cap the utilities

could charge. The CTC changed from being a positive credit to a debit. Lift charge rates increased several times the past years and in October 2002, the Board elected to level out the charge on all lifts thus making them the same rate. The lift rate for 2014 was \$11.50 per lift except for the new systems that are nearly double the cost but fewer pumping plants. The lift rates were based on every acre foot of water delivered east of the Canal sharing the costs. However, with the 0% allocation, a power surcharge needed to be added to bills of those customers who had their well water lifted by the district.

The annual audit indicated that proper accounting techniques are practiced and the district is financially sound

### ***ADMINISTRATION...***

The Board provides direction and policy for the manager to incorporate into various activities. Appointed by the Board, I act as liaison between the Board, staff, employees, customers, public and other agencies. Activities include:

- Reorganization of departments and personnel.
- Monitor water delivery activities, training and safety.
- Customer relations and service improvements.
- Provide accurate and informative reports to the Board.
- Direct the preventive maintenance program.
- Reduce response time to service requests.
- Purchase equipment necessary to achieve maintenance and construction goals.
- Improve efficiency and reliability.
- Keep the District fiscally sound.
- Protect water rights and water service contract.
- Decrease or eliminate the number of delinquent accounts.
- Plan & coordinate construction activity.
- Apply rules and regulations fairly.
- Establish District wide painting and graffiti eradication program.
- Evaluate supervisor and employee performance.
- Review various insurance programs and recommend changes.
- Inform the public with District newsletters and Friant Waterline.
- Improve appearance of District facilities and property.
- Prepare Board meetings and make various mailings when necessary.

- Plan and implement a wide variety of activities for Board, staff and employees.
- Implement website [www.ssjmud.org](http://www.ssjmud.org).
- Implement Customer Information Portal via the website.

### ***LOOKING TO THE FUTURE...***

In 1998, a report titled "District Direction" was distributed to the Board of Directors. The report analyzed, from the General Manager's perspective, various issues and concerns about past policy and the then interpretation. Modifications to district rules and operations alleviated concerns in all but a few areas of the report. The support of the Board and their consistency of setting policy opened the door for change. We should be proud of the transformation the district has made since 1997 as it proves that when working together positive results happen. The Board, staff and employees work together to provide landowners and water users a district they can depend on.

The Board took action to begin the process to increase the Standby Charge to include the Bank of America loan repayment.

As we prepare for the next water year, emphasis on replacing the remaining mortar joint concrete pipe continues. This multi year project requires the systematic replacement of old pipe with rubber gasket PVC pipe, updates deliveries and pressurizes sublaterals as we go. Equipment purchased for ESIP construction was approved with the understanding it would be utilized for the pipe replacement project.

Pressurization and/or automation of main lines west of the canal are another area of potential system improvement. As with the ESIP, there is more than one way to accomplish a goal. The gate actuator on the #3 Mainline is the first project of this type and is now ready to be expanded to include all the junction boxes on the mainline. The plan to operate it during the irrigation season was successful. The technology developed allows the remaining junction boxes to be outfitted with the same type actuator and future programming, thus eliminating the need for manual operation of the main gates.

Friant Power Authority excess revenue payments to SSJMUD are a source of income that helps to offset District costs. The 0% water allocation stopped the production of power at the Madera and Friant-Kern Plants and thus the District did not receive any payments. FPA is moving forward on constructing a new 6.9 MW power plant.

**SSJMUD** continues to grow on its own successes, and having been honored as an "innovator" by the Association of California Water Agencies, I am proud to be associated with

SSMUD and look forward to the future. It takes the board, management and employees working together to be a success and we certainly have proven that a public entity can be responsive to the people it serves.

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