

# RBM Handout: 10/31/23

Weekly Water Report	As of: Oct 24, 2023	As of: Oct 31, 2023	
<b>New Hogan (NHG) TOC</b>	<b>253,850</b>	<b>234,600</b>	<b>AF</b>
Storage:	186,398	185,016	AF
Net Storage Change:	-1,229	-1,382	AF
Inflow:	32	24	CFS
Release:	98	100	CFS
<b>New Melones (NML) Allocation</b>	<b>75,000</b>	<b>75,000</b>	<b>AF</b>
Storage:	1,892,812*	1,889,064*	AF
Net Storage change:	-1,713	-3,748	AF
Inflow:	1,381*	517*	CFS
Release:	1,117*	730*	CFS
<b>Source: CDEC Daily Reports</b>			

<b>Goodwin Diversion (GDW)</b>			
Inflow (Tulloch Dam):	979	367	CFS
Release to Stanislaus River (S-98):	334	752	CFS
Release to OID (JT Main):	94	70	CFS
Release to SSJID (SO Main):	152	35	CFS
Release to SEWD:	<u>0</u>	<u>0</u>	CFS
Total Release	580	857	CFS
<b>Source: Tri-Dam Operations Daily Report</b>			
<b>Farmington Dam (FRM)</b>			
Diverted to SEWD:	0	0	CFS
Diverted to CSJWCD:	0	0	CFS

<b>Surface Water Used</b>			
Irrigators on New Hogan:	0	0	
Irrigators on New Melones:	0	0	
Out-Of-District Irrigators:	0	0	
DJWWTP Production:	40	42	MGD
North Stockton:	12	12	MGD
South Stockton:	6	8	MGD
Cal Water:	23	17	MGD
City of Stockton DWSP Production:	8	8	MGD

<b>District Ground Water Extraction</b>			
74-01	0	0	GPM
74-02	0	0	GPM
North	0	0	GPM
South	0	0	GPM
Extraction Well # 1	<u>3,170</u>	<u>3,160</u>	GPM
Total Well Water Extraction	3,170	3,160	GPM
Total Ground Water Production	0	0	MGD

**Note: \*The data reported here is available as of 10/30/23**

**All other flow data reported here is preliminary, as of 9:00 a.m. on 10/31/23**



# STOCKTON EAST WATER DISTRICT Reserve Policy Manual

## No. 6040

Adopted:

November 14, 2023

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### A. Purpose

The purpose of the Stockton East Water District’s (District) Reserve Policy is to promote financial stability of the District by setting guidelines for fund balance in accordance with Generally Accepted Accounting Principles (GAAP). Another critical aspect of fiscal responsibility is to not only anticipate and prepare for future funding requirements for ongoing operations and maintenance expenses and capital expenditures, but also to prepare for unforeseen disasters and other unforeseen events. In addition, reserves need to be maintained when defined by statute, court determinations, contractual agreements, or bond resolutions.

The term fund balance refers to the difference between assets and liabilities under the modified accrual basis of accounting for governmental funds. Unrestricted fund balance refers to the categories of fund balance that only include resources without a constraint on spending unless the constraint on spending is imposed by the government itself. Unrestricted fund balance is a measure of economic stability, and adequate levels of unrestricted fund balance will assure liquidity and will mitigate the risks associated with revenue volatility and unanticipated expenditures.

Reserves will be managed in a manner that allows the District to fund costs consistent with its Capital Improvement Program as well as other long-term plans (such as the Water Supply Master Plan, Water Treatment Master Plan, etc.), while avoiding significant rate fluctuations due to changes in cash flow requirements.

Operating reserves will be maintained at a minimum level of six months of budgeted operating costs, consistent with the adopted District Act. Adequate reserves and sound financial policies promote the District’s bond ratings in the capital markets; provide financing flexibility; avoid potential restrictive debt covenants; and ensure the District’s customers of stable rates. The Reserve Policy covers all reserve funds of the District. At the end of each fiscal year compliance with the Reserve Policy will be reported to the District’s Board of Directors as part of each Fiscal Year-End Financial Report.



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### B. Reserve Fund Types

The District maintains two types of reserve funds:

1. Restricted Reserves are reserves that are restricted by an outside source, such as by statute, court determination, or contract.
2. Designated Reserves are reserves that are established and set aside to be used for a specific, Board designated purpose.

The Board of Directors (Board) have the authority to redirect the use of these reserves as the needs of the District change. Unrestricted Reserves are planned for use in each update to the Capital Improvement Program to assist in providing for minimal orderly rate increases at or below inflation, consistent with the District Act.

### C. SEWD Reserve Funds and their Specific Purposes

- Dry Year Reserve: The Board is authorized to establish a reserve fund financed by the transfer of up to ten cents (\$0.10) for each acre-foot of water to which the ground water assessment rate or the stream delivered surface water charges levied, in addition to ten cents (\$0.10) for each acre-foot of treated water sold by the district under either an existing or future water service contract. Such amounts transferred into a reserve fund shall be a part of, and not in addition to, the above-referenced ground water assessment rates, stream-delivered surface water charges, and contract prices. The reserve fund established under the authority of this section shall be a limited-purpose reserve fund. Expenditures out of such fund shall only be made for the purpose of constructing, leasing or purchasing, maintaining, and operating ground water pumping facilities capable of delivering ground water into the existing district watercourses, water supply, or distribution facilities for the purpose of ensuring the availability, to the extent possible, of a full supply of water to all users during dry years. There are two types of dry year reserves:
  - AG Dry Year Reserve
  - M&I Dry Year Reserves
- Bond Reserve: An account held as a reserve fund by the District, and used by the District in accordance with a Bond Resolution (upon bond issuance).
- Water Treatment Facilities Reserve: The District has established and shall maintain during the term of this Second Amended Contract (Contract) a Water Treatment Facilities Reserve Fund. There shall be deposited in that fund at the end of each Year the sums paid to the District pursuant to subparagraphs 5A (10) of the Contract. The District may, at any time, make withdrawals from said Water Treatment Facilities Reserve Fund and expend such funds as the District determines, provided that such expenditures are limited to the following purposes:
  - Debt Service: Debt service, including the call and redemption of loans and/or bonds prior to fixed maturity date.



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- Operation and Maintenance: Operation, maintenance, and repair of the water treatment facilities including the actual administration, maintenance and repair cost directly attributed to Water treatment facilities.
- Replacement and Expansion: Necessary or desirable replacement, expansion, improvement, modification, and increase in the capacity of the water treatment facilities.
- Maintenance Repair and Replacement Reserve: The District has established and shall maintain during the term of this Contract a reserve account for the purpose of covering the cost of repairs and replacement of items scheduled and required during the life of the Contract in order to maintain the water treatment facilities in good order and at all times able to meet efficiently the production of the water to be supplied pursuant to the Contract. Payment shall be made by the Contractors annually as a part of the total payment required by Paragraph 5 into the Repair and Replacement Reserve Account in accordance with the payment schedule established by Exhibit "D" of the Contract. Payments to be made into the reserve fund shall be adjusted from time to time, by the District to meet actual operating expense, provided that prior to any such adjustment the Board shall first hold a noticed public hearing. Any sums drawn against the Maintenance Repair and Replacement Reserve account shall be deducted from the actual charge for operation, maintenance, and replacement made pursuant to the initial \$100,000 deposited.
- Water Deficiency Reserve Fund: It is recognized that pursuant to the New Hogan Contract, the District, in some years, may be required to take a 25% reduction in New Hogan Reservoir water supply. In order to furnish Contractors with a minimum of a full 20,000 acre feet of water per year the District agrees that it will purchase water, or construct, install, or acquire such wells, pumps, conduits, and related facilities as may from time to time be required to permit the District to take such water from the underground annually as may be necessary to augment an annual reduction of as much as 25% in the base supply of raw water. In order to place itself in a position to meet the obligations of Paragraph 8 in the Contract, the District has established a Water Deficiency Reserve Fund into which it shall deposit annually a sum set by the Board. The amount so deposited shall not in any year exceed an amount equal to ten cents multiplied by the total number of acre feet of water delivered to the water treatment plant during the subject Year. Funds in said Water Deficiency Reserve Fund may from time to time be applied by the District as appropriate for the construction or other acquisition of such wells, pumps, conduits, and related facilities, and to do any other acts necessary on the part of the District in its judgment to furnish the base supply of treated water to Contractors annually.
- Interest Received on Reserve Funds: All interest income received by the District by virtue of the investment of the funds on hand in any reserve fund, shall be added to the respective reserve fund generating the interest and shall be expended for the purpose of the fund.
- Emergency Reserves: The Emergency Reserve is a designated reserve fund. Emergency Reserves are funds set aside for emergencies and these funds must remain liquid. The ability of the District to quickly restore facilities and services is critical to the public health and safety of residents. The Emergency Reserves shall be expended solely



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for the purpose of responding to and maintaining the District operations during a natural disaster and/or emergency. AWWA recommends an emergency reserve amount equal to the cost of the most expensive critical equipment that may fail. The District will make annual deposits based on an itemized schedule of equipment, listing the equipment type, the original cost, and the expected service life, to the equipment replacement fund. The total annual deposit is the sum of the annual deposits for each asset. When an asset on the equipment replacement fund list is replaced, the amount is drawn from the fund, and the schedule of annual deposits is adjusted accordingly to reflect the value and service life of the new asset(s).

- **Capital Reserve:** The Capital Reserve is a designated reserve, which has been established by the Board to maintain a minimum level of funding to meet the cash flow requirements of the Capital Improvement Program and fund up to one-year of capital improvements. Capital improvements are designed to meet regulatory requirements, improve system reliability, and address future water demand in the District. The District is to set an amount aside for the future replacement of worn-out equipment. The Capital Reserve will be established to support the future capital needs of the District water. This may include replacements costs for of existing facilities or equipment as it reached the end of its useful life and funding major repairs that extend useful life of facilities/equipment. The District's current source of funding for capital improvements is from water charges and one-time revenues.
- **Goodwin Dam Reserves:** The District shall put aside \$75,000 annually to a fund reserve for Goodwin Dam insurance. The fund balance and interest income generated in this account shall only be used for Goodwin Dam maintenance. The intent is to add \$75,000 per year until such time that the District collects the net present value of the original amount spent on the tunnel and the intake construction.

### D. Transfers to/from Reserves

The District shall keep distinct accounts for each of the reserve types outlined above. Funds in the reserve accounts will not be used for any other purpose than they were intended as set forth above unless approved by the Board.

- **Debt Reserve:** Funds in the reserve can only be transferred when the associated debt is paid off or the lender authorizes a reduction in Debt Reserve. At that time the Debt Reserve is returned to the operating account and redistributed.
- **Emergency Reserve:** Funds in the Emergency Reserve can only be transferred for emergency purposes. Emergencies are limited to disasters, drought, fire or any other unforeseeable event. The funds are not to be used for operating capital, debt payments, capital improvements or replacements, maintenance or any other foreseeable event.
- **Capital Reserve:** Funds in the Capital Reserve account can only be transferred for capital replacement projects for that enterprise. The funds are not to be used for operations, refurbishing, debt payment, or emergencies.



# STOCKTON EAST WATER DISTRICT Reserve Policy Manual

## E. Policy Review and Revision

This Reserve Policy shall be reviewed annually by the General Manager and the Administration Committee, and may be amended by the Board of Directors as conditions warrant. This Reserve Policy was approved by the Board of Directors on October 31, 2023 and replaces any previous reserve policies of the District.

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