

CRESCENTA VALLEY WATER DISTRICT

FY 11/12 - Budget Review

June 21, 2011

PREVIOUS YEAR (FY 10/11) BUDGET REVIEW

- **Water Sales at 4,500 ac-ft; less than the projected 5,000 ac-ft**
 - Resulted in 16% reduction in revenues
 - Shortage of required FMWD revenue
- **Reduced water sales in Tiers 3 & 4**
- **Overall Operations & Maintenance expenses 6.5% less than Budget**
- **Two (2) vacant staff positions not filled**
- **Reserves remained over target reserve level**
- **Overall expenses exceed revenue; approved \$300K adjustment from reserves**

FY 11/12 BUDGET WORKSHOP HIGHLIGHTS

1. **Balanced Budget vs. Unbalanced Budget**
 - ✓ Revenues equal Expenses and CIP
2. **Meter Service Charge**
 - ✓ Increase to cover fixed costs & provide discount for low end users
3. **Depreciation/OPEB Liability**
 - ✓ Continue Current Policy
4. **Other Expenses**
 - ✓ Maintain expenses at current levels
5. **Level of Maintenance and Operations**
 - ✓ Moderately paced implementation
6. **Capital Improvement Plan**
 - ✓ New Bonds - Bring to Finance committee
7. **Reserve Levels**
 - ✓ Continue current policy w/ info back to Finance committee
 - 25% water sales
 - \$750,000 reserve
 - Two months working cash - less purchase water
8. **Water Sales**
 - ✓ Reduce to 4,750 acre feet for FY 11/12

FY 11/12 BUDGET

- Revenues based on 4,750 ac-ft annual water sales
- O & M Expenses
 - Enhanced maintenance; 2% increase from FY10/11 budget
- General Administration Expenses
 - No change to staffing levels; Filling two (2) positions vacant last year
 - No Cost of Living Adjustment (COLA)
 - Increase in Workers Comp and Healthcare insurance
- Capital Improvement Program Funding Options
 - Bonds - Option 3.1a.1
 - Pay-as-you go - Option 2.1a.1
- Funding future liabilities (OPEB) included in Option 3

FY 11/12 BUDGET

- **FY 11/12 Capital Improvement Program**
 - Emergency Water Supply interconnection w/LADWP; \$600,000 grant from State & \$600,000 from CVWD
 - Replacement of ion exchange resin at Glenwood Nitrate Removal Treatment Plant - \$250,000
 - Design of New Nitrate Removal Treatment Plant at Mills - \$90,000
 - Pipeline Replacement - 2,000 LF - \$500,000
 - Zone 2 to Zone 1 water supply connection - \$125,000
 - New Automatic Gates at Glenwood - \$35,000
 - Replacement of 2 Booster Pumps - \$60,000
- **Date of Rate Increase**
 - Agreed to re-aligning start date of rate increase with start of fiscal year budget
 - New Proposition 218 Notice