



CRESCENTA VALLEY WATER DISTRICT

2010/2011

WATER AND WASTEWATER BUDGET REVIEW



July 13, 2010



Agenda

- **Introduction**

- Workshop Goals
- Executive Overview

- **CVWD Statistics**

- Service Area
- Water Supply
- Water Consumption

- **Water Budget**

- Imported Water Costs (FMWD/MWD)
- Operations & Maintenance
- Capital Improvements
- Overall Proposed Budget

- **Wastewater Budget**

- Sewer Treatment & Disposal Costs (City of Los Angeles)
- Operations & Maintenance
- Capital Improvements
- Overall Proposed Budget

- **Discussion by Board**

Workshop Goals

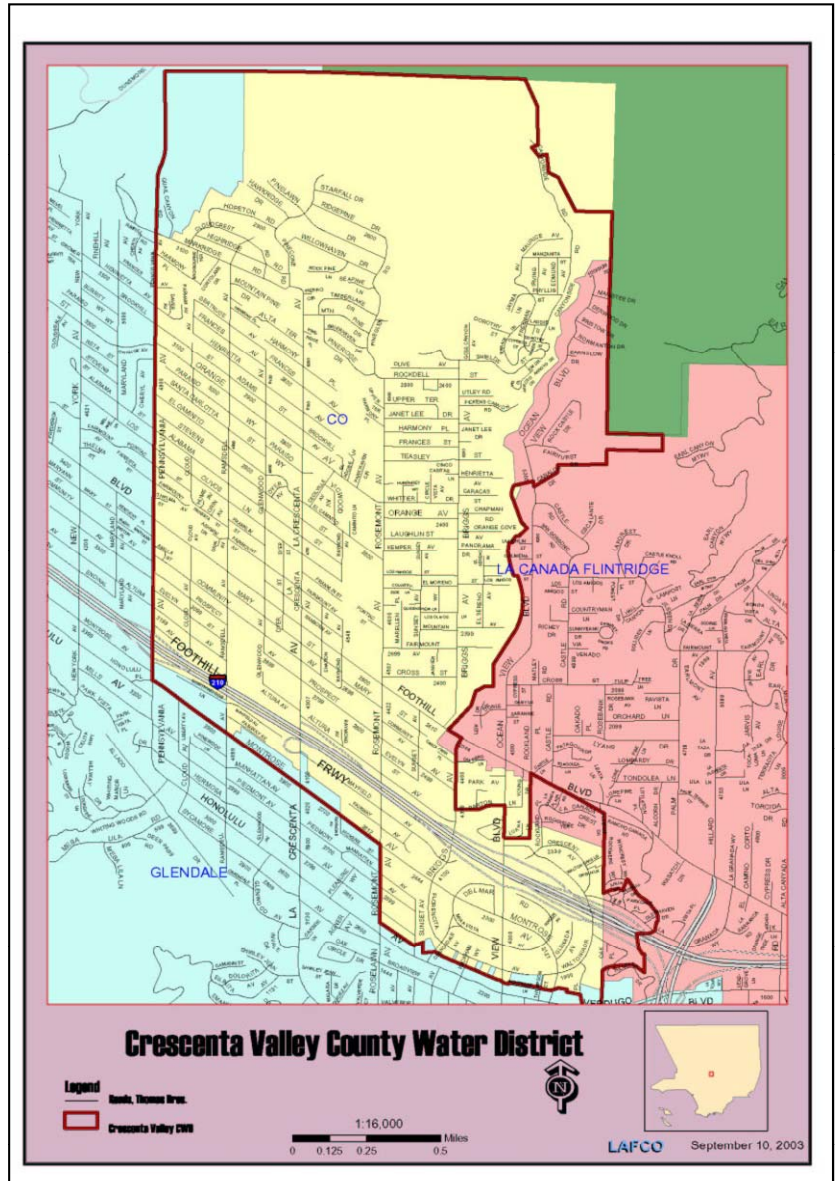
- **Review Past Years' performance**
- **Present budget projections for FY 10/11**
- **Discussion by Board of Directors**
- **Questions & Directions to Staff**

Executive Summary

- **Summary of FY 09/10 Water Budget**
 - *Revenue*
 - *Operational Expenses*
 - *Capital Projects*
- **Summary of FY 09/10 Wastewater Budget**
 - *Revenue*
 - *Wastewater Expenses*
 - *Improvement Projects*
- **Summary of FY 10/11 Water Budget**
 - *Revenue Projections*
 - *Expense Projections*
 - *Capital Projects*
 - *Rate Implications*
- **Summary of FY 10/11 Wastewater Budget**
 - *Revenue Projections*
 - *Expense Projections*
 - *Improvement Projects*
 - *Rate Implications*

CVWD Background

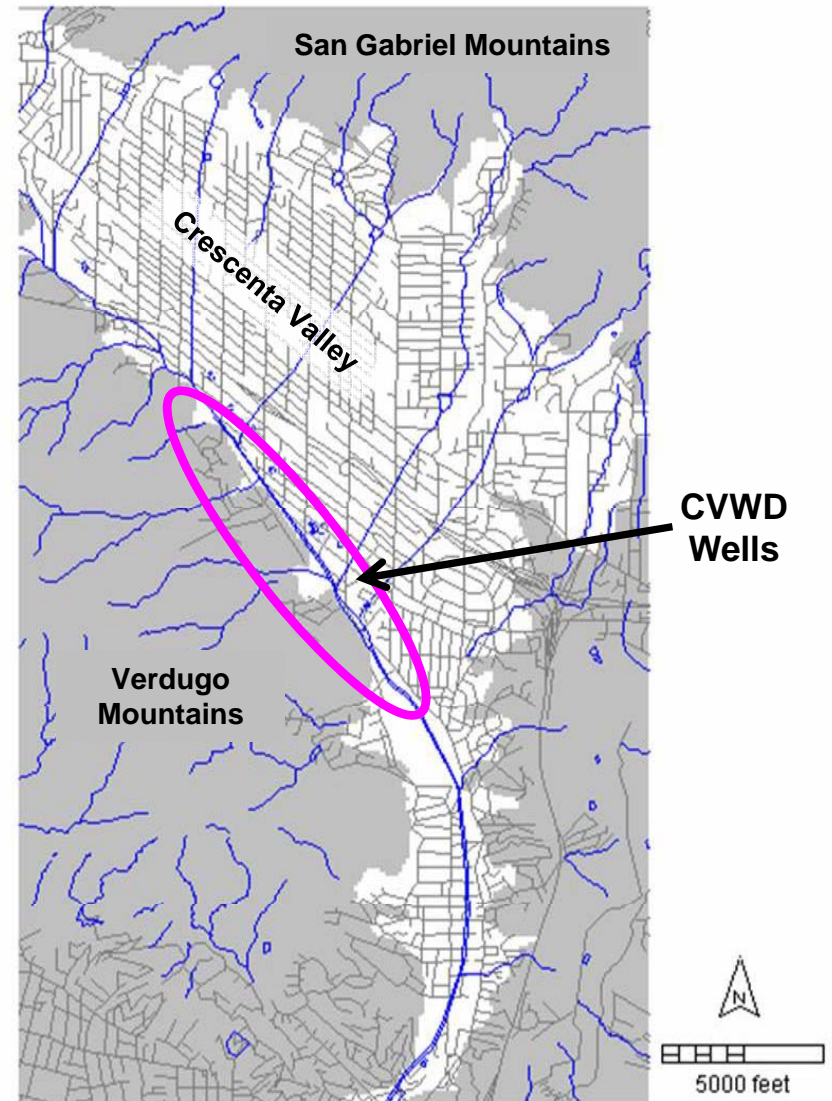
- CVWD formed - 1950 as “County” Water District
- Provides water and sewer service to 32,000 residents with 8,000 service connections
- Serves La Crescenta and portions of La Canada Flintridge, Glendale and Montrose
- Primarily residential with business area along Foothill & Honolulu



Water Supply – Groundwater

Verdugo Basin

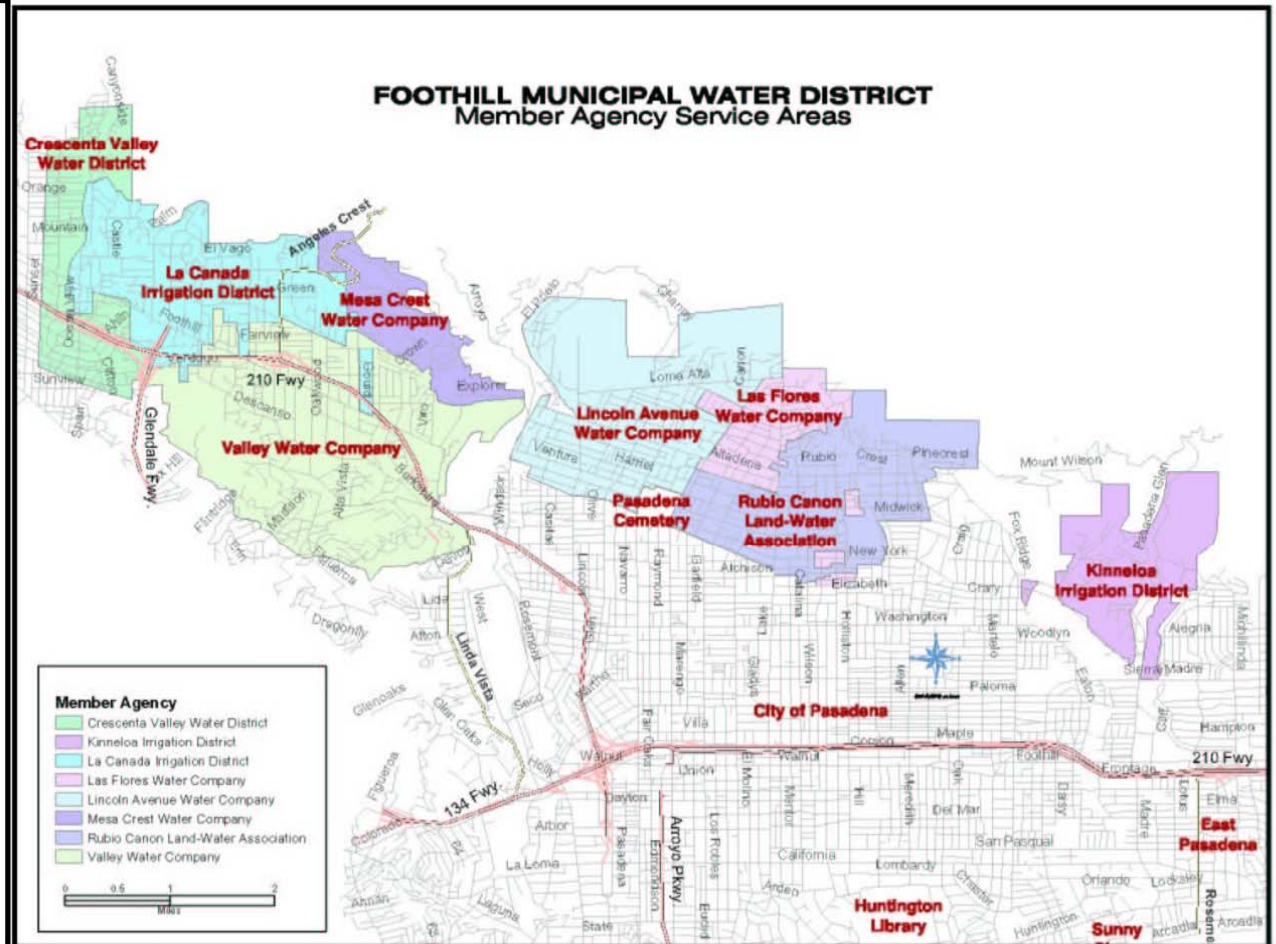
- Located in the Upper Los Angeles River Area (ULARA) & Adjudicated in 1979
- Water rights – CVWD & City of Glendale
- CVWD Wells located along Verdugo Wash
- 60% CVWD Water Supply from GW
- Produce 2.8 mgd



Verdugo Basin

Water Supply – Import Water

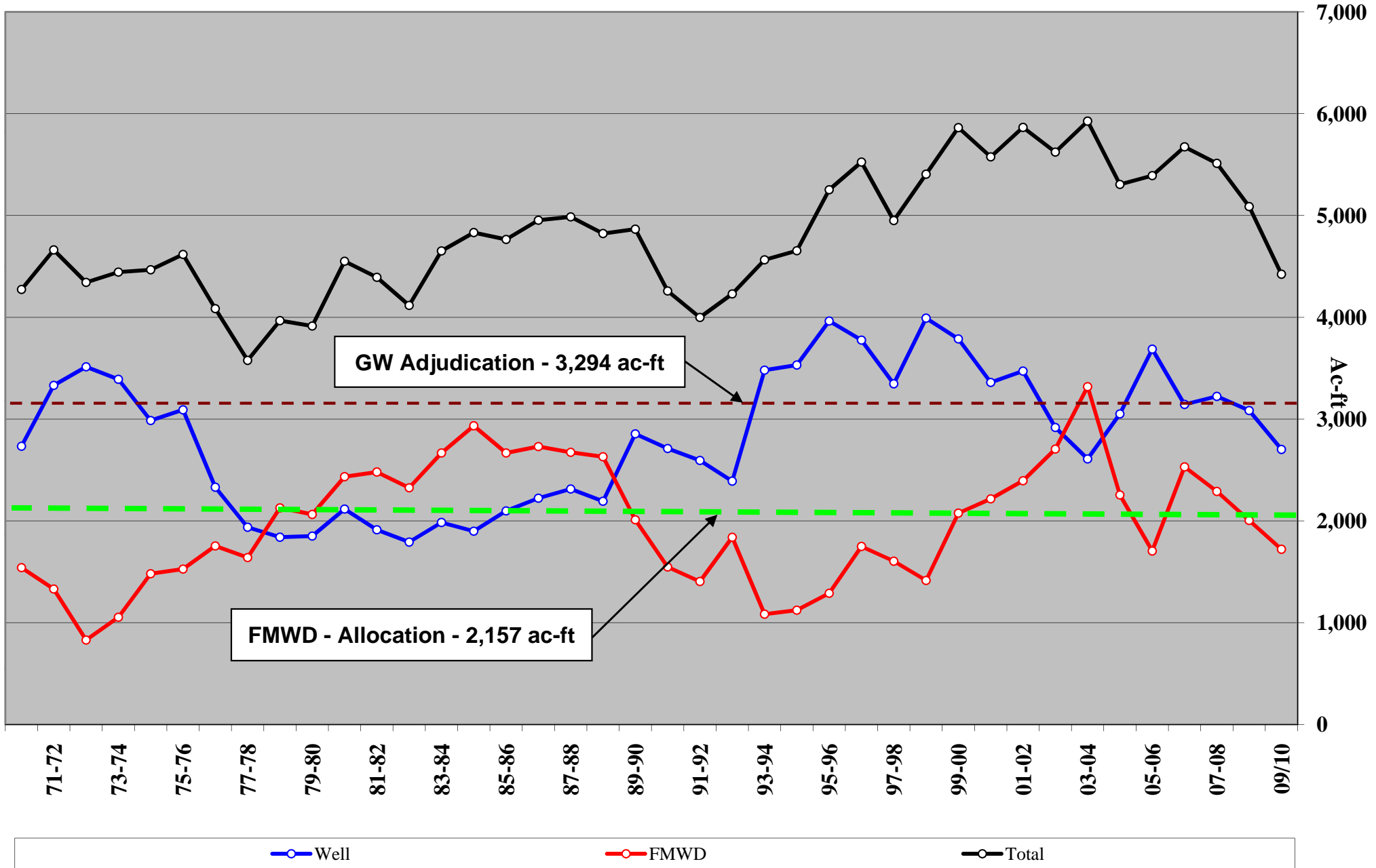
- Foothill Municipal Water District (FMWD) delivers water from MWD
- CVWD is one of seven (7) sub agencies of FMWD
- FMWD provides 40% of total water
- Maximum of 5.7 mgd to CVWD



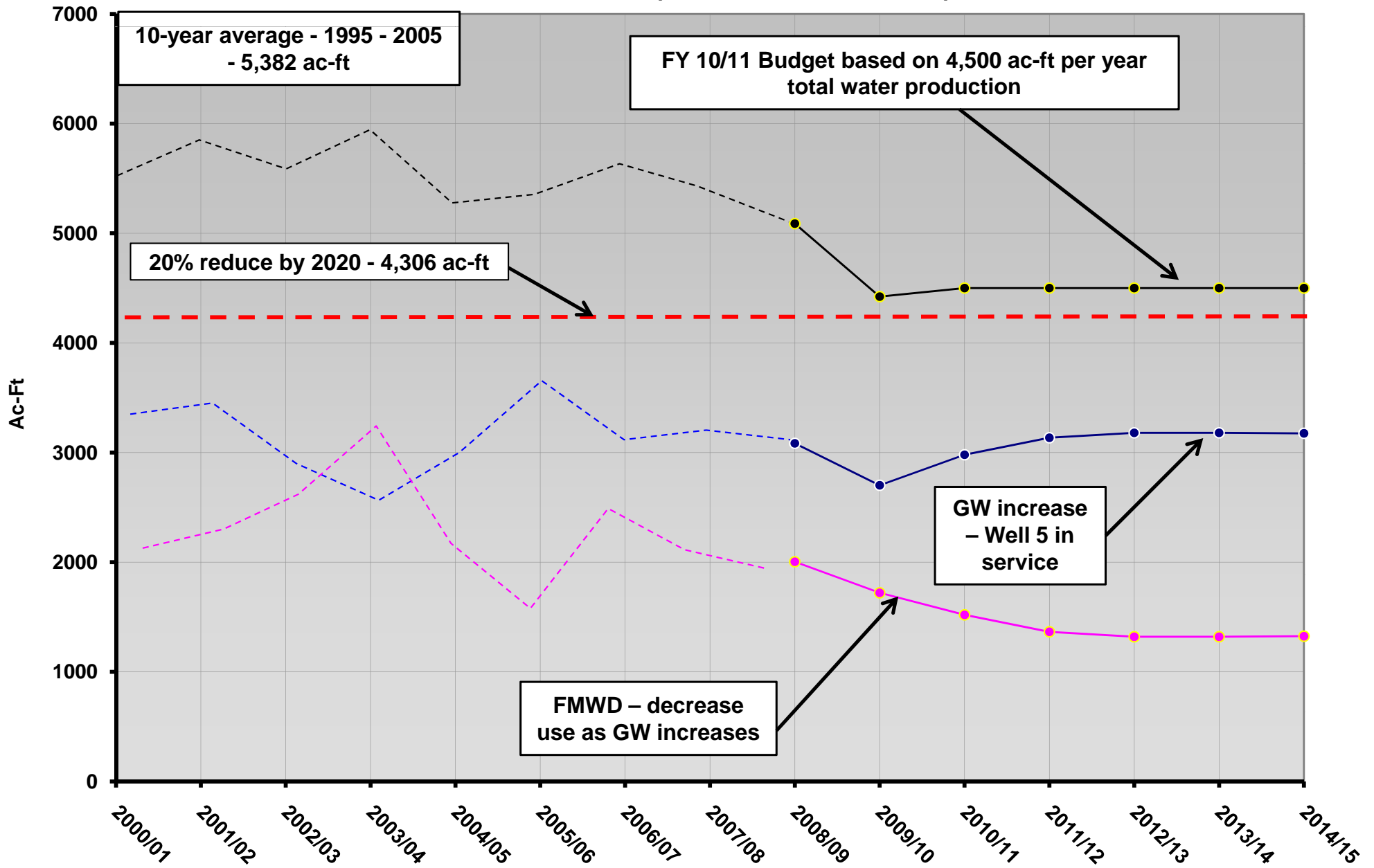
- Emergency Interconnection with Glendale
 - Capacity – 3.2 mgd
- Future Emergency Interconnection with City of LA
 - Capacity – 1.1 mgd

CRESCENTA VALLEY WATER DISTRICT

Water Production from FY 70/71 to FY 09/10



Crescenta Valley Water District - Water Production 2000/01 to 2014/15 (based on Fiscal Year)



CALENDARS

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Calendar Year

Calendar Year

← Fiscal Year

Fiscal Year

Fiscal Year →

← Water Year

Water Year

Water Year →

- **Calendar Year – January through December**
 - FMWD & MWD Budget
 - FMWD – Tier 1 & Tier 2 rates
- **Fiscal Year – July through June**
 - CVWD Budget
 - FMWD/MWD – Allocation Plan
 - City of Los Angeles – Sewer Treatment & Disposal Costs
- **Water Year – October through September**
 - ULARA Watermaster

WATER BUDGET

MWD & FMWD RATE INCREASE

- Purchased Water represents 28% of the water budget
- Sept 09- FMWD increase - \$930/ac-ft to \$1,052/ac-ft
 - CVWD absorbed cost increase, no rate increase to customers
- Jan 10 - FMWD increase to about \$1,250/ac-ft
 - New billing format – separate commodity & fixed costs
 - MWD increased to \$701/ac-ft
 - Included \$450K for CIP Projects
- FY 2009/10:
 - Budget - \$2.32M which was a 32% increase from FY 08/09
 - Project for EOY - \$2.15M which is a 23% increase from FY 08/09
- FY 2010/11:
 - Budget - \$2.19M which is a 1.6% increase from FY 09/10
 - Based on 1,520 ac-ft/yr or 12% reduction
 - 6.1% MWD increase from \$701/ac-ft to \$744/ac-ft
 - FMWD decrease O & M costs by 13% and CIP costs by 56%
 - CVWD will not see reduction in FMWD costs until FY 11/12

WATER PRODUCTION

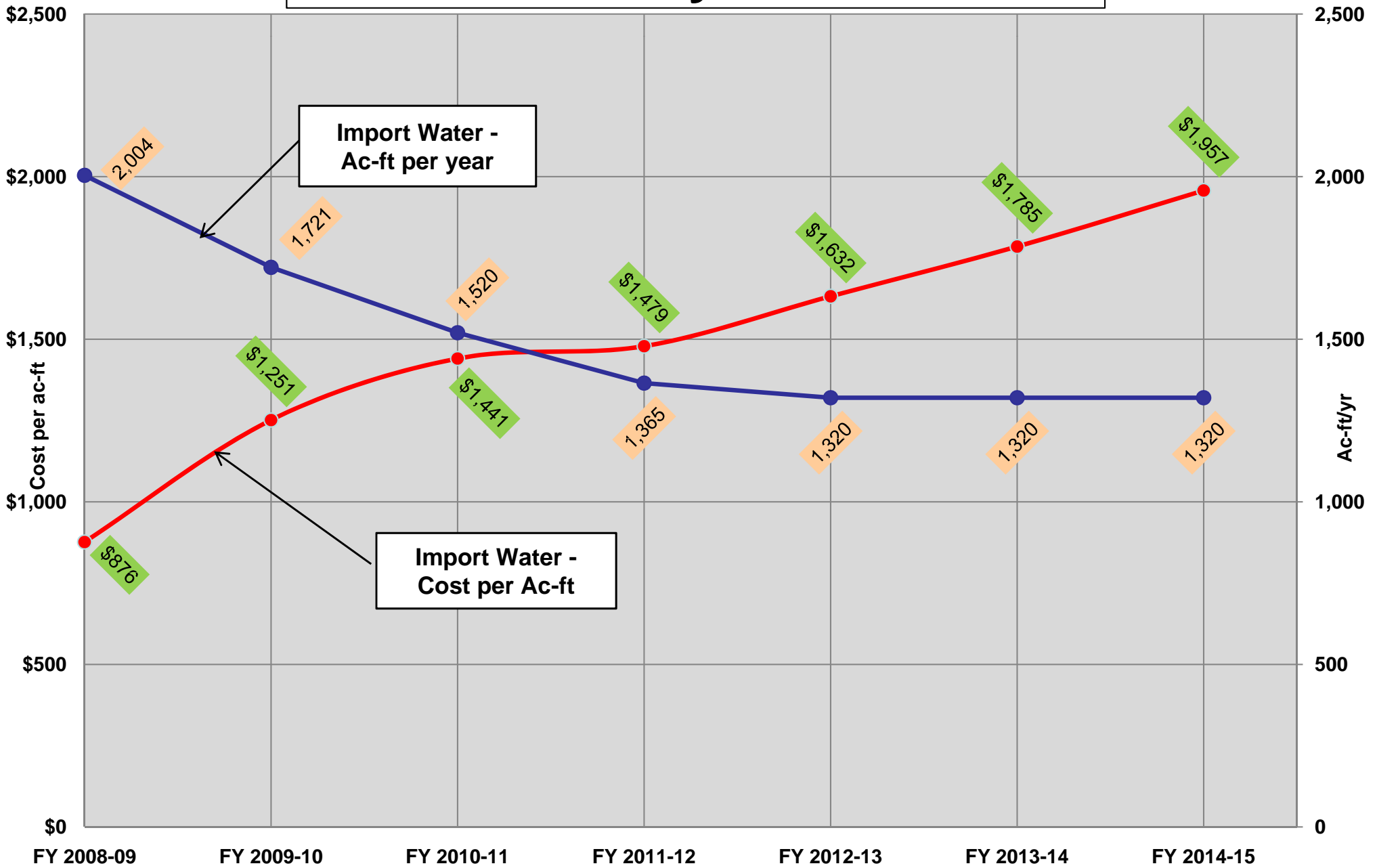
WB-2 Water Production and Costs

Description	Recorded FY 2008-09	Budget FY 2009-10	Actual FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
Well (Verdugo Basin) (ac-ft)	3,084	3,090	2,702	2,980	3,135	3,180	3,180	3,180
Foothill MWD Purchases (ac-ft)	2,004	1,915	1,721	1,520	1,365	1,320	1,320	1,320
Total Production (ac-ft)	5,088	5,005	4,423	4,500	4,500	4,500	4,500	4,500
FMWD Purchased Water (ac-ft)	2,004	1,915	1,721	1,520	1,365	1,320	1,320	1,320
Foothill MWD Unit Charge (\$/ac-ft)	\$876	\$1,209	\$1,251	\$1,441	\$1,479	\$1,632	\$1,785	\$1,957
FMWD Cost	\$1,756,173	\$2,316,105	\$2,153,525	\$2,189,713	\$2,018,254	\$2,154,268	\$2,356,212	\$2,583,800
Cost Increase per ac-ft from FMWD	\$140	\$333	\$375	\$231	\$38	\$153	\$153	\$172
Percent Cost Increase per ac-ft from FMWD	-0.7%	31.9%	42.8%	18.5%	-7.83%	6.74%	9.37%	9.66%

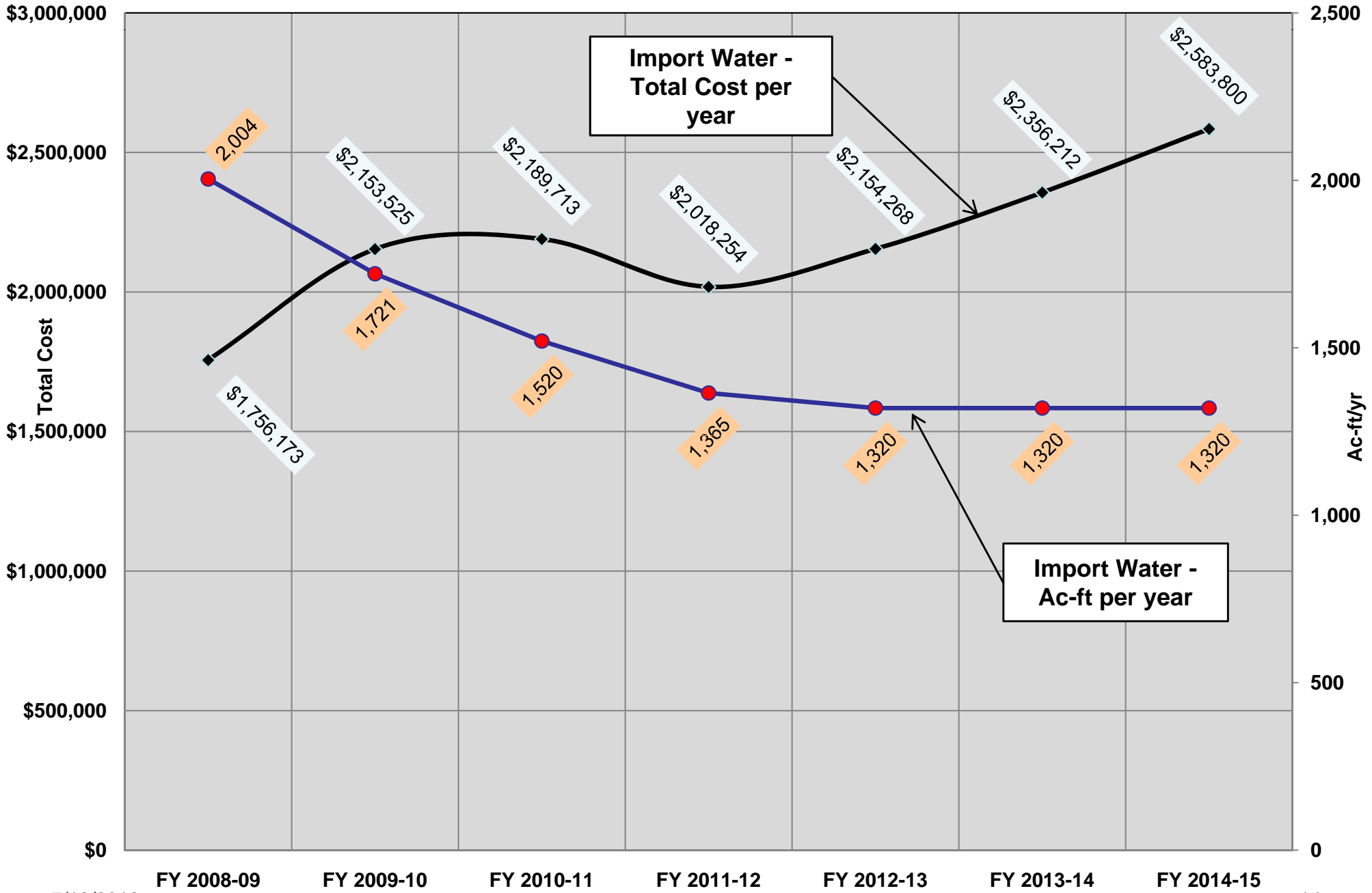
Notes:

1. Assume 4,500 ac-ft/year from FY 10/11 to FY 14/15

FMWD - Ac-ft/yr vs Cost/Ac-ft



FMWD - Ac-ft/yr vs. Total Cost per year



WATER BUDGET

OPERATION & MAINTENANCE EXPENSE

Goal to maintain or reduce FY 09/10 levels in FY 10/11

- **Labor & Benefits**

- No cost of living increase for FY 10/11
- Increase in Workers' Comp , Medical & PERS costs

- **Operation Expenses**

- Maintain same levels in FY 10/11 and for next four (4) years
- No additional improvements; maintaining system as "Status-quo"

- **General and Administration Expenses**

- Increase costs for outside & legal consultants due to MTBE litigation
- Defer annual leak detection services to every 2 years
- Eliminate Water Awareness Day
- Overall water conservation budget decreased
- No election expenses for this fiscal year
- Reduced office maintenance costs

WATER BUDGET

Station Fire and Debris Recovery

- 8/26 – 9/1/10: Largest fire in LA County History
 - Damage to Shields & Pickens Canyon Reservoirs
 - Overtime costs
 - Additional Water Use
- 2009/2010 Rain Season
 - 27.6” inches of rainfall
 - Damage to 5 Reservoir Sites including
 - Pipelines
 - Access Roads
 - Debris Removal
 - Unanticipated Costs
 - Costs to date - \$265,000
 - Budget – additional \$75,000 for upcoming rain season

WATER BUDGET

Capital Improvement Projects

- **Use remaining bond proceeds (\$2.4M) over next 2 years**
- **FY 09/10 CIP**
 - **Budgeted - \$1.75M**
 - **Accomplished - \$824K due to Station Fire/Debris Recovery effort & MTBE litigation**
- **CIP budget \$1.75M in FY 10/11**
 - **Reduce Pipeline Replacement from \$600K/yr to \$380K/yr**
 - **Well Rehabilitation - 2 wells this year & 1 well/yr in following yrs**
 - **Put on hold – LADWP interconnection until funding from State**
 - **Pressure Reducing Stations**
 - **Wireless SCADA Network**
 - **Repairs to Edmond #2 inlet/outlet pipeline**
 - **Cost share with LA County on project at Pickens Canyon Reservoir**
 - **Eagle Canyon Motor Control Center**
 - **Booster Pump Replacement**

WATER BUDGET

Capital Improvement Projects

- **CIP Budget \$1.35M in FY 11/12 with \$650K from Bond and remainder back to “Pay-as-you-go”**
- **Reduce CIP in FY 12/13 and beyond to \$1.25 M as “Pay-as-you-go”**

WATER – Capital Improvement Projects

Table WB -7 Water – CIP Projects

Description	Recorded FY 2008-09	Budget FY 2009-10	Actual FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
Water Supply Total	\$214,830	\$387,000	\$62,418	\$150,000	\$150,000	\$170,000	\$170,000	\$170,000
Water Storage Total	\$283,000	\$15,000	\$11,984	\$0	\$0	\$80,000	\$80,000	\$80,000
Water Distribution Total	\$1,096,150	\$947,000	\$614,516	\$981,700	\$795,000	\$650,000	\$650,000	\$650,000
Water Treatment Total	\$206,000	\$25,000	\$14,550	\$0	\$150,000	\$75,000	\$75,000	\$75,000
Technology Total	\$268,540	\$195,000	\$44,386	\$140,000	\$50,000	\$100,000	\$100,000	\$100,000
Public Safety/Emergency Response	\$43,235	\$90,000	\$76,200	\$167,000	\$75,000	\$100,000	\$100,000	\$100,000
Facilities & Planning Total	\$86,367	\$76,000	\$0	\$311,300	\$425,000	\$75,000	\$75,000	\$75,000
Total CIP	\$2,198,122	\$1,735,000	\$824,054	\$1,750,000	\$1,645,000	\$1,250,000	\$1,250,000	\$1,250,000

WATER Budget – Overview

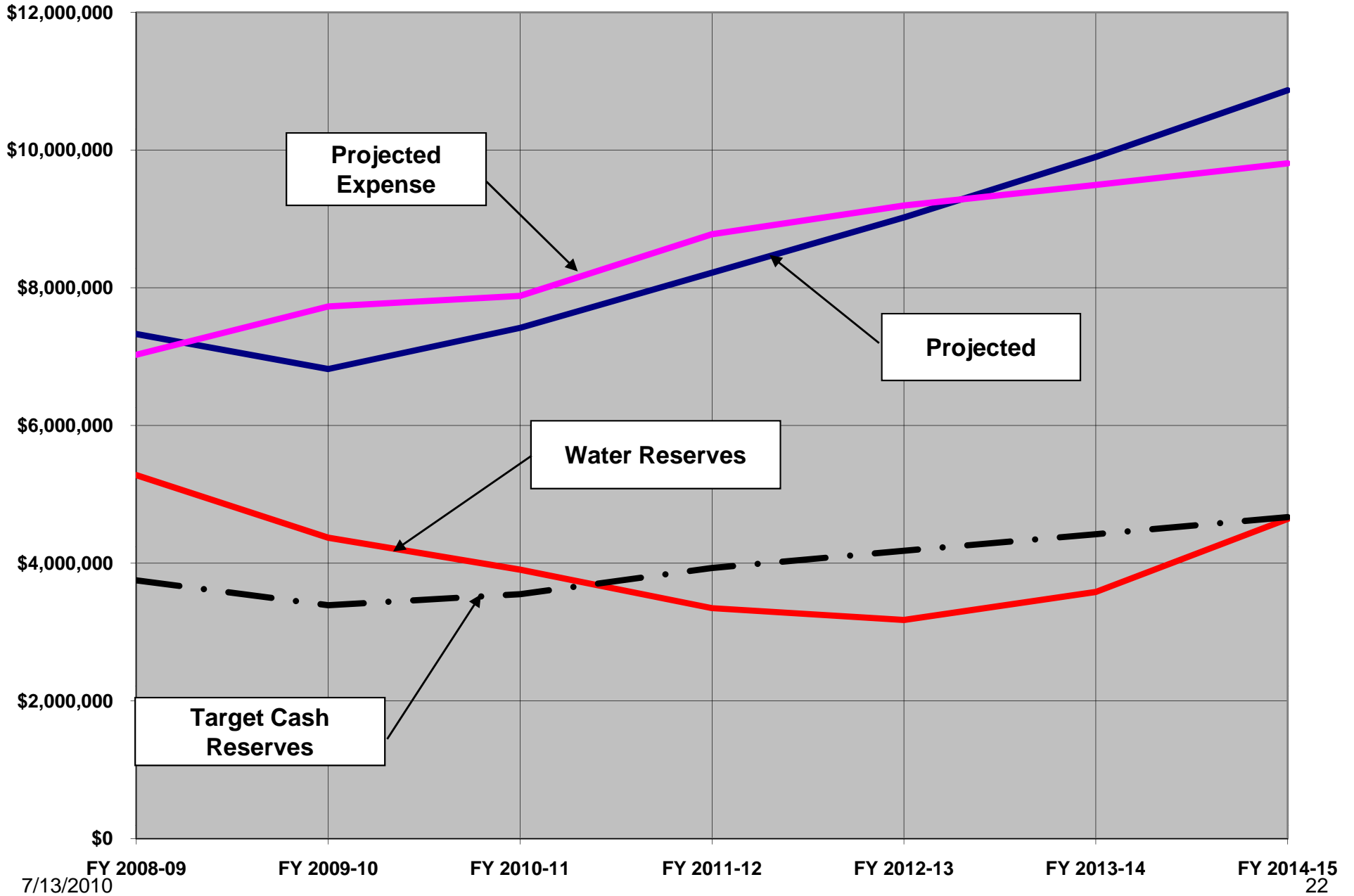
Water Budget Table WB-9 - Total Sources - Preliminary 7/13/10

Description	Recorded FY 2008-09	Budget FY 2009-10	Projected FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
REVENUE								
<i>Service Charge Revenue</i>	\$1,144,523	\$1,251,000	\$1,494,437	\$1,386,000	\$1,590,000	\$1,745,000	\$1,914,000	\$2,104,000
<i>Metered sales of water (CVWD Costs)</i>	\$5,772,236	\$3,784,000	\$3,072,087	\$3,571,000	\$3,962,000	\$4,585,000	\$5,274,000	\$6,030,000
<i>Required metered sales of water (FMWD Costs)</i>	\$0	\$2,414,000	\$2,010,103	\$2,194,000	\$2,375,000	\$2,375,000	\$2,375,000	\$2,375,000
<i>Interest Income - Water Reserves</i>	\$152,547	\$125,000	\$78,506	\$95,000	\$97,000	\$99,000	\$101,000	\$103,000
<i>Source of Funds - Other Sources</i>	\$74,715	\$80,000	\$71,821	\$82,000	\$90,000	\$97,000	\$101,000	\$106,000
<i>Sources of Funds - CIP Sources</i>	\$184,552	\$193,000	\$93,220	\$90,000	\$105,000	\$120,000	\$135,000	\$150,000
TOTAL REVENUE	\$7,328,572	\$7,847,000	\$6,820,174	\$7,418,000	\$8,219,000	\$9,021,000	\$9,900,000	\$10,868,000
M & O, WATER and CIP PROJECTS								
<i>Labor & benefits</i>	\$2,456,000	\$2,527,000	\$2,545,837	\$2,605,000	\$2,659,300	\$2,711,000	\$2,764,000	\$2,817,000
<i>Purchased Water</i>	\$1,779,854	\$2,361,000	\$2,153,525	\$2,190,000	\$2,018,000	\$2,154,000	\$2,356,000	\$2,584,000
<i>Power</i>	\$710,323	\$800,000	\$680,000	\$700,000	\$735,000	\$772,000	\$810,000	\$851,000
<i>Operating expenses</i>	\$1,552,734	\$1,573,000	\$1,614,399	\$1,655,000	\$1,627,800	\$1,577,000	\$1,583,200	\$1,574,900
<i>Capital Outlay & Equipment</i>	\$100,893	\$116,000	\$118,991	\$120,000	\$120,000	\$115,000	\$115,000	\$115,000
<i>Debt Service (principal & interest)</i>	\$427,638	\$615,200	\$615,200	\$612,600	\$615,000	\$615,000	\$615,000	\$615,000
<i>CIP (pay as you go)</i>	\$0	\$0	\$0	\$0	\$1,002,000	\$1,250,000	\$1,250,000	\$1,250,000
TOTAL M & O, WATER And CIP	\$7,027,442	\$7,992,200	\$7,727,952	\$7,882,600	\$8,777,100	\$9,194,000	\$9,493,200	\$9,806,900
INCREASE (DECREASE)	\$301,130	(\$145,200)	(\$907,778)	(\$464,600)	(\$558,100)	(\$173,000)	\$406,800	\$1,061,100

WATER Budget – Overview

Description	Recorded FY 2008-09	Budget FY 2009-10	Projected FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
FY begin Water Reserves	\$4,977,245	\$5,278,375	\$5,278,375	\$4,370,597	\$3,905,997	\$3,347,897	\$3,174,897	\$3,581,697
FY End Water Reserves	\$5,278,375	\$5,133,175	\$4,370,597	\$3,905,997	\$3,347,897	\$3,174,897	\$3,581,697	\$4,642,797
TOTAL TARGET WATER CASH RESERVES	\$3,750,000	\$3,650,000	\$3,390,000	\$3,550,000	\$3,930,000	\$4,180,000	\$4,420,000	\$4,670,000
Above or (below) Target Reserves	\$1,528,375	\$1,483,175	\$980,597	\$355,997	(\$582,103)	(\$1,005,103)	(\$838,303)	(\$27,203)
Projected Rate Increase for Service Charge	5.1%	2.0%	2.0%	21.0%	9.8%	9.9%	9.9%	9.8%
Service rates (\$/month for 3/4" meter)	\$12.20	\$12.40	\$12.40	\$15.00	\$16.50	\$18.10	\$19.90	\$21.90
Projected Rate Increase for Quantity Charge	5.1%	2.0%	2.0%	10.0%	9.8%	9.9%	9.9%	9.8%
Quantity Charge: (\$/kgal)	\$4.10	\$4.18	\$4.18	\$4.60	\$5.05	\$5.55	\$6.10	\$6.70
FMWD Quantity Charge: (\$/kgal)	\$1.15	\$1.55	\$1.55	\$1.80	\$1.80	\$1.80	\$1.80	\$1.80
CVWD Quantity Charge: (\$/kgal)	\$2.95	\$2.63	\$2.63	\$2.80	\$3.25	\$3.75	\$4.30	\$4.90
CIP Bonds								
FY Begin - CIP Funds	\$4,935,624	\$3,146,223	\$3,146,223	\$2,363,000	\$633,000	\$0	\$0	\$0
Cost of Capital Improvement Projects	\$1,956,467	\$1,735,000	\$824,054	\$1,750,000	\$1,645,000	\$0	\$0	\$0
Interest Earned - 2007 COPS Proceeds	\$167,066	\$110,000	\$40,831	\$20,000	\$10,000	\$0	\$0	\$0
FY end - CIP Funds	\$3,146,223	\$1,521,223	\$2,363,000	\$633,000	(\$1,002,000)	\$0	\$0	\$0

Crescenta Valley Water District Water Expense vs. Revenue Summary Budget - FY 2010-11



WASTEWATER BUDGET

CITY OF LOS ANGELES COSTS

- **FY 09/10 – Projected Costs - \$1.6M**
 - **Actual LA Costs reduced to \$970K**
- **FY 10/11 – Projected Costs - \$1.1 M**
 - **Less than projected costs by LA in July 2009 of \$1.9M**
- **FY 11/12 and beyond**
 - **Average costs – about \$1.1M per year**
 - **Less than average projected costs by LA in July 2009 of \$1.7M per year**

WASTEWATER BUDGET

Wastewater Budget Table WWB-3 City of Los Angeles O & M and Capital Expense

Description	Recorded FY 2008-09	Budget FY 2009-10	Projected FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
City of Los Angeles Projection O & M	\$262,652	\$700,185	\$450,000	\$607,638	\$600,800	\$626,600	\$653,100	\$674,700
City of Los Angeles Projection Capital	\$433,596	\$890,185	\$520,620	\$450,651	\$515,100	\$368,900	\$327,500	\$605,700
City of Los Angeles Projection Total	\$696,248	\$1,590,370	\$970,620	\$1,058,289	\$1,115,900	\$995,500	\$980,600	\$1,280,400

Notes:
 a. Source through FY 2010-11: City of Los Angeles - Amalgamated Sewer System Service Charges (ASSSC) include both capital and O&M charges dated 2/2010

WASTEWATER BUDGET

OPERATION & MAINTENANCE EXPENSES

- **Goal to maintain FY 09/10 levels in FY 10/11**
- **Labor & Benefits**
 - No cost of living increase for FY 10/11
 - Increase in Workers' Comp, Medical & PERS costs
- **Operations Expense**
 - Maintain as close to same levels in FY 10/11 and for next four (4) years
 - No additional improvements; maintaining system as "Status-quo"
- **General and Administration Expenses**
 - No election expenses for this fiscal year
 - Reduced collection system expense

WASTEWATER BUDGET

CAPITAL IMPROVEMENT PROJECTS

- **CIP an average of \$200K/yr for next five (5) years**
- **Install Sewer Monitoring Station**
- **Continue pipeline repair/replacement and rehabilitation at rate of \$125K per year**
- **Continue sewer manhole rehabilitation**

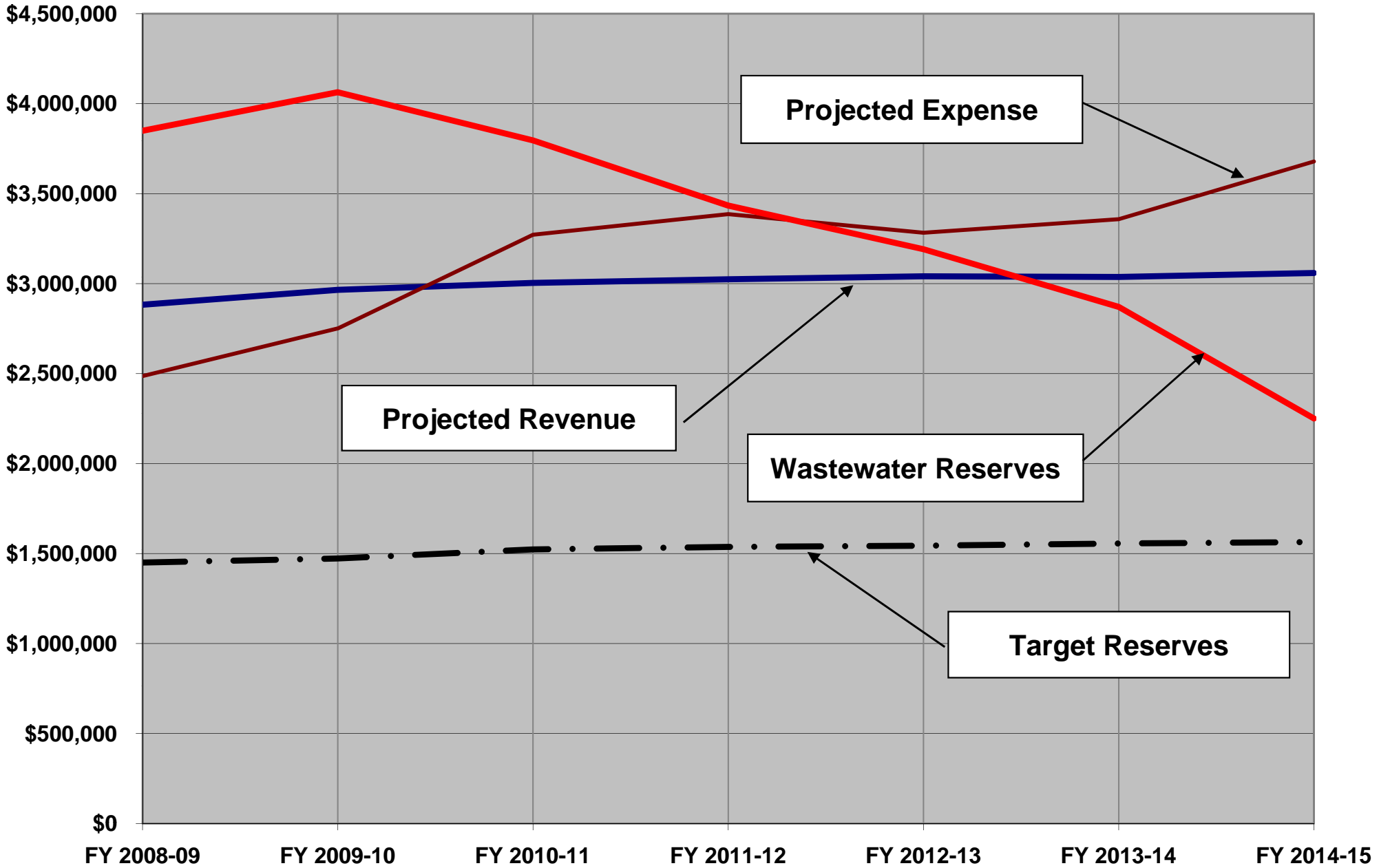
WATER – Capital Improvement Projects

Wastewater Budget Table WWB-6 Capital Improvement Program								
Description	Recorded FY 2008-09	Budget FY 2009-10	Projected FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
CIP Projects								
1. Collections Systems	\$162,225	\$130,000	\$96,131	\$170,000	\$200,000	\$175,000	\$185,000	\$185,000
2. Interceptor System	\$0	\$3,000	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
3. Lift Station/ Diverter Valve	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
4. Nitrate Plant Waste	\$0	\$0	\$0	\$10,000	\$0	\$20,000	\$30,000	\$20,000
5. Technology	\$5,000	\$55,000	\$17,766	\$54,000	\$13,000	\$13,000	\$13,000	\$13,000
6. Public Safety/ Emergency Response	\$0	\$12,000	\$0	\$18,500	\$28,500	\$17,500	\$17,500	\$17,500
7. Facilities & Planning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Misc. Sewer Projects	\$0	\$0	\$0	\$9,500	\$10,500	\$11,500	\$11,500	\$11,500
Total CIP Projects	\$167,225	\$200,000	\$113,897	\$270,000	\$260,000	\$245,000	\$265,000	\$255,000

WASTEWATER BUDGET

Wastewater Budget Table WWB - 7 Sources and Applications of Funds & Projected Rates								
Description	Recorded FY 2008-09	Budget FY 2009-10	Projected FY 2009-10	Budget FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15
Projected user charges	\$2,606,129	\$2,867,000	\$2,852,961	\$2,871,000	\$2,878,000	\$2,885,000	\$2,871,000	\$2,882,800
Total permit/connection fees	\$55,146	\$56,500	\$34,772	\$42,500	\$51,000	\$56,000	\$61,000	\$66,000
Interest earnings	\$221,467	\$150,000	\$77,724	\$90,000	\$95,000	\$100,000	\$105,000	\$110,000
TOTAL REVENUE	\$2,883,000	\$3,074,000	\$2,965,457	\$3,004,000	\$3,024,000	\$3,041,000	\$3,037,000	\$3,059,000
LA Sewer Service Charges	\$708,000	\$1,602,000	\$970,602	\$1,070,000	\$1,128,000	\$1,008,000	\$993,000	\$1,293,000
Sewer Labor & Benefits	\$1,192,876	\$1,313,000	\$1,274,457	\$1,518,500	\$1,551,200	\$1,584,700	\$1,619,200	\$1,653,700
Sewer O & M Expenses	\$418,000	\$458,000	\$392,153	\$413,300	\$447,000	\$445,350	\$480,550	\$477,250
Sewer CIP Expenses	\$167,000	\$200,000	\$113,897	\$270,000	\$260,000	\$245,000	\$265,000	\$255,000
TOTAL EXPENSE	\$2,485,876	\$3,573,000	\$2,751,109	\$3,271,800	\$3,386,200	\$3,283,050	\$3,357,750	\$3,678,950
Additions (reductions)	\$397,124	(\$499,000)	\$214,348	(\$267,800)	(\$362,200)	(\$242,050)	(\$320,750)	(\$619,950)
Rate increase (eff. Jan 1)	12.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
User Charge	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50
FY beginning	\$3,452,110	\$3,849,234	\$3,849,234	\$4,063,582	\$3,795,782	\$3,433,582	\$3,191,532	\$2,870,782
Additions (reductions)	\$397,124	(\$499,000)	\$214,348	(\$267,800)	(\$362,200)	(\$242,050)	(\$320,750)	(\$619,950)
FY ending available reserves	\$3,849,234	\$3,350,234	\$4,063,582	\$3,795,782	\$3,433,582	\$3,191,532	\$2,870,782	\$2,250,832
Reserves target	\$1,450,000	\$1,506,000	\$1,473,000	\$1,523,000	\$1,537,000	\$1,544,000	\$1,556,000	\$1,564,000
Above (below) target	\$2,399,234	\$1,844,234	\$2,590,582	\$2,272,782	\$1,896,582	\$1,647,532	\$1,314,782	\$686,832

Crescenta Valley Water District Wastewater Expense vs. Revenue Summary



QUESTIONS & COMMENTS

