

# **CRESCENTA VALLEY WATER DISTRICT**

2700 FOOTHILL BOULEVARD LA CRESCENTA, CALIFORNIA

Agenda for the Meeting of the Finance Committee of the  
Crescenta Valley Water District

To be held on Wednesday, March 03, 2021 at 2:30 p.m.

Posted: Tuesday, March 02, 2021 at 2:00 p.m.

## **TELECONFERENCING NOTICE**

**[This meeting will be held by teleconference only.]**

**Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 18, 2020, the public may not attend the meeting in person.**

**Any member of the public may participate by listening or making comments using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)**

**(669) 900-6833**

**(346) 248-7799**

**(929) 205-6099**

**(253) 215-8782**

**(301) 715-8592**

**(312) 626-6799**

**Then, enter Access Code: 817 9589 8818**

**[Pursuant to the above Executive Order, the public may not attend the meeting in person.]**

**Those members of the public who are able to and would like to additionally participate with a computer through videoconference may access the Zoom videoconferencing tool available at the following link – [https://us02web.zoom.us/j/817 9589 8818](https://us02web.zoom.us/j/81795898818).**

**Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting the District by phone or in writing at the above email address. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.**

### **Call to Order**

### **Adoption of Agenda**

### **Public Comments**

At this time, members of the public shall have an opportunity to address the Committee on items of interest that are within the subject matter jurisdiction of the Committee. This opportunity is non-transferable, and speakers are limited to three (3) minutes each.

### **Action Item(s)**

The public shall have an opportunity to comment on any action item as each item is considered by the Committee prior to action being taken. This opportunity is non-transferrable, and speakers are limited to one two-minute (2) comment each.

1. Discussion of the District's preliminary budget for FY 2021-22.
2. Open discussion for short and long-term finance goals.

### **Committee Members' Request for Future Agenda Items**

### **Adjournment**

*Attachment(s):*

1. *Draft preliminary budget for FY 2021-22*
2. *Recent Savings Opportunities*

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# CRESCENTA VALLEY WATER DISTRICT

## BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1  
March 03, 2021

**To:** Finance Committee  
**From:** James Lee – Director of Finance and Administration  
**Subject:** Preliminary Budget Discussion for FY 2021-22

### **ACTION ITEM:**

Discussion of the District's preliminary budget for FY 2021-22.

### **BACKGROUND:**

The District's budget is composed of the following primary components – 1) Operating Budget; and 2) Capital Budget. The FY 2022 preliminary budget discussion begins with the Operating Budget, the expenses used to operate and maintain the District – e.g. water purchases, materials and parts for leak repairs, training, emergency supplies, consultants, etc.

Last year's operating budget was defined by uncertainty due to the pandemic, particularly with respect to revenue from rates, as rate increases were suspended, and a moratorium was placed on late fees and shutoffs. Staff cut the budget significantly in areas such as consultants, paving, meter maintenance, and labor and benefits, and identified various savings initiatives.

The upcoming year's operating budget includes a number of operating needs that had been deferred. The following are notable year-over-year proposed changes and their respective percent change from current-year projections.

Proposed increases include:

- Administrative Consultants – A significant increase is proposed based on initiatives that invest in greater long-run efficiency (e.g., Sewer Master Plan, hydraulic modeling) or support other current initiatives (GIS work to supplement AMI); (159% Increase)
- Landscaping – A significant amount of tree trimming and other landscape maintenance around District buildings and reservoirs will require an increased budget; (26% Increase)
- Community Outreach – A larger outreach budget is based on direction from the board and input from the community requesting increased outreach activity; (40% Increase)
- Wastewater Treatment – The City of Los Angeles has provided the District with its estimate of 2022 charges, including pass throughs for operating and capital expenses. (2.4% increase)
- Pipeline Maintenance – In line with our Sewer System Management Plan, the sewer system requires a video inspection of the complete system every ten years. This will be spread over the next few years to smooth out the annual cost; (126% Increase)
- Lateral Leaks & Repairs – An increase in both material costs and occurrences has caused a significant increase in projected costs; (84% Increase)

Proposed decreases include:

- Computers, Network & Software – Streamlining of the District's technology assets and resources has led to significant savings by maximizing use and efficiency, as well as eliminating unnecessary or inefficient technology and associated vendors. (44% Decrease)
- Postage & Stationary – Savings will result from increased customer adoption of paperless billing; (10% Decrease)

- Nitrate Plant – Lower nitrate levels over the past year has led to less groundwater needing to be treated. Based on this, lower costs for treatment and maintenance are projected.; (0%)
- Water Purchases – At this time, the volume of water purchased from FMWD is projected based on meet pre-pandemic levels. Although FMWD’s rate increases will still pass through to the District, the overall cost of purchased water is projected to decrease. (4% Decrease)
- Booster Pump Maintenance – Staff’s maintenance and replacement schedule for booster pumps has increased their reliability and decreased projected repairs; (17% Decrease)
- Auto/Truck Maintenance – a more proactive fleet management and replacement program will reduce long-term costs, beginning with next year’s maintenance expenses; (6% Decrease)

The Operating Budget as enclosed is each department’s best representation of what is needed in the upcoming year to continue achieving the District’s mission and the Strategic Plan goals that support it. In the budget document are two sets of columns with FY 2021 Budgeted vs. FY 2022 Budgeted and FY 2021 Projected vs. FY 2022 Budgeted. ‘FY 2021 Budgeted’ refers to the budget as approved last fiscal year. ‘FY 2021 Projected’ refers to staff’s updated expectations of expenditures by the end of January of the current year (as reported in the January Dashboard). Budgeted and Projected are different because of circumstances that change following budget approval.

Going forward, staff seeks:

1. The Board’s support with regard to the Operating Budget needed for next year and the Board’s direction to defer certain initiatives and projects, if needed;
2. The Board’s direction with respect to lower and upper limits for rate increases for the Water and Wastewater funds along with any policy considerations such as use of PayGo and bonds or the level to which deferred infrastructure will be addressed. This will determine the Capital Budget, and staff will be able to present an overall budget at subsequent meetings.

**RECOMMENDATION**

Support the Operating Budget and provide staff direction with respect to lower and upper limits for rate increases for the Water and Wastewater funds.

Prepared by:

Submitted by:



Arturo Montes  
Finance & Administration Manager



James Lee  
Director of Finance & Administration

Attachment(s): 1) Departmental Operating Budgets; 2) Recent Savings Opportunities

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Description	2021		2022		Budgeted V.		2021		2022		Projected V.	
	Budget	Budget	Budgeted	Budgeted	Projected	Projected	Projected	Budget	Budget	Budgeted	Budgeted	
<b>General and Administrative</b>												
	\$ 1,349,656	\$ 1,620,771	\$ 271,115	20% ▲	\$ 1,244,645	\$ 1,620,771	\$ 376,126	30% ▲				
<b>Operation Expense</b>												
	\$ 657,902	606,650	\$ (51,252)	8% ▼	\$ 505,743	\$ 606,650	\$ 100,907	20% ▲				
<b>Purchased Resources*</b>												
	\$ 5,899,422	6,262,128	\$ 362,706	6% ▲	\$ 6,308,785	\$ 6,262,128	\$ (46,657)	1% ▼				
<b>Distribution/Collection</b>												
	\$ 967,399	1,007,780	\$ 40,381	4% ▲	\$ 886,942	1,007,780	\$ 120,838	14% ▲				
<b>Non-Operating Expense</b>												
	\$ 18,300	10,500	\$ (7,800)	43% ▼	\$ 12,200	10,500	\$ (1,700)	14% ▼				
<b>Total</b>												
	\$ 8,892,679	\$ 9,507,829	\$ 615,151	7% ▲	\$ 8,958,315	9,507,829	\$ 549,515	6% ▲				

\*This category includes Water Supply, Power Purchases, and Wastewater Treatment

CVWD - Summary Detail

Crescenta Valley Water District  
FY 2022 Preliminary Budget

Description	2021	2022	Budgeted V.		2021	2022	Projected V.	
	Budget	Budget	Budgeted		Projections	Budget	Budgeted	
<b>General and Administrative</b>								
GL, Property, Fidelity Ins	\$ 153,000	134,000	\$ (19,000)	12% ▼	\$ 129,000	134,000	\$ 5,000	4% ▲
Accounting	\$ 19,500	19,500	\$ -		\$ 19,500	19,500	\$ -	
Legal	\$ 120,000	178,000	\$ 58,000	48% ▲	\$ 128,000	178,000	\$ 50,000	39% ▲
Administrative Consultants	\$ 321,499	599,800	\$ 278,301	87% ▲	\$ 231,500	599,800	\$ 368,300	159% ▲
Interns	\$ 9,000	14,100	\$ 5,100	57% ▲	\$ 26,631	14,100	\$ (12,531)	47% ▼
Election Expense	\$ 40,000	0	\$ (40,000)	100% ▼	\$ -	0	\$ -	
Building Maintenance	\$ 59,600	51,000	\$ (8,600)	14% ▼	\$ 42,000	51,000	\$ 9,000	21% ▲
Landscaping Expense	\$ 16,500	21,600	\$ 5,100	31% ▲	\$ 17,100	21,600	\$ 4,500	26% ▲
Office Supplies & Misc Exp	\$ 31,736	27,000	\$ (4,736)	15% ▼	\$ 25,700	27,000	\$ 1,300	5% ▲
Misc Expense - COVID-19	\$ -	7,500	\$ 7,500		\$ 6,502	7,500	\$ 998	15% ▲
Computers & Network	\$ 28,267	25,101	\$ (3,166)	11% ▼	\$ 48,000	25,101	\$ (22,899)	48% ▼
Computer Software	\$ 54,453	70,775	\$ 16,322	30% ▲	\$ 124,000	70,775	\$ (53,225)	43% ▼
Utilities	\$ 51,800	46,300	\$ (5,500)	11% ▼	\$ 44,700	46,300	\$ 1,600	4% ▲
Enterprise Voice Communications	\$ 10,600	18,000	\$ 7,400	70% ▲	\$ 12,000	18,000	\$ 6,000	50% ▲
Wireless Voice & Data	\$ 29,000	18,760	\$ (10,240)	35% ▼	\$ 20,000	18,760	\$ (1,240)	6% ▼
Data Communications - Fiber	\$ 75,300	52,200	\$ (23,100)	31% ▼	\$ 47,500	52,200	\$ 4,700	10% ▲
Printing Postage Stationery	\$ 72,100	65,000	\$ (7,100)	10% ▼	\$ 72,000	65,000	\$ (7,000)	10% ▼
Water System Fees	\$ 60,000	65,000	\$ 5,000	8% ▲	\$ 60,000	65,000	\$ 5,000	8% ▲
Engineering Expense	\$ 14,400	7,500	\$ (6,900)	48% ▼	\$ 14,500	7,500	\$ (7,000)	48% ▼
Water Conservation Expense	\$ 25,500	15,000	\$ (10,500)	41% ▼	\$ 15,000	15,000	\$ -	
Water Conservation Rebates	\$ 5,000	5,000	\$ -		\$ 5,000	5,000	\$ -	
Community Outreach	\$ 20,000	35,000	\$ 15,000	75% ▲	\$ 25,000	35,000	\$ 10,000	40% ▲

CVWD - Summary Detail

Crescenta Valley Water District  
FY 2022 Preliminary Budget

Description	2021		2022		Budgeted V.		2021		2022		Projected V.	
	Budget	Budget	Budgeted	Budgeted	Budgeted	Budgeted	Projections	Budget	Budgeted	Budgeted	Budgeted	Budgeted
Training	\$ 21,000	19,900	\$ (1,100)	5% ▼	\$ 17,150	19,900	\$ 2,750	16% ▲				
Conferences & Seminars	\$ 17,000	19,500	\$ 2,500	15% ▲	\$ 7,700	19,500	\$ 11,800	153% ▲				
Misc Administration	\$ 5,200	9,000	\$ 3,800	73% ▲	\$ 9,952	9,000	\$ (952)	10% ▼				
Memberships/Subscriptions	\$ 35,200	36,235	\$ 1,035	3% ▲	\$ 32,210	36,235	\$ 4,025	12% ▲				
Bank Charges	\$ 54,000	60,000	\$ 6,000	11% ▲	\$ 64,000	60,000	\$ (4,000)	6% ▼				
<b>General and Administrative</b>	<b>\$ 1,349,656</b>	<b>\$ 1,620,771</b>	<b>\$ 271,115</b>	<b>20% ▲</b>	<b>\$ 1,244,645</b>	<b>\$ 1,620,771</b>	<b>\$ 376,126</b>	<b>30% ▲</b>				
<b>Operation Expense</b>												
Taxes-Property	\$ 16,500	20,500	\$ 4,000	24% ▲	\$ 20,000	20,500	\$ 500	3% ▲				
Building Maintenance-Plant	\$ 59,600	51,000	\$ (8,600)	14% ▼	\$ 42,000	51,000	\$ 9,000	21% ▲				
Landscaping Expenses-Plant	\$ 16,500	21,600	\$ 5,100	31% ▲	\$ 17,100	21,600	\$ 4,500	26% ▲				
Utilities-Plant	\$ 51,800	46,300	\$ (5,500)	11% ▼	\$ 44,700	46,300	\$ 1,600	4% ▲				
Training-Plant	\$ 21,000	19,900	\$ (1,100)	5% ▼	\$ 17,150	19,900	\$ 2,750	16% ▲				
Operator Certifications-Educ	\$ 4,500	8,300	\$ 3,800	84% ▲	\$ 2,500	8,300	\$ 5,800	232% ▲				
Tuition Reimbursement	\$ -	4,750	\$ 4,750		\$ -	4,750	\$ 4,750					
Safety & Security	\$ 28,000	23,000	\$ (5,000)	18% ▼	\$ 23,000	23,000	\$ -					
Uniforms	\$ 19,800	18,500	\$ (1,300)	7% ▼	\$ 18,500	18,500	\$ -					
Misc- Administration	\$ 5,200	9,000	\$ 3,800	73% ▲	\$ 9,952	9,000	\$ (952)	10% ▼				
Emergency Operations/Repairs	\$ 24,000	16,000	\$ (8,000)	33% ▼	\$ 12,000	16,000	\$ 4,000	33% ▲				
Permit & Assessment Fees	\$ -	0	\$ -		\$ 3,000	0	\$ (3,000)	100% ▼				
Tools and Eq Maintenance	\$ 35,500	35,300	\$ (200)	1% ▼	\$ 35,300	35,300	\$ -					
Nitrate Plant	\$ 82,500	61,500	\$ (21,000)	25% ▼	\$ 61,500	61,500	\$ -					
Inventory Shrinkage/Overage	\$ 20,000	6,000	\$ (14,000)	70% ▼	\$ 12,000	6,000	\$ (6,000)	50% ▼				
Inventory Disposal	\$ -	0	\$ -		\$ 41	0	\$ (41)	100% ▼				
Telemetry & Signal System	\$ 28,000	15,000	\$ (13,000)	46% ▼	\$ 17,000	15,000	\$ (2,000)	12% ▼				
Lab & Sampling Expense	\$ 100,000	100,000	\$ -		\$ 50,000	100,000	\$ 50,000	100% ▲				
Non-Lab & Sampling	\$ 15,000	15,000	\$ -		\$ -	15,000	\$ 15,000					
Water Treatment Expense	\$ 130,000	135,000	\$ 5,000	4% ▲	\$ 120,000	135,000	\$ 15,000	13% ▲				
<b>Operation Expense</b>	<b>\$ 657,902</b>	<b>606,650</b>	<b>\$ (51,252)</b>	<b>8% ▼</b>	<b>\$ 505,743</b>	<b>\$ 606,650</b>	<b>\$ 100,907</b>	<b>20% ▲</b>				
<b>Purchased Resources</b>												
Water Usage Cost Exp Well 16	\$ 138,960	129,000	\$ (9,960)	7% ▼	\$ 110,000	129,000	\$ 19,000	17% ▲				
Purchased Water FMWD	\$ 3,108,762	3,417,108	\$ 308,346	10% ▲	\$ 3,551,322	3,417,108	\$ (134,214)	4% ▼				
Power Purchased	\$ 801,800	821,500	\$ 19,700	2% ▲	\$ 797,562	821,500	\$ 23,938	3% ▲				
Wastewater System Expense	\$ 1,849,900	1,894,520	\$ 44,620	2% ▲	\$ 1,849,900	1,894,520	\$ 44,620	2% ▲				
<b>Purchased Resources</b>	<b>\$ 5,899,422</b>	<b>6,262,128</b>	<b>\$ 362,706</b>	<b>6% ▲</b>	<b>\$ 6,308,785</b>	<b>\$ 6,262,128</b>	<b>\$ (46,657)</b>	<b>1% ▼</b>				





CVWD - Summary Detail

Crescenta Valley Water District  
 FY 2022 Preliminary Budget

Description	2021			2022		Budgeted V.		2021		2022		Projected V.	
	Budget	Budget	Budgeted	Budget	Budgeted	Projections	Budget	Projections	Budget	Budgeted	Projections	Budget	Budgeted
Non-Operating Expense	\$ 18,300	10,500	\$ (7,800)			\$ 12,200	10,500	\$ (1,700)	14% ▼				
<b>Total</b>													
	\$ 8,892,679	\$ 9,507,829	\$ 615,151	7% ▲		\$ 8,958,315	9,507,829	\$ 549,515	6% ▲				

Operations

Crescenta Valley Water District  
FY 2022 Preliminary Budget

		2021 Budget	2022 Budget	Budgeted V. Budgeted		2021 Projections	2022 Budget	Projected V. Budgeted	
<b>Gen'l and Admin E</b>		<b>General and Administrative</b>							
5180-000	E20	\$ 19,600	\$ 18,000	\$ (1,600)	8% ▼	\$ 18,000	\$ 18,000	\$ -	
5180-100	E20	-	4,000	4,000		1,000	4,000	3,000	300% ▲
5320-000	E20	2,500	7,500	5,000	200% ▲	1,400	7,500	6,100	436% ▲
5355-000	E20	2,000	2,000	-		1,100	2,000	900	82% ▲
		<b>\$ 24,100</b>	<b>\$ 31,500</b>	<b>\$ 7,400</b>	<b>31% ▲</b>	<b>\$ 21,500</b>	<b>\$ 31,500</b>	<b>\$ 10,000</b>	<b>47% ▲</b>
<b>Operation Expense</b>		<b>Operation Expense</b>							
5150-000	E35	\$ 42,000	\$ 26,000	\$ (16,000)	38% ▼	\$ 31,000	\$ 26,000	\$ (5,000)	16% ▼
5170-000	E35	8,000	13,000	5,000	62% ▲	8,900	13,000	4,100	46% ▲
5200-000	E35	19,800	17,800	(2,000)	10% ▼	17,200	17,800	600	3% ▲
5300-000	E35	14,000	12,700	(1,300)	9% ▼	12,700	12,700	-	
5310-000	E35	4,500	2,500	(2,000)	44% ▼	2,500	2,500	-	
5311-000		-	2,000	2,000		-	2,000	2,000	
5330-000	E35	28,000	23,000	(5,000)	18% ▼	23,000	23,000	-	
5340-000	E35	19,800	18,500	(1,300)	7% ▼	18,500	18,500	-	
5350-000	E35	-	2,500	2,500		452	2,500	2,048	453% ▲
5360-000	E35	24,000	16,000	(8,000)	33% ▼	12,000	16,000	4,000	33% ▲
5370-000	E35	-	-	-		-	-	-	
5380-000	E35	35,500	35,300	(200)	1% ▼	35,300	35,300	-	
5390-000	E35	82,500	61,500	(21,000)	25% ▼	61,500	61,500	-	
5441-000	E35	20,000	6,000	(14,000)	70% ▼	12,000	6,000	(6,000)	50% ▼
5442-000	E35	-	-	-		41	-	(41)	100% ▼
5445-100	E35	-	15,000	15,000		-	15,000	15,000	
5460-000	E35	130,000	135,000	5,000	4% ▲	120,000	135,000	15,000	13% ▲
		<b>\$ 428,102</b>	<b>\$ 386,800</b>	<b>\$ (41,302)</b>	<b>10% ▼</b>	<b>\$ 355,093</b>	<b>\$ 386,800</b>	<b>\$ 31,707</b>	<b>9% ▲</b>









Description	2021	2022	Budgeted V.		2021	2022	Projected V.	
	Budget	Budget	Budgeted	Budgeted	Projections	Budget	Budgeted	Budgeted
<b>General and Administrative</b>								
Consultants	\$ 113,000	\$ 188,200	\$ 75,200	67% ▲	\$ 88,000	\$ 188,200	\$ 100,200	114% ▲
Computers & Network	28,267	25,101	(3,166)	11% ▼	48,000	25,101	(22,899)	48% ▼
Computer Software	54,453	70,775	16,322	30% ▲	124,000	70,775	(53,225)	43% ▼
Enterprise Voice Communications	10,600	18,000	7,400	70% ▲	12,000	18,000	6,000	50% ▲
Wireless Voice & Data	29,000	18,760	(10,240)	35% ▼	20,000	18,760	(1,240)	6% ▼
Data Communications - Fiber	75,300	52,200	(23,100)	31% ▼	47,500	52,200	4,700	10% ▲
<b>General and Administrative</b>	<b>\$ 310,620</b>	<b>\$ 373,036</b>	<b>\$ 62,416</b>	<b>20% ▲</b>	<b>\$ 339,500</b>	<b>\$ 373,036</b>	<b>\$ 33,536</b>	<b>10% ▲</b>
<b>Operation Expense</b>								
Telemetry & Signal System	\$ 28,000	\$ -	\$ (28,000)	100% ▼	\$ 17,000	\$ -	\$ (17,000)	100% ▼
SCADA Hardware	5,000	-	(5,000)	100% ▼	16,000	-	(16,000)	100% ▼
SCADA Software	20,000	30,190	10,190	51% ▲	16,000	30,190	14,190	89% ▲
<b>Operation Expense</b>	<b>\$ 53,000</b>	<b>\$ 30,190</b>	<b>\$ (22,810)</b>	<b>43% ▼</b>	<b>\$ 49,000</b>	<b>\$ 30,190</b>	<b>\$ (18,810)</b>	<b>38% ▼</b>
<b>Total</b>								
	<b>\$ 363,620</b>	<b>403,226</b>	<b>\$ 39,606</b>	<b>11% ▲</b>	<b>\$ 388,500</b>	<b>\$ 403,226</b>	<b>\$ 14,726</b>	<b>4% ▲</b>







