



Foothill MWD Proposed Budget Presentation

June 20, 2011



Outline

- Overview
- MWD Rates
- MWD Charges
- Energy Charges
- Proposed CIP
- Proposed O&M
- Proposed Kinneloa Admin Charge
- Proposed Charges
- Proposed Reserves
- Summary



Overview

- Pass-thru MWD rates and charges.
- Pass-thru energy costs.
- Assume no financing during fiscal year.
- Continue with CIP to rehabilitate system.
- Conclude study for recycled water development. Begin CEQA.
- Defer some CIP to 2013 and prepare for financing.
- Based on 10,000 AF sales.



MWD Rates – Pass-Thru

	Jan. 1, 2011	Jan. 1, 2012
Tier 1 (\$/AF)	\$744	\$794
Tier 2 (\$/AF)	\$869	\$920
Readiness-to-Serve Charge (\$Millions)	\$125	\$146
Capacity Charge (\$/cfs)	\$7200	\$7400
Replenishment (\$/AF)	\$601	\$651

**Provisional 5% increase January 1, 2013*



MWD RTS Charge

AGENCY	CY 2011 Monthly Charge	Proposed CY 2012 Monthly Charge	Difference
CVWD	\$9,040	\$10,305	\$1,265
LCID	\$11,011	\$12,433	\$1,422
LFWC	\$2,744	\$3,077	\$333
LAWC	\$4,967	\$6,057	\$1,090
MCWC	\$2,805	\$3,214	\$409
RCLWA	\$3,484	\$3,876	\$392
VWC	\$10,319	\$11,778	\$1,459
FMWD	\$44,370	\$50,740	\$6,370

Although the RTS charge increased by about 10%,
it represents about 14% increase to FMWD



MWD Capacity Charge

Agency	Flow	Percentage	Annual Charge	Monthly Charge
Crescenta Valley	6.1	27%	\$ 47,900	\$ 3,992
La Canada Irrigation District	6.5	28%	\$ 51,041	\$ 4,253
Las Flores	0.9	4%	\$ 7,067	\$ 589
Lincoln Avenue	4.3	19%	\$ 33,765	\$ 2,814
Mesa Crest	1.7	7%	\$ 13,349	\$ 1,112
Rubio Canon	-	0%	\$ -	\$ -
Valley	3.4	15%	\$ 26,698	\$ 2,225
Total	22.9	100%	\$179,820	\$14,985

Peak day = August 30, 2009 at 24.3 cfs – Station Fires



Energy Charge – Pass-Thru

- For FY 2010, average energy cost was:
- P-1 Eastside \$54/AF
- P-1 Westside \$44/AF
- P-2 \$90/AF

Agencies invoiced for actual energy dollars based on amount of water taken that month.
Pasadena projecting 2.5% rate increase
SCE 4% rate increase



Proposed CIP

- CIP developed for five-year period
- Broken into six-month increments July 2010 through December 2012 for planning and to calculate calendar year charge
- Adjust charge for how much collected versus how much spent and projected to be spent for CIP



Proposed CIP

- Continue using 10-year rolling average sales to set charges for current system
- Continue using ultimate demands from Water Resource Plan for New Water Supplies CIP
 - Exclude Kinneloa & CVWD starting 2012 since CEQA and other engineering will not include Eaton Wash and Verdugo alternatives.



Proposed CIP

- Please refer to Proposed CIP spreadsheets

CIP – Calculated Draft Charge for CY 2012 – updated

	CY 2011 Charge	CY 2012 Proposed Charge	Difference
CVWD	\$217,338	\$ 47,310	\$(170,028)
KID	\$ (617)	\$ (4,038)	\$ (3,421)
LCID	\$219,852	\$ 150,187	\$ (69,664)
Las Flores	\$ 22,620	\$ 10,344	\$ (12,276)
Lincoln	\$ 36,566	\$ 26,000	\$ (10,566)
Mesa	\$ 43,248	\$ 16,385	\$ (26,863)
Rubio	\$ 49,843	\$ 15,956	\$ (33,887)
Valley	\$225,752	\$ 68,534	\$(157,218)
Total	\$814,602	\$ 330,678	\$(483,923)

*Dam Failure costs removed
Pipeline study includes seismic evaluation
CEQA for recycled water remove CVWD*



Proposed O&M

- Reduce conservation rebate programs
 - Use of MWD funds for rebate programs
 - Agencies have requested rain barrel program continue
 - Use Water Resources and Conservation Fund to offset expenditures
- Purchase of truck with crane
- Redistricting study required, MWD will look at their projections, NDC research will provide budget



Proposed O&M

- No COLA increase for employees or Board
- Merit increases and promotions if warranted
- Pay for Performance if warranted
- OPEB Trust Expense

O&M Proposed Budget

	FY 2010-2011 Adopted Budget	FY 2011-2012 Proposed Budget	Difference
Wages & Employee Benefits	\$ 1,139,604	\$ 1,153,002	\$ 13,398
Repairs & Maintenance	\$ 266,500	\$ 266,500	\$ -
Administration and General	\$ 358,273	\$ 268,299	\$ (89,974)
Professional Services	\$ 184,000	\$ 196,000	\$ 12,000
<u>Equipment Replacement</u>	<u>\$ 12,000</u>	<u>\$ 142,000</u>	<u>\$ 130,000</u>
Subtotal	\$ 1,960,377	\$ 2,025,801	\$ 65,424
<u>Depreciation</u>	<u>\$ 226,069</u>	<u>\$ 206,606</u>	<u>\$ (19,463)</u>
Subtotal	\$ 2,186,446	\$ 2,232,407	\$ 45,961
Use of Water Resource Fund	\$ 50,000	\$ 27,500	\$ (22,500)
Other Revenues	\$ 107,600	\$ 107,600	\$ -
Grand Total	\$ 2,028,846	\$ 2,097,307	\$ 68,461



O&M Proposed Charge for CY 2012- updated

	CY 2011 Charge	CY 2012 Proposed Charge	Difference
CVWD	\$ 370,965	\$ 383,638	\$ 12,673
KID	\$ -	\$ 7,369	\$ 7,369
LCID	\$ 452,654	\$ 468,033	\$ 15,379
Las Flores	\$ 113,004	\$ 115,687	\$ 2,683
Lincoln	\$ 238,839	\$ 261,678	\$ 22,839
Mesa	\$ 113,864	\$ 119,637	\$ 5,773
Rubio	\$ 200,132	\$ 196,998	\$ (3,134)
Valley	\$ 539,388	\$ 544,268	\$ 4,880
Total	\$ 2,028,846	\$2,097,307	\$ 68,461

Includes Admin Charge for KID



Kinneloa – Administration charge

- No Operational Costs, Only Administration
- 50% of Admin Wages and Benefits
- Use number of meters in Kinneloa prorated to number of meters in District
- Total Proposed expense \$15,206
- Minus tax (\$712) and RTS (\$7125) collections nets \$7,369 Proposed charge

Proposed Net Calculated Charges – updated

Agency	Calendar Year 2011 Charges			Calendar Year 2012 Charges (Calculated Draft)			Difference
	Admin & O&M	Capital & Rehab	Total	Admin & O&M	Capital & Rehab	Total	
CVWD	\$ 370,965	\$ 217,338	\$ 588,303	\$ 383,638	\$ 47,310	\$ 430,947	\$ (157,356)
KID	\$ -	\$ (617)	\$ (617)	\$ 7,369	\$ (4,038)	\$ 3,331	\$ 3,948
LCID	\$ 452,654	\$ 219,852	\$ 672,506	\$ 468,033	\$150,187	\$ 618,220	\$ (54,286)
Las Flores	\$ 113,004	\$ 22,620	\$ 135,624	\$ 115,687	\$ 10,344	\$ 126,031	\$ (9,593)
Lincoln	\$ 238,839	\$ 36,566	\$ 275,405	\$ 261,678	\$ 26,000	\$ 287,678	\$ 12,273
Mesa	\$ 113,864	\$ 43,248	\$ 157,112	\$ 119,637	\$ 16,385	\$ 136,021	\$ (21,090)
Rubio	\$ 200,132	\$ 49,843	\$ 249,975	\$ 196,998	\$ 15,956	\$ 212,954	\$ (37,021)
Valley	\$ 539,388	\$ 225,752	\$ 765,140	\$ 544,268	\$ 68,534	\$ 612,802	\$ (152,338)
Total	\$2,028,846	\$ 814,602	\$2,843,448	\$ 2,097,307	\$330,678	\$2,427,985	\$ (415,463)

Proposed Alternative Charges - updated

Agency	Calendar Year 2011 Charges			Alternative		
	Admin & O&M	Capital & Rehab	Total	Admin & O&M	Capital & Rehab	Total
CVWD	\$ 370,965	\$ 217,338	\$ 588,303	\$ 383,638	\$204,665	\$ 588,303
KID	\$ -	\$ (617)	\$ (617)	\$ 7,369	\$ (4,038)	\$ 3,331
LCID	\$ 452,654	\$ 219,852	\$ 672,506	\$ 468,033	\$204,473	\$ 672,506
Las Flores	\$ 113,004	\$ 22,620	\$ 135,624	\$ 115,687	\$ 19,937	\$ 135,624
Lincoln	\$ 238,839	\$ 36,566	\$ 275,405	\$ 261,678	\$ 26,000	\$ 287,678
Mesa	\$ 113,864	\$ 43,248	\$ 157,112	\$ 119,637	\$ 37,475	\$ 157,112
Rubio	\$ 200,132	\$ 49,843	\$ 249,975	\$ 196,998	\$ 52,977	\$ 249,975
Valley	\$ 539,388	\$ 225,752	\$ 765,140	\$ 544,268	\$220,872	\$ 765,140
Total	\$2,028,846	\$ 814,602	\$2,843,448	\$2,097,307	\$762,361	\$2,859,668



Proposed Budget Summary based on 10,000 AF of Sales

- Please refer to handout



Summary

- Continuing Passing-thru MWD rates and charges
- Continue Passing-thru energy costs
- Stabilize District charges by maintaining total charge assessed to agencies
 - Exception Lincoln and Kinneloa



Proposed Reserves - updated

	6/30/2010	Projected 6/30/2011	Projected 6/30/2012
Operating	\$ 2,000,000	\$ 2,000,000	\$2,000,000
Water Rate Stabilization	\$ -	\$ 460,000	\$ 718,000
Water Resource and Conservation	\$ 132,000	\$ 127,000	\$ 99,000
Rehabilitation & Replacement	\$ 1,903,000	\$ 2,000,000	\$2,000,000
Restricted Agency Cap & Rehab Fund	\$ 389,000	\$ 829,000	\$ 538,000
Capital Improvement	\$ 375,000	\$ 324,000	\$ 302,000
Total	\$ 4,799,000	\$ 5,740,000	\$5,659,000

** Assumes alternative charge adopted.*



Comments/Questions
