



# Foothill MWD Revised Proposed Budget Presentation

---

June 28, 2010



## Outline

---

- Overview
- Proposed CIP
- Proposed O&M
- Proposed Reserves
- MWD Rates
- MWD Charges
- Energy Charges



## Overview

---

- Pass-thru MWD rates and charges
- Pass-thru energy costs
- Assume no financing during fiscal year
- Continue with CIP to rehabilitate system
- Continue with studies for recycled water and stormwater capture



## Overview

---

- Decrease in Total FMWD charges
  - Absorb 75% of MWD rate increase
- Based on 10,000 AF sales = \$723,000 in water costs & \$76,000 in power
- Further reduction in professional services budget = \$50,000
- Elimination of Position = \$51,000



## Proposed CIP

---

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



## Proposed CIP

---

1. Please refer to five-year Proposed CIP spreadsheet

## CIP - Proposed Charge for CY 2011

Agency	Proposed CY 2011 Annual Charge	Adopted CY 2010 Annual Charge	Proposed CY 2011 Charge Minus Adopted CY 2010 Charge
CVWD	\$ 217,338	\$ 490,465	\$ (273,127)
KID	\$ (617)	\$ 6,746	\$ (7,363)
LCID	\$ 219,852	\$ 419,229	\$ (199,378)
Las Flores	\$ 22,620	\$ 30,834	\$ (8,214)
Lincoln	\$ 36,566	\$ 64,225	\$ (27,659)
Mesa	\$ 43,248	\$ 64,165	\$ (20,918)
Rubio	\$ 49,843	\$ 52,069	\$ (2,226)
Valley	\$ 225,752	\$ 303,086	\$ (77,334)
<b>Total</b>	<b>\$ 814,602</b>	<b>\$ 1,430,820</b>	<b>\$ (616,218)</b>

## O&M

---

- Increase conservation efforts
  - No Increase in Expenditures
  - Use Water Resources and Conservation Fund to offset expenditures
- No COLA increase for employees
- Merit increases and promotions if warranted
- Pay for Performance if warranted

## O&M

---

### ○ Vehicles

- Foothill #1 - 2007 GMC Sierra 2500 HD
- Foothill #3 - 2002 Ford Escape
- Foothill #5 - 1993 Ford F-Super Duty
- Foothill #6 - 1970 Ford Hydraulic Boom Truck
  
- No Replacement of Vehicles



## O&M

---

- Depreciation included
- \$10,000 for reserve study, no public outreach
- \$10,000 for redistricting study
- Election costs added

## O&M Proposed Budget

	FY 2009-2010 Adopted Budget	FY 2010-2011 Proposed Budget	FY 2010-11 Proposed Minus FY 2009- 2010
Capital	\$ 1,430,820	\$ 1,253,820	\$ (177,000)
Transmission & Distribution System	\$ 795,300	\$ 759,362	\$ (35,938)
Administrative & General	\$ 1,014,400	\$ 1,101,015	\$ 86,615
Other Operating Expenses	\$ 483,200	\$ 326,069	\$ (157,131)
Subtotal	\$ 2,292,900	\$ 2,186,446	\$ (106,454)
Grand Total	\$ 3,723,720	\$ 3,440,266	\$ (283,454)

*Does not include use of Water Resource and Conservation Funds and  
Previously collected CIP funds*

## O&M Proposed Charge for CY 2011

	Proposed CY 2011 Annual O&M	CY 2010 Annual O&M	Proposed CY 2011 O&M Minus CY 2010 O&M
<b>CVWD</b>	\$ 370,965	\$ 428,543	\$ (57,578)
<b>KID</b>	\$ -	\$ -	\$ -
<b>LCID</b>	\$ 452,654	\$ 519,394	\$ (66,741)
<b>Las Flores</b>	\$ 113,004	\$ 129,679	\$ (16,676)
<b>Lincoln</b>	\$ 238,839	\$ 271,600	\$ (32,761)
<b>Mesa</b>	\$ 113,864	\$ 130,474	\$ (16,610)
<b>Rubio</b>	\$ 200,132	\$ 230,576	\$ (30,443)
<b>Valley</b>	\$ 539,388	\$ 622,587	\$ (83,199)
<b>Total</b>	\$ 2,028,846	\$ 2,332,854	\$ (304,009)

## Proposed Net Charges

	CY 2010 Capital	CY 2010 O&M	Total	Proposed CY 2011 Capital	Proposed CY 2011 O&M	Total	Proposed CY 2011 Minus CY 2010 Charges
CVWD	\$ 490,465	\$ 428,543	\$ 919,008	\$ 217,338	\$ 370,965	\$ 588,303	\$ (330,705)
KID	\$ 6,746	\$ -	\$ 6,746	\$ (617)	\$ -	\$ (617)	\$ (7,363)
LCID	\$ 419,229	\$ 519,394	\$ 938,624	\$ 219,852	\$ 452,654	\$ 672,505	\$ (266,118)
Las Flores	\$ 30,834	\$ 129,679	\$ 160,514	\$ 22,620	\$ 113,004	\$ 135,624	\$ (24,890)
Lincoln	\$ 64,225	\$ 271,600	\$ 335,826	\$ 36,566	\$ 238,839	\$ 275,405	\$ (60,421)
Mesa	\$ 64,165	\$ 130,474	\$ 194,640	\$ 43,248	\$ 113,864	\$ 157,112	\$ (37,528)
Rubio	\$ 52,069	\$ 230,576	\$ 282,645	\$ 49,843	\$ 200,132	\$ 249,975	\$ (32,670)
Valley	\$ 303,086	\$ 622,587	\$ 925,673	\$ 225,752	\$ 539,388	\$ 765,140	\$ (160,533)
Total	\$ 1,430,820	\$ 2,332,854	\$ 3,763,674	\$ 814,602	\$ 2,028,846	\$ 2,843,447	\$ (920,227)

## Proposed Reserves

---

	6/30/2008	6/30/2009	Estimated 6/30/2010	Projected 6/30/2011
<b>Operating</b>	<b>\$1,315,000</b>	<b>\$ 1,923,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>
<b>Water Rate Stabilization</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 286,000</b>	<b>\$ 455,000</b>
<b>Water Resource and Conservation</b>	<b>\$ 58,000</b>	<b>\$ 95,000</b>	<b>\$ 138,000</b>	<b>\$ 88,000</b>
<b>Rehabilitation &amp; Replacement</b>	<b>\$1,594,000</b>	<b>\$ 1,360,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>
<b>Capital Improvement</b>	<b>\$ 134,000</b>	<b>\$ 121,000</b>	<b>\$ 375,000</b>	<b>\$ 324,000</b>
<b>Total</b>	<b>\$3,102,000</b>	<b>\$ 3,500,000</b>	<b>\$ 4,799,000</b>	<b>\$ 4,868,000</b>

## MWD Rates – Pass-Thru

	Jan. 1, 2010	Jan. 1, 2011	Jan. 1, 2012*
Tier 1 (\$/AF)	\$701	\$744	\$794
Tier 2 (\$/AF)	\$811	\$869	\$920
Readiness-to-Serve Charge (\$Millions)	\$114	\$125	\$146
Capacity Charge (\$/cfs)	\$7200	\$7200	\$7400
Replenishment (\$/AF)	\$558	\$601	\$651
	\$51/AF Delta Supply Charge included in rates		

\* Unless need to expedite rate increase

15

## MWD RTS Charge

AGENCY	Proposed CY 2011 Monthly Charge	CY 2010 Monthly Charge	Difference
CVWD	\$ 9,040	\$ 7,132	\$ 1,907
LCID	\$ 11,011	\$ 8,780	\$ 2,231
LFWC	\$ 2,744	\$ 2,219	\$ 526
LAWC	\$ 4,967	\$ 3,798	\$ 1,169
MCWC	\$ 2,805	\$ 2,231	\$ 574
RCLWA	\$ 3,484	\$ 2,788	\$ 696
VWC	\$ 10,319	\$ 8,138	\$ 2,181
FMWD	\$ 44,370	\$ 35,086	\$ 9,284

Although the RTS charge increased by about 17%, it represents about 26% increase to FMWD

## MWD Capacity Charge

---

	Flows	Monthly Charge
<b>CVWD</b>	<b>6.7</b>	<b>\$ 4,020</b>
<b>LCID</b>	<b>5.9</b>	<b>\$ 3,540</b>
<b>LFWC</b>	<b>1.4</b>	<b>\$ 840</b>
<b>LAWC</b>	<b>3.0</b>	<b>\$ 1,800</b>
<b>MCWC</b>	<b>1.7</b>	<b>\$ 1,020</b>
<b>RCLWA</b>	<b>-</b>	<b>\$ -</b>
<b>VWC</b>	<b>6.7</b>	<b>\$ 4,020</b>
<b>Total</b>	<b>25.4</b>	<b>\$ 15,240</b>

Has not changed from CY 2010

## Energy Charge – Pass-Thru

---

- For CY 2009, average energy cost was:
- P-1 Eastside \$52/AF
- P-1 Westside \$44/AF
- P-2 \$87/AF

Agencies invoiced for actual energy dollars  
Based on amount of water taken that month

## Proposed Budget Summary based on 10,000 AF of Sales

	FY 2009-2010 Adopted Budget	FY 2010-2011 Proposed Budget	FY 2010-11 Minus FY 2009-2010
<b>Operating Revenues</b>	\$ 12,372,158	\$ 11,841,928	\$ (530,230)
<b>Non-Operating Revenues</b>	\$ 106,600	\$ 107,600	\$ 1,000
<b>Total Revenues</b>	\$ 12,478,758	\$ 11,949,528	\$ (529,230)
<b>Supply Costs</b>	\$ 7,954,223	\$ 7,881,736	\$ (72,488)
<b>Energy Costs</b>	\$ 847,167	\$ 758,636	\$ (88,531)
<b>Subtotal</b>	\$ 8,801,390	\$ 8,640,372	\$ (161,018)
<b>Capital</b>	\$ 1,430,820	\$ 1,253,820	\$ (177,000)
<b>Transmission &amp; Distribution System</b>	\$ 795,300	\$ 759,362	\$ (35,938)
<b>Administrative &amp; General</b>	\$ 1,014,400	\$ 1,101,015	\$ 86,615
<b>Other Operating Expenses</b>	\$ 483,200	\$ 326,069	\$ (157,131)
<b>Subtotal</b>	\$ 2,292,900	\$ 2,186,446	\$ (106,454)
<b>Grand Total *</b>	\$ 12,525,110	\$ 12,080,637	\$ (444,473)

*Does not include use of Water Resource and Conservation Funds and Previously collected CIP funds*



## Summary

---

- Pass-thru MWD rates and charges
- Pass-thru energy costs
- Proposed CIP and O&M with decrease in Total charges.