

# Castaic Lake Water Agency FY 2016/17 Budget



*Employees  
in Action*

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*A public agency providing reliable, quality water  
at a reasonable cost to the Santa Clarita Valley*

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## California's extended Drought and Castaic Lake Water Agency Conservation Actions

The Fiscal Year 2016/17 Budget reflects a modest increase in the Agency's expenditures with a continued focus on efforts to enhance water supply reliability and implement new conservation programs in light of our fifth year of drought. The Budget theme this year highlights the dedicated CLWA staff team and their ongoing efforts to meet all aspects of our mission and strategic plan.

On April 1, 2015, the Governor of California issued an Executive Order mandating, among other provisions, a 25% reduction in urban water usage. The order directed the State Water Resources Control Board to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the Santa Clarita Valley retailers ranged from 24% to 32%. Santa Clarita Valley's water consumers responded well to meet the challenge during 2015/16.

While moderate precipitation and runoff in Northern California has increased imported supply availability in 2016 above what was available in the prior three years, local rainfall was very low again this year. CLWA has informed our retail water purveyors that under the State Water Resources Control Board's latest May 2016 Emergency Regulations – which swaps out the mandatory conservation targets for a new “stress test” certification criteria – CLWA has demonstrated adequate supply and storage reserves that are able to meet anticipated demand this year without mandatory demand curtailment. However, we are advising that residents continue with voluntary “common sense water conservation” efforts in light of the ongoing dry weather locally. With the much heralded El Nino failing to produce large local storms, and now fading into memory, we could be in for another dry winter in 2016/17.

CLWA will continue to pursue projects to add to our considerable water banking and retrieval programs which can provide drought insurance, as well as moving forward with expansion of recycled water facilities in the Santa Clarita Valley. CLWA will continue to implement its Santa Clarita Valley Water Use Efficiency Strategic Plan, adopted in June of 2015. This is a roadmap for achieving 20% savings by 2020 as required by state legislation, known as SB X7-7, which includes 15 programs for CLWA and 15 programs for the local water retailers. These programs help advance the goal of establishing a permanent water use efficiency ethic in the Santa Clarita Valley.

To increase awareness of the drought and compliance with the prohibited measures from the State Water Resources Control Board, the Agency is also coordinating a drought campaign for the Family of Water Suppliers, which consists of the Agency, CLWA Santa Clarita Water Division, L.A. County Waterworks District #36, Newhall County Water District and Valencia Water Company.

### Cover photos:

- ◆ (Upper left): Electrical / Instrumentation Supervisor Dirk Hare tests the resistance on the Ozone Generator #2 at the Earl Schmidt Filtration Plant in Castaic, CA. Ozone is used as a disinfectant to kill bacteria in the treatment of water.
- ◆ (Upper right): Water Conservation Program Supervisor Stephanie Anagnoson (left) and Water Conservation Education Specialist Karen Sonksen (right) perform weekly maintenance on the CIMIS (California Irrigation Management Information System) Station located on the Rio Vista Water Treatment Plant property. CIMIS station 204 is one of nearly 200 operating units in California that regularly transmits local weather information to the Department of Water Resources in Sacramento, CA.
- ◆ (Lower center): Water Conservation Education Specialist Barbara Cawley (right) engages children in a water-saving quiz during the Agency's annual Open House event. A learning experience and a correct answer earns them a prize!



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California**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

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*Presented to the*

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***February 23, 2016***



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## Employees In Action

*Pictured: Marketing collateral of CLWA's invite to the Agency's Annual Open House. Nearly every Agency employee participates in this fun, educational, community-driven event.*



Castaic Lake Water Agency's

# ANNUAL OPEN HOUSE

Visit [CLWA.org](http://CLWA.org) for more information

JOIN US  
SATURDAY  
MAY 14<sup>th</sup>  
9am – 2pm

### Join CLWA for the Open House Festivities in Central Park

- FREE face painting, fun photo booth, Fresher's Soft Frozen Lemonade and popcorn
- Children's Show – "H2O, Where Did You Go?" at 9:30 am, 11 am and 12:30 pm
- Ranger Frank and his Wild Friends
- Smart Gardening Workshop: Composting from 9:30 am to 11:30 am (*brought to you by L.A. County Public Works*)
- Check out the working model of our water treatment plant process
- Visit with over 20 vendors with great information related to inside and outside your home

**CELEBRATE WATER AWARENESS MONTH!**



July 1, 2016

Castaic Lake Water Agency  
Board of Directors



Management is pleased to present the FY 2016/17 Budget, which reflects the Castaic Lake Water Agency's strategies to meet the Agency's mission statement and strategic plan. The FY 2016/17 Budget continues to provide funds to meet the demands of water supply reliability, deal with the ongoing drought and comply with State mandates for conserving water in the Santa Clarita Valley. The FY 2015/16 Budget included a significant increase to fund an ambitious suite of new conservation programs and the FY 2016/17 Budget continues these programs, but does not include new programs. Management has worked diligently to identify cost savings and defer programs and projects where necessary. The result is a proposed FY 2016/17 Budget that has a modest increase of 3.7% in the General Fund/Operating Budget and a modest Capital Improvement Program Budget.

### **Key Initiative – Reducing Per Capita Water Demand**

Significant resources are provided as identified in the Santa Clarita Valley Water Use Efficiency Strategic Plan. This plan is intended to help the Agency and the retailers to comply with SBX7-7, which calls for a 20 percent reduction in per capita water use by 2020 (i.e., 20% by 2020). This legislation requires each local water retail purveyor to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target.

With the ongoing drought situation, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, an overall 25% reduction in urban water usage by February 28, 2016. The State Water Resources Control Board (SWRCB) issued regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers ranged from 24% to 32%. These restrictions were decreased 3 to 4 percent in March 2016.

More recently, the SWRCB ordered a new "stress test" approach for wholesale and retail water agencies in light of near normal precipitation in Northern California but continued below average precipitation in the Central and Southern portions of the State, including the Agency's service area. The Governor also ordered development of new water use efficiency targets during the coming year that will go beyond the 20% x 2020 framework.

Even with the resulting reduction in the SWRCB conservation targets in 2016, there are significant reductions to be achieved in a short amount of time to continue to meet the 20% x 2020 targets, as well as likely development of further conservation mandates beyond the 20% x 2020 targets. We expect this will require significant sustained investments of the Agency's resources and time.

### **Key Initiative – Enhancing the Agency's Firming Programs**

Due to two years of low State Water Project allocations and uncertainty about how much longer the drought will last, the Agency continues to invest in enhanced water banking programs. In FY 2015/16, the Agency completed the acquisition of the Semitropic Stored Water Recovery Unit, which provides additional storage for the Agency with higher priority extraction rights. The FY 2016/17 Budget includes continued funding for the Rosedale Rio Bravo Extraction Project, which will increase annual extraction capacity for the Agency's current storage program by 7,000 AFY for an interim total of 10,000 AFY.

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## **Key Initiative – Recycled Water Program**

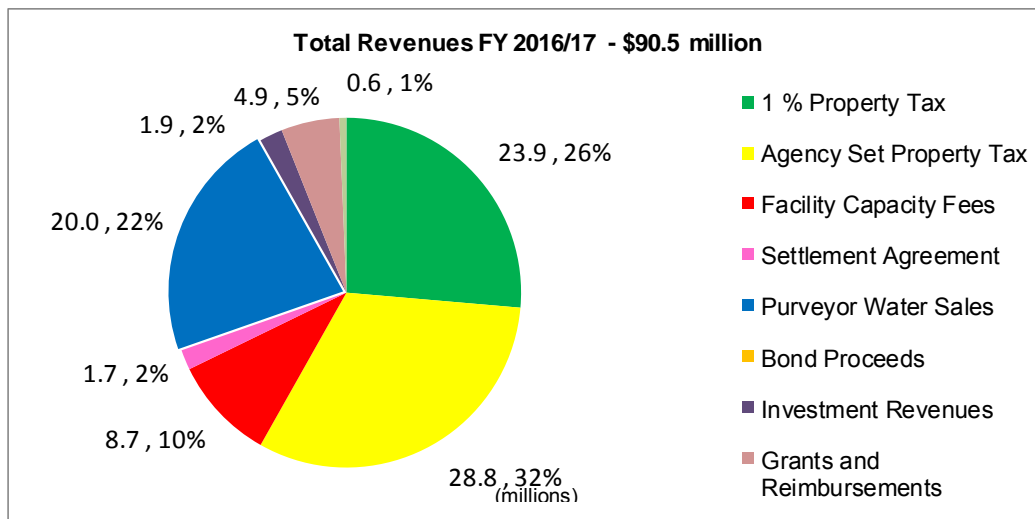
Over the last few years, the Agency had deferred phasing of the Recycled Water Program due to the economic downturn and slowdown in development. At this time, to deal with the ongoing drought situation and mandates for reductions in potable water use, as well as to maximize the use of “local” water supplies, the Agency is moving forward with (1) updating the Recycled Water Master Plan (RWMP) and associated environmental impact report and (2) planning and design of four recycled water projects.

The RWMP will (1) evaluate the near-term objective of accelerating the implementation of recycled water projects (Phase 2 projects), (2) incorporate the increased demands associated with planned new developments to optimize the expansion of the recycled water system and identify further opportunities for non-potable reuse, and (3) explore opportunities for potable reuse through groundwater recharge, surface water augmentation and direct potable reuse.

The Agency is proceeding with the implementation of Phase 2 recycled water projects, which includes Phase 2A (Bridgeport Area and Central Park), Phase 2B (Vista Canyon), Phase 2C (College of the Canyons, California Institute of the Arts, Placerita Junior High School and Hart High School) and Phase 2D (Rancho Pico Junior High School and West Ranch High School). The Phase 2 projects are in various stages of preliminary or final design and preparation of required California Environmental Quality Act (CEQA) documentation. Agency staff is actively pursuing grant funding to help offset project costs. The Phase 2 projects will add approximately 2,500 AFY of recycled water capacity to the existing 475 AFY Phase 1 recycled water system. The timing of recycled water projects may be impacted by litigation over CEQA documentation of the SCV Sanitation District’s Chloride Compliance Project.

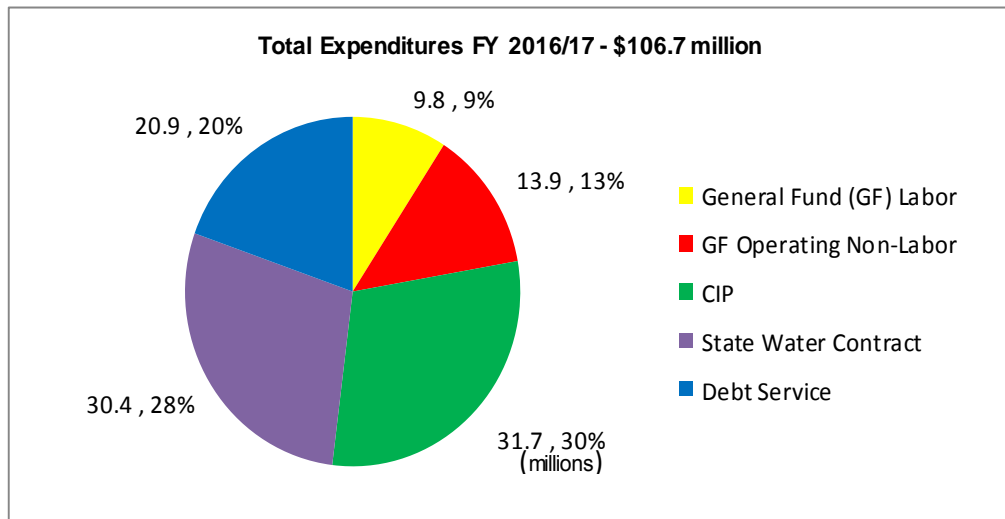
## **FY 2016/17 Budget**

The total revenues of \$90.5 million are comprised of \$28.8 million in Agency-set property tax revenues, \$23.9 million in one percent property tax revenues, \$20.0 million in water sales based on retail purveyor FY 2016/17 requests of 30,620 acre-feet (AF), \$8.7 million in Facility Capacity Fees, \$4.9 million in grants and reimbursements, \$1.9 million in investment revenues, \$1.7 million from perchlorate contamination settlement agreement reimbursements and approximately \$600,000 in other revenues.

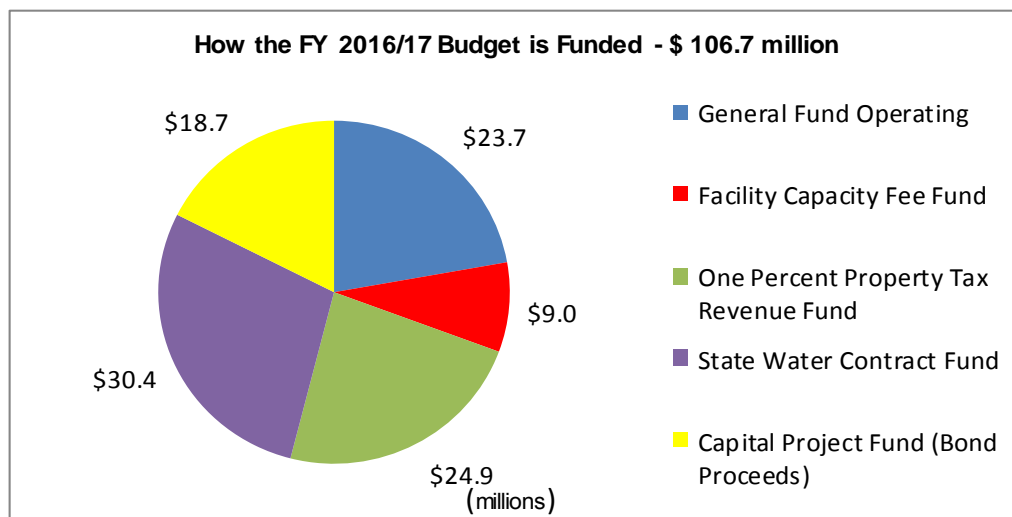




Total expenditures for FY 2016/17 are budgeted at \$106.7 million and are comprised of General Fund/Operating Budget expenditures of \$23.7 million, debt service payments of \$20.9 million, State Water Contract Fund expenditures of \$30.4 million and capital improvement program (CIP) expenditures of \$31.7 million.



These expenditures are funded by a combination of current year revenues, available fund balances from prior year revenues and bond proceeds received in May 2016.



**Revenue Situation**

Revenue levels in FY 2016/17 are very similar to those of FY 2015/16.

- Based on the retail purveyors' requests for water in FY 2016/17, total fixed and variable water rate revenues are budgeted at \$19.1 million, compared to an estimated \$16.6 million in FY 2015/16 (amounts exclude recycled and Saugus 1 and 2 well water). The increase reflects the new wholesale water rate beginning in April 2016, as well as decreased revenues in FY 2015/16 for the settlement of the wholesale water rate litigation.

- ◆ The Agency's assessed valuation is projected to increase by 5 percent, the same increase as in FY 2015/16, resulting in modest increases in one percent property tax revenues and the Agency-set tax revenue that funds SWP expenditures. The FY 2016/17 Budget does not anticipate any change in the Agency-set tax rate.
  - Agency-set Tax Revenues increase from \$27.4 million to \$28.8 million
  - One Percent Property Tax Revenues increase from \$22.7 million to \$23.9 million
- ◆ Facility Capacity Fee revenues are budgeted at \$8.7 million, compared to estimated revenues of \$8 million in FY 2015/16. This is based on a scheduled fee increase on January 1, 2017.
- ◆ Grants and Reimbursements Revenues are projected to be \$5.6 million, consisting principally of:
  - \$3.6 million for the Rosedale Rio Brave Extraction Project
  - \$1.1 million for the Foothill Feeder Project
  - \$370,000 for the Recycled Water Master Plan Update and associated environmental impact report

### **General Fund/Operating Budget**

The proposed FY 2016/17 General Fund/Operating Budget has a modest increase of 3.7%, from \$22,828,000 to \$23,680,100, which is consistent with the recently adopted wholesale water structure. As noted in the wholesale water rate study report, the adopted rates do not fully recover costs until FY 2019/20. The difference in revenues and expenditures of \$1,862,500 in FY 2016/17 is made up from fund balances generated by previous high water sales years. This proposed FY 2016/17 General Fund/Operating Budget has slightly better results than shown in the rate study report, but still does not fully recover costs until FY 2019/20.

The proposed Budget does not include any new programs or initiatives but continues current programs. The significant components of the General Fund/Operating Budget are:

- ◆ Continued funding of water use efficiency programs at the same level as in FY 2015/16 (\$2,650,000 in the Water Resources Department BMP Implementation account). That is, no change in the level of funding.
- ◆ \$80,000 for one new position of Administrative Technician to provide support services to the Water Resources Department. This position was previously provided in FY 2008/09, but was transferred to water conservation activities in FY 2013/14. Support services for the entire department have been provided by a variety of short-term temporary staffing agency services.
- ◆ \$636,500 increase in Salaries and Benefits. Of this amount, approximately \$155,000 is for a cost of living adjustment of two percent as approved by the Board of Directors, \$202,000 for full-year funding for positions added in FY 2015/16, \$80,000 funding for one new position as described above, and the remainder is for salary step increases.
- ◆ \$330,600 for the continued transfer of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply and certain studies as operating expenses, freeing up capital monies to fund reserves.
- ◆ \$350,000 for the election to be held in November 2016.
- ◆ \$70,000 for placeholder funds for grant administration activities pending the results of an organizational study.

Of the total amount of the Budget, \$21,817,600 will come from revenues and the remaining \$1,862,500 will come from the available fund balance. *That is, revenues will not fully cover the cost of the expenditures.*

### **Staffing Changes**

As discussed above, the proposed FY 2016/17 Budget includes one new position of Administrative Technician to provide support services for the Water Resources Department. In addition, the FY 2016/17 Budget reflects two position reallocation positions approved during FY 2015/16. One position of Purchasing Technician is reallocated to Purchasing Coordinator and one position of Water Conservation Education Specialist is reallocated to Lead Water Conservation Education Specialist.

### **Facility Capacity Fees and Interfund Loan**

Beginning in FY 2012/13, the Agency's Facility Capacity Fee Fund was depleted and was unable to pay future users' debt service. While revenue levels are starting to increase, they are still below the revenue required to fully fund future users' debt service for the next few years. At this time, one percent property tax revenues are paying a significant portion of the future users' debt service that should be funded by Facility Capacity Fees. It is likely this arrangement will continue through FY 2020/21. This is considered an Interfund loan, and future Facility Capacity Fees will repay the one percent property tax revenue fund with interest. Based on the current 8-year Capital Improvement Program and the 10-year forecast, the total amount of the Interfund Loan is projected to be \$88 million.

	FCF Share of Debt Service	FCF Availability	One Percent Property Tax Borrowing	Interest	Cumulative Balance of Interfund Loan
<b>FY 2012/13</b>	\$ 18,200,228	\$ 11,461,661	\$ 6,738,600	\$ 45,157	\$ 6,783,724
<b>FY 2013/14</b>	19,639,869	8,997,948	10,641,921	149,227	17,574,872
<b>FY 2014/15</b>	16,604,930	8,495,954	8,108,976	218,323	25,902,171
<b>FY 2015/16</b>	19,256,700	6,052,300	13,204,400	334,000	39,440,571
<b>FY 2016/17</b>	17,848,400	6,676,700	11,171,700	492,000	51,104,271

### **Agency Infrastructure and the Capital Improvement Program**

Management has identified a need to invest in the Agency's infrastructure and Capital Improvement Program (CIP). The FY 2016/17 Budget continues significant progress on treatment plant improvements at the Earl Schmidt Filtration plant (ESFP), the Foothill Feeder Connection, the Rosedale Rio Bravo Extraction Project and the recycled water program. In addition, planning and design work continue on other projects.

In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. In addition, the Agency anticipates issuing bonds in 2019 and 2022, with estimated principal amounts \$70.4 million and \$25.2 million respectively. The Agency's ten-year forecast show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

### **Ongoing Activities – Expanding Infrastructure**

As identified in recent budgets, the Agency's infrastructure continues to expand. The FY 2015/16 Budget provided two new positions to maintain the infrastructure that was added over the last ten years. While no new facilities are coming on line in FY 2016/17, the Agency understands the importance of monitoring the impacts of CIP projects on operating expenditures. Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes a number of water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

The Long-Term Financial Plan notes that the Agency should develop a method to fully understand the impact of the CIP on operating costs. That is, when a project is added to the CIP, its cost is not just capital cost to build or implement it, but also includes its ongoing operating and maintenance costs.

### **Long-Term Financial Plan**

During FY 2008/09, the Agency developed its first Long-Term Financial Plan. This Plan is updated each year as part of the Budget process. The Plan (included in Appendix A) is not a static, one-time document,

but represents a process where the Board and management review financial strategies to help achieve the Agency's overall strategic plan. This Plan reviews individual financial strategies and serves as the basis for future analysis and decision making by identifying potential financial issues and risks. It also groups financial strategies into near-term, mid-term and long-term issues to help prioritize and schedule action items for implementation of the Plan. Based on the decisions and guidance provided by the Board, the Plan is a rolling "look-ahead" to help identify priorities and focus. It is not intended to address each and every fiscal issue, but identify high priority fiscal programs and strategies to be monitored over time, so that the Agency is positioned to address them at the appropriate time.

### **State Water Project**

The Agency continues to monitor the infrastructure, legal, operational and water supply issues associated with the State Water Project (SWP). The Agency's SWP water supplies currently pass through Sacramento-San Joaquin River Delta. These supplies are challenged by potential levee failure caused by several sources including seismic activities, continued subsidence and sea level rise. Additionally, a declining ecosystem has led to more restrictive pumping criteria and correspondingly lower average allocations. The current average allocation for the SWP is 60% of the Agency's Table A amount, or 57,120 AF.

The Delta Habitat Conservation and Conveyance Program (DHCCP) and the Bay Delta Conservation Plan (BDCP) were programs consisting of joint efforts by agencies of the federal government and the State and local agencies to fund and plan habitat conservation and water supply activities in the Delta, including water conveyance facilities to reduce the vulnerability of SWP supplies and restore reliability. In spring 2015, DWR announced that BDCP would move from a Section 10 permit to a Section 7 permit process under the Federal Endangered Species Act. As a practical matter, this split the project into two distinct parts known as Cal WaterFix (Alternative 4A), the conveyance portion, and Cal EcoRestore, the restoration portion. Cal WaterFix is Alternative 4A in the recirculated environmental document, and the preferred alternative. As currently being discussed this alternative would maintain current reliability. Significant milestones lay ahead for the WaterFix that include, revised water rights permitting, Federal and State endangered species permitting, issuing record of decision/notice of determination (ROD/NOD) for the environmental documents and the anticipated legal challenges. In addition, interim project financing and SWP contract amendments will be required. Further legislative challenges and initiative challenges are also anticipated.

To date, the Agency's share of expenditures for the BDCP/DHCCP/Cal Water Fix process is \$1.4 million. Future costs are not yet known, but will be funded by the Agency-set property tax rate. The FY 2016/17 Budget does not anticipate any change in the Agency-set tax rate.

### **Other Planning Documents**

The Agency understands the importance of aligning the Budget process with its financial policies (discussed in detail in the Budget Foreword) and its planning documents. Key planning documents that have guided this budget process include the Agency Strategic Plan, Long-Term Financial Plan, draft 2015 Urban Water Management Plan, Integrated Regional Water Management Plan (IRWMP), CLWA Reliability Plan, the Communications Strategic Plan, 2014 Facility Capacity Fee Study and the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP). The FY 2016/17 Budget also provides for continued development of an Asset Management Plan, updating the IRWMP and also monitoring and participating in the development and implementation of Sacramento-San Joaquin Delta improvements, including the Cal WaterFix.

### **Continuing Litigation**

During FY 2016/17, the Agency will continue to deal with one significant item:

- ◆ In February 2013, the Santa Clarita Organization for Planning the Environment filed litigation regarding the acquisition of the stock of the Valencia Water Company in December 2012 (Santa



Clarita Organization for Planning the Environment (SCOPE) v. Castaic Lake Water Agency et al., Los Angeles County Superior Court Case No. BS 141673). The trial for this case took place on February 24, 2015 and the court ruled against SCOPE on all of the challenges. A final judgement was prepared in favor of the Agency, Valencia Water Company and the other defendants. SCOPE appealed the decision on May 21, 2015. In addition, two other actions have been filed. In March 2014, SCOPE filed a separate but related action on the same issue. And in April 2014, Newhall County Water District (NCWD) filed litigation regarding the acquisition of the stock of the Valencia Water Company on similar grounds to the SCOPE complaints. At the request of the parties, the NCWD matter was stayed to allow for settlement discussions and the court has set a trial conference for September 1, 2016. The Agency anticipates this litigation will take over two years to resolve.

Note that the Agency settled the wholesale water rate litigation in FY 2015/16.

### **Santa Clarita Water Division Cost Allocation**

The Agency allocates certain shared positions to its Santa Clarita Water Division (SCWD). The allocation of staff is updated each year through the budget process and is largely based on Full Time Employee (FTE) positions. There is no change for FY 2016/17. The shared positions for FY 2016/17 are as follows:

- ◆ Human Resources/Safety: Human Resources/Risk Management Supervisor, Administrative Analyst (Human Resources), Administrative Technician (Human Resources) and Safety Officer. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Senior Information Technology Technician and Information Technology Technician. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Senior Accounting Technician II (Payroll). This position is allocated 50% to CLWA and 50% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Facilities. All four positions in the Facilities section charge actual time worked on SCWD projects to SCWD. Charges include labor and benefits.
- ◆ Controller. This position is allocated 67% to CLWA and 33% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Administrative Services Manager. This position is assumed to spend 50% of time supervising the above functions, and is allocated 23% to SCWD (half of 46%). Charges include labor, benefits and indirect costs.

### **Major Accomplishments**

During FY 2015/16 we:

- ◆ Met all water demands during the drought by utilizing CLWA banking programs, coordinating with retailers in re-operation of the Alluvial aquifer and advancing water conservation outreach and programs.
- ◆ Met all applicable water quality regulations.
- ◆ Continued ongoing coordinating with purveyors, the City and County on the Santa Clarita Valley (SCV) Water Committee to address the impacts of the drought.
- ◆ Completed Semitropic Stored Water Recovery Unit implementation, providing the Agency with access to its previously banked 35,000 AF on a first priority basis.
- ◆ Completed design and construction of the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project.
- ◆ Refunded the 2006A Certificates of Participation and achieved net present value savings of 16.6% and \$5.9 million, and issued \$37 million in new revenue bonds for continued construction of the Capital Improvement Program, at an all-in true interest cost of 3.44%.
- ◆ Completed construction of Saugus Monitoring Wells.
- ◆ Completed and the Board adopted the updated 2015 Urban Water Management Plan.

- ◆ Funded 450,759 SF of turf removal and installation of water-efficient landscape in commercial, industrial and institutional settings, and 264,482 SF of turf removal and installation of water-efficient landscape in residential settings.
- ◆ Negotiated and entered into multi-year water conservation contracts with the Commerce Center and College of the Canyons that will result in the future removal of approximately 600,000 square feet (SF) of turf.
- ◆ Managed a multi-faceted outreach effort that included water conservation and drought campaigns, school education programs, participation in public events, speakers bureau, the Blue Ribbon Committee and updating of the Agency website and social media.
- ◆ Implemented OpenGov platform to provide enhanced access to the Agency's finances on the Agency's website.
- ◆ Received a Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the Agency's FY 2015/16 Budget (tenth consecutive year).
- ◆ Received the Excellence Award for its Operating Budget from the California Society of Municipal Finance Officers (CSMFO) for the Agency's FY 2015/16 Budget (ninth consecutive year).
- ◆ Received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the Agency's FY 2014/15 Comprehensive Annual Financial Report (CAFR) (eleventh consecutive year).
- ◆ Agency expenditures were 91% of the FY 2015/16 Budget.
- ◆ Added seismic valves for clearwells at Earl Schmidt Filtration Plant.
- ◆ Converted pump from oil lube system to water lube system at Saugus Well #2.
- ◆ Performed ozone efficiency testing at Rio Vista Water Treatment Plant and Earl Schmidt Filtration Plant.
- ◆ Completed Recycled Water Rules and Regulations.
- ◆ Initiated efforts to comply with the Sustainable Groundwater Management Act, including revising basin boundaries in the Santa Clarita Valley and Devil's Den Water District. In cooperation with the retail water purveyors, selected a consultant to assist with the formation of a Sustainable Groundwater Agency.
- ◆ Implemented move of Water Resources Department to new building.
- ◆ Achieved seamless management transitions in bringing on board new General Manager in December 2015 and new Retail Manager in October 2015.
- ◆ Implemented the Global Harmonization System standards for communicating chemical hazards.
- ◆ Renewed the 2008A variable rate Certificates of Participation Letter of Credit.
- ◆ Successfully managed State Water Project (SWP) Table A amount, carryover water, water purchases and banking programs to meet retail water demands in 2015 despite 20% SWP allocation.

## **Actions**

During FY 2016/17 we will:

- ◆ Meet all local water retailers' water demands and all applicable water quality regulations.
- ◆ Complete design of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project.
- ◆ Complete update of Recycled Water Master Plan.
- ◆ Participate in development and implementation of the Bay Delta Conservation Plan (BDCP), now known as the California WaterFix, by supporting interim financing of design and planning activities.
- ◆ Prepare the California Environmental Quality Act (CEQA) document for the CLWA Recycled Water Master Plan and the Recycled Water Rules and Regulations.

- ◆ Complete Facility Capacity Fee Commercial Demand Factors Study.
- ◆ Implement dry-year recovery project of the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program.
- ◆ Complete design of the Replacement Wells and Dry Year Reliability Wells.
- ◆ Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency for the Santa Clarita Valley.
- ◆ Achieve the objectives of the Agency's Strategic Communications Plan through implementation of various activities including:
  - Water conservation campaign and media buys
  - Public and school educational programs
  - Participation at public events
  - Speakers Bureau
  - Blue Ribbon Committee/Water Academy
  - Updating and managing Agency web site and social media outlets
  - Self-Guided Landscape Tour
- ◆ Advance demand management and achieve the water conservation target of 20% per capita reduction by 2020.
- ◆ Initiate the biennial update of the Facility Capacity Fee Study and adopt new Facility Capacity Fees.
- ◆ Cooperate with Department of Water Resources and other State Water Project contractors to improve the administration of the State Water Project in a manner that promotes long-term cost-effectiveness, operational reliability and supply availability.
- ◆ Pursue federal funding for perchlorate contamination clean-up and recycled water projects in coordination with Washington, D.C. legislative advocate.
- ◆ Advance workforce excellence.
- ◆ Support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the "Principles of Moving Forward."

**Conclusion**

As discussed in the opening section, Management and staff have prepared this budget to address the demands of water supply reliability, deal with the ongoing drought and comply with State mandates for conserving water in the Santa Clarita Valley. The FY 2016/17 Budget continues to support the Agency's mission statement.

Sincerely,



Matthew G. Stone  
General Manager



Valerie L. Pryor  
Administrative Services Manager

## Employees In Action

*Pictured: Facilities Maintenance Technician II Robert Bradford hands out popcorn at the City of Santa Clarita's Central Park during Castaic Lake Water Agency's Annual Open House.*





## **OVERVIEW OF THE CASTAIC LAKE WATER AGENCY**

### **History and Reporting Entity**

The Castaic Lake Water Agency (Agency) was organized as the Upper Santa Clara Valley Water Agency on April 20, 1962 by passage of Assembly Bill No. 26, Chapter 28, California Statutes of 1962 to contract with the State of California for the delivery of a portion of the water to be brought over the Tehachapi Mountains from the Sacramento-San Joaquin Delta through the State Water Resources Development System. In 1970, the name of the Upper Santa Clara Valley Water Agency was changed to the Castaic Lake Water Agency.

The Agency was formed to bring a supplemental water supply to its service area from the State Water Resources Development System, more commonly known as the State Water Project, and provide the necessary treatment and conveyance facilities to treat and deliver this water. On April 30, 1963, the Agency entered into an agreement with the State acting by and through its Department of Water Resources (DWR) for an original contract amount of 41,500 acre-feet (AF) of water per year (AFY) from the system. The Agency increased the contract amount by 12,700 AFY in 1991 by acquiring the Devil's Den Water District (see additional discussion in this section). It also purchased an additional 41,000 AFY of contract amount from the Kern County Water Agency and the Wheeler Ridge-Maricopa Water Storage District in March 1999. The Agency's current contract amount is 95,200 AFY.

The Agency Law was amended in 1986 by the enactment of Chapter 832, California Statutes of 1986 (the "1986 Amendment"), which enhanced the Agency's ability to provide for water use planning and the financing of additional water facilities for its wholesale service area. Among the provisions of the 1986 Amendment was the expansion of the Board of Directors to eleven members and the authorization to establish and impose Developer Impact Fees and a water standby charge (not yet utilized).

The reporting entity "Castaic Lake Water Agency" also includes the accounts of the Castaic Lake Water Agency Financing Corporation (the Corporation). Although legally separate, the Agency exercises oversight responsibility over the Corporation. The Corporation was formed in 1990 to issue Certificates of Participation (COPs).

On October 25, 1988, the Agency purchased land and equipment owned by Producers Cotton Oil Company. Of the 8,459 acres of land purchased in Kern and Kings Counties, approximately 7,759 acres are within the Devil's Den Water District. The District encompasses 8,676 acres. The land is being leased to an outside party by the Agency under terms of an operating lease agreement.

On September 3, 1999, the Agency purchased the stock of the Santa Clarita Water Company by investing \$63 million into the Company.

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period.

On December 21, 2012, the Agency purchased the stock of the Valencia Water Company by investing \$58.8 million into the Company.

### **Mission Statement**

The Agency's mission is:

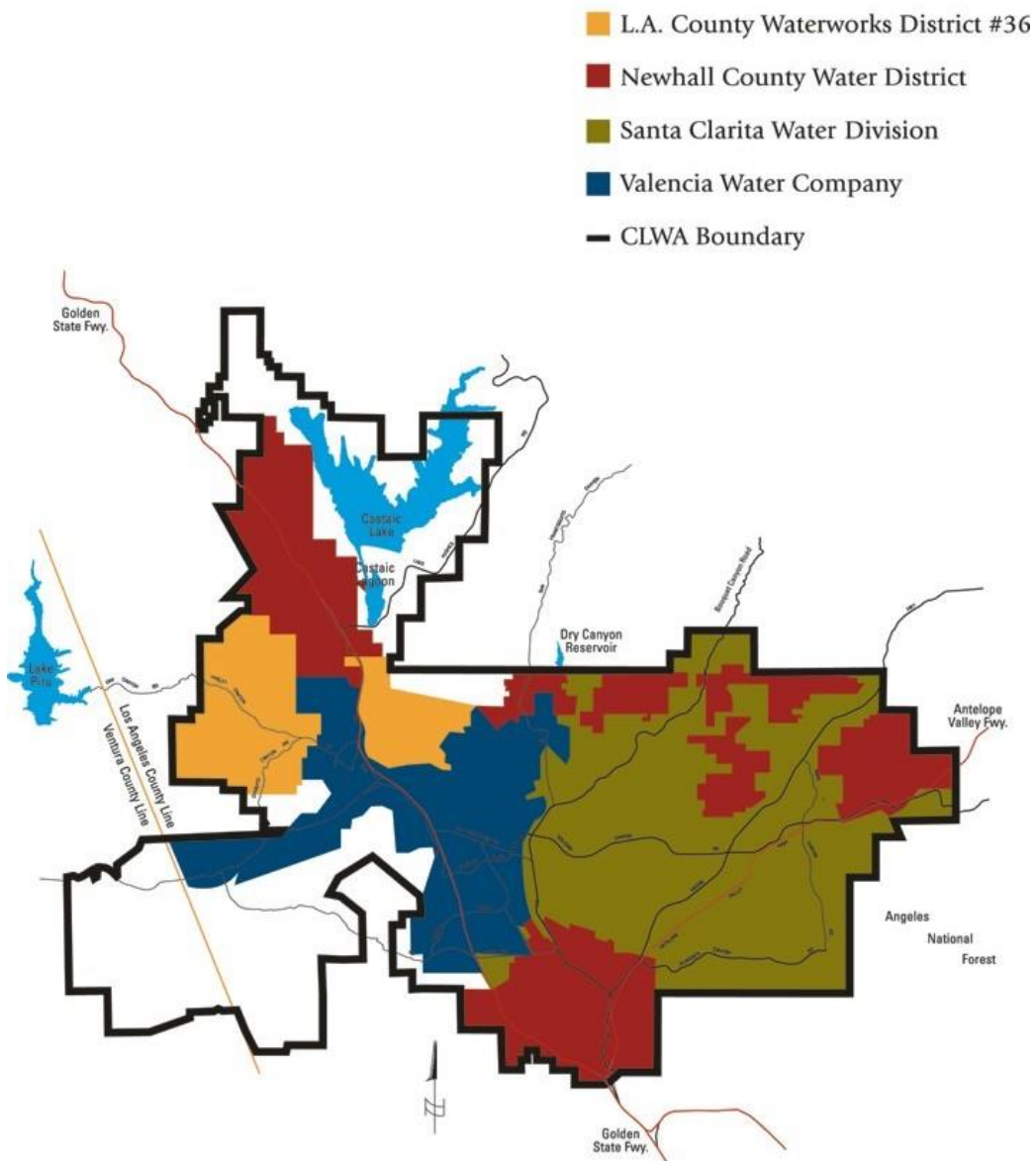
*"Providing Reliable, Quality Water at a Reasonable Cost to the Santa Clarita Valley"*

To fulfill this mission, the Agency has developed a capital improvement plan which is designed to increase the Valley's overall water supply reliability by (1) acquiring and developing additional sources and (2) participating in a variety of water banking, storage and conjunctive use projects.

**The Agency and its Service Area**

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area has a population of approximately 273,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita and other nearby communities.

**Castaic Lake Water Agency Service Area**



The Agency provides supplemental wholesale water to four local retail water purveyors – CLWA Santa Clarita Water Division (SCWD), Los Angeles County Waterworks District No. 36, Newhall County Water District (NCWD) and the Valencia Water Company. During FY 2016/17, it is estimated that a total of 30,620 acre-feet of water will be provided by the Agency’s supplemental water, as follows:

Retail Water Purveyor	Acre-feet
<b>CLWA Santa Clarita Water Division</b>	<b>17,055</b>
<b>Valencia Water Company</b>	<b>9,970</b>
<b>Newhall County Water District</b>	<b>3,100</b>
<b>L.A. County Waterworks District #36</b>	<b>495</b>
<b>Total Deliveries to Purveyors</b>	<b>30,620</b>

Of the total, 4,100 acre-feet of water will be provided to SCWD and NCWD from the Saugus 1 and 2 wells, which were returned to service in January 2011. These wells were taken out of service in 1997 due to perchlorate contamination. Of the remainder, 26,070 acre-feet of water will be imported water and 450 acre feet will be recycled water.

The Agency began recycled water sales during FY 2003/04. Ongoing sales are approximately 450 AF per year for sales to the Valencia Water Company to irrigate the TPC at Valencia golf course and median landscaping in the Westridge area.

As of December 31, 2015, the retail purveyors served 72,851 connections, as follows:

Retail Water Purveyor	Connections
<b>CLWA Santa Clarita Water Division</b>	<b>30,681</b>
<b>Valencia Water Company</b>	<b>31,094</b>
<b>Newhall County Water District</b>	<b>9,731</b>
<b>L.A. County Waterworks District #36</b>	<b>1,345</b>
<b>Total Connections</b>	<b>72,851</b>

As previously discussed, in September 1999 the Agency acquired the stock of the Santa Clarita Water Company. The Santa Clarita Water Division (SCWD) of the Agency operates the retail water system and is accounted for as a separate enterprise fund of the Agency. SCWD prepares an independent Budget and Strategic Plan. SCWD serves over 30,000 connections in a service area of approximately 56 square miles with a population of approximately 122,000. SCWD has 58 full-time employees.

As previously discussed, in December 2012, the Agency acquired the stock of the Valencia Water Company (VWC). VWC operates as a separate corporate entity.

### **Facilities**

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply water from the State Water Project (SWP) and other sources to the four retail purveyors in its service area. DWR conveys water via the California Aqueduct to Castaic Lake and releases water to the Agency through the outlet tower at Castaic Lake. The reservoir is a multiple use reservoir that is the terminal point of the West Branch of the California Aqueduct, and stores approximately 320,000 acre-feet of water. The Agency’s major facilities consist of the Earl Schmidt Intake Pump Station (ESIPS), the Earl Schmidt Filtration Plant (ESFP), the Rio Vista Intake Pump Station (RVIPS), the Rio Vista Water Treatment Plant (RVWTP), the Sand Canyon Pump Station (SCPS), the Sand Canyon Reservoir (SCR), the Perchlorate Treatment facility and a system of pipelines and ancillary facilities which convey treated water to the four retailers.

The Agency's major facilities are described in more detail as follows:

- ◆ Intake Piping – The ESFP receives water from a connection to the State Water Project's 60-inch diameter outlet conduit from the Castaic Reservoir. A 54-inch diameter conduit extends from the State's outlet conduit to the ESIPS. At the ESIPS there are 54 inch and 42 inch diameter pump suction headers.
- ◆ ESIPS – The Earl Schmidt Intake Pump Station is located near the shore of the afterbay below Castaic Dam located at the southern end of Castaic Reservoir. The pump station consists of five vertical turbine pumps rated at 6 mgd each and two vertical turbine pumps rated at 14 mgd each. The pumping units are used when the water level in the reservoir falls below the elevation necessary to permit gravity flow of water from the reservoir to the filtration plant. The pump station can deliver at least 56 mgd to the Earl Schmidt Filtration Plant.
- ◆ ESFP – The Earl Schmidt Filtration Plant, located at the southern end of the Castaic Reservoir, treats State Water Project and other imported water for domestic uses. The ESFP was completed in 1980 with an original capacity of 12.5 mgd and was expanded to a capacity of 25 mgd in 1988. In 2001, the ESFP was re-rated at 33.6 mgd. In 2005, the ESFP was expanded to 56 mgd. The treatment process includes ozonation, coagulation, contact clarification, and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered, treated and returned to the headworks. The ESFP also includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two steel tanks provide a total of ten million gallons of treated water storage.
- ◆ RVIPS – The Rio Vista Intake Pump Station pumps water from the Metropolitan Water District (MWD) Foothill Feeder to the Rio Vista Water Treatment Plant via a 102-inch diameter raw water pipeline. The pump station consists of one vertical turbine pump rated at 7.5 mgd, three vertical turbine pumps rated at 15 mgd each and one vertical turbine pump rated at 30 mgd.
- ◆ RWTP – The Rio Vista Water Treatment Plant is located in the City of Santa Clarita and treats water for domestic uses. Its current capacity is 66 mgd; however, the site has sufficient land area for a treatment plant with an ultimate capacity of 120 mgd. The treatment process technology includes ozonation, coagulation, contact clarification and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered and returned to the headworks. The RWTP includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two concrete reservoirs provide a total of 30 million gallons of treated water storage.

The RWTP site includes the seven-acre Water Conservatory Garden and Learning Center. The purpose of this facility is to inform and educate Santa Clarita Valley residents about the source and treatment of their water supply, as well as means to conserve this precious resource. The Garden and other water education programs of the Agency have received numerous awards, honors and grants from the American Water Works Association, the Association of California Water Agencies and the California Department of Education, among others.

- ◆ Outlet Piping and Water Distribution Systems – The Agency maintains a network of transmission pipelines, pump stations and reservoirs that conveys treated water from the ESFP and RWTP.

The Castaic Conduit serves as the pipeline connection between ESFP and RWTP. It also serves as one of the main pipelines for conveying treated water to the retail purveyors through a series of turnouts and laterals.

The portion of the Castaic Conduit between the SWP outlets works and the ESIPS has a normal design capacity of 67 mgd. Downstream of ESFP, the Castaic Conduit was designed with a nominal capacity of 51 mgd along the length of the 54-inch diameter pipeline, which extends approximately five miles southeast through the center of the Agency's service area, eventually transitioning to a 39-

inch diameter pipeline with a design capacity of 27 mgd, where it connects with the Honby and Newhall Laterals which, in turn, provide water to the retail purveyors. Approximately two miles of 84-inch pipeline with a nominal capacity of 124 mgd connect the RVWTP to the 39-inch diameter pipeline.

The Newhall Parallel connects to the 84-inch treated water pipeline and provides additional water to the southern portion of Valencia. The Newhall Parallel begins as a 54-inch pipeline and reduces to a 24-inch pipeline. Additionally, the Agency has constructed three phases of the Magic Mountain Pipeline, a 42-inch pipeline that connects to the Newhall Parallel and will provide water to the western portion of the Agency's area.

The Agency delivers water to the retail purveyors through 26 turnouts, as follows: CLWA Santa Clarita Water Division – 13, Los Angeles County Waterworks District #36 – 2, Newhall County Water District – 4 and Valencia Water Company – 7.

- ◆ Recycled Water System – The Agency distributes recycled water from the Los Angeles County Sanitation District's Valencia Water Reclamation Plant. The facilities include a 24-inch recycled water pipeline that runs from the Valencia Water Reclamation Plant south to the TPC at Valencia golf course, as well as a 1.5 million gallon recycled water reservoir located near the golf course.
- ◆ Sand Canyon Pipeline System – The Sand Canyon System consists of a booster pump station, pipeline and reservoir to convey imported water from the end of the existing Honby Lateral to the southern Sand Canyon area. The reservoir also provides emergency storage. The 48-inch pipeline is approximately five miles in length and delivers water to retail purveyors through six turnouts. The Sand Canyon Pump Station has a capacity of 30,000 gallons per minute (gpm). The Sand Canyon Reservoir can store up to 7 million gallons of water.
- ◆ Perchlorate Treatment and Distributions Systems – In 1997 four production wells in the Saugus Formation were found to be contaminated with perchlorate (a chemical used in the manufacture of solid rocket propellants, munitions and fireworks). Three additional production wells in the alluvial aquifer tested positive for perchlorate in 2002, 2005 and 2011. Beginning in 2007 the Agency rehabilitated Saugus 1 and 2 wells and constructed a perchlorate treatment facility and distribution pipelines. The Saugus Perchlorate Treatment Facility (SPTF), which includes an ion exchange process located at the RVIPS, was placed into service in early 2010. Returning the Saugus 1 and 2 wells to service restored lost capacity and helps contain migration of groundwater contamination in the Saugus Formation emanating from the contaminated sites.
- ◆ Groundwater Banking and Exchange Programs – The Agency currently has four groundwater banking accounts in three separate programs. In January 2016 the Agency's Stored Water Recovery Program within the Semitropic Water Storage District's Groundwater Banking Program became operational. Under this agreement two short-term ten-year accounts containing 35,970 acre-feet were transferred into this new program. Under this agreement the Agency can store an additional 15,000 acre-feet. The term of the Semitropic Banking Program extends through 2035 with the option of a 10 year renewal. The Agency may withdraw up to 5,000 acre-feet annually from its accounts in the Semitropic Banking Program. The term of the Semitropic Banking Program extends through 2035 with the option of a 10-year renewal. In September 2005, the Agency initiated participation in the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program (the "Rosedale-Rio Bravo Banking Program"). This program allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A Amount or other State Water Project supplies, and has a contract term through 2035, renewable according to the terms of the Agency's water supply contract with DWR. As of January 1, 2016, the Agency had available 94,200 acre-feet stored in the Rosedale-Rio Bravo Banking Program. In 2015 the Agency exercised an option under the Rosedale-Rio Bravo Banking Program agreement to construct additional extraction wells and conveyance facilities that are anticipated to increase the reliable quantities that can be withdrawn by approximately 7,000 acre-feet annually. These facilities are anticipated to be completed in early 2017. In calendar year 2014 and 2015 the Agency withdrew approximately 2,800 and 3,000 acre-feet respectively from its Rosedale-

Rio Bravo Banking Program account. In 2014 the Agency withdrew 4,950 acre-feet from one of its Semitropic short-term accounts.

In 2011, the Agency implemented a two-for-one exchange program with Rosedale-Rio Bravo Water Storage District pursuant to which the Agency recovers one acre-foot of water for each two acre-feet stored. This program has a maximum of 19,000 acre-feet, or 9,500 acre-feet of recoverable water. In 2011 and 2012, the Agency delivered water to the account such that after losses, 9,440 acre-feet of recoverable water is currently available. The Agency also implemented a two-for-one banking program with the West Kern Water District in Kern County and delivered 5,000 acre-feet in 2011, resulting in a recoverable total of 2,500 acre-feet. Both the total stored and total recoverable are the maximums under the exchange programs. In calendar year 2014, the Agency withdrew approximately 2,000 acre-feet from the West Kern Water District exchange program for use in the Agency's service area leaving a balance of 500 acre-feet.

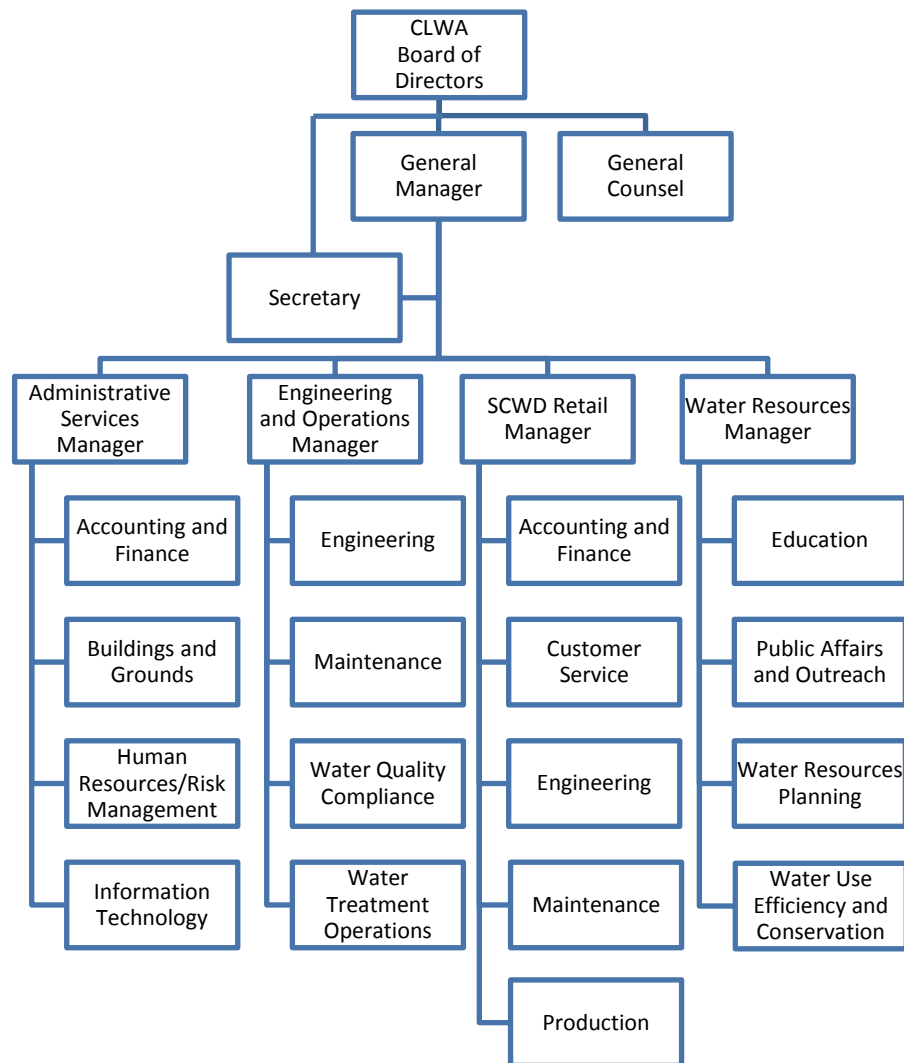
**Governance**

The Agency is divided into three elective divisions. The governing board is made up of two Directors from each division, three Directors at large, and one Director appointed by two of the retail water purveyors (Newhall County Water District and Los Angeles County Waterworks District #36). As of June 30, 2015, the Agency's governing board consisted of the following individuals:

<b>Director</b>	<b>Division</b>	<b>Term Expires</b>
Thomas Campbell, President	At Large	January 2019
William Cooper, Vice-President	At Large	January 2017
Gary R. Martin	At Large	January 2019
Ed Colley	1	January 2019
R.J. Kelly	1	January 2017
Robert J. DiPrimio	2	January 2019
E.G. "Jerry" Gladbach	2	January 2017
Jacque McMillan	3	January 2019
William Peci	3	January 2017
Dean Efstathiou	L.A. County WWD #36	January 2019
B.J. Atkins	NCWD	January 2017



## ORGANIZATION CHART



### Revenue Sources

The Agency's major revenue sources are as follows:

- ◆ Water Sales – The Agency bills its four retail purveyors fixed and volumetric charges for water purchased from the Castaic Lake Water Agency (see discussion of the wholesale water rate in Revenue section for more detail). The Agency also charges its tenant farmer for water used at the Devil's Den Ranch. In FY 2003/04, the Agency began selling recycled water.
- ◆ Facility Capacity Fees – The Agency reviews and establishes its Facility Capacity Fee rates on a regular basis through a public hearing process. These fees are paid to the Agency directly by developers or property owners within the Wholesale Service Area shortly before the issuance of building permits by the County of Los Angeles and the City of Santa Clarita. Facility Capacity Fee revenues are used to pay future users' share of the Agency's Debt.
- ◆ One Percent Property Tax Revenues – The Counties of Los Angeles and Ventura levy a one percent property tax on behalf of all taxing agencies in the County, including the Agency. The taxes are allocated to the taxing agencies within the County on the basis of a formula established by State Law enacted in 1979 and modified from time to time. Under this formula, the County and all other taxing

entities receive a base-year allocation plus an allocation on the basis of “situs” growth in assessed value (due to new construction, change of ownership, or a 2% allowance allowed under Article XIII A of the State Constitution) prorated among the jurisdictions which serve the tax rate area within which the growth occurs.

In general, these funds are allocated to debt service and capital improvement projects for existing users, as well as to core non-SWP supplies.

- ◆ Agency-Set Property Tax Revenues – The Counties of Los Angeles and Ventura levy for the Agency a special tax rate to pay for the Agency’s share of payments to the State of California Department of Water Resources for its fixed and variable and related charges. These revenues, and the interest earned thereon, are restricted to pay only these specific payments.

All revenues of the Agency, except the Agency-set tax revenues and corresponding interest, are irrevocably pledged to the payment of Debt.

### **Financial Policies**

The Agency’s Major Financial Policies include the Reserve Policy, the Investment Policy, the Debt Management Policy, the Disclosure Procedures Policy, the Derivatives Policy, the Governmental Fund Balance Classification Policy and the Purchasing Policy. These policies are included in the Appendices.

### **Reserve Policy**

The Agency’s approved reserve policies are as follows:

1. Operating Reserves of three months of operating expenditures
2. Debt Service Reserves of annual debt service less restricted debt service reserve funds
3. Capital Reserves of one year of the current pay-as-you-go capital improvement program
4. Reserves for Economic Uncertainties and Catastrophic Situations, equal to 500 days of operating expenditures less the Operating Reserves.

During FY 2012/13 and again in FY 2015/16, the Board of Directors adopted a wholesale water rate structure that includes transferring Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply costs from the capital improvement budget to the General Fund/Operating Budget over ten years. This will free up one percent property tax revenues to fund a Repair and Replacement Reserve that will be used for future replacement of aging infrastructure.

The Agency has started developing an asset management program to manage the Agency’s infrastructure. During FY 2012/13 an initial asset management gap analysis was performed to identify the steps needed to improve asset management at the Agency. Since that time and continuing through FY 2016/17, the Agency is in the process of incorporating various asset management practices and procedures. Some of the practices incorporated or in the process of being implemented include:

- ◆ Development of GIS capabilities
- ◆ Implementation and ongoing implementation of Computerized Maintenance Management System (CMMS)
- ◆ Development and implementation of comprehensive Pipeline Inspection Program
- ◆ Development of system hydraulic model and system evaluation
- ◆ Completed installation of purveyor telemetry equipment and programming
- ◆ Perform annual electro-potential pipeline-to-soil survey and evaluation of CLWA pipeline system
- ◆ Initiated development of long term repair and rehabilitation schedule and costs

When the overall asset management program is more fully developed, a specific Repair and Replacement Reserve Fund policy will be developed. At this time, the new reserve will begin accumulating funds for future repair and replacement needs.

### **Investment Policy**

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, Agency ordinances and resolutions, prudent money management and the “prudent person” standards. The objectives of the Investment Policy are safety, liquidity and yield. Agency funds are normally invested in the State Treasurer’s Local Agency Investment Fund, the Los Angeles County Pooled Investment Fund, Certificates of Deposit, Government Agency Obligations or other specifically authorized investments.

### **Debt Management Policy**

The Agency’s Debt Management Policy includes the Agency’s written guidelines and restrictions that affect the amount and type of debt issued, the issuance process and the management of the debt portfolio. The policy is designed to provide justification for the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning. The Derivatives Policy and the Disclosure Procedures Policy supplement the Debt Management Policy.

### **Governmental Fund Balance Classification Policy**

In May 2011, the Agency adopted a fund balance policy based on the published Governmental Accounting Standards Board (GASB) Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications: (1) non-spendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned.

### **Purchasing Policy**

The Board of Directors has adopted a Purchasing Policy which provides uniform procedures for acquiring equipment, goods and services for the Agency. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

### **Long-Term Commitments**

The following is a summary of the Agency’s long-term debt and long-term water supply contract commitments, including the State Water project. Additional information is provided in the Long-Term Commitments section of the budget.

### **Bond Ratings**

The Bond ratings for the Agency’s outstanding Debt reflect high grade investment quality debt. They are based on the Agency’s good financial management, strong financial policies and diverse water supply portfolio. Debt issued at these ratings results in lower interest rates and correspondingly lower debt service payments.

	1999 COPs	2008A COPs (VRDO)	2010A COPs	2014A Revenue Refunding Bonds	2015A Revenue Refunding Bonds	2016A Revenue Bonds
<b>Fitch</b>	AA	AA-	AA-	AA-	AA-	AA-
<b>Standard &amp; Poor’s</b>	AA+	AA	AA	AA	AA	AA

## Total Outstanding Debt

Total debt includes Certificates of Participation (COPs) and Revenue Refunding Bonds of \$278.8 million as of June 30, 2016. Scheduled annual debt service for FY 2016/17 is \$20.9 million. Projected annual debt service is anticipated to be \$24 million starting in FY 2017/18, \$28 million starting in FY 2019/20 and \$30 million starting in FY 2022/23 based on anticipated new debt issuance and payments on the 1999 Capital Appreciation Certificates of Participation. The source of debt service repayment is Facility Capacity Fees and one percent property tax revenues. Debt proceeds are used to fund the Agency's capital improvement program, and all facilities are allocated to future users (paid by Facility Capacity Fees) and existing users (paid by one percent property tax revenues).

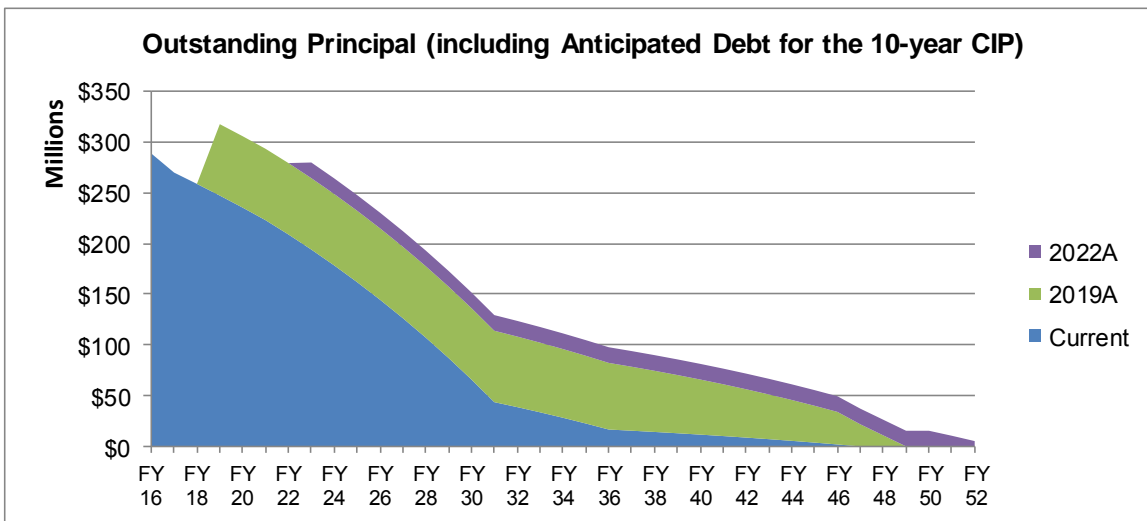
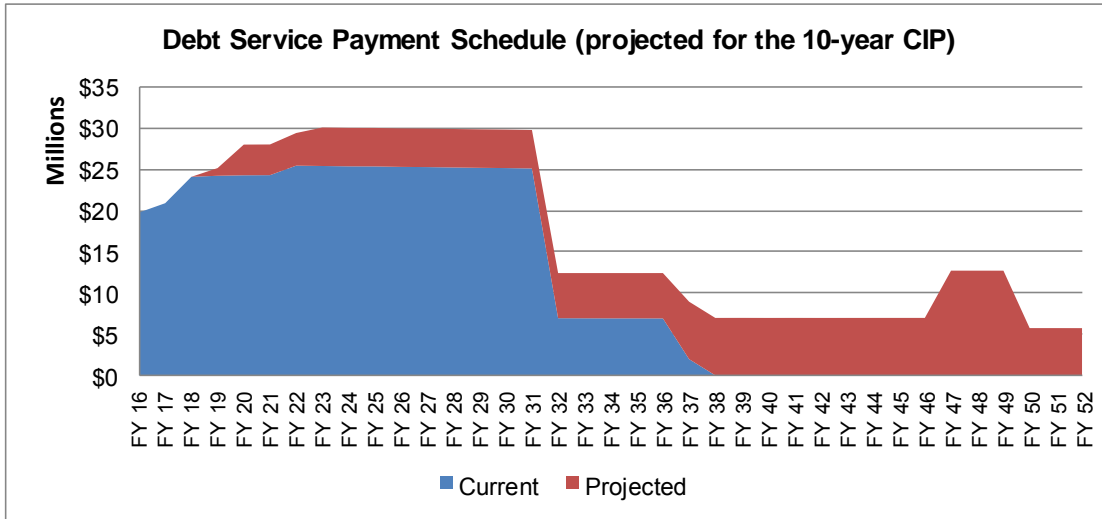
Series	Outstanding Principal June 30, 2016	Debt Service FY 2016/17
2008A COPs	\$ 27,975,000	\$ 5,503,570
2014A Revenue Bonds	14,050,000	3,152,025
1999 COPs	59,846,309	--
2010A COPs	57,055,000	5,282,606
2015A Revenue Bonds	63,525,000	5,048,950
2016A-R Revenue Bonds	25,730,000	836,498
2016A-N Revenue Bonds	30,665,000	1,072,116
<b>Total</b>	<b>\$ 278,846,309</b>	<b>\$ 20,895,765</b>

## Planned Issuance for the Ten-Year CIP

In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. In addition, the Agency anticipates issuing bonds in 2019 and 2022, with estimated principal amounts \$70.4 million and \$25.2 million respectively. The Agency's ten-year forecast show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

Bond covenants require that Agency maintains a minimum 1.20 debt coverage ratio on all bonds. The Agency's current projections for debt coverage ratios are as follows:

<b>FY 2016/17</b>	1.58
<b>FY 2017/18</b>	1.51
<b>FY 2018/19</b>	1.84
<b>FY 2019/20</b>	1.75
<b>FY 2020/21</b>	1.97



**State Water Project Contract** – On April 30, 1963, the Agency entered into a water supply contract with DWR under which the Agency agreed to make payments which include, among other charges, capital charges and operation and maintenance charges. These contracts are deemed to be voter-approved indebtedness for purposes of Article XIII A of the California Constitution, and the Agency levies a tax sufficient to provide for all payments.

**Buena Vista/Rosedale-Rio Bravo Water Acquisition** - On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 AF of water supply per year for a 30-year period. The purchase price was established in FY 2006/07 at \$486.85 per AF. The purchase price is adjusted each calendar year by the Consumer Price Index (All Urban Consumers – All Items – Southern California Area). The current purchase price is \$566.10 per AF.

## **Basis of Budgeting**

For budgetary reporting purposes, the Agency uses a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual for the Agency (generally 60 days after yearend) are recognized when due. The primary sources susceptible to accrual for the Agency are property tax, interest earnings on investments and operating revenues. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

This is the same basis of accounting used for the Agency's audited financial statements.

## **Fund Structure**

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for carrying out specific activities or attaining certain objects in accordance with specific regulations, restrictions or limitations. The funds of the Agency are described below:

### **Governmental Fund Types**

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds – These funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or constructions of capital facilities and other capital assets.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The major funds of the Agency are:

### **Governmental Funds**

General Fund (Operating). This is the general operating fund of the Agency. It is used to account for all expenditures except those required to be accounted for in another fund.

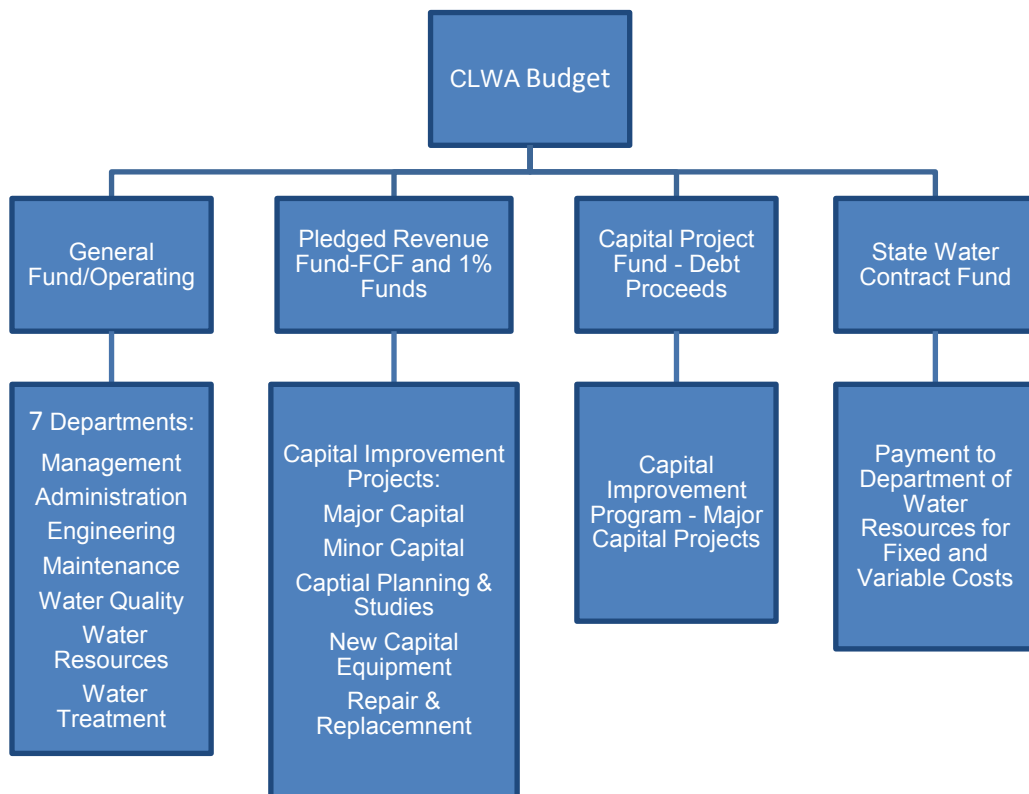
Pledged Revenue Fund (Capital Improvement Program). This fund is used to account for all financial resources and revenues collected by the Agency except those required to be accounted for in another fund. Major sources of revenue are Facility Capacity Fees and One Percent Property Tax Revenues.

State Water Contract Fund. This fund is used to account for all revenues derived from a tax collected to pay for participation in the State Water Project. Its use is restricted for costs of the State Water Project.

Capital Project Fund (Capital Improvement Program). This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund. This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.





**Budgetary Control**

The Board of Directors annually adopts a balanced operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Agency’s operations and capital projects. The Board of Directors monitors the budget through monthly Finance and Expenditures reports, Quarterly Investment Reports and Midyear and Yearend Budget reports. The Board of Directors must approve all supplemental appropriations to the Budget and transfers between major funds. The legal level of budgetary control is at the fund level. The General Manager is authorized to direct the Administrative Services Manager to transfer within individual fund budgets.

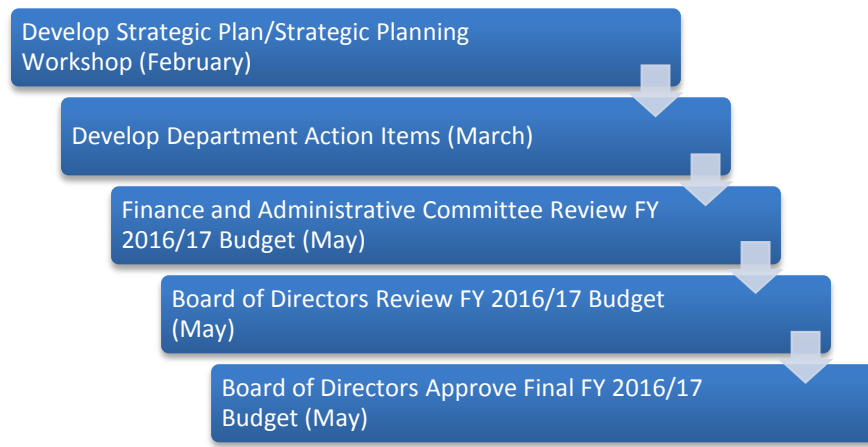
**Budget Process**

The budget planning and preparation process is an important Agency activity and provides an opportunity for the Board of Directors, management and staff to reassess goals and objectives for the upcoming and future years. A key part of the budget process is the use of the Strategic Plan to relate the mission statement of the Agency to annual work program objectives to be achieved during FY 2016/17 and in the future.

During February, the Board of Directors holds a Strategic Planning Workshop to refine the Strategic Plan and finalize the objectives for the upcoming fiscal year. During March and April of each year, Management and staff update current and develop new objectives for the upcoming fiscal year. Specific actions are discussed and refined with the Committees and the Board of Directors in March and April.

The process is used to develop the Budget that is presented to the Finance and Administration Committee and the Board of Directors in May. The Budget is approved by motion and majority vote of the Board. If the Budget is not adopted in May, the Board may direct staff to revise and update the budget and resubmit it in June for Board review and adoption.

All of these meetings are posted for public participation. In addition, the Budget is posted on the Agency's website to allow for public review. The Final FY Budget is also posted on the Agency's website after it is adopted.



**Strategic Planning**

The strategic planning process provides a long-term view for the Agency, but also guides the annual budget process. The budget process sets fiscal year and short-term objectives to carry out the strategic plan. The strategic plan process includes the following definitions:

- ◆ **Catalytic Project:** High leverage, high impact activity, project or program that will achieve the greatest positive impact on the performance measures. A catalytic project may also be a collection of programs and activities.
- ◆ **Goal:** A description of a desired end state, condition or outcome expressed in qualitative terms.
- ◆ **Objective:** A description of the result that is expected to be achieved. An objective is time specific and measurable. Fiscal year objectives are the yearly organizational levels of achievement expected.
- ◆ **Performance Measure:** A qualitative or quantitative indicator of successful goal attainment. A “good” performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can effect, gather data on and measure.
- ◆ **Strategic Goal:** A discrete aim for future achievement that is necessary to meet a component of the Agency’s mission.
- ◆ **Strategic Plan:** A long term plan defining the Agency’s mission, goals, and objectives and implementing actions.
- ◆ **Strategy/Tactic/Action/Program/Project/Activity:** Means by which we will achieve an objective and move towards a goal. A tactic is a specific action whereas a strategy is a broader concept to gain leverage and solve a particular problem.

The General Fund/Operating Budget portion of the budget includes the fiscal year actions by department and division. The Strategic Plan covers the other items and is included as a stand-alone section in the budget document.



## **Balancing the Budget**

A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. In developing the FY 2016/17 Budget, Management reviews the short-term and long-term forecast information to develop a budget that balances anticipated revenues and expenditures. At this time, the FY 2016/17 Budget is not balanced. In adopting the current wholesale water rates for calendar years 2016, 2017 and 2018, the Board of Directors recognized the Agency has a high available fund balance due to high water sales years through 2013. The Board of Directors is using these funds, paid by the retail purveyors, to mitigate rate increases paid by the same retail purveyors.

This definition of balancing the budget does not apply to the Agency's capital budgets and funds.

## **Performance Measurement**

The Strategic Plan and fiscal year actions are the basis for performance measurement. Major accomplishments for the previous fiscal year are reported in the Budget. During the fiscal year, staff report to the Board of Directors on the status of all actions at midyear and at yearend, allowing the Board to monitor progress and adjust priorities as necessary. Accomplishments and actions for each Department and Division are shown in the Operating Expenditures section, as well as selected performance measures and workload measures. All Agency performance measures are included in the Strategic Plan and financial measures are included in the Financial Summary section.

## **Capital Budget Process**

The fiscal year capital budget is generally based on the Facility Capacity Fee Study. This document is prepared every two years to provide data concerning the estimated cost of facilities to supply water for new development, and the proposed method and basis for allocating the costs among those lands on which new development occurs. The report considers the estimated long-term costs of the CIP activities of the Agency.

The Agency's proposed CIP activities are developed to fulfill the Agency's stated mission, which is to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley. The proposed CIP is structured to include facilities for the treatment, storage and transmission of potable water and recycled water as well as the acquisition of additional water supplies. The proposed CIP also contains elements to increase reliability through a combination of additional water supplies, water banking, storage and conjunctive use.

The Facility Capacity Fee Study analyzes projected water demand, proposed and actual development, the economic climate, water conservation activities and the status of the CIP. This information is used to develop each fiscal year CIP and to apportion costs between existing and new users. Existing users fund their portion of the CIP through One Percent Property Tax revenues and new users fund their portion of the CIP through the Facility Capacity Fees. The Facility Capacity Fees are adjusted as necessary depending on the CIP and development activity.

The current document is the 2014 Facility Capacity Fee Study, which is the basis for the 2015, 2016 and 2017 fees adopted by the Board of Directors on January 28, 2015. The next study will be the 2017 Facility Capacity Fee Study.

## **Capital Projects**

Capital projects are defined as non-operating expense items of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital Projects typically have a life of five years or more. The categories of capital projects are:

- ◆ **Major Capital Projects:** The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program and Data Document, and cost more than \$1 million.
- ◆ **Minor Capital Projects:** Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Facility Capacity Fee Study. Minor capital projects cost \$1 million or less.
- ◆ **Capital Planning, Studies and Administration:** Non-operating expenses, including but not limited to (1) studies in support of major capital projects and (2) non-recurring studies.
- ◆ **New Capital Equipment:** The purchase of fixed asset equipment with a cost of \$5,000 or more. New Capital Equipment has all of the following characteristics: (1) normal useful life of at least one year or more, (2) an acquisition cost of at least \$5,000, and (3) generally is facility or plant specific and not portable or used in various locations.
- ◆ **Major Repair and Replacement:** Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air-conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public, and provide for the installation of equipment and security devices. Repair and Replacement also includes equipment which are installed components to Repair and Replacement Projects and the cost including tax is \$5,000 or greater. Generally, this includes replacement of equipment after end of mechanical or electrical service life such as impellers, circuit breakers, transformers, stator coils, valves or HVAC components. It also includes repairs or modifications that will bring plant or facility equipment back to normal functioning level. Repair and Replacement equipment has all of the following characteristics: (1) replacement of spare parts and components initially furnished by a contractor or manufacturer not included with the original machinery, (2) equipment that will be attached to original machinery throughout its useful life, and (3) plant, facility or building-specific electrical or mechanical components. The capital budget for repair and replacement generally excludes portable equipment and small tools that can be used in various locations.

### **Capital Improvement Project Cost Allocation**

Capital improvement projects are funded by Facility Capacity Fee and one percent property tax revenues. During FY 2006/07, the Agency implemented a new work order, financial software and project accounting system to facilitate cost accounting. Agency staff charges direct costs to capital projects. Burden and benefit rates are applied and the total amount is charged to each project budget.

### **Risk Management**

The Agency recognizes that losses have a negative financial impact on the Agency. Minimizing the exposure to loss is a goal of the Agency. The Agency strives to minimize losses through its safety and training programs and through its risk transfer program. The Agency has adopted a Risk Transfer Manual which recognizes that a critical step in minimizing the exposure to loss is to execute effective risk transfer. The Agency uses a set of standard contracts to minimize potential liability exposures by transferring the legal and financial responsibility for losses to the party best able to control them.

### **Insurance**

The Agency is a member of the Association of California Water Agencies Joint Power Insurance Authority (JPJA), an intergovernmental risk-sharing joint powers authority created to provide self-insurance programs for California water agencies. JPJA arranges and administers programs of insurance for the

pooling of self-insured losses, and purchases excess insurance coverage for its members. JPIA began operations on October 1, 1979 and has continued without interruption since that time. As of June 30, 2016, Agency limits and deductibles for liability, property, and workers compensation programs of the JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: total risk financing self-insurance limits of \$1,000,000, combined single limit per occurrence. JPIA has purchased additional excess coverage layers of \$59,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.
- Property losses are paid at the replacement cost for buildings, fixed equipment and personal property on file, if replaced within two years after the loss; otherwise such losses are paid on an actual cash value basis, subject to a \$5,000 deductible per loss, and actual cash value for mobile equipment, subject to a \$1,000 deductible per loss, and licensed vehicles, subject to a \$500 deductible per loss. JPIA has purchased excess coverage for a combined total of \$100,000,000 per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100,000,000 per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to State statutory limits for all work-related injuries/illnesses covered by State law, and employer's liability coverage up to \$4,000,000. JPIA is self-insured up to \$2,000,000 and excess coverage has been purchased.

In addition to the above, the Agency has the following insurance coverage:

- Crime coverage up to \$1,000,000 per loss, including public employee dishonesty, including public officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a \$1,000 deductible.

## **Employee Compensation**

### **Salaries**

General wage increases are established by a program of alternating cost-of-living adjustments (COLAs) and market surveys. The program is for market surveys to be performed every other year and for resulting general wage increases to be implemented in July with a new fiscal year. In the intervening years, the Board of Directors reviews Consumer Price Index (CPI) and other relevant information and, where appropriate, grants COLA in July. The FY 2016/17 Budget includes funds for up to a two percent increase, as approved by the Board of Directors in April 2016.

### **Retirement**

The Agency is a member of the California Public Employee's Retirees' Retirement System (PERS), and each full-time probationary and regular full-time employee, who works a minimum of one thousand (1,000) hours/fiscal year, automatically becomes a member upon his/her entry into employment. Eligible employees who are considered "classic" members of CalPERS will be enrolled in the PERS Local Miscellaneous 2% at 55 Plan. The Agency and employee contribution for this retirement plan is paid by the Agency. Employees who become "new" members of PERS on or after January 1, 2013 are enrolled in the PERS Local Miscellaneous 2% at 62 Plan in accordance with the Public Employees' Pension Reform Act of 2013 (PEPRA). New members for this retirement plan will be required to contribute at least 50% of the expected normal cost.

### **Classic Members**

Beginning in FY 2015/16, due to PEPRA, PERS is instituting new actuarial rules to adjust for PEPRA. For Classic Members, PERS has changed the employer contribution into two components – a normal component and an unfunded accrued liability (UAL). For FY 2016/17, the Agency's lump sum payment for the UAL is \$295,497, which equates to 2.993% of salaries. PERS will require the Agency to pay the



employer contribution at a rate of 9.558%. The Agency also pays the employee's contribution of 7%, which brings the Agency's total contribution to 19.551% in FY 2016/17.

Fiscal Year	Employer Contribution	UAL	Employee Contribution	Total Agency Contribution
<b>2017/18</b>	9.6% (projected)	2.993% (projected)	7%	19.593%
<b>2016/17</b>	9.558%	2.993%	7%	19.551%
<b>2015/16</b>	9.353%	2.547%	7%	18.900%
<b>2014/15</b>	12.330%	na	7%	19.330%
<b>2013/14</b>	11.603%	na	7%	18.603%
<b>2012/13</b>	13.104%	na	7%	20.104%
<b>2011/12</b>	12.954%	na	7%	19.954%
<b>2010/11</b>	11.983%	na	7%	18.983%
<b>2009/10</b>	11.935%	na	7%	18.935%
<b>2008/09</b>	11.935%	na	7%	18.935%

#### New (PEPRA) Members

For FY 2016/17, PERS will require the Agency to pay the employer contribution at a rate of 6.93%. Employees will pay the entire employee contribution rate of 6.5%. Because PEPRA is a relatively new program, there is only a minimal unfunded actuarial liability of \$46. It is likely this component will be more significant in future years.

Fiscal Year	Employer Contribution
<b>2017/18</b>	6.9% (projected)
<b>2016/17</b>	6.93%
<b>2015/16</b>	6.73%

#### **Health Insurance**

The Agency provides a range of medical insurance plans through PERS. Recent increases in medical insurance costs have been relatively modest because PERS converted from statewide rates to zone rates and rates in southern California tend to be less than in northern California. The FY 2016/17 Budget conservatively assumes an increase of 8% effective January 1, 2017.

Year	Change from Previous Year – Blue Shield Family Premium
<b>2017</b>	<b>8% (projected)</b>
<b>2016</b>	<b>2.3%</b>
<b>2015</b>	<b>9.4%</b>
<b>2014</b>	<b>-11.5%</b>
<b>2013</b>	<b>3.9%</b>
<b>2012</b>	<b>2.8%</b>
<b>2011</b>	<b>17.0%</b>
<b>2010</b>	<b>3.0%</b>
<b>2009</b>	<b>3.6%</b>
<b>2008</b>	<b>10.1%</b>
<b>2007</b>	<b>13.8%</b>

Dental and vision insurance are provided through JPIA. The FY 2016/17 Budget assumes no change for the Delta Dental PPO dental plan and no change for the VSP vision plan effective January 1, 2017.

## **Retiree Benefits/Other Post-Employment Benefits (OPEB)**

The Agency offers full medical and dental insurance to retirees and their dependents. In FY 2015/16, CLWA had 25 retirees. The Governmental Accounting Standards Board (GASB) Statement No. 45, requires governmental agencies that fund post-employment benefits on a pay-as-you-go basis, such as the Agency (beginning with the fiscal year ending June 30, 2009), to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions. The Agency offers post-employment health care benefits (medical and dental), which have historically been funded on a pay-as-you-go basis. Beginning in FY 2008/09, the Agency implemented pre-funding for retiree health insurance and now fully pre-funds the ARC (annually required contribution) on an annual basis. In FY 2016/17, the Agency's pre-funding rate is 10.9% of salaries.

## **Workers' Compensation Insurance**

The Agency receives Workers' Compensation insurance from JPIA. Premiums are based on CLWA's size and experience ratings. JPIA uses the same formula developed by the Workers' Compensation Insurance Rating Bureau to generate an experience modification factor which will reflect CLWA's loss experience in comparison with other employers in the same classifications. Premiums are paid quarterly based on actual payroll for the previous quarter. The rates vary by employee classification.

## **Community Profile**

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area has a population of approximately 273,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Stevenson Ranch and Val Verde.

The Agency's service area is considered a premier community for raising families and building businesses. The area is known for its attractive residential neighborhoods, low crime rate and excellent schools.

The Santa Clarita Valley is part of a comprehensive transportation network, which includes three major freeways, a commuter rail which serves over 2,100 passengers daily and easy access to the ports of Los Angeles and Long Beach. The three Metrolink commuter rail stations in Santa Clarita carry over 2,000 passengers a day to and from the San Fernando Valley and Downtown Los Angeles. The City also has nearly 96 miles of bicycle and pedestrian trails.

There are a number of recreational and historical facilities located in the Santa Clarita Valley, including the Six Flags Magic Mountain amusement park and Gene Autry's Melody Ranch. The service area is adjacent to the Angeles National Forest, and includes nearby Castaic Lake, the Placerita Canyon Nature Center and Vasquez Rocks County Park.

Also located in the Santa Clarita Valley are the COC Performing Arts Center; Canyon Theatre Guild, Disney Studios, Santa Clarita Repertory Theater, as well as the Friendly Valley, Valencia Country Club, Robinson's Ranch, Tournament Players Club and Vista Valencia golf courses.

The City of Santa Clarita's strong and diverse economy continues to expand, making Santa Clarita the ideal destination for Southern California businesses. Maintenance of a highly supportive environment for business development is achieved through the cooperation of the local Chamber of Commerce and the City government. In addition, companies benefit greatly from the area's land and leasing opportunities, as well as from the highly-skilled labor pool, variety of transportation choices, housing, quality of life, climate,

and scenery. Santa Clarita's top employers include Six Flags Magic Mountain, William S. Hart and Saugus Union School Districts, Princess Cruises, College of the Canyons, U.S. Postal Service, Henry Mayo Newhall Memorial Hospital, Newhall School District, Quest Diagnostics and The Master's College.

### **Economy**

The Agency is largely located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles, although approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. In 2015, the gross product of Los Angeles County was \$664.2 billion. Los Angeles County has not been immune to the national and world economic downturn and, as a result, December 2015 unemployment rate was 5.3% compared to the State of California's unemployment rate of 5.8% (Santa Clarita Valley Economic Development Corporation). The assessed valuation of the Agency's service area is \$38,065,430,008.

### **Growth in the Community and Impacts to the Agency**

The Agency evaluates land use data and housing construction in the service area in conjunction with the retail water purveyors and projections from the "One Valley One Vision" (OVOV), a joint planning effort by the City of Santa Clarita and the Los Angeles County Department of Regional Planning. The OVOV general plan amendments will be the basis of the Agency's 2015 Urban Water Management Plan (UWMP). The first draft of the 2015 UWMP indicates a 1.3 percent annual rate of growth in the service area.

The Agency's 2015 UWMP will provide information on water use, water resources, recycled water, water quality, reliability planning, demand management measures and water shortage contingency planning. It projects future demands for residential, industrial, institutional, landscape, agricultural and other purposes, and lists available and planned supplies to meet that demand. The first draft of the 2015 UWMP has found that, based on conservative water supply and demand assumptions over the next forty years in combination with conservation of non-essential demand during certain dry years, and additional investments in recycled water and water banking programs, the Agency's total projected water supplies will be sufficient to meet the Agency's projected water demands in the Agency's service area through the year 2050.

### **Projected Availability and Reliability of State Water Project Supplies**

In December 2014, the California Department of Water Resources (DWR) released its *Final 2013 State Water Project Delivery Reliability Report* (2013 Report). The 2013 Report updates estimates of the current (2013) and future (2035) State Water Project (SWP) delivery reliability and incorporates regulatory requirements for SWP and federal Central Valley Project (CVP) operations in accordance with FWS and NMFS Biological Opinions (BOs) discussed above. DWR's estimates of future SWP delivery reliability also reflect potential impacts of climate change and sea level rise. With these factors, the 2013 Report projects that long-term average reliability will be 58 percent. CLWA staff has assessed the impact of the 2013 Report on the CLWA reliability analysis contained in the Agency's draft 2015 UWMP and has confirmed that current and anticipated supplies are available to meet anticipated water supply needs through the year 2050.

In May 2015, DWR released an updated analysis in its *State Water Project Delivery Capability Report*. This updated report indicates the Early Long-term (2025) reliability for CLWA would be 61%. The report also analyzes the alternatives that were evaluated in the Bay-Delta Conservation Programs. Those alternatives include future conditions with current facilities with high and low Delta outflow criteria as well as the California Water Fix twin-tunnel alternative. Those analyses indicate average reliabilities of 45%, 51% and 72%, respectively, for average reliability for CLWA. Staff is currently analyzing the results of these studies and the applicability to the 2015 Urban Water Management Plan.

<b>BUDGET CALENDAR FY 2016/17</b>	
<b>February 26-February 27</b>	<b><i>Board of Directors</i></b> <b>Developed Strategic Plan</b>
<b>February 29 – March 3</b>	<b>Refined and developed proposed Actions in support of Strategic Plan</b>
<b>March 10</b>	<b><i>Water Resources and Outreach Committee</i></b> <b>Reviewed proposed fiscal year Actions</b>
<b>March 16</b>	<b><i>Finance and Administration Committee</i></b> <b>Reviewed proposed fiscal year Actions</b>
<b>March 24</b>	<b><i>Planning and Engineering Committee</i></b> <b>Reviewed proposed fiscal year Actions</b> <b>Reviewed proposed CLWA major and minor Capital Improvement Projects (CIP)</b>
<b>April 27</b>	<b><i>Board of Directors</i></b> <b>Discussed of CLWA Draft FY 2016/17 Budget</b>
<b>April 28</b>	<b><i>Planning and Engineering Committee</i></b> <b>Reviewed final CLWA major and minor Capital Improvement Projects (CIP)</b>
<b>May 17</b>	<b><i>Finance and Administration Committee &amp; Board of Directors Joint Meeting</i></b> <b>Board of Directors Approved the CLWA FY 2016/17 Budget</b>

## BUDGET ACRONYMS

AB	Assembly Bill
ACWA	Association of California Water Agencies
ACWA/JPIA	Association of California Water Agencies/Joint Powers Insurance Authority
ACOE	U.S. Army Corps of Engineers
Act	California Urban Water Management Planning Act
AF	acre-foot/acre-feet
AFY	acre-feet per year
Agency	Castaic Lake Water Agency
AWRM	Alternative Water Resources Management Program
AWWARF	American Water Works Association Research Foundation
AWWA	American Water Works Association
BDCP	Bay Delta Conservation Plan
BMPs	Best Management Practices
BO	Biological Opinion
BVWSD	Buena Vista Water Storage District
CCF	One Hundred Cubic Feet
CCR	Consumer Confidence Report
CEQA	California Environmental Quality Act
CESA	California Endangered Species Act
CIP	Capital Improvement Plan
CLWA	Castaic Lake Water Agency
COPs	Certificates of Participation
CUWCC	California Urban Water Conservation Council
CVP	Central Valley Project
DBP	Disinfection by-products
D/DBP	Disinfectants and Disinfectant By-Products
DDW	Division of Drinking Water
Delta	Sacramento-San Joaquin Delta
DFW	California Department of Fish and Wildlife
DHS	California Department of Health Services
DOF	Department of Finance
DPH	Department of Public Health
DTSC	Department of Toxic Substances Control
DWR	Department of Water Resources
Edison	Southern California Edison
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESA	Endangered Species Act
ESFP	Earl Schmidt Filtration Plant
ESIPS	Earl Schmidt Intake Pump Station
ETo	evapotranspiration
FWS	United States Fish and Wildlife Service
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GPCD	gallons per capita per day
GPD	gallons per day
GPM	gallons per minute
GWMP	Groundwater Management Plan
IRWMP	Integrated Regional Water Management Plan
KCWA	Kern County Water Agency
L.A. Co. WWD #36	Los Angeles County Water Works District #36
LACDRP	Los Angeles County Department of Regional Planning
LACSD	Sanitation Districts of Los Angeles County



LADWP	Los Angeles Department of Water and Power
Metropolitan	Metropolitan Water District of Southern California
MAF	Million Acre-Feet
MGD	Million Gallons per Day
<i>mg/l</i>	milligrams per liter
MOU	Memorandum of Understanding
NCWD	Newhall County Water District
NEPA	National Environmental Protection Act
NMFS	National Marine Fishery Service
NPDES	National Pollutant Discharge Elimination System
OMB	Federal Office of Management and Budget
OVOV	One Valley One Vision
PUC	California Public Utilities Commission
RWQCB	Regional Water Quality Control Board
RVIPS	Rio Vista Intake Pump Station
RWVTP	Rio Vista Water Treatment Plant
RRB	Rosedale-Rio Bravo
RRBWSD	Rosedale-Rio Bravo Water Storage District
SBX7-7	Saugus Perchlorate Treatment Plant
SCVWUESP	Santa Clarita Valley Water Use Efficiency Strategic Plan
SCWD	Santa Clarita Water Division
SWSD	Semitropic Water Storage District
SCWC	Southern California Water Committee
SWP	State Water Project
SWRCB	State Water Resources Control Board
TDS	Total Dissolved Solids
TMDL	Total Maximum Daily Load
USCR	Upper Santa Clara River
UWMP	Urban Water Management Plan
VVC	Valencia Water Company
Valley	Santa Clarita Valley

## Employees In Action

*Pictured: Senior Facilities Maintenance Technician Chris Graziano secures a ladder to his truck in preparation for his next project.*





Castaic Lake Water Agency

2016

STRATEGIC PLAN







CASTAIC LAKE

# Castaic Lake Water Agency

# 2016

## STRATEGIC PLAN

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JULY 2016

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The Mission of the Agency is to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley.



## INTRODUCTION

**The Castaic Lake Water Agency Strategic Plan** serves as a blueprint for decision-making for the upcoming budget fiscal year. This document is forward thinking and reflects careful consideration on the part of the Board of Directors and Agency staff for the long-term health of the Agency and its ability to meet current and future water needs.

The Agency works to meet a diverse set of expectations and requirements based on the needs and priorities of its many customers and stakeholders, including but not limited to its customers and ratepayers, four local water retailers, the counties of Los Angeles and Ventura and the City of Santa Clarita.

## Agency Service Area

The Castaic Lake Water Agency (Agency) is located in the northwestern portion of Los Angeles County, approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area, depicted on the facing page, has a population of approximately 287,000 and covers an area of roughly 195 square miles, or 124,800 acres.

The majority of the Agency's service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the upper Santa Clara River. Approximately 20 square miles of the service area extends into rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Newhall, Saugus, Stevenson Ranch and Valencia.

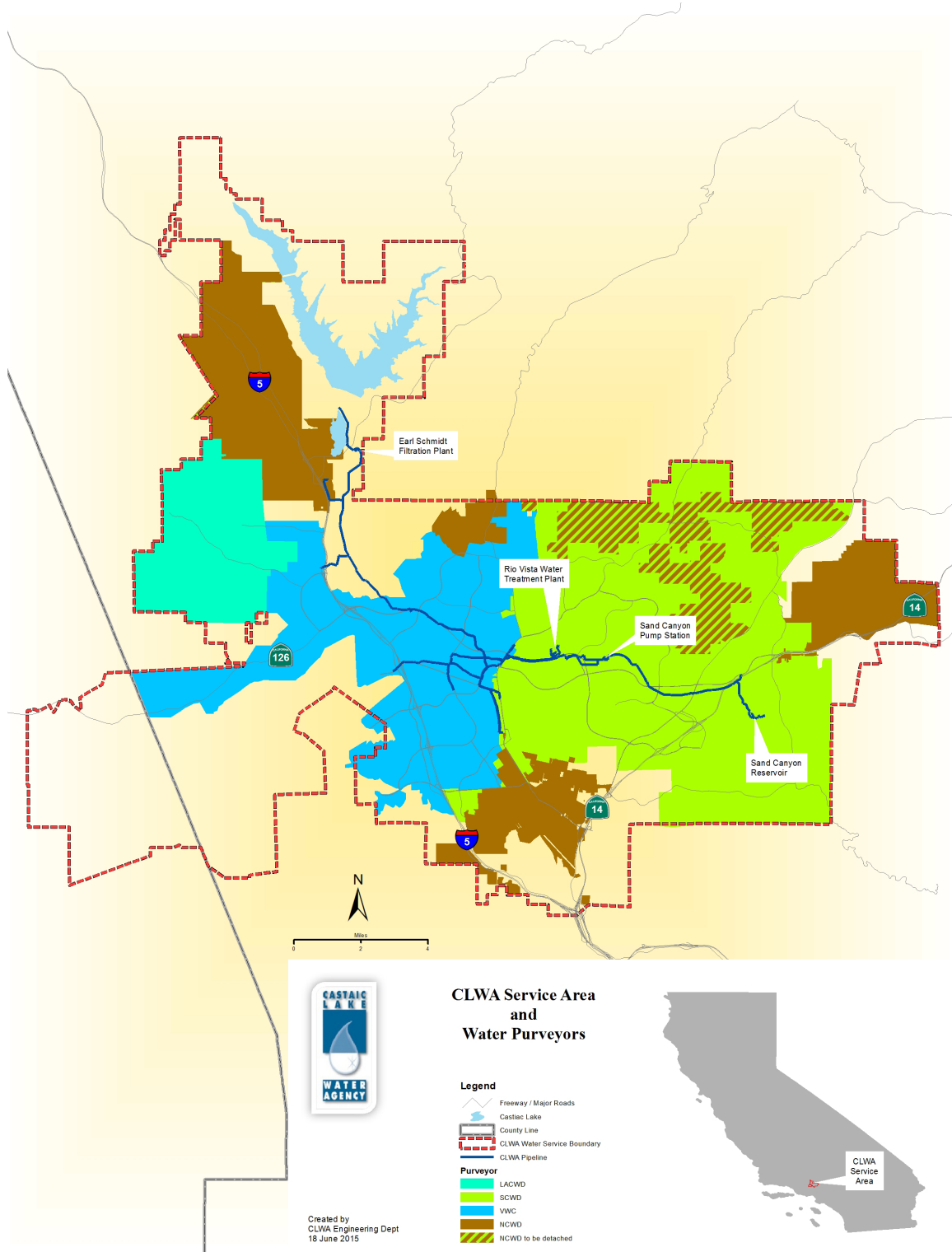
## A Brief History

The Castaic Lake Water Agency was originally organized as the Upper Santa Clara Valley Water Agency on April 20, 1962. The Agency was formed to bring a supplemental water supply to its service area from the State Water Resources Development System, more commonly known as the State Water Project (SWP). The Agency was charged with providing the necessary treatment and conveyance facilities to treat and deliver this water to service area customers.

The agency law was amended in 1986 by the enactment of Chapter 832, California Statutes of 1986 (the "1986 Amendment"), which enhanced the Agency's ability to provide for water use planning and the financing of additional water facilities for its wholesale service area. Among the provisions of the 1986 Amendment was the expansion of the Board of Directors to eleven members and the authorization to establish and impose Developer Impact Fees and a water standby charge (not yet utilized).

Today, the Agency provides supplemental wholesale water to four local water retailers. The Agency owns and operates one local water retailer, the Santa Clarita Water Division (SCWD). In 2012, the Agency acquired 100 percent of the stock of the Valencia Water Company (VWC), another water retailer in its service area.

Figure 1. Castaic Lake Water Agency Service Area



## Water Supply Sources and Facilities

On April 30, 1963, the Agency entered into an agreement with the California Department of Water Resources (DWR) for a contract amount of 41,500 acre-feet (AF) of water per year. The Agency's imported water supply has since grown, from the SWP original contract amount to 95,200 AF per year plus another 11,000 AF per year of "high flow" Kern River water acquired from two water districts in Kern County.

Since 2002, the Agency has undertaken water banking and exchange programs. The current quantity of water available from these programs is approximately 140,000 AF of water. With respect to SCWD and VWC (the two local water retailers under Agency ownership), the supply sources include imported water purchased from the Agency and local groundwater.

In FY 2003/04, the Agency began recycled water sales. Sales were 470 AF in FY 2015/16. The Agency and local water retailers are planning for the expansion of the recycled water system to help meet the Santa Clarita Valley's (Valley or SCV) growing water demand in the coming years.

The Agency owns and operates 45 miles of large diameter water conveyance pipelines and two water treatment facilities to supply imported water to the four local water retailers. During FY 2015/16 it is estimated that the Agency will deliver 27,900 AF of supplemental water, including 4,100 AF of remediated groundwater. As of December 31, 2015, the local water retailers serve 73,115 connections.

The Agency's major facilities consist of:

- The Earl Schmidt Intake Pump Station (ESIPS)
- The 56 million gallons per day (mgd) Earl Schmidt Filtration Plant (ESFP)
- The Rio Vista Intake Pump Station (RVIPS)
- The 66 mgd Rio Vista Water Treatment Plant (RVWTP)
- The Sand Canyon pipeline, pump station and reservoir
- A system of pipelines and ancillary facilities that convey treated water to the four local water retailers
- The Saugus perchlorate treatment facility, which remediates contamination of certain portions of the service area's Saugus Formation aquifer

Castaic Lake is the terminal reservoir of the West Branch of the California Aqueduct and one of the largest recreational lakes of the SWP. DWR transports water via the California Aqueduct to Castaic Lake, which stores approximately 320,000 AF of water.

In 2012, the Agency purchased a 3.5 megawatt solar photovoltaic power plant to offset the off-site energy used by the Agency and SCWD in the treatment and transport of water supplies.





CLWA LAKE LEVEL (MAY 20, 2015 – UPPER LAKE)



CALIFORNIA AQUEDUCT





## ENVIRONMENTAL SCAN

### Community Profile

**The Agency’s service area is considered a premier community for raising families and building businesses.**

Overall, the area is known for its attractive residential neighborhoods, low crime rate and excellent schools.

A number of recreational and historical amenities are located in the Santa Clarita Valley, including nearby Castaic Lake, Six Flags Magic Mountain and Vasquez Rocks County Park. The Valley is also part of a comprehensive transportation network that includes three major freeways, a commuter rail line that serves over 2,000 passengers daily, and easy access to the ports of Los Angeles and Long Beach.



Prior to 2009, the Agency service area (along with most of California) experienced significant increases in residential, commercial and industrial construction, after which the economy experienced significant decline. While uncertainty following the economic recession remains, the Valley is showing signs of growth and, overall, is considered well positioned for a strong recovery. The Valley's population continues to increase, construction has resumed in some sectors, and employment levels are on the rise.

From 2000 to 2010, the City of Santa Clarita's population grew by 17.5 percent. Today, Santa Clarita is the fourth largest city in Los Angeles County. Area employment ranks favorably compared to other communities in the region, and the city has one of the lowest unemployment rates in Los Angeles County (6.7% in May 2015, compared to 7.3% for Los Angeles County).

Santa Clarita's economy is primarily service and retail-based. The manufacturing, finance, insurance, real estate and construction sectors also account for a notable portion of the local economy. Santa Clarita's top employers include Six Flags Magic Mountain, Saugus and William S. Hart Union School Districts, Princess Cruises, the U.S. Postal Service, College of the Canyons and Henry Mayo Memorial Hospital. Long-term prospects for the economic growth of the area are excellent.

## Related Planning Efforts

Several recent or concurrent planning efforts provide a context and the information needed to help guide the Agency's strategic planning efforts. Most important, the goal of California Water Fix and Eco Restore is to restore the Sacramento-San Joaquin River Delta's ecosystem while also assuring a reliable water supply system for California. The Agency continues to participate in this process and related efforts to address the many critical needs and issues of the Delta and the SWP system. A Record of Decision on the Draft Environmental Impact Statement/ Draft Environmental Impact Report (DEIS/DEIR) for California Water Fix is expected in FY 2016/17.

The Santa Clarita Valley Area Plan ("One Valley One Vision"), a component of the Los Angeles County General Plan, was adopted by the Los Angeles County Board of Supervisors in November 2012. The plan is intended to guide the regulation of development within the unincorporated portions of the Santa Clarita Valley and, among other things, help ensure coordination of water supply and land use planning. Plan development was a joint effort led by the City of Santa Clarita and the Los Angeles County Department of Regional Planning.

The Upper Santa Clara River Integrated Regional Water Management Plan (IRWMP) is a cooperative regional effort that integrates water management and watershed planning and implementation with the goal of improving water supply reliability, water recycling, water conservation, recreation, and environmental and habitat protection in the upper Santa Clara Watershed. As part of the effort, the Agency and stakeholders are preparing a salt/nutrient management plan.

The Agency and the local water retailers have updated the Santa Clarita Valley Water Use Efficiency Strategic Plan. This comprehensive, long-term conservation plan is designed to promote cost-effective and proven conservation practices. The Agency is currently working with retail purveyors to update its Recycled Water Master Plan.

The Santa Clarita Valley 2015 Urban Water Management Plan (UWMP) was completed and adopted by the Agency and Newhall County Water District (NCWD) Boards, by unanimous vote, on June 8, 2016. This document provides important data and policy guidance related to water use, water resources, recycled water, water quality, reliability planning, demand management measures and water shortage contingency planning. The 2015 UWMP has a planning horizon to the year 2050. The operating and capital programs in the Agency's Budget support the existing UWMP and are updated annually to support the goals of the updated Plan.



## Agency Strengths

During past Strategic Planning Workshops, the Board of Directors has identified the Agency's many strengths.

Critical to the Agency's success are:

- Reliable management of water resources
- Long-range strategic planning
- Responsible financial management
- Proactive pursuit of new water resource opportunities
- Strong relationships with local water retailers
- Effective collaboration with regional partners

Related Agency strengths include:

- Strong business development and staff communications
- Technical and management talent
- A strong in-house public relations team and the new Blue Ribbon Committee
- Multiple revenue sources
- Ability to provide quality information to support decision-making
- Positive Agency profile at the state level
- Organizational agility
- Competent legal counsel



## Strategic Issues

Each year, the Board also reviews key challenges and strategic issues related to water resources management and effective Agency operation. Many have been identified as challenges beyond the Agency's control that create uncertainty for future operations. These issues are interrelated and fall into four broad categories: environmental, legal and regulatory, economic and political, and financial.

### **Environmental Challenges**

Key environmental challenges affecting water supply include the severe drought faced by California and the impact of climate change. Drought management is a pivotal topic for the Agency and for water wholesalers and retail suppliers throughout the State. Deteriorating conditions in the Delta have also negatively impacted the availability of the SWP water supply.

The Agency Board is committed to addressing conditions proactively and elevating the importance of environmental sustainability and conservation in its strategic planning, management, partnerships and communications. Related needs include strengthening the Agency's promotion of water conservation and its research, messaging and communications around specific sustainability issues, including long-term regional water management and the Agency's role in maintaining a reliable water supply and water quality for the Valley.

Construction of the Agency's perchlorate treatment facility to remediate and treat contaminated supplies and control perchlorate migration in the Saugus Formation is only the beginning of a long-term program to ensure the continued availability of the Valley's groundwater supplies. The





Agency is faced with the related communications challenge of providing water quality information to Valley businesses and residents that is easy to understand.

### **Legal and Regulatory Challenges**

The future legal and regulatory climate surrounding water resources management will have an uncertain impact on Agency operations. The Board anticipates increased regulations affecting groundwater, water quality and the use of recycled water. Increasing regulatory constraints and recent judicial rulings continue to limit the amounts of water that can be delivered to SWP contractors throughout the State, including the Agency.

In 2008, the Directors voiced concern over the issue of growth and water supply and the outcomes and implications of related litigation. The Agency had been at the forefront of the battle involving the inappropriate use of California Environmental Quality Act (CEQA) litigation to stop water transfers and, hence, dictate land use planning.

### **Economic and Political Challenges**

Managing water resources in light of conflicting values and limited public financial resources is a central challenge the Agency will continue to face. Balancing response to environmental regulations and concerns while also providing the necessary infrastructure to meet water needs influences financial and political decision-making both within and outside of the Agency.

State and federal financial support for water resource-related projects continues to be highly vulnerable to fluctuations in the national economy and the political climate. The recent recession

has further increased uncertainty of funding at the federal level, while state financial resources for water-related projects are both scarce and highly competitive. With that said, grant funding to address drought conditions, recycled water development and groundwater remediation may be available in the coming years.

### **Financial Challenges**

The Agency's financial picture is improving, as is the financial forecast for the region. Long-term financial health and the importance of open and transparent communications with retailers regarding future wholesale water rates and all aspects of long-term cost savings remain strategic issues for the Agency.

Communicating the true cost of water to stakeholders and the broader public is both a challenge and opportunity. While the diversity of the Agency's revenue sources strengthens its fiscal position, it also masks the true cost of water, a challenge that can complicate water conservation efforts and water resources management in the longer term.





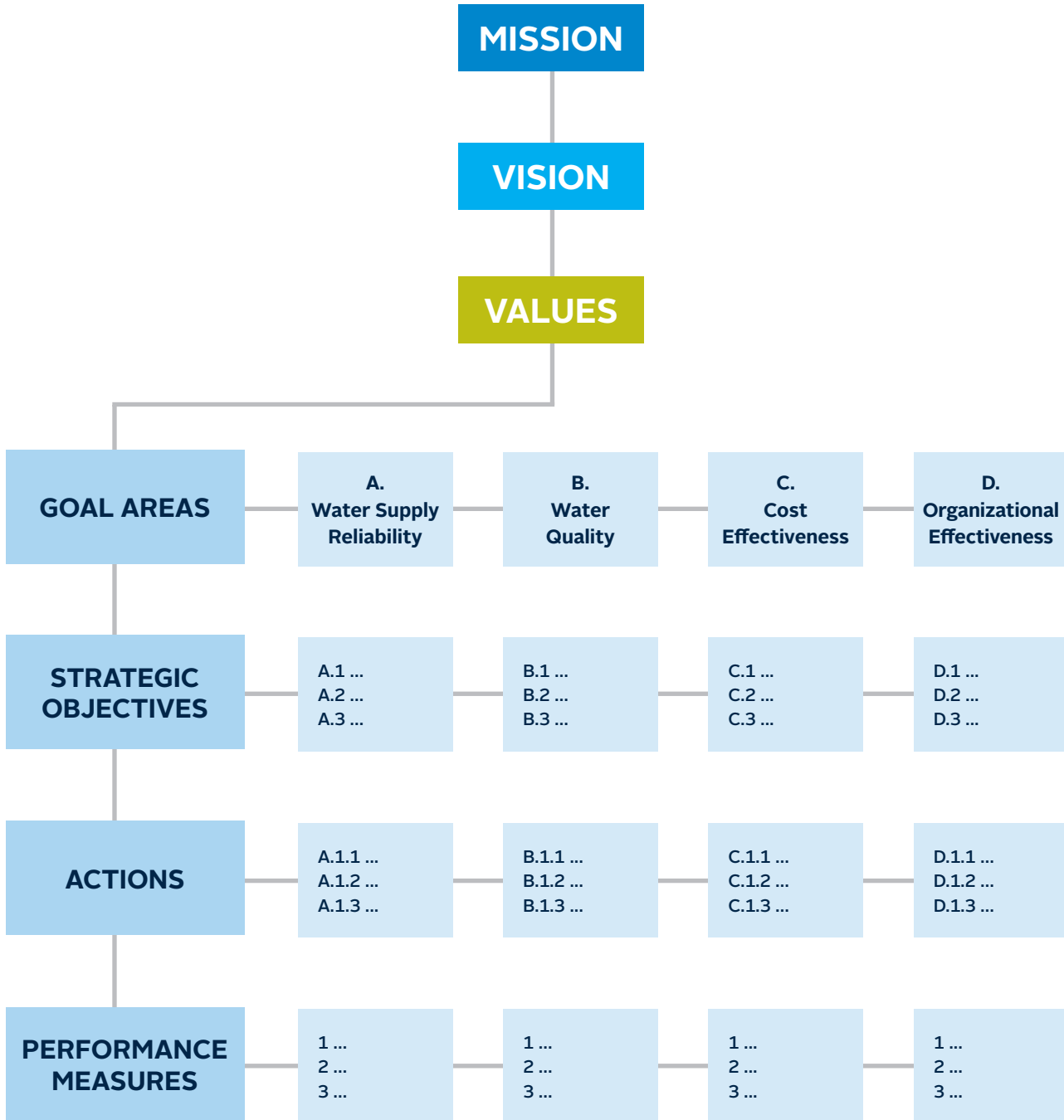
CLWA OPEN HOUSE



**STRATEGIC  
PLAN  
FRAMEWORK**

**This chapter presents the Agency’s mission and vision statements, its values as an organization and the four core goal areas and objectives that drive its work.** Chapter IV presents the performance measures that the Agency has developed to help manage the progress and success of its operations, resource and asset management, and evolution as an organization.

Figure 2. Strategic Plan Framework



## Mission, Vision and Values

The *Mission* describes the fundamental purpose of the Agency and its primary role and function within the Santa Clarita Valley.

*Values* are shared beliefs that reflect what the Agency considers significant or important and are the basis from which each Agency staff member should be operating.

Reflecting both its mission and values, the *Vision* describes the Agency's desired future condition.

The *Goal Areas and Objectives* describe the Agency's strategic focus and comprise the fundamental responsibilities of the Agency.

*Agency Performance Measures* are the basis for assessing progress toward achieving the Authority's goals.

The Strategic Plan Framework graphic on the next page describes the relationship among the Strategic Plan elements.

### Agency Mission

The mission of the Agency is *to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley.*

### Vision Statement

*Castaic Lake Water Agency will be the recognized leader in promoting cooperative regional and local water resource management for the benefit of our community.*

*We will provide an environment that promotes employee excellence as well as customer and stakeholder confidence.*

### Values

Agency values have been developed in consultation with Agency staff and the Board of Directors and are the bedrock of Agency staff attitudes toward their work, their mission and their relationships.

#### SAFETY

Our operations are driven by the highest safety and security.

#### INTEGRITY

We act ethically and with integrity in all that we do.

#### PUBLIC TRUST

Public trust and confidence are central to our success as a wholesale water purveyor.

#### PROFESSIONALISM

We require our team to conduct business based on the highest professional standards.

**INNOVATION**

We strive to foster innovation and creativity in the work place.

**ENVIRONMENT**

We view water resources management as a means of improving water quality and conserving our natural resources.

**TEAMWORK**

We work together to provide the highest quality services to Santa Clarita Valley families, businesses and communities.

**RESPECT**

Our operations are founded upon respect for one another, our customers, our partners and the natural environment.

## Goal Areas and Objectives

The Agency’s strategic planning focuses on four goal areas that provide direction for achieving the Agency’s vision and mission. Strategic objectives are identified for each goal area.

### A. WATER SUPPLY RELIABILITY

Operate, maintain and implement plan facilities, projects and programs to provide and enhance water supply availability and reliability.

#### STRATEGIC OBJECTIVES

- A1 Ensure long-term average water demands are met through the integration of water management measures including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.
- A2 Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs
- A3 Meet local retailers’ water demands.
- A4 Advance demand management and achieve the water conservation target of 20% per capita by 2020.
- A5 Plan, design and build facilities to meet demand including storage capacity and interconnections between wholesale and retail water systems.
- A6 Operate and maintain facilities cost-effectively and efficiently.

**B. WATER QUALITY**

Comply with all water quality requirements for imported water sources of supply and proactively support preserving the quality of local sources of water supply.

**STRATEGIC OBJECTIVES**

- B1 Achieve 100% compliance with all water quality regulations and standards.
- B2 Remediate perchlorate contamination.

**C. COST EFFECTIVENESS**

Maintain a long-range, open, stable and well-planned financial condition, so that current and future water users are given fair and equitable rates and charges.

**STRATEGIC OBJECTIVES**

- C1 Maintain fiscal viability.
- C2 Strive to be under budget.
- C3 Optimize transmission and treatment costs.

**D. ORGANIZATIONAL EFFECTIVENESS**

Maintain a well-defined organizational structure that fosters innovation, integrity, leadership, professionalism, respect, safety and teamwork.

**STRATEGIC OBJECTIVES**

- D1 Ensure that the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.
- D2 Advance workforce excellence.
- D3 Develop and maintain clear and comprehensive policies, systems and procedures.
- D4 Develop and maintain strong working relationships with retailers.
- D5 Work with local, regional and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.





CLWA CONSERVATION GARDEN



# IV.

## AGENCY PERFORMANCE

**Strategic Plan performance measures are the basis for assessing progress toward achieving Agency goals.** This Strategic Plan focuses on four goal areas, which together provide the direction required to achieve the Agency’s mission. This section presents performance measures for each goal area and associated objectives. Agency employees play an integral role in measuring and managing progress and determining the course of action required to meet each strategic objective.

The Agency’s Action Plan (Appendix B) outlines the specific activities the Agency has identified to advance Strategic Plan objectives for the current fiscal year.



## A. WATER SUPPLY RELIABILITY

---

Operate, maintain, implement and plan facilities, projects and programs to provide and enhance water supply availability and reliability.

Strengthening the Agency’s strategic emphasis on improving supply reliability is of highest priority. The Agency must optimize use of existing resources, consisting of imported surface water and groundwater. Water conservation, water use efficiency, and efficient facility operations are becoming increasingly important, and a coordinated response will further decrease reliance on Delta water supplies and enhance long-term supply reliability.

A1

### LONG-TERM SUPPLY

---

Ensure long-term water supply needs meet current and future demand.

The following measures will be used to gauge progress towards achieving Objective A1:

1. Average year water supply exceeds ten-year projected water demand
2. Compliance with SBX 7-7 to reduce urban water use
3. Use of groundwater supply consistent with operating plans and UWMP
4. SWP supply reliability consistent with the SWP Delivery Capability Report and the UWMP

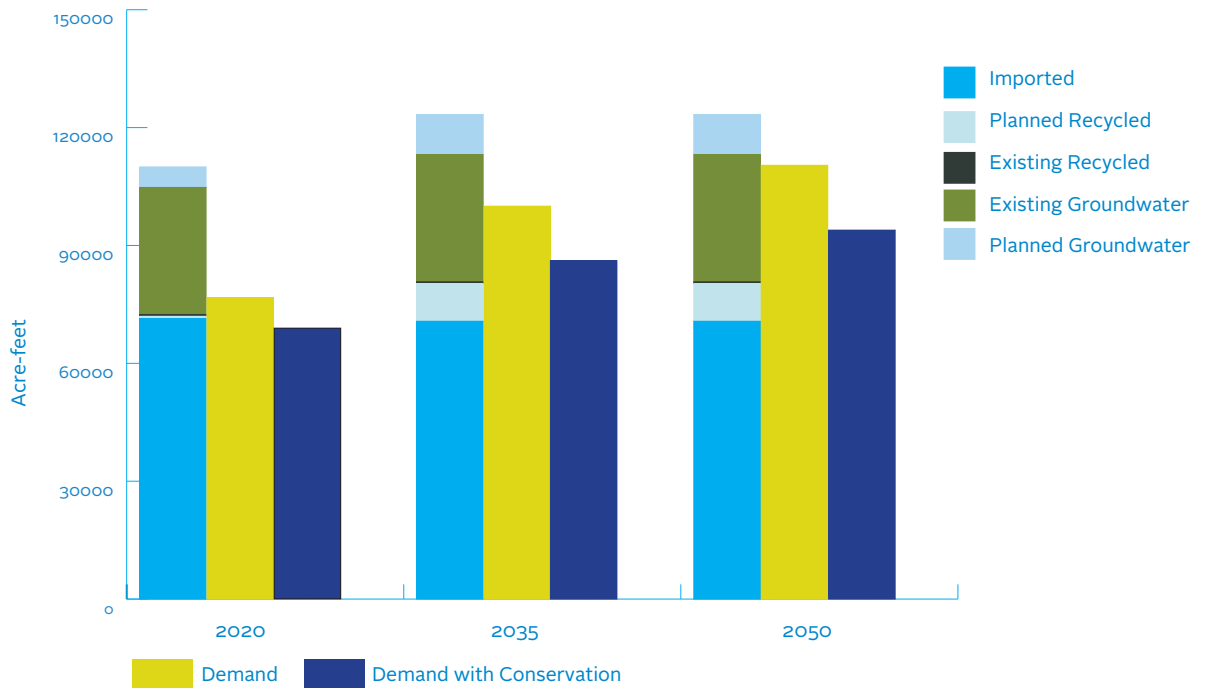
#### Status and Progress

Current and projected water supplies are sufficient to meet demand through build-out. Water conservation measures are on track to achieve 20% conservation by the year 2020. In addition, current average year water supply exceeds ten-year projected water demand.

Factors contributing to or constraining progress related to long-term supply include timing of the recycled water program and the California WaterFix implementation. In addition, new regulations and environmental factors could reduce the reliability of imported supplies.

Key actions the Agency plans to advance in the next fiscal year include preparing the Recycled Water Master Plan Update and the Agency’s Water Supply Reliability Report Update.

**A1. LONG TERM WATER AVAILABILITY**



*New regulations and environmental factors could reduce the reliability of imported supplies.*

A2

### INTEGRATED WATER MANAGEMENT

---

Advance the integrated management of water resources.

The following measures will be used to gauge progress towards achieving Objective A2:

1. Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency

#### **Status and Progress**

Compliance with the Sustainable Groundwater Management Act will be a key factor in advancing integrated water management in the Santa Clarita Valley. An early step of this process will be the formation of a Groundwater Sustainability Agency during FY 2016/17.

A3

### RETAILER DEMAND

---

Meet local retailers' water demands.

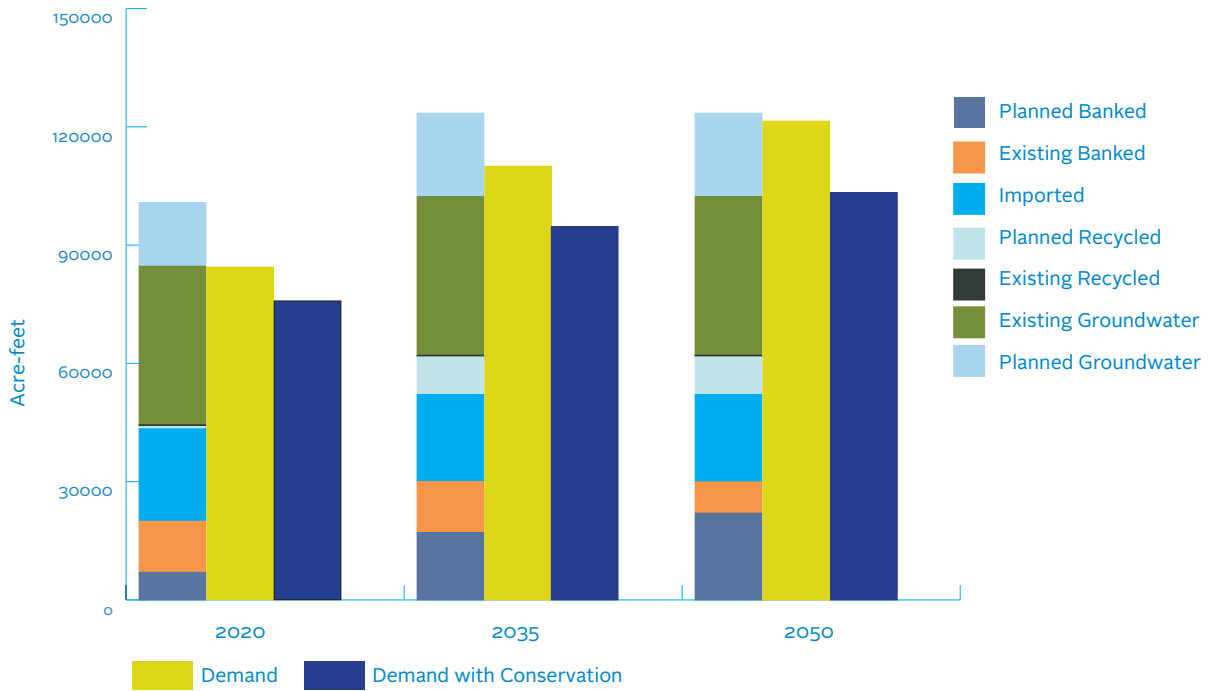
The following measures will be used to gauge progress towards achieving Objective A3:

1. Water banking program success in meeting annual demands (target: 95% confidence level)
2. Sufficient water storage and put-and-take capacity
3. Availability of local water resources
4. Conservation goals achieved

#### **Status and Progress**

2016 marks the fifth year of California's current drought cycle and the State Water Resources Control Board has imposed mandatory conservation measures. The Agency has assessed the performance of existing SWP water banking and exchange programs and has concluded, with the exception of very dry years, existing storage and exchange programs in combination with other imported and local water supplies are sufficient to meet retailer water demands.

**A3. SINGLE DRY YEAR**



**Status and Progress (continued)**

Key actions the Agency plans to advance in the next fiscal year include implementing treatment facilities at Well V-201 to restore impacted Saugus Formation well capacity, expanding extraction capacity of Rosedale-Rio Bravo banking and exchange program.

A4

**CONSERVATION TARGETS**

---

Advance demand management and achieve water conservation target of 20% per capita by 2020.

The following measure will be used to gauge progress towards achieving Objective A4:

1. Estimated retailer per capita water use

**Status and Progress**

While the recent recession contributed to significant demand reductions, consumption had been rebounding. Aggressive efforts are required to establish a permanent water use efficiency ethic. A significant increase in budget and staffing will likely be required to achieve key results. Key actions that the Agency plans to advance include refining per capita demand projections and updating the Santa Clarita Valley Water Use Efficiency Strategic Plan.

A5

**FACILITIES**

---

Plan, design and build facilities to meet demand.

The following measure will be used to gauge progress towards achieving Objective A5:

1. Annual Capital Improvement Program (CIP) expenditures

**Status and Progress**

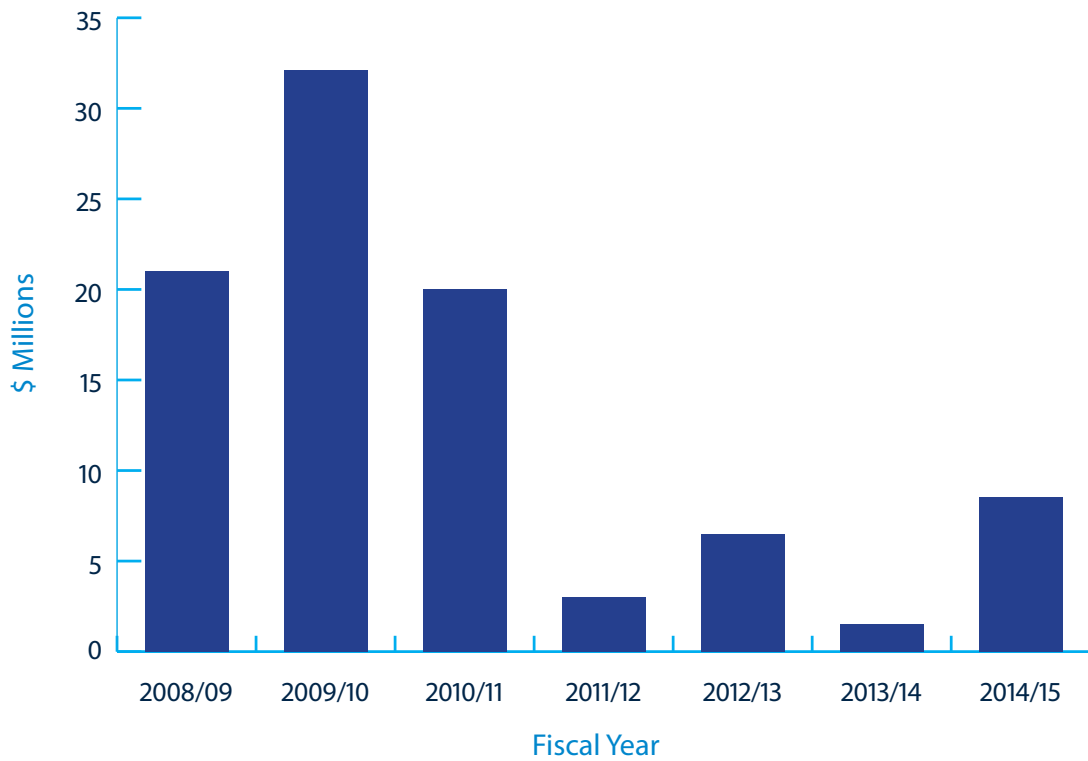
CIP expenditures are low due to the ongoing economic downturn. The Agency will need to increase investment in its capital program to build facilities that meet future demand, and will also need to maintain current facilities to meet ongoing demand.

One key Agency action is to regularly analyze and update the CIP program to ensure that facilities are constructed to stay ahead of water needs.



A4. GALLONS PER CAPITA DAILY (GPCD) TARGET						
Supplier	Baseline GPCD	2015 GPCD TARGET	2020 CPCD TARGET	Actual 2013 GPCD	Actual 2014 GPCD	Actual 2015 GPCD
LACWD	235	212	188	228	200	145
NCWD	238	214	190	207	194	156
SCWD	251	226	201	219	206	158
VWC	335	301	268	297	271	213
VALLEYWIDE	280	252	225	246	223	179

A5. MAJOR CAPITAL PROJECTS EXPENDITURES



A6

**OPERATIONS AND  
MAINTENANCE**

---

Operate and maintain facilities cost-effectively and efficiently.

The following measures will be used to gauge progress towards achieving Objective A6:

1. Progress of the Pipeline Inspection Program
2. Progress to develop and implement an Asset Management Program

**Status and Progress**

The Agency has recently completed the plan and schedule for its Pipeline Inspection Program, which is based on asset management principles. The Agency is also in the initial stages of implementing an Asset Management Program and will need to continue to expand the program to help improve the cost-effectiveness of its operations.

Key actions the Agency plans to advance include continuing to enter and track assets in the Computerized Maintenance Management System (CMMS) and performing programmed pipeline inspections each year, as outlined in the September 2013 Pipeline Inspection Program document.



## B. WATER QUALITY

Comply with all water quality requirements from imported water sources of supply and proactively support preserving the quality of local sources of water supply.

Protecting existing water supplies and ensuring water quality of the highest standard is an essential component of the Agency mission. Agency objectives related to water quality focus on 100% regulatory compliance and remediation of local groundwater contamination.

B1

### 100% COMPLIANCE

---

Achieve 100% compliance with water quality regulations and standards.

The following measures will be used to gauge progress towards achieving Objective B1:

1. Completion of required Department of Public Health monitoring, sampling and analyses
2. Total Coliform Rule results (total coliform and E-Coli)
3. Surface Water Treatment Rule results (chlorine and CT requirements of DPH operating permit)
4. Safe Water Drinking Act results (Maximum contaminant levels for organic and inorganic contaminants)
5. Disinfection By-Products Rule results (THM, HAA and Bromate)

### Status and Progress

With the exception of one event in 2012, the Agency reliably meets or exceeds all water quality regulations, standards and requirements.

Key actions include continuing to operate and monitor Agency facilities in a manner that meets all applicable water quality regulations and standards.

B2

**PERCHLORATE**

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Remediate perchlorate contamination.

The following measures will be used to gauge progress towards achieving Objective B2:

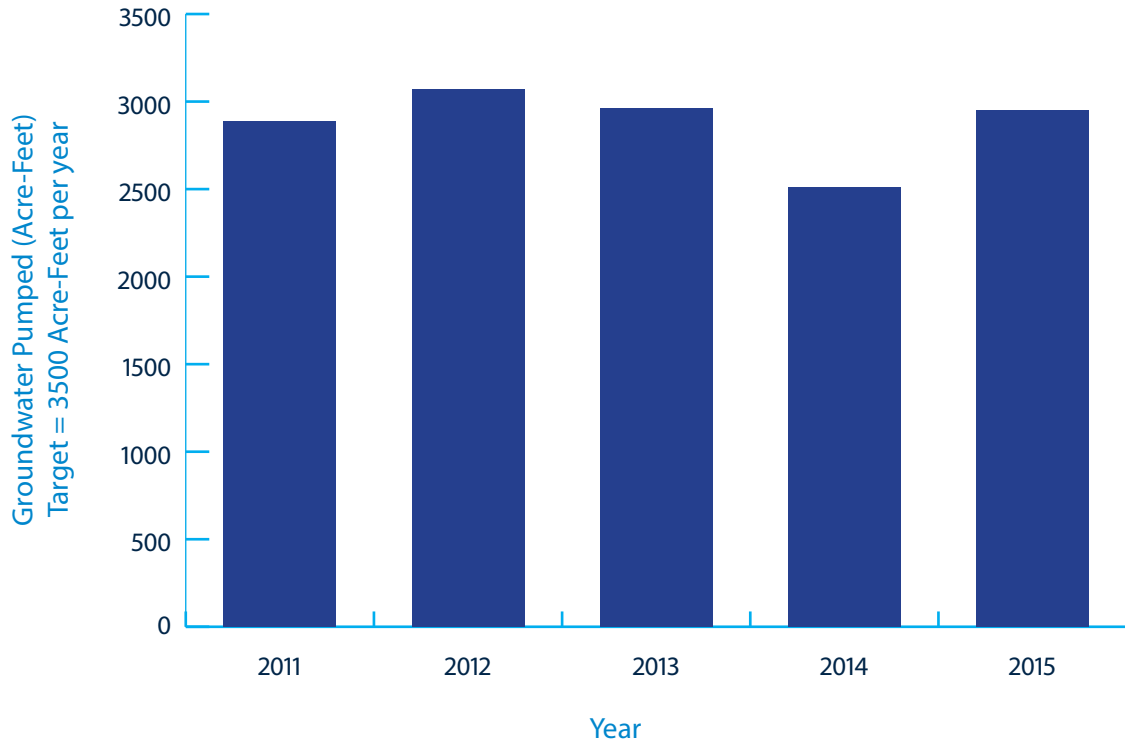
1. Groundwater pumped from Saugus wells and treated at the Saugus Perchlorate Treatment Facility
2. Perchlorate concentration
3. Impacted well capacity

**Status and Progress**

Pumping of groundwater is below the target level due to the rehabilitation of Saugus 1 and Saugus 2 Wells and normal maintenance and repair activities. A significant percentage of lost well capacity still needs to be restored. The concentration of perchlorate in the Saugus 1 and 2 Wells remains at fairly constant levels under steady-state pumping conditions.

Key actions the Agency plans to advance in the next fiscal year includes (i) continuing Saugus 1 and 2 Well operations to remediate the perchlorate concentration and contain plume migration, (ii) completing design and construction to restore pumping at V-201, and (iii) completing design of two replacement wells.

**B2.A SAUGUS GROUNDWATER PUMPED**



**B2.B SCV SAUGUS FORMATION WELLS IMPACTED WELL CAPACITY**

Well	Lost Capacity (gpm)	Action Taken	Restored Capacity (gpm)
V-157	1,500	Replaced with well V-206	1,500
NC-11	1,200	Taken out of service	0
Saugus 1	2,600	Rehabilitated well; installed treatment	1,100
Saugus 2	2,600	Rehabilitated well; installed treatment	1,100
V-201	2,400	Taken out of service	0
<b>Total</b>	<b>10,300</b>		<b>4,600</b>
<b>Deficit</b>			<b>(5,700)</b>



## C. COST EFFECTIVENESS

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Maintain a long-range, open, stable and well-planned financial condition, so that current and future water users are given fair and equitable rates and charges.

Ensuring cost-effective operations is a priority for the Agency. In order to accomplish this, the Agency will maintain its fiscal viability and strive to be under budget for capital projects, technical studies, equipment purchases and repair/replacement activities. Cost effectiveness can also be achieved by optimizing electrical transmission and chemical treatment costs to deliver water to customers.

C1

### FISCAL HEALTH

---

Maintain fiscal viability.

The following measures will be used to gauge progress towards achieving Objective C1:

1. Maintain high bond ratings
2. Meeting debt service coverage ratio
3. Meeting reserve fund target

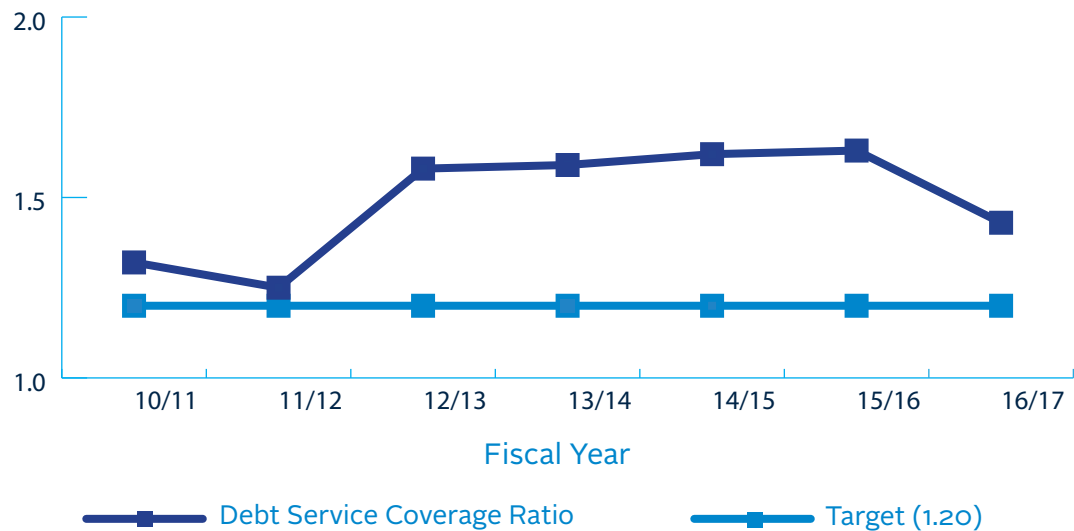
#### **Status and Progress**

The Agency has good bond ratings and meets its debt service coverage ratio requirements. In the five-year period between 2012-13 and 2016-17, the Agency maintained an average debt service of approximately 1.58 with more net operating income than needed to service Agency debts.

Key actions the Agency plans to advance in the next fiscal year include engaging a consultant to assess the Agency's grant administration activities.

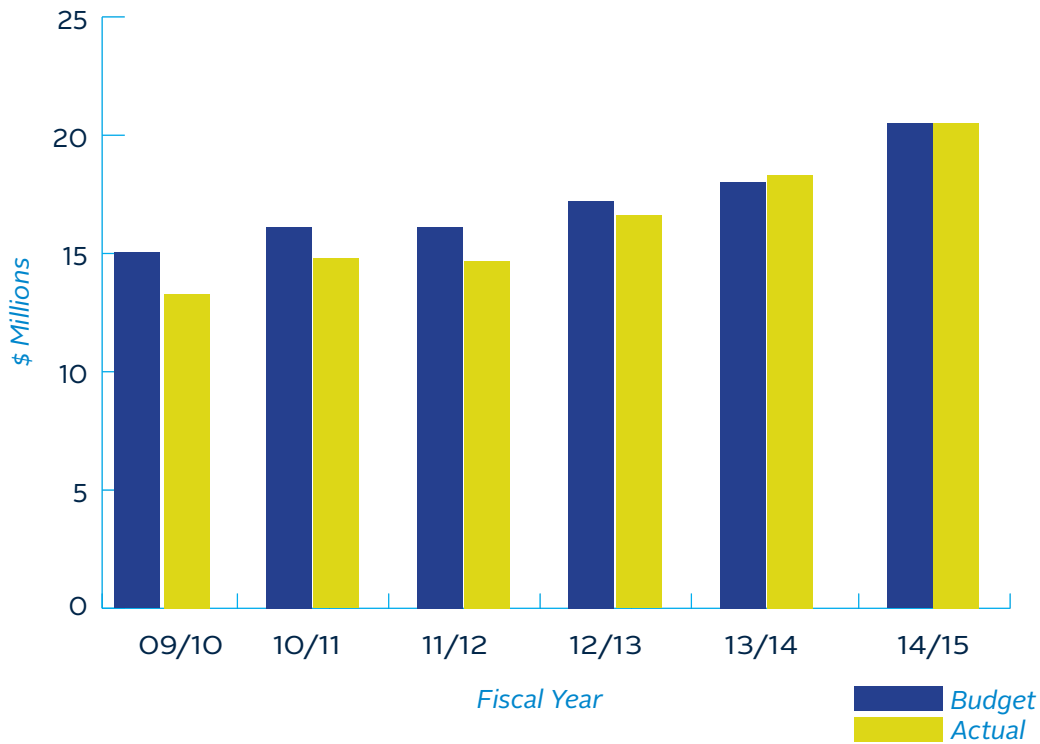


C1. DEBT SERVICE COVERAGE RATIO



*In the five-year period between 2012-13 and 2016-17, the Agency maintained an average debt service coverage ratio of approximately 1.58 with more net operating income than needed to service Agency debts.*

**C2.A OPERATING EXPENDITURES**



**C2**

**BUDGETING AND EXPENDITURES**

Strive to be under budget.

The following measures will be used to gauge progress towards achieving Objective C2:

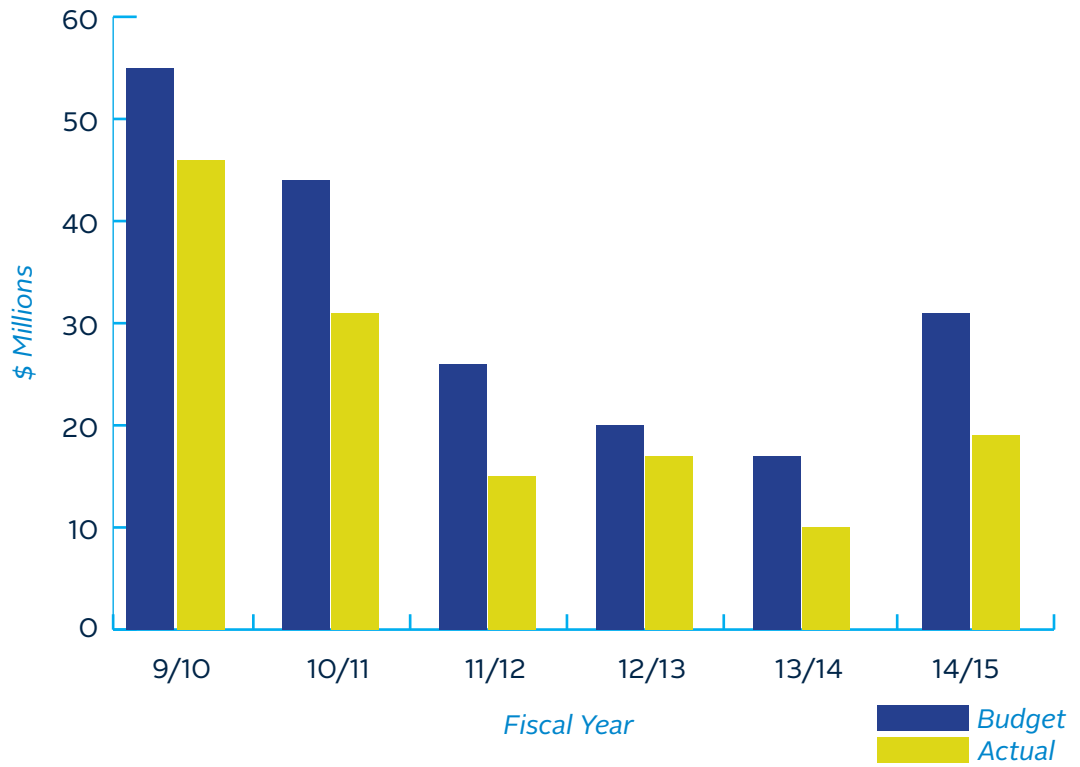
1. Actual costs compared to project budget
2. Number and magnitude of change orders

**Status and Progress**

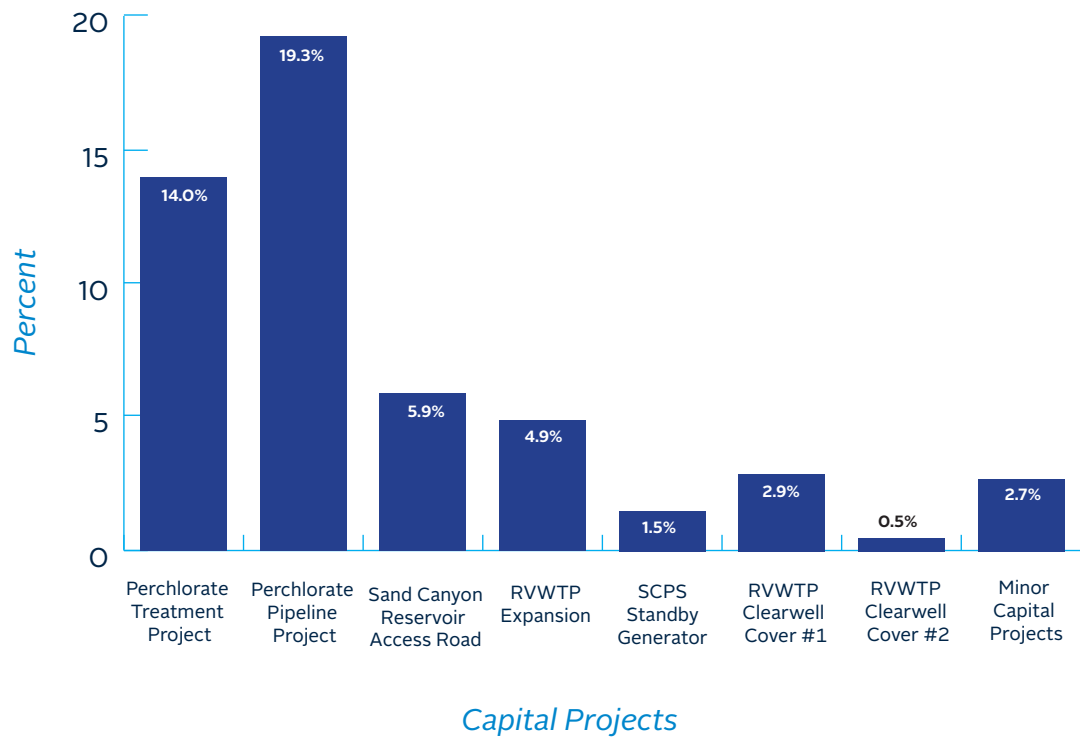
The Agency has a track record of staying below budgeted amounts for all project types and generally adheres to fiscal year budget limitations. The Agency tracks its change orders to a percentage of a project’s total budget and uses this data to improve budgeting for similar project types.

Key actions the Agency plans to advance in the next fiscal year include accurately tracking labor to recover reimbursements, where appropriate, and educating staff on cooperative purchasing networks and government contracts that offer discounts on goods and services.

**C2.B CAPITAL EXPENDITURES**



**C2.C CAPITAL PROJECTS CHANGE ORDERS**



C3

**COST OPTIMIZATION**

Optimize transmission and treatment costs.

The following measures will be used to gauge progress towards achieving Objective C3 :

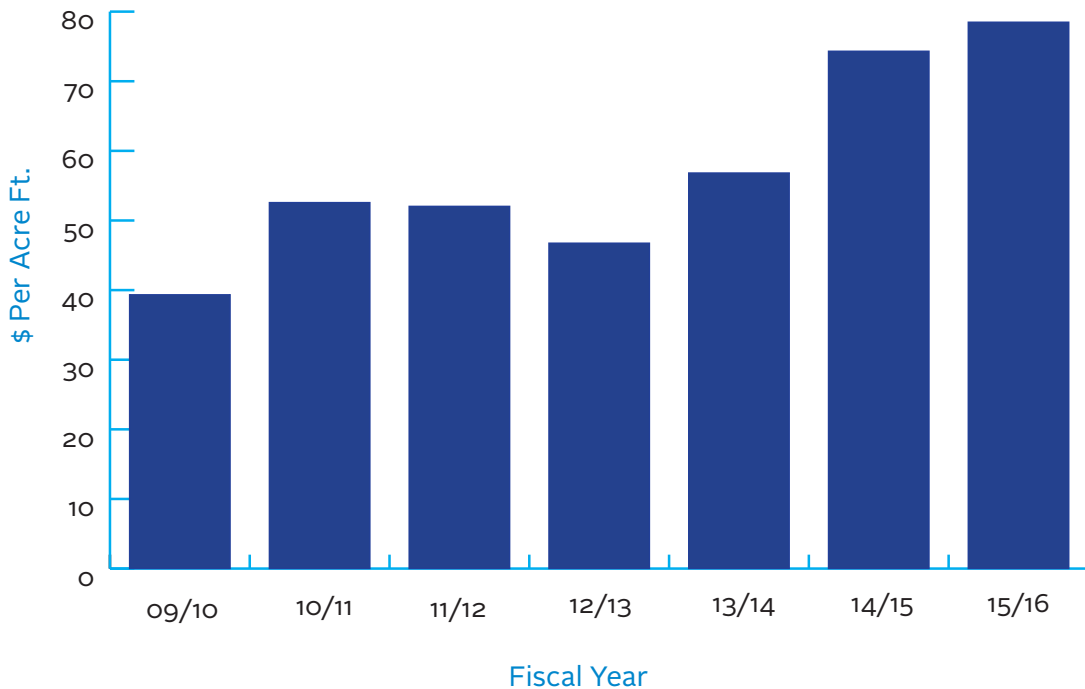
- 1. Cost of electricity used per acre foot of water delivered
- 2. Cost of chemicals per acre foot of water delivered

**Status and Progress**

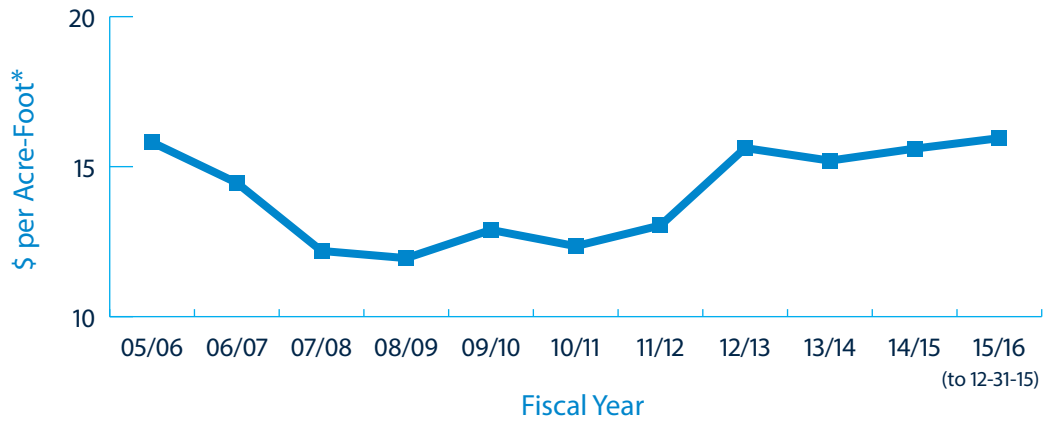
The cost of electricity used, has increased slightly due to increased electricity rates. Also, the low water level of Castaic Lake caused by the prolonged drought contributed to increased pumping costs in FY 2014/15 and 2015/16. The cost of chemicals used to treat water has also remained fairly steady, with an average cost of approximately \$13.90 per acre foot of delivered water.

Key actions the Agency plans to advance in the next fiscal year include maximizing off-peak pumping to reduce electrical costs and regularly monitoring and adjusting chemical usage to optimize chemical use and ensure compliance with public health permits.

**C3.A ELECTRICAL COST PER ACRE FOOT OF WATER DELIVERED**



**C3.B CHEMICAL TREATMENT COST OF WATER DELIVERY**



\*The cost per acre foot includes all chemicals used the treatment process: chlorine gas, sodium hypochlorite, caustic soda (sodium hydroxide), ferric chloride, ammonia, and cationic, non-ionic, and anionic polymers as well as the cost of liquid oxygen, but does not include the electrical requirements to produce the ozone.

*The low water level of Castaic Lake caused by the prolonged drought contributed to increased pumping costs in FY 2014/15 and 2015/16.*



## D. ORGANIZATIONAL EFFECTIVENESS

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Maintain a well-defined organizational structure that fosters innovation, integrity, leadership, professionalism, respect, safety and teamwork.

Being an effective organization means the Agency must work to cultivate public awareness and understanding of its mission and programs, as well as adapt and educate its workforce to respond to new and evolving environmental, regulatory, safety and technical challenges. Internally, the Agency's organizational effectiveness can benefit from keeping policies, systems and procedures up to date and responsive to Agency needs.

D1

### AGENCY CREDIBILITY

---

Ensure the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.

The following measures will be used to gauge progress towards achieving Objective D1:

1. Level of public awareness of available water saving rebates and techniques
2. Public awareness and opinion of the Agency, the services it provides and its role in the community
3. Stakeholder awareness of water issues affecting ratepayers and the Agency

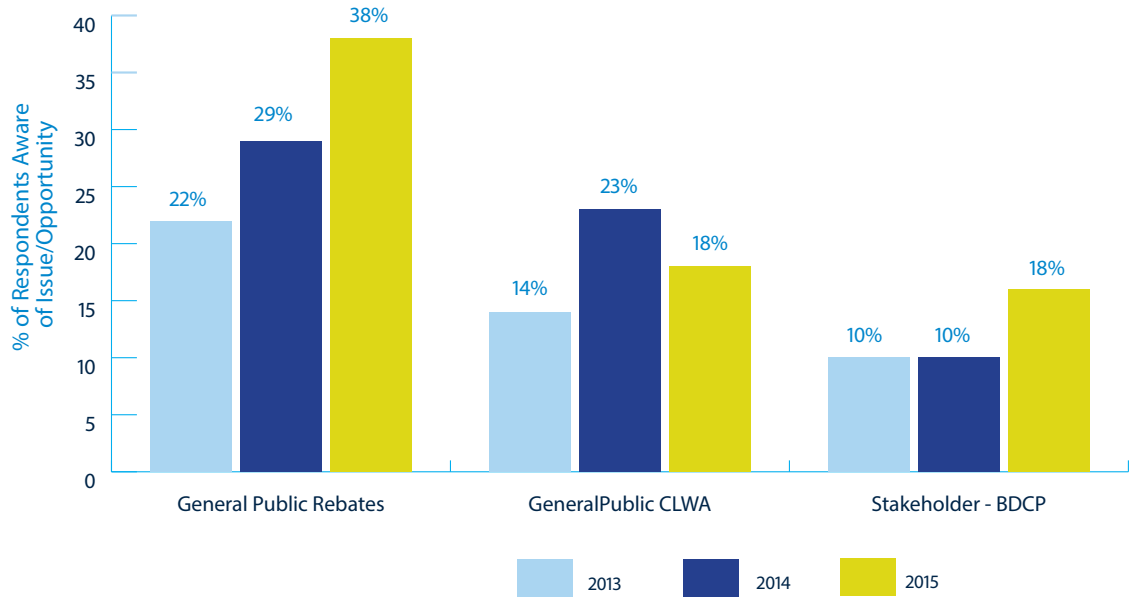
#### Status and Progress

Awareness has increased from 2014 to 2015 among the general public regarding the rebate programs while awareness of the Agency itself has decreased slightly. The Agency increased its water conservation messaging in 2015 and the Family of Water Suppliers increased its drought messaging in 2015. The Agency will also continue to build upon efforts to increase awareness of critical water issues within the business community and among decision-makers.

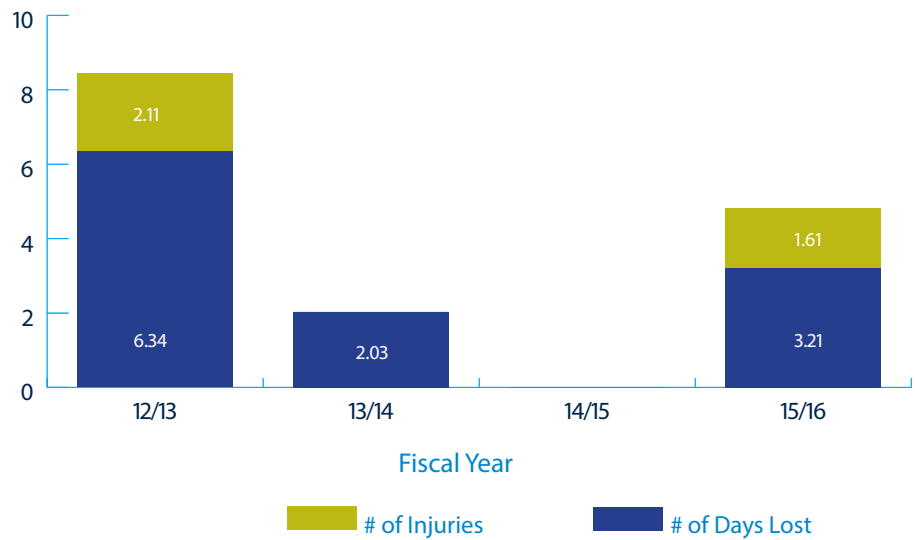
Key actions the Agency plans to advance in the next fiscal year include continuing to comply with the State Water Resources Control Board's directive to expand drought-related outreach efforts, continue with the staff-led outreach program and continue with the staff-led outreach program and continue to work towards meeting the State goal of achieving a 20 percent reduction in per capita water use by 2020.



**D1. PUBLIC AND STAKEHOLDER AWARENESS**



**D2. WORKPLACE PERSONAL INJURIES**



D2

**WORKFORCE EXCELLENCE**

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Advance workforce excellence.

The following measures will be used to gauge progress towards achieving Objective D2:

1. On-time completion of annual performance evaluations and inclusion of employee input on career advancement plans
2. Agency use of education reimbursement program
3. Number of staff certifications compared with Division of Drinking Water requirements
4. Number of days lost to workplace personal injuries

**Status and Progress**

The Agency tracks recordable injuries and lost time due to injuries on the job. With a focus on safety training and awareness, the Agency has maintained a better industry average for both metrics over the last four years. The Agency has tracked days lost to injuries on the job with an average of 4.3 injuries over the last three years and 4.3 days lost per year, with the last two years boasting zero days lost.

Performance evaluations are completed 100% of the time; there is room to improve by ensuring they are useful for professional development.

The educational assistance reimbursement program is not highly utilized, with just 5.7% of employees utilizing it annually over the last three years.

D2.B STATE WATER RESOURCES CONTROL BOARD (SWRCB) LICENSE REQUIREMENTS				
WHOLESALE				
Grade	SWRCB	CLWA Requirement	CLWA License Holders	Contact Hours
D-5	1	2	5	36
D-4	0	0	4	36
D-3	9	9	6*	24
D-2	8	8	8	16
D-1	4	4	1*	12
T-5	1	2	5	36
T-4	0	0	3	36
T-3	9	9	5*	24
T-2	0	6	9	16
T-1	0	0	2	12

\*Agency and/or DPH requirements are met by higher grade license holders. Wholesale is a T-5, D-5 Treatment Plant System.

D3

### **POLICIES AND PROCEDURES**

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Develop and maintain clear and comprehensive policies, systems and procedures.

The following measures will be used to gauge progress towards achieving Objective D3:

1. Number and percentage of Financial and Administrative policies that have been updated in the last five years
2. Pace of technology, tools and equipment maintenance relative to work-flow demand

#### **Status and Progress**

The Agency tracks policies that are adopted, revised or remain unchanged each fiscal year. A total of 17 financial and administrative policies were updated or adopted in the last five years with four policies updated in the last fiscal year.

A key action the Agency plans to advance in the next fiscal year is to prioritize the RFP process to select a consultant who will prepare an Information Technology Strategic Plan.

D4

### **COLLABORATION**

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Develop and maintain strong working relationships with retailers.

The following measures will be used to gauge progress towards achieving Objective D4:

1. Achieve the “Principles for Moving Forward” adopted by the Agency and NCWD Boards of Directors

#### **Status and Progress**

The Agency assisted and collaborated with all four local retailers to (i) ensure they could meet customer demand during the ongoing drought, (ii) achieve their conservation goals and (iii) conduct customer outreach. The Agency also collaborated with the retailers in preparing the reconnaissance study of local water management and participated with the retailers, the City and County in the Santa Clarita Valley Water Committee.

Key actions in the next fiscal year are to work collaboratively with the retailers to develop a new wholesale water rate structure and to work collaboratively with NCWD to address issues of mutual concern and enhance the relationship between the Agency and NCWD.

D5

**AGENCY INFLUENCE**

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Work with local, regional and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.

The following measures will be used to gauge progress towards achieving Objective D4:

1. Level of active participation in organizations by Agency Directors and staff.
2. Diversity of organization memberships.

**Status and Progress**

The Agency reports Director and staff participation in a diverse set of local, regional, state and industry associations and organizations, most having water-related missions. Expanded local outreach may prove critical in years of drought and infrastructure development.

Key actions in the next fiscal year are to implement the Agency's Communication Strategic Plan including the hiring of a Public Affairs Specialist and expansion of the Blue Ribbon Committee.





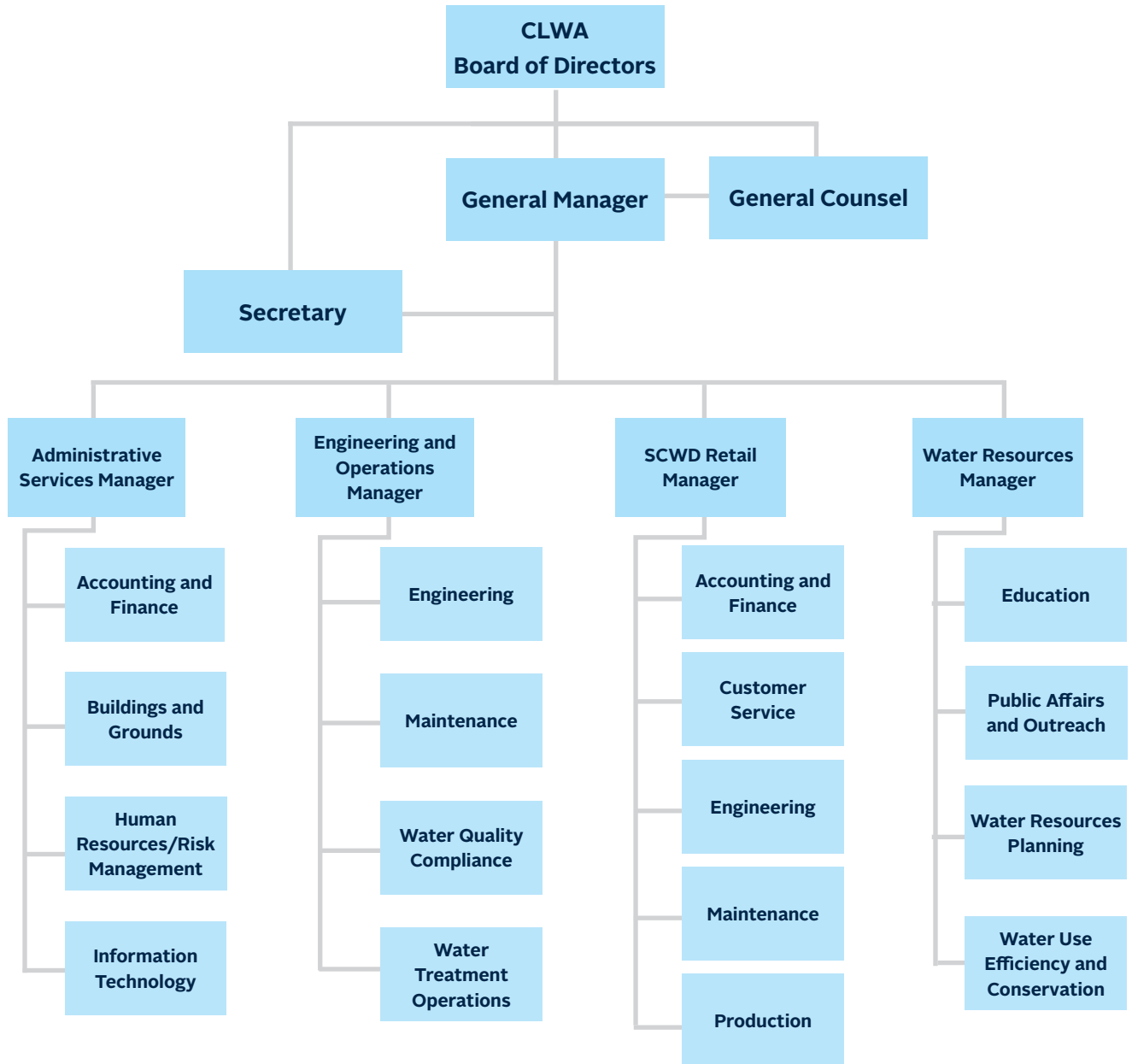
CLWA OPEN HOUSE

The Castaic Lake Water Agency will be the recognized leader in promoting cooperative regional and local water resource management for the benefit of our community.

—from *Castaic Lake Water Agency Vision Statement*

**APPENDIX A**

**CLWA Organizational Structure**



## APPENDIX B

### A. WATER SUPPLY RELIABILITY

#### A1. Ensure long-term average water demands are met through the integration of water management measures including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.

	Actions	Lead Responsibility	Target Date	Priority
A1.1	Complete update of Recycled Water Master Plan.	Engineering	November 2016	P1
A1.2	Complete the 2015 Water Supply Reliability Report Update.	Water Resources	December 2016	P1
A1.3	Participate in development and implementation of the Bay Delta Conservation Plan (BDCP), now known as the California WaterFix, by supporting interim financing of design and planning activities.	Water Resources	December 2016	P1
A1.4	Participate in development and implementation of the Bay Delta Conservation Plan (California WaterFix) by supporting State Water Project contract amendments to equitably allocate BDCP costs among participants.	Water Resources	June 2017	P1
A1.5	Identify projects and initiate planning for projects to enhance long-term water supply reliability identified in the updated Water Supply Reliability Report including water banking, exchanges, additional increased groundwater pump-back capability and water transfers.	Water Resources	June 2017	P2
A1.6	Support regulatory decisions that improve water supply reliability of the State Water Project in absence of Bay Delta Conservation Plan.	Water Resources	Ongoing	
A1.7	In coordination with the retail purveyors, respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications.	Water Resources	Ongoing	
A1.8	<i>Complete Saugus Formation Replacement Wells and Dry Year Reliability (“Red-Handled”) Wells Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-Term</i>

#### A2. Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.

	Actions	Lead Responsibility	Target Date	Priority
A2.1	Prepare the California Environmental Quality Act (CEQA) document for the CLWA Recycled Water Master Plan Update and the Recycled Water Rules and Regulations.	Water Resources	December 2016	P1
A2.2	Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program.	Water Resources	March 2017	P1

**WATER SUPPLY RELIABILITY (CONTINUED)****A2. Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs. (CONTINUED)**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A2.3	Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures.	Water Resources	March 2017	P1
A2.4	Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency for the Santa Clarita Valley.	Water Resources	June 2017	P1
A2.5	Work with Santa Clarita Valley Water Committee to further enhance retail purveyor, City and County drought and water conservation activities.	Water Resources	Ongoing	
A2.6	Participate as necessary in efforts to implement the Sustainable Groundwater Management Act at the Agency's Devil's Den property.	Water Resources	Ongoing	

**A3. Meet local retailers' water demands.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A3.1	Meet all local water retailers' water demands.	Water Treatment Operations	Ongoing	
A3.2	Ensure CLWA has full access to water supplies available to it under its State Water Project contract and other water supply agreements that rely on State Water Plan (SWP) conveyance to meet retail water demands and store water for reliability enhancement and dry year use.	Water Resources	Ongoing	

**A4. Advance demand management and achieve the water conservation target of 20% per capita reduction by 2020.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A4.1	Prepare a status update for the Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	December 2016	P1
A4.2	Initiate an analysis of the Agency's residential turf replacement programs.	Water Resources	December 2016	P2
A4.3	Monitor and provide input into the Governor's proposed new water efficiency targets (beyond 20% by 2020).	Water Resources	June 2017	P1
A4.4	Continue to implement current programs and initiate implementation of one additional program identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	June 2017	P1
A4.5	Implement existing Wholesale programs and policies consistent with the updated Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	Ongoing	

**WATER SUPPLY RELIABILITY (CONTINUED)**

**A4. Advance demand management and achieve the water conservation target of 20% per capita reduction by 2020. (CONTINUED)**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A4.6	Identify, plan and implement ways to fund large commercial, institutional and industrial turf replacement projects.	Water Resources	Ongoing	
A4.7	Support local regulations for new development consistent with the goals of the Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	Ongoing	

**A5. Plan, design and build facilities to meet demand, including storage capacity and interconnections between wholesale and retail water systems.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A5.1	Initiate construction of the permanent raw water connection to Metropolitan Water District Foothill Feeder pipeline.	Engineering	August 2016	P2
A5.2	Complete design of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project.	Engineering	September 2016	P1
A5.3	Initiate construction of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project.	Engineering	October 2016	P1
A5.4	Complete planning of the Earl Schmidt Intake Pump Station Pipeline Improvements Project.	Engineering	October 2016	P1
A5.5	Complete planning and environmental compliance for Recycled Water Phase 2D project.	Engineering	January 2017	P1
A5.6	Complete planning and environmental compliance document for Recycled Water Phase 2B Project.	Engineering	January 2017	P1
A5.7	Complete construction of the Earl Schmidt Intake Pump Station Pump No. 3 Project.	Engineering	February 2017	P1
A5.8	Complete planning and environmental compliance document for Recycled Water Phase 2C Project.	Engineering	February 2017	P1
A5.9	Complete tracer study for the Rio Vista Water Treatment Plant Clearwells and update Rio Vista Water Treatment Plant Operations Plan.	Engineering	April 2017	P1
A5.10	Complete design of the Earl Schmidt Intake Pump Station Pipeline Improvements Project.	Engineering	April 2017	P1
A5.11	Complete construction facility modifications and pipeline inspection of Newhall Lateral Reach 2B.	Engineering	April 2017	P1
A5.12	Complete annual electro-potential pipeline-to-soil survey and evaluation of CLWA pipeline system.	Engineering	April 2017	P2
A5.13	Initiate construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project.	Engineering	May 2017	P1
A5.14	Complete design of Newhall Lateral Reach 2C Facility Modifications Project.	Engineering	May 2017	P2
A5.15	Complete planning of Recycled Water Phase 2A Project.	Engineering	June 2017	P1
A5.16	Complete final design of Recycled Water Phase 2B Project.	Engineering	June 2017	P1

**WATER SUPPLY RELIABILITY (CONTINUED)****A5. Plan, design and build facilities to meet demand, including storage capacity and interconnections between wholesale and retail water systems. (CONTINUED)**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A5.17	Complete land acquisition for Castaic Conduit Project.	Engineering	June 2017	P1
A5.18	Complete design and land acquisition of the Distribution System - RV-2 Modifications Project.	Engineering	June 2017	P1
A5.19	Update system hydraulic model to include extended period simulation.	Engineering	June 2017	P2
A5.20	Complete the Emergency and Operational Storage Study.	Engineering	June 2017	P2
A5.21	<i>Continue development of GIS program capabilities and acquisition of GIS data.</i>	<i>Engineering</i>	<i>Ongoing</i>	
A5.22	<i>Complete final design for Phase 2D of the Recycled Water Program.</i>	<i>Engineering</i>	<i>2017</i>	<i>Long-term</i>
A5.23	<i>Initiate construction of the Magic Mountain Pipeline Phase 4 Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.24	<i>Initiate construction of the Recycled Water Program Phase 2D Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.25	<i>Initiate land acquisition for the Honby Parallel Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.26	<i>Complete design and land acquisition for Phase 2B of the Recycled Water Program.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.27	<i>Initiate construction of the Magic Mountain Pipeline Phase 5 Project.</i>	<i>Engineering</i>	<i>2019</i>	<i>Long-term</i>
A5.28	<i>Complete design of the Castaic Conduit Bypass Project.</i>	<i>Engineering</i>	<i>2019</i>	<i>Long-term</i>
A5.29	<i>Initiate construction of the Rio Vista Water Treatment Plant Maintenance Facility Expansion Project.</i>	<i>Engineering</i>	<i>2019</i>	<i>Long-term</i>
A5.30	<i>Initiate construction of the Rio Vista Water Treatment Plant Entrance Gate Relocation Project.</i>	<i>Engineering</i>	<i>2019</i>	<i>Long-term</i>
A5.31	<i>Initiate construction of the Castaic Conduit Bypass Project.</i>	<i>Engineering</i>	<i>2019</i>	<i>Long-term</i>
A5.32	<i>Initiate construction of the Recycled Water Program Phase 2C Project.</i>	<i>Engineering</i>	<i>2019</i>	<i>Long-term</i>
A5.33	<i>Initiate construction of ESIPS Storage Expansion Project.</i>	<i>Engineering</i>	<i>2020</i>	<i>Long-term</i>
A5.34	<i>Initiate construction of the Magic Mountain Pipeline Phases 6 Project.</i>	<i>Engineering</i>	<i>2020</i>	<i>Long-term</i>
A5.35	<i>Initiate construction of the Honby Parallel Pipeline Phase 2 Project.</i>	<i>Engineering</i>	<i>2020</i>	<i>Long-term</i>
A5.36	<i>Initiate construction of the Magic Mountain Reservoir Project.</i>	<i>Engineering</i>	<i>2021</i>	<i>Long-term</i>



<b>WATER SUPPLY RELIABILITY (CONTINUED)</b>				
<b>A6. Operate and maintain facilities cost-effectively and efficiently.</b>				
	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
A6.1	Install two replacement Sodium Hypochlorite pumps and associated pipelines and valves at Saugus Perchlorate Treatment Facility.	Maintenance	July 2016	P1
A6.2	Install replacement valves for bag filters (4) and equalization tank at Saugus Pechlorate Treatment Facility.	Maintenance	July 2016	P2
A6.3	Replace 20 KVA Universal Power Supply (UPS) in Rio Vista Water Treatment Plant Filter Building.	Maintenance	November 2016	P2
A6.4	Replace two ammonia pumps and valves at Rio Vista Water Treatment Plant.	Maintenance	December 2016	P2
A6.5	Add 2" gate valves to three air and vacuum devices on Recycled water pipeline.	Maintenance	December 2016	P3
A6.6	Perform triannual electrical maintenance at Sand Canyon Pump Station and Generator Building.	Maintenance	February 2017	P3
A6.7	Replace filter-to-waste valve on Filter #1 at Rio Vista Water Treatment Plant.	Maintenance	March 2017	P2
A6.8	Replace isolation valves for backwash pump at Rio Vista Water Treatment Plant.	Maintenance	March 2017	P2
A6.9	Add surge protection to electrical distribution equipment at Rio Vista Water Treatment Plant.	Maintenance	April 2017	P2
A6.10	Replace clarifier and filter flow meters at Earl Schmidt Filtration Plant.	Maintenance	May 2017	P2
A6.11	Upgrade video surveillance system.	Administration	June 2017	P1
A6.12	Implement security improvements at Rio Vista Water Treatment Plant including wall and gate for reception area, replacing building entry doors and installing card reader lock mechanisms throughout the facility.	Administration	June 2017	P1
A6.13	Retrofit Rio Vista Water Treatment Plant filter deck area with LED lighting.	Administration	June 2017	P2
A6.14	Implement land use changes at Devil's Den that provide revenue and/or reduce operating costs including potential development of a solar generation facility.	Water Resources	Ongoing	

<b>B. WATER QUALITY</b>				
<b>B1. Achieve 100% compliance with water quality regulations and standards.</b>				
	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
B1.1	Meet all applicable water quality regulations.	Water Treatment Operations	Ongoing	
B1.2	Track regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general.	Water Quality and Regulatory Affairs	Ongoing	

<b>B2. Remediate perchlorate contamination.</b>				
	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
B2.1	Complete design of the Replacement Wells and Dry Year Reliability Wells.	Engineering	March 2017	P1

**COST EFFECTIVENESS**

**C1. Maintain fiscal viability.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
C1.1	Review and prepare for implementation of Governmental Accounting Standards Board (GASB) Statement No. 72, <i>Fair Value Measurement and Application</i> . GASB Statement No. 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements of the Agency's investment portfolio.	Administration	November 2016	P2
C1.2	Prepare a Proposition 1 grant application if available.	Water Resources	December 2016	P1
C1.3	Complete Facility Capacity Fee Commercial Demand Factors Study.	Engineering	December 2016	P1
C1.4	Initiate the biennial update of the Facility Capacity Fee Study.	Engineering	January 2017	P1
C1.5	Through a Request for Proposal (RFP) process, select an actuarial consultant to prepare the Other Post-Employment Benefit (OPEB) valuation for the implementation of GASB 75.	Administration	September 2017	
C1.6	<i>Complete the biennial update of the Facility Capacity Fee Study and adopt new Facility Capacity Fees.</i>	<i>Engineering</i>	<i>[every two years]</i>	<i>Long-term</i>
C1.7	Review and prepare for implementation of GASB Statement No. 75, <i>Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions</i> . GASB Statement No. 75 concerns post-employment liability accounting and will have a significant impact on the Agency's financial statements.	Administration	June 2018	
C1.8	Oversee and administer the Proposition 84 Upper Santa Clara River Integrated Regional Water Management grant program.	Water Resources	Ongoing	
C1.9	Pursue federal funding for perchlorate contamination clean-up and recycled water projects in coordination with Washington, D.C. legislative advocates.	Water Resources	Ongoing	
C1.10	Administer awarded grants and assist project managers in determining reimbursement schedule.	Water Resources	Ongoing	
C1.11	Cooperate with Department of Water Resources and other State Water Project contractors to improve the administration of the State Water Project in a manner that promotes long-term cost-effectiveness, operational reliability and supply availability.	Water Resources	Ongoing	

**COST EFFECTIVENESS (CONTINUED)**

**C1. Maintain fiscal viability. (CONTINUED)**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
C1.12	Engage a consultant to review the Agency's reserve fund policies and recommend changes as appropriate.	Administration		Long-term
C1.13	Adopt a new investment policy for the proceeds from the potential lump sum payment of the perchlorate settlement agreement for O&M activities.	Administration		Long-term
C1.14	Research hiring an investment management firm to manage the potential lump sum payment for O&M activities as provided in the perchlorate settlement agreement.	Administration		Long-term

**C2. Strive to be under budget.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
C2.1	Ensure the Agency and Division/Department budgets are appropriately expended by actively managing and controlling expenditures.	All Departments and Divisions	Ongoing	

**C3. Optimize transmission and treatment costs.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
C3.1	Replace ten clarifier trough screens at Earl Schmidt Filtration Plant.	Maintenance	June 2017	P3
C3.2	Continue acquiring and entering asset information into Computer Maintenance Management System.	Maintenance	Ongoing	

**D. ORGANIZATIONAL EFFECTIVENESS**

**D1. Ensure the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
D1.1	Achieve the objectives of the Agency's Strategic Communications Plan through implementation of various activities including: <ul style="list-style-type: none"> <li>• Water conservation campaign and media buys</li> <li>• Public and school educational programs</li> <li>• Participation at public events</li> <li>• Speakers Bureau</li> <li>• Blue Ribbon Committee/Water Academy</li> <li>• Updating and managing Agency web site and social media outlets</li> <li>• Self-Guided Tour</li> </ul>	Water Resources	June 2017	P1
D1.2	Ensure the Agency is properly represented on all legal matters.	Management	Ongoing	

**ORGANIZATIONAL EFFECTIVENESS (CONTINUED)****D2. Advance workforce excellence.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
D2.1	Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles within the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities.	Management	Ongoing	
D2.2	Continue to provide employees with “bottom-up” communication through all employee meetings.	Management	Ongoing	
D2.3	Continue to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news.	Management	Ongoing	
D2.4	Continue to provide all required and recommended safety training.	Administration	Ongoing	
D.2.5	<i>Engage a consultant to perform a comprehensive market survey of employee benefits.</i>	<i>Administration</i>		<i>Long-term</i>

**D3. Develop and maintain clear and comprehensive policies, systems and procedures.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
D3.1	Review and recommend revisions to the Agency's vacation accrual policy.	Administration	September 2016	P1
D3.2	Create network switch stacking for high availability redundancy on main network communication points.	Administration	December 2016	P1
D3.3	Review and update the Agency's cellular/smart telephone policy.	Administration	December 2016	P3
D3.4	Engage a consultant to assess the Agency's grant administration activities and recommend the appropriate organizational and staffing structure.	Administration	February 2017	P2
D3.5	Conduct sexual harassment awareness and prevention training for all employees.	Administration	March 2017	P1
D3.6	Update two backup point-to-point lines between the Agency facilities.	Administration	March 2017	P1
D3.7	Conduct live confined space entry and rescue drill.	Administration	April 2017	P1
D3.8	Conduct a response drill with local fire department and/or emergency services contractor.	Administration	June 2017	P1
D3.9	Revise the Agency's Purchasing Policy.	Administration	June 2017	P2
D3.10	Revise the Agency's Risk Transfer Manual.	Administration	June 2017	P2
D3.11	Update Microsoft Office to Version 2016.	Administration	June 2017	P3
D3.12	Develop and recommend a return to work program.	Administration	June 2017	P3

**ORGANIZATIONAL EFFECTIVENESS (CONTINUED)**

**D3. Develop and maintain clear and comprehensive policies, systems and procedures. (CONTINUED)**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
D3.13	Upgrade Interwoven Filesite document management software to Version 9.	Administration	June 2017	P3
D3.14	Conduct quarterly tests of the Agency's technology and communications systems.	Administration	Ongoing	
D3.15	Continue reviewing the Employee Manual policies periodically and recommend updates and revisions as necessary.	Administration	Ongoing	
D3.16	Continue bi-weekly executive staff and weekly manager/supervisor meetings to enhance staff productivity and coordination work efforts.	Management	Ongoing	
D3.17	Continue to provide detailed information to Board of Directors through Board, Committee, Department and General Counsel reports; budget, team-building and strategic planning workshops; media summaries and outreach reports; and through "one-on-one" communications by the General Manager.	Management	Ongoing	
D3.18	Conduct semiannual tests of the Agency's disaster recovery plan.	Administration	Ongoing	
D3.19	Oversee and facilitate efforts of CLWA Departments and SCWD to achieve their goals.	Management	Ongoing	
D3.20	<i>Develop a repair and replacement reserve fund policy based on the Agency's asset management program.</i>	<i>Administration</i>		<i>Long-term</i>
D3.21	<i>Develop an Information Technology Strategic Plan.</i>	<i>Administration</i>		<i>Long-term</i>
D3.22	<i>Review and update job specifications as necessary to contain Fair Labor Standards Act status (Exempt or Non-exempt) and physical requirements.</i>	<i>Administration</i>		<i>Long-term</i>
D3.23	<i>Research implementing an employee portal or intranet for posting various often-requested forms, documents, etc.</i>	<i>Administration</i>		<i>Long-term</i>
D3.24	<i>Review and update the Agency's job specifications and implement new format.</i>	<i>Administration</i>		<i>Long-term</i>

**ORGANIZATIONAL EFFECTIVENESS (CONTINUED)**

**D4. Develop and maintain strong working relationships with retailers.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
D4.1	Support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the “Principles for Moving Forward.”	Management	Ongoing	
D4.2	Foster and continue effective working relationships with the local water retailers.	Management	Ongoing	
D4.3	Coordinate emergency response planning efforts with the local water retailers, County and City.	Water Treatment Operations	Ongoing	
D4.4	Support efforts that explore creation of a new valley-wide water agency for the Santa Clarita Valley.	Water Resources	Ongoing	

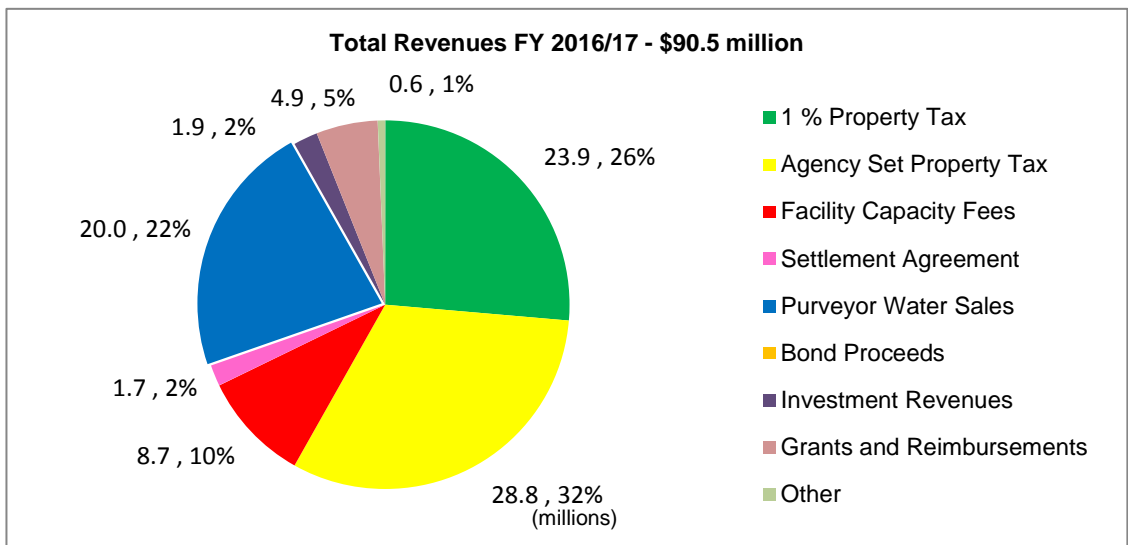
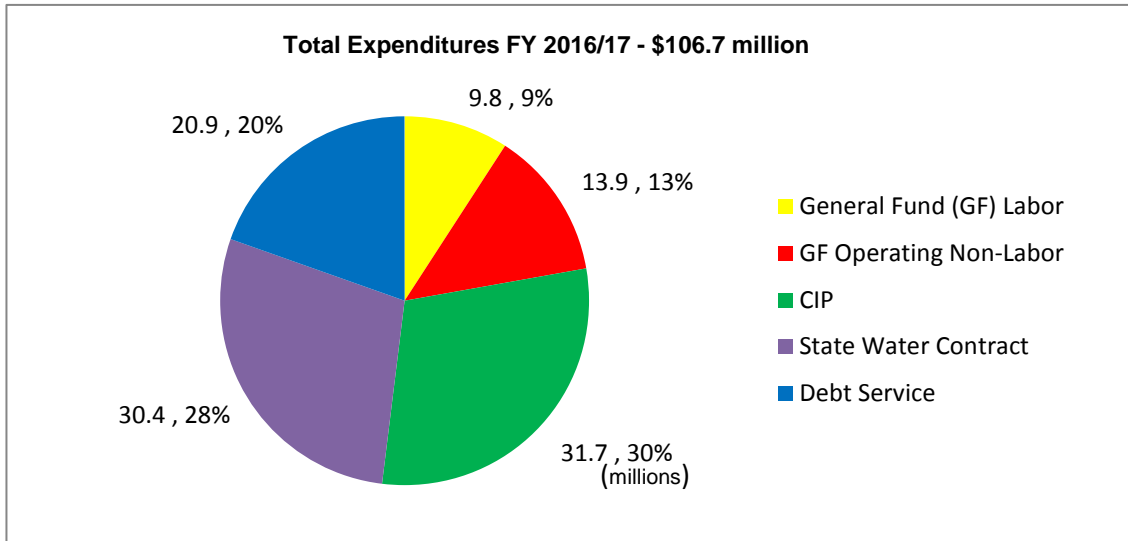
**D5. Work with local, regional and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.**

	<b>Actions</b>	<b>Lead Responsibility</b>	<b>Target Date</b>	<b>Priority</b>
D5.1	Continue to implement Board strategic plans for CLWA and SCWD.	Management	Ongoing	
D5.2	Continue coordination with CLWA legislative analysts in communications with local elected officials and their staffs.	Water Resources	Ongoing	
D5.3	Coordinate legislative initiatives concerning Sacramento-San Joaquin Delta and water conservation with legislative analysts, Association of California Water Agencies, State Water Contractors and other necessary parties to enhance the reliability and cost effectiveness of CLWA’s State Water Project water supply.	Water Resources	Ongoing	
D5.4	Foster and continue effective working relationships with the Department of Water Resources and other State Water Project contractors.	Management	Ongoing	
D5.5	Continue to participate in community events (COC Water Technology Board and Business Alliance, SCV Mayor’s Committee for Employment of Individuals with Disabilities, PIHRA, etc.).	Administration	Ongoing	





CASTAIC LAKE WATER AGENCY  
 Financial Summary  
 FY 2016/17 Budget



Castaic Lake Water Agency  
Financial Summary  
FY 2016/17 Budget

Description	General Fund/ Operating	Capital Improvement Program			State Water Contract Fund	Debt Service Fund	TOTAL
		Pledged Revenue Fund	Capital Project Fund	Total Capital Improvement Program			
	Facility Capacity Fee	One Percent Property Tax					
<b>Fund Balance 7/1/2016 (estimated)</b>	\$ 10,105,400	\$ -	\$ 73,916,482	\$ 36,427,727	\$ 39,558,529	\$ 5,349,556	\$ 165,357,694
<b>RESERVES:</b>							
Operating Reserve	\$ (5,920,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,920,000)
Debt Service Reserves	-	-	(15,546,200)	-	-	-	(15,546,200)
Capital Reserves	-	-	(10,839,800)	-	-	-	(10,839,800)
Economic Uncertainties/Catastrophic Situations	-	-	(26,518,500)	-	-	-	(26,518,500)
Repair and Replacement Reserves (new)	-	-	(2,286,200)	-	-	-	(2,286,200)
Trustee Held	-	-	-	-	-	(5,349,556)	(5,349,556)
<b>Subtotal</b>	<b>\$ (5,920,000)</b>	<b>\$ -</b>	<b>\$ (55,190,700)</b>	<b>\$ (55,190,700)</b>	<b>\$ -</b>	<b>\$ (5,349,556)</b>	<b>\$ (66,460,256)</b>
<b>Net Available</b>	<b>\$ 4,185,400</b>	<b>\$ -</b>	<b>\$ 18,725,782</b>	<b>\$ 36,427,727</b>	<b>\$ 39,558,529</b>	<b>\$ -</b>	<b>\$ 98,897,438</b>
<b>REVENUES:</b>							
Water Sales - Fixed Charges	\$ 13,603,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,603,800
Water Sales - Variable	5,502,600	-	-	-	-	-	5,502,600
Recycled Water Sales	252,000	-	-	-	-	-	252,000
Saugus 1 and 2 Water Sales	690,900	-	-	-	-	-	690,900
Laboratory Revenues	106,000	-	-	-	-	-	106,000
Communications Revenues	168,000	-	-	-	-	-	168,000
Facility Capacity Fees	-	8,700,000	-	-	-	-	8,700,000
One Percent Property Tax	-	-	23,851,900	-	-	-	23,851,900
Agency Set Property Tax	-	-	-	-	28,767,200	-	28,767,200
Settlement Agreement (CIP)	-	-	380,000	-	-	-	380,000
Settlement Agreement (O&M)	1,300,000	-	-	-	-	-	1,300,000
Grants and Reimbursements	101,200	-	565,500	4,215,000	-	-	4,881,700
Investment Revenues	74,000	302,400	1,019,000	100,000	287,000	151,000	1,933,400
Bond Proceeds	-	-	-	-	-	-	-
Miscellaneous	19,100	-	291,500	-	-	-	310,600
<b>Subtotal</b>	<b>\$ 21,817,600</b>	<b>\$ 9,002,400</b>	<b>\$ 26,107,900</b>	<b>\$ 4,315,000</b>	<b>\$ 29,054,200</b>	<b>\$ 151,000</b>	<b>\$ 90,448,100</b>
<b>EXPENDITURES:</b>							
Operating	\$ (23,680,100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (23,680,100)
Transfer to Reserves	-	-	-	-	-	-	-
Capital Improvement Program	-	(2,325,700)	(10,839,800)	(18,563,900)	(30,362,000)	-	(31,729,400)
Department of Water Resources	-	-	-	-	-	-	(30,362,000)
Debt Service Principal and Interest Payments	-	(6,676,700)	(14,068,000)	-	-	(151,000)	(20,895,700)
<b>Subtotal</b>	<b>\$ (23,680,100)</b>	<b>\$ (9,002,400)</b>	<b>\$ (24,907,800)</b>	<b>\$ (18,563,900)</b>	<b>\$ (30,362,000)</b>	<b>\$ (151,000)</b>	<b>\$ (106,667,200)</b>
<b>Fund Balance</b>	<b>\$ 2,322,900</b>	<b>\$ -</b>	<b>\$ 19,925,882</b>	<b>\$ 22,178,827</b>	<b>\$ 38,250,729</b>	<b>\$ -</b>	<b>\$ 82,678,338</b>
Addition to Reserves	-	-	-	-	-	-	-
<b>Available Fund Balance 6/30/2017 (Estimated)</b>	<b>\$ 2,322,900</b>	<b>\$ -</b>	<b>\$ 19,925,882</b>	<b>\$ 22,178,827</b>	<b>\$ 38,250,729</b>	<b>\$ -</b>	<b>\$ 82,678,338</b>

General Fund  
Operating  
FY 2016/17

	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Estimated FY 2015/16	Budget FY 2016/17
<b>Fund Balance, Beginning</b>	\$ 9,674,851	\$ 11,248,848	\$ 10,851,148	\$ 10,764,500	\$ 10,105,400
<b>RESERVES</b>					
Operating Reserves	\$ (4,549,627)	\$ (5,123,600)	\$ (5,707,000)	\$ (5,707,000)	\$ (5,920,000)
<b>Net Available</b>	<b>\$ 5,125,224</b>	<b>\$ 6,125,248</b>	<b>\$ 5,144,148</b>	<b>\$ 5,057,500</b>	<b>\$ 4,185,400</b>
<b>REVENUES</b>					
Water Sales - Purveyors - Fixed Charge	\$ 13,138,260	\$ 13,250,604	\$ 13,855,200	\$ 13,140,600	\$ 13,603,800
Water Sales - Purveyors - Variable	4,186,974	3,085,879	3,538,000	3,439,900	5,502,600
Water Sales - Recycled	166,864	223,791	997,600	238,000	252,000
Water Sales - Saugus 1 and 2 Wells	481,755	588,355	701,100	684,700	690,900
Laboratory Revenues	119,195	106,853	106,000	106,000	106,000
Communications Revenues	162,477	163,446	170,000	166,000	168,000
Reimbursement from Settlement Agreement (O&M)	1,378,476	1,084,367	1,200,000	1,200,000	1,300,000
Grants and Reimbursements	121,033	1,323,386	1,050,200	982,000	101,200
Investment Revenues	87,964	83,424	91,200	91,200	74,000
Miscellaneous Revenues	59,629	114,169	19,100	30,000	19,100
<b>Total Revenues</b>	<b>\$ 19,902,627</b>	<b>\$ 20,024,274</b>	<b>\$ 21,728,400</b>	<b>\$ 20,078,400</b>	<b>\$ 21,817,600</b>
<b>EXPENDITURES</b>					
Management	\$ (1,429,911)	\$ (1,841,001)	\$ (1,795,100)	\$ (1,753,700)	\$ (2,147,700)
Administration	(3,618,597)	(3,734,553)	(4,557,900)	(4,273,500)	(4,779,000)
Engineering	(769,293)	(812,271)	(947,100)	(754,700)	(856,900)
Maintenance	(2,984,218)	(2,806,059)	(3,142,100)	(2,881,900)	(3,173,200)
Water Quality and Regulatory Affairs	(922,074)	(924,930)	(976,100)	(915,600)	(1,014,000)
Water Resources	(3,448,559)	(5,289,336)	(5,872,500)	(5,289,000)	(6,533,600)
Water Treatment Operations	(5,155,978)	(5,100,472)	(5,537,200)	(4,869,100)	(5,175,700)
Transfers to Reserves	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ (18,328,630)</b>	<b>\$ (20,508,622)</b>	<b>\$ (22,828,000)</b>	<b>\$ (20,737,500)</b>	<b>\$ (23,680,100)</b>
<b>TRANSFERS</b>					
To Reserves, from Fund Balance	\$ (573,973)	\$ (583,400)	\$ -	\$ (213,000)	\$ -
<b>Net Transfers</b>	<b>\$ (573,973)</b>	<b>\$ (583,400)</b>	<b>\$ -</b>	<b>\$ (213,000)</b>	<b>\$ -</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 6,125,248</b>	<b>\$ 5,057,500</b>	<b>\$ 4,044,548</b>	<b>\$ 4,185,400</b>	<b>\$ 2,322,900</b>
<b>Additions to Reserves</b>					
Reserves, from Fund Balance	\$ 573,973	\$ 583,400	\$ -	\$ 213,000	\$ -
<b>Total Addition to Reserves</b>	<b>\$ 573,973</b>	<b>\$ 583,400</b>	<b>\$ -</b>	<b>\$ 213,000</b>	<b>\$ -</b>
<b>Ending Fund Balance</b>	<b>\$ 6,699,221</b>	<b>\$ 5,640,900</b>	<b>\$ 4,044,548</b>	<b>\$ 4,398,400</b>	<b>\$ 2,322,900</b>
<b>Operating Reserves</b>					
<b>Beginning Balance</b>	\$ 4,549,627	\$ 5,123,600	\$ 5,707,000	\$ 5,707,000	\$ 5,920,000
<b>Additions</b>	573,973	583,400	-	213,000	-
<b>Ending Balance</b>	\$ 5,123,600	\$ 5,707,000	\$ 5,707,000	\$ 5,920,000	\$ 5,920,000

Capital Improvement Program  
Pledged Revenue Fund  
Facility Capacity Fee  
FY 2016/17

	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Estimated FY 2015/16	Budget FY 2016/17
<b>Fund Balance, Beginning</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RESERVES</b>					
Debt Service Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Uncertainties/Catastrophic Situations	-	-	-	-	-
Previous Agency Reserve Requirement	-	-	-	-	-
<b>Total Reserves</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Available</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>REVENUES</b>					
Facility Capacity Fees	\$ 8,695,534	\$ 8,193,540	\$ 9,250,000	\$ 8,000,000	\$ 8,700,000
Investment Revenues	302,414	302,414	302,400	302,400	302,400
<b>Total Revenues</b>	<b>\$ 8,997,948</b>	<b>\$ 8,495,954</b>	<b>\$ 9,552,400</b>	<b>\$ 8,302,400</b>	<b>\$ 9,002,400</b>
<b>EXPENDITURES</b>					
Debt Service Principal and Interest Payments	\$ (8,997,948)	\$ (8,495,954)	\$ (7,272,300)	\$ (6,052,300)	\$ (6,676,700)
Capital Planning, Studies and Administration	-	-	(2,280,100)	(2,250,100)	(2,325,700)
<b>Total Expenditures</b>	<b>\$ (8,997,948)</b>	<b>\$ (8,495,954)</b>	<b>\$ (9,552,400)</b>	<b>\$ (8,302,400)</b>	<b>\$ (9,002,400)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Capital Improvement Program  
Pledged Revenue Fund  
One Percent Property Tax  
FY 2016/17

	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Estimated FY 2015/16	Budget FY 2016/17
<b>Fund Balance, Beginning</b>	\$ 71,014,580	\$ 77,082,669	\$ 72,939,169	\$ 75,537,682	\$ 73,916,482
<b>RESERVES</b>					
Debt Service Reserves	\$ (9,920,900)	\$ (5,876,400)	\$ (11,659,200)	\$ (11,659,200)	\$ (15,546,200)
Capital Reserves	(16,309,700)	(16,948,000)	(17,061,700)	(17,061,700)	(10,839,800)
Economic Uncertainties/Catastrophic Situations	(30,055,600)	(34,180,700)	(38,072,700)	(38,072,700)	(26,518,500)
Repair and Replacement Reserve (new)	(310,000)	(952,800)	(1,955,600)	(1,955,600)	(2,286,200)
<b>Total Reserves</b>	<b>\$(56,596,200)</b>	<b>\$(57,957,900)</b>	<b>\$(68,749,200)</b>	<b>\$(68,749,200)</b>	<b>\$(55,190,700)</b>
<b>Net Available</b>	<b>\$ 14,418,380</b>	<b>\$ 19,124,769</b>	<b>\$ 4,189,969</b>	<b>\$ 6,788,482</b>	<b>\$ 18,725,782</b>
<b>REVENUES</b>					
One Percent Property Tax Revenues	\$ 19,998,202	\$ 21,618,468	\$ 23,058,300	\$ 22,718,500	\$ 23,851,900
Reimbursement from Settlement Agreement (CIP)	338,852	386,050	700,000	200,000	380,000
Grants and Reimbursements	124,715	282,487	1,083,500	614,200	565,500
One-time Water Sales	7,848,218	-	-	-	-
Investment Revenues	1,062,372	1,057,041	1,246,600	1,019,000	1,019,000
Reimbursement from Annexing Parties	2,601,139	295,206	288,600	283,100	291,500
Other/Adjustments	11,585	46,819	-	30,000	-
<b>Total Revenues</b>	<b>\$ 31,985,083</b>	<b>\$ 23,686,071</b>	<b>\$ 26,377,000</b>	<b>\$ 24,864,800</b>	<b>\$ 26,107,900</b>
<b>EXPENDITURES</b>					
Debt Service Principal and Interest Payments - Existing Users (1)	\$ (6,585,247)	\$ (5,634,723)	\$ (4,543,800)	\$ (4,695,400)	\$ (5,222,000)
Debt Service Principal and Interest Payments - Future Users* (2)	(10,641,921)	(8,108,976)	(8,302,100)	(10,954,300)	(8,846,000)
Major Capital Projects	(32,277)	(1,373,427)	(1,109,000)	(324,900)	(445,000)
Minor Capital Projects	(532,830)	(1,016,428)	(3,201,000)	(1,764,200)	(2,464,000)
Capital Planning, Studies and Administration	(7,750,095)	(8,130,984)	(6,700,700)	(7,289,100)	(6,279,800)
New Capital Equipment	(252,256)	(393,323)	(880,200)	(573,100)	(881,000)
Repair and Replacement Projects	(122,368)	(573,197)	(1,405,000)	(885,000)	(770,000)
<b>Total Expenditures</b>	<b>\$(25,916,994)</b>	<b>\$(25,231,058)</b>	<b>\$(26,141,800)</b>	<b>\$(26,486,000)</b>	<b>\$(24,907,800)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 20,486,469</b>	<b>\$ 17,579,782</b>	<b>\$ 4,425,169</b>	<b>\$ 5,167,282</b>	<b>\$ 19,925,882</b>

\* Interfund Loan to Facility Capacity Fees.

(1) Includes \$470,400 for prepayment of 2006A August 2016 debt service in FY 2015/16, as part of the refunding of the 2006A COPs.

(2) Includes \$1,619,200 for prepayment of 2006A August 2016 debt service in FY 2015/16, as part of the refunding of the 2006A COPs.



Capital Improvement Program  
 Capital Project Fund  
 FY 2016/17

	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Estimated FY 2015/16	Budget FY 2016/17
<b>Fund Balance, Beginning</b>	\$ 15,317,120	\$ 13,881,087	\$ 7,523,387	\$ 7,801,227	\$ 36,427,727
<b>REVENUES</b>					
Bond Proceeds	\$ -	\$ -	\$ 13,910,713	\$ 37,000,000	\$ -
Grant Reimbursements	-	1,040,080	11,273,900	8,000,200	4,215,000
Investment Revenues	30,249	23,394	5,000	10,000	100,000
<b>Total Revenues</b>	<b>\$ 30,249</b>	<b>\$ 1,063,474</b>	<b>\$ 25,189,613</b>	<b>\$ 45,010,200</b>	<b>\$ 4,315,000</b>
<b>EXPENDITURES</b>					
Capital Projects	\$ (1,466,282)	\$ (7,143,334)	\$(32,713,000)	\$(16,383,700)	\$(18,563,900)
Valencia Water Company Stock Acquisition	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ (1,466,282)</b>	<b>\$ (7,143,334)</b>	<b>\$ (32,713,000)</b>	<b>\$ (16,383,700)</b>	<b>\$ (18,563,900)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 13,881,087</b>	<b>\$ 7,801,227</b>	<b>\$ -</b>	<b>\$ 36,427,727</b>	<b>\$ 22,178,827</b>

State Water Contract Fund  
FY 2016/17

	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Estimated FY 2015/16	Budget FY 2016/17
<b>Fund Balance, Beginning</b>	\$ 25,646,904	\$ 28,694,755	\$ 32,456,455	\$ 34,860,629	\$ 39,558,529
<b>REVENUES</b>					
Agency Set Property Tax Revenues	\$ 24,115,874	\$ 26,070,350	\$ 27,809,800	\$ 27,398,600	\$ 28,767,200
Investment Income	190,409	231,913	234,300	264,000	287,000
<b>Total State Water Contract Fund Revenues</b>	<b>\$ 24,306,283</b>	<b>\$ 26,302,263</b>	<b>\$ 28,044,100</b>	<b>\$ 27,662,600</b>	<b>\$ 29,054,200</b>
<b>EXPENDITURES</b>					
DWR Variable Charge	\$ (5,637,395)	\$ (3,997,735)	\$ (9,800,000)	\$ (5,000,000)	\$ (6,707,000)
State Water Contract Payments	(17,609,122)	(17,657,459)	(20,200,000)	(19,704,700)	(22,300,000)
Legal Consulting	(5,138)	(540)	(15,000)	(5,000)	(5,000)
State Water Contractors/SWPCA Dues	(212,768)	(225,996)	(220,000)	(220,000)	(315,000)
SWC Audit	(23,272)	(25,857)	(35,000)	(35,000)	(35,000)
Refunds from State	2,229,263	1,771,198	1,000,000	2,000,000	1,000,000
Contingencies	-	-	-	-	(2,000,000)
<b>Total State Water Contract Fund Expenditures</b>	<b>\$(21,258,432)</b>	<b>\$(20,136,389)</b>	<b>\$(29,270,000)</b>	<b>\$(22,964,700)</b>	<b>\$(30,362,000)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 28,694,755</b>	<b>\$ 34,860,629</b>	<b>\$ 31,230,555</b>	<b>\$ 39,558,529</b>	<b>\$ 38,250,729</b>
<b>Tax Rate per \$100 in Assessed Valuation</b>	<b>\$ 0.070600</b>	<b>\$ 0.070600</b>	<b>\$ 0.070600</b>	<b>\$ 0.070600</b>	<b>\$ 0.070600</b>

Castaic Lake Water Agency  
Financial Summary  
FY 2015/16 Estimated

Description	Capital Improvement Program						TOTAL
	Pledged Revenue Fund		Capital Project Fund	Total Capital Improvement Program	State Water Contract Fund	Debt Service Fund	
	General Fund/ Operating	Facility Capacity Fee					
<b>Fund Balance 7/1/2015</b>	\$ 10,764,500	\$ -	\$ 7,801,227	\$ 83,338,909	\$ 34,860,629	\$ 8,667,165	\$ 137,631,203
<b>RESERVES:</b>							
Operating Reserve	\$ (5,707,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,707,000)
Debt Service Reserves	-	-	-	(11,659,200)	-	-	(11,659,200)
Capital Reserves	-	-	-	(17,061,700)	-	-	(17,061,700)
Economic Uncertainties/Catastrophic Situations Repair and Replacement Reserves (new)	-	-	-	(38,072,700)	-	-	(38,072,700)
Trustee Held	-	-	-	(1,955,600)	-	(8,667,165)	(1,955,600)
<b>Subtotal</b>	\$ (5,707,000)	\$ -	\$ -	\$ (68,749,200)	\$ -	\$ (8,667,165)	\$ (83,123,365)
<b>Net Available</b>	\$ 5,057,500	\$ -	\$ 7,801,227	\$ 14,589,709	\$ 34,860,629	\$ -	\$ 54,507,838
<b>REVENUES:</b>							
Water Sales - Fixed Charges	\$ 13,140,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,140,600
Water Sales - Variable	3,439,900	-	-	-	-	-	3,439,900
Recycled Water Sales	238,000	-	-	-	-	-	238,000
Saugus 1 and 2 Water Sales	684,700	-	-	-	-	-	684,700
Laboratory Revenues	106,000	-	-	-	-	-	106,000
Communications Revenues	166,000	-	-	-	-	-	166,000
Facility Capacity Fees	-	8,000,000	-	8,000,000	-	-	8,000,000
One Percent Property Tax	-	-	-	22,718,500	-	-	22,718,500
Agency Set Property Tax	-	-	-	-	27,398,600	-	27,398,600
Settlement Agreement (CIP)	-	-	-	200,000	-	-	200,000
Settlement Agreement (O&M)	1,200,000	-	-	-	-	-	1,200,000
Grants and Reimbursements	982,000	-	8,000,200	8,614,400	-	-	9,596,400
Investment Revenues	91,200	302,400	10,000	1,331,400	264,000	246,000	1,932,600
Bond Proceeds	-	-	37,000,000	37,000,000	-	-	37,000,000
Miscellaneous	30,000	-	-	313,100	-	-	343,100
<b>Subtotal</b>	\$ 20,078,400	\$ 8,302,400	\$ 45,010,200	\$ 78,177,400	\$ 27,662,600	\$ 246,000	\$ 126,164,400
<b>EXPENDITURES:</b>							
Operating	\$ (20,737,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,737,500)
Transfer to Reserves	-	-	-	-	-	-	-
Capital Improvement Program	-	(2,250,100)	(16,383,700)	(29,470,100)	-	-	(29,470,100)
Department of Water Resources	-	-	-	-	(22,964,700)	-	(22,964,700)
Debt Service Principal and Interest Payments	-	(6,052,300)	-	(21,702,000)	-	(246,000)	(21,948,000)
<b>Subtotal</b>	\$ (20,737,500)	\$ (8,302,400)	\$ (16,383,700)	\$ (51,172,100)	\$ (22,964,700)	\$ (246,000)	\$ (95,120,300)
<b>Fund Balance</b>	\$ 4,398,400	\$ -	\$ 36,427,727	\$ 41,595,009	\$ 39,558,529	\$ -	\$ 85,551,938
Addition to Reserves	-	-	-	-	-	-	-
<b>Available Fund Balance 6/30/2016 (Estimated)</b>	\$ 4,398,400	\$ -	\$ 36,427,727	\$ 41,595,009	\$ 39,558,529	\$ -	\$ 85,551,938

Castaic Lake Water Agency  
Financial Summary  
FY 2014/15 Actual

Description	General Fund/ Operating	Capital Improvement Program					State Water Contract Fund	Debt Service Fund	TOTAL
		Pledged Revenue Fund		Capital Project Fund	Total Capital Improvement Program				
		Facility Capacity Fee	One Percent Property Tax						
<b>Fund Balance 7/1/2014</b>	\$ 11,248,848	\$ -	\$ 77,082,669	\$ 13,881,087	\$ 90,963,756	\$ 28,694,755	\$ 14,533,487	\$ 145,440,846	
<b>RESERVES:</b>									
Operating Reserve	\$ (5,123,600)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,123,600)	
Debt Service Reserves	-	-	(5,876,400)	-	(5,876,400)	-	-	(5,876,400)	
Capital Reserves	-	-	(16,948,000)	-	(16,948,000)	-	-	(16,948,000)	
Economic Uncertainties/Catastrophic Situations	-	-	(34,180,700)	-	(34,180,700)	-	-	(34,180,700)	
Repair and Replacement Reserves (new)	-	-	(952,800)	-	(952,800)	-	-	(952,800)	
Trustee Held	-	-	-	-	-	-	(14,533,487)	(14,533,487)	
<b>Subtotal</b>	<b>\$ (5,123,600)</b>	<b>\$ -</b>	<b>\$ (57,957,900)</b>	<b>\$ 13,881,087</b>	<b>\$ (57,957,900)</b>	<b>\$ 28,694,755</b>	<b>\$ (14,533,487)</b>	<b>\$ (77,614,987)</b>	
<b>Net Available</b>	<b>\$ 6,125,248</b>	<b>\$ -</b>	<b>\$ 19,124,769</b>	<b>\$ 13,881,087</b>	<b>\$ 33,005,856</b>	<b>\$ 28,694,755</b>	<b>\$ -</b>	<b>\$ 67,825,859</b>	
<b>REVENUES:</b>									
Water Sales - Fixed Charges	\$ 13,250,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,250,604	
Water Sales - Variable	3,085,879	-	-	-	-	-	-	3,085,879	
Recycled Water Sales	223,791	-	-	-	-	-	-	223,791	
Saugus 1 and 2 Water Sales	588,355	-	-	-	-	-	-	588,355	
Laboratory Revenues	106,853	-	-	-	-	-	-	106,853	
Communications Revenues	163,446	-	-	-	-	-	-	163,446	
Facility Capacity Fees	-	8,193,540	-	-	8,193,540	-	-	8,193,540	
One Percent Property Tax	-	-	21,618,468	-	21,618,468	-	-	21,618,468	
Agency Set Property Tax	-	-	-	-	-	26,070,350	-	26,070,350	
Settlement Agreement (CIP)	-	-	386,050	-	386,050	-	-	386,050	
Settlement Agreement (O&M)	1,084,367	-	-	-	-	-	-	1,084,367	
Grants and Reimbursements	1,323,386	-	282,487	1,040,080	1,322,567	-	-	2,645,953	
Investment Revenues	83,424	302,414	1,057,041	23,394	1,382,849	231,913	482,597	2,180,783	
Miscellaneous	114,169	-	342,025	-	342,025	-	-	456,194	
<b>Subtotal</b>	<b>\$ 20,024,274</b>	<b>\$ 8,495,954</b>	<b>\$ 23,686,071</b>	<b>\$ 1,063,474</b>	<b>\$ 33,245,499</b>	<b>\$ 26,302,263</b>	<b>\$ 482,597</b>	<b>\$ 80,054,633</b>	
<b>EXPENDITURES:</b>									
Operating	\$ (20,508,622)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,508,622)	
Transfer to Reserves	(583,400)	-	-	-	-	-	-	(583,400)	
Capital Improvement Program	-	-	(11,487,359)	(7,143,334)	(18,630,693)	-	-	(18,630,693)	
Department of Water Resources	-	-	-	-	-	(20,136,389)	-	(20,136,389)	
Debt Service Principal and Interest Payments	-	(8,495,954)	(13,743,699)	-	(22,239,653)	-	(482,597)	(22,722,250)	
<b>Subtotal</b>	<b>\$ (21,092,022)</b>	<b>\$ (8,495,954)</b>	<b>\$ (25,231,058)</b>	<b>\$ (7,143,334)</b>	<b>\$ (40,870,346)</b>	<b>\$ (20,136,389)</b>	<b>\$ (482,597)</b>	<b>\$ (82,581,354)</b>	
<b>Fund Balance</b>	<b>\$ 5,057,500</b>	<b>\$ -</b>	<b>\$ 17,579,782</b>	<b>\$ 7,801,227</b>	<b>\$ 25,381,009</b>	<b>\$ 34,860,629</b>	<b>\$ -</b>	<b>\$ 65,299,138</b>	
Addition to Reserves	583,400	-	-	-	-	-	-	583,400	
<b>Available Fund Balance 6/30/2015</b>	<b>\$ 5,640,900</b>	<b>\$ -</b>	<b>\$ 17,579,782</b>	<b>\$ 7,801,227</b>	<b>\$ 25,381,009</b>	<b>\$ 34,860,629</b>	<b>\$ -</b>	<b>\$ 65,882,538</b>	

Castaic Lake Water Agency  
Financial Summary  
Five-year Summary

Description	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Beginning Fund Balance</b>	\$ 194,798,255	\$ 136,186,942	\$ 145,440,846	\$ 137,631,203	\$ 165,357,694
<b>RESERVES:</b>					
Agency Reserve Requirement	(58,479,108)	(60,835,827)	(62,128,700)	(72,500,600)	(58,824,500)
Reserve and Replacement Reserve	-	(310,000)	(952,800)	(1,955,600)	(2,286,200)
Trustee Held	(14,533,487)	(14,533,487)	(14,533,487)	(8,667,165)	(5,349,556)
<b>Net Available</b>	<b>\$ 121,785,660</b>	<b>\$ 60,507,628</b>	<b>\$ 67,825,859</b>	<b>\$ 54,507,838</b>	<b>\$ 98,897,438</b>
<b>REVENUES:</b>					
Water Sales - Fixed Charges	\$ -	\$ 13,138,260	\$ 13,250,604	\$ 13,140,600	\$ 13,603,800
Water Sales - Variable	23,076,067	12,035,192	3,085,879	3,439,900	5,502,600
Recycled Water Sales	144,303	166,864	223,791	238,000	252,000
Saugus 1 and 2 Water Sales	379,514	481,755	588,355	684,700	690,900
Laboratory Revenues	103,865	119,195	106,853	106,000	106,000
Communications Revenues	160,619	162,477	163,446	166,000	168,000
Facility Capacity Fees	7,914,110	8,695,534	8,193,540	8,000,000	8,700,000
1% Property Tax	19,485,514	19,998,202	21,618,468	22,718,500	23,851,900
Agency Set Property Tax	23,145,178	24,115,874	26,070,350	27,398,600	28,767,200
Settlement Agreement (CIP)	4,940	338,852	386,050	200,000	380,000
Settlement Agreement (O&M)	1,375,575	1,378,476	1,084,367	1,200,000	1,300,000
Grants and Reimbursements	1,203,264	245,748	2,645,953	9,596,400	4,881,700
Investment Revenues	1,437,776	2,089,045	2,180,783	1,932,600	1,933,400
Bond Proceeds	-	-	-	37,000,000	-
Others	310,843	2,672,353	456,194	343,100	310,600
<b>Subtotal</b>	<b>\$ 78,741,568</b>	<b>\$ 85,637,827</b>	<b>\$ 80,054,633</b>	<b>\$ 126,164,400</b>	<b>\$ 90,448,100</b>
<b>EXPENDITURES:</b>					
Operating	(16,598,347)	(18,328,630)	(20,508,622)	(20,737,500)	(23,680,100)
Saugus 1 and 2 Wells MOU	(19,850)	-	-	-	-
Firming Programs	(2,378,804)	-	-	-	-
Transfer to Reserves	(3,234,369)	(573,973)	(583,400)	-	-
Capital Improvement Program	(16,703,685)	(10,156,108)	(18,630,693)	(29,470,100)	(31,729,400)
Valencia Water Company Stock Acquisition	(58,640,000)	-	-	-	-
Department of Water Resources	(18,833,240)	(21,258,432)	(20,136,389)	(22,964,700)	(30,362,000)
Debt Service Principal and Interest Payments	(24,198,805)	(26,640,753)	(22,722,250)	(21,948,000)	(20,895,700)
<b>Subtotal</b>	<b>\$ (140,607,100)</b>	<b>\$ (76,957,896)</b>	<b>\$ (82,581,354)</b>	<b>\$ (95,120,300)</b>	<b>\$ (106,667,200)</b>
<b>Fund Balance</b>	<b>\$ 59,920,128</b>	<b>\$ 69,187,559</b>	<b>\$ 65,299,138</b>	<b>\$ 85,551,938</b>	<b>\$ 82,678,338</b>
Addition to Reserves	3,254,219	573,973	583,400	-	-
Principal from Interfund Loan	-	-	-	-	-
<b>Available Fund Balance</b>	<b>\$ 63,174,347</b>	<b>\$ 69,761,532</b>	<b>\$ 65,882,538</b>	<b>\$ 85,551,938</b>	<b>\$ 82,678,338</b>

Castaic Lake Water Agency  
Changes in Fund Balances  
FY 2016/17 Budget

**CHANGES IN FUND BALANCE FOR FY 2016/17**

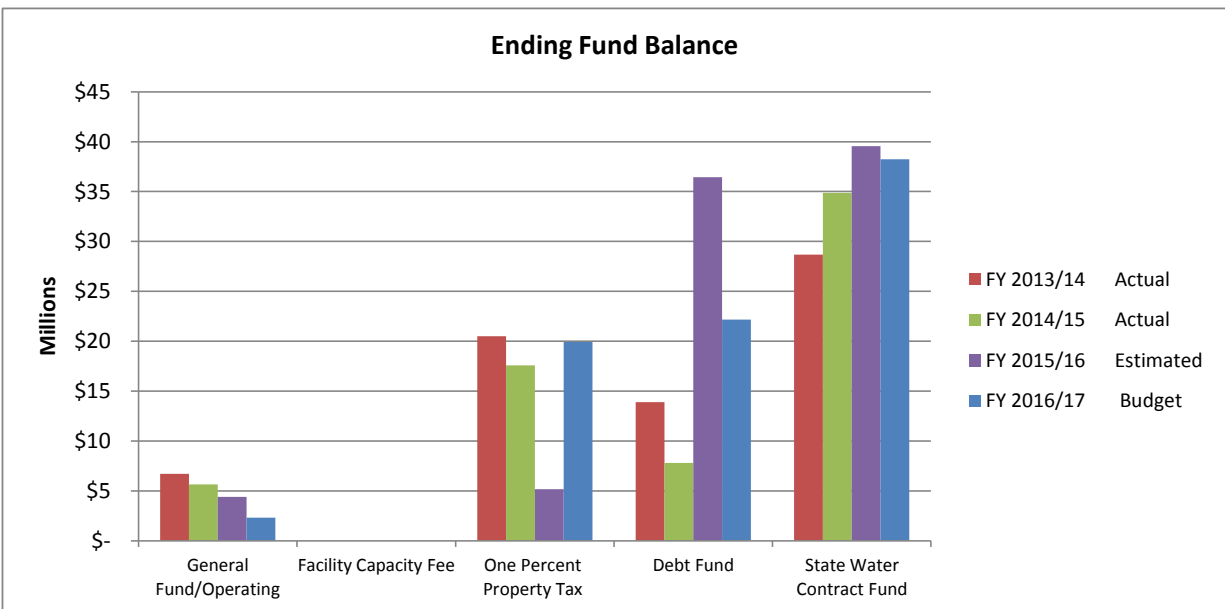
FUND	Estimated Fund Balance 7/1/2016 (including reserves)	Available Fund Balance 6/30/2017	Add back Reserves	Estimated Fund Balance 7/1/2017 (including reserves)	Change
General Fund/Operating	\$ 10,105,400	\$ 2,322,900	\$ 5,920,000	\$ 8,242,900	-18% (1)
Pledged Revenue Fund - Facility Capacity Fee	-	-	-	-	0%
Pledged Revenue Fund - One Percent Property Tax	73,916,482	19,925,882	55,190,700	75,116,582	2%
Capital Project Fund - Debt Fund	36,427,727	22,178,827	-	22,178,827	-39% (2)
State Water Contract Fund	39,558,529	38,250,729	-	38,250,729	-3%
	<b>\$ 160,008,138</b>	<b>\$ 82,678,338</b>	<b>\$ 61,110,700</b>	<b>\$ 143,789,038</b>	

**Changes in Fund Balance of More than Ten Percent**

- (1) Reflects draw-down on fund balances to stabilize rate increases.  
(2) Reflects expenditures on capital improvement program projects.

**CHANGES IN AVAILABLE FUND BALANCE - FOUR YEAR HISTORY (in millions)**

FUND	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
General Fund/Operating	\$ 6.70	\$ 5.64	\$ 4.40	\$ 2.32
Facility Capacity Fee	-	-	-	-
One Percent Property Tax	20.49	17.58	5.17	19.93
Debt Fund	13.88	7.80	36.43	22.18
State Water Contract Fund	28.69	34.86	39.56	38.25
	<b>\$ 69.76</b>	<b>\$ 65.88</b>	<b>\$ 85.56</b>	<b>\$ 82.68</b>



CASTAIC LAKE WATER AGENCY  
 Financial Measures  
 FY 2016/17 Budget

FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget
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**FINANCIAL MEASURES**

State Water Contract (SWC) costs per capita	\$ 74.14	\$ 70.22	\$ 102.07	\$ 82.02	\$ 108.44
Ad Valorem Tax Rate (SWC) cents per \$100.00	\$ 0.07060	\$ 0.07060	\$ 0.07060	\$ 0.07060	\$ 0.07060
Recovery of Operating Expenditures	109%	98%	95%	97%	92%
Days of unrestricted cash on hand on June 30	1,759	1,536	1,477	1,496	1,485
Capital expenditures per capita	\$ 35.42	\$ 64.97	\$ 168.53	\$ 105.25	\$ 113.32
Debt Service per capita	\$ 92.91	\$ 70.70	\$ 70.89	\$ 78.39	\$ 74.63
Debt per capita	\$ 1,018.80	\$ 930.71	\$ 1,035.50	\$ 995.88	\$ 963.59
Ratio of Debt to AV (assessed valuation)	0.87%	74.00%	78.00%	0.73%	0.68%
Senior Debt Service coverage ratio *	N/A	N/A	N/A	N/A	N/A
Parity Debt Service coverage ratio	1.59	1.62	1.71	1.63	1.58
Value of pay-as-you-go capital program (millions) *	\$ 0.91	\$ 3.36	\$ 5.72	\$ 2.59	\$ 3.68

\* Senior Debt Service only applies to 1999 COPs, for which no debt service payments are due until 2021.



## Debt Capacity Measures (Standard & Poor's, April 2008)

Discussion from California Debt and Investment Advisory Commission Article – *Debt Capacity: An Overview* – Published July 2009

*Debt per capita* is the breakdown of the public agency's debt burden on individual citizens. This is a commonly used ratio for analyzing local issuers, since ratios can be calculated separately for cities, counties and special districts. The accompanying chart reflects how Standard & Poor's characterizes net debt per capita (and also includes the Agency's calculation).

<b>Overall Net Debt Per Capita</b>	
Very Low	Below \$1,000
Low	\$1,000-\$2,000
Moderate	\$2,000-\$5,000
High	Above \$5,000
<b>CLWA, FY 2016/17 Budget</b>	<b>\$963.59</b>

*Debt as a percentage of assessed valuation* represents a public agency's available resources to repay debt, assuming the debt is secured by property taxes. For this debt ratio a common benchmark is that debt should not account for more than 10 percent of an agency's assessed valuation. The accompanying chart reflects how Standard & Poor's characterizes debt as a percentage of assessed valuation (and also includes the Agency's calculation).

<b>Overall Net Debt as a Percent of Assessed Valuation</b>	
Low	Below 3%
Moderate	3%-6%
Moderately High	6%-10%
High	Above 10%
<b>CLWA, FY 2016/17 Budget</b>	<b>0.68%</b>

*Debt service as a percentage of expenditures* reflects the portion of a public agency's expenses that are dedicated to paying debt service costs. The higher the percentage consumed by debt service costs mean less funds available to spend for other programs or ongoing costs. Moody's notes that the typical range is somewhere between 5-15 percent, adding that communities experiencing rapid growth can extend this range. The accompanying chart reflects how Standard & Poor's characterizes debt service as a percentage of expenditures (and also includes the Agency's calculation).

<b>Debt Service as a Percentage of Expenditures</b>	
Low	Below 8%
Moderate	8%-15%
Elevated	Above 15%-20%
<b>CLWA, FY 2016/17 Budget</b>	<b>21.3%</b>

Summary of Personnel Costs - General Fund/Operating  
FY 2016/17

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Management</b>					
Salary	\$ 323,060	\$ 337,234	\$ 426,400	\$ 425,100	\$ 367,300
Overtime	8,745	11,070	10,000	12,000	13,000
Burden and Benefits	189,301	167,796	182,600	258,700	342,000
<b>Administration</b>					
Salary	\$ 1,444,868	\$ 1,486,654	\$ 1,688,700	\$ 1,643,400	\$ 1,770,800
Less Reimbursement from SCWD	(298,950)	(335,600)	(375,000)	(359,100)	(391,900)
Overtime	13,726	15,663	20,000	22,000	28,000
Burden and Benefits	864,051	815,342	911,100	876,900	998,800
Less Reimbursement from SCWD	(168,336)	(169,200)	(220,000)	(195,300)	(228,900)
<b>Engineering</b>					
Salary	\$ 314,499	\$ 299,255	\$ 338,100	\$ 317,700	\$ 247,200
Overtime	282	595	-	200	-
Burden and Benefits	185,163	168,841	201,000	187,700	183,200
<b>Maintenance</b>					
Salary	\$ 1,240,492	\$ 1,281,771	\$ 1,444,100	\$ 1,371,100	\$ 1,492,000
Overtime	57,445	42,156	52,500	45,000	55,000
On Call Premium	19,058	20,282	21,000	21,000	22,000
Burden and Benefits	730,311	666,487	761,500	712,000	847,200
<b>Water Quality and Regulatory Affairs</b>					
Salary	\$ 467,362	\$ 483,345	\$ 509,500	\$ 494,700	\$ 523,400
Overtime	1,252	612	2,000	1,000	1,500
Burden and Benefits	270,627	251,043	255,100	243,600	279,600
<b>Water Resources</b>					
Salary	\$ 779,985	\$ 867,810	\$ 1,007,800	\$ 801,400	\$ 1,173,900
Less Reimbursement from SCWD	(12,719)	(13,600)	(18,000)	(18,000)	-
Overtime	25,178	24,641	25,000	26,000	29,000
Burden and Benefits	294,409	303,072	406,900	309,800	512,300
Less Reimbursement from SCWD	(7,628)	(7,200)	(10,000)	(10,000)	-
<b>Water Treatment Operations</b>					
Salary	\$ 908,279	\$ 901,424	\$ 920,100	\$ 877,600	\$ 913,100
Overtime	135,468	112,650	115,000	85,000	115,000
Burden and Benefits	460,197	426,611	451,400	419,200	469,800
<b>TOTAL</b>					
Salary	\$ 5,478,545	\$ 5,657,493	\$ 6,334,700	\$ 5,931,000	\$ 6,487,700
Less Reimbursement from SCWD	(311,669)	(349,200)	(393,000)	(377,100)	(391,900)
Overtime	242,096	207,387	224,500	191,200	241,500
On Call Premium	19,058	20,282	21,000	21,000	22,000
Burden and Benefits	2,994,059	2,827,698	3,247,700	3,072,100	3,788,300
Less Reimbursement from SCWD	(175,964)	(176,400)	(230,000)	(205,300)	(228,900)
Less Directors Burden and Benefits	(13,113)	(28,506)	(78,100)	(64,200)	(155,400)
<b>Total Personnel Costs</b>	\$ 8,233,012	\$ 8,158,754	\$ 9,126,800	\$ 8,568,700	\$ 9,763,300
Burden and Benefits as a % of Salary	54.29%	49.41%	49.47%	50.46%	55.84%

## Employees In Action

*Pictured (right): Water Conservation Education Specialist Cindy Brady teaches a 5<sup>th</sup> grade class during a field trip to the Rio Vista Water Treatment Plant at CLWA Headquarters. Every year, the Agency educates thousands of school children on water quality, treatment and conservation. During Fiscal Year 2015/16, CLWA hosted nearly 13,000 students, grades Kindergarten through 12<sup>th</sup>.*



Staff Count\*  
FY 2016/17 Budget

		FY 2012/13 Budget	FY 2013/14 Budget	FY 2014/15 Budget	FY 2015/16 Budget	FY 2016/17 Budget	FY 2016/17 FTE
<b>Management</b>							
General Manager		1	1	1	1	1	1
Board Secretary		1	1	1	1	1	1
		2	2	2	2	2	2
<b>Administration</b>							
Administrative Services Manager		1	1	1	1	1	1
Controller		1	1	1	1	1	1
HR/RM Supervisor		1	1	1	1	1	1
Safety Officer		1	1	1	1	1	1
Senior Management Analyst		0	0	1	1	1	1
Financial Analyst		1	1	0	0	0	0
Buildings and Grounds Supervisor		1	1	1	1	1	1
Senior Information Technology Technician		0	0	1	1	1	1
Information Technology Technician		1	1	0	1	1	1
Administrative Analyst		2	2	1	1	1	1
Human Resources Analyst		0	0	1	1	1	1
Administrative Technician		1	1	2	2	2	2
Event Coordinator	C	1	1	1	1	1	0.8
Senior Accounting Technician		0	0	2	2	2	2
Accounting Technician II		3	3	1	1	1	1
Purchasing Coordinator		0	0	0	0	1	1
Purchasing Technician		1	1	1	1	0	0
Senior Facilities Maintenance Technician		0	0	1	1	1	1
Facilities Maintenance Technician II		0	0	2	2	2	2
Facilities Maintenance Technician I		3	3	0	0	0	0
Office Assistant II		1	1	1	1	1	1
		19	19	20	21	21	20.8
<b>Engineering</b>							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Principal Engineer		2	2	2	2	2	2
Senior Engineer		1	1	1	2	2	2
Engineering Technician II		1	1	1	2	2	2
Administrative Analyst		1	1	1	1	1	1
Administrative Technician		1	1	1	1	1	1
		6.25	6.25	6.25	8.25	8.25	8.25
<b>Maintenance</b>							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Operations and Maintenance Superintendent	B	0.5	0.5	0.5	0.5	0.5	0.5
Electrical/Instrumentation Supervisor		1	1	1	1	1	1
Distribution/Mechanical Supervisor		1	1	1	1	1	1
Senior Inspector		0	0	1	1	1	1
Inspector		1	1	0	0	0	0
Senior Electrical Technician		1	1	2	2	2	2
Senior Instrumentation Technician		2	2	2	2	2	3
Senior Distribution/Mechanical Technician		2	2	2	3	3	3
Distribution and Mechanical Technician II		4	4	4	4	4	4
Electrical and Instrumentation Technician II		1	1	0	1	1	0
		13.75	13.75	13.75	15.75	15.75	15.75

A Allocation of employee to four Departments.

B Allocation of employee to two Departments.

C Part-time.

\* This chart reflects authorized positions.

Staff Count\*  
FY 2016/17 Budget

		FY 2012/13 Budget	FY 2013/14 Budget	FY 2014/15 Budget	FY 2015/16 Budget	FY 2016/17 Budget	FY 2016/17 FTE
<b>Water Quality and Regulatory Affairs</b>							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Laboratory/Regulatory Affairs Supervisor		1	1	1	1	1	1
Senior Water Quality Scientist		1	1	1	0	0	0
Water Quality Scientist II		3	3	3	3	3	3
Water Quality Technician		1	1	1	1	1	1
		6.25	6.25	6.25	5.25	5.25	5.25
<b>Water Resources</b>							
Water Resources Manager		1	1	1	1	1	1
Principal Water Resources Planner		1	1	1	1	1	1
Senior Water Resources Planner		1	1	1	1	1	1
Water Resources Planner		0	0	0	0	0	0
Administrative Analyst		1	1	1	1	0	0
Public Affairs Specialist III		0	0	0	1	1	1
Public Affairs Specialist II		0	0	0	0	1	1
Communications Specialist		0	0	1	1	0	0
Water Conservation Supervisor		1	1	1	1	1	1
Water Conservation Specialist II		0	0	0	1	2	2
Lead Water Conservation Education Specialist		0	0	0	0	1	0.5
Water Conservation Education Specialist	C	10	10	10	10	9	3
Administrative Technician		0	0	0	1	2	2
		15	15	16	19	20	13.5
<b>Water Treatment Operations</b>							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Operations and Maintenance Superintendent	B	0.5	0.5	0.5	0.5	0.5	0.5
Plant Operations Supervisor		1	0	0	0	0	0
Senior Treatment Plant Operator		6	6	6	6	6	6
Treatment Plant Operator		3	3	3	3	3	3
		10.75	9.75	9.75	9.75	9.75	9.75
<b>TOTAL AUTHORIZED POSITIONS</b>		<b>73.0</b>	<b>72.0</b>	<b>74.0</b>	<b>81.0</b>	<b>82.0</b>	<b>75.30</b>

A Allocation of employee to four Departments.

B Allocation of employee to two Departments.

C Part-time.

\* This chart reflects authorized positions.



## Employees In Action

*Pictured: Senior Instrumentation Technician Pete Zeppero gives a tour of the Rio Vista Water Treatment Plant to interested guests during the Agency's Open House event in May 2016.*

*(Left) Pete describes the water filtration process utilizing a mini model of the plant; (top right) discusses the role of the clarifiers, and (lower right) explains the importance of the water operators' online computer system.*



## RESERVE FUNDS

The Agency's reserve fund policies are as follows:

Operating Reserves Operating Reserves are equal to three months of operating expenditures, and are designated to provide financial flexibility to respond quickly to emergency repairs, unanticipated operations and maintenance activities, local disasters or catastrophic events, regulatory requirements, water quality deficiencies, or other operating emergencies. The source of funding for Operating Reserves should be the General Fund (wholesale water rates).

Debt Service Reserves Debt Service Reserves are equal to annual debt service less restricted debt service reserve funds, and are restricted to helping to maintain debt service coverage and mitigate variability of revenues and expenditures. The source of funding for Debt Service Reserves should be a combination of one percent property tax revenues and Facility Capacity Fees in the proportions those funds pay for debt service.

Capital Reserves Capital Reserves are equal to one year of the current fiscal year pay-as-you-go capital improvement projects and are designated to fund capital improvement projects such as, but not limited to, minor capital projects; capital planning, studies and administration; new capital equipment and repair and replacement projects. The source of funding for Capital Reserves are one percent property tax revenues since these funds are the current source of funding for the pay-as-you-go capital improvement program.

Reserves for Economic Uncertainties and Catastrophic Situations Reserves for Economic Uncertainties and Catastrophic Situations are the Agency's general reserves equal to 500 days of operating expenditures, less Operating Reserves. This level of liquidity is designed to maintain and perhaps enhance the Agency's credit rating. These reserves are designated for economic uncertainties and financial hardships, loss of significant revenue sources, local disasters or capital obligations, cash flow requirements, unfunded mandates including regulatory requirements and other such needs. The source of funding for these reserves are a combination of one percent property tax revenues and Facility Capacity Fees, subject to availability of funding.

During FY 2012/13, the Board of Directors adopted a new wholesale water rate structure effective July 1, 2013 that includes transferring Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply costs from the capital improvement budget to the General Fund/Operating Budget over ten years. This will free up one percent property tax revenues to fund a Repair and Replacement Reserve that will be used for future replacement of aging infrastructure. The Agency has started the development of an asset management program to manage the Agency's infrastructure. When the overall asset management program is more fully developed, a specific Repair and Replacement Reserve Fund policy will be developed. At this time, the new reserve will begin accumulating funds for future repair and replacement needs.



Based on the FY 2016/17 Budget, the targeted reserve funding amounts and sources of funds are shown below.

Title	Total	One Percent Property Tax Revenues	Facility Capacity Fees	General Fund (water rates)
<b>Debt Service Reserves</b>	\$ 15,546,200	\$ 4,714,500	\$ 10,831,700	\$ -
<b>Operating Reserves</b>	5,920,000	-	-	5,920,000
<b>Capital Reserves</b>	10,839,800	10,394,800	-	-
<b>Economic Uncertainties (liquidity)</b>	26,518,500	26,518,500	-	-
<b>Repair and Replacement Reserves (new)</b>	2,286,200	2,286,200	-	-
<b>Total</b>	<b>\$ 61,110,700</b>	<b>\$ 44,359,500</b>	<b>\$ 10,831,700</b>	<b>\$ 5,920,000</b>

For the FY 2016/17 Budget, the reserves are budgeted as follows:

Title	Total	One Percent Property Tax Revenues	Facility Capacity Fees	General Fund (water rates)
<b>Debt Service Reserves</b>	\$ 15,546,200	\$ 15,546,200	\$ -	\$ -
<b>Operating Reserves</b>	5,920,000	-	-	5,920,000
<b>Capital Reserves</b>	10,839,800	10,839,800	-	-
<b>Economic Uncertainties (liquidity)</b>	26,518,500	26,518,500	-	-
<b>Repair and Replacement Reserves (new)</b>	2,286,200	2,286,200	-	-
<b>Total</b>	<b>\$ 61,110,700</b>	<b>\$ 55,190,700</b>	<b>\$ -</b>	<b>\$ 5,920,000</b>

For FY 2016/17, the Agency is able to achieve full targeted funding of the reserves overall, although not by preferred sources of funding.

## Employees In Action

*Pictured (on right, in vest): Safety Officer Mark Passamani works with local fire department authorities during a fire drill at the CLWA headquarters.*



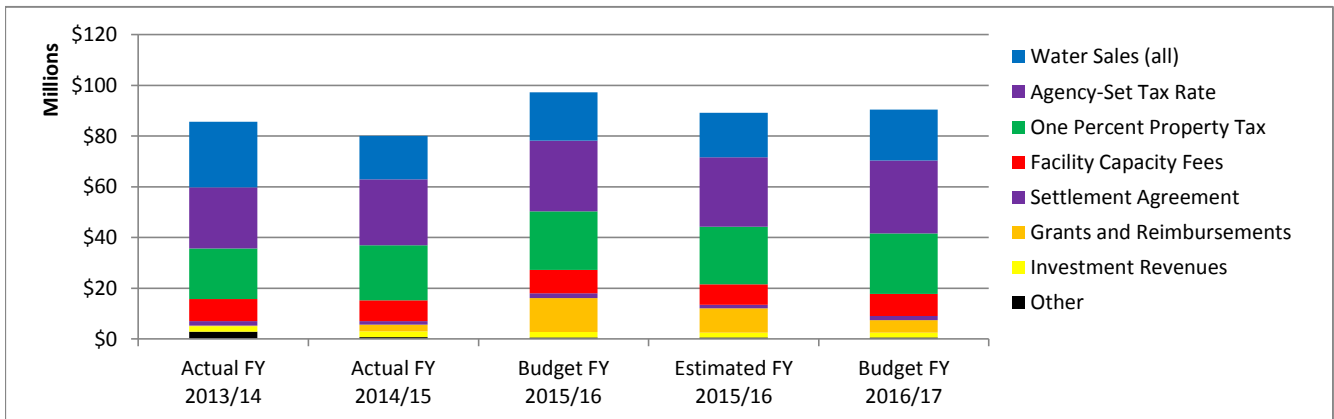
## Employees In Action

*Pictured (left to right): Water Quality Scientist II Yao Kouame and Distribution / Mechanical Technician II Albert Verbanac prepare to exchange a canister of argon gas. Argon gas is used for laboratory instrumentation that measures trace amounts (as low as parts per billion) of dissolved metals in water samples.*



Revenues  
FY 2016/17 Budget

	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Estimated FY 2015/16	Budget FY 2016/17
<b>General Fund/Operating</b>					
Water Sales - Purveyors - Fixed Charges	\$13,138,260	\$ 13,250,604	\$ 13,855,200	\$ 13,140,600	\$ 13,603,800
Water Sales - Purveyors - Variable	4,186,974	3,085,879	3,538,000	3,439,900	5,502,600
Water Sales - Recycled	166,864	223,791	997,600	238,000	252,000
Water Sales - Saugus 1 and 2 Wells	481,755	588,355	701,100	684,700	690,900
Laboratory Revenues	119,195	106,853	106,000	106,000	106,000
Communications Revenues	162,477	163,446	170,000	166,000	168,000
Reimbursement from Settlement Agreement (O&M)	1,378,476	1,084,367	1,200,000	1,200,000	1,300,000
Grants and Reimbursements	121,033	1,323,386	1,050,200	982,000	101,200
Investment Revenues	87,964	83,424	91,200	91,200	74,000
Other	59,629	114,169	19,100	30,000	19,100
<b>Total General Fund/Operating</b>	<b>\$19,902,627</b>	<b>\$ 20,024,274</b>	<b>\$ 21,728,400</b>	<b>\$ 20,078,400</b>	<b>\$ 21,817,600</b>
<b>Capital Improvement Program</b>					
Facility Capacity Fees	\$ 8,695,534	\$ 8,193,540	\$ 9,250,000	\$ 8,000,000	\$ 8,700,000
One Percent Property Tax Revenues	19,998,202	21,618,468	23,058,300	22,718,500	23,851,900
Bond Proceeds	-	-	13,910,713	37,000,000	-
Reimbursement from Settlement Agreement (CIP)	338,852	386,050	700,000	200,000	380,000
Grants and Reimbursements (One Percent)	124,715	282,487	1,083,500	614,200	565,500
Grants and Reimbursements (Debt Fund)	-	1,040,080	11,273,900	8,000,200	4,215,000
Investment Revenue	1,395,035	1,382,849	1,554,000	1,331,400	1,421,400
Reimbursement from Annexing Parties	2,601,139	295,206	288,600	283,100	291,500
Other	11,585	46,819	-	30,000	-
<b>Total Capital Improvement Program</b>	<b>\$41,013,280</b>	<b>\$ 33,245,499</b>	<b>\$ 61,119,013</b>	<b>\$ 78,177,400</b>	<b>\$ 39,425,300</b>
<b>State Water Contract Fund</b>					
Agency-Set Tax Revenues	\$24,115,874	\$ 26,070,350	\$ 27,809,800	\$ 27,398,600	\$ 28,767,200
Investment Revenue	190,409	231,913	234,300	264,000	287,000
<b>Total State Water Contract Fund</b>	<b>\$24,306,283</b>	<b>\$ 26,302,263</b>	<b>\$ 28,044,100</b>	<b>\$ 27,662,600</b>	<b>\$ 29,054,200</b>
<b>Debt Service Fund</b>					
<b>Certificates of Participation</b>					
Investment Revenue	\$ 415,637	\$ 561,500	\$ 246,000	\$ 246,000	\$ 151,000
<b>Total Debt Service Fund</b>	<b>\$ 415,637</b>	<b>\$ 561,500</b>	<b>\$ 246,000</b>	<b>\$ 246,000</b>	<b>\$ 151,000</b>
<b>Total Revenues</b>	<b>\$85,637,827</b>	<b>\$ 80,133,536</b>	<b>\$ 111,137,513</b>	<b>\$ 126,164,400</b>	<b>\$ 90,448,100</b>



\* Does not include bond proceeds.



## MAJOR SOURCES OF REVENUE

### Water Sales to Purveyors

During FY 2016/17, the Agency will sell three types of supplemental water to the four local retail water purveyors – CLWA Santa Clarita Water Division (SCWD), Los Angeles County Waterworks District No. 36, Newhall County Water District (NCWD) and the Valencia Water Company. The three types of water include (1) imported water from the State Water Project and other sources, (2) treated groundwater from the Saugus 1 and 2 wells and (3) recycled water. During FY 2016/17, it is estimated that 30,620 acre-feet (AF) of water will be provided by the Agency’s supplemental water, based on estimates provided by each of the purveyors, as follows:

<b>Purveyor</b>	<b>Imported AF</b>	<b>Saugus 1 and 2 Wells AF</b>	<b>Recycled AF</b>	<b>Total AF</b>
CLWA Santa Clarita Water Division	14,055	3,000	--	17,055
Valencia Water Company	9,520	--	450	9,970
Newhall County Water District	2,000	1,100	--	3,100
L.A. County Waterworks District #36	495	--	--	495
<b>FY 2016/17 Total</b>	<b>26,070</b>	<b>4,100</b>	<b>450</b>	<b>30,620</b>

This compares to FY 2015/16 estimated amounts, as follows:

<b>Purveyor</b>	<b>Imported AF</b>	<b>Saugus 1 and 2 Wells AF</b>	<b>Recycled AF</b>	<b>Total AF</b>
CLWA Santa Clarita Water Division	14,000	3,000	--	17,000
Valencia Water Company	6,700	--	450	7,150
Newhall County Water District	1,900	1,100	--	3,000
L.A. County Waterworks District #36	--	--	--	--
<b>FY 2015/16 Total</b>	<b>22,600</b>	<b>4,100</b>	<b>450</b>	<b>27,150</b>

The purveyors are working to achieve reductions per capita water use in the Valley to meet the SWRCB conservation standards and the twenty percent long-term reduction in per capita water usage (in compliance with SBX7-7). The increased amount of water to be purchased from the Agency reflects growth in the number of connections, anticipated reduced availability of groundwater in the eastern portion of the Valley and increased blending of imported water with groundwater in the western portion of the Valley (with a corresponding decrease in the production of groundwater).

## Wholesale Water Rate Revenues

In March 2016, the Board of Directors adopted a new wholesale water rate structure effective April 1, 2016, and adopted rates for calendar years 2017 and 2018. The new water rate structure is based on a wholesale water rate study conducted by Raffelis Financial Consultants, Inc. (RFC) to develop a rate structure to meet the following Agency objectives:

- ◆ Ensure financial sufficiency by meeting the operations and maintenance (O&M) costs, capital replacement and improvement costs, and to provide the necessary reserves for the functioning of the Agency
- ◆ Provide fiscal stability to the Agency by maximizing fixed cost recovery through fixed charges
- ◆ Provide a rate design framework consistent with the cost of service guidelines used in the industry that adequately and fairly distributes the full cost of service to clients of the Agency based on the demand they place on the Agency's system
- ◆ Encourage efficient use and conservation of water

The rate structure includes two components:

- ◆ A fixed charge designed to recover 80 percent of the fixed costs of the Agency directly related to supply and delivery of water that is determined on the basis of a ten-year rolling average of the imported water demand of each Retail Purveyor
- ◆ A variable charge that is based on a per acre foot charge for the treatment and distribution of imported water within the Agency's service area and also 20 percent of the fixed costs incurred by the Agency

The variable rate is calculated based on the variable expenses of the Agency to treat and deliver imported water (generally energy and chemical expenses).

For FY 2016/17, the total amount of fixed revenue to be collected by the Agency is \$13,603,800 (as adopted by the Board of Directors on March 23, 2016). The estimated allocation to each purveyor is:

Purveyor	FY 2016/17 Fixed Charge
CLWA Santa Clarita Water Division	\$ 6,633,800
Valencia Water Company	5,125,000
Newhall County Water District	1,543,500
L.A. County Waterworks District #36	301,500
<b>FY 2016/17 Total</b>	<b>\$ 13,603,800</b>

The CY 2016 variable rate is \$204.81 per AF and the CY 2017 rate is \$218.18 per AF. Based on sales of 26,170 AF in FY 2015/16, revenue is projected to be \$5,502,600.

## Water Sales – Saugus 1 and 2 Wells

Groundwater treatment of Saugus 1 and 2 wells became operational in late FY 2009/10. This operation is intended to contain the spread of perchlorate contamination emanating from the Whittaker-Bermite site and restore a certain amount of well capacity taken out of service due to the contamination. In accordance with the Memorandum of Understanding (MOU) between the Agency and the purveyors, the Agency operates the wells and sells 4,100 AF of the water per year at the current operating and maintenance costs of extracting, disinfecting and delivering groundwater from the Saugus Formation.

The treated groundwater is delivered to Newhall County Water District and Santa Clarita Water Division in proportions established in the MOU and shown on the following page. The calendar year 2016 rate is \$167/AF. The Agency reviews operating and maintenance costs each year and adjusts the rate accordingly. For revenue projections, it is assumed the rate will be \$170/AF in 2017.

FY 2016/17 revenue is estimated at \$690,900, as follows:

<b>Purveyor</b>	<b>Saugus 1 and 2 Wells AF</b>	<b>Revenue</b>
CLWA Santa Clarita Water Division	3,000	\$ 505,500
Newhall County Water District	1,100	185,400
<b>Total</b>	<b>4,100</b>	<b>\$ 690,900</b>

### Recycled Water

The Agency began recycled water sales during FY 2003/04. To date, recycled water has only been sold to the Valencia Water Company to provide service for the TPC golf course and median landscaping in the Westridge development, and sales range from 400 to 450 AF per year. At an estimated rate of \$560/AF, FY 2016/17 revenue is estimated to be \$252,000.

### Recycled Water Sales in Acre-Feet

<b>Fiscal Year</b>	<b>AF</b>	<b>Rate/AF</b>	<b>Revenue</b>
<b>2007/08</b>	437	\$ 366	\$159,987
<b>2008/09</b>	296	386	114,116
<b>2009/10</b>	338	432	146,127
<b>2010/11</b>	336	469	157,787
<b>2011/12</b>	382	480	183,272
<b>2012/13</b>	289	499	144,303
<b>2013/14</b>	325	513	166,864
<b>2014/15</b>	433	517	223,791
<b>2015/16*</b>	450	529	238,000
<b>2016/17*</b>	450	560	252,000

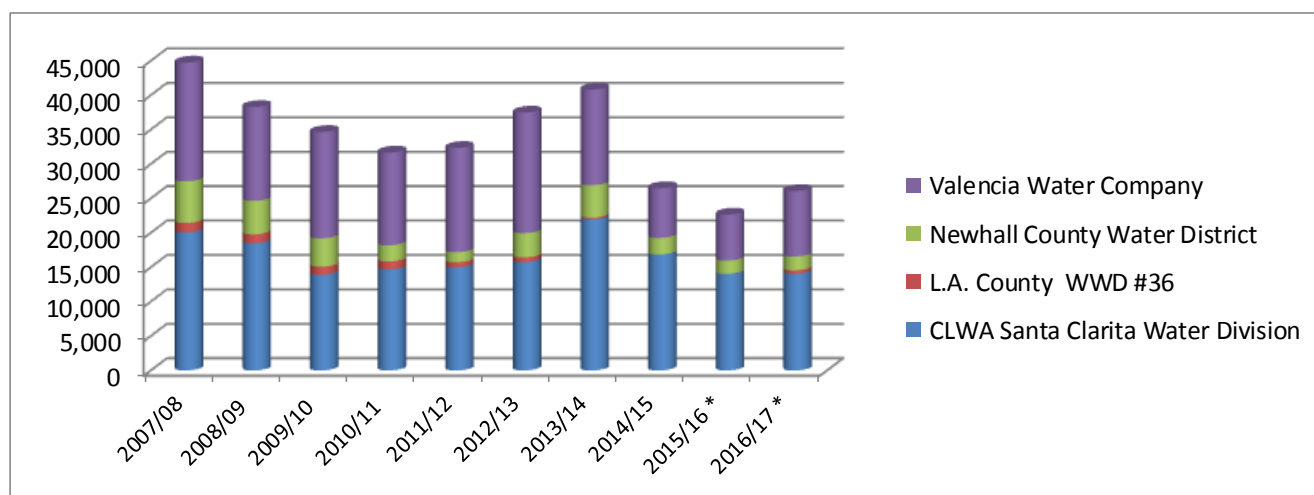
\* Estimated.



### Purveyor Water Sales – Imported Water Only (AF) – Last Ten Fiscal Years

Fiscal Year	CLWA Santa Clarita Water Division	L.A. County WWD #36	Newhall County Water District	Valencia Water Company	Total	Revenue
2007/08	20,044	1,388	6,058	17,246	44,735	\$ 9,875,546
2008/09	18,499	1,288	4,848	13,641	38,276	9,717,294
2009/10	13,908	1,179	4,110	15,451	34,648	10,928,237
2010/11	14,690	1,159	2,342	13,463	31,654	13,282,806
2011/12	14,991	735	1,458	15,141	32,325	15,260,161
2012/13	15,762	657	3,540	17,510	37,469	18,203,490
2013/14	21,976	237	4,705	13,888	40,806	17,325,234
2014/15	16,841	3	2,424	7,203	26,471	16,336,483
2015/16 *	14,045	2	1,909	6,681	22,636	16,580,500
2016/17 *	14,055	495	2,000	9,520	26,070	19,106,400

\* Estimated.

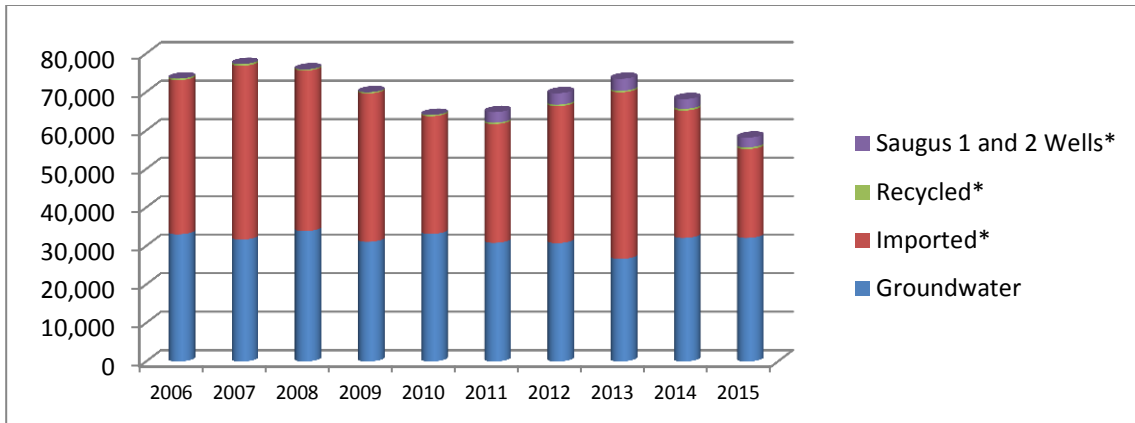


\* Estimated.

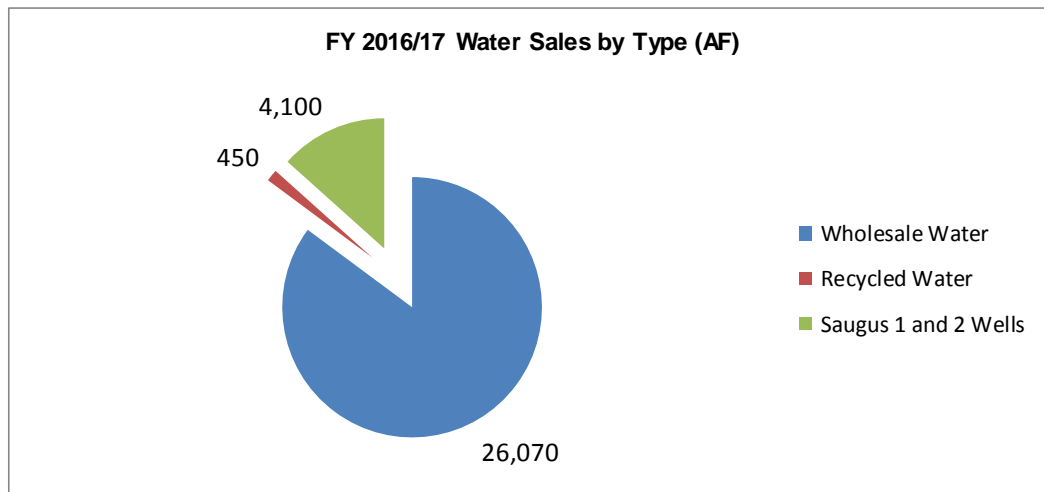
### Calendar Year Water Production in Acre-Feet

Year	Groundwater	Imported*	Recycled*	Saugus 1 and 2 Wells*	Total
2006	33,061	40,048	419	-	73,528
2007	31,690	45,151	470	-	77,311
2008	33,884	41,705	311	-	75,900
2009	31,100	38,546	328	-	69,974
2010	33,154	30,578	337	-	64,069
2011	30,840	30,850	373	2,742	64,805
2012	30,770	35,558	428	2,956	69,712
2013	26,671	43,281	400	3,108	73,460
2014	32,109	33,092	474	2,503	68,178
2015	32,109	23,081	474	2,503	58,167

\* Provided by Castaic Lake Water Agency.



\* Provided by Castaic Lake Water Agency.



**One Percent Property Tax Revenues**

One percent property tax revenues are dedicated to fund existing users' share of the COP and bond debt and capital improvement program and repair projects, as well as a portion of core non-SWP water supplies. FY 2016/17 revenues are estimated at \$23.9 million, assuming a 5 percent increase in assessed valuation from FY 2015/16. This is based on the 5.1 percent increase in assessed valuation from FY 2014/15 to FY 2015/16 and reflects a similar level of new development in the upcoming fiscal year.

This budget estimate also assumes the State does not divert these funds. During FY 2004/05 and FY 2005/06, the State of California diverted over 65% of the Agency's one percent property tax revenues. The Agency was able to absorb the two-year loss due to sufficient cash and reserves to maintain debt coverage and to fund the capital budget. During FY 2009/10, the State invoked a Proposition 1A borrowing of eight percent of the Agency's allocation of one percent tax revenues, or approximately \$1.7 million, intended to be repaid by FY 2012/13. The Agency participated in the State of California Proposition 1A Receivables Program to securitize the receivable, and received the entire repayment during FY 2009/10.

*Any future diversions by the State will impact the Agency's ability to fully fund existing users' share of the debt service, capital improvement projects and repair programs. At this time, it seems unlikely the State will again shift some amount of property tax revenue away from the Agency in FY 2016/17. The Agency*

continues to monitor the situation, and is working with its legislative advocates and advocacy groups to inform the Legislature and other groups of the impacts to the Agency of such a shift. *If the property tax formula is permanently changed in the future, it would impact the Agency's ability to maintain debt coverage and fund the capital budget.*

In FY 2016/17, \$4.5 million of debt service for existing users will be funded by one percent property tax revenues. If one percent property tax revenues were not available for this purpose and debt service for existing users was funded by the wholesale water rates, this would equate to approximately \$174/AF. This is based on the FY 2016/17 projected imported water sales of 26,070 AF.

In FY 2016/17, one percent property tax revenues will fund \$8.3 million of debt service for future users (to be repaid by Facility Capacity Fees in the future). If this were to be funded by wholesale water rates, it would equate to approximately \$318/AF.

In addition, in FY 2016/17, \$7.5 million of capital improvement and repair programs for existing users will be funded by one percent property tax revenues and \$3.3 million will be used for the purchase of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply. If one percent property tax revenues were not available for these purposes and the programs were funded by the wholesale water rates, this would equate to the following approximate rates for existing users:

Capital Improvement and Repair programs - \$289/AF  
 BV/RRB water supply - \$127/AF

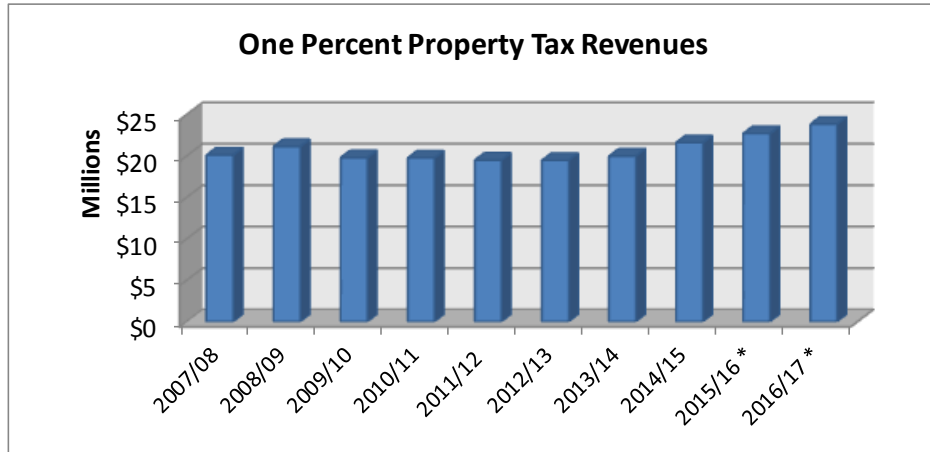
Again, this is based on the FY 2016/17 projected imported water sales of 26,070 AF.

A history of the change in service area assessed valuation is as follows:

Year	Change from previous year
<b>FY 2006/07</b>	12.9%
<b>FY 2007/08</b>	9.2%
<b>FY 2008/09</b>	5.0%
<b>FY 2009/10</b>	(5.6%)
<b>FY 2010/11</b>	(1.1%)
<b>FY 2011/12</b>	0.5%
<b>FY 2012/13</b>	(1.7%)
<b>FY 2013/14</b>	2.2%
<b>FY 2014/15</b>	7.75%
<b>FY 2015/16</b>	5.1%

**One Percent Property Tax Revenues – Last Ten Fiscal Years**

Fiscal Year	Los Angeles County	Ventura County	Total
2007/08	\$ 20,077,561	\$ 44,375	\$ 20,121,936
2008/09	21,107,334	45,644	21,152,978
2009/10	19,769,911	41,747	19,811,658
2010/11	19,709,763	70,836	19,780,599
2011/12	19,445,626	65,737	19,511,363
2012/13	19,431,575	53,939	19,485,514
2013/14	19,947,998	50,204	19,998,202
2014/15	21,568,268	50,200	21,618,468
2015/16 *	22,668,300	50,200	22,718,500
2016/17 *	23,801,700	50,200	23,851,900



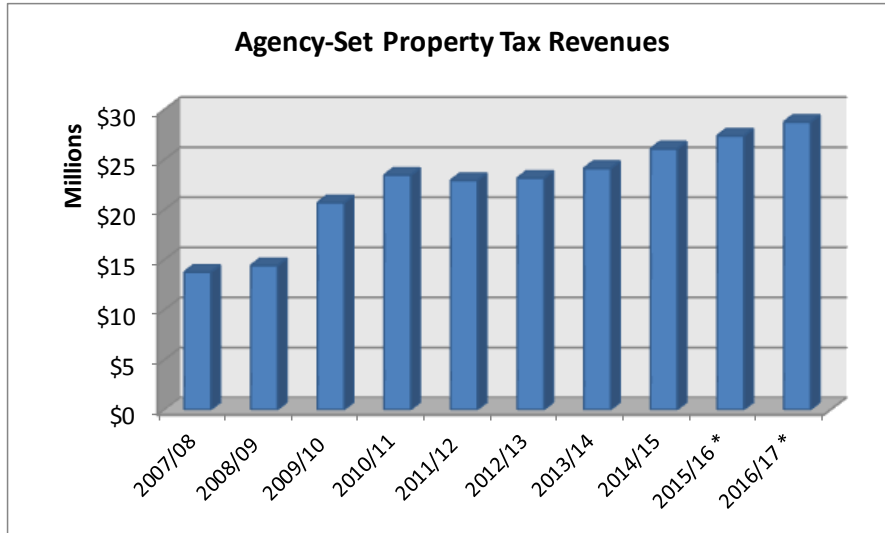
\* Estimated.

### **Agency-Set Property Tax Revenues**

Agency-set property tax revenues are estimated to total \$28.7 million for FY 2016/17. These revenues are restricted to pay for the Agency's share of the cost of operating and administering the State Water Project supply. This revenue estimate is based on an increase of 5% in assessed valuation and no change in the current tax rate of 7.06 cents per \$100 valuation.

### **Agency-Set Property Tax Revenues – Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Los Angeles County</b>	<b>Ventura County</b>	<b>Total</b>
2007/08	\$ 13,746,675	\$ 12,019	\$ 13,758,694
2008/09	14,406,091	7,357	14,413,448
2009/10	20,628,244	60,923	20,689,167
2010/11	23,401,108	38,837	23,439,945
2011/12	22,897,145	24,913	22,922,058
2012/13	23,117,274	27,904	23,145,178
2013/14	24,090,084	25,790	24,115,874
2014/15	26,044,550	25,800	26,070,350
2015/16 *	27,372,800	25,800	27,398,600
2016/17 *	28,741,400	25,800	28,767,200



\* Estimated.

	Tax Rate
<b>FY 2016/17</b>	7.060000
<b>FY 2015/16</b>	7.060000
<b>FY 2014/15</b>	7.060000
<b>FY 2013/14</b>	7.060000
<b>FY 2012/13</b>	7.060000
<b>FY 2011/12</b>	7.060000
<b>FY 2010/11</b>	7.060000
<b>FY 2009/10</b>	6.075000
<b>FY 2008/09</b>	4.000000
<b>FY 2007/08</b>	4.000000

### Facility Capacity Fee Revenues

Facility Capacity Fee revenues are estimated at \$8 million in FY 2015/16 and \$8.7 million in FY 2016/17. FY 2015/16 revenues are based on revenues received through April 30, 2016 and expected receipts. Projections for FY 2016/17 assume no growth in total demand and include a fee increase effective January 1, 2017. Projections thereafter assume growth of 100 AF of sales per year, less growth projected for Newhall Ranch. Note that sales will have to increase significantly to achieve the projected buildout timing.

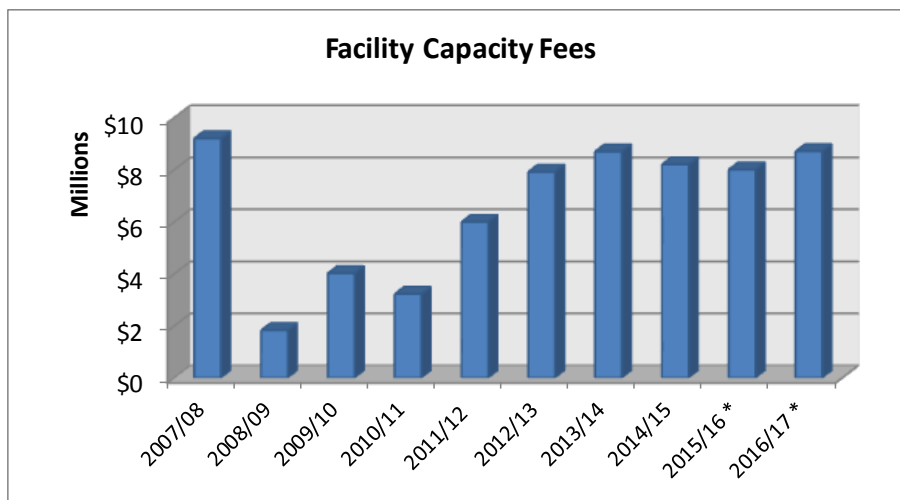
Fiscal Year	AF
FY 2015/16	550
FY 2016/17	550
FY 2017/18	575
FY 2018/19	866
FY 2019/20	775
FY 2020/21	1,019
FY 2021/22	1,019
FY 2022/23	1,019
FY 2023/24	1,019
FY 2024/25	1,019

Facility Capacity Fee revenues are always difficult to estimate due to the unpredictable timing of receipts. Collection of this revenue depends heavily on development activity which, in turn, depends on real estate demands, the regional economic situation, land use planning activity, coordination with other projects and other difficult-to-estimate activity. This revenue stream generally consists of a “boom or bust” pattern and will always be difficult to estimate.

Through June 30, 2015, more than \$273.9 million of facility capacity fees has been collected.

#### Facility Capacity Fees – Last Ten Fiscal Years

Fiscal Year	Amount
2007/08	\$ 9,197,376
2008/09	1,824,712
2009/10	4,016,683
2010/11	3,220,225
2011/12	5,986,620
2012/13	7,914,110
2013/14	8,695,534
2014/15	8,193,540
2015/16 *	8,000,000
2016/17 *	8,700,000



\* Estimated.

## **Whittaker-Bermite Perchlorate Litigation Settlement Agreement**

In May 2007, the Agency and the three Santa Clarita Valley retail purveyors settled a long-running lawsuit against the current and past owners of the former Whittaker-Bermite industrial site and approved a settlement agreement to remove perchlorate from the Santa Clarita Valley's groundwater aquifers. The water agencies estimate this settlement, when added to past settlements, will provide up to \$100 million on an undiscounted basis.

Settlement Agreement revenues in FY 2016/17 are \$1,300,000 for operations and maintenance (O&M). Settlement Agreement revenues in FY 2016/17 for capital projects are \$380,000 for the Replacement Wells Project.

## **Grants and Reimbursements**

**General Fund/Operating** - Grants and reimbursements for General Fund/Operating are provided by a Proposition 84 Round 2 Implementation Grant through the Department of Water Resources for the Upper Santa Clara River Integrated Regional Water Management grant program. The project shown below is now complete and is awaiting reimbursement as shown below.

<b>Item</b>	<b>FY 2015/16</b>	<b>FY 2016/17</b>
SCV Water Use Efficiency Strategic Plan – Selected Conservation (BMP) Programs	\$ 982,000	\$ 101,200

**One Percent Property Tax** - Grants for Capital Improvement Programs/One Percent Property Tax Revenue funds are provided by Proposition 84 Planning and Implementation Grants through the Department of Water Resources for a variety of water studies, implementation, administration of the grants and updating various programs and plans. Reimbursements are provided for the processing of annexations.

- Santa Clarita Valley Water Use Efficiency Strategic Plan Update. Funds were provided for the update of the Santa Clarita Valley Water Use Efficiency Strategic Plan Update (SCVWUESP) which was completed in June 2015. The Plan includes programs and projects that are targeted to effectively reduce per capita water use in the Valley. The Plan identifies programs designed to help the purveyors meet the SWRCB conservation standards and the twenty percent long-term reduction in per capita water usage (in compliance with SBX7-7).
- Recycled Water Master Plan Update. Planning grant funds are provided for updating the Recycled Water Master Plan as well as for the development of the Environmental Impact Report (EIR) for the Update.
- Grant Administration. Funds are provided for the administration of grants including Proposition 84 Round 2 Planning and Rounds 1 and 2 Implementation, 2014 Drought Relief Implementation and Local Groundwater Assistance Grants.
- Perchlorate Monitoring Wells Project. Funds are being provided for the installation of two perchlorate monitoring wells in the Valencia and Newhall areas of the Santa Clarita Valley. The monitoring wells will be installed near the V-201 and V-205 wells. One is being funded by the Agency and the other is being funded by the Newhall County Water District.
- Processing of Tapia and Tesoro Annexations. Funds are provided for processing and evaluating annexation applications for purposes of receiving a water supply for such Lands, subject to all applicable requirements and Annexation agreements.



Item	FY 2015/16	FY 2016/17
SCV Water Use Efficiency Strategic Plan Update	\$ 77,400	\$ 15,500
Recycled Water Master Plan Update	146,600	190,000
Recycled Water Master Plan PEIR	----	180,000
Grant Administration	212,200	130,000
Perchlorate Monitoring Well (CLWA-funded)	158,000	----
Processing of Annexations	<u>20,000</u>	<u>50,000</u>
<b>Total</b>	<b>\$ 614,200</b>	<b>\$ 565,500</b>

**Debt Funded Capital Projects** - Grants and reimbursements for Capital Improvement Projects funded from debt proceeds are provided by DWR Proposition 84 Rounds 1 and 2 Implementation and the 2014 Drought Relief grants for implementation and administration of the projects. The various projects are as follows:

- Foothill Feeder Project. Funds are provided to install pipeline, a turnout structure, valve and meter vaults, and SCADA equipment in CLWA's water system. The project will increase water delivery to the Rio Vista Water Treatment Plant to allow for full utilization of plant capacity. The total grant amount is \$1,500,000 and it is funded by a Proposition 84 Round 2 Implementation Grant.
- Rosedale-Rio Bravo Extraction Project. Funding is provided for the construction of three wells and associated conveyance facilities in the Rosedale-Rio Bravo service area to provide a more reliable supply and additional CLWA banking program extraction capacity of 7,000 acre-feet per year. The total grant amount is \$4,575,400 and is funded by a Proposition 84 Drought Relief 2014 Grant.
- Saugus Dry Year Reliability Wells. Funding is provided for the implementation of two dry year wells in the Saugus Formation. The total grant amount is \$4,756,200 and is funded by a Proposition 84 Round 1 Implementation Grant.
- Semitropic Water Storage District Enhanced Recovery Project. Funding is provided for the construction of well conveyance, recharge, extraction and return facilities that would ensure the recovery of 5,000 acre-fee per year of (previously stored) water from storage. The total grant amount is \$6,338,618 and is funded by a Proposition 84 Drought Relief 2014 Grant.

Item	FY 2015/16	FY 2016/17
Foothill Feeder Project	\$ 137,000	\$ 1,200,000
Rosedale-Rio Bravo Extraction Project	1,710,000	2,500,500
Saugus Dry Year Reliability Wells	131,500	200,000
Semitropic Water Storage Project	<u>6,021,700</u>	<u>315,000</u>
<b>Total</b>	<b>\$ 8,000,200</b>	<b>\$ 4,215,000</b>

## **Other Sources of Revenue**

### **Laboratory Revenues**

The Agency has a fixed fee arrangement with the Agency's Santa Clarita Water Division, Newhall County Water District and Valencia Water Company. In addition, the Agency performs laboratory work for DWR, UCLA and various other entities. FY 2016/17 laboratory revenues are estimated at \$106,000 based on the current workload.

### **Communications Revenues**

The Agency has agreements with four different communication companies for lease of communication sites at the Agency. FY 2016/17 revenues are estimated at \$168,000 based on the existing contracts.

### **Investment Revenues**

FY 2016/17 investments revenues are \$1,933,400 based on a very low investment return environment and reduced fund balances. The breakdown by funding source for the FY 2016/17 Budget is as follows:

<b>General Fund/Operating</b>	<b>\$ 74,000</b>
<b>Capital Improvement Program</b>	
<b>One Percent Property Tax</b>	<b>1,019,000</b>
<b>Facility Capacity Fee</b>	<b>302,400</b>
<b>Capital Project Fund</b>	<b>100,000</b>
<b>State Water Contract Fund</b>	<b>287,000</b>
<b>Debt Service Fund</b>	<b>151,000</b>
<b>Total</b>	<b>\$ 1,933,400</b>

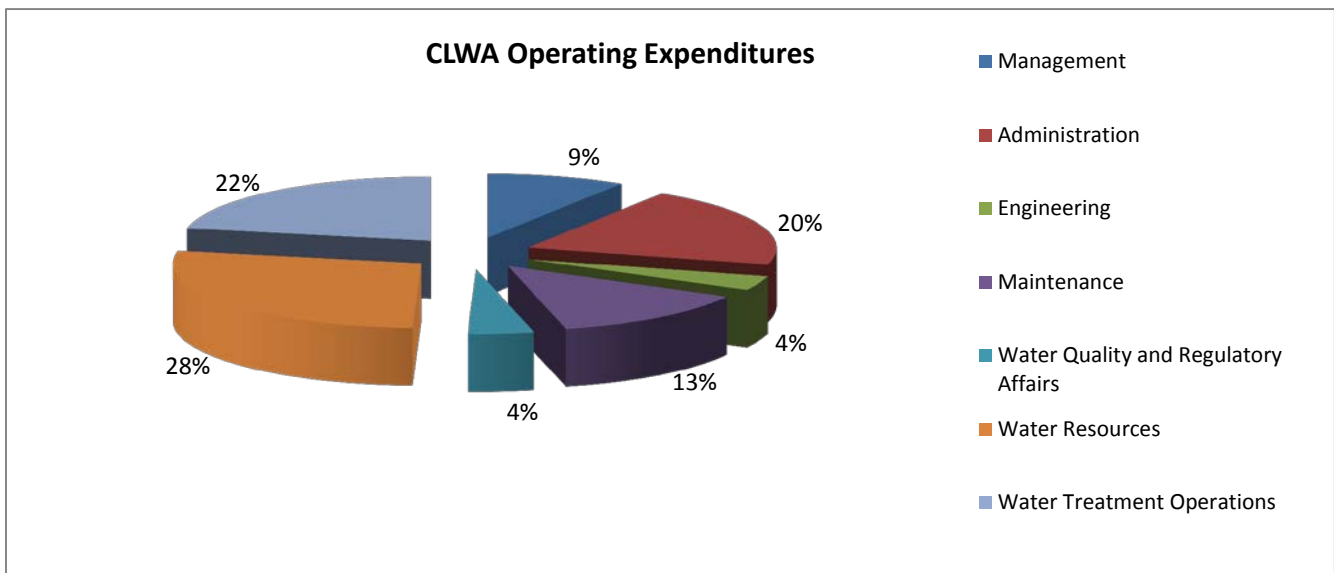
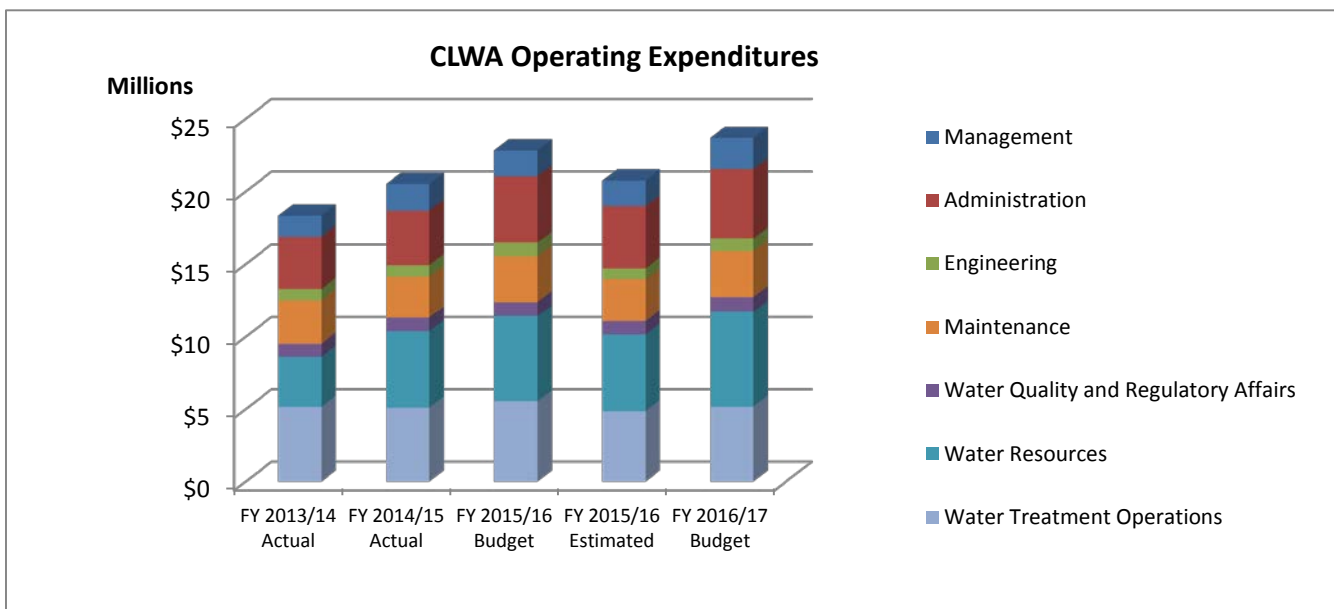
## Employees In Action

*Pictured: Water Conservation Education Specialist Barbara Cawley (left) engages children in a quiz about water quality at the Agency's Open House event in May 2016. A learning experience and a correct answer earns them a prize determined by the spinning wheel.*



**Operating Budget Summary  
FY 2016/17 Budget**

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget
Management	\$ 1,429,911	\$ 1,841,001	\$ 1,795,100	\$ 1,753,700	\$ 2,147,700
Administration	3,618,597	3,734,553	4,557,900	4,273,500	4,779,000
Engineering	769,293	812,271	947,100	754,700	856,900
Maintenance	2,984,218	2,806,059	3,142,100	2,881,900	3,173,200
Water Quality and Regulatory Affairs	922,074	924,930	976,100	915,600	1,014,000
Water Resources	3,448,559	5,289,336	5,872,500	5,289,000	6,533,600
Water Treatment Operations	5,155,978	5,100,472	5,537,200	4,869,100	5,175,700
<b>Total Operating Expenditures</b>	<b>\$ 18,328,630</b>	<b>\$ 20,508,622</b>	<b>\$ 22,828,000</b>	<b>\$ 20,737,500</b>	<b>\$ 23,680,100</b>



**Operating Budget Summary  
FY 2016/17 Budget**

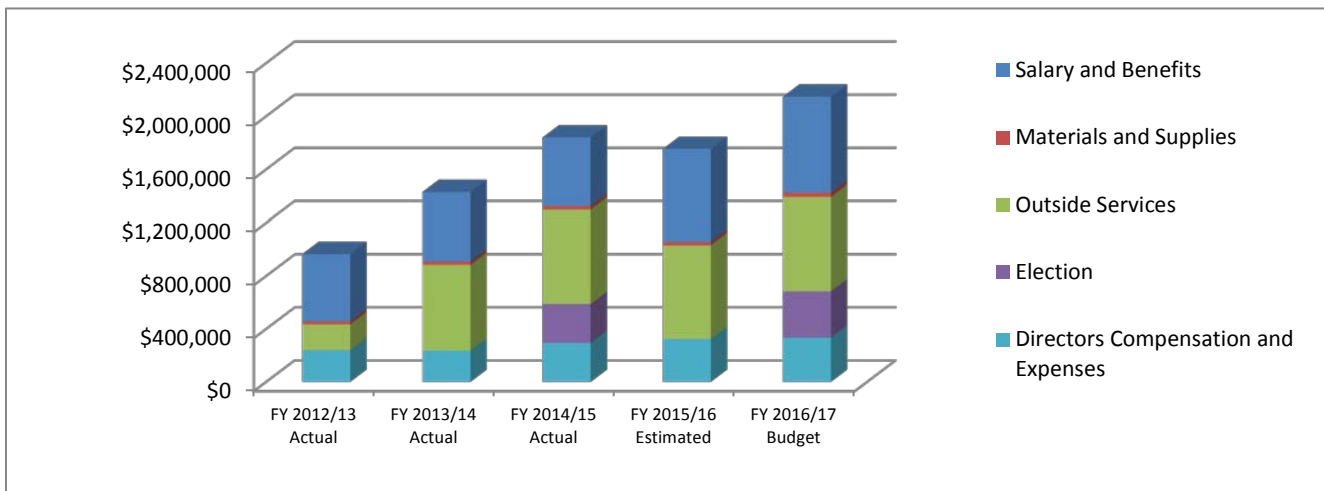
	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<b><u>Management</u></b>					
Salary and Benefits	\$ 521,106	\$ 516,100	\$ 619,000	\$ 695,800	\$ 722,300
Materials and Supplies	24,640	26,029	27,400	25,500	32,000
Outside Services	645,358	709,680	796,000	707,000	708,000
Election	-	294,706	-	-	350,000
Directors Compensation and Expenses	238,807	294,486	352,700	325,400	335,400
<b>Total Management</b>	<b>\$ 1,429,911</b>	<b>\$ 1,841,001</b>	<b>\$ 1,795,100</b>	<b>\$ 1,753,700</b>	<b>\$ 2,147,700</b>
<b><u>Administration</u></b>					
Salary and Benefits	\$ 1,855,359	\$ 1,814,935	\$ 2,024,800	\$ 1,987,900	\$ 2,176,800
Materials and Supplies	280,467	260,511	344,900	330,500	369,000
Outside Services	939,389	1,077,524	1,531,700	1,355,100	1,504,200
Utilities	87,603	81,585	115,000	76,500	115,000
Insurance	455,779	499,998	541,500	523,500	614,000
<b>Total Administration</b>	<b>\$ 3,618,597</b>	<b>\$ 3,734,553</b>	<b>\$ 4,557,900</b>	<b>\$ 4,273,500</b>	<b>\$ 4,779,000</b>
<b><u>Engineering</u></b>					
Salary and Benefits	\$ 499,944	\$ 468,691	\$ 539,100	\$ 505,600	\$ 430,400
Materials and Supplies	23,085	29,167	38,500	33,800	39,000
Outside Services	246,264	314,413	369,500	215,300	387,500
<b>Total Engineering</b>	<b>\$ 769,293</b>	<b>\$ 812,271</b>	<b>\$ 947,100</b>	<b>\$ 754,700</b>	<b>\$ 856,900</b>
<b><u>Maintenance</u></b>					
Salary and Benefits	\$ 2,047,306	\$ 2,010,696	\$ 2,279,100	\$ 2,149,100	\$ 2,416,200
Materials and Supplies	478,380	358,491	343,000	340,800	343,000
Outside Services	458,532	436,872	520,000	392,000	414,000
<b>Total Maintenance</b>	<b>\$ 2,984,218</b>	<b>\$ 2,806,059</b>	<b>\$ 3,142,100</b>	<b>\$ 2,881,900</b>	<b>\$ 3,173,200</b>
<b><u>Water Quality and Regulatory Affairs</u></b>					
Salary and Benefits	\$ 739,241	\$ 735,000	\$ 766,600	\$ 739,300	\$ 804,500
Materials and Supplies	88,227	118,434	119,400	101,400	119,400
Outside Services	94,606	71,496	90,100	74,900	90,100
<b>Total Water Quality and Regulatory Affairs</b>	<b>\$ 922,074</b>	<b>\$ 924,930</b>	<b>\$ 976,100</b>	<b>\$ 915,600</b>	<b>\$ 1,014,000</b>
<b><u>Water Resources</u></b>					
Salary and Benefits	\$ 1,079,225	\$ 1,172,276	\$ 1,411,700	\$ 1,132,200	\$ 1,715,200
Materials and Supplies	204,632	239,373	263,000	235,000	305,000
Outside Services	1,287,444	2,082,057	3,195,000	2,919,000	3,180,000
Utilities	9,666	-	-	-	-
Source of Supply	867,592	1,795,630	1,002,800	1,002,800	1,333,400
<b>Total Water Resources</b>	<b>\$ 3,448,559</b>	<b>\$ 5,289,336</b>	<b>\$ 5,872,500</b>	<b>\$ 5,289,000</b>	<b>\$ 6,533,600</b>
<b><u>Water Treatment Operations</u></b>					
Salary and Benefits	\$ 1,503,944	\$ 1,440,685	\$ 1,486,500	\$ 1,381,800	\$ 1,497,900
Materials and Supplies	1,019,801	919,061	1,185,300	1,027,000	1,155,000
Outside Services	51,212	32,454	72,800	64,800	72,800
Utilities	2,581,021	2,708,272	2,792,600	2,395,500	2,450,000
<b>Total Water Treatment Operations</b>	<b>\$ 5,155,978</b>	<b>\$ 5,100,472</b>	<b>\$ 5,537,200</b>	<b>\$ 4,869,100</b>	<b>\$ 5,175,700</b>
<b><u>Benefits/Distribution</u></b>					
Burden and Benefits	-	-	-	-	-
<b>Total Benefits/Distribution</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>TOTAL</u></b>					
Salary and Benefits	\$ 8,246,125	\$ 8,158,383	\$ 9,126,800	\$ 8,591,700	\$ 9,763,300
Materials and Supplies	2,119,232	1,951,066	2,321,500	2,094,000	2,362,400
Outside Services	3,722,805	4,724,496	6,575,100	5,728,100	6,356,600
Utilities	2,678,290	2,789,857	2,907,600	2,472,000	2,565,000
Source of Supply	867,592	1,795,630	1,002,800	1,002,800	1,333,400
Insurance	455,779	499,998	541,500	523,500	614,000
Election	-	294,706	-	-	350,000
Directors Compensation and Expenses	238,807	294,486	352,700	325,400	335,400
<b>Total Operating Expenditures</b>	<b>\$ 18,328,630</b>	<b>\$ 20,508,622</b>	<b>\$ 22,828,000</b>	<b>\$ 20,737,500</b>	<b>\$ 23,680,100</b>



Management Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 507,352	\$ 521,106	\$ 516,100	\$ 695,800	\$ 722,300
Materials and Supplies	23,915	24,640	26,029	25,500	32,000
Outside Services	193,896	645,358	709,680	707,000	708,000
Election	699	-	294,706	-	350,000
Directors Compensation and Expenses	239,762	238,807	294,486	325,400	335,400
<b>Department Total</b>	<b>\$ 965,624</b>	<b>\$ 1,429,911</b>	<b>\$ 1,841,001</b>	<b>\$ 1,753,700</b>	<b>\$ 2,147,700</b>

Positions	2	2	2	2	2
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Total Operating Budget: \$ 23,680,100  
 Management Budget: \$ 2,147,700

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
Regular Board Meetings	21	18	22	28	24
Regular Committee Meetings	53	52	53	47	72
Special Board Meetings	9	5	14	27	10
Ad Hoc Meetings	21	17	17	50	30
Federal funds appropriated (millions)	\$ 1.25	\$ -	\$ -	\$ -	\$ -

## DEPARTMENT: MANAGEMENT

### Department Objective

Direct the activities of the organization and provide management support to the Board of Directors.

### Major Accomplishments – FY 2015/16

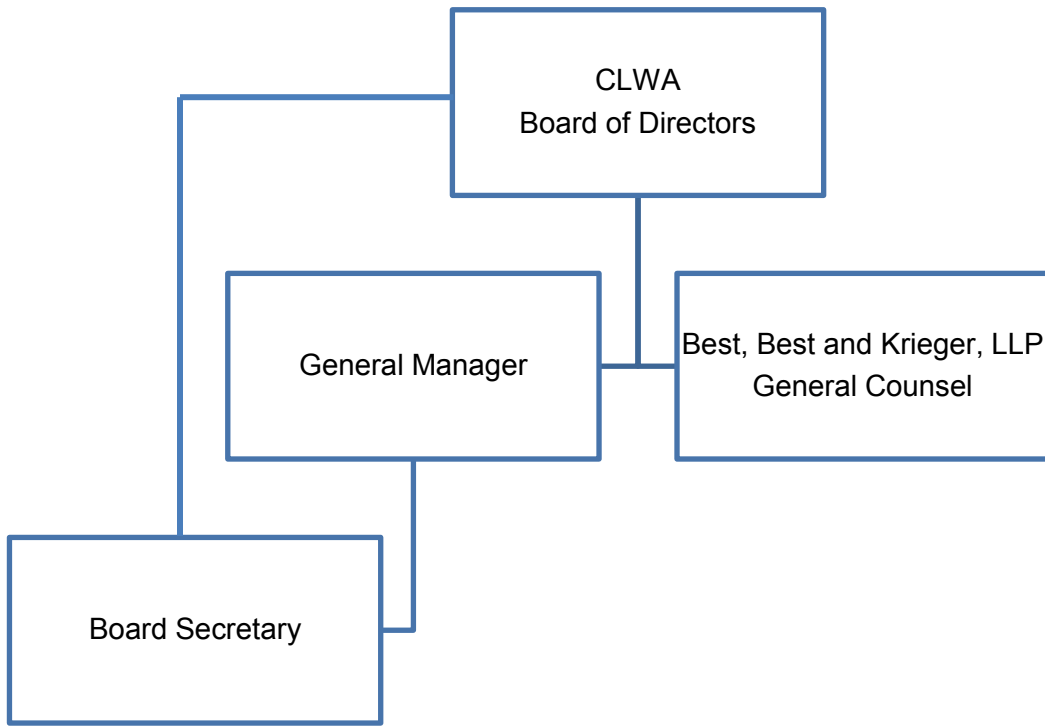
- ◆ Continued ongoing coordinating with purveyors, the City and County on the Santa Clarita Valley (SCV) Water Committee to address the impacts of the drought.
- ◆ Achieved seamless management transitions in bringing on board new General Manager in December 2015 and new Retail Manager in October 2015.
- ◆ Agency expenditures were 91% of the FY 2015/16 Budget.

### Actions – FY 2016/17

- ◆ Support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the "Principles for Moving Forward" [ongoing]. D4.1
- ◆ Foster and continue effective working relationships with the local water retailers [ongoing]. D4.2
- ◆ Foster and continue effective working relationships with the Department of Water Resources and other State Water Project contractors [ongoing]. D5.4
- ◆ Continue bi-weekly executive staff and weekly manager/supervisor meetings to enhance staff productivity and coordination of work efforts [ongoing]. D3.16
- ◆ Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles within the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities [ongoing]. D2.1
- ◆ Continue to implement Board strategic plans for CLWA and SCWD [ongoing]. D5.1
- ◆ Continue to provide detailed information to Board of Directors through Board, Committee, Department and General Counsel reports; budget, team-building and strategic planning workshops; media summaries and outreach reports; and through "one-on-one" communications by the General Manager [ongoing]. D3.17
- ◆ Ensure the Agency is properly represented on all legal matters [ongoing]. D1.2
- ◆ Oversee and facilitate efforts of CLWA Departments and SCWD to achieve their goals [ongoing]. D3.19
- ◆ Continue to provide employees with "bottom-up" communication through all employee meetings [ongoing]. D2.2
- ◆ Continue to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news [ongoing]. D2.3
- ◆ Ensure the Agency budget and the Department/Division budgets are appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1



## Management Department Organization



Details of Management Expenditures  
FY 2016/17 Budget

**0011100000 MANAGEMENT**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 323,060	\$ 337,234	\$ 426,400	\$ 425,100	\$ 367,300
51007 Overtime	8,745	11,070	10,000	12,000	13,000
51050 Burden and Benefits	189,301	167,796	182,600	258,700	342,000
<u>Materials and Supplies</u>					
52010 Supplies and Services	13,095	12,118	13,400	8,500	15,000
51505 Employee Expense	5,372	6,913	7,000	10,000	10,000
51515 Employee Travel	6,173	6,998	7,000	7,000	7,000
<u>Outside Services</u>					
53101 Education/Seminars	2,962	6,744	6,000	7,000	8,000
53215 Recruitment Expenses	-	-	50,000	35,000	-
53241 Temporary Personnel Services	-	-	-	-	-
53202 Legal Consulting	264,211	340,726	300,000	280,000	300,000
53236 Professional Services/Consultants	89,133	84,797	140,000	85,000	100,000
53242 Legislative Advocate Services	289,052	277,413	300,000	300,000	300,000
<u>Election</u>					
51301 Election	-	294,706	-	-	350,000
<u>Directors Compensation and Expenses</u>					
51326 Directors Compensation *	167,505	215,448	257,300	230,000	240,000
51327 Directors Expenses	30,507	41,934	49,000	49,000	49,000
51328 Directors Travel	15,642	13,237	18,500	18,500	18,500
51329 Directors Training	25,153	23,867	27,900	27,900	27,900
	<b>\$ 1,429,911</b>	<b>\$ 1,841,001</b>	<b>\$ 1,795,100</b>	<b>\$ 1,753,700</b>	<b>\$ 2,147,700</b>

\* Stipends only. Benefits are included in the Burden and Benefits line item.

**Professional Services/Consultants includes:**

Strategic planning services, teambuilding services, mediation services and organizational studies.

Management  
FY 2016/17 Budget - Comparison Data

0011100000 MANAGEMENT

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 426,400	\$ 425,100	\$ 367,300	\$ (59,100)	-14%	\$ (1,300)	0%	A	
51007 Overtime	10,000	12,000	13,000	3,000	30%	2,000	20%		
51050 Burden and Benefits	182,600	258,700	342,000	159,400	87%	76,100	42%	B	B
<u>Materials and Supplies</u>									
52010 Supplies and Services	13,400	8,500	15,000	1,600	12%	(4,900)	-37%		
51505 Employee Expense	7,000	10,000	10,000	3,000	43%	3,000	43%		
51515 Employee Travel	7,000	7,000	7,000	-	0%	-	0%		
<u>Outside Services</u>									
53101 Education/Seminars	6,000	7,000	8,000	2,000	33%	1,000	17%		
53241 Temporary Personnel Services	-	-	-	-	N/A	-	0%		
53215 Recruitment Expenses	50,000	35,000	-	(50,000)	-100%	(15,000)	-30%	C	
53202 Legal Consulting	300,000	280,000	300,000	-	0%	(20,000)	-7%		D
53236 Professional Services/Consultants	140,000	85,000	100,000	(40,000)	-29%	(55,000)	-39%	D	
53242 Legislative Advocate Services	300,000	300,000	300,000	-	0%	-	0%		
<u>Election</u>									
51301 Election	-	-	350,000	350,000	N/A	-	0%	E	
<u>Directors Compensation and Expenses</u>									
51326 Directors Compensation	257,300	230,000	240,000	(17,300)	-7%	(27,300)	-11%	F	F
51327 Directors Expenses	49,000	49,000	49,000	-	0%	-	0%		
51328 Directors Travel	18,500	18,500	18,500	-	0%	-	0%		
51329 Directors Training	27,900	27,900	27,900	-	0%	-	0%		
	<b>\$ 1,795,100</b>	<b>\$ 1,753,700</b>	<b>\$ 2,147,700</b>	<b>\$ 352,600</b>	<b>20%</b>	<b>\$ (41,400)</b>	<b>-2%</b>		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. Due to transition of retired General Manager.  
B. Provides for Health Reimbursement Accounts.  
C. Recruitment expenses for hiring of General Manager during FY 2015/16.  
D. Based on workload requirements.  
E. Provides for election in November 2016.  
F. Director Benefits now included in Benefits and Burden account above.

## Employees In Action

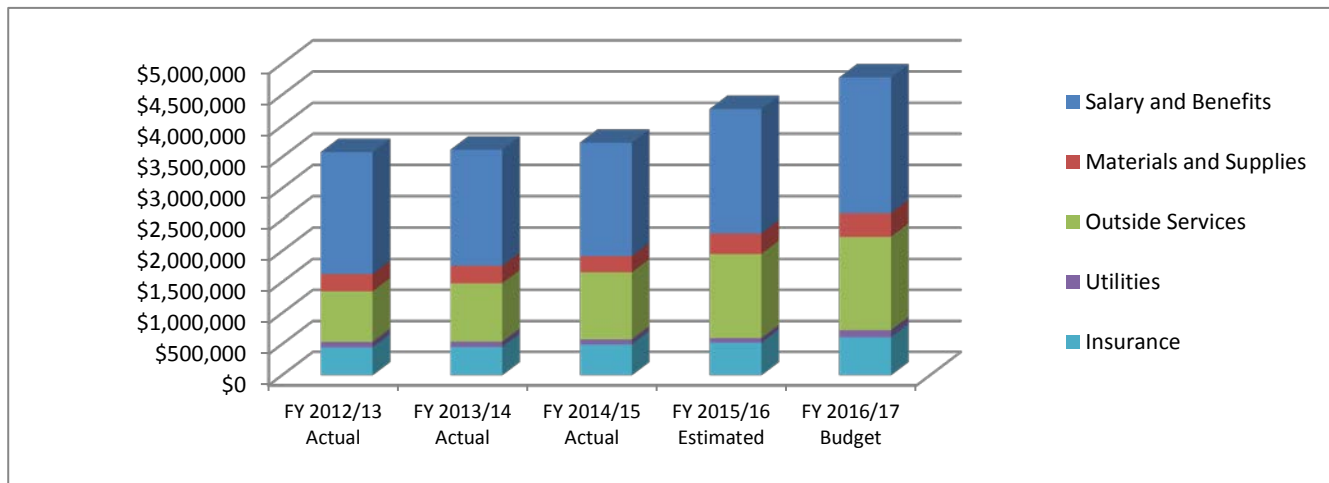
*Pictured (left to right): CLWA General Manager Matt Stone presents an award from the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) to Facilities Maintenance Technician II Chris Alexander for completing the Professional Development Program.*



Administration Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 1,951,456	\$ 1,855,359	\$ 1,814,935	\$ 1,987,900	\$ 2,176,800
Materials and Supplies	277,554	280,467	260,511	330,500	369,000
Outside Services	814,812	939,389	1,077,524	1,355,100	1,504,200
Utilities	87,886	87,603	81,585	76,500	115,000
Insurance	451,182	455,779	499,998	523,500	614,000
<b>Department Total</b>	<b>\$ 3,582,890</b>	<b>\$ 3,618,597</b>	<b>\$ 3,734,553</b>	<b>\$ 4,273,500</b>	<b>\$ 4,779,000</b>

Positions	19	19	20	21	21
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Total Operating Budget: \$ 23,680,100  
Administration: \$ 4,779,000

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
Positions filled	12	11	5	25	10
Candidates interviewed	39	77	31	116	70
Safety training classes held	45	53	40	40	38
Safety training class attendees	643	1,241	438	790	650
Days lost due to injury - Wholesale	8	-	-	98	-
Days lost due to injury - Retail	1	-	-	-	-
Number of 1099 forms issued	110	96	102	339	200
Number of contracts	49	37	59	140	150
Grants and project reimbursements (millions)	\$ 2.60	\$ 2.00	\$ 4.71	\$ 9.00	\$ 2.00
Number of invoices/purchase orders/P-card lines	8,989	9,000	8,648	9,600	9,600
Number of purchase orders	1,978	1,980	1,979	3,900	3,900
Value of purchase orders (millions)	\$ 6.10	\$ 5.80	\$ 9.45	\$ 12.45	\$ 12.45
Facilities work orders	208	260	492	516	550

## DEPARTMENT: ADMINISTRATION

### Department Objective:

Implement the accounting, buildings and grounds, finance, investing, human resource, purchasing and risk management needs of the Agency.

### Major Accomplishments – FY 2015/16

- ◆ Refunded the 2006A Certificates of Participation and achieved net present value savings of 16.6% and \$5.9 million, and issued \$37 million in new revenue bonds for continued construction of the Capital Improvement Program, at an all-in true interest cost of 3.44%.
- ◆ Renewed the 2008A variable rate Certificates of Participation Letter of Credit.
- ◆ Implemented OpenGov platform to provide enhanced access to the Agency's finances on the Agency's website.
- ◆ Implemented move of Water Resources Department to new building.
- ◆ Implemented the Global Harmonization System standards for communicating chemical hazards.
- ◆ Received a Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the Agency's FY 2015/16 Budget (tenth consecutive year).
- ◆ Received the Excellence Award for its Operating Budget from the California Society of Municipal Finance Officers (CSMFO) for the Agency's FY 2015/16 Budget (ninth consecutive year).
- ◆ Received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the Agency's FY 2014/15 Comprehensive Annual Financial Report (CAFR) (eleventh consecutive year).

### Actions – FY 2016/17

#### Accounting, Budget and Administration

- ◆ Review and prepare for implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements of the Agency's investment portfolio [11/16]. P2 C1.1
- ◆ Review and update the Agency's cellular/smart telephone policy [12/16]. P3 D3.3
- ◆ Engage a consultant to assess the Agency's grant administration activities and recommend the appropriate organizational and staffing structure [2/17]. P2 D3.4
- ◆ Revise the Agency's Purchasing Policy [6/17]. P2 D3.9
- ◆ Revise the Agency's Risk Transfer Manual [6/17]. P2 D3.10
- ◆ Ensure the Department budget is appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1

#### Human Resources and Risk Management

- ◆ Review and recommend revisions to the Agency's vacation accrual policy [9/16]. P1 D3.1
- ◆ Conduct sexual harassment awareness and prevention training for all employees [3/17]. P1 D3.5
- ◆ Conduct live confined space entry and rescue drill [4/17]. P1 D3.7
- ◆ Conduct a response drill with local fire department and/or emergency services contractor [6/17]. P1 D3.8
- ◆ Develop and recommend a return to work program [6/17]. P3 D3.12
- ◆ Continue reviewing the Employee Manual policies periodically and recommend updates and revisions as necessary. [ongoing] D3.15
- ◆ Continue to participate in community events (COC Water Technology Board and Business Alliance, SCV Mayor's Committee for Employment of Individuals with Disabilities, PIHRA, etc.). [ongoing] D5.5
- ◆ Continue to provide all required and recommended safety training. [ongoing] D2.4

P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

## Facilities/Information Technology/Support Services

- ◆ Create network switch stacking for high availability redundancy on main network communication points [12/16]. P1 D3.2
- ◆ Upgrade two backup point-to-point lines between the Agency facilities [3/17]. P1 D3.6
- ◆ Upgrade video surveillance system [6/17]. P1 A6.11
- ◆ Upgrade Interwoven Filesite document management software to version 9 [6/17]. P3 D3.13
- ◆ Upgrade Microsoft Office to version 2016 [6/17]. P3 D3.11
- ◆ Implement security improvements at Rio Vista Water Treatment Plant, including wall and gate for reception area, replacing building entry doors and installing card reader lock mechanisms throughout the facility [6/17]. P1 A6.12
- ◆ Retrofit Rio Vista Water Treatment Plant filter deck area with LED lighting [6/17]. P2 A6.13
- ◆ Conduct semiannual tests of the Agency's disaster recovery plan [ongoing] D3.18
- ◆ Conduct quarterly tests of the Agency's technology and communication systems [ongoing]. D3.14

## **Long Term Actions**

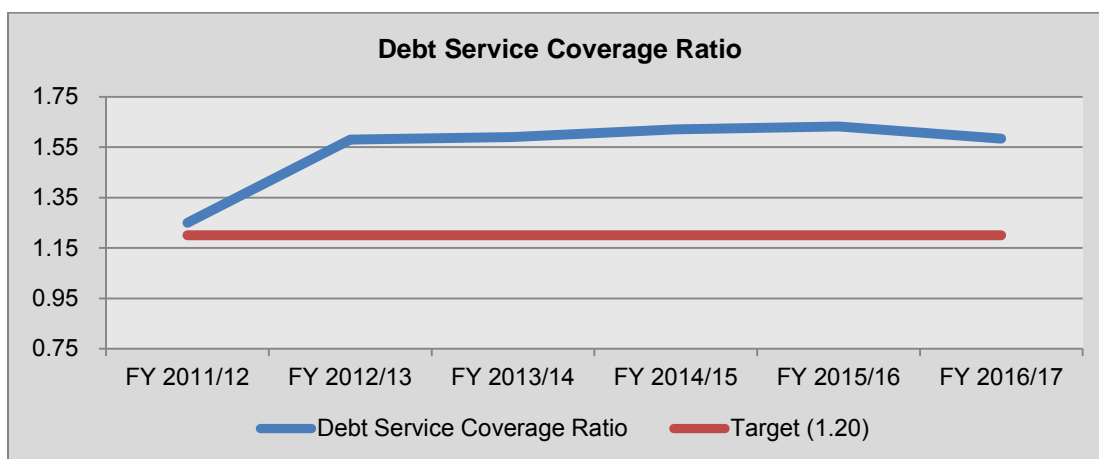
- ◆ *Review and prepare for implementation of GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. GASB Statement No. 75 concerns post-employment liability accounting and will have a significant impact on the Agency's financial statements [6/18].* C1.7
- ◆ *Through a Request for Proposal (RFP) process, select an actuarial consultant to prepare the Other Post-Employment Benefit (OPEB) valuation for the implementation of GASB 75 [9/17].* C1.5
- ◆ *Engage a consultant to review the Agency's reserve fund policies and recommend changes as appropriate.* C1.12
- ◆ *Adopt a new investment policy for the proceeds from the potential lump sum payment of the perchlorate settlement agreement for O&M activities.* C1.13
- ◆ *Research hiring an investment management firm to manage the potential lump sum payment for O&M activities as provided in the perchlorate settlement agreement.* C1.14
- ◆ *Engage a consultant to perform a comprehensive market survey of employee benefits.* D2.5
- ◆ *Review and update job specifications as necessary to contain Fair Labor Standards Act status (Exempt or Non-exempt) and physical requirements.* D3.22
- ◆ *Review and update the Agency's job specifications and implement new format.* D3.24
- ◆ *Research implementing an employee portal or intranet for posting various often-requested forms, documents, etc.* D3.23
- ◆ *Develop a repair and replacement reserve fund policy based on the Agency's asset management program.* D3.20
- ◆ *Develop an Information Technology Strategic Plan.* D3.21

P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.



## Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures related to cost effectiveness (see also pages 72 through 77). One of the key performance measures for the Administration Department is the Debt Service Coverage Ratio. The progress of this measure is as follows:

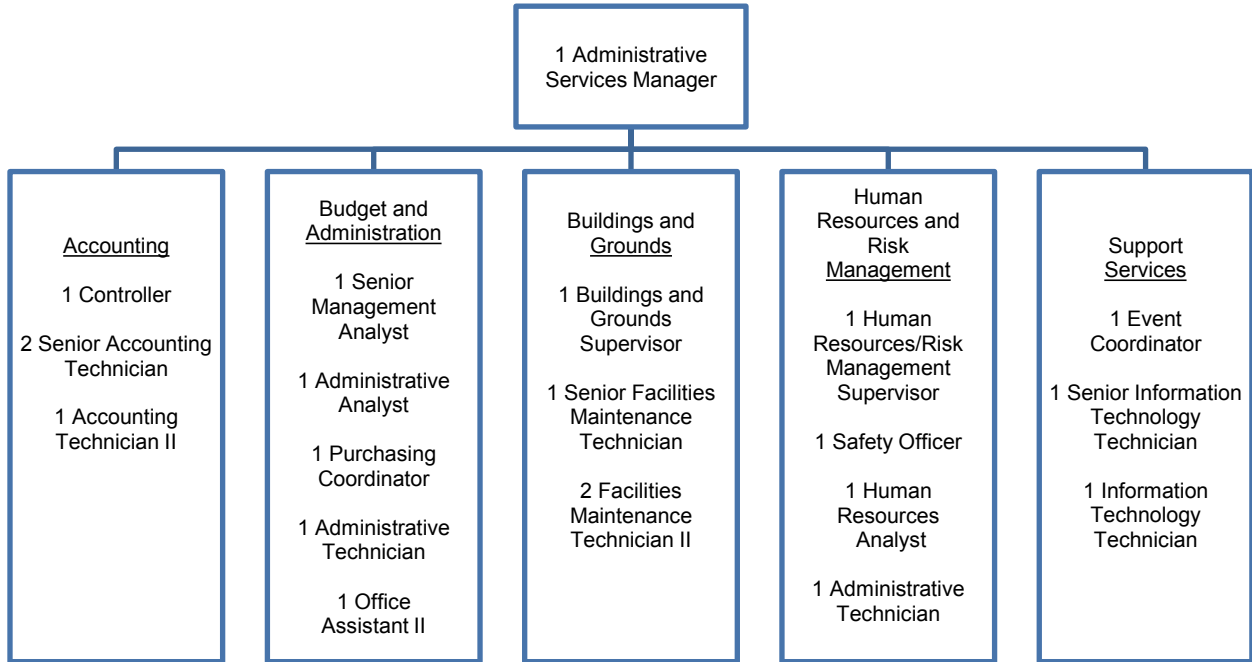


## Santa Clarita Water Division Cost Allocation

The Agency allocates certain shared positions to its Santa Clarita Water Division (SCWD). The allocation of staff is updated each year through the budget process and is largely based on Full Time Employee (FTE) positions. There is no change for FY 2016/17. The shared positions for FY 2016/17 are as follows:

- ◆ Human Resources/Safety: Human Resources/Risk Management Supervisor, Administrative Analyst (Human Resources), Administrative Technician (Human Resources) and Safety Officer. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Senior Information Technology Technician and Information Technology Technician. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Senior Accounting Technician II (Payroll). This position is allocated 50% to CLWA and 50% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Facilities. All four positions in the Facilities section charge actual time worked on SCWD projects to SCWD. Charges include labor and benefits.
- ◆ Controller. This position is allocated 67% to CLWA and 33% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Administrative Services Manager. This position is assumed to spend 50% of time supervising the above functions, and is allocated 23% to SCWD (half of 46%). Charges include labor, benefits and indirect costs.

## Administration Department Organization



Detail of Administration Expenditures  
FY 2016/17 Budget

**001120000 ADMINISTRATION**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 1,444,868	\$ 1,486,654	\$ 1,688,700	\$ 1,643,400	\$ 1,770,800
51007 Overtime	13,726	15,663	20,000	22,000	28,000
51050 Burden and Benefits	864,051	815,342	911,100	876,900	998,800
51020 Less Reimbursement from SCWD	(467,286)	(502,724)	(595,000)	(554,400)	(620,800)
<u>Materials and Supplies</u>					
52024 Internal Relations	16,260	26,094	25,300	27,000	30,000
52005 Safety Training and Equipment	92,619	63,693	107,600	107,000	115,000
52010 Supplies and Services	22,305	36,450	40,000	36,000	40,000
53215 Recruitment Expenses	7,270	4,555	4,000	4,500	6,000
52020 Postage	9,103	11,939	15,000	15,000	15,000
51505 Employee Expense	11,037	8,979	15,000	15,000	15,000
51515 Employee Travel	15,497	9,426	20,000	10,000	20,000
52035 Janitorial Supplies	5,212	4,904	8,000	6,000	8,000
52075 Parts and Materials	101,164	94,471	110,000	110,000	120,000
<u>Outside Services</u>					
53101 Education/Seminars	9,709	16,277	32,000	22,000	32,000
53241 Temporary Personnel Services	59,271	173,041	112,000	100,000	85,000
53216 Security/Alarm Services	120,244	124,300	175,000	125,000	175,000
53306 Subscriptions	1,092	982	2,400	2,400	2,400
53304 Dues and Memberships	55,806	58,321	65,000	60,000	65,000
53110 Office Equipment/Repair and Service	22,066	24,087	30,000	25,000	30,000
53236 Professional Services/Consultants	91,487	43,138	265,000	180,000	195,000
53210 Professional Services/Audit	50,000	71,672	77,000	72,000	77,000
53214 Technology Services	137,020	140,141	230,000	240,000	280,000
53213 Office and Storage Rent, HOA Dues	52,667	31,576	47,300	39,000	46,000
53218 Agency Publications	11,395	10,171	13,500	11,200	12,000
53212 Licenses/Fees	67,034	77,624	75,000	75,000	80,000
53104 Uniforms	3,069	3,773	3,500	3,500	3,800
53105 Outside Service/Contracting	258,529	302,421	404,000	400,000	421,000
<u>Utilities</u>					
54200 Pager/Cell Service	17,110	20,038	25,000	22,000	25,000
54205 Telephone	13,788	14,665	20,000	18,500	20,000
54310 Refuse Disposal	15,531	13,121	20,000	10,000	20,000
54305 Irrigation	10,703	10,918	15,000	6,000	15,000
54415 Natural Gas	30,471	22,843	35,000	20,000	35,000
<u>Insurance</u>					
55200 Retiree Medical Insurance	262,340	265,278	280,000	280,000	331,000
55205 Unemployment Insurance	7,200	4,500	9,500	9,500	5,000
55210 Bonds/Honesty Insurance	887	969	2,000	2,000	2,000
55215 Liability Insurance	105,954	151,800	170,000	152,000	190,000
55220 Casualty Insurance	79,398	77,451	80,000	80,000	86,000
	<b>\$ 3,618,597</b>	<b>\$ 3,734,553</b>	<b>\$ 4,557,900</b>	<b>\$ 4,273,500</b>	<b>\$ 4,779,000</b>

(Notes on next page)

Detail of Administration Expenditures  
FY 2016/17 Budget

**Security/Alarm Services includes:**

Security, records management and storage, security alarms and other such services.

**Professional Services/Consultants includes:**

Various organizational studies, compensation surveys, actuarial studies, human resources consulting, rate studies, financial analysis and other such services.

**Technology Services includes:**

Technology consulting and support services, internet and communication lines, software maintenance and licenses, document imaging and other such services.

**Outside Service/Contracting includes:**

Landscaping, pest control, janitorial, HVAC, arbor, fire sprinkler and other such services. Ongoing services are budgeted at \$337,000. Funds are also provided to repair the Garden Classroom which has structural damage to the framing and roof (\$20,000), to repair the Laboratory sink area which has corrosion and is constructed from dated materials (\$20,000), to add an HVAC to the SCADA room to protect the uninterruptible power supply (UPS) and PLC equipment and \$5,000 to repair the RVWTP filter building door and frame which are heavily corroded.

Administration  
FY 2016/17 Budget - Comparison Data

001120000 ADMINISTRATION

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,688,700	\$ 1,643,400	\$ 1,770,800	\$ 82,100	5%	\$ (45,300)	-3%		
51007 Overtime	20,000	22,000	28,000	8,000	40%	2,000	10%		
51050 Burden and Benefits	911,100	876,900	998,800	87,700	10%	(34,200)	-4%		
51020 Less Reimbursement from SCWD	(595,000)	(554,400)	(620,800)	(25,800)	4%	40,600	-7%		
<u>Materials and Supplies</u>									
52024 Internal Relations	25,300	27,000	30,000	4,700	19%	1,700	7%		
52005 Safety Training and Equipment	107,600	107,000	115,000	7,400	7%	(600)	-1%		
52010 Supplies and Services	40,000	36,000	40,000	-	0%	(4,000)	-10%		
53215 Recruitment Expenses	4,000	4,500	6,000	2,000	50%	500	13%		
52020 Postage	15,000	15,000	15,000	-	0%	-	0%		
51505 Employee Expense	15,000	15,000	15,000	-	0%	-	0%		
51515 Employee Travel	20,000	10,000	20,000	-	0%	(10,000)	-50%		
52035 Janitorial Supplies	8,000	6,000	8,000	-	0%	(2,000)	-25%		
52075 Parts and Materials	110,000	110,000	120,000	10,000	9%	-	0%		
<u>Outside Services</u>									
53101 Education/Seminars	32,000	22,000	32,000	-	0%	(10,000)	-31%		
53241 Temporary Personnel Services	112,000	100,000	85,000	(27,000)	-24%	(12,000)	-11%	A	
53216 Security/Alarm Services	175,000	125,000	175,000	-	0%	(50,000)	-29%		A
53306 Subscriptions	2,400	2,400	2,400	-	0%	-	0%		
53304 Dues and Memberships	65,000	60,000	65,000	-	0%	(5,000)	-8%		
53110 Office Equipment/Repair and Service	30,000	25,000	30,000	-	0%	(5,000)	-17%		
53236 Professional Services/Consultants	265,000	180,000	195,000	(70,000)	-26%	(85,000)	-32%	B	E
53210 Professional Services/Audit	77,000	72,000	77,000	-	0%	(5,000)	-6%		
53214 Technology Services	230,000	240,000	280,000	50,000	22%	10,000	4%	C	
53213 Office Storage and Rent, HOA Dues	47,300	39,000	46,000	(1,300)	-3%	(8,300)	-18%		
53218 Agency Publications	13,500	11,200	12,000	(1,500)	-11%	(2,300)	-17%		
53212 Licenses/Fees	75,000	75,000	80,000	5,000	7%	-	0%		
53104 Uniforms	3,500	3,500	3,800	300	9%	-	0%		
53105 Outside Service/Contracting	404,000	400,000	421,000	17,000	4%	(4,000)	-1%		
<u>Utilities</u>									
54200 Pager/Cell Service	25,000	22,000	25,000	-	0%	(3,000)	-12%		
54205 Telephone	20,000	18,500	20,000	-	0%	(1,500)	-8%		
54310 Refuse Disposal	20,000	10,000	20,000	-	0%	(10,000)	-50%		
54305 Irrigation	15,000	6,000	15,000	-	0%	(9,000)	-60%		
54415 Natural Gas	35,000	20,000	35,000	-	0%	(15,000)	-43%		
<u>Insurance</u>									
55200 Retiree Medical Insurance	280,000	280,000	331,000	51,000	18%	-	0%	D	
55205 Unemployment Insurance	9,500	9,500	5,000	(4,500)	-47%	-	0%		
55210 Bonds/Honesty Insurance	2,000	2,000	2,000	-	0%	-	0%		
55215 Liability Insurance	170,000	152,000	190,000	20,000	12%	(18,000)	-11%		F
55220 Casualty Insurance	80,000	80,000	86,000	6,000	8%	-	0%		
	\$ 4,557,900	\$ 4,273,500	\$ 4,779,000	\$ 221,100	5%	\$ (284,400)	-6%		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. Based on workload requirements.  
B. Various organizational studies, compensation surveys, actuarial studies, human resources consulting, rate studies, financial analysis and other such services. FY 2015/16 included funds for the wholesale water rate study . FY 2016/17 includes \$25,000 to update the Chlorine Risk Management Program (RMP) and \$10,000 for studies related to modernizing the Conservatory Garden.  
C. Includes price increases on normally scheduled items such as software maintenance, software licenses, communication lines, security services and other such items. Also includes additional funds for full year of Planet Bids purchasing software (\$32,000), backup cloud service (\$15,000), Microsoft Office 2016 licenses (\$14,000), NeoGov Performance evaluation modules (\$11,800), document imaging services (\$11,000), hosted SPAM service (\$2,500) and a three-year renewal for the CISCO firewall (\$6,000).  
D. Based on increased number of retirees and projected increases in medical insurance premium costs.  
E. The wholesale water rate study was completed at a lower-than-anticipated cost.  
F. Due to low loss history.

## Employees In Action

*Pictured: (Top) IT Technician Craig Larsen readies new PCs to roll out to CLWA employees. (Bottom) Human Resources / Safety Technician Jenny Joo gathers the latest statistics to incorporate into the quarterly Safety Presentation to be presented to the CLWA Board of Directors.*





## Employees In Action

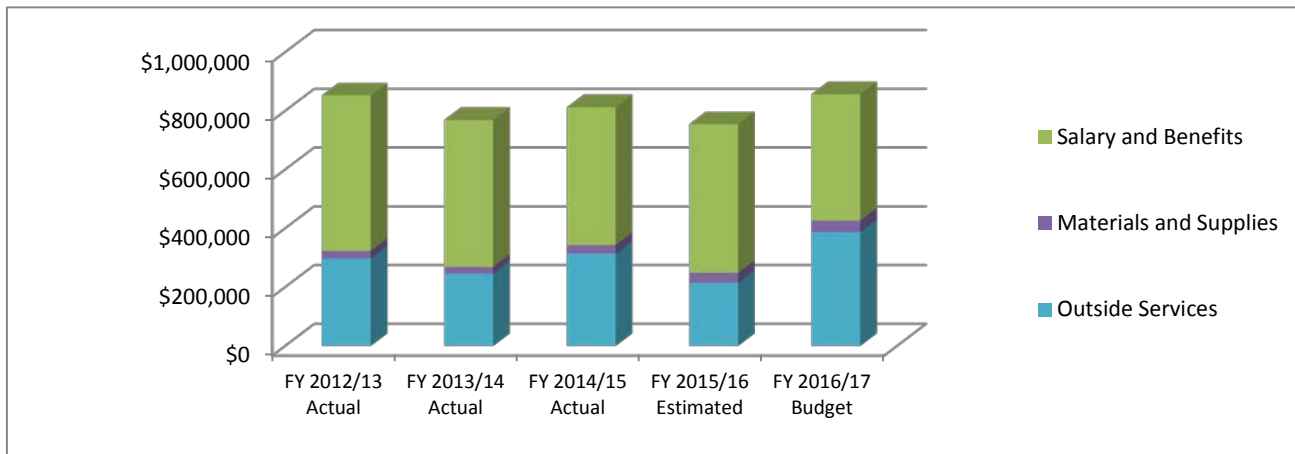
*Pictured: (Top) Facilities Maintenance Technician II Chris Alexander replaces a door handle on CLWA's modular Education Trailer. (Bottom) Office Assistant II Linda Stephens sorts and distributes incoming mail in the reception area of CLWA headquarters.*





Engineering Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 529,510	\$ 499,944	\$ 468,691	\$ 505,600	\$ 430,400
Materials and Supplies	25,595	23,085	29,167	33,800	39,000
Outside Services	297,809	246,264	314,413	215,300	387,500
Department Total	\$ 852,914	\$ 769,293	\$ 812,271	\$ 754,700	\$ 856,900
Positions	6.25	6.25	6.25	8.25	8.25



Total Operating Budget: \$ 23,680,100  
 Engineering: \$ 856,900

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
Number of major capital projects underway	12	11	20	18	21
Value of Major capital projects (millions)	\$ 5.96	\$ 1.50	\$ 8.52	\$ 16.71	\$ 19.01

## DIVISION: ENGINEERING

### Division Objective:

Implement the capital program for planning, design and construction of capital facilities ahead of need.

### Major Accomplishments – FY 2015/16

- ◆ Completed design and construction of the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project.
- ◆ Completed construction of Saugus Monitoring Wells.
- ◆ Completed Recycled Water Rules and Regulations.

### Actions – FY 2016/17

- ◆ Initiate construction of the permanent raw water connection to Metropolitan Water District Foothill Feeder pipeline [8/16]. [P2](#) A5.1
- ◆ Complete design of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project [9/16]. [P1](#) A5.2
- ◆ Initiate construction of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project [10/16]. [P1](#) A5.3
- ◆ Complete planning of the Earl Schmidt Intake Pump Station Pipeline Improvements Project [10/16]. [P1](#) A5.4
- ◆ Complete update of Recycled Water Master Plan [11/16]. [P1](#) A1.1
- ◆ Complete Facility Capacity Fee Commercial Demand Factors Study [12/16]. [P1](#) C1.3
- ◆ Initiate the biennial update of the Facility Capacity Fee Study [1/17]. [P1](#) C1.4
- ◆ Complete planning and environmental compliance for Recycled Water Phase 2D Project [1/17]. [P1](#) A5.5
- ◆ Complete planning and environmental compliance document for Recycled Water Phase 2B Project [1/17]. [P1](#) A5.6
- ◆ Complete construction of the Earl Schmidt Intake Pump Station Pump No. 3 Project [2/17]. [P1](#) A5.7
- ◆ Complete planning and environmental compliance document for Recycled Water Phase 2C Project [2/17]. [P1](#) A5.8
- ◆ Complete design of the Replacement Wells and Dry Year Reliability Wells [3/17]. [P1](#) B2.1
- ◆ Complete tracer study for the Rio Vista Water Treatment Plant Clearwells and update Rio Vista Water Treatment Plant Operations Plan [4/17]. [P1](#) A5.9
- ◆ Complete design of the Earl Schmidt Intake Pump Station Pipeline Improvements Project [4/17]. [P1](#) A5.10
- ◆ Complete construction facility modifications and pipeline inspection of Newhall Lateral Reach 2B [4/17]. [P1](#) A5.11
- ◆ Complete annual electro-potential pipeline-to-soil survey and evaluation of CLWA pipeline system [4/17]. [P2](#) A5.12
- ◆ Initiate construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project [5/17]. [P1](#) A5.13
- ◆ Complete design of Newhall Lateral Reach 2C Facility Modifications Project [5/17]. [P2](#) A5.14
- ◆ Complete planning of Recycled Water Phase 2A Project [6/17]. [P1](#) A5.15
- ◆ Complete final design of Recycled Water Phase 2B Project [6/17]. [P1](#) A5.16
- ◆ Complete land acquisition for Castaic Conduit Project [6/17]. [P1](#) A5.17
- ◆ Complete design and land acquisition of the Distribution System – RV-2 Modifications Project [6/17]. [P1](#) A5.18
- ◆ Update system hydraulic model to include extended period simulation [6/17]. [P2](#) A5.19
- ◆ Complete the Emergency and Operational Storage Study [6/17]. [P2](#) A5.20
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1

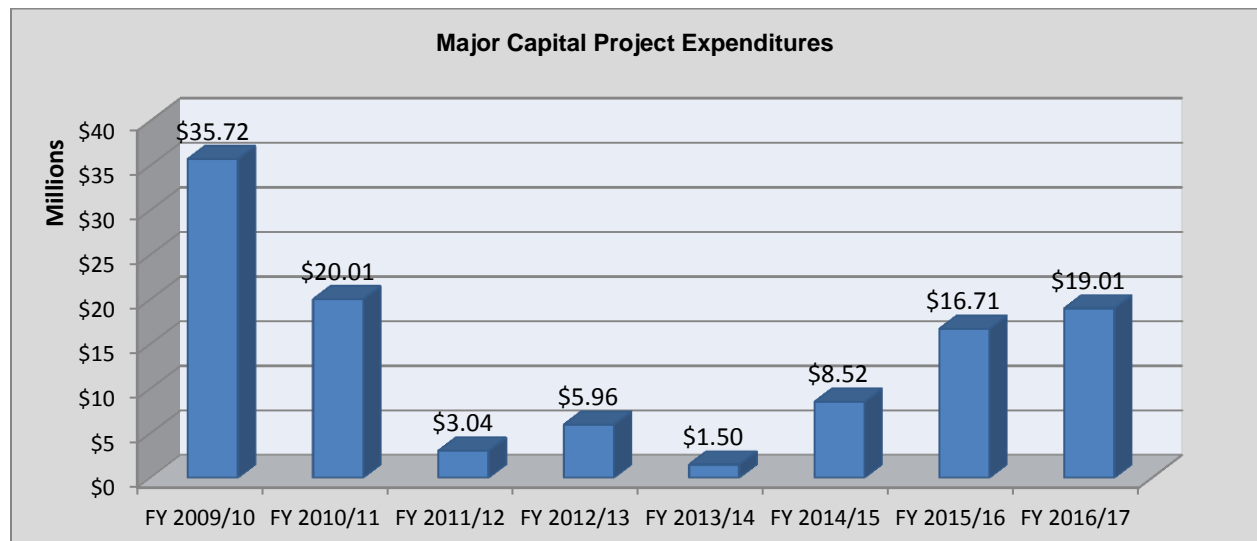
[P1](#), [P2](#) and [P3](#) actions indicate highest, high and normal priority, respectively, and are shown in blue.

## Long Term Actions

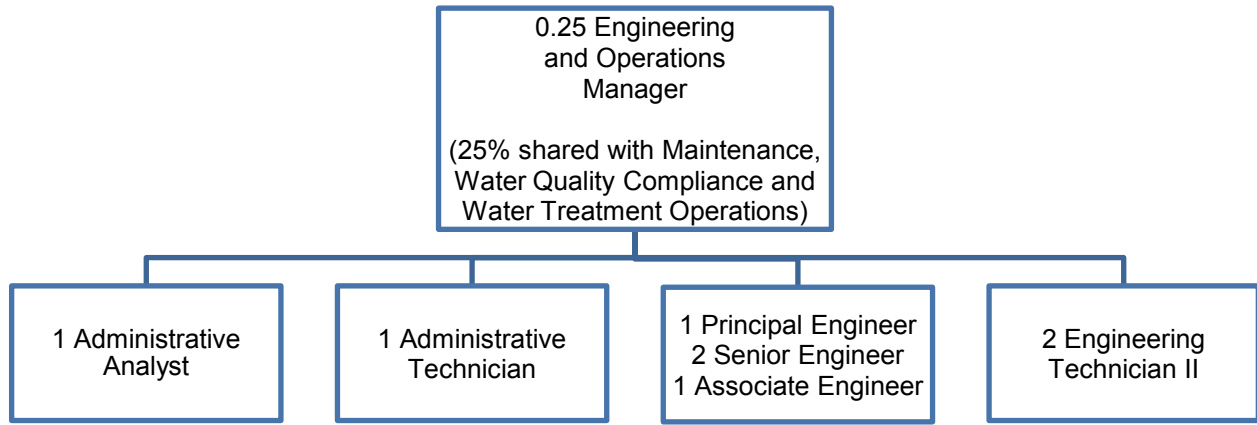
- ◆ Complete the biennial update of the Facility Capacity Fee Study and adopt new Facility Capacity Fees [every two years]. C1.6
- ◆ Complete final design for Phase 2D of the Recycled Water Program [2017]. A5.22
- ◆ Initiate construction of the Magic Mountain Pipeline Phase 4 Project [2018]. A5.23
- ◆ Initiate construction of the Recycled Water Program Phase 2D Project [2018]. A5.24
- ◆ Initiate land acquisition for the Honby Parallel Project [2018]. A5.25
- ◆ Complete Saugus Formation Replacement Wells and Dry Year Reliability (“Red-Handled”) Wells Project [2018]. A1.8
- ◆ Complete design and land acquisition for Phase 2B of the Recycled Water Program [2018]. A5.26
- ◆ Initiate construction of the Magic Mountain Pipeline Phase 5 Project [2019]. A5.27
- ◆ Complete design of the Castaic Conduit Bypass Project [2019]. A5.28
- ◆ Initiate construction of the Rio Vista Water Treatment Plant Maintenance Facility Expansion Project [2019]. A5.29
- ◆ Initiate construction of the Rio Vista Water Treatment Plant Entrance Gate Relocation Project [2019]. A5.30
- ◆ Initiate construction of the Castaic Conduit Bypass Project [2019]. A5.31
- ◆ Initiate construction of the Recycled Water Program Phase 2C Project [2019]. A5.32
- ◆ Initiate construction of the ESIPS Storage Expansion Project [2020]. A5.33
- ◆ Initiate construction of the Magic Mountain Pipeline Phase 6 Project [2020]. A5.34
- ◆ Initiate construction of the Honby Parallel Pipeline Phase 2 Project [2020]. A5.35
- ◆ Initiate construction of the Magic Mountain Reservoir Project [2021]. A5.36
- ◆ Continue development of GIS program capabilities and acquisition of GIS data [ongoing]. A5.21

## Strategic Plan Key Result

The Agency’s Strategic Plan includes a number of key performance measures related to water supply reliability (see also page 62-68). One of the key performance measures for the Engineering Division is Major Capital Projects Expenditures. The progress of this measure is as follows:



## Engineering Division Organization



## Employees In Action

*Pictured (top, left to right): Engineering and Operations Manager Brian Folsom, Operations and Maintenance Superintendent Gary Haggin, Laboratory/Regulatory Affairs Supervisor Jeff Koelewyn and Principal Engineer Jason Yim prepare to conduct a conference call regarding the Earl Schmidt Filtration Plant Clearwell Improvements Project, a CLWA major capital project slated for FY 2016/17; (bottom) conference call has commenced.*



Details of Engineering Expenditures  
FY 2016/17 Budget

**001160000 ENGINEERING**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 314,499	\$ 299,255	\$ 338,100	\$ 317,700	\$ 247,200
51007 Overtime	282	595	-	200	-
51050 Burden and Benefits	185,163	168,841	201,000	187,700	183,200
<u>Materials and Supplies</u>					
52010 Supplies and Services	18,419	21,518	22,500	21,000	22,500
51505 Employee Expense	2,880	5,973	13,000	11,000	13,000
51515 Employee Travel	1,786	1,676	3,000	1,800	3,500
<u>Outside Services</u>					
53101 Education/Seminars	3,242	3,695	4,500	3,500	5,500
53241 Temporary Personnel Service	-	-	25,000	12,500	2,000
53214 Technology Services	38,731	74,120	80,000	79,000	115,000
53226 Professional Services/Consulting	204,291	214,633	195,000	115,000	200,000
53228 Pipeline Inspection Program Services	-	21,965	65,000	5,300	65,000
<b>Total Engineering Expenditures</b>	<b>\$ 769,293</b>	<b>\$ 812,271</b>	<b>\$ 947,100</b>	<b>\$ 754,700</b>	<b>\$ 856,900</b>

**Professional Services/Consultants includes:**

Asset management consulting, perchlorate consultant and monitoring services (reimbursable), purveyor telemetry services and other engineering and survey services.

**Technology Services includes:**

GIS licenses and services, AutoCAD software licenses, hydraulic modeling software and other such services.

Engineering  
FY 2016/17 Budget - Comparison Data

001160000 ENGINEERING

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 338,100	\$ 317,700	\$ 247,200	\$ (90,900)	-27%	\$ (20,400)	-6%	A	
51050 Burden and Benefits	201,000	187,700	183,200	(17,800)	-9%	(13,300)	-7%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	22,500	21,000	22,500	-	0%	(1,500)	-7%		
51505 Employee Expense	13,000	11,000	13,000	-	0%	(2,000)	-15%		
51515 Employee Travel	3,000	1,800	3,500	500	17%	(1,200)	-40%		
<u>Outside Services</u>									
53101 Education/Seminars	4,500	3,500	5,500	1,000	22%	(1,000)	-22%		
53241 Temporary Personnel Service	25,000	12,500	2,000	(23,000)	-92%	(12,500)	-50%	B	
53214 Technology Services	80,000	79,000	115,000	35,000	44%	(1,000)	-1%	C	
53226 Professional Services/Consulting	195,000	115,000	200,000	5,000	3%	(80,000)	-41%		D
53228 Pipeline Inspection Program Services	65,000	5,300	65,000	-	0%	(59,700)	-92%		E
<b>Total Engineering Expenditures</b>	<b>\$ 947,100</b>	<b>\$ 754,700</b>	<b>\$ 856,900</b>	<b>\$ (90,200)</b>	<b>-10%</b>	<b>\$ (192,400)</b>	<b>-20%</b>		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. Based on increased charges to Capital Improvement Program projects.  
B. Funds provided in FY 2015/16 for temporary staffing to organize the Engineering file room and the FCF Program.  
C. Includes \$45,000 for a one-time purchase of InfoMaster software to continue development of asset management program.  
D. Based on workload requirements and perchlorate settlement agreement activities.  
E. Based on workload requirements and pipeline inspection program schedule.



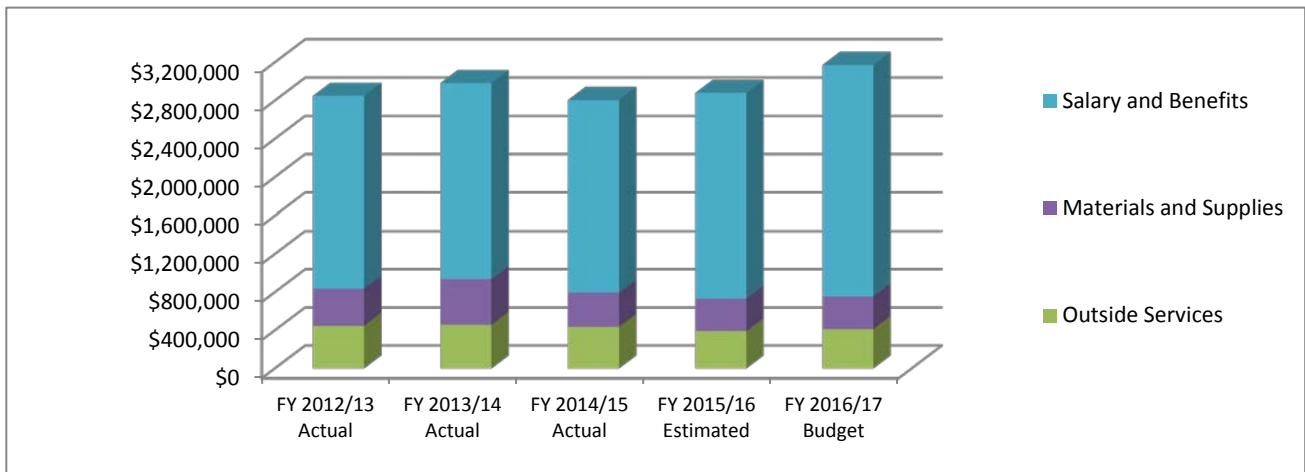
## Employees In Action

*Pictured (left to right): Engineering and Operations Manager Brian Folsom and Retail Manager Keith Abercrombie address the crowd at an all-employee meeting on the terrace at Rio Vista Water Treatment Plant.*



Maintenance Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 2,012,496	\$ 2,047,306	\$ 2,010,696	\$ 2,149,100	\$ 2,416,200
Materials and Supplies	388,267	478,380	358,491	340,800	343,000
Outside Services	448,652	458,532	436,872	392,000	414,000
Department Total	\$ 2,849,415	\$ 2,984,218	\$ 2,806,059	\$ 2,881,900	\$ 3,173,200
Positions	13.75	13.75	13.75	15.75	15.75



Total Operating Budget: \$ 23,680,100  
 Maintenance : \$ 3,173,200

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
Number of preventative maintenance work orders **	*	*	*	853	900
Number of emergency/corrective work orders **	*	*	*	186	190

\* Information not collected.

## DIVISION: MAINTENANCE

### Division Objective:

Maintain, repair and improve the Agency's treatment and distribution facilities to ensure their reliable and efficient operation.

### Major Accomplishments – FY 2015/16

- ◆ Converted pump from oil lube system to water lube system at Saugus Well #2.
- ◆ Added seismic valves for clearwells at Earl Schmidt Filtration Plant.
- ◆ Performed ozone efficiency testing at Rio Vista Water Treatment Plant and Earl Schmidt Filtration Plant.

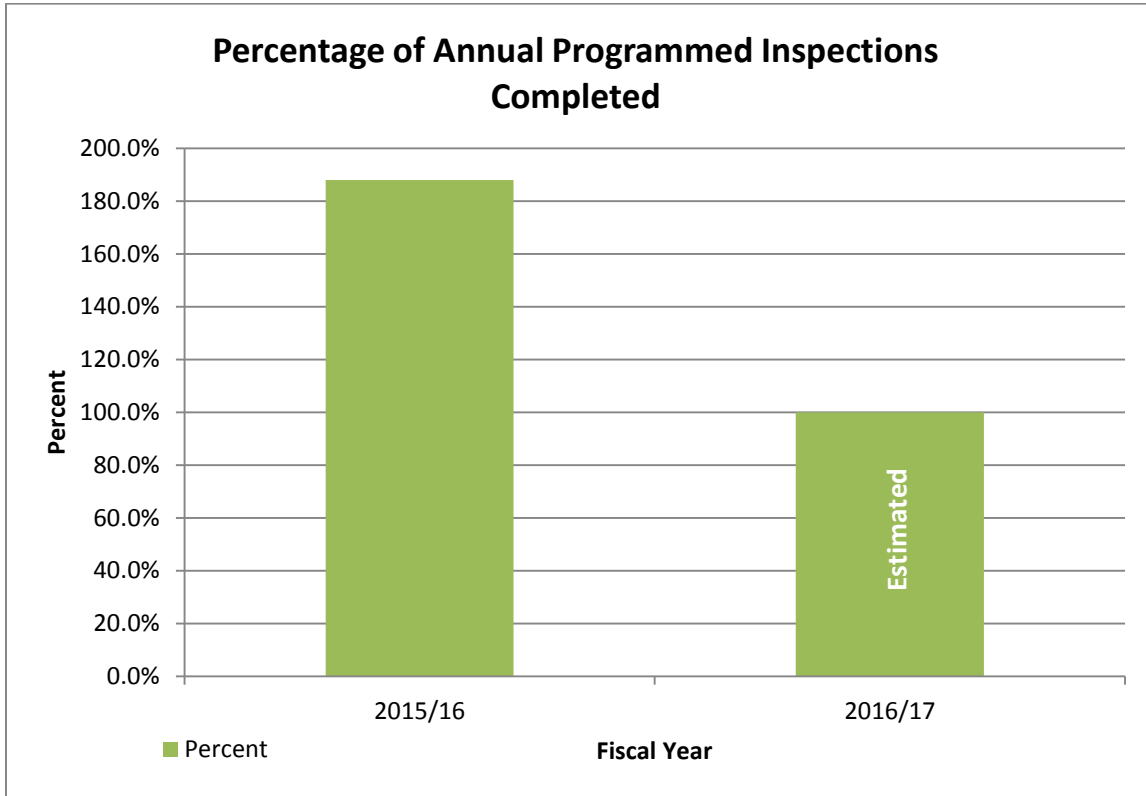
### Actions – FY 2016/17

- ◆ Install two replacement Sodium Hypochlorite pumps and associated pipelines and valves at Saugus Perchlorate Treatment Facility [7/16]. P1 A6.1
- ◆ Install replacement valves for bag filters (4) and equalization tank at Saugus Perchlorate Treatment Facility [7/16]. P2 A6.2
- ◆ Replace 20 KVA UPS in Rio Vista Water Treatment Plant Filter building [11/16]. P2 A6.3
- ◆ Replace two ammonia pumps and valves at Rio Vista Water Treatment Plant [12/16]. P2 A6.4
- ◆ Add 2" gate valves to three air and vacuum devices on Recycled water pipeline [12/16]. P3 A6.5
- ◆ Perform triannual electrical maintenance at Sand Canyon Pump Station and Generator Building [2/17]. P3 A6.6
- ◆ Replace filter-to-waste valve on Filter #1 at Rio Vista Water Treatment Plant [3/17]. P2 A6.7
- ◆ Replace isolation valves for backwash pump at Rio Vista Water Treatment Plant [3/17]. P2 A6.8
- ◆ Add surge protection to electrical distribution equipment at Rio Vista Water Treatment Plant [4/17]. P2 A6.9
- ◆ Replace clarifier and filter flow meters at Earl Schmidt Filtration Plant [5/17]. P2 A6.10
- ◆ Replace ten clarifier trough screens at Earl Schmidt Filtration Plant [6/17]. P3 C3.1
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1
- ◆ Continue acquiring and entering asset information into Computer Maintenance Management System [ongoing]. C3.2

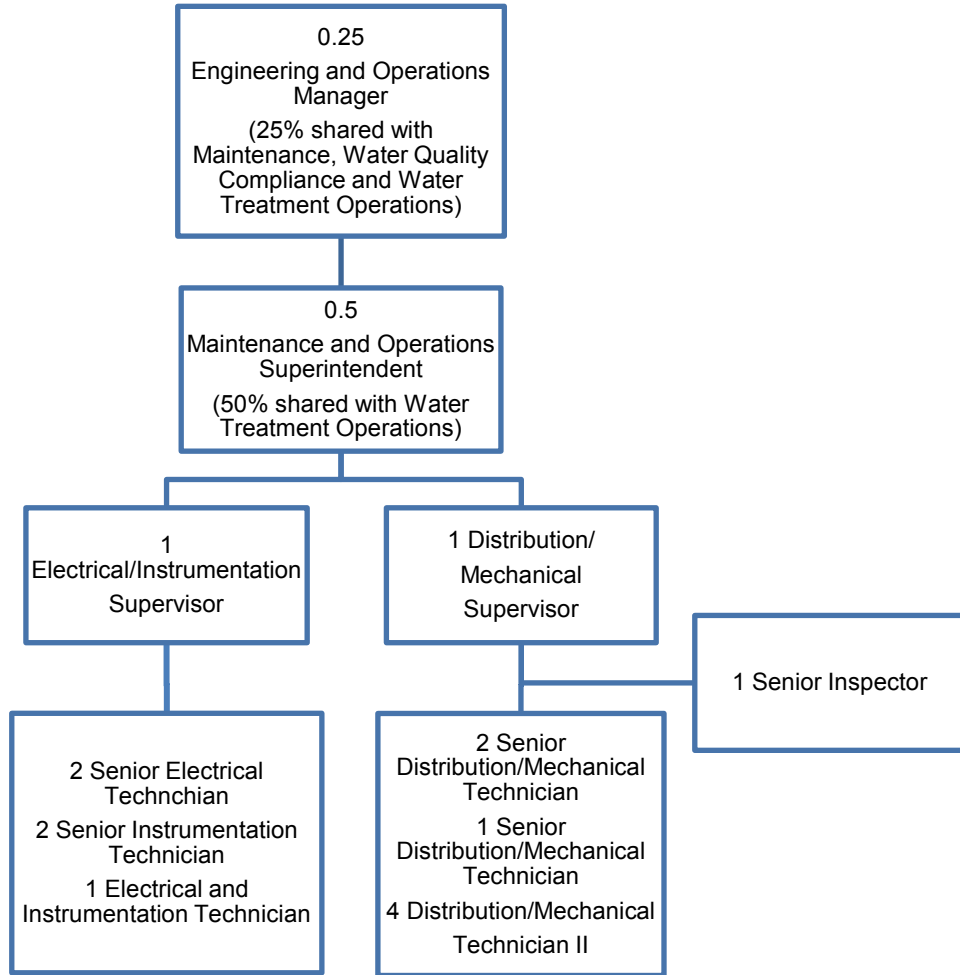
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

### Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures related to water supply reliability. One of the key performance measures for the Maintenance Division is Percentage of Annual Programmed Inspections Completed (see also page 68). The progress of this measure is as follows:



### Maintenance Division Organization



## Employees In Action

*Pictured: Electrical / Instrumentation Supervisor Dirk Hare tests the resistance on the Ozone Generator #2 at the Earl Schmidt Filtration Plant. Ozone is used as a disinfectant to kill bacteria in the treatment of water.*





Details of Maintenance Expenditures  
FY 2016/17 Budget

**001170000 MAINTENANCE**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 1,240,492	\$ 1,281,771	\$ 1,444,100	\$ 1,371,100	\$ 1,492,000
51007 Overtime	57,445	42,156	52,500	45,000	55,000
51040 On Call Premium	19,058	20,282	21,000	21,000	22,000
51050 Burden and Benefits	730,311	666,487	761,500	712,000	847,200
<u>Materials and Supplies</u>					
52010 Supplies and Services	1,910	5,385	7,000	8,000	7,000
51505 Employee Expense	524	2,648	3,000	2,500	3,000
51515 Employee Travel	216	385	1,000	300	1,000
52651 Gasoline	62,808	59,165	62,000	62,000	62,000
52085 Small Tools	16,997	17,569	20,000	18,000	20,000
52075 Parts and Materials	395,925	258,227	250,000	250,000	250,000
52652 Diesel	-	15,112	-	-	-
<u>Outside Services</u>					
53101 Education/Seminars	5,407	1,835	6,000	6,000	5,000
53104 Uniforms	9,681	10,064	14,000	11,000	14,000
53105 Outside Service/Contracting	365,247	396,315	425,000	300,000	325,000
53229 Hazardous Waste Disposal	38,747	3,793	50,000	40,000	40,000
53232 Tool Rental	39,450	24,865	25,000	35,000	30,000
	<b>\$ 2,984,218</b>	<b>\$ 2,806,059</b>	<b>\$ 3,142,100</b>	<b>\$ 2,881,900</b>	<b>\$ 3,173,200</b>

**Outside Service/Contracting includes:**

Equipment rentals, fleet and crane maintenance, electrical testing, meter repair and testing, instrumentation and controls support services, hazardous materials services, underground service alerts, pump maintenance and construction, chlorine equipment maintenance, emergency contractor services, maintenance and construction, SCADA maintenance and support and other such services.



Maintenance  
FY 2016/17 Budget - Comparison Data

001170000 MAINTENANCE

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,444,100	\$ 1,371,100	\$ 1,492,000	\$ 47,900	3%	\$ (73,000)	-5%		
51007 Overtime	52,500	45,000	55,000	2,500	5%	(7,500)	-14%		
51040 On Call Premium	21,000	21,000	22,000	1,000	5%	-	0%		
51050 Burden and Benefits	761,500	712,000	847,200	85,700	11%	(49,500)	-7%	A	
<u>Materials and Supplies</u>									
52010 Supplies and Services	7,000	8,000	7,000	-	0%	1,000	14%		
51505 Employee Expense	3,000	2,500	3,000	-	0%	(500)	-17%		
51515 Employee Travel	1,000	300	1,000	-	0%	(700)	-70%		
52651 Gasoline	62,000	62,000	62,000	-	0%	-	0%		
52085 Small Tools	20,000	18,000	20,000	-	0%	(2,000)	-10%		
52075 Parts and Materials	250,000	250,000	250,000	-	0%	-	0%		
<u>Outside Services</u>									
53101 Education/Seminars	6,000	6,000	5,000	(1,000)	-17%	-	0%		
53104 Uniforms	14,000	11,000	14,000	-	0%	(3,000)	-21%		
53105 Outside Service/Contracting	425,000	300,000	325,000	(100,000)	-24%	(125,000)	-29%	B	B
53229 Hazardous Waste Disposal	50,000	40,000	40,000	(10,000)	-20%	(10,000)	-20%		
53232 Tool Rental	25,000	35,000	30,000	5,000	20%	10,000	40%		
	<b>\$ 3,142,100</b>	<b>\$ 2,881,900</b>	<b>\$ 3,173,200</b>	<b>\$ 31,100</b>	<b>1%</b>	<b>\$ (260,200)</b>	<b>-8%</b>		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. Based on full-year funding for new positions partially funded in FY 2015/16 and benefit selection.  
B. Funds in the amount of \$90,000 were provided for corrosion control painting at multiple facilities in FY 2015/16. The work is now being implemented over multiple years.

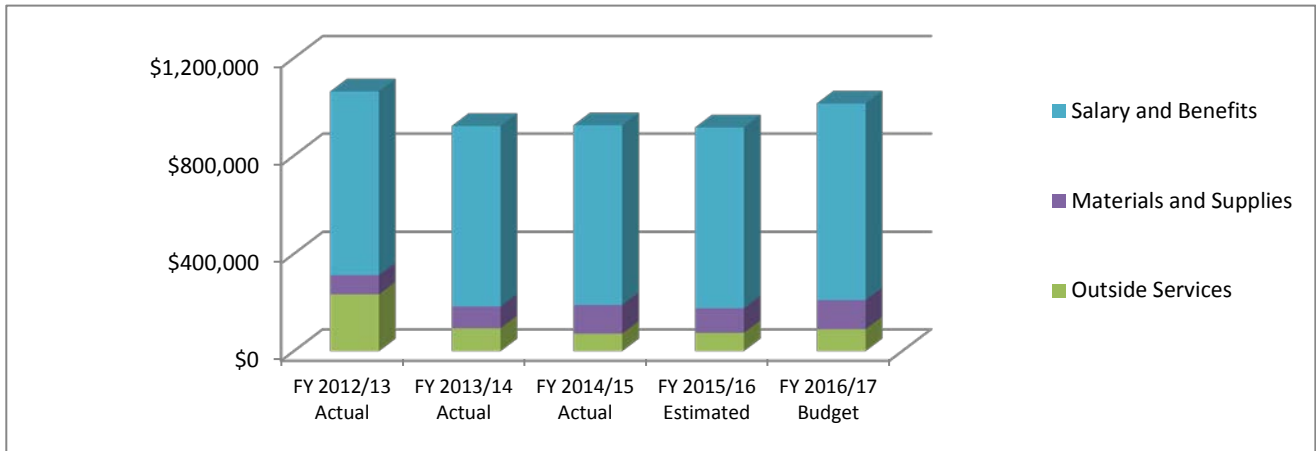
## Employees In Action

*Pictured: Distribution / Mechanical Technician II Todd Gruber opens a valve on Filter #8 at CLWA's Earl Schmidt Filtration Plant in Castaic, CA.*



Water Quality and Regulatory Affairs Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 751,337	\$ 739,241	\$ 735,000	\$ 739,300	\$ 804,500
Materials and Supplies	78,741	88,227	118,434	101,400	119,400
Outside Services	233,178	94,606	71,496	74,900	90,100
Department Total	\$ 1,063,256	\$ 922,074	\$ 924,930	\$ 915,600	\$ 1,014,000
Positions	6.25	6.25	6.25	5.25	5.25



Total Operating Budget: \$ 23,680,100  
 Water Quality and Regulatory Affairs\$ \$ 1,014,000

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
Total samples collected and analyzed*	97,500	97,400	55,600	54,700	54,000

\* Revised in FY 2015/16.

## DIVISION: WATER QUALITY AND REGULATORY AFFAIRS

### Division Objective:

Conduct laboratory testing for process control, regulatory compliance and water quality improvements at the Agency's facilities and for the three major purveyors in the Santa Clarita Valley and other long-term partners and monitor and assess water quality statutory and regulatory changes for potential impacts to the Agency.

### Major Accomplishments – FY 2015/16

- ◆ Met all applicable water quality regulations.

### Actions – FY 2016/17

- ◆ Track regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general [ongoing]. B1.2
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1

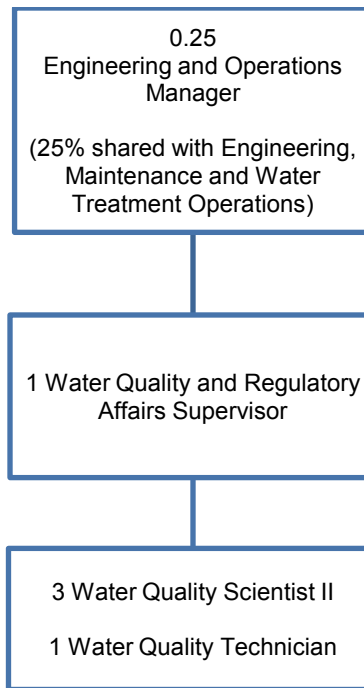
### Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures relating to water quality. One of the key performance measures for the Water Quality and Regulatory Affairs Division is 100% Compliance with Water Quality Regulations and Standards (see also page 69). The progress of this measure is as follows:

Water Quality Performance Measures 2006 - 2015											
Water Quality Measure	Standard	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Coliform Rule	All Samples ≤5%TC+, No EC +	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Surface Water Treatment Rule	95% Samples Turbidity < 0.2 NTU	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
	95% Samples Chlorine Residual	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Meet Contact Time Requirements	NM	NM	NM	NM	NM	NM	NM	✓	✓	✓
Safe Drinking Water Act - Phase II & V Monitoring	MCLs for organics and inorganics	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Disinfection By-products Rule	RAA for THM's < 80 ppb	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	RAA for HAA's < 60 ppb	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	QA for Bromate < 10 ppb	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Permit Compliance	100% DPH Required Monitoring	NM	NM	NM	NM	NM	NM	NM	✓	✓	✓

TC = Total Coliform	NTU = Nephelometric Turbidity Units
EC = E. Coli	MCL = Maximum Contaminant Level
RAA = Running Annual Average	THM = Trihalomethanes
QA = Quarterly Average	HAA = Haloacetic Acids
NM = not measured prior to 2013	

## Water Quality and Regulatory Affairs Division Organization



Details of Water Quality and Regulatory Affairs Expenditures  
FY 2016/17 Budget

**001150000 WATER QUALITY AND REGULATORY AFFAIRS**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 467,362	\$ 483,345	\$ 509,500	\$ 494,700	\$ 523,400
51007 Overtime	1,252	612	2,000	1,000	1,500
51050 Burden and Benefits	270,627	251,043	255,100	243,600	279,600
<u>Materials and Supplies</u>					
52010 Supplies and Services	2,391	2,760	4,400	4,400	4,400
53215 Recruitment Expenses	-	-	-	-	-
51505 Employee Expense	1,865	1,678	3,000	3,000	3,000
51515 Employee Travel	900	983	4,000	3,000	4,000
52050 Laboratory Supplies	29,800	53,060	45,000	40,000	45,000
52055 Microbiological Samples	27,238	38,971	35,000	35,000	35,000
52605 Gases	15,465	7,612	15,000	7,000	15,000
52065 Performance Testing Samples/Standards	10,568	13,370	13,000	9,000	13,000
<u>Outside Services</u>					
53101 Education/Seminars	2,245	3,485	3,000	3,500	3,000
53104 Uniforms	1,723	1,874	2,100	1,400	2,100
53241 Temporary Personnel Service	-	-	5,000	-	5,000
53105 Outside Service/Contracting	57,975	40,632	45,000	42,000	45,000
53112 Commercial Services/Repairs	32,663	25,505	35,000	28,000	35,000
	<b>\$ 922,074</b>	<b>\$ 924,930</b>	<b>\$ 976,100</b>	<b>\$ 915,600</b>	<b>\$ 1,014,000</b>

**Outside Service/Contracting includes:**

Laboratory testing services, and tank and distillery services and rentals.

Water Quality and Regulatory Affairs  
FY 2016/17 Budget - Comparison Data

0011500000 WATER QUALITY AND REGULATORY AFFAIRS

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 509,500	\$ 494,700	\$ 523,400	\$ 13,900	3%	\$ (14,800)	-3%		
51007 Overtime	2,000	1,000	1,500	(500)	-25%	(1,000)	-50%		
51050 Burden and Benefits	255,100	243,600	279,600	24,500	10%	(11,500)	-5%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	4,400	4,400	4,400	-	0%	-	0%		
51505 Employee Expense	3,000	3,000	3,000	-	0%	-	0%		
51515 Employee Travel	4,000	3,000	4,000	-	0%	(1,000)	-25%		
52050 Laboratory Supplies	45,000	40,000	45,000	-	0%	(5,000)	-11%		
52055 Microbiological Samples	35,000	35,000	35,000	-	0%	-	0%		
52605 Gases	15,000	7,000	15,000	-	0%	(8,000)	-53%		
52065 Performance Testing Samples/Standards	13,000	9,000	13,000	-	0%	(4,000)	-31%		
<u>Outside Services</u>									
53101 Education/Seminars	3,000	3,500	3,000	-	0%	500	17%		
53104 Uniforms	2,100	1,400	2,100	-	0%	(700)	-33%		
53241 Temporary Personnel Service	5,000	-	5,000	-	0%	(5,000)	-100%		
53105 Outside Service/Contracting	45,000	42,000	45,000	-	0%	(3,000)	-7%		
53112 Commercial Services/Repairs	35,000	28,000	35,000	-	0%	(7,000)	-20%		
	<b>\$ 976,100</b>	<b>\$ 915,600</b>	<b>\$ 1,014,000</b>	<b>\$ 37,900</b>	<b>4%</b>	<b>\$ (60,500)</b>	<b>-6%</b>		

(1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.

(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.



## Employees In Action

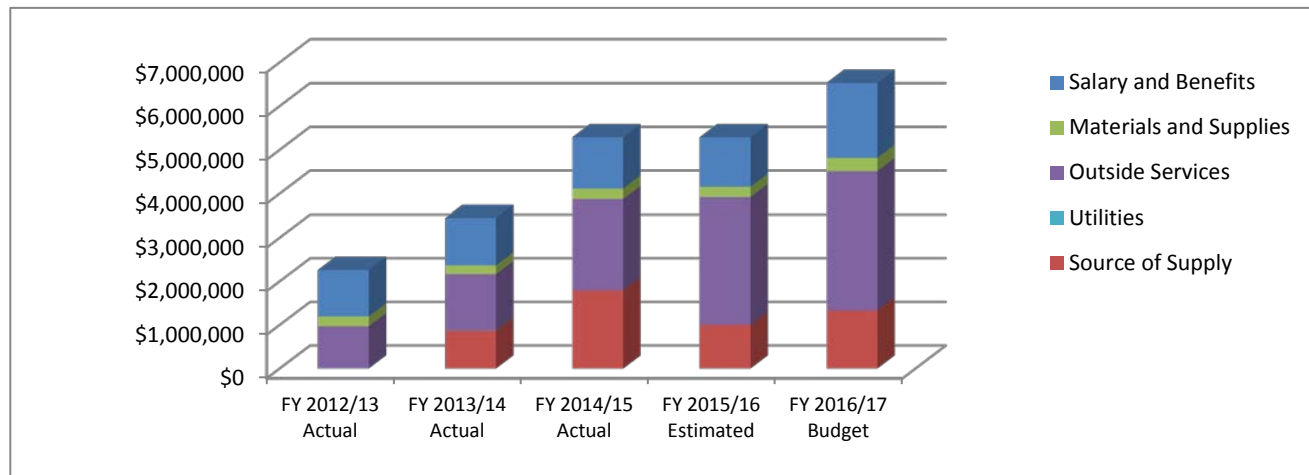
*Pictured: Water Quality Technician Gabriela Villaseñor washes out volumetric beakers in the CLWA laboratory. CLWA's laboratory checks nearly 100,000 water quality samples per year to help ensure safe drinking water for the Santa Clarita Valley. About half of these are at our two water filtration plants, and half are in the retail purveyor distribution systems.*



Water Resources Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 1,068,371	\$ 1,079,225	\$ 1,172,276	\$ 1,132,200	\$ 1,715,200
Materials and Supplies	223,281	204,632	239,373	235,000	305,000
Outside Services	961,215	1,287,444	2,082,057	2,919,000	3,180,000
Utilities	10,025	9,666	-	-	-
Source of Supply	-	867,592	1,795,630	1,002,800	1,333,400
<b>Department Total</b>	<b>\$ 2,262,892</b>	<b>\$ 3,448,559</b>	<b>\$ 5,289,336</b>	<b>\$ 5,289,000</b>	<b>\$ 6,533,600</b>

Positions	15	15	16	19	20
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Total Operating Budget: \$ 23,680,100  
 Water Resources Budget : \$ 6,533,600

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
School children educated	13,591	11,000	11,928	13,340	14,000
School teachers educated	420	350	350	330	350
Landscape education participants	479	490	722	1,023	800
Community events attended	33	36	34	25	30
Number of Facebook posts	188	200	320	380	360
Number of e-newsletter (Water Currents) subscribers	1,006	2,000	2,420	2,750	3,000
AF of water banked	6,416	-	(9,338)	-	5,000
Grant funding awarded (millions)	*	*	17	-	\$ -
CEQA and related certifications processed	1	-	-	5	4

\* Information not collected.

## DEPARTMENT: WATER RESOURCES

### Department Objective:

Manage and direct water supply augmentation, supply reliability, conservation and public outreach activities for the Agency.

### Major Accomplishments – FY 2015/16

- ◆ Completed and the Board adopted the updated 2015 Urban Water Management Plan.
- ◆ Successfully managed State Water Project (SWP) Table A amount, carryover water, water purchases and banking programs to meet retail water demands in 2015 despite 20% SWP allocation.
- ◆ Completed Semitropic Stored Water Recovery Unit implementation, providing the Agency with access to its previously banked 35,000 AF on a first priority basis.
- ◆ Managed a multi-faceted outreach effort that included water conservation and drought campaigns, school education programs, participation in public events, speakers bureau, the Blue Ribbon Committee and updating of the Agency website and social media.
- ◆ Funded 450,759 SF of turf removal and installation of water-efficient landscape in commercial, industrial and institutional settings, and 264,482 SF of turf removal and installation of water-efficient landscape in residential settings.
- ◆ Negotiated and entered into multi-year water conservation contracts with the Commerce Center and College of the Canyons that will result in the future removal of approximately 600,000 square feet (SF) of turf.
- ◆ Initiated efforts to comply with the Sustainable Groundwater Management Act, including revising basin boundaries in the Santa Clarita Valley and Devil's Den Water District. In cooperation with the retail water purveyors, selected a consultant to assist with the formation of a Sustainable Groundwater Agency.

### Actions – FY 2016/17

- ◆ Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program [3/17]. P1 A2.2
- ◆ Continue to implement current programs and initiate implementation of one additional program identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP) [6/17]. P1 A4.4
- ◆ Prepare a status update for the SCV WUE SP [12/16]. P1 A4.1
- ◆ Complete the 2015 Water Supply Reliability Report Update [12/16]. P1 A1.2
- ◆ Participate in development and implementation of the Bay Delta Conservation Plan (BDCP), now known as the California WaterFix, by supporting interim financing of design and planning activities [12/16]. P1 A1.3
- ◆ Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures [3/17]. P1 A2.3
- ◆ Identify projects and initiate planning for projects to enhance long-term water supply reliability identified in the updated Water Supply Reliability Report including water banking, exchanges, additional increased groundwater pump-back capability and water transfers [6/17]. P2 A1.5
- ◆ Prepare the California Environmental Quality Act (CEQA) document for the CLWA Recycled Water Master Plan Update and the Recycled Water Rules and Regulations [12/16]. P1 A2.1

P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

◆ Participate in development and implementation of the Bay Delta Conservation Plan (California WaterFix) by supporting State Water Project by supporting SWP contract amendments to equitably allocate BDCP costs among participants [6/17]. P1	A1.4
◆ Achieve the objectives of the Agency's Strategic Communications Plan through implementation of various activities including: [6/17] P1	D1.1
○ Water conservation campaign and media buys	
○ Public and school educational programs	
○ Participation at public events	
○ Speakers Bureau	
○ Blue Ribbon Committee/Water Academy	
○ Updating and managing Agency web site and social media outlets	
○ Self-Guided Landscape Tour	
◆ Ensure the Water Resources Department budget is appropriately expended by actively managing and controlling expenditures [6/17]. P1	C2.1
◆ Initiate an analysis of the Agency's residential turf replacement programs [12/16]. P2	A4.2
◆ Monitor and provide input into Governor's proposed new water efficiency targets (beyond 20% by 2020) [6/17]. P1.	A4.3
◆ Prepare a Proposition 1 grant application if available [12/16]. P1	C1.2
◆ Work with the Santa Clarita Valley Water Committee to further enhance retail purveyor, City and County drought and water conservation activities. [ongoing]	A2.5
◆ Support regulatory decisions that improve water supply reliability of the State Water Project in absence of Bay Delta Conservation Plan. [ongoing]	A1.6
◆ In coordination with the retail purveyors, respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications. [ongoing]	A1.7
◆ Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency for the Santa Clarita Valley. [6/17]. P1	A2.4
◆ Participate as necessary in efforts to implement the Sustainable Groundwater Management Act at the Agency's Devil's Den property. [ongoing]	A2.6
◆ Ensure CLWA has full access to water supplies available to it under its State Water Project contract and other water supply agreements that rely on SWP conveyance to meet retail water demands and store water for reliability enhancement and dry year use. [ongoing]	A3.2
◆ Implement existing Wholesale programs and policies consistent with the updated Santa Clarita Valley Water Use Efficiency Strategic Plan. [ongoing]	A4.5
◆ Identify, plan and implement ways to fund large commercial, institutional and industrial turf replacement projects. [ongoing]	A4.6
◆ Support local regulations for new development consistent with the goals of the Water Use Efficiency Strategic Plan. [ongoing]	A4.7
◆ Support efforts that explore creation of a new valley-wide water agency for the Santa Clarita Valley. [ongoing]	D4.4
◆ Implement land use changes at Devil's Den that provide revenue and/or reduced operating costs including potential development of a solar generation facility. [ongoing]	A6.14
◆ Oversee and administer the Proposition 84 Upper Santa Clara River Integrated Regional Water Management grant program. [ongoing]	C1.8
◆ Pursue federal funding for perchlorate contamination clean-up and recycled water projects in coordination with Washington, D.C. legislative advocate. [ongoing]	C1.9

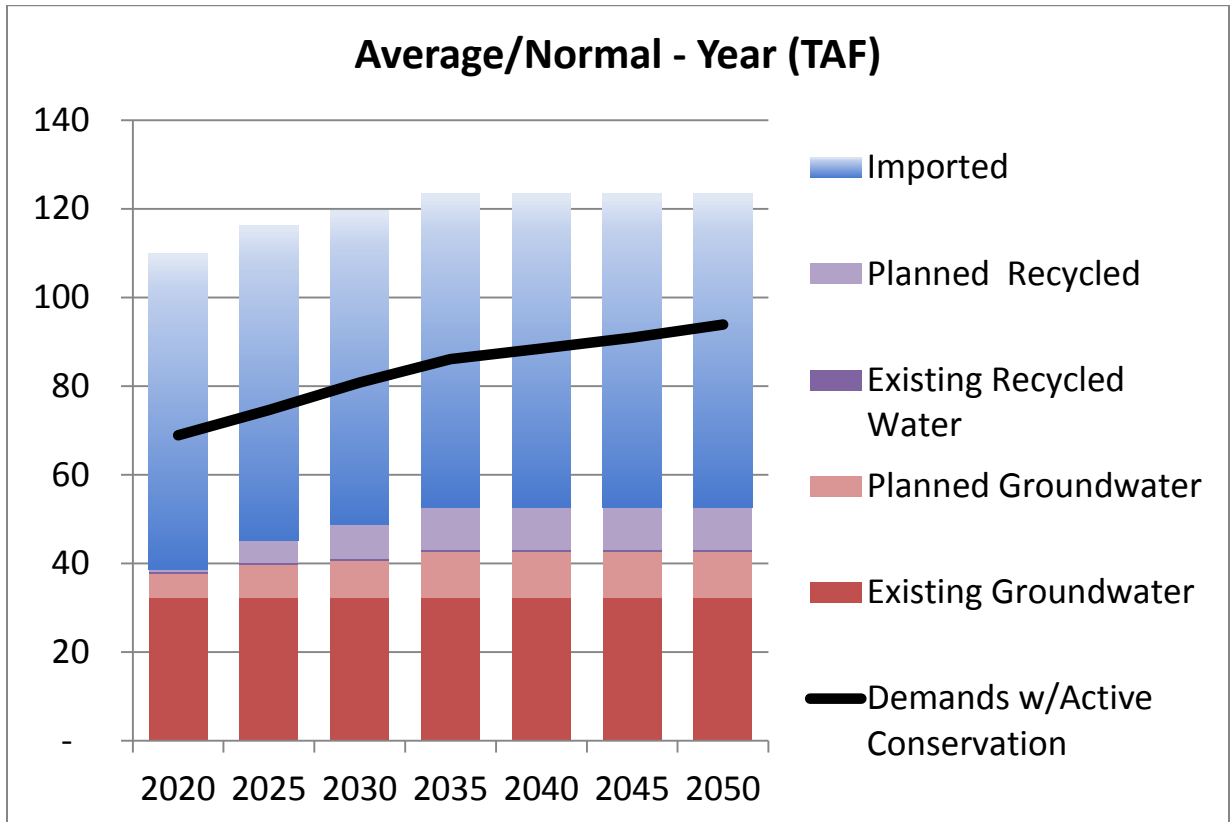
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.



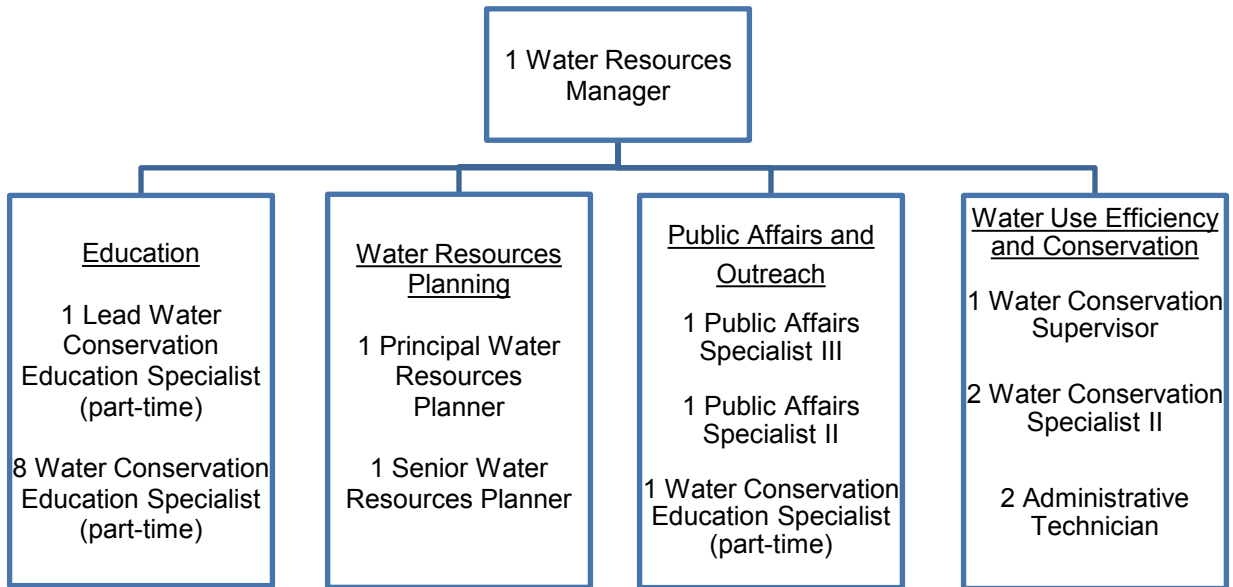
- ◆ Administer awarded grants and assist project managers in determining reimbursement schedule. [ongoing] C1.10
- ◆ Cooperate with Department of Water Resources and other State Water Project contractors to improve the administration of the State Water Project in a manner that promotes long-term cost-effectiveness, operational reliability and supply availability. [ongoing] C1.11
- ◆ Continue coordination with CLWA legislative analysts in communications with local elected officials and their staffs. [ongoing] D5.2
- ◆ Coordinate legislative initiatives concerning Sacramento-San Joaquin Delta and water conservation with legislative analysts, Association of California Water Agencies, State Water Contractors and other necessary parties to enhance the reliability and cost-effectiveness of CLWA's State Water Project water supply. [ongoing] D5.3

**Strategic Plan Key Result**

The Agency's Strategic Plan includes a number of key performance measures related to water supply reliability (see also pages 62-65). One of the key performance measures for the Water Resources Department is Long Term Water Supply. As indicated below, with the continued implementation of active water conservation programs (as prescribed in the Santa Clarita Valley Water Use Efficiency Strategic Plan), water supplies are anticipated to be adequate.



## Water Resources Department Organization



Details of Water Resources Expenditures  
FY 2016/17 Budget

**001130000 WATER RESOURCES**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 779,985	\$ 867,810	\$ 1,007,800	\$ 801,400	\$ 1,173,900
51007 Overtime	-	475	-	-	-
51008 Overtime - Public Events	25,178	24,166	25,000	26,000	29,000
51050 Burden and Benefits	294,409	303,072	406,900	309,800	512,300
51020 Less Reimbursement from SCWD	(20,347)	(23,247)	(28,000)	(5,000)	-
<u>Materials and Supplies</u>					
52010 Supplies and Services	9,921	15,786	8,000	13,000	20,000
51505 Employee Expense	2,564	6,045	3,500	5,000	9,000
51515 Employee Travel	14,489	9,063	15,000	10,000	17,000
52045 Materials and Services - Education	53,501	58,313	66,500	69,000	69,000
52025 Community Relations Promotions	36,239	51,718	65,000	58,000	65,000
52030 DD Landowner Expenditures	87,918	98,448	105,000	80,000	125,000
<u>Outside Services</u>					
53101 Education/Seminars	4,437	12,729	12,000	6,000	12,000
53104 Uniforms	325	421	1,000	1,000	1,000
53241 Temporary Personnel Service	23,474	137,212	75,000	208,000	10,000
53105 Outside Service/Contracting	9,150	10,200	25,000	10,000	25,000
53236 Professional Services/Consultants	46,825	280,761	200,000	75,000	250,000
53219 BMP Implementation	1,007,891	1,508,350	2,650,000	2,500,000	2,650,000
53218 Agency Publications	15,749	22,138	25,000	17,000	25,000
53222 Public Outreach Activities	28,119	19,131	32,000	32,000	32,000
53223 Public Relations Consulting	151,474	91,115	175,000	70,000	175,000
<u>Utilities</u>					
54300 DD Variable DWR Charges	9,666	-	-	-	-
<u>Source of Supply</u>					
55501 Buena Vista/Rosedale Rio Bravo Supply *	303,919	616,451	1,002,800	1,002,800	1,333,400
55502 Firming Programs	563,673	1,179,179	-	-	-
	<b>\$ 3,448,559</b>	<b>\$ 5,289,336</b>	<b>\$ 5,872,500</b>	<b>\$ 5,289,000</b>	<b>\$ 6,533,600</b>

**DD Landowner Expenditures includes:**

Property management, legal analysis and property taxes.

**Professional Services/Consultants includes:**

Various studies and consulting relating to water supply reliability, reliability models, population forecasting, local water supplies and other such activities. Also includes \$70,000 for the first phase of a feasibility report for selected Reconnaissance Study alternative(s).

**BMP Implementation includes:**

Various projects included in updated Water Use Efficiency Strategic Plan, such as residential and commercial turf replacement, high efficiency clothes waster rebates, weather-based irrigation controllers, low income fixture installation, a gardener certification program and water conservation related outreach.

**Public Relations Consulting includes:**

Newspaper and radio ads, media buys, surveys, scholarships and other such activities.

\* In accordance with the new wholesale water rate structure, Buena Vista/Rosedale Rio Bravo water supply costs are being transitioned to the General Fund/Operating Budget over a ten-year period to fund the reserve and replacement reserve fund.



Water Resources  
FY 2016/17 Budget - Comparison Data

0011300000 WATER RESOURCES

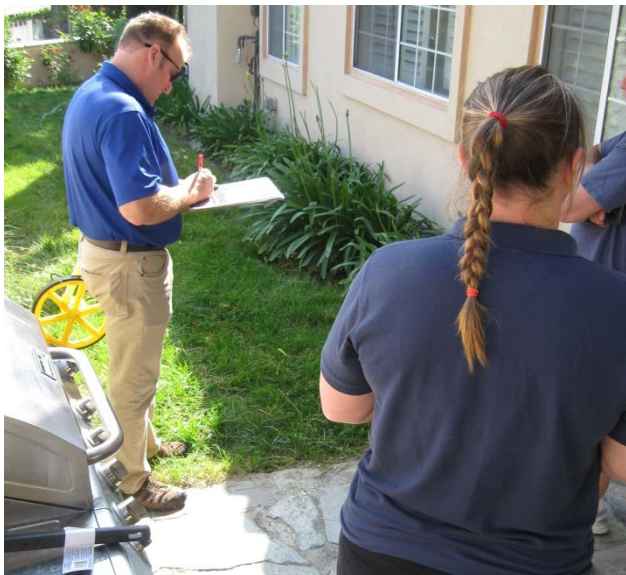
	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,007,800	\$ 801,400	\$ 1,173,900	\$ 166,100	16%	\$ (206,400)	-20%	A	G
51008 Overtime - Public Events	25,000	26,000	29,000	4,000	16%	1,000	4%		
51050 Burden and Benefits	406,900	309,800	512,300	105,400	26%	(97,100)	-24%	A	G
51020 Less Reimbursement from SCWD	(28,000)	(5,000)	-	28,000	-100%	23,000	-82%	B	B
<u>Materials and Supplies</u>									
52010 Supplies and Services	8,000	13,000	20,000	12,000	150%	5,000	63%		
51505 Employee Expense	3,500	5,000	9,000	5,500	157%	1,500	43%		
51515 Employee Travel	15,000	10,000	17,000	2,000	13%	(5,000)	-33%		
52045 Materials and Services - Education	66,500	69,000	69,000	2,500	4%	2,500	4%		
52025 Community Relations Promotions	65,000	58,000	65,000	-	0%	(7,000)	-11%		
52030 DD Landowner Expenditures	105,000	80,000	125,000	20,000	19%	(25,000)	-24%	C	H
<u>Outside Services</u>									
53101 Education/Seminars	12,000	6,000	12,000	-	0%	(6,000)	-50%		
53104 Uniforms	1,000	1,000	1,000	-	0%	-	0%		
53241 Temporary Personnel Service	75,000	208,000	10,000	(65,000)	-87%	133,000	177%	D	G
53105 Outside Service/Contracting	25,000	10,000	25,000	-	0%	(15,000)	-60%		
53236 Professional Services/Consultants	200,000	75,000	250,000	50,000	25%	(125,000)	-63%	E	I
53219 BMP Implementation	2,650,000	2,500,000	2,650,000	-	0%	(150,000)	-6%		J
53218 Agency Publications	25,000	17,000	25,000	-	0%	(8,000)	-32%		
53222 Public Outreach Activities	32,000	32,000	32,000	-	0%	-	0%		
53223 Public Relations Consulting	175,000	70,000	175,000	-	0%	(105,000)	-60%		K
<u>Source of Supply</u>									
55501 Buena Vista/Rosedale Rio Bravo Supply	1,002,800	1,002,800	1,333,400	330,600	33%	-	0%	F	
	<b>\$ 5,872,500</b>	<b>\$ 5,289,000</b>	<b>\$ 6,533,600</b>	<b>\$ 661,100</b>	<b>11%</b>	<b>\$ (583,500)</b>	<b>-10%</b>		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. Full-year funding for three positions partially funded in FY 2015/16, one new position of Administrative Technician and funding for grant administration.
- B. Due to SCWD implementing conservation and water use efficiency programs with SCWD staff.
- C. Lower than anticipated costs related to potential solar project.
- D. Based on direct hiring of temporary staff by the Agency.
- E. Studies deferred to FY 2016/17 include Sustainable Groundwater Management Act, the Water Supply Reliability Report Update and a feasibility report for the Reconnaissance Study alternative(s), including the ASR option.
- F. In accordance with the new wholesale water rate structure, Buena Vista/Rosedale Rio Bravo water supply costs are being transitioned to the General Fund/Operating Budget over a ten-year period to fund the reserve and replacement fund.
- G. Due to delays in filling three new positions.
- H. Increased funding for implementation of the Sustainable Groundwater Manager Act and Regional Water Quality Control Board's Irrigated Lands Program.
- I. Provides increased funds for Sustainable Groundwater Management Act, the Water Supply Reliability Report Update, a feasibility report for the Reconnaissance Study alternative(s) including the ASR option, and other water supply and groundwater reports.
- J. Lower-than-anticipated expenditures on conservation programs during rainy season.
- K. Lower-than-anticipated expenditures due to deferred BDCP campaign, deferred website upgrade and not producing a television commercial.

## Employees In Action

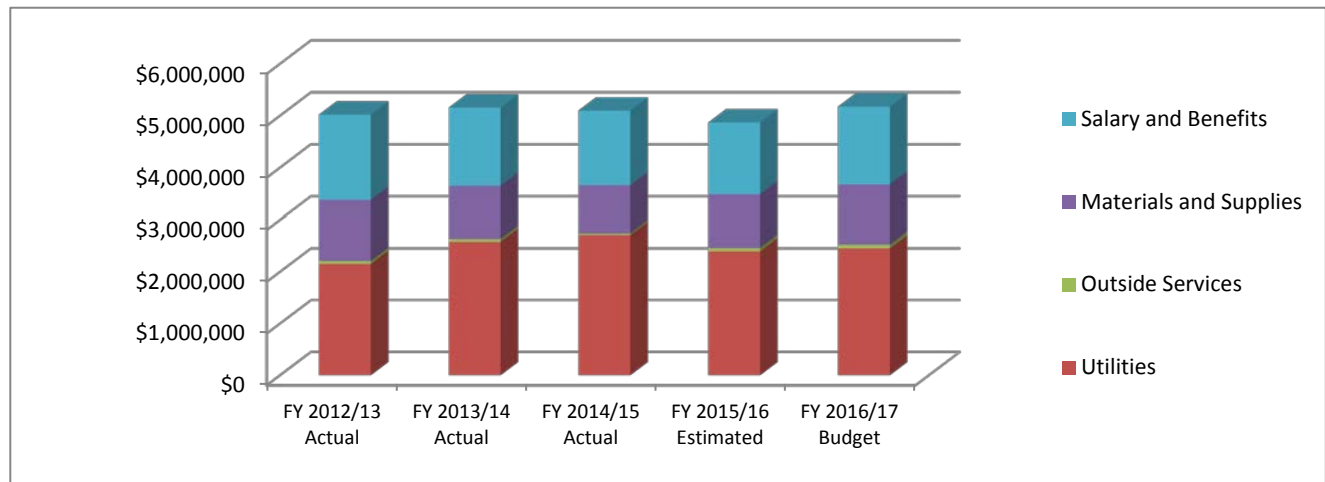
*Pictured (top, left to right): Rick Vasilopoulos and Sarah Fleury (both Water Conservation Specialist II) conduct a pre-inspection analysis of an applicant's existing landscape. Residents enrolled in the lawn replacement program must follow current, specific water-saving guidelines in order to be reimbursed up to \$2.00 per square foot of turf removed.*



Water Treatment Operations Expenditures

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
Salary and Benefits	\$ 1,639,113	\$ 1,503,944	\$ 1,440,685	\$ 1,381,800	\$ 1,497,900
Materials and Supplies	1,171,786	1,019,801	919,061	1,027,000	1,155,000
Outside Services	59,143	51,212	32,454	64,800	72,800
Utilities	2,151,314	2,581,021	2,708,272	2,395,500	2,450,000
Department Total	\$ 5,021,356	\$ 5,155,978	\$ 5,100,472	\$ 4,869,100	\$ 5,175,700

Positions	10.75	9.75	9.75	9.75	9.75
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Total Operating Budget: \$ 23,680,100  
 Water Treatment Operations : \$ 5,175,700

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Workload Measures</b>					
AF imported water treated	37,469	40,806	26,471	22,636	26,070
AF perchlorate-contaminated water treated (from Saugus 1 and 2 wells)	3,107	3,300	2,420	3,290	3,300
AF water sold at Saugus 1 and 2 well rate (per MOU)	4,100	4,100	4,100	4,100	4,100
AF recycled water provided	512	325	433	450	450
Maximum day deliveries (mgd)	66	70	56	44	50

**DIVISION: WATER TREATMENT OPERATIONS**

**Division Objective:**

Optimize the operation of the Agency’s three water treatment plants and ancillary facilities and fulfill the Agency’s mission of providing reliable, quality water at a reasonable cost to the Santa Clarita Valley.

**Major Accomplishments – FY 2015/16**

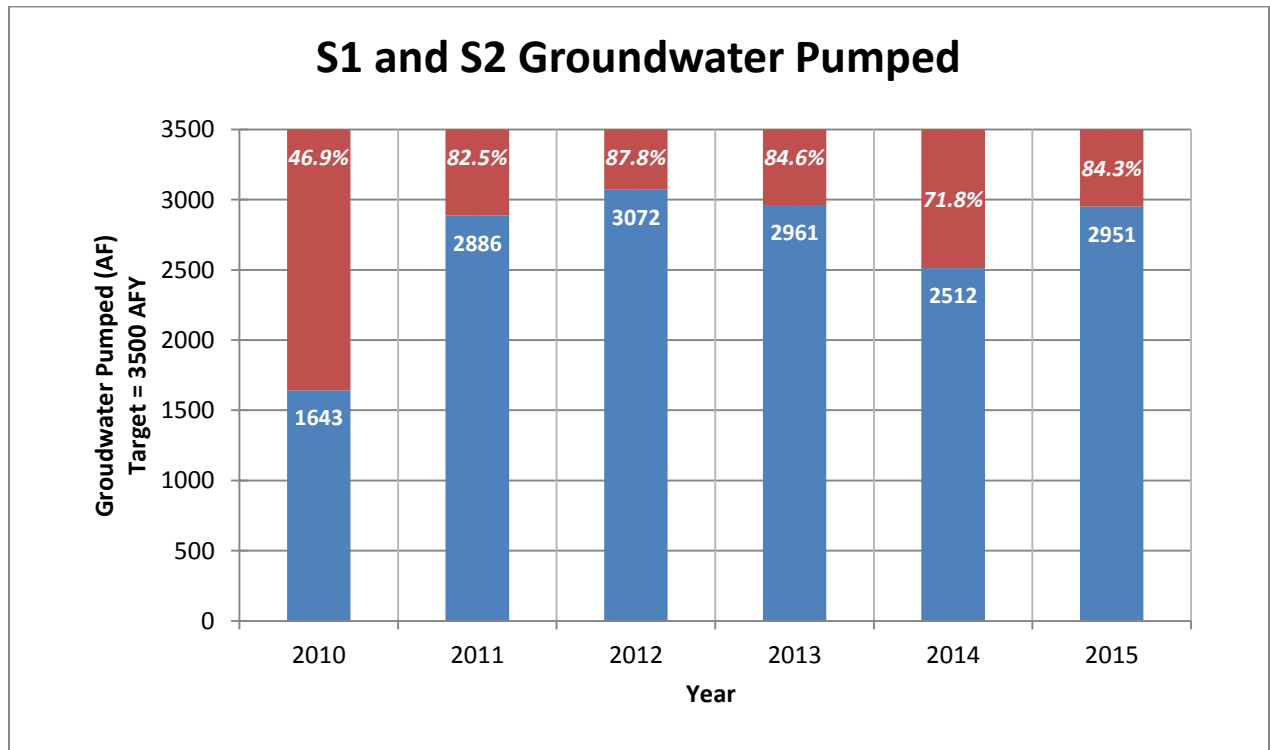
- ◆ Met all water demands during the drought by utilizing CLWA banking programs, coordinating with retailers in re-operation of the Alluvial aquifer and advancing water conservation outreach and programs.
- ◆ Met all applicable water quality regulations.

**Actions – FY 2016/17**

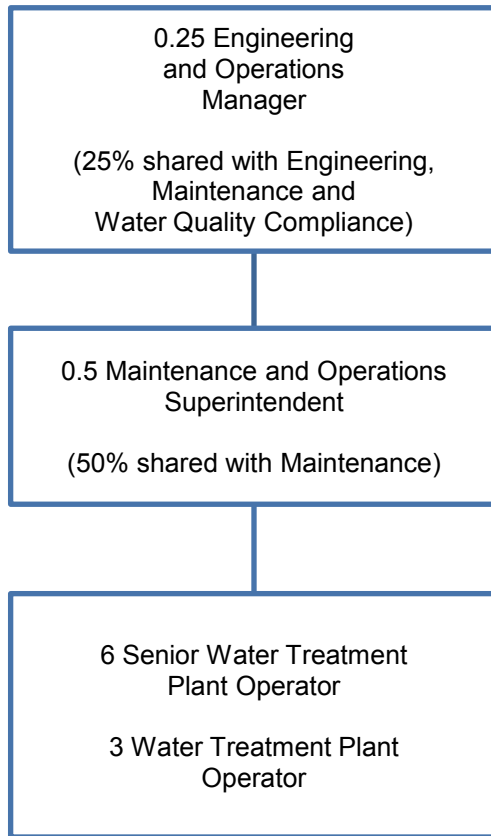
- ◆ Meet all local water retailers’ water demands [ongoing]. A3.1
- ◆ Meet all applicable water quality regulations [ongoing]. B1.1
- ◆ Coordinate emergency response planning efforts with the local water retailers, County and City [ongoing]. D4.3
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1

**Strategic Plan Key Result**

The Agency’s Strategic Plan includes a number of key performance measures related to water quality. One of the key performance measures for the Water Treatment Operations Division is Groundwater Pumped from the Perchlorate Remediation Saugus 1 and 2 Wells (see also page 70). The progress of this measure is as follows:



## Water Treatment Operations Division Organization



Details of Water Treatment Operations Expenditures  
FY 2016/17 Budget

**001140000 WATER TREATMENT OPERATIONS**

	<b>FY 2013/14 Actual</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 908,279	\$ 901,424	\$ 920,100	\$ 877,600	\$ 913,100
51007 Overtime	135,468	112,650	115,000	85,000	115,000
51050 Burden and Benefits	460,197	426,611	451,400	419,200	469,800
<u>Materials and Supplies</u>					
52010 Supplies and Services	6,023	3,946	2,300	1,000	4,000
51505 Employee Expense	-	-	-	-	-
51515 Employee Travel	903	60	1,000	1,000	1,000
52600 Chemicals	1,012,875	915,055	1,182,000	1,025,000	1,150,000
<u>Outside Services</u>					
53101 Education/Seminars	408	2,459	2,500	2,500	2,500
53104 Uniforms	1,741	2,657	2,300	2,300	2,300
53105 Outside Service/Contracting	3,015	-	3,000	-	3,000
53224 DDW Large Water System Fee	46,048	27,338	65,000	60,000	65,000
<u>Utilities</u>					
54402 Electricity - Treatment Plants	429,914	545,533	332,500	350,000	350,000
54401 Electricity - Pumping	1,905,719	1,875,513	1,852,500	1,750,000	1,800,000
54403 Electricity - Other	47,468	50,580	47,500	49,000	50,000
54404 Electricity - Wells	168,714	127,271	133,000	133,000	135,000
54430 Telemetry	596	13,747	10,000	10,000	10,000
54426 Recycled Water Purchase	28,610	95,628	417,100	103,500	105,000
	<b>\$ 5,155,978</b>	<b>\$ 5,100,472</b>	<b>\$ 5,537,200</b>	<b>\$ 4,869,100</b>	<b>\$ 5,175,700</b>



Water Treatment Operations  
FY 2016/17 Budget - Comparison Data

0011400000 WATER TREATMENT OPERATIONS

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17		Change from FY 2015/16 Budget to Estimated		(1)	(2)
				Budget	%	Estimated	%		
<u>Salary and Benefits</u>									
51001 Salary	\$ 920,100	\$ 877,600	\$ 913,100	\$ (7,000)	-1%	\$ (42,500)	-5%		
51007 Overtime	115,000	85,000	115,000	-	0%	(30,000)	-26%		B
51050 Burden and Benefits	451,400	419,200	469,800	18,400	4%	(32,200)	-7%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	2,300	1,000	4,000	1,700	74%	(1,300)	-57%		
51515 Employee Travel	1,000	1,000	1,000	-	0%	-	0%		
52600 Chemicals	1,182,000	1,025,000	1,150,000	(32,000)	-3%	(157,000)	-13%		C
<u>Outside Services</u>									
53101 Education/Seminars	2,500	2,500	2,500	-	0%	-	0%		
53104 Uniforms	2,300	2,300	2,300	-	0%	-	0%		
53105 Outside Service/Contracting	3,000	-	3,000	-	0%	(3,000)	-100%		
53224 DPH Large Water System Fee	65,000	60,000	65,000	-	0%	(5,000)	-8%		
<u>Utilities</u>									
54402 Electricity - Treatment Plants	332,500	350,000	350,000	17,500	5%	17,500	5%		
54401 Electricity - Pumping	1,852,500	1,750,000	1,800,000	(52,500)	-3%	(102,500)	-6%		
54403 Electricity - Other	47,500	49,000	50,000	2,500	5%	1,500	3%		
54404 Electricity - Wells	133,000	133,000	135,000	2,000	2%	-	0%		
54430 Telemetry	10,000	10,000	10,000	-	0%	-	0%		
54426 Recycled Water Purchase	417,100	103,500	105,000	(312,100)	-75%	(313,600)	-75%	A	A
	<b>\$ 5,537,200</b>	<b>\$ 4,869,100</b>	<b>\$ 5,175,700</b>	<b>\$ (361,500)</b>	<b>-7%</b>	<b>\$ (668,100)</b>	<b>-12%</b>		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. FY 2015/16 Budget included funds for the purchase of recycled water for grading of Mission Village of Newhall Ranch. This project has been delayed.  
B. Based on workload requirements.  
C. Based on estimated water deliveries.



Details of Burden and Benefits Expenditures  
FY 2016/17 Budget

**51050 BURDEN AND BENEFITS/DISTRIBUTION**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>
51051 Employee Assistance Program	\$ 1,912	\$ 2,100	\$ 2,100	\$ 2,200
51052 In-Lieu Sick Salary	35,531	33,800	33,800	33,800
51053 In-Lieu Medical Insurance	272,918	303,700	290,600	390,700
51054 Deferred Compensation	149,702	186,700	133,500	137,600
51055 PERS Retirement	1,021,078	1,099,000	1,044,600	1,152,700
51056 Medical Insurance	605,889	711,900	689,300	799,600
51057 Dental Insurance	101,219	108,200	124,700	121,300
51058 Life Insurance	17,889	20,200	20,200	22,000
51059 Vision Insurance	13,961	14,300	16,000	17,000
51060 Long Term Disability	27,707	35,400	33,000	36,400
51061 Medicare Tax	98,027	100,200	95,000	104,600
51062 Workers Compensation Insurance	92,190	106,300	100,900	109,200
51064 Vehicle Allowance	23,208	24,800	29,100	32,700
51080 OPEB - Retiree Medical Insurance	366,467	423,000	395,100	673,100
Total	\$ 2,827,698	\$ 3,169,600	\$ 3,007,900	\$ 3,632,900
Water Treatment Operations Benefits	\$ (426,611)	\$ (451,400)	\$ (419,200)	\$ (469,800)
Water Resources Benefits	(303,072)	(406,900)	(309,800)	(512,300)
Water Quality and Regulatory Affairs Benefits	(251,043)	(255,100)	(243,600)	(279,600)
Maintenance Benefits	(666,487)	(761,500)	(712,000)	(847,200)
Engineering Benefits	(168,841)	(201,000)	(187,700)	(183,200)
Administration Benefits	(815,342)	(911,100)	(876,900)	(998,800)
Management Benefits	(196,302)	(182,600)	(258,700)	(342,000)
Total	\$ (2,827,698)	\$ (3,169,600)	\$ (3,007,900)	\$ (3,632,900)

Burden and Benefits  
FY 2016/17 Budget - Comparison Data

**51050 BURDEN AND BENEFITS/DISTRIBUTION**

	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	Change from FY 2015/16 to FY 2016/17 Budget	%	Change from FY 2015/16 Budget to Estimated	%	(1)	(2)
51051 Employee Assistance Program	\$ 2,100	\$ 2,000	\$ 2,200	\$ 100	5%	\$ (100)	-5%		
51052 In-Lieu Sick Salary	33,800	33,800	33,800	-	0%	-	0%		
51053 In-Lieu Medical Insurance	303,700	308,800	390,700	87,000	29%	5,100	2%	A	
51054 Deferred Compensation	186,700	139,900	137,600	(49,100)	-26%	(46,800)	-25%	A	A
51055 PERS Retirement	1,099,000	1,059,500	1,152,700	53,700	5%	(39,500)	-4%		
51056 Medical Insurance	711,900	691,200	799,600	87,700	12%	(20,700)	-3%	B	
51057 Dental Insurance	108,200	105,300	121,300	13,100	12%	(2,900)	-3%		
51058 Life Insurance	20,200	20,200	22,000	1,800	9%	-	0%		
51059 Vision Insurance	14,300	14,000	17,000	2,700	19%	(300)	-2%		
51060 Long Term Disability	35,400	33,700	36,400	1,000	3%	(1,700)	-5%		
51061 Medicare Tax	100,200	95,300	104,600	4,400	4%	(4,900)	-5%		
51062 Workers Compensation Insurance	106,300	102,200	109,200	2,900	3%	(4,100)	-4%		
51064 Vehicle Allowance	24,800	28,600	32,700	7,900	32%	3,800	15%		
51080 OPEB - Retiree Medical Insurance	423,000	402,600	673,100	250,100	59%	(20,400)	-5%	B	
<b>Total</b>	<b>\$ 3,169,600</b>	<b>\$ 3,037,100</b>	<b>\$ 3,632,900</b>	<b>\$ 463,300</b>	<b>15%</b>	<b>\$ (132,500)</b>	<b>-4%</b>		
Water Treatment Operations Benefits	\$ (451,400)	\$ (429,400)	\$ (469,800)	\$ (18,400)	4%	\$ 22,000	-5%		
Water Resources Benefits	(406,900)	(341,400)	(512,300)	(105,400)	26%	65,500	-16%		
Water Quality and Regulatory Affairs Benefits	(255,100)	(245,800)	(279,600)	(24,500)	10%	9,300	-4%		
Maintenance Benefits	(761,500)	(737,400)	(847,200)	(85,700)	11%	24,100	-3%		
Engineering Benefits	(201,000)	(194,600)	(183,200)	17,800	-9%	6,400	-3%		
Administration Benefits	(911,100)	(873,600)	(998,800)	(87,700)	10%	37,500	-4%		
Management Benefits	(182,600)	(214,900)	(342,000)	(159,400)	87%	(32,300)	18%		
<b>Total</b>	<b>\$ (3,169,600)</b>	<b>\$ (3,037,100)</b>	<b>\$ (3,632,900)</b>	<b>\$ (463,300)</b>	<b>15%</b>	<b>\$ 132,500</b>	<b>-4%</b>		

- (1) Changes from FY 2015/16 Budget to FY 2016/17 Budget more than 10% and \$20,000.  
(2) Changes from FY 2015/16 Budget to FY 2015/16 Estimated more than 10% and \$20,000.

- A. Based on level of participation by employees.  
B. Based on increased staffing and anticipated rate increase.  
C. Based on most recent actuarial study.

## Employees In Action

*Pictured: Water Quality Scientist II Yao Kouame reviews data used in the bacteriological analysis of daily water samples from the Santa Clarita Valley.*



## CAPITAL IMPROVEMENT PROGRAM BUDGET

**Goals:** Complete construction of capital facilities required to provide potable and recycled water to purveyors in advance of need. Maintain function and proper operation of existing facilities.

**Introduction:** The Capital Budget for the Agency in FY 2016/17 is presented in this section. Capital projects are defined as non-operating expense items of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital Projects typically have a life of five years or more. The categories of capital projects are:

- ◆ Major Capital Projects. The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program and Facility Capacity Fee Study, and cost more than \$1 million.
- ◆ Minor Capital Projects. Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Facility Capacity Fee Study. Minor capital projects cost \$1 million or less.
- ◆ Capital Planning, Studies and Administration. Non-operating expenses, including but not limited to (1) studies in support of major capital projects and (2) non-recurring studies.
- ◆ New Capital Equipment. The purchase of fixed asset equipment with a cost of \$5,000 or more. New Capital Equipment has all of the following characteristics: (1) normal useful life of at least one year or more; (2) an acquisition cost of at least \$5,000; and (3) generally is facility or plant specific and not portable or used in various locations.
- ◆ Repair and Replacement. Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public and provide for the installation of equipment and security devices. Repair and Replacement also includes equipment which are installed components to Repair and Replacement Projects and the cost including tax is \$5,000 or greater. Generally, this includes replacement of equipment after end of mechanical or electrical service life such as impellers, circuit breakers, transformers, stator coils, valves or HVAC components. It also includes repairs or modifications that will bring plant or facility equipment back to normal functioning level. Repair and Replacement equipment has all of the following characteristics: (1) replacement of spare parts and components initially furnished by a contractor or manufacturer not included with the original machinery; (2) equipment that will be attached to original machinery throughout its useful life and (3) plant, facility or building specific electrical or mechanical components. The capital budget for repair and replacement generally excludes portable equipment and small tools that can be used in various locations.

**Capital Improvement Program**

FY 2016/17 Budget

Section Summary

**SUMMARY**

<b>Category</b>	<b>FY 2015/16 Budget</b>	<b>FY 2015/16 Estimated</b>	<b>FY 2016/17 Budget</b>	<b>Change from FY 2015/16 Budget</b>
Major Capital Projects	\$ 33,822,000	\$ 16,708,600	\$ 19,008,900	\$ (14,813,100)
Minor Capital Projects	3,201,000	1,764,200	2,464,000	(737,000)
Capital Planning, Studies and Administration	9,018,600	9,539,200	8,605,500	(413,100)
New Capital Equipment	880,200	573,100	881,000	800
Major Repair and Replacement	1,405,000	885,000	770,000	(635,000)
Total	\$ 48,326,800	\$ 29,470,100	\$ 31,729,400	\$ (16,597,400)

**SOURCES OF FUNDING**

<b>Category</b>	<b>FY 2016/17 Budget</b>	<b>Capital Project Fund</b>	<b>One Percent Property Tax</b>	<b>Facility Capacity Fee</b>
Major Capital Projects	\$ 19,008,900	\$ 18,563,900	\$ 445,000	\$ -
Minor Capital Projects	2,464,000	-	2,464,000	-
Capital Planning, Studies and Administration	8,605,500	-	6,279,800	2,325,700
New Capital Equipment	881,000	-	881,000	-
Major Repair and Replacement	770,000	-	770,000	-
Total	\$ 31,729,400	\$ 18,563,900	\$ 10,839,800	\$ 2,325,700

CASTAIC LAKE WATER AGENCY  
Major Capital Projects  
FY 2016/17 Budget

Major Capital Projects are funded by different sources of funds.

CIP No.	Project Title	Project Category (A, B, C)	Total Estimated Project Cost	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget
<b>Debt-funded Projects</b>						
200903	Castaic Conduit	A, C	\$ 15,116,000	\$ 471,000	\$ 52,000	\$ 378,000
200010	Distribution System - RV-2 Modifications	A	3,913,000	404,000	15,000	75,000
200105	ESFP Clearwell/CT Improvements	A, B, C	9,047,000	4,078,000	25,000	4,056,000
200103	ESFP Sludge Collection System	B, C	9,581,000	560,000	262,000	235,000
200151	ESIPS Pipeline Improvements	A	2,163,000	-	79,000	733,000
200905	Foothill Feeder Connection	C	5,308,000	2,077,500	74,000	4,859,200
200510	Honby Parallel	A, C	21,444,000	4,000	3,000	627,000
200525	Magic Mountain Pipeline No. 4	A, C	3,459,000	3,326,000	14,000	31,000
200526	Magic Mountain Pipeline No. 5	A, C	3,762,000	132,000	-	23,000
200527	Magic Mountain Pipeline No. 6	A, C	8,876,000	302,000	-	4,000
200528	Magic Mountain Reservoir	A, C	27,119,000	52,000	-	4,000
200453	Recycled Water Program Phase II, 2A	C	13,394,000	873,000	15,000	107,000
200454	Recycled Water Program Phase II, 2B	C	5,094,000	140,000	15,000	337,000
200455	Recycled Water Program Phase II 2C	C	14,382,000	352,000	9,000	380,000
200456	Recycled Water Program Phase II 2D	C	2,865,000	-	60,000	265,000
200011	RVWTP Clearwell Cover Improvements	A, B, C	10,409,800	5,241,000	4,988,700	231,200
200963	Saugus Formation Dry Year Reliability Wells	B, C	12,650,000	297,000	131,500	380,000
200906	Rosedale Rio Bravo Extraction	C	9,736,000	6,376,000	2,612,500	5,833,500
200907	Semitropic Stored Water Recovery Unit	C	8,462,000	8,027,500	8,028,000	5,000
<b>Projects Funded "Pay-as-you-go"</b>						
200962	Replacement Wells	B, C	10,650,000	297,000	138,900	380,000
200012	RVWTP Entrance Gate and Security Kiosk	A	1,901,000	812,000	186,000	65,000
200009	RVWTP Maintenance Facility Expansion	A	8,212,000	-	-	-
<b>Total Major Capital Projects</b>			<b>\$ 207,543,800</b>	<b>\$ 33,822,000</b>	<b>\$ 16,708,600</b>	<b>\$ 19,008,900</b>

A. Funded by one percent property tax revenues.

B. Will be submitted for reimbursement from the perchlorate settlement agreement.

CATEGORY A: Operational Requirement/Improvement Project

CATEGORY B: Water Quality/Regulatory Project

CATEGORY C: Capacity/Demand Improvement Project

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200903

**Project Title:** Castaic Conduit

**Legal Name:** Castaic Conduit

**Description:** Construction of a 54-inch diameter pipeline to replace the existing 36-inch and 39-inch diameter sections of the Castaic Conduit Pipeline.

**Function:** Convey treated water from the treatment plants to various turnouts. Improves the transmission system hydraulics.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Public rights-of-way encroachment and pipeline easements will be obtained during the design phase.

**Impacted Facilities:** Castaic Conduit Pipeline

**CEQA:** A Mitigated Negative Declaration was adopted by the Board of Directors on March 9, 2011.

**Project Schedule:** Complete design in 2019. At that time a decision will be made to proceed or not proceed with construction based on Agency's financial situation. Anticipate project will be constructed within five years.

**Projected Fiscal Year Activity:** Perform land acquisition.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be less than \$5,000.



Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200903

<b>CASTAIC CONDUIT</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 102,000	\$ 102,000	\$ -	\$ 102,000	\$ -
<i>Agency Labor</i>	14,000	14,000	-	14,000	-
<i>Consultant</i>	84,000	84,000	-	84,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	4,000	4,000	-	4,000	-
	-	-			-
<b>Design (Including Bid Services)</b>	1,033,000	1,033,000	52,000	748,000	203,000
<i>Agency Labor</i>	57,000	57,000	11,000	34,000	30,000
<i>Consultant</i>	947,000	947,000	40,000	705,000	165,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	29,000	29,000	1,000	9,000	8,000
					-
<b>Construction Services</b>					
<b>Construction Management</b>	1,263,000	1,263,000	-	-	-
<i>Agency Labor</i>	94,000	94,000	-	-	-
<i>Consultant</i>	1,144,000	1,144,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	25,000	-	-	-
					-
<b>Engineering during Construction</b>	1,100,000	1,100,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	1,100,000	1,100,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
					-
<b>Capital Construction Costs</b>	11,185,000	11,185,000	-	-	-
<i>Construction Contract(s)</i>	11,000,000	11,000,000	-	-	-
<i>Construction by Agency Forces</i>	145,000	145,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	40,000	40,000	-	-	-
					-
<b>Additional Project Delivery Costs</b>	283,000	433,000	-	-	175,000
<i>Permitting</i>	10,000	160,000	-	-	-
<i>Land Acquisition</i>	170,000	170,000	-	-	170,000
<i>Post-construction Monitoring and Mitigation</i>	37,000	37,000	-	-	-
<i>Other Direct Costs</i>	66,000	66,000	-	-	5,000
<b>TOTAL</b>	<b>\$ 14,966,000</b>	<b>\$ 15,116,000</b>	<b>\$ 52,000</b>	<b>\$ 850,000</b>	<b>\$ 378,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200010

**Project Title:** Distribution System – RV-2 Modifications

**Legal Name:** Distribution System – RV-2 Modifications

**Description:** Replacement of existing 72 inch valve and construction of modifications to the existing Rio Vista Valve #2 facility.

**Function:** Control treated water system hydraulics. Improves operational flexibility and system reliability.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Easements for the modified facility will be obtained during the design phase.

**Impacted Facilities:** Rio Vista Valve #2

**CEQA:** Categorical Exemption (Class 2, Section 15302 of the California Environmental Quality Act Guidelines).

**Project Schedule:** Complete design in FY 2016/17. Construction to start in FY 2017/18.

**Projected Fiscal Year Activity:** Complete design.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200010

DISTRIBUTION SYSTEM - RV-2 MODIFICATIONS					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 130,000	\$ 142,000	\$ -	\$ 142,000	\$ -
<i>Agency Labor</i>	13,000	13,000	-	13,000	-
<i>Consultant</i>	115,000	127,000	-	127,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	2,000	2,000	-	2,000	-
<b>Design (Including Bid Services)</b>	579,000	610,000	15,000	535,000	75,000
<i>Agency Labor</i>	63,000	51,000	6,000	40,000	11,000
<i>Consultant</i>	495,000	537,000	4,000	478,000	59,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	21,000	22,000	5,000	17,000	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	504,000	497,000	-	-	-
<i>Agency Labor</i>	94,000	92,000	-	-	-
<i>Consultant</i>	400,000	400,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	10,000	5,000	-	-	-
<b>Engineering during Construction</b>	200,000	200,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	200,000	200,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	2,475,000	2,450,000	-	-	-
<i>Construction Contract(s)</i>	2,400,000	2,400,000	-	-	-
<i>Construction by Agency Forces</i>	50,000	40,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	10,000	-	-	-
<b>Additional Project Delivery Costs</b>	25,000	14,000	-	1,000	-
<i>Permitting</i>	10,000	5,000	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	15,000	9,000	-	1,000	-
<b>TOTAL</b>	<b>\$ 3,913,000</b>	<b>\$ 3,913,000</b>	<b>\$ 15,000</b>	<b>\$ 678,000</b>	<b>\$ 75,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200105

**Project Title:** Earl Schmidt Filtration Plant (ESFP) Clearwell/CT Improvements

**Legal Name:** ESFP Clearwell/CT Improvements

**Description:** Construction of a new disinfection contactor to improve disinfection contact time (CT) at the ESFP.

**Function:** Improves disinfection contact time at ESFP and provides increased assurance of operating permit compliance.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** ESFP property is held in fee by CLWA.

**Impacted Facilities:** ESFP

**CEQA:** Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

**Project Schedule:** Complete design in FY 2016/17. Construction to occur in FY 2016/17 and FY 2017/18.

**Projected Fiscal Year Activity:** Complete design and initiate construction.

**Projected Impact on Operating Costs:** The projected annual operating cost increase is anticipated to be less than \$5,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2015/16 Budget

CIP No. 200105

<b>ESFP CLEARWELL/CT IMPROVEMENTS</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 52,000	\$ 52,000	\$ -	\$ 52,000	-
Agency Labor	1,000	1,000	-	1,000	-
Consultant	50,000	50,000	-	50,000	-
Equipment	-	-	-	-	-
Other Direct Costs	1,000	1,000	-	1,000	-
<b>Design (Including Bid Services)</b>	668,000	629,000	25,000	545,000	84,000
Agency Labor	44,000	45,000	8,000	39,000	6,000
Consultant	594,000	557,000	16,000	484,000	73,000
Equipment	-	-	-	-	-
Other Direct Costs	30,000	27,000	1,000	22,000	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	1,129,000	1,296,000	-	-	637,000
Agency Labor	137,000	151,000	-	-	65,000
Consultant	972,000	1,134,000	-	-	567,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	11,000	-	-	5,000
<b>Engineering during Construction</b>	600,000	600,000	-	-	300,000
Agency Labor	-	-	-	-	-
Consultant	600,000	600,000	-	-	300,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	5,539,000	6,279,000	-	419,000	3,035,000
Construction Contract(s)	5,396,000	5,790,000	-	-	3,000,000
Construction by Agency Forces	123,000	73,000	-	23,000	25,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	416,000	-	396,000	10,000
<b>Additional Project Delivery Costs</b>	212,000	191,000	-	11,000	-
Permitting	160,000	160,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	52,000	31,000	-	11,000	-
<b>TOTAL</b>	<b>\$ 8,200,000</b>	<b>\$ 9,047,000</b>	<b>\$ 25,000</b>	<b>\$ 1,027,000</b>	<b>\$ 4,056,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200103

**Project Title:** Earl Schmidt Filtration Plant (ESFP) Sludge Collection System

**Legal Name:** ESFP Sludge Collection System

**Description:** Construction of new facilities and modifications to existing facilities to upgrade the ESFP wash water return and sludge collection system.

**Function:** Improves the operational reliability of the wash water return system and the maintenance of the sludge collection system.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Property is held in fee by CLWA.

**Impacted Facilities:** ESFP

**CEQA:** An environmental document will be prepared in conformance with CEQA, if required.

**Project Schedule:** Complete design in FY 2017/18 and complete construction in FY 2019/20.

**Projected Fiscal Year Activity:** Perform final design.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be less than \$8,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200103

<b>ESFP SLUDGE COLLECTION SYSTEM</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 221,000	\$ 193,000	\$ 1,000	\$ 193,000	\$ -
<i>Agency Labor</i>	16,000	18,000	1,000	18,000	-
<i>Consultant</i>	196,000	170,000	-	170,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	9,000	5,000	-	5,000	-
<b>Design (Including Bid Services)</b>	598,000	590,000	261,000	263,000	235,000
<i>Agency Labor</i>	30,000	40,000	11,000	12,000	22,000
<i>Consultant</i>	550,000	532,000	248,000	249,000	208,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	18,000	18,000	2,000	2,000	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	1,122,000	1,158,000	-	-	-
<i>Agency Labor</i>	130,000	130,000	-	-	-
<i>Consultant</i>	972,000	1,008,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	20,000	20,000	-	-	-
<b>Engineering during Construction</b>	500,000	500,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	500,000	500,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	7,120,000	7,120,000	-	-	-
<i>Construction Contract(s)</i>	7,000,000	7,000,000	-	-	-
<i>Construction by Agency Forces</i>	100,000	100,000	-	-	-
<i>Equipment</i>	20,000	20,000	-	-	-
<b>Additional Project Delivery Costs</b>	20,000	20,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	20,000	20,000	-	-	-
<b>TOTAL</b>	<b>\$ 9,581,000</b>	<b>\$ 9,581,000</b>	<b>\$ 262,000</b>	<b>\$ 456,000</b>	<b>\$ 235,000</b>



**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200151

**Project Title:** Earl Schmidt Intake Pump Station (ESIPS) Pipeline Improvements

**Legal Name:** ESIPS Pipeline Improvements

**Description:** Construction of pipeline improvements to the ESIPS suction and discharge pipelines.

**Function:** Improve the reliability of the pipelines at the ESIPS.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Property is held in fee by CLWA.

**Impacted Facilities:** ESIPS

**CEQA:** An environmental document will be prepared in conformance with CEQA, if required.

**Project Schedule:** Complete planning and design in FY 2016/17. Construction to occur in FY 2016/17 and FY 2017/18.

**Projected Fiscal Year Activity:** Complete design and initiate construction.

**Projected Impact on Operating Costs:** No impact on operating costs is anticipated.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200151

<b>ESIPS Pipeline Improvements</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ 112,000	\$ 79,000	\$ 79,000	\$ 33,000
<i>Agency Labor</i>		10,000	6,000	6,000	4,000
<i>Consultant</i>		100,000	72,000	72,000	28,000
<i>Equipment</i>			-	-	-
<i>Other Direct Costs</i>		2,000	1,000	1,000	1,000
<b>Design (Including Bid Services)</b>	-	245,000	-	-	245,000
<i>Agency Labor</i>		15,000	-	-	15,000
<i>Consultant</i>		225,000	-	-	225,000
<i>Equipment</i>		-	-	-	-
<i>Other Direct Costs</i>		5,000	-	-	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	-	641,000	-	-	160,000
<i>Agency Labor</i>		73,000	-	-	15,000
<i>Consultant</i>		558,000	-	-	140,000
<i>Equipment</i>			-	-	-
<i>Other Direct Costs</i>		10,000	-	-	5,000
<b>Engineering during Construction</b>	-	150,000	-	-	40,000
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>		150,000	-	-	40,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	-	1,010,000	-	-	255,000
<i>Construction Contract(s)</i>		1,000,000	-	-	250,000
<i>Construction by Agency Forces</i>			-	-	-
<i>Other Direct Costs</i>		10,000	-	-	5,000
<b>Additional Project Delivery Costs</b>	-	5,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>		5,000	-	-	-
<b>TOTAL</b>	\$ -	\$ 2,163,000	\$ 79,000	\$ 79,000	\$ 733,000

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

<b>CIP No:</b>	200905
<b>Project Title:</b>	Foothill Feeder Connection Construction
<b>Legal Name:</b>	Metropolitan Water District of Southern California Foothill Feeder Interconnection CLWA-01
<b>Description:</b>	Construction of a permanent turnout structure known as CLWA-01 consisting of a new concrete valve vault equipped with a 36-inch conical plug valve, a new meter vault equipped with a 36-inch magnetic type flow meter, approximately 200 feet of 48-inch associated piping and electrical and supervisory control and data acquisition (SCADA) telemetry. This facility will replace the current temporary connection, which will be left in place as a back-up.
<b>Function:</b>	Increases capacity of RVWTP deliveries from 93.4 cubic feet per second (cfs), or 60 million gallons per day (MGD), to 140 cfs (90 MGD). Allows RVWTP to receive deliveries at its current permitted operating capacity of 66 MGD and any capacity expansions up to 90 MGD. The current connection would serve as a back-up when the permanent turnout is taken off line for maintenance.
<b>Benefit:</b>	Existing users' share is 59 percent and future users' share is 41 percent.
<b>Site Requirements:</b>	Public rights-of-way, encroachment and pipeline easements will be obtained prior to construction.
<b>Impacted Facilities:</b>	Raw Water (102-inch) Pipeline and Foothill Feeder Connection (42-inch) pipeline
<b>CEQA:</b>	Environmental Impact Report for the RVWTP Expansion, which includes permanent Foothill Feeder Connection, was certified by the Board of Directors on June 28, 2006, and the Addendum to the Certified EIR was approved on March 11, 2009.
<b>Project Schedule:</b>	Construction will take place in FY 2016/17. (Completion is dependent on timing of Metropolitan Water District of Southern California's shutdown of Foothill Feeder.)
<b>Projected Fiscal Year Activity:</b>	Bidding and construction.
<b>Projected Impact on Operating Costs:</b>	No impact on operating costs is anticipated.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200905

<b>FOOTHILL FEEDER CONNECTION CONSTRUCTION</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	75,400	83,000	64,000	96,700	-
Agency Labor	22,500	24,000	18,600	7,100	-
Consultant	37,000	39,000	35,200	84,600	-
Equipment	-	-	-	-	-
Other Direct Costs	15,900	20,000	9,700	5,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	335,000	353,000	5,000	50,000	348,000
Agency Labor	50,000	53,000	5,000	50,000	48,000
Consultant	285,000	300,000	-	-	300,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Engineering during Construction</b>	280,000	295,000	5,000	5,000	290,000
Agency Labor	30,000	32,000	5,000	5,000	27,000
Consultant	250,000	263,000	-	-	263,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	3,810,000	4,351,000	-	-	4,001,000
Construction Contract(s)	3,560,000	3,738,000	-	-	3,738,000
Construction by Agency Forces	50,000	53,000	-	-	53,000
Equipment	-	-	-	-	-
Other Direct Costs	200,000	560,000	-	-	210,000
<b>Additional Project Delivery Costs</b>	203,000	226,000	-	355,800	220,200
Permitting	25,000	26,000	-	-	26,000
Land Acquisition	-	-	-	3,000	(3,000)
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	178,000	200,000	-	352,800	197,200
<b>TOTAL</b>	<b>\$ 4,703,400</b>	<b>\$ 5,308,000</b>	<b>\$ 74,000</b>	<b>\$ 507,500</b>	<b>\$ 4,859,200</b>

Note: Project has been awarded \$1.5 million in State Proposition 84 grant funding.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

<b>CIP No:</b>	200510
<b>Project Title:</b>	Honby Parallel – Phase 2
<b>Legal Name:</b>	Honby Parallel
<b>Description:</b>	Construction of a 60-inch diameter pipeline to replace the existing 33-inch and 36-inch diameter pipelines from the end of the Honby Parallel Phase 1 pipeline to the Sand Canyon Pump Station.
<b>Function:</b>	Convey treated water to the eastern portion of the service area. Improves the transmission system hydraulics.
<b>Benefit:</b>	Existing users' share is 57 percent and future users' share is 43 percent.
<b>Site Requirements:</b>	Public rights-of-way encroachment and pipeline easements will be obtained during the design phase.
<b>Impacted Facilities:</b>	Honby Lateral and Bypass Pipelines
<b>CEQA:</b>	An Environmental Impact Report was certified by the Board of Directors on July 13, 2005.
<b>Project Schedule:</b>	Anticipate project will be constructed mid-2022.
<b>Projected Fiscal Year Activity:</b>	Right-of-way acquisition and project administration.
<b>Projected Impact on Operating Costs:</b>	The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200510

<b>HONBY PARALLEL - PHASE 2</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 461,000	\$ 461,000	\$ -	\$ 461,000	-
<i>Agency Labor</i>	20,000	20,000	-	20,000	-
<i>Consultant</i>	435,000	435,000	-	435,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	6,000	6,000	-	6,000	-
<b>Design (Including Bid Services)</b>	1,455,000	1,455,000	3,000	881,000	130,000
<i>Agency Labor</i>	85,000	85,000	3,000	57,000	25,000
<i>Consultant</i>	1,342,000	1,342,000	-	817,000	100,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	28,000	28,000	-	7,000	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	1,839,000	1,839,000	-	104,000	-
<i>Agency Labor</i>	141,000	141,000	-	5,000	-
<i>Consultant</i>	1,682,000	1,682,000	-	98,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	16,000	16,000	-	1,000	-
<b>Engineering during Construction</b>	1,292,000	1,292,000	-	92,000	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	1,292,000	1,292,000	-	92,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	15,153,000	15,153,000	-	53,000	-
<i>Construction Contract(s)</i>	15,000,000	15,000,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	153,000	153,000	-	53,000	-
<b>Additional Project Delivery Costs</b>	1,094,000	1,244,000	-	515,000	497,000
<i>Permitting</i>	9,000	159,000	-	-	-
<i>Land Acquisition</i>	10,000	10,000	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	50,000	50,000	-	-	-
<i>Other Direct Costs</i>	1,025,000	1,025,000	-	515,000	497,000
<b>TOTAL</b>	<b>\$ 21,294,000</b>	<b>\$ 21,444,000</b>	<b>\$ 3,000</b>	<b>\$ 2,106,000</b>	<b>\$ 627,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200525

**Project Title:** Magic Mountain Pipeline No. 4

**Legal Name:** Lateral Extension and Storage II

**Description:** Construction of a pipeline and reservoir to convey imported water from the end of the existing Magic Mountain Pipeline, Phase 3 to the beginning of the proposed Magic Mountain Pipeline, Phase 5.

**Function:** Provides facilities for CLWA to convey imported water to the western portion of the service area.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Pipeline will be constructed in public rights-of-way and easements.

**Impacted Facilities:** This project includes a tie-in to the existing Magic Mountain Pipeline, Phase 3.

**CEQA:** Notice of Determination filed in FY 2014/15.

**Project Schedule:** Design to be completed in FY 2017/18 and construction in FY 2018/19.

**Projected Fiscal Year Activity:** Perform design.

**Projected Impact on Operating Costs:** The projected impact on annual operating costs is anticipated to be less than \$5,000.



Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200525

<b>MAGIC MOUNTAIN PIPELINE NO. 4</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 4,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Agency Labor	4,000	5,000	-	5,000	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	136,000	143,000	14,000	99,000	31,000
Agency Labor	13,000	18,000	4,000	9,000	6,000
Consultant	110,000	117,000	10,000	89,000	23,000
Equipment	-	-	-	-	-
Other Direct Costs	13,000	8,000	-	1,000	2,000
<b>Construction Services</b>					
<b>Construction Management</b>	209,000	201,000	-	-	-
Agency Labor	58,000	32,000	-	-	-
Consultant	146,000	164,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000	-	-	-
<b>Engineering during Construction</b>	100,000	100,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	100,000	100,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	3,005,000	3,005,000	-	-	-
Construction Contract(s)	3,000,000	3,000,000	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000	-	-	-
<b>Additional Project Delivery Costs</b>	5,000	5,000	-	-	-
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	5,000	5,000	-	-	-
<b>TOTAL</b>	<b>\$ 3,459,000</b>	<b>\$ 3,459,000</b>	<b>\$ 14,000</b>	<b>\$ 104,000</b>	<b>\$ 31,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200526

**Project Title:** Magic Mountain Pipeline No. 5

**Legal Name:** Lateral Extension and Storage II

**Description:** Construction of a pipeline to convey imported water from the end of the proposed Magic Mountain Pipeline, Phase 4 to the beginning of the proposed Magic Mountain Pipeline, Phase 6.

**Function:** Provides facilities for CLWA to convey imported water to the western portion of the service area.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Pipeline will be constructed in public rights-of-way and easements.

**Impacted Facilities:** This project includes a tie-in to the proposed Magic Mountain Pipeline, Phase 4.

**CEQA:** Notice of Determination filed in FY 2014/15.

**Project Schedule:** Design to be completed in FY 2018/19 and construction in FY 2019/20.

**Projected Fiscal Year Activity:** Project administration and design coordination.

**Projected Impact on Operating Costs:** The projected impact on annual operating costs is anticipated to be less than \$5,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200526

<b>MAGIC MOUNTAIN PIPELINE NO. 5</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-		-	-
Consultant	-	-		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-		-	-
<b>Design (Including Bid Services)</b>	141,000	141,000	-	1,000	23,000
Agency Labor	25,000	25,000	-	1,000	2,000
Consultant	110,000	110,000	-	-	20,000
Equipment	-	-	-	-	-
Other Direct Costs	6,000	6,000	-	-	1,000
<b>Construction Services</b>					
<b>Construction Management</b>	201,000	201,000	-	-	-
Agency Labor	50,000	50,000		-	-
Consultant	146,000	146,000		-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000		-	-
-	-	-		-	-
<b>Engineering during Construction</b>	100,000	100,000	-	-	-
Agency Labor	-	-		-	-
Consultant	100,000	100,000		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-		-	-
-	-	-		-	-
<b>Capital Construction Costs</b>	3,310,000	3,310,000	-	-	-
Construction Contract(s)	3,300,000	3,300,000		-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
-	-	-		-	-
<b>Additional Project Delivery Costs</b>	10,000	10,000	-	-	-
Permitting	-	-	-	-	-
Land Acquisition	-	-		-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>TOTAL</b>	<b>\$ 3,762,000</b>	<b>\$ 3,762,000</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 23,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200527

**Project Title:** Magic Mountain Pipeline No. 6

**Legal Name:** Lateral Extension and Storage II

**Description:** Construction of a pipeline to convey imported water from the end of the proposed Magic Mountain Pipeline, Phase 5 to the proposed Magic Mountain Reservoir site.

**Function:** Provides facilities for CLWA to convey imported water to the western portion of the service area.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** To be determined during the design phase.

**Impacted Facilities:** This project includes a tie-in to the proposed Magic Mountain Pipeline, Phase 5.

**CEQA:** Notice of Determination filed in FY 2014/15.

**Project Schedule:** Design to be completed in FY 2019/20 and construction in FY 2020/21.

**Projected Fiscal Year Activity:** Project administration.

**Projected Impact on Operating Costs:** The projected impact on annual operating costs is anticipated to be less than \$5,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200527

<b>MAGIC MOUNTAIN PIPELINE NO. 6</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-		-	-
Consultant	-	-		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-		-	-
<b>Design (Including Bid Services)</b>	300,000	300,000	-	1,000	4,000
Agency Labor	19,000	19,000	-	1,000	3,000
Consultant	275,000	275,000			-
Equipment	-	-	-	-	-
Other Direct Costs	6,000	6,000	-	-	1,000
<b>Construction Services</b>					
<b>Construction Management</b>	341,000	341,000	-	-	-
Agency Labor	86,000	86,000		-	-
Consultant	250,000	250,000		-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000		-	-
		-			
<b>Engineering during Construction</b>	200,000	200,000	-	-	-
Agency Labor	-	-		-	-
Consultant	200,000	200,000		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-		-	-
		-			
<b>Capital Construction Costs</b>	8,025,000	8,025,000	-	-	-
Construction Contract(s)	8,000,000	8,000,000		-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	25,000	25,000	-	-	-
<b>Additional Project Delivery Costs</b>	10,000	10,000	-	-	-
Permitting	-	-	-	-	-
Land Acquisition	-	-		-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>TOTAL</b>	<b>\$ 8,876,000</b>	<b>\$ 8,876,000</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 4,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200528

**Project Title:** Magic Mountain Reservoir

**Legal Name:** Lateral Extension and Storage II

**Description:** Construction of reservoir for the western portion of the service area.

**Function:** Provides facilities for CLWA to store imported water for the western portion of the service area.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Reservoir will be constructed on property obtained in fee.

**Impacted Facilities:** This project includes a tie-in to the proposed Magic Mountain Pipeline, Phase 6.

**CEQA:** Environmental documentation requirements will be addressed during the planning phase over the next two years.

**Project Schedule:** Planning and preliminary design to be completed in FY 2018/19, final design to be completed in FY 2020/21, and construction to be completed FY 2022/23.

**Projected Fiscal Year Activity:** Project administration.

**Projected Impact on Operating Costs:** To be determined during the planning phase.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200528

<b>MAGIC MOUNTAIN RESERVOIR</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 129,000	\$ 137,000	\$ -	\$ -	\$ 4,000
<i>Agency Labor</i>	16,000	21,000	-	-	3,000
<i>Consultant</i>	102,000	105,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	11,000	11,000	-	-	1,000
<b>Design (Including Bid Services)</b>	2,098,000	2,098,000	-	-	-
<i>Agency Labor</i>	33,000	33,000	-	-	-
<i>Consultant</i>	2,050,000	2,050,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	15,000	15,000	-	-	-
<b>Construction Services</b>					
<b>Construction Management</b>	2,712,000	2,659,000	-	-	-
<i>Agency Labor</i>	172,000	129,000	-	-	-
<i>Consultant</i>	2,500,000	2,500,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	40,000	30,000	-	-	-
<b>Engineering during Construction</b>	2,000,000	2,000,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	2,000,000	2,000,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	20,140,000	20,105,000	-	-	-
<i>Construction Contract(s)</i>	20,000,000	20,000,000	-	-	-
<i>Construction by Agency Forces</i>	100,000	75,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	40,000	30,000	-	-	-
<b>Additional Project Delivery Costs</b>	40,000	120,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	100,000	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	40,000	20,000	-	-	-
<b>TOTAL</b>	<b>\$ 27,119,000</b>	<b>\$ 27,119,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,000</b>



**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200453

**Project Title:** Recycled Water Program Phase 2A

**Legal Name:** Recycled Water Program Phase II

**Description:** Construction of new facilities to expand recycled water service from the Saugus Reclamation Plant to Central Park, central Valencia and Saugus portions of the service area.

**Function:** Expand recycled water service to additional water customers.

**Benefit:** Existing users' share is 65 percent and future users' share is 35 percent.

**Site Requirements:** Rio Vista Water Treatment Plant (RVWTP) site, public rights-of-way encroachments, and easements or land purchases that will be obtained during the design phase.

**Impacted Facilities:** RVWTP and Recycled Water Pump Station

**CEQA:** Programmatic Environmental Impact report is being updated. A project specific environmental document will be prepared in conformance with the California Environmental Quality Act.

**Project Schedule:** Anticipate project will be constructed within ten years.

**Projected Fiscal Year Activity:** Initiate final design and complete CEQA.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be approximately \$75,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200453

<b>RECYCLED WATER PROGRAM PHASE 2A</b>					
Category	FY 2015/16 Estimated Total Project Cost <sup>(a)</sup>	Current Estimated Total Project Cost <sup>(b)(c)</sup>	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 176,000	\$ 295,000	\$ 13,000	\$ 199,000	\$ 72,000
Agency Labor	25,000	40,000	3,000	30,000	7,000
Consultant	112,000	210,000	10,000	130,000	60,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	39,000	45,000	-	39,000	5,000
<b>Design (Including Bid Services)</b>	3,197,000	1,522,000	2,000	29,000	-
Agency Labor	195,000	195,000	2,000	10,000	-
Consultant	2,975,000	1,300,000	-	16,000	-
Equipment	-	-	-	-	-
Other Direct Costs	27,000	27,000	-	3,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	1,715,000	577,000	-	-	-
Agency Labor	101,000	111,000	-	-	-
Consultant	1,598,000	450,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	16,000	16,000	-	-	-
<b>Engineering during Construction</b>	1,500,000	425,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	1,500,000	425,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	20,220,000	10,520,000	-	-	35,000
Construction Contract(s)	20,000,000	10,500,000	-	-	-
Construction by Agency Forces	200,000	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	35,000
<b>Additional Project Delivery Costs</b>	312,000	55,000	-	-	-
Permitting	25,000	25,000	-	-	-
Land Acquisition	250,000	-	-	-	-
Post-construction Monitoring and Mitigation	15,000	15,000	-	-	-
Other Direct Costs	22,000	15,000	-	-	-
<b>TOTAL</b>	<b>\$ 27,120,000</b>	<b>\$ 13,394,000</b>	<b>\$ 15,000</b>	<b>\$ 228,000</b>	<b>\$ 107,000</b>

<sup>(a)</sup> FY 2015/16 Estimated Total Project Cost includes both backbone and distribution system cost estimates as of May 2015.

<sup>(b)</sup> Current Estimated Total Project Cost represents CLWA's share of estimated project costs (backbone system only) as of April 2016.

<sup>(c)</sup> As of April 2016, total estimated project cost for Phase 2A = \$16,755,000. CLWA's share of Phase 2A project cost = \$13,394,000. Cost estimate does not include a storage tank (Tankless approach)

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200454

**Project Title:** Recycled Water Program Phase 2B

**Legal Name:** Recycled Water Program Phase II

**Description:** Construction of new facilities to expand recycled water service from proposed Vista Canyon Water Factory to customers in eastern portion of service area.

**Function:** Expand recycled water service to additional water customers.

**Benefit:** Existing users' share is 65 percent and future users' share is 35 percent.

**Site Requirements:** Public rights-of-way encroachments, and easements or land purchases that will be identified during the planning phase.

**Impacted Facilities:** None

**CEQA:** Programmatic Environmental Impact report is being updated. A project specific environmental document will be prepared in conformance with the California Environmental Quality Act.

**Project Schedule:** Anticipate project will be constructed within three years.

**Projected Fiscal Year Activity:** Initiate final design and complete CEQA.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be approximately \$75,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200454

<b>RECYCLED WATER PROGRAM PHASE 2B</b>					
Category	FY 2015/16 Estimated Total Project Cost <sup>(a)</sup>	Current Estimated Total Project Cost <sup>(b)(c)</sup>	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 157,000	\$ 168,000	\$ 10,000	\$ 83,000	47,000
Agency Labor	26,000	30,000	10,000	22,000	9,000
Consultant	126,000	130,000		61,000	35,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	8,000	-	-	3,000
					-
<b>Design (Including Bid Services)</b>	776,000	545,000	5,000	34,000	290,000
Agency Labor	44,000	75,000	5,000	22,000	30,000
Consultant	712,000	450,000	-	12,000	250,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	10,000
					-
<b>Construction Services</b>					-
<b>Construction Management</b>	863,000	267,000	-	-	-
Agency Labor	123,000	75,000	-	-	-
Consultant	700,000	152,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	40,000	40,000	-	-	-
					-
<b>Engineering during Construction</b>	330,000	152,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	330,000	152,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
					-
<b>Capital Construction Costs</b>	4,240,000	3,940,000	-	-	-
Construction Contract(s)	4,100,000	3,900,000	-	-	-
Construction by Agency Forces	100,000	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	40,000	40,000	-	-	-
					-
<b>Additional Project Delivery Costs</b>	29,000	22,000	-	1,000	-
Permitting	15,000	10,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	14,000	12,000	-	1,000	-
					-
<b>TOTAL</b>	<b>\$ 6,395,000</b>	<b>\$ 5,094,000</b>	<b>\$ 15,000</b>	<b>\$ 118,000</b>	<b>\$ 337,000</b>

<sup>(a)</sup> FY 2015/16 Estimated Total Project Cost includes both backbone and distribution system cost estimates as of May 2015.

<sup>(b)</sup> Current Estimated Total Project Cost represents CLWA's share of estimated project costs (backbone system only) as of April 2016.

<sup>(c)</sup> As of April 2016, total estimated project cost for Phase 2B = \$6,525,000. CLWA's share of Phase 2B project cost = \$5,094,000.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200455

**Project Title:** Recycled Water Program Phase 2C

**Legal Name:** Recycled Water Program Phase II

**Description:** Construction of new facilities to expand recycled water service from the Valencia Reclamation Plant toward the south end of the service area.

**Function:** Expand recycled water service to additional water customers.

**Benefit:** Existing users' share is 65 percent and future users' share is 35 percent.

**Site Requirements:** Public rights-of-way encroachments, and easements or land purchases that will be identified during the planning phase.

**Impacted Facilities:** Recycled Water Pipeline and Recycled Water Pump Station

**CEQA:** Programmatic Environmental Impact report is being updated. A project specific environmental document will be prepared in conformance with the California Environmental Quality Act.

**Project Schedule:** Anticipate project will be constructed within five years.

**Projected Fiscal Year Activity:** Complete planning, initiate final design, and complete CEQA documentation.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be approximately \$75,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200455

<b>RECYCLED WATER PROGRAM PHASE 2C - SOUTH END SYSTEM</b>					
Category	FY 2015/16 Estimated Total Project Cost <sup>(a)</sup>	Current Estimated Total Project Cost <sup>(b)(c)</sup>	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 489,000	\$ 505,000	\$ 5,000	\$ 390,000	100,000
Agency Labor	37,000	50,000	5,000	25,000	20,000
Consultant	445,000	445,000	-	360,000	75,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	7,000	10,000	-	5,000	5,000
<b>Design (Including Bid Services)</b>	1,179,000	1,257,000	4,000	12,000	280,000
Agency Labor	44,000	140,000	4,000	12,000	25,000
Consultant	1,118,000	1,100,000	-	-	250,000
Equipment	-	-	-	-	-
Other Direct Costs	17,000	17,000	-	-	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	1,729,000	495,000	-	-	-
Agency Labor	151,000	110,000	-	-	-
Consultant	1,568,000	375,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>Engineering during Construction</b>	1,335,000	375,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	1,335,000	375,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	13,430,000	11,410,000	-	-	-
Construction Contract(s)	13,350,000	11,400,000	-	-	-
Construction by Agency Forces	70,000	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>Additional Project Delivery Costs</b>	495,000	340,000	-	-	-
Permitting	20,000	20,000	-	-	-
Land Acquisition	455,000	300,000	-	-	-
Post-construction Monitoring and Mitigation	10,000	10,000	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>TOTAL</b>	<b>\$ 18,657,000</b>	<b>\$ 14,382,000</b>	<b>\$ 9,000</b>	<b>\$ 402,000</b>	<b>\$ 380,000</b>

<sup>(a)</sup> FY 2015/16 Estimated Total Project Cost includes both backbone and distribution system cost estimates as of May 2015.

<sup>(b)</sup> Current Estimated Total Project Cost represents CLWA's share of estimated project costs (backbone system only) as of April 2016.

<sup>(c)</sup> As of April 2016, total estimated project cost for Phase 2C = \$17,250,000. CLWA's share of Phase 2C project cost = \$14,382,000.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200456

**Project Title:** Recycled Water Program Phase 2D

**Legal Name:** Recycled Water Program Phase II

**Description:** Construction of new facilities to expand recycled water service from the Recycled Water Reservoir #1 toward the west end of the service area.

**Function:** Expand recycled water service to additional water customers.

**Benefit:** Existing users' share is 65 percent and future users' share is 35 percent.

**Site Requirements:** Public rights-of-way encroachments, and easements or land purchases that will be identified during the planning phase.

**Impacted Facilities:** Recycled Water Pipeline and Pump Station

**CEQA:** Programmatic Environmental Impact report is being updated. A project specific environmental document will be prepared in conformance with the California Environmental Quality Act.

**Project Schedule:** Anticipate project will be constructed by 2019.

**Projected Fiscal Year Activity:** Complete planning, complete CEQA and initiate final design.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be approximately \$75,000.



Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200456

RECYCLED WATER PROGRAM PHASE 2D					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost (a)(b)	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ 190,000	\$ 60,000	\$ 60,000	100,000
Agency Labor	-	50,000	15,000	15,000	20,000
Consultant	-	135,000	45,000	45,000	75,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	5,000	-	-	5,000
<b>Design (Including Bid Services)</b>	-	395,000	-	-	165,000
Agency Labor	-	35,000	-	-	20,000
Consultant	-	350,000	-	-	140,000
Equipment	-	-	-	-	-
Other Direct Costs	-	10,000	-	-	5,000
<b>Construction Services</b>	-	170,000	-	-	-
<b>Construction Management</b>	-	45,000	-	-	-
Agency Labor	-	45,000	-	-	-
Consultant	-	120,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	5,000	-	-	-
<b>Engineering during Construction</b>	-	120,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	120,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	-	1,950,000	-	-	-
Construction Contract(s)	-	1,900,000	-	-	-
Construction by Agency Forces	-	30,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	20,000	-	-	-
<b>Additional Project Delivery Costs</b>	-	40,000	-	-	-
Permitting	-	25,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	15,000	-	-	-
Other Direct Costs	-	-	-	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 2,865,000</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>	<b>\$ 265,000</b>

(a) Current Estimated Total Project Cost represents CLWA's share of estimated project costs (backbone system only) as of April 2016.

(b) As of April 2016, total estimated project cost for Phase 2D = \$4,585,000. CLWA's share of Phase 2D project cost = \$2,865,000.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200011

**Project Title:** Rio Vista Water Treatment Plant (RVWTP) Clearwell Cover Improvements

**Legal Name:** RVWTP Floating Cover

**Description:** Replacement of the two clearwell covers at the Rio Vista Water Treatment Plant.

**Function:** Provide water quality protection to the treated water in the clearwells. Maintains treated water quality in the clearwells.

**Benefit:** Existing users' share is 100 percent.

**Site Requirements:** Property held in fee by CLWA.

**Impacted Facilities:** RVWTP

**CEQA:** Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

**Project Schedule:** Complete design in FY 2014/15 and complete construction in FY 2015/16.

**Projected Fiscal Year Activity:** Conduct a tracer study to determine a disinfection contact time to hydraulic detention time ratio of the refurbished clearwells to comply with the Operation Permit requirements issued by the California State Water Resources Control Board Division of Drinking Water.

**Projected Impact on Operating Costs:** The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200011

<b>RWWTP CLEARWELL COVER IMPROVEMENTS</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 102,000	\$ 100,900	\$ -	\$ 100,900	\$ -
<i>Agency Labor</i>	18,000	18,000	-	18,000	-
<i>Consultant</i>	83,000	82,800	-	82,800	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	1,000	100	-	100	-
<b>Design (Including Bid Services)</b>	790,000	611,800	31,700	611,800	-
<i>Agency Labor</i>	64,000	57,800	2,700	57,800	-
<i>Consultant</i>	715,000	546,600	29,000	546,600	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	11,000	7,400	-	7,400	-
<b>Construction Services</b>					
<b>Construction Management</b>	1,195,000	1,259,800	682,400	1,259,800	-
<i>Agency Labor</i>	265,000	213,800	146,200	213,800	-
<i>Consultant</i>	909,000	1,028,000	531,900	1,028,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	21,000	18,000	4,300	18,000	-
<b>Engineering during Construction</b>	589,000	531,000	283,400	531,000	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	589,000	531,000	283,400	531,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	7,843,000	7,674,600	3,991,000	7,674,600	-
<i>Construction Contract(s)</i>	7,734,000	7,620,700	3,982,500	7,620,700	-
<i>Construction by Agency Forces</i>	51,000	9,200	7,300	9,200	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	58,000	44,700	1,200	44,700	-
<b>Additional Project Delivery Costs</b>	236,000	231,700	200	500	231,200
<i>Permitting</i>	160,000	196,000	-	-	196,000
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	76,000	35,700	200	500	35,200
<b>TOTAL</b>	<b>\$ 10,755,000</b>	<b>\$ 10,409,800</b>	<b>\$ 4,988,700</b>	<b>\$ 10,178,600</b>	<b>\$ 231,200</b>

Note: Project was awarded \$1,012,000 in Federal EPA grant funding. Funds received during FY 2014/15.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200963

**Project Title:** Saugus Formation Dry Year Reliability Wells

**Legal Name:** Saugus Formation Dry Year Reliability Wells

**Description:** Two wells capable of producing water at the combined rate of 4,200 gallons per minute and associated pipeline to convey the water pumped from the wells to the Agency's distribution system. Project may be performed in conjunction with Project 200962: *Replacement Wells*.

**Function:** Provide water to make up production lost during dry periods when surface water deliveries from the State Water Project and water banks would be drastically curtailed.

**Benefit:** Existing users' share is 57 percent and future users' share is 43 percent.

**Site Requirements:** Site(s) will be provided by Newhall Land. The recommended well sites are near the Old Road between Magic Mountain Parkway and Highway 126.

**Impacted Facilities:** TBD

**CEQA:** Environmental documentation requirements will be completed in Summer 2016.

**Project Schedule:** Design to be completed during FY 2016/17. Construction completed in FY 2017/18.

**Projected Fiscal Year Activity:** Final design, right of way acquisitions and begin construction.

**Projected Impact on Operating Costs:** Operating costs anticipated to be similar to current costs of \$167/AF for Saugus 1 and 2 wells. Operations will begin in 2018.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200963

<b>SAUGUS FORMATION DRY YEAR RELIABILITY WELLS</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 180,000	\$ 150,000	\$ 25,400	\$ 102,400	\$ 40,000
Agency Labor	25,000	25,000	5,400	23,100	
Consultant	150,000	120,000	20,000	79,300	40,000
Equipment	-				
Other Direct Costs	5,000	5,000			
<b>Design (Including Bid Services)</b>	230,000	450,000	81,100	97,600	\$ 290,000
Agency Labor	25,000	25,000	8,000	8,000	15,000
Consultant	200,000	375,000	68,100	84,600	250,000
Equipment	-				
Other Direct Costs	5,000	50,000	5,000	5,000	25,000
<b>Construction Services</b>					
<b>Construction Management</b>	192,500	300,000	-	-	-
Agency Labor	17,500	25,000	-	-	
Consultant	150,000	250,000	-	-	
Equipment	-		-	-	-
Other Direct Costs	25,000	25,000	-	-	-
<b>Engineering during Construction</b>	172,500	125,000	-	-	-
Agency Labor	22,500	25,000	-	-	
Consultant	150,000	100,000	-	-	
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	4,400,000	11,250,000	-	-	-
Construction Contract(s)	4,400,000	11,000,000	-	-	
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	250,000	-	-	-
<b>Additional Project Delivery Costs</b>	375,000	375,000	25,000	-	50,000
Permitting	-	-	-	-	
Land Acquisition	-	-	-	-	
Post-construction Monitoring and Mitigation	-	-	-	-	
Other Direct Costs	375,000	375,000	25,000	-	50,000
<b>TOTAL</b>	<b>\$ 5,550,000</b>	<b>\$ 12,650,000</b>	<b>\$ 131,500</b>	<b>\$ 200,000</b>	<b>\$ 380,000</b>

Note: Project has been awarded \$4.7 million in State Proposition 84 grant funding.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200906

**Project Title:** Rosedale-Rio Bravo Extraction Project

**Legal Name:** Rosedale-Rio Bravo Water Banking and Exchange Program Enhanced Extraction Capacity Project

**Description:** Construction of groundwater wells and conveyance systems by Rosedale-Rio Bravo Water Storage District to recover Agency water stored in the Rosedale-Rio Bravo Water Banking and Exchange Program.

**Function:** Recover Agency stored groundwater for dry-year water delivery to Agency service area (up to 7,500 AFY).

**Benefit:** Increased dry-year water supply reliability.

**Site Requirements:** Well site and conveyance facility sites owned or to be acquired by Rosedale-Rio Bravo Water Storage District.

**Impacted Facilities:** No Agency facilities impacted.

**CEQA:** Agency environmental compliance covered by existing RRB Banking Program EIR.

**Project Schedule:** Complete permitting, easement acquisition and construction in FY 2016/17.

**Projected Fiscal Year Activity:** Complete permitting, easement acquisition and construction in FY 2016/17.

**Projected Impact on Operating Costs:** No annual operating costs. Extraction costs will be significant in years in which water is accessed.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200906

<b>ROSEDALE-RIO BRAVO EXTRACTION PROJECT</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 110,000	\$ 110,000	\$ -	\$ 110,000	\$ -
Agency Labor	10,000	10,000	-	10,000	-
Consultant	10,000	10,000	-	10,000	-
Equipment	-	-	-	-	-
Other Direct Costs	90,000	90,000	-	90,000	-
<b>Design (Including Bid Services)</b>	\$ 125,000	\$ 125,000	\$ -	\$ 125,000	-
Agency Labor	10,000	10,000	-	10,000	-
Consultant	15,000	15,000	-	15,000	-
Equipment	-	-	-	-	-
Other Direct Costs	100,000	100,000	-	100,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	\$ 365,000	\$ 365,000	\$ 107,500	\$ 157,500	207,500
Agency Labor	5,000	5,000	2,500	2,500	2,500
Consultant	10,000	10,000	5,000	5,000	5,000
Equipment	-	-	-	-	-
Other Direct Costs	350,000	350,000	100,000	150,000	200,000
<b>Engineering during Construction</b>	\$ 20,000	\$ 20,000	\$ 5,000	\$ 10,000	10,000
Agency Labor	10,000	10,000	2,500	5,000	5,000
Consultant	10,000	10,000	2,500	5,000	5,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	\$ 6,256,000	\$ 8,656,000	\$ 2,400,000	\$ 3,400,000	5,256,000
Construction Contract(s)	-	-	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	6,256,000	6,256,000	2,400,000	3,400,000	2,856,000
Change Orders:	-	-	-	-	-
Unforeseen / Changed Conditions <sup>(a)</sup>	-	2,400,000	-	-	2,400,000
Design Changes (Resulting from RFI)	-	-	-	-	-
Owner-Initiated Changes	-	-	-	-	-
<b>Additional Project Delivery Costs</b>	\$ 500,000	\$ 460,000	\$ 100,000	\$ 100,000	360,000
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	500,000	460,000	100,000	100,000	360,000
<b>TOTAL</b>	<b>\$ 7,376,000</b>	<b>\$ 9,736,000</b>	<b>\$ 2,612,500</b>	<b>\$ 3,902,500</b>	<b>\$ 5,833,500</b>

Note: Project has been awarded \$4.6 million in State Proposition 84 grant funding.

<sup>(a)</sup> For FY 2016/17 increased costs are expected, which the CLWA Board will be briefed on (possibly as soon as March 2016). For budgeting purposes assume change orders will include increased costs for well equipping and drilling an additional well.



**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200907

**Project Title:** Semitropic Stored Water Recovery Unit

**Legal Name:** Semitropic Water Storage District Enhanced Recovery Project

**Description:** Participation by CLWA in the Semitropic Water Storage District's Stored Water Recovery Unit Construction of Wells and Transmission Pipeline to Permit Recovery of up to 5,000 AFY.

**Function:** Recover Agency stored groundwater for dry-year water delivery to Agency service area.

**Benefit:** Increased dry-year water supply reliability.

**Site Requirements:** All owned by Semitropic Water Storage District.

**Impacted Facilities:** No Agency facilities impacted.

**CEQA:** Negative Declaration Addendum adopted by Board of Directors.

**Project Schedule:** Project was completed in FY 2015/16.

**Projected Fiscal Year Activity:** Payment of all participation fees and annual reporting on grant compliance required per the State.

**Projected Impact on Operating Costs:** Annual operating costs are approximately \$93,000. Extraction costs will be significant in years in which water is accessed.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200907

SEMITROPIC STORED WATER RECOVERY UNIT					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	-	-	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Construction Services</b>					
<b>Construction Management</b>	-	-	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Engineering during Construction</b>	-	-	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	-	-	-	-	-
Construction Contract(s)	-	-	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Additional Project Delivery Costs</b>	8,480,000	8,462,000	8,027,936	8,456,176	5,000
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation <sup>(a)</sup>	-	-	-	-	5,000
Other Direct Costs	8,480,000	-	-	-	-
<b>TOTAL</b>	<b>\$ 8,480,000</b>	<b>\$ 8,462,000</b>	<b>\$ 8,027,936</b>	<b>\$ 8,456,176</b>	<b>\$ 5,000</b>

Note: Project has been awarded \$6.3 million in State Proposition 84 grant funding.

<sup>(a)</sup> Project complete. FY2016/17 budget amount for consultant costs for grant compliance following completion.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200962

**Project Title:** Replacement Wells

**Legal Name:** Replacement Wells and Associated Pipelines

**Description:** Two wells capable of producing water at the combined rate of 4,200 gallons per minute and associated pipeline to convey the water pumped from the wells to the Agency's distribution system. Project may be performed in conjunction with Project 200963: *Saugus Formation Dry Year Reliability Wells*.

**Function:** Provide water to make up production lost from closure of wells impacted by perchlorate contamination not already provided by other new or rehabilitated wells.

**Benefit:** Existing users' share is 57 percent and future users' share is 43 percent.

**Site Requirements:** Site(s) will be provided by Newhall Land. The recommended well sites are near the Old Road between Magic Mountain Parkway and Highway 126.

**Impacted Facilities:** TBD

**CEQA:** Environmental documentation will be completed in Summer 2016.

**Project Schedule:** Design to be completed during FY 2016/17. Construction completed FY 2017/18.

**Projected Fiscal Year Activity:** Final design, right of way acquisitions and begin construction.

**Projected Impact on Operating Costs:** Operating costs anticipated to be similar to current costs of \$167/AF for Saugus 1 and 2 wells. Operations will begin in 2018.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200962

<b>REPLACEMENT WELLS</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 180,000	\$ 150,000	\$ 32,100	\$ 106,600	\$ 40,000
<i>Agency Labor</i>	25,000	25,000	7,000	26,100	-
<i>Consultant</i>	150,000	120,000	20,000	80,200	40,000
<i>Equipment</i>	-	-	100	300	-
<i>Other Direct Costs</i>	5,000	5,000	5,000	-	-
<b>Design (Including Bid Services)</b>	230,000	450,000	81,800	99,700	\$ 290,000
<i>Agency Labor</i>	25,000	25,000	8,700	10,100	15,000
<i>Consultant</i>	200,000	375,000	68,100	84,600	250,000
<i>Equipment</i>	-	-	-	-	25,000
<i>Other Direct Costs</i>	5,000	50,000	5,000	5,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	192,500	300,000	-	-	-
<i>Agency Labor</i>	17,500	25,000	-	-	-
<i>Consultant</i>	150,000	250,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	25,000	-	-	-
<b>Engineering during Construction</b>	172,500	125,000	-	-	-
<i>Agency Labor</i>	22,500	25,000	-	-	-
<i>Consultant</i>	150,000	100,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	4,400,000	9,250,000	-	-	-
<i>Construction Contract(s)</i>	4,400,000	9,000,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	250,000	-	-	-
<b>Additional Project Delivery Costs</b>	375,000	375,000	25,000	-	50,000
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	375,000	375,000	25,000	-	50,000
<b>TOTAL</b>	<b>\$ 5,550,000</b>	<b>\$ 10,650,000</b>	<b>\$ 138,900</b>	<b>\$ 206,300</b>	<b>\$ 380,000</b>

Note: The Budget for Replacement Wells is subject to reimbursement under the perchlorate settlement agreement. Reimbursement takes place in subsequent fiscal year.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200012

**Project Title:** Rio Vista Water Treatment Plant (RVWTP) Entrance Gate and Security Kiosk

**Legal Name:** RVWTP Entrance Gate and Security Kiosk

**Description:** Construction of a new entrance gate and security kiosk.

**Function:** Improves entrance operations and security for the Rio Vista Water Treatment Plant.

**Benefit:** Existing users' share is 100 percent.

**Site Requirements:** RVWTP

**Impacted Facilities:** RVWTP

**CEQA:** Categorical Exemption (Class 3, Section 15303 of the California Environmental Quality Act Guidelines).

**Project Schedule:** Complete design in FY 2015/16. Construction has been deferred to FY 2019/20.

**Projected Fiscal Year Activity:** Complete construction.

**Projected Impact on Operating Costs:** Annual operating costs will be reduced by eliminating the \$2,100 annual cost for the portable sanitation facility.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200012

<b>RVWTP ENTRANCE GATE AND SECURITY KIOSK</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ -				
Agency Labor					
Consultant					
Equipment					
Other Direct Costs					
<b>Design (Including Bid Services)</b>	188,000	271,000	64,000	167,000	65,000
Agency Labor	21,000	38,000	13,000	18,000	4,000
Consultant	156,000	217,000	45,000	142,000	60,000
Equipment					
Other Direct Costs	11,000	16,000	6,000	7,000	1,000
<b>Construction Services</b>					
<b>Construction Management</b>	362,000	244,000	-	-	-
Agency Labor	42,000	60,000			
Consultant	300,000	174,000			
Equipment	-				
Other Direct Costs	20,000	10,000			-
<b>Engineering during Construction</b>	150,000	100,000	-	-	-
Agency Labor					
Consultant	150,000	100,000			
Equipment					
Other Direct Costs					
<b>Capital Construction Costs</b>	920,000	1,275,000	-	-	-
Construction Contract(s)	900,000	1,210,000			
Construction by Agency Forces		50,000			
Equipment					
Other Direct Costs	20,000	15,000			
<b>Additional Project Delivery Costs</b>	10,000	11,000	1,000	1,000	-
Permitting					
Land Acquisition					
Post-construction Monitoring and Mitigation					
Other Direct Costs	10,000	11,000	1,000	1,000	
<b>TOTAL</b>	\$ 1,630,000	\$ 1,901,000	\$ 65,000	\$ 168,000	\$ 65,000

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2016/17

**CIP No:** 200009

**Project Title:** Rio Vista Water Treatment Plant (RVWTP) Maintenance Facility Expansion

**Legal Name:** RVWTP Maintenance Facility Expansion

**Description:** Construction of new facilities to provide for equipment and material storage areas, vehicle wash, office spaces and other miscellaneous areas.

**Function:** Improves the operation and efficiency of the daily operations and maintenance activities occurring at the Rio Vista Water Treatment Plant.

**Benefit:** Existing users' share is 59 percent and future users' share is 41 percent.

**Site Requirements:** Property held in fee by CLWA.

**Impacted Facilities:** RVWTP

**CEQA:** Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines).

**Project Schedule:** Project construction has been deferred to FY 2019/20.

**Projected Fiscal Year Activity:** None.

**Projected Impact on Operating Costs:** The annual operating cost of this facility is expected to be approximately \$93,000 per year.



Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2016/17 Budget

CIP No. 200009

<b>RWTP MAINTENANCE FACILITY EXPANSION</b>					
Category	FY 2015/16 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2015/16 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2016	FY 2016/17 Budget
<b>Planning and Conceptual Design</b>	\$ 165,000	\$ 165,000	\$ -	\$ 165,000	\$ -
<i>Agency Labor</i>	29,000	29,000		29,000	-
<i>Consultant</i>	96,000	96,000		96,000	-
<i>Equipment</i>	-	-			-
<i>Other Direct Costs</i>	40,000	40,000		40,000	-
<b>Design (Including Bid Services)</b>	759,000	759,000	-	589,000	-
<i>Agency Labor</i>	34,000	34,000		19,000	-
<i>Consultant</i>	719,000	719,000		569,000	-
<i>Equipment</i>	-	-			-
<i>Other Direct Costs</i>	6,000	6,000		1,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	1,214,000	1,214,000	-	2,000	-
<i>Agency Labor</i>	49,000	49,000		1,000	-
<i>Consultant</i>	1,145,000	1,145,000		1,000	-
<i>Equipment</i>	-	-			-
<i>Other Direct Costs</i>	20,000	20,000			-
<b>Engineering during Construction</b>	500,000	500,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	500,000	500,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	5,560,000	5,560,000	-	6,000	-
<i>Construction Contract(s)</i>	5,000,000	5,000,000			-
<i>Construction by Agency Forces</i>	100,000	100,000			-
<i>Equipment</i>	450,000	450,000			-
<i>Other Direct Costs</i>	10,000	10,000		6,000	-
<b>Additional Project Delivery Costs</b>	14,000	14,000	-	4,000	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	14,000	14,000		4,000	-
<b>TOTAL</b>	\$ 8,212,000	\$ 8,212,000	\$ -	\$ 766,000	\$ -

CASTAIC LAKE WATER AGENCY  
Minor Capital Projects  
FY 2016/17 Budget

The Minor Capital Projects Budget is funded by one percent property tax revenues.

	Project Title	Total Estimated Project Cost *	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	
300415	ESFP HVAC Replacement	\$ 150,000	\$ 150,000	\$ 20,000	\$ 130,000	A
300416	ESFP Emergency Generator Replacement	tbd	50,000	47,000	25,000	
300417	ESFP WLCS Modification	125,000	125,000	200	-	B
301002	ESIPS Additional Pump	950,000	500,000	111,000	874,000	C
300321	Pipeline Inspection Facility Modifications	Ongoing	506,000	566,000	800,000	D
300308	Pipeline Relocations/Modifications	Ongoing	125,000	25,000	125,000	E
300017	RVWTP Ozone Gas Collection Modification	405,000	50,000	95,000	310,000	F
300018	RVWTP Upper Mesa Erosion Repair	tbd	65,000	-	65,000	G
300324	Saugus 2 Well Convert to Water Lube Pump	75,000	125,000	75,000	-	H
300325	SPTF Drain Pipeline	tbd	75,000	-	-	I
300326	SPTF Hypochlorite Chamber Improvements	tbd	60,000	-	-	I
300329	SPTF Pressure Control Modifications	100,000	-	25,000	75,000	J
300322	V201 Monitoring Well	400,000	635,000	400,000	-	H
300327	V205 Monitoring Well	400,000	675,000	400,000	-	H
300328	Devil's Den Property Solar Project	tbd	60,000	-	60,000	K
<b>Total Minor Capital Projects</b>		<b>\$ 3,105,700</b>	<b>\$ 3,201,000</b>	<b>\$ 1,764,200</b>	<b>\$ 2,464,000</b>	

\* Note that projects with a "tbd" for Total Estimated Project Cost are in the planning or design phase. Total Estimated Project Cost will be developed through this process.

- A. Replacement of HVAC system that is over 15 years old and requires frequent repairs. New system will be more energy and water efficient.
- B. Modifications to Water Level Control Structure overflow weir to prevent premature overflow at high plant flows. Project was combined with Major Capital Improvement Project ESFP Clearwell/CT Improvements.
- C. Provides a third pump to provide redundancy for two existing pumps and increase pumping capacity at low lake levels. Total pump capacity for the facility is five pumps, which will be needed at build-out.
- D. Modifications to existing facilities to accommodate pipeline inspection activities.
- E. Includes funds for potential/relocation of Sand Canyon Pipeline due to Sierra Highway Bridge widening.
- F. Improvements needed to correct collection and off gas of ozone gas in plant influent pipeline near the ozone injection station.
- G. Study to determine necessary minor capital project to address substantial erosion.
- H. Project completed under budget. Will be submitted for reimbursement from the perchlorate settlement agreement.
- I. Project canceled as alternative solution was developed.
- J. Will be submitted for reimbursement from the perchlorate settlement agreement.
- K. FY 2016/17 budget is for studies related to a potential solar energy project.

CASTAIC LAKE WATER AGENCY  
Capital Planning, Studies and Administration  
FY 2016/17 Budget

The Capital Planning, Studies and Administration Budget is funded by one percent property tax revenues and Facility Capacity Fees.

		FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	
	<b>General Planning and Studies:</b>				
100015	Capital Program/Facility Capacity Fees	\$ 360,000	\$ 330,000	\$ 380,000	A
100041	Recycled Water Master Plan	630,000	345,000	150,000	B
100050	Recycled Water Master Plan PEIR (CEQA)	-	25,000	225,000	B
100043	Emergency and Operational Storage Study	138,000	3,000	100,000	C
100044	ESFP Sewer System Study	-	-	-	
100045	RVWTP Drainage Study	50,000	-	-	
100027	System Hydraulic Model	50,000	41,000	65,000	
100004	Urban Water Management Plan 2015	300,000	300,000	50,000	
	<b>Total General Planning and Studies</b>	<b>\$ 1,528,000</b>	<b>\$ 1,044,000</b>	<b>\$ 970,000</b>	
	<b>Water Supply Reliability and Acquisition Planning and Implementation:</b>				
110003	Buena Vista/Rosedale Rio Bravo Storage and Recovery Program	\$ 5,346,600	\$ 5,224,300	\$ 5,080,500	D
various	Grant Administration	416,000	250,000	245,000	E
110007	Integrated Regional Water Management Plan	300,000	200,000	300,000	
110001	Rosedale Rio Bravo Storage Program	25,000	20,000	25,000	
110004	Ventura County Flexible Storage	20,000	17,900	20,000	
110005	Water Banking	93,000	72,000	75,000	F
110022	Sites Reservoir	-	-	300,000	G
110017	Yuba Accord Water	90,000	-	90,000	H
	<b>Total Water Supply Reliability and Acquisition Planning and Implementation</b>	<b>\$ 6,290,600</b>	<b>\$ 5,784,200</b>	<b>\$ 6,135,500</b>	
	<b>Administration:</b>				
125001	Annexation Support	\$ 50,000	\$ 20,000	\$ 50,000	I
120004	Debt Financing and Administration	400,000	350,000	400,000	
120001	One Percent Property Tax Administration	250,000	241,000	250,000	
120013	Water Rate Litigation	-	1,700,000	-	J
120011	Retail Litigation	300,000	200,000	300,000	K
120009	Retail Purveyors and Legal	200,000	200,000	500,000	L
	<b>Total Administration</b>	<b>\$ 1,200,000</b>	<b>\$ 2,711,000</b>	<b>\$ 1,500,000</b>	
	<b>Total Capital Planning, Studies and Administration</b>	<b>\$ 9,018,600</b>	<b>\$ 9,539,200</b>	<b>\$ 8,605,500</b>	

- A. Funded by Facility Capacity Fee Fund.
- B. Recycled Water Master Plan update and CEQA expected to be completed in FY 2016/17.
- C. This project will verify the required storage volumes at locations throughout the service area and perform siting studies to identify reservoir locations and land acquisition needs.
- D. The total annual cost for the BV/RRB program is \$6,413,900. In accordance with the wholesale water rate structure, BV/RRB costs are being transitioned to the General Fund/Operating Budget over a ten-year period. In this fourth year, \$1,333,400 is transferred in FY 2016/17. In accordance with the 2014 FCF Study, the growth portion is funded by facility capacity fees and \$1,945,700 is funded in FY 2016/17. In addition, \$291,500 is reimbursed by the Tesoro annexing party and is accounted for as revenue.
- E. For various grant programs.
- F. Annual participation fees for Semitropic Water Banking and Exchange Program.
- G. Funds for Phase I Operational Studies should the Agency decide to participate in this project.
- H. This program provides approximately 850 AF of non-SWP water in critically dry years. Additional supplies could be available in wetter years. The quantity and price of water varies depends on hydrology and participation by other parties.
- I. Annexing parties reimburse actual costs for processing specific annexations.
- J. Settlement of the wholesale water litigation with Newhall County Water District.
- K. Santa Clarita Organization for Planning the Environment v. Castaic Lake Water Agency et al., Los Angeles Superior Court Case No. BS 141673.
- L. Work related to the process to review development a new water resources management entity in the Santa Clarita Valley.

CASTAIC LAKE WATER AGENCY  
New Capital Equipment  
FY 2016/17 Budget

The Capital Equipment Budget is funded by one percent property tax revenues.

		FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	*
130001	<b>Office Equipment Additions</b>				
	Office Technology and Equipment - General	\$ 251,200	\$ 220,000	\$ 160,000	A
	Office Technology and Equipment - Accounting	50,000	-	50,000	B
	Office Technology and Equipment - Boardroom	80,000	-	80,000	
	Office Technology and Equipment - Staff Additions	14,000	-	6,000	
	<b>Subtotal - Office Equipment Additions</b>	<b>\$ 395,200</b>	<b>\$ 220,000</b>	<b>\$ 296,000</b>	
130004	<b>Office Furniture Additions</b>				
	Office Furniture - General	\$ 20,000	\$ 20,000	\$ 30,000	C
	Office Furniture - Staff Additions	10,000	10,000	-	
	New Office Building Tenant Improvements	250,000	166,000	170,000	
	<b>Subtotal - Office Furniture Additions</b>	<b>\$ 280,000</b>	<b>\$ 196,000</b>	<b>\$ 200,000</b>	
130003	<b>Miscellaneous Equipment</b>				
	Miscellaneous Large Tools and Equipment	\$ 10,000	\$ 10,000	\$ 40,000	D
	RVWTP HVAC Equipment	-	10,000	10,000	
	Security equipment upgrades	-	-	100,000	E
	Video Surveillance Equipment	10,000	10,000	200,000	F
	<b>Subtotal - Miscellaneous Equipment</b>	<b>\$ 20,000</b>	<b>\$ 30,000</b>	<b>\$ 350,000</b>	
130002	<b>Vehicles</b>				
	Maintenance Replacement Vehicle	\$ 30,000	\$ 21,900	\$ 35,000	G
	Maintenance Replacement Vehicle	45,000	30,600	-	
	Two Gator Replacement Vehicles	30,000	23,000	-	
	New Pool Vehicle	30,000	21,300	-	
	Buildings and Grounds Replacement Vehicle	50,000	30,300	-	
	<b>Subtotal - Vehicles</b>	<b>\$ 185,000</b>	<b>\$ 127,100</b>	<b>\$ 35,000</b>	
	<b>Total New Capital Equipment</b>	<b>\$ 880,200</b>	<b>\$ 573,100</b>	<b>\$ 881,000</b>	

\* Significant items:

- A. Office Technology and Equipment - General includes:
  - Replacement of photocopier machine (RVWTP 1st floor) 35,000
  - Scheduled replacement of workstations 35,000
  - Network switch stacking 8,000
  - Miscellaneous hardware and software supplies 10,000
  - New workstations 6,000
  - Upgrade fiber and backup line point-to-point routers 11,000
  - Upgrade Control Room monitors 5,000
  - Network resiliency contingencies 50,000
- B. Contingency for accounting workflow automation project.
- C. Includes \$30,000 for general furniture.
- D. Includes electric surge protection equipment for various facilities (\$23,000) and an electric valve turning tool (\$8,500).
- E. Various security upgrades at RVWTP including securing RVWTP lobby with a wall and gate, replacing entry doors and implementing electric card reader security doors through the facility.
- F. Major upgrade and replacement of the Agency's video surveillance system, which is eight years old.
- G. Replacement of a 2007 pickup truck (assigned to Senior Inspector) with current mileage of 109,000. It is anticipated that this vehicle will need to be replaced at the end of FY 2016/17. Vehicle will not be replaced if age, mileage and repairs records do not warrant replacement at that time. Replacement vehicle will be a Ford Explorer with 4WD.

CASTAIC LAKE WATER AGENCY  
 Repair and Replacement  
 FY 2016/17 Budget

The Major Repair and Replacement Budget is funded by one percent property tax revenues.

Major Repair and Replacement	FY 2015/16 Budget	FY 2015/16 Estimated	FY 2016/17 Budget	*
ESFP Repair and Replacement	\$ 560,000	\$ 337,000	\$ 235,000	A
ESIPS Repair and Replacement	10,000	10,000	40,000	
RVWTP Repair and Replacement	395,000	255,000	130,000	B
RVIPS Repair and Replacement	105,000	105,000	75,000	C
Pipeline Repair and Replacement	140,000	97,000	105,000	D
Recycled Water System Repair and Replacement	50,000	36,000	60,000	
Sand Canyon System Repair and Replacement	95,000	-	95,000	E
Saugus 1 and 2 Wells Repair and Replacement	50,000	45,000	30,000	
<b>Total Major Repair and Replacement</b>	<b>\$ 1,405,000</b>	<b>\$ 885,000</b>	<b>\$ 770,000</b>	

\* Significant items:

A. ESFP Repair and Replacement items include:

Filter 7 underdrain repair	\$ 325,000	\$ 130,000	\$ -
Asphalt maintenance	50,000	50,000	-
Pump and motor replacement	50,000	25,000	25,000
Chlorine analyzer upgrade	35,000	38,000	-
Meter replacement	30,000	25,000	150,000
Valve replacement	25,000	35,000	25,000
Ozone system equipment replacement	10,000	10,000	10,000
Replace UPS batteries	10,000	-	-
Miscellaneous	25,000	24,000	25,000
	<b>560,000</b>	<b>337,000</b>	<b>235,000</b>

B. RVWTP Repair and Replacement items include:

Upper Mesa tank demolition	\$ 90,000	\$ -	\$ -
Pave back access road	55,000	46,000	-
Air compressor replacement	45,000	28,000	-
Pump and motor replacement	50,000	20,000	50,000
Chlorine analyzer upgrade	35,000	36,000	-
Valve replacement	25,000	30,000	25,000
Meter replacement	25,000	10,000	20,000
Chlorine scrubber rehabilitation	20,000	37,000	-
Upgrade light towers at sludge recovery basins	15,000	13,000	-
Ozone system equipment replacement	10,000	10,000	10,000
Miscellaneous	25,000	25,000	25,000
	<b>395,000</b>	<b>255,000</b>	<b>130,000</b>

C. RVIPS Repair and Replacement items include:

Valve replacement	\$ 15,000	\$ -	\$ -
Pump and motor replacement	75,000	-	50,000
Miscellaneous	15,000	105,000	25,000
	<b>105,000</b>	<b>105,000</b>	<b>75,000</b>

D. Pipeline Repair and Replacement items include:

Cathodic test station repairs	\$ 50,000	\$ 50,000	\$ 50,000
Meter replacement	25,000	22,000	-
Purveyor meter calibration	10,000	10,000	-
Miscellaneous	55,000	15,000	55,000
	<b>140,000</b>	<b>97,000</b>	<b>105,000</b>

E. Sand Canyon System Repair and Replacement items include:

Pumps and motor repairs	\$ 50,000	\$ 45,000	\$ 50,000
Meter replacement	20,000	-	20,000
Miscellaneous	25,000	-	25,000
	<b>95,000</b>	<b>-</b>	<b>95,000</b>

Debt-Funded Projects - Forecast  
FY 2016/17 Budget

Debt-funded Projects	FY 2014/15 Actual	FY 2015/16 Estimated	FY 2016/17 Budget	FY 2017/18 Projected	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected
Castaic Conduit	\$ 128,588	\$ 52,000	\$ 378,000	\$ 1,444,000	\$ 12,180,000	\$ 77,000	\$ -	\$ -	\$ -
Distribution System - RV-2 Modifications	143,924	15,000	75,000	2,957,000	3,000	-	-	-	-
ESFP Clearwell/CT Improvements	210,400	25,000	4,056,000	3,874,000	90,000	-	-	-	-
ESFP Sludge Collection System	156,657	262,000	235,000	92,000	5,818,000	2,980,000	-	-	-
ESFP Storage Expansion	-	-	-	323,000	957,000	4,289,000	7,301,000	60,000	-
ESIPS Pipeline Improvements	-	79,000	733,000	1,351,000	-	-	-	-	-
Foothill Feeder Connection	86,636	74,000	4,859,200	105,000	151,000	146,000	11,384,000	6,720,000	77,000
Honby Parallel	252	3,000	627,000	13,000	3,311,000	-	-	-	-
Magic Mountain Pipeline No. 4	87,247	14,000	31,000	-	117,000	3,621,000	-	-	-
Magic Mountain Pipeline No. 5	434	-	23,000	-	117,000	-	-	-	-
Magic Mountain Pipeline No. 6	151	-	4,000	-	144,000	151,000	8,576,000	-	-
Magic Mountain Reservoir	2,943	-	4,000	64,000	495,000	836,000	936,000	16,438,000	8,346,000
Recycled Water Program Phase II, 2A	8,375	15,000	107,000	250,000	4,000	4,000	4,000	4,000	-
Recycled Water Program Phase II, 2B	1,188	15,000	337,000	4,500,000	600,000	-	-	-	-
Recycled Water Program Phase II 2C	50,061	9,000	380,000	350,000	350,000	10,500,000	2,820,000	-	-
Recycled Water Program Phase II 2D	-	60,000	265,000	1,500,000	1,050,000	-	-	-	-
RWWTP Clearwell Cover Improvements	4,754,042	4,988,700	231,200	-	-	-	-	-	-
Rosedale Rio Bravo Extraction	1,021,316	2,612,500	5,833,500	6,000,000	4,000,000	-	-	-	-
Saugus Formation Dry Year Reliability Wells	62,880	131,500	380,000	-	-	-	-	-	-
Semitropic Stored Water Recovery Unit	428,240	8,028,000	5,000	-	-	-	-	268,000	491,000
Southern Service Areas Emergency Storage	-	-	-	-	-	-	-	-	-
Completed Projects	-	-	-	-	-	-	-	-	-
<b>Debt-Funded Subtotal</b>	<b>\$ 7,143,334</b>	<b>\$ 16,383,700</b>	<b>\$ 18,563,900</b>	<b>\$ 22,823,000</b>	<b>\$ 29,270,000</b>	<b>\$ 22,604,000</b>	<b>\$ 31,021,000</b>	<b>\$ 23,490,000</b>	<b>\$ 22,114,000</b>
Beginning Balance	\$ 13,881,087	\$ 7,801,227	\$ 36,427,727	\$ 22,178,827	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	-	37,000,000	-	-	-	-	-	-	-
Grants and Reimbursements/Interest Expenditures	1,063,474	8,010,200	4,315,000	-	-	-	-	-	-
	(7,143,334)	(16,383,700)	(18,563,900)	(22,823,000)	(29,270,000)	(22,604,000)	(31,021,000)	(23,490,000)	(22,114,000)
<b>Annual Balance/Shortfall</b>	<b>\$ 7,801,227</b>	<b>\$ 36,427,727</b>	<b>\$ 22,178,827</b>	<b>\$ (644,173)</b>	<b>\$ (29,270,000)</b>	<b>\$ (22,604,000)</b>	<b>\$ (31,021,000)</b>	<b>\$ (23,490,000)</b>	<b>\$ (22,114,000)</b>
<b>Cumulative Shortfall</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>\$ (644,173)</b>	<b>\$ (29,914,173)</b>	<b>\$ (52,518,173)</b>	<b>\$ (83,539,173)</b>	<b>\$ (107,029,173)</b>	<b>\$ (129,143,173)</b>
<b>Projects Funded "Pay-as-you-go"</b>	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Projected</b>	<b>FY 2016/17 Projected</b>	<b>FY 2017/18 Projected</b>	<b>FY 2018/19 Projected</b>	<b>FY 2019/20 Projected</b>	<b>FY 2020/21 Projected</b>	<b>FY 2021/22 Projected</b>	<b>FY 2022/23 Projected</b>
Replacement Wells	\$ 64,860	\$ 138,900	\$ 380,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RWWTP Entrance Gate Relocation	100,679	186,000	65,000	40,000	38,000	1,130,000	520,000	-	-
RWWTP Maintenance Facility Expansion	-	-	-	-	94,000	5,031,000	2,321,000	-	-
Purchase of Office Building	1,207,887	-	-	-	-	-	-	-	-
<b>"Pay-as-you-go" Subtotal</b>	<b>\$ 1,373,426</b>	<b>\$ 324,900</b>	<b>\$ 445,000</b>	<b>\$ 40,000</b>	<b>\$ 132,000</b>	<b>\$ 6,161,000</b>	<b>\$ 2,841,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL MAJOR CAPITAL PROJECTS</b>	<b>\$ 8,516,760</b>	<b>\$ 16,708,600</b>	<b>\$ 19,008,900</b>	<b>\$ 22,863,000</b>	<b>\$ 29,402,000</b>	<b>\$ 28,765,000</b>	<b>\$ 33,862,000</b>	<b>\$ 23,490,000</b>	<b>\$ 22,114,000</b>
<b>GRANT REIMBURSEMENTS</b>									
Foothill Feeder Connection	\$ 5,453	\$ 137,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RWWTP Clearwell Cover Improvements	1,012,000	-	-	-	-	-	-	-	-
Saugus Formation Dry Year Reliability Wells	22,625	131,500	200,000	3,000,000	1,723,000	-	-	-	-
Rosedale Rio Bravo Extraction	-	1,710,000	2,500,000	-	-	-	-	-	-
Semitropic Stored Water Recovery Unit	-	6,021,700	315,000	-	-	-	-	-	-
	\$ 1,040,078	\$ 8,000,200	\$ 4,215,000	\$ 3,000,000	\$ 1,723,000	\$ -	\$ -	\$ -	\$ -



## Employees In Action

Pictured: Water Conservation Education Specialist Karen Clark works the **#savewater** photo booth at the Agency's Open House Event in May 2016. Guests were provided fun costume options and encouraged to dress up, hold one of the water conservation signs, snap a photo and upload it to social media in support of saving water.



## Employees In Action

*Pictured (left to right): Water Conservation Specialist II Rick Vasilopoulos and Water Conservation Program Supervisor Stephanie Anagnoson conduct a post-inspection in the residential lawn replacement program. Rick and Stephanie are documenting the correct irrigation means approved for the program. Applicants must follow current and specific water-saving guidelines – such as replacing traditional sprinkler heads with drip irrigation – in order to be reimbursed up to \$2.00 per square foot of turf removed.*

For the latest rules and regulations in the program, interested applicants can visit <https://conservation.clwa.org> for more information.





## **LONG-TERM COMMITMENTS**

### **LONG-TERM WATER SUPPLY CONTRACTS**

#### **State Water Project Contract Commitment**

On April 30, 1963, the Agency entered into a water supply contract with the Department of Water Resources. The State bills the Agency annually for the “fixed” charges of providing water to the Agency. Provision is made in the contract for two major charges – a Delta Water Charge and a Transportation Charge – that are divided into additional components. The Delta Water Charge is intended to return to the State all costs of project conservation facilities. The Transportation Charge is for facilities necessary to deliver water to the contractors. Both charges include a capital component and a minimum operations, maintenance, power and replacement component (Capital and minimum OMP&R). These are charged to the Agency on the basis of Table A amount. Also included in the Agency bill is a Devil Canyon Castaic Charge, an Off Aqueduct Power Charge, a Water Systems Revenue Bond Surcharge and a Tehachapi Second Afterbay Facilities Charge. These bills are divided into monthly payments with the January and July payments being the largest.

The Agency also pays a transportation variable operations, maintenance, power and replacement charge to the DWR. This bill is paid monthly based upon the amount of water purchased by the Agency in the preceding month.

The Agency-set property tax fully funds both the fixed and variable components of DWR payments.

#### **Buena Vista/Rosedale-Rio Bravo Water Acquisition Commitment**

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period. This supply is from a program that provides for the capture, spreading, storage, recovery and export of water, including high-flow Kern River water which is a pre-1914 appropriative water right. The term of the Agreement is from January 1, 2007 through December 31, 2036. When the original term expires, the Agreement will be extended to a date certain consistent with any extensions of the Agency’s Water Supply Contract with DWR.

The purchase price was established in FY 2006/07 at \$486.85 per AF, or \$5,335,350. The purchase price is adjusted each calendar year by the Consumer Price Index (All Urban Consumers – All Items – Southern California Area). In addition, the adjusted price is also subject to “look-ins” at the end of every 10-year period. This look-in compares the actual adjustments with potential adjustments using a melded index consisting of an average of (i) the actual CPI adjustments and (ii) the increase in State Water Project (SWP) costs to the Buena Vista and Rosedale-Rio Bravo Storage Districts (billed through the Kern County Water Agency). The annual payments are due in advance of deliveries in two installments, 50% on January 1<sup>st</sup> and 50% on July 1<sup>st</sup> of each year. The current purchase price is \$566.10 per AF.

Under the agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District, should the Agency lose all or a portion of its share of one percent property tax revenues, the Agency’s obligation to purchase the 11,000 AF may be adjusted. In any fiscal year in which a reduction in excess of 15% of the Agency’s one percent property tax revenues occurs, for each 0.1% reduction in the Agency’s share of the one percent property tax revenues in excess of 15%, the Agency may reduce the annual purchase by 110 AF. In no event is the Agency allowed to reduce the annual purchase amount to less than 5,500 AF.

The acquisition of 11,000 AFY supply was originally intended, among other reasons, to supplement the Agency’s SWP supplies, which are committed to users in the Agency’s existing service area, by providing water for parties seeking to annex to the service area. In order to be eligible for annexation to the Agency’s service area, a potential annexing party would be required to enter into Deposit and Funding Agreement with the Agency and pay for a proportionate share of the 11,000 AFY supply.

During FY 2007/08, due to certain state and federal court rulings that potentially impacted SWP supplies, the Agency deferred consideration of potential annexations to retain for the time being the 11,000 AFY supply for the existing service area. At this time, the Agency has determined that up to 3,000 AFY may be used for annexations and is working with two developers on potential annexations.

## DEBT ISSUANCE

### Bond Ratings

The Bond ratings for the Agency's outstanding Debt reflect high grade investment quality debt. They are based on the Agency's good financial management, strong financial policies and diverse water supply portfolio. Debt issued at these ratings results in lower interest rates and correspondingly lower debt service payments.

	1999 COPs	2008A COPs (VRDO)	2010A COPs	2014A Revenue Refunding Bonds	2015A Revenue Refunding Bonds	2016A Revenue Bonds
<b>Fitch</b>	AA	AA-	AA-	AA-	AA-	AA-
<b>Standard &amp; Poor's</b>	AA+	AA	AA	AA	AA	AA

### Total Outstanding Debt

Total debt includes Certificates of Participation (COPs) and Revenue Refunding Bonds of \$278.8 million as of June 30, 2016. Scheduled annual debt service for FY 2016/17 is \$20.9 million. Projected annual debt service is anticipated to be \$24 million starting in FY 2017/18, \$28 million starting in FY 2019/20 and \$30 million starting in FY 2022/23 based on anticipated new debt issuance and payments on the 1999 Capital Appreciation Certificates of Participation. The source of debt service repayment is Facility Capacity Fees and one percent property tax revenues. Debt proceeds are used to fund the Agency's capital improvement program, and all facilities are allocated to future users (paid by Facility Capacity Fees) and existing users (paid by one percent property tax revenues).

Series	Outstanding Principal June 30, 2016	Debt Service FY 2016/17
2008A COPs	\$ 27,975,000	\$ 5,503,570
2014A Revenue Bonds	14,050,000	3,152,025
1999 COPs	59,846,309	--
2010A COPs	57,055,000	5,282,606
2015A Revenue Bonds	63,525,000	5,048,950
2016A-R Revenue Bonds	25,730,000	836,498
2016A-N Revenue Bonds	30,665,000	1,072,116
<b>Total</b>	<b>\$ 278,846,309</b>	<b>\$ 20,895,765</b>

### Planned Issuance for the Ten-Year CIP

In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. In addition, the Agency anticipates issuing bonds in 2019 and 2022, with estimated principal amounts \$70.4 million and \$25.2 million respectively. The Agency's ten-year forecast show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

These projections are based on the ten-year CIP and do not include projects for future infrastructure, water supply and water supply reliability projects discussed in the Facility Capacity Fee Study, the Recycled Water Master Plan, the Urban Water Management Plan and other planning documents.

Bond covenants require that the Agency maintains a minimum 1.20 debt coverage ratio on all bonds. The Agency's current projections for debt coverage ratios are as follows:

<b>FY 2016/17</b>	1.58
<b>FY 2017/18</b>	1.51
<b>FY 2018/19</b>	1.84
<b>FY 2019/20</b>	1.75
<b>FY 2020/21</b>	1.97

### Series of Certificates of Participation (COPs) and Bonds

#### 2008A COPs and 2014A Revenue Bonds

On June 1, 1990, \$132 million of COPs were executed and delivered to provide funds to acquire and construct the Rio Vista Water Treatment Plant and related facilities. On August 31, 1994, \$124.6 million of certificates of participation were executed and delivered to provide funds to advance refund all 1990 certificates. On May 5, 2004, the Agency refunded \$28,475,000 of the 1994 certificates (2004 Series A). On June 17, 2014, the Agency refunded \$16,750,000 of the 2004A certificates. On June 10, 2004, the Agency refunded \$37,350,000 of the 1994 certificates and concurrently entered into a "variable to fixed swap" agreement for \$40,000,000 (2004 Series B). The unrefunded 1994 COP's totaled \$40,565,000 after the refunding. The last settlement was paid during FY 2013/14. On May 9, 2008, the Agency refunded all of the 2004B certificates (2008 Series A) and in August of 2014, the Agency terminated the swap and retains the 2008A COPs in floating rate mode. These obligations are allocated 78.4% to future users (Facility Capacity Fees) and 21.6% to existing users (one percent property tax revenues).

	FY 2016/17 Debt Service	Outstanding Balance June 30, 2016
<b>2008A COPs</b>	\$ 5,503,570	\$ 27,975,000
<b>2014 Bonds</b>	3,152,025	14,050,000

#### 1999 and 2006A COPs

In August 1999, the Agency issued \$75.8 million in COPs to provide funds to (a) reimburse the Agency for the acquisition of approximately 41,000 acre-feet of supplemental water from DWR and (b) to acquire certain capital improvements to the Agency's Wholesale System. In December 2006, the Agency advance refunded \$45,520,000 of the 1999 certificates (2006 Series A). On May 12, 2016, the Agency refunded \$35,555,000 of the 2006A certificates with refunding revenue bonds (2016 Series A). The 1999 COPs are capital appreciation certificates. No regular payments of interest are made on capital appreciation certificates prior to maturity (beginning in FY 2021/22). Interest on capital appreciation certificates is compounded annually and added to the principal amount outstanding. These obligations are allocated 77.5% to future users (Facility Capacity Fees) and 22.5% to existing users (one percent property tax revenues).

	FY 2016/17 Debt Service	Outstanding Balance June 30, 2016
<b>1999 COPs</b>	\$ --	\$ 59,846,309
<b>2016A-R COPs</b>	836,498	25,730,000

2010A COPs

In March, 2001, the Agency issued \$80 million in COPs to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures were for the Sand Canyon Pipeline and Reservoir Project, the ESFP Expansion Project and banking programs. In June 2010, the Agency advance refunded all of the certificates (2010 Series A). These obligations are allocated 87.7% to future users (Facility Capacity Fees) and 12.3% to existing users (one percent property tax revenues).

	FY 2016/17 Debt Service	Outstanding Balance June 30, 2016
<b>2010A COPs</b>	\$ 5,282,606	\$ 57,055,000

2006C COPs and 2015A Revenue Bonds

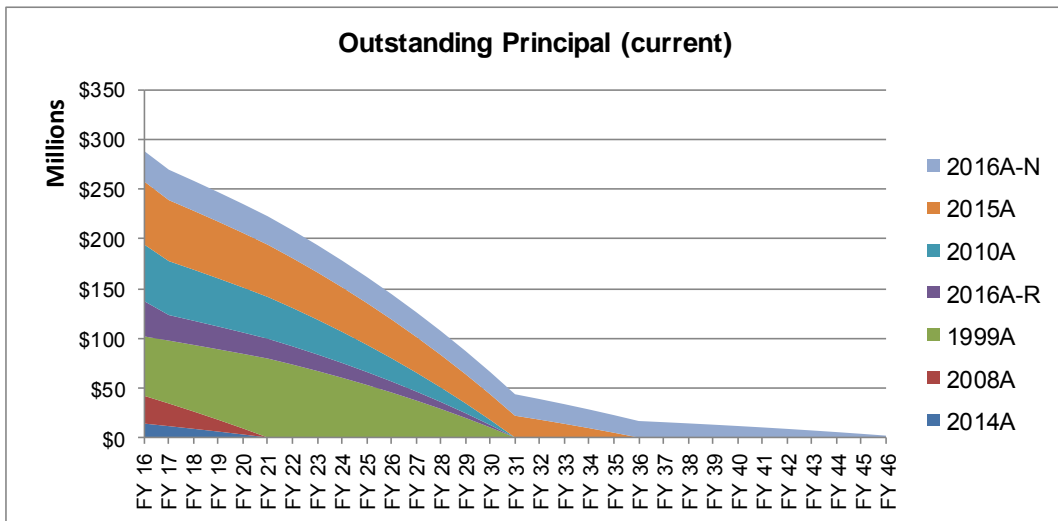
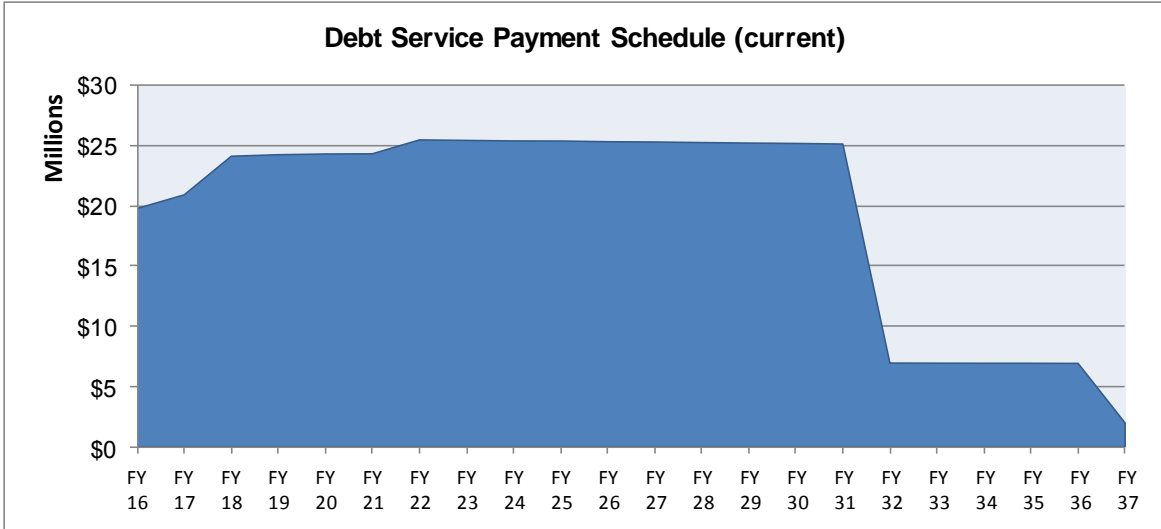
In December 2006, the Agency issued \$89.8 million in COPs to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures were for the RVWTP Expansion Project, the Sand Canyon Pipeline and Reservoir Project and the Perchlorate Distribution and Treatment projects. On April 28, 2015, the Agency advance refunded \$77,685,000 of the 2006C certificates with refunding revenue bonds (2015 Series A). These obligations are allocated 62.7% to future users (Facility Capacity Fees) and 37.3% to existing users (one percent property tax revenues).

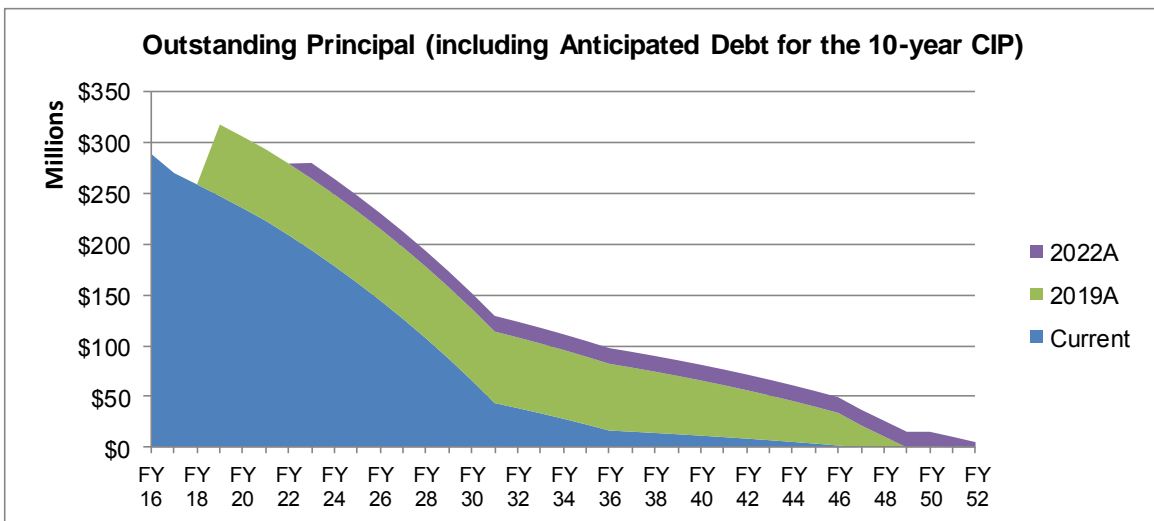
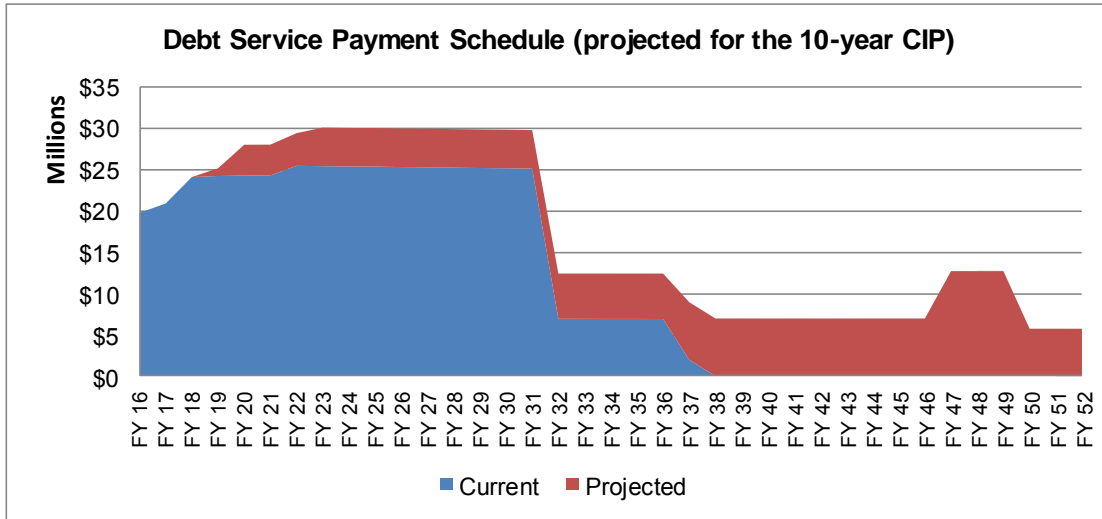
	FY 2016/17 Debt Service	Outstanding Balance June 30, 2016
<b>2015A Bonds</b>	\$ 5,048,950	\$ 63,525,000

2016A Revenue Bonds (new bond proceeds)

In May 2016, concurrent with the refunding of the 2006A COPs, the Agency issued \$30.7 million in new revenue bonds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures are anticipated to be for ESFP Clearwell/CT Improvements, ESFP Sludge Collection System, Foothill Feeder Connection, Recycled Water Program Phase II and the Saugus Formation Dry Year Reliability Wells. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 60.5% to existing users (one percent property tax revenues).

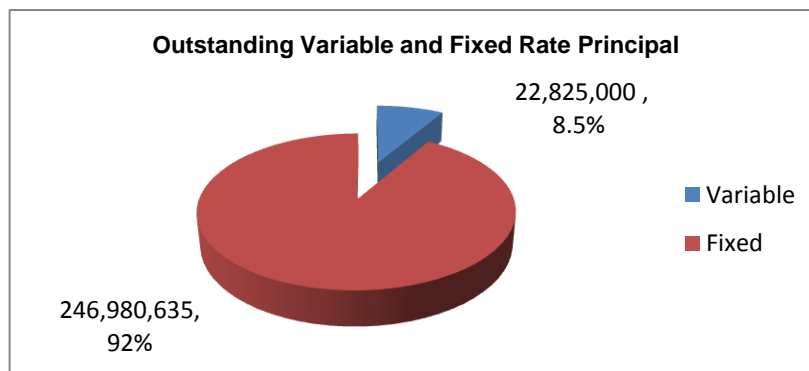
	FY 2016/17 Debt Service	Outstanding Balance June 30, 2016
<b>2016A-N Bonds</b>	\$ 1,072,116	\$ 30,665,000





**Variable Rate Debt**

The Agency's Debt Management Policy limits variable rate debt to no more than 25 percent of the Agency's total debt portfolio. As of June 30, 2017, the Agency will have 9 percent of its portfolio in variable rate debt.





## Employees In Action

*Pictured: Electrical / Instrumentation Technician Ted Braxhoofden treats guests to frozen lemonade at the Agency's Open House event.*





DWR VARIABLE AND CAPITAL CHARGES - Last Ten Fiscal Years  
FY 2016/17 Budget

Fiscal Year	DWR Variable Payments	DWR Fixed Payments	DWR Refunds/ Adjustments	TOTAL
2006/07	\$ 3,657,626	\$ 13,341,319	\$ (3,224,155)	\$ 13,774,790
2007/08	4,488,388	13,368,360	(1,510,873)	16,345,875
2008/09	4,667,948	16,484,367	(1,196,496)	19,955,819
2009/10	2,750,291	19,844,863	(3,869,057)	18,726,097
2010/11	1,893,470	19,881,442	(3,548,535)	18,226,377
2011/12	3,815,512	19,110,997	(2,759,743)	20,166,766
2012/13	4,989,452	15,545,822	(1,923,297)	18,611,977
2013/14	5,637,395	17,609,122	(2,229,263)	21,017,254
2014/15	3,997,735	17,657,459	(1,771,198)	19,883,996
Estimated FY 2015/16	5,000,000	19,704,700	(2,000,000)	22,704,700
<b>Estimated FY 2016/17</b>	<b>\$ 6,707,000</b>	<b>\$ 22,300,000</b>	<b>\$ (1,000,000)</b>	<b>\$ 28,007,000</b>

BUENA VISTA/ROSEDALE RIO BRAVO WATER ACQUISITION ESTIMATED PAYMENTS  
FY 2016/17 Budget

Fiscal Year	\$	Total
2006/07		6,440,213
2007/08		5,796,256
2008/09		5,949,400
2009/10		5,709,627
2010/11		5,746,405
2011/12		5,904,266
2012/13		6,083,451
2013/14		6,078,380
2014/15		6,164,510
2015/16		6,227,100
2016/17		6,413,900
2017/18		6,734,595
2018/19		7,071,325
2019/20		7,424,891
2020/21		7,796,136
2021/22		8,185,942
2022/23		8,595,239
2023/24		9,025,001
2024/25		9,476,251
2025/26		9,950,064
2026/27		10,447,567
2027/28		10,969,946
2028/29		11,518,443
2029/30		12,094,365
2030/31		12,699,083
2031/32		13,334,037
2032/33		14,000,739
2033/34		14,700,776
2034/35		15,435,815
2035/36		16,207,606
2036/37		-
<b>Total</b>	<b>\$</b>	<b>272,181,331</b>

Assumes an inflation rate of 5% per year.

2008A COP PRINCIPAL AND INTEREST PAYMENTS  
FY 2016/17 Budget

Fiscal Year	Principal	Interest/Fees	Total	Principal Remaining
2007/08	\$ -	\$ 109,166	\$ 109,166	\$ 39,300,000
2008/09	225,000	1,728,825	1,953,825	39,075,000
2009/10	250,000	2,057,576	2,307,576	38,825,000
2010/11	275,000	2,043,318	2,318,318	38,550,000
2011/12	275,000	1,733,735	2,008,735	38,275,000
2012/13	300,000	1,708,735	2,008,735	37,975,000
2013/14	275,000	1,623,414	1,898,414	37,700,000
2014/15 *	4,775,000	442,814	5,217,814	32,925,000
2015/16	4,950,000	296,872	5,246,872	27,975,000
<b>2016/17</b>	<b>5,150,000</b>	<b>353,570</b>	<b>5,503,570</b>	<b>22,825,000</b>
2017/18	5,375,000	364,958	5,739,958	17,450,000
2018/19	5,600,000	345,417	5,945,417	11,850,000
2019/20	5,800,000	249,303	6,049,303	6,050,000
2020/21	6,050,000	48,284	6,098,284	-
<b>Total</b>	<b>\$ 39,300,000</b>	<b>\$ 13,105,987</b>	<b>\$ 52,405,987</b>	<b>\$ -</b>

\* Beginning in FY 2014/15, Interest/Fees expense is lower than in previous budgets to reflect the termination of the Interest Rate Swap in August 2014.

2014A REVENUE BONDS PRINCIPAL AND INTEREST PAYMENTS  
FY 2016/17 Budget

Fiscal Year	Principal		Interest		Total		Principal Remaining
2013/14	\$	-	\$	-	\$	-	\$ 16,750,000
2014/15		165,000		418,537		583,537	16,585,000
2015/16		2,535,000		633,975		3,168,975	14,050,000
<b>2016/17</b>		<b>2,595,000</b>		<b>557,025</b>		<b>3,152,025</b>	<b>11,455,000</b>
2017/18		2,685,000		464,400		3,149,400	8,770,000
2018/19		2,780,000		355,100		3,135,100	5,990,000
2019/20		2,920,000		226,500		3,146,500	3,070,000
2020/21		3,070,000		76,750		3,146,750	-
<b>Total</b>	<b>\$</b>	<b>16,750,000</b>	<b>\$</b>	<b>2,732,287</b>	<b>\$</b>	<b>19,482,287</b>	<b>\$ -</b>

1999 COP PRINCIPAL AND INTEREST PAYMENTS  
FY 2016/17 Budget

<b>Fiscal Year</b>	<b>Accretion</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal Remaining</b>
2006/07	\$ 1,984,922	\$ -	\$ 156,896	\$ 156,896	\$ 39,169,968
2007/08	2,101,316	1,060,000	133,575	1,193,575	40,211,284
2008/09	2,224,536	1,110,000	82,505	1,192,505	41,325,820
2009/10	2,354,981	1,165,000	27,378	1,192,378	42,515,801
2010/11	2,493,075	-	-	-	45,008,876
2011/12	2,639,268	-	-	-	47,648,144
2012/13	2,794,032	-	-	-	50,442,176
2013/14	2,957,873	-	-	-	53,400,049
2014/15	3,131,320	-	-	-	56,531,369
2015/16	3,314,940	-	-	-	59,846,309
<b>2016/17</b>	<b>3,509,326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,355,635</b>
2017/18	3,715,111	-	-	-	67,070,746
2018/19	3,932,963	-	-	-	71,003,709
2019/20	4,163,590	-	-	-	75,167,299
2020/21	4,407,741	-	-	-	79,575,040
2021/22	4,365,394	10,445,000	-	10,445,000	73,495,434
2022/23	4,011,146	10,445,000	-	10,445,000	67,061,580
2023/24	3,636,259	10,445,000	-	10,445,000	60,252,839
2024/25	3,238,482	10,445,000	-	10,445,000	53,046,321
2025/26	2,816,363	10,445,000	-	10,445,000	45,417,684
2026/27	2,368,995	10,445,000	-	10,445,000	37,341,679
2027/28	1,894,316	10,445,000	-	10,445,000	28,790,995
2028/29	1,391,186	10,445,000	-	10,445,000	19,737,181
2029/30	858,451	10,445,000	-	10,445,000	10,150,632
2030/31	294,368	10,445,000	-	10,445,000	-
<b>Total</b>	<b>\$ 70,599,954</b>	<b>\$ 107,785,000</b>	<b>\$ 400,354</b>	<b>\$ 108,185,354</b>	<b>\$ -</b>

2006A COP PRINCIPAL AND INTEREST PAYMENTS  
FY 2016/17 Budget

Fiscal Year	Principal		Interest		Total		Principal Remaining
2006/07	\$	-	\$	308,917	\$	308,917	\$ 45,520,000
2007/08		845,000		2,042,544		2,887,544	44,675,000
2008/09		160,000		2,022,444		2,182,444	44,515,000
2009/10		165,000		2,015,944		2,180,944	44,350,000
2010/11		1,330,000		1,986,044		3,316,044	43,020,000
2011/12		1,385,000		1,932,610		3,317,610	41,635,000
2012/13		1,430,000		1,877,176		3,307,176	40,205,000
2013/14		1,490,000		1,818,786		3,308,786	38,715,000
2014/15		1,550,000		1,757,976		3,307,976	37,165,000
2015/16		1,610,000		1,694,776		3,304,776	35,555,000
2016/17		-		-		-	-
2017/18		-		-		-	-
2018/19		-		-		-	-
2019/20		-		-		-	-
2020/21		-		-		-	-
2021/22		-		-		-	-
2022/23		-		-		-	-
2023/24		-		-		-	-
2024/25		-		-		-	-
2025/26		-		-		-	-
2026/27		-		-		-	-
2027/28		-		-		-	-
2028/29		-		-		-	-
2029/30		-		-		-	-
2030/31		-		-		-	-
<b>Total</b>	<b>\$</b>	<b>9,965,000</b>	<b>\$</b>	<b>17,457,217</b>	<b>\$</b>	<b>27,422,217</b>	<b>\$ -</b>

Note: Refunded in May 2016 with series 2016A.

2010A COP PRINCIPAL AND INTEREST PAYMENTS  
FY 2016/17 Budget

Fiscal Year	Principal		Interest		Total		Principal Remaining	
2009/10	\$	-	\$	-	\$	-	\$ 70,595,000	
2010/11		1,300,000		1,786,708		3,086,708	69,295,000	
2011/12		2,310,000		3,008,706		5,318,706	66,985,000	
2012/13		2,360,000		2,948,406		5,308,406	64,625,000	
2013/14		2,430,000		2,867,606		5,297,606	62,195,000	
2014/15		2,520,000		2,774,606		5,294,606	59,675,000	
2015/16		2,620,000		2,665,781		5,285,781	57,055,000	
2016/17		2,740,000		2,542,606		5,282,606	54,315,000	
2017/18		2,865,000		2,413,906		5,278,906	51,450,000	
2018/19		2,995,000		2,289,056		5,284,056	48,455,000	
2019/20		3,115,000		2,158,681		5,273,681	45,340,000	
2020/21		3,260,000		2,014,506		5,274,506	42,080,000	
2021/22		3,405,000		1,860,681		5,265,681	38,675,000	
2022/23		3,560,000		1,691,556		5,251,556	35,115,000	
2023/24		3,740,000		1,510,306		5,250,306	31,375,000	
2024/25		3,925,000		1,339,556		5,264,556	27,450,000	
2025/26		4,080,000		1,162,806		5,242,806	23,370,000	
2026/27		4,285,000		971,625		5,256,625	19,085,000	
2027/28		4,465,000		781,022		5,246,022	14,620,000	
2028/29		4,660,000		578,500		5,238,500	9,960,000	
2029/30		4,870,000		364,075		5,234,075	5,090,000	
2030/31		5,090,000		127,254		5,217,254	-	
<b>Total</b>	<b>\$</b>	<b>70,595,000</b>	<b>\$</b>	<b>37,857,949</b>	<b>\$</b>	<b>108,452,949</b>	<b>\$</b>	<b>-</b>



2015A REVENUE BONDS PRINCIPAL AND INTEREST PAYMENTS  
FY 2016/17 Budget

Fiscal Year	Principal		Interest		Total		Principal Remaining	
2014/15	\$	-	\$	-	\$	-	\$ 64,000,000	
2015/16		475,000		2,280,943		2,755,943	63,525,000	
<b>2016/17</b>		<b>2,065,000</b>		<b>2,983,950</b>		<b>5,048,950</b>	<b>61,460,000</b>	
2017/18		2,105,000		2,931,725		5,036,725	59,355,000	
2018/19		2,165,000		2,856,850		5,021,850	57,190,000	
2019/20		2,250,000		2,768,550		5,018,550	54,940,000	
2020/21		2,345,000		2,676,650		5,021,650	52,595,000	
2021/22		2,440,000		2,568,750		5,008,750	50,155,000	
2022/23		2,560,000		2,443,750		5,003,750	47,595,000	
2023/24		2,685,000		2,312,625		4,997,625	44,910,000	
2024/25		2,820,000		2,175,000		4,995,000	42,090,000	
2025/26		2,960,000		2,030,500		4,990,500	39,130,000	
2026/27		3,110,000		1,878,750		4,988,750	36,020,000	
2027/28		3,265,000		1,719,375		4,984,375	32,755,000	
2028/29		3,430,000		1,552,000		4,982,000	29,325,000	
2029/30		3,600,000		1,376,250		4,976,250	25,725,000	
2030/31		3,780,000		1,191,750		4,971,750	21,945,000	
2031/32		3,975,000		997,875		4,972,875	17,970,000	
2032/33		4,170,000		794,250		4,964,250	13,800,000	
2033/34		4,375,000		580,625		4,955,625	9,425,000	
2034/35		4,600,000		356,250		4,956,250	4,825,000	
2035/36		4,825,000		120,625		4,945,625	-	
<b>Total</b>	<b>\$</b>	<b>64,000,000</b>	<b>\$</b>	<b>38,597,043</b>	<b>\$</b>	<b>102,597,043</b>	<b>\$</b>	<b>-</b>

2016A REFUNDING REVENUE BOND PRINCIPAL AND INTEREST PAYMENTS  
 (Refunding of 2006A COPs)  
 FY 2016/17 Budget

Fiscal Year	Principal	Interest	Total	Principal Remaining
2015/16	\$ -	\$ -	\$ -	25,730,000
<b>2016/17</b>	<b>-</b>	<b>836,498</b>	<b>836,498</b>	<b>25,730,000</b>
2017/18	1,380,000	1,148,900	2,528,900	24,350,000
2018/19	1,410,000	1,113,950	2,523,950	22,940,000
2019/20	1,460,000	1,063,600	2,523,600	21,480,000
2020/21	1,520,000	996,400	2,516,400	19,960,000
2021/22	1,600,000	918,400	2,518,400	18,360,000
2022/23	1,685,000	836,275	2,521,275	16,675,000
2023/24	1,765,000	750,025	2,515,025	14,910,000
2024/25	1,860,000	659,400	2,519,400	13,050,000
2025/26	1,940,000	574,100	2,514,100	11,110,000
2026/27	2,020,000	494,900	2,514,900	9,090,000
2027/28	2,115,000	401,625	2,516,625	6,975,000
2028/29	2,210,000	293,500	2,503,500	4,765,000
2029/30	2,325,000	180,125	2,505,125	2,440,000
2030/31	2,440,000	61,000	2,501,000	-
<b>Total</b>	<b>\$ 25,730,000</b>	<b>\$ 10,328,698</b>	<b>\$ 36,058,698</b>	

2016A BOND PRINCIPAL AND INTEREST PAYMENTS  
(New bond proceeds)  
FY 2016/17 Budget

Fiscal Year	Principal	Interest	Total	Principal Remaining
2015/16	\$ -	\$ -	\$ -	30,665,000
2016/17	-	1,072,116	1,072,116	30,665,000
2017/18	475,000	1,485,450	1,960,450	30,190,000
2018/19	490,000	1,473,350	1,963,350	29,700,000
2019/20	510,000	1,455,800	1,965,800	29,190,000
2020/21	535,000	1,432,225	1,967,225	28,655,000
2021/22	560,000	1,404,850	1,964,850	28,095,000
2022/23	590,000	1,376,100	1,966,100	27,505,000
2023/24	620,000	1,345,850	1,965,850	26,885,000
2024/25	650,000	1,314,100	1,964,100	26,235,000
2025/26	680,000	1,284,250	1,964,250	25,555,000
2026/27	710,000	1,256,450	1,966,450	24,845,000
2027/28	740,000	1,223,750	1,963,750	24,105,000
2028/29	780,000	1,185,750	1,965,750	23,325,000
2029/30	820,000	1,145,750	1,965,750	22,505,000
2030/31	860,000	1,103,750	1,963,750	21,645,000
2031/32	905,000	1,059,625	1,964,625	20,740,000
2032/33	950,000	1,013,250	1,963,250	19,790,000
2033/34	1,000,000	964,500	1,964,500	18,790,000
2034/35	1,050,000	913,250	1,963,250	17,740,000
2035/36	1,105,000	859,375	1,964,375	16,635,000
2036/37	1,165,000	802,625	1,967,625	15,470,000
2037/38	1,225,000	742,875	1,967,875	14,245,000
2038/39	1,285,000	680,125	1,965,125	12,960,000
2039/40	1,350,000	614,250	1,964,250	11,610,000
2040/41	1,420,000	545,000	1,965,000	10,190,000
2041/42	1,495,000	472,125	1,967,125	8,695,000
2042/43	1,570,000	395,500	1,965,500	7,125,000
2043/44	1,650,000	315,000	1,965,000	5,475,000
2044/45	1,735,000	230,375	1,965,375	3,740,000
2045/46	1,825,000	141,375	1,966,375	1,915,000
2046/47	1,915,000	47,875	1,962,875	-
<b>Total</b>	<b>\$ 30,665,000</b>	<b>\$ 29,356,666</b>	<b>\$ 60,021,666</b>	

TOTAL DEBT SERVICE AND OUTSTANDING PAR  
FY 2016/17 Budget

Fiscal Year	2014A Bonds		2008A COP		1999 COP		2006A COP/		2006C/ 2015A		2016A-N		2016		Total Outstanding
	Debt Service		Debt Service		Debt Service		Debt Service		Debt Service		Debt Service		Debt Service		
2014/15	\$ 583,537		\$ 5,217,814		\$ 5,294,606		\$ 3,307,976		\$ 5,868,375						266,881,369
2015/16	3,168,975		5,246,872		5,285,781		3,304,776		2,755,943						278,846,309
2016/17	3,152,025		5,503,570		5,282,606		836,498		5,048,950		1,072,116				269,805,635
2017/18	3,149,400		5,739,958		5,278,906		2,931,950		5,036,725		1,960,450				258,635,746
2018/19	3,135,100		5,945,417		5,284,056		2,872,575		5,021,850		1,963,350		930,891		317,484,209
2019/20	3,146,500		6,049,303		5,273,681		2,828,825		5,018,550		1,965,800		3,723,563		305,592,799
2020/21	3,146,750		6,098,284		5,274,506		2,790,450		5,021,650		1,967,225		3,723,563		293,220,540
2021/22	-		-		5,265,681		2,767,075		5,008,750		1,964,850		3,959,813		294,552,934
2022/23	-		-		5,251,556		2,743,325		5,003,750		1,966,100		4,668,563		279,724,080
2023/24	-		-		5,250,306		2,709,200		4,997,625		1,965,850		4,668,563		264,105,339
2024/25	-		-		5,264,556		2,690,588		4,995,000		1,964,100		4,668,563		247,643,821
2025/26	-		-		5,242,806		2,657,638		4,990,500		1,964,250		4,668,563		230,355,184
2026/27	-		-		5,256,625		2,619,625		4,988,750		1,966,450		4,668,563		212,154,179
2027/28	-		-		5,246,022		2,591,213		4,984,375		1,963,750		4,668,563		193,018,495
2028/29	-		-		5,238,500		2,557,288		4,982,000		1,965,750		4,668,563		172,884,681
2029/30	-		-		5,234,075		2,537,625		4,976,250		1,965,750		4,668,563		151,683,132
2030/31	-		-		5,217,254		2,511,888		4,971,750		1,963,750		4,668,563		129,362,500
2031/32	-		-		-		-		4,972,875		1,964,625		5,476,775		123,652,500
2032/33	-		-		-		-		4,964,250		1,963,250		5,486,756		117,647,500
2033/34	-		-		-		-		4,955,625		1,964,500		5,493,850		111,332,500
2034/35	-		-		-		-		4,956,250		1,963,250		5,493,188		104,692,500
2035/36	-		-		-		-		4,945,625		1,964,375		5,504,506		97,707,500
2036/37	-		-		-		-		-		1,967,625		6,973,038		93,922,500
2037/38	-		-		-		-		-		1,967,875		6,971,813		89,937,500
2038/39	-		-		-		-		-		1,965,125		6,977,844		85,737,500
2039/40	-		-		-		-		-		1,964,250		6,970,869		81,322,500
2040/41	-		-		-		-		-		1,965,000		6,975,494		76,667,500
2041/42	-		-		-		-		-		1,967,125		6,971,194		71,767,500
2042/43	-		-		-		-		-		1,965,500		6,972,575		66,607,500
2043/44	-		-		-		-		-		1,965,000		6,973,981		61,172,500
2044/45	-		-		-		-		-		1,965,375		6,974,888		55,447,500
2045/46	-		-		-		-		-		1,966,375		6,974,769		49,417,500
2046/47	-		-		-		-		-		1,962,875		12,708,488		37,182,500
2047/48	-		-		-		-		-		-		12,707,119		26,307,500
2048/49	-		-		-		-		-		-		12,705,825		15,417,000
2049/50	-		-		-		-		-		-		5,736,800		10,477,000
2050/51	-		-		-		-		-		-		5,736,250		5,232,000
2051/52	-		-		-		-		-		-		5,731,950		-
<b>Total</b>	<b>\$ 19,482,287</b>		<b>\$ 39,801,218</b>		<b>\$ 104,450,000</b>		<b>\$ 45,258,513</b>		<b>\$ 108,465,418</b>		<b>\$ 60,021,666</b>		<b>\$ 206,872,859</b>		<b>\$ 406,898,959</b>
Reserve															
Funds with Trustee	\$ -		\$ -		\$ 5,349,556		\$ -		\$ -		\$ -		\$ -		\$ 5,349,556

**FORECAST ASSUMPTIONS – FY 2016/17 BUDGET**

**One Percent Property Tax Revenues – 10-year forecast Assumptions**

**Reserve Requirements**

FY 2016/17 reserve amounts have been set at the targeted amount for Capital Reserves and Reserves for Economic Uncertainties and Catastrophic Situations, and an increased amount of one percent property tax funding for Debt Service Reserves to make up for a shortfall in Facility Capacity Fee funding of Reserves. Each fiscal year, the Agency reviews the allocation of reserves between Facility Capacity Fees and one percent property tax revenues and adjusts it according to the upcoming fiscal year budget, funds balances, projected activities and other such items.

The Repair and Replacement Reserve is a new reserve established by the Board of Directors during FY 2012/13 in conjunction with the new wholesale water rate structure. The new structure transfers Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply costs from the Capital Improvement Program to the General Fund/Operating Budget over ten years. This will free up one percent property tax revenues to fund a Repair and Replacement Reserve that will be used for future replacement of aging infrastructure. The amount in the ten year forecast is based on transferring the costs for an additional 550 AF of BV/RRB water each year (see BV/RRB information below for further escalation information).

**One Percent Property Tax Revenues**

One percent property tax revenues are dedicated to fund existing users' share of the COP and bond debt and capital improvement projects and repair programs, as well as a portion of core non-SWP water supplies. FY 2016/17 revenues are estimated at \$24.7 million, assuming a 5 percent increase in assessed valuation from FY 2015/16. This is based on the 5.1 percent increase in assessed valuation from FY 2014/15 to FY 2015/16 and reflects a similar level of new development in the upcoming fiscal year. For FY 2016/17 and thereafter, the forecast uses an increase of four percent per year. This is based on a one percent increase for new development, a two percent increase per year for existing development that does not turn over and two percent to reflect properties that are sold and reassessed to a market rate.

A history of the change in service area assessed valuation is as follows:

Year	Change from previous year
<b>FY 2015/16</b>	5.1%
<b>FY 2014/15</b>	7.75%
<b>FY 2013/14</b>	2.2%
<b>FY 2012/13</b>	(1.7%)
<b>FY 2011/12</b>	0.5%
<b>FY 2010/11</b>	(1.1%)
<b>FY 2009/10</b>	(5.6%)
<b>FY 2008/09</b>	5.0%
<b>FY 2007/08</b>	9.2%
<b>FY 2006/07</b>	12.9%

**Investment Revenues, Non-VWC**

Based on fund balances and assumes a 1.5 percent rate of return through FY 2015/16, and then a 3.43 percent rate of return thereafter. The 3.43 percent rate of return is based on the 20-year LAIF average rate, consistent with the 2014 Facility Capacity Fee Study.

**Investment Revenues, VWC Payment**

Includes dividend payments from the Valencia Water Company through FY 2017/18. In FY 2018/19, assumes an Interfund Loan to repay the purchase price over thirty years.

**Debt Service – Existing Users**

Reflects existing debt service schedule and allocation to existing users and estimates future debt service necessary to fund infrastructure necessary to support existing users. No new debt will be issued unless revenues are sufficient to fund debt service and without approval from the Board of Directors.

**Debt Service – Future Users**

Reflects an Interfund Loan from one percent property tax revenues to Facility Capacity Fees to pay future users' share of debt service while Facility Capacity Fee revenues are low.

**Vista Canyon Recycled Water Credit**

During FY 2012/13, the Board of Directors approved an agreement with Vista Canyon to purchase excess recycled water through a Facility Capacity Fee credit. The proposed Vista Canyon development will include construction of a recycled water plant that will produce more recycled water than can be used for on-site purposes. Purchasing recycled water from Vista Canyon will reduce CLWA's recycled water capital expenditures. Reduction in CLWA's capital expenditures will result in reduced Facility Capacity Fees (FCFs) to be paid by Vista Canyon. One percent property tax revenues will fund the portion of the credit that is attributable to existing users. The payment schedule is based on when the recycled water will be available.

**Capital Improvement Program (CIP)**

With the exception of the BV/RRB water purchase program, CIP costs are inflated 2.36% per year.

**BV/RRB Water Purchase**

A portion of this item is funded in Capital Planning, Studies and Administration, but is shown separately. This uses the actual 2016 calendar year payment, then assumes five percent inflation per year thereafter.

**Facility Capacity Fee Tax Revenues – 10-year forecast Assumptions****Reserve Requirements**

Due to low revenue levels, the Facility Capacity Fee revenues are not projected to fund any reserves during the forecast period.

**Facility Capacity Fees**

Facility Capacity Fee revenues are estimated at \$8 million in FY 2015/16 and \$8.7 million in FY 2016/17. FY 2015/16 revenues are based on revenues received through April 30, 2016 and expected receipts. Projections for FY 2016/17 assume no growth in total demand and include a fee increase effective January 1, 2017. Projections thereafter assume growth of 100 AF of sales per year, less growth projected for Newhall Ranch. Note that sales will have to increase significantly to achieve the projected buildout timing.

<b>Fiscal Year</b>	<b>AF</b>
FY 2015/16	550
FY 2016/17	550
FY 2017/18	575
FY 2018/19	866
FY 2019/20	775
FY 2020/21	1,019
FY 2021/22	1,019
FY 2022/23	1,019
FY 2023/24	1,019
FY 2024/25	1,019

Beginning in FY 2018/19, the revenue estimates are reduced by the Vista Canyon Recycled Water credit program (described above).

**Investment Revenues, Non-VWC**

Due to low fund balances and the Interfund Loan, no investment revenues are assumed.

**Investment Revenues, VWC Payment**

Includes dividend payments from the Valencia Water Company through FY 2017/18. In FY 2018/19, assumes an Interfund Loan to repay the purchase price over thirty years.

**General Fund – Operating Forecast**

General Fund – Operating Budget forecast information is included in the Debt Coverage 5-Year Forecast. For FY 2017/18 and thereafter, the forecast assumes a 1.3 percent increase in water sales, a five percent escalation factor for power and a two percent escalation factor for other costs (with adjustments for the election that takes place in intervening years).



One Percent Property Tax Revenues  
10-year Forecast  
(in millions)

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Fund Balance, Beginning</b>	\$ 75.54	\$ 73.92	\$ 75.12	\$ 74.09	\$ 81.65	\$ 82.85	\$ 88.67	\$ 107.21	\$ 127.11	\$ 148.72
<b>RESERVES</b>										
Debt Service Reserve	\$ (11.66)	\$ (15.55)	\$ (18.75)	\$ (19.80)	\$ (22.66)	\$ (22.91)	\$ (14.33)	\$ (14.28)	\$ (14.24)	\$ (14.23)
Capital Reserve	(17.06)	(10.84)	(11.16)	(11.50)	(11.84)	(12.20)	(12.57)	(12.94)	(13.33)	(13.73)
Economic Uncertainties (liquidity)	(38.07)	(26.52)	(27.14)	(27.78)	(28.44)	(29.11)	(29.80)	(30.50)	(31.22)	(31.96)
Repair and Replacement Reserve	(1.96)	(2.29)	(2.65)	(3.01)	(3.37)	(3.73)	(4.09)	(4.45)	(4.81)	(5.17)
<b>Total Reserves</b>	<b>\$ (68.75)</b>	<b>\$ (55.20)</b>	<b>\$ (59.70)</b>	<b>\$ (62.09)</b>	<b>\$ (66.31)</b>	<b>\$ (67.95)</b>	<b>\$ (60.79)</b>	<b>\$ (57.72)</b>	<b>\$ (58.79)</b>	<b>\$ (59.92)</b>
<b>Net Available</b>	<b>\$ 6.79</b>	<b>\$ 18.72</b>	<b>\$ 15.42</b>	<b>\$ 12.00</b>	<b>\$ 15.34</b>	<b>\$ 14.90</b>	<b>\$ 27.88</b>	<b>\$ 49.49</b>	<b>\$ 68.32</b>	<b>\$ 88.80</b>
<b>REVENUES</b>										
1% Property Tax Revenues	\$ 22.72	\$ 23.85	\$ 24.94	\$ 25.94	\$ 26.97	\$ 28.05	\$ 29.18	\$ 30.34	\$ 31.56	\$ 32.82
Settlement Agreement Reimbursement (CIP)	0.20	0.38	1.00	1.00	1.00	-	-	-	-	-
Grants and Reimbursements	0.61	0.57	-	-	-	-	-	-	-	-
Investment Revenues	1.02	1.02	0.90	0.93	2.27	2.33	2.08	2.13	2.18	2.23
Investment, VWC payment	-	-	0.50	3.27	3.23	3.23	3.22	3.22	3.22	3.22
Reimbursement from Annexing Parties	0.28	0.29	0.31	0.32	0.34	0.35	0.37	0.39	0.41	0.43
Repayment from FCF	-	-	-	-	-	-	4.73	5.14	5.56	6.37
Adjustments	0.03	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 24.86</b>	<b>\$ 26.11</b>	<b>\$ 27.65</b>	<b>\$ 31.46</b>	<b>\$ 33.81</b>	<b>\$ 33.96</b>	<b>\$ 39.58</b>	<b>\$ 41.22</b>	<b>\$ 42.93</b>	<b>\$ 45.07</b>
<b>EXPENDITURES</b>										
Debt Service - Existing Users	\$ (4.70)	\$ (5.22)	\$ (6.28)	\$ (6.87)	\$ (8.57)	\$ (8.72)	\$ (7.13)	\$ (7.13)	\$ (7.12)	\$ (7.11)
Debt Service - Future Users	(10.95)	(8.85)	(12.83)	(7.75)	(9.91)	(5.58)	-	-	-	-
Vista Canyon Recycled Water Credit	-	-	(1.03)	(0.70)	(0.72)	(0.37)	(0.38)	(0.39)	-	-
Major Capital Projects	(0.32)	(0.45)	(0.04)	(0.13)	(5.00)	(5.12)	(5.24)	(5.36)	(5.49)	(5.62)
Minor Capital Projects	(1.76)	(2.46)	(2.52)	(2.58)	(2.64)	(2.70)	(2.77)	(2.83)	(2.90)	(2.97)
Planning, Studies Admin, less BV/RRB Water	(2.06)	(1.20)	(1.23)	(1.26)	(1.29)	(1.32)	(1.35)	(1.38)	(1.41)	(1.45)
BV/RRB Water	(5.22)	(5.08)	(3.05)	(2.89)	(2.72)	(2.53)	(2.32)	(2.34)	(2.46)	(2.58)
New Capital Equipment	(0.57)	(0.88)	(0.90)	(0.92)	(0.94)	(0.97)	(0.99)	(1.01)	(1.04)	(1.06)
Repair and Replacement Projects	(0.89)	(0.77)	(0.79)	(0.81)	(0.83)	(0.85)	(0.87)	(0.89)	(0.91)	(0.93)
<b>Total Expenditures</b>	<b>\$ (26.47)</b>	<b>\$ (24.91)</b>	<b>\$ (28.67)</b>	<b>\$ (23.91)</b>	<b>\$ (32.62)</b>	<b>\$ (28.16)</b>	<b>\$ (21.05)</b>	<b>\$ (21.33)</b>	<b>\$ (21.33)</b>	<b>\$ (21.72)</b>
<b>Fund Balance, Available</b>	<b>\$ 5.18</b>	<b>\$ 19.92</b>	<b>\$ 14.40</b>	<b>\$ 19.55</b>	<b>\$ 16.53</b>	<b>\$ 20.70</b>	<b>\$ 46.41</b>	<b>\$ 69.38</b>	<b>\$ 89.92</b>	<b>\$ 112.15</b>

Facility Capacity Fee  
10-year Forecast  
(in millions)

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Fund Balance, Beginning</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RESERVES</b>										
Debt Service Reserves thru 2010A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Uncertainties	-	-	-	-	-	-	-	-	-	-
Previous Reserve Requirement	-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Available</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>REVENUES</b>										
Facility Capacity Fees	\$ 8.00	\$ 8.70	\$ 9.33	\$ 13.33	\$ 12.46	\$ 16.99	\$ 17.77	\$ 18.19	\$ 18.62	\$ 19.47
Investment Revenues, non SCWD	-	-	-	-	-	-	-	-	-	-
Investment, VWC payment	0.30	0.30	0.30	1.99	1.97	1.97	1.96	1.96	1.96	1.96
Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	\$ 8.30	\$ 9.00	\$ 9.63	\$ 15.32	\$ 14.43	\$ 18.96	\$ 19.73	\$ 20.15	\$ 20.58	\$ 21.43
<b>EXPENDITURES</b>										
Debt Service	(6.05)	(6.67)	(7.24)	(12.85)	(11.90)	(16.38)	(12.39)	(12.36)	(12.33)	(12.32)
BV/IRRB Water Supply	-	-	(2.01)	(2.06)	(2.11)	(2.15)	(2.18)	(2.21)	(2.24)	(2.26)
FCF Administration	(2.25)	(2.33)	(0.39)	(0.40)	(0.42)	(0.43)	(0.44)	(0.45)	(0.47)	(0.48)
Repay One Percent Property Tax	-	-	-	-	-	-	(4.73)	(5.14)	(5.56)	(6.37)
<b>Total Expenditures</b>	\$ (8.30)	\$ (9.00)	\$ (9.64)	\$ (15.31)	\$ (14.43)	\$ (18.96)	\$ (19.74)	\$ (20.16)	\$ (20.60)	\$ (21.43)
<b>Fund Balance, Available</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Debt Coverage 5-year Forecast  
FY 2016/17 Budget

	<b>Budget</b>				
	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>
<b>REVENUES</b>					
Facility Capacity Fees	\$ 8,700,000	\$ 9,329,100	\$ 13,327,700	\$ 12,455,000	\$ 16,994,700
1% Property Tax Revenues	23,851,900	24,939,857	25,937,452	26,974,950	28,053,948
Wholesale Water - Fixed Charges	13,603,800	14,549,900	15,483,700	16,753,200	17,758,392
Wholesale Water Sales - Variable Charges	5,502,600	5,800,000	6,227,924	6,687,420	7,180,818
Water Sales - Recycled and Saugus Wells	690,900	982,485	1,023,898	1,067,228	1,112,566
Investment revenues	1,495,400	1,768,530	6,264,122	7,550,881	7,598,399
Other Revenues (operating)	274,000	266,000	256,000	256,000	256,000
Settlement Agreement (CIP)	380,000	1,000,000	1,000,000	1,000,000	-
Settlement Agreement (O&M)	1,300,000	1,326,000	1,352,520	1,379,570	1,420,958
Grants and Reimbursements	666,700	-	-	-	-
Reimbursement from Annexing Parties	291,500	306,100	321,400	337,500	354,400
One-time Water Sales	-	-	-	-	-
Other and Adjustments	19,100	19,100	19,100	19,100	19,100
<b>Total Revenues</b>	<b>\$ 56,775,900</b>	<b>\$ 60,287,073</b>	<b>\$ 71,213,815</b>	<b>\$ 74,480,848</b>	<b>\$ 80,749,280</b>
<b>Operations and Maintenance Costs (Operations)</b>	<b>\$ 23,680,100</b>	<b>\$ 23,917,309</b>	<b>\$ 25,025,986</b>	<b>\$ 25,359,007</b>	<b>\$ 25,709,327</b>
<b>Total System Net Revenues</b>	<b>\$ 33,095,800</b>	<b>\$ 36,369,764</b>	<b>\$ 46,187,829</b>	<b>\$ 49,121,842</b>	<b>\$ 55,039,953</b>
<b>Senior Debt Service</b>					
1999 COP	-	-	-	-	-
<b>Total Senior Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Senior Debt Service Coverage *</b>	N/A	N/A	N/A	N/A	N/A
<b>Net Revenues Available after Senior Debt Service</b>	<b>\$ 33,095,800</b>	<b>\$ 36,369,764</b>	<b>\$ 46,187,829</b>	<b>\$ 49,121,842</b>	<b>\$ 55,039,953</b>
<b>Subordinate Debt Service</b>					
2006A COP	\$ -	\$ -	\$ -	\$ -	\$ -
2008A COP	5,503,570	5,739,958	5,945,417	6,049,303	6,098,284
2010A COP	5,282,606	5,278,906	5,284,056	5,273,681	5,274,506
2014A Revenue Bonds	3,152,025	3,149,400	3,135,100	3,146,500	3,146,750
2015A Revenue Bonds	5,048,950	5,036,725	5,021,850	5,018,550	5,021,650
2016A Revenue Refunding Bonds	836,498	2,931,950	2,872,575	2,828,825	2,767,075
2016A Revenue Bonds	1,072,116	1,960,450	1,963,350	1,965,800	1,967,225
2019 Revenue Bonds (projected)	-	-	930,891	3,723,563	3,723,563
<b>Total Subordinate Debt Service</b>	<b>\$ 20,895,765</b>	<b>\$ 24,097,389</b>	<b>\$ 25,153,239</b>	<b>\$ 28,006,222</b>	<b>\$ 27,999,053</b>
<b>Total Debt Service Coverage</b>	1.58	1.51	1.84	1.75	1.97
<b>Revenues Available for Other Purposes</b>	<b>\$ 12,200,035</b>	<b>\$ 12,272,375</b>	<b>\$ 21,034,591</b>	<b>\$ 21,115,620</b>	<b>\$ 27,040,901</b>

\* Senior Debt Service only applies to 1999 COPs, for which no debt service payments are due until FY 2021/22.

## BUDGET GLOSSARY

**Accounts Receivable.** The Agency extends credit to customers/purveyors in the normal course of operations. Management deems all accounts receivable as collectible at fiscal year-end.

**Accrual.** The basis of accounting which revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

**Acre-Foot/Acre-Feet (AF).** A unit of measure equivalent to 325,851 gallons of water.

**ACWA (Association of California Water Agencies).** A statewide organization comprised of a coalition of public water agencies. The Agency is a member of ACWA.

**ACWA/JPIA (Association of California Water Agencies/Joint Powers Insurance Authority).** A statewide organization dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverage as well as training and related services to its member agencies. The Agency is a member of ACWA/JPIA.

**Appropriation.** An amount of money in the budget authorized for expenditure or obligation within organizational units for specific purposes.

**Assessed Valuation.** An official government value placed upon real estate or other property as a basis for levying taxes.

**Assets.** Resources having monetary and economic value that are owned or held by the agency.

**AWWA (American Water Works Association).** An international scientific and educational society dedicated to the improvement of drinking water quality and supply. The Agency is a member of AWWA.

**Alternative Water Resources Management (AWRM).** A program that will attempt to achieve a total daily maximum load for chloride in the Santa Clara River by blending high chloride and low chloride waters. The Agency has signed a MOU and is helping the Sanitation District (the lead agency) implement the plan.

**Balanced Budget (General Fund – Operating).** A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. For the General Fund – Operating Budget, the Agency's stated goal is the expenditures do not exceed revenues. However, during FY 2006/07, the Board of Directors recognized that many increases in expenditures have occurred because the Agency is in a transitional period. Not only is the Agency implementing a number of organizational changes; it has been expanding and changing its infrastructure, which is impacting system operations. As a result, expenses have increased dramatically over recent years and it is difficult to estimate the ultimate impact on operating costs. A stated financial goal of the Board is to cover operating expenses with operating revenues. However, due to this transition period and a desired to provide rate stability for purveyors and Santa Clarita Valley ratepayers, the Board of Directors adopted a three-year program of 15% rate increases for the wholesale water rate to be implemented beginning in January 2007. 1% property tax revenues would be used to offset shortages between wholesale water rate revenues and operating expenses and maintain a fund balance of \$300,000 in the Operating Fund. The goal would be to fully cover operating expenses with operating revenues by 2010. After that, it is expected that rate increases will continue to be required, and would be calculated to recover operating expenditures. This shows that while there is a short-term imbalance between the Agency's operating expenditures and revenues, the Agency does not included this to be a long-term situation. This definition does not apply to the Agency's capital budgets and funds.

**Board of Directors.** The governing body of the Castaic Lake Water Agency. The Agency is divided into three elective divisions; the governing board is made up of two directors from each division, two directors at large, and one director appointed by each of the two retail water purveyors excluding SCWD and VWC, a total of 11 members.

**Bond.** A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

**Budget.** A balanced financial plan for a given period of time, which matches proposed expenditures to the expected revenues for that same period of time.

**Buena Vista Water Storage District (BVWSD).** The Agency acquires of 11,000 acre-feet (AF) of water supply per year for a 30-year period from the BVWSD.

**California Aqueduct.** The main conveyance facility of the State Water Project which brings water via a series of pumping plants from northern California to the Bay Area, San Joaquin Valley, Central Coast area and Southern California.

**California WaterFix.** Formerly known as the Bay Delta Conservation Plan (BDCP), the California WaterFix is one part of the California Water Action Plan to bolster self-sufficiency, reduce consumption, improve water management, and reduce dependence on the Delta to meet future needs. It is the product of decades of deliberation and the evolution of California's twin goals of protecting and securing water resources to meet growing demand while maintaining a healthy environment.

**Capital Equipment.** Fixed assets such as vehicles, computers, furniture, technical instruments which have a life expectancy of more than one year and a value over \$5,000.

**Capital Improvement Plan (CIP).** A long-range plan of the Agency for the construction, rehabilitation and modernization of the Agency owned and operated infrastructure.

**Capital Planning, Studies and Administration.** Non-operating expenses, including but not limited to: (1) studies in support of major capital projects; and (2) non-recurring studies.

**Capital Project.** A non-operating expense item of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital projects typically have a life of five years or more.

**Castaic Lake Water Agency Financing Corporation.** The corporation formed in 1990 to issue Certificates of Participation.

**Catalytic Project.** High leverage, high impact activity, project or program which will achieve the greatest positive impact on the performance measures. A catalytic project may also be a collection of programs and activities.

**Certificates of Participation (COPs).** The financing technique that provides long-term financing through a lease (with an option to purchase) or installment agreement that does not constitute indebtedness under the state constitutional debt limit and does not require voter approval.

**CEQA.** California Environmental Quality Act.

**Ccf.** The Ccf is the standard rate of billing for retail water service. 1 Ccf is equal to 100 cubic feet of water which is equal to 748 gallons of water.

**Devil's Den Water District.** A California Water District in Kern and Kings Counties (the Agency is the primary landowner).

**Devil's Den Ranch.** Land in Kern and Kings Counties that the Agency owns and operates in agriculture.

**DWR (Department of Water Resources).** The state agency responsible for financing, constructing and operating State Water Project facilities.

**Disbursements.** Payments made on obligations.

**EIR.** Environment Impact Report prepared in compliance with the California Environmental Quality Act.

**EIS.** Environmental Impact Statement prepared in compliance with the National Environmental Protection Act.

**ESFP.** Earl Schmidt Filtration Plant (56 MGD) - One of two treatment plants operated by the Agency.

**ESIPS.** Earl Schmidt Intake Pumping Station which pumps water up to the ESFP.

**Equipment Purchases.** The purchases of office equipment, furniture, automobiles, trucks, pumps, shop equipment and other items.

**Expenditure.** An amount of money disbursed or obligated. Expenditures include current operating expenses and capital improvements requiring the present or future use of net current assets and the current year portion of debt service.

**Finance and Administration Committee.** A committee of the Board of Directors consisting of five Board members that meets on the second Tuesday of each month to discuss finance and administration issues.

**Fiscal Year.** The time frame in which the Budget applies. For the Agency this is the period from July 1 through June 30 of the succeeding year.

**Fixed Assets.** Long term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

**Fund.** A set of accounts used to account for a specific activity, such as a water enterprise fund. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and changes in these assets and liabilities.

**Fund Balance.** Fund equity in governmental funds. The difference between the assets and liabilities equal the fund balance.

**Gallons Per Capita Per Day (GPCD).** Gallons per capita per day.

**Generally Accepted Accounting Principles (GAAP).** Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic Financial Statements of an entity. The responsibility for setting GAAP for state and local governments rests with the Governmental Accounting Standards Board (GASB).

**General Fund.** Fund used to account for and report all financial resources not accounted for and reported in another fund.

**General Obligation Bonds.** Bonds, the payment for which the full faith and credit of the issuing government are pledged.

**Goal.** A description of a desired end state, condition or outcome expressed in qualitative terms.

**Governmental Accounting Standards Board (GASB).** The organization that sets the standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

**Governmental Fund.** Fund category used to account for tax-supported (governmental) activities. These are the funds through which most governmental functions typically are financed.

**Grant Administration.** Grant funds are used only for intended purposes, and are subject to Single Audit requirements (OMB Circular A-133).

**Internal Control.** Agency management is responsible for the establishment and maintenance of internal control structure that ensures that the assets of the Agency are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

**Integrated Regional Water Management Plan (IRWMP).** A plan for upper Santa Clara River watershed management that was adopted in July of 2008. The Agency is a stakeholder and on the Regional Water Management Group, which leads the IRWMP effort. The IRWMP is critical for identifying programs for possible state grant funding under Propositions 50 and 84.

**L.A. Co. WWD #36.** Los Angeles County Water Works District #36, one of the four Santa Clarita Valley retail purveyors.

**Major Capital Project.** The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital project are typically included in the Agency's Capital Improvement Program and Data Document, and cost more than \$500,000.

**Materials and Supplies.** Cost of the various materials and supplies purchased to operate and maintain the Agency. Examples of supplies include office, computer, engineering, janitorial and gardening. Materials include glass, lumber, concrete, painting and small tools.

**MGD.** Million gallons per day.

**Minor Capital Project.** Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Capital Improvement Program. Minor capital projects cost \$500,000 or less.

**MOU.** Memorandum of Understanding.

**Modified Accrual Basis of Accounting.** The basis of accounting under which revenues are recognized when they become "susceptible to accrue", (i.e., measurable and available to finance expenditures of the current period). The Agency considers property taxes to be available and subject to accrual if they are levied for and due within the fiscal year and collected within 60 days after fiscal year end. Expenditures are recorded when the liabilities are incurred, except that principal and interest payments on general long-term debt are recognized as an expenditure when due.

**NCWD.** Newhall County Water District – one of the four Santa Clarita Valley retail purveyors.

**Objective.** A description of the result that is expected to be achieved. An objective is time specific and measurable. Fiscal year objectives are the yearly organizational levels of achievement expected.

**OMB.** Federal Office of Management and Budget.

**Operating Budget.** The normal, ongoing operating costs to operate the Agency including salaries, employer expenses, professional and outside services and other operating expenses.

**Perchlorate.** Compounds used in the manufacturing of explosives, munitions and rocket fuel.

**Performance Measurement.** A qualitative or quantitative indicator of successful goal attainment. A "good" performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can affect, gather data on and measure.

**Planning and Engineering Committee.** A committee of the Board of Directors consisting of five Board members that meets on the fourth Thursday of each month to discuss planning and engineering issues.

**RVIPS.** Rio Vista Intake Pumping Station which supplies water to the RVWTP.

**RVWTP.** Rio Vista Water Treatment Plant (30 MGD) – one of two treatment plants operated by the Agency.

**Recycled Water.** Beneficial use of treated wastewater for such planned uses as irrigation, industrial cooling, recreation, groundwater recharge, environmental enhancement, and other uses permitted under California law.

**Reliability.** Providing a consistent level of water.

**Repair and Replacement.** Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public, and provide for the installation of equipment and security devices.

**Retail Operations Committee.** A committee of the Board of Directors consisting of five Board members that meets on the first Tuesday of each month to discuss retail operation issues.

**Revenue.** Income generated by taxes, notes, bonds, investment income, land rental, user charges and water rates.

**Rosedale-Rio Bravo Water Storage District (RRBWSD).** The Agency participates in the Groundwater Banking Program through RRBWSD which allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A amount or other State Water Project supplies.

**SCWD.** Santa Clarita Water Division (also referred to as the Retail Account and the Santa Clarita Water Company) – one of the Santa Clarita Valley four retail purveyors. Santa Clarita Water Company was acquired by the Agency in 1999.

**Semitropic Water Storage District (SWSD).** The Agency participates in the Groundwater Banking Program through SWSD which includes two short-term accounts that distribute excess State Water Project Table A water.

**Services.** The normal, ongoing operating costs incurred to operate the Agency. Examples include repair, maintenance, auditing, security and engineering.

**Southern California Water Committee, Inc. (SCWC).** A nonprofit, nonpartisan, public education partnership dedicated to informing Southern Californians about our water needs and our state's water resources. The Agency is a member of SCWC.

**State Water Project (SWP).** A water development and distribution system owned and operated by the State of California Department of Water Resources, which transports water from northern California. It entails the operation and maintenance of the conservation and transportation facilities and power to pump the water.

**Strategic Goal.** A discrete aim for future achievement that is necessary to meet a component of the Agency's mission.

**Strategic Plan.** A long-term plan defining the Agency's mission, goals, objectives and implementing actions.

**Strategy/Tactic/Action/Program/Project/Activity.** Means by which we will achieve an objective and move towards a goal. A tactic is a specific action whereas a strategy is a broader concept to gain leverage and solve a particular problem.

**Total Agency Budget.** The sum of the total operating budget, debt service, water purchases and total capital budget requests.



**Total Capital Budget.** The total budget requests for equipment purchases and construction projects.

**Treated Water.** Water delivered to the Santa Clarita Valley four retail purveyors which has been treated at CLWA's ESFP and RVWTP.

**Utilities.** This includes gas, electricity, water, sewer and telephone service.

**USCVJPA.** Upper Santa Clara Valley Joint Powers Authority.

**UWMP.** Urban Water Management Plan.

**VWC.** Valencia Water Company – One of the Santa Clarita Valley four retail purveyors.

**Water Purchases (CLWA).** Water purchased from the Department of Water Resources.

**Water Resources and Outreach Committee.** A Committee of the Board of Directors consisting of five Board members that meets on the second Thursday of each month to discuss water resource issues and outreach efforts.



Castaic Lake Water Agency  
FY 2016/17 Long-Term Financial Plan

May 2016

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## EXECUTIVE SUMMARY

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A long-term financial plan (LTFP) is not a static, one-time document, but represents a process where the Board and management review financial strategies to help achieve the Agency's overall strategic plan. This FY 2016/17 LTFP represents an updated look at individual financial strategies and serves as the basis for future analysis and decision making. The LTFP helps to identify potential financial issues and risks. This FY 2016/17 LTFP groups financial strategies into near-term, mid-term and long-term issues, to help prioritize their implementation. Based on the decisions and guidance provided by the Board, the Plan is a rolling "look-ahead" to help identify priorities and focus.

The Agency's LTFP was first developed in FY 2008/09. This current LTFP continues to build upon the original plan, and also incorporates recent long-term planning efforts, including the Agency's Strategic Plan, the 2015 Urban Water Management Plan process, Integrated Regional Water Management Plan (IRWMP), 2014 Facility Capacity Fee study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP), the 2012 water rate study conducted by Raftelis Financial Consultants, Inc. (RFC) and the updated of the Recycled Water Master Plan which is currently in progress.

The FY 2016/17 LTFP is significantly influenced by the current drought and water supply conditions, as well as state mandates for major reductions in per capita water use, as follows:

- ◆ SBX7-7 calls for a 20 percent reduction in per capita water use by 2020 (i.e., 20% by 2020). This legislation requires each retailer to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target.
- ◆ Due to the ongoing drought, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, a 25% reduction in urban water usage by February 28, 2016. The order provides for the State Water Resources Control Board (SWRCB) to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers originally ranged from 24% to 32%. These restrictions were decreased by 3 to 4 percent in March 2016 and the SWRCB is considering further modifications given near normal precipitation in Northern California.

Even with the reduction in the targets, these are significant reductions to be achieved in a short amount of time, and will require significant investments of the Agency's resources and time.

Due to recent years of low State Water Project allocations and uncertainty about how much longer the drought will last, the Agency continues to invest in enhanced water banking programs to maintain water supply availability and reliability. At this time, to deal with the ongoing drought situation and mandates for reductions in potable water use, as well as to maximize the use of "local" water supplies, the Agency is moving forward with (1) planning and design of four recycled water projects and (2) updating the Recycled Water Master Plan and associated environmental impact report. These projects are considered the most cost-

effective to implement and are aimed at converting large turf/non-potable users to recycled water, resulting in the conversion of approximately 2,400 AFY of potable to recycled water. The cost of these programs is about \$45 million.

This LTFP is separate from the Agency's Strategic Plan and its objectives, goals and action items. This plan is intended to discuss financial strategies to achieve the Agency's strategic plan as well as respond to challenges and opportunities presented by economic, demographic, regulatory, political and environmental conditions.

The LTFP is not intended to address every fiscal issue, but identify high priority fiscal programs and strategies to be monitored over time, so that the Agency is positioned to address them at the appropriate time. The LTFP is a companion piece to the multi-year financial forecast, which estimates budget line items for the near future. The LTFP addresses broader, more strategic issues that will impact the forecast over time. None of these issues can be definitively answered nor fully addressed now. However, ongoing review of the LTFP will help keep the Agency focused on high priority financial issues.

The individual financial issues include:

Ongoing

- ◆ Total Cost of Water
- ◆ Diversity and Security of Revenues
- ◆ Water Supply Reliability

Near-Term

- ◆ Water Conservation and Water Use Efficiency
- ◆ Recycled Water
- ◆ Reconnaissance Study for Local Water Resource Management Measures
- ◆ Reliability (Banking) Programs Funding

Mid-Term

- ◆ Capital Improvement Program for Existing Users
- ◆ Debt Financing of the Capital Improvement Program
- ◆ Facility Capacity Fees
- ◆ Technology
- ◆ Operations and Maintenance

Long-Term

- ◆ Quagga Mussels
- ◆ Water Sales
- ◆ Energy Costs
- ◆ Buena Vista/Rosedale Rio Bravo Water Program Funding
- ◆ State Water Contract Fund
- ◆ Security

## **TOTAL COST OF WATER (Ongoing)**

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The Agency has funded the ongoing purchase and treatment of water from three sources – wholesale water rates, State Water Contract Fund (ad valorem taxes) and one percent property tax funds. (Note that purchases of “new” supplies of water are also partially-financed through Facility Capacity Fees; this discussion reflects annual costs to treat and deliver water to the retailers.) The diversity of funding sources strengthens the Agency’s fiscal position, but masks the “true” cost of water. Wholesale water rates recover a portion of the cost through fixed charges and a variable rate, and other costs are covered by property taxes. When all of these costs are combined, the total cost of water is about \$1,900 per AF, as shown on the following pages. Staff will publish this table as part of the budget each year to enhance understanding of the actual “cost of water.”

### Total Cost of Water

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual ***	FY 2015/16 Estimated ***	FY 2016/17 Budget
<b>CLWA Operating Budget</b>					
Total	\$ 16,598,347	\$ 18,328,630	\$ 20,508,622	\$ 20,737,500	\$ 23,680,100
Detail on Power Costs					
Electricity - Treatment Plants	405,701	429,914	545,533	350,000	350,000
Electricity - Pumping	1,493,733	1,905,719	1,875,513	1,750,000	1,800,000
Electricity - Other	44,983	47,468	50,580	49,000	50,000
Electricity - Wells	<u>139,407</u>	<u>168,714</u>	<u>127,271</u>	<u>133,000</u>	<u>135,000</u>
	\$ 2,083,824	\$ 2,551,815	\$ 2,598,897	\$ 2,282,000	\$ 2,335,000
Power as a Percentage	12.6%	13.9%	12.7%	11.0%	9.9%
<b>SWP Budget **</b>					
Total	\$ 18,833,240	\$ 21,258,432	\$ 20,136,389	\$ 22,964,700	\$ 30,362,000
Detail on Variable Costs (Power)					
Variable	4,989,452	5,637,395	3,997,735	5,000,000	6,707,000
Off-Aqueduct Power Costs	<u>1,682,683</u>	<u>3,147,687</u>	<u>1,377,767</u>	<u>1,173,400</u>	<u>1,173,400</u>
	\$ 6,672,135	\$ 8,785,082	\$ 5,375,502	\$ 6,173,400	\$ 7,880,400
Power as a Percentage	35.4%	41.3%	26.7%	26.9%	26.0%
<b>Core Non-SWP Supplies</b>					
BV/RRB (not included in Operating)	\$ 6,083,451	\$ 5,860,591	\$ 5,548,059	\$ 5,224,300	\$ 5,080,500
Yuba Accord Water	<u>2,426</u>	<u>30,437</u>	<u>24,269</u>	-	<u>90,000</u>
	\$ 6,085,877	\$ 5,891,028	\$ 5,572,328	\$ 5,224,300	\$ 5,170,500
<b>TOTAL COST OF WATER</b>	<b>\$ 41,517,464</b>	<b>\$ 45,478,090</b>	<b>\$ 46,217,339</b>	<b>\$ 48,926,500</b>	<b>\$ 59,212,600</b>
<b>TOTAL COST OF POWER</b>	<b>\$ 8,755,959</b>	<b>\$ 11,336,897</b>	<b>\$ 7,974,399</b>	<b>\$ 8,455,400</b>	<b>\$ 10,215,400</b>
<b>Power as a Percentage</b>	<b>21.1%</b>	<b>24.9%</b>	<b>17.3%</b>	<b>17.3%</b>	<b>17.3%</b>
AF Delivered	42,081	45,306	31,004	27,186	30,620
Cost per AF	\$ 986.61	\$ 1,003.80	\$ 1,490.69	\$ 1,799.67	\$ 1,933.79
* This table reflects all "water"-related costs, and divides by the amount of treated water the Agency delivers to the purveyors.					
** This includes all SWP costs, including "capacity" and "reliability" charges. This amount is included in the total that is divided by the amount of treated water the Agency delivers to purveyors. It may be more accurate to allocate certain "capacity" and "reliability" charges by Table A amount (95,200 AF) and then multiply by the AF delivered to the purveyors.					
*** SWP power costs for FY 2014/15 are artificially low due to the use of flex storage in Castaic Lake. Power costs will not be charged until the water is returned (within five years).					

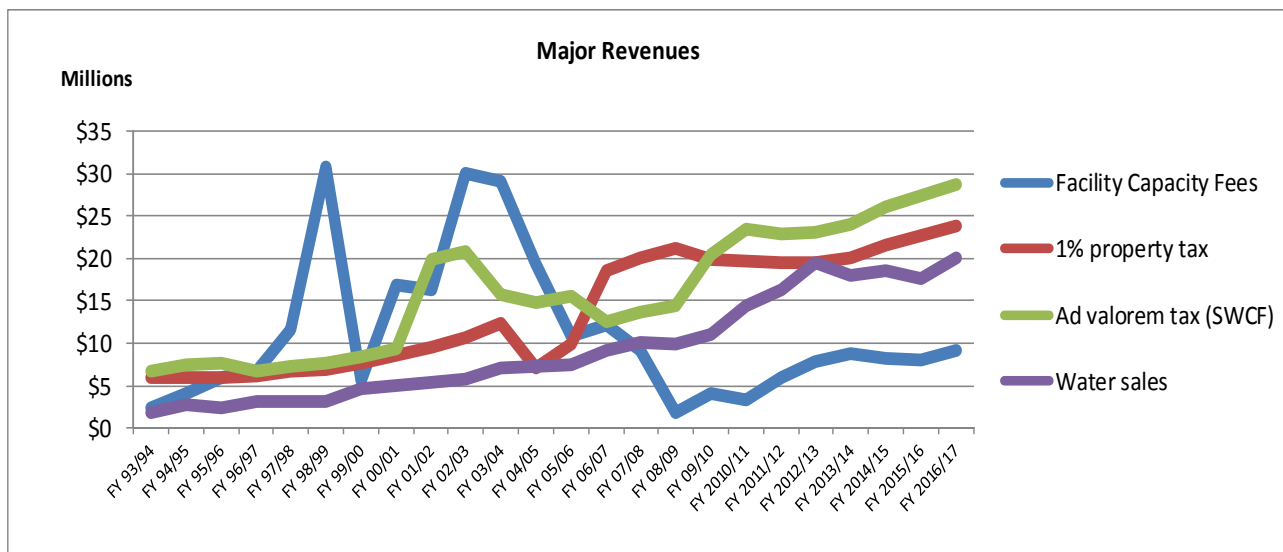
## DIVERSITY AND SECURITY OF REVENUES (Ongoing)

The Agency is fortunate to have multiple sources of revenue. In general, each revenue stream faces different risks, so it is rare for all to be negatively impacted at the same time.

Specifically in regards to the development-related Facility Capacity Fees, key findings from the 2012 Raftelis Financial Consultants (RFC) Water Rate Study include:

- ◆ Potential risks to the Agency include high annual debt service, risk of technical default on debt covenants if the Agency does not have sufficient revenues, lower Facility Capacity Fee revenue than projected, lower than projected imported water sales and potential diversion of one percent property tax revenues by the State.
- ◆ Although the current Agency pro forma shows the Agency’s finances are very healthy overall, the Agency does face certain significant risks, particularly due to the uncertainty of the Facility Capacity Fee revenue stream.

The 2015 RFC Water Rates Study also noted that “Overall, the Agency’s diversified revenue structure mitigates the risks associated with exposure to a particular revenue sources; however, since some revenue sources are earmarked for specific expenses, their volatility presents a challenge to securing the financing of specific services provided by the Agency.”



As a result of these RFC Water Rate Studies, the Agency implemented new wholesale water rate study that moved from a 100 percent variable rate structure utilizing a single unit rate to a rate structure includes both a fixed and variable component. This provides revenue stability to the Agency.

In addition to the transition to a combination of fixed and variable charges, the wholesale water rate structure is funding a portion of the BV/RRB water supply and certain studies as operating expenses, freeing up capital monies to fund reserves. The RFC water rate study discussed that BV/RRB expenses and certain studies were essentially operating expenses and



are more appropriate funded by the General Fund/Operating Budget and not as part of the capital improvement program. This helps communicate the appropriate message to customers regarding the actual cost of water.

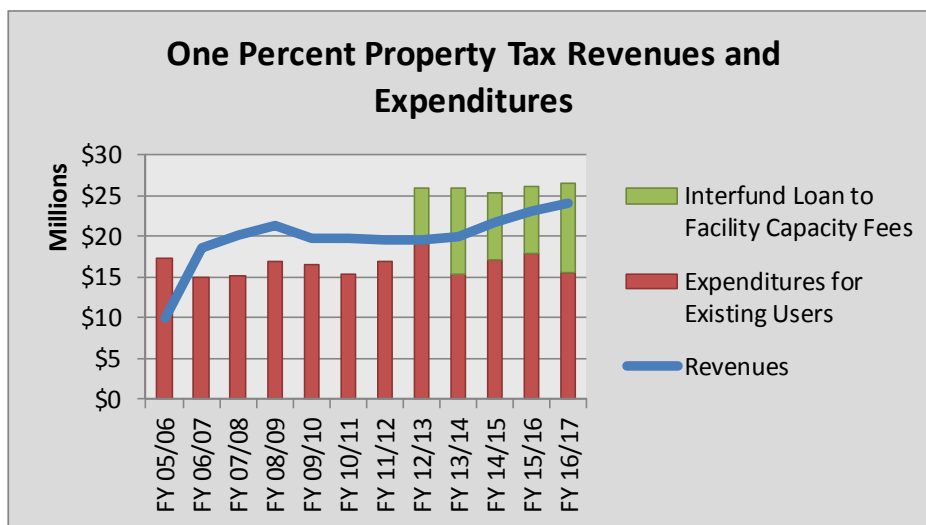
This shift also helps protect the Agency against potential temporary or permanent losses of one percent property tax funds, an issue identified in various strategic planning sessions and the Agency's Long-Term Financial Plan.

**One Percent Property Tax Revenues**

The Agency considers one percent property tax revenues subject to temporary or permanent seizure by the State of California. *If this should occur, the Agency would likely have to implement significant increases in wholesale water rates.*

The wholesale water rate structure is funding a portion of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply and certain studies as operating expenses, freeing up capital monies to fund reserves. This shift will help protect the Agency against potential temporary or permanent losses of one percent property tax funds, an issue identified in various strategic planning sessions and the Agency's Long-Term Financial Plan.

As the Agency has developed, the level of one percent property tax expenditures has grown to nearly match the amount of revenues. This situation is likely to continue, and the Agency will have to monitor these expenditures on debt service and capital improvement projects for existing users. There will be limited opportunities to fund major new programs from these funds. Further, available fund balances are being used to pay a portion of Facility Capacity Fee (FCF) debt service while FCF revenues are low. This severely limits the availability of these funds for major new programs.



**Possible New Revenue Sources**

In addition, the Agency may want to consider new revenue sources, such as through the sale of water when water supplies are sufficient to meet Agency needs, or through the imposition of water standby charges as permitted by the Agency's governing act.

## **WATER SUPPLY RELIABILITY (Ongoing)**

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The Agency's service area has a diversified water supply portfolio. The alluvium aquifer and Saugus Formation provide about half of the current supplies during a normal year. Imported supplies are primarily comprised of State Water Project (SWP) and purchased Buena Vista/Rosedale-Rio Bravo water. SWP supplies are subject to significant near-term variations due to hydrology and are subject to a general longer-term decline due to climate change and regulatory decisions. To a lesser degree, alluvium supplies can be impacted by dry hydrology. To deal with hydrologic variations, the Agency has made significant investments in water banking programs with Semitropic and Rosedale-Rio Bravo water storage districts. In addition, the Agency is pursuing the installation of two dry-year wells to increase pumping capacity in the Saugus Formation. These wells, along with installation of treatment at Valencia Water Company's well V-201 will make significant additional Saugus water available during dry-periods.

The Agency's service area is over 60% built out. While the impact of new development will be mitigated by increases in water use efficiency, most of this new demand will be met by existing supplies not required for current residents, the repurposing of agricultural supplies to urban supplies, along with significant increases in the use of recycled water. A great deal of the demand for Newhall Ranch and the other planned Westside communities will be met by reduction in agricultural pumping on Newhall Land's current operations. These and other factors are being addressed in the 2015 Urban Water Management Plan update.

Looking forward, the Agency will have to manage its supplies in an environment of increasing fiscal and regulatory uncertainty some of which is identified below and some that is currently unknown.

### **Recycled Water**

The Agency is currently preparing the 2016 Recycled Water Master Plan (RWMP) which will supersede the previous 2002 Reclaimed Water System Master Plan. The RWMP will (1) evaluate the near-term objective of accelerating the implementation of recycled water projects (Phase 2 projects), (2) incorporate the increased demands associated with planned new developments to optimize the expansion of the recycled water system and identify further opportunities for non-potable reuse, and (3) explore opportunities for potable reuse through groundwater recharge, surface water augmentation and direct potable reuse.

The Agency is proceeding with the implementation of Phase 2 recycled water projects, which includes Phase 2A (Bridgeport Area and Central Park), Phase 2B (Vista Canyon), Phase 2C (College of the Canyons, California Institute of the Arts, Placerita Junior High School and Hart High School) and Phase 2D (Rancho Pico Junior High School and West Ranch High School). The Phase 2 projects are in various stages of preliminary or final design and preparation of required CEQA documentation. Agency staff is actively pursuing grant funding to help offset project costs. The Phase 2 projects will add approximately 2,500 AFY of recycled water capacity to the existing 475 AFY Phase 1 recycled water system.

## **Groundwater Management**

In 2014 California passed a series of laws collectively known as the Sustainable Groundwater Management Act (SGMA). The Agency and the Retail Purveyors overlay practically all of the Upper Santa Clara River Groundwater Basin. The Act requires that a Groundwater Sustainability Agency (GSA) be formed for each groundwater basin. By 2022 the GSA's will have to develop their groundwater sustainability plans. The legislation provides the GSAs with substantial regulatory and revenue generating authority. The Agency and the Retail Purveyors are in a desirable situation of having a groundwater basin that is currently being managed in a sustainable manner. Stakeholders may be challenged agreeing to the form and authority of a GSA.

## **Bay Delta Water Supplies and the California WaterFix**

The Agency's SWP water supplies currently pass through Sacramento-San Joaquin River Delta. These supplies are challenged by potential levee failure caused by several sources including seismic activities, continued subsidence and sea level rise. Additionally, a declining ecosystem has led to more restrictive pumping criteria and correspondingly lower average allocations. The current average allocation for the SWP is about 60%.

The Delta Habitat Conservation and Conveyance Program (DHCCP) and the Bay Delta Conservation Plan (BDCP) were programs consisting of joint efforts by agencies of the federal government and the State and local agencies to fund and plan habitat conservation and water supply activities in the Delta, including water conveyance facilities to reduce the vulnerability of SWP supplies and restore reliability. In spring 2015, DWR announced that BDCP would move from a Section 10 permit to a Section 7 permit process under the Federal Endangered Species Act. As a practical matter, this split the project into two distinct parts known as Cal WaterFix (Alternative 4A), the conveyance portion, and Cal EcoRestore, the restoration portion. Cal WaterFix is Alternative 4A in the recirculated environmental document. As currently being discussed this alternative would maintain current reliability. Significant milestones lay ahead for the WaterFix that include, revised water rights permitting, Federal and State endangered species permitting, issuing record of decision/notice of determination (ROD/NOD) for the environmental documents and the anticipated legal challenges. In addition, interim project financing and SWP contract amendments will be required. Further legislative challenges and initiative challenges are also anticipated.

All of these items have financial implications for the Agency.

## **WATER CONSERVATION AND WATER USE EFFICIENCY (Near-term)**

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On June 22, 2011, the Agency adopted the Santa Clarita Valley 2010 Urban Water Management Plan (UWMP). The 2010 UWMP is a significant planning tool for the Agency and the retailers. A key component of the 2010 UWMP is working with the retailers to develop a strategy to comply with SBX7-7, which calls for a 20 percent reduction in per capita water use by 2020 (i.e., "20% by 2020"). The legislation requires each retailer to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target.

The draft 2015 UWMP incorporates water demand projections that assume conservation investments by CLWA and the retailers continue through buildout, which is assumed to occur in 2050.

To comply with this mandate, in 2015 the Agency and the retailers completed the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP). This Plan sets forth an integrated program that calls for the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are significant due to the existing high per capita water use, relatively affluent residents, low water rates and the prevalence of turf grass.

The implementation of this plan calls for significant resources – \$5.2 million annual among the retailers and the Agency to achieve 20% by 2020, with a cost of \$2.7 million in the FY 2015/16 Budget as well as proposed for the FY 2016/17 Budget.

At this time, water conservation measures are being adapted to achieve increased reductions based on new state regulations. With the ongoing drought situation, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, an overall 25% reduction in urban water usage by February 28, 2016. The order provides for the State Water Resources Control Board (SWRCB) to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers ranged from 24% to 32%. These restrictions were decreased 3 to 4 percent in March 2016 and the SWRCB is considering further modifications given near normal precipitation in Northern California.

It is likely that additional funds beyond those identified in the Plan will be required.

## **RECYCLED WATER (Near-term)**

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The Agency's 2002 draft Recycled Water Master plans calls for a target capacity of 17,100 AFY of recycled water. As noted in the 2010 UWMP, with the addition of recycled water from Newhall Ranch, the total anticipated recycled water supply is anticipated to be 21,300 AFY. Through FY 2014/15, the recycled water program has been deferred due to the recession of 2008 and the slow recovery of development and continued low Facility Capacity Fee revenues. The update of the Recycled Water Master Plan has been further delayed pending the completion of the Reconnaissance Study to determine the optimal mix of recycled water, and other local supplies and conservation measures. It is anticipated that the updated Recycled Water Master Plan will be completed at the end of 2016 and will include a reduced amount of recycled water so that design and construction of an expensive seasonal storage facility would not be required. That is, even though a supply amount of 17,100 is anticipated to be available, facilities will not be constructed to utilize the entire amount.

At this time, to deal with the ongoing drought situation and mandates for reductions in potable water use, as well as to maximize the use of "local" water supplies, the Agency is moving forward with (1) planning and design of four recycled water projects (2) and updating the Recycled Water Master Plan and associated environmental impact report. These projects are considered the most cost-effective to implement and are aimed at converting large turf/non-potable users to recycled water, resulting in the conversion of approximately 2,400 AFY of potable to recycled water. The cost of these programs is about \$45 million.

The remainder of the recycled water program is estimated to cost over \$170 million (in 2014 dollars) to implement. As the Agency finalizes the Recycled Water Master Plan, the Agency will have to analyze the financial feasibility of future recycled water projects, and also address the following challenges:

### **Existing Users**

Even with the availability of seasonal storage, in order to fully use 17,100 AFY, recycled water will have to be deployed in areas that are currently developed. To connect existing users to a recycled water system is expensive, and these costs are not included in the above costs.

### **Potable Water Reuse (Direct and Indirect)**

The Agency's current program is based on directly serving recycled water to landscape and irrigation uses (via "purple pipe"). Such a system is expensive to construct and operate. The updated Recycled Water Master Plan is looking at direct and/or indirect potable reuse in the future at a conceptual level. Further research and analysis as well as new regulations would be needed before financial implications can be considered.

## **Operating Costs**

In regards to operating costs, the draft Recycled Water Master plan states that "...to encourage its use, recycled water should be available at a lower rate to users than potable water." This statement may need to be updated in the next Recycled Water Master Plan.

Based on the draft Recycled Water Master Plan, the Agency adopted a rate in 2002 that set the rate at 80% of the retail rates for potable water. At this time, Valencia Water Company (VWC) pays \$529/AF for recycled water. The current recycled water system consists of one turnout provided to one retailer (VWC) at a single location, which is simple and cost-effective to operate. When the recycled water is delivered to multiple turnouts and customers, a different rate structure will be needed. The recycled water rate structure was supposed to be studied as part of the 2012 wholesale water rate study. However, due to delays in constructing the Phase 2 projects, this rate study has been deferred.

## **RECONNAISSANCE STUDY FOR LOCAL WATER RESOURCES MANAGEMENT MEASURES (Near Term)**

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During FY 2013/14, the Agency identified a need to prepare a reconnaissance level study to explore how integration of local water resources may be developed to augment overall SCV water supply reliability (Reconnaissance Study).

The Agency and the retailers are facing a shifting policy and regulatory climate that directs water suppliers to maximize efficiency of use (i.e., conservation) and reliance on local resources. In 2009, the State issued a policy of restoring reliability of Delta water supplies by enhancing reliance on local water resources to the extent possible. The passage of SB7X-7 requires per capita water consumption to be reduced by 20 percent by 2020. The Governor's 2015 drought proclamation requires additional conservation, ranging from 24 to 32% by February 2016. These restrictions were decreased 3 to 4 percent in March 2016 and the SWRCB is considering further modifications given near normal precipitation in Northern California. Additional policy discussions are taking place that would encourage or possibly require development of stormwater capture as a source of water.

The Reconnaissance Study was recently completed. The study identified the following concepts as having potential for the Agency: groundwater replenishment with recycled water, aquifer storage and recovery, enhanced stormwater capture and pumping redistribution. Of these, the study recommended further development of (1) groundwater recharge of the alluvial aquifer with recycled water and delivery to nonpotable customers and (2) aquifer storage and recovery. The next steps for these projects to be addressed during FY 2015/16 and FY 2016/17 are to perform feasibility and siting studies, perform CEQA and permitting compliance, develop outreach plans, develop relationships with institutional partners and seek grant funding. The study also identified projects for future study, including enhanced stormwater capture, full advanced treatment of recycled water and expanded treatment of contaminated groundwater.

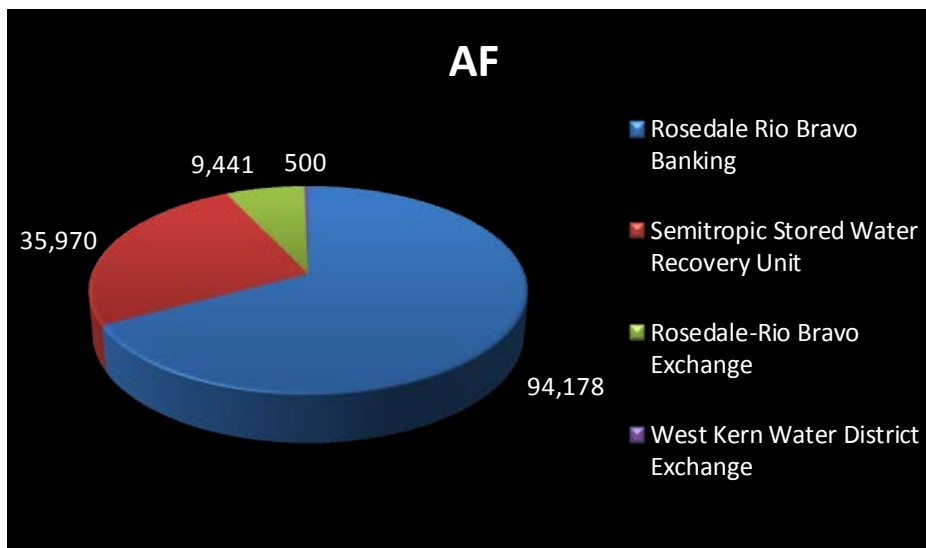
Further development and implementation of these projects will require capital resources up front and operating costs when implemented. The availability of grant funding could impact the financial feasibility of these projects. The Agency will monitor this status and reflect any updates in future LTFPs.



## RELIABILITY (BANKING) PROGRAMS FUNDING (Near-term)

The Agency currently participates in two long-term banking programs – Rosedale Rio Bravo Exchange program (RRB) and the Semitropic Stored Water Recovery Unit. The Agency is also currently participating in two exchange programs, one each with the Rosedale Rio Bravo Water Storage District and the West Kern Water District. The current balances in these programs are:

Program	AF
Rosedale Rio Bravo Banking	94,178
Semitropic Stored Water Recovery Unit	35,970
Rosedale-Rio Bravo Exchange	9,441
West Kern Water District Exchange	500
<b>Total</b>	<b>140,089</b>



The Agency has funded the capital costs for the existing programs, but will incur significant costs for future withdrawals from the programs, as well as for the development of emergency storage within the Agency's service area. Funding sources have not been identified for these programs.

### Extraction Capacity – Capital Costs

The Agency can currently extract approximately 20,000 AFY from banking programs, of which 3,000 AFY comes from the RRB program. The Agency is currently implementing a major capital project to increase the extraction capacity at RRB by 7,000 AFY for an interim total of 10,000 AFY, at an estimated cost of \$9.5 million. The draft 2015 UWMP identifies additional capital investments to occur before 2030 to increase the extraction capacity by an additional 10,000 AFY. This is estimated to cost approximately \$13 million in current dollars.

### **Extraction Costs – Operating Costs**

During FY 2013/14 and FY 2014/15 due to the ongoing drought and the low SWP allocations, the Agency extracted water from two of its banking programs, at an approximate cost of \$2.8 million over two years. The Agency funded those costs from available fund balances due to high water sales in previous fiscal years. These funds will not be available in the future. When the Agency extracted water from the Semitropic banking program in 2009, the extraction costs were recovered by a surcharge paid by the retailers.

The Agency will need to determine a funding source for future extractions.

### **Overall Capacity Needs**

The Agency has sufficient water in storage to meet near-term storage requirements. The ultimate need for storage programs will be impacted by several factors including (1) the ability of DWR to successfully complete the California Water Fix (CWF) and thus improve SWP water supply reliability, (2) the success of the Agency in achieving the water conservation goals of SBX7-7 (20 percent by 2020) and (3) the Agency's ability to implement its recycled water program. At such time as additional storage may be needed, significant financial resources may be required to meet any additional Agency's needs.

### **Emergency Storage Programs**

The Agency's 2011 Water Supply Reliability Plan Update identified the need for emergency storage to be available to meet water demand should outages occur on the State Water Project. The most challenging scenario for the Agency would be an outage of the West Branch of the California Aqueduct caused by an earthquake. The 2009 reliability report recommended the Agency have in place south of the Tehachapi Mountains approximately 5,000 AF of storage in the near term and about 14,000 AF by 2050.

Based on the 2011 Water Supply Reliability Plan Update, the Agency has sufficient emergency storage in Castaic Lake for the near term, and the Agency has deferred actively pursuing emergency storage south of the Tehachapi Mountains.

The Agency is scheduled to update its Water Supply Reliability Report in FY 2016/17.

## **CAPITAL IMPROVEMENT FOR EXISTING USERS (Mid-term)**

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Through the Agency's Facility Capacity Fee Study process, a Capital Improvement Program (CIP) for new infrastructure is developed. The benefits and costs of the new infrastructure are allocated to future and existing users, and funding is provided by Facility Capacity Fees and one percent property tax revenues, respectively.

However, because the Agency's infrastructure is relatively new, a repair and replacement CIP has not been developed to maintain the infrastructure in the future. That is, the Agency's CIP has focused on constructing and expanding water treatment plants, pump stations, pipelines and other such infrastructure. As that infrastructure ages, the CIP will transition to replacing pumps, pipeline, treatment plant components, etc. At some point, the Agency will transition its emphasis from implementing new facilities to asset management of existing facilities. Asset management should be designed to extend the useful lives of existing facilities at the lowest possible life cycle cost while maintaining reliability at appropriate levels.

A key finding from the 2012 RFC Water Rate Study was that "It is important to note that the Agency budgets approximately \$355,000 per year for repair and replacement projects. However, the depreciation expense of the Agency is approximately \$12.7 million per year using original costs of the assets. Since most of the Agency's assets are relatively new, repair and replacement expenses are not significant. However, as the assets age, repair and replacement costs will increase significantly. Thus, RFC proposes the Agency establish a repair and replacement reserve to mitigate future costs."

During FY 2012/13 an initial asset management gap analysis was performed to identify the steps needed to improve asset management at the Agency. The implementation of asset management continues, including the development of a draft repair and replacement CIP schedule, continued development of a CIP for existing users and other asset management practices.

During FY 2016/17, consistent with the new wholesale water rate structure, a repair and replacement reserve is being established over multiple years. While funds are starting to be set aside for this program, the Agency has not yet fully studied the potential future costs. There will be a significant cost component to this CIP, and those future costs will be developed and incorporated into the Agency's multi-year financial forecasts.

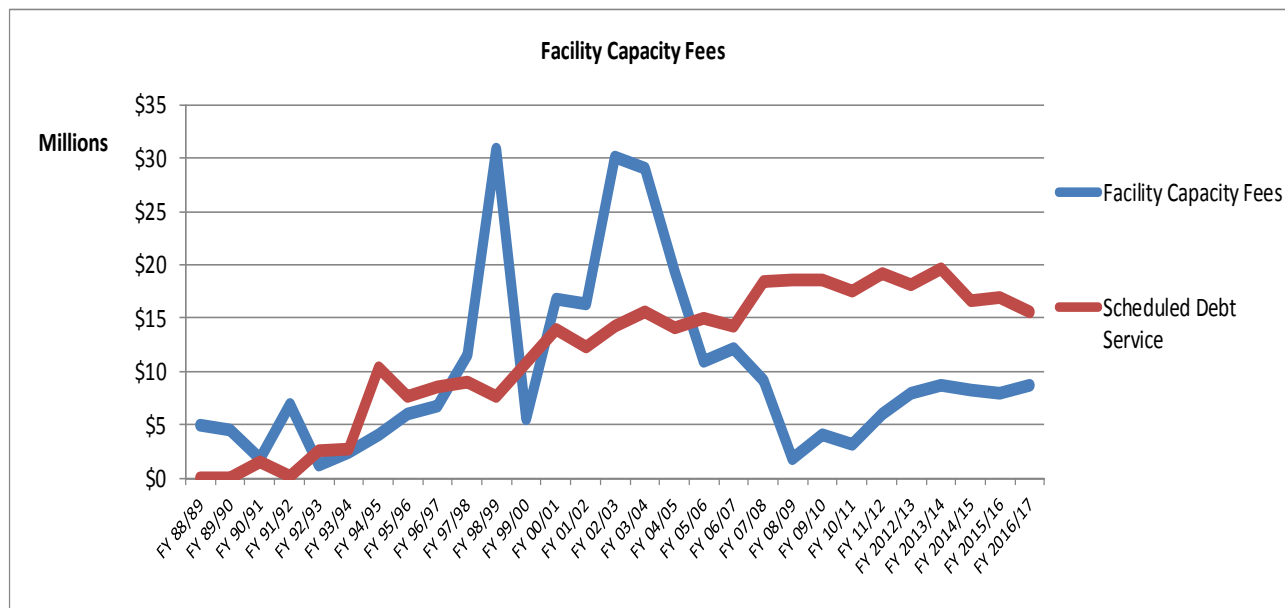
## DEBT FINANCING OF CAPITAL IMPROVEMENT PROGRAM (Mid-Term)

The Agency's Strategic Plan states the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments and thus ensure that existing and future users pay their fair share.

The Agency's Debt Management Policy states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share ("generational equity"). Long-term investments include the acquisition of land, facilities, public works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water.

Debt spreads out the cost of capital improvements over time. In general, public agencies find that debt financing is an appropriate use for one-time projects, generally with a life of 10 years or more.

To date, a significant portion of the Agency's capital programs are required for future needs. This makes the use of debt appropriate for two reasons: (1) debt financing allows each generation to pay for what it uses and (2) Facility Capacity Fees collected in one year may not be expended until future years. Likewise, in some years, there will not be sufficient Facility Capacity Fees collected to cover that year's debt service.



Key findings from the 2012 RFC Water Rate Study include:

- Existing debt service payments represent a significant expenditure to the Agency, exceeding the total operating and maintenance expenses of the water system. This level of debt can be considered a risk to the Agency, since it needs to generate sufficient revenues to meet its debt service coverage.

**Near-Term Future Debt**

Management has identified a need to invest in the Agency’s infrastructure and Capital Improvement Program (CIP). In previous budgets, Management has deferred various capital improvement projects to deal with the recent economic downturn. At this time, the Agency’s infrastructure needs are increasing and continued deferrals will result in cost increases and possible operational and water supply reliability impacts. Consequently, Management recommends moving forward with certain critical elements of the Agency’s CIP. In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. In addition, the Agency anticipates issuing bonds in 2019 and 2022, with estimated principal amounts \$70.4 million and \$25.2 million respectively. The Agency’s ten-year forecast show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

The exact timing and amounts of debt will depend in the progress of the CIP, availability of grant proceeds and market conditions. Depending on market conditions, the Agency may use the Agency’s low-interest rate commercial program. Management will review the situation with its financial advisor and report to the Board as needed. No new debt will be issued without thorough review with and approval by the Board of Directors.

**Longer-term Future Debt**

At this time, the Agency’s CIP is focused on new infrastructure projects identified in the 2014 Facility Capacity Fee Study. This study shows a need for \$488 million of new infrastructure, of which \$299 million is allocated to existing users and \$189 million is allocated to future (FCF). It is currently anticipated that these improvements will be funded by debt.

Item	Outstanding Principal (in millions)
Currently outstanding	\$ 278.8
Additional bond issues in 2018 and 2021	305.0
FCF Study CIP through buildout	\$488.0
Current User CIP/Major R&R	??? – tbd

**Debt Financing and One Percent Property Tax Revenues**

A more long-term aspect of this issue is the Agency's transition to "build-out." Debt service incurred for future users is funded by Facility Capacity Fees and that incurred for existing users is funded by one percent property tax revenues. Through the Agency's history, most of the debt service has been funded by Facility Capacity Fees. The Agency is at a transition point where existing users represent about half of total users, which consist of the combination of existing and future users. Over time debt service funding will transition to existing users. Should one percent property tax revenues not be sufficient to fund increasing debt service, other mechanisms to fund the existing users' share would include a component of the wholesale water rate and/or a parcel charge.

	<b>Current Debt Service</b>	<b>Projected Debt Service for Next Issue</b>
Facility Capacity Fee allocation	75%	30%
One Percent Property Tax allocation	25%	70%

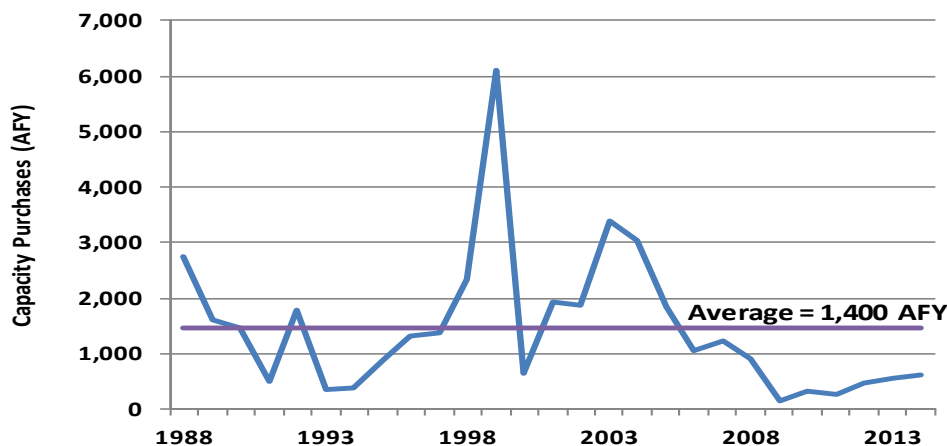
## FACILITY CAPACITY FEES (Mid-term)

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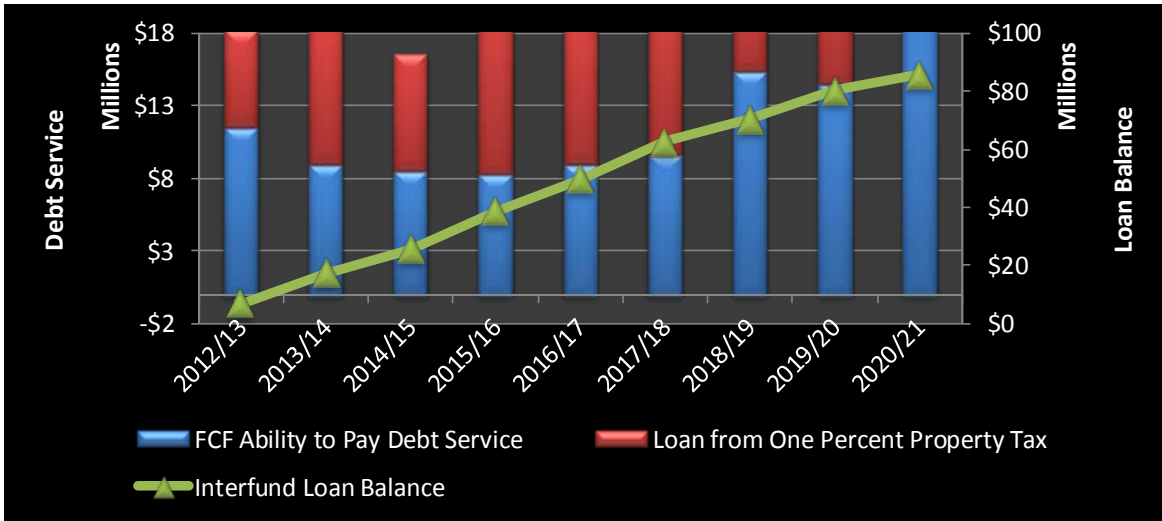
Key findings from the 2012 RFC Water Rate Study include:

- ◆ Although the current Agency pro forma shows the Agency's finances are very healthy, the Agency does face significant risks, particularly due to the uncertainty of the Facility Capacity Fee revenue stream.

Facility Capacity Fee (FCF) revenues continue to be low. The 2014 Facility Capacity Fee Study projects growth in future demand of 50,000 AF, and an average yearly growth of 1,400 AF. Recent sales are currently much lower, averaging 575 AF over the past four years. This level of growth is much lower than the projected average and much lower than past sales.



Beginning in FY 2012/13, the Agency's Facility Capacity Fee Fund was depleted and was unable to pay future users' debt service. While revenue levels are starting to increase, they are still below the revenue required to fully fund future users' debt service for the next few years. At this time, one percent property tax revenues are paying a significant portion of the future users' debt service that is supposed to be funded by Facility Capacity Fees. It is likely this arrangement will continue through FY 2020/21. This is considered an Interfund loan, and future Facility Capacity Fees will repay the one percent property tax revenue fund with interest. Based on the current Capital Improvement Program and the 10-year forecast, the total amount of the Interfund Loan is projected to be \$88 million.



Updated Facility Capacity Fees were adopted effective February 1, 2015 based on the 2014 Facility Capacity Fee Study, for calendar years 2015, 2016 and 2017. The next study will be the 2017 Facility Capacity Fee Study.

The next Facility Capacity Fee Study will be based on significantly different planning documents and conditions, including:

- ◆ The current 2015 Urban Water Management Plan process is projecting significantly different water demand conditions.
- ◆ The current Recycled Water Master Plan process may lead to a significantly different capital improvement program.
- ◆ SWRCB mandatory conservation measures have resulted in lower current demands as well as new construction codes that will lower future demands.
- ◆ The California Water Fix process to address State Water Project supply reliability may impact the Agency's future water supply portfolio.
- ◆ Recent CEQA litigation rulings may impact future development in the Santa Clarita Valley, including the Newhall Ranch project.



## TECHNOLOGY (Mid-term)

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Technology is an important backbone of all Agency operations, and is becoming increasingly critical to all operations. While the Agency has invested appropriately in hardware and software in the past, it is likely the Agency will have to significantly increase its investment in technology and staffing. The current level of staffing is two full-time positions, but this level of staffing lags industry benchmarks.

### **2014 Assessment**

In 2014, the Agency engaged a consultant to conduct an independent comprehensive peer review of the Agency's technology and business systems to ensure the effectiveness and reliability of its Information Technology (IT) environment. The initiative was aimed at identifying and assessing critical challenges of the Agency's IT function and ensuring that the Agency maintains its IT infrastructure and operations according to the industry standards and best practices. The consultant's analysis made a number of recommendations including but not limited to:

- ◆ Increased staffing
- ◆ Enhanced network resiliency
- ◆ Developing and communicating IT policies and procedures
- ◆ Enhanced training for employees
- ◆ Developing a maintenance plan/schedule for IT infrastructure and application programs
- ◆ Installing a cloud-based GIS application/database
- ◆ Developing an IT equipment Life Cycle Management Plan
- ◆ Establishing an intranet as a productivity tool to facilitate communication between staff members and improve data sharing capabilities
- ◆ Developing an IT Strategic Plan
- ◆ Implementing a fully integrated, highly scalable asset management software

### **Current Situation**

A current analysis of the Agency's technology program finds that over the past ten years, the Agency has grown from 80 to 135 users, five servers to 25 servers, servers at three locations instead of one, single tape backup solution to multi-site data replication and disaster recovery systems and five Blackberry users to 50 mobile devices, and has implemented several new technology solutions. Over the past ten years, the Agency's technology programs have transitioned from simple email and Microsoft Office program to include:

- ◆ SunGard Finance Plus (general ledger)
- ◆ Northstar Mcare (wireless technology to link field-service personnel with the utility billing system)
- ◆ Cognos Reporting

- ◆ Access Database (Facility Capacity Fee database)
- ◆ Laboratory Information Management System
- ◆ Neo Gov (human resources and recruitment portal)
- ◆ VMware (storage area networks and virtualized servers)
- ◆ AutoCAD
- ◆ ESET security endpoint (spam, virus and other security measures)
- ◆ WebEx
- ◆ Boardroom wireless projectors
- ◆ Automated meter reading
- ◆ Northstar Utility Billing
- ◆ Northstar Customer Connect (a customer web portal for utility billing)
- ◆ iManage Filesite (document management system)
- ◆ Mainsaver (Wholesale computerized maintenance system)
- ◆ Social Media: Facebook, Twitter, Instagram and Pinterest
- ◆ VEEAM (cloud-based backup and recovery of critical business systems)
- ◆ Ecopy Canon Imageware
- ◆ GIS
- ◆ Video surveillance software
- ◆ VPN remote access
- ◆ Smart phones and tablets
- ◆ Handheld Trimble GIS collection devices
- ◆ PlanetBids online purchasing platform
- ◆ Open Gov Transparency platform
- ◆ Reflexion hosted email security service

### **Future Trends**

The Agency will continue to rapidly expand its use of technology. Many of the applications listed above will be expanded for additional uses. For example, the Neo Gov recruitment tool will be expanded to include employee orientation and employee evaluations. New programs will include automated accounting and timekeeping process, web-based customer engagement portals for retail water uses (such as those that provide real-time usage information which can lead to increase awareness and water use efficiency), increased deployment of GIS, asset management, Retail computerized maintenance system, advanced metering infrastructure, increased use of tablets for field personnel, an employee Intranet and other such applications.

## **OPERATIONS AND MAINTENANCE (Mid-term)**

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The Agency's infrastructure is expanding and will continue to expand. The number and complexity of Agency facilities have grown in recent years and will continue to do so. Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. This is one of the key issues identified by Ed Means of Redoak Consulting, a Division of Malcolm Pirnie, during his August 2007 presentation to the Board.

The FY 2015/16 Budget provides two new positions to maintain the infrastructure that has been added over the last ten years, but this issue should be studied further. The Agency should develop a method to fully understand the impact of the CIP on operating costs. That is, when a project is added to the CIP, its cost is not just the cost of the capital improvement program, but includes the ongoing costs to operate and maintain that project.

The current CIP includes a number of water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

## QUAGGA MUSSELS (Long-term)

Quagga mussels are an invasive non-native species that breed very fast, have no known predators, and can quickly colonize new areas within California waters. Once they infest a water body, they cover piers, boat launches, and water intake facilities. There is no effective eradication method, and the cost to manually remove these mussels from water intake screens and pipes is millions of dollars per year for the state's water system operators.



Quagga mussels were first detected in California in 2007 in the Colorado River system. The State of California and other water system operators implemented an ongoing prevention and education program to prevent further spread into California systems. Nonetheless, quagga mussels were discovered in nearby Lake Piru in late 2013. The operator of Lake Piru, United Water Conservation District, is working with the California Department of Fish and Wildlife to contain the infestation.



Nonetheless, it is very possible that quagga mussels will infest nearby State Water Project (SWP) Facilities including Pyramid Lake and Castaic Lake, which would increase SWP operating costs to the Agency. Further, quagga mussel infestations at Castaic Lake would impact Agency facilities. It is likely this would result in increased operating costs, especially at the Agency's Earl Schmidt Filtration Plant and Rio Vista Water Treatment Plant. There may also be increases in Agency capital costs.

## **WATER SALES (Long-term)**

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During FY 2012/13 and FY 2013/14, the Agency had surplus water available to sell, achieving revenues of \$4.125 million and \$7.85 million in those years.

With current water demands and supplies, the Agency's supplies exceed demands in many years, thus the potential exists for additional water transfers. The Agency's Act requires that the Board determine that water surplus to the Agency's need exists. The types of water the Agency may transfer are limited. Currently, only non-SWP water supplies may be transferred outside the Agency service area. Thus water derived from the BV/RRB supply is transferable while the Agency's SWP Table A or Article 56 carryover water typically is not (DWR has, however, initiated a pilot program to allow multi-year water transfers during 2013/14 and 2015/16. The Agency has declined to participate in these programs.) Additionally, the Agency has only approved transfers when it had substantial quantities of SWP Article 56 carryover water to buffer it from low allocations in the following years.

The Agency may desire to consider the financial tradeoffs of increasing the frequency or quantities of water it sells during surplus water conditions and the frequency of potential withdrawals from storage programs in future years.

## ENERGY COSTS (Long-term)

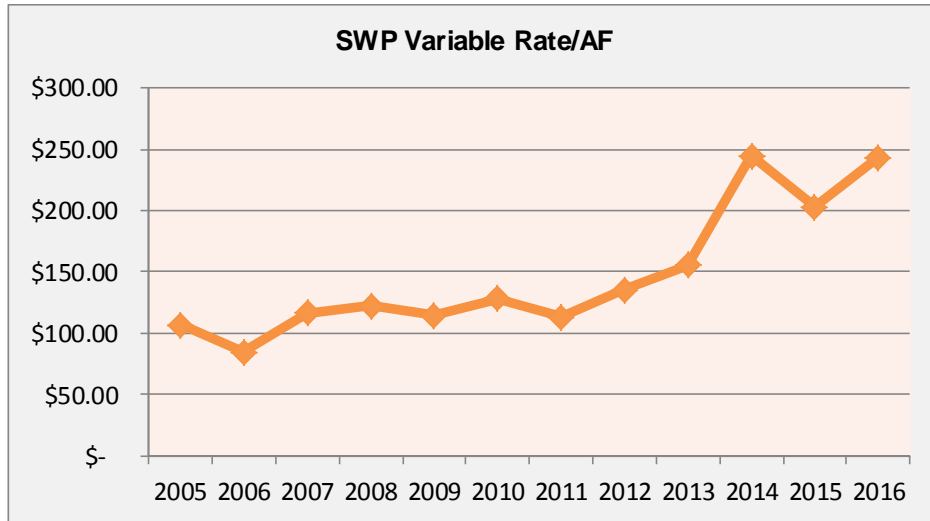
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As discussed in previous Plans, Agency financial constraints include energy volatility, and the water-energy nexus has become a major focus of the water industry in recent years. The water-energy nexus is monitored and studied by many local, regional and state agencies with which the Agency works, as well as by the industry associations and organizations with which the Agency participates. These organizations include the ACWA Energy Committee and the State Water Contractors Energy Committee. The water-energy nexus is also being discussed by a number of state agencies such as the California Public Utilities Commission, the State Water Resources Control Board, Department of Water Resources and the California Air Resources Board (CARB).

The table depicting the total cost of water included earlier in this plan shows that over 20% of the total cost of water is for energy. Further, experience gained in recent years confirms that energy costs are increasing and will continue to increase. Energy costs are influenced by actions including but not limited to:

- ◆ State law such as AB 32 and regulatory actions taken by CARB that have moved California's energy supply system from a least cost model to one that favors more expensive sources that have a smaller carbon footprint.
- ◆ DWR's plan to reduce the SWP's carbon footprint to 1990 levels in the near-term, which will place additional upward pressure on SWP energy costs.
- ◆ Recently introduced SB 350 (2015), which is referred to as "50-50-50" and would require:
  - 50% renewables (energy sector) by 2030
  - 50% reduction in the use of petroleum (transportation sector) by 2030
  - 50% increased energy efficiency in existing buildings (energy sector) by 2030
- ◆ Governor Brown's April 29, 2015 Executive Order to reduce greenhouse gases to 40% below 1990 levels by 2050.

DWR would not necessarily be directly affected by this legislation. However, it is anticipated the SWP will be expected to help integrate renewables and may be expected to purchase more renewables than currently planned. As a result, it is likely SWP energy costs will increase significantly.



To reduce exposure to future energy cost increases for Agency operations, the Agency entered into two power purchase agreements with SunPower, Inc.:

- ◆ A 1 MW photovoltaic power generation facility constructed at the Agency's Rio Vista Water Treatment Plant (RVWTP). The RVWTP and Headquarters facilities represent approximately 15 to 20 percent of the Agency's energy consumption. While the PPA resulted in a marginal increase in the rate the Agency pays for energy at this facility in the near term, it is anticipated that electricity cost inflation will result in lower costs starting in approximately five years.
- ◆ A 3.5 MW plant at the RVWTP to offset nearly a third of combined Wholesale and Retail energy use and would result in immediate cost savings with an estimated \$16.7 million of total savings over the 25-year PPA term, depending on retail electricity pricing scenarios.

The Agency is also investigating if additional solar generation could occur on its Devil's Den property. This would generate revenue to the Agency.

## **BUENA VISTA/ROSEDALE RIO BRAVO WATER PROGRAM FUNDING (Long-term)**

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In 2007, the Agency entered into a 30-year agreement for 11,000 AFY of water known as the Buena Vista/Rosedale-Rio Bravo (BV/RRB) water. This is 100% reliable Kern River water. At the time it was acquired, it was intended to both supplement the Agency's SWP supplies, which are committed to users in the Agency's existing service area, and by providing up to about 4,000 AFY for parties seeking to annex to the service area. The Agency began funding the program with one percent property tax revenues and assumed that annexing parties would reimburse one percent property tax revenues for their shares.

Shortly after the acquisition of this water supply, the Agency stopped processing annexations and used the BV/RRB water exclusively in the existing service area due to certain state and federal court rulings that detrimentally impacted the reliability of the Agency's SWP supplies. Subsequently, based on the 2010 UWMP, the Agency has determined that up to 3,000 AFY can be reserved for annexations.

Through FY 2012/13, the BV/RRB water supply has been solely funded by one percent property tax revenues, which are considered to be at risk for temporary or permanent transfer to the State. If BV/RRB water supply costs were to be fully funded by wholesale water rates at this time, there would be significant increases in rates. This was identified as a major financial risk to the Agency and was studied as part of the 2012 RFC Water Rate Study and the 2014 Facility Capacity Fee Study.

Key findings from the RFC Water Rate Study include:

- ◆ Gradually transferring the BV/RRB water supply costs to the General Fund/Operating Budget will better reflect the actual cost of water and protect against potential loss of one percent property tax revenues.
- ◆ As the BV/RRB water supply essentially is an operating expense, it is more appropriate that it should be funded by the General Fund/Operating Budget. This sends the appropriate message to customers regarding the actual cost of water.

As part of the 2014 Facility Capacity Fee Study, the allocation of the BV/RRB water supply was allocated to current years and to future users. Facility Capacity Fees will now fund the portion of the BV/RRB water attributable to growth and, as growth occurs, the costs will be shifted to the General Fund/Operating Budget and will be funded by existing users through wholesale water rates.

*For FY 2016/17, if the portion of BV/RRB water supply costs being funded by one percent property tax funds were to be funded by the wholesale water rate, the cost would be approximately \$127/AF.*



## STATE WATER CONTRACT FUND (Long-term)

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The Agency funds the State Water Project (SWP) contract commitment through the ad valorem tax rate. Due to legal and regulatory restrictions on water exports, the Agency is facing reduced SWP reliability and increased SWP costs. As various parties look to a Delta fix (California Water Fix), costs are anticipated to increase significantly. The cost estimates for a Delta fix are about \$16 billion in 2014 dollars, and the Agency estimates its share at 2.5% of the total.

Further cost increases are anticipated as the cost of energy increases for the SWP with the expiration of existing power contracts and DWR increasing the portion of its energy portfolio to higher cost renewable energy sources. Additionally, as the SWP ages, many components will require replacement. DWR has lost significant energy revenue as a result of repairs required at its Hyatt and Thermolito Power Plants.

Additionally, as the operational availability of pumping plants continues to decrease due to maintenance challenges, energy operating costs have increased tens of millions of dollars a year. As discussed in the Energy section of the LTFP, experience in recent years confirms that energy costs will continue increasing. State law such as AB 32 and regulatory actions taken by the California Air Resource Board have moved California's energy supply system from a least cost model to one that favors more expensive sources that have a smaller carbon footprint. Additionally, DWR has adopted a plan to reduce the SWP's carbon footprint to 1990 levels in the near-term. This will place additional upward pressure on SWP energy costs.

The Agency will likely incur increases in the Agency-set tax rate due to increasing costs in the future. The Agency will continue to monitor SWP expenditures and strive to provide consistent changes in ad valorem tax rates.

## **SECURITY (Long-term)**

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The Environmental Protection Agency (EPA) states that improving the security of our nation's drinking water and wastewater infrastructures has become a top priority since the events of 9/11. The EPA requires water agencies to engage in a number of security programs. In 2003, the Agency prepared an EPA-mandated risk assessment, or a Vulnerability Assessment. As a result, the Agency is implementing security improvements using a phased approach. As new facilities are constructed, the security system will become more complex and more challenging to operate, which will result in increased operating and maintenance costs. At this time, the Agency spends an extremely small portion of its operating and capital improvement budgets on security measures. It is likely that the financial impact of security will increase over time which, in turn, will increase operating and capital improvement program costs.

## Employees In Action

*Pictured: Employees attend a Defensive Driving class at CLWA headquarters as part of ongoing safety training. The course serves as a refresher and reminder of best practice techniques when driving Agency vehicles.*



**CASTAIC LAKE WATER AGENCY  
STATEMENT OF INVESTMENT POLICY**

*(Board Approved; Re-adopted February 2016; Reviewed Annually)*

**INTRODUCTION**

The Board of Directors of the Castaic Lake Water Agency recognizes its responsibility to direct the investment of funds under its care. This policy applies to the Castaic Lake Water Agency and the Santa Clarita Water Division.

**STATEMENT OF PURPOSE**

The purpose of this policy is to provide guidelines for the investment of funds based upon prudent cash management practices and in conformity with all applicable statutes.

**Investment Goals**

The investment of funds by the Castaic Lake Water Agency shall be guided by the goals of safety of principal, liquidity and return on funds invested. These goals, ranked in order of priority, are further defined as follows:

- ◆ Safety of Principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- ◆ Liquidity of Funds invested will remain sufficient to enable the Agency to meet all operating requirements and budgeted expenditures. Investments will be undertaken with the expectation that unplanned expenses will be incurred; therefore, portfolio liquidity will be created to cover reasonable contingency costs.
- ◆ Return on Funds Invested should be focused upon with investment safety and liquidity goals in perspective. The goal is to maximize return while ensuring that safety and liquidity objectives are not compromised.

**Scope**

This investment policy applies to all financial assets held by Castaic Lake Water Agency. The Agency pools all cash for investment purposes. This policy is applicable, but not limited to all funds listed below:

General/Operating Fund  
Special Revenue Funds  
a) One Percent Property Tax Fund  
b) Facility Capacity Fee Fund  
c) State Water Project Fund

Capital Project Fund  
Debt Service Fund  
Reserve Funds  
Enterprise Fund  
Grant Funds

\* A separate investment policy will be developed for the proceeds from a future potential lump sum payment of the perchlorate settlement agreement for O&M activities.

**Delegation of Authority**

Responsibility for the Agency's investment program is delegated to the Treasurer who shall oversee management of the portfolio consistent with this policy. With this delegation the Treasurer is given the authority to utilize internal staff and outside investment managers to assist in the investment program. The Treasurer will use care to assure that those assigned responsibility to assist in the management of the Agency's portfolio do so in accordance with this policy.

For the Santa Clarita Water Division, the Retail Manager serves as the Treasurer.

**Conflicts of Interest**

All Agency officials and staff members involved with investment functions will refrain from personal business activity that could conflict with the execution of the investment function or could impair their ability to make impartial investment decisions. Officials and staff members involved with the investment function will disclose to the Board of Directors any personal financial interest with a financial institution, broker or investment issuer conducting business with the Agency. Officials and staff members will further disclose to the Board of Directors any personal financial interest in any entity related to the investment performance of the Agency's portfolio.

**Prudence**

Agency officials and staff members responsible for the investment program, under all circumstances, will conduct themselves in accordance with the "Prudent Man Rule". This rule requires that investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**Responsibility**

The Treasurer and other individuals assigned to manage the investment portfolio, acting with the intent and scope of this investment policy while exercising due diligence, shall be relieved of personal responsibility for the credit risk and market price risk for securities held in the investment portfolio, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

For the Santa Clarita Water Division, the Retail Manager serves as the Treasurer.

**Portfolio Maturity Limits**

The maximum maturity for any single investment in the portfolio shall not exceed five years.

The maximum weighted average maturity for the investment portfolio shall not exceed three years.

When a security has a mandatory put date, the put date should be used when calculating weighted average portfolio maturity. When a security has an optional put date, the optional put date should be used when calculating weighted average portfolio maturity so long as the put is at the discretion of the Agency and the put price is equal to or greater than the market value for the security. (A put is a contract that gives its holder the right to sell an underlying security, commodity, or currency before a certain date for a predetermined price.)

**Permissible Investments and Investment Restrictions**

Permissible investments and investment credit quality, maturity and concentration restrictions (in aggregate by type of restriction) are as follows:

- 1. United States Treasury Bills, Notes and Bonds

Minimum Credit Quality:	Not Applicable
Maximum Portfolio Concentration:	No Limit
Maximum Concentration per Issuer:	No Limit
Maximum Maturity:	5 Years
  
- 2. United States Government Agency and Sponsored Enterprise Securities

Minimum Credit Quality:	Not Applicable
Maximum Portfolio Concentration:	No Limit
Maximum Concentration per Issuer:	No Limit
Maximum Maturity:	5 Years
  
- 3. Bankers Acceptances

Minimum Credit Quality:	A-1 or P-1
Maximum Portfolio Concentration:	30%
Maximum Concentration per Issuer:	5%
Maximum Maturity:	180 days

4. Medium Term Notes and Deposit Notes

Minimum Credit Quality: A2 or better by Moody's or A or better by Standard & Poor's.  
Maximum Portfolio Concentration: 30%  
Maximum Concentration per Issuer: 5%  
Maximum Maturity: 5 years  
Issuer Restrictions: Issuer must be incorporated and operating in the U.S. or a U.S. depository institution licensed by the U.S. or any State.

5. Commercial Paper

Minimum Credit Quality: A-1 or P-1, long term debt rating, if any, must equal or exceed "A" by Moody's or Standard & Poor's.  
Issuer Restrictions: Issuer must be incorporated and operating in the U.S. and have assets in excess of \$500,000,000. No more than 10% of any issuers' Commercial Paper may be purchased.  
Maximum Portfolio Concentration: 10%  
Maximum Concentration per Issuer: 5%  
Maximum Maturity: 270 Days

6. Certificates of Deposit

Minimum Credit Quality: A or better by the Financial Directory. The credit quality is waived if the certificate of deposit is insured with Federal Deposit Insurance Corporation (FDIC).  
Maximum Portfolio Concentration: 30%  
Maximum Concentration per Depository: 10%  
Maximum Maturity: 5 years  
Depository Restrictions: Pursuant to Government Code Section 53601.8 and 53635.8, the Agency, at its discretion, may invest funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposits

7. Time Deposit

Minimum Credit Quality: A or better by the Financial Directory. The credit quality is waived if the time deposit is insured with Federal Deposit Insurance Corporation.  
Maximum Portfolio Concentration: 30%  
Maximum Concentration per Depository: 10%  
Maximum Maturity: 5 years  
Depository Restrictions: Pursuant to Government Code Section 53601(f), 53635.2, 53648 and 53649, the Agency, at its discretion, may invest funds in a time deposit at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of time deposit.

8. Municipal Obligations

**Revenue Obligations**  
Minimum Credit Quality:

A1 or better by Moody's, A+ or better by Standard & Poor's or A+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors

Maximum Portfolio Concentration: 30%  
 Maximum Concentration per Issuer: 5%  
 Maximum Maturity: 5 years  
 Issuer Restrictions: Pursuant to Government Code Section 53601(d), registered treasury notes or bonds of any of the other 49 United States, in addition to California, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the other 49 United States, in addition to California.

***General Obligations***

Minimum Credit Quality: A3 or better by Moody's, A- or better by Standard & Poor's or A- by Fitch Ratings or as otherwise approved by the Agency's Board of Directors

Maximum Portfolio Concentration: 30%  
 Maximum Concentration per Issuer: 5%  
 Maximum Maturity: 5 years  
 Issuer Restrictions: Pursuant to Government Code Section 53601(c), registered general obligation treasury notes or bonds of any of the 50 United States.

***Adjustable Rate Obligations***

Minimum Credit Quality: P-1 or better by Moody's, A-1+ or better by Standard & Poor's or F-1+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors

Maximum Portfolio Concentration: 30%  
 Maximum Concentration per Issuer: 5%  
 Maximum Maturity: 5 years  
 Issuer Restrictions: Pursuant to Government Code Section 53601(d), adjustable rate registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the other 49 United States, in addition to California.

***Local Agency Fixed Rate Obligations***

Minimum Credit Quality: A1 or better by Moody's, A+ or better by Standard & Poor's or A+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors (the minimum rating shall apply to the local agency, irrespective of any credit enhancement)

Maximum Portfolio Concentration: 30%  
 Maximum Concentration per Issuer: 5%  
 Maximum Maturity: 5 years  
 Issuer Restrictions: Pursuant to Government Code Section 53601(e), taxable or tax-exempt bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

**Local Agency Adjustable Rate Obligations**

Minimum Credit Quality: P-1 or better by Moody's, A-1+ or better by Standard & Poor's or F-1+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors

Maximum Portfolio Concentration: 30%

Maximum Concentration per Issuer: 5%

Maximum Maturity: 5 years

Issuer Restrictions: Pursuant to Government Code Section 53601(e), adjustable rate notes or bonds, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

9. Repurchase Agreements

Minimum Credit Quality: Not Applicable

Maximum Portfolio Concentration: 10%

Maximum Term: 30 days

Collateral: U.S. Treasury or Government Securities – 102% marked-to-market daily.

10. California State Local Agency Investment Fund (LAIF)

Minimum Credit Quality: Not Applicable

Maximum Portfolio Concentration: State Max

Maximum Term: Not Applicable

11. Los Angeles County Investment Pool

Minimum Credit Quality: Not Applicable

Maximum Portfolio Concentration: 30%

Maximum Term: Not Applicable

12. Investment Trust of California (CalTRUST)

Minimum Credit Quality: Not Applicable.

Maximum Portfolio Concentration: 20%

Maximum Term: Not Applicable

13. Money Market Mutual Funds

Minimum Credit Quality: Pursuant to Government Code Section 53601(l), AA- or better if fund has retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000) or otherwise AAA.

Maximum Portfolio Concentration: 20%

Maximum Concentration per Issuer: 10%



### **Prohibited Investments**

Pursuant to Government Code Section 53601.6 the Agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips. The Agency shall not invest in any funds that could result in zero interest accrual if held to maturity.

### **Safekeeping of Securities**

All securities owned by the Agency, except collateral for repurchase agreements, will be held in safekeeping at a third party bank trust department that will act as agent for the Agency under terms of a custody agreement.

Securities used as collateral for repurchase agreements with a term of up to seven days can be safe kept by a third party bank trust department, or by the broker/dealer's safekeeping institution, acting as agent for the Agency under the terms of a custody agreement executed by the broker/dealer and the Agency and specifying the Agency's perfected ownership of the collateral.

Payment for all transactions will be versus delivery.

### **Leveraging**

Investments may not be purchased on margin. Securities can be purchased on a "When Issued" basis only when a cash balance can be maintained to pay for the securities on the purchase settlement date.

### **Reporting**

The Treasurer will issue a monthly report to the Board of Directors providing the following information:

- ◆ List of securities by security type
- ◆ Yield to maturity at purchase per asset
- ◆ Maturity date for each asset
- ◆ Par value for each security
- ◆ Percent of portfolio invested in each asset
- ◆ Average portfolio maturity

The Treasurer will issue a quarterly report to the Board of Directors within 60 days of the end of each quarter that will include the above information as well as the market value for each asset held at quarter end and the market value for the portfolio at quarter end.

### **Annual Review**

The Board of Directors will initiate an annual review of investment practices and procedures to ensure conformance with this investment policy. This policy will be reviewed annually to ensure it is in conformance with the overall objectives of the Agency.

*(Originally Adopted October 2005)*

**CASTAIC LAKE WATER AGENCY  
DEBT MANAGEMENT POLICY  
(WHOLESALE WATER SYSTEM)**  
*(Board Approved; Revised January 22, 2014)*

**INTRODUCTION**

The Agency's overriding goal in issuing debt is to respond to, and provide for, the infrastructure, capital project and other financing needs the Agency's wholesale water system while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

The Agency believes that debt can provide an equitable means of financing projects for customers of the Agency and provide access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs if (i) it meets the goals of equitable treatment of all Agency customers, respectively, both current and future, (ii) it is the most cost-effective means available to the Agency, (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions, and (iv) if there are other important policy reasons thereof.

**STATEMENT OF PURPOSE**

This policy documents the goals for the use of debt instruments and provides guidelines for the use of debt financing by the Castaic Lake Water Agency for its Wholesale water system. Note that the retail water system (Santa Clarita Water Division) has its own debt management policy.

The Agency's Strategic Plan states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments and thus ensure that existing and future users pay their fair share.

**Purposes and Use of Debt**

The Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share. Long-term investments include the acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. These investments are typically included in the Agency's Capital Improvement Program and Data Document. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and movable pieces or equipment, or other costs as permitted by law.

**Purpose of Policy**

The purpose of a debt management policy is to:

- Establish parameters for issuing debt
- Provide guidance to decision makers:
  - With respect to all options available to finance infrastructure, capital projects, and other financing needs
  - So that the most prudent, equitable and cost effective method of financing can be chosen
- Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance
- Promote objectivity in the decision-making process
- Facilitate the financing process by establishing important policy decisions in advance

The Agency will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt
- The federal and state laws which govern the eligibility of the debt for tax-exempt status
- The federal and state laws which govern the issuance of taxable debt
- The federal and state laws, which govern disclosure, sale, and trading of the debt

## **I. GENERAL PROVISIONS**

The Agency will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting process.

Necessary appropriations for annual debt service requirements will be routinely included in the Agency's annual budget.

The Agency will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

The Agency's Debt Management Policy, Reserve Policy and the Statement of Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, the following principles outline the Agency's approach to debt management.

- The Agency will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.
- The Agency will not issue debt to finance operating needs except in case of an extreme financial emergency which is beyond its control or reasonable ability to forecast, and unless specifically approved by the Board of Directors.
- Debt issuance for a capital project will not be considered unless such project has been incorporated into the Agency's capital planning process, or as otherwise approved by the Board of Directors.

## **II. CONDITIONS FOR DEBT ISSUANCE**

The following guidelines formally establish parameters for evaluating, issuing, and managing the Agency's debt. The guidelines outlined below are not intended to serve as a list of rules to be applied to the Agency's debt issuance process, but rather to serve as a set of practices to promote sound financial management.

In issuing debt, the Agency's objectives will be to:

- Achieve the lowest cost of capital
- Ensure ratepayer equity for the Agency's customers
- Maintain the adopted credit rating strategy and access to credit enhancement
- Preserve financial flexibility

### **Standards for Use of Debt Financing**

When appropriate, the Agency will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future system users, to provide more manageable rates in the near and medium term and to minimize rate volatility.

The Agency shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

### **Types of Debt**

Revenue bonds, Certificates of Participation, commercial paper, capital leases and lease-purchase financing will be treated as debt and subject to these same policies.

### **Debt Capacity**

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the Agency. The Agency's borrowing capability is limited by the debt coverage ratio required by the existing bond covenants.

### **Financing Criteria**

Each debt issuance should be evaluated on an individual basis within the context of the Agency's overall financing objectives and current market conditions.

The Agency will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

*Credit Enhancement* – the Agency will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

*Cash-Funded Reserve vs. Surety* – If the issuance of debt requires a cash-funded Debt Service Reserve Fund, then the Agency may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The Agency may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of the Agency's debt when it is approved by the Board of Directors.

*Call Provisions* – In general, the Agency's securities should include optional call provisions. The Agency will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.

*Additional Bonds Test/Rate Covenants* – The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and this policy.

*Short-Term Debt* – The Agency may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bonding capacity.

*Variable Rate Debt* – Variable rate debt products are priced at the short-end of the yield curve at low interest rates, but subject to various risks. Variable rate debt may be appropriate for the Agency's portfolio, depending on market conditions and a careful consideration of the risks involved. Variable rate debt products include variable rate demand obligations, commercial paper, and other obligations which have interest rates adjusting periodically. The Agency may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining whether or not to use variable rate debt, the Agency will analyze the risk associated with the variable rate debt and the impact on the Agency's overall portfolio.

The principal amount of variable rate debt products, including those synthetically fixed through the use of derivative products, shall not exceed 25% of total Agency outstanding debt.

*Derivatives* – The use of derivatives is covered by the Agency’s Derivatives Policy. This policy states that is has been developed to guide the Agency in its use of interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These financing products can increase Agency financial flexibility and provide opportunities for interest rate savings or enhanced investment yields. Careful monitoring of such products is required to preserve Agency credit strength and budget flexibility. Derivatives will not be used to speculate on perceived movements in interest rates. The notional amount of derivative products shall not exceed 15% of total Agency outstanding debt. More detailed information is contained in the policy.

*Upper Santa Clara Valley Joint Powers Authority* – The Agency is a member of the Upper Santa Clara Valley Joint Powers Authority. The Agency will consider issuing revenue bonds through the Authority on a case-by-case basis. The Agency will only issue revenue bonds through the Authority only when clearly demonstrable savings can be realized.

*Investment of Bond Proceeds* - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the Agency’s Statement of Investment Policy. The Agency will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

### **Refinancing Outstanding Debt**

The Treasurer shall have the responsibility to evaluate potential refunding opportunities. The Agency will consider the following issues when analyzing potential refinancing opportunities:

*Debt Service Savings* – The Agency shall establish a target savings level equal to 3% of the par of debt refunded on a net present value (NPV) basis. This figure will serve only as a guideline and the Agency may determine that a different savings target is appropriate; the Agency shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- Remaining time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- The value of the call option

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board of Directors.

*Restructuring* – The Agency may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, or comply with and/or eliminate rate/bond covenants.

*Term/Final Maturity* – The Agency may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The Agency may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity will guide these decisions.

*Economic versus Legal Defeasance* - When evaluating an economic versus legal defeasance, the Agency shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The Agency shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

### **Outstanding Debt Limitations**

Prior to issuance of new debt, the Agency shall consider and review the latest credit rating agency reports and guidelines to ensure the Agency's credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

### **Method of Issuance**

The Agency will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

*Competitive Sale* – In a competitive sale, the Agency's bonds shall be awarded to the bidder providing the lowest true interest cost (TIC), as long as the bid adheres to the requirements set forth in the official notice of sale.

*Negotiated Sale* – The Agency recognizes that some bond issues are best sold through negotiation with a selected underwriter. The Agency has identified the following circumstances below in which this would likely be the case:

- Issuance of variable rate or taxable bonds
- Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders, unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process
- Market volatility, such that the Agency would be better served by flexibility in the timing of its sale, such as in the case of a refunding issue wherein the savings target is sensitive to interest rate fluctuations, or in a changing interest rate environment
- When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the Agency
- As a result of an underwriter's familiarity with the project/financing, that enables the Agency to take advantage of efficiency and timing considerations

*Private Placement* – From time to time the Agency may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

### **Market Communication, Debt Administration and Reporting Requirements**

*Rating Agencies* – The Treasurer shall be responsible for maintaining the Agency's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investors Service, to the extent the Agency has ratings from such firms. The Agency shall from time to time, maintain relationships with these agencies as circumstances dictate. The Agency may choose based upon market conditions the number of ratings to obtain for any individual debt issuance. In addition to general communication, the Treasurer should attempt to meet (either in person or via phone or email) with credit analysts at least once each fiscal year. The Treasurer shall prior to each competitive or negotiated sale, offer conference calls or meeting(s) with rating agency analysts in connection with the planned sale.

*Observance of Debt Covenants* – The Treasurer will periodically ensure that the Agency is in compliance with all legal covenants for each debt issue.

*Continuing Disclosure* – The Treasurer will periodically confirm that all debt issued is in compliance with Rule 15c2-12(b)(5) by required filing as covenanted in each debt issue's Continuing Disclosure Agreement.

*Record Keeping* – A copy of all debt-related records shall be retained at the Agency's offices or in an approved storage facility. At minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). To the extent possible, the Agency shall retain an electronic copy of each document, preferably in PDF or CD-ROM format.

*Arbitrage Rebate* – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Treasurer shall ensure that all bond proceeds and investments are tracked in a manner that facilitates accurate calculation; if a rebate payment is due, such payment is made in a timely manner.

*Policy Review* – This policy should be reviewed periodically by the Board and updated as needed.

*(Originally Adopted March 2006; revised January 2014)*

**CASTAIC LAKE WATER AGENCY  
DERIVATIVES POLICY**  
*(Board Approved; Revised January 2014)*

**INTRODUCTION**

This policy has been developed to guide the Castaic Lake Water Agency (Agency) in its use of derivative financing/interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These derivative financing products can increase the Agency's financial flexibility and provide opportunities for interest rate savings. The use of derivatives should be integrated into the Agency's overall debt and investment management policy. Careful monitoring of such products is required to preserve the Agency's credit strength and budget flexibility.

Derivatives will not be used to speculate on perceived movements in interest rates.

**STATEMENT OF PURPOSE**

**PURPOSES FOR WHICH DERIVATIVES WILL BE USED**

Derivatives can be structured differently, such as Interest rate swaps to create variable rate exposure through a fixed-to-floating interest rate swap or to create fixed rate exposure through a floating-to-fixed interest rate swap. In any situation, the Agency will only undertake such a financing product to achieve one or more of the following objectives:

- ◆ Derivatives may be used to lower interest expense of Agency debt, for a particular financing or for the overall debt portfolio.
- ◆ Derivatives may be used to reduce exposure to changes in interest rates.
- ◆ Derivatives may be used to achieve an appropriate asset/liability match.

**PURPOSES FOR WHICH DERIVATIVES WILL NOT BE USED**

- ◆ Derivatives may not be used for speculative purposes.
- ◆ Derivatives may not be used where they would create either extraordinary financial leverage or extraordinary financial risk.
- ◆ Derivatives may not be used if they present an extraordinary risk to the Agency's liquidity to terminate the agreement due to unforeseen events, or
- ◆ Derivatives may not be used if there is insufficient price transparency to allow for fair market valuation.

**ANALYSIS OF RISK ASSOCIATED WITH DERIVATIVES**

The Agency will evaluate all derivatives with respect to the unique risks they present. A specific determination must be made that the proposed or estimated benefits exceed the identified risks by an adequate margin over those available in the traditional cash market. The analysis will assess the risk associated with the following factors:

**Amortization Risk for Interest Rate Swap Agreements**

Amortization risk is defined as the mismatch of the expiration of the underlying obligation and its hedge, the swap agreements. Amortization risk is the possibility that, as the result of early redemption of the underlying variable rate bonds, the repayment schedule of the bonds differs from the underlying notional amount of the swap agreements. This risk will only arise if the Agency wants to redeem the variable rate bonds ahead of schedule. This is not expected for the Agency financings.



### **Basis Risk**

Basis risk refers to the mismatch between the actual variable rate debt service and variable rate index used to determine the derivative payments. Different fixed income market indices will be evaluated as part of the analysis of an interest rate swap agreement. The analysis will identify the amount of basis risk that may result from various indices.

### **Credit Risk**

Credit risk refers to the credit worthiness of the counterparty. The Agency will only enter into business with highly rated counterparties. The Agency will structure derivative agreements to protect itself from credit deterioration. The Agency will only enter into transactions with counterparties with a credit rating of AA (or equivalent) or better at the time of execution. In the event that the credit rating falls below AA (or equivalent) during the transaction, the derivative documentation shall include protections and remedies. At the time of execution, The Agency should negotiate credit enhancement, subject to market conditions, in the form of:

- ◆ Contingent swap counter party providing support
- ◆ One-way collateral
- ◆ Ratings downgrade triggers

### **Counterparty Risk**

Counterparty risk refers to the failure of the counterparty to make its required payments. This risk can be minimized by establishing strong minimum counterparty credit standards and diversifying the Agency's exposure to counterparties.

### **Rollover Risk**

Rollover risk refers to the potential need to find a replacement counterparty as part of the overall plan of finance if the interest rate swap does not extend to the final maturity of the underlying variable rate bonds. The rollover risk can be minimized through the initial plan of finance by not relying on the execution of future swap agreements.

### **Tax Events Risk**

Tax events risk is defined as the risk created by potential changes to the Federal and State income tax codes on the interest rates to be paid by the Agency on its variable rate bonds. Tax events risk is a form of basis risk. The evaluation should analyze the potential impact of changes in marginal tax brackets as part of its analysis of basis risk.

### **Termination Risk**

Termination risk refers to the possibility that, upon a default by the counterparty, the Agency may be required to make a large payment to the counterparty if the swap agreement is terminated prior to its scheduled maturity pursuant to its terms. For certain types of swaps, a payment by the Agency may be required if interest rates have fallen causing the market value of the remaining payments to be in favor of the counterparty.

## **INTEREST RATE SWAP FINANCING DOCUMENTATION**

The Agency will use standard forms and documentation for derivatives. For interest rate swaps, the Agency will use the International Swaps and Derivatives Association (ISDA) swap documentation including the Schedule to the Master Agreement and a Credit Support Annex. The Agency derivative documentation should include the following terms:

- ◆ Downgrade provisions triggering termination of the swap should be bilateral.
- ◆ Governing law for swaps will be New York or California, but should reflect California authorization provisions.
- ◆ The specified indebtedness related to credit events in the master agreement should be narrowly drafted and refer only to specific debt and in no case provide recourse to the Agency.

- ◆ Eligible collateral should be limited to Treasuries and Federal Agencies.
- ◆ Collateral thresholds should be set on a sliding scale reflective of credit ratings.
- ◆ Termination value should be set by “market quotation” methodology.

## **FINANCIAL CONSIDERATIONS**

### **Savings Targets**

Derivative transactions shall have higher savings targets, due to the greater complexity and higher risk. In calculating the prospective savings for implementing a fixed-to-variable swap, the cost of re-marketing, in addition to the cost of credit enhancement and liquidity fees must be added to the projected average variable rate. The specific targets are as follows:

- ◆ Financial transactions, using swaps or other derivative products, intended to produce the effect of a synthetic fixed rate transaction, must generate 8% or greater present value savings compared to standard fixed-rate bonds which have the same optional redemption features.
- ◆ The notional amount of all derivative financing products shall not exceed 15% of total Agency outstanding debt.

### **Reporting and Accounting**

The agency shall report derivative financing transactions in accordance with Governmental Accounting Standards Board and Financial Accounting Standards Board statements.

### **Derivative Procurement**

The Agency shall use a professional advisor or designated swap representative (Swap Advisor) to assist in the assessment, structuring, and pricing of proposed or existing interest rate swap agreements. The Agency shall select a Swap Advisor as part of the financing team where a Swap is expected to be executed. The Swap Advisor must meet the following qualifications:

1. Has sufficient knowledge to evaluate the swap transaction and risks
2. Is not subject to a statutory disqualification
3. Is independent of the swap dealer or major swap participant
4. Undertakes a duty to act in the best interests of the Agency
5. Provides appropriate and timely disclosures to the Agency
6. Evaluates fair pricing and the appropriateness of the swap

The Agency shall obtain an opinion from its Swap Advisor that the terms and conditions of any financial product entered into reflect a fair market value as of the execution date.

The General Manager is authorized to solicit derivative-proposals from firms that meet or exceed the following criteria:

- ◆ The derivative transaction provider shall have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies.
- ◆ The derivative provided shall have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

*(Originally Adopted June 2003; revised December 2011; January 2014)*

## Employees In Action

*Pictured: (Top) Senior Electrical Technicians Craig Albertson (left) and Marcel Margheritis (right, and bottom) check the heat syncs on the ozone generator at Earl Schmidt Filtration Plant in Castaic, CA.*



**CASTAIC LAKE WATER AGENCY  
DISCLOSURE PROCEDURES POLICY**  
*(Board Approved; Originally Adopted March 2014)*

**INTRODUCTION**

The Agency from time to time issues certificates of participation, revenue bonds, notes or other obligations (collectively Obligations) to fund or refund capital investments, other long-term programs and working capital needs. These Obligations may be issued directly by the Agency, through the Upper Santa Clara Valley Joint Powers Authority or on behalf of the Agency by the Castaic Lake Water Agency Financing Corporation (collectively the Issuer). In offering Obligations to the public, and at other times when making certain reports, the Agency and/or the Issuer (if other than the Agency) must comply with the anti-fraud rules of federal securities laws. (Anti-fraud rules refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly Rule 10b-5 under the 1934 Act.)

**STATEMENT OF PURPOSE**

The purpose of these Disclosure Procedures (Procedures) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Castaic Lake Water Agency (Agency) to ensure the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

**BACKGROUND**

The core requirement of the anti-fraud rules is that potential investors in Obligations must be provided with all material information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Agency and/or the Issuer (if other than the Agency) must not omit material information that would be necessary to provide to investors a complete and transparent description of the Obligations and the Agency's financial condition. In the context of the sale of securities, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued, the two central disclosure documents that are prepared are typically a preliminary official statement (POS) and a final official statement (OS, and collectively with the POS, Official Statement). The Official Statement generally consists of (i) the forepart, which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section that provides information on the Agency, including its financial condition as well as certain operating information of the wholesale division or the retail division, as applicable (Agency Section) and (iii) various other appendices, including the Agency's audited financial report, form of the proposed legal opinion and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

**DISCLOSURE PROCESS**

When the Agency determines to issue Obligations, the Agency's Treasurer requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Agency Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the Agency's Treasurer is responsible for reviewing and preparing or updating certain portions of the Agency Section that are within his/her particular area of knowledge. After the Official Statement has been substantially updated, the entire Official Statement is shared with the General

Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Members of the financing team, including the Bond Counsel and the Agency's Financial Advisor with respect to the Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the Agency Section. Members of the financing team also assist the Agency in the development of a big picture overview of the Agency's financial condition, which is included in the Agency section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Agency.

The Agency's Treasurer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Agency officials, Bond Counsel, the Agency's Financial Advisor, the underwriter of the Obligations and the underwriter's counsel), and new drafts of the forepart of the Official Statement and the Agency Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Agency staff and other members of the financing team to discuss issues that may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call that includes Agency officials involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the Official Statement is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of the Agency's senior officials. This is referred to as a due diligence meeting.

A substantially final form of the POS is provided to the Agency Board of Directors (and the Authority Board of Directors, if relevant) in advance of approval to afford the Board(s) of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Board(s) of Directors, which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior Agency officials (and under certain circumstances the Issuer) execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Agency Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Agency officials (and under certain circumstances the Issuer) execute 10b-5 certificates. General Counsel also provides a 10b-5 opinion letter (generally addressed to the underwriter). General Counsel does not opine to the underwriters or other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion and certain other customary matters.

## **AGENCY SECTION**

The information contained in the Agency Section is developed by personnel under the direction of the Treasurer. The Treasurer coordinates with the General Manager, Engineering and Operations Manager, Water Resources Manager and Controller in the case of a wholesale system financing or with the General Manager, Retail Manager, Retail Administrative Officer and Controller in the case of a retail system financing. The finance team assists as well in certain circumstances and additional officials will be involved as necessary. The following principles govern the work of the respective staffs that contribute

information to the Agency Section:

- ◆ Agency staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- ◆ Agency staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- ◆ Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Agency should consider revisions to the Procedures.
- ◆ The process of updating the Agency Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Agency Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- ◆ The Agency must make sure that the staff involved in the disclosure process is of sufficient seniority so that it is reasonable to believe that, collectively, they are in possession of material information relating to the Agency, its operations and its finances.

## **TRAINING**

Periodic training for the staff involved in the preparation of the Official Statement (including the Agency Section) is coordinated by the finance team and the Treasurer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Agency Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Agency Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

## **ANNUAL CONTINUING DISCLOSURE REQUIREMENTS**

In connection with the issuance of Obligations, the Agency has entered into a number of contractual agreements (Continuing Disclosure Certificates) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Agency must comply with the specific requirements of each Continuing Disclosure Certificate. The Agency's Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the Agency's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require material event notices are set forth in each particular Continuing Disclosure Certificate.

The Treasurer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

*(Originally adopted March 2014)*



## Employees In Action

*Pictured (left to right): Water Conservation Education Specialists Aileen McDonald, Cindy Brady and Karen Clark discuss the curriculum they present to visiting school children during their educational field trips to the Rio Vista Water Treatment Plant at CLWA Headquarters.*



**CASTAIC LAKE WATER AGENCY**  
**GOVERNMENTAL FUND BALANCE POLICY**  
*(Board Approved; Revised October 2014)*

**INTRODUCTION**

This Governmental Fund Balance Policy establishes the accounting and financial reporting standards for all governments that reports governmental funds as directed by the Government Accounting Standards Board Statement 54.

**STATEMENT OF PURPOSE**

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**POLICY**

***Government Accounting Standards Board (GASB) Statement 54***

In February 2009, the Government Accounting Standards Board (GASB) published Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications:

1. Nonspendable Fund Balance includes amounts that cannot be spent because they are either (1) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, e.g., inventories and prepaid amounts.
2. Restricted Fund Balance includes amounts that have constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislations.
3. Committed Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority.
4. Assigned Fund Balance includes amounts that are constrained by the government’s “intent” to be used for specific purposes, but are neither restricted nor committed except for stabilization arrangements. Intent should be expressed by (1) the governing body itself or (2) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
5. Unassigned Fund Balance is the residual classification for the general fund. This classification represents the fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

In addition to the new five fund balance classifications, GASB 54 also makes clear the definition of special revenue – for financial reporting purposes, a special revenue fund may only be established around one or more revenue sources that are restricted or committed to purposes other than capital projects or debt service.



## **Compliance with GASB 54**

Based on the GASB 54 statement discussion above, staff proposes the following changes:

### ***Governmental Funds***

The Agency will have five (instead of four) major governmental funds grouped into four (instead of three) governmental fund types. The four governmental fund types are: (1) a general fund to account for and report all financial resources not accounted for and reported in another fund, (2) special revenue fund to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects, (3) a capital projects fund to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets and (4) a debt service fund to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The Agency will have the following major governmental funds starting with Fiscal Year 2010/11 reporting:

1. General Fund – no change
2. Pledged Revenue Fund (special revenue fund) – debt proceeds from this fund will be move to new Capital Project Fund
3. Capital Projects Fund – to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets
4. State Water Contract Fund (special revenue fund) – no change
5. Debt Service Fund – no change

### ***Fund Balance Classifications***

1. The Nonspendable Fund Balance accounts for fund balances that are not in “spendable” form, such as inventories and prepaid amounts.
2. The Restricted Fund Balance accounts for fund balances that are restricted by debt covenants and laws.
3. The Committed Fund Balance accounts for fund balances that are committed for specific purposes by formal action of the Board of Directors of the Agency.
4. The Assigned Fund Balance accounts for fund balances that are constrained by the Agency’s “intent” to be used for specific purposes, but are neither restricted nor committed except for stabilization arrangements. Intent should be expressed by the Board of Directors of the Agency itself or a subordinate high-level body (a finance and administration committee, for example) or official to which the board has delegated the authority to assign amounts to be used for specific purposes.
5. The Unassigned Fund Balance accounts for fund balances that have not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes.

### **Summary**

The two tables below summarize the fund balance categories and classifications currently (before GASB 54) and proposed (after GASB 54).

**Before GASB 54**

	General Fund	Special Revenue Fund		Debt Service Fund
		Pledged Revenue	State Water Contract	Debt Service Fund
Fund Balance:				
Reserved	X	X	X	X
Unreserved	X	N/A	N/A	N/A

**After GASB 54**

	General Fund	Special Revenue Fund		Debt Service Fund	Capital Projects Fund
		Pledged Revenue	State Water Contract	Debt Service Fund	
Fund Balance:					
Nonspendable	X	X	X	N/A	X
Restricted	X	X	X	X	X
Committed	X	X	N/A	N/A	N/A
Assigned	X	X	N/A	X	X
Unassigned	X	X	N/A	N/A	N/A

*(Originally Adopted June 2011)*

## Employees In Action

*Pictured: Event Coordinator Karen Denkinger (left) hands out frozen lemonades and licorice during the Agency's Open House in May 2016. CLWA utilizes both the Rio Vista Water Treatment Plant as well as the City of Santa Clarita's park below the facility, Central Park, to celebrate this annual event.*



**CASTAIC LAKE WATER AGENCY  
PURCHASING POLICY  
(WHOLESALE WATER SYSTEM)  
(Board Approved; Revised May 2016)**

**SECTION 1. APPLICABILITY OF PURCHASING MANUAL**

**INTRODUCTION**

This Purchasing Manual provides uniform procedures for acquiring goods, services and equipment for the wholesale operations of the Castaic Lake Water Agency (CLWA). The Santa Clarita Water Division of the Castaic lake Water Agency uses its own Purchasing Manual for Retail activity.

**STATEMENT OF PURPOSE**

This Purchasing Manual authorizes the conditions under which the Administrative Services Manager (Chief Financial Officer) is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Manual. This Purchasing Manual does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Manual does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Manual.

**SECTION 2. AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS**

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance with Section 3. In times of his absence, the General Manager may delegate his/her power.

(Revised January 2011)

**SECTION 3. METHODS OF ACQUISITION - GENERAL RULES**

Except as provided in Section 4, the following methods of acquisition shall be used in the circumstances indicated:

- (A) Items of less than \$20,000. The General Manager may acquire items, the cost or estimated cost of which does not exceed \$20,000 in any single acquisition, from any vendor who, in the General Manager's judgment, will provide the best product or service at the most favorable price.
- (B) Items of \$20,000 or more but less than \$50,000. The General Manager may acquire items, the cost or estimated cost of \$20,000 or more but less than \$50,000 in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers CLWA the best value. The General Manager may consider quality and relevant factors other than price in reaching his/her decision as to what product or service to purchase. The General Manager shall report such acquisitions to the Board. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records.

- (C) Items of \$50,000 or more but less than \$100,000. The General Manager may acquire items, the cost or estimated cost of \$50,000 or more but less than \$100,000 in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers CLWA the best value. The General Manager may consider quality and relevant factors other price in reaching his/her decision as to what product or service to purchase. The General Manager shall report such acquisitions to the Board. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records. An acquisition made pursuant to this Subsection must be listed in the budget. If not listed in the budget, the Board approval procedures established in Subsection (D) below shall apply.
- (D) Items of \$100,000 or more. Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition, shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.

(Revised January 2011)

#### **SECTION 4. METHODS OF ACQUISITION – SPECIAL RULES**

- (A) The requirements of Section 3 shall not be applicable if:
- a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
  - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.
- (B) In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, however, report any such action involving a cost of more than \$25,000 to the Board as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on Agency operations.

#### **SECTION 5. MOTOR VEHICLES**

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the vehicle desired, Section 3 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practicable.

#### **SECTION 6. ITEMS MANUFACTURED FOR CLWA**

When necessary, the Agency may contract for goods or equipment which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 10% of the contract price is to be withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum not less than one-half of the total amount payable under the contract.

**SECTION 7. AUTHORITY OF GENERAL MANAGER AND ADMINISTRATIVE SERVICES MANAGER TO MAKE DISBURSEMENTS**

The General Manager and Administrative Services Manager (Chief Financial Officer) are hereby authorized to make all necessary disbursements in payment for goods, services and equipment contracted for pursuant to this Purchasing Manual. This disbursement authority is, however, subject to the Agency's rules and procedures on checks exceeding \$25,000.

**SECTION 8. AUTHORITY OF GENERAL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS**

The Agency's General Manager is hereby empowered to bind the Agency by change order up to the total amounts identified below based on the original Contract amount.

<u>Original Contract Amount</u> Up to \$1,000,000	<u>Change Order Authority</u> \$20,000 or 5% of original contract amount, whichever is greater.
Greater than \$1,000,001	\$50,000 or 4% of original contract amount, whichever is greater.

The Board may grant different change order authority on a project-specific basis. Board approval is required for any and all change orders once the total amount of change orders reach the specific level of authority given to the General Manager. The General Manager shall brief the appropriate Committee and the Board on the details of all final approved change orders.

(Revised August 2005, February 2012, March 2013)

**SECTION 9. PROFESSIONAL SERVICE CONTRACTS**

Professional services are defined as unique, technical and/or infrequent functions performed by an independent contractor/vendor qualified by education, experience, certification and/or technical ability to provide services. Typical Agency services that are obtained through professional services contracts include engineering and design, legal, finance, planning, environmental studies, legislative advocacy, public relations and outreach, organizational studies and strategic planning. All professional service contracts or work authorizations in excess of \$100,000 annually shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or work authorizations up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of the changes shall be reported to the appropriate Committee and the Board as soon as practicable. On an annual basis, the General Manager will present to an appropriate Committee a report of current professional services contracts, including name, service, amount, and expiration date. If the General Manager enters into a legal services agreement that exceeds \$25,000, the General Manager shall notify the Board as soon as practicable.

(Added October 2005; Revised January 2011; May 2016)

**SECTION 10. ENGINEERING SERVICES**

Engineering services provided by consulting firms for the Agency include conducting evaluations, performing studies, preparing preliminary and final designs, preparing technical specifications, providing engineering support during construction, performing construction management and inspection, water resources and other miscellaneous services.

Engineering services will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

**10.1 Engineering Services Consultant Selection.** Every four years, or more often if necessary, the Agency will issue a request for proposals (RFPs) to interested and qualified consulting engineering firms. Submitted proposals will be reviewed and staff will recommend to the Planning and Engineering Committee and Board of Directors the selection of between two and six firms to provide Engineering services.

**10.2 Work Assignments.** Engineering services will be provided by the selected consultants based on the firm's qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific Work Authorization.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

**10.3 Contract Duration.** Each firm in the pool will be under contract to provide services for the four year duration noted above. However, should a firm have a work authorization underway at the end of the four year term, its work and its contract with the Agency will remain in effect until the completion of the work authorization.

#### **SECTION 10.4. AUTHORITY OF GENERAL MANAGER TO APPROVE PLANS AND SPECIFICATIONS FOR ADVERTISING, ACCEPT CONSTRUCTION PROJECTS, AND REVIEW CONSTRUCTABILITY OF CAPITAL IMPROVEMENT PROJECTS**

- (A) The General Manager shall have the authority to approve plans and specifications prepared for advertising capital improvement projects for construction bids. Solicitation of construction bids shall only be performed after approval by the Board.
- (B) The General Manager shall have the authority to accept construction projects and issue and record the Notice of Completion with the Los Angeles County Recorder's Office. Staff shall notify the Board of Directors each time the General Manager accepts a construction project.
- (C) Constructability reviews shall be performed on all major capital improvement projects and other capital improvement projects, as appropriate, as determined by the General Manager or his designee.

(Entire Section 10 revised April 2012; February 2015)

#### **SECTION 11. WORK AUTHORIZATIONS**

A written Work Authorization shall be executed to define scope, schedule, and budget for tasks or projects authorized under General Services Contracts. Staff will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less, provided the item is listed in the budget. The Board of Directors shall approve Work Authorizations when the value is greater than \$100,000, provided the item is listed in the budget. If the item is not listed in the budget, the General Manager or his designee is authorized to execute Work Authorizations when the value is \$50,000 or less. If the item is not listed in the budget, the Board of Directors shall approve Work Authorizations when the value is greater than \$50,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Professional Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review contracts as needed to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

(Added October 2005; Revised January 2011)

**SECTION 12. LOCAL VENDORS**

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes will be advertised in the local newspaper, on the Agency's website and on other local websites, where appropriate.

(Revised January 2011)

*(Originally Adopted August 2005; Revised March 2013; February 2015, May 2016)*



## Employees In Action

*Pictured: Marketing collateral advertising the Agency's free gardening classes at CLWA headquarters.*

# SANTA CLARITA VALLEY GARDENING CLASSES AT NIGHT

In this new series from Castaic Lake Water Agency, you will learn practical and useful skills to envision, design, plant, irrigate, maintain and sustain new landscapes. This class will encompass an approach that shifts our thinking away from turf grass and towards colorful, lush and drought-tolerant alternatives. In *Designing a Sustainable Landscape*, you'll learn the principles of good landscape design. In *Irrigating a Sustainable Landscape*, you'll learn how to irrigate plants using drip irrigation. In *Maintaining a Sustainable Landscape*, you'll learn how to keep your landscape looking fresh and well-kept while saving money.



**TO REGISTER**  
Visit **CLWA.org** and click  
on **Community Outreach  
& Education**

or call **661.513.1230**



### 2016 NIGHT CLASS SCHEDULE

**Thursday, January 14**

Designing a Sustainable Landscape

**Thursday, February 18**

Irrigating a Sustainable Landscape

**Wednesday, March 16**

Maintaining a Sustainable Landscape

**Thursday, April 14**

Designing a Sustainable Landscape

**Thursday, May 19**

Irrigating a Sustainable Landscape

**Thursday, June 16**

Maintaining a Sustainable Landscape

**Thursday, July 21**

Designing a Sustainable Landscape

**Thursday, August 11**

Irrigating a Sustainable Landscape

**Thursday, September 15**

Maintaining a Sustainable Landscape

**Thursday, October 20**

Designing a Sustainable Landscape

**Thursday, November 17**

Irrigating a Sustainable Landscape

**Wednesday, December 12**

Maintaining a Sustainable Landscape

These FREE workshops are held  
one evening per month  
from 6:30PM to 8:30PM at:

Castaic Lake Water Agency  
27234 Bouquet Canyon Road  
Santa Clarita, CA

**CLASSES ROTATE QUARTERLY**

**RESOLUTION NO. 3101**

**RESOLUTION OF THE CASTAIC LAKE WATER AGENCY  
BOARD OF DIRECTORS  
ADOPTING THE BUDGET  
FOR FISCAL YEAR 2016/17  
AND AMENDING THE FISCAL YEAR 2015/16 BUDGET**

**WHEREAS**, the Castaic Lake Water Agency has determined under its Board Procedures Manual that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

**WHEREAS**, the Board of Directors has reviewed the Fiscal Year (FY) 2016/17 Budget, including sections on the Operating Budget and Capital Expenditures; and

**WHEREAS**, the Board of Directors has reviewed the revised FY 2015/16 Budget for the one percent property tax fund to reflect settlement of the wholesale water rate litigation.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Castaic Lake Water Agency hereby:

1. Adopts the FY 2016/17 Budget (Attachment A).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for each fund for FY 2016/17 as shown in the FY 2016/17 Financial Summary (Attachment A).
3. Authorizes the General Manager to make interfund transfers up to the amounts shown in the FY 2016/17 Financial Summary (Attachment A).
4. Authorizes the General Manager to move operating appropriations from one line item to another or from one Department/Division by fund to another, provided that total appropriations by fund are not changed.
5. Amends the FY 2015/16 Budget for the one percent property tax fund as shown in the FY 2015/16 Budget Financial Summary (Attachment B).



President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Castaic Lake Water Agency, and that at a special meeting of the Board of Directors held jointly with the Finance and Administration Committee of said Agency held on May 17, 2016, the foregoing Resolution No. 3101 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: May 17, 2016



Secretary

# ATTACHMENT A

Castaic Lake Water Agency  
Financial Summary  
FY 2016/17 Budget

Description	Capital Improvement Program				State Water Contract Fund	Debt Service Fund	TOTAL
	General Fund/ Operating	Pledged Revenue Fund	Capital Project Fund	Total Capital Improvement Program			
	Facility Capacity Fee	One Percent Property Tax					
<b>Fund Balance 7/1/2016 (estimated)</b>	\$ 10,105,400	\$ 73,916,482	\$ 36,427,727	\$ 110,344,209	\$ 39,558,529	\$ 5,349,556	\$ 165,357,694
<b>RESERVES:</b>							
Operating Reserve	\$ (5,920,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,920,000)
Debt Service Reserves	-	(15,546,200)	-	(15,546,200)	-	-	(15,546,200)
Capital Reserves	-	(10,839,800)	-	(10,839,800)	-	-	(10,839,800)
Economic Uncertainties/Catastrophic Situations	-	(26,518,500)	-	(26,518,500)	-	-	(26,518,500)
Repair and Replacement Reserves (new)	-	(2,286,200)	-	(2,286,200)	-	-	(2,286,200)
Trustee Held	-	-	-	-	-	(5,349,556)	(5,349,556)
<b>Subtotal</b>	\$ (5,920,000)	\$ (55,190,700)	\$ -	\$ (55,190,700)	\$ -	\$ (5,349,556)	\$ (66,460,256)
<b>Net Available</b>	\$ 4,185,400	\$ 18,725,782	\$ 36,427,727	\$ 55,153,509	\$ 39,558,529	\$ -	\$ 98,897,438
<b>REVENUES:</b>							
Water Sales - Fixed Charges	\$ 13,603,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,603,800
Water Sales - Variable	5,502,600	-	-	-	-	-	5,502,600
Recycled Water Sales	252,000	-	-	-	-	-	252,000
Saugus 1 and 2 Water Sales	690,900	-	-	-	-	-	690,900
Laboratory Revenues	106,000	-	-	-	-	-	106,000
Communications Revenues	168,000	-	-	-	-	-	168,000
Facility Capacity Fees	-	8,700,000	-	8,700,000	-	-	8,700,000
One Percent Property Tax	-	-	23,851,900	23,851,900	-	-	23,851,900
Agency Set Property Tax	-	-	-	-	-	-	-
Settlement Agreement (CIP)	-	-	-	380,000	28,767,200	-	28,767,200
Settlement Agreement (O&M)	1,300,000	-	-	-	-	-	1,300,000
Grants and Reimbursements	101,200	-	4,215,000	4,780,500	-	-	4,881,700
Investment Revenues	74,000	302,400	100,000	1,421,400	287,000	151,000	1,933,400
Bond Proceeds	-	-	-	-	-	-	-
Miscellaneous	19,100	-	-	291,500	-	-	310,600
<b>Subtotal</b>	\$ 21,817,600	\$ 9,002,400	\$ 4,315,000	\$ 39,425,300	\$ 29,054,200	\$ 151,000	\$ 90,448,100
<b>EXPENDITURES:</b>							
Operating	\$ (23,680,100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (23,680,100)
Transfer to Reserves	-	-	-	-	-	-	-
Capital Improvement Program	-	(2,325,700)	(18,563,900)	(31,729,400)	-	-	(31,729,400)
Department of Water Resources	-	-	-	-	(30,362,000)	-	(30,362,000)
Debt Service Principal and Interest Payments	-	(6,676,700)	-	(20,744,700)	-	(151,000)	(20,895,700)
<b>Subtotal</b>	\$ (23,680,100)	\$ (9,002,400)	\$ (18,563,900)	\$ (52,474,100)	\$ (30,362,000)	\$ (151,000)	\$ (106,667,200)
<b>Fund Balance</b>	\$ 2,322,900	\$ -	\$ 22,178,827	\$ 42,104,709	\$ 38,250,729	\$ -	\$ 82,678,338
Addition to Reserves	-	-	-	-	-	-	-
<b>Available Fund Balance 6/30/2017 (Estimated)</b>	\$ 2,322,900	\$ 19,925,882	\$ 22,178,827	\$ 42,104,709	\$ 38,250,729	\$ -	\$ 82,678,338

# ATTACHMENT B

Castaic Lake Water Agency  
Financial Summary  
FY 2015/16 Estimated

Description	Capital Improvement Program						TOTAL
	Pledged Revenue Fund		Capital Project Fund	Total Capital Improvement Program	State Water Contract Fund	Debt Service Fund	
	General Fund/ Operating	Facility Capacity Fee					
<b>Fund Balance 7/1/2015</b>	\$ 10,764,500	\$ -	\$ 7,801,227	\$ 83,338,909	\$ 34,860,629	\$ 8,667,165	\$ 137,631,203
<b>RESERVES:</b>							
Operating Reserve	\$ (5,707,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,707,000)
Debt Service Reserves	-	-	-	(11,659,200)	-	-	(11,659,200)
Capital Reserves	-	-	-	(17,061,700)	-	-	(17,061,700)
Economic Uncertainties/Catastrophic Situations Repair and Replacement Reserves (new)	-	-	-	(38,072,700)	-	-	(38,072,700)
Trustee Held	-	-	-	(1,955,600)	-	(8,667,165)	(1,955,600)
<b>Subtotal</b>	<b>\$ (5,707,000)</b>	<b>\$ -</b>	<b>\$ (68,749,200)</b>	<b>\$ (68,749,200)</b>	<b>\$ -</b>	<b>\$ (8,667,165)</b>	<b>\$ (83,123,365)</b>
<b>Net Available</b>	<b>\$ 5,057,500</b>	<b>\$ -</b>	<b>\$ 7,801,227</b>	<b>\$ 14,589,709</b>	<b>\$ 34,860,629</b>	<b>\$ -</b>	<b>\$ 54,507,838</b>
<b>REVENUES:</b>							
Water Sales - Fixed Charges	\$ 13,140,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,140,600
Water Sales - Variable	3,439,900	-	-	-	-	-	3,439,900
Recycled Water Sales	238,000	-	-	-	-	-	238,000
Saugus 1 and 2 Water Sales	684,700	-	-	-	-	-	684,700
Laboratory Revenues	106,000	-	-	-	-	-	106,000
Communications Revenues	166,000	-	-	-	-	-	166,000
Facility Capacity Fees	-	8,000,000	-	-	-	-	8,000,000
One Percent Property Tax	-	-	-	22,718,500	-	-	22,718,500
Agency Set Property Tax	-	-	-	-	27,398,600	-	27,398,600
Settlement Agreement (CIP)	-	-	-	200,000	-	-	200,000
Settlement Agreement (O&M)	1,200,000	-	-	-	-	-	1,200,000
Grants and Reimbursements	982,000	-	8,000,200	-	-	-	9,982,200
Investment Revenues	91,200	302,400	10,000	1,331,400	264,000	246,000	1,932,600
Bond Proceeds	-	-	37,000,000	37,000,000	-	-	37,000,000
Miscellaneous	30,000	-	-	313,100	-	-	343,100
<b>Subtotal</b>	<b>\$ 20,078,400</b>	<b>\$ 8,302,400</b>	<b>\$ 45,010,200</b>	<b>\$ 78,177,400</b>	<b>\$ 27,662,600</b>	<b>\$ 246,000</b>	<b>\$ 126,164,400</b>
<b>EXPENDITURES:</b>							
Operating	\$ (20,737,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,737,500)
Transfer to Reserves	-	-	-	-	-	-	-
Capital Improvement Program	-	(2,250,100)	(16,383,700)	(29,470,100)	-	-	(29,470,100)
Department of Water Resources	-	-	-	-	(22,964,700)	-	(22,964,700)
Debt Service Principal and Interest Payments	-	(6,052,300)	-	(21,702,000)	-	(246,000)	(21,948,000)
<b>Subtotal</b>	<b>\$ (20,737,500)</b>	<b>\$ (8,302,400)</b>	<b>\$ (16,383,700)</b>	<b>\$ (51,172,100)</b>	<b>\$ (22,964,700)</b>	<b>\$ (246,000)</b>	<b>\$ (95,120,300)</b>
<b>Fund Balance</b>	<b>\$ 4,398,400</b>	<b>\$ -</b>	<b>\$ 36,427,727</b>	<b>\$ 41,595,009</b>	<b>\$ 39,558,529</b>	<b>\$ -</b>	<b>\$ 85,551,938</b>
Addition to Reserves	-	-	-	-	-	-	-
<b>Available Fund Balance 6/30/2016 (Estimated)</b>	<b>\$ 4,398,400</b>	<b>\$ -</b>	<b>\$ 36,427,727</b>	<b>\$ 41,595,009</b>	<b>\$ 39,558,529</b>	<b>\$ -</b>	<b>\$ 85,551,938</b>



## Employees In Action

*Pictured (left to right): Water Conservation Supervisor Stephanie Anagnoson and Water Conservation Education Specialist Karen Clark perform maintenance on the CIMIS (California Irrigation Management Information System) station on the property of the Rio Vista Water Treatment Plant. This CIMIS station is one of nearly 200 operating units throughout California and measures and records weather characteristics such as temperature, relative humidity, wind speed, wind direction and precipitation, and sends the information directly to the Department of Water Resources in Sacramento, CA.*



**RESOLUTION NO. 3103**

**RESOLUTION OF THE CASTAIC LAKE WATER AGENCY  
BOARD OF DIRECTORS  
ADOPTING THE APPROPRIATION LIMIT  
FOR FISCAL YEAR 2016/17**

**WHEREAS**, the Agency's General Manager has caused to be prepared a calculation of the Agency's annual appropriation limit for the Agency Fiscal Year 2016/17; and

**WHEREAS**, documentation used in the determination of said appropriation limit has been publicly available at the Agency's offices for the period required by law; and

**WHEREAS**, Proposition 111 has determined that the appropriation limit may be set by using either the change in California per capita income or the change in assessed value of non-residential development; and

**WHEREAS**, it has been determined that the change in California per capita income is the appropriation selection of the Agency; and

**WHEREAS**, the calculation is hereby found to have been completed in full accordance with Article XIII-B of the California State Constitution and the implementing legislation for Article XIII-B.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Castaic Lake Water Agency does hereby, based upon said calculation, adopt the sum of \$32,286,362 as its Fiscal Year 2016/17 appropriation limit.



President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Castaic Lake Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on May 25, 2016, the foregoing Resolution No. 3103 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

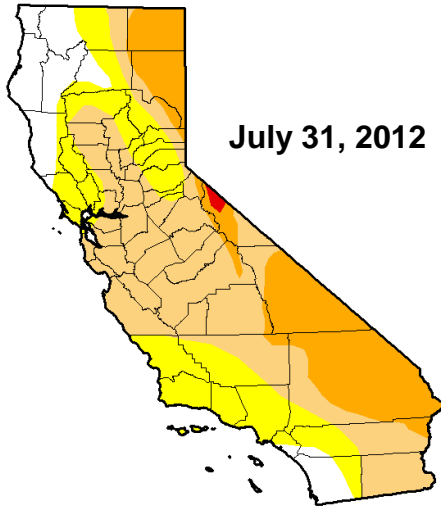
DATED: May 25, 2016



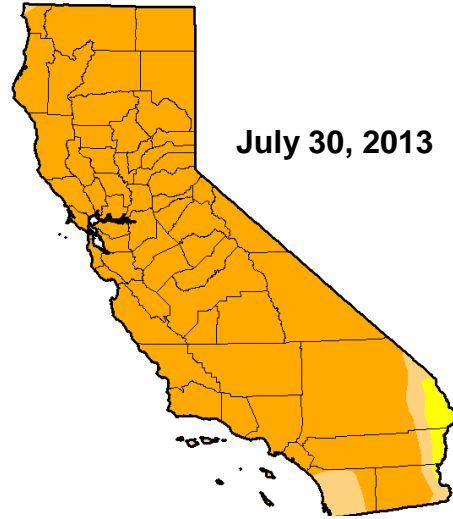
Secretary

## California Drought Monitor

*Pictured: Graphics of the same week over the past 5 consecutive years from the drought monitor of the National Drought Mitigation Center depicting California's ongoing drought.*

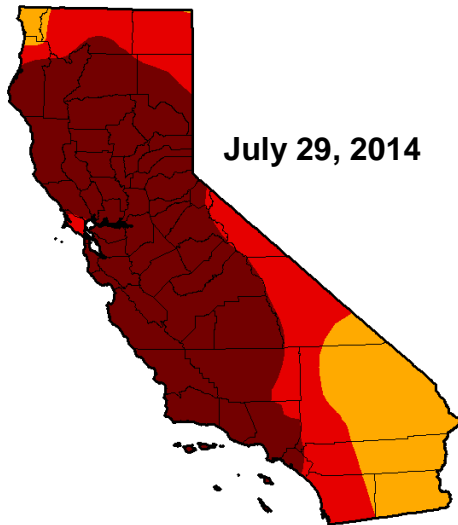


July 31, 2012

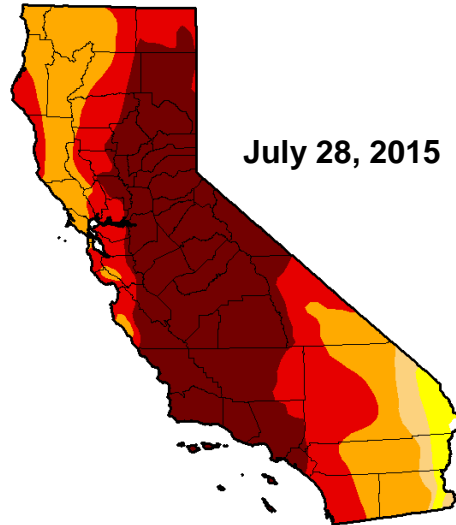


July 30, 2013

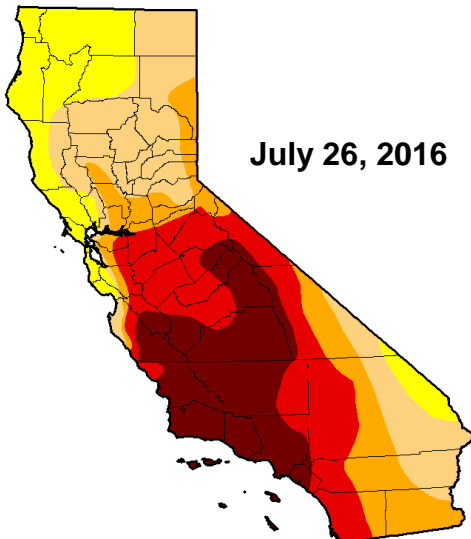
U.S. Drought Monitor  
California



July 29, 2014



July 28, 2015



July 26, 2016

### Intensity:



*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.*

### Author:

Mark Svoboda  
National Drought Mitigation Center



<http://droughtmonitor.unl.edu/>

*The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC-UNL. Used with permission.*

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**CASTAIC  
LAKE**



**WATER  
AGENCY**

**Castaic Lake Water Agency  
FY 2016/17 Budget**

Rio Vista Water Treatment Plant Administration Building  
27234 Bouquet Canyon Road  
Santa Clarita, CA 91350

(661) 297-1600

Please visit our website at: [www.clwa.org](http://www.clwa.org)  
Please visit our Facebook page: [www.facebook.com/castaiclakewateragency](https://www.facebook.com/castaiclakewateragency)